

ANNUAL REPORT OF

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**LOCAL EXCHANGE TELEPHONE COMPANIES**

TL722-07-AR

**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, 2007

03/23/17 11:46:25

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, 2007** to **December 31, 2007** 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.



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**Signature**

**April 10, 2008**

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**Date**

**Joseph De Masi**

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**Name**

**Director, Regulatory**

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**Title**

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**Identity of Respondent**

*Schedule A-1*

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

**For the Year Ended December 31, 2007**

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	Chairman	
Daniel J. Mc Carthy	President and Chief Operating Officer	
David R. Whitehouse	Vice President and Treasurer	
Michael Golob	Vice President, Engineering	
Hilary Glassman	Vice President, General Counsel, & Secretary	
Robert J. Larson	Vice President and Chief Accounting Officer	
Gregg C. Sayre	Assistant Secretary	
David G. Schwartz	Assistant Secretary	
Donald R. Shassian	Vice President and Chief Financial Officer	
Ann Burr	Vice President, Regulatory	

**Stockholders**

**Schedule A-4**

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

**For the Year Ended December 31, 2007**

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, 2007

Page 1 of 2

Ref. Sch.	Account No.	Accounts	Amounts (\$)	
			Beginning of Year	End of Year
		<b>Current Assets</b>		
	1130	Cash	(6,841)	(2,428)
	1140	Special Cash Deposits	-	-
	1150	Working Cash Advance	350	350
	1160	Temporary Investments	-	-
	1180	Telecom. Accounts Receivable	479,222	442,596
	1181	Telecom. Accounts Receivable Allowance	(27,465)	(20,601)
	1190	Other Accounts Receivable	(286,373)	174,390
	1191	Accounts Receivable Allowance-Other	(214,462)	(33,091)
	1200	Notes Receivable	-	-
	1201	Notes Receivable Allowance	-	-
	1210	Interest and Dividends Receivable	-	-
	1220	Material and Supplies	-	3,247
	1290	Prepaid Rents	-	-
	1300	Prepaid Taxes	-	-
	1310	Prepaid Insurance	-	-
	1320	Prepaid Directory Expenses	-	-
	1330	Other Prepayments	18,766	27,160
	1350	Other Current Assets	-	-
		<b>Total Current Assets</b>	<b>\$ (36,803)</b>	<b>\$ 591,623</b>
		<b>Noncurrent Assets</b>		
	1401	Investments in Affiliated Co.	2,517,618	3,967,268
	1402	Investments in Nonaffiliated Co.	-	-
	1406	Non Regulated Investments	(73,279)	(77,952)
B-4	1407	Unamortized Debt Issuance Expense	-	-
	1408	Sinking Funds	-	-
	1410	Other Noncurrent Assets	-	-
	1438	Deferred Maintenance & Retirements	-	-
	1439	Deferred Charges	81,242	-
	1500	Other Jurisdictional Assets - Net	-	-
		<b>Total Noncurrent Assets</b>	<b>\$ 2,525,581</b>	<b>\$ 3,889,316</b>
		<b>Telephone Plant in Service</b>		
B-2	2001	Telecom. Plant in Service	22,548,533	23,005,552
	2002	Property Held for Future Use	-	-
	2003	Plant under Construction	137,624	163,741
	2005	Plant Adjustment	452,959	423,736
	2006	Nonoperating Plant	-	-
	2007	Goodwill	7,830,603	7,871,754
		<b>Subtotal</b>	<b>\$ 30,969,719</b>	<b>\$ 31,464,783</b>
		<b>Less:</b>		
B-3	3100	Acc. Depreciation	12,157,511	13,006,649
"	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	4,453,600	5,302,781
"	3600	Acc. Amort. - Other	2,207,166	2,743,883
		<b>Subtotal</b>	<b>\$ 18,818,277</b>	<b>\$ 21,053,314</b>
		<b>Net Telephone Plant in Service</b>	<b>\$ 12,151,442</b>	<b>\$ 10,411,469</b>
		<b>TOTAL ASSETS</b>	<b>\$ 14,640,220</b>	<b>\$ 14,892,408</b>

**BALANCE SHEET**

*Schedule B-1*

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

*For the Year Ended December 31, 2007*

*Page 2 of 2*

Ref. Sch.	Account No.	Accounts	Amounts (\$)	
			Beginning of Year	End of Year
		<b><i>Current Liabilities</i></b>		
	4010	Accounts Payable	107,280	112,718
	4020	Notes Payable	-	-
	4030	Advanced Billing and Payments	181,233	195,974
	4040	Customers' Deposits	-	-
B-4	4050	Current Maturities - Long Term	-	-
	4060	Current Maturities - Capital Leases	-	-
	4070	Income Taxes - Accrued	-	-
	4080	Other Taxes - Accrued	1,274	140
	4100	Net Current Deferred Op. Income Taxes	-	-
	4110	Net Current Deferred Nonop. Income Taxes	-	-
	4120	Other Accrued Liabilities	-	-
	4130	Other Current Liabilities	970	
		<b><i>Total Current Liabilities</i></b>	\$ 290,757	\$ 308,832
		<b><i>Long-Term Debt</i></b>		
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	-	-
		<b><i>Total Long-Term Debt</i></b>	\$ -	\$ -
		<b><i>Other Liabilities and Deferred Credits</i></b>		
	4310	Other Long-Term Liabilities	-	-
	4320	Unamortized Operating ITC - Net	-	-
	4330	Unamortized Nonoperating ITC - Net	-	-
	4340	Net Noncur. Def. Oper. Income Taxes	327,913	262,218
	4350	Net Noncur. Def. Nonoper. Inc. Taxes	(173,860)	(723,629)
	4360	Other Deferred Credits		
	4370	Other Juris. Liab. & Def. Credits	-	-
		<b><i>Total Other Liab. &amp; Def. Credits</i></b>	\$ 154,053	\$ (461,411)
		<b><i>Stockholder's Equity</i></b>		
	4510	Capital Stock	-	-
	4520	Additional Paid-in Capital	8,511,057	8,511,057
	4530	Treasury Stock	-	-
	4540	Other Capital	-	-
	4550	Retained Earnings	5,684,353	6,533,930
		<b><i>Total Stockholder's Equity</i></b>	\$ 14,195,410	\$ 15,044,987
		<b><i>TOTAL LIABILITIES AND EQUITY</i></b>	\$ 14,640,220	\$ 14,892,408

*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, 2007**

Acct. No.	Account Description	Depr. Rate	Beginning Balance*	Additions	Retirements	Reclass.	Adjustments	Transfers	Ending Balance*
2111	Land		41,947	-	-	-	-	-	41,947
<b>Amortizable General Support Assets:</b>									
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	19,865	-	-	-	-	-	19,865
<b>Depreciable Assets: This schedule should identify each account/subaccount for which a separate depreciation rate has been approved by the FPSC.</b>									
2112	Motor Vehicles		-	-	-	-	-	-	-
2121	Buildings		175,697	4,200	-	-	-	-	179,897
	<b>Total Land &amp; Support Assets</b>		\$ 281,590	\$ 4,200	\$ -	\$ -	\$ -	\$ -	285,790
<b>Office Assets:</b>									
2212	Digital Electronic Switch		3,610,722	39,861	(556)	-	-	-	3,650,027
2215	Elec. Mechanical Switch		-	-	-	-	-	-	-
2220	Operator Systems		-	-	-	-	-	-	-
2231	Radio Systems		-	-	-	-	-	-	-
2232	Circuit Equipment		1,358,446	73,808	-	-	-	-	1,432,254
2232	Fiber Circuit Equipment		364,100	19,786	-	-	-	-	383,886
	<b>Total Central Office Assets</b>		\$ 5,333,268	\$ 133,455	\$ (556)	\$ -	\$ -	\$ -	5,466,167
<b>Info. Orig/Term Assets:</b>									
2321	Customer Premise Wiring **		2,645	15,943	-	-	-	-	18,588
2351	Public Telephone Equipment		-	-	-	-	-	-	-
	<b>Total Info. Orig/Term Assets</b>		\$ 2,645	\$ 15,943	\$ -	\$ -	\$ -	\$ -	18,588
**	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, 2007

Acct. No. Description (Continued)	Depr. Rate	Beginning Balance*	Additions	Retirements	Reclass.	Adjustments	Transfers	Ending Balance*
<b>Cable and Wire Facilities</b>								
2411 Poles		827	-	-	-	-	-	827
2421 Aerial Cable Metallic		2,605	-	-	-	-	-	2,605
2421 Aerial Cable Fiber		-	-	-	-	-	-	-
2422 Underground Cable Metallic		3,589	15,105	-	-	(0)	-	18,694
2422 Underground Cable Fiber		715	3,009	-	-	-	-	3,724
2423 Buried Metallic Cable		8,654,303	272,136	(49,734)	-	-	-	8,876,705
2423 Buried Fiber Cable		2,469,002	77,653	(14,191)	-	-	-	2,532,464
2423 Buried Cable Terminal		-	-	-	-	-	-	-
2423 Buried Air Cove Cable		-	-	-	-	-	-	-
2441 Conduit Systems		1,709	-	-	-	-	0	1,709
<b>Total Cable and Wire Facilities</b>		<b>\$ 11,132,750</b>	<b>\$ 367,903</b>	<b>\$ (63,925)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 0</b>	<b>11,436,728</b>
<b>Capital Recovery Schedules: This schedule should identify each approved capital recovery schedule.</b>								
<b>Jointly Used Plant Allocated to Non Regulated</b>								
<i>Amortizable Assets:</i>								
2681 Capital Leases		-	-	-	-	-	-	-
2682 Leasehold Improve.		-	-	-	-	-	-	-
2690 Intangibles		5,798,279	-	-	-	-	-	5,798,279
<b>Total Balances</b>		<b>\$ 22,548,533</b>	<b>\$ 521,500</b>	<b>\$ (64,481)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 0</b>	<b>23,005,552</b>
<b>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.</b>								

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

*Company: Frontier Communications of the South, Inc.  
For the Year Ended December 31, 2007*

Acct. No.	Account Description	Beginning Balance*	Accruals**	Reclass.	Retirements	Gross Salvage	Cost of Removal	Adjustments	Transfers	Ending Balance*
<b>Amortizable General Support Assets:</b>										
2116	Other Work Equipment	13,972	3,200	-	-	-	-	-	-	17,172
2122	Furniture	2,566	-	-	-	-	-	-	-	2,566
2123	Office Support Equipment	-	-	-	-	-	-	-	-	-
2123	Company Communications	-	-	-	-	-	-	-	-	-
2124	General Purpose Computer	13,799	-	-	-	-	-	735	-	14,534
<b>Depreciable Assets: This schedule should identify each account/subaccount for which a separate depreciation rate has been approved by the FPSC.</b>										
3112	Motor Vehicles	-	-	-	-	-	-	-	-	-
3121	Buildings	95,106	5,814	-	-	-	-	-	-	100,920
	<b>Total Land &amp; Support Assets</b>	\$ 125,442	\$ 9,014	\$ -	\$ -	\$ -	\$ -	\$ 735	\$ -	\$ 135,191
<b>Central Office Assets:</b>										
3212	Digital Electronic Switch	3,762,255	41,658	-	556	-	-	81,848	-	3,885,205
3215	Elec. Mechanical Switch	-	-	-	-	-	-	-	-	-
3220	Operator Systems	-	-	-	-	-	-	-	-	-
3231	Radio Systems	-	-	-	-	-	-	-	-	-
3232	Circuit Equipment	608,539	107,140	-	-	-	-	-	-	715,679
3232	Fiber Circuit Equipment	161,764	28,480	-	-	-	-	(174)	-	190,070
	<b>Total Central Office Assets</b>	\$ 4,532,558	\$ 177,278	\$ -	\$ 556	\$ -	\$ -	\$ 81,674	\$ -	\$ 4,790,954
<b>Info. Orig/Term Assets:</b>										
3321	Customer Premise Wiring **	658	4,341	-	-	-	-	2	-	5,001
3351	Public Telephone Equipment	-	-	-	-	-	-	-	-	-
	<b>Total Info. Orig/Term Assets</b>	\$ 658	\$ 4,341	\$ -	\$ -	\$ -	\$ -	\$ 2	\$ -	\$ 5,001
**	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, 2007*

Page 2 of 2

Acct. No. (Continued)	Account Description	Beginning Balance*	Accruals**	Reclass.	Retirements	Gross Salvage	Cost of Removal	Adjustments	Transfers	Ending Balance*
<b>Cable and Wire Facilities</b>										
3411	Poles	672	615	-	-	-	-	(672)	-	615
3421	Aerial Cable Metallic	(2,605)	5,878	-	-	-	-	(2,603)	-	670
3421	Aerial Cable Fiber	-	-	-	-	-	-	-	-	-
3422	Underground Cable Metallic	3,984	137	-	-	-	-	-	-	4,121
3422	Underground Cable Fiber	7,495,743	637,191	-	(63,925)	-	-	-	-	8,069,009
3423	Buried Metallic Cable	-	-	-	-	-	-	-	-	-
3423	Buried Fiber Cable	-	-	-	-	-	-	-	-	-
3423	Buried Cable Terminal	-	-	-	-	-	-	-	-	-
3423	Buried Air Cove Cable	-	-	-	-	-	-	-	-	-
3441	Conduit Systems	1,060	29	-	-	-	-	-	-	1,089
	<b>Total Cable and Wire Facilities</b>	<b>\$ 7,498,854</b>	<b>\$ 643,850</b>	<b>\$ -</b>	<b>\$ (63,925)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (3,275)</b>	<b>\$ -</b>	<b>\$ 8,075,504</b>
<b>Capital Recovery Schedules: This schedule should identify each approved capital recovery schedule.</b>										
	<i>Subtotal</i>	\$ 12,157,512	\$ 834,483	\$ -	\$ (63,369)	\$ -	\$ -	\$ 79,136	\$ -	\$ 13,006,649
	<b>Reserve for Jointly Used Plant Allocated to Non Regulated</b>									
<b>Accumulated Depr. &amp; Amortization:</b>										
3200	PHFU	-	-	-	-	-	-	-	-	-
3300	Nonoperating	-	-	-	-	-	-	-	-	-
3410	Capital Lease	-	-	-	-	-	-	-	-	-
3420	Leasehold Improve.	-	-	-	-	-	-	-	-	-
3500	Intangibles (3690)	4,453,600	849,181	-	-	-	-	-	-	5,302,781
3600	Other (3005 3003 3007)	2,207,166	536,717	-	-	-	-	-	-	2,743,883
	<i>Subtotal</i>	\$ 6,660,766	\$ 1,385,898	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,046,664
	<b>Total Balances</b>	<b>\$ 18,818,278</b>	<b>\$ 2,220,381</b>	<b>\$ -</b>	<b>\$ (63,369)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 79,136</b>	<b>\$ -</b>	<b>\$ 21,053,314</b>

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, 2007**

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			\$ -	\$ -	\$ -	\$ -		\$ -
<b>Totals</b>			\$ -	\$ -	\$ -	\$ -		\$ -

**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					
<b>Remarks</b>							

# INCOME STATEMENT

## Schedule I-1

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

For the Year Ended December 31, 2007

Page 1 of 4

Account No.	Accounts	Amounts (\$)		
		Current Year		Total Company
		Total Company	Intrastate	Prior Year
	<b><i>OPERATING REVENUES</i></b>			
5001	Basic Area	623,261	623,261	667,524
5002	Extended Area	-	-	-
5003	Cellular Mobile	-	-	-
5004	Other Mobile Service	33,315	33,315	45,840
5010	Public Telephone	-	-	-
5040	Local Private Line	51,308	51,308	50,761
5050	Customer Premises	21,849	21,849	21,844
5060	Other Local Exchange	546,055	546,055	492,365
5069	Other Local Ex. Settlements	-	-	(7,000)
	<b><i>Total Local Network Service</i></b>	\$ 1,275,788	\$ 1,275,788	\$ 1,271,334
5081	End User	477,548	-	502,987
5082	Switched Access	425,564	-	572,539
5083	Special Access	181,858	-	178,385
5084	State Access	234,143	234,143	227,993
	<b><i>Total Network Access</i></b>	\$ 1,319,113	\$ 234,143	\$ 1,481,904
5100	Long Distance Message	-	-	-
5110	Unidirectional Long Distance	-	-	-
5120	Long Distance Private Network	3,633	3,633	3,633
5160	Other LD Revenue	-	-	-
5169	Other LD Revenue Settle.	-	-	-
	<b><i>Total LD Network</i></b>	\$ 3,633	\$ 3,633	\$ 3,633
5230	Directory	59,137	59,137	61,282
5240	Rent	37	37	-
5250	Corporate Operations	-	-	-
5261	Special Billing Arrangement	6,233	6,233	6,503
5262	Customer Operations	-	-	-
5263	Plant Operations	-	-	-
5264	Other Incidental Regulated Rev.	29,031	29,031	20,681
5269	Other Revenue Settle.	-	-	-
5270	Interstate Billing & Collection	40,814	-	-
5270	Intrastate Billing & Collection	18,651	18,651	57,076
5301	Uncollectible Revenue-Tele.	-	-	-
5302	Uncollectible Revenue-Other	-	-	-
	<b><i>Total Miscellaneous</i></b>	\$ 153,903	\$ 113,089	\$ 145,542
	<b><i>TOTAL OPERATING REVENUES</i></b>	\$ 2,752,437	\$ 1,626,653	\$ 2,902,413

# INCOME STATEMENT

## Schedule I-1

Company: Frontier Communications of the South, Inc.

For the Year Ended December 31, 2007

Page 2 of 4

Acct. No.	Account	Current Year Total	Prior Year Total
	<b><i>Plant Specific Expense</i></b>		
6112	Motor Vehicle	20	0
6113	Aircraft	-	-
6114	Vehicle	-	-
6115	Garage Work Equipment	-	-
6116	Other Work Equipment	0	0
	<b><i>Total Network Support</i></b>	<b>\$ 21</b>	<b>\$ 0</b>
6121	Land & Building	32,913	30,579
6122	Furniture & Artwork	1,706	2,069
6123	Office Equipment	3,640	4,049
6124	Gen. Purpose Computer	83,094	90,408
	<b><i>Total General Support</i></b>	<b>\$ 121,354</b>	<b>\$ 127,105</b>
6211	Analog Electronic	-	-
6212	Digital Electronic	23,453	18,546
6215	Electromechanical	-	-
	<b><i>Total CO Switching</i></b>	<b>\$ 23,453</b>	<b>\$ 18,546</b>
6220	Operator Systems	1,158	1,299
6231	Radio Systems	-	-
6232	Circuit Equipment	1,343	1,453
	<b><i>Total Circuit Equipment</i></b>	<b>\$ 2,502</b>	<b>\$ 2,752</b>
6310	Information Orig./Term.	-	-
	<b><i>Total Information Orig/Term</i></b>	<b>\$ -</b>	<b>\$ -</b>
6411	Poles	-	-
6421	Aerial Cable	-	-
6422	Underground Cable	-	-
6423	Buried Cable	204,871	99,433
6424	Submarine Cable	-	-
6425	Deep Sea Cable	-	-
6426	Intrabuilding Network	-	-
6431	Aerial Wire	-	-
6441	Conduit Systems	-	-
	<b><i>Total Cable &amp; Wire</i></b>	<b>\$ 204,871</b>	<b>\$ 99,433</b>
	<b><i>Total Plant Specific</i></b>	<b>\$ 352,201</b>	<b>\$ 247,837</b>
	<b><i>Plant Nonspecific Expense</i></b>		
6510	Other Property Plant and Equipment	2	(5)
6531	Power	52,007	48,578
6532	Network Administration	132,606	127,560
6533	Testing	11,137	12,495
6534	Plant Operations Administration	73	1,009
6535	Engineering	17,999	16,471
	<b><i>Total Network Operations</i></b>	<b>\$ 213,824</b>	<b>\$ 206,108</b>

# INCOME STATEMENT

## Schedule I-1

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

For the Year Ended December 31, 2007

Page 3 of 4

Acct. No.	Account	Current Year Total	Prior Year Total
6540	Access	21,029	37,831
6561	Depreciation - TPIS	-	-
6562	Depreciation - PHFU	-	-
6563	Amortization - Tangible	-	-
6564	Amortization - Intangible	849,181	849,182
6565	Amortization - Other	536,717	438,176
	<b>Total Depreciation &amp; Amortization</b>	<b>\$ 1,385,898</b>	<b>\$ 1,287,358</b>
	<b>Total Plant Nonspecific</b>	<b>\$ 1,620,750</b>	<b>\$ 1,531,297</b>
	<b>Customer Operations</b>		
6611	Product Management	6,585	5,901
6612	Sales	23,708	19,395
6613	Product Advertising	15,431	1,115
	<b>Total Marketing</b>	<b>\$ 45,724</b>	<b>\$ 26,411</b>
6621	Call Completion	16,491	20,009
6622	Number Service	1,678	2,338
6623	Customer Service	182,444	179,038
	<b>Total Services</b>	<b>\$ 200,614</b>	<b>\$ 201,384</b>
	<b>Total Customer Operations</b>	<b>\$ 246,337</b>	<b>\$ 227,796</b>
	<b>Corporate Operations</b>		
6711	Executive	32,380	34,023
6712	Planning	289	225
6721	Accounting/Finance	36,029	39,028
6722	External Relations	23,149	54,505
6723	Human Resources	10,532	12,304
6724	Info. Management	22,109	25,078
6725	Legal	5,317	2,987
6726	Procurement	1,359	1,097
6727	Research/Development	-	-
6728	Other General & Administrative	24,049	35,438
	<b>Total Corporate Operations</b>	<b>\$ 155,213</b>	<b>\$ 204,684</b>
	<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 2,374,501</b>	<b>\$ 2,211,613</b>

# INCOME STATEMENT

## Schedule I-1

Company: Frontier Communications of the South, Inc.

For the Year Ended December 31, 2007

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 &amp; Expenses</i>	-	-
			\$ -	\$ -
	7210	Operating ITC	-	-
	7220	Operating Federal Income Taxes	-	-
	7230	Operating State & Local Income Taxes	-	-
I-2	7240	Other Operating Taxes	90,074	349,525
	7250	Provision for Deferred Operating Taxes-Net <i>Total Operating Taxes</i>	(12,145)	(18,595)
			\$ 77,929	\$ 330,930
		<b>NET OPERATING INCOME</b>	\$ 300,007	\$ 359,870
	7310	Dividend Income	-	-
	7320	Interest Income	(245)	(23)
	7330	Income from Sinking & Other Funds	-	-
	7340	Allowance for Funds Used During Construction	-	-
	7350	Gain/Loss from the Disposition of Property	84	-
	7360	Other Nonoperating Income	-	-
	7370	Special Charges <i>Total Nonoperating Income &amp; Expenses</i>	(397)	(322)
			\$ (558)	\$ (345)
	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 &amp; Related Items</i>	4,585	-
			\$ 4,585	\$ -
	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	1,064,181	776,422
		<b>NET INCOME</b>	\$ 1,359,045	\$ 1,135,947



**Other Operating Taxes**

**Schedule I-2**

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

**For the Year Ended December 31, 2007**

Name of Government	Type of Tax						
	Property	Gross Receipts	PSC Assess	Intangible	Franchise	Other*	Total
US Government	-	-	-	-	-	-	\$ -
State of Florida	90,074		-	-	-	-	\$ 90,074
State of Florida - Deferred Inc				-		(12,145)	(12,145)
<b>Total</b>	\$ 90,074	\$ -	\$ -	\$ -	\$ -	\$ (12,145)	\$ 77,929
Charged to Construction							
<b>Net Charged to Account</b>	\$	\$	\$	\$	\$	\$	\$

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, 2007**

**Total Company**

Name of Recipient	Nature of Services	Account No.	Amount of Payment
Sunshire State One Call	Construction Labor	6423	\$ 74,619
			\$ -

**Membership Fees and Dues  
Schedule I-4**

**Total Company**

Particulars	Account	Amount
<b>Expenditures Charged to Operating Expenses</b>		\$
Membership in:		
Association of Telecommunications Companies	6722	7,743
Trade, Technical and Professional Associations	6534	
Other Organizations (Specify Type):		
<b>Total</b>		\$ 7,743

**Access Lines in Service by Customer**

**Schedule S-1**

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

**For the Year Ended December 31, 2007**

State or Territory	Business		Public Access Lines	Residential Access Lines	Mobile Access Lines	Total Access Lines (Switched & Special)
	Single Line	Multi Line				
Florida	302	120	4	3,434		3,860

**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	289,286	1,324,905	322,592	1,647,497	12,307,052	3,015,059	15,322,111
<b>Totals</b>	-	289,286	1,324,905	322,592	1,647,497	12,307,052	3,015,059	15,322,111

**Reconciliation of Revenue to  
Regulatory Assessment Fee Revenue**

**Schedule Z-1**

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

**For the Year Ended December 31, 2007**

(a)	(b)	(c)	(d)
Accounts	Intrastate Revenues Per Sch. I-1	Intrastate Revenues Per RAF Return	Difference (b) - (c)
Local Service (5001 - 5069)	\$ 1,275,788	\$ 1,275,787	\$ 1
End User (5081)	\$ -	-	-
Switched Access (5082)	-	-	-
Special Access (5083)	-	-	-
State Access (5084)	234,143	234,143	(0)
Long Distance (5100 - 5169)	3,633	3,633	(0)
Miscellaneous (5230 - 5270)	113,089	113,089	-
<b>Totals</b>	<b>\$ 1,626,653</b>	<b>\$ 1,626,654</b>	<b>\$ (1)</b>

**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, 2007**

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, 2007**

Items	Consolidated (f) Amount	Amount Per Books
1. Revenues (Account 5230) (e)	59,137	59,137
2. Local		
3. National		
4. Sales		
5. Commissions		
6. Other		
7. Total (line 2 thru 6)	\$ 59,137	\$ 59,137
8. Expenses (Account 6622) (e)	1,678	1,678
9. Printing		
10. Commissions		
11. Deliver		
12. Salvage		
13. Other		
14. Total (line 9 thru 13)	\$ 1,678	\$ 1,678
15. Gross Profit (Line 7 minus 14)	57,459	57,459
16. Gross Profit 1982 (a)	8,830	8,830
17. Customer Growth Factor (b)	1.78	1.78
18. CPI-U Factor (c)	2.19	2.19
19. Adjusted 1982 (L16 x L17 x L18)	34,498	34,498
20. Non Regulated (d)	\$ 22,962	\$ 22,962

**Footnotes:**

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

Average Current Year Access Lines	=	4,059	=	1.78
Average 1982 Access Lines Per Rule 25-4.0405		2,279		

Annual Average CPI-U for Current Year	=	211.7	=	2.19
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, 2007**

(a) Classification	(b) Average Number
1. Residence Lines (R-1, 2, 4, etc.)	3,578
2. Business Lines (B-1, 2, 4, etc.)	299
3. Centrex Lines	56
4. PBX Trunks	4
5. Key System Lines	61
6. Subtotal (Line 1 thru Line 5)	3,998
7. Teletypewriter Lines	-
8. Foreign Exchange Lines	-
9. Service Telephone Lines	-
10. Other Lines - Company Offical	61
11. Total (Line 6 thru Line 10)	4,059

**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, 2007**

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, 2007**



*New or Amended Contracts with Affiliated Companies*  
*Schedule Z-8*

*Company: Frontier Communications of the South, Inc.*  
*For the Year Ended December 31, 2007*

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.

<b>Name of Affiliated Company</b>	<b>Synopsis of Contract</b>
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, 2007**

<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.          (b) Give description of type of service, or name the product involved.          (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.          (e) Enter utility account number in which charges are recorded.          (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	58,396
Sector Central	Accounting / Executive, Legal, Engineering, Financial, Computer and Other	Various	Both	Various	280,840
Regional Allocation	Accounting / Executive, Legal, Engineering, Financial, Computer and Other	Various	Both	Various	288,281

**Earnings Surveillance**

**Schedule Z-10**

**Company: Frontier Communications of the South, Inc.**  
**For the Year Ended December 31, 2007**

**Page 1 of 4**

RATE BASE	(1) Total Company Columns (2 + 3)	(2)  Interstate Toll	(3)  Total Intrastate
<b><u>AVERAGE RATE BASE</u></b>			
1. Plant In Service	\$ 22,777,043	\$ 7,065,439	\$ 15,711,604
2. Accumulated Depreciation and Amortization	\$ 19,935,795	\$ 6,287,750	\$ 13,648,046
3. Net Plant In Service	\$ 2,841,247	\$ 777,689	\$ 2,063,558
4. Property Held for Future Use	\$ -	\$ -	\$ -
5. TPUC	\$ 150,683	\$ 46,742	\$ 103,941
6. Working Capital Allowance	\$ 101,645	\$ 24,730	\$ 76,915
7. Per Book Average Rate Base	\$ 3,093,574	\$ 849,161	\$ 2,244,414
8. % Distribution	100%	27%	73%

**ADJUSTMENTS TO AVERAGE RATE BASE**

9. Adjustments for Achieved Rate Base			\$ 446,952
10. Adjusted Achieved Rate Base			\$ 2,691,366

**RATES OF RETURN**

11. Average Per Book	5.84%	43.78%	-8.52%
12. Average FPSC Adjusted			-7.11%

	(1)	(2)	(3)	(4)	(5)	(6)
ADJUSTMENTS TO RATE BASE	Plant In Service	Accumulated Depreciation and Amortization	Property Held for Future Use	Telephone Plant Under Construction	Working Capital Allowance	TOTALS
1. Intrastate Rate Base per Books	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b><u>INTRASTATE ADJUSTMENTS</u></b>						
2. General Support	\$ 1,287,167	\$ -	\$ -	\$ -	\$ -	\$ 1,287,167
3. General Support Reserve	-	(840,214)	-	-	-	(840,214)
4. _____	-	-	-	-	-	-
5. Total Accounting Adjustments, Intrastate	\$ 1,287,167	\$ (840,214)	\$ -	\$ -	\$ -	\$ 446,952
6. Intrastate Rate Base	1,287,167	(840,214)	-	-	-	-

**Earnings Surveillance**  
**Schedule Z-10**

**Company: Frontier Communications of the South, Inc.**  
**For the Year Ended December 31, 2007**

**Page 2 of 4**

NET OPERATING INCOME	(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
<b><u>BOOKED REVENUE</u></b>						
1. Basic Local Service Revenue	\$ 1,275,788	\$ -	\$ 1,275,788	-	-	\$ 1,275,788
2. Network Access Revenue						
a. BHMOC	342,229	342,229	-	-	-	\$ -
b. MOU Access	336,534	102,391	234,143	-	-	\$ 234,143
c. Special Access	181,858	181,858	-	-	-	\$ -
d. Other Access	-	-	-	-	-	\$ -
3. Long Distance Revenue						
a. MTS	-	-	-	-	-	\$ -
b. Other	3,633	-	3,633	-	-	\$ 3,633
4. Subsidy Fund Revenue	458,492	458,492	-	-	-	\$ -
5. Miscellaneous Revenue	153,903	40,814	113,089	-	-	\$ 113,089
6. Uncollectible Revenues	-	-	-	-	-	\$ -
7. Net Booked Revenue	<u>\$ 2,752,437</u>	<u>\$ 1,125,784</u>	<u>\$ 1,626,653</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,626,653</u>
<b><u>OPERATING EXPENSE:</u></b>						
8. Plant Specific Operations Expense	\$ 352,201	\$ 108,372	\$ 243,828			
9. Plant Non-Specific Operations Expense	213,824	53,884	\$ 159,940			
10. Access Expense	21,029	-	\$ 21,029			
11. Depreciation and Amortization	1,385,898	430,044	\$ 955,854			
12. Customer Operations Expense	246,337	56,288	\$ 190,049			
13. Corporate Operations Expense	155,213	44,174	\$ 111,039			
14. Other Income and Expenses	90,074	27,941	\$ 62,133			
15. Total Operating Expense	<u>\$ 2,464,575</u>	<u>\$ 720,702</u>	<u>\$ 1,743,872</u>			
16. % Distribution	-	-	\$ -			
<b><u>OPERATING TAXES:</u></b>						
17. Federal Income Tax	100,752	31,253	\$ 69,499			
18. State Income Tax	18,711	5,804	\$ 12,907			
19. Other Taxes	(12,145)	(3,767)	\$ (8,378)			
20. Total Operating Taxes	<u>\$ 107,318</u>	<u>\$ 33,290</u>	<u>\$ 74,028</u>			
<b><u>NET OPERATING INCOME:</u></b>						
21. Per Book NOI	<u>180,544</u>	<u>371,792</u>	<u>(191,247)</u>			
22. NOI Effect of Adjustments			<u>\$ -</u>			
23. Adjusted NOI			<u>\$ (191,247)</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, 2007**

**Page 3 of 4**

	(1)	(2)	(3)	(4)	(5)	(6)
<b>ADJUSTMENTS TO NET OPERATING INCOME INTRASTATE OPERATING REVENUE</b>	Basic Local Service Revenue	Inter- territory	Intra- territory	Local Misc. Revenue	Uncollectible Revenues	Net Booked Revenue
1. Total Intrastate Revenue per Books	\$ 1,275,788	\$ -	\$ 234,143	\$ 116,722	\$ -	\$ 1,626,653
<b>INTRASTATE ADJUSTMENTS</b>						
2. Out of period adjustments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3. None	-	-	-	-	-	-
4.	-	-	-	-	-	-
5.	-	-	-	-	-	-
6. Total Accounting Adjustments, Intrastate	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7. Total Adjusted Intrastate Revenue	<u>\$ 1,275,788</u>	<u>\$ -</u>	<u>\$ 234,143</u>	<u>\$ 116,722</u>	<u>\$ -</u>	<u>\$ 1,626,653</u>

	(7)	(8)	(9)	(10)	(11)	(12)	(13)
<b>ADJUSTMENTS TO NET OPERATING INCOME INTRASTATE OPERATING EXPENSE</b>	Plant Specific Operations Expense	Plant Non-Specific Operations Expense(A)	Depreciation and Amortization	Customer Operations Expense	Corporate Operations Expense	Other Income and Expenses	Total Operating Expense
1. Total Intrastate Expenses per Books	\$ 243,828	\$ 159,940	\$ 955,854	\$ 190,049	\$ 132,068	\$ 62,133	\$ 1,743,872
<b>INTRASTATE ADJUSTMENTS</b>							
2. Out of period adjustments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3.	-	-	-	-	-	-	-
4.	-	-	-	-	-	-	-
5.	-	-	-	-	-	-	-
6. Total Accounting Adjustments, Intrastate	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7. Total Adjusted Intrastate Exp.	<u>\$ 243,828</u>	<u>\$ 159,940</u>	<u>\$ 955,854</u>	<u>\$ 190,049</u>	<u>\$ 132,068</u>	<u>\$ 62,133</u>	<u>\$ 1,743,872</u>

(A) Including Access Expense

	(14)	(15)	(16)	(17)	(18)
<b>ADJUSTMENTS TO NET OPERATING INCOME INTRASTATE OPERATING TAXES / NET OPERATING INCOME</b>	Federal Income Tax	State Income Tax	Other Taxes	Total Operating Taxes	Net Operating Income
1. Total Intrastate Taxes / NOI per Books	\$ 69,499	\$ 12,907	\$ (8,378)	\$ 74,028	-\$191,247
<b>INTRASTATE ADJUSTMENTS</b>					
2. Out of period adjustments	\$ -	\$ -	\$ -	\$ -	\$ -
3.	-	-	-	-	-
4.	-	-	-	-	-
5.	-	-	-	-	-
6. Total Accounting Adjustments, Intrastate	\$ -	\$ -	\$ -	\$ -	\$ -
7. Total Adjusted Intrastate Taxes / NOI	<u>69,499</u>	<u>12,907</u>	<u>(8,378)</u>	<u>74,028</u>	<u>-\$191,247</u>

**Earnings Surveillance**  
**Schedule Z-10**

**Company: Frontier Communications of the South, Inc.**  
**For the Year Ended December 31, 2007**

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AVERAGE CAPITAL	(1)	(2)	(3)	(4)	(5)	(6) ----- COST RATE -----			(9) ----- WEIGHTED COST RATE -----		
	Average Per Books	Specific Adjustments	Pro Rata Adjustments	Adjusted Amount	% of Total	Floor	Midpoint	Ceiling	Floor	Midpoint	Ceiling
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	14,620,198	(7,160,022)	(4,301,535)	3,158,642	102.10%	11.00%	12.00%	13.00%	11.23%	12.25%	13.27%
6. ITC	-	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
7. Cost Free Capital	(153,679)	-	88,611	(65,068)	-2.10%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
8. Total Capital	14,466,519	(7,160,022)	(4,212,923)	3,093,574	100.00%				11.23%	12.25%	13.27%

**FINANCIAL RATIO**

9. Intrastate achieved return on equity	-6.96%
FPSC Adjusted Basis	

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	-	-	-	-	14,620,198	-	(153,679)	14,466,519

**DESCRIPTION OF ADJUSTMENTS TO SPECIFIC SOURCES**

2. Investment in Alabama Cellular	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3. NonRegulated Investmetns	-	-	-	-	(75,616)	-	-	(75,616)
4. Fronter Investments	-	-	-	-	(7,084,406)	-	-	(7,084,406)
5. Sub-total of Adjustments to Specific Sources	-	-	-	-	(7,160,022)	-	-	(7,160,022)
6. Adjusted Total Capital	-	-	-	-	7,460,176	-	(153,679)	7,306,497

**DESCRIPTION OF PRO RATA ADJUSTMENTS**

7. Alabama Rate Base	\$ -	\$ -	\$ -	\$ -	\$ (4,301,535)	\$ -	\$ 88,611	\$ (4,212,923)
8. _____	-	-	-	-	-	-	-	-
9. _____	-	-	-	-	-	-	-	-
10. Sub-total of Pro Rata Adjustments to Sources	-	-	-	-	(4,301,535)	-	88,611	(4,212,923)
11. Subtotal, Pro Rata Adjusted Total Capital	-	-	-	-	3,158,642	-	(65,068)	3,093,574
12. Less Interstate Operations	-	-	-	-	-	-	-	-
13. Achieved Intrastate Capital	\$ -	\$ -	\$ -	\$ -	\$ 3,158,642	\$ -	\$ (65,068)	\$ 3,093,574