

**Verizon Northwest - Washington Intrastate Operations
Results of Operations with Directory Imputation**

(Dollars in Thousands)

		Original	Revised	
1	Operating Revenues w/Access Reduction (NWH-8), Col d, Ln 8	\$ 342,470	\$ 342,470	
2	Imputed Directory Revenues WP C6.1.3.1	23,499	<u>\$ 29,241</u>	Ex. PMS-2, p. 1, l.8, col.i
3	Total Revenues Ln 1 + Ln 2	365,969	<u>\$ 371,711</u>	
4	Total Operating Expenses (NWH-8), Col d, Ln 20	358,286	\$ 358,286	
5	Net Operating Income before Taxes Ln 3- Ln 4	7,683	<u>\$ 13,425</u>	
6	Fixed Charges Sch L4, Col. d, Ln 6	19,987	\$ 19,987	
7	Earnings Before Income Taxes Ln 5- Ln 6	(12,304)	<u>\$ (6,562)</u>	
	Adjustments to Base:			
8	Prior Depreciation Flowthrough Sch L4, Col. d, Ln 11	2,472	\$ 2,472	
9	Meals/Entertainment Sch L4, Col. d, Ln 12	104	\$ 104	
10	Pre-tax Income Ln 7+ Ln 8 + Ln 9	(9,728)	<u>\$ (3,986)</u>	
11	Tax Rate Sch L4, Col. 3, Ln 20	35%	35%	
12	Federal Income Tax on Pre-Tax Income Ln 10 * Ln 11	(3,405)	<u>\$ (1,395)</u>	
13	Less Flowback of Excess Deferred Taxes Sch L4, Col. 3, Ln 25	(398)	\$ (398)	
14	Federal Income Taxes Ln 12 - Ln 13	(3,007)	<u>\$ (997)</u>	
15	Net Operating Income Ln 5 - Ln 14	\$ 10,690	<u>\$ 14,422</u>	
16	Rate Base (NWH-8), Col d, Ln 36	\$ 985,276	\$ 985,276	
17	Return on Rate Base Ln 15/Ln 16	1.085%	<u>1.464%</u>	