

TL 732-14-AR

ANNUAL REPORT OF
LOCAL EXCHANGE TELEPHONE COMPANIES

OFFICIAL COPY
Public Service Commission
to Not Reasonable Ability Of

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, 2014

RECEIVED
15 APR 29 AM 8:00
ACCOUNTING & FINANCE

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	

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, _2014_, 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.

Jessica Matushek
Signature

4-27-15
Date

Jessica Matushek
Name

Director, Accounting
Title

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Identity of Respondent

Schedule A-1

Company:

For the Year Ended December 31, 2014 _____

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	
Mark D. Nielsen	Vice President and General Counsel	
John Gianukakis	Vice President and Treasurer	
Donald W. Daniels, Jr	Vice President and Controller	
George McArthur	Vice President, Tax	
Michael Golob	Vice President, Engineering	
Allison Ellis	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	
Barry Wissset	Assistant Secretary	

Stockholders

Schedule A-4

Company:

For the Year Ended December 31, 2014

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

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

Important Changes During the Year

Schedule A-5

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

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

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.

BALANCE SHEET

Schedule B-1

Company:

For the Year Ended December 31, 2014

Page 1 of 2

Ref. Sch.	Account No.	Accounts	Amounts (\$)	
			Beginning of Year	End of Year
		Current Assets		
	1130	Cash	0	0
	1140	Special Cash Deposits		
	1150	Working Cash Advance	275	263
	1160	Temporary Investments		
	1180	Telecom. Accounts Receivable	287,547	286,050
	1181	Telecom. Accounts Receivable Allowance	(11,097)	(8,014)
	1190	Other Accounts Receivable	505,870	497,259
	1191	Accounts Receivable Allowance-Other	(19,913)	(20,941)
	1200	Notes Receivable		
	1201	Notes Receivable Allowance		
	1210	Interest and Dividends Receivable		
	1220	Material and Supplies	209	0
	1290	Prepaid Rents		
	1300	Prepaid Taxes		
	1310	Prepaid Insurance		
	1320	Prepaid Directory Expenses		
	1330	Other Prepayments		
	1350	Other Current Assets		
		Total Current Assets	762,891	754,617
		Noncurrent Assets		
	1401	Investments in Affiliated Co.	11,954,290	11,508,671
	1402	Investments in Nonaffiliated Co.		
	1406	Non Regulated Investments	(66,269)	(64,784)
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		
		Total Noncurrent Assets	11,888,021	11,443,887
		Telephone Plant in Service		
B-2	2001	Telecom. Plant in Service	18,459,699	18,620,327
	2002	Property Held for Future Use		
	2003	Plant under Construction	175,334	248,424
	2005	Plant Adjustment	459,222	438,348
	2006	Nonoperating Plant		
	2007	Goodwill	6,184,949	5,903,815
		Subtotal	25,279,204	25,210,914
		Less:		
B-3	3100	Acc. Depreciation	16,671,499	16,980,534
"	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	4,964,730	5,165,286
		Subtotal	21,636,229	22,145,820
		Net Telephone Plant in Service	3,642,975	3,065,094
		TOTAL ASSETS	16,293,886	15,263,597

BALANCE SHEET

Schedule B-1

Company:

For the Year Ended December 31, 2014

Page 2 of 2

Page 2 of 2

Ref. Sch.	Account No.	Accounts	End of Year	End of Year
		Current Liabilities		
	4010	Accounts Payable	2,482,975	1,653,672
	4020	Notes Payable		
	4030	Advanced Billing and Payments	126,886	109,793
	4040	Customers' Deposits	1,267	1,883
B-4	4050	Current Maturities - Long Term		
	4060	Current Maturities - Capital Leases		
	4070	Income Taxes - Accrued		
	4080	Other Taxes - Accrued	48,474	58,903
	4100	Net Current Deferred Op. Income Taxes		
	4110	Net Current Deferred Nonop. Income Taxes		
	4120	Other Accrued Liabilities		
	4130	Other Current Liabilities	60,797	31,173
		Total Current Liabilities	2,720,399	1,855,424
		Long-Term Debt		
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		
		Total Long-Term Debt		
		Other Liabilities and Deferred Credits		
	4310	Other Long-Term Liabilities		
	4320	Unamortized Operating ITC - Net		
	4330	Unamortized Nonoperating ITC - Net		
	4340	Net Noncur. Def. Oper. Income Taxes	322,860	376,889
	4350	Net Noncur. Def. Nonoper. Inc. Taxes	(1,736,072)	(1,657,159)
	4360	Other Deferred Credits	91,080	86,940
	4370	Other Juris. Liab. & Def. Credits		
		Total Other Liab. & Def. Credits	(1,322,132)	(1,193,330)
		Stockholder's Equity		
	4510	Capital Stock		
	4520	Additional Paid-in Capital	6,687,259	6,383,293
	4530	Treasury Stock		
	4540	Other Capital		
	4550	Retained Earnings	8,208,361	8,218,211
		Total Stockholder's Equity	14,895,620	14,601,504
		TOTAL LIABILITIES AND EQUITY	16,293,888	15,263,599

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

Company:
 For the Year Ended December 31, 2014

Acct. No.	Account Description	Depr. Rate	Beginning Balance*	Additions	Retirements	Reclass.	Adjustments	Transfers	Ending Balance*
2111	Land		41,947		-2,442				39,505
Amortizable General Support Assets:									
2116	Other Work Equipment	7 yrs	41,516	62,263			-62,263		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
Depreciable Assets: This schedule should identify each account/subaccount for which a separate depreciation rate has been approved by the FPSC.									
2112	Motor Vehicles		-	-					-
2121	Buildings		205,758						205,758
Total Land & Support Assets			\$ 298,582	\$ 62,263	\$ (2,442)	\$ -	\$ (62,263)	\$ -	\$ 296,141
Office Assets:									
2212	Digital Electronic Switch		3,573,767	24,804	-				3,598,571
2215	Elec. Mechanical Switch		-	-	-				-
2220	Operator Systems		-	-	-				-
2231	Radio Systems		-	-	-				-
2232	Circuit Equipment		1,835,290	17,627	-				1,852,917
2232	Fiber Circuit Equipment		517,646	4,972	-				522,618
Total Central Office Assets			\$ 5,926,703	\$ 47,403	\$ -	\$ -	\$ -	\$ -	\$ 5,974,106
Info. Orig/Term Assets:									
2321	Customer Premise Wiring **		22,971	-	-				22,971
2351	Public Telephone Equipment		-	-	-				-
Total Info. Orig/Term Assets			\$ 22,971	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,971
**	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, 2014 _____

Acct. No.	Account Description	Depr. Rate	Beginning Balance*	Additions	Retirements	Reclass.	Adjustments	Transfers	Ending Balance*
(Continued)									
Cable and Wire Facilities									
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		9,380,775	111,490	(25,421)				9,466,845
2423	Buried Fiber Cable		2,802,050	33,302	(7,593)				2,827,759
2423	Buried Cable Terminal		-	-	-				-
2423	Buried Air Cove Cable		-	-	-				-
2441	Conduit Systems		3,126		-			0	3,126
	Total Cable and Wire Facilities		\$ 12,211,441	\$ 144,792	\$ (33,014)	\$ -	\$ -	\$ 0	12,323,220
Capital Recovery Schedules: This schedule should identify each approved capital recovery schedule.									
Jointly Used Plant Allocated to Non Regulated			()	()	()	()	()	()	()
Amortizable Assets:									
2681	Capital Leases								
2682	Leasehold Improve.								
2690	Intangibles		0		0			0	-
Total Balances									
Note: * The total beginning and ending balances plus jointly used plant allocated to non regulated, if any, must agree to acct. 2001, Plant in Service, in Schedule B-1, Balance Sheet.									

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

Company:
For the Year Ended December 31, 2014

Page 1 of 2

Acct. No.	Account Description	Beginning Balance*	Accruals**	Reclass.	Retirements	Gross Salvage	Cost of Removal	Adjustments	Transfers	Ending Balance*
Amortizable General Support Assets:										
2116	Other Work Equipment	41,516	62,263					-62,263		103,779
2122	Furniture	2,566								2,566
2123	Office Support Equipment									
2123	Company Communications									
2124	General Purpose Computer	6,796								6,796
Depreciable Assets: This schedule should identify each account/subaccount for which a separate depreciation rate has been approved by the FPSC.										
3112	Motor Vehicles	-		-						-
3121	Buildings	205,758	-	-						205,758
	Total Land & Support Assets	\$ 256,636	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (62,263)	\$ -	\$ 318,900
Central Office Assets:										
3212	Digital Electronic Switch	3,573,767	24,804	-						3,598,570
3215	Elec. Mechanical Switch	-	-	-						-
3220	Operator Systems	-	-	-						-
3231	Radio Systems	-	-	-						-
3232	Circuit Equipment	1,795,116	22,599	-						1,817,715
3232	Fiber Circuit Equipment	557,821	-	-						557,821
	Total Central Office Assets	\$ 5,926,704	\$ 47,403	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,974,106
Info. Orig/Term Assets:										
3321	Customer Premise Wirin,**	22,971	-	-						22,971
3351	Public Telephone Equipment	-	-	-						-
	Total Info. Orig/Term Assets	\$ 22,971	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,971
**	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, 2014 _____

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>										
Cable and Wire Facilities										
3411	Poles	467	-	-	-	-	-	-	-	467
3421	Aerial Cable Metallic	2,605	-	-	-	-	-	-	-	2,605
3421	Aerial Cable Fiber	-	-	-	-	-	-	-	-	-
3422	Underground Cable Metallic	22,418	-	-	-	-	-	-	-	22,418
3422	Underground Cable Fiber	-	-	-	-	-	-	-	-	-
3423	Buried Metallic Cable	12,182,825	144,793	-	(30,014)	-	-	-	-	12,297,603
3423	Buried Fiber Cable	-	-	-	-	-	-	-	-	-
3423	Buried Cable Terminal	-	-	-	-	-	-	-	-	-
3423	Buried Air Cove Cable	-	-	-	-	-	-	-	-	-
3441	Conduit Systems	3,125	3,890	-	-	-	-	-	-	7,015
	Total Cable and Wire Facilities	\$ 12,211,440	\$ 148,682	\$ -	\$ (30,014)	\$ -	\$ -	\$ -	\$ -	\$ 12,330,108
Capital Recovery Schedules:		This schedule should identify each approved capital recovery schedule.								
<i>Subtotal</i>										
Reserve for Jointly Used Plant Allocated to Non Regulated		()	()	()	()	()	()	()	()	()
Accumulated Depr. & Amortization:										
3200	PHFU									
3300	Nonoperating									
3410	Capital Lease									
3420	Leasehold Improve.									
3500	Intangibles	0	-						-	0
3600	Other	3,951,674	-							3,951,674
<i>Subtotal</i>										
Total Balances										

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 R-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, 2014 _____

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, 2014

Page 1 of 4

Account No.	Accounts	Amounts (\$)		
		Current Year		Total Company Prior Year
		Total Company	Intrastate	
	OPERATING REVENUES			
5001	Basic Area	323,808	323,808	354,317
5002	Extended Area			
5003	Cellular Mobile			
5004	Other Mobile Service	2,247	2,247	14,946
5010	Public Telephone			
5040	Local Private Line	2,932	2,932	2,998
5050	Customer Premises	0	0	0
5060	Other Local Exchange	305,205	305,205	353,031
5069	Other Local Ex. Settlements			
	Total Local Network Service	634,192	634,192	725,292
5081	End User	210,758		227,179
5082	Switched Access	289,031		341,453
5083	Special Access	95,137		150,151
5084	State Access	43,877	43,877	49,693
	Total Network Access	638,803	43,877	768,476
5100	Long Distance Message	-283	-283	-399
5110	Unidirectional Long Distance			
5120	Long Distance Private Network	0	0	460
5160	Other LD Revenue			
5169	Other LD Revenue Settle.			
	Total LD Network	-283	-283	61
5230	Directory	21,699	21,699	17,284
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.	0	0	39,279
5269	Other Revenue Settle.	58,511		
5270	Interstate Billing & Collection	0		0
5270	Intrastate Billing & Collection	0		0
5301	Uncollectible Revenue-Tele.	(39,612)	(21,098)	(74,425)
5302	Uncollectible Revenue-Other			
	Total Miscellaneous	40,598	21,699	-17,862
	TOTAL OPERATING REVENUES	1,313,310	699,485	1,475,967

INCOME STATEMENT

Schedule I-1

Company:

For the year ended December 31, 2014

Page 2 of 4

Acct. No.	Account	Current Year Total	Prior Year Total
	<i>Plant Specific Expense</i>		
6112	Motor Vehicle	9,601	9,762
6113	Aircraft		
6114	Vehicle	3	5
6115	Garage Work Equipment	0	61
6116	Other Work Equipment	2,106	2,987
	<i>Total Network Support</i>	11,710	12,816
6121	Land & Building	36,851	20,814
6122	Furniture & Artwork	512	566
6123	Office Equipment	1,853	1,846
6124	Gen. Purpose Computer	68,423	65,769
	<i>Total General Support</i>	107,639	88,995
6211	Analog Electronic		
6212	Digital Electronic	61,501	50,793
6215	Electromechanical		
	<i>Total CO Switching</i>	61,501	50,793
6220	Operator Systems	122	188
6231	Radio Systems	0	877
6232	Circuit Equipment	1,608	5,458
	<i>Total Circuit Equipment</i>	1,730	6,523
6310	Information Orig./Term.		
	<i>Total Information Orig/Term</i>		
6411	Poles		
6421	Aerial Cable	16	134
6422	Underground Cable	0	19
6423	Buried Cable	171,497	176,016
6424	Submarine Cable	0	0
6425	Deep Sea Cable		
6426	Intrabuilding Network		
6431	Aerial Wire	0	25
6441	Conduit Systems	0	0
	<i>Total Cable & Wire</i>	171,514	176,193
	<i>Total Plant Specific</i>	354,094	335,319
	<i>Plant Nonspecific Expense</i>		
6510	Other Property Plant and Equipment	-7	306
6531	Power	67,264	61,872
6532	Network Administration	37,644	26,286
6533	Testing	4	0
6534	Plant Operations Administration	39,448	32,688
6535	Engineering	9,183	12,458
	<i>Total Network Operations</i>	153,536	133,610

INCOME STATEMENT

Schedule I-1

Company:

For the year ended December 31, 2014

Page 3 of 4

Acct. No.	Account	Current Year Total	Prior Year Total
6540	Access	49,213	120,467
6561	Depreciation - TPIS	344,746	351,437
6562	Depreciation - PHFU		
6563	Amortization - Tangible		
6564	Amortization - Intangible	0	0
6565	Amortization - Other		
	Total Depreciation & Amortization	344,746	351,437
	Total Plant Nonspecific	547,495	605,513
	Customer Operations		
6611	Product Management	22,990	15,510
6612	Sales	66,514	61,633
6613	Product Advertising	48,664	46,075
	Total Marketing	138,169	123,218
6621	Call Completion	8,333	9,391
6622	Number Service	1,713	1,903
6623	Customer Service	201,701	183,300
	Total Services	211,747	194,594
	Total Customer Operations	349,916	317,813
	Corporate Operations		
6711	Executive	39,469	21,247
6712	Planning	2,157	4,222
6721	Accounting/Finance	31,843	29,811
6722	External Relations	15,764	17,179
6723	Human Resources	9,410	8,449
6724	Info. Management	115,837	68,930
6725	Legal	19,883	11,740
6726	Procurement	1,624	1,981
6727	Research/Development		
6728	Other General & Administrative	13,928	15,762
	Total Corporate Operations	249,914	179,320
	TOTAL OPERATING EXPENSES	1,501,419	1,437,965

INCOME STATEMENT

Schedule I-1

Company:

For the year ended December 31, 2014

Page 4 of 4

Ref. Sch.	Account No.	Account	Current Year Total	Prior Year Total
	7100	Other Operating Income and Expenses <i>Other Operating Income & Expenses</i>		
	7210	Operating ITC		
	7220	Operating Federal Income Taxes	141,220	243,161
	7230	Operating State & Local Income Taxes	28,050	48,298
I-2	7240	Other Operating Taxes	57,058	65,420
	7250	Provision for Deferred Operating Taxes-Net	80,375	55,267
		<i>Total Operating Taxes</i>	306,703	412,146
		NET OPERATING INCOME	\$ (494,813)	\$ (536,802)
	7310	Dividend Income		
	7320	Interest Income		
	7330	Income from Sinking & Other Funds		
	7340	Allowance for Funds Used During Construction	333	0
	7350	Gain/Loss from the Disposition of Property		
	7360	Other Nonoperating Income	(501,187)	(501,187)
	7370	Special Charges	(42)	(35)
		<i>Total Nonoperating Income & Expenses</i>	(500,896)	(501,222)
	7400	Nonoperating Taxes	0	0
		<i>Total Nonoperating Taxes</i>	0	0
B-4	7510	Interest on Funded Debt		
	7520	Interest Expense - Capital Leases		
B-4	7530	Amortization of Debt Issuance Expense		
	7540	Other Interest Deductions	0	0
		<i>Total Interest & Related Items</i>	0	0
	7610	Extraordinary Income Credits		
	7620	Extraordinary Income Charges		
	7630	Current Income Tax Effect of Ex. Items-Net		
		<i>Total Extraordinary Items</i>		
	7910	Income Effect of Juris. Ratemaking Differences		
	7990	Non Regulated Net Income	707,439	755,051
		NET INCOME	-288,271	-120,316

Other Operating Taxes
Schedule I-2

Company:

For the year ended December 31, 2014

Name of Government	Type of Tax						
	Property	Gross Receipts	PSC Assess	Intangible	Franchise	Other*	Total
US Government							
State of Florida	52,499.99				3,087.00		55,586.99
State of Florida - Deferred Inc						81,846.80	81,846.80
Total	52,499.99	0.00	0.00	0.00	3,087.00	81,846.80	137,433.79
Charged to Construction							
Net Charged to Account	\$	\$	\$	\$	\$	\$	\$

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

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

Company:

For the year ended December 31, 2014

Name of Recipient	Nature of Services	Account No.	Amount of Payment
Sunshine State One Call	Construction Labor	6423	\$ 44,907

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

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

Access Lines in Service by Customer
Schedule S-1

Company:

For the year ended December 31, 2014

State or Territory	Business		Public Access Lines	Residential Access Lines	Mobile Access Lines	Total Access Lines (Switched & Special)
	Single Line	Multi Line				
Florida	289	68		1857		2214

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	521,578	89,703	611,281	5,254,919	1,267,822	6,522,741
Totals		0	521,578	89,703	611,281	5,254,919	1,267,822	6,522,741

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

Company:

For the year ended December 31, 2014 _____

(a)	(b)	(c)	(d)
Accounts	Intrastate Revenues Per Sch. I-1	Intrastate Revenues Per RAF Return	Difference (b) - (c)
Local Service (5001 - 5069)	634,192	634,192	0
End User (5081)	0	0	0
Switched Access (5082)	0	0	0
Special Access (5083)	0	0	0
State Access (5084)	43,877	43,877	0
Long Distance (5100 - 5169)	-283	-283	0
Miscellaneous (5230 - 5270)	21,699	80,210	-58,511
Totals	699,485	757,996	-58,511

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, 2014 _____

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, 2014 _____

Items	Consolidated (f) Amount	Amount Per Books
1. Revenues (Account 5230) (e)	21,699	21,699
2. Local		
3. National		
4. Sales		
5. Commissions		
6. Other		
7. Total (line 2 thru 6)	21,699	21,699
8. Expenses (Account 6622) (e)	1,713	1,713
9. Printing		
10. Commissions		
11. Deliver		
12. Salvage		
13. Other		
14. Total (line 9 thru 13)	1,713	1,713
15. Gross Profit (Line 7 minus 14)	19,986	19,986
16. Gross Profit 1982 (a)	8,830	8,830
17. Customer Growth Factor (b)	1.03	1.03
18. CPI-U Factor (c)	2.45	2.45
19. Adjusted 1982 (L16 x L17 x L18)	22,237	22,237
20. Non Regulated (d)	6,662	6,662

Footnotes:

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

(b)
$$\frac{\text{Average Current Year Access Lines}}{\text{Average 1982 Access Lines Per Rule 25-4.0405}} = \frac{2,340}{2,279} = 1.03$$

(c)
$$\frac{\text{Annual Average CPI-U for Current Year}}{\text{Annual Average CPI-U for 1982}} = \frac{236.736}{96.5} = 2.45$$

(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, 2014

(a) Classification	(b) Average Number
1. Residence Lines (R-1, 2, 4, etc.)	1,973
2. Business Lines (B-1, 2, 4, etc.)	323
3. Centrex Lines	15
4. PBX Trunks	2
5. Key System Lines	27
6. Subtotal (Line 1 thru Line 5)	<u>2,340</u>
7. Teletypewriter Lines	
8. Foreign Exchange Lines	
9. Service Telephone Lines	
10. Other Lines	0
11. Total (Line 6 thru Line 10)	<u>2,340</u>
Footnotes:	
(a) Include lines terminating in customer owned equipment.	
(b) Average is the average of the twelve monthly averages.	

Corporate Structure
Schedule Z-7

Company:

For the year ended December 31, 2014

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, 2014

List of subsidiaries of Frontier Communications Corporation*

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 ABC LLC	Delaware

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
Rhinelanders Telecommunications, LLC	Wisconsin
Rhinelanders Telephone LLC	Wisconsin
Rib Lake Cellular For Wisconsin RSA #3, Inc.	Wisconsin
Rib Lake Telecom, Inc.	Wisconsin
SNET America Inc.	Connecticut
The Southern New England Telephone Company	Connecticut
Tele-Tec Contractors, Inc.,	New York

* All of these entities are director or indirect wholly-owned subsidiaries of Frontier Communications Corporation.

New or Amended Contracts with Affiliated Companies
Schedule Z-8

Company:

For the year ended December 31, 2014 _____

<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, 2014

<p>Grouped by affiliate, list each contract, agreement, or other business transaction exceeding a cumulative amount of \$3,000 in any one year, entered into between the Respondent and an affiliated business or financial organization, firm, or partnership identifying parties, amounts, dates, and product, asset, or service involved.</p> <p>(a) Enter name of affiliate. (b) Give description of type of service, or name the product involved. (d) Enter the letter "p" if the service or product is purchased by the Respondent; "s" if the service or product is sold by the Respondent. (e) Enter utility account number in which charges are recorded. (f) Enter total amount paid, received, or accrued during the year for each type of service or product listed in column (c). Do not net amounts when services are both received and provided.</p>					
Name of Affiliate (a)	Type of Service and/or Name of Product (b)	Relevant Contract or Agreement and Effective Date (c)	Total Charge for Year		
			"p" or "s" (d)	Account Number (e)	Dollar Amount (f)
Citizens Communications Company	Accounting / Executive, Legal, Engineering, Financial, Computer and Other	Various	Both	Various	42,499
Sector Central	Accounting / Executive, Legal, Engineering, Financial, Computer and Other	Various	Both	Various	676,738
Regional Allocation	Accounting / Executive, Legal, Engineering, Financial, Computer and Other	Various	Both	Various	150,205

Earnings Surveillance
Schedule Z-10

Company:
For the year ended December 31, 2014

Page 1 of 4

RATE BASE	(1) Total Company Columns (2 + 3)	(2) Interstate Toll	(3) Total Intrastate
<u>AVERAGE RATE BASE</u>			
1. Plant In Service	\$18,540,013	\$5,743,696	\$12,796,317
2. Accumulated Depreciation and Amortization	21,891,025	6,867,214	\$15,023,810
3. Net Plant In Service	\$3,351,012	\$1,123,518	\$2,227,493
4. Property Held for Future Use	_____	_____	_____
5. TPUC	211,879	65,640	\$146,239
6. Working Capital Allowance	71,002	18,986	\$52,016
7. Per Book Average Rate Base	<u>3,068,131</u>	<u>1,038,892</u>	<u>2,029,238</u>
8. % Distribution	<u>100%</u>	<u>34%</u>	<u>66%</u>

ADJUSTMENTS TO AVERAGE RATE BASE

9. Adjustments for Achieved Rate Base			\$203,949
10. Adjusted Achieved Rate Base			<u>2,233,187</u>

RATES OF RETURN

11. Average Per Book	<u>-11.64%</u>	<u>16.17%</u>	<u>-25.88%</u>
12. Average FPSC Adjusted			<u>-23.51%</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	\$0	\$0	\$0	\$0	\$0	\$0
<u>INTRASTATE ADJUSTMENTS</u>						
2. General Support	\$929,631	\$ _____	\$ _____	\$ _____	\$ _____	\$929,631
3. General Support Reserve	_____	(725,683)	_____	_____	_____	(725,683)
4. _____	_____	_____	_____	_____	_____	0
5. Total Accounting Adjustments, Intrastate	\$929,631	(725,683)	\$0	\$0	\$0	\$203,949
6. Intrastate Rate Base	\$929,631	(725,683)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

Earnings Surveillance

Schedule Z-10

Company:

For the Year Ended December 31, 2014

Page 2 of 4

	(1) Total Company Columns (2 + 3)	(2) Interstate Toll	(3) Total Intrastate Columns (4 + 5 + 6)	(4) --- Intrastate Toll --- Inter- territory	(5) Intra- territory	(6) Local
NET OPERATING INCOME						
<u>BOOKED REVENUE</u>						
1. Basic Local Service Revenue	\$634,192	\$ _____	\$634,192	\$0	\$0	\$634,192
2. Network Access Revenue						
a. BHMOC	210,758	210,758	0	\$0	\$0	\$0
b. MOU Access	42,684	-1,193	43,877	\$0	\$0	\$43,877
c. Special Access	95,137	95,137	0	\$0	\$0	\$0
d. Other Access	-	-	-	-	-	-
3. Long Distance Revenue						
a. MTS	-	-	-	-	-	-
b. Other	-283	0	-283	\$0	\$0	-\$283
4. Subsidy Fund Revenue	290,224	290,224	0	\$0	\$0	\$0
5. Miscellaneous Revenue	21,699	0	21,699	\$0	\$0	\$21,699
6. Uncollectible Revenues	(39,612)	(18,514)	(21,098)	\$0	\$0	(21,098)
7. Net Booked Revenue	<u>\$1,254,799</u>	<u>\$576,412</u>	<u>\$678,387</u>	<u>\$0</u>	<u>\$0</u>	<u>\$678,387</u>
<u>OPERATING EXPENSE:</u>						
8. Plant Specific Operations Expense	\$354,094	\$109,734	\$244,360			
9. Plant Non-Specific Operations Expense	153,536	47,565	105,971			
10. Access Expense	49,213	763	48,450			
11. Depreciation and Amortization	344,746	68,673	276,072			
12. Customer Operations Expense	349,916	75,477	274,439			
13. Corporate Operations Expense	249,914	71,950	177,964			
14. Other Income and Expenses	226,328	70,116	156,212			
15. Total Operating Expense	<u>\$1,727,747</u>	<u>\$444,279</u>	<u>\$1,283,468</u>			
16. % Distribution	<u>0</u>	<u>0</u>	<u>0</u>			
<u>OPERATING TAXES:</u>						
17. Federal Income Tax	(165,532)	(51,282)	-\$114,250			
18. State Income Tax	(30,742)	(9,524)	-21,218			
19. Other Taxes	80,375	24,900	55,475			
20. Total Operating Taxes	<u>(115,898)</u>	<u>(35,905)</u>	<u>(79,993)</u>			
<u>NET OPERATING INCOME:</u>						
21. Per Book NOI	<u>-357,050</u>	<u>168,038</u>	<u>(525,088)</u>			
22. NOI Effect of Adjustments			<u>0</u>			
23. Adjusted NOI			<u>(525,088)</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, 2014

Page 3 of 4

	(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	\$634,192	\$0	\$43,877	\$21,416	(\$21,098)	\$678,387
INTRASTATE ADJUSTMENTS						
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	<u>\$634,192</u>	<u>\$0</u>	<u>\$43,877</u>	<u>\$21,416</u>	<u>(\$21,098)</u>	<u>\$678,387</u>

	(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	\$244,360	\$105,971	\$276,072	\$274,439	\$177,964	\$156,212	\$1,283,468
INTRASTATE ADJUSTMENTS							
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.	<u>\$244,360</u>	<u>\$105,971</u>	<u>\$276,072</u>	<u>\$274,439</u>	<u>\$177,964</u>	<u>\$156,212</u>	<u>\$1,283,468</u>

(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	(114,250)	(21,218)	55,475	(79,993)	(525,088)
INTRASTATE ADJUSTMENTS					
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	<u>(114,250)</u>	<u>(21,218)</u>	<u>55,475</u>	<u>(79,993)</u>	<u>(525,088)</u>

Earnings Surveillance
Schedule Z-10

Company:

For the year ended December 31, 2014

Page 4 of 4

AVERAGE CAPITAL	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	Average Per Books	Specific Adjustments	Pro Rata Adjustments	Adjusted Amount	% of Total	----- COST RATE -----			---- WEIGHTED COST RATE ----		
						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	14,748,562	(17,383,323)	4,665,099	2,030,337	66.18%	11.00%	12.00%		7.28%	7.94%	8.60%
6. ITC		0	0	0	0	0.00%	0.00%	---	0	0	0
7. Cost Free Capital	(1,346,741)	0	2,384,535	1,037,794	33.82%	0.00%	0.00%	---	0	0	0
8. Total Capital	13,401,821	(17,383,323)	7,049,633	3,068,131	100.00%				7.28%	7.94%	8.60%

FINANCIAL RATIO

9. Intrastate achieved return on equity -35.53%
FPSC Adjusted Basis

ADJUSTMENTS TO AVERAGE CAPITAL	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	LONG TERM DEBT	SHORT TERM DEBT	PREFERRED STOCK	CUSTOMER DEPOSITS	COMMON EQUITY	INVESTMENT TAX CREDITS	COST FREE CAPITAL	TOTAL CAPITAL
1. Total Capital Per Books	0	0	0	0	14,748,562	0	(1,346,741)	13,401,821

DESCRIPTION OF ADJUSTMENTS TO SPECIFIC SOURCES

2. Investment in Alabama Cellular	\$	\$	\$	\$	\$	\$	\$	0
3. NonRegulated Investments					(65,527)			(65,527)
4. Fronter Investments					(17,317,797)			(17,317,797)
5. Sub-total of Adjustments to Specific Sources	0	0	0	0	(17,383,323)	0	0	(17,383,323)
6. Adjusted Total Capital	0	0	0	0	(2,634,761)	0	(1,346,741)	(3,981,502)

DESCRIPTION OF PRO RATA ADJUSTMENTS

7. Alabama Rate Base	\$	\$	\$	\$	\$ 4,665,099	\$	\$ 2,384,535	\$ 7,049,633
8. _____								0
9. _____								0
10. Sub-total of Pro Rata Adjustments to Sources	0	0	0	0	\$ 4,665,099	\$ -	\$ 2,384,535	\$ 7,049,633
11. Subtotal, Pro Rata Adjusted Total Capital	0	0	0	0	\$ 2,030,337	\$ -	\$ 1,037,794	\$ 3,068,131
12. Less Interstate Operations	0	0	0	0	\$ -	\$ -	\$ -	\$ -
13. Achieved Intrastate Capital	\$ -	\$ -	\$ -	\$ -	\$ 2,030,337	\$ -	\$ 1,037,794	\$ 3,068,131