

ALLTEL TELEPHONE SYSTEM
TARIFF F.C.C. NO. 3
DESCRIPTION AND JUSTIFICATION
Transmittal No. 157
January 17, 2006

SECTION	DESCRIPTION
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2	Cost Development

SECTION 1

DESCRIPTION and JUSTIFICATION

DESCRIPTION

This filing is being made to add Local Number Portability (LNP) Query Service for Kentucky Alltel to 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

COST DEVELOPMENT

Cost Development

LNP Investment and Expenses

Based on information provided by Alltel's engineering and accounting departments, the direct investment and expenses related to LNP were determined. Direct investment and expenses are based on actual amounts spent to date along with estimates for the period from 2006 through 2010.

Investments and expenses used solely for LNP were allocated between each of Alltel's business units; ILEC, CLEC, and wireless. The allocation to Kentucky Alltel is based on a percent of use for each unit, either queries or lines, and is shown on the Exhibit called Cost Allocation To ILEC.

The portion allocated to the Kentucky Alltel is apportioned between dedicated and shared components as shown on the Exhibit called ILEC Installed Investment and Expense. Shared investment and expenses are allocated between LNP and non-LNP services. The allocation of shared investment and expenses to LNP, plus dedicated LNP, are shown on Chart 1.

Next, the total investment and expenses relating to LNP are apportioned between rate categories. The apportionment methodology and percentages are shown on the Exhibit called Cost Apportionment Methodology and Percentages.

The LNP costs are apportioned to rate categories Prearranged Query and Database Query and shown in Exhibits Chart 3A and Chart 5A respectively.

The Exhibit called Overheads shows the calculation of overhead percentages that are used to determine the overhead costs that are added to LNP total costs.

Cost calculations for the recovery of LNP through the two categories of LNP rates are shown in Exhibits Chart 3B and Chart 5B respectively.

Forecasted demand units subject to LNP charges are based on the same time period as costs, 2006 – 2010, and anticipated growth factors. The Exhibit called Demand details the projected LNP chargeable units.

A summary of costs, demand, and rates, along with proof of LNP cost recovery over the five year period are shown on the Exhibit called Kentucky Alltel Local Number Portability Net Income worksheet.