

Small Telecommunications Utilities
OREGON & SYSTEM OPERATIONS
For the Year Ending December 31, 2003

	Asotin Telephone Company		Cascade Utilities, Inc.	Eagle Telephone System, Inc.	Frontier / Citizens Tel. Co. of Oregon	Helix Telephone Company	Home Telephone Company
	Oregon	System					
	[I]		[J]				[K]
BALANCE SHEET (\$ thousands)							
Land & Support Assets	\$69	\$767	\$5,425	\$584	\$4,422	\$1,007	\$296
Central Office Equipment	331	2,330	11,442	1,642	17,323	1,114	744
Cable & Wire Facilities	833	3,874	16,354	1,910	25,522	1,645	1,581
Other Telecommunications Plant	0	23	1	0	14	2	17
Accumulated Depreciation	(1,106)	(5,349)	(19,080)	(2,122)	(34,189)	(2,194)	(2,101)
Net Telecommunications Plant	\$127	\$1,645	\$14,142	\$2,014	\$13,092	\$1,574	\$537
Plant Under Construction	0	3	118	0	319	3	80
Other Assets & Other Debits		8,062	36,997	1,684	35,686	812	2,967
Total Assets & Other Debits		<u>\$9,710</u>	<u>\$51,257</u>	<u>\$3,698</u>	<u>\$49,097</u>	<u>\$2,389</u>	<u>\$3,584</u>
Long Term Debt		\$1,688	\$302	\$2,096	\$8,000	\$1,142	\$539
Other Liabilities & Deferred Credits		341	6,856	204	5,087	135	239
Stockholders' Equity		7,681	44,099	1,398	36,010	1,112	2,806
Total Liabilities & Other Credits		<u>\$9,710</u>	<u>\$51,257</u>	<u>\$3,698</u>	<u>\$49,097</u>	<u>\$2,389</u>	<u>\$3,584</u>
INCOME STATEMENT (\$000s)							
Local Service Revenues	\$25	\$408	\$3,679	\$134	\$4,499	\$105	\$250
Access & Long Distance	173	1,112	4,061	1,506	7,716	768	406
Directory, Other & Uncollectibles	10	58	314	30	455	40	83
Total Operating Revenues	\$208	\$1,578	\$8,054	\$1,670	\$12,670	\$913	\$739
Plant Operations	36	191	1,611	720	1,795	195	98
Depreciation & Amortization	65	415	1,827	281	3,816	215	117
Customer Operations	29	190	638	78	731	35	121
Corporate Operations	32	175	1,108	191	755	236	136
Other Operating Expenses	19	99	704	7	973	15	47
Operating Taxes	25	210	995	129	1,940	64 [H]	106
Net Jurisdictional Differences	0	0	0	0	0	0	0
Net Operating Income	\$2	\$298	\$1,171	\$264	\$2,660	\$153	\$114
Nonoperating Net Income (Loss)	0	28	2,265	(121)	(391)	(87)	5
Less: Imputations [G][H]						(36)	
Reported Net Income	<u>\$2</u>	<u>\$326</u>	<u>\$3,436</u>	<u>\$143</u>	<u>\$2,269</u>	<u>\$102</u>	<u>\$119</u>

[A]-[P] See the notes at the end of this section.

Small Telecommunications Utilities
OREGON & SYSTEM OPERATIONS
For the Year Ending December 31, 2003

	<u>Asotin</u>		<u>Cascade</u>	<u>Eagle</u>	<u>Frontier /</u>	<u>Helix</u>	<u>Home</u>
	<u>Telephone Company</u>	<u>System</u>					
	Oregon	System	[J]	System, Inc.	Co. of Oregon	Company	Company
	[I]						[I]
AVERAGE RATE BASE (\$000s)							
Telecommunications Plant in Service	\$1,236	\$7,141	\$33,197	\$4,066	\$46,289	\$3,705	\$2,730
Accumulated Depreciation	(1,077)	(5,316)	(18,279)	(1,981)	(32,562)	(2,099)	(2,153)
Accumulated Taxes & Other Rate Base	(16)	(139)	(2,728)	(60)	(2,550)		(40)
Total Rate Base	<u>\$143</u>	<u>\$1,686</u>	<u>\$12,190</u>	<u>\$2,025</u>	<u>\$11,177</u>	<u>\$1,606</u>	<u>\$537</u>
AVERAGE ACCESS LINES (whole)							
Residential	101	1,233	7,621	361	11,380	244	548
Business	40	270	1,846	96	2,849	82	275
Other	0	1	105	16	652	2	0
Total Access Lines	<u>141</u>	<u>1,504</u>	<u>9,572</u>	<u>473</u>	<u>14,881</u>	<u>328</u>	<u>823</u>
UNE, Private Line & Wideband	0	0	0	0	0	0	0
MONTHLY AMT. / ACCESS LINE (\$ whole)							
Average Telecom. Plant in Service	\$730	\$396	\$289	\$716	\$259	\$941	\$277
Average Rate Base	85	93	106	357	63	408	55
Operating Revenues	124	88	70	294	70	232	76
Depreciation & Amortization Expenses	38	23	16	50	21	55	12
Customer & Corporate Expenses	36	20	15	47	8	69	26
Other Operating Expenses	33	16	20	128	15	53	16
Operating Taxes	15	12	9	23	11	16 [H]	11
Net Operating Income	1	17	10	47	15	39	12
PERCENT OF GROSS REVENUES							
Local Service Revenues	12.1%	26.0%	45.6%	8.0%	35.1%	11.5%	34.5%
Depreciation & Amortization Expenses	31.4%	26.4%	22.7%	16.8%	29.8%	23.5%	16.2%
Plant Operation Expenses	17.4%	12.2%	20.0%	43.1%	14.0%	21.4%	13.5%
Corporate Operating Expenses	15.5%	11.1%	13.7%	11.4%	5.9%	25.8%	18.8%
TOTAL OREGON RATES OF RETURN [A]							
Rate of Return [E]	1.4%	17.7%	9.6%	13.0%	23.8%	9.5%	21.2%
Return on Equity [F]	1.3%	21.3%	9.7%	25.8%	27.4%	16.3%	25.2%

[A]-[P] See the notes at the end of this section.

Small Telecommunications Utilities
OREGON & SYSTEM OPERATIONS
For the Year Ending December 31, 2003

	Malheur Home Tel. Company	Midvale Telephone Exchange, Inc.		Monroe Telephone Company	Mt. Angel Telephone Company	Nehalem Tel. & Tel. Company	North-State Telephone Company
	[K]	Oregon	System				[L]
BALANCE SHEET (\$ thousands)							
Land & Support Assets	\$2,276	\$20	\$2,583	\$1,363	\$951	\$1,042	\$110
Central Office Equipment	11,331	415	8,724	1,510	2,336	3,370	862
Cable & Wire Facilities	20,470	881	10,897	2,536	1,456	3,935	1,008
Other Telecommunications Plant	381	3	63	3	0	1	0
Accumulated Depreciation	(21,379)	(868)	(11,685)	(1,913)	(3,342)	(4,026)	(1,217)
Net Telecommunications Plant	\$13,079	\$451	\$10,582	\$3,499	\$1,401	\$4,322	\$763
Plant Under Construction	0	33	767	0	0	1	3
Other Assets & Other Debits	5,013		4,116	1,100	1,955	2,205	1,089
Total Assets & Other Debits	<u>\$18,092</u>		<u>\$15,465</u>	<u>\$4,599</u>	<u>\$3,356</u>	<u>\$6,528</u>	<u>\$1,855</u>
Long Term Debt	\$1,500		\$10,241	\$2,784	\$0	\$2,154	\$460
Other Liabilities & Deferred Credits	3,771		2,391	363	839	546	225
Stockholders' Equity	12,821		2,833	1,452	2,517	3,828	1,170
Total Liabilities & Other Credits	<u>\$18,092</u>		<u>\$15,465</u>	<u>\$4,599</u>	<u>\$3,356</u>	<u>\$6,528</u>	<u>\$1,855</u>
INCOME STATEMENT (\$000s)							
Local Service Revenues	\$4,402	\$76	\$921	\$278	\$628	\$703	\$165
Access & Long Distance	4,739	163	3,983	1,332	1,250	1,869	444
Directory, Other & Uncollectibles	544	33	433	133	186	172	24
Total Operating Revenues	\$9,685	\$272	\$5,337	\$1,743	\$2,064	\$2,744	\$633
Plant Operations	1,671	117	1,527	527	270	478	86
Depreciation & Amortization	2,656	85	1,514	327	293	485	148
Customer Operations	699	36	342	234	367	340	44
Corporate Operations	660	107	954	452	408	725	239
Other Operating Expenses	660		23	20	108	191	54
Operating Taxes	1,504	16	215	13	172 [H]	142	(16)
Net Jurisdictional Differences	0	0	0	0	0	0	0
Net Operating Income	\$1,835	(\$89)	\$762	\$170	\$446	\$383	\$78
Nonoperating Net Income (Loss)	(73)	(51)	(411)	(108)	38	(196)	166
Less: Imputations [G][H]					(117)		
Reported Net Income	<u>\$1,762</u>	<u>(\$140)</u>	<u>\$351</u>	<u>\$62</u>	<u>\$600</u>	<u>\$187</u>	<u>\$244</u>

[A]-[P] See the notes at the end of this section.

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	<u>Malheur Home Tel. Company</u> [K]	<u>Midvale Telephone Exchange, Inc.</u>		<u>Monroe Telephone Company</u>	<u>Mt. Angel Telephone Company</u>	<u>Nehalem Tel. & Tel. Company</u>	<u>North-State Telephone Company</u> [L]
		<u>Oregon</u>	<u>System</u>				
AVERAGE RATE BASE (\$000s)							
Telecommunications Plant in Service	\$33,659	\$1,334	\$20,271	\$4,965	\$4,695	\$7,929	\$1,962
Accumulated Depreciation	(20,106)	(842)	(11,109)	(1,794)	(3,261)	(3,895)	(1,228)
Accumulated Taxes & Other Rate Base	(2,189)	(28)	(792)	189	14	56	(74)
Total Rate Base	<u>\$11,364</u>	<u>\$464</u>	<u>\$8,370</u>	<u>\$3,360</u>	<u>\$1,448</u>	<u>\$4,090</u>	<u>\$660</u>
AVERAGE ACCESS LINES (whole)							
Residential	9,300	204	1,801	834	1,324	2,529	457
Business	3,806	48	394	148	709	647	83
Other	279	20	133	7	59	16	16
Total Access Lines	<u>13,385</u>	<u>272</u>	<u>2,328</u>	<u>989</u>	<u>2,092</u>	<u>3,192</u>	<u>556</u>
UNE, Private Line & Wideband	1,467	4	24	0	0	0	0
MONTHLY AMT. / ACCESS LINE (\$ whole)							
Average Telecom. Plant in Service	\$189	\$403	\$718	\$418	\$187	\$207	\$294
Average Rate Base	64	140	297	283	58	107	99
Operating Revenues	54	83	189	147	82	72	94
Depreciation & Amortization Expenses	15	26	54	28	12	13	22
Customer & Corporate Expenses	8	43	46	58	31	28	42
Other Operating Expenses	13	36	55	46	15	17	20
Operating Taxes	8	5	8	1	7 [H]	4	(2)
Net Operating Income	10	(27)	27	14	18	10	12
PERCENT OF GROSS REVENUES							
Local Service Revenues	45.1%	28.1%	17.3%	15.9%	30.4%	25.6%	25.9%
Depreciation & Amortization Expenses	27.2%	31.4%	28.4%	18.8%	14.2%	17.7%	23.3%
Plant Operation Expenses	17.1%	43.3%	28.6%	30.2%	13.1%	17.4%	13.5%
Corporate Operating Expenses	6.8%	39.6%	17.9%	25.9%	19.7%	26.4%	37.6%
TOTAL OREGON RATES OF RETURN [A]							
Rate of Return [E]	16.1%	-19.2%	9.1%	5.1%	30.8%	9.4%	11.8%
Return on Equity [F]	17.2%	-107.3%	23.8%	5.7%	35.0%	11.8%	13.5%

[A]-[P] See the notes at the end of this section.

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	Oregon Telephone Corporation	Oregon-Idaho Utilities, Inc.		Peoples Telephone Company	Pine Telephone System, Inc.	Roome Telecommu- nications, Inc.	Trans- Cascades Tel. Co.
	[L]	Oregon	System	[N]			[J]
BALANCE SHEET (\$ thousands)							
Land & Support Assets	\$1,134	\$1,334	\$1,490	\$89	\$1,485	\$3,028	\$215
Central Office Equipment	3,339	1,535	2,793	634	3,417	2,141	337
Cable & Wire Facilities	3,855	8,073	9,020	2,488	8,319	1,630	926
Other Telecommunications Plant	0	6	6	0	27	0	0
Accumulated Depreciation	(5,598)	(6,447)	(7,203)	(1,960)	(5,510)	(3,762)	(927)
Net Telecommunications Plant	\$2,730	\$4,501	\$6,106	\$1,251	\$7,738	\$3,037	\$551
Plant Under Construction	0	0	0	197	191	0	0
Other Assets & Other Debits	3,090		5,899	1,695	1,331	3,455	1,770
Total Assets & Other Debits	<u>\$5,820</u>		<u>\$12,005</u>	<u>\$3,143</u>	<u>\$9,260</u>	<u>\$6,492</u>	<u>\$2,321</u>
Long Term Debt	\$6,268		\$7,179	\$0	\$6,395	\$1,414	\$0
Other Liabilities & Deferred Credits	927		484	812	762	829	302
Stockholders' Equity	(1,375)		4,342	2,331	2,103	4,249	2,019
Total Liabilities & Other Credits	<u>\$5,820</u>		<u>\$12,005</u>	<u>\$3,143</u>	<u>\$9,260</u>	<u>\$6,492</u>	<u>\$2,321</u>
INCOME STATEMENT (\$000s)							
Local Service Revenues	\$564	\$170	\$190	\$482	\$213	\$310	\$56
Access & Long Distance	1,601	2,555	2,855	784	2,355	1,558	320
Directory, Other & Uncollectibles	172	42	46	71	63	50	19
Total Operating Revenues	<u>\$2,337</u>	<u>\$2,767</u>	<u>\$3,091</u>	<u>\$1,337</u>	<u>\$2,631</u>	<u>\$1,918</u>	<u>\$395</u>
Plant Operations	324	612	683	334	449	585	59
Depreciation & Amortization	511	592	662	249	820	427	94
Customer Operations	126	127	142	121	143	93	45
Corporate Operations	678	423	473	251	427	394	179
Other Operating Expenses	147	127	141	89	55	97	21
Operating Taxes	190	294	329	132	228	177	3
Net Jurisdictional Differences	0	0	0	0	0	0	0
Net Operating Income	\$361	\$592	\$661	\$161	\$509	\$145	(\$6)
Nonoperating Net Income (Loss)	351	(203)	(227)	(325)	(320)	(41)	40
Less: Imputations [G][H]							
Reported Net Income	<u>\$712</u>	<u>\$389</u>	<u>\$434</u>	<u>(\$164)</u>	<u>\$189</u>	<u>\$104</u>	<u>\$34</u>

[A]-[P] See the notes at the end of this section.

Small Telecommunications Utilities
OREGON & SYSTEM OPERATIONS
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	Oregon Telephone Corporation	Oregon-Idaho Utilities, Inc.		Peoples Telephone Company	Pine Telephone System, Inc.	Roome Telecommu- nications, Inc.	Trans- Cascades Tel. Co.
	[L]	Oregon	System	[N]			[J]
AVERAGE RATE BASE (\$000s)							
Telecommunications Plant in Service	\$8,054	\$10,865	\$13,233	\$3,092	\$12,804	\$6,781	\$1,449
Accumulated Depreciation	(5,411)	(6,230)	(6,974)	(1,877)	(5,100)	(3,574)	(882)
Accumulated Taxes & Other Rate Base	(107)	130	146	(319)	(122)	(391)	(136)
Total Rate Base	<u>\$2,536</u>	<u>\$4,765</u>	<u>\$6,405</u>	<u>\$896</u>	<u>\$7,582</u>	<u>\$2,816</u>	<u>\$431</u>
AVERAGE ACCESS LINES (whole)							
Residential	1,423	477	534	1,272	714	438	172
Business	379	134	150	239	219	258	43
Other	76	53	59	0	11	52	8
Total Access Lines	<u>1,878</u>	<u>664</u>	<u>743</u>	<u>1,511</u>	<u>944</u>	<u>748</u>	<u>223</u>
UNE, Private Line & Wideband	0	0	0	0	0	0	0
MONTHLY AMT. / ACCESS LINE (\$ whole)							
Average Telecom. Plant in Service	\$357	\$1,364	\$1,484	\$171	\$1,130	\$755	\$542
Average Rate Base	113	598	718	49	669	314	161
Operating Revenues	103	348	348	74	233	214	148
Depreciation & Amortization Expenses	23	74	74	14	72	48	35
Customer & Corporate Expenses	36	69	69	21	50	54	84
Other Operating Expenses	20	94	93	23	45	76	30
Operating Taxes	8	37	37	7	20	20	1
Net Operating Income	16	74	74	9	45	16	(2)
PERCENT OF GROSS REVENUES							
Local Service Revenues	24.0%	6.2%	6.2%	36.0%	8.1%	16.2%	14.2%
Depreciation & Amortization Expenses	21.7%	21.5%	21.5%	18.6%	31.2%	22.3%	23.8%
Plant Operation Expenses	13.8%	22.2%	22.2%	25.0%	17.1%	30.5%	14.9%
Corporate Operating Expenses	28.9%	15.3%	15.3%	18.8%	16.3%	20.5%	45.3%
TOTAL OREGON RATES OF RETURN [A]							
Rate of Return [E]	14.2%	12.4%	10.3%	18.0%	6.7%	5.1%	-1.4%
Return on Equity [F]	-6.0%	25.4%	19.6%	18.0%	10.4%	5.2%	-1.6%

[A]-[P] See the notes at the end of this section.

Large Telecommunications Utilities
OREGON & SYSTEM OPERATIONS
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	CenturyTel, Inc.			Qwest Corporation	
	CenturyTel of Eastern Or., Inc.	CenturyTel of Oregon, Inc.	Total Oregon Operations [O]	Oregon [P]	System
BALANCE SHEET (\$ thousands)					
Land & Support Assets	\$8,832	\$10,958	\$19,791	\$292,805	\$5,135,087
Central Office Equipment	64,754	40,262	105,016	1,404,768	18,231,180
Cable & Wire Facilities	134,114	52,439	186,552	1,482,621	17,888,926
Other Telecommunications Plant	32	4	36	192,990	2,374,992
Accumulated Depreciation	(153,853)	(74,028)	(227,881)	(1,875,552)	(26,239,912)
Net Telecommunications Plant	\$53,879	\$29,635	\$83,514	\$1,497,632	\$17,390,273
Plant Under Construction	2,332	1,908	4,240	26,098	303,050
Other Assets & Other Debits	53,239	23,881	77,120		2,738,275
Total Assets & Other Debits	<u>\$109,450</u>	<u>\$55,424</u>	<u>\$164,874</u>		<u>\$20,431,598</u>
Long Term Debt	\$24,465	\$0	\$24,465		\$6,872,991
Other Liabilities & Deferred Credits	9,571	9,244	18,815		10,089,872
Stockholders' Equity	75,414	46,180	121,594		3,468,735
Total Liabilities & Other Credits	<u>\$109,450</u>	<u>\$55,424</u>	<u>\$164,874</u>		<u>\$20,431,598</u>
INCOME STATEMENT (\$000s)					
Local Service Revenues	\$9,534	\$12,773	\$22,308	\$374,706	\$4,969,804
Access & Long Distance	24,863	16,462	41,325	347,186	4,151,955
Directory, Other & Uncollectibles	338	1,216	1,553	207,832 [G]	2,885,997
Total Operating Revenues	<u>\$34,735</u>	<u>\$30,451</u>	<u>\$65,186</u>	<u>\$929,724</u>	<u>\$12,007,756</u>
Plant Operations	8,030	6,426	14,456	127,950	1,776,146
Depreciation & Amortization	13,243	6,831	20,074	251,919	3,269,256
Customer Operations	1,978	2,416	4,394	123,357	1,392,791
Corporate Operations	3,347	2,659	6,006	113,688	1,343,892
Other Operating Expenses	2,443	2,289	4,732	71,038	723,169
Operating Taxes	2,323	4,399	6,723	93,051	1,400,966
Net Jurisdictional Differences	0	0	0	(12,917)	(16,957)
Net Operating Income	\$3,371	\$5,431	\$8,801	\$161,638	\$2,118,493
Nonoperating Net Income (Loss)	(907)	648	(258)	(81,950)	(1,043,715)
Less: Imputations [G][H]	0	0	0	40,564	805,122
Reported Net Income	<u>\$2,464</u>	<u>\$6,079</u>	<u>\$8,543</u>	<u>\$39,124</u>	<u>\$269,656</u>

[A]-[P] See the notes at the end of this section.

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	<u>CenturyTel, Inc.</u>			<u>Qwest Corporation</u>	
	<u>CenturyTel of Eastern Or., Inc.</u>	<u>CenturyTel of Oregon, Inc.</u>	<u>Total Oregon Operations</u> [O]	<u>Oregon</u>	<u>System</u> [P]
AVERAGE RATE BASE (\$000s)					
Telecommunications Plant in Service	\$207,021	\$101,963	\$308,984	\$3,339,468	\$43,515,203
Accumulated Depreciation	(148,817)	(70,998)	(219,815)		
Accumulated Taxes & Other Rate Base	(6,019)	(2,967)	(8,986)	(2,632,112)	(27,533,623)
Total Rate Base	<u>\$52,185</u>	<u>\$27,998</u>	<u>\$80,183</u>	<u>\$707,356</u>	<u>\$15,981,580</u>
AVERAGE ACCESS LINES (whole)					
Residential	24,744	33,365	58,109	873,527	9,925,598
Business	7,515	6,472	13,986	304,814	4,041,247
Other	919	1,247	1,610	36,439	126,707
Total Access Lines	<u>33,178</u>	<u>41,084</u>	<u>73,705</u>	<u>1,214,780</u>	<u>14,093,552</u>
UNE, Private Line & Wideband	56	44	100	1,686,884	46,512,560
MONTHLY AMT. / ACCESS LINE (\$ whole)					
Average Telecom. Plant in Service			\$349	\$96	\$60
Average Rate Base			91	20	22
Operating Revenues			72	27 [G]	16
Depreciation & Amortization Expenses			23	7	5
Customer & Corporate Expenses			12	7	4
Other Operating Expenses			20	5	3
Operating Taxes			8	3	2
Net Operating Income			10	5	3
PERCENT OF GROSS REVENUES					
Local Service Revenues			33.7%	40.0%	41.0%
Depreciation & Amortization Expenses			30.3%	26.9%	26.9%
Plant Operation Expenses			21.8%	13.6%	14.6%
Corporate Operating Expenses			9.1%	12.1%	11.1%
TOTAL OREGON RATES OF RETURN [A]					
Rate of Return [E]			11.0%	22.9%	13.3%
Return on Equity [F]	[O]		14.1%	35.6%	21.8%

[A]-[P] See the notes at the end of this section.

Large Telecommunications Utilities
OREGON & SYSTEM OPERATIONS
For the Year Ending December 31, 2003

	Sprint / United Telephone Company of the Northwest		Verizon Northwest Incorporated	
	Oregon	System	Oregon	System
BALANCE SHEET (\$ thousands)				
Land & Support Assets	\$25,619	\$37,664	\$95,760	\$434,986
Central Office Equipment	88,168	180,792	482,031	1,697,232
Cable & Wire Facilities	100,168	218,609	573,082	1,971,949
Other Telecommunications Plant	864	1,797	14,118	58,319
Accumulated Depreciation	(134,429)	(253,000)	(654,563)	(2,225,672)
Net Telecommunications Plant	\$80,390	\$185,862	\$510,428	\$1,936,814
Plant Under Construction	8,300	19,124	11,949	45,342
Other Assets & Other Debits		27,732		575,701
Total Assets & Other Debits		<u>\$232,718</u>		<u>\$2,557,857</u>
Long Term Debt		\$68,412		\$562,404
Other Liabilities & Deferred Credits		66,504		948,345
Stockholders' Equity		97,802		1,047,108
Total Liabilities & Other Credits		<u>\$232,718</u>		<u>\$2,557,857</u>
INCOME STATEMENT (\$000s)				
Local Service Revenues	\$24,159	\$48,558	\$139,308	\$452,471
Access & Long Distance	31,236	63,871	155,852	556,291
Directory, Other & Uncollectibles	2,410 [G]	4,947	68,170 [G]	168,913
Total Operating Revenues	\$57,805	\$117,376	\$363,330	\$1,177,675
Plant Operations	8,126	16,223	63,721	194,651
Depreciation & Amortization	14,636	27,807	80,517	293,451
Customer Operations	5,396	10,947	40,491	134,998
Corporate Operations	7,263	14,863	73,353	251,120
Other Operating Expenses	5,576	9,884	32,148	94,323
Operating Taxes	7,426	14,668	31,493	96,821
Net Jurisdictional Differences	0	0	2,984	(735)
Net Operating Income	\$9,382	\$22,984	\$38,623	\$113,046
Nonoperating Net Income (Loss)	(1,738)	(4,506)	(2,339)	(60,003)
Less: Imputations [G][H]	300	881	5,359	11,385
Reported Net Income	<u>\$7,344</u>	<u>\$17,597</u>	<u>\$30,925</u>	<u>\$41,658</u>

[A]-[P] See the notes at the end of this section.

Large Telecommunications Utilities
OREGON & SYSTEM OPERATIONS
For the Year Ending December 31, 2003

	Sprint / United Telephone Company of the Northwest		Verizon Northwest Incorporated	
	Oregon	System	Oregon	System
AVERAGE RATE BASE (\$000s)				
Telecommunications Plant in Service	\$210,980	\$427,724	\$1,160,349	\$4,145,986
Accumulated Depreciation	(129,029)	(244,197)	(628,840)	(2,148,313)
Accumulated Taxes & Other Rate Base	49,848	(34,347)	(123,394)	(417,127)
Total Rate Base	<u>\$131,799</u>	<u>\$149,180</u>	<u>\$408,115</u>	<u>\$1,580,546</u>
AVERAGE ACCESS LINES (whole)				
Residential	51,068	108,026	320,629	1,050,296
Business	18,052	44,502	129,574	419,008
Other	3,050	5,433	2,002	14,737
Total Access Lines	<u>72,170</u>	<u>157,961</u>	<u>452,205</u>	<u>1,484,041</u>
UNE, Private Line & Wideband	3,152	5,300	373,844	1,786,448
MONTHLY AMT. / ACCESS LINE (\$ whole)				
Average Telecom. Plant in Service	\$233	\$218	\$117	\$106
Average Rate Base	146	76	41	40
Operating Revenues	64 [G]	60	36 [G]	30
Depreciation & Amortization Expenses	16	14	8	8
Customer & Corporate Expenses	14	13	12	10
Other Operating Expenses	15	14	10	7
Operating Taxes	8	8	3	3
Net Operating Income	10	12	4	3
PERCENT OF GROSS REVENUES				
Local Service Revenues	41.9%	41.5%	38.0%	38.3%
Depreciation & Amortization Expenses	25.4%	23.8%	21.9%	24.8%
Plant Operation Expenses	14.1%	13.9%	17.4%	16.5%
Corporate Operating Expenses	12.6%	12.7%	20.0%	21.2%
TOTAL OREGON RATES OF RETURN [A]				
Rate of Return [E]	7.1%	15.4%	9.5%	7.2%
Return on Equity [F]	6.1%	19.8%	10.5%	7.5%

[A]-[P] See the notes at the end of this section.

Telecommunications Utilities & Cooperatives
OREGON & SYSTEM OPERATIONS
For the Year Ending December 31, 2003

	Total of the 18 Small Telecommunications Utilities		Total of the 11 Telecom. Cooperatives	Total of the Five Large Telecommunications Utilities		Total of the Telecom. Utilities & Cooperatives Serving Oregon	
	Oregon	System		Oregon	System	Oregon	System
	[B]		[C]		[D]		
BALANCE SHEET (\$ thousands)							
Land & Support Assets	\$24,850	\$28,267	\$38,159	\$433,975	\$5,627,528	\$496,984	\$5,693,954
Central Office Equipment	63,822	75,388	60,530	2,079,983	20,214,220	2,204,336	20,350,139
Cable & Wire Facilities	103,422	117,426	107,433	2,342,423	20,266,036	2,553,278	20,490,895
Other Telecommunications Plant	455	538	69	208,008	2,435,144	208,532	2,435,751
Accumulated Depreciation	(117,741)	(133,557)	(104,612)	(2,892,425)	(28,946,465)	(3,114,778)	(29,184,634)
Net Telecommunications Plant	\$74,808	\$88,062	\$101,579	\$2,171,964	\$19,596,463	\$2,348,352	\$19,786,105
Plant Under Construction	945	1,682	906	50,587	371,756	52,438	374,344
Other Assets & Other Debits		118,926	90,897		3,418,828		3,628,650
Total Assets & Other Debits		<u>\$208,671</u>	<u>\$193,383</u>		<u>\$23,387,047</u>		<u>\$23,789,101</u>
Long Term Debt		\$52,162	\$66,026		\$7,528,272		\$7,646,460
Other Liabilities & Deferred Credits		25,113	20,134		11,123,536		11,168,783
Stockholders' Equity		131,396	107,223		4,735,239		4,973,858
Total Liabilities & Other Credits		<u>\$208,671</u>	<u>\$193,383</u>		<u>\$23,387,047</u>		<u>\$23,789,101</u>
INCOME STATEMENT (\$000s)							
Local Service Revenues		\$16,739	\$17,987	\$20,380	\$560,481	\$5,493,141	\$5,531,508
Access & Long Distance		33,600	38,659	37,695	575,599	4,813,442	4,889,796
Directory, Other & Uncollectibles	[G]	2,441	2,893	3,121	279,965	3,061,410	3,067,424
Total Operating Revenues		<u>\$52,780</u>	<u>\$59,539</u>	<u>\$61,196</u>	<u>\$1,416,045</u>	<u>\$13,367,993</u>	<u>\$1,530,021</u>
Plant Operations		9,967	11,603	11,911	214,253	2,001,476	2,024,990
Depreciation & Amortization		13,008	14,857	12,274	367,146	3,610,588	3,637,719
Customer Operations		4,007	4,489	6,841	173,638	1,543,130	1,554,460
Corporate Operations		7,401	8,441	11,764	200,310	1,615,881	1,636,086
Other Operating Expenses		3,334	3,451	5,493	113,494	832,108	122,321
Operating Taxes	[H]	6,114	6,533	1,759	138,693	1,519,178	1,527,470
Net Jurisdictional Differences		0	0	0	(9,933)	(17,692)	(9,933)
Net Operating Income		<u>\$8,949</u>	<u>\$10,165</u>	<u>\$11,154</u>	<u>\$218,444</u>	<u>\$2,263,324</u>	<u>\$238,547</u>
Nonoperating Net Income (Loss)		949	593	(2,009)	(86,285)	(1,108,482)	(1,109,898)
Less: Imputations [G][H]		(153)	(153)	0	46,223	817,388	46,070
Reported Net Income		<u>\$10,050</u>	<u>\$10,910</u>	<u>\$9,145</u>	<u>\$85,936</u>	<u>\$337,453</u>	<u>\$105,131</u>

[A]-[P] See the notes at the end of this section.

Telecommunications Utilities & Cooperatives
OREGON & SYSTEM OPERATIONS
For the Year Ending December 31, 2003

	Total of the 18 Small Telecommunications Utilities		Total of the 11 Telecom. Cooperatives	Total of the Five Large Telecommunications Utilities		Total of the Telecom. Utilities & Cooperatives Serving Oregon	
	Oregon	System		Oregon	System	Oregon	System
	[B]		[C]	[D]			
AVERAGE RATE BASE (\$000s)							
Telecommunications Plant in Service	\$188,812	\$216,022	\$202,563	\$5,019,781	\$48,397,897	\$5,411,156	\$48,816,482
Accumulated Depreciation	(112,351)	(127,601)	(100,057)	(977,684)	(2,612,325)	(1,190,092)	(2,839,983)
Accumulated Taxes & Other Rate Base	(8,371)	(9,242)	1,717	(2,714,644)	(27,994,083)	(2,721,298)	(28,001,608)
Total Rate Base	<u>\$68,091</u>	<u>\$79,180</u>	<u>\$104,225</u>	<u>\$1,327,454</u>	<u>\$17,791,490</u>	<u>\$1,499,770</u>	<u>\$17,974,895</u>
AVERAGE ACCESS LINES (whole)							
Residential	39,393	42,178	43,592	1,303,332	11,142,028	1,386,317	11,227,798
Business	11,897	12,489	12,248	466,425	4,518,742	490,570	4,543,478
Other	1,375	1,496	509	43,104	148,491	44,988	150,498
Total Access Lines	<u>52,665</u>	<u>56,163</u>	<u>56,349</u>	<u>1,812,861</u>	<u>15,809,261</u>	<u>1,921,875</u>	<u>15,921,774</u>
UNE, Private Line & Wideband	1,471	1,491	3,691	2,063,979	48,304,406	2,069,140	48,309,587
MONTHLY AMT. / ACCESS LINE (\$ whole)							
Average Telecom. Plant in Service	\$291	\$312	\$281	\$108	\$63	\$113	\$63
Average Rate Base	105	114	145	29	23	31	23
Operating Revenues	[G] 81	86	85	30	17	32	17
Depreciation & Amortization Expenses	20	22	17	8	5	8	5
Customer & Corporate Expenses	18	19	26	8	4	8	4
Other Operating Expenses	20	21	24	7	3	7	3
Operating Taxes	9	9	2	3	2	3	2
Net Operating Income	14	15	15	5	3	5	3
PERCENT OF GROSS REVENUES							
Local Service Revenues	31.6%	30.1%	33.3%	39.2%	40.7%	38.7%	40.6%
Depreciation & Amortization Expenses	24.5%	24.9%	20.0%	25.7%	26.7%	25.4%	26.7%
Plant Operation Expenses	18.8%	19.4%	19.5%	15.0%	14.8%	15.3%	14.9%
Corporate Operating Expenses	14.0%	14.1%	19.2%	14.0%	12.0%	14.2%	12.0%
TOTAL OREGON RATES OF RETURN [A]							
Rate of Return [E]	13.1%	12.8%	10.7%	16.5%	12.7%	15.9%	12.7%
Return on Equity [F]	16.3%	15.9%	14.0%	22.9%	19.2%	21.9%	19.1%

[A]-[P] See the notes at the end of this section.

Telecommunications Utilities & Cooperatives
NOTES TO FINANCIAL STATEMENTS AND STATISTICS
For the Year Ending December 31, 2003

- [A] Total Oregon amounts include interstate operations subject to the FCC's jurisdiction, and the rates of return are provided for comparative purposes only. The Oregon Commission only regulates intrastate operations under Oregon Revised Statute (ORS) Chapter 759. Recently, intrastate rates of return have been lower than the interstate rates of return. Intrastate data will be available to the Oregon Commission in November 2004, but staff has not been compiling or publishing the intrastate data.
- [B] Each small utility serves less than 50,000 access lines in Oregon. Its local rates are not generally subject to regulation. The statistics of the 18 small utilities are heavily weighted by Cascade Utilities, Frontier d.b.a. Citizens Telephone Company of Oregon, and Malheur Home Telephone Company. Combined, these three utilities serve 72 percent of Oregon's small telecommunications utility customers.
- [C] For telecommunications cooperatives and associations, through services (as defined in Oregon Administrative Rule 860-034-0015) and access charges are subject to Commission regulation under ORSs 759.220 and 759.225. The statistics of the cooperatives are heavily weighted by Pioneer Telephone Cooperative, which serves 27 percent of Oregon's telecommunications cooperative members, and Canby Telephone Association, which serves 25 percent.
- [D] Each large utility serves at least 50,000 access lines in Oregon and is subject to intrastate regulation by the Commission, except as indicated in Notes [P] and [O].
- [E] Rate of return equals net operating income divided by average rate base.
- [F] Rates of return on equity for cooperatives and small utilities are based on reported capital structures. Large utilities' Oregon returns are based on authorized capital structures while their total company returns are based on reported amounts.
- [G] Qwest's, Sprint's, and Verizon's yellow page revenue imputations are shown as ordered in each utility's last general rate case.
- [H] For Helix and Mt. Angel, staff added some corporate income taxes on regulated operations for comparative purposes.
- [I] TDS Telecom owns Asotin Telephone Company and Home Telephone Company.
- [J] Cascade Utilities and Trans-Cascades Telephone are affiliated companies.
- [K] Qwest Corporation owns Malheur Home Telephone Company.
- [L] North-State Telephone and Oregon Telephone are affiliated companies.
- [M] Oregon-Idaho Utilities does business as Humboldt Telephone Company in Malheur County, Oregon.
- [N] Stayton Cooperative Telephone owns Peoples Telephone Company.
- [O] CenturyTel of Eastern Oregon and CenturyTel of Oregon are one entity for setting Oregon intrastate rates.
- [P] Qwest opted into price-cap regulation under ORS 759.405 effective January 1, 2001.