

Telecommunications Utilities and Cooperatives (ILECs)  
**NOTES TO FINANCIAL AND STATISTICAL DATA**  
Year Ending December 31, 2007

- [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 2008, 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 17 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 14 percent of Oregon's telecommunications cooperative members, and Canby Telephone Association, which serves 6 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, Embarq's, and Verizon's yellow page revenue imputations are shown as required by Commission orders.
- [O] For some assets, depreciation is allowed to exceed asset book value. In some instances, this allows total rate base to become a negative value. When this occurs, the return on rate base formula does not provide a meaningful result.

Small Telecommunications Utilities <sup>[B]</sup>  
**OREGON AND SYSTEM OPERATIONS**  
Year Ending December 31, 2007

	Asotin Telephone Company dba TDS		Cascade Utilities, Inc.	Citizens Telecom. Co. of Oregon dba Frontier	Eagle Telephone System, Inc.	Helix Telephone Co.	Home Telephone Company
	Oregon [F]	System					
<b>BALANCE SHEET (\$000s)</b>							
Land & Support Assets	\$108	\$809	\$6,825	\$4,224	\$651	\$1,023	\$287
Central Office Equipment	105	2,445	12,525	19,223	1,928	1,099	989
Cable & Wire Facilities	806	5,386	20,188	28,824	2,022	1,682	1,626
Other Telecommunications Plant	0	415	535	22	0	2	35
Accumulated Depreciation	<u>(1,057)</u>	<u>(5,799)</u>	<u>(24,344)</u>	<u>(41,179)</u>	<u>(3,098)</u>	<u>(2,501)</u>	<u>(2,428)</u>
Net Telecommunications Plant	(\$38)	\$3,256	\$15,729	\$11,114	\$1,503	\$1,305	\$509
Plant Under Construction	0	39	215	0	452	0	34
Other Assets & Other Debits		6,409	50,593	45,870	1,425	1,146	617
Total Assets & Other Debits		<u>\$9,704</u>	<u>\$66,537</u>	<u>\$56,984</u>	<u>\$3,380</u>	<u>\$2,451</u>	<u>\$1,160</u>
Long-Term Debt		\$2	\$0	\$8,000	\$1,317	\$907	\$0
Other Liabilities & Deferred Credits		444	7,250	5,232	375	265	213
Stockholders' Equity		9,258	59,287	43,752	1,688	1,279	947
Total Liabilities & Other Credits		<u>\$9,704</u>	<u>\$66,537</u>	<u>\$56,984</u>	<u>\$3,380</u>	<u>\$2,451</u>	<u>\$1,160</u>
<b>INCOME STATEMENT (\$000s)</b>							
Local Service	\$28	\$430	\$3,577	\$4,510	\$62	\$135	\$248
Toll, Access & Universal Service Funds	134	901	4,328	5,939	1,438	895	421
Directory, Other & Uncollectibles	3	233	1,087	1,859	36	(11)	64
Total Operating Revenues	<u>\$165</u>	<u>\$1,564</u>	<u>\$8,992</u>	<u>\$12,308</u>	<u>\$1,536</u>	<u>\$1,019</u>	<u>\$733</u>
Plant Operations	17	187	1,849	1,716	458	236	129
Depreciation & Amortization	40	535	1,899	2,940	290	208	102
Customer Operations	28	137	775	834	89	42	72
Corporate Operations	24	206	1,437	580	498	334	119
Other Operating Expenses	19	148	1,230	1,485	14	23	53
Operating Taxes	18	156	884	2,239	52	46 [E]	110
Net Jurisdictional Differences	0	0	0	0	0	0	0
Net Operating Income	<u>\$19</u>	<u>\$195</u>	<u>\$918</u>	<u>\$2,514</u>	<u>\$135</u>	<u>\$130</u>	<u>\$148</u>
Nonoperating Net Income (Loss)	19	145	3,590	896	307	7	(21)
Imputations	0	0	0	0	(11)	(18) [E]	0
Reported Net Income	<u>\$38</u>	<u>\$340</u>	<u>\$4,508</u>	<u>\$3,410</u>	<u>\$431</u>	<u>\$119</u>	<u>\$127</u>

[A]-[O] See Notes on page 73.

Small Telecommunications Utilities <sup>[B]</sup>  
**OREGON AND SYSTEM OPERATIONS**  
Year Ending December 31, 2007

	<b>Asotin Telephone Company dba TDS</b>		<b>Cascade Utilities, Inc.</b>	<b>Citizens Telecom. Co. of Oregon dba Frontier</b>	<b>Eagle Telephone System, Inc.</b>	<b>Helix Telephone Co.</b>	<b>Home Telephone Company</b>
	<b>Oregon</b>	<b>System</b>					
	[F]		[G]				[F]
<b>AVERAGE RATE BASE (\$000s)</b>							
Telecommunications Plant in Service	\$985	\$8,861	\$39,498	\$51,517	\$4,431	\$3,804	\$2,918
Accumulated Depreciation	(984)	(5,616)	(23,758)	(40,023)	(2,910)	(2,402)	(2,376)
Accumulated Taxes & Other Rate Base	(7)	(65)	(765)	(2,369)	21	(1)	(38)
Total Rate Base	<u>(\$6)</u>	<u>\$3,180</u>	<u>\$14,975</u>	<u>\$9,125</u>	<u>\$1,542</u>	<u>\$1,401</u>	<u>\$504</u>
<b>AVERAGE ACCESS LINES (whole)</b>							
Residential	96	1,117	6,964	10,154	340	270	512
Business	42	195	1,490	2,470	88	26	233
Other	0	0	63	297	15	0	37
Total Access Lines	<u>138</u>	<u>1,312</u>	<u>8,517</u>	<u>12,921</u>	<u>443</u>	<u>296</u>	<u>782</u>
Unbundled Network Elements (UNEs)	0	0	0	0	0	0	0
Private Line & Wideband	0	0	0	0	0	0	1
<b>MONTHLY AMT. / ACCESS LINE (\$ whole)</b>							
Average Telecom. Plant in Service	\$7,134	\$6,754	\$4,638	\$3,987	\$10,003	\$12,851	\$3,726
Average Rate Base	(42)	2,424	1,758	706	3,481	4,735	644
Operating Revenues	100	99	88	78	289	287	78
Depreciation & Amortization Expenses	24	34	19	19	55	59	11
Customer & Corporate Expenses	31	22	22	9	110	106	20
Taxes & Other Operating Expenses	33	31	39	34	99	86 [E]	31
Net Operating Income	11	12	9	16	25	37	16
<b>PERCENT OF GROSS REVENUES</b>							
Local Service Revenues	17.0%	27.3%	39.7%	36.0%	4.0%	13.2%	33.7%
Depreciation & Amortization Expenses	24.3%	34.0%	21.1%	23.4%	18.9%	20.4%	13.9%
Plant Operation Expenses	10.3%	11.9%	20.5%	13.7%	29.8%	23.1%	17.6%
Customer Expenses	17.0%	8.7%	8.6%	6.7%	5.8%	4.1%	9.8%
Corporate Expenses	14.6%	13.1%	16.0%	4.6%	32.4%	32.8%	16.2%
<b>TOTAL OREGON RATE OF RETURN <sup>[A]</sup></b>							
Return on Rate Base	N/A [O]	6.1%	6.1%	27.5%	8.8%	9.3% [E]	29.3%

[A]-[O] See Notes on page 73.

Small Telecommunications Utilities <sup>[B]</sup>  
**OREGON AND SYSTEM OPERATIONS**  
Year Ending December 31, 2007

	Malheur Home Telephone Company [H]	Midvale Telephone Exchange, Inc.		Monroe Telephone Company	Mount Angel Telephone Company	Nehalem Telecommuni- cations, Inc.	North-State Telephone Co. [I]
		Oregon	System				
<b>BALANCE SHEET (\$000s)</b>							
Land & Support Assets	\$1,801	\$38	\$2,317	\$1,574	\$1,024	\$1,181	\$170
Central Office Equipment	12,165	449	9,508	1,872	2,266	3,828	2,124
Cable & Wire Facilities	22,314	1,054	15,878	2,967	1,630	4,318	9,563
Other Telecommunications Plant	275	0	28	3	0	74	211
Accumulated Depreciation	<u>(30,560)</u>	<u>(1,205)</u>	<u>(15,289)</u>	<u>(3,271)</u>	<u>(3,675)</u>	<u>(6,871)</u>	<u>(1,892)</u>
Net Telecommunications Plant	\$5,995	\$336	\$12,442	\$3,145	\$1,245	\$2,530	\$10,176
Plant Under Construction	56	0	696	121	5	1	0
Other Assets & Other Debits	<u>4,911</u>		<u>4,847</u>	<u>1,718</u>	<u>460</u>	<u>4,946</u>	<u>1,489</u>
Total Assets & Other Debits	<u>\$10,962</u>		<u>\$17,985</u>	<u>\$4,984</u>	<u>\$1,710</u>	<u>\$7,477</u>	<u>\$11,665</u>
Long-Term Debt	\$0		\$9,772	\$3,048	\$175	\$5,183	\$7,972
Other Liabilities & Deferred Credits	3,587		3,411	528	353	603	1,958
Stockholders' Equity	<u>7,375</u>		<u>4,802</u>	<u>1,408</u>	<u>1,182</u>	<u>1,691</u>	<u>1,735</u>
Total Liabilities & Other Credits	<u>\$10,962</u>		<u>\$17,985</u>	<u>\$4,984</u>	<u>\$1,710</u>	<u>\$7,477</u>	<u>\$11,665</u>
<b>INCOME STATEMENT (\$000s)</b>							
Local Service	\$3,535	\$59	\$918	\$257	\$700	\$723	\$154
Toll, Access & Universal Service Funds	3,937	358	5,557	1,573	1,295	2,345	836
Directory, Other & Uncollectibles	<u>1,381</u>	<u>7</u>	<u>468</u>	<u>340</u>	<u>40</u>	<u>34</u>	<u>(5)</u>
Total Operating Revenues	\$8,853	\$424	\$6,943	\$2,170	\$2,035	\$3,102	\$985
Plant Operations	1,620	135	2,919	689	385	803	126
Depreciation & Amortization	2,573	86	1,464	428	169	616	225
Customer Operations	623	43	295	261	361	158	39
Corporate Operations	1,319	109	1,164	556	556	692	266
Other Operating Expenses	854	19	160	32	107	219	40
Operating Taxes	872	13	231	54	119 [E]	117 [E]	79
Net Jurisdictional Differences	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(12)</u>	<u>0</u>	<u>0</u>
Net Operating Income	\$992	\$19	\$710	\$150	\$350	\$497	\$210
Nonoperating Net Income (Loss)	17	(41)	(284)	(279)	513	(600)	83
Imputations	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(60) [E]</u>	<u>(6) [E]</u>	<u>0</u>
Reported Net Income	<u>\$1,009</u>	<u>(\$22)</u>	<u>\$426</u>	<u>(\$129)</u>	<u>\$803</u>	<u>(\$109)</u>	<u>\$293</u>

[A]-[O] See Notes on page 73.

Small Telecommunications Utilities <sup>[B]</sup>  
**OREGON AND SYSTEM OPERATIONS**  
Year Ending December 31, 2007

	Malheur Home Telephone Company [H]	Midvale Telephone Exchange, Inc.		Monroe Telephone Company	Mount Angel Telephone Company	Nehalem Telecommuni- cations, Inc.	North-State Telephone Co. [I]
		Oregon	System				
<b>AVERAGE RATE BASE (\$000s)</b>							
Telecommunications Plant in Service	\$36,234	\$1,525	\$26,145	\$6,307	\$4,810	\$9,272	\$7,484
Accumulated Depreciation	(29,501)	(1,171)	(14,613)	(3,021)	(3,600)	(6,606)	(1,784)
Accumulated Taxes & Other Rate Base	(305)	(46)	(696)	107	22	108	5
Total Rate Base	<u>\$6,428</u>	<u>\$308</u>	<u>\$10,836</u>	<u>\$3,393</u>	<u>\$1,232</u>	<u>\$2,774</u>	<u>\$5,705</u>
<b>AVERAGE ACCESS LINES (whole)</b>							
Residential	7,906	188	2,424	744	1,173	2,424	402
Business	3,660	53	436	157	702	630	93
Other	164	3	36	6	48	9	17
Total Access Lines	<u>11,730</u>	<u>244</u>	<u>2,896</u>	<u>907</u>	<u>1,923</u>	<u>3,063</u>	<u>512</u>
Unbundled Network Elements (UNEs)	0	0	0	0	0	0	0
Private Line & Wideband	6,290	0	0	14	0	0	0
<b>MONTHLY AMT. / ACCESS LINE (\$ whole)</b>							
Average Telecom. Plant in Service	\$2,011	\$6,249	\$9,028	\$6,848	\$2,501	\$3,027	\$14,617
Average Rate Base	357	1,263	3,742	3,685	641	906	11,142
Operating Revenues	42	145	200	196	88	83	161
Depreciation & Amortization Expenses	12	29	42	39	7	17	37
Customer & Corporate Expenses	9	52	42	74	40	23	50
Taxes & Other Operating Expenses	16	57	95	70	26 [E]	29 [E]	40
Net Operating Income	5	6	20	14	15	14	34
<b>PERCENT OF GROSS REVENUES</b>							
Local Service Revenues	41.0%	13.9%	13.2%	11.8%	34.3%	22.8%	15.7%
Depreciation & Amortization Expenses	29.9%	20.3%	21.1%	19.7%	8.3%	19.4%	22.9%
Plant Operation Expenses	18.8%	31.8%	42.0%	31.8%	18.9%	25.3%	12.8%
Customer Expenses	7.2%	10.1%	4.2%	12.0%	17.7%	5.0%	4.0%
Corporate Expenses	15.3%	25.7%	16.8%	25.6%	27.3%	21.8%	27.1%
<b>TOTAL OREGON RATE OF RETURN <sup>[A]</sup></b>							
Return on Rate Base	15.4%	6.2%	6.6%	4.4%	28.4% [E]	17.9% [E]	3.7%

[A]-[O] See Notes on page 73.

Small Telecommunications Utilities <sup>[B]</sup>  
**OREGON AND SYSTEM OPERATIONS**  
Year Ending December 31, 2007

	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]
	<b>BALANCE SHEET (\$000s)</b>						
Land & Support Assets	\$1,300	\$1,745	\$1,939	\$100	\$1,872	\$2,683	\$220
Central Office Equipment	5,724	3,267	3,630	800	3,503	2,161	364
Cable & Wire Facilities	11,249	8,312	9,235	3,097	12,104	1,864	961
Other Telecommunications Plant	11	275	305	0	26	0	0
Accumulated Depreciation	<u>(8,086)</u>	<u>(7,977)</u>	<u>(8,863)</u>	<u>(2,900)</u>	<u>(7,514)</u>	<u>(4,655)</u>	<u>(1,202)</u>
Net Telecommunications Plant	\$10,198	\$5,622	\$6,246	\$1,097	\$9,991	\$2,053	\$343
Plant Under Construction	0	106	117	663	394	0	1
Other Assets & Other Debits	<u>4,241</u>		<u>3,179</u>	<u>2,351</u>	<u>1,594</u>	<u>3,846</u>	<u>2,075</u>
Total Assets & Other Debits	<u>\$14,439</u>		<u>\$9,542</u>	<u>\$4,111</u>	<u>\$11,979</u>	<u>\$5,899</u>	<u>\$2,419</u>
Long-Term Debt	\$13,247		\$4,077	\$0	\$9,934	\$712	\$0
Other Liabilities & Deferred Credits	849		539	1,108	96	480	283
Stockholders' Equity	<u>343</u>		<u>4,926</u>	<u>3,003</u>	<u>1,949</u>	<u>4,707</u>	<u>2,136</u>
Total Liabilities & Other Credits	<u>\$14,439</u>		<u>\$9,542</u>	<u>\$4,111</u>	<u>\$11,979</u>	<u>\$5,899</u>	<u>\$2,419</u>
<b>INCOME STATEMENT (\$000s)</b>							
Local Service	\$475	\$168	\$186	\$434	\$224	\$312	\$69
Toll, Access & Universal Service Funds	2,999	2,786	3,096	1,374	3,266	1,049	373
Directory, Other & Uncollectibles	<u>(136)</u>	<u>51</u>	<u>57</u>	<u>76</u>	<u>30</u>	<u>145</u>	<u>15</u>
Total Operating Revenues	\$3,338	\$3,005	\$3,339	\$1,884	\$3,520	\$1,506	\$457
Plant Operations	509	569	632	363	628	493	90
Depreciation & Amortization	900	640	712	307	958	299	70
Customer Operations	125	122	135	164	198	62	51
Corporate Operations	585	618	687	275	1,279	306	168
Other Operating Expenses	181	202	224	156	99	80	38
Operating Taxes	314	297	330	325	117	175	22
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	\$724	\$557	\$619	\$294	\$241	\$91	\$18
Nonoperating Net Income (Loss)	(301)	(211)	(234)	56	(371)	38	118
Imputations	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Reported Net Income	<u>\$423</u>	<u>\$346</u>	<u>\$385</u>	<u>\$350</u>	<u>(\$130)</u>	<u>\$129</u>	<u>\$136</u>

[A]-[O] See Notes on page 73.

Small Telecommunications Utilities <sup>[B]</sup>  
**OREGON AND SYSTEM OPERATIONS**  
Year Ending December 31, 2007

	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]
	<b>AVERAGE RATE BASE (\$000s)</b>						
Telecommunications Plant in Service	\$17,145	\$13,457	\$14,952	\$3,935	\$16,251	\$6,699	\$1,542
Accumulated Depreciation	(7,678)	(7,667)	(8,518)	(2,765)	(7,079)	(4,520)	(1,168)
Accumulated Taxes & Other Rate Base	18	121	134	(157)	56	(117)	(39)
Total Rate Base	<u>\$9,485</u>	<u>\$5,911</u>	<u>\$6,568</u>	<u>\$1,013</u>	<u>\$9,228</u>	<u>\$2,062</u>	<u>\$335</u>
<b>AVERAGE ACCESS LINES (whole)</b>							
Residential	1,350	478	532	1,126	668	381	165
Business	344	128	145	226	209	268	40
Other	77	43	48	2	8	43	7
Total Access Lines	<u>1,771</u>	<u>649</u>	<u>725</u>	<u>1,354</u>	<u>885</u>	<u>692</u>	<u>212</u>
Unbundled Network Elements (UNEs)	0	0	0	0	0	0	0
Private Line & Wideband	0	0	0	388	0	31	0
<b>MONTHLY AMT. / ACCESS LINE (\$ whole)</b>							
Average Telecom. Plant in Service	\$9,681	\$20,735	\$20,623	\$2,259	\$18,362	\$9,266	\$7,275
Average Rate Base	5,356	9,108	9,059	582	10,427	2,852	1,580
Operating Revenues	157	386	384	90	331	174	180
Depreciation & Amortization Expenses	42	82	82	15	90	35	28
Customer & Corporate Expenses	33	95	95	21	139	42	86
Taxes & Other Operating Expenses	47	137	136	40	79	86	59
Net Operating Income	34	72	71	14	23	10	7
<b>PERCENT OF GROSS REVENUES</b>							
Local Service Revenues	14.2%	5.6%	5.6%	23.0%	6.4%	20.7%	15.1%
Depreciation & Amortization Expenses	27.0%	21.3%	21.3%	16.3%	27.2%	19.9%	15.3%
Plant Operation Expenses	15.3%	18.9%	18.9%	19.3%	17.8%	32.7%	19.7%
Customer Expenses	3.7%	4.1%	4.0%	8.7%	5.6%	4.1%	11.2%
Corporate Expenses	17.5%	20.6%	20.6%	14.6%	36.3%	20.3%	36.8%
<b>TOTAL OREGON RATE OF RETURN <sup>[A]</sup></b>							
Return on Rate Base	7.6%	9.4%	9.4%	29.0%	2.6%	4.4%	5.4%

[A]-[O] See Notes on page 73.

Large Telecommunications Utilities <sup>[D]</sup>  
**OREGON AND SYSTEM OPERATIONS**  
Year Ending December 31, 2007

	<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]
<b>BALANCE SHEET (\$000s)</b>					
Land & Support Assets	\$9,039	\$8,546	\$17,585	\$266,044	\$4,394,703
Central Office Equipment	58,928	43,427	102,355	1,408,615	18,605,170
Cable & Wire Facilities	144,179	58,719	202,898	1,577,442	19,606,697
Other Telecommunications Plant	32	7	39	140,243	841,618
Accumulated Depreciation	<u>(184,789)</u>	<u>(86,616)</u>	<u>(271,405)</u>	<u>(2,324,163)</u>	<u>(31,207,143)</u>
Net Telecommunications Plant	\$27,389	\$24,083	\$51,472	\$1,068,181	\$12,241,045
Plant Under Construction	388	348	736	0	154,182
Other Assets & Other Debits	<u>52,423</u>	<u>15,563</u>	<u>67,986</u>		<u>2,679,910</u>
Total Assets & Other Debits	<u>\$80,200</u>	<u>\$39,994</u>	<u>\$120,194</u>		<u>\$15,075,137</u>
Long-Term Debt	\$7,484	\$0	\$7,484		\$7,546,761
Other Liabilities & Deferred Credits	5,418	2,933	8,351		6,780,784
Stockholders' Equity	<u>67,298</u>	<u>37,061</u>	<u>104,359</u>		<u>747,592</u>
Total Liabilities & Other Credits	<u>\$80,200</u>	<u>\$39,994</u>	<u>\$120,194</u>		<u>\$15,075,137</u>
<b>INCOME STATEMENT (\$000s)</b>					
Local Service	\$9,731	\$11,577	\$21,309	\$312,794	\$3,825,230
Toll, Access & Universal Service Funds	26,248	20,565	46,813	358,165	4,249,095
Directory, Other & Uncollectibles	<u>(356)</u>	<u>1,276</u>	<u>919</u>	<u>167,993</u> [N]	<u>2,717,977</u>
Total Operating Revenues	\$35,623	\$33,418	\$69,041	\$838,952	\$10,792,302
Plant Operations	6,753	6,152	12,905	110,011	1,594,094
Depreciation & Amortization	10,486	6,062	16,548	158,679	2,011,035
Customer Operations	2,276	2,606	4,881	109,053	1,276,233
Corporate Operations	3,035	2,631	5,666	67,587	837,850
Other Operating Expenses	2,844	2,676	5,521	76,394	765,687
Operating Taxes	4,894	5,928	10,822	99,204	1,169,305
Net Jurisdictional Differences	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>103,478</u>
Net Operating Income	\$5,335	\$7,363	\$12,698	\$218,024	\$3,034,620
Nonoperating Net Income (Loss)	1,460	1,024	2,485	(105,636)	(1,674,130)
Imputations	<u>0</u>	<u>0</u>	<u>0</u>	<u>52,390</u> [N]	<u>1,003,800</u>
Reported Net Income	<u>\$6,795</u>	<u>\$8,387</u>	<u>\$15,183</u>	<u>\$164,778</u>	<u>\$2,364,290</u>

[A]-[O] See Notes on page 73.

Large Telecommunications Utilities <sup>[D]</sup>  
**OREGON AND SYSTEM OPERATIONS**  
Year Ending December 31, 2007

	CenturyTel, Inc.			Qwest Corporation	
	CenturyTel of Eastern Oregon, Inc.	CenturyTel of Oregon, Inc.	Total Oregon Operations	Oregon	System
			[L]		[M]
<b>AVERAGE RATE BASE (\$000s)</b>					
Telecommunications Plant in Service	\$212,109	\$109,191	\$321,301	\$3,399,418	\$43,339,540
Accumulated Depreciation	(181,793)	(84,172)	(265,964)	(2,263,506)	(30,116,692)
Accumulated Taxes & Other Rate Base	(1,702)	(1,155)	(2,860)	(87,128)	(882,553)
Total Rate Base	<u>\$28,614</u>	<u>\$23,864</u>	<u>\$52,477</u>	<u>\$1,048,784</u>	<u>\$12,340,295</u>
<b>AVERAGE ACCESS LINES (whole)</b>					
Residential	22,682	28,081	50,762	666,314	7,733,621
Business	7,552	6,443	13,995	235,946	1,976,071
Other	1,244	1,480	2,725	199,938	1,818,883
Total Access Lines	<u>31,478</u>	<u>36,004</u>	<u>67,482</u>	<u>1,102,198</u>	<u>11,528,575</u>
Unbundled Network Elements (UNEs)	0	0	0	140,810	1,170,497
Private Line & Wideband	0	0	0	1,050,358	15,415,288
<b>MONTHLY AMT. / ACCESS LINE (\$ whole)</b>					
Average Telecom. Plant in Service			\$4,761	\$1,579	\$1,609
Average Rate Base			778	487	458
Operating Revenues			85	32 [N]	33
Depreciation & Amortization Expenses			20	6	6
Customer & Corporate Expenses			13	7	7
Taxes & Other Operating Expenses			36	11 [N]	11
Net Operating Income			16	8	9
<b>PERCENT OF GROSS REVENUES</b>					
					[L]
Local Service Revenues			30.8%	36.9%	35.2%
Depreciation & Amortization Expenses			23.9%	18.7%	18.5%
Plant Operation Expenses			18.7%	13.0%	14.7%
Customer Expenses			7.1%	12.9%	11.7%
Corporate Expenses			8.2%	8.0%	7.7%
<b>TOTAL OREGON RATE OF RETURN <sup>[A]</sup></b>					
Return on Rate Base			24.2%	20.8% [N]	24.6%

[A]-[O] See Notes on page 73.

Large Telecommunications Utilities <sup>[D]</sup>  
**OREGON AND SYSTEM OPERATIONS**  
Year Ending December 31, 2007

	<b>United Telephone Company of the Northwest dba Embarq</b>		<b>Verizon Northwest Inc.</b>	
	<u>Oregon</u>	<u>System</u>	<u>Oregon</u>	<u>System</u>
<b>BALANCE SHEET (\$000s)</b>				
Land & Support Assets	\$23,016	\$31,729	\$99,162	\$399,171
Central Office Equipment	96,397	206,325	555,319	1,845,522
Cable & Wire Facilities	124,639	252,493	825,077	2,480,153
Other Telecommunications Plant	368	948	13,455	37,014
Accumulated Depreciation	<u>(175,260)</u>	<u>(341,490)</u>	<u>(947,667)</u>	<u>(3,132,285)</u>
Net Telecommunications Plant	\$69,160	\$150,005	\$545,346	\$1,629,575
Plant Under Construction	0	3,990	0	25,428
Other Assets & Other Debits		<u>34,905</u>		<u>514,944</u>
Total Assets & Other Debits		<u>\$188,900</u>		<u>\$2,169,947</u>
Long-Term Debt		\$37,150		\$173,607
Other Liabilities & Deferred Credits		44,551		1,033,902
Stockholders' Equity		<u>107,199</u>		<u>962,438</u>
Total Liabilities & Other Credits		<u>\$188,900</u>		<u>\$2,169,947</u>
<b>INCOME STATEMENT (\$000s)</b>				
Local Service	\$22,321	\$44,305	\$105,940	\$374,312
Toll, Access & Universal Service Funds	26,826	55,223	145,413	484,411
Directory, Other & Uncollectibles	<u>3,251 [N]</u>	<u>4,434</u>	<u>62,748 [N]</u>	<u>155,581</u>
Total Operating Revenues	\$52,398	\$103,962	\$314,101	\$1,014,304
Plant Operations	9,787	17,672	40,126	122,240
Depreciation & Amortization	15,886	33,219	100,109	316,780
Customer Operations	4,296	8,996	34,038	119,887
Corporate Operations	5,724	11,761	41,406	132,695
Other Operating Expenses	5,197	9,179	43,029	109,300
Operating Taxes	4,277	10,448	19,593	75,012
Net Jurisdictional Differences	<u>0</u>	<u>0</u>	<u>0</u>	<u>(1,857)</u>
Net Operating Income	\$7,231	\$12,687	\$35,800	\$140,247
Nonoperating Net Income (Loss)	2,036	1,914	(19,138)	(57,193)
Imputations	<u>495 [N]</u>	<u>1,295</u>	<u>7,130 [N]</u>	<u>18,300</u>
Reported Net Income	<u>\$9,762</u>	<u>\$15,896</u>	<u>\$23,792</u>	<u>\$101,354</u>

[A]-[O] See Notes on page 73.

Large Telecommunications Utilities <sup>[D]</sup>  
**OREGON AND SYSTEM OPERATIONS**  
Year Ending December 31, 2007

	<b>United Telephone Company of the Northwest dba Embarq</b>		<b>Verizon Northwest Inc.</b>	
	<u>Oregon</u>	<u>System</u>	<u>Oregon</u>	<u>System</u>
<b>AVERAGE RATE BASE (\$000s)</b>				
Telecommunications Plant in Service	\$240,938	\$486,353	\$1,438,464	\$4,664,562
Accumulated Depreciation	(170,156)	(328,798)	(902,863)	(2,999,464)
Accumulated Taxes & Other Rate Base	1,793	(11,745)	(44,619)	(70,462)
Total Rate Base	<u>\$72,575</u>	<u>\$145,810</u>	<u>\$490,982</u>	<u>\$1,594,636</u>
<b>AVERAGE ACCESS LINES (whole)</b>				
Residential	43,604	90,652	242,737	797,710
Business	16,517	39,750	93,539	320,927
Other	5,966	10,322	21,383	56,335
Total Access Lines	<u>66,087</u>	<u>140,724</u>	<u>357,659</u>	<u>1,174,972</u>
Unbundled Network Elements (UNEs)	0	0	8,186	15,437
Private Line & Wideband	0	0	91,619	297,344
<b>MONTHLY AMT. / ACCESS LINE (\$ whole)</b>				
Average Telecom. Plant in Service	\$3,646	\$3,456	\$3,202	\$3,168
Average Rate Base	1,098	1,036	1,093	1,083
Operating Revenues	66 [N]	61	58 [N]	57
Depreciation & Amortization Expenses	20	20	19	18
Customer & Corporate Expenses	13	12	14	14
Taxes & Other Operating Expenses	24 [N]	22	19 [N]	17
Net Operating Income	9	8	7	8
<b>PERCENT OF GROSS REVENUES</b>				
Local Service Revenues	42.4%	42.4%	33.6%	36.7%
Depreciation & Amortization Expenses	30.2%	31.8%	31.8%	31.1%
Plant Operation Expenses	18.6%	16.9%	12.7%	12.0%
Customer Expenses	8.2%	8.6%	10.8%	11.8%
Corporate Expenses	10.9%	11.3%	13.1%	13.0%
<b>TOTAL OREGON RATE OF RETURN <sup>[A]</sup></b>				
Return on Rate Base	10.0% [N]	8.7%	7.3% [N]	8.8%

[A]-[O] See Notes on page 73.

Telecommunications Utilities and Cooperatives (ILECs)

**OREGON AND SYSTEM OPERATIONS**

Year Ending December 31, 2007

	Total of 18 Small Telecommunications Utilities		Total of 11 Telecom. Cooperatives	Total of Five Large Telecommunications Utilities		Total ILECs Serving Oregon	
	Oregon	System		Oregon	System	Oregon	System
	[B]		[C]		[D]		
<b>BALANCE SHEET (\$000s)</b>							
Land & Support Assets	\$26,826	\$30,000	\$41,584	\$405,807	\$4,843,188	\$474,217	\$4,914,772
Central Office Equipment	74,391	86,152	67,681	2,162,686	20,759,371	2,304,758	20,913,204
Cable & Wire Facilities	134,580	154,908	130,256	2,730,056	22,542,240	2,994,892	22,827,404
Other Telecommunications Plant	1,469	1,943	182	154,105	879,619	155,756	881,744
Accumulated Depreciation	<u>(154,412)</u>	<u>(174,125)</u>	<u>(139,426)</u>	<u>(3,718,495)</u>	<u>(34,952,323)</u>	<u>(4,012,334)</u>	<u>(35,265,874)</u>
Net Telecommunications Plant	\$82,854	\$98,878	\$100,277	\$1,734,159	\$14,072,095	\$1,917,289	\$14,271,250
Plant Under Construction	2,048	2,796	1,361	736	184,337	4,145	188,494
Other Assets & Other Debits		141,713	89,344		3,297,746		47,933
Total Assets & Other Debits		<u>\$243,387</u>	<u>\$190,982</u>		<u>\$17,554,178</u>		<u>\$17,988,547</u>
Long-Term Debt		\$64,347	\$39,966		\$7,765,002		\$7,869,315
Other Liabilities & Deferred Credits		27,573	21,954		7,867,588		7,917,115
Stockholders' Equity		151,467	129,062		1,921,588		2,202,117
Total Liabilities & Other Credits		<u>\$243,387</u>	<u>\$190,982</u>		<u>\$17,554,178</u>		<u>\$17,988,547</u>
<b>INCOME STATEMENT (\$000s)</b>							
Local Service	\$15,670	\$16,949	\$22,836	\$462,364	\$4,265,156	\$500,870	\$4,304,941
Toll, Access & Universal Service Funds	35,346	41,622	37,302	577,217	4,835,542	649,865	4,914,466
Directory, Other & Uncollectibles	<u>5,016</u>	<u>5,713</u>	<u>4,557</u>	<u>234,911</u> [N]	<u>2,878,911</u>	<u>244,484</u> [N]	<u>2,889,181</u>
Total Operating Revenues	\$56,032	\$64,284	\$64,695	\$1,274,492	\$11,979,609	\$1,395,219	\$12,108,588
Plant Operations	10,815	13,832	13,481	172,829	1,746,911	197,125	1,774,224
Depreciation & Amortization	12,750	14,695	14,464	291,222	2,377,582	318,436	2,406,741
Customer Operations	4,047	4,421	9,038	152,268	1,409,997	165,353	1,423,456
Corporate Operations	9,721	11,027	11,523	120,383	987,972	141,627	1,010,522
Other Operating Expenses	4,851	5,143	5,998	130,141	889,687	140,990	900,828
Operating Taxes	5,853 [E]	6,242	2,070	133,896 [N]	1,265,587	141,819 [E][N]	1,273,899
Net Jurisdictional Differences	<u>(12)</u>	<u>(12)</u>	<u>0</u>	<u>0</u>	<u>101,621</u>	<u>(12)</u>	<u>101,609</u>
Net Operating Income	\$8,007	\$8,936	\$8,121	\$273,753	\$3,200,252	\$289,881	\$3,217,309
Nonoperating Net Income (Loss)	3,820	3,680	(1,999)	(120,253)	(1,726,924)	(118,432)	(1,725,243)
Imputations	<u>(95)</u> [E]	<u>(95)</u>	<u>0</u>	<u>60,015</u> [N]	<u>1,023,395</u>	<u>59,921</u> [E][N]	<u>1,023,300</u>
Reported Net Income	<u>\$11,732</u>	<u>\$12,521</u>	<u>\$6,122</u>	<u>\$213,515</u>	<u>\$2,496,723</u>	<u>\$231,370</u>	<u>\$2,515,366</u>

[A]-[O] See Notes on page 73.

Telecommunications Utilities and Cooperatives (ILECs)

**OREGON AND SYSTEM OPERATIONS**

Year Ending December 31, 2007

	Total of 18 Small Telecommunications Utilities		Total of 11 Telecom. Cooperatives	Total of 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	227,814	439,156	\$238,257	\$5,400,121	\$48,811,756	\$5,866,192	\$49,489,169
Accumulated Depreciation	(149,013)	(329,025)	(136,820)	(3,602,489)	(33,710,918)	(3,888,322)	(34,176,763)
Accumulated Taxes & Other Rate Base	(3,386)	(4,893)	1,938	(132,814)	(967,620)	(134,262)	(970,575)
Total Rate Base	<u>\$75,415</u>	<u>\$105,238</u>	<u>\$214,676</u>	<u>\$577,217</u>	<u>\$4,835,542</u>	<u>\$649,865</u>	<u>\$4,914,466</u>
<b>AVERAGE ACCESS LINES (whole)</b>							
Residential	35,339	38,650	36,991	1,003,416	8,672,745	1,075,746	8,748,385
Business	10,855	11,409	10,380	359,996	2,350,742	381,230	2,372,530
Other	843	879	842	415,652	3,064,506	417,338	3,066,230
Total Access Lines	<u>47,037</u>	<u>50,938</u>	<u>48,213</u>	<u>1,779,064</u>	<u>14,087,993</u>	<u>1,874,314</u>	<u>14,187,145</u>
Unbundled Network Elements (UNEs)	0	0	0	72,197	1,185,934	72,197	1,185,934
Private Line & Wideband	6,723	6,723	6,087	1,141,976	15,712,632	1,154,786	15,725,441
<b>MONTHLY AMT. / ACCESS LINE (\$ whole)</b>							
Average Telecom. Plant in Service	\$705	\$628	\$571	(\$5,063)	(\$462)	(\$3,979)	
Average Rate Base	200	209	174	347	342	316	
Operating Revenues	25	26	25	60 [N]	66	53 [N]	
Depreciation & Amortization Expenses	6	6	6	15	14	13	
Customer & Corporate Expenses	7	7	8	14	14	12	
Taxes & Other Operating Expenses	9 [E]	10	8	18 [N]	19	16 [E][N]	
Net Operating Income	4	4	3	14	19	12	
<b>PERCENT OF GROSS REVENUES</b>							
Local Service Revenues	27.9%	26.3%	35.3%	36.0%	35.3%	35.7%	35.3%
Depreciation & Amortization Expenses	22.7%	22.8%	22.3%	22.7%	19.7%	22.7%	19.7%
Plant Operation Expenses	19.3%	21.5%	20.8%	13.5%	14.5%	14.0%	14.5%
Customer Expenses	7.2%	6.9%	14.0%	11.9%	11.7%	11.8%	11.7%
Corporate Expenses	17.3%	17.1%	17.8%	9.4%	8.2%	10.1%	8.3%
<b>TOTAL OREGON RATE OF RETURN <sup>[A]</sup></b>							
Return on Rate Base	4.5% [E]	4.5%	3.8%	16.4% [N]	22.6%	14.1% [E][N]	3.2%

[A]-[O] See Notes on page 73.