

TL 732-13-AR

**ANNUAL REPORT OF  
LOCAL EXCHANGE TELEPHONE COMPANIES**

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Public Service Commission  
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Frontier Communications of the South, Inc.

(EXACT NAME OF RESPONDENT)

201 S. Pensacola Avenue, Atmore, AL 36502

(ADDRESS OF RESPONDENT)

TO THE

FLORIDA PUBLIC SERVICE COMMISSION

FOR THE

YEAR ENDED DECEMBER 31, 2013

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

Name: Jessica Matushek

Title: Director, Accounting

Address: 100 CTE Drive

City: Dallas

State: PA

Telephone No. 570.631.5003

RECEIVED  
FLORIDA PUBLIC SERVICE  
COMMISSION  
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DIVISION OF  
ACCOUNTING & FINANCE

## SIGNATURE PAGE

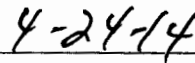
I certify that I am the responsible accounting officer of  
**Frontier Communications of the South, Inc.**  
that I have examined the following report; that to the best of my knowledge,  
information, and belief, all statements of fact contained in the said report are true  
and the said report is a correct statement of the business and affairs of the above-  
named respondent in respect to each and every matter set forth therein during the  
period from January 1, 2013\_ to December 31, \_2013\_, inclusive.

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

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

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

  
\_\_\_\_\_  
**Signature**

  
\_\_\_\_\_  
**Date**

Jessica Matushek  
**Name**

Director, Accounting  
**Title**

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**Identity of Respondent**

**Schedule A-1**

**Company:**

**For the Year Ended December 31, 2013**

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

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

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

**Control Over Respondent**

**Schedule A-2**

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

1a Sole  
 1b Frontier Communications Corporation  
 3 High Ridge Park  
 Stamford, CT 06905

**Board of Directors and General Officers**

**Schedule A-3**

Name of Director or Officer and Address (City and State)	Title & Dept. over Which Jurisdiction is Exercised	Director's Fees
Mary Agnes Wilderotter	Chief Executive Officer	
Daniel J. McCarthy	President and Chief Operating Officer	
John M. Jureller	Vice President and Chief Financial Officer	
Andrew D. Crain	Vice President and General Counsel	
Robert W. Starr	Vice President and Treasurer	
George McArthur	Vice President, Tax	
Michael Golob	Vice President, Engineering	
Kenneth Mason	Vice President, Regulatory	
Heath Simpson	Vice President, Corporate Development	
Kenneth Arndt	Vice President, Area President	
Melinda White	Vice President, Area President	
Rhonda Lutzke	Vice President, Area President	
John Lass	Vice President, Area President	
David G. Schwartz	Assistant Secretary	

**Stockholders**

**Schedule A-4**

**Company:**

**For the Year Ended December 31, 2009**

<p>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.</p> <p>2. Stockholders of each class of stock shall be listed in the order of their holdings, beginning with the highest and continuing until the 10 largest holdings have been listed. If any such holder was a trustee or nominee for other persons who held the beneficial interest in the securities, the name and address of each person who has the beneficial interest shall be shown. Likewise, if any person had the beneficial interest in securities held by trustees or nominees under different trusts or other groupings, and the aggregate of such person's holdings would place him among the listed holders if he were the holder of record, the details of such holdings shall be shown.</p>	
<b>Class of Stock</b>	
<b>Name and Address (City and State) of Stockholder</b>	<b>Shares Held</b>
<p>Frontier Communications of the South Inc., was merged into Frontier Communications of the South LLC, on 5/11/2006. It is now a limited liability company with no capital stock structure, only 100% membership interest held by Frontier Subsidiary Telco, LLC.</p>	

**Important Changes During the Year**

**Schedule A-5**

<p>Give concise answers to each of the following, numbering them in accordance with the numbers of the question:</p> <p>1. If during the year a substantial portion or all of the property of the respondent was sold, merged, or abandoned, give full particulars, including the location and territory covered. In case of sale or merger, give the effective date, name and address of successor company, and the consideration received.</p> <p>2. Give information on any changes in accounting standards that have occurred during the year.</p>
<p>On July 1, 2010, Spinco, a subsidiary of Verizon Communications Inc. ("Verizon") that was spun-off from Verizon to its stockholders, merged with and into Frontier, with Frontier continuing as the surviving corporation (the "Merger"), pursuant to an Agreement and Plan of Merger by and among Verizon, Spinco and Frontier, dated as of May, 13, 2009, as amended by Amendment No. 1 to the Merger Agreement, dated as of July 24, 2010 (the "Merger Agreement"). At the effective time of the Merger, Spinco held defined assets and liabilities of the local exchange business and related landline activities of Verizon in Arizona, Idaho, Illinois, Indiana, Michigan, Nevada, North Carolina, Ohio, Oregon, South Carolina, Washington, West Virginia and Wisconsin and in portions of California bordering Arizona, Nevada and Oregon. As a result of the Merger, Frontier will also serve approximately 300 customers in a portion of Virginia bordering West Virginia.</p>

# BALANCE SHEET

## Schedule B-1

Company:

For the Year Ended December 31, 2013

Page 1 of 2

Ref. Sch.	Account No.	Accounts	Amounts (\$)	
			Beginning of Year	End of Year
		<b>Current Assets</b>		
	1130	Cash	0	0
	1140	Special Cash Deposits		
	1150	Working Cash Advance	275	275
	1160	Temporary Investments		
	1180	Telecom. Accounts Receivable	320,990	287,547
	1181	Telecom. Accounts Receivable Allowance	(20,065)	(11,097)
	1190	Other Accounts Receivable	(31,563,507)	505,870
	1191	Accounts Receivable Allowance-Other	(19,431)	(19,913)
	1200	Notes Receivable		
	1201	Notes Receivable Allowance		
	1210	Interest and Dividends Receivable		
	1220	Material and Supplies	0	209
	1290	Prepaid Rents		
	1300	Prepaid Taxes		
	1310	Prepaid Insurance		
	1320	Prepaid Directory Expenses		
	1330	Other Prepayments		
	1350	Other Current Assets		
		<b>Total Current Assets</b>	(31,281,738)	762,891
		<b>Noncurrent Assets</b>		
	1401	Investments in Affiliated Co.	44,705,044	11,954,290
	1402	Investments in Nonaffiliated Co.		
	1406	Non Regulated Investments	(70,724)	(66,269)
B-4	1407	Unamortized Debt Issuance Expense		
	1408	Sinking Funds		
	1410	Other Noncurrent Assets		
	1438	Deferred Maintenance & Retirements		
	1439	Deferred Charges		
	1500	Other Jurisdictional Assets - Net		
		<b>Total Noncurrent Assets</b>	44,634,320	11,888,021
		<b>Telephone Plant in Service</b>		
B-2	2001	Telecom. Plant in Service	18,277,094	18,459,699
	2002	Property Held for Future Use		
	2003	Plant under Construction	206,483	175,334
	2005	Plant Adjustment	459,222	459,222
	2006	Nonoperating Plant		
	2007	Goodwill	6,184,949	6,184,949
		<b>Subtotal</b>	25,127,748	25,279,204
		<b>Less:</b>		
B-3	3100	Acc. Depreciation	16,515,501	16,671,499
"	3200	Acc. Depreciation-Held for Future Use		
"	3300	Acc. Depreciation-Nonoperating		
"	3410	Acc. Amort. - Capitalized Leases		
"	3420	Acc. Amort. - Leasehold Improvements		
"	3500	Acc. Amort. - Intangible	0	0
"	3600	Acc. Amort. - Other	4,517,604	4,964,730
		<b>Subtotal</b>	21,033,105	21,636,229
		<b>Net Telephone Plant in Service</b>	4,094,643	3,642,975
		<b>TOTAL ASSETS</b>	17,447,224	16,293,886

# BALANCE SHEET

## Schedule B-1

Company:

For the Year Ended December 31, 2013

Page 2 of 2

Ref. Sch.	Account No.	Accounts	Amounts (\$)	
			Beginning of Year	End of Year
		<b><i>Current Liabilities</i></b>		
	4010	Accounts Payable		
	4020	Notes Payable	4,251,116	2,482,975
	4030	Advanced Billing and Payments		
	4040	Customers' Deposits	145,738	126,886
B-4	4050	Current Maturities - Long Term	1,233	1,267
	4060	Current Maturities - Capital Leases		
	4070	Income Taxes - Accrued		
	4080	Other Taxes - Accrued	45,512	48,474
	4100	Net Current Deferred Op. Income Taxes		
	4110	Net Current Deferred Nonop. Income Taxes		
	4120	Other Accrued Liabilities		
	4130	Other Current Liabilities	471	60,797
		<b><i>Total Current Liabilities</i></b>	<b>4,444,070</b>	<b>2,720,399</b>
		<b><i>Long-Term Debt</i></b>		
B-4	4210	Funded Debt		
"	4220	Premium on Long-Term Debt		
"	4230	Discount on Long-Term Debt		
	4240	Reacquired Debt		
	4250	Obligations under Capital Leases		
B-4	4260	Advanced from Affiliated Companies		
"	4270	Other Long-Term Debt		
		<b><i>Total Long-Term Debt</i></b>		
		<b><i>Other Liabilities and Deferred Credits</i></b>		
	4310	Other Long-Term Liabilities		
	4320	Unamortized Operating ITC - Net		
	4330	Unamortized Nonoperating ITC - Net		
	4340	Net Noncur. Def. Oper. Income Taxes	278,491	322,860
	4350	Net Noncur. Def. Nonoper. Inc. Taxes	(1,736,072)	(1,736,072)
	4360	Other Deferred Credits	83,490	91,080
	4370	Other Juris. Liab. & Def. Credits		
		<b><i>Total Other Liab. &amp; Def. Credits</i></b>	<b>(1,374,091)</b>	<b>(1,322,132)</b>
		<b><i>Stockholder's Equity</i></b>		
	4510	Capital Stock		
	4520	Additional Paid-in Capital	6,687,259	6,687,259
	4530	Treasury Stock		
	4540	Other Capital		
	4550	Retained Earnings	7,689,987	8,208,361
		<b><i>Total Stockholder's Equity</i></b>	<b>14,377,246</b>	<b>14,895,620</b>
		<b><i>TOTAL LIABILITIES AND EQUITY</i></b>	<b>17,447,226</b>	<b>16,293,888</b>

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

Company:

For the Year Ended December 31, 2013 \_\_\_\_\_

Page 1 of 2

Acct. No.	Account Description	Depr. Rate	Beginning Balance*	Additions	Retirements	Reclass.	Adjustments	Transfers	Ending Balance*
2111	Land		41,947						41,947
<b>Amortizable General Support Assets:</b>									
2116	Other Work Equipment	7 yrs	41,516						41,516
2122	Furniture	10 yrs	2,565						2,565
2123	Office Support Equipment	7 yrs							
2123	Company Communications	5 yrs							
2124	General Purpose Computer	5 yrs	6,796		0				6,796
<b>Depreciable Assets: This schedule should identify each account/subaccount for which a separate depreciation rate has been approved by the FPSC.</b>									
2112	Motor Vehicles		-	-		-		-	-
2121	Buildings		197,833	7,925		-		-	205,758
<b>Total Land &amp; Support Assets</b>			<b>\$ 290,657</b>	<b>\$ 7,925</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 298,582</b>
<b>Office Assets:</b>									
2212	Digital Electronic Switch		3,573,767	-	-	-		-	3,573,767
2215	Elec. Mechanical Switch		-	-	-	-		-	-
2220	Operator Systems		-	-	-	-		-	-
2231	Radio Systems		-	-	-	-		-	-
2232	Circuit Equipment		1,795,116	40,175	-	-		-	1,835,291
2232	Fiber Circuit Equipment		506,315	11,331	-	-		-	517,646
<b>Total Central Office Assets</b>			<b>\$ 5,875,197</b>	<b>\$ 51,506</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,926,703</b>
<b>Info. Orig/Term Assets:</b>									
2321	Customer Premise Wiring **		22,971	-	-	-		-	22,971
2351	Public Telephone Equipment		-	-	-	-		-	-
<b>Total Info. Orig/Term Assets</b>			<b>\$ 22,971</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 22,971</b>
**	Acct 2362 Other Term Equipment replaces acct 2321								



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

Company:

For the Year Ended December 31, 2013

Page 2 of 2

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		467	-	-	-	-		467
2421	Aerial Cable Metallic		2,605	-	-	-	-	-	2,605
2421	Aerial Cable Fiber		-	-	-	-	-	-	-
2422	Underground Cable Metallic		17,486	-	-	-	-	-	17,486
2422	Underground Cable Fiber		4,932	-	-	-	-	-	4,932
2423	Buried Metallic Cable		9,406,528	131,504	(35,429)	-	-	-	9,502,603
2423	Buried Fiber Cable		2,653,123	37,091	(9,993)	-	-	-	2,680,221
2423	Buried Cable Terminal		-	-	-	-	-	-	-
2423	Buried Air Cove Cable		-	-	-	-	-	-	-
2441	Conduit Systems		3,126	-	-	-	-	0	3,126
	<b>Total Cable and Wire Facilities</b>		\$ 12,088,267	\$ 168,595	\$ (45,422)	\$ -	\$ -	\$ 0	12,211,440
<b>Capital Recovery Schedules: This schedule should identify each approved capital recovery schedule.</b>									
<b>Jointly Used Plant Allocated to Non Regulated ( ) ( ) ( ) ( ) ( ) ( ) ( ) ( )</b>									
<b>Amortizable Assets:</b>									
2681	Capital Leases								
2682	Leasehold Improve.								
2690	Intangibles		589,555		-589,555			0	-
	<b>Total Balances</b>								
<b>Note: * The total beginning and ending balances plus jointly used plant allocated to non regulated, if any, must agree to acct. 2001, Plant in Service, in Schedule B-1, Balance Sheet.</b>									

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

Company:

For the Year Ended December 31, 2013

Page 1 of 2

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	31,904								31,904
2122	Furniture	2,566								2,566
2123	Office Support Equipment									
2123	Company Communications									
2124	General Purpose Computer	25,741								25,741
<b>Depreciable Assets: This schedule should identify each account/subaccount for which a separate depreciation rate has been approved by the FPSC.</b>										
3112	Motor Vehicles	-		-						-
3121	Buildings	130,097	6,505	-	-	-	-	-	-	136,602
	<b>Total Land &amp; Support Assets</b>	<b>\$ 190,308</b>	<b>\$ 13,892</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 196,813</b>
<b>Central Office Assets:</b>										
3212	Digital Electronic Switch	3,799,655	3,800	-	-	-	-	-	-	3,803,455
3215	Elec. Mechanical Switch	-	-	-	-	-	-	-	-	-
3220	Operator Systems	-	-	-	-	-	-	-	-	-
3231	Radio Systems	-	-	-	-	-	-	-	-	-
3232	Circuit Equipment	1,795,116	197,463	-	-	-	-	-	-	1,992,579
3232	Fiber Circuit Equipment	506,315	55,695	-	-	-	-	-	-	562,010
	<b>Total Central Office Assets</b>	<b>\$ 6,101,086</b>	<b>\$ 256,957</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,358,043</b>
<b>Info. Orig/Term Assets:</b>										
3321	Customer Premise Wirin: **	20,142	2,030	-	-	-	-	-	-	22,172
3351	Public Telephone Equipment	-	-	-	-	-	-	-	-	-
	<b>Total Info. Orig/Term Assets</b>	<b>\$ 20,142</b>	<b>\$ 2,030</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 22,172</b>
**	Account 3362 Other Term Equipment is being used in place of Acct 3321									

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

Company:

For the Year Ended December 31, 2013 \_\_\_\_\_

Page 2 of 2

Acct. No.	Account Description	Beginning Balance*	Accruals**	Reclass.	Retirements	Gross Salvage	Cost of Removal	Adjustments	Transfers	Ending Balance*
<i>(Continued)</i>										
<b>Cable and Wire Facilities</b>										
3411	Poles	1,320	830	-	(232)	-	37		-	1,881
3421	Aerial Cable Metallic	5,402	4,769	-	-	-	-	-	-	10,171
3421	Aerial Cable Fiber	-	-	-	-	-	-	-	-	-
3422	Underground Cable Metallic	15,739	6,549	-	-	-	-	-	-	22,288
3422	Underground Cable Fiber	-	-	-	-	-	-	-	-	-
3423	Buried Metallic Cable	10,332,864	44,835	-	(3,729)	-	1,272		-	10,372,698
3423	Buried Fiber Cable	-	-	-	-	-	-	-	-	-
3423	Buried Cable Terminal	-	-	-	-	-	-	-	-	-
3423	Buried Air Cove Cable	-	-	-	-	-	-	-	-	-
3441	Conduit Systems	3,402	1,625	-	-	-	-	-	-	5,027
<b>Total Cable and Wire Facilities</b>		#####	\$ 58,608	\$ -	\$ (3,961)	\$ -	\$ 1,309	\$ -	\$ -	#####
<b>Capital Recovery Schedules:</b> This schedule should identify each approved capital recovery schedule.										
<i>Subtotal</i>										
<b>Reserve for Jointly Used Plant Allocated to Non Regulated</b>										
		( )	( )	( )	( )	( )	( )	( )	( )	( )
<b>Accumulated Depr. &amp; Amortization:</b>										
3200	PHFU									
3300	Nonoperating									
3410	Capital Lease									
3420	Leasehold Improve.									
3500	Intangibles	573,165	-						-	573,165
3600	Other	3,951,674	-							3,951,674
<i>Subtotal</i>										
<b>Total Balances</b>										

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

**Long-Term Debt (Accts 4050, 4210, 4220, 4230, 4260 & 4270)**  
**Schedule B-4**

**Company:**

**For the Year Ended December 31, 2013**

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
			\$	\$	\$	\$		
Totals			\$	\$	\$	\$		\$

**Funded Debt Reacquired or Retired During the Year**  
**Schedule B-5**

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

# INCOME STATEMENT

Schedule I-1

Company:

For the year ended December 31, 2012

Page 1 of 4

Account No.	Accounts	Amounts (\$)		
		Current Year		Total Company Prior Year
		Total Company	Intrastate	
	<b>OPERATING REVENUES</b>			
5001	Basic Area	354,317	354,317	441,010
5002	Extended Area			
5003	Cellular Mobile			
5004	Other Mobile Service	14,946	14,946	31,492
5010	Public Telephone			
5040	Local Private Line	2,998	2,998	25,160
5050	Customer Premises	0	0	76
5060	Other Local Exchange	353,031	353,031	356,304
5069	Other Local Ex. Settlements			
	<b>Total Local Network Service</b>	725,292	725,292	854,042
5081	End User	227,179		285,350
5082	Switched Access	341,453		252,476
5083	Special Access	150,151		302,972
5084	State Access	49,693	49,693	64,565
	<b>Total Network Access</b>	768,476	49,693	905,363
5100	Long Distance Message	-399	-399	26
5110	Unidirectional Long Distance			
5120	Long Distance Private Network	460	460	2,628
5160	Other LD Revenue			
5169	Other LD Revenue Settle.			
	<b>Total LD Network</b>	61	61	2,654
5230	Directory	17,284	17,284	17,944
5240	Rent	0	0	0
5250	Corporate Operations			
5261	Special Billing Arrangement	0	0	0
5262	Customer Operations	0	0	0
5263	Plant Operations			
5264	Other Incidental Regulated Rev.	39,279	39,279	23,354
5269	Other Revenue Settle.			
5270	Interstate Billing & Collection	0		-4,516
5270	Intrastate Billing & Collection	0		0
5301	Uncollectible Revenue-Tele.	(74,425)	(41,934)	(79,898)
5302	Uncollectible Revenue-Other			
	<b>Total Miscellaneous</b>	-17,862	56,563	-43,116
	<b>TOTAL OPERATING REVENUES</b>	1,475,967	831,609	1,718,943

# INCOME STATEMENT

## Schedule I-1

Company:

For the year ended December 31, 2013

Page 2 of 4

Acct. No.	Account	Current Year Total	Prior Year Total
	<b><i>Plant Specific Expense</i></b>		
6112	Motor Vehicle	9,762	-2,276
6113	Aircraft		
6114	Vehicle	5	6
6115	Garage Work Equipment	61	
6116	Other Work Equipment	2,987	
	<b><i>Total Network Support</i></b>	<b>12,816</b>	<b>-2,270</b>
6121	Land & Building	20,814	37,546
6122	Furniture & Artwork	566	654
6123	Office Equipment	1,846	1,323
6124	Gen. Purpose Computer	65,769	69,705
	<b><i>Total General Support</i></b>	<b>88,995</b>	<b>109,228</b>
6211	Analog Electronic		
6212	Digital Electronic	50,793	54,244
6215	Electromechanical		
	<b><i>Total CO Switching</i></b>	<b>50,793</b>	<b>54,244</b>
6220	Operator Systems	188	246
6231	Radio Systems	877	1,926
6232	Circuit Equipment	5,458	5,375
	<b><i>Total Circuit Equipment</i></b>	<b>6,523</b>	<b>7,548</b>
6310	Information Orig./Term.		
	<b><i>Total Information Orig/Term</i></b>		
6411	Poles		
6421	Aerial Cable	134	240
6422	Underground Cable	19	171
6423	Buried Cable	176,016	145,401
6424	Submarine Cable	0	21,226
6425	Deep Sea Cable		
6426	Intrabuilding Network		
6431	Aerial Wire	25	0
6441	Conduit Systems	0	23
	<b><i>Total Cable &amp; Wire</i></b>	<b>176,193</b>	<b>167,061</b>
	<b><i>Total Plant Specific</i></b>	<b>335,319</b>	<b>335,811</b>
	<b><i>Plant Nonspecific Expense</i></b>		
6510	Other Property Plant and Equipment	306	-326
6531	Power	61,872	53,790
6532	Network Administration	26,286	27,070
6533	Testing	0	2
6534	Plant Operations Administration	32,688	16,088
6535	Engineering	12,458	76,541
	<b><i>Total Network Operations</i></b>	<b>133,610</b>	<b>173,164</b>

## INCOME STATEMENT

### Schedule I-1

Company:

For the year ended December 31, 2013

Page 3 of 4

Acct. No.	Account	Current Year Total	Prior Year Total
6540	Access	120,467	193,386
6561	Depreciation - TPIS	351,437	467,320
6562	Depreciation - PHFU		
6563	Amortization - Tangible		
6564	Amortization - Intangible	0	0
6565	Amortization - Other		
	<b>Total Depreciation &amp; Amortization</b>	351,437	467,320
	<b>Total Plant Nonspecific</b>	605,513	833,870
	<b>Customer Operations</b>		
6611	Product Management	15,510	12,258
6612	Sales	61,633	57,974
6613	Product Advertising	46,075	34,271
	<b>Total Marketing</b>	123,218	104,503
6621	Call Completion	9,391	7,403
6622	Number Service	1,903	1,598
6623	Customer Service	183,300	149,830
	<b>Total Services</b>	194,594	158,831
	<b>Total Customer Operations</b>	317,813	263,334
	<b>Corporate Operations</b>		
6711	Executive	21,247	22,049
6712	Planning	4,222	807
6721	Accounting/Finance	29,811	21,702
6722	External Relations	17,179	14,962
6723	Human Resources	8,449	7,505
6724	Info. Management	68,930	54,086
6725	Legal	11,740	4,202
6726	Procurement	1,981	1,872
6727	Research/Development		
6728	Other General & Administrative	15,762	20,181
	<b>Total Corporate Operations</b>	179,320	147,366
	<b>TOTAL OPERATING EXPENSES</b>	1,437,965	1,580,381

# INCOME STATEMENT

## Schedule I-1

Company:

For the year ended December 31, 2013 \_\_\_\_\_

Page 4 of 4

Ref. Sch.	Account No.	Account	Current Year Total	Prior Year Total
	7100	Other Operating Income and Expenses <b>Other Operating Income &amp; Expenses</b>		
	7210	Operating ITC		
	7220	Operating Federal Income Taxes	243,161	533,563
	7230	Operating State & Local Income Taxes	48,298	105,977
I-2	7240	Other Operating Taxes	65,420	70,294
	7250	Provision for Deferred Operating Taxes-Net <b>Total Operating Taxes</b>	55,267 412,146	15,955 725,789
		<b>NET OPERATING INCOME</b>	\$ (374,145)	\$ (587,228)
	7310	Dividend Income		
	7320	Interest Income		
	7330	Income from Sinking & Other Funds		
	7340	Allowance for Funds Used During Construction	0	13
	7350	Gain/Loss from the Disposition of Property		
	7360	Other Nonoperating Income	(501,187)	(501,187)
	7370	Special Charges <b>Total Nonoperating Income &amp; Expenses</b>	(35) (501,222)	(49) (501,223)
	7400	Nonoperating Taxes <b>Total Nonoperating Taxes</b>	0 0	(218,534) (218,534)
B-4	7510	Interest on Funded Debt		
	7520	Interest Expense - Capital Leases		
B-4	7530	Amortization of Debt Issuance Expense		
	7540	Other Interest Deductions <b>Total Interest &amp; Related Items</b>	0 0	0 0
	7610	Extraordinary Income Credits		
	7620	Extraordinary Income Charges		
	7630	Current Income Tax Effect of Ex. Items-Net <b>Total Extraordinary Items</b>		
	7910	Income Effect of Juris. Ratemaking Differences		
	7990	Non Regulated Net Income	755,051	753,382
		<b>NET INCOME</b>	-120,316	-116,535



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

**Company:**

**For the year ended December 31, 2013** \_\_\_\_\_

Name of Government	Type of Tax						
	Property	Gross Receipts	PSC Assess	Intangible	Franchise	Other*	Total
US Government							
State of Florida	60,500.01				3,300.00		63,800.01
State of Florida - Deferred Inc						56,887.41	56,887.41
<b>Total</b>	<b>60,500.01</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>3,300.00</b>	<b>56,887.41</b>	<b>120,687.42</b>
Charged to Construction							
<b>Net Charged to Account</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>

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

**Donations or Payments for Services Rendered by Persons  
Other Than Employees  
Schedule I-3**

**Company:**

**For the year ended December 31, 2013**

Name of Recipient	Nature of Services	Account No.	Amount of Payment
Sunshine State One Call	Construction Labor	6423	\$ 48,201

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

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

**Access Lines in Service by Customer**  
**Schedule S-1**

**Company:**

**For the year ended December 31, 2013**

State or Territory	Business		Public Access Lines	Residential Access Lines	Mobile Access Lines	Total Access Lines (Switched & Special)
	Single Line	Multi Line				
Florida	282	94		2089		2465

**Telephone Calls**  
**Schedule S-2**

State or Territory	Local Calls	IntraLATA Toll Calls Completed (Originating)	InterLATA Toll Calls Completed (Originating)			InterLATA Billed Access Minutes (Originating and Terminating)		
			Interstate	Intrastate	Total	Interstate	Intrastate	Total
Florida	N/A	0	706,765	121,456	828,221	6,249,775	1,250,167	7,499,942
<b>Totals</b>		0	706,765	121,456	828,221	6,249,775	1,250,167	7,499,942

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

**Company:**

**For the year ended December 31, 2013**

(a)	(b)	(c)	(d)
Accounts	Intrastate Revenues Per Sch. I-1	Intrastate Revenues Per RAF Return	Difference (b) - (c)
Local Service (5001 - 5069)	725,292	725,292	0
End User (5081)	0	0	0
Switched Access (5082)	0	0	0
Special Access (5083)	0	0	0
State Access (5084)	49,693	49,693	0
Long Distance (5100 - 5169)	61	61	0
Miscellaneous (5230 - 5270)	56,563	56,563	0
<b>Totals</b>	<b>831,609</b>	<b>831,609</b>	<b>0</b>

**Explanations:**

**Instructions:**

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

**Compensation of Officers  
Schedule Z-2**

**Company:**

**For the year ended December 31, 2013**

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

Title (a)	Name of Officer (b)	Salary for Year (c)	Bonus/Incentive (d)	Total (e)
Please see the enclosed proxy statement which lists information regarding the officers and directors of Citizens Communications Company, the parent company of Frontier Communications of the South, Inc.				

**Affiliation of Officers and Directors  
Schedule Z-3**

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

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

**Business Contracts with Officers and Directors  
Schedule Z-4**

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

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

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

**Analysis of Directory Advertising Operations**  
**Schedule Z-5**

**Company:**

**For the year ended December 31, 2013** \_\_\_\_\_

Items	Consolidated (f) Amount	Amount Per Books
1. Revenues (Account 5230) (e)	17,284	17,284
2. Local		
3. National		
4. Sales		
5. Commissions		
6. Other		
7. Total (line 2 thru 6)	17,284	17,284
8. Expenses (Account 6622) (e)	1,903	1,903
9. Printing		
10. Commissions		
11. Deliver		
12. Salvage		
13. Other		
14. Total (line 9 thru 13)	1,903	1,903
15. Gross Profit (Line 7 minus 14)	15,382	15,382
16. Gross Profit 1982 (a)	8,830	8,830
17. Customer Growth Factor (b)	1.14	1.14
18. CPI-U Factor (c)	2.41	2.41
19. Adjusted 1982 (L16 x L17 x L18)	24,366	24,366
20. Non Regulated (d)	5,892	5,892

**Footnotes:**

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

(b)	$\frac{\text{Average Current Year Access Lines}}{\text{Average 1982 Access Lines Per Rule 25-4.0405}}$	=	$\frac{2,605}{2,279}$	=	1.14
-----	--	---	-----------------------	---	------

(c)	$\frac{\text{Annual Average CPI-U for Current Year}}{\text{Annual Average CPI-U for 1982}}$	=	$\frac{232.96}{96.5}$	=	2.41
-----	---	---	-----------------------	---	------

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

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

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

**Average Access Lines in Service**

**Schedule Z-6**

**Company:**

**For the year ended December 31, 2013**

(a) Classification	(b) Average Number
1. Residence Lines (R-1, 2, 4, etc.)	2,223
2. Business Lines (B-1, 2, 4, etc.)	324
3. Centrex Lines	21
4. PBX Trunks	4
5. Key System Lines	34
6. Subtotal (Line 1 thru Line 5)	<u>2,605</u>
7. Teletypewriter Lines	
8. Foreign Exchange Lines	
9. Service Telephone Lines	
10. Other Lines	0
11. Total (Line 6 thru Line 10)	<u>2,605</u>
<b>Footnotes:</b>	
(a) Include lines terminating in customer owned equipment.	
(b) Average is the average of the twelve monthly averages.	

**Corporate Structure**  
**Schedule Z-7**

**Company:**

**For the year ended December 31, 2013**

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

**Effective  
Date**

**Please see the attached organizational chart showing all affiliated companies for the year ending December 31, 2013**



Entity Name	Domestic Jurisdiction
C-DON Partnership	Pennsylvania
Citizens Capital Ventures Corp.	Delaware
Citizens Directory Services Company L.L.C.	Delaware
Citizens Louisiana Accounting Company	Delaware
Citizens Newcom Company	Delaware
Citizens Newtel, LLC	Delaware
Citizens Pennsylvania Company LLC	Delaware
Citizens SERP Administration Company	Delaware
Citizens Telecommunications Company Of California Inc.	California
Citizens Telecommunications Company Of Idaho	Delaware
Citizens Telecommunications Company Of Illinois	Illinois
Citizens Telecommunications Company of Minnesota, LLC	Delaware
Citizens Telecommunications Company Of Montana	Delaware
Citizens Telecommunications Company Of Nebraska	Delaware
Citizens Telecommunications Company Of Nebraska LLC	Delaware
Citizens Telecommunications Company Of Nevada	Nevada
Citizens Telecommunications Company Of New York, Inc.	New York
Citizens Telecommunications Company Of Oregon	Delaware
Citizens Telecommunications Company Of Tennessee L.L.C.	Delaware
Citizens Telecommunications Company Of The Volunteer State LLC	Delaware
Citizens Telecommunications Company Of The White Mountains, Inc.	Delaware
Citizens Telecommunications Company Of Utah	Delaware
Citizens Telecommunications Company Of West Virginia	West Virginia
Citizens Telecom Services Company L.L.C.	Delaware
Citizens Utilities Capital L.P.	Delaware
Citizens Utilities Rural Company, Inc.	Delaware
Commonwealth Communication, LLC	Delaware
Commonwealth Telephone Company LLC	Pennsylvania
Commonwealth Telephone Enterprises LLC	Delaware
Commonwealth Telephone Enterprises LLC	Pennsylvania
Commonwealth Telephone Management Services, Inc.	Pennsylvania
CTE Holdings, Inc.	Pennsylvania
CTE Services, Inc.	Pennsylvania
CTE Telecom, LLC	Pennsylvania
CTSI, LLC	Pennsylvania
CU Capital LLC	Delaware
CU Wireless Company LLC	Delaware
Electric Lightwave NY, LLC	Delaware
Evans Telephone Holdings, Inc.	Delaware
Fairmount Cellular LLC	Georgia
Frontier Communications Corporate Services Inc.	Delaware
Frontier Communications Corporation	Delaware
Frontier Communications ILEC Holdings LLC	Delaware
Frontier Communications - Midland, Inc.	Illinois
Frontier Communications Northwest Inc.	Washington
Frontier Communications of Alabama, LLC	Alabama
Frontier Communications Of America, Inc.	Delaware
Frontier Communications Of Ausable Valley, Inc.	New York

Frontier Communications Of Breezewood, LLC	Pennsylvania
Frontier Communications Of Canton, LLC	Pennsylvania
Frontier Communications Of Depue, Inc.	Illinois
Frontier Communications Of Fairmount LLC	Georgia
Frontier Communications Of Georgia LLC	Georgia
Frontier Communications Of Illinois, Inc.	Illinois
Frontier Communications Of Indiana, LLC	Indiana
Frontier Communications Of Iowa, LLC	Iowa
Frontier Communications Of Lakeside, Inc.	Illinois
Frontier Communications Of Lakewood, LLC	Pennsylvania
Frontier Communications Of Lamar County, LLC	Alabama
Frontier Communications Of Michigan, Inc.	Michigan
Frontier Communications Of Minnesota, Inc.	Minnesota
Frontier Communications Of Mississippi LLC	Mississippi
Frontier Communications Of Mondovi, LLC	Wisconsin
Frontier Communications Of Mt. Pulaski, Inc.	Illinois
Frontier Communications Of New York, Inc.	New York
Frontier Communications Of Orion, Inc.	Illinois
Frontier Communications Of Oswayo River LLC	Pennsylvania
Frontier Communications Of Pennsylvania, LLC	Pennsylvania
Frontier Communications Of Rochester, Inc.	Delaware
Frontier Communications Of Seneca-Gorham, Inc.	New York
Frontier Communications Of Sylvan Lake, Inc.	New York
Frontier Communications of the Carolinas LLC	Delaware
Frontier Communications Of The South, LLC	Alabama
Frontier Communications Of The Southwest Inc.	Delaware
Frontier Communications Of Thorntown, LLC	Indiana
Frontier Communications Of Virginia, Inc.	Virginia
Frontier Communications Of Viroqua, LLC	Wisconsin
Frontier Communications Of Wisconsin LLC	Wisconsin
Frontier Communications Online And Long Distance Inc.	Delaware
Frontier Communications - Prairie, Inc.	Illinois
Frontier Communications - Schuyler, Inc.	Illinois
Frontier Communications Services Inc.	Arizona
Frontier Communications - St. Croix LLC	Wisconsin
Frontier Directory Services Company, LLC	Delaware
Frontier Infoservices Inc.	Delaware
Frontier Midstates Inc.	Georgia
Frontier Mobile LLC	Delaware
Frontier North Inc.	Wisconsin
Frontier Security Company	Delaware
Frontier Services Corp.	Connecticut
Frontier Subsidiary Telco LLC	Delaware
Frontier Techserv, Inc.	Delaware
Frontier Telephone Of Rochester, Inc.	New York
Frontier West Virginia Inc.	West Virginia
GVN Services	California
Navajo Communications Co., Inc.	New Mexico
N C C Systems, Inc.	Texas
Ogden Telephone Company	New York

Phone Trends, Inc.	New York
Rhineland Telecommunications, LLC	Wisconsin
Rhineland Telephone LLC	Wisconsin
Rib Lake Cellular For Wisconsin RSA #3, Inc.	Wisconsin
Rib Lake Telecom, Inc.	Wisconsin
Tele-Tec Contractors, Inc.	New York

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

**Company:**

**For the year ended December 31, 2013** \_\_\_\_\_

<small>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.</small>	
Name of Affiliated Company	Synopsis of Contract
N/A	

**Summary of Affiliated Transfers and Cost Allocations**  
**Schedule Z-9**

**Company:**

**For the year ended December 31, 2013**

<p>Grouped by affiliate, list each contract, agreement, or other business transaction exceeding a cumulative amount of \$3,000 in any one year, entered into between the Respondent and an affiliated business or financial organization, firm, or partnership identifying parties, amounts, dates, and product, asset, or service involved.</p> <p>(a) Enter name of affiliate.</p> <p>(b) Give description of type of service, or name the product involved.</p> <p>(d) Enter the letter "p" if the service or product is a purchased by the Respondent; "s" if the service or product is sold by the Respondent.</p> <p>(e) Enter utility account number in which charges are recorded.</p> <p>(f) Enter total amount paid, received, or accrued during the year for each type of service or product listed in column (c). Do not net amounts when services are both received and provided.</p>					
Name of Affiliate (a)	Type of Service and/or Name of Product (b)	Relevant Contract or Agreement and Effective Date (c)	Total Charge for Year		
			"p" or "s" (d)	Account Number (e)	Dollar Amount (f)
Citizens Communications Company	Accounting / Executive, Legal, Engineering, Financial, Computer and Other	Various	Both	Various	33,220
Sector Central	Accounting / Executive, Legal, Engineering, Financial, Computer and Other	Various	Both	Various	529,866
Regional Allocation	Accounting / Executive, Legal, Engineering, Financial, Computer and Other	Various	Both	Various	146,220

## Earnings Surveillance

### Schedule Z-10

Company:

For the year ended December 31, 2013

Page 1 of 4

RATE BASE	(1) Total Company Columns (2 + 3)	(2)  Interstate Toll	(3)  Total Intrastate
<b><u>AVERAGE RATE BASE</u></b>			
1. Plant In Service	<u>\$18,368,397</u>	<u>\$5,690,529</u>	<u>\$12,677,867</u>
2. Accumulated Depreciation and Amortization	<u>21,334,667</u>	<u>6,692,685</u>	<u>\$14,641,982</u>
3. Net Plant In Service	<u>\$2,966,271</u>	<u>\$1,002,156</u>	<u>\$1,964,115</u>
4. Property Held for Future Use	_____	_____	_____
5. TPUC	190,909	59,143	\$131,765
6. Working Capital Allowance	<u>73,759</u>	<u>19,723</u>	<u>\$54,036</u>
7. Per Book Average Rate Base	<u>2,701,603</u>	<u>923,289</u>	<u>1,778,313</u>
8. % Distribution	<u>100%</u>	<u>34%</u>	<u>66%</u>

#### **ADJUSTMENTS TO AVERAGE RATE BASE**

9. Adjustments for Achieved Rate Base	<u>\$284,078</u>
10. Adjusted Achieved Rate Base	<u>2,062,391</u>

#### **RATES OF RETURN**

11. Average Per Book	<u>-8.95%</u>	<u>28.40%</u>	<u>-28.34%</u>
12. Average FPSC Adjusted			<u>-24.44%</u>

ADJUSTMENTS TO RATE BASE	(1) Plant In Service	(2) Accumulated Depreciation and Amortization	(3) Property Held for Future Use	(4) Telephone Plant Under Construction	(5) Working Capital Allowance	(6) TOTALS
1. Intrastate Rate Base per Books	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

#### **INTRASTATE ADJUSTMENTS**

2. General Support	\$978,385	\$ _____	\$ _____	\$ _____	\$ _____	\$978,385
3. General Support Reserve	_____	(694,308)	_____	_____	_____	(694,308)
4. _____	_____	_____	_____	_____	_____	0
5. Total Accounting Adjustments, Intrastate	<u>\$978,385</u>	<u>(694,308)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$284,078</u>
6. Intrastate Rate Base	\$978,385	(694,308)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

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

**Company:**

**For the Year Ended December 31, 2009**

**Page 2 of 4**

	(1) Total Company Columns (2 + 3)	(2) Interstate Toll	(3) Total Intrastate Columns (4 + 5 + 6)	(4) --- Intrastate Toll --- Inter- territory	(5) Intra- territory	(6) Local
<b>NET OPERATING INCOME</b>						
<b>BOOKED REVENUE</b>						
1. Basic Local Service Revenue	\$725,292	\$ _____	\$725,292	\$0	\$0	\$725,292
2. Network Access Revenue						
a. BHMOC	227,179	227,179	0	\$0	\$0	\$0
b. MOU Access	100,922	51,229	49,693	\$0	\$0	\$49,693
c. Special Access	150,151	150,151	0	\$0	\$0	\$0
d. Other Access	-	-	-	-	-	-
3. Long Distance Revenue						
a. MTS	-	-	-	-	-	-
b. Other	61	0	61	\$0	\$0	\$61
4. Subsidy Fund Revenue	290,224	290,224	0	\$0	\$0	\$0
5. Miscellaneous Revenue	56,563	0	56,563	\$0	\$0	\$56,563
6. Uncollectible Revenues	(74,425)	(32,491)	(41,934)	\$0	\$0	(41,934)
7. Net Booked Revenue	<u>\$1,475,967</u>	<u>\$686,292</u>	<u>\$789,675</u>	<u>\$0</u>	<u>\$0</u>	<u>\$789,675</u>
<b>OPERATING EXPENSE:</b>						
8. Plant Specific Operations Expense	\$335,319	\$103,915	\$231,404			
9. Plant Non-Specific Operations Expense	133,610	41,392	92,217			
10. Access Expense	120,467	1,867	118,599			
11. Depreciation and Amortization	351,437	70,006	281,431			
12. Customer Operations Expense	317,813	68,552	249,260			
13. Corporate Operations Expense	179,320	51,626	127,694			
14. Other Income and Expenses	356,879	110,561	246,318			
15. Total Operating Expense	<u>\$1,794,844</u>	<u>\$447,921</u>	<u>\$1,346,923</u>			
16. % Distribution	<u>0</u>	<u>0</u>	<u>0</u>			
<b>OPERATING TAXES:</b>						
17. Federal Income Tax	(111,607)	(34,576)	-\$77,031			
18. State Income Tax	(20,727)	(6,421)	-14,306			
19. Other Taxes	55,267	17,122	38,145			
20. Total Operating Taxes	<u>(77,067)</u>	<u>(23,875)</u>	<u>(53,192)</u>			
<b>NET OPERATING INCOME:</b>						
21. Per Book NOI	<u>-241,810</u>	<u>262,246</u>	<u>(504,056)</u>			
22. NOI Effect of Adjustments			<u>0</u>			
23. Adjusted NOI			<u>(504,056)</u>			

**NOTES :**

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

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

Company:

For the Year Ended December 31, 2009

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	(1)	(2)	(3)	(4)	(5)	(6)
ADJUSTMENTS TO NET OPERATING INCOME INTRASTATE OPERATING REVENUE	Basic Local Service Revenue	Inter- territory	Intra- territory	Local Misc. Revenue	Uncollectible Revenues	Net Booked Revenue
1. Total Intrastate Revenue per Books	\$725,292	\$0	\$49,693	\$56,624	(\$41,934)	\$789,675
<b>INTRASTATE ADJUSTMENTS</b>						
2. Out of period adjustments	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$0
3. _____	_____	_____	_____	_____	_____	0
4. _____	_____	_____	_____	_____	_____	0
5. _____	_____	_____	_____	_____	_____	0
6. Total Accounting Adjustments, Intrastate	\$0	\$0	\$0	\$0	\$0	\$0
7. Total Adjusted Intrastate Revenue	\$725,292	\$0	\$49,693	\$56,624	(41,934)	\$789,675

	(7)	(8)	(9)	(10)	(11)	(12)	(13)
ADJUSTMENTS TO NET OPERATING INCOME INTRASTATE OPERATING EXPENSE	Plant Specific Operations Expense	Plant Non-Specific Operations Expense(A)	Depreciation and Amortization	Customer Operations Expense	Corporate Operations Expense	Other Income and Expenses	Total Operating Expense
1. Total Intrastate Expenses per Books	\$231,404	\$92,217	\$281,431	\$249,260	\$127,694	\$246,318	\$1,346,923
<b>INTRASTATE ADJUSTMENTS</b>							
2. Out of period adjustments	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$0
3. _____	_____	_____	_____	_____	_____	_____	0
4. _____	_____	_____	_____	_____	_____	_____	0
5. _____	_____	_____	_____	_____	_____	_____	0
6. Total Accounting Adjustments, Intrastate	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7. Total Adjusted Intrastate Exp.	\$231,404	\$92,217	\$281,431	\$249,260	\$127,694	\$246,318	\$1,346,923

(A) Including Access Expense

	(14)	(15)	(16)	(17)	(18)
ADJUSTMENTS TO NET OPERATING INCOME INTRASTATE OPERATING TAXES / NET OPERATING INCOME	Federal Income Tax	State Income Tax	Other Taxes	Total Operating Taxes	Net Operating Income
1. Total Intrastate Taxes / NOI per Books	(77,031)	(14,306)	38,145	(53,192)	(504,056)
<b>INTRASTATE ADJUSTMENTS</b>					
2. Out of period adjustments	\$ _____	\$ _____	\$ _____	\$0	\$0
3. _____	_____	_____	_____	0	0
4. _____	_____	_____	_____	0	0
5. _____	_____	_____	_____	0	0
6. Total Accounting Adjustments, Intrastate	\$0	\$0	\$0	\$0	\$0
7. Total Adjusted Intrastate Taxes / NOI	(77,031)	(14,306)	38,145	(53,192)	(504,056)



**Earnings Surveillance  
Schedule Z-10**

**Company:**

**For the year ended December 31, 2013**

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AVERAGE CAPITAL	(1)	(2)	(3)	(4)	(5)	(6)	(7) ----- COST RATE -----			(9) ----- WEIGHTED COST RATE -----		
	Average Per Books	Specific Adjustments	Pro Rata Adjustments	Adjusted Amount	% of Total	Floor	Midpoint	Ceiling	Floor	Midpoint	Ceiling	
1. Long Term Debt		0	0	0	0		0.00%				0	
2. Short Term Debt		0	0	0	0		0.00%				0	
3. Preferred Stock		0	0	0	0		0.00%				0	
4. Customer Deposits		0	0	0	0		0.00%				0	
5. Common Equity	14,636,433	(17,386,293)	4,524,908	1,775,048	65.70%	11.00%	12.00%	13.00%	7.23%	7.88%	8.54%	
6. ITC		0	0	0	0	0.00%	0.00%	0.00%	0	0	0	
7. Cost Free Capital	(1,435,397)	0	2,361,952	926,555	34.30%	0.00%	0.00%	0.00%	0	0	0	
8. Total Capital	13,201,037	(17,386,293)	6,886,859	2,701,603	100.00%				7.23%	7.88%	8.54%	

**FINANCIAL RATIO**

9. Intrastate achieved return on equity  
FPSC Adjusted Basis -37.20%

ADJUSTMENTS TO AVERAGE CAPITAL	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	LONG TERM DEBT	SHORT TERM DEBT	PREFERRED STOCK	CUSTOMER DEPOSITS	COMMON EQUITY	INVESTMENT TAX CREDITS	COST FREE CAPITAL	TOTAL CAPITAL
1. Total Capital Per Books	0	0	0	0	14,636,433	0	(1,435,397)	13,201,037

**DESCRIPTION OF ADJUSTMENTS TO SPECIFIC SOURCES**

2. Investment in Alabama Cellular	\$	\$	\$	\$	\$	\$	\$	0
3. NonRegulated Investmetns					(68,497)			(68,497)
4. Fronter Investments					(17,317,797)			(17,317,797)
5. Sub-total of Adjustments to Specific Sources	0	0	0	0	(17,386,293)	0	0	(17,386,293)
6. Adjusted Total Capital	0	0	0	0	(2,749,860)	0	(1,435,397)	(4,185,257)

**DESCRIPTION OF PRO RATA ADJUSTMENTS**

7. Alabama Rate Base	\$	\$	\$	\$	\$ 4,524,908	\$	\$ 2,361,952	\$ 6,886,859
8. _____								0
9. _____								0
10. Sub-total of Pro Rata Adjustments to Sources	0	0	0	0	\$ 4,524,908	\$ -	\$ 2,361,952	\$ 6,886,859
11. Subtotal, Pro Rata Adjusted Total Capital	0	0	0	0	\$ 1,775,048	\$ -	\$ 926,555	\$ 2,701,603
12. Less Interstate Operations	0	0	0	0	\$ -	\$ -	\$ -	\$ -
13. Achieved Intrastate Capital	\$ -	\$ -	\$ -	\$ -	\$ 1,775,048	\$ -	\$ 926,555	\$ 2,701,603