

ALLTEL TELEPHONE SYSTEM
TARIFF F.C.C. NO. 1 & 3
DESCRIPTION AND JUSTIFICATION

Transmittal No. 133

December 17, 2003

SECTION	DESCRIPTION
1	Description and Justification
2	Factor Development

SECTION 1

DESCRIPTION and JUSTIFICATION

DESCRIPTION

This filing is being made to change the Federal Universal Service Contribution factor charged on Centrex and non-Centrex Multi-Line Business Lines listed in ALLTEL Telephone System Tariff F.C.C No. 1 and ALLTEL Telephone System Tariff F.C.C No. 3.

JUSTIFICATION

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

SECTION 2

FACTOR DEVELOPMENT

Factor Development

USF Base Factor

The Commission released its *Proposed Fourth Quarter 2003 Contribution Factor*, DA 03-3866, on December 4, 2003. The Commission proposed a USF factor of 8.7%, a decrease from the previous factor of 9.2%. As a result, this filing seeks to implement the reduced factor.

USF Factor Reallocation

On March 14, 2003, the FCC released and adopted FCC 03-58. This Order allows, on an interim basis, carriers to continue to recover through the federal universal service line item certain contribution costs associated with Centrex customers on a per line basis from multi-line business customers.

To derive the factors that would need to be charged to multi-line business and Centrex customers, ALLTEL first calculated our USF contribution by multiplying total multi-line business lines by the current subscriber line charge (SLC) and then by the current USF contribution factor of 8.7%. Next, ALLTEL determined the number of lines that would be subject to the charge based on the Commission Order allowing Centrex customers to be charged at the rate of 1 full charge for every 9 Centrex lines. ALLTEL next determined the USF chargeable revenue by multiplying the adjusted lines by the current SLC rate. ALLTEL's USF contribution, calculated earlier, was then divided by this USF chargeable revenue to determine the factor that would need to be applied to the chargeable lines. Because it is cost prohibitive to modify our billing system to allow one full USF charge for every 9 Centrex lines, ALLTEL has chosen to divide the full factor by 9 and apply this factor to every Centrex line. Exhibit USF shows how ALLTEL derived the percentage to charge multi-line business customers as well as Centrex customers.

Exhibit USF

ALLTEL Communications, Inc.

MLB & Centrex USF Factor Calculation

Region	Company Name	MLB A	Centrex C	% Centrex of MLB D = C / B	MLB SLC Rate E	MLB I/S Retail Revenue F = E * B	MLB USF Contribution G = F * 8.7%	Adj MLB Lines H = B - (C * 8/9)	USF Chargeable I = E * H	MLB Revenue	Recovery Factor J = NECA or G / I	Non Centrex per Line Factor K = J	Centrex Per Line Factor L = K / 9
NE	KENTUCKY ALLTEL _ LEXINGTON	41,463	30,939	0.746183344	\$ 9.20	\$ 381,459.60	\$ 33,186.99	13,962	\$	128,447.33	0.2583704	25.8%	2.9%
NE	KENTUCKY ALLTEL _ LONDON	3,129	1,631	0.521252796	\$ 9.20	\$ 28,786.80	\$ 2,504.45	1,679	\$	15,448.84	0.1621126	16.2%	1.8%
SE	ALLTEL GEORGIA COMM CORP	64,240	40,496	0.630386052	\$ 8.41	\$ 540,258.40	\$ 47,002.48	28,244	\$	237,528.30	0.1978816	19.8%	2.2%
SE	GEORGIA ALLTEL TELECOM	11,806	7,423	0.628748094	\$ 8.41	\$ 99,288.46	\$ 8,638.10	5,208	\$	43,797.41	0.1972285	19.7%	2.2%
WE	ALLTEL NEBRASKA	69,453	36,125	0.520135919	\$ 5.73	\$ 396,576.63	\$ 34,502.17	37,342	\$	213,969.02	0.1612484	16.1%	1.8%