

General Information

Year: 2007

| | | |
|--------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------|
| 1 | Legal Name of Respondent: Central Montana Communications, Inc. | RECEIVED BY 23 APR 23 A 9:46 PUBLIC SERVICE COMMISSION |
| 2 | Name Under Which Respondent Does Business: Central Montana Communications, Inc. | |
| 3 | Date of Incorporation: 7/1/1993 | |
| 4 | Address to send Correspondence Concerning Report: PO Box 751 Havre, MT 59501 | |
| 5 | Person Responsible for This Report: Mark Majeres | |
| 5a. | Telephone Number: (406) 394-2000 | |
| 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: Triangle Telephone Cooperative Association, Inc., PO Box 1220, Havre, MT 59501-1220 | |
| | 1b. Means by which control was held: Stock Ownership | |
| | 1c. Percent Ownership: 100% | |

| Board of Directors | | |
|---------------------------|---------------------------------------------------|------------------------------|
| Line No. | Name of Director and Address (City, State) (a) | Fees Paid During Year (b) |
| 1 | Verlin Reichelt, Big Sandy, MT 59520 | 4104 |
| 2 | Richard Stuker, Chinook, MT 59523 | 4247 |
| 3 | Thomas Bangs, Inverness, MT 59530 | 4111 |
| 4 | Richard Pokorny, Big Sandy, MT 59520 | 4432 |
| 5 | Paul VanCleve, Big Timber, MT 59011 | 3867 |
| 6 | Douglas Lowry, Big Timber, MT 59011 | 3975 |
| 7 | Donald Bitz, Box Elder, MT 59521 | 3996 |
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| 18 | Chairman of the Board: | |
| 19 | Richard Stuker | |
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Officers

Year: 2007

| Line No. | Title of Officer (a) | Department Over Which Jurisdiction is Exercised (b) | Name and Address of Person Holding Office at Year End (c) |
|----------|----------------------|-----------------------------------------------------|-----------------------------------------------------------|
| 1 | President | | Richard Stuker, Chinook, MT 59523 |
| 2 | Vice President | | Richard Pokorny, Big Sandy, MT 59520 |
| 3 | Secretary/Treasurer | | Paul Van Cleve, Big Timber, MT 59011 |
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Total Company Balance Sheet

Year: 2007

| Line No. | Acct. No. (a) | Description (b) | This Year (c) | Last Year (d) |
|----------|---------------|-------------------------------------------------|---------------|---------------|
| 1 | | CURRENT ASSETS: | | |
| 2 | 1120 | Cash and Equivalents | 9,199,958 | 2,836,077 |
| 3 | 1180 | Telecommunications Accounts Receivable - Net | 924,327 | 824,595 |
| 4 | 1190 | Other Accounts Receivable - Net | 817,846 | 822,807 |
| 5 | 1200 | Notes Receivable - Net | | |
| 6 | 1210 | Interest and Dividends Receivable | 29,060 | 29,502 |
| 7 | 1220 | Materials and Supplies | 1,328 | |
| 8 | * 1280 | Prepayments | 23,168 | 13,637 |
| 9 | ^ 1290 | Prepaid Rents | | |
| 10 | ^ 1300 | Prepaid Taxes | | |
| 11 | ^ 1310 | Prepaid Insurance | | |
| 12 | ^ 1320 | Prepaid Directory Expenses | | |
| 13 | ^ 1330 | Other Prepayments | 23,168 | 13,637 |
| 14 | 1350 | Other Current Assets | | |
| 15 | | Total Current Assets | 10,995,687 | 4,526,618 |
| 16 | | NONCURRENT ASSETS: | | |
| 17 | 1401 | Investments in Affiliated Companies | 19,401 | 16,378 |
| 18 | 1402 | Investments in Nonaffiliated Companies | 7,528,555 | 8,276,779 |
| 19 | 1406 | Nonregulated Investments | 710 | 1,214 |
| 20 | 1407 | Unamortized Debt Issuance Expense | | |
| 21 | 1408 | Sinking Funds | | |
| 22 | 1410 | Other Noncurrent Assets | | |
| 23 | 1438 | Deferred Maintenance and Retirements | | |
| 24 | 1439 | Deferred Charges | | |
| 25 | 1500 | Other Jurisdictional Assets - Net | | |
| 26 | | Total Noncurrent Assets | 7,548,666 | 8,294,371 |
| 27 | | PROPERTY, PLANT, & EQUIPMENT: | | |
| 28 | 2001 | Telecommunications Plant in Service | 60,836,804 | 53,658,051 |
| 29 | 2002 | Property Held for Future Telecommunications Use | | |
| 30 | 2003 | Plant Under Construction - Short Term | 1,487,266 | 7,254,145 |
| 31 | 2004 | Plant Under Construction - Long Term | 611,716 | 952,633 |
| 32 | 2005 | Telecommunications Plant Adjustment | 2,656,541 | 2,656,541 |
| 33 | 2006 | Nonoperating Plant | | |
| 34 | 2007 | Goodwill | 10,288,260 | 10,288,260 |
| 35 | 3100 | Accumulated Depreciation | (27,370,245) | (27,071,603) |
| 36 | 3200 | Accumulated Depreciation - Held for Future Use | | |
| 37 | 3300 | Accumulated Depreciation - Nonoperating | | |
| 38 | 3400 | Accumulated Amortization | (11,816,308) | (10,942,636) |
| 39 | | Net Property, Plant, & Equipment | 36,694,034 | 36,795,391 |
| 40 | | TOTAL ASSETS | 55,238,387 | 49,616,380 |

^ Subaccount of account marked with a *.

Total Company Balance Sheet

Year: 2007

| Line No. | Acct. No. (a) | Description (b) | This Year (c) | Last Year (d) |
|----------|------------------|-----------------------------------------------------|-------------------|-------------------|
| 41 | | CURRENT LIABILITIES: | | |
| 42 | 4010 | Accounts Payable | 794,518 | 1,215,513 |
| 43 | 4020 | Notes Payable | | |
| 44 | 4030 | Advance Billing and Payments | 376,453 | 348,469 |
| 45 | 4040 | Customer Deposits | 64,579 | 61,283 |
| 46 | 4050 | Current Maturities - Long Term Debt | 2,240,000 | 2,161,000 |
| 47 | 4060 | Current Maturities - Capital Leases | | |
| 48 | 4070 | Income Taxes - Accrued | 3,948,670 | 3,632,120 |
| 49 | 4080 | Other Taxes - Accrued | 413,313 | 401,805 |
| 50 | 4100 | Net Current Deferred Operating Income Taxes | | |
| 51 | 4110 | Net Current Deferred Nonoperating Income Taxes | | |
| 52 | 4120 | Other Accrued Liabilities | 266,246 | 302,765 |
| 53 | 4130 | Other Current Liabilities | | |
| 54 | | Total Current Liabilities | 8,103,779 | 8,122,955 |
| 55 | | LONG-TERM DEBT: | | |
| 56 | 4210 | Funded Debt | | |
| 57 | 4220 | Premium on Long-Term Debt | | |
| 58 | 4230 | Discount on Long-Term Debt | | |
| 59 | 4240 | Reacquired Debt | | |
| 60 | 4250 | Obligations Under Capital leases | | |
| 61 | 4260 | Advances From Affiliated Companies | | |
| 62 | 4270 | Other Long-Term Debt | 24,582,064 | 20,860,594 |
| 63 | | Total Long-Term Debt | 24,582,064 | 20,860,594 |
| 64 | | OTHER LIABILITIES AND DEFERRED CREDITS: | | |
| 65 | 4310 | Other Long-Term Liabilities | | |
| 66 | 4320 | Unamort. Oper. Invest. Tax Credits - Net | | |
| 67 | 4330 | Unamort. Nonoper. Invest. Tax Credits - Net | | |
| 68 | 4340 | Net Noncurrent Deferred Oper. Income Taxes | | |
| 69 | 4350 | Net Noncurrent Deferred Nonoper. Income Taxes | | |
| 70 | 4360 | Other Deferred Credits | | |
| 71 | 4370 | Other Jurisdictional Liab. and Def. Credits | | |
| 72 | | Total Other Liabilities and Deferred Credits | | |
| 73 | | STOCKHOLDERS' EQUITY: | | |
| 74 | 4510 | Capital Stock | | |
| 75 | 4520 | Additional Paid-In Capital | 6,390,000 | 6,390,000 |
| 76 | 4530 | Treasury Stock | | |
| 77 | 4540 | Other Capital | | |
| 78 | 4550 | Retained Earnings | 16,162,544 | 14,242,831 |
| 79 | | Total Stockholders' Equity | 22,552,544 | 20,632,831 |
| 80 | | TOTAL LIAB. AND STOCKHOLDERS' EQUITY | 55,238,387 | 49,616,380 |

Total Company Income Statement

Year: 2007

| Line No. | Acct. No. (a) | Description (b) | This Year (c) | Last Year (d) |
|----------|---------------|--------------------------------------------------------------|---------------|---------------|
| 1 | | REVENUES: | | |
| 2 | 5000 | Basic Local Service Revenues | 3,750,254 | 3,600,253 |
| 3 | 5080 | Network Access Revenues | 8,973,951 | 8,390,687 |
| 4 | * 5100 | Long Distance Message Revenue | (30) | |
| 5 | ^ 5110 | Unidirectional Long Distance Revenue | | |
| 6 | ^ 5120 | Long Distance Private Network Revenue | | |
| 7 | ^ 5160 | Other Long Distance Revenue | (30) | |
| 8 | ^ 5169 | Other Long Distance Revenue Settlements | | |
| 9 | * 5200 | Miscellaneous Revenue | 241,359 | 215,567 |
| 10 | ^ 5230 | Directory Revenue | 51,795 | 47,003 |
| 11 | ^ 5240 | Rent Revenue | 50,933 | 43,737 |
| 12 | ^ 5250 | Corporate Operations Revenue | | |
| 13 | ^ 5260 | Miscellaneous Revenue | 1,618 | 2,170 |
| 14 | ^ 5270 | Carrier Billing and Collection Revenue | 137,013 | 122,657 |
| 15 | ^ 5280 | Nonregulated Revenue | | |
| 16 | 5300 | Uncollectible Revenue | 48,076 | 2,261 |
| 17 | | Total Revenues (L.2+L.3+L.4+L.9-L.16) | 12,917,458 | 12,204,246 |
| 18 | | OPERATING EXPENSES: | | |
| 19 | 6110 | Network Support Expense | | |
| 20 | 6120 | General Support Expense | 428,188 | 430,637 |
| 21 | 6210 | Central Office Switching Expense | 140,863 | 176,865 |
| 22 | 6220 | Operator Systems Expense | | |
| 23 | 6230 | Central Office Transmission Expense | 241,013 | 156,354 |
| 24 | 6310 | Information Origination/Termination Expense | | |
| 25 | * 6410 | Cable and Wire Facilities Expense | 536,456 | 577,692 |
| 26 | ^ 6431 | Aerial Wire Expense | 120,768 | 111,513 |
| 27 | ^ 6441 | Conduit Systems Expense | 415,688 | 466,179 |
| 28 | 6510 | Other Property, Plant & Equipment Expense | | |
| 29 | 6530 | Network Operations Expense | 615,794 | 540,323 |
| 30 | 6540 | Access Expense | 581,163 | 528,871 |
| 31 | 6560 | Depreciation and Amortization Expense | 3,884,332 | 3,759,121 |
| 32 | 6610 | Marketing | 39,208 | 32,934 |
| 33 | 6620 | Services | 1,048,023 | 1,038,790 |
| 34 | 6710 | Executive and Planning | 142,778 | 133,161 |
| 35 | 6720 | General and Administrative | 796,865 | 737,737 |
| 36 | 6790 | Provision for Uncollectible Notes Receivable | | |
| 37 | | Total Operating Expenses (Sum L.19 to L.36-L.26-L.27) | 8,454,683 | 8,112,485 |
| 38 | 7100 | Other Operating Income and Expense | (50) | |
| 39 | 7200 | Operating Taxes | 2,078,445 | 1,852,843 |
| 40 | | Net Operating Income (L.17-L.37+L.38-L.39) | 2,384,280 | 2,238,918 |
| 41 | 7300 | Nonoperating Income and Expense | 588,307 | 659,159 |
| 42 | 7400 | Nonoperating Taxes | 22,171 | (20,047) |
| 43 | 7500 | Interest and Related Items | 1,015,340 | 1,288,524 |
| 44 | 7600 | Extraordinary Items | | |
| 45 | 7910 | Effects of Juris. Ratemaking Diff. - Net | | |
| 46 | 7990 | Nonregulated Net Income | 15,364 | 15,646 |
| 47 | | NET INCOME (L.40+L.41-L.42-L.43-L.44+L.45-L.46) | 1,919,712 | 1,613,954 |

^ Subaccount of the account marked with a *.

Montana Total State Income Statement

Year: 2007

| 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 | | |
| 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 | | |
| 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) | | |
| 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 | | |
| 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-L.26-L.27) | | |
| 38 | 7100 | Other Operating Income and Expense | | |
| 39 | 7200 | Operating Taxes | | |
| 40 | | Net Operating Income (L.17-L.37+L.38-L.39) | | |

^ Subaccount of the account marked with a *.

Montana Intrastate Income Statement

Year: 2007

| Line No. | Acct. No. (a) | Description (b) | This Year (c) | Last Year (d) |
|----------|---------------|--------------------------------------------------------------|------------------|------------------|
| 1 | | REVENUES: | | |
| 2 | 5000 | Basic Local Service Revenues | 3,750,254 | 3,600,253 |
| 3 | 5080 | Network Access Revenues | 1,678,261 | 1,675,771 |
| 4 | * 5100 | Long Distance Message Revenue | | |
| 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 | 241,360 | 236,320 |
| 10 | ^ 5230 | Directory Revenue | 51,795 | 47,003 |
| 11 | ^ 5240 | Rent Revenue | 50,933 | 43,737 |
| 12 | ^ 5250 | Corporate Operations Revenue | | |
| 13 | ^ 5260 | Miscellaneous Revenue | 1,618 | 2,170 |
| 14 | ^ 5270 | Carrier Billing and Collection Revenue | 137,014 | 143,410 |
| 15 | ^ 5280 | Nonregulated Revenue | | |
| 16 | 5300 | Uncollectible Revenue | 48,076 | 2,261 |
| 17 | | Total Revenues (L.2+L.3+L.4+L.9-L.16) | 5,621,799 | 5,510,083 |
| 18 | | OPERATING EXPENSES: | | |
| 19 | 6110 | Network Support Expense | | |
| 20 | 6120 | General Support Expense | 186,351 | 194,428 |
| 21 | 6210 | Central Office Switching Expense | 61,305 | 79,853 |
| 22 | 6220 | Operator Systems Expense | | |
| 23 | 6230 | Central Office Transmission Expense | 104,891 | 70,592 |
| 24 | 6310 | Information Origination/Termination Expense | | |
| 25 | * 6410 | Cable and Wire Facilities Expense | 233,470 | 260,822 |
| 26 | ^ 6431 | Aerial Wire Expense | 52,559 | 50,347 |
| 27 | ^ 6441 | Conduit Systems Expense | 180,911 | 210,475 |
| 28 | 6510 | Other Property, Plant & Equipment Expense | | |
| 29 | 6530 | Network Operations Expense | 267,999 | 243,950 |
| 30 | 6540 | Access Expense | 252,928 | 238,779 |
| 31 | 6560 | Depreciation and Amortization Expense | 1,690,498 | 1,697,202 |
| 32 | 6610 | Marketing | 17,064 | 14,869 |
| 33 | 6620 | Services | 456,109 | 469,002 |
| 34 | 6710 | Executive and Planning | 62,138 | 60,121 |
| 35 | 6720 | General and Administrative | 346,803 | 333,080 |
| 36 | 6790 | Provision for Uncollectible Notes Receivable | | |
| 37 | | Total Operating Expenses (Sum L.19 to L.36-L.26-L.27) | 3,679,556 | 3,662,698 |
| 38 | 7100 | Other Operating Income and Expense | (22) | |
| 39 | 7200 | Operating Taxes | 904,559 | 836,538 |
| 40 | | Net Operating Income (L.17-L.37+L.38-L.39) | 1,037,662 | 1,010,847 |

^ Subaccount of the account marked with a *.

Montana Intrastate Regulated Income Statement

Year: 2007

| Line No. | Acct. No. (a) | Description (b) | This Year (c) | Last Year (d) |
|----------|---------------|--------------------------------------------------------------|---------------|---------------|
| 1 | | REVENUES: | | |
| 2 | 5000 | Basic Local Service Revenues | 3,750,254 | 3,600,253 |
| 3 | 5080 | Network Access Revenues | 1,245,939 | 1,247,414 |
| 4 | * 5100 | Long Distance Message Revenue | | |
| 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 | | |
| 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) | 4,996,193 | 4,847,667 |
| 18 | | OPERATING EXPENSES: | | |
| 19 | 6110 | Network Support Expense | | |
| 20 | 6120 | General Support Expense | 165,614 | 171,054 |
| 21 | 6210 | Central Office Switching Expense | 54,483 | 70,253 |
| 22 | 6220 | Operator Systems Expense | | |
| 23 | 6230 | Central Office Transmission Expense | 93,219 | 62,106 |
| 24 | 6310 | Information Origination/Termination Expense | | |
| 25 | * 6410 | Cable and Wire Facilities Expense | 207,489 | 229,466 |
| 26 | ^ 6431 | Aerial Wire Expense | 46,710 | 44,294 |
| 27 | ^ 6441 | Conduit Systems Expense | 160,779 | 185,172 |
| 28 | 6510 | Other Property, Plant & Equipment Expense | | |
| 29 | 6530 | Network Operations Expense | 238,176 | 214,623 |
| 30 | 6540 | Access Expense | 224,781 | 210,074 |
| 31 | 6560 | Depreciation and Amortization Expense | 1,502,375 | 1,493,166 |
| 32 | 6610 | Marketing | 15,165 | 13,082 |
| 33 | 6620 | Services | 405,353 | 412,619 |
| 34 | 6710 | Executive and Planning | 55,223 | 52,893 |
| 35 | 6720 | General and Administrative | 308,210 | 293,038 |
| 36 | 6790 | Provision for Uncollectible Notes Receivable | | |
| 37 | | Total Operating Expenses (Sum L.19 to L.36-L.26-L.27) | 3,270,088 | 3,222,374 |
| 38 | 7100 | Other Operating Income and Expense | (19) | |
| 39 | 7200 | Operating Taxes | 803,898 | 735,971 |
| 40 | | Net Operating Income (L.17-L.37+L.38-L.39) | 922,188 | 889,322 |

^ Subaccount of the account marked with a *.

Average Rate Base - Total State

Year: 2007

| Line No. | Acct. No. (a) | Description (b) | This Year (c) | Last Year (d) |
|----------|---------------|------------------------------------------------------------------|---------------|---------------|
| 1 | 2001 | Telecommunications Plant in Service | 60836804 | 53658051 |
| 2 | 3100 | Accumulated Depreciation | 27370245 | 27071603 |
| 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+L.8) | 33466559 | 26586448 |

Average Rate Base - Intrastate

| Line No. | Acct. No. (a) | Description (b) | This Year (c) | Last Year (d) |
|----------|---------------|------------------------------------------------------------------|---------------|---------------|
| 1 | 2001 | Telecommunications Plant in Service | 60836804 | 53658051 |
| 2 | 3100 | Accumulated Depreciation | 27370245 | 27071603 |
| 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+L.8) | 33466559 | 26586448 |

Average Rate Base - Regulated Intrastate

| Line No. | Acct. No. (a) | Description (b) | This Year (c) | Last Year (d) |
|----------|---------------|------------------------------------------------------------------|---------------|---------------|
| 1 | 2001 | Telecommunications Plant in Service | 60836804 | 53658051 |
| 2 | 3100 | Accumulated Depreciation | 27370245 | 27071603 |
| 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+L.8) | 33466559 | 26586448 |

| Statement of Cash Flows | | | Year: 2007 |
|-------------------------|------------------------------------------------------------------|---------------|---------------|
| Line No. | Item Description (a) | Amount (b) | Amount (c) |
| 1 | Increase/(decrease) in Cash & Cash Equivalents | | |
| 2 | Cash Flows from Operating Activities: | | |
| 3 | Net Income | | 1919712 |
| 4 | Reconciliation Adjustments: | | |
| 5 | Depreciation & Amortization | 3884332 | |
| 6 | Provision for Accounts Receivable Losses | | |
| 7 | Deferred Income Taxes - Net | | |
| 8 | Unamortized Investment Tax Credits (ITCs) - Net | | |
| 9 | Allowance for Funds Used During Construction (AFUDC) | | |
| 10 | Change in Operating Receivables - Net | -94328 | |
| 11 | Change in Materials, Supplies & Inventories - Net | -1328 | |
| 12 | Change in Operating Payables & Accrued Liabilities - Net | -389716 | |
| 13 | Change in Other Assets & Deferred Credits - Net | -9530 | |
| 14 | Change in Other Liabilities & Deferred Credits - Net | | |
| 15 | Other (explained on back of this page) | 291541 | |
| 16 | Total Adjustments | | 3680971 |
| 17 | Net Cash Provided by/(Used in) Operating Activities | | 5600683 |
| 18 | Cash Inflows/Outflows From Investing Activities: | | |
| 19 | Construction/Acquisition of Property, Plant & Equipment (net of | | |
| 20 | AFUDC & Capital Lease Related Acquisitions) | -3782976 | |
| 21 | Proceeds from Disposals of Property, Plant & Equipment | | |
| 22 | Investments In & Advances to Affiliates | | |
| 23 | Proceeds from Repayment of Advances | | |
| 24 | Other Investing Activities (explained on back of this page) | 745704 | |
| 25 | Net Cash Provided by/(Used in) Investing Activities | | -3037272 |
| 26 | Cash Flows from Financing Activities: | | |
| 27 | Net Incr./(Decr.) in Short-Term Debt, Original maturity <= 3 mo. | | |
| 28 | Advances from Affiliates | | |
| 29 | Repayment of Advances from Affiliates | | |
| 30 | Proceeds from Issuances of Long-Term Debt | 5901262 | |
| 31 | Repayment of Long-Term Debt | -1674326 | |
| 32 | Payment of Capital Lease Obligations | | |
| 33 | Proceeds from Issuing Common Stock/Parent Co. Equity Investment | | |
| 34 | Repurchase of Treasury Shares | | |
| 35 | Dividends Paid | | |
| 36 | Other Financing Activities (explained on back of this page) | -426466 | |
| 37 | Net Cash Provided by Financing Activities | | 3800470 |
| 38 | Effect of Exchange Rate Changes on Cash | | |
| 39 | Net Increase/(Decrease) in Cash & Cash Equivalents | | 6363881 |
| 40 | Cash & Cash Equivalents at Beginning of Period | | 2836077 |
| 41 | Cash & Cash Equivalents at End of Period | | 9199958 |

Statement of Cash Flows

Year: 2007

| | | |
|----------|-----------------------------------------------------|--------------------|
| Line 15. | Other Operating Activities | |
| | Accrued Income Tax | 316,550.00 |
| | Other Taxes Accrued | 11,509.00 |
| | Other Accrued Liabilities | -36,518.00 |
| | | <u>291,541.00</u> |
| Line 24. | Other Investing Activities | |
| | Fergus Electric Cooperative Capital Credits | -2,992.00 |
| | Mid Rivers Communication | -221.00 |
| | National Information Solutions Cooperative | -21,636.00 |
| | Mountain View Cooperative | 33.00 |
| | Triangle Telephone Cooperative Capital Credits | -3,023.00 |
| | Rural Telephone Finance Cooperative Capital Credits | 73,253.00 |
| | Bonds | 699,786.00 |
| | Nonregulated Investment in Other Terminal Equipment | 504.00 |
| | | <u>745,704.00</u> |
| Line 36. | Other Financing Activities | |
| | REA Notes | <u>-426,466.00</u> |

Receivables and Investments-Affiliated & Nonaffiliated Companies r: 2007

| Line No. | Name of Affiliate or Company (a) | Account 1160 Temporary Investments (b) | Account 1180 Telecom. Accounts Receivable (c) | Account 1181 Accts. Rec. Telecom. Allowance (d) | Account 1190 Other Accounts Receivable (e) | Account 1191 Accts Receivable Allow. - Other (f) | Account 1200 Notes Receivable (g) | Account 1201 Notes Receivable Allowance (h) | Account 1210 Interest and Dividends Receivable (i) | Account 1401 Investments in Affil. Companies (j) | Account 1402 Investments in Nonaffil. Companies (k) |
|----------|----------------------------------|----------------------------------------|-----------------------------------------------|-------------------------------------------------|--------------------------------------------|--------------------------------------------------|-----------------------------------|---------------------------------------------|----------------------------------------------------|--------------------------------------------------|-----------------------------------------------------|
| 1 | NRUCFC | 9050000 | 931353 | 7026 | 2345 | | | | | 19401 | 1347558 |
| 2 | Subscriber Receivables | | | | 40313 | | | | | | 8558 |
| 3 | Reg and NonReg Sales | | | | 498954 | | | | | | 107845 |
| 4 | AT&T | | | | 1465 | | | | | | 526 |
| 5 | NECA | | | | 178398 | | | | | | -30 |
| 6 | NCRPC | | | | 69799 | | | | | | 874 |
| 7 | MILEC | | | | -9752 | | | | | | 6062016 |
| 8 | Other Inter-Exc Carriers | | | | 46912 | | | | | | 1000 |
| 9 | Triangle Comm System | | | | -267 | | | | | | 208 |
| 10 | USAC E-Rate | | | | | | | | | | |
| 11 | Accts Rec Other - Unpaid | | | | | -675 | | | | | |
| 13 | Accts Rec Other - Uncoll | | | | | 7380 | | | | | |
| 14 | Accts Rec Other - Intra | | | | | 16881 | | | | | |
| 15 | Accts Rec Other - Inter | | | | | -33907 | | | | | |
| 16 | Accts Rec Other - Pool | | | | | | | | | | |
| 17 | Accts Rec Other - Pool | | | | | | | | | | |
| 18 | Invest In Triangle Tele | | | | | | | | | | |
| 19 | RTFC | | | | | | | | | | |
| 20 | Electric Cooperatives | | | | | | | | | | |
| 21 | NISC | | | | | | | | | | |
| 22 | Farmers Union - GF | | | | | | | | | | |
| 23 | Farmers Union - Moore | | | | | | | | | | |
| 24 | Mountain View Coop | | | | | | | | | | |
| 25 | Bonds | | | | | | | | | | |
| 26 | NECA | | | | | | | | | | |
| 27 | Mid Rivers Comm | | | | | | | | | | |
| 28 | | | | | | | | | | | |
| 29 | | | | | | | | | | | |
| 30 | | 9050000 | 931353 | 7026 | 828167 | -10321 | | | | 19401 | 7528555 |

Net Plant in Service - Detail

Year: 2007

| Line No. | Account | Description | Beginning of Year Balance | Additions | Retirements | Sales & Transfers | End of Year Account 2001 Balance | Year End Accumulated Depreciation | End of Year Net Plant Balance |
|----------|---------|--------------------------------|---------------------------|-----------|-------------|-------------------|----------------------------------|-----------------------------------|-------------------------------|
| | (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) | (i) |
| 1 | * 2110 | Land and Support Assets | 3677524 | 272922 | 149729 | | 3800717 | | 3800717 |
| 2 | ^ 2111 | Land | 73542 | | | | 73542 | | 73542 |
| 3 | ^ 2112 | Motor Vehicles | 1349516 | 199221 | 149729 | | 1399008 | 637100 | 761908 |
| 4 | ^ 2113 | Aircraft | | | | | | | |
| 5 | ^ 2114 | Special Purpose Vehicles | 334465 | | | | 334465 | 115587 | 218878 |
| 6 | ^ 2115 | Garage Work Equipment | | | | | | | |
| 7 | ^ 2116 | Other Work Equipment | 80411 | 9505 | | | 89916 | 30518 | 59398 |
| 8 | ^ 2121 | Buildings | 1839590 | 64196 | | | 1903786 | 873894 | 1029892 |
| 9 | ^ 2122 | Furniture | | | | | | | |
| 10 | ^ 2123 | Office Equipment | | | | | | | |
| 11 | ^ 2124 | General Purpose Computers | | | | | | | |
| 12 | ^ 2211 | Analog Electronic Switching | | | | | | | |
| 13 | ^ 2212 | Digital Electronic Switching | 4315743 | 177817 | 139548 | | 4354012 | 2520764 | 1833248 |
| 14 | ^ 2215 | Electro-Mechanical Switching | | | | | | | |
| 15 | ^ 2220 | Operator Systems | | | | | | | |
| 16 | ^ 2231 | Radio Systems | | | | | | | |
| 17 | ^ 2232 | Circuit Equipment | 9672935 | 2349423 | 646030 | | 11376328 | 6779516 | 4596812 |
| 18 | * 2310 | Information Orig & Term Equip | 24856 | | | | 24856 | 24856 | |
| 19 | ^ 2311 | Station Apparatus | | | | | | | |
| 20 | ^ 2321 | Customer Premises Wiring | 24856 | | | | 24856 | 24856 | |
| 21 | ^ 2341 | Large Private Branch Exchanges | 313254 | 10793 | 3390 | | 320657 | 275454 | 45203 |
| 22 | ^ 2351 | Public Telephone Term. Equip. | 35548227 | 7390806 | 2080811 | | 40858222 | 50329839 | -9471617 |
| 23 | ^ 2362 | Other Terminal Equipment | 1866054 | 74140 | 118160 | | 1822034 | 855488 | 966546 |
| 24 | * 2411 | Poles | 734588 | 99190 | 3667 | | 830111 | 395323 | 434788 |
| 25 | ^ 2420 | Cable and Wire Facilities | 32947585 | 7217476 | 1958984 | | 38206077 | 14773605 | 23432472 |
| 26 | ^ 2421 | Aerial Cable | | | | | | | |
| 27 | ^ 2422 | Underground Cable | | | | | | | |
| 28 | ^ 2423 | Buried Cable | | | | | | | |
| 29 | ^ 2424 | Submarine Cable | | | | | | | |
| 30 | ^ 2425 | Deep Sea Cable | | | | | | | |
| 31 | ^ 2426 | Intrabuilding Network Cable | 102184 | | 3499 | | 98685 | 98685 | 1352 |
| 32 | ^ 2431 | Aerial Wire | 3327 | | | | 3327 | 1975 | |
| 33 | ^ 2441 | Conduit Systems | | | | | | | |
| 34 | | Totals | 53658050 | 10201761 | 3023007 | | 60836804 | 27382765 | 33454039 |

^ Subaccount of the account marked with a *.

Analysis of Plant Held for Future Use

Year: 2007

| Line No. | Location and Description of Property (a) | Date Included in Account 2002 (b) | Book Cost of Property at Beginning of Year (c) | Additions During the Year (d) | Retirements During the Year (e) | Transfers and Adjustments Charges and (Credits) (f) | Book Cost of Property at End of Year (g) |
|----------|------------------------------------------|-----------------------------------|------------------------------------------------|-------------------------------|---------------------------------|-----------------------------------------------------|------------------------------------------|
| 1 | Not Applicable | | | | | | |
| 2 | | | | | | | |
| 3 | | | | | | | |
| 4 | | | | | | | |
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| 24 | | | | | | | |
| 25 | | | | | | | |
| 26 | | | | | | | |
| 27 | | | | | | | |
| 28 | | | | | | | |
| 29 | | | | | | | |
| 30 | Totals (Sum L.1 to L.29) | | | | | | |

Average Cost of Long Term Debt

Year: 2007

| Line No. | Description (a) | Issue Date (b) | Maturity Date (c) | Principal Amount (d) | Gross Proceeds (e) | Net Proceeds (f) | Net Per \$100 (g) | Outstanding Per Balance Sheet (h) | Yield to Maturity (i) | Annual Net Cost (j) | Amortization of Premium or Discount (k) | Total Cost (%) (l) |
|----------|-----------------|----------------|-------------------|----------------------|--------------------|------------------|-------------------|-----------------------------------|-----------------------|---------------------|-----------------------------------------|--------------------|
| 1 | Not Applicable | | | | | | | | | | | |
| 2 | | | | | | | | | | | | |
| 3 | | | | | | | | | | | | |
| 4 | | | | | | | | | | | | |
| 5 | | | | | | | | | | | | |
| 6 | | | | | | | | | | | | |
| 7 | | | | | | | | | | | | |
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| 11 | | | | | | | | | | | | |
| 12 | | | | | | | | | | | | |
| 13 | | | | | | | | | | | | |
| 14 | | | | | | | | | | | | |
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| 20 | | | | | | | | | | | | |
| 21 | | | | | | | | | | | | |
| 22 | | | | | | | | | | | | |
| 23 | | | | | | | | | | | | |
| 24 | | | | | | | | | | | | |
| 25 | | | | | | | | | | | | |
| 26 | | | | | | | | | | | | |
| 27 | | | | | | | | | | | | |
| 28 | | | | | | | | | | | | |
| 29 | | | | | | | | | | | | |
| 30 | Total | | | | | | | | | | | |

Cost of Preferred Stock

Year: 2007

| Line No. | Description (a) | Date of Issuance (b) | Method of Offering (c) | Call Redemption Price (d) | Par Value Of Issue (e) | Gross Proceeds Amounts (f) | Net Proceeds Amounts (g) | Net Proceeds Per \$100 (h) | Cost of Money (i) | Principal Outstanding (j) | Annual Cost (k) | Embedded Cost (l) |
|----------|---------------------------------|----------------------|------------------------|---------------------------|------------------------|----------------------------|--------------------------|----------------------------|-------------------|---------------------------|-----------------|-------------------|
| 1 | Not Applicable | | | | | | | | | | | |
| 2 | | | | | | | | | | | | |
| 3 | | | | | | | | | | | | |
| 4 | | | | | | | | | | | | |
| 5 | | | | | | | | | | | | |
| 6 | | | | | | | | | | | | |
| 7 | | | | | | | | | | | | |
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| 12 | | | | | | | | | | | | |
| 13 | | | | | | | | | | | | |
| 14 | | | | | | | | | | | | |
| 15 | | | | | | | | | | | | |
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| 17 | | | | | | | | | | | | |
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| 21 | | | | | | | | | | | | |
| 22 | | | | | | | | | | | | |
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| 26 | | | | | | | | | | | | |
| 27 | | | | | | | | | | | | |
| 28 | | | | | | | | | | | | |
| 29 | | | | | | | | | | | | |
| 30 | Totals (Sum L.1 to L.29) | | | | | | | | | | | |

Analysis of Common Stock

Year: 2007

| Line No. | (a) | Avg. Number of Shares Outstanding (b) | Book Value (per share) (c) | Earnings (per share) (d) | Dividends (per share) (e) | Retention Ratio (f) | Market Price High (g) | Low (h) | Price/Earnings Ratio (i) |
|----------|-------------------------|---------------------------------------|----------------------------|--------------------------|---------------------------|---------------------|-----------------------|---------|--------------------------|
| 1 | Year Ended December 31: | Not Applicable | | | | | | | |
| 2 | | | | | | | | | |
| 3 | | | | | | | | | |
| 4 | | | | | | | | | |
| 5 | | | | | | | | | |
| 6 | | | | | | | | | |
| 7 | | | | | | | | | |
| 8 | Month by Month Data: | | | | | | | | |
| 9 | January | | | | | | | | |
| 10 | February | | | | | | | | |
| 11 | March | | | | | | | | |
| 12 | April | | | | | | | | |
| 13 | May | | | | | | | | |
| 14 | June | | | | | | | | |
| 15 | July | | | | | | | | |
| 16 | August | | | | | | | | |
| 17 | September | | | | | | | | |
| 18 | October | | | | | | | | |
| 19 | November | | | | | | | | |
| 20 | December | | | | | | | | |
| 21 | | | | | | | | | |
| 22 | | | | | | | | | |
| 23 | | | | | | | | | |

Capital Stock and Funded Debt Reacquired or Retired During the Year

Year: 2007

| Line No. | Description of Security (a) | Call or Retirement Date (b) | Number of Shares (c) | Principal Amount (d) | Reacquisition or Retirement Cost (e) | Gain or Loss (f) | Retirement or Reacquisition (g) |
|----------|---------------------------------|-----------------------------|----------------------|----------------------|--------------------------------------|------------------|---------------------------------|
| 1 | Not Applicable | | | | | | |
| 2 | | | | | | | |
| 3 | | | | | | | |
| 4 | | | | | | | |
| 5 | | | | | | | |
| 6 | | | | | | | |
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| 24 | | | | | | | |
| 25 | | | | | | | |
| 26 | | | | | | | |
| 27 | | | | | | | |
| 28 | | | | | | | |
| 29 | | | | | | | |
| 30 | Totals (Sum L.1 to L.29) | | | | | | |

Total Company Expense Matrix

| Line No. | Acct. No. (a) | Description (b) | Salaries and Wages (c) | Benefits (d) | Rents (e) | Other Expenses (f) | Clearances (g) | Total (h) |
|----------|---------------|--------------------------------------------------|------------------------|--------------|-----------|--------------------|----------------|-----------|
| 1 | * | 6110 Network Support Expense | 35791 | 24399 | 40080 | 222872 | -323142 | 428187 |
| 2 | < | 6112 Motor Vehicle Expense | 31530 | 21481 | 40080 | 212262 | -305353 | 25817 |
| 3 | < | 6113 Aircraft Expense | | | | | | |
| 4 | < | 6114 Special Purpose Vehicles Expense | 4261 | 2918 | | 10610 | -17789 | 355095 |
| 5 | < | 6115 Garage Work Equipment Expense | | | | | | |
| 6 | < | 6116 Other Work Equipment Expense | | | | | | |
| 7 | * | 6120 General Support Expense | 64155 | 36981 | 221016 | 94151 | 11884 | 428187 |
| 8 | < | 6121 Land and Building Expense | 55984 | 30825 | 179165 | 77237 | 11884 | 355095 |
| 9 | < | 6122 Furniture and Artworks Expense | | | | | | |
| 10 | < | 6123 Office Equipment Expense | | | 41851 | 5424 | | 47275 |
| 11 | < | 6124 General Purpose Computers Expense | 8171 | 6156 | | 11490 | | 25817 |
| 12 | * | 6210 Central Office Switching Expense | 55593 | 33127 | | 31910 | 20232 | 140862 |
| 13 | < | 6211 Analog Electronic Expense | | | | | | |
| 14 | < | 6212 Digital Electronic Expense | 55593 | 33127 | | 31910 | 20232 | 140862 |
| 15 | < | 6215 Electro-Mechanical Expense | | | | | | |
| 16 | | 6220 Operator Systems Expense | | | | | | |
| 17 | * | 6230 Central Office Transmission Expense | 104304 | 61736 | | 39521 | 35453 | 241014 |
| 18 | < | 6231 Radio Systems Expense | | | | | | |
| 19 | < | 6232 Circuit Equipment Expense | 104304 | 61736 | | 39521 | 35453 | 241014 |
| 20 | * | 6310 Information Origination/Termination Expense | | | | | | |
| 21 | < | 6311 Station Apparatus Expense | | | | | | |
| 22 | < | 6341 Large Private Branch Exchange Expense | | | | | | |
| 23 | < | 6351 Public Telephone Terminal Equipment Exp. | | | | | | |
| 24 | < | 6362 Other Terminal Equipment Expense | | | | | | |
| 25 | * | 6410 Cable and Wire Facilities Expense | 222976 | 127006 | 19620 | 83818 | 83037 | 536457 |
| 26 | < | 6411 Poles Expense | 648 | 352 | 19620 | 110 | 204 | 20934 |
| 27 | < | 6421 Aerial Cable Expense | 58121 | 33571 | | 9300 | 19777 | 120769 |
| 28 | < | 6422 Underground Cable Expense | 547 | 350 | | | 406 | 1303 |
| 29 | < | 6423 Buried Cable Expense | 163660 | 92733 | | 74408 | 62650 | 393451 |
| 30 | < | 6424 Submarine Cable Expense | | | | | | |
| 31 | < | 6425 Deep Sea Cable Expense | | | | | | |
| 32 | < | 6426 Intrabuilding Network Cable Expense | | | | | | |
| 33 | < | 6431 Aerial Wire Expense | | | | | | |
| 34 | | Subtotals | 482,819 | 283,249 | 280,716 | 472,272 | (172,536) | 1346520 |

< Subaccount of the account marked with a *

Total Company Expense Matrix

| Line No. | Acct. No. (a) | Description (b) | Salaries and Wages (c) | Benefits (d) | Rents (e) | Other Expenses (f) | Clearances (g) | Total (h) |
|----------|---------------|----------------------------------------------|------------------------|--------------|-----------|--------------------|----------------|-----------|
| 35 | 6441 | Conduit Systems Expense | | | | | | |
| 36 | 6510 | Other Property Expenses | | | | | | |
| 37 | 6530 | Network Operations Expense | 273156 | 167862 | 14520 | 224754 | -64497 | 615795 |
| 38 | 6531 | Power Expense | 113738 | 67205 | 12192 | 101483 | 19816 | 101483 |
| 39 | 6532 | Network Administration Expense | 9933 | 6306 | | 106131 | 4706 | 319082 |
| 40 | 6533 | Testing Expense | 76619 | 46144 | 2328 | 1082 | -89019 | 22027 |
| 41 | 6534 | Plant Operations Expense | 72866 | 48207 | | 9134 | | 45206 |
| 42 | 6535 | Engineering Expense | | | | 6924 | | 127997 |
| 43 | 6540 | Access Expense | | | | 581163 | | 581163 |
| 44 | 6561 | Depreciation - Telecomm. Plant in Service | | | | 3010660 | | 3010660 |
| 45 | 6562 | Depreciation-Prop. for Future Telecom. Use | | | | | | |
| 46 | 6563 | Amortization Expense - Tangible | | | | | | |
| 47 | 6564 | Amortization Expense - Intangible | | | | | | |
| 48 | 6565 | Amortization - Other | | | | 873672 | | 873672 |
| 49 | 6610 | Marketing | 12076 | 7809 | | 19324 | | 39209 |
| 50 | 6611 | Product Management | | | | | | |
| 51 | 6612 | Sales | 4675 | 3019 | | 15993 | | 23687 |
| 52 | 6613 | Product Advertising | 7401 | 4790 | | 3331 | | 15522 |
| 53 | 6621 | Call Completion Services | 12950 | 9784 | | 547 | | 23281 |
| 54 | 6622 | Number Services | 4194 | 3260 | | 80079 | | 87533 |
| 55 | 6623 | Customer Services | 260399 | 185474 | 21384 | 469952 | | 937209 |
| 56 | 6711 | Executive | 60882 | 34488 | | 46229 | | 141599 |
| 57 | 6712 | Planning | 643 | 460 | | 75 | | 1178 |
| 58 | 6721 | Accounting and Finance | 99828 | 69030 | 14232 | 96381 | | 279471 |
| 59 | 6722 | External Relations | 30918 | 22405 | 3024 | 92436 | | 148783 |
| 60 | 6723 | Human Relations | 17536 | 9236 | | 20231 | | 47003 |
| 61 | 6724 | Information Management | 20224 | 12737 | | 21105 | | 54066 |
| 62 | 6725 | Legal | | | | 5438 | | 5438 |
| 63 | 6726 | Procurement | | | | | | |
| 64 | 6727 | Research and Development | | | | | | |
| 65 | 6728 | Other General and Administrative | 46024 | 39374 | 7500 | 169205 | | 262103 |
| 66 | 6790 | Provision for Uncollectible Notes Receivable | | | | | | |
| 67 | | Totals | 1,321,649 | 845,168 | 341,376 | 6,183,523 | (237,033) | 8,454,683 |

^ Subaccount of the account marked with a *

Total State Expense Matrix

| Line No. | Acct. No. (a) | Description (b) | Salaries and Wages (c) | Benefits (d) | Rents (e) | Other Expenses (f) | Clearances (g) | Total (h) |
|----------|---------------|---------------------------------------------|------------------------|--------------|-----------|--------------------|----------------|-----------|
| 1 | * 6110 | Network Support Expense | Not Applicable | | | | | |
| 2 | ^ 6112 | Motor Vehicle Expense | | | | | | |
| 3 | ^ 6113 | Aircraft Expense | | | | | | |
| 4 | ^ 6114 | Special Purpose Vehicles Expense | | | | | | |
| 5 | ^ 6115 | Garage Work Equipment Expense | | | | | | |
| 6 | ^ 6116 | Other Work Equipment Expense | | | | | | |
| 7 | * 6120 | General Support Expense | | | | | | |
| 8 | ^ 6121 | Land and Building Expense | | | | | | |
| 9 | ^ 6122 | Furniture and Artworks Expense | | | | | | |
| 10 | ^ 6123 | Office Equipment Expense | | | | | | |
| 11 | ^ 6124 | General Purpose Computers Expense | | | | | | |
| 12 | * 6210 | Central Office Switching Expense | | | | | | |
| 13 | ^ 6211 | Analog Electronic Expense | | | | | | |
| 14 | ^ 6212 | Digital Electronic Expense | | | | | | |
| 15 | ^ 6215 | Electro-Mechanical Expense | | | | | | |
| 16 | 6220 | Operator Systems Expense | | | | | | |
| 17 | * 6230 | Central Office Transmission Expense | | | | | | |
| 18 | ^ 6231 | Radio Systems Expense | | | | | | |
| 19 | ^ 6232 | Circuit Equipment Expense | | | | | | |
| 20 | * 6310 | Information Origination/Termination Expense | | | | | | |
| 21 | ^ 6311 | Station Apparatus Expense | | | | | | |
| 22 | ^ 6341 | Large Private Branch Exchange Expense | | | | | | |
| 23 | ^ 6351 | Public Telephone Terminal Equipment Exp. | | | | | | |
| 24 | ^ 6362 | Other Terminal Equipment Expense | | | | | | |
| 25 | * 6410 | Cable and Wire Facilities Expense | #VALUE! | | | | | #VALUE! |
| 26 | ^ 6411 | Poles Expense | | | | | | |
| 27 | ^ 6421 | Aerial Cable Expense | | | | | | |
| 28 | ^ 6422 | Underground Cable Expense | | | | | | |
| 29 | ^ 6423 | Buried Cable Expense | | | | | | |
| 30 | ^ 6424 | Submarine Cable Expense | | | | | | |
| 31 | ^ 6425 | Deep Sea Cable Expense | | | | | | |
| 32 | ^ 6426 | Intrabuilding Network Cable Expense | | | | | | |
| 33 | ^ 6431 | Aerial Wire Expense | | | | | | |
| 34 | | Subtotals | #VALUE! | | | | | #VALUE! |

^ Subaccount of the account marked with a *

Total State Expense Matrix

| Line No. | Acct. No. (a) | Description (b) | Salaries and Wages (c) | Benefits (d) | Rents (e) | Other Expenses (f) | Clearances (g) | Total (h) |
|----------|---------------|----------------------------------------------|------------------------|--------------|-----------|--------------------|----------------|-----------|
| 35 | 6441 | Conduit Systems Expense | Not Applicable | | | | | |
| 36 | 6510 | Other Property Expenses | | | | | | |
| 37 | 6530 | Network Operations Expense | | | | | | |
| 38 | 6531 | Power Expense | | | | | | |
| 39 | 6532 | Network Administration Expense | | | | | | |
| 40 | 6533 | Testing Expense | | | | | | |
| 41 | 6534 | Plant Operations Expense | | | | | | |
| 42 | 6535 | Engineering Expense | | | | | | |
| 43 | 6540 | Access Expense | | | | | | |
| 44 | 6561 | Depreciation - Telecomm. Plant in Service | | | | | | |
| 45 | 6562 | Depreciation-Prop. for Future Telecom. Use | | | | | | |
| 46 | 6563 | Amortization Expense - Tangible | | | | | | |
| 47 | 6564 | Amortization Expense - Intangible | | | | | | |
| 48 | 6565 | Amortization - Other | | | | | | |
| 49 | 6610 | Marketing | | | | | | |
| 50 | 6611 | Product Management | | | | | | |
| 51 | 6612 | Sales | | | | | | |
| 52 | 6613 | Product Advertising | | | | | | |
| 53 | 6621 | Call Completion Services | | | | | | |
| 54 | 6622 | Number Services | | | | | | |
| 55 | 6623 | Customer Services | | | | | | |
| 56 | 6711 | Executive | | | | | | |
| 57 | 6712 | Planning | | | | | | |
| 58 | 6721 | Accounting and Finance | | | | | | |
| 59 | 6722 | External Relations | | | | | | |
| 60 | 6723 | Human Relations | | | | | | |
| 61 | 6724 | Information Management | | | | | | |
| 62 | 6725 | Legal | | | | | | |
| 63 | 6726 | Procurement | | | | | | |
| 64 | 6727 | Research and Development | | | | | | |
| 65 | 6728 | Other General and Administrative | | | | | | |
| 66 | 6790 | Provision for Uncollectible Notes Receivable | | | | | | |
| 67 | | Totals | #VALUE! | | | | | #VALUE! |

^ Subaccount of the account marked with a *.

Pension Costs

Year: 2007

| | | | | |
|----|--------------------------------------------------------|----------------------------------|------------------|-----------------|
| 1 | Plan Name NTCA Savings Plan | | | |
| 2 | Defined Benefit Plan? _____ | Defined Contribution Plan? _____ | | |
| 3 | Actuarial Cost Method? _____ | IRS Code: _____ | | |
| 4 | Annual Contribution by Employer: _____ \$246,061 _____ | Is the Plan Over Funded? _____ | | |
| 5 | | | | |
| | Item | Current Year | Last Year | % Change |
| 6 | Change in Benefit Obligation | | | |
| 7 | Benefit obligation at beginning of year | | | |
| 8 | Service cost | | | |
| 9 | Interest Cost | | | |
| 10 | Plan participants' contributions | | | |
| 11 | Amendments | | | |
| 12 | Actuarial Gain | | | |
| 13 | Acquisition | | | |
| 14 | Benefits paid | | | |
| 15 | Benefit obligation at end of year | | | |
| 16 | Change in Plan Assets | | | |
| 17 | Fair value of plan assets at beginning of year | | | |
| 18 | Actual return on plan assets | | | |
| 19 | Acquisition | | | |
| 20 | Employer contribution | | | |
| 21 | Plan participants' contributions | | | |
| 22 | Benefits paid | | | |
| 23 | Fair value of plan assets at end of year | | | |
| 24 | Funded Status | | | |
| 25 | Unrecognized net actuarial loss | | | |
| 26 | Unrecognized prior service cost | | | |
| 27 | Prepaid (accrued) benefit cost | | | |
| 28 | | | | |
| 29 | Weighted-average Assumptions as of Year End | | | |
| 30 | Discount rate | | | |
| 31 | Expected return on plan assets | | | |
| 32 | Rate of compensation increase | | | |
| 33 | | | | |
| 34 | Components of Net Periodic Benefit Costs | | | |
| 35 | Service cost | | | |
| 36 | Interest cost | | | |
| 37 | Expected return on plan assets | | | |
| 38 | Amortization of prior service cost | | | |
| 39 | Recognized net actuarial loss | | | |
| 40 | Net periodic benefit cost | | | |
| 41 | | | | |
| 42 | Montana Intrastate Costs: | | | |
| 43 | Pension Costs | | | |
| 44 | Pension Costs Capitalized | | | |
| 45 | Accumulated Pension Asset (Liability) at Year End | | | |
| 46 | Number of Company Employees: | | | |
| 47 | Covered by the Plan | | | |
| 48 | Not Covered by the Plan | | | |
| 49 | Active | | | |
| 50 | Retired | | | |
| 51 | Deferred Vested Terminated | | | |

Pension Costs

Year: 2007

| | | | | |
|----|-------------------------------------------------------|----------------------------------|-----------|----------|
| 1 | Plan Name NTCA Savings Plan | | | |
| 2 | Defined Benefit Plan? _____ | Defined Contribution Plan? _____ | | |
| 3 | Actuarial Cost Method? _____ | IRS Code: _____ | | |
| 4 | Annual Contribution by Employer: _____ \$40,008 _____ | Is the Plan Over Funded? _____ | | |
| 5 | | | | |
| | Item | Current Year | Last Year | % Change |
| 6 | Change in Benefit Obligation | | | |
| 7 | Benefit obligation at beginning of year | | | |
| 8 | Service cost | | | |
| 9 | Interest Cost | | | |
| 10 | Plan participants' contributions | | | |
| 11 | Amendments | | | |
| 12 | Actuarial Gain | | | |
| 13 | Acquisition | | | |
| 14 | Benefits paid | | | |
| 15 | Benefit obligation at end of year | | | |
| 16 | Change in Plan Assets | | | |
| 17 | Fair value of plan assets at beginning of year | | | |
| 18 | Actual return on plan assets | | | |
| 19 | Acquisition | | | |
| 20 | Employer contribution | | | |
| 21 | Plan participants' contributions | | | |
| 22 | Benefits paid | | | |
| 23 | Fair value of plan assets at end of year | | | |
| 24 | Funded Status | | | |
| 25 | Unrecognized net actuarial loss | | | |
| 26 | Unrecognized prior service cost | | | |
| 27 | Prepaid (accrued) benefit cost | | | |
| 28 | | | | |
| 29 | Weighted-average Assumptions as of Year End | | | |
| 30 | Discount rate | | | |
| 31 | Expected return on plan assets | | | |
| 32 | Rate of compensation increase | | | |
| 33 | | | | |
| 34 | Components of Net Periodic Benefit Costs | | | |
| 35 | Service cost | | | |
| 36 | Interest cost | | | |
| 37 | Expected return on plan assets | | | |
| 38 | Amortization of prior service cost | | | |
| 39 | Recognized net actuarial loss | | | |
| 40 | Net periodic benefit cost | | | |
| 41 | | | | |
| 42 | Montana Intrastate Costs: | | | |
| 43 | Pension Costs | | | |
| 44 | Pension Costs Capitalized | | | |
| 45 | Accumulated Pension Asset (Liability) at Year End | | | |
| 46 | Number of Company Employees: | | | |
| 47 | Covered by the Plan | | | |
| 48 | Not Covered by the Plan | | | |
| 49 | Active | | | |
| 50 | Retired | | | |
| 51 | Deferred Vested Terminated | | | |

Other Post Employment Benefits (OPEBS)

Year: 2007

| | Item | Current Year | Last Year | % Change |
|----|--------------------------------------------------------------------------------------|----------------|-----------|----------|
| 1 | Regulatory Treatment: | | | |
| 2 | Commission authorized - most recent | | | |
| 3 | Docket number: _____ | | | |
| 4 | Order number: _____ | | | |
| 5 | Amount recovered through rates | | | |
| | | Not Applicable | | #VALUE! |
| 6 | Weighted-average Assumptions as of Year End | | | |
| 7 | Discount rate | | | |
| 8 | Expected return on plan assets | | | |
| 9 | Medical Cost Inflation Rate | | | |
| 10 | Actuarial Cost Method | | | |
| 11 | Rate of compensation increase | | | |
| 12 | List each method used to fund OPEBs (ie: VEBA, 401(h)) and if tax advantaged: | | | |
| 13 | | | | |
| 14 | | | | |
| 15 | Describe any Changes to the Benefit Plan: | | | |
| 16 | | | | |
| 17 | TOTAL COMPANY | | | |
| 18 | Change in Benefit Obligation | | | |
| 19 | Benefit obligation at beginning of year | | | |
| 20 | Service cost | | | |
| 21 | Interest Cost | | | |
| 22 | Plan participants' contributions | | | |
| 23 | Amendments | | | |
| 24 | Actuarial Gain | | | |
| 25 | Acquisition | | | |
| 26 | Benefits paid | | | |
| 27 | Benefit obligation at end of year | | | |
| 28 | Change in Plan Assets | | | |
| 29 | Fair value of plan assets at beginning of year | | | |
| 30 | Actual return on plan assets | | | |
| 31 | Acquisition | | | |
| 32 | Employer contribution | | | |
| 33 | Plan participants' contributions | | | |
| 34 | Benefits paid | | | |
| 35 | Fair value of plan assets at end of year | | | |
| 36 | Funded Status | | | |
| 37 | Unrecognized net actuarial loss | | | |
| 38 | Unrecognized prior service cost | | | |
| 39 | Prepaid (accrued) benefit cost | | | |
| 40 | Components of Net Periodic Benefit Costs | | | |
| 41 | Service cost | | | |
| 42 | Interest cost | | | |
| 43 | Expected return on plan assets | | | |
| 44 | Amortization of prior service cost | | | |
| 45 | Recognized net actuarial loss | | | |
| 46 | Net periodic benefit cost | | | |
| 47 | Accumulated Post Retirement Benefit Obligation | | | |
| 48 | Amount Funded through VEBA | | | |
| 49 | Amount Funded through 401(h) | | | |
| 50 | Amount Funded through Other _____ | | | |
| 51 | TOTAL | | | |
| 52 | Amount that was tax deductible - VEBA | | | |
| 53 | Amount that was tax deductible - 401(h) | | | |
| 54 | Amount that was tax deductible - Other _____ | | | |
| 55 | TOTAL | | | |

Other Post Employment Benefits (OPEBS) Continued

Year: 2007

| | Item | Current Year | Last Year | % Change |
|----|-------------------------------------------------------|----------------|-----------|----------|
| 1 | Number of Company Employees: | Not Applicable | | |
| 2 | Covered by the Plan | | | |
| 3 | Not Covered by the Plan | | | |
| 4 | Active | | | |
| 5 | Retired | | | |
| 6 | Spouses/Dependants covered by the Plan | | | |
| 7 | Montana | | | |
| 8 | Change in Benefit Obligation | | | |
| 9 | Benefit obligation at beginning of year | | | |
| 10 | Service cost | | | |
| 11 | Interest Cost | | | |
| 12 | Plan participants' contributions | | | |
| 13 | Amendments | | | |
| 14 | Actuarial Gain | | | |
| 15 | Acquisition | | | |
| 16 | Benefits paid | | | |
| 17 | Benefit obligation at end of year | | | |
| 18 | Change in Plan Assets | | | |
| 19 | Fair value of plan assets at beginning of year | | | |
| 20 | Actual return on plan assets | | | |
| 21 | Acquisition | | | |
| 22 | Employer contribution | | | |
| 23 | Plan participants' contributions | | | |
| 24 | Benefits paid | | | |
| 25 | Fair value of plan assets at end of year | | | |
| 26 | Funded Status | | | |
| 27 | Unrecognized net actuarial loss | | | |
| 28 | Unrecognized prior service cost | | | |
| 29 | Prepaid (accrued) benefit cost | | | |
| 30 | Components of Net Periodic Benefit Cccosts | | | |
| 31 | Service cost | | | |
| 32 | Interest cost | | | |
| 33 | Expected return on plan assets | | | |
| 34 | Amortization of prior service cost | | | |
| 35 | Recognized net actuarial loss | | | |
| 36 | Net periodic benefit cost | | | |
| 37 | Accumulated Post Retirement Benefit Obligation | | | |
| 38 | Amount Funded through VEBA | | | |
| 39 | Amount Funded through 401(h) | | | |
| 40 | Amount Funded through other _____ | | | |
| 41 | TOTAL | | | |
| 42 | Amount that was tax deductible - VEBA | | | |
| 43 | Amount that was tax deductible - 401(h) | | | |
| 44 | Amount that was tax deductible - Other | | | |
| 45 | TOTAL | | | |
| 46 | Montana Intrastate Costs: | | | |
| 47 | Pension Costs | | | |
| 48 | Pension Costs Capitalized | | | |
| 49 | Accumulated Pension Asset (Liability) at Year End | | | |
| 50 | Number of Montana Employees: | | | |
| 51 | Covered by the Plan | | | |
| 52 | Not Covered by the Plan | | | |
| 53 | Active | | | |
| 54 | Retired | | | |
| 55 | Spouses/Dependants covered by the Plan | | | |

Payments for Services to Persons Other Than Employees

Year: 2007

| Line No. | Name of Recipient (a) | Nature of Service (b) | Total Company Cost (c) | Total State Cost (d) | Intrastate Cost (e) |
|----------|------------------------------------|-----------------------------------|------------------------|----------------------|---------------------|
| 1 | Douglas Olmstead | Construction Services | 46050 | 46050 | 46050 |
| 2 | GVNW, Inc. | Cost Consulting | 61323 | 61323 | 61323 |
| 3 | Heberly & Associates | Engineering Services | 600699 | 600699 | 600699 |
| 4 | Hill County Electric Cooperative | Office & Equipment Rental | 3388127 | 3388127 | 3388127 |
| 5 | National Information Systems Coop. | Data Processing Services | 282473 | 282473 | 282473 |
| 6 | North Winds Publishing | Directory Services | 63372 | 63372 | 63372 |
| 7 | Triangle Communication System | Internet & Long Distance Services | 617322 | 617322 | 617322 |
| 8 | Triangle Telephone Cooperative | Office, Equip. & Switching Rental | 3882388 | 3882388 | 3882388 |
| 9 | Workplace, Inc. | Temporary Employment | 91240 | 91240 | 91240 |
| 10 | Bosch Kugr Dugdale ET AL | Legal Services | 5004 | 5004 | 5004 |
| 11 | Buckentin Construction | Construction Services | 16447 | 16447 | 16447 |
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| 48 | | | | | |
| 49 | Total | | | | 9054445 |

Subscriber Line Usage Data

Year: 2007

| Line No. | Description (a) | This Year (b) | % of Total (c) | Last Year (d) | % of Total (e) |
|----------|-------------------------------|---------------|----------------|---------------|----------------|
| 1 | Toll Usage: | | | | |
| 2 | Interstate, InterLATA | 23421616 | 50.11% | 23634209 | 50.76% |
| 3 | Interstate, IntraLATA | 2451 | 0.01% | 2531 | 0.01% |
| 4 | Total Interstate Usage | 23424067 | 50.11% | 23636740 | 50.76% |
| 5 | Intrastate, InterLATA | 7133146 | 15.26% | 7210023 | 15.48% |
| 6 | Intrastate, IntraLATA | 16185389 | 34.63% | 15716923 | 33.75% |
| 7 | Total Intrastate Usage | 23318535 | 49.89% | 22926946 | 49.24% |
| 8 | Total Toll Usage | 46742602 | 100.00% | 46563686 | 100.00% |
| 9 | Centrex | | | | |
| 10 | Local | | | | |
| 11 | Total Minutes | 46742602 | 100.00% | 46563686 | 100.00% |

Central Office and Access Line Statistics

Year: 2007

| Line No. | Wire Center (a) | Type of Office (b) | Residential (c) | ISDN (d) | ADSL (e) | Lifeline Customers (f) | Residential LMS Customers (g) | Single Line Business (h) | Multi-Line Business (i) | Customer Owned Coin (j) | Company Owned Coin (k) | Other (l) | % of Lines w/ T. Tone (m) | Total Access Lines (n) |
|----------|-------------------------|--------------------|-----------------|----------|----------|------------------------|-------------------------------|--------------------------|-------------------------|-------------------------|------------------------|-----------|---------------------------|------------------------|
| 1 | 353 - Harlem | Host | 687 | | 195 | 190 | | | 341 | 1 | | | | 1029 |
| 2 | 374 - Moore | Remote | 241 | | 163 | 1 | | | 44 | | | | | 285 |
| 3 | 383 - Dodson | Remote | 90 | | 24 | 4 | | | 16 | | | | | 106 |
| 4 | 423 - Hobson | Remote | 351 | | 119 | 5 | | | 58 | | | | | 409 |
| 5 | 473 - Judith Gap | Remote | 117 | | 46 | 2 | | | 20 | | | | | 137 |
| 6 | 547 - White Sulphur Spr | Host | 727 | | 234 | 21 | | | 277 | | | | | 1004 |
| 7 | 566 - Starford | Remote | 329 | | 126 | 7 | | | 105 | | | | | 434 |
| 8 | 567 - Denton | Remote | 225 | | 98 | 2 | | | 58 | | | | | 283 |
| 9 | 572 - Martinsdale | Remote | 143 | | 39 | | | | 20 | | | | | 163 |
| 10 | 622 - Fort Benton | Host | 703 | | 246 | 14 | | | 361 | 1 | | | | 1065 |
| 11 | 632 - Harlowton | Remote | 670 | | 239 | 17 | | | 242 | 2 | | | | 914 |
| 12 | 654 - Malta | Host | 1090 | | 430 | 48 | | | 466 | | | | | 1556 |
| 13 | 737 - Geraldine | Remote | 243 | | 111 | 6 | | | 53 | | | | | 296 |
| 14 | | | | | | | | | | | | | | |
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| 32 | | | | | | | | | | | | | | |
| 33 | Total | | 5616 | | 2070 | 317 | | | 2061 | 4 | | | | 7681 |

NOTE: Additional blank schedules are being provided for your convenience.

Central Office and Switch Information

Year: 2007

| Line No. | Wire Center (a) | Office Configuration (Host, Remote, Stand alone) (b) | Type of Switch (c) | Switch Vendor/ Manufacturer (d) | Switch Model No. (e) | Switch Line Capacity (f) | Year Deployed (g) |
|----------|-------------------------|------------------------------------------------------------|-----------------------|---------------------------------------|-------------------------|-----------------------------|----------------------|
| 1 | 353 - Harlem | Host | Digital | Northern Telco | DMS - 10 | 7,500 | 1995 |
| 2 | 374 - Moore | Remote | Digital | Northern Telco | RSLE | 1,025 | 1995 |
| 3 | 383 - Dodson | Remote | Digital | Northern Telco | RSLE | 192 | 1994 |
| 4 | 423 - Hobson | Remote | Digital | Northern Telco | RSLE | 1,024 | 1995 |
| 5 | 473 - Judith Gap | Remote | Digital | Northern Telco | RSLE | 192 | 1995 |
| 6 | 547 - White Sulphur Spr | Host | Digital | Northern Telco | DMS - 10 | 7,500 | 1996 |
| 7 | 566 - Stanford | Occam | Digital | Occam | BLC | 934 | 2007 |
| 8 | 567 - Denton | Occam | Digital | Occam | BLC | 672 | 2007 |
| 9 | 572 - Martinsdale | Remote | Digital | Northern Telco | RSLE | 192 | 1996 |
| 10 | 622 - Fort Benton | Host | Digital | Northern Telco | DMS - 10 | 7,500 | 1995 |
| 11 | 632 - Harlowton | Remote | Digital | Northern Telco | RSC | 1,600 | 1999 |
| 12 | 654 - Malta | Host | Digital | Northern Telco | DMS - 10 | 7,500 | 1994 |
| 13 | 737 - Geraldine | Remote | Digital | Northern Telco | RSLE | 1,024 | 1995 |
| 14 | | | | | | | |
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NOTE: Additional blank schedules are being provided for your convenience.

Construction Budget - Montana

Year:

| Line No. | Description (a) | (b) |
|----------|---------------------------------------------------------------------|----------|
| 1 | Central Office Assets: | |
| 2 | | |
| 3 | | |
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| 25 | | |
| 26 | | |
| 27 | Total Switching and Central Office Projects over \$500,000 | |
| 28 | Miscellaneous Central Office Projects not over \$500,000 | 2449500 |
| 29 | Total Central Office Budget (Total of Line 27 & Line 28) | 2449500 |
| 30 | Other Projects over \$500,000: | |
| 31 | | |
| 32 | General Fund Capital Expenditures | 965500 |
| 33 | Fort Benton Cable Upgrade | 6080000 |
| 34 | | |
| 35 | | |
| 36 | | |
| 37 | | |
| 38 | | |
| 39 | | |
| 40 | | |
| 41 | Total Other Projects over \$500,000 | 7045500 |
| 42 | Miscellaneous projects not over \$500,000 | 1875000 |
| 43 | Total Construction Budget (Total of Lines 29, 41 & 42) | 11370000 |

Montana Total State Construction Expenditures

| Line No. | FCC Part 32 Account No. (a) | Description (b) | This Year (c) | Last Year (d) | Percent Change (e) |
|----------|-----------------------------|----------------------------------------|-----------------|-----------------|--------------------|
| 1 | 2110 | General Support Assets | 3800718 | 3677524 | 3.35% |
| 2 | 2210 | Central Office Assets | 4354012 | 4315742 | 0.89% |
| 3 | 2220 | Operator Systems | | | |
| 4 | 2230 | Central Office Transmission | 11376328 | 9672936 | 17.61% |
| 5 | 2310 | Information/Termination Assets | 24856 | 24856 | 0.00% |
| 6 | 2410 | Cable and Wire Facilities Assets | 41280891 | 35966993 | 14.77% |
| 7 | 2680 | Amortizable Tangible Assets | | | |
| 8 | 2690 | Intangibles | | | |
| 9 | | Total Construction Expenditures | 60836805 | 53658051 | 13.38% |

Montana Employee Counts

Year: 2007

| Line No. | Category (a) | Beginning of Year (b) | End of Year (c) |
|----------|-----------------------------------------------------------------------------|-----------------------|-----------------|
| 1 | Employees are provided through a Joint Use Agreement with Hill County | | |
| 2 | Electric Cooperative, Inc. Areas where joint use employees are used follow: | | |
| 3 | | | |
| 4 | Staff | 23 | 25 |
| 5 | Outside Plant | 14 | 16 |
| 6 | | | |
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| 42 | | | |
| 43 | Totals (Sum of Lines 1 through 42) | 37 | 41 |

Compensation of Top 10 Montana Based Employees

Year: 2007

| Line No. | Name/Title (a) | Base Salary (b) | Bonuses (c) | Other Compensation (d) | Total Compensation (e) | Total Compensation Last Year (f) | % Increase Total Compensation (g) |
|----------|--------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|----------------|---------------------------|---------------------------|-------------------------------------|--------------------------------------|
| 1 | Central Montana Communications, Inc. has no employees. Employee services are provided through service agreements with Hill County Electric, Inc. | | | | | | |
| 2 | | | | | | | |
| 3 | | | | | | | |
| 4 | | | | | | | |
| 5 | | | | | | | |
| 6 | | | | | | | |
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| 9 | | | | | | | |
| 10 | | | | | | | |
| 11 | Totals (Sum L.1 to L.10) | | | | | | |

Compensation of Top 5 Corporate Employees - SEC Information

| Line No. | Name/Title (a) | Base Salary (b) | Bonuses (c) | Other Compensation (d) | Total Compensation (e) | Total Compensation Last Year (f) | % Increase Total Compensation (g) |
|----------|--------------------------------|--------------------|----------------|---------------------------|---------------------------|-------------------------------------|--------------------------------------|
| 1 | Not Applicable | | | | | | |
| 2 | | | | | | | |
| 3 | | | | | | | |
| 4 | | | | | | | |
| 5 | | | | | | | |
| | | | | | | | |
| 6 | Totals (Sum L.1 to L.5) | | | | | | |

Montana Composite Statistics

Year: 2007

| Line No. | Account No. | Description (a) | Amount (b) |
|----------|-------------|-------------------------------------------------------------------------------------------------|---------------|
| 1 | | Plant (Intrastate Only) (000 Omitted) | |
| 2 | 2001 | Plant in Service | 60837 |
| 3 | 2003 - 2004 | Construction Work in Progress | 2099 |
| 4 | 2005 | Plant Acquisition Adjustments | 12944 |
| 5 | 2002 | Plant Held for Future Use | |
| 6 | 1220 | Materials & Supplies | |
| 7 | | (Less): | |
| 8 | 3100 - 3400 | Depreciation & Amortization Reserves | -39186 |
| 9 | 4360.2 | Contributions in Aid of Construction | |
| 10 | | NET BOOK COSTS | 36694 |
| 11 | | Revenues & Expenses (Intrastate Only) (000 Omitted) | |
| 12 | 5000 - 5300 | Operating Revenues | 12917 |
| 13 | 6560 | Depreciation & Amortization Expenses | 3884 |
| 14 | | Federal & State Income Taxes | 1234 |
| 15 | | Other Taxes | 844 |
| 16 | | Other Operating Expenses | 3644 |
| 17 | | TOTAL Operating Expenses | 9606 |
| 18 | | Net Operating Income | 3311 |
| 19 | | Other Income | 745 |
| 20 | | Other Deductions | 2136 |
| 21 | | NET INCOME | 1920 |
| 22 | | Access Lines in Service (Intrastate Only) | |
| 23 | | Residential Access Lines | 5616 |
| 24 | | Business Access Lines | 1874 |
| 25 | | PBX Access Lines | 191 |
| 26 | | Other Access Lines | |
| 27 | | Total Number of Access Lines | 7681 |
| 28 | | Average Number of Calls Per Access Line | |
| 29 | | Local Calls | 155 |
| 30 | | Toll Calls (Intra- or Interstate) | 235 |
| 31 | | Total Number of Calls Per Access Line (Total of Line 29 & Line 30 divided by Line 27) | 390 |
| 32 | | Other Statistics (Intrastate Only) | |
| 33 | | Average Residential Monthly Bill | 58 |
| 34 | | Gross Plant Investment per Access Line | 9879 |

Depreciation - Montana Intrastate Regulated

Year: 2007

| Line No. | Acct No. (a) | Description (b) | Composite Rate % (c) | Total Expense \$ (d) |
|----------|------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|----------------------|----------------------|
| 1 | 2112 | Motor Vehicles | 9.7% | 135,003 |
| 2 | 2114 | Special Purpose Vehicles | 7.0% | 23,413 |
| 3 | 2115 | Garage Work Equipment | 8.4% | |
| 4 | 2116 | Other work Equipment | 2.8% | 2,286 |
| 5 | 2121 | Buildings | 3.8% | 70,512 |
| 6 | 2122 | Furniture | 5.5% | |
| 7 | 2123.1 | Office Support Equipment | 13.4% | |
| 8 | 2123.2 | Company Communications Equipment | 5.3% | |
| 9 | 2124 | General Purpose Computers | 6.5% | |
| 10 | 2211 | Analog Electronic Switching Equipment | 9.3% | 28,152 |
| 11 | 2212 | Digital Electronic Switching Equipment | 7.0% | 262,137 |
| 12 | 2215 | Step By Step Switching Equipment | 9.5% | |
| 13 | 2215 | Crossbar Switching Equipment | 11.6% | |
| 14 | 2220 | Operator System | 12.5% | |
| 15 | 2231 | Radio Systems | 7.5% | |
| 16 | 2232 | Circuit DDS | 10.7% | 1,023,528 |
| 17 | 2232 | Circuit Digital | 9.6% | |
| 18 | 2232 | Circuit Analog | 10.7% | |
| 19 | 2351 | Public Telephone Terminating Equipment | 3.0% | |
| 20 | 2362 | Other Terminal Equipment | 16.0% | |
| 21 | 2411 | Poles | 4.7% | 14,781 |
| 22 | 2421 | Aerial Cable Metallic | 5.4% | 96,244 |
| 23 | 2421 | Aerial Cable Nonmetallic | 4.2% | 3,432 |
| 24 | 2422 | Underground Cable Metallic | 4.4% | 1,632 |
| 25 | 2422 | Underground Cable Nonmetallic | 4.8% | 33,390 |
| 26 | 2423 | Buried Cable Metallic | 3.9% | 913,429 |
| 27 | 2423 | Buried Cable Nonmetallic | 4.2% | 402,654 |
| 28 | 2424 | Submarine Cable Metallic | 2.3% | |
| 29 | 2424 | Submarine Cable Nonmetallic | 3.3% | |
| 30 | 2426 | Intrabuilding Network Cable Metallic | 5.5% | |
| 31 | 2426 | Intrabuilding Network Cable Nonmetallic | 11.3% | |
| 32 | 2431 | Aerial Wire | 13.4% | |
| 33 | 2441 | Conduit Systems | 2.1% | 72 |
| 34 | | | | |
| 35 | | COMPOSITE TOTAL | | |
| 36 | <p>Please list the Montana Public Service Commission Docket Order No. approving these depreciation rates</p> <p>Docket Number _____ Order Number _____</p> | | | |
| 37 | | | | |
| 38 | | | | |
| 39 | | | | |
| 40 | | | | |

Amortization - Montana Intrastate Regulated

Year: 2007

| Line No. | Acct No. (a) | Description (b) | Composite Rate % (c) | Total Expense \$ (d) |
|----------|-------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|----------------------|----------------------|
| 1 | | Not Applicable | | |
| 2 | | | | |
| 3 | | | | |
| 4 | | | | |
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| 30 | | | | |
| 31 | | | | |
| 32 | | | | |
| 33 | | | | |
| 34 | | | | |
| 35 | | COMPOSITE TOTAL | | |
| 36 | Please list the Montana Public Service Commission Docket Order No. approving these amortization rates Docket Number _____ Order Number _____ | | | |
| 37 | | | | |
| 38 | | | | |
| 39 | | | | |
| 40 | | | | |

Montana Regulatory Capital Structure & Costs

Year: 2007

| Line No. | Description (a) | % Cap. Str. (b) | % Cost Rate (c) | Weighted Cost (d) |
|----------|------------------------------------------|-----------------|-----------------|-------------------|
| | Commission Accepted - Most Recent | Not Applicable | | |
| 1 | Docket Number _____ | | | |
| 2 | Order Number _____ | | | |
| 3 | | | | |
| 4 | Common Equity | | | |
| 5 | Preferred Stock | | | |
| 6 | Long Term Debt | | | |
| 7 | Other | | | |
| 8 | Total | | | |
| 9 | | | | |
| 10 | Actual at Year End | | | |
| 11 | | | | |
| 12 | Common Equity | | | |
| 13 | Preferred Stock | | | |
| 14 | Long Term Debt | | | |
| 15 | Other | | | |
| 16 | Total | | | |

Network Access - Charges and Revenues

Year: 2007

| Line No. | Description (a) | Access Charges Paid (b) | Access Revenues Received (c) |
|----------|--------------------------------|-------------------------|------------------------------|
| 1 | Montana - Total State | | 8973951 |
| 2 | | | |
| 3 | Montana - Intrastate | | 1678261 |
| 4 | | | |
| 5 | Montana - Intrastate Regulated | | 1245939 |
| 6 | | | |
| 7 | | | |
| 8 | | | |
| 9 | | | |
| 10 | | | |
| 11 | | | |
| 12 | | | |
| 13 | | | |

Affiliate Transactions - Products & Services Provided to Utility

Year: 2007

| Line No. | Affiliate Name (a) | Products & Services (b) | Method to Determine Price (c) | Charges to Utility (d) | % Total Affil. Revenues (e) | Charges to MT Utility (f) |
|----------|--------------------------------------|----------------------------|----------------------------------|---------------------------|--------------------------------|------------------------------|
| 1 | Triangle Telephone Cooperative, Inc. | Office Rent | Floor space | 127,104 | | |
| 2 | Triangle Telephone Cooperative, Inc. | Equipment Rent | Average hourly operating exp. | 6,224 | | |
| 4 | Triangle Telephone Cooperative, Inc. | Expense Reimbursements | Actual amounts charged | 2,442,268 | | |
| 5 | Triangle Telephone Cooperative, Inc. | Long Distance Service | Actual amounts billed | 562,497 | | |
| 6 | Triangle Telephone Cooperative, Inc. | Construction Material | Actual cost | 145,846 | | |
| 7 | | | | | | |
| 8 | | | | | | |
| 9 | | | | | | |
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| 25 | | | | | | |
| 26 | | | | | | |
| 27 | | | | | | |
| 28 | | | | | | |
| 29 | | | | | | |
| 30 | TOTAL | | | \$3,283,939 | | |

Affiliate Transactions - Products & Services Provided by Utility

Year: 2007

| Line No. | Affiliate Name (a) | Products & Services (b) | Method to Determine Price (c) | Charges to Affiliate (d) | % Total Affil. Revenues (e) | Charges to MT Utility (f) |
|----------|--------------------------------------|------------------------------------------|---------------------------------------------|-----------------------------|--------------------------------|------------------------------|
| 1 | Triangle Telephone Cooperative, Inc. | Equipment Rent Billing and Collection | Average hourly operating exp Actual Cost | 22,018 | | |
| 2 | Triangle Telephone Cooperative, Inc. | | | 130,749 | | |
| 30 | TOTAL | | | \$152,767 | | |

Montana Intrastate Regulated Earned Rate of Return

Year: 2007

| Line No. | Description Rate Base (a) | This Year (b) | Last Year (c) | Percent Change (d) |
|----------|-----------------------------------------------------|---------------------|---------------------|--------------------------|
| 1 | | | | |
| 2 | 2001 Plant in Service | 60,836,804 | 53,658,051 | 13.38% |
| 3 | 2002 Prop. Held for Future Telecommunications Use | | | |
| 4 | 3100-3200 (Less) Accumulated Depreciation | (27,382,765) | (27,078,946) | -1.12% |
| 5 | Plant in Service | 33,454,039 | 26,579,105 | 25.87% |
| 6 | | | | |
| 7 | Additions | | | |
| 8 | 1220 Materials & Supplies | | | |
| 9 | 1280 Prepayments | | | |
| 10 | Other Additions | | | |
| 11 | TOTAL Additions | | | |
| 12 | | | | |
| 13 | Deductions | | | |
| 14 | 4100 Current Deferred Operating Income Taxes | | | |
| 15 | 4320 Unamortized Operating Investment Tax Credits | | | |
| 16 | 4340 Noncurrent Deferred Operating Income Taxes | | | |
| 17 | Customer Advances for Construction | | | |
| 18 | Other Deductions | | | |
| 19 | TOTAL Deductions | | | |
| 20 | TOTAL Rate Base | 33,454,039 | 26,579,105 | 25.87% |
| 21 | | | | |
| 22 | Net Earnings | | | |
| 23 | | | | |
| 24 | Rate of Return on Average Rate Base | 6.390% | 6.085% | 5.01% |
| 25 | | | | |
| 26 | Rate of Return on Average Equity | 8.890% | 8.141% | 9.20% |
| 27 | | | | |
| 28 | Major Normalizing Adjustments & Commission | | | |
| 29 | Rate-making adjustments to Utility Operations | | | |
| 30 | | | | |
| 31 | | | | |
| 32 | | | | |
| 33 | | | | |
| 34 | | | | |
| 35 | | | | |
| 36 | | | | |
| 37 | | | | |
| 38 | | | | |
| 39 | | | | |
| 40 | | | | |
| 41 | | | | |
| 42 | | | | |
| 43 | Adjusted Rate of Return on Average Rate Base | 6.390% | 6.085% | 5.01% |
| 44 | | | | |
| 45 | Adjusted Rate of Return on Average Equity | 8.890% | 8.141% | 9.20% |

Other Taxes Paid

Year: 2007

| Line No. | Description (a) | Last Year (b) | This Year (c) |
|----------|-------------------------------------------------|---------------|---------------|
| 1 | Montana Telephone Company License Tax | | |
| 2 | Montana Public Service Commission Tax | 11749 | 12108 |
| 3 | Montana Consumer Counsel Tax | 3270 | 3990 |
| 4 | 911 Emergency Telephone Fee | | |
| 5 | Montana Telecommunications Access Service (TDD) | | |
| 6 | Montana Corporate License Tax | 179585 | 168410 |
| 7 | Personal Property Tax | | |
| 8 | Real Property Tax | 795462 | 827961 |
| 9 | | | |
| 10 | | | |
| 11 | | | |
| 12 | Total | 990066 | 1012469 |

SCHEDULE 37

Universal Service Funds Received

Year: 2007

| Line No. | Description (a) | Last Year (b) | This Year (c) |
|----------|-------------------------------------|---------------|---------------|
| 13 | Funds received from Montana Sources | | |
| 14 | Funds received from Federal Sources | 2189088 | 2472967 |
| 15 | | | |
| 16 | | | |
| 17 | | | |
| 18 | | | |
| 19 | | | |
| 20 | | | |
| 21 | | | |
| 22 | | | |
| 23 | | | |
| 24 | Total | 2189088 | 2472967 |