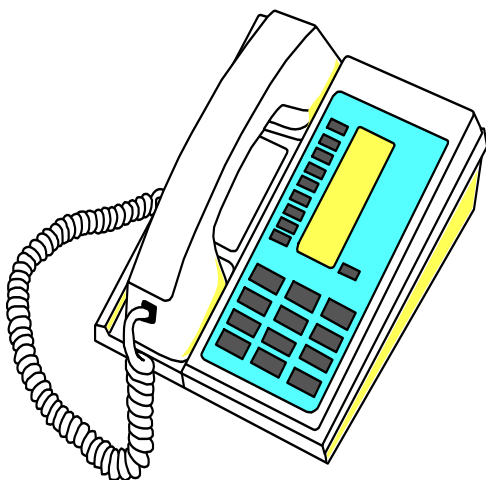


YEAR ENDING 2006

ANNUAL REPORT
OF
Qwest Corporation

TELEPHONE UTILITY



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

General Information

Year: 2006

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		
8		
9		
10		
11		
12		
13	Chairman of the Board: Richard C. Notebaert	
14		
15		

Officers

Year: 2006

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	Sales Support Operations	Robert L. Jones, Denver, CO
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: 2006

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		CURRENT ASSETS:		
2	1120	Cash and Equivalents	308,908	171,027
3	1180	Telecommunications Accounts Receivable - Net	999,219	943,005
4	1190	Other Accounts Receivable - Net	167,505	165,028
5	1200	Notes Receivable - Net	0	0
6	1210	Interest and Dividends Receivable	14,846	36,378
7	1220	Materials and Supplies	51,671	60,165
8	* 1280	Prepayments	23,372	18,569
9	^ 1290	Prepaid Rents	4,200	4,824
10	^ 1300	Prepaid Taxes	8,995	9,023
11	^ 1310	Prepaid Insurance	0	0
12	^ 1320	Prepaid Directory Expenses	0	0
13	^ 1330	Other Prepayments	10,177	4,722
14	1350	Other Current Assets	6,078	7,773
15		Total Current Assets	1,571,599	1,401,945
16		NONCURRENT ASSETS:		
17	1401	Investments in Affiliated Companies	20,161	19,136
18	1402	Investments in Nonaffiliated Companies	137	(143)
19	1406	Nonregulated Investments	0	0
20	1407	Unamortized Debt Issuance Expense	143,309	152,839
21	1408	Sinking Funds	0	0
22	1410	Other Noncurrent Assets	983,913	1,057,835
23	1438	Deferred Maintenance and Retirements		
24	1439	Deferred Charges	620,709	739,857
25	1500	Other Jurisdictional Assets - Net	(276,541)	92,067
26		Total Noncurrent Assets	1,491,688	2,061,592
27		PROPERTY, PLANT, & EQUIPMENT:		
28	2001	Telecommunications Plant in Service	44,095,883	44,234,974
29	2002	Property Held for Future Telecommunications Use	0	0
30	2003	Plant Under Construction - Short Term	130,087	228,892
31	2004	Plant Under Construction - Long Term	0	0
32	2005	Telecommunications Plant Adjustment		
33	2006	Nonoperating Plant	6,090	7,475
34	2007	Goodwill	0	0
35	3100	Accumulated Depreciation	(30,018,197)	(29,324,218)
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)	(876,669)	(1,052,587)
39		Net Property, Plant, & Equipment	13,337,033	14,094,376
40		TOTAL ASSETS	16,400,320	17,557,912

^ Subaccount of account marked with a *.

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Total Company Balance Sheet

(Thousands of Dollars)

Year: 2006

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
41		CURRENT LIABILITIES:		
42	4010	Accounts Payable	1,034,209	986,693
43	4020	Notes Payable	0	0
44	4030	Advance Billing and Payments	283,587	292,214
45	4040	Customer Deposits	12,226	11,465
46	4050	Current Maturities - Long Term Debt	70,209	0
47	4060	Current Maturities - Capital Leases	697	623
48	4070	Income Taxes - Accrued	105,875	(5,257)
49	4080	Other Taxes - Accrued	192,954	209,072
50	4100	Net Current Deferred Operating Income Taxes	0	43,620
51	4110	Net Current Deferred Nonoperating Income Taxes	0	2,673
52	4120	Other Accrued Liabilities	629,298	221,515
53	4130	Other Current Liabilities	25,701	28,981
54		Total Current Liabilities	2,354,755	1,791,599
55		LONG-TERM DEBT:		
56	4210	Funded Debt	7,727,186	7,786,933
57	4220	Premium on Long-Term Debt	0	0
58	4230	Discount on Long-Term Debt	(125,935)	(129,199)
59	4240	Reacquired Debt	0	0
60	4250	Obligations Under Capital Leases	7,325	4,516
61	4260	Advances From Affiliated Companies	0	0
62	4270	Other Long-Term Debt	0	0
63		Total Long-Term Debt	7,608,576	7,662,250
64		OTHER LIABILITIES AND DEFERRED CREDITS:		
65	4310	Other Long-Term Liabilities	2,342,818	2,618,656
66	4320	Unamort. Oper. Invest. Tax Credits - Net	87,045	103,923
67	4330	Unamort. Nonoper. Invest. Tax Credits - Net	0	0
68	4340	Net Noncurrent Deferred Oper. Income Taxes	1,608,462	2,786,391
69	4350	Net Noncurrent Deferred Nonoper. Income Taxes	13,304	13,670
70	4360	Other Deferred Credits	872,674	504,344
71	4370	Other Jurisdictional Liab. and Def. Credits	(110,471)	(73,270)
72		Total Other Liabilities and Deferred Credits	4,813,831	5,953,715
73		STOCKHOLDERS' EQUITY:		
74	4510	Capital Stock	10,585,333	10,454,238
75	4520	Additional Paid-In Capital	64,328	64,328
76	4530	Treasury Stock		
77	4540	Other Capital		
78	4550	Retained Earnings	(9,026,504)	(8,368,218)
79		Total Stockholders' Equity	1,623,157	2,150,348
80		TOTAL LIAB. AND STOCKHOLDERS' EQUITY	16,400,320	17,557,912

Total Company Income Statement

(Thousands of Dollars)

Year: 2006

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues	4,059,347	4,244,171
3	5080	Network Access Revenues	4,068,209	3,962,076
4	* 5100	Long Distance Message Revenue	40,238	53,064
5	^ 5110	Unidirectional Long Distance Revenue (Note 1)	40,236	53,078
6	^ 5120	Long Distance Private Network Revenue	2	(14)
7	^ 5160	Other Long Distance Revenue	0	0
8	^ 5169	Other Long Distance Revenue Settlements		
9	* 5200	Miscellaneous Revenue	1,680,159	1,741,028
10	^ 5230	Directory Revenue	64,897	74,931
11	^ 5240	Rent Revenue	575,761	616,909
12	^ 5250	Corporate Operations Revenue	37,092	34,073
13	^ 5260	Miscellaneous Revenue	224,070	259,394
14	^ 5270	Carrier Billing and Collection Revenue	194,086	267,365
15	^ 5280	Nonregulated Revenue	584,252	488,356
16	5300	Uncollectible Revenue	65,190	74,586
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	9,782,763	9,925,753
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	10,911	13,310
20	6120	General Support Expense	466,214	527,254
21	6210	Central Office Switching Expense	126,299	169,223
22	6220	Operator Systems Expense	94	133
23	6230	Central Office Transmission Expense	170,180	166,550
24	6310	Information Origination/Termination Expense	142,267	151,205
25	6410	Cable and Wire Facilities Expense	826,903	821,602
26	6431	Aerial Wire Expense	3,835	3,910
27	6441	Conduit Systems Expense	12,268	8,962
28	6510	Other Property, Plant & Equipment Expense	1,464	23,198
29	6530	Network Operations Expense	605,292	573,084
30	6540	Access Expense	235,678	250,987
31	6560	Depreciation and Amortization Expense	1,865,178	3,190,134
32	6610	Marketing	598,420	611,850
33	6620	Services	708,591	740,771
34	6710	Executive and Planning	41,919	41,038
35	6720	General and Administrative	885,461	853,160
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36)	6,684,871	8,133,499
38	7100	Other Operating Income and Expense	(36,178)	(495)
39	7200	Operating Taxes	821,473	657,813
40		Net Operating Income (L.17-L.37-L.38-L.39)	2,312,597	1,134,936
41	7300	Nonoperating Income and Expense	609	15,708
42	7400	Nonoperating Taxes	9,569	5,385
43	7500	Interest and Related Items	641,636	630,973
44	7600	Extraordinary Items	0	0
45	7910	Effects of Juris. Ratemaking Diff. - Net	(321,970)	(20,667)
46	7990	Nonregulated Net Income		
47		NET INCOME (L.40-L.41-L.42-L.43-L.44-L.45-L.46)	1,340,031	493,619

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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: 2006

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues	109,475	117,023
3	5080	Network Access Revenues	114,448	116,607
4	* 5100	Long Distance Message Revenue	889	1,421
5	^ 5110	Unidirectional Long Distance Revenue (Note 1)	891	1,423
6	^ 5120	Long Distance Private Network Revenue	(2)	(2)
7	^ 5160	Other Long Distance Revenue	0	0
8	^ 5169	Other Long Distance Revenue Settlements	0	0
9	* 5200	Miscellaneous Revenue	23,400	23,257
10	^ 5230	Directory Revenue	1,709	1,745
11	^ 5240	Rent Revenue	3,789	3,598
12	^ 5250	Corporate Operations Revenue	444	644
13	^ 5260	Miscellaneous Revenue	2,356	3,055
14	^ 5270	Carrier Billing and Collection Revenue	4,316	5,660
15	^ 5280	Nonregulated Revenue	10,786	8,555
16	5300	Uncollectible Revenue	1,177	1,913
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	247,035	256,395
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	232	240
20	6120	General Support Expense	8,101	9,844
21	6210	Central Office Switching Expense	2,917	3,978
22	6220	Operator Systems Expense	0	0
23	6230	Central Office Transmission Expense	3,246	2,925
24	6310	Information Origination/Termination Expense	2,206	2,295
25	6410	Cable and Wire Facilities Expense	14,364	14,624
26	6431	Aerial Wire Expense	77	75
27	6441	Conduit Systems Expense	39	19
28	6510	Other Property, Plant & Equipment Expense	29	601
29	6530	Network Operations Expense	10,461	11,128
30	6540	Access Expense	3,915	6,049
31	6560	Depreciation and Amortization Expense	32,973	73,885
32	6610	Marketing	13,142	13,636
33	6620	Services	16,668	16,861
34	6710	Executive and Planning	980	931
35	6720	General and Administrative	17,346	19,239
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	126,579	176,236
38	7100	Other Operating Income and Expense (Includes USF and Link Up America)	9	(0)
39	7200	Operating Taxes	50,528	27,565
40		Net Operating Income (L.17-L.37-L.38-L.39)	69,919	52,594

^ 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: 2006

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues	109,475	117,023
3	5080	Network Access Revenues	20,716	23,552
4	* 5100	Long Distance Message Revenue	888	1,421
5	^ 5110	Unidirectional Long Distance Revenue (Note 1)	890	1,423
6	^ 5120	Long Distance Private Network Revenue	(2)	(2)
7	^ 5160	Other Long Distance Revenue	0	0
8	^ 5169	Other Long Distance Revenue Settlements		
9	* 5200	Miscellaneous Revenue	7,823	7,418
10	^ 5230	Directory Revenue	1,709	1,745
11	^ 5240	Rent Revenue	2,660	2,553
12	^ 5250	Corporate Operations Revenue	322	467
13	^ 5260	Miscellaneous Revenue	1,868	2,362
14	^ 5270	Carrier Billing and Collection Revenue	1,265	291
15	^ 5280	Nonregulated Revenue	(0)	(0)
16	5300	Uncollectible Revenue	1,168	744
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	137,733	148,670
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	156	162
20	6120	General Support Expense	5,212	6,419
21	6210	Central Office Switching Expense	1,840	2,512
22	6220	Operator Systems Expense	0	0
23	6230	Central Office Transmission Expense	2,062	1,864
24	6310	Information Origination/Termination Expense	229	278
25	6410	Cable and Wire Facilities Expense	9,886	10,065
26	6431	Aerial Wire Expense	53	52
27	6441	Conduit Systems Expense	27	13
28	6510	Other Property, Plant & Equipment Expense	19	393
29	6530	Network Operations Expense	6,321	6,641
30	6540	Access Expense	228	1,423
31	6560	Depreciation and Amortization Expense	22,154	47,827
32	6610	Marketing	6,876	8,503
33	6620	Services	11,640	12,058
34	6710	Executive and Planning	657	632
35	6720	General and Administrative	11,044	12,698
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	78,324	111,475
38	7100	Other Operating Income and Expense (Includes USF and Link Up America)	(16,165)	(16,364)
39	7200	Operating Taxes	32,227	18,555
40		Net Operating Income (L.17-L.37-L.38-L.39)	43,347	35,004

^ 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: 2006

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues	108,065	115,285
3	5080	Network Access Revenues	16,052	18,383
4	* 5100	Long Distance Message Revenue	890	1,421
5	^ 5110	Unidirectional Long Distance Revenue (Note 1)	890	1,423
6	^ 5120	Long Distance Private Network Revenue	0	(2)
7	^ 5160	Other Long Distance Revenue	0	0
8	^ 5169	Other Long Distance Revenue Settlements	0	0
9	* 5200	Miscellaneous Revenue	6,556	7,104
10	^ 5230	Directory Revenue	1,709	1,745
11	^ 5240	Rent Revenue	2,732	2,636
12	^ 5250	Corporate Operations Revenue	283	399
13	^ 5260	Miscellaneous Revenue	1,832	2,324
14	^ 5270	Carrier Billing and Collection Revenue	1	(0)
15	^ 5280	Nonregulated Revenue	(0)	(0)
16	5300	Uncollectible Revenue	1,121	714
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	130,441	141,479
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	150	156
20	6120	General Support Expense	4,802	6,132
21	6210	Central Office Switching Expense	1,800	2,232
22	6220	Operator Systems Expense	0	0
23	6230	Central Office Transmission Expense	1,789	1,629
24	6310	Information Origination/Termination Expense	222	271
25	6410	Cable and Wire Facilities Expense	9,607	9,782
26	6431	Aerial Wire Expense	53	52
27	6441	Conduit Systems Expense	27	13
28	6510	Other Property, Plant & Equipment Expense	18	381
29	6530	Network Operations Expense	6,044	6,330
30	6540	Access Expense	228	1,423
31	6560	Depreciation and Amortization Expense	40,182	40,337
32	6610	Marketing	6,778	8,362
33	6620	Services	10,528	11,909
34	6710	Executive and Planning	628	605
35	6720	General and Administrative	10,187	11,988
36	6790	Provision for Uncollectible Notes Receivable	0	0
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	92,963	101,536
38	7100	Other Operating Income and Expense (Includes USF and Link Up America)	(16,165)	(16,364)
39	7200	Operating Taxes	32,124	20,300
40		Net Operating Income (L.17-L.37-L.38-L.39)	21,518	36,007

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^ Subaccount of the account marked with a *.

Average Rate Base - Total State
 (Thousands of Dollars)

Year: 2006

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	978,904	964,819
2	3100	Accumulated Depreciation (Note 1)	773,691	732,690
3	2002	Property Held for Future Telecommunications Use		
4	3200	Accumulated Depreciation - 2002		
5	1220	Materials and Supplies	779	600
6	4340	Noncurrent Deferred Operating Income Taxes	10,264	31,899
7		Pre-1971 Unamortized Investment Tax Credits		
8		Cash Working Capital (if allowed by Commission)		
9		Total Average Rate Base (L.1-L.2+L.3-L.4+L.5-L.6-L.7+L.8)	195,728	200,830

Average Rate Base - Intrastate

Line No.	Acct. No. (a)	Description (b)	This Year (c)	This Year (c)
1	2001	Telecommunications Plant in Service	650,226	641,163
2	3100	Accumulated Depreciation (Note 1)	510,537	483,335
3	2002	Property Held for Future Telecommunications Use		
4	3200	Accumulated Depreciation - 2002		
5	1220	Materials and Supplies	530	406
6	4340	Noncurrent Deferred Operating Income Taxes	6,910	21,400
7		Pre-1971 Unamortized Investment Tax Credits		
8		Cash Working Capital (if allowed by Commission)		
9		Total Average Rate Base (L.1-L.2+L.3-L.4+L.5-L.6-L.7+L.8)	133,309	136,835

Average Rate Base - Regulated Intrastate

Line No.	Acct. No. (a)	Description (b)	This Year (c)	This Year (c)
1	2001	Telecommunications Plant in Service	618,566	611,151
2	3100	Accumulated Depreciation (Note 1)	442,015	410,333
3	2002	Property Held for Future Telecommunications Use	0	0
4	3200	Accumulated Depreciation - 2002	0	0
5	1220	Materials and Supplies	513	393
6	4340	Noncurrent Deferred Operating Income Taxes	18,982	34,109
7		Pre-1971 Unamortized Investment Tax Credits		
8		Cash Working Capital (if allowed by Commission)		
9		Total Average Rate Base (L.1-L.2+L.3-L.4+L.5-L.6-L.7+L.8)	158,082	167,103

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

Statement of Cash Flows

(Thousands of Dollars)

Year: 2006

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	1,340,031	493,618
4	Reconciliation Adjustments:		
5	Depreciation & Amortization	1,865,178	3,190,134
6	Provision for Accounts Receivable Losses	65,190	74,586
7	Deferred Income Taxes - Net	(394,538)	(461,292)
8	Unamortized Investment Tax Credits (ITCs) - Net	(17,511)	(21,844)
9	Allowance for Funds Used During Construction (AFUDC)	(8,246)	(7,294)
10	Change in Operating Receivables - Net	(102,349)	804
11	Change in Materials, Supplies & Inventories - Net	8,494	17,029
12	Change in Operating Payables & Accrued Liabilities - Net	(127,390)	(4,682)
13	Change in Other Assets & Deferred Charges - Net	561,341	37,285
14	Change in Other Liabilities & Deferred Credits - Net	4,632	(316,895)
15	Other	(100,923)	388,557
16	Total Adjustments	1,753,878	2,896,388
17	Net Cash Provided by/(Used in) Operating Activities	3,093,909	3,390,006
18	Cash Inflows/Outflows From Investing Activities:		
19	Construction/Acquisition of Property, Plant & Equipment (net of		
20	AFUDC & Capital Lease Related Acquisitions)	(1,143,892)	(1,196,999)
21	Proceeds from Disposals of Property, Plant & Equipment	148,597	(12,108)
22	Investments In & Advances to Affiliates	0	0
23	Proceeds from Repayment of Advances	0	0
24	Other Investing Activities	0	0
25	Net Cash Provided by/(Used in) Investing Activities	(995,295)	(1,209,107)
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	600,149	1,150,000
31	Repayment of Long-Term Debt	(589,700)	(1,178,726)
32	Payment of Capital Lease Obligations	(511)	(1,863)
33	Proceeds from Issuing Common Stock/Parent Co. Equity Investment	0	0
34	Repurchase of Treasury Shares	0	0
35	Dividends Paid	(1,926,000)	(2,535,920)
36	Other Financing Activities	(44,671)	(18,137)
37	Net Cash Provided by Financing Activities	(1,960,733)	(2,584,646)
38	Effect of Exchange Rate Changes on Cash	0	0
39	Net Increase/(Decrease) in Cash & Cash Equivalents	137,881	(403,747)
40	Cash & Cash Equivalents at Beginning of Period	171,026	574,773
41	Cash & Cash Equivalents at End of Period	308,907	171,026

Receivables and Investments-Affiliated & Nonaffiliated Companies

(Thousands of Dollars)

Year: 2006

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				7,264						
2	Malheur Home Telephone Company				331						
3	EI Paso County Telephone				0					10,421	
4	QWEST Communications Corporation				52,830					9,740	
5	QWEST Communication Services, Inc				0						
6	QWEST DEX				0						
7	QWEST Advanced Technologies, Inc				0	0					
8	QWEST Business Resources, Inc				361						
9	QWEST Federal Services, Inc				0						
10	QWEST Interprise				10,447						
11	QWEST Broadband Services				6,354						
12	QWEST Long Distance				31,764						
13	QWEST Service Corporation				5,669						
14	QWEST Information Technologies, Inc.				2,516						
15	Western Reinsurance				29						
16	QCII				21,803						
17	CYBER				0						
18	QWEST Comm(Malheur & Wireless)				0						
19	QWEST Government Services				166						
20	QWEST Transoceanic				27						
21	QWEST N Partnership				10						
22											
23											
24											
25											
26	All other investments				4,715						
27	Non-affiliates	41,800	1,045,956	(46,737)	29,117	(5,898)	0	0	14,846		137
28											
29	Totals	41,800	1,045,956	(46,737)	173,403	(5,898)	0	0	14,846	20,161	137

Net Plant in Service - Detail

(Thousands of Dollars)

Year: 2006

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	75,177	1,004	4,580	0	71,601	36,954	34,647	
2	^	2111 Land	1,890	0	10		1,880	0	1,880	
3	^	2112 Motor Vehicles	8,380	305	617		8,068	6,385	1,683	
4	^	2113 Aircraft	0	0	0		0	0	0	
5	^	2114 Special Purpose Vehicles	122	0	0		122	117	5	
6	^	2115 Garage Work Equipment	245	0	0		245	171	74	
7	^	2116 Other Work Equipment	5,364	414	0		5,778	999	4,779	
8	^	2121 Buildings	51,029	466	362		51,133	25,789	25,343	
9	^	2122 Furniture	16	0	0		16	(55)	71	
10	^	2123 Office Equipment	835	5	0		840	546	295	
11	^	2124 General Purpose Computers	7,296	(186)	3,590		3,519	3,002	518	
12		2211 Analog Electronic Switching	0	0	0		0		0	
13		2212 Digital Electronic Switching	172,073	1,122	(723)		173,918	131,157	42,761	
14		2215 Electro-Mechanical Switching	0	0	0		0		0	
15		2220 Operator Systems	0	0	0		0		0	
16		2231 Radio Systems	11,934	1,911	645		13,200	10,120	3,079	
17		2232 Circuit Equipment	197,433	6,251	1,334		202,349	177,103	25,247	
18	*	2310 Information Orig & Term Equip	5,967	173	(70)	0	6,210	3,619	2,591	
19	^	2311 Station Apparatus	0	0	0		0		0	
20	^	2321 Customer Premises Wiring	0	0	0		0		0	
21	^	2341 Large Private Branch Exchanges	0	0	0		0		0	
22	^	2351 Public Telephone Term. Equip.	0	0	0		0		0	
23	^	2362 Other Terminal Equipment	5,967	173	(70)		6,210	3,619	2,591	
24		2411 Poles	7,185	96	94		7,187	12,291	(5,104)	
25	*	2420 Cable and Wire Facilities	444,069	11,873	3,564	0	452,376	374,137	78,240	
26	^	2421 Aerial Cable	36,590	504	170		36,925	44,246	(7,321)	
27	^	2422 Underground Cable	45,115	437	106		45,446	44,371	1,075	
28	^	2423 Buried Cable	353,881	10,781	3,274		361,388	278,721	82,667	
29	^	2424 Submarine Cable	32	0	0		32	29	3	
30	^	2425 Deep Sea Cable	0	0	0		0		0	
31	^	2426 Intrabuilding Network Cable	8,450	151	15		8,586	6,770	1,816	
32		2431 Aerial Wire	1,219	12	0		1,231	1,168	62	
33		2441 Conduit Systems	22,358	224	27		22,555	10,913	11,642	
34			0	937,414	22,664	9,452	0	950,627	757,461	193,166

^ Subaccount of the account marked with a *.

Analysis of Plant Held for Future Use

(Thousands of Dollars)

Year: 2006

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 2006.</i>						
2							
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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)

2006

Line No.	Description (a)	Issue Date (b)	Maturity Date (c)	Principal Amount (d)	Gross Proceeds (e)	Net Proceeds (f)	Net Per \$100 (g)	Outstanding Per Balance Sheet (h)	Yield to Maturity (i)	Annual Net Cost (j)	Amortization of Premium or Discount (k)	Total Cost (%) (l)
1	QWEST CORPORATION											
2												
3												
4	7.500% 30 Year Debenture	06/15/93	06/15/23	484,000	N/A	484,134	100.03	481,657	7.50%	36,300	145	7.57%
5	7.250% 30 Year Debenture	09/15/95	09/15/25	250,000	N/A	249,575	99.83	248,212	7.25%	18,125	85	7.34%
6	7.200% 31 Year Debenture	11/10/95	11/10/26	250,000	N/A	247,188	98.88	246,150	7.20%	18,000	127	7.36%
7	8.875% 40 Year Debenture	06/01/91	06/01/31	250,000	N/A	242,812	97.12	242,038	8.88%	22,188	132	9.22%
8	6.875% 40 Year Debenture	09/15/93	09/15/33	1,000,000	N/A	976,000	97.60	914,556	6.88%	68,750	1,150	7.64%
9	7.250% 40 Year Debenture	10/15/95	10/15/35	250,000	N/A	246,438	98.58	245,063	7.25%	18,125	91	7.43%
10	7.125% 50 Year Debenture	11/15/93	11/15/43	250,000	N/A	250,350	100.14	248,430	7.13%	17,813	50	7.19%
11	5.625% 10 Year Note	11/15/98	11/15/08	320,000	N/A	318,867	99.65	319,302	5.63%	18,000	357	5.75%
12	8.875% 10 Year Note	03/12/02	03/15/12	1,500,000	N/A	1,440,436	96.03	1,462,132	8.88%	133,125	5,598	9.49%
13	6.95% 7 Year Note	06/09/03	06/09/10	500,000	N/A	481,548	96.31	489,623	6.95%	34,750	2,625	7.63%
14	7.875% 7 Year Term Loan	08/19/04	09/01/11	575,000	N/A	558,756	97.17	563,754	7.88%	45,281	2,135	8.41%
15	7.875% 7 Year Term Loan	11/23/04	09/01/11	250,000	N/A	270,141	108.06	259,434	7.88%	19,688	(2,425)	6.65%
16	8 Year Floating Rate Note	06/17/05	06/15/13	750,000	N/A	738,750	98.50	740,915	8.64%	64,800	1,407	8.94%
17	7.625% 10 Year Note	06/17/05	06/15/15	400,000	N/A	394,000	98.50	394,922	7.63%	30,500	600	7.88%
18	7.50% 8 Year Note	08/08/06	10/01/14	600,000	N/A	592,500	98.75	591,914	7.50%	45,000	1,043	7.78%
19												
20												
21												
22	EASTERN REGION											
23												
24												
25	Refinanced Debenture	02/15/77	02/15/17		N/A			(5,040)			498	-9.88%
26	7.750% 40 Year Debenture	05/01/90	05/01/30	42,883	N/A	33,910	79.08	34,686	7.75%	3,323	93	9.85%
27	CENTRAL REGION											
28												
29	CENTRAL REGION											
30												
31	6.000% 40 Year Debenture	08/01/67	08/01/07	70,200	N/A	69,814	99.45	70,194	6.00%	4,212	11	6.02%
32	Refinanced Debenture	11/01/76	11/01/16		N/A			(3,056)			311	-10.17%
33	Refinanced Debenture	09/15/77	09/15/17		N/A			(4,597)			429	-9.34%
34	Refinanced Debenture	06/01/83	06/01/23		N/A			(14,758)			899	-6.09%
35	Refinanced Debenture	02/01/85	02/01/25		N/A			(14,711)			813	-5.53%
36	Refinanced Debenture	02/01/77	02/01/17		N/A			(5,806)			575	-9.91%
37	Refinanced Debenture	02/01/77	02/01/17		N/A			(12,874)			1,276	-9.91%
38	7.375% 40 Year Debenture	05/01/90	05/01/30	55,150	N/A	41,535	75.31	42,732	7.38%	4,067	140	9.85%
39												
40												
41	Subtotal Page 1 of 2			7,797,233		7,636,754		7,534,872		602,046	18,165	

Cost of Long Term Debt

(Thousands of Dollars)

2006

Line No.	Description (a)	Issue Date (b)	Maturity Date (c)	Principal Amount (d)	Gross Proceeds (e)	Net Proceeds (f)	Net Per \$100 (g)	Outstanding Per Balance Sheet (h)	Yield to Maturity (i)	Annual Net Cost (j)	Amortization of Premium or Discount (k)	Total Cost (%) (l)
1	WESTERN REGION											
2												
3												
4	Refinanced Debenture	05/01/80	05/01/20		N/A			(5,885)			441	-7.50%
5												
6												
7												
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10												
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20												
21												
22												
23												
24												
25												
26												
27												
28	Subtotal Page 2 of 2			0		0		(5,885)		0	441	
29												
30	Grand Total			7,797,233		7,636,754		7,528,987		602,046	18,606	

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: 2006

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>											
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27												
28												
29												
30	Totals (Sum L.1 to L.29)			0		0	0			0	0	0

Analysis of Common Stock

(Thousands of Dollars)

2006

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, 2006	1	1,623,157	1,340,031	2,000,000	N/M	N/A	N/A	N/A
2									
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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 2006 ARMIS data.
- N/M=Not Meaningful

Capital Stock and Funded Debt Reacquired or Retired During the Year

(Thousands of Dollars)

Year: 2006

Line No.	Description of Security (a)	Call or Retirement Date (b)	Number of Shares (c)	Principal Amount (d)	Reacquisition or Retirement Cost (e)	Gain or (Loss) (f)	Retirement or Reacquisition (g)
1	<u>FUNDED DEBT</u>						
2							
3	Qwest Corporation						
4	04 YR Floating Rate Term Loan						
5	Due 06-09-07	8/8/2006		500,000			Reacquisition
6							
7	Northwestern Bell Telephone Company						
8	39 YR 6.25% Debenture						
9	Due 01-01-07	9/21/2006		89,700			Reacquisition
10							
11							
12							
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27							
28							
29							
30	Totals (Sum L.1 to L.29)		0	589,700	0	0	0

Total Company Expense Matrix

Year: 2006

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	1,042,226	314,308	(145,912)	9,700,816	0	10,911,438
2	^ 6112	Motor Vehicle Expense	606,969	210,799	(930,613)	9,753,706	0	9,640,861
3	^ 6113	Aircraft Expense	453,689	106,862	3,961	(545,037)	0	19,475
4	^ 6114	Special Purpose Vehicles Expense	2,357	1,011	0	23,909	0	27,277
5	^ 6115	Garage Work Equipment Expense	7,983	3,262	433	261,152	0	272,830
6	^ 6116	Other Work Equipment Expense	(28,772)	(7,626)	780,307	207,086	0	950,995
7	* 6120	General Support Expense	25,146,782	9,522,959	98,984,286	332,560,194	0	466,214,221
8	^ 6121	Land and Building Expense	6,603,974	2,726,279	93,731,321	94,845,798	0	197,907,372
9	^ 6122	Furniture and Artworks Expense	85,000	26,762	284,670	6,573,330	0	6,969,762
10	^ 6123	Office Equipment Expense	3,991,823	1,658,185	2,960,013	6,988,308	0	15,598,329
11	^ 6124	General Purpose Computers Expense	14,465,985	5,111,733	2,008,282	224,152,758	0	245,738,758
12	* 6210	Central Office Switching Expense	74,183,220	30,702,510	433,413	20,980,033	0	126,299,176
13	^ 6211	Analog Electronic Expense	0	0	0	0	0	0
14	^ 6212	Digital Electronic Expense	74,183,220	30,702,510	433,413	20,980,033	0	126,299,176
15	^ 6215	Electro-Mechanical Expense	0	0	0	0	0	0
16	^ 6220	Operator Systems Expense	841	355	0	92,694	0	93,890
17	* 6230	Central Office Transmission Expense	100,858,316	41,686,701	469,723	27,165,077	0	170,179,817
18	^ 6231	Radio Systems Expense	1,469,627	603,362	6,000	1,943,275	0	4,022,264
19	^ 6232	Circuit Equipment Expense	99,388,689	41,083,339	463,723	25,221,802	0	166,157,553
20	* 6310	Information Origination/Termination Expense	89,451,855	37,070,291	424,000	15,320,419	0	142,266,565
21	^ 6311	Station Apparatus Expense	14,842,963	6,156,504	87,984	(1,213,849)	0	19,873,602
22	^ 6341	Large Private Branch Exchange Expense	13,486,358	5,592,548	60,293	1,844,263	0	20,983,462
23	^ 6351	Public Telephone Terminal Equipment Expense	8,521	3,844	0	315,594	0	327,959
24	^ 6362	Other Terminal Equipment Expense	61,114,013	25,317,395	275,723	14,374,411	0	101,081,542
25	* 6410	Cable and Wire Facilities Expense	434,089,984	155,838,343	33,463,980	203,511,794	0	826,904,101
26	^ 6411	Poles Expense	926,188	366,200	20,597,735	2,350,816	0	24,240,939
27	^ 6421	Aerial Cable Expense	79,126,265	32,678,586	1,290,345	17,837,189	0	130,932,385
28	^ 6422	Underground Cable Expense	28,000,353	11,352,315	1,937,422	7,434,552	0	48,724,642
29	^ 6423	Buried Cable Expense	315,324,814	107,045,977	9,527,344	157,942,976	0	589,841,111
30	^ 6424	Submarine Cable Expense	278	116	0	56	0	450
31	^ 6425	Deep Sea Cable Expense	0	0	0	0	0	0
32	^ 6426	Intrabuilding Network Cable Expense	10,276,657	4,239,261	72,989	2,472,446	0	17,061,353
33	^ 6431	Aerial Wire Expense	73,198	29,823	398	3,731,504	0	3,834,923
34		Subtotals	724,410,993	275,009,402	133,591,744	597,588,772	0	1,730,600,911

^ Subaccount of the account marked with a *.

Total Company Expense Matrix

Year: 2006

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	362,231	126,065	37,747	11,742,255	0	12,268,298
36	6510	Other Property Expenses	(204,379)	(103,810)	0	1,771,913	0	1,463,724
37	* 6530	Network Operations Expense	296,077,551	157,059,713	15,707	152,138,313	0	605,291,284
38	^ 6531	Power Expense	0	0	0	75,059,284	0	75,059,284
39	^ 6532	Network Administration Expense	10,119,044	3,138,389	0	394,086	0	13,651,519
40	^ 6533	Testing Expense	100,565,520	41,699,079	0	5,457,180	0	147,721,779
41	^ 6534	Plant Operations Expense	134,043,142	91,930,144	3,530	61,654,369	0	287,631,185
42	^ 6535	Engineering Expense	51,349,845	20,292,101	12,177	9,573,394	0	81,227,517
43	6540	Access Expense	0	0	0	235,677,856	0	235,677,856
44	6561	Depreciation - Telecomm. Plant in Service	0	0	0	1,594,739,332	0	1,594,739,332
45	6562	Depreciation-Prop. for Future Telecom. Use	0	0	0	0	0	0
46	6563	Amortization Expense - Tangible	0	0	0	11,202,844	0	11,202,844
47	6564	Amortization Expense - Intangible	0	0	0	259,235,998	0	259,235,998
48	6565	Amortization - Other	0	0	0	0	0	0
49	* 6610	Marketing	22,473,580	8,547,605	0	567,398,079	0	598,419,264
50	^ 6611	Product Management	1,794,279	547,600	0	80,988,727	0	83,330,606
51	^ 6612	Sales	20,679,301	8,000,005	0	352,086,748	0	380,766,054
52	^ 6613	Product Advertising	0	0	0	134,322,604	0	134,322,604
53	6621	Call Completion Services	7,058,705	4,821,586	0	22,898,877	0	34,779,168
54	6622	Number Services	26,265,775	18,813,816	677	2,033,419	0	47,113,687
55	6623	Customer Services	288,519,697	175,974,002	23,430	162,180,893	0	626,698,022
56	6711	Executive	292,556	530,758	3,200	41,092,843	0	41,919,357
57	6712	Planning	0	0	0	2,884,439	0	2,884,439
58	6721	Accounting and Finance	13,767,157	6,628,781	3,840	61,406,362	0	81,806,140
59	6722	External Relations	1,666,011	572,228	0	121,210,341	0	123,448,580
60	6723	Human Relations	499,010	222,686	0	51,501,672	0	52,223,368
61	6724	Information Management	4,347,838	1,559,077	1,554,285	291,919,576	0	299,380,776
62	6725	Legal	0	0	0	74,000,860	0	74,000,860
63	6726	Procurement	0	0	0	20,597,876	0	20,597,876
64	6727	Research and Development	0	0	0	100,956	0	100,956
65	6728	Other General and Administrative	7,841,712	375,355	3,621,479	219,179,535	0	231,018,081
66	6790	Provision for Uncollectible Notes Receivable	0	0	0	0	0	0
67	8747	Administrative Services Clearing	0	0	0	0	0	0
68		Totals	1,393,378,437	650,137,264	138,852,109	4,502,503,011	0	6,684,870,821

^ Subaccount of the account marked with a *.

Total State Expense Matrix

Year: 2006

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	5,323	1,791	2,287	222,933	0	232,334
2	^	6112 Motor Vehicle Expense	5,163	1,622	(447)	197,899	0	204,237
3	^	6113 Aircraft Expense	0	0	2,538	(2,538)	0	0
4	^	6114 Special Purpose Vehicles Expense	0	0	0	1,214	0	1,214
5	^	6115 Garage Work Equipment Expense	339	130	0	11,105	0	11,574
6	^	6116 Other Work Equipment Expense	(179)	39	196	15,253	0	15,309
7	*	6120 General Support Expense	488,403	184,702	841,126	6,586,389	0	8,100,620
8	^	6121 Land and Building Expense	188,467	78,319	720,787	1,850,687	0	2,838,260
9	^	6122 Furniture and Artworks Expense	220	61	3,380	15,037	0	18,698
10	^	6123 Office Equipment Expense	26,339	11,229	75,037	76,097	0	188,702
11	^	6124 General Purpose Computers Expense	273,377	95,093	41,922	4,644,568	0	5,054,960
12	*	6210 Central Office Switching Expense	1,773,818	733,182	43,513	366,717	0	2,917,230
13	^	6211 Analog Electronic Expense					0	0
14	^	6212 Digital Electronic Expense	1,773,818	733,182	43,513	366,717	0	2,917,230
15	^	6215 Electro-Mechanical Expense	0	0	0	0	0	0
16	^	6220 Operator Systems Expense	0	0	0	0	0	0
17	*	6230 Central Office Transmission Expense	1,903,720	786,618	2,250	553,210	0	3,245,798
18	^	6231 Radio Systems Expense	24,565	9,965	53	9,444	0	44,027
19	^	6232 Circuit Equipment Expense	1,879,155	776,653	2,197	543,766	0	3,201,771
20	*	6310 Information Origination/Termination Expense	1,345,854	558,710	1,902	299,220	0	2,205,686
21	^	6311 Station Apparatus Expense	124,229	52,351	179	(29,934)	0	146,825
22	^	6341 Large Private Branch Exchange Expense	203,271	84,294	303	39,322	0	327,190
23	^	6351 Public Telephone Terminal Equipment Expense	286	111	0	11,036	0	11,433
24	^	6362 Other Terminal Equipment Expense	1,018,068	421,954	1,420	278,796	0	1,720,238
25	*	6410 Cable and Wire Facilities Expense	7,048,834	2,352,475	1,582,072	3,380,475	0	14,363,856
26	^	6411 Poles Expense	5,622	2,253	128,381	6,322	0	142,578
27	^	6421 Aerial Cable Expense	1,232,900	510,068	257,488	367,905	0	2,368,361
28	^	6422 Underground Cable Expense	206,165	82,635	249,250	60,435	0	598,485
29	^	6423 Buried Cable Expense	5,442,732	1,691,105	946,730	2,786,865	0	10,867,432
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	159,832	65,777	220	45,091	0	270,920
33	^	6431 Aerial Wire Expense	1,583	637	3	75,021	0	77,244
34		Subtotals	12,565,952	4,617,478	2,473,150	11,370,108	0	31,026,688

^ Subaccount of the account marked with a *.

Total State Expense Matrix

Year: 2006

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	0	0	0	38,836	0	38,836
36	6510	Other Property Expenses	(14,182)	(11,934)	0	54,635	0	28,519
37	* 6530	Network Operations Expense	4,404,952	2,149,864	126	3,906,125	0	10,461,067
38	^ 6531	Power Expense	0	0	0	1,548,629	0	1,548,629
39	^ 6532	Network Administration Expense	179,704	51,324	0	11,865	0	242,893
40	^ 6533	Testing Expense	1,726,103	715,108	0	93,506	0	2,534,717
41	^ 6534	Plant Operations Expense	1,787,149	1,162,541	126	1,825,665	0	4,775,481
42	^ 6535	Engineering Expense	711,996	220,891	0	426,460	0	1,359,347
43	6540	Access Expense	0	0	0	3,914,859	0	3,914,859
44	6561	Depreciation - Telecomm. Plant in Service	0	0	0	26,913,828	0	26,913,828
45	6562	Depreciation-Prop. for Future Telecom. Use	0	0	0	0	0	0
46	6563	Amortization Expense - Tangible	0	0	0	32,857	0	32,857
47	6564	Amortization Expense - Intangible	0	0	0	6,026,253	0	6,026,253
48	6565	Amortization - Other	0	0	0	0	0	0
49	* 6610	Marketing	460,331	180,993	0	12,500,494	0	13,141,818
50	^ 6611	Product Management	39,655	12,100	0	1,820,341	0	1,872,096
51	^ 6612	Sales	420,676	168,893	0	7,661,967	0	8,251,536
52	^ 6613	Product Advertising	0	0	0	3,018,186	0	3,018,186
53	6621	Call Completion Services	658,422	431,443	0	569,845	0	1,659,710
54	6622	Number Services	713,822	513,371	148	49,235	0	1,276,576
55	6623	Customer Services	6,219,507	3,772,109	271	3,739,895	0	13,731,782
56	6711	Executive	38,597	11,394	68	869,119	0	919,178
57	6712	Planning	0	0	0	61,006	0	61,006
58	6721	Accounting and Finance	283,256	129,698	81	1,308,584	0	1,721,619
59	6722	External Relations	74,666	34,599	0	2,557,476	0	2,666,741
60	6723	Human Relations	10,554	4,710	0	1,089,699	0	1,104,963
61	6724	Information Management	91,957	32,975	30,557	6,106,262	0	6,261,751
62	6725	Legal	0	0	0	1,569,401	0	1,569,401
63	6726	Procurement	0	0	0	435,623	0	435,623
64	6727	Research and Development	0	0	0	2,135	0	2,135
65	6728	Other General and Administrative	165,485	7,624	22,749	3,388,201	0	3,584,059
66	6790	Provision for Uncollectible Notes Receivable	0	0	0	0	0	0
67	8747	Administrative Services Clearing	0	0	0	0	0	0
68		Totals	25,673,319	11,874,324	2,527,150	86,504,476	0	126,579,269

^ Subaccount of the account marked with a *

Pension Costs

Year: 2006

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: None	Is the Plan Over Funded? The Plan is fully funded.		
5				
	Item	Current Year	Last Year	% Change
6	Change in Benefit Obligation			
7	Benefit obligation at beginning of year	7,747,805	7,792,338	-0.57%
8	Service cost	98,693	100,247	-1.55%
9	Interest Cost	335,444	334,975	0.14%
10	Plan participants' contributions	-	-	
11	Amendments	-	-	
12	Actuarial Gain	(177,018)	247,088	-171.64%
13	Acquisition	-	-	0.00%
14	Benefits paid	(684,487)	(726,915)	5.84%
14a	Special termination benefits	19	72	-73.78%
15	Benefit obligation at end of year	7,320,456	7,747,805	-5.52%
16	Change in Plan Assets			
17	Fair value of plan assets at beginning of year	8,086,314	7,970,819	1.45%
18	Adjustment to match trust	-	-	
19	Actual return on plan assets	1,043,475	842,341	23.88%
20	Acquisition	-	-	
21	Employer contribution	-	-	
22	Plan participants' contributions	-	70	100.00%
23	420 Transfer	-	-	
24	Benefits paid	(684,487)	(726,915)	5.84%
25	Fair value of plan assets at end of year	8,445,302	8,086,314	4.44%
26	Funded Status	1,124,846	338,509	232.29%
27	Unrecognized net actuarial loss	(138,132)	714,943	-119.32%
28	Unrecognized prior service cost	(37,147)	(40,648)	8.61%
29	Prepaid (accrued) benefit cos	949,567	1,012,804	-6.24%
30				
31	Weighted-average Assumptions as of Year End			
32	Discount rate	6.00%	5.60%	7.14%
33	Expected return on plan assets	8.50%	8.50%	0.00%
34	Rate of compensation increase	4.65%	4.65%	0.00%
35				
36	Components of Net Periodic Benefit Costs			
37	Service cost	98,693	100,247	-1.55%
38	Interest cost	335,444	334,975	0.14%
39	Expected return on plan assets	(457,718)	(466,382)	1.86%
40	Amortization of prior service cost & net transistion obligat	(3,501)	(3,374)	-3.76%
41	Recognized net actuarial loss	77,374	53,109	45.69%
42	Net periodic benefit cos	50,292	18,575	170.75%
43	Adjustment for affiliated transfer	(12,945)	10,024	100.00%
44	Montana Intrastate Costs:			
45	Pension Costs	532	199	167.53%
46	Pension Costs Capitalized	58	28	105.44%
47	Accumulated Pension Asset (Liability) at Year End	14,529	15,456	-6.00%
48	Number of Company Employees:			
49	Covered by the Plan	80,243	83,112	-3.45%
50	Not Covered by the Plan	-	-	
51	Active	26,556	28,544	-6.96%
52	Retired	38,926	39,871	-2.37%
53	Deferred Vested Terminated	14,761	14,697	0.44%

(\$ in Thousands)

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Other Post Employment Benefits (OPEBS)

Year 2006

	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	518	1,700	-69.54%
6	Weighted-average Assumptions as of Year End			
7	Discount rate	6.00%	5.60%	7.14%
8	Expected return on plan assets	8.50%	8.50%	0.00%
9	Medical Cost Inflation Rate	10% graded to 5%	10% graded to 5%	
10	Actuarial Cost Method	Projected Unit Cr	Projected Unit Cr	
11	Rate of compensation increase	N/A	N/A	
12	List each method used to fund OPEBs (ie: VEBA, 401(h)) and if tax advantaged:			
13	VEBA - Yes Transfer - No			
14	Cash - Yes			
15	Describe any Changes to the Benefit Plan:			
16				
17	TOTAL COMPANY			
18	Change in Benefit Obligation			0.00%
19	Benefit obligation at beginning of year	4,753,340	5,076,295	-6.36%
20	Service cost	12,539	16,838	-25.53%
21	Interest Cost	249,860	270,973	-7.79%
22	Plan participants' contributions	-	-	
23	Amendments	(664,500)	(59,359)	-1019.46%
24	Actuarial Gain	(264,784)	(195,060)	-35.75%
25	Acquisition	-	-	
26	Benefits paid	(372,455)	(356,347)	-4.52%
27	Benefit obligation at end of year	3,714,000	4,753,340	-21.87%
28	Change in Plan Assets			
29	Fair value of plan assets at beginning of year	1,644,504	1,652,070	-0.46%
30	Actual return on plan assets	263,126	191,093	37.70%
31	Acquisition	-	-	0.00%
32	Employer contribution	141,602	157,688	-10.20%
32a	Life trust reimbursement	-	-	0.00%
33	Plan participants' contributions	-	-	0.00%
34	Benefits paid	(372,455)	(356,347)	-4.52%
35	Fair value of plan assets at end of year	1,676,777	1,644,504	1.96%
36	Funded Status	(2,037,223)	(3,108,836)	34.47%
37	Unrecognized net actuarial loss	303,559	585,702	-48.17%
38	Unrecognized prior service cost	(847,353)	(244,624)	-246.39%
39	Prepaid (accrued) benefit cost	(2,581,017)	(2,767,758)	6.75%
40	Components of Net Periodic Benefit Costs			
41	Service cost	12,539	16,838	-25.53%
42	Interest cost	249,860	270,973	-7.79%
43	Expected return on plan assets	(129,263)	(131,178)	1.46%
44	Amortization of prior service cost	(61,771)	(36,307)	-70.13%
45	Recognized net actuarial loss	27,283	40,129	-32.01%
46	Net periodic benefit cost	98,648	160,455	-38.52%
46a	Adjustment for Accounting Changes	143,787	-	100.00%
47	Accumulated Post Retirement Benefit Obligation			
48	Amount Funded through VEBA	-	5,600	-100.00%
49	Amount Funded through 401(h)	-	-	0.00%
50	Amount Funded through Other - Cash	141,602	152,088	-6.89%
51	TOTAL	141,602	157,688	-10.20%
52	Amount that was tax deductible - VEBA	-	5,600	-100.00%
53	Amount that was tax deductible - 401(h)	-	-	0.00%
54	Amount that was tax deductible - Cash	141,602	152,088	-6.89%
55	TOTAL	141,602	157,688	-10.20%

Other Post Employment Benefits (OPEBS) Continued

Year: 2006

	Item	Current Year	Last Year	% Change
1	Number of Company Employees:			
2	Covered by the Plan	70,409	70,476	-0.10%
3	Not Covered by the Plan	3,077	3,224	-4.56%
4	Active	25,115	26,593	-5.56%
5	Retired	43,857	43,883	-0.06%
6	Spouses/Dependants covered by the Plan	24,340	25,672	-5.19%
7	Montana			
8	Change in Benefit Obligation			
9	Benefit obligation at beginning of year	59,274	62,930	-5.81%
10	Service cost	149	209	-28.63%
11	Interest Cost	2,932	3,351	-12.52%
12	Plan participants' contributions	-	-	
13	Amendments	(7,614)	(701)	-986.16%
14	Actuarial Gain	(3,034)	(2,305)	-31.63%
15	Acquisition	-	-	
16	Benefits paid	(4,268)	(4,210)	-1.38%
17	Benefit obligation at end of year	47,439	59,274	-19.97%
18	Change in Plan Assets			
19	Fair value of plan assets at beginning of year	36,918	37,002	-0.23%
20	Actual return on plan assets	3,015	2,258	33.53%
21	Acquisition	-	-	
22	Employer contribution	1,906	1,868	2.03%
23	Plan participants' contributions	-	-	
24	Benefits paid	(4,268)	(4,210)	-1.38%
25	Fair value of plan assets at end of year	37,571	36,918	1.77%
26	Funded Status	(9,868)	(23,057)	57.20%
27	Unrecognized net actuarial loss	3,478	6,920	-49.74%
28	Unrecognized prior service cost	(9,710)	(2,654)	-265.86%
29	Prepaid (accrued) benefit cost	(16,100)	(18,791)	14.32%
30	Components of Net Periodic Benefit Cccosts			
31	Service cost	149	209	-28.63%
32	Interest cost	2,932	3,351	-12.52%
33	Expected return on plan assets	(4,506)	(4,239)	-6.31%
34	Amortization of prior service cost	1,633	1,907	-14.38%
35	Recognized net actuarial loss	310	471	-34.24%
36	Net periodic benefit cost	518	1,700	-69.53%
36a	Adjustment for Accounting Changes	1,648	-	100.00%
37	Accumulated Post Retirement Benefit Obligation			
38	Amount Funded through VEBA	-	-	
39	Amount Funded through 401(h)	-	-	0.00%
40	Amount Funded through Other - Cash	1,906	1,868	2.03%
41	TOTAL	1,906	1,868	2.03%
42	Amount that was tax deductible - VEBA	-	-	
43	Amount that was tax deductible - 401(h)	-	-	
44	Amount that was tax deductible - Cash	1,906	1,868	2.03%
45	TOTAL	1,906	1,868	2.03%
46	Montana Intrastate Costs:			
47	Benefit Cost Expensed	481	1,550	-68.96%
48	Benefit Cost Capitalized	37	150	-75.41%
49	Benefit Payments - Medical	4,006	3,929	1.96%
50	Number of Montana Employees:			
51	Covered by the Plan	355	401	-11.47%
52	Not Covered by the Plan	N/A	N/A	
53	Active	355	401	-11.47%
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: 2006

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	5,129		
2	ASPEN MARKETING SERVICES	Advertising and Information Service	23,823		
3	BEST BUY STORES LP	Advertising and Information Service	2,717		
4	FOOTE CONE & BELDING - NEW YORK	Advertising and Information Service	17,321		
5	GROUP O DIRECT INC	Advertising and Information Service	1,518		
6	INITIATIVE MEDIA WORLDWIDE	Advertising and Information Service	60,450		
7	LEHIGH DIRECT	Advertising and Information Service	1,076		
8	MARKETINGLAB INC	Advertising and Information Service	1,364		
9	MCCLAIN FINLON ADVERTISING INC	Advertising and Information Service	24,513		
10	MCKINNEY-SILVER	Advertising and Information Service	1,752		
11	MOORE WALLACE NORTH AMERICA INC	Advertising and Information Service	4,637		
12	NEWSPAPER SERVICES OF AMERICA	Advertising and Information Service	26,042		
13					
14					
15	TOTAL ADVERTISING AND INFORMATION SERVICES		170,342		
16					
17					
18					
19	ERNST & YOUNG	Audit and Accounting Service	630		
20					
21					
22	TOTAL AUDIT AND ACCOUNTING SERVICES		630		
23					
24					
25					
26	ACCENTURE LLP	Clerical and Office Service	12,451		
27	ADVANCED OFFICE INTERIORS INC	Clerical and Office Service	1,423		
28	SOURCE ONE MANAGEMENT INC	Clerical and Office Service	5,715		
29					
30	TOTAL CLERICAL AND OFFICE SERVICE		19,589		
31					
32					
33					
34					
35	INTRADO INC	Computer and Data Processing Service	12,081		
36					
37	TOTAL COMPUTER AND DATA PROCESSING SERVICES		12,081		
38					
39					
40					
41					
42	HITACHI CONSULTING CORPORATION	Consulting and Research Service	1,419		
43	MORAN ARCHITECTS PC	Consulting and Research Service	504		
44	SODEXHO MARRIOTT SERVICES	Consulting and Research Service	808		
45	TELCORDIA TECHNOLOGIES	Consulting and Research Service	48,582		
46					
47					
48	TOTAL CONSULTING AND RESEARCH SERVICES		51,313		
49					
50					
51					
52	ACCENT SERVICE COMPANY INCORPORATED	Financial Service	4,110		
53	ALLIED INTERSTATE INC	Financial Service	1,190		
54	ER SOLUTIONS INC.	Financial Service	1,931		
55	FOCUS RECEIVABLES MANAGEMENT LLC	Financial Service	633		
56	FSH COMMUNICATIONS	Financial Service	20,608		
57	MCI WORLDCOM COMMUNICATIONS INC	Financial Service	1,162		
58	WEST ASSET MANAGEMENT	Financial Service	666		
59					
60					
61	TOTAL FINANCIAL SERVICES		30,300		

Payments for Services to Persons Other Than Employees

(Thousands of Dollars)

Year: 2006

Line No.	Name of Recipient (a)	Nature of Service (b)	Total Company Cost (c)	Total State Cost (d)	Intrastate Cost (e)
62					
63					
64					
65	BROWNSTEIN HYATT & FARBER PC	Legal Service	1,381		
66	DORSEY & WHITNEY LLP	Legal Service	1,173		
67	HOGAN AND HARTSON	Legal Service	812		
68	MORRISON & FOERSTER LLP	Legal Service	627		
69	PERKINS COIE	Legal Service	2,093		
70	SHERMAN & HOWARD LLC	Legal Service	533		
71	STEESE & EVANS PC	Legal Service	558		
72	STOEL RIVES LLP	Legal Service	2,071		
73					
74					
75	TOTAL LEGAL SERVICES		9,248		
76					
77					
78					
79	GENERAL PHYSICS-PW TUTION	Personnel Service	5,521		
80					
81	TOTAL PERSONNEL SERVICES		5,521		
82					
83					
84					
85					
86	CONTRIBUTIONS	N/A	11		
87	DIRECTORY SERVICES	N/A	0		
88					
89					
90	GRAND TOTAL		299,035		

Subscriber Line Usage Data

(Thousands of Minutes)

Year: 2006

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: 2006

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%	901
2	ANACONDA	ELECTRIC											100.0%	4,074
3	BELGRADE	ELECTRIC											100.0%	6,913
4	BILLINGS MAIN	ELECTRIC											100.0%	34,739
5	BILLINGS WEST	ELECTRIC											100.0%	18,123
6	BOULDER	ELECTRIC											100.0%	911
7	BOZEMAN	ELECTRIC											100.0%	27,056
8	BRIDGER	ELECTRIC											100.0%	705
9	BUTTE	ELECTRIC											100.0%	9,867
10	BUTTE SOUTH	ELECTRIC											100.0%	6,048
11	CANYON FERRY	ELECTRIC	WIRE CENTER DETAIL IS PROVIDED UNDER SEPARATE COVER AS PROPRIETARY										100.0%	883
12	CASCADE	ELECTRIC											100.0%	976
13	CLANCY	ELECTRIC											100.0%	908
14	CLYDE PARK	ELECTRIC											100.0%	612
15	COLSTRIP	ELECTRIC											100.0%	1,099
16	COLUMBUS	ELECTRIC											100.0%	1,917
17	CONRAD	ELECTRIC											100.0%	969
18	COOKE CITY	ELECTRIC											100.0%	308
19	CORVALLIS	ELECTRIC											100.0%	3,307
20	CUT BANK	ELECTRIC											100.0%	2,244
21	DARBY	ELECTRIC											100.0%	1,938
22	DEER LODGE	ELECTRIC											100.0%	2,301
23	DILLON	ELECTRIC											100.0%	3,804
24	DUTTON	ELECTRIC											100.0%	252
25	EAST GLACIER PARK	ELECTRIC											100.0%	387
26	EAST HELENA	ELECTRIC											100.0%	3,495
27	FAIRVIEW	ELECTRIC											100.0%	221
28	FORSYTH	ELECTRIC											100.0%	540
29	FRENCHTOWN	ELECTRIC											100.0%	1,930
30	FROMBERG	ELECTRIC											100.0%	411
31	Subtotal Page 1													137,839

Central Office and Access Line Statistics

Year: 2006

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%	1,199
2	GARDINER	ELECTRIC											100.0%	954
3	GLENDIVE	ELECTRIC											100.0%	1,104
4	GREAT FALLS	ELECTRIC											100.0%	31,603
5	HAMILTON	ELECTRIC											100.0%	7,494
6	HARDIN	ELECTRIC											100.0%	2,172
7	HAVRE	ELECTRIC											100.0%	5,664
8	HELENA MAIN	ELECTRIC											100.0%	23,442
9	HELENA NORTH	ELECTRIC											100.0%	2,692
10	JOLIET	ELECTRIC											100.0%	1,090
11	LAUREL	ELECTRIC	WIRE CENTER DETAIL IS PROVIDED UNDER SEPARATE COVER AS PROPRIETARY									100.0%	4,279	
12	LEWISTOWN	ELECTRIC											100.0%	3,376
13	LIVINGSTON	ELECTRIC											100.0%	6,458
14	LOLO	ELECTRIC											100.0%	3,686
15	MANHATTAN	ELECTRIC											100.0%	1,169
16	MILES CITY	ELECTRIC											100.0%	1,925
17	MILLTOWN	ELECTRIC											100.0%	996
18	MISSOULA MAIN	ELECTRIC											100.0%	34,187
19	MISSOULA SOUTH	ELECTRIC											100.0%	4,156
20	OPPORTUNITY	ELECTRIC											100.0%	419
21	PARK CITY	ELECTRIC											100.0%	789
22	POWELL	ELECTRIC											100.0%	1
23	PRAY	ELECTRIC											100.0%	945
24	RED LODGE	ELECTRIC											100.0%	2,927
25	ROBERTS	ELECTRIC											100.0%	379
26	SHELBY	ELECTRIC											100.0%	804
27	SHEPHERD	ELECTRIC											100.0%	1,507
28	SIDNEY	ELECTRIC											100.0%	819
29	ST MARY	ELECTRIC											100.0%	326
30	STEVENSVILLE	ELECTRIC											100.0%	4,598
31	Subtotal Page 2													151,160

Central Office and Access Line Statistics

Year: 2006

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%	34
2	THREE FORKS	ELECTRIC											100.0%	1,751
3	TOWNSEND	ELECTRIC											100.0%	1,983
4	ULM	ELECTRIC											100.0%	390
5	VAUGHN	ELECTRIC											100.0%	1,040
6	VICTOR	ELECTRIC											100.0%	1,636
7	WARM SPRINGS	ELECTRIC											100.0%	246
8	WEST GLACIER	ELECTRIC	WIRE CENTER DETAIL IS PROVIDED UNDER SEPARATE COVER AS PROPRIETARY										100.0%	554
9	WEST YELLOWSTONE	ELECTRIC											100.0%	1,880
10	WHITEHALL	ELECTRIC											100.0%	1,815
11	WIBAUX	ELECTRIC											100.0%	175
12	WILLSALL	ELECTRIC											100.0%	501
13	WOLF CREEK	ELECTRIC											100.0%	377
14														
15														
16														
17														
18														
19														
20	Subtotal Page 3													12,382
21														
22	MONTANA		176,254	3	0	7,131	5,179	11,423	53,987	824	905	45,675		301,381

Central Office and Switch Information

Year: 2006

Line No.	Wire Center (a)	Office Configuration (Host, Remote, Stand alone) (b)	Type of Switch (c)	Switch Vendor/ Manufacturer (d)	Switch Model No. (e)	Switch Line Capacity (f)	Year Deployed (g)
1	AMSTERDAM	Remote/Bozeman	Digital	LUCENT	5ESS/RSM	1,824	1993
2	ANACONDA	Remote/Helena Host	Digital	ERSN	AXE/RSS	5,504	1992
3	BELGRADE	Stand Alone	Digital	LUCENT	5ESS	13,896	2001
4	BILLINGS MAIN	Host	Digital	ERSN	AXE	0	1991
5	BILLINGS MAIN	Packet (Unreg)	Packet	NTI	DPN100	0	1993
6	BILLINGS MAIN	Stand Alone	Digital	LUCENT	5ESS	62,757	1994
7	BILLINGS MAIN	STP	Digital	ERSN	AXE/STP	0	1992
8	BILLINGS WEST	Lines/Host	Digital	LUCENT	5ESS	28,712	1985
9	BILLINGS WEST	Packet (Unreg)	Packet	NTI	DPN100	0	1988
10	BOULDER	Remote/Helena Host	Digital	ERSN	AXE/RSS	1,280	1992
11	BOZEMAN	Stand Alone	Digital	LUCENT	5ESS	45,182	1984
12	BOZEMAN	STP	Digital	ERSN	AXE/STP	0	1992
13	BRIDGER	Remote/Billings Host	Digital	ERSN	AXE/RSS	1,024	1993
14	BUTTE MAIN	Stand Alone	Digital	LUCENT	5ESS	16,159	1990
15	BUTTE SOUTH	Remote/Butte Host	Digital	LUCENT	5ESS/ORM	9,424	1995
16	CANYON FERRY	Remote/Helena Host	Digital	ERSN	AXE/RSS	1,278	1993
17	CASCADE	Remote/Great Falls	Digital	LUCENT	5ESS/RSM	1,632	1994
18	CLANCY	Remote/Helena Host	Digital	ERSN	AXE/RSS	1,536	1993
19	CLYDE PARK	Remote/Livingston	Digital	ERSN	AXE/RSS	896	1992
20	COLSTRIP	Remote/Billings Host	Digital	LUCENT	5ESS/RSM	2,144	1997
21	COLUMBUS	Remote/Billings Host	Digital	ERSN	AXE/RSS	2,302	1992
22	CONRAD	Remote/Great Falls	Digital	LUCENT	5ESS/RSM	2,560	1994
23	COOKE CITY	Remote/Livingston	Digital	ERSN	AXE/RSS	640	1992
24	CORVALLIS	Remote/Hamilton	Digital	ERSN	AXE/RSS	3,712	1991
25	CUT BANK	Remote/Shelby	Digital	ERSN	AXE/RSS	2,688	1994
26	DARBY	Remote/Hamilton	Digital	ERSN	AXE/RSS	2,432	1991
27	DEER LODGE	Remote/Helena Host	Digital	ERSN	AXE/RSS	2,944	1990
28	DILLON	Remote/Helena Host	Digital	ERSN	AXE/RSS	4,735	1992
29	DUTTON	Remote/Great Falls	Digital	LUCENT	5ESS/RSM	512	1994
30	EAST GLACIER	Remote/Shelby	Digital	ERSN	AXE/RSS	512	1993
31	EAST HELENA	Remote/Helena Host	Digital	LUCENT	5ESS/RSM	6,872	1988
32	FAIRVIEW	Remote/Glendive	Digital	ERSN	AXE/RSS	1,024	1993
33	FORSYTH	Remote/Miles City	Digital	ERSN	AXE/RSS	2,048	1992
34	FRENCHTOWN	Remote/Missoula Host	Digital	LUCENT	5ESS/RSM	3,264	1990
35	FROMBERG	Remote/Billings Host	Digital	ERSN	AXE/RSS	512	1993
36	GALLATIN GATEV	Remote/Bozeman	Digital	LUCENT	5ESS/RSM	1,888	1993
37	GARDINER	Remote/Livingston	Digital	ERSN	AXE/RSS	1,536	1991
38	GLENDIVE	Stand Alone	Digital	ERSN	AXE	4,992	1992
39	GREAT FALLS	Lines/Host	Digital	LUCENT	5ESS	55,152	1987
40	GREAT FALLS	Packet (Unreg)	Packet	NTI	DPN100	0	1993
41	HAMILTON	Stand Alone	Digital	ERSN	AXE	9,216	1991
42	HARDIN	Remote/Billings Host	Digital	ERSN	AXE/RSS	2,816	1992
43	HAVRE	Stand Alone	Digital	ERSN	AXE	8,448	1991
44	HELENA MAIN	Host	Digital	ERSN	AXE	0	1990
45	HELENA MAIN	Lines/Host	Digital	LUCENT	5ESS	35,032	1988
46	HELENA MAIN	STP	Digital	ERSN	AXE/STP	0	1992

Central Office and Switch Information

Year: 2006

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	HELENA NORTH	Remote/Helena Host	Digital	LUCENT	5ESS/RSM	5,280	1988
48	JOLIET	Remote/Billings Host	Digital	ERSN	AXE/RSS	1,408	1993
49	LAUREL	Remote/Billings Host	Digital	ERSN	AXE/RSS	5,504	1992
50	LEWISTOWN	Stand Alone	Digital	ERSN	AXE	7,040	1993
51	LIVINGSTON	Stand Alone	Digital	ERSN	AXE	8,320	1992
52	LOLO	Remote/Missoula Host	Digital	LUCENT	5ESS/RSM	7,247	1993
53	MANHATTAN	Remote/Bozeman	Digital	LUCENT	5ESS/RSM	2,141	1993
54	MILES CITY	Stand Alone	Digital	ERSN	AXE	7,168	1992
55	MILLTOWN	Remote/Missoula Host	Digital	LUCENT	5ESS/RSM	2,112	1993
56	MISSOULA MAIN	Lines/Host	Digital	LUCENT	5ESS	60,120	1986
57	MISSOULA MAIN	STP	Digital	ERSN	AXE/STP	0	1992
58	MISSOULA SOUT	Remote/Missoula Host	Digital	LUCENT	5ESS/ORM	8,704	1993
59	OPPORTUNITY	Remote/Helena Host	Digital	ERSN	AXE/RSS	766	1992
60	PARK CITY	Remote/Billings Host	Digital	ERSN	AXE/RSS	1,408	1992
61	PRAY	Remote/Livingston	Digital	ERSN	AXE/RSS	1,280	1990
62	RED LODGE	Remote/Billings Host	Digital	ERSN	AXE/RSS	3,712	1992
63	ROBERTS	Remote/Billings Host	Digital	ERSN	AXE/RSS	640	1993
64	SAINT MARY	Remote/Shelby	Digital	ERSN	AXE/RSS	512	1993
65	SHELBY	Stand Alone	Digital	ERSN	AXE	2,432	1993
66	SHEPHERD	Remote/Billings West	Digital	LUCENT	5ESS/RSM	2,936	1985
67	SIDNEY	Remote/Glendive	Digital	ERSN	AXE/RSS	4,608	1993
68	STEVENSVILLE	Remote/Hamilton	Digital	ERSN	AXE/RSS	6,143	1991
69	TERRY	Remote/Miles City	Digital	ERSN	AXE/RSS	512	1994
70	THREE FORKS	Remote/Bozeman	Digital	LUCENT	5ESS/RSM	3,013	1993
71	TOWNSEND	Remote/Helena Host	Digital	ERSN	AXE/RSS	2,560	1992
72	ULM	Remote/Great Falls	Digital	LUCENT	5ESS/RSM	1,024	1993
73	VAUGHN	Remote/Great Falls	Digital	LUCENT	5ESS/RSM	2,048	1993
74	VICTOR	Remote/Hamilton	Digital	ERSN	AXE/RSS	2,048	1991
75	WARM SPRINGS	Remote/Helena Host	Digital	ERSN	AXE/RSS	383	1992
76	WEST GLACIER	Remote/Shelby	Digital	ERSN	AXE/RSS	768	1993
77	WEST YELLOWS	Remote/Livingston	Digital	ERSN	AXE/RSS	2,816	1991
78	WHITEHALL	Remote/Helena Host	Digital	ERSN	AXE/RSS	2,432	1992
79	WIBAUX	Remote/Glendive	Digital	ERSN	AXE/RSS	639	1994
80	WILSALL	Remote/Livingston	Digital	ERSN	AXE/RSS	512	1992
81	WOLF CREEK	Remote/Helena Host	Digital	ERSN	AXE/RSS	512	1992

Construction Budget-Montana

(Thousands of Dollars)

Year: 2006

Line No.	Forecast 2007 Description (a)	Year 2007 Frcst (b)
1	Central Office Assets:	
2		
3		
4		
5		
6		
7	COE projects over \$500,000	0
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23		
24	Total Switching and Central Office Projects over \$500,000	
25	Miscellaneous Central Office Projects not over \$500,000	9,000
26	Total Central Office Budget (L.24+L.25)	9,000
27	Other Projects over \$500,000:	0
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	12,948
40	Total Construction Budget (L.26+L.38+L.39)*	21,948

Montana Total State Construction Expenditures

Line No.	FCC Part 32 Account No (a)	Description (b)	(\$ 000) This Year (c)	(\$ 000) Last Year (d)	Percent Change (e)
1	2110	General Support Assets	1,296	2,819	-54.01%
2	2210	Central Office Assets	975	1,565	-37.69%
3	2220	Operator Systems	0	0	0.00%
4	2230	Central Office Transmission	8,805	7,727	13.95%
5	2310	Information/Termination Assets	222	178	24.37%
6	2410	Cable and Wire Facilities Assets	12,482	8,269	50.96%
7	2680	Amortizable Tangible Assets	1	31	-95.76%
8	2690	Intangibles	552	4,001	-86.19%
9		Total Construction Expenditures	24,335	24,590	-1.04%

Montana Employee Counts

Year: 2006

Line No.	Category (a)	Beginning of Year (b)	End of Year (c)
1	Mass Markets-Consumer	103	1
2	Business Markets Group	1	1
3	Network Services	217	210
4	Finance	2	
5	Real Estate/Procurement/Fleet	11	9
6	Public Policy	1	1
7	Other Affiliates	28	29
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42			
43	Totals (Sum of Lines 1 through 42)	363	251

Compensation of Top 10 Montana Based Employees

Year: 2006

Line	Name/Title (a)	Base Salary (b)	Bonuses (c)	Other Compensation (d)	Total Compensation (e)	Total Compensation Last Year (f)	% Increase Total Compensation (g)
1	<i>THIS INFORMATION IS PROPRIETARY AND PROVIDED UNDER SEPARATE COVER</i>						
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: 2006

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	\$ 4,138,200	\$ 11,252,287	\$ 16,490,487	\$ 9,505,191	73.5%
2	Oren G. Shaffer Vice Chairman and Chief Financial Officer	\$ 824,000	\$ 2,324,916	\$ 6,044,828	\$ 9,193,744	\$ 5,293,360	73.7%
3	Barry K. Allen Executive Vice President, Operations	\$ 690,000	\$ 1,607,873	\$ 2,033,839	\$ 4,331,712	\$ 1,928,898	124.6%
4	Richard N. Baer Executive Vice President, General Counsel and Corporate Secretary	\$ 605,000	\$ 1,422,506	\$ 751,869	\$ 2,779,375	\$ 1,601,195	73.6%
5	Paula Kruger Executive Vice President, Mass Markets Group	\$ 472,500	\$ 594,821	\$ 741,118	\$ 1,808,439	\$ 947,610	90.8%
6	Totals (Sum L.1 to L.5)	\$3,691,500	\$10,088,316	\$20,823,941	\$34,603,757	\$19,276,254	

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Details of "other compensation" are publicly available in the Qwest Communications International, Inc. Definitive Proxy Statement, dated March 29, 2007, page 34, filed with the SEC and available from www.sec.gov

Montana Composite Statistics

Year: 2006

Line No.	Account No.	Description (a)	Amount (b)
1		Plant (Intrastate Only) (000 Omitted)	
2	2001	Plant in Service	650,226
3	2003-2004	Construction Work in Progress	1,756
4	2005	Plant Acquisition Adjustments	0
5	2002	Plant Held for Future Use	0
6	1220	Materials & Supplies	530
7		(Less):	
8	3100-3400	Depreciation & Amortization Reserves	510,537
9	4360.2	Contributions in Aid of Construction	(5)
10		NET BOOK COSTS	141,980
11		Revenues & Expenses (Intrastate Only) (000 Omitted)	
12	5000-5300	Operating Revenues	138,901
13	6560	Depreciation & Amortization Expenses	22,154
14		Federal & State Income Taxes	22,189
15		Other Taxes	10,038
16		Other Operating Expenses	41,174
17		TOTAL Operating Expenses	95,554
18		Net Operating Income	43,347
19		Other Income	29
20		Other Deductions	29,641
21		NET INCOME	13,735
22		Access Lines in Service (Intrastate Only)	
23		Residential Access Lines	188,567
24		Business Access Lines	101,462
25		PBX Access Lines	9,623
26		Other Access Lines (Public)	1,729
27		Total Number of Access Lines	301,381
28		Average Number of Calls Per Access Line	
29		Local Calls	1,557
30		Toll Calls (Intra- or Interstate)	409
31		Total Number of Calls Per Access Line (L.29 + L.30)	1,966
32		Other Statistics (Intrastate Only)	
33		Average Residential Monthly Bill	16.97
34		Gross Plant Investment per Access Line	2,165

Depreciation-Montana Intrastate Regulated

(Thousands of Dollars)

Year: 2006

Line No.	Acct No. (a)	Description (b)	Composite Rate % (c)	Total Expense \$000 (d)
1		2112 MOTOR VEHICLES	4.9%	240
2		2114 SPEC PURPOSE VEHICLES	5.8%	0
3		2115 GARAGE WORK EQUIPMENT	10.5%	16
4		2116 OTHER WORK EQUIP	5.3%	241
5		2121 BUILDINGS	3.4%	1,302
6		2122 FURNITURE	20.8%	4
7		2123.1 OFFICE EQUIPMENT	10.6%	42
8		2123.2 COMPANY COMM EQUIP	8.3%	16
9		2124 GEN PURPOSE CMPTR	0.2%	121
10		2212 DIGITAL SW EQUIP	7.1%	7,949
11		2220 OPERATOR SYSTEMS	0.0%	0
12		2231 RADIO SYSTEMS	11.2%	594
13		2232 CIRCUIT DDS	11.7%	0
14		2232 CIRCUIT DIGITAL	11.2%	9,407
15		2232 CIRCUIT ANALOG	24.0%	0
16		2362 OTHER TERM EQUIP	13.1%	43
17		2411 POLE LINES	10.1%	382
18		2421 AERIAL CABLE MET	6.8%	1,596
19		2421 AERIAL CABLE NON MET	11.6%	22
20		2422 UNDGRD CABLE MET	6.3%	1,367
21		2422 UNDGRD CABLE NON MET	6.6%	477
22		2423 BURIED CABLE MET	4.6%	9,614
23		2423 BURIED CABLE NON MET	6.2%	1,586
24		2424 SUB CABLE MET	2.4%	0
25		2424 SUB CABLE NON MET	0.0%	0
26		2426 INTRA BLDG CA MET	4.1%	218
27		2426 INTRA BLDG CABLE NON MET	7.8%	19
28		2431 AERIAL WIRE	0.0%	31
29		2441 CONDUIT SYSTEMS	2.1%	354
30				
31		COMPOSITE TOTAL		35,642
32				
33				
34				
35	Have these rates been approved by the Commission? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No			
36				
37				
38	If yes:	<u>Docket Number</u>	<u>Order Number</u>	
39		96.8.131	5937c	

Amortization - Montana Intrastate Regulated

Year: 2006

(Thousands of Dollars)

Line No.	Acct No. (a)	Description (b)	Composite Rate % (c)	Total Expense \$000 (d)
1	2681	Capital Leases	varies	14
2	2682	Leasehold Improvements	varies	9
3	2690	Intangibles	20.0%	4,517
4				
5				
6				
7				
8				
9		Capital Leases and LHI's do not have a composite rate - the amortization		
10		varies by the terms of the Leases.		
11				
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25				
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32				
33				
34				
35		COMPOSITE TOTAL		4,541
36				
37	Please list the Montana Public Service Commission Docket Order No. approving these amortization			
38				
39	Docket Number _____ Order Number _____			
40				

Montana Regulatory Capital Structure & Costs

Year: 2006

Line No.	Description (a)	% Cap. Str. (b)	% Cost Rate (c)	Weighted Cost (d)
Commission Accepted - Most Recent				
1	Docket Number 88.12.55			
2	Order Number 5398a			
3				
4	Common Equity	50.00%	12.00%	6.000%
5	Preferred Stock	0.00%	0.00%	0.000%
6	Long Term Debt	50.00%	8.88%	4.440%
7	Other		0.00%	0.000%
8	Total	100.00%		10.44%
9				
Actual at Year End				
10				
11				
12	Common Equity	17.22%	12.00%	2.066%
13	Preferred Stock	0.00%	0.00%	0.000%
14	Long Term Debt	82.00%	8.26%	6.773%
15	Other	0.78%	6.04%	0.047%
16	Total	100.00%		8.89%

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

SCHEDULE 32

Network Access - Charges and Revenues

(Thousands of Dollars)

Year: 2006

Line No.	Description (a)	Access Charges Paid (b)	Access Revenues Received (c)
1	Montana - Total State	3,915	114,448
2			
3	Montana - Intrastate	228	20,716
4			
5	Montana - Intrastate Regulated	228	16,052
6			
7			
8			
9			
10			
11			
12			
13			

Affiliate Transactions - Products & Services Provided to Utility

Year: 2006

Line No.	Affiliate Name (a)	Products & Services (b)	Method to Determine Price (c)	Charges to Utility (d)	% Total Affil. Revenues (e)	Charges to MT Utility (f)		
1	Qwest BroadBand Services, Inc.	CABLE SERVICES	PCP	46,232				
2		PCP		46,232		-		
3		TOTAL		46,232		-		
4	Qwest Business Resources, Inc.	NETWORK SERVICES	FDC	2,409,674				
5		POST EMPLOYMENT BENEFITS	FDC	1,259,345		26,851		
6		PROCUREMENT	FDC	42,089,983		882,012		
7		SPACE & FURNITURE RENTAL	FDC	390,217				
8		FDC		46,149,219		908,863		
9		SPACE & FURNITURE RENTAL	FMV	1,200,626				
10		FMV		1,200,626		-		
11		TOTAL		47,349,845		908,863		
12		Qwest Government Services, Inc.	CORP & SHARED SERVICES	FDC		8,780,139		184,726
13			FDC			8,780,139		184,726
14			TOTAL			8,780,139		184,726
15	Qwest Interprise America, Inc.	NETWORK SERVICES	FDC	(817,303)		(19,079)		
16		POST EMPLOYMENT BENEFITS	FDC	238,338		5,454		
17		FDC		(578,965)		(13,626)		
18		ACCRUAL	PCP	(361,598)		(7,623)		
19		EQUIPMENT/MATERIEL	PCP	456,047		723		
20		INTERNAL COMMUNICATIONS	PCP	10,659		221		
21		NETWORK SERVICES	PCP	18,787				
22		PCP		123,896		(6,678)		
23		TOTAL		(455,069)		(20,304)		
24		Qwest Information Tech nologies, Inc	INFORMATION TECH SERVICES	FDC		371,448,094		7,884,604
25	FDC		371,448,094		7,884,604			
26	TOTAL		371,448,094		7,884,604			
27	Qwest Communications Corporation	SPACE & FURNITURE RENTAL	FDC	1,721,650		2		
28		FDC		1,721,650		2		
29		SPACE & FURNITURE RENTAL	FMV	260,104		(2)		
30		FMV		260,104		(2)		

Affiliate Transactions - Products & Services Provided to Utility

Year: 2006

Line No.	Affiliate Name (a)	Products & Services (b)	Method to Determine Price (c)	Charges to Utility (d)	% Total Affil. Revenues (e)	Charges to MT Utility (f)
1	Qwest Communications Corporation	INTERNAL COMMUNICATIONS	PCP	27,873,284		558,682
2		PCP TOTAL		27,873,284		558,682
		TOTAL		29,855,039		558,682
3	Qwest Services Corporation	CORP & SHARED SERVICES	FDC	29,847,175		634,375
4		CORP COMMUNICATIONS		15,610,590		333,408
5		FINANCE		50,282,718		1,074,151
6		HUMAN RESOURCES		30,569,363		648,022
7		LEGAL SERVICES		31,636,118		671,768
8		MANAGEMENT SERVICES		37,686,140		805,256
9		MARKETING AND SALES		229,815,825		5,149,619
10		POST EMPLOYMENT BENEFITS		532,987		11,353
11		PRODUCT PLANNING		24,681,770		555,000
12		REGULATORY AND PUB POLICY		38,802,119		927,184
13		TECHNICAL SUPPORT		63,663,959		1,465,841
14		TREASURY		5,221,936		111,335
15		TRUST		(698,464)		(14,811)
16		FDC TOTAL		557,652,235		12,372,500
17	TOTAL	557,652,235	12,372,500			
18	Qwest Wireless, LLC	MARKETING AND SALES	FMV	1,377,806		31,521
19		FMV		1,377,806		31,521
20		EQUIPMENT/MATERIEL	PCP	744,812		14,025
21		INTERNAL COMMUNICATIONS		7,822,904		104,556
22		PCP TOTAL		8,567,716		118,581
23	TOTAL	9,945,522	150,102			
24						
25						
26						
27		GRAND TOTAL		1,024,622,036		22,039,174
28						
29						
30						

Affiliate Transactions - Products & Services Provided by Utility

Year: 2006

Line No.	Affiliate Name (a)	Products & Services (b)	Method to Determine Price (c)	Charges by Utility (d)	% Total Affil. Expense (e)	Payments by MT Utility (f)
1	Qwest BroadBand Services, Inc.	LEASED ASSETS	FDC	6,688,944		
2		NETWORK SERVICES		12,627,234		52,665
3		SPACE & FURNITURE RENTAL		244,248		
4		FDC		19,560,427		52,665
5		LEASED ASSETS	FMV	15,779		
6		SPACE & FURNITURE RENTAL		176,498		
7		FMV		192,277		-
8		BILLING & COLLECTIONS	PCP	1,669,325		
9		FINANCE		583,148		12,334
10		HUMAN RESOURCES		107		2
11		INFORMATION TECH SERVICES		6,151		130
12		INTERNAL COMMUNICATIONS		1,131,234		255
13		NETWORK SERVICES	5,516,775	113,222		
14		SPACE & FURNITURE RENTAL	30,830			
15		PCP	8,937,570	125,943		
16		LEASED NETWORK FACILITIES	PUB	9,941,514		
17		NETWORK SERVICES		115,318		
18		PUB		10,056,833		-
19		TOTAL		38,747,107		178,608
20	Qwest Business Resources, Inc.	LEASED ASSETS	FDC	10,848		226
21		NETWORK SERVICES		8,395		
22		SPACE & FURNITURE RENTAL		392,414	470	
23		FDC	411,656	696		
24		SPACE & FURNITURE RENTAL	FMV	997,724		
25		FMV		997,724	-	
26		FINANCE	PCP	107,227	2,268	
27		HUMAN RESOURCES		2,797	59	
28		INFORMATION TECH SERVICES		55,131	1,166	
29		INTERNAL COMMUNICATIONS		480,111	9,098	
30		SPACE & FURNITURE RENTAL		1,183,220		
31	PCP	1,828,485	12,591			

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: 2006

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 Business Resources, Inc.	TOTAL		3,237,865		13,287
2	Qwest Communications International Limited	FINANCE	PCP	22,773		482
3		PCP		22,773		482
4		TOTAL		22,773		482
5		Qwest Government Services, Inc.	NETWORK SERVICES	FDC	28,291	
6		SPACE & FURNITURE RENTAL		55,880		
7		FDC		84,171		598
8		LEASED ASSETS	FMV	1,474		
9		SPACE & FURNITURE RENTAL		34,759		
10		FMV		36,233		0
11		FINANCE	PCP	116,496		2,464
12		HUMAN RESOURCES		3,174		67
13		INFORMATION TECH SERVICES		86,342		1,826
14		INTERNAL COMMUNICATIONS		513,201		10,484
15		NETWORK SERVICES		234,810		361
16		SPACE & FURNITURE RENTAL		382,263		
17		PCP		1,336,286		15,202
18		TOTAL		1,456,690		15,800
19	Qwest Interprise America, Inc.	ACCRUAL	FDC	120,056		2,524
20		LEASED ASSETS		14,844		
21		NETWORK SERVICES		1,270,783		4,552
22		SPACE & FURNITURE RENTAL		488,618		9,670
23		FDC		1,894,302		16,746
24		LEASED ASSETS	FMV	9,569		
25		NETWORK SERVICES		5,268,662		23,901
26		SPACE & FURNITURE RENTAL		195,756		7,156
27		FMV		5,473,987		31,057
28		BILLING & COLLECTIONS	PCP	6,044,963		160,219
29		FINANCE		397,504		8,407
30		HUMAN RESOURCES		1,159		25
31	INFORMATION TECH SERVICES		19,685		416	

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Affiliate Transactions - Products & Services Provided by Utility

Year: 2006

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 Interprise America, Inc.	INTERNAL COMMUNICATIONS		232,837		3,469
2		NETWORK SERVICE		72,849		278
3		SPACE & FURNITURE RENTAL		1,498,427		5,997
4		PCP		8,267,425		178,812
5		TOTAL		15,635,714		226,615
6	Qwest Information Technologies, Inc.	INFORMATION TECH SERVICE	FDC	2,229,706		47,158
7		LEASED ASSETS		1,366		
8		SPACE & FURNITURE RENTAL		4,516,938		
9		FDC		6,748,009		47,158
10		LEASED ASSETS	FMV	417		
11		SPACE & FURNITURE RENTAL		2,218,514		
12		FMV		2,218,931		0
13		FINANCE	PCP	405,498		8,576
14		HUMAN RESOURCES		18,821		398
15		INFORMATION TECH SERVICES		267,214		5,652
16		INTERNAL COMMUNICATIONS		3,131,118		54,727
17		SPACE & FURNITURE RENTAL		15,121,756		
18		PCP		18,944,407		69,353
19	TOTAL		27,911,346		116,511	
20	Malheur Home Telephone Company	EQUIPMENT/MATERIEL	MAL	8,212		
21		MANAGEMENT SERVICES		1,341,468		28,411
22		NETWORK SERVICE		112,936		
23		MAL		1,462,617		28,411
24	TOTAL		1,462,617		28,411	
25	Qwest N. Limited Partnership	FINANCE	PCP	81,358		1,721
26		PCP		81,358		1,721
27		TOTAL		81,358		1,721
28	OnFiber	FINANCE	PCP	9,215		196
29		NETWORK SERVICE		105,644		2,026
30		PCP		114,858		2,222

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Affiliate Transactions - Products & Services Provided by Utility

Year: 2006

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	OnFiber	NETWORK SERVICES	PUB	24,881			
2		PUB		24,881			0
3		TOTAL		139,739			2,222
4	Qwest Communications Corporation	MARKETING AND SALES	FDC	701,043		15,759	
5		FDC	701,043	15,759			
6		ADMINISTRATIVE	PCP	4,939,996		111,051	
7		BILLING & COLLECTIONS		639,758		12,601	
8		FINANCE		2,547,405		53,878	
9		HUMAN RESOURCES		11,525		244	
10		INFORMATION TECH SERVICES		292,194		6,180	
11		INTERNAL COMMUNICATIONS		1,703,924		33,882	
12		LEASED ASSETS		390,632			
13		MANAGEMENT SERVICES		2,412		55	
14		MARKETING AND SALES		517,639		11,637	
15		NETWORK SERVICES		40,172,864		221,862	
16		SPACE & FURNITURE RENTAL		2,703,288		3,906	
17		WHOLESALE OPERATOR SERV		5,821,980		130,878	
18		WHOLESALE SERVICES		99,528		765	
19		PCP	59,843,144	586,937			
20		TOTAL	60,544,187	602,696			
21	Qwest Investment Company	FINANCE	PCP	51		1	
22		PCP	51	1			
23		TOTAL	51	1			
24	Qwest Internet Solutions, Inc.	FINANCE	PCP	29,948		633	
25		PCP	29,948	633			
26		TOTAL	29,948	633			
27	Qwest International Services Corp.	FINANCE	PCP	167		4	
28		HUMAN RESOURCES		7		0	
29		PCP	174	4			
30		TOTAL	174	4			

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Affiliate Transactions - Products & Services Provided by Utility

Year: 2006

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 LD Corp	BILLNG & COLLECTIONS	PCP	116,263,538		2,771,590
2		FINANCE		140,999		2,982
3		NETWORK SERVICES		113,798		2,608
4		WHOLESALE SERVICES		18,511		407
5		PCP		116,536,845		2,777,587
6		TOTAL		116,536,845		2,777,587
7	Qwest Services Corporation	ADMINISTRATIVE	FDC	198,538		903
8		INFORMATION TECH SERVICES		(65,300)		(1,381)
9		LEASED ASSETS		42,216		
10		NETWORK SERVICES		45,784		
11		SPACE & FURNITURE RENTAL		9,870,946		56,549
12		FDC	10,092,184	56,071		
13		LEASED ASSETS	FMV	21,478		
14		SPACE & FURNITURE RENTAL		5,958,723		19,363
15		FMV		5,980,200		19,363
16		FINANCE	PCP	841,590		17,800
17		HUMAN RESOURCES		49,323		1,043
18		INFORMATION TECH SERVICES		746,031		15,779
19		INTERNAL COMMUNICATIONS		8,081,556		146,005
20		NETWORK SERVICES		60,331		184
21		SPACE & FURNITURE RENTAL	23,406,878			
22	PCP	33,185,709	180,810			
23	NETWORK SERVICES	PUB	24,044			
24	PUB		24,044	0		
25	TOTAL		49,282,137	256,243		
26	Qwest Transoceanic, Inc.	FINANCE	PCP	183,690		3,885
27		NETWORK SERVICES		160,055		
28		PCP		343,745		3,885
29		TOTAL		343,745		3,885
30						

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Affiliate Transactions - Products & Services Provided by Utility

Year: 2006

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 Wireless, LLC	LEASED ASSETS	FDC	3,623		
2		MANAGEMENT SERVICES		17,534		371
3		NETWORK SERVICES		1,290		
4		SPACE & FURNITURE RENTAL		50,515		
5			FDC		72,962	371
6		LEASED ASSETS	FMV	4,406		
7		SPACE & FURNITURE RENTAL		1,332,617		10,525
8			FMV		1,337,022	10,525
9		BILLING & COLLECTIONS	PCP	16,165,793		215,959
10		FINANCE		720,289		15,234
11		HUMAN RESOURCES		4,083		86
12		INFORMATION TECH SERVICES		70,407		1,489
13		INTERNAL COMMUNICATIONS		982,133		24,721
14		NETWORK SERVICES		1,676,998		35,469
15		SPACE & FURNITURE RENTAL	523,093			
16			PCP		20,142,795	292,958
17		SPACE & FURNITURE RENTAL	PUB	140,932		
18		WHOLESALE OPERATOR SERV		(257,458)		(1,532)
19				PUB		(116,525)
20			TOTAL		21,436,255	302,322
21	Western RE	FINANCE	PCP	90		2
22				PCP	90	2
23				TOTAL	90	2
24						
25		GRAND TOTAL		336,868,642	4,527,031	
26						
27						
28						
29						
30						
31						

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: 2006

Line No.	Description Rate Base (a)	This Year (b)	Last Year (c)	Percent Change (d)
1				
2	2001 Plant in Service	618,566	611,151	1.21%
3	2002 Prop. Held for Future Telecommunications Use	0	0	
4	3100-3200 (Less) Accumulated Depreciation	442,015	410,333	7.72%
5	NET Plant in Service	176,551	200,818	-12.08%
6				
7	<u>Additions</u>			
8	1220 Materials & Supplies	513	393	30.28%
9	1280 Prepayments	0	0	0
10	Other Additions	0	0	
11	TOTAL Additions	513	393	30.28%
12				
13	<u>Deductions</u>			
14	4100 Current Deferred Operating Income Taxes	(574)	(566)	-1.31%
15	4320 Unamortized Operating Investment Tax Credits	817	1,155	-29.27%
16	4340 Noncurrent Deferred Operating Income Taxes	18,982	34,109	-44.35%
17	Customer Advances for Construction			
18	Other Deductions	0	0	
19	TOTAL Deductions	19,225	34,697	-44.59%
20	TOTAL Rate Base	157,839	166,514	-5.21%
21				
22	Net Earnings	21,518	36,007	-40.24%
23				
24	Rate of Return on Average Rate Base	13.63%	21.62%	-36.95%
25				
26	Rate of Return on Average Equity	39.56%	66.62%	-40.61%
27				
28	Major Normalizing Adjustments & Commission			
29	Rate-making adjustments to Utility Operations			
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	13.67%	21.69%	-36.99%
44				
45	Adjusted Rate of Return on Average Equity	36.09%	66.92%	-46.07%

Other Taxes Paid

Year: 2006

Line No.	Description (a)	Last Year (b)	This Year (c)
1	Montana Telephone Company License Tax **	0	0
2	Montana Public Service Commission Tax	335,669	283,491
3	Montana Consumer Counsel Tax	189,798	95,372
4	911 Emergency Telephone Fee	1,812,178	1,685,039
5	Montana Telecommunications Access Service (TDD)	361,976	336,556
6	Montana Corporate License Tax	3,689,191	3,254,401
7	Personal Property Tax	6,943,876	11,384,254
8	Real Property Tax	365,698	649,841
9	Montana Excise Tax **	5,188,294	4,853,802
10			
11			
12	Total	18,886,680	22,542,756

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

Universal Service Funds Received

Year: 2006

Line No.	Description (a)	Last Year (b)	This Year (c)
13	Funds received from Montana Sources	0	0
14	Funds received from Federal Sources	16,356,255	16,171,163
15			
16			
17			
18			
19			
20			
21			
22			
23			
24	Total	16,356,255	16,171,163