

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

Transmittal No. 159

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SECTION 1

DESCRIPTION and JUSTIFICATION

DESCRIPTION

This filing is being made to add an 8th and 9th option to Alltel's Asymmetrical Digital Subscriber Line (ADSL) service in Alltel Telephone System Tariff F.C.C Nos. 1 and 3. The new options will be available at speeds of 6Mb downstream and either 384 or 768 KBPS upstream. Upstream speeds represent transmission from the customer's designated premise (CDP) to the Alltel connection point. Downstream speeds represent the connection from the Alltel ADSL connection point to the CDP.

The data speeds set forth in the tariff are maximum speeds. The actual speeds may be impacted by length of transport and other technical factors. Therefore, data speeds are not guaranteed.

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

Cost Development

Recurring ADSL Access Port Costs

This section describes the underlying costs and methodology used to determine the interstate costs for ADSL Access Port.

The direct investment required to provide ADSL Access Port from the CDP to the ADSL connection point was determined from discussions with our outside plant and engineering departments. The cost of this equipment was developed at the end user level based on the projected service demand.

After the direct investment was determined for the service Alltel calculated a General Support Factor using data from 3rd quarter 2005 regulated total company costs as a ratio of General Support Facilities to Total Telephone Plant. This ratio was applied to the Direct Investment to develop a Total Investment for ADSL Access Port.

Alltel then applied the effective tax rate to our authorized rate of return to develop a before tax rate of return to use with an estimated economic life to determine an annual amortized cost. Using this formula, a monthly amortized cost was developed.

Next, an operating expense percentage, developed as a percent of investment from its available 3rd quarter 2005 regulated total company costs to the total investment, was applied to determine an annual operating expense amount. This was divided by twelve (12) to arrive at a monthly expense amount.

The cost of transport incurred in providing ADSL Access Port was then added to the monthly amortized investment cost and monthly operating expense. This transport charge was determined by calculating the average distance required to transport this service in the territory in which the service is provided and applying the applicable monthly DS3 Channel Mileage Termination and Channel Mileage Facility charges. The transport charges were then divided by the capacity of ADSL customers on the DS3 circuit to arrive at the monthly transport charge to be included in the ADSL Access Port.

The monthly charges for the amortized investment cost, operating expense, and transport charge were then added to arrive at the sixty month annuity cost of providing ADSL Access Port.

Alltel then calculated the necessary monthly rate factor required to determine a monthly rate. This factor was based on the expected values of selling the service to a month-to-month customer. This factor was applied to the total sixty month annuity cost of providing the service to arrive at the monthly rate. The calculation of the ADSL Access Port charges can be found on the attached Exhibits.