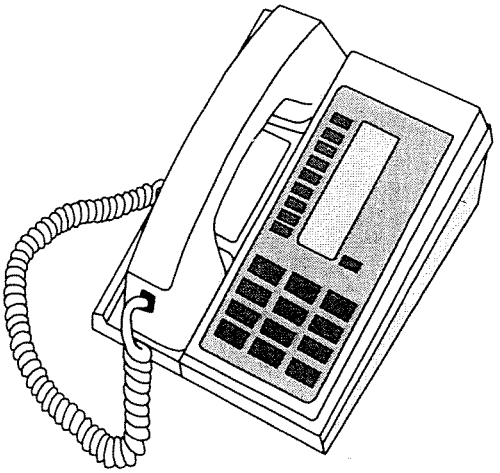
YEAR 2002

ANNUAL REPORT
OF
Ronan Telephone System

TELEPHONE UTILITY



TO THE
PUBLIC SERVICE COMMISSION
STATE OF MONTANA
1701 PROSPECT AVENUE
P.O. BOX 202601
HELENA, MT 59620-2601

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PUBLIC SERVICE
COMMISSION

REVISED JULY 28, 1998

Telephone Annual Report

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Telephone Annual Report

Instructions

General

1. A Microsoft EXCEL 2000 workbook of the annual report is being provided on computer disk for your convenience. The workbook contains the schedules of the annual report. Each schedule is on the worksheet named that schedule. For example, Schedule 1 is on the sheet titled "Schedule 1". By entering your company name in the cell named "Company" of the first worksheet, the spreadsheet will put your company name on all the worksheets in the workbook. The same is true for inputting the year of the report in the cell named "YEAR". You can "GOTO" the proper cell by using the F5 key and selecting the name of the cell.

2. The workbook contains input sections that are unprotected, and non-input sections that are protected. Cell protection can be disabled or enabled through "TOOLS – PROTECTION – UNPROTECT SHEET" on your toolbar. Formulas and checks are built into most of the templates.

3. Use of the disk is optional. The disk and the report cover shall be returned when the report is filed. There are macros built into the workbook to assist you with the report. An explanation of the macros is on the "Control" worksheet at the front of the workbook. The explanations start at cell A1.

4. All forms must be filled out in permanent ink and be legible. Note: Even if the computer disk is used, a printed version of the report shall be filed. **Please submit one unbound copy of the annual report along with the regular number of annual reports that you submit**. This aids in scanning the report so that it may be published on our web site. The orientation and margins are set up on each individual worksheet and should print on one page. If you elect not to use the disk, please format your reports to fit on one 8.5'' by 11'' page with the left binding edge (top if landscaped) set at .85'', the right edge (bottom if landscaped) set at .4'', and the remaining two margins at .5''. You may select specific schedules to print – See the worksheet "CONTROL".

5. Unless otherwise indicated, all information required in these schedules shall be from the accounts prescribed in 47 C.F.R. Part 32 and the definitions and instructions therein will apply to this report wherever applicable.

6. Information on financial schedules may be rounded to thousands of dollars for companies with over 5,000 access lines. Companies submitting schedules rounded to thousands should so indicate at the top of the schedule.

7. Where more space is needed or more than one schedule is needed additional schedules may be attached and should be included directly behind the original schedule to which it pertains and be labeled accordingly (for example, Schedule 1A).

8. The information required with respect to any statement shall be furnished as a minimum requirement to which shall be added such further information as is necessary to make the required schedules not misleading.

9. The following schedules should be filled out with information on a total company basis:

   Schedules 1 - 4
   Schedule 10
   Schedules 13 - 17
   Schedule 19
   Schedule 20, Page 1 of 2
   Schedules 33 and 34

   All other schedules should be filled out with Montana specific data. Financial schedules should include all amounts originating in Montana or allocated to Montana fromother jurisdictions.

10. All companies owned by another company shall attach a corporate structure chart of the holding company.

11. The following schedules are not required to be filled out or submitted by companies with less than 5,000 access lines:

    Schedule 6
    Schedules 17 and 18
    Schedule 21

12. Schedules that have no activity during the year or are not applicable to the respondent should be marked as not applicable and submitted with the report.

13. Companies with under 5,000 lines may use summary accounts and should leave lines for subaccounts blank. Summary accounts are noted with an asterisk and subaccounts that are not required are noted with a caret.

14. Companies with over 5,000 lines must complete schedules to all required subaccount detail.

15. FCC Form M sheets may not be substituted in lieu of completing annual report schedules.

16. Common sense must be used when filling out all schedules.

Specific Instructions

Schedules 3 through 9

1. **Schedules 3, 4, and 9** should include all notes to the financial statements required by the FCC or included in the financial statements issued as audited financial statements. These notes should be included in the report directly behind the schedules and should be labeled appropriately (Schedule 3A, etc.).

2. **Schedule 5** may be omitted for companies doing business only in Montana.

3. **Schedule 6** is not required for companies with under 5,000 lines.
4. **Schedule 7** must be completed by all companies. For companies under 5,000 lines, this schedule may be completed on a total state basis. Any such company completing the form on a total state basis shall indicate this fact clearlyon the form.

5. **Schedule 8** - Companies with less than 5,000 lines are not required to fill out the intrastate portion. The regulated rate base must be separated from the deregulated rate base but this may be done on a total state basis. Any company so doing shall clearly indicate this on the form.

6. Only accounts designated on **Schedule 8** may be included in rate base. Only companies who have specifically been authorized in a Commission order to include cash working capital in rate base may fill out line 8 on Schedule 8. Cash working capital must be calculated using the methodology approved in the Commission order. The most recent Commission Order, and Docket, specifying cash working capital shall be noted on the schedule.

7. **Schedule 9** - Instructions to complete are similar to those used for the Statement of Cash Flows in the FCC Form M.

Schedule 10

1. For the purpose of this schedule, nonofficial companies shall include any company in which the respondent has an ownership interest which does not meet the definition of an affiliated company set out in 47 C.F.R. Section 32.9000. This schedule shall not include telecommunications accounts receivable from other customers.

Schedule 11

1. All amounts listed in Column f that represent individual items for which the higher of cost or market value was in excess of $50,000 for companies with under 5,000 lines and in excess of $100,000 for companies with over 5,000 lines must be fully explained in notes to this schedule. The explanation must include the plant description and location, the original cost, the net book cost, the market value, the value at which it was transferred or the price at which it was sold, and the party to which it was transferred or sold.

Schedule 12

1. Respondents shall list each item amounting individually to $100,000 or more and report all others in the aggregate.

2. Amounts in Column f relating to individual items exceeding $50,000 shall be fully explained.

Schedule 15

1. Line 1 must be completed by all companies for the most recent calendar year. The retention and price/earnings ratios shall be calculated on a year end basis. Enter the actual year end market price in the "Year Ended" row. If the computer disk is used, enter the year end market price in the "High" column.

2. Lines starting at 9 shall be completed for each of the twelve months of the report year for all companies with over 5,000 access lines. Earnings per share and dividends per share shall be

reported on a quarterly basis and entries shall be made only to the months that end the respective quarters (for example, March, June, September, and December.)

Schedule 19

1. All companies are required to submit this form. Companies with more than one plan (for example, both a retirement plan and a deferred savings plan) shall complete a schedule for each plan.

2. Companies with defined benefit plans must complete the entire form using FASB 87 and 132 guidelines.

3. Interest rate percentages shall be listed to two decimal places.

Schedule 20

1. All changes to the employee benefit plans shall be explained in a narrative on lines 15 and 16. All cost containment measures implemented in the reporting year shall be explained and quantified in a narrative on lines 15 & 16. All assumptions used in quantifying cost containment results shall be disclosed.

2. The schedule shall be filled out using FASB 106 and 132 guidelines.

Schedule 21

1. Respondents shall disclose all payments made during the year where the aggregate payment to the recipient was $25,000 or more. Payments must include fees, retainers, commissions, gifts, contributions, assessments, bonuses, subscriptions, allowances for expenses or any other form of payment for services or as a donation.

Schedule 23

1. Respondents shall provide an attached sheet detailing the type and corresponding number of access lines for all entries in Column L (Other).

Schedule 24

1. Column (b). For each wire center that has a configuration of "Remote", Column (b) shall also reflect the respective "Host".

2. Column (c). Examples of Types of Switches are: Digital, Step by Step, and Crossbar.

Schedule 25

1. This schedule must be completed by all companies for the year following the reporting year.

Schedule 26

1. Respondents shall either report construction technicians and splicers as separate categories or footnote the appropriate categories and indicate the number of (1) construction technicians; and (2) splicers.

Schedule 27

1. Include in column (d) ALL additional forms of compensation, including, but not limited to: deferred compensation, deferred savings plan, profit sharing, supplemental or non-qualified retirement plan, employee stock ownership plan, restricted stock, stock options, stock appreciation rights, performance share awards, dividend equivalent shares, mortgage payments, use of company cars or car lease payments, tax preparation consulting, financial consulting, home security systems, company-paid physicals, subscriptions to periodicals, memberships, association or club dues, tuition reimbursement, employee discounts, and spouse travel.

2. The above compensation items shall be listed separately. Where more space is needed additional schedules may be attached and shall be included directly behind the original schedule to which it pertains.

3. If respondent is claiming protected status of salary information both a proprietary and non-proprietary copy of this schedule shall be filed. On the non-proprietary copy respondent shall indicate which columns respondent maintains are proprietary. A note stating that such information is being provided separately shall be included on the schedule. In no case shall either Column (a) - Name/Position, or Column (g) - Percent Increase Total Compensation, be considered proprietary. Respondent shall provide all requested information on the proprietary copy.

Schedule 28

1. Respondents shall provide all executive compensation information in conformance with that required by the Securities and Exchange Commission (SEC) (Regulation S-K Item 402, Executive Compensation).

2. Include in column (d) ALL additional forms of compensation, including, but not limited to: deferred compensation, deferred savings plan, profit sharing, supplemental or non-qualified retirement plan, employee stock ownership plan, restricted stock, stock options, stock appreciation rights, performance share awards, dividend equivalent shares, mortgage payments, use of company cars or car lease payments, tax preparation consulting, financial consulting, home security systems, company-paid physicals, subscriptions to periodicals, memberships, association or club dues, tuition reimbursement, employee discounts, and spouse travel.

3. All items included in Column (d) - Other Compensation shall be listed separately. Where more space is needed additional schedules may be attached and shall be included directlybehind the original schedule.

4. In addition, respondents shall attach a copy of the executive compensation information provided to the SEC.

Schedule 29

1. Information from this schedule is consolidated with information from other Utilities and reported to the National Association of Regulatory Utility Commissioners (NARUC). Your assistance in completing this schedule, even though information may be located in other areas of the annual report, expedites reporting to the NARUC and is appreciated.

Schedules 33 and 34

1. Respondents shall report all transactions with affiliated companies.

2. Column (c). Respondents shall indicate in column (c) the method used to determine the price. Respondents shall indicate if a contract is in place between the Affiliate and the Utility. If a contract is in place, respondents shall indicate the year the contract was initiated, the term of the contract and the method used to determine the contract price.

3. Column (c). If the method used to determine the price is different than the previous year, respondents shall provide an explanation, including the reason for the change.

Schedule 35

1. Respondents shall provide an attached sheet detailing the account and the amount for all entries made to Lines 9 and 16.

2. Only companies who have specifically been authorized in a Commission Order to include cash working capital in rate base may include cash working capital in lines 9 or 16. Cash working capital must be calculated using the methodology approved in the Commission Order. The Commission Order specifying cash working capital shall be noted on the attached sheet.

3. Respondents shall indicate, for each adjustment on lines 30 through 42, if the amount is updated or if it is from the last rate case. All adjustments shall be calculated using Commission methodology.

Schedule 36

1. Respondents shall list the amount of tax accrued or paid for the fiscal year attributable to Montana sources for each of the listed taxes

Schedule 37

1. Respondents shall list the amount of Universal Service Funds received from Montana and from the federal government.

General Information

Year: 2002

1. Legal Name of Respondent: RONAN TELEPHONE COMPANY A MONT CORP

2. Name Under Which Respondent Does Business: RONAN TELEPHONE COMPANY

3. Date of Incorporation: 1-Jan-71

4. Address to send Correspondence Concerning Report:
312 MAIN STREET S.W.
RONAN MT 59864

5. Person Responsible for This Report:
JAY WILSON PRESTON

5a. Telephone Number: (406) 676-2751

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:

1c. Percent Ownership:

Board of Directors

Line No.	Name of Director and Address (City, State) (a)		Fees Paid During Year (b)
1	JAY WILSON PRESTON	CHARLO MT	
2			
3	ELIZABETH A PRESTON	OAKLAND CA	12,000
4			
5	JUDITH G PRESTON	MISSOULA MT	12,000
6			
7	ELIZABETH C PRESTON	RONAN MT	12,000
8			
9	CYNTHIA M PRESTON	CHARLO MT	12,000
10			
11	PHILIP J GRAINEY	RONAN MT	
12			
13	ROSA E TOUGAS	RONAN MT	
14			
15	ROBERT F ERICKSON	CHARLO MT	
16			
17			
18	**Chairman of the Board:**		
19			
20	JAY W PRESTON	RONAN MT	

Officers

Year: 2002

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	CORPORATE MANAGEMENT	JAY WILSON PRESTON
2			CHARLO MT 59824
3			
4	VICE PRESIDENT	COMMERCIAL	ROSA E TOUGAS
5			RONAN MT 59864
6			
7	SECRETARY	LEGAL	PHILIP J GRAINEY
8			RONAN MT 59864
9			
10	TREASURER	FINANCIAL	ROBERT F ERICKSON
11			CHARLO MT 59824
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Company Name: RONAN TELEPHONE COMPANY

Total Company Balance Sheet

Year: 2002

Line No.		Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1			**CURRENT ASSETS:**		
2		1120	Cash and Equivalents	269,000	(14,295)
3		1180	Telecommunications Accounts Receivable - Net	280,878	313,125
4		1190	Other Accounts Receivable - Net	688,403	520,224
5		1200	Notes Receivable - Net		
6		1210	Interest and Dividends Receivable		
7		1220	Materials and Supplies	36,650	66,650
8	*	1280	Prepayments		
9	^	1290	Prepaid Rents		
10	^	1300	Prepaid Taxes		
11	^	1310	Prepaid Insurance		
12	^	1320	Prepaid Directory Expenses		
13	^	1330	Other Prepayments		
14		1350	Other Current Assets	55,978	77,405
15			**Total Current Assets**	1,330,909	963,109
16			**NONCURRENT ASSETS:**		
17		1401	Investments in Affiliated Companies		
18		1402	Investments in Nonaffiliated Companies		
19		1406	Nonregulated Investments		
20		1407	Unamortized Debt Issuance Expense		
21		1408	Sinking Funds		
22		1410	Other Noncurrent AssetsNet Non-Regulated Assets	1,825,057	1,937,238
23		1438	Deferred Maintenance and Retirements		
24		1439	Deferred Charges		
25		1500	Other Jurisdictional Assets - Net		
26			**Total Noncurrent Assets**	1,825,057	1,937,238
27			**PROPERTY, PLANT, & EQUIPMENT:**		
28		2001	Telecommunications Plant in Service	10,443,921	9,894,853
29		2002	Property Held for Future Telecommunications Use		
30		2003	Plant Under Construction - Short Term		
31		2004	Plant Under Construction - Long Term		
32		2005	Telecommunications Plant Adjustment		
33		2006	Nonoperating Plant		
34		2007	Goodwill		
35		3100	Accumulated Depreciation	(5,743,340)	(5,137,413)
36		3200	Accumulated Depreciation - Held for Future Use		
37		3300	Accumulated Depreciation - Nonoperating		
38		3400	Accumulated Amortization		
39			**Net Property, Plant, & Equipment**	4,700,581	4,757,440
40			**TOTAL ASSETS**	7,856,547	7,657,787

^ Subaccount of account marked with a *.

Total Company Balance Sheet

Year: 2002

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
41		**CURRENT LIABILITIES:**		
42	4010	Accounts Payable	369,580	537,045
43	4020	Notes Payable	150,000	
44	4030	Advance Billing and Payments		
45	4040	Customer Deposits	19,390	23,100
46	4050	Current Maturities - Long Term Debt		
47	4060	Current Maturities - Capital Leases		
48	4070	Income Taxes - Accrued		
49	4080	Other Taxes - Accrued	50,277	40,540
50	4100	Net Current Deferred Operating Income Taxes		
51	4110	Net Current Deferred Nonoperating Income Taxes		
52	4120	Other Accrued Liabilities	117,407	99,781
53	4130	Other Current Liabilities		
54		**Total Current Liabilities**	706,654	700,466
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		150,000
63		**Total Long-Term Debt**		150,000
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	935,288	890,646
69	4350	Net Noncurrent Deferred Nonoper. Income Taxes		
70	4360	Other Deferred Credits	140,770	119,579
71	4370	Other Jurisdictional Liab. and Def. Credits		
72		**Total Other Liabilities and Deferred Credits**	1,076,058	1,010,225
73		**STOCKHOLDERS' EQUITY:**		
74	4510	Capital Stock	114,400	114,400
75	4520	Additional Paid-In Capital		
76	4530	Treasury Stock	(10,000)	(5,000)
77	4540	Other Capital		
78	4550	Retained Earnings	5,969,435	5,687,696
79		**Total Stockholders' Equity**	6,073,835	5,797,096
80		**TOTAL LIAB. AND STOCKHOLDERS' EQUITY**	7,856,547	7,657,787

Total Company Income Statement

Year: 2002

Line No.		Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1			**REVENUES:**		
2		5000	Basic Local Service Revenues	1,265,699	1,157,237
3		5080	Network Access Revenues	3,571,738	3,846,283
4	*	5100	Long Distance Message Revenue	89,232	89,032
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	35,976	33,454
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	(53,972)	(41,864)
17			**Total Revenues (L.2+L.3+L.4+L.9-L.16)**	4,908,673	5,084,142
18			**OPERATING EXPENSES:**		
19		6110	Network Support Expense		
20		6120	General Support Expense	557,444	579,450
21		6210	Central Office Switching Expense	265,270	201,508
22		6220	Operator Systems Expense		
23		6230	Central Office Transmission Expense	193,447	197,813
24		6310	Information Origination/Termination Expense	237	456
25	*	6410	Cable and Wire Facilities Expense	366,687	350,159
26	^	6431	Aerial Wire Expense		
27	^	6441	Conduit Systems Expense		
28		6510	Other Property, Plant & Equipment Expense		
29		6530	Network Operations Expense	214,311	200,245
30		6540	Access Expense		
31		6560	Depreciation and Amortization Expense	588,024	569,375
32		6610	Marketing	27,017	45,123
33		6620	Services	893,441	890,730
34		6710	Executive and Planning	551,132	510,855
35		6720	General and Administrative	441,191	441,028
36		6790	Provision for Uncollectible Notes Receivable		
37			**Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)**	4,098,201	3,986,742
38		7100	Other Operating Income and Expense		
39		7200	Operating Taxes	432,478	517,357
40			**Net Operating Income (L.17-L.37+L.38-L.39)**	377,994	580,043
41		7300	Nonoperating Income and Expense		
42		7400	Nonoperating Taxes		
43		7500	Interest and Related Items		
44		7600	Extraordinary Items		
45		7910	Effects of Juris. Ratemaking Diff. - Net		
46		7990	Nonregulated Net Income (LOSS)	(39,105)	21,192
47			**NET INCOME (L.40+L.41-L.42-L.43-L.44+L.45-L.46)**	338,889	601,235

^ Subaccount of the account marked with a *.

Montana Total State Income Statement

Year: 2002

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	SCHEDULE NOT REQUIRED	
6	^	5120	Long Distance Private Network Revenue		
7	^	5160	Other Long Distance Revenue	ALL BUSINESS IS DONE IN	
8	^	5169	Other Long Distance Revenue Settlements	MONTANA	
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: 2002

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	THIS SCHEDULE IS NOT REQUIRED	
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 Regulated Income Statement

Year: 2002

Line No.		Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1			**REVENUES:**		
2		5000	Basic Local Service Revenues	1,265,699	1,157,237
3		5080	Network Access Revenues	3,571,738	3,846,283
4	*	5100	Long Distance Message Revenue	89,232	89,032
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	35,976	33,454
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	(53,972)	(41,864)
17			**Total Revenues (L.2+L.3+L.4+L.9-L.16)**	4,908,673	5,084,142
18			**OPERATING EXPENSES:**		
19		6110	Network Support Expense	557,444	579,450
20		6120	General Support Expense	265,270	201,508
21		6210	Central Office Switching Expense		
22		6220	Operator Systems Expense		
23		6230	Central Office Transmission Expense	193,447	197,813
24		6310	Information Origination/Termination Expense	237	456
25	*	6410	Cable and Wire Facilities Expense	366,687	350,159
26	^	6431	Aerial Wire Expense		
27	^	6441	Conduit Systems Expense		
28		6510	Other Property, Plant & Equipment Expense		
29		6530	Network Operations Expense	214,311	200,245
30		6540	Access Expense		
31		6560	Depreciation and Amortization Expense	588,024	569,375
32		6610	Marketing	27,017	45,123
33		6620	Services	893,441	890,730
34		6710	Executive and Planning	551,132	510,855
35		6720	General and Administrative	441,191	441,028
36		6790	Provision for Uncollectible Notes Receivable		
37			**Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)**	4,098,201	3,986,742
38		7100	Other Operating Income and Expense		
39		7200	Operating Taxes	432,478	517,357
40			**Net Operating Income (L.17-L.37+L.38-L.39)**	377,994	580,043

^ Subaccount of the account marked with a *.

THIS SCHEDULE IS PREPARED ON A TOTAL STATE BASIS AS ALLOWED IN THE INSTRUCTIONS

Average Rate Base - Total State

Year: 2002

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	10443921	9894853
2	3100	Accumulated Depreciation	5743340	5137413
3	2002	Property Held for Future Telecommunications Use		
4	3200	Accumulated Depreciation - 2002		
5	1220	Materials and Supplies	36650	66650
6	4340	Noncurrent Deferred Operating Income Taxes	879309	841652
7		Pre-1971 Unamortized Investment Tax Credits		
8		Cash Working Capital (if allowed by Commission)	284941	295121
9		**Total Average Rate Base (L.1-L.2+L.3-L.4+L.5-L.6-L.7+L.8)**	4,142,863	4,277,559

CASH WORKING CAPITAL - AS ALLOWED IN COMMISSION ORDER NO. 4715b, DOCKET 80.4.8

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	NOT REQUIRED	
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)**		

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	NOT REQUIRED	
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)**		

RONAN TELEPHONE COMPANY HAS LESS THAN 5000 ACCESS LINES AND REPORTS AVERAGE RATE BASE ON A TOTAL STATE BASIS. RATE BASE IN THE SCHEDULE ABOVE INCLUDES ONLY REGULATED RATE BASE. DEREGULATED RATE BASE HAS BEEN SEPARATED AND IS NOT INCLUDED IN THIS SCHEDULE.

Statement of Cash Flows

Year: 2002

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		338889
4	Reconciliation Adjustments:		
5	Depreciation & Amortization	603864	
6	Provision for Accounts Receivable Losses		
7	Deferred Income Taxes - Net	-15805	
8	Unamortized Investment Tax Credits (ITCs) - Net		
9	Allowance for Funds Used During Construction (AFUDC)		
10	Change in Operating Receivables - Net	-73368	
11	Change in Materials, Supplies & Inventories - Net	40915	
12	Change in Operating Payables & Accrued Liabilities - Net	-139606	
13	Change in Other Assets & Deferred Credits - Net	-21937	
14	Change in Other Liabilities & Deferred Credits - Net	17341	
15	Other (explained on back of this page) (A)	123195	
16	Total Adjustments		534599
17	**Net Cash Provided by/(Used in) Operating Activities**		873488
18	**Cash Inflows/Outflows From Investing Activities:**		
19	Construction/Acquisition of Property, Plant & Equipment (net of	-530669	
20	AFUDC & Capital Lease Related Acquisitions)		
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) (B)	6227	
25	**Net Cash Provided by/(Used in) Investing Activities**		-524442
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		
31	Repayment of Long-Term Debt		
32	Payment of Capital Lease Obligations		
33	Proceeds from Issuing Common Stock/Parent Co. Equity Investment		
34	Repurchase of Treasury Shares	-5000	
35	Dividends Paid	-57150	
36	Other Financing Activities (explained on back of this page)		
37	**Net Cash Provided by Financing Activities**		-62150
38	**Effect of Exchange Rate Changes on Cash**		
39	**Net Increase/(Decrease) in Cash & Cash Equivalents**		286896
40	**Cash & Cash Equivalents at Beginning of Period**		-14558
41	**Cash & Cash Equivalents at End of Period**		272338

A)

Partnership Income	(6,774)
Realized/Unrealized Loss on Marketable Securities	129,969
	123,195

B)

Purchase of Other Investment	(191,194)
Increase in CSV of Life Insurance	(1,356)
Purchase of Marketable Securities	(636,423)
Sale of Marketable Securities	835,200
	6,227

Company Name: RONAN TELEPHONE COMPANY

SCHEDULE 10

Receivables and Investments-Affiliated & Nonaffiliated Companies

:ar: 2002

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 Accounts 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	HOT SPRINGS TELEPHONE		3640								
2											
3	RTC ANSWERING LLC		1858							192343	
4											
5											
6											
7											
8											
9											
10											
11											
12											
13											
14											
15											
16											
17											
18											
19											
20											
21											
22											
23											
24											
25											
26											
27											
28											
29											
30	**Totals**		5498							192343	

Company Name: RONAN TELEPHONE COMPANY

SCHEDULE 11

Net Plant in Service - Detail

Year:2002

Line No.	Account (a)		Description (b)	Beginning of Year Balance (c)	Additions (d)	Retirements (e)	Sales & Transfers (f)	End of Year Account 2001 Balance (g)	Year End Accumulated Depreciation (h)	End of Year Net Plant Balance (i)
1	*	2110	Land and Support Assets	2276267	154273			2430540	1495940	934600
2	^	2111	Land							
3	^	2112	Motor Vehicles							
4	^	2113	Aircraft							
5	^	2114	Special Purpose Vehicles							
6	^	2115	Garage Work Equipment							
7	^	2116	Other Work Equipment							
8	^	2121	Buildings							
9	^	2122	Furniture							
10	^	2123	Office Equipment							
11	^	2124	General Purpose Computers							
12		2211	Analog Electronic Switching	440079				440079	389652	50427
13		2212	Digital Electronic Switching	2606509	113927			2720436	1516125	1204311
14		2215	Electro-Mechanical Switching							
15		2220	Operator Systems							
16		2231	Radio Systems							
17		2232	Circuit Equipment	573771				573771	536365	37406
18	*	2310	Information Orig & Term Equip	36655				36655	28970	7685
19	^	2311	Station Apparatus							
20	^	2321	Customer Premises Wiring							
21	^	2341	Large Private Branch Exchanges							
22	^	2351	Public Telephone Term. Equip.							
23	^	2362	Other Terminal Equipment							
24		2411	Poles	119850				119850	109221	10629
25	*	2420	Cable and Wire Facilities	3167468	279830			3447298	1420024	2027274
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							
32		2431	Aerial Wire	63701				63701	63364	337
33		2441	Conduit Systems	610554	1037			611591	183679	427912
34			**Totals**	9,894,854	549,067			10,443,921	5,743,340	4,700,581

^ Subaccount of the account marked with a *.

Company Name: RONAN TELEPHONE COMPANY

SCHEDULE 12

Analysis of Plant Held for Future Use

Year:2002

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							
2							
3							
4							
5							
6							
7		NOT APPLICABLE					
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
21							
22							
23							
24							
25							
26							
27							
28							
29							
30	**Totals (Sum L.1 to L.29)**						

Company Name: RONAN TELEPHONE COMPANY

SCHEDULE 13

Average Cost of Long Term Debt

Year:2002

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												
2												
3												
4												
5												
6	NOT APPLICABLE											
7												
8												
9												
10												
11												
12												
13												
14												
15												
16												
17												
18												
19												
20												
21												
22												
23												
24												
25												
26												
27												
28												
29												
30	**Total**											

Company Name: RONAN TELEPHONE COMPANY

SCHEDULE 14

Cost of Preferred Stock

Year:2002

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												
2												
3												
4												
5												
6												
7												
8	THIS SCHEDULE IS NOT APPLICABLE											
9												
10												
11												
12												
13												
14												
15												
16												
17												
18												
19												
20												
21												
22												
23												
24												
25												
26												
27												
28												
29												
30	**Totals (Sum L.1 to L.29)**											

Company Name: RONAN TELEPHONE COMPANY

SCHEDULE 15

Analysis of Common Stock

Year:2002

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)	Market Price Low (h)	Price/ Earnings Ratio (i)
1	Year Ended December 31:	22,840	$266	$14.84	$2.50	83.20%	N/A - NOT PUBLICLY TRADED		
2									
3									
4									
5									
6									
7									
8	Month by Month Data:								
9	January								
10	February								
11	March								
12	April		MONTLY DATA NOT REQUIRED PER INSTRUCTIONS						
13	May								
14	June								
15	July								
16	August								
17	September								
18	October								
19	November								
20	December								
21									
22									
23									

Company Name: RONAN TELEPHONE COMPANY

SCHEDULE 16

Capital Stock and Funded Debt Reacquired or Retired During the Year

Year:2002

Line No.	Description of Security (a)	Call or Retirement Date (b)	Number of Shares (c)	Principal Amount (d)	Reaquisition or Retirement Cost (e)	Gain or (Loss) (f)	Retirement or Reaquisition (g)
1							
2	COMMON STOCK	3/19/02	20	100	5000		TREASURY STOCK
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
21							
22							
23							
24							
25							
26							
27							
28							
29							
30	**Totals (Sum L.1 to L.29)**		20	100	5000		

Company Name: RONAN TELEPHONE COMPANY

Total Company Expense Matrix

Year:2002

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						
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		THIS SCHEDULE IS NOT REQUIRED				
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						
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**						

^ Subaccount of the account marked with a *.

Total Company Expense Matrix

Year:2002

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						
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		THIS SCHEDULE IS NOT REQUIRED				
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**						

^ Subaccount of the account marked with a *.

Company Name: RONAN TELEPHONE COMPANY

Total State Expense Matrix

Year:2002

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						
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		THIS SCHEDULE IS NOT REQUIRED				
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						
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**						

^ Subaccount of the account marked with a *.

Company Name: RONAN TELEPHONE COMPANY

Total State Expense Matrix

Year:2002

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						
38	^	6531	Power Expense						
39	^	6532	Network Administration Expense						
40	^	6533	Testing Expense						
41	^	6534	Plant Operations Expense						
42	^	6535	Engineering Expense		THIS SCHEDULE IS NOT REQURED				
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**						

^ Subaccount of the account marked with a *.

Pension Costs

Year: 2002

1	Plan Name RONAN TELEPHONE COMPANY PROFIT SHARING PLAN			
2	Defined Benefit Plan? _____	Defined Contribution Plan? ___XX___		
3	Actuarial Cost Method? _____	IRS Code: _____414i_____		
4	Annual Contribution by Employer: __$ 264,998_____	Is the Plan Over Funded? ___NO_____		
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	SEE FORM 5500		
18	Actual return on plan assets	SCHEDULE I		
19	Acquisition	ATTACHED		
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	34	35	
48	Not Covered by the Plan	4	1	
49	Active	34	35	
50	Retired	0	0	
51	Deferred Vested Terminated	0	0	

Pension Costs

Year: 2002

1	Plan Name RONAN TELEPHONE COMPANY PENSION PLAN			
2	Defined Benefit Plan? _____XX_____	Defined Contribution Plan? _____		
3	Actuarial Cost Method? __MODIFIED AGGREGATE__	IRS Code: _____414J_____		
4	Annual Contribution by Employer: __$ 114,626_____	Is the Plan Over Funded? ___NO_____		
5				
	Item	Current Year	Last Year	% Change
6	**Change in Benefit Obligation**			
7	Benefit obligation at beginning of year	FYE	FYE	
8	Service cost	3/31/02	3/31/01	
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	1,030,702	954,712	
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**	SEE ATTACHED FOR		
30	Discount rate	ACTUARIAL INFORMATION		
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	37	37	
48	Not Covered by the Plan	2	1	
49	Active	33	34	
50	Retired	4	3	
51	Deferred Vested Terminated	0	0	

Other Post Employment Benefits (OPEBS)

Year: 2002

	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			
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	NOT APPLICABLE - RONAN TELEPHONE COMPANY HAS NO POST EMPLOYMENT BENEFITS		
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: 2002

	Item	Current Year	Last Year	% Change
1	**Number of Company Employees:**			
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: 2002

Line No.	Name of Recipient (a)	Nature of Service (b)	Total Company Cost (c)	Total State Cost (d)	Intrastate Cost (e)
1					
2					
3					
4					
5					
6					
7		THIS SCHEDULE IS NOT REQUIRED			
8					
9					
10					
11					
12					
13					
14					
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16					
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30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
40					
41					
42					
43					
44					
45					
46					
47					
48					
49	**Total**				

Subscriber Line Usage Data

Year: 2002

Line No.	Description (a)	This Year (b)	% of Total (c)	Last Year (d)	% of Total (e)
1	Toll Usage:				
2	Interstate, InterLATA	11371166	10.85%	11414959	10.71%
3	Interstate, IntraLATA				
4	**Total Interstate Usage**	11371166	10.85%	11414959	10.71%
5	Intrastate, InterLATA	(1)		(1)	
6	Intrastate, IntraLATA	(1)		(1)	
7	**Total Intrastate Usage**	18438382	17.59%	20869320	19.58%
8	**Total Toll Usage**	29809548	28.44%	32284279	30.29%
9	Centrex				
10	Local ** ESTIMATED**	75000000	71.56%	74311500	69.71%
11	**Total Minutes**	104809548	100.00%	106595779	100.00%

(1) INTRASTATE LONG DISTANCE USAGE IS REPORTED ON A TOTAL STATE BASIS IN ORDER TO AVOID INACCURACIES

Company Name: RONAN TELEPHONE COMPANY

Cental Office and Access Line Statistics

Year: 2002

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														
2	RONAN 676	DIGITAL	1893	0	61	109	0	141	739	7	28	0	100.0%	2869
3														
4	PABLO 675	DIGITAL	867	0	29	59	0	55	258	4	13	0	100.0%	1226
5														
6														
7														
8														
9														
10														
11														
12														
13														
14														
15														
16														
17														
18														
19														
20														
21														
22														
23														
24														
25														
26														
27														
28														
29														
30														
31														
32														
33	**Total**		2760	0	90	168	0	196	997	11	41	0	100%	4095

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

Central Office and Switch Information

Year: 2002

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	676 RONAN	HOST	DIGITAL	SIEMENS	DCO - E	3,780	1991
2							
3	675 PABLO	REMOTE	DIGITAL	SIEMENS	DCO - RLS	1,800	1995
4							
5	676 ROUND BUTTE E	REMOTE	DIGITAL	SIEMENS	DCO - RLS	180	2001
6							
7	676 ROUND BUTTE W	REMOTE	DIGITAL	SIEMENS	DCO - RLS	270	2001
8							
9	676/675 NORTH CROW	REMOTE	DIGITAL	SIEMENS	DCO - RLS	360	1994
10							
11	676 TIMBERLANE	REMOTE	DIGITAL	SIEMENS	DCO - RLS	270	1995
12							
13	675/676 PABLO WEST	REMOTE	DIGITAL	SIEMENS	DCO - RLS	270	2001
14							
15							
16							
17							
18							
19							
20							
21							
22							
23							
24							
25							
26							
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42							
43							
44							
45							
46							
47							
48							

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

Construction Budget - Montana

Year: 2003

Line No.	Description (a)	2003 (b)
1	**Central Office Assets:**	
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27	Total Switching and Central Office Projects over $500,000	
28	Miscellaneous Central Office Projects not over $500,000	100,000
29	**Total Central Office Budget (Total of Line 27 & Line 28)**	100000
30	**Other Projects over $500,000:**	
31		
32		
33		
34		
35		
36		
37		
38		
39		
40		
41	Total Other Projects over $500,000	
42	Miscellaneous projects not over $500,000	200,000
43	**Total Construction Budget (Total of Lines 29, 41 & 42)**	300000

Montana Employee Counts

Year: 2002

Line No.	Category (a)	Beginning of Year (b)	End of Year (c)
1	GENERAL MANAGEMENT	3	3
2			
3	FINANCE & ACCOUNTING	2	2
4			
5	CENTRAL OFFICE	3	3
6			
7	DATA PROCESSING	3	3
8			
9	OUTSIDE PLANT - GENERAL	5	6
10			
11	OUTSIDE PLANT - SPLICERS	1	1
12			
13	OUTSIDE PLANT - CONSTRUCTION TECHNICIANS	2	2
14			
15	COMMERCIAL REPRESENTATIVES	10	9
16			
17	SALES	1	1
18			
19	ENGINEERING / DRAFTING	2	2
20			
21	HUMAN RESOURCE	1	1
22			
23	ADMINISTRATIVE	2	2
24			
25			
26			
27			
28			
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			
41			
42			
43	**Totals (Sum of Lines 1 through 42)**	35	35

Compensation of Top 10 Montana Based Employees

Year: 2002

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							
2							
3							
4	PROPRIETARY INFORMATION						
5							
6							
7							
8							
9							
10							
11	**Totals (Sum L.1 to L.10)**						

Company Name: RONAN TELEPHONE COMPANY

SCHEDULE 28

Year: 2002

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							
2							
3							
4	NOT APPLICABLE						
5							
6	**Totals (Sum L.1 to L.5)**						

Montana Composite Statistics

Year: 2002

Line No.	Account No.	Description (a)	Amount (b)
1		**Plant (Intrastate Only) (000 Omitted)**	
2	2001	Plant in Service	10,444
3	2003 - 2004	Construction Work in Progress	
4	2005	Plant Acquisition Adjustments	
5	2002	Plant Held for Future Use	
6	1220	Materials & Supplies	37
7		(Less):	
8	3100 - 3400	Depreciation & Amortization Reserves	-5,743
9	4360.2	Contributions in Aid of Construction	
10		**NET BOOK COSTS**	4,738
11		**Revenues & Expenses (Intrastate Only) (000 Omitted)**	
12	5000 - 5300	Operating Revenues	4,909
13	6560	Depreciation & Amortization Expenses	588
14		Federal & State Income Taxes	231
15		Other Taxes	201
16		Other Operating Expenses	3,511
17		TOTAL Operating Expenses	4,531
18		Net Operating Income	378
19		Other Income	
20		Other Deductions	
21		**NET INCOME**	378
22		**Access Lines in Service (Intrastate Only)**	
23		Residential Access Lines	2,850
24		Business Access Lines	912
25		PBX Access Lines	281
26		Other Access Lines	52
27		**Total Number of Access Lines**	4,095
28		**Average Number of Calls Per Access Line**	
29		Local Calls	1,400
30		Toll Calls (Intra- or Interstate)	600
31		**Total Number of Calls Per Access Line (Total of Line 29 & Line 30)**	2,000
32		**Other Statistics (Intrastate Only)**	
33		Average Residential Monthly Bill	$51.73
34		Gross Plant Investment per Access Line	$2,550

Depreciation - Montana Intrastate Regulated

Year: 2002

Line No.	Acct No. (a)	Description (b)	Composite Rate % (c)	Total Expense $ (d)
1	2112	Motor Vehicles	12.5%	39,954
2	2114	Special Purpose Vehicles	20.0%	39,122
3	2115	Garage Work Equipment		
4	2116	Other work Equipment		
5	2121	Buildings	2.5%	10,035
6	2122	Furniture	10.0%	13,521
7	2123.1	Office Support Equipment		
8	2123.2	Company Communications Equipment	10.0%	4,709
9	2124	General Purpose Computers	20.0%	80,746
10	2211	Analog Electronic Switching Equipment	10.0%	620
11	2212	Digital Electronic Switching Equipment	9.1%	242,772
12	2215	Step By Step Switching Equipment		
13	2215	Crossbar Switching Equipment		
14	2220	Operator System		
15	2231	Radio Systems	10.0%	1,241
16	2232	Circuit DDS		
17	2232	Circuit Digital	10.0%	3,813
18	2232	Circuit Analog	10.0%	16,580
19	2351	Public Telephone Terminating Equipment	10.0%	1,851
20	2362	Other Terminal Equipment		
21	2411	Poles	4.6%	915
22	2421	Aerial Cable Metallic	4.6%	6,068
23	2421	Aerial Cable Nonmetallic		
24	2422	Underground Cable Metallic	4.6%	5,776
25	2422	Underground Cable Nonmetallic		
26	2423	Buried Cable Metallic	4.6%	80,458
27	2423	Buried Cable Nonmetallic	4.6%	19,383
28	2424	Submarine Cable Metallic		
29	2424	Submarine Cable Nonmetallic		
30	2426	Intrabuilding Network Cable Metallic		
31	2426	Intrabuilding Network Cable Nonmetallic		
32	2431	Aerial Wire	12.5%	99
33	2441	Conduit Systems	3.3%	20,361
34				
35		**COMPOSITE TOTAL**	10.43%	$588,024
36				
37		Have these rates been approved by the Commission? ___X___ YES _____ NO		
38				
39		If yes: ____80.4.8_____ Docket Number ___4715(b)_____ Order Number		
40				

SPECIFIC RATES WERE NOT ADDRESSED IN THE ABOVE REFERENCED DOCKET; HOWEVER REVENUE, EXPENSE, RATE BASE ETC. WERE ALL REVIEWED AND APPROVED IN THE PROCEEDING

Company Name: RONAN TELEPHONE COMPANY

SCHEDULE 31

Montana Regulatory Capital Structure & Costs

Year: 2002

Line No.	Description (a)	% Cap. Str. (b)	% Cost Rate (c)	Weighted Cost (d)
	Commission Accepted - Most Recent			
1	Docket Number 80.4.8			
2	Order Number 4715b			
3				
4	Common Equity	46.37%	12.600%	5.843%
5	Preferred Stock			
6	Long Term Debt	53.63%	9.080%	4.870%
7	Other			
8	**Total**	100.00%		10.712%
9				
10	**Actual at Year End**			
11				
12	Common Equity	100.00%	12.600%	12.600%
13	Preferred Stock			
14	Long Term Debt	0.00%	0.000%	0.000%
15	Other			
16	**Total**	100.00%		12.600%

Company Name: RONAN TELEPHONE COMPANY

SCHEDULE 32

Network Access - Charges and Revenues

Year: 2002

Line No.	Description (a)	Access Charges Paid (b)	Access Revenues Received (c)
1	Montana - Total State	0	3,247,792
2			
3	Montana - Intrastate	0	1,968,845
4			
5	Montana - Intrastate Regulated	0	1,968,845
6			
7			
8			
9			
10			
11			
12			
13			

Company Name: RONAN TELEPHONE COMPANY

SCHEDULE 33

Affiliate Transactions - Products & Services Provided to Utility

Year: 2002

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	RTC ANSWERING LLC	DIRECTORY ASSISTANCE & DISPATCH	COMPARISON TO NON-AFFILIATED VENDOR	37,190	3.8%	37,190
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30	**TOTAL**			$37,190		$37,190

Company Name: RONAN TELEPHONE COMPANY

SCHEDULE 34

Affiliate Transactions - Products & Services Provided by Utility

Year: 2002

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	RTC ANSWERING LLC	TELEPHONE SERVICE	TARIFFED RATES	25.918	2.7%	0
2						
3						
4						
5						
6						
7						
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12						
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16						
17						
18						
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21						
22						
23						
24						
25						
26						
27						
28						
29						
30	**TOTAL**			$25.918		$0

Montana Intrastate Regulated Earned Rate of Return

Year: 2002

Line No.	Description Rate Base (a)	This Year (b)	Last Year (c)	Percent Change (d)
1				
2	2001 Plant in Service	10,443,921	9,894,853	5.55%
3	2002 Prop. Held for Future Telecommunications Use			
4	3100-3200 (Less) Accumulated Depreciation	(5,743,340)	(5,137,413)	-11.79%
5	**Plant in Service**	4,700,581	4,757,440	-1.20%
6				
7	**Additions**			
8	1220 Materials & Supplies	36,650	66,650	-45.01%
9	1280 Prepayments			
10	Other Additions (1) CASH WORKING CAPITAL	284,941	295,121	-3.45%
11	**TOTAL Additions**	321,591	361,771	-11.11%
12				
13	**Deductions**			
14	4100 Current Deferred Operating Income Taxes	(55,978)	(48,994)	-14.25%
15	4320 Unamortized Operating Investment Tax Credits			
16	4340 Noncurrent Deferred Operating Income Taxes	935,287	890,646	5.01%
17	Customer Advances for Construction			
18	Other Deductions			
19	**TOTAL Deductions**	879,309	841,652	4.47%
20	**TOTAL Rate Base**	4,142,863	4,277,559	-3.15%
21				
22	**Net Earnings**	377,994	580,043	-34.83%
23				
24	**Rate of Return on Average Rate Base**	9.124%	13.560%	-32.71%
25				
26	**Rate of Return on Average Equity**	6.223%	10.006%	-37.81%
27				
28	Major Normalizing Adjustments & Commission			
29	Ratemaking 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**	9.124%	13.560%	-32.71%
44				
45	**Adjusted Rate of Return on Average Equity**	6.223%	10.006%	-37.81%

(1) AS ALLOWED IN COMMISSION ORDER NO. 4715(b)
DOCKET NO. 80.4.8

Other Taxes Paid

Year: 2002

Line No.	Description (a)	Last Year (b)	This Year (c)
1	Montana Telephone Company License Tax	0	0
2	Montana Public Service Commission Tax	9511	7690
3	Montana Consumer Counsel Tax	2718	2771
4	911 Emergency Telephone Fee	23466	23645
5	Montana Telecommunications Access Service (TDD)	4646	4703
6	Montana Corporate License Tax	48722	40736
7	Personal Property Tax	20642	16935
8	Real Property Tax	16808	18428
9			
10			
11			
12	**Total**	126513	114908

Company Name: **RONAN TELEPHONE COMPANY**

Universal Service Funds Received

Year: 2002

Line No.	Description (a)	Last Year (b)	This Year (c)
13	Funds received from Montana Sources	0	0
14	Funds received from Federal Sources	411464	442913
15			
16			
17			
18			
19			
20			
21			
22			
23			
24	**Total**	411464	442913