

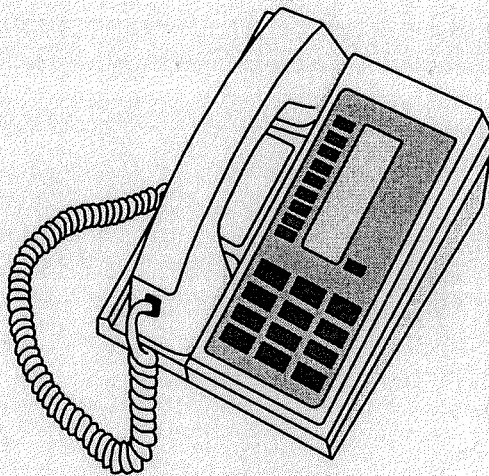
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YEAR 2001

2007 JUN -3 PM 3:36  
ANNUAL REPORT  
PUBLIC SERVICE  
COMMISSION OF

# Qwest Corporation

## TELEPHONE UTILITY



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

**Qwest Communications**  
441 North Park Avenue, Room 005  
Post Office Box 1716  
Helena, MT 59624  
406 441-7700 (phone)  
406 441-7372 (fax)  
E-mail: rhays@uswest.com

**Rick Hays**  
Vice President – Montana  
State Office

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PUBLIC SERVICE  
COMMISSION

June 28, 2002

SUBJECT: IN THE MATTER OF THE 2001 ANNUAL REPORT OF QWEST CORPORATION

Steve Vick  
Montana Public Service Commission  
P. O. Box 202601  
Helena, MT 59620-2601

Dear Steve:

You will find enclosed the 2001 Annual Report for Qwest Corporation. Per Commission Order No. 6270a, Schedule 27 and portions of Schedule 23 are being filed as proprietary under separate cover.

Questions about the information contained in the Annual Report should be directed to Gary Duncan at 441-7288.

Thank you for your consideration of this matter.

Sincerely,

*Rick Hays*  
Montana Vice President

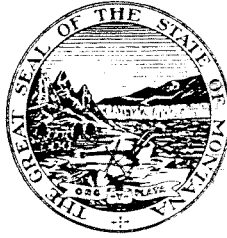
Enclosures

Copy to: Montana Consumer Counsel

ENCLOSURE INCLUDES  
PROPRIETARY MATERIAL

PUBLIC SERVICE COMMISSION  
STATE OF MONTANA

Gary Feland, Chairman  
Jay Stovall, Vice Chair  
Bob Anderson, Commissioner  
Matt Brainard, Commissioner  
Bob Rowe, Commissioner



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PUBLIC SERVICE  
COMMISSION

1701 Prospect Avenue  
PO Box 202601  
Helena, MT 59620-2601  
Voice 406.444.6199  
Fax 406.444.7618  
<http://www.psc.state.mt.us>

December 31, 2001

Cheryl Gillespie  
Qwest Corporation  
441 N Park Avenue  
PO Box 1716  
Helena MT 59624-1716

Re: Annual Report for 2001

Enclosed is the necessary form for filing the required annual Telephone Utility Report. This report should be filled out and returned to the Public Service Commission. Fees are no longer required in filing this annual report.

The report is due October 31 for those utilities having a fiscal year ending June 30. For those utilities reporting on a calendar year ending December 31, the report is due April 30.

Please return the original copy of the completed report to:

Public Service Commission  
P.O. Box 202601  
Helena, Montana 59620-2601

If you have any questions concerning the report form, please contact the Utility Division at the above address or by telephoning (406) 444-6180.

Sincerely,

A handwritten signature in cursive script, appearing to read "Debbie Waples".

Debbie Waples  
Compliance Specialist  
Utility Division

Enclosures

# Telephone Annual Report

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# Telephone Annual Report

## Instructions

### General

1. A Microsoft EXCEL 97 workbook of the annual report is being provided on computer disk for your convenience. The workbook contains the schedules of the annual report. Each schedule is on the worksheet named that schedule. For example, Schedule 1 is on the sheet titled "Schedule 1". By entering your company name in the cell named "Company" of the first worksheet, the spreadsheet will put your company name on all the worksheets in the workbook. The same is true for inputting the year of the report in the cell named "YEAR". You can "GOTO" the proper cell by using the F5 key and selecting the name of the cell.
2. The workbook contains input sections that are unprotected, and non-input sections that are protected. Cell protection can be disabled or enabled through "TOOLS – PROTECTION – UNPROTECT SHEET" on your toolbar. Formulas and checks are built into most of the templates.
3. Use of the disk is optional. The disk and the report cover shall be returned when the report is filed. There are macros built into the workbook to assist you with the report. An explanation of the macros is on the "Control" worksheet at the front of the workbook. The explanations start at cell A1.
4. All forms must be filled out in permanent ink and be legible. Note: Even if the computer disk is used, a printed version of the report shall be filed. **Please submit one unbound copy of the annual report along with the regular number of annual reports that you submit.** This aids in scanning the report so that it may be published on our web site. The orientation and margins are set up on each individual worksheet and should print on one page. If you elect not to use the disk, please format your reports to fit on one 8.5" by 11" page with the left binding edge (top if landscaped) set at .85", the right edge (bottom if landscaped) set at .4", and the remaining two margins at .5". You may select specific schedules to print – See the worksheet "CONTROL".
5. Unless otherwise indicated, all information required in these schedules shall be from the accounts prescribed in 47 C.F.R. Part 32 and the definitions and instructions therein will apply to this report wherever applicable.
6. Information on financial schedules may be rounded to thousands of dollars for companies with over 5,000 access lines. Companies submitting schedules rounded to thousands should so indicate at the top of the schedule.
7. Where more space is needed or more than one schedule is needed additional schedules may be attached and should be included directly behind the original schedule to which it pertains and be labeled accordingly (for example, Schedule 1A).

8. The information required with respect to any statement shall be furnished as a minimum requirement to which shall be added such further information as is necessary to make the required schedules not misleading.
  9. The following schedules should be filled out with information on a total company basis:
    - Schedules 1 - 4
    - Schedule 10
    - Schedules 13 - 17
    - Schedule 19
    - Schedule 20, Page 1 of 2
    - Schedules 33 and 34
- All other schedules should be filled out with Montana specific data. Financial schedules should include all amounts originating in Montana or allocated to Montana from other jurisdictions.
10. All companies owned by another company shall attach a corporate structure chart of the holding company.
  11. The following schedules are not required to be filled out or submitted by companies with less than 5,000 access lines:
    - Schedule 6
    - Schedules 17 and 18
    - Schedule 21
  12. Schedules that have no activity during the year or are not applicable to the respondent should be marked as not applicable and submitted with the report.
  13. Companies with under 5,000 lines may use summary accounts and should leave lines for subaccounts blank. Summary accounts are noted with an asterisk and subaccounts that are not required are noted with a caret.
  14. Companies with over 5,000 lines must complete schedules to all required subaccount detail.
  15. FCC Form M sheets may not be substituted in lieu of completing annual report schedules.
  16. Common sense must be used when filling out all schedules.

## Specific Instructions

### Schedules 3 through 9

1. **Schedules 3, 4, and 9** should include all notes to the financial statements required by the FCC or included in the financial statements issued as audited financial statements. These notes should be included in the report directly behind the schedules and should be labeled appropriately (Schedule 3A, etc.).
2. **Schedule 5** may be omitted for companies doing business only in Montana.
3. **Schedule 6** is not required for companies with under 5,000 lines.
4. **Schedule 7** must be completed by all companies. For companies under 5,000 lines, this schedule may be completed on a total state basis. Any such company completing the form on a total state basis shall indicate this fact clearly on the form.
5. **Schedule 8** - Companies with less than 5,000 lines are not required to fill out the intrastate portion. The regulated rate base must be separated from the deregulated rate base but this may be done on a total state basis. Any company so doing shall clearly indicate this on the form.
6. Only accounts designated on **Schedule 8** may be included in rate base. Only companies who have specifically been authorized in a Commission order to include cash working capital in rate base may fill out line 8 on Schedule 8. Cash working capital must be calculated using the methodology approved in the Commission order. The most recent Commission Order, and Docket, specifying cash working capital shall be noted on the schedule.
7. **Schedule 9** - Instructions to complete are similar to those used for the Statement of Cash Flows in the FCC Form M.

### Schedule 10

1. For the purpose of this schedule, nonofficial companies shall include any company in which the respondent has an ownership interest which does not meet the definition of an affiliated company set out in 47 C.F.R. Section 32.9000. This schedule shall not include telecommunications accounts receivable from other customers.

### Schedule 11

1. All amounts listed in Column f that represent individual items for which the higher of cost or market value was in excess of \$50,000 for companies with under 5,000 lines and in excess of \$100,000 for companies with over 5,000 lines must be fully explained in notes to this schedule. The explanation must include the plant description and location, the original cost, the net book cost, the market value, the value at which it was transferred or the price at which it was sold, and the party to which it was transferred or sold.

### Schedule 12

1. Respondents shall list each item amounting individually to \$100,000 or more and report all others in the aggregate.



2. Amounts in Column f relating to individual items exceeding \$50,000 shall be fully explained.

**Schedule 15**

1. Line 1 must be completed by all companies for the most recent calendar year. The retention and price/earnings ratios shall be calculated on a year end basis. Enter the actual year end market price in the "Year Ended" row. If the computer disk is used, enter the year end market price in the "High" column.
2. Lines starting at 9 shall be completed for each of the twelve months of the report year for all companies with over 5,000 access lines. Earnings per share and dividends per share shall be reported on a quarterly basis and entries shall be made only to the months that end the respective quarters (for example, March, June, September, and December.)

**Schedule 19**

1. All companies are required to submit this form. Companies with more than one plan (for example, both a retirement plan and a deferred savings plan) shall complete a schedule for each plan.
2. Companies with defined benefit plans must complete the entire form using FASB 87 and 132 guidelines.
3. Interest rate percentages shall be listed to two decimal places.

**Schedule 20**

1. All changes to the employee benefit plans shall be explained in a narrative on lines 15 and 16. All cost containment measures implemented in the reporting year shall be explained and quantified in a narrative on lines 15 & 16. All assumptions used in quantifying cost containment results shall be disclosed.
2. The schedule shall be filled out using FASB 106 and 132 guidelines.

**Schedule 21**

1. Respondents shall disclose all payments made during the year where the aggregate payment to the recipient was \$25,000 or more. Payments must include fees, retainers, commissions, gifts, contributions, assessments, bonuses, subscriptions, allowances for expenses or any other form of payment for services or as a donation.

**Schedule 23**

1. Respondents shall provide an attached sheet detailing the type and corresponding number of access lines for all entries in Column L (Other).

**Schedule 24**

1. Column (b). For each wire center that has a configuration of "Remote", Column (b) shall also reflect the respective "Host".
2. Column (c). Examples of Types of Switches are: Digital, Step by Step, and Crossbar.

**Schedule 25**

1. This schedule must be completed by all companies for the year following the reporting year.

**Schedule 26**

1. Respondents shall either report construction technicians and splicers as separate categories or footnote the appropriate categories and indicate the number of (1) construction technicians; and (2) splicers.

### **Schedule 27**

1. Include in column (d) ALL additional forms of compensation, including, but not limited to: deferred compensation, deferred savings plan, profit sharing, supplemental or non-qualified retirement plan, employee stock ownership plan, restricted stock, stock options, stock appreciation rights, performance share awards, dividend equivalent shares, mortgage payments, use of company cars or car lease payments, tax preparation consulting, financial consulting, home security systems, company-paid physicals, subscriptions to periodicals, memberships, association or club dues, tuition reimbursement, employee discounts, and spouse travel.
2. The above compensation items shall be listed separately. Where more space is needed additional schedules may be attached and shall be included directly behind the original schedule to which it pertains.
3. If respondent is claiming protected status of salary information both a proprietary and non-proprietary copy of this schedule shall be filed. On the non-proprietary copy respondent shall indicate which columns respondent maintains are proprietary. A note stating that such information is being provided separately shall be included on the schedule. In no case shall either Column (a) - Name/Position, or Column (g) - Percent Increase Total Compensation, be considered proprietary. Respondent shall provide all requested information on the proprietary copy.

### **Schedule 28**

1. Respondents shall provide all executive compensation information in conformance with that required by the Securities and Exchange Commission (SEC) (Regulation S-K Item 402, Executive Compensation).
2. Include in column (d) ALL additional forms of compensation, including, but not limited to: deferred compensation, deferred savings plan, profit sharing, supplemental or non-qualified retirement plan, employee stock ownership plan, restricted stock, stock options, stock appreciation rights, performance share awards, dividend equivalent shares, mortgage payments, use of company cars or car lease payments, tax preparation consulting, financial consulting, home security systems, company-paid physicals, subscriptions to periodicals, memberships, association or club dues, tuition reimbursement, employee discounts, and spouse travel.
3. All items included in Column (d) - Other Compensation shall be listed separately. Where more space is needed additional schedules may be attached and shall be included directly behind the original schedule.
4. In addition, respondents shall attach a copy of the executive compensation information provided to the SEC.

### **Schedule 29**

1. Information from this schedule is consolidated with information from other Utilities and reported to the National Association of Regulatory Utility Commissioners (NARUC). Your assistance in completing this schedule, even though information may be located in other areas of the annual report, expedites reporting to the NARUC and is appreciated.

### **Schedules 33 and 34**

1. Respondents shall report all transactions with affiliated companies.
2. Column (c). Respondents shall indicate in column (c) the method used to determine the price. Respondents shall indicate if a contract is in place between the Affiliate and the Utility. If a contract is in place, respondents shall indicate the year the contract was initiated, the term of the contract and the method used to determine the contract price.
3. Column (c). If the method used to determine the price is different than the previous year, respondents shall provide an explanation, including the reason for the change.

### **Schedule 35**

1. Respondents shall provide an attached sheet detailing the account and the amount for all entries made to Lines 9 and 16.
2. Only companies who have specifically been authorized in a Commission Order to include cash working capital in rate base may include cash working capital in lines 9 or 16. Cash working capital must be calculated using the methodology approved in the Commission Order. The Commission Order specifying cash working capital shall be noted on the attached sheet.
3. Respondents shall indicate, for each adjustment on lines 30 through 42, if the amount is updated or if it is from the last rate case. All adjustments shall be calculated using Commission methodology.

### **Schedule 36**

1. Respondents shall list the amount of tax accrued or paid for the fiscal year attributable to Montana sources for each of the listed taxes

### **Schedule 37**

1. Respondents shall list the amount of Universal Service Funds received from Montana and from the federal government.

**General Information**

Year: 2001

1. Legal Name of Respondent:  
Qwest Corporation
2. Name Under Which Respondent Does Business:  
Qwest Corporation
3. Date of Incorporation: The Colorado Tel. Co. was organized Jan. 10, 1881, consolidated with the Tri-State Tel. & Tel. Co. on July 17, 1911, forming the Mountain States Tel. & Tel. Co. which on July 20, 1911, purchased the Rocky Mountain Tel. Co. On Jan. 1, 1991, the Mountain States Tel. & Tel. Co. was merged with Northwestern Bell & Pacific Northwest Bell to form U S WEST Communications, Inc. On July 1, 2000, U S WEST, Inc., together with all its subsidiaries, including U S WEST Communications, Inc. was merged into Qwest Communications International, Inc.
4. Address to send Correspondence Concerning Report:  
441 North Park Avenue, Room 7  
Helena, Montana 59624
5. Person Responsible for This Report:  
Gary Duncan
- 5a. Telephone Number: (406) 441-7288

**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:  
Qwest Communications International, Inc.  
1801 California Street, Denver, CO 80202
  - 1b. Means by which control was held:  
Through ownership of voting securities
  - 1c. Percent Ownership: 100%

<b>Board of Directors</b>		
Line No.	Name of Director and Address (City, State) (a)	Fees Paid During Year (b)
1	Augustine M. Cruciotti Denver, Colorado	None
2	James A. Smith Denver, Colorado	None
3		
4		
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17		
18	<b>Chairman of the Board:</b>	
19		
20		

**Officers**

Year: 2001

Line No.	Title of Officer (a)	Department Over Which Jurisdiction is Exercised (b)	Name and Address of Person Holding Office at Year End (c)
1	Executive Vice President	Consumer Markets and President	James A. Smith, Denver, CO
2	Senior Vice President	Network Services and Asst. Secretary	Robert Tregemba, Littleton, CO
3	Senior Vice President	Retail Markets and Asst. Secretary	Mark Pitchford, Denver, CO
4	Vice President	Wholesale Markets and Asst. Secretary	Beth Halvorson, Minneapolis, MN
5	Vice President	Qwest Services Corporation	Mark Schumacher, Denver, CO
6	Secretary	Secretary	Kamelia Davidson, Denver, CO
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## Total Company Balance Sheet

Year: 2001

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		<b>CURRENT ASSETS:</b>		
2	1120	Cash and Equivalents	169,633	237,562
3	1180	Telecommunications Accounts Receivable - Net	1,555,217	1,489,488
4	1190	Other Accounts Receivable - Net	397,214	311,568
5	1200	Notes Receivable - Net	287,187	(11)
6	1210	Interest and Dividends Receivable	23,063	736
7	1220	Materials and Supplies	181,391	131,415
8	* 1280	Prepayments	22,638	31,287
9	^ 1290	Prepaid Rents		
10	^ 1300	Prepaid Taxes	12,130	15,224
11	^ 1310	Prepaid Insurance	96	299
12	^ 1320	Prepaid Directory Expenses		
13	^ 1330	Other Prepayments	10,412	15,764
14	1350	Other Current Assets	35,015	85,672
15		<b>Total Current Assets</b>	<b>2,671,358</b>	<b>2,287,717</b>
16		<b>NONCURRENT ASSETS:</b>		
17	1401	Investments in Affiliated Companies	(458,072)	(137,780)
18	1402	Investments in Nonaffiliated Companies	28,028	8,548
19	1406	Nonregulated Investments		
20	1407	Unamortized Debt Issuance Expense	121,382	132,356
21	1408	Sinking Funds		
22	1410	Other Noncurrent Assets	137,369	357,562
23	1438	Deferred Maintenance and Retirements		
24	1439	Deferred Charges	936,147	842,172
25	1500	Other Jurisdictional Assets - Net	(36,017)	206,130
26		<b>Total Noncurrent Assets</b>	<b>728,837</b>	<b>1,408,988</b>
27		<b>PROPERTY, PLANT, &amp; EQUIPMENT:</b>		
28	2001	Telecommunications Plant in Service	41,907,147	38,609,393
29	2002	Property Held for Future Telecommunications Use		
30	2003	Plant Under Construction - Short Term	575,311	822,358
31	2004	Plant Under Construction - Long Term	128,071	189,141
32	2005	Telecommunications Plant Adjustment	2,746	2,746
33	2006	Nonoperating Plant	46,888	53,056
34	2007	Goodwill		
35	3100	Accumulated Depreciation	(20,942,768)	(19,320,508)
36	3200	Accumulated Depreciation - Held for Future Use		
37	3300	Accumulated Depreciation - Nonoperating		
38	3400	Accumulated Amortization	(569,419)	(350,334)
39		<b>Net Property, Plant, &amp; Equipment</b>	<b>21,147,976</b>	<b>20,005,852</b>
40		<b>TOTAL ASSETS</b>	<b>24,548,171</b>	<b>23,702,557</b>

^ Subaccount of account marked with a \*.

## Total Company Balance Sheet

Year: 2001

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
41		<b>CURRENT LIABILITIES:</b>		
42	4010	Accounts Payable	1,161,785	1,759,470
43	4020	Notes Payable	912,704	586,498
44	4030	Advance Billing and Payments	333,710	341,986
45	4040	Customer Deposits	40,417	40,686
46	4050	Current Maturities - Long Term Debt	360,500	238,586
47	4060	Current Maturities - Capital Leases	119,847	117,931
48	4070	Income Taxes - Accrued	(31,011)	218,561
49	4080	Other Taxes - Accrued	275,775	282,363
50	4100	Net Current Deferred Operating Income Taxes	6,356	(48,643)
51	4110	Net Current Deferred Nonoperating Income Taxes	318	953
52	4120	Other Accrued Liabilities	351,212	491,914
53	4130	Other Current Liabilities	73,858	368,460
54		<b>Total Current Liabilities</b>	<b>3,605,471</b>	<b>4,398,765</b>
55		<b>LONG-TERM DEBT:</b>		
56	4210	Funded Debt	5,757,693	6,107,693
57	4220	Premium on Long-Term Debt	66	142
58	4230	Discount on Long-Term Debt	(122,186)	(124,824)
59	4240	Reacquired Debt		
60	4250	Obligations Under Capital leases	75,819	164,553
61	4260	Advances From Affiliated Companies		
62	4270	Other Long-Term Debt	57,311	67,811
63		<b>Total Long-Term Debt</b>	<b>5,768,703</b>	<b>6,215,375</b>
64		<b>OTHER LIABILITIES AND DEFERRED CREDITS:</b>		
65	4310	Other Long-Term Liabilities	1,722,892	1,468,123
66	4320	Unamort. Oper. Invest. Tax Credits - Net	209,255	234,618
67	4330	Unamort. Nonoper. Invest. Tax Credits - Net		
68	4340	Net Noncurrent Deferred Oper. Income Taxes	3,057,492	2,568,749
69	4350	Net Noncurrent Deferred Nonoper. Income Taxes	13,394	12,471
70	4360	Other Deferred Credits	1,259,067	1,390,928
71	4370	Other Jurisdictional Liab. and Def. Credits	(78,132)	44,254
72		<b>Total Other Liabilities and Deferred Credits</b>	<b>6,183,968</b>	<b>5,719,143</b>
73		<b>STOCKHOLDERS' EQUITY:</b>		
74	4510	Capital Stock	8,323,294	8,034,312
75	4520	Additional Paid-In Capital		
76	4530	Treasury Stock		
77	4540	Other Capital		
78	4550	Retained Earnings	666,737	(665,038)
79		<b>Total Stockholders' Equity</b>	<b>8,990,031</b>	<b>7,369,274</b>
80		<b>TOTAL LIAB. AND STOCKHOLDERS' EQUITY</b>	<b>24,548,173</b>	<b>23,702,557</b>



## Total Company Income Statement

Year: 2001

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		<b>REVENUES:</b>		
2	5000	Basic Local Service Revenues	5,856,463	5,787,001
3	5080	Network Access Revenues	4,297,462	4,075,102
4	* 5100	Long Distance Message Revenue	263,820	373,686
5	^ 5110	Unidirectional Long Distance Revenue	263,280	372,513
6	^ 5120	Long Distance Private Network Revenue	540	1,172
7	^ 5160	Other Long Distance Revenue		1
8	^ 5169	Other Long Distance Revenue Settlements		
9	* 5200	Miscellaneous Revenue	1,653,310	1,410,299
10	^ 5230	Directory Revenue	83,016	90,738
11	^ 5240	Rent Revenue	435,589	238,088
12	^ 5250	Corporate Operations Revenue	57,959	59,332
13	^ 5260	Miscellaneous Revenue	317,068	234,374
14	^ 5270	Carrier Billing and Collection Revenue	115,256	183,469
15	^ 5280	Nonregulated Revenue	644,422	604,298
16	5300	Uncollectible Revenue	180,604	130,610
17		<b>Total Revenues (L.2+L.3+L.4+L.9-L.16)</b>	11,890,451	11,515,478
18		<b>OPERATING EXPENSES:</b>		
19	6110	Network Support Expense	13,678	12,747
20	6120	General Support Expense	545,185	606,063
21	6210	Central Office Switching Expense	149,959	175,755
22	6220	Operator Systems Expense	725	596
23	6230	Central Office Transmission Expense	149,231	136,832
24	6310	Information Origination/Termination Expense	173,981	188,087
25	6410	Cable and Wire Facilities Expense	707,722	790,896
26	6431	Aerial Wire Expense	1,591	682
27	6441	Conduit Systems Expense	13,479	14,151
28	6510	Other Property, Plant & Equipment Expense	6,436	4,731
29	6530	Network Operations Expense	705,260	675,948
30	6540	Access Expense	294,772	313,735
31	6560	Depreciation and Amortization Expense	3,170,960	2,805,372
32	6610	Marketing	486,422	579,061
33	6620	Services	883,340	838,176
34	6710	Executive and Planning	23,650	129,569
35	6720	General and Administrative	1,030,787	1,431,454
36	6790	Provision for Uncollectible Notes Receivable		
37		<b>Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)</b>	8,342,108	8,689,022
38	7100	Other Operating Income and Expense	(142)	53
39	7200	Operating Taxes	1,318,470	1,102,049
40		<b>Net Operating Income (L.17-L.37+L.38-L.39)</b>	2,229,731	1,724,460
41	7300	Nonoperating Income and Expense	(230,671)	(292,713)
42	7400	Nonoperating Taxes	30,284	5,234
43	7500	Interest and Related Items	517,206	564,847
44	7600	Extraordinary Items		
45	7910	Effects of Juris. Ratemaking Diff. - Net	(119,763)	(173,865)
46	7990	Nonregulated Net Income		
47		<b>NET INCOME (L.40+L.41-L.42-L.43-L.44+L.45-L.46)</b>	1,331,807	687,801

^ Subaccount of the account marked with a \*.

## Montana Total State Income Statement

Year: 2001

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		<b>REVENUES:</b>		
2	5000	Basic Local Service Revenues	142,649	141,736
3	5080	Network Access Revenues	110,067	101,459
4	* 5100	Long Distance Message Revenue	6,825	9,730
5	^ 5110	Unidirectional Long Distance Revenue (Note 1)	6,826	9,731
6	^ 5120	Long Distance Private Network Revenue	(1)	(1)
7	^ 5160	Other Long Distance Revenue		
8	^ 5169	Other Long Distance Revenue Settlements		
9	* 5200	Miscellaneous Revenue	15,058	13,260
10	^ 5230	Directory Revenue	2,017	2,162
11	^ 5240	Rent Revenue	(5,229)	(7,062)
12	^ 5250	Corporate Operations Revenue	765	544
13	^ 5260	Miscellaneous Revenue	3,538	3,635
14	^ 5270	Carrier Billing and Collection Revenue	2,608	2,955
15	^ 5280	Nonregulated Revenue	11,359	11,026
16	5300	Uncollectible Revenue	4,465	2,274
17		<b>Total Revenues (L.2+L.3+L.4+L.9-L.16)</b>	270,134	263,911
18		<b>OPERATING EXPENSES:</b>		
19	6110	Network Support Expense	210	236
20	6120	General Support Expense	8,269	9,116
21	6210	Central Office Switching Expense	2,785	3,145
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense	2,560	2,428
24	6310	Information Origination/Termination Expense	2,421	2,941
25	6410	Cable and Wire Facilities Expense	12,002	10,869
26	6431	Aerial Wire Expense	46	11
27	6441	Conduit Systems Expense	76	55
28	6510	Other Property, Plant & Equipment Expense	(15)	28
29	6530	Network Operations Expense	12,091	11,415
30	6540	Access Expense	5,697	4,489
31	6560	Depreciation and Amortization Expense	67,890	62,081
32	6610	Marketing	8,579	10,823
33	6620	Services	17,323	17,386
34	6710	Executive and Planning	428	3,201
35	6720	General and Administrative	18,135	23,976
36	6790	Provision for Uncollectible Notes Receivable		
37		<b>Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)</b>	158,375	162,134
38	7100	Other Operating Income and Expense	3	
39	7200	Operating Taxes	45,053	39,482
40		<b>Net Operating Income (L.17-L.37+L.38-L.39)</b>	66,703	62,295

^ Subaccount of the account marked with a \*.

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

## Montana Intrastate Income Statement

Year: 2001

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		<b>REVENUES:</b>		
2	5000	Basic Local Service Revenues	142,649	141,736
3	5080	Network Access Revenues	26,508	24,293
4	* 5100	Long Distance Message Revenue	6,837	9,671
5	^ 5110	Unidirectional Long Distance Revenue (Note 1)	6,838	9,672
6	^ 5120	Long Distance Private Network Revenue	(1)	(1)
7	^ 5160	Other Long Distance Revenue		
8	^ 5169	Other Long Distance Revenue Settlements		
9	* 5200	Miscellaneous Revenue	2,256	1,206
10	^ 5230	Directory Revenue	2,017	2,162
11	^ 5240	Rent Revenue	(3,907)	(5,235)
12	^ 5250	Corporate Operations Revenue	579	401
13	^ 5260	Miscellaneous Revenue	2,820	3,004
14	^ 5270	Carrier Billing and Collection Revenue	747	901
15	^ 5280	Nonregulated Revenue		(27)
16	5300	Uncollectible Revenue	2,913	2,468
17		<b>Total Revenues (L.2+L.3+L.4+L.9-L.16)</b>	175,337	174,438
18		<b>OPERATING EXPENSES:</b>		
19	6110	Network Support Expense	147	140
20	6120	General Support Expense	5,355	6,015
21	6210	Central Office Switching Expense	1,594	1,712
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense	1,662	1,566
24	6310	Information Origination/Termination Expense	322	629
25	6410	Cable and Wire Facilities Expense	8,313	7,495
26	6431	Aerial Wire Expense	32	7
27	6441	Conduit Systems Expense	52	38
28	6510	Other Property, Plant & Equipment Expense	(11)	33
29	6530	Network Operations Expense	7,590	6,841
30	6540	Access Expense	2,963	2,893
31	6560	Depreciation and Amortization Expense	44,253	40,399
32	6610	Marketing	5,205	6,794
33	6620	Services	12,818	13,269
34	6710	Executive and Planning	296	2,205
35	6720	General and Administrative	12,201	16,285
36	6790	Provision for Uncollectible Notes Receivable		
37		<b>Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)</b>	102,708	106,276
38	7100	Other Operating Income and Expense	(4,088)	(1,517)
39	7200	Operating Taxes	30,809	26,957
40		<b>Net Operating Income (L.17-L.37-L.38-L.39)</b>	45,908	42,722

^ Subaccount of the account marked with a \*.

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

## Montana Intrastate Regulated Income Statement

Year: 2001

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		<b>REVENUES:</b>		
2	5000	Basic Local Service Revenues	142,033	139,229
3	5080	Network Access Revenues	21,133	19,444
4	* 5100	Long Distance Message Revenue	6,836	9,670
5	^ 5110	Unidirectional Long Distance Revenue	6,837	9,671
6	^ 5120	Long Distance Private Network Revenue	(1)	(1)
7	^ 5160	Other Long Distance Revenue		
8	^ 5169	Other Long Distance Revenue Settlements		
9	* 5200	Miscellaneous Revenue	1,606	504
10	^ 5230	Directory Revenue	2,017	2,162
11	^ 5240	Rent Revenue	(3,706)	(4,958)
12	^ 5250	Corporate Operations Revenue	523	358
13	^ 5260	Miscellaneous Revenue	2,772	2,969
14	^ 5270	Carrier Billing and Collection Revenue		
15	^ 5280	Nonregulated Revenue		(27)
16	5300	Uncollectible Revenue	2,754	2,386
17		<b>Total Revenues (L.2+L.3+L.4+L.9-L.16)</b>	168,854	166,461
18		<b>OPERATING EXPENSES:</b>		
19	6110	Network Support Expense	141	134
20	6120	General Support Expense	5,107	5,721
21	6210	Central Office Switching Expense	1,579	1,696
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense	1,452	1,385
24	6310	Information Origination/Termination Expense	311	613
25	* 6410	Cable and Wire Facilities Expense	8,039	7,255
26	^ 6431	Aerial Wire Expense	32	7
27	^ 6441	Conduit Systems Expense	52	38
28	6510	Other Property, Plant & Equipment Expense	(11)	33
29	6530	Network Operations Expense	7,254	6,596
30	6540	Access Expense	2,963	2,893
31	6560	Depreciation and Amortization Expense	52,847	46,303
32	6610	Marketing	4,808	6,122
33	6620	Services	12,624	13,034
34	6710	Executive and Planning	282	2,104
35	6720	General and Administrative	18,173	21,542
36	6790	Provision for Uncollectible Notes Receivable		
37		<b>Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)</b>	115,569	115,431
38	7100	Other Operating Income and Expense	(4,088)	(1,517)
39	7200	Operating Taxes	17,331	24,237
40		<b>Net Operating Income (L.17-L.37+L.38-L.39)</b>	40,042	28,310

^ Subaccount of the account marked with a \*.

**Average Rate Base - Total State**

Year: 2001

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	892,977	838,308
2	3100	Accumulated Depreciation	518,910	463,643
3	2002	Property Held for Future Telecommunications Use		
4	3200	Accumulated Depreciation - 2002		
5	1220	Materials and Supplies	771	797
6	4340	Noncurrent Deferred Operating Income Taxes	60,950	63,142
7		Pre-1971 Unamortized Investment Tax Credits		
8		Cash Working Capital (if allowed by Commission)		
9		<b>Total Average Rate Base (L.1-L.2+L.3-L.4+L.5-L.6-L.7+L.8)</b>	313,888	312,320

**Average Rate Base - Intrastate**

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	597,458	558,915
2	3100	Accumulated Depreciation	345,262	307,489
3	2002	Property Held for Future Telecommunications Use		
4	3200	Accumulated Depreciation - 2002		
5	1220	Materials and Supplies	519	537
6	4340	Noncurrent Deferred Operating Income Taxes	41,292	42,519
7		Pre-1971 Unamortized Investment Tax Credits		
8		Cash Working Capital (if allowed by Commission)		
9		<b>Total Average Rate Base (L.1-L.2+L.3-L.4+L.5-L.6-L.7+L.8)</b>	211,423	209,444

**Average Rate Base - Regulated Intrastate**

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	565,166	536,242
2	3100	Accumulated Depreciation	352,347	314,314
3	2002	Property Held for Future Telecommunications Use		
4	3200	Accumulated Depreciation - 2002		
5	1220	Materials and Supplies	497	515
6	4340	Noncurrent Deferred Operating Income Taxes	23,286	29,047
7		Pre-1971 Unamortized Investment Tax Credits		
8		Cash Working Capital (if allowed by Commission)		
9		<b>Total Average Rate Base (L.1-L.2+L.3-L.4+L.5-L.6-L.7+L.8)</b>	190,030	193,396

## Statement of Cash Flows

Year: 2001

Line No.	Item Description (a)	This Year (b)	Last Year (c)
1	<b>Increase/(decrease) in Cash &amp; Cash Equivalents</b>		
2	<b>Cash Flows from Operating Activities:</b>		
3	Net Income	1,331,807	687,800
4	Reconciliation Adjustments:		
5	Depreciation & Amortization	3,170,960	2,805,372
6	Provision for Accounts Receivable Losses	180,603	130,610
7	Deferred Income Taxes - Net	511,613	75,477
8	Unamortized Investment Tax Credits (ITCs) - Net	(25,364)	(17,011)
9	Allowance for Funds Used During Construction (AFUDC)	(44,030)	(51,242)
10	Change in Operating Receivables - Net	(460,908)	30,642
11	Change in Materials, Supplies & Inventories - Net	(49,976)	24,780
12	Change in Operating Payables & Accrued Liabilities - Net	(1,048,121)	402,412
13	Change in Other Assets & Deferred Credits - Net	679,850	47,587
14	Change in Other Liabilities & Deferred Credits - Net	523	621,017
15	Other (explained on back of this page)	(149,965)	(220,446)
16	Total Adjustments	2,765,185	3,849,198
17	<b>Net Cash Provided by/(Used in) Operating Activities</b>	<b>4,096,992</b>	<b>4,536,998</b>
18	<b>Cash Inflows/Outflows From Investing Activities:</b>		
19	Construction/Acquisition of Property, Plant & Equipment (net of		
20	AFUDC & Capital Lease Related Acquisitions)	(4,217,868)	(4,433,598)
21	Proceeds from Disposals of Property, Plant & Equipment	94,054	171,874
22	Investments In & Advances to Affiliates	300	700
23	Proceeds from Repayment of Advances	-	-
24	Other Investing Activities (explained on back of this page)	-	-
25	<b>Net Cash Provided by/(Used in) Investing Activities</b>	<b>(4,123,514)</b>	<b>(4,261,024)</b>
26	<b>Cash Flows from Financing Activities:</b>		
27	Net Incr./(Decr.) in Short-Term Debt, Original maturity <= 3 mo.	326,206	368,561
28	Advances from Affiliates	26,015	-
29	Repayment of Advances from Affiliates	(26,015)	-
30	Proceeds from Issuances of Long-Term Debt	-	1,000,000
31	Repayment of Long-Term Debt	(238,575)	(522,000)
32	Payment of Capital Lease Obligations	(129,039)	(106,152)
33	Proceeds from Issuing Common Stock/Parent Co. Equity Investment	-	-
34	Repurchase of Treasury Shares	-	-
35	Dividends Paid	-	(821,104)
36	Other Financing Activities (explained on back of this page)	-	-
37	<b>Net Cash Provided by Financing Activities</b>	<b>(41,408)</b>	<b>(80,695)</b>
38	<b>Effect of Exchange Rate Changes on Cash</b>	<b>-</b>	<b>-</b>
39	<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	<b>(67,930)</b>	<b>195,279</b>
40	<b>Cash &amp; Cash Equivalents at Beginning of Period</b>	<b>237,562</b>	<b>42,283</b>
41	<b>Cash &amp; Cash Equivalents at End of Period</b>	<b>169,632</b>	<b>237,562</b>

Receivables and Investments-Affiliated & Non-affiliated Companies

Year: 2001

Line No.	Name of Affiliate or Company (a)	Account 1160 Temporary Investments (b)	Account 1180 Telecom. Accounts Receivable (c)	Account 1181 Accts. Rec. Allowance (d)	Account 1190 Other Accounts Receivable (e)	Account 1191 Accounts Receivable Allow. - Other (f)	Account 1200 Notes Receivable (g)	Account 1201 Notes Receivable Allowance (h)	Account 1210 Interest and Dividends Receivable (i)	Account 1401 Investments in Affil. Companies (j)	Account 1402 Investments in Nonaffil. Companies (k)
1	QWEST Wireless, LLC		160		54,268				1,064	(476,185)	
2	Malheur Home Tel. Co.				302					12,304	
3	El Paso County Tel.									5,809	
4	QWEST Comm Corp		1		32,206						
5	QWEST Comm Serv				4,979						
6	QWEST DEX		76		695						
7	QWEST Adv. Tech.		2								
8	QWEST Bus Resources				995						
9	QWEST Federal Svcs				888						
10	QWEST Interprise		5,769		15,741						
11	QWEST Broadband		66		15,894						
12	QWEST Long Distance				(186)						
13	QWEST Service Corp				19,093						
14	QWEST Info Tech				8,047						
15	TW Wireless, LLC				701						
16	Western Reinsurance				1,895						
17											
18											
19											
20											
21											
22											
23											
24											
25											
26											
27	All Other Investments				4,301				21,999		
28	Non-affiliates	3,713	1,624,357	75,214	237,395		371,687				28,028
29											
30	<b>Totals</b>	3,713	1,630,431	75,214	397,214	-	371,687	-	23,063	(458,072)	28,028

Year: 2001

Net Plant in Service - Detail

Line No.	Account (a)	Description (b)	Beginning of Year Balance (c)	Additions (d)	Retirements (e)	Sales & Transfers (f)	End of Year Account 2001 Balance (g)	Year End Accumulated Depreciation (h)	End of Year Net Plant Balance (i)
1	* 2110	Land and Support Assets	67,953	4,162	2,864	-	69,251	32,449	36,802
2	^ 2111	Land	1,736	-	-	-	1,736	-	1,736
3	^ 2112	Motor Vehicles	10,435	688	531	-	10,592	8,204	2,388
4	^ 2113	Aircraft	-	-	-	-	-	-	-
5	^ 2114	Special Purpose Vehicles	147	(19)	-	-	128	107	21
6	^ 2115	Garage Work Equipment	298	-	-	-	298	65	233
7	^ 2116	Other Work Equipment	4,590	226	321	-	4,495	(33)	4,528
8	^ 2121	Buildings	41,502	3,113	1,241	-	43,374	18,945	24,429
9	^ 2122	Furniture	16	-	-	-	16	(73)	89
10	^ 2123	Office Equipment	1,582	35	494	-	1,123	785	338
11	^ 2124	General Purpose Computers	7,647	119	277	-	7,489	4,449	3,040
12	2211	Analog Electronic Switching	2	(2)	-	-	-	-	-
13	2212	Digital Electronic Switching	164,856	14,052	9,262	-	169,646	91,487	78,159
14	2215	Electro-Mechanical Switching	-	-	-	-	-	-	-
15	2220	Operator Systems	-	-	-	-	-	-	-
16	2231	Radio Systems	14,912	109	1,523	-	13,498	8,416	5,082
17	2232	Circuit Equipment	160,120	16,604	1,918	-	174,806	118,161	56,645
18	* 2310	Information Orig & Term Equip	8,880	395	(23)	-	9,298	5,862	3,436
19	^ 2311	Station Apparatus	-	-	-	-	-	-	-
20	^ 2321	Customer Premises Wiring	-	-	-	-	-	-	-
21	^ 2341	Large Private Branch Exchanges	-	-	-	-	-	-	-
22	^ 2351	Public Telephone Term. Equip.	3,306	3	49	-	3,260	2,749	511
23	^ 2362	Other Terminal Equipment	5,574	392	(72)	-	6,038	3,113	2,925
24	2411	Poles	6,647	117	8	-	6,756	9,720	(2,964)
25	* 2420	Cable and Wire Facilities	400,361	14,136	344	-	414,153	257,256	156,897
26	^ 2421	Aerial Cable	33,888	1,084	164	-	34,808	30,900	3,908
27	^ 2422	Underground Cable	42,533	631	3	-	43,161	32,247	10,914
28	^ 2423	Buried Cable	316,369	12,249	173	-	328,445	188,783	139,662
29	^ 2424	Submarine Cable	32	-	-	-	32	26	6
30	^ 2425	Deep Sea Cable	-	-	-	-	-	-	-
31	^ 2426	Intrabuilding Network Cable	7,539	172	4	-	7,707	5,300	2,407
32	2431	Aerial Wire	1,088	21	3	-	1,106	1,147	(41)
33	2441	Conduit Systems	21,159	135	-	-	21,294	8,642	12,652
34		<b>Totals</b>	845,978	49,729	15,899	-	879,808	533,140	346,668

^ Subaccount of the account marked with a \*



Analysis of Plant Held for Future Use

Year: 2001

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	<i>Qwest Corporation - Montana had no Plant Held for Future Use in 2001.</i>							
2								
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30	<b>Totals (Sum L.1 to L.29)</b>							

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)	Year:2001
												Total Cost (%) (l)
1	Qwest Corporation											
2	6.375% 07 Year Note	10/15/95	10/15/02	250,000	N/A	247,642	99.06	249,718	6.38%	15,938	351	6.52%
3	6.375% 07 Year Note	10/28/93	11/01/04	100,000	N/A	96,979	96.98	99,071	5.65%	5,650	299	6.00%
4	6.625% 10 Year Note	09/15/95	09/15/05	250,000	N/A	247,661	99.06	249,088	6.63%	16,563	236	6.74%
5	6.125% 12 Year Note	11/15/93	11/15/05	150,000	N/A	149,319	99.55	149,811	6.13%	9,188	54	6.17%
6	7.500% 30 Year Debenture	06/15/93	06/15/23	484,000	N/A	479,693	99.11	480,930	7.50%	36,300	146	7.58%
7	7.250% 30 Year Debenture	09/15/95	09/15/25	250,000	N/A	247,276	98.91	247,791	7.25%	18,125	83	7.35%
8	7.200% 31 Year Debenture	11/10/95	11/10/26	250,000	N/A	245,018	98.01	245,550	7.20%	18,000	111	7.38%
9	8.875% 40 Year Debenture	06/01/91	06/01/31	250,000	N/A	240,477	96.19	241,436	8.88%	22,188	106	9.23%
10	6.875% 40 Year Debenture	09/15/93	09/15/33	1,000,000	N/A	903,417	90.34	909,411	6.88%	68,750	868	7.66%
11	7.250% 40 Year Debenture	10/15/95	10/15/35	250,000	N/A	244,154	97.66	244,631	7.25%	18,125	81	7.44%
12	7.125% 50 Year Debenture	11/15/93	11/15/43	250,000	N/A	247,770	99.11	248,181	7.13%	17,813	50	7.20%
13	5.625% 10 Year Note	11/15/98	11/15/08	320,000	N/A	316,787	99.00	317,572	5.63%	18,000	329	5.77%
14	7.200% 05 Year Note	11/01/99	11/01/04	750,000	N/A	743,935	99.19	746,319	7.20%	54,000	1,145	7.39%
15	7.625% 03 Year Note	06/09/00	06/09/03	1,000,000	N/A	991,896	99.19	995,703	7.63%	76,250	2,494	7.91%
16												
17												
18												
19	EASTERN REGION											
20												
21	6.250% 39 Year Debenture	01/01/68	01/01/07	89,700	N/A	89,045	99.27	89,616	6.25%	5,606	17	6.27%
22	Refinanced Debenture	02/15/77	02/15/17		N/A			(7,528)			498	-6.62%
23	7.750% 40 Year Debenture	05/01/90	05/01/30	42,883	N/A	33,853	78.94	34,295	7.75%	3,323	59	9.86%
24												
25												
26	CENTRAL REGION											
27												
28												
29	4.500% 40 Year Debenture	06/01/62	06/01/02	50,000	N/A	50,679	101.36	50,007	4.50%	2,250	(17)	4.47%
30	5.500% 39 Year Debenture	06/01/66	06/01/05	40,760	N/A	40,738	99.95	40,758	5.50%	2,242	1	5.50%
31	6.000% 40 Year Debenture	08/01/67	08/01/07	70,200	N/A	69,768	99.38	70,140	6.00%	4,212	11	6.02%
32												
33												
34	Total 1st Page			5,847,543	N/A	5,686,107	97.24	5,702,500		412,521	6,922	

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)	Year: 2001	
												Total Cost (%) (l)	Total Cost (%) (l)
1	Refinanced Debenture	11/15/76	11/15/16		N/A			(4,609)			311	-6.74%	
2	Refinanced Debenture	09/15/77	09/15/17		N/A			(6,743)			429	-6.37%	
3	Refinanced Debenture	06/01/83	06/01/23		N/A			(19,253)			899	-4.67%	
4	Refinanced Debenture	02/01/85	02/01/25		N/A			(18,778)			813	-4.33%	
5	Refinanced Debenture	02/01/77	02/01/17		N/A			(8,683)			575	-6.63%	
6	Refinanced Debenture	02/01/77	02/01/17		N/A			(19,253)			1,276	-6.63%	
7	7.375% 40 Year Debenture	05/01/90	05/01/30	55,150	N/A	41,484	75.22	42,144	7.38%	4,067	80	9.84%	
8													
9													
10	WESTERN REGION												
11													
12	4.375% 40 Year Debenture	09/01/62	09/01/02	50,000	N/A	50,539	101.08	50,009	4.38%	2,188	(13)	4.35%	
13	4.500% 40 Year Debenture	04/01/63	04/01/03	50,000	N/A	50,779	101.56	50,024	4.50%	2,250	(19)	4.46%	
14	Refinanced Debenture	05/01/80	05/01/20		N/A			(8,091)			441	-5.45%	
15													
16													
17													
18	MEDIUM TERM NOTE PROGRAM												
19													
20	7.100% 10 Year Note	01/20/93	01/20/03	35,000	N/A	34,768	99.34	34,976	7.10%	2,485	23	7.17%	
21	7.100% 10 Year Note	01/21/93	01/21/03	12,000	N/A	11,921	99.34	11,992	7.10%	852	8	7.17%	
22	7.050% 10 Year Note	01/27/93	01/27/03	15,000	N/A	14,901	99.34	14,989	7.05%	1,058	10	7.12%	
23	6.960% 10 Year Note	02/03/93	02/03/03	18,000	N/A	17,881	99.34	17,987	6.96%	1,253	12	7.03%	
24	6.970% 10 Year Note	02/03/93	02/03/03	15,000	N/A	14,901	99.34	14,989	6.97%	1,046	10	7.04%	
25	6.900% 10 Year Note	02/04/93	02/04/03	10,000	N/A	9,934	99.34	9,993	6.90%	690	7	6.97%	
26													
27													
28	Subtotal Page 2 of 2			260,150	N/A	247,108	874	161,693		15,888	4,863		
29													
30	Grand Total			6,107,693	N/A	5,933,215	971	5,864,193		428,408	11,785		7.51%

NOTES:  
The amortization of debt issuance expenses are included in column K for the debt issues.

**Cost of Preferred Stock**

Year: 2001

Line No.	Description (a)	Date of Issuance (b)	Method of Offering (c)	Call Redemption Price (d)	Par Value Of Issue (e)	Gross Proceeds Amounts (f)	Net Proceeds Amounts (g)	Net Proceeds Per \$100 (h)	Cost of Money (i)	Principal Outstanding (j)	Annual Cost (k)	Embedded Cost (l)
1	QWEST CORPORATION											
2	HAS NO PREFERRED STOCK											
3												
4												
5												
6												
7												
8												
9												
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23												
24												
25												
26												
27												
28												
29												
30	<b>Totals (Sum L.1 to L.29)</b>											

Analysis of Common Stock

Year: 2001

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)	Market Price Low (h)	Price/Earnings Ratio (i)
1	Year Ended December 31: 2001	1	8,990,031	1,331,807		100.00%	N/A	N/A	N/A
2									
3									
4									
5									
6									
7									
8	Month by Month Data:								
9	January		7,420,316	50,771		100.00%			
10	February		7,566,858	142,959		100.00%			
11	March		7,983,980	131,220		100.00%			
12	April		8,069,210	85,185		100.00%			
13	May		8,188,076	119,645		100.00%			
14	June		8,370,979	182,793		100.00%			
15	July		8,525,160	138,903		100.00%			
16	August		8,596,606	74,100		100.00%			
17	September		8,817,450	171,098		100.00%			
18	October		8,859,055	40,727		100.00%			
19	November		8,889,446	91,504		100.00%			
20	December		8,990,031	102,903		100.00%			
21									
22									
23									

Notes:

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

Capital Stock and Funded Debt reacquired or Retired During the Year							Year:2001
Line No.	Description of Security (a)	Call or Retirement Date (b)	Number of Shares (c)	Principal Amount (d)	Reacquisition or Retirement Cost (e)	Gain or (Loss) (f)	Retirement or Reacquisition (g)
1	<u>FUNDED DEBT</u>						
2	35 YR 6.00% Due 09-01-01 (Eastern)	9/1/01		50,000			
3	6 YR 6.512% Due 11-27-01 (USWC)	11/27/01		133,000			
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
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20							
21							
22							
23							
24							
25							
26							
27							
28							
29							
30	<b>Totals (Sum L.1 to L.29)</b>			183,000			

**Total Company Expense Matrix**

Line No.	Acct. No. (a)	Description (b)	Salaries and Wages (c)	Benefits (d)	Rents (e)	Other Expenses (f)	Clearances (g)	Total (h)
1	*	Network Support Expense	297,011	(88,134)	2,707,512	10,762,591	-	13,678,980
2	^	Motor Vehicle Expense	250,838	(87,183)	1,834,396	8,374,405	-	10,372,455
3	^	Aircraft Expense			18,615	(11,692)		6,923
4	^	Special Purpose Vehicles Expense	2,130	398		49,471		51,999
5	^	Garage Work Equipment Expense	3,011	568	5,848	495,886		505,313
6	^	Other Work Equipment Expense	41,032	(1,917)	848,654	1,854,521		2,742,289
7	*	General Support Expense	30,477,886	(1,091,798)	168,918,818	346,879,256	-	545,184,162
8	^	Land and Building Expense	10,248,087	1,930,794	143,674,646	94,922,985		250,776,512
9	^	Furniture and Artworks Expense	229,705	42,009	1,235,902	10,981,141		12,488,757
10	^	Office Equipment Expense	5,382,459	1,017,804	10,364,355	9,419,635		26,184,252
11	^	General Purpose Computers Expense	14,617,635	(4,082,405)	13,643,915	231,555,495		255,734,641
12	*	Central Office Switching Expense	95,479,318	17,775,233	22,539,620	14,165,072	-	149,959,243
13	^	Analog Electronic Expense	6,541,629	1,234,815	877,269	3,644,568		12,298,280
14	^	Digital Electronic Expense	88,823,721	16,518,593	21,661,550	10,508,069		137,511,933
15	^	Electro-Mechanical Expense	113,968	21,826	801	12,434		149,029
16	^	Operator Systems Expense	1,349	254	50,271	673,022		724,895
17	*	Central Office Transmission Expense	105,926,759	19,799,329	1,018,622	22,485,870	-	149,230,580
18	^	Radio Systems Expense	1,835,092	344,876	14,249	901,611		3,095,829
19	^	Circuit Equipment Expense	104,091,667	19,454,453	1,004,373	21,584,259		146,134,752
20	*	Information Origination/Termination Expense	113,888,919	21,456,232	699,814	37,936,344		173,981,309
21	^	Station Apparatus Expense	5,133,351	965,876	30,719	4,502,196		10,632,142
22	^	Large Private Branch Exchange Expense	14,069,524	2,652,067	99,958	1,529,259		18,350,809
23	^	Public Telephone Terminal Equipment Exp.	7,026,522	1,321,960	7,879	12,818,591		21,174,951
24	^	Other Terminal Equipment Expense	87,659,522	16,516,329	561,257	19,086,298		123,823,407
25	*	Cable and Wire Facilities Expense	379,240,705	72,895,559	14,249,622	241,337,084		707,722,970
26	^	Poles Expense	395,094	73,931	9,236,075	4,150,046		13,855,145
27	^	Aerial Cable Expense	97,550,633	18,377,920	(3,790,176)	17,884,067		130,022,444
28	^	Underground Cable Expense	31,417,865	5,906,827	1,457,702	18,765,403		57,547,797
29	^	Buried Cable Expense	236,070,256	45,937,301	7,028,539	182,087,663		471,123,759
30	^	Submarine Cable Expense	132	27	0	28,326		28,485
31	^	Deep Sea Cable Expense	-	-	-	-		-
32	^	Intrabuilding Network Cable Expense	13,470,270	2,537,030	111,160	3,956,684		20,075,144
33	^	Aerial Wire Expense	43,981	8,258	378	1,538,100		1,590,718
34		<b>Subtotals</b>	<b>725,019,471</b>	<b>130,692,410</b>	<b>209,978,335</b>	<b>661,312,444</b>	<b>-</b>	<b>1,727,002,660</b>

^ Subaccount of the account marked with a \*

**Total Company Expense Matrix**

Line No.	Acct. No. (a)	Description (b)	Salaries and Wages (c)	Benefits (d)	Rents (e)	Other Expenses (f)	Clearances (g)	Total (h)
35	6441	Conduit Systems Expense	292,474	54,266	205,944	12,926,795	-	13,479,478
36	6510	Other Property Expenses	(385,626)	(286,429)	-	7,107,861	-	6,435,806
37	6530	Network Operations Expense	523,683,013	(5,852,509)	51,357	187,379,086	-	705,260,947
38	6531	Power Expense	-	-	-	58,080,448	-	58,080,448
39	6532	Network Administration Expense	134,506,775	4,011,795	-	1,556,741	-	140,075,311
40	6533	Testing Expense	119,958,487	22,590,809	-	4,666,841	-	147,216,138
41	6534	Plant Operations Expense	241,990,855	(28,200,888)	50,410	95,554,225	-	309,394,603
42	6535	Engineering Expense	27,226,897	(4,254,226)	947	27,520,831	-	50,494,448
43	6540	Access Expense	-	-	-	294,771,633	-	294,771,633
44	6561	Depreciation - Telecomm. Plant in Service	-	-	-	2,812,193,244	-	2,812,193,244
45	6562	Depreciation-Prop. for Future Telecom. Use	-	-	-	-	-	-
46	6563	Amortization Expense - Tangible	-	-	-	167,052,771	-	167,052,771
47	6564	Amortization Expense - Intangible	-	-	-	171,112,156	-	171,112,156
48	6565	Amortization - Other	-	-	-	20,602,149	-	20,602,149
49	6610	Marketing	87,105,273	1,206,655	1,737	398,108,317	-	486,421,982
50	6611	Product Management	33,730,997	(949,631)	1,737	163,638,020	-	196,421,123
51	6612	Sales	53,261,719	2,137,655	-	133,963,271	-	189,362,645
52	6613	Product Advertising	112,557	18,631	-	100,507,026	-	100,638,213
53	6621	Call Completion Services	16,584,699	3,879,408	-	4,598,072	-	25,062,179
54	6622	Number Services	42,958,280	17,033,804	165	3,564,181	-	63,556,431
55	6623	Customer Services	415,446,366	126,465,824	17,919	252,791,533	-	794,721,643
56	6711	Executive	6,226,217	3,889,494	1,006	10,117,496	-	20,234,213
57	6712	Planning	439,761	91,256	-	2,884,940	-	3,415,957
58	6721	Accounting and Finance	25,607,704	3,395,930	141	35,689,174	-	64,692,950
59	6722	External Relations	8,708,923	3,202,982	4,174,690	103,832,055	-	119,918,650
60	6723	Human Relations	9,636,484	131,924	71	40,894,224	-	50,662,702
61	6724	Information Management	(84,391,821)	(35,965,874)	23,848,494	608,913,503	-	512,404,302
62	6725	Legal	-	-	-	67,866,606	-	67,866,606
63	6726	Procurement	152,723	27,117	-	18,633,542	-	18,813,382
64	6727	Research and Development	-	-	-	455,604	-	455,604
65	6728	Other General and Administrative	(51,874,433)	2,232,821	3,694,550	241,918,884	-	195,971,822
66	6790	Provision for Uncollectible Notes Receivable	-	-	-	-	-	-
67	8747	Administrative Services Clearing	-	28	-	(28)	-	-
68		<b>Totals</b>	1,725,209,510	250,199,106	241,974,409	6,124,726,242	-	8,342,109,267

^ Subaccount of the account marked with a \*



Total State Expense Matrix

Line No.	Acct. No. (a)	Description (b)	Salaries and Wages (c)	Benefits (d)	Rents (e)	Other Expenses (f)	Clearances (g)	Total (h)
1	*	Network Support Expense	158,680	27,223	(31,624)	55,596		209,876
2	^	Motor Vehicle Expense	151,698	26,050	(29,766)	11,051		159,033
3	^	Aircraft Expense						
4	^	Special Purpose Vehicles Expense	364	68		6,924		6,924
5	^	Garage Work Equipment Expense	6,619	1,106	(1,858)	14,004		14,435
6	^	Other Work Equipment Expense				23,617		29,484
7	*	General Support Expense	640,153	(18,182)	1,459,506	6,187,517		8,268,993
8	^	Land and Building Expense	331,517	62,470	555,881	1,435,102		2,384,969
9	^	Furniture and Artworks Expense			24,448	186,668		211,116
10	^	Office Equipment Expense	13,169	2,467	114,422	53,644		183,702
11	^	General Purpose Computers Expense	295,467	(83,119)	764,755	4,512,103		5,489,206
12	*	Central Office Switching Expense	2,167,002	403,634	115,435	99,268		2,785,339
13	^	Analog Electronic Expense	127,897	24,113	36	4,781		156,827
14	^	Digital Electronic Expense			115,399	94,485		2,628,489
15	^	Electro-Mechanical Expense	2,039,087	379,517	0	2		24
16	^	Operator Systems Expense	18	3		2		2
17	*	Central Office Transmission Expense	1,915,422	356,535	16,289	271,410		2,559,656
18	^	Radio Systems Expense	50,422	9,288	313	7,218		67,240
19	^	Circuit Equipment Expense	1,865,000	347,248	15,976	264,192		2,492,416
20	*	Information Origination/Termination Expense	1,564,052	294,778	8,641	553,387		2,420,858
21	^	Station Apparatus Expense	10,782	2,040	51	(95)		12,778
22	^	Large Private Branch Exchange Expense	159,518	30,090	1,196	16,858		207,663
23	^	Public Telephone Terminal Equipment Exp.	168,209	31,553	109	278,083		477,954
24	^	Other Terminal Equipment Expense	1,225,543	231,095	7,285	258,541		1,722,463
25	*	Cable and Wire Facilities Expense	5,176,172	986,221	1,342,634	4,496,584		12,001,611
26	^	Poles Expense	1,421	279	233,312	1,520,582		1,755,594
27	^	Aerial Cable Expense	1,540,211	290,186	29,528	368,582		2,228,508
28	^	Underground Cable Expense	302,192	56,944	2,427	136,848		498,412
29	^	Buried Cable Expense						
30	^	Submarine Cable Expense	3,182,890	610,666	1,076,146	2,313,160		7,182,862
31	^	Deep Sea Cable Expense						
32	^	Intrabuilding Network Cable Expense	147,291	27,745	1,212	38,683		214,930
33	^	Aerial Wire Expense	79	13		45,591		45,683
34		<b>Subtotals</b>	11,619,391	2,049,821	2,910,874	11,590,625		28,170,711

^ Subaccount of the account marked with a \*

**Total State Expense Matrix**

Line No.	Acct. No. (a)	Description (b)	Salaries and Wages (c)	Benefits (d)	Rents (e)	Other Expenses (f)	Clearances (g)	Total (h)
35	^	Conduit Systems Expense	2,089	387	7	73,139		75,623
36		Other Property Expenses	42,127	3,733		(60,757)		(14,897)
37	*	Network Operations Expense	9,501,002	(1,235,293)	540	3,824,744		12,090,993
38	^	Power Expense				1,059,971		1,059,971
39	^	Network Administration Expense	3,052,650	53,881		29,603		3,136,134
40	^	Testing Expense	2,472,875	465,740		79,430		3,018,045
41	^	Plant Operations Expense	3,499,056	(1,712,495)	492	2,075,243		3,862,296
42	^	Engineering Expense	476,420	(42,418)	48	580,497		1,014,547
43		Access Expense				5,696,726		5,696,726
44		Depreciation - Telecomm. Plant in Service				61,246,990		61,246,990
45		Depreciation-Prop. for Future Telecom. Use						-
46		Amortization Expense - Tangible				2,461,012		2,461,012
47		Amortization Expense - Intangible				4,188,466		4,188,466
48		Amortization - Other				(6,036)		(6,036)
49	*	Marketing	1,742,668	(10,470)	38	6,846,313		8,578,549
50	^	Product Management	668,035	(37,393)	38	2,910,034		3,540,714
51	^	Sales	1,072,199	26,521		2,738,210		3,836,929
52	^	Product Advertising	2,434	402		1,198,070		1,200,906
53		Call Completion Services	546,745	132,749		125,001		804,495
54		Number Services	195,169	81,336	70	12,694		289,269
55		Customer Services	8,440,898	2,674,559	404	5,113,690		16,229,551
56		Executive	81,246	81,577	20	196,365		359,209
57		Planning	8,905	1,848		58,419		69,172
58		Accounting and Finance	471,905	45,350		704,672		1,221,927
59		External Relations	235,961	84,226	4	2,067,846		2,388,037
60		Human Relations	184,154	(2,660)	1	816,378		997,873
61		Information Management	(2,061,331)	(823,191)	400,148	10,782,014		8,297,639
62		Legal				1,675,878		1,675,878
63		Procurement	2,616	476		377,311		380,403
64		Research and Development				9,226		9,226
65		Other General and Administrative	(1,053,639)	16,925	40,084	4,160,499		3,163,869
66		Provision for Uncollectible Notes Receivable						-
67		Administrative Services Clearing						-
		<b>Totals</b>	29,959,905	3,101,375	3,352,191	121,961,214		158,374,685

^ Subaccount of the account marked with a \*.

**Pension Costs**

(Thousands of Dollars)

Year: 2001

1	Plan Name Qwest Pension Plan			
2	Defined Benefit Plan? Yes		Defined Contribution Plan? No	
3	Actuarial Cost Method? Projected Unit Credit		IRS Code: 005	
4	Annual Contribution by Employer: 0		Is the Plan Over Funded? Yes	
5				
	Item	Current Year	Last Year	% Change
6	<b>Change in Benefit Obligation</b>			
7	Benefit obligation at beginning of year	7,765,400	7,508,994	3.41%
8	Service cost	144,938	146,596	-1.13%
9	Interest Cost	530,099	567,059	-6.52%
10	Plan participants' contributions	-	-	
11	Amendments	-	-	
12	Actuarial Gain	827,865	246,022	236.50%
13	Acquisition	-	-	
14	Benefits paid	(1,249,737)	(681,292)	-83.44%
14a	Special termination benefits	(126,065)	(21,979)	-473.57%
15	Benefit obligation at end of year	7,892,500	7,765,400	1.64%
16	<b>Change in Plan Assets</b>			
17	Fair value of plan assets at beginning of year	11,146,669	12,188,767	-8.55%
18	Adjustment to match trust	-	(279,806)	100.00%
19	Actual return on plan assets	(684,687)	-	
20	Acquisition	-	-	
21	Employer contribution	-	-	
22	Plan participants' contributions	-	-	
23	420 Transfer	(93,260)	(81,000)	-15.14%
24	Benefits paid	(1,249,737)	(681,292)	-83.44%
25	Fair value of plan assets at end of year	9,118,985	11,146,669	-18.19%
26	<b>Funded Status</b>	1,226,485	3,381,269	-63.73%
27	Unrecognized net actuarial loss	(217,721)	(2,395,953)	90.91%
28	Unrecognized prior service cost	(187,456)	(252,398)	25.73%
29	Prepaid (accrued) benefit cost	821,308	732,918	12.06%
30				
31	<b>Weighted-average Assumptions as of Year End</b>			
32	Discount rate	7.25%	7.75%	-6.45%
33	Expected return on plan assets	9.40%	9.40%	
34	Rate of compensation increase	4.65%	4.65%	
35				
36	<b>Components of Net Periodic Benefit Costs</b>			
37	Service cost	144,938	146,596	-1.13%
38	Interest cost	530,099	567,059	-6.52%
39	Expected return on plan assets	(850,506)	(861,860)	1.32%
40	Amortization of prior service cost	(61,196)	(62,414)	1.95%
41	Recognized net actuarial loss	(41,145)	(47,090)	12.62%
42	Net periodic benefit cost	(277,810)	(257,709)	-7.80%
43				
44	<b>Montana Intrastate Costs:</b>			
45	Pension Costs	(3,273)	(2,366)	-38.33%
46	Pension Costs Capitalized	(816)	(554)	-47.29%
47	Accumulated Pension Asset (Liability) at Year End	13,847	12,732	8.76%
48	<b>Number of Company Employees:</b>			
49	Covered by the Plan	78,331	82,966	-5.59%
50	Not Covered by the Plan	-	-	
51	Active	38,816	44,143	-12.07%
52	Retired	39,515	38,823	1.78%
53	Deferred Vested Terminated	16,670	15,139	10.11%

**Other Post Employment Benefits (OPEBS)**

Item	Current Year	Last Year	% Change
<b>1 Regulatory Treatment:</b>			
2 Commission authorized - most recent			
3 Docket number: 90.12.86			
4 Order number: 5535g			
5 Amount recovered through rates	747	(302)	347.35%
<b>6 Weighted-average Assumptions as of Year End</b>			
7 Discount rate	7.25%	7.75%	-6.45%
8 Expected return on plan assets	9.40%	9.40%	
9 Medical Cost Inflation Rate			
10 Actuarial Cost Method	8% graded to 5% Projected Unit Credit	8% graded to 5% Projected Unit Credit	
11 Rate of compensation increase	N/A	N/A	
<b>12 List each method used to fund OPEBs (ie: VEBA, 401(h)) and if tax advantaged:</b>			
13 VEBA - Yes 420 Transfer - No			
14 Cash - Yes			
<b>15 Describe any Changes to the Benefit Plan:</b>			
16			
<b>TOTAL COMPANY</b>			
<b>18 Change in Benefit Obligation</b>			
19 Benefit obligation at beginning of year	4,050,000	4,035,371	0.36%
20 Service cost	23,773	38,675	-38.53%
21 Interest Cost	277,517	304,637	-8.90%
22 Plan participants' contributions	-	-	
23 Amendments	-	(110,802)	100.00%
24 Actuarial Gain	95,330	(45,273)	310.57%
24a Curtailment	-	58,516	-100.00%
25 Acquisition	-	-	
26 Benefits paid	(216,620)	(231,124)	6.28%
27 Benefit obligation at end of year	4,230,000	4,050,000	4.44%
<b>28 Change in Plan Assets</b>			
29 Fair value of plan assets at beginning of year	2,222,047	2,665,335	-16.63%
29a Adjustment to match trust	-	-	
30 Actual return on plan assets	(170,361)	(62,431)	-172.88%
31 Acquisition	-	-	
32 Employer contribution	-	16,000	
32a Life trust reimbursement	(27,145)	(282,000)	90.37%
33 Plan participants' contributions	-	-	
34 Benefits paid	(137,653)	(114,857)	-19.85%
35 Fair value of plan assets at end of year	1,886,888	2,222,047	-15.08%
<b>36 Funded Status</b>			
37 Unrecognized net actuarial loss	(2,343,112)	(1,827,953)	-28.18%
38 Unrecognized prior service cost	(60,119)	(887,970)	93.23%
39 Prepaid (accrued) benefit cost	(8,982)	(11,647)	22.88%
	(2,412,213)	(2,727,570)	11.56%
<b>40 Components of Net Periodic Benefit Costs</b>			
41 Service cost	23,773	38,675	-38.53%
42 Interest cost	277,517	304,637	-8.90%
43 Expected return on plan assets	(206,226)	(249,025)	17.19%
44 Amortization of prior service cost	(2,665)	8,287	-132.16%
45 Recognized net actuarial loss	(72,532)	(86,632)	16.28%
46 Net periodic benefit cost	19,867	15,942	24.62%
<b>47 Accumulated Post Retirement Benefit Obligation</b>			
48 Amount Funded through VEBA	-	16,000	-100.00%
49 Amount Funded through 401(h)	-	-	
50 Amount Funded through Other _Cash	-	81,000	-100.00%
51 TOTAL	-	97,000	-100.00%
52 Amount that was tax deductible - VEBA	-	16,000	-100.00%
53 Amount that was tax deductible - 401(h)	-	-	
54 Amount that was tax deductible - Other	-	-	
55 TOTAL	-	16,000	-100.00%

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

Item	Current Year	Last Year	% Change
<b>1 Number of Company Employees:</b>			
2 Covered by the Plan	81,925	85,917	-4.65%
3 Not Covered by the Plan	7,423	-	
4 Active	36,519	49,197	-25.77%
5 Retired	37,983	36,720	3.44%
6 Spouses/Dependants covered by the Plan	23,297	22,549	3.32%
<b>7 Montana</b>			
<b>8 Change in Benefit Obligation</b>			
9 Benefit obligation at beginning of year	47,733	44,508	7.25%
10 Service cost	328	533	-38.46%
11 Interest Cost	3,889	4,213	-7.69%
12 Plan participants' contributions	-	-	
13 Amendments	-	117	-100.00%
14 Actuarial Gain	1,294	1,776	-27.14%
15 Acquisition	-	-	
16 Benefits paid	(2,940)	(3,414)	13.88%
17 Benefit obligation at end of year	50,304	47,733	5.39%
<b>18 Change in Plan Assets</b>			
19 Fair value of plan assets at beginning of year	49,304	56,958	-13.44%
19a Adjustment to match trust	-	-	
20 Actual return on plan assets	(2,312)	(1,334)	-73.31%
21 Acquisition	-	-	
22 Employer contribution	-	(1,642)	100.00%
22a Life trust reimbursement	(368)	(3,324)	88.93%
23 Plan participants' contributions	-	-	
24 Benefits paid	(1,868)	(1,354)	-37.96%
25 Fair value of plan assets at end of year	44,756	49,304	-9.22%
<b>26 Funded Status</b>			
27 Unrecognized net actuarial loss	(5,548)	1,571	-453.15%
28 Unrecognized prior service cost	(142)	(10,465)	98.64%
29 Prepaid (accrued) benefit cost	(21)	(137)	84.67%
	(5,711)	(9,031)	36.76%
<b>30 Components of Net Periodic Benefit Cccosts</b>			
31 Service cost	328	533	-38.46%
32 Interest cost	3,889	3,562	9.18%
33 Expected return on plan assets	(4,817)	(5,624)	14.35%
34 Amortization of prior service cost	2,298	2,451	-6.24%
35 Recognized net actuarial loss	(951)	(1,224)	22.30%
36 Net periodic benefit cost	747	(302)	347.35%
<b>37 Accumulated Post Retirement Benefit Obligation</b>			
38 Amount Funded through VEBA	-	69	-100.00%
39 Amount Funded through 401(h)	-	-	
40 Amount Funded through other	-	-	
41 TOTAL	-	69	-100.00%
42 Amount that was tax deductible - VEBA	-	69	-100.00%
43 Amount that was tax deductible - 401(h)	-	-	
44 Amount that was tax deductible - Other	-	-	
45 TOTAL	-	69	-100.00%
<b>46 Montana Intrastate Costs:</b>			
47 Benefit Cost Expensed	650	(227)	386.34%
48 Benefit Cost Capitalized	97	(75)	229.33%
49 Benefit Payments - Medical	3,194	3,060	4.38%
<b>50 Number of Montana Employees:</b>			
51 Covered by the Plan	458	608	-24.67%
52 Not Covered by the Plan	N/A	-	
53 Active	458	608	-24.67%
54 Retired	N/A	N/A	
55 Spouses/Dependants covered by the Plan	N/A	N/A	

**Payments for Services to Persons Other Than Employees**

Year: 2001

Line No.	Name of Recipient (a)	Nature of Service (b)	Total Company Cost (c)	Total State Cost (d)	Intrastate Cost (e)
1	ARIZONA DIAMOND BACKS	Advertising & Information Srvc	4,634		
2	CRAMER KRASSELT COMPANY	Advertising & Information Srvc	11,749		
3	DDB NEEDHAM WORLDWIDE	Advertising & Information Srvc	13,448		
4	DECALS INC	Advertising & Information Srvc	1,735		
5	HUNT DDBDIRECT	Advertising & Information Srvc	8,039		
6	ICON INTERNATIONAL INC	Advertising & Information Srvc	4,098		
7	MEDIAPASSAGE.COM	Advertising & Information Srvc	5,671		
8	MOORE	Advertising & Information Srvc	1,004		
9	NEWSPAPER SRVCS OF AMER.	Advertising & Information Srvc	12,120		
10	OLYMPIC PROPERTIES OF UNIT	Advertising & Information Srvc	5,000		
11	OMD USA INC	Advertising & Information Srvc	24,141		
12	PHOENIX ARENA LTD	Advertising & Information Srvc	2,900		
13	PHOENIX SUNS	Advertising & Information Srvc	13,669		
14	PRECISION DIRECT INC	Advertising & Information Srvc	2,127		
15	PREVISION MARKETING	Advertising & Information Srvc	4,696		
16	QWEST COMM SRVCS, INC	Advertising & Information Srvc	7,709		
17	R3 MARKETING	Advertising & Information Srvc	2,150		
18	SOLIS ADVERTISING	Advertising & Information Srvc	1,569		
19	STRATECOM	Advertising & Information Srvc	1,802		
20	SWIFT GIFT LTD	Advertising & Information Srvc	1,490		
21	THE INGLEWOOD GROUP	Advertising & Information Srvc	1,030		
22					
23	TOTAL ADVERTISING & INFO SRVCS		130,781		
24					
25					
26	ARTHUR ANDERSEN & CO	Audit & Accounting Service	765		
27					
28	TOTAL AUDIT & ACCOUNTING SERVICES		765		
29					
30					
31	AIMS LOGISTIC	Clerical and Office Service	45,573		
32	PITNEY BOWES INC	Clerical and Office Service	1,846		
33	STEELCASE	Clerical and Office Service	1,831		
34					
35	TOTAL CLERICAL AND OFFICE SERVICES		49,250		
36					
37					
38	AIC/TECHWEST ANALYST	Computer and Data Processing	9,817		
39	AMERICAN MGMT SYSTEMS	Computer and Data Processing	1,001		
40	BRAUN CONSULTING INC	Computer and Data Processing	1,644		
41	INTRADO INC	Computer and Data Processing	9,720		
42	MCKINSEY & COMPANY INC	Computer and Data Processing	2,003		
43	XYPPOINT CORPORATION	Computer and Data Processing	1,363		
44					
45	TOTAL COMPUTER AND DATA PROCESSING SERVICES		25,548		
46					
47					
48					
49	<b>Total</b>				

**Payments for Services to Persons Other Than Employees**

Year: 2001

Line No.	Name of Recipient (a)	Nature of Service (b)	Total Company Cost (c)	Total State Cost (d)	Intrastate Cost (e)
1	ACCENTURE LLP	Consulting and Research Service	1,709		
2	ARTHUR ANDERSEN LLP	Consulting and Research Service	685		
3	BAIN & COMPANY INC	Consulting and Research Service	1,082		
4	BOYLE & ASSOCIATES INC	Consulting and Research Service	955		
5	BPLW ARCHITECTS & ENG.	Consulting and Research Service	979		
6	CADENCE NETWORK LLC	Consulting and Research Service	526		
7	CARLSON WAGONLIT TRAVEL	Consulting and Research Service	1,328		
8	CUSHMAN & WAKEFIELD	Consulting and Research Service	594		
9	EYERIS INC	Consulting and Research Service	1,739		
10	HEALTH INSURANCE FUNDS	Consulting and Research Service	1,815		
11	INTERACTIVE MEDIACORP	Consulting and Research Service	1,497		
12	JOHN D SCHICK & ASSOCIATES	Consulting and Research Service	591		
13	QWEST COMMUNICATIONS INC	Consulting and Research Service	1,437		
14	RNL DESIGN	Consulting and Research Service	4,913		
15	SEDGWICK CLAIMS MGMT	Consulting and Research Service	545		
16	SETTER LEACH & LINDSTROM	Consulting and Research Service	520		
17	SHG/SW INCORPORATED	Consulting and Research Service	4,068		
18	TELECORDIA TECHNOLOGIES	Consulting and Research Service	133,047		
19	THE ADKINS ASSOCIATION INC	Consulting and Research Service	1,465		
20	THE STAUBACH CO	Consulting and Research Service	968		
21					
22	TOTAL CONSULTING AND RESEARCH SERVICES		160,463		
23					
24					
25	ACCENT SERVICE CO INC	Financial Service	6,053		
26	ADVANTAGE RECEIVABLE	Financial Service	2,619		
27	COLLECTION SERV BUREAU	Financial Service	553		
28	CONTINENTAL ALLIANCE	Financial Service	1,829		
29	CREDIT BUREAU-MISSOULA	Financial Service	573		
30	ER SOLUTIONS, INC	Financial Service	1,984		
31	FIRST DATA CORP	Financial Service	3,548		
32	MARICOPA COUNTY SHERIFF	Financial Service	646		
33	NATIONWIDE CREDIT INC	Financial Service	966		
34	OREGON DEPT CORRECTIONS	Financial Service	1,988		
35	PORT OF SEATTLE	Financial Service	567		
36	RISK MGMT ALTERNATIVES	Financial Service	572		
37	WELLS FARGO BANKS	Financial Service	752		
38					
39	TOTAL FINANCIAL SERVICES		22,650		
40					
41					
42	BROWNSTEIN HYATT & FARBER	Legal Service	505		
43	DORSEY & WHITNEY LLP	Legal Service	941		
44	FENNEMORE CRAIG	Legal Service	598		
45	HOGAN AND HARTSON	Legal Service	1,926		
46	KUTAK ROCK LLP	Legal Service	566		
47	PERKINS COIE	Legal Service	3,723		
48	SHERMAN & HOWARD LLC	Legal Service	700		
49	<b>Total</b>				

**Payments for Services to Persons Other Than Employees**

Year: 2001

Line No.	Name of Recipient (a)	Nature of Service (b)	Total Company Cost (c)	Total State Cost (d)	Intrastate Cost (e)
1	STOEL RIVES LLP	Legal Service	662		
2	WILMER CUTLER & PICKERING	Legal Service	2,289		
3					
4	TOTAL LEGAL SERVICES		<b>11,910</b>		
5					
6					
7	U S TELEPHONE ASSN	Membership Fees and Dues	150		
8					
9	TOTAL MEMBERSHIP FEES AND DUES		<b>150</b>		
10					
11					
12	ADECCO	Personnel Service	14,651		
13	SNELLING PERSONNEL SERVICES	Personnel Service	6,821		
14	SOURCE ONE MANAGEMENT	Personnel Service	11,713		
15	VOLT	Personnel Service	1,358		
16					
17	TOTAL PERSONNEL SERVICES		<b>34,543</b>		
18					
19					
20	XEROX CORPORATION	Printing and Design Service	4,019		
21					
22	TOTAL PRINTING AND DESIGN SERVICES		<b>4,019</b>		
23					
24					
25	BURNS INTL SECURITY	Security Service	1,121		
26					
27	TOTAL SECURITY SERVICES		<b>1,121</b>		
28					
29					
30	CONTRIBUTIONS		<b>6</b>		
31					
32					
33	GRAND TOTAL		<b>441,206</b>		
34					
35					
36					
37					
38					
39					
40					
41					
42					
43					
44					
45					
46					
47					
48					
49	<b>Total</b>				



## Subscriber Line Usage Data

Year: 2001

Line No.	Description (a)	This Year (b)	% of Total (c)	Last Year (d)	% of Total (e)
1	Toll Usage:	1,777,823	15.82%	1,777,823	15.82%
2	Interstate, InterLATA	376	0.00%	376	0.00%
3	Interstate, IntraLATA				
4	<b>Total Interstate Usage</b>	1,778,199	15.83%	1,778,199	15.83%
5	Intrastate, InterLATA	514,430	4.58%	514,429	4.58%
6	Intrastate, IntraLATA	140,527	1.25%	140,527	1.25%
7	<b>Total Intrastate Usage</b>	654,957	5.83%	654,956	5.83%
8	<b>Total Toll Usage</b>	2,433,156	21.66%	2,433,155	21.66%
9	Centrex *				
10	Local	8,802,764	78.34%	8,802,764	78.34%
11	<b>Total Minutes</b>	11,235,920	100.00%	11,235,919	100.00%

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

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

Central Office and Access Line Statistics

Line No.	Wire Center (a)	Type of Office (b)	Resident 1-Party (c)	Resident 2-Party (d)	Resident >2-Party (e)	Lifeline Customers (f)	Resident LMS Customers (g)	Single Line Business (h)	Multi-Line Business (i)	Customer Owned Coin (j)	Company Owned Coin (k)	Other (l)	Year: 2001	
													% of Lines w/ T. Tone (m)	Total Access Lines (n)
1	AMSTERDAM	ELECTRIC											100.0%	857
2	ANACONDA	ELECTRIC											100.0%	4,634
3	BELGRADE	ELECTRIC											100.0%	7,067
4	BILLINGS MAIN	ELECTRIC											100.0%	49,950
5	BILLINGS WEST	ELECTRIC											100.0%	22,688
6	BOULDER	ELECTRIC											100.0%	1,020
7	BOZEMAN	ELECTRIC											100.0%	34,681
8	BRIDGER	ELECTRIC											100.0%	679
9	BUTTE	ELECTRIC											100.0%	14,094
10	BUTTE SOUTH	ELECTRIC											100.0%	7,792
11	CANYON FERRY	ELECTRIC											100.0%	867
12	CASCADE	ELECTRIC											100.0%	985
13	CLANCY	ELECTRIC											100.0%	1,187
14	CLYDE PARK	ELECTRIC											100.0%	575
15	COLSTRIP	ELECTRIC											100.0%	1,408
16	COLUMBUS	ELECTRIC											100.0%	2,026
17	CONRAD	ELECTRIC											100.0%	1,532
18	COOKE CITY	ELECTRIC											100.0%	272
19	CORVALLIS	ELECTRIC											100.0%	3,263
20	CUT BANK	ELECTRIC											100.0%	2,466
21	DARBY	ELECTRIC											100.0%	1,956
22	DEER LODGE	ELECTRIC											100.0%	2,556
23	DILLON	ELECTRIC											100.0%	4,483
24	DUTTON	ELECTRIC											100.0%	289
25	EAST GLACIER PARK	ELECTRIC											100.0%	400
26	EAST HELENA	ELECTRIC											100.0%	4,184
27	FAIRVIEW	ELECTRIC											100.0%	179
28	FORSYTH	ELECTRIC											100.0%	1,573
29	FRENCHTOWN	ELECTRIC											100.0%	1,913
30	FROMBERG	ELECTRIC											100.0%	398
31	Subtotal Page 1												100.0%	175,974

WIRE CENTER DETAIL IS PROVIDED UNDER SEPARATE COVER AS PROPRIETARY

Central Office and Access Line Statistics

Line No.	Wire Center (a)	Type of Office (b)	Resident 1-Party (c)	Resident 2-Party (d)	Resident >2-Party (e)	Lifeline Customers (f)	Resident LMS Customers (g)	Single Line Business (h)	Multi-Line Business (i)	Customer Owned Coin (j)	Company Owned Coin (k)	Other (l)	Year: 2001		
													% of Lines w/ T. Tone (m)	Total Access Lines (n)	
1	GALLATIN GATEWAY	ELECTRIC												100.0%	1,165
2	GARDINER	ELECTRIC												100.0%	1,131
3	GLENDIVE	ELECTRIC												100.0%	1,931
4	GREAT FALLS	ELECTRIC												100.0%	43,432
5	HAMILTON	ELECTRIC												100.0%	7,866
6	HARDIN	ELECTRIC												100.0%	2,457
7	HAVRE	ELECTRIC												100.0%	7,480
8	HELENA MAIN	ELECTRIC												100.0%	30,494
9	HELENA NORTH	ELECTRIC												100.0%	3,251
10	JOLIET	ELECTRIC												100.0%	1,101
11	LAUREL	ELECTRIC												100.0%	4,922
12	LEWISTOWN	ELECTRIC												100.0%	5,883
13	LIVINGSTON	ELECTRIC												100.0%	7,471
14	LOLO	ELECTRIC												100.0%	4,254
15	MANHATTAN	ELECTRIC												100.0%	1,264
16	MILES CITY	ELECTRIC												100.0%	6,653
17	MILLTOWN	ELECTRIC												100.0%	1,398
18	MISSOULA MAIN	ELECTRIC												100.0%	47,701
19	MISSOULA SOUTH	ELECTRIC												100.0%	5,782
20	OPPORTUNITY	ELECTRIC												100.0%	456
21	PARK CITY	ELECTRIC												100.0%	824
22	POWELL	ELECTRIC												100.0%	2
23	PRAY	ELECTRIC												100.0%	941
24	RED LODGE	ELECTRIC												100.0%	3,158
25	ROBERTS	ELECTRIC												100.0%	368
26	SHELBY	ELECTRIC												100.0%	2,126
27	SHEPHERD	ELECTRIC												100.0%	1,641
28	SIDNEY	ELECTRIC												100.0%	1,935
29	ST MARY	ELECTRIC												100.0%	327
30	STEVENSVILLE	ELECTRIC												100.0%	4,875
31	Subtotal Page 2														202,289

Central Office and Access Line Statistics

Line No.	Wire Center (a)	Type of Office (b)	Resident 1-Party (c)	Resident 2-Party (d)	Resident >2-Party (e)	Lifeline Customers (f)	Resident LMS Customers (g)	Single Line Business (h)	Multi-Line Business (i)	Customer Owned Coin (j)	Company Owned Coin (k)	Other (l)	Year: 2001	
													% of Lines w/ T. Tone (m)	Total Access Lines (n)
1	TERRY	ELECTRIC											100.0%	77
2	THREE FORKS	ELECTRIC											100.0%	1,751
3	TOWNSEND	ELECTRIC											100.0%	2,023
4	ULM	ELECTRIC											100.0%	401
5	VAUGHN	ELECTRIC											100.0%	1,147
6	VICTOR	ELECTRIC											100.0%	1,723
7	WARM SPRINGS	ELECTRIC											100.0%	242
8	WEST GLACIER	ELECTRIC											100.0%	547
9	WEST YELLOWSTONE	ELECTRIC											100.0%	2,063
10	WHITEHALL	ELECTRIC											100.0%	1,875
11	WIBAUX	ELECTRIC											100.0%	216
12	WILLSALL	ELECTRIC											100.0%	409
13	WOLF CREEK	ELECTRIC											100.0%	340
14														
15														
16														
17														
18														
19														
20	Subtotal Page 3													12,814
21														
22	MONTANA		245,698	5		7,857	8,104	12,009	59,738	1,487	2,556	53,623		391,077

## Central Office and Switch Information

Year: 2001

Line No.	Wire Center (a)	Office Configuration (Host, Remote, Stand alone) (b)	Type of Switch (c)	Switch Vendor/ Manufacturer (d)	Switch Model No. (e)	Switch Line Capacity (f)	Year Deployed (g)
1	Amsterdam	Remote/Bozeman	Digital	LUCENT	5ESS/RSM	835	1993
2	Anaconda	Remote/Helena Host	Digital	ERSN	AXE/RSS	4,605	1992
3	Belgrade	Remote/Bozeman	Digital	LUCENT	5ESS/RSM	7,006	1984
4	Billings Main	Stand Alone	Digital	LUCENT	5ESS	48,277	1994
5	Billings Main	Host Only	Digital	ERSN	AXE		1991
6	Billings Main	STP	Digital	ERSN	AXE/STP		1992
7	Billings West	Lines/Host	Digital	LUCENT	5ESS	22,352	1985
8	Billings West	Packet (Unreg)	Digital	NTI	DPN100		1993
9	Boulder	Remote/Helena Host	Digital	ERSN	AXE/RSS	997	1992
10	Bozeman	Lines/Host	Digital	LUCENT	5ESS	33,794	1984
11	Bozeman	STP	Digital	ERSN	AXE/STP		1992
12	Bridger	Remote/Billings Host	Digital	ERSN	AXE/RSS	668	1993
13	Butte Main	Lines/Host	Digital	LUCENT	5ESS	13,910	1990
14	Butte South	Remote/Butte	Digital	LUCENT	5ESS/ORM	7,745	1995
15	Canyon Ferry	Remote/Helena Host	Digital	ERSN	AXE/RSS	852	1992
16	Cascade	Remote/Great Falls	Digital	LUCENT	5ESS/RSM	971	1994
17	Clancy	Remote/Helena Host	Digital	ERSN	AXE/RSS	1,159	1992
18	Clyde Park	Remote/Livingston	Digital	ERSN	AXE/RSS	557	1992
19	Colstrip	Remote/Billings	Digital	LUCENT	5ESS/RSM	1,376	1997
20	Columbus	Remote/Billings Host	Digital	ERSN	AXE/RSS	1,992	1992
21	Conrad	Remote/Great Falls	Digital	LUCENT	5ESS/RSM	1,509	1994
22	Cooke City	Remote/Livingston	Digital	ERSN	AXE/RSS	257	1992
23	Corvallis	Remote/Hamilton	Digital	ERSN	AXE/RSS	3,238	1991
24	Cut Bank	Remote/Shelby	Digital	ERSN	AXE/RSS	2,447	1994
25	Darby	Remote/Hamilton	Digital	ERSN	AXE/RSS	1,930	1991
26	Deer Lodge	Remote/Helena Host	Digital	ERSN	AXE/RSS	2,516	1990
27	Dillon	Remote/Helena Host	Digital	ERSN	AXE/RSS	4,441	1992
28	Dutton	Remote/Great Falls	Digital	LUCENT	5ESS/RSM	275	1994
29	East Glacier	Remote/Shelby	Digital	ERSN	AXE/RSS	386	1993
30	East Helena	Remote/Helena	Digital	LUCENT	5ESS/RSM	4,163	1988
31	Fairview	Remote/Glendive	Digital	ERSN	AXE/RSS	407	1993
32	Forsyth	Remote/Miles City	Digital	ERSN	AXE/RSS	1,543	1992
33	Frenchtown	Remote/Missoula	Digital	LUCENT	5ESS/RSM	1,894	1990
34	Fromberg	Remote/Billings Host	Digital	ERSN	AXE/RSS	378	1993
35	Gallatin Gateway	Remote/Bozeman	Digital	LUCENT	5ESS/RSM	1,147	1993
36	Gardiner	Remote/Livingston	Digital	ERSN	AXE/RSS	1,105	1991
37	Glendive Main	Lines/Host	Digital	ERSN	AXE	1,790	1992
38	Great Falls	Lines/Host	Digital	LUCENT	5ESS	42,665	1987
39	Great Falls	Packet (Unreg)	Digital	NTI	DPN100		1993
40	Hamilton	Lines/Host	Digital	ERSN	AXE	7,800	1991
41	Hardin	Remote/Billings Host	Digital	ERSN	AXE/RSS	2,433	1992
42	Havre	Stand Alone	Digital	ERSN	AXE	7,416	1991
43	Helena Main	Lines/Host	Digital	LUCENT	5ESS	29,229	1988
44	Helena Main	Host	Digital	ERSN	AXE		1990
45	Helena Main	STP	Digital	ERSN	AXE/STP		1992
46	Helena North	Remote/Helena	Digital	LUCENT	5ESS/RSM	3,238	1988
47	Joliet	Remote/Billings Host	Digital	ERSN	AXE/RSS	1,080	1993
48	Laurel	Remote/Billings Host	Digital	ERSN	AXE/RSS	4,870	1992

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

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## Central Office and Switch Information

Year: 2001

Line No.	Wire Center (a)	Office Configuration (Host, Remote, Stand alone) (b)	Type of Switch (c)	Switch Vendor/ Manufacturer (d)	Switch Model No. (e)	Switch Line Capacity (f)	Year Deployed (g)
49	Lewistown	Stand Alone	Digital	ERSN	AXE	5,829	1993
50	Livingston	Lines/Host	Digital	ERSN	AXE	7,388	1992
51	Lolo	Remote/Missoula	Digital	LUCENT	5ESS/RSM	4,229	1993
52	Manhattan	Remote/Bozeman	Digital	LUCENT	5ESS/RSM	1,248	1993
53	Miles City	Lines/Host	Digital	ERSN	AXE	6,587	1992
54	Milltown	Remote/Missoula	Digital	LUCENT	5ESS/RSM	1,375	1993
55	Missoula Main	Lines/Host	Digital	LUCENT	5ESS	45,865	1986
56	Missoula Main	STP	Digital	ERSN	AXE/STP		1992
57	Missoula South	Remote/Missoula	Digital	LUCENT	5ESS/ORM	5,762	1993
58	Opportunity	Remote/Helena Host	Digital	ERSN	AXE/RSS	443	1992
59	Park City	Remote/Billings Host	Digital	ERSN	AXE/RSS	801	1992
60	Pray	Remote/Livingston	Digital	ERSN	AXE/RSS	918	1990
61	Red Lodge	Remote/Billings Host	Digital	ERSN	AXE/RSS	3,127	1992
62	Roberts	Remote/Billings Host	Digital	ERSN	AXE/RSS	346	1993
63	Saint Mary	Remote/Shelby	Digital	ERSN	AXE/RSS	311	1993
64	Shelby	Lines/Host	Digital	ERSN	AXE	2,086	1993
65	Shepherd	Remote/Billings West	Digital	LUCENT	5ESS/RSM	1,617	1985
66	Sidney	Remote/Glendive	Digital	ERSN	AXE/RSS	1,890	1993
67	Stevensville	Remote/Hamilton	Digital	ERSN	AXE/RSS	4,844	1991
68	Terry	Remote/Miles City	Digital	ERSN	AXE/RSS	58	1994
69	Three Forks	Remote/Bozeman	Digital	LUCENT	5ESS/RSM	1,730	1993
70	Townsend	Remote/Helena Host	Digital	ERSN	AXE/RSS	1,996	1992
71	Ulm	Remote/Great Falls	Digital	LUCENT	5ESS/RSM	385	1993
72	Vaughn	Remote/Great Falls	Digital	LUCENT	5ESS/RSM	1,132	1993
73	Victor	Remote/Hamilton	Digital	ERSN	AXE/RSS	1,699	1991
74	Warm Springs	Remote/Helena Host	Digital	ERSN	AXE/RSS	229	1992
75	West Glacier	Remote/Shelby	Digital	ERSN	AXE/RSS	523	1993
76	W. Yellowstone	Remote/Livingston	Digital	ERSN	AXE/RSS	2,037	1991
77	Whitehall	Remote/Helena Host	Digital	ERSN	AXE/RSS	1,851	1992
78	Wibaux	Remote/Glendive	Digital	ERSN	AXE/RSS	203	1994
79	Wilsall	Remote/Livingston	Digital	ERSN	AXE/RSS	390	1992
80	Wolf Creek	Remote/Helena Host	Digital	ERSN	AXE/RSS	321	1992

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

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**Construction Budget - Montana**

Year: 2001

Line No.	Description (a)	2002 (b)
1	<b>Central Office Assets:</b>	
2	Switching	
3	2002-Missoula-Main MT-Place Engine	500
4	5A_MT Billings MAIN 5ESS: 100 PRI 140 DS1'S	868
5	Total Switching	1,368
6		
7		
8		
9	Circuit Equipment	
10	2002-Great Falls MT-Comp Plan	530
11	Montana - 2002 Capitalization of Plug-In Equipment	830
12	2002-OC03--LVTNMTMA/PRAYMTMA--FUJITSU	1,193
13	Total Circuit Equipment	2,553
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27	Total Switching and Central Office Projects over \$500,000	3,921
28	Miscellaneous Central Office Projects not over \$500,000	28,913
29	<b>Total Central Office Budget (Total of Line 27 &amp; Line 28)</b>	<b>32,834</b>
30	<b>Other Projects over \$500,000:</b>	
31		
32	Outside Plant	
33	Growth and Preservation	12,500
34	ACR Clean Up	697
35	Montana - 2002 Capitalization of Plug-In Equipment	1,342
36		
37		
38		
39		
40		
41	Total Other Projects over \$500,000	14,539
42	Miscellaneous projects not over \$500,000	2,627
43	<b>Total Construction Budget (Total of Lines 29, 41 &amp; 42)*</b>	<b>50,000</b>

\*The Construction Budget Plant Additions include amounts specifically identified to Montana plus a portion of approximately \$1.0 Billion of capital expenditures that QWEST Corporation projects for 2002 but has not specifically identified to a particular state.

## Montana Employee Counts

Year: 2001

Line No.	Category (a)	Beginning of Year (b)	End of Year (c)
1	BGS-CCS/Centers for Customer Service	1	
2	BGS-CPE Operations	6	6
3	Consumer Marketing Operations		2
4	Consumer Mountain Customer Care		12
5	Communications-Merger Related	1	1
6	Executive	2	
7	Finance	82	3
8	Fleet Services	6	6
9	GB Alternative Chnl & Gov Mk	3	3
10	Network Complex Services	100	34
11	Network Operations	2	
12	Network Services ID, MT, IA, ND	235	220
13	Network Services AZ, CO, NM, WY, UT		6
14	Local Network		35
15	Public Policy	9	1
16	Real Estate	10	9
17	Real Estate Asset Management	2	2
18	Risk Management	1	
19	Small Business Service Delivery	148	117
20			
21			
22			
23			
24			
25			
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30			
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40			
41	Note: At the end of year, there was 56 construction technicians included in the		
42	Network totals. There is not a job category for splicer.		
43	<b>Totals (Sum of Lines 1 through 42)</b>	608	457



**Compensation of Top 10 Montana Based Employees**

Year: 2001

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

## Compensation of Top 5 Corporate Employees - SEC Information

Line No.	Name/Title (a)	Base Salary (b)	Bonuses (c)	Other Compensation (d)	Total Compensation (e)	Total Compensation Last Year (f)	% Increase Total Compensation (g)
1	Joseph P. Nacchio Chairman and Chief Executive Officer	\$ 1,169,230	#####	\$24,608,564	\$27,294,946	\$ 4,227,408	545.7%
2	Afshin Mohebbi President and Chief Operating Officer	\$ 766,923	\$ 593,306	\$ 292,263	\$ 1,652,492	\$ 1,551,529	6.5%
3	Drake S. Tempest Executive Vice President, General Counsel, Chief Administrative Officer and Corporate Secretary	\$ 396,154	\$ 234,434	\$ 3,363,998	\$ 3,994,586	\$ 686,453	481.9%
4	James A. Smith Executive Vice President- National Consumer Markets	\$ 360,000	\$ 188,100	\$ 4,579	\$ 552,679	\$ 6,339,804	-91.3%
5	Robin R. Szeliga Executive Vice President, Finance and Chief Financial Officer	\$ 344,231	\$ 186,790	\$ 1,685,629	\$ 2,216,650	N/A	
6	<b>Totals (Sum L.1 to L.5)</b>	\$ 3,036,538	#####	\$29,955,033	\$35,711,353	\$12,805,194	

## Montana Composite Statistics

Year: 2001

Line No.	Account No.	Description (a)	Amount (b)
1		<b>Plant (Intrastate Only) (000 Omitted)</b>	
2	2001	Plant in Service	597,458
3	2003 - 2004	Construction Work in Progress	10,146
4	2005	Plant Acquisition Adjustments	
5	2002	Plant Held for Future Use	
6	1220	Materials & Supplies	519
7		(Less):	
8	3100 - 3400	Depreciation & Amortization Reserves	345,262
9	4360.2	Contributions in Aid of Construction	(196)
10		<b>NET BOOK COSTS</b>	<b>263,057</b>
11		<b>Revenues &amp; Expenses (Intrastate Only) (000 Omitted)</b>	
12	5000 - 5300	Operating Revenues	178,250
13	6560	Depreciation & Amortization Expenses	44,253
14		Federal & State Income Taxes	21,956
15		Other Taxes	8,853
16		Other Operating Expenses	57,279
17		TOTAL Operating Expenses	132,341
18		Net Operating Income	45,909
19		Other Income	(3,834)
20		Other Deductions	2,244
21		<b>NET INCOME</b>	<b>39,831</b>
22		<b>Access Lines in Service (Intrastate Only)</b>	
23		Residential Access Lines	261,664
24		Business Access Lines	108,259
25		PBX Access Lines	17,111
26		Other Access Lines	4,043
27		<b>Total Number of Access Lines</b>	<b>391,077</b>
28		<b>Average Number of Calls Per Access Line</b>	
29		Local Calls	2,237
30		Toll Calls (Intra- or Interstate)	476
31		<b>Total Number of Calls Per Access Line (Total of Line 29 &amp; Line 30)</b>	<b>2,713</b>
32		<b>Other Statistics (Intrastate Only)</b>	
33		Average Residential Monthly Bill	16.81
34		Gross Plant Investment per Access Line	1,555

**Depreciation - Montana Intrastate Regulated**

Year: 2001

Line No.	Acct No. (a)	Description (b)	Composite Rate % (c)	Total Expense \$ (d)
1	2112	Motor Vehicles		
2	2114	Special Purpose Vehicles	4.2%	4
3	2115	Garage Work Equipment	9.8%	21
4	2116	Other work Equipment	9.4%	271
5	2121	Buildings	3.7%	1,100
6	2122	Furniture	170.4%	20
7	2123.1	Office Support Equipment	18.0%	30
8	2123.2	Company Communications Equipment	121.0%	434
9	2124	General Purpose Computers	19.3%	948
10	2211	Analog Electronic Switching Equipment		
11	2212	Digital Electronic Switching Equipment	13.1%	18,106
12	2215	Step By Step Switching Equipment		
13	2215	Crossbar Switching Equipment		
14	2220	Operator System		
15	2231	Radio Systems	10.9%	830
16	2232	Circuit DDS	8.5%	61
17	2232	Circuit Digital	10.9%	8,338
18	2232	Circuit Analog	17.0%	1,565
19	2351	Public Telephone Terminating Equipment		
20	2362	Other Terminal Equipment	10.7%	409
21	2411	Poles	11.0%	509
22	2421	Aerial Cable Metallic	11.5%	2,714
23	2421	Aerial Cable Nonmetallic	9.9%	8
24	2422	Underground Cable Metallic	7.3%	1,682
25	2422	Underground Cable Nonmetallic	6.4%	414
26	2423	Buried Cable Metallic	6.3%	12,247
27	2423	Buried Cable Nonmetallic	6.2%	1,692
28	2424	Submarine Cable Metallic	2.2%	
29	2424	Submarine Cable Nonmetallic		
30	2426	Intrabuilding Network Cable Metallic	3.5%	178
31	2426	Intrabuilding Network Cable Nonmetallic	3.6%	5
32	2431	Aerial Wire		
33	2441	Conduit Systems	2.3%	336
34				
35		<b>COMPOSITE TOTAL</b>		<b>51,922</b>
36	Have these rates been approved by the Commission? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO			
37				
38	If yes: _____ Docket Number _____ Order Number			
39				
40				

Montana depreciation expense reflects costs that are based upon forward-looking asset lives consistent with asset lives of other telecommunications carriers. See the following sheet for depreciation data following depreciation rates last approved by the Commission.

**Depreciation - Montana Intrastate Regulated**

Year: 2001

Line No.	Acct No. (a)	Description (b)	Composite Rate % (c)	Total Expense \$ (d)
1	2112	Motor Vehicles	4.9%	366
2	2114	Special Purpose Vehicles	5.8%	6
3	2115	Garage Work Equipment	10.5%	22
4	2116	Other Work Equipment	5.3%	153
5	2121	Buildings	3.4%	1,012
6	2122	Furniture	20.8%	2
7	2123.1	Office Support Equipment	10.6%	18
8	2123.2	Company Communications Equipment	8.3%	16
9	2124	General Purpose Computers	0.2%	11
10	2212	Digital Electronic Switching Equipment	7.1%	9,249
11	2220	Operator System		
12	2231	Radio Systems	11.2%	853
13	2232	Circuit DDS	11.7%	84
14	2232	Circuit Digital	11.2%	8,567
15	2232	Circuit Analog	24.0%	
16	2351	Public Telephone Terminating Equipment		
17	2362	Other Terminal Equipment	13.1%	501
18	2411	Pole Lines	10.1%	468
19	2421	Aerial Cable Metallic	6.8%	1,605
20	2421	Aerial Cable Nonmetallic	11.6%	9
21	2422	Underground Cable Metallic	6.3%	1,452
22	2422	Underground Cable Nonmetallic	6.6%	427
23	2423	Buried Cable Metallic	4.6%	8,943
24	2423	Buried Cable Nonmetallic	6.2%	1,692
25	2424	Submarine Cable Metallic	2.4%	1
26	2424	Submarine Cable Nonmetallic		
27	2426	Intrabuilding Network Cable Metallic	4.1%	209
28	2426	Intrabuilding Network Cable Nonmetallic	7.8%	12
29	2431	Aerial Wire		
30	2441	Conduit Systems	2.1%	307
31				
32				
33				
34				
35		<b>COMPOSITE TOTAL</b>		<b>35,985</b>
36	Have these rates been approved by the Commission? <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO			
37				
38				
39	If yes: 96.8.131 <u>Docket Number</u> 5937c <u>Order Number</u>			
40				

The following table represents depreciation data based upon the last approved rates which was in Docket No. D96.8.131, Order No 5937c. The total expense in column (d) was not used in any of the financial statements in this annual report.

## Montana Regulatory Capital Structure &amp; Costs

Year: 2001

Line No.	Description (a)	% Cap. Str. (b)	% Cost Rate (c)	Weighted Cost (d)
<b>Commission Accepted - Most Recent</b>				
1	Docket Number <u>88.12.55</u>			
2	Order Number <u>5398a</u>			
3				
4	Common Equity	50.00%	12.00%	6.00%
5	Preferred Stock			
6	Long Term Debt	50.00%	8.88%	4.44%
7	Other			
8	<b>Total</b>	100.00%		10.44%
9				
<b>Actual at Year End</b>				
10				
11				
12	Common Equity (Note 1)	55.77%	12.00%	6.69%
13	Preferred Stock			
14	Long Term Debt	35.29%	7.85%	2.77%
15	Other	8.94%	3.99%	0.36%
16	<b>Total</b>	100.00%		9.82%

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

## Network Access - Charges and Revenues

Year: 2001

Line No.	Description (a)	Access Charges Paid (b)	Access Revenues Received (c)
1	Montana - Total State	5,697	110,067
2			
3	Montana - Intrastate	2,963	26,508
4			
5	Montana - Intrastate Regulated	2,963	21,133
6			
7			
8			
9			
10			
11			
12			
13			

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

Year: 2001

Line No.	Affiliate Name (a)	Products & Services (b)	Method to Determine Price (c)	Charges to Utility (d)	% Total Affil. Revenues (e)	Charges to MT Utility (f)
1	Interprise	ADVERTISING	FDC	198,207		13,772
2	Interprise	REMOTE ACCESS SERVICE	FDC	673,937		13,772
3		<b>FDC</b>		<b>872,144</b>		
4	Interprise	CORPORATE COMM	PCP	328,541		6,728
5	Interprise	EQUIPMENT/MATERIEL	PCP	685,864		12,299
6	Interprise	PRODUCTS/SALES	PCP	18,710		407
7		<b>PCP</b>		<b>1,033,115</b>		<b>19,434</b>
8		<b>TOTAL</b>		<b>1,905,259</b>	<b>0.28%</b>	<b>33,206</b>
9						
10	Business Resources	POST EMPLOY BENEFITS	FDC	1,227,695		24,656
11	Business Resources	PROCUREMENT	FDC	25,937,228		511,277
12		<b>FDC</b>		<b>27,164,923</b>		<b>535,933</b>
13	Business Resources	LEASED SPACE	PCP	4,433,189		61,085
14	Business Resources	OPERATING EXPENSE	PCP	1,827,734		20,493
15	Business Resources	SHARED SPACE	PCP	223,701		4,786
16		<b>PCP</b>		<b>6,484,624</b>		<b>86,364</b>
17		<b>TOTAL</b>		<b>33,649,547</b>	<b>43.47%</b>	<b>622,297</b>
18						
19	Information Technologies, Inc.	CORPORATE CALLING CARD	FDC	18,878		380
20	Information Technologies, Inc.	INFORMATION MGMT SERV	FDC	375,152,492		7,644,443
21		<b>FDC</b>		<b>375,171,370</b>		<b>7,644,823</b>
22	Information Technologies, Inc.	SPACE & FURNITURE RENTAL	FMV	19,638,935		396,514
23		<b>FMV</b>		<b>19,638,935</b>		<b>396,514</b>
24		<b>TOTAL</b>		<b>394,810,305</b>		<b>8,041,337</b>
25						
26	LCI	CORP & SHARED SERVICE	FDC	327,322		6,662
27	LCI	FINANCE	FDC	1,510,739		30,592
28	LCI	HUMAN RESOURCES	FDC	63,034		1,282
29	LCI	LEGAL	FDC	1,353,817		27,651
30	<b>TOTAL</b>					

Part 32 requires that affiliates bill QC at the lower of FDC or FMV. Therefore, Column C, Methods To Determine Price, can change depending upon the outcome of the pricing audit.

**Affiliate Transactions - Products & Services Provided to Utility** Year: 2001

Line No.	Affiliate Name (a)	Products & Services (b)	Method to Determine Price (c)	Charges to Utility (d)	% Total Affil. Revenues (e)	Charges to MT Utility (f)
1	LCI	MANAGEMENT SERVICES	FDC	2,244,833		46,544
2	LCI	MARKETING & SALES	FDC	81,276		1,747
3	LCI	PRODUCT PLANNING	FDC	1,660,065		35,617
4		<b>FDC</b>		<b>7,241,086</b>		<b>150,095</b>
5	LCI	BILLING & COLLECTION	PCP	1,553,450		31,457
6		<b>PCP</b>		<b>1,553,450</b>		<b>31,457</b>
7		<b>TOTAL</b>		<b>8,794,536</b>	<b>LESS THAN 1%</b>	<b>181,552</b>
8						
9	National Telecomm Alliance	NATIONAL SECUR EMER PREP	PCP	380,577		9,044
10		<b>PCP</b>		<b>380,577</b>		<b>9,044</b>
11		<b>TOTAL</b>		<b>380,577</b>		<b>9,044</b>
12						
13	QSC	CORPORATE SERVICES	FDC	230,881,592		5,192,986
14	QSC	LEGAL-DIRECT	FDC	(3,648,706)		(72,181)
15	QSC	POST EMPLOYMENT BENEFIT	FDC	330,041		6,765
16		<b>FDC</b>		<b>227,562,927</b>		<b>5,127,570</b>
17		<b>TOTAL</b>		<b>227,562,927</b>		<b>5,127,570</b>
18						
19	Qwest Advanced Technologies	PLANNING AND SUPPORT	FDC	(2)		4,171
20	Qwest Advanced Technologies	POST EMPLOYMENT BENEFIT	FDC	206,174		4,171
21		<b>FDC</b>		<b>206,172</b>		<b>4,171</b>
22		<b>TOTAL</b>		<b>206,172</b>		<b>4,171</b>
23						
24	Qwest Communications Corp	ADMINISTRATIVE	FDC	47,553		968
25	Qwest Communications Corp	ADVERTISING	FDC	169		2
26	Qwest Communications Corp	COMMON MANAGEMENT	FDC	2,052,341		43,953
27	Qwest Communications Corp	DESKTOP EQUIPMENT	FDC	20,000		
28	Qwest Communications Corp	EQUIPMENT/MATERIEL	FDC	(785)		(91)
29	Qwest Communications Corp	EXECUTIVE MGMT	FDC	217,640		4,562
30	<b>TOTAL</b>					

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

Year: 2001

Line No.	Affiliate Name (a)	Products & Services (b)	Method to Determine Price (c)	Charges to Utility (d)	% Total Affil. Revenues (e)	Charges to MT Utility (f)
1	Qwest Communications Corp	FINANCIAL SERVICES	FDC	244,946		4,960
2	Qwest Communications Corp	HUMAN RESOURCES	FDC	66,831		1,350
3	Qwest Communications Corp	INTERIM PRODUCT MGMT	FDC	1,664,532		37,235
4	Qwest Communications Corp	MISCELLANEOUS	FDC	153		
5	Qwest Communications Corp	USE OF TEST EQUIPMENT	FDC	190,168		4,680
6		<b>FDC</b>		<b>4,503,548</b>		<b>97,619</b>
7	Qwest Communications Corp	INTEREST	FMV	339,434		6,860
8	Qwest Communications Corp	SPACE & FURNITURE RENTAL	FMV	52,362		
9		<b>FMV</b>		<b>391,796</b>		<b>6,860</b>
10	Qwest Communications Corp	AUDIO CONFERENCING	PCP	5,634,330		110,974
11	Qwest Communications Corp	CORPORATE CALLING CARD	PCP	451,385		9,132
12	Qwest Communications Corp	LEASE FIBER OPTIC	PCP	651,586		(64)
13	Qwest Communications Corp	PRIVATE LINE SERVICES	PCP	1,696,212		34,375
14		<b>PCP</b>		<b>8,433,513</b>		<b>154,417</b>
15		<b>TOTAL</b>		<b>13,328,857</b>		<b>258,896</b>
16						
17	Qwest DEX	MISCELLANEOUS	FDC	34		
18		<b>FDC</b>		<b>34</b>		
19	Qwest DEX	ADVERTISING	PCP	10,786,377		216,917
20	Qwest DEX	POST EMPLOYMENT BENEFIT	PCP	27,594		602
21		<b>PCP</b>		<b>10,813,971</b>		<b>217,519</b>
22		<b>TOTAL</b>		<b>10,814,005</b>	<b>0.50%</b>	<b>217,519</b>
23						
24	Qwest Digital	CONTRACT LABOR	FDC	595		12
25		<b>FDC</b>		<b>595</b>		<b>12</b>
26		<b>TOTAL</b>		<b>595</b>		<b>12</b>
27						
28	Qwest Government Services	MARKETING LB REG	FDC	13,883,728		291,356
29	Qwest Government Services	POST EMPLOYMENT BENEFIT	FDC	300,288		6,550
30	<b>TOTAL</b>					

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**Affiliate Transactions - Products & Services Provided to Utility** Year: 2001

Line No.	Affiliate Name (a)	Products & Services (b)	Method to Determine Price (c)	Charges to Utility (d)	% Total Affil. Revenues (e)	Charges to MT Utility (f)
1	Qwest Government Services	SHARED SUPPORT	FDC	5,694,475		122,143
2		<b>FDC</b>		<b>19,878,491</b>		<b>420,049</b>
3	Qwest Government Services	EQUIPMENT MATERIEL	PCP	503,505		7,927
4		<b>PCP</b>		<b>503,505</b>		<b>7,927</b>
5		<b>TOTAL</b>		<b>20,381,996</b>		<b>427,976</b>
6						
7	Qwest Long Distance	CORP COMMUNICATIONS	PCP	508		
8		<b>PCP</b>		<b>508</b>		
9		<b>TOTAL</b>		<b>508</b>		
10						
11	Qwest Wireless, LLC	MARKETING	FDC	530,618		11,381
12		<b>FDC</b>		<b>530,618</b>		<b>11,381</b>
13	Qwest Wireless, LLC	EQUIPMENT	PCP	526,849		730
14	Qwest Wireless, LLC	OCS USAGE	PCP	6,249,042		822
15		<b>PCP</b>		<b>6,775,891</b>		<b>1,552</b>
16		<b>TOTAL</b>		<b>7,306,509</b>	<b>1.05%</b>	<b>12,933</b>
17						
18						
19						
20		<b>TOTAL</b>		<b>\$ 719,141,793</b>		<b>\$ 14,936,513</b>
21						
22						
23						
24						
25						
26						
27						
28						
29						
30	<b>TOTAL</b>					

Part 32 requires that affiliates bill QC at the lower of FDC or FMV. Therefore, Column C, Methods To Determine Price, can change depending upon the outcome of the pricing audit.

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

Year: 2001

Line No.	Affiliate Name (a)	Products & Services (b)	Method to Determine Price (c)	Charges by Utility (d)	% Total Affil. Expenses (e)	Payments by MT Utility (f)
1	Interprise	ADMINISTRATIVE	FDC	77,401		487
2	Interprise	FINANCE	FDC	152,846		3,095
3	Interprise	GENERAL SERVICES	FDC	647,522		1,079
4	Interprise	HUMAN RESOURCES	FDC	33,438		677
5	Interprise	INFORMATION TECH SRVCS	FDC	82,088		1,662
6	Interprise	MARKETING	FDC	11,396		248
7	Interprise	REAL PROPERTY SERVICES	FDC	90,072		
8	Interprise	SECURITY	FDC	7,037		33
9	Interprise	SPACE & FURNITURE RENTAL	FDC	2,819,955		(17,578)
10	Interprise	TELECOMMUNICATIONS	FDC	123		2
11		<b>FDC</b>		<b>3,921,878</b>		<b>(10,295)</b>
12	Interprise	INFORMATION TECH SRVCS	FMV	232		5
13	Interprise	SECURITY	FMV	7,814		158
14	Interprise	SPACE & FURNITURE RENTAL	FMV	195,627		
15		<b>FMV</b>		<b>203,673</b>		<b>163</b>
16	Interprise	BILLING & COLLECTION	PCP	6,246,000		70,000
17		<b>PCP</b>		<b>6,246,000</b>		<b>70,000</b>
18		<b>TOTAL</b>		<b>10,371,551</b>	<b>N/A</b>	<b>59,868</b>
19						
20	Qwest Broadband Services, Inc.	ACCRUAL	FDC	(72,915)		(1,477)
21	Qwest Broadband Services, Inc.	ADMINISTRATIVE	FDC	16,578		208
22	Qwest Broadband Services, Inc.	CORP & SHARED SERVICES	FDC	1,925		39
23	Qwest Broadband Services, Inc.	FINANCE	FDC	242,628		4,913
24	Qwest Broadband Services, Inc.	HUMAN RESOURCES	FDC	5,909		120
25	Qwest Broadband Services, Inc.	INFORMATION TECH SRVCS	FDC	166,080		704
26	Qwest Broadband Services, Inc.	LEASED NETWORK FACILITIES	FDC	20,992,722		
27	Qwest Broadband Services, Inc.	NETWORK SERVICES	FDC	12,945,631		2,308
28	Qwest Broadband Services, Inc.	SPACE & FURNITURE RENTAL	FDC	380,907		
29		<b>FDC</b>		<b>34,679,465</b>		<b>6,815</b>
30	<b>TOTAL</b>					

Affiliate Transactions - Products & Services Provided by Utility Year: 2001

Line No.	Affiliate Name (a)	Products & Services (b)	Method to Determine Price (c)	Charges by Utility (d)	% Total Affil. Expenses (e)	Payments by MT Utility (f)
1	Qwest Broadband Services, Inc.	CORP & SHARED SERVICES	FMV	873		18
2	Qwest Broadband Services, Inc.	LEASED NETWORK FACILITIES	FMV	344,008		
3	Qwest Broadband Services, Inc.	SPACE & FURNITURE RENTAL	FMV	42,129		
4		<b>FMV</b>		<b>387,010</b>		<b>18</b>
5	Qwest Broadband Services, Inc.	BILLING & COLLECTION	PCP	709,928		(392)
6		<b>PCP</b>		<b>709,928</b>		<b>(392)</b>
7	Qwest Broadband Services, Inc.	LEASES	PUB	7,691,676		
8	Qwest Broadband Services, Inc.	NETWORK SERVICES	PUB	18,145,060		
9		<b>PUB</b>		<b>25,836,736</b>		
10		<b>TOTAL</b>		<b>61,613,139</b>	<b>N/A</b>	<b>6,441</b>
11						
12	Qwest Business Resources, Inc.	ADMINISTRATIVE	FDC	98,695		919
13	Qwest Business Resources, Inc.	FINANCE	FDC	149,347		3,024
14	Qwest Business Resources, Inc.	FLEET SERVICES	FDC	234		
15	Qwest Business Resources, Inc.	FLIGHT	FDC	1,253		25
16	Qwest Business Resources, Inc.	GENERAL SERVICES	FDC	62,009		1,256
17	Qwest Business Resources, Inc.	HUMAN RESOURCES	FDC	72,986		1,478
18	Qwest Business Resources, Inc.	INFORMATION TECH SERVICE	FDC	1,455,464		29,473
19	Qwest Business Resources, Inc.	REAL PROPERTY SERVICES	FDC	1,430,120		
20	Qwest Business Resources, Inc.	SECURITY	FDC	11,125		71
21	Qwest Business Resources, Inc.	SPACE & FURNITURE RENTAL	FDC	505,558		
22		<b>FDC</b>		<b>3,786,791</b>		<b>36,246</b>
23	Qwest Business Resources, Inc.	SECURITY	FMV	3,535		72
24	Qwest Business Resources, Inc.	SPACE & FURNITURE RENTAL	FMV	394,348		
25		<b>FMV</b>		<b>397,883</b>		<b>72</b>
26		<b>TOTAL</b>		<b>4,184,674</b>	<b>N/A</b>	<b>36,318</b>
27	Information Technologies, Inc.	INFORMATION TECH SERVICE	FCP	7,704,793		156,022
28		<b>FCP</b>		<b>7,704,793</b>		<b>156,022</b>
29	Information Technologies, Inc.	ADMINISTRATIVE	FDC	1,330,993		26,953
30	<b>TOTAL</b>					

**Affiliate Transactions - Products & Services Provided by Utility** Year: 2001

Line No.	Affiliate Name (a)	Products & Services (b)	Method to Determine Price (c)	Charges by Utility (d)	% Total Affil. Expenses (e)	Payments by MT Utility (f)
1	Information Technologies, Inc.	FINANCE	FDC	827,058		16,749
2	Information Technologies, Inc.	GENERAL SERVICES	FDC	506,209		10,251
3	Information Technologies, Inc.	HUMAN RESOURCES	FDC	759,169		15,373
4	Information Technologies, Inc.	INFORMATION TECH SERVICE	FDC	(1,966,984)		(39,831)
5	Information Technologies, Inc.	MISCELLANEOUS	FDC	4,487		91
6	Information Technologies, Inc.	REAL PROPERTY SERVICES	FDC	24,874		5,801
7	Information Technologies, Inc.	SECURITY	FDC	122,265		117
8	Information Technologies, Inc.	SPACE & FURNITURE RENTAL	FDC	21,209,871		564
9		<b>FDC</b>		<b>22,817,942</b>		<b>36,068</b>
10	Information Technologies, Inc.	GENERAL SERVICES	FMV	2,532		51
11	Information Technologies, Inc.	SECURITY	FMV	84,487		1,711
12	Information Technologies, Inc.	SPACE & FURNITURE RENTAL	FMV	17,714,668		91
13		<b>FMV</b>		<b>17,801,687</b>		<b>1,853</b>
14		<b>TOTAL</b>		<b>48,324,422</b>	<b>N/A</b>	<b>193,943</b>
15						
16	LCI	ADMINISTRATIVE	FDC	513,836		10,405
17	LCI	CORP & SHARED SERVICES	FDC	5,488		
18	LCI	FINANCE	FDC	365,495		7,401
19	LCI	HUMAN RESOURCES	FDC	177,221		3,589
20	LCI	SPACE & FURNITURE RENTAL	FDC	692,549		
21	LCI	WHOLESALE OPERATOR SRV	FDC	22,082,035		342,579
22		<b>FDC</b>		<b>23,836,624</b>		<b>363,974</b>
23	LCI	SPACE & FURNITURE RENTAL	FMV	117,705		
24		<b>FMV</b>		<b>117,705</b>		
25		<b>TOTAL</b>		<b>23,954,329</b>	<b>N/A</b>	<b>363,974</b>
26						
27	Malheur	GENERAL SERVICES	MAL	1,536,408		33,814
28	Malheur	NETWORK SERVICES	MAL	39,812		82
29	Malheur	TELECOMMUNICATIONS	MAL	197		
30	<b>TOTAL</b>					

**Affiliate Transactions - Products & Services Provided by Utility** Year: 2001

Line No.	Affiliate Name (a)	Products & Services (b)	Method to Determine Price (c)	Charges by Utility (d)	% Total Affil. Expenses (e)	Payments by MT Utility (f)
1		<b>MAL</b>		<b>1,576,417</b>		<b>33,896</b>
2		<b>TOTAL</b>		<b>1,576,417</b>	<b>N/A</b>	<b>33,896</b>
3	Qwest Internet Solutions	ADMINISTRATIVE	FDC	41,604		842
4	Qwest Internet Solutions	CORP & SHARED SERVICES	FDC	26		
5	Qwest Internet Solutions	FINANCE	FDC	18,505		375
6	Qwest Internet Solutions	HUMAN RESOURCES	FDC	3,795		77
7	Qwest Internet Solutions	SPACE & FURNITURE RENTAL	FDC	392,205		139,617
8		<b>FDC</b>		<b>456,135</b>		<b>140,911</b>
9	Qwest Internet Solutions	SPACE & FURNITURE RENTAL	FMV	67,399		
10		<b>FMV</b>		<b>67,399</b>		
11		<b>TOTAL</b>		<b>523,534</b>	<b>N/A</b>	<b>140,911</b>
12	Qwest Services Corporation	ADMINISTRATIVE	FDC	1,194,020		21,641
13	Qwest Services Corporation	FINANCE	FDC	950,679		19,254
14	Qwest Services Corporation	GENERAL SERVICES	FDC	806,596		16,334
15	Qwest Services Corporation	HUMAN RESOURCES	FDC	380,686		7,709
16	Qwest Services Corporation	INFORMATION TECH SERVICE	FDC	1,403,559		28,421
17	Qwest Services Corporation	LEASES	FDC	439,889		
18	Qwest Services Corporation	MISCELLANEOUS	FDC	153		3
19	Qwest Services Corporation	REAL PROPERTY SERVICES	FDC	69,739		
20	Qwest Services Corporation	SECURITY	FDC	119,458		478
21	Qwest Services Corporation	SHARED SERVICES	FDC	15,218		
22	Qwest Services Corporation	SPACE & FURNITURE RENTAL	FDC	22,331,727		2,165
23	Qwest Services Corporation	TRAINING	FDC	711,744		
24		<b>FDC</b>		<b>28,423,468</b>		<b>96,005</b>
25	Qwest Services Corporation	INFORMATION TECH SERVICE	FMV	1,738		35
26	Qwest Services Corporation	SECURITY	FMV	4,346		88
27	Qwest Services Corporation	SPACE & FURNITURE RENTAL	FMV	9,054,297		12,067
28		<b>FMV</b>		<b>9,060,381</b>		<b>12,190</b>
29		<b>TOTAL</b>		<b>37,483,849</b>	<b>N/A</b>	<b>108,195</b>
30	<b>TOTAL</b>					

**Affiliate Transactions - Products & Services Provided by Utility** Year: 2001

Line No.	Affiliate Name (a)	Products & Services (b)	Method to Determine Price (c)	Charges by Utility (d)	% Total Affil. Expenses (e)	Payments by MT Utility (f)
1	Qwest Advanced Technologies	ADMINISTRATIVE	FDC	2,460		
2	Qwest Advanced Technologies	FINANCE	FDC	963		20
3	Qwest Advanced Technologies	FLEET SERVICES	FDC	131		
4	Qwest Advanced Technologies	HUMAN RESOURCES	FDC	751		15
5	Qwest Advanced Technologies	INFORMATION TECH SERVICE	FDC	13,665		277
6	Qwest Advanced Technologies	SECURITY	FDC	17,970		312
7	Qwest Advanced Technologies	FMV	FMV	(1,432)		(29)
8	Qwest Advanced Technologies	FMV	FMV	(1,432)		(29)
9	Qwest Advanced Technologies	FMV	FMV	16,538	N/A	283
10	Qwest Advanced Technologies	FMV	FMV			
11	Qwest Communications Corp	ACCURAL	FDC	19,289		728
12	Qwest Communications Corp	ADMINISTRATIVE	FDC	619,336		12,542
13	Qwest Communications Corp	FINANCE	FDC	4,505,582		91,240
14	Qwest Communications Corp	GENERAL SERVICES	FDC	7,025,904		142,343
15	Qwest Communications Corp	HUMAN RESOURCES	FDC	2,357,185		47,733
16	Qwest Communications Corp	INFORMATION TECH SERVICE	FDC	9,456,361		191,491
17	Qwest Communications Corp	LEASES	FDC	3,064,808		21,925
18	Qwest Communications Corp	MARKETING	FDC	4,366,339		92,862
19	Qwest Communications Corp	MISCELLANEOUS	FDC	3,880,409		79,409
20	Qwest Communications Corp	NETWORK SERVICES	FDC	295,838		5,991
21	Qwest Communications Corp	REAL PROPERTY SERVICES	FDC	(378)		(8)
22	Qwest Communications Corp	SECURITY	FDC	55,325		394
23	Qwest Communications Corp	SPACE & FURNITURE RENTAL	FDC	936,546		
24	Qwest Communications Corp	TELECOMMUNICATIONS	FDC	348,360		6,974
25	Qwest Communications Corp	TRAINING	FDC	3,552		72
26	Qwest Communications Corp	FMV	FMV	36,934,456		693,696
27	Qwest Communications Corp	GENERAL SERVICES	FMV	831,068		16,829
28	Qwest Communications Corp	INFORMATION TECH SERVICE	FMV	3,967		80
29	Qwest Communications Corp	FMV	FMV			
30	<b>TOTAL</b>					

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Year: 2001  
**Affiliate Transactions - Products & Services Provided by Utility**

Line No.	Affiliate Name (a)	Products & Services (b)	Method to Determine Price (c)	Charges by Utility (d)	% Total Affil. Expenses (e)	Payments by MT Utility (f)
1	Qwest Communications Corp	LEASES	FMV	458,210		445
2	Qwest Communications Corp	SPACE & FURNITURE RENTAL	FMV	(804,072)		(266)
3		<b>FMV</b>		<b>489,173</b>		<b>17,088</b>
4	Qwest Communications Corp	BILLING & COLLECTION	PCP	33,919		597
5		<b>PCP</b>		<b>33,919</b>		<b>597</b>
6		<b>TOTAL</b>		<b>37,457,548</b>	<b>N/A</b>	<b>711,381</b>
7	Qwest DEX	ADMINISTRATIVE	FDC	363,096		7,330
8	Qwest DEX	BILLING & COLLECTION	FDC	950,888		2,854
9	Qwest DEX	FINANCE	FDC	233,594		4,731
10	Qwest DEX	GENERAL SERVICES	FDC	222,627		4,508
11	Qwest DEX	HUMAN RESOURCES	FDC	456,254		9,239
12	Qwest DEX	INFORMATION TECH SERVICE	FDC	342,783		6,941
13	Qwest DEX	SECURITY	FDC	69,625		782
14	Qwest DEX	SPACE & FURNITURE RENTAL	FDC	36,035		40
15		<b>FDC</b>		<b>2,674,902</b>		<b>36,425</b>
16	Qwest DEX	BILLING & COLLECTION	FMV	1,257,495		44,958
17	Qwest DEX	EXPANDED USE	FMV	572,475		15,955
18	Qwest DEX	GENERAL SERVICES	FMV	230		5
19	Qwest DEX	SECURITY	FMV	33,349		675
20	Qwest DEX	SPACE & FURNITURE RENTAL	FMV	31,794		1,005
21		<b>FMV</b>		<b>1,895,343</b>		<b>62,598</b>
22	Qwest DEX	BILLING & COLLECTION	PCP	1,055,845		36,402
23	Qwest DEX	OTHER PUBLISHER-ODA	PCP	868,254		16,441
24		<b>PCP</b>		<b>1,924,099</b>		<b>52,843</b>
25		<b>TOTAL</b>		<b>6,494,344</b>	<b>N/A</b>	<b>151,866</b>
26	Qwest Government Services	ADMINISTRATIVE	FDC	133,839		2,260
27	Qwest Government Services	FINANCE	FDC	186,066		3,768
28	Qwest Government Services	GENERAL SERVICES	FDC	74,794		1,514
29		<b>TOTAL</b>				
30						

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Affiliate Transactions - Products & Services Provided by Utility Year: 2001

Line No.	Affiliate Name (a)	Products & Services (b)	Method to Determine Price (c)	Charges by Utility (d)	% Total Affil. Expenses (e)	Payments by MT Utility (f)
1	Qwest Government Services	HUMAN RESOURCES	FDC	139,212		2,819
2	Qwest Government Services	INFORMATION TECH SERVICE	FDC	246,792		4,997
3	Qwest Government Services	NETWORK SERVICES	FDC	36,156		
4	Qwest Government Services	SECURITY	FDC	7,135		16
5	Qwest Government Services	SPACE & FURNITURE RENTAL	FDC	1,730,481		786
6	Qwest Government Services	TELECOMMUNICATIONS	FDC	453		9
7		<b>FDC</b>		<b>2,554,928</b>		<b>16,169</b>
8	Qwest Government Services	FLEET SERVICES	FMV	6,054		
9	Qwest Government Services	NETWORK SERVICES	FMV	9,610,416		9,097
10	Qwest Government Services	PUBLIC RELATIONS	FMV	(16,841)		(341)
11	Qwest Government Services	SECURITY	FMV	11,081		224
12	Qwest Government Services	SPACE & FURNITURE RENTAL	FMV	987,109		17,448
13		<b>FMV</b>		<b>10,597,819</b>		<b>26,428</b>
14	Qwest Government Services	BILLING & COLLECTION	PCP	225,946		3,129
15		<b>PCP</b>		<b>225,946</b>		<b>3,129</b>
16		<b>TOTAL</b>		<b>13,378,693</b>	<b>N/A</b>	<b>45,726</b>
17						
18	Qwest Long Distance	ADMINISTRATIVE	FDC	(13)		
19	Qwest Long Distance	FINANCE	FDC	14,600		296
20	Qwest Long Distance	INFORMATION TECH SERVICE	FDC	22,414		454
21	Qwest Long Distance	LEASES	FDC	7,801		
22	Qwest Long Distance	PUBLIC RELATIONS	FDC	(215)		(4)
23		<b>FDC</b>		<b>44,587</b>		<b>746</b>
24	Qwest Long Distance	BILLING & COLLECTION	PCP	311,981		5,764
25		<b>PCP</b>		<b>311,981</b>		<b>5,764</b>
26		<b>TOTAL</b>		<b>356,568</b>	<b>N/A</b>	<b>6,510</b>
27						
28	Qwest Wireless, LLC	ADMINISTRATIVE	FDC	297,634		4,284
29	Qwest Wireless, LLC	BILLING & COLLECTION	FDC	2,634		
30	<b>TOTAL</b>					

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

Year: 2001

Line No.	Affiliate Name (a)	Products & Services (b)	Method to Determine Price (c)	Charges by Utility (d)	% Total Affil. Expenses (e)	Payments by MT Utility (f)
1	Qwest Wireless, LLC	FINANCE	FDC	1,298,633		26,298
2	Qwest Wireless, LLC	FLEET SERVICES	FDC	8,221		
3	Qwest Wireless, LLC	GENERAL SERVICES	FDC	500,414		9,956
4	Qwest Wireless, LLC	HUMAN RESOURCES	FDC	394,557		7,990
5	Qwest Wireless, LLC	INFORMATION TECH SERVICE	FDC	1,074,791		21,765
6	Qwest Wireless, LLC	LEASES	FDC	45,818		928
7	Qwest Wireless, LLC	NETWORK SERVICES	FDC	6,467,402		23,479
8	Qwest Wireless, LLC	REAL PROPERTY SERVICES	FDC	4,073,159		11,655
9	Qwest Wireless, LLC	SECURITY	FDC	33,977		293
10	Qwest Wireless, LLC	SPACE & FURNITURE RENTAL	FDC	9,452,658		(7,461)
11		<b>FDC</b>		<b>23,649,898</b>		<b>99,187</b>
12	Qwest Wireless, LLC	INFORMATION TECH SERVICE	FMV	2,031		41
13	Qwest Wireless, LLC	SECURITY	FMV	16,440		333
14	Qwest Wireless, LLC	SPACE & FURNITURE RENTAL	FMV	2,565,644		(8,314)
15		<b>FMV</b>		<b>2,584,115</b>		<b>(7,940)</b>
16	Qwest Wireless, LLC	BILLING & COLLECTION	PCP	12,639,963		109,417
17	Qwest Wireless, LLC	NETWORK SERVICES	PCP	527		
18		<b>PCP</b>		<b>12,640,490</b>		<b>109,417</b>
19		<b>TOTAL</b>		<b>38,874,503</b>	N/A	<b>200,664</b>
20						
21		<b>TOTAL</b>		<b>\$ 284,610,109</b>		<b>\$ 2,059,976</b>
22						
23						
24						
25						
26						
27						
28						
29						
30	<b>TOTAL</b>					

## Montana Intrastate Regulated Earned Rate of Return

Year: 2001

Line No.	Description Rate Base (a)	This Year (b)	Last Year (c)	Percent Change (d)
1				
2	2001 Plant in Service	565,166	536,242	5.39%
3	2002 Prop. Held for Future Telecommunications Use	0	0	
4	3100-3200 (Less) Accumulated Depreciation	352,347	314,314	12.10%
5	<b>Plant in Service</b>	212,819	221,928	-4.10%
6				
7	<b>Additions</b>			
8	1220 Materials & Supplies	497	515	-3.50%
9	1280 Prepayments	0	0	
10	Other Additions	0	0	
11	<b>TOTAL Additions</b>	497	515	-3.50%
12				
13	<b>Deductions</b>			
14	4100 Current Deferred Operating Income Taxes	(2,843)	3,320	-185.63%
15	4320 Unamortized Operating Investment Tax Credits	2,796	3,216	-13.05%
16	4340 Noncurrent Deferred Operating Income Taxes	23,286	29,047	-19.83%
17	Customer Advances for Construction	0	0	
18	Other Deductions	0	0	
19	<b>TOTAL Deductions</b>	23,239	35,583	-34.69%
20	<b>TOTAL Rate Base</b>	190,077	186,860	1.72%
21				
22	<b>Net Earnings</b>	40,042	28,310	41.44%
23				
24	<b>Rate of Return on Average Rate Base</b>	21.066%	15.150%	39.05%
25				
26	<b>Rate of Return on Average Equity</b>	32.167%	22.460%	43.22%
27				
28	Major Normalizing Adjustments & Commission			
29	<u>Rate-making adjustments to Utility Operations</u>			
30	Earnings from Docket 93.7.25 - () reduces earnings			
31				
32	Advertising	95	95	0.00%
33	Contributions/Legal Advocacy	8	8	0.00%
34	Miscellaneous Dues	18	18	0.00%
35	Uncollectibles Accrual To Write Off	(131)	(131)	0.00%
36	Interest on Customer Deposits	(37)	(37)	0.00%
37	Total Net Income Adjustments	(47)	(47)	0.00%
38	Rate Base Adjustments	0	0	
39	Customer Deposits	453	453	0.00%
40	Land Development Agreements	283	283	0.00%
41	Total Rate Base Adjustments	736	736	0.00%
42				
43	<b>Adjusted Rate of Return on Average Rate Base</b>	21.123%	15.185%	39.11%
44				
45	<b>Adjusted Rate of Return on Average Equity</b>	32.269%	22.528%	43.24%

**Other Taxes Paid**

Year: 2001

Line No.	Description (a)	Last Year (b)	This Year (c)
1	Montana Telephone Company License Tax **	758,250	-
2	Montana Public Service Commission Tax	444,112	490,619
3	Montana Consumer Counsel Tax	142,137	140,194
4	911 Emergency Telephone Fee	2,147,483	2,086,309
5	Montana Telecommunications Access Service (TDD)	428,525	416,722
6	Montana Corporate License Tax	2,089,000	1,807,443
7	Personal Property Tax	14,764,863	11,502,816
8	Real Property Tax	807,965	614,450
9	Montana Excise Tax **	5,494,525	6,177,198
10			
11			
12	<b>Total</b>	<b>27,076,860</b>	<b>23,235,751</b>

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

Company Name: Qwest Corporation

**Universal Service Funds Received**

Year: 2001

Line No.	Description (a)	Last Year (b)	This Year (c)
13	Funds received from Montana Sources		
14	Funds received from Federal Sources	1,510,726	4,083,838
15			
16			
17			
18			
19			
20			
21			
22			
23			
24	<b>Total</b>	<b>1,510,726</b>	<b>4,083,838</b>