

KIN Network, Inc.

TARIFF F.C.C. NO. 1

DESCRIPTION AND JUSTIFICATION

Transmittal No. 05

January 25, 2001

SECTION	DESCRIPTION
1	Description and Justification
2	Cost Development

SECTION 1

DESCRIPTION and JUSTIFICATION

DESCRIPTION

This filing is being made to decrease both the switched access and access transport rates in KIN Network, Inc. F.C.C. No. 1.

JUSTIFICATION

This filing is being made subject to §61.38 (b)(2) of the Annotated F.C.C Rules as revised February 1, 1998.

SECTION 2

COST DEVELOPMENT

Switched Access

The direct investment required to switch the traffic was determined from discussions with our outside plant and engineering departments. The cost of this equipment was developed based on ALLTEL's purchase price at the time the investment was put into service.

After the direct investment was determined for the service ALLTEL calculated an indirect investment factor using data from 3rd quarter 2000 costs as a ratio of indirect investment to total investment. This ratio was applied to the direct investment to develop a total investment for the service.

ALLTEL then applied the effective tax rate to a rate of return to develop a before tax rate of return to use with the contract life to determine an annual amortized cost.

Next, an operating expense percentage, developed as a percent of investment from 3rd quarter 2000 costs to the total investment, was applied to determine an annual operating expense amount.

The annual revenue was then divided by a forecasted annual demand to arrive at the per minute rate.

The calculation of the switched access rate can be found in Exhibit Switched Access.

Access Transport

The direct investment required to transport the traffic was determined from discussions with our outside plant and engineering departments. The cost of this equipment was developed based on ALLTEL's purchase price at the time the investment was put into service.

After the direct investment was determined for the service ALLTEL calculated an indirect investment factor using data from 3rd quarter 2000 costs as a ratio to total investment. This ratio was applied to the direct investment to develop a total investment for the service.

ALLTEL then applied the effective tax rate to a rate of return to develop a before tax rate of return to use with the contract life to determine an annual amortized cost.

Next, an operating expense percentage, developed as a percent of investment from 3rd quarter 2000 costs to the total investment, was applied to determine an annual operating expense amount.

The annual revenue was then divided by a forecasted annual demand to arrive at the per minute rate.

The calculation of the access transport rate can be found in Exhibit Access Transport.

Exhibit Switched Access

Calculation of Kin Network Switched Access Rate

1.	Direct Investment		\$ 6,142,000.00
2.	Indirect Investment Factor		12.00% \$ 737,040.00
3.	Total Investment	(Ln 1 + Ln2)	\$ 6,879,040.00
4.	Rate of Return		11.25%
5.	Effective Tax Rate		35.00%
6.	Before Tax Rate of Return	Ln 4/(1-Ln5)	17.31%
7.	Economic Life (Years)		20
8.	Annual Payment	Pmt(Ln 6,7,3)	\$1,241,588.72
9.	Operating Expense Factor		17.50%
10.	Annual Operating Expense	Ln 3 * Ln 9	\$ 1,203,832.00
11.	Total Annual Revenue	Ln 8 + Ln 10	\$ 2,445,420.72
12.	Annual Demand		194,087,628
13.	Rate per MOU	Ln 11 / Ln 12	\$ 0.012600

Exhibit Access Transport

Calculation of Kin Network Access Transport Rate

1.	Direct Investment		\$ 2,242,600.00
2.	Indirect Investment Factor	12.00%	\$ 269,112.00
3.	Total Investment	(Ln 1 + Ln2)	\$ 2,511,712.00
4.	Rate of Return		11.25%
5.	Effective Tax Rate		35.00%
6.	Before Tax Rate of Return	Ln 4/(1-Ln5)	17.31%
7.	Economic Life (Years)		20
8.	Annual Payment	Pmt(Ln 6,7,3)	\$453,335.54
9.	Operating Expense Factor		17.50%
10.	Annual Operating Expense	Ln 3 * Ln 9	\$ 439,549.60
11.	Total Annual Revenue	Ln 8 + Ln 10	\$ 892,885.14
12.	Annual Demand		194,087,628
13.	Rate per MOU	Ln 11 / Ln 12	\$ 0.004600