



ALLTEL Corporation
Cost Support for DSL Promotional Filing
1st Quarter 2004

Promotion Description: \$11.00 per month for the first 3 months for Tier Four			
ALLTEL Markets: All			
Months of Promotion: 3			
Months of Discounted Rate: 3			
Months Customer Must Retain Service: 12			
Study Months: 24			
Promotion Period:	<u>Start</u> Jan-04	<u>Stop</u> Mar-04	<u>Months Until Start Date (2)</u> 1.0

Description	Current	Forecast	Promotion
(a)	(b)	(c)	(d)
1. DSL Rate	\$21.00	\$21.00	\$11.00
2. Average Monthly DSL Customer Growth Rate		4.25%	
3. Estimated Promotion Generated Customer Increase			600
4. Estimated Customer Retention After Promotion			75.00%
5. Estimated Monthly DSL Customers	17,955	18,927	
6. Current DSL Revenue Requirement @ 9/30/03	\$4,528,577		
7. Estimated Revenue Requirement Increase per Month		1.00%	
8. Estimated Revenue Requirement Through Promotion		\$10,484,663	

Description	Source	Current	Jan-04	Feb-04	Mar-04	Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Jan-05	Feb-05
9. Monthly Revenue Requirement	Cost Study	\$377,381	\$388,703	\$392,590	\$396,516	\$400,481	\$404,486	\$408,531	\$412,616	\$416,742	\$420,909	\$425,119	\$429,370	\$433,663	\$438,000	\$442,380
Current DSL Revenue:																
10. Current Customer Demand	Forecast	17,955	18,927	18,927	18,927	18,927	18,927	18,927	18,927	18,927	18,927	18,927	18,927	18,927	18,927	18,927
11. Current Rate	Line 1(b)	\$21.00	\$21.00	\$21.00	\$21.00	\$21.00	\$21.00	\$21.00	\$21.00	\$21.00	\$21.00	\$21.00	\$21.00	\$21.00	\$21.00	\$21.00
12. Current Customer Revenues	Line 10 * Line 11	\$377,055	\$397,467	\$397,467	\$397,467	\$397,467	\$397,467	\$397,467	\$397,467	\$397,467	\$397,467	\$397,467	\$397,467	\$397,467	\$397,467	\$397,467
Forecasted DSL Revenue Increase Excluding Promotion:																
13. Forecasted New Customer Demand	Prior L.13+[L.2c * (L.10+Prior L.13)]		804	1,643	2,517	3,429	4,379	5,369	6,402	7,478	8,600	9,770	10,990	12,262	13,587	14,969
14. Net Customers Billed at Forecasted Rate	1/2 Curr. Mo. + Prior L.13		402	1,224	2,080	2,973	3,904	4,874	5,885	6,940	8,039	9,185	10,380	11,626	12,924	14,278
15. Forecasted Rate	Line 1(c)		\$21.00	\$21.00	\$21.00	\$21.00	\$21.00	\$21.00	\$21.00	\$21.00	\$21.00	\$21.00	\$21.00	\$21.00	\$21.00	\$21.00
16. Forecasted New Customer Revenues	Line 14 * Line 15		\$8,446	\$25,697	\$43,682	\$62,431	\$81,976	\$102,353	\$123,595	\$145,740	\$168,827	\$192,894	\$217,984	\$244,141	\$271,409	\$299,837
Forecasted DSL Promotion Revenue:																
17. Promotion Generated Customer Increase	Line 3(d) Phased In		200	400	600	600	600	600	600	600	600	600	600	600	588	575
18. Billed at Promotional Rate	Line 17 for 3 months		100	300	500	500	300	100	0	0	0	0	0	0	0	0
19. Billed at Full Rate	After 12 mo. = L.17 - L.18		0	0	0	100	300	500	600	600	600	600	600	600	588	575
20. Promotion Rate For 3 Months	Line 1(d)		\$11.00	\$11.00	\$11.00	\$11.00	\$11.00	\$11.00	\$11.00	\$11.00	\$11.00	\$11.00	\$11.00	\$11.00	\$11.00	\$11.00
21. Full DSL Rate After Promotion	Line 1(c)		\$21.00	\$21.00	\$21.00	\$21.00	\$21.00	\$21.00	\$21.00	\$21.00	\$21.00	\$21.00	\$21.00	\$21.00	\$21.00	\$21.00
22. Promotion Customer Revenues	(L.18*L.20)+(L.19*L.21)		\$1,100	\$3,300	\$5,500	\$7,600	\$9,600	\$11,600	\$12,600	\$12,600	\$12,600	\$12,600	\$12,600	\$12,600	\$12,338	\$12,075
23. Ordinary Customer Growth	Line 13		804	1,643	2,517	3,429	4,379	5,369	6,402	7,478	8,600	9,770	10,990	12,262	13,587	14,969
24. Percent Taking Promotion	Input		80.00%	80.00%	80.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
25. Forecasted Taking Promotion Rate	Line 23 * Line 24		644	1,314	2,014	2,014	2,014	2,014	0	0	0	0	0	0	0	0
26. Billed at Promotional Rate	1/2 Curr.+Prior L.25 - 3 mo.		322	979	1,664	1,692	1,035	350	0	0	0	0	0	0	0	0
27. Discount Amount	Line 1(d) - Line 1(c)		-\$10.00	-\$10.00	-\$10.00	-\$10.00	-\$10.00	-\$10.00	-\$10.00	-\$10.00	-\$10.00	-\$10.00	-\$10.00	-\$10.00	-\$10.00	-\$10.00
28. Revenue Loss on Ordinary Customer Growth	Line 26 * Line 27		-\$3,218	-\$9,790	-\$16,641	-\$16,920	-\$10,348	-\$3,497	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
29. Net Promotional Revenues	Line 22 + Line 28		-\$2,118	-\$6,490	-\$11,141	-\$9,320	-\$748	\$8,103	\$12,600	\$12,600	\$12,600	\$12,600	\$12,600	\$12,600	\$12,338	\$12,075
30. Total Revenues	L.12 + L.16 + L.29		\$377,055	\$403,796	\$416,675	\$430,008	\$450,578	\$478,695	\$507,923	\$533,662	\$555,807	\$578,894	\$602,961	\$628,051	\$654,208	\$681,214
31. Total Revenues less Revenue Requirement Before Promotion	L.12 + L.16 - L.9		-\$326	\$17,210	\$30,575	\$44,633	\$59,417	\$74,958	\$91,289	\$108,446	\$126,465	\$145,384	\$165,242	\$186,082	\$207,945	\$230,876
32. Total Revenues less Revenue Requirement After Promotion	Line 30 - Line 9		-\$326	\$15,093	\$24,085	\$33,492	\$50,097	\$74,210	\$99,392	\$121,046	\$139,065	\$157,984	\$177,842	\$198,682	\$220,545	\$243,214

Notes:

- 1) Assumed 1% monthly increase in revenue requirement to handle customer growth.
- 2) Current customer data is as of December 4, 2003.
- 3) Data is for all ALLTEL companies except those covered by the NECA access tariff.
- 4) Customer counts and revenue requirement are for Tier 4 customers only.

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ALLTEL Markets: **All**
Months of Promotion: **3**
Months of Discounted Rate: **3**
Months Customer Must Retain Service: **12**
Study Months: **24**
Promotion Period: **Start Jan-04**

Description	
(a)	
1. DSL Rate	
2. Average Monthly DSL Customer Growth Rate	
3. Estimated Promotion Generated Customer Increase	
4. Estimated Customer Retention After Promotion	
5. Estimated Monthly DSL Customers	
6. Current DSL Revenue Requirement @ 9/30/03	
7. Estimated Revenue Requirement Increase per Month	
8. Estimated Revenue Requirement Through Promotion	

Description	Source	Mar-05	Apr-05	May-05	Jun-05	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05	Total
9. Monthly Revenue Requirement	Cost Study	\$446,804	\$451,272	\$455,785	\$460,343	\$464,946	\$469,595	\$474,291	\$479,034	\$483,825	\$488,663	\$10,484,663
Current DSL Revenue:												
10. Current Customer Demand	Forecast	18,927	18,927	18,927	18,927	18,927	18,927	18,927	18,927	18,927	18,927	18,927
11. Current Rate	Line 1(b)	\$21.00	\$21.00	\$21.00	\$21.00	\$21.00	\$21.00	\$21.00	\$21.00	\$21.00	\$21.00	\$21.00
12. Current Customer Revenues	Line 10 * Line 11	\$397,467	\$397,467	\$397,467	\$397,467	\$397,467	\$397,467	\$397,467	\$397,467	\$397,467	\$397,467	\$9,539,208
Forecasted DSL Revenue Increase Excluding Promotion:												
13. Forecasted New Customer Demand	Prior L.13+[L.2c * (L.10+F	16,409	17,911	19,477	21,109	22,811	24,584	26,434	28,361	30,371	32,466	14,256
14. Net Customers Billed at Forecasted Rate	1/2 Curr. Mo. + Prior L.13	15,689	17,160	18,694	20,293	21,960	23,697	25,509	27,398	29,366	31,419	13,579
15. Forecasted Rate	Line 1(c)	\$21.00	\$21.00	\$21.00	\$21.00	\$21.00	\$21.00	\$21.00	\$21.00	\$21.00	\$21.00	\$21.00
16. Forecasted New Customer Revenues	Line 14 * Line 15	\$329,472	\$360,367	\$392,575	\$426,152	\$461,156	\$497,647	\$535,689	\$575,349	\$616,693	\$659,795	\$6,843,908
Forecasted DSL Promotion Revenue:												
17. Promotion Generated Customer Increase	Line 3(d) Phased In	563	550	538	525	513	500	488	475	463	450	534
18. Billed at Promotional Rate	Line 17 for 3 months	0	0	0	0	0	0	0	0	0	0	75
19. Billed at Full Rate	After 12 mo. = L.17 - L.18	563	550	538	525	513	500	488	475	463	450	459
20. Promotion Rate For 3 Months	Line 1(d)	\$11.00	\$11.00	\$11.00	\$11.00	\$11.00	\$11.00	\$11.00	\$11.00	\$11.00	\$11.00	\$11.00
21. Full DSL Rate After Promotion	Line 1(c)	\$21.00	\$21.00	\$21.00	\$21.00	\$21.00	\$21.00	\$21.00	\$21.00	\$21.00	\$21.00	\$21.00
22. Promotion Customer Revenues	(L.18*L.20)+(L.19*L.21)	\$11,813	\$11,550	\$11,288	\$11,025	\$10,763	\$10,500	\$10,238	\$9,975	\$9,713	\$9,450	\$245,025
23. Ordinary Customer Growth	Line 13	16,409	17,911	19,477	21,109	22,811	24,584	26,434	28,361	30,371	32,466	14,256
24. Percent Taking Promotion	Input	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
25. Forecasted Taking Promotion Rate	Line 23 * Line 24	0	0	0	0	0	0	0	0	0	0	417
26. Billed at Promotional Rate	1/2 Curr.+Prior L.25 - 3 mo	0	0	0	0	0	0	0	0	0	0	252
27. Discount Amount	Line 1(d) - Line 1(c)	-\$10.00	-\$10.00	-\$10.00	-\$10.00	-\$10.00	-\$10.00	-\$10.00	-\$10.00	-\$10.00	-\$10.00	-\$10.00
28. Revenue Loss on Ordinary Customer Growth	Line 26 * Line 27	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	-\$60,413
29. Net Promotional Revenues	Line 22 + Line 28	\$11,813	\$11,550	\$11,288	\$11,025	\$10,763	\$10,500	\$10,238	\$9,975	\$9,713	\$9,450	\$184,612
30. Total Revenues	L.12 + L.16 + L.29	\$738,752	\$769,384	\$801,329	\$834,644	\$869,385	\$905,614	\$943,394	\$982,791	\$1,023,873	\$1,066,712	\$16,567,728
31. Total Revenues less Revenue Requirement Before Promotion	L.12 + L.16 - L.9	\$280,135	\$306,562	\$334,257	\$363,276	\$393,677	\$425,519	\$458,865	\$493,781	\$530,336	\$568,599	\$5,898,453
32. Total Revenues less Revenue Requirement After Promotion	Line 30 - Line 9	\$291,948	\$318,112	\$345,545	\$374,301	\$404,439	\$436,019	\$469,103	\$503,756	\$540,048	\$578,049	\$6,083,065

Notes:
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