

Verizon Northwest - Washington Operations
Free Cash over Cash Requirements
Test Year Ending September 30, 2003
(Dollars in Thousands)

1	Operating Revenue - Test Year	Ex (NWH-8), Ln 1, Col d	\$	342,470
2	Operating Expenses - Test Year	Ex (NWH-8), Ln 22, Col d		358,286
3	Less: Depreciation	Ex (NWH-8), Ln 16, Col d		(124,692)
4	Cash Expenses	Ln 2 + Ln 3		233,594
5	EBITDA - Test Year	Ln 1 - Ln 4		108,876
6	Fixed Charges	Sch L4, Ln 6, Col h		19,987
	2004 Capital Additions			
7	Total Regulated - WA	Attm 7a to Staff DR 7		112,428
8	% Intrastate to Regulated	Sch S3, Ln 55, Col d		75.5366%
9	Intrastate Capital Adds, 2004	Ln 7 * Ln 8		84,924
10	Non-operating Cash Commitments	Ln 6 + Ln 9		104,911
11	Free Cash Over Cash Requirements	Ln 5 - Ln 10	\$	3,965

Verizon Northwest , Inc.
Interest and Cash Commitment Coverages
(Dollars in Thousands)

	A	B	C	D
	Washington Intrastate Year Ending Sept 30,03 w/o Access Charge Reduction	Washington Intrastate Year Ending Sept 30,03 w. Access Charge Reduction	Washington Operations 2003	Total Company 2003
1 Operating Revenue	\$ 371,689	\$ 342,470	\$ 678,841	\$ 1,158,875
2 Operating Expenses, Excluding Income Taxes	358,286	358,286	618,193	1,021,624
3 Earnings Before Income Taxes (EBIT)	13,403	(15,816)	60,648	137,251
4 Fixed Charges	19,987	19,987	25,100	41,040
5 Earnings Coverage of Interest	0.67	(0.79)	2.42	3.34
6 Depreciation	124,692	124,692	235,212	386,550
7 Cash Expenses	233,594	233,594	382,981	635,074
8 EBITDA	138,095	108,876	295,860	523,801
9 EBITDA Coverage of Interest	6.91	5.45	11.79	12.76
10 Capital Additions (Note 1)	84,924	84,924	97,951	159,250
11 Non-operating Cash Commitments	104,911	104,911	123,051	200,290
12 EBITDA over Cash Commitments	33,184	3,965	172,809	323,511
13 Ratio EBITDA/Cash Commitments	1.32	1.04	2.40	2.62

Sources: Columns A and B - See Exhibit ____ (CWK-4)
Columns C and D: Verizon Northwest 2003 Annual Report to the WUTC

Note 1: For Washington Intrastate, Capital Additions are for the year 2004

Verizon Northwest - Washington Intrastate Operations
Results of Operations with Directory Imputation
(Dollars in Thousands)

1	Operating Revenues w/Access Reduction	(NWH-8), Col d, Ln 8	\$	342,470
2	Imputed Directory Revenues	WP C6.1.3.1		23,499
3	Total Revenues	Ln 1 + Ln 2		365,969
4	Total Operating Expenses	(NWH-8), Col d, Ln 20		358,286
5	Net Operating Income before Taxes	Ln 3- Ln 4		7,683
6	Fixed Charges	Sch L4, Col. d, Ln 6		19,987
7	Earnings Before Income Taxes	Ln 5- Ln 6		(12,304)
	Adjustments to Base:			
8	Prior Depreciation Flowthrough	Sch L4, Col. d, Ln 11		2,472
9	Meals/Entertainment	Sch L4, Col. d, Ln 12		104
10	Pre-tax Income	Ln 7+ Ln 8 + Ln 9		(9,728)
11	Tax Rate	Sch L4, Col. 3, Ln 20		35%
12	Federal Income Tax on Pre-Tax Income	Ln 10 * Ln 11		(3,405)
13	Less Flowback of Excess Deferred Taxes	Sch L4, Col. 3, Ln 25		(398)
14	Federal Income Taxes	Ln 12 - Ln 13		(3,007)
15	Net Operating Income	Ln 5 - Ln 14	\$	10,690
16	Rate Base	(NWH-8), Col d, Ln 36	\$	985,276
17	Return on Rate Base	Ln 15/Ln 16		1.085%