

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

(a)	(b)	(c)	(d)
	12 MTD Sep-03 Intrastate Restated	Access Reduction	12 MTD Sep-03 w/Access Reduction
1 Operating Revenues:			
2 Local Network Service	262,864		262,864
3 Network Access Revenues	77,511	(29,700)	47,811
4 Long Dist Netwk Revenues	21,863		21,863
5 Miscellaneous Revenues	17,938		17,938
6 Uncollectibles	(8,487)	481	(8,005)
7			
8 Total Operating Revenue	371,689	(29,219)	342,470
9			
10 Operating Expenses:			
11 Plant Specific Operations	55,011		55,011
12 Plant Non-Spec Operations	23,303		23,303
13 Access	6,229		6,229
14 Customer Operations	50,788		50,788
15 Corporate Operations	81,262		81,262
16 Depreciation	124,692		124,692
17 Other Income & Expenses	(172)		(172)
18 Taxes Other Than Income Taxes	17,174		17,174
19			
20 Total Operating Expenses	358,286	0	358,286
21			
22 Earnings Before Interest and Taxes (EBIT)	13,403	(29,219)	(15,816)
23			
24 Federal Income Tax	(1,005)	(10,227)	(11,232)
25			
26 Net Operating Income	14,408	(18,992)	(4,585)
27			
28 Rate Base (Average):			
29 Telecomm Plant in Service	1,856,344	0	1,856,344
30 Other Assets (SFAS 87)	135,428	0	135,428
31 Investor Supplied Working Capital	0	0	0
32 Depr & Amort Reserve	756,207	0	756,207
33 Deferred Income Taxes	237,164	0	237,164
34 Other LT Liab	13,124	0	13,124
35			
36 Total Rate Base	985,276	0	985,276
37			
38 Return on Rate Base (ROR)	1.46%		-0.47%
39			

**VERIZON NORTHWEST INC
STATE OF WASHINGTON
REVENUE REQUIREMENT CALCULATION
(Dollars in Thousands)**

	(a)	(b)	(c)
	Description	12 MTD Sep-03 Intrastate Restated	12 MTD Sep-03 w/Access Reduction
1	Rate Base	985,276	985,276
2			
3	Authorized Required Rate of Return	9.760%	9.760%
4			
5	Required Net Operating Income	96,163	96,163
6			
7	Net Operating Income	14,408	(4,585)
8			
9	Net Operating Income Deficiency	(81,755)	(100,748)
10			
11	Net-To Gross Multiplier	1.574426	1.574426
12			
13	Revenue Requirement (Deficiency)/Excess	(128,718)	(158,620)