

YEAR ENDING 2009

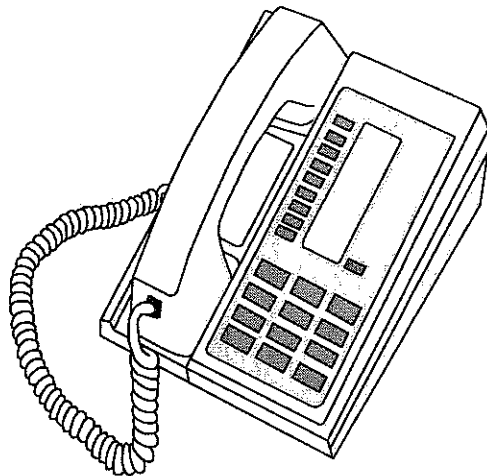
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PUBLIC SERVICE
COMMISSION

ANNUAL REPORT
OF
Qwest Corporation

TELEPHONE UTILITY



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

General Information

Year 2009

1. Legal Name of Respondent:
Qwest Corporation
2. Name Under Which Respondent Does Business:
Qwest Corporation
3. Date of Incorporation:
The Colorado Telephone Company was organized January 10, 1881, consolidated with the Tri-State Telephone and Telegraph Company on July 17, 1911, forming the Mountain States Telephone and Telegraph Company which on July 20, 1911, purchased the Rocky Mountain Telephone Company. On January 1, 1991, the Mountain States Telephone and Telegraph Company was merged with Northwestern Bell and Pacific Northwest Bell to form U S WEST Communications, Inc. On July 1, 2000, U S WEST, Inc., together with all its subsidiaries, including U S WEST Communications, Inc., was merged into Qwest Communications International, Inc.
4. Address to send Correspondence Concerning Report:
1801 California Street, Room 650
Denver, CO 80202
5. Person Responsible for This Report:
William R Curtis
- 5a. Telephone Number:
720-578-2210

Control Over Respondent

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

Board of Directors

Line No.	Name of Director and Address (City, State) (a)	Fees Paid During Year (b)
1	Edward A. Mueller Denver, Colorado	None
2	Teresa A. Taylor Denver, Colorado	None
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13	Chairman of the Board: Edward A. Mueller	
14		
15		

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	Chief Executive Officer & President		Edward A. Mueller, Denver, CO
2	Executive Vice President & Chief Operating Officer		Teresa A. Taylor, Denver, CO
3	Executive Vice President & Chief Financial Officer		Joseph J. Euteneuer, Denver, CO
4	Executive Vice President, General Counsel & Chief Administrative Officer		Richard N. Baer, Denver, CO
5	Executive Vice President	Business Markets	Christopher K. Ancell, Denver, CO
6	Executive Vice President	Wholesale	Roland Thornton, Denver, CO
7	Executive Vice President	Mass Markets	Charles Daniel Yost, Denver, CO
8	Executive Vice President	Network Operations	Robert Tregemba, Denver, CO
9	Executive Vice President	Corporate Strategy	Stephanie G. Comfort, Denver, CO
10	Executive Vice President	Product and Information Technologies	Neil Cox, Denver, CO
11	Senior Vice President	Treasurer	Rahn K. Porter, Denver, CO
12	Senior Vice President	Controller & Chief Accounting Officer	R. William (Bill) Johnston, Denver, CO
13	Vice President	Assistant Controller	Patrick J. Halbach, Denver, CO
14	Vice President	Assistant Treasurer	Oscar A. Martinez, Denver, CO
15	Vice President	Corporate Tax	Andrew (Andy) Ottinger, Denver, CO
16	Vice President & Secretary		Stephen E. Brilz, Denver, CO
17	Assistant Secretary		Margaret McCandless, Denver, CO
18	Assistant Secretary		Joan E. Randazzo, Denver, CO
19	Assistant Secretary		Christian A. Pedersen, Denver, CO

Total Company Balance Sheet

(Thousands of Dollars)

Year 2009

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		CURRENT ASSETS:		
2	1120	Cash and Equivalents	1,008,838	231,702
3	1180	Telecommunications Accounts Receivable - Net	687,238	815,555
4	1190	Other Accounts Receivable - Net	137,339	199,673
5	1200	Notes Receivable - Net	0	0
6	1210	Interest and Dividends Receivable	20,213	16,533
7	1220	Materials and Supplies	58,056	54,813
8	* 1280	Prepayments	88,487	67,703
9	^ 1290	Prepaid Rents	7,064	7,418
10	^ 1300	Prepaid Taxes	7,687	8,133
11	^ 1310	Prepaid Insurance	22,263	21,709
12	^ 1320	Prepaid Directory Expenses	0	0
13	^ 1330	Other Prepayments	51,473	30,443
14	1350	Other Current Assets	47,754	54,933
15		Total Current Assets	2,047,926	1,440,912
16		NONCURRENT ASSETS:		
17	1401	Investments in Affiliated Companies	30,478	28,774
18	1402	Investments in Nonaffiliated Companies	41,596	47,860
19	1406	Nonregulated Investments	0	0
20	1407	Unamortized Debt Issuance Expense	115,550	121,548
21	1408	Sinking Funds	0	0
22	1410	Other Noncurrent Assets	1,025,279	1,201,967
23	1438	Deferred Maintenance and Retirements		
24	1439	Deferred Charges	528,828	571,107
25	1500	Other Jurisdictional Assets - Net	(565,125)	(477,142)
26		Total Noncurrent Assets	1,176,607	1,494,114
27		PROPERTY, PLANT, & EQUIPMENT:		
28	2001	Telecommunications Plant in Service	45,811,247	45,879,841
29	2002	Property Held for Future Telecommunications Use	0	0
30	2003	Plant Under Construction - Short Term	131,766	127,893
31	2004	Plant Under Construction - Long Term	0	0
32	2005	Telecommunications Plant Adjustment		
33	2006	Nonoperating Plant	4,255	7,192
34	2007	Goodwill	0	0
35	3100	Accumulated Depreciation	(32,956,280)	(32,263,133)
36	3200	Accumulated Depreciation - Held for Future Use	0	0
37	3300	Accumulated Depreciation - Nonoperating	0	(161)
38	3400	Accumulated Amortization (Includes 3500 and 3600)	(1,668,246)	(1,556,334)
39		Net Property, Plant, & Equipment	11,322,742	12,195,300
40		TOTAL ASSETS	14,547,275	15,130,326

^ Subaccount of account marked with a *.

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Total Company Balance Sheet

(Thousands of Dollars)

Year 2009

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
41		CURRENT LIABILITIES:		
42	4010	Accounts Payable	1,024,850	996,109
43	4020	Notes Payable	0	0
44	4030	Advance Billing and Payments	255,891	272,877
45	4040	Customer Deposits	6,530	9,168
46	4050	Current Maturities - Long Term Debt	500,070	528
47	4060	Current Maturities - Capital Leases	14,599	18,765
48	4070	Income Taxes - Accrued	(149,853)	(191,237)
49	4080	Other Taxes - Accrued	161,431	169,623
50	4100	Net Current Deferred Operating Income Taxes	0	0
51	4110	Net Current Deferred Nonoperating Income Taxes	0	0
52	4120	Other Accrued Liabilities	645,479	930,138
53	4130	Other Current Liabilities	999	1,688
54		Total Current Liabilities	2,459,997	2,207,658
55		LONG-TERM DEBT:		
56	4210	Funded Debt	7,967,830	7,667,055
57	4220	Premium on Long-Term Debt	10,603	0
58	4230	Discount on Long-Term Debt	(165,010)	(113,120)
59	4240	Reacquired Debt	0	0
60	4250	Obligations Under Capital Leases	57,914	15,484
61	4260	Advances From Affiliated Companies	0	0
62	4270	Other Long-Term Debt	0	0
63		Total Long-Term Debt	7,871,337	7,569,419
64		OTHER LIABILITIES AND DEFERRED CREDITS:		
65	4310	Other Long-Term Liabilities	2,679,328	2,995,598
66	4320	Unamort. Oper. Invest. Tax Credits - Net	40,780	56,515
67	4330	Unamort. Nonoper. Invest. Tax Credits - Net	0	0
68	4340	Net Noncurrent Deferred Oper. Income Taxes	1,074,238	1,437,756
69	4350	Net Noncurrent Deferred Nonoper. Income Taxes	26,266	12,016
70	4360	Other Deferred Credits	765,080	648,709
71	4370	Other Jurisdictional Liab. and Def. Credits	(160,516)	(151,830)
72		Total Other Liabilities and Deferred Credits	4,425,175	4,998,764
73		STOCKHOLDERS' EQUITY:		
74	4510	Capital Stock	10,667,273	10,603,412
75	4520	Additional Paid-In Capital	992,252	992,252
76	4530	Treasury Stock		
77	4540	Other Capital		
78	4550	Retained Earnings	(11,868,759)	(11,241,179)
79		Total Stockholders' Equity	(209,234)	354,485
80		TOTAL LIAB. AND STOCKHOLDERS' EQUITY	14,547,275	15,130,326

Total Company Income Statement

(Thousands of Dollars)

Year 2009

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues	3,223,751	3,560,627
3	5080	Network Access Revenues	4,323,331	4,379,195
4	* 5100	Long Distance Message Revenue	15,314	20,488
5	^ 5110	Unidirectional Long Distance Revenue (Note 1)	15,312	20,486
6	^ 5120	Long Distance Private Network Revenue	2	2
7	^ 5160	Other Long Distance Revenue	0	0
8	^ 5169	Other Long Distance Revenue Settlements	0	0
9	* 5200	Miscellaneous Revenue	2,132,472	2,374,975
10	^ 5230	Directory Revenue	54,865	57,926
11	^ 5240	Rent Revenue	541,285	617,850
12	^ 5250	Corporate Operations Revenue	232,757	271,854
13	^ 5260	Miscellaneous Revenue	613,793	682,368
14	^ 5270	Carrier Billing and Collection Revenue	140,297	166,536
15	^ 5280	Nonregulated Revenue	549,475	578,442
16	^ 5300	Uncollectible Revenue	84,802	83,154
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	9,610,066	10,252,131
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	18,282	20,956
20	6120	General Support Expense	465,508	494,577
21	6210	Central Office Switching Expense	102,804	107,836
22	6220	Operator Systems Expense	1,078	895
23	6230	Central Office Transmission Expense	141,872	136,747
24	6310	Information Origination/Termination Expense	173,260	162,084
25	6410	Cable and Wire Facilities Expense	637,770	686,118
26	6431	Aerial Wire Expense	164	208
27	6441	Conduit Systems Expense	9,885	11,256
28	6510	Other Property, Plant & Equipment Expense	6,458	6,837
29	6530	Network Operations Expense	516,448	605,508
30	6540	Access Expense	158,446	178,259
31	6560	Depreciation and Amortization Expense	2,075,111	2,116,858
32	6610	Marketing	1,039,337	1,098,280
33	6620	Services	571,265	636,673
34	6710	Executive and Planning	68,715	65,040
35	6720	General and Administrative	849,383	910,525
36	6790	Provision for Uncollectible Notes Receivable	0	0
37		Total Operating Expenses (Sum L.19 to L.36)	6,835,786	7,227,194
38	7100	Other Operating Income and Expense	(470)	(521)
39	7200	Operating Taxes	925,783	1,025,045
40		Net Operating Income (L.17-L.37-L.38-L.39)	1,848,967	2,000,412
41	7300	Nonoperating Income and Expense	705	75,030
42	7400	Nonoperating Taxes	2,538	(37,297)
43	7500	Interest and Related Items	657,389	627,844
44	7600	Extraordinary Items	0	0
45	7910	Effects of Juris. Ratemaking Diff. - Net	79,296	55,765
46	7990	Nonregulated Net Income		
47		NET INCOME (L.40-L.41-L.42-L.43-L.44-L.45-L.46)	1,109,038	1,279,070

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^ Subaccount of the account marked with a *.

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

Montana Total State Income Statement

(Thousands of Dollars)

Year 2009

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues	73,054	90,415
3	5080	Network Access Revenues	109,609	114,519
4	* 5100	Long Distance Message Revenue	270	463
5	^ 5110	Unidirectional Long Distance Revenue (Note 1)	39	464
6	^ 5120	Long Distance Private Network Revenue	(2)	(2)
7	^ 5160	Other Long Distance Revenue	0	0
8	^ 5169	Other Long Distance Revenue Settlements	0	0
9	* 5200	Miscellaneous Revenue	14,270	18,787
10	^ 5230	Directory Revenue	1,313	1,353
11	^ 5240	Rent Revenue	(1,676)	1,305
12	^ 5250	Corporate Operations Revenue	132	201
13	^ 5260	Miscellaneous Revenue	1,349	2,019
14	^ 5270	Carrier Billing and Collection Revenue	3,353	3,859
15	^ 5280	Nonregulated Revenue	9,799	10,049
16	5300	Uncollectible Revenue	1,072	1,129
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	196,168	223,055
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	363	308
20	6120	General Support Expense	6,666	6,749
21	6210	Central Office Switching Expense	2,481	2,298
22	6220	Operator Systems Expense	6	0
23	6230	Central Office Transmission Expense	3,281	2,741
24	6310	Information Origination/Termination Expense	2,726	3,009
25	6410	Cable and Wire Facilities Expense	11,995	13,628
26	6431	Aerial Wire Expense	15	10
27	6441	Conduit Systems Expense	17	2
28	6510	Other Property, Plant & Equipment Expense	68	122
29	6530	Network Operations Expense	8,770	10,337
30	6540	Access Expense	2,787	3,145
31	6560	Depreciation and Amortization Expense	33,096	34,981
32	6610	Marketing	14,925	15,491
33	6620	Services	10,729	12,195
34	6710	Executive and Planning	1,026	927
35	6720	General and Administrative	12,984	13,012
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	111,903	118,943
38	7100	Other Operating Income and Expense (Includes USF and Link Up America)	(3)	(101)
39	7200	Operating Taxes	34,248	41,482
40		Net Operating Income (L.17-L.37-L.38-L.39)	50,020	62,732

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^ Subaccount of the account marked with a *.

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

Montana Intrastate Income Statement

(Thousands of Dollars)

Year 2009

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues	73,054	90,415
3	5080	Network Access Revenues	14,785	17,205
4	* 5100	Long Distance Message Revenue	308	462
5	^ 5110	Unidirectional Long Distance Revenue (Note 1)	308	464
6	^ 5120	Long Distance Private Network Revenue	(1)	(2)
7	^ 5160	Other Long Distance Revenue	0	0
8	^ 5169	Other Long Distance Revenue Settlements		
9	* 5200	Miscellaneous Revenue	2,505	5,166
10	^ 5230	Directory Revenue	1,313	1,353
11	^ 5240	Rent Revenue	(1,177)	928
12	^ 5250	Corporate Operations Revenue	94	145
13	^ 5260	Miscellaneous Revenue	1,025	1,538
14	^ 5270	Carrier Billing and Collection Revenue	1,250	1,204
15	^ 5280	Nonregulated Revenue	(0)	(0)
16	5300	Uncollectible Revenue	744	770
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	89,907	112,478
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	241	205
20	6120	General Support Expense	4,492	4,362
21	6210	Central Office Switching Expense	1,559	1,444
22	6220	Operator Systems Expense	6	0
23	6230	Central Office Transmission Expense	2,071	1,735
24	6310	Information Origination/Termination Expense	122	167
25	6410	Cable and Wire Facilities Expense	8,255	9,379
26	6431	Aerial Wire Expense	10	7
27	6441	Conduit Systems Expense	12	2
28	6510	Other Property, Plant & Equipment Expense	41	76
29	6530	Network Operations Expense	5,432	6,407
30	6540	Access Expense	223	284
31	6560	Depreciation and Amortization Expense	22,411	23,519
32	6610	Marketing	8,648	8,931
33	6620	Services	7,823	8,939
34	6710	Executive and Planning	664	598
35	6720	General and Administrative	7,792	7,605
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	69,781	73,649
38	7100	Other Operating Income and Expense (Includes USF and Link Up America)	(12,471)	(13,536)
39	7200	Operating Taxes	14,236	21,107
40		Net Operating Income (L.17-L.37-L.38-L.39)	18,361	31,258

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^ Subaccount of the account marked with a *.

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

Montana Intrastate Regulated Income Statement

(Thousands of Dollars)

Year 2009

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues	72,908	90,139
3	5080	Network Access Revenues	11,600	13,126
4	* 5100	Long Distance Message Revenue	309	464
5	^ 5110	Unidirectional Long Distance Revenue (Note 1)	309	464
6	^ 5120	Long Distance Private Network Revenue	0	0
7	^ 5160	Other Long Distance Revenue	0	0
8	^ 5169	Other Long Distance Revenue Settlements	0	0
9	* 5200	Miscellaneous Revenue	1,679	4,117
10	^ 5230	Directory Revenue	1,313	1,353
11	^ 5240	Rent Revenue	(1,021)	1,074
12	^ 5250	Corporate Operations Revenue	77	110
13	^ 5260	Miscellaneous Revenue	1,018	1,528
14	^ 5270	Carrier Billing and Collection Revenue	292	(1,150)
15	^ 5280	Nonregulated Revenue	(0)	1,204
16	5300	Uncollectible Revenue	710	751
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	85,786	107,095
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	229	197
20	6120	General Support Expense	4,228	4,037
21	6210	Central Office Switching Expense	1,538	1,412
22	6220	Operator Systems Expense	6	0
23	6230	Central Office Transmission Expense	1,826	1,552
24	6310	Information Origination/Termination Expense	117	160
25	6410	Cable and Wire Facilities Expense	7,919	9,108
26	6431	Aerial Wire Expense	10	7
27	6441	Conduit Systems Expense	12	2
28	6510	Other Property, Plant & Equipment Expense	39	73
29	6530	Network Operations Expense	5,127	6,130
30	6540	Access Expense	223	284
31	6560	Depreciation and Amortization Expense	28,882	32,575
32	6610	Marketing	7,806	8,187
33	6620	Services	7,269	8,328
34	6710	Executive and Planning	625	564
35	6720	General and Administrative	7,473	6,790
36	6790	Provision for Uncollectible Notes Receivable	0	0
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	73,307	79,395
38	7100	Other Operating Income and Expense (Includes USF and Link Up America)	(12,471)	(13,536)
39	7200	Operating Taxes	12,072	17,465
40		Net Operating Income (L.17-L.37-L.38-L.39)	12,877	23,771

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^ Subaccount of the account marked with a *.

Average Rate Base - Total State

(Thousands of Dollars)

Year 2009

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	934,098	963,115
2	3100	Accumulated Depreciation (Note 1)	780,755	785,543
3	2002	Property Held for Future Telecommunications Use		
4	3200	Accumulated Depreciation - 2002		
5	1220	Materials and Supplies	351	576
6	4340	Noncurrent Deferred Operating Income Taxes	8,918	9,208
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)	144,775	168,940

Average Rate Base - Intrastate

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (c)
1	2001	Telecommunications Plant in Service	620,809	639,271
2	3100	Accumulated Depreciation (Note 1)	518,736	520,430
3	2002	Property Held for Future Telecommunications Use		
4	3200	Accumulated Depreciation - 2002		
5	1220	Materials and Supplies	224	351
6	4340	Noncurrent Deferred Operating Income Taxes	5,954	6,029
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)	96,343	113,163

Average Rate Base - Regulated Intrastate

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (c)
1	2001	Telecommunications Plant in Service	586,336	608,063
2	3100	Accumulated Depreciation (Note 1)	482,606	476,890
3	2002	Property Held for Future Telecommunications Use	0	0
4	3200	Accumulated Depreciation - 2002	0	0
5	1220	Materials and Supplies	215	339
6	4340	Noncurrent Deferred Operating Income Taxes	12,963	16,123
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)	90,983	115,389

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

Statement of Cash Flows

(Thousands of Dollars)

Year 2009

Line No.	Item Description (a)	This Year (b)	Last Year (c)
1	Increase/(decrease) in Cash & Cash Equivalents		
2	Cash Flows from Operating Activities:		
3	Net Income		
4	Reconciliation Adjustments:		
5	Depreciation & Amortization		
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 Charges - Net		
14	Change in Other Liabilities & Deferred Credits - Net		
15	Other		
16	Total Adjustments	0	0
17	Net Cash Provided by/(Used in) Operating Activities	0	0
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		
25	Net Cash Provided by/(Used in) Investing Activities	0	0
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		
37	Net Cash Provided by Financing Activities	0	0
38	Effect of Exchange Rate Changes on Cash	0	0
39	Net Increase/(Decrease) in Cash & Cash Equivalents	0	0
40	Cash & Cash Equivalents at Beginning of Period		0
41	Cash & Cash Equivalents at End of Period		0

**See Notes to Schedules
9, 21, 29.**

Receivables and Investments-Affiliated & Nonaffiliated Companies

(Thousands of Dollars)											Year 2009
Line No.	Name of Affiliate or Company (a)	Account 1160 Temporary Investments (b)	Account 1180 Telecom. Accounts Receivable (c)	Account 1181 Accts. Rec. Telecom. Allowance (d)	Account 1190 Other Accounts Receivable (e)	Account 1191 Accounts Receivable Allow-Other (f)	Account 1200 Notes Receivable (g)	Account 1201 Notes Receivable Allowance (h)	Account 1210 Interest and Dividends Receivable (i)	Account 1401 Investments in Affil. Companies (j)	Account 1402 Investments in Nonaffil. Companies (k)
1	QWEST Wireless, LLC				921						
2	Malheur Home Telephone Company				68					8,374	
3	El Paso County Telephone				35,307					22,082	
4	QWEST Communications Company, LLC									22	
5	QWEST India Holding LLC										
6	QWEST Telecom Software Services Pvt LTD				2,459						
7	QWEST Broadband Services				9,566						
8	QWEST LD Corp				390						
9	QWEST Service Corporation				216						
10	Western Reinsurance				17,120						
11	QCII				1,220						
12	QWEST Government Services				26						
13	QWEST Transoceanic										
14											
15											
16											
17											
18	All other investments	0	732,652	(45,414)	77,101	(7,054)	0	0	20,213		41,596
19	Non-affiliates										
20											
21	Totals	0	732,652	(45,414)	144,393	(7,054)	0	0	20,213	30,478	41,596

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Net Plant in Service - Detail

(Thousands of Dollars)

Year 2009

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	70,140	1,580	2,500	0	69,220	40,977	28,242
2	^ 2111	Land	1,801	1	1		1,801	0	1,801
3	^ 2112	Motor Vehicles	7,016	129	1,737		5,408	4,909	499
4	^ 2113	Aircraft	0	0	0		0	0	0
5	^ 2114	Special Purpose Vehicles	122	124	0		246	137	110
6	^ 2115	Garage Work Equipment	245	0	0		245	246	(1)
7	^ 2116	Other Work Equipment	6,360	269	329		6,300	2,498	3,802
8	^ 2121	Buildings	50,593	693	117		51,169	29,416	21,753
9	^ 2122	Furniture	7	239	0		247	125	122
10	^ 2123	Office Equipment	814	49	0		863	669	193
11	^ 2124	General Purpose Computers	3,182	75	317		2,941	2,977	(37)
12	2211	Analog Electronic Switching	0	0	0		0	0	0
13	2212	Digital Electronic Switching	159,900	550	1,220		159,230	138,569	20,661
14	2215	Electro-Mechanical Switching	0	0	0		0	0	0
15	2220	Operator Systems	0	0	0		0	0	(0)
16	2231	Radio Systems	11,529	56	1		11,584	10,286	1,297
17	2232	Circuit Equipment	193,694	5,124	1,112		197,705	168,623	29,082
18	* 2310	Information Orig & Term Equip	6,517	(68)	(186)	0	6,635	4,671	1,964
19	^ 2311	Station Apparatus	0	0	0		0	0	0
20	^ 2321	Customer Premises Wiring	0	0	0		0	0	0
21	^ 2341	Large Private Branch Exchanges	0	0	0		0	0	0
22	^ 2351	Public Telephone Term. Equip.	0	0	0		0	0	0
23	^ 2362	Other Terminal Equipment	6,517	(68)	(186)		6,635	4,671	1,964
24	2411	Poles	7,275	99	22		7,352	12,967	(5,615)
25	* 2420	Cable and Wire Facilities	454,992	4,518	1,934	0	457,576	400,320	57,257
26	^ 2421	Aerial Cable	35,320	242	89		35,473	42,402	(6,929)
27	^ 2422	Underground Cable	43,767	388	62		44,092	45,026	(934)
28	^ 2423	Buried Cable	367,642	3,790	1,731		369,700	305,724	63,976
29	^ 2424	Submarine Cable	32	0	0		32	30	2
30	^ 2425	Deep Sea Cable	0	0	0		0	0	0
31	^ 2426	Intrabuilding Network Cable	8,231	99	52		8,279	7,137	1,142
32	2431	Aerial Wire	1,240	1	1		1,240	1,486	(246)
33	2441	Conduit Systems	21,249	1,147	8		22,389	10,388	12,000
34		Totals	926,536	13,008	6,613	0	932,930	788,288	144,642

^ Subaccount of the account marked with a *.

Analysis of Plant Held for Future Use

(Thousands of Dollars)

Line No.	Location and Description of Property (a)	Date Included in Account 2002 (b)	Book Cost of Property at Beginning of Year (c)	Additions During the Year (d)	Retirements During the Year (e)	Transfers and Adjustments Charges and (Credits) (f)	Year 2009	
							Book Cost of Property at End of Year (g)	
1	<i>Qwest Corporation - Montana had no</i>							
2	<i>Plant Held for Future Use in 2009</i>							
3								
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28								
29								
30	Totals (Sum L.1 to L.29)		0	0	0	0	0	0

Cost of Long Term Debt

(Thousands of Dollars)

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	QWEST CORPORATION											
2												
3												
4	7.500% 30 Year Debenture	06/15/93	06/15/23	484,000	N/A	484,134	100.03	480,934	7.50%	36,300	131	7.58%
5	7.250% 30 Year Debenture	09/15/95	09/15/25	250,000	N/A	249,575	99.83	247,906	7.25%	18,125	71	7.34%
6	7.200% 31 Year Debenture	11/10/95	11/10/26	250,000	N/A	247,188	98.88	245,967	7.20%	18,000	121	7.37%
7	6.875% 40 Year Debenture	09/15/93	09/15/33	1,000,000	N/A	912,507	91.25	915,242	6.88%	68,750	1,264	7.65%
8	7.250% 40 Year Debenture	10/15/95	10/15/35	250,000	N/A	246,438	98.58	244,748	7.25%	18,125	67	7.43%
9	7.125% 50 Year Debenture	11/15/93	11/15/43	250,000	N/A	250,350	100.14	247,909	7.13%	17,813	14	7.19%
10	8.875% 10 Year Note	03/12/02	03/15/12	1,500,000	N/A	1,440,437	96.03	1,481,626	8.88%	133,125	7,433	9.49%
11	6.95% 7 Year Note	06/03/03	06/09/10	500,000	N/A	481,548	96.31	498,354	6.95%	34,750	3,308	7.64%
12	7.875% 7 Year Term Loan	08/19/04	09/01/11	575,000	N/A	558,756	97.17	570,062	7.88%	45,281	2,746	8.42%
13	7.875% 7 Year Term Loan	11/23/04	09/01/11	250,000	N/A	270,141	108.06	253,039	7.88%	19,688	(1,877)	7.04%
14	8 Year Floating Rate Note	06/17/05	06/15/13	750,000	N/A	738,750	98.50	745,135	3.50%	26,277	1,407	3.72%
15	7.625% 10 Year Note	06/17/05	06/15/15	400,000	N/A	394,000	98.50	396,156	7.63%	30,500	563	7.84%
16	7.50% 8 Year Note	08/08/06	10/01/14	600,000	N/A	592,500	98.75	594,894	7.50%	45,000	887	7.71%
17	6.50% 10 Year Note	05/16/07	06/01/17	500,000	N/A	493,750	98.75	494,808	6.50%	32,500	540	6.68%
18	8.375% 7 Year Note	04/13/09	06/01/16	810,500	N/A	740,794	91.40	743,180	8.38%	67,879	7,549	10.15%
19	Wachovia Derivative				N/A			9,950				
20												
21	8.95% Stinson, Mpls MN			22	N/A			22	8.95%	2		8.95%
22												
23	EASTERN REGION											
24												
25	Refinanced Debenture	02/15/77	02/15/17		N/A			(3,546)			498	-14.04%
26	7.750% 40 Year Debenture	05/01/90	05/01/30	42,883	N/A	33,910	79.08	34,920	7.75%	3,323	122	9.87%
27												
28												
29	CENTRAL REGION											
30												
31												
32	Refinanced Debenture	11/01/76	11/01/16		N/A			(2,123)			311	-14.63%
33	Refinanced Debenture	09/15/77	09/15/17		N/A			(3,309)			429	-12.97%
34	Refinanced Debenture	06/01/83	06/01/23		N/A			(12,061)			899	-7.45%
35	Refinanced Debenture	02/01/85	02/01/25		N/A			(12,270)			813	-6.63%
36	Refinanced Debenture	02/01/77	02/01/17		N/A			(4,080)			575	-14.10%
37	Refinanced Debenture	02/01/77	02/01/17		N/A			(9,046)			1,276	-14.10%
38	7.375% 40 Year Debenture	05/01/90	05/01/30	55,150	N/A	41,535	75.31	43,099	7.38%	4,067	185	9.87%
39												
40												
41	Subtotal Page 1 of 2			8,467,555		8,176,313		8,201,516		619,506	29,333	

Cost of Long Term Debt

(Thousands of Dollars)

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	WESTERN REGION											
2												
3												
4	Refinanced Debenture	05/01/80	05/01/20		N/A			(4,561)			441	-9.68%
5												
6												
7												
8												
9												
10												
11												
12												
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17												
18												
19												
20												
21												
22												
23												
24												
25												
26												
27												
28	Subtotal Page 2 of 2							(4,561)			441	
29												
30	Grand Total			8,467,555		8,176,313		8,196,955		619,506	29,774	

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NOTES:

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

The schedule includes funded debt and current maturities long term debt

Cost of Preferred Stock

(Thousands of Dollars)

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	QWEST CORPORATION											
2	HAS NO PREFERRED STOCK											
3												
4												
5												
6												
7												
8												
9												
10												
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22												
23												
24												
25												
26												
27												
28												
29												
30	Totals (Sum L.1 to L.29)			0		0	0			0	0	0

Analysis of Common Stock

(Thousands of Dollars)

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		Price/Earnings Ratio (i)
							High (g)	Low (h)	
1	Year Ended December 31:	1	(209,234)	1,109,038	1,700,000	N/M	N/A	N/A	N/A
2									
3									
4									
5									
6									
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8									
9									
10									
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17									
18									

Notes:

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

N/M=Not Meaningful

Capital Stock and Funded Debt Reacquired or Retired During the Year

(Thousands of Dollars)		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	<u>FUNDED DEBT</u>						
2							
3	No Activity in 2009.						
4							
5							
6							
7							
8							
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24							
25							
26							
27							
28							
29							
30	Totals (Sum L.1 to L.29)		0	0	0	0	0

Total Company Expense Matrix

Year 2009

Line No.	Acct. No.	Description (b)	Salaries and Wages (c)	Benefits (d)	Rents (e)	Other Expenses (f)	Clearances (g)	Total (h)
1	* 6110	Network Support Expense	2,144,206	415,467	4,596,888	11,125,605	0	18,282,166
2	^ 6112	Motor Vehicle Expense	19	42	2,085,108	7,654,774		9,739,944
3	^ 6113	Aircraft Expense	2,144,187	415,425	1,827,327	1,314,886		5,701,825
4	^ 6114	Special Purpose Vehicles Expense	-	-	9,247	49,358		58,605
5	^ 6115	Garage Work Equipment Expense	-	-	-	294,097		294,097
6	^ 6116	Other Work Equipment Expense	(0)	(0)	675,206	1,812,491		2,487,696
7	* 6120	General Support Expense	45,455,685	13,734,515	115,245,539	291,072,585	0	465,508,324
8	^ 6121	Land and Building Expense	4,431,448	1,814,392	108,995,879	123,761,223		239,002,941
9	^ 6122	Furniture and Artworks Expense	62,606	18,273	10,944	4,361,192		4,453,015
10	^ 6123	Office Equipment Expense	2,147,969	891,302	1,567,818	6,434,015		11,041,103
11	^ 6124	General Purpose Computers Expense	38,813,662	11,010,549	4,670,898	156,516,155		211,011,264
12	* 6210	Central Office Switching Expense	60,615,884	24,990,229	496,227	17,780,183	0	103,882,523
13	^ 6211	Analog Electronic Expense					0	0
14	^ 6212	Digital Electronic Expense	60,615,856	24,990,218	496,227	16,702,001		102,804,302
15	^ 6215	Electro-Mechanical Expense					0	0
16	^ 6220	Operator Systems Expense	28	10	-	1,078,183		1,078,221
17	* 6230	Central Office Transmission Expense	79,598,270	32,639,901	1,394,124	28,239,912	0	141,872,207
18	^ 6231	Radio Systems Expense	1,283,856	529,118	10,219	1,296,677		3,119,870
19	^ 6232	Circuit Equipment Expense	78,314,414	32,110,784	1,383,905	26,943,235		138,752,337
20	* 6310	Information Origination/Termination Expense	65,519,520	27,019,761	984,808	79,735,759	0	173,259,848
21	^ 6311	Station Apparatus Expense	10,563,875	4,352,318	246,621	73,280,191		88,443,005
22	^ 6341	Large Private Branch Exchange Expense	13,727,776	5,664,859	214,295	1,593,711		21,200,641
23	^ 6351	Public Telephone Terminal Equipment Expense	1,215	490	-	19		1,724
24	^ 6362	Other Terminal Equipment Expense	41,226,655	17,002,094	523,891	4,861,838		63,614,478
25	* 6410	Cable and Wire Facilities Expense	323,275,194	120,502,318	33,706,207	170,334,656	0	647,818,375
26	^ 6411	Poles Expense	1,481,931	577,255	20,125,970	6,814,643		28,999,800
27	^ 6421	Aerial Cable Expense	56,886,181	23,336,914	1,309,405	11,503,095		93,035,594
28	^ 6422	Underground Cable Expense	23,309,199	9,409,738	1,161,350	6,244,966		40,125,254
29	^ 6423	Buried Cable Expense	230,751,026	82,791,680	10,839,683	134,505,965		458,888,344
30	^ 6424	Submarine Cable Expense	354	232	34	2,340		2,960
31	^ 6425	Deep Sea Cable Expense						0
32	^ 6426	Intrabuilding Network Cable Expense	10,133,811	4,154,212	230,754	2,199,500		16,718,277
33	^ 6431	Aerial Wire Expense	61,953	25,355	346	75,981		163,634
34		Subtotals	575,958,021	219,095,259	156,385,128	589,300,523	0	1,540,738,931

^ Subaccount of the account marked with a *.

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Total Company Expense Matrix

Year 2009

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	650,740	206,932	38,664	8,988,176		9,884,511
36	6510	Other Property Expenses	387,614	(1,708)	-	6,072,071		6,457,977
37	6530	Network Operations Expense	306,922,690	88,739,945	61,534	120,723,948	0	516,448,117
38	6531	Power Expense	-	-	-	79,319,843		79,319,843
39	6532	Network Administration Expense	3,060,235	(296,027)	-	(810,671)		1,953,537
40	6533	Testing Expense	77,012,113	31,766,725	-	1,068,702		109,847,539
41	6534	Plant Operations Expense	160,882,567	38,957,700	20,752	47,313,163		247,174,182
42	6535	Engineering Expense	65,967,775	18,311,548	40,781	(6,167,088)		78,153,016
43	6540	Access Expense	-	-	55,680	156,390,200		158,445,880
44	6561	Depreciation - Telecomm. Plant in Service	-	-	-	1,816,194,878		1,816,194,878
45	6562	Depreciation-Prop. for Future Telecom. Use	-	-	-	34,733,720		34,733,720
46	6563	Amortization Expense - Tangible	-	-	-	224,182,188		224,182,188
47	6564	Amortization Expense - Intangible	-	-	-	0		0
48	6565	Amortization - Other	-	-	-	0		0
49	6610	Marketing	435,584,322	99,160,670	73,591	504,518,350	0	1,039,336,933
50	6611	Product Management	46,373,147	9,719,763	70,344	29,231,435		85,394,689
51	6612	Sales	389,211,175	89,440,907	3,247	227,596,140		706,251,469
52	6613	Product Advertising	-	-	-	247,690,775		247,690,775
53	6621	Call Completion Services	4,974,677	2,703,618	-	114,065		7,792,360
54	6622	Number Services	16,837,539	10,142,831	-	866,944		27,847,315
55	6623	Customer Services	293,220,563	136,219,660	49,912	106,135,062		535,625,197
56	6711	Executive	41,848,058	3,993,526	3,827	10,006,822		55,852,234
57	6712	Planning	5,860,375	1,055,752	-	5,946,802		12,862,929
58	6721	Accounting and Finance	64,582,574	15,339,268	4,935	31,347,016		111,273,793
59	6722	External Relations	29,377,479	5,213,350	58,549	27,402,135		62,051,514
60	6723	Human Relations	21,198,358	4,909,015	-	10,507,954		36,615,327
61	6724	Information Management	100,478,722	25,384,200	57,652,233	131,600,291		315,115,447
62	6725	Legal	31,529,985	5,336,914	-	17,815,006		54,681,904
63	6726	Procurement	8,371,283	2,219,868	-	7,925,489		18,516,640
64	6727	Research and Development	-	-	-	30,398		30,398
65	6728	Other General and Administrative	14,752,930	3,082,616	4,471,922	228,790,635		251,098,103
66	6790	Provision for Uncollectible Notes Receivable	-	-	-	-		0
67	8747	Administrative Services Clearing	-	-	-	-		0
68		Totals	1,952,535,930	622,801,716	218,855,975	4,041,592,674	0	6,835,786,296

* Subaccount of the account marked with a *

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Total State Expense Matrix

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	22,332	4,401	87,200	248,584	0	362,517
2	^ 6112	Motor Vehicle Expense	-	-	47,149	170,501		217,650
3	^ 6113	Aircraft Expense	22,332	4,401	27,120	26,665		80,519
4	^ 6114	Special Purpose Vehicles Expense	-	-	-	834		834
5	^ 6115	Garage Work Equipment Expense	-	-	-	4,580		4,580
6	^ 6116	Other Work Equipment Expense	-	-	12,931	46,004		58,934
7	* 6120	General Support Expense	901,833	267,951	1,669,794	3,826,789	0	6,666,368
8	^ 6121	Land and Building Expense	189,584	77,975	1,295,325	1,712,323		3,275,208
9	^ 6122	Furniture and Artworks Expense	-	-	-	10,812		10,812
10	^ 6123	Office Equipment Expense	1,417	605	32,165	39,087		73,274
11	^ 6124	General Purpose Computers Expense	710,832	189,371	342,304	2,064,566		3,307,074
12	* 6210	Central Office Switching Expense	1,575,030	648,081	3,809	254,198	0	2,481,117
13	^ 6211	Analog Electronic Expense	-	-	-	-		0
14	^ 6212	Digital Electronic Expense	1,575,030	648,081	3,809	254,198		2,481,117
15	^ 6215	Electro-Mechanical Expense	-	-	-	-		0
16	^ 6220	Operator Systems Expense	-	-	-	6,237		6,237
17	* 6230	Central Office Transmission Expense	1,634,153	668,451	96,950	891,061	0	3,280,615
18	^ 6231	Radio Systems Expense	19,262	7,780	67	2,417		29,525
19	^ 6232	Circuit Equipment Expense	1,614,892	660,672	96,883	878,644		3,251,090
20	* 6310	Information Origination/Termination Expense	719,991	298,499	2,055	1,705,126	0	2,725,672
21	^ 6311	Station Apparatus Expense	23,376	9,603	61	1,537,305		1,630,345
22	^ 6341	Large Private Branch Exchange Expense	195,472	80,907	554	28,419		305,351
23	^ 6351	Public Telephone Terminal Equipment Expense	-	-	-	-		0
24	^ 6362	Other Terminal Equipment Expense	501,143	207,989	1,441	79,403		789,975
25	* 6410	Cable and Wire Facilities Expense	5,688,083	1,775,494	1,265,502	3,266,340	0	11,995,419
26	^ 6411	Poles Expense	21,280	8,897	393,746	124,627		548,550
27	^ 6421	Aerial Cable Expense	856,081	351,697	263,103	300,232		1,771,112
28	^ 6422	Underground Cable Expense	172,244	66,099	27,356	44,584		310,283
29	^ 6423	Buried Cable Expense	4,469,475	1,280,533	580,800	2,738,213		9,069,021
30	^ 6424	Submarine Cable Expense	-	-	-	-		0
31	^ 6425	Deep Sea Cable Expense	-	-	-	-		0
32	^ 6426	Intrabuilding Network Cable Expense	164,173	66,451	494	33,894		265,011
33	^ 6431	Aerial Wire Expense	2,543	994	4	11,138		14,679
34		Subtotals	10,539,136	3,662,054	3,125,311	10,174,683	0	27,501,183

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^ Subaccount of the account marked with a *.

Total State Expense Matrix

Year 2009

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	2,287	824	0	13,652		16,763
36	6510	Other Property Expenses	15,574	8,965	-	43,372		67,911
37	6530	Network Operations Expense	4,457,097	1,237,990	568	3,074,156	0	8,769,811
38	6531	Power Expense				1,729,333		1,729,333
39	6532	Network Administration Expense	40,705	(16,103)	-	3,222		27,823
40	6533	Testing Expense	1,243,688	514,049	-	19,739		1,777,475
41	6534	Plant Operations Expense	1,836,258	358,626	536	1,285,337		3,480,756
42	6535	Engineering Expense	1,336,447	381,418	32	36,526		1,754,424
43	6540	Access Expense				2,787,497		2,787,497
44	6561	Depreciation - Telecomm. Plant in Service				32,545,829		32,545,829
45	6562	Depreciation-Prop. for Future Telecom. Use				-		0
46	6563	Amortization Expense - Tangible				35,222		35,222
47	6564	Amortization Expense - Intangible				514,922		514,922
48	6565	Amortization - Other				-		0
49	6610	Marketing	5,218,362	1,193,936	1,086	8,512,081	0	14,925,465
50	6611	Product Management	630,442	131,100	1,048	422,455		1,185,045
51	6612	Sales	4,587,920	1,062,836	38	3,449,812		9,100,606
52	6613	Product Advertising				4,639,814		4,639,814
53	6621	Call Completion Services	112,420	66,276	-	2,395		181,090
54	6622	Number Services	263,368	160,097	-	14,022		437,487
55	6623	Customer Services	5,492,637	2,552,490	348	2,064,771		10,110,247
56	6711	Executive	625,493	59,591	57	149,357		834,498
57	6712	Planning	87,321	15,721	-	88,600		191,642
58	6721	Accounting and Finance	961,614	228,297	71	468,426		1,658,408
59	6722	External Relations	496,436	87,332	875	408,761		993,404
60	6723	Human Relations	364,696	83,103	-	171,878		619,677
61	6724	Information Management	2,078,998	525,531	1,103,380	428,807		4,136,715
62	6725	Legal	469,751	79,449	-	965,384		1,514,584
63	6726	Procurement	136,775	39,263	-	161,903		337,941
64	6727	Research and Development		-	-	631		631
65	6728	Other General and Administrative	233,152	47,791	16,242	3,425,334		3,722,519
66	6790	Provision for Uncollectible Notes Receivable						0
67	8747	Administrative Services Clearing						0
68		Totals	31,555,117	10,048,709	4,247,938	66,051,682	0	111,903,445

Pension Costs

Year: 2009

1	Plan Name Qwest Pension Plan			
2	Defined Benefit Plan? Yes:	Defined Contribution Plan? No		
3	Actuarial Cost Method? Projected Unit Cred	IRS Code: 005		
4	Annual Contribution by Employer:	Is the Plan Over Funded? No		
5				
	Item	Current Year	Last Year	% Change
6	Change in Benefit Obligation			
7	Benefit obligation at beginning of year	7,428,546	6,966,286	6.6%
8	Service cost	98,078	110,644	-11.4%
9	Interest Cost	472,016	462,343	2.1%
10	Plan participants' contributions			
11	Amendments	(206,000)	51,000	
12	Actuarial Gain	531,652	690,620	-23.0%
13	Curtailment	(105,000)		
14	Benefits paid	(638,948)	(852,347)	25.0%
14a	Special termination benefits			
15	Benefit obligation at end of year	7,580,344	7,428,546	2.0%
16	Change in Plan Assets			
17	Fair value of plan assets at beginning of year	6,733,205	8,389,335	-19.7%
18	Adjustment to match trust			
19	Actual return on plan assets	748,279	(803,783)	193.1%
20	Acquisition			
21	Employer contribution			
22	Plan participants' contributions			
23	420 Transfer			
24	Benefits paid	(638,948)	(852,347)	25.0%
25	Fair value of plan assets at end of year	6,842,536	6,733,205	1.6%
26	Funded Status	(737,808)	(695,341)	-6.1%
27	Unrecognized net actuarial loss	1,841,295	1,701,890	8.2%
28	Unrecognized prior service cost	(171,810)	21,989	-881.3%
29	Prepaid (accrued) benefit cos	931,677	1,028,538	-9.4%
30				
31	Weighted-average Assumptions as of Year End			
32	Discount rate	5.80%	6.70%	-13.4%
33	Expected return on plan assets	8.00%	8.00%	0.0%
34	Rate of compensation increase	3.50%	3.50%	0.0%
35				
36	Components of Net Periodic Benefit Costs			
37	Service cost	98,078	110,644	-11.4%
38	Interest cost	472,016	462,343	2.1%
39	Expected return on plan assets	(527,796)	(603,985)	12.6%
40	Amortization of prior service cost & net transistion obligation	-	(4,695)	100.0%
41	Recognized net actuarial loss	69,820	2,056	3295.9%
42	Net periodic benefit cost	112,118	(33,637)	433.3%
	Curtailment Recognition	(12,201)		
43	Adjustment for affiliated transfer	3,056	83,345	-96.3%
44	Montana Intrastate Costs:			
45	Pension Costs	1,090	(293)	472.0%
46	Pension Costs Capitalized	39	(37)	205.4%
47	Accumulated Pension Asset (Liability) at Year End	14,102	15,332	-8.0%
48	Number of Company Employees:			
49	Covered by the Plan	81,851	83,968	-2.5%
50	Not Covered by the Plan			
51	Active	28,270	31,067	-9.0%
52	Retired	39,428	38,596	2.2%
53	Deferred Vested Terminated	14,153	14,305	-1.1%

Other Post Employment Benefits (OPEBS)		Year 2009		
	Item	Current Year	Last Year	% Change
1	Regulatory Treatment:			
2	Commission authorized - most recent			
3	Docket number: 90.12.86			
4	Order number: 5535g			
5	Amount recovered through rates	1,397	(202)	791.6%
6	Weighted-average Assumptions as of Year End			
7	Discount rate	5.70%	6.70%	-14.9%
8	Expected return on plan assets	8.00%	8.50%	-5.9%
9	Medical Cost Inflation Rate	8% graded to 5%	9% graded to 5%	
10	Actuarial Cost Method	Projected Unit Cr	Projected Unit Cr	
11	Rate of compensation increase	N/A	N/A	
12	List each method used to fund OPEBs (ie: VEBA, 401(h)) and if tax advantaged:			
13	VEBA - Transfer -			
14	Cash - Yes			
15	Describe any Changes to the Benefit Plan:			
16				
17	TOTAL COMPANY			
18	Change in Benefit Obligation			
19	Benefit obligation at beginning of year	3,184,320	3,478,000	-8.4%
20	Service cost	7,538	8,812	-14.5%
21	Interest Cost	200,798	210,324	-4.5%
22	Plan participants' contributions			
23	Amendments	-	(57,000)	
24	Actuarial Gain	95,285	(78,446)	221.5%
25	Acquisition			
26	Benefits paid	(316,773)	(377,370)	16.1%
27	Benefit obligation at end of year	3,171,168	3,184,320	-0.4%
28	Change in Plan Assets			
29	Fair value of plan assets at beginning of year	915,087	1,588,330	-42.4%
30	Actual return on plan assets	139,361	(415,349)	133.6%
31	Acquisition			
32	Employer contribution	124,850	119,476	4.5%
32a	Life trust reimbursement			
33	Plan participants' contributions			
34	Benefits paid	(316,773)	(377,370)	16.1%
35	Fair value of plan assets at end of year	862,525	915,087	-5.7%
36	Funded Status	(2,308,643)	(2,269,233)	-1.7%
37	Unrecognized net actuarial loss	574,476	582,753	-1.4%
38	Unrecognized prior service cost	(778,743)	(861,870)	9.6%
39	Prepaid (accrued) benefit cost	(2,512,910)	(2,548,350)	1.4%
40	Components of Net Periodic Benefit Costs			
41	Service cost	7,538	8,812	-14.5%
42	Interest cost	200,798	210,324	-4.5%
43	Expected return on plan assets	(67,606)	(123,816)	45.4%
44	Amortization of prior service cost	(83,127)	(89,537)	7.2%
45	Recognized net actuarial loss	31,807	9,484	235.4%
46	Net periodic benefit cost	89,410	15,267	485.6%
46a	Adjustment for Accounting Changes	-	(175,342)	100.0%
47	Accumulated Post Retirement Benefit Obligation			
48	Amount Funded through VEBA			
49	Amount Funded through 401(h)			
50	Amount Funded through Other - Cash	124,850	119,476	4.5%
51	TOTAL	124,850	119,476	4.5%
52	Amount that was tax deductible - VEBA		-	
53	Amount that was tax deductible - 401(h)		-	
54	Amount that was tax deductible - Cash	124,850	119,476	4.5%
55	TOTAL	124,850	119,476	4.5%

Other Post Employment Benefits (OPEBS) Continued

Year: 2009

	Item	Current Year	Last Year	% Change
1	Number of Company Employees:			
2	Covered by the Plan	64,931	67,534	-3.9%
3	Not Covered by the Plan	10,712	9,930	7.9%
4	Active	20,046	23,763	-15.6%
5	Retired	44,885	43,771	2.5%
6	Spouses/Dependants covered by the Plan	23,731	24,083	-1.5%
7	MONTANA			
8	Change in Benefit Obligation			
9	Benefit obligation at beginning of year	43,102	45,257	-4.8%
10	Service cost	111	148	-25.0%
11	Interest Cost	2,986	3,532	-15.5%
12	Plan participants' contributions	-	-	
13	Amendments	-	(647)	
14	Actuarial Gain	1,089	(890)	222.4%
15	Acquisition	-	-	
16	Benefits paid	(3,925)	(4,298)	8.7%
17	Benefit obligation at end of year	43,363	43,102	0.6%
18	Change in Plan Assets			
19	Fair value of plan assets at beginning of year	63,814	62,033	2.9%
20	Actual return on plan assets	(19,200)	5,122	-474.9%
21	Acquisition	-	-	
22	Employer contribution	1,737	1,664	4.4%
	Reduction in required funding	(236)	(707)	66.6%
23	Plan participants' contributions	-	-	
24	Benefits paid	(3,925)	(4,298)	8.7%
25	Fair value of plan assets at end of year	42,190	63,814	-33.9%
26	Funded Status	(1,172)	20,712	-105.7%
27	Unrecognized net actuarial loss	NA	NA	
28	Unrecognized prior service cost	NA	NA	
29	Prepaid (accrued) benefit cost	NA	NA	
30	Components of Net Periodic Benefit Costs			
31	Service cost	111	148	-25.0%
32	Interest cost	2,986	3,532	-15.5%
33	Expected return on plan assets	(3,925)	(5,116)	23.3%
34	Amortization of prior service cost	1,146	1,075	6.6%
35	Recognized net actuarial loss	549	159	245.3%
36	Net periodic benefit cost	1,397	(202)	791.6%
36a	Adjustment for Accounting Changes	-		
37	Accumulated Post Retirement Benefit Obligation			
38	Amount Funded through VEBA	(236)	(707)	66.6%
39	Amount Funded through 401(h)	-	-	
40	Amount Funded through Other - Cash	1,737	1,664	4.4%
41	TOTAL	1,501	957	56.8%
42	Amount that was tax deductible - VEBA	(236)	(707)	66.6%
43	Amount that was tax deductible - 401(h)	-	-	
44	Amount that was tax deductible - Cash	1,737	1,664	4.4%
45	TOTAL	1,501	957	56.8%
46	Montana Intrastate Costs:			
47	Benefit Cost Expensed	1,301	(195)	767.2%
48	Benefit Cost Capitalized	96	(7)	1471.4%
49	Benefit Payments - Medical	3,798	4,173	-9.0%
50	Number of Montana Employees:			
51	Covered by the Plan	226	258	-12.4%
52	Not Covered by the Plan	N/A	N/A	
53	Active	226	258	-12.4%
54	Retired	N/A	N/A	
55	Spouses/Dependants covered by the Plan	N/A	N/A	

This document summarizes certain provisions of the Plan which changed in 2010. This document is intended only as a state filing compliance document and it is not intended to be a participant communication. If there is any conflict between the terms of the Plan documents and this document, the terms of the Plan documents will govern.

Post-1990 Management Retirees and Post-1990 Occupational Retirees, COBRA, LTD and Direct Bill Participants

- 1 Monthly Contribution Changes
- 2 Health Plan Service Area Changes
- 3 Changes to Health Plan Deductibles, and Some Prescription Drug Copays for PPO and No-Network Benefit Options
- 4 TelaDoc® Access for UnitedHealthcare (UHC) and Medica Members
- 5 Some HMO Benefit Options Copay Changes
- 6 Mental Health Parity and Addiction Equity Act
- 7 Extended Coverage for Eligible Seriously Ill or Injured Students on Leave from School

1. Monthly Contribution Changes. Please be aware that the monthly premium contributions for many Plan benefit options will increase for 2010.

2. Health Service Area Changes. Some Plan benefit options have changed their service areas. Review your Enrollment Worksheet for the Plan benefit options available to you in 2010.

3. Increases to Health Plan Deductibles, and Some Prescription Drug Copays for PPO and No-Network Benefit Options.

4. Effective Jan. 1, 2010, UHC and Medica are piloting a new service through NurseLineSM, the doctors at TelaDoc® medical services can diagnose common health issues, recommend treatment and prescribe short-term medications if needed. You pay \$35 each time you use this service. This amount does not count towards your deductible or out-of-pocket maximum, nor will it be reimbursed by Qwest, the Plan, UnitedHealthcare/Medica or Medicare.

5. Some HMO Benefit Options Copay Changes.

6. Effective Jan. 1, 2010, mental health and substance abuse parity will be available for all medical benefit options.

7. Effective Jan. 1, 2010, seriously ill or injured students who are on a leave of absence from school will be able to retain their existing health care coverage for a period of time under Michelle's Law.

Qwest has reserved to the Plan Administrator the right to interpret and resolve any ambiguities in the Qwest Health Care Plan or any document related to the Qwest Health Care Plan. Benefits and contribution obligations, if any, are determined by Qwest in its sole discretion. Qwest has the right to change, modify, discontinue or terminate the benefits of the Qwest Health Care Plan at any time, subject to applicable laws and the terms of the Plan Document.

Payments for Services to Persons Other Than Employees

(Thousands of Dollars)

Year 2009

Line No.	Name of Recipient (a)	Nature of Service (b)	Total Company Cost (c)	Total State Cost (d)	Intrastate Cost (e)
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TOTAL ADVERTISING AND INFORMATION SERVICES

TOTAL AUDIT AND ACCOUNTING SERVICES

TOTAL CLERICAL AND OFFICE SERVICE

TOTAL COMPUTER AND DATA PROCESSING SERVICES

TOTAL CONSULTING AND RESEARCH SERVICES

TOTAL FINANCIAL SERVICES

TOTAL LEGAL SERVICES

Total Membership Fees and Dues Exceeding \$50,000

Total Personnel Services

GRAND TOTAL

See Notes to Schedules
9, 21, 29.

Subscriber Line Usage Data

(Thousands of Minutes)

Year 2000

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

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

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

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Central Office and Access Line Statistics

Year 2009

Line No.	Wire Center (a)	Type of Office (b)	Resident 1-Party (c)	Resident 2-Party (d)	Resident >2-Party (e)	Lifeline Customers (f)	Resident LMS Customers (g)	Single Line Business (h)	Multi-Line Business (i)	Customer Owned Coin (j)	Company Owned Coin (k)	Other (l)	% of Lines w/ T. Tone (m)	Total Access Lines (n)
1	AMSTERDAM	ELECTRIC											100.0%	737
2	ANACONDA	ELECTRIC											100.0%	2,911
3	BELGRADE	ELECTRIC											100.0%	5,036
4	BILLINGS MAIN	ELECTRIC											100.0%	23,921
5	BILLINGS WEST	ELECTRIC											100.0%	13,660
6	BOULDER	ELECTRIC											100.0%	711
7	BOZEMAN	ELECTRIC											100.0%	20,425
8	BRIDGER	ELECTRIC											100.0%	556
9	BUTTE	ELECTRIC											100.0%	7,053
10	BUTTE SOUTH	ELECTRIC											100.0%	4,279
11	CANYON FERRY	ELECTRIC											100.0%	806
12	CASCADE	ELECTRIC											100.0%	865
13	CLANCY	ELECTRIC											100.0%	647
14	CLYDE PARK	ELECTRIC											100.0%	561
15	COLSTRIP	ELECTRIC											100.0%	956
16	COLUMBUS	ELECTRIC											100.0%	1,692
17	CONRAD	ELECTRIC											100.0%	663
18	COOKE CITY	ELECTRIC											100.0%	304
19	CORVALLIS	ELECTRIC											100.0%	2,677
20	CUT BANK	ELECTRIC											100.0%	1,521
21	DARBY	ELECTRIC											100.0%	1,643
22	DEER LODGE	ELECTRIC											100.0%	1,720
23	DILLON	ELECTRIC											100.0%	2,992
24	DUTTON	ELECTRIC											100.0%	224
25	EAST GLACIER PARK	ELECTRIC											100.0%	344
26	EAST HELENA	ELECTRIC											100.0%	2,411
27	FAIRVIEW	ELECTRIC											100.0%	160
28	FORSYTH	ELECTRIC											100.0%	233
29	FRENCHTOWN	ELECTRIC											100.0%	1,604
30	FROMBERG	ELECTRIC											100.0%	312
31	Subtotal Page 1													101,624

THIS INFORMATION IS PROPRIETARY AND WILL BE PROVIDED WHEN AN APPROPRIATE PROTECTIVE ORDER IS ISSUED.

Central Office and Access Line Statistics

Line No.	Wire Center (a)	Type of Office (b)	Resident 1-Party (c)	Resident 2-Party (d)	Resident >2-Party (e)	Lifeline Customers (f)	Resident LMS Customers (g)	Single Line Business (h)	Multi-Line Business (i)	Customer Owned Coin (j)	Company Owned Coin (k)	Other (l)	% of Lines w/ T. Tone (m)	Year 2009	
														Total Access Lines (n)	
1	GALLATIN GATEWAY	ELECTRIC											100.0%	973	
2	GARDINER	ELECTRIC											100.0%	854	
3	GLENDIVE	ELECTRIC											100.0%	892	
4	GREAT FALLS	ELECTRIC											100.0%	22,332	
5	HAMILTON	ELECTRIC											100.0%	6,041	
6	HARDIN	ELECTRIC											100.0%	1,763	
7	HAVRE	ELECTRIC											100.0%	4,158	
8	HELENA MAIN	ELECTRIC											100.0%	17,831	
9	HELENA NORTH	ELECTRIC											100.0%	1,907	
10	JOLIET	ELECTRIC											100.0%	931	
11	LAUREL	ELECTRIC											100.0%	3,503	
12	LEWISTOWN	ELECTRIC											100.0%	2,042	
13	LIVINGSTON	ELECTRIC											100.0%	4,687	
14	LOLO	ELECTRIC											100.0%	2,813	
15	MANHATTAN	ELECTRIC											100.0%	853	
16	MILES CITY	ELECTRIC											100.0%	1,169	
17	MILLTOWN	ELECTRIC											100.0%	669	
18	MISSOULA MAIN	ELECTRIC											100.0%	23,420	
19	MISSOULA SOUTH	ELECTRIC											100.0%	2,631	
20	OPPORTUNITY	ELECTRIC											100.0%	354	
21	PARK CITY	ELECTRIC											100.0%	617	
22	POWELL	ELECTRIC											100.0%	1	
23	PRAY	ELECTRIC											100.0%	823	
24	RED LODGE	ELECTRIC											100.0%	2,403	
25	ROBERTS	ELECTRIC											100.0%	309	
26	SHELBY	ELECTRIC											100.0%	606	
27	SHEPHERD	ELECTRIC											100.0%	1,243	
28	SIDNEY	ELECTRIC											100.0%	585	
29	ST MARY	ELECTRIC											100.0%	302	
30	STEVENSVILLE	ELECTRIC											100.0%	3,582	
31	Subtotal Page 2													110,314	

Central Office and Access Line Statistics

Line No.	Wire Center (a)	Type of Office (b)	Resident 1-Party (c)	Resident 2-Party (d)	Resident >2-Party (e)	Lifeline Customers (f)	Resident LMS Customers (g)	Single Line Business (h)	Multi-Line Business (i)	Customer Owned Coin (j)	Company Owned Coin (k)	Other (l)	% of Lines w/ T. Tone (m)	Year 2009	
														Total Access Lines (n)	
1	TERRY	ELECTRIC											100.0%	27	
2	THREE FORKS	ELECTRIC											100.0%	1,455	
3	TOWNSEND	ELECTRIC											100.0%	1,645	
4	ULM	ELECTRIC											100.0%	327	
5	VAUGHN	ELECTRIC											100.0%	875	
6	VICTOR	ELECTRIC											100.0%	1,344	
7	WARM SPRINGS	ELECTRIC											100.0%	214	
8	WEST GLACIER	ELECTRIC											100.0%	547	
9	WEST YELLOWSTONE	ELECTRIC											100.0%	1,627	
10	WHITEHALL	ELECTRIC											100.0%	1,549	
11	WIBAUX	ELECTRIC											100.0%	100	
12	WILLSALL	ELECTRIC											100.0%	437	
13	WOLF CREEK	ELECTRIC											100.0%	298	
14															
15															
16															
17															
18															
19															
20	Subtotal Page 3													10,445	
21															
22	MONTANA		117,771	3	0	5,456	3,463	9,640	50,455	890	0	34,705		222,383	

Central Office and Switch Information

Year 2009

Line No.	Wire Center (a)	Office Configuration (Host, Remote, Stand alone) (b)	Type of Switch (c)	Switch Vendor/ Manufacturer (d)	Switch Model No. (e)	Switch Line Capacity (f)	Year Deployed (g)
1	AMSTERDAM	Remote/BOZEMAN	Digital	LUCENT	5ESS/RSM	1,824	1993
2	ANACONDA	Remote/HELENA-HOST	Digital	ERSN	AXE/RSS	5,504	1992
3	BELGRADE	Stand Alone	Digital	LUCENT	5ESS	13,752	2001
4	BILLINGS MAIN	Host	Digital	ERSN	AXE		1991
5	BILLINGS MAIN	Packet (Unreg)	Packet	NTI	DPN100		1993
6	BILLINGS MAIN	Stand Alone	Digital	LUCENT	5ESS	62,805	1994
7	BILLINGS MAIN	STP	Digital	ERSN	AXE/STP		1992
8	BILLINGS WEST	Lines/Host	Digital	LUCENT	5ESS	28,856	1985
9	BILLINGS WEST	Packet (Unreg)	Packet	NTI	DPN100		1991
10	BOULDER	Remote/HELENA-HOST	Digital	ERSN	AXE/RSS	1,280	1992
11	BOZEMAN	Stand Alone	Digital	LUCENT	5ESS	45,470	1984
12	BOZEMAN	STP	Digital	ERSN	AXE/STP		1992
13	BRIDGER	Remote/BILLINGS-HOST	Digital	ERSN	AXE/RSS	1,024	1993
14	BUTTE MAIN	Stand Alone	Digital	LUCENT	5ESS	16,159	1990
15	BUTTE SOUTH	Remote/BUTTE-HOST	Digital	LUCENT	5ESS/ORM	9,424	1995
16	CANYON FERRY	Remote/HELENA-HOST	Digital	ERSN	AXE/RSS	1,278	1993
17	CASCADE	Remote/GREAT-FALLS	Digital	LUCENT	5ESS/RSM	1,680	1994
18	CLANCY	Remote/HELENA-HOST	Digital	ERSN	AXE/RSS	1,536	1993
19	CLYDE PARK	Remote/LIVINGSTON	Digital	ERSN	AXE/RSS	896	1992
20	COLSTRIP	Remote/BILLINGS-HOST	Digital	LUCENT	5ESS/RSM	2,144	1997
21	COLUMBUS	Remote/BILLINGS-HOST	Digital	ERSN	AXE/RSS	2,302	1992
22	CONRAD	Remote/GREAT-FALLS	Digital	LUCENT	5ESS/RSM	2,560	1994
23	COOKE CITY	Remote/LIVINGSTON	Digital	ERSN	AXE/RSS	640	1992
24	CORVALLIS	Remote/HAMILTON	Digital	ERSN	AXE/RSS	3,712	1991
25	CUT BANK	Remote/SHELBY	Digital	ERSN	AXE/RSS	2,688	1994
26	DARBY	Remote/HAMILTON	Digital	ERSN	AXE/RSS	2,432	1991
27	DEER LODGE	Remote/HELENA-HOST	Digital	ERSN	AXE/RSS	2,944	1990
28	DILLON	Remote/HELENA-HOST	Digital	ERSN	AXE/RSS	4,735	1992
29	DUTTON	Remote/GREAT-FALLS	Digital	LUCENT	5ESS/RSM	512	1994
30	EAST GLACIER	Remote/SHELBY	Digital	ERSN	AXE/RSS	512	1993
31	EAST HELENA	Remote/HELENA-HOST	Digital	LUCENT	5ESS/RSM	7,160	1988
32	FAIRVIEW	Remote/GLENDIVE	Digital	ERSN	AXE/RSS	1,024	1993
33	FORSYTH	Remote/MILES CITY	Digital	ERSN	AXE/RSS	2,048	1992
34	FRENCHTOWN	Remote/MISSOULA-HOST	Digital	LUCENT	5ESS/RSM	3,264	1990
35	FROMBERG	Remote/BILLINGS-HOST	Digital	ERSN	AXE/RSS	512	1993
36	GALLATIN GATEWAY	Remote/BOZEMAN	Digital	LUCENT	5ESS/RSM	1,888	1993
37	GARDINER	Remote/LIVINGSTON	Digital	ERSN	AXE/RSS	1,536	1991
38	GLENDIVE	Stand Alone	Digital	ERSN	AXE	4,992	1992
39	GREAT FALLS	Lines/Host	Digital	LUCENT	5ESS	55,272	1987
40	GREAT FALLS	Packet (Unreg)	Packet	NTI	DPN100		1993
41	HAMILTON	Stand Alone	Digital	ERSN	AXE	9,216	1991
42	HARDIN	Remote/BILLINGS-HOST	Digital	ERSN	AXE/RSS	2,816	1992
43	HAVRE	Stand Alone	Digital	ERSN	AXE	8,448	1991
44	HELENA MAIN	Host	Digital	ERSN	AXE		1990
45	HELENA MAIN	Lines/Host	Digital	LUCENT	5ESS	35,200	1988
46	HELENA MAIN	STP	Digital	ERSN	AXE/STP		1992
47	HELENA NORTH	Remote/HELENA-HOST	Digital	LUCENT	5ESS/RSM	5,376	1988
48	JOLIET	Remote/BILLINGS-HOST	Digital	ERSN	AXE/RSS	1,408	1993
49	LAUREL	Remote/BILLINGS-HOST	Digital	ERSN	AXE/RSS	5,504	1992
50	LEWISTOWN	Stand Alone	Digital	ERSN	AXE	7,040	1993

Central Office and Switch Information

Year 2009

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)
51	LIVINGSTON	Stand Alone	Digital	ERSN	AXE	8,320	1992
52	LOLO	Remote/MISSOULA-HOST	Digital	LUCENT	SESS/RSM	7,247	1993
53	MANHATTAN	Remote/BOZEMAN	Digital	LUCENT	SESS/RSM	2,141	1993
54	MILES CITY	Stand Alone	Digital	ERSN	AXE	7,168	1992
55	MILLTOWN	Remote/MISSOULA-HOST	Digital	LUCENT	SESS/RSM	2,112	1993
56	MISSOULA MAIN	Lines/Host	Digital	LUCENT	SESS	60,312	1986
57	MISSOULA MAIN	STP	Digital	ERSN	AXE/STP		1992
58	MISSOULA SOUTH	Remote/MISSOULA-HOST	Digital	LUCENT	SESS/ORM	8,704	1993
59	OPPORTUNITY	Remote/HELENA-HOST	Digital	ERSN	AXE/RSS	766	1992
60	PARK CITY	Remote/BILLINGS-HOST	Digital	ERSN	AXE/RSS	1,408	1992
61	PRAY	Remote/LIVINGSTON	Digital	ERSN	AXE/RSS	1,280	1990
62	RED LODGE	Remote/BILLINGS-HOST	Digital	ERSN	AXE/RSS	3,712	1992
63	ROBERTS	Remote/BILLINGS-HOST	Digital	ERSN	AXE/RSS	640	1993
64	SAINT MARY	Remote/SHELBY	Digital	ERSN	AXE/RSS	512	1993
65	SHELBY	Stand Alone	Digital	ERSN	AXE	2,432	1993
66	SHEPHERD	Remote/BILLINGS WEST	Digital	LUCENT	SESS/RSM	2,936	1985
67	SIDNEY	Remote/GLENDIVE	Digital	ERSN	AXE/RSS	4,608	1993
68	STEVENSVILLE	Remote/HAMILTON	Digital	ERSN	AXE/RSS	6,143	1991
69	TERRY	Remote/MILES CITY	Digital	ERSN	AXE/RSS	512	1994
70	THREE FORKS	Remote/BOZEMAN	Digital	LUCENT	SESS/RSM	3,013	1993
71	TOWNSEND	Remote/HELENA-HOST	Digital	ERSN	AXE/RSS	2,560	1992
72	ULM	Remote/GREAT-FALLS	Digital	LUCENT	SESS/RSM	1,024	1993
73	VAUGHN	Remote/GREAT-FALLS	Digital	LUCENT	SESS/RSM	2,048	1993
74	VICTOR	Remote/HAMILTON	Digital	ERSN	AXE/RSS	2,048	1991
75	WARM SPRINGS	Remote/HELENA-HOST	Digital	ERSN	AXE/RSS	383	1992
76	WEST GLACIER	Remote/SHELBY	Digital	ERSN	AXE/RSS	768	1993
77	WEST YELLOWSTONE	Remote/LIVINGSTON	Digital	ERSN	AXE/RSS	2,816	1991
78	WHITEHALL	Remote/HELENA-HOST	Digital	ERSN	AXE/RSS	2,432	1992
79	WIBAU	Remote/GLENDIVE	Digital	ERSN	AXE/RSS	639	1994
80	WILLSALL	Remote/LIVINGSTON	Digital	ERSN	AXE/RSS	512	1992
81	WOLF CREEK	Remote/HELENA-HOST	Digital	ERSN	AXE/RSS	512	1992

Construction Budget-Montana

(Thousands of Dollars)

Year 2009

Line No.	Description (a)	Year 2010 Forecast (b)
1	Central Office Assets:	
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8	COE projects over \$500,000	0
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27	Total Switching and Central Office Projects over \$500,000	0
28	Miscellaneous Central Office Projects not over \$500,000	7,000
29	Total Central Office Budget (L.27+L.28)	7,000
30	Other Projects over \$500,000:	0
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33		
34		
35		
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38		
39		
40		
41	Total Other Projects over \$500,000	0
42	Miscellaneous Projects not over \$500,000	8,000
43	Total Construction Budget (L.29+L.41+L.42)*	15,000

Montana Total State Construction Expenditures				Year 2009	
Line No.	FCC Part 32 Account No. (a)	Description (b)	(\$ 000) This Year (c)	(\$ 000) Last Year (d)	Percent Change (e)
1	2110	General Support Assets	1,155	481	140.10%
2	2210	Central Office Assets	1,151	766	50.34%
3	2220	Operator Systems	0	0	0.00%
4	2230	Central Office Transmission	6,013	6,134	-1.98%
5	2310	Information/Termination Assets	99	158	-37.19%
6	2410	Cable and Wire Facilities Assets	5,610	9,098	-38.34%
7	2680	Amortizable Tangible Assets	774	49	1477.31%
8	2690	Intangibles	259	1,343	-80.69%
9		Total Construction Expenditures	15,061	18,028	-16.46%

Montana Employee Counts

Year 2009

Line No.	Category (a)	Beginning of Year (b)	End of Year (c)
1	Mass Markets-Consumer	14	0
2	Business Markets Group	10	9
3	Network Services	159	145
4	Finance		1
5	Real Estate/Procurement/Fleet	7	7
6	Public Policy	3	2
7	Other Affiliates	1	1
8	Legal	1	1
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Compensation of Top 10 Montana Based Employees

Year 2009

Line	Name/Title (a)	Base Salary (b)	Bonuses (c)	Other Compensation (d)	Total Compensation (e)	Total Compensation Last Year (f)	% Increase Total Compensation (g)
1	THIS INFORMATION IS PROPRIETARY AND WILL BE PROVIDED WHEN AN APPROPRIATE PROTECTIVE ORDER IS ISSUED.						
2							
3							
4							
5							
6							
7							
8							
9							
10							
11	Totals (Sum L.1 to L.10)	0	0	0	0	0	N/A

Compensation of Top 5 Corporate Employees - SEC Information

Year 2009

Line No.	Name/Title (a)	Base Salary (b)	Bonuses (c)	Other (1) Compensation (d)	Total Compensation (e)	Total Compensation Last Year (f)	% Increase Total Compensation (g)
1	<u>Current Executives</u> Edward A. Mueller Chairman and Chief Executive Officer(4)	\$ 1,246,154	\$ -	\$ 10,862,407	\$ 12,108,561	\$ 11,407,264	6.1%
2	Richard N. Baer Executive Vice President, General Counsel and Chief Admin. Officer	\$ 716,538	\$ -	\$ 3,783,128	\$ 4,499,666	\$ 3,890,014	15.7%
3	Joseph J. Euteneuer Executive Vice President and Chief Financial Officer(3)	\$ 685,385	\$ -	\$ 3,624,463	\$ 4,309,848	\$ 3,824,447	12.7%
4	Teresa A. Taylor Executive Vice President and Chief Operating Officer	\$ 573,385	\$ -	\$ 5,045,584	\$ 5,618,969	\$ -	0.0%
5	C. Daniel Yost Executive Vice President, Mass Markets Group	\$ 519,231	\$ -	\$ 2,360,223	\$ 2,879,454	\$ 2,487,858	0.0%
	<u>Former Executive</u> Thomas E. Richards Executive Vice President and Chief Operating Officer (5)	\$ 560,673	\$ -	\$ 3,672,913	\$ 4,233,586	5,068,954	-16.5%
6	Totals (Sum L.1 to L.5)	\$ 4,301,366	\$ -	\$ 29,348,718	\$ 33,650,084	\$ 26,678,537	

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(#) Details of "other compensation" and footnote references associated with each officer are publicly available in the Qwest Communications International, Inc. Definitive Proxy Statement, dated March 17, 2010, beginning on page 39, filed with the SEC and available from www.sec.gov

Montana Composite Statistics

Year 2009

Line No.	Account No.	Description (a)	Amount (b)
1		Plant (Intrastate Only) (\$ 000)	
2	2001	Plant in Service	620,809
3	2003-2004	Construction Work in Progress	1
4	2005	Plant Acquisition Adjustments	0
5	2002	Plant Held for Future Use	0
6	1220	Materials & Supplies	224
7		(Less):	
8	3100-3400	Depreciation & Amortization Reserves	518,736
9	4360.2	Contributions in Aid of Construction	0
10		NET BOOK COSTS	102,298
11		Revenues & Expenses (Intrastate Only) (\$ 000)	
12	5000-5300	Operating Revenues	90,651
13	6560	Depreciation & Amortization Expenses	22,411
14		Federal & State Income Taxes	5,655
15		Other Taxes	8,580
16		Other Operating Expenses	35,643
17		TOTAL Operating Expenses	72,290
18		Net Operating Income	18,361
19		Other Income	(546)
20		Other Deductions	13,046
21		NET INCOME	4,769
22		Access Lines in Service (Intrastate Only)	
23		Residential Access Lines	126,693
24		Business Access Lines	92,908
25		PBX Access Lines	1,892
26		Other Access Lines (Public)	890
27		Total Number of Access Lines	222,383
28		Average Number of Calls Per Access Line	
29		Local Calls	See Notes to Schedules 9, 21, 29.
30		Toll Calls (Intra- or Interstate)	
31		Total Number of Calls Per Access Line (L.29 + L.30)	
32		Other Statistics (Intrastate Only)	
33		Average Residential Monthly Bill	14.89
34		Gross Plant Investment per Access Line	2,793

Depreciation-Montana Intrastate Regulated

(Thousands of Dollars)

Year 2009

Line No.	Acct No. (a)	Description (b)	Composite Rate % (c)	Total Expense \$000 (d)
1		2112 MOTOR VEHICLES	4.9%	116
2		2114 SPEC PURPOSE VEHICLES	5.8%	-
3		2115 GARAGE WORK EQUIPMENT	10.5%	17
4		2116 OTHER WORK EQUIP	5.3%	285
5		2121 BUILDINGS	3.4%	1,204
6		2122 FURNITURE	20.8%	31
7		2123.1 OFFICE EQUIPMENT	10.6%	37
8		2123.2 COMPANY COMM EQUIP	8.3%	15
9		2124 GEN PURPOSE CMPTR	0.2%	31
10		2212 DIGITAL SW EQUIP	7.1%	7,528
11		2220 OPERATOR SYSTEMS	0.0%	-
12		2231 RADIO SYSTEMS	11.2%	735
13		2232 CIRCUIT DDS	11.7%	2,098
14		2232 CIRCUIT DIGITAL	11.2%	1,481
15		2232 CIRCUIT ANALOG	24.0%	-
16		2362 OTHER TERM EQUIP	13.1%	51
17		2411 POLE LINES	10.1%	-
18		2421 AERIAL CABLE MET	6.8%	1,262
19		2421 AERIAL CABLE NON MET	11.6%	25
20		2422 UNDGRD CABLE MET	6.3%	1,199
21		2422 UNDGRD CABLE NON MET	6.6%	453
22		2423 BURIED CABLE MET	4.6%	9,783
23		2423 BURIED CABLE NON MET	6.2%	1,521
24		2424 SUB CABLE MET	2.4%	0
25		2424 SUB CABLE NON MET	0.0%	-
26		2426 INTRA BLDG CA MET	4.1%	223
27		2426 INTRA BLDG CABLE NON MET	7.8%	21
28		2431 AERIAL WIRE	0.0%	24
29		2441 CONDUIT SYSTEMS	2.1%	353
30				
31		COMPOSITE TOTAL		28,495
32				
33				
34				
35	Have these rates been approved by the Commission? x Yes No			
36				
37				
38	If yes: <u>Docket Number</u> <u>Order Number</u>			
39	96.8.131 5937c			

Amortization - Montana Intrastate Regulated

Year 2009

(Thousands of Dollars)

Line No.	Acct No. (a)	Description (b)	Composite Rate % (c)	Total Expense \$000 (d)
1	2681	Capital Leases	varies	7
2	2682	Leasehold Improvements	varies	18
3	2690	Intangibles	9.2%	363
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9		Capital Leases and LHI's do not have a composite rate - the amortization varies by the terms of the Leases.		
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35		COMPOSITE TOTAL		388
36	Please list the Montana Public Service Commission Docket Order No. approving these amortization rates			
37				
38				
39				
40	Docket Number _____ Order Number _____			

Montana Regulatory Capital Structure & Costs

Year 2009

Line No.	Description (a)	% Cap. Str. (b)	% Cost Rate (c)	Weighted Cost (d)
Commission Accepted - Most Recent				
1	Docket Number <u>88.12.55</u>			
2	Order Number <u>5398a</u>			
3				
4	Common Equity	50.00%	12.00%	6.000%
5	Preferred Stock	0.00%	0.00%	0.000%
6	Long Term Debt	50.00%	8.88%	4.440%
7	Other		0.00%	0.000%
8	Total	100.00%		10.440%
9				
Actual at Year End				
10				
11				
12	Common Equity	-2.59%	12.00%	-0.311%
13	Preferred Stock	0.00%	0.00%	0.000%
14	Long Term Debt	96.23%	7.930%	7.631%
15	Other	6.36%	7.62%	0.485%
16	Total	100.00%		7.805%

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

SCHEDULE 32

Network Access - Charges and Revenues

(Thousands of Dollars)

Year 2009

Line No.	Description (a)	Access Charges Paid (b)	Access Revenues Received (c)
1	Montana - Total State	2,787	109,609
2			
3	Montana - Intrastate	223	14,785
4			
5	Montana - Intrastate Regulated	223	11,600
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Affiliate Transactions - Products & Services Provided to Utility

Year: 2008

Line No.	Affiliate Name (a)	Products & Services (b)	Method to Determine Price (c)	Charges to Utility (d)	% Total Affil. Revenues (e)	Charges to MT Utility (f)
1	Qwest BroadBand Services, Inc.	CORPORATE GENERAL & ADMINISTRATIVE SERVICES	FDC	56,525		
2		FDC		56,525		
3		TOTAL		56,525		-
4	Qwest Government Services, Inc.	CORPORATE GENERAL & ADMINISTRATIVE SERVICES	FDC	482,447		9,870
5		MARKETING & SALES		4,963,957		108,801
6		FDC		5,446,404		118,670
7		TOTAL		5,446,404		118,670
8	Qwest Communications Company, LLC	COMMUNICATIONS SERVICES	FDC	(13)		
9		CORPORATE GENERAL & ADMINISTRATIVE SERVICES		(52,125)		(1,072)
10		LEASED ASSETS & FACILITIES		35,107		719
11		NETWORK SERVICES	FMV	17,256,062		1,134
12		FDC		17,239,031		780
13		COMMUNICATIONS SERVICES		518		
14		LEASED ASSETS & FACILITIES	PCP	17,537,756		
15		FMV		17,538,274		
16		COMMUNICATIONS SERVICES		67,418,203		1,398,619
17		TOTAL		67,418,203		1,398,619
18				102,195,508		1,399,399
19	Qwest Services Corporation	CORPORATE GENERAL & ADMINISTRATIVE SERVICES	FDC	(1,840,659)		(38,109)
20		FDC		(1,840,659)		(38,109)
21		TOTAL		(1,840,659)		(38,109)
22	Self Service Software Services	CORPORATE GENERAL & ADMINISTRATIVE SERVICES	FDC	19,275,107		394,559
23		FDC		19,275,107		394,559
24		TOTAL		19,275,107		394,559
25	Qwest Wireless, LLC	CORPORATE GENERAL & ADMINISTRATIVE SERVICES	FDC	28,803		593
26		MARKETING & SALES		35,988		801
27		FDC		64,792		1,394
28		NETWORK SERVICES	FMV	157,399		3,640
29		FMV		157,399		3,640
30						

Affiliate Transactions - Products & Services Provided to Utility

Year: 2008

Line No.	Affiliate Name (a)	Products & Services (b)	Method to Determine Price (c)	Charges to Utility (d)	% Total Affil. Revenues (e)	Charges to MT Utility (f)
1	Qwest Wireless, LLC	COMMUNICATIONS SERVICES	PCP	132,515		2,371
2		PCP		132,515		2,371
3		TOTAL		354,705		7,405
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8		GRAND TOTAL		125,487,589		1,881,925
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Affiliate Transactions - Products & Services Provided by Utility

Line No.		Affiliate Name (a)		Products & Services (b)		Method to Determine Price (c)		Charges by Utility (d)		% Total Affil. Expense (e)		Payments by MT Utility (f)	
1		Qwest BroadBand Services, Inc.		COMMUNICATIONS SERVICES		FDC		670,287				291	
2				CORPORATE GENERAL & ADMINISTRATIVE SERVICES				5,659,760				14,330	
3				LEASED ASSETS & FACILITIES				710,365				2,457	
4				MARKETING & SALES				2,843,651					
5				NETWORK SERVICES				7,496,479				82,343	
6				FDC				17,380,542				99,420	
7				LEASED ASSETS & FACILITIES		FMV		576,361					
8				NETWORK SERVICES				532					
9				FMV				576,892					
10				COMMUNICATIONS SERVICES		PCP		2,020,348				481	
11				PCP				2,020,348				481	
12				LEASED ASSETS & FACILITIES		PUB		25,050,607					
13				NETWORK SERVICES				110,027					
14				PUB				25,160,635					
15				TOTAL				45,138,417				99,901	
16		El Paso County Telephone Company		CORPORATE GENERAL & ADMINISTRATIVE SERVICES		FDC		504,965				1,853	
17				LEASED ASSETS & FACILITIES				35,991				104	
18				NETWORK SERVICES				547,668					
19				FDC				1,088,624					
20				MARKETING & SALES				450					
21				PCP				450				1,957	
22				TOTAL				1,089,074				1,957	
23		Qwest Government Services		COMMUNICATIONS SERVICES		FDC		660,062				13,511	
24				CORPORATE GENERAL & ADMINISTRATIVE SERVICES				30,720,723				75,334	
25				LEASED ASSETS & FACILITIES				1,495,306				3,196	
26				MARKETING & SALES				809,482					
27				NETWORK SERVICES				112,010				176	
28				FDC				33,797,583				92,217	
29				LEASED ASSETS & FACILITIES		FMV		1,037,367					
30				FMV				1,037,367					

Affiliate Transactions - Products & Services Provided by Utility

Line No.	Affiliate Name (a)	Products & Services (b)	Method to Determine Price (c)	Charges by Utility (d)	% Total Affil. Expense (e)	Year: 2009	
						Payments by MT Utility (f)	
1	Qwest Government Services	COMMUNICATIONS SERVICES	PCP	242,261			
2		PCP		242,261			
3		TOTAL		35,077,210			92,217
4	Malheur Home Telephone Company	COMMUNICATIONS SERVICES	MAL	8,473			
5		CORPORATE GENERAL & ADMINISTRATIVE SERVICES		640,739			2,360
6		LEASED ASSETS & FACILITIES		37,719			128
7		MARKETING & SALES		36,429			
8		NETWORK SERVICES		1,565,227			
9		MAL		2,288,587			2,487
10		TOTAL		2,288,587			2,487
11	Qwest Communications Company, LLC	COMMUNICATIONS SERVICES	FDC	2,689,004			55,043
12		CORPORATE GENERAL & ADMINISTRATIVE SERVICES		265,786,810			1,000,265
13		LEASED ASSETS & FACILITIES		85,528,136			148,038
14		MARKETING & SALES		319,629,204			
15		NETWORK SERVICES		42,700,675			343,790
16		FDC		716,333,829			1,547,136
17		LEASED ASSETS & FACILITIES	FMV	6,665,356			125,614
18		NETWORK SERVICES		3,493			
19		FMV	PCP	6,668,849			125,614
20		COMMUNICATIONS SERVICES		(303,238)			(62,555)
21	Qwest LD Corp	PCP	PUB	(303,238)			(62,555)
22		NETWORK SERVICES		9,317			9,317
23		PUB		9,317			9,317
24		TOTAL		722,708,757			1,619,512
25		CORPORATE GENERAL & ADMINISTRATIVE SERVICES		18,021,546			105,549
26	Qwest LD Corp	LEASED ASSETS & FACILITIES	FDC	5,220,851			15,313
27		MARKETING & SALES		53,816,558			
28		NETWORK SERVICES		91,584			1,900
29		FDC		77,150,539			122,762
30							

Affiliate Transactions - Products & Services Provided by Utility

Line No.	Affiliate Name (a)	Products & Services (b)	Method to Determine Price (c)	Charges by Utility (d)	% Total Affil. Expense (e)	Year: 2009	
						Payments by MT Utility (f)	
1	Qwest LD Corp Con't	COMMUNICATIONS SERVICES	PCP	92,472,593		2,304,097	
2		PCP		92,472,593		2,304,097	
3		TOTAL		189,623,132		2,426,859	
4	Qwest Transoceanic, Inc.	CORPORATE GENERAL & ADMINISTRATIVE SERVICES	FDC	851,093		2,786	
5		LEASED ASSETS & FACILITIES		184,637		583	
6		MARKETING & SALES		683,690			
7		NETWORK SERVICES		249,880			
8		FDC		1,969,300		3,369	
9		TOTAL		1,969,300		3,369	
10	Qwest Wireless, LLC	COMMUNICATIONS SERVICES	FDC	22,519		465	
11		CORPORATE GENERAL & ADMINISTRATIVE SERVICES		6,107,104		5,167	
12		LEASED ASSETS & FACILITIES		1,738,574		3,152	
13		MARKETING & SALES		(1,773)			
14		NETWORK SERVICES		376,947		7,716	
15		FDC		8,243,371		16,501	
16		LEASED ASSETS & FACILITIES	FMV	916,377		9,300	
17		FMV		916,377		9,300	
18		COMMUNICATIONS SERVICES	PCP	5,552,716		71,525	
19		PCP		5,552,716		71,525	
20		LEASED ASSETS & FACILITIES	PUB	56,665			
21		PUB		56,665			
22		TOTAL		14,769,129		97,326	
23							
24		GRAND TOTAL		992,663,605		4,343,628	
25							
26							
27							
28							
29							
30							

Montana Intrastate Regulated Earned Rate of Return

(Thousands of Dollars)

Year 2009

Line No.	Description Rate Base (a)	This Year (b)	Last Year (c)	Percent Change (d)
1				
2	2001 Plant in Service	586,336	608,063	-3.57%
3	2002 Prop. Held for Future Telecommunications Use	0	0	
4	3100-3200 (Less) Accumulated Depreciation	482,606	476,890	-1.20%
5	NET Plant in Service	103,731	131,173	-20.92%
6				
7	<u>Additions</u>			
8	1220 Materials & Supplies	215	339	-36.63%
9	1280 Prepayments	0	0	0
10	Other Additions	0	0	
11	TOTAL Additions	215	339	-36.63%
12				
13	<u>Deductions</u>			
14	4100 Current Deferred Operating Income Taxes	(3,832)	(3,506)	-9.29%
15	4320 Unamortized Operating Investment Tax Credits	13	188	-93.19%
16	4340 Noncurrent Deferred Operating Income Taxes	12,963	16,123	-19.60%
17	Customer Advances for Construction			
18	Other Deductions	0	0	
19	TOTAL Deductions	9,144	12,806	-28.60%
20	TOTAL Rate Base	94,802	118,707	-20.14%
21				
22	Net Earnings	12,877	23,771	-45.83%
23				
24	Rate of Return on Average Rate Base	13.58%	20.02%	-32.17%
25				
26	Rate of Return on Average Equity	N/M	274.40%	-100.00%
27				
28	Major Normalizing Adjustments & Commission			
29	Rate-making adjustments to Utility Operations () reduces earnings			
30	Earnings from Docket 93.7.25 are no longer relevant to be reported			
31	with the approval of the Qwest AFOR in Docket D2008.1.6, Order No. 6889n dated 12/23/2008.			
32				
33	Federal Universal Service Fund Rate Base Adjustment is required by the			
34	AFOR Order beginning with the 2010 report filed in 2011.			
35				
36				
37				
38				
39				
40				
41				
42				
43	Adjusted Rate of Return on Average Rate Base	13.58%	25.02%	-45.71%
44				
45	Adjusted Rate of Return on Average Equity	N/M	200.06%	-100.00%

N/M = Not Meaningful

Company Name: Qwest Corporation

SCHEDULE 36

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	292,942	199,001
3	Montana Consumer Counsel Tax	158,829	74,836
4	911 Emergency Telephone Fee	2,833,846	2,535,637
5	Montana Telecommunications Access Service (TDD)	283,192	253,268
6	Montana Corporate License Tax	2,761,958	2,746,318
7	Personal Property Tax	12,372,984	11,967,128
8	Real Property Tax	706,280	751,682
9	Montana Excise Tax	4,129,228	3,380,952
10			
11			
12	Total	23,205,178	21,908,820

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

Company Name: Qwest Corporation

SCHEDULE 37

Universal Service Funds Received

Year 2009

Line No.	Description (a)	Last Year (b)	This Year (c)
13	Funds received from Montana Sources	0	0
14	Funds received from Federal Sources	13,466,953	12,468,339
15			
16			
17			
18			
19			
20			
21			
22			
23			
24	Total	13,466,953	12,468,339

Company Name: Qwest Corporation

Notes to Schedules 9, 21, 29

Schedule 9

Historically, Qwest Corporation prepared Schedule 9 using Table B-2, Statement of Cash Flows, from FCC Report 43-02, the ARMIS USOA Report, which Qwest Corporation filed with the Federal Communications Commission (FCC) . In the December 12, 2008 *ARMIS Financial Reporting Forbearance Order*, FCC 08-271, the FCC granted Qwest Corporation forbearance from the obligation to file ARMIS report 43-02. In accordance with FCC 08-271, Qwest did not prepare and file FCC Report 43-02, including Table B-2, for 2009.

Schedule 21

Historically, Qwest Corporation prepared Schedule 21 using Table I-7, Donations or Payments for Services Rendered by Persons Other Than Employees, from FCC Report 43-02, the ARMIS USOA Report, which Qwest Corporation filed with the Federal Communications Commission (FCC) . In the December 12, 2008 *ARMIS Financial Reporting Forbearance Order*, FCC 08-271, the FCC granted Qwest Corporation forbearance from the obligation to file FCC Report 43-02. In accordance with FCC 08-271, Qwest did not prepare and file FCC Report 43-02, including Table I-7, for 2009.

Schedule 29

Historically, Qwest Corporation prepared the Average Number of Calls Per Access Line on Schedule 29 using Table IV, Telephone Calls, from FCC Report 43-08, the ARMIS Operating Data Report, which Qwest Corporation filed with the Federal Communications Commission (FCC) . In the September 6, 2008 *ARMIS Forbearance Order*, FCC 08-203, the FCC granted Qwest Corporation forbearance from the obligation to file ARMIS Report 43-08 except for columns (fc), (fd), (fe), and (fi) in Table III. In accordance with FCC 08-203, Qwest did not prepare and file FCC Report 43-08 for 2009 except for columns (fc), (fd), (fe), and (fi) in Table III.

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PUBLIC SERVICE
COMMISSION

QWEST CORPORATION

AFFILIATED INTEREST REPORTING PROGRAM

2010 ANNUAL REPORT

FOR 2009 TRANSACTIONS

PREPARED FOR:

THE MONTANA PUBLIC SERVICE COMMISSION

April 30, 2010

INTRODUCTION

MONTANA ANNUAL AFFILIATED INTEREST REPORT

Attached is the 2010 Affiliated Interest Report. This report covers affiliate transactions for the year 2009.

This report is offered to satisfy the Affiliated Interest Reporting requirements agreed upon in the Stipulation and Report of Qwest Corporation, Inc. and the Montana Consumer Counsel approved by the Montana Public Service Commission in Order No. 5354g, issued February 4, 1994.

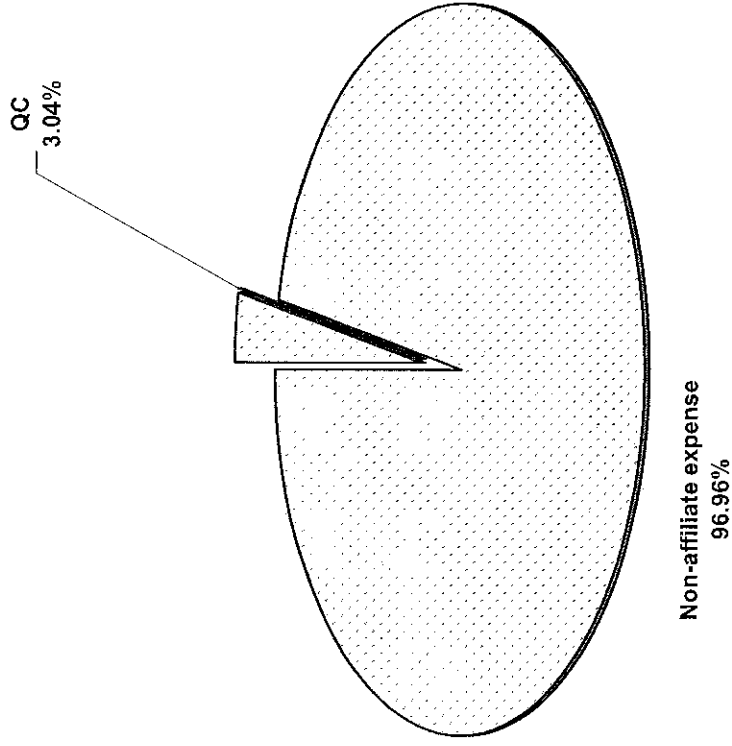
The requirements under this agreement are:

- Annual Reporting of intrastate amounts paid by QC to affiliates and by affiliates to QC;
- Information regarding creation and dissolution of affiliates whose operations affect Montana, and new or changed affiliate contracts having a Montana intrastate effect of \$250,000 or more;
- A list of intrastate dollar amounts charged to Montana for research performed by Advanced Technologies;
- Information from QC's cost manual pursuant to Part 64 rules; (Due to the FCC forbearance (FCC 08-203), 2007 was the last cost manual filed);
- Annual balance sheets and income statements;
- FCC reports under the Automated Reporting Management Information System (ARMIS) (Due to the FCC forbearance (FCC 08-203), 2007 reports were the last reports filed.

QWEST CORPORATION
2009 AFFILIATED INTEREST REPORT
FOR THE MONTANA PUBLIC SERVICE COMMISSION
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Tab 1	2009 Montana Intrastate Affiliate Transactions - Charts of Payments to Affiliates and Operating Expenses
Tab 2	2009 Montana Intrastate Affiliate Transactions - Payments to Affiliates by Service Category
Tab 3	2009 Montana Intrastate Affiliate Transactions - Payments from Affiliates By Service Category
Tab 4	Year over Year Variance 2008/2009 Montana Intrastate Affiliate Transactions
Tab 5	Affiliated Interest Contract Database
Tab 6	Qwest's Cost Allocation Manual - Sections IV, V and VI
Tab 7	Affiliated Companies' Balance Sheets and Income Statements (Confidential)
Tab 8	ARMIS Reports

2009 MONTANA INTRASTATE TOTAL INTRASTATE OPERATING EXPENSE



Qwest Corporation
3.04%

Non-affiliate expense
96.96%

AFFILIATED INTEREST PAYMENTS =	\$1,347,812	3.04%
NON-AFFILIATE PAYMENTS =	\$42,983,042	96.96%

NOTE: Non-affiliate expense excludes depreciation.
Source: Summary JR YTD 1990's Report, line 22 - Line 19

**2009 AFFILIATED INTEREST
SUMMARY OF PAYMENTS TO AFFILIATES**

Administrative and other functions of Qwest Services Corporation (QSC) were moved to Qwest Corporation and two wholly owned subsidiaries of QSC were merged into Qwest Corporation: Qwest Information Technologies, Inc. merged into Qwest Business Resources, Inc. and Qwest Business Resources, Inc. merged into Qwest Corporation effective 1/31/2008. With this reorganization of affiliates this chart no longer contains meaningful relationships between the entities since their previous operating relationships no longer exist.

**2009 AFFILIATED INTEREST - MONTANA ANNUAL REPORT
QWEST CORPORATION PAYMENTS TO AFFILIATES**

Attachment B

AFFILIATE	SERVICE CATEGORY	ACCT	2009 QWEST FCC REGULATED	MONTANA STATE FCC REGULATED	MONTANA INTRASTATE-FCC REGULATED
QWEST BROADBAND SERVICES, INC.	CORP GEN & ADMIN SERVICES	6121	56,525		
	TOTAL	6121	56,525		
QWEST GOVERNMENT SERVICES, INC.	CORP GEN & ADMIN SERVICES	6122	16,864	348	249
	CORP GEN & ADMIN SERVICES	6123	2,936	60	43
	CORP GEN & ADMIN SERVICES	6124	14,234	292	209
	CORP GEN & ADMIN SERVICES	6612	999	22	15
	CORP GEN & ADMIN SERVICES	6711	12,580	257	184
	CORP GEN & ADMIN SERVICES	6721	176,444	3,604	2,583
	CORP GEN & ADMIN SERVICES	6723	1,597	33	24
	CORP GEN & ADMIN SERVICES	6724	99,792	2,042	1,484
	CORP GEN & ADMIN SERVICES	6725	36,558	756	542
	CORP GEN & ADMIN SERVICES	6728	120,445	2,458	1,762
	MARKETING & SALES	6611	1,044,535	22,499	15,836
	MARKETING & SALES	6612	3,794,013	83,716	58,922
	MARKETING & SALES	6722	125,409	2,586	1,854
	TOTAL	6722	5,446,404	118,670	83,687
QWEST COMMUNICATIONS COMPANY LLC	COMMUNICATIONS SERVICES	6121	518		
	COMMUNICATIONS SERVICES	6728	67,418,190	1,398,619	1,002,712
	CORP GEN & ADMIN SERVICES	6728	(52,125)	(1,072)	(769)
	LEASED ASSETS & FACILITIES	6121	17,537,756		
	LEASED ASSETS & FACILITIES	6728	35,107	719	515
	NETWORK SERVICES	2232	16		
	NETWORK SERVICES	6123	58,963		
	NETWORK SERVICES	6422	41,320	1,215	871
	NETWORK SERVICES	6423	17,158,233		
	NETWORK SERVICES	6534	(132)	(3)	(2)
	NETWORK SERVICES	6535	(2,351)	(78)	(52)
	NETWORK SERVICES	6728	14		
	TOTAL	6728	102,195,508	1,399,399	1,003,276
QWEST SERVICES CORPORATION	CORP GEN & ADMIN SERVICES	6711	25,865	528	378
	CORP GEN & ADMIN SERVICES	6728	(1,866,524)	(38,636)	(27,700)
	TOTAL	6724	(1,840,659)	(38,109)	(27,321)
Qwest Telecom Software Services Private Limited	CORP GEN & ADMIN SERVICES	6724	19,275,107	394,559	282,871
	TOTAL	6728	19,275,107	394,559	282,871
QWEST WIRELESS, LLC	COMMUNICATIONS SERVICES	6728	132,515	2,371	1,700
	CORP GEN & ADMIN SERVICES	6728	28,803	593	425
	CORP GEN & ADMIN SERVICES	6612	35,988	801	564
	MARKETING & SALES	6122	157,399	3,640	2,610
	NETWORK SALES	TOTAL	354,705	7,405	5,299
	TOTAL	TOTAL	125,487,590	1,881,925	1,347,812

2009 AFFILIATED INTEREST - MONTANA ANNUAL REPORT
QWEST CORPORATION PAYMENTS FROM AFFILIATES

AFFILIATE	SERVICE CATEGORY	ACCT	2009 QWEST FCC REGULATED	MONTANA STATE FCC REGULATED	MONTANA INTRASTATE FCC REGULATED
QWEST BROADBAND SERVICES, INC	COMMUNICATIONS SERVICES	5250	21,799		
	COMMUNICATIONS SERVICES	5263	670,287	291	222
	COMMUNICATIONS SERVICES	5270	1,998,548	481	
	CORP GEN & ADMIN SERVICES	5240	644,072	14,330	9,909
	CORP GEN & ADMIN SERVICES	5250	3,597,480		
	CORP GEN & ADMIN SERVICES	5263	1,418,227		
	LEASED ASSETS & FACILITIES	5240	1,286,726	2,457	1,699
	LEASED ASSETS & FACILITIES	5263	25,050,607		
	MARKETING & SALES	5262	2,843,651		
	NETWORK SERVICES	2232	4,295		
	NETWORK SERVICES	3122	15,638		
	NETWORK SERVICES	5240	95,755	0	0
	NETWORK SERVICES	5263	3,944,046	60,239	46,068
	NETWORK SERVICES	6232	786,230		
	NETWORK SERVICES	6311	1,024,851		
	NETWORK SERVICES	6362	199,776		
	NETWORK SERVICES	6534	1,078,900	22,104	14,700
	NETWORK SERVICES	6535	9,112		
	NETWORK SERVICES	8720	448,435		
	TOTAL		45,138,417	99,901	72,998
EL PASO TELEPHONE COMPANY	CORP GEN & ADMIN SERVICES	5240	91,501	1,853	1,281
	CORP GEN & ADMIN SERVICES	5250	196,410		
	CORP GEN & ADMIN SERVICES	5262	192,767		
	CORP GEN & ADMIN SERVICES	5263	24,287		
	LEASED ASSETS & FACILITIES	5240	35,991	104	72
	MARKETING & SALES	5082	450		
	NETWORK SERVICES	5240	44,474		
	NETWORK SERVICES	6112	12,020		
	NETWORK SERVICES	6116	4,861		
	NETWORK SERVICES	6212	1,208		
	NETWORK SERVICES	6232	429		
	NETWORK SERVICES	6532	4,697		
	NETWORK SERVICES	6534	374,968		
	NETWORK SERVICES	6535	1,541		
	NETWORK SERVICES	8720	103,472		
	TOTAL		1,089,074	1,957	1,353
QWEST GOVERNMENT SERVICES, INC	COMMUNICATIONS SERVICES	5250	242,261		
	COMMUNICATIONS SERVICES	5263	660,062	13,511	10,333
	CORP GEN & ADMIN SERVICES	5081	4,792		
	CORP GEN & ADMIN SERVICES	5083	50,446		
	CORP GEN & ADMIN SERVICES	5240	3,662,120		
	CORP GEN & ADMIN SERVICES	5250	24,546,700		
	CORP GEN & ADMIN SERVICES	5263	2,456,664		
	LEASED ASSETS & FACILITIES	5240	2,532,672		
	MARKETING & SALES	5262	809,482	3,196	2,210
	NETWORK SERVICES	5263	1,535		
	NETWORK SERVICES	6534	6,503	31	24
	NETWORK SERVICES	6535	99,266	144	96
	NETWORK SERVICES	8720	4,707		
	TOTAL		35,077,210	92,217	64,756
MALHEUR HOME TELEPHONE COMPANY	COMMUNICATIONS SERVICES	2232	8,322		
	COMMUNICATIONS SERVICES	5060	152		

2009 AFFILIATED INTEREST - MONTANA ANNUAL REPORT
QWEST CORPORATION PAYMENTS FROM AFFILIATES

AFFILIATE	SERVICE CATEGORY	ACCT	2009 QWEST FCC REGULATED	MONTANA STATE INTRASTATE FCC REGULATED	MONTANA INTRASTATE FCC REGULATED
QWEST COMMUNICATIONS COMPANY, LLC	CORP GEN & ADMIN SERVICES	5240	116,658	2,360	1,632
	CORP GEN & ADMIN SERVICES	5250	286,652		
	CORP GEN & ADMIN SERVICES	5262	206,389		
	CORP GEN & ADMIN SERVICES	5263	31,040		
	LEASED ASSETS & FACILITIES	5240	37,719	128	88
	MARKETING & SALES	5262	36,429		
	NETWORK SERVICES	2212	2,049		
	NETWORK SERVICES	2423	255		
	NETWORK SERVICES	5084	11,165		
	NETWORK SERVICES	5240	93,202		
	NETWORK SERVICES	5263	40,248		
	NETWORK SERVICES	6112	19,912		
	NETWORK SERVICES	6116	5,176		
	NETWORK SERVICES	6212	172,690		
	NETWORK SERVICES	6232	556		
	NETWORK SERVICES	6411	6,581		
	NETWORK SERVICES	6422	1,067		
	NETWORK SERVICES	6423	176,800		
	NETWORK SERVICES	6534	366,436		
	NETWORK SERVICES	6535	611,735		
	NETWORK SERVICES	8720	57,355		
	TOTAL		2,288,587	2,487	1,720
QWEST COMMUNICATIONS COMPANY, LLC	COMMUNICATIONS SERVICES	5084	7,946	85	85
	COMMUNICATIONS SERVICES	5230	(6)		
	COMMUNICATIONS SERVICES	5250	1,816,815	2,627	1,886
	COMMUNICATIONS SERVICES	5263	2,506,467	51,307	39,238
	COMMUNICATIONS SERVICES	5264	418,070	9,103	6,961
	COMMUNICATIONS SERVICES	5270	1,336,026	5,095	46
	COMMUNICATIONS SERVICES	6728	(3,699,552)	(75,730)	(54,293)
	COMMUNICATIONS SERVICES	5001	(106)		
	CORP GEN & ADMIN SERVICES	5060	(20)		
	CORP GEN & ADMIN SERVICES	5081	(26)		
	CORP GEN & ADMIN SERVICES	5240	42,940,329	1,004,453	694,572
	CORP GEN & ADMIN SERVICES	5250	176,103,216		
	CORP GEN & ADMIN SERVICES	5262	(232,546)	(5,348)	(4,090)
	CORP GEN & ADMIN SERVICES	5263	47,085,920	3,403	2,602
	CORP GEN & ADMIN SERVICES	5264	(114,770)	(2,349)	(1,797)
	CORP GEN & ADMIN SERVICES	6535	4,813	107	71
	CORP GEN & ADMIN SERVICES	6728	(0)		
	LEASED ASSETS & FACILITIES	5240	92,193,492	273,651	189,228
	MARKETING & SALES	5262	319,298,253		
	MARKETING & SALES	5263	330,951		
	MARKETING & SALES	2232	10,751		
QWEST COMMUNICATIONS COMPANY, LLC	NETWORK SERVICES	2421	2,713		
	NETWORK SERVICES	2422	19,023		
	NETWORK SERVICES	2423	2,458		
	NETWORK SERVICES	2426	1,166		
	NETWORK SERVICES	5240	81,963	8,226	5,888
	NETWORK SERVICES	5263	5,743,842	53,727	41,088
	NETWORK SERVICES	5264	2,499		
	NETWORK SERVICES	6212	23,955		
	NETWORK SERVICES	6232	139,650		
	NETWORK SERVICES				

2009 AFFILIATED INTEREST - MONTANA ANNUAL REPORT
QWEST CORPORATION PAYMENTS FROM AFFILIATES

AFFILIATE	SERVICE CATEGORY	ACCT	2009 QWEST FCC REGULATED	MONTANA STATE FCC REGULATED	MONTANA INTRASTATE FCC REGULATED
QWEST LD CORP	NETWORK SERVICES	6422	15,260		
	NETWORK SERVICES	6423	5,892		
	NETWORK SERVICES	6532	1,028,280		
	NETWORK SERVICES	6533	453,451		
	NETWORK SERVICES	6534	6,502,130	143,188	95,225
	NETWORK SERVICES	6535	10,321,910	66,717	44,369
	NETWORK SERVICES	6728	2,507	52	37
	NETWORK SERVICES	8720	18,356,046	81,197	81,197
	TOTAL		722,708,757	1,619,512	1,142,114
	COMMUNICATIONS SERVICES	5084	14,963	238	
QWEST TRANSOCEANIC, INC.	COMMUNICATIONS SERVICES	5264	2,597,474	52,785	40,368
	COMMUNICATIONS SERVICES	5270	89,880,156	2,251,074	917,982
	CORP GEN & ADMIN SERVICES	5240	5,046,790	105,549	72,986
	CORP GEN & ADMIN SERVICES	5250	10,617,968		
	CORP GEN & ADMIN SERVICES	5262	(1,773)		
	CORP GEN & ADMIN SERVICES	5263	2,358,580		
	LEASED ASSETS & FACILITIES	5240	5,220,851		
	MARKETING & SALES	5262	53,816,358	15,313	10,589
	MARKETING & SALES	5263	200		
	NETWORK SERVICES	5263	91,584	1,900	1,453
QWEST TRANSOCEANIC, INC.	TOTAL		169,623,132	2,426,859	1,043,616
	CORP GEN & ADMIN SERVICES	5240	140,290	2,786	1,927
	CORP GEN & ADMIN SERVICES	5250	594,443		
	CORP GEN & ADMIN SERVICES	5263	116,360		
	LEASED ASSETS & FACILITIES	5240	184,637	583	403
	MARKETING & SALES	5262	681,830		
	MARKETING & SALES	5263	1,860		
	NETWORK SERVICES	6535	20,155		
	NETWORK SERVICES	8720	229,726		
	TOTAL		1,969,300	3,369	2,330
QWEST WIRELESS, LLC	COMMUNICATIONS SERVICES	5250	27,184		
	COMMUNICATIONS SERVICES	5263	22,735	465	356
	COMMUNICATIONS SERVICES	5270	5,525,532	71,525	890
	COMMUNICATIONS SERVICES	6728	(216)		
	CORP GEN & ADMIN SERVICES	5240	(387,999)	5,167	3,573
	CORP GEN & ADMIN SERVICES	5250	4,357,142		
	CORP GEN & ADMIN SERVICES	5263	2,137,961		
	LEASED ASSETS & FACILITIES	5240	2,711,616	12,452	8,610
	MARKETING & SALES	5262	(1,773)		
	NETWORK SERVICES	5263	376,947	7,716	5,901
GRAND TOTAL	TOTAL		14,769,129	97,326	19,331
			992,663,605	4,343,628	2,347,819

**2009 AFFILIATED INTEREST
MONTANA ANNUAL REPORT
PAYMENTS TO AFFILIATES**

2008/2009 VARIANCE

Affiliate	2008 MONTANA INTRASTATE REGULATED	2009 MONTANA INTRASTATE REGULATED	2008/2009 MONTANA INTRASTATE VARIANCE %	Explanation of Variance 2009 vs 2008
Qwest Broadband Services, Inc.	1		-100.00%	No Allocation of corporate expense to Montana
Qwest Communications Company, LLC	1,127,152	1,003,258	-10.99%	Decrease in billing for Leased Assets & Facilities
Qwest Government Services	41,240	83,687	102.93%	Increase in SCAP billing various accounts
Qwest Services Corporation		(27,321)	100.00%	Scap billing credit for Account 6728.41 Retired and Separated Employees
Qwest Wireless	321,782	5,299	-98.35%	Ceased operations as of October 31, 2009
Self Service Software Services Private LTD.	395,170	282,871	-28.42%	Decrease in billing Account 6724
GRAND TOTAL	\$1,885,345	\$1,347,794	-28.51%	

Affiliated Interest 2009 Contracts

2009 Affiliated Interest contracts or Summary of Affiliate Transactions have been provided by electronic media.

Agreements:

Qwest Broadband Services (BBND):

WDSA

Qwest Communications Company, LLC (QCC)

Amendment 21 to WSA 12 18 2009

ISDN PRS Executed 11 4 09

QC Amd 20 T-2 Executed 10 15 09

QCC WDSA Amd 2 Promo Executed 9 24 09

QC-QCC Affiliate Overlay Plan Executed 12 17 09

QTA Amd 4

QTA Amd 5

QTA Amd 8

Settlement Agreement

Total Advantage – Amd 1

Total Advantage – Amd 2

Total Advantage – Amd 3

Total Advantage – Amd 6

Total Advantage – Amd 7

Total Advantage

WDSA Amd 1

WDSA

WSA – Amd 1

WSA – Amd 2

WSA – Amd 5

WSA – Amd 7

WSA – Amd 8

WSA – Amd 9

WSA – Amd 11

WSA – Amd 12

WSA – Amd 13

WSA – Amd 14

WSA – Amd 15

WSA – Amd 16

WSA – Amd 17

WSA – Amd 18

WSA – Amd 19

WSA

Qwest Wireless, LLC (QW):

Bill of Sale & Assignment of Assets

Qwest Wireless Bill of Sale Executed 11-19-09

Qwest Corporation COST ALLOCATION MANUAL

SECTION IV: Chart of Corporate Affiliates

SECTION V: Statement of Transactions with Affiliates

SECTION V1: Cost Allocation Tables

(as filed with FCC on December 31, 2007)

**THE ABOVE WERE FILED IN ELECTRONIC FORM ONLY WITH THE
QWEST CORPORATION 2007 ANNUAL REPORT.
AS A RESULT OF THE FOREBEARANCE ORDER OF THE FCC
(FCC-08-203) THAT IS THE LAST COST ALLOCATION MANUAL.**

2009

AFFILIATED COMPANIES

BALANCE SHEETS

AND

INCOME STATEMENTS

ARE PROPRIETARY

CONFIDENTIAL/PROPRIETARY INFORMATION CLASSIFICATION RATIONALE

STATE: Montana

DESCRIPTION/TITLE OF INFORMATION:	Subsidiaries Balance Sheet & Income Statement Information
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Confidential/Proprietary Designation Rationale:

Knowledge of detailed balance sheet and income statement information for each subsidiary is limited to employees who have a business need to know each of the respective subsidiaries and at corporate headquarters. Specific measures to guard the confidentiality of this information cover not only disclosure, but also transmission, reproduction, and destruction of this proprietary information.

Disclosure of balance sheet and income statement information for individual subsidiaries is not made available outside of Qwest unless it is for business reasons such as financial loan or contractual requirements. In these cases, the information is required to be kept confidential. Disclosure of financial information to the public is generally limited to the consolidated Qwest Services Corporation level, in accordance with SEC regulations. The individual subsidiary financial statements may be considered material insider information under Federal and State Securities laws.

The revenue, expenses and balance sheet information is tantamount in many instances to line of business data that can give competitors valuable insights into specific Qwest subsidiaries and their activities regarding pricing and expenditure strategies and give them an unfair advantage to attract Qwest customers. This information discloses line of business profitability, sales and investment data. In other instances, the corporation could be negatively affected in its competitive environment if information regarding its cost structure and R&D activity is released publicly.

Significant expenditures have been made in the design, development, and maintenance of systems that initiate process and collect financial data. The need to protect confidential information is stressed throughout the process and is the ongoing subject of internal audit review.

Qwest Corporation – Montana

Calendar Year 2009 ARMIS Reports

By orders FCC 08-120, FCC 08-203 and FCC 08-271, the Federal Communications Commission (FCC) granted AT&T, Verizon and Qwest forbearance from most ARMIS reporting requirements. Consequently, beginning with calendar year 2008, and with limited exceptions, Qwest no longer files ARMIS reports. The exceptions include the ARMIS Operating Data Report, Table III, cols. FC, FD, FE (FCC 08-203 ¶19) and FI (FCC 08-203 ¶20). In addition, Qwest must collect data required for the ARMIS Service Quality and Customer Satisfaction Reports until September 6, 2010 and make the data publicly available. (FCC 08-203 ¶¶12, 21 and ¶48)

All ARMIS data that Qwest files with the FCC can be obtained at the FCC's ARMIS website: <http://www.fcc.gov/wcb/armis/>