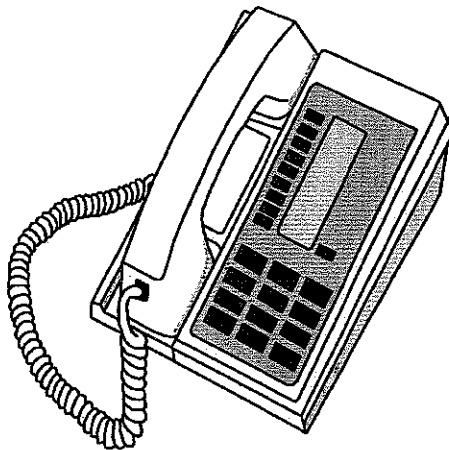


YEAR ENDING DECEMBER 2007

ANNUAL REPORT OF

PROJECT TELEPHONE COMPANY

TELEPHONE UTILITY



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

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PUBLIC SERVICE
COMMISSION

General Information

Year: 2007

1	Legal Name of Respondent:	PROJECT TELEPHONE COMPANY
2	Name Under Which Respondent Does Business:	
3	Date of Incorporation:	1978
4	Address to send Correspondence Concerning Report:	PROJECT TELEPHONE COMPANY PO BOX 600 SCOBAY, MT 59263
5	Person Responsible for This Report:	ROGER DEL FIACCO
5a.	Telephone Number:	406-783-2200
Control Over Respondent		
1	If direct control over the respondent was held by another entity at the end of year provide the following:	
	1a. Name and address of the controlling organization or person: NEMONT TELEPHONE COOPERATIVE, INC. PO BOX 600 SCOBAY, MT 59263	
	1b. Means by which control was held: STOCK	
	1c. Percent Ownership: 100%	

Board of Directors		
Line No.	Name of Director and Address (City, State) (a)	Fees Paid During Year (b)
1	ROY D NEUFELD	500
2	LARRY MAHLER	650
3	GARY KLIND	600
4	DUANE BROADBENT	3400
5	VERNON WHITEMAN	1950
6	PEARL HOPKINS	500
7	CHARLES MCVEE	550
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18	Chairman of the Board: ROY D NEUFELD	
19		
20		

Officers

Year: 2007

Line No.	Title of Officer (a)	Department Over Which Jurisdiction is Exercised (b)	Name and Address of Person Holding Office at Year End (c)
1	PRESIDENT		ROY D NEUFELD - LARLAN, MT
2	VICE-PRESIDENT		GARY KLIND - HINSDALE, MT
3	SEC-TREASURER		LARRY MAHLER - SCOBEBY, MT
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Total Company Balance Sheet

Year: 2007

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		CURRENT ASSETS:		
2	1120	Cash and Equivalents	1,477,456	2,783,847
3	1180	Telecommunications Accounts Receivable - Net	3,840	5,077
4	1190	Other Accounts Receivable - Net	737,820	2,769,218
5	1200	Notes Receivable - Net		
6	1210	Interest and Dividends Receivable	2,919	1,777
7	1220	Materials and Supplies		
8	* 1280	Prepayments	15,237	518
9	^ 1290	Prepaid Rents		
10	^ 1300	Prepaid Taxes		
11	^ 1310	Prepaid Insurance		
12	^ 1320	Prepaid Directory Expenses		
13	^ 1330	Other Prepayments	15,237	518
14	1350	Other Current Assets		
15		Total Current Assets	2,237,272	5,560,437
16		NONCURRENT ASSETS:		
17	1401	Investments in Affiliated Companies	25,519,359	25,710,188
18	1402	Investments in Nonaffiliated Companies	423,601	493,410
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		41,370
25	1500	Other Jurisdictional Assets - Net		
26		Total Noncurrent Assets	25,942,960	26,244,968
27		PROPERTY, PLANT, & EQUIPMENT:		
28	2001	Telecommunications Plant in Service	31,153,356	30,234,244
29	2002	Property Held for Future Telecommunications Use		
30	2003	Plant Under Construction - Short Term	491,156	180,239
31	2004	Plant Under Construction - Long Term		
32	2005	Telecommunications Plant Adjustment	4,395,210	4,395,210
33	2006	Nonoperating Plant		
34	2007	Goodwill		
35	3100	Accumulated Depreciation	(17,286,904)	(16,278,159)
36	3200	Accumulated Depreciation - Held for Future Use		
37	3300	Accumulated Depreciation - Nonoperating		
38	3400	Accumulated Amortization	(3,989,353)	(3,718,783)
39		Net Property, Plant, & Equipment	14,763,465	14,812,751
40		TOTAL ASSETS	42,943,697	46,618,156

^ Subaccount of account marked with a *.

Total Company Balance Sheet

Year: 2007

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
41		CURRENT LIABILITIES:		
42	4010	Accounts Payable	386,014	2,678,940
43	4020	Notes Payable		
44	4030	Advance Billing and Payments	158,017	158,639
45	4040	Customer Deposits		
46	4050	Current Maturities - Long Term Debt	1,383,277	21,194
47	4060	Current Maturities - Capital Leases		
48	4070	Income Taxes - Accrued		
49	4080	Other Taxes - Accrued	96,966	104,562
50	4100	Net Current Deferred Operating Income Taxes		
51	4110	Net Current Deferred Nonoperating Income Taxes		
52	4120	Other Accrued Liabilities		
53	4130	Other Current Liabilities	226,210	206,513
54		Total Current Liabilities	2,250,484	3,169,848
55		LONG-TERM DEBT:		
56	4210	Funded Debt	5,123,962	4,508,153
57	4220	Premium on Long-Term Debt		
58	4230	Discount on Long-Term Debt		
59	4240	Reacquired Debt		
60	4250	Obligations Under Capital leases		
61	4260	Advances From Affiliated Companies		
62	4270	Other Long-Term Debt		3,305,176
63		Total Long-Term Debt	5,123,962	7,813,329
64		OTHER LIABILITIES AND DEFERRED CREDITS:		
65	4310	Other Long-Term Liabilities		
66	4320	Unamort. Oper. Invest. Tax Credits - Net	3,442	3,442
67	4330	Unamort. Nonoper. Invest. Tax Credits - Net		
68	4340	Net Noncurrent Deferred Oper. Income Taxes	2,039,013	2,427,305
69	4350	Net Noncurrent Deferred Nonoper. Income Taxes		
70	4360	Other Deferred Credits		
71	4370	Other Jurisdictional Liab. and Def. Credits		
72		Total Other Liabilities and Deferred Credits	2,042,455	2,430,747
73		STOCKHOLDERS' EQUITY:		
74	4510	Capital Stock	7,950	7,950
75	4520	Additional Paid-In Capital		
76	4530	Treasury Stock		
77	4540	Other Capital		
78	4550	Retained Earnings	33,518,846	33,196,282
79		Total Stockholders' Equity	33,526,796	33,204,232
80		TOTAL LIAB. AND STOCKHOLDERS' EQUITY	42,943,697	46,618,156

Total Company Income Statement

Year: 2007

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues	2,451,090	2,556,395
3	5080	Network Access Revenues	5,802,033	5,795,833
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	158,786	67,316
10	^ 5230	Directory Revenue	17,029	16,872
11	^ 5240	Rent Revenue	9,441	9,920
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue	92,925	8,994
14	^ 5270	Carrier Billing and Collection Revenue	39,391	31,530
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue	12,371	7,774
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	8,399,538	8,411,770
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	56,146	42,384
20	6120	General Support Expense	473,721	537,872
21	6210	Central Office Switching Expense	374,231	355,786
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense	374,705	453,169
24	6310	Information Origination/Termination Expense		
25	* 6410	Cable and Wire Facilities Expense	1,482,308	1,503,037
26	^ 6431	Aerial Wire Expense	1,474,808	1,493,366
27	^ 6441	Conduit Systems Expense	7,500	9,671
28	6510	Other Property, Plant & Equipment Expense		
29	6530	Network Operations Expense	432,458	370,438
30	6540	Access Expense	127,385	67,580
31	6560	Depreciation and Amortization Expense	1,779,568	1,672,869
32	6610	Marketing	35,447	23,862
33	6620	Services	373,129	449,549
34	6710	Executive and Planning	60,958	107,093
35	6720	General and Administrative	302,427	756,934
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	5,872,483	6,340,573
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	714,011	653,146
40		Net Operating Income (L.17-L.37+L.38-L.39)	1,813,044	1,418,051
41	7300	Nonoperating Income and Expense	2,040,758	2,819,261
42	7400	Nonoperating Taxes	54,890	54,077
43	7500	Interest and Related Items	394,590	470,718
44	7600	Extraordinary Items	(15,242)	161,994
45	7910	Effects of Juris. Ratemaking Diff. - Net		
46	7990	Nonregulated Net Income		
47		NET INCOME (L.40+L.41-L.42-L.43-L.44+L.45-L.46)	3,419,564	3,550,523

^ Subaccount of the account marked with a *.

Montana Total State Income Statement

Year: 2007

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues	2,387,277	2,493,311
3	5080	Network Access Revenues	5,750,923	5,726,886
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	156,992	65,415
10	^ 5230	Directory Revenue	16,563	16,383
11	^ 5240	Rent Revenue	9,442	9,920
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue	92,850	8,952
14	^ 5270	Carrier Billing and Collection Revenue	38,137	30,160
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue	12,371	7,774
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	8,282,821	8,277,838
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	56,145	42,384
20	6120	General Support Expense	466,068	528,446
21	6210	Central Office Switching Expense	368,880	349,494
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense	369,287	443,704
24	6310	Information Origination/Termination Expense		
25	* 6410	Cable and Wire Facilities Expense	1,432,075	1,431,019
26	^ 6431	Aerial Wire Expense	1,424,575	1,421,348
27	^ 6441	Conduit Systems Expense	7,500	9,671
28	6510	Other Property, Plant & Equipment Expense		
29	6530	Network Operations Expense	413,386	347,919
30	6540	Access Expense	120,226	62,957
31	6560	Depreciation and Amortization Expense	1,696,497	1,611,681
32	6610	Marketing	33,455	22,229
33	6620	Services	360,543	430,598
34	6710	Executive and Planning	57,532	99,768
35	6720	General and Administrative	285,432	705,159
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	5,659,526	6,075,358
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	699,348	644,483
40		Net Operating Income (L.17-L.37+L.38-L.39)	1,923,947	1,557,997

^ Subaccount of the account marked with a *.

Montana Intrastate Income Statement

Year: 2007

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues	2,387,277	2,493,311
3	5080	Network Access Revenues	5,750,923	5,726,886
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	156,992	65,415
10	^ 5230	Directory Revenue	16,563	16,383
11	^ 5240	Rent Revenue	9,442	9,920
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue	92,850	8,952
14	^ 5270	Carrier Billing and Collection Revenue	38,137	30,160
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue	12,371	7,774
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	8,282,821	8,277,838
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	56,145	42,384
20	6120	General Support Expense	466,068	528,446
21	6210	Central Office Switching Expense	368,880	349,494
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense	369,287	443,704
24	6310	Information Origination/Termination Expense		
25	* 6410	Cable and Wire Facilities Expense	1,432,075	1,431,019
26	^ 6431	Aerial Wire Expense	1,424,575	1,421,348
27	^ 6441	Conduit Systems Expense	7,500	9,671
28	6510	Other Property, Plant & Equipment Expense		
29	6530	Network Operations Expense	413,386	347,919
30	6540	Access Expense	120,226	62,957
31	6560	Depreciation and Amortization Expense	1,696,497	1,611,681
32	6610	Marketing	33,455	22,229
33	6620	Services	360,543	430,598
34	6710	Executive and Planning	57,532	99,768
35	6720	General and Administrative	285,432	705,159
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	5,659,526	6,075,358
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	699,348	644,483
40		Net Operating Income (L.17-L.37+L.38-L.39)	1,923,947	1,557,997

^ Subaccount of the account marked with a *.

Montana Intrastate Regulated Income Statement

Year: 2007

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues	2,387,277	2,493,311
3	5080	Network Access Revenues	5,750,923	5,726,886
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	156,992	65,415
10	^ 5230	Directory Revenue	16,563	16,383
11	^ 5240	Rent Revenue	9,442	9,920
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue	92,850	8,952
14	^ 5270	Carrier Billing and Collection Revenue	38,137	30,160
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue	12,371	7,774
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	8,282,821	8,277,838
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	56,145	42,384
20	6120	General Support Expense	466,068	528,446
21	6210	Central Office Switching Expense	368,880	349,494
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense	369,287	443,704
24	6310	Information Origination/Termination Expense		
25	* 6410	Cable and Wire Facilities Expense	1,432,075	1,431,019
26	^ 6431	Aerial Wire Expense	1,424,575	1,421,348
27	^ 6441	Conduit Systems Expense	7,500	9,671
28	6510	Other Property, Plant & Equipment Expense		
29	6530	Network Operations Expense	413,386	347,919
30	6540	Access Expense	120,226	62,957
31	6560	Depreciation and Amortization Expense	1,696,497	1,611,681
32	6610	Marketing	33,455	22,229
33	6620	Services	360,543	430,598
34	6710	Executive and Planning	57,532	99,768
35	6720	General and Administrative	285,432	705,159
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	5,659,526	6,075,358
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	699,348	644,483
40		Net Operating Income (L.17-L.37+L.38-L.39)	1,923,947	1,557,997

^ Subaccount of the account marked with a *.

Average Rate Base - Total State

Year: 2007

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	29146177	27871317
2	3100	Accumulated Depreciation	20606608	19336536
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)	8539569	8534781

Average Rate Base - Intrastate

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	29146177	27871317
2	3100	Accumulated Depreciation	20606608	19336536
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)	8539569	8534781

Average Rate Base - Regulated Intrastate

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	29146177	27871317
2	3100	Accumulated Depreciation	20606608	19336536
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)	8539569	8534781

Statement of Cash Flows

Year: 2007

Line No.	Item Description (a)	Amount (b)	Amount (c)		
1	Increase/(decrease) in Cash & Cash Equivalents				
2	Cash Flows from Operating Activities:				
3	Net Income				
4	Reconciliation Adjustments:				
5	Depreciation & Amortization	Information available in the 2007 audit reports.			
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				
11	Change in Materials, Supplies & Inventories - Net				
12	Change in Operating Payables & Accrued Liabilities - Net				
13	Change in Other Assets & Deferred Credits - Net				
14	Change in Other Liabilities & Deferred Credits - Net				
15	Other (explained on back of this page)				
16	Total Adjustments				
17	Net Cash Provided by/(Used in) Operating Activities				
18	Cash Inflows/Outflows From Investing Activities:				
19	Construction/Acquisition of Property, Plant & Equipment (net of				
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)				
25	Net Cash Provided by/(Used in) Investing Activities				
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				
36	Other Financing Activities (explained on back of this page)				
37	Net Cash Provided by Financing Activities				
38	Effect of Exchange Rate Changes on Cash				
39	Net Increase/(Decrease) in Cash & Cash Equivalents				
40	Cash & Cash Equivalents at Beginning of Period		33196282		
41	Cash & Cash Equivalents at End of Period		33518846		

Receivables and Investments-Affiliated & Nonaffiliated Companies Year: 2007

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	Nemont Telephone										
2	Nemont Communications				90852					25519359	
3	SCI				193520						
4	AT&T				18698						
5	QWEST				160						
6	NCRPC				892						
7	NECA				300968						
8	Misc LD Carriers				90131				2919		
9	NRUCFC	395522									
10	RTFC										
11	Capital Credits										87937
12	NCRPC Stock										324550
13	Misc Memberships										10000
14											1114
15											
16											
17											
18											
19											
20											
21											
22											
23											
24											
25											
26											
27											
28											
29											
30	Totals	395522			695221				2919	25519359	423601

Year: 2007

Net Plant in Service - Detail

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	3236492	218744	171633		3236603		3283603
2	^ 2111	Land	94882				94882		94882
3	^ 2112	Motor Vehicles	748067	201689	164546		785210	348201	437009
4	^ 2113	Aircraft							
5	^ 2114	Special Purpose Vehicles	328352	1437	7087		322702	284428	38274
6	^ 2115	Garage Work Equipment							
7	^ 2116	Other Work Equipment	345983				345983	259736	86247
8	^ 2121	Buildings	1657153	15618			1672771	881535	791236
9	^ 2122	Furniture	11059				11059	8243	2816
10	^ 2123	Office Equipment	50996				50996	50996	
11	^ 2124	General Purpose Computers							
12	^ 2211	Analog Electronic Switching							
13	^ 2212	Digital Electronic Switching							
14	^ 2215	Electro-Mechanical Switching	5239168	151542			5390710	4816129	574581
15	^ 2220	Operator Systems							
16	^ 2231	Radio Systems	252400	6875			259275	112453	146822
17	^ 2232	Circuit Equipment	4467514	252435	114902		4605047	2014911	2590136
18	* 2310	Information Orig & Term Equip	12487				12487		12487
19	^ 2311	Station Apparatus							
20	^ 2321	Customer Premises Wiring							
21	^ 2341	Large Private Branch Exchanges							
22	^ 2351	Public Telephone Term. Equip.							
23	^ 2362	Other Terminal Equipment	12487				12487	12487	
24	^ 2411	Poles	64715		339		64376	64376	
25	* 2420	Cable and Wire Facilities	14109372	846738	196655		14759455		14759455
26	^ 2421	Aerial Cable	164769	9867	8901		165735	153191	12544
27	^ 2422	Underground Cable	158107				158107	71817	86290
28	^ 2423	Buried Cable	13746293	836871	187754		14395410	7374037	7021373
29	^ 2424	Submarine Cable							
30	^ 2425	Deep Sea Cable	40203				40203	39437	766
31	^ 2426	Intrabuilding Network Cable	3748				3748	3748	
32	^ 2431	Aerial Wire	772203	4030	8757		767476	139625	627851
33	^ 2441	Conduit Systems							
34		Totals	28158099	1480364	492286		29146177	16635350	12510827

^ Subaccount of the account marked with a *

Analysis of Plant Held for Future Use

Year: 2007

Line No.	Location and Description of Property (a)	Date Included in Account 2002 (b)	Book Cost of Property at Beginning of Year (c)	Additions During the Year (d)	Retirements During the Year (e)	Transfers and Adjustments Charges and (Credits) (f)	Book Cost of Property at End of Year (g)
1	NONE						
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
21							
22							
23							
24							
25							
26							
27							
28							
29							
30	Totals						

(Sum L.1 to L.29)

Average Cost of Long Term Debt

Year: 2007

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	TELEPHONE PLANT RUS											
2												
3	NOTE NO											
4		2010	1957	50000	50000	50000						
5		2020	1958	175000	175000	175000						
6		2030	1958	55000	55000	55000						
7		2040	1959	25660	25660	25660						
8		2041	1959	12849	12849	12849						
9		2042	1959	10491	10491	10491						
10		12050	1974	1085000	1085000	1085000		129127		7834		
11		12060	1976	320000	320000	320000		45580		1026		
12		12062	1976	85000	85000	85000		33270		692		
13		12071	1978	571000	571000	571000		192323		10236		
14		12080	1983	2170000	2170000	2170000		1089699		56533		
15		12090	1983	3019000	3019000	3019000		1565107		81182		
16		12091	1983	1376000	1376000	1376000		746345		38704		
17		12092	1983	511000	511000	511000		365685		18646		
18												
19												
20												
21	INTEREST ON PREPAYMENTS											
22												
23	PREPAYMENTS-DR.											
24												
25	TELE PLANT RUS	1984		3255000	3202500	3202500		1444265		97125		
26												
27	TELEPHONE PLANT RTFC			8886287	8886287	8441973		998368		80418		
28												
29												
30	Total			21607287	21554787	21110473	97.70	6599373		391892		5.94%

Cost of Preferred Stock

Year: 2007

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	NONE											
2												
3												
4												
5												
6												
7												
8												
9												
10												
11												
12												
13												
14												
15												
16												
17												
18												
19												
20												
21												
22												
23												
24												
25												
26												
27												
28												
29												
30	Totals (Sum L.1 to L.29)											

Analysis of Common Stock

Year: 2007

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:							
2								
3	N/A							
4								
5								
6								
7								
8	Month by Month Data:							
9	January							
10	February							
11	March							
12	April							
13	May							
14	June							
15	July							
16	August							
17	September							
18	October							
19	November							
20	December							
21								
22								
23								

Capital Stock and Funded Debt Reacquired or Retired During the Year

Year: 2007

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							
2	NONE						
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
21							
22							
23							
24							
25							
26							
27							
28							
29							
30	Totals (Sum L.1 to L.29)						

Total Company Expense Matrix

Year: 2007

Line No.	Acct. No. (a)	Description (b)	Salaries and Wages (c)	Benefits (d)	Rents (e)	Other Expenses (f)	Clearances (g)	Total (h)
1	*	Network Support Expense	14302	8389	5232	212804	-184581	56146
2	^	Motor Vehicle Expense	14055	8292		171547	-184581	9313
3	^	Aircraft Expense				540		540
4	^	Special Purpose Vehicles Expense			5232	37879		43111
5	^	Garage Work Equipment Expense	247	97		2838		3182
6	^	Other Work Equipment Expense	67676	34020	274430	97597		473723
7	*	General Support Expense	41995	17346	213905	74650		347896
8	^	Land and Building Expense			6456	1892		8348
9	^	Furniture and Artworks Expense			35541	2007		37783
10	^	Office Equipment Expense	143	92	18528	19048		79696
11	^	General Purpose Computers Expense	25538	16582				
12	*	Central Office Switching Expense	158384	93998		121848		374230
13	^	Analog Electronic Expense						
14	^	Digital Electronic Expense						
15	^	Electro-Mechanical Expense	158384	93998		121848		374230
16	^	Operator Systems Expense						
17	*	Central Office Transmission Expense	40704	26513	141255	166233		374705
18	^	Radio Systems Expense	1305	1002		251		2558
19	^	Circuit Equipment Expense	39399	25511	141255	165982		372147
20	*	Information Origination/Termination Expense						
21	^	Station Apparatus Expense						
22	^	Large Private Branch Exchange Expense						
23	^	Public Telephone Terminal Equipment Exp.						
24	^	Other Terminal Equipment Expense						
25	*	Cable and Wire Facilities Expense	460498	283569	484761	253479		1482307
26	^	Poles Expense	316	189	5611	1664		7780
27	^	Aerial Cable Expense	17314	11760		13101		42175
28	^	Underground Cable Expense						
29	^	Buried Cable Expense	442868	271620	478891	231473		1424852
30	^	Submarine Cable Expense						
31	^	Deep Sea Cable Expense						
32	^	Intrabuilding Network Cable Expense						
33	^	Aerial Wire Expense						
34		Subtotals	741,564	446,489	905,419	844,720	(184,581)	2753611

^ Subaccount of the account marked with a *

Total Company Expense Matrix

Year: 2007

Line No.	Acct. No. (a)	Description (b)	Salaries and Wages (c)	Benefits (d)	Rents (e)	Other Expenses (f)	Clearances (g)	Total (h)
35	^	Conduit Systems Expense			259	7241		7500
36		Other Property Expenses	16571	9018		1860	-27449	432458
37	*	Network Operations Expense	221722	145172		166445	-100881	67153
38	^	Power Expense				62100		62475
39	^	Network Administration Expense	248	127		529		12986
40	^	Testing Expense	6958	5499		20400	-65910	189426
41	^	Plant Operations Expense	142599	92337		16263	-34971	100418
42	^	Engineering Expense	71917	47209		127385		127385
43		Access Expense				1508997		1508997
44		Depreciation - Telecomm. Plant in Service						
45		Depreciation-Prop. for Future Telecom. Use						
46		Amortization Expense - Tangible						
47		Amortization Expense - Intangible						
48		Amortization - Other						
49	*	Marketing	11105	7092		270571		270571
50	^	Product Management				17250		35447
51	^	Sales				10550		10550
52	^	Product Advertising	11105	7092		6700		24897
53		Call Completion Services				403		403
54		Number Services				12966		12966
55		Customer Services	82042	52978		224740		359760
56		Executive	3680	2236		55041		60957
57		Planning						
58		Accounting and Finance	14139	8293		47973		70405
59		External Relations	8860	5431		79352		93643
60		Human Relations	1625	1197		7155		9977
61		Information Management						
62		Legal				13583		13583
63		Procurement						
64		Research and Development						
65		Other General and Administrative	5012	2997		106810		114819
66		Provision for Uncollectible Notes Receivable						
67		Totals	1,106,320	680,903	905,678	3,492,492	(312,911)	5872482

^ Subaccount of the account marked with a *

Total State Expense Matrix

Line No.	Acct. No.	Description	Salaries and Wages (c)	Benefits (d)	Rents (e)	Other Expenses (f)	Clearances (g)	Total (h)
1	*	Network Support Expense	14302	8389	5232	212804	-184581	56146
2	^	Motor Vehicle Expense	14055	8292		171547	-184581	9313
3	^	Aircraft Expense						540
4	^	Special Purpose Vehicles Expense			5232	37879		43111
5	^	Garage Work Equipment Expense		97		2838		3182
6	^	Other Work Equipment Expense	247			97215		473141
7	*	General Support Expense	67676	34020	274230	74268		347314
8	^	Land and Building Expense	41995	17346				8348
9	^	Furniture and Artworks Expense			6456	1892		37783
10	^	Office Equipment Expense	143	92	35541	2007		79696
11	^	General Purpose Computers Expense	25538	16582	18528	19048		368880
12	*	Central Office Switching Expense	155797	92632		120451		368880
13	^	Analog Electronic Expense						
14	^	Digital Electronic Expense	155797	92632		120451		368880
15	^	Electro-Mechanical Expense						
16	^	Operator Systems Expense						
17	*	Central Office Transmission Expense	37876	24949	141255	165206		369286
18	^	Radio Systems Expense	1305	1002		251		2558
19	^	Circuit Equipment Expense	36571	23947	141255	164955		366728
20	*	Information Origination/Termination Expense						
21	^	Station Apparatus Expense						
22	^	Large Private Branch Exchange Expense						
23	^	Public Telephone Terminal Equipment Exp.						
24	^	Other Terminal Equipment Expense						
25	*	Cable and Wire Facilities Expense	434425	269128	484761	243760		1432074
26	^	Poles Expense	316	189	5611	1664		7780
27	^	Aerial Cable Expense	17314	11760		13101		42175
28	^	Underground Cable Expense						
29	^	Buried Cable Expense	416795	257179	478891	221754		1374619
30	^	Submarine Cable Expense						
31	^	Deep Sea Cable Expense						
32	^	Intrabuilding Network Cable Expense						
33	^	Aerial Wire Expense						
34		Subtotals	710,076	429,118	905,219	832,195	(184,581)	2692027

^ Subaccount of the account marked with a *.

Year: 2007

Total State Expense Matrix

Line No.	Acct. No. (a)	Description (b)	Salaries and Wages (c)	Benefits (d)	Rents (e)	Other Expenses (f)	Clearances (g)	Total (h)
35	6441	Conduit Systems Expense			259	7241		7500
36	6510	Other Property Expenses	16571	9018		1860	-27449	429674
37	6530	Network Operations Expense	221722	145172		163661	-100881	64369
38	6531	Power Expense				64369		62475
39	6532	Network Administration Expense	248	127		62100		12986
40	6533	Testing Expense	6958	5499		529		189426
41	6534	Plant Operations Expense	142599	92337		20400	-65910	100418
42	6535	Engineering Expense	71917	47209		16263	-34971	127385
43	6540	Access Expense				127385		1425926
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	11105	7092		270571		270571
50	6611	Product Management				17250		35447
51	6612	Sales				10550		10550
52	6613	Product Advertising	11105	7092		6700		24897
53	6621	Call Completion Services				403		403
54	6622	Number Services				12966		12966
55	6623	Customer Services	82042	52978		224740		359760
56	6711	Executive	3680	2236		55041		60957
57	6712	Planning						
58	6721	Accounting and Finance	14139	8293		47973		70405
59	6722	External Relations	8860	5431		79352		93643
60	6723	Human Relations	1625	1197		7155		9977
61	6724	Information Management						
62	6725	Legal				13583		13583
63	6726	Procurement						
64	6727	Research and Development						
65	6728	Other General and Administrative	5012	2997		106810		114819
66	6790	Provision for Uncollectible Notes Receivable						
67		Totals	1,074,832	663,532	905,478	3,394,112	(312,911)	5725043

^ Subaccount of the account marked with a *.

Pension Costs

Year: 2007

1	Plan Name	NTCA SAVINGS PLAN		
2	Defined Benefit Plan? _____	Defined Contribution Plan? _____		
3	Actuarial Cost Method? _____	IRS Code: _____		
4	Annual Contribution by Employer: 12% OF W-2 WAGES	Is the Plan Over Funded? _____		
5				
	Item	Current Year	Last Year	% Change
6	Change in Benefit Obligation	N/A		
7	Benefit obligation at beginning of year			#VALUE!
8	Service cost			
9	Interest Cost			
10	Plan participants' contributions			
11	Amendments			
12	Actuarial Gain			
13	Acquisition			
14	Benefits paid			
15	Benefit obligation at end of year			
16	Change in Plan Assets			
17	Fair value of plan assets at beginning of year	1922398	1638006	-14.79%
18	Actual return on plan assets			
19	Acquisition			
20	Employer contribution	136681	143726	5.15%
21	Plan participants' contributions	122384	140666	14.94%
22	Benefits paid			
23	Fair value of plan assets at end of year	2181463	1922398	-11.88%
24	Funded Status	2181463	1922398	-11.88%
25	Unrecognized net actuarial loss			
26	Unrecognized prior service cost			
27	Prepaid (accrued) benefit cost	2181463	1922398	-11.88%
28				
29	Weighted-average Assumptions as of Year End	N/A		
30	Discount rate			
31	Expected return on plan assets			
32	Rate of compensation increase			
33				
34	Components of Net Periodic Benefit Costs	N/A		
35	Service cost			
36	Interest cost			
37	Expected return on plan assets			
38	Amortization of prior service cost			
39	Recognized net actuarial loss			
40	Net periodic benefit cost			
41				
42	Montana Intrastate Costs:	N/A		
43	Pension Costs			
44	Pension Costs Capitalized			
45	Accumulated Pension Asset (Liability) at Year End			
46	Number of Company Employees:	N/A		
47	Covered by the Plan		21	#DIV/0!
48	Not Covered by the Plan		2	#DIV/0!
49	Active		21	#DIV/0!
50	Retired			
51	Deferred Vested Terminated			

Other Post Employment Benefits (OPEBS)

Item	Current Year	Last Year	% Change
1 Regulatory Treatment:			
2 Commission authorized - most recent			
3 Docket number: _____			
4 Order number: _____			
5 Amount recovered through rates			
6 Weighted-average Assumptions as of Year End	N/A		
7 Discount rate			
8 Expected return on plan assets			
9 Medical Cost Inflation Rate			
10 Actuarial Cost Method			
11 Rate of compensation increase			
12 List each method used to fund OPEBS (ie: VEBA, 401(h)) and if tax advantaged:			
13			
14			
15 Describe any Changes to the Benefit Plan:			
16			
17 TOTAL COMPANY			
18 Change in Benefit Obligation	N/A		
19 Benefit obligation at beginning of year			
20 Service cost			
21 Interest Cost			
22 Plan participants' contributions			
23 Amendments			
24 Actuarial Gain			
25 Acquisition			
26 Benefits paid			
27 Benefit obligation at end of year			
28 Change in Plan Assets	N/A		
29 Fair value of plan assets at beginning of year			
30 Actual return on plan assets			
31 Acquisition			
32 Employer contribution			
33 Plan participants' contributions			
34 Benefits paid			
35 Fair value of plan assets at end of year			
36 Funded Status	N/A		#VALUE!
37 Unrecognized net actuarial loss			
38 Unrecognized prior service cost			
39 Prepaid (accrued) benefit cost			
40 Components of Net Periodic Benefit Costs	N/A		
41 Service cost			
42 Interest cost			
43 Expected return on plan assets			
44 Amortization of prior service cost			
45 Recognized net actuarial loss			
46 Net periodic benefit cost			
47 Accumulated Post Retirement Benefit Obligation	N/A		
48 Amount Funded through VEBA			
49 Amount Funded through 401(h)			
50 Amount Funded through Other _____			
51 TOTAL			
52 Amount that was tax deductible - VEBA			
53 Amount that was tax deductible - 401(h)			
54 Amount that was tax deductible - Other _____			
55 TOTAL			

Other Post Employment Benefits (OPEBS) Continued

	Item	Current Year	Last Year	% Change
1	Number of Company Employees:	N/A		
2	Covered by the Plan			
3	Not Covered by the Plan			
4	Active			
5	Retired			
6	Spouses/Dependants covered by the Plan			
7	Montana			
8	Change in Benefit Obligation	N/A		
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	N/A		
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	N/A		#VALUE!
27	Unrecognized net actuarial loss			
28	Unrecognized prior service cost			
29	Prepaid (accrued) benefit cost			
30	Components of Net Periodic Benefit Cccosts	N/A		
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	N/A		
38	Amount Funded through VEBA			
39	Amount Funded through 401(h)			
40	Amount Funded through other _____			
41	TOTAL			
42	Amount that was tax deductible - VEBA			
43	Amount that was tax deductible - 401(h)			
44	Amount that was tax deductible - Other			
45	TOTAL			
46	Montana Intrastate Costs:	N/A		
47	Pension Costs			
48	Pension Costs Capitalized			
49	Accumulated Pension Asset (Liability) at Year End			
50	Number of Montana Employees:	N/A		
51	Covered by the Plan			
52	Not Covered by the Plan			
53	Active			
54	Retired			
55	Spouses/Dependants covered by the Plan			

Payments for Services to Persons Other Than Employees

Year: 2007

Line No.	Name of Recipient (a)	Nature of Service (b)	Total Company Cost (c)	Total State Cost (d)	Intrastate Cost (e)
1					
2	NISC	DATA SERVICES	108719	108719	108719
3	MITS	LEGAL SERVICES	36881	36881	36881
4	ASSOC LEGAL GROUP	LEGAL SERVICES	1608	1608	1608
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
40					
41					
42					
43					
44					
45					
46					
47					
48					
49	Total		147208	147208	147208

Subscriber Line Usage Data

Year: 2007

Line No.	Description (a)	This Year (b)	% of Total (c)	Last Year (d)	% of Total (e)
1	Toll Usage:				
2	Interstate, InterLATA	8073255	78.30%	11659155	79.01%
3	Interstate, IntraLATA	98522	0.96%	91810	0.62%
4	Total Interstate Usage	8171777	79.25%	11750965	79.64%
5	Intrastate, InterLATA	1415358	13.73%	2217293	15.03%
6	Intrastate, IntraLATA	724066	7.02%	787524	5.34%
7	Total Intrastate Usage	2139424	20.75%	3004817	20.36%
8	Total Toll Usage	10311201	100.00%	14755782	100.00%
9	Centrex				
10	Local				
11	Total Minutes	10311201	100.00%	14755782	100.00%

Central Office and Access Line Statistics

Year: 2007

Line No.	Wire Center (a)	Type of Office (b)	Residential (c)	ISDN (d)	ADSL (e)	Lifeline Customers (f)	Residential LMS Customers (g)	Single Line Business (h)	Multi-Line Business (i)	Customer Owned Coin (j)	Company Owned Coin (k)	Other (l)	% of Lines w/ T. Tone (m)	Total Access Lines (n)
1	ABSAROKEE	UD/DIG	1256		352	10		325				19		1600
2	BELFRY	UD/DIG	198		44	3		55				5		258
3	CLARK	RSU	258		91	1		45				1		304
4	CROW AGENCY	UD/DIG	471		72	247		506				8		985
5	FORT SMITH	RSU	220		51	30		100				2		322
6	HUNTLEY	RSU	465		89	5		84				3		552
7	LODGE GRASS	RSU	468		43	203		75				2		545
8	POMPEYS PILLAR	RSU	74		18	2		23				2		99
9	SOUTH WYOLA	RSU						1						1
10	WORDEN	UD/DIG	739		167	14		197				18		954
11	WYOLA	RSU	111		15	44		21				1		133
33	Total		4260		942	559		1432				61		5753

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

Central Office and Switch Information

Year: 2007

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	ABSAROKEE	HOST	DIGITAL	NTI	DMS10-SS	1,570	1985
2	BELFRY	HOST	DIGITAL	NTI	DMS10-SS	402	1985
3	CLARK	REMOTE	DIGITAL	NTI	RSLE	354	1996
4	CROW AGENCY	HOST	DIGITAL	NTI	DMS10-SS	1,053	1994
5	FORT SMITH	REMOTE	DIGITAL	NTI	RSLE	387	1994
6	HUNTLEY	REMOTE	DIGITAL	NTI	RSLE	627	1996
7	LODGE GRASS	REMOTE	DIGITAL	NTI	RSLE	669	1994
8	WORDEN	HOST	DIGITAL	NTI	DMS10-SS	1,525	1985
9	WYOLA	REMOTE	DIGITAL	NTI	RSLE	171	1994
10	NYE	REMOTE	DIGITAL	NTI	RSLE	335	1985
11	BEEHIVE	REMOTE	DIGITAL	NTI	RSLE	152	1985
12	ROSCOE	REMOTE	DIGITAL	NTI	RSLE	231	1996
13	DEAN	REMOTE	DIGITAL	NTI	RSLE	160	1996
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NOTE: Additional blank schedules are being provided for your convenience.

Construction Budget - Montana

Year: 2008

Line No.	Description (a)	2008 (b)
1	Central Office Assets:	
2		
3	New RST between Worden and Huntley	100000
4	Replace AFC with Calix	50000
5	2007 Carryovers	135100
6	ADSL Growth	100000
7	DSLAM Upgrades	200000
8	Internet Upgrades	35000
9		
10		
11		
12		
13		
14		
15		
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22		
23		
24		
25		
26		
27	Total Switching and Central Office Projects over \$500,000	
28	Miscellaneous Central Office Projects not over \$500,000	620100
29	Total Central Office Budget (Total of Line 27 & Line 28)	620100
30	Other Projects over \$500,000:	
31		
32	General work orders non over 500,000	1052000
33		
34		
35		
36		
37		
38		
39		
40		
41	Total Other Projects over \$500,000	
42	Miscellaneous projects not over \$500,000	1052000
43	Total Construction Budget (Total of Lines 29, 41 & 42)	1672100

Montana Total State Construction Expenditures

Line No.	FCC Part 32 Account No. (a)	Description (b)	This Year (c)	Last Year (d)	Percent Change (e)
1	2110	General Support Assets	218744	271620	-19.47%
2	2210	Central Office Assets	151542	465635	-67.45%
3	2220	Operator Systems		0	
4	2230	Central Office Transmission	259310	484460	-46.47%
5	2310	Information/Termination Assets		0	
6	2410	Cable and Wire Facilities Assets	850768	444558	91.37%
7	2680	Amortizable Tangible Assets			
8	2690	Intangibles			
9		Total Construction Expenditures	1480364	1666273	-11.16%

Montana Employee Counts

Year: 2007

Line No.	Category (a)	Beginning of Year (b)	End of Year (c)
1	CENTRAL OFFICE TECH	3	2
2	COMBINATION TECH	8	8
3	CONSTRUCTION TECH	3	4
4	CUSTODIAN	3	3
5	CUSTOMER SERVICE REP	3	3
6	RIGHT OF WAY CLERK	1	1
7	PLANT SUPERVISOR	1	1
8	ENGINEER	1	1
9	MARKETING/PR SPECIALIST		1
10			
11			
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43	Totals (Sum of Lines 1 through 42)	23	24

Compensation of Top 10 Montana Based Employees

Year: 2007

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	N/A						
2	Project Telephone has no employees of management status or highly paid supervisors status. Employee services are provided through service agreements with Nemont Telephone Cooperative, Inc.						
3							
4							
5							
6							
7							
8							
9							
10							
11	Totals (Sum L.1 to L.10)						

Compensation of Top 5 Corporate Employees - SEC Information

Line No.	Name/Title (a)	Base Salary (b)	Bonuses (c)	Other Compensation (d)	Total Compensation (e)	Total Compensation Last Year (f)	% Increase Total Compensation (g)
1	N/A						
2							
3							
4							
5							
6	Totals (Sum L.1 to L.5)						

Montana Composite Statistics

Year: 2007

Line No.	Account No.	Description (a)	Amount (b)
1		Plant (Intrastate Only) (000 Omitted)	
2	2001	Plant in Service	29146176
3	2003 - 2004	Construction Work in Progress	491156
4	2005	Plant Acquisition Adjustments	4377116
5	2002	Plant Held for Future Use	
6	1220	Materials & Supplies	
7		(Less):	
8	3100 - 3400	Depreciation & Amortization Reserves	-20606608
9	4360.2	Contributions in Aid of Construction	
10		NET BOOK COSTS	13407840
11		Revenues & Expenses (Intrastate Only) (000 Omitted)	
12	5000 - 5300	Operating Revenues	8282821
13	6560	Depreciation & Amortization Expenses	1696497
14		Federal & State Income Taxes	891820
15		Other Taxes	-192472
16		Other Operating Expenses	3963029
17		TOTAL Operating Expenses	6358874
18		Net Operating Income	1923947
19		Other Income	1886428
20		Other Deductions	372415
21		NET INCOME	3437960
22		Access Lines in Service (Intrastate Only)	
23		Residential Access Lines	4002
24		Business Access Lines	1386
25		PBX Access Lines	
26		Other Access Lines	60
27		Total Number of Access Lines	5448
28		Average Number of Calls Per Access Line	
29		Local Calls	886
30		Toll Calls (Intra- or Interstate)	1093
31		Total Number of Calls Per Access Line (Total of Line 29 & Line 30 divided by Line 27)	1979
32		Other Statistics (Intrastate Only)	
33		Average Residential Monthly Bill	45
34		Gross Plant Investment per Access Line	5350

Depreciation - Montana Intrastate Regulated

Year: 2007

Line No.	Acct No. (a)	Description (b)	Composite Rate % (c)	Total Expense \$ (d)
1	2112	Motor Vehicles	25.0%	57,506
2	2114	Special Purpose Vehicles	8.0%	164
3	2115	Garage Work Equipment	8.0%	
4	2116	Other work Equipment	8.0%	48,788
5	2121	Buildings	3.1%	51,493
6	2122	Furniture	7.5%	829
7	2123.1	Office Support Equipment	7.5%	2,206
8	2123.2	Company Communications Equipment		
9	2124	General Purpose Computers		
10	2211	Analog Electronic Switching Equipment		
11	2212	Digital Electronic Switching Equipment	8.2%	429,612
12	2215	Step By Step Switching Equipment		
13	2215	Crossbar Switching Equipment		
14	2220	Operator System		
15	2231	Radio Systems	8.2%	20,697
16	2232	Circuit DDS	6.5%	271,974
17	2232	Circuit Digital		
18	2232	Circuit Analog		
19	2351	Public Telephone Terminating Equipment		
20	2362	Other Terminal Equipment		
21	2411	Poles		
22	2421	Aerial Cable Metallic	9.2%	14,790
23	2421	Aerial Cable Nonmetallic	9.2%	526
24	2422	Underground Cable Metallic	9.2%	8,800
25	2422	Underground Cable Nonmetallic	9.2%	5,673
26	2423	Buried Cable Metallic	3.3%	372,818
27	2423	Buried Cable Nonmetallic	4.0%	109,804
28	2424	Submarine Cable Metallic		
29	2424	Submarine Cable Nonmetallic		
30	2426	Intrabuilding Network Cable Metallic	3.3%	1,327
31	2426	Intrabuilding Network Cable Nonmetallic		
32	2431	Aerial Wire		
33	2441	Conduit Systems	4.0%	28,919
34				
35		COMPOSITE TOTAL		1,425,926
36	<p>Please list the Montana Public Service Commission Docket Order No. approving these depreciation rates</p> <p>Docket Number _____ Order Number _____</p>			
37				
38				
39				
40				

Amortization - Montana Intrastate Regulated

Year: 2007

Line No.	Acct No. (a)	Description (b)	Composite Rate % (c)	Total Expense \$ (d)
1	3600.01	ACQUISITION ADJUSTMENT	6.7%	270,571
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35		COMPOSITE TOTAL		270,571
36	<p>Please list the Montana Public Service Commission Docket Order No. approving these amortization rates</p> <p>Docket Number <u> N/A </u> Order Number <u> </u></p>			
37				
38				
39				
40				

Montana Regulatory Capital Structure & Costs

Year: 2007

Line No.	Description (a)	% Cap. Str. (b)	% Cost Rate (c)	Weighted Cost (d)
	Commission Accepted - Most Recent			
1	Docket Number _____			
2	Order Number _____			
3				
4	Common Equity			
5	Preferred Stock			
6	Long Term Debt			
7	Other			
8	Total			
9				
10	Actual at Year End			
11				
12	Common Equity	86.70%	10.300%	8.930%
13	Preferred Stock			
14	Long Term Debt	13.30%	15.300%	2.035%
15	Other			
16	Total	100.00%		10.965%

Network Access - Charges and Revenues

Year: 2007

Line No.	Description (a)	Access Charges Paid (b)	Access Revenues Received (c)
1	Montana - Total State		3164391
2			
3	Montana - Intrastate		3164391
4			
5	Montana - Intrastate Regulated		3164391
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Affiliate Transactions - Products & Services Provided to Utility

Year: 2007

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	NEMONT COMMUNICATIONS	COMPUTER LEASE	LEASE AGREEMENT	18,528	0.2%	
2						
3	NEMONT TELEPHONE COOP	MANAGEMENT LEASE	LEASE AGREEMENT	811,424	5.2%	
4						
5	NEMONT COMMUNICATIONS	BUILDING LEASE	LEASE AGREEMENT	213,705	2.0%	
6						
7	NEMONT COMMUNICATIONS	OTHER OFFICE & COMM EQ	LEASE AGREEMENT	47,229	0.4%	
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29						
30	TOTAL			\$1,090,886		

Affiliate Transactions - Products & Services Provided by Utility

Year: 2007

Line No.	Affiliate Name (a)	Products & Services (b)	Method to Determine Price (c)	Charges to Affiliate (d)	% Total Affil. Revenues (e)	Charges to MT Utility (f)
1	NEMONT COMMUNICATIONS	WAGES & LABOR	COST	126,592	1.2%	
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30	TOTAL			\$126,592		

Montana Intrastate Regulated Earned Rate of Return

Year: 2007

Line No.	Description Rate Base (a)	This Year (b)	Last Year (c)	Percent Change (d)
1				
2	2001 Plant in Service	34,014,448	32,428,672	4.89%
3	2002 Prop. Held for Future Telecommunications Use			
4	3100-3200 (Less) Accumulated Depreciation	(20,606,608)	(19,336,536)	-6.57%
5	Plant in Service	13,407,840	13,092,136	2.41%
6				
7	Additions			
8	1220 Materials & Supplies			
9	1280 Prepayments			
10	Other Additions			
11	TOTAL Additions			
12				
13	Deductions			
14	4100 Current Deferred Operating Income Taxes			
15	4320 Unamortized Operating Investment Tax Credits	3,442	3,442	
16	4340 Noncurrent Deferred Operating Income Taxes	2,039,013	2,427,305	-16.00%
17	Customer Advances for Construction			
18	Other Deductions			
19	TOTAL Deductions	2,042,455	2,430,747	-15.97%
20	TOTAL Rate Base	11,365,385	10,661,389	6.60%
21				
22	Net Earnings	3,437,959	3,529,825	-2.60%
23				
24	Rate of Return on Average Rate Base	30.200%	33.100%	-8.76%
25				
26	Rate of Return on Average Equity	10.200%	10.600%	-3.77%
27				
28	Major Normalizing Adjustments & Commission			
29	Ratemaking adjustments to Utility Operations			
30				
31				
32				
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42				
43	Adjusted Rate of Return on Average Rate Base			
44				
45	Adjusted Rate of Return on Average Equity			

Other Taxes Paid

Year: 2007

Line No.	Description (a)	Last Year (b)	This Year (c)
1	Montana Telephone Company License Tax		
2	Montana Public Service Commission Tax	8425	7949
3	Montana Consumer Counsel Tax	2318	2640
4	911 Emergency Telephone Fee	33285	61587
5	Montana Telecommunications Access Service (TDD)	6657	8588
6	Montana Corporate License Tax	15	15
7	Personal Property Tax		
8	Real Property Tax	204250	185232
9			
10			
11			
12	Total	254950	266011

SCHEDULE 37

Universal Service Funds Received

Year: 2007

Line No.	Description (a)	Last Year (b)	This Year (c)
13	Funds received from Montana Sources	1406484	1462308
14	Funds received from Federal Sources	81197	97075
15			
16			
17			
18			
19			
20			
21			
22			
23			
24	Total	1487681	1559383

Nemont Telephone
Cooperative, Inc.

← Missouri Valley
Communications, Inc.

← Project Telephone Company

↑
Nemont Communications, Inc.

↑
Sagebrush Cellular, Inc.

Nemont Telephone Cooperative, Inc. has authority to operate in the state of Montana and the right to use the name "Nemont". In 2006 Project Telephone Company will seek a franchise agreement with Nemont Telephone Cooperative, Inc. to market Project's services in Montana as "Nemont".