

General Information

Year: 2004

1. Legal Name of Respondent:
Qwest Corporation

2. Name Under Which Respondent Does Business:
Qwest Corporation

3. Date of Incorporation:
The Colorado Telephone Company was organized January 10, 1881, consolidated with the Tri-State Telephone and Telegraph Company on July 17, 1911, forming the Mountain States Telephone and Telegraph Company which on July 20, 1911, purchased the Rocky Mountain Telephone Company. On January 1, 1991, the Mountain States Telephone and Telegraph Company was merged with Northwestern Bell and Pacific Northwest Bell to form U S WEST Communications, Inc. On July 1, 2000, U S WEST, Inc., together with all its subsidiaries, including U S WEST Communications, Inc., was merged into Qwest Communications International, Inc.

4. Address to send Correspondence Concerning Report:
441 North Park Avenue, Room 007 - P. O. Box 1716
Helena, Montana 59624

5. Person Responsible for This Report:
Cheryl Gillespie

5a. Telephone Number:
(406)441-7144

Control Over Respondent

1. If direct control over the respondent was held by another entity at the end of the year, provide the following:

1a. Name and address of the controlling organization or person:
Qwest Communications International, Inc.
1801 California Street
Denver, Colorado 80202

1b. Means by which control was held:
Through ownership of voting securities

1c. Percent Ownership:
100%

Board of Directors

Line No.	Name of Director and Address (City, State) (a)	Fees Paid During Year (b)
1	Richard C. Notebaert Denver, Colorado	None
2	Oren G. Shaffer Denver, Colorado	None
3		
4		
5		
6		
7		
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10		
11		
12		
13	Chairman of the Board: Richard C. Notebaert	
14		
15		

Officers

Year: 2004

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	Chairman, Chief Executive Officer & President		Richard C. Notebaert, Denver, CO
2	Vice Chairman & Chief Financial Officer		Oren G. Shaffer, Denver, CO
3	Executive Vice President	Operations	Barry K. Allen, Denver, CO
4	Executive Vice President	Consumer Markets	Paula Kruger, Denver, CO
5	Senior Vice President	Finance and Treasurer	Janet K. Cooper, Denver, CO
6	Senior Vice President	Network Operations and Engineering	Robert L. Jones, Seattle, WA
7	Senior Vice President	Finance and Controller	John W. Richardson, Denver, CO
8	Senior Vice President	Network Operations and Engineering	Robert D. Tregemba, Denver, CO
9	Senior Vice President	Policy	R. Steven Davis, Denver, CO
10	Vice President & Secretary		Stephen E. Brilz, Denver, CO
11	Vice President	Finance and Assistant Treasurer	Rahn K. Porter, Denver, CO
12	Assistant Secretary		Christian A. Pedersen, Denver, CO

Total Company Balance Sheet

(Thousands of Dollars)

Year: 2004

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		CURRENT ASSETS:		
2	1120	Cash and Equivalents	574,773	935,581
3	1180	Telecommunications Accounts Receivable - Net	994,288	1,069,192
4	1190	Other Accounts Receivable - Net	207,883	310,872
5	1200	Notes Receivable - Net	0	801
6	1210	Interest and Dividends Receivable	17,631	(668)
7	1220	Materials and Supplies	77,193	156,449
8	* 1280	Prepayments	19,137	76,755
9	^ 1290	Prepaid Rents	0	24
10	^ 1300	Prepaid Taxes	15,706	65,728
11	^ 1310	Prepaid Insurance	0	135
12	^ 1320	Prepaid Directory Expenses	0	0
13	^ 1330	Other Prepayments	3,432	10,868
14	1350	Other Current Assets	35,909	36,551
15		Total Current Assets	1,926,814	2,585,533
16		NONCURRENT ASSETS:		
17	1401	Investments in Affiliated Companies	17,652	(1,892,335)
18	1402	Investments in Nonaffiliated Companies	433	19,977
19	1406	Nonregulated Investments	0	0
20	1407	Unamortized Debt Issuance Expense	162,221	166,992
21	1408	Sinking Funds	0	0
22	1410	Other Noncurrent Assets	1,070,426	983,114
23	1438	Deferred Maintenance and Retirements		0
24	1439	Deferred Charges	674,691	768,868
25	1500	Other Jurisdictional Assets - Net	142,850	(21,182)
26		Total Noncurrent Assets	2,068,274	25,434
27		PROPERTY, PLANT, & EQUIPMENT:		
28	2001	Telecommunications Plant in Service	44,115,631	43,899,629
29	2002	Property Held for Future Telecommunications Use	0	0
30	2003	Plant Under Construction - Short Term	107,034	136,315
31	2004	Plant Under Construction - Long Term	0	15,210
32	2005	Telecommunications Plant Adjustment		0
33	2006	Nonoperating Plant	5,944	9,392
34	2007	Goodwill	0	0
35	3100	Accumulated Depreciation	(27,115,733)	(25,222,426)
36	3200	Accumulated Depreciation - Held for Future Use	0	0
37	3300	Accumulated Depreciation - Nonoperating	(161)	(161)
38	3400	Accumulated Amortization (Includes 3500 and 3600)	(1,063,488)	(1,017,326)
39		Net Property, Plant, & Equipment	16,049,227	17,820,633
40		TOTAL ASSETS	20,044,315	20,431,601

^ Subaccount of account marked with a *.

Total Company Balance Sheet

(Thousands of Dollars)

Year: 2004

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
41		CURRENT LIABILITIES:		
42	4010	Accounts Payable	895,777	1,016,429
43	4020	Notes Payable	0	0
44	4030	Advance Billing and Payments	278,649	295,096
45	4040	Customer Deposits	10,176	18,730
46	4050	Current Maturities - Long Term Debt	403,508	871,524
47	4060	Current Maturities - Capital Leases	1,569	9,624
48	4070	Income Taxes - Accrued	(57,976)	215,951
49	4080	Other Taxes - Accrued	198,653	266,966
50	4100	Net Current Deferred Operating Income Taxes		(51,075)
51	4110	Net Current Deferred Nonoperating Income Taxes		2,673
52	4120	Other Accrued Liabilities	885,683	746,538
53	4130	Other Current Liabilities	56,072	56,601
54		Total Current Liabilities	2,672,110	3,449,057
55		LONG-TERM DEBT:		
56	4210	Funded Debt	7,387,123	7,006,359
57	4220	Premium on Long-Term Debt	0	1
58	4230	Discount on Long-Term Debt	(138,379)	(156,565)
59	4240	Reacquired Debt	0	0
60	4250	Obligations Under Capital Leases	4,814	7,269
61	4260	Advances From Affiliated Companies	0	0
62	4270	Other Long-Term Debt	0	15,927
63		Total Long-Term Debt	7,253,558	6,872,991
64		OTHER LIABILITIES AND DEFERRED CREDITS:		
65	4310	Other Long-Term Liabilities	2,521,699	2,303,841
66	4320	Unamort. Oper. Invest. Tax Credits - Net	125,767	166,817
67	4330	Unamort. Nonoper. Invest. Tax Credits - Net	0	0
68	4340	Net Noncurrent Deferred Oper. Income Taxes	2,541,752	2,997,724
69	4350	Net Noncurrent Deferred Nonoper. Income Taxes	13,759	13,751
70	4360	Other Deferred Credits	907,895	1,199,087
71	4370	Other Jurisdictional Liab. and Def. Credits	99,587	(40,404)
72		Total Other Liabilities and Deferred Credits	6,210,458	6,640,816
73		STOCKHOLDERS' EQUITY:		
74	4510	Capital Stock	10,442,826	8,823,438
75	4520	Additional Paid-In Capital	64,328	65,261
76	4530	Treasury Stock		0
77	4540	Other Capital		0
78	4550	Retained Earnings	(6,598,965)	(5,419,964)
79		Total Stockholders' Equity	3,908,189	3,468,735
80		TOTAL LIAB. AND STOCKHOLDERS' EQUITY	20,044,315	20,431,599

Total Company Income Statement

(Thousands of Dollars)

Year: 2004

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues	4,636,624	5,080,851
3	5080	Network Access Revenues	3,877,546	4,027,873
4	* 5100	Long Distance Message Revenue	77,705	124,081
5	^ 5110	Unidirectional Long Distance Revenue (Note 1)	77,546	123,656
6	^ 5120	Long Distance Private Network Revenue	159	425
7	^ 5160	Other Long Distance Revenue	0	0
8	^ 5169	Other Long Distance Revenue Settlements		0
9	* 5200	Miscellaneous Revenue	1,693,807	1,570,338
10	^ 5230	Directory Revenue	73,955	80,289
11	^ 5240	Rent Revenue	581,914	490,972
12	^ 5250	Corporate Operations Revenue	70,843	100,296
13	^ 5260	Miscellaneous Revenue	219,019	207,480
14	^ 5270	Carrier Billing and Collection Revenue	269,444	120,665
15	^ 5280	Nonregulated Revenue	478,632	570,635
16	5300	Uncollectible Revenue	31,720	124,888
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	10,253,961	10,678,255
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	16,143	18,970
20	6120	General Support Expense	407,218	302,128
21	6210	Central Office Switching Expense	181,776	189,734
22	6220	Operator Systems Expense	77	198
23	6230	Central Office Transmission Expense	151,297	158,746
24	6310	Information Origination/Termination Expense	158,533	154,044
25	6410	Cable and Wire Facilities Expense	827,388	722,430
26	6431	Aerial Wire Expense	4,140	3,858
27	6441	Conduit Systems Expense	9,581	10,617
28	6510	Other Property, Plant & Equipment Expense	40,056	1,503
29	6530	Network Operations Expense	612,373	689,393
30	6540	Access Expense	193,265	249,711
31	6560	Depreciation and Amortization Expense	3,196,233	3,269,255
32	6610	Marketing	546,431	503,430
33	6620	Services	832,157	889,361
34	6710	Executive and Planning	40,690	34,369
35	6720	General and Administrative	1,041,038	1,309,522
36	6790	Provision for Uncollectible Notes Receivable		0
37		Total Operating Expenses (Sum L.19 to L.36)	8,258,397	8,507,270
38	7100	Other Operating Income and Expense	(4,574)	(2,017)
39	7200	Operating Taxes	607,640	876,589
40		Net Operating Income (L.17-L.37-L.38-L.39)	1,392,499	1,296,413
41	7300	Nonoperating Income and Expense	(92,288)	(470,513)
42	7400	Nonoperating Taxes	(2,271)	(21,703)
43	7500	Interest and Related Items	605,904	594,903
44	7600	Extraordinary Items	0	0
45	7910	Effects of Juris. Ratemaking Diff. - Net	(24,042)	(16,957)
46	7990	Nonregulated Net Income		0
47		NET INCOME (L.40-L.41-L.42-L.43-L.44-L.45-L.46)	720,619	269,657

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^ Subaccount of the account marked with a *.

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

Montana Total State Income Statement

(Thousands of Dollars)

Year: 2004

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues	124,975	131,512
3	5080	Network Access Revenues	116,633	115,024
4	* 5100	Long Distance Message Revenue	1,893	2,953
5	^ 5110	Unidirectional Long Distance Revenue (Note 1)	1,895	2,954
6	^ 5120	Long Distance Private Network Revenue	(2)	(1)
7	^ 5160	Other Long Distance Revenue	0	0
8	^ 5169	Other Long Distance Revenue Settlements		0
9	* 5200	Miscellaneous Revenue	21,649	19,899
10	^ 5230	Directory Revenue	1,785	2,052
11	^ 5240	Rent Revenue	3,302	1,063
12	^ 5250	Corporate Operations Revenue	1,491	1,942
13	^ 5260	Miscellaneous Revenue	2,292	1,963
14	^ 5270	Carrier Billing and Collection Revenue	5,416	3,156
15	^ 5280	Nonregulated Revenue	7,362	9,723
16	5300	Uncollectible Revenue	(3,665)	2,746
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	268,815	266,643
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	333	303
20	6120	General Support Expense	6,700	4,113
21	6210	Central Office Switching Expense	4,447	3,573
22	6220	Operator Systems Expense	0	0
23	6230	Central Office Transmission Expense	2,538	2,963
24	6310	Information Origination/Termination Expense	2,508	2,393
25	6410	Cable and Wire Facilities Expense	19,068	12,492
26	6431	Aerial Wire Expense	62	69
27	6441	Conduit Systems Expense	45	24
28	6510	Other Property, Plant & Equipment Expense	137	13
29	6530	Network Operations Expense	12,378	12,727
30	6540	Access Expense	2,715	4,782
31	6560	Depreciation and Amortization Expense	73,913	73,004
32	6610	Marketing	12,287	10,939
33	6620	Services	18,041	18,362
34	6710	Executive and Planning	872	749
35	6720	General and Administrative	20,676	25,306
36	6790	Provision for Uncollectible Notes Receivable		0
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	176,615	171,720
38	7100	Other Operating Income and Expense (Includes USF and Link Up America)	(24)	4
39	7200	Operating Taxes	36,589	38,867
40		Net Operating Income (L.17-L.37-L.38-L.39)	55,635	56,052

^ Subaccount of the account marked with a *.

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

Montana Intrastate Income Statement

(Thousands of Dollars)

Year: 2004

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues	124,975	131,512
3	5080	Network Access Revenues	22,653	23,101
4	* 5100	Long Distance Message Revenue	1,890	2,944
5	^ 5110	Unidirectional Long Distance Revenue (Note 1)	1,891	2,945
6	^ 5120	Long Distance Private Network Revenue	(2)	(1)
7	^ 5160	Other Long Distance Revenue	0	0
8	^ 5169	Other Long Distance Revenue Settlements		0
9	* 5200	Miscellaneous Revenue	7,446	5,914
10	^ 5230	Directory Revenue	1,785	2,052
11	^ 5240	Rent Revenue	2,402	668
12	^ 5250	Corporate Operations Revenue	1,080	1,424
13	^ 5260	Miscellaneous Revenue	1,774	1,508
14	^ 5270	Carrier Billing and Collection Revenue	406	263
15	^ 5280	Nonregulated Revenue	0	0
16	5300	Uncollectible Revenue	1,077	1,569
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	155,886	161,903
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	226	207
20	6120	General Support Expense	4,245	2,480
21	6210	Central Office Switching Expense	2,812	2,141
22	6220	Operator Systems Expense	0	0
23	6230	Central Office Transmission Expense	1,622	1,904
24	6310	Information Origination/Termination Expense	286	380
25	6410	Cable and Wire Facilities Expense	13,124	8,662
26	6431	Aerial Wire Expense	43	47
27	6441	Conduit Systems Expense	31	17
28	6510	Other Property, Plant & Equipment Expense	91	8
29	6530	Network Operations Expense	6,985	7,317
30	6540	Access Expense	(802)	985
31	6560	Depreciation and Amortization Expense	47,587	47,203
32	6610	Marketing	7,836	7,108
33	6620	Services	12,322	13,420
34	6710	Executive and Planning	584	518
35	6720	General and Administrative	13,715	17,222
36	6790	Provision for Uncollectible Notes Receivable		0
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	110,633	109,555
38	7100	Other Operating Income and Expense (Includes USF and Link Up America)	(16,117)	(10,173)
39	7200	Operating Taxes	24,456	25,911
40		Net Operating Income (L.17-L.37-L.38-L.39)	36,914	36,610

^ Subaccount of the account marked with a *.

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

Montana Intrastate Regulated Income Statement

(Thousands of Dollars)

Year: 2004

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues	122,732	129,595
3	5080	Network Access Revenues	17,465	17,533
4	* 5100	Long Distance Message Revenue	1,890	2,944
5	^ 5110	Unidirectional Long Distance Revenue (Note 1)	1,891	2,944
6	^ 5120	Long Distance Private Network Revenue	(2)	(1)
7	^ 5160	Other Long Distance Revenue	0	0
8	^ 5169	Other Long Distance Revenue Settlements	0	0
9	* 5200	Miscellaneous Revenue	7,032	5,664
10	^ 5230	Directory Revenue	1,785	2,052
11	^ 5240	Rent Revenue	2,478	772
12	^ 5250	Corporate Operations Revenue	1,030	1,375
13	^ 5260	Miscellaneous Revenue	1,740	1,466
14	^ 5270	Carrier Billing and Collection Revenue	(0)	0
15	^ 5280	Nonregulated Revenue	0	0
16	5300	Uncollectible Revenue	1,049	1,466
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	148,069	154,270
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	217	200
20	6120	General Support Expense	4,062	2,382
21	6210	Central Office Switching Expense	2,646	2,112
22	6220	Operator Systems Expense	0	0
23	6230	Central Office Transmission Expense	1,428	1,682
24	6310	Information Origination/Termination Expense	280	373
25	6410	Cable and Wire Facilities Expense	12,768	8,435
26	6431	Aerial Wire Expense	43	47
27	6441	Conduit Systems Expense	31	17
28	6510	Other Property, Plant & Equipment Expense	88	8
29	6530	Network Operations Expense	6,705	7,040
30	6540	Access Expense	620	985
31	6560	Depreciation and Amortization Expense	38,795	53,467
32	6610	Marketing	7,709	7,024
33	6620	Services	12,128	13,302
34	6710	Executive and Planning	562	500
35	6720	General and Administrative	12,912	18,937
36	6790	Provision for Uncollectible Notes Receivable	0	0
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	100,920	116,446
38	7100	Other Operating Income and Expense (Includes USF and Link Up America)	(16,118)	(10,173)
39	7200	Operating Taxes	25,827	19,910
40		Net Operating Income (L.17-L.37-L.38-L.39)	37,441	28,087

^ Subaccount of the account marked with a *.

Average Rate Base - Total State
(Thousands of Dollars)

Year: 2004

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	960,490	944,516
2	3100	Accumulated Depreciation (Note 1)	678,288	625,383
3	2002	Property Held for Future Telecommunications Use		0
4	3200	Accumulated Depreciation - 2002		0
5	1220	Materials and Supplies	652	612
6	4340	Noncurrent Deferred Operating Income Taxes	43,624	52,563
7		Pre-1971 Unamortized Investment Tax Credits		0
8		Cash Working Capital (if allowed by Commission)		0
9		Total Average Rate Base (L.1-L.2+L.3-L.4+L.5-L.6-L.7+L.8)	239,230	267,183

Average Rate Base - Intrastate

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	634,943	628,482
2	3100	Accumulated Depreciation (Note 1)	445,974	404,736
3	2002	Property Held for Future Telecommunications Use		0
4	3200	Accumulated Depreciation - 2002		0
5	1220	Materials and Supplies	440	416
6	4340	Noncurrent Deferred Operating Income Taxes	29,283	35,382
7		Pre-1971 Unamortized Investment Tax Credits		0
8		Cash Working Capital (if allowed by Commission)		0
9		Total Average Rate Base (L.1-L.2+L.3-L.4+L.5-L.6-L.7+L.8)	160,126	188,780

Average Rate Base - Regulated Intrastate

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	570,168	591,639
2	3100	Accumulated Depreciation (Note 1)	361,118	443,098
3	2002	Property Held for Future Telecommunications Use	0	0
4	3200	Accumulated Depreciation - 2002	0	0
5	1220	Materials and Supplies	425	401
6	4340	Noncurrent Deferred Operating Income Taxes	32,851	4,355
7		Pre-1971 Unamortized Investment Tax Credits		0
8		Cash Working Capital (if allowed by Commission)		0
9		Total Average Rate Base (L.1-L.2+L.3-L.4+L.5-L.6-L.7+L.8)	176,624	144,587

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

Statement of Cash Flows

(Thousands of Dollars)

Year: 2004

Line No.	Item Description (a)	This Year (b)	Last Year (c)
1	Increase/(decrease) in Cash & Cash Equivalents		
2	Cash Flows from Operating Activities:		
3	Net Income	720,619	269,657
4	Reconciliation Adjustments:		
5	Depreciation & Amortization	3,196,233	3,269,255
6	Provision for Accounts Receivable Losses	31,720	124,888
7	Deferred Income Taxes - Net	(622,876)	27,522
8	Unamortized Investment Tax Credits (ITCs) - Net	(30,560)	(23,825)
9	Allowance for Funds Used During Construction (AFUDC)	(9,626)	(12,019)
10	Change in Operating Receivables - Net	104,128	159,867
11	Change in Materials, Supplies & Inventories - Net	79,256	(4,394)
12	Change in Operating Payables & Accrued Liabilities - Net	(278,486)	24,855
13	Change in Other Assets & Deferred Charges - Net	63,772	344,191
14	Change in Other Liabilities & Deferred Credits - Net	126,058	146,502
15	Other	(61,451)	403,033
16	Total Adjustments	2,598,168	4,459,875
17	Net Cash Provided by/(Used in) Operating Activities	3,318,787	4,729,532
18	Cash Inflows/Outflows From Investing Activities:		
19	Construction/Acquisition of Property, Plant & Equipment (net of		
20	AFUDC & Capital Lease Related Acquisitions)	(1,406,386)	(1,603,201)
21	Proceeds from Disposals of Property, Plant & Equipment	(24,702)	(45,021)
22	Investments In & Advances to Affiliates	(2,184,549)	0
23	Proceeds from Repayment of Advances	286,166	0
24	Other Investing Activities	0	0
25	Net Cash Provided by/(Used in) Investing Activities	(3,329,471)	(1,648,222)
26	Cash Flows from Financing Activities:		
27	Net Incr./(Decr.) in Short-Term Debt, Original maturity < = 3 mo.	0	0
28	Advances from Affiliates	0	0
29	Repayment of Advances from Affiliates	0	0
30	Proceeds from Issuances of Long-Term Debt	836,131	1,729,211
31	Repayment of Long-Term Debt	(934,641)	(1,188,714)
32	Payment of Capital Lease Obligations	(17,071)	(59,548)
33	Proceeds from Issuing Common Stock/Parent Co. Equity Investment	2,230,848	0
34	Repurchase of Treasury Shares	0	0
35	Dividends Paid	(2,451,634)	(2,880,362)
36	Other Financing Activities	(13,756)	0
37	Net Cash Provided by Financing Activities	(350,123)	(2,399,413)
38	Effect of Exchange Rate Changes on Cash	0	0
39	Net Increase/(Decrease) in Cash & Cash Equivalents	(360,807)	681,897
40	Cash & Cash Equivalents at Beginning of Period	935,580	253,683
41	Cash & Cash Equivalents at End of Period	574,773	935,580

Receivables and Investments-Affiliated & Nonaffiliated Companies

(Thousands of Dollars)

Year: 2004

Line No.	Name of Affiliate or Company (a)	Account 1160 Temporary Investments (b)	Account 1180 Telecom. Accounts Receivable (c)	Account 1181 Accts. Rec. Telecom. Allowance (d)	Account 1190 Other Accounts Receivable (e)	Account 1191 Accounts Receivable Allow-Other (f)	Account 1200 Notes Receivable (g)	Account 1201 Notes Receivable Allowance (h)	Account 1210 Interest and Dividends Receivable (i)	Account 1401 Investments in Affil. Companies (j)	Account 1402 Investments in Nonaffil. Companies (k)
1	QWEST Wireless, LLC				3,624						
2	Malheur Home Telephone Company				514					10,007	
3	EI Paso County Telephone				0					7,646	
4	QWEST Communications Corporation				36,427						
5	QWEST Communication Services, Inc				0						
6	QWEST DEX				(7)						
7	QWEST Advanced Technologies, Inc				1						
8	QWEST Business Resources, Inc				552						
9	QWEST Federal Services, Inc				0						
10	QWEST Interprise				25,191						
11	QWEST Broadband Services				5,708						
12	QWEST Long Distance				77,480						
13	QWEST Service Corporation				7,080						
14	QWEST Information Technologies, Inc.				4,248						
15	Western Reinsurance				0						
16	QCII				0						
17	CYBER				2						
18	QWEST Comm(Malheur & Wireless)										
19	QWEST Government Services				330						
20	QWEST Transoceanic				12						
21	QWEST N Partnership				13						
22											
23											
24											
25											
26	All other investments				7,652						
27	Non-affiliates	505,629	1,058,014	(63,726)	61,291	(8,369)	702	0	3,012		433
28											
29	Totals	505,629	1,058,014	(63,726)	230,118	(8,369)	702	0	3,012	17,653	433

Net Plant in Service - Detail

(Thousands of Dollars)

Year: 2004

Line No.	Account (a)	Description (b)	Beginning of Year Balance (c)	Additions (d)	Retirements (e)	Sales & Transfers (f)	End of Year Account 2001 Balance (g)	Year End Accumulated Depreciation (h)	End of Year Net Plant Balance (i)
1	*	2110 Land and Support Assets	70,658	2,016	1,124	0	71,551	36,923	34,628
2	^	2111 Land	1,733	13	1		1,745	0	1,745
3	^	2112 Motor Vehicles	8,343	236	408		8,171	6,868	1,303
4	^	2113 Aircraft	0	0	0		0	0	0
5	^	2114 Special Purpose Vehicles	122	0	0		122	117	4
6	^	2115 Garage Work Equipment	245	0	0		245	127	118
7	^	2116 Other Work Equipment	5,000	140	85		5,056	297	4,759
8	^	2121 Buildings	47,217	1,411	614		48,014	23,143	24,870
9	^	2122 Furniture	16	0	0		16	(67)	83
10	^	2123 Office Equipment	658	148	13		792	435	358
11	^	2124 General Purpose Computers	7,326	68	3		7,391	6,003	1,388
12		2211 Analog Electronic Switching	0	0	0		0	0	0
13		2212 Digital Electronic Switching	178,948	2,255	10,403		170,800	112,163	58,637
14		2215 Electro-Mechanical Switching	0	0	0		0	0	0
15		2220 Operator Systems	0	0	0		0	0	(0)
16		2231 Radio Systems	11,964	171	371		11,763	9,494	2,269
17		2232 Circuit Equipment	188,084	8,506	6,458		190,132	157,333	32,798
18	*	2310 Information Orig & Term Equip	8,411	(2,714)	(10)	0	5,707	2,937	2,769
19	^	2311 Station Apparatus	0	0	0		0	0	0
20	^	2321 Customer Premises Wiring	0	0	0		0	0	0
21	^	2341 Large Private Branch Exchanges	0	0	0		0	0	0
22	^	2351 Public Telephone Term. Equip.	3,000	(2,997)	4		0	0	0
23	^	2362 Other Terminal Equipment	5,410	283	(14)		5,707	2,937	2,769
24		2411 Poles	6,914	198	20		7,092	11,667	(4,576)
25	*	2420 Cable and Wire Facilities	427,993	9,840	794	0	437,039	336,863	100,176
26	^	2421 Aerial Cable	36,075	415	182		36,308	40,023	(3,715)
27	^	2422 Underground Cable	44,207	585	18		44,774	40,238	4,536
28	^	2423 Buried Cable	339,538	8,631	583		347,586	250,329	97,257
29	^	2424 Submarine Cable	32	0	0		32	28	4
30	^	2425 Deep Sea Cable	0	0	0		0	0	0
31	^	2426 Intrabuilding Network Cable	8,141	210	11		8,339	6,245	2,094
32		2431 Aerial Wire	1,180	24	1		1,202	1,039	163
33		2441 Conduit Systems	21,920	281	1		22,201	10,007	12,194
34		Totals	916,071	20,576	19,163	0	917,485	678,427	239,058

^ Subaccount of the account marked with a *.

Analysis of Plant Held for Future Use

(Thousands of Dollars)

Year: 2004

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 2004.</i>						
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29							
30	Totals (Sum L.1 to L.29)		0	0	0	0	0

Cost of Long Term Debt

(Thousands of Dollars)

Year: 2004

Line No.	Description (a)	Issue Date (b)	Maturity Date (c)	Principal Amount (d)	Gross Proceeds (e)	Net Proceeds (f)	Net Per \$100 (g)	Outstanding Per Balance Sheet (h)	Yield to Maturity (i)	Annual Net Cost (j)	Amortization of Premium or Discount (k)	Total Cost (%) (l)
1	QWEST CORPORATION											
2												
3												
4	6.625% 10 Year Note	09/15/95	09/15/05	250,000	N/A	247,661	99.06	249,821	6.63%	16,563	248	6.73%
5	6.125% 12 Year Note	11/15/93	11/15/05	150,000	N/A	149,319	99.55	149,961	6.13%	9,188	48	6.16%
6	7.500% 30 Year Debenture	06/15/93	06/15/23	484,000	N/A	479,693	99.11	481,367	7.50%	36,300	145	7.57%
7	7.250% 30 Year Debenture	09/15/95	09/15/25	250,000	N/A	247,276	98.91	248,042	7.25%	18,125	84	7.34%
8	7.200% 31 Year Debenture	11/10/95	11/10/26	250,000	N/A	245,018	98.01	245,900	7.20%	18,000	120	7.37%
9	8.875% 40 Year Debenture	06/01/91	06/01/31	250,000	N/A	240,477	96.19	241,781	8.88%	22,188	120	9.23%
10	6.875% 40 Year Debenture	09/15/93	09/15/33	1,000,000	N/A	903,417	90.34	912,321	6.88%	68,750	1,025	7.65%
11	7.250% 40 Year Debenture	10/15/95	10/15/35	250,000	N/A	244,154	97.66	244,884	7.25%	18,125	86	7.44%
12	7.125% 50 Year Debenture	11/15/93	11/15/43	250,000	N/A	247,770	99.11	248,331	7.13%	17,813	50	7.19%
13	5.625% 10 Year Note	11/15/98	11/15/08	320,000	N/A	316,787	99.00	318,592	5.63%	18,000	346	5.76%
14	6.50% 4 Year Note	06/09/03	06/09/07	1,250,000	N/A	1,212,020	96.96	1,225,087	6.50%	81,250	8,468	7.32%
15	8.875% 10 Year Note	03/12/02	03/15/12	1,500,000	N/A	1,440,438	96.03	1,451,681	8.88%	136,875	4,318	9.73%
16	6.95% 7 Year Note	06/09/03	06/09/10	500,000	N/A	481,548	96.31	484,815	6.95%	24,750	2,135	5.55%
17	7.875% 7 Year Term Loan	08/12/04	09/01/11	575,000	N/A	567,381	98.67	559,433	6.95%	24,750	15,567	7.21%
18	7.875% 7 Year Term Loan	11/23/04	09/01/11	250,000	N/A	268,750	107.50	264,704	6.95%	24,750	14,704	NM
19	7.875% 7 Derivative	08/12/04	09/01/11	190	N/A	N/A	N/A	190	N/A	(7,108)	0	NM
20												
21												
22	EASTERN REGION											
23												
24	6.250% 39 Year Debenture	01/01/68	01/01/07	89,700	N/A	89,045	99.27	89,666	6.25%	5,606	17	6.27%
25	Refinanced Debenture	02/15/77	02/15/17		N/A			(6,035)			498	-8.25%
26	7.750% 40 Year Debenture	05/01/90	05/01/30	42,883	N/A	33,853	78.94	34,508	7.75%	3,323	84	9.87%
27												
28												
29	CENTRAL REGION											
30												
31	6.000% 40 Year Debenture	08/01/67	08/01/07	70,200	N/A	69,768	99.38	70,171	6.00%	4,212	11	6.02%
32	Refinanced Debenture	11/01/76	11/01/16		N/A			(3,677)			311	-8.45%
33	Refinanced Debenture	09/15/77	09/15/17		N/A			(5,455)			429	-7.87%
34	Refinanced Debenture	06/01/83	06/01/23		N/A			(16,556)			899	-5.43%
35	Refinanced Debenture	02/01/85	02/01/25		N/A			(16,338)			813	-4.98%
36	Refinanced Debenture	02/01/77	02/01/17		N/A			(6,956)			575	-8.27%
37	Refinanced Debenture	02/01/77	02/01/17		N/A			(15,426)			1,276	-8.27%
38	7.375% 40 Year Debenture	05/01/90	05/01/30	55,150	N/A	41,484	75.22	42,463	7.38%	4,067	117	9.85%
39												
40												
41	Subtotal Page 1 of 2			7,787,123		7,525,859		7,493,275		545,526	52,495	

Cost of Long Term Debt

(Thousands of Dollars)

Year: 2004

Line No.	Description (a)	Issue Date (b)	Maturity Date (c)	Principal Amount (d)	Gross Proceeds (e)	Net Proceeds (f)	Net Per \$100 (g)	Outstanding Per Balance Sheet (h)	Yield to Maturity (i)	Annual Net Cost (j)	Amortization of Premium or Discount (k)	Total Cost (%) (l)
1	WESTERN REGION											
2												
3												
4												
5	Refinanced Debenture	05/01/80	05/01/20		N/A			(6,767)			441	-6.52%
6												
7												
8	PROMISSORY NOTES											
9												
10	3280 28th St, Boulder CO	08/01/02	12/01/05	264	N/A	N/A	N/A	246	N/A	68	1	NM
11												
12												
13	201 3rd St, Albuquerque, NM	12/31/02	04/01/05	161	N/A	N/A	N/A	158	N/A	84	0	NM
14												
15	12121 Grant, Thornton CO	12/31/02	05/01/04	3,242	N/A	N/A	N/A	3,082	N/A	645	0	NM
16												
17												
18												
19												
20												
21												
22												
23												
24												
25	OTHER LONG TERM DEBT											
26												
27												
28	IBM Note	12/31/99	01/01/05	40	N/A	N/A	N/A	40	6.52%	1,038	0	NM
29	Subtotal Page 2 of 2			3,707		0		(3,241)		1,835	442	
30	Grand Total			7,790,830		7,525,859		7,490,034		547,361	52,937	

NOTES:

The amortization of debt issuance expenses are included in column K for the debt issues.
 The schedule includes funded debt, current maturities long term debt, and other long term debt.

Cost of Preferred Stock

(Thousands of Dollars)

Year: 2004

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	<i>QWEST CORPORATION HAS NO PREFERRED STOCK</i>											
2												
3												
4												
5												
6												
7												
8												
9												
10												
11												
12												
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22												
23												
24												
25												
26												
27												
28												
29												
30	Totals (Sum L.1 to L.29)					0	0			0	0	0

Analysis of Common Stock

(Thousands of Dollars)

Year: 2004

Line No.	(a)	Avg. Number of Shares Outstanding (b)	Book Value (per share) (c)	Earnings (per share) (d)	Dividends (per share) (e)	Retention Ratio (f)	Market Price		Price/Earnings Ratio (i)
							High (g)	Low (h)	
1	Year Ended December 31, 2004	1	3,908,189	720,619	2,725,401	N/M	N/A	N/A	N/A
2									
3									
4									
5									
6									
7									
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9									
10									
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14									
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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.
 4. Based on 2004 ARMIS data.
- N/M=Not Meaningful

Company Name: Qwest Corporation

SCHE

Capital Stock and Funded Debt Reacquired or Retired During the Year

(Thousands of Dollars)

Y

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)	R Re
1	<u>FUNDED DEBT</u>						
2							
3	<u>U S WEST Communications</u>						
4	11 YR 5.65% Note						
5	Due 11-01-04	5/01/04		100,000			Re
6	05 YR 7.20% Note						
7	Due 11-01-04	8/11/04		750,000			Re
8	05 YR 5.95% IBM Note						
9	Due 07-01-04	7/01/04		17,285			R
10							
11							
12							
13	<u>Mountain Bell</u>						
14	39 YR 5.50% Debenture						
15	Due 06-01-05	5/01/04		40,760			Re
16							
17							
18							
19							
20							
21							
22							
23	<u>Qwest Corporation</u>						
24	Promissory Notes	Various		4,751			R
25	Totals (Sum L.1 to L.24)		0	912,796	0	0	

Company Name: Qwest Corporation

Total Company Expense Matrix

Line No.	Acct. No. (a)	Description (b)	Salaries and Wages (c)	Benefits (d)	Rents (e)	Other Expenses (f)	Clearance (g)
1	* 6110	Network Support Expense	327,284	130,604	747,947	14,937,509	(
2	^ 6112	Motor Vehicle Expense	291,029	116,645	189,726	13,984,286	(
3	^ 6113	Aircraft Expense	0	0	0	0	(
4	^ 6114	Special Purpose Vehicles Expense	11,214	4,312	0	50,993	(
5	^ 6115	Garage Work Equipment Expense	5,564	2,137	589	397,386	(
6	^ 6116	Other Work Equipment Expense	19,478	7,511	557,633	504,844	(
7	* 6120	General Support Expense	21,434,488	8,614,290	112,332,449	264,836,655	(
8	^ 6121	Land and Building Expense	8,126,252	3,137,803	106,030,074	83,598,200	(
9	^ 6122	Furniture and Artworks Expense	37,209	12,249	17,093	4,392,130	(
10	^ 6123	Office Equipment Expense	3,826,208	1,481,885	3,480,242	5,769,987	(
11	^ 6124	General Purpose Computers Expense	9,444,819	3,982,354	2,805,040	171,076,337	(
12	* 6210	Central Office Switching Expense	99,827,046	38,598,961	22,171,474	21,179,016	(
13	^ 6211	Analog Electronic Expense	0	0	0	0	(
14	^ 6212	Digital Electronic Expense	99,827,045	38,598,961	22,171,474	21,179,015	(
15	^ 6215	Electro-Mechanical Expense					(
16	6220	Operator Systems Expense	4,370	1,689	37	71,193	(
17	* 6230	Central Office Transmission Expense	89,317,275	34,439,464	1,060,138	26,479,672	(
18	^ 6231	Radio Systems Expense	1,511,168	582,905	11,566	1,118,809	(
19	^ 6232	Circuit Equipment Expense	87,806,108	33,856,559	1,048,572	25,360,862	(
20	* 6310	Information Origination/Termination Expense	101,682,368	39,357,297	1,583,441	15,910,383	(
21	^ 6311	Station Apparatus Expense	8,061,847	3,128,095	55,851	(705,743)	(
22	^ 6341	Large Private Branch Exchange Expense	13,214,820	5,110,307	90,707	1,184,828	(
23	^ 6351	Public Telephone Terminal Equipment Expense	4,676,742	1,819,419	964,126	4,304,590	(
24	^ 6362	Other Terminal Equipment Expense	75,728,959	29,299,477	472,758	11,126,709	(
25	* 6410	Cable and Wire Facilities Expense	496,785,838	155,361,828	21,216,738	167,744,211	(
26	^ 6411	Poles Expense	693,047	261,866	9,804,144	1,956,896	(
27	^ 6421	Aerial Cable Expense	82,638,488	31,944,737	421,741	13,943,654	(
28	^ 6422	Underground Cable Expense	30,245,535	11,540,387	(3,810,989)	8,775,266	(
29	^ 6423	Buried Cable Expense	371,459,871	107,098,206	14,677,524	127,668,560	(
30	^ 6424	Submarine Cable Expense	512	183	2	6,649	(
31	^ 6425	Deep Sea Cable Expense	0	0	0	0	(
32	^ 6426	Intrabuilding Network Cable Expense	11,388,439	4,390,356	104,142	2,178,549	(
33	^ 6431	Aerial Wire Expense	63,198	24,305	471	4,051,690	(
34		Subtotals	809,081,920	276,402,345	159,092,522	501,995,692	(

^ Subaccount of the account marked with a *.

Company Name: Qwest Corporation

Total Company Expense Matrix

Line No.	Acct. No. (a)	Description (b)	Salaries and Wages (c)	Benefits (d)	Rents (e)	Other Expenses (f)	Clearance (g)
35	^ 6441	Conduit Systems Expense	296,749	101,788	19,702	9,162,946	(
36	6510	Other Property Expenses	(356,324)	(93,788)	0	40,506,320	(
37	* 6530	Network Operations Expense	297,511,124	148,329,723	6,831	166,525,358	(
38	^ 6531	Power Expense	0	0	0	65,119,724	(
39	^ 6532	Network Administration Expense	11,558,463	3,407,946	0	499,179	(
40	^ 6533	Testing Expense	126,673,325	48,961,821	0	2,585,432	(
41	^ 6534	Plant Operations Expense	121,206,472	79,278,551	5,584	74,335,669	(
42	^ 6535	Engineering Expense	38,072,863	16,681,404	1,247	23,985,354	(
43	6540	Access Expense	0	0	0	193,264,933	(
44	6561	Depreciation - Telecomm. Plant in Service	0	0	0	2,813,577,692	(
45	6562	Depreciation-Prop. for Future Telecom. Use	0	0	0	0	(
46	6563	Amortization Expense - Tangible	0	0	0	19,835,561	(
47	6564	Amortization Expense - Intangible	0	0	0	362,819,836	(
48	6565	Amortization - Other	0	0	0	0	(
49	* 6610	Marketing	38,718,239	13,525,115	492	494,186,858	(
50	^ 6611	Product Management	4,951,331	1,900,122	492	95,104,249	(
51	^ 6612	Sales	33,766,908	11,624,912	0	303,177,563	(
52	^ 6613	Product Advertising	0	81	0	95,905,046	(
53	6621	Call Completion Services	8,388,538	6,258,883	0	178,319	(
54	6622	Number Services	30,628,170	22,239,800	127	1,134,254	(
55	6623	Customer Services	363,136,343	191,027,193	8,805	209,156,944	(
56	6711	Executive	382,531	1,429,613	824	33,917,658	(
57	6712	Planning	0	2,161	0	4,957,401	(
58	6721	Accounting and Finance	18,408,452	7,774,949	0	71,246,116	(
59	6722	External Relations	1,481,679	630,255	0	96,662,695	(
60	6723	Human Relations	3,186,943	1,172,268	247	32,970,707	(
61	6724	Information Management	(70,533,548)	(17,882,190)	1,321,952	588,807,967	(
62	6725	Legal	0	0	0	83,220,912	(
63	6726	Procurement	0	490	0	22,587,919	(
64	6727	Research and Development	0	0	0	120,609	(
65	6728	Other General and Administrative	(233,746)	1,240,428	9,971,640	188,184,519	(
66	6790	Provision for Uncollectible Notes Receivable	0	0	0	0	(
67	8747	Administrative Services Clearing	0	0	0	696,562	(
68		Totals	1,500,097,069	652,159,032	170,423,143	5,935,717,778	(

^ Subaccount of the account marked with a *.

Total State Expense Matrix

Year: 2004

Line No.	Acct. No. (a)	Description (b)	Salaries and Wages (c)	Benefits (d)	Rents (e)	Other Expenses (f)	Clearances (g)	Total (h)
1	*	6110 Network Support Expense	12,734	5,793	3,038	311,433	0	332,997
2	^	6112 Motor Vehicle Expense	11,196	5,260	4,283	285,129	0	305,867
3	^	6113 Aircraft Expense	0	0	0	0	0	0
4	^	6114 Special Purpose Vehicles Expense	0	0	0	2,597	0	2,597
5	^	6115 Garage Work Equipment Expense	614	236	0	3,515	0	4,365
6	^	6116 Other Work Equipment Expense	925	297	(1,245)	20,192	0	20,168
7	*	6120 General Support Expense	414,317	166,556	822,300	5,297,239	0	6,700,412
8	^	6121 Land and Building Expense	209,749	81,011	632,860	1,730,266	0	2,653,886
9	^	6122 Furniture and Artworks Expense	0	0	53	17,158	0	17,210
10	^	6123 Office Equipment Expense	22,989	8,829	65,746	113,895	0	211,459
11	^	6124 General Purpose Computers Expense	181,579	76,717	123,642	3,435,920	0	3,817,857
12	*	6210 Central Office Switching Expense	2,266,886	876,859	586,360	716,573	0	4,446,677
13	^	6211 Analog Electronic Expense					0	0
14	^	6212 Digital Electronic Expense	2,266,886	876,859	586,360	716,573	0	4,446,677
15	^	6215 Electro-Mechanical Expense					0	0
16	^	6220 Operator Systems Expense	0	0	0	0	0	0
17	*	6230 Central Office Transmission Expense	1,644,604	633,023	7,696	252,749	0	2,538,072
18	^	6231 Radio Systems Expense	45,022	17,212	250	10,372	0	72,856
19	^	6232 Circuit Equipment Expense	1,599,583	615,810	7,446	242,377	0	2,465,216
20	*	6310 Information Origination/Termination Expense	1,497,782	579,335	44,179	387,158	0	2,508,454
21	^	6311 Station Apparatus Expense	38,109	14,813	203	3,278	0	56,404
22	^	6341 Large Private Branch Exchange Expense	186,325	71,989	989	15,882	0	275,185
23	^	6351 Public Telephone Terminal Equipment Expense	97,705	38,025	38,480	195,390	0	369,599
24	^	6362 Other Terminal Equipment Expense	1,175,643	454,508	4,507	172,608	0	1,807,266
25	*	6410 Cable and Wire Facilities Expense	9,167,110	2,225,074	5,196,596	2,479,271	0	19,068,051
26	^	6411 Poles Expense	3,059	1,171	187,943	13,646	0	205,819
27	^	6421 Aerial Cable Expense	1,287,759	497,556	123,710	238,887	0	2,147,912
28	^	6422 Underground Cable Expense	289,096	110,696	(473,635)	73,440	0	(404)
29	^	6423 Buried Cable Expense	7,421,051	1,551,527	5,357,705	2,026,812	0	16,357,095
30	^	6424 Submarine Cable Expense	0	0	0	0	0	0
31	^	6425 Deep Sea Cable Expense	0	0	0	0	0	0
32	^	6426 Intrabuilding Network Cable Expense	159,869	61,684	842	28,605	0	251,001
33	^	6431 Aerial Wire Expense	1,394	535	8	59,901	0	61,838
34		Subtotals	14,998,552	4,484,734	6,660,146	9,406,441	0	35,549,873

^ Subaccount of the account marked with a *

Total State Expense Matrix

Year: 2004

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	4,882	1,905	23	37,981	0	44,790
36	6510	Other Property Expenses	(2,555)	(544)	0	140,262	0	137,163
37	* 6530	Network Operations Expense	5,408,292	2,884,837	175	4,084,891	0	12,378,195
38	^ 6531	Power Expense	0	0	0	1,428,633	0	1,428,633
39	^ 6532	Network Administration Expense	227,781	66,494	0	11,752	0	306,028
40	^ 6533	Testing Expense	2,419,247	934,956	0	49,365	0	3,403,568
41	^ 6534	Plant Operations Expense	2,097,963	1,594,953	126	1,969,724	0	5,662,766
42	^ 6535	Engineering Expense	663,301	288,434	49	625,417	0	1,577,201
43	6540	Access Expense	0	0	0	2,714,695	0	2,714,695
44	6561	Depreciation - Telecomm. Plant in Service	0	0	0	65,650,263	0	65,650,263
45	6562	Depreciation-Prop. for Future Telecom. Use	0	0	0	0	0	0
46	6563	Amortization Expense - Tangible	0	0	0	44,708	0	44,708
47	6564	Amortization Expense - Intangible	0	0	0	8,218,485	0	8,218,485
48	6565	Amortization - Other	0	0	0	0	0	0
49	* 6610	Marketing	852,146	296,902	11	11,138,177	0	12,287,236
50	^ 6611	Product Management	111,770	42,435	11	2,132,404	0	2,286,620
51	^ 6612	Sales	740,376	254,467	0	6,884,862	0	7,879,705
52	^ 6613	Product Advertising	0	0	0	2,120,911	0	2,120,911
53	6621	Call Completion Services	504,434	374,881	0	11,584	0	890,899
54	6622	Number Services	638,909	482,649	71	22,131	0	1,143,760
55	6623	Customer Services	7,406,407	3,882,243	153	4,717,913	0	16,006,716
56	6711	Executive	37,943	28,574	17	703,064	0	769,599
57	6712	Planning	0	45	0	102,751	0	102,796
58	6721	Accounting and Finance	377,333	158,956	0	1,471,271	0	2,007,560
59	6722	External Relations	67,546	32,741	0	1,984,591	0	2,084,878
60	6723	Human Relations	63,805	23,277	5	683,710	0	770,797
61	6724	Information Management	(1,601,282)	(407,648)	26,443	11,693,513	0	9,711,026
62	6725	Legal	0	0	0	2,087,660	0	2,087,660
63	6726	Procurement	0	10	0	468,248	0	468,258
64	6727	Research and Development	0	0	0	2,500	0	2,500
65	6728	Other General and Administrative	(5,376)	25,284	70,984	3,450,363	0	3,541,254
66	6790	Provision for Uncollectible Notes Receivable	0	0	0	0	0	0
67	8747	Administrative Services Clearing	0	0	0	2,361	0	2,361
68		Totals	28,751,035	12,268,846	6,758,027	128,837,567	0	176,615,475

^ Subaccount of the account marked with a *

Pension Costs

(Thousands of Dollars)

Year: 2004

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	Change in Benefit Obligation			
7	Benefit obligation at beginning of year	7,794,304	7,346,800	6.09%
8	Service cost	112,232	115,173	-2.55%
9	Interest Cost	387,322	407,058	-4.85%
10	Plan participants' contributions	0	0	
11	Amendments	(12,554)	0	-100.00%
12	Actuarial Gain	344,646	749,036	-53.99%
13	Acquisition	0	0	
14	Benefits paid	(834,121)	(886,911)	5.95%
14a	Special termination benefits	509	63,148	-99.19%
15	Benefit obligation at end of year	7,792,338	7,794,304	-0.03%
16	Change in Plan Assets			
17	Fair value of plan assets at beginning of year	7,836,927	6,910,247	13.41%
18	Adjustment to match trust	0	0	
19	Actual return on plan assets	968,013	1,813,591	-46.62%
20	Acquisition	0	0	
21	Employer contribution	0	0	
22	Plan participants' contributions	0	0	
23	420 Transfer	0	0	
24	Benefits paid	(834,121)	(886,911)	5.95%
25	Fair value of plan assets at end of year	7,970,819	7,836,927	1.71%
26	Funded Status	178,481	42,623	318.74%
27	Unrecognized net actuarial loss	886,896	880,270	0.75%
28	Unrecognized prior service cost	(44,022)	(87,339)	49.60%
29	Prepaid (accrued) benefit cos	1,021,355	835,554	22.24%
30				
31	Weighted-average Assumptions as of Year End			
32	Discount rate	5.75%	6.25%	-8.00%
33	Expected return on plan assets	8.50%	9.00%	-5.56%
34	Rate of compensation increase	4.65%	4.65%	0.00%
35				
36	Components of Net Periodic Benefit Costs			
37	Service cost	112,232	115,173	-2.55%
38	Interest cost	387,322	407,058	-4.85%
39	Expected return on plan assets	(528,538)	(580,917)	9.02%
40	Amort. of prior service cost & net transistion obligation	(46,488)	(48,401)	3.95%
41	Recognized net actuarial loss	4,152	-	100.00%
42	Net Periodic benefit cos	(71,320)	(107,087)	33.40%
43				
44	Montana Intrastate Costs:			
45	Pension Costs	(719)	(1,122)	35.92%
46	Pension Costs Capitalized	(101)	(230)	56.09%
47	Accumulated Pension Asset (Liability) at Year End	15,140	14,255	6.21%
48	Number of Company Employees:			
49	Covered by the Plan	85,099	86,677	-1.82%
50	Not Covered by the Plan	0	0	
51	Active	30,503	32,297	-5.55%
52	Retired	39,498	40,244	-1.85%
53	Deferred Vested Terminated	15,098	14,136	6.81%

Other Post Employment Benefits (OPEBS)

(Thousands of Dollars)

Year: 2004

	Item	Current Year	Last Year	% Change
1	Regulatory Treatment:			
2	Commission authorized - most recent			
3	Docket number: 90.12.86			
4	Order number: 5535g			
5	Amount recovered through rates	2,670	3,869	-30.99%
6	Weighted-average Assumptions as of Year End			
7	Discount rate	5.75%	6.25%	-8.00%
8	Expected return on plan assets	8.50%	9.00%	-5.56%
9	Medical Cost Inflation Rate	10% graded to 5%	10% graded to 5%	
10	Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	
11	Rate of compensation increase	N/A	N/A	
12	List each method used to fund OPEBs (ie: VEBA, 401(h)) and if tax advantaged:			
13	VEBA - Yes 420 Transfer - No			
14	Cash - Yes			
15	Describe any Changes to the Benefit Plan:			
16				
16a				
17	TOTAL COMPANY			
18	Change in Benefit Obligation			
19	Benefit obligation at beginning of year	5,508,000	5,078,148	8.46%
20	Service cost	17,293	17,909	-3.44%
21	Interest Cost	309,567	342,293	-9.56%
22	Plan participants' contributions	0	0	
23	Amendments	(233,482)	0	-100.00%
24	Actuarial Gain	(164,603)	391,766	-142.02%
25	Acquisition	0	0	
26	Benefits paid	(360,480)	(322,116)	-11.91%
27	Benefit obligation at end of year	5,076,295	5,508,000	-7.84%
28	Change in Plan Assets			
29	Fair value of plan assets at beginning of year	1,659,036	1,509,406	9.91%
30	Actual return on plan assets	177,341	356,613	-50.27%
31	Acquisition	0	0	
32	Employer contribution	176,173	115,133	53.02%
32a	Life Trust Reimbursement	0	0	
33	Plan participants' contributions	0	0	
34	Benefits paid	(360,480)	(322,116)	-11.91%
35	Fair value of plan assets at end of year	1,652,070	1,659,036	-0.42%
36	Funded Status	(3,424,225)	(3,848,964)	11.04%
37	Unrecognized net actuarial loss	880,807	1,154,569	-23.71%
38	Unrecognized prior service cost	(221,572)	(17,251)	-1184.40%
39	Prepaid (accrued) benefit cost	(2,764,990)	(2,711,646)	-1.97%
40	Components of Net Periodic Benefit Costs			
41	Service cost	17,293	17,909	-3.44%
42	Interest cost	309,567	342,293	-9.56%
43	Expected return on plan assets	(131,414)	(134,925)	2.60%
44	Amortization of prior service cost	(29,161)	(9,199)	-217.00%
45	Recognized net actuarial loss	63,233	79,259	-20.22%
46	Net periodic benefit cost	229,518	295,337	-22.29%
47	Accumulated Post Retirement Benefit Obligation			
48	Amount Funded through VEBA	13,500	8,005	68.64%
49	Amount Funded through 401(h)	0	0	
50	Amount Funded through Other - Cash	162,673	107,128	51.85%
51	TOTAL	176,173	115,133	53.02%
52	Amount that was tax deductible - VEBA	13,500	8,005	68.64%
53	Amount that was tax deductible - 401(h)	0	0	
54	Amount that was tax deductible - Cash	162,673	107,128	51.85%
55	TOTAL	176,173	115,133	53.02%

Other Post Employment Benefits (OPEBS) Continued

(Thousands of Dollars)

Year: 2004

	Item	Current Year	Last Year	% Change
1	Number of Company Employees:			
2	Covered by the Plan	73,078	73,660	-0.79%
3	Not Covered by the Plan	3,207	3,400	-5.68%
4	Active	29,723	31,125	-4.50%
5	Retired	43,355	42,535	1.93%
6	Spouses/Dependants covered by the Plan	25,906	25,907	0.00%
7	Montana			
8	Change in Benefit Obligation			
9	Benefit obligation at beginning of year	65,089	59,955	8.56%
10	Service cost	210	215	-2.33%
11	Interest Cost	3,752	4,108	-8.67%
12	Plan participants' contributions	0	0	
13	Amendments	0	0	
14	Actuarial Gain	(1,919)	4,561	-142.07%
15	Acquisition	0	0	
16	Benefits paid	(4,202)	(3,750)	-12.05%
17	Benefit obligation at end of year	62,930	65,089	-3.32%
18	Change in Plan Assets			
19	Fair value of plan assets at beginning of year	36,954	36,553	1.10%
20	Actual return on plan assets	2,067	4,151	-50.20%
21	Acquisition	0	0	
22	Employer contribution	0	0	
22a	Life Trust Reimbursement	0	0	
23	Plan participants' contributions	0	0	
24	Benefits paid	(4,202)	(3,750)	-12.05%
25	Fair value of plan assets at end of year	34,819	36,954	-5.78%
26	Funded Status	(28,111)	(28,135)	0.09%
27	Unrecognized net actuarial loss	10,267	13,440	-23.61%
28	Unrecognized prior service cost	(2,583)	(201)	-1185.07%
29	Prepaid (accrued) benefit cost	(20,427)	(14,896)	-37.13%
30	Components of Net Periodic Benefit Costs			
31	Service cost	210	215	-2.33%
32	Interest cost	3,752	4,108	-8.67%
33	Expected return on plan assets	(4,022)	(3,606)	-11.54%
34	Amortization of prior service cost	1,995	2,227	-10.42%
35	Recognized net actuarial loss	735	925	-20.54%
36	Net periodic benefit cost	2,670	3,869	-30.99%
37	Accumulated Post Retirement Benefit Obligation			
38	Amount Funded through VEBA	327	2,234	-85.36%
39	Amount Funded through 401(h)	0	0	
40	Amount Funded through other - Cash	1,662	1,352	22.93%
41	TOTAL	1,989	3,586	-44.53%
42	Amount that was tax deductible - VEBA	327	2,234	-85.36%
43	Amount that was tax deductible - 401(h)	0	0	
44	Amount Funded through other - Cash	1,662	1,352	22.93%
45	TOTAL	1,989	3,586	-44.53%
46	Montana Intrastate Costs:			
47	Benefit Cost Expensed	2,351	3,408	-31.02%
48	Benefit Cost Capitalized	319	461	-30.80%
49	Benefit Payments - Medical	4,254	3,750	13.44%
50	Number of Montana Employees:			
51	Covered by the Plan	406	447	-9.17%
52	Not Covered by the Plan	N/A	N/A	
53	Active	406	447	-9.17%
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

(Thousands of Dollars)

Year: 2004

Line No.	Name of Recipient (a)	Nature of Service (b)	Total Company Cost (c)	Total State Cost (d)	Intrastate Cost (e)
1	ARVIZU ADVERTISING & PROMOTIONS INC	Advertising and Information Service	2,981		
2	ASPEN MARKETING SERVICES	Advertising and Information Service	12,142		
3	COMMUNIGRAPHICS/GAC/CENVEO	Advertising and Information Service	2,344		
4	FOOTE CONE & BELDING - NEW YORK	Advertising and Information Service	13,966		
5	HENRY WURST INC	Advertising and Information Service	1,108		
6	INITIATIVE MEDIA WORLDWIDE	Advertising and Information Service	33,054		
7	LEGION ADVERTISING	Advertising and Information Service	3,975		
8	MCCLAIN FINLON ADVERTISING INC	Advertising and Information Service	3,208		
9	MOORE WALLACE NORTH AMERICA INC	Advertising and Information Service	1,048		
10	NEWSPAPER SERVICES OF AMERICA	Advertising and Information Service	15,572		
11	PICTORIAL OFFSET CORP	Advertising and Information Service	3,278		
12	SANDY ALEXANDER INC	Advertising and Information Service	5,356		
13	SHEPARDSON STERN & KAMINSKY	Advertising and Information Service	4,933		
14					
15	TOTAL ADVERTISING AND INFORMATION SERVICES		102,965		
16					
17					
18					
19	ERNST & YOUNG	Audit and Accounting Service	665		
20	KPMG LLP	Audit and Accounting Service	843		
21					
22	TOTAL AUDIT AND ACCOUNTING SERVICES		1,508		
23					
24					
25					
26	VOLT SERVICES GROUP	Clerical and Office Service	2,013		
27					
28	TOTAL CLERICAL AND OFFICE SERVICES		2,013		
29					
30					
31					
32	INTRADO INC	Computer and Data Processing Service	11,036		
33					
34	TOTAL COMPUTER AND DATA PROCESSING SERVICES		11,036		
35					
36					
37					
38	CASS INFORMATION SYSTEMS INC	Consulting and Research Service	507		
39	TELCORDIA TECHNOLOGIES	Consulting and Research Service	58,148		
40					
41	TOTAL CONSULTING AND RESEARCH SERVICES		58,655		
42					
43					
44					
45	ACCENT SERVICE COMPANY INCORPORATED	Financial Service	5,316		
46	ALLIED INTERSTATE INC	Financial Service	937		

Payments for Services to Persons Other Than Employees

(Thousands of Dollars)

Year: 2004

Line No.	Name of Recipient (a)	Nature of Service (b)	Total Company Cost (c)	Total State Cost (d)	Intrastate Cost (e)
60					
61	ARIZONA ATTORNEY GENERAL	Legal Service	1,000		
62	ARNOLD & PORTER LLP	Legal Service	1,036		
63	DORSEY & WHITNEY LLP	Legal Service	1,098		
64	FENNEMORE CRAIG	Legal Service	1,066		
65	GREENE ESPEL PLLP	Legal Service	613		
66	HOGAN AND HARTSON	Legal Service	1,245		
67	KIRKLAND & ELLIS	Legal Service	1,242		
68	MORRISON & FOERSTER LLP	Legal Service	649		
69	PERKINS COIE	Legal Service	4,448		
70	SHERMAN & HOWARD LLC	Legal Service	741		
71	STEESE & EVANS PC	Legal Service	639		
72	STOEL RIVES LLP	Legal Service	1,672		
73	WILKINSON BARKER KNAUER & QUINN	Legal Service	918		
74	WILMER CUTLER & PICKERING	Legal Service	639		
75					
76	TOTAL LEGAL SERVICES		17,006		
77					
78					
79					
80	ALLIANCE FOR TELECOMMUNICATIONS	Membership Fees and Dues	89		
81					
82	TOTAL MEMBERSHIP FEES AND DUES		89		
83					
84					
85					
86	CAEL	Personnel Service	7,646		
87					
88	TOTAL PERSONNEL SERVICES		7,646		
89					
90					
91					
92	NOTHING TO REPORT	Printing and Design Service	0		
93					
94	TOTAL PRINTING AND DESIGN SERVICE		0		
95					
96					
97					
98	NOTHING TO REPORT	Security Service	0		
99					
100	TOTAL SECURITY SERVICES		0		
101					
102					
103					
104					
105					
106					
107					
108					
109					
110					
111	CONTRIBUTIONS		3		
112					
113					
114					
115	GRAND TOTAL		219,960		

Subscriber Line Usage Data

(Thousands of Minutes)

Year: 2004

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

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

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

Central Office and Access Line Statistics

Year: 2004

Line No.	Wire Center (a)	Type of Office (b)	Resident 1-Party (c)	Resident 2-Party (d)	Resident >2-Party (e)	Lifeline Customers (f)	Resident LMS Customers (g)	Single Line Business (h)	Multi-Line Business (i)	Customer Owned Coin (j)	Company Owned Coin (k)	Other (l)	% of Lines w/ T. Tone (m)	Total Access Lines (n)
1	AMSTERDAM	ELECTRIC											100.0%	895
2	ANACONDA	ELECTRIC											100.0%	4,527
3	BELGRADE	ELECTRIC											100.0%	7,617
4	BILLINGS MAIN	ELECTRIC											100.0%	42,409
5	BILLINGS WEST	ELECTRIC											100.0%	21,770
6	BOULDER	ELECTRIC											100.0%	967
7	BOZEMAN	ELECTRIC											100.0%	31,975
8	BRIDGER	ELECTRIC											100.0%	681
9	BUTTE	ELECTRIC											100.0%	12,391
10	BUTTE SOUTH	ELECTRIC											100.0%	7,120
11	CANYON FERRY	ELECTRIC	WIRE CENTER DETAIL IS PROVIDED UNDER SEPARATE COVER AS PROPRIETARY										100.0%	889
12	CASCADE	ELECTRIC											100.0%	982
13	CLANCY	ELECTRIC											100.0%	1,132
14	CLYDE PARK	ELECTRIC											100.0%	586
15	COLSTRIP	ELECTRIC											100.0%	1,221
16	COLUMBUS	ELECTRIC											100.0%	1,989
17	CONRAD	ELECTRIC											100.0%	1,123
18	COOKE CITY	ELECTRIC											100.0%	316
19	CORVALLIS	ELECTRIC											100.0%	3,332
20	CUT BANK	ELECTRIC											100.0%	2,416
21	DARBY	ELECTRIC											100.0%	1,951
22	DEER LODGE	ELECTRIC											100.0%	2,506
23	DILLON	ELECTRIC											100.0%	4,045
24	DUTTON	ELECTRIC											100.0%	275
25	EAST GLACIER PARK	ELECTRIC											100.0%	418
26	EAST HELENA	ELECTRIC											100.0%	4,105
27	FAIRVIEW	ELECTRIC											100.0%	223
28	FORSYTH	ELECTRIC											100.0%	635
29	FRENCHTOWN	ELECTRIC											100.0%	2,058
30	FROMBERG	ELECTRIC											100.0%	395
31	Subtotal Page 1													160,949

Central Office and Access Line Statistics

Year: 2004

Line No.	Wire Center (a)	Type of Office (b)	Resident 1-Party (c)	Resident 2-Party (d)	Resident >2-Party (e)	Lifeline Customers (f)	Resident LMS Customers (g)	Single Line Business (h)	Multi-Line Business (i)	Customer Owned Coin (j)	Company Owned Coin (k)	Other (l)	% of Lines w/ T. Tone (m)	Total Access Lines (n)
1	GALLATIN GATEWAY	ELECTRIC											100.0%	1,222
2	GARDINER	ELECTRIC											100.0%	1,060
3	GLENDIVE	ELECTRIC											100.0%	1,304
4	GREAT FALLS	ELECTRIC											100.0%	38,683
5	HAMILTON	ELECTRIC											100.0%	7,741
6	HARDIN	ELECTRIC											100.0%	2,309
7	HAVRE	ELECTRIC											100.0%	6,681
8	HELENA MAIN	ELECTRIC											100.0%	26,940
9	HELENA NORTH	ELECTRIC											100.0%	3,172
10	JOLIET	ELECTRIC											100.0%	1,113
11	LAUREL	ELECTRIC	WIRE CENTER DETAIL IS PROVIDED UNDER SEPARATE COVER AS PROPRIETARY									100.0%	4,692	
12	LEWISTOWN	ELECTRIC											100.0%	5,457
13	LIVINGSTON	ELECTRIC											100.0%	7,073
14	LOLO	ELECTRIC											100.0%	4,196
15	MANHATTAN	ELECTRIC											100.0%	1,258
16	MILES CITY	ELECTRIC											100.0%	2,597
17	MILLTOWN	ELECTRIC											100.0%	1,286
18	MISSOULA MAIN	ELECTRIC											100.0%	40,605
19	MISSOULA SOUTH	ELECTRIC											100.0%	5,213
20	OPPORTUNITY	ELECTRIC											100.0%	443
21	PARK CITY	ELECTRIC											100.0%	811
22	POWELL	ELECTRIC											100.0%	2
23	PRAY	ELECTRIC											100.0%	968
24	RED LODGE	ELECTRIC											100.0%	3,088
25	ROBERTS	ELECTRIC											100.0%	387
26	SHELBY	ELECTRIC											100.0%	991
27	SHEPHERD	ELECTRIC											100.0%	1,602
28	SIDNEY	ELECTRIC											100.0%	1,084
29	ST MARY	ELECTRIC											100.0%	332
30	STEVENSVILLE	ELECTRIC											100.0%	4,851
31	Subtotal Page 2													177,161

Central Office and Access Line Statistics

Year: 2004

Line No.	Wire Center (a)	Type of Office (b)	Resident 1-Party (c)	Resident 2-Party (d)	Resident >2-Party (e)	Lifeline Customers (f)	Resident LMS Customers (g)	Single Line Business (h)	Multi-Line Business (i)	Customer Owned Coin (j)	Company Owned Coin (k)	Other (l)	% of Lines w/ T. Tone (m)	Total Access Lines (n)
1	TERRY	ELECTRIC											100.0%	60
2	THREE FORKS	ELECTRIC											100.0%	1,763
3	TOWNSEND	ELECTRIC											100.0%	2,021
4	ULM	ELECTRIC											100.0%	396
5	VAUGHN	ELECTRIC											100.0%	1,087
6	VICTOR	ELECTRIC											100.0%	1,689
7	WARM SPRINGS	ELECTRIC											100.0%	253
8	WEST GLACIER	ELECTRIC	WIRE CENTER DETAIL IS PROVIDED UNDER SEPARATE COVER AS PROPRIETARY										100.0%	560
9	WEST YELLOWSTONE	ELECTRIC											100.0%	1,996
10	WHITEHALL	ELECTRIC											100.0%	1,870
11	WIBAUX	ELECTRIC											100.0%	197
12	WILLSALL	ELECTRIC											100.0%	486
13	WOLF CREEK	ELECTRIC											100.0%	467
14														
15														
16														
17														
18														
19														
20	Subtotal Page 3													12,845
21														
22	MONTANA		216,655	4	0	8,337	6,069	10,333	49,227	957	2,089	57,284		350,955

Central Office and Switch Information

Year: 2004

Line No.	Wire Center (a)	Office Configuration (Host, Remote, Stand alone) (b)	Type of Switch (c)	Switch Vendor/ Manufacturer (d)	Switch Model No. (e)	Switch Line Capacity (f)	Year Deployed (g)
1	Amsterdam	Remote/Bozeman	Digital	LUCENT	5ESS/RSM	1,824	1993
2	Anaconda	Remote/Helena Host	Digital	ERSN	AXE/RSS	5,504	1992
3	Belgrade	Stand Alone	Digital	LUCENT	5ESS	14,064	2001
4	Billings Main	Stand Alone	Digital	LUCENT	5ESS	62,949	1994
5	Billings Main	Host	Digital	ERSN	AXE	0	1991
6	Billings Main	STP	Digital	ERSN	AXE/STP	0	1992
7	Billings Main	Packet (Unreg)	Packet	NTI	DPN100	0	1993
8	Billings West	Lines/Host	Digital	LUCENT	5ESS	29,000	1985
9	Boulder	Remote/Helena Host	Digital	ERSN	AXE/RSS	1,280	1992
10	Bozeman	Stand Alone	Digital	LUCENT	5ESS	44,702	1984
11	Bozeman	STP	Digital	ERSN	AXE/STP	0	1992
12	Bridger	Remote/Billings Host	Digital	ERSN	AXE/RSS	1,024	1993
13	Butte Main	Stand Alone	Digital	LUCENT	5ESS	16,639	1990
14	Butte South	Remote/Butte Host	Digital	LUCENT	5ESS/ORM	9,468	1995
15	Canyon Ferry	Remote/Helena Host	Digital	ERSN	AXE/RSS	1,278	1993
16	Cascade	Remote/Great Falls	Digital	LUCENT	5ESS/RSM	1,632	1994
17	Clancy	Remote/Helena Host	Digital	ERSN	AXE/RSS	1,536	1993
18	Clyde Park	Remote/Livingston	Digital	ERSN	AXE/RSS	896	1992
19	Colstrip	Remote/Billings Host	Digital	LUCENT	5ESS/RSM	2,144	1997
20	Columbus	Remote/Billings Host	Digital	ERSN	AXE/RSS	2,302	1992
21	Conrad	Remote/Great Falls	Digital	LUCENT	5ESS/RSM	2,560	1994
22	Cooke City	Remote/Livingston	Digital	ERSN	AXE/RSS	640	1992
23	Corvallis	Remote/Hamilton	Digital	ERSN	AXE/RSS	3,712	1991
24	Cut Bank	Remote/Shelby	Digital	ERSN	AXE/RSS	2,688	1994
25	Darby	Remote/Hamilton	Digital	ERSN	AXE/RSS	2,528	1991
26	Deer Lodge	Remote/Helena Host	Digital	ERSN	AXE/RSS	2,944	1990
27	Dillon	Remote/Helena Host	Digital	ERSN	AXE/RSS	4,735	1992
28	Dutton	Remote/Great Falls	Digital	LUCENT	5ESS/RSM	512	1994
29	East Glacier	Remote/Shelby	Digital	ERSN	AXE/RSS	512	1993
30	East Helena	Remote/Helena Host	Digital	LUCENT	5ESS/RSM	6,872	1988
31	Fairview	Remote/Glendive	Digital	ERSN	AXE/RSS	1,024	1993
32	Forsyth	Remote/Miles City	Digital	ERSN	AXE/RSS	2,048	1992
33	Frenchtown	Remote/Missoula Host	Digital	LUCENT	5ESS/RSM	3,312	1990
34	Fromberg	Remote/Billings Host	Digital	ERSN	AXE/RSS	512	1993
35	Gallatin Gateway	Remote/Bozeman	Digital	LUCENT	5ESS/RSM	1,888	1993
36	Gardiner	Remote/Livingston	Digital	ERSN	AXE/RSS	1,536	1991
37	Glendive	Stand Alone	Digital	ERSN	AXE/RSS	1,024	1993

Central Office and Switch Information

Year: 2004

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)
47	Joliet	Remote/Billings Host	Digital	ERSN	AXE/RSS	1,408	1993
48	Laurel	Remote/Billings Host	Digital	ERSN	AXE/RSS	5,504	1992
49	Lewistown	Stand Alone	Digital	ERSN	AXE	7,040	1993
50	Livingston	Stand Alone	Digital	ERSN	AXE	8,320	1992
51	Lolo	Remote/Missoula Host	Digital	LUCENT	5ESS/RSM	7,439	1993
52	Manhattan	Remote/Bozeman	Digital	LUCENT	5ESS/RSM	2,141	1993
53	Miles City	Stand Alone	Digital	ERSN	AXE	7,168	1992
54	Milltown	Remote/Missoula Host	Digital	LUCENT	5ESS/RSM	2,112	1993
55	Missoula Main	Lines/Host	Digital	LUCENT	5ESS	60,864	1986
56	Missoula Main	STP	Digital	ERSN	AXE/STP	0	1992
57	Missoula South	Remote/Missoula Host	Digital	LUCENT	5ESS/ORM	8,704	1993
58	Opportunity	Remote/Helena Host	Digital	ERSN	AXE/RSS	766	1992
59	Park City	Remote/Billings Host	Digital	ERSN	AXE/RSS	1,408	1992
60	Pray	Remote/Livingston	Digital	ERSN	AXE/RSS	1,280	1990
61	Red Lodge	Remote/Billings Host	Digital	ERSN	AXE/RSS	3,712	1992
62	Roberts	Remote/Billings Host	Digital	ERSN	AXE/RSS	640	1993
63	Saint Mary	Remote/Shelby	Digital	ERSN	AXE/RSS	512	1993
64	Shelby	Stand Alone	Digital	ERSN	AXE	2,432	1993
65	Shepherd	Remote/Billings West	Digital	LUCENT	5ESS/RSM	2,936	1985
66	Sidney	Remote/Glendive	Digital	ERSN	AXE/RSS	4,608	1993
67	Stevensville	Remote/Hamilton	Digital	ERSN	AXE/RSS	6,239	1991
68	Terry	Remote/Miles City	Digital	ERSN	AXE/RSS	512	1994
69	Three Forks	Remote/Bozeman	Digital	LUCENT	5ESS/RSM	2,941	1993
70	Townsend	Remote/Helena Host	Digital	ERSN	AXE/RSS	2,560	1992
71	Ulm	Remote/Great Falls	Digital	LUCENT	5ESS/RSM	1,600	1993
72	Vaughn	Remote/Great Falls	Digital	LUCENT	5ESS/RSM	2,624	1993
73	Victor	Remote/Hamilton	Digital	ERSN	AXE/RSS	2,048	1991
74	Warm Springs	Remote/Helena Host	Digital	ERSN	AXE/RSS	383	1992
75	West Glacier	Remote/Shelby	Digital	ERSN	AXE/RSS	768	1993
76	W. Yellowstone	Remote/Livingston	Digital	ERSN	AXE/RSS	2,816	1991
77	Whitehall	Remote/Helena Host	Digital	ERSN	AXE/RSS	2,432	1992
78	Wibaux	Remote/Glendive	Digital	ERSN	AXE/RSS	639	1994
79	Wilsall	Remote/Livingston	Digital	ERSN	AXE/RSS	512	1992
80	Wolf Creek	Remote/Helena Host	Digital	ERSN	AXE/RSS	512	1992

Construction Budget-Montana

(Thousands of Dollars)

Year: 2004

Line No.	Description (a)	Year 2005 (b)
1	Central Office Assets:	
2		
3		
4		
5		
6		
7		
8		
9		
10		
11	Circuit Equipment	
12	2005 MT - Capitalization of Plug-In Equipment	3,850
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24	Total Switching and Central Office Projects over \$500,000	3,850
25	Miscellaneous Central Office Projects not over \$500,000	4,597
26	Total Central Office Budget (L.24+L.25)	8,447
27	Other Projects over \$500,000:	
28		
29		
30		
31		
32		
33		
34		
35		
36		
37		
38	Total Other Projects over \$500,000	0
39	Miscellaneous Projects not over \$500,000	15,143
40	Total Construction Budget (L.26+L.38+L.39)*	23,590

*The Construction Budget Plant Additions include amounts specifically identified to Montana plus an allocated portion of approximately \$750 Million of capital expenditures that Qwest Corporation projects making in 2005 but which, at the time of this filing, Qwest has not specifically identified to a particular state.

Montana Employee Counts

Year: 2004

Line No.	Category (a)	Beginning of Year (b)	End of Year (c)
1	Consumer Marketing Operations	15	
2	Consumer Markets Mountain Care	113	
3	Consumer Markets		123
4	Finance	3	2
5	Fleet Services	5	4
6	Network Services - West Region	213	
7	Local Network	41	
8	National Network Services	3	
9	Network Services		244
10	Public Policy	1	1
11	Real Estate	8	7
12	Other Affiliates	17	26
13			
14			
15			
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17			
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Compensation of Top 10 Montana Based Employees

Year: 2004

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	THIS INFORMATION IS PROPRIETARY AND PROVIDED UNDER SEPARATE COVER						
2							
3							
4							
5							
6							
7							
8							
9							
10							
11	Totals (Sum L.1 to L.10)	0	0	0	0	0	N/A

Compensation of Top 5 Corporate Employees - SEC Information

Year: 2004

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	Richard C. Notebaert Chairman and Chief Executive Officer	\$ 1,100,000	\$ 2,970,000	\$ 586,494	\$ 4,656,494	\$ 4,917,668	-5.3%
2	Oren G. Shaffer Vice Chairman and Chief Financial Officer	\$ 800,000	\$ 1,680,000	\$ 103,624	\$ 2,583,624	\$ 3,275,400	-21.1%
3	Barry K. Allen Executive Vice President, Operations	\$ 618,173	\$ 1,109,110	\$ 134,826	\$ 1,862,109	N/A	
4	Richard N. Baer Executive Vice President, General Counsel and Corporate Secretary	\$ 500,000	\$ 900,000	\$ 70,823	\$ 1,470,823	\$ 1,723,757	-14.7%
5	Paula Kruger Executive Vice President, Consumer Markets Group	\$ 400,000	\$ 362,112	\$ 154,271	\$ 916,383	\$ 322,286	184.3%
6	Totals (Sum L.1 to L.5)	\$3,418,173	\$7,021,222	\$1,050,038	\$11,489,433	\$10,239,111	

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Amounts shown for 2003 differ from amounts previously reported due to a change in the way in which we calculate incremental cost.
Mr. Allen joined Qwest in August 2002 and became an executive officer in March 2004.

Montana Composite Statistics

Year: 2004

Line No.	Account No.	Description (a)	Amount (b)
1		Plant (Intrastate Only) (000 Omitted)	
2	2001	Plant in Service	634,943
3	2003-2004	Construction Work in Progress	1,915
4	2005	Plant Acquisition Adjustments	0
5	2002	Plant Held for Future Use	0
6	1220	Materials & Supplies	440
7		(Less):	
8	3100-3400	Depreciation & Amortization Reserves	445,974
9	4360.2	Contributions in Aid of Construction	(145)
10		NET BOOK COSTS	191,469
11		Revenues & Expenses (Intrastate Only) (000 Omitted)	
12	5000-5300	Operating Revenues	156,963
13	6560	Depreciation & Amortization Expenses	47,587
14		Federal & State Income Taxes	13,840
15		Other Taxes	10,616
16		Other Operating Expenses	48,006
17		TOTAL Operating Expenses	120,049
18		Net Operating Income	36,914
19		Other Income	(2,112)
20		Other Deductions	(3,277)
21		NET INCOME	38,080
22		Access Lines in Service (Intrastate Only)	
23		Residential Access Lines	231,065
24		Business Access Lines	105,286
25		PBX Access Lines	11,558
26		Other Access Lines (Public)	3,046
27		Total Number of Access Lines	350,955
28		Average Number of Calls Per Access Line	
29		Local Calls	668
30		Toll Calls (Intra- or Interstate)	1,534
31		Total Number of Calls Per Access Line (L.29 + L.30)	2,202
32		Other Statistics (Intrastate Only)	
33		Average Residential Monthly Bill	16.28
34		Gross Plant Investment per Access Line	1,816

Depreciation-Montana Intrastate Regulated

(Thousands of Dollars)

Year: 2004

Line No.	Acct No. (a)	Description (b)	Composite Rate % (c)	Total Expense \$ (d)
1	2112	2112 MOTOR VEHICLES	4.9%	292
2	2114	2114 SPEC PURPOSE VEHICLES	5.8%	4
3	2115	2115 GARAGE WORK EQUIPMENT	10.5%	18
4	2116	2116 OTHER WORK EQUIP	5.3%	190
5	2121	2121 BUILDINGS	3.4%	1,146
6	2122	2122 FURNITURE	20.8%	2
7	2123.1	2123.1 OFFICE EQUIPMENT	10.6%	23
8	2123.2	2123.2 COMPANY COMM EQUIP	8.3%	23
9	2124	2124 GEN PURPOSE CMPTR	0.2%	10
10	2212	2212 DIGITAL SW EQUIP	7.1%	9,391
11	2220	2220 OPERATOR SYSTEMS	0.0%	0
12	2231	2231 RADIO SYSTEMS	11.2%	695
13	2232	2232 CIRCUIT DDS	11.7%	45
14	2232	2232 CIRCUIT DIGITAL	11.2%	9,985
15	2232	2232 CIRCUIT ANALOG	24.0%	0
16	2362	2362 OTHER TERM EQUIP	13.1%	500
17	2411	2411 POLE LINES	10.1%	490
18	2421	2421 AERIAL CABLE MET	6.8%	1,697
19	2421	2421 AERIAL CABLE NON MET	11.6%	17
20	2422	2422 UNDGRD CABLE MET	6.3%	1,501
21	2422	2422 UNDGRD CABLE NON MET	6.6%	461
22	2423	2423 BURIED CABLE MET	4.6%	9,654
23	2423	2423 BURIED CABLE NON MET	6.2%	1,740
24	2424	2424 SUB CABLE MET	2.4%	1
25	2424	2424 SUB CABLE NON MET	0.0%	0
26	2426	2426 INTRA BLDG CA MET	4.1%	224
27	2426	2426 INTRA BLDG CABLE NON MET	7.8%	18
28	2431	2431 AERIAL WIRE	0.0%	0
29	2441	2441 CONDUIT SYSTEMS	2.1%	321
30				
31				
32				
33				
34				
35		COMPOSITE TOTAL		38,447
36				
37	Have these rates been approved by the Commission? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No			
38				
39	If yes:	<u>Docket Number</u>	<u>Order Number</u>	
40		96.8.131	5937c	

Montana Regulatory Capital Structure & Costs

Year: 2004

Line No.	Description (a)	% Cap. Str. (b)	% Cost Rate (c)	Weighted Cost (d)
	<u>Commission Accepted - Most Recent</u>			
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	0.00%	0.00%	0.00%
6	Long Term Debt	50.00%	8.88%	4.44%
7	Other	0.00%	0.00%	0.00%
8	Total	100.00%		10.44%
9				
10	<u>Actual at Year End</u>			
11				
12	Common Equity (Note 1)	34.21%	12.00%	4.11%
13	Preferred Stock	0.00%	0.00%	0.00%
14	Long Term Debt	62.24%	8.02%	4.99%
15	Other	3.55%	6.57%	0.23%
16	Total	100.00%		9.33%

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

SCHEDULE 32

Network Access - Charges and Revenues

(Thousands of Dollars)

Year: 2004

Line No.	Description (a)	Access Charges Paid (b)	Access Revenues Received (c)
1	Montana - Total State	2,715	116,633
2			
3	Montana - Intrastate	(802)	22,653
4			
5	Montana - Intrastate Regulated	620	17,465
6			
7			
8			
9			
10			
11			
12			
13			

Affiliate Transactions - Products & Services Provided to Utility

Year: 2004

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 Interprise America, Inc.	POST EMPLOYMENT BENEFITS	FDC	268,420		6,090
2		FDC		268,420		6,090
3	Qwest Interprise America, Inc.	ACCRUAL	PCP	183,466		3,861
4	Qwest Interprise America, Inc.	EQUIPMENT/MATERIEL	PCP	225,153		3,522
5	Qwest Interprise America, Inc.	INTERNAL COMMUNICATIONS	PCP	104		-
6	Qwest Interprise America, Inc.	TECHNICAL SUPPORT	PCP	85		2
7		PCP		408,808		7,385
8		TOTAL		677,228		13,475
9	Qwest Business Resources, Inc.	POST EMPLOYMENT BENEFITS	FDC	1,127,946		23,958
10	Qwest Business Resources, Inc.	PROCUREMENT	FDC	46,633,998		983,895
11	Qwest Business Resources, Inc.	SPACE & FURNITURE RENTAL	FDC	499,296		-
12		FDC		48,261,240		1,007,853
13	Qwest Business Resources, Inc.	SPACE & FURNITURE RENTAL	FMV	771,672		-
14		FMV		771,672		-
15		TOTAL		49,032,912		1,007,853
16						
17	Qwest Government Services, Inc.	ACCRUAL	FDC	523,551		11,019
18	Qwest Government Services, Inc.	CORP & SHARED SERVICES	FDC	3,570,159		75,867
19		FDC		4,093,710		86,886
20		TOTAL		4,093,710		86,886
21						
22	Qwest Information Technologies, Inc.	INFORMATION TECH SERVICES	FDC	401,631,613		8,361,048
23		FDC		401,631,613		8,361,048
24		TOTAL		401,631,613		8,361,048
25						
26	Qwest Communications Corporation	INFORMATION TECH SERVICES	FDC	127,812		1,746
27	Qwest Communications Corporation	INTERNAL COMMUNICATIONS	FDC	4,244,913		88,396
28	Qwest Communications Corporation	LEASED ASSETS	FDC	(64,981)		(1,511)
29						
30						

Affiliate Transactions - Products & Services Provided to Utility

Year: 2004

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						
2	Qwest Communications Corporation	SPACE & FURNITURE RENTAL	FDC	762,506		2
3		FDC		5,070,250		88,633
4	Qwest Communications Corporation	EQUIPMENT/MATERIEL	FMV	358,948		4
5		FMV		358,948		4
6	Qwest Communications Corporation	INTERNAL COMMUNICATIONS	PCP	18,733,522		369,487
7	Qwest Communications Corporation	LEASED ASSETS	PCP	105,600		-
8	Qwest Communications Corporation	LEASED NETWORK FACILITIES	PCP	921,063		-
9		PCP		19,760,185		369,487
10		TOTAL		25,189,383		458,124
11						
12	Qwest Services Corporation	CORP & SHARED SERVICES	FDC	14,994,369		312,758
13	Qwest Services Corporation	CORP COMMUNICATIONS	FDC	15,335,899		321,223
14	Qwest Services Corporation	FINANCE	FDC	55,738,074		1,172,270
15	Qwest Services Corporation	HUMAN RESOURCES	FDC	11,262,576		235,389
16	Qwest Services Corporation	LEGAL SERVICES	FDC	26,178,882		546,941
17	Qwest Services Corporation	MANAGEMENT SERVICES	FDC	47,445,159		1,000,651
18	Qwest Services Corporation	MARKETING AND SALES	FDC	322,310,761		7,215,071
19	Qwest Services Corporation	POST EMPLOYMENT BENEFITS	FDC	511,091		10,734
20	Qwest Services Corporation	PRODUCT PLANNING	FDC	19,702,014		446,980
21	Qwest Services Corporation	REGULATORY AND PUB POLICY	FDC	45,879,376		1,267,100
22	Qwest Services Corporation	TECHNICAL SUPPORT	FDC	69,131,245		1,581,229
23	Qwest Services Corporation	TREASURY	FDC	2,226,124		46,655
24	Qwest Services Corporation	TRUST	FDC	101,443		2,120
25		FDC		630,817,013		14,159,121
26		TOTAL		630,817,013		14,159,121
27						
28	Qwest Wireless, LLC	MARKETING AND SALES	FDC	413		10
29		FDC		413		10
30						

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: 2004

Line No.	Affiliate Name (a)	Products & Services (b)	Method to Determine Price (c)	Charges to Utility (d)	% Total Affil. Revenues (e)	Charges to MT Utility (f)
1	Qwest Wireless, LLC	MARKETING AND SALES	FMV	149,926		3,402
2		FMV		149,926		3,402
3		EQUIPMENT/MATERIEL		PCP		839,030
4	Qwest Wireless, LLC	INTERNAL COMMUNICATIONS	PCP	5,951,209		15
5	Qwest Wireless, LLC	PCP		6,790,239		207
6	Qwest Wireless, LLC	NETWORK SERVICES	PUB	193,322		4,633
7		PUB		193,322		4,633
8		TOTAL		7,133,900		8,252
9						
10						
11						
12						
13						
14		TOTAL		1,118,575,759		24,094,759
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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: 2004

Line No.	Affiliate Name (a)	Products & Services (b)	Method to Determine Price (c)	Charges by Utility (d)	% Total Affil. Expense (e)	Payments by MT Utility (f)
1						
2	Qwest Interprise America, Inc.	ADMINISTRATIVE	FDC	1,822		38
3	Qwest Interprise America, Inc.	BILLING & COLLECTION	FDC	624,350		14,389
4	Qwest Interprise America, Inc.	FINANCE	FDC	116,152		2,408
5	Qwest Interprise America, Inc.	INFORMATION TECH SERVICES	FDC	172		5
6	Qwest Interprise America, Inc.	INTERNAL COMMUNICATIONS	FDC	26,889		557
7	Qwest Interprise America, Inc.	LEASED ASSETS	FDC	6,802		-
8	Qwest Interprise America, Inc.	MARKETING AND SALES	FDC	72,734		1,650
9	Qwest Interprise America, Inc.	NETWORK SERVICES	FDC	4,956,896		102,641
10	Qwest Interprise America, Inc.	SPACE & FURNITURE RENTAL	FDC	651,674		14,212
11		FDC		6,457,491		135,900
12	Qwest Interprise America, Inc.	LEASED ASSETS	FMV	1,736		-
13	Qwest Interprise America, Inc.	NETWORK SERVICES	FMV	10,973,231		18,165
14	Qwest Interprise America, Inc.	SPACE & FURNITURE RENTAL	FMV	217,186		6,862
15		FMV		11,192,153		25,027
16	Qwest Interprise America, Inc.	BILLING & COLLECTION	PCP	6,745,568		133,382
17	Qwest Interprise America, Inc.	BILLING & COLLECTIONS	PCP	8,158,855		182,231
18	Qwest Interprise America, Inc.	FINANCE	PCP	616,577		12,784
19	Qwest Interprise America, Inc.	HUMAN RESOURCES	PCP	4,843		100
20	Qwest Interprise America, Inc.	INTERNAL COMMUNICATIONS	PCP	467,763		9,444
21	Qwest Interprise America, Inc.	MARKETING AND SALES	PCP	(57,168)		(1,297)
22	Qwest Interprise America, Inc.	NETWORK SERVICES	PCP	1,007,031		20,876
23	Qwest Interprise America, Inc.	SPACE & FURNITURE RENTAL	PCP	758,396		-
24		PCP		17,701,865		357,520
25		TOTAL		35,351,509		518,447
26						
27	Qwest Broadband Services, Inc.	FINANCE	FDC	52,948		1,098
28	Qwest Broadband Services, Inc.	INTERNAL COMMUNICATIONS	FDC	38,550		(73)
29	Qwest Broadband Services, Inc.	LEASED ASSETS	FDC	9,952,354		-
30	Qwest Broadband Services, Inc.	MANAGEMENT SERVICES	FDC	38,560		799

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

Affiliate Transactions - Products & Services Provided by Utility

Year: 2004

Line No.	Affiliate Name (a)	Products & Services (b)	Method to Determine Price (c)	Charges by Utility (d)	% Total Affil. Expense (e)	Payments by MT Utility (f)
1						
2	Qwest Broadband Services, Inc.	NETWORK SERVICES	FDC	10,371,968		23,746
3	Qwest Broadband Services, Inc.	SPACE & FURNITURE RENTAL	FDC	30,257		-
4		FDC		20,484,637		25,570
5	Qwest Broadband Services, Inc.	SPACE & FURNITURE RENTAL	FMV	10,738		-
6		FMV		10,738		0
7	Qwest Broadband Services, Inc.	BILLING & COLLECTION	PCP	55,315		-
8	Qwest Broadband Services, Inc.	FINANCE	PCP	416,872		8,661
9	Qwest Broadband Services, Inc.	HUMAN RESOURCES	PCP	587		12
10	Qwest Broadband Services, Inc.	INFORMATION TECH SERVICES	PCP	54,493		1,130
11	Qwest Broadband Services, Inc.	INTERNAL COMMUNICATIONS	PCP	269,269		357
12	Qwest Broadband Services, Inc.	LEASED ASSETS	PCP	1,969,094		-
13	Qwest Broadband Services, Inc.	MARKETING & SALES	PCP	544		11
14	Qwest Broadband Services, Inc.	NETWORK SERVICES	PCP	261,051		-
15	Qwest Broadband Services, Inc.	SPACE & FURNITURE RENTAL	PCP	117,408		-
16		PCP		3,144,633		10,171
17	Qwest Broadband Services, Inc.	LEASED NETWORK FACILITIES	PUB	7,882,755		-
18		PUB		7,882,755		0
19		TOTAL		31,522,763		35,741
20						
21	Qwest Business Resources, Inc.	FINANCE	FDC	3,985		83
22	Qwest Business Resources, Inc.	INFORMATION TECH SERVICES	FDC	719,400		14,817
23	Qwest Business Resources, Inc.	LEASED ASSETS	FDC	72,862		1,495
24	Qwest Business Resources, Inc.	NETWORK SERVICES	FDC	328		-
25	Qwest Business Resources, Inc.	SPACE & FURNITURE RENTAL	FDC	167,828		-
26		FDC		964,403		16,395
27	Qwest Business Resources, Inc.	SPACE & FURNITURE RENTAL	FMV	190,723		-
28		FMV		190,723		0
29	Qwest Business Resources, Inc.	FINANCE	PCP	395,725		8,210
30	Qwest Business Resources, Inc.	HUMAN RESOURCES	PCP	11,083		230

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

Affiliate Transactions - Products & Services Provided by Utility

Year: 2004

Line No.	Affiliate Name (a)	Products & Services (b)	Method to Determine Price (c)	Charges by Utility (d)	% Total Affil. Expense (e)	Payments by MT Utility (f)
1						
2	Qwest Business Resources, Inc.	INFORMATION TECH SERVICES	PCP	66,667		1,382
3	Qwest Business Resources, Inc.	INTERNAL COMMUNICATIONS	PCP	386,163		7,198
4	Qwest Business Resources, Inc.	SPACE & FURNITURE RENTAL	PCP	1,816,616		-
5		PCP		2,676,254		17,020
6		TOTAL		3,831,380		33,415
7						
8	Qwest Communications International	FINANCE	PCP	4,110		85
9		PCP		4,110		85
10		TOTAL		4,110		85
11						
12	Qwest Cyber Solution	FINANCE	PCP	518		11
13		PCP		518		11
14		TOTAL		518		11
15						
16	Qwest DEX, Inc.	FINANCE	FDC	(2,021)		-
17	Qwest DEX, Inc.	HUMAN RESOURCES	FDC	(31,758)		-
18		FDC		(33,779)		0
19	Qwest DEX, Inc.	BILLING & COLLECTIONS	PCP	(109,890)		-
20	Qwest DEX, Inc.	FINANCE	PCP	(13,923)		-
21	Qwest DEX, Inc.	HUMAN RESOURCES	PCP	(1,223)		-
22		PCP		(125,036)		0
23		TOTAL		(158,815)		0
24						
25	Qwest Government Services, Inc.	FINANCE	FDC	118,346		2,453
26	Qwest Government Services, Inc.	INFORMATION TECH SERVICES	FDC	4,499		93
27	Qwest Government Services, Inc.	NETWORK SERVICES	FDC	412		-
28	Qwest Government Services, Inc.	SPACE & FURNITURE RENTAL	FDC	69,673		-
29		FDC		192,930		2,546
30						

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

Affiliate Transactions - Products & Services Provided by Utility

Year: 2004

Line No.	Affiliate Name (a)	Products & Services (b)	Method to Determine Price (c)	Charges by Utility (d)	% Total Affil. Expense (e)	Payments by MT Utility (f)
1						
2	Qwest Government Services, Inc.	SPACE & FURNITURE RENTAL	FMV	270,150		-
3		FMV		270,150		0
4	Qwest Government Services, Inc.	FINANCE	PCP	417,557		8,656
5	Qwest Government Services, Inc.	HUMAN RESOURCES	PCP	12,575		261
6	Qwest Government Services, Inc.	INFORMATION TECH SERVICES	PCP	70,267		1,457
7	Qwest Government Services, Inc.	INTERNAL COMMUNICATIONS	PCP	400,363		8,061
8	Qwest Government Services, Inc.	NETWORK SERVICES	PCP	567		12
9	Qwest Government Services, Inc.	SPACE & FURNITURE RENTAL	PCP	58,848		-
10		PCP		960,177		18,447
11		TOTAL		1,423,257		20,993
12						
13	Qwest Information Technologies, Inc.	ADMINISTRATIVE	FDC	(1,745)		(36)
14	Qwest Information Technologies, Inc.	FINANCE	FDC	191,603		3,974
15	Qwest Information Technologies, Inc.	INFORMATION TECH SERVICES	FDC	14,478,517		300,140
16	Qwest Information Technologies, Inc.	LEASED ASSETS	FDC	11,165		-
17	Qwest Information Technologies, Inc.	NETWORK SERVICES	FDC	5,084		1,312
18	Qwest Information Technologies, Inc.	SPACE & FURNITURE RENTAL	FDC	12,441,514		2,752
19		FDC		27,126,138		308,142
20	Qwest Information Technologies, Inc.	LEASED ASSETS	FMV	13,413		70
21	Qwest Information Technologies, Inc.	SPACE & FURNITURE RENTAL	FMV	6,763,095		(1,160)
22		FMV		6,776,508		(1,090)
23	Qwest Information Technologies, Inc.	FINANCE	PCP	2,050,702		42,511
24	Qwest Information Technologies, Inc.	HUMAN RESOURCES	PCP	109,627		2,273
25	Qwest Information Technologies, Inc.	INFORMATION TECH SERVICES	PCP	34,582		717
26	Qwest Information Technologies, Inc.	INTERNAL COMMUNICATIONS	PCP	4,677,484		68,945
27	Qwest Information Technologies, Inc.	SPACE & FURNITURE RENTAL	PCP	14,076,855		-
28		PCP		20,949,250		114,446
29		TOTAL		54,851,896		421,498
30						

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

Affiliate Transactions - Products & Services Provided by Utility

Year: 2004

Line No.	Affiliate Name (a)	Products & Services (b)	Method to Determine Price (c)	Charges by Utility (d)	% Total Affil. Expense (e)	Payments by MT Utility (f)
1						
2	Malheur Home Telephone Company	MANAGEMENT SERVICES	MAL	1,310,721		27,265
3	Malheur Home Telephone Company	NETWORK SERVICES	MAL	112,935		-
4	Malheur Home Telephone Company	TELECOMMUNICATIONS	MAL	252		-
5		MAL		1,423,908		27,265
6		TOTAL		1,423,908		27,265
7						
8	Qwest N Limited Partnership	FINANCE	PCP	96,466		2,000
9		PCP		96,466		2,000
10		TOTAL		96,466		2,000
11						
12	Qwest Communication Corporation	MARKETING AND SALES	FDC	156,643		3,247
13		FDC		156,643		3,247
14	Qwest Communication Corporation	WHOLESALE OPERATOR SERV	FMV	1,854,894		42,082
15		FMV		1,854,894		42,082
16	Qwest Communication Corporation	ADMINISTRATIVE	PCP	7,269,384		153,700
17	Qwest Communication Corporation	BILLING & COLLECTION	PCP	134,236		1,417
18	Qwest Communication Corporation	EQUIPMENT/MATERIEL	PCP	5,616		-
19	Qwest Communication Corporation	FINANCE	PCP	7,559,524		156,932
20	Qwest Communication Corporation	HUMAN RESOURCES	PCP	65,626		1,360
21	Qwest Communication Corporation	INFORMATION TECH SERVICES	PCP	2,721,632		56,419
22	Qwest Communication Corporation	INTERNAL COMMUNICATIONS	PCP	2,019,020		39,684
23	Qwest Communication Corporation	LEASED ASSETS	PCP	822,918		-
24	Qwest Communication Corporation	MARKETING AND SALES	PCP	(139,556)		(2,893)
25	Qwest Communication Corporation	NETWORK SERVICES	PCP	14,208,815		113,030
26	Qwest Communication Corporation	SPACE & FURNITURE RENTAL	PCP	3,786,064		2,666
27	Qwest Communication Corporation	WHOLESALE OPERATOR SERV	PCP	2,659,080		60,334
28	Qwest Communication Corporation	WHOLESALE SERVICES	PCP	8,411		71
29		PCP		41,120,770		582,720
30						

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Affiliate Transactions - Products & Services Provided by Utility

Year: 2004

Line No.	Affiliate Name (a)	Products & Services (b)	Method to Determine Price (c)	Charges by Utility (d)	% Total Affil. Expense (e)	Payments by MT Utility (f)
1						
2	Qwest Communications Corporation	BILLING & COLLECTION	PUB	56,628		516
3	Qwest Communications Corporation	WHOLESALE SERVICES	PUB	58,537		499
4		PUB		115,165		1,015
5		TOTAL		43,247,472		629,064
6						
7	Qwest Investment Company	FINANCE	PCP	144		3
8		PCP		144		3
9		TOTAL		144		3
10						
11	Qwest Internet Solutions	FINANCE	PCP	9,305		193
12	Qwest Internet Solutions	INTERNAL COMMUNICATIONS	PCP	(11,000)		(228)
13		PCP		(1,695)		(35)
14		TOTAL		(1,695)		(35)
15						
16	Qwest International Services Corp	FINANCE	PCP	665		14
17	Qwest International Services Corp	HUMAN RESOURCES	PCP	23		-
18		PCP		688		14
19		TOTAL		688		14
20						
21	Qwest LD Corp.	MARKETING AND SALES	FDC	(90,800)		(1,882)
22		FDC		(90,800)		(1,882)
23	Qwest LD Corp.	MARKETING AND SALES	FMV	7,055,922		139,466
24	Qwest LD Corp.	WHOLESALE OPERATOR SRVC	FMV	1,851,951		42,021
25		FMV		8,907,873		181,487
26	Qwest LD Corp.	ADMINISTRATIVE	PCP	(12,144)		(252)
27	Qwest LD Corp.	BILLING & COLLECTION	PCP	168,175,642		3,125,057
28	Qwest LD Corp.	BILLING & COLLECTIONS	PCP	3,359		2
29	Qwest LD Corp.	FINANCE	PCP	126,949		2,636
30						

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Affiliate Transactions - Products & Services Provided by Utility

Year: 2004

Line No.	Affiliate Name (a)	Products & Services (b)	Method to Determine Price (c)	Charges by Utility (d)	% Total Affil. Expense (e)	Payments by MT Utility (f)
1						
2	Qwest LD Corp.	HUMAN RESOURCES	PCP	(10)		-
3	Qwest LD Corp.	INTERNAL COMMUNICATIONS	PCP	702		13
4	Qwest LD Corp.	MARKETING AND SALES	PCP	230,000		4,768
5	Qwest LD Corp.	NETWORK SERVICES	PCP	36,007		778
6	Qwest LD Corp.	SPACE & FURNITURE RENTAL	PCP	31		-
7	Qwest LD Corp.	WHOLESALE SERVICES	PCP	17,156		35
8		PCP		168,577,692		3,133,037
9	Qwest LD Corp.	BILLING & COLLECTIONS	PUB	1,567,118		29,746
10	Qwest LD Corp.	WHOLESALE SERVICES	PUB	1,037,036		21,300
11		PUB		2,604,154		51,046
13		TOTAL		179,998,919		3,363,688
14						
15	Qwest Services Corporation	ADMINISTRATIVE	FDC	316,182		756
16	Qwest Services Corporation	FINANCE	FDC	1,564,788		32,439
17	Qwest Services Corporation	HUMAN RESOURCES	FDC	377,717		7,830
18	Qwest Services Corporation	INFORMATION TECH SERVICES	FDC	245,430		5,084
19	Qwest Services Corporation	INTERNAL COMMUNICATIONS	FDC	(19,000)		(394)
20	Qwest Services Corporation	LEASED ASSETS	FDC	37,498		-
21	Qwest Services Corporation	NETWORK SERVICES	FDC	53,636		-
22	Qwest Services Corporation	SPACE & FURNITURE RENTAL	FDC	10,243,378		41,602
23		FDC		12,819,629		87,317
24	Qwest Services Corporation	LEASED ASSETS	FMV	7,057		-
25	Qwest Services Corporation	SPACE & FURNITURE RENTAL	FMV	3,111,149		13,860
26		FMV		3,118,206		13,860
27	Qwest Services Corporation	FINANCE	PCP	4,767,780		98,835
28	Qwest Services Corporation	HUMAN RESOURCES	PCP	327,989		6,799
29	Qwest Services Corporation	INFORMATION TECH SERVICES	PCP	7,738		160
30						

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Affiliate Transactions - Products & Services Provided by Utility

Year: 2004

Line No.	Affiliate Name (a)	Products & Services (b)	Method to Determine Price (c)	Charges by Utility (d)	% Total Affil. Expense (e)	Payments by MT Utility (f)
1	Qwest Services Corporation	INTERNAL COMMUNICATIONS	PCP	7,263,584		125,827
2		SPACE & FURNITURE RENTAL	PCP	28,060,623		-
3		PCP		40,427,714		231,621
4		TOTAL		56,365,549		332,798
5						
6	Qwest Transoceanic	FINANCE	FDC	38,927		807
7		FDC		38,927		807
8						
9	Qwest Transoceanic	FINANCE	PCP	47,332		981
10		PCP		47,332		981
11		TOTAL		86,259		1,788
12						
13	USLD	FINANCE	PCP	161,755		3,353
14		WHOLESALE OPERATOR SRVC	PCP	4,249,699		96,426
15		PCP		4,411,454		99,779
16		TOTAL		4,411,454		99,779
17						
18	Qwest Wireless, LLC	FINANCE	FDC	78,769		1,635
19		INFORMATION TECH SERVICES	FDC	4,169		83
20		LEASED ASSETS	FDC	4,741		-
21		MANAGEMENT SERVICES	FDC	189,072		3,919
22		NETWORK SERVICES	FDC	597,150		4,679
23		SPACE & FURNITURE RENTAL	FDC	391,294		(6)
24		FDC		1,265,195		10,310
25		SPACE & FURNITURE RENTAL	FMV	2,283,239		11,706
26		FMV		2,283,239		11,706
27						
28	Qwest Wireless, LLC	BILLING & COLLECTION	PCP	9,395,714		121,332
29	Qwest Wireless, LLC	BILLING & COLLECTIONS	PCP	8,712,842		132,662
30						

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

Affiliate Transactions - Products & Services Provided by Utility

Year: 2004

Line No.	Affiliate Name (a)	Products & Services (b)	Method to Determine Price (c)	Charges by Utility (d)	% Total Affil. Expense (e)	Payments by MT Utility (f)
1						
2	Qwest Wirelss, LLC	FINANCE	PCP	1,663,838		34,609
3	Qwest Wirelss, LLC	HUMAN RESOURCES	PCP	11,289		234
4	Qwest Wirelss, LLC	INFORMATION TECH SERVICES	PCP	446,461		9,255
5	Qwest Wirelss, LLC	INTERNAL COMMUNICATIONS	PCP	421,892		7,082
6	Qwest Wirelss, LLC	LEASED ASSETS	PCP	61,969		-
7	Qwest Wirelss, LLC	NETWORK SERVICES	PCP	9,300		193
8	Qwest Wirelss, LLC	SPACE & FURNITURE RENTAL	PCP	1,106,212		-
9		PCP		21,829,517		305,367
10	Qwest Wirelss, LLC	NETWORK SERVICES	PUB	2,225,992		46,541
11	Qwest Wirelss, LLC	SPACE & FURNITURE RENTAL	PUB	3,162,026		-
12	Qwest Wirelss, LLC	WHOLESALE OPERATOR SRVC	PUB	535,959		3,058
13		PUB		5,923,977		49,599
14		TOTAL		31,301,928		376,982
15						
16	WESTERN RE	FINANCE	PCP	210		4
17		PCP		210		4
18		TOTAL		210		4
19						
20						
21						
22						
23						
24		GRAND TOTAL		443,757,920		5,863,540
25						
26						
27						
28						
29						
30						

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

Montana Intrastate Regulated Earned Rate of Return

(Thousands of Dollars)

Year: 2004

Line No.	Description Rate Base (a)	This Year (b)	Last Year (c)	Percent Change (d)
1				
2	2001 Plant in Service	570,168	591,639	-3.63%
3	2002 Prop. Held for Future Telecommunications Use	0	0	
4	3100-3200 (Less) Accumulated Depreciation	361,118	443,098	-18.50%
5	NET Plant in Service	209,050	148,541	40.74%
6				
7	<u>Additions</u>			
8	1220 Materials & Supplies	425	401	5.93%
9	1280 Prepayments	0	0	
10	Other Additions	0	0	
11	TOTAL Additions	425	401	5.93%
12				
13	<u>Deductions</u>			
14	4100 Current Deferred Operating Income Taxes	(458)	32	-1527.03%
15	4320 Unamortized Operating Investment Tax Credits	1,510	1,939	-22.11%
16	4340 Noncurrent Deferred Operating Income Taxes	32,851	4,355	654.29%
17	Customer Advances for Construction			
18	Other Deductions	0	0	
19	TOTAL Deductions	33,903	6,326	435.94%
20	TOTAL Rate Base	175,572	142,616	23.11%
21				
22	Net Earnings	37,441	28,087	33.31%
23				
24	Rate of Return on Average Rate Base	21.325%	19.694%	8.28%
25				
26	Rate of Return on Average Equity	47.064%	46.109%	2.07%
27				
28	Major Normalizing Adjustments & Commission			
29	<u>Ratemaking 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			
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	Adjusted Rate of Return on Average Rate Base	21.388%	19.763%	8.22%
44				
45	Adjusted Rate of Return on Average Equity	47.247%	46.334%	1.97%

Other Taxes Paid

Year: 2004

Line No.	Description (a)	Last Year (b)	This Year (c)
1	Montana Telephone Company License Tax **	0	0
2	Montana Public Service Commission Tax	310,357	389,241
3	Montana Consumer Counsel Tax	151,118	170,293
4	911 Emergency Telephone Fee	1,906,460	1,856,199
5	Montana Telecommunications Access Service (TDD)	380,780	370,738
6	Montana Corporate License Tax	1,557,200	3,460,373
7	Personal Property Tax	12,072,014	11,879,240
8	Real Property Tax	(633,013)	639,897
9	Montana Excise Tax **	5,984,428	5,163,626
10			
11			
12	Total	21,729,344	23,929,607

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

Universal Service Funds Received

Year: 2004

Line No.	Description (a)	Last Year (b)	This Year (c)
13	Funds received from Montana Sources	0	0
14	Funds received from Federal Sources	10,174,500	16,098,577
15			
16			
17			
18			
19			
20			
21			
22			
23			
24	Total	10,174,500	16,098,577