

YEAR ENDING 2003

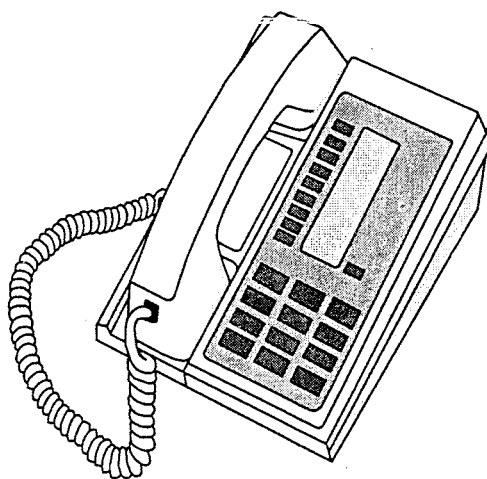
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PUBLIC SERVICE
COMMISSION

ANNUAL REPORT
OF
Qwest Corporation

TELEPHONE UTILITY



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

General Information

Year: 2003

1. Legal Name of Respondent:
Qwest Corporation
2. Name Under Which Respondent Does Business:
Qwest Corporation
3. Date of Incorporation:
The Colorado Telephone Company was organized January 10, 1881, consolidated with the Tri-State Telephone and Telegraph Company on July 17, 1911, forming the Mountain States Telephone and Telegraph Company which on July 20, 1911, purchased the Rocky Mountain Telephone Company. On January 1, 1991, the Mountain States Telephone and Telegraph Company was merged with Northwestern Bell and Pacific Northwest Bell to form U S WEST Communications, Inc. On July 1, 2000, U S WEST, Inc., together with all its subsidiaries, including U S WEST Communications, Inc., was merged into Qwest Communications International, Inc.
4. Address to send Correspondence Concerning Report:
441 North Park Avenue, Room 007 - P. O. Box 1716
Helena, Montana 59624
5. Person Responsible for This Report:
Cheryl Gillespie
- 5a. Telephone Number:
(406)441-7144

Control Over Respondent

1. If direct control over the respondent was held by another entity at the end of the year, provide the following:
- 1a. Name and address of the controlling organization or person:
Qwest Communications International, Inc.
1801 California Street
Denver, Colorado 80202
- 1b. Means by which control was held:
Through ownership of voting securities
- 1c. Percent Ownership:
100%

Board of Directors

Line No.	Name of Director and Address (City, State) (a)	Fees Paid During Year (b)
1	Richard C. Notebaert Denver, Colorado	None
2	Oren G. Shaffer Denver, Colorado	None
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13	Chairman of the Board: Richard C. Notebaert	
14		
15		

Officers

Year: 2003

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	Chairman, Chief Executive Officer & President		Richard C. Notebaert, Denver, CO
2	Vice Chairman & Chief Financial Officer		Oren G. Shaffer, Denver, CO
3	Executive Vice President	Consumer Markets	Paula Kruger, Denver, CO
4	Senior Vice President	Finance and Treasurer	Janet K. Cooper, Denver, CO
5	Senior Vice President	Network Operations and Engineering	Robert L. Jones, Seattle, WA
6	Senior Vice President	Finance and Controller	John Richardson, Denver, CO
7	Senior Vice President	Network Operations and Engineering	Robert Tregemba, Denver, CO
8	Vice President-Finance & Assistant Treasurer		Rahn Porter, Denver, CO
9	Vice President & Secretary		Stephen E. Brilz, Denver, CO
10	Assistant Secretary		Christian A. Pedersen, Denver, CO

Total Company Balance Sheet

(Thousands of Dollars)

Year: 2003

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		CURRENT ASSETS:		
2	1120	Cash and Equivalents	935,581	253,683
3	1180	Telecommunications Accounts Receivable - Net	1,069,192	1,251,877
4	1190	Other Accounts Receivable - Net	310,872	411,643
5	1200	Notes Receivable - Net	801	1,262
6	1210	Interest and Dividends Receivable	(668)	169
7	1220	Materials and Supplies	156,449	152,055
8	* 1280	Prepayments	76,755	178,428
9	^ 1290	Prepaid Rents	24	24
10	^ 1300	Prepaid Taxes	65,728	174,497
11	^ 1310	Prepaid Insurance	135	135
12	^ 1320	Prepaid Directory Expenses	0	0
13	^ 1330	Other Prepayments	10,868	3,772
14	1350	Other Current Assets	36,551	45,063
15		Total Current Assets	2,585,533	2,294,180
16		NONCURRENT ASSETS:		
17	1401	Investments in Affiliated Companies	(1,892,335)	(1,481,846)
18	1402	Investments in Nonaffiliated Companies	19,977	25,349
19	1406	Nonregulated Investments	0	0
20	1407	Unamortized Debt Issuance Expense	166,992	145,833
21	1408	Sinking Funds	0	0
22	1410	Other Noncurrent Assets	983,114	78,242
23	1438	Deferred Maintenance and Retirements	0	0
24	1439	Deferred Charges	768,868	862,919
25	1500	Other Jurisdictional Assets - Net	(21,182)	(71,589)
26		Total Noncurrent Assets	25,434	(441,092)
27		PROPERTY, PLANT, & EQUIPMENT:		
28	2001	Telecommunications Plant in Service	43,899,629	43,130,775
29	2002	Property Held for Future Telecommunications Use	0	0
30	2003	Plant Under Construction - Short Term	136,315	198,146
31	2004	Plant Under Construction - Long Term	15,210	60,187
32	2005	Telecommunications Plant Adjustment	0	0
33	2006	Nonoperating Plant	9,392	24,055
34	2007	Goodwill	0	0
35	3100	Accumulated Depreciation	(25,222,426)	(23,174,118)
36	3200	Accumulated Depreciation - Held for Future Use	0	(1,343)
37	3300	Accumulated Depreciation - Nonoperating	(161)	0
38	3400	Accumulated Amortization (Includes 3500 and 3600)	(1,017,326)	(806,725)
39		Net Property, Plant, & Equipment	17,820,633	19,430,977
40		TOTAL ASSETS	20,431,601	21,284,066

^ Subaccount of account marked with a *.

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Total Company Balance Sheet

(Thousands of Dollars)

Year: 2003

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
41		CURRENT LIABILITIES:		
42	4010	Accounts Payable	1,016,429	970,549
43	4020	Notes Payable	0	0
44	4030	Advance Billing and Payments	295,096	326,010
45	4040	Customer Deposits	18,730	30,371
46	4050	Current Maturities - Long Term Debt	871,524	1,182,909
47	4060	Current Maturities - Capital Leases	9,624	(20,480)
48	4070	Income Taxes - Accrued	215,951	(60,726)
49	4080	Other Taxes - Accrued	266,966	290,854
50	4100	Net Current Deferred Operating Income Taxes	(51,075)	(64,422)
51	4110	Net Current Deferred Nonoperating Income Taxes	2,673	3,175
52	4120	Other Accrued Liabilities	746,538	1,228,556
53	4130	Other Current Liabilities	56,601	44,532
54		Total Current Liabilities	3,449,057	3,931,328
55		LONG-TERM DEBT:		
56	4210	Funded Debt	7,006,359	6,105,636
57	4220	Premium on Long-Term Debt	1	1
58	4230	Discount on Long-Term Debt	(156,565)	(141,563)
59	4240	Reacquired Debt	0	0
60	4250	Obligations Under Capital Leases	7,269	99,201
61	4260	Advances From Affiliated Companies	0	0
62	4270	Other Long-Term Debt	15,927	33,212
63		Total Long-Term Debt	6,872,991	6,096,487
64		OTHER LIABILITIES AND DEFERRED CREDITS:		
65	4310	Other Long-Term Liabilities	2,303,841	2,031,607
66	4320	Unamort. Oper. Invest. Tax Credits - Net	166,817	190,642
67	4330	Unamort. Nonoper. Invest. Tax Credits - Net	0	0
68	4340	Net Noncurrent Deferred Oper. Income Taxes	2,997,724	2,982,986
69	4350	Net Noncurrent Deferred Nonoper. Income Taxes	13,751	13,811
70	4360	Other Deferred Credits	1,199,087	1,354,572
71	4370	Other Jurisdictional Liab. and Def. Credits	(40,404)	(73,855)
72		Total Other Liabilities and Deferred Credits	6,640,816	6,499,763
73		STOCKHOLDERS' EQUITY:		
74	4510	Capital Stock	8,823,438	8,074,805
75	4520	Additional Paid-In Capital	65,261	65,261
76	4530	Treasury Stock	0	0
77	4540	Other Capital	0	0
78	4550	Retained Earnings	(5,419,964)	(3,383,576)
79		Total Stockholders' Equity	3,468,735	4,756,490
80		TOTAL LIAB. AND STOCKHOLDERS' EQUITY	20,431,599	21,284,068

Total Company Income Statement

(Thousands of Dollars)

Year: 2003

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues	5,080,851	5,540,711
3	5080	Network Access Revenues	4,027,873	4,191,224
4	* 5100	Long Distance Message Revenue	124,081	174,586
5	^ 5110	Unidirectional Long Distance Revenue (Note 1)	123,656	174,127
6	^ 5120	Long Distance Private Network Revenue	425	459
7	^ 5160	Other Long Distance Revenue	0	0
8	^ 5169	Other Long Distance Revenue Settlements	0	0
9	* 5200	Miscellaneous Revenue	1,570,338	1,504,633
10	^ 5230	Directory Revenue	80,289	80,687
11	^ 5240	Rent Revenue	490,972	444,969
12	^ 5250	Corporate Operations Revenue	100,296	78,507
13	^ 5260	Miscellaneous Revenue	207,480	249,493
14	^ 5270	Carrier Billing and Collection Revenue	120,665	99,230
15	^ 5280	Nonregulated Revenue	570,635	551,747
16	5300	Uncollectible Revenue	124,888	259,188
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	10,678,255	11,151,966
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	18,970	16,832
20	6120	General Support Expense	302,128	487,326
21	6210	Central Office Switching Expense	189,734	167,418
22	6220	Operator Systems Expense	198	27
23	6230	Central Office Transmission Expense	158,746	113,247
24	6310	Information Origination/Termination Expense	154,044	148,250
25	6410	Cable and Wire Facilities Expense	722,430	666,522
26	6431	Aerial Wire Expense	3,858	3,211
27	6441	Conduit Systems Expense	10,617	11,098
28	6510	Other Property, Plant & Equipment Expense	1,503	(801)
29	6530	Network Operations Expense	689,393	764,108
30	6540	Access Expense	249,711	230,400
31	6560	Depreciation and Amortization Expense	3,269,255	3,367,539
32	6610	Marketing	503,430	609,159
33	6620	Services	889,361	901,196
34	6710	Executive and Planning	34,369	20,106
35	6720	General and Administrative	1,309,522	947,443
36	6790	Provision for Uncollectible Notes Receivable	0	0
37		Total Operating Expenses (Sum L.19 to L.36)	8,507,270	8,438,772
38	7100	Other Operating Income and Expense	(2,017)	(233)
39	7200	Operating Taxes	876,589	1,135,001
40		Net Operating Income (L.17-L.37-L.38-L.39)	1,296,413	1,577,959
41	7300	Nonoperating Income and Expense	(470,513)	(1,124,762)
42	7400	Nonoperating Taxes	(21,703)	(34,660)
43	7500	Interest and Related Items	594,903	568,002
44	7600	Extraordinary Items	0	0
45	7910	Effects of Juris. Ratemaking Diff. - Net	(16,957)	(35,472)
46	7990	Nonregulated Net Income	0	0
47		NET INCOME (L.40-L.41-L.42-L.43-L.44-L.45-L.46)	269,657	(115,617)

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^ Subaccount of the account marked with a *.

Note 1: This includes accounts 5100, 5111, and 5112 to be consistent with prior years.

Montana Total State Income Statement

(Thousands of Dollars)

Year: 2003

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues	131,512	137,931
3	5080	Network Access Revenues	115,024	116,438
4	* 5100	Long Distance Message Revenue	2,953	4,988
5	^ 5110	Unidirectional Long Distance Revenue (Note 1)	2,954	4,989
6	^ 5120	Long Distance Private Network Revenue	(1)	(1)
7	^ 5160	Other Long Distance Revenue	0	0
8	^ 5169	Other Long Distance Revenue Settlements	0	0
9	* 5200	Miscellaneous Revenue	19,899	15,209
10	^ 5230	Directory Revenue	2,052	2,088
11	^ 5240	Rent Revenue	1,063	(3,077)
12	^ 5250	Corporate Operations Revenue	1,942	1,407
13	^ 5260	Miscellaneous Revenue	1,963	2,383
14	^ 5270	Carrier Billing and Collection Revenue	3,156	2,387
15	^ 5280	Nonregulated Revenue	9,723	10,020
16	5300	Uncollectible Revenue	2,746	5,446
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	266,643	269,121
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	303	315
20	6120	General Support Expense	4,113	7,758
21	6210	Central Office Switching Expense	3,573	3,000
22	6220	Operator Systems Expense	0	0
23	6230	Central Office Transmission Expense	2,963	2,368
24	6310	Information Origination/Termination Expense	2,393	2,326
25	6410	Cable and Wire Facilities Expense	12,492	10,544
26	6431	Aerial Wire Expense	69	80
27	6441	Conduit Systems Expense	24	39
28	6510	Other Property, Plant & Equipment Expense	13	(16)
29	6530	Network Operations Expense	12,727	12,409
30	6540	Access Expense	4,782	4,385
31	6560	Depreciation and Amortization Expense	73,004	71,660
32	6610	Marketing	10,939	11,810
33	6620	Services	18,362	17,960
34	6710	Executive and Planning	749	325
35	6720	General and Administrative	25,306	17,236
36	6790	Provision for Uncollectible Notes Receivable	0	0
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	171,720	162,081
38	7100	Other Operating Income and Expense (Includes USF and Link Up America)	4	0
39	7200	Operating Taxes	38,867	46,583
40		Net Operating Income (L.17-L.37-L.38-L.39)	56,052	60,457

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^ Subaccount of the account marked with a *.

Note 1: This includes accounts 5100, 5111, and 5112 to be consistent with prior years.

Montana Intrastate Income Statement

(Thousands of Dollars)

Year: 2003

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues	131,512	137,931
3	5080	Network Access Revenues	23,101	26,883
4	* 5100	Long Distance Message Revenue	2,944	4,974
5	^ 5110	Unidirectional Long Distance Revenue (Note 1)	2,945	4,975
6	^ 5120	Long Distance Private Network Revenue	(1)	(1)
7	^ 5160	Other Long Distance Revenue	0	0
8	^ 5169	Other Long Distance Revenue Settlements	0	0
9	* 5200	Miscellaneous Revenue	5,914	3,107
10	^ 5230	Directory Revenue	2,052	2,088
11	^ 5240	Rent Revenue	668	(2,365)
12	^ 5250	Corporate Operations Revenue	1,424	1,037
13	^ 5260	Miscellaneous Revenue	1,508	2,000
14	^ 5270	Carrier Billing and Collection Revenue	263	346
15	^ 5280	Nonregulated Revenue	0	(0)
16	5300	Uncollectible Revenue	1,569	2,173
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	161,903	170,722
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	207	215
20	6120	General Support Expense	2,480	4,958
21	6210	Central Office Switching Expense	2,141	1,722
22	6220	Operator Systems Expense	0	0
23	6230	Central Office Transmission Expense	1,904	1,522
24	6310	Information Origination/Termination Expense	380	400
25	6410	Cable and Wire Facilities Expense	8,662	7,301
26	6431	Aerial Wire Expense	47	55
27	6441	Conduit Systems Expense	17	27
28	6510	Other Property, Plant & Equipment Expense	8	(10)
29	6530	Network Operations Expense	7,317	7,680
30	6540	Access Expense	985	1,388
31	6560	Depreciation and Amortization Expense	47,203	46,662
32	6610	Marketing	7,108	7,553
33	6620	Services	13,420	13,274
34	6710	Executive and Planning	518	227
35	6720	General and Administrative	17,222	11,795
36	6790	Provision for Uncollectible Notes Receivable	0	0
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	109,555	104,686
38	7100	Other Operating Income and Expense (Includes USF and Link Up America)	(10,173)	(9,901)
39	7200	Operating Taxes	25,911	34,300
40		Net Operating Income (L.17-L.37-L.38-L.39)	36,610	41,638

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^ Subaccount of the account marked with a *.

Note 1: This includes accounts 5100, 5111, and 5112 to be consistent with prior years.

Montana Intrastate Regulated Income Statement

(Thousands of Dollars)

Year: 2003

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues	129,595	137,210
3	5080	Network Access Revenues	17,533	21,803
4	* 5100	Long Distance Message Revenue	2,944	4,973
5	^ 5110	Unidirectional Long Distance Revenue (Note 1)	2,944	4,974
6	^ 5120	Long Distance Private Network Revenue	(1)	(1)
7	^ 5160	Other Long Distance Revenue	0	0
8	^ 5169	Other Long Distance Revenue Settlements	0	0
9	* 5200	Miscellaneous Revenue	5,664	2,853
10	^ 5230	Directory Revenue	2,052	2,088
11	^ 5240	Rent Revenue	772	(2,195)
12	^ 5250	Corporate Operations Revenue	1,375	1,003
13	^ 5260	Miscellaneous Revenue	1,466	1,957
14	^ 5270	Carrier Billing and Collection Revenue	0	0
15	^ 5280	Nonregulated Revenue	0	0
16	5300	Uncollectible Revenue	1,466	2,083
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	154,270	164,757
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	200	207
20	6120	General Support Expense	2,382	4,787
21	6210	Central Office Switching Expense	2,112	1,706
22	6220	Operator Systems Expense	0	0
23	6230	Central Office Transmission Expense	1,682	1,350
24	6310	Information Origination/Termination Expense	373	392
25	6410	Cable and Wire Facilities Expense	8,435	7,112
26	6431	Aerial Wire Expense	47	55
27	6441	Conduit Systems Expense	17	27
28	6510	Other Property, Plant & Equipment Expense	8	(10)
29	6530	Network Operations Expense	7,040	7,405
30	6540	Access Expense	985	1,388
31	6560	Depreciation and Amortization Expense	53,467	54,243
32	6610	Marketing	7,024	7,398
33	6620	Services	13,302	13,199
34	6710	Executive and Planning	500	219
35	6720	General and Administrative	18,937	14,520
36	6790	Provision for Uncollectible Notes Receivable	0	0
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	116,446	113,914
38	7100	Other Operating Income and Expense (Includes USF and Link Up America)	(10,173)	(9,901)
39	7200	Operating Taxes	19,910	27,385
40		Net Operating Income (L.17-L.37-L.38-L.39)	28,087	33,360

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^ Subaccount of the account marked with a *.

Note 1: This includes accounts 5100, 5111, and 5112 to be consistent with prior years.

Average Rate Base - Total State

(Thousands of Dollars)

Year: 2003

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	944,516	920,453
2	3100	Accumulated Depreciation (Note 1)	625,383	567,844
3	2002	Property Held for Future Telecommunications Use	0	0
4	3200	Accumulated Depreciation - 2002	0	0
5	1220	Materials and Supplies	612	596
6	4340	Noncurrent Deferred Operating Income Taxes	52,563	62,009
7		Pre-1971 Unamortized Investment Tax Credits	0	0
8		Cash Working Capital (if allowed by Commission)	0	0
9		Total Average Rate Base (L.1-L.2+L.3-L.4+L.5-L.6-L.7+L.8)	267,183	291,197

Average Rate Base - Intrastate

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	628,482	613,554
2	3100	Accumulated Depreciation (Note 1)	404,736	375,928
3	2002	Property Held for Future Telecommunications Use	0	0
4	3200	Accumulated Depreciation - 2002	0	0
5	1220	Materials and Supplies	416	401
6	4340	Noncurrent Deferred Operating Income Taxes	35,382	41,859
7		Pre-1971 Unamortized Investment Tax Credits	0	0
8		Cash Working Capital (if allowed by Commission)	0	0
9		Total Average Rate Base (L.1-L.2+L.3-L.4+L.5-L.6-L.7+L.8)	188,780	196,168

Average Rate Base - Regulated Intrastate

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	591,639	583,301
2	3100	Accumulated Depreciation (Note 1)	443,098	398,428
3	2002	Property Held for Future Telecommunications Use	0	0
4	3200	Accumulated Depreciation - 2002	0	0
5	1220	Materials and Supplies	401	387
6	4340	Noncurrent Deferred Operating Income Taxes	4,355	15,609
7		Pre-1971 Unamortized Investment Tax Credits	0	0
8		Cash Working Capital (if allowed by Commission)	0	0
9		Total Average Rate Base (L.1-L.2+L.3-L.4+L.5-L.6-L.7+L.8)	144,587	169,651

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Note 1: This also includes Accumulated Amortizations, accounts 3410, 3420, 3500, 3600.

Statement of Cash Flows

(Thousands of Dollars)

Year: 2003

Line No.	Item Description (a)	This Year (b)	Last Year (c)
1	Increase/(decrease) in Cash & Cash Equivalents		
2	Cash Flows from Operating Activities:		
3	Net Income	269,657	(115,617)
4	Reconciliation Adjustments:		
5	Depreciation & Amortization	3,269,255	3,367,539
6	Provision for Accounts Receivable Losses	124,888	259,188
7	Deferred Income Taxes - Net	27,522	16,488
8	Unamortized Investment Tax Credits (ITCs) - Net	(23,825)	(18,613)
9	Allowance for Funds Used During Construction (AFUDC)	(12,019)	(23,358)
10	Change in Operating Receivables - Net	159,867	377,494
11	Change in Materials, Supplies & Inventories - Net	(4,394)	29,337
12	Change in Operating Payables & Accrued Liabilities - Net	24,855	(395,884)
13	Change in Other Assets & Deferred Charges - Net	344,191	1,050,412
14	Change in Other Liabilities & Deferred Credits - Net	146,502	240,812
15	Other	403,033	48,161
16	Total Adjustments	4,459,875	4,951,575
17	Net Cash Provided by/(Used in) Operating Activities	4,729,532	4,835,958
18	Cash Inflows/Outflows From Investing Activities:		
19	Construction/Acquisition of Property, Plant & Equipment (net of		
20	AFUDC & Capital Lease Related Acquisitions)	(1,603,201)	(1,819,361)
21	Proceeds from Disposals of Property, Plant & Equipment	(45,021)	(120,981)
22	Investments In & Advances to Affiliates	0	(803,741)
23	Proceeds from Repayment of Advances	0	0
24	Other Investing Activities	0	0
25	Net Cash Provided by/(Used in) Investing Activities	(1,648,222)	(2,744,083)
26	Cash Flows from Financing Activities:		
27	Net Incr./(Decr.) in Short-Term Debt, Original maturity <= 3 mo.	0	(869,839)
28	Advances from Affiliates	0	0
29	Repayment of Advances from Affiliates	0	0
30	Proceeds from Issuances of Long-Term Debt	1,729,211	1,476,000
31	Repayment of Long-Term Debt	(1,188,714)	(361,640)
32	Payment of Capital Lease Obligations	(59,548)	(106,195)
33	Proceeds from Issuing Common Stock/Parent Co. Equity Investment	0	(215,547)
34	Repurchase of Treasury Shares	0	0
35	Dividends Paid	(2,880,362)	(1,915,184)
36	Other Financing Activities	0	0
37	Net Cash Provided by Financing Activities	(2,399,413)	(1,992,405)
38	Effect of Exchange Rate Changes on Cash	0	0
39	Net Increase/(Decrease) in Cash & Cash Equivalents	681,897	99,470
40	Cash & Cash Equivalents at Beginning of Period	253,683	154,214
41	Cash & Cash Equivalents at End of Period	935,580	253,683

Receivables and Investments-Affiliated & Nonaffiliated Companies

(Thousands of Dollars)		Year: 2003									
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	QWEST Wireless, LLC				19,989					(1,910,447)	
2	Malheur Home Telephone Company				(111)					12,304	
3	El Paso County Telephone				0					5,808	
4	QWEST Communications Corporation				15,114						
5	QWEST Communication Services, Inc				(2)						
6	QWEST DEX				89,132						
7	QWEST Advanced Technologies, Inc				1						
8	QWEST Business Resources, Inc				815						
9	QWEST Federal Services, Inc				242						
10	QWEST Interprise America				22,051						
11	QWEST Broadband Services				3,384						
12	QWEST Long Distance				28,587						
13	QWEST Service Corporation				(77,149)						
14	QWEST Information Technologies, Inc.				14,944						
15	TW Wireless, LLC				678						
16	Western Reinsurance				0						
17	QCII				3						
18	CYBER				9						
19	QWEST Comm(Malheur & Wireless)				(38)						
20											
21											
22											
23											
24											
25											
26	All other investments	843,009	1,156,099	(86,907)	21,883		801	0	(668)		19,977
27	Non-affiliates				186,424	(14,884)					
28											
29	Totals	843,009	1,156,099	(86,907)	325,756	(14,884)	801	0	(668)	(1,892,335)	19,977

Net Plant in Service - Detail

(Thousands of Dollars)

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)	Year: 2003 End of Year Net Plant Balance (i)
1	2110	Land and Support Assets	69,252	2,624	1,220	0	70,656	34,726	35,930
2	2111	Land	1,736	0	3		1,733	0	1,733
3	2112	Motor Vehicles	9,068	210	335		8,343	6,890	1,453
4	2113	Aircraft	0	0	0		0	0	0
5	2114	Special Purpose Vehicles	128	0	7		121	113	8
6	2115	Garage Work Equipment	263	0	19		244	86	158
7	2116	Other Work Equipment	4,505	510	15		5,000	42	4,958
8	2121	Buildings	45,646	1,803	233		47,216	21,827	25,389
9	2122	Furniture	16	0	0		16	(69)	85
10	2123	Office Equipment	629	28	0		657	422	235
11	2124	General Purpose Computers	7,261	73	8		7,326	5,415	1,911
12	2211	Analog Electronic Switching	0	0	0		0	0	0
13	2212	Digital Electronic Switching	174,241	6,664	1,957		178,948	113,200	65,748
14	2215	Electro-Mechanical Switching	0	0	0		0	0	0
15	2220	Operator Systems	0	0	0		0	0	0
16	2231	Radio Systems	12,365	267	668		11,964	8,699	3,265
17	2232	Circuit Equipment	180,425	8,818	1,159		188,084	142,159	45,925
18	2310	Information Orig & Term Equip	8,519	308	417	0	8,410	4,944	3,466
19	2311	Station Apparatus	0	0	0		0	0	0
20	2321	Customer Premises Wiring	0	0	0		0	0	0
21	2341	Large Private Branch Exchanges	0	0	0		0	0	0
22	2351	Public Telephone Term. Equip.	3,337	92	429		3,000	2,493	507
23	2362	Other Terminal Equipment	5,182	216	(12)		5,410	2,451	2,959
24	2411	Poles	6,873	97	56		6,914	10,959	(4,045)
25	2420	Cable and Wire Facilities	418,785	10,097	888	0	427,994	309,486	118,508
26	2421	Aerial Cable	35,588	744	356		36,076	36,833	(757)
27	2422	Underground Cable	43,614	608	15		44,207	37,491	6,716
28	2423	Buried Cable	331,624	8,517	603		339,538	229,215	110,323
29	2424	Submarine Cable	32	0	0		32	27	5
30	2425	Deep Sea Cable	0	0	0		0	0	0
31	2426	Intrabuilding Network Cable	7,927	228	14		8,141	5,920	2,221
32	2431	Aerial Wire	1,127	54	1		1,180	1,042	138
33	2441	Conduit Systems	21,597	325	2		21,920	9,545	12,375
34		Totals	893,184	29,254	6,368	0	916,070	634,760	281,310

^ Subaccount of the account marked with a *.

Analysis of Plant Held for Future Use

(Thousands of Dollars)

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)	Year: 2003	
							Book Cost of Property at End of Year (g)	
1	<i>Qwest Corporation - Montana had no Plant Held for Future Use in 2003.</i>							
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26								
27								
28								
29								
30	Totals (Sum L.1 to L.29)		0	0	0	0	0	0

Cost of Long Term Debt

(Thousands of Dollars)

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)	Year: 2003	
												Total Cost (%) (l)	
1	QWEST CORPORATION												
2	5.650% 11 Year Note	10/28/93	11/01/04	100,000	N/A	96,979	96.98	99,713	5.65%	5,650	328	6.00%	
3	6.625% 10 Year Note	09/15/95	09/15/05	250,000	N/A	247,661	99.06	249,572	6.63%	16,563	240	6.73%	
4	6.125% 12 Year Note	11/15/93	11/15/05	150,000	N/A	149,319	99.55	149,913	6.13%	9,188	50	6.16%	
5	7.500% 30 Year Debenture	06/15/93	06/15/23	484,000	N/A	479,693	99.11	481,222	7.50%	36,300	145	7.57%	
6	7.250% 30 Year Debenture	09/15/95	09/15/25	250,000	N/A	247,276	98.91	247,958	7.25%	18,125	84	7.34%	
7	7.200% 31 Year Debenture	11/10/95	11/10/26	250,000	N/A	245,018	98.01	245,780	7.20%	18,000	117	7.37%	
8	8.875% 40 Year Debenture	06/01/91	06/01/31	1,000,000	N/A	903,417	90.34	911,296	8.88%	22,188	115	9.23%	
9	7.250% 40 Year Debenture	09/15/93	09/15/33	250,000	N/A	244,154	97.66	244,798	7.25%	18,125	969	7.65%	
10	7.125% 50 Year Debenture	10/15/95	10/15/35	250,000	N/A	247,770	99.11	248,281	7.13%	17,813	84	7.44%	
11	5.625% 10 Year Note	11/15/93	11/15/03	320,000	N/A	316,787	99.00	318,246	5.63%	18,000	50	7.19%	
12	7.200% 05 Year Note	11/01/99	11/01/04	750,000	N/A	743,935	99.19	748,817	7.20%	54,000	340	5.76%	
13	6.50% 04 Year Note	06/09/03	06/09/07	1,250,000	N/A	1,212,020	96.96	1,216,618	6.50%	81,250	1,327	7.39%	
14	8.875% 10 Year Note	03/12/02	03/15/12	1,500,000	N/A	1,441,581	96.11	1,447,363	8.88%	136,875	4,066	9.74%	
15	7.95% 7 Year Note	06/09/03	06/09/10	500,000	N/A	481,548	96.31	482,680	6.95%	24,750	(17,320)	N/M	
16	EASTERN REGION												
17	6.250% 39 Year Debenture	01/01/68	01/01/07	89,700	N/A	89,045	99.27	89,850	6.25%	5,606	17	6.27%	
18	Refinanced Debenture	02/15/77	02/15/17		N/A			(6,533)			498	-7.62%	
19	7.750% 40 Year Debenture	05/01/90	05/01/30	42,883	N/A	33,853	78.94	34,424	7.75%	3,323	64	9.84%	
20													
21													
22													
23													
24													
25													
26													
27	CENTRAL REGION												
28													
29													
30	5.500% 39 Year Debenture	06/01/66	06/01/05	40,760	N/A	40,738	99.95	40,759	5.50%	2,242	1	5.50%	
31	6.000% 40 Year Debenture	08/01/67	08/01/07	70,200	N/A	69,768	99.38	70,161	6.00%	4,212	11	6.02%	
32	Refinanced Debenture	11/01/76	11/01/16		N/A			(3,988)			311	-7.79%	
33	Refinanced Debenture	09/15/77	09/15/17		N/A			(5,885)			429	-7.29%	
34	Refinanced Debenture	06/01/83	06/01/23		N/A			(17,455)			899	-5.15%	
35	Refinanced Debenture	02/01/85	02/01/25		N/A			(17,151)			813	-4.74%	
36	Refinanced Debenture	02/01/77	02/01/17		N/A			(7,532)			575	-7.64%	
37	Refinanced Debenture	02/01/77	02/01/17		N/A			(16,702)			1,276	-7.64%	
38	7.375% 40 Year Debenture	05/01/90	05/01/30	55,150	N/A	41,484	75.22	42,347	7.38%	4,067	106	9.86%	
39													
40													
41	Subtotal Page 1 of 2			7,852,693		7,572,523		7,536,013		565,026			(37,786)

Cost of Long Term Debt

(Thousands of Dollars)

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)	Year: 2003	
												Total Cost (%) (l)	
1	WESTERN REGION												
2	Refinanced Debenture	05/01/80	05/01/20		N/A			(7,209)			441	-6.12%	
3													
4													
5													
6													
7	PROMISSORY NOTES												
8													
9													
10	3280 28th St, Boulder CO	08/01/02	12/01/05	499	N/A	N/A	N/A	482	N/A	68	0	14.11%	
11	1515 Arapahoe, Denver CO	09/01/02	04/01/04	405	N/A	N/A	N/A	405	N/A	55	0	13.58%	
12	6251 Greenwood, Englewood CO	12/31/02	02/01/04	195	N/A	N/A	N/A	195	N/A	22	0	11.28%	
13	201 3rd St, Albuquerque, NM	12/31/02	04/01/05	749	N/A	N/A	N/A	746	N/A	84	0	11.26%	
14	701 Xenia, Golden Valley MN	12/31/02	05/01/04	260	N/A	N/A	N/A	280	N/A	31	0	11.07%	
15	12121 Grant, Thornton, CO	12/31/02	05/01/04	6,290	N/A	N/A	N/A	6,130	N/A	645	0	10.52%	
16													
17													
18													
19	OTHER LONG TERM DEBT												
20													
21													
22	IBM Note	06/25/99	07/01/04	17,285	N/A	N/A	N/A	17,285	5.95%	1,028	0	5.95%	
23	IBM Note	12/31/99	01/01/05	15,927	N/A	N/A	N/A	15,927	6.52%	1,038	0	6.52%	
24													
25													
26													
27													
28	Subtotal Page 2 of 2			41,630		0		34,241		2,971	441		
29													
30	Grand Total			7,894,323		7,572,523		7,570,254		567,997	(37,345)		

NOTES:

The amortization of debt issuance expenses are included in column K for the debt issues.

The schedule includes funded debt, current maturities long term debt, and other long term debt.

Cost of Preferred Stock

(Thousands of Dollars)

Year: 2003

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	QWEST CORPORATION											
2	HAS NO PREFERRED 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)					0	0			0	0	0

Analysis of Common Stock

(Thousands of Dollars)

Year: 2003

Line No.	(a)	Avg. Number of Shares Outstanding (b)	Book Value (per share) (c)	Earnings (per share) (d)	Dividends (per share) (e)	Retention Ratio (f)	Market Price High (g) Low (h)	Price/Earnings Ratio (i)
1	Year Ended December 31, 2003:	1	3,468,736	269,557	2,306,044	N/M	N/A	N/A
2								
3								
4								
5								
6								
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12								
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Notes:

1. Qwest Corporation is 100% owned by Qwest Communications International, Inc., the parent company. Qwest Corporation has issued one share of stock to its parent company.
2. Because one share of stock is outstanding, all per share figures reflect gross dollar amounts of Book Value, Net Income, and Dividends.
3. Book Value (per share) in column C reflects Total Shareholders Equity and includes both capital stock and retained earnings.
4. Based on 2003 ARMIS data.

N/M=Not Meaningful

Capital Stock and Funded Debt Reacquired or Retired During the Year
(Thousands of Dollars)

Year: 2003

Line No.	Description of Security (a)	Call or Retirement Date (b)	Number of Shares (c)	Principal Amount (d)	Reacquisition or Retirement Cost (e)	Gain or (Loss) (f)	Retirement or Reacquisition (g)
1	<u>FUNDED DEBT</u>						
2							
3	<u>U.S. WEST Communications</u>						
4	10 YR 7.10% Medium Term Note						
5	Due 01-20-03	1/20/03		35,000			Retirement
6	10 YR 7.10% Medium Term Note						
7	Due 01-21-03	1/21/03		12,000			Retirement
8	10 YR 7.05% Medium Term Note						
9	Due 01-27-03	1/27/03		15,000			Retirement
10	10 YR 6.96% Medium Term Note						
11	Due 02-03-03	2/3/03		18,000			Retirement
12	10 YR 6.97% Medium Term Note						
13	Due 02-03-03	2/3/03		15,000			Retirement
14	10 YR 6.90% Medium Term Note						
15	Due 02-04-03	2/4/03		10,000			Retirement
16	3 YR 7.625% Note						
17	Due 06-09-03	6/9/03		1,000,000			Retirement
18							
19	<u>Pacific Northwest Bell</u>						
20	40 YR 4.50% Debenture						
21	Due 04-01-03	4/1/03		50,000			Retirement
22							
23	<u>Qwest Corporation</u>						
24	Promissory Notes	Various		1,500			Retirement
25	Totals (Sum L.1 to L.24)		0	1,156,500	0	0	0

Total Company Expense Matrix

Year: 2003

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	342,733	304,733	1,466,119	16,856,908	0	18,970,492
2	6112	Motor Vehicle Expense	382,084	298,674	1,268,544	14,953,698	0	16,903,000
3	6113	Aircraft Expense	0	0	2,125	(2,123)	0	2
4	6114	Special Purpose Vehicles Expense	5,520	1,965	0	73,301	0	80,785
5	6115	Garage Work Equipment Expense	5,413	2,030	6,932	480,577	0	494,953
6	6116	Other Work Equipment Expense	(50,284)	2,064	188,518	1,351,454	0	1,491,753
7	6120	General Support Expense	22,156,637	8,698,126	114,726,510	156,546,781	0	302,128,054
8	6121	Land and Building Expense	8,282,057	3,066,383	101,845,402	88,591,287	0	201,785,129
9	6122	Furniture and Artworks Expense	103,277	31,273	14,723	5,870,048	0	6,019,321
10	6123	Office Equipment Expense	3,658,468	1,342,485	2,844,555	6,561,555	0	14,407,064
11	6124	General Purpose Computers Expense	10,112,834	4,257,984	10,021,829	55,523,892	0	79,916,540
12	6210	Central Office Switching Expense	99,497,136	36,923,270	28,565,071	24,748,720	0	189,734,197
13	6211	Analog Electronic Expense					0	0
14	6212	Digital Electronic Expense					0	0
15	6215	Electro-Mechanical Expense	99,497,136	36,923,270	28,565,071	24,748,720	0	189,734,197
16	6220	Operator Systems Expense	6,310	2,321	143,819	45,419	0	197,869
17	6230	Central Office Transmission Expense	100,855,030	37,202,868	1,174,682	19,513,044	0	158,745,624
18	6231	Radio Systems Expense	1,622,461	603,108	12,478	1,094,198	0	3,332,246
19	6232	Circuit Equipment Expense	99,232,569	36,599,760	1,162,203	18,418,846	0	155,413,378
20	6310	Information Origination/Termination Expense	100,392,032	37,180,730	523,899	15,946,966	0	154,043,627
21	6311	Station Apparatus Expense	4,190,195	1,544,948	22,412	(840,818)	0	4,916,737
22	6341	Large Private Branch Exchange Expense	13,538,772	5,005,476	78,222	1,040,762	0	19,663,232
23	6351	Public Telephone Terminal Equipment Expense	6,266,408	2,323,599	73	4,874,075	0	13,464,156
24	6362	Other Terminal Equipment Expense	76,396,657	28,306,707	423,192	10,872,946	0	115,999,501
25	6410	Cable and Wire Facilities Expense	400,163,968	146,227,795	19,947,927	170,565,994	0	736,905,683
26	6411	Poles Expense	516,601	185,682	12,169,880	3,082,267	0	15,954,431
27	6421	Aerial Cable Expense	82,258,651	30,624,167	339,772	12,968,262	0	126,190,852
28	6422	Underground Cable Expense	31,746,349	11,608,720	(2,504,154)	11,609,171	0	52,460,085
29	6423	Buried Cable Expense	273,155,445	99,236,254	9,828,390	126,763,011	0	508,983,100
30	6424	Submarine Cable Expense	5	1	0	14,329	0	14,336
31	6425	Deep Sea Cable Expense	0	0	0	0	0	0
32	6426	Intrabuilding Network Cable Expense	12,118,680	4,453,854	92,349	2,162,581	0	18,827,464
33	6431	Aerial Wire Expense	66,785	24,497	531	3,766,208	0	3,858,020
34		Subtotals	723,112,392	266,445,221	166,526,869	394,023,667	0	1,550,108,149

^ Subaccount of the account marked with a *

Total Company Expense Matrix

Year: 2003

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	301,452	94,620	21,159	10,200,165	0	10,617,396
36	6510	Other Property Expenses	(1,778,447)	(110,699)	0	3,391,789	0	1,502,642
37	6530	Network Operations Expense	345,985,671	177,025,465	28,817	166,353,330	0	689,393,284
38	6531	Power Expense	0	0	0	66,520,202	0	66,520,202
39	6532	Network Administration Expense	13,627,705	3,382,050	0	662,216	0	17,671,971
40	6533	Testing Expense	107,243,927	39,850,505	0	1,806,794	0	148,901,226
41	6534	Plant Operations Expense	196,377,302	116,858,654	28,150	69,877,529	0	383,141,635
42	6535	Engineering Expense	28,736,737	16,934,256	667	27,486,589	0	73,158,249
43	6540	Access Expense	0	0	0	249,711,203	0	249,711,203
44	6561	Depreciation - Telecomm. Plant in Service	0	0	0	2,862,903,587	0	2,862,903,587
45	6562	Depreciation-Prop. for Future Telecom. Use	0	0	0	0	0	0
46	6563	Amortization Expense - Tangible	0	0	0	64,955,492	0	64,955,492
47	6564	Amortization Expense - Intangible	0	0	0	344,085,489	0	344,085,489
48	6565	Amortization - Other	0	0	0	(2,689,322)	0	(2,689,322)
49	6610	Marketing	34,191,461	11,717,333	91	457,520,835	0	503,429,720
50	6611	Product Management	11,554,802	3,583,117	0	100,938,291	0	116,075,209
51	6612	Sales	22,636,660	8,134,894	91	318,672,467	0	349,444,111
52	6613	Product Advertising	0	322	0	37,910,078	0	37,910,400
53	6621	Call Completion Services	13,458,892	8,842,521	0	322,628	0	22,624,041
54	6622	Number Services	36,609,507	25,675,333	138	1,182,094	0	63,467,073
55	6623	Customer Services	384,421,089	200,806,504	13,747	218,028,164	0	803,269,504
56	6711	Executive	764,165	528,766	824	30,315,019	0	31,608,774
57	6712	Planning	0	1,946	0	2,758,463	0	2,760,409
58	6721	Accounting and Finance	21,205,064	8,714,325	0	85,125,655	0	115,045,043
59	6722	External Relations	2,004,175	751,457	0	142,707,307	0	145,462,940
60	6723	Human Relations	4,618,945	1,488,290	863	32,111,702	0	38,220,800
61	6724	Information Management	(76,757,372)	(19,668,357)	1,425,530	855,310,429	0	760,310,230
62	6725	Legal	0	0	0	75,714,095	0	75,714,095
63	6726	Procurement	0	185	0	19,797,021	0	19,797,206
64	6727	Research and Development	0	0	0	100,956	0	100,956
65	6728	Other General and Administrative	(9,171,069)	1,795,024	0	149,324,594	0	154,871,056
66	6790	Provision for Uncollectible Notes Receivable	0	0	0	0	0	0
67	8747	Administrative Services Clearing	0	0	0	0	0	0
68		Totals	1,478,965,926	684,108,933	180,940,544	6,163,254,363	0	8,507,269,766

^ Subaccount of the account marked with a *.

Total State Expense Matrix

Year: 2003

Line No.	Acct. No.	Description (b)	Salaries and Wages (c)	Benefits (d)	Rents (e)	Other Expenses (f)	Clearances (g)	Total (h)
1	6110	Network Support Expense	51,554	25,759	731	225,337	0	303,381
2	6112	Motor Vehicle Expense	54,253	25,682	(320)	195,209	0	274,823
3	6113	Aircraft Expense	0	0	0	0	0	0
4	6114	Special Purpose Vehicles Expense	1,033	350	0	1,719	0	3,103
5	6115	Garage Work Equipment Expense	1,290	492	0	4,383	0	6,165
6	6116	Other Work Equipment Expense	(5,022)	(764)	1,051	24,026	0	19,291
7	6120	General Support Expense	523,692	205,962	959,662	2,423,642	0	4,112,958
8	6121	Land and Building Expense	318,167	117,685	632,052	1,587,631	0	2,655,535
9	6122	Furniture and Artworks Expense	0	0	102	54,985	0	55,087
10	6123	Office Equipment Expense	23,146	8,406	39,271	163,572	0	234,396
11	6124	General Purpose Computers Expense	182,379	79,871	288,236	617,454	0	1,167,941
12	6210	Central Office Switching Expense	2,209,916	822,690	173,763	366,958	0	3,573,327
13	6211	Analog Electronic Expense					0	0
14	6212	Digital Electronic Expense	2,209,916	822,690	173,763	366,958	0	3,573,327
15	6215	Electro-Mechanical Expense	0	0	0	0	0	0
16	6220	Operator Systems Expense	0	0	0	0	0	0
17	6230	Central Office Transmission Expense	1,951,854	717,532	21,913	272,051	0	2,963,349
18	6231	Radio Systems Expense	50,303	18,827	288	4,107	0	73,526
19	6232	Circuit Equipment Expense	1,901,550	698,704	21,625	267,944	0	2,889,823
20	6310	Information Origination/Termination Expense	1,459,506	543,269	7,055	383,413	0	2,393,244
21	6311	Station Apparatus Expense	7,579	2,844	49	567	0	11,039
22	6341	Large Private Branch Exchange Expense	191,277	70,208	1,242	15,183	0	277,909
23	6351	Public Telephone Terminal Equipment Expense	142,346	54,396	10	182,100	0	378,852
24	6362	Other Terminal Equipment Expense	1,118,304	415,822	5,754	185,563	0	1,725,443
25	6410	Cable and Wire Facilities Expense	6,452,099	2,069,722	698,238	3,272,254	0	12,492,313
26	6411	Poles Expense	4,035	1,420	(165,309)	19,156	0	(140,698)
27	6421	Aerial Cable Expense	1,390,393	519,856	79,248	262,556	0	2,252,053
28	6422	Underground Cable Expense	237,453	88,431	3,580	64,681	0	394,144
29	6423	Buried Cable Expense	4,659,902	1,399,752	779,708	2,810,298	0	9,649,659
30	6424	Submarine Cable Expense	0	0	0	0	0	0
31	6425	Deep Sea Cable Expense	0	0	0	0	0	0
32	6426	Intrabuilding Network Cable Expense	157,398	59,179	999	26,719	0	244,295
33	6431	Aerial Wire Expense	263	85	1	68,152	0	68,501
34		Subtotals	12,645,966	4,383,935	1,861,350	6,922,963	0	25,814,214

^ Subaccount of the account marked with a *.

Total State Expense Matrix

Year: 2003

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	2,654	999	12	20,693	0	24,359
36	6510	Other Property Expenses	(35,704)	(534)	0	49,197	0	12,959
37	6530	Network Operations Expense	5,583,327	3,131,462	242	4,012,235	0	12,727,266
38	6531	Power Expense	0	0	0	1,295,073	0	1,295,073
39	6532	Network Administration Expense	233,109	50,075	0	14,104	0	297,287
40	6533	Testing Expense	2,015,837	747,543	0	33,901	0	2,797,281
41	6534	Plant Operations Expense	2,737,778	2,016,302	146	1,971,680	0	6,727,906
42	6535	Engineering Expense	596,603	315,542	96	697,477	0	1,609,719
43	6540	Access Expense	0	0	0	4,781,511	0	4,781,511
44	6561	Depreciation - Telecomm. Plant in Service	0	0	0	64,654,861	0	64,654,861
45	6562	Depreciation-Prop. for Future Telecom. Use	0	0	0	0	0	0
46	6563	Amortization Expense - Tangible	0	0	0	630,194	0	630,194
47	6564	Amortization Expense - Intangible	0	0	0	7,719,065	0	7,719,065
48	6565	Amortization - Other	0	0	0	0	0	0
49	6610	Marketing	730,650	251,637	2	9,956,568	0	10,938,857
50	6611	Product Management	240,554	77,314	2	2,126,330	0	2,444,199
51	6612	Sales	490,096	174,323	2	7,128,479	0	7,792,899
52	6613	Product Advertising	0	0	0	701,759	0	701,759
53	6621	Call Completion Services	471,902	337,732	0	15,291	0	824,924
54	6622	Number Services	674,891	505,098	66	21,977	0	1,202,032
55	6623	Customer Services	7,548,287	3,876,719	280	4,909,445	0	16,334,731
56	6711	Executive	73,779	13,117	17	606,734	0	693,648
57	6712	Planning	0	39	0	55,252	0	55,291
58	6721	Accounting and Finance	411,642	171,268	0	1,694,616	0	2,277,525
59	6722	External Relations	76,126	33,910	0	2,828,831	0	2,938,867
60	6723	Human Relations	87,486	28,479	17	642,467	0	758,448
61	6724	Information Management	(1,748,481)	(450,162)	28,245	16,635,776	0	14,465,379
62	6725	Legal	0	0	0	1,710,664	0	1,710,664
63	6726	Procurement	0	4	0	396,538	0	396,538
64	6727	Research and Development	0	0	0	2,022	0	2,022
65	6728	Other General and Administrative	(184,467)	35,461	0	2,861,859	0	2,756,438
66	6790	Provision for Uncollectible Notes Receivable	0	0	0	0	0	0
67	8747	Administrative Services Clearing	0	0	0	0	0	0
68		Totals	26,338,057	12,319,164	1,933,818	131,128,756	0	171,719,795

^ Subaccount of the account marked with a *.

Pension Costs

(Thousands of Dollars)

Year: 2003

1	Plan Name Qwest Pension Plan			
2	Defined Benefit Plan? Yes	Defined Contribution Plan? No		
3	Actuarial Cost Method? Projected Unit Credit	IRS Code: 005		
4	Annual Contribution by Employer: 0	Is the Plan Over Funded? Yes		
5				
	Item	Current Year	Last Year	% Change
6	Change in Benefit Obligation			
7	Benefit obligation at beginning of year	7,346,800	7,892,500	-6.91%
8	Service cost	115,173	104,347	10.37%
9	Interest Cost	407,058	408,305	-0.31%
10	Plan participants' contributions	0	0	
11	Amendments	0	0	
12	Actuarial Gain	749,036	107,623	595.98%
13	Acquisition	0	0	
14	Benefits paid	(886,911)	(1,355,759)	34.58%
14a	Special termination benefits	63,148	189,784	-66.73%
15	Benefit obligation at end of year	7,794,304	7,346,800	6.09%
16	Change in Plan Assets			
17	Fair value of plan assets at beginning of year	6,910,247	9,118,985	-24.22%
18	Adjustment to match trust	0	0	
19	Actual return on plan assets	1,813,591	(852,979)	312.62%
20	Acquisition	0	0	
21	Employer contribution	0	0	
22	Plan participants' contributions	0	0	
23	420 Transfer	0	0	
24	Benefits paid	(886,911)	(1,355,759)	34.58%
25	Fair value of plan assets at end of year	7,836,927	6,910,247	13.41%
26	Funded Status			
27	Unrecognized net actuarial loss	42,623	(436,553)	109.76%
28	Unrecognized prior service cost	880,270	1,363,908	-35.46%
29	Prepaid (accrued) benefit cos	(87,339)	(135,740)	35.66%
		835,554	791,615	5.55%
30				
31	Weighted-average Assumptions as of Year End			
32	Discount rate	6.25%	6.75%	-7.41%
33	Expected return on plan assets	9.00%	9.40%	-4.26%
34	Rate of compensation increase	4.65%	4.65%	0.00%
35				
36	Components of Net Periodic Benefit Costs			
37	Service cost	115,173	104,347	10.37%
38	Interest cost	407,058	408,305	-0.31%
39	Expected return on plan assets	(580,917)	(628,437)	7.56%
40	Amortization of prior service cost	(48,401)	(51,716)	6.41%
41	Recognized net actuarial loss	-	7,410	-100.00%
42	Net periodic benefit cos	(107,087)	(160,091)	33.11%
43				
44	Montana Intrastate Costs:			
45	Pension Costs	(1,122)	(2,054)	45.37%
46	Pension Costs Capitalized	(230)	(417)	44.84%
47	Accumulated Pension Asset (Liability) at Year End	14,255	13,612	4.72%
48	Number of Company Employees:			
49	Covered by the Plan	72,541	75,714	-4.19%
50	Not Covered by the Plan	0	0	
51	Active	32,297	37,197	-13.17%
52	Retired	40,244	38,517	4.48%
53	Deferred Vested Terminated	14,136	13,596	3.97%

Other Post Employment Benefits (OPEBS)

(Thousands of Dollars)

Year: 2003

	Item	Current Year	Last Year	% Change
1	Regulatory Treatment:			
2	Commission authorized - most recent			
3	Docket number: 90.12.86			
4	Order number: 5535g			
5	Amount recovered through rates	3,869	1,539	151.40%
6	Weighted-average Assumptions as of Year End			
7	Discount rate	6.25%	6.75%	-7.41%
8	Expected return on plan assets	9.00%	9.40%	-4.26%
9	Medical Cost Inflation Rate	10% graded to 5%	10% graded to 5%	
10	Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	
11	Rate of compensation increase	N/A	N/A	
12	List each method used to fund OPEBs (ie: VEBA, 401(h)) and if tax advantaged:			
13	VEBA - Yes 420 Transfer - No			
14	Cash - Yes			
15	Describe any Changes to the Benefit Plan:			
16				
16a				
17	TOTAL COMPANY			
18	Change in Benefit Obligation			
19	Benefit obligation at beginning of year	5,078,148	4,230,000	20.05%
20	Service cost	17,909	21,434	-16.45%
21	Interest Cost	342,293	291,013	17.62%
22	Plan participants' contributions	0	0	
23	Amendments	0	0	
24	Actuarial Gain	391,766	842,587	-53.50%
25	Acquisition	0	0	
26	Benefits paid	(322,116)	(306,886)	-4.96%
27	Benefit obligation at end of year	5,508,000	5,078,148	8.46%
28	Change in Plan Assets			
29	Fair value of plan assets at beginning of year	1,509,406	1,886,888	-20.01%
30	Actual return on plan assets	356,613	(103,635)	444.10%
31	Acquisition	0	0	
32	Employer contribution	115,133	33,039	248.48%
32a	Life Trust Reimbursement	0	0	
33	Plan participants' contributions	0	0	
34	Benefits paid	(322,116)	(306,886)	-4.96%
35	Fair value of plan assets at end of year	1,659,036	1,509,406	9.91%
36	Funded Status			
37	Unrecognized net actuarial loss	(3,848,964)	(3,568,742)	-7.85%
38	Unrecognized prior service cost	1,154,569	1,073,750	7.53%
39	Prepaid (accrued) benefit cost	(17,251)	(36,450)	52.67%
		(2,711,646)	(2,531,442)	-7.12%
40	Components of Net Periodic Benefit Costs			
41	Service cost	17,909	21,434	-16.45%
42	Interest cost	342,293	291,013	17.62%
43	Expected return on plan assets	(134,925)	(176,082)	23.37%
44	Amortization of prior service cost	(9,199)	(9,199)	
45	Recognized net actuarial loss	79,259	(19,660)	503.15%
46	Net periodic benefit cost	295,337	107,506	174.72%
47	Accumulated Post Retirement Benefit Obligation			
48	Amount Funded through VEBA	8,005	0	100.00%
49	Amount Funded through 401(h)	0	0	
50	Amount Funded through Other - Cash	107,128	33,039	224.25%
51	TOTAL	115,133	33,039	248.48%
52	Amount that was tax deductible - VEBA	8,005	0	100.00%
53	Amount that was tax deductible - 401(h)	0	0	
54	Amount that was tax deductible - Cash	107,128	33,039	224.25%
55	TOTAL	115,133	33,039	248.48%

Other Post Employment Benefits (OPEBS) Continued

(Thousands of Dollars)

Year: 2003

	Item	Current Year	Last Year	% Change
1	Number of Company Employees:			
2	Covered by the Plan	77,060	80,214	-3.93%
3	Not Covered by the Plan	3,400	6,083	-44.11%
4	Active	31,125	33,286	-6.49%
5	Retired	42,535	40,845	4.14%
6	Spouses/Dependants covered by the Plan	25,907	26,719	-3.04%
7	Montana			
8	Change in Benefit Obligation			
9	Benefit obligation at beginning of year	59,955	49,213	21.83%
10	Service cost	215	265	-18.87%
11	Interest Cost	4,108	3,599	14.14%
12	Plan participants' contributions	0	0	
13	Amendments	0	0	
14	Actuarial Gain	4,561	10,818	-57.84%
15	Acquisition	0	0	
16	Benefits paid	(3,750)	(3,940)	4.82%
17	Benefit obligation at end of year	65,089	59,955	8.56%
18	Change in Plan Assets			
19	Fair value of plan assets at beginning of year	36,553	41,824	-12.60%
20	Actual return on plan assets	4,151	(1,331)	411.87%
21	Acquisition	0	0	
22	Employer contribution	0	0	
22a	Life Trust Reimbursement	0	0	
23	Plan participants' contributions	0	0	
24	Benefits paid	(3,750)	(3,940)	4.82%
25	Fair value of plan assets at end of year	36,954	36,553	1.10%
26	Funded Status	(28,135)	(23,402)	-20.22%
27	Unrecognized net actuarial loss	13,440	13,786	-2.51%
28	Unrecognized prior service cost	(201)	(468)	57.05%
29	Prepaid (accrued) benefit cost	(14,896)	(10,084)	-47.72%
30	Components of Net Periodic Benefit Costs			
31	Service cost	215	265	-18.87%
32	Interest cost	4,108	3,599	14.14%
33	Expected return on plan assets	(3,606)	(4,319)	16.51%
34	Amortization of prior service cost	2,227	2,253	-1.15%
35	Recognized net actuarial loss	925	(259)	457.14%
36	Net periodic benefit cost	3,869	1,539	151.40%
37	Accumulated Post Retirement Benefit Obligation			
38	Amount Funded through VEBA	2,234	0	100.00%
39	Amount Funded through 401(h)	0	0	
40	Amount Funded through other - Cash	0	424	-100.00%
41	TOTAL	2,234	424	426.89%
42	Amount that was tax deductible - VEBA	2,234	0	100.00%
43	Amount that was tax deductible - 401(h)	0	0	
44	Amount Funded through other - Cash	0	424	-100.00%
45	TOTAL	2,234	424	426.89%
46	Montana Intrastate Costs:			
47	Benefit Cost Expensed	3,408	1,378	147.31%
48	Benefit Cost Capitalized	461	161	186.34%
49	Benefit Payments - Medical	3,750	3,540	5.93%
50	Number of Montana Employees:			
51	Covered by the Plan	447	448	-0.22%
52	Not Covered by the Plan	N/A	N/A	
53	Active	447	448	-0.22%
54	Retired	N/A	N/A	
55	Spouses/Dependants covered by the Plan	N/A	N/A	

Payments for Services to Persons Other Than Employees

(Thousands of Dollars)

Year: 2003

Line No.	Name of Recipient (a)	Nature of Service (b)	Total Company Cost (c)	Total State Cost (d)	Intrastate Cost (e)
1	ALCATEL USA MARKETING, INC	Advertising and Information Service	1,354		
2	ASPEN MARKETING SERVICES	Advertising and Information Service	1,387		
3	COMMUNIGRAPHICS/GAC	Advertising and Information Service	1,414		
4	FCB-NEW YORK	Advertising and Information Service	7,729		
5	FCB-NEW YORK	Advertising and Information Service	3,082		
6	HENRY WURST INC	Advertising and Information Service	1,085		
7	ICON	Advertising and Information Service	1,326		
8	INITIATIVE MEDIA WORLDWIDE	Advertising and Information Service	8,490		
9	LTD DIRECT MARKETING INC	Advertising and Information Service	1,257		
10	MCCLAIN FINLON ADVERTISING INC	Advertising and Information Service	3,034		
11	NEWSPAPER SERVICES OF AMERICA	Advertising and Information Service	4,930		
12	PICTORIAL OFFSET CORP	Advertising and Information Service	1,063		
13	SANDY ALEXANDER INC	Advertising and Information Service	1,041		
14					
15	TOTAL ADVERTISING AND INFORMATION SERVICES		37,192		
16					
17					
18					
19	KPMG LLP	Audit and Accounting Service	2,550		
20					
21	TOTAL AUDIT AND ACCOUNTING SERVICES		2,550		
22					
23					
24					
25	AIMS LOGISTIC	Clerical and Office Service	42,794		
26	STEELCASE	Clerical and Office Service	4,840		
27					
28	TOTAL CLERICAL AND OFFICE SERVICES		47,634		
29					
30					
31					
32	CISCO SYSTEMS INC	Computer and Data Processing Service	3,985		
33	INTRADO INC	Computer and Data Processing Service	11,687		
34	WALLACE CORPORATE SERVICES INC	Computer and Data Processing Service	3,306		
35					
36	TOTAL COMPUTER AND DATA PROCESSING SERVICES		18,978		
37					
38					
39					
40	ACCENTURE LLP	Consulting and Research Service	2,192		
41	COMMUNICATIONS TEST DESIGN INC	Consulting and Research Service	7,987		
42	ERNST & YOUNG LLP	Consulting and Research Service	625		
43	KPMG LLP	Consulting and Research Service	1,816		
44	LUCENT TECHNOLOGIES	Consulting and Research Service	22,086		
45	RNL DESIGN	Consulting and Research Service	1,667		
46	SHG/SW INCORPORATED	Consulting and Research Service	668		
47	TELCORDIA TECHNOLOGIES	Consulting and Research Service	71,466		
48	TELLABS OPERATIONS INC	Consulting and Research Service	2,913		
49					
50	TOTAL CONSULTING AND RESEARCH SERVICES		111,420		
51					
52					
53					
54	ACCENT SERVICE COMPANY INC	Financial Service	5,330		
55	ER SOLUTIONS INC.	Financial Service	1,909		
56	FIRST DATA CORP	Financial Service	1,747		
57	MANAGER OF REVENUE	Financial Service	1,081		
58	MCI WORLDCOM COMMUNICATIONS INC	Financial Service	622		
59	NATIONWIDE CREDIT INC	Financial Service	768		
60	OMNIUM WORLDWIDE INC	Financial Service	1,806		

Payments for Services to Persons Other Than Employees

(Thousands of Dollars)

Year: 2003

Line No.	Name of Recipient (a)	Nature of Service (b)	Total Company Cost (c)	Total State Cost (d)	Intrastate Cost (e)
61	OREGON STATE DEPT OF CORRECTIONS	Financial Service	3,000		
62	OSI COLLECTION SERVICES INC	Financial Service	1,357		
63	RISK MANAGEMENT ALTERNATIVES INC	Financial Service	15,721		
64	WELLS FARGO BANK	Financial Service	1,504		
65					
66	TOTAL FINANCIAL SERVICES		34,845		
67					
68					
69					
70	DORSEY & WHITNEY LLP	Legal Service	2,538		
71	FENNEMORE CRAIG	Legal Service	1,143		
72	GREENE ESPEL PLLP	Legal Service	648		
73	HOGAN AND HARTSON	Legal Service	4,155		
74	KMZ ROSENMAN	Legal Service	549		
75	KUTAK ROCK LLP	Legal Service	692		
76	LAW OFFICES OF J MARK BAIRD LLC	Legal Service	607		
77	O'MELVENY & MYERS	Legal Service	782		
78	PERKINS COIE	Legal Service	5,610		
79	SHERMAN & HOWARD LLC	Legal Service	723		
80	SILLS CUMMIS RADIN TISCHMAN	Legal Service	758		
81	STOEL RIVES LLP	Legal Service	1,780		
82	WILMER CUTLER & PICKERING	Legal Service	1,073		
83					
84	TOTAL LEGAL SERVICES		21,063		
85					
86					
87	ALLIANCE FOR TELECOMMUNICATIONS	Membership Fees and Dues	126		
88	CAPITAL SOFTWARE	Membership Fees and Dues	60		
89					
90	TOTAL MEMBERSHIP FEES AND DUES		186		
91					
92					
93					
94	A & A CONTRACT SERVICES INC	Personnel Service	1,001		
95	AOI CORPORATION	Personnel Service	3,437		
96	BEST ACCESS SYSTEMS	Personnel Service	1,311		
97	ATA SERVICES INC	Personnel Service	1,939		
98	BEST ACCESS SYSTEMS	Personnel Service	3,845		
99	CALLVISION INC	Personnel Service	1,099		
100	CIENA CORPORATION	Personnel Service	1,313		
101	CONCENTRA SOLUTIONS	Personnel Service	1,026		
102	EQUITY RESIDENTIAL PROPERTY MGMT CORP	Personnel Service	1,591		
103	ERICSSON INC NETWORK OPERATORS GROUP	Personnel Service	8,419		
104	EXCEL MECHANICAL SYSTEMS INC	Personnel Service	2,472		
105	FIRE ALARM SERVICES INC	Personnel Service	1,038		
106	HEWLETT-PACKARD CORP	Personnel Service	1,519		
107	ILLUMINET	Personnel Service	8,647		
108	INDUSTRIAL BUILDERS INC	Personnel Service	1,161		
109	JOHNSON CONTRACTING COMPANY INC	Personnel Service	1,053		
110	MOHAWK LTD	Personnel Service	1,217		
111	MOORE WALLACE NORTH AMERICA INC	Personnel Service	1,619		
112	NEUSTAR	Personnel Service	3,223		
113	OTIS ELEVATOR COMPANY	Personnel Service	2,396		
114	PECO II INCORP	Personnel Service	2,344		
115	PINKERTON SYSTEMS INTEGRATION INC-EAST	Personnel Service	1,998		
116	POWER TECH INC	Personnel Service	1,665		
117	SECURITAS SECURITY SYSTEMS USA INC	Personnel Service	1,200		
118	SKE SUPPORT SERVICES INC	Personnel Service	2,438		
119	SNELLING PERSONNEL SERVICES	Personnel Service	1,139		
120	SOURCE ONE MANAGEMENT	Personnel Service	7,565		

Payments for Services to Persons Other Than Employees

(Thousands of Dollars)

Year: 2003

Line No.	Name of Recipient (a)	Nature of Service (b)	Total Company Cost (c)	Total State Cost (d)	Intrastate Cost (e)
121	TELECOM TECHNICIANS INC	Personnel Service	1,045		
122	TELETECH CUSTOMER CARE MANAGEMENT	Personnel Service	1,924		
123	UNIVERSAL SOLUTIONS INC	Personnel Service	7,787		
124					
125	TOTAL PERSONNEL SERVICES		78,431		
126					
127					
128					
129	XEROX CORPORATION	Printing and Design Service	1,345		
130					
131	TOTAL PRINTING AND DESIGN SERVICES		1,345		
132					
133					
134					
135	NOTHING TO REPORT	Security Service	0		
136					
137	TOTAL SECURITY SERVICES		0		
138					
139					
140					
141	CONTRIBUTIONS		0		
142					
143					
144					
145	GRAND TOTAL		353,644		

Subscriber Line Usage Data

(Thousands of Minutes)

Year: 2003

Line No.	Description (a)	This Year (b)	% of Total (c)	Last Year (d)	% of Total (e)
1	Toll Usage:				
2	Interstate, InterLATA	1,777,823	15.82%	1,777,823	15.82%
3	Interstate, IntraLATA	376	0.00%	376	0.00%
4	Total Interstate Usage	1,778,199	15.83%	1,778,199	15.83%
5	Intrastate, InterLATA	514,430	4.58%	514,430	4.58%
6	Intrastate, IntraLATA	140,527	1.25%	140,527	1.25%
7	Total Intrastate Usage	654,957	5.83%	654,957	5.83%
8	Total Toll Usage	2,433,155	21.66%	2,433,155	21.66%
9	Centrex *				
10	Local	8,802,764	78.34%	8,802,764	78.34%
11	Total Minutes	11,235,919	100.00%	11,235,919	100.00%

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* Centrex minutes are no longer identified separately. They are now included in Local.

Pursuant to CC Docket 80-286 and in compliance with FCC decision 01-162, Qwest Corporation froze the data in this table at the 2000 annual levels.

Central Office and Access Line Statistics

Year: 2003

Line No.	Wire Center (a)	Type of Office (b)	Resident 1-Party (c)	Resident 2-Party (d)	Resident >2-Party (e)	Lifeline Customers (f)	Resident 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	AMSTERDAM	ELECTRIC											100.0%	886
2	ANACONDA	ELECTRIC											100.0%	4,575
3	BELGRADE	ELECTRIC											100.0%	7,645
4	BILLINGS MAIN	ELECTRIC											100.0%	46,004
5	BILLINGS WEST	ELECTRIC											100.0%	21,905
6	BOULDER	ELECTRIC											100.0%	987
7	BOZEMAN	ELECTRIC											100.0%	33,811
8	BRIDGER	ELECTRIC											100.0%	687
9	BUTTE	ELECTRIC											100.0%	13,504
10	BUTTE SOUTH	ELECTRIC											100.0%	7,532
11	CANYON FERRY	ELECTRIC											100.0%	878
12	CASCADE	ELECTRIC											100.0%	991
13	CLANCY	ELECTRIC											100.0%	1,159
14	CLYDE PARK	ELECTRIC											100.0%	593
15	COLSTRIP	ELECTRIC											100.0%	1,258
16	COLUMBUS	ELECTRIC											100.0%	1,993
17	CONRAD	ELECTRIC											100.0%	1,168
18	COOKE CITY	ELECTRIC											100.0%	289
19	CORVALLIS	ELECTRIC											100.0%	3,348
20	CUT BANK	ELECTRIC											100.0%	2,421
21	DARBY	ELECTRIC											100.0%	1,959
22	DEER LODGE	ELECTRIC											100.0%	2,559
23	DILLON	ELECTRIC											100.0%	4,309
24	DUTTON	ELECTRIC											100.0%	286
25	EAST GLACIER PARK	ELECTRIC											100.0%	432
26	EAST HELENA	ELECTRIC											100.0%	4,124
27	FAIRVIEW	ELECTRIC											100.0%	234
28	FORSYTH	ELECTRIC											100.0%	695
29	FRENCHTOWN	ELECTRIC											100.0%	2,119
30	FROMBERG	ELECTRIC											100.0%	405
31	Subtotal Page 1												100.0%	168,756

Central Office and Access Line Statistics

Year: 2003

Line No.	Wire Center (a)	Type of Office (b)	Resident 1-Party (c)	Resident 2-Party (d)	Resident >2-Party (e)	Lifeline Customers (f)	Resident 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	GALLATIN GATEWAY	ELECTRIC											100.0%	1,203
2	GARDINER	ELECTRIC											100.0%	1,074
3	GLENDAVE	ELECTRIC											100.0%	1,460
4	GREAT FALLS	ELECTRIC											100.0%	40,436
5	HAMILTON	ELECTRIC											100.0%	7,808
6	HARDIN	ELECTRIC											100.0%	2,426
7	HAVRE	ELECTRIC											100.0%	7,123
8	HELENA MAIN	ELECTRIC											100.0%	27,619
9	HELENA NORTH	ELECTRIC											100.0%	3,195
10	JOLIET	ELECTRIC											100.0%	1,099
11	LAUREL	ELECTRIC											100.0%	4,729
12	LEWISTOWN	ELECTRIC											100.0%	5,582
13	LIVINGSTON	ELECTRIC											100.0%	7,200
14	LOLO	ELECTRIC											100.0%	4,233
15	MANHATTAN	ELECTRIC											100.0%	1,251
16	MILES CITY	ELECTRIC											100.0%	3,948
17	MILLTOWN	ELECTRIC											100.0%	1,330
18	MISSOULA MAIN	ELECTRIC											100.0%	43,003
19	MISSOULA SOUTH	ELECTRIC											100.0%	5,529
20	OPPORTUNITY	ELECTRIC											100.0%	438
21	PARK CITY	ELECTRIC											100.0%	795
22	POWELL	ELECTRIC											100.0%	2
23	PRAY	ELECTRIC											100.0%	976
24	RED LODGE	ELECTRIC											100.0%	3,122
25	ROBERTS	ELECTRIC											100.0%	383
26	SHELBY	ELECTRIC											100.0%	1,115
27	SHEPHERD	ELECTRIC											100.0%	1,590
28	SIDNEY	ELECTRIC											100.0%	1,259
29	ST MARY	ELECTRIC											100.0%	341
30	STEVENSVILLE	ELECTRIC											100.0%	4,880
31	Subtotal Page 2													185,149

Central Office and Access Line Statistics

Line No.	Wire Center (a)	Type of Office (b)	Resident 1-Party (c)	Resident 2-Party (d)	Resident >2-Party (e)	Lifeline Customers (f)	Resident 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	TERRY	ELECTRIC											100.0%	73
2	THREE FORKS	ELECTRIC											100.0%	1,780
3	TOWNSEND	ELECTRIC											100.0%	2,058
4	ULM	ELECTRIC											100.0%	393
5	VAUGHN	ELECTRIC											100.0%	1,125
6	VICTOR	ELECTRIC											100.0%	1,697
7	WARM SPRINGS	ELECTRIC											100.0%	256
8	WEST GLACIER	ELECTRIC											100.0%	572
9	WEST YELLOWSTONE	ELECTRIC											100.0%	2,036
10	WHITEHALL	ELECTRIC											100.0%	1,870
11	WIBAUX	ELECTRIC											100.0%	295
12	WILLSALL	ELECTRIC											100.0%	523
13	WOLF CREEK	ELECTRIC											100.0%	455
14														
15														
16														
17														
18														
19														
20	Subtotal Page 3													
21														13,133
22	MONTANA		227,953	5	0	8,123	6,534	11,068	50,414	1,044	2,325	59,572		367,038

Central Office and Switch Information

Year: 2003

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	Amsterdam	Remote/Bozeman	Digital	LUCENT	5ESS/RSM	1,824	1993
2	Anaconda	Remote/Helena Host	Digital	ERSN	AXE/RSS	5,504	1992
3	Belgrade	Stand Alone	Digital	LUCENT	5ESS	13,872	2001
4	Billings Main	Stand Alone	Digital	LUCENT	5ESS	64,101	1994
5	Billings Main	Host	Digital	ERSN	AXE	0	1991
6	Billings Main	STP	Digital	ERSN	AXE/STP	0	1992
7	Billings Main	Packet (Unreg)	Packet	NTI	DPN100	0	1993
8	Billings West	Lines/Host	Digital	LUCENT	5ESS	28,904	1985
9	Boulder	Remote/Helena Host	Digital	ERSN	AXE/RSS	1,280	1992
10	Bozeman	Stand Alone	Digital	LUCENT	5ESS	44,318	1984
11	Bozeman	STP	Digital	ERSN	AXE/STP	0	1992
12	Bridger	Remote/Billings Host	Digital	ERSN	AXE/RSS	1,024	1993
13	Butte Main	Stand Alone	Digital	LUCENT	5ESS	16,640	1990
14	Butte South	Remote/Butte Host	Digital	LUCENT	5ESS/ORM	9,468	1995
15	Canyon Ferry	Remote/Helena Host	Digital	ERSN	AXE/RSS	1,278	1993
16	Cascade	Remote/Great Falls	Digital	LUCENT	5ESS/RSM	1,632	1994
17	Clancy	Remote/Helena Host	Digital	ERSN	AXE/RSS	1,280	1993
18	Clyde Park	Remote/Livingston	Digital	ERSN	AXE/RSS	896	1992
19	Colstrip	Remote/Billings Host	Digital	LUCENT	5ESS/RSM	2,144	1997
20	Columbus	Remote/Billings Host	Digital	ERSN	AXE/RSS	2,302	1992
21	Conrad	Remote/Great Falls	Digital	LUCENT	5ESS/RSM	2,560	1994
22	Cooke City	Remote/Livingston	Digital	ERSN	AXE/RSS	640	1992
23	Corvallis	Remote/Hamilton	Digital	ERSN	AXE/RSS	3,712	1991
24	Cut Bank	Remote/Shelby	Digital	ERSN	AXE/RSS	2,688	1994
25	Darby	Remote/Hamilton	Digital	ERSN	AXE/RSS	2,528	1991
26	Deer Lodge	Remote/Helena Host	Digital	ERSN	AXE/RSS	2,944	1990
27	Dillon	Remote/Helena Host	Digital	ERSN	AXE/RSS	4,735	1992
28	Dutton	Remote/Great Falls	Digital	LUCENT	5ESS/RSM	512	1994
29	East Glacier	Remote/Shelby	Digital	ERSN	AXE/RSS	512	1993
30	East Helena	Remote/Helena Host	Digital	LUCENT	5ESS/RSM	6,872	1988
31	Fairview	Remote/Glendive	Digital	ERSN	AXE/RSS	1,024	1993
32	Forsyth	Remote/Miles City	Digital	ERSN	AXE/RSS	2,048	1992
33	Frenchtown	Remote/Missoula Host	Digital	LUCENT	5ESS/RSM	3,217	1990
34	Fromberg	Remote/Billings Host	Digital	ERSN	AXE/RSS	512	1993
35	Gallatin Gateway	Remote/Bozeman	Digital	LUCENT	5ESS/RSM	1,888	1993
36	Gardiner	Remote/Livingston	Digital	ERSN	AXE/RSS	1,536	1991
37	Glendive	Stand Alone	Digital	ERSN	AXE	4,992	1992
38	Great Falls	Lines/Host	Digital	LUCENT	5ESS	54,480	1987
39	Great Falls	Packet (Unreg)	Packet	NTI	DPN100	0	1993
40	Hamilton	Stand Alone	Digital	ERSN	AXE	9,312	1991
41	Hardin	Remote/Billings Host	Digital	ERSN	AXE/RSS	2,816	1992
42	Havre	Stand Alone	Digital	ERSN	AXE	8,448	1991
43	Helena Main	Lines/Host	Digital	LUCENT	5ESS	35,255	1988
44	Helena Main	Host	Digital	ERSN	AXE	5,376	1990
45	Helena Main	STP	Digital	ERSN	AXE/STP	0	1992
46	Helena North	Remote/Helena Host	Digital	LUCENT	5ESS/RSM	5,376	1988

Central Office and Switch Information

Year: 2003

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)
47	Joliet	Remote/Billings Host	Digital	ERSN	AXE/RSS	1,408	1993
48	Laurel	Remote/Billings Host	Digital	ERSN	AXE/RSS	5,504	1992
49	Lewistown	Stand Alone	Digital	ERSN	AXE	7,040	1993
50	Livingston	Stand Alone	Digital	ERSN	AXE	8,320	1992
51	Lolo	Remote/Missoula Host	Digital	LUCENT	5ESS/RSM	7,439	1993
52	Manhattan	Remote/Bozeman	Digital	LUCENT	5ESS/RSM	2,653	1993
53	Miles City	Stand Alone	Digital	ERSN	AXE	7,168	1992
54	Milltown	Remote/Missoula Host	Digital	LUCENT	5ESS/RSM	2,112	1993
55	Missoula Main	Lines/Host	Digital	LUCENT	5ESS	60,192	1986
56	Missoula Main	STP	Digital	ERSN	AXE/STP	0	1992
57	Missoula South	Remote/Missoula Host	Digital	LUCENT	5ESS/ORM	8,704	1993
58	Opportunity	Remote/Helena Host	Digital	ERSN	AXE/RSS	766	1992
59	Park City	Remote/Billings Host	Digital	ERSN	AXE/RSS	1,408	1992
60	Pray	Remote/Livingston	Digital	ERSN	AXE/RSS	1,280	1990
61	Red Lodge	Remote/Billings Host	Digital	ERSN	AXE/RSS	3,712	1992
62	Roberts	Remote/Billings Host	Digital	ERSN	AXE/RSS	640	1993
63	Saint Mary	Remote/Shelby	Digital	ERSN	AXE/RSS	512	1993
64	Shelby	Stand Alone	Digital	ERSN	AXE	2,432	1993
65	Shepherd	Remote/Billings West	Digital	LUCENT	5ESS/RSM	3,296	1985
66	Sidney	Remote/Glendive	Digital	ERSN	AXE/RSS	4,608	1993
67	Stevensville	Remote/Hamilton	Digital	ERSN	AXE/RSS	6,239	1991
68	Terry	Remote/Miles City	Digital	ERSN	AXE/RSS	512	1994
69	Three Forks	Remote/Bozeman	Digital	LUCENT	5ESS/RSM	2,941	1993
70	Townsend	Remote/Helena Host	Digital	ERSN	AXE/RSS	2,304	1992
71	Ulm	Remote/Great Falls	Digital	LUCENT	5ESS/RSM	1,600	1993
72	Vaughn	Remote/Great Falls	Digital	LUCENT	5ESS/RSM	2,624	1993
73	Victor	Remote/Hamilton	Digital	ERSN	AXE/RSS	2,048	1991
74	Warm Springs	Remote/Helena Host	Digital	ERSN	AXE/RSS	383	1992
75	West Glacier	Remote/Shelby	Digital	ERSN	AXE/RSS	768	1993
76	W. Yellowstone	Remote/Livingston	Digital	ERSN	AXE/RSS	2,816	1991
77	Whitehall	Remote/Helena Host	Digital	ERSN	AXE/RSS	2,048	1992
78	Wibaux	Remote/Glendive	Digital	ERSN	AXE/RSS	639	1994
79	Wilsall	Remote/Livingston	Digital	ERSN	AXE/RSS	512	1992
80	Wolf Creek	Remote/Helena Host	Digital	ERSN	AXE/RSS	512	1992

Construction Budget-Montana

(Thousands of Dollars)

Year: 2003

Line No.	Description (a)	Year 2004 (b)
1	Central Office Assets:	
2		
3		
4		
5		
6		
7		
8		
9		
10		
11	Circuit Equipment	
12	2004 MT - Capitalization of Plug-In Equipment	2,500
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24	Total Switching and Central Office Projects over \$500,000	2,500
25	Miscellaneous Central Office Projects not over \$500,000	6,744
26	Total Central Office Budget (L.24+L.25)	9,244
27	Other Projects over \$500,000:	
28		
29		
30		
31		
32		
33		
34		
35		
36		
37		
38	Total Other Projects over \$500,000	0
39	Miscellaneous Projects not over \$500,000	14,580
40	Total Construction Budget (L.26+L.38+L.39)*	23,824

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*The Construction Budget Plant Additions include amounts specifically identified to Montana plus a portion of approximately \$600 Million of capital expenditures that Qwest Corporation projects for 2004 but has not specifically identified to a particular state.

Montana Employee Counts

Year: 2003

Line No.	Category (a)	Beginning of Year (b)	End of Year (c)
1	BGS-CCS/Centers for Customer Service	1	
2	BGS-CPE Operations	5	
3	Consumer Marketing Operations	10	15
4	Consumer Mountain Customer Care		113
5	Communications-Merger Related	1	
6	Finance	3	3
7	Fleet Services	6	5
8	GB Alternative Chnl & Gov Mk	3	
9	Network Services ID, MT, IA, ND	237	
10	Network Services - West Region		213
11	Local Network	36	41
12	National Network Services		3
13	Public Policy	1	1
14	Real Estate	8	8
15	Real Estate Asset Management	1	
16	Small Business Service Delivery	115	
17	Other Affiliates	49	17
18			
19			
20			
21			
22			
23			
24			
25			
26			
27			
28			
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39	Note: At the end of the year, there were 36 construction technicians included in the Network totals. There is not a job category for splicer.		
40			
41	Totals (Sum L.1 to L.40)	476	419

Compensation of Top 10 Montana Based Employees

Year: 2003

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	THIS INFORMATION IS PROPRIETARY AND PROVIDED UNDER SEPARATE COVER						
2							
3							
4							
5							
6							
7							
8							
9							
10							
11	Totals (Sum L.1 to L.10)	0	0	0	0	0	N/A

Compensation of Top 5 Corporate Employees - SEC Information

Year: 2003

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	Richard C. Notebaert Chairman and Chief Executive Officer	\$1,100,000	\$2,925,000	\$631,674	\$4,656,674	\$2,694,398	72.8%
2	Oren G. Shaffer Vice Chairman and Chief Financial Officer	\$800,000	\$2,338,800	\$115,638	\$3,254,438	\$1,027,834	216.6%
3	Clifford S. Holtz Executive Vice President, Business Markets Group	\$446,154	\$453,690	\$69,269	\$969,113	\$1,577,157	-38.6%
4	Richard N. Baer Executive Vice President, General Counsel and Corporate Secretary	\$500,000	\$1,162,625	\$61,132	\$1,723,757	\$1,002,522	71.9%
5	Paula Kruger Executive Vice President, Consumer Markets Group	\$130,769	\$127,263	\$64,255	\$322,287	N/A	
6	Totals (Sum L.1 to L.5)	\$2,976,923	\$7,007,378	\$941,968	\$10,926,269	\$6,301,911	

Montana Composite Statistics

Year: 2003

Line No.	Account No.	Description (a)	Amount (b)
1		Plant (Intrastate Only) (000 Omitted)	
2	2001	Plant in Service	628,482
3	2003-2004	Construction Work in Progress	2,328
4	2005	Plant Acquisition Adjustments	0
5	2002	Plant Held for Future Use	0
6	1220	Materials & Supplies	416
7		(Less):	
8	3100-3400	Depreciation & Amortization Reserves	404,736
9	4360.2	Contributions in Aid of Construction	(163)
10		NET BOOK COSTS	226,652
11		Revenues & Expenses (Intrastate Only) (000 Omitted)	
12	5000-5300	Operating Revenues	163,472
13	6560	Depreciation & Amortization Expenses	47,203
14		Federal & State Income Taxes	16,547
15		Other Taxes	9,364
16		Other Operating Expenses	53,748
17		TOTAL Operating Expenses	126,862
18		Net Operating Income	36,610
19		Other Income	(6,334)
20		Other Deductions	3,114
21		NET INCOME	27,162
22		Access Lines in Service (Intrastate Only)	
23		Residential Access Lines	242,615
24		Business Access Lines	107,934
25		PBX Access Lines	13,120
26		Other Access Lines (Public)	3,369
27		Total Number of Access Lines	367,038
28		Average Number of Calls Per Access Line	
29		Local Calls	2,042
30		Toll Calls (Intra- or Interstate)	420
31		Total Number of Calls Per Access Line (L.29 + L.30)	2,462
32		Other Statistics (Intrastate Only)	
33		Average Residential Monthly Bill	16.15
34		Gross Plant Investment per Access Line	1,720

Depreciation-Montana Intrastate Regulated

(Thousands of Dollars)

Year: 2003

Line No.	Acct No. (a)	Description (b)	Composite Rate % (c)	Total Expense \$ (d)
1	2112	Motor Vehicles	0.0%	0
2	2114	Special Purpose Vehicles	4.2%	4
3	2115	Garage Work Equipment	9.8%	18
4	2116	Other Work Equipment	9.4%	313
5	2121	Buildings	3.7%	1,204
6	2122	Furniture	170.4%	20
7	2123.1	Office Equipment	18.0%	30
8	2123.2	Company Communications Equipment	121.0%	330
9	2124	General Purpose Computers	19.3%	993
10	2212	Digital Switching Equipment	13.1%	19,030
11	2220	Operator Systems	0.0%	0
12	2231	Radio Systems	10.9%	672
13	2232	Circuit DDS	8.5%	62
14	2232	Circuit Digital	10.9%	9,340
15	2232	Circuit Analog	17.0%	1,467
16	2362	Other Terminal Equipment	10.7%	427
17	2411	Pole Lines	11.0%	524
18	2421	Aerial Cable Metallic	11.5%	2,834
19	2421	Aerial Cable Nonmetallic	9.9%	12
20	2422	Underground Cable Metallic	7.3%	1,716
21	2422	Underground Cable Nonmetallic	6.4%	435
22	2423	Buried Cable Metallic	6.3%	12,934
23	2423	Buried Cable Nonmetallic	6.2%	1,723
24	2424	Submarine Cable Metallic	2.2%	0
25	2424	Submarine Cable Nonmetallic	0.0%	0
26	2426	Intrabuilding Cable Metallic	3.5%	187
27	2426	Intrabuilding Cable Nonmetallic	3.6%	8
28	2431	Aerial Wire	0.0%	0
29	2441	Conduit Systems	2.3%	346
30				
31				
32				
33				
34				
35		COMPOSITE TOTAL		54,629
36				
37	Have these rates been approved by the Commission? <u> </u> Yes <u> x </u> No			
38				
39	If yes: <u> Docket Number </u> <u> Order Number </u>			
40				

Montana depreciation expense reflects costs that are based upon forward-looking asset lives consistent with asset lives of other telecommunications carriers. See the following sheet for depreciation data following depreciation rates last approved by the Commission.

Depreciation-Montana Intrastate Regulated

(Thousands of Dollars)

Year: 2003

Line No.	Acct No. (a)	Description (b)	Composite Rate % (c)	Total Expense \$ (d)
1	2112	Motor Vehicles	4.9%	297
2	2114	Special Purpose Vehicles	5.8%	5
3	2115	Garage Work Equipment	10.5%	19
4	2116	Other Work Equipment	5.3%	175
5	2121	Buildings	3.4%	1,103
6	2122	Furniture	20.8%	2
7	2123.1	Office Equipment	10.6%	18
8	2123.2	Company Communications Equipment	8.3%	23
9	2124	General Purpose Computers	0.2%	11
10	2212	Digital Switching Equipment	7.1%	9,649
11	2220	Operator Systems	0.0%	0
12	2231	Radio Systems	11.2%	692
13	2232	Circuit DDS	11.7%	7
14	2232	Circuit Digital	11.2%	9,527
15	2232	Circuit Analog	24.0%	0
16	2362	Other Terminal Equipment	13.1%	521
17	2411	Pole Lines	10.1%	481
18	2421	Aerial Cable Metallic	6.8%	1,674
19	2421	Aerial Cable Nonmetallic	11.6%	14
20	2422	Underground Cable Metallic	6.3%	1,480
21	2422	Underground Cable Nonmetallic	6.6%	448
22	2423	Buried Cable Metallic	4.6%	9,342
23	2423	Buried Cable Nonmetallic	6.2%	1,723
24	2424	Submarine Cable Metallic	2.4%	1
25	2424	Submarine Cable Nonmetallic	0.0%	0
26	2426	Intrabuilding Cable Metallic	4.1%	218
27	2426	Intrabuilding Cable Nonmetallic	7.8%	17
28	2431	Aerial Wire	0.0%	0
29	2441	Conduit Systems	2.1%	315
30				
31				
32				
33				
34				
35		COMPOSITE TOTAL		37,762
36				
37	Have these rates been approved by the Commission? ☒ Yes ☐ No			
38				
39	If yes: <u>Docket Number</u> <u>Order Number</u>			
40	96.8.131 5937c			

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The above table represents depreciation data based upon the last approved rates which was in Docket No. D96.8.131, Order No 5937c. The total expense in column (d) was not used in any of the financial statements in this annual report.

Montana Regulatory Capital Structure & Costs

Year: 2003

Line No.	Description (a)	% Cap. Str. (b)	% Cost Rate (c)	Weighted Cost (d)
	<u>Commission Accepted - Most Recent</u>			
1	Docket Number <u>88.12.55</u>			
2	Order Number <u>5398a</u>			
3				
4	Common Equity	50.00%	12.00%	6.00%
5	Preferred Stock	0.00%	0.00%	0.00%
6	Long Term Debt	50.00%	8.88%	4.44%
7	Other	0.00%	0.00%	0.00%
8	Total	100.00%		10.44%
9				
10	<u>Actual at Year End</u>			
11				
12	Common Equity (Note 1)	30.70%	12.00%	3.68%
13	Preferred Stock	0.00%	0.00%	0.00%
14	Long Term Debt	61.31%	8.09%	4.96%
15	Other	7.99%	7.24%	0.58%
16	Total	100.00%		9.22%

Note 1: The authorized level is 12.00%, per revised 1993 Annual Report.

SCHEDULE 32

Network Access - Charges and Revenues

(Thousands of Dollars)

Year: 2003

Line No.	Description (a)	Access Charges Paid (b)	Access Revenues Received (c)
1	Montana - Total State	4,782	115,024
2			
3	Montana - Intrastate	985	23,101
4			
5	Montana - Intrastate Regulated	985	17,533
6			
7			
8			
9			
10			
11			
12			
13			

Affiliate Transactions - Products & Services Provided to Utility

Year: 2003

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	Qwest Interprise America, Inc.	POST EMPLOYMENT BENEFITS	FDC	300,316		6,118
2		FDC		300,316		6,118
3	Qwest Interprise America, Inc.	ACCRUAL	PCP	(163,092)		(5,237)
4	Qwest Interprise America, Inc.	EQUIPMENT/MATERIEL	PCP	1,021,394		4,860
5	Qwest Interprise America, Inc.	TECHNICAL SUPPORT	PCP	415,811		8,810
6		PCP		1,274,113		8,433
7		TOTAL		1,574,429		14,551
8						
9	Qwest Business Resources, Inc.	POST EMPLOYMENT BENEFITS	FDC	1,270,300		24,682
10	Qwest Business Resources, Inc.	PROCUREMENT	FDC	43,702,149		865,646
11	Qwest Business Resources, Inc.	SPACE & FURNITURE RENTAL	FDC	706,349		-
12		FDC		45,678,798		890,328
13	Qwest Business Resources, Inc.	LEASED SPACE	PCP	2,465,720		-
14	Qwest Business Resources, Inc.	SHARED SPACE	PCP	1,036		-
15	Qwest Business Resources, Inc.	SPACE & FURNITURE RENTAL	PCP	752,941		-
16		PCP		3,219,697		-
17		TOTAL		48,898,495		890,328
18						
19	Qwest DEX, Inc.	MARKETING & SALES	PCP	3,233,589		64,103
20	Qwest DEX, Inc.	POST EMPLOYMENT BENEFITS	PCP	27,495		613
21		PCP		3,261,084		64,716
22		TOTAL		3,261,084		64,716
23						
24	Qwest Government Services, Inc.	ACCRUAL	FDC	(256,324)		(4,039)
25	Qwest Government Services, Inc.	CORP & SHARED SERVICES	FDC	4,870,847		105,668
26	Qwest Government Services, Inc.	POST EMPLOYMENT BENEFITS	FDC	24,816		550
27		PCP		4,639,339		102,179
28		FDC		4,639,339		102,179
29		TOTAL				
30						

Affiliate Transactions - Products & Services Provided to Utility

Year: 2003							
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	Qwest Information Technologies, Inc.	INFORMATION TECH SERVICES	FDC	430,559,153		8,508,453	
2		FDC		430,559,153		8,508,453	
3		TOTAL		430,559,153		8,508,453	
4							
5	Qwest Communications Corporation Qwest Communications Corporation Qwest Communications Corporation Qwest Communications Corporation Qwest Communications Corporation Qwest Communications Corporation Qwest Communications Corporation Qwest Communications Corporation Qwest Communications Corporation Qwest Communications Corporation Qwest Communications Corporation Qwest Communications Corporation Qwest Communications Corporation Qwest Communications Corporation	INTERNAL COMMUNICATIONS LEASED ASSETS SPACE & FURNITURE RENTAL	FDC FDC FDC	5,460,813 106,303 265,636		105,197 2,353 -	
9		FDC	5,832,752	107,550			
10		EQUIPMENT/MATERIEL	FMV	1,249,170		-	
11		INFORMATION TECH SERVICES	FMV	50,355		985	
12			FMV		1,299,525		985
13		INTERNAL COMMUNICATIONS LEASED ASSETS	PCP PCP PCP PCP	30,173,457 117,605 1,202,324 295	538,478		
14		LEASED NETWORK FACILITIES			-		
15		MARKETING AND SALES			-		
16					-		
17			PCP	31,493,681	538,478		
18			TOTAL	38,625,958	647,013		
19		Qwest Services Corporation Qwest Services Corporation Qwest Services Corporation Qwest Services Corporation Qwest Services Corporation Qwest Services Corporation Qwest Services Corporation Qwest Services Corporation Qwest Services Corporation Qwest Services Corporation Qwest Services Corporation Qwest Services Corporation	CORP & SHARED SERVICES CORP COMMUNICATIONS FINANCE HUMAN RESOURCES LEGAL SERVICES MANAGEMENT SERVICES MARKETING AND SALES	FDC FDC FDC FDC FDC FDC FDC	17,861,614 15,013,489 53,227,408 14,705,906 28,060,270 46,010,620 430,297,047	348,782 286,952 1,039,387 280,475 535,406 884,127 9,102,601	
20			POST EMPLOYMENT BENEFITS	FDC	551,932	10,796	
21			PRODUCT PLANNING	FDC	7,606,897	163,851	
22	REGULATORY AND PUB POLICY		FDC	47,124,078	1,086,747		
23							
24							
25							
26							
27							
28							
29							
30							

Affiliate Transactions - Products & Services Provided to Utility

Year: 2003

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	Qwest Services Corporation	TECHNICAL SUPPORT	FDC	77,478,140		1,702,333
2	Qwest Services Corporation	TRUST	FDC	50,537		964
3	Qwest Services Corporation	TREASURY	FDC	2,346,923		45,578
4						
5						
6		FDC TOTAL		740,334,861		15,487,999
7				740,334,861		15,487,999
8	Qwest Wireless Corporation	EQUIPMENT/MATERIEL	FCP	539,191		-
9	Qwest Wireless Corporation	INTERNAL COMMUNICATIONS	FCP	5,149,987		-
10						
11		FCP TOTAL		5,689,178		-
12				5,689,178		-
13						
14						
15		TOTAL		1,273,582,497		25,715,239
16						
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Affiliate Transactions - Products & Services Provided by Utility

Year: 2003

Line No.	Affiliate Name (a)	Products & Services (b)	Method to Determine Price (c)	Charges by Utility (d)	% Total Affil. Expense (e)	Payments by MT Utility (f)
1	Qwest Interprise America, Inc.	ADMINISTRATIVE	FDC	21,178		422
2	Qwest Interprise America, Inc.	BILLING & COLLECTION	FDC	1,073,607		12,729
3	Qwest Interprise America, Inc.	FINANCE	FDC	5,162		102
4	Qwest Interprise America, Inc.	INFORMATION TECH SERVICES	FDC	2,778		55
5	Qwest Interprise America, Inc.	INTERNAL COMMUNICATIONS	FDC	(16,000)		(315)
6	Qwest Interprise America, Inc.	LEASED ASSETS	FDC	6,578		-
7	Qwest Interprise America, Inc.	MARKETING AND SALES	FDC	162,240		3,598
8	Qwest Interprise America, Inc.	NETWORK SERVICES	FDC	3,361,056		70,832
9	Qwest Interprise America, Inc.	SPACE & FURNITURE RENTAL	FDC	448,873		-
10	Qwest Interprise America, Inc.	FDC		5,065,472		87,423
11	Qwest Interprise America, Inc.	LEASED ASSETS	FMV	766		-
12	Qwest Interprise America, Inc.	NETWORK SERVICES	FMV	16,032,843		21,257
13	Qwest Interprise America, Inc.	SPACE & FURNITURE RENTAL	FMV	365,380		25,507
14	Qwest Interprise America, Inc.	FMV		16,398,989		46,764
15	Qwest Interprise America, Inc.	BILLING & COLLECTION	PCP	952,187		17,103
16	Qwest Interprise America, Inc.	BILLING & COLLECTIONS	PCP	3,660,868		48,301
17	Qwest Interprise America, Inc.	FINANCE	PCP	227,162		4,523
18	Qwest Interprise America, Inc.	HUMAN RESOURCES	PCP	3,834		76
19	Qwest Interprise America, Inc.	INTERNAL COMMUNICATIONS	PCP	229,351		4,349
20	Qwest Interprise America, Inc.	SPACE & FURNITURE RENTAL	PCP	1,241,600		-
21	Qwest Interprise America, Inc.	PCP		6,315,002		74,352
22	Qwest Interprise America, Inc.	TOTAL		27,779,463		208,539
23	Qwest Broadband Services, Inc.	FINANCE	FDC	25,949		511
24	Qwest Broadband Services, Inc.	LEASED ASSETS	FDC	14,667,855		-
25	Qwest Broadband Services, Inc.	MANAGEMENT SERVICES	FDC	30,872		614
26	Qwest Broadband Services, Inc.	NETWORK SERVICES	FDC	6,561,799		656
27	Qwest Broadband Services, Inc.	SPACE & FURNITURE RENTAL	FDC	41,539		-
28	Qwest Broadband Services, Inc.	FDC		21,328,014		1,781
29	Qwest Broadband Services, Inc.					
30	Qwest Broadband Services, Inc.					

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Affiliate Transactions - Products & Services Provided by Utility

Year: 2003

Line No.	Affiliate Name (a)	Products & Services (b)	Method to Determine Price (c)	Charges by Utility (d)	% Total Affil. Expense (e)	Payments by MT Utility (f)
1	Qwest Broadband Services, Inc.	SPACE & FURNITURE RENTAL	FMV	47,790		-
2	Qwest Broadband Services, Inc.	FMV		47,790		0
3	Qwest Broadband Services, Inc.	BILLING & COLLECTIONS	PCP	448,735		-
4	Qwest Broadband Services, Inc.	FINANCE	PCP	345,378		6,861
5	Qwest Broadband Services, Inc.	HUMAN RESOURCES	PCP	465		9
6	Qwest Broadband Services, Inc.	INTERNAL COMMUNICATIONS	PCP	268,929		233
7	Qwest Broadband Services, Inc.	SPACE & FURNITURE RENTAL	PCP	151,166		-
8	Qwest Broadband Services, Inc.	PCP		1,214,673		7,103
9	Qwest Broadband Services, Inc.	LEASED NETWORK FACILITIES	PUE	8,115,318		-
10	Qwest Broadband Services, Inc.	PUB		8,115,318		0
11	Qwest Broadband Services, Inc.	TOTAL		30,705,795		8,884
12	Qwest Broadband Services, Inc.					
13	Qwest Business Resources, Inc.	FINANCE	FDC	4,193		84
14	Qwest Business Resources, Inc.	INFORMATION TECH SERVICES	FDC	1,902,248		37,832
15	Qwest Business Resources, Inc.	LEASED ASSETS	FDC	264,250		5,293
16	Qwest Business Resources, Inc.	SPACE & FURNITURE RENTAL	FDC	252,727		755
17	Qwest Business Resources, Inc.	FDC		2,423,418		43,964
18	Qwest Business Resources, Inc.	SPACE & FURNITURE RENTAL	FMV	867,106		-
19	Qwest Business Resources, Inc.	FMV		867,106		0
20	Qwest Business Resources, Inc.	FINANCE	PCP	220,455		4,372
21	Qwest Business Resources, Inc.	HUMAN RESOURCES	PCP	5,412		107
22	Qwest Business Resources, Inc.	INFORMATION TECH SERVICES	PCP	24,987		496
23	Qwest Business Resources, Inc.	INTERNAL COMMUNICATIONS	PCP	353,114		6,433
24	Qwest Business Resources, Inc.	SPACE & FURNITURE RENTAL	PCP	1,014,971		-
25	Qwest Business Resources, Inc.	PCP		1,618,939		11,408
26	Qwest Business Resources, Inc.	TOTAL		4,909,463		55,372
27	Qwest Business Resources, Inc.	FINANCE	PCP	21		0
28	Qwest Cyber Solution, Inc.	PCP		21		0
29		TOTAL		21		0
30						

Affiliate Transactions - Products & Services Provided by Utility

Year: 2003

Line No.	Affiliate Name (a)	Products & Services (b)	Method to Determine Price (c)	Charges by Utility (d)	% Total Affil. Expense (e)	Payments by MT Utility (f)
1	Qwest DEX, Inc.	BILLING & COLLECTIONS	FDC	(994,649)		(20,668)
2	Qwest DEX, Inc.	FINANCE	FDC	2,021		40
3	Qwest DEX, Inc.	HUMAN RESOURCES	FDC	304,267		6,026
4	Qwest DEX, Inc.	INFORMATION TECH SERVICES	FDC	153,865		3,048
5	Qwest DEX, Inc.	SPACE & FURNITURE RENTAL	FDC	301		301
6	Qwest DEX, Inc.	FDC		(534,195)		(11,253)
7	Qwest DEX, Inc.	INFORMATION TECH SERVICES	FMV	(13,000)		(260)
8	Qwest DEX, Inc.	PUBLISHER LISTS	FMV	189,820		12,599
9	Qwest DEX, Inc.	SPACE & FURNITURE RENTAL	FMV	10,722		10,722
10	Qwest DEX, Inc.	FMV		187,542		23,061
11	Qwest DEX, Inc.	BILLING & COLLECTION	PCP	290,727		19,701
12	Qwest DEX, Inc.	BILLING & COLLECTIONS	PCP	1,534,676		65,719
13	Qwest DEX, Inc.	FINANCE	PCP	211,600		4,188
14	Qwest DEX, Inc.	HUMAN RESOURCES	PCP	15,775		312
15	Qwest DEX, Inc.	INFORMATION TECH SERVICES	PCP	17,915		355
16	Qwest DEX, Inc.	INTERNAL COMMUNICATIONS	PCP	31,400		611
17	Qwest DEX, Inc.	PUBLISHER LISTS	PCP	178,389		7,367
18	Qwest DEX, Inc.	SPACE & FURNITURE RENTAL	PCP	19,919		-
19	Qwest DEX, Inc.	PCP		2,300,401		98,253
20	Qwest DEX, Inc.	TOTAL		1,953,748		110,061
21	Qwest Government Services, Inc.	FINANCE	FDC	16,453		327
22	Qwest Government Services, Inc.	INFORMATION TECH SERVICES	FDC	(18,900)		(372)
23	Qwest Government Services, Inc.	LEASED ASSETS	FDC	11		-
24	Qwest Government Services, Inc.	NETWORK SERVICES	FDC	1,393		24
25	Qwest Government Services, Inc.	SPACE & FURNITURE RENTAL	FDC	103,934		0
26	Qwest Government Services, Inc.	FDC		102,891		(21)
27	Qwest Government Services, Inc.	NETWORK SERVICES	FMV	1,020,716		755
28	Qwest Government Services, Inc.	SPACE & FURNITURE RENTAL	FMV	173,178		-

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Affiliate Transactions - Products & Services Provided by Utility

Year: 2003

Line No.	Affiliate Name (a)	Products & Services (b)	Method to Determine Price (c)	Charges by Utility (d)	% Total Affil. Expense (e)	Payments by MT Utility (f)
1						
2		FMV		1,193,894		755
3	Qwest Government Services, Inc.	BILLING & COLLECTION	PCP	193,178		3,471
4	Qwest Government Services, Inc.	FINANCE	PCP	92,688		1,840
5	Qwest Government Services, Inc.	HUMAN RESOURCES	PCP	5,925		118
6	Qwest Government Services, Inc.	INTERNAL COMMUNICATIONS	PCP	364,113		6,871
7	Qwest Government Services, Inc.	SPACE & FURNITURE RENTAL	PCP	85,134		-
8		PCP		741,038		12,300
9		TOTAL		2,037,823		13,034
10						
11	Qwest Information Technologies, Inc.	ADMINISTRATIVE	FDC	1,745		35
12	Qwest Information Technologies, Inc.	FINANCE	FDC	513,548		10,219
13	Qwest Information Technologies, Inc.	INFORMATION TECH SERVICES	FDC	22,452,412		455,051
14	Qwest Information Technologies, Inc.	LEASED ASSETS	FDC	4,131		-
15	Qwest Information Technologies, Inc.	NETWORK SERVICES	FDC	7,758		250
16	Qwest Information Technologies, Inc.	SPACE & FURNITURE RENTAL	FDC	4,919,534		(35,431)
17		FDC		27,899,128		430,124
18	Qwest Information Technologies, Inc.	LEASED ASSETS	FMV	10,833		555
19	Qwest Information Technologies, Inc.	SPACE & FURNITURE RENTAL	FMV	7,652,815		25,831
20		FMV		7,663,648		26,386
21	Qwest Information Technologies, Inc.	FINANCE	PCP	911,950		18,134
22	Qwest Information Technologies, Inc.	HUMAN RESOURCES	PCP	66,273		1,315
23	Qwest Information Technologies, Inc.	INFORMATION TECH SERVICES	PCP	21,187		424
24	Qwest Information Technologies, Inc.	INTERNAL COMMUNICATIONS	PCP	5,744,897		86,788
25	Qwest Information Technologies, Inc.	SPACE & FURNITURE RENTAL	PCP	14,316,401		24,451
26		PCP		21,060,708		131,112
27		TOTAL		56,623,484		587,622
28						
29	Malheur Home Telephone Company	MANAGEMENT SERVICES	MAL	1,389,906		26,805
30	Malheur Home Telephone Company	NETWORK SERVICES	MAL	101,716		-

Affiliate Transactions - Products & Services Provided by Utility

Year: 2003

Line No.	Affiliate Name (a)	Products & Services (b)	Method to Determine Price (c)	Charges by Utility (d)	% Total Affil. Expense (e)	Payments by MT Utility (f)
1	Malheur Home Telephone Company	TELECOMMUNICATIONS	MAL	3,117		-
2		MAL		1,494,739		26,805
3		TOTAL		1,494,739		26,805
5	Qwest Communication Corporation	MARKETING AND SALES	FDC	431,634		9,459
6	Qwest Communication Corporation	WHOLESALE OPERATOR SERV	FMV	431,634		9,459
7	Qwest Communication Corporation	ADMINISTRATIVE		436,666		9,786
8	Qwest Communication Corporation	BILLING & COLLECTION	PCP	9,368,091		185,994
9	Qwest Communication Corporation	BILLING & COLLECTIONS	PCP	2,528,070		38,998
10	Qwest Communication Corporation	FINANCE	PCP	108		-
11	Qwest Communication Corporation	HUMAN RESOURCES	PCP	3,569,119		71,020
12	Qwest Communication Corporation	INFORMATION TECH SERVICES	PCP	35,810		711
13	Qwest Communication Corporation	INTERNAL COMMUNICATIONS	PCP	37,146		739
14	Qwest Communication Corporation	LEASED ASSETS	PCP	2,120,955		40,338
15	Qwest Communication Corporation	MARKETING AND SALES	PCP	394,867		1,683
16	Qwest Communication Corporation	NETWORK SERVICES	PCP	233,844		5,133
17	Qwest Communication Corporation	SPACE & FURNITURE RENTAL	PCP	975,478		920
18	Qwest Communication Corporation	WHOLESALE OPERATOR SERV	PCP	4,036,271		1,769
19	Qwest Communication Corporation	PCP		1,293,206		28,587
20		TOTAL		24,592,965		375,892
21				25,461,265		395,137
24	Qwest Internet Solution, Inc.	SPACE & FURNITURE RENTAL	FDC	2,953		-
25	Qwest Internet Solution, Inc.	FINANCE		2,953		0
26	Qwest Internet Solution, Inc.	HUMAN RESOURCES	PCP	2,652		52
27	Qwest Internet Solution, Inc.	INTERNAL COMMUNICATIONS	PCP	483		10
28	Qwest Internet Solution, Inc.	SPACE & FURNITURE RENTAL	PCP	8,103		161
29	Qwest Internet Solution, Inc.			111,712		-

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Affiliate Transactions - Products & Services Provided by Utility

Year: 2003

Line No.	Affiliate Name (a)	Products & Services (b)	Method to Determine Price (c)	Charges by Utility (d)	% Total Affil. Expense (e)	Payments by MT Utility (f)
1						
2						
3		PCP TOTAL		122,950		223
4				125,903		223
5	Qwest LD Corp	MARKETING AND SALES	FDC	133,779		2,933
6		FDC		133,779		2,933
7	Qwest LD Corp	MARKETING AND SALES	FMV	3,352,074		88,683
8	Qwest LD Corp	WHOLESALE OPERATOR SERV	FMV	3,486,648		77,893
9		FMV		6,838,722		166,576
10	Qwest LD Corp	ADMINISTRATIVE	PCP	38,925		776
11	Qwest LD Corp	BILLING & COLLECTION	PCP	31,333,536		983,454
12	Qwest LD Corp	BILLING & COLLECTIONS	PCP	765,608		22,621
13	Qwest LD Corp	FINANCE	PCP	50,371		1,004
14	Qwest LD Corp	HUMAN RESOURCES	PCP	288		6
15	Qwest LD Corp	INTERNAL COMMUNICATIONS	PCP	16,541		722
16	Qwest LD Corp	MARKETING AND SALES	PCP	296,832		5,907
17	Qwest LD Corp	NETWORK SERVICES	PCP	33,255		1,048
18	Qwest LD Corp	SPACE & FURNITURE RENTAL	PCP	40,746		-
19						
20		PCP TOTAL		32,576,102		1,015,538
21				39,548,603		1,185,047
22	Qwest Services Corporation	ADMINISTRATIVE	FDC	226,101		418
23	Qwest Services Corporation	FINANCE	FDC	1,457,965		28,990
24	Qwest Services Corporation	INFORMATION TECH SERVICES	FDC	(950,819)		(18,693)
25	Qwest Services Corporation	LEASED ASSETS	FDC	13,570		-
26	Qwest Services Corporation	MANAGEMENT SERVICES	FDC	9,988		197
27	Qwest Services Corporation	NETWORK SERVICES	FDC	64,231		0
28	Qwest Services Corporation	SPACE & FURNITURE RENTAL	FDC	6,996,963		37,996
29		FDC		7,817,999		48,908
30	Qwest Services Corporation	LEASED ASSETS	FMV	9,369		-

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Affiliate Transactions - Products & Services Provided by Utility

Year: 2003

Line No.	Affiliate Name (a)	Products & Services (b)	Method to Determine Price (c)	Charges by Utility (d)	% Total Affil. Expense (e)	Payments by MT Utility (f)
1	Qwest Services Corporation	SPACE & FURNITURE RENTAL	FMV	6,336,231		11,716
2	Qwest Services Corporation	FINANCE	PCP	6,345,600		11,716
3	Qwest Services Corporation	HUMAN RESOURCES	PCP	2,792,955		55,606
4	Qwest Services Corporation	INFORMATION TECH SERVICES	PCP	99,633		1,978
5	Qwest Services Corporation	INTERNAL COMMUNICATIONS	PCP	5,468		108
6	Qwest Services Corporation	SPACE & FURNITURE RENTAL	PCP	7,432,406		127,317
7	Qwest Services Corporation		PCP	23,996,549		-
8		PCP		34,327,011		185,009
9		TOTAL		48,490,610		245,633
10						
11	Qwest Transoceanic, Inc.	FINANCE	PCP	6,820		136
12		PCP		6,820		136
13		TOTAL		6,820		136
14						
15						
16	USLD	FINANCE	PCP	170,841		3,398
17	USLD	WHOLESALE OPERATOR SRVC	PCP	7,137,396		157,942
18		PCP		7,308,237		161,340
19		TOTAL		7,308,237		161,340
20						
21	Qwest Wireless, LLC.	FINANCE	FDC	244,067		4,849
22	Qwest Wireless, LLC.	INFORMATION TECH SERVICES	FDC	(120,349)		(2,367)
23	Qwest Wireless, LLC.	LEASED ASSETS	FDC	150		0
24	Qwest Wireless, LLC.	MANAGEMENT SERVICES	FDC	202,046		4,022
25	Qwest Wireless, LLC.	NETWORK SERVICES	FDC	2,567,794		18,026
26	Qwest Wireless, LLC.	SPACE & FURNITURE RENTAL	FDC	(35,560)		-
27		FDC		2,858,148		24,530
28	Qwest Wireless, LLC.	SPACE & FURNITURE RENTAL	FMV	2,075,533		11,025
29		FMV		2,075,533		11,025
30	Qwest Wireless, LLC.	BILLING & COLLECTION	PCP	14,230,981		198,901

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Affiliate Transactions - Products & Services Provided by Utility

Year: 2003

Line No.	Affiliate Name (a)	Products & Services (b)	Method to Determine Price (c)	Charges by Utility (d)	% Total Affil. Expense (e)	Payments by MT Utility (f)
1	Qwest Wireless, LLC	FINANCE	PCP	389,151		7,727
2	Qwest Wireless, LLC	HUMAN RESOURCES	PCP	4,915		97
3	Qwest Wireless, LLC	INFORMATION TECH SERVICES	PCP	89,590		1,778
4	Qwest Wireless, LLC	INTERNAL COMMUNICATIONS	PCP	340,478		6,206
5	Qwest Wireless, LLC	LEASED ASSETS	PCP	108,714		-
6	Qwest Wireless, LLC	NETWORK SERVICES	PCP	11,800		-
7	Qwest Wireless, LLC	SPACE & FURNITURE RENTAL	PCP	1,414,305		-
8	Qwest Wireless, LLC	PCP		16,589,934		214,709
9	Qwest Wireless, LLC	LEASED NETWORK FACILITIES	PUB	3,301,679		-
10	Qwest Wireless, LLC	NETWORK SERVICES	PUB	(841)		-
11	Qwest Wireless, LLC	PUB		3,300,838		0
12	Qwest Wireless, LLC	TOTAL		24,824,453		250,264
13						
14						
15						
16						
17						
18		GRAND TOTAL		271,270,427		3,248,097
19						
20						
21						
22						
23						
24						
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29						
30						

Montana Intrastate Regulated Earned Rate of Return

(Thousands of Dollars)

Year: 2003

Line No.	Description Rate Base (a)	This Year (b)	Last Year (c)	Percent Change (d)
1				
2	2001 Plant in Service	591,639	583,301	1.43%
3	2002 Prop. Held for Future Telecommunications Use	0	0	
4	3100-3200 (Less) Accumulated Depreciation	443,098	398,428	11.21%
5	NET Plant in Service	148,541	184,873	-19.65%
6				
7	<u>Additions</u>			
8	1220 Materials & Supplies	401	387	3.61%
9	1280 Prepayments	0	0	
10	Other Additions	0	0	
11	TOTAL Additions	401	387	3.61%
12				
13	<u>Deductions</u>			
14	4100 Current Deferred Operating Income Taxes	32	(705)	104.55%
15	4320 Unamortized Operating Investment Tax Credits	1,939	2,380	-18.55%
16	4340 Noncurrent Deferred Operating Income Taxes	4,355	15,609	-72.10%
17	Customer Advances for Construction			
18	Other Deductions	0	0	
19	TOTAL Deductions	6,326	17,284	-63.40%
20	TOTAL Rate Base	142,616	167,976	-15.10%
21				
22	Net Earnings	28,087	33,360	-15.81%
23				
24	Rate of Return on Average Rate Base	19.694%	19.860%	-0.84%
25				
26	Rate of Return on Average Equity	46.109%	37.569%	22.73%
27				
28	Major Normalizing Adjustments & Commission			
29	<u>Ratemaking adjustments to Utility Operations</u>			
30	Earnings from Docket 93.7.25 - () reduces earnings			
31				
32	Advertising	95	95	0.00%
33	Contributions/Legal Advocacy	8	8	0.00%
34	Miscellaneous Dues	18	18	0.00%
35	Uncollectibles Accrual To Write Off	(131)	(131)	0.00%
36	Interest on Customer Deposits	(37)	(37)	0.00%
37	Total Net Income Adjustments	(47)	(47)	0.00%
38	Rate Base Adjustments			
39	Customer Deposits	453	453	0.00%
40	Land Development Agreements	283	283	0.00%
41	Total Rate Base Adjustments	736	736	0.00%
42				
43	Adjusted Rate of Return on Average Rate Base	19.763%	19.919%	-0.78%
44				
45	Adjusted Rate of Return on Average Equity	46.334%	37.718%	22.84%

Other Taxes Paid

Year: 2003

Line No.	Description (a)	Last Year (b)	This Year (c)
1	Montana Telephone Company License Tax **	0	0
2	Montana Public Service Commission Tax	377,738	310,357
3	Montana Consumer Counsel Tax	137,300	151,118
4	911 Emergency Telephone Fee	1,978,512	1,906,460
5	Montana Telecommunications Access Service (TDD)	395,614	380,780
6	Montana Corporate License Tax	3,215,189	1,557,200
7	Personal Property Tax	11,823,059	12,072,014
8	Real Property Tax	629,483	(633,013)
9	Montana Excise Tax **	6,001,001	5,984,428
10			
11			
12	Total	24,557,896	21,729,344

** Effective 1/1/00 the telephone license was replaced by excise tax on telephone service.

Universal Service Funds Received

Year: 2003

Line No.	Description (a)	Last Year (b)	This Year (c)
13	Funds received from Montana Sources	0	0
14	Funds received from Federal Sources	10,159,713	10,174,500
15			
16			
17			
18			
19			
20			
21			
22			
23			
24	Total	10,159,713	10,174,500

