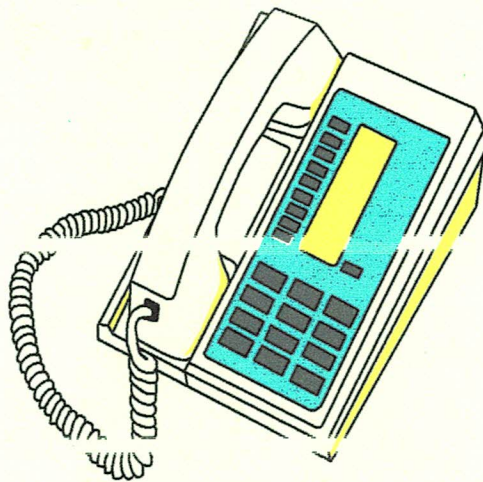


YEAR ENDING 2018

ANNUAL REPORT
OF
HOT SPRINGS TELEPHONE
COMPANY
TELEPHONE UTILITY



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

Company Name: Hot Springs Telephone Co.

COVER PAGE

General Information

Year: 2018

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
Missoula, MT. 59808

5 Person Responsible for This Report: Kathe A. Johnson

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:

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

1c. Percent Ownership: N/A

Montana Total State Income Statement

Year: 2018

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues	209,845	298,152
3	5080	Network Access Revenues	1,620,089	1,261,541
4	* 5100	Long Distance Message Revenue	9,602	9,324
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	44,417	79,781
10	^ 5230	Directory Revenue		
11	^ 5240	Rent Revenue	66,643	25,240
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue		
14	^ 5270	Carrier Billing and Collection Revenue		
15	^ 5280	Nonregulated Revenue	18,718	34,986
16	5300	Uncollectible Revenue	(164)	(6,357)
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	1,969,150	1,702,667
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	95,703	48,307
20	6120	General Support Expense	51,766	12,351
21	6210	Central Office Switching Expense	63,496	85,579
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense		
24	6310	Information Origination/Termination Expense		
25	* 6410	Cable and Wire Facilities Expense	125,539	126,001
26	^ 6431	Aerial Wire Expense		
27	^ 6441	Conduit Systems Expense		
28	6510	Other Property, Plant & Equipment Expense	423,667	403,738
29	6530	Network Operations Expense	6,632	39,379
30	6540	Access Expense	7,950	42,048
31	6560	Depreciation and Amortization Expense	158,555	129,944
32	6610	Marketing		
33	6620	Services	192,976	195,282
34	6710	Executive and Planning	41,971	50,819
35	6720	General and Administrative	536,115	314,217
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26)	1,704,370	1,447,665
38	7100	Other Operating Income and Expense	(68,956)	(70,132)
39	7200	Operating Taxes	45,520	20,258
40		Net Operating Income (L.17-L.37+L.38-L.39)	150,305	164,613

^ Subaccount of the account marked with a *.

Company Name: Hot Springs Telephone Co.

SCHEDULE 2

See Schedule 1, HSTC only does business in Montana

Montana Intrastate Income Statement

Year: 2018

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues		
3	5080	Network Access Revenues		
4	* 5100	Long Distance Message Revenue	0	0
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	0	0
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		Total Revenues (L.2+L.3+L.4+L.9-L.16)	0	0
18		OPERATING EXPENSES:		
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	0	0
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		Total Operating Expenses (Sum L.19 to L.36-L.37)	0	0
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes		
40		Net Operating Income (L.17-L.37+L.38-L.39)	0	0

^ Subaccount of the account marked with a *.

Montana Intrastate Regulated Income Statement

Year 2018

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues	142,479	231,380
3	5080	Network Access Revenues	19,003	27,625
4	* 5100	Long Distance Message Revenue	0	0
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	13,482	52,710
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	(67)	6,357
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	175,031	305,358
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	34,354	15,000
20	6120	General Support Expense	51,766	12,351
21	6210	Central Office Switching Expense	63,496	85,579
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense		
24	6310	Information Origination/Termination Expense		
25	* 6410	Cable and Wire Facilities Expense	125,539	126,001
26	^ 6431	Aerial Wire Expense		
27	^ 6441	Conduit Systems Expense		
28	6510	Other Property, Plant & Equipment Expense	316,785	270,746
29	6530	Network Operations Expense	6,632	39,379
30	6540	Access Expense		
31	6560	Depreciation and Amortization Expense	158,555	129,907
32	6610	Marketing		
33	6620	Services	179,549	222,014
34	6710	Executive and Planning	41,971	50,819
35	6720	General and Administrative	521,702	248,433
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27-L.28-L.29-L.30-L.31-L.32-L.33-L.34-L.35-L.36)	1,500,349	1,200,229
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	45,520	20,258
40		Net Operating Income (L.17-L.37+L.38-L.39)	(1,370,838)	(915,129)

^ Subaccount of the account marked with a *.

Average Rate Base - Total State

Year: 2018

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	4485498	4483370
2	3100	Accumulated Depreciation	3831071	3672603
3	2002	Property Held for Future Telecommunications Use		
4	3200	Accumulated Depreciation - 2002		
5	1220	Materials and Supplies		
6	4340	Noncurrent Deferred Operating Income Taxes		
7		Pre-1971 Unamortized Investment Tax Credits		
8		Cash Working Capital (if allowed by Commission)		
9		Total Average Rate Base (L.1-L.2+L.3-L.4+L.5-L.6-L.7)	654427	810767

HSTC only does business in Montana with less than 5000 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 - 2002		
5	1220	Materials and Supplies		
6	4340	Noncurrent Deferred Operating Income Taxes		
7		Pre-1971 Unamortized Investment Tax Credits		
8		Cash Working Capital (if allowed by Commission)		
9		Total Average Rate Base (L.1-L.2+L.3-L.4+L.5-L.6-L.7)	0	0

HSTC only does business in Montana

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		Total Average Rate Base (L.1-L.2+L.3-L.4+L.5-L.6-L.7)	0	0

Company Name: Hot Springs Telephone

YEAR:

2018 SCHEDULE 5

Executive Compensation - Montana-Based Employees

Name/Title (a)	Base Salary (b)	Bonuses (c)	Other Compensation (d)	Total Compensation (e)
N/A				0
				0
				0
				0
				0
				0
				0
				0

INSTRUCTIONS: Complete this schedule for each executive or manager based in Montana whose total annual compensation exceeded \$100,000. Executives and managers include company presidents, chief executive officers, chief financial officers, vice presidents, and other upper-level managers.