

EVILSIZER LAW OFFICE

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April 25, 2018

Mr. Will Rosquist
Montana Public Service Commission, Regulatory Division
1701 Prospect Avenue
P.O. Box 202601
Helena, MT 59620-2601

Re: Hot Springs Telephone Company - 2017 Annual Report, PSC Docket N2018.2.27

Dear Will:

Enclosed is the 2017 Annual Report for Hot Springs Telephone Company, pursuant to Section 69-3-203, MCA and ARM 38.5.2602. Two copies are enclosed. Please note that Schedule 3 of HSTC's Report shows a loss of \$915,129 for 2017 for regulated intrastate services.

Schedule 5 does not contain any employee compensation information, since HSTC does not have any employees which qualify under the PSC's criteria.

Please contact the undersigned if there are any questions.

Sincerely,



Ivan (Chuck) Evilsizer
Attorney for Hot Springs Telephone Company

Enclosures

General Information

Year: 2017

1	Legal Name of Respondent:	Hot Springs Telephone Co.
2	Name Under Which Respondent Does Business:	same as above
3	Date of Incorporation:	01-01-55
4	Address to send Correspondence Concerning Report:	P.O. Box 17740 Missoula, MT. 59808
5	Person Responsible for This Report:	Kathe A. Johnson
5a.	Telephone Number:	406-721-0846
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:	
	1b. Means by which control was held:	N/A
	1c. Percent Ownership:	N/A

Montana Total State Income Statement

Year: 2017

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues	298,152	478,682
3	5080	Network Access Revenues	1,261,541	737,922
4	* 5100	Long Distance Message Revenue	9,324	16,043
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	79,781	83,662
10	^ 5230	Directory Revenue		
11	^ 5240	Rent Revenue	25,240	24,000
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue		
14	^ 5270	Carrier Billing and Collection Revenue		
15	^ 5280	Nonregulated Revenue	34,986	110,707
16	5300	Uncollectible Revenue	(6,357)	(3,358)
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	1,702,667	1,447,658
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	48,307	70,307
20	6120	General Support Expense	12,351	22,200
21	6210	Central Office Switching Expense	85,579	47,051
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense		
24	6310	Information Origination/Termination Expense		
25	* 6410	Cable and Wire Facilities Expense	126,001	128,944
26	^ 6431	Aerial Wire Expense		
27	^ 6441	Conduit Systems Expense		
28	6510	Other Property, Plant & Equipment Expense	403,738	392,639
29	6530	Network Operations Expense	39,379	53,445
30	6540	Access Expense	42,048	61,367
31	6560	Depreciation and Amortization Expense	129,944	125,858
32	6610	Marketing		
33	6620	Services	195,282	180,740
34	6710	Executive and Planning	50,819	48,849
35	6720	General and Administrative	314,217	265,864
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26)	1,447,665	1,397,264
38	7100	Other Operating Income and Expense	(70,132)	(19,915)
39	7200	Operating Taxes	20,258	12,285
40		Net Operating Income (L.17-L.37+L.38-L.39)	164,613	18,194

^ Subaccount of the account marked with a *.

See Schedule 1, HSTC only does business in Montana

Montana Intrastate Income Statement

Year: 2017

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues		
3	5080	Network Access Revenues		
4	* 5100	Long Distance Message Revenue	0	0
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	0	0
10	^ 5230	Directory Revenue		
11	^ 5240	Rent Revenue		
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue		
14	^ 5270	Carrier Billing and Collection Revenue		
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue		
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	0	0
18		OPERATING EXPENSES:		
19	6110	Network Support Expense		
20	6120	General Support Expense		
21	6210	Central Office Switching Expense		
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense		
24	6310	Information Origination/Termination Expense		
25	* 6410	Cable and Wire Facilities Expense	0	0
26	^ 6431	Aerial Wire Expense		
27	^ 6441	Conduit Systems Expense		
28	6510	Other Property, Plant & Equipment Expense		
29	6530	Network Operations Expense		
30	6540	Access Expense		
31	6560	Depreciation and Amortization Expense		
32	6610	Marketing		
33	6620	Services		
34	6710	Executive and Planning		
35	6720	General and Administrative		
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-I)	0	0
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes		
40		Net Operating Income (L.17-L.37+L.38-L.39)	0	0

^ 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	231,380	152,736
3	5080	Network Access Revenues	27,625	31,408
4	* 5100	Long Distance Message Revenue	0	0
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	52,710	61,914
10	^ 5230	Directory Revenue		
11	^ 5240	Rent Revenue		
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue		
14	^ 5270	Carrier Billing and Collection Revenue		
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue	6,357	3,358
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	305,358	242,700
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	15,000	13,867
20	6120	General Support Expense	12,351	13,060
21	6210	Central Office Switching Expense	85,579	47,051
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense		
24	6310	Information Origination/Termination Expense	126,001	128,944
25	* 6410	Cable and Wire Facilities Expense	0	0
26	^ 6431	Aerial Wire Expense		
27	^ 6441	Conduit Systems Expense		
28	6510	Other Property, Plant & Equipment Expense	270,746	214,541
29	6530	Network Operations Expense	39,379	53,445
30	6540	Access Expense		
31	6560	Depreciation and Amortization Expense	129,907	124,276
32	6610	Marketing		
33	6620	Services	222,014	138,208
34	6710	Executive and Planning	50,819	48,849
35	6720	General and Administrative	248,433	217,897
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27-L.28-L.29-L.30-L.31-L.32-L.33-L.34-L.35-L.36)	1,200,229	1,000,138
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	20,258	12,285
40		Net Operating Income (L.17-L.37+L.38-L.39)	(915,129)	(769,723)

^ 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	4483370	4420685
2	3100	Accumulated Depreciation	3672603	3507962
3	2002	Property Held for Future Telecommunications Use		
4	3200	Accumulated Depreciation - 2002		
5	1220	Materials and Supplies		
6	4340	Noncurrent Deferred Operating Income Taxes		
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+)	810767	912723

HSTC only does business in Montana with less than 5000 access lines

Average Rate Base - Intrastate

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service		
2	3100	Accumulated Depreciation		
3	2002	Property Held for Future Telecommunications Use		
4	3200	Accumulated Depreciation - 2002		
5	1220	Materials and Supplies		
6	4340	Noncurrent Deferred Operating Income Taxes		
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+)	0	0

HSTC only does business in Montana

Average Rate Base - Regulated Intrastate

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service		
2	3100	Accumulated Depreciation		
3	2002	Property Held for Future Telecommunications Use		
4	3200	Accumulated Depreciation - 2002		
5	1220	Materials and Supplies		
6	4340	Noncurrent Deferred Operating Income Taxes		
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+)	0	0

Executive Compensation - Montana-Based Employees

Name/Title (a)	Base Salary (b)	Bonuses (c)	Other Compensation (d)	Total Compensation (e)
N/A				0

INSTRUCTIONS: Complete this schedule for each executive or manager based in Montana whose total annual compensation exceeded \$100,000. Executives and managers include company presidents, chief executive officers, chief financial officers, vice presidents, and other upper-level managers.