

Small Rural Price Cap Carriers' Rates of Return 1994 to 2003

APPENDIX A-1

REPORTING ENTITY	USF CAT 1.3 LOOPS*	INTERSTATE RATE OF RETURN* 2003	INTERSTATE RATE OF RETURN* 2002	INTERSTATE RATE OF RETURN* 2001	INTERSTATE RATE OF RETURN* 2000	INTERSTATE RATE OF RETURN* 1999	INTERSTATE RATE OF RETURN* 1998	INTERSTATE RATE OF RETURN* 1997	INTERSTATE RATE OF RETURN* 1996	INTERSTATE RATE OF RETURN* 1995	INTERSTATE RATE OF RETURN* 1994
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Citizens Telecommunications Cos. (Tariff 4)	297,720	35.38%	23.31%	13.08%	30.94%	"na"	"na"	"na"	"na"	"na"	"na"
Frontier-Tier 2 Concurring Companies, See Note A.	270,397	38.49%	33.34%	38.12%	38.95%	43.42%	45.45%	31.93%	26.91%	19.32%	17.69%
CenturyTel-Missouri (COMT), See Note B.	260,515	23.20%	14.06%	17.06%	15.29%	15.29%	12.56%	12.39%	11.97%	9.57%	10.79%
GTE South Inc. (GTSC+COCS=GTST), See Note C.	217,451	28.92%	29.71%	32.44%	31.19%	30.70%	"na"	"na"	"na"	"na"	"na"
GTE South Inc. (N. Carolina - GTNC)	213,888	16.82%	23.63%	30.08%	26.44%	24.85%	27.92%	24.48%	23.83%	14.99%	19.02%
GTE North Inc. (COIN), See Note D.	199,558	47.29%	46.00%	46.55%	47.67%	41.40%	34.61%	33.26%	29.02%	23.27%	22.44%
Frontier Communications of Minnesota & Iowa, See Note E.	184,622	32.16%	31.15%	25.24%	33.16%	35.40%	29.28%	28.26%	23.71%	21.90%	19.65%
CenturyTel-Alabama South, See Note F.	167,594	34.53%	31.57%	24.02%	20.24%	22.23%	17.59%	23.49%	17.68%	11.39%	11.83%
Sprint Local Telephone Cos. - Northwest, See Note G.	159,951	33.51%	34.62%	31.55%	32.77%	31.86%	32.54%	30.59%	34.55%	34.17%	29.32%
Citizens Telecommunications Cos. (Tariff 2)	146,269	16.14%	20.67%	17.30%	24.05%	15.74%	14.29%	13.25%	13.58%	"na"	"na"
GTE South Inc. (N. Carolina - CONC)	144,559	14.80%	21.15%	22.17%	17.75%	19.87%	12.78%	16.63%	11.98%	14.16%	10.75%
GTE North Inc. (COIL)	135,335	59.89%	54.01%	53.67%	44.51%	41.03%	14.11%	41.14%	36.34%	24.21%	26.48%
GTE Northwest Inc. (Idaho - GTID)	132,909	28.19%	33.02%	38.74%	34.17%	32.24%	30.89%	30.52%	23.94%	20.78%	19.60%
CenturyTel-Alabama North, See Note F.	127,882	17.17%	14.98%	14.93%	14.93%	10.88%	7.97%	15.31%	9.69%	11.88%	12.58%
Valor Oklahoma	124,517	8.69%	9.28%	11.65%	11.22%	"na"	"na"	"na"	"na"	"na"	"na"
GTE North Inc. (COPA+COQS=COPT), See Note H.	120,191	41.44%	39.35%	39.71%	41.05%	39.58%	45.97%	36.83%	40.55%	36.38%	32.60%
GTE Southwest Inc. (Texas - COTX)	118,160	10.01%	12.12%	11.90%	12.17%	17.13%	14.96%	18.10%	22.42%	14.62%	8.29%
ALLTEL-Kentucky London (COKY), See Note I.	103,326	26.26%	28.76%	30.95%	20.60%	9.55%	5.97%	6.62%	4.49%	4.79%	5.56%
ALLTEL-Missouri (GTMO), see Note B.	97,749	47.17%	35.49%	23.92%	19.15%	11.82%	16.08%	17.88%	19.84%	17.18%	18.20%
GTE Northwest Inc. (Washington - COWA)	89,494	37.26%	31.49%	40.06%	39.49%	39.17%	30.41%	31.85%	29.43%	22.24%	18.07%
GTE North/CONTEL Systems of South(GTMI+GLMI=GAMI)	55,961	15.11%	16.65%	17.49%	16.50%	15.75%	13.17%	15.33%	14.85%	11.45%	11.10%
Valor New Mexico #1193	48,995	20.42%	16.82%	8.39%	13.35%	"na"	"na"	"na"	"na"	"na"	"na"
Valor New Mexico #1164	47,453	18.45%	15.88%	11.45%	20.67%	"na"	"na"	"na"	"na"	"na"	"na"
GTE California, Inc. (Nevada - CONV)	40,095	28.50%	24.07%	26.66%	28.82%	20.57%	24.01%	31.44%	25.50%	19.15%	27.39%
Micronesian Telecomm Corp (N. Mariana Islands - GTMC)	22,206	33.91%	32.75%	21.83%	23.58%	29.24%	34.45%	21.17%	15.49%	7.49%	2.53%
Citizens Telecommunications Cos. (Tariff 5), See Note J.	10,371	40.37%	4.90%	0.86%	-11.23%	"na"	"na"	"na"	"na"	"na"	"na"

(\*) The USF Cat 1.3 Loop data are from the 2003 NECA USF Data Submission released October 2003 for base period 2002. The prior years' rates of return are as reported on the Interstate Rate of Return Summaries, released annually by the FCC, and from the FCC Form 492 initial reports filed for 2003.

Notes:

- A. The Frontier Tier 2 concurring carriers consist of 25 study areas with less than 11,000 lines per study area on average.
- B. GTE/CONTEL-Missouri study areas purchased by CenturyTel in September 2002. Loop Count for COMT equals the sum of KS ST DBA Verizon MW and GTE-MW Verizon-MO.
- C. COCS was combined with GTSC in 1999 to form a new entity operating as GTST.
- D. The GTE North-Indiana line data is the sum of the line data reported by Verizon N-IN (CONTEL) and Verizon N-IN (ALLTEL).
- E. Frontier of Minnesota and Iowa loop count equals the sum of Frontier of Iowa and Frontier of Minnesota.
- F. GTE/CONTEL-Alabama study areas purchased by CenturyTel in September 2002.
- G. Sprint Northwest loop count equals the sum of UTC of the NW-Wa and UTC of the NW-OR.
- H. Line data equals the sum of Verizon N-PA(Quaker and Verizon N-PA (CONTEL).
- I. GTE/CONTEL Kentucky study areas purchased by ALLTEL in August 2002.
- J. Citizens acquired these assets from Qwest on November 1, 2000.