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AUDITING &  
FINANCIAL ANALYSIS DIV

**ANNUAL REPORT OF**  
**LOCAL EXCHANGE TELEPHONE COMPANIES**

**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, 1997

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

|               |                          |       |                |       |                     |
|---------------|--------------------------|-------|----------------|-------|---------------------|
| Name          | Kelly M. Goodnight       | Title | Senior Analyst |       |                     |
| Address       | 180 South Clinton Avenue | City  | Rochester      | State | New York 14646      |
| Telephone No. | (716)-777-7793           |       |                |       | PSC/AFA 18 ( 12/95) |

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**Identity of Respondent**  
**Schedule A-1**

**Company: FRONTIER COMMUNICATIONS OF THE SOUTH, INC.**  
**For the Year Ended December 31, 1997**

Immediately following these instructions insert the several numbers and the captions, as indicated, 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.

**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):                                     | Sole  |
| (b) The name and address of the directly controlling organization or person: | Frontier Corporation<br>180 South Clinton Avenue<br>Rochester, NY 14646 |

(Give names and addresses of all organizations or persons involved if control was joint.)

- |  |                             |
|--|-----------------------------|
| (c) The means by which control was held: | 100% of voting common stock |
|--|-----------------------------|

(For example, through ownership of voting securities; through common directors, officers or stockholders; through voting trusts; etc.)

- |                            |      |
|----------------------------|------|
| (d) The extent of control: | 100% |
|----------------------------|------|

2. See Schedule Z-9 for an updated organizational chart.

**Board of Directors and General Officers  
Schedule A-3**

**Company: FRONTIER COMMUNICATIONS OF THE SOUTH, INC.  
For the Year Ended December 31, 1997**

| Name of Director or Officer and Address<br>(City and State) | Title & Dept. over Which<br>Jurisdiction is Exercised | Director's<br>Fees |
|---|---|--------------------|
| Joseph P. Clayton   | Director  |                    |
| Ronald L. Bittner   | Director  |                    |
| Louis L. Massaro  | Director  |                    |
| Kevin J. Bennis   | Director  |                    |
| Robert L. Barrett   | Director  |                    |
| James G. Dole   | Director/Chief Financial Officer                      |                    |
| Jeremiah T. Carr  | Director/Chief Executive Officer                      |                    |
| Jefferson L. McGehee  | President   |                    |
| Donna L. Reeves-Collins                                     | Vice President  |                    |
| Michael L. Patrick  | Vice President and General Manager<br>(until 2/26/97) |                    |
| Richard E. Burgess  | Vice President and General Manager                    |                    |
| Richard A. Smith  | Chief Financial Officer                               |                    |
| Joseph Enis   | Treasurer   |                    |
| Richard N. Kappler  | Assistant Treasurer                                   |                    |
| Michael L. Evans  | Assistant Treasurer                                   |                    |
| Josephine S. Trubek   | Secretary   |                    |
| Barbara J. LaVerdi  | Assistant Secretary                                   |                    |

**Stockholders**  
**Schedule A-4**

**Company: FRONTIER COMMUNICATIONS OF THE SOUTH, INC.**  
**For the Year Ended December 31, 1997**

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 in a note, if known. 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 in a note, if known.

| Class of Stock                                   |                     |
|--|---------------------|
| Name and Address (City and State) of Stockholder | Shares Held         |
| Frontier Corporation<br>Rochester, NY            | Common<br><br>5,000 |

**Important Changes during the Year**  
**Schedule A-5**

**Company: FRONTIER COMMUNICATIONS OF THE SOUTH, INC.**  
**For the Year Ended December 31, 1997**

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

1. List extensions of systems (other than additions supplementing existing facilities of the respondent) whether by purchase, construction, donation, or otherwise, such as a substantially complete telephone system, exchange, or toll line. Give the location, new territory covered, and dates of beginning operation, and in case of purchase give also the name and address of the company from which purchased, date of acquisition, and the consideration given.
2. 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.
3. List important changes in service and rate schedules during the year, giving:
  - (a). Estimated increase or decrease in annual revenues by reason of such changes.
  - (b). Estimated saving or additional cost to the public, and
  - (c). The bases used in arriving at the amounts given in the responses to (a) and (b).
4. Give information on any changes in accounting standards that have occurred during the year.

QUESTIONS 1 THROUGH 4 ANSWER IS: NONE

# BALANCE SHEET

## Schedule B-1

Company: **FRONTIER COMMUNICATIONS OF THE SOUTH, INC.**

For the Year Ended December 31, 1997

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| Ref. Sch. | Account No. | Accounts                                | Amounts (\$)      |             |
|-----------|-------------|---|-------------------|-------------|
|           |             |   | Beginning of Year | End of Year |
|           |             | <b>Current Assets</b>                   |                   |             |
|           | 1130        | Cash                                    | 48,442            | 39,109      |
|           | 1140        | Special Cash Deposits                   |                   |             |
|           | 1150        | Working Cash Advance                    | 4,950             | 5,150       |
|           | 1160        | Temporary Investments                   |                   |             |
|           | 1180        | Telecomm. Accounts Receivable           | 1,168,477         | 1,439,966   |
|           | 1181        | Telecomm. Accounts Receivable Allowance |                   |             |
|           | 1190        | Other Accounts Receivable               | 2,773,077         | 2,344,363   |
|           | 1191        | Accounts Receivable Allowance-Other     |                   |             |
|           | 1200        | Notes Receivable                        |                   |             |
|           | 1201        | Notes Receivable Allowance              |                   |             |
|           | 1210        | Interest and Dividends Receivable       |                   |             |
|           | 1220        | Material and Supplies                   | 85,626            | 77,246      |
|           | 1290        | Prepaid Rents                           |                   |             |
| I-3       | 1300        | Prepaid Taxes                           |                   |             |
|           | 1310        | Prepaid Insurance                       |                   |             |
|           | 1320        | Prepaid Directory Expenses              |                   |             |
|           | 1330        | Other Prepayments                       | 2,258             | 4,457       |
|           | 1350        | Other Current Assets                    |                   |             |
|           |             | <b>Total Current Assets</b>             | 4,082,830         | 3,910,291   |
|           |             | <b>Noncurrent Assets</b>                |                   |             |
|           | 1401        | Investments in Affiliated Co.           | 11,733,893        | 20,437,067  |
|           | 1402        | Investments in Nonaffiliated Co.        | 737,100           | 737,100     |
|           | 1406        | Nonregulated Investments                | 528,483           | 595,172     |
| B-7       | 1407        | Unamortized Debt Issuance Expense       |                   |             |
|           | 1408        | Sinking Funds                           |                   |             |
|           | 1410        | Other Noncurrent Assets                 | 91,183            | 81,593      |
|           | 1438        | Deferred Maintenance & Retirements      |                   |             |
| B-5       | 1439        | Deferred Charges                        | 208,061           | 185,272     |
|           | 1500        | Other Jurisdictional Assets - Net       |                   |             |
|           |             | <b>Total Noncurrent Assets</b>          | 13,298,720        | 22,036,204  |
|           |             | <b>Telephone Plant in Service</b>       |                   |             |
| B-3       | 2001        | Telecomm. Plant in Service              | 33,162,960        | 34,512,813  |
|           | 2002        | Property Held for Future Use            |                   |             |
|           | 2003        | Plant under Construction                | 1,456,520         | 1,498,620   |
|           | 2005        | Plant Adjustment                        |                   |             |
|           | 2006        | Nonoperating Plant                      | 86,329            | 86,328      |
|           |             | <b>Subtotal</b>                         | 34,705,809        | 36,097,761  |
|           |             | <b>Less:</b>                            |                   |             |
| B-4       | 3100        | Acc. Depreciation                       | 16,800,641        | 18,556,129  |
| "         | 3200        | Acc. Depreciation-Held for Future Use   |                   |             |
| "         | 3300        | Acc. Depreciation-Nonoperating          | 66,289            | 68,965      |
| "         | 3410        | Acc. Amort. - Capitalized Leases        |                   |             |
| "         | 3420        | Acc. Amort. - Leasehold Improvements    |                   |             |
| "         | 3500        | Acc. Amort. - Intangible                |                   |             |
| "         | 3600        | Acc. Amort. - Other                     | 8,054             | 18,372      |
|           |             | <b>Subtotal</b>                         | 16,874,984        | 18,643,466  |
|           |             | <b>Net Telephone Plant in Service</b>   | 17,830,825        | 17,454,295  |
|           |             | <b>TOTAL ASSETS</b>                     | 35,212,375        | 43,400,790  |

# BALANCE SHEET

## Schedule B-1

Company: **FRONTIER COMMUNICATIONS OF THE SOUTH, INC.**

For the Year Ended December 31, 1997

Page 2 of 2

| Ref.<br>Sch. | Account<br>No. | Accounts   | Amounts (\$)         |                   |
|--------------|----------------|--|----------------------|-------------------|
|              |                |  | Beginning of<br>Year | End of<br>Year    |
|              |                | <b><i>Current Liabilities</i></b>                    |                      |                   |
| B-6          | 4010           | Accounts Payable                                     | 3,355,159            | 2,394,878         |
|              | 4020           | Notes Payable  |                      |                   |
|              | 4030           | Advanced Billing and Payments                        | 385,070              | 385,070           |
|              | 4040           | Customers' Deposits                                  | 101,417              | 66,423            |
| B-7          | 4050           | Current Maturities - Long Term                       | 408,012              | 408,012           |
|              | 4060           | Current Maturities - Capital Leases                  |                      |                   |
| I-3          | 4070           | Income Taxes - Accrued                               | 35,466               | 449,157           |
| "            | 4080           | Other Taxes - Accrued                                | 13,874               | 14,482            |
| B-8          | 4100           | Net Current Deferred Op. Income Taxes                |                      |                   |
|              | 4110           | Net Current Deferred Nonop. Income Taxes             |                      |                   |
|              | 4120           | Other Accrued Liabilities                            | 105,514              | 62,888            |
|              | 4130           | Other Current Liabilities                            |                      |                   |
|              |                | <b><i>Total Current Liabilities</i></b>              | <b>4,404,512</b>     | <b>3,780,910</b>  |
|              |                | <b><i>Long-Term Debt</i></b>                         |                      |                   |
| B-7          | 4210           | Funded Debt  | 9,711,346            | 9,303,082         |
| "            | 4220           | Premium on Long-Term Debt                            |                      |                   |
| "            | 4230           | Discount on Long-Term Debt                           |                      |                   |
|              | 4240           | Reacquired Debt                                      |                      |                   |
|              | 4250           | Obligations under Capital Leases                     |                      |                   |
| B-7          | 4260           | Advanced from Affiliated Companies                   |                      |                   |
| "            | 4270           | Other Long-Term Debt                                 |                      |                   |
|              |                | <b><i>Total Long-Term Debt</i></b>                   | <b>9,711,346</b>     | <b>9,303,082</b>  |
|              |                | <b><i>Other Liabilities and Deferred Credits</i></b> |                      |                   |
|              | 4310           | Other Long-Term Liabilities                          | 209,785              | 189,787           |
|              | 4320           | Unamortized Operating ITC - Net                      | 136,773              | 100,774           |
|              | 4330           | Unamortized Nonoperating ITC - Net                   |                      |                   |
| B-8          | 4340           | Net Noncur. Def. Oper. Income Taxes                  | 2,297,228            | 2,451,883         |
|              | 4350           | Net Noncur. Def. Nonoper. Inc. Taxes                 |                      |                   |
| B-9          | 4360           | Other Deferred Credits                               | 55,637               | 60,012            |
|              | 4370           | Other Juris. Liab. & Def. Credits                    |                      |                   |
|              |                | <b><i>Total Other Liab. &amp; Def. Credits</i></b>   | <b>2,699,423</b>     | <b>2,802,456</b>  |
|              |                | <b><i>Stockholder's Equity</i></b>                   |                      |                   |
|              | 4510           | Capital Stock  | 500,000              | 500,000           |
|              | 4520           | Additional Paid-in Capital                           |                      |                   |
|              | 4530           | Treasury Stock                                       |                      |                   |
|              | 4540           | Other Capital  | 6,077,808            | 4,394,361         |
|              | 4550           | Retained Earnings                                    | 11,819,286           | 22,619,981        |
|              | 9999           | Headquarters Control                                 |                      |                   |
|              |                | <b><i>Total Stockholder's Equity</i></b>             | <b>18,397,094</b>    | <b>27,514,342</b> |
|              |                | <b><i>TOTAL LIABILITIES AND EQUITY</i></b>           | <b>35,212,375</b>    | <b>43,400,790</b> |



## Statement of Cash Flows

### Schedule B-2

**Company: FRONTIER COMMUNICATIONS OF THE SOUTH, INC.**

**For the Year Ended December 31, 1997**

**Page 1 of 2**

| Description of Items   | Amount        | Total Amount       |
|--|---------------|--------------------|
| <b>Increase/(Decrease) in Cash and Cash Equivalents</b>  |               |                    |
| <b>Cash Flows from Operating Activities:</b>   |               |                    |
| Net Income:  |               | \$10,063,265       |
| Adjust. to Reconcile NI to Net Cash Provided by Operating Activities:  |               |                    |
| Depreciation and Amortization  | \$2,468,514   |                    |
| Gain on Sale of Investments  | \$0           |                    |
| Provision for Losses for Accounts Receivable   |               |                    |
| Deferred Income Taxes - Net  | \$118,656     |                    |
| Unamortized ITC - Net  |               |                    |
| Allowance for Funds Used During Construction   |               |                    |
| Net Change in Operating Receivables  | (\$271,489)   |                    |
| Net Change in Material, Supplies and Inventories   | \$8,380       |                    |
| Net Change in Operating Payables and Accrued Liabilities   | (\$597,207)   |                    |
| Net Change in Other Assets and Deferred Charges  | \$392,205     |                    |
| Net Change in Other Liabilities and Deferred Credits   | (\$42,018)    |                    |
| Other (Explained)  |               |                    |
| Total Adjustments  |               | \$2,077,041        |
| <b>Net Cash Provided by (Used in) Operating Activities</b>   |               | \$12,140,306       |
| <b>Cash Inflows (Outflows) from Investing Activities:</b>  |               |                    |
| Construction/Acquisition of Property, Plant and Equip. (Net of AFUDC and Capital Lease Related Acquisitions) | (\$2,091,984) |                    |
| Proceeds from disposals of Property, Plant and Equipment   |               |                    |
| Investments in and Advances to Affiliates  | (\$8,703,174) |                    |
| Other Investing Activities (Explained)   | \$0           |                    |
| <b>Net Cash Provided by (Used in) Investing Activities</b>   |               | (\$10,795,158)     |
| <b>Total This Page</b>   |               | <b>\$1,345,148</b> |

**Statement of Cash Flows**

**Schedule B-2**

**Company: FRONTIER COMMUNICATIONS OF THE SOUTH, INC.**

**For the Year Ended December 31, 1997**

**Page 2 of 2**

| Description of Items  | Amount      | Total Amount  |
|---|-------------|---------------|
| <b>Total from Preceding Page</b>                                      |             | \$1,345,148   |
| <b>Cash Flows from Financing Activities:</b>                          |             |               |
| Net Inc./Dec. in ST Debt with Original Maturities of 3 Months or Less | \$          |               |
| Advances from Affiliates  |             |               |
| Repayments of Advances from Affiliates                                |             |               |
| Proceeds from Long-Term Debt  |             |               |
| Repayments of Long-Term Debt  | (\$408,264) |               |
| Payment of Capital Lease Obligations                                  |             |               |
| Proceeds from Issuing Common Stock/Equity Investment from Parent      |             |               |
| Repurchase of Treasury Shares   |             |               |
| Dividends Paid  | (\$946,017) |               |
| Other Financing Activities (Explained)                                |             |               |
| <b>Net Cash Provided by Financing Activities</b>                      |             | (\$1,354,281) |
| Effect of Exchange Rate Changes on Cash                               |             |               |
| Net Increase/(Decrease) in Cash and Cash Equivalents                  |             | (\$9,133)     |
| Cash and Cash Equivalents at Beginning of Period                      |             | \$53,392      |
| Cash and Cash Equivalents at End of Period                            |             | \$44,259      |

**Notes:**

**Total Company**

**Annual Status Report  
Analysis of Plant in Service Accounts  
Schedule B-3**

**Company: FRONTIER COMMUNICATIONS OF THE SOUTH, INC.  
For the Year Ended December 31, 1997**

| Acct. No.  | Account Description          | Depr. Rate | Beginning Balance* | Additions | Retirements | Reclass.  | Adjustments | Transfers | Ending Balance* |
|--|------------------------------|------------|--------------------|-----------|-------------|-----------|-------------|-----------|-----------------|
| 2111   | Land                         |            | 165,148            |           |             |           |             |           | 165,148         |
| <b>Amortizable General Support Assets:</b>   |                              |            |                    |           |             |           |             |           |                 |
| 2116   | Other Work Equipment         | 7 yrs      | 318,371            | 1,316     | 25,981      |           |             |           | 293,706         |
| 2122   | Furniture                    | 10 yrs     | 209,381            |           |             |           |             |           | 209,381         |
| 2123   | Office Support Equipment     | 7 yrs      | 54,933             |           |             |           |             |           | 54,933          |
| 2123   | Company Communications       | 5 yrs      | 49,348             | 5,609     |             |           |             |           | 54,957          |
| 2124   | General Purpose Computer     | 5 yrs      | 498,963            | 76,198    | 82,672      |           |             |           | 492,489         |
|  |                              | AL FL      |                    |           |             |           |             |           |                 |
| <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               | 9.0        | 107,264            | 152,082   | 37,950      |           |             |           | 221,396         |
| 2121   | Buildings                    | 2.7 2.9    | 1,638,991          |           | 12,062      |           |             |           | 1,626,929       |
|  | Total Land & Support Assets  |            | 3,042,399          | 235,205   | 158,665     | 0         | 0           | 0         | 3,118,939       |
| <b>Central Office Assets:</b>  |                              |            |                    |           |             |           |             |           |                 |
| 2212   | Digital Electronic Switch    | 6.0 6.6    | 8,480,186          | 280,573   | 269,136     |           |             |           | 8,491,623       |
| 2215   | Elec. Mechanical Switch      |            | 0                  |           |             |           |             |           | 0               |
| 2220   | Operator Systems             | 6.0        | 0                  |           |             |           |             |           | 0               |
| 2231   | Radio Systems                | 3.1        | 0                  |           |             |           |             |           | 0               |
| 2232   | Circuit Equipment            | 10.0 8.5   | 295,105            | 600,170   |             |           |             |           | 895,275         |
| 2232   | Fiber Circuit Equipment      | 9.6 5.0    | 76,429             | 18,276    |             |           |             |           | 94,705          |
|  | Total Central Office Assets  |            | 8,851,720          | 899,019   | 269,136     | 0         | 0           | 0         | 9,481,603       |
| <b>Info. Orig/Term Assets:</b>   |                              |            |                    |           |             |           |             |           |                 |
| 2321   | Customer Premise Wiring      | (A)(A)     |                    |           |             |           |             |           |                 |
| 2351   | Public Telephone Equipment   | 2.8 10.0   | 197,966            |           |             | (197,966) |             |           | 0               |
|  | Total Info. Orig/Term Assets |            | 197,966            | 0         | 0           | (197,966) | 0           | 0         | 0               |

**Total Company**

**Annual Status Report  
Analysis of Plant in Service Accounts  
Schedule B-3**

**Company: FRONTIER COMMUNICATIONS OF THE SOUTH, INC.  
For the Year Ended December 31, 1997**

| Acct. No.                        | Account Description                    | Depr. Rate | Beginning Balance* | Additions      | Retirements    | Reclass. | Adjustments | Transfers | Ending Balance*   |
|----------------------------------|--|------------|--------------------|----------------|----------------|----------|-------------|-----------|-------------------|
| <b>(Continued)</b>               |  |            |                    |                |                |          |             |           |                   |
| <b>Cable and Wire Facilities</b> |  |            |                    |                |                |          |             |           |                   |
| 2411                             | Poles                                  | 2.2        | 99,119             | 1222           |                |          |             |           | 100,341           |
| 2421                             | Aerial Cable Metallic                  | 6.06       | 137,294            |                |                |          |             |           | 137,294           |
| 2421                             | Aerial Cable Fiber                     |            | 2,151              |                |                |          |             |           | 2,151             |
| 2422                             | Underground Cable Metallic             | 4.0        | 733,923            | 48,971         | 10,233         |          |             |           | 772,661           |
| 2422                             | Underground Cable Fiber                | 3.1        | 234,596            |                |                |          |             |           | 234,596           |
| 2423                             | Buried Metallic Cable                  | 4.8        | 16,156,268         | 517,264        | 145,577        |          |             |           | 16,527,955        |
| 2423                             | Buried Fiber Cable                     | 3.5        | 1,766,474          | 50,550         |                |          |             |           | 1,817,024         |
| 2423                             | Buried Cable Terminal                  | 4.8        | 1,468,248          | 381,399        | 2,202          |          |             |           | 1,847,445         |
| 2423                             | Buried Air Cove Cable                  |            | 0                  |                |                |          |             |           | 0                 |
| 2441                             | Conduit Systems                        | 2.0        | 472,799            |                |                |          |             |           | 472,799           |
|                                  | <b>Total Cable and Wire Facilities</b> |            | <b>21,070,872</b>  | <b>999,406</b> | <b>158,012</b> | <b>0</b> | <b>0</b>    | <b>0</b>  | <b>21,912,266</b> |

**Total Company**

**Annual Status Report  
Analysis of Plant in Service Accounts  
Schedule B-3**

**Company: FRONTIER COMMUNICATIONS OF THE SOUTH, INC.  
For the Year Ended December 31, 1997**

| Acct. No.   | Account Description | Depr. Rate | Beginning Balance* | Additions | Retirements | Reclass.  | Adjustments | Transfers | Ending Balance* |
|---|---------------------|------------|--------------------|-----------|-------------|-----------|-------------|-----------|-----------------|
| <i>(Continued)</i>  |                     |            |                    |           |             |           |             |           |                 |
| <b>Capital Recovery Schedules:</b>  |                     |            |                    |           |             |           |             |           |                 |
| <b>Jointly Used Plant Allocated to Nonregulated</b>   |                     |            | ( )                | ( )       | ( )         | ( )       | ( )         | ( )       | ( )             |
| <b>Amortizable Assets:</b>  |                     |            |                    |           |             |           |             |           |                 |
| 2681  | Capital Leases      |            |                    |           |             |           |             |           |                 |
| 2682  | Leasehold Improve.  |            |                    |           |             |           |             |           |                 |
| 2690  | Intangibles         |            |                    |           |             |           |             |           |                 |
| <b>Total Balances</b>   |                     |            | 33,162,957         | 2,133,630 | 585,813     | (197,966) | 0           | 0         | 34,512,808      |
| <b>Note: * The total beginning and ending balances plus jointly used plant allocated to nonregulated, if any, must agree to acct. 2001, Plant in Service, in Schedule B-1, Balance Sheet.</b> |                     |            |                    |           |             |           |             |           |                 |

**Total Company**

**Annual Status Report  
Analysis of Entries in Accumulated Depreciation & Amortization  
Schedule B-4**

**Company: FRONTIER COMMUNICATIONS OF THE SOUTH, INC.  
For the Year Ended December 31, 1997**

| 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         | 193,665            | 18,091     |           | 25,981      |               |                 |             |           | 185,775         |
| 2122   | Furniture                    | 120,660            | 15,641     |           |             |               |                 |             |           | 136,301         |
| 2123   | Office Support Equipment     | 7,765              | 13,623     |           |             |               |                 |             |           | 21,388          |
| 2123   | Company Communications       | 49,348             |            |           |             |               |                 |             |           | 49,348          |
| 2124   | General Purpose Computer     | 382,333            | 57,270     |           | 82,672      |               |                 |             |           | 356,931         |
| <b>This schedule should identify each account/subaccount for which a separate depreciation rate has been approved by the FPSC.</b> |                              |                    |            |           |             |               |                 |             |           |                 |
| 2112   | Motor Vehicles               | 63,443             | 16,730     |           | 37,950      |               | (50)            |             |           | 42,273          |
| 2121   | Buildings                    | 861,679            | 49,455     |           | 12,062      |               | 1,250           |             |           | 897,822         |
|  | Total Land & Support Assets  | 1,678,893          | 170,810    | 0         | 158,665     | 0             | 1,200           | 0           | 0         | 1,689,838       |
| <b>Central Office Assets:</b>  |                              |                    |            |           |             |               |                 |             |           |                 |
| 2212   | Digital Electronic Switch    | 4,398,845          | 929,991    |           | 269,136     |               |                 |             |           | 5,059,700       |
| 2215   | Elec. Mechanical Switch      | 0                  |            |           |             |               |                 |             |           | 0               |
| 2220   | Operator Systems             | 0                  |            |           |             |               |                 |             |           | 0               |
| 2231   | Radio Systems                | 0                  |            |           |             |               |                 |             |           | 0               |
| 2232   | Circuit Equipment            | 282,504            | 6,792      |           |             |               |                 |             |           | 289,296         |
| 2232   | Fiber Circuit Equipment      | 76,429             |            |           |             |               |                 |             |           | 76,429          |
|  | Total Central Office Assets  | 4,757,778          | 936,783    | 0         | 269,136     | 0             | 0               | 0           | 0         | 5,425,425       |
| <b>Info. Orig/Term Assets:</b>   |                              |                    |            |           |             |               |                 |             |           |                 |
| 2321   | Customer Premise Wiring      |                    |            |           |             |               |                 |             |           | 0               |
| 2351   | Public Telephone Equipment   | 114,555            |            | (114,555) |             |               |                 |             |           | 0               |
|  | Total Info. Orig/Term Assets | 114,555            | 0          | (114,555) | 0           | 0             | 0               | 0           | 0         | 0               |

**Total Company**

**Annual Status Report  
Analysis of Entries in Accumulated Depreciation & Amortization  
Schedule B-4**

**Company: FRONTIER COMMUNICATIONS OF THE SOUTH, INC.**

**For the Year Ended December 31, 1997**

**Page 2 of 3**

| Acct. No.                         | Account Description                      | Beginning Balance* | Accruals**       | Reclass. | Retirements    | Gross Salvage | Cost of Removal | Adjustments | Transfers | Ending Balance*   |
|-----------------------------------|--|--------------------|------------------|----------|----------------|---------------|-----------------|-------------|-----------|-------------------|
| <b>(Continued)</b>                |  |                    |                  |          |                |               |                 |             |           |                   |
| <b>Cable and Wire Facilities:</b> |  |                    |                  |          |                |               |                 |             |           |                   |
|                                   | 2411 Poles                               | 96,648             | 1,318            |          |                |               |                 |             |           | 97,966            |
|                                   | 2421 Aerial Cable Metallic               | 102,118            | 7,277            |          |                |               |                 |             |           | 109,395           |
|                                   | 2421 Aerial Cable Fiber                  | 554                | 130              |          |                |               |                 |             |           | 684               |
|                                   | 2422 Underground Cable Metallic          | 548,274            | 96,442           |          | 10,233         |               |                 |             |           | 634,483           |
|                                   | 2422 Underground Cable Fiber             | 36,397             | 7,326            |          |                |               |                 |             |           | 43,723            |
|                                   | 2423 Buried Metallic Cable               | 8,474,070          | 1,056,640        |          | 145,577        |               | 1,793           |             |           | 9,383,340         |
|                                   | 2423 Buried Fiber Cable                  | 401,995            | 72,169           |          |                |               |                 |             |           | 474,164           |
|                                   | 2423 Buried Cable Terminal               | 360,038            | 100,505          |          | 2,202          |               |                 |             |           | 458,341           |
|                                   | 2423 Buried Aire Core Cable              | 0                  |                  |          |                |               |                 |             |           | 0                 |
|                                   | 2441 Conduit Systems                     | 229,322            | 9,450            |          |                |               |                 |             |           | 238,772           |
|                                   | <b>Total Cable &amp; Wire Facilities</b> | <b>10,249,416</b>  | <b>1,351,257</b> | <b>0</b> | <b>158,012</b> | <b>0</b>      | <b>1,793</b>    | <b>0</b>    | <b>0</b>  | <b>11,440,868</b> |

**Total Company**

**Annual Status Report  
Analysis of Entries in Accumulated Depreciation & Amortization  
Schedule B-4**

**Company: FRONTIER COMMUNICATIONS OF THE SOUTH, INC.  
For the Year Ended December 31, 1997**

| Acct. No.  | Account Description  | Beginning Balance*  | Accruals** | Reclass.  | Retirements | Gross Salvage | Cost of Removal | Adjustments | Transfers | Ending Balance* |
|--|----------------------|---|------------|-----------|-------------|---------------|-----------------|-------------|-----------|-----------------|
| <i>(Continued)</i>   |                      |   |            |           |             |               |                 |             |           |                 |
| <b>Capital Recovery Schedules:</b>   |                      | <b>This schedule should identify each approved capital recovery schedule.</b> |            |           |             |               |                 |             |           |                 |
|  | <i>Subtotal</i>      | 16,800,642  | 2,458,850  | (114,555) | 585,813     | 0             | 2,993           | 0           | 0         | 18,556,131      |
| <b>Reserve for Jointly Used Plant allocated to Nonregulated</b>  |                      | ( )   | ( )        |           |             |               |                 |             |           | ( )             |
| <b>Accumulated Depr. &amp; Amortization:</b>   |                      |   |            |           |             |               |                 |             |           |                 |
| 3200   | - PHFU               |   |            |           |             |               |                 |             |           |                 |
| 3300   | - Nonoperating       | 66,289  | 2,672      |           |             |               |                 |             |           | 68,961          |
| 3410   | - Capital Lease      |   |            |           |             |               |                 |             |           |                 |
| 3420   | - Leasehold Improve. |   |            |           |             |               |                 |             |           |                 |
| 3500   | - Intangibles        |   |            |           |             |               |                 |             |           |                 |
| 3600   | - Other              | 8,054   | 6,992      |           |             |               |                 | 3,326       |           | 18,372          |
|  | <i>Subtotal</i>      | 74,343  | 9,664      | 0         | 0           | 0             | 0               | 3,326       | 0         | 87,333          |
|  | <b>Grand Total</b>   | 16,874,985  | 2,468,514  | (114,555) | 585,813     | 0             | 2,993           | 3,326       | 0         | 18,643,464      |
| <p><b>Note: * The grand total of beginning and ending balances plus jointly used plant allocated to nonregulated, if any, must agree to the subtotal of Depreciation &amp; Amortization in Schedule B-1, Balance Sheet.</b></p> <p><b>** The grand total of accruals plus jointly used plant allocated to nonregulated, if any, must agree with the total Depreciation &amp; Amortization Expense in Schedule I-1, Income Statement.</b></p> |                      |   |            |           |             |               |                 |             |           |                 |



Florida Only

**Annual Status Report  
Analysis of Plant in Service Accounts  
Schedule B-3**

Company: **FRONTIER COMMUNICATIONS OF THE SOUTH, INC.**  
For the Year Ended December 31, 1997

Page 1 of 3

| Acct. No.  | Account Description          | Depr. Rate | Beginning Balance* | Additions | Retirements | Reclass. | Adjustments | Transfers | Ending Balance* |
|--|------------------------------|------------|--------------------|-----------|-------------|----------|-------------|-----------|-----------------|
| 2111   | Land                         |            | 21,129             |           |             |          |             |           | 21,129          |
| <b>Amortizable General Support Assets:</b>   |                              |            |                    |           |             |          |             |           |                 |
| 2116   | Other Work Equipment         | 7 yrs      | 0                  |           |             |          |             |           | 0               |
| 2122   | Furniture                    | 10 yrs     | 3,203              |           |             |          |             |           | 3,203           |
| 2123   | Office Support Equipment     | 7 yrs      | 0                  |           |             |          |             |           | 0               |
| 2123   | Company Communications       | 5 yrs      | 1,005              |           |             |          |             |           | 1,005           |
| 2124   | General Purpose Computer     | 5 yrs      | 0                  |           |             |          |             |           | 0               |
| <b>Depreciable Assets:</b> This schedule should identify each account/subaccount for which a separate depreciation rate has been approved by the FPSC. |                              |            |                    |           |             |          |             |           |                 |
| 2112   | Motor Vehicles               |            | 0                  |           |             |          |             |           | 0               |
| 2121   | Buildings                    | 2.9        | 148,483            |           |             |          |             |           | 148,483         |
|  | Total Land & Support Assets  |            | 173,820            | 0         | 0           | 0        | 0           | 0         | 173,820         |
| <b>Central Office Assets:</b>  |                              |            |                    |           |             |          |             |           |                 |
| 2212   | Digital Electronic Switch    | 6.6        | 2,265,415          | 26,071    |             |          |             |           | 2,291,486       |
| 2215   | Elec. Mechanical Switch      |            | 0                  |           |             |          |             |           | 0               |
| 2220   | Operator Systems             |            | 0                  |           |             |          |             |           | 0               |
| 2231   | Radio Systems                |            | 0                  |           |             |          |             |           | 0               |
| 2232   | Circuit Equipment            | 8.5        | 18,096             | 325,566   |             |          |             |           | 343,662         |
| 2232   | Fiber Circuit Equipment      | 5.0        | 30,266             |           |             |          |             |           | 30,266          |
|  | Total Central Office Assets  |            | 2,313,777          | 351,637   | 0           | 0        | 0           | 0         | 2,665,414       |
| <b>Info. Orig/Term Assets:</b>   |                              |            |                    |           |             |          |             |           |                 |
| 2321   | Customer Premise Wiring      | (A)        |                    |           |             |          |             |           |                 |
| 2351   | Public Telephone Equipment   | 10.0       | 25,385             |           |             | (25,385) |             |           | 0               |
|  | Total Info. Orig/Term Assets |            | 25,385             | 0         | 0           | (25,385) | 0           | 0         | 0               |

Florida Only

**Annual Status Report  
Analysis of Plant in Service Accounts  
Schedule B-3**

Company: **FRONTIER COMMUNICATIONS OF THE SOUTH, INC.**  
For the Year Ended December 31, 1997

Page 2 of 3

| Acct. No.                        | Account Description                    | Depr. Rate | Beginning Balance* | Additions      | Retirements   | Reclass. | Adjustments | Transfers | Ending Balance*  |
|----------------------------------|--|------------|--------------------|----------------|---------------|----------|-------------|-----------|------------------|
| <b>(Continued)</b>               |  |            |                    |                |               |          |             |           |                  |
| <b>Cable and Wire Facilities</b> |  |            |                    |                |               |          |             |           |                  |
| 2411                             | Poles                                  |            | 0                  |                |               |          |             |           | 0                |
| 2421                             | Aerial Cable Metallic                  |            | 0                  |                |               |          |             |           | 0                |
| 2421                             | Aerial Cable Fiber                     |            | 0                  |                |               |          |             |           | 0                |
| 2422                             | Underground Cable Metallic             | 5.9        | 1,612              |                |               |          |             |           | 1,612            |
| 2422                             | Underground Cable Fiber                | 5.3        | 2,692              |                |               |          |             |           | 2,692            |
| 2423                             | Buried Metallic Cable                  | 5.5        | 4,853,905          | 162,172        | 23,584        |          |             |           | 4,992,493        |
| 2423                             | Buried Fiber Cable                     | 5.0        | 800,723            |                |               |          |             |           | 800,723          |
| 2423                             | Buried Cable Terminal                  |            | 499,605            | 51,865         |               |          |             |           | 551,470          |
| 2423                             | Buried Air Cove Cable                  | 10.0       | 0                  |                |               |          |             |           | 0                |
| 2441                             | Conduit Systems                        | 1.7        | 1,710              |                |               |          |             |           | 1,710            |
|                                  | <b>Total Cable and Wire Facilities</b> |            | <b>6,160,247</b>   | <b>214,037</b> | <b>23,584</b> | <b>0</b> | <b>0</b>    | <b>0</b>  | <b>6,350,700</b> |

Florida Only

**Annual Status Report  
Analysis of Plant in Service Accounts  
Schedule B-3**

Company: **FRONTIER COMMUNICATIONS OF THE SOUTH, INC.**  
For the Year Ended December 31, 1997

| Acct. No.   | Account Description | Depr. Rate | Beginning Balance* | Additions | Retirements | Reclass. | Adjustments | Transfers | Ending Balance* |
|---|---------------------|------------|--------------------|-----------|-------------|----------|-------------|-----------|-----------------|
| (Continued)   |                     |            |                    |           |             |          |             |           |                 |
| Capital Recovery Schedules:   |                     |            |                    |           |             |          |             |           |                 |
| Jointly Used Plant Allocated to Nonregulated  |                     |            | ( )                | ( )       | ( )         | ( )      | ( )         | ( )       | ( )             |
| <i>Amortizable Assets:</i>  |                     |            |                    |           |             |          |             |           |                 |
| 2681  | Capital Leases      |            |                    |           |             |          |             |           |                 |
| 2682  | Leasehold Improve.  |            |                    |           |             |          |             |           |                 |
| 2690  | Intangibles         |            |                    |           |             |          |             |           |                 |
| <b>Total Balances</b>   |                     |            | 8,673,229          | 565,674   | 23,584      | (25,385) | 0           | 0         | 9,189,934       |
| <b>Note: * The total beginning and ending balances plus jointly used plant allocated to nonregulated, if any, must agree to acct. 2001, Plant in Service, in Schedule B-1, Balance Sheet.</b> |                     |            |                    |           |             |          |             |           |                 |



Florida Only

**Annual Status Report**  
**Analysis of Entries in Accumulated Depreciation & Amortization**  
**Schedule B-4**

Company: **FRONTIER COMMUNICATIONS OF THE SOUTH, INC.**  
 For the Year Ended December 31, 1997

Page 2 of 3

| Acct. No.                         | Account Description             | Beginning Balance* | Accruals** | Reclass. | Retirements | Gross Salvage | Cost of Removal | Adjustments | Transfers | Ending Balance* |
|-----------------------------------|---------------------------------|--------------------|------------|----------|-------------|---------------|-----------------|-------------|-----------|-----------------|
| <b>(Continued)</b>                |                                 |                    |            |          |             |               |                 |             |           |                 |
| <b>Cable and Wire Facilities:</b> |                                 |                    |            |          |             |               |                 |             |           |                 |
|                                   | 2411 Poles                      | 0                  |            |          |             |               |                 |             |           | 0               |
|                                   | 2421 Aerial Cable Metallic      | 0                  |            |          |             |               |                 |             |           | 0               |
|                                   | 2421 Aerial Cable Fiber         | 0                  |            |          |             |               |                 |             |           | 0               |
|                                   | 2422 Underground Cable Metallic | 967                | 93         |          |             |               |                 |             |           | 1,060           |
|                                   | 2422 Underground Cable Fiber    | 994                | 137        |          |             |               |                 |             |           | 1,131           |
|                                   | 2423 Buried Metallic Cable      | 2,920,021          | 272,647    |          | 23,584      |               | 451             |             |           | 3,168,633       |
|                                   | 2423 Buried Fiber Cable         | 292,299            | 37,634     |          |             |               |                 |             |           | 329,933         |
|                                   | 2423 Buried Cable Terminal      | 0                  |            |          |             |               |                 |             |           | 0               |
|                                   | 2423 Buried Aire Core Cable     | 0                  |            |          |             |               |                 |             |           | 0               |
|                                   | 2441 Conduit Systems            | 771                | 29         |          |             |               |                 |             |           | 800             |
|                                   | Total Cable & Wire Facilities   | 3,215,052          | 310,540    | 0        | 23,584      | 0             | 451             | 0           | 0         | 3,501,557       |

Florida Only

**Annual Status Report**  
**Analysis of Entries in Accumulated Depreciation & Amortization**  
**Schedule B-4**

Company: **FRONTIER COMMUNICATIONS OF THE SOUTH, INC.**  
 For the Year Ended December 31, 1997

Page 3 of 3

| Acct. No.   | Account Description  | Beginning Balance*  | Accruals** | Reclass. | Retirements | Gross Salvage | Cost of Removal | Adjustments | Transfers | Ending Balance* |
|---|----------------------|---|------------|----------|-------------|---------------|-----------------|-------------|-----------|-----------------|
| (Continued)   |                      |   |            |          |             |               |                 |             |           |                 |
| <b>Capital Recovery Schedules:</b>  |                      | <b>This schedule should identify each approved capital recovery schedule.</b> |            |          |             |               |                 |             |           |                 |
|   | <i>Subtotal</i>      | 4,111,682   | 546,392    | (14,977) | 23,584      | 0             | 451             | 0           | 0         | 4,619,062       |
| <b>Reserve for Jointly Used Plant allocated to Nonregulated</b>   |                      | (   | ( )        |          |             |               |                 |             |           | (               |
| <b>Accumulated Depr. &amp; Amortization:</b>  |                      |   |            |          |             |               |                 |             |           |                 |
| 3200  | - PHFU               |   |            |          |             |               |                 |             |           |                 |
| 3300  | - Nonoperating       |   |            |          |             |               |                 |             |           | 0               |
| 3410  | - Capital Lease      |   |            |          |             |               |                 |             |           |                 |
| 3420  | - Leasehold Improve. |   |            |          |             |               |                 |             |           |                 |
| 3500  | - Intangibles        |   |            |          |             |               |                 |             |           |                 |
| 3600  | - Other              | 0   | 10,318     |          |             |               |                 | -10318      |           | 0               |
|   | <i>Subtotal</i>      | 0   | 10,318     | 0        | 0           | 0             | 0               | (10,318)    | 0         | 0               |
|   | <b>Grand Total</b>   | 4,111,682   | 556,710    | (14,977) | 23,584      | 0             | 451             | (10,318)    | 0         | 4,619,062       |
| <p><b>Note:</b> * The grand total of beginning and ending balances plus jointly used plant allocated to nonregulated, if any, must agree to the subtotal of Depreciation &amp; Amortization in Schedule B-1, Balance Sheet.</p> <p>** The grand total of accruals plus jointly used plant allocated to nonregulated, if any, must agree with the total Depreciation &amp; Amortization Expense in Schedule I-1, Income Statement.</p> |                      |   |            |          |             |               |                 |             |           |                 |

**Deferred Charges (Account 1439)**

**Schedule B-5**

**Company: FRONTIER COMMUNICATIONS OF THE SOUTH, INC.**

**For the Year Ended December 31, 1997**

| Description of Items                   | Amount at<br>Year End |
|--|-----------------------|
| Account 1439 - List five largest items | \$                    |
| Miscellaneous Deferred Items           | 185,272               |
| Aggregate of All Other Items           |                       |
| <b>Total</b>                           | <b>\$185,272</b>      |

**Accounts Payable (Account 4010)**

**Schedule B-6**

| Name of Creditor                                 | Beg.<br>Balance  | Activity During Year |                    |                    |
|--|------------------|----------------------|--------------------|--------------------|
|  |                  | Gross<br>Debits      | Gross<br>Credits   | Ending<br>Balance  |
| Payable to Affiliates                            | \$               | \$                   | \$                 | \$                 |
| Other Affiliates                                 | 0                | 0                    | 0                  | 0                  |
| Affiliated Inventory Transfer                    | 0                | 0                    | 0                  | 0                  |
| Frontier Information Technologies, Inc.          | 0                | 1,554,943            | 1,626,673          | 71,730             |
| Affiliated Price Caps Support                    | 0                | 0                    | 0                  | 0                  |
| Frontier Corporation                             | 809,658          | 1,443,365            | 967,065            | 333,358            |
| Frontier Communications of Lamar County, Inc.    | 631              | 15,268               | 14,637             | 0                  |
| Frontier Communications of Alabama, Inc.         | 30,423           | 187,549              | 172,829            | 15,703             |
| Montel Comm.                                     | 0                | 0                    | 0                  | 0                  |
| Frontier Communications of Georgia, Inc.         | 14,730           | 91,683               | 77,823             | 870                |
| Frontier Communications of Mississippi, Inc.     | 1,349            | 4,635                | 3,286              | 0                  |
| Frontier Communications of Pennsylvania, Inc.    | 0                | 0                    | 0                  | 0                  |
| Frontier Information Services                    | 4,111            | 126,999              | 139,057            | 16,169             |
| Frontier Communications of Minnesota, Inc.       | 38,361           | 1,617,875            | 1,623,258          | 43,744             |
| Frontier Communications of New York, Inc.        | 0                | 21,464               | 27,673             | 6,209              |
| Rochester Telephone Corp.                        | 55,386           | 445,740              | 421,139            | 30,785             |
| Frontier Communications, International-Telecard  | 0                | 729                  | 1,081              | 352                |
| <b>Total</b>                                     | <b>\$954,649</b> | <b>\$5,510,250</b>   | <b>\$5,074,521</b> | <b>\$518,920</b>   |
| Other Accounts Payable (List Ten Largest Items.) |                  |                      |                    | \$                 |
| OSP Carriers                                     |                  |                      |                    | 0                  |
| AT&T   |                  |                      |                    | 330,671            |
| Touch One  |                  |                      |                    | 39,768             |
| South Central Bell                               |                  |                      |                    | 0                  |
| Southern Bell                                    |                  |                      |                    | 0                  |
| E-911 Fees                                       |                  |                      |                    | 18,598             |
| Federal Excise Tax                               |                  |                      |                    | 22,875             |
| BellSouth  |                  |                      |                    | 73,023             |
| Aggregate of All Other Items                     |                  |                      |                    | 1,390,967          |
| <b>Total</b>                                     |                  |                      |                    | <b>\$2,394,822</b> |

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

**Schedule B-7**

**Company: FRONTIER COMMUNICATIONS OF THE SOUTH, INC.**

**For the Year Ended December 31, 1997**

| 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 |
|---------------------------|-----------------------|------------------|----------------|-------------------------|--------------------------------------|------------------------------------|-------------|---------------------------|
| See attached schedule     |                       |                  | \$ 427,872     | \$ 9,283,471            | \$                                   | \$                                 |             | \$                        |
| Unamortized Debt Issuance |                       |                  |                |                         |                                      | 0                                  |             |                           |
| <b>Total</b>              |                       |                  | <b>427,872</b> | <b>9,283,471</b>        | <b>0</b>                             | <b>0</b>                           |             | <b>0</b>                  |



FRONTIER COMMUNICATIONS OF THE SOUTH INC  
LONG TERM DEBT SCHEDULE & FUTURE DEBT MATURITIES  
12/31/97

| DESCRIPTION                  | %   | DUE DATE | OUTSTANDING<br>BALANCE '97 |                    | 1998             | 1999             | 2000             | 2001             | 2002             | THEREAFTER         |
|------------------------------|-----|----------|----------------------------|--------------------|------------------|------------------|------------------|------------------|------------------|--------------------|
| REA 2060                     | 2   | 1999     | \$7,380                    |                    | \$4,935          | \$2,445          |                  |                  |                  |                    |
| REA 2070/71                  | 2   | 2000     | \$56,746                   |                    | \$20,538         | \$20,952         | \$15,256         |                  |                  |                    |
| REA 2080/81                  | 2   | 2003     | \$512,318                  |                    | \$85,133         | \$86,848         | \$88,579         | \$90,371         | \$92,204         | \$69,183           |
| REA 2110                     | 2   | 1996     | \$0                        |                    |                  |                  |                  |                  |                  |                    |
| REA 2130                     | 2   | 2006     | \$440,869                  | \$1,017,313        | \$46,653         | \$47,594         | \$48,533         | \$49,516         | \$50,529         | \$198,044          |
| REA 12140                    | 5   | 2018     | \$554,331                  |                    | \$15,501         | \$16,295         | \$17,054         | \$17,928         | \$18,922         | \$468,631          |
| REA 12141                    | 5   | 2018     | \$592,087                  | \$1,146,417        | \$16,485         | \$17,329         | \$18,135         | \$19,051         | \$20,122         | \$500,964          |
| <b>TOTAL REA</b>             |     |          | <b>\$2,163,730</b>         | <b>\$2,163,730</b> | <b>\$189,245</b> | <b>\$191,463</b> | <b>\$187,557</b> | <b>\$176,866</b> | <b>\$181,777</b> | <b>\$1,236,823</b> |
| RTB S010                     | 6   | 2008     | \$1,138,451                | \$1,138,451        | \$77,721         | \$82,490         | \$87,390         | \$92,659         | \$98,616         | \$699,575          |
| RTB S030                     | 6.5 | 2012     | \$1,682,184                |                    | \$70,468         | \$75,161         | \$79,888         | \$85,133         | \$91,181         | \$1,280,352        |
| RTB S031                     | 6.5 | 2013     | \$542,665                  | \$2,224,849        | \$22,116         | \$23,589         | \$25,070         | \$26,710         | \$28,617         | \$416,563          |
| RTB S050                     | 7.5 | 2022     | \$3,300,783                |                    | \$49,217         | \$53,037         | \$56,456         | \$60,720         | \$66,315         | \$3,015,038        |
| RTB S051                     | 7.5 | 2022     | \$883,529                  | \$4,184,312        | \$19,105         | \$20,588         | \$22,002         | \$23,726         | \$25,749         | \$772,360          |
| <b>TOTAL RTB</b>             |     |          | <b>\$7,547,613</b>         | <b>\$7,547,613</b> | <b>\$238,627</b> | <b>\$254,865</b> | <b>\$270,806</b> | <b>\$288,948</b> | <b>\$310,479</b> | <b>\$6,183,888</b> |
| <b>TOTAL LONG TERM DEBT</b>  |     |          | <b>\$9,711,343</b>         | <b>\$9,711,343</b> | <b>\$427,872</b> | <b>\$446,328</b> | <b>\$458,363</b> | <b>\$465,814</b> | <b>\$492,255</b> | <b>\$7,420,711</b> |
| <b>LESS: CURRENT PORTION</b> |     |          | <b>(\$427,872)</b>         |                    |                  |                  |                  |                  |                  |                    |
| <b>LONG TERM PORTION</b>     |     |          | <b>\$9,283,470.94</b>      |                    |                  |                  |                  |                  |                  |                    |

**Net Deferred Operating Income Taxes (Accts 4100 & 4340)**

**Schedule B-8**

**Company: FRONTIER COMMUNICATIONS OF THE SOUTH, INC.**

**For the Year Ended December 31, 1997**

| Particulars  | Acct.<br>No. | Beginning<br>Balance | Current<br>Year<br>Accrual | Current<br>Year<br>Amort. | Adjust<br>Dr/Cr | Ending<br>Balance |
|--|--------------|----------------------|----------------------------|---------------------------|-----------------|-------------------|
| <b>Property Related:</b>                                   |              | \$                   | \$                         | \$                        | \$              | \$                |
| Net Current Op Inc Taxes(Acct 4100)                        |              |                      |                            |                           |                 |                   |
| Provision for Def Op Inc Taxes-Net<br>Federal Income Taxes |              |                      |                            |                           |                 |                   |
| State and Local Income Taxes                               |              |                      |                            |                           |                 |                   |
| <b>Total Net Current Op Inc Taxes</b>                      |              | \$                   | \$                         | \$                        | \$              | \$                |
| Net Noncurr Op Inc Taxes(Acct 4340)                        |              |                      |                            |                           |                 |                   |
| Provision for Def Op Inc Taxes-Net<br>Federal Income Taxes |              | 2,188,243            | 64,389                     |                           |                 | 2,123,854         |
| State and Local Income Taxes                               |              | 108,985              |                            | 219,044                   |                 | 328,029           |
| <b>Total Net Noncurr Op IT</b>                             |              | \$2,297,228          | \$64,389                   | \$219,044                 | \$0             | \$2,451,883       |
| <b>Total Property Related Def Op Inc Taxes</b>             |              | \$                   | \$                         | \$                        | \$              | \$                |
| <b>Nonproperty Related:</b>                                |              |                      |                            |                           |                 |                   |
| Net Curr Operating Inc Taxes(Acct 4100)                    |              |                      |                            |                           |                 |                   |
| Provision for Def Op Inc Taxes-Net<br>Federal Income Taxes |              |                      |                            |                           |                 |                   |
| State and Local Income Taxes                               |              |                      |                            |                           |                 |                   |
| <b>Total Net Current Op Inc Taxes</b>                      |              | \$                   | \$                         | \$                        | \$              | \$                |
| Net Noncurr Op Inc Taxes(Acct 4340)                        |              |                      |                            |                           |                 |                   |
| Provision for Def Op Inc Taxes-Net<br>Federal Income Taxes |              |                      |                            |                           |                 |                   |
| State and Local Income Taxes                               |              |                      |                            |                           |                 |                   |
| <b>Total Net Noncurr Op Inc Taxes</b>                      |              | \$                   | \$                         | \$                        | \$              | \$                |
| <b>Total Nonproperty Related Def Op Inc Taxes</b>          |              | \$                   | \$                         | \$                        | \$              | \$                |

**Other Deferred Credits (Account 4360)**  
**Schedule B-9**

**Company: FRONTIER COMMUNICATIONS OF THE SOUTH, INC.**  
**For the Year Ended December 31, 1997**

| Description of Items                  | Amount at Year End |
|---------------------------------------|--------------------|
| Account 4360 - List ten largest items |                    |
| Price Caps                            | \$0                |
| Deferred Tax reg Liability            | \$60,012           |
| Aggregate of All Other Items          |                    |
| <b>Total</b>                          | <b>\$60,012</b>    |

**Funded Debt Reacquired or Retired During the Year**  
**Schedule B-10**

**Company: FRONTIER COMMUNICATIONS OF THE SOUTH, INC.**  
**For the Year Ended December 31, 1997**

| Description of Security | Reacquired During Year                      |  | Retired During Year Book/Face Amount | Effective Date of Call (if any) | Unamortized Discount or (Premium) Acct & Amt |
|-------------------------|---|--|--------------------------------------|---------------------------------|--|
|                         | Reacquisition Cost Per \$100 of Debt        | Book/Face Amount                       |                                      |                                 |  |
| None                    |   |  |                                      |                                 |  |
| Description of Security | Redemption Premium or (Discount) Acct & Amt | Reacquisition or Redemp Exp Acct & Amt | Remarks                              |                                 |  |
| None                    |   |  |                                      |                                 |  |

**Total Company**

**INCOME STATEMENT  
SCHEDULE I-1**

**Company: FRONTIER COMMUNICATIONS OF THE SOUTH, INC.**

**For the year ended December 31, 1997**

**Page 1 of 4**

| Ref.<br>Sch. | Account<br>No. | Accounts                        | Amounts (\$) |      | Total Company<br>Prior Year |
|--------------|----------------|---------------------------------|--------------|------|-----------------------------|
|              |                |                                 | Current Year |      |                             |
|              |                |                                 | Year         | Year |                             |
|              |                | <b>OPERATING REVENUES</b>       |              |      |                             |
|              | 5001           | Basic Area                      | 2,906,549    |      | 2,544,328                   |
|              | 5002           | Extended Area                   | 0            |      | 0                           |
|              | 5003           | Cellular Mobile                 | 0            |      | 0                           |
|              | 5004           | Other Mobile Service            | 23,870       |      | 26,659                      |
|              | 5010           | Public Telephone                | 11,433       |      | 37,549                      |
|              | 5040           | Local Private Line              | 30,481       |      | 28,526                      |
|              | 5050           | Customer Premises               | 286,979      |      | 291,935                     |
|              | 5060           | Other Local Exchange            | 1,610,918    |      | 1,463,544                   |
|              | 5069           | Other Local Ex. Settlements     | 0            |      | 0                           |
|              |                | <b>Total Local Net. Service</b> | 4,870,230    |      | 4,392,541                   |
|              | 5081           | End User                        | 743,414      |      | 676,957                     |
|              | 5082           | Switched Access                 | 2,339,826    |      | 2,201,088                   |
|              | 5083           | Special Access                  | 372,920      |      | 288,642                     |
|              | 5084           | State Access                    | 2,804,054    |      | 2,589,834                   |
|              |                | <b>Total Network Access</b>     | 6,260,214    |      | 5,756,521                   |
|              | 5100           | Long Distance Message           | 969,482      |      | 1,028,209                   |
|              | 5111           | Long Distance Inward            | 0            |      | 0                           |
|              | 5112           | Long Distance Outward           | 0            |      | 0                           |
|              | 5121           | Subvoice Grade LD Private Net.  | 85,348       |      | 57,836                      |
|              | 5122           | Voice Program Grade LD          | 0            |      | 0                           |
|              | 5123           | Audio Program Grade LD          | 0            |      | 0                           |
|              | 5124           | Video Program Grade LD          | 0            |      | 0                           |
|              | 5125           | Digital Transmission LD         | 0            |      | 0                           |
|              | 5126           | LD Private Network Switching    | 0            |      | 0                           |
|              | 5128           | Other LD Private Network        | 0            |      | 0                           |
|              | 5129           | Other LD Private Net. Settle.   | 0            |      | 0                           |
|              | 5160           | Other LD Revenue                | 0            |      | 0                           |
|              | 5169           | Other LD Revenue Settle.        | 7,430        |      | 57,535                      |
|              |                | <b>Total LD Network</b>         | 1,062,260    |      | 1,143,580                   |
|              | 5230           | Directory                       | 252,493      |      | 208,917                     |
|              | 5240           | Rent                            | 36,402       |      | 25,785                      |
|              | 5250           | Corporate Operations            | 0            |      | 0                           |
|              | 5261           | Special Billing Arrangement     | 0            |      | 0                           |
|              | 5262           | Customer Operations             | 0            |      | 0                           |
|              | 5263           | Plant Operations                | 0            |      | 0                           |
|              | 5264           | Other Incidental Regulated Rev. | 68,497       |      | 55,187                      |
|              | 5269           | Other Revenue Settle.           | 10,449       |      | 5,653                       |
|              | 5270           | Interstate Billing & Collection | 220,051      |      | 250,019                     |
|              |                | Intrastate Billing & Collection | 382,564      |      | 301,976                     |
|              | 5301           | Uncollectible Revenue-Tele.     | (126,657)    |      | (255,984)                   |
|              | 5302           | Uncollectible Revenue-Other     | 0            |      | 0                           |
|              |                | <b>Total Miscellaneous</b>      | 843,799      |      | 591,553                     |
|              |                | <b>TOTAL OPERATING REVENUES</b> | 13,036,503   |      | 11,884,195                  |

**Total Company**

**INCOME STATEMENT**

**SCHEDULE I-1**

**Company: FRONTIER COMMUNICATIONS OF THE SOUTH, INC.**

**For the year ended December 31, 1997**

**Page 2 of 4**

| Acct. No.                  | Account                       | Salaries & Wages | Benefits | Rents  | Other Expenses | Current Year Total | Prior Year Total |
|----------------------------|-------------------------------|------------------|----------|--------|----------------|--------------------|------------------|
| <b>Plant Specific Exp.</b> |                               |                  |          |        |                |                    |                  |
| 6112                       | Motor Vehicle                 |                  |          |        |                | 0                  | 6                |
| 6113                       | Aircraft                      |                  |          |        | 6,428          | 6,428              | 5,867            |
| 6114                       | Vehicle                       |                  |          |        |                | 0                  | 0                |
| 6115                       | Garage Work Equip.            |                  |          |        |                | 0                  | 0                |
| 6116                       | Other Work Equip.             |                  |          |        |                | 0                  | 0                |
|                            | <b>Total Network Support</b>  |                  |          |        | 6,428          | 6,428              | 5,873            |
| 6121                       | Land & Building               | 43,566           | 12,940   | 1,036  | 142,962        | 200,504            | 194,047          |
| 6122                       | Furniture & Artwork           |                  |          |        | 4              | 4                  | 927              |
| 6123                       | Office Equip.                 |                  |          |        | 7,073          | 7,073              | 1,654            |
| 6124                       | Gen. Purpose Computer         |                  |          |        | 328,421        | 328,421            | 306,212          |
|                            | <b>Total General Support</b>  | 43,566           | 12,940   | 1,036  | 478,460        | 536,002            | 502,840          |
| 6211                       | Analog Electronic             |                  |          |        |                | 0                  | 0                |
| 6212                       | Digital Electronic            | 94,859           | 27,077   | 8,847  | 54,197         | 184,980            | 174,800          |
| 6215                       | Electro-mechanical            |                  |          |        |                | 0                  | 0                |
|                            | <b>Total CO Switching</b>     | 94,859           | 27,077   | 8,847  | 54,197         | 184,980            | 174,800          |
| 6220                       | Operator Systems              |                  |          |        |                | 0                  | 0                |
| 6231                       | Radio Systems                 | 34,156           | 10,051   | 3,391  | 8,063          | 55,661             | 47,639           |
| 6232                       | Circuit Equip.                | 18,590           | 5,561    | 1,880  | 51,610         | 77,641             | 100,428          |
|                            | <b>Total Circuit Equip.</b>   | 52,746           | 15,612   | 5,271  | 59,673         | 133,302            | 148,067          |
| 6311                       | Station Apparatus             |                  |          |        |                | 0                  | 0                |
| 6341                       | Large PBX                     |                  |          |        |                | 0                  | 0                |
| 6351                       | Public Tele. Terminal         | 5,181            | 2,443    | 984    | 9,616          | 18,224             | 21,573           |
| 6362                       | Other Terminal Equip.         |                  |          |        |                | 0                  | 0                |
|                            | <b>Total Info. Orig/Term</b>  | 5,181            | 2,443    | 984    | 9,616          | 18,224             | 21,573           |
| 6411                       | Poles                         | 404              | 116      | 242    | 52             | 814                | 4,275            |
| 6421                       | Aerial Cable                  | 1,237            | 377      | 143    | 5,205          | 6,962              | 11,520           |
| 6422                       | Underground Cable             | 37,061           | 10,748   | 3,885  | 13,799         | 65,493             | 60,948           |
| 6423                       | Buried Cable                  | 311,653          | 90,346   | 30,676 | 216,101        | 648,776            | 524,634          |
| 6424                       | Submarine Cable               |                  |          |        |                | 0                  | 0                |
| 6425                       | Deep Sea Cable                |                  |          |        |                | 0                  | 0                |
| 6426                       | Intrabuilding Network         |                  |          |        |                | 0                  | 0                |
| 6431                       | Aerial Wire                   |                  |          |        |                | 0                  | 0                |
| 6441                       | Conduit Systems               | 642              | 203      | 61     | 210            | 1,116              | 442              |
| 6499                       | Outside Plt. Nonprod - Other  |                  |          |        |                | 0                  | 13,493           |
|                            | <b>Total Cable &amp; Wire</b> | 350,997          | 101,790  | 35,007 | 235,367        | 723,161            | 615,312          |
|                            | <b>Total Plant Specific</b>   | 547,349          | 159,862  | 51,145 | 843,741        | 1,602,097          | 1,468,465        |
| 6510                       | Other Property Plt            |                  |          |        | 1              | 1                  | 2                |
| 6531                       | Power                         |                  |          |        | 81,145         | 81,145             | 85,678           |
| 6532                       | Network Admin.                |                  |          |        | 1,591          | 1,591              | 1,910            |
| 6533                       | Testing                       | 16,267           | 4,849    |        | 155,250        | 176,366            | 195,204          |
| 6534                       | Plant Op. Admin.              | 66,081           | 19,541   | 1,091  | 12,277         | 98,990             | 108,537          |
| 6535                       | Engineering                   | 23,945           | 7,215    |        | 13,731         | 44,891             | 81,447           |
|                            | <b>Total Network Op.</b>      | 106,293          | 31,605   | 1,091  | 263,995        | 402,984            | 472,778          |

**Total Company**

**INCOME STATEMENT**

**SCHEDULE I-1**

**Company: FRONTIER COMMUNICATIONS OF THE SOUTH, INC.**

**For the year ended December 31, 1997**

**Page 3 of 4**

| Acct. No. | Account                         | Salaries & Wages | Benefits | Rents  | Other Expenses | Current Year Total | Prior Year Total |
|-----------|---------------------------------|------------------|----------|--------|----------------|--------------------|------------------|
| 6540      | Access                          |                  |          |        | 126,491        | 126,491            | 149,916          |
| 6561      | Depreciation - TPIS             |                  |          |        | 2,468,514      | 2,468,514          | 2,304,805        |
| 6562      | Depreciation - PHFU             |                  |          |        |                | 0                  | 0                |
| 6563      | Amortization - Tangible         |                  |          |        | 4,847          | 4,847              | 5,327            |
| 6564      | Amortization - Intang.          |                  |          |        | 941            | 941                | 901              |
| 6565      | Amortization - Other            |                  |          |        |                |                    |                  |
|           | <b>Total Depr. &amp; Amort.</b> |                  |          |        | 2,474,302      | 2,474,302          | 2,311,033        |
|           | <b>Total Plt Nonspecific</b>    | 106,293          | 31,605   | 1,091  | 2,864,788      | 3,003,777          | 2,933,727        |
|           | <b>Customer Operations</b>      |                  |          |        |                |                    |                  |
| 6611      | Product Management              | 507              | 146      |        | 12,075         | 12,728             | 31,552           |
| 6612      | Sales                           | 49,294           | 2,131    |        | 38,116         | 89,541             | 160,109          |
| 6613      | Product Advertising             |                  |          |        | 21,076         | 21,076             | 24,504           |
|           | <b>Total Marketing</b>          | 49,801           | 2,277    |        | 71,267         | 123,345            | 216,165          |
| 6621      | Call Completion                 |                  |          |        |                | 0                  | 0                |
| 6622      | Number Service                  |                  |          |        | 221,109        | 221,109            | 158,655          |
| 6623      | Customer Service                | 43,558           | 10,421   |        | 979,003        | 1,032,982          | 1,258,363        |
|           | <b>Total Services</b>           | 43,558           | 10,421   |        | 1,200,112      | 1,254,091          | 1,417,018        |
|           | <b>Total Customer Op</b>        | 93,359           | 12,698   |        | 1,271,379      | 1,377,436          | 1,633,183        |
|           | <b>Corporate Operations</b>     |                  |          |        |                |                    |                  |
| 6711      | Executive                       | 19,229           | 5,544    |        | 267,512        | 292,285            | 147,701          |
| 6712      | Planning                        |                  |          |        | 4,736          | 4,736              | 8,279            |
| 6721      | Accounting/Finance              | 1,580            | 469      |        | 137,544        | 139,593            | 404,401          |
| 6722      | External Relations              |                  |          |        | 39,479         | 39,479             | 86,373           |
| 6723      | Human Resources                 |                  |          |        | 62,561         | 62,561             | 114,333          |
| 6724      | Info. Management                |                  |          |        | 232,118        | 232,118            | 218,048          |
| 6725      | Legal                           |                  |          |        | 75,792         | 75,792             | 92,275           |
| 6726      | Procurement                     | 1,408            | 402      |        | 26,485         | 28,295             | 34,252           |
| 6727      | Research/Development            |                  |          |        |                | 0                  | 0                |
| 6728      | Other Gen. & Admin.             | 1,281            | 380      |        | 248,819        | 250,480            | 140,919          |
|           | <b>Total Corporate Op</b>       | 23,498           | 6,795    |        | 1,095,046      | 1,125,339          | 1,246,581        |
|           | <b>TOTAL OPERATING EXP</b>      | 770,499          | 210,960  | 52,236 | 6,074,954      | 7,108,649          | 7,281,956        |

| Ref. Sch. | Account No. | Accounts                                  | Amounts (\$) |            |
|-----------|-------------|---|--------------|------------|
|           |             |   | Current Year | Prior Year |
|           | 7110        | Income from Custom Work                   | 0            | 0          |
|           | 7130        | Return from Nonreg. Use of Reg. Fac.      | 0            | 0          |
|           | 7140        | Gain/Loss from Foreign Exchange           | 0            | 0          |
|           | 7150        | Gain/Loss from Disp. of Land/Artwork      | 0            | 0          |
|           | 7160        | Other Operating Gains and Losses          | 0            | 0          |
|           |             | <b>Other Op. Inc. &amp; Expenses</b>      | 0            | 0          |
|           | 7210        | Operating ITC                             | (36,000)     | (36,000)   |
|           | 7220        | Operating Federal Income Taxes            | 1,875,723    | 1,510,657  |
|           | 7230        | Operating State & Local Income Taxes      | 46,017       | 174,043    |
| I-2       | 7240        | Other Operating Taxes                     | 362,327      | 342,359    |
|           | 7250        | Provision for Deferred Op. Taxes-Net      | 142,704      | (185,098)  |
|           |             | <b>Total Operating Taxes</b>              | 2,390,771    | 1,805,961  |
|           |             | <b>Net Operating Income</b>               | 3,537,083    | 2,796,278  |
|           | 7310        | Dividend Income                           | 75           | 0          |
|           | 7320        | Interest Income                           | 269,476      | 260,838    |
|           | 7330        | Income from Sinking & Other Funds         | 0            | 0          |
|           | 7340        | Allow. for Funds Used During Const.       | 29,577       | 12,882     |
|           | 7350        | Gain/Loss from the Disp. of Property      | 0            | 0          |
|           | 7360        | Other Nonoperating Income                 | 7,078,516    | 1,082,620  |
| I-4       | 7370        | Special Charges                           | (14,024)     | (19,797)   |
|           |             | <b>Total Nonop. Income &amp; Exp.</b>     | 7,363,620    | 1,336,543  |
|           | 7410        | Nonop. ITC - Net                          | 0            | 0          |
|           | 7420        | Nonop. Federal Income Taxes               | 0            | 0          |
|           | 7430        | Nonop. State & Local Income Taxes         | 0            | 0          |
|           | 7440        | Nonop. Other Taxes                        | 0            | 0          |
|           | 7450        | Prov. for Def. Nonop. Inc. Tax-Net        | 0            | 0          |
|           |             | <b>Total Nonop. Taxes</b>                 | 0            | 0          |
| B-7       | 7510        | Interest on Funded Debt                   | 616,123      | 633,745    |
|           | 7520        | Interest Expense - Capital Leases         | 0            | 0          |
| B-7       | 7530        | Amortization of Debt Issuance Exp         | 0            | 0          |
|           | 7540        | Other Interest Deductions                 | 5,673        | 26,043     |
|           |             | <b>Total Interest &amp; Related Items</b> | 621,796      | 659,788    |
| I-8       | 7610        | Extraordinary Income Credits              | 0            | 0          |
| "         | 7620        | Extraordinary Income Charges              | 206,746      | 0          |
| "         | 7630        | Curr. Inc Tax Effect of Ex. Items-Net     | 0            | 0          |
|           |             | <b>Total Extraordinary Items</b>          | 206,746      | 0          |
|           | 7910        | Inc. Effect of Juris. Ratemaking Diff.    | 0            | 0          |
|           | 7990        | Nonregulated Net Income                   | (8,896)      | (82,789)   |
|           |             | <b>NET INCOME</b>                         | 10,063,265   | 3,390,244  |

**INCOME STATEMENT  
SCHEDULE I-1**

Company: **FRONTIER COMMUNICATIONS OF THE SOUTH, INC.**

For the year ended December 31, 1997

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| Ref.<br>Sch.              | Account<br>No. | Accounts                        | Amounts (\$)     |                  |                             |
|---------------------------|----------------|---------------------------------|------------------|------------------|-----------------------------|
|                           |                |                                 | Current Year     |                  | Total Company<br>Prior Year |
|                           |                |                                 | Total Company    | Intrastate       |                             |
| <b>OPERATING REVENUES</b> |                |                                 |                  |                  |                             |
|                           | 5001           | Basic Area                      | 578,982          | 578,982          | 535,270                     |
|                           | 5002           | Extended Area                   | 0                | 0                | 0                           |
|                           | 5003           | Cellular Mobile                 | 0                | 0                | 0                           |
|                           | 5004           | Other Mobile Service            | 0                | 0                | 0                           |
|                           | 5010           | Public Telephone                | 1,399            | 1,399            | 4,813                       |
|                           | 5040           | Local Private Line              | 3,480            | 3,480            | 3,651                       |
|                           | 5050           | Customer Premises               | 34,976           | 34,976           | 32,865                      |
|                           | 5060           | Other Local Exchange            | 212,971          | 212,971          | 174,532                     |
|                           | 5069           | Other Local Ex. Settlements     | 0                | 0                | 0                           |
|                           |                | <b>Total Local Net. Service</b> | <b>831,808</b>   | <b>831,808</b>   | <b>751,131</b>              |
|                           | 5081           | End User                        | 172,975          | 0                | 158,612                     |
|                           | 5082           | Switched Access                 | 472,207          | 0                | 347,353                     |
|                           | 5083           | Special Access                  | 27,594           | 0                | 17,645                      |
|                           | 5084           | State Access                    | 142,846          | 142,846          | 101,778                     |
|                           |                | <b>Total Network Access</b>     | <b>815,622</b>   | <b>142,846</b>   | <b>625,388</b>              |
|                           | 5100           | Long Distance Message           | 129,202          | 129,202          | 117,353                     |
|                           | 5111           | Long Distance Inward            | 0                | 0                | 0                           |
|                           | 5112           | Long Distance Outward           | 0                | 0                | 0                           |
|                           | 5121           | Subvoice Grade LD Private Net.  | 10,486           | 10,486           | (630)                       |
|                           | 5122           | Voice Program Grade LD          | 0                | 0                | 0                           |
|                           | 5123           | Audio Program Grade LD          | 0                | 0                | 0                           |
|                           | 5124           | Video Program Grade LD          | 0                | 0                | 0                           |
|                           | 5125           | Digital Transmission LD         | 0                | 0                | 0                           |
|                           | 5126           | LD Private Network Switching    | 0                | 0                | 0                           |
|                           | 5128           | Other LD Private Network        | 0                | 0                | 0                           |
|                           | 5129           | Other LD Private Net. Settle.   | 0                | 0                | 0                           |
|                           | 5160           | Other LD Revenue                | 0                | 0                | 0                           |
|                           | 5169           | Other LD Revenue Settle.        | 0                | 0                | 0                           |
|                           |                | <b>Total LD Network</b>         | <b>139,688</b>   | <b>139,688</b>   | <b>116,723</b>              |
|                           | 5230           | Directory                       | 23,494           | 23,494           | 18,562                      |
|                           | 5240           | Rent                            | 9,160            | 9,160            | 3,714                       |
|                           | 5250           | Corporate Operations            | 0                | 0                | 0                           |
|                           | 5261           | Special Billing Arrangement     | 0                | 0                | 0                           |
|                           | 5262           | Customer Operations             | 0                | 0                | 0                           |
|                           | 5263           | Plant Operations                | 0                | 0                | 0                           |
|                           | 5264           | Other Incidental Regulated Rev. | 334              | 334              | 0                           |
|                           | 5269           | Other Revenue Settle.           | 10,450           | 10,450           | 5,563                       |
|                           | 5270           | Interstate Billing & Collection | 43,806           | 0                | 42,425                      |
|                           |                | Intrastate Billing & Collection | 11,000           | 11,000           | 44,864                      |
|                           | 5301           | Uncollectible Revenue-Tele.     | 0                | 0                | (20)                        |
|                           | 5302           | Uncollectible Revenue-Other     | 0                | 0                | 0                           |
|                           |                | <b>Total Miscellaneous</b>      | <b>98,244</b>    | <b>54,438</b>    | <b>115,108</b>              |
|                           |                | <b>TOTAL OPERATING REVENUES</b> | <b>1,885,362</b> | <b>1,168,780</b> | <b>1,608,350</b>            |



**INCOME STATEMENT  
SCHEDULE I-1**

Company: **FRONTIER COMMUNICATIONS OF THE SOUTH, INC.**

For the year ended December 31, 1997

| Acct. No. | Account                       | Salaries & Wages | Benefits | Rents  | Other Expenses | Current Year Total | Prior Year Total |
|-----------|-------------------------------|------------------|----------|--------|----------------|--------------------|------------------|
|           | <b>Plant Specific Exp.</b>    |                  |          |        |                |                    |                  |
| 6112      | Motor Vehicle                 | (5)              | (1)      |        |                | (6)                | 165              |
| 6113      | Aircraft                      |                  |          |        | 1,601          | 1,601              | 1,450            |
| 6114      | Vehicle                       |                  |          |        |                | 0                  | 0                |
| 6115      | Garage Work Equip.            |                  |          |        |                | 0                  | 0                |
| 6116      | Other Work Equip.             |                  |          | 164    | 1,209          | 1,373              | 169              |
|           | <b>Total Network Support</b>  | (5)              | (1)      | 164    | 2,810          | 2,968              | 1,784            |
| 6121      | Land & Building               | 11,120           | 3,304    | 297    | 34,432         | 49,153             | 37,826           |
| 6122      | Furniture & Artwork           |                  |          |        | 1              | 1                  | 142              |
| 6123      | Office Equip.                 |                  |          |        | 2,111          | 2,111              | 570              |
| 6124      | Gen. Purpose Computer         |                  |          |        | 75,825         | 75,825             | 67,159           |
|           | <b>Total General Support</b>  | 11,120           | 3,304    | 297    | 112,369        | 127,090            | 105,697          |
| 6211      | Analog Electronic             |                  |          |        |                | 0                  | 0                |
| 6212      | Digital Electronic            | 22,026           | 6,330    | 2,244  | 18,535         | 49,135             | 32,470           |
| 6215      | Electro-mechanical            |                  |          |        |                | 0                  | 0                |
|           | <b>Total CO Switching</b>     | 22,026           | 6,330    | 2,244  | 18,535         | 49,135             | 32,470           |
| 6220      | Operator Systems              |                  |          |        |                | 0                  | 0                |
| 6231      | Radio Systems                 | 4,598            | 1,384    | 515    | 790            | 7,287              | 8,319            |
| 6232      | Circuit Equip.                | 4,819            | 1,422    | 535    | 14,949         | 21,725             | 12,510           |
|           | <b>Total Circuit Equip.</b>   | 9,417            | 2,806    | 1,050  | 15,739         | 29,012             | 20,829           |
| 6311      | Station Apparatus             |                  |          |        |                | 0                  | 0                |
| 6341      | Large PBX                     |                  |          |        |                | 0                  | 0                |
| 6351      | Public Tele. Terminal         | 207              | 61       | 39     | 4,070          | 4,377              | 6,242            |
| 6362      | Other Terminal Equip.         |                  |          |        |                | 0                  | 0                |
|           | <b>Total Info. Orig/Term</b>  | 207              | 61       | 39     | 4,070          | 4,377              | 6,242            |
| 6411      | Poles                         |                  |          |        |                | 0                  | 0                |
| 6421      | Aerial Cable                  |                  |          | 2      | 643            | 645                | 1,182            |
| 6422      | Underground Cable             | 14,022           | 4,110    | 1,514  | 4,791          | 24,437             | 16,369           |
| 6423      | Buried Cable                  | 110,007          | 32,018   | 12,165 | 42,078         | 196,268            | 167,850          |
| 6424      | Submarine Cable               |                  |          |        |                | 0                  | 0                |
| 6425      | Deep Sea Cable                |                  |          |        |                | 0                  | 0                |
| 6426      | Intrabuilding Network         |                  |          |        |                | 0                  | 0                |
| 6431      | Aerial Wire                   |                  |          |        |                | 0                  | 0                |
| 6441      | Conduit Systems               |                  |          |        |                | 0                  | 0                |
| 6499      | Outside Plt. Nonprod - Other  |                  |          |        |                | 0                  | 2,222            |
|           | <b>Total Cable &amp; Wire</b> | 124,029          | 36,128   | 13,681 | 47,512         | 221,350            | 187,623          |
|           | <b>Total Plant Specific</b>   | 166,794          | 48,628   | 17,475 | 201,035        | 433,932            | 354,645          |
| 6510      | Other Property Plt            | (398)            | (115)    | (234)  | (33)           | (780)              | (4,693)          |
| 6531      | Power                         |                  |          |        | 20,706         | 20,706             | 21,114           |
| 6532      | Network Admin.                |                  |          |        | 389            | 389                | 331              |
| 6533      | Testing                       | 2,766            | 824      |        | 27,730         | 31,320             | 15,327           |
| 6534      | Plant Op. Admin.              | 16,984           | 5,022    | 272    | 1,962          | 24,240             | 30,230           |
| 6535      | Engineering                   | 14,270           | 4,550    |        | (2,178)        | 16,642             | 15,137           |
|           | <b>Total Network Op.</b>      | 33,622           | 10,281   | 38     | 48,576         | 92,517             | 77,446           |

**INCOME STATEMENT**

**SCHEDULE I-1**

Company: **FRONTIER COMMUNICATIONS OF THE SOUTH, INC.**

For the year ended December 31, 1997

| Acct. No. | Account                         | Salaries & Wages | Benefits | Rents  | Other Expenses | Current Year Total | Prior Year Total |
|-----------|---------------------------------|------------------|----------|--------|----------------|--------------------|------------------|
| 6540      | Access                          |                  |          |        | 126,491        | 126,491            | 149,916          |
| 6561      | Depreciation - TPIS             |                  |          |        | 556,708        | 556,708            | 533,442          |
| 6562      | Depreciation - PHFU             |                  |          |        | 0              | 0                  | 0                |
| 6563      | Amortization - Tangible         |                  |          |        | 1,208          | 1,208              | 1,212            |
| 6564      | Amortization - Intang.          |                  |          |        | 235            | 235                | 207              |
| 6565      | Amortization - Other            |                  |          |        | 0              | 0                  | 0                |
|           | <b>Total Depr. &amp; Amort.</b> |                  |          |        | 558,151        | 558,151            | 534,861          |
|           | <b>Total Plt Nonspecific</b>    | 33,622           | 10,281   | 38     | 733,218        | 777,159            | 762,223          |
|           | <b>Customer Operations</b>      |                  |          |        |                |                    |                  |
| 6611      | Product Management              |                  |          |        | 3,007          | 3,007              | 6,773            |
| 6612      | Sales                           | 11,858           | 395      |        | 9,365          | 21,618             | 38,285           |
| 6613      | Product Advertising             |                  |          |        | 4,721          | 4,721              | 3,565            |
|           | <b>Total Marketing</b>          | 11,858           | 395      |        | 17,093         | 29,346             | 48,623           |
| 6621      | Call Completion                 |                  |          |        |                | 0                  | 0                |
| 6622      | Number Service                  |                  |          |        | 19,649         | 19,649             | 22,765           |
| 6623      | Customer Service                | 6,217            | 1,525    |        | 236,117        | 243,859            | 304,237          |
|           | <b>Total Services</b>           | 6,217            | 1,525    |        | 255,766        | 263,508            | 327,002          |
|           | <b>Total Customer Op</b>        | 18,075           | 1,920    |        | 272,859        | 292,854            | 375,625          |
|           | <b>Corporate Operations</b>     |                  |          |        |                |                    |                  |
| 6711      | Executive                       | 4,918            | 1,552    |        | 59,620         | 66,090             | 35,392           |
| 6712      | Planning                        |                  |          |        | 1,210          | 1,210              | 5,615            |
| 6721      | Accounting/Finance              | 145              | 46       |        | 36,423         | 36,614             | 92,390           |
| 6722      | External Relations              |                  |          |        | 14,167         | 14,167             | 29,395           |
| 6723      | Human Resources                 |                  |          |        | 15,742         | 15,742             | 28,715           |
| 6724      | Info. Management                |                  |          |        | 53,733         | 53,733             | 57,182           |
| 6725      | Legal                           |                  |          |        | 18,887         | 18,887             | 16,196           |
| 6726      | Procurement                     |                  |          |        | 6,596          | 6,596              | 7,753            |
| 6727      | Research/Development            |                  |          |        | 0              | 0                  | 0                |
| 6728      | Other Gen. & Admin.             |                  |          |        | 79,781         | 79,781             | 58,311           |
|           | <b>Total Corporate Op</b>       | 5,063            | 1,598    |        | 286,159        | 292,820            | 330,949          |
|           | <b>TOTAL OPERATING EXP</b>      | 223,554          | 62,427   | 17,513 | 1,493,271      | 1,796,765          | 1,823,442        |

**INCOME STATEMENT**  
**SCHEDULE I-1**

Company: **FRONTIER COMMUNICATIONS OF THE SOUTH, INC.**

For the year ended December 31, 1997

| Ref. Sch. | Account No. | Accounts                                  | Amounts (\$)     |                  |
|-----------|-------------|---|------------------|------------------|
|           |             |   | Current Year     | Prior Year       |
|           | 7110        | Income from Custom Work                   | 0                | 0                |
|           | 7130        | Return from Nonreg. Use of Reg. Fac.      | 0                | 0                |
|           | 7140        | Gain/Loss from Foreign Exchange           | 0                | 0                |
|           | 7150        | Gain/Loss from Disp. of Land/Artwork      | 0                | 0                |
|           | 7160        | Other Operating Gains and Losses          | 0                | 0                |
|           |             | <b>Other Op. Inc. &amp; Expenses</b>      | <b>0</b>         | <b>0</b>         |
|           | 7210        | Operating ITC                             | (9,000)          | (9,000)          |
|           | 7220        | Operating Federal Income Taxes            | 460,891          | 371,179          |
|           | 7230        | Operating State & Local Income Taxes      | 34,475           | 62,039           |
| I-2       | 7240        | Other Operating Taxes                     | 133,294          | 129,870          |
|           | 7250        | Provision for Deferred Op. Taxes-Net      | 34,086           | (47,863)         |
|           |             | <b>Total Operating Taxes</b>              | <b>653,746</b>   | <b>506,225</b>   |
|           |             | <b>Net Operating Income</b>               | <b>(565,149)</b> | <b>(721,317)</b> |
|           | 7310        | Dividend Income                           | 0                | 0                |
|           | 7320        | Interest Income                           | 0                | 0                |
|           | 7330        | Income from Sinking & Other Funds         | 0                | 0                |
|           | 7340        | Allow. for Funds Used During Const.       | 0                | 0                |
|           | 7350        | Gain/Loss from the Disp. of Property      | 0                | 0                |
|           | 7360        | Other Nonoperating Income                 | 0                | 0                |
| I-4       | 7370        | Special Charges                           | 0                | 0                |
|           |             | <b>Total Nonop. Income &amp; Exp.</b>     | <b>0</b>         | <b>0</b>         |
|           | 7410        | Nonop. ITC - Net                          | 0                | 0                |
|           | 7420        | Nonop. Federal Income Taxes               | 0                | 0                |
|           | 7430        | Nonop. State & Local Income Taxes         | 0                | 0                |
|           | 7440        | Nonop. Other Taxes                        | 0                | 0                |
|           | 7450        | Prov. for Def. Nonop. Inc. Tax-Net        | 0                | 0                |
|           |             | <b>Total Nonop. Taxes</b>                 | <b>0</b>         | <b>0</b>         |
| B-7       | 7510        | Interest on Funded Debt                   | 0                | 0                |
|           | 7520        | Interest Expense - Capital Leases         | 0                | 0                |
| B-7       | 7530        | Amortization of Debt Issuance Exp         | 0                | 0                |
|           | 7540        | Other Interest Deductions                 | 645              | 2,641            |
|           |             | <b>Total Interest &amp; Related Items</b> | <b>645</b>       | <b>2,641</b>     |
| I-8       | 7610        | Extraordinary Income Credits              | 0                | 0                |
| "         | 7620        | Extraordinary Income Charges              | 0                | 0                |
| "         | 7630        | Curr. Inc Tax Effect of Ex. Items-Net     | 0                | 0                |
|           |             | <b>Total Extraordinary Items</b>          | <b>0</b>         | <b>0</b>         |
|           | 7910        | Inc. Effect of Juris. Ratemaking Diff.    |                  |                  |
|           | 7990        | Nonregulated Net Income                   | (49,481)         | (27,390)         |
|           |             | <b>NET INCOME</b>                         | <b>(615,275)</b> | <b>(751,348)</b> |

**Other Operating Taxes**  
**Schedule I-2**

**Company: FRONTIER COMMUNICATIONS OF THE SOUTH, INC.**

**For the Year Ended December 31, 1997**

| Name of Governemnt                                    | Type of Tax      |                 |                |                |            |                 | Total            |
|---|------------------|-----------------|----------------|----------------|------------|-----------------|------------------|
|   | Property         | Gross Receipts  | PSC Assess     | Intangible     | Franchise  | Others*         |                  |
| U.S. Government                                       |                  |                 |                |                |            |                 |                  |
| State of Florida                                      | 115,800          | 13,461          | 1,159          | 1,507          |            | 5,087           | 137,014          |
| State of Alabama                                      | 199,800          |                 |                |                |            |                 | 199,800          |
| Environmental Tax                                     |                  |                 |                |                |            |                 | 0                |
| Escambia Co. Occupational Tax                         |                  |                 |                |                |            |                 | 0                |
| Inspection Tax  |                  |                 |                |                |            | 18,668          | 18,668           |
| Other   |                  |                 |                |                |            | 6,845           | 6,845            |
| Note: * List separately each item in excess of \$500. |                  |                 |                |                |            |                 |                  |
| <b>Total</b>  | <b>\$315,600</b> | <b>\$13,461</b> | <b>\$1,159</b> | <b>\$1,507</b> | <b>\$0</b> | <b>\$30,600</b> | <b>\$362,327</b> |
| Charged to Construction                               |                  |                 |                |                |            |                 |                  |
| <b>Net Charged to Account</b>                         | <b>\$315,600</b> | <b>\$13,461</b> | <b>\$1,159</b> | <b>\$1,507</b> | <b>\$0</b> | <b>\$30,600</b> | <b>\$362,327</b> |

**Prepaid Taxes and Tax Accruals (Accts 1300, 4070 & 4080)**

**Schedule I-3**

**Company: FRONTIER COMMUNICATIONS OF THE SOUTH, INC.**

**For the Year Ended December 31, 1997**

| Particulars       | Beginning Balance   |                  |                     | Current Acc. |             | Paid During Year | Adj. Dr/Cr | Ending Balance Year |                  |                     |
|-------------------|---------------------|------------------|---------------------|--------------|-------------|------------------|------------|---------------------|------------------|---------------------|
|                   | Pre Taxes Acct 1300 | IT-Acc Acct 4070 | Other Tax Acct 4080 | Acct No      | Amount      |                  |            | Pre Taxes Acct 1300 | IT-Acc Acct 4070 | Other Tax Acct 4080 |
|                   | \$                  | \$               | \$                  |              | \$          | \$               | \$         | \$                  | \$               | \$                  |
| FL Gross Receipts |                     |                  | 4,637               |              | 46,629      | 47,530           |            |                     |                  | 3,736               |
| AL Gross Receipts |                     |                  | 11,232              |              | 476,375     | 481,540          |            |                     |                  | 6,067               |
| FED Income Tax    |                     | (43,390)         |                     |              | 3,394,301   | 2,777,931        |            |                     | 572,980          |                     |
| AL & FL Inc Tax   |                     | 78,856           |                     |              | 304,421     | 507,100          |            |                     | (123,823)        |                     |
| Misc Payables     |                     |                  | (1,995)             |              | 327,848     | 321,172          |            |                     |                  | 4,681               |
|                   | \$0                 | \$35,466         | \$13,874            |              | \$4,549,574 | \$4,135,273      | \$0        | \$0                 | \$449,157        | \$14,484            |

**Special Charges (Account 7370)**

**Schedule I-4**

**Company: FRONTIER COMMUNICATIONS OF THE SOUTH, INC.**

**For the Year Ended December 31, 1997**

| Description of Item                           | Amount          |
|---|-----------------|
| Advertising                                   | \$              |
| Membership Fees & Dues                        |                 |
| Social and Athletic Clubs                     |                 |
| Service Clubs                                 |                 |
| Other Organizations (Specify Type):           |                 |
| Total Membership Fees & Dues                  |                 |
| Abandoned Construction Projects               |                 |
| Penalties & Fines                             | 107             |
| Charitable, Social or Other Community Welfare | 8,909           |
| Legislative                                   |                 |
| Others  | 5,008           |
| Aggregate of all other items                  |                 |
| <b>Total</b>                                  | <b>\$14,024</b> |

**Donations or Payments for Services Rendered by Persons**

**Other Than Employees**

**Schedule I-5**

**Company: FRONTIER COMMUNICATIONS OF THE SOUTH, INC.**

**For the Year Ended December 31, 1997**

| Name of Recipient          | Nature of Services     | Acct No. | Amount of Payment |
|----------------------------|------------------------|----------|-------------------|
| Southern Advertising Spec. | Promotional Items      | Various  | 6,629.00          |
| Hess Mowing Services       | Lawn Maintenance       | 6121     | 8,340.00          |
| Hold the Phone Production  | Phone Ads              | 6613     | 1,930.00          |
| Sellers Electric Service   | Electrical Maintenance | Various  | 663.00            |

**Membership Fees and Dues  
Schedule I-6**

**Company: FRONTIER COMMUNICATIONS OF THE SOUTH, INC.  
For the Year Ended December 31, 1997**

| Particulars                                       | Account | Amount     |
|---|---------|------------|
| <b>Expenditures Charged to Operating Expenses</b> |         | <b>\$</b>  |
| Membership in:                                    |         |            |
| Association of Telecommunications Companies       | 6728    | None       |
| Trade, Technical and Professional Associations    | 6728    | None       |
| Other Organizations (Specify Type):               |         |            |
| <b>Total</b>                                      |         | <b>\$0</b> |

**Advertising  
Schedule I-7**

| Account Title   | Amount<br>During<br>the Year |
|---|------------------------------|
| Operating Expenses  | <b>\$</b>                    |
| 6613 Product Advertising  | \$21,076                     |
| 6722 External Relations   | \$39,479                     |
| All other accounts used to record expenses of \$10,000 or more. |                              |
| <b>Total</b>  | <b>\$60,555</b>              |

**Analysis of Extraordinary Items (Accounts 7610 & 7620)  
Schedule I-8**

| Particulars  | Credit<br>Amounts | Debit<br>Amounts | Tax Effect Included in |           |
|--------------|-------------------|------------------|------------------------|-----------|
|              |                   |                  | Acct 7630              | Acct 7640 |
| NONE         |                   |                  |                        |           |
| <b>Total</b> | <b>\$</b>         | <b>\$</b>        | <b>\$</b>              | <b>\$</b> |

**Outside Plant Statistics**

**Schedule S-1**

**Company: FRONTIER COMMUNICATIONS OF THE SOUTH, INC.**

**For the Year Ended December 31, 1997**

| State or Territory | Miles of Aerial Wire | Aerial Cable   |                        | Underground Cable |                        | Buried Cable   |                        |
|--------------------|----------------------|----------------|------------------------|-------------------|------------------------|----------------|------------------------|
|                    |                      | Miles of Cable | Miles of Wire in Cable | Miles of Cable    | Miles of Wire in Cable | Miles of Cable | Miles of Wire in Cable |
| Florida            | 0                    | 0              | 0                      | 0                 | 0                      | 395.02         | N/A                    |

**Access Lines in Service by Customer**

**Schedule S-2**

| State or Territory | Business    |            | Public Access Lines | Residential Access Lines | Mobile Access Lines | Total Access Lines (Switched & Special) |
|--------------------|-------------|------------|---------------------|--------------------------|---------------------|---|
|                    | Single Line | Multi Line |                     |                          |                     |   |
| ALABAMA            | 1,854       | 742        | 112                 | 8,722                    | 0                   | 11,430                                  |
| FLORIDA            | 303         | 48         | 14                  | 3,767                    | 0                   | 4,132                                   |

**Telephone Calls**

**Schedule S-3**

| 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      |
| ALABAMA            | N/A         | 484,145                                      | 18,271,705                                   | 7,278,411  | 26,034,261 | 37,873,723  | 13,149,525 | 51,023,248 |
| FLORIDA            | N/A         | 101,045                                      | 4,885,567                                    | 1,348,800  | 6,335,412  | 9,870,949   | 2,570,540  | 12,441,489 |
| Total              | N/A         | 585,190                                      | 23,157,272                                   | 8,627,211  | 32,369,673 | 47,744,672  | 15,720,065 | 63,464,737 |



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

**Company: FRONTIER COMMUNICATIONS OF THE SOUTH, INC.**

**For the Year Ended December 31, 1997**

| (a)                         | (b)                                    | (c)                                      | (d)                     |
|-----------------------------|--|--|-------------------------|
| Accounts                    | Intrastate<br>Revenues Per<br>Sch. I-1 | Intrastate<br>Revenues Per<br>RAF Return | Difference<br>(b) - (c) |
| Local Service (5001 - 5069) | \$831,808                              | \$726,573                                | \$105,235               |
| End User (5081)             | 0                                      | 0  | \$0                     |
| Switched Access (5082)      | 0                                      | 0  | \$0                     |
| Special Access (5083)       | 0                                      | 0  | \$0                     |
| State Access (5084)         | 142,846                                | 142,846                                  | \$0                     |
| Long Distance (5100 - 5169) | 139,688                                | 11,984                                   | \$127,704               |
| Miscellaneous (5230 - 5270) | 54,438                                 | 54,301                                   | \$137                   |
| <b>Total</b>                | <b>\$1,168,780</b>                     | <b>\$935,704</b>                         | <b>\$233,076</b>        |

**Explanations:**

- (1) Universal Service Fund, Account #301-5060-990, in the amount of \$105,235, is not subject to the PSC Assessment Fee.
- (2) Florida subsidy, Account #301-5100-291, in the amount of \$128,000, is not subject to the PSC Assessment fee. The difference of (\$296), is due to ICAT payments that were posted to this account.
- (3) Usitc All B&C Intra O/S, Account 301-5270-690, in the amount of \$3,207 and Intrastate B&C Rev - FCI O/S, Account 301-5270-890, in the amount of \$574, are not subject to the PSC Assessment Fee. There was also a incorrect calculation on the RAF Return for Other B&C - Intra O/S, Account 301-5270-290, this account is a debit balance of \$1822, this balance was added to the Intrastate balance on the RAF Return instead of subtracted.

**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).

**Reconciliation of Reported NI with Taxable Income  
for Federal Income Taxes  
Schedule Z-2**

**Company: FRONTIER COMMUNICATIONS OF THE SOUTH, INC.**

**For the Year Ended December 31, 1997**

|   |     | <b>Amount</b> |
|---|-----|---------------|
| Net Income for the Year                     |     | \$3,006,653   |
| Additions:                                  |     |               |
| Federal & State Taxes                       | (1) | \$2,098,438   |
| Depreciation of AFUDC                       |     |               |
| Depreciation on Pensions Capitalized        |     |               |
| Depreciation of Payroll Taxes Capitalized   |     |               |
| Depreciation on Sales/Use Taxes Capitalized |     |               |
| Depreciation on Intercompany Profit         |     |               |
| Other (Specify)                             |     |               |
| Capitalized 263A Exepnses                   | (2) | \$41,000      |
| Penalties                                   | (3) | \$10          |
| Meals & Entertainment                       | (4) | \$10,000      |
| OPEBS Accrual                               | (5) | (\$19,000)    |
| Deductions:                                 |     |               |
| Interest During Construction (AFUDC)        |     |               |
| Pensions Capitalized                        |     |               |
| Payroll Taxes Capitalized                   |     |               |
| Sales/Use Tax Capitalized                   |     |               |
| Accelerated Tax Depreciation                | (6) | \$203,615     |
| Other (Specify)                             |     |               |
| Accrued Compensation/Vacation Pay           | (7) | \$0           |
| <br>  |     |               |
| Taxable Income - Federal                    |     | \$5,340,716   |
| Tax @ applicable tax rate(s) - 35%          |     | \$1,869,251   |
| Tax True-Up                                 |     | (\$140,100)   |
| Note: Current Taxes Payable                 |     | \$2,009,351   |
| a. Amount of Depreciation Per Books         |     |               |
| b. Amount of Depreciation (Tax Basis)       |     |               |

**Reconciliation of Reported NI with Taxable Income  
for State Income Taxes**

**Schedule Z-3**

**Company: FRONTIER COMMUNICATIONS OF THE SOUTH, INC.  
For the Year Ended December 31, 1997**

|   | <b>Amount</b> |
|---|---------------|
| Net Income for the Year                     | \$3,006,653   |
| Additions:                                  |               |
| Federal & State Taxes (1)                   | \$2,098,438   |
| Depreciation of AFUDC                       |               |
| Depreciation on Pensions Capitalized        |               |
| Depreciation of Payroll Taxes Capitalized   |               |
| Depreciation on Sales/Use Taxes Capitalized |               |
| Depreciation on Intercompany Profit         |               |
| Other (Specify)                             |               |
| Capitalized 263A Expenses (2)               | \$41,000      |
| Penalties (3)                               | \$10          |
| Meals & Entertainment (4)                   | \$10,000      |
| OPEBS Accrual (5)                           | (\$19,000)    |
| Deductions:                                 |               |
| Interest During Construction (AFUDC)        |               |
| Pensions Capitalized                        |               |
| Payroll Taxes Capitalized                   |               |
| Sales/Use Tax Capitalized                   |               |
| Accelerated Tax Depreciation (6)            | \$203,615     |
| Other (Specify)                             |               |
| Accrued Compensation/Vacation Pay (7)       | \$0           |
| Federal Income Taxes (9)                    | \$1,875,724   |
| Taxable Income - State                      | \$7,216,440   |
| Tax @ 5.5% less \$275                       | \$396,629     |
| Alabama Tax Refund (10)                     | \$0           |
| Note: Current Taxes Payable                 | \$396,629     |
| a. Amount of Depreciation Per Books         |               |
| b. Amount of Depreciation (Tax Basis)       |               |

**Compensation of Officers**  
**Schedule Z-4**

**Company: FRONTIER COMMUNICATIONS OF THE SOUTH, INC.**

**For the Year Ended December 31, 1997**

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 policymaking 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.

| <b>Title<br/>(a)</b> | <b>Name of Officer<br/>(b)</b> | <b>Salary for Year<br/>(c)</b> | <b>Bonus/Incentive<br/>(d)</b> | <b>Total<br/>(e)</b> |
|----------------------|--------------------------------|--------------------------------|--------------------------------|----------------------|
| NONE                 |                                |                                |                                |                      |

**Affiliation of Officers and Directors**  
**Schedule Z-5**

**Company: FRONTIER COMMUNICATIONS OF THE SOUTH, INC.**

**For the Year Ended December 31, 1997**

| <p>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.</p> |  |   |                  |
|--|--|---|------------------|
| 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 |
| NONE   |  |   |                  |

**Business Contracts with Officers and Directors**  
**Schedule Z-6**

**Company: FRONTIER COMMUNICATIONS OF THE SOUTH, INC.**

**For the Year Ended December 31, 1997**

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.

| <b>Name of Officer or Director</b> | <b>Name and Address of Affiliated Entity</b> | <b>Amount</b> | <b>Identification of Product or Service</b> |
|------------------------------------|--|---------------|---|
| NONE                               |  |               |   |

# Analysis of Directory Advertising Operations

## Schedule Z-7

**Company: FRONTIER COMMUNICATIONS OF THE SOUTH, INC.**

**For the Year Ended December 31, 1997**

| Items                               | Consolidated (f)<br>Amount | Amount<br>Per Books |
|-------------------------------------|----------------------------|---------------------|
| 1. Revenues (Account 5230) (e)      | 23,494                     | 23,494              |
| 2. Local                            |                            |                     |
| 3. National                         |                            |                     |
| 4. Sales                            |                            |                     |
| 5. Commissions                      |                            |                     |
| 6. Other                            |                            |                     |
| 7. Total (line 2 thru 6)            | 23,494                     | 23,494              |
| 8. Expenses (Account 6622) (e)      | 19,649                     | 19,649              |
| 9. Printing                         |                            |                     |
| 10. Commissions                     |                            |                     |
| 11. Deliver                         |                            |                     |
| 12. Salvage                         |                            |                     |
| 13. Other                           |                            |                     |
| 14. Total (line 9 thru 13)          | 19,649                     | 19,649              |
| 15. Gross Profit (Line 7 minus 14)  | 3,845                      | 3,845               |
| 16. Gross Profit 1982 (a)           | 8,830                      | 8,830               |
| 17. Customer Growth Factor (b)      |                            |                     |
| 18. CPI-U Factor (c)                |                            |                     |
| 19. Adjusted 1982 (L16 x L17 x L18) |                            |                     |
| 20. Nonregulated (d)                |                            |                     |

**Footnotes:**

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

$$(b) \frac{\text{Average Current Year Access Lines}}{\text{Average 1982 Access Lines Per Rule 25-4.0405}} = \frac{4,040}{2,279} = 1.77$$

$$(c) \frac{\text{Annual Average CPI-U for Current Year}}{\text{Annual Average CPI-U for 1982}} = \frac{156.9}{96.5} = 1.626$$

(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-8

Company: **FRONTIER COMMUNICATIONS OF THE SOUTH, INC.**

For the Year Ended December 31, 1997

| (a)<br>Classification                | (b)<br>Average Number |
|--------------------------------------|-----------------------|
| 1. Residence Lines (R-1, 2, 4, etc.) | 3,689                 |
| 2. Business Lines (B-1, 2, 4, etc.)  | 290                   |
| 3. Centrex Lines                     | 1                     |
| 4. PBX Trunks                        | 1                     |
| 5. Key System Lines                  | 44                    |
| 6. Subtotal (Line 1 thru Line 5)     | 4,025                 |
| 7. Teletypewriter Lines              |                       |
| 8. Foreign Exchange Lines            |                       |
| 9. Service Telephone Lines           |                       |
| 10. Other Lines                      | 15                    |
| 11. Total (Line 6 thru Line 10)      | 4,040                 |

**Footnotes:**

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



*Corporate Structure*  
*Schedule Z-9*

**Company: FRONTIER COMMUNICATIONS OF THE SOUTH, INC.**

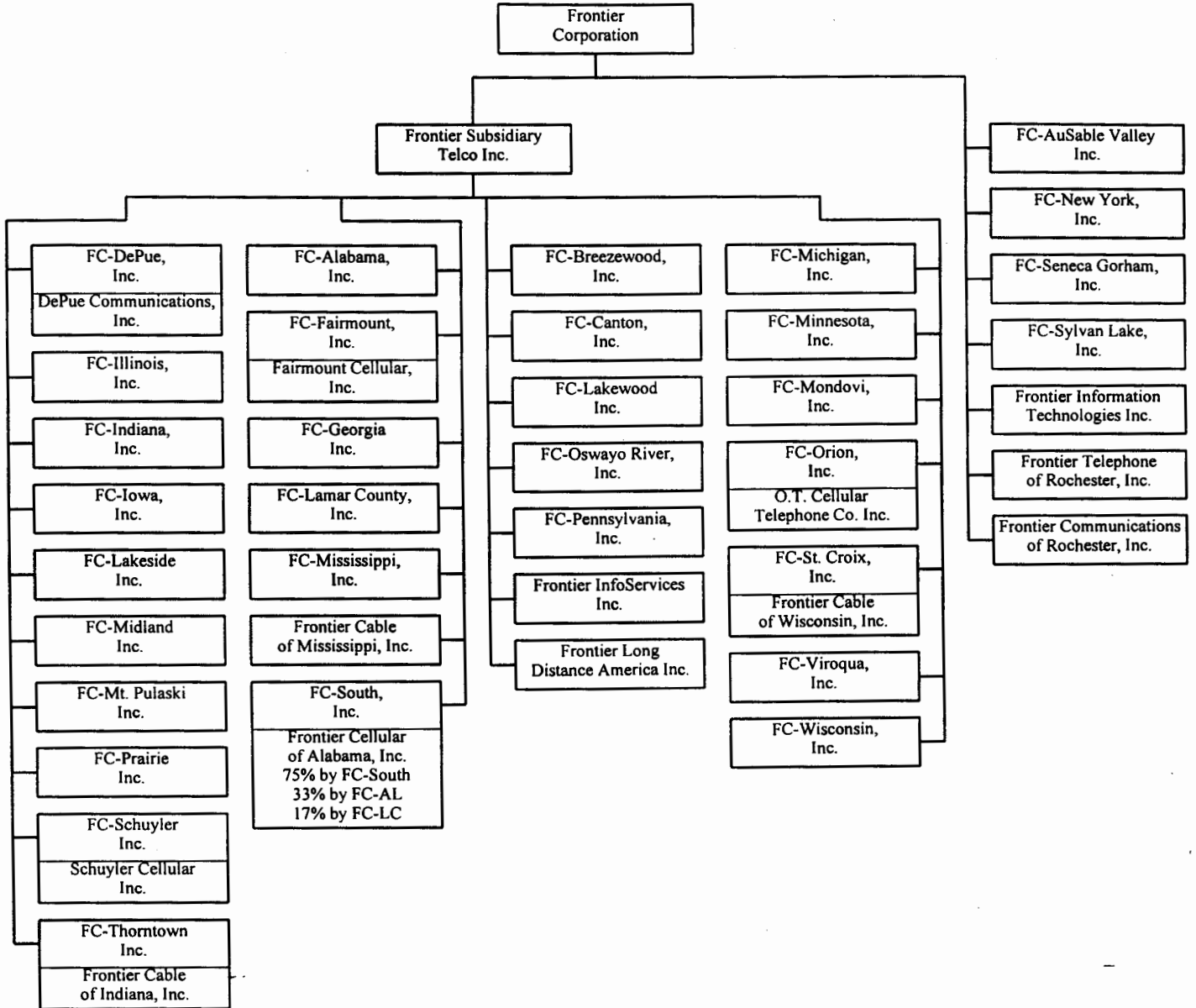
**For the Year Ended December 31, 1997**

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

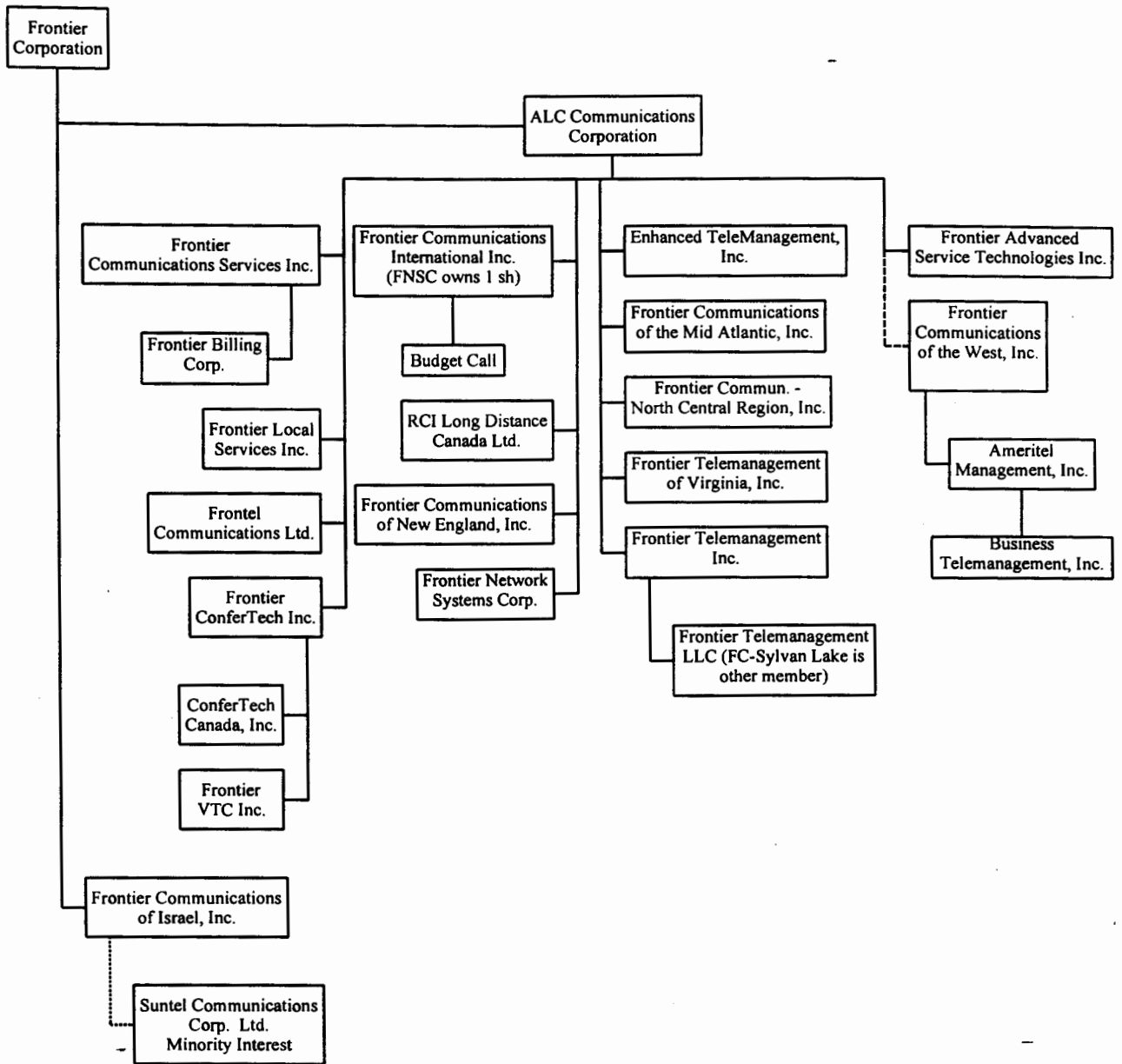
Effective  
Date

**Please See Attached Charts**

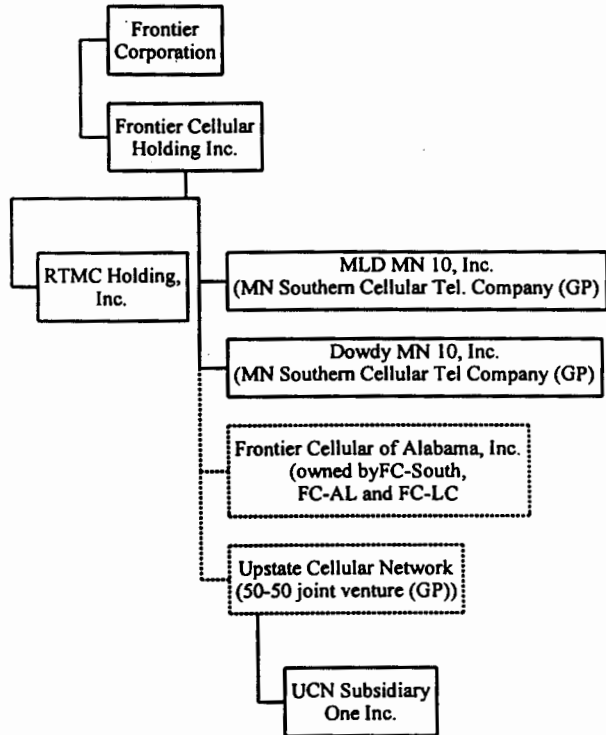
**Telephone Operations and Other Entities as of December 31, 1997  
(AASelco.OPX)**



**Long Distance & C-LEC Organizations as of December 31, 1997  
(Longdis.opx)**



Wireless Organization as of December 31, 1997  
(Wireless.opx)



*New or Amended Contracts with Affiliated Companies*  
*Schedule Z-10*

**Company: FRONTIER COMMUNICATIONS OF THE SOUTH, INC.**

**For the Year Ended December 31, 1997**

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<br>(a) | Synopsis of Contract<br>(b) |
|-----------------------------------|-----------------------------|
| NONE                              |                             |

**Summary of Affiliated Transfers and Cost Allocations  
Schedule Z-11**

**Company: FRONTIER COMMUNICATIONS OF THE SOUTH, INC.**

**For the Year Ended December 31, 1997**

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.

- (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 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.

| Name of Affiliate<br>(a)                      | Type of Service and/or Name of Product<br>(b)    | Relevant Contract or Agreement and Effective Date<br>(c) | Total Charge for Year |                       |                      |
|---|--|--|-----------------------|-----------------------|----------------------|
|   |  |  | "p" or "s"<br>(d)     | Account Number<br>(e) | Dollar Amount<br>(f) |
| Frontier Communications of Georgia, Inc.      | Region Admin. Support Services                   | RUS Service Contract 10/17/93                            | S                     | Various               | \$4,042,816          |
| Frontier Communications of Fairmount, Inc.    | Region Admin. Support Services                   | RUS Service Contract 5/11/92                             | S                     | Various               | \$403,654            |
| Frontier Communications of Mississippi, Inc.  | Region Admin. Support Services                   | RUS Service Contract 5/11/92                             | S                     | Various               | \$677,295            |
| Frontier Communications of Alabama, Inc.      | Region Admin. Support Services                   | RUS Service Contract 5/11/92                             | S                     | Various               | \$2,388,319          |
| Frontier Communications of Lamar County, Inc. | Region Admin. Support Services                   | RUS Service Contract 5/11/92                             | S                     | Various               | \$284,762            |
| Frontier Communications of Minnesota, Inc.    | Region Admin. Support Services                   | N/A  | S                     | Various               | \$289,002            |
| Frontier Information Technologies             | Data Processing Services                         |  | S                     | Various               | \$6,442              |
| Frontier Information Services, Inc.           | Directory Services                               |  | S                     | Various               | \$60,755             |
| Frontier Communications of Alabama, Inc.      | Materials & Supplies Installation & Repair Svcs. | RUS Service Contract 5/11/92                             | P                     | Various               | \$172,829            |
| Frontier Communications of Minnesota, Inc.    | LAN Support, off hour repairs & alarm monitoring | N/A  | P                     | Various               | \$1,623,258          |
| Frontier Information Technologies             | Data Processing Services                         |  | P                     | Various               | \$1,626,673          |
| Frontier Information Services, Inc.           | Directory Services                               | 2/18/94  | P                     | Various               | \$139,057            |
| Frontier Corporation                          | Corporate Administration & Support Services      | AI-14 7/1/90   | P                     | Various               | \$967,065            |
| Rochester Telephone Company                   | Corporate Administration & Support Services      |  | P                     | Various               | \$421,139            |
|   |  |  |                       |                       |                      |
|   |  |  |                       |                       |                      |
|   |  |  |                       |                       |                      |