

**RESTATEMENT OF NDTC AVOIDABLE COST DISCOUNT
FOR THE YEAR ENDED 12/31/2005**

#	ITEM	AS PROPOSED BY NDTC	AS RESTATED BY MIDCONTINENT
1	Direct Avoidable Costs	1,014,734	1,080,621
2	Indirect Avoidable Costs	229,003	243,871
3	Total Avoidable Costs	<u>1,243,737</u>	<u>1,324,492</u>
4	Total Expenses	12,048,268	N/A
5	Total Revenue Subject to Resale	N/A	4,927,959
6	Avoidable Cost Percentage	10.32%	26.88%
7	Cost Onsets	115,352	73,152
8	Total Expenses	12,048,268	N/A
9	Total Revenue Subject to Resale	N/A	4,927,959
10	Onset Cost Percentage	<u>0.96%</u>	<u>1.48%</u>
11	Net Avoidable Cost Percentage	<u>9.37%</u>	<u>25.39%</u>

**RESTATEMENT OF NDTC AVOIDABLE COST DISCOUNT
DIRECT AVOIDED COSTS
FOR THE YEAR ENDED 12/31/2005**

#	Item	Account	Per Study 12/31/05	PER NDTC			PER MIDCONTINENT	
				Percent Avoidable	Avoided Costs (As Filed)	Avoided Costs (Corrected)	Percent Avoidable	Avoided Costs
1	Product Management	6611	\$ 162,069	90%	\$ 145,862	\$ 145,862	90%	\$ 145,862
2	Sales	6612	\$ -	90%	\$ -	\$ -	90%	\$ -
3	Product Advertising	6613	\$ -	90%	\$ -	\$ -	90%	\$ -
4	Operator - Information	6621	\$ -	0%	\$ -	\$ -	0%	\$ -
5	Operator - ONI	6621	\$ -	0%	\$ -	\$ -	0%	\$ -
6	Operator - Other	6621	\$ -	0%	\$ -	\$ -	0%	\$ -
7	Outside Operator - Information	6621	\$ -	0%	\$ -	\$ -	0%	\$ -
8	Outside Operator - ONI	6621	\$ -	0%	\$ -	\$ -	0%	\$ -
9	Outside Operator - Other	6621	\$ -	0%	\$ -	\$ -	0%	\$ -
10	White Page Directory	6622	\$ 134,769	0%	\$ -	\$ -	0%	\$ -
11	Foreign Directories	6622	\$ -	0%	\$ -	\$ -	0%	\$ -
12	Local Order Processing	6623	\$ 339,859	76%	\$ 249,620	\$ 258,293	90%	\$ 305,873
13	PIC Change Charges	6623	\$ 68,811	76%	\$ 52,296	\$ 52,296	90%	\$ 61,930
14	Payment & Collection	6623	\$ 188,246	90%	\$ 169,421	\$ 169,421	90%	\$ 169,421
15	Local Bill Inquiry	6623	\$ 238,871	100%	\$ 238,871	\$ 238,871	100%	\$ 238,871
16	Toll Bill Inquiry	6623	\$ -	90%	\$ -	\$ -	90%	\$ -
17	Special Service Bill Inquiry	6623	\$ -	90%	\$ -	\$ -	90%	\$ -
18	SLC Bill Inquiry	6623	\$ -	90%	\$ -	\$ -	90%	\$ -
19	IXC Switched Order Processing	6623	\$ 21,056	0%	\$ -	\$ -	0%	\$ -
20	IXC Special Order Processing	6623	\$ -	0%	\$ -	\$ -	0%	\$ -
21	IXC B&C Order Processing	6623	\$ -	0%	\$ -	\$ -	0%	\$ -
22	IXC Payment & Collection	6623	\$ -	0%	\$ -	\$ -	0%	\$ -
23	IXC Switched Bill Inquiry	6623	\$ -	0%	\$ -	\$ -	0%	\$ -
24	IXC Special Bill Inquiry	6623	\$ -	0%	\$ -	\$ -	0%	\$ -
25	IXC B&C Bill Inquiry	6623	\$ -	0%	\$ -	\$ -	0%	\$ -
26	Coin Collection & Counting	6623	\$ -	90%	\$ -	\$ -	90%	\$ -
27	Rating	6623	\$ 42,423	90%	\$ 38,181	\$ 38,181	90%	\$ 38,181
28	Message Processing	6623	\$ 63,634	0%	\$ -	\$ -	0%	\$ -
29	Other Billing & Collection	6623	\$ 133,870	90%	\$ 120,483	\$ 120,483	90%	\$ 120,483
30	CABs Billing Expense	6623	\$ 283,272	0%	\$ -	\$ -	0%	\$ -
31	Cost of Avoided Investment							
32	Total Direct Avoided Costs		\$ 1,676,880		\$ 1,014,735	\$ 1,023,407		\$ 1,080,621

**RESTATEMENT OF NDTC AVOIDABLE COST DISCOUNT
INDIRECT AVOIDED COSTS
FOR THE YEAR ENDED 12/31/2005**

	Item	AS FILED BY NDTC	CORRECTED BY MIDCONTINENT	RESTATED BY MIDCONTINENT
1	Direct Avoided Costs (Schedule 2)	\$ 1,014,735	\$ 1,023,407	\$ 1,080,621
2	Total Expenses	\$ 12,048,268	\$ 12,048,268	\$ 12,048,268
3	Percent Avoided of Total Expenses	<u>8.42%</u>	<u>8.49%</u>	<u>8.97%</u>

#	Item	Account	Per Study 12/31/05	PER NDTC				RESTATED BY MIDCONTINENT	
				Percent Avoidable (As Filed)	Avoided Costs (As Filed)	Percent Avoidable (Corrected)	Avoided Costs (Corrected)	Percent Avoidable	Avoided Costs
4	Executive	6711	\$ 552,805	8.42%	\$ 46,559	8.49%	\$ 46,957	8.97%	\$ 49,582
5	Planning	6712	\$ -	8.42%	\$ -	8.49%	\$ -	8.97%	\$ -
6	Accounting & Finance	6721	\$ 480,271	8.42%	\$ 40,450	8.49%	\$ 40,795	8.97%	\$ 43,076
7	External Affairs	6722	\$ 268,820	8.42%	\$ 22,641	8.49%	\$ 22,834	8.97%	\$ 24,111
8	Human Resources	6723	\$ 175,310	8.42%	\$ 14,765	8.49%	\$ 14,891	8.97%	\$ 15,724
9	Information Management	6724	\$ 68,671	8.42%	\$ 5,784	8.49%	\$ 5,833	8.97%	\$ 6,159
10	Legal	6725	\$ 43,588	8.42%	\$ 3,671	8.49%	\$ 3,702	8.97%	\$ 3,909
11	Procurement	6726	\$ -	8.42%	\$ -	8.49%	\$ -	8.97%	\$ -
12	Research & Development	6727	\$ -	8.42%	\$ -	8.49%	\$ -	8.97%	\$ -
13	Other General & Admin.	6728	\$ 322,082	8.42%	\$ 27,127	8.49%	\$ 27,358	8.97%	\$ 28,888
14	Repair of Buildings	6121	\$ 264,603	8.42%	\$ 22,286	8.49%	\$ 22,476	8.97%	\$ 23,733
15	Repair of Furniture	6122	\$ 1,730	8.42%	\$ 146	8.49%	\$ 147	8.97%	\$ 155
16	Repair of Office Equipment	6123	\$ 166,254	8.42%	\$ 14,002	8.49%	\$ 14,122	8.97%	\$ 14,911
17	Repair of Computers	6124	\$ 374,875	8.42%	\$ 31,573	8.49%	\$ 31,843	8.97%	\$ 33,623
18	Uncollectibles	5301	\$ -	8.42%	\$ -	8.49%	\$ -	8.97%	\$ -
19	Total Indirect Avoided Costs		<u>\$ 2,719,009</u>		<u>\$ 229,002</u>		<u>\$ 230,959</u>		<u>\$ 243,871</u>

**RESTATEMENT OF NDTC AVOIDABLE COST DISCOUNT
COST ONSETS
FOR THE YEAR ENDED 12/31/2005**

#	RECURRING ONSETS	AS FILED AMOUNT	RESTATED BY MIDCONTINENT
1	Billing Wholesalers	\$ 90	\$ 90
2	Wholesaler Bill Inquiry	\$ 29,859	\$ 29,859
3	Customer Inquiry Referrals	\$ 19,906	\$ 19,906
4	Wholesaler Payment & Collection	\$ 11	\$ 11
5	Audit of Cross-Class Usage	\$ 3,500	\$ 3,500
6	Onset Indirect	\$ 4,495	\$ 4,786
7	Total Recurring Onsets	\$ 57,861	\$ 58,152

#	NON-RECURRING ONSETS	AS FILED AMOUNT	RESTATED BY MIDCONTINENT
8	Cost of Study	\$ 5,000	\$ 5,000
9	Severance Pay	\$ 84,982	\$ -
10	Software Billing Development	\$ 5,000	\$ 5,000
11	Cost of Tariff and Wholesale Legal	\$ 20,000	\$ 20,000
12	Total Non-Recurring Onsets	\$ 114,982	\$ 30,000
13	Amortization Over 2 Years	\$ 57,491	\$ 15,000
14	Total Onsets	\$ 115,352	\$ 73,152

Source: NDTC 2005 Annual Report

**North Dakota Telephone Company
Statement of Operating Revenue and Operating Expenses
For the Year December 31, 2005**

			Percentage Not Subject to Resale
OPERATING REVENUES			
Local Service			
1.5001.	Local Service	4,912,529	
	Total Local Service Revenues	4,912,529	
Network Access			
1.5081.	End User Revenue		
1.5082.	Interstate Switched Access Revenue		
1.5083.	Special Access Revenue		
1.5086.	Intrastate Switched Access Revenue		
	Total Network Access Revenues	10,850,856	100%
Long Distance Message Revenue			
1.5100.	Long Distance Message Revenue	15,430	
1.5160.	Other Long Distance Revenue		
	Total Long Distance Network Services	15,430	
Billing and Collection Revenue			
1.5270.	Carrier Billing and Collection Revenue	339,860	
	Total Billing and Collection Revenue	339,860	100%
Miscellaneous Revenue			
1.5230.	Directory Revenue		
1.5240.	Rent Revenue		
1.5260.	Miscellaneous Revenue		
	Total Miscellaneous Revenue	908,893	100%
	TOTAL OPERATING REVENUES	17,027,568	
	REVENUE SUBJECT TO RESALE	\$ 4,927,959	