

Exhibit LLS-7

**Switched Access Revenue Reductions
2001 Demand**

**CONFIDENTIAL PER PROTECTIVE ORDER
IN WUTC DOCKET UT-020406**

Exhibit LLS-8

**Switched Access Revenue Reductions
October 2001 — September 2002 Demand**

**CONFIDENTIAL PER PROTECTIVE ORDER
IN WUTC DOCKET UT-020406**

Exhibit LLS-9

**Restatement of Verizon-Northwest's
Washington Earnings Analysis**

VERIZON NORTHWEST INC
RESULTS OF OPERATIONS
STATE OF WASHINGTON
(Dollars in Thousands)

Restatement of Verizon Northwest's Washington Earnings Analysis
with Adjustment to Include Yellow Pages Revenue Imputation
September 2002 YTD Annualized

(a)	(b)	(c1)	(c2)	(c3)	(c)	(d)	(e)	(f)	(g)
Description	Total Regulated Adjusted (NOTE 1)	Out-of-Periods	Restatements	ETI Adjustments	Total	Total Regulated Restated	ETI Intrastate Allocation	ETI Revised Intrastate Restated	Verizon Total Intrastate Restated
OPERATING REVENUES									
Local Network Service	258,776	0	0		0	258,776	100%	258,776	258,776
Network Access Revenues	331,029	0	1,411		1,411	332,440	27%	88,672	88,672
Long Dist Netwk Revenues	24,517	0	0		0	24,517	98%	23,905	23,905
Miscellaneous Revenues	32,031	(466)	0		(466)	31,565	63%	19,987	19,987
Yellow Pages Imputation	0	0	0	34,223	34,223	34,223	100%	34,223	
Uncollectibles	24,424	0	0		0	24,424	45%	11,000	11,000
Total Operating Revenues	621,929	(466)	1,411	34,223	35,168	657,097		414,563	380,340
OPERATING EXPENSES									
Plant Specific Operations	68,425	(2,355)	0		(2,355)	66,070	78%	51,211	51,211
Plant Non-Spec Operations	48,231	(1,906)	0		(1,906)	46,325	75%	34,562	34,562
Customer Operations	64,317	(2,475)	0		(2,475)	61,842	81%	50,182	50,182
Corporate Operations	71,863	8,196	(10,236)		(2,040)	69,823	79%	55,048	55,048
Depreciation & Amort	168,164	0	0		0	168,164	77%	129,324	129,324
Other Income & Expenses	(3)	0	0		0	(3)	0%	-	0
Juris Diff - Depr/IDC	0	0	0		0	0			0
Total Operating Expenses	420,997	1,460	(10,236)	0	(8,776)	412,221		320,326	320,326
Operating Taxes Other than Inc	33,835	0	0	0	0	33,835	71%	24,176	24,176
Earnings Before Income Taxes	167,097	(1,926)	11,647	34,223	43,944	211,041		70,061	35,838
INCOME TAXES									
State Income Tax	0	0	0	0	0	0		0	0
Net Federal Income Tax	50,164	(674)	4,076	11,978	15,380	65,544		20,317	8,339
Total Income Taxes	50,164	(674)	4,076	11,978	15,380	65,544		20,317	8,339
NET OPERATING INCOME	116,933	(1,252)	7,571	22,245	28,564	145,497		49,744	27,499
INVESTMENT (AVG)									
Telecomm Plant in Service	2,453,923	(2,099)	0		(2,099)	2,451,824	77%	1,887,608	1,887,608
Other Assets (SFAS 87)	158,810	0	0		0	158,810	79%	125,307	125,307
Juris Assets-TPIS	0	0	0		0	0		-	0
Depr & Amort Reserve	965,467	0	0		0	965,467	77%	744,987	744,987
Deferred Income Taxes	347,162	0	0		0	347,162	78%	272,485	272,485
Other LT Liab - SFAS 106,112	36,011	(2,785)	0		(2,785)	33,226	79%	26,252	26,252
RATE BASE	1,264,093	686	0	0	686	1,264,779		969,191	969,191
Rate Base ROR	9.25%					11.50%		5.13%	2.84%

VERIZON NORTHWEST INC
RESULTS OF OPERATIONS
STATE OF WASHINGTON
(Dollars in Thousands)

Restatement of Verizon Northwest's Washington Earnings Analysis
with Adjustment to Capture Value of Toll Services Joint Marketing
September 2002 YTD Annualized

(a)	(b)	(c1)	(c2)	(c3)	(c)	(d)	(e)	(f)	(g)
Description	Total Regulated Adjusted (NOTE 1)	Out-of-Periods	Restatements	ETI Adjustments	Total	Total Regulated Restated	ETI Intrastate Allocation	ETI Revised Intrastate Restated	Verizon Total Intrastate Restated
OPERATING REVENUES									
Local Network Service	258,776	0	0		0	258,776	100%	258,776	258,776
Network Access Revenues	331,029	0	1,411		1,411	332,440	27%	88,672	88,672
Long Dist Netwk Revenues	24,517	0	0		0	24,517	98%	23,905	23,905
Miscellaneous Revenues	32,031	(466)	0	26,017	25,551	57,582	80%	46,004	19,987
Yellow Pages Imputation	0	0	0		0			-	
Uncollectibles	24,424	0	0		0	24,424	45%	11,000	11,000
Total Operating Revenues	621,929	(466)	1,411	26,017	26,962	648,891		406,357	380,340
OPERATING EXPENSES									
Plant Specific Operations	68,425	(2,355)	0		(2,355)	66,070	78%	51,211	51,211
Plant Non-Spec Operations	48,231	(1,906)	0		(1,906)	46,325	75%	34,562	34,562
Customer Operations	64,317	(2,475)	0		(2,475)	61,842	81%	50,182	50,182
Corporate Operations	71,863	8,196	(10,236)		(2,040)	69,823	79%	55,048	55,048
Depreciation & Amort	168,164	0	0		0	168,164	77%	129,324	129,324
Other Income & Expenses	(3)	0	0		0	(3)	0%	-	0
Juris Diff - Depr/IDC	0	0	0		0	0		0	0
Total Operating Expenses	420,997	1,460	(10,236)	0	(8,776)	412,221		320,326	320,326
Operating Taxes Other than Inc	33,835	0	0		0	33,835	71%	24,176	24,176
Earnings Before Income Taxes	167,097	(1,926)	11,647	26,017	35,738	202,835		61,855	35,838
INCOME TAXES									
State Income Tax	0	0	0	0	0	0		0	0
Net Federal Income Tax	50,164	(674)	4,076	9,106	12,508	62,672		17,445	8,339
Total Income Taxes	50,164	(674)	4,076	9,106	12,508	62,672		17,445	8,339
NET OPERATING INCOME	116,933	(1,252)	7,571	16,911	23,230	140,163		44,410	27,499
INVESTMENT (AVG)									
Telecomm Plant in Service	2,453,923	(2,099)	0		(2,099)	2,451,824	77%	1,887,608	1,887,608
Other Assets (SFAS 87)	158,810	0	0		0	158,810	79%	125,307	125,307
Juris Assets-TPIS	0	0	0		0	0		-	0
Depr & Amort Reserve	965,467	0	0		0	965,467	77%	744,987	744,987
Deferred Income Taxes	347,162	0	0		0	347,162	78%	272,485	272,485
Other LT Liab - SFAS 106,112	36,011	(2,785)	0		(2,785)	33,226	79%	26,252	26,252
RATE BASE	1,264,093	686	0	0	686	1,264,779		969,191	969,191
Rate Base ROR	9.25%					11.08%		4.58%	2.84%

VERIZON NORTHWEST INC
RESULTS OF OPERATIONS
STATE OF WASHINGTON
(Dollars in Thousands)

Restatement of Verizon Northwest's Washington Earnings Analysis
With Rate Base Adjustment per BPR Audit Findings
September 2002 YTD Annualized

(a)	(b)	(c1)	(c2)	(c3)	(c)	(d)	(e)	(f)	(g)
Description	Total Regulated Adjusted (NOTE 1)	Out-of-Periods	Restatements	ETI Adjustments	Total	Total Regulated Restated	ETI Intrastate Allocation	ETI Revised Intrastate Restated	Verizon Total Intrastate Restated
OPERATING REVENUES									
Local Network Service	258,776	0	0		0	258,776	100%	258,776	258,776
Network Access Revenues	331,029	0	1,411		1,411	332,440	27%	88,672	88,672
Long Dist Netwk Revenues	24,517	0	0		0	24,517	98%	23,905	23,905
Miscellaneous Revenues	32,031	(466)	0		(466)	31,565	63%	19,987	19,987
Yellow Pages Imputation	0	0	0		0			-	
Uncollectibles	24,424	0	0		0	24,424	45%	11,000	11,000
Total Operating Revenues	621,929	(466)	1,411	0	945	622,874		380,340	380,340
OPERATING EXPENSES									
Plant Specific Operations	68,425	(2,355)	0		(2,355)	66,070	78%	51,211	51,211
Plant Non-Spec Operations	48,231	(1,906)	0		(1,906)	46,325	75%	34,562	34,562
Customer Operations	64,317	(2,475)	0		(2,475)	61,842	81%	50,182	50,182
Corporate Operations	71,863	8,196	(10,236)		(2,040)	69,823	79%	55,048	55,048
Depreciation & Amort	168,164	0	0		0	168,164	77%	129,324	129,324
Other Income & Expenses	(3)	0	0		0	(3)	0%	-	0
Juris Diff - Depr/IDC	0	0	0		0	0		0	0
Total Operating Expenses	420,997	1,460	(10,236)	0	(8,776)	412,221		320,326	320,326
Operating Taxes Other than Inc	33,835	0	0		0	33,835	71%	24,176	24,176
Earnings Before Income Taxes	167,097	(1,926)	11,647	0	9,721	176,818		35,838	35,838
INCOME TAXES									
State Income Tax	0	0	0	0	0	0		0	0
Net Federal Income Tax	50,164	(674)	4,076	0	3,402	53,566		8,339	8,339
Total Income Taxes	50,164	(674)	4,076	0	3,402	53,566		8,339	8,339
NET OPERATING INCOME	116,933	(1,252)	7,571	0	6,319	123,252		27,499	27,499
INVESTMENT (AVG)									
Telecomm Plant in Service	2,453,923	(2,099)	0	(505,427)	(507,526)	1,946,397	77%	1,498,490	1,887,608
Other Assets (SFAS 87)	158,810	0	0	0	0	158,810	79%	125,307	125,307
Juris Assets-TPIS	0	0	0	0	0	0		-	0
Depr & Amort Reserve	965,467	0	0	(198,854)	(198,854)	766,613	77%	591,544	744,987
Deferred Income Taxes	347,162	0	0	0	0	347,162	78%	272,485	272,485
Other LT Liab - SFAS 106,112	36,011	(2,785)	0	0	(2,785)	33,226	79%	26,252	26,252
RATE BASE	1,264,093	686	0	(306,573)	(305,887)	958,206		733,516	969,191
Rate Base ROR	9.25%					12.86%		3.75%	2.84%

VERIZON NORTHWEST INC
RESULTS OF OPERATIONS
STATE OF WASHINGTON
(Dollars in Thousands)

Restatement of Verizon Northwest's Washington Earnings Analysis
With ETI Combined Adjustments
September 2002 YTD Annualized

(a)	(b)	(c1)	(c2)	(c3)	(c)	(d)	(e)	(f)	(g)
Description	Total Regulated Adjusted (NOTE 1)	Out-of-Periods	Restatements	ETI Adjustments	Total	Total Regulated Restated	ETI Intrastate Allocation	ETI Revised Intrastate Restated	Verizon Total Intrastate Restated
OPERATING REVENUES									
Local Network Service	258,776	0	0		0	258,776	100%	258,776	258,776
Network Access Revenues	331,029	0	1,411		1,411	332,440	27%	88,672	88,672
Long Dist Netwk Revenues	24,517	0	0		0	24,517	98%	23,905	23,905
Miscellaneous Revenues	32,031	(466)	0	26,017	25,551	57,582	80%	46,004	19,987
Yellow Pages Imputation	0	0	0	34,223	34,223	34,223	100%	34,223	
Uncollectibles	24,424	0	0		0	24,424	45%	11,000	11,000
Total Operating Revenues	621,929	(466)	1,411	60,240	61,185	683,114		440,580	380,340
OPERATING EXPENSES									
Plant Specific Operations	68,425	(2,355)	0		(2,355)	66,070	78%	51,211	51,211
Plant Non-Spec Operations	48,231	(1,906)	0		(1,906)	46,325	75%	34,562	34,562
Customer Operations	64,317	(2,475)	0		(2,475)	61,842	81%	50,182	50,182
Corporate Operations	71,863	8,196	(10,236)		(2,040)	69,823	79%	55,048	55,048
Depreciation & Amort	168,164	0	0		0	168,164	77%	129,324	129,324
Other Income & Expenses	(3)	0	0		0	(3)	0%	-	0
Juris Diff - Depr/IDC	0	0	0		0	0			0
Total Operating Expenses	420,997	1,460	(10,236)	0	(8,776)	412,221		320,326	320,326
Operating Taxes Other than Inc	33,835	0	0		0	33,835	71%	24,176	24,176
Earnings Before Income Taxes	167,097	(1,926)	11,647	60,240	69,961	237,058		96,078	35,838
INCOME TAXES									
State Income Tax	0	0	0	0	0	0		0	0
Net Federal Income Tax	50,164	(674)	4,076	21,084	24,486	74,650		29,423	8,339
Total Income Taxes	50,164	(674)	4,076	21,084	24,486	74,650		29,423	8,339
NET OPERATING INCOME	116,933	(1,252)	7,571	39,156	45,475	162,408		66,655	27,499
INVESTMENT (AVG)									
Telecomm Plant in Service	2,453,923	(2,099)	0	(505,427)	(507,526)	1,946,397	77%	1,498,490	1,887,608
Other Assets (SFAS 87)	158,810	0	0		0	158,810	79%	125,307	125,307
Juris Assets-TPIS	0	0	0		0	0		-	0
Depr & Amort Reserve	965,467	0	0	(198,854)	(198,854)	766,613	77%	591,544	744,987
Deferred Income Taxes	347,162	0	0		0	347,162	78%	272,485	272,485
Other LT Liab - SFAS 106,112	36,011	(2,785)	0		(2,785)	33,226	79%	26,252	26,252
RATE BASE	1,264,093	686	0	(306,573)	(305,887)	958,206		733,516	969,191
Rate Base ROR	9.25%					16.95%		9.09%	2.84%

Exhibit LLS-10

**Executive Summary of the Joint Audit Report on
The Basic Property Records of
GTE Corporations' Telephone Operating Companies
December 1997**

ARKANSAS PUBLIC SERVICE COMMISSION GENERAL STAFF
FEDERAL COMMUNICATIONS COMMISSION
MISSOURI PUBLIC SERVICE COMMISSION GENERAL STAFF
NEBRASKA PUBLIC SERVICE COMMISSION
OHIO PUBLIC UTILITY COMMISSION
PENNSYLVANIA PUBLIC UTILITY COMMISSION

EXECUTIVE SUMMARY

OF THE

JOINT AUDIT REPORT ON
THE BASIC PROPERTY RECORDS OF
GTE CORPORATION'S
TELEPHONE OPERATING COMPANIES

DECEMBER 1997

EXECUTIVE SUMMARY

Report Responsibility

This report is the product of a joint audit team comprised of auditors from regulatory commissions of the States of Arkansas, Missouri, Nebraska, Ohio, and Pennsylvania, and auditors from the FCC. The opinions, conclusions, and recommendations stated in this report are those of either the audit team or individuals who comprise the audit team. The statements contained herein are not necessarily the opinions, conclusions, and recommendations of the individual regulatory commissions whose auditors participated in the audit. This report has not been presented to the individual regulatory commissions for adoption of content. Authorization for the auditors to participate in the joint audit and authorization for publication of this report do not constitute an express or implied decision by the individual regulatory commissions on any of the matters or issues addressed by the audit or raised by this report. Among other things, this report does not constitute a regulatory commission ratemaking determination or a regulatory commission finding of non-compliance with statute or rules and regulations. However, a regulatory commission may choose to use this report to evaluate the GTOCs' compliance with the requirements of Part 32 and to identify areas where additional audit work and further action may be needed.

Introduction

In November 1994 the National Association of Regulatory Utility Commissioners (NARUC) passed a resolution calling for joint Federal-State audits of the GTE Corporation's Telephone Operating Companies (GTOCs). The FCC invited the 28 state regulatory commissions in which the GTOCs operate to join its audit of the basic property records (BPR) of GTE California, GTE Hawaii and GTE Texas. Five state regulatory commissions agreed to join in the audit: Arkansas, Missouri, Nebraska, Ohio, and Pennsylvania.

The primary objective of this joint Federal-State audit was to determine whether the GTOCs maintained their BPR in compliance with Part 32.¹ To evaluate the GTOCs' conformity to the requirements of Part 32, the audit involved two phases: (1) physical verification of the plant investment recorded in the BPR, and (2) evaluation of the accuracy of the 1994 plant investment additions, retirements, and transfers.

The audit consisted of reviewing, documenting, and testing accounting information and procedures utilized by the GTOCs to maintain their BPR. The audit team limited its review to the three plant accounts that contained the largest investment in the GTOCs' telephone plant in 1994. They were Account 2212, Digital Switching Equipment; Account 2232, Circuit Equipment; and Account 2423, Buried Cable.²

The joint audit team performed a physical verification of selected telephone plant in eight states. The auditors also compared financial and property records to determine whether they were equal in the aggregate. Finally, the team reviewed the GTOCs' BPR procedures for recording additions, retirements, and transfers for accuracy and internal controls contained therein.

¹ 47 C.F.R. Part 32, Uniform System of Accounts for Telecommunications Companies

² Account 2422, underground cable, was reviewed in California instead of Account 2423 because underground cable contained more investment in California than buried cable. All future references to Account 2423 will encompass this difference.

GTE is in the process of bar coding its central office assets. The process consists of two major steps. First, a physical inventory is performed, and a bar code is affixed to each asset. Second, the BPR are reconciled to the physical inventory, the bar codes are recorded on the BPR, and any necessary adjustments are made to the BPR. For example, according to GTE, the GTE California Inc. BPR were reduced by \$289.5 million as a result of the bar coding process.

During the period the audit field work was performed, the bar coding project was in the early stages. Only twenty-two of the fifty-two central offices reviewed by the auditors had bar codes affixed to each asset. Moreover, only five of the fifty-two BPR listings provided by GTE for physical verification of the central office assets listed bar codes for the assets.

Verification of Physical Assets

The objective of the physical verification phase of the audit was to confirm the physical existence of selected assets listed in the GTOCs' BPR. To verify selected assets, the auditors chose assets listed in the BPR and reviewed all data concerning these assets to determine whether the BPR contained sufficient information to comply with Part 32 which requires a specific description and location for each asset, so it can be readily spot-checked for proof of physical existence.³ GTE recorded the location of its central office assets in its BPR by assigning each asset a bay, shelf and position address within each central office. GTE's method of identifying asset location was used by the auditors to evaluate GTE's BPR procedures. To be designated as verifiable, the BPR had to contain an accurate description, location, placement date, and cost of the asset. If any of these elements necessary to locate a specific asset were inaccurate or missing, the asset was designated as non-compliant and unverifiable. If the asset could not be located in the field, it was designated as missing.

The audit team could not verify assets that did not have an accurate description and location. For example, if a central office asset was located in the correct bay, shelf, and position but bore an incorrect part number, it was designated as non-compliant and unverifiable. This designation was given because the team did not have the ability to verify whether a former part had been retired and replaced with a new part or simply relocated within the central office. Likewise, if an asset was not located in the bay, shelf, and position designated in the BPR, it was noted as non-compliant and unverifiable because the asset could not be located with certainty.

The audit team defined "description" as (1) an accurate part number in the column headed "part number" and (2) a brief, accurate, and readily understandable description of the asset. For central office assets, the audit team's standard for location was an accurate bay, shelf, and position number for each selected asset within a specific central office. For outside plant (OSP) assets, the audit team defined location as an accurate map depicting the actual location and type of facilities within a specific exchange area. Details of construction were not tested in this sample. The year of placement and original cost could not be confirmed directly through physical inspection. Records with a placement year designation and accompanying cost were deemed to be compliant.

In the physical verification phase of the audit, 2,286 items were reviewed. Based upon book values, 21.7% of the sampled items was missing and another 14.6% was unverifiable. Thus, 36.3% of the book value was questionable. Of the 2,286 line items included in the physical verification phase of the audit, 693 (30.3%) of the line items were out of compliance with the requirements of Part 32.

³ 47 C.F.R. § 32.2000(f)(5)

Evaluation of BPR Procedures

The audit team performed a review of the GTOCs' BPR procedures, as well as a review of the internal controls embedded in those procedures, to determine whether they were adequate to ensure conformance with Part 32. We concluded that the procedures were written to adequately ensure conformance with Part 32. However, these procedures were not always followed. For instance, 43 of the sample items, valued at \$363,637, that were designated as missing had been retired from service but were still listed in the BPR and, presumably, were still on the books of account.

Verification of Plant Additions, Retirements, and Transfers

The joint audit team sampled plant additions, retirements, and transfers reported in the GTOCs' December, 1994 ARMIS⁴ 43-02 Reports to determine whether the 1994 transactions were accurately booked. The audit team attempted to trace a sample of each type of transaction from open work orders to source documents that supported the costs reported in the BPR.

The auditors selected plant addition work order line items representing direct labor, labor overheads, direct materials issued from inventory, materials purchased from outside vendors, and material overheads. Audit team members also reviewed retirement work order line items and transfer work order line items. Supporting documents reviewed by the audit team included time sheets, hourly wage schedules, purchase orders, payment authorization forms, invoices, vouchers, canceled checks, retirement detail listings, and other accounting records.

The joint audit team reviewed 124 plant additions, 44 retirements, and 67 transfers valued at \$2,765,554, \$1,471,406, and \$3,179,825, respectively.

Summary of Findings

The joint Federal-State audit of the GTOCs' BPR produced two major findings. First, the review of sample items from the three accounts showed that 21.7 percent of the investment was missing and another 14.6 percent of the investment was unverifiable. Second, the auditors were unable to trace the costs of retirements from the open work order detail to placing work order costs. If the problems identified in the sample persist throughout the GTOCs' BPR, significant action should be taken by GTE to bring its BPR into compliance with Part 32.

We acknowledge that GTE is taking steps that may lead to a more full compliance with the regulatory commissions' recordkeeping requirements.

⁴ Automated Reporting Management Information System (ARMIS)

Exhibit LLS-11

**Impact of ETI Adjustments on Verizon-Northwest's
Washington Earnings Analysis**

**Summary of Effect of ETI Adjustments
Upon Verizon Northwest's Washington Earnings Analysis
(Dollars in Thousands)**

	(a)	(b)	(c)	(d)	(e)
Description	2000 Intrastate Restated	2001 Intrastate Restated	Verizon Sept. 2002 YTD Annualized Intrastate	ETI Adjusted 2002 Annualized Intrastate	
1 Rate Base	933,733	965,116	969,191	733,516	
2					
3 Authorized Rate of Return	9.760%	9.760%	9.760%	9.760%	
4					
5 Required Net Operating Income	91,132	94,195	94,593	71,591	
6					
7 Net Operating Income	52,214	53,038	27,500	66,655	
8					
9 Net Operating Deficiency	(38,919)	(41,157)	(67,093)	(4,936)	
10					
11 Net-To Gross Multiplier	1.564568	1.564568	1.564568	1.564568	
12					
13 Revenue (Requirement)/Excess	(60,891)	(64,393)	(104,972)	(7,723)	
14					
15 Increase in Net Income (col. e line 7 minus col. d line 7)				39,155	
16					
17 Reduction in revenue reqm't (col. d line 5 minus col. e line 5)				23,002	
18					
19 Reduction in alleged earnings shortfall (col. d line 13 minus col. e line 13)				(97,249)	

Exhibit LLS-12

**Restatement of Verizon-Northwest's
Washington Earnings Analysis
Reflecting ETI Adjustments and \$44-Million
Reduction to Switched Access Revenues**

VERIZON NORTHWEST INC
RESULTS OF OPERATIONS
STATE OF WASHINGTON
(Dollars in Thousands)

Restatement of Verizon's Earnings Analysis
With ETI Combined Adjustments and \$44-million Reduction to Switched Access Revenues
September 2002 YTD Annualized

(a)	(b)	(c1)	(c2)	(c3)	(c)	(d)	(e)	(f)	(g)
Description	Total Regulated Adjusted (NOTE 1)	Out-of-Periods	Restatements	ETI Adjustments	Total	Total Regulated Restated	ETI Intrastate Allocation	ETI Revised Intrastate Restated	Verizon Total Intrastate Restated
OPERATING REVENUES									
Local Network Service	258,776	0	0		0	258,776	100%	258,776	258,776
Network Access Revenues	287,029	0	1,411		1,411	288,440	27%	76,936	88,672
Long Dist Netwk Revenues	24,517	0	0		0	24,517	98%	23,905	23,905
Miscellaneous Revenues	32,031	(466)	0	26,017	25,551	57,582	80%	46,004	19,987
Yellow Pages Imputation	0	0	0	34,223				34,223	
Uncollectibles	24,424	0	0		0	24,424	45%	11,000	11,000
Total Operating Revenues	577,929	(466)	1,411	60,240	26,962	604,891		428,844	380,340
OPERATING EXPENSES									
Plant Specific Operations	68,425	(2,355)	0		(2,355)	66,070	78%	51,211	51,211
Plant Non-Spec Operations	48,231	(1,906)	0		(1,906)	46,325	75%	34,562	34,562
Customer Operations	64,317	(2,475)	0		(2,475)	61,842	81%	50,182	50,182
Corporate Operations	71,863	8,196	(10,236)		(2,040)	69,823	79%	55,048	55,048
Depreciation & Amort	168,164	0	0		0	168,164	77%	129,324	129,324
Other Income & Expenses	(3)	0	0		0	(3)	0%	-	0
Juris Diff - Depr/IDC	0	0	0		0	0			0
Total Operating Expenses	420,997	1,460	(10,236)	0	(8,776)	412,221		320,326	320,326
Operating Taxes Other than Inc	33,835	0	0		0	33,835	71%	24,176	24,176
Earnings Before Income Taxes	123,097	(1,926)	11,647	60,240	35,738	158,835		84,342	35,838
INCOME TAXES									
State Income Tax	0	0	0	0	0	0		0	0
Net Federal Income Tax	36,955	(674)	4,076	21,084	24,486	61,441		29,423	8,339
Total Income Taxes	36,955	(674)	4,076	21,084	24,486	61,441		29,423	8,339
NET OPERATING INCOME	86,142	(1,252)	7,571	39,156	11,252	97,394		54,919	27,499
INVESTMENT (AVG)									
Telecomm Plant in Service	2,453,923	(2,099)	0	(505,427)	(507,526)	1,946,397	77%	1,498,490	1,887,608
Other Assets (SFAS 87)	158,810	0	0		0	158,810	79%	125,307	125,307
Juris Assets-TPIS	0	0	0		0	0		-	0
Depr & Amort Reserve	965,467	0	0	(198,854)	(198,854)	766,613	77%	591,544	744,987
Deferred Income Taxes	347,162	0	0		0	347,162	78%	272,485	272,485
Other LT Liab - SFAS 106,112	36,011	(2,785)	0		(2,785)	33,226	79%	26,252	26,252
RATE BASE	1,264,093	686	0	(306,573)	(305,887)	958,206		733,516	969,191
Rate Base ROR	6.81%					10.16%		7.49%	2.84%