

FLORIDA PUBLIC SERVICE COMMISSION

DIVISION OF ECONOMIC REGULATION

ANNUAL REPORT APR 19 PM 3:48

LOCAL EXCHANGE TELEPHONE COMPANIES

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Public Service Commission
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Frontier Communications of the South, Inc.

(EXACT NAME OF RESPONDENT)

201 S. Pensacola Avenue, Atmore, AL 36502

(ADDRESS OF RESPONDENT)

TO THE

FLORIDA PUBLIC SERVICE COMMISSION

FOR THE

YEAR ENDED DECEMBER 31, 2006

Officer or other person to whom correspondence should be addressed concerning this report:

Name:	Joseph De Masi	Title:	Director, Regulatory
Address:	3 High Ridge Park	City:	Stamford State: Connecticut
Telephone No.:	(203) 614 - 5020		

SIGNATURE PAGE

I certify that I am the responsible accounting officer of
Frontier Communications of the South, Inc.

that I have examined the following report; that to the best of my knowledge, information, and belief, all statements of fact contained in the said report are true and the said report is a correct statement of the business and affairs of the above-named respondent in respect to each and every matter set forth therein during the period from **January 1, 2006 to December 31, 2006** inclusive.

I also certify that all affiliated transfer prices and affiliated cost allocations were determined consistent with the methods reported to this Commission on the appropriate forms included in this report.

I am aware that Section 837.06, Florida Statutes, provides:

Whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his or her official duty shall be guilty of a misdemeanor of the second degree, punishable as provided in s. 775.082 and s. 775.083.



Signature

April 17, 2007

Date

Joseph De Masi

Name

Director, Regulatory

Title

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Identity of Respondent

Schedule A-1

Company: Frontier Communications of the South, Inc.

For the Year Ended December 31, 2006

Immediately following these instructions insert the several numbers together with the information respectively pertinent thereto.

1. Exact name of respondent. Use the words "The" and "Company" or "Co." only when they are parts of the corporate name.
2. Date of incorporation.

1. Frontier Communications of the South, Inc.
2. January 1, 1947 in the State of Alabama

Control Over Respondent

Schedule A-2

1. If direct control over the respondent was held by a corporation, individual, association or other person at the end of the year, state:
 - (a) The form of control (sole or joint):
 - (b) The name and address of the directly controlling organization or person (Give names and addresses of all organizations or persons involved if control was joint.):
 - (c) The means by which control was held (For example, through ownership of voting securities; through common directors, officers or stockholders through voting trusts; etc.)
 - (d) The extent of control:
2. See Schedule Z-9 for an updated organizational chart.

- 1a. Sole
- 1b. Citizens Communications Company
3 High Ridge Park
Stamford, CT 06905

Board of Directors and General Officers

Schedule A-3

Name of Director or Officer and Address (City and State)	Title & Dept. over Which Jurisdiction is Exercised	Director's Fees
Mary A. Wilderotter John H. Casey, III	Director Director	
Mary A. Wilderotter John H. Casey, III Donald B. Armour David P. Frezza Hilary Glassman Robert J. Larson Gregg C. Sayre	Chairman President and Chief Operating Officer Vice President and Treasurer Vice President, Engineering Vice President, General Counsel, & Secretary Vice President and Chief Accounting Officer Assistant Secretary	

Stockholders

Schedule A-4

Company: Frontier Communications of the South, Inc.

For the Year Ended December 31, 2006

1. This information shall be compiled as of December 31, except that if similar information has been compiled for some other purpose between the beginning of the year for which the report is made and the date of preparation of this report, the latest compilation shall be used.
2. Stockholders of each class of stock shall be listed in the order of their holdings, beginning with the highest and continuing until the 10 largest holdings have been listed. If any such holder was a trustee or nominee for other persons who held the beneficial interest in the securities, the name and address of each person who has the beneficial interest shall be shown. Likewise, if any person had the beneficial interest in securities held by trustees or nominees under different trusts or other groupings, and the aggregate of such person's holdings would place him among the listed holders if he were the holder of record, the details of such holdings shall be shown.

Name and Address (City and State) of Stockholder	Class of Stock	Shares Held

Important Changes During the Year

Schedule A-5

Give concise answers to each of the following, numbering them in accordance with the numbers of the question:

1. If during the year a substantial portion or all of the property of the respondent was sold, merged, or abandoned, give full particulars, including the location and territory covered. In case of sale or merger, give the effective date, name and address of successor company, and the consideration received.
2. Give information on any changes in accounting standards that have occurred during the year.

1. Frontier Communications of the South Inc., was merged into Frontier Communications of the South, LLC on 5/11/2006. It is now a limited liability company with no capital stock structure, only a 100% membership interest held by Frontier Subsidiary Telco LLC.
2. Not Applicable

BALANCE SHEET

Schedule B-1

Company: *Frontier Communications of the South, Inc.*

For the Year Ended December 31, 2006

Page 1 of 2

Ref. Sch.	Account No.	Accounts	Amounts (\$)	
			Beginning of Year	End of Year
		Current Assets		
	1130	Cash	(16,166)	(6,841)
	1140	Special Cash Deposits	-	-
	1150	Working Cash Advance	490	350
	1160	Temporary Investments	-	-
	1180	Telecom. Accounts Receivable	440,668	479,222
	1181	Telecom. Accounts Receivable Allowance	(5,155)	(27,465)
	1190	Other Accounts Receivable	340,838	(286,373)
	1191	Accounts Receivable Allowance-Other	(56,287)	(214,462)
	1200	Notes Receivable	-	-
	1201	Notes Receivable Allowance	-	-
	1210	Interest and Dividends Receivable	-	-
	1220	Material and Supplies	-	-
	1290	Prepaid Rents	-	-
	1300	Prepaid Taxes	-	-
	1310	Prepaid Insurance	-	-
	1320	Prepaid Directory Expenses	-	-
	1330	Other Prepayments	1,491	18,766
	1350	Other Current Assets	-	-
		Total Current Assets	\$ 705,879	\$ (36,803)
		Noncurrent Assets		
	1401	Investments in Affiliated Co.	(1,533,253)	2,517,618
	1402	Investments in Nonaffiliated Co.	-	-
	1406	Non Regulated Investments	(72,072)	(73,279)
B-4	1407	Unamortized Debt Issuance Expense	-	-
	1408	Sinking Funds	-	-
	1410	Other Noncurrent Assets	-	-
	1438	Deferred Maintenance & Retirements	-	-
	1439	Deferred Charges	81,247	81,242
	1500	Other Jurisdictional Assets - Net	-	-
		Total Noncurrent Assets	\$ (1,524,078)	\$ 2,525,581
		Telephone Plant in Service		
B-2	2001	Telecom. Plant in Service	22,348,804	22,548,533
	2002	Property Held for Future Use	-	-
	2003	Plant under Construction	143,678	137,624
	2005	Plant Adjustment	584,464	452,959
	2006	Nonoperating Plant	-	-
	2007	Goodwill	7,879,159	7,830,603
		Subtotal	\$ 30,956,104	\$ 30,969,719
		Less:		
B-3	3100	Acc. Depreciation	11,578,026	12,157,511
"	3200	Acc. Depreciation-Held for Future Use	-	-
"	3300	Acc. Depreciation-Nonoperating	-	-
"	3410	Acc. Amort. - Capitalized Leases	-	-
"	3420	Acc. Amort. - Leasehold Improvements	-	-
"	3500	Acc. Amort. - Intangible	3,604,418	4,453,600
"	3600	Acc. Amort. - Other	1,768,990	2,207,166
		Subtotal	\$ 16,951,434	\$ 18,818,277
		Net Telephone Plant in Service	\$ 14,004,670	\$ 12,151,442
		TOTAL ASSETS	\$ 13,186,471	\$ 14,640,220

BALANCE SHEET

Schedule B-1

*Company: Frontier Communications of the South, Inc.
For the Year Ended December 31, 2006*

Page 2 of 2

Ref. Sch.	Account No.	Accounts	Amounts (\$)	
			Beginning of Year	End of Year
		<i>Current Liabilities</i>		
	4010	Accounts Payable	291,296	107,280
	4020	Notes Payable	-	-
	4030	Advanced Billing and Payments	168,184	181,233
	4040	Customers' Deposits	-	-
B-4	4050	Current Maturities - Long Term	-	-
	4060	Current Maturities - Capital Leases	-	-
	4070	Income Taxes - Accrued	-	-
	4080	Other Taxes - Accrued	(10)	1,274
	4100	Net Current Deferred Op. Income Taxes	-	-
	4110	Net Current Deferred Nonop. Income Taxes	-	-
	4120	Other Accrued Liabilities	-	-
	4130	Other Current Liabilities	970	970
		<i>Total Current Liabilities</i>	\$ 460,441	\$ 290,757
		<i>Long-Term Debt</i>		
B-4	4210	Funded Debt	-	-
"	4220	Premium on Long-Term Debt	-	-
"	4230	Discount on Long-Term Debt	-	-
	4240	Reacquired Debt	-	-
	4250	Obligations under Capital Leases	-	-
B-4	4260	Advanced from Affiliated Companies	-	-
"	4270	Other Long-Term Debt	-	-
		<i>Total Long-Term Debt</i>	\$ -	\$ -
		<i>Other Liabilities and Deferred Credits</i>		
	4310	Other Long-Term Liabilities	-	-
	4320	Unamortized Operating ITC - Net	-	-
	4330	Unamortized Nonoperating ITC - Net	-	-
	4340	Net Noncur. Def. Oper. Income Taxes	417,120	327,913
	4350	Net Noncur. Def. Nonoper. Inc. Taxes	331,070	(173,860)
	4360	Other Deferred Credits	-	-
	4370	Other Juris. Liab. & Def. Credits	-	-
		<i>Total Other Liab. & Def. Credits</i>	\$ 748,190	\$ 154,053
		<i>Stockholder's Equity</i>		
	4510	Capital Stock	-	-
	4520	Additional Paid-in Capital	8,511,057	8,511,057
	4530	Treasury Stock	-	-
	4540	Other Capital	-	-
	4550	Retained Earnings	3,466,784	5,684,353
		<i>Total Stockholder's Equity</i>	\$ 11,977,841	\$ 14,195,410
		<i>TOTAL LIABILITIES AND EQUITY</i>	\$ 13,186,472	\$ 14,640,220

Annual Status Report
Analysis of Plant in Service Accounts
Schedule B-2

Company: Frontier Communications of the South, Inc.
For the Year Ended December 31, 2006

Acct. No.	Account Description	Depr. Rate	Beginning Balance*	Additions	Retirements	Reclass.	Adjustments	Transfers	Ending Balance*
2111	Land		41,947	-	-	-	-	-	41,947
Amortizable General Support Assets:									
2116	Other Work Equipment	7 yrs	41,516	-	-	-	-	-	41,516
2122	Furniture	10 yrs	2,565	-	-	-	-	-	2,565
2123	Office Support Equipment	7 yrs	-	-	-	-	-	-	-
2123	Company Communications	5 yrs	-	-	-	-	-	-	-
2124	General Purpose Computer	5 yrs	13,069	-	-	-	6,796	-	19,865
Depreciable Assets: This schedule should identify each account/subaccount for which a separate depreciation rate has been approved by the FPSC.									
2112	Motor Vehicles		124,005	-	-	-	(124,005)	-	-
2121	Buildings		174,428	1,268	-	-	-	-	175,696
	Total Land & Support Assets		\$ 397,530	\$ 1,268	\$ -	\$ -	\$ (117,209)	\$ -	\$ 281,589
Office Assets:									
2212	Digital Electronic Switch		3,610,723	-	-	-	-	-	3,610,723
2215	Elec. Mechanical Switch		-	-	-	-	-	-	-
2220	Operator Systems		-	-	-	-	-	-	-
2231	Radio Systems		-	-	-	-	-	-	-
2232	Circuit Equipment		1,277,655	75,049	-	-	5,742	-	1,358,446
2232	Fiber Circuit Equipment		342,494	20,070	-	-	1,536	-	364,100
	Total Central Office Assets		\$ 5,230,872	\$ 95,119	\$ -	\$ -	\$ 7,278	\$ -	\$ 5,333,269
Info. Orig./Term Assets:									
2321	Customer Premise Wiring **		2,645	-	-	-	-	-	2,645
2351	Public Telephone Equipment		-	-	-	-	-	-	-
	Total Info. Orig./Term Assets		\$ 2,645	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,645
**	Acct 2362 Other Term Equipment replaces acct 2321								

Annual Status Report
Analysis of Plant in Service Accounts
Schedule B-2

Company: **Frontier Communications of the South, Inc.**
For the Year Ended December 31, 2006

Acct. No.	Account Description	Dept. Rate	Beginning Balance*	Additions	Retirements	Reclass.	Adjustments	Transfers	Ending Balance*
Cable and Wire Facilities									
2411	Poles		827	-	-	-	-	-	827
2421	Aerial Cable Metallic		2,605	-	-	-	-	-	2,605
2421	Aerial Cable Fiber		-	-	-	-	-	-	-
2422	Underground Cable Metallic		3,589	-	-	-	-	(0)	3,589
2422	Underground Cable Fiber		715	-	-	-	-	-	715
2423	Buried Metallic Cable		8,488,376	191,265	(25,338)	-	-	-	8,654,303
2423	Buried Fiber Cable		2,421,655	54,577	(7,230)	-	-	-	2,469,002
2423	Buried Cable Terminal		-	-	-	-	-	-	-
2423	Buried Air Cove Cable		-	-	-	-	-	-	-
2441	Conduit Systems		1,709	-	-	-	-	0	1,709
	Total Cable and Wire Facilities		\$ 10,919,476	\$ 245,842	\$ (32,568)	\$ -	\$ -	\$ 0	11,132,750
Capital Recovery Schedules: This schedule should identify each approved capital recovery schedule.									
Jointly Used Plant Allocated to Non Regulated									
<i>Amortizable Assets:</i>									
2681	Capital Leases		-	-	-	-	-	-	-
2682	Leasehold Improve.		-	-	-	-	-	-	-
2690	Intangibles		5,798,279	-	-	-	-	-	5,798,279
	Total Balances		\$ 22,348,802	\$ 342,229	\$ (32,568)	\$ -	\$ (109,931)	\$ 0	\$ 22,548,532
Note: * The total beginning and ending balances plus jointly used plant allocated to non regulated, if any, must agree to acct. 2001, Plant in Service, in Schedule B-1, Balance Sheet.									

Annual Status Report
Analysis of Accumulated Depreciation & Amortization
Schedule B-3

Company: **Frontier Communications of the South, Inc.**
 For the Year Ended December 31, 2006

Acct. No.	Account Description	Beginning Balance*	Accruals**	Reclass.	Retirements	Gross Salvage	Cost of Removal	Adjustments	Transfers	Ending Balance*
Amortizable General Support Assets:										
2116	Other Work Equipment	68,181	9,235	-	-	-	-	(63,444)	-	13,972
2122	Furniture	33,266	-	-	-	-	-	(30,701)	-	2,565
2123	Office Support Equipment	1,414	808	-	-	-	-	(2,222)	-	(0)
2123	Company Communications	3,716	2,118	-	-	-	-	(5,834)	-	0
2124	General Purpose Computer	218,593	-	-	-	-	-	(204,794)	-	13,799
Depreciable Assets: This schedule should identify each account/subaccount for which a separate depreciation rate has been approved by the FPSC.										
3112	Motor Vehicles	115,250	19,346	-	(58,038)	5,493	-	(82,051)	-	-
3121	Buildings	398,536	18,741	-	-	-	-	(322,171)	-	95,106
	Total Land & Support Assets	\$ 838,956	\$ 50,248	\$ -	\$ (58,038)	\$ 5,493	\$ -	\$ (711,217)	\$ -	\$ 125,442
Central Office Assets:										
3212	Digital Electronic Switch	3,872,053	108,558	-	-	-	-	(218,357)	-	3,762,254
3215	Elec. Mechanical Switch	-	-	-	-	-	-	-	-	-
3220	Operator Systems	-	-	-	-	-	-	-	-	-
3231	Radio Systems	-	-	-	-	-	-	-	-	-
3232	Circuit Equipment	454,624	87,602	-	-	-	-	66,313	-	608,539
3232	Fiber Circuit Equipment	120,769	23,287	-	-	-	-	17,708	-	161,764
	Total Central Office Assets	\$ 4,447,446	\$ 219,447	\$ -	\$ -	\$ -	\$ -	\$ (134,336)	\$ -	\$ 4,532,557
Info. Orig/Term Assets:										
3321	Customer Premise Wiring **	169	1,898	-	-	-	-	(1,409)	-	658
3351	Public Telephone Equipment	-	-	-	-	-	-	-	-	-
	Total Info. Orig/Term Assets	\$ 169	\$ 1,898	\$ -	\$ -	\$ -	\$ -	\$ (1,409)	\$ -	\$ 658
**	Account 3362 Other Term Equipment is being used in place of Acct 3321									

Annual Status Report
Analysis of Accumulated Depreciation & Amortization
Schedule B-3

Company: Frontier Communications of the South, Inc.
For the Year Ended December 31, 2006

Page 2 of 2

Acct. No.	Account Description	Beginning Balance*	Accruals**	Reclass.	Retirements	Gross Salvage	Cost of Removal	Adjustments	Transfers	Ending Balance*
(Continued)										
Cable and Wire Facilities										
3411	Poles	29,440	1,095	-	-	-	-	(29,863)	-	672
3421	Aerial Cable Metallic	42,233	4,688	-	-	-	-	(49,526)	-	(2,605)
3421	Aerial Cable Fiber	-	-	-	-	-	-	(253,068)	-	3,984
3422	Underground Cable Metallic	248,374	8,678	-	-	-	-	-	-	-
3422	Underground Cable Fiber	-	-	-	-	-	-	-	-	-
3423	Buried Metallic Cable	5,883,380	480,315	-	(29,700)	-	13	1,161,761	-	7,495,743
3423	Buried Fiber Cable	-	-	-	-	-	-	-	-	-
3423	Buried Cable Terminal	-	-	-	-	-	-	-	-	-
3423	Buried Air Cove Cable	-	-	-	-	-	-	(89,518)	-	1,060
3441	Conduit Systems	88,026	2,552	-	-	-	-	(89,518)	-	1,060
	Total Cable and Wire Facilities	\$ 6,291,453	\$ 497,328	\$ -	\$ (29,700)	\$ -	\$ 13	\$ 739,786	\$ -	\$ 7,498,854
Capital Recovery Schedules: This schedule should identify each approved capital recovery schedule.										
Subtotal										
		\$ 11,578,024	\$ 768,921	\$ -	\$ (87,738)	\$ 5,493	\$ 13	\$ (107,176)	\$ -	\$ 12,157,511
Reserve for Jointly Used Plant Allocated to Non Regulated										
Accumulated Depr. & Amortization:										
3200	PHFU	-	-	-	-	-	-	-	-	-
3300	Nonoperating	-	-	-	-	-	-	-	-	-
3410	Capital Lease	-	-	-	-	-	-	-	-	-
3420	Leasehold Improve.	-	-	-	-	-	-	-	-	-
3500	Intangibles (3690)	3,604,418	849,182	-	-	-	-	-	-	4,453,600
3600	Other (3005 3003 3007)	1,768,990	438,176	-	-	-	-	-	-	2,207,166
	Subtotal	\$ 5,373,408	\$ 1,287,358	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,660,766
	Total Balances	\$ 16,951,432	\$ 2,056,279	\$ -	\$ (87,738)	\$ 5,493	\$ 13	\$ (107,176)	\$ -	\$ 18,818,277

Note: * The grand total of beginning and ending balances plus jointly used plant allocated to non regulated, if any, must agree to the subtotal of Depreciation & Amortization in Schedule B-1, Balance Sheet.
** The grand total of accruals plus jointly used plant allocated to non regulated, if any, must agree with the total Depreciation & Amortization Expense in Schedule I-1, Income Statement.

Long-Term Debt (Accts 4050, 4210, 4220, 4230, 4260 & 4270)

Schedule B-4

Company: Frontier Communications of the South, Inc.

For the Year Ended December 31, 2006

Description of Obligation	Nominal Date of Issue	Date of Maturity	Acct 4050	Accts 4210, 4260 & 4270	Unamortized Prem or Disc 4220 & 4230	Unamortized Debt Iss Exp Acct 1407	Stated Rate	Int. Acc. During the Year
Investments in Affiliates			\$ -	\$ -	\$ -	\$ -		\$ -
Totals			\$ -	\$ -	\$ -	\$ -		\$ -

Funded Debt Reacquired or Retired During the Year

Schedule B-5

Description of Security	Reacquired During Year		Retired During Year Book/Face Amount	Effective Date of Call (if any)	Unamortized Discount or (Premium) Acct & Amt	Redemption Premium or (Discount) Acct & Amt	Reacquisition or Redemp Expense Acct & Amt
	Reacquisition Cost Per \$100 of Debt	Book/Face Amount					
Remarks							

INCOME STATEMENT

Schedule I-1

Company: *Frontier Communications of the South, Inc.*

For the Year Ended December 31, 2006

Page 1 of 4

Account No.	Accounts	Amounts (\$)		
		Current Year		Total Company Prior Year
		Total Company	Intrastate	
	<i>OPERATING REVENUES</i>			
5001	Basic Area	667,524	667,524	694,487
5002	Extended Area	-	-	-
5003	Cellular Mobile	-	-	-
5004	Other Mobile Service	45,840	45,840	29,984
5010	Public Telephone	-	-	-
5040	Local Private Line	50,761	50,761	51,539
5050	Customer Premises	21,844	21,844	25,365
5060	Other Local Exchange	492,365	492,365	466,519
5069	Other Local Ex. Settlements	(7,000)	-	3,000
	<i>Total Local Network Service</i>	\$ 1,271,334	\$ 1,278,334	\$ 1,270,894
5081	End User	502,987	-	505,222
5082	Switched Access	572,539	-	372,922
5083	Special Access	178,385	-	391,013
5084	State Access	227,993	227,993	272,112
	<i>Total Network Access</i>	\$ 1,481,904	\$ 227,993	\$ 1,541,269
5100	Long Distance Message	-	-	-
5110	Unidirectional Long Distance	-	-	-
5120	Long Distance Private Network	3,633	3,633	3,677
5160	Other LD Revenue	-	-	-
5169	Other LD Revenue Settle.	-	-	-
	<i>Total LD Network</i>	\$ 3,633	\$ 3,633	\$ 3,677
5230	Directory	61,282	61,282	72,006
5240	Rent	-	-	-
5250	Corporate Operations	-	-	-
5261	Special Billing Arrangement	6,503	6,503	6,741
5262	Customer Operations	-	-	-
5263	Plant Operations	-	-	-
5264	Other Incidental Regulated Rev.	20,681	20,681	18,113
5269	Other Revenue Settle.	-	-	-
5270	Interstate Billing & Collection	-	-	-
5270	Intrastate Billing & Collection	57,076	57,076	60,873
5301	Uncollectible Revenue-Tele.	-	-	-
5302	Uncollectible Revenue-Other	-	-	-
	<i>Total Miscellaneous</i>	\$ 145,542	\$ 145,542	\$ 157,733
	<i>TOTAL OPERATING REVENUES</i>	\$ 2,902,413	\$ 1,655,502	\$ 2,973,573

INCOME STATEMENT

Schedule I-1

Company: *Frontier Communications of the South, Inc.*

For the Year Ended December 31, 2006

Page 2 of 4

Acct. No.	Account	Current Year Total	Prior Year Total
	<i>Plant Specific Expense</i>		
6112	Motor Vehicle	0	0
6113	Aircraft	-	-
6114	Vehicle	-	-
6115	Garage Work Equipment	-	-
6116	Other Work Equipment	0	0
	<i>Total Network Support</i>	\$ 0	\$ 1
6121	Land & Building	30,579	31,197
6122	Furniture & Artwork	2,069	1,090
6123	Office Equipment	4,049	3,925
6124	Gen. Purpose Computer	90,408	128,860
	<i>Total General Support</i>	\$ 127,105	\$ 165,071
6211	Analog Electronic	-	-
6212	Digital Electronic	18,546	17,213
6215	Electromechanical	-	-
	<i>Total CO Switching</i>	\$ 18,546	\$ 17,213
6220	Operator Systems	1,299	352
6231	Radio Systems	-	-
6232	Circuit Equipment	1,453	4,898
	<i>Total Circuit Equipment</i>	\$ 2,752	\$ 5,250
6310	Information Orig./Term.	-	-
	<i>Total Information Orig/Term</i>	\$ -	\$ -
6411	Poles	-	405
6421	Aerial Cable	-	812
6422	Underground Cable	-	2,244
6423	Buried Cable	99,433	199,777
6424	Submarine Cable	-	-
6425	Deep Sea Cable	-	-
6426	Intrabuilding Network	-	-
6431	Aerial Wire	-	-
6441	Conduit Systems	-	-
	<i>Total Cable & Wire</i>	\$ 99,433	\$ 203,239
	<i>Total Plant Specific</i>	\$ 247,837	\$ 390,774
	<i>Plant Nonspecific Expense</i>		
6510	Other Property Plant and Equipment	(5)	1
6531	Power	48,578	46,527
6532	Network Administration	127,560	97,747
6533	Testing	12,495	13,604
6534	Plant Operations Administration	1,009	6,211
6535	Engineering	16,471	9,193
	<i>Total Network Operations</i>	\$ 206,108	\$ 173,282

INCOME STATEMENT

Schedule I-1

Company: *Frontier Communications of the South, Inc.*

For the Year Ended December 31, 2006

Page 3 of 4

Acct. No.	Account	Current Year Total	Prior Year Total
6540	Access	37,831	30,221
6561	Depreciation - TPIS	-	-
6562	Depreciation - PHFU	-	-
6563	Amortization - Tangible	-	-
6564	Amortization - Intangible	849,182	1,235,068
6565	Amortization - Other	438,176	295,790
	Total Depreciation & Amortization	\$ 1,287,358	\$ 1,530,858
	Total Plant Nonspecific	\$ 1,531,297	\$ 1,734,362
	Customer Operations		
6611	Product Management	5,901	4,736
6612	Sales	19,395	23,261
6613	Product Advertising	1,115	849
	Total Marketing	\$ 26,411	\$ 28,847
6621	Call Completion	20,009	17,336
6622	Number Service	2,338	2,092
6623	Customer Service	179,038	171,876
	Total Services	\$ 201,384	\$ 191,304
	Total Customer Operations	\$ 227,796	\$ 220,150
	Corporate Operations		
6711	Executive	34,023	35,254
6712	Planning	225	332
6721	Accounting/Finance	39,028	40,538
6722	External Relations	54,505	23,807
6723	Human Resources	12,304	8,934
6724	Info. Management	25,078	27,495
6725	Legal	2,987	4,904
6726	Procurement	1,097	1,569
6727	Research/Development	-	-
6728	Other General & Administrative	35,438	23,167
	Total Corporate Operations	\$ 204,684	\$ 165,999
	TOTAL OPERATING EXPENSES	\$ 2,211,613	\$ 2,511,286

INCOME STATEMENT

Schedule I-1

Company: *Frontier Communications of the South, Inc.*
 For the Year Ended December 31, 2006

Page 4 of 4

Ref. Sch.	Account No.	Account	Current Year Total	Prior Year Total
	7100	Other Operating Income and Expenses	-	-
		<i>Other Operating Income & Expenses</i>	\$ -	\$ -
	7210	Operating ITC	-	-
	7220	Operating Federal Income Taxes	-	-
	7230	Operating State & Local Income Taxes	-	-
I-2	7240	Other Operating Taxes	349,525	111,607
	7250	Provision for Deferred Operating Taxes-Net	(18,595)	(6,085)
		<i>Total Operating Taxes</i>	\$ 330,930	\$ 105,522
		<i>NET OPERATING INCOME</i>	\$ 359,870	\$ 356,765
	7310	Dividend Income	-	-
	7320	Interest Income	(23)	(4)
	7330	Income from Sinking & Other Funds	-	-
	7340	Allowance for Funds Used During Construction	-	-
	7350	Gain/Loss from the Disposition of Property	-	-
	7360	Other Nonoperating Income	-	-
	7370	Special Charges	(322)	(460)
		<i>Total Nonoperating Income & Expenses</i>	\$ (345)	\$ (464)
	7400	Nonoperating Taxes	-	-
		<i>Total Nonoperating Taxes</i>	\$ -	\$ -
B-4	7510	Interest on Funded Debt	-	-
	7520	Interest Expense - Capital Leases	-	-
B-4	7530	Amortization of Debt Issuance Expense	-	-
	7540	Other Interest Deductions	-	-
		<i>Total Interest & Related Items</i>	\$ -	\$ -
	7610	Extraordinary Income Credits	-	-
	7620	Extraordinary Income Charges	-	-
	7630	Current Income Tax Effect of Ex. Items-Net	-	-
		<i>Total Extraordinary Items</i>	\$ -	\$ -
	7910	Income Effect of Juris. Ratemaking Differences	-	-
	7990	Non Regulated Net Income	776,422	310,311
		<i>NET INCOME</i>	\$ 1,135,947	\$ 666,612

Other Operating Taxes
Schedule I-2

Company: Frontier Communications of the South, Inc.
For the Year Ended December 31, 2006

Name of Government	Type of Tax						Total
	Property	Gross Receipts	PSC Assess	Intangible	Franchise	Other*	
US Government	-	-	-	-	-	-	\$ -
State of Florida	392,892	(43,367)	-	-	-	-	\$ 349,525
State of Florida - Deferred Inc		-		-		(18,595)	(18,595)
Total	\$ 392,892	\$ (43,367)	\$ -	\$ -	\$ -	\$ (18,595)	\$ 330,930
Charged to Construction							
Net Charged to Account	\$	\$	\$	\$	\$	\$	\$

Note: * List separately each item in excess of \$500.

**Donations or Payments for Services Rendered by Persons
Other Than Employees**

Schedule I-3

Company: Frontier Communications of the South, Inc.
For the Year Ended December 31, 2006

Total Company

Name of Recipient	Nature of Services	Account No.	Amount of Payment
Sunshire State One Call	Construction Labor	6423	\$ 3,965
			\$ -

Membership Fees and Dues

Schedule I-4

Total Company

Particulars	Account	Amount
Expenditures Charged to Operating Expenses		\$
Membership in:		
Association of Telecommunications Companies	6722	39,918
Trade, Technical and Professional Associations	6534	
Other Organizations (Specify Type):		
Total		\$ 39,918

Access Lines in Service by Customer

Schedule S-1

Company: Frontier Communications of the South, Inc.

For the Year Ended December 31, 2006

State or Territory	Business		Public Access Lines	Residential Access Lines	Mobile Access Lines	Total Access Lines (Switched & Special)
	Single Line	Multi Line				
Florida	282	126	6	3,722		4,136

Telephone Calls

Schedule S-2

State or Territory	Local Calls	IntraLATA Toll Calls Completed (Originating)	InterLATA Toll Calls Completed (Originating)			InterLATA Billed Access Minutes (Originating and Terminating)		
			Interstate	Intrastate	Total	Interstate	Intrastate	Total
Florida	N/A	273,585	1,497,792	320,479	1,818,271	12,262,725	3,697,296	15,960,021
Totals	-	273,585	1,497,792	320,479	1,818,271	12,262,725	3,697,296	15,960,021

**Reconciliation of Revenue to
Regulatory Assessment Fee Revenue
Schedule Z-1**

**Company: Frontier Communications of the South, Inc.
For the Year Ended December 31, 2006**

(a)	(b)	(c)	(d)
Accounts	Intrastate Revenues Per Sch. I-1	Intrastate Revenues Per RAF Return	Difference (b) - (c)
Local Service (5001 - 5069)	\$ 1,278,334	\$ 1,278,333	\$ 1
End User (5081)	\$ -	-	-
Switched Access (5082)	-	-	-
Special Access (5083)	-	-	-
State Access (5084)	227,993	227,993	0
Long Distance (5100 - 5169)	3,633	3,633	(0)
Miscellaneous (5230 - 5270)	145,542	145,541	1
Totals	\$ 1,655,502	\$ 1,655,501	\$ 1

Explanations:

Rounding

Instructions:

For the current year, reconcile the intrastate operating revenues reported on Schedule I-1 with the intrastate operating revenues reported on the company's regulatory assessment fee return. Explain any differences reported in column (d).

Compensation of Officers

Schedule Z-2

Company: Frontier Communications of the South, Inc.

For the Year Ended December 31, 2006

1. Report below the name, title, salary and bonus/incentive compensation for each executive officer whose salary is \$50,000 or more. An "executive officer" of a respondent includes its president, secretary, treasurer, and vice president in charge of a principal business unit, division or function (such as sales, administration or finance), and any other person who performs similar policy making functions.
2. If a change was made during the year in the incumbent of any position, show name and total remuneration of the previous incumbent, and the date the change in incumbency was made.

Title (a)	Name of Officer (b)	Salary for Year (c)	Bonus/Incentive (d)	Total (e)
Please see the enclosed proxy statement which lists information regarding the offices and directors of Citizens Communications Company, the parent company, not of Frontier Communications of the South, Inc.				

Affiliation of Officers and Directors

Schedule Z-3

For each of the officials named in Schedule A-3, list the principal occupation or business affiliation if other than listed in Schedule A-3 and all affiliations or connections with any other business or financial organizations, firms, or partnerships. For purposes of this part, the official will be considered to have an affiliation with any business or financial organization, firm or partnership in which he is an officer, director, trustee, partner, or a person exercising similar functions.

Name	Principal Occupation or Business Affiliation	Affiliation or Connection with any other business or Financial Organization Firm or Partnership	
		Affiliation or Connection	Name and Address

Business Contracts with Officers and Directors

Schedule Z-4

List all contracts, agreements, or other business arrangements* entered into during the calendar year (other than compensation-related to position with respondent) between the respondent and each officer and director listed in Schedule A-3. In addition, provide the same information with respect to professional services for each firm, partnership, or organization with which the officer or director is affiliated.

*Note: Business agreement, for this schedule, shall mean any oral or written business deal which binds the concerned parties for products or services during the reporting year or future years.

Name of Officer or Director	Name and Address of Affiliated Entity	Amount	Identification of Product or Service

Analysis of Directory Advertising Operations

Schedule Z-5

Company: Frontier Communications of the South, Inc.

For the Year Ended December 31, 2006

Items	Consolidated (f) Amount	Amount Per Books
1. Revenues (Account 5230) (e)	61,282	61,282
2. Local		
3. National		
4. Sales		
5. Commissions		
6. Other		
7. Total (line 2 thru 6)	\$ 61,282	\$ 61,282
8. Expenses (Account 6622) (e)	2,338	2,338
9. Printing		
10. Commissions		
11. Deliver		
12. Salvage		
13. Other		
14. Total (line 9 thru 13)	\$ 2,338	\$ 2,338
15. Gross Profit (Line 7 minus 14)	58,944	58,944
16. Gross Profit 1982 (a)	8,830	8,830
17. Customer Growth Factor (b)	2.03	2.03
18. CPI-U Factor (c)	2.10	2.10
19. Adjusted 1982 (L16 x L17 x L18)	37,696	37,696
20. Non Regulated (d)	\$ 21,248	\$ 21,248

Footnotes:

(a) Gross Profit Base as Stated in FPSC Rule 25-4.0405.

Average Current Year Access Lines	=	4,630	=	2.03
Average 1982 Access Lines Per Rule 25-4.0405		2,279		

Annual Average CPI-U for Current Year	=	202.8	=	2.10
Annual Average CPI-U for 1982		96.5		

(d) (Line 15 less Line 19) or (1/3 of Line 15) whichever is smaller but not less than zero.

(e) Only those revenues and expenses formerly included in accounts 523 and 649 should be included in this schedule.

(f) This column only applies to those LEC's with an affiliated directory publishing company providing the service. The consolidated amount should contain the entire or gross amount from the Directory Advertising operation in the local franchise area to be considered in setting rates for telecommunications service. This will include the gross amounts billed from all sources, including all amounts from the publishing or directory companies as well as the Local Exchange Companies.

Average Access Lines in Service

Schedule Z-6

Company: Frontier Communications of the South, Inc.

For the Year Ended December 31, 2006

(a) Classification	(b) Average Number
1. Residence Lines (R-1, 2, 4, etc.)	3,818
2. Business Lines (B-1, 2, 4, etc.)	293
3. Centrex Lines	58
4. PBX Trunks	4
5. Key System Lines	69
6. Subtotal (Line 1 thru Line 5)	4,241
7. Teletypewriter Lines	-
8. Foreign Exchange Lines	-
9. Service Telephone Lines	-
10. Other Lines - Company Official	71
11. Total (Line 6 thru Line 10)	4,312

Footnotes:

(a) Include lines terminating in customer owned equipment.
(b) Average is the average of the twelve monthly averages.

Corporate Structure
Schedule Z-7

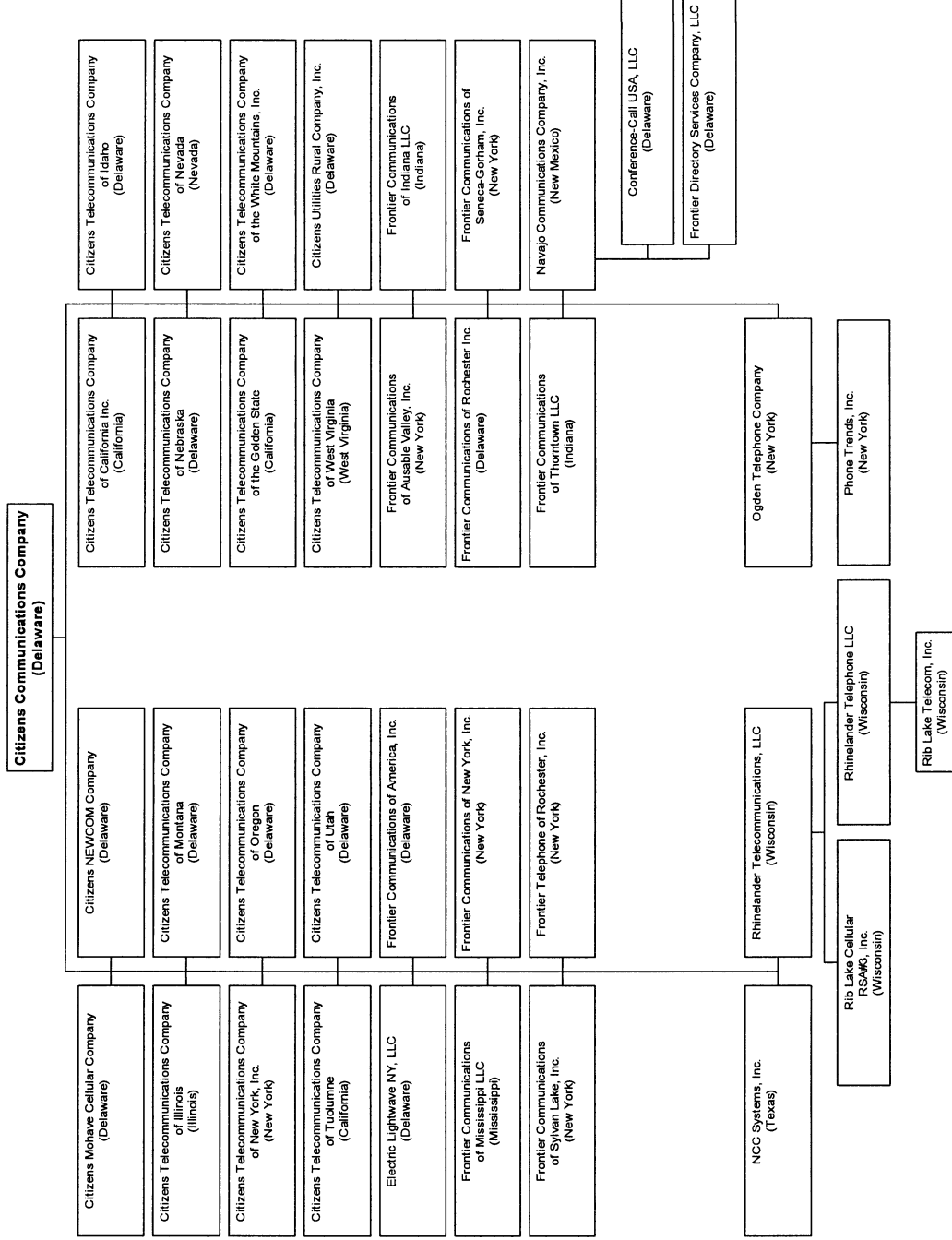
Company: Frontier Communications of the South, Inc.
For the Year Ended December 31, 2006

Provide an updated organizational chart showing all affiliated companies, partnerships, etc.

Effective
Date

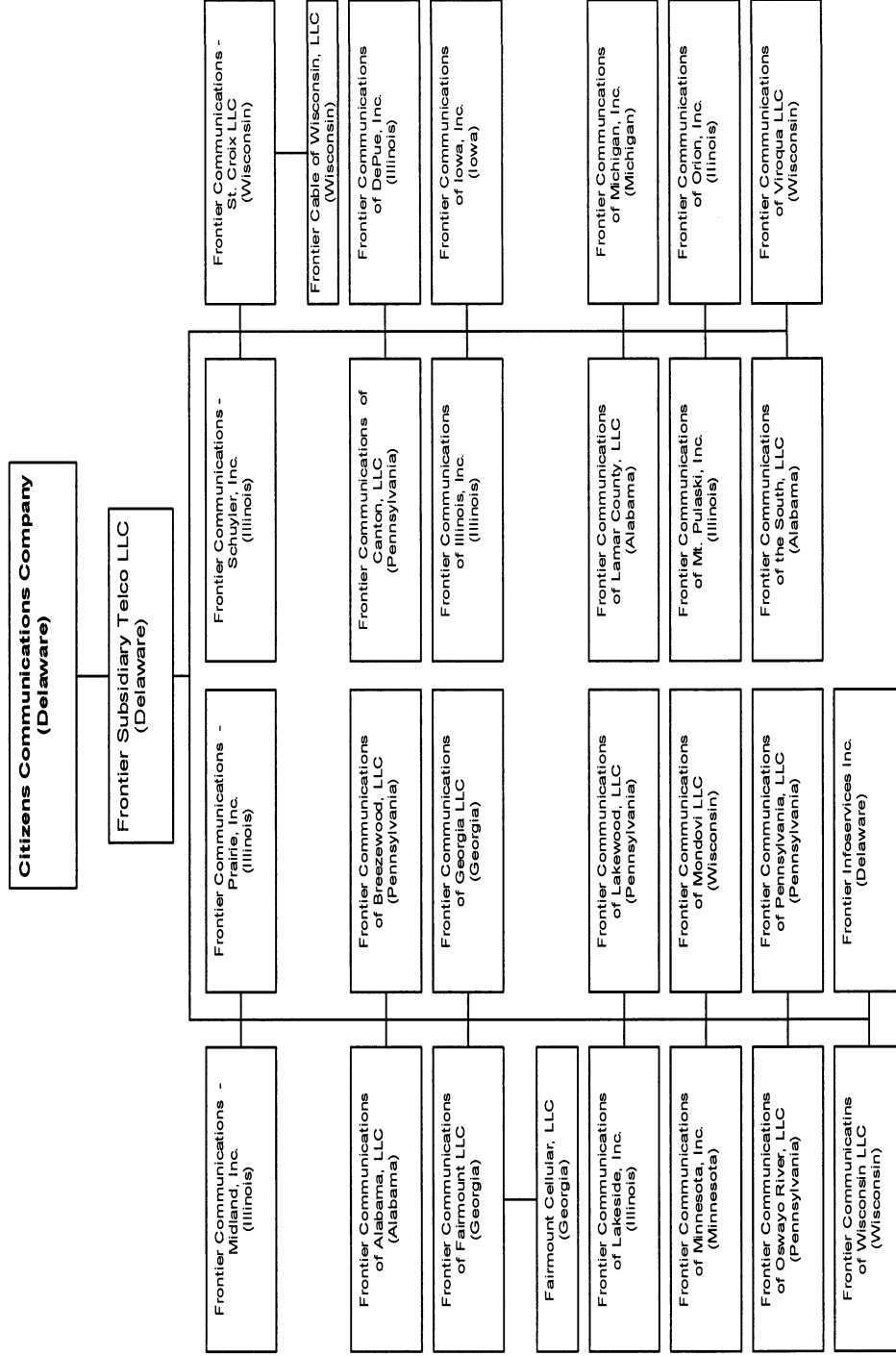
Attached is an organizational chart showing all affiliated companies for the year ending December 31, 2006

Citizens Communications Company Communications Sector Subsidiaries



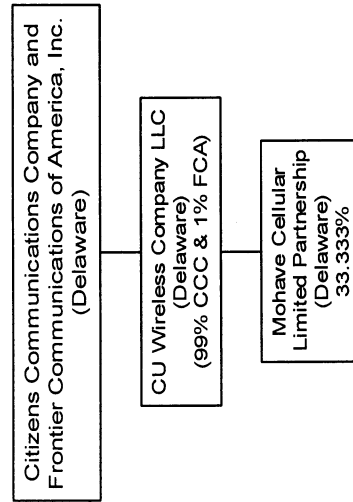
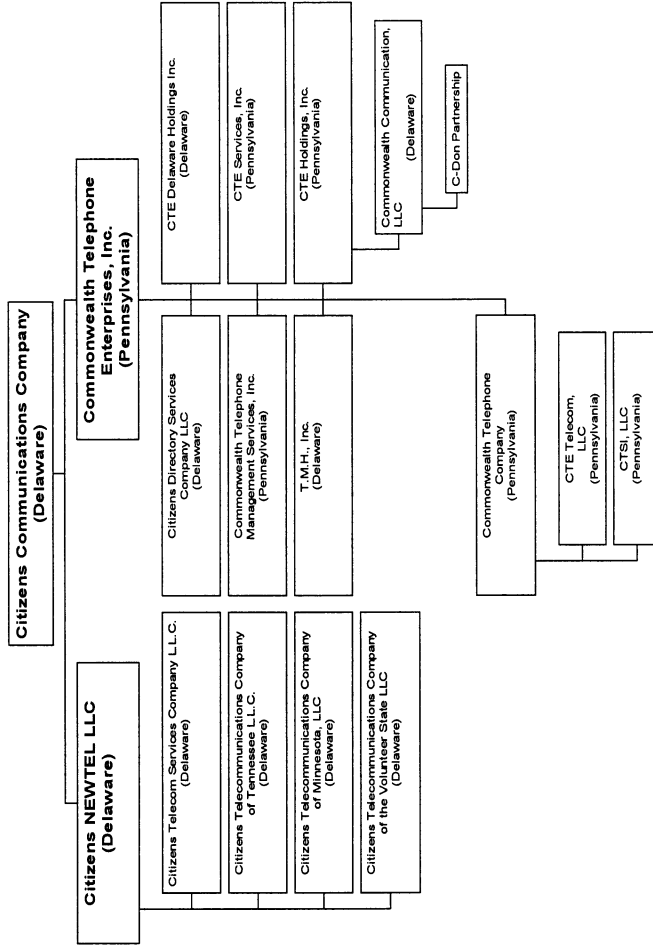
3/8/2007

Citizens Communications Company Communications Sector Subsidiaries



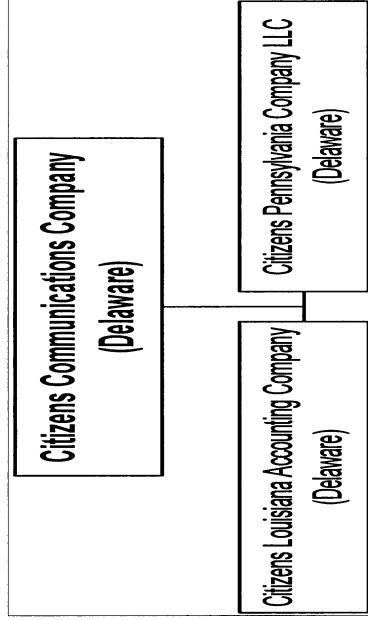
3/8/2007

Citizens Communications Company Communications Sector Subsidiaries

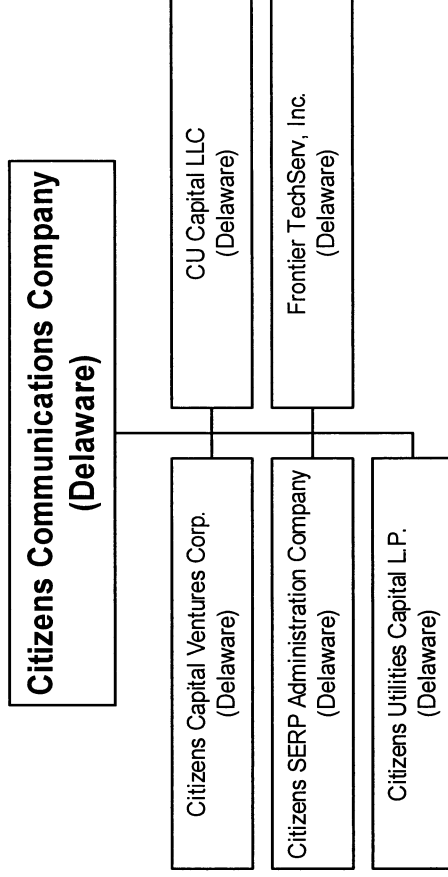


3/18/2007

**Citizens Communications Company
Public Service Subsidiaries**



Citizens Communications Company Management Entities and Limited Partnerships



New or Amended Contracts with Affiliated Companies
Schedule Z-8

Company: Frontier Communications of the South, Inc.
For the Year Ended December 31, 2006

Provide a synopsis of each new or amended contract, agreement, or arrangement with affiliated companies for the purchase, lease, or sale of land, goods, or services (excluding tariffed items). The synopsis shall include, at a minimum, the terms, price, quantity, amount, and duration of the contracts.

Name of Affiliated Company	Synopsis of Contract
N/A	

Summary of Affiliated Transfers and Cost Allocations

Schedule Z-9

Company: Frontier Communications of the South, Inc.

For the Year Ended December 31, 2006

<p>Grouped by affiliate, list each contract, agreement, or other business transaction exceeding a cumulative amount of \$3,000 in any one year, entered into between the Respondent and an affiliated business or financial organization, firm, or partnership identifying parties, amounts, dates, and product, asset, or service involved.</p> <p>(a) Enter name of affiliate.</p> <p>(b) Give description of type of service, or name the product involved.</p> <p>(d) Enter the letter "p" if the service or product is a purchased by the Respondent: "s" if the service or product is sold by the Respondent.</p> <p>(e) Enter utility account number in which charges are recorded.</p> <p>(f) Enter total amount paid, received, or accrued during the year for each type of service or product listed in column (c). Do not net amounts when services are both received and provided.</p>					
Name of Affiliate (a)	Type of Service and/or Name of Product (b)	Relevant Contract or Agreement and Effective Date (c)	Total Charge for Year		
			"p" or "s" (d)	Account Number (e)	Dollar Amount (f)
Citizens Communications Company	Accounting / Executive, Legal, Engineering, Financial, Computer and Other	Various	Both	Various	60,665
Sector Central	Accounting / Executive, Legal, Engineering, Financial, Computer and Other	Various	Both	Various	252,406
Regional Allocation	Accounting / Executive, Legal, Engineering, Financial, Computer and Other	Various	Both	Various	279,150

Earnings Surveillance
Schedule Z-10

Company: Frontier Communications of the South, Inc.
For the Year Ended December 31, 2006

Page 1 of 4

RATE BASE	(1) Total Company Columns (2 + 3)	(2) Interstate Toll	(3) Total Intrastate
<u>AVERAGE RATE BASE</u>			
1. Plant In Service	\$ 22,448,668	\$ 6,968,067	\$ 15,480,602
2. Accumulated Depreciation and Amortization	\$ 17,884,856	\$ 5,642,672	\$ 12,242,184
3. Net Plant In Service	\$ 4,563,813	\$ 1,325,395	\$ 3,238,418
4. Property Held for Future Use	\$ -	\$ -	\$ -
5. TPUC	\$ 140,651	\$ 43,658	\$ 96,993
6. Working Capital Allowance	\$ 105,239	\$ 50,083	\$ 55,156
7. Per Book Average Rate Base	<u>\$ 4,809,703</u>	<u>\$ 1,419,136</u>	<u>\$ 3,390,567</u>
8. % Distribution	<u>100%</u>	<u>30%</u>	<u>70%</u>
<u>ADJUSTMENTS TO AVERAGE RATE BASE</u>			
9. Adjustments for Achieved Rate Base			\$ 411,946
10. Adjusted Achieved Rate Base			<u>\$ 3,802,513</u>
<u>RATES OF RETURN</u>			
11. Average Per Book	<u>4.54%</u>	<u>32.65%</u>	<u>-7.23%</u>
12. Average FPSC Adjusted			<u>-6.44%</u>

ADJUSTMENTS TO RATE BASE	(1) Plant In Service	(2) Accumulated Depreciation and Amortization	(3) Property Held for Future Use	(4) Telephone Plant Under Construction	(5) Working Capital Allowance	(6) TOTALS
1. Intrastate Rate Base per Books	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>INTRASTATE ADJUSTMENTS</u>						
2. General Support	\$ 1,225,323	\$ -	\$ -	\$ -	\$ -	\$ 1,225,323
3. General Support Reserve	-	(813,377)	-	-	-	(813,377)
4.	-	-	-	-	-	-
5. Total Accounting Adjustments, Intrastate	<u>\$ 1,225,323</u>	<u>\$ (813,377)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 411,946</u>
6. Intrastate Rate Base	<u>1,225,323</u>	<u>(813,377)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Earnings Surveillance

Schedule Z-10

Company: Frontier Communications of the South, Inc.
For the Year Ended December 31, 2006

Page 2 of 4

	(1) Total Company Columns (2 + 3)	(2) Interstate Toll	(3) Total Intrastate Columns (4 + 5 + 6)	(4) --- Intrastate Toll --- Inter- territory	(5) Intra- territory	(6) Local
NET OPERATING INCOME						
BOOKED REVENUE						
1. Basic Local Service Revenue	\$ 1,278,334	\$ -	\$ 1,278,334	-	-	\$ 1,278,334
2. Network Access Revenue						
a. BHMOOC	368,554	368,554	-	-	-	\$ -
b. MOU Access	329,473	101,480	227,993	-	-	\$ 227,993
c. Special Access	178,385	178,385	-	-	-	\$ -
d. Other Access	-	-	-	-	-	\$ -
3. Long Distance Revenue						
a. MTS	-	-	-	-	-	\$ -
b. Other	3,633	-	3,633	-	-	\$ 3,633
4. Subsidy Fund Revenue	598,492	598,492	-	-	-	\$ -
5. Miscellaneous Revenue	145,542	-	145,542	-	-	\$ 145,542
6. Uncollectible Revenues	-	-	-	-	-	\$ -
7. Net Booked Revenue	<u>\$ 2,902,413</u>	<u>\$ 1,246,911</u>	<u>\$ 1,655,502</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,655,502</u>
OPERATING EXPENSE:						
8. Plant Specific Operations Expense	\$ 247,837	\$ 77,350	\$ 170,487			
9. Plant Non-Specific Operations Expense	206,108	50,785	\$ 155,323			
10. Access Expense	37,831	-	\$ 37,831			
11. Depreciation and Amortization	1,287,358	399,596	\$ 887,762			
12. Customer Operations Expense	227,796	51,277	\$ 176,519			
13. Corporate Operations Expense	204,684	57,926	\$ 146,758			
14. Other Income and Expenses	<u>349,525</u>	<u>108,493</u>	<u>\$ 241,032</u>			
15. Total Operating Expense	<u>\$ 2,561,138</u>	<u>\$ 745,426</u>	<u>\$ 1,815,713</u>			
16. % Distribution	<u>-</u>	<u>-</u>	<u>\$ -</u>			
OPERATING TAXES:						
17. Federal Income Tax	119,446	37,076	\$ 82,370			
18. State Income Tax	22,183	6,886	\$ 15,297			
19. Other Taxes	<u>(18,595)</u>	<u>(5,772)</u>	<u>\$ (12,823)</u>			
20. Total Operating Taxes	<u>\$ 123,034</u>	<u>\$ 38,190</u>	<u>\$ 84,844</u>			
NET OPERATING INCOME:						
21. Per Book NOI	<u>218,241</u>	<u>463,296</u>	<u>(245,055)</u>			
22. NOI Effect of Adjustments			<u>\$ -</u>			
23. Adjusted NOI			<u>\$ (245,055)</u>			

NOTES :

2. (a) Busy Hour minutes of Capacity Charge.
- (b) Includes Local Switching, Local Transport, Line Termination, Carrier Common Line, Intertoll Trunking and Toll Switching.
- (c) For Intrastate. Interterritory Station Terminals.
- (d) Includes testing, ordering, labor, etc.
3. (a) Include only charges billed to customer and retained by the company, not charges billed on behalf of IXC's.

Earnings Surveillance
Schedule Z-10

Company: Frontier Communications of the South, Inc.
For the Year Ended December 31, 2006

Page 3 of 4

ADJUSTMENTS TO NET OPERATING INCOME INTRASTATE OPERATING REVENUE	(1) Basic Local Service Revenue	(2) Inter- territory	(3) Intra- territory	(4) Local Misc. Revenue	(5) Uncollectible Revenues	(6) Net Booked Revenue
1. Total Intrastate Revenue per Books	\$ 1,278,334	\$ -	\$ 227,993	\$ 149,175	\$ -	\$ 1,655,502
INTRASTATE ADJUSTMENTS						
2. Out of period adjustments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3. None	-	-	-	-	-	-
4. _____	-	-	-	-	-	-
5. _____	-	-	-	-	-	-
6. Total Accounting Adjustments, Intrastate	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7. Total Adjusted Intrastate Revenue	<u>\$ 1,278,334</u>	<u>\$ -</u>	<u>\$ 227,993</u>	<u>\$ 149,175</u>	<u>\$ -</u>	<u>\$ 1,655,502</u>

ADJUSTMENTS TO NET OPERATING INCOME INTRASTATE OPERATING EXPENSE	(7) Plant Specific Operations Expense	(8) Plant Non-Specific Operations Expense(A)	(9) Depreciation and Amortization	(10) Customer Operations Expense	(11) Corporate Operations Expense	(12) Other Income and Expenses	(13) Total Operating Expense
1. Total Intrastate Expenses per Books	\$ 170,487	\$ 155,323	\$ 887,762	\$ 176,519	\$ 184,589	\$ 241,032	\$ 1,815,713
INTRASTATE ADJUSTMENTS							
2. Out of period adjustments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3. _____	-	-	-	-	-	-	-
4. _____	-	-	-	-	-	-	-
5. _____	-	-	-	-	-	-	-
6. Total Accounting Adjustments, Intrastate	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7. Total Adjusted Intrastate Exp.	<u>\$ 170,487</u>	<u>\$ 155,323</u>	<u>\$ 887,762</u>	<u>\$ 176,519</u>	<u>\$ 184,589</u>	<u>\$ 241,032</u>	<u>\$ 1,815,713</u>

(A) Including Access Expense

ADJUSTMENTS TO NET OPERATING INCOME INTRASTATE OPERATING TAXES / NET OPERATING INCOME	(14) Federal Income Tax	(15) State Income Tax	(16) Other Taxes	(17) Total Operating Taxes	(18) Net Operating Income
1. Total Intrastate Taxes / NOI per Books	\$ 82,370	\$ 15,297	\$ (12,823)	\$ 84,844	-\$245,055
INTRASTATE ADJUSTMENTS					
2. Out of period adjustments	\$ -	\$ -	\$ -	\$ -	\$ -
3. _____	-	-	-	-	-
4. _____	-	-	-	-	-
5. _____	-	-	-	-	-
6. Total Accounting Adjustments, Intrastate	\$ -	\$ -	\$ -	\$ -	\$ -
7. Total Adjusted Intrastate Taxes / NOI	<u>82,370</u>	<u>15,297</u>	<u>(12,823)</u>	<u>84,844</u>	<u>-\$245,055</u>

Earnings Surveillance

Schedule Z-10

Company: Frontier Communications of the South, Inc.
For the Year Ended December 31, 2006

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AVERAGE CAPITAL	(1)	(2)	(3)	(4)	(5)	(6) ----- COST RATE -----			(7) ----- WEIGHTED COST RATE -----		
	Average	Specific	Pro Rata	Adjusted	% of	Floor	Midpoint	Ceiling	Floor	Midpoint	Ceiling
	Per Books	Adjustments	Adjustments	Amount	Total						
1. Long Term Debt	\$ -	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2. Short Term Debt	-	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
3. Preferred Stock	-	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
4. Customer Deposits	-	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
5. Common Equity	13,086,626	(4,568,427)	(3,950,404)	4,567,794	94.97%	11.00%	12.00%	13.00%	10.45%	11.40%	12.35%
6. ITC	-	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
7. Cost Free Capital	451,121	-	(209,212)	241,909	5.03%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
8. Total Capital	<u>13,537,747</u>	<u>(4,568,427)</u>	<u>(4,159,617)</u>	<u>4,809,703</u>	<u>100.00%</u>				<u>10.45%</u>	<u>11.40%</u>	<u>12.35%</u>

FINANCIAL RATIO

9. Intrastate achieved return on equity FPSC Adjusted Basis	<u>-6.79%</u>
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ADJUSTMENTS TO AVERAGE CAPITAL	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	LONG TERM DEBT	SHORT TERM DEBT	PREFERRED STOCK	CUSTOMER DEPOSITS	COMMON EQUITY	INVESTMENT TAX CREDITS	COST FREE CAPITAL	TOTAL CAPITAL
1. Total Capital Per Books	-	-	-	-	13,086,626	-	451,121	13,537,747

DESCRIPTION OF ADJUSTMENTS TO SPECIFIC SOURCES

2. Investment in Alabama Cellular	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3. NonRegulated Investmetns	-	-	-	-	(72,676)	-	-	(72,676)
4. Fronter Investments	-	-	-	-	(4,495,752)	-	-	(4,495,752)
5. Sub-total of Adjustments to Specific Sources	-	-	-	-	(4,568,427)	-	-	(4,568,427)
6. Adjusted Total Capital	-	-	-	-	8,518,198	-	451,121	8,969,320

DESCRIPTION OF PRO RATA ADJUSTMENTS

7. Alabama Rate Base	\$ -	\$ -	\$ -	\$ -	\$ (3,950,404)	\$ -	\$ (209,212)	\$ (4,159,617)
8.	-	-	-	-	-	-	-	-
9.	-	-	-	-	-	-	-	-
10. Sub-total of Pro Rata Adjustments to Sources	-	-	-	-	(3,950,404)	-	(209,212)	(4,159,617)
11. Subtotal, Pro Rata Adjusted Total Capital	-	-	-	-	4,567,794	-	241,909	4,809,703
12. Less Interstate Operations	-	-	-	-	-	-	-	-
13. Achieved Intrastate Capital	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,567,794</u>	<u>\$ -</u>	<u>\$ 241,909</u>	<u>\$ 4,809,703</u>

Southland (FL) 2006		Intrastate Factors (I)
<u>Operating Expenses</u>		
10	Plant Specific	68.79%
11	Plant Non-specific	75.36%
12	Marketing	67.63%
13	Customer Operations Services	77.49%
14	Access	100.00%
15	Corporate Operations	71.70%
17	Depreciation & Amortization	68.96%
24	Other Operating Taxes	68.96%
<u>Rate Base</u>		
1	Telephone Plant in Service	68.96%
2	Plant under Construction	68.96%
4	Materials and Supplies	0.00%
5	Prepayments	ICB
6	Cash Working Capital	52.41%
10	Depreciation Reserve	68.45%
11	Amortization Reserve	N/A
12	Accumulated Deferred Income Taxes	68.96%