



100 CTE Drive
Dallas, PA 18612

March 17, 2020

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 2019 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 black ink that reads "Jessica Matushek".

Jessica Matushek
Director, Accounting
570-631-5003
Jessica.Matushek@ftr.com

General Information

Year: **2019**

| | | |
|--------------------------------|--|---|
| 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: | July 7, 1993 |
| 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: 2019

| Line No. | Acct. No. (a) | Description (b) | This Year (c) | Last Year (d) |
|----------|---------------|---|------------------|------------------|
| 1 | | REVENUES: | | |
| 2 | 5000 | Basic Local Service Revenues | 1,600,489 | 1,700,924 |
| 3 | 5080 | Network Access Revenues | 2,633,195 | 2,719,468 |
| 4 | * 5100 | Long Distance Message Revenue | 545 | 2,137 |
| 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 | 164,110 | 171,295 |
| 10 | ^ 5230 | Directory Revenue | 26,313 | 22,727 |
| 11 | ^ 5240 | Rent Revenue | 10,132 | 10,482 |
| 12 | ^ 5250 | Corporate Operations Revenue | | |
| 13 | ^ 5260 | Miscellaneous Revenue | 21,711 | 25,222 |
| 14 | ^ 5270 | Carrier Billing and Collection Revenue | 105,955 | 112,864 |
| 15 | ^ 5280 | Nonregulated Revenue | | |
| 16 | 5300 | Uncollectible Revenue | 20,711 | (31,829) |
| 17 | | Total Revenues (L.2+L.3+L.4+L.9-L.16) | 4,377,628 | 4,625,653 |
| 18 | | OPERATING EXPENSES: | | |
| 19 | 6110 | Network Support Expense | 22,836 | 24,686 |
| 20 | 6120 | General Support Expense | 167,896 | 181,932 |
| 21 | 6210 | Central Office Switching Expense | 58,146 | 81,011 |
| 22 | 6220 | Operator Systems Expense | 61 | 93 |
| 23 | 6230 | Central Office Transmission Expense | 174,694 | 248,676 |
| 24 | 6310 | Information Origination/Termination Expense | 200 | 1,860 |
| 25 | * 6410 | Cable and Wire Facilities Expense | 301,168 | 375,621 |
| 26 | ^ 6431 | Aerial Wire Expense | | |
| 27 | ^ 6441 | Conduit Systems Expense | | |
| 28 | 6510 | Other Property, Plant & Equipment Expense | 2,612 | 5,671 |
| 29 | 6530 | Network Operations Expense | 338,994 | 364,185 |
| 30 | 6540 | Access Expense | 283,972 | 381,945 |
| 31 | 6560 | Depreciation and Amortization Expense | 383,885 | 980,743 |
| 32 | 6610 | Marketing | 615,490 | 669,464 |
| 33 | 6620 | Services | 304,487 | 172,163 |
| 34 | 6710 | Executive and Planning | 97,727 | 43,792 |
| 35 | 6720 | General and Administrative | 404,895 | 406,540 |
| 36 | 6790 | Provision for Uncollectible Notes Receivable | | |
| 37 | | Total Operating Expenses (Sum L.19 to L.36-L.26) | 3,157,065 | 3,938,383 |
| 38 | 7100 | Other Operating Income and Expense | | |
| 39 | 7200 | Operating Taxes | 629,675 | 697,478 |
| 40 | | Net Operating Income (L.17-L.37+L.38-L.39) | 590,888 | (10,208) |

^ Subaccount of the account marked with a *.

Montana Intrastate Income Statement

Year: 2019

| Line No. | Acct. No. (a) | Description (b) | This Year (c) | Last Year (d) |
|----------|------------------|---|------------------|------------------|
| 1 | | REVENUES: | | |
| 2 | 5000 | Basic Local Service Revenues | 1,600,489 | 1,700,924 |
| 3 | 5080 | Network Access Revenues | 211,595 | 215,085 |
| 4 | * 5100 | Long Distance Message Revenue | 545 | 2,137 |
| 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 | 113,961 | 116,989 |
| 10 | ^ 5230 | Directory Revenue | 26,313 | 22,727 |
| 11 | ^ 5240 | Rent Revenue | 10,132 | 10,482 |
| 12 | ^ 5250 | Corporate Operations Revenue | | |
| 13 | ^ 5260 | Miscellaneous Revenue | 21,711 | 25,222 |
| 14 | ^ 5270 | Carrier Billing and Collection Revenue | 55,806 | 58,558 |
| 15 | ^ 5280 | Nonregulated Revenue | | |
| 16 | 5300 | Uncollectible Revenue | 20,711 | (31,829) |
| 17 | | Total Revenues (L.2+L.3+L.4+L.9-L.16) | 1,905,880 | 2,066,964 |
| 18 | | OPERATING EXPENSES: | | |
| 19 | 6110 | Network Support Expense | 15,343 | 16,586 |
| 20 | 6120 | General Support Expense | 112,809 | 122,240 |
| 21 | 6210 | Central Office Switching Expense | 39,068 | 54,431 |
| 22 | 6220 | Operator Systems Expense | 41 | 62 |
| 23 | 6230 | Central Office Transmission Expense | 117,377 | 167,086 |
| 24 | 6310 | Information Origination/Termination Expense | 134 | 1,250 |
| 25 | * 6410 | Cable and Wire Facilities Expense | 202,355 | 252,380 |
| 26 | ^ 6431 | Aerial Wire Expense | | |
| 27 | ^ 6441 | Conduit Systems Expense | | |
| 28 | 6510 | Other Property, Plant & Equipment Expense | 1,834 | 3,982 |
| 29 | 6530 | Network Operations Expense | 238,008 | 255,694 |
| 30 | 6540 | Access Expense | 167,033 | 224,660 |
| 31 | 6560 | Depreciation and Amortization Expense | 275,783 | 704,566 |
| 32 | 6610 | Marketing | 364,185 | 396,122 |
| 33 | 6620 | Services | 212,502 | 120,153 |
| 34 | 6710 | Executive and Planning | 66,327 | 29,722 |
| 35 | 6720 | General and Administrative | 274,802 | 275,919 |
| 36 | 6790 | Provision for Uncollectible Notes Receivable | | |
| 37 | | Total Operating Expenses (Sum L.19 to L.36-L.26) | 2,087,603 | 2,624,852 |
| 38 | 7100 | Other Operating Income and Expense | | |
| 39 | 7200 | Operating Taxes | 416,278 | 461,103 |
| 40 | | Net Operating Income (L.17-L.37+L.38-L.39) | (598,001) | (1,018,991) |

^ Subaccount of the account marked with a *.

Montana Intrastate Regulated Income Statement

Year: 2019

| Line No. | Acct. No. (a) | Description (b) | This Year (c) | Last Year (d) |
|----------|---------------|---|---------------|---------------|
| 1 | | REVENUES: | | |
| 2 | 5000 | Basic Local Service Revenues | 1,600,489 | 1,700,924 |
| 3 | 5080 | Network Access Revenues | 211,595 | 215,085 |
| 4 | * 5100 | Long Distance Message Revenue | 545 | 2,137 |
| 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 | 113,961 | 116,989 |
| 10 | ^ 5230 | Directory Revenue | 26,313 | 22,727 |
| 11 | ^ 5240 | Rent Revenue | 10,132 | 10,482 |
| 12 | ^ 5250 | Corporate Operations Revenue | | |
| 13 | ^ 5260 | Miscellaneous Revenue | 21,711 | 25,222 |
| 14 | ^ 5270 | Carrier Billing and Collection Revenue | 55,806 | 58,558 |
| 15 | ^ 5280 | Nonregulated Revenue | | |
| 16 | 5300 | Uncollectible Revenue | 20,711 | (31,829) |
| 17 | | Total Revenues (L.2+L.3+L.4+L.9-L.16) | 1,905,880 | 2,066,964 |
| 18 | | OPERATING EXPENSES: | | |
| 19 | 6110 | Network Support Expense | 9,631 | 10,411 |
| 20 | 6120 | General Support Expense | 82,762 | 89,681 |
| 21 | 6210 | Central Office Switching Expense | 39,068 | 54,431 |
| 22 | 6220 | Operator Systems Expense | 41 | 62 |
| 23 | 6230 | Central Office Transmission Expense | 115,585 | 164,534 |
| 24 | 6310 | Information Origination/Termination Expense | 3 | 32 |
| 25 | * 6410 | Cable and Wire Facilities Expense | 202,355 | 252,380 |
| 26 | ^ 6431 | Aerial Wire Expense | | |
| 27 | ^ 6441 | Conduit Systems Expense | | |
| 28 | 6510 | Other Property, Plant & Equipment Expense | 1,393 | 3,024 |
| 29 | 6530 | Network Operations Expense | 231,649 | 248,863 |
| 30 | 6540 | Access Expense | 190,326 | 255,989 |
| 31 | 6560 | Depreciation and Amortization Expense | 281,365 | 718,825 |
| 32 | 6610 | Marketing | 216,022 | 234,966 |
| 33 | 6620 | Services | 18,794 | 10,627 |
| 34 | 6710 | Executive and Planning | 52,035 | 23,317 |
| 35 | 6720 | General and Administrative | 216,442 | 217,322 |
| 36 | 6790 | Provision for Uncollectible Notes Receivable | | |
| 37 | | Total Operating Expenses (Sum L.19 to L.36-L.26) | 1,657,472 | 2,284,465 |
| 38 | 7100 | Other Operating Income and Expense | | |
| 39 | 7200 | Operating Taxes | 266,332 | 295,011 |
| 40 | | Net Operating Income (L.17-L.37+L.38-L.39) | (17,925) | (512,512) |

^ Subaccount of the account marked with a *.

Average Rate Base - Total State

Year: 2019

| Line No. | Acct. No. (a) | Description (b) | This Year (c) | Last Year (d) |
|----------|------------------|---|------------------|------------------|
| 1 | 2001 | Telecommunications Plant in Service | 35,498,578 | 35,087,436 |
| 2 | 3100 | Accumulated Depreciation | 32,826,429 | 32,629,587 |
| 3 | 2002 | Property Held for Future Telecommunications Use | | |
| 4 | 3200 | Accumulated Depreciation - 2002 | | |
| 5 | 1220 | Materials and Supplies | 25,809 | 23,465 |
| 6 | 4340 | Noncurrent Deferred Operating Income Taxes | 1,881,666 | 3,840,691 |
| 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+) | 816,293 | (1,359,377) |

Average Rate Base - Intrastate

| Line No. | Acct. No. (a) | Description (b) | This Year (c) | Last Year (d) |
|----------|------------------|---|------------------|------------------|
| 1 | 2001 | Telecommunications Plant in Service | 23,468,110 | 23,196,304 |
| 2 | 3100 | Accumulated Depreciation | 21,662,161 | 21,532,264 |
| 3 | 2002 | Property Held for Future Telecommunications Use | | |
| 4 | 3200 | Accumulated Depreciation - 2002 | | |
| 5 | 1220 | Materials and Supplies | 19,122 | 17,385 |
| 6 | 4340 | Noncurrent Deferred Operating Income Taxes | 804,036 | 1,641,127 |
| 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+) | 1,021,036 | 40,297 |

Average Rate Base - Regulated Intrastate

| Line No. | Acct. No. (a) | Description (b) | This Year (c) | Last Year (d) |
|----------|------------------|---|------------------|------------------|
| 1 | 2001 | Telecommunications Plant in Service | 22,876,714 | 22,611,757 |
| 2 | 3100 | Accumulated Depreciation | 21,140,103 | 21,013,337 |
| 3 | 2002 | Property Held for Future Telecommunications Use | | |
| 4 | 3200 | Accumulated Depreciation - 2002 | | |
| 5 | 1220 | Materials and Supplies | 18,640 | 16,947 |
| 6 | 4340 | Noncurrent Deferred Operating Income Taxes | 192,406 | 392,722 |
| 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+) | 1,562,846 | 1,222,645 |

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 |