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TELECOMMUNICATIONS COMPANIES

ANNUAL REPORT

Attachment VZ 17c

Nancy Judy Director State Regulatory United Telephone Company of the Northwest 902 Wasco Street Hood River, OR 97031	119052 RC
Full name and address of Company	Correct name and address, if different than shown

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

for the YEAR ENDED DECEMBER 31, 2006

SECTION 1

INQUIRIES CONCERNING THIS ANNUAL REPORT SHOULD BE ADDRESSED TO:

NAME: Michael P. Whitney TITLE: Manager, Regulatory Reporting & ComplianceADDRESS: 5454 W. 110th Street, MS. KSOPKJ0902-0937CITY: Overland Park STATE: KS ZIP: 66211TELEPHONE: 913-323-4718 FAX: 913-345-7615 E-MAIL: mike.whitney@embarq.com

The company must notify the Commission, in writing, of any changes to the above information.

SECTION 2

TYPE OF PAYMENT - DO NOT SEND CASH IN THE MAIL

☒ Check ☐ Money Order ☐ AMEX ☐ Visa ☐ MasterCard

For Commission Use Only

Credit Card Authorization #: _____

Credit Card Number:

Expiration Date
Month/Year

CERTIFICATION: I, the undersigned, under penalty for false statement, certify that the information is true, valid and correct, that I am authorized to execute on behalf of the applicant, and that I agree to pay the above total amount according to card issuer agreement.

Name (Printed) _____

Title _____

Signature _____

Date _____

For Commission Use Only

Reception Number: _____ 001-111-02-68-170-11: _____ Reference Number: _____

001-111-02-68-170-01: _____ 001-111-02-68-032-05: _____

Original to be mailed to the Washington Utilities and Transportation Commission, PO Box 47250, Olympia, WA 98504-7250
Web Site: www.wutc.wa.gov

SECTION 3

1. Provide the following supplemental documents with this annual report:

☒ Income statement

☒ Balance sheet

☐ Additional information if required under WAC 480-120-304 (e) (i), (ii), (iii)

2. Washington Unified Business Identifier (UBI) No.: 93-0243730

(If you do not know your UBI Number, please contact the Department of Licensing at (360)664-1400)

3. Does your company provide operator services (automated or live assistance to customers in completing or billing a telephone call) at a call aggregator location, such as at a pay phone? ☐ Yes ☒ No

4. Does your company provide local exchange services in Washington? ☒ Yes ☐ No

▪ If no, proceed to Section 4.

▪ If yes, the following instructions apply:

a. If your company filed Form 477 (federal filing deadline of March 1, 2006) with the Federal Communications Commission for its Washington operations, proceed to Section 4. The WUTC will obtain a copy of the company's Form 477 directly from the FCC.

b. If the company did not file FCC Form 477 for its Washington operations, complete the following:

Company Filled FCC Form 477 Not Applicable

Washington State Data as of December 31, 2006

➤ Voice telephone service provided to end users.

1. Total lines and channels you provided to end users.

N/A

➤ Voice telephone service provided to other communications carriers, categorized by:

2. Lines and channels that you provided under a Total Service Resale arrangement.

N/A

3. Lines and channels you provided under other resale arrangements, such as resold Centrex.

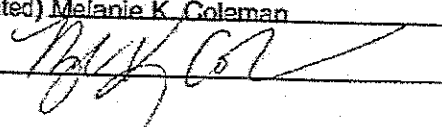
N/A

(a)
Total voice-grade
equivalent lines
and voice-grade
equivalent
wireless channels
in service

SECTION 4
CERTIFICATION

I certify that I, Melanie K. Coleman, the responsible account officer for Embarq Communications, Inc. have examined the foregoing report; that, to the best of my knowledge, information and belief, all statements of fact contained in said report are true and said report is a correct statement of the business and affairs of the above-named respondent in respect to each and every matter set forth therein during the period from January 1, 2006, to December 31, 2006, inclusive.

Name (Printed) Melanie K. Coleman Title Vice President & Controller

Signature  Date 4/17/07

Annual Report of United Telephone Company of the Northwest

Year End December 31, 2006

SCHEDULE B-1 Balance Sheet Accounts

Ln		Account No. and Description		Total Company Amount (a)	Washington End of Period Amount (b)	Interstate Rate Base Adjusted (c)
Assets						
1	1120	Cash and Equivalents (Class B only)				
2	1130	Cash				
3	1140	Special Cash Deposits		113		
4	1150	Working Cash Advances				
5	1160	Temporary Investments				
6		Total Cash and Equivalents (lines 1-5)		113		
7	1180	Telecommunications Accounts Receivable				
8	1181	Less: Accounts Receivable Allowance		12,176		
9	1190	Other Accounts Receivable - Telecommunications		(980)		
10	1191	Other Accounts Receivable		9,051		
11	1200	Less: Accounts Receivable Allowance - Other				
12	1201	Notes Receivable				
13	1210	Less: Notes Receivable Allowance				
14	1220	Interest and Dividends Receivable				
15		Total Noncash Current Assets (lines 7-14)		20,247		
16	1280	Prepayments (Class B only)				
17	1290	Prepaid Rent		302		
18	1300	Prepaid Taxes				
19	1310	Prepaid Insurance				
20	1320	Prepaid Directory Expenses				
21	1330	Other Prepayments		11		
22		Total Prepayments (lines 16-21)				
23	1350	Other Current Assets		313		
24		Total Current Assets (lines 6+15+22+23)		(60)		
25	1401	Investments in Affiliated Companies		20,613		
26	1402	Investments in Nonaffiliated Companies				
27	1406	Nonregulated Investments				
28	1407	Unamortized Debt Issuance Expense		(5,320)		
29	1408	Sinking Funds		88		
30	1410	Other Noncurrent Assets				
31	1437	Deferred Tax Regulatory Asset				
32	1438	Deferred Maintenance and Refurbishments		(250)		
33	1430	Deferred Charge				
34	1500	Other Jurisdictional Assets - Not		282		
35		Total Noncurrent Assets (lines 25-34)		(6,202)		

Page 1 of 6

SCHEDULE R-1 Balance Sheet Accounts

Ln		Account No. and Description	Total Company Amount (a)	Revaluation End of Period Amount (b)	Revaluation Rate Base Adjusted (c)	Page 2 of 6
35		2001 Telecommunications Plant in Service (line 30)	481,208	243,728	184,511	
36		2002 Property Held for Future Telecommunications Use				
37		2003 Telecommunications Plant Under Construction - Short Term	1,374	730		
38		2004 Telecommunications Plant Under Construction - Long Term	1,591	845		
39		2005 Telecommunications Plant Adjustment				
40		2006 Nonoperating Plant	(73)	1		
41		2007 Goodwill				
42		Total Plant (lines 35-42)	484,100	245,304	185,704	
43		Telecommunications Plant in Service				
44		2111 Land	895	355		
45		2112 Motor Vehicles	3,270	759		
46		2113 Aircraft				
47		2114 Tools and Other Work Equipment				
48		2115 Garage Work Equipment	4,830	960		
49		2116 Other Work Equipment				
50		2121 Buildings	24,839	7,714		
51		2122 Furniture	573	(51)		
52		2123.1 Office Support Equipment		(32)		
53		2123.2 Company Communications Equipment	678			
54		2124 General Purpose Computers	607	(3)		
55		Total Land and Support Assets (lines 45-55)	35,891	9,892		
56		2211 Analog Electronic Switching				
57		2212.1 Digital Electronic Switching				
58		2212.2 Switching Generic Software				
59		2215.2 Crossover Switching	90,488	40,063		
60		2215.3 Other Electromechanical Switching				
61		Total Central Office - Switching (lines 57-61)	90,488	40,063		
62		2220 Operator Systems				
63		2231 Radio Systems		46,053		
64		2232 Circuit Equipment	6,093	4,625		
65		Total Central Office - Transmission (lines 62-65)	100,573	52,422		
66		Total Central Office Assets (lines 62-65+68)	106,668	57,047		
67			187,154	103,180		
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Annual Report of United Telephone Company of the Northwest

Year End December 31, 2006

SCHEDULE B-1 Balance Sheet Accounts

Ln		Account No. and Description		Total Company Amount (a)	Proportion of Period Amounts (b)	Interchange Rate Base Adjusted
68	69	2311 Station Apparatus		-	-	-
69	70	2321 Customer Premises Wiring		-	-	-
70	71	2341 Large Private Branch Exchange		-	-	-
71	72	2351 Public Telephone Terminal Equipment		-	-	-
72	73	2362 Other Terminal Equipment		-	-	-
73	74	Total Information Origination/Termination (lines 68-72)		2,093	1,140	-
74	75	2411 Poles		2,093	1,140	-
75	76	2421.1 Aerial Cable - Metallic		7,543	3,836	-
76	77	2421.2 Aerial Cable - Nonmetallic		49,426	22,808	-
77	78	2422.1 Underground Cable - Metallic		7,388	3,829	-
78	79	2422.2 Underground Cable - Nonmetallic		7,827	5,564	-
79	80	2423.1 Buried Cable - Metallic		2,380	1,217	-
80	81	2423.2 Buried Cable - Nonmetallic		136,875	78,166	-
81	82	2424 Submarine Cable		27,958	11,233	-
82	83	2425 Deep Sea Cable		84	31	-
83	84	2426 Intra-building Network Cable		-	-	-
84	85	2431 Aerial Wire		1,084	619	-
85	86	2441 Conduit Systems		-	-	-
86	87	Total Cable and Wire Facilities (lines 74-85)		5,542	2,767	-
87	88	2080 Amortizable Tangible Assets (Class B only)		246,118	129,670	-
88	89	2091 Capital Leases		-	-	-
89	90	2682 Leasehold Improvements		-	-	-
90	91	Total Amortizable Tangible Assets (lines 87-89)		152	96	-
91	92	Intangible		152	96	-
92	93	Total Other Assets (lines 90-91)		-	-	-
93	94	Telecommunications Plant in Service (lines 50-67-73-80-92)		481,208	243,728	184,511
94	95					
95	96					
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99	100					
100	101					
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103	104					
104	105					

Annual Report of United Telephone Company of the Northwest

Year End December 31, 2006

SCHEDULE B-1 Balance Sheet Accounts

Ln		Page 4 of 6	
No.	Account No. and Description	Total Company Amount (a)	Depreciation and Amortization (b)
106	Accumulated Depreciation and Amortization		
107	3100 Depreciation	317,958	151,855
108	3200 Depreciation - Property Held for Future Telecom. Use	-	(2)
109	3300 Depreciation - Nonoperating	-	-
110	3400 Amortization - Tangible (Class B only)	-	-
111	3410 Amortization - Capital Leases	-	-
112	3420 Amortization - Leasehold Improvements	42	1
113	Total Amortization - Tangible Assets (lines 100-111)	42	1
114	3500 Amortization - Intangible	-	-
115	3600 Amortization - Other	-	-
116	Accumulated Deprac. & Amort.	317,400	151,855
117	Net Plant (line 43 less line 115)	168,700	93,449
118	Total Assets (lines 24+35+116)	182,111	93,449
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SCHEDULE B-1 Balance Sheet Accounts

Ln		Page 5 of 6		
No.	Account No. and Description	Total Company Amount (a)	Washington End of Period Amount (b)	Intrastate Rate Base Adjusted (c)
141	Liabilities and Equity			
142	4010 Accounts Payable	2,385		
143	4020 Notes Payable			
144	4030 Advanced Billing and Payments			
145	4040 Customer Deposits	58		
146	4050 Current Maturities - Long Term Debt			
147	4060 Current Maturities - Capital Leases			
148	4070 Income Taxes - Accrued			
149	4080 Other Taxes - Accrued	1,492		
150	4100.1 Net Current Deferred Operating Federal Income Tax	871		
151	4100.2 Net Current Deferred Operating State Income Tax	1,107	561	
152	4110.1 Net Current Deferred Nonoperating Federal Income Tax	78		424
153	4110.2 Net Current Deferred Nonoperating State Income Tax	(280)		
154	4120 Other Accrued Liabilities	(35)		
155	4130 Other Current Liabilities	4,035		
156	Total Current Liabilities (lines 141..154)	9,704		
157	4210 Funded Debt			
158	4220 Premium on Long Term Debt	37,150		
159	4230 Discount on Long Term Debt			
160	4240 Recaptured Debt			
161	4250 Obligations Under Capital Leases			
162	4260 Advances from Affiliated Companies			
163	4270 Other Long Term Debt			
164	Total Long Term Debt (lines 158..162)	37,150		
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Annual Report of United Telephone Company of the Northwest

Year End December 31, 2006

SCHEDULE B-1 Balance Sheet Accounts

Ln		ACCOUNT NO. and DESCRIPTION		Total Company Amount (a)	Washington End of Period Amount (b)	Page 6 of 6 Increase Ratio Basis Adjusted (c)
176	No.	4310 Other Long Term Liabilities		11,563		
177		4320 Unamortized Operating Investment Tax Credits - Net		20,262	8,897	
178		4330 Unamortized Nonoperating Investment Tax Credits - Net		2,327		
179		4340.1 Net Noncurrent Deferred Operating Federal Income Tax		(2,968)		7,154
180		4340.2 Net Noncurrent Deferred Operating State Income Tax		14		
181		4341 Net Deferred Tax Liability Adjustments				
182		4350.1 Net Noncurrent Deferred Nonoperating Federal Income Tax		2,718		
183		4350.2 Net Noncurrent Deferred Nonoperating State Income Tax				
184		4350 Other Deferred Credits				
185		4351 Deferred Tax Regulatory Liability				
186		4370 Other Jurisdictional Liabilities and Deferred Credits - Net		33,916		
187		Total Other Liabilities and Deferred Credits (lines 176, 185)		17,265		
188		4510 Capital Stock		4,805		
189		4520 Additional Paid-in Capital				
190		4530 Treasury Stock				
191		4540 Other Capital				
192		4550 Retained Earnings (from line 208 below)		(6,290)		
193		Total Stockholders' Equity (lines 188, 192)		85,481		
194		Total Liabilities and Equity (lines 185+187+193)		101,341		
195				182,111		
196		Additional Rate Base Adjustment:				
197		OPEBS Liability			5,094	3,857
198						
199		Adjusted Rate Base			78,907	59,468
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201						
202		Retained Earnings				
203		460 Balance at January 1		81,452		
204		465 Net Income (from Schedule I-1, line 348)		14,416		
205		470 Dividends Declared		10,407		
206		475 Miscellaneous Debits				
207		480 Miscellaneous Credits				
208		490 Balance at December 31 (lines 203+204-205+206+207)		85,461		
209						
210						

Annual Report of United Telephone Company of the Northwest
 (Continued)
 Year End December 31, 2006

SCHEDULE E-1 Income Statement Accounts

Ln		Account No.	Account Description (a)	Total Company Account Totals (b)	Washington Regulated Adjusted Account Totals (c)	Washington Regulated Adjusted Account Totals (c)	Page 1 of 10
1	2		INCOME STATEMENT ACCOUNTS				
3	4		LOCAL NETWORK SERVICES REVENUES				
5	6	5000	Basic Local Service Revenue			15,387	
7	8	5001	Basic Area Revenue	33,159	15,387	-	
9	10	5002	Optional Extended Area Revenue			-	
11	12	5003	Cellular Mobile Revenue			-	
13	14	5004	Other Mobile Services Revenue			-	
15	16	5010	Public Telephone Revenue			-	
17	18	5040	Local Private Line Revenue	2,126	1,410	1,410	
19	20	5050	Customer Premises Revenue	3	-	-	
21	22	5060	Other Local Exchange Revenue	9,869	5,572	5,572	
23	24	5069	Other Local Exchange Revenue Settlements			-	
25	26		TOTAL LOCAL NETWORK SERVICES REVENUES	\$ 45,177	\$ 22,369	\$ 22,369	
27	28		NETWORK ACCESS SERVICES REVENUES				
29	30	5080	Network Access Revenue				
31	32	5081	End User Revenue	13,874	7,862	-	
33	34	5082	Switched Access Revenue	7,397	3,851	-	
35	36	5083	Special Access Revenue	15,859	7,280	-	
37	38	5084	State Access Revenue	21,507	11,318	11,318	
39	40		TOTAL NETWORK ACCESS SERVICES REVENUES	\$ 58,437	\$ 30,111	\$ 11,318	

Annual Report of United Telephone Company of the Northwest
(Company)
Year End December 31, 2006
SCHEDULE 1-1 Income Statement Accounts

Ln No.	Account No.	Account Description (a)	Total Company Account Totals (b)	Washington Regulator Adjusted Account Totals (c)	Washington Regulator Adjusted Account Totals (d)	Page 2 of 30
INCOME STATEMENT ACCOUNTS						
LONG DISTANCE NETWORK SERVICES REVENUES						
35	5100	Long Distance Message Revenue				
36	5110	Unidirectional Long Distance Revenue				
37	5111	Long Distance Inward-Only Revenue				
38	5112	Long Distance Outward-Only Revenue				
39	5120	Long Distance Private Network Revenue				
40	5121	Subvoice Grade Long Distance Private Network Revenue				
41	5122	Voice Grade Long Distance Private Network Revenue				
42	5123	Audio Program Grade Long Distance Private Network Revenue				
43	5124	Video Program Grade Long Distance Private Network Revenue				
44	5125	Digital Transmission Long Distance Private Network Revenue				
45	5126	Long Distance Private Network Switching Revenue				
46	5128	Other Long Distance Private Network Revenue				
47	5129	Other Long Distance Private Network Revenue Settlements				
48	5160	Other Long Distance Revenue				
49	5169	Other Long Distance Revenue Settlements				
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		TOTAL LONG DISTANCE NETWORK SERVICES REVENUE	594	308	275	

Annual Report of United Telephone Company of the Northwest
(Company)

Year End December 31, 2006

SCHEDULE I-1 Income Statement Accounts

INCOME STATEMENT ACCOUNTS			Page 3 of 10		
Ln No.	Account No.	Account Description (a)	Total Company Account Totals (b)	Washington Regulated Adjusted Account Totals (c)	Washington Regulated Adjusted Account Totals (d)
INCOME STATEMENT ACCOUNTS					
MISCELLANEOUS REVENUES					
70		Miscellaneous Revenues			83
71	5200	Directory Revenue	234		146
72	5230	Rent Revenue	875	83	
73	5240	Corporate Operations Revenue	170	195	
74	5250	Miscellaneous Revenue		95	
75	5260	Special Billing Arrangements Revenue	4		
76	5261	Customer Operations Revenue	1		
77	5262	Plant Operations Revenue			
78	5263	Other Incidental Regulated Revenue			
79	5264	Other Revenue Settlements	(184)	(251)	
80	5269	Carrier Billing and Collection Revenue			
81	5270	Non Regulated Operating Revenue	1,324	661	(251)
82	5280				423
83		TOTAL MISCELLANEOUS REVENUES	\$ 2,432	\$ 773	\$ 392
UNCOLLECTIBLE REVENUES					
84		Uncollectible Revenue			
85	5300	Uncollectible Revenue - Telecommunications			
86	5301	Uncollectible Revenue - Other	387	244	196
87	5302				
88		TOTAL UNCOLLECTIBLE REVENUE	\$ 387	\$ 244	\$ 196
89		TOTAL OPERATING REVENUES	\$ 106,253	\$ 53,317	\$ 34,157
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10 Company

SCHEDULE 1-1 Income Statement Accounts

Ln No.		Account No.	Account Description (a)	Total Company Account Totals (b)	Washington Regulatory Adjusted Account Totals (c)	Washington Regulatory Adjusted Account Totals (d)	Page 4 of 10
INCOME STATEMENT ACCOUNTS							
105			PLANT SPECIFIC OPERATIONS EXPENSE				
106			Network Support Expenses				
107			Motor Vehicle Expense				
108			Aircraft Expense				
109		6110	Special Purpose Vehicles Expense				
110		6112	Garage Work Equipment Expense				
111		6113	Other Work Equipment Expense				
112		6114					
113		6115					
114		6116					
115							
116		6120	General Support Expenses				
117		6121	Land and Building Expense				
118		6122	Furniture and Artworks Expense				
119		6123	Office Equipment Expense				
120		6124	General Purpose Computers Expense				
121							
122		6210	Central Office Switching Expenses				
123		6211	Analog Electronic Expense				
124		6212	Digital Electronic Expense				
125		6215	Electro - Mechanical Expense				
126							
127		6220	Operators System Expense				
128							
129		6230	Central Office Transmission Expenses				
130		6231	Radio Systems Expense				
131		6232	Circuit Equipment Expense				
132							
133		6310	Information Origination/Termination Expenses				
134		6311	Station Apparatus Expense				
135		6341	Large Private Branch Exchange Expense				
136		6351	Public Telephone Terminal Equipment Expense				
137		6362	Other Terminal Equipment Expense				
138							
139							

SCHEDULE I-1 Income Statement Accounts

Ln		Account No.	Account Description (a)	Total Company Account Totals (b)	Washington Regulatory Adjusted Account Totals (c)	Washington Intra-Adjusted Account Totals (d)
INCOME STATEMENT ACCOUNTS						
PLANT SPECIFIC OPERATIONS EXPENSE (CONT'D)						
140		6410	Cable and Wire Facilities Expenses			239
141		6411	Poles Expense	1,855	917	706
142		6421	Aerial Cable Expense	2,106	929	23
143		6422	Underground Cable Expense	114	31	1,949
144		6423	Buried Cable Expense	4,726	2,574	
145		6424	Submarine Cable Expense			
146		6425	Deep Sea Cable Expense			
147		6426	Intrabuilding Network Cable Expense	36		
148		6431	Aerial Wire Expense	1		
149		6441	Conduit Systems Expense			
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160		6510	Other Property Plant & Equipment Expenses			
161		6511	Property Held For Future			
162		6612	Telecommunications Use Expense			
163			Provisioning Expense	(87)	(212)	(160)
164						
165		6530	Network Operations Expenses			
166		6531	Power Expense	724	337	255
167		6532	Network Administration Expense	923	605	458
168		6533	Testing Expense	1,659	865	656
169		6534	Plant Operations Administration Expense	834	446	337
170		6535	Engineering Expense	1,133	503	439
171						
172		6540	Access Expense	4,021	1,355	1,026
173						
174						
TOTAL PLANT SPECIFIC OPERATIONS EXPENSE				\$ 16,889 \$	\$ 8,177 \$	\$ 6,179
PLANT NONSPECIFIC OPERATIONS EXPENSE						

Annual Report of United Telephone Company of the Northwest
 (Company) Year End December 31, 2006

SCHEDULE I-1 Income Statement Accounts

Ln		Account No.	Account Description (b)	Total Company Account Totals (b)	Washington Regulatory Adjusted Account Totals (c)	Washington Regulators Adjusted Account Totals (d)	Page 6 of 10
INCOME STATEMENT ACCOUNTS							
PLANT NONSPECIFIC OPERATIONS EXPENSE (CONT'D)							
175		6550	Depreciation and Amortization Expenses				
176		6561	Plant in Service	30,321	14,548	11,013	
177		6562	Depreciation Expense - Properly Held for Future Telecommunications Use		-	-	
178		6563	Amortization Expense - Tangible		-	-	
179		6564	Amortization Expense - Intangible		-	-	
180		6565	Amortization Expense - Other		-	-	
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SCHEDULE 1-1 Income Statement Accounts

Ln No.		Account No.	Account Description (a)	Total Company Account Totals (b)	Weighted Population Adjusted Account Totals (c)	Weighted Population Adjusted Account Totals (d)	Page 7 of 10
INCOME STATEMENT ACCOUNTS							
CORPORATE OPERATIONS EXPENSE							
210		6710	Executive and Planning	273	148	111	
211		6711	Executive	195	104	79	
212		6712	Planning				
213							
214							
215							
216							
217							
218		6720	General and Administrative	1,056	566	428	
219		6721	Accounting and Finance	689	368	279	
220		6722	External Relations	1,461	765	579	
221		6723	Human Resources	1,541	824	624	
222		6724	Information Management	303	162	123	
223		6725	Legal	474	246	186	
224		6726	Procurement	4	2	2	
225		6727	Research and Development	5,905	2,924	2,233	
226		6728	Other General and Administrative				
227			Provision for Uncollectible Notes Receivable				
228		6750					
229							
230			TOTAL CORPORATE OPERATIONS EXPENSE	\$ 11,901	\$ 6,107	\$ 4,643	
231							
232			TOTAL OPERATING EXPENSES	\$ 77,249	\$ 37,845	\$ 28,678	
233							
234							
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Annual Report of United Telephone Company of the Northwest
(Continued)
Year End December 31, 2006

SCHEDULE 1-1 Income Statement Accounts

Ln		Account No.	Account Description (a)	Total Company Account Totals (b)	Washington Regulated Adjusted Account Totals (c)	Washington Unregulated Adjusted Account Totals (d)	Page 8 of 10
245			INCOME STATEMENT ACCOUNTS				
246							
247							
248							
249							
250							
251		7100	OTHER OPERATING INCOME AND EXPENSE				
252		7110	Other Operating Income and Expense				
253		7130	Income from Custom Work				
254		7140	Return from Nonregulated Use of Regulated Facilities				
255		7150	Gains and Losses from Foreign Exchange				
256		7160	Gains and Losses from Disposition of Land and Artwork				
257			Other Operating Gains and Losses	2	1		
258			TOTAL OTHER OPERATING INCOME AND EXPENSE	2	1		
259				\$	\$		
260			OPERATING TAXES				
261							
262							
263		7200	Operating Taxes				
264		7210	Operating Investment Tax Credits - Net		4,826	354	
265		7220	Operating Federal Income Taxes	10,059			
266		7230	Operating State and Local Income Taxes	1,094			
267		7240	Operating Other Taxes	3,614	2,188	1,602	
268		7250	Provision for Deferred Operating Income Taxes - Net	(3,911)	(1,707)	(125)	
269			TOTAL OPERATING TAXES	\$ 10,856	\$ 5,305	\$ 1,831	
270							
271							
272							
273							
274							
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278							
279							

Annual Report of United Telephone Company of the Northwest
 Year End December 31, 2006
 (Continued)

SCHEDULE L-1 Income Statement Accounts				Page 9 of 10	
Ln No.	Account No.	Account Description (a)	Total Company Account Totals (b)	Washington Regulated Adjusted Account Totals (c)	Washington Regulated Adjusted Account Totals (d)
280		INCOME STATEMENT ACCOUNTS			
281		NONOPERATING INCOME AND EXPENSE			
282		Nonoperating Income and Expense			
283		Dividend Income			
284		Interest Income			
285		Income from Sinking and Other Funds			
286	7300	Allowance for Funds Used During Construction	438	438	333
287	7310	Gains or Losses from the Disposition of Certain Property	102	29	22
288	7320	Other Nonoperating Income	147	80	61
289	7330	Special Charges	(25)	(12)	(9)
290	7340				
291	7350				
292	7360				
293	7370				
294		TOTAL NONOPERATING INCOME AND EXPENSE	661	535	408
295					
296		NONOPERATING TAXES			
297		Nonoperating Taxes			
298		Nonoperating Investment Tax Credits - Net			
299		Nonoperating Federal Income Taxes			
300	7400	Nonoperating State and Local Income Taxes	281	149	113
301	7410	Nonoperating Other Taxes	29	-	-
302	7420	Provision for Deferred Nonoperating Income Taxes - Net	(54)	(25)	(20)
303	7430				
304	7440				
305	7450				
306		TOTAL NONOPERATING TAXES	256	123	93
307					
308					
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310					
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(Continued)

SCHEDULE I-1 Income Statement Accounts

Page 19 of 10

Account No.		Account Description (a)	Total Company Account Totals (b)	Washington Regulated Affiliated Account Totals (c)	Washington Unregulated Affiliated Account Totals (d)
INCOME STATEMENT ACCOUNTS					
INTEREST AND RELATED ITEMS					
315	7500	Interest and Related Items			
316	7510	Interest on Funded Debt	3,064	1,650	1,252
317	7520	Interest Expense - Capital Leases			
318	7530	Amortization of Debt Issuance Expense	12	6	5
319	7540	Other Interest Deductions	2,704	2,576	1,955
320					
321					
322					
323					
324					
325					
326		TOTAL INTEREST AND RELATED ITEMS	\$ 5,780	\$ 4,231	\$ 3,212
327					
328					
329					
330		EXTRAORDINARY ITEMS			
331	7600	Extraordinary Items			
332	7610	Extraordinary Income Credits			
333	7620	Extraordinary Income Charges			
334	7630	Current Income Tax Effect of Extraordinary Items - Net			
335	7640	Provision for Deferred Income Tax Effect of Items - Net			
336					
337		TOTAL EXTRAORDINARY ITEMS	\$ -	\$ -	\$ -
338					
339					
340	7910	Income Effects of Jurisdictional Ratemaking Differences - Net			
341					
342		NET INCOME - Regulated	\$ 12,775	\$ 6,360	\$ 749
343					
344	7960	Nonregulated Net Income	1,641	(1,549)	
345					
346					
347		NET INCOME - Regulated and NonRegulated	\$ 14,416	\$ 4,801	\$ 749
348					
349					