

Telecommunications Utilities and Cooperatives (ILECs)  
**NOTES TO FINANCIAL AND STATISTICAL DATA**  
Year Ending December 31, 2004

- [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 2005, 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 27 percent of Oregon's telecommunications cooperative members, and Canby Telephone Association, which serves 27 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 <sup>[B]</sup>  
**OREGON AND SYSTEM OPERATIONS**  
Year Ending December 31, 2004

	<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>Co. of Oregon dba Frontier</u>	<u>Telephone System, Inc.</u>	<u>Telephone Co.</u>	<u>Company</u>
	[F]		[G]				[F]
<b>BALANCE SHEET (\$000s)</b>							
Land & Support Assets	\$69	\$817	\$5,634	\$4,422	\$572	\$952	\$301
Central Office Equipment	32	2,045	11,627	17,969	1,726	989	827
Cable & Wire Facilities	835	3,886	16,850	26,354	1,925	1,650	1,599
Other Telecommunications Plant	0	29	1	14	0	2	18
Accumulated Depreciation	<u>(823)</u>	<u>(5,372)</u>	<u>(20,411)</u>	<u>(37,816)</u>	<u>(2,373)</u>	<u>(1,934)</u>	<u>(2,185)</u>
Net Telecommunications Plant	\$113	\$1,405	\$13,701	\$10,943	\$1,850	\$1,659	\$560
Plant Under Construction	0	1	55	235	1	0	2
Other Assets & Other Debits		<u>8,521</u>	<u>41,858</u>	<u>39,045</u>	<u>1,690</u>	<u>955</u>	<u>3,106</u>
Total Assets & Other Debits		<u>\$9,927</u>	<u>\$55,614</u>	<u>\$50,223</u>	<u>\$3,541</u>	<u>\$2,614</u>	<u>\$3,668</u>
Long Term Debt		\$1,570	\$225	\$8,000	\$1,752	\$1,215	\$489
Other Liabilities & Deferred Credits		311	6,553	4,769	408	196	255
Stockholders' Equity		<u>8,046</u>	<u>48,836</u>	<u>37,454</u>	<u>1,381</u>	<u>1,203</u>	<u>2,924</u>
Total Liabilities & Other Credits		<u>\$9,927</u>	<u>\$55,614</u>	<u>\$50,223</u>	<u>\$3,541</u>	<u>\$2,614</u>	<u>\$3,668</u>
<b>INCOME STATEMENT (\$000s)</b>							
Local Service	\$26	\$411	\$3,675	\$4,415	\$95	\$114	\$256
Toll, Access & Universal Service Funds	189	1,179	4,682	7,225	1,448	749	403
Directory, Other & Uncollectibles	<u>11</u>	<u>51</u>	<u>689</u>	<u>584</u>	<u>36</u>	<u>43</u>	<u>71</u>
Total Operating Revenues	\$226	\$1,641	\$9,046	\$12,224	\$1,579	\$906	\$730
Plant Operations	38	201	1,493	2,242	587	193	97
Depreciation & Amortization	52	427	1,883	3,709	275	199	92
Customer Operations	30	201	656	640	80	36	117
Corporate Operations	32	177	1,108	1,316	287	264	147
Other Operating Expenses	20	102	954	1,038	15	17	49
Operating Taxes	22	212	891	1,434	85	47 <sup>[E]</sup>	108
Net Jurisdictional Differences	0	0	0	0	0	0	0
Net Operating Income	\$32	\$321	\$2,061	\$1,845	\$250	\$150	\$120
Nonoperating Net Income (Loss)	4	47	1,869	(393)	(198)	(14)	(1)
Less: Imputations	0	0	0	0	0	(21) <sup>[E]</sup>	0
Reported Net Income	<u>\$36</u>	<u>\$368</u>	<u>\$3,930</u>	<u>\$1,452</u>	<u>\$52</u>	<u>\$136</u>	<u>\$119</u>

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

Small Telecommunications Utilities <sup>[B]</sup>  
**OREGON AND SYSTEM OPERATIONS**  
Year Ending December 31, 2004

	<u>Asotin Telephone Company dba TDS Oregon</u> [F]	<u>System</u>	<u>Cascade Utilities, Inc.</u> [G]	<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> [F]
<b>AVERAGE RATE BASE (\$000s)</b>							
Telecommunications Plant in Service	\$1,085	\$6,885	\$34,193	\$48,020	\$4,179	\$3,681	\$2,691
Accumulated Depreciation	(964)	(5,361)	(19,746)	(36,003)	(2,247)	(2,064)	(2,143)
Accumulated Taxes & Other Rate Base	(13)	(126)	(2,580)	(4,212)	(13)	0	(64)
Total Rate Base	<u>\$108</u>	<u>\$1,398</u>	<u>\$11,867</u>	<u>\$7,805</u>	<u>\$1,919</u>	<u>\$1,617</u>	<u>\$484</u>
<b>AVERAGE ACCESS LINES (whole)</b>							
Residential	103	1,251	7,475	11,053	361	278	534
Business	42	274	1,864	2,825	96	44	286
Other	0	0	102	559	16	2	0
Total Access Lines	<u>145</u>	<u>1,525</u>	<u>9,441</u>	<u>14,437</u>	<u>473</u>	<u>324</u>	<u>820</u>
Unbundled Network Elements (UNEs)	0	0	0	0	0	0	0
Private Line & Wideband	0	0	0	0	0	0	0
<b>MONTHLY AMT. / ACCESS LINE (\$ whole)</b>							
Average Telecom. Plant in Service	\$7,480	\$4,515	\$3,622	\$3,326	\$8,836	\$11,361	\$3,282
Average Rate Base	742	917	1,257	541	4,058	4,990	591
Operating Revenues	131	90	80	70	278	233	74
Depreciation & Amortization Expenses	30	23	17	21	48	51	9
Customer & Corporate Expenses	36	21	16	11	65	77	27
Taxes & Other Operating Expenses	47	28	29	27	121	66 [E]	26
Net Operating Income	18	18	18	11	44	39	12
<b>PERCENT OF GROSS REVENUES</b>							
Local Service Revenues	11.6%	25.1%	40.5%	35.8%	6.0%	12.6%	35.1%
Depreciation & Amortization Expenses	23.1%	26.1%	20.8%	30.1%	17.4%	22.0%	12.6%
Plant Operation Expenses	16.9%	12.3%	16.5%	18.2%	37.2%	21.3%	13.3%
Customer Expenses	13.3%	12.3%	7.2%	5.2%	5.1%	4.0%	16.1%
Corporate Expenses	14.2%	10.8%	12.2%	10.7%	18.2%	29.1%	20.2%
<b>TOTAL OREGON RATE OF RETURN [A]</b>							
Return on Rate Base	29.8%	23.0%	17.4%	23.6%	13.0%	9.3% [E]	24.8%

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

Small Telecommunications Utilities <sup>[B]</sup>  
**OREGON AND SYSTEM OPERATIONS**  
Year Ending December 31, 2004

	<b>Malheur Home Telephone Company</b> [H]	<b>Midvale Telephone Exchange, Inc.</b>		<b>Monroe Telephone Company</b>	<b>Mount Angel Telephone Company</b>	<b>Nehalem Telecommuni- cations, Inc.</b>	<b>North-State Telephone Co.</b> [I]
		<u>Oregon</u>	<u>System</u>				
<b>BALANCE SHEET (\$000s)</b>							
Land & Support Assets	\$2,112	\$20	\$2,411	\$1,364	\$1,006	\$1,120	\$110
Central Office Equipment	11,483	419	8,189	1,618	2,031	3,580	984
Cable & Wire Facilities	20,895	917	12,355	2,631	1,502	4,025	1,066
Other Telecommunications Plant	272	0	27	3	0	73	0
Accumulated Depreciation	<u>(23,688)</u>	<u>(968)</u>	<u>(11,694)</u>	<u>(2,261)</u>	<u>(3,154)</u>	<u>(4,800)</u>	<u>(1,354)</u>
Net Telecommunications Plant	\$11,074	\$388	\$11,288	\$3,355	\$1,385	\$3,998	\$806
Plant Under Construction	0	19	321	39	0	0	0
Other Assets & Other Debits	<u>4,810</u>		<u>4,688</u>	<u>1,045</u>	<u>1,851</u>	<u>4,622</u>	<u>973</u>
Total Assets & Other Debits	<u>\$15,884</u>		<u>\$16,297</u>	<u>\$4,439</u>	<u>\$3,236</u>	<u>\$8,620</u>	<u>\$1,779</u>
Long Term Debt	\$1,500		\$10,214	\$2,632	\$525	\$6,186	\$461
Other Liabilities & Deferred Credits	4,377		2,810	364	153	980	206
Stockholders' Equity	<u>10,007</u>		<u>3,273</u>	<u>1,443</u>	<u>2,558</u>	<u>1,454</u>	<u>1,112</u>
Total Liabilities & Other Credits	<u>\$15,884</u>		<u>\$16,297</u>	<u>\$4,439</u>	<u>\$3,236</u>	<u>\$8,620</u>	<u>\$1,779</u>
<b>INCOME STATEMENT (\$000s)</b>							
Local Service	\$3,995	\$83	\$976	\$257	\$665	\$718	\$157
Toll, Access & Universal Service Funds	4,597	295	4,590	1,527	1,216	1,989	513
Directory, Other & Uncollectibles	<u>1,110</u>	<u>(1)</u>	<u>444</u>	<u>191</u>	<u>208</u>	<u>205</u>	<u>25</u>
Total Operating Revenues	\$9,702	\$377	\$6,010	\$1,975	\$2,089	\$2,912	\$695
Plant Operations	1,296	107	1,898	564	291	588	123
Depreciation & Amortization	2,797	90	1,589	378	332	776	150
Customer Operations	596	45	390	249	363	271	42
Corporate Operations	2,200	101	968	437	419	793	231
Other Operating Expenses	824	14	136	18	126	210	34
Operating Taxes	808	7	270	95	137 [E]	66	54
Net Jurisdictional Differences	0	0	0	0	0	0	0
Net Operating Income	\$1,181	\$13	\$759	\$234	\$421	\$208	\$61
Nonoperating Net Income (Loss)	(114)	(49)	(459)	(209)	199	(354)	(9)
Less: Imputations	0	0	0	0	(77) [E]	0	0
Reported Net Income	<u>\$1,067</u>	<u>(\$36)</u>	<u>\$300</u>	<u>\$25</u>	<u>\$620</u>	<u>(\$146)</u>	<u>\$52</u>

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

Small Telecommunications Utilities <sup>[B]</sup>  
**OREGON AND SYSTEM OPERATIONS**  
Year Ending December 31, 2004

	<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>				
<b>AVERAGE RATE BASE (\$000s)</b>							
Telecommunications Plant in Service	\$34,613	\$1,338	\$22,625	\$5,515	\$4,641	\$8,573	\$2,069
Accumulated Depreciation	(22,534)	(918)	(11,690)	(2,087)	(3,248)	(4,413)	(1,285)
Accumulated Taxes & Other Rate Base	(1,514)	(32)	(989)	443	17	59	(42)
Total Rate Base	<u>\$10,565</u>	<u>\$388</u>	<u>\$9,946</u>	<u>\$3,871</u>	<u>\$1,410</u>	<u>\$4,219</u>	<u>\$742</u>
<b>AVERAGE ACCESS LINES (whole)</b>							
Residential	9,003	195	2,067	814	1,276	2,495	440
Business	3,691	49	402	155	698	623	84
Other	249	35	235	7	57	13	16
Total Access Lines	12,943	279	2,704	976	2,031	3,131	540
Unbundled Network Elements (UNEs)	0	0	0	0	0	0	0
Private Line & Wideband	3,405	8	40	0	0	0	0
<b>MONTHLY AMT. / ACCESS LINE (\$ whole)</b>							
Average Telecom. Plant in Service	\$2,117	\$4,662	\$8,245	\$5,650	\$2,285	\$2,738	\$3,832
Average Rate Base	646	1,351	3,625	3,966	694	1,347	1,374
Operating Revenues	49	109	182	169	85	78	107
Depreciation & Amortization Expenses	14	26	48	32	14	21	23
Customer & Corporate Expenses	14	42	41	59	32	28	42
Taxes & Other Operating Expenses	15	37	70	58	22 [E]	23	32
Net Operating Income	6	4	23	20	17	6	9
<b>PERCENT OF GROSS REVENUES</b>							
Local Service Revenues	40.8%	21.9%	16.2%	13.0%	31.7%	24.7%	22.5%
Depreciation & Amortization Expenses	28.6%	23.8%	26.4%	19.1%	15.8%	26.6%	21.5%
Plant Operation Expenses	13.2%	28.3%	31.5%	28.6%	13.9%	20.2%	17.7%
Customer Expenses	6.1%	11.9%	6.5%	12.6%	17.3%	9.3%	6.0%
Corporate Expenses	22.5%	26.7%	16.1%	22.1%	20.0%	27.2%	33.2%
<b>TOTAL OREGON RATE OF RETURN [A]</b>							
Return on Rate Base	11.2%	3.4%	7.6%	6.0%	29.9% [E]	4.9%	8.2%

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

Small Telecommunications Utilities <sup>[B]</sup>  
**OREGON AND SYSTEM OPERATIONS**  
Year Ending December 31, 2004

	Oregon Telephone Corporation [I]	Oregon-Idaho Utilities, Inc. <u>Oregon</u> <u>System</u> [J]		People's Telephone Co. [K]	Pine Telephone System, Inc.	Roome Telecommuni- cations Inc.	Trans- Cascades Telephone Tel. Co. [G]
<b>BALANCE SHEET (\$000s)</b>							
Land & Support Assets	\$978	\$1,435	\$1,603	\$100	\$1,799	\$3,023	\$221
Central Office Equipment	3,487	2,570	2,871	639	2,661	2,129	331
Cable & Wire Facilities	4,060	8,127	9,080	2,732	9,762	1,773	931
Other Telecommunications Plant	0	164	184	0	26	0	0
Accumulated Depreciation	<u>(6,083)</u>	<u>(7,043)</u>	<u>(7,869)</u>	<u>(2,156)</u>	<u>(5,380)</u>	<u>(3,994)</u>	<u>(1,005)</u>
Net Telecommunications Plant	\$2,442	\$5,253	\$5,869	\$1,315	\$8,868	\$2,931	\$478
Plant Under Construction	0	56	62	26	124	0	0
Other Assets & Other Debits	<u>2,921</u>		<u>3,782</u>	<u>1,825</u>	<u>1,796</u>	<u>2,931</u>	<u>2,017</u>
Total Assets & Other Debits	<u>\$5,363</u>		<u>\$9,713</u>	<u>\$3,166</u>	<u>\$10,788</u>	<u>\$5,862</u>	<u>\$2,495</u>
Long Term Debt	\$6,361		\$4,935	\$0	\$7,898	\$842	\$0
Other Liabilities & Deferred Credits	344		550	770	593	664	304
Stockholders' Equity	<u>(1,342)</u>		<u>4,228</u>	<u>2,396</u>	<u>2,297</u>	<u>4,356</u>	<u>2,191</u>
Total Liabilities & Other Credits	<u>\$5,363</u>		<u>\$9,713</u>	<u>\$3,166</u>	<u>\$10,788</u>	<u>\$5,862</u>	<u>\$2,495</u>
<b>INCOME STATEMENT (\$000s)</b>							
Local Service	\$592	\$172	\$192	\$467	\$232	\$301	\$52
Toll, Access & Universal Service Funds	1,760	2,610	2,916	861	2,537	1,604	464
Directory, Other & Uncollectibles	<u>154</u>	<u>62</u>	<u>70</u>	<u>89</u>	<u>73</u>	<u>264</u>	<u>15</u>
Total Operating Revenues	\$2,506	\$2,844	\$3,178	\$1,417	\$2,842	\$2,169	\$531
Plant Operations	444	646	722	354	525	570	49
Depreciation & Amortization	536	603	674	271	874	374	89
Customer Operations	131	129	144	136	159	81	43
Corporate Operations	641	449	502	233	479	568	153
Other Operating Expenses	194	183	204	120	62	100	34
Operating Taxes	340	146	163	133	179	124 <sup>[E]</sup>	67
Net Jurisdictional Differences	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Operating Income	\$220	\$688	\$769	\$170	\$564	\$352	\$96
Nonoperating Net Income (Loss)	(187)	(596)	(666)	(105)	(370)	(95)	27
Less: Imputations	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(56) <sup>[E]</sup></u>	<u>0</u>
Reported Net Income	<u>\$33</u>	<u>\$92</u>	<u>\$103</u>	<u>\$65</u>	<u>\$194</u>	<u>\$257</u>	<u>\$123</u>

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

Small Telecommunications Utilities <sup>[B]</sup>  
**OREGON AND SYSTEM OPERATIONS**  
Year Ending December 31, 2004

	Oregon Telephone Corporation [I]	Oregon-Idaho Utilities, Inc. <u>Oregon</u> <u>System</u> [J]		People's Telephone Co. [K]	Pine Telephone System, Inc.	Roome Telecommuni- cations Inc.	Trans- Cascades Telephone Tel. Co. [G]
<b>AVERAGE RATE BASE (\$000s)</b>							
Telecommunications Plant in Service	\$8,427	\$11,731	\$13,646	\$3,341	\$13,748	\$6,863	\$1,480
Accumulated Depreciation	(5,840)	(6,745)	(7,536)	(2,058)	(5,445)	(3,878)	(966)
Accumulated Taxes & Other Rate Base	(93)	111	124	(366)	(88)	(388)	(132)
Total Rate Base	<u>\$2,494</u>	<u>\$5,097</u>	<u>\$6,234</u>	<u>\$917</u>	<u>\$8,215</u>	<u>\$2,597</u>	<u>\$382</u>
<b>AVERAGE ACCESS LINES (whole)</b>							
Residential	1,405	479	536	1,246	707	414	170
Business	367	136	152	245	217	243	43
Other	74	47	51	2	10	28	7
Total Access Lines	1,846	662	739	1,493	934	685	220
Unbundled Network Elements (UNEs)	0	0	0	0	0	0	0
Private Line & Wideband	0	0	0	85	0	1	0
<b>MONTHLY AMT. / ACCESS LINE (\$ whole)</b>							
Average Telecom. Plant in Service	\$4,565	\$17,720	\$18,465	\$2,117	\$14,719	\$10,004	\$6,728
Average Rate Base	1,351	7,699	8,435	581	8,796	3,785	1,735
Operating Revenues	113	357	357	75	254	263	201
Depreciation & Amortization Expenses	24	76	76	14	78	45	34
Customer & Corporate Expenses	35	73	73	20	57	79	74
Taxes & Other Operating Expenses	44	122	122	32	68	96 [E]	57
Net Operating Income	10	87	87	9	50	43	36
<b>PERCENT OF GROSS REVENUES</b>							
Local Service Revenues	23.7%	6.0%	6.0%	33.0%	8.2%	13.9%	9.8%
Depreciation & Amortization Expenses	21.4%	21.1%	21.1%	19.1%	30.8%	17.2%	16.7%
Plant Operation Expenses	17.7%	22.6%	22.7%	25.0%	18.5%	26.3%	9.2%
Customer Expenses	5.2%	4.5%	4.5%	9.6%	5.6%	3.7%	8.1%
Corporate Expenses	25.6%	15.7%	15.7%	16.4%	16.9%	26.2%	28.8%
<b>TOTAL OREGON RATE OF RETURN [A]</b>							
Return on Rate Base	8.8%	13.5%	12.3%	18.5%	6.9%	13.6% [E]	25.2%

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

Large Telecommunications Utilities <sup>[D]</sup>  
**OREGON AND SYSTEM OPERATIONS**  
Year Ending December 31, 2004

	<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> [M]	<u>System</u>
<b>BALANCE SHEET (\$000s)</b>					
Land & Support Assets	\$8,752	\$9,841	\$18,593	\$297,333	\$5,047,527
Central Office Equipment	66,426	43,419	109,845	1,409,162	18,304,791
Cable & Wire Facilities	137,255	53,789	191,043	1,512,891	18,368,757
Other Telecommunications Plant	32	4	36	173,313	1,253,078
Accumulated Depreciation	<u>(165,097)</u>	<u>(77,962)</u>	<u>(243,059)</u>	<u>(2,037,706)</u>	<u>(27,130,207)</u>
Net Telecommunications Plant	\$47,368	\$29,091	\$76,458	\$1,354,993	\$15,843,946
Plant Under Construction	1,118	855	1,973	8,520	17,040
Other Assets & Other Debits	<u>55,408</u>	<u>15,095</u>	<u>70,504</u>		<u>3,910,751</u>
Total Assets & Other Debits	<u>\$103,894</u>	<u>\$45,041</u>	<u>\$148,935</u>		<u>\$19,771,737</u>
Long Term Debt	\$23,016	\$0	\$23,016		\$7,253,558
Other Liabilities & Deferred Credits	11,452	8,889	20,341		8,609,991
Stockholders' Equity	<u>69,426</u>	<u>36,152</u>	<u>105,578</u>		<u>3,908,188</u>
Total Liabilities & Other Credits	<u>\$103,894</u>	<u>\$45,041</u>	<u>\$148,935</u>		<u>\$19,771,737</u>
<b>INCOME STATEMENT (\$000s)</b>					
Local Service	\$9,398	\$12,537	\$21,936	\$349,270	\$4,636,624
Toll, Access & Universal Service Funds	26,370	18,526	44,896	321,140	3,955,251
Directory, Other & Uncollectibles	<u>729</u>	<u>1,493</u>	<u>2,221</u>	<u>210,651</u> [N]	<u>2,627,086</u>
Total Operating Revenues	\$36,497	\$32,556	\$69,053	\$881,061	\$11,218,961
Plant Operations	7,501	6,577	14,078	131,608	1,756,154
Depreciation & Amortization	12,647	6,559	19,205	255,507	3,196,233
Customer Operations	2,204	2,663	4,867	116,110	1,378,588
Corporate Operations	3,418	2,765	6,183	82,397	1,081,728
Other Operating Expenses	2,474	2,591	5,067	87,598	850,268
Operating Taxes	3,306	5,016	8,322	82,139	1,049,373
Net Jurisdictional Differences	<u>0</u>	<u>0</u>	<u>0</u>	<u>8,830</u>	<u>(24,042)</u>
Net Operating Income	\$4,947	\$6,385	\$11,331	\$116,872	\$1,930,659
Nonoperating Net Income (Loss)	(685)	712	28	(78,253)	(1,210,041)
Less: Imputations	<u>0</u>	<u>0</u>	<u>0</u>	<u>31,726</u> [N]	<u>584,387</u>
Reported Net Income	<u>\$4,262</u>	<u>\$7,097</u>	<u>\$11,359</u>	<u>\$38,619</u>	<u>\$720,618</u>

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

Large Telecommunications Utilities <sup>[D]</sup>  
**OREGON AND SYSTEM OPERATIONS**  
Year Ending December 31, 2004

	<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> [M]	<u>System</u>
<b>AVERAGE RATE BASE (\$000s)</b>					
Telecommunications Plant in Service	\$210,098	\$105,358	\$315,456	\$3,390,468	\$43,483,043
Accumulated Depreciation	(159,475)	(75,995)	(235,470)	(1,956,629)	(26,685,060)
Accumulated Taxes & Other Rate Base	(5,582)	(2,691)	(8,273)	(458,788)	(2,484,008)
Total Rate Base	<u>\$45,041</u>	<u>\$26,672</u>	<u>\$71,713</u>	<u>\$975,051</u>	<u>\$14,313,975</u>
<b>AVERAGE ACCESS LINES (whole)</b>					
Residential	24,376	32,757	57,106	828,804	9,341,208
Business	7,850	6,679	14,528	243,036	3,389,250
Other	427	907	779	307,169	3,449,823
Total Access Lines	<u>32,653</u>	<u>40,343</u>	<u>72,413</u>	<u>1,379,009</u>	<u>16,180,281</u>
Unbundled Network Elements (UNEs)	56	44	100	174,797	2,165,681
Private Line & Wideband	866	937	1,803	1,539,166	49,872,569
<b>MONTHLY AMT. / ACCESS LINE (\$ whole)</b>					
Average Telecom. Plant in Service			\$4,251	\$1,162	\$658
Average Rate Base			966	334	217
Operating Revenues			77	25 [N]	14
Depreciation & Amortization Expenses			22	7	4
Customer & Corporate Expenses			12	6	3
Taxes & Other Operating Expenses			30	9 [N]	5
Net Operating Income			13	3	2
<b>PERCENT OF GROSS REVENUES</b>					
Local Service Revenues			31.6%	39.4%	41.2%
Depreciation & Amortization Expenses			27.6%	28.8%	28.4%
Plant Operation Expenses			20.2%	14.8%	15.6%
Customer Expenses			7.0%	13.1%	12.3%
Corporate Expenses			8.9%	9.3%	9.6%
<b>TOTAL OREGON RATE OF RETURN</b> [A]					
Return on Rate Base			15.8%	12.0% [N]	13.5%

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

Large Telecommunications Utilities <sup>[D]</sup>  
**OREGON AND SYSTEM OPERATIONS**  
Year Ending December 31, 2004

	<b>United Telephone Company of the Northwest dba Sprint</b>		<b>Verizon Northwest Inc.</b>	
	<b>Oregon</b>	<b>System</b>	<b>Oregon</b>	<b>System</b>
<b>BALANCE SHEET (\$000s)</b>				
Land & Support Assets	\$29,315	\$38,937	\$95,657	\$431,050
Central Office Equipment	91,028	189,137	487,770	1,735,558
Cable & Wire Facilities	106,056	230,432	586,013	2,031,832
Other Telecommunications Plant	870	1,819	12,570	50,635
Accumulated Depreciation	<u>(145,131)</u>	<u>(274,553)</u>	<u>(721,284)</u>	<u>(2,444,346)</u>
Net Telecommunications Plant	\$82,138	\$185,772	\$460,726	\$1,804,729
Plant Under Construction	2,055	8,325	3,340	23,996
Other Assets & Other Debits		<u>24,522</u>		<u>576,529</u>
Total Assets & Other Debits		<u><u>\$218,619</u></u>		<u><u>\$2,405,254</u></u>
Long Term Debt		\$37,150		\$562,133
Other Liabilities & Deferred Credits		86,409		868,668
Stockholders' Equity		<u>95,060</u>		<u>974,453</u>
Total Liabilities & Other Credits		<u><u>\$218,619</u></u>		<u><u>\$2,405,254</u></u>
<b>INCOME STATEMENT (\$000s)</b>				
Local Service	\$23,810	\$47,863	\$134,012	\$437,758
Toll, Access & Universal Service Funds	26,430	57,521	148,305	517,069
Directory, Other & Uncollectibles	<u>2,306</u> <sup>[N]</sup>	<u>3,765</u>	<u>61,308</u> <sup>[N]</sup>	<u>155,698</u>
Total Operating Revenues	\$52,546	\$109,149	\$343,625	\$1,110,525
Plant Operations	8,665	17,330	55,599	187,168
Depreciation & Amortization	15,056	29,190	85,809	296,992
Customer Operations	4,837	11,118	33,760	119,049
Corporate Operations	6,087	14,003	55,504	193,986
Other Operating Expenses	5,488	10,192	26,348	77,672
Operating Taxes	5,512	10,631	26,474	74,566
Net Jurisdictional Differences	<u>0</u>	<u>0</u>	<u>118</u>	<u>8,751</u>
Net Operating Income	\$6,901	\$16,685	\$60,013	\$152,341
Nonoperating Net Income (Loss)	(663)	(3,494)	(10,477)	(30,520)
Less: Imputations	<u>300</u> <sup>[N]</sup>	<u>879</u>	<u>4,223</u> <sup>[N]</sup>	<u>9,144</u>
Reported Net Income	<u><u>\$6,238</u></u>	<u><u>\$13,191</u></u>	<u><u>\$49,536</u></u>	<u><u>\$121,821</u></u>

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

Large Telecommunications Utilities <sup>[D]</sup>  
**OREGON AND SYSTEM OPERATIONS**  
Year Ending December 31, 2004

	<b>United Telephone Company of the Northwest dba Sprint</b>		<b>Verizon Northwest Inc.</b>	
	<b>Oregon</b>	<b>System</b>	<b>Oregon</b>	<b>System</b>
<b>AVERAGE RATE BASE (\$000s)</b>				
Telecommunications Plant in Service	\$221,097	\$449,741	\$1,173,891	\$4,209,365
Accumulated Depreciation	(139,780)	(263,777)	(687,924)	(2,335,009)
Accumulated Taxes & Other Rate Base	33,827	(36,106)	(111,438)	(314,432)
Total Rate Base	<u>\$115,144</u>	<u>\$149,858</u>	<u>\$374,529</u>	<u>\$1,559,924</u>
<b>AVERAGE ACCESS LINES (whole)</b>				
Residential	49,584	104,619	306,882	1,018,511
Business	17,242	42,550	116,211	380,458
Other	6,030	10,578	14,775	33,960
Total Access Lines	<u>72,856</u>	<u>157,747</u>	<u>437,868</u>	<u>1,432,929</u>
Unbundled Network Elements (UNEs)	0	0	5,239	8,581
Private Line & Wideband	0	0	356,969	1,840,160
<b>MONTHLY AMT. / ACCESS LINE (\$ whole)</b>				
Average Telecom. Plant in Service	\$3,035	\$2,851	\$1,477	\$1,286
Average Rate Base	1,580	950	471	477
Operating Revenues	59 [N]	57	36 [N]	28
Depreciation & Amortization Expenses	17	15	9	8
Customer & Corporate Expenses	13	13	9	8
Taxes & Other Operating Expenses	21 [N]	19	11 [N]	9
Net Operating Income	8	9	6	4
<b>PERCENT OF GROSS REVENUES</b>				
Local Service Revenues	44.4%	43.2%	38.8%	39.3%
Depreciation & Amortization Expenses	28.1%	26.4%	24.8%	26.7%
Plant Operation Expenses	16.2%	15.6%	16.1%	16.8%
Customer Expenses	9.0%	10.0%	9.8%	10.7%
Corporate Expenses	11.4%	12.6%	16.1%	17.4%
<b>TOTAL OREGON RATE OF RETURN [A]</b>				
Return on Rate Base	6.0% [N]	11.1%	16.0% [N]	9.8%

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

Telecommunications Utilities and Cooperatives (ILECs)  
**OREGON AND SYSTEM OPERATIONS**  
Year Ending December 31, 2004

	<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]		
<b>BALANCE SHEET (\$000s)</b>							
Land & Support Assets	\$25,238	\$28,545	\$39,667	\$440,898	\$5,536,107	\$505,803	\$5,604,319
Central Office Equipment	65,104	75,187	64,791	2,097,804	20,339,332	2,227,699	20,479,310
Cable & Wire Facilities	107,634	123,076	111,957	2,396,003	20,822,064	2,615,594	21,057,097
Other Telecommunications Plant	573	649	100	186,789	1,305,568	187,462	1,306,317
Accumulated Depreciation	<u>(127,428)</u>	<u>(143,529)</u>	<u>(116,174)</u>	<u>(3,147,180)</u>	<u>(30,092,165)</u>	<u>(3,390,782)</u>	<u>(30,351,868)</u>
Net Telecommunications Plant	\$71,121	\$83,928	\$100,341	\$1,974,314	\$17,910,906	\$2,145,776	\$18,095,175
Plant Under Construction	557	866	1,078	15,888	51,334	17,523	53,278
Other Assets & Other Debits		<u>128,437</u>	<u>92,846</u>		<u>4,582,306</u>		<u>4,803,589</u>
Total Assets & Other Debits		<u>\$213,229</u>	<u>\$194,265</u>		<u>\$22,544,545</u>		<u>\$22,952,039</u>
Long Term Debt		\$54,805	\$64,088		\$7,875,857		\$7,994,750
Other Liabilities & Deferred Credits		24,607	17,827		9,585,409		9,627,843
Stockholders' Equity		<u>133,817</u>	<u>112,350</u>		<u>5,083,279</u>		<u>5,329,446</u>
Total Liabilities & Other Credits		<u>\$213,229</u>	<u>\$194,265</u>		<u>\$22,544,545</u>		<u>\$22,952,039</u>
<b>INCOME STATEMENT (\$000s)</b>							
Local Service	\$16,272	\$17,570	\$22,020	\$529,028	\$5,144,181	\$567,320	\$5,183,771
Toll, Access & Universal Service Funds	34,669	40,260	38,523	540,771	4,574,737	613,963	4,653,520
Directory, Other & Uncollectibles	<u>3,829</u>	<u>4,322</u>	<u>3,782</u>	<u>276,486</u> [N]	<u>2,788,770</u>	<u>284,097</u> [N]	<u>2,796,874</u>
Total Operating Revenues	\$54,770	\$62,152	\$64,325	\$1,346,285	\$12,507,688	\$1,465,380	\$12,634,165
Plant Operations	10,207	12,237	12,608	209,950	1,974,730	232,765	1,999,575
Depreciation & Amortization	13,480	15,425	13,135	375,577	3,541,620	402,192	3,570,180
Customer Operations	3,804	4,335	8,486	159,574	1,513,622	171,864	1,526,443
Corporate Operations	9,858	10,923	11,082	150,171	1,295,900	171,111	1,317,905
Other Operating Expenses	4,012	4,237	5,906	124,501	943,199	134,419	953,342
Operating Taxes	4,743 [E]	5,213	1,847	122,447 [N]	1,142,892	129,037 [E][N]	1,149,952
Net Jurisdictional Differences	<u>0</u>	<u>0</u>	<u>0</u>	<u>8,948</u>	<u>(15,291)</u>	<u>8,948</u>	<u>(15,291)</u>
Net Operating Income	\$8,666	\$9,782	\$11,261	\$195,117	\$2,111,016	\$215,044	\$2,132,059
Nonoperating Net Income (Loss)	(595)	(1,032)	(3,935)	(89,365)	(1,244,027)	(93,895)	(1,248,994)
Less: Imputations	<u>(153) [E]</u>	<u>(153)</u>	<u>0</u>	<u>36,249</u> [N]	<u>594,410</u>	<u>36,096</u> [E][N]	<u>594,257</u>
Reported Net Income	<u>\$8,071</u>	<u>\$8,749</u>	<u>\$7,327</u>	<u>\$105,752</u>	<u>\$866,988</u>	<u>\$121,150</u>	<u>\$883,064</u>

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

Telecommunications Utilities and Cooperatives (ILECs)  
**OREGON AND SYSTEM OPERATIONS**  
Year Ending December 31, 2004

	Total of the 18 Small Telecommunications Utilities		Total of the 11 Telecom. Cooperatives	Total of the Five Large Telecommunications Utilities		Total ILECs Serving Oregon	
	Oregon	System		Oregon	System	Oregon	System
	[B]		[C]		[D]		
<b>AVERAGE RATE BASE (\$000s)</b>							
Telecommunications Plant in Service	\$196,188	\$225,190	\$212,369	\$5,100,912	\$48,457,605	\$5,509,469	\$48,895,164
Accumulated Depreciation	(122,584)	(138,544)	(110,393)	(3,019,803)	(29,519,316)	(3,252,780)	(29,768,253)
Accumulated Taxes & Other Rate Base	(8,907)	(9,964)	1,565	(544,672)	(2,842,819)	(552,014)	(2,851,218)
Total Rate Base	<u>\$64,696</u>	<u>\$76,682</u>	<u>\$103,542</u>	<u>\$1,536,436</u>	<u>\$16,095,470</u>	<u>\$1,704,674</u>	<u>\$16,275,694</u>
<b>AVERAGE ACCESS LINES (whole)</b>							
Residential	38,445	41,521	43,083	1,242,376	10,521,444	1,323,903	10,606,047
Business	11,704	12,305	11,829	391,016	3,826,785	414,548	3,850,919
Other	1,227	1,433	642	228,876	2,322,078	230,747	2,324,154
Total Access Lines	51,376	55,259	55,554	1,862,268	16,670,307	1,969,198	16,781,120
Unbundled Network Elements (UNEs)	0	0	0	180,136	2,174,361	180,136	2,174,361
Private Line & Wideband	3,499	3,531	6,060	1,995,751	52,887,595	2,005,309	52,897,185
<b>MONTHLY AMT. / ACCESS LINE (\$ whole)</b>							
Average Telecom. Plant in Service	\$3,575	\$3,830	\$3,447	\$1,322	\$697	\$1,386	\$702
Average Rate Base	1,179	1,304	1,680	398	231	429	234
Operating Revenues	83	88	87	29 [N]	15	31 [N]	15
Depreciation & Amortization Expenses	21	22	18	8	4	8	4
Customer & Corporate Expenses	21	22	27	7	3	7	3
Taxes & Other Operating Expenses	28 [E]	30	28	10 [N]	5	10 [E][N]	5
Net Operating Income	13	14	15	4	3	5	3
<b>PERCENT OF GROSS REVENUES</b>							
Local Service Revenues	29.6%	28.2%	34.3%	39.0%	41.0%	38.5%	40.9%
Depreciation & Amortization Expenses	24.5%	24.7%	20.4%	27.7%	28.2%	27.3%	28.2%
Plant Operation Expenses	18.6%	19.6%	19.6%	15.5%	15.7%	15.8%	15.8%
Customer Expenses	6.9%	6.9%	13.2%	11.8%	12.1%	11.7%	12.0%
Corporate Expenses	17.9%	17.5%	17.3%	11.1%	10.3%	11.6%	10.4%
<b>TOTAL OREGON RATE OF RETURN [A]</b>							
Return on Rate Base	13.4% [E]	12.8%	10.9%	12.7% [N]	13.1%	12.6% [E][N]	13.1%

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