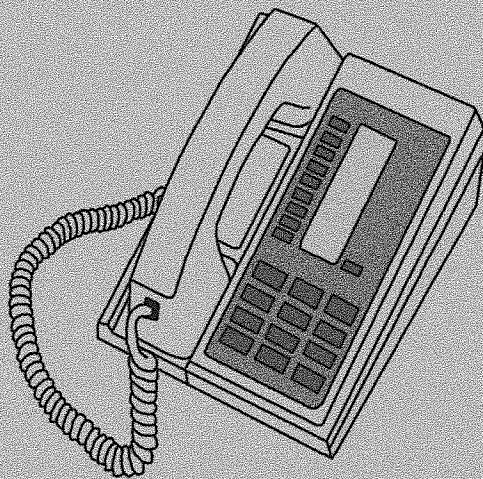


YEAR ENDING 2011

ANNUAL REPORT  
OF  
HOT SPRINGS TELEPHONE  
COMPANY  
TELEPHONE UTILITY



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

# Telephone Annual Report

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**General Information**

Year: 2011

|                         |  |                                       |
|-------------------------|--|---------------------------------------|
| 1                       | Legal Name of Respondent:  | Hot Springs Telephone Co.             |
| 2                       | Name Under Which Respondent Does Business:   | Same as above                         |
| 3                       | Date of Incorporation:   | 1/1/1955                              |
| 4                       | Address to send Correspondence Concerning Report:  | P.O. Box 17740<br>Missoula, MT. 59808 |
| 5                       | Person Responsible for This Report:  | Kathe A Johnosn                       |
| 5a.                     | Telephone Number:  | (406) 721-0846                        |
| Control Over Respondent |  |                                       |
| 1                       | If direct control over the respondent was held by another entity at the end of year provide the following: |                                       |
|                         | 1a. Name and address of the controlling organization or person:  | N A                                   |
|                         | 1b. Means by which control was held:   | N A                                   |
|                         | 1c. Percent Ownership:   | N A                                   |

| Board of Directors |  |                              |
|--------------------|--|------------------------------|
| Line No.           | Name of Director and Address (City, State)<br>(a)        | Fees Paid During Year<br>(b) |
| 1                  | Jay W. Preston Sr. 312 Main St. SW, Ronan, MT. 59864     | None                         |
| 2                  | Robert B. Ekblad, P.O. Box 161, Dayton, MT. 59914        | 7,200                        |
| 3                  | Phyllis O. Ekblad, 319 Commons Way, Kalispell, MT. 59901 | None                         |
| 4                  | Kathryn L. Johnson, 31549 Meadow Rd. Polson, MT. 59860   | 4200                         |
| 5                  | Kathe A. Johnson, 10410 Hwy. 10 W. Missoula, MT. 59808   | None                         |
| 6                  |  |                              |
| 7                  |  |                              |
| 8                  |  |                              |
| 9                  |  |                              |
| 10                 |  |                              |
| 11                 |  |                              |
| 12                 |  |                              |
| 13                 |  |                              |
| 14                 |  |                              |
| 15                 |  |                              |
| 16                 |  |                              |
| 17                 |  |                              |
| 18                 | <b>Chairman of the Board:</b>                            |                              |
| 19                 |  |                              |
| 20                 |  |                              |

**Officers**

Year: 2011

| Line No. | Title of Officer<br>(a) | Department Over Which Jurisdiction is Exercised<br>(b) | Name and Address of Person Holding Office at Year End<br>(c) |
|----------|-------------------------|--|--|
| 1        | President               | General Manager  | Jay W. Preston Sr. Ronan, MT.                                |
| 2        | Secretary-Treasurer     | Financial & Accounting                                 | Phyllis O. Ekblad, Kalispell, MT.                            |
| 3        | Vice-President          | Engineering Studies, Technology                        | Robert B. Ekblad, Dayton, MT.                                |
| 4        |                         | Forecasting & Advance Planning                         |  |
| 5        |                         |  |  |
| 6        |                         |  |  |
| 7        |                         |  |  |
| 8        |                         |  |  |
| 9        |                         |  |  |
| 10       |                         |  |  |
| 11       |                         |  |  |
| 12       |                         |  |  |
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| 17       |                         |  |  |
| 18       |                         |  |  |
| 19       |                         |  |  |
| 20       |                         |  |  |
| 21       |                         |  |  |
| 22       |                         |  |  |
| 23       |                         |  |  |
| 24       |                         |  |  |
| 25       |                         |  |  |
| 26       |                         |  |  |
| 27       |                         |  |  |
| 28       |                         |  |  |
| 29       |                         |  |  |
| 30       |                         |  |  |
| 31       |                         |  |  |
| 32       |                         |  |  |
| 33       |                         |  |  |
| 34       |                         |  |  |
| 35       |                         |  |  |
| 36       |                         |  |  |
| 37       |                         |  |  |
| 38       |                         |  |  |
| 39       |                         |  |  |
| 40       |                         |  |  |
| 41       |                         |  |  |
| 42       |                         |  |  |
| 43       |                         |  |  |
| 44       |                         |  |  |
| 45       |                         |  |  |

## Total Company Balance Sheet

Year: 2011

| Line No. | Acct. No. (a) | Description (b)                                 | This Year (c) | Last Year (d) |
|----------|---------------|---|---------------|---------------|
| 1        |               | <b>CURRENT ASSETS:</b>                          |               |               |
| 2        | 1120          | Cash and Equivalents                            | 500,620       | 504,543       |
| 3        | 1180          | Telecommunications Accounts Receivable - Net    | 5,900         | 3,509         |
| 4        | 1190          | Other Accounts Receivable - Net                 |               |               |
| 5        | 1200          | Notes Receivable - Net                          |               |               |
| 6        | 1210          | Interest and Dividends Receivable               |               |               |
| 7        | 1220          | Materials and Supplies                          |               |               |
| 8        | * 1280        | Prepayments                                     | 12,765        | 4,820         |
| 9        | ^ 1290        | Prepaid Rents                                   |               |               |
| 10       | ^ 1300        | Prepaid Taxes                                   |               |               |
| 11       | ^ 1310        | Prepaid Insurance                               |               |               |
| 12       | ^ 1320        | Prepaid Directory Expenses                      |               |               |
| 13       | ^ 1330        | Other Prepayments                               |               |               |
| 14       | 1350          | Other Current Assets                            |               |               |
| 15       |               | <b>Total Current Assets</b>                     | 519,285       | 512,872       |
| 16       |               | <b>NONCURRENT ASSETS:</b>                       |               |               |
| 17       | 1401          | Investments in Affiliated Companies             |               |               |
| 18       | 1402          | Investments in Nonaffiliated Companies          |               |               |
| 19       | 1406          | Nonregulated Investments                        |               |               |
| 20       | 1407          | Unamortized Debt Issuance Expense               |               |               |
| 21       | 1408          | Sinking Funds                                   |               |               |
| 22       | 1410          | Other Noncurrent Assets                         |               |               |
| 23       | 1438          | Deferred Maintenance and Retirements            |               |               |
| 24       | 1439          | Deferred Charges                                |               |               |
| 25       | 1500          | Other Jurisdictional Assets - Net               |               |               |
| 26       |               | <b>Total Noncurrent Assets</b>                  |               |               |
| 27       |               | <b>PROPERTY, PLANT, &amp; EQUIPMENT:</b>        |               |               |
| 28       | 2001          | Telecommunications Plant in Service             | 4,174,099     | 4,047,220     |
| 29       | 2002          | Property Held for Future Telecommunications Use | 50,000        | 50,000        |
| 30       | 2003          | Plant Under Construction - Short Term           |               |               |
| 31       | 2004          | Plant Under Construction - Long Term            |               |               |
| 32       | 2005          | Telecommunications Plant Adjustment             |               |               |
| 33       | 2006          | Nonoperating Plant                              |               |               |
| 34       | 2007          | Goodwill  |               |               |
| 35       | 3100          | Accumulated Depreciation                        | (2,956,226)   | (2,807,311)   |
| 36       | 3200          | Accumulated Depreciation - Held for Future Use  |               |               |
| 37       | 3300          | Accumulated Depreciation - Nonoperating         |               |               |
| 38       | 3400          | Accumulated Amortization                        |               |               |
| 39       |               | <b>Net Property, Plant, &amp; Equipment</b>     | 1,267,873     | 1,289,909     |
| 40       |               | <b>TOTAL ASSETS</b>                             | 1,787,158     | 1,802,781     |

^ Subaccount of account marked with a \*.



## Total Company Balance Sheet

Year: 2011

| Line No. | Acct. No. (a) | Description (b)                                     | This Year (c) | Last Year (d) |
|----------|---------------|---|---------------|---------------|
| 41       |               | <b>CURRENT LIABILITIES:</b>                         |               |               |
| 42       | 4010          | Accounts Payable                                    | 35,544        | 62,089        |
| 43       | 4020          | Notes Payable                                       |               |               |
| 44       | 4030          | Advance Billing and Payments                        |               |               |
| 45       | 4040          | Customer Deposits                                   | 18,620        | 16,645        |
| 46       | 4050          | Current Maturities - Long Term Debt                 |               |               |
| 47       | 4060          | Current Maturities - Capital Leases                 |               |               |
| 48       | 4070          | Income Taxes - Accrued                              |               |               |
| 49       | 4080          | Other Taxes - Accrued                               |               |               |
| 50       | 4100          | Net Current Deferred Operating Income Taxes         |               |               |
| 51       | 4110          | Net Current Deferred Nonoperating Income Taxes      |               |               |
| 52       | 4120          | Other Accrued Liabilities                           |               |               |
| 53       | 4130          | Other Current Liabilities                           |               |               |
| 54       |               | <b>Total Current Liabilities</b>                    | 54,164        | 78,734        |
| 55       |               | <b>LONG-TERM DEBT:</b>                              |               |               |
| 56       | 4210          | Funded Debt   |               |               |
| 57       | 4220          | Premium on Long-Term Debt                           |               |               |
| 58       | 4230          | Discount on Long-Term Debt                          |               |               |
| 59       | 4240          | Reacquired Debt                                     |               |               |
| 60       | 4250          | Obligations Under Capital leases                    |               |               |
| 61       | 4260          | Advances From Affiliated Companies                  |               |               |
| 62       | 4270          | Other Long-Term Debt                                |               | 4,117         |
| 63       |               | <b>Total Long-Term Debt</b>                         |               | 4,117         |
| 64       |               | <b>OTHER LIABILITIES AND DEFERRED CREDITS</b>       |               |               |
| 65       | 4310          | Other Long-Term Liabilities                         |               |               |
| 66       | 4320          | Unamort. Oper. Invest. Tax Credits - Net            |               |               |
| 67       | 4330          | Unamort. Nonoper. Invest. Tax Credits - Net         |               |               |
| 68       | 4340          | Net Noncurrent Deferred Oper. Income Taxes          |               |               |
| 69       | 4350          | Net Noncurrent Deferred Nonoper. Income Taxes       |               |               |
| 70       | 4360          | Other Deferred Credits                              |               |               |
| 71       | 4370          | Other Jurisdictional Liab. and Def. Credits         |               |               |
| 72       |               | <b>Total Other Liabilities and Deferred Credits</b> |               |               |
| 73       |               | <b>STOCKHOLDERS' EQUITY:</b>                        |               |               |
| 74       | 4510          | Capital Stock                                       | 80,000        | 80,000        |
| 75       | 4520          | Additional Paid-In Capital                          | 10,832        | 10,832        |
| 76       | 4530          | Treasury Stock                                      | (125,000)     | (125,000)     |
| 77       | 4540          | Other Capital                                       |               |               |
| 78       | 4550          | Retained Earnings                                   | 1,767,162     | 1,754,099     |
| 79       |               | <b>Total Stockholders' Equity</b>                   | 1,732,994     | 1,719,931     |
| 80       |               | <b>TOTAL LIAB. AND STOCKHOLDERS' EQUITY</b>         | 1,787,158     | 1,802,781     |

## Total Company Income Statement

Year: 2011

| Line No. | Acct. No. (a) | Description (b)   | This Year (c)    | Last Year (d)    |
|----------|---------------|---|------------------|------------------|
| 1        |               | <b>REVENUES:</b>  |                  |                  |
| 2        | 5000          | Basic Local Service Revenues                                | 404,763          | 396,113          |
| 3        | 5080          | Network Access Revenues                                     | 966,807          | 988,653          |
| 4        | * 5100        | Long Distance Message Revenue                               | 20,679           | 17,119           |
| 5        | ^ 5110        | Unidirectional Long Distance Revenue                        |                  |                  |
| 6        | ^ 5120        | Long Distance Private Network Revenue                       |                  |                  |
| 7        | ^ 5160        | Other Long Distance Revenue                                 |                  |                  |
| 8        | ^ 5169        | Other Long Distance Revenue Settlements                     |                  |                  |
| 9        | * 5200        | Miscellaneous Revenue                                       | 89,630           | 172,692          |
| 10       | ^ 5230        | Directory Revenue   |                  |                  |
| 11       | ^ 5240        | Rent Revenue  |                  |                  |
| 12       | ^ 5250        | Corporate Operations Revenue                                |                  |                  |
| 13       | ^ 5260        | Miscellaneous Revenue                                       |                  |                  |
| 14       | ^ 5270        | Carrier Billing and Collection Revenue                      |                  |                  |
| 15       | ^ 5280        | Nonregulated Revenue  | 52,314           | 53,755           |
| 16       | 5300          | Uncollectible Revenue                                       | (3,520)          | (3,495)          |
| 17       |               | <b>Total Revenues (L.2+L.3+L.4+L.9-L.16)</b>                | <b>1,530,672</b> | <b>1,624,837</b> |
| 18       |               | <b>OPERATING EXPENSES:</b>                                  |                  |                  |
| 19       | 6110          | Network Support Expense                                     | 302,601          | 334,764          |
| 20       | 6120          | General Support Expense                                     | 18,056           | 30,078           |
| 21       | 6210          | Central Office Switching Expense                            | 16,568           | 38,007           |
| 22       | 6220          | Operator Systems Expense                                    |                  |                  |
| 23       | 6230          | Central Office Transmission Expense                         |                  |                  |
| 24       | 6310          | Information Origination/Termination Expense                 |                  |                  |
| 25       | * 6410        | Cable and Wire Facilities Expense                           | 151,504          | 154,013          |
| 26       | ^ 6431        | Aerial Wire Expense   |                  |                  |
| 27       | ^ 6441        | Conduit Systems Expense                                     |                  |                  |
| 28       | 6510          | Other Property, Plant & Equipment Expense                   | 152,584          | 162,568          |
| 29       | 6530          | Network Operations Expense                                  | 41,501           | 57,427           |
| 30       | 6540          | Access Expense  | 82,114           | 81,186           |
| 31       | 6560          | Depreciation and Amortization Expense                       | 148,915          | 137,652          |
| 32       | 6610          | Marketing   |                  |                  |
| 33       | 6620          | Services  | 159,354          | 137,126          |
| 34       | 6710          | Executive and Planning                                      | 57,000           | 36,159           |
| 35       | 6720          | General and Administrative                                  | 365,513          | 372,865          |
| 36       | 6790          | Provision for Uncollectible Notes Receivable                |                  |                  |
| 37       |               | <b>Total Operating Expenses (Sum L.19 to L.36-L.26-L.2)</b> | <b>1,495,710</b> | <b>1,541,843</b> |
| 38       | 7100          | Other Operating Income and Expense                          |                  |                  |
| 39       | 7200          | Operating Taxes   | 21,030           | 24,674           |
| 40       |               | <b>Net Operating Income (L.17-L.37+L.38-L.39)</b>           | <b>13,932</b>    | <b>58,319</b>    |
| 41       | 7300          | Nonoperating Income and Expense                             |                  |                  |
| 42       | 7400          | Nonoperating Taxes  |                  |                  |
| 43       | 7500          | Interest and Related Items                                  | 874              | 864              |
| 44       | 7600          | Extraordinary Items   |                  |                  |
| 45       | 7910          | Effects of Juris. Ratemaking Diff. - Net                    |                  |                  |
| 46       | 7990          | Nonregulated Net Income                                     | 2,571            | 3,855            |
| 47       |               | <b>NET INCOME (L.40+L.41-L.42-L.43-L.44+L.45-L.46)</b>      | <b>10,497</b>    | <b>53,601</b>    |

^ Subaccount of the account marked with a \*.



Company Name: Hot Springs Telephone Co.

SCHEDULE 5

Not Required---Doing Business Only In Montana

## Montana Total State Income Statement

Year: 2011

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

^ Subaccount of the account marked with a \*.

Company Name: Hot Springs Telephone Co.

SCHEDULE 6

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

**Montana Intrastate Income Statement**

Year: 2011

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

^ Subaccount of the account marked with a \*.

## Montana Intrastate Regulated Income Statement

Year: 2011

| Line No. | Acct. No. (a) | Description (b)  | This Year (c)    | Last Year (d)      |
|----------|---------------|--|------------------|--------------------|
| 1        |               | <b>REVENUES:</b>                                       |                  |                    |
| 2        | 5000          | Basic Local Service Revenues                           | 168,664          | 178,287            |
| 3        | 5080          | Network Access Revenues                                | 140,137          | 134,955            |
| 4        | * 5100        | Long Distance Message Revenue                          |                  |                    |
| 5        | ^ 5110        | Unidirectional Long Distance Revenue                   |                  |                    |
| 6        | ^ 5120        | Long Distance Private Network Revenue                  |                  |                    |
| 7        | ^ 5160        | Other Long Distance Revenue                            |                  |                    |
| 8        | ^ 5169        | Other Long Distance Revenue Settlements                |                  |                    |
| 9        | * 5200        | Miscellaneous Revenue                                  | 69,293           | 64,874             |
| 10       | ^ 5230        | Directory Revenue                                      |                  |                    |
| 11       | ^ 5240        | Rent Revenue   |                  |                    |
| 12       | ^ 5250        | Corporate Operations Revenue                           |                  |                    |
| 13       | ^ 5260        | Miscellaneous Revenue                                  |                  |                    |
| 14       | ^ 5270        | Carrier Billing and Collection Revenue                 |                  |                    |
| 15       | ^ 5280        | Nonregulated Revenue                                   |                  |                    |
| 16       | 5300          | Uncollectible Revenue                                  | 3,520            | (3,495)            |
| 17       |               | <b>Total Revenues (L.2+L.3+L.4+L.9-L.16)</b>           | <b>374,574</b>   | <b>381,612</b>     |
| 18       |               | <b>OPERATING EXPENSES:</b>                             |                  |                    |
| 19       | 6110          | Network Support Expense                                | 28,471           | 21,833             |
| 20       | 6120          | General Support Expense                                | 18,056           | 30,078             |
| 21       | 6210          | Central Office Switching Expense                       | 16,568           | 38,007             |
| 22       | 6220          | Operator Systems Expense                               |                  |                    |
| 23       | 6230          | Central Office Transmission Expense                    |                  |                    |
| 24       | 6310          | Information Origination/Termination Expense            | 151,504          | 154,013            |
| 25       | * 6410        | Cable and Wire Facilities Expense                      |                  |                    |
| 26       | ^ 6431        | Aerial Wire Expense                                    |                  |                    |
| 27       | ^ 6441        | Conduit Systems Expense                                |                  |                    |
| 28       | 6510          | Other Property, Plant & Equipment Expense              | 101,290          | 101,204            |
| 29       | 6530          | Network Operations Expense                             | 41,501           | 57,427             |
| 30       | 6540          | Access Expense   |                  |                    |
| 31       | 6560          | Depreciation and Amortization Expense                  | 147,500          | 136,528            |
| 32       | 6610          | Marketing  |                  |                    |
| 33       | 6620          | Services   | 144,098          | 671,455            |
| 34       | 6710          | Executive and Planning                                 | 57,000           | 36,159             |
| 35       | 6720          | General and Administrative                             | 291,405          | 303,706            |
| 36       | 6790          | Provision for Uncollectible Notes Receivable           |                  |                    |
| 37       |               | <b>Total Operating Expenses (Sum L.19 to L.36-L.2)</b> | <b>997,393</b>   | <b>1,550,410</b>   |
| 38       | 7100          | Other Operating Income and Expense                     |                  |                    |
| 39       | 7200          | Operating Taxes  | 21,904           | 25,126             |
| 40       |               | <b>Net Operating Income (L.17-L.37+L.38-L.39)</b>      | <b>(644,724)</b> | <b>(1,193,924)</b> |

^ Subaccount of the account marked with a \*.

**Average Rate Base - Total State**

Year: 2011

| Line No. | Acct. No. (a) | Description (b)  | This Year (c) | Last Year (d) |
|----------|---------------|--|---------------|---------------|
| 1        | 2001          | Telecommunications Plant in Service                          | 4112558       | 3966874       |
| 2        | 3100          | Accumulated Depreciation                                     | 2907119       | 2767919       |
| 3        | 2002          | Property Held for Future Telecommunications Use              |               |               |
| 4        | 3200          | Accumulated Depreciation - 2006                              |               |               |
| 5        | 1220          | Materials and Supplies                                       |               |               |
| 6        | 4340          | Noncurrent Deferred Operating Income Taxes                   |               |               |
| 7        |               | Pre-1971 Unamortized Investment Tax Credits                  |               |               |
| 8        |               | Cash Working Capital (if allowed by Commission)              |               |               |
| 9        |               | <b>Total Average Rate Base (L.1-L.2+L.3-L.4+L.5-L.6-L.7)</b> | 1205439       | 1198955       |

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

**Average Rate Base - Intrastate**

| Line No. | Acct. No. (a) | Description (b)  | This Year (c) | Last Year (d) |
|----------|---------------|--|---------------|---------------|
| 1        | 2001          | Telecommunications Plant in Service                          |               |               |
| 2        | 3100          | Accumulated Depreciation                                     |               |               |
| 3        | 2002          | Property Held for Future Telecommunications Use              |               |               |
| 4        | 3200          | Accumulated Depreciation - 2006                              |               |               |
| 5        | 1220          | Materials and Supplies                                       |               |               |
| 6        | 4340          | Noncurrent Deferred Operating Income Taxes                   |               |               |
| 7        |               | Pre-1971 Unamortized Investment Tax Credits                  |               |               |
| 8        |               | Cash Working Capital (if allowed by Commission)              |               |               |
| 9        |               | <b>Total Average Rate Base (L.1-L.2+L.3-L.4+L.5-L.6-L.7)</b> |               |               |

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

**Average Rate Base - Regulated Intrastate**

| Line No. | Acct. No. (a) | Description (b)  | This Year (c) | Last Year (d) |
|----------|---------------|--|---------------|---------------|
| 1        | 2001          | Telecommunications Plant in Service                          |               |               |
| 2        | 3100          | Accumulated Depreciation                                     |               |               |
| 3        | 2002          | Property Held for Future Telecommunications Use              |               |               |
| 4        | 3200          | Accumulated Depreciation - 2002                              |               |               |
| 5        | 1220          | Materials and Supplies                                       |               |               |
| 6        | 4340          | Noncurrent Deferred Operating Income Taxes                   |               |               |
| 7        |               | Pre-1971 Unamortized Investment Tax Credits                  |               |               |
| 8        |               | Cash Working Capital (if allowed by Commission)              |               |               |
| 9        |               | <b>Total Average Rate Base (L.1-L.2+L.3-L.4+L.5-L.6-L.7)</b> |               |               |

## Statement of Cash Flows

Year: 2011

| Line No. | Item Description<br>(a)  | Amount<br>(b) | Amount<br>(c) |
|----------|--|---------------|---------------|
| 1        | <b>Increase/(decrease) in Cash &amp; Cash Equivalents</b>        |               | (4,292.92)    |
| 2        | <b>Cash Flows from Operating Activities:</b>                     |               |               |
| 3        | Net Income   |               | 13,063.59     |
| 4        | Reconciliation Adjustments:                                      |               |               |
| 5        | Depreciation & Amortization                                      |               | 148,915.00    |
| 6        | Provision for Accounts Receivable Losses                         |               |               |
| 7        | Deferred Income Taxes - Net                                      |               |               |
| 8        | Unamortized Investment Tax Credits (ITCs) - Net                  |               |               |
| 9        | Allowance for Funds Used During Construction (AFUDC)             |               |               |
| 10       | Change in Operating Receivables - Net                            |               | (2,391.06)    |
| 11       | Change in Materials, Supplies & Inventories - Net                |               | (169.46)      |
| 12       | Change in Operating Payables & Accrued Liabilities - Net         |               | (30,661.36)   |
| 13       | * Change in Other Assets & Deferred Credits - Net                |               | (7,945.00)    |
| 14       | ^ Change in Other Liabilities & Deferred Credits - Net           |               | 1,275.00      |
| 15       | @ Other (explained on back of this page)                         |               |               |
| 16       | Total Adjustments  |               | 109,723.12    |
| 17       | <b>Net Cash Provided by/(Used in) Operating Activities</b>       |               | 122,786.71    |
| 18       | <b>Cash Inflows/Outflows From Investing Activities:</b>          |               |               |
| 19       | Construction/Acquisition of Property, Plant & Equipment (net of  |               | (126,879.75)  |
| 20       | AFUDC & Capital Lease Related Acquisitions)                      |               |               |
| 21       | Proceeds from Disposals of Property, Plant & Equipment           |               |               |
| 22       | Investments In & Advances to Affiliates                          |               |               |
| 23       | Proceeds from Repayment of Advances                              |               |               |
| 24       | # Other Investing Activities (explained on back of this page)    |               | (199.88)      |
| 25       | <b>Net Cash Provided by/(Used in) Investing Activities</b>       |               | (127,079.63)  |
| 26       | <b>Cash Flows from Financing Activities:</b>                     |               |               |
| 27       | Net Incr./(Decr.) in Short-Term Debt, Original maturity <= 3 mo. |               |               |
| 28       | Advances from Affiliates   |               |               |
| 29       | Repayment of Advances from Affiliates                            |               |               |
| 30       | Proceeds from Issuances of Long-Term Debt                        |               |               |
| 31       | Repayment of Long-Term Debt                                      |               |               |
| 32       | Payment of Capital Lease Obligations                             |               |               |
| 33       | Proceeds from Issuing Common Stock/Parent Co. Equity Investment  |               |               |
| 34       | Repurchase of Treasury Shares                                    |               |               |
| 35       | Dividends Paid   |               |               |
| 36       | Other Financing Activities (explained on back of this page)      |               |               |
| 37       | <b>Net Cash Provided by Financing Activities</b>                 |               | -             |
| 38       | <b>Effect of Exchange Rate Changes on Cash</b>                   |               |               |
| 39       | <b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>    |               | (4,292.92)    |
| 40       | <b>Cash &amp; Cash Equivalents at Beginning of Period</b>        |               | 354,689.06    |
| 41       | <b>Cash &amp; Cash Equivalents at End of Period</b>              |               | 350,396.14    |

\* Prepaid Federal and State Income Taxes (Increase \$7945.00)

^ Subscriber Deposits (Increase \$1975.00)

# Net Increase in Investments \$199.98

Company Name: Hot Springs Telephone Co.

SCHEDULE 10

Does Not Apply

Receivables and Investments-Affiliated & Nonaffiliated Companies

Year: 2011

| 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        |                                  |  |   |   |  |   |                                   |   |  |  |   |
| 2        |                                  |  |   |   |  |   |                                   |   |  |  |   |
| 3        |                                  |  |   |   |  |   |                                   |   |  |  |   |
| 4        |                                  |  |   |   |  |   |                                   |   |  |  |   |
| 5        |                                  |  |   |   |  |   |                                   |   |  |  |   |
| 6        |                                  |  |   |   |  |   |                                   |   |  |  |   |
| 7        |                                  |  |   |   |  |   |                                   |   |  |  |   |
| 8        |                                  |  |   |   |  |   |                                   |   |  |  |   |
| 9        |                                  |  |   |   |  |   |                                   |   |  |  |   |
| 10       |                                  |  |   |   |  |   |                                   |   |  |  |   |
| 11       |                                  |  |   |   |  |   |                                   |   |  |  |   |
| 12       |                                  |  |   |   |  |   |                                   |   |  |  |   |
| 13       |                                  |  |   |   |  |   |                                   |   |  |  |   |
| 14       |                                  |  |   |   |  |   |                                   |   |  |  |   |
| 15       |                                  |  |   |   |  |   |                                   |   |  |  |   |
| 16       |                                  |  |   |   |  |   |                                   |   |  |  |   |
| 17       |                                  |  |   |   |  |   |                                   |   |  |  |   |
| 18       |                                  |  |   |   |  |   |                                   |   |  |  |   |
| 19       |                                  |  |   |   |  |   |                                   |   |  |  |   |
| 20       |                                  |  |   |   |  |   |                                   |   |  |  |   |
| 21       |                                  |  |   |   |  |   |                                   |   |  |  |   |
| 22       |                                  |  |   |   |  |   |                                   |   |  |  |   |
| 23       |                                  |  |   |   |  |   |                                   |   |  |  |   |
| 24       |                                  |  |   |   |  |   |                                   |   |  |  |   |
| 25       |                                  |  |   |   |  |   |                                   |   |  |  |   |
| 26       |                                  |  |   |   |  |   |                                   |   |  |  |   |
| 27       |                                  |  |   |   |  |   |                                   |   |  |  |   |
| 28       |                                  |  |   |   |  |   |                                   |   |  |  |   |
| 29       |                                  |  |   |   |  |   |                                   |   |  |  |   |
| 30       | Totals                           |  |   |   |  |   |                                   |   |  |  |   |

Company Name: Hot Springs Telephone Co.

SCHEDULE 11

Net Plant in Service - Detail

Year: 2011

| Line No. | Account (a) | Description (b)                | Beginning of Year Balance (c) | Additions (d) | Retirements (e) | Sales & Transfers (f) | End of Year Account 2010 Balance (g) | Year End Accumulated Depreciation (h) | End of Year Net Plant Balance (i) |
|----------|-------------|--------------------------------|-------------------------------|---------------|-----------------|-----------------------|--------------------------------------|---------------------------------------|-----------------------------------|
| 1        | * 2110      | Land and Support Assets        | 1194056                       | 57182         |                 |                       | 1251238                              | 734938                                | 516300                            |
| 2        | ^ 2111      | Land                           |                               |               |                 |                       |                                      |                                       |                                   |
| 3        | ^ 2112      | Motor Vehicles                 |                               |               |                 |                       |                                      |                                       |                                   |
| 4        | ^ 2113      | Aircraft                       |                               |               |                 |                       |                                      |                                       |                                   |
| 5        | ^ 2114      | Special Purpose Vehicles       |                               |               |                 |                       |                                      |                                       |                                   |
| 6        | ^ 2115      | Garage Work Equipment          |                               |               |                 |                       |                                      |                                       |                                   |
| 7        | ^ 2116      | Other Work Equipment           |                               |               |                 |                       |                                      |                                       |                                   |
| 8        | ^ 2121      | Buildings                      |                               |               |                 |                       |                                      |                                       |                                   |
| 9        | ^ 2122      | Furniture                      |                               |               |                 |                       |                                      |                                       |                                   |
| 10       | ^ 2123      | Office Equipment               |                               |               |                 |                       |                                      |                                       |                                   |
| 11       | ^ 2124      | General Purpose Computers      |                               |               |                 |                       |                                      |                                       |                                   |
| 12       | ^ 2211      | Analog Electronic Switching    |                               |               |                 |                       |                                      |                                       |                                   |
| 13       | ^ 2212      | Digital Electronic Switching   | 587092                        | 23453         |                 |                       | 610546                               | 485095                                | 125451                            |
| 14       | ^ 2215      | Electro-Mechanical Switching   |                               |               |                 |                       |                                      |                                       |                                   |
| 15       | ^ 2220      | Operator Systems               |                               |               |                 |                       |                                      |                                       |                                   |
| 16       | ^ 2231      | Radio Systems                  | 441037                        | 2731          |                 |                       | 443769                               | 358656                                | 85113                             |
| 17       | ^ 2232      | Circuit Equipment              | 16238                         |               |                 |                       | 16238                                |                                       | 16238                             |
| 18       | * 2310      | Information Orig & Term Equip  | 83028                         | 34262         |                 |                       | 117290                               | 91185                                 | 26105.05                          |
| 19       | ^ 2311      | Station Apparatus              |                               |               |                 |                       |                                      |                                       |                                   |
| 20       | ^ 2321      | Customer Premises Wiring       |                               |               |                 |                       |                                      |                                       |                                   |
| 21       | ^ 2341      | Large Private Branch Exchanges |                               |               |                 |                       |                                      |                                       |                                   |
| 22       | ^ 2351      | Public Telephone Term. Equip.  |                               |               |                 |                       |                                      |                                       |                                   |
| 23       | ^ 2362      | Other Terminal Equipment       |                               |               |                 |                       |                                      |                                       |                                   |
| 24       | ^ 2411      | Poles                          | 16627                         |               |                 |                       | 16627                                | 10486                                 | 6140.84                           |
| 25       | * 2420      | Cable and Wire Facilities      | 1625046                       | 28055         |                 |                       | 1653101                              | 1223729                               | 429372                            |
| 26       | ^ 2421      | Aerial Cable                   |                               |               |                 |                       |                                      |                                       |                                   |
| 27       | ^ 2422      | Underground Cable              |                               |               |                 |                       |                                      |                                       |                                   |
| 28       | ^ 2423      | Buried Cable                   |                               |               |                 |                       |                                      |                                       |                                   |
| 29       | ^ 2424      | Submarine Cable                |                               |               |                 |                       |                                      |                                       |                                   |
| 30       | ^ 2425      | Deep Sea Cable                 |                               |               |                 |                       |                                      |                                       |                                   |
| 31       | ^ 2426      | Intrabuilding Network Cable    |                               |               |                 |                       |                                      |                                       |                                   |
| 32       | ^ 2431      | Aerial Wire                    |                               |               |                 |                       |                                      |                                       |                                   |
| 33       | ^ 2441      | Conduit Systems                | 3750                          |               |                 |                       | 3750                                 | 3030                                  | 720                               |
| 34       |             | Totals                         | 3966874                       | 145684        |                 |                       | 4112558                              | 2907119                               | 1205439                           |



Company Name: Hot Springs Telephone Co.

**SCHEDULE 12**

**Analysis of Plant Held for Future Use**

**Year: 2011**

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

Company Name: Hot Springs Telephone Co.

SCHEDULE 13

Average Cost of Long Term Debt

Year: 2011

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

Company Name: Hot Springs Telephone Co.

DOES NOT APPLY

**Cost of Preferred Stock**

**SCHEDULE 14**  
**Year: 2011**

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

Company Name: Hot Springs Telephone Co.

SCHEDULE 15

**Analysis of Common Stock**

**Year: 2011**

| Line No. | (a)                     | Avg. Number of Shares Outstanding (b) | Book Value (per share) (c)                         | Earnings (per share) (d) | Dividends (per share) (e) | Retention Ratio (f) | Market Price High (g) Low (h) | Price/ Earnings Ratio (i) |
|----------|-------------------------|---------------------------------------|--|--------------------------|---------------------------|---------------------|-------------------------------|---------------------------|
| 1        | Year Ended December 31: |                                       |  |                          |                           |                     |                               |                           |
| 2        |                         |                                       |  |                          |                           |                     |                               |                           |
| 3        |                         |                                       |  |                          |                           |                     |                               |                           |
| 4        |                         |                                       |  |                          |                           |                     |                               |                           |
| 5        |                         |                                       |  |                          |                           |                     |                               |                           |
| 6        |                         |                                       |  |                          |                           |                     |                               |                           |
| 7        |                         |                                       |  |                          |                           |                     |                               |                           |
| 8        | Month by Month Data:    |                                       | NOT REQUIRED- WE HAVE LESS THAN 5,000 ACCESS LINES |                          |                           |                     |                               |                           |
| 9        | January                 |                                       |  |                          |                           |                     |                               |                           |
| 10       | February                |                                       |  |                          |                           |                     |                               |                           |
| 11       | March                   |                                       |  |                          |                           |                     |                               |                           |
| 12       | April                   |                                       |  |                          |                           |                     |                               |                           |
| 13       | May                     |                                       |  |                          |                           |                     |                               |                           |
| 14       | June                    |                                       |  |                          |                           |                     |                               |                           |
| 15       | July                    |                                       |  |                          |                           |                     |                               |                           |
| 16       | August                  |                                       |  |                          |                           |                     |                               |                           |
| 17       | September               |                                       |  |                          |                           |                     |                               |                           |
| 18       | October                 |                                       |  |                          |                           |                     |                               |                           |
| 19       | November                |                                       |  |                          |                           |                     |                               |                           |
| 20       | December                |                                       |  |                          |                           |                     |                               |                           |
| 21       |                         |                                       |  |                          |                           |                     |                               |                           |
| 22       |                         |                                       |  |                          |                           |                     |                               |                           |
| 23       |                         |                                       |  |                          |                           |                     |                               |                           |

Company Name: Hot Springs Telephone Co.

SCHEDULE 16

Capital Stock and Funded Debt Reacquired or Retired During the Year

Year: 2011

| Line No. | Description of Security (a) | Call or Retirement Date (b) | Number of Shares (c) | Principal Amount (d) | Reacquisition or Retirement Cost (e) | Gain or (Loss) (f) | Retirement or Reacquisition (g) |
|----------|-----------------------------|-----------------------------|----------------------|----------------------|--------------------------------------|--------------------|---------------------------------|
| 1        | NONE                        |                             |                      |                      |                                      |                    |                                 |
| 2        |                             |                             |                      |                      |                                      |                    |                                 |
| 3        |                             |                             |                      |                      |                                      |                    |                                 |
| 4        |                             |                             |                      |                      |                                      |                    |                                 |
| 5        |                             |                             |                      |                      |                                      |                    |                                 |
| 6        |                             |                             |                      |                      |                                      |                    |                                 |
| 7        |                             |                             |                      |                      |                                      |                    |                                 |
| 8        |                             |                             |                      |                      |                                      |                    |                                 |
| 9        |                             |                             |                      |                      |                                      |                    |                                 |
| 10       |                             |                             |                      |                      |                                      |                    |                                 |
| 11       |                             |                             |                      |                      |                                      |                    |                                 |
| 12       |                             |                             |                      |                      |                                      |                    |                                 |
| 13       |                             |                             |                      |                      |                                      |                    |                                 |
| 14       |                             |                             |                      |                      |                                      |                    |                                 |
| 15       |                             |                             |                      |                      |                                      |                    |                                 |
| 16       |                             |                             |                      |                      |                                      |                    |                                 |
| 17       |                             |                             |                      |                      |                                      |                    |                                 |
| 18       |                             |                             |                      |                      |                                      |                    |                                 |
| 19       |                             |                             |                      |                      |                                      |                    |                                 |
| 20       |                             |                             |                      |                      |                                      |                    |                                 |
| 21       |                             |                             |                      |                      |                                      |                    |                                 |
| 22       |                             |                             |                      |                      |                                      |                    |                                 |
| 23       |                             |                             |                      |                      |                                      |                    |                                 |
| 24       |                             |                             |                      |                      |                                      |                    |                                 |
| 25       |                             |                             |                      |                      |                                      |                    |                                 |
| 26       |                             |                             |                      |                      |                                      |                    |                                 |
| 27       |                             |                             |                      |                      |                                      |                    |                                 |
| 28       |                             |                             |                      |                      |                                      |                    |                                 |
| 29       |                             |                             |                      |                      |                                      |                    |                                 |
| 30       | Totals (Sum L.1 to L.29)    |                             |                      |                      |                                      |                    |                                 |

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

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

**SCHEDULE 17**

Page 1 of 2

**Total Company Expense Matrix**

**Year:2011**

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

Company Name: Hot Springs Telephone Co.

**Total Company Expense Matrix**

**SCHEDULE 17**  
Page 2 of 2  
**Year: 2011**

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



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

**Total State Expense Matrix**

**SCHEDULE 18**  
Page 1 of 2  
**Year:2011**

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

^ Subaccount of the account marked with a \*.  
Company Name: Hot Springs Telephone Co.

**Total State Expense Matrix**

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SCHEDULE 18  
Page 2 of 2  
Year: 2011

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

**Pension Costs**

Year: 2011

|    |   |  |  |          |
|----|---|--|--|----------|
| 1  | Plan Name Hot Springs Telephone Co. Profit Sharing Plan         |  |  |          |
| 2  | Defined Benefit Plan? <u>      N/A      </u>                    | Defined Contribution Plan? Yes <u>      </u> |  |          |
| 3  | Actuarial Cost Method? <u>  N/A  </u>                           | IRS Code: <u>      401      </u>             |  |          |
| 4  | Annual Contribution by Employer: Based on Profits <u>      </u> |  | Is the Plan Over Funded? <u>  No  </u> |          |
| 5  |   |  |  |          |
|    | Item  | Current Year                                 | Last Year                              | % Change |
| 6  | <b>Change in Benefit Obligation</b>                             |  |  |          |
| 7  | Benefit obligation at beginning of year                         | 1,338,543.00                                 | 1,276,509.64                           | -4.63%   |
| 8  | Service cost  |  |  |          |
| 9  | Interest Cost   |  |  |          |
| 10 | Plan participants' contributions                                |  |  |          |
| 11 | Amendments  |  |  |          |
| 12 | Actuarial Gain  |  |  |          |
| 13 | Acquisition   |  |  |          |
| 14 | Benefits paid   |  |  |          |
| 15 | Benefit obligation at end of year                               | 1,338,543.00                                 | 1,276,509.64                           | -4.63%   |
| 16 | <b>Change in Plan Assets</b>                                    |  |  |          |
| 17 | Fair value of plan assets at beginning of year                  | 1,276,510.00                                 | 1,123,535.71                           | -11.98%  |
| 18 | Actual return on plan assets                                    | 45,927.00                                    | 36,105.21                              | -21.39%  |
| 19 | Acquisition   |  |  |          |
| 20 | Employer contribution   | 47,881.00                                    | 60,691.84                              | 26.76%   |
| 21 | Plan participants' contributions                                |  |  |          |
| 22 | Benefits paid   | 27,154.00                                    | 24,294.45                              |          |
| 23 | Fair value of plan assets at end of year                        | 1,397,472.00                                 | 1,244,627.21                           | -10.94%  |
| 24 | <b>Funded Status</b>  | N/A  | N/A                                    |          |
| 25 | Unrecognized net actuarial loss                                 |  |  |          |
| 26 | Unrecognized prior service cost                                 |  |  |          |
| 27 | Prepaid (accrued) benefit cost                                  |  |  |          |
| 28 |   |  |  |          |
| 29 | <b>Weighted-average Assumptions as of Year End</b>              | N/A  | N/A                                    |          |
| 30 | Discount rate   |  |  |          |
| 31 | Expected return on plan assets                                  |  |  |          |
| 32 | Rate of compensation increase                                   |  |  |          |
| 33 |   |  |  |          |
| 34 | <b>Components of Net Periodic Benefit Costs</b>                 | N/A  | N/A                                    |          |
| 35 | Service cost  |  |  |          |
| 36 | Interest cost   |  |  |          |
| 37 | Expected return on plan assets                                  |  |  |          |
| 38 | Amortization of prior service cost                              |  |  |          |
| 39 | Recognized net actuarial loss                                   |  |  |          |
| 40 | Net periodic benefit cost                                       |  |  |          |
| 41 |   |  |  |          |
| 42 | <b>Montana Intrastate Costs:</b>                                | N/A  | N/A                                    |          |
| 43 | Pension Costs   |  |  |          |
| 44 | Pension Costs Capitalized                                       |  |  |          |
| 45 | Accumulated Pension Asset (Liability) at Year End               |  |  |          |
| 46 | <b>Number of Company Employees:</b>                             |  |  |          |
| 47 | Covered by the Plan   | 10   | 11                                     | 10.00%   |
| 48 | Not Covered by the Plan   | 3  | 1                                      | -66.67%  |
| 49 | Active  | 12   | 12                                     |          |
| 50 | Retired   |  |  |          |
| 51 | Deferred Vested Terminated                                      |  |  |          |

Company Name: Hot Springs Telephone Co.

DOES NOT APPLY

SCHEDULE 20

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**Other Post Employment Benefits (OPEBS)**

Year: 2011

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

**Other Post Employment Benefits (OPEBS) Continued**

Year: 2011

|    | Item  | Current Year | Last Year | % Change |
|----|---|--------------|-----------|----------|
| 1  | <b>Number of Company Employees:</b>                   |              |           |          |
| 2  | Covered by the Plan                                   |              |           |          |
| 3  | Not Covered by the Plan                               |              |           |          |
| 4  | Active  |              |           |          |
| 5  | Retired   |              |           |          |
| 6  | Spouses/Dependants covered by the Plan                |              |           |          |
| 7  | <b>Montana</b>  |              |           |          |
| 8  | <b>Change in Benefit Obligation</b>                   |              |           |          |
| 9  | Benefit obligation at beginning of year               |              |           |          |
| 10 | Service cost  |              |           |          |
| 11 | Interest Cost   |              |           |          |
| 12 | Plan participants' contributions                      |              |           |          |
| 13 | Amendments  |              |           |          |
| 14 | Actuarial Gain  |              |           |          |
| 15 | Acquisition   |              |           |          |
| 16 | Benefits paid   |              |           |          |
| 17 | Benefit obligation at end of year                     |              |           |          |
| 18 | <b>Change in Plan Assets</b>                          |              |           |          |
| 19 | Fair value of plan assets at beginning of year        |              |           |          |
| 20 | Actual return on plan assets                          |              |           |          |
| 21 | Acquisition   |              |           |          |
| 22 | Employer contribution                                 |              |           |          |
| 23 | Plan participants' contributions                      |              |           |          |
| 24 | Benefits paid   |              |           |          |
| 25 | Fair value of plan assets at end of year              |              |           |          |
| 26 | <b>Funded Status</b>                                  |              |           |          |
| 27 | Unrecognized net actuarial loss                       |              |           |          |
| 28 | Unrecognized prior service cost                       |              |           |          |
| 29 | Prepaid (accrued) benefit cost                        |              |           |          |
| 30 | <b>Components of Net Periodic Benefit Costs</b>       |              |           |          |
| 31 | Service cost  |              |           |          |
| 32 | Interest cost   |              |           |          |
| 33 | Expected return on plan assets                        |              |           |          |
| 34 | Amortization of prior service cost                    |              |           |          |
| 35 | Recognized net actuarial loss                         |              |           |          |
| 36 | Net periodic benefit cost                             |              |           |          |
| 37 | <b>Accumulated Post Retirement Benefit Obligation</b> |              |           |          |
| 38 | Amount Funded through VEBA                            |              |           |          |
| 39 | Amount Funded through 401(h)                          |              |           |          |
| 40 | Amount Funded through other _____                     |              |           |          |
| 41 | TOTAL   |              |           |          |
| 42 | Amount that was tax deductible - VEBA                 |              |           |          |
| 43 | Amount that was tax deductible - 401(h)               |              |           |          |
| 44 | Amount that was tax deductible - Other                |              |           |          |
| 45 | TOTAL   |              |           |          |
| 46 | <b>Montana Intrastate Costs:</b>                      |              |           |          |
| 47 | Pension Costs   |              |           |          |
| 48 | Pension Costs Capitalized                             |              |           |          |
| 49 | Accumulated Pension Asset (Liability) at Year End     |              |           |          |
| 50 | <b>Number of Montana Employees:</b>                   |              |           |          |
| 51 | Covered by the Plan                                   |              |           |          |
| 52 | Not Covered by the Plan                               |              |           |          |
| 53 | Active  |              |           |          |
| 54 | Retired   |              |           |          |
| 55 | Spouses/Dependants covered by the Plan                |              |           |          |

## Payments for Services to Persons Other Than Employees

Year: 2011

| Line No. | Name of Recipient<br>(a) | Nature of Service<br>(b) | Total Company Cost<br>(c) | Total State Cost<br>(d) | Intrastate Cost<br>(e) |
|----------|--------------------------|--------------------------|---------------------------|-------------------------|------------------------|
| 1        | NONE                     |                          |                           |                         |                        |
| 2        |                          |                          |                           |                         |                        |
| 3        |                          |                          |                           |                         |                        |
| 4        |                          |                          |                           |                         |                        |
| 5        |                          |                          |                           |                         |                        |
| 6        |                          |                          |                           |                         |                        |
| 7        |                          |                          |                           |                         |                        |
| 8        |                          |                          |                           |                         |                        |
| 9        |                          |                          |                           |                         |                        |
| 10       |                          |                          |                           |                         |                        |
| 11       |                          |                          |                           |                         |                        |
| 12       |                          |                          |                           |                         |                        |
| 13       |                          |                          |                           |                         |                        |
| 14       |                          |                          |                           |                         |                        |
| 15       |                          |                          |                           |                         |                        |
| 16       |                          |                          |                           |                         |                        |
| 17       |                          |                          |                           |                         |                        |
| 18       |                          |                          |                           |                         |                        |
| 19       |                          |                          |                           |                         |                        |
| 20       |                          |                          |                           |                         |                        |
| 21       |                          |                          |                           |                         |                        |
| 22       |                          |                          |                           |                         |                        |
| 23       |                          |                          |                           |                         |                        |
| 24       |                          |                          |                           |                         |                        |
| 25       |                          |                          |                           |                         |                        |
| 26       |                          |                          |                           |                         |                        |
| 27       |                          |                          |                           |                         |                        |
| 28       |                          |                          |                           |                         |                        |
| 29       |                          |                          |                           |                         |                        |
| 30       |                          |                          |                           |                         |                        |
| 31       |                          |                          |                           |                         |                        |
| 32       |                          |                          |                           |                         |                        |
| 33       |                          |                          |                           |                         |                        |
| 34       |                          |                          |                           |                         |                        |
| 35       |                          |                          |                           |                         |                        |
| 36       |                          |                          |                           |                         |                        |
| 37       |                          |                          |                           |                         |                        |
| 38       |                          |                          |                           |                         |                        |
| 39       |                          |                          |                           |                         |                        |
| 40       |                          |                          |                           |                         |                        |
| 41       |                          |                          |                           |                         |                        |
| 42       |                          |                          |                           |                         |                        |
| 43       |                          |                          |                           |                         |                        |
| 44       |                          |                          |                           |                         |                        |
| 45       |                          |                          |                           |                         |                        |
| 46       |                          |                          |                           |                         |                        |
| 47       |                          |                          |                           |                         |                        |
| 48       |                          |                          |                           |                         |                        |
| 49       | Total                    |                          |                           |                         |                        |

## Subscriber Line Usage Data

Year: 2011

| Line No. | Description<br>(a)            | This Year<br>(b) | % of Total<br>(c) | Last Year<br>(d) | % of Total<br>(e) |
|----------|-------------------------------|------------------|-------------------|------------------|-------------------|
| 1        | Toll Usage:                   |                  |                   |                  |                   |
| 2        | Interstate, InterLATA         | 2,944,501        | 23%               | 3,075,924        | 23%               |
| 3        | Interstate, IntraLATA         | -                |                   | -                |                   |
| 4        | <b>Total Interstate Usage</b> | 2,944,501        | 23%               | 3,075,924        | 23%               |
| 5        | Intrastate, InterLATA         | 194,643          | 2%                | 199,211          | 2%                |
| 6        | Intrastate, IntraLATA         | 2,951,078        | 23%               | 2,957,994        | 22%               |
| 7        | <b>Total Intrastate Usage</b> | 3,145,721        | 24%               | 3,157,205        | 24%               |
| 8        | <b>Total Toll Usage</b>       | 6,090,222        | 47%               | 6,233,129        | 47%               |
| 9        | Centrex                       | -                |                   | -                |                   |
| 10       | Local                         | 6,820,562        | 53%               | 6,976,739        | 53%               |
| 11       | <b>Total Minutes</b>          | 12,910,784       | 100%              | 13,209,868       | 100%              |



Company Name: Hot Springs Telephone Co.

**SCHEDULE 23**  
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### Central Office and Access Line Statistics

Year: 2011

| Line No. | Wire Center (a) | Type of Office (b) | Residential (c) | ISDN (d) | ADSL (e) | Lifeline Customers (f) | Residential LMS Customers (g) | Single Line Business (h) | Multi-Line Business (i) | Customer Owned Coin (j) | Company Owned Coin (k) | Other (l) | % of Lines w/ T. Tone (m) | Total Access Lines (n) |
|----------|-----------------|--------------------|-----------------|----------|----------|------------------------|-------------------------------|--------------------------|-------------------------|-------------------------|------------------------|-----------|---------------------------|------------------------|
| 1        | Urban           |                    | 32              |          | 119      | 113                    |                               | 27                       | 102                     |                         | 8                      |           |                           | 401                    |
| 2        | Rural           |                    | 137             |          | 165      | 62                     |                               | 18                       | 18                      |                         | 3                      |           |                           | 403                    |
| 3        |                 |                    |                 |          |          |                        |                               |                          |                         |                         |                        |           |                           |                        |
| 4        |                 |                    |                 |          |          |                        |                               |                          |                         |                         |                        |           |                           |                        |
| 5        |                 |                    |                 |          |          |                        |                               |                          |                         |                         |                        |           |                           |                        |
| 6        |                 |                    |                 |          |          |                        |                               |                          |                         |                         |                        |           |                           |                        |
| 7        |                 |                    |                 |          |          |                        |                               |                          |                         |                         |                        |           |                           |                        |
| 8        |                 |                    |                 |          |          |                        |                               |                          |                         |                         |                        |           |                           |                        |
| 9        |                 |                    |                 |          |          |                        |                               |                          |                         |                         |                        |           |                           |                        |
| 10       |                 |                    |                 |          |          |                        |                               |                          |                         |                         |                        |           |                           |                        |
| 11       |                 |                    |                 |          |          |                        |                               |                          |                         |                         |                        |           |                           |                        |
| 12       |                 |                    |                 |          |          |                        |                               |                          |                         |                         |                        |           |                           |                        |
| 13       |                 |                    |                 |          |          |                        |                               |                          |                         |                         |                        |           |                           |                        |
| 14       |                 |                    |                 |          |          |                        |                               |                          |                         |                         |                        |           |                           |                        |
| 15       |                 |                    |                 |          |          |                        |                               |                          |                         |                         |                        |           |                           |                        |
| 16       |                 |                    |                 |          |          |                        |                               |                          |                         |                         |                        |           |                           |                        |
| 17       |                 |                    |                 |          |          |                        |                               |                          |                         |                         |                        |           |                           |                        |
| 18       |                 |                    |                 |          |          |                        |                               |                          |                         |                         |                        |           |                           |                        |
| 19       |                 |                    |                 |          |          |                        |                               |                          |                         |                         |                        |           |                           |                        |
| 20       |                 |                    |                 |          |          |                        |                               |                          |                         |                         |                        |           |                           |                        |
| 21       |                 |                    |                 |          |          |                        |                               |                          |                         |                         |                        |           |                           |                        |
| 22       |                 |                    |                 |          |          |                        |                               |                          |                         |                         |                        |           |                           |                        |
| 23       |                 |                    |                 |          |          |                        |                               |                          |                         |                         |                        |           |                           |                        |
| 24       |                 |                    |                 |          |          |                        |                               |                          |                         |                         |                        |           |                           |                        |
| 25       |                 |                    |                 |          |          |                        |                               |                          |                         |                         |                        |           |                           |                        |
| 26       |                 |                    |                 |          |          |                        |                               |                          |                         |                         |                        |           |                           |                        |
| 27       |                 |                    |                 |          |          |                        |                               |                          |                         |                         |                        |           |                           |                        |
| 28       |                 |                    |                 |          |          |                        |                               |                          |                         |                         |                        |           |                           |                        |
| 29       |                 |                    |                 |          |          |                        |                               |                          |                         |                         |                        |           |                           |                        |
| 30       |                 |                    |                 |          |          |                        |                               |                          |                         |                         |                        |           |                           |                        |
| 31       |                 |                    |                 |          |          |                        |                               |                          |                         |                         |                        |           |                           |                        |
| 32       |                 |                    |                 |          |          |                        |                               |                          |                         |                         |                        |           |                           |                        |
| 33       | <b>Total</b>    |                    | 169             |          | 284      | 175                    |                               | 45                       | 120                     |                         | 11                     |           |                           | 804                    |

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

## Central Office and Switch Information

Year: 2011

| Line No. | Wire Center<br>(a) | Office Configuration<br>(Host, Remote, Stand alone)<br>(b) | Type of Switch<br>(c) | Switch Vendor/<br>Manufacturer<br>(d) | Switch Model No.<br>(e) | Switch Line Capacity<br>(f) | Year Deployed<br>(g) |
|----------|--------------------|--|-----------------------|---------------------------------------|-------------------------|-----------------------------|----------------------|
| 1        | HOT SPRINGS        | (Stand alone)  | DIGITAL               | SIEMENS                               | DCO-RNS-SE              | 1,080                       | 1999                 |
| 2        |                    |  |                       |                                       |                         |                             |                      |
| 3        |                    |  |                       |                                       |                         |                             |                      |
| 4        |                    |  |                       |                                       |                         |                             |                      |
| 5        |                    |  |                       |                                       |                         |                             |                      |
| 6        |                    |  |                       |                                       |                         |                             |                      |
| 7        |                    |  |                       |                                       |                         |                             |                      |
| 8        |                    |  |                       |                                       |                         |                             |                      |
| 9        |                    |  |                       |                                       |                         |                             |                      |
| 10       |                    |  |                       |                                       |                         |                             |                      |
| 11       |                    |  |                       |                                       |                         |                             |                      |
| 12       |                    |  |                       |                                       |                         |                             |                      |
| 13       |                    |  |                       |                                       |                         |                             |                      |
| 14       |                    |  |                       |                                       |                         |                             |                      |
| 15       |                    |  |                       |                                       |                         |                             |                      |
| 16       |                    |  |                       |                                       |                         |                             |                      |
| 17       |                    |  |                       |                                       |                         |                             |                      |
| 18       |                    |  |                       |                                       |                         |                             |                      |
| 19       |                    |  |                       |                                       |                         |                             |                      |
| 20       |                    |  |                       |                                       |                         |                             |                      |
| 21       |                    |  |                       |                                       |                         |                             |                      |
| 22       |                    |  |                       |                                       |                         |                             |                      |
| 23       |                    |  |                       |                                       |                         |                             |                      |
| 24       |                    |  |                       |                                       |                         |                             |                      |
| 25       |                    |  |                       |                                       |                         |                             |                      |
| 26       |                    |  |                       |                                       |                         |                             |                      |
| 27       |                    |  |                       |                                       |                         |                             |                      |
| 28       |                    |  |                       |                                       |                         |                             |                      |
| 29       |                    |  |                       |                                       |                         |                             |                      |
| 30       |                    |  |                       |                                       |                         |                             |                      |
| 31       |                    |  |                       |                                       |                         |                             |                      |
| 32       |                    |  |                       |                                       |                         |                             |                      |
| 33       |                    |  |                       |                                       |                         |                             |                      |
| 34       |                    |  |                       |                                       |                         |                             |                      |
| 35       |                    |  |                       |                                       |                         |                             |                      |
| 36       |                    |  |                       |                                       |                         |                             |                      |
| 37       |                    |  |                       |                                       |                         |                             |                      |
| 38       |                    |  |                       |                                       |                         |                             |                      |
| 39       |                    |  |                       |                                       |                         |                             |                      |
| 40       |                    |  |                       |                                       |                         |                             |                      |
| 41       |                    |  |                       |                                       |                         |                             |                      |
| 42       |                    |  |                       |                                       |                         |                             |                      |
| 43       |                    |  |                       |                                       |                         |                             |                      |
| 44       |                    |  |                       |                                       |                         |                             |                      |
| 45       |                    |  |                       |                                       |                         |                             |                      |
| 46       |                    |  |                       |                                       |                         |                             |                      |
| 47       |                    |  |                       |                                       |                         |                             |                      |
| 48       |                    |  |                       |                                       |                         |                             |                      |

## Construction Budget - Montana

Year: 2012

| Line No. | Description<br>(a)  | 2012<br>(b) |
|----------|---|-------------|
| 1        | <b>Central Office Assets:</b>                                       |             |
| 2        |   |             |
| 3        |   |             |
| 4        |   |             |
| 5        |   |             |
| 6        |   |             |
| 7        |   |             |
| 8        |   |             |
| 9        |   |             |
| 10       |   |             |
| 11       |   |             |
| 12       |   |             |
| 13       |   |             |
| 14       |   |             |
| 15       |   |             |
| 16       |   |             |
| 17       |   |             |
| 18       |   |             |
| 19       |   |             |
| 20       |   |             |
| 21       |   |             |
| 22       |   |             |
| 23       |   |             |
| 24       |   |             |
| 25       |   |             |
| 26       |   |             |
| 27       | Total Switching and Central Office Projects over \$500,000          |             |
| 28       | Miscellaneous Central Office Projects not over \$500,000            | 5,000       |
| 29       | <b>Total Central Office Budget (Total of Line 27 &amp; Line 28)</b> | 5,000       |
| 30       | <b>Other Projects over \$500,000:—</b>                              |             |
| 31       | Fiber to the Carriers Buildings                                     | 100,000     |
| 32       |   |             |
| 33       |   |             |
| 34       |   |             |
| 35       |   |             |
| 36       |   |             |
| 37       |   |             |
| 38       |   |             |
| 39       |   |             |
| 40       |   |             |
| 41       | Total Other Projects over \$500,000—                                | 100,000     |
| 42       | Miscellaneous projects not over \$500,000 Fiber                     |             |
| 43       | <b>Total Construction Budget (Total of Lines 29, 41 &amp; 42)</b>   | 105,000     |

# Montana Total State Construction Expenditures

0

| Line No. | FCC Part 32 Account No. (a) | Description (b)                  | This Year (c) | Last Year (d) | Percent Change (e) |
|----------|-----------------------------|----------------------------------|---------------|---------------|--------------------|
| 1        | 2110                        | General Support Assets           | 57,182        | 55,754        | 2.56%              |
| 2        | 2210                        | Central Office Assets            |               | 12,943        | -100.00%           |
| 3        | 2220                        | Operator Systems                 |               |               |                    |
| 4        | 2230                        | Central Office Transmission      | 26,185        | 28,170        | -7.05%             |
| 5        | 2310                        | Information/Termination Assets   |               | 1,261         | -100.00%           |
| 6        | 2410                        | Cable and Wire Facilities Assets | 38,055        | 244,190       | -84.42%            |
| 7        | 2680                        | Amortizable Tangible Assets      |               |               |                    |
| 8        | 2690                        | Intangibles                      |               |               |                    |
| 9        |                             | Total Construction Expenditures  | 121,422       | 342,319       | -64.53%            |

## Montana Employee Counts

Year: 2011

| Line No. | Category<br>(a)                               | Beginning<br>of Year<br>(b) | End<br>of Year<br>(c) |
|----------|---|-----------------------------|-----------------------|
| 1        | GENERAL MANAGER                               | 1                           | 1                     |
| 2        | OFFICE MANAGER                                | 1                           | 1                     |
| 3        | COE MAINTENANCE MANAGER & LINEMAN             | 1                           | 1                     |
| 4        | PART TIME OFFICE CLERK                        | 1                           | 1                     |
| 5        | ACCOUNTANT & FINANCIAL MANAGER                | 1                           | 1                     |
| 6        | ASSISTANT ACCOUNTANT & PAYROLL CLERK          | 1                           | 1                     |
| 7        | INSTALLATIONS, LINEMEN & CONSTRUCTION WORKERS | 3                           | 3                     |
| 8        | INTERNET CONSULTANT                           | 2                           | 2                     |
| 9        | FULL TIME OFFICE CLERK                        | 1                           | 1                     |
| 10       |   |                             |                       |
| 11       |   |                             |                       |
| 12       |   |                             |                       |
| 13       |   |                             |                       |
| 14       |   |                             |                       |
| 15       |   |                             |                       |
| 16       |   |                             |                       |
| 17       |   |                             |                       |
| 18       |   |                             |                       |
| 19       |   |                             |                       |
| 20       |   |                             |                       |
| 21       |   |                             |                       |
| 22       |   |                             |                       |
| 23       |   |                             |                       |
| 24       |   |                             |                       |
| 25       |   |                             |                       |
| 26       |   |                             |                       |
| 27       |   |                             |                       |
| 28       |   |                             |                       |
| 29       |   |                             |                       |
| 30       |   |                             |                       |
| 31       |   |                             |                       |
| 32       |   |                             |                       |
| 33       |   |                             |                       |
| 34       |   |                             |                       |
| 35       |   |                             |                       |
| 36       |   |                             |                       |
| 37       |   |                             |                       |
| 38       |   |                             |                       |
| 39       |   |                             |                       |
| 40       |   |                             |                       |
| 41       |   |                             |                       |
| 42       |   |                             |                       |
| 43       | <b>Totals (Sum of Lines 1 through 42)</b>     | 12                          | 12                    |

**Compensation of Top 10 Montana Based Employees**

Year: 2011

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

Company Name: Hot Springs Telephone Co.

SCHEDULE 28

DOES NOT APPLY

Year: 2011

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

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



## Montana Composite Statistics

Year: 2011

| Line No. | Account No. | Description<br>(a)  | Amount<br>(b) |
|----------|-------------|---|---------------|
| 1        |             | <b>Plant (Intrastate Only) (000 Omitted)</b>  |               |
| 2        | 2001        | Plant in Service  | 411           |
| 3        | 2003 - 2004 | Construction Work in Progress   |               |
| 4        | 2005        | Plant Acquisition Adjustments   |               |
| 5        | 2002        | Plant Held for Future Use   |               |
| 6        | 1220        | Materials & Supplies  |               |
| 7        |             | (Less):   |               |
| 8        | 3100 - 3400 | Depreciation & Amortization Reserves  | -2907         |
| 9        | 4360.2      | Contributions in Aid of Construction  |               |
| 10       |             | <b>NET BOOK COSTS</b>   | -2496         |
| 11       |             | <b>Revenues &amp; Expenses (Intrastate Only) (000 Omitted)</b>                                  |               |
| 12       | 5000 - 5300 | Operating Revenues  | 374           |
| 13       | 6560        | Depreciation & Amortization Expenses  | 143           |
| 14       |             | Federal & State Income Taxes  | 5             |
| 15       |             | Other Taxes   | 88            |
| 16       |             | Other Operating Expenses  | 186           |
| 17       |             | TOTAL Operating Expenses  | 422           |
| 18       |             | Net Operating Income  | -48           |
| 19       |             | Other Income  | 66            |
| 20       |             | Other Deductions  | 5             |
| 21       |             | <b>NET INCOME</b>   | 13            |
| 22       |             | <b>Access Lines in Service (Intrastate Only)</b>  |               |
| 23       |             | Residential Access Lines  | 628           |
| 24       |             | Business Access Lines   | 165           |
| 25       |             | PBX Access Lines  |               |
| 26       |             | Other Access Lines Pay Phones   | 11            |
| 27       |             | <b>Total Number of Access Lines</b>   | 804           |
| 28       |             | <b>Average Number of Calls Per Access Line</b>  |               |
| 29       |             | Local Calls   | 1136760       |
| 30       |             | Toll Calls (Intra- or Interstate)   | 1015037       |
| 31       |             | <b>Total Number of Calls Per Access Line</b><br>(Total of Line 29 & Line 30 divided by Line 27) | 2676          |
| 32       |             | <b>Other Statistics (Intrastate Only)</b>   |               |
| 33       |             | Average Residential Monthly Bill  | 30            |
| 34       |             | Gross Plant Investment per Access Line  | 5115          |

**Depreciation - Montana Intrastate Regulated**

Year: 2011

| Line No. | Acct No.<br>(a)  | Description<br>(b)                      | Composite Rate<br>%<br>(c) | Total Expense<br>\$<br>(d) |
|----------|--|---|----------------------------|----------------------------|
| 1        | 2112   | Motor Vehicles                          | 20.0%                      | 26,943                     |
| 2        | 2114   | Special Purpose Vehicles                |                            |                            |
| 3        | 2115   | Garage Work Equipment                   |                            |                            |
| 4        | 2116   | Other work Equipment                    | 20.0%                      | 2,423                      |
| 5        | 2121   | Buildings                               | 5.0%                       | 11,169                     |
| 6        | 2122   | Furniture                               | 20.0%                      | 2,296                      |
| 7        | 2123.1   | Office Support Equipment                |                            |                            |
| 8        | 2123.2   | Company Communications Equipment        |                            |                            |
| 9        | 2124   | General Purpose Computers               | 20.0%                      | 5,495                      |
| 10       | 2211   | Analog Electronic Switching Equipment   |                            |                            |
| 11       | 2212   | Digital Electronic Switching Equipment  | 10.0%                      | 18,227                     |
| 12       | 2215   | Step By Step Switching Equipment        |                            |                            |
| 13       | 2215   | Crossbar Switching Equipment            |                            |                            |
| 14       | 2220   | Operator System                         |                            |                            |
| 15       | 2231   | Radio Systems                           | 10.0%                      | 23,371                     |
| 16       | 2232   | Circuit DDS                             |                            |                            |
| 17       | 2232   | Circuit Digital                         |                            |                            |
| 18       | 2232   | Circuit Analog                          | 10.0%                      |                            |
| 19       | 2351   | Public Telephone Terminating Equipment  |                            |                            |
| 20       | 2362   | Other Terminal Equipment                | 10.0%                      | 333                        |
| 21       | 2411   | Poles                                   |                            |                            |
| 22       | 2421   | Aerial Cable Metallic                   | 10.0%                      | 6,582                      |
| 23       | 2421   | Aerial Cable Nonmetallic                |                            |                            |
| 24       | 2422   | Underground Cable Metallic              |                            |                            |
| 25       | 2422   | Underground Cable Nonmetallic           |                            |                            |
| 26       | 2423   | Buried Cable Metallic                   | 5.0%                       | 27,860                     |
| 27       | 2423   | Buried Cable Nonmetallic                | 5.0%                       | 18,837                     |
| 28       | 2424   | Submarine Cable Metallic                |                            |                            |
| 29       | 2424   | Submarine Cable Nonmetallic             |                            |                            |
| 30       | 2426   | Intrabuilding Network Cable Metallic    |                            |                            |
| 31       | 2426   | Intrabuilding Network Cable Nonmetallic |                            |                            |
| 32       | 2431   | Aerial Wire                             |                            |                            |
| 33       | 2441   | Conduit Systems                         | 10.0%                      | 375                        |
| 34       |  |   |                            |                            |
| 35       |  | <b>COMPOSITE TOTAL</b>                  | 3.5%                       | 143,911                    |
| 36       |  |   |                            |                            |
| 37       | <b>Please list the Montana Public Service Commission Docket Order No. approving these depreciation rates</b> |   |                            |                            |
| 38       |  |   |                            |                            |
| 39       | Docket Number _____ Order Number _____   |   |                            |                            |
| 40       |  |   |                            |                            |

Company Name: Hot Springs Telephone Co.

SCHEDULE 30a

**Amortization - Montana Intrastate Regulated**

Year: 2011

| Line<br>No. | Acct<br>No.<br>(a)  | Description<br>(b) | Composite<br>Rate<br>%<br>(c) | Total<br>Expense<br>\$<br>(d) |
|-------------|---|--------------------|-------------------------------|-------------------------------|
| 1           |   |                    |                               |                               |
| 2           |   |                    |                               |                               |
| 3           |   | N/A                |                               |                               |
| 4           |   |                    |                               |                               |
| 5           |   |                    |                               |                               |
| 6           |   |                    |                               |                               |
| 7           |   |                    |                               |                               |
| 8           |   |                    |                               |                               |
| 9           |   |                    |                               |                               |
| 10          |   |                    |                               |                               |
| 11          |   |                    |                               |                               |
| 12          |   |                    |                               |                               |
| 13          |   |                    |                               |                               |
| 14          |   |                    |                               |                               |
| 15          |   |                    |                               |                               |
| 16          |   |                    |                               |                               |
| 17          |   |                    |                               |                               |
| 18          |   |                    |                               |                               |
| 19          |   |                    |                               |                               |
| 20          |   |                    |                               |                               |
| 21          |   |                    |                               |                               |
| 22          |   |                    |                               |                               |
| 23          |   |                    |                               |                               |
| 24          |   |                    |                               |                               |
| 25          |   |                    |                               |                               |
| 26          |   |                    |                               |                               |
| 27          |   |                    |                               |                               |
| 28          |   |                    |                               |                               |
| 29          |   |                    |                               |                               |
| 30          |   |                    |                               |                               |
| 31          |   |                    |                               |                               |
| 32          |   |                    |                               |                               |
| 33          |   |                    |                               |                               |
| 34          |   |                    |                               |                               |
| 35          |   | COMPOSITE TOTAL    |                               |                               |
| 36          |   |                    |                               |                               |
| 37          | Please list the Montana Public Service Commission Docket Order No. approving these amortization rates |                    |                               |                               |
| 38          |   |                    |                               |                               |
| 39          | Docket Number _____ Order Number _____  |                    |                               |                               |
| 40          |   |                    |                               |                               |

**Montana Regulatory Capital Structure & Costs**

Year: 2011

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

**Network Access - Charges and Revenues**

Year: 2011

| Line No. | Description<br>(a)             | Access Charges Paid<br>(b) | Access Revenues Received<br>(c) |
|----------|--------------------------------|----------------------------|---------------------------------|
| 1        | Montana - Total State          |                            | 160,376                         |
| 2        |                                |                            |                                 |
| 3        | Montana - Intrastate           |                            | 20,240                          |
| 4        |                                |                            |                                 |
| 5        | Montana - Intrastate Regulated |                            | 140137                          |
| 6        |                                |                            | -                               |
| 7        |                                |                            |                                 |
| 8        |                                |                            |                                 |
| 9        |                                |                            |                                 |
| 10       |                                |                            |                                 |
| 11       |                                |                            |                                 |
| 12       |                                |                            |                                 |
| 13       |                                |                            |                                 |

Company Name: Hot Springs Telephone Co.  
DOES NOT APPLY

**SCHEDULE 33**

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

Year: 2011

| Line No. | Affiliate Name<br>(a) | Products & Services<br>(b) | Method to Determine Price<br>(c) | Charges to Utility<br>(d) | % Total Affil. Revenues<br>(e) | Charges to MT Utility<br>(f) |
|----------|-----------------------|----------------------------|----------------------------------|---------------------------|--------------------------------|------------------------------|
| 1        |                       |                            |                                  |                           |                                |                              |
| 2        |                       |                            |                                  |                           |                                |                              |
| 3        |                       |                            |                                  |                           |                                |                              |
| 4        |                       |                            |                                  |                           |                                |                              |
| 5        |                       |                            |                                  |                           |                                |                              |
| 6        |                       |                            |                                  |                           |                                |                              |
| 7        |                       |                            |                                  |                           |                                |                              |
| 8        |                       |                            |                                  |                           |                                |                              |
| 9        |                       |                            |                                  |                           |                                |                              |
| 10       |                       |                            |                                  |                           |                                |                              |
| 11       |                       |                            |                                  |                           |                                |                              |
| 12       |                       |                            |                                  |                           |                                |                              |
| 13       |                       |                            |                                  |                           |                                |                              |
| 14       |                       |                            |                                  |                           |                                |                              |
| 15       |                       |                            |                                  |                           |                                |                              |
| 16       |                       |                            |                                  |                           |                                |                              |
| 17       |                       |                            |                                  |                           |                                |                              |
| 18       |                       |                            |                                  |                           |                                |                              |
| 19       |                       |                            |                                  |                           |                                |                              |
| 20       |                       |                            |                                  |                           |                                |                              |
| 21       |                       |                            |                                  |                           |                                |                              |
| 22       |                       |                            |                                  |                           |                                |                              |
| 23       |                       |                            |                                  |                           |                                |                              |
| 24       |                       |                            |                                  |                           |                                |                              |
| 25       |                       |                            |                                  |                           |                                |                              |
| 26       |                       |                            |                                  |                           |                                |                              |
| 27       |                       |                            |                                  |                           |                                |                              |
| 28       |                       |                            |                                  |                           |                                |                              |
| 29       |                       |                            |                                  |                           |                                |                              |
| 30       | <b>TOTAL</b>          |                            |                                  |                           |                                |                              |

Company Name: Hot Springs Telephone Co.  
DOES NOT APPLY

**SCHEDULE 34**

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

Year: 2011

| Line No. | Affiliate Name<br>(a) | Products & Services<br>(b) | Method to Determine Price<br>(c) | Charges to Affiliate<br>(d) | % Total Affil. Revenues<br>(e) | Charges to MT Utility<br>(f) |
|----------|-----------------------|----------------------------|----------------------------------|-----------------------------|--------------------------------|------------------------------|
| 1        |                       |                            |                                  |                             |                                |                              |
| 2        |                       |                            |                                  |                             |                                |                              |
| 3        |                       |                            |                                  |                             |                                |                              |
| 4        |                       |                            |                                  |                             |                                |                              |
| 5        |                       |                            |                                  |                             |                                |                              |
| 6        |                       |                            |                                  |                             |                                |                              |
| 7        |                       |                            |                                  |                             |                                |                              |
| 8        |                       |                            |                                  |                             |                                |                              |
| 9        |                       |                            |                                  |                             |                                |                              |
| 10       |                       |                            |                                  |                             |                                |                              |
| 11       |                       |                            |                                  |                             |                                |                              |
| 12       |                       |                            |                                  |                             |                                |                              |
| 13       |                       |                            |                                  |                             |                                |                              |
| 14       |                       |                            |                                  |                             |                                |                              |
| 15       |                       |                            |                                  |                             |                                |                              |
| 16       |                       |                            |                                  |                             |                                |                              |
| 17       |                       |                            |                                  |                             |                                |                              |
| 18       |                       |                            |                                  |                             |                                |                              |
| 19       |                       |                            |                                  |                             |                                |                              |
| 20       |                       |                            |                                  |                             |                                |                              |
| 21       |                       |                            |                                  |                             |                                |                              |
| 22       |                       |                            |                                  |                             |                                |                              |
| 23       |                       |                            |                                  |                             |                                |                              |
| 24       |                       |                            |                                  |                             |                                |                              |
| 25       |                       |                            |                                  |                             |                                |                              |
| 26       |                       |                            |                                  |                             |                                |                              |
| 27       |                       |                            |                                  |                             |                                |                              |
| 28       |                       |                            |                                  |                             |                                |                              |
| 29       |                       |                            |                                  |                             |                                |                              |
| 30       | <b>TOTAL</b>          |                            |                                  |                             |                                |                              |

## Montana Intrastate Regulated Earned Rate of Return

Year: 2011

| Line No. | Description<br>Rate Base<br>(a)                     | This<br>Year<br>(b) | Last<br>Year<br>(c) | Percent<br>Change<br>(d) |
|----------|---|---------------------|---------------------|--------------------------|
| 1        |   |                     |                     |                          |
| 2        | 2001 Plant in Service                               | 4,112,558           | 3,966,874           | 3.67%                    |
| 3        | 2002 Prop. Held for Future Telecommunications Use   |                     |                     |                          |
| 4        | 3100-3200 (Less) Accumulated Depreciation           | (2,914,279)         | (2,767,919)         | -5.29%                   |
| 5        | <b>Plant in Service</b>                             | 1,198,279           | 1,198,955           | -0.06%                   |
| 6        |   |                     |                     |                          |
| 7        | <b>Additions</b>                                    |                     |                     |                          |
| 8        | 1220 Materials & Supplies                           |                     |                     |                          |
| 9        | 1280 Prepayments                                    |                     |                     |                          |
| 10       | Other Additions                                     |                     |                     |                          |
| 11       | <b>TOTAL Additions</b>                              |                     |                     |                          |
| 12       |   |                     |                     |                          |
| 13       | <b>Deductions</b>                                   |                     |                     |                          |
| 14       | 4100 Current Deferred Operating Income Taxes        |                     |                     |                          |
| 15       | 4320 Unamortized Operating Investment Tax Credits   |                     |                     |                          |
| 16       | 4340 Noncurrent Deferred Operating Income Taxes     |                     |                     |                          |
| 17       | Customer Advances for Construction                  |                     |                     |                          |
| 18       | Other Deductions                                    |                     |                     |                          |
| 19       | <b>TOTAL Deductions</b>                             |                     |                     |                          |
| 20       | <b>TOTAL Rate Base</b>                              | 1,198,279           | 1,198,955           | -0.06%                   |
| 21       |   |                     |                     |                          |
| 22       | <b>Net Earnings</b>                                 | 10,487              | 53,601              | -80.44%                  |
| 23       |   |                     |                     |                          |
| 24       | <b>Rate of Return on Average Rate Base</b>          | 0.875%              | 4.471%              | -80.42%                  |
| 25       |   |                     |                     |                          |
| 26       | <b>Rate of Return on Average Equity</b>             | 0.605%              | 3.116%              | -80.58%                  |
| 27       |   |                     |                     |                          |
| 28       | Major Normalizing Adjustments & Commission          |                     |                     |                          |
| 29       | <u>Ratemaking adjustments to Utility Operations</u> |                     |                     |                          |
| 30       |   |                     |                     |                          |
| 31       | N/A   |                     |                     |                          |
| 32       |   |                     |                     |                          |
| 33       |   |                     |                     |                          |
| 34       |   |                     |                     |                          |
| 35       |   |                     |                     |                          |
| 36       |   |                     |                     |                          |
| 37       |   |                     |                     |                          |
| 38       |   |                     |                     |                          |
| 39       |   |                     |                     |                          |
| 40       |   |                     |                     |                          |
| 41       |   |                     |                     |                          |
| 42       |   |                     |                     |                          |
| 43       | <b>Adjusted Rate of Return on Average Rate Base</b> |                     |                     |                          |
| 44       |   |                     |                     |                          |
| 45       | <b>Adjusted Rate of Return on Average Equity</b>    |                     |                     |                          |

**Other Taxes Paid**

Year: 2011

| Line No. | Description<br>(a)                              | Last Year<br>(b) | This Year<br>(c) |
|----------|---|------------------|------------------|
| 1        | Montana Telephone Company License Tax           |                  |                  |
| 2        | Montana Public Service Commission Tax           | 1046             | 1067             |
| 3        | Montana Consumer Counsel Tax                    | 177              | 379              |
| 4        | 911 Emergency Telephone Fee                     | 9232             | 9044             |
| 5        | Montana Telecommunications Access Service (TDD) | 916              | 898              |
| 6        | Montana Corporate License Tax                   | 3331             | 2995             |
| 7        | Personal Property Tax                           | 2456             | 2876             |
| 8        | Real Property Tax                               | 13916            | 16296            |
| 9        | Montana State Excise Tax                        | 12683            | 14280            |
| 10       |   |                  |                  |
| 11       |   |                  |                  |
| 12       | <b>Total</b>                                    | <b>43757</b>     | <b>47834</b>     |

**SCHEDULE 37****Universal Service Funds Received**

Year: 2011

| Line No. | Description<br>(a)                  | Last Year<br>(b) | This Year<br>(c) |
|----------|-------------------------------------|------------------|------------------|
| 13       | Funds received from Montana Sources |                  |                  |
| 14       | Funds received from Federal Sources | 228,116          | 204,540          |
| 15       |                                     |                  |                  |
| 16       |                                     |                  |                  |
| 17       |                                     |                  |                  |
| 18       |                                     |                  |                  |
| 19       |                                     |                  |                  |
| 20       |                                     |                  |                  |
| 21       |                                     |                  |                  |
| 22       |                                     |                  |                  |
| 23       |                                     |                  |                  |
| 24       | <b>Total</b>                        | <b>228,116</b>   | <b>204,540</b>   |