

YEAR ENDING 2009

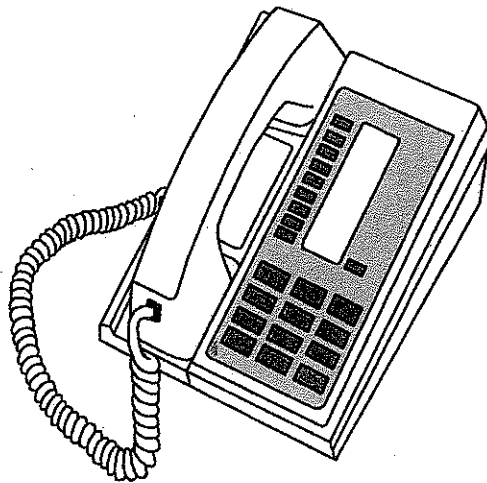
ANNUAL REPORT  
OF

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SERVICE  
DIVISION

HOT SPRINGS TELEPHONE  
COMPANY  
TELEPHONE UTILITY



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

# Telephone Annual Report

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## General Information

Year: 2009

1 Legal Name of Respondent: Hot Springs Telephone Co.

2 Name Under Which Respondent Does Business: Same as above

3 Date of Incorporation: 1/1/1955

4 Address to send Correspondence Concerning Report: P.O. Box 7850  
Kalispell, MT. 59904-0850

5 Person Responsible for This Report: Phyllis O. Ekblad

5a. Telephone Number: (406) 755-7231

## 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: N A

1b. Means by which control was held: N A

1c. Percent Ownership: N A

Board of Directors		
Line No.	Name of Director and Address (City, State) (a)	Fees Paid During Year (b)
1	Jay W. Preston Sr. 312 Main St. SW, Ronan, MT. 59864	None
2	Robert B. Ekblad, P.O. Box 161, Dayton, MT. 59914	7,200
3	Phyllis O. Ekblad, 319 Commons Way, Kalispell, MT. 59901	None
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18	Chairman of the Board:	
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## Officers

Year: 2009

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	General Manager	Jay W. Preston Sr. Ronan, MT.
2	Secretary-Treasurer	Financial & Accounting	Phyllis O. Ekblad, Kalispell, MT.
3	Vice-President	Engineering Studies, Technology	Robert B. Ekblad, Dayton, MT.
4		Forecasting & Advance Planning	
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## Total Company Balance Sheet

Year: 2009

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		<b>CURRENT ASSETS:</b>		
2	1120	Cash and Equivalents	811,998	941,445
3	1180	Telecommunications Accounts Receivable - Net	2,441	7,989
4	1190	Other Accounts Receivable - Net		
5	1200	Notes Receivable - Net		
6	1210	Interest and Dividends Receivable		
7	1220	Materials and Supplies		
8	* 1280	Prepayments	4,091	3,417
9	^ 1290	Prepaid Rents		
10	^ 1300	Prepaid Taxes		
11	^ 1310	Prepaid Insurance		
12	^ 1320	Prepaid Directory Expenses		
13	^ 1330	Other Prepayments		
14	1350	Other Current Assets		
15		<b>Total Current Assets</b>	<b>818,530</b>	<b>952,851</b>
16		<b>NONCURRENT ASSETS:</b>		
17	1401	Investments in Affiliated Companies		
18	1402	Investments in Nonaffiliated Companies		
19	1406	Nonregulated Investments		
20	1407	Unamortized Debt Issuance Expense		
21	1408	Sinking Funds		
22	1410	Other Noncurrent Assets		
23	1438	Deferred Maintenance and Retirements		
24	1439	Deferred Charges		
25	1500	Other Jurisdictional Assets - Net		
26		<b>Total Noncurrent Assets</b>		
27		<b>PROPERTY, PLANT, &amp; EQUIPMENT:</b>		
28	2001	Telecommunications Plant in Service	3,701,020	3,437,080
29	2002	Property Held for Future Telecommunications Use	50,000	50,000
30	2003	Plant Under Construction - Short Term		
31	2004	Plant Under Construction - Long Term		
32	2005	Telecommunications Plant Adjustment		
33	2006	Nonoperating Plant		
34	2007	Goodwill		
35	3100	Accumulated Depreciation	(2,693,487)	(2,576,292)
36	3200	Accumulated Depreciation - Held for Future Use		
37	3300	Accumulated Depreciation - Nonoperating		
38	3400	Accumulated Amortization		
39		<b>Net Property, Plant, &amp; Equipment</b>	<b>1,057,533</b>	<b>910,788</b>
40		<b>TOTAL ASSETS</b>	<b>1,876,063</b>	<b>1,863,638</b>

^ Subaccount of account marked with a \*.

## Total Company Balance Sheet

Year: 2009

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
41		<b>CURRENT LIABILITIES:</b>		
42	4010	Accounts Payable	171,927	175,295
43	4020	Notes Payable		
44	4030	Advance Billing and Payments		
45	4040	Customer Deposits	15,370	14,845
46	4050	Current Maturities - Long Term Debt		
47	4060	Current Maturities - Capital Leases		
48	4070	Income Taxes - Accrued		607
49	4080	Other Taxes - Accrued		
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		
54		<b>Total Current Liabilities</b>	<b>187,298</b>	<b>190,748</b>
55		<b>LONG-TERM DEBT:</b>		
56	4210	Funded Debt		
57	4220	Premium on Long-Term Debt		
58	4230	Discount on Long-Term Debt		
59	4240	Reacquired Debt		
60	4250	Obligations Under Capital leases		
61	4260	Advances From Affiliated Companies		
62	4270	Other Long-Term Debt	4,117	4,117
63		<b>Total Long-Term Debt</b>	<b>4,117</b>	<b>4,117</b>
64		<b>OTHER LIABILITIES AND DEFERRED CREDITS:</b>		
65	4310	Other Long-Term Liabilities		
66	4320	Unamort. Oper. Invest. Tax Credits - Net		
67	4330	Unamort. Nonoper. Invest. Tax Credits - Net		
68	4340	Net Noncurrent Deferred Oper. Income Taxes		
69	4350	Net Noncurrent Deferred Nonoper. Income Taxes		
70	4360	Other Deferred Credits		
71	4370	Other Jurisdictional Liab. and Def. Credits		
72		<b>Total Other Liabilities and Deferred Credits</b>		
73		<b>STOCKHOLDERS' EQUITY:</b>		
74	4510	Capital Stock	80,000	80,000
75	4520	Additional Paid-In Capital	10,832	10,832
76	4530	Treasury Stock	(125,000)	(125,000)
77	4540	Other Capital		
78	4550	Retained Earnings	1,718,817	1,702,941
79		<b>Total Stockholders' Equity</b>	<b>1,684,649</b>	<b>1,668,773</b>
80		<b>TOTAL LIAB. AND STOCKHOLDERS' EQUITY</b>	<b>1,876,063</b>	<b>1,863,638</b>

## Total Company Income Statement

Year: 2009

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		<b>REVENUES:</b>		
2	5000	Basic Local Service Revenues	393,104	380,481
3	5080	Network Access Revenues	1,018,831	1,006,173
4	* 5100	Long Distance Message Revenue	20,740	20,988
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	38,544	42,097
10	^ 5230	Directory Revenue		
11	^ 5240	Rent Revenue		
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue		
14	^ 5270	Carrier Billing and Collection Revenue		
15	^ 5280	Nonregulated Revenue	43,684	31,106
16	5300	Uncollectible Revenue	(1,880)	(3,164)
17		<b>Total Revenues (L.2+L.3+L.4+L.9-L.16)</b>	<b>1,513,021</b>	<b>1,477,678</b>
18		<b>OPERATING EXPENSES:</b>		
19	6110	Network Support Expense	336,078	278,661
20	6120	General Support Expense	22,985	19,962
21	6210	Central Office Switching Expense	24,400	31,609
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense		
24	6310	Information Origination/Termination Expense		
25	* 6410	Cable and Wire Facilities Expense	126,444	107,092
26	^ 6431	Aerial Wire Expense		
27	^ 6441	Conduit Systems Expense		
28	6510	Other Property, Plant & Equipment Expense	172,613	179,369
29	6530	Network Operations Expense	65,134	55,336
30	6540	Access Expense	69,191	94,314
31	6560	Depreciation and Amortization Expense	117,195	104,727
32	6610	Marketing		
33	6620	Services	118,744	95,202
34	6710	Executive and Planning	37,174	30,811
35	6720	General and Administrative	366,497	380,063
36	6790	Provision for Uncollectible Notes Receivable		
37		<b>Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)</b>	<b>1,456,454</b>	<b>1,377,147</b>
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	29,056	36,520
40		<b>Net Operating Income (L.17-L.37+L.38-L.39)</b>	<b>27,511</b>	<b>64,011</b>
41	7300	Nonoperating Income and Expense		
42	7400	Nonoperating Taxes		
43	7500	Interest and Related Items	135	912
44	7600	Extraordinary Items		
45	7910	Effects of Juris. Ratemaking Diff. - Net		
46	7990	Nonregulated Net Income	178	5,366
47		<b>NET INCOME (L.40+L.41-L.42-L.43-L.44+L.45-L.46)</b>	<b>27,199</b>	<b>57,733</b>

^ Subaccount of the account marked with a \*.



Company Name: Hot Springs Telephone Co.

SCHEDULE 5

Not Required--Doing Business Only In Montana

## Montana Total State Income Statement

Year: 2009

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

^ Subaccount of the account marked with a \*.

Company Name: Hot Springs Telephone Co.

SCHEDULE 6

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

## Montana Intrastate Income Statement

Year: 2009

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

^ Subaccount of the account marked with a \*.

## Montana Intrastate Regulated Income Statement

Year: 2009

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		<b>REVENUES:</b>		
2	5000	Basic Local Service Revenues	190,941	198,423
3	5080	Network Access Revenues	134,987	102,481
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	64,363	62,054
10	^ 5230	Directory Revenue		
11	^ 5240	Rent Revenue		
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue		
14	^ 5270	Carrier Billing and Collection Revenue		
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue	(1,880)	(3,164)
17		<b>Total Revenues (L.2+L.3+L.4+L.9-L.16)</b>	392,170	366,123
18		<b>OPERATING EXPENSES:</b>		
19	6110	Network Support Expense	17,059	23,928
20	6120	General Support Expense	22,985	19,962
21	6210	Central Office Switching Expense	24,400	31,609
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense		
24	6310	Information Origination/Termination Expense	126,444	107,092
25	* 6410	Cable and Wire Facilities Expense		
26	^ 6431	Aerial Wire Expense		
27	^ 6441	Conduit Systems Expense		
28	6510	Other Property, Plant & Equipment Expense	103,276	107,032
29	6530	Network Operations Expense	65,134	55,336
30	6540	Access Expense	2,700	3,600
31	6560	Depreciation and Amortization Expense	116,209	104,186
32	6610	Marketing		
33	6620	Services	65,479	117,086
34	6710	Executive and Planning	37,174	30,811
35	6720	General and Administrative	307,885	325,874
36	6790	Provision for Uncollectible Notes Receivable		
37		<b>Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)</b>	888,743	926,517
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	29,191	36,520
40		<b>Net Operating Income (L.17-L.37+L.38-L.39)</b>	(525,764)	(596,914)

^ Subaccount of the account marked with a \*.

**Average Rate Base - Total State**

Year: 2009

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	3531817	3385751
2	3100	Accumulated Depreciation	2635178	2537462
3	2002	Property Held for Future Telecommunications Use		
4	3200	Accumulated Depreciation - 2006		
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		<b>Total Average Rate Base (L.1-L.2+L.3-L.4+L.5-L.6-L.7+L.8)</b>	896639	848289

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

**Average Rate Base - Intrastate**

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service		
2	3100	Accumulated Depreciation		
3	2002	Property Held for Future Telecommunications Use		
4	3200	Accumulated Depreciation - 2006		
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		<b>Total Average Rate Base (L.1-L.2+L.3-L.4+L.5-L.6-L.7+L.8)</b>		

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

**Average Rate Base - Regulated Intrastate**

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service		
2	3100	Accumulated Depreciation		
3	2002	Property Held for Future Telecommunications Use		
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		<b>Total Average Rate Base (L.1-L.2+L.3-L.4+L.5-L.6-L.7+L.8)</b>		

## Statement of Cash Flows

Year: 2009

Line No.	Item Description (a)	Amount (b)	Amount (c)
1	<b>Increase/(decrease) in Cash &amp; Cash Equivalents</b>		(130,378.02)
2	<b>Cash Flows from Operating Activities:</b>		
3	Net Income		27,376.17
4	Reconciliation Adjustments:		
5	Depreciation & Amortization		117,195.00
6	Provision for Accounts Receivable Losses		
7	Deferred Income Taxes - Net		
8	Unamortized Investment Tax Credits (ITCs) - Net		
9	Allowance for Funds Used During Construction (AFUDC)		
10	Change in Operating Receivables - Net		5,548.58
11	Change in Materials, Supplies & Inventories - Net		(527.15)
12	Change in Operating Payables & Accrued Liabilities - Net		(3,369.20)
13	* Change in Other Assets & Deferred Credits - Net		(674.00)
14	^ Change in Other Liabilities & Deferred Credits - Net		525.00
15	@ Other (explained on back of this page)		(607.00)
16	Total Adjustments		118,091.23
17	<b>Net Cash Provided by/(Used in) Operating Activities</b>		145,467.40
18	<b>Cash Inflows/Outflows From Investing Activities:</b>		
19	Construction/Acquisition of Property, Plant & Equipment (net of		(263,939.84)
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)		(405.58)
25	<b>Net Cash Provided by/(Used in) Investing Activities</b>		(264,345.42)
26	<b>Cash Flows from Financing Activities:</b>		
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		(11,500.00)
36	Other Financing Activities (explained on back of this page)		
37	<b>Net Cash Provided by Financing Activities</b>		(11,500.00)
38	<b>Effect of Exchange Rate Changes on Cash</b>		
39	<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>		(130,378.02)
40	<b>Cash &amp; Cash Equivalents at Beginning of Period</b>		792,418.31
41	<b>Cash &amp; Cash Equivalents at End of Period</b>		662,040.29

\* Prepaid Federal and State Income Taxes (Increase \$674.00)

^ Subscriber Deposits (Increase \$525.00)

# Net Increase in Investments \$405.58

@ State Taxes Payable (Decrease \$607.00)

Company Name: Hot Springs Telephone Co.

Does Not Apply

**SCHEDULE 10**

Year: 2009

**Receivables and Investments-Affiliated & Nonaffiliated Companies**

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)
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29											
30	Totals										

Company Name: Hot Springs Telephone Co.

SCHEDULE 11

Net Plant in Service - Detail

Year: 2009

Line No.	Account	Description	Beginning of Year Balance	Additions	Retirements	Sales & Transfers	End of Year Account Balance	Year End Accumulated Depreciation	End of Year Net Plant Balance
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	*	2110 Land and Support Assets	960170	59870			1020040	644371	375669
2	^	2111 Land							
3	^	2112 Motor Vehicles							
4	^	2113 Aircraft							
5	^	2114 Special Purpose Vehicles							
6	^	2115 Garage Work Equipment							
7	^	2116 Other Work Equipment							
8	^	2121 Buildings							
9	^	2122 Furniture							
10	^	2123 Office Equipment							
11	^	2124 General Purpose Computers							
12		2211 Analog Electronic Switching	533067	13008			546075	452092	93983
13		2212 Digital Electronic Switching							
14		2215 Electro-Mechanical Switching							
15		2220 Operator Systems							
16		2231 Radio Systems	436548	4393			440941	307201	133740
17		2232 Circuit Equipment	16238				16238		16238
18	*	2310 Information Orig & Term Equip	107290				107290	89303	17987.05
19	^	2311 Station Apparatus							
20	^	2321 Customer Premises Wiring							
21	^	2341 Large Private Branch Exchanges							
22	^	2351 Public Telephone Term. Equip.							
23	^	2362 Other Terminal Equipment							
24		2411 Poles	16627				16627	9550	7076.84
25	*	2420 Cable and Wire Facilities	1312060	68795			1380855	1130381	250474
26	^	2421 Aerial Cable							
27	^	2422 Underground Cable							
28	^	2423 Buried Cable							
29	^	2424 Submarine Cable							
30	^	2425 Deep Sea Cable							
31	^	2426 Intrabuilding Network Cable							
32		2431 Aerial Wire	3750				3750	2280	1470
33		2441 Conduit Systems							
34		Totals	3385751	146066			3531817	2635178	896639

^ Subaccount of the account marked with a \*.

Company Name: Hot Springs Telephone Co.

**SCHEDULE 12**

**Analysis of Plant Held for Future Use**

**Year: 2009**

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)					



Company Name: Hot Springs Telephone Co.

SCHEDULE 13

Average Cost of Long Term Debt

Year: 2009

Line No.	Description (a)	Issue Date (b)	Maturity Date (c)	Principal Amount (d)	Gross Proceeds (e)	Net Proceeds (f)	Net Per \$100 (g)	Outstanding Per Balance Sheet (h)	Yield to Maturity (i)	Annual Net Cost (j)	Amortization of Premium or Discount (k)	Total Cost (%) (l)
1					-	-	-		-		-	
2												
3												
4												
5												
6												
7												
8												
9												
10												
11												
12												
13												
14												
15												
16												
17												
18												
19												
20												
21												
22												
23												
24												
25												
26												
27												
28												
29												
30	Total											

Company Name: Hot Springs Telephone Co.

DOES NOT APPLY

SCHEDULE 14

Cost of Preferred Stock

Year: 2009

Line No.	Description (a)	Date of Issuance (b)	Method of Offering (c)	Call Redemption Price (d)	Par Value Of Issue (e)	Gross Proceeds Amounts (f)	Net Proceeds Amounts (g)	Net Proceeds Per \$100 (h)	Cost of Money (i)	Principal Outstanding (j)	Annual Cost (k)	Embedded Cost (l)
1												
2												
3												
4												
5												
6												
7												
8												
9												
10												
11												
12												
13												
14												
15												
16												
17												
18												
19												
20												
21												
22												
23												
24												
25												
26												
27												
28												
29												
30	Totals (Sum L.1 to L.29)											

Company Name: Hot Springs Telephone Co.

**SCHEDULE 15**

**Analysis of Common Stock**

**Year: 2009**

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								
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								

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

Company Name: Hot Springs Telephone Co.

**SCHEDULE 16**

**Capital Stock and Funded Debt Reacquired or Retired During the Year**

**Year: 2009**

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	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)						

Company Name: **Hot Springs Telephone Co.**  
NOT REQUIRED - WE HAVE LESS THAN 5,000 ACCESS LINES

**Total Company Expense Matrix**

**SCHEDULE 17**  
Page 1 of 2  
Year: 2009

Line No.	Acct. No. (a)	Description (b)	Salaries and Wages (c)	Benefits (d)	Rents (e)	Other Expenses (f)	Clearances (g)	Total (h)
1	*	6110 Network Support Expense						
2	^	6112 Motor Vehicle Expense						
3	^	6113 Aircraft Expense						
4	^	6114 Special Purpose Vehicles Expense						
5	^	6115 Garage Work Equipment Expense						
6	^	6116 Other Work Equipment Expense						
7	*	6120 General Support Expense						
8	^	6121 Land and Building Expense						
9	^	6122 Furniture and Artworks Expense						
10	^	6123 Office Equipment Expense						
11	^	6124 General Purpose Computers Expense						
12	*	6210 Central Office Switching Expense						
13	^	6211 Analog Electronic Expense						
14	^	6212 Digital Electronic Expense						
15	^	6215 Electro-Mechanical Expense						
16		6220 Operator Systems Expense						
17	*	6230 Central Office Transmission Expense						
18	^	6231 Radio Systems Expense						
19	^	6232 Circuit Equipment Expense						
20	*	6310 Information Origination/Termination Expense						
21	^	6311 Station Apparatus Expense						
22	^	6341 Large Private Branch Exchange Expense						
23	^	6351 Public Telephone Terminal Equipment Exp.						
24	^	6362 Other Terminal Equipment Expense						
25	*	6410 Cable and Wire Facilities Expense						
26	^	6411 Poles Expense						
27	^	6421 Aerial Cable Expense						
28	^	6422 Underground Cable Expense						
29	^	6423 Buried Cable Expense						
30	^	6424 Submarine Cable Expense						
31	^	6425 Deep Sea Cable Expense						
32	^	6426 Intrabuilding Network Cable Expense						
33	^	6431 Aerial Wire Expense						
34		<b>Subtotals</b>						

^ Subaccount of the account marked with a \*.

Company Name: Hot Springs Telephone Co.

**SCHEDULE 17**  
Page 2 of 2  
**Year: 2009**

**Total Company Expense Matrix**

Line No.	Acct No.	Description (b)	Salaries and Wages (c)	Benefits (d)	Rents (e)	Other Expenses (f)	Clearances (g)	Total (h)
35	^	6441 Conduit Systems Expense						
36		6510 Other Property Expenses						
37	*	6530 Network Operations Expense						
38	^	6531 Power Expense						
39	^	6532 Network Administration Expense						
40	^	6533 Testing Expense						
41	^	6534 Plant Operations Expense						
42	^	6535 Engineering Expense						
43		6540 Access Expense						
44		6561 Depreciation - Telecomm. Plant in Service						
45		6562 Depreciation-Prop. for Future Telecom. Use						
46		6563 Amortization Expense - Tangible						
47		6564 Amortization Expense - Intangible						
48		6565 Amortization - Other						
49	*	6610 Marketing						
50	^	6611 Product Management						
51	^	6612 Sales						
52	^	6613 Product Advertising						
53		6621 Call Completion Services						
54		6622 Number Services						
55		6623 Customer Services						
56		6711 Executive						
57		6712 Planning						
58		6721 Accounting and Finance						
59		6722 External Relations						
60		6723 Human Relations						
61		6724 Information Management						
62		6725 Legal						
63		6726 Procurement						
64		6727 Research and Development						
65		6728 Other General and Administrative						
66		6790 Provision for Uncollectible Notes Receivable						
67		<b>Totals</b>						

^ Subaccount of the account marked with a \*

Company Name: **Hot Springs Telephone Co.**

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

**Total State Expense Matrix**
**SCHEDULE 18**  
 Page 1 of 2  
 Year: 2009

Line No.	Acct. No. (a)	Description (b)	Salaries and Wages (c)	Benefits (d)	Rents (e)	Other Expenses (f)	Clearances (g)	Total (h)
1	*	6110 Network Support Expense						
2	^	6112 Motor Vehicle Expense						
3	^	6113 Aircraft Expense						
4	^	6114 Special Purpose Vehicles Expense						
5	^	6115 Garage Work Equipment Expense						
6	^	6116 Other Work Equipment Expense						
7	*	6120 General Support Expense						
8	^	6121 Land and Building Expense						
9	^	6122 Furniture and Artworks Expense						
10	^	6123 Office Equipment Expense						
11	^	6124 General Purpose Computers Expense						
12	*	6210 Central Office Switching Expense						
13	^	6211 Analog Electronic Expense						
14	^	6212 Digital Electronic Expense						
15	^	6215 Electro-Mechanical Expense						
16		6220 Operator Systems Expense						
17	*	6230 Central Office Transmission Expense						
18	^	6231 Radio Systems Expense						
19	^	6232 Circuit Equipment Expense						
20	*	6310 Information Origination/Termination Expense						
21	^	6311 Station Apparatus Expense						
22	^	6341 Large Private Branch Exchange Expense						
23	^	6351 Public Telephone Terminal Equipment Exp.						
24	^	6362 Other Terminal Equipment Expense						
25	*	6410 Cable and Wire Facilities Expense						
26	^	6411 Poles Expense						
27	^	6421 Aerial Cable Expense						
28	^	6422 Underground Cable Expense						
29	^	6423 Buried Cable Expense						
30	^	6424 Submarine Cable Expense						
31	^	6425 Deep Sea Cable Expense						
32	^	6426 Intrabuilding Network Cable Expense						
33	^	6431 Aerial Wire Expense						
34		<b>Subtotals</b>						

^ Subaccount of the account marked with a \*.

Company Name: Hot Springs Telephone Co.

**SCHEDULE 18**  
Page 2 of 2  
**Year: 2009**

**Total State Expense Matrix**

Line No.	Acct. No.	Description	Salaries and Wages	Benefits	Rents	Other Expenses	Clearances	Total
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
35	^	6441 Conduit Systems Expense						
36		6510 Other Property Expenses						
37	*	6530 Network Operations Expense						
38	^	6531 Power Expense						
39	^	6532 Network Administration Expense						
40	^	6533 Testing Expense						
41	^	6534 Plant Operations Expense						
42	^	6535 Engineering Expense						
43		6540 Access Expense						
44		6561 Depreciation - Telecomm. Plant in Service						
45		6562 Depreciation-Prop. for Future Telecom. Use						
46		6563 Amortization Expense - Tangible						
47		6564 Amortization Expense - Intangible						
48		6565 Amortization - Other						
49	*	6610 Marketing						
50	^	6611 Product Management						
51	^	6612 Sales						
52	^	6613 Product Advertising						
53		6621 Call Completion Services						
54		6622 Number Services						
55		6623 Customer Services						
56		6711 Executive						
57		6712 Planning						
58		6721 Accounting and Finance						
59		6722 External Relations						
60		6723 Human Relations						
61		6724 Information Management						
62		6725 Legal						
63		6726 Procurement						
64		6727 Research and Development						
65		6728 Other General and Administrative						
66		6790 Provision for Uncollectible Notes Receivable						
67		<b>Totals</b>						

^ Subaccount of the account marked with a \*



## Pension Costs

Year: 2009

1	Plan Name Hot Springs Telephone Co. Profit Sharing Plan			
2	Defined Benefit Plan? <u>N/A</u>	Defined Contribution Plan? <u>Yes</u>		
3	Actuarial Cost Method? <u>N/A</u>	IRS Code: <u>401</u>		
4	Annual Contribution by Employer: <u>Based on Profits</u>	Is the Plan Over Funded? <u>No</u>		
5				
	Item	Current Year	Last Year	% Change
6	<b>Change in Benefit Obligation</b>			
7	Benefit obligation at beginning of year	1,123,535.71	889,419.99	-20.84%
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	1,123,535.71	889,419.99	-20.84%
16	<b>Change in Plan Assets</b>			
17	Fair value of plan assets at beginning of year	889,419.99	1,036,839.01	16.57%
18	Actual return on plan assets	179,649.32	(214,834.96)	-219.59%
19	Acquisition			
20	Employer contribution	54,466.40	67,415.94	23.78%
21	Plan participants' contributions			
22	Benefits paid			
23	Fair value of plan assets at end of year	1,123,535.71	889,419.99	-20.84%
24	<b>Funded Status</b>	N/A	N/A	
25	Unrecognized net actuarial loss			
26	Unrecognized prior service cost			
27	Prepaid (accrued) benefit cost			
28				
29	<b>Weighted-average Assumptions as of Year End</b>	N/A	N/A	
30	Discount rate			
31	Expected return on plan assets			
32	Rate of compensation increase			
33				
34	<b>Components of Net Periodic Benefit Costs</b>	N/A	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	<b>Montana Intrastate Costs:</b>	N/A	N/A	
43	Pension Costs			
44	Pension Costs Capitalized			
45	Accumulated Pension Asset (Liability) at Year End			
46	<b>Number of Company Employees:</b>			
47	Covered by the Plan	10	11	10.00%
48	Not Covered by the Plan	2	2	
49	Active	10	11	10.00%
50	Retired			
51	Deferred Vested Terminated			

Company Name: Hot Springs Telephone Co.  
DOES NOT APPLY

SCHEDULE 20

Page 1 of 2

Year: 2009

# Other Post Employment Benefits (OPEBS)

	Item	Current Year	Last Year	% Change
1	<b>Regulatory Treatment:</b>			
2	Commission authorized - most recent			
3	Docket number: _____			
4	Order number: _____			
5	Amount recovered through rates			
6	<b>Weighted-average Assumptions as of Year End</b>			
7	Discount rate			
8	Expected return on plan assets			
9	Medical Cost Inflation Rate			
10	Actuarial Cost Method			
11	Rate of compensation increase			
12	<b>List each method used to fund OPEBs (ie: VEBA, 401(h)) and if tax advantaged:</b>			
13				
14				
15	<b>Describe any Changes to the Benefit Plan:</b>			
16				
17	<b>TOTAL COMPANY</b>			
18	<b>Change in Benefit Obligation</b>			
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	<b>Change in Plan Assets</b>			
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	<b>Funded Status</b>			
37	Unrecognized net actuarial loss			
38	Unrecognized prior service cost			
39	Prepaid (accrued) benefit cost			
40	<b>Components of Net Periodic Benefit Costs</b>			
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	<b>Accumulated Post Retirement Benefit Obligation</b>			
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	<b>Number of Company Employees:</b>			
2	Covered by the Plan			
3	Not Covered by the Plan			
4	Active			
5	Retired			
6	Spouses/Dependants covered by the Plan			
7	<b>Montana</b>			
8	<b>Change in Benefit Obligation</b>			
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	<b>Change in Plan Assets</b>			
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	<b>Funded Status</b>			
27	Unrecognized net actuarial loss			
28	Unrecognized prior service cost			
29	Prepaid (accrued) benefit cost			
30	<b>Components of Net Periodic Benefit Costs</b>			
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	<b>Accumulated Post Retirement Benefit Obligation</b>			
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	<b>Montana Intrastate Costs:</b>			
47	Pension Costs			
48	Pension Costs Capitalized			
49	Accumulated Pension Asset (Liability) at Year End			
50	<b>Number of Montana Employees:</b>			
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

Line No.	Name of Recipient (a)	Nature of Service (b)	Total Company Cost (c)	Total State Cost (d)	Intrastate Cost (e)
1	NONE				
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
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39					
40					
41					
42					
43					
44					
45					
46					
47					
48					
49	Total				

## Subscriber Line Usage Data

Year: 2009

Line No.	Description (a)	This Year (b)	% of Total (c)	Last Year (d)	% of Total (e)
1	Toll Usage:				
2	Interstate, InterLATA	3,146,140	24%	3,156,098	25%
3	Interstate, IntraLATA	-		-	
4	<b>Total Interstate Usage</b>	3,146,140	24%	3,156,098	25%
5	Intrastate, InterLATA	200,564	2%	181,912	1%
6	Intrastate, IntraLATA	2,928,758	22%	2,353,844	18%
7	<b>Total Intrastate Usage</b>	3,129,322	24%	2,535,756	20%
8	<b>Total Toll Usage</b>	6,275,462	47%	5,691,854	44%
9	Centrex	-		-	
10	Local	7,026,920	53%	7,120,248	56%
11	<b>Total Minutes</b>	13,302,382	100%	12,812,102	100%

Company Name: Hot Springs Telephone Co.

# Central Office and Access Line Statistics

**SCHEDULE 23**  
Page 1 of  
Year: 2009

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	Urban		68		96	113		8	83		9			377
2	Rural		154		126	75		27	19		3			404
3														
4														
5														
6														
7														
8														
9														
10														
11														
12														
13														
14														
15														
16														
17														
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20														
21														
22														
23														
24														
25														
26														
27														
28														
29														
30														
31														
32														
33	Total		222		222	188		35	102		12			781

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

## Central Office and Switch Information

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	HOT SPRINGS	(Stand alone)	DIGITAL	SIEMENS	DCO-RNS-SH	1,080	1999
2							
3							
4							
5							
6							
7							
8							
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44							
45							
46							
47							
48							

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

## Construction Budget - Montana

Year: 2010

Line No.	Description (a)	2010 (b)
1	<b>Central Office Assets:</b>	
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27	Total Switching and Central Office Projects over \$500,000	
28	Miscellaneous Central Office Projects not over \$500,000 Software & Misc.	20,000
29	<b>Total Central Office Budget (Total of Line 27 &amp; Line 28)</b>	<b>20,000</b>
30	<del>Other Projects over \$500,000:—</del>	
31	Fiber to the Carriers Buildings	90,000
32		
33		
34		
35		
36		
37		
38		
39		
40		
41	<del>Total Other Projects over \$500,000</del>	90,000
42	Miscellaneous projects not over \$500,000 Fiber	
43	<b>Total Construction Budget (Total of Lines 29, 41 &amp; 42)</b>	<b>110,000</b>



# **Montana Total State Construction Expenditures**

0

Line No.	FCC Part 32 Account No. (a)	Description (b)	This Year (c)	Last Year (d)	Percent Change (e)
1	2110	General Support Assets	173,936	59,411	192.77%
2	2210	Central Office Assets			
3	2220	Operator Systems			
4	2230	Central Office Transmission	17,401	9,371	85.70%
5	2310	Information/Termination Assets	2,934	4,857	-39.60%
6	2410	Cable and Wire Facilities Assets	68,795	5,698	1107.39%
7	2680	Amortizable Tangible Assets			
8	2690	Intangibles			
9		<b>Total Construction Expenditures</b>	<b>263,066</b>	<b>79,337</b>	<b>231.58%</b>

## Montana Employee Counts

Year: 2009

Line No.	Category (a)	Beginning of Year (b)	End of Year (c)
1	GENERAL MANAGER	1	1
2	OFFICE MANAGER	1	1
3	COE MAINTENANCE MANAGER & LINEMAN	1	1
4	PART TIME OFFICE CLERK	1	1
5	ACCOUNTANT & FINANCIAL MANAGER	1	1
6	ASSISTANT ACCOUNTANT & PAYROLL CLERK	1	1
7	INSTALLATIONS, LINEMEN & CONSTRUCTION WORKERS	3	3
8	INTERNET CONSULTANT	2	2
9	FULL TIME OFFICE CLERK	1	1
10			
11			
12			
13			
14			
15			
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36			
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38			
39			
40			
41			
42			
43	Totals (Sum of Lines 1 through 42)	12	12

CONFIDENTIAL

## Compensation of Top 10 Montana Based Employees

Year: 2009

Line No.	Name/Title (a)	Base Salary (b)	Bonuses (c)	Pension Plan Other Compensation (d)	Total Compensation (e)	Total Compensation Last Year (f)	% Increase Total Compensation (g)
1					-		
2					-		
3					-		
4					-		
5					-		
6					-		
7					-		
8					-		
9					-		
10					-		
11	Totals (Sum L.1 to L.10)		-		-		

Company Name: Hot Springs Telephone Co.

SCHEDULE 28

DOES NOT APPLY

Year: 2009

**Compensation of Top 5 Corporate Employees - SEC Information**

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

## Montana Composite Statistics

Year: 2009

Line No.	Account No.	Description (a)	Amount (b)
1		<b>Plant (Intrastate Only) (000 Omitted)</b>	
2	2001	Plant in Service	3535
3	2003 - 2004	Construction Work in Progress	
4	2005	Plant Acquisition Adjustments	
5	2002	Plant Held for Future Use	
6	1220	Materials & Supplies	
7		(Less):	
8	3100 - 3400	Depreciation & Amortization Reserves	-2635
9	4360.2	Contributions in Aid of Construction	-4
10		<b>NET BOOK COSTS</b>	896
11		<b>Revenues &amp; Expenses (Intrastate Only) (000 Omitted)</b>	
12	5000 - 5300	Operating Revenues	392
13	6560	Depreciation & Amortization Expenses	116
14		Federal & State Income Taxes	11
15		Other Taxes	81
16		Other Operating Expenses	170
17		TOTAL Operating Expenses	378
18		Net Operating Income	14
19		Other Income	26
20		Other Deductions	12
21		<b>NET INCOME</b>	27
22		<b>Access Lines in Service (Intrastate Only)</b>	
23		Residential Access Lines	632
24		Business Access Lines	137
25		PBX Access Lines	
26		Other Access Lines Pay Phones	12
27		<b>Total Number of Access Lines</b>	781
28		<b>Average Number of Calls Per Access Line</b>	
29		Local Calls	1171153
30		Toll Calls (Intra- or Interstate)	1045910
31		<b>Total Number of Calls Per Access Line</b> (Total of Line 29 & Line 30 divided by Line 27)	2839
32		<b>Other Statistics (Intrastate Only)</b>	
33		Average Residential Monthly Bill	30
34		Gross Plant Investment per Access Line	4522

## Depreciation - Montana Intrastate Regulated

Year: 2009

Line No.	Acct No. (a)	Description (b)	Composite Rate % (c)	Total Expense \$ (d)
1	2112	Motor Vehicles	20.0%	9,835
2	2114	Special Purpose Vehicles		
3	2115	Garage Work Equipment		
4	2116	Other work Equipment	20.0%	3,147
5	2121	Buildings	5.0%	9,227
6	2122	Furniture	20.0%	1,778
7	2123.1	Office Support Equipment		
8	2123.2	Company Communications Equipment		
9	2124	General Purpose Computers	20.0%	4,184
10	2211	Analog Electronic Switching Equipment		
11	2212	Digital Electronic Switching Equipment	10.0%	16,180
12	2215	Step By Step Switching Equipment		
13	2215	Crossbar Switching Equipment		
14	2220	Operator System		
15	2231	Radio Systems	10.0%	28,468
16	2232	Circuit DDS		
17	2232	Circuit Digital		
18	2232	Circuit Analog	10.0%	
19	2351	Public Telephone Terminating Equipment		
20	2362	Other Terminal Equipment	10.0%	
21	2411	Poles		
22	2421	Aerial Cable Metallic	10.0%	8,235
23	2421	Aerial Cable Nonmetallic		
24	2422	Underground Cable Metallic		
25	2422	Underground Cable Nonmetallic		
26	2423	Buried Cable Metallic	5.0%	25,056
27	2423	Buried Cable Nonmetallic	5.0%	9,724
28	2424	Submarine Cable Metallic		
29	2424	Submarine Cable Nonmetallic		
30	2426	Intrabuilding Network Cable Metallic		
31	2426	Intrabuilding Network Cable Nonmetallic		
32	2431	Aerial Wire		
33	2441	Conduit Systems	10.0%	375
34				
35		<b>COMPOSITE TOTAL</b>	3.3%	116,209
36	<b>Please list the Montana Public Service Commission Docket Order No. approving these depreciation rates</b>  Docket Number _____ Order Number _____			
37				
38				
39				
40				

Company Name: Hot Springs Telephone Co.

SCHEDULE 30a

**Amortization - Montana Intrastate Regulated**

Year: 2009

Line No.	Acct No. (a)	Description (b)	Composite Rate % (c)	Total Expense \$ (d)
1				
2				
3		N/A		
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
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23				
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27				
28				
29				
30				
31				
32				
33				
34				
35		COMPOSITE TOTAL		
36	Please list the Montana Public Service Commission Docket Order No. approving these amortization rates  Docket Number _____ Order Number _____			
37				
38				
39				
40				

## Montana Regulatory Capital Structure &amp; Costs

Year: 2009

Line No.	Description (a)	% Cap. Str. (b)	% Cost Rate (c)	Weighted Cost (d)
	<b>Commission Accepted - Most Recent</b>			
1	Docket Number			
2	Order Number			
3				
4	Common Equity	N/A		
5	Preferred Stock			
6	Long Term Debt			
7	Other			
8	<b>Total</b>			
9				
10	<b>Actual at Year End</b>			
11				
12	Common Equity	99.76%	12.500%	12.470%
13	Preferred Stock			
14	Long Term Debt	0.24%	9.000%	0.021%
15	Other			
16	<b>Total</b>	100.00%		12.492%

## Network Access - Charges and Revenues

Year: 2009

Line No.	Description (a)	Access Charges Paid (b)	Access Revenues Received (c)
1	Montana - Total State		143,603
2			
3	Montana - Intrastate		8,616
4			
5	Montana - Intrastate Regulated		134987
6			-
7			
8			
9			
10			
11			
12			
13			



Company Name: Hot Springs Telephone Co.  
DOES NOT APPLY

SCHEDULE 33

Affiliate Transactions - Products & Services Provided to Utility

Year: 2009

Line No.	Affiliate Name (a)	Products & Services (b)	Method to Determine Price (c)	Charges to Utility (d)	% Total Affl. Revenues (e)	Charges to MT Utility (f)
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
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20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30	TOTAL					

Company Name: Hot Springs Telephone Co.  
DOES NOT APPLY

**SCHEDULE 34**

**Affiliate Transactions - Products & Services Provided by Utility**

Year: 2009

Line No.	Affiliate Name (a)	Products & Services (b)	Method to Determine Price (c)	Charges to Affiliate (d)	% Total Affil. Revenues (e)	Charges to MT Utility (f)
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
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23						
24						
25						
26						
27						
28						
29						
30	<b>TOTAL</b>					

## Montana Intrastate Regulated Earned Rate of Return

Year: 2009

Line No.	Description Rate Base (a)	This Year (b)	Last Year (c)	Percent Change (d)
1				
2	2001 Plant in Service	3,531,817	3,385,751	4.31%
3	2002 Prop. Held for Future Telecommunications Use			
4	3100-3200 (Less) Accumulated Depreciation	(2,635,178)	(2,537,462)	-3.85%
5	<b>Plant in Service</b>	<b>896,639</b>	<b>848,289</b>	<b>5.70%</b>
6				
7	<b>Additions</b>			
8	1220 Materials & Supplies			
9	1280 Prepayments			
10	Other Additions			
11	<b>TOTAL Additions</b>			
12				
13	<b>Deductions</b>			
14	4100 Current Deferred Operating Income Taxes			
15	4320 Unamortized Operating Investment Tax Credits			
16	4340 Noncurrent Deferred Operating Income Taxes			
17	Customer Advances for Construction			
18	Other Deductions			
19	<b>TOTAL Deductions</b>			
20	<b>TOTAL Rate Base</b>	<b>896,639</b>	<b>848,289</b>	<b>5.70%</b>
21				
22	<b>Net Earnings</b>	<b>27,198</b>	<b>57,733</b>	<b>-52.89%</b>
23				
24	<b>Rate of Return on Average Rate Base</b>	<b>3.033%</b>	<b>6.806%</b>	<b>-55.43%</b>
25				
26	<b>Rate of Return on Average Equity</b>	<b>1.614%</b>	<b>3.460%</b>	<b>-53.33%</b>
27				
28	Major Normalizing Adjustments & Commission			
29	Ratemaking adjustments to Utility Operations			
30				
31	N/A			
32				
33				
34				
35				
36				
37				
38				
39				
40				
41				
42				
43	<b>Adjusted Rate of Return on Average Rate Base</b>			
44				
45	<b>Adjusted Rate of Return on Average Equity</b>			

**Other Taxes Paid**

Year: 2009

Line No.	Description (a)	Last Year (b)	This Year (c)
1	Montana Telephone Company License Tax		
2	Montana Public Service Commission Tax	998	829
3	Montana Consumer Counsel Tax	418	225
4	911 Emergency Telephone Fee	9410	9334
5	Montana Telecommunications Access Service (TDD)	934	925
6	Montana Corporate License Tax	4551	3667
7	Personal Property Tax	2912	2464
8	Real Property Tax	16504	13961
9	Montana State Excise Tax	13643	13082
10			
11			
12	<b>Total</b>	<b>49370</b>	<b>44487</b>

## SCHEDULE 37

**Universal Service Funds Received**

Year: 2009

Line No.	Description (a)	Last Year (b)	This Year (c)
13	Funds received from Montana Sources		
14	Funds received from Federal Sources	292,008	261,123
15			
16			
17			
18			
19			
20			
21			
22			
23			
24	<b>Total</b>	<b>292,008</b>	<b>261,123</b>