

**VERIZON NORTHWEST INC**  
**SEPARATED RESULTS SUMMARY**  
**STATE OF WASHINGTON - COMBINED**  
**QUARTERLY COMPLIANCE REPORT**  
**TWELVE MONTHS ENDED DECEMBER 2009**  
(Dollars in Thousands)

|                                | BOOKED BASIS       |            |            | ADJUSTED BASIS     |            |            | Composite<br>Bkd Factors |
|--------------------------------|--------------------|------------|------------|--------------------|------------|------------|--------------------------|
|                                | Total<br>Regulated | Interstate | Intrastate | Total<br>Regulated | Interstate | Intrastate |                          |
| <b>OPERATING REVENUES</b>      |                    |            |            |                    |            |            |                          |
| Local Network Service          | 171,358            | 1          | 171,357    | 171,358            | 1          | 171,357    | 100.00%                  |
| Network Access Revenues        | 229,200            | 210,361    | 18,839     | 229,200            | 210,361    | 18,839     | 8.22%                    |
| Long Dist Netwk Revenues       | 15,318             | -          | 15,318     | 15,318             | -          | 15,318     | 100.00%                  |
| Miscellaneous Revenues         | 27,681             | 9,511      | 18,170     | 65,181             | 9,511      | 55,670     | 65.64%                   |
| Uncollectibles                 | (3,931)            | (942)      | (2,989)    | (3,931)            | (942)      | (2,989)    | 76.04%                   |
| Total Operating Revenues       | 439,626            | 218,931    | 220,695    | 477,126            | 218,931    | 258,195    |                          |
| <b>OPERATING EXPENSES</b>      |                    |            |            |                    |            |            |                          |
| Plant Specific Operations      | 66,000             | 16,285     | 49,715     | 59,740             | 14,740     | 45,000     | 75.33%                   |
| Plant Non-Spec Operations      | 38,606             | 13,081     | 25,525     | 35,088             | 11,889     | 23,199     | 66.12%                   |
| Customer Operations            | 48,179             | 10,928     | 37,251     | 44,223             | 10,031     | 34,192     | 77.32%                   |
| Corporate Operations           | 89,751             | 21,199     | 68,552     | 84,768             | 20,022     | 64,746     | 76.38%                   |
| Depreciation & Amort           | 198,532            | 51,945     | 146,587    | 198,532            | 51,945     | 146,587    | 73.84%                   |
| Other Income & Expenses        | (784)              | (201)      | (584)      | (784)              | (201)      | (584)      | 74.49%                   |
| Juris Diff - Depr/IDC          | -                  | -          | -          | -                  | -          | -          | -                        |
| Total Operating Expenses       | 440,284            | 113,237    | 327,046    | 421,567            | 108,426    | 313,140    | 74.28%                   |
| Operating Taxes Other than Inc | 23,097             | 8,679      | 14,418     | 23,097             | 8,679      | 14,418     | 62.42%                   |
| EBIT                           | (23,755)           | 97,015     | (120,769)  | 32,462             | 101,826    | (69,363)   |                          |
| <b>INCOME TAXES</b>            |                    |            |            |                    |            |            |                          |
| State Income Tax               | -                  | -          | -          | -                  | -          | -          | -                        |
| Net Federal Income Tax         | (11,763)           | 33,070     | (44,833)   | 7,913              | 34,754     | (26,841)   |                          |
| Total Income Taxes             | (11,763)           | 33,070     | (44,833)   | 7,913              | 34,754     | (26,841)   |                          |
| <b>NET OPERATING INCOME</b>    | (11,992)           | 63,945     | (75,936)   | 24,549             | 67,072     | (42,522)   |                          |
| <b>INVESTMENT (AVG)</b>        |                    |            |            |                    |            |            |                          |
| Telecomm Plant in Service      | 2,826,373          | 721,624    | 2,104,750  | 2,820,715          | 720,179    | 2,100,537  | 74.47%                   |
| Other Assets (SFAS 87)         | -                  | -          | -          | -                  | -          | -          | -                        |
| Juris Assets-TPIS              | -                  | -          | -          | -                  | -          | -          | -                        |
| Depr & Amort Reserve           | 1,712,506          | 431,466    | 1,281,040  | 1,712,506          | 431,466    | 1,281,040  | 74.80%                   |
| Deferred Income Taxes          | 294,006            | 74,660     | 219,347    | 294,006            | 74,660     | 219,347    | 74.61%                   |
| Net - Pension Plan             | (48,862)           | (11,530)   | (37,332)   | (147,535)          | (34,814)   | (112,721)  | 76.40%                   |
| <b>RATE BASE</b>               | 868,723            | 227,028    | 641,695    | 961,738            | 248,867    | 712,871    | 73.87%                   |
| Rate Base ROR                  | -1.38%             | 28.17%     | -11.83%    | 2.55%              | 26.95%     | -5.96%     |                          |

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TWELVE MONTHS ENDED DECEMBER 2009  
(Dollars in Thousands)**

|                          | TOTAL STATE<br>BOOKED<br>RESULTS | ADJUSTMENTS                  |                        |     |     |     |     |     |     | ADJUSTED<br>TOTAL STATE | ADJUSTED<br>INTRASTATE |          |
|--------------------------|----------------------------------|------------------------------|------------------------|-----|-----|-----|-----|-----|-----|-------------------------|------------------------|----------|
|                          |                                  | (A)<br>Docket #<br>UT-061777 | (B)<br>FAS 106<br>OPEB | (C) | (D) | (E) | (F) | (G) | (H) |                         |                        | (I)      |
| Operating Revenues       | 439,626                          | 37,500                       |                        |     |     |     |     |     |     |                         | 477,126                | 258,195  |
| Operating Expenses/Taxes | 463,381                          |                              | (18,717)               |     |     |     |     |     |     |                         | 444,664                | 327,558  |
| EBIT                     | (23,755)                         | 37,500                       | 18,717                 |     |     |     |     |     |     |                         | 32,462                 | (69,363) |
| Income Taxes             | (11,763)                         | 13,125                       | 6,551                  |     |     |     |     |     |     |                         | 7,913                  | (26,841) |
| Net Operating Income     | (11,992)                         | 24,375                       | 12,166                 |     |     |     |     |     |     |                         | 24,549                 | (42,522) |
| Rate Base                | 868,723                          |                              | 93,015                 |     |     |     |     |     |     |                         | 961,738                | 712,871  |
| Rate of Return           | -1.38%                           |                              |                        |     |     |     |     |     |     |                         | 2.55%                  | -5.96%   |

**Adjustment Footnotes:**

|     | Account(s)                                       |
|-----|--|
| (A) | Order No. 1 in Docket # UT061777<br>5230         |
| (B) | FAS 106 OPEB (Adj from accrual to paygo; Various |
| (C) |  |
| (D) |  |
| (E) |  |
| (F) |  |
| (G) |  |
| (H) |  |
| (I) |  |

VERIZON NORTHWEST INC  
 SEPARATED RESULTS SUMMARY  
 STATE OF WASHINGTON - COMBINED  
 QUARTERLY COMPLIANCE REPORT  
 TWELVE MONTHS ENDED DECEMBER 2009  
 (Dollars in Thousands)

**ADJUSTMENTS - TOTAL STATE**

| <b>TOTAL STATE</b>                | TOTAL           | (A)<br>Docket #<br>UT-061777 | (B) & (E)<br>FAS 106<br>OPEB | (C) | (D) | (E) | (F) | (G) | (H) | (I) |
|-----------------------------------|-----------------|------------------------------|------------------------------|-----|-----|-----|-----|-----|-----|-----|
| <b>OPERATING REVENUES</b>         |                 |                              |                              |     |     |     |     |     |     |     |
| Local Network Service             |                 |                              |                              |     |     |     |     |     |     |     |
| Network Access Revenues           |                 |                              |                              |     |     |     |     |     |     |     |
| Long Dist Ntwk Revenues           |                 |                              |                              |     |     |     |     |     |     |     |
| Miscellaneous Revenues            | 37,500          | 37,500                       |                              |     |     |     |     |     |     |     |
| Uncollectibles                    |                 |                              |                              |     |     |     |     |     |     |     |
| <b>Total Operating Revenues</b>   | <b>37,500</b>   | <b>37,500</b>                |                              |     |     |     |     |     |     |     |
| <b>OPERATING EXPENSES</b>         |                 |                              |                              |     |     |     |     |     |     |     |
| Plant Specific Operations         | (6,260)         |                              | (6,260)                      |     |     |     |     |     |     |     |
| Plant Non-Spec Operations         | (3,518)         |                              | (3,518)                      |     |     |     |     |     |     |     |
| Customer Operations               | (3,956)         |                              | (3,956)                      |     |     |     |     |     |     |     |
| Corporate Operations              | (4,983)         |                              | (4,983)                      |     |     |     |     |     |     |     |
| Depr & Amort                      |                 |                              |                              |     |     |     |     |     |     |     |
| Other Income & Expenses           |                 |                              |                              |     |     |     |     |     |     |     |
| Juris Diff - Depr/IDC             |                 |                              |                              |     |     |     |     |     |     |     |
| <b>Total Operating Expenses</b>   | <b>(18,717)</b> |                              | <b>(18,717)</b>              |     |     |     |     |     |     |     |
| Operating Taxes Other than Income |                 |                              |                              |     |     |     |     |     |     |     |
| EBIT                              | 56,217          | 37,500                       | 18,717                       |     |     |     |     |     |     |     |
| <b>INCOME TAXES</b>               |                 |                              |                              |     |     |     |     |     |     |     |
| State Income Tax                  |                 |                              |                              |     |     |     |     |     |     |     |
| Net Federal Income Tax            | 19,676          | 13,125                       | 6,551                        |     |     |     |     |     |     |     |
| Total Income Taxes                | 19,676          | 13,125                       | 6,551                        |     |     |     |     |     |     |     |
| <b>NET OPERATING INCOME</b>       | <b>36,541</b>   | <b>24,375</b>                | <b>12,166</b>                |     |     |     |     |     |     |     |
| <b>INVESTMENT (AVG)</b>           |                 |                              |                              |     |     |     |     |     |     |     |
| Telecom Plant in Service          | (5,658)         |                              | (5,658)                      |     |     |     |     |     |     |     |
| Prop Held for Future Use          |                 |                              |                              |     |     |     |     |     |     |     |
| Other Assets (SFAS 87)            |                 |                              |                              |     |     |     |     |     |     |     |
| Depr & Amort Reserve              |                 |                              |                              |     |     |     |     |     |     |     |
| Deferred Income Taxes             |                 |                              |                              |     |     |     |     |     |     |     |
| Juris Assets-TPIS                 |                 |                              |                              |     |     |     |     |     |     |     |
| Other LT Liab - SFAS 106, 112     | (98,673)        |                              | (98,673)                     |     |     |     |     |     |     |     |
| <b>RATE BASE</b>                  | <b>93,015</b>   |                              | <b>93,015</b>                |     |     |     |     |     |     |     |

**ADJUSTMENTS - INTRASTATE**

**INTRASTATE**

**OPERATING REVENUES**

Local Network Service  
 Network Access Revenues  
 Long Dist Ntwk Revenues  
 Miscellaneous Revenues  
 Uncollectibles  
  
 Total Operating Revenues

**OPERATING EXPENSES**

Plant Specific Operations  
 Plant Non-Spec Operations  
 Customer Operations  
 Corporate Operations  
 Depr & Amort  
 Other Income & Expenses  
 Juris Diff - Depr/IDC  
  
 Total Operating Expenses  
 Operating Taxes Other than Income  
 EBIT

**INCOME TAXES**

State Income Tax  
 Net Federal Income Tax  
 Total Income Taxes

**NET OPERATING INCOME**

**INVESTMENT (AVG)**

Telecom Plant in Service  
 Prop Held for Future Use  
 Other Assets (SFAS 87)  
 Depr & Amort Reserve  
 Deferred Income Taxes  
 Juris Assets-TPIS  
 Other LT Liab - SFAS 106, 112

RATE BASE

| TOTAL<br>ADJUSTMENTS | (A)<br>Docket #<br>UT-061777 | (B) & (E)<br>FAS 106<br>OPEB | (C) | (D) | (E) | (F) | (G) | (H) | (I) |
|----------------------|------------------------------|------------------------------|-----|-----|-----|-----|-----|-----|-----|
|                      |                              |                              |     |     |     |     |     |     |     |
| 37,500               | 37,500                       |                              |     |     |     |     |     |     |     |
| 37,500               | 37,500                       |                              |     |     |     |     |     |     |     |
| (4,715)              |                              | (4,715)                      |     |     |     |     |     |     |     |
| (2,326)              |                              | (2,326)                      |     |     |     |     |     |     |     |
| (3,059)              |                              | (3,059)                      |     |     |     |     |     |     |     |
| (3,806)              |                              | (3,806)                      |     |     |     |     |     |     |     |
| (13,906)             |                              | (13,906)                     |     |     |     |     |     |     |     |
| 51,406               | 37,500                       | 13,906                       |     |     |     |     |     |     |     |
| 17,992               | 13,125                       | 4,867                        |     |     |     |     |     |     |     |
| 17,992               | 13,125                       | 4,867                        |     |     |     |     |     |     |     |
| 33,414               | 24,375                       | 9,039                        |     |     |     |     |     |     |     |
| (4,213)              |                              | (4,213)                      |     |     |     |     |     |     |     |
| (75,389)             |                              | (75,389)                     |     |     |     |     |     |     |     |
| 71,176               |                              | 71,176                       |     |     |     |     |     |     |     |