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December 10, 2012

VIA E-MAIL AND U.S. MAIL

Filing Center
Oregon Public Utility Commission
PO Box 2148
Salem, OR 97308-2148

Re: Docket UM 1481 - Opening Testimony on Behalf of the Oregon
Telecommunications Association

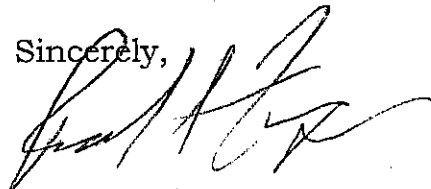
Dear Sir/Madam:

Enclosed are the Opening Testimony of Chad Duval, the Opening
Testimony of James Rennard and accompanying Exhibits, the Opening
Testimony of Don Lawrence and the Opening Testimony of John Hemphill, all
on behalf of the Oregon Telecommunications Association.

The original and one copy of each of the Exhibits are enclosed. The
Certificate of Service is also enclosed.

Thank you for your attention to this matter.

Sincerely,



RICHARD A. FINNIGAN

RAF/cs
Enclosures

cc: Service List (via e-mail)

CERTIFICATE OF SERVICE
UM 1481

I certify that I sent the attached Opening Testimony of Chad Duval, the Opening Testimony of James Rennard and accompanying exhibits, the Opening Testimony of Don Lawrence and the Opening Testimony of John Hemphill, all on behalf of the Oregon Telecommunications Association by electronic mail and U.S. mail to the following:

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I hereby certify that I served the attached Opening Testimony of Chad Duval, the Opening Testimony of James Rennard and accompanying exhibits, the Opening Testimony of Don Lawrence and the Opening Testimony of John Hemphill, all on behalf of the Oregon Telecommunications Association upon all parties of record in this proceeding by electronic mail, pursuant to OAR 860-013-0070, to the following parties or attorneys of parties:

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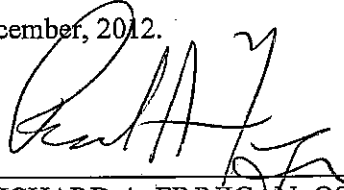
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Dated at Olympia, WA this 10th day of December, 2012.

By: 
RICHARD A. FINNIGAN, OSB No. 965357
Attorney for the Oregon Telecommunications
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BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

UM 1481 (Phase II)

In the Matter of

PUBLIC UTILITY COMMISSION OF
OREGON

Staff investigation of the Oregon Universal
Service Fund.

OREGON TELECOMMUNICATIONS

ASSOCIATION TESTIMONY

OPENING TESTIMONY OF

CHAD DUVAL

December 10, 2012

Q. What are your name, title, and business address?

A. My name is Chad A. Duval. I am a Principal at Moss Adams LLP (Moss Adams), an accounting and business consulting firm. My business address is 3121 W. March Lane, Suite 100, Stockton, CA, 95219.

Q. Please describe your educational background and experience.

A. My educational background includes a Bachelor of Science degree in Business Administration, with an emphasis in Statistics, from the University of Denver, in Denver, Colorado. In 1995, I was hired by GVNW Inc./Management to serve as a Consulting Analyst in the Company's Colorado Springs office. In 1998, I was promoted to Management Consultant. In 1999, I accepted the position of Manager of Strategic Pricing with US WEST Communications in Denver, Colorado. In January of 2000, I was promoted to Group Manager of Strategic Pricing. In October of 2000, I accepted the position of Director of Product Management with Vanion, Inc., a competitive local exchange carrier headquartered in Colorado Springs, Colorado. In September of 2001, I accepted the position of Senior Consultant with GVNW in Colorado Springs, Colorado. In October of 2004, I accepted the position of Senior Manager with Moss Adams in Stockton, California. In October of 2007, I became a Principal at Moss Adams.

Q. Can you please describe your duties and responsibilities as a Principal at Moss Adams?

A. Moss Adams is a regional accounting and consulting firm with offices in the major cities in the states of Arizona, California, Kansas, New Mexico, Oregon, and Washington. I am a Principal in Moss Adams' Stockton, California office, where one of our market niches is the telecommunications industry. Moss Adams' Telecommunications Industry Group provides audit, tax, and financial and management consulting services to the

telecommunications industry, particularly to rural telecommunications carriers. I am the firm-wide leader of our telecommunications consulting practice. In that role I provide technical and strategic guidance to a team of approximately 20 consultants. In addition, I provide consulting services to companies in several states, including cost separation studies, business plans, budgets, depreciation studies, and management analysis on various regulatory and company actions.

Q. For whom are you appearing in this proceeding?

A. I am appearing on behalf of the rural incumbent local exchange carrier (rural ILEC) members of the Oregon Telecommunications Association (OTA or the Association).¹

Q. Have you ever testified before the Oregon Public Utility Commission or any other regulatory agency?

A. I have not previously testified before the Oregon Public Utility Commission (OPUC or Commission). However, I have testified before the California Public Utilities Commission, the Colorado Public Utilities Commission, the Public Utilities Commission of Nevada, the North Dakota Public Service Commission, the Public Service Commission of Utah, and the Wyoming Public Service Commission.

Q. What is the purpose of your testimony?

A. In this testimony, I will address two of the three issues on the Issues List that have been identified for resolution in Docket UM 1481 – Investigation Into the Oregon Universal Service Fund. I will address what changes should be made to the existing OUSF related to the calculation, collection, and the distribution of funds and what changes should be made to the existing Oregon Universal Service Fund (OUSF) related to how funds are used. In doing so, I will be representing the positions of the rural ILEC members of

¹ Frontier Communications, Inc. and CenturyLink, Inc. are both members of the Oregon Telecommunications Association, but are filing separate testimony in this proceeding.

OTA. I have broken these two major issues into subparts. As a result, I will focus on the following issues:

1. What method of calculating basic service costs should be used?
2. What benchmark should be used in determining eligibility for support from the OUSF?
3. Which carriers should receive support from the OUSF and under what conditions?
4. What should OUSF support be used for by carriers receiving support?
5. Which carriers should contribute to the OUSF?

There are other outstanding issues in this proceeding, which will be addressed by different witnesses representing the OTA member companies.

What method of calculating basic service costs should be used?

Q. How are the OTA member companies currently regulated by the OPUC and the FCC?

A. The OTA rural ILEC members are subject to rate-of-return regulation by both the OPUC and the FCC. As such, they are authorized to recover their regulated expenses and taxes and earn a return on their rate base,² grossed up for income taxes. The OPUC's authorized rate-of-return on regulated rate base is 11.1%,³ while the FCC's authorized rate-of-return on regulated rate base is 11.25%.⁴

² See, 47 CFR § 65.800 Rate Base ("The rate base shall consist of the interstate portion of the accounts listed in § 65.820 that has been invested in plant used and useful in the efficient provision of interstate telecommunications services regulated by this Commission, minus any deducted items computed in accordance with § 65.830.")

³ See, *In the Matter of the Investigation into the Expansion of the Oregon Universal Service Fund to Include the Service Areas of Rural Telecommunications Carriers*, Docket UM 1017, Order No. 03-082, Attachment A, Page 5 of 21 (Feb., 2003) (Order 03-082).

⁴ See, *Represcribing the Authorized Rate of Return for Interstate Services of Local Exchange Carriers*, CC Docket No. 89-624, Order, 5 FCC Rcd 7507 (1990), *petitions for review docketed sub nom., Illinois Bell Telephone Co., et al. v. FCC*, No. 91-1020 (D.C. Cir.) (January 11, 1991), *recon.* 6 FCC Rcd 7193 (1991).

Q. What would happen to the OTA member companies if the method of calculating costs was modified?

A. Any change to the method of calculating costs would bring into question the ability of these carriers to recover their costs that were historically incurred based on rate-of-return regulation. Long term investments, some with economic lives greater than 30 years, have been made with the presumption that the carrier would earn its authorized rate-of-return over the life of the asset. Essentially, doing so would retroactively pull the regulatory rug out from under their feet, potentially causing some costs to go unrecovered. While it is difficult to estimate the long term impacts of an unknown change in regulation, any significant reduction in revenues could drastically impair the OTA rural members' ability to continue to meet their Carrier of Last Resort (COLR) obligations.

Q. Do the OTA member companies support the use of a forward looking economic cost model to determine the amount of support that is necessary for rural, rate-of-return carriers?

A. No. While using a forward looking economic (FLEC) cost model may be appropriate for determining the cost of much larger carriers and setting a statewide benchmark for eligibility for OUSF support, it is not appropriate to establish the costs of rural, rate-of-return carriers that must be supported. While a FLEC cost model may reasonably estimate the cost of building and operating a network for a large carrier, it is much more difficult for such a model to accurately estimate the costs of a much smaller carrier. The cost estimates for a large carrier typically encompasses broad geographic areas and tens or hundreds of thousands of customers⁵ in a statewide study area. Rural ILECs serve

⁵ Pursuant to the 2011 Operating Statistics released by the Oregon Public Utility Commission, in Oregon CenturyLink (including the historical CenturyTel, United Telephone and Qwest) serves 404,496 residential lines and 193,835 business lines, while Frontier (including both the historical Verizon and Frontier Communications) serves 174,196 residential lines and 73,651 business lines.

hundreds or a few thousand customers in a much smaller study area.⁶ The larger carrier has many more customers and a much greater geography across which to average errors and anomalies, while such errors and anomalies can result in significant cost estimation flaws for small, rural, rate-of-return carriers.

If the OPUC does elect to use a cost model for rural ILECs it must allow the OTA member companies, and other affected carriers, to fully review and test the model. Such a process would be extremely time consuming and costly, as the affected carriers would need to hire engineering and cost consultants to analyze the network design and cost assumptions used in the model and potentially develop alternative, and more appropriate, inputs. Doing so could delay the implementation of an order in this proceeding by several months, if not a year or more.

Q. Has the OPUC supported the use of a forward looking economic cost model to determine the cost of providing basic local exchange service for rural ILECs?

A. No. The OPUC has only supported the use of a benchmark rate for basic local exchange service based on forward-looking economic costs of larger carriers in calculating OUSF support for rural rate-of-return carriers. At the same time the OPUC has supported the use of embedded costs in the determination of rural ILEC costs to be supported by the OUSF. In UM 1017, the OPUC explicitly accepted the use of embedded costs as set out in the Stipulation it approved. As stated in the Stipulation: "The embedded cost methodology set forth in this Stipulation is interim. The FCC continues to work on a forward-looking cost methodology for rural ILECs. Upon conclusion of the FCC's investigation, the Commission may, on its own motion or upon petition, open a new

⁶ The OTA member companies serve far fewer access lines than the larger carriers, with access lines ranging from approximately 115 to 12,164, based on the latest publicly available information from the Universal Service Administrative Company ("USAC") at <http://www.universalservice.org/about/tools/fcc/filings/2013/q1.aspx>.

investigation.”⁷ The FCC has not adopted a forward-looking economic cost methodology for use by rural ILECs to date, and, therefore, it is not appropriate to discuss the use of one in this proceeding.

Q. Does 11.1% remain a reasonable authorized rate-of-return to be used for embedded or forward looking economic costs?

A. Yes. Given the significant risk that rural, rate-of-return carriers face as a result of the FCC’s recent Transformation Order⁸ and associated Further Notice of Proposed Rulemaking, as well as changes in the telecommunications industry in general, the OTA member companies believe that 11.1% remains an appropriate authorized rate-of-return for rural, rate-of-return carriers. In addition, rural, rate-of-return carriers maintain the COLR obligation to provide service to all customers within their regulated service territory.⁹

What benchmark should be used in determining eligibility for support from the OUSF?

Q. What benchmark rate for basic local exchange service is currently being used to establish eligibility for OUSF support?

A. The current benchmark is \$21.00 per month for basic telephone service. This is the amount that is imputed in the calculation of OUSF support as an offset for basic local exchange service.

⁷ *In the Matter of the Investigation into Expansion of the Order No. 03-032* at Page 3 and Attachment A to the Order at Page 4 of 21.

⁸ *In the Matter of Connect America Fund*, WC Docket No. 10-90, *A National Broadband Plan for Our Future*, GN Docket No. 09-51, *Establishing Just and Reasonable Rates for Local Exchange Carriers*, WC Docket No. 07-135, *High-Cost Universal Service Support*, WC Docket No. 05-337, *Developing an Unified Intercarrier Compensation Regime*, CC Docket No. 01-92, *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, *Lifeline and Link-Up*, WC Docket No. 03-109, *Universal Service Reform – Mobility Fund*, WT Docket No. 10-208, Report and Order and Further Notice of Proposed Rulemaking and Further Notice of Proposed Rulemaking, FCC 11-161 (rel. November 18, 2011).

⁹ See, ORS 759.506.

Q. How was this benchmark established?

A. This benchmark was established in Docket UM 731, Phase IV in 2000.¹⁰ This proceeding established the Oregon Universal Service Fund and the associated support for US West Communications (USWC) and GTE of the Northwest (GTE-NW), now CenturyLink and Frontier respectively. The benchmark is based on the forward looking economic costs of USWC and GTE-NW and was established using the FCC's cost model, with inputs modified by OPUC Staff. Rural carriers were not added to the OUSF until 2003, as discussed in greater detail below.

Q. Were other potential benchmarks analyzed in Docket UM 731?

A. Yes. Participants in that proceeding proposed a variety of different benchmarks for basic telephone service. USWC proposed a forward-looking economic cost based benchmark using a cost model of its own design. GTE-NW proposed an embedded cost based benchmark using its own embedded costs. AT&T concurred with the forward-looking economic cost based benchmark using the FCC's cost model, as modified, proposed by OPUC staff. All alternative benchmarks were dismissed in favor of the \$21.00 benchmark proposed by OPUC staff.

Q. Has the \$21.00 benchmark been reviewed since it was established in Docket UM 731?

A. Yes. It was reviewed in Docket UM 1017 – Expansion of the OUSF in 2002, at which time the service areas of rural telecommunications carriers were added to the OUSF. In that proceeding, the \$21.00 benchmark was confirmed for use by rural ILECs.¹¹

¹⁰ *In the Matter of the Investigation of Universal Service in the State of Oregon*, UM 731, Phase IV, Order No. 00-312 (June 16, 2000) Page 16. (“The approximate cost of \$21.00 per line per month is a reasonable estimate for the non-rural carriers involved in this proceeding. We will address costs for rural carriers in a future proceeding”).

¹¹ *Order 03-082* at Page 4 of Order and Attachment A, Page 7 of 21.

Q. What benchmark do the OTA member companies support in this proceeding?

A. The OTA member companies support the continued use of the \$21.00 benchmark established in Docket UM 731 for USWC and GTE-NW and later confirmed for the rural rate-of-return carriers in the state of Oregon. OTA supports the continued use of this benchmark for several reasons. Continued use of the \$21.00 benchmark maintains consistency with a long established precedent that ensures that supported carriers and their customers are not subject to rate changes. Customers have a threshold of affordability for telecommunications services, as evidenced by the fact that wireline access lines have declined precipitously over the last decade. This is the result of a variety of factors, including: the recent economic downturn, wireless replacement, Voice over Internet Protocol (VoIP) replacement, and potentially other factors.

Federal statute also requires that supported services be affordable and that rates be reasonably comparable to those in urban areas.¹² Oregon statute directs the Commission to take steps to ensure that basic telephone service is available at a reasonable and affordable rate.¹³ The \$21.00 benchmark, as part of the OUSF support calculation, helps meet this directive.

The Federal Communications Commission has established a benchmark for full eligibility for federal support funds, which has been set at the national average of urban rates. This benchmark has also been referred to as the urban rate floor. Carriers whose local rates fall below this benchmark are subject to reductions in support equal to the difference in their rates from the national average. For the period of July 1, 2012 through June 30, 2013 this national average urban rate was set at \$10.00 per month. For the period July 1, 2013 through June 30, 2014 the national average urban rate has been set at

¹² See, 47 USC § 254(b)(1).

¹³ See, ORS 759.425.

\$14.00 per month. Thereafter, the national average urban rate will be established based on a survey of carriers providing local service in urban markets and will be published by the FCC's Wireline Competition Bureau on an annual basis. The latest survey of carriers produced an average local service rate of \$15.62 in urban markets.¹⁴ These benchmark rates do not include the federal Subscriber Line Charge (SLC) of \$6.50 or the federal Access Recovery Charge (ARC).

The federal Access Recovery Charge ("ARC") varies by company by year. For companies that do not exceed a ceiling of \$30.00 for basic local service, mandatory extended area service, the federal SLC, the ARC, and certain regulatory fees, the ARC is set at \$0.50 per residential and single line business line per month beginning July 1, 2012. The ARC then increases by \$0.50 per residential and single line business line per month each July 1st until it reaches \$3.00 per line per month, or the \$30.00 ceiling is reached for residential customers only. The ARC for multi-line business customers is set at \$1.00 per line per month beginning July 1, 2012 and increases by \$1.00 per line per month each July 1st until it reaches \$3.00 per line per month.

Q. You referenced a \$30.00 ceiling for assessment of the ARC. Why shouldn't this ceiling be used as the benchmark for OUSF support?

A. The \$30.00 federal ceiling, above which a residential ARC is not assessed, should not be used as the benchmark for OUSF support because it is not the federal benchmark for Universal Service Funding. It is the ceiling above which a residential ARC may not be assessed. The urban rate floor that I outlined above (\$10.00 in 2012, \$14.00 in 2013, and the nationwide average rate thereafter) is the test for federal Universal Service Funding,

¹⁴ See, Transformation Order at footnote 380.

above which carriers are eligible to receive their full amount of calculated High Cost Loop Support (HCLS).

The ARC is designed to offset reductions in interstate and intrastate intercarrier compensation rates and is not associated with traditional federal High Cost Universal Service Funding. The FCC has determined that residential customers that pay \$30.00 or more for the services outlined above are contributing enough to offset an appropriate portion of the cost of residential basic local and switched access services. Switched access costs above this ceiling that are not recovered through switched access rates assessed on interconnecting carriers are recovered through the Intercarrier Compensation portion of the Connect America Fund.

Q. Do the OTA member companies have any concerns with an increased benchmark?

A. Yes. The OUSF is designed to recover costs that cannot be reasonably recovered from end user and access customers. The OTA member companies are primarily concerned that an increased benchmark would necessitate local or access rate increases, which would further exacerbate the line loss issue identified above. When customers churn off the wireline network, it does not reduce the total cost of providing service, so regardless of line loss carriers will not require any less support from the OUSF. Embedded costs remain the same when customers churn, while per line costs increase. Forward looking costs do not change either, as costs are based on building a network to serve all identified locations (residences and businesses) within the study area, so per location costs remain the same. Therefore, there are no benefits to the OUSF as a result of line loss; the costs that carriers need to recover through OUSF remain the same.

Which carriers should receive support from the Oregon Universal Service Fund?

Q. Which carriers do the OTA member companies believe should receive support from the OUSF?

A. The OTA member companies believe that carriers with Carrier of Last Resort (COLR) obligations should be eligible to receive support. Only wireline ILECs have COLR obligations to provide service to all requesting customers, and therefore do not have the option to incur the cost of building the network and providing service. Other carriers do not have the same obligations and are able to analyze the financial benefit of providing service to any set of customers. Because these carriers have the choice of where to build their network and provide their service, while the COLRs are obligated to be available to provide service to all requesting customers, these non-COLR providers should not be eligible for support.

Q. How is the Carrier of Last Resort Obligation defined by the Oregon Public Utilities Commission?

A. The COLR obligation is defined in the Oregon Revised Statutes and requires that COLRs provide adequate and safe service to customers in the State of Oregon in an adequate and nondiscriminatory manner.¹⁵

What should Oregon Universal Service Fund support be used for?

Q. What do the OTA member companies believe that OUSF support should be used for?

A. The OTA member companies believe that OUSF support should be used to offset the regulated intrastate costs of eligible carriers that exceed revenues generated from other

¹⁵ See, ORS 759.506(a) and (b).

regulated intrastate sources. These regulated intrastate revenues include: federal High Cost Loop Support (HCLS), federal Interstate Common Line Support (ICLS),¹⁶ federal Intercarrier Compensation Connect America Funding (ICC CAF) assigned to the intrastate operations,¹⁷ and intrastate switched and special access revenues and settlements from the Oregon Exchange Carrier Association (OECA), and local service revenues.

In Docket UM 1017, the OPUC included a portion of federal Local Switching Support (LSS) as a revenue offset in this process as well.¹⁸ I have specifically excluded federal LSS from these revenues for two reasons. First is the fact that LSS has been eliminated as a standalone support mechanism effective July 1, 2012 by the FCC.¹⁹ LSS has subsequently been added to the switched access revenue requirement included in the 2011 revenue baseline as defined in the FCC's Transformation Order. Effectively, this includes LSS in the ICC CAF support and the transition of switched access rates to bill and keep. Second is the fact that LSS was, and the LSS related ICC CAF support is, designed specifically to recover switching related costs assigned to the interstate jurisdiction. LSS was based on the weighting of interstate switched minutes in the allocation of switched access costs, which shifted costs to the interstate jurisdiction in the

¹⁶ Federal ICLS should only be used to the extent that 100% of the cost of the common line is included in the calculation of intrastate costs. Doing so requires a calculation of common line costs on an unseparated basis. The OTA member companies caution against doing so, primarily due to variances in the rate of return on intrastate and interstate operations. ICLS is calculated using an 11.25% interstate authorized rate of return, while the OPUC's calculation of the unseparated cost of common subscriber lines in UM1017 is based on the Form I and uses an 11.1% Oregon authorized rate of return. *Order 03.082* at Attachment A, Page 5 of 21.

¹⁷ Only a portion of the ICC CAF support is associated with reductions in intrastate terminating switched access rates as a result of the intercarrier compensation transition to bill and keep defined in the FCC's Transformation Order. This amount will vary by company each year, as a result of several factors, including: intrastate terminating switched access demand, intrastate terminating switched access rates of the Oregon Exchange Carrier Association ("OECA"), the company's terminating switched access revenue requirement included in OECA's annual Oregon Customer Access Plan ("OCAP") tariff filing, and potentially others.

¹⁸ *Order 03-082* at Attachment A, Page 6-7 of 21.

¹⁹ See, 47 CFR §54.302(a)(1).

cost separations process. Assigning any of this support to intrastate costs is inappropriate, as it was designed specifically to offset the artificial allocation of costs to interstate through the weighting of interstate switched access minutes.

Q. Should the costs of rural rate-of-return carriers to be offset by OUSF support be based on embedded or forward looking costs?

A. The costs of rural rate-of-return carriers should be based on their embedded costs. Rate-of-return regulation is based on the principle that carriers that invest in their network as a COLR are entitled to earn an authorized rate-of-return on their regulated rate base. The regulated rate base is generally a company's gross investment in plant less the accumulated depreciation reserve and deferred taxes on that same plant.²⁰

Utilizing forward looking costs for rural rate-of-return carriers would not be appropriate, as neither the FCC nor the OPUC have established a forward looking economic cost model that the OPUC has defined as appropriate for rural rate-of-return carriers. If either the FCC or the OPUC were to develop such a model, then the OTA member companies would require a significant amount of time and resources to review, test and comment on the model. Doing so would be an extremely time consuming and costly exercise, neither of which would be in the public interest.

Q. Should the OPUC establish limitations on embedded costs for carriers that are supported by the OUSF?

A. As explained by Mr. Rennard in his opening testimony, the OPUC has already established limitations on certain costs that can be included in the OTA member companies' Oregon Customer Access Plan (OCAP) cost study filings, and should not

²⁰ There are other components of rate base that vary between state and federal regulation. For example, FCC regulations include Telecommunications Plant Under Construction in the regulated rate base, while it is excluded by the OPUC.

establish further limitations. For example, executive compensation is limited to a 5% annual growth from the prior year. This limitation was informally established by OPUC staff years ago and has been included in their annual review of rural rate-of-return costs each year since. Training related costs are also limited based on the number of employees that a company has. In addition, OPUC staff has the opportunity to review the costs incurred on an annual basis when they review and approved the OCAP cost studies submitted by the members of the OECA. This process has been in place since the OCAP was established and presumably has worked well, since there have been no substantive protests filed by carriers that are subject to the rates charged by OECA. There is no need to institute additional review procedures or develop further limitations. Individual companies must be given the latitude to incur the costs necessary to meet their COLR obligations and the needs of their customers.

Which carriers should contribute to the Oregon Universal Service Fund?

Q. What carriers do the OTA member companies believe should contribute to the OUSF?

A. The OTA member companies believe that all users of the wireline network, commonly referred to as the Public Switched Telephone Network ("PSTN"), should contribute to the OUSF. This would encompass all interconnected carriers and providers that rely upon the PSTN for the delivery of their services, regardless of the type of regulation to which those carriers are subject. Without support of the PSTN, these carriers will have no ability to connect their end user customers to other customers that they call. The issue of contribution by wireless carriers has been decided by the Oregon legislature, so the OTA member companies will not address wireless contributions at this time. However, the

carriers that originate or terminate calls on the PSTN, including interconnected VoIP providers, should be required to contribute because their service relies upon the PSTN to complete communications.

Q. What carriers currently contribute to the OUSF?

A. All wireline providers of intrastate retail telecommunications services²¹ and, in theory, wireless providers of intrastate retail telecommunications services that wish to seek designation as Eligible Telecommunications Carriers (“ETC”) for the purpose of receiving OUSF by the OPUC.²² This includes Comcast, which is likely the largest interconnected VoIP provider in Oregon, and several other cable television providers.²³ Other interconnected VoIP providers should also contribute to the OUSF, as their service relies on the PSTN to, at the very least, terminate calls. It should be noted that the Federal Communications Commission has clearly ruled that the states are not preempted from requiring interconnected VoIP providers from contributing to the state universal service fund.²⁴

Q. What revenues should be used in the calculation of a carriers’ OUSF contribution?

A. All intrastate end user revenues of the carriers that utilize the PSTN, as identified above, should be included in the calculation of a carrier’s contribution to the OUSF. The easiest way of identifying these revenues would be to utilize data reported on the FCC Form 499, which includes both interstate and interstate revenues for all of the same carriers that the

²¹ See, ORS 759.425(4).

²² See, ORS 759.425(8).

²³ See, *OCTA Responses to OTA 1st Set of Data Requests* (November 26, 2012), response to Data Request OTA-OCTA 2, which identifies the following cable television providers as contributors to the OUSF: Charter Communications, Clear Creek, ColtonTel, Comcast, Monroe Telephone Co, North-State Cablevision, Roome Telecommunications, Scio Cablevision, and Wave Broadband.

²⁴ *In the Matter of the Universal Service Contribution Methodology, Petition of Nebraska Public Service Commission and Kansas Corporation Commission for Declaratory Ruling or, in the Alternative, Adoption of Rule Declaring that State Universal Service Funds May Assess Nomadic VoIP Intrastate Revenues*, WC Docket No. 06-122, Declaratory Ruling, FCC 10-185 (Released Nov. 5, 2010).

OTA member companies propose to contribute to the OUSF. Doing so would reduce the regulatory burden on contributing carriers and ensure that they are treated equitably and that there is minimal opportunity for arbitrage; all interstate and intrastate end user revenues will be assessed for a contribution to one fund or the other. In situations where it is difficult to split interstate from intrastate revenues for jointly provisioned services, the FCC has already established procedures to estimate the separation of revenues. The reciprocal of the interstate allocation can be used in the determination of intrastate revenues.

Q. Does this conclude your opening testimony?

A. Yes

BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

UM 1481 (Phase II)

In the Matter of

PUBLIC UTILITY COMMISSION OF
OREGON

Staff investigation of the Oregon Universal
Service Fund.

OREGON TELECOMMUNICATIONS
ASSOCIATION TESTIMONY

OPENING TESTIMONY OF

JAMES RENNARD

December 10, 2012

INTRODUCTION

Q. Please state your name and give your business address.

A. My name is James Rennard. My business address is 8050 SW Warm Springs St., Suite 200, PO Box 2330, Tualatin, OR 97062.

Q. By whom are you employed and at what capacity?

A. I am employed by GVNW Consulting, Inc. as a Consulting Manager and am a member of its Board of Directors. My primary duties involve regulatory and financial consulting to rural independent telecommunications companies. I work extensively with regulations both at the state and federal level. My job is to understand the impact of and ensure the compliance with these regulations. In this capacity, I work closely with the Oregon Exchange Carriers Association, our clients and other consultants in the submission of the Annual Access Charge Rate Filing. I also prepare and oversee annual cost studies as well as provide financial consulting and business consulting services. As a Consulting Manager, I am primarily responsible for the overall provision of service to clients in the state of Oregon.

Q. Please provide a description of your professional and educational background.

A. I am a Certified Public Accountant in the state of Oregon. I have a Masters degree from the J.L. Kellogg School of Management at Northwestern University in Evanston, IL and a Bachelors degree in American History from Middlebury College in Middlebury, Vermont. I have 30 years of work experience. About 19 years are directly related to rural independent telecommunications companies. Specifically, I spent 5 years at Aldrich, Kilbride and Tatone an Oregon-based CPA firm where I was a Manager and focused on telecom taxation and regulatory consulting. I spent

10 years at Canby Telephone Association as Vice-President of Finance and Regulatory. I have worked at GVNW Consulting, Inc. since February 2009.

Q. What is the purpose of your testimony in this proceeding?

A. I am testifying on behalf of the Oregon Telecommunications Association on the methods for accountability for use of Oregon Universal Service Fund or OUSF support.

Q. What safeguards are in place today for accountability for use of OUSF support?

A. There are three annual filings that provide detailed financial information concerning rural, incumbent local exchange carriers that are rate-of-return companies and average schedule companies in Oregon. I want to emphasize that my testimony is from the perspective of the rural, incumbent local exchange carriers that qualify as rural telephone companies under the definitions in the Telecommunications Act of 1996. I am not testifying as to the issues that may be related to CenturyLink or Frontier or competitive local exchange carriers that may draw from the OUSF.

Q. What are the three annual filings?

A. The annual access charge rate filing submitted by the Oregon Exchange Carriers Association (OECA), Form O and Form I.

Q. Please describe the annual access charge rate filing submitted by the Oregon Exchange Carriers Association.

A. Each year, each company that participates in the OECA access tariff receives a request for comprehensive, detailed information from the Oregon Public Utility Commission (OPUC) Staff regarding the company's operations. The requested information includes: a detailed breakdown

of executive compensation (salary, insurance, pension, deferred compensation, incentives, bonuses, or any other form of compensation); an analysis of conferences and training expenses; historical and forecasted intrastate access demand; cost separations factors and other related data; historical and forecasted line count figures; a schedule of the prior year plant additions, retirements and depreciation expense; a schedule of plant investment changes for the current year comparing the balances by plant account with the prior year, including a requirement to explain any increases in excess of 20% or \$200,000 from the prior year, along with a description, dollar amounts and timing of major activities; an update on all projects in excess of \$200,000 that will have expenditures in the current year; a schedule of the prior year expenses by account compared to the forecasted expenses, including a requirement to explain in detail any increases in excess of 10% or \$10,000; a schedule of the Part 64 allocation of expenses to non-regulated activities; and, finally, a matrix showing the company, its affiliates and a listing of all the services offered by all entities. A copy of the workpaper packet utilized for the 2012 access charge rate filing is attached as Exhibit OTA/201. OPUC Staff reviews this information to ensure that all of the expenditures or investments included in the access charge rate filing are appropriate.

Q: Please describe Form O.

Form O provides company-specific detailed financial and other information for each, rural, incumbent local exchange company's operations. Form O's primary focus is a company's annual audited statements. Form O shows information that ties out to the company's audited financial statements. Form O includes a detailed balance sheet and income statement. It also includes other material related compensation of directors, officers and managers. It includes

reconciliations of reported book income to federal and state taxable income. It includes transactions with affiliated entities and non-regulated operations and certain operational information. Instructions for the Form O are available on the Commission's website: http://www.oregon.gov/puc/telecom/Form/2011/FormO_2011_Instructions.pdf. A copy of the instructions is attached as Exhibit OTA/202. A copy of the report form itself is attached as Exhibit OTA/203. A link to the Form O for 2011 can be found at: www.oregon.gov/puc/pages/telecom/form/annual_forms.aspx.

Q: Please describe Form I.

Form I's primary focus is to show Oregon separated results of operations for each rural, incumbent local exchange company. A copy of that form is attached as Exhibit OTA/204. Again, it is available at the Oregon website at the same location as the Form O. A copy of the instructions for Form I are attached as Exhibit OTA/205. This material can also be found on the Oregon Commission's website.

Q. Are there any other filings?

A. There is also the Eligible Telecommunications Company or ETC Report that is filed in July of each year. This report details the past use and future plans for use of federal USF support. Although the report is not directly related to OUSF support, this report provides an in-depth review of activities of each company in using federal support and, thus, provides further insight into the company's operations.

Q. How are the filings handled by Commission Staff?

A. All of these filings are reviewed in detail by Commission Staff. We receive frequent communications concerning the reports with questions posed by Commission Staff and requests for further analysis or explanation. These communications are routinely made by Commission Staff to our company or our clients and responded to by us for those clients that we represent. Discussion continues between a company and/or its consultants and Commission Staff concerning these filings until Commission Staff is satisfied that they understand the information that is contained in the filings or appropriate adjustments to the filings are made.

Q. Do you recommend that this procedure be changed?

A. No. Although this is expensive for the companies to provide, the submission of the data as part of the annual access charge filing, the filing of the Form O and Form I and, to a lesser extent, the ETC filings, provide significant information to the Commission Staff so that the Commission Staff can assure the Commission that OUSF funds are used for their intended purpose. This process has existed for many years. It is well understood and provides Commission Staff with the information it needs to do its job.

Q. Is there any concern about cross-subsidization of competitive activities by rural, incumbent local exchange companies of OUSF funding?

A. Not under the filing process for rural, incumbent local exchange carriers. Under the accounting rules that we follow, which are accepted by the Commission, a Part X or a Part 64 allocation is done which removes unregulated activities from the financial numbers that are reported to the Commission. Specific data is included in the annual access charge rate filing that the

Commission reviews. This means that the Commission can be assured that when it analyzes the Form O and Form I, that the receipts from OUSF are not being used for competitive activities. Only if a company has excess revenues when the OUSF report is analyzed could it be argued that some of the excess revenues are used to support non-regulated or competitive activities. However, as the Commission Staff is well aware in reviewing the Form O and Form I for each rural, incumbent local exchange company for the past many years, there is no excess revenue available to the companies from the OUSF for use to support activities that could be considered competitive activities.

Q. Does this conclude your opening testimony?

A. Yes.

EXHIBIT OTA/201

2012 ACCESS CHARGE RATE FILING

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	Co-ops & Private Co	CenturyTel Citizens
	√ = Required	Form
	NR = Not Required	
Page 1	√	NR
Page 2	√	NR
Page 3A	√	√
Page 3B	√	√
Page 3C	√	√
Page 4	NR	√
Page 5	√	√
Page 6	√	√
Page 7	√	√
Page 8	√	√
Page 9	√	√
Page 10	√	√
Page 11	√	NR
Page 12	√	NR
Page 13	√	NR
Page 14	√	NR
Page 15	√	NR

Revised Jan. 2011

* For ease of reporting and historical comparisons, legacy names are used on the Access Filing for the following companies:
 Embarq = Embarq subsidiary of CenturyLink Operations
 CenturyTel of Oregon = CenturyTel of Oregon subsidiary of CenturyLink Operations
 CenturyTel of Eastern Oregon = CenturyTel of Eastern Oregon subsidiary of CenturyLink Operations

2012 ACCESS CHARGE RATE FILING:
EXECUTIVE COMPENSATION

Company: _____

TOTAL

EXECUTIVE C COMPENSATION

EXECUTIVE B COMPENSATION

EXECUTIVE A COMPENSATION

	EXECUTIVE A COMPENSATION		EXECUTIVE B COMPENSATION		EXECUTIVE C COMPENSATION		TOTAL
	Prior Year Actual	Current Budget	Prior Year Actual	Current Budget	Prior Year Actual	Current Budget	
1. Salary	_____	_____	_____	_____	_____	_____	_____
2. Insurance	_____	_____	_____	_____	_____	_____	_____
3. Pension	_____	_____	_____	_____	_____	_____	_____
4. Deferred Compensation	_____	_____	_____	_____	_____	_____	_____
5. Director's Fees	_____	_____	_____	_____	_____	_____	_____
6. Business & Incentive Awards/Bonuses	_____	_____	_____	_____	_____	_____	_____
7. Other (i.e. company car, stock/stock options etc)	_____	_____	_____	_____	_____	_____	_____
8. Total Compensation	_____	_____	_____	_____	_____	_____	_____
9. Amount Charged to Oregon	_____	_____	_____	_____	_____	_____	_____
10. Amount Allocated to Nonregulated	_____	_____	_____	_____	_____	_____	_____
11. Actual Net Regulated to Oregon (Line 9 - Line 10)	A. _____	_____	A. _____	_____	A. _____	_____	A. _____
12. Budget Net Regulated to Oregon (Line 9 - Line 10)	B. _____	_____	B. _____	_____	B. _____	_____	B. _____

Revised October 2006

**2012 ACCESS CHARGE RATE FILING
CONFERENCES AND TRAINING - PRIOR YEAR ACTUALS & CURRENT BUDGET
ACCOUNTS 6710 & 6720 EMPLOYEES AND BOARD MEMBERS**

- 1. Provide actual prior year and current budgeted conference and training costs charged to Corporate Operations (Accounts 6710 and/or 6720).
- 2. Report number of employees and board directors whose expenses are charged to accounts 6710 and/or 6720. Count each employee or board director only once, regardless of the number of conferences/training events attended, even if they attended no conferences or training.

	<u>PRIOR YEAR</u>	<u>BUDGET</u>
<u>HEAD COUNT:</u>		
Number of Board Members		
Number of Board Members Traveling to Conferences or Training Sessions		
Number of Employees Charging to Accounts 6710 or 6720 (67xx Employees)		
Number of 67xx Employees Traveling to Conferences or Training Sessions		
<u>TRAINING AND CONFERENCE EXPENDITURES:</u>		
Training and Conference Expenditures Charged to 6710 and 6720		

2012 ACCESS CHARGE RATE FILING
 2010 ACTUAL DEMAND - INTRASTATE ACCESS MINUTES

Company: _____

ORIGINATING MINUTES

<u>Qwest, Verizon & Embarg</u>	<u>OTHER</u>	<u>TOTAL</u>
--	--------------	--------------

FGA/FGB:

Premium Originating FGA & FGB and
 Readyline (800) Minutes

N/A	_____	_____
-----	-------	-------

FGC/FGD:

Originating FGC & FGD Minutes and
 Readyline (800) Minutes

_____	_____	_____
-------	-------	-------

TOTAL ORIGINATING NTS MINUTES:

_____	_____	_____
-------	-------	-------

Originating Out-WATS
 (if switched by LEC)

_____	_____	_____
-------	-------	-------

TOTAL ORIGINATING TS MINUTES:

=====	=====	=====
-------	-------	-------

TERMINATING MINUTES

FGA/FGB:

Premium Terminating FGA & FGB,
 Premium Terminating & Originating FGA/FX,
 and Originating Interim 800 Minutes

N/A	_____	_____
-----	-------	-------

FGC/FGD:

Terminating FGC & FGD Minutes (Excluding
 Terminating In-WATS (800)) plus
 Originating In-WATS (800) (Excluding
 Originating Readyline Minutes)

_____	_____	_____
-------	-------	-------

TOTAL TERMINATING NTS MINUTES:

_____	_____	_____
-------	-------	-------

Terminating In-WATS (800)
 (if switched by LEC)

_____	_____	_____
-------	-------	-------

TOTAL TERMINATING TS MINUTES:

=====	=====	=====
-------	-------	-------

Revised October 2006

**2012 ACCESS CHARGE RATE FILING
2011 ACTUAL DEMAND - INTRASTATE ACCESS MINUTES**

Company: _____

ORIGINATING MINUTES

	<u>Qwest, Verizon & Embarras</u>	<u>OTHER</u>	<u>TOTAL</u>
FGA/FGB: Premium Originating FGA & FGB and Readyline (800) Minutes	N/A	_____	_____
FGC/FGD: Originating FGC & FGD Minutes and Readyline (800) Minutes	_____	_____	_____
TOTAL ORIGINATING NTS MINUTES:	_____	_____	_____
Originating Out-WATS (if switched by LEC)	_____	_____	_____
TOTAL ORIGINATING TS MINUTES:	=====	=====	=====

TERMINATING MINUTES

FGA/FGB: Premium Terminating FGA & FGB , Premium Terminating & Originating FGA/FX, and Originating Interim 800 Minutes	N/A	_____	_____
FGC/FGD: Terminating FGC & FGD Minutes (Excluding Terminating In-WATS (800)) plus Originating In-WATS (800) (Excluding Originating Readyline Minutes)	_____	_____	_____
TOTAL TERMINATING NTS MINUTES:	_____	_____	_____
Terminating In-WATS (800) (if switched by LEC)	_____	_____	_____
TOTAL TERMINATING TS MINUTES:	=====	=====	=====

Revised October 2006

2012 ACCESS CHARGE RATE FILING
2012 FORECAST- INTRASTATE ACCESS MINUTES

Company: _____

ORIGINATING MINUTES

	<u>QWEST</u>	<u>VERIZON</u>	<u>EMBARQ</u>	<u>OTHER</u>	<u>TOTAL</u>
FGA/FGB: Premium Originating FGA & FGB and Readyline (800) Minutes	N/A	N/A	N/A	_____	_____
FGC/FGD: Originating FGC & FGD Minutes and Readyline (800) Minutes	_____	_____	_____	_____	_____
TOTAL ORIGINATING NTS MINUTES:	_____	_____	_____	_____	_____
Originating Out-WATS (if switched by LEC)	_____	_____	_____	_____	_____
TOTAL ORIGINATING TS MINUTES:	=====	=====	=====	=====	=====

TERMINATING MINUTES

FGA/FGB: Premium Terminating FGA & FGB , Premium Terminating & Originating FGA/FX, and Originating Interim 800 Minutes	N/A	N/A	N/A	_____	_____
FGC/FGD: Terminating FGC & FGD Minutes (Excluding Terminating In-WATS (800)) plus Originating In-WATS (800) (Excluding Originating Readyline Minutes)	_____	_____	_____	_____	_____
TOTAL TERMINATING NTS MINUTES:	_____	_____	_____	_____	_____
Terminating In-WATS (800) (if switched by LEC)	_____	_____	_____	_____	_____
TOTAL TERMINATING TS MINUTES:	=====	=====	=====	=====	=====

Revised October 2006

2012 ACCESS CHARGE RATE FILING
NON-RECURRING CHARGES

Company: _____
(Citizens, Century Tel and Stayton only)

NON-RECURRING CHARGES*

Budget
Amounts

- 1. Local Transport Revenue Requirement _____
- 2. Nonrecurring Charge (Tariff Rate) _____
- 3. Nonrecurring Demand Lines or Trunks _____
- 4. Credit (Line 2 x Line 3) _____
- 5. Adjusted Revenue Req (Line 1 - Line 4) _____

- 1. Local Switching Revenue Requirement _____
- 2. 800 Database Revenues _____
- 3. LIDB Revenues _____
- 4. Adjusted Revenue Requirement (L1. - L2. - L3.) _____

* Applicable only to Citizens Communications, Century Tel, and Stayton
Cooperative Telephone Company

2012 ACCESS CHARGE RATE FILING
OTHER INFORMATION

Company: _____

OTHER INFORMATION

	<u>Interstate Toll/Acc</u>	<u>Intrastate Toll/Acc</u>	<u>Local (Other)</u>	<u>Annual Amount</u>
1. 2012 SLU	_____	_____	_____	_____
2. 2012 SPF	_____	_____	_____	_____
3. 2012 Estimated Interstate USF Payment	_____	_____	_____	_____
4. 2012 Unseparated Loop Cost @ 11.1% ROR	_____	_____	_____	_____
5. 2012 USF as a % of Loop Cost	_____	_____	_____	_____
6. COE Cat. 3:	_____	_____	_____	_____
a. - 1996 Unweighted DEM factor	_____	_____	_____	_____
b. - 1996 Weighted DEM factor	_____	_____	_____	_____
c. - 2012 Unweighted DEM factor	_____	_____	_____	_____
7. 2012 Estimated Interstate Lifeline Payment	_____	_____	_____	_____

**2012 ACCESS CHARGE RATE FILING
UNADJUSTED AMOUNTS USED TO DEVELOP SEPARATION FACTORS**

NOTE: SHOW VALUES ONLY WHEN THERE HAS BEEN A CHANGE FROM THE CURRENT FORM I

	Interstate Toll	Intrastate Toll	EAS	Local
SLU MINUTES				
DIAL EQUIPMENT MINUTES				
HOST-REMOTE MOU KILOMETERS				
OPERATOR WORK SECONDS				
MARKETING REVENUES (Note 1)				
PAYMENT & COLLECTION E.U. REVENUES (Note 2)				
PAYMENT & COLLECTION CXR REVENUES (Note 3)				
SERVICE ORDER PROCESSING--EU CONTACTS (Note 4)				
SERVICE ORDER PROCESSING--CXR CONTACTS (Note 5)				
BILLING INQUIRY--EU INQUIRIES (Note 6)				
BILLING INQUIRY--CRX INQUIRIES (Note 7)				

- SLU MINUTES
- DIAL EQUIPMENT MINUTES
- HOST-REMOTE MOU KILOMETERS
- OPERATOR WORK SECONDS
- MARKETING REVENUES (Note 1)
- PAYMENT & COLLECTION E.U. REVENUES (Note 2)
- PAYMENT & COLLECTION CXR REVENUES (Note 3)
- SERVICE ORDER PROCESSING--EU CONTACTS (Note 4)
- SERVICE ORDER PROCESSING--CXR CONTACTS (Note 5)
- BILLING INQUIRY--EU INQUIRIES (Note 6)
- BILLING INQUIRY--CRX INQUIRIES (Note 7)

Note 1. Billed revenues (see \$36.372)

Note 2. Billed revenues. (see \$36.377.a.2)

Note 3 Billed revenues. (see \$36.377.a.5)

Note 4. Service order contacts. (see \$36.377.a.1)

Note 5. Service order contacts. (see \$36.377.a.4)

Note 6 Billing inquiries. (see \$36.377.a.3)

Note 7. Billing inquiries. (see \$36.377.a.6)

**2012 ACCESS CHARGE RATE FILING
ELIGIBLE CARRIER ACCESS LINE COUNT 12-31-2011**

COMPANY:

(Only required from companies receiving a distribution from the OUSF)

Company ID. #:

Oregon Universal Service Support Distribution Worksheet

Legal Name of Provider (OUS 1 Worksheet, Line 1):

Block 1: Eligible Carrier Line Count Information:

Filing (check one): Original Revised

Block 2: Basic Telephone Service Line Count Information:*

Line No.	Wire Center Support Area (a)	Basic Service Access Lines:			Source of Line Count:	
		Residential (b)	Business (c)	Total (d)	Owned (e)	Leased UNE's (f)
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
TOTAL						

* See OAR 860-032-0260 for definition of Basic Telephone Service. For basic service line counts do not count non-switched private lines, ISDN lines, DSL lines, CENTREX service lines, multi-party lines, FX lines, dedicated WATS lines, UNE lines, resold basic services and company official lines.

Authorized Signature: _____ Date: _____

For eligible LECs, this worksheet is due to the OUS administrator by the 10th of the month. OUS Fund distributions will be made on the 30th of the month. For a listing of eligible wire centers go to www.puc.state.or.us.
NOTE: The Commission will, to the extent allowed by law, keep confidential all information you provide on this form. The Commission will disclose the confidential information only to those persons with a need to know, such as the OUS Administrator and the Auditor, who first sign a confidentiality and non-disclosure agreement.

**2012 ACCESS CHARGE RATE FILING
ELIGIBLE CARRIER ACCESS LINE COUNT FORECAST 12-31-2012**

COMPANY:

(Only required from companies receiving a distribution from the OUSF)

Company ID. #:

Oregon Universal Service Support Distribution Worksheet

Legal Name of Provider (OUS 1 Worksheet, Line 1):

Block 1: Eligible Carrier Line Count Information:

Filing (check one): Original Revised

Block 2: Basic Telephone Service Line Count Information:*

Line No.	Wire Center Support Area (a)	Basic Service Access Lines:			Source of Line Count:	
		Residential (b)	Business (c)	Total (d)	Owned (e)	Leased UNEs (f)
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
TOTAL						

* See OAR 860-032-0260 for definition of Basic Telephone Service. For basic service line counts do not count non-switched private lines, ISDN lines, DSL lines, CENTREX service lines, multi-party lines, FX lines, dedicated WATS lines, UNE lines, resold basic services and company official lines.

Authorized Signature: _____ Date: _____

For eligible LECs, this worksheet is due to the OUS administrator by the 10th of the month. OUS Fund distributions will be made on the 30th of the month. For a listing of eligible wire centers go to www.puc.state.or.us.
NOTE: The Commission will, to the extent allowed by law, keep confidential all information you provide on this form. The Commission will disclose the confidential information only to those persons with a need to know, such as the OUS Administrator and the Auditor, who first sign a confidentiality and non-disclosure agreement.

**2012 ACCESS CHARGE RATE FILING
PLANT AND DEPRECIATION EXPENSE SCHEDULE
COMPANY:**

FCC CLASS A ACCT	SUB ACCT	DESCRIPTION	CURRENT BUDGET PLANT IN SERVICE													
			(A) BEGINNING BALANCE (12/31/11 Bal Per Form 70)	(B) BEGINNING BALANCE NONREG	(C) BEGINNING BALANCE SUBJECT TO SEPARATIONS (A-B)	(D) 2012 PLANT ADDITIONS	(E) 2012 PLANT RETIRMENTS	(F) ENDING BALANCE SUBJECT TO SEPARATIONS (C+D-E)	(G) AVERAGE BALANCE SUBJECT TO SEPARATIONS (C+F)/2	(H) DEPRECTN RATE (%)	(I) DEPRECTN ACCRUAL (G*H)	(J) DEPRECTN ADJUST.	(K) DEPRECTN BUDGET (G+H)			
		Land	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		Vehicles	0	0	0	0	0	0	0	0	0	0.00%	0	0	0	0
		Work Equipment	0	0	0	0	0	0	0	0	0	0.00%	0	0	0	0
		Buildings	0	0	0	0	0	0	0	0	0	0.00%	0	0	0	0
		Furniture	0	0	0	0	0	0	0	0	0	0.00%	0	0	0	0
		Office Support Equipment	0	0	0	0	0	0	0	0	0	0.00%	0	0	0	0
		Company Communication Equip.	0	0	0	0	0	0	0	0	0	0.00%	0	0	0	0
		Subtotal - Office Equipment	0	0	0	0	0	0	0	0	0	0.00%	0	0	0	0
		General Purpose Computers	0	0	0	0	0	0	0	0	0	0.00%	0	0	0	0
		TOTAL GENERAL SUPPORT	0	0	0	0	0	0	0	0	0	0.00%	0	0	0	0
		Digital Electronic Switching-Circuit	0	0	0	0	0	0	0	0	0	0.00%	0	0	0	0
		Digital Electronic Switching-Packet	0	0	0	0	0	0	0	0	0	0.00%	0	0	0	0
		Digital Electronic Switching-Soft Switch	0	0	0	0	0	0	0	0	0	0.00%	0	0	0	0
		Circuit	0	0	0	0	0	0	0	0	0	0.00%	0	0	0	0
		TOTAL CENTRAL OFFICE	0	0	0	0	0	0	0	0	0	0.00%	0	0	0	0
		Poles	0	0	0	0	0	0	0	0	0	0.00%	0	0	0	0
		Aerial Cable-Met	0	0	0	0	0	0	0	0	0	0.00%	0	0	0	0
		Aerial Cable-nonMet	0	0	0	0	0	0	0	0	0	0.00%	0	0	0	0
		Underground Cable-Met	0	0	0	0	0	0	0	0	0	0.00%	0	0	0	0
		Underground Cable-nonMet	0	0	0	0	0	0	0	0	0	0.00%	0	0	0	0
		Buried Cable-Met	0	0	0	0	0	0	0	0	0	0.00%	0	0	0	0
		Buried Cable-nonMet	0	0	0	0	0	0	0	0	0	0.00%	0	0	0	0
		Intrabuilding Cable-Metallic	0	0	0	0	0	0	0	0	0	0.00%	0	0	0	0
		Aerial Wire	0	0	0	0	0	0	0	0	0	0.00%	0	0	0	0
		Conduit	0	0	0	0	0	0	0	0	0	0.00%	0	0	0	0
		TOTAL CABLE & WIRE FACILITIES	0	0	0	0	0	0	0	0	0	0.00%	0	0	0	0
		Capital Leases	0	0	0	0	0	0	0	0	0	0.00%	0	0	0	0
		Other	0	0	0	0	0	0	0	0	0	0.00%	0	0	0	0
		TOTAL OTHER	0	0	0	0	0	0	0	0	0	0.00%	0	0	0	0
		GRAND TOTAL	0	0	0	0	0	0	0	0	0	0.00%	0	0	0	0

2012 ACCESS CHARGE RATE FILING
DEPRECIATION RESERVE SCHEDULE
COMPANY:

CLASS A ACCT	SUB ACCT	DESCRIPTION	CURRENT BUDGET DEPRECIATION RESERVE							
			(A) BEGINNING BALANCE (12/31/11 Bal Per Form "O")	(B) BEGINNING BALANCE NONREG	(C) BEGINNING BALANCE SUBJECT TO SEPARATIONS (A-B)	(D) DEPRECTN ACCURAL (COL. K plt.)	(E) NET SALVAGE	(F) PLANT RETIREMENTS (COL. E plt.)	(G) ENDING BALANCE SUBJECT TO SEPARATIONS (C+D+E+F)	(H) AVERAGE BALANCE SUBJECT TO SEPARATIONS ((C+G)/2)
	2110.4	Vehicles	0	0	0	0	0	0	0	0
	2110.4	Work Equipment	0	0	0	0	0	0	0	0
	2110.2	Buildings	0	0	0	0	0	0	0	0
	2122.0	Furniture	0	0	0	0	0	0	0	0
	2123.1	Office Support Equipment	0	0	0	0	0	0	0	0
	2123.2	Company Communication Equip.	0	0	0	0	0	0	0	0
	2110.5	Subtotal - Office Equipment	0	0	0	0	0	0	0	0
	2110.6	General Purpose Computers	0	0	0	0	0	0	0	0
	2110.6	TOTAL GENERAL SUPPORT	0	0	0	0	0	0	0	0
	2212.1	Digital Electronic Switching-Circuit	0	0	0	0	0	0	0	0
	2212.21	Digital Electronic Switching-Packet Sw	0	0	0	0	0	0	0	0
	2212.22	Digital Electronic Switching-Soft Switch	0	0	0	0	0	0	0	0
	2232.0	Circuit	0	0	0	0	0	0	0	0
	2232.0	TOTAL CENTRAL OFFICE	0	0	0	0	0	0	0	0
	2410.1	Poles	0	0	0	0	0	0	0	0
	2410.2	Aerial Cable-Met	0	0	0	0	0	0	0	0
	2410.2	Aerial Cable-nonMet	0	0	0	0	0	0	0	0
	2410.3	Underground Cable-Met	0	0	0	0	0	0	0	0
	2410.3	Underground Cable-nonMet	0	0	0	0	0	0	0	0
	2422.2	Buried Cable-Met	0	0	0	0	0	0	0	0
	2423.1	Buried Cable-nonMet	0	0	0	0	0	0	0	0
	2423.2	Intrabuilding Cable-Metalic	0	0	0	0	0	0	0	0
	2426.0	Intrabuilding Cable-nonMetalic	0	0	0	0	0	0	0	0
	2431.0	Aerial Wire	0	0	0	0	0	0	0	0
	2410.6	Conduit	0	0	0	0	0	0	0	0
	2441.0	TOTAL CABLE & WIRE FACILITIES	0	0	0	0	0	0	0	0
	2680.0	Capital Leases	0	0	0	0	0	0	0	0
	2690.0	Other	0	0	0	0	0	0	0	0
	2690.0	TOTAL OTHER	0	0	0	0	0	0	0	0
GRAND TOTAL			0	0	0	0	0	0	0	0

Revised January 2011

FCC CLASS A ACCT	SUB ACCT	Description	-A- 2011 ACTUAL PLANT SUBJECT TO SEPARATIONS (12/31/2011)	-B- 2012 BUDGET PLANT SUBJECT TO SEPARATIONS (12/31/2012)	-C- CHANGE: DOLLAR AMOUNT (B-A)	-D- CHANGE: PERCENT (C/A)	-E- DETAILED EXPLANATION (Provide on Separate Sheet) (see note below)
2111.0	2110.1	Land	0	0	0	0	
2112.0	2110.4	Vehicles	0	0	0	0	
2114.0	2110.4	Work Equipment	0	0	0	0	
2121.0	2110.2	Buildings	0	0	0	0	
2122.0	2110.3	Furniture	0	0	0	0	
2123.1	2110.3	Office Support Equipment	0	0	0	0	
2123.2	2110.5	Company Communication Equip.	0	0	0	0	
2124.0	2110.6	Subtotal - Office Equipment	0	0	0	0	
2124.0	2110.6	General Purpose Computers	0	0	0	0	
2212.1	2210.0	TOTAL GENERAL SUPPORT	0	0	0	0	
2212.21		Digital Electronic Switching-Circuit	0	0	0	0	
2212.22		Digital Electronic Switching-Packet Sw	0	0	0	0	
2232.0	2230.0	Digital Electronic Switching-Soft Switch Circuit	0	0	0	0	
2411.0	2410.1	TOTAL CENTRAL OFFICE	0	0	0	0	
2421.1	2410.2	Poles	0	0	0	0	
2421.2	2410.2	Aerial Cable-Met	0	0	0	0	
2422.1	2410.3	Aerial Cable-nonMet	0	0	0	0	
2422.2	2410.3	Underground Cable-Met	0	0	0	0	
2423.1	2410.4	Underground Cable-nonMet	0	0	0	0	
2423.2	2410.5	Buried Cable-Met	0	0	0	0	
2426.0	2410.41	Buried Cable-nonMet	0	0	0	0	
2431.0	2410.6	Intrabuilding Cable-Metalic	0	0	0	0	
2441.0	2410.7	Aerial Wire	0	0	0	0	
		Conduit	0	0	0	0	
2680.0	2680	TOTAL CABLE & WIRE FACILITIES	0	0	0	0	
2690.0	2690	Capital Leases	0	0	0	0	
		Other	0	0	0	0	
		TOTAL AMORTIZATIONS	0	0	0	0	
		TOTAL PLANT					

NOTE:
 For accounts with a dollar decrease or increase greater than or equal to \$200,000 (Column C) and a percent decrease or increase greater than or equal to 20%(Column D), please provide a detailed explanation of the project or projects and their timelines. Provide a description of the major activities and the timing of the activities and the dollar expenditures.

2012 ACCESS CHARGE RATE FILING
PROJECTS
COMPANY:

Please list all projects (\$200,000 or more) budgeted for last year that will have expenditures in the current year.

Project Name & Description	Year Project Started	Est. Project Finish Date (Month/Year)	Purpose of Project	Customer	Budgeted Amount

**2012 ACCESS CHARGE RATE FILING
EXPENSE CHANGES FROM PRIOR YEAR
COMPANY:**

Account	Account Name	-A- 2011 Actual Expenses Subject to Separations, Taxes & Other	-B- 2012 Budget Expenses Subject to Separations, Taxes & Other	-C- Dollar Amt Change	-D- % Change	-E- Detailed Explanation (Provide on Separate Sheet) (see note below)
6110.0	Network Support	0	0	0	0	
6120.0	General Support	0	0	0	0	
6210.0	Central Office: Switching	0	0	0	0	
6220.0	Central Office: Operator	0	0	0	0	
6230.0	Central Office: Transmission	0	0	0	0	
	Total COE Expense	0	0	0	0	
6410.0	Repairs: Cable & Wire Facilities	0	0	0	0	
	TOTAL PLANT SPECIFIC	0	0	0	0	
6510.1	Other Property/Plant Equipment	0	0	0	0	
6530.0	Network Operations	0	0	0	0	
6540.0	USF Contribution Expense - Federal	0	0	0	0	
	USF Contribution Expense - State	0	0	0	0	
	Depreciation & Amortization	0	0	0	0	
6580	General Support Facilities	0	0	0	0	
	COE - Switching	0	0	0	0	
	COE - Operators	0	0	0	0	
	COE Transmission	0	0	0	0	
	Cable & Wire Facilities	0	0	0	0	
	Amortization - Tangible Assets	0	0	0	0	
	Amortization - Intangible Assets	0	0	0	0	
	Total Depreciation & Amortization	0	0	0	0	
	TOTAL PLANT NON-SPECIFIC	0	0	0	0	
6610	Marketing	0	0	0	0	
6620.1	Operator Services-Tops	0	0	0	0	
6620.2	Directory	0	0	0	0	
6620.3	Business Office	0	0	0	0	
6620.5	Revenue Accounting-Toll Billing	0	0	0	0	
6620.6	Revenue Accounting-End User	0	0	0	0	
6620.6	Revenue Accounting-OB&C	0	0	0	0	
6620.7	Revenue Accounting-CABS	0	0	0	0	
6620.8	All Other Customer Service	0	0	0	0	
	TOTAL CUSTOMER OPERATIONS	0	0	0	0	
6710	Executive & Planning	0	0	0	0	
6720.1	Accounting & Finance	0	0	0	0	
6720.4	Other-Equal Access	0	0	0	0	
	TOTAL CORPORATE EXPENSES	0	0	0	0	
7220.4	Operating Taxes-Property	0	0	0	0	
7220.4	Operating Taxes-Other (gr rec)	0	0	0	0	
	TOTAL OPERATING TAXES (exc ITC)	0	0	0	0	
	TOTAL OPERATING EXP & TAXES	0	0	0	0	
7220.1	ITC Amortization	0	0	0	0	
7500	Fixed Charges	0	0	0	0	

NOTE:
For accounts with a dollar increase or decrease greater than or equal to \$10,000 (Column C) and a percent decrease or increase greater than or equal to 10% (Column D), please provide a detailed explanation of the increase including, but not limited to, a description of the project or projects or other items such as hiring additional employees, changes in billing systems, etc. For these projects or other items, provide the timing and the dollar expenditures. In addition, provide updated information regarding the status of the projects or other items as of the OECA filing date. This information should include delayed starting dates or deleted projects or other items and the dollar amount of any adjustment due to delay or deletion.

**2012 ACCESS CHARGE RATE FILING
 PRIOR YEAR ACTUAL EXPENSE -- PART 64 DECOMPOSITION
 COMPANY:**

Account	Account Name	-A- 2011 Actual Regulated Expenses	-B- 2011 Actual Non-Regulated Expenses	-C- 2011 Actual Total Expenses
6110.00	Network Support	0	0	0
6120.00	General Support	0	0	0
6210.00	Central Office: Switching	0	0	0
6220.00	Central Office: Operator	0	0	0
6230.00	Central Office: Transmission	0	0	0
	TOTAL COE EXPENSE	0	0	0
6410.00	Repairs: Cable & Wire Facilities	0	0	0
	TOTAL PLANT SPECIFIC	0	0	0
	Other Property/Plant Equipment	0	0	0
6510.10	Network Operations	0	0	0
6530.00	USF Contribution Expense--Federal	0	0	0
6540.00	USF Contribution Expense--State	0	0	0
6540.00	Depreciation & Amortization	0	0	0
6560.00	General Support Facilities	0	0	0
6560.00	COE-Switching	0	0	0
6560.00	COE-Operator	0	0	0
6560.00	COE-Transmission	0	0	0
6560.00	Cable & Wire Facilities	0	0	0
6560.00	Amortization	0	0	0
6560.00	Total Depreciation & Amortization	0	0	0
	TOTAL PLANT NON-SPECIFIC	0	0	0
6610.00	Marketing	0	0	0
6620.10	Operator Services-Tops	0	0	0
6620.20	Directory	0	0	0
6620.30	Business Office	0	0	0
6620.50	Revenue Accounting-Toll Billings	0	0	0
6620.60	Revenue Accounting-End User	0	0	0
6620.60	Revenue Accounting-OB&C	0	0	0
6620.70	Revenue Accounting-CABS	0	0	0
6620.80	All Other Customer Service	0	0	0
	TOTAL CUSTOMER OPERATIONS	0	0	0
6710.00	Executive & Planning	0	0	0
6720.10	Accounting & Finance	0	0	0
6720.40	Other-Equal Access	0	0	0
	TOTAL CORPORATE EXPENSE	0	0	0
7220.40	Operating Taxes-Property	0	0	0
7220.40	Operating Taxes-Other	0	0	0
	TOTAL OPERATING TAXES	0	0	0
	TOTAL OPERATING EXP. & TAXES	0	0	0
7220.10	ITC Amortization	0	0	0
7500.00	Fixed Charges	0	0	0

Revised October 2006

2012 ACCESS CHARGE RATE FILING
 AFFILIATED INTEREST ACTIVITIES - SERVICES OFFERED

(see note)
 Company: _____

(Place an 'X' in applicable boxes.)

Company Name and ID #	Internet Service	CATV	CATV (with broadband internet)	Broadband Internet (other than DSL)	Toll Service as a Competitive Provider	CPE Sales or Lease (incl. telephones)	Inside Wire	Alarm or Security Services	Wireless/ Cellular	Payphones	VoIP Service	Non-Telecom service/pro duct	Other (Describe)
1 Regulated Telco													
2 Affiliate Name:													
3 Affiliate Name:													
4 Affiliate Name:													
5 Affiliate Name:													

**** Note: Please attach a description of the methodology used to allocate revenue, investment and expense amounts to non-regulated accounts.
 (This could be the company's Cost Allocation Manual, or equivalent worksheet.)

EXHIBIT OTA/202

INSTRUCTIONS FOR ANNUAL REPORT (FORM O)

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GENERAL INSTRUCTIONS FOR FORM O

Annual Report Form O asks for information the Commission needs to carry out Oregon's laws. Most of the information is needed to process the annual access filings, and you are required to provide the information (ORS 756.070 through 756.125 and ORS 759.220 and 759.225). Each telecommunications cooperative, association, and utility must submit a completed Form O to the Commission by 5:00 p.m. Pacific Time on March 30, 2012 (OARs 860-027-0070, 860-034-0395, and 860-034-0750).

Some companies are exempt from filing specific schedules, as identified in the detailed instructions. See Classification of Companies, if you have questions about your company's designation.

All schedules are available using Excel. See the specific instructions for more information. The following instructions also apply:

1. Unless otherwise stated, Form O requests information from accounts and other records as prescribed in the Uniform System of Accounts (OARs 860-027-0050, 860-034-0393 & 860-034-0730).
2. When you use the prescribed format to complete and submit Form O, you will also meet the annual filing requirements, as applicable, for Form L for Local Exchange Carriers (Order 98-506 and OAR 860-036-0060), Form C for Competitive Providers (OAR 860-032-0060), and Transactions with Affiliated and Nonregulated Operations (OARs 860-027-0100 and 860-034-0396).
3. Include the responding company's name and the year covered by this report at the top of each page.
4. Round all financial schedules consistently. Show dollar amounts as accrued unless otherwise indicated in specific instructions.
5. If you use *OPUC-O.XLS*, do **not** insert rows, delete columns, or overwrite or change any formulas, unless otherwise indicated in the specific instructions.
6. Answer each question completely. Use "none," "not applicable," or zero (0) as appropriate.
7. If a schedule needs explaining, add a note as needed.
8. Insert additional pages as needed.
9. Organize the schedules according to the index.

Information Marked as Confidential or Proprietary

All information in Form O is public record under ORS 192.410-505 and OAR 860-032-0070 except as noted on Schedules S-2, CP, and LEC. Access to confidential or proprietary information shall be limited (OAR 860-032-0070).

Any other information you mark as confidential will be treated as public record, unless you have first written to the Commission with a request for an exemption to release specific documents as provided by the Public Records Law, provided any and all support for your request, and the Commission has approved your request for an exemption for the specific documents.

Filing

You must submit a completed Form O by 5:00 p.m. Pacific Time on March 30, 2012 (OARs 860-027-0070, 860-034-0393, and 860-034-0750). If you cannot meet the deadline, contact Suzanne Smith at 503-378-6665 by March 15, 2012.

Return the following completed copies:

- If you do *not* use the Excel file, return two completed and signed paper copies of Form O.
- If you use the Excel file, **send the completed data file** and one completed, signed paper copy. You may send the data file to Suzanne Smith at Suzanne.smith@state.or.us or by regular mail. For the mailing contact and address, see the last page of the annual report.

Substitutions

Substitutions are not generally acceptable (OARs 860-027-0050, 860-034-0395, and 860-034-0750). Schedules from annual reports to stockholders, cooperative members, Federal Communications Commission (FCC), and Rural Utilities Service (RUS) do not provide enough information to process the annual access charge and other tariff filings.

CLASSIFICATION OF COMPANIES

While most schedules require the same information from all telecommunications utilities and cooperatives (incumbent local exchange carriers or ILECs), there are some reporting differences as noted in the specific instructions. The instructions use the following terms to classify the companies when there are differences:

Cooperatives and associations that are subject to ORS 759.220: *Beaver Creek Cooperative Telephone Company, Canby Telephone Association; Clear Creek Mutual Telephone Company; Colton Telephone Company; Gervais Telephone Company; Molalla Telephone Company; Monitor Cooperative Telephone Company; Pioneer Telephone Cooperative; Scio Mutual Telephone Company; St. Paul Cooperative Telephone Association; and Stayton Cooperative Telephone Company, Inc.*

Small utilities with less than 50,000 access line subscribers in Oregon and partially exempt from regulation under ORS 759.040: *Asotin Telephone Company; Cascade Utilities, Inc.; Citizens Telecommunications Company of Oregon; Eagle Telephone System, Inc.; Helix Telephone Company; Home Telephone Company; Monroe Telephone Company; Mt. Angel Telephone Company; Nehalem Telephone & Telegraph Company; North-State Telephone Company; Oregon Telephone Corporation; Oregon-Idaho Utilities, Inc.; Peoples Telephone Company; Pine Telephone System, Inc.; Roome Telecommunications; and Trans-Cascades Telephone Company.*

Large utilities with 50,000 or more access line subscribers in Oregon and affiliated groups of telecommunications utilities that are not partially exempt from regulation under ORS 759.040: *CenturyLink; United Telephone Company of the Northwest (dba Embarq); and Frontier Communications Northwest Inc.*

Multi-state utilities: *Asotin Telephone Company; United Telephone Company of the Northwest (dba Embarq); and Frontier Communications Northwest Inc.*¹

¹ *Oregon-Idaho Utilities* primarily serves Oregon and has been allowed to submit the single-state forms.

Cost companies perform jurisdictional cost separation studies, whereas average schedule companies do not.

Frontier Communications Northwest Inc. is subject to unbundling requirements under docket UM 351.

Companies that do not participate in annual access charge filings or are not OCAF pool participants: United Telephone Company of the Northwest (dba Embarq); and Frontier Communications Northwest Inc.

Incumbent local exchange carriers with competitive local exchange carrier (CLEC) unregulated telecommunications operations: Beaver Creek Cooperative Telephone Company; Citizens Telecommunications Company of Oregon; Eagle Telephone System, Inc.; Gervais Telephone Company; Molalla Telephone Company; Monroe Telephone Company; St. Paul Cooperative Telephone Association; and Frontier Communications Northwest Inc.

Incumbent local exchange carriers with competitive provider operations: Canby Telephone Association; CenturyLink; Citizens Telecommunications Company of Oregon; Pioneer Telephone Cooperative; United Telephone Company of the Northwest (dba Embarq); and Frontier Communications Northwest Inc.

INSTRUCTIONS FOR USING OPUC-O.XLS

Contents of OPUC-O.XLS

Each schedule displays its Excel worksheet (tab) name in the lower left corner. OPUC-O.XLS contains the schedules as follows:

Tab Schedules

- c Annual Report Cover
- x Table of Contents
- a1 A-1, General Information
- a2a3 ... A-2, Important Changes During the Year
- a2a3 ... A-3, Stockholders
- b1 B-1, Balance Sheet
- b2 B-2, Analysis of Depreciation and Amortization

- b3 B-3, Analysis of Charges Related to Plant Retired
- b4 B-4, Long-Term Debt
- i1i2 I-1, Income Statement
- i1i2 I-2, Full-Time Employees
- i3 I-3, Compensation of Directors, Officers, and Managers
- i4 I-4, Operating Taxes Other Than Federal Income Tax
- i6 I-6, Reconciliation of Reported Net Income With Taxable Income for Federal Income Tax
- i7 I-7, Reconciliation of Reported Net Income With Taxable Income for Oregon State Excise (Income) Tax
- i8 I-8, Transactions with Affiliated & Nonregulated Operations
- s1 S-1, Switches and Access Lines in Service
- s2 S-2, Minutes of Use
- cp CP, Competitive Provider Operations
- lec LEC, Local Exchange Carrier Operations
- ob1 Ob-1, Oregon Rate Base
- ob2 Ob-2, Analysis of Oregon Depreciation and Amortization
- ob3 Ob-3, Analysis of Charges Related to Oregon Plant Retired
- oi1oi2.. Oi-1, Oregon Income Statement
- oi1oi2.. Oi-2, Full-Time Employees in Oregon
- oi4 Oi-4, Oregon Operating Taxes Other Than Fed. Income Tax
- os1 Os-1, Oregon Switches and Access Lines in Service
- p For Commission Use Only

Rounding the Dollars in OPUC-O.XLS

For most companies, OPUC-O.XLS displays whole dollar amounts, and you may drop the cents.²

² If you prefer to show thousands of dollars, change the heading on each page except Schedule I-3 to "1. Dollars are (X) in thousands () whole; other amounts are whole." If you use OPUC-O.XLS, also change the number format for each worksheet except Schedule I-3 as follows:

(a) Go to the range named "ROUNDING" (cell B4 of worksheet "b1") and edit the label. When you calculate, the headings on all other financial schedules will change except Schedule I-3, Compensation.

(b) From Excel's command menu in any worksheet, choose: Format, Style, Normal, Modify, Number, Decimal Places 3, and enter. If that does not work for all cells in all financial worksheets except Schedule I-3, highlight the desired cells and choose Format, Cells, Number, Decimal Places 3, and enter.

For United, and Frontier, staff has formatted *OPUC-O.XLS* to display dollars rounded to thousands. Please enter the hundreds after a decimal; for example, enter \$123,456.78 as 123.457 or 123.45678. You may drop the cents, but *do not omit hundreds*.

Reformatting Schedules or Ranges in OPUC-O.XLS

You may add new worksheets to duplicate Schedules LEC and CP, if needed. Commission staff uses named ranges to transfer data from the schedules, so do not add, delete, or hide any worksheets, and do not reformat the worksheets, unless otherwise indicated in the specific instructions. Also, do NOT change any formulas.

Printing OPUC-O.XLS

OPUC-O.XLS is formatted to print worksheets from an HP laser printer. If you have trouble printing, change each worksheet's print margins.

INSTRUCTIONS FOR SPECIFIC SCHEDULES

Cover

You may substitute a completed printout from OPUC-O.XLS(c).

1. Enter company's full legal name and year covered by the report.
2. If you use *OPUC-O.XLS*, the company's name and the year covered by the report will be copied to all schedules when you:
 - a. Go to the range "NAME" (cell C8 in worksheet "c") and enter the company's name.
 - b. Go to the range "YEAR" (cell L4 in worksheet "p") and enter the year of the report as a label (a word). Errors may appear if you enter the year as a value (a number). Calculate.

Table of Contents

You may substitute a printout from OPUC-O.XLS(x).

This page does not require any data entry.

A-1. General Information

You may substitute a completed printout from OPUC-O.XLS(A1).

1. "Not available" and schedules from other reports are unacceptable.
2. Identify yourself by providing:
 - a. The exact legal name and assumed business name(s). Use

the word "The," "Company," or "Co." only when it is part of the legal corporate name.

- b. The name of the person for the Commission to contact. Include the person's title, mailing address, telephone numbers, and electronic mail address.
3. Indicate whether you publish other annual reports. If so, send copies. If you use *OPUC-O.XLS*, overwrite each appropriate box (□) with a small "x."
4. Date and sign the form after you complete the report.
5. Include your printed or typed name and title.

A-2. Important Changes During the Year

You may substitute a completed printout from OPUC-O.XLS(A2A3).

1. A cooperative may mark "not required." If you use *OPUC-O.XLS*, overwrite the appropriate box (□) with a small "x."
2. A utility:
 - a. Must answer the questions as indicated on the schedule.
 - b. May substitute a copy of another report, such as Annual Report to Stockholders, SEC Form 10K, or ARMIS Tables, if the other report provides the same information as Schedule A-2.
 - c. May add rows as needed if you use *OPUC-O.XLS*.

A-3. Stockholders

You may substitute a completed printout from OPUC-O.XLS(A2A3).

1. A cooperative may mark "not required." If you use *OPUC-O.XLS*, overwrite the appropriate box (□) with a small "x."
2. A utility:
 - a. Must compile this information as of the end of the year. However, if you compiled similar information for another purpose during the year for which the report is made, use the latest compilation. Provide the date of the compilation.
 - b. Must provide the class of stock, name, and number of shares owned by each significant stockholder. The cumulative total should be at least 80 percent of the total outstanding shares. You may show remaining shares as "owned by others."
 - c. May substitute a copy from another report, if the other report provides the same information as Schedule A-3.

d. May add rows as needed if you use *OPUC-O.XLS*.

B-1. Balance Sheet

You may substitute a completed printout from OPUC-O.XLS(B1). A multi-state utility may also substitute a completed printout from OPUC-O.XLS(OB1).

1. "Not available" and schedules from other reports are unacceptable.³
2. If you use accounts that are not specifically identified on the schedule, use the FCC Part 32 summary account. For example, if you use accounts 2681 and 2682, report the amounts in account 2680.
3. Do **not** insert any rows into *OPUC-O.XLS(B1)*.
4. Complete Columns (b) through (f) for telecommunications plant in service. Explain any transfers or other amounts in Column (f) in footnotes.
5. Complete Columns (b) and (c) for inventories, telecommunications plant adjustment, accumulated depreciation, accumulated amortization, deferred taxes, other deferred charges, and Commission-basis net plant.
6. Complete Column (b) for other accounts. Shading shows the beginning balances you do not need to complete.
7. Retained Earnings on the Balance Sheet must equal the amount in the Retained Earnings detail.
8. Net Income in the Retained Earnings detail must equal the amount on the last line of Schedule I-1, Income Statement.
9. A multi-state utility must also complete Schedule Ob-1, Oregon Rate Base.

B-2. Analysis of Depreciation and Amortization

You may substitute a completed printout from OPUC-O.XLS(B2). A multi-state utility may also substitute a completed printout from OPUC-O.XLS(OB2).

1. An average schedule company or utility that elected price cap regulation under ORS 759.405 may mark "not required." If you use *OPUC-O.XLS*, overwrite appropriate box (□) with a small "x."

³ A utility that elected price cap regulation under ORS 759.405 may substitute pages from other reports, if the other reports provide the requested information.

2. For other utilities and cooperatives:

- a. "Not available" and schedules from other reports are unacceptable.
- b. In Columns (b) and (g), respectively, report beginning and ending balances for each line item.
- c. In Column (c), enter credits to accumulated depreciation as a result of charges to depreciation or amortization expense accounts.
- d. In Column (d), enter other credits to the accumulated reserves. Explain the credits in footnotes.
- e. In Column (e), report debits to accumulated depreciation or plant retired. A large utility must also provide supporting data on Schedule B-3.
- f. In Column (f), enter total other debits to accumulated reserves.
- g. In Column (h), enter the composite depreciation rates.
- h. A multi-state utility must also complete Schedule Ob-2, Analysis of Oregon Depreciation.

B-3. Analysis of Charges Related to Plant Retired

You may substitute a completed printout from OPUC-O.XLS(B3). A multi-state utility may also substitute a completed printout from OPUC-O.XLS(OB3).

1. An average schedule company or utility that elected price cap regulation under ORS 759.405 may mark "not required." If you use *OPUC-O.XLS*, overwrite appropriate box (□) with a small "x."
2. For other utilities and cooperatives:
 - a. Provide book cost, cost of removal, salvage and insurance, miscellaneous adjustments, and net charges to depreciation, in support of Schedule B-3, Column (e). You may not substitute schedules from other reports.
 - b. A multi-state utility must also complete Schedule Ob-3, Analysis of Charges Related to Oregon Plant Retired.

B-4. Long-Term Debt

You may substitute a completed printout from OPUC-O.XLS(B4).

1. An average schedule company or utility that elected price cap regulation under ORS 759.405 may mark "not required." If you use OPUC-O.XLS, overwrite appropriate box (□) with a small "x."
2. Other utilities and cooperatives:
 - a. May substitute a copy from another report, if the other report provides the same information as Schedule B-4.
 - b. In Column (a), describe long-term obligations, including those maturing in the coming year.
 - c. In Column (b), provide dollar amounts at the end of year.
 - d. In Column (c), provide the interest rates shown on debt instruments.
 - e. In Column (d), show dollars of interest recorded during year.
 - f. May add rows as needed, if you use OPUC-O.XLS.

I-1. Income Statement

You may substitute a completed printout from OPUC-O.XLS(I112). A multi-state utility may also substitute a completed printout from OPUC-O.XLS(OI1-2).

1. "Not available" and schedules from other reports are unacceptable.⁴
2. Provide the total amounts accrued during the year.
3. If you use accounts that are not specifically identified on the schedule, use the FCC Part 32 summary account. For example, if you use accounts 7410 through 7450, report the amounts as account 7400.
4. Do **not** insert any rows into OPUC-O.XLS(I112).
5. For Interstate and Foreign Revenues Included in Operating Revenues, include interstate and international revenues as jurisdictionally assigned. Such revenues include billing and collection and exclude preemptively deregulated services.
6. For universal service fund (USF) distributions:
 - a. Account 5070: Report distributions (monies you received) from Oregon USF.
 - b. Account 5081.4: Report distributions (monies you received) from Federal USF.

⁴ A utility that elected price cap regulation under ORS 759.405 may substitute pages from other reports, if the other reports provide the requested information.

7. A multi-state utility must also complete Schedule Oi-1, Oregon Income Statement.

I-2. Full-Time Employees

You may substitute a completed printout from OPUC-O.XLS(I112). A multi-state utility may also substitute a completed printout from OPUC-O.XLS(OI1-2).

1. Schedules from other reports are not acceptable.⁴
2. Provide numbers of full-time management and nonmanagement employees at the end of the year (regulated activities only). "None," "zero," and "not applicable" are not acceptable. Allocate employees from or paid by affiliates, if needed, and provide a note explaining the allocation.
3. A multi-state utility must also complete Schedule Oi-2, Full-Time Employees in Oregon.
4. Form Oi-2: Of the total Oregon employees reported on line 3, report the number of employees who work for both regulated and non-regulated activities on line 4.

I-3. Compensation of Directors, Officers, and Managers

You may substitute a completed printout from OPUC-O.XLS(I3).

1. Schedules from other reports are not acceptable, unless you have received prior authorization from the Commission.
2. "Not available" and "paid by an affiliate" are not acceptable.
3. The minimum reporting requirements are:
 - a. A cooperative or small utility must list owners, officers, directors, and managers whom you or an affiliate paid more than \$25,000 during the year and charged any portion thereof to Oregon operations. You must also list family members of the owners, officers, directors, and managers whom you paid more than \$25,000 during the year and charged any portion thereof to Oregon operations.
 - b. A large utility must list the same or equivalent positions as those shown in the Annual Budget of Expenditures for the year. If positions were added or eliminated during the year, briefly describe the changes on the schedule and show the actual amounts paid for each position during the year.
4. In Column (a), report name and title or department of each person described in Instruction (3) above. If a person in any position

changed during the year, show the name and total remuneration of the previous incumbent and date the change occurred.

5. In Columns (b) through (f), provide data requested on the form.
6. In Column (g), report total compensation paid by all affiliated companies. Include salaries, insurance, pensions, and other compensation.
7. In Column (h), report the total compensation paid by you and your affiliates.
8. In Column (i), report the total compensation charged to Oregon operating accounts during the year.
9. Use additional pages, or if you use *OPUC-O.XLS*, add rows as needed.

I-4. Operating Taxes Other Than Federal Income Tax

You may substitute a completed printout from OPUC-O.XLS(14). A multi-state utility may also substitute a completed printout from OPUC-O.XLS(014).

1. If you meet a criterion on the form, you may mark "not required." If you use *OPUC-O.XLS*, overwrite the appropriate box (□) with a small "x."
2. Other utilities and cooperatives must:
 - a. Report other operating taxes as indicated on the schedule. Privilege taxes, fees, franchise fees, gross receipts franchise fees or taxes, and other assessments are defined in OARs 860-022-0042, 860-022-0045, and 860-034-0340.
 - b. "Not available" and schedules from other reports are not acceptable.
 - c. A multi-state cost company must also complete Schedule OI-4, Oregon Operating Taxes Other Than Federal Income Tax.

I-5. Not Used

I-6. Reconciliation of Reported Net Income With Taxable Income for Federal Income Tax

You may substitute a completed printout from OPUC-O.XLS(16).

1. If you meet a criterion on the form, you may mark "not required." If you use *OPUC-O.XLS*, overwrite the appropriate box (□) with a small "x."

2. Other utilities and cooperatives must:

- a. Submit the reconciliation even if you had no taxable income for the year.
- b. "Not available" is not acceptable. If the federal tax information is not currently available, explain the delay, specify the date you will submit a completed schedule, and mark the box at the bottom of the form. If you use *OPUC-O.XLS*, overwrite the box (□) with a small "x."
- c. Reconcile the reported current year's net income with the taxable income used to compute the federal tax accruals. Show computations and clearly identify reconciling amounts. Use additional pages as needed. If you use *OPUC-O.XLS*, add rows as needed.
- d. If you are a member of a group that files a consolidated tax return, reconcile the reported net income with taxable net income as if you filed a separate return. Indicate intercompany amounts eliminated in the consolidated return. Identify group members, taxes assigned to each member and the bases of the allocations, assignments, or sharing of consolidated taxes among members. You may attach a copy of another report or tax return, if the report provides the reconciliation.
- e. Show the Oregon operating amounts in Column (c).
- f. Show nonregulated and nonoperating amounts in Column (d).

I-7. Reconciliation of Reported Net Income With Taxable Income for Oregon State Excise (Income) Tax

You may substitute a completed printout from OPUC-O.XLS(17).

1. If you meet a criterion on the form, you may mark "not required." If you use *OPUC-O.XLS*, overwrite the appropriate box (□) with a small "x."
2. Other utilities and cooperatives must:
 - a. Submit the reconciliation even if you had no taxable income for the year.
 - b. "Not available" is not acceptable. If the Oregon tax information is not currently available, explain the delay, specify the date you will submit a completed schedule, and mark the box at the bottom of the form. If you use *OPUC-O.XLS*, overwrite the box (□) with a small "x."

- c. Reconcile the reported current year's net income with taxable income used to compute the Oregon excise (income) tax accruals. Show computations and clearly identify reconciling amounts. Use additional pages, or if you use *OPUC-O.XLS*, add rows as needed.
- d. If you are a member of a group that files a consolidated tax return, reconcile the reported net income with taxable net income as if you filed a separate return. Indicate intercompany amounts eliminated in the consolidated return. Identify group members, taxes assigned to each member and the bases of the allocations, assignments, or sharing of consolidated taxes among members. You may attach a copy of another report or tax return, if the report provides the reconciliation.
- e. Show the Oregon operating amounts in Column (c).
- f. Show nonregulated and nonoperating amounts in Column (d).

I-8. Transactions With Affiliated and Nonregulated Operations

You may substitute a completed printout from OPUC-O.XLS(I8). You may substitute a copy of another report, if the other report provides the same information as Parts A, B, C, and D.

1. "Affiliated interests" are defined in ORS 759.010.
2. In Part A, provide the status of your Cost Allocation Manual (CAM) by marking the appropriate box on the schedule. If the filed CAM is not up to date, attach a copy of the current CAM, or explain the delay and indicate the date you will file revised CAM.
3. In Part B:
 - a. Mark "required" or "not required," as requested on the form. If you use *OPUC-O.XLS*, overwrite the appropriate box () with a small "x."
 - b. If you marked the "required" box, list all intercompany loans made during the year, even if no balances remained at the end of the year. Identify each affiliate, identify yourself as lender (L) or borrower (B), provide the highest dollar amount outstanding during the year, and provide total interest accrued during the year on the loan.
4. In Part C:
 - a. Mark "required" or "not required," as requested on the form. If you use *OPUC-O.XLS*, overwrite the appropriate box ()

- b. If you marked the "required" box, summarize all transfers between your regulated and nonregulated operations during the year. Identify the operations or business segments (for example, cable television or cellular); describe transactions; and provide amounts, by account, transferred between segments during the year. For example, show your Part 64 adjustments. If you use *OPUC-O.XLS*, add rows as needed. Combine amounts when total payments were less than or equal to (\leq) \$50,000 during the year.
5. In Part D:
 - a. Mark "required," "see Part E," or "not required," as requested on the form. If you use *OPUC-O.XLS*, overwrite the appropriate box () with a small "x."
 - b. If you marked the "required" box, summarize all payments made by you to each affiliate and by each affiliate to you. Identify each affiliate, describe transactions, provide the date of the contract if applicable, and show total debits and total credits accrued during the year.
6. In Part E:
 - a. Mark "required" or "not required," as requested on the form. If you use *OPUC-O.XLS*, overwrite the appropriate box () with a small "x."
 - b. If you marked the "required" box, complete Part E in accordance with ORS 759.393 and OAR 860-027-0100 or OAR 860-034-0396.

S-1. Switches and Access Lines in Service

You may substitute a completed printout from OPUC-O.XLS(S1). A multi-state utility may also substitute a completed printout from OPUC-O.XLS(OS1).

1. "Not available" and schedules from other reports are unacceptable.
2. Provide the total number of central office switches. If two or more switches are housed in a single building or structure, count each switch separately. Do not count each three-digit prefix as a separate switch.
3. Provide the number of single-line and multi-line residential, business, and other access lines, as requested on the schedule, as

described under *Definitions* and below:

- a. DS0, DS1, and DS3 digital access lines are the same as ARMIS lines; that is, DS0 is counted as one 64 Kbps digital line or equivalent, DS1 equals 24 DS0 lines, and DS3 equals 672 DS0 lines). Digital access lines may be dedicated (private) lines, *line 16*; or switched (common) lines, *lines 2 through 8*, depending on the nature of access to the public switched network. (Note: DS0, DS1, and DS3 are not to be confused with DSL.)
 - b. Use straight line counts, not voice grade equivalents, *line 16*.
 - c. Digital subscriber lines (DSL) are wideband data, *line 17*.
 - d. Feature Groups (FG) carrier access lines are not counted; however, end user FGA FX/ONAL lines are counted, *line 13*.
 - e. Private lines, *line 16*, include dedicated special access lines, intraLATA interexchange private lines, and local private lines. (Note: Oregon private line counts are not the same as shown in FCC ARMIS 43-08. ARMIS excludes intraLATA interexchange private lines and local private lines.)
4. A multi-state utility must also complete Schedule Os-1, Oregon Switches and Access Lines in Service.

S-2. Minutes of Use

You may substitute a completed printout from OPUC-O.XLS(s2).

1. "Not available" and schedules from other reports are unacceptable.
2. The completed schedule will be treated as confidential under OAR 860-032-0070(1)(b)(B).
3. If the minutes of use are not currently available, explain the delay, indicate the date you will submit the completed schedule, and mark the box at the bottom of the form. If you use *OPUC-O.XLS*, overwrite the box () with a small "x."
4. Oregon access minutes billed should be the same as reported on OECA Form 1.0. The access minutes should be those for which you receive access charges.
5. Show Oregon toll conversation minutes by quarter. For toll conversation minutes originating in Oregon:
 - a. Exclude measured service.
 - b. Originating toll conversation minutes should be adjusted for

- bill rounding. Toll conversation minutes will be different from the billed toll minutes, which include toll rounding.
 - c. Show the percent of total toll originating conversation minutes for interstate and intrastate calls. The sum should equal 100 percent.
6. A multi-state utility should report total Oregon information only on this schedule, and total company minutes are not required.

CP. Annual Report for Competitive Providers

You may substitute a completed printout from OPUC-O.XLS(cp). If the respondent does not have a certificate of authority issued under ORS 759.020 for nonLEC services, you may delete worksheet "cp."

1. A LEC should submit Annual Report for Local Exchange Carriers (Form L) instead of Annual Report for Competitive Providers (Form C).⁵ Other competitive providers must submit Form C. Separately incorporated affiliates must submit individual reports.
2. The completed form must be delivered to the Commission by 5:00 p.m. Pacific Time on March 30, 2012 (OAR 860-032-0060). If you have questions, see *Definitions* or Staff Contacts.
3. You may use a copy of the Commission's Excel file to complete your annual report. However, the Commission does not accept electronic filings without a signed hardcopy. See *Excel Version of the Annual Reports* for more information.
4. Failure to submit a completed copy of this report may result in loss of certificate of authority (OAR 860-032-0008(2)). "Not available" and substitutions are not acceptable.
5. Parts A-E will be treated as public record.⁶ The Commission will publish the remaining data only on an aggregated basis and treat information about individual respondents as exempt from public disclosure (confidential). Access to confidential information is limited under ORS Chapter 192.

⁵ Form L includes Form C as its first three pages.

⁶ Any information you mark as confidential in Parts A-E will be treated as public record, unless you have first written to the Commission with a request for an exemption to release specific documents as provided by the Public Records Law, provided any and all support for your request, and the Commission has approved your request for an exemption for the specific documents.

6. In Part A:
- Identify yourself by providing the exact legal name. Use the word "The," "Company," "Co.," or "Inc." only when it is part of the legal corporate name. Include mailing addresses, assumed business names, former business names and affiliated Oregon operations.
 - Identify the docket in which the Commission granted you a certificate of authority. To obtain your docket number, go to the Commission's website and select eDockets or:
 - Telecommunications
 - Telecommunications Providers
 - Utility Company Search Page
 - Provide your PUC/OUS identification number. The Commission has assigned each telecommunications provider a unique identification number. To obtain your identification number, go to the Commission's website and select:
 - Telecommunications
 - Telecommunications Providers
 - Utility Company Search Page
 - Provide the names of company contact people for the Commission and the public. Include their titles, mailing addresses, telephone numbers, and electronic mail addresses.
 - Provide the names of any telecommunications providers or operations doing business in Oregon that are affiliated with you. See *Definitions*.
7. In Part B, check the appropriate boxes and provide additional information, as requested on the form.
8. In Part C, date and sign the form after you complete the report, and include your typed or printed name and title.
9. In Part D, provide emergency and safety contact information. **Please type or print this information clearly:**
- Your Oregon Utility Notification Center (OUNC) District Code Numbers should end with two digits (e.g., QWEST99).
 - If you have more than one OUNC code, provide the primary contact's identification.
 - For information about your OUNC codes, call OUNC's One-Call Center Administrative Information Number in Portland, Oregon, at 503-232-1987.
10. In Part E, check the appropriate boxes and provide additional information, as requested on the form.
11. In Part F, data are not required if you checked Box 11 in Part E. All other competitive providers must:
- Provide the total number of customers in Oregon at December 31. "Not available" is not acceptable. Note that customers can have multiple lines.
 - Provide the number of access lines at December 31. See *Definitions*.
 - Provide the gross Oregon revenues during the year. Include international, interstate, and intrastate revenues from calls that originate and/or terminate in Oregon. See *Definitions*.
 - If you checked Box 3 in Part E, provide the toll conversation minutes originating in Oregon during the year. Include international, interstate, and intrastate revenues from calls that originate and/or terminate in Oregon.
- LEC. Annual Report for Local Exchange Carriers**
You may substitute completed printouts from OPUC-O.XLS(LEC).
- If you have a certificate of authority to provide telecommunications services in Oregon **including local exchange services**, you must complete and submit an Annual Report for Local Exchange Carriers. You are not required to file a Form C.⁷
 - Separately incorporated affiliates must complete individual reports.
 - The completed form must be delivered to the Commission by 5:00 p.m. Pacific Time on March 30, 2012 (OAR 860-032-0060). You may not substitute another schedule, including copies of other Form O schedules. See *Definitions* and *Regions*.
 - Submit additional Schedules LEC or Forms L if the respondent has any certificates of authority issued under ORS 759.020 for CLEC services that are not separately incorporated. Provide a separate schedule about each LEC operation. See *Classification of Companies*, if you have questions about the respondent's designation.

⁷ Form L includes the Form C as its first three pages.

5. You may use a copy of the Commission's Excel file to complete your annual report. However, the Commission does not accept electronic filings without a signed hardcopy. See *Excel Version of the Annual Reports* for more information.
6. Failure to submit a completed copy of this report may result in loss of certificate of authority (OAR 860-032-0008(2)). "Not available" and substitutions are not acceptable.
7. Parts A-E and Part F, lines 2 and 3, will be treated as public record. The Commission will publish the remaining data only on an aggregated basis and treat information about individual respondents as exempt from public disclosure (confidential).⁶ Access to confidential information is limited (ORS Chapter 192).
8. In Part A:
- e. Identify yourself by providing the exact legal name. Use the word "The," "Company," "Co.," or "Inc." only when it is part of the legal corporate name. Include mailing addresses, assumed business names, former business names and affiliated Oregon operations.
- f. Identify the docket in which the Commission granted you a certificate of authority under ORS 759.020. For the respondent's ILEC operations, write "N/A – ILEC." To obtain your docket number, go to the Commission's website and select eDockets or:
- Telecommunications
Telecommunications Providers
Utility Company Search Page
- g. Provide your PUC/OUS identification number. The Commission has assigned each telecommunications provider a unique identification number. To obtain your identification number, go to the Commission's website and select:
- Telecommunications
Telecommunications Providers
Utility Company Search Page
- h. Provide the names of company contact people for the Commission and the public. Include their titles, mailing addresses, telephone numbers, and electronic mail addresses.
- i. Provide the names of any telecommunications providers or operations doing business in Oregon that are affiliated with you. See *Definitions*.
9. In Part B, check the appropriate boxes and provide additional information, as requested on the form.
10. In Part C, date and sign the form after you complete the report, and include your typed or printed name and title.
11. In Part D, provide emergency and safety contact information. **Please type or print this information clearly:**
- a. Your Oregon Utility Notification Center (OUNC) District Code Numbers should end with two digits (e.g., QWEST99).
- b. If you have more than one OUNC code, provide the primary contact's identification.
- c. For information about your OUNC codes, call OUNC's One-Call Center Administrative Information Number in Portland, Oregon, at 503-232-1987.
12. In Part E, check the appropriate boxes and provide additional information, as requested on the form.
13. In Part F, data are not required if you checked Box 11 in Part E, **but you still must complete section K (Business Plans and Competition)**. All other local exchange carriers must:
- a. Provide the total number of customers in Oregon at December 31. "Not available" is not acceptable. Note that customers can have multiple lines.
- b. Provide the number of access lines at December 31. See *Definitions*. *Lines* on line 2 (plus *lines* on line 2 in Part F of Schedule CP) should match the total lines shown on Schedule S-1 for a single-state company or Schedule Os-1 for a multi-state utility.
- c. Provide the gross Oregon revenues during the year. Include international, interstate, and intrastate revenues from calls that originate and/or terminate in Oregon. *Gross Oregon revenues* on line 3 (plus *revenues* on line 3 in Part F of Schedule CP) should match Schedule I-1 (net revenues less uncollectibles (line 48 less line 47) for a single-state compa-

⁶ Any information you mark as confidential in Parts A-E will be treated as public record, unless you have first written to the Commission with a request for an exemption to release specific documents as provided by the Public Records Law, provided any and all support for your request, and the Commission has approved your request for an exemption for the specific documents.

- ny without competitive operations, or Schedule OI-1 for a multi-state utility without competitive operations. See *Definitions*.
- d. If you checked Box 3 in Part E, provide the toll conversation minutes originating in Oregon during the year. *Toll conversation minutes* on lines 4a, 4b, 4c, and 4d (plus *toll conversation minutes* on lines 4a, 4b, 4c, and 4d in Part F of Schedule CP) should match Schedule S-2.
14. For Parts G-J, provide the information requested about your services during the year. See *Definitions*.
- a. For an ILEC without competitive operations, Table G11, Column C, lines 1-3, should equal Schedule S-1 for a single-state company or Schedule Os-1 for a multi-state utility.
- b. For an ILEC with competitive operations, provide the information for the combined total of all local exchange lines.
15. For Part K, provide the information requested about your business during the year.
16. If you want a copy of the staff report that summarizes this year's responses to Parts G-K, check the box labeled *Send Summary Report to Respondent* in Part B.

Commission Contacts

Commission website: <http://www.oregon.gov/PUC>

Excel files: Suzanne Smith at 503-378-6665 or suzanne.smith@state.or.us

Filing extension: Suzanne Smith at 503-378-6665 or suzanne.smith@state.or.us

Schedules S-1 and Os-1: Irv Emmons at 503-378-4165 or irv.emmons@state.or.us

Schedule S-2: Suzanne Smith at 503-378-6665 or suzanne.smith@state.or.us

Form C or Schedule CP: Lois Meerdink at 503-378-8959 or lois.meerdink@state.or.us

Form L or Schedule LEC: Ming Peng at 503-373-1123 or ming.peng@state.or.us

Other Schedules: Suzanne Smith at 503-378-6665 or suzanne.smith@state.or.us

Excel Version of Annual Reports

- The Excel file is available at the Commission's website under:
Telecommunications
Annual Report Forms
- The worksheets contain formulas when sums are required. Do not change these formulas.
- Some Excel worksheets contain formulas to transfer duplicate information such as your business name, mailing address, Commission contact, and phone numbers. You may change these formulas as needed.
- Overwrite each appropriate box () with a small "x."
- The Excel file is formatted to print each worksheet from an HP laser printer. If you have trouble printing, change the print setup.

DEFINITIONS

Access service – see non-switched, special, and switched.

Access line – a telecommunications channel or facility (i.e., loop) extending from a customer's premises to a serving central office. It excludes inside wiring, wiring on the customer side of the network interface device or protector, and station wiring associated with customer premises equipment. Access lines also exclude idle non-working lines or channels that are spare capacity, or used for maintenance purposes.

Access lines are categorized into residential, business, and other. Residential and business lines include 4 KHz analog or 64 Kbps digital (or equivalent) lines that access the public switched network. Other access lines include access lines to mobile or RCC base stations, Feature Group A FX/ONAL switched access, payphone lines (both public and semipublic), unbundled network element (UNE) network access channels (NACs) leased to other carriers for customer access, dedicated (non-switched) special access and private lines, and wideband access (including DSL). A wideband channel is one having a bandwidth equivalent to twelve or more voice grade channels (47 CFR Part 36 Appendix Glossary).

Also, see local exchange line.

Affiliated – directly or indirectly under common ownership or control

with you (ORS 759.010).

Annual revenues – see *revenues*.

Billed revenues – see *revenues*.

Business customer – see *customer*.

Capacity – is determined by the highest data transmission rate in either direction. **Lower capacity** includes IDSL and some RADSL. **Higher capacity** includes ADSL, HDSL, HDSL2, SDSL, VDSL, and some RADSL. The following chart provides capacity rates:

CAPACITY				
Tech-nology	Data Rate	Mode	Distance Limit From Central Office	Number of Copper Pairs
IDSL	144 Kbps	Duplex	18,000 ft	1
HDSL	1.54 Mbps	Duplex	12,000 ft	2
HDSL2	1.54 Mbps	Duplex	12,000 ft	1
SDSL	1.54 Mbps	Duplex	10,000 ft	1
ADSL	up to 5.1 Mbps	Downstream	12,000 to	1
	16 to 640 Kbps	Upstream	18,000 ft	
VDSL	13 to 53 Mbps	Downstream	4,500 ft	1
	1.54 to 2.3 Mbps	Upstream		
RADSL	600 kbps to 7 Mbps	Downstream	12,000 to	1
	128 kbps to 1 Mbps	Upstream		

Source: ADC Telecommunication, *Telephony*, November 9, 1998

Carrier – as used in this report, a carrier may be a competitive provider, competitive local exchange carrier (CLEC), incumbent local exchange carrier (ILEC), interexchange carrier (IXC), shared service provider, reseller, telecommunications utility, telecommunications cooperative, or telecommunications association.

Circuit – a termination you provide and bill to your customers for private line service. If you provide a circuit that connects two customer locations, and bills the customer for both ends of the circuit, count two terminations. The capacity of a circuit should be determined by the capacity you deliver to the customer at the point of termination, even though the customer may further subdivide that capacity using its own multiplexing or other equipment.

Competitive local exchange carrier (CLEC) – one type of competitive provider (OAR 860-032-0001).

Competitive provider – any "competitive telecommunications provider as defined in ORS 759.005(2)(a), who provides services authorized pursuant to ORS 759.020" (OAR 860-032-0001). A competitive provider is not a telecommunications utility (ORS 759.005(1)(a)(C)). Carriers may be certified to provide multiple services under one or more certificates of authority.

Cooperative – a cooperative corporation or association, which provides telecommunications service within its own exchanges and is certified under ORS 759.025(2). See *incumbent local exchange carriers*.

Customer – a person or entity that had applied for, been accepted, and was receiving service for a price during the period covered by this report. A customer can have multiple lines; for example, if you send only one bill to a business, governmental agency, or residence, count the bill a one customer.

Business customer means a retail customer whose actual or obvious use of a service is for conducting a business, trade, or profession, or whose use of the service is obviously not primarily for domestic use, including a payphone provider or Internet service provider. The telephone number for a business customer is displayed in telephone directories under a business name and in sections of the directory reserved for business listings (yellow pages).

Oregon customer means a person or entity that has a physical location within Oregon.

Residential customer means a retail customer whose actual or obvious use of a service is primarily for domestic purposes at a residence or dwelling. The telephone number for a residential customer is displayed in telephone directories under an individual or personal name and is not located in sections of the directory reserved for business listings (yellow pages).

Retail customer means any customer other than a wholesale customer, including an Internet service provider or payphone owner.

Wholesale customer means a telecommunications provider, other than you, that has a certificate of authority from the Oregon Commission or is a radio common carrier (commercial mobile radio licensee). Wholesale customers may provide service to their customers through resale, special access, and other interconnections.

December revenues – see *revenues*.

Directory assistance service – the provision of information about telephone numbers upon request.

End user – a retail customer.

Gross revenues – see *revenues*.

Incumbent local exchange carrier (ILEC) – a telecommunications utility or cooperative with a certificate of authority issued under ORS 759.025: *Asotin Telephone Company; Beaver Creek Cooperative Telephone Company; Canby Telephone Association; Cascade Utilities, Inc.; CenturyLink Citizens Telecommunications Company of Oregon; Clear Creek Mutual Telephone Company; Colton Telephone Company; Eagle Telephone System, Inc.; Gervais Telephone Company; Helix Telephone Company; Home Telephone Company; Molalla Telephone Company; Monitor Cooperative Telephone Company; Monroe Telephone Company; Mt. Angel Telephone Company; Nehalem Telephone & Telegraph Company; North-State Telephone Company; Oregon Telephone Corporation; Oregon-Idaho Utilities, Inc.; Peoples Telephone Company; Pine Telephone System, Inc.; Pioneer Telephone Cooperative; Roome Telecommunications, Inc.; Scio Mutual Telephone Company; St. Paul Cooperative Telephone Association; Stayton Cooperative Telephone Company, Inc.; Trans-Cascades Telephone Company; United Telephone Company of the Northwest (dba Embarq); and Frontier Communications Northwest Inc.*

Interexchange carrier (IXC) – a telecommunications provider that is authorized to provide switched services between exchanges.

Interexchange private line service – the provision of dedicated circuits, which a customer uses to connect two or more pre-selected locations in different local exchanges. See *private line service*.

Interoffice transport facility – connects switching centers.

Interstate call – originates or terminates in Oregon; for example, an *interstate long distance toll call* originates in Idaho and terminates in Oregon.

Intrastate call – originates and terminates within Oregon.

Intrastate interexchange private line service – circuits that originate and terminate within Oregon, considering the entire circuit that you bill to and provide for the customer, including those segments that you obtain from other telecommunications providers on the customer's behalf. See *private line service*.

Intrastate long distance toll service – the provision of dial-up connections, and associated features-functions, between locations that are in different local calling areas within Oregon, and for which charges are typically on a per-unit basis.

Lines – see access line and local exchange line.

Local exchange carrier (LEC) – a telecommunications provider that is authorized to provide local exchange private line service or local exchange switched service. The provider may be an incumbent telecommunications utility, an incumbent telecommunications cooperative, a competitive local exchange carrier, or a shared service provider.

Local exchange line – a voice level transmission path (64 kbps digital or less than 4 kHz analog) that links an end user (retail customer) location with the switching center that provides dial tone. Also, see access line.

Local exchange private line service – the provision of dedicated circuits, which a customer uses to connect two or more pre-selected locations within a local exchange. See *private line service*.

Local exchange switched service – the provision of dial-up connections, and associated features-functions, between locations that are within a local calling area. A local calling area consists of the local exchange of an ILEC as defined on maps filed with and approved by the Oregon Commission plus additional local exchanges accessible by extended area service, as approved by the Oregon Commission. For example, basic local service, extended area service, and central office features.

Long distance toll service – the provision of dial-up connections and associated features-functions between locations that are in different local calling areas, and for which charges are typically on a per-unit basis.

Loop – a facility or equipment that connects end users (retail customers) with a switching center.

NESC – National Electrical Safety Code.

Non-switched access – carried by dedicated special access and private lines.

Oregon revenues – see *revenues*.

Operator service – the provision of special billing, dialing assistance, and information regarding the use of and charges for telecommunications services upon request. Operator service may be manual or automatic.

Oregon Administrative Rule (OAR) – Copies of the administrative rules are available at the Commission's website under Links.

Oregon customer – see *customer*.

Oregon Revised Statute (ORS) – Copies of Oregon's laws are available at the Commission's website under Links.

OUNC – Oregon Utility Notification Center. The Oregon Utility Notification Center is the Oregon state agency that administers Oregon's excavation laws and the statewide toll free "One-Call" number: 1-800-332-2344 (2DIG). More information about OUNC is available at their website: <http://www.digsafelyoregon.com>.

Private line circuit – see *circuit*.

Private line service – the provision of dedicated circuits, whether physical or virtual, which a customer uses to connect two or more pre-selected locations. Circuits may be hard-wired or use frame-packet-cells or other switching-routing technologies to establish

connections. Service may be local exchange or interexchange and includes xDSL. For the definitions of lower capacity and higher capacity xDSL, see *capacity*.

Provide – to supply or make available a service by means of resale, leased facilities, owned facilities, unbundled network elements, or a combination of methods.

Retail customer – see *customer*.

Retail service – a service provided to a retail customer.

Revenues – the cash inflows or equivalents from your operations during the year.

Exclude loan proceeds, shareholder contributions, and taxes that you billed to customers.

Include regulated and nonregulated charges; federal and state charges; federal and Oregon universal service distributions; charges for switched lines, local usage, extended area service, repair and maintenance services, directory listing services, and add-on features such as call waiting, voice messaging, and caller identification; and charges for private line circuits and add-on capabilities such as multiplexing, conditioning, and bridging.

Annual revenues mean the gross amount you billed for services for the calendar year included in this report.

Billed revenues mean the gross amount you billed for services, whether billed in advance or arrears.

December revenues mean the gross amount you billed for services for December of the calendar year included in this report.

Gross revenues mean the total cash inflows or equivalents from your operations as accrued or billed before uncollectibles (bad debts), agent's commissions, access charges paid, and other billing and collection costs.

Intrastate Oregon revenues mean gross revenues from calls that originate and terminate in Oregon. Intrastate includes state and federal surcharges from and distributions for end users in Oregon.

Total Oregon revenues mean the gross revenues from Oregon customers, including international, interstate, and intrastate revenues from calls that originate and/or terminate in Oregon.

Special access – carried by dedicated facilities, such as private lines.

Switched access – switched to and carried by available facilities (owned, leased, or resold).

Telecommunications provider – go to the Commission's website and select:

Telecommunications

Fact Sheets

Definitions and Types of Telecommunications Providers

Unbundled network element (UNE) – a facility or equipment used in the provision of telecommunications service, including but not limited to features, functions, and capabilities that are provided by means of such facility or equipment, such as a local loop (Code of Federal Regulations §51.5). UNEs are measured by lines.

Unbundled network element platform (UNE-P) – a combination of UNEs such as unbundled loop, local switching, shared transport, and tandem switching. UNE-Ps are measured by lines.

Utility – an incumbent telecommunications provider other than a cooperative. See ORS 759.005(1) for the definition of a telecommunications utility.

Wholesale customer – see *customer*.

Wholesale service – a sale to another telecommunications provider (carrier), whether at discounted or full retail rates, so the other provider can provide service to its customers. Wholesale may include, but is not limited to, sales for resale to a competitive provider, interexchange carrier, telecommunications cooperative, or telecommunications utility; special access; and other interconnections. Wholesale does not include sales to Internet service providers.

xDSL – see *capacity*.

You, yourself – the respondent.

REGIONS AND EXCHANGES

Oregon's exchanges are divided into six geographic areas, as identified below. A list of exchanges by ILECs is available at the Commission's website under:

Telecommunications

Exchanges of Local Exchange Carriers

Central – Antelope, Arlington, Bend, Bonanza, Bly, Camp Sherman, Cascade Locks, Chemult, Chiloquin, Condon, Culver, Dufur, Fort Klamath, Fossil, Gilchrist, Grass Valley, Hood River, Klamath Falls, Lakeview, La Pine, Madras, Malin, Maupin, Merrill, Mitchell, Moro, Mosier, Odell, Paisley, Parkdale, Paulina, Pine Grove, Prineville, Redmond, Rocky Point, Rufus, Silver Lake, Sprague River, Sisters, The Dalles, Tygh Valley, Wamic, and Wasco.

Coast – Ash Valley, Astoria, Bandon, Bay City, Beaver, Brookings, Cannon Beach, Chitwood, Cloverdale, Coos Bay-North Bend, Coquille, Depoe Bay, Florence, Garibaldi, Gleneden Beach, Gold Beach, Jewell, Knappa, Lakeside, Langlois, Lincoln City, Mapleton, Myrtle Point, Nehalem, Newport, Pacific City, Port Orford, Powers, Reedsport, Rockaway, Scottsburg, Seaside, Siletz, South Beach, Tidewater, Tillamook, Toledo, Waldport, Warrenton, Westport, and Yachats.

East – Adrian, Athena-Weston, Baker, Bates, Boardman, Burns, Cove, Dayville, Durkee, Echo, Elgin, Enterprise, Flora-Troy, Granite, Haines, Halfway, Hamey, Harper, Helix, Heppner, Hereford-Unity, Hermiston, Huntington, Imbler, Ione, John Day, Jordan Valley, Joseph, Juntura, La Grande, Lexington, Long Creek, Lostine, Meacham, Medical Springs, Milton-Freewater, Monument, Mt. Vernon, North Powder, Nyssa, Ontario, Oregon Slope, Pendleton, Pilot Rock, Prairie City, Richland, Ridgeview, Seneca, Spray, Stanfield, Starkey, Sumpter, Ukiah, Umatilla, Union, Vale, Walla Walla (Stateline), and Wallowa.

Portland Metropolitan – Aurora, Beavercreek, Beaverton, Burlington, Canby, Carlton, Charbonneau, Colton, Corbett, Estacada, Forest Grove, Gresham, Hillsboro, Hoodland, Lake Oswego, Molalla, Newberg, North Plains, Oak Grove-Milwaukie, Oregon City, Portland, Redland, Sandy, Scappoose, Scholls, Sherwood, Stafford, Sunnyside, Tigard, Vernonia, Woodburn-Hubbard, and Yamhill.

Southwest Interior – Ashland, Azalea, Butte Falls, Camas Valley, Canyonville, Cave Junction, Central Point, Crater Lake, Days Creek, Diamond Lake, Elkton, Fish Lake, Glendale, Glide, Gold Hill, Grants Pass, Jacksonville, Medford, Myrtle Creek, North Umpqua, Oakland-Sutherlin, O'Brien, Phoenix-Talent, Prospect, Riddle, Rogue River, Roseburg, Selma, Shady Cove, White City, Wolf Creek, and Yoncalla.

Willamette Valley – Albany, Alsea, Amity, Aumsville-Turner, Bellfountain, Blodgett, Blue River, Brownsville, Clatskanie, Corvallis, Cottage Grove, Creswell, Dallas, Dayton, Deadwood, Detroit, Drain, Eugene-Springfield, Falls City, Gervais, Government Camp, Grand Island, Grand Ronde, Halsey, Harlan, Harrisburg, Horton, Independence-Monmouth, Jefferson, Junction City, Leaburg, Lebanon, Lobster Valley, Lowell, Lyons, Marcola, McMinnville, Mill City, Monitor, Monroe, Mt. Angel, Murphy-Provolt, Oakridge, Philomath, Rainier, Salem, Scio, Shedd, Sheridan, Silverton, St. Helens, St. Paul, Stayton, Summit, Sweet Home, Triangle Lake, Veneta, and Willamina.

EXHIBIT OTA/203

ANNUAL REPORT

FORM O

Total Company and Total Oregon Operations

OF

(name of responding telecommunications cooperative or utility)

TO THE

PUBLIC UTILITY COMMISSION OF OREGON

Street Address: 550 Capitol Street NE Suite 215, Salem OR 97301-2551

Mailing Address: PO Box 2148, Salem OR 97308-2148

FOR THE YEAR ENDING DECEMBER 31, 2011

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- A-2..... Important Changes During the Year
- A-3..... Stockholders
- * B-1..... Balance Sheet
- B-2..... Analysis of Depreciation and Amortization
- B-3..... Analysis of Charges Related to Plant Retired
- B-4..... Long-Term Debt
- * I-1..... Income Statement
- * I-2..... Full-Time Employees
- * I-3..... Compensation of Directors, Officers, and Managers
- I-4..... Operating Taxes Other Than Federal Income Tax
- I-5..... (not used)
- I-6..... Reconciliation of Reported Net Income With Taxable Income for Federal Income Tax
- I-7..... Reconciliation of Reported Net Income With Taxable Income for Oregon State Excise (Income) Tax
- I-8..... Transactions With Affiliated and Nonregulated Operations
- * S-1..... Switches and Access Lines in Service
- * S-2..... Minutes of Use
- * CP..... Annual Report for Competitive Provider Operations
- * LEC..... Annual Report for Local Exchange Carrier Operations

Supplemental Information Required from Multi-State Utilities

- Ob-1..... Oregon Rate Base
- Ob-2..... Analysis of Oregon Depreciation and Amortization
- Ob-3..... Analysis of Charges Related to Oregon Plant Retired
- Oi-1..... Oregon Income Statement
- Oi-2..... Full-Time Employees in Oregon
- Oi-3..... (not used)
- Oi-4..... Oregon Operating Taxes Other Than Federal Income Tax
- Os-1..... Oregon Switches and Access Lines in Service

© This schedule contains **CONFIDENTIAL** information.
 * All telecommunications utilities and cooperatives (incumbent local exchange carriers) must provide the information requested on this schedule. Specific ILECs may leave portions of other schedules blank, as indicated in the instructions.

Schedules from other reports are not acceptable. See attached instructions for more information.

A-1: GENERAL INFORMATION

A. Identity of Respondent

Exact Legal Name of Respondent:		Assumed Business Name, Doing Business As Name, or Also Known As Name (if same as legal name, write "SAME").	
1. Name of Person (including title) Whom OPUC Should Contact About This Report:		Business Street Address:	Voice Telephone Number:
2. E-mail Address:		Mailing Address (if same as street address, write "SAME").	Facsimile Number:

B. Other Published Annual Reports

- REPORT TO STOCKHOLDERS / MEMBERS.** A copy of the annual report to stockholders or members was will be sent to OPUC on or about _____.
- Annual reports to stockholders or members are not published.
- RUS REPORT.** A copy of the published annual report to the Rural Utilities Service was will be sent to OPUC on or about _____.
- The respondent does not report to the Rural Utilities Service.
- ARMIS REPORT.** A copy of the ARMIS report Part 43-02 was will be sent to OPUC on or about _____.
- The respondent does not file ARMIS reports with the Federal Communications Commission.
- LEC REPORT.** A copy of the respondent's Annual Report for Local Exchange Carriers to OPUC is attached.

C. Signature

I certify that I am the responsible accounting officer or director of the above-named company and I examined this report. To the best of my knowledge, information, and belief, all statements of fact in this report are true, and this report correctly states the respondent's business and affairs in each matter set forth from January 1, 2011, through December 31, 2011.

(signature)

(printed or typed name)

(printed or typed title)

(date)

Company: _____

Schedules from other reports may be acceptable. See attached instructions for more information.

A-2. IMPORTANT CHANGES DURING THE YEAR

1. **CHANGES IN SERVICE TERRITORY, EXTENSIONS OF SERVICES, SALES, MERGERS, ABANDONMENT, AND CHANGES IN IDENTITY.** If there were changes in the respondent's identity or Oregon service territory during the year, describe the changes.
2. **CHANGES IN ACCOUNTING STANDARDS.** Briefly describe the changes in accounting standards, including the effective date of the change and the impact on the accounts as provided for by generally accepted accounting principles.
3. **CHANGES IN OWNERSHIP OR DIRECT CONTROL.** If ownership or direct control over the respondent changed during the year, provide the following information:
 - a. State the form of control (i.e., sole or joint).
 - b. State the names and addresses of the directly controlling organizations or persons.
 - c. State the means by which control was held (for example, through ownership of voting securities, common directors, officers, stockholders, voting trusts, etc.).
 - d. State the extent of control.
 - e. If the directly controlling organization or person was in turn controlled by another organization or person, show the chain of control to the ultimately controlling organization or person and the extent of control over each directly controlled organization or person in the chain.
 - f. If any controlling organization or person held control as trustee, give the names and addresses of the beneficiaries for whom the trust is maintained and the purpose of the trust.

NOT REQUIRED, because the respondent is a cooperative.

A-3. STOCKHOLDERS

Line No.	Class of Stock (a)	Shares Held (b)	Name of Stockholder (c)
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11	Date of Compilation: December 31, 2009		

NOT REQUIRED, because the respondent is a cooperative.

ANNUAL REPORT TO THE PUBLIC UTILITY COMMISSION OF OREGON FOR THE YEAR ENDING DECEMBER 31, 2011

EXHIBIT OTA/203

Page 6 of 47

Company: TOTAL COMPANY OPERATIONS
 1. Dollars are whole.

2. Schedules from other reports are not acceptable. See attached instructions for more information.

B-1. BALANCE SHEET

Line No.	Description (a)	Balance at Beginning of Year (b)	Additions (c)	Retirements (d)	Transfers and Adjustments (e)	Balance at End of Year (f)
Assets						
1	Cash and Equivalents.....					
2	Receivables.....					
3	Federal USF - Collections of Federal USF					
4	State USF - Collections of State USF					
5	1170.3 Allowance for Doubtful Accounts.....					
6	1171 Inventories.....					
7	1220 Prepayments.....					
8	1280 Other Current Assets.....					
9	1350 Total Current Assets (lines 1..8).....					
10	1406 Nonregulated Investments.....					
11	1410 Other Noncurrent Assets.....					
12	1438 Deferred Maintenance, Retirements, and Other Deferred Charges.....					
13	1500 Other Jurisdictional Assets - Net.....					
14	Total Noncurrent Assets (lines 10..13).....					
15	2001 Telecommunications Plant in Service (line 63).....					
16	2002 Property Held for Future Telecommunications Use.....					
17	2003 Telecommunications Plant Under Construction.....					
18	2005 Telecommunications Plant Adjustment.....					
19	2006 Nonoperating Plant.....					
20	2007 Goodwill.....					
21	Total Plant (lines 15..20).....					

Company: TOTAL COMPANY OPERATIONS
 1. Dollars are whole.
 2. Schedules from other reports are not acceptable. See attached instructions for more information.

B-1. BALANCE SHEET

Line No.	Description (a)	Balance at Beginning of Year (b)	Additions (c)	Retirements (d)	Transfers and Adjustments (e)	Balance at End of Year (f)
Telecommunications Plant in Service						
22	2111 Land.....					
23	2112 Motor Vehicles.....					
24	2113 Aircraft.....					
25	2114 Tools and Other Work Equipment.....					
26	2121 Buildings.....					
27	2122 Furniture.....					
28	2123.1 Office Support Equipment.....					
29	2123.2 Company Communications Equipment.....					
30	Sub-Total 2123 Office Equipment (lines 28..29).....					
31	2124 General Purpose Computers.....					
32	Total Land and Support (lines 22..29 and 31).....					
33	2211 Nondigital Switching.....					
34	2212.1 Digital Electronic Circuit - Switched.....					
35	2212.21 Digital Electronic Switching - Packet Switching.....					
36	2212.22 Digital Electronic Switching - Soft Switch.....					
37	Total Central Office - Switching (lines 33..36).....					
38	2220 Operator Systems.....					
39	2231 Radio Systems.....					
40	2232.1 Circuit Equipment - Electronic.....					
41	2232.2 Circuit Equipment - Optical.....					
42	Total Central Office - Transmission (lines 39..41).....					
43	Total Switching and Transmission (lines 37..41).....					
44	2310 Information Originator/Termination.....					
45	2351 Public Telephone Terminal Equipment.....					
46	2362 Other Terminal Equipment.....					
47	Total Information Originator/Termination (lines 44..46).....					

Company:
TOTAL COMPANY OPERATIONS

1. Dollars are whole.
2. Schedules from other reports are not acceptable. See attached instructions for more information.

B-1. BALANCE SHEET

Line No.	Description (a)	Balance at Beginning of Year (b)	Additions (c)	Retirements (d)	Transfers and Adjustments (e)	Balance at End of Year (f)
48	2411 Poles.....					
49	2421.1 Aerial Cable - Metallic.....					
50	2421.2 Aerial Cable - Nonmetallic.....					
51	2422.1 Underground Cable - Metallic.....					
52	2422.2 Underground Cable - Nonmetallic.....					
53	2423.1 Buried Cable - Metallic.....					
54	2423.2 Buried Cable - Nonmetallic.....					
55	2424 Submarine and Deep Sea Cable.....					
56	2426 Intra-building Network Cable.....					
57	2431 Aerial Wire.....					
58	2441 Conduit Systems.....					
59	Total Cable and Wire Facilities (lines 48, 58).....					
60	2680 Amortizable Tangible Assets.....					
61	2690 Amortizable Intangible Assets.....					
62	Total Other Assets (lines 60, 61).....					
63	Telecommunications Plant in Service (lines 32+43+47+59+62).....					
Accumulated Depreciation and Amortization						
64	3100 Depreciation - Telecommunications Plant in Service.....		<- Beginning and Ending Balances Required ->			
65	3200 Depreciation - Property Held for Future Telecommunications Use.....		<- Beginning and Ending Balances Required ->			
66	3300 Depreciation - Nonoperating.....		<- Beginning and Ending Balances Required ->			
67	3400 Amortization of Tangible Assets.....		<- Beginning and Ending Balances Required ->			
68	3500 Amortization of Intangible Assets.....		<- Beginning and Ending Balances Required ->			
69	Accumulated Depreciation and Amortization (lines 64, 68).....		<- Beginning and Ending Balances Required ->			
70	Net Plant (line 21 less line 69).....					
71	Total Assets (lines 9+14+70).....					

Company:
TOTAL COMPANY OPERATIONS

1. Dollars are whole.
2. Schedules from other reports are not acceptable. See attached instructions for more information.

B-1. BALANCE SHEET

Line No.	Description (a)	Balance at Beginning of Year (b)	Additions (c)	Retirements (d)	Transfers and Adjustments (e)	Balance at End of Year (f)
Liabilities and Equity						
72	4010-4030 Accounts and Notes Payable.....					
73	4040 Customer Deposits					
74	4070 Income Taxes - Accrued.....					
75	4080 Other Taxes - Accrued.....					
76	4100 Net Current Deferred Operating Income Tax.....					
77	4110 Net Current Deferred Nonoperating Income Tax.....					
78	4130 Other Current Liabilities.....					
79	Total Current Liabilities (lines 72..78).....					
80	4200 Long Term Debt.....					
81	4310 Other Long Term Liabilities.....					
82	4320 Unamortized Operating Investment Tax Credits - Net.....					
83	4330 Unamortized Nonoperating Investment Tax Credits - Net.....					
84	4340.1 Net Noncurrent Deferred Operating Federal Income Tax.....					
85	4340.2 Net Noncurrent Deferred Operating State Income Tax.....					
86	4341 Net Deferred Tax Liability Adjustments.....					
87	4350 Net Noncurrent Deferred Nonoperating Income Tax.....					
88	4361 Deferred Tax Regulatory Liability - Net.....					
89	4370 Other Jurisdictional Liabilities and Deferred Credits - Net.....					
90	Total Other Liabilities and Deferred Credits (lines 80..89).....					
91	4510 Capital Stock.....					
92	4520 Additional Paid-In Capital.....					
93	4530 Treasury Stock.....					
94	4540 Other Capital.....					
95	4550 Retained Earnings (from Retained Earnings, below).....					
96	Total Stockholders' Equity (lines 91..95).....					
97	Total Liabilities and Equity (lines 79+90+96).....					

ANNUAL REPORT TO THE PUBLIC UTILITY COMMISSION OF OREGON FOR THE YEAR ENDING DECEMBER 31, 2011

EXHIBIT OTA/203

Page 10 of 47

Company: _____
 TOTAL COMPANY OPERATIONS

1. Dollars are whole.
2. Schedules from other reports are not acceptable. See attached instructions for more information.

B-1. BALANCE SHEET

Line No.	Description (a)	Balance at Beginning of Year (b)	Additions (c)	Retirements (d)	Transfers and Adjustments (e)	Balance at End of Year (f)
Retained Earnings						
98	460 Balance at January 1.....					
99	465 Net Income (from Income Statement, Schedule I-1, line 84).....					
100	470 Dividends Declared.....					
101	475 Miscellaneous Debits (include explanation in footnotes).....					
102	480 Miscellaneous Credits (include explanation in footnotes).....					
103	490 Balance at December 31 (lines 98+99+102 less line 100 less 101).....					

Company: _____
 TOTAL COMPANY OPERATIONS

1. Dollars are whole.
2. Schedules from other reports are not acceptable. See attached instructions for more information.

B-2 ANALYSIS OF DEPRECIATION AND AMORTIZATION

Line No.	Plant Account Description (a)	Accumulated Balance at Beginning of Year (b)	CREDITS During the Year		CHARGES During the Year		Accumulated Balance at End of Year (g)	Composite Depreciation Rate (%) (h)
			Charged to Expense Account (c)	Other Credits (d)	Plant Retired (e)	Other Charges (f)		
DEPRECIATION								
1	2112 Vehicles							
2	2113 Aircraft							
3	2114 Tools and Other Work Equipment							
4	2121 Buildings							
5	2122 Furniture							
6	2123.1 Office Support Equipment							
7	2123.2 Company Communications Equipment							
8	Sub-Total 2123 Office Equipment (lines 6-.7)							
9	2124 General Purpose Computers							
10	Total Support (lines 1-.7 and 9)							
11	2211 Nondigital Switching							
12	2212.1 Digital Electronic Circuit - Switched.....							
13	2212.21 Digital Electronic Switching - Packet Switching							
14	2212.22 Digital Electronic Switching - Soft Switch							
15	Total Central Office - Switching (lines 11-.14)							
16	2220 Operator Systems							
17	2231 Radio Systems							
18	2232.1 Circuit Equipment - Electronic							
19	2232.2 Circuit Equipment - Optical							
20	Total Central Office - Transmission (lines 17-.19)							
21	2310 Information Origination/Termination							
22	2361 Public Tel. Terminal Equipment							
23	2362 Other Terminal Equipment							
24	2411 Poles							
25	2421.1 Aerial Cable - Metallic							
26	2421.2 Aerial Cable - Nonmetallic							
27	2422.1 Underground Cable - Metallic							
28	2422.2 Underground Cable - Nonmetallic							
29	2423.1 Buried Cable - Metallic							
30	2423.2 Buried Cable - Nonmetallic							
31	2424. Submarine and Deep Sea Cable							
32	2426 Intrabuilding Network Cable							
33	2431 Aerial Wire							
34	2441 Conduit Systems							
35	Total Cable and Wire (lines 24-.34)							
36	Total Depreciation (lines 10+15+16+20+21+22+23+35)							

Company:
TOTAL COMPANY OPERATIONS

1. Dollars are whole.
2. Schedules from other reports are not acceptable. See attached instructions for more information.

B-2 ANALYSIS OF DEPRECIATION AND AMORTIZATION

Line No.	Plant Account Description	Accumulated Balance at Beginning of Year (b)	CREDITS During the Year		CHARGES During the Year		Accumulated Balance at End of Year (g)	Composite Amortization Rate (%) (h)
			Charged to Expense Account (c)	Other Credits (d)	Plant Retired (e)	Other Charges (f)		
<input type="checkbox"/> NOT REQUIRED because the respondent is an average schedule company, has elected price cap regulation under ORS 759.405 or has been approved for price regulation under ORS 759.255 with stipulated reporting requirements which exempt it from the requirement to submit this report schedule.								
AMORTIZATION								
37	2680 Amortizable Tangible Assets							
38	2690 Amortizable Intangible Assets							
39	Total Amortization (lines 37..38)							

Company: TOTAL COMPANY OPERATIONS

1. Dollars are whole.
2. Schedules from other reports may be acceptable. See attached instructions for more information.

B-3. ANALYSIS OF CHARGES RELATED TO PLANT RETIRED

Line No.	Plant Account Description (a)	Book Cost (b)	Cost of Removal (c)	Salvage and Insurance (d)	Miscellaneous Adjustments (e)	Net Retirements [Sch. B-2, Col. (e)] (f)
<input type="checkbox"/> NOT REQUIRED because the respondent is an average schedule company, has elected price cap regulation under ORS 759.405, or has been approved for price regulation under ORS 759.255 with stipulated reporting requirements which exempt it from the requirement to submit this report schedule.						
1	2112 Vehicles					
2	2113 Aircraft					
3	2114 Tools and Other Work Equipment					
4	2121 Buildings					
5	2122 Furniture					
6	2123.1 Office Support Equipment					
7	2123.2 Company Communications Equipment					
8	Sub-Total 2123 Office Equipment (Lines 6..7)					
9	2124 General Purpose Computers					
10	2211 Nondigital Switching					
11	2212.1 Digital Electronic Circuit - Switched.....					
12	2212.21 Digital Electronic Switching - Packet Switching					
13	2212.22 Digital Electronic Switching - Soft Switch					
14	2220 Operator Systems					
15	2231 Radio Systems					
16	2232.1 Circuit Equipment - Electronic					
17	2232.2 Circuit Equipment - Optical					
18	2310 Information Origination/Termination					
19	2351 Public Tel. Terminal Equipment					
20	2362 Other Terminal Equipment					
21	2411 Poles					
22	2421.1 Aerial Cable - Metallic					
23	2421.2 Aerial Cable - Nonmetallic					
24	2422.1 Underground Cable - Metallic					
25	2422.2 Underground Cable - Nonmetallic					
26	2423.1 Buried Cable - Metallic					
27	2423.2 Buried Cable - Nonmetallic					
28	2424 Submarine and Deep Sea Cable					
29	2426 Intrabuilding Network Cable					
30	2431 Aerial Wire					
31	2441 Conduit Systems					
32	Total Charges Related to Plant Retired (lines 1..7 & 9..31)					

ANNUAL REPORT TO THE PUBLIC UTILITY COMMISSION OF OREGON FOR THE YEAR ENDING DECEMBER 31, 2011

Company:

TOTAL COMPANY AND TOTAL OREGON OPERATIONS

1. Dollars are whole.
2. Schedules from other reports may be acceptable. See attached instructions for more information.

B.4. LONG-TERM DEBT

Line No.	Description of Obligation (a)	Balance Outstanding at the End of the Year (b)	Interest	
			Stated Rate On the Face Amount (c)	Dollar Amount Accrued During the Year (d)
<input type="checkbox"/>	NOT REQUIRED because the respondent is an average schedule company, has elected price cap regulation under ORS 759.405, or has been approved for price regulation under ORS 759.255 with stipulated reporting requirements which exempt it from the requirement to submit this report schedule.			
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26	Total			

Company: **TOTAL COMPANY OPERATIONS**

1. Dollars are whole.
2. Schedules from other reports are not acceptable. See attached instructions for more information.

1.1. INCOME STATEMENT

Line No.	Description (a)	Total Amount During the Year (b)
Operating Revenues		
1	5000 Local Service Revenues.....	
2	5070 Distributions of State Universal Service Funds (Monies Received from State USFs).....	
3	5081.1 Subscriber Line Charges and Presubscribed Interexchange Carrier Charges.....	
4	5081.4 Distributions of Federal Universal Service Funds (Monies Received from Federal USF).....	
5	5081.5-9 Other Intrastate End User Revenues.....	
6	5082.1 Switched Access Revenue - Interstate.....	
7	5082.2 Switched Access Revenue - Intrastate.....	
8	5083.1 Special Access Revenue - Interstate.....	
9	5083.2 Special Access Revenue - Intrastate.....	
10	Total Network Access Revenues (lines 3,9).....	
11	5105 Long Distance Message Revenue.....	
12	5200.1 Directory Revenue.....	
13	5200.2 Carrier Billing and Collection Revenue.....	
14	5200.3 Other Miscellaneous Revenue.....	
15	Total Miscellaneous Revenues (lines 12, 14).....	
16	5280 Nonregulated Operating Revenue.....	
17	5300 Uncollectible Revenues.....	
18	Total Operating Revenues (lines 1+2+10+11+15+16-17).....	
19	Interstate and Foreign (International) Revenues Included in the Above Operating Revenues.....	
Operating Expenses		
20	6110-6114 Network Support Expenses.....	
21	6120-6124 General Support Expenses.....	
22	6211 Nondigital Switching Expense.....	
23	6212.1 Digital Electronic Expense - Circuit Switched.....	
24	6212.21 Digital Electronic Expense - Packet Switching.....	
25	6212.22 Digital Electronic Expense - Soft Switch.....	
26	Total Central Office Switching Expenses (lines 22,25).....	

(This space is not used.)

Company:
TOTAL COMPANY OPERATIONS

1. Dollars are whole.
2. Schedules from other reports are not acceptable. See attached instructions for more information.

		1-1. INCOME STATEMENT	
Line No.	Description (a)	Total Amount During the Year (b)	
27	Operator Systems Expense.....		
28	Radio System Expense.....		
29	Circuit Equipment Expense - Electronic.....		
30	Circuit Equipment Expense - Optical.....		
31	Total Switching and Central Office Transmission Expenses (lines 27..30)		
32	Information Origination/Termination Expense.....		
33	Public Telephone Terminal Equipment Expense.....		
34	Other Terminal Equipment Expense.....		
35	Total Information Origination/Termination (lines 32..34)		
36	Poles Expense.....		
37	Aerial Cable Expense.....		
38	Underground Cable Expense.....		
39	Buried Cable Expense.....		
40	Submarine and Deep Sea Cable Expense.....		
41	Intrabuilding Network Cable Expense.....		
42	Aerial Wire Expense.....		
43	Conduit Systems Expense.....		
44	Total Cable and Wire Facilities Expenses (lines 36..43)		
45	Total Plant Specific Expenses (lines 20+21+26+31+35+44)		
46	Property Held for Future Telecommunications Use Expense.....		
47	Provisioning Expense.....		
48	Total Other Property, Plant, and Equipment Expense (lines 46..47)		
49	Network Operations Expenses.....		
50	Access Expense.....		
51	Depreciation - Telecommunications Plant In Service.....		
52	Depreciation - Property Held for Future Telecommunications Use.....		
53	Amortization Expense - Tangible Assets.....		
54	Amortization Expense - Intangible Assets.....		
55	Total Depreciation and Amortization Expenses (lines 51..54)		
56	Total Plant Nonspecific Expenses (lines 48+49+50+55)		

(This space is not used.)

← B-2, Total of Column (c) Depreciation
 ← B-2, Column (c), Acct 2680
 ← B-2, Column (c), Acct 2690

Company:
TOTAL COMPANY OPERATIONS

1. Dollars are whole.
2. Schedules from other reports are not acceptable. See attached instructions for more information.

Line No.	Description (a)	Total Amount During the Year (b)	
1.1. INCOME STATEMENT			
57	6610-6613 Marketing Expenses.....		
58	6620 Services Expenses.....		
59	Total Customer Operations Expenses (lines 57..58)		
60	6720 General and Administrative Expense.....		
61	6790 Less: Provision for Uncollectible Notes Receivable.....		
62	Total Operating Expenses (lines 45+56+59+60-61)		
63	Net Revenue (line 18 less line 62)		
Other Income and Expenses			
64	7100 Other Operating Income and Expenses.....		
65	7210 Operating Investment Tax Credits - Net.....		
66	7220 Operating Federal Income Taxes.....		
67	7230 Operating State and Local Income Taxes.....		
68	7240 Operating Other Taxes.....		
69	7250.1 Provision for Deferred Operating Federal Income Tax - Net.....		
70	7250.2 Provision for Deferred Operating State Income Tax - Net.....		
71	Net Operating Taxes (lines 65..70)		
72	Net Operating Income (lines 63+64-71)		
73	7300 Nonoperating Income and Expenses.....		
74	7400 Nonoperating Taxes.....		
75	7500 Interest and Related Items.....		
76	7600 Extraordinary Items.....		
77	7910 Income Effect of Jurisdictional Differences - Net.....		
78	7990 Nonregulated Net Income.....		
79	Net Income (lines 72+73+76+77+78-74-75)		
1.2. FULL-TIME EMPLOYEES			
1	Management Employees (Regulated Activities).....		
2	Nonmanagement Employees (Regulated Activities).....		
3	Employees Allocated From or Paid by Affiliated Companies (Regulated Activities).....		
4	Total Full-Time Employees (lines 1..3 - Regulated Activities)		
			(This space is not used.)

(This space is not used.)

(This space is not used.)

ANNUAL REPORT TO THE PUBLIC UTILITY COMMISSION OF OREGON FOR THE YEAR ENDING DECEMBER 31, 2011

Company: TOTAL COMPANY AND TOTAL OREGON OPERATIONS

1. Dollars are whole; other amounts are whole.
2. Schedules from other reports are not acceptable. See attached instructions for more information.

1.3. COMPENSATION OF DIRECTORS, OFFICERS, AND MANAGERS

Line No.	Name of Person, Title, and Department (a)	Total Amount of Compensation Paid During the Year				Total Compensation Paid by Affiliates (g)	Total Compensation (Columns b+c+d+e+g) (h)	Amount Charged to Oregon Operating Accounts (i)
		Total Compensation Paid by Respondent		Other Compensation				
		Salaries (b)	Insurance and Pensions (c)	Director Fees (d)	Total Amount (e)	Description (f)		
1	A utility that is not partially exempt from regulation under ORS 759.040 must list the same or equivalent positions as shown in its Annual Budget of Expenditures for the year. A cooperative or small utility must list owners, officers, members of the board of directors, managers, and members of their families whom the respondent or its affiliates paid more than \$25,000 during the year and charged any portion thereof to Oregon operating accounts.							
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Company: TOTAL COMPANY OPERATIONS

1. Dollars are whole.
2. Schedules from other reports are not acceptable. See attached instructions for more information.

14. OPERATING TAXES OTHER THAN FEDERAL INCOME TAX

Line No.	Description (a)	Total Amount During the Year (b)	
<input type="checkbox"/> NOT REQUIRED because the respondent is an average schedule company, has elected price cap regulation under ORS 759.405, has been approved for price regulation under ORS 759.255 with stipulated reporting requirements which exempt it from the requirement to submit this report schedule, or is a large utility that is subject to unbundling requirements under docket UM 351.			
(This space is not used.)			
State Income Tax:			
1	Current		
2	Current Deferred		
3	Prior Deferred		
4	Total Current and Deferred State Income Tax (lines 1..3)		
5	7240 Property Taxes		
6	7240 Privilege Taxes, Fees, and Other Assessments		
7	7240 Other Taxes		
8	Total Other Operating Taxes (lines 4..7)		

Company:
TOTAL COMPANY AND TOTAL OREGON OPERATIONS

1. Dollars are whole.
2. Schedules from other reports may be acceptable. See attached instructions for more information.

**I-6. RECONCILIATION OF REPORTED NET INCOME
WITH TAXABLE INCOME FOR FEDERAL INCOME TAX**

Line No.	Particulars (a)	Total Oregon Amount		
		Company Amount (b)	Operating (c)	Nonregulated (d)
<input type="checkbox"/>	NOT REQUIRED because the respondent is an average schedule company, or is a cooperative that reports no Oregon income tax on Schedule I-1, or is a large utility that elected price cap regulation under ORS 759.406, or has been approved for price regulation under ORS 759.255 with stipulated reporting requirements which exempt it from the requirement to submit this report schedule, or is a large utility that is subject to unbundling requirements under docket UM 351.			
1	Total revenues (Accounts 6xxx except 5300)			
2	Total expenses (Accounts 6xxx and 5300)			
3	Other income (Accounts 71xx, 73xx, 76xx, 79xx)			
4	Operating Taxes Other Than Federal (Accounts 72xx)			
5	Nonoperating Taxes (Accounts 74xx)			
6	Interest, including debt discount, expense, and premium amortization (Accounts 75xx)			
7	Net income before federal income tax (lines 1..6)			
8	Tax additions (identify):			
9	Tax depreciation and amortization (additions)			
10				
11				
12				
13	Total additions (lines 8..12)			
14	Tax deductions and nontaxable income (identify):			
15	Tax depreciation and amortization (deductions)			
16				
17				
18				
19	Total deductions (lines 14..18)			
20	Taxable net income as shown on tax return (lines 7+13-19)			
21	Tax computation and adjustments (identify):			
22				
23				
24	Total current federal income tax expense (lines 21..23)			
25	Net investment tax credits			
26	Current deferred federal income tax expense			
27	Prior deferred federal income tax expense			
28	Net federal income tax expense shown on Schedule I-1 (lines 24..27)			
<input type="checkbox"/>	Federal income tax information is not available. The respondent will file this data with OPUC on or about _____.			
<input type="checkbox"/>	The respondent needs extra time because:			

Company: _____
TOTAL COMPANY AND TOTAL OREGON OPERATIONS

1. Dollars are whole.
2. Schedules from other reports may be acceptable. See attached instructions for more information.

I-7. RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME FOR OREGON STATE EXCISE (INCOME) TAX

Line No.	Particulars (a)	Total Oregon Amount		
		Total Company Amount (b)	Operating (c)	Nonregulated (d)
<input type="checkbox"/>	NOT REQUIRED because the respondent is an average schedule company, or is a cooperative that reports no Oregon income tax on Schedule I-1, or is a large utility that elected price cap regulation under ORS 759.405, or has been approved for price regulation under ORS 759.255 with stipulated reporting requirements which exempt it from the requirement to submit this report schedule, or is a large utility that is subject to unbundling requirements under docket UM 351.			
1	Total revenues (Accounts 5xxx except 5300)			
2	Total expenses (Accounts 6xxx and 5300)			
3	Other income (Accounts 71xx, 73xx, 76xx, 79xx)			
4	Operating Taxes Other Than Oregon State (Accounts 72xx)			
5	Nonoperating Taxes (Accounts 74xx)			
6	Interest, including debt discount, expense, and premium amortization (Accounts 75xx)			
7	Net income before Oregon income tax (lines 1..6)			
8	Tax additions (identify):			
9	Tax depreciation and amortization (additions)			
10				
11				
12	Total additions (lines 8..11)			
13	Tax deductions and nontaxable income (identify):			
14	Tax depreciation and amortization (deductions)			
15				
16				
17	Total deductions (lines 13..16)			
18	Taxable income on tax return (lines 7+12-17)			
19	Apportionment factor (applies to multistate companies)			
20	Apportioned taxable income			
21	Oregon income tax rate			
22	Oregon income tax			
23	Adjustments:			
24	Total current Oregon income tax expense (lines 23..24)			
25	Current deferred Oregon income tax expense			
26	Prior deferred Oregon income tax expense			
27	Net Oregon income taxes on Schedule I-1 (lines 25..27)			
28	<input type="checkbox"/> Oregon excise (corporate income) tax information is not available. The respondent will file this data with OPUC on or about _____.			
	The respondent needs extra time because:			

Company: _____
TOTAL COMPANY OPERATIONS

1. Dollars are whole.
2. Schedules from other reports may be acceptable. See attached instructions for more information.

I-8. TRANSACTIONS WITH AFFILIATED AND NONREGULATED OPERATIONS
A. Cost Allocation Manual (CAM)

- The respondent is not required to file a CAM under Oregon Administrative Rules (OARs) 860-027-0052, 860-034-0394, or 860-034-0740.
 - The respondent's CAM, filed with OPUC, is up to date for the year covered by this report.
 - The respondent's filed CAM is not up to date. A revised CAM is attached.
 - The respondent's CAM is not up to date. The respondent will file a revised CAM with OPUC on or about _____.
- The respondent needs this extra time because _____

B. Intercompany Loans

Line No.	Name of Affiliated Company (a)	Respondent Lent (L) or Borrowed (B) (b)	Highest Amount Outstanding During Year (c)	Total Interest Accrued During the Year (d)
1				
2				
3				
4				
5				
6				

C. Intracompany Transfers and Payments

Line No.	Segment or Division of Respondent (a)	Description of Transactions Between Regulated and Nonregulated Segments of the Respondent (amounts subject to Part 64) (b)	Total Company Charges and Credits to Operating Accounts (c)	Total Oregon Charges and Credits to Operating Accounts (d)
1				
2				
3				
4				
5				
6				
7				
8				

NOT REQUIRED: The respondent is an average schedule company, or does not make annual access charge filings, or is subject to price cap regulation under ORS 759.405, or has been approved for price regulation under ORS 759.255 with stipulated reporting requirements which exempt it from the requirement to submit this report schedule.

REQUIRED: The respondent is a cost company and makes annual access charge filings. See attached instructions.

Other Transfers or Payments (where annual amounts < \$50,000)
Total Intracompany Transactions

Company:
TOTAL COMPANY OPERATIONS

1. Dollars are whole.
2. Schedules from other reports may be acceptable. See attached instructions for more information.

I-8. TRANSACTIONS WITH AFFILIATED AND NONREGULATED OPERATIONS
D. Intercompany Transactions

Line No.	Name of Affiliated Company (a)	Description of Transaction and Date of Contract (b)	Charges and Credits to Operating Accounts (c)	Total Oregon Charges and Credits to Operating Accounts (d)
1	<input type="checkbox"/> NOT REQUIRED. The respondent is an average schedule company, or a cooperative that does not make annual access charge filings, or is subject to price cap regulation under ORS 759.405, or has been approved for price regulation under ORS 759.255 with stipulated reporting requirements which exempt it from the requirement to submit this report schedule. <input type="checkbox"/> SEE PART E. The utility does not make annual access charge filings. <input type="checkbox"/> REQUIRED. The respondent is a cost company and makes annual access charge filings. See attached instructions.			
2	(1) Total Payments Made by the Respondent to Affiliated Companies During the Year:			
3				
4				
5				
6				
7				
8				
9				
10				
11	Total Other Payments (where annual payments < \$50,000)			
12	Total Payments Made by the Respondent to Affiliated Companies During the Year			
13	(2) Total Payments Made by Affiliated Companies to the Respondent During the Year:			
14				
15				
16				
17				
18				
19				
20				
21				
22				
23	Total Other Payments (where annual payments < \$50,000)			
24	Total Payments Made by Affiliated Companies to the Respondent During the Year			

Company: _____
TOTAL COMPANY OPERATIONS

1. Dollars are whole.
2. Schedules from other reports may be acceptable. See attached instructions for more information.

I-8. TRANSACTIONS WITH AFFILIATED AND NONREGULATED OPERATIONS
E. Intercompany Transactions of Utilities That Do Not File Annual Access Charges

Names of Parties to Affiliated Interest Contracts Issued During the Year (a)	Dollar Amount of the Contract (b)	Date of Contract (c)
<input type="checkbox"/> NOT REQUIRED. The respondent is an average schedule company or a cooperative that does not make annual access charge filings. <input type="checkbox"/> NOT REQUIRED. The respondent is a price regulated company under ORS 759.255 with stipulated reporting requirements which exempt it from the requirement to submit this report schedule. <input type="checkbox"/> NOT REQUIRED. The respondent is a cost company and makes annual access charge filings. See Part D. <input type="checkbox"/> REQUIRED (ORS 759.393 and OARs 860-027-0100 and 860-034-0396). Utility does not make annual access charge filings. List each affiliate contract executed during the year covered by this report. Include the names of the parties to the contracts, the dollar amounts of the contracts, and the dates of execution of the contracts.		

Company:
TOTAL COMPANY OPERATIONS

1. All amounts are whole.
2. Schedules from other reports are not acceptable. See attached instructions for more information.

S-1. SWITCHES AND ACCESS LINES IN SERVICE

Line No.	Description (a)	Balance at End of Year (b)
1	Total Central Office Switches In Service.....	
Access Lines In Service by Customer:		
Residential Access Lines:		
2	Single Party.....	
3	Multiparty.....	
4	Total Residential Access Lines (lines 2..3).....	
Business Access Lines:		
5	Single Line.....	
6	Multi Line.....	
7	PBX Trunks.....	
8	Centrex-CO Line Count.....	
9	ISDN "B" Channels.....	
10	Total Business Access Lines (lines 5..9).....	
Other Access Lines:		
11	Radio Common Carrier (RCC) and Mobile.....	
12	WATS Closed End (inWATS and outWATS).....	
13	Switched Access - FGA FX/ONAL.....	
14	Payphone (public and semipublic).....	
15	UNE Network Access Channels (NACs).....	
16	Dedicated (non-switched) Private Lines and Special Access.....	
17	Wideband Data Lines.....	
18	Other.....	
19	Total Other Access Lines (lines 11..18).....	
20	Total Access Lines (lines 4+10+19).....	

(This space is not used.)

ANNUAL REPORT TO THE PUBLIC UTILITY COMMISSION OF OREGON FOR THE YEAR ENDING DECEMBER 31, 2011

Company: TOTAL OREGON OPERATIONS

- 1. Dollars are whole.
- 2. Schedules from other reports are not acceptable. See attached instructions for more information.

Ob-1: OREGON RATE BASE

Line No.	Description (a)	Balance at Beginning of Year (b)	Additions (c)	Retirements (d)	Transfers and Adjustments (e)	Balance at End of Year (f)
1	1170 Receivables.....					
2	1170.2 Federal USF - Collections for Federal USF					
3	1170.3 State USF - Collections for State USF					
4	1220 Inventories.....					
5	1438 Deferred Maintenance, Retirements, and Other Deferred Charges.....					
6	2005 Telecommunications Plant Adjustment.....					
7	4340.1 Net Noncurrent Deferred Operating Federal Income Tax.....					
8	4340.2 Net Noncurrent Deferred Operating State Income Tax.....					
Telecommunications Plant In Service						
9	2111 Land.....					
10	2112 Motor Vehicles.....					
11	2113 Aircraft.....					
12	2114 Tools and Other Work Equipment.....					
13	2121 Buildings.....					
14	2122 Furniture.....					
15	2123.1 Office Support Equipment.....					
16	2123.2 Company Communications Equipment.....					
17	Sub-Total 2123 Office Equipment (lines 15, 16).....					
18	2124 General Purpose Computers.....					
19	Total Land and Support (lines 9, 16 and 18).....					
20	2211 Nondigital Switching.....					
21	2212.1 Digital Electronic Circuit - Switched.....					
22	2212.21 Digital Electronic Switching - Packet Switching.....					
23	2212.22 Digital Electronic Switching - Soft Switch.....					
24	Total Central Office - Switching (lines 20, 23).....					
25	2220 Operator Systems.....					
26	2231 Radio Systems.....					
27	2232.1 Circuit Equipment - Electronic.....					
28	2232.2 Circuit Equipment - Optical.....					
29	Total Circuit (lines 26, 28).....					
30	Total Switching and Transmission (lines 24, 28).....					
31	2310 Information Origination/Termination.....					
32	2351 Public Telephone Terminal Equipment.....					
33	2362 Other Terminal Equipment.....					
34	Total Information Origination/Termination (lines 31, 33).....					

ANNUAL REPORT TO THE PUBLIC UTILITY COMMISSION OF OREGON FOR THE YEAR ENDING DECEMBER 31, 2011

Company: TOTAL OREGON OPERATIONS

1. Dollars are whole.
2. Schedules from other reports are not acceptable. See attached instructions for more information.

Op-1, OREGON RATE BASE						
Line No.	Description (a)	Balance at Beginning of Year (b)	Additions (c)	Retirements (d)	Transfers and Adjustments (e)	Balance at End of Year (f)
35	2411 Poles.....					
36	2421.1 Aerial Cable - Metallic.....					
37	2421.2 Aerial Cable - Nonmetallic.....					
38	2422.1 Underground Cable - Metallic.....					
39	2422.2 Underground Cable - Nonmetallic.....					
40	2423.1 Buried Cable - Metallic.....					
41	2423.2 Buried Cable - Nonmetallic.....					
42	2424 Submarine and Deep Sea Cable.....					
43	2426 Intra-building Network Cable.....					
44	2431 Aerial Wire.....					
45	2441 Conduit Systems.....					
46	Total Cable and Wire Facilities (lines 35,45).....					
47	2680 Amortizable Tangible Assets.....					
48	2690 Amortizable Intangible Assets.....					
49	Total Other Assets (lines 47,50).....					
50	Telecommunications Plant in Service (lines 19+30+34+46+49).....					
Accumulated Depreciation and Amortization						
51	3100 Depreciation - Telecommunications Plant in Service.....					
52	3200 Depreciation - Property Held for Future Telecommunications Use.....					
53	3300 Depreciation - Nonoperating.....					
54	3400 Amortization of Tangible Assets.....					
55	3500 Amortization of Intangible Assets.....					
56	Accumulated Depreciation & Amortization (lines 51,55).....					
57	Net Plant (line 50 less line 56).....					

Financial Testimony Exhibit OTA 203 Form OAR 860-032-0070, p. 27 - Oregon Supplement

This information is PUBLIC record under ORS 192.410-505 and OAR 860-032-0070.

Company: TOTAL OREGON OPERATIONS

1. Dollars are whole.

2. Schedules from other reports are not acceptable. See attached instructions for more information.

OB-2 ANALYSIS OF OREGON DEPRECIATION AND AMORTIZATION

Line No	Plant Account Description (a)	Accumulated Balance at Beginning of Year (b)	CREDITS During the Year		CHARGES During the Year		Accumulated Balance at End of Year (g)	Composite Depreciation Rate (%) (h)
			Charged to Expense Account (c)	Other Credits (d)	Plant Retired (e)	Other Charges (f)		
DEPRECIATION								
1	2112 Vehicles							
2	2113 Aircraft							
3	2114 Tools and Other Work Equipment							
4	2121 Buildings							
5	2122 Furniture							
6	2123.1 Office Support Equipment							
7	2123.2 Company Communications Equipment							
8	Sub-Total 2123 Office Equipment (lines 6-.7)							
9	2124 General Purpose Computers							
10	Total Support (lines 1,7 and 9)							
11	2211 Nondigital Switching							
12	2212.1 Digital Electronic Circuit - Switched.....							
13	2212.21 Digital Electronic Switching - Packet Switching							
14	2212.22 Digital Electronic Switching - Soft Switch							
15	Total Switching (lines 11-.14)							
16	2220 Operator Systems							
17	2231 Radio Systems							
18	2232.1 Circuit Equipment - Electronic							
19	2232.2 Circuit Equipment - Optical							
20	Total Circuit (lines 17-.19)							
21	2310 Information Origination/Termination							
22	2351 Public Tel Terminal Equipment							
23	2362 Other Terminal Equipment							
24	2411 Poles							
25	2421.1 Aerial Cable - Metallic							
26	2421.2 Aerial Cable - Nonmetallic							
27	2422.1 Underground Cable - Metallic							
28	2422.2 Underground Cable - Nonmetallic							
29	2423.1 Buried Cable - Metallic							
30	2423.2 Buried Cable - Nonmetallic							
31	2424 Submarine and Deep Sea Cable							
32	2426 Intrabuilding Network Cable							
33	2431 Aerial Wire							
34	2441 Conduit Systems							
35	Total Cable and Wire (lines 24-.34)							
36	Total Depreciation (lines 10+15+16+20+21+22+23+35)							

NOT REQUIRED because the respondent is an average schedule company, has elected price cap regulation under ORS 759.405, or has been approved for price regulation under ORS 759.255 with stipulated reporting requirements which exempt it from the requirement to submit this report schedule.

Company: TOTAL OREGON OPERATIONS

1. Dollars are whole.
2. Schedules from other reports are not acceptable. See attached instructions for more information.

OB-2 ANALYSIS OF OREGON DEPRECIATION AND AMORTIZATION

Line No	Plant Account Description	Accumulated Balance at Beginning of Year (b)	CREDITS During the Year			CHARGES During the Year		Accumulated Balance at End of Year (g)	Composite Amortization Rate (%) (h)
			Charged to Expense Account (c)	Other Credits (d)	Plant Retired (e)	Other Charges (f)			
<input type="checkbox"/> NOT REQUIRED because the respondent is an average schedule company, has elected price cap regulation under ORS 759.405, or has been approved for price regulation under ORS 759.255 with stipulated reporting requirements which exempt it from the requirement to submit this report schedule.									
AMORTIZATION									
37	2680 Amortizable Tangible Assets								
38	2690 Amortizable Intangible Assets								
39	Total Amortization (lines 37, 38)								

Company:
TOTAL OREGON OPERATIONS

1. Dollars are whole.
2. Schedules from other reports may be acceptable. See attached instructions for more information.

Ob-3. ANALYSIS OF CHARGES RELATED TO OREGON PLANT RETIRED

Line No.	Plant Account Description (a)	Book Cost (b)	Cost of Removal (c)	Salvage and Insurance (d)	Miscellaneous Adjustments (e)	Net Retirements [Sch. Ob-2, Col. (e)] (f)	
<input type="checkbox"/> NOT REQUIRED because the respondent is an average schedule company, has elected price cap regulation under ORS 759.405, or has been approved for price refutation under ORS 759.255 with stipulated reporting requirements which exempt it from the requirement to submit this report schedule.							
1	2112 Vehicles						
2	2113 Aircraft						
3	2114 Tools and Other Work Equipment						
4	2121 Buildings						
5	2122 Furniture						
6	2123.1 Office Support Equipment						
7	2123.2 Company Communications Equipment						
8	Sub-Total 2123 Office Equipment (Lines 6..7)						
9	2124 General Purpose Computers						
10	2211 Nondigital Switching						
11	2212.1 Digital Electronic Switching - Circuit						
12	2212.21 Digital Electronic Switching - Packet Switching						
13	2212.22 Digital Electronic Switching - Soft Switch						
14	2220 Operator Systems						
15	2231 Radio Systems						
16	2232.1 Circuit Equipment - Electronic						
17	2232.2 Circuit Equipment - Optical						
18	2310 Information Originator/Termination						
19	2351 Public Tel. Terminal Equipment						
20	2362 Other Terminal Equipment						
21	2411 Poles						
22	2421.1 Aerial Cable - Metallic						
23	2421.2 Aerial Cable - Nonmetallic						
24	2422.1 Underground Cable - Metallic						
25	2422.2 Underground Cable - Nonmetallic						
26	2423.1 Buried Cable - Metallic						
27	2423.2 Buried Cable - Nonmetallic						
28	2424 Submarine and Deep Sea Cable						
29	2436 Intrabuilding Network Cable						
30	2431 Aerial Wire						
31	2441 Conduit Systems						
32	Total Charges Related to Plant Retired (lines 1..7 & 9..31)						

Company:
TOTAL OREGON OPERATIONS

1. Dollars are whole.
2. Schedules from other reports are not acceptable. See attached instructions for more information.

01-1. OREGON INCOME STATEMENT

Line No.	Description (a)	Total Amount During the Year (b)	
Operating Revenues			
1	5000 Local Service Revenues.....		
2	5070 Distributions of State Universal Service Funds (Monies Received from State USF).....		
3	5081.1 Subscriber Line Charges and Presubscribed Interexchange Carrier Charges.....		
4	5081.4 Distributions of Federal Universal Service Funds (Monies Received from Federal USF).....		
5	5081.5-9 Other Intrastate End User Revenues.....		
6	5082.1 Switched Access Revenue - Intrastate.....		
7	5082.2 Switched Access Revenue - Interstate.....		
8	5083.1 Special Access Revenue - Interstate.....		
9	5083.2 Special Access Revenue - Intrastate.....		
10	Total Network Access Revenues (lines 3..9).....		
11	5105 Long Distance Message Revenue.....		
12	5200.1 Directory Revenue.....		
13	5200.2 Carrier Billing and Collection Revenue.....		
14	5200.3 Other Miscellaneous Revenue.....		
15	Total Miscellaneous Revenues (lines 12..14).....		
16	5280 Nonregulated Operating Revenue.....		
17	5300 Uncollectible Revenues.....		
18	Total Operating Revenues (lines 1+2+10+11+15+16-17).....		
19	Interstate and Foreign (International) Revenues Included in the Above Operating Revenues.....		
Operating Expenses			
20	6110-6114 Network Support Expenses.....		
21	6120-6124 General Support Expenses.....		
22	6211 Nondigital Switching Expense.....		
23	6212.1 Digital Electronic Expense - Circuit Switched.....		
24	6212.21 Digital Electronic Expense - Packet Switching.....		
25	6212.22 Digital Electronic Expense - Soft Switch.....		
26	Total Central Office Switching Expenses (lines 22..25).....		

(This space is not used.)

Company: **TOTAL OREGON OPERATIONS**

1. Dollars are whole.
2. Schedules from other reports are not acceptable. See attached instructions for more information.

01-1. OREGON INCOME STATEMENT

Line No.	Description (a)	Total Amount During the Year (b)	
27	Operator Systems Expense.....		
28	Radio System Expense.....		
29	Circuit Equipment Expense - Electronic.....		
30	Circuit Equipment Expense - Optical.....		
31	Total Switching and Central Office Transmission Expenses (lines 26..30).....		
32	Information Origination/Termination Expense.....		
33	Public Telephone Terminal Equipment Expense.....		
34	Other Terminal Equipment Expense.....		
35	Total Information Origination/Termination (lines 32..34).....		
36	Poles Expense.....		
37	Aerial Cable Expense.....		
38	Underground Cable Expense.....		
39	Buried Cable Expense.....		
40	Submarine and Deep Sea Cable Expense.....		
41	Intrabuilding Network Cable Expense.....		
42	Aerial Wire Expense.....		
43	Conduit Systems Expense.....		
44	Total Cable and Wire Facilities Expenses (lines 36..43).....		
45	Total Plant Specific Expenses (lines 20+21+26+31+35+44).....		
46	Property Held for Future Telecommunications Use Expense.....		
47	Provisioning Expense.....		
48	Total Other Property, Plant, and Equipment Expense (lines 46..47).....		
49	Network Operations Expenses.....		
50	Access Expense.....		
51	Depreciation - Telecommunications Plant in Service.....		
52	Depreciation - Property Held for Future Telecommunications Use.....		
53	Amortization Expense - Tangible Assets.....		
54	Amortization Expense - Intangible Assets.....		
55	Total Depreciation and Amortization Expenses (lines 51..54).....		
56	Total Plant Nonspecific Expenses (lines 45+46+48+55).....		

(This space is not used.)

<-ob2, Total of Column (c) Depreciation

<-ob2, Column (c), Acct 2680

<-ob2, Column (c), Acct 2690

Company: TOTAL OREGON OPERATIONS

1. Dollars are whole.
2. Schedules from other reports are not acceptable. See attached instructions for more information.

OI-1. OREGON INCOME STATEMENT		Total Amount During the Year (b)	
Line No.	Description (a)		
57	6610-6613 Marketing Expenses.....		
58	6620 Services Expenses.....		
59	Total Customer Operations Expenses (lines 57, 58).....		
60	6720 General and Administrative Expense.....		
61	6790 Less: Provision for Uncollectible Notes Receivable.....		
62	Total Operating Expenses (lines 45+56+59+60-61).....		
63	Net Revenue (line 18 less line 62).....		
Other Income and Expenses			
64	7100 Other Operating Income and Expenses.....		
65	7210 Operating Investment Tax Credits - Net.....		
66	7220 Operating Federal Income Taxes.....		
67	7230 Operating State and Local Income Taxes.....		
68	7240 Operating Other Taxes.....		
69	7250.1 Provision for Deferred Operating Federal Income Tax - Net.....		
70	7250.2 Provision for Deferred Operating State Income Tax - Net.....		
71	Net Operating Taxes (lines 65, 70).....		
72	Net Operating Income (lines 63+64-71).....		
73	7300 Nonoperating Income and Expenses.....		
74	7400 Nonoperating Taxes.....		
75	7500 Interest and Related Items.....		
76	7600 Extraordinary Items.....		
77	7910 Income Effect of Jurisdictional Differences - Net.....		
78	7990 Nonregulated Net Income.....		
79	Net Income (lines 72+73+76+77+78-74-75).....		
OI-2. FULL-TIME EMPLOYEES IN OREGON			
1	Management Employees (Regulated Activities).....		(This space is not used.)
2	Nonmanagement Employees (Regulated Activities).....		
3	Total Full-Time Employees (Regulated Activities).....		
4	Number of Employees On Line 3 Doing Work for Both Regulated and Non-regulated Activities.....		

(This space is not used.)

(This space is not used.)

Company:
TOTAL OREGON OPERATIONS

1. Dollars are whole.
2. Schedules from other reports are not acceptable. See attached instructions for more information.

OI-4. OREGON OPERATING TAXES OTHER THAN FEDERAL INCOME TAX

Line No.	Description (a)	Total Amount During the Year (b)	
<input type="checkbox"/>	NOT REQUIRED because the respondent is an average schedule company, has elected price cap regulation under ORS 759.405, has been approved for price regulation under ORS 759.255 with stipulated reporting requirements which exempt it from the requirement to submit this report schedule, or is a large utility that is subject to unbundling requirements under docket UM 351.		
State Income Tax:			
1	Current		(This space is not used.)
2	Current Deferred		
3	Prior Deferred		
4	Total Current and Deferred State Income Tax (lines 1..3)		
5	7240 Property Taxes		
6	7240 Privilege Taxes, Fees, and Other Assessments		
7	7240 Other Taxes		
8	Total Other Operating Taxes (lines 4..7)		

ANNUAL REPORT TO THE PUBLIC UTILITY COMMISSION OF OREGON FOR THE YEAR ENDING DECEMBER 31, 2011

Company:

TOTAL OREGON OPERATIONS

1. All amounts are whole.
2. Schedules from other reports are not acceptable. See attached instructions for more information.

OS-1. OREGON SWITCHES AND ACCESS LINES IN SERVICE

Line No.	Description (a)	Balance at End of Year (b)
1	Total Central Office Switches In Service.....	
	Access Lines in Service by Customer:	
	Residential Access Lines:	
2	Single Party.....	
3	Multiparty.....	
4	Total Residential Access Lines (lines 2..3)	
	Business Access Lines:	
5	Single Line.....	
6	Multi Line.....	
7	PBX Trunks.....	
8	Centrex-CO Line Count.....	
9	ISDN "B" Channels.....	
10	Total Business Access Lines (lines 5..9)	
	Other Access Lines:	
11	Radio Common Carrier (RCC) and Mobile.....	
12	WATS Closed End (inWATS and outWATS).....	
13	Switched Access - FGA FX/ONAL.....	
14	Payphone (public and semipublic).....	
15	UNE Network Access Channels (NACs).....	
16	Dedicated (non-switched) Private Lines and Special Access.....	
17	Wideband Data Lines.....	
18	Other.....	
19	Total Other Access Lines (lines 11..18).....	
20	Total Access Lines (lines 4+10+19).....	

(This space is not used.)

Company:
TOTAL OREGON OPERATIONS

CONFIDENTIAL

1. All amounts are whole.
2. Schedules from other reports are not acceptable. See attached instructions for more information.

S-2. MINUTES OF USE		
Line No.	Description (a)	Total Amount During the Year (b)
<u>Oregon Access Minutes Billed to Interexchange Carriers (IXCs)</u>		
Access Minutes Billed to Qwest Corporation:		
1	Interstate Minutes.....	
2	Intrastate Minutes (IntraLATA).....	
3	Total Access Minutes Billed to Qwest (lines 1+2).....	
Access Minutes Billed to Embarq/United Telephone Company of the Northwest:		
4	Interstate Minutes.....	
5	Intrastate Minutes (IntraLATA).....	
6	Total Access Minutes Billed to Embarq (lines 4+5).....	
Access Minutes Billed to Verizon Northwest:		
7	Interstate Minutes.....	
8	Intrastate Minutes (IntraLATA).....	
9	Total Access Minutes Billed to Verizon (lines 7+8).....	
Access Minutes Billed to Other IXCs:		
10	Interstate Minutes.....	
11	Intrastate Minutes (InterLATA and IntraLATA).....	
12	Total Access Minutes Billed to Other IXCs (lines 10+11).....	
13	Total Access Minutes Billed to IXCs (lines 3+6+9+12).....	
<u>Oregon Toll Conversation Minutes</u>		
14	January 1 through March 31.....	
15	April 1 through June 30.....	
16	July 1 through September 30.....	
17	October 1 through December 31.....	
18	Total Toll Originating Minutes (lines 14..17).....	
<u>Percent of Total Toll Conversation Minutes Originating in Oregon</u>		
19	Interstate Minutes.....	
20	Intrastate Minutes (InterLATA and IntraLATA).....	
21	Total Toll Minutes Originating in Oregon (lines 19+20) <i>(must equal 100%)</i>	
<input type="checkbox"/> Minutes of use are not available. The respondent will file this data with OPUC on or about _____, _____. The respondent needs this extra time because: _____ _____ _____		

Schedules from other reports are not acceptable.
See the attached instructions for definitions and more information.

CP ANNUAL REPORT FOR COMPETITIVE PROVIDERS										
A Identity of Respondent										
1	<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Exact Legal Name of Company:</td> <td style="width: 25%;">Certificate of Authority Granted in Docket No:</td> <td style="width: 25%;">OPUC ID No.:</td> </tr> <tr> <td colspan="3">Business Street Address, City, State, Zip:</td> </tr> <tr> <td colspan="3">Mailing Address (if same as street address, write "SAME"):</td> </tr> </table>	Exact Legal Name of Company:	Certificate of Authority Granted in Docket No:	OPUC ID No.:	Business Street Address, City, State, Zip:			Mailing Address (if same as street address, write "SAME"):		
Exact Legal Name of Company:	Certificate of Authority Granted in Docket No:	OPUC ID No.:								
Business Street Address, City, State, Zip:										
Mailing Address (if same as street address, write "SAME"):										
2	Assumed Business Name, Doing Business As Name, or Also Known As Name (if same as legal name, write "SAME"):									
3	Former Business Names (if none, write "NONE"):									
4	Names of Any Telecommunications Providers or Operations Doing Business in Oregon That Are Affiliated With You (if none, write "NONE"); see ORS 759.010 for the statutory definition of "affiliated interest":									
5	<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Name of Person (including title) Whom OPUC Should Contact About This Report:</td> <td style="width: 50%;">Voice Telephone Number:</td> </tr> <tr> <td colspan="2">Mailing Address (if same as mailing address in Box 1 above, write "SAME"):</td> </tr> <tr> <td>E-mail Address:</td> <td>Facsimile Number:</td> </tr> </table>	Name of Person (including title) Whom OPUC Should Contact About This Report:	Voice Telephone Number:	Mailing Address (if same as mailing address in Box 1 above, write "SAME"):		E-mail Address:	Facsimile Number:			
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E-mail Address:	Facsimile Number:									
6	<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Name of Person (including title) Whom the General Public Should Contact:</td> <td style="width: 50%;">Voice Telephone Number:</td> </tr> <tr> <td colspan="2">Mailing Address (if same as mailing address in Box 1 above, write "SAME"):</td> </tr> <tr> <td>E-mail Address:</td> <td>Facsimile Number:</td> </tr> </table>	Name of Person (including title) Whom the General Public Should Contact:	Voice Telephone Number:	Mailing Address (if same as mailing address in Box 1 above, write "SAME"):		E-mail Address:	Facsimile Number:			
Name of Person (including title) Whom the General Public Should Contact:	Voice Telephone Number:									
Mailing Address (if same as mailing address in Box 1 above, write "SAME"):										
E-mail Address:	Facsimile Number:									
B OPUC Action Needed										
<input type="checkbox"/> UPDATE COMMISSION'S RECORDS. If any responses to the questions in Parts A, D, or E have changed since your last report or filing with OPUC, check this box. This will prompt staff to update OPUC's records. <input type="checkbox"/> CANCEL YOUR CERTIFICATE. If you want OPUC to cancel your certificate of authority issued under ORS 759.020, check this box. This will prompt staff to begin the process.										
C Signature										
<p>I certify that I am the responsible officer or director of the above-named company and I examined this report. To the best of my knowledge, information and belief, all statements in this report are true, and the report correctly states the respondent's competitive telecommunications operations in Oregon.</p> <p>_____ (signature) _____ (date)</p> <p>_____ (typed or printed name) _____ (typed or printed title)</p> <p style="text-align: center; font-size: small;">(Failure to file this report may result in loss of certificate of authority.)</p>										

Company:
OREGON OPERATIONS

OPUC ID No.: _____

Schedules from other reports are not acceptable.
See the attached instructions for definitions and more information.

D Telecommunications Equipment Owned on Public Rights of Way

Do you own any equipment on public rights of way (for example, wires, cables, pole attachments, or conduit attachments) to provide telecommunications services in Oregon?

- 1 NO.
- 2 YES. (NOTE: If you check this box, you **MUST** complete the rest of this section.)
- 3 If you checked Box 2 (YES), provide information for emergency and safety contacts. You must give immediate notice of any changes associated with this information.

EMERGENCY CONTACT (Please Type or Print Legibly)		
Name of Person (including title) Whom OPUC Should Contact in an Emergency:	Voice Phone Number:	
Oregon Utility Notification Center (DUNC) District Code Numbers:		
SAFETY CONTACT (Please Type or Print Legibly)		
Name and Title of Person Responsible for NESC Safety Compliance:	Voice Phone Number:	E-mail Address:

E Telecommunications Services Provided

You provided the following services in Oregon at any time during the year (check all boxes that apply and include both Oregon interstate and intrastate services):

- 1 Local exchange switched (dial tone) service.
- 2a Intrastate private line service – lower capacity (less than 1,544 Mbps).
- 2b Intrastate private line service – higher capacity (1,544 Mbps or higher).
- 3a Long distance toll service.
- 3b If you checked Box 3a and you have blockage other than P.01, check Box 3b and describe the blockage:

- 4 xDSL (Digital Subscriber Line)
- 5 Access service to long distance or interexchange carriers.
- 6 Directory assistance service.
- 7 Operator service.
- 8 Telecommunications services using cable television facilities.
- 9 Telecommunications services using VoIP (Voice over Internet Protocol).
- 10 Other Telecommunications Services. If you checked Box 10, describe types of other services provided; how they were provided, whether by resale or your own facilities; and your use of UNEs:

- 11 NONE. Did not provide any telecommunications services in Oregon during the year.

OPUC ID No.: _____

Company:
OREGON OPERATIONS
Schedules from other reports are not acceptable.
See the attached instructions for definitions and more information.

F. Telecommunications Operations (CONFIDENTIAL)		
<input type="checkbox"/> Skip Part F, because Box 11 in Part E is checked. <input type="checkbox"/> Box 11 in Part E is not checked. Therefore, you must complete Part F.		
Line	Oregon Operations (a)	Amount (b)
1	Oregon Customers at the End of the Year	
2	Oregon Lines at the End of the Year	
3	Gross Oregon Revenues During Year (<i>interstate + intrastate in whole \$</i>)	
4	If you checked Box 3 in Part E, provide your toll conversation minutes originating in Oregon during the year: a. Number of Toll Conversation Minutes (<i>interstate + intrastate</i>) b. Interstate Toll Conversation Minutes as a Percentage of Total c. Intrastate Toll Conversation Minutes as a Percentage of Total d. Total Percentage (<i>line 4b + line 4c must equal 100%</i>)	

THIS COMPLETES THE REPORT.

Return to Part C, and sign and date the form.
 PUC must receive your completed report by April 1, 2012.

Address it to the attention of:

Annual Reports, Utility Program
 Public Utility Commission of Oregon
 550 Capitol Street NE Suite 215, Salem OR 97301-2551
Mailing Address: PO Box 2148, Salem OR 97308-2148
 Facsimile: (503) 373-7752

Schedules from other reports are not acceptable.
See the attached instructions for definitions and more information.

FORM L ANNUAL REPORT FOR LOCAL EXCHANGE CARRIERS
A. Identity of Respondent

1	Exact Legal Name of Company:	Certificate of Authority Granted in Docket No.:	OPUC ID No.:
	Business Street Address, City, State, Zip:		
	Mailing Address (if same as street address, write "SAME"):		
2	Assumed Business Name, Doing Business As Name, or Also Known As Name (if same as legal name, write "SAME"):		
3	Former Business Names (if none, write "NONE"):		
4	Names of Any Telecommunications Providers or Operations Doing Business in Oregon That Are Affiliated With You (if none, write "NONE"); see ORS 759.010 for the statutory definition of "affiliated interest":		
5	Name of Person (including title) Whom OPUC Should Contact About This Report:	Voice Telephone Number:	
	Mailing Address (if same as mailing address in Box 1 above, write "SAME"):		
	E-mail Address:	Facsimile Number:	
6	Name of Person (including title) Whom the General Public Should Contact:	Voice Telephone Number:	
	Mailing Address (if same as mailing address in Box 1 above, write "SAME"):		
	E-mail Address:	Facsimile Number:	

B. OPUC Action Needed

UPDATE COMMISSION'S RECORDS. If any responses to the questions in Parts A, D, or E have changed since your last report or filing with OPUC, check this box. This will prompt staff to update OPUC's records.

CANCEL YOUR CERTIFICATE. If you want OPUC to cancel your certificate of authority issued under ORS 759.020, check this box. This will prompt staff to begin the process.

SEND SUMMARY REPORT TO YOU. If you want OPUC to send a copy of staff's summary report about local exchange carriers to the person listed under Question 5 in Part A, check this box.

C. Signature

I certify that I am the responsible officer or director of the above-named company and I examined this report. To the best of my knowledge, information and belief, all statements in this report are true, and the report correctly states the respondent's telecommunications operations in Oregon.

_____ (signature) _____ (date)

_____ (typed or printed name) _____ (typed or printed title)

(Failure to file this report may result in loss of certificate of authority.)

Company:
OREGON OPERATIONS

OPUC ID No.: _____

Schedules from other reports are not acceptable.
See the attached instructions for definitions and more information.

D. Telecommunications Equipment Owned on Public Rights of Way

Do you own any equipment on public rights of way (for example, wires, cables, pole attachments, or conduit attachments) to provide telecommunications services in Oregon?

- 1 NO.
- 2 YES. (NOTE: If you check this box, you **MUST** complete the rest of this section.)
- 3 If you checked Box 2 (YES), provide information for emergency and safety contacts. You must give immediate notice of any changes associated with this information.

EMERGENCY CONTACT (type or print legibly)		
Name of Person (including title) Whom OPUC Should Contact in an Emergency:	Voice Phone Number:	
Oregon Utility Notification Center (OUNC) District Code Numbers:		
SAFETY CONTACT (type or print legibly)		
Name of Person (including title) Responsible for NESC Safety Compliance:	Voice Phone Number:	E-mail Address:

E. Telecommunications Services Provided

You provided the following services in Oregon at any time during the year (check all boxes that apply and include both Oregon interstate and intrastate services):

- 1 Local exchange switched (dial tone) service.
- 2a Intrastate private line service – lower capacity (less than 1.544 Mbps).
- 2b Intrastate private line service – higher capacity (1.544 Mbps or higher).
- 3a Long distance toll service.
- 3b If you checked Box 3a and you have blockage other than P.O1, check Box 3b and describe the blockage:

- 4 xDSL (Digital Subscriber Line)
- 5 Access service to long distance or interexchange carriers.
- 6 Directory assistance service.
- 7 Operator service.
- 8 Telecommunications services using cable television facilities.
- 9 Telecommunications services using VoIP (Voice over Internet Protocol).
- 10 Other Telecommunications Services. If you checked Box 10, describe types of other services provided; how they were provided, whether by resale or your own facilities; and your use of UNEs:

- 11 NONE. Did not provide any telecommunications services in Oregon during the year. (NOTE that you must still complete Section K of this report.)

OPUC ID No.: _____

Company:
OREGON OPERATIONS

Schedules from other reports are not acceptable.
See the attached instructions for definitions and more information.

F. Telecommunications Operations (CONFIDENTIAL)

- Skip Part F, because Box 11 in Part E is checked.
- If Box 11 in Part E is not checked. Therefore, please complete Part F.

Table F. Telecommunications Operations in Oregon

Line	Oregon Operations (a)	Amount (b)
1	Oregon Customers at the End of the Year	
2	Oregon Lines at the End of the Year	
3	Gross Oregon Revenues During Year (<i>interstate + intrastate in whole \$</i>)	
4	If you checked Box 3 in Part E, provide your toll conversation minutes originating in Oregon during the year:	
	a. Number of Toll Conversation Minutes (<i>interstate + intrastate</i>)	
	b. Interstate Toll Conversation Minutes as a Percentage of Total	
	c. Intrastate Toll Conversation Minutes as a Percentage of Total	
	d. Total Percentage (<i>line 4b + line 4c must equal 100%</i>)	

G. Local Exchange Switched Service (CONFIDENTIAL)

- Skip Part G, because Box 1 in Part E is not checked.
- If Box 1 in Part E is checked. Therefore, please complete Part G.

1. Did you provide local exchange switched service in Oregon during the year, at least in part, by reselling the retail local exchange switched services of ILECs?
 - NO. Skip to Part G, Question 4.
 - YES.
2. What type of rate did you pay ILECs for retail local exchange switched service in Oregon during the year?
 - Wholesale discounted rate.
 - Full retail rate.
 - Both rates (depends on which service or ILEC).
3. Where in Oregon did you provide the local exchange services, which were purchased from ILECs for resale? Provide the approximate percent of lines in each region at year end:

Table G3. Percentage of Respondent-Provided Local Exchange Lines by Region at Year End

	Portland Metropolitan (a)	Willamette Valley (b)	Southwest Interior (c)	Coast (d)	Central (e)	East (f)	Total (<i>must equal 100%</i>) (g)
% of Lines							

4. Did you provide local exchange switched service in Oregon during the year, at least in part, by reselling the retail local exchange switched services of CLECs?
 - NO. Skip to Part G, Question 7.
 - YES.
5. What type of rate did you pay CLECs for retail local exchange switched service in Oregon during the year?
 - Wholesale discounted rate.
 - Full retail rate.
 - Both rates (depends on which service or CLEC).

Company:
OREGON OPERATIONS

OPUC ID No.: _____

Schedules from other reports are not acceptable.
See the attached instructions for definitions and more information.

G. Local Exchange Switched Service (CONFIDENTIAL)

6. Where in Oregon did you provide the local exchange services, which were purchased from CLECs for resale? Provide the approximate percent of lines in each region at year end:

Table G6. Percentage (%) of Respondent-Provided Local Exchange Lines By Region at Year End Provided Through Resale of CLECs' Retail Services

	Portland Metropolitan (a)	Willamette Valley (b)	Southwest Interior (c)	Coast (d)	Central (e)	East (f)	Total (must equal 100%) (g)
% of Lines							

7. For CLECs: Did you purchase or lease UNE-P or UNE-P equivalents from ILECs in Oregon during the year?
 NO.
 YES. Complete Tables G7a and G7b.

Table G7a. UNE-P Purchased or Leased by CLECs from ILECs

Line	Description (a)	Units Purchased for Residential Use (b)	Units Purchased for Business Use (c)
1	UNE-P		
2	UNE-P Equivalent *		

* UNE-P Equivalent or UNE-P replacement, such as QPP (Qwest Platform Plus).

Table G7b. UNE-P Purchased or Leased by CLECs from ILECs

UNE-P (a)	Portland Metropolitan (b)	Willamette Valley (c)	Southwest Interior (d)	Coast (e)	Central (f)	East (g)
Residential UNE-P						
Residential Equivalent						
Business UNE-P						
Business Equivalent						

8. For ILECs: Did you sell or lease UNE-P or UNE-P equivalents to CLECs in Oregon during the year?
 NO.
 YES. Complete Table G8.

Table G8. UNE-P Sold or Leased by ILECs to CLECs

Line	Description (a)	Number of UNE-P in Oregon at Year End from ILECs (b)	Gross Oregon Revenues Billed for December Services from UNE-P in Column (b) (c)
1	UNE-P		
2	UNE-P Equivalent *		

* UNE-P Equivalent or UNE-P replacement, such as QPP (Qwest Platform Plus).

9. Did you provide local exchange switched service in Oregon during the year, at least in part, by means of telecommunications facilities that you own and operate?
 NO.
 YES. You owned and operated the following types of facilities during the year (check all that apply):
 Switches and routers.
 Loops (connect end users with switching center).
 Interoffice transport facilities (between switching centers).

OPUC ID No.: _____

Company:
OREGON OPERATIONS

Schedules from other reports are not acceptable.
See the attached instructions for definitions and more information.

G. Local Exchange Switched Service (CONFIDENTIAL)

10. Report the following information for Oregon customers to whom you provided local exchange switched service during the year, including UNE-P and UNE-P Equivalent above:

Table G10. Local Exchange Switched Service

Line	Type of Service (a)	Customers at Year End (b)	Lines at Year End (c)	Gross Oregon Revenues Billed from Lines in Column (c)	
				During December (d)	During the Year (e)
1	Residential				
2	Business				
3	Wholesale (such as sales to resellers)				

11. Consistent with your answer in Table G10, Column C above, report the number of local exchange lines you provided at year end in the six geographic regions shown below, by customer type.

Table G11. Local Exchange Lines by Region and Type of Customer at Year End
Detail of Table G10, Column C

Line	Regions (a)	Residential (b)	Business (c)	Wholesale (d)
1	Portland Metropolitan			
2	Willamette Valley			
3	Southwest Interior			
4	Coast			
5	Central			
6	East			
7	Total (lines 1 through 6)			

H. Intrastate Private Line Service (CONFIDENTIAL)

- Skip Part H, because Boxes 2a and 2b in Part E are not checked.
- If Box 2a in Part E is checked, please complete Part H.
- If Box 2b in Part E is checked, please complete Part H.

1. Did you provide intrastate private line service in Oregon during the year, at least in part, by reselling the intrastate private line services of ILECs?
 - NO. Skip to Part H, Question 3.
 - YES.
2. What type of rate did you pay the ILECs for retail intrastate private line service by reselling in Oregon during the year?
 - Wholesale discounted rate.
 - Full retail rate.
 - Both rates (depends on which service or ILEC).
3. Did you provide intrastate private line service in Oregon during the year, at least in part, by reselling the intrastate private line services of CLECs?
 - NO. Skip to Part H, Question 6.
 - YES.

Company:
OREGON OPERATIONS

OPUC ID No.: _____

Schedules from other reports are not acceptable.
See the attached instructions for definitions and more information.

H. Intrastate Private Line Service (CONFIDENTIAL)

4. What type of rate did you pay CLECs for retail intrastate private line service in Oregon during the year?
 Wholesale discounted rate.
 Full retail rate.
 Both rates (depends on which service or CLEC).
5. For CLECs: Did you provide intrastate private line service in Oregon during the year, at least in part, by purchasing or leasing UNEs from ILECs?
 NO. Skip to Part H, Question 6.
 YES. Complete Table H5.

Table H5. UNEs Purchased or Leased from ILECs for Intrastate Private Line Service

Description (a)	Number of UNEs at Year End Lower Capacity (less than 1,544 Mbps) (b)	Number of UNEs at Year End Higher Capacity (1,544 Mbps or higher) (c)
UNEs -- Combination of Loop and Dedicated Transport		

6. For ILECs: Did you sell UNEs for intrastate private line service in Oregon during the year to CLECs?
 NO.
 YES. Complete Table H6.

Table H6. UNEs Sold or Leased to CLECs for Intrastate Private Line Service

Description (a)	Number of UNEs at Year End Lower Capacity (less than 1,544 Mbps) (b)	Number of UNEs at Year End Higher Capacity (1,544 Mbps or higher) (c)
UNEs -- Combination of Loop and Dedicated Transport		

7. Did you provide intrastate private line service in Oregon during the year, at least in part, by means of telecommunications facilities that you own and operate?
 NO. Skip to Part H, Question 9.
 YES. You owned and operated the following types of facilities in Oregon during the year (check all that apply):
 Switches and routers.
 Loops (connect end users with switching center).
 Interoffice transport facilities (between switching centers).

8. Report the following information for Oregon customers to whom you provided intrastate private line service in Oregon during the year:

Table H8. Intrastate Private Line Service

Line	Description (a)	Amount (b)
1	Number of Private Line Customers at Year End	
2	Number of Private Line Circuits at Year End:	
	a. Lower Capacity (less than 1,544 Mbps)	
	b. Higher Capacity (1,544 Mbps or higher)	
3	Gross Oregon Revenues Billed for December Services from Circuits	
4	Annual Gross Oregon Revenues Billed for Services from Circuits	

OPUC ID No.: _____

Company:
OREGON OPERATIONS

Schedules from other reports are not acceptable.
See the attached instructions for definitions and more information.

H. Intrastate Private Line Service (CONFIDENTIAL)

9. Consistent with the number of circuits provided in Table H8, lines 2a and 2b above, report the number of intrastate private line circuit terminations you provided in the six geographic regions shown below.
Note: One private line circuit is counted as two or more terminations.

Table H9. Intrastate Private Line Circuits Terminations by Region at Year End
Detail of Table H8, Column B, Lines 2a and 2b

Line	Regions (a)	Lower Capacity (b)	Higher Capacity (c)	Total (b+c) (d)
1	Portland Metropolitan			
2	Willamette Valley			
3	Southwest Interior			
4	Coast			
5	Central			
6	East			

I. Digital Subscriber Line (xDSL) (CONFIDENTIAL)

- Skip Part I, because Box 4 in Part E is not checked.
 If Box 4 in Part E is checked, please complete Part I.

1. Did you provide xDSL service to Oregon customers during the year?

- NO. Skip to Part J.
 YES. Complete Tables I1 and I2.

Table I1. xDSL Service Provided

Line	Description (a)	Units (b)
1	Number of xDSL at Year End	
2	Gross Oregon Billed Revenues for xDSL:	
	a. Services Rendered in December	
	b. Services Rendered During the Year	

Table I2. xDSL Service Provided by Region at Year End

Line	Regions (a)	Units (b)
1	Portland Metropolitan	
2	Willamette Valley	
3	Southwest Interior	
4	Coast	
5	Central	
6	East	

OPUC ID No.: _____

Company:
OREGON OPERATIONS

Schedules from other reports are not acceptable.
See the attached instructions for definitions and more information.

J. Providing Telecommunications Services through Other Facilities

- Skip Part J, because Boxes 8 and 9 in Part E are not checked.
- If Boxes 8 or 9 in Part E are checked, please complete Table J.

Table J. Other Facilities

Line	Service Provided By (a)	No. of Customers (b)	No. of Phone Numbers (c)
1	Facilities Other than Cable and VoIP		
2	Cable Television Facilities		
3	VoIP		

K. Business Plans and Competition (CONFIDENTIAL)

1. Provide your capital expenditures for local exchange service (not wireless or long distance services) allocated to Oregon at year end (check one box):

1) <input type="checkbox"/> Less than \$10,000.	4) <input type="checkbox"/>	\$100,000 - \$1 million.
2) <input type="checkbox"/> \$10,000 - \$50,000.	5) <input type="checkbox"/>	\$1,000,001 - \$10 million.
3) <input type="checkbox"/> \$50,001 - \$100,000.	6) <input type="checkbox"/>	More than \$10 million.

2. What do you believe are the reasons that you do not have a bigger share of Oregon's residential market (check all that apply)?
 - 1) Cannot compete on price.
 - 2) Cannot compete on facilities.
 - 3) The incumbent local exchange carrier has name familiarity.
 - 4) Do not have enough of your own network capacity.
 - 5) Competition from cell phones.
 - 6) Lower customer density makes residential competition difficult or expensive.
 - 7) Other (explain): _____

THIS COMPLETES THE REPORT.

Return to Part C, and sign and date the form.
PUC must receive your completed report by April 1, 2012.

Address it to the attention of:

Annual Reports, Utility Program
Public Utility Commission of Oregon
PO Box 2148
Salem, Oregon 97308-2148
Facsimile: (503) 373-7752

EXHIBIT OTA/204

ANNUAL REPORT OF
OREGON SEPARATED RESULTS OF OPERATIONS
(Telecommunications Utilities Form J)

OF

(Company Name)

TO THE
PUBLIC UTILITY COMMISSION OF OREGON
550 CAPITOL STREET NE, SUITE 215
SALEM, OREGON 97301-2551

FOR THE YEAR ENDING DECEMBER 31, 2011

FCC Account and Description	Note No.	Line No.	Total Oregon Operations Subject To Separations (Note 1)	Interstate Operation			Intrastate Operation			
				MTS & WATS Switched Access	TOLL PLS Special Access	Total	MTS & WATS Switched Access	TOLL PLS Special Access	EAS	Local (other)
SUMMARY										
Revenues, Expenses, and Taxes										
Operating Revenues										
50XX Local -Billed	(2)	1	0			0			0	0
-EAS Billed	(2)	2	0			0		0	0	0
-State OUSF Distribution	(2)	3	0			0		0	0	0
508X Access-SLC (End User)	(3)	4	0			0		0	0	0
-Federal EU USF Collections	(3)	5	0			0		0	0	0
-Switched (TS+NTS)	(3)	6	0			0		0	0	0
-Federal USF Distribution	(3)	7	0			0		0	0	0
-Special	(3)	8	0			0		0	0	0
51XX Toll -Message	(4)	9	0			0		0	0	0
-Private Line	(4)	10	0			0		0	0	0
-Settlement	(4)	11	0			0		0	0	0
52XX Misc. -Billing & Collection	(5)	12	0			0		0	0	0
-Directory Advertising	(5)	13	0			0		0	0	0
-Operating Rents	(5)	14	0			0		0	0	0
-Other Misc.	(5)	15	0			0		0	0	0
530X Less: Uncollectible Rev. (-)	(5)	16	0			0		0	0	0
Total Revenues		17	0			0		0	0	0
Operating Expenses										
61XX-64XX Plant Specific Oper.		18	0			0		0	0	0
65XX Plant Nonspecific Operations		19	0			0		0	0	0
656X Depreciation & Amortization		20	0			0		0	0	0
66XX Customer Operations		21	0			0		0	0	0
67XX Corporate Operations		22	0			0		0	0	0
- Other Operating		23	0			0		0	0	0
Total Expenses		24	0			0		0	0	0
Operating Taxes:										
7240 General Taxes		25	0			0		0	0	0
7230 State/Local Inc. Tax (Current)		26	0			0		0	0	0
7220 Federal Income Tax (Current)		27	0			0		0	0	0
7250 Net Deferred Income Taxes		28	0			0		0	0	0
7210 Net Investment Tax Credits		29	0			0		0	0	0
Total Taxes		30	0			0		0	0	0
Net Operating Income		31	0			0		0	0	0

COMPANY NAME: <enter name>

For The Year Ended: December 31, 2011

Separated Results of Oregon Operations

FCC Account and Description	Note No.	Line No.	Total Oregon Operations Subject To Separations (Note 1)	Interstate Operation			Intrastate Operation		
				MTS & WATS Switched Access	TOLL PLS Special Access	Total	MTS & WATS Switched Access	TOLL PLS Special Access	EAS

SUMMARY (continued)

RATE BASE										
Average Rate Base										
2001 Telecom. Plant In Service		1	0	0	0	0	0	0	0	0
2005 Plant Acquisition Adjustment		2	0	0	0	0	0	0	0	0
3100 Less: Accumulated Depor (-)		3	0	0	0	0	0	0	0	0
34xx-36xx Less: Accumulated Amort. (-)		4	0	0	0	0	0	0	0	0
4100-4340 Less: Accum. Deferred Tax(-)		5	0	0	0	0	0	0	0	0
1220 Materials and Supplies		6	0	0	0	0	0	0	0	0
Other Rate Base		7	0	0	0	0	0	0	0	0
Total Average Rate Base		8	0	0	0	0	0	0	0	0

DETAIL	FCC Account and Description	Note No.	Line No.	Total Oregon Operations Subject To Separations (Note 1)	Interstate Operation			Intrastate Operation													
					MTS & WATS Switched Access	TOLL PLS Special Access	Total	MTS & WATS Switched Access	TOLL PLS Special Access	EAS	Local (other)	Total									
PLANT IN SERVICE																					
21XX	General Support Facilities		1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
22XX Central Office Equipment:																					
	CAT 1-Operator Systems		2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	CAT 2-Tandem Switching (Alloc.)		3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	CAT 2-Tandem Switching (Assign.)		4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	CAT 3-Local Switching		5	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	CAT 4-12 -Exch. Trunk (Joint Use)		6	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	CAT 4-12 -Exch. Trunk (Ded. Use)		7	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	CAT 4-13 -Subscr. Line (Joint Use)		8	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	CAT 4-13 -Subscr. Line (Ded. Use)		9	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	CAT 4-23 -IX Trunk (Joint Use)		10	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	CAT 4-23 -IX Trunk (Ded. Use)		11	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	CAT 4.3 -Hos/Remote Trunk Ckt.		12	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	COE Other (Wideband CAT 4-11, -12 & -22)		13	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	Total COE		14	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
23XX Information Orig./Term. Equipment:																					
	CAT 1-Regulated CPE		15	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	Other IOT		16	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	Total IOT		17	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
24XX Cable & Wire Facilities:																					
	CAT 1.3-Subscriber Line (Common)		18	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	CAT 1.1,2-Subscriber Line (Ded.)		19	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	CAT 2-Exch. Trunk (Joint Use)		20	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	CAT 2-Exch. Trunk (Ded. Use)		21	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	CAT 3-IX Trunk (Joint Use)		22	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	CAT 3-IX Trunk (Ded. Use)		23	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	CAT 4-Hos/Remote Trunk		24	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	C&WF Other (Wideband)		25	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	Total C&WF		26	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
26XX Other Assets:																					
	Capital Leases		27	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	Leasehold Improvements		28	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	Intangibles		29	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	Total Other Assets		30	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	Total Telecom. Plant In Service		31	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	

COMPANY NAME: <enter name>

For The Year Ended: December 31, 2011

Separated Results of Oregon Operations

FCC Account and Description	Note No.	Line No.	Total Oregon Operations Subject To Separations (Note 1)	Interstate Operation			Intrastate Operation			
				MTS & WATS Switched Access	TOLL PLS Special Access	Total	MTS & WATS Switched Access	TOLL PLS Special Access	EAS	Local (other)
DEPRECIATION & AMORTIZATION										
Accumulated Depreciation Detail										
311X General Support Facilities		1	0	0	0	0	0	0	0	0
312X Central Office Switching		2	0	0	0	0	0	0	0	0
312X Operator Systems		3	0	0	0	0	0	0	0	0
312X Central Office Transmission		4	0	0	0	0	0	0	0	0
313X Information Orig./Term. Equip.		5	0	0	0	0	0	0	0	0
314X Cable & Wire Facilities		6	0	0	0	0	0	0	0	0
Total Accumulated Depreciation		7	0	0	0	0	0	0	0	0
Accumulated Amortization Detail										
3410 Capital Leases		8	0	0	0	0	0	0	0	0
3420 Leasehold Improvements		9	0	0	0	0	0	0	0	0
3500 Intangibles		10	0	0	0	0	0	0	0	0
3600 Acquisition Adjustment		11	0	0	0	0	0	0	0	0
Total Accumulated Amortization		12	0	0	0	0	0	0	0	0

COMPANY NAME: <enter name>

For The Year Ended: December 31, 2011

Separated Results of Oregon Operations

FCC Account and Description	Note No.	Line No.	Total Oregon Operations Subject To Separations (Note 1)	Interstate Operation			Intrastate Operation			
				MTS & WATS Switched Access	TOLL PLS Special Access	Total	MTS & WATS Switched Access	TOLL PLS Special Access	EAS	Local (other)
OPERATING EXPENSE										
61XX-64XX Plant Specific Operations										
6110-20 General Support Facilities		1	0	0	0	0	0	0	0	0
621X Central Office Switching		2	0	0	0	0	0	0	0	0
6220 Operator Systems		3	0	0	0	0	0	0	0	0
623X Central Office Transmission		4	0	0	0	0	0	0	0	0
63XX Information Orig./Term. Equip.		5	0	0	0	0	0	0	0	0
64XX Cable & Wire Facilities		6	0	0	0	0	0	0	0	0
Total Plant Specific		7	0	0	0	0	0	0	0	0
65XX Plant Nonspecific Operations										
6512 Provisioning	(8)	8	0	0	0	0	0	0	0	0
653X Network Operations		9	0	0	0	0	0	0	0	0
6540 Access Paid to LECs	(9)	10	0	0	0	0	0	0	0	0
65XX Federal USF Contributions	(9)	11	0	0	0	0	0	0	0	0
Total Plant Nonspecific		12	0	0	0	0	0	0	0	0
656X Depreciation & Amortization										
6561 General Support Facilities	(8)	13	0	0	0	0	0	0	0	0
6561 Central Office Switching		14	0	0	0	0	0	0	0	0
6561 Operator Systems		15	0	0	0	0	0	0	0	0
6561 Central Office Transmission		16	0	0	0	0	0	0	0	0
6561 Information Orig./Term. Equip.		17	0	0	0	0	0	0	0	0
6561 Cable & Wire Facilities		18	0	0	0	0	0	0	0	0
6563 Capital Leases		19	0	0	0	0	0	0	0	0
6563 Leasehold Improvements		20	0	0	0	0	0	0	0	0
6564 Intangibles		21	0	0	0	0	0	0	0	0
6565 Acquisition Adjustment		22	0	0	0	0	0	0	0	0
Total Depreciation & Amortization		23	0	0	0	0	0	0	0	0

DETAIL	FCC Account and Description	Note No.	Line No.	Total Oregon Operations Subject To Separations (Note 1)	Interstate Operation			Intrastate Operation			
					MTS & WATS Switched Access	TOLL PLS Special Access	Total	MTS & WATS Switched Access	TOLL PLS Special Access	EAS	Local (other)
OPERATING EXPENSE (continued)											
66XX	Customer Operations										
661X	Marketing		1	0	0	0	0	0	0	0	0
662X	Operator Services		2	0	0	0	0	0	0	0	0
662X	Directory Publishing-Alpha		3	0	0	0	0	0	0	0	0
662X	Directory Publishing-Classified		4	0	0	0	0	0	0	0	0
662X	Directory Publishing-Foreign		5	0	0	0	0	0	0	0	0
6623	Service Order Proc-End User		6	0	0	0	0	0	0	0	0
6623	Payment & Collection-End User		7	0	0	0	0	0	0	0	0
6623	Billing Inquiry-End User		8	0	0	0	0	0	0	0	0
6623	Service Order Proc-CXR		9	0	0	0	0	0	0	0	0
6623	Payment & Collection-CXR		10	0	0	0	0	0	0	0	0
6623	Billing Inquiry-CXR		11	0	0	0	0	0	0	0	0
6623	Coin Administration		12	0	0	0	0	0	0	0	0
6623	Rev. Acctg.-Toll Ticket Proc.		13	0	0	0	0	0	0	0	0
6623	Rev. Acctg.-Local Mess. Proc.		14	0	0	0	0	0	0	0	0
6623	Rev. Acctg.-Other Bill & Coll.		15	0	0	0	0	0	0	0	0
6623	Rev. Acctg.-SLC Billing		16	0	0	0	0	0	0	0	0
6623	Rev. Acctg.-CXR B & C		17	0	0	0	0	0	0	0	0
6623	B & C Amts Paid to LECs	(10)	18	0	0	0	0	0	0	0	0
6623	Other Customer Service		19	0	0	0	0	0	0	0	0
	Total Customer Operations		20	0	0	0	0	0	0	0	0
67XX	Corporate Operations:										
671X	Executive & Planning		21	0	0	0	0	0	0	0	0
672X	General & Administrative		22	0	0	0	0	0	0	0	0
672X	Total Corporate Operations		23	0	0	0	0	0	0	0	0
	Other Operating Expenses:										
	Universal Service Fund	(11)	24	0	0	0	0	0	0	0	0
	Likeline Connection Assistance	(12)	25	0	0	0	0	0	0	0	0
	Total Other		26	0	0	0	0	0	0	0	0
	Total Operating Expenses		27	0	0	0	0	0	0	0	0

FCC Account and Description	Note No.	Line No.	Total Oregon Operations Subject To Separations (Note 1)	Interstate Operation			Intrastate Operation			
				MTS & WATS Switched Access	TOLL PLS Special Access	Total	MTS & WATS Switched Access	TOLL PLS Special Access	EAS	Local (other)
OPERATING TAXES										
7240 General Taxes		1	0							
7240 Property		2	0							
7240 Gross Receipts		3	0							
7240 PUC Fee		4	0							
7240 Franchise Fees		5	0							
7240 Other		6	0							
Total General Taxes			0							
72XX Income Taxes (Calculated)										
Net Income Before SIT & FIT	(13)	7	0	0	0	0	0	0	0	0
Less Fixed Charges (-)		8	0	0	0	0	0	0	0	0
Subtotal (lines 7-8)		9	0	0	0	0	0	0	0	0
Other SIT Base Add/Ded. (+)	(14)	10	0	0	0	0	0	0	0	0
SIT Taxable Inc. (lines 9+-10)		11	0	0	0	0	0	0	0	0
7230 SIT-Current (at 6.6%)	(15)	12	0	0	0	0	0	0	0	0
Other FIT Base Add/Ded. (+)	(16)	13	0	0	0	0	0	0	0	0
FIT Taxable Inc. (lines 9-12+-13)		14	0	0	0	0	0	0	0	0
Gross FIT (at 35%)		15	0	0	0	0	0	0	0	0
7210P Claimed TTC (-)		16	0	0	0	0	0	0	0	0
Surtax Elimination (-)		17	0	0	0	0	0	0	0	0
7220 FIT-Current (lines 15-16-17)	(17)	18	0	0	0	0	0	0	0	0

ALTERNATE TAX RATE USED FOR EITHER SIT/FIT PLEASE SPECIFY

Separation Parameters	Description	Note No.	Line No.	Total Oregon Operations Subject To Separations	Operation			
					Interstate Toll	Intrastate Toll	EAS	Local (Other)
Plant	SLU Minutes of Use (MOU)	(18)	1	0	0	0	0	0
	SLU Factor		2	0.000000	0.000000	0.000000	0.000000	0.000000
	SPF - January 1, 2011 Pre-EAS		3	0.000000	0.000000	0.000000	0.000000	0.000000
	SPF - December 31, 2011 Post-EAS		4	0.000000	0.000000	0.000000	0.000000	0.000000
	Current Composite SPF	(19)	5	0.000000	0.000000	0.000000	0.000000	0.000000
	1996 Weighted DEM - Factor		6	0.000000	0.000000	0.000000	0.000000	0.000000
	1996 Unweighted DEM - Factor		7	0.000000	0.000000	0.000000	0.000000	0.000000
	Current CAT 3 Dial Equipment Minutes	(20)	8	0	0	0	0	0
	Current CAT 3 DEM Factor Unweighted		9	0.000000	0.000000	0.000000	0.000000	0.000000
	Current Composite DEM Factor		10	0.000000	0.000000	0.000000	0.000000	0.000000
	Exchange Trunk - Joint Use MOU	(21)	11	0	0	0	0	0
	Exchange Trunk Joint Use MOU Factor		12	0.000000	0.000000	0.000000	0.000000	0.000000
	Host/Remote MOU Kilometers	(22)	13	0	0	0	0	0
	Host/Remote MOU Kilometers Factor		14	0.000000	0.000000	0.000000	0.000000	0.000000
	Operator Standard Work Seconds	(23)	15	0	0	0	0	0
	Operator Standard Work Seconds Factor		16	0.000000	0.000000	0.000000	0.000000	0.000000
	Tandem Switching MOU	(24)	17	0	0	0	0	0
	Tandem Switching MOU Factor		18	0.000000	0.000000	0.000000	0.000000	0.000000
	IX Conversation MOU		19	0	0	0	0	0
	IX Conversation MOU Factor		20	0.000000	0.000000	0.000000	0.000000	0.000000
	IX Conversation Minute Kilometers		21	0	0	0	0	0
	IX Conversation Minute Kilometer Factor		22	0.000000	0.000000	0.000000	0.000000	0.000000
	Gross Billed Revenues							
	Marketing Allocation Basis	(25)	23	0	0	0	0	0
	Marketing Allocation Basis Factor		24	0.000000	0.000000	0.000000	0.000000	0.000000
	Payment & Collection-End User	(25)	25	0	0	0	0	0
	Payment & Collection-End User Factor		26	0.000000	0.000000	0.000000	0.000000	0.000000
	Payment & Collection-CXR	(25)	27	0	0	0	0	0
	Payment & Collection-CXR Factor		28	0.000000	0.000000	0.000000	0.000000	0.000000
	Service Order Contacts							
	Service Order Proc.-End User	(26)	29	0	0	0	0	0
	Service Order Proc.-End User Factor		30	0.000000	0.000000	0.000000	0.000000	0.000000
	Service Order Proc.-CXR	(26)	31	0	0	0	0	0
	Service Order Proc.-CXR Factor		32	0.000000	0.000000	0.000000	0.000000	0.000000
	Billing Inquiry Contacts							
	Billing Inquiry-End User	(27)	33	0	0	0	0	0
	Billing Inquiry-End User Factor		34	0.000000	0.000000	0.000000	0.000000	0.000000
	Billing Inquiry-CXR	(27)	35	0	0	0	0	0
	Billing Inquiry-CXR Factor		36	0.000000	0.000000	0.000000	0.000000	0.000000
	SP+RC Toll Messages	(28)	37	0	0	0	0	0
	SP+RC Toll Messages Factor		38	0.000000	0.000000	0.000000	0.000000	0.000000
	EAS/Local Messages (Msg. Proc.)	(29)	39	0	0	0	0	0
	BIG 3 Expense Factor-Message	(29)	40	0.000000	0.000000	0.000000	0.000000	0.000000
	PLS & Special Access Factor	(29)	41	0.000000	0.000000	0.000000	0.000000	0.000000
	Operator Services Expense - Factor		42	0.000000	0.000000	0.000000	0.000000	0.000000
	Other Parameters							
	Access Lines (Average)	(30)	43	0	0	0	0	0
	Unseparated Loop Cost @ 11.1 ROR	(31)	44	0	0	0	0	0
	Cost Categories Frozen?		45	Yes	No			

EXHIBIT OTA/205

Notes to Separated Results of Oregon Operations

ATTENTION - NEW LINE ITEM ADDED ON:

- PAGE 1 LINE 7
- PAGE 5 LINE 11
- PAGE 6 LINE 24, 25

GENERAL NOTES

Information should be loaded only to those fields that are not protected.

SUMMARY PAGES 1-2

1. **Total Oregon Operations Subject to Separations:** The amounts found in the "Total Oregon Operations Subject to Separations" column are post Part 64 Subpart I Allocations of Non-regulated costs. Amounts in this column should reflect Regulated Operations only. The amounts **do not** include CLEC operations or other competitive provider operations.

Operating Revenues

2. **Account 50XX:** Local service revenue, is disaggregated into the following categories: Local Billed, EAS billed (includes EAS surcharges and measured EAS services), and State OUSF Distribution. A portion of Local Billed could be assigned to the interstate jurisdiction. See FCC part 36.212.

3. **Account 508X:** Network Access Revenues, is disaggregated into Access Charges (SLC, Switched, and Special) and Federal USF Distributions.

4. **Account 51xx:** Account 51xx applies primarily to the large companies for their interstate and intrastate billed toll. The settlement amount is the operator surcharge revenues billed and retained by the independent telephone companies and recorded as a debit to Qwest's 5100 MTS Toll Revenue account.

5. **Accounts 52xx:** Miscellaneous Revenue is disaggregated into Miscellaneous Billing and Collection, Directory Advertising, Operating Rents, and Other Miscellaneous. Miscellaneous Billing and Collection contains billing and collection access revenues for both interstate and intrastate.

Notes to Separated Results of Oregon Operations

DETAIL PAGES PLANT ACCOUNTS PAGES 3-7

6. **Joint Use Subscriber Line: COE Cat. 4.13 And CWF Cat. 1.3:** These two line items include investment in common line only. A switched common subscriber line is a voice-grade or equivalent working (i.e., revenue producing) loop or channel that connects the retail service customer's premises to the serving wire center's switch. It is used jointly for access to local exchange services, extended area services, and inter-exchange long distance services.

7. **COE Other and C&WF Other:** COE Other is assigned wideband, Category 4.11, 4.12 & 4.22 plant; C&WF Other is assigned wideband cable and wire facilities. COE Other and C&WF Other include investment in wideband facilities and equipment associated with network access, exchange and interexchange trunks. It excludes point-to-point and point-to-multipoint private lines, closed-end WATS lines, wideband data lines, feature group carrier access lines, and unbundled network element (UNE) access lines leased to other telecommunications providers. It also excludes station lines (inside wire) on the line-side of a key system or PBX. See CFR 36.154, Separations Category 1.3 and CFR 36.126, Separations Category 4.13.

6xxx Expense Accounts

8. **Account 6562:** Account 6562 ("Amortization Expense Associated with Property Held for Future Use") are not included as operating expense in Oregon.

9. **Account 6540 and Account 65xx:** Account 6540 includes switched and special access charges paid to LECs for access services. See FCC Part 36.354. Account 65xx includes Federal USF Contributions.

10. **Account 6623:** Account 6623 includes Billing and Collection (B&C) charges paid to LECs for B&C services. See FCC Part 36.381.

Other Operating Expenses

11. **Universal Service High Cost Fund:** The Universal Service High Cost Fund expense adjustment is determined as defined in FCC Part 36.631. The expense adjustment is added to interstate expenses and deducted from state expenses. The effect is zero on Total Oregon Operations Subject to Separation.

12. **Lifeline Connection Assistance:** The Life Line Connection Assistance expense adjustment is determined as defined in FCC Part 36.741. The expense adjustment is added to interstate expenses and deducted from state expenses. The effect is zero on Total Oregon Operations Subject to Separation.

Calculated Income Tax

13. Net Income Before SIT & FIT: Net income before state and federal income tax (calculated as revenues - expenses – total general taxes) is automatically generated by the spreadsheet by pulling values from Total Revenues(Summary Section), Total Operating Expenses(Detail Section), and Total General Taxes(Detail Section) and performing the calculation described above. After adjustments for Fixed Charges this amount becomes the basis for all income tax separations. See FCC Part 36.412.

14. Other SIT Base Add/Ded: The amounts that are entered on this line may be obtained from tax work papers for a single state operation or for a multi-state operation the amounts can be derived by dividing the current SIT by .066 then subtracting Line 9. If the amount is derived by the calculation described above, make sure prior-year adjustments are first removed from current SIT.

15. 7230 SIT-Current (at 6.6%): SIT should reflect the removal of all prior period adjustments.

16. Other FIT Base Add/Ded: Other FIT Base Adds and Deducts may be obtained either from the tax work papers or from backing into the amount by taking the current FIT plus claimed ITC, dividing by the effective FIT rate and then subtracting line 12 (SIT-Current) and line 7 (Net Income before SIT and FIT Less Fixed Charges). If the "backed into" approach is used, make sure prior-year adjustments are first removed from current FIT.

17. 7220 FIT Current: FIT should reflect the removal of all prior period adjustments.

SEPARATION PARAMETERS

18. General Notes

Separation Parameters drive the allocation of certain plant and expense costs to operations and services. The parameters are designed to perform validity tests on separation studies and provide a basis to forecast future test year separations. The demand reflects current study annual totals. The factors reflect the frozen interstate factors developed from calendar year 2000 studies. The intrastate jurisdiction reflects the relative use of current year demand for Intrastate Toll/Access, EAS and Local times the residual intrastate factor (i.e. 1 minus the frozen interstate factor). The units (e.g. MOU, MOU-Kilometers, Work Seconds) are unadjusted, current units based on studies performed during the period being reviewed.

Notes to Separated Results of Oregon Operations

The Interstate factors should be the 2000 frozen values for all primary factors. The intrastate toll, EAS and local factors should reflect the current study adjusted by relative use.

19. Current Composite SPF: Current Composite SPF represents a composite of the pre & post-conversion SPF for those companies involved in toll route conversions to EAS during the year

20. Current CAT 3 Dial Equipment Minutes: COE Cat 3 - See FCC Part 36.125 and PUC Order 93-1133, Appendix A.

21. Exchange Trunk - Joint Use MOU: Exchange Trunk MOU - See FCC Part 36.155.

22. Host/Remote MOU Kilometers: Host/Remote MOU Kilometers - See FCC Part 36.157.

23. Operator Standard Work Seconds: Operator Standard Work Seconds Used to separate operator services expenses if different from those used for COE Cat. 1 plant.

24. Tandem Switching MOU: Tandem Switching MOU - See FCC Part 36.124.

25. Gross Billed Revenues: Gross Billed Revenues are defined differently for the following expenses.

- Marketing - See FCC Part 36.372
- Payment & Collection, End User - See FCC Part 36.377(a)(2)
- Payment & Collection, CXR - See FCC Part 36.377(a)(5)

26. Service Order Contacts

- Service Order Processing, End User - See FCC Part 36.377(a)(1)
- Service Order Processing, CXR - See FCC Part 36.377(a)(4)

27. Billing Inquiry Contacts

- Billing Inquiry, End User - See FCC Part 36.377(a)(3)
- Billing Inquiry, CXR - See FCC Part 36.377(a)(6)

28. SP&RC Toll Messages: Sent-Paid and Received-Collect messages are used to separate Account 6623, Revenue Accounting - Toll Ticket Processing expenses - See FCC Part 36.379

29. Big Three Expense Factor: Big Three Expense Factor - See FCC Part 36.392

Notes to Separated Results of Oregon Operations

30. Access Lines (Average): The Access Line count is the average lines for the year identified by common lines (see Note 6) and private lines, excluding wideband assigned to Interstate, State and Local (Other) operations.

31. Unseparated Loop Cost: The Unseparated Loop Cost should be calculated consistent with 47 CFR Part 36. In the calculation process, the SPF is set to 100% and the rate of return (ROR) is set at 11.1%. **This is not a per line amount.**

BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

UM 1481 (Phase II)

In the Matter of

PUBLIC UTILITY COMMISSION OF
OREGON

Staff investigation of the Oregon Universal
Service Fund.

OREGON TELECOMMUNICATIONS
ASSOCIATION TESTIMONY

OPENING TESTIMONY OF

DON LAWRENCE

December 10, 2012

INTRODUCTION

Q. Please state your name and give us your business address for the record.

A. My name is Don Lawrence. My business address is 502 N. 2nd Ave., PO Box 477, Stayton, OR 97383.

Q. On whose behalf are you testifying?

A. I am testifying on behalf of the Oregon Telecommunications Association. In particular, I am testifying from the perspective of Stayton Cooperative Telephone Company (Stayton) and People's Telephone Co. (Peoples).

Q. Please describe your position with Stayton and Peoples.

A. I am President and CEO of both entities. Peoples is a wholly owned subsidiary of Stayton. Both Stayton and Peoples are rural, incumbent local exchange carriers serving relatively rural areas in Oregon.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to provide the perspective of a manager of a small rural, incumbent local exchange company on the use of support from the Oregon Universal Service Fund or OUSF. My testimony will be from both a historical standpoint and to offer my view on a prospective basis.

Q. What are your responsibilities as President and CEO?

A. I am responsible for the overall day-to-day management of both companies. In addition, it is my responsibility to work with the Board of Stayton to develop and plan long range business strategies and goals.

USE OF OUSF FUNDS

Q. Please describe the service area of your companies.

A. Stayton serves the town of Stayton and its surrounding areas. We have a service area of 106 square miles and 47 access lines per square mile. Most of the access lines for Stayton are in and around the town of Stayton. It becomes a very sparsely populated the further you move out from the town of Stayton itself.

Peoples serves the exchange of Lyons. The density of that exchange is 15 access lines per square mile, serving a total of 60 square miles.

Q. Is broadband service available in these exchanges?

A. Yes. Through substantial investments, we are able to offer broadband service to one hundred percent of our subscriber base. The technology that we deploy is Fiber to the Home and DSL. Our available downstream speeds range from 1.5 to 50 mbps .

Q. Have your companies received OUSF support in the past?

A. Prior to July 1 of 2012, Stayton received support for the OUSF, but Peoples did not.

Q. Do you know the reason that Peoples has not historically received support from the OUSF?

A. Not in detail. Certainly, I am aware that based upon the Commission formula for calculation of support, Peoples costs for the 2003 triennium were lower than the amount at which support would be provided based upon Commission's benchmark and other factors from the Commission's formula.

Q. You mentioned 2003 cost levels. Why is that important?

A. The first triennium for support was 2003 through 2005. Actually the cost and support calculation was based upon, I believe, 2002 cost numbers. For the succeeding two trienniums running up through June 30, 2012, agreements were entered into between the rural incumbent local exchange companies and Commission Staff to freeze support at the 2003 per line support level. These agreements were approved by the Commission in each case. This meant that Peoples did not receive support from the OUSF prior to this year.

Q. How did Stayton use the support it received?

A. Stayton's per line OUSF support amount was set at \$2.35 per line. This support was used, pursuant to the Commission's direction in the Commission's orders, to reduce Stayton's carrier common line (CCL) access rate element of its intrastate access charges. In other words, it offset intrastate access charges on a revenue neutral basis as opposed to being used as an additional revenue source.

Q. What has happened with the existing support levels?

A. For the first time, Peoples is drawing support. That support was first received in September of this year. In addition, the amount of Stayton's support increased from prior levels. Currently, both companies are drawing at a support level of seventy-five percent of the authorized level. Under the Memorandum of Understanding concerning the 2012 support; the support levels will not go to one hundred percent until February of 2013. For the support year of July 2012 through June 2013, with the two month delay with support actually beginning in September and

continuing through August, it is projected that Peoples will receive approximately \$180,214 in OUSF support and Stayton will receive approximately \$498,507 in OUSF support.

Q. How is this support being used by your companies?

A. Again, because of the existing Commission orders, the support is first used to reduce the CCL rate to zero for intrastate access purposes.

Q. What are the companies doing with the rest of the OUSF support?

A. The companies are using the funds to continue to be able to provide telecommunications service to customers at levels that are comparable in the rural areas we serve to the service received in more urban areas.

Q. Why can't you do this without OUSF support?

A. We are in an era of very difficult times for rural, incumbent local exchange carriers. The Federal Communications Commission has substantially modified both intercarrier compensation and federal universal service support. For example, Stayton can no longer receive compensation for terminating wireless intraMTA calls on its network. This was a source of revenue for Stayton which is no longer available. In addition, the FCC has mandated reductions in both intrastate and interstate access revenue, at least on the terminating side. While some of that revenue is made up through federal compensation mechanisms, those compensation mechanisms have provisions within them to reduce the level of support by five percent a year.

In addition, I need to note that to the extent that OUSF support was used pursuant to Commission requirements to reduce the CCL rates and that reduction was more than the fifty percent

reduction required by the FCC, the OUSF support for that additional reduction of taking the intrastate CCL rate to zero is actually a subtraction from federal support and merely offsets the federal support that was already going to be received. This is a strange relationship between the way in which the FCC's order works and the Commission's prior orders.

Without the OUSF support that we are receiving for the 2012-2013 support year, we would have been forced to consider raising local rates or cutting back on service or both.

Raising rates for local service is not a realistic option. Peoples has a local rate of \$13.95 today with a EAS additive of \$8.95. Stayton has a local rate of \$11.60 with an EAS additive of \$6.89.

This produces local rates of \$22.90 for Peoples and \$18.49 for Stayton without the additional federal charge for the SLC and ARC. We do not think it would be appropriate to raise those rates any further given that with the \$6.50 SLC or subscriber line charge and the \$0.50 federal ARC, the actual monthly rates for basic local service are \$29.90 for Peoples and \$25.49 for Stayton.

Q. Can you reduce the cost of providing service?

A. Not substantially without it affecting our ability to meet our carrier of last resort or COLR obligations. Both Stayton and Peoples have the COLR obligation. This means that we must provide service to customers throughout our exchange area even if a customer is very expensive to serve. This COLR obligation produces operating costs that are higher than they would be if we concentrated our service only in the more centralized, more densely populated areas. I am

not complaining about the COLR obligation. We are proud to be able to provide service. What I am saying is that obligation comes with a cost.

Q. Do you have any recommendations for the Commission?

A. Yes. My first recommendation is the Commission should rescind the obligation to use OUSF support to reduce the carrier common line charge. That matter is being handled through the FCC's orders and does not need to be addressed by the Commission going forward.

Q. How do you think OUSF support should be provided in the future?

A. I think OUSF support should be based on our actual cost to provide service, as it is today. Mr. Duval and Mr. Jim Rennard are providing testimony on this issue, so I will not address how the cost support is provided and analyzed. However, I think it is important that the cost support does reflect our actual cost of operation.

In addition, I recommend that OUSF support be provided only to those carriers that have the COLR obligation. This is consistent of my understanding of the statute. ORS 759.425 directs that the Commission use the state fund to ensure that basic telephone service is available at a reasonable and affordable rate. That is what we are doing. We are using the support that we have available to use to try to be sure that we provide basic telephone service at a reasonable and affordable rate. It appears that should continue to be the focus for the state fund. The only real way to be sure that basic telephone service is available at a reasonable and affordable rate is to provide support to those carriers that are working under the COLR obligation.

Q. Does that conclude your testimony at this time?

A. Yes.

BEFORE THE PUBLIC UTILITY COMMISSION
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UM 1481 (Phase II)

In the Matter of

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OREGON

Staff investigation of the Oregon Universal
Service Fund.

OREGON TELECOMMUNICATIONS

ASSOCIATION TESTIMONY

OPENING TESTIMONY OF

JOHN HEMPHILL

December 10, 2012

INTRODUCTION

Q. Please state your name and give us your business address for the record.

A. My name is John Hemphill. My business address is 104 Center Street, PO Box 706, Halfway, OR 97834.

Q. What is your relationship with Pine Telephone System, Inc?

A. I am Vice President and a co-owner of Pine Telephone System, Inc.

Q. What is the purpose of your testimony?

A. I am testifying on behalf of the Oregon Telecommunications Association. My testimony will be about Pine Telephone's efforts to provide service to unserved areas and to modernize service in other areas in the state of Oregon and the problems we are encountering in accomplishing those goals as a result of the Federal Communication Commission's modifications of intercarrier compensation and federal USF support mechanisms. I believe our experience at Pine will show why it is important to continue the Oregon Universal Service Fund (OUSF) in its current form.

Q. Please describe the operations of Pine Telephone System, Inc?

A. Pine Telephone is a rural telephone company which has its roots in Halfway, Oregon. Pine began as an old cooperative telephone company. Through ledgers and journals we have been able to identify activity in the co-op as far back as the early nineteen hundreds. Eventually, the cooperative went into private ownership in the 1930s. Pine was incorporated as an Oregon corporation in the 1960s so, at least in our original service area around Halfway, ongoing modernized communication service has been provided for almost one hundred years on a continuous basis.

Q. You mentioned efforts to provide service in unserved areas in Oregon. Please explain.

A. Pine Telephone's first expansion beyond Halfway and the area around Halfway was to build in the Greenhorn, Stices Gulch and the Granite areas of Eastern Baker County and Grant County over years 2000-2004. Those areas were either unserved or had very low levels of service.

In the last seven years, we have expanded beyond the original area to provide telephone service and internet to other remote areas of Oregon that have been completely unserved.

In 2005, Pine Telephone learned that there was a large area north of Bend which was completely unserved by wire line telephone, internet, or cable. In addition, cellular service was virtually non-existent. We identified over six hundred establishments within this area, which was originally the western half of Qwest's Culver Exchange, that were without service. Residents in the area had contacted Pine Telephone multiple times asking if we could come in and provide service since Pine had a reputation in eastern Oregon for building out and providing service in remote areas. We discussed this matter with Qwest and agreed that the area should become part of Pine's service area. Applications were filed with this Commission and ultimately the Commission approved the re-allocation of the territory. We then filed a request with the FCC for waiver of the Frozen Study Area Boundary Rule. That application languished in the FCC for over two years.

Finally, after a strong letter from Senator Wyden, we obtained approval from the FCC in early 2009, allowing us to open up a new service area and build out a completely new exchange. We

call this exchange the Three Rivers Exchange. It is located approximately thirty miles north of Bend. The Three Rivers Exchange is basically the tip of the southern peninsula which is bounded on the north by Lake Billy Chinook, on the west by the Metolius River, and on the east by the Crooked River and the Deschutes River.

After FCC approval, construction was further delayed until late 2009 waiting for the Bureau of Land Management to approve our right-of-way permits, which we had applied for over two years earlier. The right-of-way permits were needed for fiber trunk cable to go into the service area along an old logging trail and it is that cable that would establish Pine's connection to the outside world. We finally began construction in late 2009 and continued in 2010. During that time period we built the infrastructure for the exchange. We installed twenty-six miles of fiber trunk cable in order to provide adequate access to the world for both voice and broadband service, laid distribution cable, built a central office and installed a switch.

We invested almost \$3,900,000.00 in the Three Rivers Exchange infrastructure, a little over \$600,000.00 of Pine's cash and a little more than \$3,300,000.00 in RUS loan funds. By the end of 2009, we were first able to begin connecting and serving residents close to our central office, which was Phase One of our project.

Our initial plan for Phase Two of Three Rivers was to lay fiber optic cable for 3.5 miles to the Three Rivers subdivision and lay cable inside this subdivision which has approximately four

hundred establishments without any wire line phone service, no cable and virtually non-existent wireless service. Sadly, in the interim, the FCC had proposed and adopted its USF reform and Connect America Fund rules to supposedly modernize broadband technology in rural areas.

Our plans for Phase Two for Three Rivers, before the FCC's orders, were to build fiber optic connections to all the premises so we could offer internet speeds as fast as twenty mbps down and four mbps up. The FCC has, in our opinion, "dumbed down" the quality of broadband for remote areas by setting the standard for broadband at four mbps down and one mbps up. Under the new regulations adopted by the FCC, Pine's design and proposed expenditures for Phase Two that would have provided internet speeds much greater than the four mbps down and one mbps up are considered by the FCC's rules "imprudent."

At the time we built the first phase of the Three Rivers project, our costs, plan design engineering and projected ability to repay debt service under the existing Universal Service Fund rules had all been scrutinized by the Rural Utility Service before we moved forward. The project was deemed prudent investment and necessary by RUS and loans for Three Rivers in an amount \$3,900,000 were approved by the RUS. Now, these same projects, under the FCC's new rules, are deemed imprudent expenditures of capital. Pine Telephone is one of the many rural companies that will actually be penalized for having invested heavily in quality rural service.

Q. Did Pine Telephone have any other major projects to modernize service which were affected by the FCC's Order?

A. Yes. We had been building out fiber to the home in stages intending to build Pine's entire area. The last two phases were affected negatively by the FCC. They were "Fiber to the Home Three" and "Fiber to the Home Four" and were in and around Halfway. We began construction on Fiber to the Home Three in 2010 and replaced old depreciated copper cable with fiber cable to businesses and residences in rural areas of the Halfway Exchange. Then in Fiber to the Home Four we finished replacing the old depreciated copper cable and built out fiber optic cable to all of the remaining residences and businesses in Halfway. However, the FCC rules forced us to cut short Fiber to the Home Four. There were three residences a short distance outside of Halfway to which we were not able to build fiber optic cable due to the limitations imposed under the FCC rule. Additionally, the small communities of Brownlee, Oxbow, and Hells Canyon, all in rural Baker County and not too far from Halfway were dropped from the Fiber to the Home Four project for the same reasons. We had to cut a total of approximately 62 establishments. Again, this was a project which met all criteria for RUS loan approval at the time the project began. It had been reviewed by RUS, had been found to have sound engineering, to be necessary, and a prudent capital investment with the capability for repayment of RUS loans under USF as it then existed. We spent a total of \$6,700,000.00 on Fiber to the Home Three and Fiber to the Home Four, of which \$700,000.00 was cash from Pine Telephone and \$6,000,000.00 was RUS loan funds. As in the case with Three Rivers, the retroactive effect of the new FCC rules does not allow for debt service on these recent capital improvement loans even though they were deemed

prudent and necessary under the RUS guidelines and USF program in place at that time. To recap, from late 2009 we have made capital investments to reach unserved areas and modernize our network in the total amount of \$10,600,000.00, of that \$9,300,000.00 is from 20-year RUS loans we need to repay and \$1,300,000 is from Pine's cash.

Q. Do you have information on how the FCC's orders will affect Pine?

A. Yes. We provide telephone and internet service to remote areas where no economic business case can be made for the infrastructure investment on a stand-alone basis. Because of this, state and federal access revenue and federal Universal Service Fund revenues historically have made up the majority of our operating revenues. These included payments from the NECA and OECA pooling processes for intercarrier compensation and federal USF funds. Under the FCC's new rules, Pine will experience a 10.9 percent drop in the federal support it would have received in 2012 before the FCC's new rule, and that is the effect of reductions of federal support in the last six months of 2012, only. The next year in 2013, we will experience a 25.9 percent decrease in federal support. In 2014, when the FCC's reductions are fully implemented, Pine Telephone will experience a drop of 33.5 percent of what it would have been paid under the old rules. Unfortunately, these reductions in support will not only have an effect going forward, but will also reach back into the past, affecting network improvement that Pine had completed before the new FCC rule came out. In our view this is a "Monday morning quarterbacking" approach by the FCC on Pine Telephone's efforts to reach unserved areas and modernize service before the FCC's new rule and we don't think it is legal.

The reason for this reach-back effect is that the 2009 and 2010 construction of Phase One of Pine's Three Rivers Exchange was funded in those years, in part, by our RUS loans for twenty year terms going forward. These loans were approved based upon RUS' review of the project from the standpoint of sound engineering, necessity and the ability to repay under the USF programs in effect at the time of the RUS' review. We have a similar situation in Fiber to the Home Three and Fiber to the Home Four, funded in part by RUS loans. All these projects are directly affected by the FCC's new rules because they were funded in part by twenty year loans premised on federal support as it existed at the time of the loans. We have great difficulty with rules that in effect reach back retroactively to render actions already completed as unsupported. But that is the result of the FCC's new rule on USF reform. Pine has been left high and dry when it comes to the ability to repay our recently incurred obligations for capital projects to build out the unserved Three Rivers Exchange areas in Oregon and to modernize service in and around Halfway. To take away the revenue stream upon which the twenty year RUS loans were premised leaves Pine scrambling. We are looking for other revenue sources to meet our loan obligations.

Q. What is the overall effect of the FCC's rules on a going forward basis?

A. The areas that Pine serves cannot be self supporting under any scenario. There just is not a business case that will work without universal service support. Some of our capital improvements, if made without any support, would take well over fifty years to recover the cost of the investment without any return being made. Up to this time, in most cases, the big companies have been unwilling to take on these types of investments in rural areas. This left

smaller companies, like Pine, to fill the gaps using assistance through our RUS loans at low interest rates coupled with support from the federal USF and state assistance to fill the gaps. Our perception is we are now being penalized by the FCC for having done so especially given the retroactive effect of the FCC's new rule.

Q. What approach are you taking to try to address service needs on a foregoing basis?

A. Since the FCC's rule was adopted, Pine Telephone has reworked its technology to be able to give the greatest amount of service with the funds available without a loss of quality. That is our goal. We are now working very hard with fixed wireless applications to try to provide more for less. However, wireless requires spectrum. Fixed wireless requires a clear line-of-sight which is not always available in the mountains and forests of Oregon. Fixed wireless technology's capacity has an upper limitation that is far lower than fiber optic cable. What we envision is that we will be able to serve customers in remote locations for the time being, but at some point in the future, with all the applications that are out there and new unforeseen applications that will emerge, we anticipate that at some point fixed wireless will be incapable of carrying everything needed to provide all of the services rural Oregon customers need.

Q. How do you think service obligations will be satisfied?

A. When Pine undertook the service obligations as a carrier of last resort in the unserved areas that it looked to serve, Pine understood that there was and is a need to provide service even though it is expensive to provide that service. The question that is now before us is whether, as our economies have become increasingly dependent upon communications and internet, pockets of customers in rural Oregon should be left behind. We do not think so. We think reform and new

rules should be applied on a prospective, not retroactive, basis so that investments can be made in a prudent fashion given the rules that are in effect at the time the investments are made. This is the only way to allow companies to meet their carrier of last resort obligations.

Q. In your view, what is the role for the Oregon Universal Service Fund in all of this?

A. I believe the OUSF can serve a very important role in meeting the needs for rural Oregon. Prior to this year, Pine did not draw from the OUSF. That was because the original draw was set in 2003 and at that time Pine had not begun its large investments in unserved areas and modernization. As a result, Pine's costs for serving just the Halfway area were relatively low compared to the Oregon Commission's formulas for calculating costs of service and support for those costs. However, over the past decade, Pine has made significant investments in rural Oregon. As a result, Pine is projected to receive support from Oregon for the first year of the 2012 triennium in the amount of \$784,582. This state support is extremely important to us and will help us work our way through the consequences of the FCC reductions in intercarrier compensation and federal USF support. I think it is very important for the OUSF to continue forward on the cost basis that it uses today to reflect the cost of investment made to serve rural Oregon. Otherwise Pine and many other Oregon companies who tried to provide better service to their customers with newer technology will experience extreme economic hardships.

Q. Does that conclude your opening testimony?

A. Yes.