

**STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION**

MIDCONTINENT COMMUNICATIONS,)
A SOUTH DAKOTA PARTNERSHIP,)
COMPLAINANT)
VS.) Case No. PU-05-451
NORTH DAKOTA TELEPHONE COMPANY,)
RESPONDENT)
)

DIRECT TESTIMONY OF

WARREN R. FISCHER

On Behalf Of

MIDCONTINENT COMMUNICATIONS

EXHIBIT WRF-1

December 21, 2005

Warren R. Fischer, CPA

**Director of Business Services and Research
QSI Consulting, Inc.**

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Biography

Mr. Fischer is a QSI partner and currently serves as Director of Business Services and Research in QSI's Telecommunications Division. Mr. Fischer has over ten years of experience in the telecommunications industry and joined QSI after five years of service within AT&T's Local Service & Access Management and Wireless Services divisions. During his telecommunications career, Mr. Fischer has focused his attention largely on TELRIC pricing, local market entry, Section 271 compliance, access and universal service reform issues and damages assessment.

Mr. Fischer is an experienced and effective expert witness and has provided expert testimony before 14 state utility commissions and other administrative agencies. Mr. Fischer is an active Certified Public Accountant who is licensed in the States of Colorado and California. Mr. Fischer's professional experience as a C.P.A. includes two years in public practice with Deloitte and Touche LLP and over 17 years of managing financial analysis, reporting and forecasting processes for various multi-national corporations.

Educational Background

Bachelor of Science, Business Administration (emphasis in Accounting)
University of Colorado at Boulder, Boulder, Colorado 1984



Professional Experience

QSI Consulting, Inc.

2000 - Current
Director of Business Services and Research

AT&T Corp.

1997 - 2000
Financial Manager
1996 - 1997
Supervisor
Network Services Division

AT&T Wireless Services

1995 - 1996
Marketing Analyst / Planner
Cellular Division

E. & J. Gallo Winery

1994 - 1995
Senior Financial Analyst
1991 - 1994
Operations Accountant

Century 21 Real Estate Corporation

1987 - 1991
Financial Analyst

Deloitte & Touche LLP

1985 - 1987
Audit-in-Charge

Expert Testimony – Profile

The information below is Mr. Fischer's best effort to identify all proceedings wherein he has either provided pre-filed written testimony, an expert report or provided live testimony.

Before the Federal Communications Commission

File Nos. EB-01-MD-001 and EB-01-MD-002

*In the matter of the formal complaints of AT&T corp. and Sprint Communications Company L.P., vs.
Business Telecom, Inc.*

On behalf of Business Telecom, Inc.

Affidavit

February 23, 2001

Before the Public Utilities Commission of the State of Colorado

Docket No. 99A-161T

In the matter of the application of U S WEST Communications, Inc., to reduce business basic exchange and long-distance revenues upon receipt of the Colorado high-cost support mechanism in accordance with Decision No. C 99-222

On behalf of AT&T Communications of the Mountain States, Inc.

Direct

August 6, 1999

Before the Public Utilities Commission of the State of Colorado

Docket No. 98A-068T

In the matter of the application of U S WEST Communications, Inc., to restructure and reduce switched access rates pursuant to the stipulation in Docket No. 97A-540T

On behalf of AT&T Communications of the Mountain States, Inc.

Amended Direct

Supplemental

May 17, 1999

June 9, 1999

Before the Public Service Commission of Florida

Docket No. 041464-TP

Petition of Sprint-Florida, Inc. for Arbitration of an Interconnection Agreement with Florida Digital Network, Inc. Pursuant to Section 252 of the Telecommunications Act of 1996

On Behalf of Florida Digital Network, Inc. D/B/A FDN Communications
Direct

May 27, 2005

Before the Public Service Commission of Florida

Docket No. 990649B-TP

In re: investigation into pricing of unbundled network elements

On Behalf of AT&T Communications of the Southern States, Inc., MCImetro Access Transmission Services, LLC & MCI WorldCom Communications, Inc., and Florida Digital Network, Inc. (collectively called the “ALEC Coalition”)

Rebuttal

January 30, 2002

Before the Illinois Commerce Commission

Docket No. 02-0864

Illinois Bell Telephone Company: Filing to increase unbundled loop and nonrecurring rates (tariffs filed December 24, 2002)

On Behalf of AT&T Communications of Illinois, Inc., WorldCom, Inc. (“MCI”), McLeodUSA Telecommunications Services, Inc., Covad Communications Company, TDS Metrocom, LLC, Allegiance Telecom of Illinois, Inc., RCN Telecom Services of Illinois, LLC, Globalcom, Inc., Z-Tel Communications, Inc., XO Illinois, Inc., Forte Communications, Inc., and CIMCO Communications, Inc.

Direct

May 6, 2003

Rebuttal

January 20, 2004

Surrebuttal

February 20, 2004

Supplemental Surrebuttal

May 5, 2004

Before the Indiana Utility Regulatory Commission

Cause No. 42393

In the matter of the commission investigation and generic proceeding of rates and unbundled network elements and collocation for Indiana Bell Telephone Company, Incorporated d/b/a SBC Indiana pursuant to the Telecommunications Act of 1996 and related Indiana statutes

On behalf of AT&T Communications of Indiana, G.P. and TCG Indianapolis (“AT&T”), WorldCom, Inc. (“MCI”), McLeodUSA Telecommunications Services, Inc., Covad Communications Company, and Z-Tel Communications, Inc.

Response

August 15, 2003

Before the Public Service Commission of Maryland

Case No. 8879

In the matter of the investigation into rates for unbundled network elements pursuant to the Telecommunications Act of 1996

On Behalf of the Staff of the Public Service Commission of Maryland

Rebuttal

September 5, 2001

Supplemental Rebuttal

October 4, 2001

Surrebuttal

October 15, 2001

Before the Massachusetts Department of Telecommunications and Energy

Docket DTE 01-20

Investigation by the department on its own motion into the appropriate pricing, based upon total element long-run incremental costs, for unbundled network elements and combinations of unbundled network elements, and the appropriate avoided cost discount for Verizon New England Inc., d/b/a Verizon Massachusetts' resale services

On Behalf of the CLEC Coalition

Rebuttal

July 17, 2001

Before the Michigan Public Service Commission

Case No. U-13531

In the matter, on the commission's own motion, to review the costs of telecommunications services provided by SBC Michigan

On behalf of AT&T Communications of Michigan, Inc., and TCG Detroit ("AT&T")

Initial

Final Reply

January 20, 2004

May 10, 2004

Before the Michigan Public Service Commission

Case No. U-11756

In the matter of the complaint of Michigan Pay Telephone Association et al. Against Ameritech Michigan and Verizon North Inc., f/k/a GTE North Incorporated

On behalf of Michigan Pay Telephone Association and the other payphone service provider Complainants

Direct

February 10, 2003

Before the Public Service Commission of the State of Montana

Docket No. D97.5.87

IN THE MATTER OF the Investigation into U S WEST Communications, Inc.'s Compliance with Section 271(c) of the Telecommunications Act of 1996

On behalf of AT&T Communications of the Mountain States

Direct

June 1998

Rebuttal

June 1998

Supplemental Rebuttal

November 1998

Before the Public Service Commission of the State of Montana

Docket No. D96.12.220

IN THE MATTER of the Application of U S WEST Communications, Inc. to Restructure its Prices for Regulated Telecommunications Service.

On behalf of AT&T Communications of the Mountain States, Inc.

Direct

October 1997

Before the Nebraska Public Service Commission

Application No. C-1628

In the matter of the Nebraska Public Service Commission, on its own motion, seeking to conduct an investigation into intrastate access charge reform and intrastate universal service fund

On behalf of AT&T Communications of the Midwest, Inc.

Direct

October 20, 1998

Before the Nebraska Public Service Commission

Application No. C-1830

In the Matter of US West Communications, Inc., filing its notice of intention to file Section 271(c) application with the FCC and request for Commission to verify US West compliance with Section 271(c)
On behalf of AT&T Communications of the Midwest, Inc.

Direct and rebuttal

August 1998

Before the Nebraska Public Service Commission

Docket No. C-1519

In the matter of the emergency petition of MCI Telecommunications Corporation and AT&T Communications of the Midwest, Inc. to investigate compliance of Nebraska LECs with FCC payphone orders

On behalf of AT&T Communications of the Midwest, Inc.

Direct

January 20, 1998

Before the New Mexico State Corporation Commission

Docket No. 96-310-TC and Docket No. 97-334-TC

In the matter of the consideration of the adoption of a rule concerning costing methodologies and In the matter of the implementation of new rules related to the rural, high-cost, and low-income components of the New Mexico universal service fund

On behalf of AT&T Communications of the Mountain States, Inc.

Direct

July 8, 1998

Rebuttal

August 5, 1998

Before the New Mexico State Corporation Commission

Docket No. 97-106-TC

In The Matter Of Qwest Corporation's Section 271 Application And Motion For Alternative Procedure To Manage The Section 271 Process

On behalf of AT&T Communications of the Mountain States, Inc.

Direct

July 1998

Rebuttal

July 1998

Reply

September 1998

Before the New Mexico State Corporation Commission

Docket No. 97-69-TC

On behalf of AT&T Communications of the Mountain States, Inc.

Direct

March 20, 1997

Before the North Carolina Utilities Commission

Docket No. P-100, Sub 133d, Phase I

In the matter of general proceeding to determine permanent pricing for unbundled network elements

On Behalf of New Entrants

Direct

August 11, 2000

Before the Public Service Commission of the State of North Dakota

Docket No. PU-314-97-465

In the matter of U S WEST Communications, Inc., universal service costs investigation

On behalf of AT&T Communications of the Midwest, Inc.

Rebuttal

February 27, 1998

Before the Public Service Commission of Wisconsin

Docket No. 6720-TI-187

Petition of SBC Wisconsin to determine rates and costs for unbundled network elements

On behalf of AT&T Communications of Wisconsin, L.P. and TCG Milwaukee ("AT&T"), and MCI, Inc.

Rebuttal

June 15, 2004

Before the Wyoming Public Service Commission

Docket No. 70000-TA-98-442

In the matter of the second application of U S WEST Communications, Inc., for a finding that its interexchange telecommunications services are subject to competition

On behalf of AT&T Communications of the Mountain States, Inc.

Direct

January 6, 1999

Before the Wyoming Public Service Commission

Docket No. 70000-TR-98-420

In the matter of the application of U S WEST Communications, Inc., for authority to implement price ceiling in conjunction with its proposed Wyoming price regulation plan for essential and noncompetitive telecommunication services

On behalf of AT&T Communications of the Mountain States, Inc.

Direct

September 9, 1998

Before the Wyoming Public Service Commission

General Order No. 81

In the matter of the investigation by the Commission of the feasibility of developing its own costing model for use in determining federal universal service fund support obligations in Wyoming

On behalf of AT&T Communications of the Mountain States, Inc.

Direct

November 1997

Amended Direct

January 23, 1998

Rebuttal

February 6, 1998

Before the Wyoming Public Service Commission

Docket No. 72000-TI-97-107 and Docket No. 70000 TI-97-352

In the matter of the petition of AT&T for the Commission to initiate investigation of U S WEST Communications, Inc.'s compliance with Section 271 of the Telecommunications Act of 1996

On behalf of AT&T Communications of the Mountain States, Inc.

Direct

1998

Before the Wyoming Public Service Commission

Docket No. 72000-TC-97-99

On behalf of AT&T Communications of the Mountain States, Inc.

Direct

May 15, 1997

Before the Wyoming Public Service Commission

Docket No. 70007-TR-95-15

On behalf of AT&T Communications of the Mountain States, Inc.

Adopted Pre-filed Direct

October 1996

Selected Reports, Presentations and Publications

QSI Final Report to the Hawaii Public Utilities Commission “Analysis and Recommendations Related to Docket No. 04-0140 *Merger Application Of Paradise Mergersub, Inc. (n/k/a Hawaiian telecom Mergersub, Inc.), Verizon Hawaii, Inc. and Related Companies*” February 7, 2005

QSI Technical Report No. 012605A “IP-Enabled Voice Services: Impact of Applying Switched Access Charges to IP-PSTN Voice Services”

Ex Parte filing in FCC dockets WC Dockets No. 04-36 (In the Matter of IP-Enabled Services), 03-266 (In the Matter of Level 3 Communications LLC Petition for Forbearance Under 47 U.S.C. § 160(c) from Enforcement of 47 U.S.C. § 251(g), Rule 51.701(b)(1), and Rule 69.5(b); IP Enabled Services)

Washington DC, January 27, 2005

QSI Report to the Wyoming Legislature “The Wyoming Universal Service Fund. *An Evaluation of the Basis and Qualifications for Funding*” December 3, 2004

QSI Audit Report to the Wyoming Public Service Commission on the “Wyoming Universal Service Fund from October 28, 1999 through December 31, 2001” May 15, 2002

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DIRECT TESTIMONY OF

WARREN R. FISCHER

On Behalf Of

MIDCONTINENT COMMUNICATIONS

EXHIBIT WRF-2

December 21, 2005

Table 1
NDTC's Revenue in the Devils Lake Exchanges Subject to Resale (Per Line Per Year)

Revenue Account	2004 Revenue Per Line	2004 Revenue Per Line Subject to Resale
Local Network Access	\$ 308.71	\$ 308.71
Network Access Services	\$ 529.09	\$ -
Long Distance Network Services	\$ 0.75	\$ 0.75
Billing and Collection Revenue	\$ 18.55	\$ -
Miscellaneous Revenue	\$ 32.14	\$ 9.86
TOTAL DEVILS LAKE PER LINE PER YEAR	\$ 889.24	\$ 319.32
<i>% of Total Revenues in Devils Lake</i>		36%

Table 2
NDTC's Annual Per Line Revenue Loss On Resale-Based Customers at 16.15% Resale Discount

Revenue Account	2004 Revenue Per Line	2004 Revenue Per Line Subject to Resale	Potential Revenue Loss via Resale
Local Network Access	\$ 308.71	\$ 308.71	\$ 49.86
Network Access Services	\$ 529.09	\$ -	\$ -
Long Distance Network Services	\$ 0.75	\$ 0.75	\$ 0.12
Billing and Collection Revenue	\$ 18.55	\$ -	\$ -
Miscellaneous Revenue	\$ 32.14	\$ 9.86	\$ 1.59
TOTAL DEVILS LAKE PER LINE PER YEAR	\$ 889.24	\$ 319.32	\$ 51.57
<i>% of Total Revenues in Devils Lake</i>		36%	5.8%

Table 3.

Devils Lake Gross Revenue Loss Under Different Penetration Scenarios and 16.15% Resale Discount

Devils Lake Total Annual Operating Revenue (2004)	\$ 5,040,579
NDTC Total Annual Operating Revenue (2004)	\$ 16,977,056
PENETRATION RATE SCENARIOS	
	2%
Lines Lost to Resale	113
	10%
	567
	20%
	1,134
	30%
Estimated Annual Gross Revenue Loss	\$ 5,846
Gross Revenue Loss as % of Devils Lake Total Revenue	0.116%
Gross Revenue Loss as % of NDTC Total Revenue	0.034%

Table 5.

NDTC's Annual Per Line Net Income Loss On Resale-Based Customers at 16.15% Resale Discount

Revenue Account	2004 Revenue Per Line	2004 Revenue Per Line Subject to Resale	Potential Revenue Loss via Resale	Potential Avoided Cost	Net Loss via Resale
Local Network Access	\$ 308.71	\$ 308.71	\$ 49.86	\$ 45.72	\$ 4.13
Network Access Services	\$ 529.09	\$ -	\$ -	\$ -	\$ -
Long Distance Network Services	\$ 0.75	\$ 0.75	\$ 0.12	\$ 0.12	\$ -
Billing and Collection Revenue	\$ 18.55	\$ -	\$ -	\$ -	\$ -
Miscellaneous Revenue	\$ 32.14	\$ 9.86	\$ 1.59	\$ 1.59	\$ -
TOTAL DEVILS LAKE PER LINE PER YEAR	\$ 889.24	\$ 319.32	\$ 51.57	\$ 47.44	\$ 4.13

Table 6.

Devils Lake Net Income Loss Under Different Penetration Scenarios and 16.15% Resale Discount

NDTC Net Income Loss Under Different Penetration Scenarios and 10% Resale Discount				
NDTC Net Operating Income (2004)	\$	2,736,472		
PENETRATION RATE SCENARIOS		2%	10%	20%
Lines Lost to Resale		113	567	1,134
Estimated Annual Net Income Loss	\$	469	\$ 2,344	\$ 4,688
Net Income Loss as % of NDTC Net Operating Income		0.017%	0.086%	0.171%
				0.257%

NORTH DAKOTA TELEPHONE COMPANY
DEVILS LAKE PER LINE IMPACT OF RESALE ENTRY

Assumed Resale Discount

16.15%

Assumed Avoided Cost Percent

16.15%

Features Revenue as % of Local Network Access

8.3%

Revenue	2004 Revenue Per Line	2004 Revenue Per Line Subject to Resale	Potential Revenue Loss via Resale	Potential Avoided Cost	Note	Net Loss via Resale
Local Network Access	\$ 308.71	\$ 308.71	\$ 49.86	\$ 45.72	Assuming no cost savings on features.	\$ 4.13
Network Access Services	\$ 529.09	\$ -	\$ -	\$ -		\$ -
Long Distance Network Services	\$ 0.75	\$ 0.75	\$ 0.12	\$ 0.12		\$ -
Billing and Collection Revenue	\$ 18.55	\$ -	\$ -	\$ -		\$ -
Miscellaneous Revenue	\$ 32.14	\$ 9.86	\$ 1.59	\$ 1.59		\$ -
TOTAL PER LINE PER YEAR	\$ 889.24	\$ 319.32	\$ 51.57	\$ 47.44		\$ 4.13

DEVILS LAKE TOTAL IMPACT UNDER DIFFERENT PENETRATION SCENARIOS

Devils Lake Total Lines	5,668
Devils Lake Total Annual Operating Revenue (2004)	\$ 5,040,579
NDTC Total Annual Operating Revenue (2004)	\$ 16,977,056
NDTC Net Operating Income (2004)	\$ 2,736,472

PENETRATION RATE SCENARIOS	2%	5%	10%	15%	20%	25%	30%
LINES LOST TO RESALE	113	283	567	850	1,134	1,417	1,701
ESTIMATED ANNUAL TOTAL GROSS REVENUE LOSS	\$ 5,846	\$ 14,616	\$ 29,232	\$ 43,849	\$ 58,465	\$ 73,081	\$ 87,697
ESTIMATED ANNUAL TOTAL NET PROFIT LOSS	\$ 469	\$ 1,172	\$ 2,344	\$ 3,516	\$ 4,688	\$ 5,859	\$ 7,031
ESTIMATED NET PROFIT LOSS AS A % OF DEVILS LAKE TOTAL REVENUE	0.0093%	0.0232%	0.0465%	0.0697%	0.0930%	0.1162%	0.1395%
ESTIMATED NET PROFIT LOSS AS A % OF NDTC TOTAL REVENUE	0.0028%	0.0069%	0.0138%	0.0207%	0.0276%	0.0345%	0.0414%
ESTIMATED NET PROFIT LOSS AS A % OF NDTC NET OPERATING REVENUE	0.0171%	0.0428%	0.0856%	0.1285%	0.1713%	0.2141%	0.2569%

ILEC Provided Lines (FCC data compiled from Form 477)

http://www.fcc.gov/Bureaus/Common_Carrier/Reports/FCC-State_Link/IAD/RBOC_Local_Telephone_Dec_2004.xls

As of December 2004

Total lines and channels provided to end users

Qwest ND	Nationwide
134,368	122,094,383

Lines and channels that are provided to unaffiliated carriers under a Total Service Resale arrangement

2,856	1,112,918
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Lines and channels that are provided to unaffiliated carriers under other resale arrangements, such as resold centrex

190	138,709
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Lines and channels that are provided to unaffiliated carriers under a UNE loop arrangement, where switching is not provided

22,493	3,955,383
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Lines and channels that are provided to unaffiliated carriers under a UNE loop arrangement, where switching is also provided

26,480	16,369,009
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Total Lines

186,387	143,670,402
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% Lines Provided Via Resale

1.6%	0.9%
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% Lines Provided Via Resale, UNE-L and UNE-P

28%	15%
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NORTH DAKOTA TELEPHONE COMPANY
DETERMINATION OF REVENUES SUBJECT TO RESALE IN DEVILS LAKE EXCHANGE

ACCOUNT	NDTC TOTAL COMPANY			DEVILS LAKE							Assumed Resale Discount 16.15%
	By Account	By Account Group	% of Account Group	By Account	By Account Group	Per Line Annual	Assumed % Revenues Subject to Resale	Note	Per Line Revenue Subject to Resale	Potential Revenue Loss via Resale	
	Source:	Discovery ¹	Discovery ¹	Calculated	Projected Based on NDTC totals	Discovery ²					
Local Service											
1.5001. Local Service	\$ 4,941,869		100%	\$ 1,749,911	\$ 1,749,911	\$ 308.71	100%		\$ 308.71	\$ 49.86	
Total Local Service Revenues	\$ 4,941,869										
5060 Other basic area revenue											
Network Access											
1.5081. End User Revenue	\$ 1,620,841		15%	\$ 448,994		\$ 79.21	0%	Per 47 CFR 51.605	\$ -	\$ -	
1.5082. Interstate Switched Access Revenue	\$ 3,603,707		33%	\$ 998,273		\$ 176.11	0%	Per 47 CFR 51.605	\$ -	\$ -	
1.5083. Special Access Revenue	\$ 2,057,108		19%	\$ 569,845		\$ 100.53	0%	Per 47 CFR 51.605	\$ -	\$ -	
1.5086. Intrastate Switched Access Revenue	\$ 3,545,005		33%	\$ 982,011		\$ 173.24	0%	Per 47 CFR 51.605	\$ -	\$ -	
Total Network Access Revenues	\$ 10,826,661			\$ 2,999,123							
1.5100. Long Distance Message Revenue	\$ 11,763		88%	\$ 3,718		\$ 0.66	100%		\$ 0.66	\$ 0.11	
1.5160. Other Long Distance Revenue	\$ 1,655		12%	\$ 523		\$ 0.09	100%		\$ 0.09	\$ 0.01	
Total Long Distance Network Services	\$ 13,418			\$ 4,241							
Billing and Collection Revenue											
1.5270. Carrier Billing and Collection Revenue	\$ 332,557		100%	\$ 105,121		\$ 18.55	0%	Not a retail service	\$ -	\$ -	
Total Billing and Collection Revenue	\$ 332,557			\$ 105,121							
Miscellaneous Revenue											
1.5230. Directory Revenue	\$ 282,476		33%	\$ 59,663		\$ 10.53	0%	Not a retail service	\$ -	\$ -	
1.5240. Rent Revenue	\$ 50,673		6%	\$ 10,703		\$ 1.89	0%	Not a retail service	\$ -	\$ -	
1.5260. Miscellaneous Revenue	\$ 529,402		61%	\$ 111,817		\$ 19.73	50%			\$ 1.59	
Total Miscellaneous Revenue	\$ 862,551			\$ 182,183							
TOTAL OPERATING REVENUES	\$ 16,977,056	\$ 16,977,056		\$ 5,040,579	\$ 5,040,579	\$ 889.24			\$ 319.32	\$ 51.57	

¹ NDTC provided its 2004 Part 32 revenue and expenses in response to discovery issued on December 6, 2005.

² NDTC provided operating revenue by account for Devil's Lake in its November 23, 2005 Response to Request for Disclosure of Information.

Per 47 CFR 32.5060 include features revenue. We are assuming NDTC reports features revenue under 5001

Per 47 CFR 32.5200: Includes "wholesale" services to other companies, contract services to others such as maintenance of plant, settlement payments, UNE, local interconnection. Also include revenues that might be partially "retail;" late payments, unclaimed refunds, and provision of special billing info to customers.

\$ 9.86

**NORTH DAKOTA TELEPHONE COMPANY
 FINANCIAL AND LINE COUNT DATA FOR DEVILS LAKE EXCHANGES**

AVERAGE ACCESS LINES	NDTC	DEVILS LAKE	SOURCE
Grand Total per Exhibit 3A Divided by 12 months	18,405	5,668	Exhibit 3A to NDTC EAS filing
% of Total NDTC			
		<u>30.8%</u>	
2004 OPERATING REVENUE			
Local Network Access	4,941,869	\$ 1,749,911	11/23/05 Discovery Response
Network Access Services		\$ 2,999,123	11/23/05 Discovery Response
Long Distance Network Services		\$ 4,241	11/23/05 Discovery Response
Billing and Collection Revenue		\$ 105,121	11/23/05 Discovery Response
Miscellaneous Revenue		\$ 182,183	11/23/05 Discovery Response
TOTAL REVENUE	16,977,056	\$ 5,040,579	
Features Revenue	\$ 409,845		Exhibit 8A to NDTC EAS filing
Features Revenue as % of Local Network Access		8.3%	

Source: NDTC Response to Alternative Discovery dated 12/6/5
North Dakota Telephone Company
Statement of Operating Revenue and Operating Expenses
For the Year December 31, 2004

OPERATING REVENUES

Local Service		
1.5001.	Local Service	4,941,869
	Total Local Service Revenues	4,941,869
Network Access		
1.5081.	End User Revenue	1,620,841
1.5082.	Interstate Switched Access Revenue	3,603,707
1.5083.	Special Access Revenue	2,057,108
1.5086.	Intrastate Switched Access Revenue	3,545,005
	Total Network Access Revenues	10,826,661
Long Distance Message Revenue		
1.5100.	Long Distance Message Revenue	11,763
1.5160.	Other Long Distance Revenue	1,655
	Total Long Distance Network Services	13,418
Billing and Collection Revenue		
1.5270.	Carrier Billing and Collection Revenue	332,557
	Total Billing and Collection Revenue	332,557
Miscellaneous Revenue		
1.5230.	Directory Revenue	282,476
1.5240.	Rent Revenue	50,673
1.5260.	Miscellaneous Revenue	529,402
	Total Miscellaneous Revenue	862,551
	TOTAL OPERATING REVENUES	16,977,056

OPERATING EXPENSES

Plant Specific Expense		
1.6120.	General Support Expense	
1.6121.	Land and Buildings	223,755
1.6122.	Furniture and Artwork	2,605
1.6123.	Office Equipment	122,275
1.6124.	General Purpose Computers	285,243
1.6210.	Central Office Switching Equipment	
1.6212.	Digital Electronics Expense	1,050,405
1.6230.	Central Office Transmission Equip	
1.6231.	Radio Systems Expense	62,906
1.6232.	Circuit Equipment Expense	268,018
1.6410.	Cable and Wire Facilities Expense	
1.6411.	Poles Expense	(1,296)
1.6421.	Aerial Cable Expense	35,396
1.6422.	Underground Cable Expense	1,248
1.6423.	Buried Cable Expense	907,393
1.6424.	Submarine Cable Expense	124
	Total Plant Specific Expenses	2,958,072

Plant NonSpecific

Source: NDTC Response to Alternative Discovery dated 12/6/5
North Dakota Telephone Company
Statement of Operating Revenue and Operating Expenses
For the Year December 31, 2004

1.6530.	Network Operations Expense	
1.6531.	Power Expense	117,657
1.6532.	Network Administration Expense	34,406
1.6533.	Testing Expense	54,264
1.6534.	Plant Operations Expense	516,157
1.6535.	Engineering Expense	363,575
1.6540.	Access Expense	321,104
	Total Plant NonSpecific Expenses	1,407,163

Depreciation Expense

1.6561.	Depreciation Expense	4,595,524
	Total Depreciation Expense	4,595,524

Customer Operations

1.6610.	Marketing	166,748
1.6620.	Services	
1.6622.	Number Services Expense	125,077
1.6623.	Customer Service Expense	832,329
1.6627.	Customer Service - Revenue Acctg	447,876
	Total Customer Operations Expense	1,572,030

Corporate Operations

1.6710.	Executive and Planning	
1.6711.	Executive	567,464
1.6720.	General and Administrative	
1.6721.	Accounting and Finance	509,669
1.6722.	External Relations	276,973
1.6723.	Human Resources/Personnel	160,834
1.6724.	Information Management	77,290
1.6725.	Legal	40,507
1.6728.	General and Administrative	294,035
	Total Corporate Operations Expense	1,926,772

Operating Taxes, Other

1.7200.	Operating Taxes Property	117,807
1.7240.	Operating Taxes Other	5,140
	Total Operating Taxes, Other	122,947

TOTAL OPERATING EXPENSES 12,582,508

Operating Income Taxes

1.7220.	Oper Taxes-Fed Inc	1,658,076
	Total Operating Income Taxes	1,658,076

TOTAL OPERATING NET INCOME 2,736,472

**STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION**

MIDCONTINENT COMMUNICATIONS,)
A SOUTH DAKOTA PARTNERSHIP,)
COMPLAINANT)
VS.) Case No. PU-05-451
NORTH DAKOTA TELEPHONE COMPANY,)
RESPONDENT)
)

DIRECT TESTIMONY OF

WARREN R. FISCHER

On Behalf Of

MIDCONTINENT COMMUNICATIONS

EXHIBIT WRF-3

December 21, 2005

Table 4.

Devils Lake Gross Revenue Loss Under Different Penetration Scenarios and 16.15% Resale Discount

Devils Lake Total Annual Operating Revenue (2004)	\$ 5,040,579			
NDTC Total Annual Operating Revenue (2004)	\$ 16,977,056			
PENETRATION RATE SCENARIOS	2%	10%	20%	30%
Lines Lost to Resale	113	567	1,134	1,701
Estimated Annual Gross Revenue Loss:				
At a 10% Resale Discount	\$ 3,620	\$ 18,101	\$ 36,201	\$ 54,302
At a 16.15 % Resale Discount	\$ 5,846	\$ 29,232	\$ 58,465	\$ 87,697
Gross Revenue Loss as % of NDTC Total Revenue:				
At a 10% Resale Discount	0.021%	0.107%	0.213%	0.320%
At a 16.15 % Resale Discount	0.034%	0.172%	0.344%	0.517%

NORTH DAKOTA TELEPHONE COMPANY
DEVILS LAKE PER LINE IMPACT OF RESALE ENTRY

Assumed Resale Discount

10.00%

Assumed Avoided Cost Percent

10.00%

Features Revenue as % of Local Network Access

8.3%

Revenue	2004 Revenue Per Line	2004 Revenue Per Line Subject to Resale	Potential Revenue Loss via Resale	Potential Avoided Cost	Note	Net Loss via Resale
Local Network Access	\$ 308.71	\$ 308.71	\$ 30.87	\$ 28.31	Assuming no cost savings on features.	\$ 2.56
Network Access Services	\$ 529.09	\$ -	\$ -	\$ -		\$ -
Long Distance Network Services	\$ 0.75	\$ 0.75	\$ 0.07	\$ 0.07		\$ -
Billing and Collection Revenue	\$ 18.55	\$ -	\$ -	\$ -		\$ -
Miscellaneous Revenue	\$ 32.14	\$ 9.86	\$ 0.99	\$ 0.99		\$ -
TOTAL PER LINE PER YEAR	\$ 889.24	\$ 319.32	\$ 31.93	\$ 29.37		\$ 2.56

DEVILS LAKE TOTAL IMPACT UNDER DIFFERENT PENETRATION SCENARIOS

Devils Lake Total Lines	5,668
Devils Lake Total Annual Operating Revenue (2004)	\$ 5,040,579
NDTC Total Annual Operating Revenue (2004)	\$ 16,977,056
NDTC Net Operating Income (2004)	\$ 2,736,472

PENETRATION RATE SCENARIOS	2%	5%	10%	15%	20%	25%	30%
LINES LOST TO RESALE	113	283	567	850	1,134	1,417	1,701
ESTIMATED ANNUAL TOTAL GROSS REVENUE LOSS	\$ 3,620	\$ 9,050	\$ 18,101	\$ 27,151	\$ 36,201	\$ 45,252	\$ 54,302
ESTIMATED ANNUAL TOTAL NET PROFIT LOSS	\$ 290	\$ 726	\$ 1,451	\$ 2,177	\$ 2,903	\$ 3,628	\$ 4,354
ESTIMATED NET PROFIT LOSS AS A % OF DEVILS LAKE TOTAL REVENUE	0.0058%	0.0144%	0.0288%	0.0432%	0.0576%	0.0720%	0.0864%
ESTIMATED NET PROFIT LOSS AS A % OF NDTC TOTAL REVENUE	0.0017%	0.0043%	0.0085%	0.0128%	0.0171%	0.0214%	0.0256%
ESTIMATED NET PROFIT LOSS AS A % OF NDTC NET OPERATING REVENUE	0.0106%	0.0265%	0.0530%	0.0796%	0.1061%	0.1326%	0.1591%

ILEC Provided Lines (FCC data compiled from Form 477)

http://www.fcc.gov/Bureaus/Common_Carrier/Reports/FCC-State_Link/IAD/RBOC_Local_Telephone_Dec_2004.xls

As of December 2004

Total lines and channels provided to end users

Qwest ND	Nationwide
134,368	122,094,383

Lines and channels that are provided to unaffiliated carriers under a Total Service Resale arrangement

2,856	1,112,918
-------	-----------

Lines and channels that are provided to unaffiliated carriers under other resale arrangements, such as resold centrex

190	138,709
-----	---------

Lines and channels that are provided to unaffiliated carriers under a UNE loop arrangement, where switching is not provided

22,493	3,955,383
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Lines and channels that are provided to unaffiliated carriers under a UNE loop arrangement, where switching is also provided

26,480	16,369,009
--------	------------

Total Lines

186,387	143,670,402
----------------	--------------------

% Lines Provided Via Resale

1.6%	0.9%
-------------	-------------

% Lines Provided Via Resale, UNE-L and UNE-P

28%	15%
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NORTH DAKOTA TELEPHONE COMPANY
DETERMINATION OF REVENUES SUBJECT TO RESALE IN DEVILS LAKE EXCHANGE

ACCOUNT	NDTC TOTAL COMPANY			DEVILS LAKE							Assumed Resale Discount 10.00%	
	By Account	By Account Group	% of Account Group	By Account	By Account Group	Per Line Annual	Assumed % Revenues Subject to Resale	Note	Per Line Revenue Subject to Resale	Potential Revenue Loss via Resale		
	Projected Based on NDTC totals	Discovery ¹	Discovery ¹	Discovery ²	Projected Based on NDTC totals							
Source:	Discovery ¹	Discovery ¹	Calculated									
Local Service												
1.5001. Local Service	\$ 4,941,869		100%	\$ 1,749,911	\$ 1,749,911	\$ 308.71	100%		\$ 308.71	\$ 30.87		
Total Local Service Revenues	\$ 4,941,869											
5060 Other basic area revenue												
Network Access												
1.5081. End User Revenue	\$ 1,620,841		15%	\$ 448,994		\$ 79.21	0%	Per 47 CFR 51.605	\$ -	\$ -		
1.5082. Interstate Switched Access Revenue	\$ 3,603,707		33%	\$ 998,273		\$ 176.11	0%	Per 47 CFR 51.605	\$ -	\$ -		
1.5083. Special Access Revenue	\$ 2,057,108		19%	\$ 569,845		\$ 100.53	0%	Per 47 CFR 51.605	\$ -	\$ -		
1.5086. Intrastate Switched Access Revenue	\$ 3,545,005		33%	\$ 982,011		\$ 173.24	0%	Per 47 CFR 51.605	\$ -	\$ -		
Total Network Access Revenues	\$ 10,826,661			\$ 2,999,123								
Long Distance Message Revenue												
1.5100. Long Distance Message Revenue	\$ 11,763		88%	\$ 3,718		\$ 0.66	100%		\$ 0.66	\$ 0.07		
1.5160. Other Long Distance Revenue	\$ 1,655		12%	\$ 523		\$ 0.09	100%		\$ 0.09	\$ 0.01		
Total Long Distance Network Services	\$ 13,418			\$ 4,241								
Billing and Collection Revenue												
1.5270. Carrier Billing and Collection Revenue	\$ 332,557		100%	\$ 105,121		\$ 18.55	0%	Not a retail service	\$ -	\$ -		
Total Billing and Collection Revenue	\$ 332,557			\$ 105,121								
Miscellaneous Revenue												
1.5230. Directory Revenue	\$ 282,476		33%	\$ 59,663		\$ 10.53	0%	Not a retail service	\$ -	\$ -		
1.5240. Rent Revenue	\$ 50,673		6%	\$ 10,703		\$ 1.89	0%	Not a retail service	\$ -	\$ -		
1.5260. Miscellaneous Revenue	\$ 529,402		61%	\$ 111,817		\$ 19.73	50%			\$ 0.99		
Total Miscellaneous Revenue	\$ 862,551			\$ 182,183								
TOTAL OPERATING REVENUES	\$ 16,977,056	\$ 16,977,056		\$ 5,040,579	\$ 5,040,579	\$ 889.24			\$ 319.32	\$ 31.93		

¹ NDTC provided its 2004 Part 32 revenue and expenses in response to discovery issued on December 6, 2005.

² NDTC provided operating revenue by account for Devil's Lake in its November 23, 2005 Response to Request for Disclosure of Information.

**NORTH DAKOTA TELEPHONE COMPANY
 FINANCIAL AND LINE COUNT DATA FOR DEVILS LAKE EXCHANGES**

AVERAGE ACCESS LINES	NDTC	DEVILS LAKE	SOURCE
Grand Total per Exhibit 3A Divided by 12 months	18,405	5,668	Exhibit 3A to NDTC EAS filing
% of Total NDTC			
		<u>30.8%</u>	
2004 OPERATING REVENUE			
Local Network Access	4,941,869	\$ 1,749,911	11/23/05 Discovery Response
Network Access Services		\$ 2,999,123	11/23/05 Discovery Response
Long Distance Network Services		\$ 4,241	11/23/05 Discovery Response
Billing and Collection Revenue		\$ 105,121	11/23/05 Discovery Response
Miscellaneous Revenue		\$ 182,183	11/23/05 Discovery Response
TOTAL REVENUE	16,977,056	\$ 5,040,579	
Features Revenue	\$ 409,845		Exhibit 8A to NDTC EAS filing
Features Revenue as % of Local Network Access		8.3%	

Source: NDTC Response to Alternative Discovery dated 12/6/5
 North Dakota Telephone Company
 Statement of Operating Revenue and Operating Expenses
 For the Year December 31, 2004

OPERATING REVENUES

Local Service		
1.5001.	Local Service	4,941,869
	Total Local Service Revenues	4,941,869
Network Access		
1.5081.	End User Revenue	1,620,841
1.5082.	Interstate Switched Access Revenue	3,603,707
1.5083.	Special Access Revenue	2,057,108
1.5086.	Intrastate Switched Access Revenue	3,545,005
	Total Network Access Revenues	10,826,661
Long Distance Message Revenue		
1.5100.	Long Distance Message Revenue	11,763
1.5160.	Other Long Distance Revenue	1,655
	Total Long Distance Network Services	13,418
Billing and Collection Revenue		
1.5270.	Carrier Billing and Collection Revenue	332,557
	Total Billing and Collection Revenue	332,557
Miscellaneous Revenue		
1.5230.	Directory Revenue	282,476
1.5240.	Rent Revenue	50,673
1.5260.	Miscellaneous Revenue	529,402
	Total Miscellaneous Revenue	862,551
	TOTAL OPERATING REVENUES	16,977,056

OPERATING EXPENSES

Plant Specific Expense		
1.6120.	General Support Expense	
1.6121.	Land and Buildings	223,755
1.6122.	Furniture and Artwork	2,605
1.6123.	Office Equipment	122,275
1.6124.	General Purpose Computers	285,243
1.6210.	Central Office Switching Equipment	
1.6212.	Digital Electronics Expense	1,050,405
1.6230.	Central Office Transmission Equip	
1.6231.	Radio Systems Expense	62,906
1.6232.	Circuit Equipment Expense	268,018
1.6410.	Cable and Wire Facilities Expense	
1.6411.	Poles Expense	(1,296)
1.6421.	Aerial Cable Expense	35,396
1.6422.	Underground Cable Expense	1,248
1.6423.	Buried Cable Expense	907,393
1.6424.	Submarine Cable Expense	124
	Total Plant Specific Expenses	2,958,072

Plant NonSpecific

Source: NDTC Response to Alternative Discovery dated 12/6/5
North Dakota Telephone Company
Statement of Operating Revenue and Operating Expenses
For the Year December 31, 2004

1.6530.	Network Operations Expense	
1.6531.	Power Expense	117,657
1.6532.	Network Administration Expense	34,406
1.6533.	Testing Expense	54,264
1.6534.	Plant Operations Expense	516,157
1.6535.	Engineering Expense	363,575
1.6540.	Access Expense	321,104
	Total Plant NonSpecific Expenses	1,407,163

Depreciation Expense

1.6561.	Depreciation Expense	4,595,524
	Total Depreciation Expense	4,595,524

Customer Operations

1.6610.	Marketing	166,748
1.6620.	Services	
1.6622.	Number Services Expense	125,077
1.6623.	Customer Service Expense	832,329
1.6627.	Customer Service - Revenue Acctg	447,876
	Total Customer Operations Expense	1,572,030

Corporate Operations

1.6710.	Executive and Planning	
1.6711.	Executive	567,464
1.6720.	General and Administrative	
1.6721.	Accounting and Finance	509,669
1.6722.	External Relations	276,973
1.6723.	Human Resources/Personnel	160,834
1.6724.	Information Management	77,290
1.6725.	Legal	40,507
1.6728.	General and Administrative	294,035
	Total Corporate Operations Expense	1,926,772

Operating Taxes, Other

1.7200.	Operating Taxes Property	117,807
1.7240.	Operating Taxes Other	5,140
	Total Operating Taxes, Other	122,947

TOTAL OPERATING EXPENSES 12,582,508

Operating Income Taxes

1.7220.	Oper Taxes-Fed Inc	1,658,076
	Total Operating Income Taxes	1,658,076

TOTAL OPERATING NET INCOME 2,736,472

**STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION**

MIDCONTINENT COMMUNICATIONS,)
A SOUTH DAKOTA PARTNERSHIP,)
COMPLAINANT)
VS.) Case No. PU-05-451
NORTH DAKOTA TELEPHONE COMPANY,)
RESPONDENT)
)

DIRECT TESTIMONY OF

WARREN R. FISCHER

On Behalf Of

MIDCONTINENT COMMUNICATIONS

EXHIBIT WRF-4

December 21, 2005

Table 7.

NDTC's Annual Per Line Net Income Loss (Gain) On Resale-Based Customers:

Resale Discount (at 14%) is Lower than Avoided Costs (at 16.15%)

Revenue	2004 Revenue Per Line	2004 Revenue Per Line Subject to Resale	Potential Revenue Loss via Resale	Potential Avoided Cost	Net Loss (Gain) via Resale
Local Network Access	\$ 308.71	\$ 308.71	\$ 43.22	\$ 45.72	\$ (2.50)
Network Access Services	\$ 529.09	\$ -	\$ -	\$ -	\$ -
Long Distance Network Services	\$ 0.75	\$ 0.75	\$ 0.10	\$ 0.12	\$ (0.02)
Billing and Collection Revenue	\$ 18.55	\$ -	\$ -	\$ -	\$ -
Miscellaneous Revenue	\$ 32.14	\$ 9.86	\$ 1.38	\$ 1.59	\$ (0.21)
TOTAL DEVIL'S LAKE PER LINE PER YEAR	\$ 889.24	\$ 319.32	\$ 44.71	\$ 47.44	\$ (2.73)

NORTH DAKOTA TELEPHONE COMPANY
DEVILS LAKE PER LINE IMPACT OF RESALE ENTRY

Assumed Resale Discount

14.00%

Assumed Avoided Cost Percent

16.15%

Features Revenue as % of Local Network Access

8.3%

Revenue	2004 Revenue Per Line	2004 Revenue Per Line Subject to Resale	Potential Revenue Loss via Resale	Potential Avoided Cost	Note	Net Loss Gain) via Resale
Local Network Access	\$ 308.71	\$ 308.71	\$ 43.22	\$ 45.72	Assuming no cost savings on features.	\$ (2.50)
Network Access Services	\$ 529.09	\$ -	\$ -	\$ -		\$ -
Long Distance Network Services	\$ 0.75	\$ 0.75	\$ 0.10	\$ 0.12		\$ (0.02)
Billing and Collection Revenue	\$ 18.55	\$ -	\$ -	\$ -		\$ -
Miscellaneous Revenue	\$ 32.14	\$ 9.86	\$ 1.38	\$ 1.59		\$ (0.21)
TOTAL PER LINE PER YEAR	\$ 889.24	\$ 319.32	\$ 44.71	\$ 47.44		\$ (2.73)

DEVILS LAKE TOTAL IMPACT UNDER DIFFERENT PENETRATION SCENARIOS

Devils Lake Total Lines	5,668
Devils Lake Total Annual Operating Revenue (2004)	\$ 5,040,579
NDTC Total Annual Operating Revenue (2004)	\$ 16,977,056
NDTC Net Operating Income (2004)	\$ 2,736,472

PENETRATION RATE SCENARIOS	2%	5%	10%	15%	20%	25%	30%
LINES LOST TO RESALE	113	283	567	850	1,134	1,417	1,701
ESTIMATED ANNUAL TOTAL GROSS REVENUE LOSS	\$ 5,068	\$ 12,670	\$ 25,341	\$ 38,011	\$ 50,682	\$ 63,352	\$ 76,023
ESTIMATED ANNUAL TOTAL NET PROFIT LOSS	\$ (310)	\$ (774)	\$ (1,548)	\$ (2,322)	\$ (3,096)	\$ (3,870)	\$ (4,644)
ESTIMATED NET PROFIT LOSS AS A % OF DEVILS LAKE TOTAL REVENUE	-0.0061%	-0.0154%	-0.0307%	-0.0461%	-0.0614%	-0.0768%	-0.0921%
ESTIMATED NET PROFIT LOSS AS A % OF NDTC TOTAL REVENUE	-0.0018%	-0.0046%	-0.0091%	-0.0137%	-0.0182%	-0.0228%	-0.0274%
ESTIMATED NET PROFIT LOSS AS A % OF NDTC NET OPERATING REVENUE	-0.0113%	-0.0283%	-0.0566%	-0.0848%	-0.1131%	-0.1414%	-0.1697%

ILEC Provided Lines (FCC data compiled from Form 477)

http://www.fcc.gov/Bureaus/Common_Carrier/Reports/FCC-State_Link/IAD/RBOC_Local_Telephone_Dec_2004.xls

As of December 2004

Total lines and channels provided to end users

Qwest ND	Nationwide
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Lines and channels that are provided to unaffiliated carriers under a Total Service Resale arrangement

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Lines and channels that are provided to unaffiliated carriers under other resale arrangements, such as resold centrex

190	138,709
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Lines and channels that are provided to unaffiliated carriers under a UNE loop arrangement, where switching is not provided

22,493	3,955,383
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Lines and channels that are provided to unaffiliated carriers under a UNE loop arrangement, where switching is also provided

26,480	16,369,009
--------	------------

Total Lines

186,387	143,670,402
----------------	--------------------

% Lines Provided Via Resale

1.6%	0.9%
-------------	-------------

% Lines Provided Via Resale, UNE-L and UNE-P

28%	15%
-----	-----

NORTH DAKOTA TELEPHONE COMPANY
DETERMINATION OF REVENUES SUBJECT TO RESALE IN DEVILS LAKE EXCHANGE

ACCOUNT	NDTC TOTAL COMPANY			DEVILS LAKE							Assumed Resale Discount 14.00%
	By Account	By Account Group	% of Account Group	By Account	By Account Group	Per Line Annual	Assumed % Revenues Subject to Resale	Note	Per Line Revenue Subject to Resale	Potential Revenue Loss via Resale	
	Source:	Discovery ¹	Discovery ¹	Calculated	Projected Based on NDTC totals	Discovery ²					
Local Service											
1.5001. Local Service	\$ 4,941,869		100%	\$ 1,749,911	\$ 1,749,911	\$ 308.71	100%		\$ 308.71	\$ 43.22	
Total Local Service Revenues	\$ 4,941,869										
5060 Other basic area revenue											
Network Access											
1.5081. End User Revenue	\$ 1,620,841		15%	\$ 448,994		\$ 79.21	0%	Per 47 CFR 51.605	\$ -	\$ -	
1.5082. Interstate Switched Access Revenue	\$ 3,603,707		33%	\$ 998,273		\$ 176.11	0%	Per 47 CFR 51.605	\$ -	\$ -	
1.5083. Special Access Revenue	\$ 2,057,108		19%	\$ 569,845		\$ 100.53	0%	Per 47 CFR 51.605	\$ -	\$ -	
1.5086. Intrastate Switched Access Revenue	\$ 3,545,005		33%	\$ 982,011		\$ 173.24	0%	Per 47 CFR 51.605	\$ -	\$ -	
Total Network Access Revenues	\$ 10,826,661			\$ 2,999,123							
1.5100. Long Distance Message Revenue	\$ 11,763		88%	\$ 3,718		\$ 0.66	100%		\$ 0.66	\$ 0.09	
1.5160. Other Long Distance Revenue	\$ 1,655		12%	\$ 523		\$ 0.09	100%		\$ 0.09	\$ 0.01	
Total Long Distance Network Services	\$ 13,418			\$ 4,241							
Billing and Collection Revenue											
1.5270. Carrier Billing and Collection Revenue	\$ 332,557		100%	\$ 105,121		\$ 18.55	0%	Not a retail service	\$ -	\$ -	
Total Billing and Collection Revenue	\$ 332,557			\$ 105,121							
Miscellaneous Revenue											
1.5230. Directory Revenue	\$ 282,476		33%	\$ 59,663		\$ 10.53	0%	Not a retail service	\$ -	\$ -	
1.5240. Rent Revenue	\$ 50,673		6%	\$ 10,703		\$ 1.89	0%	Not a retail service	\$ -	\$ -	
1.5260. Miscellaneous Revenue	\$ 529,402		61%	\$ 111,817		\$ 19.73	50%				
Total Miscellaneous Revenue	\$ 862,551			\$ 182,183							
TOTAL OPERATING REVENUES	\$ 16,977,056	\$ 16,977,056		\$ 5,040,579	\$ 5,040,579	\$ 889.24			\$ 319.32	\$ 44.71	

¹ NDTC provided its 2004 Part 32 revenue and expenses in response to discovery issued on December 6, 2005.

² NDTC provided operating revenue by account for Devil's Lake in its November 23, 2005 Response to Request for Disclosure of Information.

Per 47 CFR 32.5200: Includes "wholesale" services to other companies, contract services to others such as maintenance of plant, settlement payments, UNE, local interconnection. Also include revenues that might be partially "retail;" late payments, unclaimed refunds, and provision of special billing info to customers.

**NORTH DAKOTA TELEPHONE COMPANY
 FINANCIAL AND LINE COUNT DATA FOR DEVILS LAKE EXCHANGES**

AVERAGE ACCESS LINES	NDTC	DEVILS LAKE	SOURCE
Grand Total per Exhibit 3A Divided by 12 months % of Total NDTC	18,405	<u>5,668</u> <u>30.8%</u>	Exhibit 3A to NDTC EAS filing
2004 OPERATING REVENUE			
Local Network Access	4,941,869	\$ 1,749,911	11/23/05 Discovery Response
Network Access Services		\$ 2,999,123	11/23/05 Discovery Response
Long Distance Network Services		\$ 4,241	11/23/05 Discovery Response
Billing and Collection Revenue		\$ 105,121	11/23/05 Discovery Response
Miscellaneous Revenue		\$ 182,183	11/23/05 Discovery Response
TOTAL REVENUE	16,977,056	\$ 5,040,579	
Features Revenue	\$ 409,845		Exhibit 8A to NDTC EAS filing
Features Revenue as % of Local Network Access		8.3%	

Source: NDTC Response to Alternative Discovery dated 12/6/5
 North Dakota Telephone Company
 Statement of Operating Revenue and Operating Expenses
 For the Year December 31, 2004

OPERATING REVENUES

Local Service		
1.5001.	Local Service	4,941,869
	Total Local Service Revenues	4,941,869
Network Access		
1.5081.	End User Revenue	1,620,841
1.5082.	Interstate Switched Access Revenue	3,603,707
1.5083.	Special Access Revenue	2,057,108
1.5086.	Intrastate Switched Access Revenue	3,545,005
	Total Network Access Revenues	10,826,661
Long Distance Message Revenue		
1.5100.	Long Distance Message Revenue	11,763
1.5160.	Other Long Distance Revenue	1,655
	Total Long Distance Network Services	13,418
Billing and Collection Revenue		
1.5270.	Carrier Billing and Collection Revenue	332,557
	Total Billing and Collection Revenue	332,557
Miscellaneous Revenue		
1.5230.	Directory Revenue	282,476
1.5240.	Rent Revenue	50,673
1.5260.	Miscellaneous Revenue	529,402
	Total Miscellaneous Revenue	862,551
	TOTAL OPERATING REVENUES	16,977,056

OPERATING EXPENSES

Plant Specific Expense		
1.6120.	General Support Expense	
1.6121.	Land and Buildings	223,755
1.6122.	Furniture and Artwork	2,605
1.6123.	Office Equipment	122,275
1.6124.	General Purpose Computers	285,243
1.6210.	Central Office Switching Equipment	
1.6212.	Digital Electronics Expense	1,050,405
1.6230.	Central Office Transmission Equip	
1.6231.	Radio Systems Expense	62,906
1.6232.	Circuit Equipment Expense	268,018
1.6410.	Cable and Wire Facilities Expense	
1.6411.	Poles Expense	(1,296)
1.6421.	Aerial Cable Expense	35,396
1.6422.	Underground Cable Expense	1,248
1.6423.	Buried Cable Expense	907,393
1.6424.	Submarine Cable Expense	124
	Total Plant Specific Expenses	2,958,072

Plant NonSpecific

Source: NDTC Response to Alternative Discovery dated 12/6/5
North Dakota Telephone Company
Statement of Operating Revenue and Operating Expenses
For the Year December 31, 2004

1.6530.	Network Operations Expense	
1.6531.	Power Expense	117,657
1.6532.	Network Administration Expense	34,406
1.6533.	Testing Expense	54,264
1.6534.	Plant Operations Expense	516,157
1.6535.	Engineering Expense	363,575
1.6540.	Access Expense	321,104
	Total Plant NonSpecific Expenses	1,407,163

Depreciation Expense

1.6561.	Depreciation Expense	4,595,524
	Total Depreciation Expense	4,595,524

Customer Operations

1.6610.	Marketing	166,748
1.6620.	Services	
1.6622.	Number Services Expense	125,077
1.6623.	Customer Service Expense	832,329
1.6627.	Customer Service - Revenue Acctg	447,876
	Total Customer Operations Expense	1,572,030

Corporate Operations

1.6710.	Executive and Planning	
1.6711.	Executive	567,464
1.6720.	General and Administrative	
1.6721.	Accounting and Finance	509,669
1.6722.	External Relations	276,973
1.6723.	Human Resources/Personnel	160,834
1.6724.	Information Management	77,290
1.6725.	Legal	40,507
1.6728.	General and Administrative	294,035
	Total Corporate Operations Expense	1,926,772

Operating Taxes, Other

1.7200.	Operating Taxes Property	117,807
1.7240.	Operating Taxes Other	5,140
	Total Operating Taxes, Other	122,947

TOTAL OPERATING EXPENSES 12,582,508

Operating Income Taxes

1.7220.	Oper Taxes-Fed Inc	1,658,076
	Total Operating Income Taxes	1,658,076

TOTAL OPERATING NET INCOME 2,736,472