

Telecommunications Utilities and Cooperatives (ILECs)
NOTES TO FINANCIAL AND STATISTICAL DATA
Year Ending December 31, 2005

- [A] Rate of return equals net operating income divided by average rate base. Total Oregon amounts include interstate operations subject to FCC 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 2006, but staff has not been compiling the intrastate data.
- [B] Each small utility serves less than 50,000 access lines in Oregon. Their local rates are not generally subject to regulation. The statistics of the 18 small utilities are heavily weighted by Cascade Utilities, Citizens Telecommunications Company of Oregon dba Frontier, and Malheur Home Telephone Company. Combined, these three utilities serve 73 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 25 percent of Oregon's telecommunications cooperative members, and Canby Telephone Association, which serves 28 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 [L] and [M]. The statistics of the large utilities are heavily weighted by Qwest.
- [E] For a few small privately-held utilities, staff added state and federal corporate taxes on regulated operations for comparative purposes.
- [F] Asotin Telephone Company and Home Telephone Company are owned by TDS Telecom.
- [G] Cascade Utilities and Trans-Cascades Telephone Company are affiliated companies.
- [H] Malheur Home Telephone Company is owned by Qwest Corporation.
- [I] North-State Telephone Co. and Oregon Telephone Corporation are affiliated companies.
- [J] Oregon-Idaho Utilities does business as Humboldt Telephone Company in Malheur County, Oregon.
- [K] People's Telephone Co. is owned by Stayton Cooperative Telephone Company.
- [L] CenturyTel of Eastern Oregon and CenturyTel of Oregon are treated as one entity for setting Oregon intrastate rates.
- [M] Qwest Corporation opted into price-cap regulation under ORS 759.405, effective January 1, 2001.
- [N] Qwest's, Sprint's, and Verizon's yellow page revenue imputations are shown as required by Commission orders.

Small Telecommunications Utilities ^[B]
OREGON AND SYSTEM OPERATIONS
Year Ending December 31, 2005

	<u>Asotin Telephone Company dba TDS</u>		<u>Cascade Utilities, Inc.</u>	<u>Citizens Telecom. Co. of Oregon dba Frontier</u>	<u>Eagle Telephone System, Inc.</u>	<u>Helix Telephone Co.</u>	<u>Home Telephone Company</u>
	<u>Oregon</u>	<u>System</u>	<u>Utilities, Inc.</u>	<u>dba Frontier</u>	<u>System, Inc.</u>	<u>Co.</u>	<u>Company</u>
	[F]		[G]				[F]
BALANCE SHEET (\$000s)							
Land & Support Assets	\$69	\$822	\$6,212	\$4,189	\$597	\$1,012	\$297
Central Office Equipment	27	1,759	12,258	18,381	1,759	1,022	917
Cable & Wire Facilities	845	3,926	17,726	26,952	1,930	1,668	1,579
Other Telecommunications Plant	0	372	1	15	0	2	14
Accumulated Depreciation	(901)	(5,047)	(21,565)	(41,266)	(2,653)	(2,106)	(2,204)
Net Telecommunications Plant	\$40	\$1,832	\$14,632	\$8,271	\$1,633	\$1,598	\$603
Plant Under Construction	0	18	101	434	0	0	3
Other Assets & Other Debits		6,914	41,624	43,509	1,679	1,038	463
Total Assets & Other Debits		<u>\$8,764</u>	<u>\$56,357</u>	<u>\$52,214</u>	<u>\$3,312</u>	<u>\$2,636</u>	<u>\$1,069</u>
Long Term Debt		\$25	\$0	\$8,000	\$1,595	\$1,109	\$14
Other Liabilities & Deferred Credits		285	7,616	5,365	312	226	326
Stockholders' Equity		8,454	48,741	38,849	1,405	1,301	729
Total Liabilities & Other Credits		<u>\$8,764</u>	<u>\$56,357</u>	<u>\$52,214</u>	<u>\$3,312</u>	<u>\$2,636</u>	<u>\$1,069</u>
INCOME STATEMENT (\$000s)							
Local Service	\$26	\$424	\$3,592	\$4,536	\$91	\$102	\$261
Toll, Access & Universal Service Funds	127	1,099	4,330	6,039	1,426	823	416
Directory, Other & Uncollectibles	74	44	835	1,055	45	43	92
Total Operating Revenues	\$227	\$1,567	\$8,757	\$11,630	\$1,562	\$968	\$769
Plant Operations	21	158	1,621	2,108	576	199	121
Depreciation & Amortization	48	431	1,820	3,769	279	191	93
Customer Operations	37	213	676	749	73	38	114
Corporate Operations	24	198	1,289	692	335	288	191
Other Operating Expenses	19	125	927	1,131	15	17	89
Operating Taxes	31	172	1,018	1,394	(16)	55 [E]	79
Net Jurisdictional Differences	0	0	0	0	0	0	0
Net Operating Income	\$47	\$270	\$1,406	\$1,787	\$300	\$180	\$82
Nonoperating Net Income (Loss)	14	138	2,455	(392)	(276)	(4)	33
Less: Imputations	0	0	0	0	0	(28) [E]	0
Reported Net Income	<u>\$61</u>	<u>\$408</u>	<u>\$3,861</u>	<u>\$1,395</u>	<u>\$24</u>	<u>\$176</u>	<u>\$115</u>

[A]-[N] See Notes on page 1.

Small Telecommunications Utilities ^[B]
OREGON AND SYSTEM OPERATIONS
Year Ending December 31, 2005

	<u>Asotin Telephone Company dba TDS</u>		<u>Cascade Utilities, Inc.</u>	<u>Citizens Telecom. Co. of Oregon dba Frontier</u>	<u>Eagle Telephone System, Inc.</u>	<u>Helix Telephone Co.</u>	<u>Home Telephone Company</u>
	<u>Oregon</u>	<u>System</u>		<u>Utilities, Inc.</u>	<u>dba Frontier</u>	<u>System, Inc.</u>	<u>Co.</u>
	[F]		[G]				[F]
AVERAGE RATE BASE (\$000s)							
Telecommunications Plant in Service	\$939	\$6,848	\$35,684	\$49,148	\$4,254	\$3,650	\$2,787
Accumulated Depreciation	(862)	(5,210)	(20,988)	(39,541)	(2,513)	(2,020)	(2,195)
Accumulated Taxes & Other Rate Base	(9)	(90)	(2,379)	(4,436)	(2)	0	(85)
Total Rate Base	<u>\$68</u>	<u>\$1,548</u>	<u>\$12,317</u>	<u>\$5,171</u>	<u>\$1,739</u>	<u>\$1,630</u>	<u>\$507</u>
AVERAGE ACCESS LINES (whole)							
Residential	105	1,256	7,330	10,793	352	276	529
Business	43	279	1,725	2,839	96	34	274
Other	0	0	89	431	16	2	0
Total Access Lines	148	1,535	9,144	14,063	464	312	803
Unbundled Network Elements (UNEs)	0	0	0	0	0	0	0
Private Line & Wideband	0	0	0	0	0	0	0
MONTHLY AMT. / ACCESS LINE (\$ whole)							
Average Telecom. Plant in Service	\$6,342	\$4,461	\$3,902	\$3,495	\$9,168	\$11,697	\$3,471
Average Rate Base	457	1,009	1,347	368	3,749	5,223	631
Operating Revenues	128	85	80	68	280	259	80
Depreciation & Amortization Expenses	27	23	17	22	50	51	10
Customer & Corporate Expenses	34	22	18	9	73	87	32
Taxes & Other Operating Expenses	40	25	32	27	103	72 [E]	30
Net Operating Income	26	15	13	11	54	48	9
PERCENT OF GROSS REVENUES							
Local Service Revenues	11.5%	27.0%	41.0%	38.7%	5.8%	10.5%	33.8%
Depreciation & Amortization Expenses	21.2%	27.5%	20.7%	32.1%	17.9%	19.7%	12.0%
Plant Operation Expenses	9.3%	10.1%	18.5%	18.0%	36.9%	20.6%	15.7%
Customer Expenses	16.3%	13.6%	7.7%	6.4%	4.7%	3.9%	14.8%
Corporate Expenses	10.6%	12.6%	14.7%	5.9%	21.4%	29.8%	24.7%
TOTAL OREGON RATE OF RETURN [A]							
Return on Rate Base	69.5%	17.4%	11.4%	34.6%	17.2%	11.0% [E]	16.2%

[A]-[N] See Notes on page 1.

Small Telecommunications Utilities ^[B]
OREGON AND SYSTEM OPERATIONS
Year Ending December 31, 2005

	<u>Malheur Home Telephone Company</u> [H]	<u>Midvale Telephone Exchange, Inc.</u>		<u>Monroe Telephone Company</u>	<u>Mount Angel Telephone Company</u>	<u>Nehalem Telecommuni- cations, Inc.</u>	<u>North-State Telephone Co.</u> [I]
		<u>Oregon</u>	<u>System</u>				
BALANCE SHEET (\$000s)							
Land & Support Assets	\$2,075	\$38	\$2,433	\$1,398	\$1,006	\$1,122	\$110
Central Office Equipment	11,535	444	8,399	1,754	2,066	3,642	1,014
Cable & Wire Facilities	21,329	986	12,824	2,849	1,540	4,072	1,158
Other Telecommunications Plant	272	0	27	3	0	74	0
Accumulated Depreciation	<u>(25,919)</u>	<u>(1,042)</u>	<u>(12,994)</u>	<u>(2,439)</u>	<u>(3,353)</u>	<u>(5,597)</u>	<u>(1,502)</u>
Net Telecommunications Plant	\$9,292	\$426	\$10,689	\$3,565	\$1,259	\$3,313	\$780
Plant Under Construction	15	15	246	0	1	47	0
Other Assets & Other Debits	3,229		5,012	1,999	2,085	4,959	1,010
Total Assets & Other Debits	<u>\$12,536</u>		<u>\$15,947</u>	<u>\$5,564</u>	<u>\$3,345</u>	<u>\$8,319</u>	<u>\$1,790</u>
Long Term Debt	\$1,500		\$9,243	\$3,608	\$0	\$5,749	\$503
Other Liabilities & Deferred Credits	325		2,946	430	552	1,010	177
Stockholders' Equity	<u>10,711</u>		<u>3,758</u>	<u>1,526</u>	<u>2,793</u>	<u>1,560</u>	<u>1,110</u>
Total Liabilities & Other Credits	<u>\$12,536</u>		<u>\$15,947</u>	<u>\$5,564</u>	<u>\$3,345</u>	<u>\$8,319</u>	<u>\$1,790</u>
INCOME STATEMENT (\$000s)							
Local Service	\$3,930	\$66	\$876	\$257	\$655	\$700	\$155
Toll, Access & Universal Service Funds	4,033	370	5,550	1,669	1,154	2,246	526
Directory, Other & Uncollectibles	<u>1,077</u>	<u>5</u>	<u>498</u>	<u>154</u>	<u>226</u>	<u>199</u>	<u>26</u>
Total Operating Revenues	\$9,040	\$441	\$6,924	\$2,080	\$2,035	\$3,145	\$707
Plant Operations	1,390	224	2,664	526	295	657	135
Depreciation & Amortization	2,528	94	1,516	399	230	797	164
Customer Operations	607	34	432	245	364	133	40
Corporate Operations	1,440	113	960	470	435	692	248
Other Operating Expenses	707	15	109	42	102	229	37
Operating Taxes	372	7	354	85	143 [E]	105 [E]	42
Net Jurisdictional Differences	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(50)</u>	<u>0</u>	<u>0</u>
Net Operating Income	\$1,996	(\$46)	\$889	\$313	\$516	\$532	\$41
Nonoperating Net Income (Loss)	(64)	(49)	(404)	(202)	280	(426)	(3)
Less: Imputations	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(84) [E]</u>	<u>(11) [E]</u>	<u>0</u>
Reported Net Income	<u>\$1,932</u>	<u>(\$95)</u>	<u>\$485</u>	<u>\$111</u>	<u>\$796</u>	<u>\$106</u>	<u>\$38</u>

[A]-[N] See Notes on page 1.

Small Telecommunications Utilities ^[B]
OREGON AND SYSTEM OPERATIONS
Year Ending December 31, 2005

	<u>Malheur Home Telephone Company</u> [H]	<u>Midvale Telephone Exchange, Inc.</u>		<u>Monroe Telephone Company</u>	<u>Mount Angel Telephone Company</u>	<u>Nehalem Telecommuni- cations, Inc.</u>	<u>North-State Telephone Co.</u> [I]
		<u>Oregon</u>	<u>System</u>				
AVERAGE RATE BASE (\$000s)							
Telecommunications Plant in Service	\$34,990	\$1,412	\$23,332	\$5,810	\$4,575	\$8,854	\$2,221
Accumulated Depreciation	(24,804)	(1,005)	(12,344)	(2,350)	(3,254)	(5,199)	(1,428)
Accumulated Taxes & Other Rate Base	(652)	(74)	(1,225)	490	18	134	(4)
Total Rate Base	<u>\$9,534</u>	<u>\$333</u>	<u>\$9,763</u>	<u>\$3,950</u>	<u>\$1,339</u>	<u>\$3,789</u>	<u>\$789</u>
AVERAGE ACCESS LINES (whole)							
Residential	8,618	194	2,246	784	1,240	2,455	424
Business	3,654	56	428	155	727	622	83
Other	211	21	179	6	49	12	15
Total Access Lines	12,483	271	2,853	945	2,016	3,089	522
Unbundled Network Elements (UNEs)	0	0	0	0	0	0	0
Private Line & Wideband	5,543	4	17	0	0	0	0
MONTHLY AMT. / ACCESS LINE (\$ whole)							
Average Telecom. Plant in Service	\$1,941	\$5,135	\$8,130	\$6,148	\$2,269	\$2,866	\$4,254
Average Rate Base	529	1,211	3,402	4,180	664	1,227	1,511
Operating Revenues	42	133	201	183	84	85	113
Depreciation & Amortization Expenses	12	29	44	35	10	22	26
Customer & Corporate Expenses	10	45	40	63	33	22	46
Taxes & Other Operating Expenses	11	74	91	58	20 [E]	27 [E]	34
Net Operating Income	9	(14)	26	28	21	14	7
PERCENT OF GROSS REVENUES							
Local Service Revenues	43.1%	14.9%	12.6%	12.4%	32.1%	22.2%	21.9%
Depreciation & Amortization Expenses	27.8%	21.3%	21.9%	19.2%	11.3%	25.3%	23.2%
Plant Operation Expenses	15.3%	50.7%	38.5%	25.3%	14.5%	20.9%	19.1%
Customer Expenses	6.7%	7.7%	6.2%	11.8%	17.9%	4.2%	5.7%
Corporate Expenses	15.8%	25.6%	13.9%	22.6%	21.3%	22.0%	35.1%
TOTAL OREGON RATE OF RETURN [A]							
Return on Rate Base	20.9%	-13.8%	9.1%	7.9%	38.5% [E]	14.0% [E]	5.2%

[A]-[N] See Notes on page 1.

Small Telecommunications Utilities ^[B]
OREGON AND SYSTEM OPERATIONS
Year Ending December 31, 2005

	Oregon Telephone Corporation [I]	Oregon-Idaho Utilities, Inc. Oregon System [J]		People's Telephone Co. [K]	Pine Telephone System, Inc.	Roome Telecommuni- cations Inc.	Trans- Cascades Telephone Tel. Co. [G]
BALANCE SHEET (\$000s)							
Land & Support Assets	\$1,082	\$1,592	\$1,779	\$100	\$1,845	\$2,724	\$221
Central Office Equipment	4,628	2,953	3,299	649	2,716	2,149	364
Cable & Wire Facilities	5,505	8,167	9,125	2,946	10,101	1,781	955
Other Telecommunications Plant	11	164	184	0	26	0	0
Accumulated Depreciation	<u>(6,627)</u>	<u>(7,617)</u>	<u>(8,511)</u>	<u>(2,327)</u>	<u>(5,801)</u>	<u>(4,101)</u>	<u>(1,095)</u>
Net Telecommunications Plant	\$4,599	\$5,259	\$5,876	\$1,368	\$8,887	\$2,553	\$445
Plant Under Construction	0	677	757	40	3	0	0
Other Assets & Other Debits	3,474		3,916	2,075	2,636	3,500	1,725
Total Assets & Other Debits	<u>\$8,073</u>		<u>\$10,549</u>	<u>\$3,483</u>	<u>\$11,526</u>	<u>\$6,053</u>	<u>\$2,170</u>
Long Term Debt	\$8,447		\$5,053	\$0	\$8,460	\$799	\$0
Other Liabilities & Deferred Credits	520		765	850	414	850	291
Stockholders' Equity	<u>(894)</u>		<u>4,731</u>	<u>2,633</u>	<u>2,652</u>	<u>4,404</u>	<u>1,879</u>
Total Liabilities & Other Credits	<u>\$8,073</u>		<u>\$10,549</u>	<u>\$3,483</u>	<u>\$11,526</u>	<u>\$6,053</u>	<u>\$2,170</u>
INCOME STATEMENT (\$000s)							
Local Service	\$590	\$174	\$194	\$0	\$235	\$302	\$53
Toll, Access & Universal Service Funds	1,831	2,664	2,977	1,034	2,793	1,259	350
Directory, Other & Uncollectibles	140	71	80	565	64	240	13
Total Operating Revenues	\$2,561	\$2,909	\$3,251	\$1,599	\$3,092	\$1,801	\$416
Plant Operations	476	578	645	324	516	524	87
Depreciation & Amortization	578	586	654	275	854	338	90
Customer Operations	145	129	144	151	145	72	42
Corporate Operations	685	461	515	240	415	330	221
Other Operating Expenses	146	177	199	118	61	103	28
Operating Taxes	189	357	398	265	254	226	(14)
Net Jurisdictional Differences	0	0	0	0	0	0	0
Net Operating Income	\$342	\$621	\$696	\$226	\$847	\$208	(\$38)
Nonoperating Net Income (Loss)	(185)	(125)	(142)	11	(398)	(14)	69
Less: Imputations	0	0	0	0	0	0	0
Reported Net Income	<u>\$157</u>	<u>\$496</u>	<u>\$554</u>	<u>\$237</u>	<u>\$449</u>	<u>\$194</u>	<u>\$31</u>

[A]-[N] See Notes on page 1.

Small Telecommunications Utilities ^[B]
OREGON AND SYSTEM OPERATIONS
Year Ending December 31, 2005

	<u>Oregon Telephone Corporation</u> [I]	<u>Oregon-Idaho Utilities, Inc.</u> [J]		<u>People's Telephone Co.</u> [K]	<u>Pine Telephone System, Inc.</u>	<u>Roome Telecommuni- cations Inc.</u>	<u>Trans- Cascades Telephone Tel. Co.</u> [G]
AVERAGE RATE BASE (\$000s)							
Telecommunications Plant in Service	\$9,876	\$12,695	\$14,184	\$3,583	\$14,467	\$6,751	\$1,511
Accumulated Depreciation	(6,355)	(7,330)	(8,190)	(2,241)	(5,590)	(4,048)	(1,050)
Accumulated Taxes & Other Rate Base	(33)	107	120	(362)	(65)	(374)	(114)
Total Rate Base	<u>\$3,488</u>	<u>\$5,472</u>	<u>\$6,114</u>	<u>\$980</u>	<u>\$8,812</u>	<u>\$2,329</u>	<u>\$347</u>
AVERAGE ACCESS LINES (whole)							
Residential	1,384	480	537	1,208	702	404	170
Business	354	137	153	239	218	232	41
Other	73	55	60	4	10	38	7
Total Access Lines	1,811	672	750	1,451	930	674	218
Unbundled Network Elements (UNEs)	0	0	0	0	0	0	0
Private Line & Wideband	0	0	0	209	0	15	0
MONTHLY AMT. / ACCESS LINE (\$ whole)							
Average Telecom. Plant in Service	\$5,453	\$18,891	\$18,912	\$2,158	\$15,556	\$9,798	\$6,932
Average Rate Base	1,926	8,143	8,152	591	9,476	3,380	1,591
Operating Revenues	118	361	361	80	277	218	159
Depreciation & Amortization Expenses	27	73	73	14	77	41	34
Customer & Corporate Expenses	38	73	73	20	50	49	101
Taxes & Other Operating Expenses	37	138	138	35	75	103	39
Net Operating Income	16	77	77	11	76	25	(15)
PERCENT OF GROSS REVENUES							
Local Service Revenues	23.0%	6.0%	6.0%	0.0%	7.6%	16.8%	12.7%
Depreciation & Amortization Expenses	22.6%	20.1%	20.1%	17.2%	27.6%	18.8%	21.6%
Plant Operation Expenses	18.6%	19.9%	19.8%	20.3%	16.7%	29.1%	20.9%
Customer Expenses	5.7%	4.4%	4.4%	9.4%	4.7%	4.0%	10.1%
Corporate Expenses	26.7%	15.8%	15.8%	15.0%	13.4%	18.3%	53.1%
TOTAL OREGON RATE OF RETURN ^[A]							
Return on Rate Base	9.8%	11.3%	11.4%	23.1%	9.6%	8.9%	-11.0%

[A]-[N] See Notes on page 1.

Large Telecommunications Utilities ^[D]
OREGON AND SYSTEM OPERATIONS
Year Ending December 31, 2005

	<u>CenturyTel, Inc.</u>			<u>Qwest Corporation</u>	
	<u>CenturyTel of Eastern Oregon, Inc.</u>	<u>CenturyTel of Oregon, Inc.</u>	<u>Total Oregon Operations</u> [L]	<u>Oregon</u>	<u>System</u> [M]
BALANCE SHEET (\$000s)					
Land & Support Assets	\$8,805	\$8,274	\$17,078	\$275,700	\$4,931,917
Central Office Equipment	67,847	44,701	112,549	1,402,137	18,385,513
Cable & Wire Facilities	139,654	55,347	195,001	1,542,387	18,823,540
Other Telecommunications Plant	32	4	36	146,859	978,734
Accumulated Depreciation	<u>(175,620)</u>	<u>(80,094)</u>	<u>(255,714)</u>	<u>(2,197,916)</u>	<u>(29,334,592)</u>
Net Telecommunications Plant	\$40,718	\$28,232	\$68,950	\$1,169,167	\$13,785,112
Plant Under Construction	862	649	1,510	15,252	457,790
Other Assets & Other Debits	<u>43,592</u>	<u>12,812</u>	<u>56,405</u>		<u>2,921,800</u>
Total Assets & Other Debits	<u>\$85,172</u>	<u>\$41,693</u>	<u>\$126,865</u>		<u>\$17,164,702</u>
Long Term Debt	\$9,503	\$0	\$9,503		\$7,662,250
Other Liabilities & Deferred Credits	10,715	7,769	18,485		7,352,104
Stockholders' Equity	<u>64,954</u>	<u>33,924</u>	<u>98,877</u>		<u>2,150,348</u>
Total Liabilities & Other Credits	<u>\$85,172</u>	<u>\$41,693</u>	<u>\$126,865</u>		<u>\$17,164,702</u>
INCOME STATEMENT (\$000s)					
Local Service	\$9,503	\$12,424	\$21,927	\$343,629	\$4,244,171
Toll, Access & Universal Service Funds	25,428	19,399	44,827	357,199	4,015,140
Directory, Other & Uncollectibles	<u>628</u>	<u>1,315</u>	<u>1,943</u>	<u>220,007</u> [N]	<u>2,672,942</u>
Total Operating Revenues	\$35,559	\$33,138	\$68,697	\$920,835	\$10,932,253
Plant Operations	7,904	6,714	14,618	139,094	1,849,277
Depreciation & Amortization	12,528	6,441	18,969	255,730	3,190,134
Customer Operations	2,268	2,746	5,014	116,436	1,352,621
Corporate Operations	3,232	2,694	5,926	13,854	894,198
Other Operating Expenses	2,591	2,567	5,157	82,570	846,773
Operating Taxes	2,805	5,295	8,101	37,897	1,054,793
Net Jurisdictional Differences	<u>0</u>	<u>0</u>	<u>0</u>	<u>(7,070)</u>	<u>20,667</u>
Net Operating Income	\$4,231	\$6,681	\$10,912	\$282,324	\$1,723,790
Nonoperating Net Income (Loss)	(703)	905	202	(86,394)	(1,230,169)
Less: Imputations	<u>0</u>	<u>0</u>	<u>0</u>	<u>31,726</u> [N]	<u>609,519</u>
Reported Net Income	<u>\$3,528</u>	<u>\$7,586</u>	<u>\$11,114</u>	<u>\$195,930</u>	<u>\$493,621</u>

[A]-[N] See Notes on page 1.

Large Telecommunications Utilities ^[D]
OREGON AND SYSTEM OPERATIONS
Year Ending December 31, 2005

	<u>CenturyTel, Inc.</u>			<u>Qwest Corporation</u>	
	<u>CenturyTel of Eastern Oregon, Inc.</u>	<u>CenturyTel of Oregon, Inc.</u>	<u>Total Oregon Operations</u>	<u>Oregon</u>	<u>System</u>
			[L]		[M]
AVERAGE RATE BASE (\$000s)					
Telecommunications Plant in Service	\$214,401	\$107,691	\$322,092	\$3,386,832	\$43,129,527
Accumulated Depreciation	(170,358)	(79,028)	(249,386)	(2,117,811)	(28,232,400)
Accumulated Taxes & Other Rate Base	(5,587)	(4,136)	(9,723)	(158,230)	(1,838,342)
Total Rate Base	<u>\$38,456</u>	<u>\$24,527</u>	<u>\$62,983</u>	<u>\$1,110,791</u>	<u>\$13,058,785</u>
AVERAGE ACCESS LINES (whole)					
Residential	23,836	31,829	55,665	787,014	9,005,099
Business	8,587	7,413	16,000	227,573	3,308,125
Other	440	890	1,329	314,958	3,584,153
Total Access Lines	<u>32,863</u>	<u>40,132</u>	<u>72,994</u>	<u>1,329,545</u>	<u>15,897,377</u>
Unbundled Network Elements (UNEs)	0	0	0	184,925	1,958,511
Private Line & Wideband	0	0	0	2,003,979	32,847,330
MONTHLY AMT. / ACCESS LINE (\$ whole)					
Average Telecom. Plant in Service			\$4,413	\$1,016	\$885
Average Rate Base			863	333	268
Operating Revenues			78	23 [N]	19
Depreciation & Amortization Expenses			22	6	5
Customer & Corporate Expenses			13	3	4
Taxes & Other Operating Expenses			31	6 [N]	6
Net Operating Income			12	7	3
PERCENT OF GROSS REVENUES					
Local Service Revenues			31.6%	37.1%	38.6%
Depreciation & Amortization Expenses			27.3%	27.6%	29.0%
Plant Operation Expenses			21.0%	15.0%	16.8%
Customer Expenses			7.2%	12.6%	12.3%
Corporate Expenses			8.5%	1.5%	8.1%
TOTAL OREGON RATE OF RETURN [A]					
Return on Rate Base			17.3%	25.4% [N]	13.2%

[A]-[N] See Notes on page 1.

Large Telecommunications Utilities ^[D]
OREGON AND SYSTEM OPERATIONS
Year Ending December 31, 2005

	United Telephone Company of the Northwest dba Sprint		Verizon Northwest Inc.	
	Oregon	System	Oregon	System
BALANCE SHEET (\$000s)				
Land & Support Assets	\$26,906	\$36,481	\$99,994	\$429,563
Central Office Equipment	92,401	192,815	501,866	1,768,798
Cable & Wire Facilities	111,152	238,390	656,194	2,139,238
Other Telecommunications Plant	904	1,962	10,952	40,998
Accumulated Depreciation	<u>(154,967)</u>	<u>(295,345)</u>	<u>(793,306)</u>	<u>(2,668,768)</u>
Net Telecommunications Plant	\$76,396	\$174,303	\$475,700	\$1,709,829
Plant Under Construction	3,212	13,042	3,115	21,460
Other Assets & Other Debits		<u>23,320</u>		<u>568,154</u>
Total Assets & Other Debits		<u><u>\$210,665</u></u>		<u><u>\$2,299,443</u></u>
Long Term Debt		\$37,150		\$561,887
Other Liabilities & Deferred Credits		83,835		816,413
Stockholders' Equity		<u>89,680</u>		<u>921,143</u>
Total Liabilities & Other Credits		<u><u>\$210,665</u></u>		<u><u>\$2,299,443</u></u>
INCOME STATEMENT (\$000s)				
Local Service	\$23,371	\$46,487	\$127,295	\$436,617
Toll, Access & Universal Service Funds	27,478	57,816	147,999	513,221
Directory, Other & Uncollectibles	<u>4,314</u> ^[N]	<u>6,196</u>	<u>61,217</u> ^[N]	<u>145,967</u>
Total Operating Revenues	\$55,163	\$110,499	\$336,511	\$1,095,805
Plant Operations	8,635	16,701	53,188	160,473
Depreciation & Amortization	15,111	28,618	81,780	302,443
Customer Operations	3,766	8,775	33,772	119,798
Corporate Operations	6,238	13,108	40,366	149,695
Other Operating Expenses	5,580	10,740	37,666	101,967
Operating Taxes	5,974	13,839	37,068	121,439
Net Jurisdictional Differences	<u>0</u>	<u>0</u>	<u>2,718</u>	<u>(465)</u>
Net Operating Income	\$9,859	\$18,718	\$49,953	\$140,455
Nonoperating Net Income (Loss)	(1,076)	(4,827)	(16,906)	(55,802)
Less: Imputations	<u>300</u> ^[N]	<u>848</u>	<u>4,261</u> ^[N]	<u>10,174</u>
Reported Net Income	<u><u>\$8,783</u></u>	<u><u>\$13,891</u></u>	<u><u>\$33,047</u></u>	<u><u>\$84,653</u></u>

[A]-[N] See Notes on page 1.

Large Telecommunications Utilities ^[D]
OREGON AND SYSTEM OPERATIONS
Year Ending December 31, 2005

	United Telephone Company of the Northwest dba Sprint		Verizon Northwest Inc.	
	<u>Oregon</u>	<u>System</u>	<u>Oregon</u>	<u>System</u>
AVERAGE RATE BASE (\$000s)				
Telecommunications Plant in Service	\$229,371	\$465,136	\$1,227,714	\$4,318,926
Accumulated Depreciation	(150,049)	(284,949)	(757,295)	(2,556,557)
Accumulated Taxes & Other Rate Base	<u>(15,485)</u>	<u>(33,872)</u>	<u>(78,585)</u>	<u>(214,113)</u>
Total Rate Base	<u><u>\$63,837</u></u>	<u><u>\$146,315</u></u>	<u><u>\$391,834</u></u>	<u><u>\$1,548,256</u></u>
AVERAGE ACCESS LINES (whole)				
Residential	47,887	100,830	288,031	965,904
Business	16,720	40,909	105,233	349,220
Other	<u>5,950</u>	<u>10,443</u>	<u>21,503</u>	<u>45,846</u>
Total Access Lines	70,557	152,182	414,767	1,360,970
Unbundled Network Elements (UNEs)	0	0	6,782	11,462
Private Line & Wideband	0	0	418,407	1,951,789
MONTHLY AMT. / ACCESS LINE (\$ whole)				
Average Telecom. Plant in Service	\$3,251	\$3,056	\$1,474	\$1,304
Average Rate Base	905	961	470	467
Operating Revenues	66 [N]	61	33 [N]	27
Depreciation & Amortization Expenses	18	16	8	8
Customer & Corporate Expenses	12	12	7	7
Taxes & Other Operating Expenses	25 [N]	23	13 [N]	9
Net Operating Income	12	10	5	4
PERCENT OF GROSS REVENUES				
Local Service Revenues	42.9%	42.3%	37.4%	39.3%
Depreciation & Amortization Expenses	27.7%	26.0%	24.0%	27.2%
Plant Operation Expenses	15.8%	15.2%	15.6%	14.4%
Customer Expenses	6.9%	8.0%	9.9%	10.8%
Corporate Expenses	11.4%	11.9%	11.9%	13.5%
TOTAL OREGON RATE OF RETURN ^[A]				
Return on Rate Base	15.4% [N]	12.8%	12.7% [N]	9.1%

[A]-[N] See Notes on page 1.

Telecommunications Utilities and Cooperatives (ILECs)
OREGON AND SYSTEM OPERATIONS
Year Ending December 31, 2005

	<u>Total of the 18 Small Telecommunications Utilities</u>		<u>Total of the 11 Telecom. Cooperatives</u>	<u>Total of the Five Large Telecommunications Utilities</u>		<u>Total ILECs Serving Oregon</u>	
	<u>Oregon</u>	<u>System</u>		<u>Oregon</u>	<u>System</u>	<u>Oregon</u>	<u>System</u>
	[B]		[C]		[D]		
BALANCE SHEET (\$000s)							
Land & Support Assets	\$25,689	\$29,024	\$40,135	\$419,678	\$5,415,039	\$485,502	\$5,484,198
Central Office Equipment	68,277	78,310	63,537	2,108,954	20,459,675	2,240,767	20,601,521
Cable & Wire Facilities	112,089	127,966	117,889	2,504,734	21,396,169	2,734,712	21,642,024
Other Telecommunications Plant	582	1,001	100	158,751	1,021,730	159,433	1,022,831
Accumulated Depreciation	<u>(138,115)</u>	<u>(155,107)</u>	<u>(125,979)</u>	<u>(3,401,903)</u>	<u>(32,554,419)</u>	<u>(3,665,997)</u>	<u>(32,835,505)</u>
Net Telecommunications Plant	\$68,522	\$81,194	\$95,682	\$1,790,214	\$15,738,194	\$1,954,417	\$15,915,069
Plant Under Construction	1,336	1,665	408	23,089	493,802	24,833	495,875
Other Assets & Other Debits		<u>130,849</u>	<u>98,181</u>		<u>3,569,679</u>		<u>3,798,710</u>
Total Assets & Other Debits		<u>\$213,707</u>	<u>\$194,270</u>		<u>\$19,801,675</u>		<u>\$20,209,652</u>
Long Term Debt		\$54,105	\$58,841		\$8,270,790		\$8,383,736
Other Liabilities & Deferred Credits		23,260	22,230		8,270,837		8,316,327
Stockholders' Equity		<u>136,342</u>	<u>113,199</u>		<u>3,260,048</u>		<u>3,509,589</u>
Total Liabilities & Other Credits		<u>\$213,707</u>	<u>\$194,270</u>		<u>\$19,801,675</u>		<u>\$20,209,652</u>
INCOME STATEMENT (\$000s)							
Local Service	\$15,725	\$16,953	\$21,778	\$516,222	\$4,749,202	\$553,725	\$4,787,933
Toll, Access & Universal Service Funds	33,090	39,555	39,440	577,503	4,631,004	650,033	4,709,999
Directory, Other & Uncollectibles	<u>4,924</u>	<u>5,396</u>	<u>4,318</u>	<u>287,481</u> [N]	<u>2,827,048</u>	<u>296,723</u> [N]	<u>2,836,762</u>
Total Operating Revenues	\$53,739	\$61,904	\$65,536	\$1,381,206	\$12,207,254	\$1,500,481	\$12,334,694
Plant Operations	10,378	13,022	12,923	215,535	2,041,069	238,836	2,067,014
Depreciation & Amortization	13,133	15,006	13,760	371,590	3,540,164	398,483	3,568,930
Customer Operations	3,794	4,383	7,826	158,988	1,486,208	170,608	1,498,417
Corporate Operations	8,569	9,644	11,962	66,384	1,062,927	86,915	1,084,533
Other Operating Expenses	3,963	4,185	5,972	130,973	964,637	140,908	974,794
Operating Taxes	4,592 [E]	5,121	1,892	89,040 [N]	1,198,172	95,524 [E][N]	1,205,185
Net Jurisdictional Differences	<u>(50)</u>	<u>(50)</u>	<u>0</u>	<u>(4,352)</u>	<u>20,202</u>	<u>(4,402)</u>	<u>20,152</u>
Net Operating Income	\$9,360	\$10,593	\$11,201	\$353,048	\$1,893,875	\$373,609	\$1,915,669
Nonoperating Net Income (Loss)	724	476	(3,546)	(104,174)	(1,290,596)	(106,996)	(1,293,666)
Less: Imputations	<u>(123)</u> [E]	<u>(123)</u>	<u>0</u>	<u>36,287</u> [N]	<u>620,541</u>	<u>36,165</u> [E][N]	<u>620,418</u>
Reported Net Income	<u>\$10,082</u>	<u>\$11,068</u>	<u>\$7,655</u>	<u>\$248,875</u>	<u>\$603,279</u>	<u>\$266,612</u>	<u>\$622,002</u>

[A]-[N] See Notes on page 1.

Telecommunications Utilities and Cooperatives (ILECs)
OREGON AND SYSTEM OPERATIONS
Year Ending December 31, 2005

	<u>Total of the 18 Small Telecommunications Utilities</u>		<u>Total of the 11 Telecom. Cooperatives</u>	<u>Total of the Five Large Telecommunications Utilities</u>		<u>Total ILECs Serving Oregon</u>	
	<u>Oregon</u>	<u>System</u>		<u>Oregon</u>	<u>System</u>	<u>Oregon</u>	<u>System</u>
AVERAGE RATE BASE (\$000s)	[B]		[C]	[D]			
Telecommunications Plant in Service	\$203,207	\$232,525	\$222,687	\$5,166,009	\$48,235,681	\$5,591,903	\$48,690,893
Accumulated Depreciation	(132,773)	(149,320)	(121,074)	(3,274,541)	(31,323,292)	(3,528,388)	(31,593,686)
Accumulated Taxes & Other Rate Base	(7,840)	(9,059)	2,315	(262,023)	(2,096,050)	(267,548)	(2,102,794)
Total Rate Base	<u>\$62,593</u>	<u>\$74,145</u>	<u>\$103,928</u>	<u>\$1,629,444</u>	<u>\$14,816,339</u>	<u>\$1,795,966</u>	<u>\$14,994,412</u>
AVERAGE ACCESS LINES (whole)							
Residential	37,443	40,704	42,375	1,178,597	10,127,498	1,258,414	10,210,576
Business	11,525	12,148	11,657	365,525	3,714,253	388,706	3,738,058
Other	1,042	1,206	850	343,741	3,641,772	319,117	3,288,975
Total Access Lines	50,010	54,058	54,882	1,887,863	17,483,523	1,966,237	17,237,609
Unbundled Network Elements (UNEs)	0	0	0	191,706	1,969,973	191,706	1,969,973
Private Line & Wideband	5,771	5,783	7,595	883,219	34,799,119	990,477	35,609,405
MONTHLY AMT. / ACCESS LINE (\$ whole)							
Average Telecom. Plant in Service	\$3,643	\$3,886	\$3,564	\$1,864	\$923	\$1,891	\$921
Average Rate Base	1,122	1,239	1,663	588	283	607	284
Operating Revenues	80	86	87	41 [N]	19	42 [N]	19
Depreciation & Amortization Expenses	20	21	18	11	6	11	6
Customer & Corporate Expenses	19	20	26	7	4	7	4
Taxes & Other Operating Expenses	28 [E]	31	28	13 [N]	7	13 [E][N]	6
Net Operating Income	14	15	15	11	3	11	3
PERCENT OF GROSS REVENUES							
Local Service Revenues	29.2%	27.3%	33.2%	37.1%	38.6%	36.6%	38.5%
Depreciation & Amortization Expenses	24.3%	24.2%	21.0%	26.7%	28.8%	26.4%	28.7%
Plant Operation Expenses	19.2%	21.0%	19.7%	15.5%	16.6%	15.8%	16.6%
Customer Expenses	7.0%	7.1%	11.9%	11.4%	12.1%	11.3%	12.0%
Corporate Expenses	15.9%	15.5%	18.2%	4.8%	8.6%	5.8%	8.7%
TOTAL OREGON RATE OF RETURN [A]							
Return on Rate Base	15.0% [E]	14.3%	10.8%	21.7% [N]	12.8%	20.8% [E][N]	12.8%

[A]-[N] See Notes on page 1.