

Verizon Northwest Inc. - Washington Operations
 Request for Interim Rate Relief
 Verizon Northwest 2003 Financial Results
 January to December 2003
 (Dollars in Thousands)

Exhibit No. (NWH-10)
 Interim Rate Relief Filing
 Docket No. UT-040788
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	(A)	(B)	(C)	(D=C/A)
SEC Basis	Revenue	Expense	Net Operating Income	Operating Margin
Washington	678,809	605,687	73,122	11%
Other Jurisdictions	484,461	397,043	87,418	18%
Total VZ Northwest (note 1)	1,163,270	1,002,730	160,540	14%

<u>Washington</u>				
Others	312,816	211,066	101,750	33%
Intrastate Regulated	365,569	394,198	(28,629)	-8%
Total Washington (note 2)	678,385	605,264	73,122	11%

Note 1: Revenues gross of Uncollectibles

Note 2: Revenues net of Uncollectibles

Verizon Northwest Inc. - Washington Operations
Request for Interim Rate Relief
Intrastate Results of Operations
Test Year
(Dollars in Thousands)

Exhibit No. (NWH-11)
Interim Rate Relief Filing
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(a)	(b)	(c)	(d)	(e)
	12 MTD Sep-03 Intrastate Booked	Restating Adjustments	Access Reduction	12 MTD Sep-03 w/Access Reduction
1 Operating Revenues:				
2 Local Network Service	260,882	1,982		262,864
3 Network Access Revenues	78,092	(581)	(29,700)	47,811
4 Long Dist Netwk Revenues	21,863	0		21,863
5 Miscellaneous Revenues	17,587	351		17,938
6 Uncollectibles	(8,487)	0	481	(8,005)
7				
8 Total Operating Revenue	369,937	1,752	(29,219)	342,471
9				
10 Operating Expenses:				
11 Plant Specific Operations	56,503	(1,492)		55,011
12 Plant Non-Spec Operations	20,224	3,079		23,303
13 Access	(487)	6,716		6,229
14 Customer Operations	53,572	(1,980)		51,592
15 Corporate Operations	79,040	1,418		80,458
16 Depreciation	124,692	0		124,692
17 Other Income & Expenses	(172)	0		(172)
18 Taxes Other Than Income Taxes	16,167	1,007		17,174
19				
20 Total Operating Expenses	349,539	8,748	0	358,287
21				
22 Earnings Before Interest and Taxes (EBIT)	20,398	(6,996)	(29,219)	(15,816)
23				
24 Federal Income Tax	1,443	(2,449)	(10,227)	(11,232)
25				
26 Net Operating Income	18,955	(4,547)	(18,992)	(4,584)
27				
28 Rate Base (Average):				
29 Telecomm Plant in Service	1,858,467	(2,123)	0	1,856,344
30 Other Assets (SFAS 87)	134,136	1,292	0	135,428
31 Investor Supplied Working Capital	0	0	0	0
32 Depr & Amort Reserve	756,207	0	0	756,207
33 Deferred Income Taxes	272,387	(35,223)	0	237,164
34 Other LT Liab	31,114	(17,990)	0	13,124
35				
36 Total Rate Base	932,895	52,382	0	985,277
37				
38 Return on Rate Base (ROR)	2.03%			-0.47%

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Intrastate Results of Operations
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	(a)	(b)	(c)
	Description	12 MTD Sep-03 Intrastate Booked	12 MTD Sep-03 w/Access Reduction
1	Rate Base	932,895	985,277
2			
3	Authorized Required Rate of Return	9.760%	9.760%
4			
5	Required Net Operating Income	91,051	96,163
6			
7	Net Operating Income	18,955	(4,584)
8			
9	Net Operating Income Deficiency	(72,095)	(100,747)
10			
11	Net-To Gross Multiplier	1.574426	1.574426
12			
13	Revenue Requirement (Deficiency)/Excess	(113,508)	(158,619)

Verizon Northwest Inc. - Washington Operations
Request for Interim Rate Relief
Intrastate Results of Operations 1999 through Test Year
(Dollars in Thousands)

Exhibit No. (NWH-12)
Interim Rate Relief Filing
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(a)	(b) (c) (d) (e) (f)					(g)	(h)	(i)	(j)
	1999 Intrastate Restated	2000 Intrastate Restated	2001 Intrastate Restated	2002 Intrastate Restated	Test Year Intrastate Restated	Note 1999 to 2000	Note 2000 to 2001	Note 2001 to 2002	Note 2002 to Test Year
1 Operating Revenues:									
2 Local Network Service	277,146	270,875	271,795	262,483	262,864		1	1	1
3 Network Access Revenues	111,692	108,974	91,670	88,957	77,511	2	2	2	2
4 Long Dist Netwk Revenues	27,237	27,171	26,763	23,430	21,863			3	3
5 Miscellaneous Revenues	48,273	11,559	21,927	18,810	17,938	4	4a		
6 Uncollectibles	(6,538)	(5,695)	(6,908)	(13,443)	(8,487)			5	
7									
8 Total Operating Revenue	457,810	412,884	405,247	380,237	371,689				
9									
10 Operating Expenses:									
11 Plant Specific Operations	49,948	49,361	47,627	51,011	55,011				6
12 Plant Non-Spec Operations	18,336	21,861	20,098	19,333	23,303				
13 Access	17,677	25,702	12,383	7,283	6,229			7	
14 Customer Operations	47,733	60,436	53,239	48,961	51,592	10			
15 Corporate Operations (reflect PAYGO)	42,849	52,227	52,855	69,615	80,458	8	8	11	12
16 Operating Exp before Depr & Taxes	176,543	209,587	186,202	196,204	216,593	9	9	9	
17									
18 Depreciation	100,904	121,371	121,170	125,953	124,692	13		17	
19 Other Income & Expenses	(733)	(3)	10	(158)	(172)				
20 Taxes Other Than Income Taxes	21,868	24,829	21,605	19,867	17,174				
21									
22 Total Operating Exp after Depr & Taxes	298,582	355,784	328,987	341,866	358,286				
23									
24 Earnings Before Interest and Taxes (EBIT)	159,228	57,100	76,260	38,371	13,402				
25									
26 Federal Income Tax	47,079	11,708	26,691	13,430	(1,005)				
27									
28 Net Operating Income	112,149	45,392	49,569	24,941	14,407				
29									
30 Rate Base (Average):									
31 Telecomm Plant in Service	1,680,806	1,750,099	1,788,197	1,856,944	1,856,344	15			
32 Other Assets (SFAS 87)	45,886	71,932	120,290	131,380	135,428	16	16	16	16
33 Depr & Amort Reserve	719,898	781,152	693,128	734,283	756,207		14		
34 Deferred Income Taxes	182,591	197,288	261,345	270,967	237,164		14		
35 Oth Juris Liab and Def Credits	(85,759)	(91,551)	0	0	0		14		
36 Other LT Liab	12,586	9,625	7,847	15,312	13,124				
37									
38 Total Rate Base	897,376	925,517	946,167	967,762	985,276				
39									
40 Return on Rate Base (ROR)	12.50%	4.90%	5.24%	2.58%	1.46%				

41
42 Source: 4Q99 4Q00 WP WP WP
43 Surveillance Surveillance Schedule C2 Schedule C2 Schedule C2

44 Note:
45 1 Access line loss (-2.19% in 2001, -2.35% in 2002, -2.94% in Test Year) and merger rate reductions of \$3.8M in 2000 and \$12M in 2001
46 2 Minutes of Use decline (-3.11% in 2000, -15.59% in 2001, -11.32% in 2002, -15.65% in Test Year) and merger rate reductions of \$4.7M in 2000,
47 \$4.8M in 2001 and \$3.5M in 2002.
48 3 Toll erosion and merger rate reductions of \$.2M in 2000 and \$1M in 2001
49 4 Change in directory contract in 2000
50 4a Growth in collocation revenue in 2001
51 5 Uncollectible accruals for carriers bankruptcies in 2002
52 6 Increase circuit equipment expense associated with gross additions. Increase computer services expense
53 7 Decrease interconnection expense
54 8 Increase net cost of \$8.3M associated with merger in 2000; decrease net merger cost of \$2.8M in 2001
55 9 Reflects incremental merger savings year over year of \$1.3M in 2000, \$3.1M in 2001, and \$4.2M in 2002
56 10 Higher customer operating expense (\$8M)
57 11 Depreciation expense of \$10.5M previously booked in other accounts; increase of \$4.6M in pension
58 expense, partially offset by decrease merger costs of \$2.6M
59 12 Increase of \$10M in employee separation; higher insurance cost of \$1.6M, partially offset by decrease
60 merger cost of \$4.2M
61 13 Depreciation award (\$16M)
62 14 Reporting change for Other Jurisdictional Liabilities and Deferred Credits; no net impact on rate base
63 15 Gross additions
64 16 Effect of pension credit
65 17 Increase in growth adds offset by decrease of \$10.5M (see Note 11)