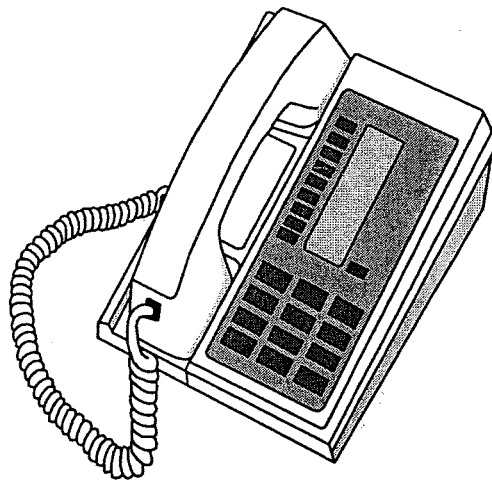


YEAR ENDING 2005

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

RECEIVED BY
PUBLIC SERVICE
COMMISSION
2006 APR 28 PM 2:57

General Information

Year: 2005

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	None
2	Oren G. Shaffer	None
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13	Chairman of the Board: Richard C. Notebaert	
14		
15		

Total Company Balance Sheet

(Thousands of Dollars)

Year: 2005

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		CURRENT ASSETS:		
2	1120	Cash and Equivalents	171,027	574,773
3	1180	Telecommunications Accounts Receivable - Net	943,005	994,288
4	1190	Other Accounts Receivable - Net	165,028	207,883
5	1200	Notes Receivable - Net	0	0
6	1210	Interest and Dividends Receivable	36,378	17,631
7	1220	Materials and Supplies	60,165	77,193
8	* 1280	Prepayments	18,569	19,137
9	^ 1290	Prepaid Rents	4,824	0
10	^ 1300	Prepaid Taxes	9,023	15,706
11	^ 1310	Prepaid Insurance	0	0
12	^ 1320	Prepaid Directory Expenses	0	0
13	^ 1330	Other Prepayments	4,722	3,432
14	1350	Other Current Assets	7,773	35,909
15		Total Current Assets	1,401,945	1,926,814
16		NONCURRENT ASSETS:		
17	1401	Investments in Affiliated Companies	19,136	17,652
18	1402	Investments in Nonaffiliated Companies	(143)	433
19	1406	Nonregulated Investments	0	0
20	1407	Unamortized Debt Issuance Expense	152,839	162,221
21	1408	Sinking Funds	0	0
22	1410	Other Noncurrent Assets	1,057,835	1,070,426
23	1438	Deferred Maintenance and Retirements		
24	1439	Deferred Charges	739,857	674,691
25	1500	Other Jurisdictional Assets - Net	92,067	142,850
26		Total Noncurrent Assets	2,061,592	2,068,274
27		PROPERTY, PLANT, & EQUIPMENT:		
28	2001	Telecommunications Plant in Service	44,234,974	44,115,631
29	2002	Property Held for Future Telecommunications Use	0	0
30	2003	Plant Under Construction - Short Term	228,892	107,034
31	2004	Plant Under Construction - Long Term	0	0
32	2005	Telecommunications Plant Adjustment		
33	2006	Nonoperating Plant	7,475	5,944
34	2007	Goodwill	0	0
35	3100	Accumulated Depreciation	(29,324,218)	(27,115,733)
36	3200	Accumulated Depreciation - Held for Future Use	0	0
37	3300	Accumulated Depreciation - Nonoperating	(161)	(161)
38	3400	Accumulated Amortization (Includes 3500 and 3600)	(1,052,587)	(1,063,488)
39		Net Property, Plant, & Equipment	14,094,376	16,049,227
40		TOTAL ASSETS	17,557,912	20,044,315

^ Subaccount of account marked with a *.

Total Company Balance Sheet

(Thousands of Dollars)

Year: 2005

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
41		CURRENT LIABILITIES:		
42	4010	Accounts Payable	986,693	895,777
43	4020	Notes Payable	0	0
44	4030	Advance Billing and Payments	292,214	278,649
45	4040	Customer Deposits	11,465	10,176
46	4050	Current Maturities - Long Term Debt	0	403,508
47	4060	Current Maturities - Capital Leases	623	1,569
48	4070	Income Taxes - Accrued	(5,257)	(57,976)
49	4080	Other Taxes - Accrued	209,072	198,653
50	4100	Net Current Deferred Operating Income Taxes	43,620	
51	4110	Net Current Deferred Nonoperating Income Taxes	2,673	
52	4120	Other Accrued Liabilities	221,515	885,683
53	4130	Other Current Liabilities	28,981	56,072
54		Total Current Liabilities	1,791,599	2,672,110
55		LONG-TERM DEBT:		
56	4210	Funded Debt	7,786,933	7,387,123
57	4220	Premium on Long-Term Debt	0	0
58	4230	Discount on Long-Term Debt	(129,199)	(138,379)
59	4240	Reacquired Debt	0	0
60	4250	Obligations Under Capital Leases	4,516	4,814
61	4260	Advances From Affiliated Companies	0	0
62	4270	Other Long-Term Debt	0	0
63		Total Long-Term Debt	7,662,250	7,253,558
64		OTHER LIABILITIES AND DEFERRED CREDITS:		
65	4310	Other Long-Term Liabilities	2,618,656	2,521,699
66	4320	Unamort. Oper. Invest. Tax Credits - Net	103,923	125,767
67	4330	Unamort. Nonoper. Invest. Tax Credits - Net	0	0
68	4340	Net Noncurrent Deferred Oper. Income Taxes	2,786,391	2,541,752
69	4350	Net Noncurrent Deferred Nonoper. Income Taxes	13,670	13,759
70	4360	Other Deferred Credits	504,344	907,895
71	4370	Other Jurisdictional Liab. and Def. Credits	(73,270)	99,587
72		Total Other Liabilities and Deferred Credits	5,953,715	6,210,458
73		STOCKHOLDERS' EQUITY:		
74	4510	Capital Stock	10,454,238	10,442,826
75	4520	Additional Paid-In Capital	64,328	64,328
76	4530	Treasury Stock		
77	4540	Other Capital		
78	4550	Retained Earnings	(8,368,218)	(6,598,965)
79		Total Stockholders' Equity	2,150,348	3,908,189
80		TOTAL LIAB. AND STOCKHOLDERS' EQUITY	17,557,912	20,044,315

Total Company Income Statement

(Thousands of Dollars)

Year: 2005

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues	4,244,171	4,636,624
3	5080	Network Access Revenues	3,962,076	3,877,546
4	* 5100	Long Distance Message Revenue	53,064	77,705
5	^ 5110	Unidirectional Long Distance Revenue (Note 1)	53,078	77,546
6	^ 5120	Long Distance Private Network Revenue	(14)	159
7	^ 5160	Other Long Distance Revenue	0	0
8	^ 5169	Other Long Distance Revenue Settlements		
9	* 5200	Miscellaneous Revenue	1,741,028	1,693,807
10	^ 5230	Directory Revenue	74,931	73,955
11	^ 5240	Rent Revenue	616,909	581,914
12	^ 5250	Corporate Operations Revenue	34,073	70,843
13	^ 5260	Miscellaneous Revenue	259,394	219,019
14	^ 5270	Carrier Billing and Collection Revenue	267,365	269,444
15	^ 5280	Nonregulated Revenue	488,356	478,632
16	5300	Uncollectible Revenue	74,586	31,720
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	9,925,753	10,253,961
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	13,310	16,143
20	6120	General Support Expense	527,254	407,218
21	6210	Central Office Switching Expense	169,223	181,776
22	6220	Operator Systems Expense	133	77
23	6230	Central Office Transmission Expense	166,550	151,297
24	6310	Information Origination/Termination Expense	151,205	158,533
25	6410	Cable and Wire Facilities Expense	821,602	827,388
26	6431	Aerial Wire Expense	3,910	4,140
27	6441	Conduit Systems Expense	8,962	9,581
28	6510	Other Property, Plant & Equipment Expense	23,198	40,056
29	6530	Network Operations Expense	573,084	612,373
30	6540	Access Expense	250,987	193,265
31	6560	Depreciation and Amortization Expense	3,190,134	3,196,233
32	6610	Marketing	611,850	546,431
33	6620	Services	740,771	832,157
34	6710	Executive and Planning	41,038	40,690
35	6720	General and Administrative	853,160	1,041,038
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36)	8,133,499	8,258,397
38	7100	Other Operating Income and Expense	(495)	(4,574)
39	7200	Operating Taxes	657,813	607,640
40		Net Operating Income (L.17-L.37-L.38-L.39)	1,134,936	1,392,499
41	7300	Nonoperating Income and Expense	15,708	(92,288)
42	7400	Nonoperating Taxes	5,385	(2,271)
43	7500	Interest and Related Items	630,973	605,904
44	7600	Extraordinary Items	0	0
45	7910	Effects of Juris. Ratemaking Diff. - Net	(20,667)	(24,042)
46	7990	Nonregulated Net Income		
47		NET INCOME (L.40-L.41-L.42-L.43-L.44-L.45-L.46)	493,619	720,619

^ Subaccount of the account marked with a *.

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

Montana Total State Income Statement

(Thousands of Dollars)

Year: 2005

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues	117,023	124,975
3	5080	Network Access Revenues	116,607	116,633
4	* 5100	Long Distance Message Revenue	1,421	1,893
5	^ 5110	Unidirectional Long Distance Revenue (Note 1)	1,423	1,895
6	^ 5120	Long Distance Private Network Revenue	(2)	(2)
7	^ 5160	Other Long Distance Revenue	0	0
8	^ 5169	Other Long Distance Revenue Settlements	0	
9	* 5200	Miscellaneous Revenue	23,257	21,649
10	^ 5230	Directory Revenue	1,745	1,785
11	^ 5240	Rent Revenue	3,598	3,302
12	^ 5250	Corporate Operations Revenue	644	1,491
13	^ 5260	Miscellaneous Revenue	3,055	2,292
14	^ 5270	Carrier Billing and Collection Revenue	5,660	5,416
15	^ 5280	Nonregulated Revenue	8,555	7,362
16	5300	Uncollectible Revenue	1,913	(3,665)
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	256,395	268,815
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	240	333
20	6120	General Support Expense	9,844	6,700
21	6210	Central Office Switching Expense	3,978	4,447
22	6220	Operator Systems Expense	0	0
23	6230	Central Office Transmission Expense	2,925	2,538
24	6310	Information Origination/Termination Expense	2,295	2,508
25	6410	Cable and Wire Facilities Expense	14,624	19,068
26	6431	Aerial Wire Expense	75	62
27	6441	Conduit Systems Expense	19	45
28	6510	Other Property, Plant & Equipment Expense	601	137
29	6530	Network Operations Expense	11,128	12,378
30	6540	Access Expense	6,049	2,715
31	6560	Depreciation and Amortization Expense	73,885	73,913
32	6610	Marketing	13,636	12,287
33	6620	Services	16,861	18,041
34	6710	Executive and Planning	931	872
35	6720	General and Administrative	19,239	20,676
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	176,236	176,615
38	7100	Other Operating Income and Expense (Includes USF and Link Up America)	(0)	(24)
39	7200	Operating Taxes	27,565	36,589
40		Net Operating Income (L.17-L.37-L.38-L.39)	52,594	55,635

^ Subaccount of the account marked with a *.

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

Montana Intrastate Income Statement

(Thousands of Dollars)

Year: 2005

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues	117,023	124,975
3	5080	Network Access Revenues	23,552	22,653
4	* 5100	Long Distance Message Revenue	1,421	1,890
5	^ 5110	Unidirectional Long Distance Revenue (Note 1)	1,423	1,891
6	^ 5120	Long Distance Private Network Revenue	(2)	(2)
7	^ 5160	Other Long Distance Revenue	0	0
8	^ 5169	Other Long Distance Revenue Settlements		
9	* 5200	Miscellaneous Revenue	7,418	7,446
10	^ 5230	Directory Revenue	1,745	1,785
11	^ 5240	Rent Revenue	2,553	2,402
12	^ 5250	Corporate Operations Revenue	467	1,080
13	^ 5260	Miscellaneous Revenue	2,362	1,774
14	^ 5270	Carrier Billing and Collection Revenue	291	406
15	^ 5280	Nonregulated Revenue	(0)	0
16	5300	Uncollectible Revenue	744	1,077
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	148,670	155,886
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	162	226
20	6120	General Support Expense	6,419	4,245
21	6210	Central Office Switching Expense	2,512	2,812
22	6220	Operator Systems Expense	0	0
23	6230	Central Office Transmission Expense	1,864	1,622
24	6310	Information Origination/Termination Expense	278	286
25	6410	Cable and Wire Facilities Expense	10,065	13,124
26	6431	Aerial Wire Expense	52	43
27	6441	Conduit Systems Expense	13	31
28	6510	Other Property, Plant & Equipment Expense	393	91
29	6530	Network Operations Expense	6,641	6,985
30	6540	Access Expense	1,423	(802)
31	6560	Depreciation and Amortization Expense	47,827	47,587
32	6610	Marketing	8,503	7,836
33	6620	Services	12,058	12,322
34	6710	Executive and Planning	632	584
35	6720	General and Administrative	12,698	13,715
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	111,475	110,633
38	7100	Other Operating Income and Expense (Includes USF and Link Up America)	(16,364)	(16,117)
39	7200	Operating Taxes	18,555	24,456
40		Net Operating Income (L.17-L.37-L.38-L.39)	35,004	36,914

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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: 2005

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues	115,285	122,732
3	5080	Network Access Revenues	18,383	17,465
4	* 5100	Long Distance Message Revenue	1,421	1,890
5	^ 5110	Unidirectional Long Distance Revenue (Note 1)	1,423	1,891
6	^ 5120	Long Distance Private Network Revenue	(2)	(2)
7	^ 5160	Other Long Distance Revenue	0	0
8	^ 5169	Other Long Distance Revenue Settlements	0	0
9	* 5200	Miscellaneous Revenue	7,104	7,032
10	^ 5230	Directory Revenue	1,745	1,785
11	^ 5240	Rent Revenue	2,636	2,478
12	^ 5250	Corporate Operations Revenue	399	1,030
13	^ 5260	Miscellaneous Revenue	2,324	1,740
14	^ 5270	Carrier Billing and Collection Revenue	(0)	(0)
15	^ 5280	Nonregulated Revenue	(0)	0
16	5300	Uncollectible Revenue	714	1,049
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	141,479	148,069
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	156	217
20	6120	General Support Expense	6,132	4,062
21	6210	Central Office Switching Expense	2,232	2,646
22	6220	Operator Systems Expense	0	0
23	6230	Central Office Transmission Expense	1,629	1,428
24	6310	Information Origination/Termination Expense	271	280
25	6410	Cable and Wire Facilities Expense	9,782	12,768
26	6431	Aerial Wire Expense	52	43
27	6441	Conduit Systems Expense	13	31
28	6510	Other Property, Plant & Equipment Expense	381	88
29	6530	Network Operations Expense	6,330	6,705
30	6540	Access Expense	1,423	620
31	6560	Depreciation and Amortization Expense	40,337	38,795
32	6610	Marketing	8,362	7,709
33	6620	Services	11,909	12,128
34	6710	Executive and Planning	605	562
35	6720	General and Administrative	11,988	12,912
36	6790	Provision for Uncollectible Notes Receivable	0	0
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	101,536	100,920
38	7100	Other Operating Income and Expense (Includes USF and Link Up America)	(16,364)	(16,118)
39	7200	Operating Taxes	20,300	25,827
40		Net Operating Income (L.17-L.37-L.38-L.39)	36,007	37,441

^ Subaccount of the account marked with a *.

Average Rate Base - Total State
 (Thousands of Dollars)

Year: 2005

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	964,819	960,490
2	3100	Accumulated Depreciation (Note 1)	732,690	678,288
3	2002	Property Held for Future Telecommunications Use		
4	3200	Accumulated Depreciation - 2002		
5	1220	Materials and Supplies	600	652
6	4340	Noncurrent Deferred Operating Income Taxes	31,899	43,624
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)	200,830	239,230

Average Rate Base - Intrastate

Line No.	Acct. No. (a)	Description (b)	This Year (c)	This Year (c)
1	2001	Telecommunications Plant in Service	641,163	634,943
2	3100	Accumulated Depreciation (Note 1)	483,335	445,974
3	2002	Property Held for Future Telecommunications Use		
4	3200	Accumulated Depreciation - 2002		
5	1220	Materials and Supplies	406	440
6	4340	Noncurrent Deferred Operating Income Taxes	21,400	29,283
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)	136,835	160,126

Average Rate Base - Regulated Intrastate

Line No.	Acct. No. (a)	Description (b)	This Year (c)	This Year (c)
1	2001	Telecommunications Plant in Service	611,151	570,168
2	3100	Accumulated Depreciation (Note 1)	410,333	361,118
3	2002	Property Held for Future Telecommunications Use	0	0
4	3200	Accumulated Depreciation - 2002	0	0
5	1220	Materials and Supplies	393	425
6	4340	Noncurrent Deferred Operating Income Taxes	34,109	32,851
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)	167,103	176,624

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

Statement of Cash Flows

(Thousands of Dollars)

Year: 2005

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	493,618	720,619
4	Reconciliation Adjustments:		
5	Depreciation & Amortization	3,190,134	3,196,233
6	Provision for Accounts Receivable Losses	74,586	31,720
7	Deferred Income Taxes - Net	(461,292)	(622,876)
8	Unamortized Investment Tax Credits (ITCs) - Net	(21,844)	(30,560)
9	Allowance for Funds Used During Construction (AFUDC)	(7,294)	(9,626)
10	Change in Operating Receivables - Net	804	104,128
11	Change in Materials, Supplies & Inventories - Net	17,029	79,256
12	Change in Operating Payables & Accrued Liabilities - Net	(4,682)	(278,486)
13	Change in Other Assets & Deferred Charges - Net	37,285	63,772
14	Change in Other Liabilities & Deferred Credits - Net	(316,895)	126,058
15	Other	388,557	(61,451)
16	Total Adjustments	2,896,388	2,598,168
17	Net Cash Provided by/(Used in) Operating Activities	3,390,006	3,318,787
18	Cash Inflows/Outflows From Investing Activities:		
19	Construction/Acquisition of Property, Plant & Equipment (net of		
20	AFUDC & Capital Lease Related Acquisitions)	(1,196,999)	(1,406,386)
21	Proceeds from Disposals of Property, Plant & Equipment	(12,108)	(24,702)
22	Investments In & Advances to Affiliates	0	(2,184,549)
23	Proceeds from Repayment of Advances	0	286,166
24	Other Investing Activities	0	0
25	Net Cash Provided by/(Used in) Investing Activities	(1,209,107)	(3,329,471)
26	Cash Flows from Financing Activities:		
27	Net Incr./(Decr.) in Short-Term Debt, Original maturity <= 3 mo.	0	0
28	Advances from Affiliates	0	0
29	Repayment of Advances from Affiliates	0	0
30	Proceeds from Issuances of Long-Term Debt	1,150,000	836,131
31	Repayment of Long-Term Debt	(1,178,726)	(934,641)
32	Payment of Capital Lease Obligations	(1,863)	(17,071)
33	Proceeds from Issuing Common Stock/Parent Co. Equity Investment	0	2,230,848
34	Repurchase of Treasury Shares	0	0
35	Dividends Paid	(2,535,920)	(2,451,634)
36	Other Financing Activities	(18,137)	(13,756)
37	Net Cash Provided by Financing Activities	(2,584,646)	(350,123)
38	Effect of Exchange Rate Changes on Cash	0	0
39	Net Increase/(Decrease) in Cash & Cash Equivalents	(403,747)	(360,807)
40	Cash & Cash Equivalents at Beginning of Period	574,773	935,580
41	Cash & Cash Equivalents at End of Period	171,026	574,773

Receivables and Investments-Affiliated & Nonaffiliated Companies

Year: 2005

(Thousands of Dollars)

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				5,869						
2	Malheur Home Telephone Company				591					10,220	
3	El Paso County Telephone				0					8,916	
4	QWEST Communications Corporation				48,606						
5	QWEST Communication Services, Inc				0						
6	QWEST DEX				0						
7	QWEST Advanced Technologies, Inc				0						
8	QWEST Business Resources, Inc				347						
9	QWEST Federal Services, Inc				0						
10	QWEST Interprise				12,543						
11	QWEST Broadband Services				5,961						
12	QWEST Long Distance				37,725						
13	QWEST Service Corporation				5,425						
14	QWEST Information Technologies, Inc.				3,129						
15	Western Reinsurance				0						
16	QCII				2						
17	CYBER				0						
18	QWEST Comm(Malheur & Wireless)				0						
19	QWEST Government Services				154						
20	QWEST Transoceanic				36						
21	QWEST N Partnership				3						
22											
23											
24											
25											
26	All other investments	7,574	1,000,663	(57,658)	7,987	(8,403)	(0)	0	36,378		(143)
27	Non-affiliates				45,053						
28											
29	Totals	7,574	1,000,663	(57,658)	173,431	(8,403)	(0)	0	36,378	19,136	(143)

Net Plant in Service - Detail

(Thousands of Dollars)

Year: 2005

Line No.	Account (a)	Description (b)	Beginning of Year Balance (c)	Additions (d)	Retirements (e)	Sales & Transfers (f)	End of Year Account 2001 Balance (g)	Year End Accumulated Depreciation (h)	End of Year Net Plant Balance (i)
1	* 2110	Land and Support Assets	71,551	4,768	1,142	0	75,177	38,929	36,248
2	^ 2111	Land	1,745	145	0		1,890	0	1,890
3	^ 2112	Motor Vehicles	8,171	468	258		8,380	6,848	1,532
4	^ 2113	Aircraft	0	0	0		0	0	0
5	^ 2114	Special Purpose Vehicles	122	0	0		122	117	4
6	^ 2115	Garage Work Equipment	245	0	0		245	160	84
7	^ 2116	Other Work Equipment	5,056	335	27		5,364	615	4,749
8	^ 2121	Buildings	48,014	3,485	470		51,029	24,454	26,576
9	^ 2122	Furniture	16	0	0		16	(66)	82
10	^ 2123	Office Equipment	792	43	0		835	470	365
11	^ 2124	General Purpose Computers	7,391	292	387		7,296	6,330	965
12	2211	Analog Electronic Switching	0	0	0		0	0	0
13	2212	Digital Electronic Switching	170,800	1,331	58		172,073	124,228	47,845
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	11,763	226	54		11,934	10,552	1,382
17	2232	Circuit Equipment	190,132	6,612	(689)		197,433	175,951	21,482
18	* 2310	Information Orig & Term Equip	5,707	189	(72)	0	5,967	3,342	2,626
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.	0	0	0		0	0	0
23	^ 2362	Other Terminal Equipment	0	0	0		0	0	0
24	2411	Poles	5,707	189	(72)		5,967	3,342	2,626
25	* 2420	Cable and Wire Facilities	7,092	109	16		7,185	12,383	(5,198)
26	^ 2421	Aerial Cable	437,039	7,848	818	0	444,069	364,771	79,298
27	^ 2422	Underground Cable	36,308	457	175		36,590	43,202	(6,613)
28	^ 2423	Buried Cable	44,774	386	44		45,115	42,995	2,121
29	^ 2424	Submarine Cable	347,586	6,880	584		353,881	271,968	81,914
30	^ 2425	Deep Sea Cable	32	0	0		32	29	3
31	^ 2426	Intrabuilding Network Cable	8,339	125	0		8,450	6,577	1,873
32	2431	Aerial Wire	1,202	20	14		1,219	1,035	184
33	2441	Conduit Systems	22,201	164	3		22,358	10,467	11,890
34		Totals	917,485	21,268	1,338	0	937,415	741,658	195,757

^ 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: 2005	
							Book Cost of Property at End of Year (g)	
1	<i>Qwest Corporation - Montana had no Plant Held for Future Use in 2005.</i>							
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29								
30	Totals (Sum L.1 to L.29)		0	0	0	0	0	0

Cost of Long Term Debt

(Thousands of Dollars)

Year: 2005

Line No.	Description (a)	Issue Date (b)	Maturity Date (c)	Principal Amount (d)	Gross Proceeds (e)	Net Proceeds (f)	Net Per \$100 (g)	Outstanding Per Balance Sheet (h)	Yield to Maturity (i)	Annual Net Cost (j)	Amortization of Premium or Discount (k)	Total Cost (%) (l)
1	QWEST CORPORATION											
2												
3												
4	7.500% 30 Year Debenture	06/15/93	06/15/23	484,000	N/A	484,134	100.03	481,512	7.50%	36,300	145	7.57%
5	7.250% 30 Year Debenture	09/15/95	09/15/25	250,000	N/A	249,575	99.83	248,127	7.25%	18,125	85	7.34%
6	7.200% 31 Year Debenture	11/10/95	11/10/26	250,000	N/A	247,188	98.88	246,023	7.20%	18,000	123	7.37%
7	8.875% 40 Year Debenture	06/01/91	06/01/31	250,000	N/A	242,812	97.12	241,906	8.88%	22,188	125	9.22%
8	6.875% 40 Year Debenture	09/15/93	09/15/33	1,000,000	N/A	976,000	97.60	913,406	6.88%	68,750	1,085	7.65%
9	7.250% 40 Year Debenture	10/15/95	10/15/35	250,000	N/A	246,438	98.58	244,972	7.25%	18,125	88	7.43%
10	7.125% 50 Year Debenture	11/15/93	11/15/43	320,000	N/A	250,350	100.14	248,381	7.13%	17,813	50	7.19%
11	5.625% 10 Year Note	11/15/98	11/15/08	500,000	N/A	318,867	99.65	318,945	5.63%	18,000	353	5.75%
12	4 Year Floating Rate Note	06/09/03	06/09/07	500,000	N/A	492,815	98.56	496,348	6.50%	45,100	9,551	11.01%
13	8.875% 10 Year Note	03/12/02	03/15/12	1,500,000	N/A	1,440,436	96.03	1,456,770	8.88%	133,125	5,136	9.49%
14	6.95% 7 Year Note	06/09/03	06/09/10	500,000	N/A	481,548	96.31	487,130	6.95%	34,750	2,315	7.61%
15	7.875% 7 Year Term Loan	08/12/04	09/01/11	575,000	N/A	558,756	97.17	561,160	7.88%	45,281	1,810	8.39%
16	7.875% 7 Year Term Loan	11/23/04	09/01/11	250,000	N/A	270,141	108.06	261,311	7.88%	19,688	(2,748)	6.48%
17	8 Year Floating Rate Note	06/17/05	06/15/13	750,000	N/A	738,750	98.50	739,508	7.74%	58,050	1,407	8.04%
18	10 Year Floating Rate Note	06/17/05	06/15/15	400,000	N/A	394,000	98.50	394,313	7.63%	30,500	600	7.89%
19												
20												
21												
22	EASTERN REGION											
23												
24	6.250% 39 Year Debenture	01/01/68	01/01/07	89,700	N/A	89,105	99.34	89,683	6.25%	5,606	17	6.27%
25	Refinanced Debenture	02/15/77	02/15/17		N/A			(5,537)			498	-8.99%
26	7.750% 40 Year Debenture	05/01/90	05/01/30	42,883	N/A	33,910	79.08	34,593	7.75%	3,323	85	9.85%
27	CENTRAL REGION											
28												
29												
30												
31	6.000% 40 Year Debenture	08/01/67	08/01/07	70,200	N/A	69,814	99.45	70,183	6.00%	4,212	11	6.02%
32	Refinanced Debenture	11/01/76	11/01/16		N/A			(3,366)			311	-9.23%
33	Refinanced Debenture	09/15/77	09/15/17		N/A			(5,026)			429	-8.54%
34	Refinanced Debenture	06/01/83	06/01/23		N/A			(15,657)			899	-5.74%
35	Refinanced Debenture	02/01/85	02/01/25		N/A			(15,524)			813	-5.24%
36	Refinanced Debenture	02/01/77	02/01/17		N/A			(6,381)			575	-9.02%
37	Refinanced Debenture	02/01/77	02/01/17		N/A			(14,150)			1,276	-9.02%
38	7.375% 40 Year Debenture	05/01/90	05/01/30	55,150	N/A	41,535	75.31	42,591	7.38%	4,067	128	9.85%
39												
40												
41	Subtotal Page 1 of 2			7,786,933		7,626,174		7,511,221		601,002	25,168	

Cost of Long Term Debt

(Thousands of Dollars)

Year: 2005

Year: 2000																							
Line No.	Description (a)	Issue Date (b)	Maturity Date (c)	Principal Amount (d)	Gross Proceeds (e)	Net Proceeds (f)	Net Per \$100 (g)	Outstanding Per Balance Sheet (h)	Yield to Maturity (i)	Annual Net Cost (j)	Amortization of Premium or Discount (k)	Total Cost (%) (l)											
1	WESTERN REGION																						
2	Refinanced Debenture	05/01/80	05/01/20	0	N/A			(6,326)			441	-6.98%											
3																							
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27																							
28	Subtotal Page 2 of 2																						
29																							
30	Grand Total																						
				7,786,933		7,826,174		7,504,895		601,002	25,609												
NOTES: PAGE 14A																							

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: 2005

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 HAS NO PREFERRED STOCK											
2												
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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: 2005

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, 2005	1	2,150,348	493,619	2,250,000	N/M	N/A	N/A
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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 2005 ARMIS data.

N/M=Not Meaningful

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

Year: 2005							
(Thousands of Dollars)							
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 6.625% Note	6/07/05		211,000			Reacquisition Retirement
5	Due 09-15-05	9/15/05		39,000			
6							
7	12 YR 6.125% Note	6/07/05		129,000			Reacquisition Retirement
8	Due 11-15-05	11/15/05		21,000			
9							
10	Qwest Corporation						
11	04 YR 6.50% Note						
12	Due 06-09-07	6/20/05		750,000			Reacquisition
13							
14							
15							
16	<u>OTHER LONG TERM DEBT</u>						
17	05 YR 6.51% IBM Note						
18	Due 01-01-05	01/01/05		40			Retirement
19							
20							
21							
22							
23	<u>Qwest Corporation</u>						
24	Promissory Notes	Various		3,667			Retirement
25	Totals (Sum L.1 to L.24)		0	1,153,707	0	0	0

Total Company Expense Matrix

Year: 2005

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	589,097	200,286	(4,168,140)	16,688,948	0	13,310,191
2	6112	Motor Vehicle Expense	615,976	208,241	(4,999,709)	15,836,951	0	11,661,459
3	6113	Aircraft Expense	4,897	6,424	179	(9,675)	0	1,825
4	6114	Special Purpose Vehicles Expense	6,905	2,555	0	40,459	0	49,919
5	6115	Garage Work Equipment Expense	12,982	4,996	0	525,084	0	543,063
6	6116	Other Work Equipment Expense	(51,663)	(21,930)	831,390	296,128	0	1,053,925
7	6120	General Support Expense	21,438,663	8,466,908	92,789,790	404,558,566	0	527,253,926
8	6121	Land and Building Expense	7,096,074	2,712,272	87,747,827	88,512,383	0	186,068,557
9	6122	Furniture and Artworks Expense	90,880	27,831	284,882	4,842,590	0	5,246,184
10	6123	Office Equipment Expense	4,126,165	1,583,384	3,373,650	6,184,623	0	15,267,822
11	6124	General Purpose Computers Expense	10,125,543	4,143,420	1,383,430	305,018,969	0	320,671,363
12	6210	Central Office Switching Expense	83,006,606	31,744,309	36,075,568	18,396,478	0	169,222,962
13	6211	Analog Electronic Expense	0	0	0	0	0	0
14	6212	Digital Electronic Expense	83,006,606	31,744,309	36,075,568	18,396,478	0	169,222,961
15	6215	Electro-Mechanical Expense	0	0	0	0	0	0
16	6220	Operator Systems Expense	6,307	2,482	15	123,677	0	132,677
17	6230	Central Office Transmission Expense	98,293,711	37,643,697	1,142,916	29,470,269	0	166,550,593
18	6231	Radio Systems Expense	1,536,514	589,868	22,696	1,426,227	0	3,575,305
19	6232	Circuit Equipment Expense	96,757,197	37,053,829	1,120,220	28,044,042	0	162,975,287
20	6310	Information Origination/Termination Expense	97,619,394	37,493,036	1,031,009	15,062,102	0	151,205,540
21	6311	Station Apparatus Expense	12,853,347	4,981,552	197,638	(529,358)	0	17,503,179
22	6341	Large Private Branch Exchange Expense	13,218,201	5,061,226	133,512	1,402,638	0	19,815,576
23	6351	Public Telephone Terminal Equipment Expense	8,497	3,065	0	2,231,879	0	2,243,442
24	6362	Other Terminal Equipment Expense	71,539,348	27,447,193	699,858	11,956,943	0	111,643,343
25	6410	Cable and Wire Facilities Expense	461,869,363	150,821,522	35,020,050	173,892,068	0	821,603,022
26	6411	Poles Expense	837,057	316,254	21,787,317	285,339	0	23,225,967
27	6421	Aerial Cable Expense	79,309,084	30,413,863	808,101	15,884,047	0	126,415,095
28	6422	Underground Cable Expense	27,996,986	10,600,199	1,496,421	7,872,823	0	47,966,429
29	6423	Buried Cable Expense	343,119,414	105,449,625	10,756,827	135,307,360	0	594,633,226
30	6424	Submarine Cable Expense	0	0	0	2,600	0	2,600
31	6425	Deep Sea Cable Expense	0	0	0	0	0	0
32	6426	Intrabuilding Network Cable Expense	10,233,963	3,915,364	148,651	2,189,318	0	16,487,296
33	6431	Aerial Wire Expense	64,122	24,500	1,022	3,820,802	0	3,910,445
34		Subtotals	762,514,404	266,270,524	161,869,497	649,682,524	0	1,840,316,948

* Subaccount of the account marked with a *

Total Company Expense Matrix

Year: 2005

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	308,758	101,716	21,711	8,529,779	0	8,961,963
36	6510	Other Property Expenses	(570,535)	(181,589)	0	23,949,668	0	23,197,544
37	6530	Network Operations Expense	252,183,913	163,279,117	5,163	156,963,112	0	572,431,305
38	6531	Power Expense	0	0	0	68,053,828	0	68,053,828
39	6532	Network Administration Expense	10,513,279	2,958,812	0	378,447	0	13,850,538
40	6533	Testing Expense	111,950,067	42,935,899	0	3,955,505	0	158,841,471
41	6534	Plant Operations Expense	84,139,749	98,040,660	2,090	72,161,507	0	254,344,006
42	6535	Engineering Expense	45,580,818	19,343,745	3,073	12,413,826	0	77,341,462
43	6540	Access Expense	0	0	0	250,986,741	0	250,986,741
44	6561	Depreciation - Telecomm. Plant in Service	0	0	0	0	2,836,242,547	2,836,242,547
45	6562	Depreciation-Prop. for Future Telecom. Use	0	0	0	0	0	0
46	6563	Amortization Expense - Tangible	0	0	0	25,960	21,347,881	21,373,841
47	6564	Amortization Expense - Intangible	0	0	0	0	332,517,336	332,517,336
48	6565	Amortization - Other	0	0	0	0	0	0
49	6610	Marketing	40,364,359	15,102,479	238	556,382,512	0	611,849,589
50	6611	Product Management	2,691,720	868,497	19	54,002,262	0	57,562,499
51	6612	Sales	37,672,639	14,233,982	219	329,458,494	0	381,365,334
52	6613	Product Advertising	0	0	0	172,921,755	0	172,921,755
53	6621	Call Completion Services	7,532,878	5,351,994	0	253,244	0	13,138,116
54	6622	Number Services	27,780,344	20,182,474	266	1,779,856	0	49,742,940
55	6623	Customer Services	309,619,485	170,066,420	20,479	198,183,596	0	677,889,980
56	6711	Executive	395,109	471,156	1,236	32,720,471	0	33,587,973
57	6712	Planning	0	128	0	7,450,242	0	7,450,370
58	6721	Accounting and Finance	14,975,884	6,937,390	0	58,960,640	0	80,873,914
59	6722	External Relations	2,164,284	731,531	0	99,963,615	0	102,859,429
60	6723	Human Relations	773,143	287,076	3,708	46,986,750	0	48,050,677
61	6724	Information Management	(42,015,230)	(10,339,641)	1,374,618	373,847,845	0	322,867,593
62	6725	Legal	0	0	0	79,666,221	0	79,666,221
63	6726	Procurement	0	0	0	26,901,579	0	26,901,579
64	6727	Research and Development	0	0	0	100,956	0	100,956
65	6728	Other General and Administrative	0	0	0	175,270,140	0	175,270,140
66	6790	Provision for Uncollectible Notes Receivable	7,883,848	1,981,546	7,355,495	0	0	192,491,028
67	8747	Administrative Services Clearing	0	0	0	410	0	410
68		Totals	1,383,910,643	640,242,320	170,652,412	2,748,585,861	3,190,107,764	8,133,499,000

^ Subaccount of the account marked with a *

Total State Expense Matrix

Year: 2005

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	3,832	1,403	(2,720)	237,638	0	240,151
2	6112	Motor Vehicle Expense	12,983	5,335	(7,959)	197,341	0	207,700
3	6113	Aircraft Expense	0	0	0	0	0	0
4	6114	Special Purpose Vehicles Expense	111	42	0	1,850	0	2,004
5	6115	Garage Work Equipment Expense	1,672	640	0	4,921	0	7,233
6	6116	Other Work Equipment Expense	(10,935)	(4,614)	5,239	33,525	0	23,215
7	6120	General Support Expense	422,242	165,612	775,245	8,480,898	0	9,843,997
8	6121	Land and Building Expense	210,211	80,025	551,475	1,846,495	0	2,688,205
9	6122	Furniture and Artworks Expense	0	0	5,939	15,397	0	21,336
10	6123	Office Equipment Expense	55,336	21,095	165,508	76,583	0	318,522
11	6124	General Purpose Computers Expense	156,696	64,493	52,323	6,542,422	0	6,815,933
12	6210	Central Office Switching Expense	1,939,873	743,046	984,839	310,100	0	3,977,858
13	6211	Analog Electronic Expense					0	0
14	6212	Digital Electronic Expense	1,939,873	743,046	984,839	310,100	0	3,977,858
15	6215	Electro-Mechanical Expense	0	0	0	0	0	0
16	6220	Operator Systems Expense	0	0	0	50	0	50
17	6230	Central Office Transmission Expense	1,878,488	721,649	4,240	320,715	0	2,925,093
18	6231	Radio Systems Expense	26,643	10,268	77	3,223	0	40,211
19	6232	Circuit Equipment Expense	1,851,845	711,381	4,163	317,492	0	2,884,882
20	6310	Information Origination/Termination Expense	1,443,502	554,057	3,084	294,842	0	2,295,484
21	6311	Station Apparatus Expense	81,356	31,530	142	9,442	0	122,469
22	6341	Large Private Branch Exchange Expense	196,672	74,839	537	23,070	0	295,118
23	6351	Public Telephone Terminal Equipment Expense	279	113	0	88,950	0	89,342
24	6362	Other Terminal Equipment Expense	1,165,195	447,574	2,405	173,380	0	1,788,554
25	6410	Cable and Wire Facilities Expense	8,229,343	2,190,380	1,608,636	2,596,120	0	14,624,480
26	6411	Poles Expense	3,681	1,349	430,507	21,594	0	457,132
27	6421	Aerial Cable Expense	1,354,512	519,785	32,738	285,408	0	2,192,443
28	6422	Underground Cable Expense	212,526	80,451	433	63,883	0	357,293
29	6423	Buried Cable Expense	6,481,623	1,521,406	1,144,515	2,097,520	0	11,245,064
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	176,881	67,350	443	33,640	0	278,315
33	6431	Aerial Wire Expense	51	18	0	75,098	0	75,167
34		Subtotals	13,917,211	4,376,126	3,373,324	12,221,385	0	33,888,047

^ Subaccount of the account marked with a *.

Total State Expense Matrix

Year: 2005

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	68	20	0	18,977	0	19,065
36	6510	Other Property Expenses	(20,619)	(6,912)	0	628,068	0	600,537
37	6530	Network Operations Expense	4,193,309	2,825,058	63	4,094,083	0	11,112,513
38	6531	Power Expense	0	0	0	1,486,943	0	1,486,943
39	6532	Network Administration Expense	192,522	48,629	0	9,453	0	250,604
40	6533	Testing Expense	2,022,737	775,902	0	71,073	0	2,869,713
41	6534	Plant Operations Expense	1,488,272	1,694,386	63	1,987,529	0	5,170,250
42	6535	Engineering Expense	489,776	306,141	0	539,085	0	1,335,002
43	6540	Access Expense	0	0	0	6,048,938	0	6,048,938
44	6561	Depreciation - Telecomm. Plant in Service	0	0	0	0	66,357,307	66,357,307
45	6562	Depreciation-Prop. for Future Telecom. Use	0	0	0	0	0	0
46	6563	Amortization Expense - Tangible	0	0	0	37,615	37,615	37,615
47	6564	Amortization Expense - Intangible	0	0	0	0	7,489,600	7,489,600
48	6565	Amortization - Other	0	0	0	0	0	0
49	6610	Marketing	875,415	332,156	5	12,428,828	0	13,636,404
50	6611	Product Management	59,988	19,264	0	1,198,558	0	1,277,810
51	6612	Sales	815,427	312,892	5	7,366,784	0	8,495,108
52	6613	Product Advertising	0	0	0	3,863,486	0	3,863,486
53	6621	Call Completion Services	709,478	485,687	0	21,895	0	1,217,060
54	6622	Number Services	495,447	360,084	144	29,226	0	884,901
55	6623	Customer Services	6,675,611	3,661,344	275	4,421,855	0	14,759,084
56	6711	Executive	43,298	9,609	27	715,554	0	768,488
57	6712	Planning	0	3	0	162,937	0	162,940
58	6721	Accounting and Finance	325,898	150,011	0	1,286,501	0	1,762,409
59	6722	External Relations	85,427	40,385	0	2,185,027	0	2,310,839
60	6723	Human Relations	15,771	5,725	81	1,027,548	0	1,049,125
61	6724	Information Management	(1,463,862)	(368,491)	29,441	7,340,511	0	5,537,599
62	6725	Legal	0	0	0	1,964,755	0	1,964,755
63	6726	Procurement	0	0	0	587,025	0	587,025
64	6727	Research and Development	0	0	0	2,208	0	2,208
65	6728	Other General and Administrative	171,883	42,821	175,446	5,649,567	0	6,039,717
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	26,024,333	11,913,625	3,578,806	60,834,890	73,884,522	176,236,175

^ Subaccount of the account marked with a *.

Pension Costs

Year: 2005

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: None	Is the Plan Over Funded? The Plan is fully funded.		
5				
	Item	Current Year	Last Year	% Change
6	Change in Benefit Obligation			
7	Benefit obligation at beginning of year	7,792,338	7,794,304	-0.03%
8	Service cost	100,247	112,232	-10.68%
9	Interest Cost	334,975	387,322	-13.52%
10	Plan participants' contributions	-	-	
11	Amendments	-	(12,554)	-100.00%
12	Actuarial Gain	247,088	344,646	-28.31%
13	Acquisition	-	-	0.00%
14	Benefits paid	(726,915)	(834,121)	12.85%
14a	Special termination benefits	72	509	-85.76%
15	Benefit obligation at end of year	7,747,805	7,792,338	-0.57%
16	Change in Plan Assets			
17	Fair value of plan assets at beginning of year	7,970,819	7,836,927	1.71%
18	Adjustment to match trust	-	-	
19	Actual return on plan assets	842,341	968,013	-12.98%
20	Acquisition	-	-	
21	Employer contribution	-	-	
22	Plan participants' contributions	70	-	100.00%
23	420 Transfer	-	-	
24	Benefits paid	(726,915)	(834,121)	12.85%
25	Fair value of plan assets at end of year	8,086,314	7,970,819	1.45%
26	Funded Status			
27	Unrecognized net actuarial loss	338,509	178,481	89.66%
28	Unrecognized prior service cost	714,943	886,896	-19.39%
29	Prepaid (accrued) benefit cos	(40,648)	(44,022)	7.66%
		1,012,804	1,021,355	-0.84%
30				
31	Weighted-average Assumptions as of Year End			
32	Discount rate	5.60%	5.75%	-2.61%
33	Expected return on plan assets	8.50%	8.50%	0.00%
34	Rate of compensation increase	4.65%	4.65%	0.00%
35				
36	Components of Net Periodic Benefit Costs			
37	Service cost	100,247	112,232	-10.68%
38	Interest cost	334,975	387,322	-13.52%
39	Expected return on plan assets	(466,382)	(528,538)	11.76%
40	Amortization of prior service cost & net transistion obligat	(3,374)	(46,488)	92.74%
41	Recognized net actuarial loss	53,109	4,152	1179.12%
42	Net periodic benefit cos	18,575	(71,320)	126.04%
43	Adjustment for affiliated transfer	10,024	-	100.00%
44	Montana Intrastate Costs:			
45	Pension Costs	199	(719)	127.68%
46	Pension Costs Capitalized	28	(101)	127.72%
47	Accumulated Pension Asset (Liability) at Year End	15,456	15,140	2.09%
48	Number of Company Employees:			
49	Covered by the Plan	83,112	85,099	-2.33%
50	Not Covered by the Plan	-	-	
51	Active	28,544	30,503	-6.42%
52	Retired	39,871	39,498	0.94%
53	Deferred Vested Terminated	14,697	15,098	-2.66%

(\$ in Thousands)

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Other Post Employment Benefits (OPEBS)

Year 2005

	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	1,700	2,670	-36.32%
6	Weighted-average Assumptions as of Year End			
7	Discount rate	5.60%	5.75%	-2.61%
8	Expected return on plan assets	8.50%	8.50%	0.00%
9	Medical Cost Inflation Rate	10% graded to 5%	10% graded to 5%	
10	Actuarial Cost Method	Projected Unit Cr	Projected Unit Cr	
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 Transfer - No			
14	Cash - Yes			
15	Describe any Changes to the Benefit Plan:			
16				
17	TOTAL COMPANY			
18	Change in Benefit Obligation			0.00%
19	Benefit obligation at beginning of year	5,076,295	5,508,000	-7.84%
20	Service cost	16,838	17,293	-2.63%
21	Interest Cost	270,973	309,567	-12.47%
22	Plan participants' contributions	-	-	
23	Amendments	(59,359)	(233,482)	74.58%
24	Actuarial Gain	(195,060)	(164,603)	-18.50%
25	Acquisition	-	-	
26	Benefits paid	(356,347)	(360,480)	1.15%
27	Benefit obligation at end of year	4,753,340	5,076,295	-6.36%
28	Change in Plan Assets			
29	Fair value of plan assets at beginning of year	1,652,070	1,659,036	-0.42%
30	Actual return on plan assets	191,093	177,341	7.75%
31	Acquisition	-	-	0.00%
32	Employer contribution	157,688	176,173	-10.49%
32a	Life trust reimbursement	-	-	0.00%
33	Plan participants' contributions	-	-	0.00%
34	Benefits paid	(356,347)	(360,480)	1.15%
35	Fair value of plan assets at end of year	1,644,504	1,652,070	-0.46%
36	Funded Status	(3,108,836)	(3,424,226)	9.21%
37	Unrecognized net actuarial loss	585,702	880,807	-33.50%
38	Unrecognized prior service cost	(244,624)	(221,572)	-10.40%
39	Prepaid (accrued) benefit cost	(2,767,758)	(2,764,991)	-0.10%
40	Components of Net Periodic Benefit Costs			
41	Service cost	16,838	17,293	-2.63%
42	Interest cost	270,973	309,567	-12.47%
43	Expected return on plan assets	(131,178)	(131,414)	0.18%
44	Amortization of prior service cost	(36,307)	(29,161)	-24.51%
45	Recognized net actuarial loss	40,129	63,233	-36.54%
46	Net periodic benefit cost	160,455	229,518	-30.09%
47	Accumulated Post Retirement Benefit Obligation			
48	Amount Funded through VEBA	5,600	13,500	-58.52%
49	Amount Funded through 401(h)	-	-	0.00%
50	Amount Funded through Other - Cash	152,088	162,673	-6.51%
51	TOTAL	157,688	176,173	-10.49%
52	Amount that was tax deductible - VEBA	5,600	13,500	-58.52%
53	Amount that was tax deductible - 401(h)	-	-	0.00%
54	Amount that was tax deductible - Cash	152,088	162,673	-6.51%
55	TOTAL	157,688	176,173	-10.49%

Other Post Employment Benefits (OPEBS) Continued

Year: 2005

	Item	Current Year	Last Year	% Change
1	Number of Company Employees:			
2	Covered by the Plan	70,476	73,078	-3.56%
3	Not Covered by the Plan	3,224	3,207	0.53%
4	Active	26,593	29,723	-10.53%
5	Retired	43,883	43,355	1.22%
6	Spouses/Dependants covered by the Plan	25,672	25,906	-0.90%
7	Montana			
8	Change in Benefit Obligation			
9	Benefit obligation at beginning of year	62,930	65,089	-3.32%
10	Service cost	209	210	-0.59%
11	Interest Cost	3,351	3,752	-10.68%
12	Plan participants' contributions	-	-	
13	Amendments	-	-	
14	Actuarial Gain	(2,305)	(1,919)	-20.11%
15	Acquisition	-	-	
16	Benefits paid	(4,210)	(4,202)	-0.19%
17	Benefit obligation at end of year	59,975	62,930	-4.70%
18	Change in Plan Assets			
19	Fair value of plan assets at beginning of year	37,002	36,954	0.13%
20	Actual return on plan assets	2,258	2,067	9.24%
21	Acquisition	-	-	
22	Employer contribution	1,868	2,183	-14.43%
22a	Life trust reimbursement	-	-	0.00%
23	Plan participants' contributions	-	-	
24	Benefits paid	(4,210)	(4,202)	-0.19%
25	Fair value of plan assets at end of year	36,918	37,002	-0.23%
26	Funded Status	(23,057)	(28,111)	17.98%
27	Unrecognized net actuarial loss	6,920	10,267	-32.60%
28	Unrecognized prior service cost	(2,654)	(2,583)	-2.75%
29	Prepaid (accrued) benefit cost	(18,791)	(20,427)	8.01%
30	Components of Net Periodic Benefit Costs			
31	Service cost	209	210	-0.59%
32	Interest cost	3,351	3,752	-10.68%
33	Expected return on plan assets	(4,239)	(4,022)	-5.39%
34	Amortization of prior service cost	1,907	1,995	-4.40%
35	Recognized net actuarial loss	471	735	-35.86%
36	Net periodic benefit cost	1,700	2,670	-36.32%
37	Accumulated Post Retirement Benefit Obligation			
38	Amount Funded through VEBA	-	327	-100.00%
39	Amount Funded through 401(h)	-	-	0.00%
40	Amount Funded through Other - Cash	1,868	1,856	0.65%
41	TOTAL	1,868	2,183	-14.43%
42	Amount that was tax deductible - VEBA	-	327	-100.00%
43	Amount that was tax deductible - 401(h)	-	-	
44	Amount that was tax deductible - Cash	1,868	1,856	0.65%
45	TOTAL	1,868	2,183	-14.43%
46	Montana Intrastate Costs:			
47	Benefit Cost Expensed	1,550	2,351	-34.08%
48	Benefit Cost Capitalized	150	319	-52.83%
49	Benefit Payments - Medical	3,929	4,254	-7.64%
50	Number of Montana Employees:			
51	Covered by the Plan	401	406	-1.23%
52	Not Covered by the Plan	N/A	N/A	
53	Active	401	406	-1.23%
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: 2005

Line No.	Name of Recipient (a)	Nature of Service (b)	Total Company Cost (c)	Total State Cost (d)	Intrastate Cost (e)
1	ARVIZU ADVERTISING & PROMOTIONS INC	Advertising and Information Service	7,085		
2	ASPEN MARKETING SERVICES	Advertising and Information Service	18,687		
3	FOOTE CONE & BELDING - NEW YORK	Advertising and Information Service	16,234		
4	INITIATIVE MEDIA WORLDWIDE	Advertising and Information Service	37,952		
5	LEGION ADVERTISING	Advertising and Information Service	2,716		
6	MCCLAIN FINLON ADVERTISING INC	Advertising and Information Service	22,405		
7	MCKINNEY	Advertising and Information Service	3,593		
8	MOORE WALLACE NORTH AMERICA INC	Advertising and Information Service	4,270		
9	NEWSPAPER SERVICES OF AMERICA	Advertising and Information Service	30,077		
10	SHEPARDSON STERN & KAMINSKY	Advertising and Information Service	2,912		
11	TRAVERSE COMMUNICATIONS INC	Advertising and Information Service	1,684		
12					
13					
14					
15	TOTAL ADVERTISING AND INFORMATION SERVICES		147,615		
16					
17					
18					
19	ERNST & YOUNG	Audit and Accounting Service	812		
20	KPMG LLP	Audit and Accounting Service	708		
21					
22	TOTAL AUDIT AND ACCOUNTING SERVICES		1,520		
23					
24					
30					
31					
32	INTRADO INC	Computer and Data Processing Service	11,926		
33					
34	TOTAL COMPUTER AND DATA PROCESSING SERVICES		11,926		
35					
36					
37					
38					
39	TELCORDIA TECHNOLOGIES	Consulting and Research Service	49,295		
40					
41	TOTAL CONSULTING AND RESEARCH SERVICES		49,295		
42					
43					
44					
45	ACCENT SERVICE COMPANY INCORPORATED	Financial Service	4,166		
46	ALLIED INTERSTATE INC	Financial Service	963		
47	ER SOLUTIONS INC.	Financial Service	2,108		
48	FIRST DATA CORP	Financial Service	647		
49	FSH COMMUNICATIONS	Financial Service	19,717		
50	MCI WORLDCOM COMMUNICATIONS INC	Financial Service	1,449		
51	OREGON STATE DEPT OF CORRECTIONS	Financial Service	2,524		
55					
56					
57	TOTAL FINANCIAL SERVICES		31,574		
58					
59					
60					
61	ARNOLD & PORTER LLP	Legal Service	3,019		
62	BROWNSTEIN HYATT & FARBER PC	Legal Service	1,499		
63	DORSEY & WHITNEY LLP	Legal Service	699		
64	HOGAN AND HARTSON	Legal Service	588		
65	MORRISON & FOERSTER LLP	Legal Service	724		
66	PERKINS COIE	Legal Service	2,675		
67	STOEL RIVES LLP	Legal Service	2,208		

Payments for Services to Persons Other Than Employees

(Thousands of Dollars)

Year: 2005

Line No.	Name of Recipient (a)	Nature of Service (b)	Total Company Cost (c)	Total State Cost (d)	Intrastate Cost (e)
68	SUTHERLAND ASBILL & BRENNAN LLP	Legal Service	553		
74					
75					
76	TOTAL LEGAL SERVICES		11,965		
77					
78					
79					
80	ALLIANCE FOR TELECOMMUNICATIONS	Membership Fees and Dues	108		
81					
82	TOTAL MEMBERSHIP FEES AND DUES		108		
83					
84					
85					
86	CAEL	Personnel Service	7,028		
87					
88	TOTAL PERSONNEL SERVICES		7,028		
89					
90					
91					
92	NOTHING TO REPORT	Printing and Design Service	0		
93					
94	TOTAL PRINTING AND DESIGN SERVICE		0		
95					
96					
97					
98	NOTHING TO REPORT	Security Service	0		
99					
100	TOTAL SECURITY SERVICES		0		
101					
102					
103					
104					
105					
106					
107					
108					
109					
110					
111	CONTRIBUTIONS		2		
112					
113					
114					
115	GRAND TOTAL		261,033		

Subscriber Line Usage Data

(Thousands of Minutes)

Year: 2005

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: 2005

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%	893
2	ANACONDA	ELECTRIC											100.0%	4,311
3	BELGRADE	ELECTRIC											100.0%	7,468
4	BILLINGS MAIN	ELECTRIC											100.0%	38,338
5	BILLINGS WEST	ELECTRIC											100.0%	20,417
6	BOULDER	ELECTRIC											100.0%	926
7	BOZEMAN	ELECTRIC											100.0%	29,072
8	BRIDGER	ELECTRIC											100.0%	690
9	BUTTE	ELECTRIC											100.0%	11,086
10	BUTTE SOUTH	ELECTRIC											100.0%	6,676
11	CANYON FERRY	ELECTRIC											100.0%	879
12	CASCADE	ELECTRIC											100.0%	966
13	CLANCY	ELECTRIC											100.0%	1,052
14	CLYDE PARK	ELECTRIC											100.0%	604
15	COLSTRIP	ELECTRIC											100.0%	1,187
16	COLUMBUS	ELECTRIC											100.0%	1,983
17	CONRAD	ELECTRIC											100.0%	1,041
18	COOKE CITY	ELECTRIC											100.0%	314
19	CORVALLIS	ELECTRIC											100.0%	3,334
20	CUT BANK	ELECTRIC											100.0%	2,258
21	DARBY	ELECTRIC											100.0%	1,956
22	DEER LODGE	ELECTRIC											100.0%	2,392
23	DILLON	ELECTRIC											100.0%	4,034
24	DUTTON	ELECTRIC											100.0%	263
25	EAST GLACIER PARK	ELECTRIC											100.0%	411
26	EAST HELENA	ELECTRIC											100.0%	3,858
27	FAIRVIEW	ELECTRIC											100.0%	218
28	FORSYTH	ELECTRIC											100.0%	615
29	FRENCHTOWN	ELECTRIC											100.0%	1,974
30	FROMBERG	ELECTRIC											100.0%	410
31	Subtotal Page 1													149,626

WIRE CENTER DETAIL IS PROVIDED UNDER SEPARATE COVER AS PROPRIETARY

Central Office and Access Line Statistics

Year: 2005

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%	1,225
2	GARDNER	ELECTRIC											100.0%	1,015
3	GLENDIVE	ELECTRIC											100.0%	1,201
4	GREAT FALLS	ELECTRIC											100.0%	35,846
5	HAMILTON	ELECTRIC											100.0%	7,679
6	HARDIN	ELECTRIC											100.0%	2,250
7	HAVRE	ELECTRIC											100.0%	6,497
8	HELENA MAIN	ELECTRIC											100.0%	25,236
9	HELENA NORTH	ELECTRIC											100.0%	2,970
10	JOLIET	ELECTRIC											100.0%	1,120
11	LAUREL	ELECTRIC											100.0%	4,536
12	LEWISTOWN	ELECTRIC											100.0%	4,767
13	LIVINGSTON	ELECTRIC											100.0%	6,866
14	LOLO	ELECTRIC											100.0%	4,025
15	MANHATTAN	ELECTRIC											100.0%	1,219
16	MILES CITY	ELECTRIC											100.0%	2,242
17	MILLTOWN	ELECTRIC											100.0%	1,162
18	MISSOULA MAIN	ELECTRIC											100.0%	37,547
19	MISSOULA SOUTH	ELECTRIC											100.0%	4,891
20	OPPORTUNITY	ELECTRIC											100.0%	433
21	PARK CITY	ELECTRIC											100.0%	811
22	POWELL	ELECTRIC											100.0%	1
23	PRAY	ELECTRIC											100.0%	954
24	RED LODGE	ELECTRIC											100.0%	3,032
25	ROBERTS	ELECTRIC											100.0%	390
26	SHELBY	ELECTRIC											100.0%	905
27	SHEPHERD	ELECTRIC											100.0%	1,584
28	SIDNEY	ELECTRIC											100.0%	988
29	ST MARY	ELECTRIC											100.0%	305
30	STEVENSVILLE	ELECTRIC											100.0%	4,711
31	Subtotal Page 2													166,408

Central Office and Access Line Statistics

Year: 2005

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%	59
2	THREE FORKS	ELECTRIC											100.0%	1,787
3	TOWNSEND	ELECTRIC											100.0%	1,984
4	ULM	ELECTRIC											100.0%	397
5	VAUGHN	ELECTRIC											100.0%	1,073
6	VICTOR	ELECTRIC											100.0%	1,669
7	WARM SPRINGS	ELECTRIC											100.0%	255
8	WEST GLACIER	ELECTRIC											100.0%	538
9	WEST YELLOWSTONE	ELECTRIC											100.0%	1,946
10	WHITEHALL	ELECTRIC											100.0%	1,863
11	WIBAUX	ELECTRIC											100.0%	191
12	WILSALL	ELECTRIC											100.0%	490
13	WOLF CREEK	ELECTRIC											100.0%	381
14														
15														
16														
17														
18														
19														
WIRE CENTER DETAIL IS PROVIDED UNDER SEPARATE COVER AS PROPRIETARY														
20	Subtotal Page 3													12,633
21														
22	MONTANA		201,239	3	0	7,929	5,802	11,748	51,247	993	1,339	48,367		328,667

Central Office and Switch Information

Year: 2005

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	13,896	2001
4	Billings Main	Host	Digital	ERSN	AXE	0	1991
5	Billings Main	Packet (Unreg)	Packet	NTI	DPN100	0	1993
6	Billings Main	Stand Alone	Digital	LUCENT	5ESS	62,853	1994
7	Billings Main	STP	Digital	ERSN	AXE/STP	0	1992
8	Billings West	Lines/Host	Digital	LUCENT	5ESS	28,424	1985
9	Billings West	Packet (Unreg)	Packet	NTI	DPN100	0	1988
10	Boulder	Remote/Helena Host	Digital	ERSN	AXE/RSS	1,280	1992
11	Bozeman	Stand Alone	Digital	LUCENT	5ESS	44,702	1984
12	Bozeman	STP	Digital	ERSN	AXE/STP	0	1992
13	Bridger	Remote/Billings Host	Digital	ERSN	AXE/RSS	1,024	1993
14	Butte Main	Stand Alone	Digital	LUCENT	5ESS	16,255	1990
15	Butte South	Remote/Butte Host	Digital	LUCENT	5ESS/ORM	9,423	1995
16	Canyon Ferry	Remote/Helena Host	Digital	ERSN	AXE/RSS	1,278	1993
17	Cascade	Remote/Great Falls	Digital	LUCENT	5ESS/RSM	1,632	1994
18	Clancy	Remote/Helena Host	Digital	ERSN	AXE/RSS	1,536	1993
19	Clyde Park	Remote/Livingston	Digital	ERSN	AXE/RSS	896	1992
20	Colstrip	Remote/Billings Host	Digital	LUCENT	5ESS/RSM	2,144	1997
21	Columbus	Remote/Billings Host	Digital	ERSN	AXE/RSS	2,302	1992
22	Conrad	Remote/Great Falls	Digital	LUCENT	5ESS/RSM	2,560	1994
23	Cooke City	Remote/Livingston	Digital	ERSN	AXE/RSS	640	1992
24	Corvallis	Remote/Hamilton	Digital	ERSN	AXE/RSS	3,712	1991
25	Cut Bank	Remote/Shelby	Digital	ERSN	AXE/RSS	2,688	1994
26	Darby	Remote/Hamilton	Digital	ERSN	AXE/RSS	2,528	1991
27	Deer Lodge	Remote/Helena Host	Digital	ERSN	AXE/RSS	2,944	1990
28	Dillon	Remote/Helena Host	Digital	ERSN	AXE/RSS	4,735	1992
29	Dutton	Remote/Great Falls	Digital	LUCENT	5ESS/RSM	512	1994
30	East Glacier	Remote/Shelby	Digital	ERSN	AXE/RSS	512	1993
31	East Helena	Remote/Helena Host	Digital	LUCENT	5ESS/RSM	6,872	1988
32	Fairview	Remote/Glendive	Digital	ERSN	AXE/RSS	1,024	1993
33	Forsyth	Remote/Miles City	Digital	ERSN	AXE/RSS	2,048	1992
34	Frenchtown	Remote/Missoula Host	Digital	LUCENT	5ESS/RSM	3,168	1990
35	Fromberg	Remote/Billings Host	Digital	ERSN	AXE/RSS	512	1993
36	Gallatin Gateway	Remote/Bozeman	Digital	LUCENT	5ESS/RSM	1,888	1993
37	Gardiner	Remote/Livingston	Digital	ERSN	AXE/RSS	1,536	1991
38	Glendive	Stand Alone	Digital	ERSN	AXE	4,992	1992
39	Great Falls	Lines/Host	Digital	LUCENT	5ESS	54,672	1987
40	Great Falls	Packet (Unreg)	Packet	NTI	DPN100	0	1993
41	Hamilton	Stand Alone	Digital	ERSN	AXE	9,312	1991
42	Hardin	Remote/Billings Host	Digital	ERSN	AXE/RSS	2,816	1992
43	Havre	Stand Alone	Digital	ERSN	AXE	8,448	1991
44	Helena Main	Host	Digital	ERSN	AXE	5,280	1990
45	Helena Main	Lines/Host	Digital	LUCENT	5ESS	35,104	1988
46	Helena Main	STP	Digital	ERSN	AXE/STP	0	1992

Central Office and Switch Information

Year: 2005

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	Helena North	Remote/Helena Host	Digital	LUCENT	5ESS/RSM	5,376	1988
48	Joliet	Remote/Billings Host	Digital	ERSN	AXE/RSS	1,408	1993
49	Laurel	Remote/Billings Host	Digital	ERSN	AXE/RSS	5,504	1992
50	Lewistown	Stand Alone	Digital	ERSN	AXE	7,040	1993
51	Livingston	Stand Alone	Digital	ERSN	AXE	8,320	1992
52	Lolo	Remote/Missoula Host	Digital	LUCENT	5ESS/RSM	7,247	1993
53	Manhattan	Remote/Bozeman	Digital	LUCENT	5ESS/RSM	2,141	1993
54	Miles City	Stand Alone	Digital	ERSN	AXE	7,168	1992
55	Milltown	Remote/Missoula Host	Digital	LUCENT	5ESS/RSM	2,112	1993
56	Missoula Main	Lines/Host	Digital	LUCENT	5ESS	60,120	1986
57	Missoula Main	STP	Digital	ERSN	AXE/STP	0	1992
58	Missoula South	Remote/Missoula Host	Digital	LUCENT	5ESS/ORM	8,704	1993
59	Opportunity	Remote/Helena Host	Digital	ERSN	AXE/RSS	766	1992
60	Park City	Remote/Billings Host	Digital	ERSN	AXE/RSS	1,408	1992
61	Pray	Remote/Livingston	Digital	ERSN	AXE/RSS	1,280	1990
62	Red Lodge	Remote/Billings Host	Digital	ERSN	AXE/RSS	3,712	1992
63	Roberts	Remote/Billings Host	Digital	ERSN	AXE/RSS	640	1993
64	Saint Mary	Remote/Shelby	Digital	ERSN	AXE/RSS	512	1993
65	Shelby	Stand Alone	Digital	ERSN	AXE	2,432	1993
66	Shepherd	Remote/Billings West	Digital	LUCENT	5ESS/RSM	2,936	1985
67	Sidney	Remote/Glendive	Digital	ERSN	AXE/RSS	4,608	1993
68	Stevensville	Remote/Hamilton	Digital	ERSN	AXE/RSS	6,239	1991
69	Terry	Remote/Miles City	Digital	ERSN	AXE/RSS	512	1994
70	Three Forks	Remote/Bozeman	Digital	LUCENT	5ESS/RSM	2,941	1993
71	Townsend	Remote/Helena Host	Digital	ERSN	AXE/RSS	2,560	1992
72	Ulm	Remote/Great Falls	Digital	LUCENT	5ESS/RSM	1,600	1993
73	Vaughn	Remote/Great Falls	Digital	LUCENT	5ESS/RSM	2,624	1993
74	Victor	Remote/Hamilton	Digital	ERSN	AXE/RSS	2,048	1991
75	Warm Springs	Remote/Helena Host	Digital	ERSN	AXE/RSS	383	1992
76	West Glacier	Remote/Shelby	Digital	ERSN	AXE/RSS	768	1993
77	West Yellowstone	Remote/Livingston	Digital	ERSN	AXE/RSS	2,816	1991
78	Whitehall	Remote/Helena Host	Digital	ERSN	AXE/RSS	2,432	1992
79	Wibaux	Remote/Glendive	Digital	ERSN	AXE/RSS	639	1994
80	Wilsall	Remote/Livingston	Digital	ERSN	AXE/RSS	512	1992
81	Wolf Creek	Remote/Helena Host	Digital	ERSN	AXE/RSS	512	1992

Construction Budget-Montana

(Thousands of Dollars)

Year: 2005

Line No.	Forecast 2006 Description (a)	Year 2006 Frct (b)
1	Central Office Assets:	
2		
3		
4		
5		
6		
7	COE projects over \$500,000	0
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9		
10		
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12		
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18		
19		
20		
21		
22		
23		
24	Total Switching and Central Office Projects over \$500,000	
25	Miscellaneous Central Office Projects not over \$500,000	8,600
26	Total Central Office Budget (L.24+L.25)	8,600
27	Other Projects over \$500,000:	0
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	12,916
40	Total Construction Budget (L.26+L.38+L.39)*	21,516

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*The Construction Budget Plant Additions include amounts specifically identified to Montana plus an allocated portion of approximately \$528 Million of capital expenditures that Qwest Corporation projects making in 2006 but which, at the time of this filing, QWEST has not specifically identified to a particular state.

Montana Total State Construction Expenditures

Line No.	FCC Part 32 Account No (a)	Description (b)	(\$ 000) This Year (c)	(\$ 000) Last Year (d)	Percent Change (e)
1	2110	General Support Assets	2,819	3,929	-28.25%
2	2210	Central Office Assets	1,565	2,235	-29.97%
3	2220	Operator Systems	0	0	0.00%
4	2230	Central Office Transmission	7,727	8,990	-14.05%
5	2310	Information/Termination Assets	178	255	-30.17%
6	2410	Cable and Wire Facilities Assets	8,269	10,147	-18.52%
7	2680	Amortizable Tangible Assets	31	(3,523)	100.89%
8	2690	Intangibles	4,001	3,973	0.71%
9		Total Construction Expenditures	24,590	26,007	-5.45%

Montana Employee Counts

Year: 2005

Line No.	Category (a)	Beginning of Year (b)	End of Year (c)
1	Consumer Markets	123	
2	Mass Markets-Consumer		103
3	Business Markets Group		1
4	Network Services	244	217
5	Finance	2	2
6	Fleet Services	4	
7	Real Estate	7	
8	Real Estate/Procurement/Fleet		11
9	Public Policy	1	1
10	Other Affiliates	26	28
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39			
40	Note: At the end of the year, there were 31 construction technicians included		
41	in the totals. There is not a job category for splicer.		
42			
43	Totals (Sum of Lines 1 through 42)	407	363

Compensation of Top 10 Montana Based Employees

Year: 2005

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: 2005

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	\$ 3,150,000	\$ 5,255,191	\$ 9,505,191	\$ 4,656,494	104.1%
2	Oren G. Shaffer Vice Chairman and Chief Financial Officer	\$ 800,000	\$ 1,800,000	\$ 2,693,360	\$ 5,293,360	\$ 2,583,624	104.9%
3	Barry K. Allen Executive Vice President, Operations	\$ 670,000	\$ 1,105,500	\$ 153,398	\$ 1,928,898	\$ 1,862,109	3.6%
4	Richard N. Baer Executive Vice President, General Counsel and Corporate Secretary	\$ 550,000	\$ 990,000	\$ 61,195	\$ 1,601,195	\$ 1,470,823	8.9%
5	Paula Kruger Executive Vice President, Mass Markets Group	\$ 432,308	\$ 449,034	\$ 66,268	\$ 947,610	\$ 916,383	3.4%
6	Totals (Sum L.1 to L.5)	\$3,552,308	\$7,494,534	\$8,229,412	\$19,276,254	\$11,489,433	

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Amounts shown for 2003 differ from amounts previously reported due to a change in the way in which we calculate incremental cost.
Mr. Allen joined Qwest in August 2002 and became an executive officer in March 2004.

Montana Composite Statistics

Year: 2005

Line No.	Account No.	Description (a)	Amount (b)
1		Plant (Intrastate Only) (000 Omitted)	
2	2001	Plant in Service	641,163
3	2003-2004	Construction Work in Progress	1,670
4	2005	Plant Acquisition Adjustments	0
5	2002	Plant Held for Future Use	0
6	1220	Materials & Supplies	406
7		(Less):	
8	3100-3400	Depreciation & Amortization Reserves	483,335
9	4360.2	Contributions in Aid of Construction	0
10		NET BOOK COSTS	159,905
11		Revenues & Expenses (Intrastate Only) (000 Omitted)	
12	5000-5300	Operating Revenues	149,414
13	6560	Depreciation & Amortization Expenses	47,827
14		Federal & State Income Taxes	15,519
15		Other Taxes	3,036
16		Other Operating Expenses	48,028
17		TOTAL Operating Expenses	114,410
18		Net Operating Income	35,004
19		Other Income	306
20		Other Deductions	5,926
21		NET INCOME	29,383
22		Access Lines in Service (Intrastate Only)	
23		Residential Access Lines	214,973
24		Business Access Lines	100,364
25		PBX Access Lines	10,998
26		Other Access Lines (Public)	2,332
27		Total Number of Access Lines	328,667
28		Average Number of Calls Per Access Line	
29		Local Calls	1,780
30		Toll Calls (Intra- or Interstate)	397
31		Total Number of Calls Per Access Line (L.29 + L.30)	2,177
32		Other Statistics (Intrastate Only)	
33		Average Residential Monthly Bill	16.61
34		Gross Plant Investment per Access Line	1,957

Depreciation-Montana Intrastate Regulated

(Thousands of Dollars)

Year: 2005

Line No.	Acct No. (a)	Description (b)	Composite Rate % (c)	Total Expense \$000 (d)
1		2112 MOTOR VEHICLES	4.9%	199
2		2114 SPEC PURPOSE VEHICLES	5.8%	0
3		2115 GARAGE WORK EQUIPMENT	10.5%	16
4		2116 OTHER WORK EQUIP	5.3%	172
5		2121 BUILDINGS	3.4%	1,022
6		2122 FURNITURE	20.8%	2
7		2123.1 OFFICE EQUIPMENT	10.6%	24
8		2123.2 COMPANY COMM EQUIP	8.3%	13
9		2124 GEN PURPOSE CMPTR	0.2%	109
10		2212 DIGITAL SW EQUIP	7.1%	6,934
11		2220 OPERATOR SYSTEMS	0.0%	0
12		2231 RADIO SYSTEMS	11.2%	733
13		2232 CIRCUIT DDS	11.7%	0
14		2232 CIRCUIT DIGITAL	11.2%	11,562
15		2232 CIRCUIT ANALOG	24.0%	0
16		2362 OTHER TERM EQUIP	13.1%	49
17		2411 POLE LINES	10.1%	432
18		2421 AERIAL CABLE MET	6.8%	1,628
19		2421 AERIAL CABLE NON MET	11.6%	17
20		2422 UNDGRD CABLE MET	6.3%	1,273
21		2422 UNDGRD CABLE NON MET	6.6%	398
22		2423 BURIED CABLE MET	4.6%	9,383
23		2423 BURIED CABLE NON MET	6.2%	1,475
24		2424 SUB CABLE MET	2.4%	0
25		2424 SUB CABLE NON MET	0.0%	0
26		2426 INTRA BLDG CA MET	4.1%	192
27		2426 INTRA BLDG CABLE NON MET	7.8%	16
28		2431 AERIAL WIRE	0.0%	0
29		2441 CONDUIT SYSTEMS	2.1%	274
30				
31		COMPOSITE TOTAL		35,922
32				
33				
34				
35	Have these rates been approved by the Commission? x Yes No			
36				
37				
38	If yes: <u>Docket Number</u> <u>Order Number</u>			
39	96.8.131 5937c			

Amortization - Montana Intrastate Regulated

Year: 2005

(Thousands of Dollars)

Line No.	Acct No. (a)	Description (b)	Composite Rate % (c)	Total Expense \$000 (d)
1	2681	Capital Leases	varies	11
2	2682	Leasehold Improvements	varies	11
3	2690	Intangibles	20.0%	4,393
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29				
30				
31				
32				
33				
34				
35		COMPOSITE TOTAL		4,415
36				
37				
38				
39				
40				

Capital Leases and LHI's do not have a composite rate - the amortization varies by the terms of the Leases.

se list the Montana Public Service Commission Docket Order No. approving these amortization

Docket Number _____ Order Number _____

Montana Regulatory Capital Structure & Costs

Year: 2005

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)	22.78%	12.00%	2.73%
13	Preferred Stock	0.00%	0.00%	0.00%
14	Long Term Debt	77.22%	8.35%	6.45%
15	Other	0.00%	9.88%	0.00%
16	Total	100.00%		9.18%

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

SCHEDULE 32

Network Access - Charges and Revenues

(Thousands of Dollars)

Year: 2005

Line No.	Description (a)	Access Charges Paid (b)	Access Revenues Received (c)
1	Montana - Total State	6,049	116,607
2			
3	Montana - Intrastate	1,423	23,552
4			
5	Montana - Intrastate Regulated	1,423	18,383
6			
7			
8			
9			
10			
11			
12			
13			

Affiliate Transactions - Products & Services Provided to Utility

Year: 2005

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 BroadBand Services, Inc.	CABLE SERVICES	PCP	29,296			
2		PCP		29,296			
3		TOTAL		29,296			
4	Qwest Business Resources, Inc.	NETWORK SERVICES	FDC	2,499,175		27,526	
5		POST EMPLOYMENT BENEFITS	FDC	1,195,346			1,204,129
6		PROCUREMENT	FDC	55,374,967			
7		SPACE & FURNITURE RENTAL	FDC	351,530			
8		FDC		59,421,019		1,231,655	
9		SPACE & FURNITURE RENTAL	FMV	764,297			
10		FMV		764,297		1,231,655	
11		TOTAL		60,185,315			
12		CORP & SHARED SERVICES		FDC			4,644,724
13	Qwest Government Services, Inc.	FDC		4,644,724		101,687	
14		TOTAL		4,644,724		101,687	
15		POST EMPLOYMENT BENEFITS		FDC		257,994	5,833
16	Qwest Interprise America, Inc.	FDC		257,994		5,833	
17		EQUIPMENT/MATERIEL		506,774		10,485	
18		INTERNAL COMMUNICATIONS		PCP		2,668	59
19		PCP		509,442		10,544	
20		TOTAL		767,436		16,378	
21	Qwest Information Technologies, Inc.	INFORMATION TECH SERVICES	FDC	516,601,338		11,364,788	
22		FDC		516,601,338		11,364,788	
23		TOTAL		516,601,338		11,364,788	
24	Qwest Communications Corporation	ADMINISTRATIVE	FDC	25,812		1,274	
25		INFORMATION TECH SERVICES	FDC	58,044			39
26		LEASED ASSETS	FDC	1,699			
27		SPACE & FURNITURE RENTAL	FDC	583,427			
28		FDC		668,981			1,313
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Affiliate Transactions - Products & Services Provided to Utility

Year: 2005

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 Communications Corporation	SPACE & FURNITURE RENTAL	FMV	597,533		
2		FMV		597,533		
3		INTERNAL COMMUNICATIONS	PCP	20,582,332		446,600
4		LEASED ASSETS	PCP	80,200		
5		LEASED NETWORK FACILITIES	PCP	648,395		
6		SPACE & FURNITURE RENTAL	PCP	17,816		
7		TELECOMMUNICATIONS	PCP	(1,840,818)		(40,259)
8		PCP		19,487,925		406,341
9		TOTAL		20,754,440		407,654
10	Qwest Services Corporation	CORP & SHARED SERVICES	FDC	24,148,423		530,414
11		CORP COMMUNICATIONS	FDC	24,879,004		547,940
12		FINANCE	FDC	49,182,463		1,086,353
13		HUMAN RESOURCES	FDC	25,414,674		552,883
14		LEGAL SERVICES	FDC	33,655,157		736,497
15		MANAGEMENT SERVICES	FDC	31,516,064		694,164
16		MARKETING AND SALES	FDC	249,662,355		5,596,777
17		POST EMPLOYMENT BENEFITS	FDC	551,880		12,168
18		PRODUCT PLANNING	FDC	21,133,949		476,409
19		REGULATORY AND PUB POLICY	FDC	38,493,521		957,164
20		TECHNICAL SUPPORT	FDC	72,750,711		1,657,401
21		TREASURY	FDC	3,173,547		70,008
22		TRUST	FDC	137,566		3,007
23		FDC		574,699,315		12,921,185
24		TOTAL		574,699,315		12,921,185
25	Qwest Wireless LLC	MARKETING AND SALES	FMV	668,035		15,105
26		FMV		668,035		15,105
27		EQUIPMENT/MATERIEL	PCP	829,613		14,314
28		INTERNAL COMMUNICATIONS	PCP	8,757,802		90,293
29		PCP		9,587,415		104,606
30						

Affiliate Transactions - Products & Services Provided to Utility

Year: 2005

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 Wireless LLC	NETWORK SERVICES	PUB	12,039		490
2		PUB		12,039		490
3		TOTAL		10,267,489		120,201
4						
5		GRAND TOTAL		1,187,949,354		26,163,547
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Affiliate Transactions - Products & Services Provided by Utility

Year: 2005

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.	LEASED ASSETS	FDC	11,974,458		
2		NETWORK SERVICES	FDC	11,937,402		91,261
3		SPACE & FURNITURE	FDC	432,311		
4		FDC		24,344,171		91,261
5		SPACE & FURNITURE	FMV	310,873		
6		FMV		310,873		
7		BILLING & COLLECTIONS	PCP	1,189,317		
8		FINANCE	PCP	526,454		11,514
9		HUMAN RESOURCES	PCP	58		1
10		INFORMATION TECH SERVICES	PCP	3,893		85
11		INTERNAL COMMUNICATIONS	PCP	943,076		164
12		NETWORK SERVICES	PCP	2,281,033		49,886
13		SPACE & FURNITURE	PCP	16,530		
14		PCP		4,960,360		61,651
15		LEASED NETWORK FACILITIES		9,838,086		
16		TOTAL	PUB	39,453,490		152,912
17	Qwest Business Resource, Inc.	INFORMATION TECH SERVICES	FDC	(73,996)		(1,618)
18		INTERNAL COMMUNICATIONS	FDC	(27,000)		(590)
19		LEASED ASSETS	FDC	42,257		879
20		SPACE & FURNITURE	FDC	269,899		
21		FDC		211,160		(1,330)
22		SPACE & FURNITURE	FMV	592,007		
23		FMV		592,007		
24		FINANCE	PCP	428,187		9,364
25		HUMAN RESOURCES	PCP	4,515		99
26		INFORMATION TECH SERVICES	PCP	106,255		2,324
27		INTERNAL COMMUNICATIONS	PCP	560,779		10,901
28		SPACE & FURNITURE	PCP	1,442,717		
29		PCP		2,542,454		22,688
30		TOTAL		3,345,621		21,358

Affiliate Transactions - Products & Services Provided by Utility

Year: 2005

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 Communication International Ltd.	FINANCE	PCP	32,263		706
2		PCP		32,263		706
3		TOTAL		32,263		706
4	Qwest Government Services, Inc.	INFORMATION TECH SERVICES	FDC	18,396		402
5		LEASED ASSETS	FDC	184		
6		SPACE & FURNITURE RENTAL	FDC	69,606		
7		FDC	FMV	88,187		402
8		SPACE & FURNITURE RENTAL		129,066		
9		FMV	PCP	129,066		0
10		FINANCE		517,186		11,311
11		HUMAN RESOURCES	PCP	4,716		103
12		INFORMATION TECH SERVICES	PCP	109,028		2,384
13		INTERNAL COMMUNICATIONS	PCP	526,406		11,068
14		NETWORK SERVICES	PCP	66,731		489
15		SPACE & FURNITURE RENTAL	PCP	212,685		
16		PCP	TOTAL	1,436,752		25,356
17		TOTAL		1,654,005		25,759
18	Qwest Interprise America, Inc.	LEASED ASSETS	FDC	17,196		13,654
19		SPACE & FURNITURE RENTAL	FDC	950,906		13,654
20		FDC	FMV	968,103		
21		LEASED ASSETS		2,423		
22		NETWORK SERVICES	FMV	8,877,326		11,925
23		SPACE & FURNITURE RENTAL	FMV	659,202		8,955
24		FMV	PCP	9,538,951		20,880
25		BILLING & COLLECTIONS		15,997,628		339,062
26		FINANCE	PCP	867,559		18,974
27		HUMAN RESOURCES	PCP	1,921		42
28		INFORMATION TECH SERVICES	PCP	54,280		1,187
29		INTERNAL COMMUNICATIONS	PCP	188,245		3,864
30		NETWORK SERVICES	PCP	8,453,365		184,875

Affiliate Transactions - Products & Services Provided by Utility

Year: 2005

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.	SPACE & FURNITURE RENTAL	PCP	1,411,896		
2		PCP		26,974,894		548,004
3		NETWORK SERVICES		181		
4		PUB		181		0
5		TOTAL		37,482,129		582,538
6	Qwest Information Technologies, Inc.	FINANCE	FDC	(356,594)		(7,799)
7		INFORMATION TECH SERVICES	FDC	5,219,312		114,146
8		LEASED ASSETS	FDC	5,296		
9		SPACE & FURNITURE RENTAL	FDC	11,309,666		
10		FDC		16,177,680		106,348
11		LEASED ASSETS	FMV	1,765		
12		SPACE & FURNITURE RENTAL	FMV	5,441,069		
13		FMV		5,442,833		0
14		FINANCE	PCP	2,574,243		56,299
15		HUMAN RESOURCES	PCP	34,584		756
16		INFORMATION TECH SERVICES	PCP	745,741		16,309
17		INTERNAL COMMUNICATIONS	PCP	3,988,905		72,644
18		SPACE & FURNITURE RENTAL	PCP	11,258,219		
19		PCP		18,601,693		146,008
20		TOTAL		40,222,206		252,356
21	Malheur Home Telephone Company	MANAGEMENT SERVICES	MAL	1,318,929		28,832
22		NETWORK SERVICES	MAL	112,603		
23		MAL		1,431,533		28,832
24		TOTAL		1,431,533		28,832
25	Qwest N Limited Partnership	FINANCE	PCP	108,675		2,377
26		PCP		108,675		2,377
27		TOTAL		108,675		2,377
28	Qwest Communications Corporation	ADMINISTRATIVE	PCP	5,882,740		133,619
29		BILLING & COLLECTIONS	PCP	307,570		3,456
30		FINANCE	PCP	8,040,543		175,847

Affiliate Transactions - Products & Services Provided by Utility

Year: 2005

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 Communications Corporation	HUMAN RESOURCES	PCP	28,003		612
2		INFORMATION TECH SERVICES	PCP	525,700		11,497
3		INTERNAL COMMUNICATIONS	PCP	1,857,006		38,758
4		LEASED ASSETS	PCP	3,423,535		
5		MANAGEMENT SERVICES	PCP	1,206		27
6		NETWORK SERVICES	PCP	39,541,658		261,405
7		SPACE & FURNITURE RENTAL	PCP	2,838,165		(3,681)
8		WHOLESALE OPERATOR SERV	PCP	5,640,957		127,542
9		WHOLESALE SERVICES	PCP	48,615		403
10		PCP		68,135,697		749,486
11		TOTAL		68,135,697		749,486
12	Qwest Investment Company	FINANCE	PCP	358		8
13		PCP		358		8
14		TOTAL		358		8
15	Qwest Internet Solutions	FINANCE	PCP	29,468		644
16		PCP		29,468		644
17		TOTAL		29,468		644
18	Qwest International Services Corp.	FINANCE	PCP	1,105		24
19		HUMAN RESOURCES	PCP	17		0
20		PCP		1,122		25
21		TOTAL		1,122		25
22		MARKETING AND SALES	FMV	(1,028,600)		(22,495)
23	Qwest LD Corp.	FMV		(1,028,600)		(22,495)
24		ADMINISTRATIVE	PCP	562		12
25		BILLING & COLLECTIONS	PCP	178,807,644		3,686,431
26		FINANCE	PCP	225,605		4,934
27		NETWORK SERVICES	PCP	276,210		6,328
28		SPACE & FURNITURE RENTAL	PCP	417		
29		WHOLESALE SERVICES	PCP	13,977		138
30		PCP		179,324,415		3,697,843

Affiliate Transactions - Products & Services Provided by Utility

Year: 2005

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 LD Corp.	TOTAL		178,295,815		3,675,347
2	Qwest Services Corporation	ADMINISTRATIVE	FDC	300,887		868
3		FINANCE	FDC	62,864		1,375
4		HUMAN RESOURCES	FDC	(126,000)		(2,756)
5		INFORMATION TECH SERVICES	FDC	937,759		20,509
6		LEASED ASSETS	FDC	56,252		
7		NETWORK SERVICES	FDC	45,850		
8		SPACE & FURNITURE RENTAL	FDC	8,423,844		48,738
9		FDC		9,701,456		68,733
10		LEASED ASSETS	FMV	7,083		
11		SPACE & FURNITURE RENTAL	FMV	6,562,379		12,922
12		FMV		6,569,463		12,922
13		FINANCE	PCP	5,018,741		109,760
14		HUMAN RESOURCES	PCP	326,822		7,148
15		INFORMATION TECH SERVICES	PCP	1,539,424		33,667
16		INTERNAL COMMUNICATIONS	PCP	8,042,492		159,015
17		SPACE & FURNITURE RENTAL	PCP	22,378,900		
18		NETWORK SERVICES	PCP	54,018		
19		PCP		37,360,397		309,589
20		TOTAL		53,631,316		391,244
21	Qwest Transoceanic	FINANCE	PCP	186,179		4,072
22		NETWORK SERVICES	PCP	74,513		
23		PCP		260,692		4,072
24		TOTAL		260,692		4,072
25	Qwest Wireless LLC	FINANCE	FDC	5,211		114
26		LEASED ASSETS	FDC	12,203		
27		MANAGEMENT SERVICES	FDC	217,621		4,759
28		NETWORK SERVICES	FDC	25,727		690
29		SPACE & FURNITURE RENTAL	FDC	364,509		
30		FDC		625,271		5,563

Affiliate Transactions - Products & Services Provided by Utility

Year: 2005

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	SPACE & FURNITURE RENTAL	FMV	1,866,140		11,925
2		FMV		1,866,140		11,925
3		BILLING & COLLECTIONS	PCP	15,490,868		175,033
4		FINANCE	PCP	1,924,103		42,080
5		HUMAN RESOURCES	PCP	6,200		136
6		INFORMATION TECH SERVICES	PCP	140,912		3,082
7		INTERNAL COMMUNICATIONS	PCP	697,842		13,900
8		LEASED ASSETS	PCP	28,809		
9		NETWORK SERVICES	PCP	6,898		154
10		SPACE & FURNITURE RENTAL	PCP	1,184,440		
11		PCP		19,480,072		234,384
12		NETWORK SERVICES	PUB	67,935		2,018
13		SPACE & FURNITURE RENTAL	PUB	1,605,688		
14		WHOLESALE OPERATOR SERV	PUB	293,340		1,005
15		PUB		1,966,964		3,023
16		TOTAL		23,938,448		254,896
17	Western RE	FINANCE	PCP	443		10
18						
19		PCP		443		10
20		TOTAL		443		10
21						
22		GRAND TOTAL		448,023,280		6,142,567
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Montana Intrastate Regulated Earned Rate of Return

(Thousands of Dollars)

Year: 2005

Line No.	Description Rate Base (a)	This Year (b)	Last Year (c)	Percent Change (d)
1				
2	2001 Plant in Service	611,151	570,168	7.19%
3	2002 Prop. Held for Future Telecommunications Use	0	0	
4	3100-3200 (Less) Accumulated Depreciation	410,333	361,118	13.63%
5	NET Plant in Service	200,818	209,050	-3.94%
6				
7	<u>Additions</u>			
8	1220 Materials & Supplies	393	425	-7.37%
9	1280 Prepayments	0	0	
10	Other Additions	0	0	
11	TOTAL Additions	393	425	-7.37%
12				
13	<u>Deductions</u>			
14	4100 Current Deferred Operating Income Taxes	(566)	(458)	-23.69%
15	4320 Unamortized Operating Investment Tax Credits	1,155	1,510	-23.52%
16	4340 Noncurrent Deferred Operating Income Taxes	34,109	32,851	3.83%
17	Customer Advances for Construction			
18	Other Deductions	0	0	
19	TOTAL Deductions	34,697	33,903	2.34%
20	TOTAL Rate Base	166,514	175,572	-5.16%
21				
22	Net Earnings	36,007	37,441	-3.83%
23				
24	Rate of Return on Average Rate Base	21.624%	21.325%	1.40%
25				
26	Rate of Return on Average Equity	66.620%	47.064%	41.55%
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	21.692%	21.388%	1.42%
44				
45	Adjusted Rate of Return on Average Equity	66.917%	47.247%	41.63%

Other Taxes Paid

Year: 2005

Line No.	Description (a)	Last Year (b)	This Year (c)
1	Montana Telephone Company License Tax **	0	0
2	Montana Public Service Commission Tax	389,241	335,669
3	Montana Consumer Counsel Tax	170,293	189,798
4	911 Emergency Telephone Fee	1,856,199	1,812,178
5	Montana Telecommunications Access Service (TDD)	370,738	361,976
6	Montana Corporate License Tax	3,460,373	3,689,191
7	Personal Property Tax	11,879,240	6,943,876
8	Real Property Tax	639,897	365,698
9	Montana Excise Tax **	5,163,626	5,188,294
10			
11			
12	Total	23,929,607	18,886,680

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

Universal Service Funds Received

Year: 2005

Line No.	Description (a)	Last Year (b)	This Year (c)
13	Funds received from Montana Sources	0	0
14	Funds received from Federal Sources	16,098,577	16,356,255
15			
16			
17			
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23			
24	Total	16,098,577	16,356,255