

**EMBARQ FLORIDA, INCORPORATED**  
**AFFILIATED INTEREST REPORT**  
**For 2007**

Please provide:

- I. An organization chart showing the parent company, all subsidiaries, and the percentage of ownership for each. Attach pages showing the information requested below for affiliates with financial transactions of more than \$100,000 with the regulated company.
  - A. A list of directors and/or officers common to the regulated utility and to the affiliated interest;
  - B. Changes in successive ownership between the regulated utility and affiliated interest;
  - C. A narrative description of each affiliated interest with which the regulated utility does business. State the factor(s) giving rise to the affiliation
  - D. A balance sheet and income statement for each affiliated interest for the 12-month reporting period.

Response:

- I. The organization chart is provided in the Embarq Corporation section on pages 1-2 to 1-4.
  - A. This information is provided in the Embarq Corporation sections on pages 1-5 to 1-6.
  - B. No change has occurred.
  - C. Embarq Florida, Inc. is an incumbent local exchange carrier that provides directory assistance and operator services to Embarq affiliated ILECs. United Telephone Company of the Northwest's affiliation with Embarq Florida, Inc. is a result of Embarq Corporation's ownership of both entities.
  - D. This information is proprietary and is found on pages 7-2 and 7-3.

**BALANCE SHEET**  
(millions, except per share data)

Embarq Florida, Inc.

December 31,	2007
<b>Assets</b>	
Current assets	
Cash	
Accounts receivable, net of allowance for doubtful accounts of \$11 and \$11	
Deferred charges	
Deferred income taxes	
Income tax receivable from parent company	
Other	
<b>Total current assets</b>	
Gross property, plant and equipment	
Accumulated depreciation	
<b>Net property, plant and equipment</b>	
Prepaid pension costs	
Other	
<b>Total</b>	
<b>Liabilities and Stockholder's Equity</b>	
Current liabilities	
Advances from parent company	
Accounts payable	
Affiliated payables	
Accrued operating taxes	
Accrued income taxes	
Payroll and employee benefits	
Deferred revenue	
Other	
<b>Total current liabilities</b>	
Noncurrent liabilities	
Long-term debt and capital lease obligations	
Deferred income taxes	
Benefit plan obligations	
Other	
<b>Total noncurrent liabilities</b>	
Stockholder's equity	
Common stock, par value \$2.50 per share, 16 shares authorized, 6.5 shares issued and outstanding	
Paid in capital	
Retained earnings	
Accumulated other comprehensive loss	
<b>Total stockholder's equity</b>	
<b>Total</b>	

PROPERTY OF EMBARQ CORPORATION

Proprietary Information-Not to be released to the public without written permission from Embarq Corporation.

**STATEMENTS OF OPERATIONS  
AND COMPREHENSIVE INCOME**  
(millions)

Embarq Florida, Inc.

Years ended December 31,	2007
<b>Net Operating Revenues</b>	
<b>Operating Expenses</b>	
Cost of services and products	
Selling, general and administrative	
Depreciation	
<b>Total operating expenses</b>	
<b>Operating Income</b>	
Interest expense	
Other income, net	
Income before income taxes	
Income taxes	
<b>Net Income</b>	
Annual remeasurements of benefit plans, net of tax	
Amendments to and remeasurements of other postretirement benefit plans, net of tax	
Amortization of benefit plans prior service cost and actuarial losses, net of tax	
<b>Comprehensive Income, Net of Tax</b>	

**EMBARQ FLORIDA, INCORPORATED**  
**AFFILIATED INTEREST REPORT**  
**For 2007**

Please provide:

- II. Services furnished by the utility to the affiliate and vice versa. Please include the following items in the designated format:
- A. The annual charges by type of service and accounts, including the Intrastate amounts;
  - B. In total for each affiliated interest whether receiving or providing services, show:
    - 1 Total charges for billings;
    - 2 Cost of Service
  - C. Description of basis of pricing;
  - D. Procedures for allocating costs;
  - E. A description of the nature of services in reasonable detail;

Response:

- II. A. This information is proprietary and is provided on page 7-5
- B. This information is proprietary and is provided on page 7-5
- C. This information is proprietary and is provided on page 7-5
- D. Costs from the Embarq Florida directory assistance and operator service cost centers are allocated to the Embarq local exchange companies based on access lines.
- E. This information is provided on page 7-6.

**EMBARQ FLORIDA, INCORPORATED  
AFFILIATED INTEREST REPORT  
FOR 2007**

**II. Payments to Embarq Florida, Incorporated**

**Accounts/Services**

6534 - Directory Assistance and Operator Services  
6612 - Directory Assistance and Operator Services  
6621 - Directory Assistance and Operator Services  
6622 - Directory Assistance and Operator Services  
6623 - Directory Assistance and Operator Services

Total Payments to Embarq Florida, Incorporated

Cost of service

Description of Basis of Pricing:

The charges are based on comparison of fully distributed cost to fair market value in accordance with FCC order 96-150.

<b>Total Company</b>	<b>Total Washington</b>	<b>Washington Intrastate</b>
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**EMBARQ FLORIDA, INCORPORATED  
AFFILIATED INTEREST REPORT  
FOR 2007**

Directory Assistance

Provides number identification to customers on a contract basis.

Toll Operator Position System (TOPS)

Provides third number, collect credit card and other operator assisted billing services to customers on a contract basis.

**EMBARQ FLORIDA, INCORPORATED**  
**AFFILIATED INTEREST REPORT**  
**For 2007**

Please provide:

III. For intercompany loans to the utility from the affiliates and from the utility to the affiliates, provide:

- A. The year-end loan amounts outstanding separately for short-term and long-term loans;
- B. The maximum loan amount outstanding during the year separately for short-term and long-term;
- C. A description of the terms and conditions for loans including the basis for interest rates.

IV. If the utility guarantees any debt of affiliates, identify the affiliates involved, the nature of the debt, the original amount of the debt, the maximum amount during the year, the balance as of the end of the year and the Commission Order(s) approving the transaction where such approval is required by law.

V. Report other transactions (utility leasing of affiliate property, affiliate leasing of utility property, utility purchase of affiliate property, material or supplies and affiliate purchase of utility property, material or supplies).

Response:

III. Not applicable.

IV. Not applicable.

V. Not applicable.

**CAROLINA TELEPHONE & TELEGRAPH COMPANY LLC**  
**AFFILIATED INTEREST REPORT**  
**For 2007**

Please provide:

- I. An organization chart showing the parent company, all subsidiaries, and the percentage of ownership for each. Attach pages showing the information requested below for affiliates with financial transactions of more than \$100,000 with the regulated company.
  - A. A list of directors and/or officers common to the regulated utility and to the affiliated interest;
  - B. Changes in successive ownership between the regulated utility and affiliated interest;
  - C. A narrative description of each affiliated interest with which the regulated utility does business. State the factor(s) giving rise to the affiliation
  - D. A balance sheet and income statement for each affiliated interest for the 12-month reporting period.

Response:

- I. The organization chart is provided in the Embarq Corporation section on pages 1-2 to 1-4.
  - A. This information is provided in the Embarq Corporation sections on pages 1-5 to 1-6.
  - B. No change has occurred.
  - C. Carolina Telephone & Telegraph Company LLC is an incumbent local exchange carrier that provides directory assistance and operator services to Embarq affiliated ILECs. United Telephone Company of the Northwest's affiliation with Carolina Telephone and Telegraph Co. LLC is a result of Embarq Corporation's ownership of both entities.
  - D. This information is proprietary and is found on pages 8-2 and 8-3.



Carolina Telephone and Telegraph LLC

**CONSOLIDATED BALANCE SHEETS**  
*(millions, except share and per share data)*

December 31,	2007
<b>Assets</b>	
Current assets	
Cash	
Accounts receivable, net of allowance for doubtful accounts of \$7 and \$7, respectively	
Deferred charges	
Deferred income taxes	
Tax refund receivable	
Other	
<b>Total current assets</b>	
Gross property, plant and equipment	
Accumulated depreciation	
<b>Net property, plant and equipment</b>	
Other assets	
<b>Total</b>	
<b>Liabilities and Member's Equity</b>	
Current liabilities	
Advances from parent company	
Accounts payable	
Affiliated payables	
Accrued income taxes	
Payroll and employee benefits	
Deferred revenue	
Other	
<b>Total current liabilities</b>	
Noncurrent liabilities	
Long-term debt	
Deferred income taxes	
Benefit plan obligations	
Other	
<b>Total noncurrent liabilities</b>	
Member's equity	
Common stock, par value \$20 per share, 5,000,000 shares authorized, 3,627,000 shares issued and outstanding	
Paid in capital	
Member's equity	
Retained earnings	
Accumulated other comprehensive income (loss)	
<b>Total member's equity</b>	
<b>Total</b>	

**CONSOLIDATED STATEMENTS OF OPERATIONS  
AND COMPREHENSIVE INCOME**  
(millions)

Carolina Telephone and Telegraph LLC

Years ended December 31,	2007
<b>Net Operating Revenues</b>	
<b>Operating Expenses</b>	
Cost of services and products	
Selling, general and administrative	
Depreciation	
<b>Total operating expenses</b>	
<b>Operating Income</b>	
Interest expense	
Other (income) expense, net	
<b>Income Before Income Taxes</b>	
Income taxes	
<b>Net Income</b>	
Annual remeasurements of benefit plans, net of tax	
Amendments to and remeasurements of other postretirement benefit plans, net of tax	
Amortization of benefit plans prior service cost and actuarial losses, net of tax	
<b>Comprehensive Income, Net of Tax</b>	

**CAROLINA TELEPHONE & TELEGRAPH COMPANY LLC**  
**AFFILIATED INTEREST REPORT**  
**For 2007**

Please provide:

- II. Services furnished by the utility to the affiliate and vice versa. Please include the following items in the designated format:
- A. The annual charges by type of service and accounts, including the Intrastate amounts;
  - B. In total for each affiliated interest whether receiving or providing services, show:
    - 1 Total charges for billings;
    - 2 Cost of Service
  - C. Description of basis of pricing;
  - D. Procedures for allocating costs;
  - E. A description of the nature of services in reasonable detail;

Response:

- II. A. This information is proprietary and is provided on page 8-5.
- B. This information is proprietary and is provided on page 8-5.
- C. This information is proprietary and is provided on page 8-5.
- D. Costs from the Carolina Telephone & Telegraph Company LLC directory assistance and operator service cost centers are allocated to the Embarq local exchange companies based on access lines.
- E. This information is provided on page 8-6.

**CAROLINA TELEPHONE & TELEGRAPH COMPANY LLC  
AFFILIATED INTEREST REPORT  
FOR 2007**

	<u>Total Company</u>	<u>Total Washington</u>	<u>Washington Intrastate</u>
<b><u>II. Payments to Carolina Telephone &amp; Telegraph Company</u></b>			
<b><u>Accounts/Services</u></b>			
6533 - Directory Assistance and Operator Services			
6534 - Directory Assistance and Operator Services			
6621 - Directory Assistance and Operator Services			
6622 - Directory Assistance and Operator Services			
6623 - Directory Assistance and Operator Services			
Total Payments to Carolina Telephone & Telegraph Company LLC			
Cost of service			

**Description of Basis of Pricing:**

The charges are based on comparison of fully distributed cost to fair market value in accordance with FCC order 96-150.

**CAROLINA TELEPHONE & TELEGRAPH COMPANY LLC  
AFFILIATED INTEREST REPORT  
FOR 2007**

Directory Assistance

Provides number identification to customers on a contract basis.

Toll Operator Position System (TOPS)

Provides third number, collect credit card and other operator assisted billing services to customers on a contract basis.

**CAROLINA TELEPHONE & TELEGRAPH COMPANY LLC**  
**AFFILIATED INTEREST REPORT**  
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Please provide:

- III. For intercompany loans to the utility from the affiliates and from the utility to the affiliates, provide:
- A. The year-end loan amounts outstanding separately for short-term and long-term loans;
  - B. The maximum loan amount outstanding during the year separately for short-term and long-term;
  - C. A description of the terms and conditions for loans including the basis for interest rates.
- IV. If the utility guarantees any debt of affiliates, identify the affiliates involved, the nature of the debt, the original amount of the debt, the maximum amount during the year, the balance as of the end of the year and the Commission Order(s) approving the transaction where such approval is required by law.
- V. Report other transactions (utility leasing of affiliate property, affiliate leasing of utility property, utility purchase of affiliate property, material or supplies and affiliate purchase of utility property, material or supplies).

Response:

- III. Not applicable.
- IV. Not applicable.
- V. Not applicable.