

**VERIZON NORTHWEST INC  
SEPARATED RESULTS SUMMARY  
STATE OF WASHINGTON - COMBINED  
QUARTERLY COMPLIANCE REPORT  
TWELVE MONTHS ENDED DECEMBER 2008  
(Dollars in Thousands)**

	BOOKED BASIS			ADJUSTED BASIS			Composite Bkd Factors
	Total Regulated	Interstate	Intrastate	Total Regulated	Interstate	Intrastate	
<b>OPERATING REVENUES</b>							
Local Network Service	196,835	0	196,835	196,835	0	196,835	100.00%
Network Access Revenues	239,822	217,305	22,517	239,822	217,305	22,517	9.39%
Long Dist Netwk Revenues	15,827	195	15,632	15,827	195	15,632	98.77%
Miscellaneous Revenues	29,475	9,174	20,302	66,975	9,174	57,802	68.88%
Uncollectibles	(2,971)	(741)	(2,231)	(2,971)	(741)	(2,231)	75.08%
Total Operating Revenues	478,988	225,933	253,055	516,488	225,933	290,555	
<b>OPERATING EXPENSES</b>							
Plant Specific Operations	56,270	14,139	42,131	52,419	13,172	39,248	74.87%
Plant Non-Spec Operations	40,079	13,981	26,098	37,261	12,998	24,263	65.12%
Customer Operations	54,095	11,690	42,405	50,693	10,955	39,737	78.39%
Corporate Operations	56,208	13,353	42,855	66,356	15,764	50,592	76.24%
Depreciation & Amort	188,849	50,982	137,867	188,849	50,982	137,867	73.00%
Other Income & Expenses	(523)	(134)	(388)	(523)	(134)	(388)	74.31%
Juris Diff - Depr/IDC	0	0	0	0	0	0	0.00%
Total Operating Expenses	394,978	104,011	290,967	395,055	103,736	291,318	73.67%
Operating Taxes Other than Inc	19,740	5,053	14,687	19,740	5,053	14,687	74.40%
EBIT	64,269	116,869	(52,599)	101,693	117,144	(15,451)	
<b>INCOME TAXES</b>							
State Income Tax	0	0	0	0	0	0	
Net Federal Income Tax	14,555	38,846	(24,291)	27,653	38,942	(11,289)	
Total Income Taxes	14,555	38,846	(24,291)	27,653	38,942	(11,289)	
<b>NET OPERATING INCOME</b>	49,714	78,023	(28,308)	74,039	78,202	(4,161)	
<b>INVESTMENT (AVG)</b>							
Telecomm Plant in Service	2,714,249	694,570	2,019,679	2,709,289	693,301	2,015,988	74.41%
Other Assets (SFAS 87)	0	0	0	0	0	0	0.00%
Juris Assets-TPIS	0	0	0	0	0	0	0.00%
Depr & Amort Reserve	1,643,491	418,236	1,225,255	1,643,491	418,236	1,225,255	74.55%
Deferred Income Taxes	190,620	47,562	143,058	190,620	47,562	143,058	75.05%
Net - Pension Plan	(64,644)	(15,445)	(49,199)	(154,341)	(36,876)	(117,465)	76.11%
RATE BASE	944,782	244,217	700,565	1,029,518	264,378	765,140	74.15%
Rate Base ROR	5.26%	31.95%	-4.04%	7.19%	29.58%	-0.54%	

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	TOTAL STATE BOOKED RESULTS	(A) Docket # UT-061777	(B) FAS 106 OPEB	ADJUSTMENTS							(I)	ADJUSTED TOTAL STATE	ADJUSTED INTRASTATE
				(C)	(D)	(E)	(F)	(G)	(H)				
Operating Revenues	478,988	37,500	0	0	0	0	0	0	0	0	516,488	290,555	
Operating Expenses/Taxes	414,719	0	77	0	0	0	0	0	0	0	414,795	306,006	
EBIT	64,269	37,500	(77)	0	0	0	0	0	0	0	101,693	(15,451)	
Income Taxes	14,555	13,125	(27)	0	0	0	0	0	0	0	27,653	(11,289)	
Net Operating Income	49,714	24,375	(50)	0	0	0	0	0	0	0	74,039	(4,161)	
Rate Base	944,782	0	84,737	0	0	0	0	0	0	0	1,029,518	765,140	
Rate of Return	5.26%										7.19%	-0.54%	
<u>Adjustment Footnotes:</u>		<u>Account(s)</u>											
(A)	Order No. 1 in Docket # UT061777	5230											
(B)	FAS 106 OPEB (Adj from accrual to paygo)	Various											
(C)													
(D)													
(E)													
(F)													
(G)													
(H)													
(I)													

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**ADJUSTMENTS - TOTAL STATE**

<b>TOTAL STATE</b>	TOTAL	(A)	(B) & (E)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
ADJUSTMENTS	Docket #	FAS 106	OPEB							
	UT-061777									
<b>OPERATING REVENUES</b>										
Local Network Service	0	0	0	0	0	0	0	0	0	0
Network Access Revenues	0	0	0	0	0	0	0	0	0	0
Long Dist Ntwk Revenues	0	0	0	0	0	0	0	0	0	0
Miscellaneous Revenues	37,500	37,500	0	0	0	0	0	0	0	0
Uncollectibles	0	0	0	0	0	0	0	0	0	0
Total Operating Revenues	37,500	37,500	0	0	0	0	0	0	0	0
<b>OPERATING EXPENSES</b>										
Plant Specific Operations	(3,850)	0	(3,850)	0	0	0	0	0	0	0
Plant Non-Spec Operations	(2,818)	0	(2,818)	0	0	0	0	0	0	0
Customer Operations	(3,402)	0	(3,402)	0	0	0	0	0	0	0
Corporate Operations	10,148	0	10,148	0	0	0	0	0	0	0
Depr & Amort	0	0	0	0	0	0	0	0	0	0
Other Income & Expenses	0	0	0	0	0	0	0	0	0	0
Juris Diff - Depr/IDC	0	0	0	0	0	0	0	0	0	0
Total Operating Expenses	77	0	77	0	0	0	0	0	0	0
Operating Taxes Other than Income	0	0	0	0	0	0	0	0	0	0
EBIT	37,423	37,500	(77)	0	0	0	0	0	0	0
<b>INCOME TAXES</b>										
State Income Tax	0	0	0	0	0	0	0	0	0	0
Net Federal Income Tax	13,098	13,125	(27)	0	0	0	0	0	0	0
Total Income Taxes	13,098	13,125	(27)	0	0	0	0	0	0	0
<b>NET OPERATING INCOME</b>	24,325	24,375	(50)	0	0	0	0	0	0	0
<b>INVESTMENT (AVG)</b>										
Telecom Plant in Service	(4,960)	0	(4,960)	0	0	0	0	0	0	0
Prop Held for Future Use	0	0	0	0	0	0	0	0	0	0
Other Assets (SFAS 87)	0	0	0	0	0	0	0	0	0	0
Depr & Amort Reserve	0	0	0	0	0	0	0	0	0	0
Deferred Income Taxes	0	0	0	0	0	0	0	0	0	0
Juris Assets-TPIS	0	0	0	0	0	0	0	0	0	0
Other LT Liab - SFAS 106, 112	(89,697)	0	(89,697)	0	0	0	0	0	0	0
<b>RATE BASE</b>	84,737	0	84,737	0	0	0	0	0	0	0

