



100 CTE Drive
Dallas, PA 18612

March 24, 2017

Public Service Commission
State of Montana
1701 Prospect Ave, PO Box 202601
Helena, MT 59620-2601

To Whom It May Concern:

We have enclosed a 2016 Annual Report for Citizens Telecommunications Company of Montana for your review.

If you have any questions regarding this information, please contact me at the number below.

Sincerely,

A handwritten signature in blue ink that reads "Jessica Matushek".

Jessica Matushek
Director, Accounting
570.631.5003
jessica.matushek@ftr.com

Company Name:

Citizens Telecommunications Company of Montana

SCHEDULE 1

General Information

Year: 2016

1	Legal Name of Respondent:	Citizens Telecommunications Company of Montana
2	Name Under Which Respondent Does Business:	Frontier Communications of Montana
3	Date of Incorporation:	07/07/93
4	Address to send Correspondence Concerning Report:	100 CTE Drive Dallas, PA 18612
5	Person Responsible for This Report:	Jessica Matushek
5a	Telephone Number:	570 - 631 - 5003
Control Over Respondent		
1	If direct control over the respondent was held by another entity at the end of year provide the following.	
	1a. Name and address of the controlling organization or person:	Frontier Communications Corporation 401 Merritt 7 Norwalk, CT 06851
	1b. Means by which control was held:	Common Stock
	1c. Percent Ownership:	100%

Montana Total State Income Statement

Year: 2016

Line No.		Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1			REVENUES:		
2		5000	Basic Local Service Revenues	1,812,119	1,844,267
3		5080	Network Access Revenues	2,839,579	2,847,275
4	*	5100	Long Distance Message Revenue	891	34
5	^	5110	Unidirectional Long Distance Revenue	0	0
6	^	5120	Long Distance Private Network Revenue		
7	^	5160	Other Long Distance Revenue	0	0
8	^	5169	Other Long Distance Revenue Settlements		
9	*	5200	Miscellaneous Revenue	201,443	214,754
10	^	5230	Directory Revenue	25,187	25,455
11	^	5240	Rent Revenue	9,663	28,987
12	^	5250	Corporate Operations Revenue		
13	^	5260	Miscellaneous Revenue	23,328	27,137
14	^	5270	Carrier Billing and Collection Revenue	143,265	133,175
15	^	5280	Nonregulated Revenue		
16		5300	Uncollectible Revenue	33,495	11,598
17			Total Revenues (L.2+L.3+L.4+L.9-L.16)	4,820,537	4,894,732
18			OPERATING EXPENSES:		
19		6110	Network Support Expense	51,391	52,844
20		6120	General Support Expense	225,630	282,437
21		6210	Central Office Switching Expense	137,771	156,115
22		6220	Operator Systems Expense	560	783
23		6230	Central Office Transmission Expense	165,573	137,162
24		6310	Information Origination/Termination Expense	3,040	653
25	*	6410	Cable and Wire Facilities Expense	252,140	304,645
26	^	6431	Aerial Wire Expense		
27	^	6441	Conduit Systems Expense		
28		6510	Other Property, Plant & Equipment Expense	2,017	(239)
29		6530	Network Operations Expense	455,646	324,925
30		6540	Access Expense	201,693	153,580
31		6560	Depreciation and Amortization Expense	1,375,725	1,544,424
32		6610	Marketing	308,558	314,482
33		6620	Services	627,860	473,695
34		6710	Executive and Planning	89,154	120,353
35		6720	General and Administrative	501,682	546,701
36		6790	Provision for Uncollectible Notes Receivable		
37			Total Operating Expenses (Sum L.19 to L.36-L.26)	4,398,438	4,412,560
38		7100	Other Operating Income and Expense		
39		7200	Operating Taxes	857,967	925,384
40			Net Operating Income (L.17-L.37+L.38-L.39)	(435,868)	(443,212)

^ Subaccount of the account marked with a *.

Montana Intrastate Income Statement

Year: 2016

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues	1,812,119	1,844,267
3	5080	Network Access Revenues	262,995	279,097
4	* 5100	Long Distance Message Revenue	891	34
5	^ 5110	Unidirectional Long Distance Revenue		
6	^ 5120	Long Distance Private Network Revenue		
7	^ 5160	Other Long Distance Revenue		
8	^ 5169	Other Long Distance Revenue Settlements		
9	* 5200	Miscellaneous Revenue	201,443	147,001
10	^ 5230	Directory Revenue	25,187	25,455
11	^ 5240	Rent Revenue	9,663	28,987
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue	23,328	27,137
14	^ 5270	Carrier Billing and Collection Revenue	143,265	65,422
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue	33,495	11,598
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	2,243,953	2,258,801
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	34,530	35,506
20	6120	General Support Expense	151,601	189,769
21	6210	Central Office Switching Expense	92,568	104,894
22	6220	Operator Systems Expense	377	526
23	6230	Central Office Transmission Expense	111,248	92,159
24	6310	Information Origination/Termination Expense	2,042	439
25	* 6410	Cable and Wire Facilities Expense	169,413	204,691
26	^ 6431	Aerial Wire Expense	0	0
27	^ 6441	Conduit Systems Expense	0	0
28	6510	Other Property, Plant & Equipment Expense	1,416	(168)
29	6530	Network Operations Expense	319,909	228,130
30	6540	Access Expense	118,636	90,336
31	6560	Depreciation and Amortization Expense	988,321	1,109,515
32	6610	Marketing	182,574	186,079
33	6620	Services	438,183	330,592
34	6710	Executive and Planning	60,509	81,683
35	6720	General and Administrative	340,492	371,046
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-I)	3,011,817	3,025,196
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	567,202	611,771
40		Net Operating Income (L.17-L.37+L.38-L.39)	(1,335,066)	(1,378,165)

^ Subaccount of the account marked with a *.

Montana Intrastate Regulated Income Statement

Year: 2016

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues	1,812,119	1,844,267
3	5080	Network Access Revenues	262,995	279,097
4	* 5100	Long Distance Message Revenue	891	34
5	^ 5110	Unidirectional Long Distance Revenue		
6	^ 5120	Long Distance Private Network Revenue		
7	^ 5160	Other Long Distance Revenue		
8	^ 5169	Other Long Distance Revenue Settlements		
9	* 5200	Miscellaneous Revenue	201,443	147,001
10	^ 5230	Directory Revenue	25,187	25,455
11	^ 5240	Rent Revenue	9,663	28,987
12	^ 5250	Corporate Operations Revenue	0	0
13	^ 5260	Miscellaneous Revenue	23,328	27,137
14	^ 5270	Carrier Billing and Collection Revenue	143,265	65,422
15	^ 5280	Nonregulated Revenue	0	0
16	5300	Uncollectible Revenue	33,495	11,598
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	2,243,953	2,258,801
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	21,674	22,286
20	6120	General Support Expense	111,222	139,224
21	6210	Central Office Switching Expense	92,569	104,894
22	6220	Operator Systems Expense	377	526
23	6230	Central Office Transmission Expense	109,550	90,752
24	6310	Information Origination/Termination Expense	52	11
25	* 6410	Cable and Wire Facilities Expense	169,413	211,523
26	^ 6431	Aerial Wire Expense		
27	^ 6441	Conduit Systems Expense		
28	6510	Other Property, Plant & Equipment Expense	1,075	(128)
29	6530	Network Operations Expense	311,362	222,036
30	6540	Access Expense	135,180	102,933
31	6560	Depreciation and Amortization Expense	1,008,323	1,131,970
32	6610	Marketing	108,296	110,376
33	6620	Services	38,754	29,238
34	6710	Executive and Planning	47,470	64,082
35	6720	General and Administrative	268,181	292,247
36	6790	Provision for Uncollectible Notes Receivable	0	0
37		Total Operating Expenses (Sum L.19 to L.36-L.37)	2,423,498	2,521,970
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	362,893	391,408
40		Net Operating Income (L.17-L.37+L.38-L.39)	(542,437)	(654,577)

^ Subaccount of the account marked with a *.

Average Rate Base - Total State

Year: 2016

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	34,007,820	33,536,338
2	3100	Accumulated Depreciation	31,353,308	30,459,969
3	2002	Property Held for Future Telecommunications Use		
4	3200	Accumulated Depreciation - 2002		
5	1220	Materials and Supplies	22,545	17,123
6	4340	Noncurrent Deferred Operating Income Taxes	4,355,375	4,702,013
7		Pre-1971 Unamortized Investment Tax Credits		
8		Cash Working Capital (if allowed by Commission)		
9		Total Average Rate Base (L.1-L.2+L.3-L.4+L.5-L.6-L.7+)	(1,678,318)	(1,608,521)

Average Rate Base - Intrastate

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	22,482,570	22,170,873
2	3100	Accumulated Depreciation	20,690,048	20,100,534
3	2002	Property Held for Future Telecommunications Use		
4	3200	Accumulated Depreciation - 2002		
5	1220	Materials and Supplies	16,704	12,687
6	4340	Noncurrent Deferred Operating Income Taxes	1,861,052	2,009,170
7		Pre-1971 Unamortized Investment Tax Credits		
8		Cash Working Capital (if allowed by Commission)		
9		Total Average Rate Base (L.1-L.2+L.3-L.4+L.5-L.6-L.7+)	(51,826)	73,856

Average Rate Base - Regulated Intrastate

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	21,916,009	21,612,167
2	3100	Accumulated Depreciation	20,191,418	19,616,111
3	2002	Property Held for Future Telecommunications Use		
4	3200	Accumulated Depreciation - 2002		
5	1220	Materials and Supplies	16,283	12,367
6	4340	Noncurrent Deferred Operating Income Taxes	445,350	480,794
7		Pre-1971 Unamortized Investment Tax Credits		
8		Cash Working Capital (if allowed by Commission)		
9		Total Average Rate Base (L.1-L.2+L.3-L.4+L.5-L.6-L.7+)	1,295,524	1,527,629

Executive Compensation - Montana-Based Employees

Name/Title (a)	Base Salary (b)	Bonuses (c)	Other Compensation (d)	Total Compensation (e)
There are no employees with compensation exceeding \$100,000				0
				0
				0
				0
				0
				0
				0
				0
Total executive compensation in the aggregate				0

Subsidiary Officer and Director List as of 11/16/16

- Current Directors for all subsidiaries EXCEPT Frontier Telephone of Rochester, Inc. and Frontier Services Corp.:

- Daniel J. McCarthy
- R. Perley McBride

- Current Officers for all subsidiaries EXCEPT Frontier Southwest Incorporated, Frontier Telephone of Rochester, Inc. and Frontier Services Corp.:

Daniel J. McCarthy	President and Chief Executive Officer
Kathleen Abernathy	Vice President, External Affairs
Steve Gable	Vice President, Chief Technology Officer
R. Perley McBride	Vice President and Chief Financial Officer
John Lass	Vice President, Field Operations
Mark D. Nielsen	Vice President, General Counsel and Secretary
Kathleen Weslock	Vice President, Chief People Officer
Donald W. Daniels, Jr.	Vice President and Controller
Heath Simpson	Vice President, Corporate Development
John Gianukakis	Vice President and Treasurer
George McArthur	Vice President, Tax
Allison Ellis	Vice President, Regulatory
Kenneth Arndt	Vice President, Customer Operations
Michael Flynn	Vice President, Area President
Robert Pero	Vice President, Area President
Rebecca Potts	Vice President, Area President
Gregory Stephens	Vice President, Area President
Melinda White	Vice President, Area President
Jeffrey Conner	Assistant Secretary
John Greifzu	Assistant Secretary
Jane Manning	Assistant Secretary
Farah Mollo	Assistant Secretary
Kevin Saville	Assistant Secretary
Joseph Starsick	Assistant Secretary
Frederick Thomas	Assistant Secretary
George Thomson	Assistant Secretary
Barry Wisset	Assistant Secretary
Jessica Matushek	Director, Regulatory Filings

- Current Officers Frontier Southwest Incorporated:

Daniel J. McCarthy	President and Chief Executive Officer
Kathleen Abernathy	Vice President, External Affairs
Steve Gable	Vice President, Chief Technology Officer
R. Perley McBride	Vice President and Chief Financial Officer
John Lass	Vice President, Field Operations
Mark D. Nielsen	Vice President, General Counsel and Secretary
Kathleen Weslock	Vice President, Chief People Officer
Donald W. Daniels, Jr.	Vice President and Controller
Heath Simpson	Vice President, Corporate Development
John Gianukakis	Vice President and Treasurer
George McArthur	Vice President, Tax
Allison Ellis	Vice President, Regulatory
Kenneth Arndt	Vice President, Customer Operations
Michael Flynn	Vice President, Area President

Robert Pero	Vice President, Area President
Rebecca Potts	Vice President, Area President
Gregory Stephens	Vice President, Area President
Melinda White	Vice President, Area President
Pedro Correa	Vice President, Area 5 Operations
John Didion	Vice President, Fleet Director
Jeffrey Conner	Assistant Secretary
John Greifzu	Assistant Secretary
Jane Manning	Assistant Secretary
Farah Mollo	Assistant Secretary
Kevin Saville	Assistant Secretary
Joseph Starsick	Assistant Secretary
Frederick Thomas	Assistant Secretary
George Thomson	Assistant Secretary
Barry Wisset	Assistant Secretary
Jessica Matushek	Director, Regulatory Filings

- Current Directors for Frontier Services Corp.

- Mark D. Nielsen
- John P. Gianukakis

- Current Officers for Frontier Services Corp.

Donald W. Daniels, Jr.	Frontier Communications
Bill McGloin	Frontier Communications
George McArthur	Frontier Communications
Brian Kavanagh	Frontier Communications
Jane Manning	Frontier Communications
Angela Chin	Frontier Communications
David Guerino	Willis Global Captive Practice
Alex Sergejev	Willis Global Captive Practice

- Current Directors for Frontier Telephone of Rochester, Inc.¹

- See attached

- Current Officers for Frontier Telephone of Rochester, Inc.

- Ann Burr – President
- Barry Wisset – Secretary

¹ NOTE from Barry Wisset about the reason for this structure: The structure of the FTR Board is a remnant of the old Rochester Telephone Open Market Plan, put in place ahead of the Telecom Act to get Roch Tel out from under rate regulation of the NYS PSC for regulated services. The quid pro quo was that Roch Tel had to lease capacity on its network at wholesale prices to its competitors. An independent Board for the LEC was a required part of the Plan.

The Open Market Plan is no longer in effect and the requirement for an independent board no longer exists. There have been many discussions about bringing FTR into the mainstream with regard to Board structure, but Rochester leadership has always felt there was a continuing value in maintaining the FTR Board which is composed of influential business and community leaders, many of whom are connected to our larger customers.