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June 26, 2006

Via Electronic Submission

Marlene H. Dortch
Secretary
Federal Communications Commission
445 Twelfth Street, SW, Room
Washington, DC 20554

Re: July 1, 2006 Annual Access Charge Tariff Filings, WCB/Pricing File No. 06-15

Dear Ms. Dortch:

On June 23, 2006, AT&T Inc. ("AT&T") filed via the Commission's Electronic Tariff Filing System ("EFTS") a Petition requesting that the Commission reject, or in the alternative suspend an investigate, the annual access tariff filings of incumbent local exchange carriers ("LECs"). Due to an oversight, AT&T's filed Petition omitted the Appendix A referred to therein, which identified for the Commission's ready reference the names of the LECs, and their tariff and transmittal numbers, as to which AT&T requested the foregoing relief.

Additionally, AT&T inadvertently omitted the certificate of service identifying the representatives of the filing carriers to which it transmitted its Petition via fax as required by the Commission's March 6, 2006 order (DA 06-649).

Moreover, the filed Petition at footnotes 24 and 25 mistakenly stated that a number of LECs whose tariffs were addressed in AT&T's filing join in the interstate access tariff filed by John Staurulakis Incorporated ("JSI"). However, the Petition was in fact served by AT&T on the proper designated representatives of the LECs whose tariff filings were mistakenly ascribed to JSI.

Accordingly, AT&T is submitting through EFTS an Amended Petition of AT&T Inc. which corrects the omissions and errors described above.[1] AT&T is also serving the Amended Petition via fax on the personnel designated for that purpose by all LECs as to whose tariffs AT&T requested relief in its Petition.

1 The Amended Petition also corrects a typographical error in the caption box of the original Petition.; eliminates a reference to footnote 28 on page 9 of that filing; and renumbers footnote 29 as footnote 28.

Respectfully submitted,

/s/ Peter H. Jacoby
Peter H. Jacoby
Senior Counsel
AT&T Services, Inc.

Attachment
Amended Petition of AT&T Inc.

cc (w/att): Judth A. Nitsche, Competitive Pricing Division (via email)
David C. Bartlett (via fax)
Michael J. Schultz (via fax)
Kevin Grimes (via fax)
J. Dupree (via fax)
Scott Duncan (via fax)

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
	)	WCB/Pricing File No. 06-15
July 1, 2006	)	
Annual Access Charge Tariff Filings	)	

AMENDED PETITION OF AT&T INC.[1]

Pursuant to Section 1.773 of the Commission's rules (47 C.F.R. §1.773), AT&T Inc. ("AT&T") hereby requests that the Commission reject, or in the alternative investigate and suspend for the full five month period permitted by statute, the 2006 annual access tariff filings of the carriers listed in Appendix A to this Petition.

As AT&T shows below, analysis of these carriers' support for the proposed rates demonstrates that these charges have been improperly developed, and that as a direct result the charges are materially overstated. At a minimum, therefore, the tariff filings raise serious questions of lawfulness that require Commission action to preclude their taking effect as currently scheduled with consequent significant harm to access rate payers and end users.[2]

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1 On November 18, 2005, SBC Communications Inc. closed on its merger with AT&T Corp. The resulting company is now known as AT&T Inc. In these comments, "AT&T" refers to the merged company and its wholly-owned subsidiaries unless otherwise noted.

2 A tariff is subject to rejection when it is *prima facie* unlawful, in that it demonstrably conflicts with the Communications Act or a Commission rule, regulation or order. *See, e.g., American Broadcasting Companies, Inc.* v. *AT&T*, 663 F.2d 133, 138 (D.C. Cir. 1980); *MCI* v. *AT&T*, 94 F.C.C.2d 332, 340-41 (1983). Suspension and investigation are appropriate where a tariff raises substantial issues of lawfulness. *See AT&T* (Transmittal No. 148), Memorandum Opinion and Order, 56 RR2d 1503 (1984); *ITT* (Transmittal No. 2191), 73 F.C.C.2d 709, 716 n.5 (1979) (*citing AT&T*, 46 F.C.C.2d 81, 86 (1974)).

ARGUMENT

I. NECA HAS UNDERSTATED ITS PROJECTED REVENUES AND OVERSTATED ITS PROJECTED REVENUE REQUIREMENT FOR THE SPECIAL ACCESS CATEGORY

NECA reports that, as of April 2006, its rate of return on Special Access for the 2005 calendar year was 14.15 percent.[3] Notwithstanding that this rate of return already exceeds the authorized rate of return of 11.25 percent, NECA has proposed to increase its special access rates by 3.88 percent, or $18.635 million dollars.[4] To justify this rate increase, NECA has developed an analysis purporting to show that its most recently reported rate of return for the Special Access category will dramatically decline as a result of (a) projected revenue adjustments that reflect rate decreases in July, 2005 and April, 2006, as well as adjustments to reflect additional costs that are yet to be reported by its Special Access tariff participants, and (b) adjustments for the DSL portion of the Special Access pool predicated on the fact that a number of ILECs have recently withdrawn from NECA's pools.[5] Neither of these purported justifications withstands scrutiny.

As a threshold matter, although NECA has asserted that carriers are slow to report their costs to the pool, and that as a consequence the pools return will decline, it has also elsewhere acknowledged that these reporting issues should be *less* significant in the future as the reporting

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3 *See* NECA Transmittal No. 1129, filed June 16, 2006, Volume 1, Table 6.

4 *See* NECA Transmittal No. 1129, filed June 16, 2006, Volume 1, Table 8.

5 NECA in Transmittal No. 1129,Volume 1 Exhibit 1 provides letters detailing the number of LECs leaving the pools, from which it is apparent that the exiting service is largely DSL.

process becomes more streamlined.[6] The support for the current tariff filing does not even attempt to reconcile these facially inconsistent representations on NECA's part.

Moreover, with respect to its adjustment to reflect the ILECs that are exiting NECA's DSL pool, NECA estimates a $29.21 million reduction in Special Access pool revenues for 2005, while the corresponding reduction in related costs for that same period is only $19.139 million. According to the data provided by NECA, before accounting for the exit of these ILECs from NECA's DSL pool (i.e., when only the revenue and cost adjustments already discussed above are taken into account) the rate of return for NECA's Special Access pool was approximately 2.8 percent.[7] Because NECA's other Special Access rates are calculated based on the residual revenue left after DSL revenue, it follows that the DSL rate of return, prior to accounting for the effects of depooling, was also approximately 2.8 percent. With such an earnings level for the DSL pool, the cost for DSL services that are exiting the pool necessarily was substantially *higher* than the revenue being recovered at the prices set by NECA for DSL services.[8]

It should therefore be expected that NECA would remove *more* costs than revenues for the exiting DSL service, but as noted above the relationship is exactly the opposite. NECA has provided no justification why it is removing a significantly lower amount of costs than revenues for the exiting DSL services. The Commission should therefore, at a minimum, suspend and

6 *See* "Report on Timing of NECA Pool True-Up Submissions and FCC Form 492 Interstate Earnings Monitoring Reports," filed Jan. 14, 2005 by NECA in WC Docket No. 05-29, pp. 14-24.

7 The calculation of these earnings is set forth in Exhibit 1 attached.

8 By definition, under a rate-of-return regime a carrier's revenue requirement equals the sum of (i) allowable expenses and (ii) the authorized return multiplied by the average net plant in-service. If the actual revenue is below the revenue requirement, the company will not achieve its target earnings level.

investigate the tariff and require NECA as part of that investigation properly to justify the amount of costs and revenues being removed from its Special Access pool for the companies that will exit the NECA DSL pool. [9].

II. ALLTEL AND CONSOLIDATED COMMUNICATIONS HAVE IMPROPERLY COMPUTED THEIR ADSL REVENUES AND COSTS, THEREBY OVERSTATING THEIR SPECIAL ACCESS RATES

AT&T's analysis of the proposed tariffs indicates that large number of Alltel study areas understated their DSL revenues by at least a total of $9,175,000,[10] and that Consolidated Communications-Fort Bend and Consolidated Communications-Texas have also understated their DSL revenues by a total of at least $1,995,000.[11] By so doing, these carriers have assigned an improper amount of DSL costs to Special Access services. As a result, Alltel and Consolidated Communications Special Access customers would subsidize a large portion of those carriers' DSL services if the proposed tariffs take effect. The Commission should therefore require both companies to recompute their assignments of DSL costs, and to reduce their proposed rates for Special Access.

Alltel has identified a significant amount of DSL investment in its cost studies and has assigned these costs to COE Category 4.11.[12] In accordance with the *GTE ADSL Order*,[13] Alltel

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9 Additionally, as part of that investigation, the Commission should addresss an error by NECA in Table 6 of its tariff support. Specifically the sum of the amounts shown for the "Cost Company RRQ" do not sum to $310.880,000. In fact, the costs shown for that line sum to $305.226,000. It therefore cannot be determined with certainty how significantly this error has impacted the data reflected in Table 6, nor can it be determined whether the error impacts the projected test period revenue requirement.

10 Exhibit 2A provides AT&T calculation of the revenue understatements by Alltel.

11 Exhibit 2B provides AT&T's calculation of the revenues understatements for these Consolidated Communications study areas.

12 *See* Alltel Transmittal No. 165, filed June 16, 2006, Volume 2, page 1, COE.411DSL.

(Footnote continued on following page)

has directly assigned these costs to the interstate jurisdiction as Special Access. Because Alltel has also identified its DSL investment, AT&T was able to determine the amount of Alltel's DSL revenue requirement by developing annual carrying charge factors that approximate the return, operating expenses and taxes associated with the DSL investment and its associated general support facilities ("GSF") costs.[14]

This annual carrying charge factor was applied to the total DSL and associated GSF investment to estimate the DSL revenue requirement residing in the Special Access revenue requirement for each Alltel study area. Using this process, AT&T has determined that the DSL revenue requirement should be approximately $66,730,000 for the study areas it analyzed.[15]. AT&T then subtracted this amount from the total Special Access revenue requirement of $103,282,000 for these same study areas, resulting in a residual amount of $36,551,497 to be assigned to Special Access services. However, the Special Access revenues as determined by Alltel for these study areas amounted to $45,727,000, indicating a subsidy of $9,175,000. The

(Footnote continued from preceding page)

13 *See GTE Telephone Operating Cos.*, CC Docket No. 98-79,Memorandum Opinion and Order, FCC 98-292 (rel. Oct. 30, 1998) ("*GTE/ASDL Order*") ¶ 25.

14 AT&T determined the annual carrying charge factor for each study area by dividing the respective Special Access revenue requirement (prior to adjustments related to the Commission's *MAG* rulings) by the associated Special Access total plant in service ("TPIS") investment.

15 *See* Exhibit 2A, attached. .AT&T understands that there may be additional costs associated with ADSL that are not readily identified within Alltel's cost studies, i.e., Cable and Wire Facilities ("CWF") investment and possible incidental costs such as Capital Leases, Leasehold Improvements and Intangibles. AT&T, therefore, believes its DSL estimate is conservative.

Commission should therefore require, at a minimum reduce the rates for its Special Access customers accordingly.[16]

Like Alltel, Consolidated Communications has assigned a large portion of the DSL costs to COE Category 4.11 in the case of Fort Bend, and to COE Category 4.11 and 4.12 in the case of Texas.[17] Similarly to Alltel, Consolidated Communications has directly assigned these costs to the interstate jurisdiction as wide band Special Access. Using the process described above in this section, AT&T applied annual carrying charge factors to Fort Bend's and Texas' respective total DSL and associated GSF investment to estimate the DSL revenue requirement residing in the Special Access revenue requirement for Fort Bend and Texas and has determined that the DSL revenue requirement for both companies should be approximately $4,187,000 in the aggregate.[18]

This amount was then subtracted from the total Special Access revenue requirement of $7,924,000, resulting in a residual amount of $3,736,000 to be assigned to Special Access. However, the Special Access revenues as determined by Consolidated Communications for Fort Bend and Texas amounted to $5,732,000, indicating a subsidy of at least $1,995,000. As a result, if the proposed rates are allowed to take effect, Consolidated Communication's Special

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16 Moreover, as shown in Exhibit 2C, attached, it is apparent that the high capacity Special Access demand in Alltel study areas has increased significantly since 2004. Alltel generally has appropriately responded to the demand increases by reducing its overall high capacity rates. However, in this filing Alltel has proposed rate increases in Alabama, Missouri and New York, where healthy demand growth is evident. These rate changes, which are driven by Special Access demand growth, do not remove the DSL subsidies by Special Access services reflected in AT&T's analysis described above, nor does Alltel justify this subsidy.

17 Consolidated Communications, Transmittal No. 12, filed June 16, 2006, Part 69 cost study for 2006-2007.

18 *See* Exhibit X-4 AT&T was not able to determine the CWF Cat 2 investment associated with ADSL that are not readily identified within the cost studies and, therefore, believes its DSL estimate is conservative.

Access customers will be burdened this subsidy. Accordingly, the Commission should require Consolidated Communications to reduce the rates for its Special Access customers by at least $1,995,000.[19]

III. THE COMMISSION SHOULD SUSPEND AND INVESTIGATE THE PROPOSED ACCESS TARIFFS OF CERTAIN ILECS THAT HAVE A HISTORY OF OVEREARNINGS

The Commission has long recognized that proposed access rates of ILECs subject to rate-of-return regulation may warrant heightened scrutiny in the tariff review process where the filing carriers have a demonstrated record of earnings that substantially exceed the Commission-prescribed 11.25 per cent return.[20] For example, in 1997, the Commission suspended multiple interstate access tariffs where statistical analyses showed that the projections in those tariffs had resulted in systematic errors in rates, and where those errors were statistically significant.[21]

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19 Additionally, the Part 36 and Part 69 cost studies of Illinois Consolidated reflect numerous unexplained anomalies that require suspension and further investigation. Illinois Consolidated has reported an inexplicable switched traffic sensitive category rate of return of *negative* 43.89 for 2005 after having reported a cumulative rate of return of 65.21 percent for these same services during the most recent 2003- 2004 monitoring period. It has increased its corporate operations expense by nearly 200 percent (i.e., from $12,905,779 reported for 2004 in the NECA/USAC data released October 2005 to $22,659,984 for 2005). There also appears to be an inexplicable increase to the local switching rate base from $140,309 reported in 2003 to $1,596,544 in 2005. In addition, while the change in local switching plant investment was minimal (from $6,720,800 in 2003 to $6,652,720 in 2005), depreciation expense for local switching has increased from $114,515 in 2003 to $359,515 in 2005.

20 *See Represcribing the Authorized Rate of Return for Interstate Services of Local Exchange Carriers,* Order, 5 FCC Rcd. 7507 (1990), *recon.* 6 FCC Rcd. 7 193 (1 99 1) *("1990 ROR Represcription Order").* The Commission prescribed the authorized overall rate of return on investment of 11.25 per cent with certain buffer zones. *See also* 47 C.F.R. § 65.700. Specifically, rate of return ILECs are allowed to earn 0.40 percentage points over the prescribed return on each service category or 0.25 percentage points over the prescribed rate if the return is measured across the entire base.

21 *See 1997 Annual Access Tariff Filings,* CC Docket No. 97-149, Memorandum Opinion & Order, FCC 97-403, ¶¶ 19-21 (rel. Dec. 1, 1997) ("*1997 Tariff Order*").

Most recently, after AT&T and other access customers pointed out that NECA had consistently earned returns in excess of the prescribed level over an extended period of time, the Commission suspended NECA's 2004 annual access tariffs, finding that "substantial questions of lawfulness exist that warrant further investigation" of the proposed rates.[22] Following its investigation, the Commission found that -- particularly in light of NECA's prior reliance on a rate development methodology that had resulted in consistent overearnings -- NECA had failed to provide adequate information or explanations for its proposed 2004 access charges and the Commission was thus precluded from finding that those rates were just and reasonable.[23]

In their current tariff filings, several rate-of-return ILECs that have exhibited the consistent pattern of overearnings which resulted in the Commission actions described above have nonetheless either maintained their current rate levels or , in some cases, have proposed significant rate *increases* of as much as *72 percent* from their currently effective levels for

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22 *See July 1, 2004 Annual Access Charge Tariff Filings*, WCB/Pricing File No. 04-18, Order, DA 04-1997 (WCB/Pricing. Div., rel. July 1, 2004) ("*2004 Tariff Suspension Order*") ¶¶ 2, 4, 10, *citing* AT&T Petition filed June 23, 2004, pp. 2-3.

23 *See July 1, 2004 Annual Access Charge Tariff Filings*, WC Docket No. 04-372, Order Designating Issues, DA 04-3020 (WCB/Pricing, rel. Sept. 20, 2004) ("*2004 ODI*); *July 1, 2004 Annual Access Charge Tariff Filings*, WC Docket No. 04-372, Memorandum Opinion and Order, FCC 04-277 (rel. Nov. 30, 2004) ("*2004 Investigation Order*"), ¶¶ 6-24.

Because the record on investigation was inadequate to prescribe just and reasonable rates, the Commission concluded that it could not prescribe NECA's rates for the 2004-2005 tariff year. *See 2004 Investigation Order*, ¶ 25. It therefore permitted the filed rates to remain in effect, but ordered NECA to modify its earnings reporting procedures to permit better ongoing monitoring of its earnings levels throughout the 2005-2006 monitoring period. *Id.*, ¶¶ 26-32. It further held that, both in light of the original suspension and NECA's subsequent failure to justify those proposed charges, "[i]t would not be reasonable to give the 'deemed lawful' imprimatur" to those tariffs. *Id.*, ¶ 26. Therefore, as merely lawful rates, the NECA tariffs remained subject to potential formal complaints under Section 208 seeking refunds of overcharges if the rates resulted in overearnings for the monitoring period. *Id.*, ¶ 1.

service categories.[24] Another such carrier has proposed an insignificant decrease of just one percent from its current rate levels.[25] should suspend and investigate these LECs' tariffs.

AT&T has analyzed these carriers' past earning levels to determine whether their methodologies are biased towards producing a higher than authorized rate of return. That analysis shows that the amount by which these LECs have consistently overearned is *not* explained by random error. Rather, the overstatements are statistical outliers. Accordingly, consistent with Commission precedent, the Commission should suspend and investigate these LECs' tariffs.

To understand if the ILEC forecasts made during previous annual filings resulted in rates of return higher than the targeted 11.25 percent return, AT&T used a difference of means test, which the Commission has itself employed in other tariff review proceedings to identify "outliers" whose tariffs warrant further scrutiny.[26]

Specifically, AT&T analyzed the difference between each carrier's actual rates of return and the authorized return of 11.25 percent. In the absence of some bias in the ILEC's rate development process, these differences should not statistically differ from zero. The test hypothesis is that the average difference between two means is zero.[27] The t-statistic calculated

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24 These ILECs are Fort Mill Telephone Company, Illinois Consolidated Telephone Company, and Consolidated Communications of Fort Bend Company. The specific percentage increases by carriers in this group are shown in Exhibit 4, attached.

25 That ILEC is Gallatin River Communications. See Exhibit 3, p. 3 of 7, attached.

26 *See, e.g., 1997 Tariff Order* Appendix B.

27 The standard deviation of the differences, s_d, is calculated using the following equation:

$$s_d = \sqrt{\sum(di - D) / (n\text{-}1)}\ .$$

(Footnote continued on following page)

from the sample data can then be compared to the critical values of the one-tailed t-distribution at the 90 percent confidence level. If the t-statistic calculated in the foregoing manner exceeds a critical value, then there is only a 10 per cent likelihood that the true mean of the rates of return is 11.25 percent, the authorized earnings level. As shown in the charts included in Exhibit 3, separately evaluating each of the ILECs mentioned earlier, the t-statistic calculated for that carrier in every case exceeds these critical values. This discrepancy indicates that these ILECs have a systematic upward bias in their rate development process.

Accordingly, the Commission should suspend the tariffs of those LECs that have consistently earned returns in excess of the prescribed level over an extended period of time, investigate the underlying cause or causes of their persistent forecast errors, and determine whether a rate prescription is appropriate. Such action is especially imperative because otherwise these carriers' tariffs, which have been filed on a "streamlined" basis pursuant to Section 204(a)(3) of the Communications Act (47 U.S.C. § 204(a)(3), will be "deemed lawful." In that event, access customers may be foreclosed from recovering overcharges through the Section 208 formal complaint process.[28]

(Footnote continued from preceding page)

The corresponding standard deviation of the average of the differences, s_D, is calculated using the equation:

$$s_D = s_d/\sqrt{n}$$

The t-statistic is calculated using the formula = D / s_D. This statistic is compared to the statistical t-distribution with degrees of freedom equal to the number of observations minus 1

[28] *See ACS of Anchorage, Inc. v. FCC*, 290 F.3d 403 (D.C. Cir. 2002); *accord*, *Virgin Islands Tel. Co. v FCC*, . 04-1352, slip op. (D.C. Cir., April 11, 2006).

CONCLUSION

For the reasons stated above, the Commission should reject the tariff filings listed in Appendix A or, in the alternative, investigate the proposed tariff revisions , suspend the proposed rates for the full five month statutory period, and impose an accounting order with respect to those charges.

Respectfully submitted,

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June 26, 2006

APPENDIX A

TARIFFS WHICH THE COMMISSION SHOULD SUSPEND AND INVESTIGATE

RATE-OF-RETURN LEC TARIFFS

COMPANY	TARIFF NO.	TRANSMITTAL NO.
ALLTEL	1	165
ILLINOIS CONSOLIDATED TELEPHONE COMPANY	2	132
GALLATIN RIVER COMMUNICATIONS, LLC	1	25
FORT MILL TELEPHONE COMPANY (JSI)	1	120
NECA	5	1129
CONSOLIDATED COMMUNICATIONS OF TEXAS	1	12
CONSOLIDATED COMMUNICATIONS OF FORT BEND	1	12

NOTE: The above rate-of-return LEC tariffs should be suspended for one day.

EXHIBIT 1

Return Adjusted to Reflect NECA Projection and Exit Effects

(Dollars in Millions)

	Actual A/O April 2006 *	Projection adjustments*	Actuals After Rate Projection Adjustments	Exit Effects *	Actuals After Exit Adjustments
1. Revenue					
2. Average Schedule RRQ	$442.106	-$37.171	$404.935	-$29.215	$375.720
3. Cost Company RRQ	$125.112	$1.345	$126.457	-$14.139	$112.318
4. NECA Expense	$285.829	$26.904	$312.733	-$5.000	$307.733
	$5.160	$1.822	$6.982	$0.000	$6.982
5. Revenue less cost (5)=(1-2-3-4)					
6. Average PYCOS Rate Base			-$41.237		-$51.313
7. $ Return included in RRQ @11.25%=.1125*6			$486.680		486.057
8. Net revenue return RRQ =(7)-(5)			$54.7515		$54.6814
9. Actual Return = 8/6			$13.5145		$3.3684
	14.15%		2.78%		0.69%

* *The DATA in these columns* is taken from Transmittal No. 1129, Table 6.

(1) The returns assume that the PYCOS DATA IS PER Trans. 1129 COS-1(H). Note that this same rate base is used across the columns to ensure consistency across all of the columns.

EXHIBIT 2

Alltel Telephone Services Corporation
Summary of Special Access and DSL Revenue Requirements

Test Year

2006 Annual Filing	a	b	c	d=b-c	e	f=d-e
Alltel Study Areas	COE Cat 4.11 DSL Investment	Total SA Rev Rqmt Post MAG	COE Cat 4.11 DSL Rev Rqmt	Difference Remaining for SA Services	SA Revenues as filed	Amount of SA Services Subsidizing DSL Costs
Alabama	$4,440,544	$2,097,784	$1,579,663	$518,121	$748,374	($230,253)
Georgia	$82,004,091	$34,700,579	$22,041,402	$12,659,177	$13,320,795	($661,618)
Kentucky	$7,472,959	$2,522,196	$2,195,246	$326,950	$1,131,435	($804,485)
Mississippi	$919,646	$423,651	$349,031	$74,620	$168,077	($93,457)
North Carolina	$43,149,238	$15,105,744	$10,592,110	$4,513,634	$5,724,995	($1,211,361)
New York	$13,947,025	$6,867,660	$4,517,890	$2,349,770	$4,477,772	($2,128,002)
Oklahoma	$2,828,874	$1,979,446	$956,313	$1,023,133	$1,193,251	($170,118)
Pennsylvania	$32,107,202	$14,712,839	$9,414,860	$5,297,979	$6,591,016	($1,293,037)
South Carolina	$10,817,335	$3,689,086	$2,674,132	$1,014,954	$1,231,604	($216,650)
Sugarland	$11,915,556	$6,869,987	$3,339,857	$3,530,130	$3,819,227	($289,097)
Western Reserve	$31,946,277	$14,313,440	$9,070,412	$5,243,028	$7,320,636	($2,077,608)
Total	$241,548,747	$103,282,412	$66,730,915	$36,551,497	$45,727,182	($9,175,685)

	Calculation/Source			A	B
	A	**B**	**Line**	**COE Cat 4.11 DSL Inv**	**Special Access (COE & CWF Inv)**
DSL Revenue Requirement:					
Telephone Plant in Service (TPIS) Investment	Vol 2, COE.411DSL	Vol 2, COE & CWF Tot	1	$4,440,544	$5,897,019
DSL Percent of Special Access (SA) Investment	L1A/L1B		2	75.30%	
				DSL GSF Inv	**Special Access (GSF Inv)**
General Support Facilities (GSF) Investment	L3B*L2A	Vol 2, GSF Tot	3	$156,630	$208,004
Total DSL TPIS Investment	L1A+L3A		4	$4,597,174	
				Annual Carrying Charge Factor	
SA Revenue Requirement	Vol 2, REVREQ		5	$2,097,784	
SA TPIS	Vol 2, AC2001		6	$6,105,023	
Annual Carrying Charge Factor	L5A/L6A		7	34.36%	
Estimated DSL Revenue Requirement	L4A*L7A		8	**$1,579,663**	
DSL Revenues:					
Total SA Rev Rqmt post MAG	Vol 5, P10, L8+L12a		9	$2,097,784	
Proposed SA Revenues	Vol 5, P10, L13 & P11		10	$748,374	
DSL & Other Services Revenues	L9A-L10A		11	**$1,349,410**	
Amount of Special Access Services subsidizing DSL Costs	L8A-L11A		12	**$230,253**	

Source: Alltel 2006 Annual Filing Cost Support, Transmittal No. 165
Volume 2, Prospective Costs and Volume 5, Rate Development

	Calculation/Source A	Calculation/Source B	Line	A COE Cat 4.11 DSL Inv	B Special Access (COE & CWF Inv)
DSL Revenue Requirement:					
Telephone Plant in Service (TPIS) Investment	Vol 2, COE.411DSL	Vol 2, COE & CWF Tot	1	$82,004,091	$128,545,997
DSL Percent of Special Access (SA) Investment	L1A/L1B		2	63.79%	
				DSL GSF Inv	**Special Access (GSF Inv)**
General Support Facilities (GSF) Investment	L3B*L2A	Vol 2, GSF Tot	3	$4,622,615	$7,246,207
Total DSL TPIS Investment	L1A+L3A		4	$86,626,706	
				Annual Carrying Charge Factor	
SA Revenue Requirement	Vol 2, REVREQ		5	$34,557,376	
SA TPIS	Vol 2, AC2001		6	$135,816,754	
Annual Carrying Charge Factor	L5A/L6A		7	25.44%	
Estimated DSL Revenue Requirement	L4A*L7A		8	**$22,041,402**	
DSL Revenues:					
Total SA Rev Rqmt post MAG	Vol 5, P10, L8+L12a		9	$34,700,579	
Proposed SA Revenues	Vol 5, P10, L13 & P11		10	$13,320,795	
DSL & Other Services Revenues	L9A-L10A		11	**$21,379,784**	
Amount of Special Access Services subsidizing DSL Costs	L8A-L11A		12	**$661,618**	

Source: Alltel 2006 Annual Filing Cost Support, Transmittal No. 165
Volume 2, Prospective Costs and Volume 5, Rate Development

	Calculation/Source A	Calculation/Source B	Line	A COE Cat 4.11 DSL Inv	B Special Access (COE & CWF Inv)
DSL Revenue Requirement:					
Telephone Plant in Service (TPIS) Investment	Vol 2, COE.411DSL	Vol 2, COE & CWF Tot	1	$7,472,959	$8,581,221
DSL Percent of Special Access (SA) Investment	L1A/L1B		2	87.09%	
				DSL GSF Inv	**Special Access (GSF Inv)**
General Support Facilities (GSF) Investment	L3B*L2A	Vol 2, GSF Tot	3	$490,403	$563,131
Total DSL TPIS Investment	L1A+L3A		4	$7,963,362	
				Annual Carrying Charge Factor	
SA Revenue Requirement	Vol 2, REVREQ		5	$2,520,807	
SA TPIS	Vol 2, AC2001		6	$9,144,351	
Annual Carrying Charge Factor	L5A/L6A		7	27.57%	
Estimated DSL Revenue Requirement	L4A*L7A		8	**$2,195,246**	
DSL Revenues:					
Total SA Rev Rqmt post MAG	Vol 5, P10, L8+L12a		9	$2,522,196	
Proposed SA Revenues	Vol 5, P10, L13 & P11		10	$1,131,435	
DSL & Other Services Revenues	L9A-L10A		11	**$1,390,761**	
Amount of Special Access Services subsidizing DSL Costs	L8A-L11A		12	**$804,485**	

Source: Alltel 2006 Annual Filing Cost Support, Transmittal No. 165
Volume 2, Prospective Costs and Volume 5, Rate Development

	Calculation/Source A	Calculation/Source B	Line	A COE Cat 4.11 DSL Inv	B Special Access (COE & CWF Inv)
DSL Revenue Requirement:					
Telephone Plant in Service (TPIS) Investment	Vol 2, COE.411DSL	Vol 2, COE & CWF Tot	1	$919,646	$1,115,906
DSL Percent of Special Access (SA) Investment	L1A/L1B		2	82.41%	
				DSL **GSF Inv**	**Special Access** **(GSF Inv)**
General Support Facilities (GSF) Investment	L3B*L2A	Vol 2, GSF Tot	3	$43,182	$52,397
Total DSL TPIS Investment	L1A+L3A		4	$962,828	
				Annual Carrying Charge Factor	
SA Revenue Requirement	Vol 2, REVREQ		5	$423,651	
SA TPIS	Vol 2, AC2001		6	$1,168,671	
Annual Carrying Charge Factor	L5A/L6A		7	36.25%	
Estimated DSL Revenue Requirement	L4A*L7A		8	**$349,031**	
DSL Revenues:					
Total SA Rev Rqmt post MAG	Vol 5, P10, L8+L12a		9	$423,651	
Proposed SA Revenues	Vol 5, P10, L13 & P11		10	$168,077	
DSL & Other Services Revenues	L9A-L10A		11	**$255,574**	
Amount of Special Access Services subsidizing DSL Costs	L8A-L11A		12	**$93,457**	

Source: Alltel 2006 Annual Filing Cost Support, Transmittal No. 165
Volume 2, Prospective Costs and Volume 5, Rate Development

	Calculation/Source A	Calculation/Source B	Line	A COE Cat 4.11 DSL Inv	B Special Access (COE & CWF Inv)
DSL Revenue Requirement:					
Telephone Plant in Service (TPIS) Investment	Vol 2, COE.411DSL	Vol 2, COE & CWF Tot	1	$13,947,025	$20,861,310
DSL Percent of Special Access (SA) Investment	L1A/L1B		2	66.86%	
				DSL GSF Inv	**Special Access** (GSF Inv)
General Support Facilities (GSF) Investment	L3B*L2A	Vol 2, GSF Tot	3	$1,434,480	$2,145,628
Total DSL TPIS Investment	L1A+L3A		4	$15,381,505	
				Annual Carrying Charge Factor	
SA Revenue Requirement	Vol 2, REVREQ		5	$6,757,650	
SA TPIS	Vol 2, AC2001		6	$23,006,939	
Annual Carrying Charge Factor	L5A/L6A		7	29.37%	
Estimated DSL Revenue Requirement	L4A*L7A		8	**$4,517,890**	
DSL Revenues:					
Total SA Rev Rqmt post MAG	Vol 5, P10, L8+L12a		9	$6,867,660	
Proposed SA Revenues	Vol 5, P10, L13 & P11		10	$4,477,772	
DSL & Other Services Revenues	L9A-L10A		11	**$2,389,888**	
Amount of Special Access Services subsidizing DSL Costs	L8A-L11A		12	**$2,128,002**	

Source: Alltel 2006 Annual Filing Cost Support, Transmittal No. 165
Volume 2, Prospective Costs and Volume 5, Rate Development

	Calculation/Source A	Calculation/Source B	Line	A COE Cat 4.11 DSL Inv	B Special Access (COE & CWF Inv)
DSL Revenue Requirement:					
Telephone Plant in Service (TPIS) Investment	Vol 2, COE.411DSL	Vol 2, COE & CWF Tot	1	$43,149,238	$61,477,776
DSL Percent of Special Access (SA) Investment	L1A/L1B		2	70.19%	
				DSL GSF Inv	**Special Access** (GSF Inv)
General Support Facilities (GSF) Investment	L3B*L2A	Vol 2, GSF Tot	3	$2,274,585	$3,240,763
Total DSL TPIS Investment	L1A+L3A		4	$45,423,823	
				Annual Carrying Charge Factor	
SA Revenue Requirement	Vol 2, REVREQ		5	$15,091,330	
SA TPIS	Vol 2, AC2001		6	$64,718,540	
Annual Carrying Charge Factor	L5A/L6A		7	23.32%	
Estimated DSL Revenue Requirement	L4A*L7A		8	**$10,592,110**	
DSL Revenues:					
Total SA Rev Rqmt post MAG	Vol 5, P10, L8+L12a		9	$15,105,744	
Proposed SA Revenues	Vol 5, P10, L13 & P11		10	$5,724,995	
DSL & Other Services Revenues	L9A-L10A		11	**$9,380,749**	
Amount of Special Access Services subsidizing DSL Costs	L8A-L11A		12	**$1,211,361**	

Source: Alltel 2006 Annual Filing Cost Support, Transmittal No. 165
Volume 2, Prospective Costs and Volume 5, Rate Development

	Calculation/Source			A	B
	A	B	Line	COE Cat 4.11 DSL Inv	Special Access (COE & CWF Inv)
DSL Revenue Requirement:					
Telephone Plant in Service (TPIS) Investment	Vol 2, COE.411DSL	Vol 2, COE & CWF Tot	1	$2,828,874	$5,855,405
DSL Percent of Special Access (SA) Investment	L1A/L1B		2	48.31%	
				DSL GSF Inv	**Special Access (GSF Inv)**
General Support Facilities (GSF) Investment	L3B*L2A	Vol 2, GSF Tot	3	$180,658	$373,938
Total DSL TPIS Investment	L1A+L3A		4	$3,009,532	
				Annual Carrying Charge Factor	
SA Revenue Requirement	Vol 2, REVREQ		5	$1,979,446	
SA TPIS	Vol 2, AC2001		6	$6,229,344	
Annual Carrying Charge Factor	L5A/L6A		7	31.78%	
Estimated DSL Revenue Requirement	L4A*L7A		8	**$956,313**	
DSL Revenues:					
Total SA Rev Rqmt post MAG	Vol 5, P10, L8+L12a		9	$1,979,446	
Proposed SA Revenues	Vol 5, P10, L13 & P11		10	$1,193,251	
DSL & Other Services Revenues	L9A-L10A		11	**$786,195**	
Amount of Special Access Services subsidizing DSL Costs	L8A-L11A		12	**$170,118**	

Source: Alltel 2006 Annual Filing Cost Support, Transmittal No. 165
Volume 2, Prospective Costs and Volume 5, Rate Development

	Calculation/Source A	Calculation/Source B	Line	A COE Cat 4.11 DSL Inv	B Special Access (COE & CWF Inv)
DSL Revenue Requirement:					
Telephone Plant in Service (TPIS) Investment	Vol 2, COE.411DSL	Vol 2, COE & CWF Tot	1	$32,107,202	$49,500,505
DSL Percent of Special Access (SA) Investment	L1A/L1B		2	64.86%	
				DSL **GSF Inv**	**Special Access** **(GSF Inv)**
General Support Facilities (GSF) Investment	L3B*L2A	Vol 2, GSF Tot	3	$3,245,270	$5,003,317
Total DSL TPIS Investment	L1A+L3A		4	$35,352,472	
				Annual Carrying Charge Factor	
SA Revenue Requirement	Vol 2, REVREQ		5	$14,515,429	
SA TPIS	Vol 2, AC2001		6	$54,504,934	
Annual Carrying Charge Factor	L5A/L6A		7	26.63%	
Estimated DSL Revenue Requirement	L4A*L7A		8	**$9,414,860**	
DSL Revenues:					
Total SA Rev Rqmt post MAG	Vol 5, P10, L8+L12a		9	$14,712,839	
Proposed SA Revenues	Vol 5, P10, L13 & P11		10	$6,591,016	
DSL & Other Services Revenues	L9A-L10A		11	**$8,121,823**	
Amount of Special Access Services subsidizing DSL Costs	L8A-L11A		12	**$1,293,037**	

Source: Alltel 2006 Annual Filing Cost Support, Transmittal No. 165
Volume 2, Prospective Costs and Volume 5, Rate Development

	Calculation/Source			A	B
	A	B	Line	COE Cat 4.11 DSL Inv	Special Access (COE & CWF Inv)
DSL Revenue Requirement:					
Telephone Plant in Service (TPIS) Investment	Vol 2, COE.411DSL	Vol 2, COE & CWF Tot	1	$10,817,335	$14,681,202
DSL Percent of Special Access (SA) Investment	L1A/L1B		2	73.68%	
				DSL GSF Inv	**Special Access (GSF Inv)**
General Support Facilities (GSF) Investment	L3B*L2A	Vol 2, GSF Tot	3	$403,207	$547,229
Total DSL TPIS Investment	L1A+L3A		4	$11,220,542	
				Annual Carrying Charge Factor	
SA Revenue Requirement	Vol 2, REVREQ		5	$3,629,311	
SA TPIS	Vol 2, AC2001		6	$15,228,432	
Annual Carrying Charge Factor	L5A/L6A		7	23.83%	
Estimated DSL Revenue Requirement	L4A*L7A		8	**$2,674,132**	
DSL Revenues:					
Total SA Rev Rqmt post MAG	Vol 5, P10, L8+L12a		9	$3,689,086	
Proposed SA Revenues	Vol 5, P10, L13 & P11		10	$1,231,604	
DSL & Other Services Revenues	L9A-L10A		11	**$2,457,482**	
Amount of Special Access Services subsidizing DSL Costs	L8A-L11A		12	**$216,650**	

Source: Alltel 2006 Annual Filing Cost Support, Transmittal No. 165
Volume 2, Prospective Costs and Volume 5, Rate Development

	Calculation/Source A	Calculation/Source B	Line	A COE Cat 4.11 DSL Inv	B Special Access (COE & CWF Inv)
DSL Revenue Requirement:					
Telephone Plant in Service (TPIS) Investment	Vol 2, COE.411DSL	Vol 2, COE & CWF Tot	1	$11,915,556	$23,999,849
DSL Percent of Special Access (SA) Investment	L1A/L1B		2	49.65%	
				DSL GSF Inv	**Special Access (GSF Inv)**
General Support Facilities (GSF) Investment	L3B*L2A	Vol 2, GSF Tot	3	$1,475,586	$2,972,067
Total DSL TPIS Investment	L1A+L3A		4	$13,391,142	
				Annual Carrying Charge Factor	
SA Revenue Requirement	Vol 2, REVREQ		5	$6,735,029	
SA TPIS	Vol 2, AC2001		6	$27,004,072	
Annual Carrying Charge Factor	L5A/L6A		7	24.94%	
Estimated DSL Revenue Requirement	L4A*L7A		8	**$3,339,857**	
DSL Revenues:					
Total SA Rev Rqmt post MAG	Vol 5, P10, L8+L12a		9	$6,869,987	
Proposed SA Revenues	Vol 5, P10, L13 & P11		10	$3,819,227	
DSL & Other Services Revenues	L9A-L10A		11	**$3,050,760**	
Amount of Special Access Services subsidizing DSL Costs	L8A-L11A		12	**$289,097**	

Source: Alltel 2006 Annual Filing Cost Support, Transmittal No. 165
Volume 2, Prospective Costs and Volume 5, Rate Development

	Calculation/Source A	Calculation/Source B	Line	A COE Cat 4.11 DSL Inv	B Special Access (COE & CWF Inv)
DSL Revenue Requirement:					
Telephone Plant in Service (TPIS) Investment	Vol 2, COE.411DSL	Vol 2, COE & CWF Tot	1	$31,946,277	$49,780,876
DSL Percent of Special Access (SA) Investment	L1A/L1B		2	64.17%	
				DSL **GSF Inv**	**Special Access** **(GSF Inv)**
General Support Facilities (GSF) Investment	L3B*L2A	Vol 2, GSF Tot	3	$2,683,470	$4,181,567
Total DSL TPIS Investment	L1A+L3A		4	$34,629,747	
				Annual Carrying Charge Factor	
SA Revenue Requirement	Vol 2, REVREQ		5	$14,134,136	
SA TPIS	Vol 2, AC2001		6	$53,962,442	
Annual Carrying Charge Factor	L5A/L6A		7	26.19%	
Estimated DSL Revenue Requirement	L4A*L7A		8	**$9,070,412**	
DSL Revenues:					
Total SA Rev Rqmt post MAG	Vol 5, P10, L8+L12a		9	$14,313,440	
Proposed SA Revenues	Vol 5, P10, L13 & P11		10	$7,320,636	
DSL & Other Services Revenues	L9A-L10A		11	**$6,992,804**	
Amount of Special Access Services subsidizing DSL Costs	L8A-L11A		12	**$2,077,608**	

Source: Alltel 2006 Annual Filing Cost Support, Transmittal No. 165
Volume 2, Prospective Costs and Volume 5, Rate Development

Consolidated Communications Telephone Services Corporation
Summary of Special Access and DSL Revenue Requirements

Test Year

2006 Annual Filing	a	b	c	d=b-c	e	f=d-e
Consolidated Communications	**COE Cat 4.11 & Cat 4.12 DSL Investment**	**Total SA Rev Rqmt Post MAG**	**COE Cat 4.11 & Cat 4.12 DSL Rev Rqmt**	**Difference Remaining for SA Services**	**SA Revenues as filed**	**Amount of SA Services Subsidizing DSL Costs**
Fort Bend	$4,269,581	$1,740,017	$1,228,788	$511,229	$1,194,596	($683,367)
Texas	$10,444,427	$6,184,005	$2,958,594	$3,225,411	$4,537,500	($1,312,089)
Total	$14,714,008	$7,924,022	$4,187,382	$3,736,640	$5,732,096	($1,995,456)

Consolidated Communications-Fort Bend
Estimation of DSL Costs

	Calculation/Source				
	A	**B**	**Line**	**A** **COE Cat 4.11 DSL Inv**	**B** **Special Access & Wideband (COE & CWF Inv)**
DSL Revenue Requirement:					
Telephone Plant in Service (TPIS) Investment	FCC P69, WB, P6	FCC P69, SA & WB, P6	1	$4,269,581	$5,847,740
DSL Percent of Special Access (SA) Investment	L1A/L1B		2	73.01%	
				DSL GSF Inv	**Special Access (GSF Inv)**
General Support Facilities (GSF) Investment	L3B*L2A	FCC P69, SA & WB, P6	3	$878,305	$1,202,951
Total DSL TPIS Investment	L1A+L3A		4	$5,147,886	
				Annual Carrying Charge Factor	
SA Revenue Requirement	Attachment #9, P1, L21		5	$1,682,983	
SA TPIS	Attachment #9, P1, L1		6	$7,050,691	
Annual Carrying Charge Factor	L5A/L6A		7	23.87%	
Estimated DSL Revenue Requirement	**L4A*L7A**		8	**$1,228,788**	
DSL Revenues:					
Total SA Rev Rqmt post MAG	Attachment #9, P1, L24		9	$1,740,017	
Proposed SA Revenues	Attachment #9, P6 of 7		10	$1,194,596	
DSL & Other Services Revenues	**L9A-L10A**		11	**$545,421**	
Amount of Special Access Services subsidizing DSL Costs	L8A-L11A		12	**$683,367**	

Source: Consolidated Communications Companies Transmittal No. 12, Filed June 16, 2006
Prospective Part 69 Cost Studies and Attachment #9

Consolidated Communications-Texas
Estimation of DSL Costs

	Calculation/Source			A	B
	A	B	Line	COE Cat 4.11 & Cat 4.12 DSL Inv	Special Access & Wideband (COE & CWF Inv)
DSL Revenue Requirement:					
Telephone Plant in Service (TPIS) Investment	FCC P69, WB, P6	FCC P69, SA & WB, P6	1	$10,444,427	$21,628,853
DSL Percent of Special Access (SA) Investment	L1A/L1B		2	48.29%	
				DSL GSF Inv	**Special Access** (GSF Inv)
General Support Facilities (GSF) Investment	L3B*L2A	FCC P69, SA & WB, P6	3	$2,183,324	$4,521,339
Total DSL TPIS Investment	L1A+L3A		4	$12,627,751	
				Annual Carrying Charge Factor	
SA Revenue Requirement	Attachment #9, P1, L21		5	$6,126,807	
SA TPIS	Attachment #9, P1, L1		6	$26,150,192	
Annual Carrying Charge Factor	L5A/L6A		7	23.43%	
Estimated DSL Revenue Requirement	**L4A*L7A**		8	**$2,958,594**	
DSL Revenues:					
Total SA Rev Rqmt post MAG	Attachment #9, P1, L24		9	$6,184,005	
Proposed SA Revenues	Attachment #9, P6 of 7		10	$4,537,500	
DSL & Other Services Revenues	**L9A-L10A**		11	**$1,646,505**	
Amount of Special Access Services subsidizing DSL Costs	L8A-L11A		12	**$1,312,089**	

Source: Consolidated Communications Companies Transmittal No. 12, Filed June 16, 2006
Prospective Part 69 Cost Studies and Attachment #9

Alltel High Cap Special Access Demand and Rate Comparisons **Exhibit 2C**

2006 Annual Filing, June 16, 2006

		04-05 Demand			06-07 Demand			Percent Change		
		CT	CMF	CMT	CT	CMF	CMT	CT	CMF	CMT
AL	Hi Cap 1.544	825	6,441	827	1,747	13,324	1,717	111.76%	106.86%	107.62%
	Hi Cap 44.736	12	91	12	45	283	45	275.00%	210.99%	275.00%
AR	Hi Cap 1.544	10,339	170,236	8,096	15,689	287,671	13,631	51.75%	68.98%	68.37%
	Hi Cap 44.736	230	2,353	192	371	6,786	334	61.30%	188.40%	73.96%
FL	Hi Cap 1.544	4,859	58,332	4,109	7,656	83,992	6,408	57.56%	43.99%	55.95%
	Hi Cap 44.736	70	2,663	152	374	5,147	311	434.29%	93.28%	104.61%
GA	Hi Cap 1.544	25,823	266,953	21,867	44,722	447,372	38,552	73.19%	67.58%	76.30%
	Hi Cap 44.736	802	8,643	523	1,743	21,113	1,485	117.33%	144.28%	183.94%
KY	Hi Cap 1.544	1,451	6,455	1,372	1,607	6,714	1,510	10.75%	4.01%	10.06%
	Hi Cap 44.736	22	49	32	60	243	70	172.73%	395.92%	118.75%
MS	Hi Cap 1.544	452	1,984	452	372	2,208	372	-17.70%	11.29%	-17.70%
	Hi Cap 44.736	3	-	-	12	15	12	300.00%	100.00%	100.00%
MO	Hi Cap 1.544	3,775	33,901	3,692	4,851	46,638	4,665	28.50%	37.57%	26.35%
	Hi Cap 44.736	12	161	24	55	855	76	358.33%	431.06%	216.67%
NY	Hi Cap 1.544	5,676	50,939	5,254	9,628	70,526	8,571	69.63%	38.45%	63.13%
	Hi Cap 44.736	68	909	84	130	2,615	237	91.18%	187.68%	182.14%
NC	Hi Cap 1.544	16,532	90,729	14,062	26,672	134,188	19,681	61.34%	47.90%	39.96%
	Hi Cap 44.736	215	1,161	272	592	2,714	573	175.35%	133.76%	110.66%
OK	Hi Cap 1.544	2,450	22,078	2,322	5,304	56,138	4,656	116.49%	154.27%	100.52%
	Hi Cap 44.736	8	-	-	36	636	12	350.00%	100.00%	100.00%
PA	Hi Cap 1.544	16,157	114,950	14,691	23,815	157,298	21,402	47.40%	36.84%	45.68%
	Hi Cap 44.736	210	2,137	191	328	3,557	342	56.19%	66.45%	79.06%
SC	Hi Cap 1.544	3,701	9,431	3,294	5,823	13,474	4,690	57.34%	42.87%	42.38%
	Hi Cap 44.736	120	228	132	196	457	240	63.33%	100.44%	81.82%
SL	Hi Cap 1.544	11,724	18,967	9,931	17,293	30,415	13,795	47.50%	60.36%	38.91%
	Hi Cap 44.736	238	324	173	316	640	180	32.77%	97.53%	4.05%
TX	Hi Cap 1.544	1,921	17,866	1,845	3,500	32,542	3,408	82.20%	82.14%	84.72%
	Hi Cap 44.736	28	191	28	45	259	45	60.71%	35.60%	60.71%
WR	Hi Cap 1.544	17,294	100,528	17,278	23,650	139,262	21,465	36.75%	38.53%	24.23%
	Hi Cap 44.736	545	3,809	784	750	6,123	1,242	37.61%	60.75%	58.42%

Source:

04/05 Demand: Alltel Transmittal No. 138, Volume 5, Page 10

06/07 Demand: Alltel Transmittal No. 165, Volume 5, Page 11

EXHIBIT 3

Fort Mill Switched

Period	Traffic Sensitive Return	Target	Differences	Diff-Avg	(Diff-Avg)^2
1999	44.42%	11.25%	33.17%	0.223171	0.049805487
2000	37.96%	11.25%	26.71%	0.158571	0.025144898
2001	19.39%	11.25%	8.14%	-0.027129	0.000735959
2002	14.57%	11.25%	3.32%	-0.075329	0.005674394
2003	26.72%	11.25%	15.47%	0.046171	0.002131801
2004	11.66%	11.25%	0.41%	-0.104429	0.010905327
2005	0.00%	11.25%	-11.25%	-0.221029	0.048853629
		count	7		0.143251494
		# < 0	1		
		Ave. Difference	10.85%		

Standard Deviations	
of the differences	0.154516177
of the average difference	0.058401626

		Pr(T>=t)
t - stat	1.858314224	5.62%

		LEVEL OF SIGNIFICANCE
t critical*	1.939	5%
t critical*	1.439	10%

The t critical values are found using EXCEL's tdist function and its Tools-Goal Seek feature.

Illinois Consolidated Switched

Period	Traffic Sensitive Return	Target	Differences	Diff-Avg	(Diff-Avg)^2
1999	19.11%	11.25%	7.86%	-0.037517	0.0014075
2000	5.41%	11.25%	-5.84%	-0.174517	0.030456067
2001	23.92%	11.25%	12.67%	0.010583	0.000112007
2002	23.92%	11.25%	12.67%	0.010583	0.000112007
2003	46.80%	11.25%	35.55%	0.239383	0.05730438
2004	18.01%	11.25%	6.76%	-0.048517	0.002353867
2005	***				
		count	6		0.091745828
		# < 0	1		
		Ave. Difference	11.61%		

Standard Deviations	
of the differences	0.135459092
of the average difference	0.055300943

		Pr(T>=t)
t - stat	2.099723092	4.49%

		LEVEL OF SIGNIFICANCE
t critical*	2.002	5%
t critical*	1.473	10%

The t critical values are found using EXCEL's tdist function and its Tools-Goal Seek feature.

*** 2005 rate of return, -43%, not used as explained in the petition.

Gallatin River Switched

Period	Traffic-Sensitive Return	Target	Differences	Diff-Avg	(Diff-Avg)^2
2000	10.95%	11.25%	-0.30%	-0.048566	0.002358699
2001	25.46%	11.25%	14.21%	0.096534	0.009318728
2002	19.15%	11.25%	7.90%	0.033434	0.001117803
2003	14.78%	11.25%	3.53%	-0.010266	0.0001054
2004	11.71%	11.25%	0.46%	-0.040966	0.001678249
2005	12.79%	11.25%	1.54%	-0.030168	0.000910096
		count	6		0.015488976
		# < 0	1		
		Ave. Difference	4.56%		

Standard Deviations	
of the differences	0.05565784
of the average difference	0.022722218

		Pr(T>=t)
t - stat	2.005369362	5.06%

		LEVEL OF SIGNIFICANCE
t critical*	2.002	5%
t critical*	1.473	10%

The t critical values are found using EXCEL's tdist function and its Tools-Goal Seek feature.

Fort Bend Specials

Period	Traffic Sensitive Return	Target	Differences	Diff-Avg	(Dif-Avg)^2
2001	8.58%	11.25%	-2.67%	-0.80172	0.642755288
2002	22.77%	11.25%	11.52%	-0.65982	0.435362704
2003	126.66%	11.25%	115.41%	0.37908	0.14370149
2004	126.11%	11.25%	114.86%	0.37358	0.139561863
2005	159.64%	11.25%	148.39%	0.708881	0.502512021
		count	5		1.863893366
		# < 0	1		
		Ave. Difference	77.50%		

Standard Deviations	
of the differences	0.6826224
of the average difference	0.305278018

		Pr(T>=t)
t - stat	2.538735709	3.20%

		LEVEL OF SIGNIFICANCE
t critical*	2.122	5%
t critical*	1.533	10%

The t critical values are found using EXCEL's tdist function and its Tools-Goal Seek feature.

Fort Mill Specials

Period	Traffic Sensitive Return	Target	Differences	Diff-Avg	(Dif-Avg)^2
1999	29.95%	11.25%	18.70%	0.115574	0.013357456
2000	8.14%	11.25%	-3.11%	-0.102526	0.010511486
2001	9.47%	11.25%	-1.78%	-0.089226	0.007961197
2002	20.00%	11.25%	8.75%	0.016074	0.000258388
2003	30.36%	11.25%	19.11%	0.119674	0.014321976
2004	16.33%	11.25%	5.08%	-0.020626	0.000425413
2005	14.50%	11.25%	3.25%	-0.038947	0.00151685
		count	7		0.048352767
		# < 0	2		
		Ave. Difference	7.14%		

Standard Deviations	
of the differences	0.089770788
of the average difference	0.033930169

		Pr(T>=t)
t - stat	2.105074726	4.00%

		LEVEL OF SIGNIFICANCE
t critical*	1.939	5%
t critical*	1.439	10%

The t critical values are found using EXCEL's tdist function and its Tools-Goal Seek feature.

Demonstration of Projection Bias
Rate of Return Companies
Traffic Sensitive Switched Access

	t-test				
A	B	C	D	E	F
Company	Average Rate of Return	Standard Deviation of the Average Rate of Return	Cacluated t-statistic	Critical t-statistic at 90% Cofidence Level	Significant Outlier
Fort Mill	22.10%	5.84%	1.8583	1.4390	YES
Illinois Consolidated*	22.86%	5.53%	2.0997	1.4728	YES
Gallatin River	15.81%	2.27%	2.0054	1.4728	YES

Demonstration of Projection Bias
Rate of Return Companies
Special Access

	t-test				
A	B	C	D	E	F
Company	Average Rate of Return	Standard Deviation of the Average Rate of Return	Cacluated t-statistic	Critical t-statistic at 90% Cofidence Level	Significant Outlier
Fort Bend	88.75%	30.53%	2.5387	1.4390	YES
Fort Mill	18.39%	3.39%	2.1051	1.4728	YES

EXHIBIT 4

EXHIBIT ___

Rate of Return Carriers That Have Consistently Over Earned That have Filed Increases or Minimal Decreases

Specials		
Company Name	**2006 Rate Change**	**References**
Fort Mill	19%	2006 TRP, RTE-2, Row 130, (Column B/Column D) -1
Fort Bend	7%	2006 TRP, RTE-2, Row 130, (Column B/Column D) -1

Switched		
Company Name	**2006 Rate Change**	**References**
Fort Mill	70%	2006 TRP, RTE-2, (Sum of Row 140 + Row 150 + Row 160 + Row 170) (Column B/Column D) -1
Illinois Consolidated	54%	2006 TRP, RTE-2, (Sum of Row 140 + Row 150 + Row 160 + Row 170) (Column B/Column D) -1
Gallatin River	-1%	2006 TRP, RTE-2, (Sum of Row 140 + Row 150 + Row 160 + Row 170) (Column B/Column D) -1

CERTIFICATE OF SERVICE

I, Lacretia Hill, do hereby certify that copies of the "Petition of AT&T Inc." and the "Amended Petition of AT&T Inc." were served via facsimile on the parties listed on the attached sheet on June 23 and 26, 2006 respectively.

/s/ Lacretia P. Hill
Lacretia P. Hill

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