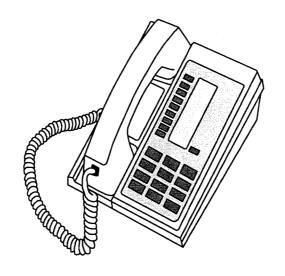
YEAR ENDING 2005

ANNUAL REPORT

OF

Hot Springs Telephone

TELEPHONE UTILITY



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

General Information

Year: 2005

1	Legal Name of Respondent: Hot Springs Telephone Co.					
2	Name Under Which Respondent Does Business:	Same as above				
3	Date of Incorporation: 1/1/1955					
4	Address to send Correspondence Concerning Report:	P.O. Box 7850 Kalispell, MT. 59904-0850				
5	Person Responsible for This Report:	Phyllis O. Ekblad				
5a.	Telephone Number: (406) 755-7231					
	rol Over Respondent					
1	If direct control over the respondent was held by another	entity at the end of year provide the following:				
	1a. Name and address of the controlling organization or person: NA					
	1b. Means by which control was held:	N A				
	1c. Percent Ownership:	N A ·				

	Board of Directors	
Line No.	Name of Director and Address (City, State) (a)	Fees Paid During Year (b)
1	Jay W. Preston Sr. 312 Main St. SW, Ronan, MT. 59864	None
2	Robert B. Ekblad, P.O. Box 161, Dayton, MT. 59914	6,000
	Phyllis O. Ekblad, 319 Commons Way, Kalispell, MT. 59901	None
3 4		
5 6		
6		
7		
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9		
10		
11		
12		
13		
14		
15		
16		
17		
18	Chairman of the Board:	
19		
20		

Officers

Year: 2005

		Officers	1 car. 2003
.	Title	Department Over Which	Name and Address of Person
Line	of Officer	Jurisdiction is Exercised	Holding Office at Year End
No.			-
	(a)	(b)	(c)
1	President	General Manager	Jay W. Preston Sr. Ronan, MT.
2	Secretary-Treasurer	Financial & Accounting	Phyllis O. Ekblad, Kalispell, MT.
3	Vice-President	Engineering Studies, Technology	Robert B. Ekblad, Dayton, MT.
	Vice-President		Robolt B. Ekolad, Bayton, 1911.
4		Forcasting & Advance Planning	
5	,		
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21			1
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25			1
26			
27			
28			
29			
30			
31			
32			1
33			1
34			1
35			1
36			·
			1
37			
38			
39	l		
40			
41	l		1
42			
43			1
44			
45			
45	I		

Total Company Balance Sheet

Page 1 of 2 Year: 2005

			Total Company Dalance Sheet	This	Last
Line		Acct.	Description	Year	Year
No.		No.	Description	(c)	(d)
		(a)	(b)	(0)	(4)
1			CURRENT ASSETS:	931,299	788,935
2		1120	Cash and Equivalents	1,796	7,981
3	l	1180	Telecommunications Accounts Receivable - Net	1,790	7,901
4		1190	Other Accounts Receivable - Net		
5		1200	Notes Receivable - Net		
6		1210	Interest and Dividends Receivable		
7		1220	Materials and Supplies		
8	*	1280	Prepayments		
9	_^	1290	Prepaid Rents		
10	^	1300	Prepaid Taxes		
11	^	1310	Prepaid Insurance		
12	^	1320	Prepaid Directory Expenses		•
13	^	1330	Other Prepayments		
14		1350	Other Current Assets		
15			Total Current Assets	933,095	796,916
16			NONCURRENT ASSETS:		
17		1401	Investments in Affiliated Companies		
18		1402	Investments in Nonaffiliated Companies		
19		1406	Nonregulated Investments		
20		1407	Unamortized Debt Issuance Expense		
21		1408	Sinking Funds		
22		1410	Other Noncurrent Assets		
23		1438	Deferred Maintenance and Retirements		
24		1439	Deferred Charges		
25		1500	Other Jurisdictional Assets - Net		
26			Total Noncurrent Assets		
27			PROPERTY, PLANT, & EQUIPMENT:	,	
28		2001	Telecommunications Plant in Service	2,999,357	2,878,201
29		2002	Property Held for Future Telecommunications Use	50,000	50,000
30		2003	Plant Under Construction - Short Term		
31		2004	Plant Under Construction - Long Term		
32		2005	Telecommunications Plant Adjustment		
33		2006	Nonoperating Plant		
34		2007	Goodwill		
35		3100	<u>}</u>	(2,137,708)	1,962,914
36		3200	Accumulated Depreciation - Held for Future Use		
37		3300	Accumulated Depreciation - Nonoperating		
38		3400	Accumulated Amortization		
39	T	1	Net Property, Plant, & Equipment	911,649	965,287
<u> </u>		<u> </u>			
40			TOTAL ASSETS	1,844,744	1,762,203

[^] Subaccount of account marked with a *.

Page 2 of 2

Total Company Balance Sheet

Year: 2005

			Total Company Balance Sheet	rm :	T
Line		Acct.		This	Last
No.]	No.	Description	Year	Year
140.		(a)	(b)	(c)	(d)
41			CURRENT LIABILITIES:	100.076	202.010
42	4	1010	Accounts Payable	188,276	203,819
43	4	1020	Notes Payable		
44	4	Ю30	Advance Billing and Payments		12.700
45	4	1040	Customer Deposits	14,483	13,798
46	4	1050	Current Maturities - Long Term Debt		
47	4	1060	Current Maturities - Capital Leases		20.052
48	4	1070	Income Taxes - Accrued	4,661	20,853
49	4	1080	Other Taxes - Accrued		
50	4	1100	Net Current Deferred Operating Income Taxes		
51	4	4110	Net Current Deferred Nonoperating Income Taxes		
52	4	4120	Other Accrued Liabilities		
53	4	4130	Other Current Liabilities		
54			Total Current Liabilities	207,420	238,470
55			LONG-TERM DEBT:		
56	4	4210	Funded Debt		
57	4	4220	Premium on Long-Term Debt		
58	4	4230	Discount on Long-Term Debt		
59	4	4240	Reacquired Debt		
60	4	4250	Obligations Under Capital leases		
61	4	4260	Advances From Affiliated Companies		
62	4	4270	Other Long-Term Debt	54,117	54,117
63			Total Long-Term Debt	54,117	54,117
64			OTHER LIABILITIES AND DEFERRED CREDITS:		
65	- 2	4310	Other Long-Term Liabilities		
66	4	4320	Unamort. Oper. Invest. Tax Credits - Net		
67	4	4330	Unamort. Nonoper. Invest. Tax Credits - Net		
68	4	4340	Net Noncurrent Deferred Oper. Income Taxes		
69	4	4350	Net Noncurrent Deferred Nonoper. Income Taxes		
70	4	4360	Other Deferred Credits		
71		4370	Other Jurisdictional Liab. and Def. Credits		
72			Total Other Liabilities and Deferred Credits		
73			STOCKHOLDERS' EQUITY:		00.000
74	1 1	4510	Capital Stock	80,000	80,000
75	1 1	4520	Additional Paid-In Capital	10,832	10,832
76	1 i	4530	Treasury Stock	(125,000)	(125,000)
77	1 1	4540	Other Capital	==	
78		4550	Retained Earnings	1,617,375	1,503,784
79			Total Stockholders' Equity	1,583,207	1,469,616
					1 860 000
80			TOTAL LIAB. AND STOCKHOLDERS' EQUITY	1,844,744	1,762,203

Year: 2005

Total Company Income Statement

Last This Acct. Line Year Description Year No. No. (d) (c) (a) (b) **REVENUES:** 1 273,912 325,709 **Basic Local Service Revenues** 5000 2 1,082,615 968,610 3 5080 **Network Access Revenues** 20,781 10,873 Long Distance Message Revenue 5100 4 Unidirectional Long Distance Revenue 5110 5 Long Distance Private Network Revenue 5120 6 7 5160 Other Long Distance Revenue Other Long Distance Revenue Settlements 8 5169 50,573 215,994 * 5200 Miscellaneous Revenue 9 10 5230 Directory Revenue Λ Rent Revenue 5240 11 Λ 5250 Corporate Operations Revenue 12 Miscellaneous Revenue 13 5260 5270 Carrier Billing and Collection Revenue 14 12,006 12,134 Nonregulated Revenue 15 5280 (1,129)1,569 5300 Uncollectible Revenue 16 1,493,000 1,480,647 Total Revenues (L.2+L.3+L.4+L.9-L.16) 17 **OPERATING EXPENSES:** 18 186,332 156,336 6110 **Network Support Expense** 19 30,724 26,722 6120 General Support Expense 20 48,432 45,623 21 6210 Central Office Switching Expense 6220 Operator Systems Expense 22 Central Office Transmission Expense 23 6230 Information Origination/Termination Expense 24 6310 58,189 Cable and Wire Facilities Expense 63,353 25 6410 6431 Aerial Wire Expense 26 Conduit Systems Expense 27 6441 153,937 160,968 6510 Other Property, Plant & Equipment Expense 28 66,231 **Network Operations Expense** 71,355 6530 29 76,817 102,915 6540 Access Expense 30 174,794 146,155 Depreciation and Amortization Expense 31 6560 Marketing 32 6610 89,357 94,671 33 6620 Services 27,934 23,661 6710 **Executive and Planning** 34 425,000 369,709 35 6720 General and Administrative Provision for Uncollectible Notes Receivable 6790 36 1,310,524 1,288,691 Total Operating Expenses (Sum L.19 to L.36-L.26-L.27) 37 38 7100 Other Operating Income and Expense 52,334 59,066 39 7200 Operating Taxes 130,142132,890 Net Operating Income (L.17-L.37+L.38-L.39) 40 Nonoperating Income and Expense 41 7300 7400 Nonoperating Taxes 42 4,924 10,942 Interest and Related Items 7500 43 7600 **Extraordinary Items** 44 Effects of Juris. Ratemaking Diff. - Net 45 7910 7990 Nonregulated Net Income 21,641 12,004 46 NET INCOME (L.40+L.41-L.42-L.43-L.44+L.45-L.46) 106,325 107,196 47

[^] Subaccount of the account marked with a *.

Company Name: Hot Springs Telephone Co.
Not Required---Doing Business Only In Montana

Montana Total State Income Statement

Year: 2005

			Montana Total State Income Statement	F711 *	T
Line		Acct.		This	Last
No.		No.	Description	Year	Year
140.		(a)	(b)	(c)	(d)
1			REVENUES:		
2		5000	Basic Local Service Revenues		
3		5080	Network Access Revenues		
4	*	5100	Long Distance Message Revenue		
5	^	5110	Unidirectional Long Distance Revenue		
6	^	5120	Long Distance Private Network Revenue		
7	^	5160	Other Long Distance Revenue		
8	^	5169	Other Long Distance Revenue Settlements		
9	*	5200	Miscellaneous Revenue		
10	^	5230	Directory Revenue		
11	^	5240	Rent Revenue		
12	. ^	5250	Corporate Operations Revenue		
13	^	5260	Miscellaneous Revenue		
14	^	5270	Carrier Billing and Collection Revenue		
15	^	5280	Nonregulated Revenue		
16		5300	Uncollectible Revenue		
17			Total Revenues (L.2+L.3+L.4+L.9-L.16)		
18			OPERATING EXPENSES:		
19		6110	Network Support Expense		
20		6120	General Support Expense	:	
21		6210	Central Office Switching Expense		
22		6220	Operator Systems Expense		
23		6230	Central Office Transmission Expense		
24		6310	Information Origination/Termination Expense		
25	*	6410	Cable and Wire Facilities Expense		
26	^	6431	Aerial Wire Expense		
27	^	6441	Conduit Systems Expense		
28		6510	Other Property, Plant & Equipment Expense		
29		6530	Network Operations Expense		
30		6540	Access Expense		
31		6560	Depreciation and Amortization Expense		
32		6610	Marketing		
33		6620	Services		
34		6710	Executive and Planning		
35		6720	General and Administrative		
36		6790	Provision for Uncollectible Notes Receivable		
37	П		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)		
38	Γ	7100	Other Operating Income and Expense		
39		7200	Operating Taxes		
40			Net Operating Income (L.17-L.37+L.38-L.39)		

[^] Subaccount of the account marked with a *.

Not Required-- We have less than 5,000 Access Lines

Montana Intrastate Income Statement

Year: -2005

			Montana intrastate income Statement		1041. 2005
Line		Acct.		This	Last
No.		No.	Description	Year	Year
110.		(a)	(b)	(c)	(d)
1			REVENUES:		
2		5000	Basic Local Service Revenues	:	
3		5080	Network Access Revenues		
4	*	5100	Long Distance Message Revenue		
5	^	5110	Unidirectional Long Distance Revenue		
6	^	5120	Long Distance Private Network Revenue		
7	^	5160	Other Long Distance Revenue		
8	^	5169	Other Long Distance Revenue Settlements		
9	*	5200	Miscellaneous Revenue		
10	^	5230	Directory Revenue		
11	^	5240	Rent Revenue		
12	^	5250	Corporate Operations Revenue		
13	^	5260	Miscellaneous Revenue		
14	^	5270	Carrier Billing and Collection Revenue		
15	^	5280	Nonregulated Revenue		
16		5300	Uncollectible Revenue		
17			Total Revenues (L.2+L.3+L.4+L.9-L.16)		
18			OPERATING EXPENSES:		
19		6110	Network Support Expense	:	
20		6120	General Support Expense		
21		6210	Central Office Switching Expense		
22		6220	Operator Systems Expense		
23		6230	Central Office Transmission Expense		
24		6310	Information Origination/Termination Expense		
25	*	6410	Cable and Wire Facilities Expense		
26	^	6431	Aerial Wire Expense		
27	^	6441	Conduit Systems Expense		
28		6510	Other Property, Plant & Equipment Expense		
29		6530	Network Operations Expense		
30		6540	Access Expense		
31		6560	Depreciation and Amortization Expense		
32		6610	Marketing		
33		6620	Services		
34		6710	Executive and Planning		
35		6720	General and Administrative		
36		6790	Provision for Uncollectible Notes Receivable		
37			Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)		
38		7100	Other Operating Income and Expense		
39		7200	Operating Taxes		
40			Net Operating Income (L.17-L.37+L.38-L.39)		

[^] Subaccount of the account marked with a *.

Year: 2005

Montana Intrastate Regulated Income Statement

This Last Acct. Line Year Year Description No. No. (c) (d) (b) (a) **REVENUES:** 1 160,824 191,654 2 5000 **Basic Local Service Revenues** 278,799 298,075 5080 **Network Access Revenues** 3 Long Distance Message Revenue 4 5100 Unidirectional Long Distance Revenue 5 5110 Long Distance Private Network Revenue 6 5120 Other Long Distance Revenue 7 5160 Other Long Distance Revenue Settlements 8 5169 45,452 51,764 Miscellaneous Revenue 9 5200 10 5230 Directory Revenue 5240 Rent Revenue 11 Corporate Operations Revenue 12 5250 Miscellaneous Revenue 5260 13 Carrier Billing and Collection Revenue 5270 14 Nonregulated Revenue 5280 15 (1,129)(1,569)Uncollectible Revenue 5300 16 536,310 492,956 Total Revenues (L.2+L.3+L.4+L.9-L.16) 17 **OPERATING EXPENSES:** 18 13,362 15,465 **Network Support Expense** 6110 19 30,110 26,188 General Support Expense 6120 20 48,432 45,623 Central Office Switching Expense 21 6210 Operator Systems Expense 6220 22 6230 Central Office Transmission Expense 23 58,189 63,353 Information Origination/Termination Expense 6310 24 Cable and Wire Facilities Expense 6410 25 Aerial Wire Expense 6431 26 Conduit Systems Expense 27 6441 114,706 Other Property, Plant & Equipment Expense 125,665 6510 28 66,231 71,355 **Network Operations Expense** 29 6530 3,600 3,600 Access Expense 6540 30 174,662 146,103 Depreciation and Amortization Expense 31 6560 Marketing 32 6610 125,778 135,036 Services 33 6620 27,375 23,188 **Executive and Planning** 6710 34 349,907 298,881 General and Administrative 35 6720 Provision for Uncollectible Notes Receivable 6790 36 Total Operating Expenses (Sum L.19 to L.36-L.26-L.27) 973,758 993,051 37 Other Operating Income and Expense 38 7100 63,990 63,441 **Operating Taxes** 39 7200 (501,438)(563,536)(L.17-L.37+L.38-L.39) **Net Operating Income** 40

[^] Subaccount of the account marked with a *.

Year: 2005

Company Name: Hot Springs Telephone Co.

Average Rate Base - Total State

Average Rate Base 10th 2							
	Acct.		This	Last			
Line	No.	Description	Year	Year			
No.		(b)	(c)	(d)			
	(a)	Telecommunications Plant in Service	2961354	2840197			
1	2001			1925385			
2		Accumulated Depreciation	2100047	1923303			
3	2002	Property Held for Future Telecommunications Use					
4	3200	Accumulated Depreciation - 2002					
5	1220	Materials and Supplies					
6	4340	Noncurrent Deferred Operating Income Taxes					
7		Pre-1971 Unamortized Investment Tax Credits					
8		Cash Working Capital (if allowed by Commission)					
9	-	Total Average Rate Base (L.1-L.2+L.3-L.4+L.5-L.6-L.7+L.8)	861307	914812			

Not Required-- We have less than 5,000 access lines

Average Rate Base - Intrastate

	Acct.		This	Last
Line	No.	Description	Year	Year
No.	(a)	(b)	(c)	(d)
1	2001	Telecommunications Plant in Service		
2		Accumulated Depreciation		
3	2002	Property Held for Future Telecommunications Use		·
4	3200	Accumulated Depreciation - 2002		
5	1220	Materials and Supplies		
6	4340	Noncurrent Deferred Operating Income Taxes		
7		Pre-1971 Unamortized Investment Tax Credits		
8		Cash Working Capital (if allowed by Commission)		
9		Total Average Rate Base (L.1-L.2+L.3-L.4+L.5-L.6-L.7+L.8)		

Not Required-- We have less than 5,000 access lines

Average Rate Base - Regulated Intrastate

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

Statement of Cash Flows

	Statement of Cash Flows Y				
Line	Item Description	Amount	Amount		
No.	(a)	(b)	(c)		
1	Increase/(decrease) in Cash & Cash Equivalents		140,405.11		
2	Cash Flows from Operating Activities:				
3	Net Income		127,966.16		
4	Reconciliation Adjustments:	empt, valuel miner was to acceled an extended to a policie find a requirement for a find an extended	•		
5	Depreciation & Amortization		174,794.00		
6	Provision for Accounts Receivable Losses		•		
7	Deferred Income Taxes - Net				
8	Unamortized Investment Tax Credits (ITCs) - Net				
9	Allowance for Funds Used During Construction (AFUDC)				
10	Change in Operating Receivables - Net		6,184.93		
11	Change in Materials, Supplies & Inventories - Net		286.91		
12	Change in Operating Payables & Accrued Liabilities - Net		(15,542.57)		
13	Change in Other Assets & Deferred Credits - Net		, ,		
14	Change in Other Liabilities & Deferred Credits - Net		(15,507.00)		
15	Other (explained on back of this page)		, , ,		
16	Total Adjustments		150,216.27		
17	Net Cash Provided by/(Used in) Operating Activities		278,182.43		
18	Cash Inflows/Outflows From Investing Activities:				
19	Construction/Acquisition of Property, Plant & Equipment (net of		(121,156.55)		
20	AFUDC & Capital Lease Related Acquisitions)				
21	Proceeds from Disposals of Property, Plant & Equipment				
22	Investments In & Advances to Affiliates				
23	Proceeds from Repayment of Advances				
24	Other Investing Activities (explained on back of this page)		(2,245.77)		
25	Net Cash Provided by/(Used in) Investing Activities		(123,402.32)		
26	Cash Flows from Financing Activities:				
27	Net Incr./(Decr.) in Short-Term Debt, Original maturity <= 3 mo.				
28	Advances from Affiliates				
29	Repayment of Advances from Affiliates				
30	Proceeds from Issuances of Long-Term Debt				
31	Repayment of Long-Term Debt				
32	Payment of Capital Lease Obligations				
33	Proceeds from Issuing Common Stock/Parent Co. Equity Investment				
34	Repurchase of Treasury Shares				
35	Dividends Paid		(14,375.00)		
36	Other Financing Activities (explained on back of this page)				
37	Net Cash Provided by Financing Activities		(14,375.00)		
38	Effect of Exchange Rate Changes on Cash				
39	Net Increase/(Decrease) in Cash & Cash Equivalents		140,405.11		
40	Cash & Cash Equivalents at Beginning of Period		655,294.17		
41	Cash & Cash Equivalents at End of Period		795,699.28		

ar: 2005

Receivables and Investments-Affiliated & Nonaffiliated Companies

30	1 1 2 2 3 3 4 4 4 5 6 6 7 7 6 6 7 7 1 1 1 1 1 1 1 1 1 1 1 1	70.	Line		1
Totals		(a)	Name of Affiliate or Company		
		(b)	Temporary Investments	Account 1160	1 1160
		(c)	Accounts Receivable	Telecom.	4 3.2
		(d)	Telecom. Allowance	Accts. Rec.	A
	·	(e)	Accounts Receivable	Other	1100
		(f)	Receivable Allow, - Other	Accounts	A accumt 1101
		(g)	Notes Receivable	2	
		(h)	Receivable Allowance	Notes	A annumt 1001
		(i)	Dividends Receivable	Interest and	A account 1010
		ġ)	in Affil.	Investments	Account 1401
	·	(k)	In Nonattil.	Investments	Account 1402

No.				
(a)	Account			
(b)	Description			
© —	Balance	of Year	Beginning	7
(d)	Additions			Net Plant in Service - Detail
(e)	Retirements	. •		ervice - Detail
(f)	Transfers	Sales &		
(<u>p</u>)	Balance	Account 2005	End of Year	
(b)	Depreciation	Accumulated	Year End	
(E)	Balance	Net Plant	End of Year	Year:2005

	Г																																		_		-
34	33	32	31	30	29	28	1 6	27	26	25	24	23	22	21	20	19	18	17	16	15	14	13	12	1	10	9	∞	7	6	S	4	ယ	2	_	ĬĄO.	TIME	; ,
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	2441	2431	2426	2425	2424	2423	200	2422	2421	2420	2411	2362	2351	2341	2321	2311	2310	2232	2231	2220	2215	2212	2211	2124	2123	2122	2121	2116	2115	2114	2113	2112	2111	2110	(a)	Account	
Totals	Conduit Systems	Aerial Wire				Burled Cable	Duried California Cucio	Underground Cable	Aerial Cable	Cable and Wire Facilities	Poles	Other Terminal Equipment	Public Telephone Term. Equip.	Large Private Branch Exchanges	Customer Premises Wiring	Station Apparatus	Information Orig & Term Equip	Circuit Equipment	Radio Systems	Operator Systems	Electro-Mechanical Switching	Digital Electronic Switching	Analog Electronic Switching	General Purpose Computers	Office Equipment	Furniture	Buildings	Other Work Equipment	Garage Work Equipment	Special Purpose Vehicles	Aircraft	Motor Vehicles	Land	Land and Support Assets	(b)	Description	_
2840197	3750									1162697	9097))					100647	16238	261305			451664												834799	(c)	Balance	
121157										30117	,								45895			23214												21931	(d)	Additions	
																																		-	(e)	Retirements	
																																			(f)	Transfers	
2961354	3750									1192814	7.606)					100647	16238	307200			474878												856730	(g)	Balance	
2100047											7144	1					83072		185702			332008												537875	(h)	Depreciation	
	2970										1953							-82	_			142870												318855	(i)	Balance	

30	1 3 4 4 4 4 4 4 4 6 6 8 8 8 8 10 11 11 11 11 11 11 11 11 11	Line No.	
Totals (Sum L.1 to L.29)	None	Location and Description of Property (a)	
		Date Included in Account 2002 (b)	Analysis
		Book Cost of Property at Beginning of Year (c)	Analysis of Plant Held for Future Use
		Additions During the Year	Future Use
		Retirements During the Year (e)	
		Adjustments Adjustments Charges and (Credits) (f)	
		Property at End of Year (g)	Year:2005

30	0-0100000000000000000000000000000000000		No.	Line	
Total	Demand Note	(3)	(a)		
	Jan92	(3)	(h)	Issue	
	Jan06	(3)	Date (c)	Maturity	
50000	50,000	(4)	Amount	Principal	Ave
	ı	(3)	Proceeds	Gross	Average Cost of Long Term Debt
	•	(1)	Proceeds	Net .	of Long To
	,	(8)	Per \$100	Net	erm Deb
50000	50,000	(11)	7.0	Pe O	ŧ
	1	(1)	Maturity	Yield to	
4000	4,000	E	Net Cost	Annual	
	,	(K)	or Discount	Amortization of Premium	Ye
8.00%	8.00%	(I)	3	Total Cost	Year:2005

DOES NOT APPLY

SCHEDULE 14

30	29	28	27	26	25	24	23	22	21	20	19	18	17	16	15	14	13	12	11	10	9	· ∞	7	6	<u>ر</u>	۲ ر	n ۱) –	О	TILE	1			
Totals (Sum L.1 to L.29)								1000																					(a)	Description				
9)						-				•																· · · ·			(b)	Issuance	Date of			
																						-							(c)	Offering	of	Method		DONO NOT ARE THE
						· ·-																		-					(d)	Price	Redemption	Call		
							•			*,"			***																(e)	Of Issue	Par Value		Cost of	}
							•						-																(f)	Amounts	Proceeds	Gross	Cost of Preferred Stock	; >
																													(g)	Amounts	Proceeds	Net	Stock	2
			4																										(h)	Per \$100	Proceeds	Net		
																					17-17							···	(1)	Money	Cost of	·		
			-																										(j)	Outstanding	Principal			
						-			-																				(k)	tso	Annual	•		4
																													Θ	1800	Embedded	1	Year:2003	700C

23	22	21	20	19	18	17	16	15	14	13	12	11	10	9	∞	765	ъ з	1 2	No.			
			December	November				July	June	May	April	March	February	January	Month by Month Data:			Year Ended December 31:	(a)			
														7-7-					Outstanding (b)	of Shares	Ava Number	
															NOT REQUIRED- WE HAVE LESS THAN 5,000 ACCESS LINES				(per share) (c)	Value	Rook	
)- WE HAVE LES				(per share) (d)	Earnings		Analysi
	•	, -													، 3,000 SS THAN 5			<u> </u>	(per share)	Dividends		Analysis of Common Stock
															ACCESS LINES				Ratio (f)	Retention		Stock
																			High Low (g) (h)	Price	Market	
																			(i)	Earnings	Price/	Year:2005

30	1 5 6 6 7 10 11 11 11 11 11 12 13 14 15 16 17 18 19 19 10 11 11 11 11 11 11 11 11 11	No.	 	
Totals (Sum L.1 to L.29)	NONE	Description of Security (a)		
		Date (b)	Call or Retirement	Capital Sto
		Shares (c)	Number of	ock and Funded I
		Amount (d)	Principal	Debt Reacquired
		Cost (e)	Reaquisition or Retirement	Capital Stock and Funded Debt Reacquired or Retired During the Year
		(Loss) (f)	Gain or	the Year
		Reaquisition (g)	Retirement or	Year:2005

Company Name: Hot Springs Telephone Co.

NOT REQUIRED- WE HAVE LESS THAN 5,000 ACCESS LINES

Total Company Expense Matrix

SCHEDULE 17 Page 1 of 2 Year:2005

					l otal Company Expense Matrix	Expense Mat	XIX			Year:2005
Line		Þ	Acct.		Salaries			Other	?	3
Z o			o.	Description	and Wages	Benerits	Kents	Expenses	Clearances	10121
			(a)	(b)	(c)	(a)	(e)	(I)	(g)	(n)
1	*	6	6110	Network Support Expense						
2	>		6112	Motor Vehicle Expense						
ယ	<u> </u>	6	6113	Aircraft Expense						
4	>	6	6114	Special Purpose Vehicles Expense						
5		_	6115	Garage Work Equipment Expense						
6	>		6116	Other Work Equipment Expense						
7		_	6120	General Support Expense						
∞	>		6121	Land and Building Expense						
9	>	<u> </u>	6122	Furniture and Artworks Expense						
10	>		6123	Office Equipment Expense						
11	>		6124	General Purpose Computers Expense						
12	*		6210	Central Office Switching Expense						
13	>		6211	Analog Electronic Expense						
14	>		6212	Digital Electronic Expense						
15	>		6215	Electro-Mechanical Expense						
16		_	6220	Operator Systems Expense						
17	*		6230	Central Office Transmission Expense						
18	>		6231	Radio Systems Expense						
19	>		6232	Circuit Equipment Expense						
20	*		6310	Information Origination/Termination Expense						
21	>		6311	Station Apparatus Expense						
22	>		6341	Large Private Branch Exchange Expense						
23	>		6351	Public Telephone Terminal Equipment Exp.						
24			6362	Other Terminal Equipment Expense						
25	*		6410	Cable and Wire Facilities Expense						
26	>		6411	Poles Expense						
27	>		6421	Aerial Cable Expense						
28	>		6422	Underground Cable Expense						
29	>		6423	Buried Cable Expense					•••	
30	>		6424	Submarine Cable Expense						
31		<u> </u>	6425	Deep Sea Cable Expense						
32		>	6426	Intrabuilding Network Cable Expense						
33	_	>	6431	Aerial Wire Expense						
,	_	-		Cubtotala						

Subaccount of the account marked with a *.

SCHEDULE 17
Page 2 of 2
Year:2005

				To	Total Company Expense Matrix	Expense Mati	X			Year:2005
Ţ	Line		Acct.		Salaries	!		Other	1	7
7	No.		No.	Description	and Wages	Benefits	Rents	Expenses	Clearances (g)	(h)
T	<u> </u>	<u>}</u>	(a)	(b)	(c)	(a)	(6)	(1)	6	(=)
	36		6510	Other Property Expenses					- 17 - 1-1-	
	37	*	6530	Network Operations Expense						
	38	>	6531	Power Expense						
	39	>	6532	Network Administration Expense						
	40	>	6533	Testing Expense						
	41	>	6534	Plant Operations Expense						
	42	>	6535	Engineering Expense						
	43		6540	Access Expense						
	44		6561	Depreciation - Telecomm. Plant in Service						
	45		6562	Depreciation-Prop. for Future Telecom. Use						
	i		0202	Alliourzation Expense - rangione						
	47		0004	Amortization Expense - mangrote						
	48		6363	Amortization - Other						
	49	*	6610	Marketing						
	50	>	6611	Product Management						-
	51	>	6612	Sales						***
	52	>	6613	Product Advertising						
	53		6621	Call Completion Services						
	54		6622	Number Services						
	55		6623	Customer Services						
	56		6711	Executive						·
	57		6712	Planning						
	58		6721	Accounting and Finance						
	59		6722	External Relations	,					
	60		6723	Human Relations						
	61		6724	Information Management						
	62		6725	Legal						
	63		6726	Procurement			-			
	64		6727	Research and Development				-		
	65		6728	Other General and Administrative						
	66		6790	Provision for Uncollectible Notes Receivable						
	67			Totals						

Company Name: Hot Springs Telephone Co.

NOT REQUIRED- WE HAVE LESS THAN 5,000 ACCESS LINES

Total State Ex

SCHEDULE 18 Page 1 of 2 Year:2005

Line Act. No. Description Salaries (b) Other (c) Other (d) Other (d) <th< th=""><th></th><th></th><th></th><th></th><th></th><th>Total State Ex</th><th>Fotal State Expense Matrix</th><th></th><th></th><th></th><th>Year:2005</th></th<>						Total State Ex	Fotal State Expense Matrix				Year:2005
No. Description and Wages Hentits Expenses Cleatances (b) (d) (e) (f) (g) * 6110 Network Support Expense (d) (d) (e) (f) (g) * 6111 Aircraft Expense (a) (d) (e) (f) (g) * 6112 Aircraft Expense (a) (d) (e) (f) (g) * 6113 Aircraft Expense (a) (d) (e) (f) (g) * 6114 Special Purpose Vehicles Expense (a) (d) (e) (f) (g) * 6115 Garage Work Equipment Expense (a) (d) (e) (f) (g) * 6116 Other Work Equipment Expense (a) (d) (e) (f) (g) * 6117 Carnal Chain Expense (a) (d) (e) (f) (g) * 6118 Aircraft Expense (a) (d) (e) (f) (g) * 6119 Aircraft Expense (a) (d) (e) (f) (g) * 6110 Aircraft Expense (a) (d) (e) (f) (g) * 6111 Aircraft Expense (a) (d) (e) (f) (g) * 6112 Carnal Office Spense (a) (d) (e) (f) (g) * 6121 Carnal Office Switching Expense (a) (d) (e) (f) (g) * 6122 Carnal Office Switching Expense (a) (d) (e) (f) (g) * 6123 Carnal Office Transmission Expense (a) (d) (e) (f) (g) * 6124 Carnal Office Transmission Expense (a) (d) (e) (f) (g) (g) (g) (g) (g) (g) (g) (g) (g) (g	1.	ne —		Acct.		Salaries	•		Other	2	1
6110 Network Support Expense 6111 Advand Expense 6112 Advand Expense 6113 Advand Expense 6114 Special Purpose Vehicles Expense 6115 Genega Work Faujment Expense 6116 Genega Work Faujment Expense 6117 General Support Expense 6120 General Support Expense 6121 Central Office Switching Expense 6122 Office Bujiment Expense 6122 Office Switching Expense 6124 Central Office Switching Expense 6124 Central Office Switching Expense 6215 Central Office Switching Expense 6216 Central Office Transmission Expense 6216 Central Office Transmission Expense 6217 Central Office Transmission Expense 6218 Radio Systems Expense 6219 Radio Systems Expense 6210 Information Origination Terminat Expense 6310 Information Origination Terminat Expense 6311 Expense 6311 Expense 6312 Central Office Transmission Expense 6314 Central Office Transmission Expense 6315 Other Terminal Equipment Expense 6316 Other Terminal Equipment Expense 6317 Other Terminal Equipment Expense 6318 Public Telephone Terminal Equipment Expense 6421 Acetal Cable Expense 6422 Underground Cable Expense 6423 Central Office Expense 6424 Acetal Cable Expense 6426 Dep San Cable Expense 6427 Acetal Wire Expense 6428 Acetal Wire Expense 6429 Acetal Wire Expense 6420 Acetal Wire Expense 6421 Acetal Wire Expense 6422 Acetal Wire Expense 6423 Acetal Wire Expense 6424 Acetal Wire Expense 6426 Acetal Wire Expense 6427 Acetal Wire Expense 6428 Acetal Wire Expense 6429 Acetal Wire Expense 6420 Acetal Wire Expense 6420 Acetal Wire Expense 6421 Acetal Wire Expense 6422 Acetal Wire Expense 6423 Acetal Wire Expense 6424 Acetal Wire Expense 6426 Acetal Wire Expense 6427 Acetal Wire Expense 6428 Acetal Wire Expense 6429 Acetal Wire Expense 6420 A	z ļ	<u></u>		No.	Description	and Wages	Benefits	Rents	Expenses	Clearances	lotal
* 6110		╀		(a)	(D)	(6)	(4)	(6)	(1)	(8)	(11)
6112 6113 6114 6116 6116 6120 6121 6122 6123 6123 6210 6211 6220 6231 6231 6231 6331 6341 6362 6421 6423 6424 6425 6431			*	6110	Network Support Expense						
> 6113 > 6114 > 6115 > 6116 * 6120 > 6121 > 6122 > 6123 > 6124 > 6210 > 6211 > 6212 > 6220 > 6231 > 6231 > 6331 > 6341 > 6362 > 6421 > 6423 > 6423 > 6423	.		>	6112	Motor Vehicle Expense						
> 6114 > 6115 > 6116 > 6120 > 6121 > 6122 > 6123 > 6124 6210 > 6211 > 6211 > 6220 > 6231 > 6231 > 6231 > 6331 > 6341 > 6362 > 6410 > 6421 > 6423 > 6424 > 6425 > 6426			>	6113	Aircraft Expense		-				
> 6115 > 6116 + 6120 > 6121 > 6122 > 6123 > 6124 6210 > 6211 > 6212 > 6212 > 6231 > 6231 > 6231 > 6311 > 6361 > 6361 > 6362 > 6410 > 6421 > 6423 > 6424 > 6425 > 6431		_	>	6114	Special Purpose Vehicles Expense						
> 6116 * 6120 > 6121 > 6122 > 6123 > 6124 - 6210 > 6211 > 6211 > 6215 > 6231 > 6231 > 6231 > 6231 > 6231 > 6231 > 6341 > 6351 > 6362 > 6410 > 6421 > 6423 > 6423			>	6115	Garage Work Equipment Expense		-				
* 6120	_		>	6116	Other Work Equipment Expense				-		
> 6121 > 6122 > 6123 > 6124 > 6210 • 6211 > 6211 > 6212 > 6213 • 6220 • 6231 > 6231 > 6311 > 6311 > 6362 • 6362 > 6411 > 6423 > 6424 > 6425 > 6426 > 6431		7	*	6120	General Support Expense						
> 6122 > 6123 > 6124 + 6210 > 6211 > 6212 > 6215 > 6220 + 6230 > 6231 > 6231 > 6311 > 6311 > 6341 > 6362 > 6410 > 6421 > 6423 > 6423 > 6423			>	6121	Land and Building Expense		- · ·				
> 6123 > 6124 * 6210 > 6211 > 6212 > 6215 > 6220 * 6230 > 6231 > 6231 > 6311 > 6311 > 6362 > 6361 > 6362 > 6410 > 6421 > 6423 > 6423 > 6423	_	_	>	6122	Furniture and Artworks Expense						
> 6124 * 6210 > 6211 > 6211 > 6215 > 6220 * 6230 > 6231 > 6231 > 6231 > 6311 > 6341 > 6361 > 6361 > 6410 > 6421 > 6423 > 6423 > 6423 > 6423	_	0	>	6123	Office Equipment Expense						
* 6210		_	>	6124	General Purpose Computers Expense						
> 6211 > 6212 > 6213 > 6215 > 6216 6220 6230 6231 6232 6311 6361 6361 6361 6411 6421 6423 6424 6425 6426 6426 6426		2	*	6210	Central Office Switching Expense						
> 6212 > 6215 6220 * 6230 > 6231 > 6231 > 6310 > 6311 > 6341 > 6351 > 6362 + 6410 > 6421 > 6423 > 6423 > 6424 > 6425 > 6431	_	w	>	6211	Analog Electronic Expense						
> 6215 6220 * 6230 > 6231 > 6232 > 6310 > 6311 > 6341 > 6351 > 6362 * 6410 > 6421 > 6423 > 6423 > 6424 > 6425 > 6431		4	>	6212	Digital Electronic Expense						
* 6220 * 6231 > 6231 > 6232 * 6310 > 6311 > 6341 > 6351 > 6362 * 6410 > 6421 > 6422 > 6423 > 6424 > 6425 > 6425 > 6431		5	>	6215	Electro-Mechanical Expense						
* 6230 > 6231 > 6232 * 6310 > 6311 > 6341 > 6351 > 6362 * 6410 > 6421 > 6422 > 6423 > 6423 > 6425 > 6425		6		6220	Operator Systems Expense						
> 6231 > 6232 * 6310 > 6311 > 6341 > 6351 > 6362 * 6410 > 6411 > 6421 > 6423 > 6424 > 6425 > 6426		7	*	6230	Central Office Transmission Expense						
> 6232 * 6310 > 6311 > 6341 > 6351 > 6362 * 6410 > 6421 > 6421 > 6423 > 6424 > 6425 > 6426		∞	>	6231	Radio Systems Expense						
* 6310 > 6311 > 6341 > 6351 > 6362 * 6410 > 6421 > 6422 > 6423 > 6424 > 6425 > 6426		9	>	6232	Circuit Equipment Expense						
> 6311 > 6341 > 6351 > 6362 * 6410 > 6421 > 6421 > 6423 > 6425 > 6425 > 6426	N)	<u> </u>	*	6310	Information Origination/Termination Expense						
> 6341 > 6351 > 6362 + 6410 > 6421 > 6421 > 6423 > 6423 > 6425 > 6425 > 6431		<u> </u>	>	6311	Station Apparatus Expense						
> 6351 > 6362 * 6410 > 6411 > 6421 > 6421 > 6423 > 6424 > 6425 > 6426		23	>	6341	Large Private Branch Exchange Expense						
* 6410 C * 6411 > 6421 > 6423 > 6424 > 6425 > 6431		<u>ಟ</u> 	>	6351	Public Telephone Terminal Equipment Exp.						
* 6410 C		4	>	6362	Other Terminal Equipment Expense						
> 6411 > 6421 > 6422 > 6423 > 6424 > 6425 > 6426 > 6431		35	*	6410	Cable and Wire Facilities Expense						
> 6421 > 6422 > 6423 > 6424 > 6425 > 6426 > 6431		96	>	6411	Poles Expense						
> 6422 > 6423 > 6424 > 6425 > 6426 > 6431		27	>	6421	Aerial Cable Expense						
> 6423 > 6424 > 6425 > 6426 > 6431		8	>	6422	Underground Cable Expense						
> 6424 > 6425 > 6426 > 6431		9	>	6423	Buried Cable Expense						
> 6425 > 6426 > 6431		30	>	6424	Submarine Cable Expense						
^ 6426 ^ 6431		31	>	6425	Deep Sea Cable Expense						
^ 6431		32	>	6426	Intrabuilding Network Cable Expense						
	Π	33	>	6431	Aerial Wire Expense						

SCHEDULE 18
Page 2 of 2
Year:2005

Total State Evn

					Total State Expense Matrix	opense Matrix				Year:2005
Line			Acct.		Salaries			Other		3
No.			No.	Description	and Wages	Benefits	Rents	Expenses	Clearances	(h)
	_		(a)	(b)	(6)	(n)	(0)	(5)	(5)	(**)
35	>	ᅱ	6441	Conduit Systems Expense					- 4	
36			6510	Other Property Expenses						
37	*		6530	Network Operations Expense						
38	>		6531	Power Expense				···		
39	>		6532	Network Administration Expense						
40	>		6533	Testing Expense						
41	>		6534	Plant Operations Expense			_			
42	>		6535	Engineering Expense						
43			6540	Access Expense						
44			6561	Depreciation - Telecomm. Plant in Service						
45			6562	Depreciation-Prop. for Future Telecom. Use						
46			6563	Amortization Expense - Tangible						
47			6564	Amortization Expense - Intangible						
48	_		6565	Amortization - Other						
49			6610	Marketing						
50	<u> </u>		6611	Product Management		100-1				
5			6612	Sales						
5		>	6613	Product Advertising						***
53			6621	Call Completion Services						
54			6622	Number Services	-					
55			6623	Customer Services						
56			6711	Executive						
57	7		6712	Planning						
58			6721	Accounting and Finance						
59			6722	External Relations		-				
60	_		6723	Human Relations						
61	-		6724	Information Management	-					
62	_		6725	Legal						
63	<u>ω</u>		6726	Procurement						
64	4		6727	Research and Development						
65	<u>5</u>		6728	Other General and Administrative						
6	66	<u> </u>	6790	Provision for Uncollectible Notes Receivable						

Totals

Pension Costs

Year: 2005

	Dien Name Liet Covings Telephone Co. Profit Chering Die	n		
1	Plan Name Hot Springs Telephone Co. Profit Sharing Pla	III		
2	Defined Benefit Plan? N/A	Defined Contribution	Plan? Yes	•
	Actuarial Cost Method? _ N/A	IRS Code:40		
3	Annual Contribution by Employer: Based on Profits	Is the Plan Over Fur		
		_ is the right Over run	ided?ivo	
5		Current Year	Last Year	% Change
	Item	Culterit Tear	Last Teal	70 Change
	Change in Benefit Obligation	000 400 00	715,884.02	-10.86%
1	Benefit obligation at beginning of year	803,138.33	1 15,004.02	-10.60 %
1	Service cost			
1	Interest Cost			
	Plan participants' contributions			
1	Amendments			į
4	Actuarial Gain			
	Acquisition			
14	Benefits paid			
15	Benefit obligation at end of year	803,138.33	715,884.02	-10.86%
16	Change in Plan Assets			
	Fair value of plan assets at beginning of year	715,884.02	686,779.78	-4.07%
	Actual return on plan assets	16,856.02	50,112.08	197.29%
	Acquisition	,	•	
	Employer contribution	70,398.29	78,443.52	11.43%
1	Plan participants' contributions	11,722	-	
	Benefits paid	_	99,451.36	
	Fair value of plan assets at end of year	803,138.33	815,335.38	1.52%
	Funded Status	N/A	N/A	1.0270
1	Unrecognized net actuarial loss	IN/A	14// (
1	l = =			
	Unrecognized prior service cost			
	Prepaid (accrued) benefit cost			
28			51/4	
	Weighted-average Assumptions as of Year End	N/A	N/A	
1	Discount rate			
	Expected return on plan assets			
	Rate of compensation increase			
33				
34	Components of Net Periodic Benefit Costs	N/A	N/A	
35	Service cost			
36	Interest cost			
37	Expected return on plan assets			
	Amortization of prior service cost			
	Recognized net actuarial loss			
	Net periodic benefit cost		,	
41				
	Montana Intrastate Costs:	N/A	N/A	
42		17//	13// \	
43				
1	' ' ' ' ' ' ' ' ' ' ' ' ' ' ' ' ' ' '			ļ
45				
,	Number of Company Employees:	1	_	00.000
47	1	10	8	-20.00%
48	1	3	5	66.67%
49		9	8	-11.11%
50				
51	Deferred Vested Terminated			
				Page 22

DOES NOT APPLY

Other Post Employment Benefits (OPEBS)

SCHEDULE 20
Page 1 of 2
Year: 2005

	Item	Current Year	Last Year	% Change
1	Regulatory Treatment:			
2	Commission authorized - most recent		and the state of t	
3	Docket number:			
4	Order number:			
5	Amount recovered through rates			
6	Weighted-average Assumptions as of Year End			
	Discount rate			
	Expected return on plan assets			
	Medical Cost Inflation Rate			
	Actuarial Cost Method			
11	Rate of compensation increase			
12	List each method used to fund OPEBs (ie: VEBA, 401(h)) and if tax advanta	nged:	
13				
14	· ·			
	Describe any Changes to the Benefit Plan:	· · · · · · · · · · · · · · · · · · ·		
16				
17	TOTAL COMPANY			
	Change in Benefit Obligation			
	Benefit obligation at beginning of year			
	Service cost			
	Interest Cost			
	Plan participants' contributions			}
	Amendments			
	Actuarial Gain			
	Acquisition			
	Benefits paid		·	
	Benefit obligation at end of year			<u> </u>
	Change in Plan Assets			
	Fair value of plan assets at beginning of year			
	Actual return on plan assets			
	Acquisition			
	Employer contribution			
	Plan participants' contributions			
	Benefits paid]
	Fair value of plan assets at end of year			
	Funded Status			
	Unrecognized net actuarial loss			
38	Unrecognized prior service cost]
39	Prepaid (accrued) benefit cost			
40	Components of Net Periodic Benefit Costs			
	Service cost			
42	Interest cost]
43	Expected return on plan assets			
	Amortization of prior service cost			
45	Recognized net actuarial loss]
46	Net periodic benefit cost			<u> </u>
47	Accumulated Post Retirement Benefit Obligation			
48	Amount Funded through VEBA			
49	Amount Funded through 401(h)			
50	Amount Funded through Other			
51	TOTAL			1
52	Amount that was tax deductible - VEBA			
53	Amount that was tax deductible - 401(h)	1		
54				
55]

Page 2 of 2 Year: 2005

Other Post Employment Benefits (OPEBS) Continued

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

SCHEDULE 21

Page 1 of Year: 2005

Payments for Services to Persons Other Than Employees

	1 ayments for Bervices	to Persons Other Than	Binpiojetz		<u>cai.</u> 2003
			Total	Total	
	Name of	Nature of	Company	State	Intrastate
Line	Name of		C		Cost
	Recipient	Service	Cost	Cost	
No.	(a)	(b)	(c)	(d)	(e)
 , 					
1	MONE				
2	NONE				
3					
4					
5					
6					
7		·			,
8					
9					
10					
11			1		
12					
13					
14					
15					
16				•	
17					
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21					
22					
23					
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24			ļ		
25					
26	=				
27					
28					
29					
30					
31					
32					
32	1				
33					
34					
35					
36					
37				1	
			1		
38	1				
39				ł	
40					
41					
			1		
42					
43	1	1	1		
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49	Total		<u> </u>		<u> </u>
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Subscriber Line Usage Data

Year: 2005 % of This % of Last Line Total Year Year Total Description No. (e) (d) (c) (b) (a) 1 Toll Usage: 22.64% 2,919,727 2 Interstate, InterLATA 3100533 22.70% 3 Interstate, IntraLATA 22.70% 22.64% 2,919,727 3100533 4 **Total Interstate Usage** 191,548 1.49% 207039 1.52% 5 Intrastate, InterLATA 22.35% Intrastate, IntraLATA 2,882,089 3170497 23.22% 6 23.84% 7 3377536 24.73% 3,073,637 **Total Intrastate Usage** 46.48% **Total Toll Usage** 6478069 47.44% 5,993,364 8 9 Centrex 53.52% 6,901,433 7177665 52.56% 10 Local 12,894,797 13655734 100.00% 11 **Total Minutes** 100.00%

> SCHEDULE 23 Page 1 of

	32	27 28 30	222	20 21 22	17	15 7	13	10	9 % ~	1 0 0	ω 4	2 1		Line		
	2											Urban Rural		Wire Center		
							*****				*****		(b)	Type of		
413												164 249	<u>(c)</u>	Residential		
<u>.</u>													(d)	ISDN		Cent
105		-										50 55	(e)	ADSL	j 1	tal Offic
147												96 51	(f)	Liteline Customers	:	e and A
7													(g)	Customers	Residential	Cental Office and Access Line Statistics
42												23 19	(h)	Business	Single	ine Stati
107												84 23	(1)	Business	Multi-	istics
												-	Θ	Coin	Customer	
13				· · · · · · · · · · · · · · · · · · ·								10 3	(k)	Coin	Company	
<u>~</u>													(J)	Other		
													(m)	T. Tone	% of	Year:
020												42 8 400	(n)	Lines	Total	Year: 2005

SCHEDULE 24

Page 1 of

Central Office and Switch Information

Year: 2005

Line No.	Wire Center	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	(a) HOT SPRINGS	(Stand alone)	DIGITAL	SIEMENS	DCO-RNS-SE	1,080	1999
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Year: 2006

Construction Budget - Montana

	Construction Budget - Montana	1 car. 2000
Line No.	Description (a)	2006 (b)
1	Central Office Assets:	
	Digital Carrier Equipment	75,000
	DCO Software	20,000
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25		
26		
27	Total Switching and Central Office Projects over \$500,000	
28	Miscellaneous Central Office Projects not over \$500,000	95,000
29	Total Central Office Budget (Total of Line 27 & Line 28)	95,000
30	Other Projects over \$500,000:	22.000
31	Buried Rural Cable	33,000
32	Buried Rural Fiber	25,000
33	Pedestals & Terminals	8,500
34		
35		
36		
37		
38		
39		
40		66,500
41	Total Other Projects over \$500,000	00,500
42	Miscellaneous projects not over \$500,000	161 500
43	Total Construction Budget (Total of Lines 29, 41 & 42)	161,500

Montana Total State Construction Expenditures

	FCC Part 32 Account No.		This Year (c)	Last Year (d)	Percent Change (e)
No.	(a)	(b) General Support Assets	10,899	27,659	-60.60%
2	2110 2210	Central Office Assets	15,464	7,259	113.03%
3	2220	Operator Systems		419	-100.00%
4	2230	Central Office Transmission	53,645	3,232	1559.81%
5	2310	Information/Termination Assets	11,031	17,163	-35.73%
6	2410	Cable and Wire Facilities Assets	30,116	21,361	40.99%
7	2680	Amortizable Tangible Assets			
8	2690	Intangibles	121 155	77,093	57.15%
9		Total Construction Expenditures	121,155	11,093	37.13%

Montana Employee Counts

Year: 2005 End Beginning Line of Year of Year Category No. (b) (c) (a) GENERAL MANAGER OFFICE MANAGER COE MAINTENANCE MANAGER & LINEMAN PART TIME OFFICE CLERK ACCOUNTANT & FINANCIAL MANAGER ASSISTANT ACCOUNTANT & PAYROLL CLERK INSTALLATIONS, LINEMEN & CONSTRUCTION WORKERS INTERNET CONSULTANT FULL TIME OFFICE CLERK (Sum of Lines 1 through 42) **Totals**

···	Compensatio	on of Top	10 Mont	ana Based]	Employees	TD 4 1	Year:20
Line No.	Name/11tle	Base Salary	Bonuses	Other Compensation		Total Compensation Last Year	% Increase Total Compensation
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
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11	Totals (Sum L.1 to L.10)						

SCHEDULE 28

Year: 2005

Compensation of Top 5 Corporate Employees - SEC Information

	Compensation of To	p 5 Corpo	rate Emp	Hoyees - S	ec morn	Tation -	0 / T
						Total	% Increase
- [Base		Other	Total	Compensation	Total
Line	Nome/Title	Salary	Bonuses	Compensation	Compensation	Last Year	Compensation
No.	Name/Title	Saidly (b)		(d)	(e)	(f)	(g)
	(a)	(b)	(c)	(u)	(6)	· · · · · · · · · · · · · · · · · · ·	8/
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6	Totals (Sum L.1 to L.5)				<u> </u>	<u> </u>	
		<u> </u>	<u> </u>				PAGE 32

		Montana Composite Statistics	Year: 2005
Line	Account		
No.	No.	Description	Amount
100.		(a)	(b)
1		Plant (Intrastate Only) (000 Omitted)	
2	2001	Plant in Service	2965
3	2003 - 2004	Construction Work in Progress	
4	2005	Plant Acquisition Adjustments	_
5	2002	Plant Held for Future Use	
6	1220	Materials & Supplies	
7		(Less):	
8	3100 - 3400	Depreciation & Amortization Reserves	-2100
9	4360.2	Contributions in Aid of Construction	-4
10		NET BOOK COSTS	861
11	·	Revenues & Expenses (Intrastate Only) (000 Omitted)	
12	5000 - 5300	Operating Revenues	536
13	6560	Depreciation & Amortization Expenses	174
14		Federal & State Income Taxes	39
15		Other Taxes	81
16		Other Operating Expenses	144
17		TOTAL Operating Expenses	438
18		Net Operating Income	98
 19		Other Income	40
20		Other Deductions	10
21		NET INCOME	128
22		Access Lines in Service (Intrastate Only)	
23		Residential Access Lines	665
24		Business Access Lines	149
25		PBX Access Lines	
26		Other Access Lines Pay Phones	14
27		Total Number of Access Lines	828
28		Average Number of Calls Per Access Line	
29		Local Calls	1445
30		Toll Calls (Intra- or Interstate)	1304
31		Total Number of Calls Per Access Line	2749
		(Total of Line 29 & Line 30 divided by Line 27)	
32		Other Statistics (Intrastate Only)	
33		Average Residential Monthly Bill	26
34		Gross Plant Investment per Access Line	3577
34		Gross Plant Investment per Access Line	35′

		Depreciation - Montana Intrastate Ro	egulated	Year: 2005
			Composite	Total
Ì	Acct	Description	Rate	Expense
Line	No.	2000	%	\$
No.	(a)	(b)	(c)	(d)
1	2112	Motor Vehicles	20.0%	5,817
2	2114	Special Purpose Vehicles		
3	2115	Garage Work Equipment		
4	2116	Other work Equipment	20.0%	4,658
5	2121	Buildings	5.0%	7,129
6	2122	Furniture	20.0%	1,163
7	2123.1	Office Support Equipment		
8	2123.2	Company Communications Equipment		
9	2124	General Purpose Computers	20.0%	3,032
10	2211	Analog Electronic Switching Equipment		ļ
11	2212	Digital Electronic Switching Equipment	10.0%	45,500
12	2215	Step By Step Switching Equipment		
13	2215	Crossbar Switching Equipment		
14	2220	Operator System		
15	2231	Radio Systems	10.0%	28,236
16		Circuit DDS		
17	2232	Circuit Digital		
18		Circuit Analog	10.0%	590
19		Public Telephone Terminating Equipment		
20	ł	Other Terminal Equipment	10.0%	2,586
21		Poles		
22	2421	Aerial Cable Metallic	10.0%	15,032
23	2421	Aerial Cable Nonmetallic		
24	1	Underground Cable Metallic		
25	2422	Underground Cable Nonmetallic		
26	1	Buried Cable Metallic	5.0%	51,079
27	2423	Buried Cable Nonmetallic	5.0%	9,465
28	1	Submarine Cable Metallic		
29		Submarine Cable Nonmetallic		
30	1	Intrabuilding Network Cable Metallic		
31	1	Intrabuilding Network Cable Nonmetallic		İ
32	1	Aerial Wire		ļ
33	1	Conduit Systems	10.0%	375
34	3	Condition of the state of the s		
35		COMPOSITE TOTAL	6.0%	174,662
36			NT	
37	E .	se list the Montana Public Service Commssion Docket Order	r INO. approving these de	preciation rates
38	1			
39		Docket Number Order Number	r	_
40				

Amortization - Montana Intrastate Regulated

Year: 2005 Total Composite Expense Rate Description Acct Line \$ % No. No. (d) (c) (b) (a) N/A 6 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 **30** 31 32 33 34 **COMPOSITE TOTAL** 35 36 Please list the Montana Public Service Commission Docket Order No. approving these amortization rates 37 38 Order Number ____ Docket Number 39 40

SCHEDULE 31

Year: 2005

Company Name: Hot Springs Telephone Co.

Montana Regulatory Capital Structure & Costs

	Montana Regulatory Super			Weighted
Line	Description	% Cap. Str.	% Cost Rate	Cost
No.	(a)	(b)	(c)	(d)
	Commission Accepted - Most Recent			
1	Docket Number			
2	Order Number			
3				·
4	Common Equity N/A			
5	Preferred Stock			
6	Long Term Debt			
7	Other			
8	Total			
9	Actual at Year End			İ
10 11	Actual at Teal End			
12	Common Equity	96.70%	12.500%	12.088%
13	Preferred Stock			0.2070/
14	Long Term Debt	3.30%	9.000%	0.297%
15	Other	100.00%		12.385%
1 16	Total	100.0078		12.30070

Company Name: Hot Springs Telephone Co.

SCHEDULE 32

Year: 2005

Network Access - Charges and Revenues

	Network Access - Charges and Ac	Access	Access
		Charges	Revenues
Line	Description	Paid	Received
No.	(a)	(b)	(c)
1	Montana - Total State		370,439
2		•	1,615
3	Montana - Intrastate		1,013
4		ŀ	-
5	Montana - Intrastate Regulated		298,075
6			298,073
7			
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30	┺	28	27	26	25	24	22.	3 2	20	19	18	16	15	14	12	11	5 9	∞ ·	7 6	<u>ر</u>	ω 4	2 1	No.	Line	
TOTAL																							(a)	Affiliate Name	
																							(b)	Products & Services	Affiliate Transactions
		344																					(c)	Method to Determine Price	Affiliate Transactions - Products & Services Provided to Utility
					-			n									••						(d)	Charges to Utility	ovided to Utili
																							(e)	% Total Affil. Revenues	ţy
															374								(f)	Charges to MT Utility	Year: 2005

Company Name: Hot Springs Telephone Co. DOES NOT APPLY

SCHEDULE 34

Affiliate Transactions - Products & Services Provided by Utility Year: 2005

	 28	27	26	25	24	23	22	21	20	19	18	17	16	15	14	13	12	Ξ	10	9	<u></u>	7	א מ	4 .	ω	2		Line		
TOTAL																											(a)	Affiliate Name		
																											(b)	Products & Services		Milliate Hamsachoms
																											(6)	Method to Determine Price		TIOGRAPH ON DOLVESON T
		***																						٠			(a)	to Affiliate	Charges	
								-										-									(e)	Affil, Revenues	% Total	7.7
																											(1)	MT Utility	Charges to	

	Montana Intrastate Regulated Earned Rate	of Return	Ye	ar: 2005
	Description	This	Last	Percent
Line	Rate Base	Year	Year	Change
No.	(a)	(b)	(c)	(d)
1				
2	2001 Plant in Service	2,961,354	2,840,197	4.27%
3	2002 Prop. Held for Future Telecommunications Use			
4	3100-3200 (Less) Accumulated Depreciation	(2,100,047)	(1,925,385)	-9.07%
5	Plant in Service	861,307	914,812	-5.85%
6	Trant in Der vice			
7	Additions	1		į
8	1220 Materials & Supplies			
9	1280 Prepayments			
10	Other Additions	1		
11	TOTAL Additions			
1,1	I V I I I I I I I I I I I I I I I I I I			
13	Deductions		ĺ	1
13			1	1
15	4320 Unamortized Operating Investment Tax Credits		İ	
16	- · · · · · · · · · · · · · · · · · · ·			
17	Customer Advances for Construction			
18	Other Deductions		1	
19				
20	TOTAL Rate Base	861,307	914,812	-5.85%
21	101AL fate base			
22	Net Earnings	106,325	107,195	-0.81%
23	110t Dailiangs			
24	Rate of Return on Average Rate Base	12.345%	11.718%	5.35%
25				
26		6.716%	7.294%	-7.93%
27				
28	Major Normalizing Adjustments & Commission			
29	• · · · · · · · · · · · · · · · · · · ·			
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4:	Adjusted Rate of Return on Average Equity	<u> </u>	<u></u>	<u> </u>

	Other Taxes Paid		Year: 2005
Line	Description (a)	Last Year (b)	This Year (c)
2 3 4 5 6 7	Montana Telephone Company License Tax Montana Public Service Commission Tax Montana Consumer Counsel Tax 911 Emergency Telephone Fee Montana Telecommunications Access Service (TDD) Montana Corporate License Tax Personal Property Tax Real Property Tax	1,408 548 4,813 958 7,807 2,380 13,489 12,417	1127 548 4743 942 8912 2711 15362 13352
11	Total	43,820	47697

SCHEDULE 37

Universal Service Funds Received

	Universal Service Funds Received									
Line No.	Description (a)	Last Year (b)	This Year (c)							
13 14	Funds received from Montana Sources Funds received from Federal Sources	222,926	224,654							
15 16 17										
18 19	1									
20 21										
22 23		222,926	224,654							
24	Total	222,720	221,001							