YEAR ENDING 2006

ANNUAL REPORT
OF

RONAN TELEPHONE COMPANY

TELEPHONE UTILITY

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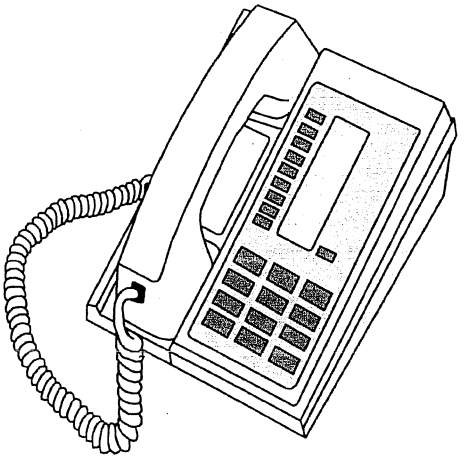
COMMISSION



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

2006 Telephone Annual Report

Instructions

General

1. A Microsoft EXCEL workbook of the annual report is being provided on our website 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. You may also obtain these instructions and the report in both an Adobe Acrobat© format and as an EXCEL© file from our website at **http://psc.mt.gov/** under the "Reports" section on that page. Please be sure you use the 2006 report form.

2. Use of the EXCEL© file is optional. There are macros built into the workbook to assist you with the report.

3. 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''.

4. 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.

5. 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.

6. 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).

7. 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.

8. 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 from other jurisdictions.

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

10. 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

11. 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.

12. 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.

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

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

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

Specific Instructions

Schedules 6, 7, 8, 18, 29, 30 and 35

1. The Montana Public Service Commission approved intrastate depreciation rates must be utilized in the preparation of these schedules.

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 clearly on 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). At the company's option, it may file for this information to be considered proprietary, however, the totals are not considered proprietary and need to be filed in the public annual report.

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 25a

1. This schedule should reflect the amount of total dollars spent in Montana during the reporting year and booked to the accounts listed on the schedule per the Code of Federal Regulations (CFR), Title 47, Chapter 1, Part 32. Universal System of Accounts.

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.

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 directly behind 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.

Schedule 30 and 30a

1. If the total of lines 35 on these schedules differs from Line 31 on Schedule 7 please reconcile the difference.

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

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

Telephone Annual Report

Table of Contents

Description	Schedule
General Information	1
Officers	2
Total Company Balance Sheet	3
Total Company Income Statement	4
Total State Income Statement	5
Intrastate Income Statement	6
Intrastate Regulated Income Statement	7
Average Rate Base	8
Statement of Cash Flows	9
Receivables and Investment	10
Net Plant in Service	11
Plant Held for Future Use	12
Average Cost of Long Term Debt	13
Cost of Preferred Stock	14
Analysis of Common Stock	15
Capital Stock and Reacquired Debt	16
Total Company Expense Matrix	17
Total State Expense Matrix	18
Pension Costs	19

continued on next page

Description	Schedule
Other Post Employment Benefits (OPEBs)	20
Payments for Services	21
Subscriber Line Usage Data	22
Central Office and Access Line Statistics	23
Central Office and Switch Information	24
Construction Budget	25
Construction Actual	25a
Montana Employee Counts	26
Compensation of Top 10 Montana Based Employees	27
Compensation of Top 5 Corporate Employees	28
Montana Composite Statistics	29
Depreciation	30
Amortization	30a
Montana Regulatory Capital Structure and Costs	31
Network Access - Charges and Revenues	32
Affiliated Transactions - To the Utility	33
Affiliated Transactions - By the Utility	34
Montana Earned Rate of Return	35
Other Taxes Paid	36
Universal Service Funds Received	37

General Information

Year: **2006**

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:	JAN 1 1971
4	Address to send Correspondence Concerning Report:	312 MAIN STREET S.W. RONAN MT 59864
5	Person Responsible for This Report:	ROSA E. TOUGAS
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: COMMUNITYTEL INC.
312 MAIN STREET S.W.
RONAN MT 59864

1b. Means by which control was held: HOLDING COMPANY

1c. Percent Ownership: 100%

Board of Directors

Line No.	Name of Director and Address (City, State) (a)		Fees Paid During Year (b)
1	ROSA E TOUGAS	RONAN MT	
2			
3	PHILIP J GRAINEY	RONAN MT	$3,600
4			
5	IVAN C EVILSIZER	HELENA MT	
6			
7	ROBERT F ERICKSON	CHARLO MT	
8			
9	JAY W PRESTON	RONAN MT	
10			
11	CALVIN S HARDY	RONAN MT	
12			
13	ROGER W ROMERO	RONAN MT	
14			
15			
16			
17			
18	**Chairman of the Board:**		
19	JAY WILSON PRESTON	CHARLO MT	
20			

Officers

Year: 2006

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	OPERATIONS MANAGEMENT	ROSA E TOUGAS
2			RONAN MT 59864
3			
4	VICE PRESIDENT	OPERATIONS MANAGEMENT	JAY W PRESTON
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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Total Company Balance Sheet

Year: 2006

Line No.		Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1			**CURRENT ASSETS:**		
2		1120	Cash and Equivalents	98,034	266,951
3		1180	Telecommunications Accounts Receivable - Net	300,573	276,930
4		1190	Other Accounts Receivable - Net	651,557	488,191
5		1200	Notes Receivable - Net		
6		1210	Interest and Dividends Receivable		
7		1220	Materials and Supplies	53,300	53,300
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	70,687	68,880
15			**Total Current Assets**	1,174,151	1,154,252
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 Assets - NET NON-REG ASSETS	1,098,934	985,101
23		1438	Deferred Maintenance and Retirements		
24		1439	Deferred Charges		
25		1500	Other Jurisdictional Assets - Net		
26			**Total Noncurrent Assets**	1,098,934	985,101
27			**PROPERTY, PLANT, & EQUIPMENT:**		
28		2001	Telecommunications Plant in Service	12,953,651	12,419,885
29		2002	Property Held for Future Telecommunications Use	0	33,414
30		2003	Plant Under Construction - Short Term	554,517	206,738
31		2004	Plant Under Construction - Long Term		
32		2005	Telecommunications Plant Adjustment		
33		2006	Nonoperating Plant		
34		2007	Goodwill		
35		3100	Accumulated Depreciation	(7,982,955)	(7,429,858)
36		3200	Accumulated Depreciation - Held for Future Use		
37		3300	Accumulated Depreciation - Nonoperating		
38		3400	Accumulated Amortization		
39			**Net Property, Plant, & Equipment**	5,525,213	5,230,179
40			**TOTAL ASSETS**	7,798,298	7,369,532

^ Subaccount of account marked with a *.

Total Company Balance Sheet

Year: 2006

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
41		**CURRENT LIABILITIES:**		
42	4010	Accounts Payable	110,581	282,988
43	4020	Notes Payable	250,000	250,000
44	4030	Advance Billing and Payments		
45	4040	Customer Deposits	9,370	10,160
46	4050	Current Maturities - Long Term Debt		
47	4060	Current Maturities - Capital Leases		
48	4070	Income Taxes - Accrued		243,301
49	4080	Other Taxes - Accrued	51,552	47,185
50	4100	Net Current Deferred Operating Income Taxes		
51	4110	Net Current Deferred Nonoperating Income Taxes		
52	4120	Other Accrued Liabilities	244,181	180,269
53	4130	Other Current Liabilities	400,500	
54		**Total Current Liabilities**	1,066,184	1,013,903
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	144,518	0
63		**Total Long-Term Debt**	144,518	
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	1,164,968	1,078,320
69	4350	Net Noncurrent Deferred Nonoper. Income Taxes		
70	4360	Other Deferred Credits	177,457	174,222
71	4370	Other Jurisdictional Liab. and Def. Credits		
72		**Total Other Liabilities and Deferred Credits**	1,342,425	1,252,542
73		**STOCKHOLDERS' EQUITY:**		
74	4510	Capital Stock	114,400	114,400
75	4520	Additional Paid-In Capital		
76	4530	Treasury Stock	(10,000)	(10,000)
77	4540	Other Capital		
78	4550	Retained Earnings	5,140,771	4,998,687
79		**Total Stockholders' Equity**	5,245,171	5,103,087
80		**TOTAL LIAB. AND STOCKHOLDERS' EQUITY**	7,798,298	7,369,532

Total Company Income Statement

Year: 2006

Line No.		Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1			**REVENUES:**		
2		5000	Basic Local Service Revenues	1,824,766	1,712,753
3		5080	Network Access Revenues	3,164,758	3,629,507
4	*	5100	Long Distance Message Revenue	141,875	169,507
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	75,015	90,431
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	(21,663)	(24,055)
17			**Total Revenues (L.2+L.3+L.4+L.9-L.16)**	5,184,751	5,578,143
18			**OPERATING EXPENSES:**		
19		6110	Network Support Expense		
20		6120	General Support Expense	445,074	490,648
21		6210	Central Office Switching Expense	345,554	333,796
22		6220	Operator Systems Expense		
23		6230	Central Office Transmission Expense	175,922	174,042
24		6310	Information Origination/Termination Expense	357	1,496
25	*	6410	Cable and Wire Facilities Expense	378,458	357,561
26	^	6431	Aerial Wire Expense		
27	^	6441	Conduit Systems Expense		
28		6510	Other Property, Plant & Equipment Expense		
29		6530	Network Operations Expense	163,488	171,492
30		6540	Access Expense		
31		6560	Depreciation and Amortization Expense	597,783	579,221
32		6610	Marketing	78,365	75,851
33		6620	Services	1,204,735	1,310,738
34		6710	Executive and Planning	627,547	688,603
35		6720	General and Administrative	599,955	607,608
36		6790	Provision for Uncollectible Notes Receivable		
37			**Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)**	4,617,238	4,791,056
38		7100	Other Operating Income and Expense		
39		7200	Operating Taxes	262,620	408,999
40			**Net Operating Income (L.17-L.37+L.38-L.39)**	304,893	378,088
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 or (Loss)	(172,425)	(110,769)
47			**NET INCOME (L.40+L.41-L.42-L.43-L.44+L.45-L.46)**	132,468	267,319

^ Subaccount of the account marked with a *.

Montana Total State Income Statement

Year: 2006

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	SCHEDULE NOT REQUIRED	
7	^	5160	Other Long Distance Revenue		
8	^	5169	Other Long Distance Revenue Settlements	ALL BUSINESS IS DONE IN	
9	*	5200	Miscellaneous Revenue	MONTANA	
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: 2006

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	THIS SCHEDULE IS	
6	^	5120	Long Distance Private Network Revenue	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: 2006

Line No.		Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1			**REVENUES:**		
2		5000	Basic Local Service Revenues	1,824,766	1,712,753
3		5080	Network Access Revenues	3,164,758	3,629,507
4	*	5100	Long Distance Message Revenue	141,875	169,507
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	75,015	90,431
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	(21,663)	(24,055)
17			**Total Revenues (L.2+L.3+L.4+L.9-L.16)**	5,184,751	5,578,143
18			**OPERATING EXPENSES:**		
19		6110	Network Support Expense	445,074	490,648
20		6120	General Support Expense	345,554	333,796
21		6210	Central Office Switching Expense		
22		6220	Operator Systems Expense		
23		6230	Central Office Transmission Expense	175,922	174,042
24		6310	Information Origination/Termination Expense	357	1,496
25	*	6410	Cable and Wire Facilities Expense	378,458	357,561
26	^	6431	Aerial Wire Expense		
27	^	6441	Conduit Systems Expense		
28		6510	Other Property, Plant & Equipment Expense		
29		6530	Network Operations Expense	163,488	171,492
30		6540	Access Expense		
31		6560	Depreciation and Amortization Expense	597,783	579,221
32		6610	Marketing	78,365	75,851
33		6620	Services	1,204,735	1,310,738
34		6710	Executive and Planning	627,547	688,603
35		6720	General and Administrative	599,955	607,608
36		6790	Provision for Uncollectible Notes Receivable		
37			**Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)**	4,617,238	4,791,056
38		7100	Other Operating Income and Expense		
39		7200	Operating Taxes	262,620	408,999
40			**Net Operating Income (L.17-L.37+L.38-L.39)**	304,893	378,088

^ 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: 2006

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	12,953,651	12,419,885
2	3100	Accumulated Depreciation	(7,982,955)	(7,429,858)
3	2002	Property Held for Future Telecommunications Use	0	33,414
4	3200	Accumulated Depreciation - 2002		
5	1220	Materials and Supplies	53,300	53,300
6	4340	Noncurrent Deferred Operating Income Taxes	(1,094,281)	(1,009,440)
7		Pre-1971 Unamortized Investment Tax Credits		
8		Cash Working Capital (if allowed by Commission)	307,261	340,090
9		**Total Average Rate Base (L.1-L.2+L.3-L.4+L.5-L.6-L.7+L.8)**	4,236,976	4,407,391

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	NOT REQUIRED	
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)**		

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	NOT REQUIRED	
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)**		

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

Statement of Cash Flows

Year: 2006

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		132468
4	Reconciliation Adjustments:		
5	Depreciation & Amortization	611496	
6	Provision for Accounts Receivable Losses		
7	Deferred Income Taxes - Net	69406	
8	Unamortized Investment Tax Credits (ITCs) - Net		
9	Allowance for Funds Used During Construction (AFUDC)		
10	Change in Operating Receivables - Net	-9344	
11	Change in Materials, Supplies & Inventories - Net	2768	
12	Change in Operating Payables & Accrued Liabilities - Net	-269756	
13	Change in Other Assets & Deferred Credits - Net	-193369	
14	Change in Other Liabilities & Deferred Credits - Net	2505	
15	Other (explained on back of this page) (1)	40452	
16	Total Adjustments		254158
17	**Net Cash Provided by/(Used in) Operating Activities**		386626
18	**Cash Inflows/Outflows From Investing Activities:**		
19	Construction/Acquisition of Property, Plant & Equipment (net of	-933722	
20	AFUDC & Capital Lease Related Acquisitions)		
21	Proceeds from Disposals of Property, Plant & Equipment		
22	Investments In & Advances to Affiliates	-70500	
23	Proceeds from Repayment of Advances		
24	Other Investing Activities (explained on back of this page) (2)	-97067	
25	**Net Cash Provided by/(Used in) Investing Activities**		-1101289
26	**Cash Flows from Financing Activities:**		
27	Net Incr./(Decr.) in Short-Term Debt, Original maturity < = 3 mo.		
28	Advances from Affiliates	400500	
29	Repayment of Advances from Affiliates		
30	Proceeds from Issuances of Long-Term Debt	144518	
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		
35	Dividends Paid		
36	Other Financing Activities (explained on back of this page)		
37	**Net Cash Provided by Financing Activities**		545018
38	**Effect of Exchange Rate Changes on Cash**		
39	**Net Increase/(Decrease) in Cash & Cash Equivalents**		-169645
40	**Cash & Cash Equivalents at Beginning of Period**		268603
41	**Cash & Cash Equivalents at End of Period**		98958

(1) Loss on investment in affiliate - $ 40,452

(2) Increase in CSV of life insurance - $ 7,397
Purchase of marketable securities - $ 78,436
Purchase of other investment - $ 11,234
TOTAL $ 97,067

Company Name: RONAN TELEPHONE COMPANY

SCHEDULE 10

Receivables and Investments-Affiliated & Nonaffiliated Companies

Year: 2006

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		4,460							0	
2											
3											
4	RTC ANSWERING LLC		924							233,913	
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**		5,384							233,913	

Company Name: RONAN TELEPHONE COMPANY

SCHEDULE 11

Net Plant in Service - Detail

Year:2006

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	2,688,609	261,515	30,860		2,919,264	2,002,720	916,544
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	440,079				440,079	432,519	7,560
13		2212	Digital Electronic Switching	3,312,680	150,814			3,463,494	2,434,409	1,029,085
14		2215	Electro-Mechanical Switching							
15		2220	Operator Systems							
16		2231	Radio Systems							
17		2232	Circuit Equipment	967,314	9,188			976,502	611,560	364,942
18	*	2310	Information Orig & Term Equip	38,270	3,627			41,897	35,609	6,288
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	119,850	4,500			124,350	113,013	11,337
25	*	2420	Cable and Wire Facilities	4,174,295	125,582			4,299,877	2,023,824	2,276,053
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	63,701				63,701	63,699	2
33		2441	Conduit Systems	615,087	9,400			624,487	265,601	358,886
34			**Totals**	12,419,885	564,626	30,860		12,953,651	7,982,954	4,970,697

^ Subaccount of the account marked with a *.

Company Name: RONAN TELEPHONE COMPANY

SCHEDULE 12

Analysis of Plant Held for Future Use

Year:2006

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	EAS COSTS & HIGHWAY	Dec-05	33414	0	33414	0	0
3	RELOCATION COSTS						
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)**		33414	0	33414	0	0

Company Name: RONAN TELEPHONE COMPANY

SCHEDULE 13

Average Cost of Long Term Debt

Year:2006

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	NOTE PAYABLE	09/29/06	09/29/10	152658	152658	152658	1527.00	144518	8.50%	12284	0	8.50%
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**			152658	152658	152658	100.00	144518		12284		8.50%

Company Name: RONAN TELEPHONE COMPANY

SCHEDULE 14

Cost of Preferred Stock

Year:2006

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			THIS SCHEDULE IS NOT APPLICABLE									
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)**											

Company Name: RONAN TELEPHONE COMPANY

SCHEDULE 15

Analysis of Common Stock

Year:2006

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	$229.64	$5.79	(1)	(1)	N/A - NOT PUBLICLY TRADED		
2									
3									
4	(1) NO DIVIDEND WAS DECLARED TO INDIVIDUAL STOCKHOLDERS AS RONAN TELEPHONE COMPANY								
5	IS OWNED 100% BY COMMUNITYTEL INC. (A HOLDING COMPANY)								
6									
7									
8	Month by Month Data:								
9	January								
10	February								
11	March			MONTHLY DATA IS NOT REQUIRED AS STATED IN THE INSTRUCTIONS					
12	April								
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:2006

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							
3							
4							
5		NO TRANSACTIONS OF THIS NATURE IN 2006					
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)**						

Company Name: RONAN TELEPHONE COMPANY

Total Company Expense Matrix

Year:2006

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			THIS SCHEDULE IS NOT REQUIRED			
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						
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 Company Expense Matrix

Year:2006

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			THIS SCHEDULE IS NOT REQUIRED			
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**						

^ Subaccount of the account marked with a *.

Company Name: RONAN TELEPHONE COMPANY

Total State Expense Matrix

Year:2006

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				THIS SCHEDULE IS NOT REQUIRED		
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						
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 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						
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			THIS SCHEDULE IS NOT REQUIRED			
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**						

^ Subaccount of the account marked with a *.

Pension Costs

Year: 2006

1	Plan Name : RONAN TELEPHONE COMPANY 401(k) & PROFIT SHARING PLAN			
2	Defined Benefit Plan? _____NO_____	Defined Contribution Plan? __YES____		
3	Actuarial Cost Method? _____N/A_____	IRS Code: _____414i_____		
4	Annual Contribution by Employer: _$ 290,992____	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 MOST CURRENT 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	29	29	
48	Not Covered by the Plan	3	5	66.67%
49	Active	29	29	
50	Retired			
51	Deferred Vested Terminated			

SCHEDULE 19A

SCHEDULE I (Form 5500)
Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Financial Information -- Small Plan

This schedule is required to be filed under Section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

Official Use Only

OMB No. 1210-0110

2004

This Form is Open to Public Inspection.

For calendar year 2004 or fiscal plan year beginning 12/01/2004 , and ending 11/30/2005 ,

A Name of plan
RONAN TELEPHONE COMPANY, INC. EMPLOYEE'S PROFIT SHA

B Three-digit plan number ▶ 002

C Plan sponsor's name as shown on line 2a of Form 5500
RONAN TELEPHONE COMPANY, INC.

D **Employer Identification Number**
81-0308279

Complete Schedule I if the plan covered fewer than 100 participants as of the beginning of the plan year. You may also complete Schedule I if you are filing as a small plan under the 80-120 participant rule (see instructions). Complete Schedule H if reporting as a large plan or DFE.

Part I Small Plan Financial Information

Report below the current value of assets and liabilities, income, expenses, transfers and changes in net assets during the plan year. Combine the value of plan assets held in more than one trust. Do not enter the value of the portion of an insurance contract that guarantees during this plan year to pay a specific dollar benefit at a future date. Include all income and expenses of the plan including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. **Round off amounts to the nearest dollar.**

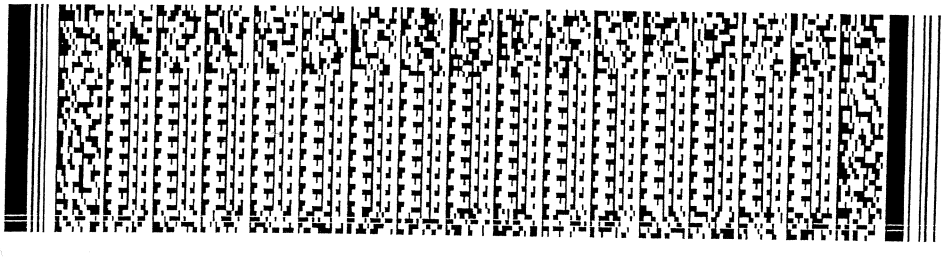
1 Plan Assets and Liabilities:		(a) Beginning of Year	(b) End of Year
a Total plan assets	1a	4154533	4667643
b Total plan liabilities	1b		
c Net plan assets (subtract line 1b from line 1a)	1c	4154533	4667643

2 Income, Expenses, and Transfers for this Plan Year:		(a) Amount	(b) Total
a Contributions received or receivable			
(1) Employers	2a(1)	259996	
(2) Participants	2a(2)	61103	
(3) Others (including rollovers)	2a(3)		
b Noncash contributions	2b		
c Other income	2c	331112	
d Total income (add lines 2a(1), 2a(2), 2a(3), 2b, and 2c)	2d		652211
e Benefits paid (including direct rollovers)	2e	129988	
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions)	2g		
h Other expenses	2h	9113	
i Total expenses (add lines 2e, 2f, 2g, and 2h)	2i		139101
j Net income (loss) (subtract line 2i from line 2d)	2j		513110
k Transfers to (from) the plan (see instructions)	2k		

3 Specific Assets: If the plan held assets at anytime during the plan year in any of the following categories, check "Yes" and enter the current value of any assets remaining in the plan as of the end of the plan year. Allocate the value of the plan's interest in a commingled trust containing the assets of more than one plan on a line-by-line basis unless the trust meets one of the specific exceptions described in the instructions.

		Yes	No	Amount
a Partnership/joint venture interests	3a		X	
b Employer real property	3b		X	

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500. v7.2 **Schedule I (Form 5500) 2004**



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SCHEDULE 19A

Official Use Only

			Yes	No	Amount
3c	Real estate (other than employer real property)	3c	X		1560451
d	Employer securities	3d		X	
e	Participant loans	3e	X		325957
f	Loans (other than to participants)	3f		X	
g	Tangible personal property	3g		X	

Part II Transactions During Plan Year

4 During the plan year:		Yes	No	Amount
a Did the employer fail to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? (See instructions and DOL's Voluntary Fiduciary Correction Program)	4a		X	
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by the participants' account balance	4b		X	
c Were any leases to which the plan was a party in default or classified during the year as uncollectible?	4c		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a.)	4d		X	
e Was the plan covered by a fidelity bond?	4e	X		1375000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?	4f		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?	4g		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?	4h		X	
Did the plan at any time hold 20% or more of its assets in any single security, debt, mortgage, parcel of real estate, or partnership/joint venture interest?	4i		X	
j Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?	4j		X	
k Are you claiming a waiver of the annual examination and report of an independent qualified public accountant (IQPA) under 29 CFR 2520.104-46? If no, attach the IQPA's report or 2520.104-50 statement. (See instructions on waiver eligibility and conditions.)	4k	X		

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year? If yes, enter the amount of any plan assets that reverted to the employer this year ☐ Yes ☒ No Amount

5b If during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)

2 0 0 4 1 0 0 2 0 9

Other Post Employment Benefits (OPEBS)

Year: 2006

	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	NOT APPLICABLE - RONAN TELEPHONE COMPANY HAS NO POST EMPLOYMENT BENEFITS		
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: 2006

	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: 2006

Line No.	Name of Recipient (a)	Nature of Service (b)	Total Company Cost (c)	Total State Cost (d)	Intrastate Cost (e)
1					
2					
3		THIS SCHEDULE IS NOT REQUIRED			
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
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16					
17					
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31					
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34					
35					
36					
37					
38					
39					
40					
41					
42					
43					
44					
45					
46					
47					
48					
49	**Total**				

Subscriber Line Usage Data

Year: 2006

Line No.	Description (a)	This Year (b)	% of Total (c)	Last Year (d)	% of Total (e)
1	Toll Usage:				
2	Interstate, InterLATA	10,159,211	9.58%	11,160,749	10.51%
3	Interstate, IntraLATA				
4	**Total Interstate Usage**	10,159,211	9.58%	11,160,749	10.51%
5	Intrastate, InterLATA	(1)		(1)	
6	Intrastate, IntraLATA	(1)		(1)	
7	**Total Intrastate Usage**	13,278,635	12.53%	13,984,300	13.17%
8	**Total Toll Usage**	23,437,846	22.11%	25,145,049	23.68%
9	Centrex				
10	**Local ESTIMATED**	82,566,925	77.89%	81,050,752	76.32%
11	**Total Minutes**	106,004,771	100.00%	106,195,801	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: 2006

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	**676 RONAN**	DIGITAL	1,639		705	314	449	153	823	4	29	120	100%	2,768
2														
3	**675 PABLO**	DIGITAL	793		261	204	162	43	233	2	11	15	100%	1,097
4														
5														
6														
7														
8														
9														
10														
11														
12														
13	COLUMN L - OTHER													
14	THESE ARE COMPANY LINES FOR OFFICIAL USE & TESTING													
15														
16														
17														
18														
19														
20														
21														
22														
23														
24														
25														
26														
27														
28														
29														
30														
31														
32														
33	**Total**		2,432		966	518	611	196	1056	6	40	135	100%	3865

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

Company Name: RONAN TELEPHONE COMPANY

Central Office and Switch Information

Year: 2006

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	676/675 PABLO WEST	REMOTE	DIGITAL	SIEMENS	DCO-RLS	270	2001
14							
15	676 RONAN	STAND ALONE	SOFT - SWITCH	COPPERCOM	CSX 1100	120 T-1's	2005
16							
17							
18							
19							
20							
21							
22							
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25							
26							
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41							
42							
43							
44							
45							
46							
47							
48							

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

Construction Budget - Montana

Year: 2007

Line No.	Description (a)	2,007 (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	$150,000
29	**Total Central Office Budget (Total of Line 27 & Line 28)**	$150,000
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	$100,000
43	**Total Construction Budget (Total of Lines 29, 41 & 42)**	$250,000

Company Name: RONAN TELEPHONE COMPANY

SCHEDULE 25a

YEAR:2006

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	261,515	114,039	129.32%
2	2210	Central Office Assets	150,814	101,143	49.11%
3	2220	Operator Systems			
4	2230	Central Office Transmission	9,188	393,543	-97.67%
5	2310	Information/Termination Assets	3,627	0	100.00%
6	2410	Cable and Wire Facilities Assets	139,482	338,274	-58.77%
7	2680	Amortizable Tangible Assets			
8	2690	Intangibles			
9		Total Construction Expenditures	564,626	946,999	-40.38%

Montana Employee Counts

Year: 2006

Line No.	Category (a)	Beginning of Year (b)	End of Year (c)
1	GENERAL MANAGEMENT	2	2
2			
3	FINANCE & ACCOUNTING	1	1
4			
5	CENTRAL OFFICE	3	3
6			
7	DATA PROCESSING	3	2
8			
9	OUTSIDE PLANT - COMBINATIONMAN	3	3
10			
11	OUTSIDE PLANT - SPLICER	2	2
12			
13	OUTSIDE PLANT - CONSTRUCTION	2	2
14			
15	COMMERCIAL REPRESENTATIVES	10	10
16			
17	SALES REPRESENTATIVE	1	0
18			
19	ENGINEERING / DRAFTING TECHNICIAN	1	1
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)**	31	29

Compensation of Top 10 Montana Based Employees

Year: 2006

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		PROPRIETARY INFORMATION					
3							
4							
5							
6							
7							
8							
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							
2		THIS PAGE IS NOT APPLICABLE					
3							
4							
5							
6	**Totals (Sum L.1 to L.5)**						

Montana Composite Statistics

Year: 2006

Line No.	Account No.	Description (a)	Amount (b)
1		**Plant (Intrastate Only) (000 Omitted)**	
2	2001	Plant in Service	12,954
3	2003 - 2004	Construction Work in Progress	555
4	2005	Plant Acquisition Adjustments	
5	2002	Plant Held for Future Use	
6	1220	Materials & Supplies	53
7		(Less):	
8	3100 - 3400	Depreciation & Amortization Reserves	(7,983)
9	4360.2	Contributions in Aid of Construction	
10		**NET BOOK COSTS**	5,579
11		**Revenues & Expenses (Intrastate Only) (000 Omitted)**	
12	5000 - 5300	Operating Revenues	5,185
13	6560	Depreciation & Amortization Expenses	598
14		Federal & State Income Taxes	158
15		Other Taxes	105
16		Other Operating Expenses	4019
17		TOTAL Operating Expenses	4880
18		Net Operating Income	305
19		Other Income	
20		Other Deductions	
21		**NET INCOME**	305
22		**Access Lines in Service (Intrastate Only)**	
23		Residential Access Lines	2432
24		Business Access Lines	968
25		PBX Access Lines	284
26		Other Access Lines	181
27		**Total Number of Access Lines**	3865
28		**Average Number of Calls Per Access Line**	
29		Local Calls	1200
30		Toll Calls (Intra- or Interstate)	500
31		**Total Number of Calls Per Access Line (Total of Line 29 & Line 30 divided by Line 27)**	1700
32		**Other Statistics (Intrastate Only)**	
33		Average Residential Monthly Bill	$63.92
34		Gross Plant Investment per Access Line	$3,495

Depreciation - Montana Intrastate Regulated

Year: 2006

Line No.	Acct No. (a)	Description (b)	Composite Rate % (c)	Total Expense $ (d)
1	2112	Motor Vehicles	12.5%	46,864
2	2114	Special Purpose Vehicles	20.0%	27,849
3	2115	Garage Work Equipment		
4	2116	Other work Equipment		
5	2121	Buildings	2.5%	12,519
6	2122	Furniture	10.0%	14,207
7	2123.1	Office Support Equipment		
8	2123.2	Company Communications Equipment	10.0%	1,503
9	2124	General Purpose Computers	20.0%	40,556
10	2211	Analog Electronic Switching Equipment		
11	2212	Digital Electronic Switching Equipment	9.1%	211,410
12	2215	Step By Step Switching Equipment		
13	2215	Crossbar Switching Equipment		
14	2220	Operator System		
15	2231	Radio Systems	10.0%	39,354
16	2232	Circuit DDS		
17	2232	Circuit Digital	10.0%	12,611
18	2232	Circuit Analog	10.0%	15,213
19	2351	Public Telephone Terminating Equipment	10.0%	1,560
20	2362	Other Terminal Equipment		
21	2411	Poles	4.6%	1,046
22	2421	Aerial Cable Metallic	4.6%	6,055
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%	103,137
27	2423	Buried Cable Nonmetallic	4.6%	37,475
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%	41
33	2441	Conduit Systems	3.3%	20,607
34				
35		**COMPOSITE TOTAL**	9.19%	$597,783

36
37 **Please list the Montana Public Service Commssion Docket Order No. approving these depreciation rates**
38
39 Docket Number 80.4.8 Order Number 4715(b)
40

Company Name: RONAN TELEPHONE COMPANY

SCHEDULE 30a

Amortization - Montana Intrastate Regulated

Year: 2006

Line No.	Acct No. (a)	Description (b)	Composite Rate % (c)	Total Expense $ (d)
1				
2				
3		NOT APPLICABLE		
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				
31				
32				
33				
34				
35		**COMPOSITE TOTAL**		

36
37 **Please list the Montana Public Service Commission Docket Order No. approving these amortization rates**
38
39 Docket Number _____ Order Number _____
40

Company Name: RONAN TELEPHONE COMPANY

SCHEDULE 31

Montana Regulatory Capital Structure & Costs

Year: 2006

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	4715 (b)			
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		97.32%	12.600%	12.262%
13	Preferred Stock				
14	Long Term Debt		2.68%	8.500%	0.228%
15	Other				
16	**Total**		100.00%		12.490%

Company Name: RONAN TELE

SCHEDULE 32

Network Access - Charges and Revenues

Year: 2006

Line No.	Description (a)	Access Charges Paid (b)	Access Revenues Received (c)
1	Montana - Total State	0	3,017,901
2			
3	Montana - Intrastate	0	1,488,772
4			
5	Montana - Intrastate Regulated	0	1,488,772
6			
7			
8			
9			
10			
11			
12			
13			

Affiliate Transactions - Products & Services Provided to Utility

Year: 2006

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						
2	RTC ANSWERING LLC	DIRECTORY ASSISTANCE, DISPATCH & TECH SUPPORT	COMPARISON TO NON - AFFILIATED VENDOR	15,346	2.2%	15,346
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28						
29						
30	**TOTAL**			$15,346		$15,346

Company Name: RONAN TELEPHONE COMPANY

SCHEDULE 34

Affiliate Transactions - Products & Services Provided by Utility

Year: 2006

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						
2	RTC ANSWERING LLC	TELEPHONE SERVICE	TARIFFED RATES	6,741	0.9%	
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29						
30	**TOTAL**			$6,741		

Montana Intrastate Regulated Earned Rate of Return

Year: 2006

Line No.	Description Rate Base (a)		This Year (b)	Last Year (c)	Percent Change (d)
1					
2	2001	Plant in Service	12,953,651	12,419,885	4.30%
3	2002	Prop. Held for Future Telecommunications Use	0	33,414	-100.00%
4	3100-3200	(Less) Accumulated Depreciation	(7,982,955)	(7,429,858)	-7.44%
5		**Plant in Service**	4,970,696	5,023,441	-1.05%
6					
7		**Additions**			
8	1220	Materials & Supplies	53,300	53,300	
9	1280	Prepayments			
10		Other Additions (1) CASH WORKING CAPITAL	307,261	340,090	-9.65%
11		**TOTAL Additions**	360,561	393,390	-8.35%
12					
13		**Deductions**			
14	4100	Current Deferred Operating Income Taxes	(70,687)	(68,880)	-2.62%
15	4320	Unamortized Operating Investment Tax Credits			
16	4340	Noncurrent Deferred Operating Income Taxes	1,164,968	1,078,320	8.04%
17		Customer Advances for Construction			
18		Other Deductions			
19		**TOTAL Deductions**	1,094,281	1,009,440	8.40%
20		**TOTAL Rate Base**	4,236,976	4,407,391	-3.87%
21					
22		**Net Earnings**	304,893	378,088	-19.36%
23					
24	**Rate of Return on Average Rate Base**		7.196%	8.578%	-16.11%
25					
26	**Rate of Return on Average Equity**		5.813%	7.409%	-21.54%
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**		7.196%	8.578%	-16.11%
44					
45	**Adjusted Rate of Return on Average Equity**		5.813%	7.409%	-21.54%

(1) AS ALLOWED IN DOCKET 80.4.8 ORDER 4715(b)

SCHEDULE 36

Other Taxes Paid

Year: 2006

Line No.	Description (a)	Last Year (b)	This Year (c)
1	Montana Telephone Company License Tax	0	0
2	Montana Public Service Commission Tax	9,491	7,523
3	Montana Consumer Counsel Tax	4,407	2,106
4	911 Emergency Telephone Fee	21,969	20,592
5	Montana Telecommunications Access Service (TDD)	4,368	4,087
6	Montana Corporate License Tax	32,901	31,229
7	Personal Property Tax	12,935	24,961
8	Real Property Tax	20,044	22,808
9			
10			
11			
12	**Total**	106,115	113,306

SCHEDULE 37

Universal Service Funds Received

Year: 2006

Line No.	Description (a)	Last Year (b)	This Year (c)
13	Funds received from Montana Sources	0	0
14	Funds received from Federal Sources	619,260	592,410
15			
16			
17			
18			
19			
20			
21			
22			
23			
24	**Total**	619,260	592,410