

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Alltel Florida, Inc.'s Petition )  
To Reduce Intrastate Switched Network )  
Access Rates In A Revenue Neutral )  
Manner Pursuant to Section 364.164, )  
Florida Statutes )  
\_\_\_\_\_ )

DOCKET No.: 050693-TL  
FILED: Sept. 29, 2005

**ALLTEL FLORIDA, INC.**

**Prepared Direct Testimony and Exhibits**

**of**

**Bettye J. Willis**

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**BEFORE THE PUBLIC SERVICE COMMISSION**

**DIRECT TESTIMONY**

**OF**

**BETTYE J. WILLIS**

**I. INTRODUCTION AND WITNESS BACKGROUND**

**Q. Please state your name, business address, employer and job title.**

**A.** My name is Bettye J. Willis. My business address is One Allied Drive, Little Rock, Arkansas 72202. I am employed by Alltel as Staff Manager – External Affairs.

**Q. Please describe your educational background and work experience in the telecommunications industry.**

**A.** I have a Bachelor of Arts degree in Business Administration with an emphasis in Accounting from Rhodes College in Memphis, Tennessee.

I began working for Alltel in 1992 as an analyst in the Regulatory Group, where I worked on rate designs, analyzed commission orders and communicated impacts internally. In 1993, I transferred to the Corporate Accounting Department as analyst. I completed the consolidated financial schedules for the annual report and 10K filings, as well as completed and filed the 10Q filings of Alltel Corporation. I also prepared and monitored monthly budget variances for each corporate department.

In 1995, I transferred back to the State Regulatory Affairs Department as senior analyst for regulatory matters. In this capacity I was responsible for monitoring and

1 communicating to management emerging issues at State commissions, legislatures and  
2 other governmental bodies. I was promoted to Manager – State Regulatory Matters in  
3 1996 and to Staff Manager – External Affairs in 2004, which is my current position.  
4 In this capacity I am responsible for state regulatory and legislative matters for the  
5 states of Alabama, Florida, Louisiana and Mississippi.

6  
7 **II. OVERVIEW OF TESTIMONY**

8  
9 **Q. What is the purpose of your testimony?**

10 **A.** The purpose of my testimony is to provide an overview of the relevant aspects of the  
11 legislation that govern Alltel’s rate rebalancing plan, provide a detailed explanation of  
12 Alltel’s plan, demonstrate that the plan meets the last two criteria set forth in 364.164  
13 (1) (c) and (d), Florida Statutes (“Act”), and finally explain how Alltel will implement  
14 its plan.

15  
16 **Q. Have you prepared exhibits that accompany your prepared direct testimony?**

17 **A.** Yes. Exhibits BJW-1 through BJW-8 were prepared by me or under my direction and  
18 supervision based on information contained in the business records of Alltel. These  
19 exhibits summarize and reflect the details of Alltel’s rebalancing plan.

20  
21 **Q. Please summarize your testimony.**

22 **A.** In this proceeding, Alltel asks for approval to rebalance its intrastate rates using the  
23 procedure provided in Section 364.164, Florida Statutes. My testimony provides  
24 background information about Alltel, gives an overview of Alltel’s plan, and describes

1 in detail the access reductions and basic local rate increases. I also describe how  
2 Alltel's plan meets the last two criteria of the Act, which are:

3 (c) require intrastate switched network access rate  
4 reductions to parity over a period of not less than two years  
5 or more than four years;

6 (d) be revenue neutral as defined in subsection (7) within  
7 the revenue category defined in subsection (2).

8

9 **Q. WHAT OTHER ALLTEL WITNESS IS SPONSORING TESTIMONY IN THIS**  
10 **PROCEEDING?**

11 **A.** One other witness is sponsoring direct testimony on behalf of Alltel. In his direct  
12 testimony, David C. Blessing, a principal partner of Parrish, Blessing, & Associates,  
13 Inc. (PBA), explains how Alltel's plan meets the first two criteria established by the  
14 Act, which are: (1) to remove current support for basic local telecommunications  
15 services that adversely impact competition for residential customers and (2) to  
16 demonstrate how the Plan enhances the competitive market for basic local services.  
17 Mr. Blessing also discusses economic principles that demonstrate that Alltel's plan  
18 will have beneficial effects on its end-user customers, and that local rates will remain  
19 affordable.

20

21 **III. THE LEGISLATION**

22

23 **Q. Please provide an overview of the legislation that authorizes the Commission to**  
24 **consider Alltel's rebalancing petition.**

1 A. The Act establishes a process by which incumbent local exchange carriers such as  
2 Alltel, can petition to reduce intrastate switched network access rates and offset the  
3 revenue losses resulting from such reductions by increasing basic local service rates  
4 on a revenue neutral basis. Upon a finding by the Commission that the petition meets  
5 the four criteria in 364.164(1), the local exchange company is authorized to implement  
6 a “new revenue category mechanism” consisting of basic local telecommunications  
7 services revenues and intrastate switched network access revenues to achieve revenue  
8 neutrality. The reduction in intrastate access revenues, however, cannot be offset  
9 entirely against basic monthly recurring revenues – some amount must be offset  
10 against basic non-recurring revenues. For purposes of the Act, basic local  
11 telecommunications services are defined as single line business and residential service  
12 as well as associated non-recurring charges.

13  
14 Section 364.164(1), Florida Statutes, states that in evaluating the petition, the  
15 Commission shall consider whether granting the petition will:

- 16 1. remove current support for basic local telecommunications services that  
17 prevents the creation of a more attractive competitive local exchange market  
18 for the benefit of residential consumers;
- 19 2. induce enhanced market entry;
- 20 3. require intrastate switched network access rate reductions to be at parity over a  
21 period of not less than two years nor more than four years; and
- 22 4. be revenue neutral, as that term is defined in the statute.

23  
24 The testimony and exhibits filed by Alltel make the required showing under this  
25 statute.

1 IV. BACKGROUND INFORMATION ABOUT ALLTEL

2

3 Q. Where does Alltel provide local exchange service in Florida?

4 A. Alltel provides local exchange telecommunications services to all or parts of thirteen  
5 (13) counties in North Central Florida. Alltel serves all of the counties of Suwannee,  
6 Hamilton and Lafayette, and parts of the counties of Alachua, Gilchrist, Bradford,  
7 Nassau, Marion, Putnam, Clay, Columbia, St. Johns and Union.

8

9 Q. How many exchanges has Alltel established to serve this area?

10 A. Alltel currently has twenty-seven (27) exchanges that are located at Alachua,  
11 Branford, Brooker, Callahan, Citra, Crescent City, Dowling Park, Florahome, Florida  
12 Sheriffs Boys Ranch, Fort White, Hastings, High Springs, Hilliard, Interlachen, Jasper,  
13 Jennings, Lake Butler, Live Oak, Luraville, Mayo, McIntosh, Melrose, Orange  
14 Springs, Raiford, Waldo, Wellborn, and White Springs.

15

16 Q. What is the geographical size and density of the area the Company serves?

17 A. Alltel's service territory is approximately 3,700 square miles. As of August 31, 2005,  
18 Alltel served approximately 94,208 total access lines. This equates to approximately  
19 25 access lines per square mile, which is relatively low compared to the larger local  
20 exchange companies in Florida. BellSouth's density is approximately 341 lines per  
21 square mile and Verizon's density is approximately 465 access lines per square mile.  
22 Sprint serves less urban areas than BellSouth and Verizon with a customer density of  
23 94 lines per square mile, which is still significantly higher than Alltel's customer  
24 density.

25

1 Q. What do these density figures show?

2 A. These figures reflect the type of area Alltel serves, i.e., a predominately rural  
3 agricultural area. Alltel does not serve any major urban areas or cities. As a general  
4 proposition, rural areas are more costly to serve than urban areas, both in terms of the  
5 cost of initial construction and in terms of operating and maintenance costs.  
6

7 V. ALLTEL'S RATE REBALANCING PLAN  
8

9 Q. Please summarize Alltel's Rebalancing Plan.

10 A. Alltel's plan will result in the removal of support from basic local services through a  
11 \$6 million reduction in intrastate switched network access revenue with a  
12 corresponding increase in rates for basic local residential service, single-line business  
13 service, and associated non-recurring residential and business service connection  
14 charges. Alltel's plan will be accomplished in three increments over a two-year period  
15 and is revenue neutral each year and in total. Upon Commission approval of the Plan,  
16 Alltel will file tariffs and notify customers of the rate changes that will occur.  
17

18 Q. How will Alltel comply with the provision of the Act relating to Lifeline and pay  
19 telephone access lines?

20 A. The Act provides that "Billing units associated with pay telephone access lines and  
21 Lifeline service may not be included in any calculation under this subsection."  
22

23 Alltel identified the number of Lifeline and pay telephone lines in service during the  
24 12-month period examined as required by the Act. The pay telephone lines were  
25 removed from the calculation of revenue neutrality and the current rates will not be



1 affected by rate changes associated with implementing the Act. For Lifeline  
2 customers, Alltel will reflect a Lifeline credit that is increased by the amount of the  
3 planned rate increases to residential service rates. This will ensure that there is no  
4 impact to Lifeline customers as a result of implementing the Plan.

5  
6 Of course, Alltel will also comply with other applicable laws and rules relating to  
7 Lifeline, including the 2005 amendments to Section 364.10, Florida Statutes.

8

9 **Q. What about the impact on other low-income residential consumers?**

10 **A.** As part of the Act, the Legislature wanted to assure that some low-income residential  
11 customers will not be adversely impacted by a basic service rate increase. The  
12 Legislature included a provision in the Act that expands the eligibility criteria for the  
13 Lifeline program, thereby potentially increasing the number of customers who will not  
14 be impacted by planned rate increases.

15

16 **VI. ALLTEL'S RATE REBALANCING PLAN MEETS THE CRITERIA IN THE**  
17 **ACT**

18

19 **A. The Rate Rebalancing Plan Requires Intrastate Switched Network Access**  
20 **Rate Reductions Over a Period Of Not Less Than Two Years Or More**  
21 **Than Four Years**

22

23 **Q. What provisions of the Act govern Alltel's petition to reduce its intrastate,**  
24 **switched access rates?**

1 A. The applicable provisions of the Act associated with the access reductions include the  
2 following:

3

4 Section 364.164 (1), Florida Statutes, states:

5 “Each local exchange telecommunications company may, after July 1, 2003 petition  
6 the commission to reduce its intrastate switched network access rate in a revenue  
7 neutral manner.”

8

9 Section 364.164 (5), Florida Statutes, states:

10 “If the company has 1 million or fewer access lines in service, the term “parity” means  
11 that the company’s intrastate switched network access rate is equal to 8 cents per  
12 minute. This section does not prevent the company from making further reductions in  
13 its intrastate switched network access rate, within the revenue category established in  
14 this section, below parity on a revenue-neutral basis, or from making other revenue-  
15 neutral rate adjustments within this category.”

16

17 Section 364.164 (6), Florida Statutes, states:

18 “As used in this section, the term “intrastate switched network access rate” means the  
19 composite of the originating and terminating network access rate for carrier common  
20 line, local channel/entrance facility, switched common transport, access tandem  
21 switching, interconnection charge, signaling, information surcharge, and local  
22 switching.”

23

24 Q. Are there any differences between Alltel’s interstate and intrastate switched  
25 network access rate structures?

1 A. Yes. Alltel's intrastate, switched network access rates include rates for carrier  
2 common line and interconnection charge, however the interstate rates for these  
3 elements are set at zero.

4  
5 **Q. How will Alltel reduce intrastate switched network access rates to be in parity**  
6 **with the 8 cents per minute intrastate switched network access rate referenced in**  
7 **the Act?**

8 A. Alltel proposes to lower its intrastate, switched network access rates in three  
9 installments over a two-year period pursuant to Section 364.164, Florida Statutes. The  
10 switched network access revenue reductions will be offset by increases in basic local  
11 exchange services and certain non-recurring service charges. Alltel will establish a  
12 rate structure for its intrastate switched network access rates that mirrors the rate  
13 structure for its interstate switched network access. The first installment will reduce  
14 the intrastate carrier common line charge to approximately 0.028819 and eliminate the  
15 interconnection surcharge. In the second installment, Alltel will reduce the intrastate  
16 carrier common line charge to approximately 0.019437. In the final installment, Alltel  
17 will reduce the intrastate carrier common line charge to approximately 0.010056. As  
18 described earlier, the exact resulting rate will depend on the revenue expected to be  
19 generated by the local rate increases.

20  
21 **Q. How did Alltel calculate the revenue reduction associated with the intrastate**  
22 **switched network access rate reduction?**

23 A. As specified by the Act, Alltel used the most recent 12 months actual pricing units, in  
24 this case minutes of use, in developing the revenue impact of the intrastate switched  
25 network access reduction. For purposes of this filing, the most recent available 12

1 months information is for the period from September 2004 to August 2005. Alltel  
2 applied the current intrastate switched network access rates to the actual minutes of  
3 use (pricing units) to develop the current intrastate switched network access revenues.  
4 Alltel then applied a \$6 million reduction to intrastate switched network access  
5 revenues and the remaining revenues were then used to develop the estimated  
6 intrastate switched network access rates to be in effect at the end of the two-year  
7 period. This proposal brings the intrastate switched network access rates below the  
8 required 8 cents per minute parity rate specified in Section 364.164 to an estimated 6  
9 cents per minute at the end of the two-year period.

10  
11 **Q. Does Alltel's approach result in parity between the intrastate composite switched**  
12 **network access rate and the 8 cents per minute switched network access rate?**

13 **A.** Alltel proposal goes farther than the Act's minimum to reach parity. As previously  
14 noted, Section 364.164(6), Florida Statutes, provides a comprehensive description of  
15 what is included in the term "intrastate switched network access rate." It further  
16 states: "As used in this section, the term "intrastate switched network access rate"  
17 means the composite of the originating and terminating network access rate for carrier  
18 common line, local channel/entrance facility, switched common transport, access  
19 tandem switching, interconnection charge, signaling, information surcharge, and local  
20 switching."

21  
22 I have prepared Exhibit No. \_\_\_\_ (BJW-1) through Exhibit No. \_\_\_\_ (BJW-6), which  
23 demonstrate that Alltel's access rate reduction plan will produce a composite switched  
24 intrastate switched network access rate that is less than the 8 cents per minute  
25 composite rate. Alltel's current intrastate composite switched network access rate is

1        \$0.113229 and \$0.152407 for the Modified Access Based Compensation rate  
2        (“MABC”). Alltel’s proposed rate reductions produce an intrastate switched access  
3        composite rate of approximately \$0.063194 after all increments of the planned access  
4        rate reduction are completed.

5  
6        **Q.     What is Alltel’s schedule for adjusting intrastate switched network access rates?**

7        **A.**     Alltel will reduce its intrastate switched network access rates to the target levels in  
8        three separate annual increments over a two-year period. The first annual access rate  
9        reduction will target removing the interconnection charge with the remaining  
10       reduction coming from the carrier common line rate element. The first reduction will  
11       reduce intrastate switched network access revenues approximately \$2,068,577 and will  
12       remove the disparity between the MABC access rates and intrastate InterLATA access  
13       rates. Exhibit No. \_\_\_\_ (BJW-3) provides calculations supporting the first annual  
14       access reductions.

15  
16       **Q.     What intrastate switched network access rate changes are planned for the second  
17       increment?**

18       **A.**     The second annual intrastate switched network access rate reduction will further  
19       reduce carrier common line rates. Alltel has estimated the impact of the second annual  
20       increment of the access reduction to be \$1,965,819 based on current pricing units.  
21       This calculation is shown in Exhibit No. \_\_\_\_ (BJW-4).

22  
23       **Q.     What intrastate switched network access rate changes are planned for the third  
24       increment?**

1 A. The third annual intrastate switched network access rate reductions will be equal to the  
2 second increment, which will decrease the carrier common line revenues further by  
3 \$1,965,819. This calculation is shown in Exhibit No. \_\_\_ (BJW-5).

4  
5 **Q. Does Alltel's plan comply with the provisions of the Act regarding intrastate**  
6 **switched network access rate levels?**

7 A. Yes. Based on this plan, Alltel will reduce its intrastate switched network access rates  
8 below the 8 cents per minute intrastate switched network access rate over a two-year  
9 period utilizing three separate access reductions. These changes are shown in Exhibit  
10 No. \_\_\_ (BJW-3) through Exhibit No. \_\_\_ (BJW-5). Although Alltel has estimated  
11 the impact of each increment of the access reduction, the actual reduction amount for  
12 each increment will be based on the latest 12 months pricing units at that time for  
13 switched network access and basic local telecommunications services. As a result, the  
14 impact of the access reduction for each of the three increments will likely vary from  
15 the estimated amounts; however, Alltel does not believe that the actual results will be  
16 materially different. Exhibit No. \_\_\_ (BJW-6) reflects these calculations.

17

18 **B. The Plan Is Revenue Neutral, As That Term Is Defined In The Act.**

19

20 **Q. What does the Act require regarding revenue neutrality?**

21 A. The Act requires that any access reductions be made in a revenue neutral manner.  
22 Specifically, Section 364.164(2), Florida Statutes, states:

23 the local exchange company is authorized, the requirements  
24 of section 364.051 (3) notwithstanding, to immediately  
25 implement a revenue category mechanism consisting of

1 basic local telecommunications service revenues and  
2 intrastate switched network access revenues to achieve  
3 revenue neutrality. The local exchange company shall  
4 thereafter, on 45 days' notice, adjust the various prices and  
5 rates of the services within its revenue category authorized  
6 by this section once in any 12-month period in a revenue-  
7 neutral manner.

8

9 **Q. Does Alltel's plan meet the revenue neutral requirement of the Act?**

10 **A.** Yes. To achieve the revenue neutrality required by the Act, Alltel proposes to  
11 increase rates for basic local telecommunications services over the same two-year  
12 period as the access rate reductions. As shown on Exhibit No. \_\_\_ (BJW-7), Alltel  
13 will increase basic local residential, single-line business and associated non-recurring  
14 rates in three increments over two years in amounts approximately equal to the  
15 previously described access reductions of \$6,000,215.

16

17 **Q. Describe the specific rate changes to basic local telecommunications services that**  
18 **will take place to achieve revenue neutrality.**

19 **A.** Exhibit No. \_\_\_ (BJW-8) summarizes Alltel's plan for its basic residential and single-  
20 line business local service rates as well as its non-recurring charges associated with  
21 these services for the three increments. Alltel will increase basic local residential  
22 service rates by approximately \$2.11 in each of three increments. Rates for single-line  
23 business basic local service will increase by approximately \$1.47 in each of three  
24 increments. These changes will increase basic local service revenues by a total of  
25 approximately \$5,693,454.

1        Additionally, Section 364.164(2), Florida Statutes, states: “An adjustment in rates may  
2        not be offset entirely by the company’s basic monthly recurring rate.” Therefore,  
3        Alltel will increase certain non-recurring service charges by an estimated \$305,234.  
4        As a result, Alltel will not offset access charge reductions entirely by increases in  
5        basic local service monthly recurring rates, but through a combination of recurring and  
6        non-recurring rate elements as contemplated in the Act.

7  
8        **Q.    What factors could change the actual basic local service rates increases in Alltel’s**  
9        **Plan?**

10      **A.**    The Act provides that the actual pricing changes to accomplish revenue neutrality  
11      must be based on the company’s most recent 12 months’ pricing units. As a result,  
12      changes in pricing units for both switched network access services and basic local  
13      telecommunications services will affect all three increments of Alltel’s price changes.

14  
15      **VII.   IMPLEMENTATION OF THE REBALANCING PLAN**

16  
17      **Q.    How will Alltel implement its rebalancing plan?**

18      **A.**    Upon approval by the Commission of its plan, Alltel will follow the process outlined  
19      in the Act. Alltel will implement a revenue category mechanism that consists of  
20      intrastate switched network access services, basic local residential service, basic local  
21      single-line business service, residential service connection charges and business  
22      service connection charges. Billing information will be used to determine the most  
23      recent 12 months pricing units for intrastate switched network access services and  
24      basic local telecommunications services. These pricing units will be used to determine  
25      switched network access revenue decreases and basic local telecommunications



1 services revenue increases necessary for revenue neutrality. Exhibit No. \_\_\_\_ (BJW-7)  
2 illustrates this calculation.

3  
4 Second, consistent with the Act, Alltel will file tariffs with the Commission reflecting  
5 the rate adjustments, and notify affected customers of the pending rate changes. Alltel  
6 will follow this process for all three increments of price adjustments.

7

8 **VIII. CONCLUSION**

9

10 **Q. Please summarize your testimony.**

11 **A.** Alltel's plan is consistent with the Act and results in the removal of support from basic  
12 local services through an approximate \$6 million reduction in intrastate switched  
13 network access revenue with a corresponding increase in basic local residential service  
14 rates, single-line business service rates and associated non-recurring charges by the  
15 same amount. Alltel's plan will be accomplished in three increments over a two-year  
16 period and is revenue neutral each year and in total. Alltel's plan accomplishes rate  
17 rebalancing in not less than two years or more than four years in a revenue neutral  
18 manner as required by the Act.

19

20 **Q. Does this conclude your direct testimony?**

21 **A.** Yes, it does.

22

23

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**ALLTEL FLORIDA, INC.**

**Exhibits BJW-1 through BJW-8**

**(non-confidential)**

**Exhibit 1**  
**SWITCHED ACCESS CHARGES**  
 Intrastate Premium Rates

**ALLTEL Florida, Inc.**  
 Current

	<u>Originating</u>	<u>Terminating</u>
<b>Carrier Common Line</b>	0.0304000	0.0382000
<b>Switched Transport</b>		
Local Channel/Entrance Facility*	0.0011437	0.0011437
Switched Common Transport**	0.0007600	0.0007600
Access Tandem Switching	0.0005000	0.0005000
<b>Interconnection Charge</b>	0.0022110	0.0022110
<b>Information Surcharge</b>	0.0000000	0.0000000
<b>End Office</b>		
Local Switching	0.0177000	0.0177000
<b>Feature Group D Access per Minute: Total</b>	0.0527147	0.0605147
<b>Originating + Terminating Access:</b>	<b>0.1132294</b>	

\* Local Channel/Entrance Facility  
 DS1: Per System (monthly) 133.81

Estimated MOU Equivalent\*\*\* 0.0011437

\*\* Switched Common Transport (SCT)  
 Facility (MOU/airline mile) 0.0000400  
 Termination (MOU/term.) 0.0003600

SCT - Interoffice Channel\*\*\*\* 0.0007600

\*\*\* Estimated MOU Equivalent = (DS1 monthly charge)/(24 voice grade equivalents x 4,875 MOU).

\*\*\*\* SCT Interoffice Channel = (SCT Termination) + (10 miles x SCT Facility).

**Exhibit 2**  
**SWITCHED ACCESS CHARGES**  
 Intrastate Premium Rates

**ALLTEL Florida, Inc. - MABC**  
 Current

	<u>Originating</u>	<u>Terminating</u>
<b>Carrier Common Line</b>	0.0304000	0.0382000
<b>Switched Transport</b>		
Local Channel/Entrance Facility*	0.0011437	0.0011437
Switched Common Transport**	0.0007600	0.0007600
Access Tandem Switching	0.0005000	0.0005000
<b>Interconnection Charge</b>	0.0218000	0.0218000
<b>Information Surcharge</b>	0.0000000	0.0000000
<b>End Office</b>		
Local Switching	0.0177000	0.0177000
<b>Feature Group D Access per Minute: Total</b>	0.0723037	0.0801037
<b>Originating + Terminating Access:</b>	<b>0.1524074</b>	

\* Local Channel/Entrance Facility  
 DS1: Per System (monthly) 133.81

Estimated MOU Equivalent\*\*\* 0.0011437

\*\* Switched Common Transport (SCT)  
 Facility (MOU/airline mile) 0.0000400  
 Termination (MOU/term.) 0.0003600

SCT - Interoffice Channel\*\*\*\* 0.0007600

\*\*\* Estimated MOU Equivalent = (DS1 monthly charge)/(24 voice grade equivalents x 4,875 MOU).

\*\*\*\* SCT Interoffice Channel = (SCT Termination) + (10 miles x SCT Facility).

**Exhibit 3**  
**SWITCHED ACCESS CHARGES**  
 Intrastate Premium Rates

**ALLTEL Florida, Inc.**  
 Year One

	<u>Originating</u>	<u>Terminating</u>
<b>Carrier Common Line</b>	0.028819	0.028819
<b>Switched Transport</b>		
Local Channel/Entrance Facility*	0.0011437	0.0011437
Switched Common Transport**	0.0007600	0.0007600
Access Tandem Switching	0.0005000	0.0005000
<b>Interconnection Charge</b>	0.0000000	0.0000000
<b>Information Surcharge</b>	0.0000000	0.0000000
<b>End Office</b>		
Local Switching	0.0177000	0.0177000
<b>Feature Group D Access per Minute: Total</b>	0.0489223	0.0489223
Composite Per Minute Elements	0.0470187	0.0470187
<b>Originating + Terminating Access:</b>	<b>0.0978447</b>	

\* Local Channel/Entrance Facility  
 DS1: Per System (monthly) 133.81

**Estimated MOU Equivalent\*\*\*** 0.0011437

\*\* Switched Common Transport (SCT)  
 Facility (MOU/airline mile) 0.0000400  
 Termination (MOU/term.) 0.0003600

**SCT - Interoffice Channel\*\*\*\*** 0.0007600

\*\*\* Estimated MOU Equivalent = (DS1 monthly charge)/(24 voice grade equivalents x 4,875 MOU).

\*\*\*\* SCT Interoffice Channel = (SCT Termination) + (10 miles x SCT Facility).

**Exhibit 4**  
**SWITCHED ACCESS CHARGES**  
 Intrastate Premium Rates

**ALLTEL Florida, Inc.**  
 Year Two

	<u>Originating</u>	<u>Terminating</u>
<b>Carrier Common Line</b>	0.019437	0.019437
<b>Switched Transport</b>		
Local Channel/Entrance Facility*	0.0011437	0.0011437
Switched Common Transport**	0.0007600	0.0007600
Access Tandem Switching	0.0005000	0.0005000
<b>Interconnection Charge</b>	0.0000000	0.0000000
<b>Information Surcharge</b>	0.0000000	0.0000000
<b>End Office</b>		
Local Switching	0.0177000	0.0177000
<b>Feature Group D Access per Minute: Total</b>	0.0395410	0.0395410
Composite Per Minute Elements	0.0376373	0.0376373
<b>Originating + Terminating Access:</b>	<b>0.0790820</b>	

\* Local Channel/Entrance Facility  
 DS1: Per System (monthly) 133.81

Estimated MOU Equivalent\*\*\* 0.0011437

\*\* Switched Common Transport (SCT)  
 Facility (MOU/airline mile) 0.0000400  
 Termination (MOU/term.) 0.0003600

SCT - Interoffice Channel\*\*\*\* 0.0007600

\*\*\* Estimated MOU Equivalent = (DS1 monthly charge)/(24 voice grade equivalents x 4,875 MOU).

\*\*\*\* SCT Interoffice Channel = (SCT Termination) + (10 miles x SCT Facility).

**Exhibit 5**  
**SWITCHED ACCESS CHARGES**  
 Intrastate Premium Rates

**ALLTEL Florida, Inc.**  
 Year Three

	<u>Originating</u>	<u>Terminating</u>
<b>Carrier Common Line</b>	0.010056	0.010056
<b>Switched Transport</b>		
Local Channel/Entrance Facility*	0.0011437	0.0011437
Switched Common Transport**	0.0007600	0.0007600
Access Tandem Switching	0.0005000	0.0005000
<b>Interconnection Charge</b>	0.0000000	0.0000000
<b>Information Surcharge</b>	0.0000000	0.0000000
<b>End Office</b>		
Local Switching	0.0177000	0.0177000
<b>Feature Group D Access per Minute: Total</b>	0.0301597	0.0301597
Composite Per Minute Elements	0.0282560	0.0282560
<b>Originating + Terminating Access:</b>	<b>0.0603194</b>	

\* Local Channel/Entrance Facility  
 DS1: Per System (monthly) 133.81

**Estimated MOU Equivalent\*\*\*** 0.0011437

\*\* Switched Common Transport (SCT)  
 Facility (MOU/airline mile) 0.0000400  
 Termination (MOU/term.) 0.0003600

**SCT - Interoffice Channel\*\*\*\*** 0.0007600

\*\*\* Estimated MOU Equivalent = (DS1 monthly charge)/(24 voice grade equivalents x 4,875 MOU).

\*\*\*\* SCT Interoffice Channel = (SCT Termination) + (10 miles x SCT Facility).

Exhibit 6  
 ALLTEL Florida, Inc.  
 Intrastate Access Revenue Summary

	0904 thru 0805	Current Intrastate Access Rate	Current Intrastate Revenue	New Intrastate Access Rate	New Intrastate Revenue	Annual Access Revenue Change
<b>Carrier Common Line</b>						
Terminating per Minute	[REDACTED]	0.038200 \$	[REDACTED]	0.010056 \$	[REDACTED]	(3,679,709)
Originating per Minute	[REDACTED]	0.030400 \$	[REDACTED]	0.010056 \$	[REDACTED]	(1,766,740)
<b>Interconnection Charge</b>						
Residual Interconnection per Minute	[REDACTED]	0.002211 \$	[REDACTED]	0.000000 \$	-	(481,360)
Residual Interconnection per Minute (MABC)	[REDACTED]	0.021800 \$	[REDACTED]	0.000000 \$	-	(72,387)
<b>Switched Transport-Local Channel/Entrance Facility</b>						
Voice Grade 2W	-	25.00 \$	-	25.00 \$	-	-
Voice Grade 4W	-	45.24 \$	-	45.24 \$	-	-
DS1	[REDACTED]	133.81 \$	[REDACTED]	133.81 \$	[REDACTED]	-
DS3	-	2100.00 \$	-	2100.00 \$	-	-
<b>Switched Transport-Direct Trunked Transport</b>						
Voice Grade - Termination (Fixed)	[REDACTED]	23.30 \$	[REDACTED]	23.30 \$	[REDACTED]	-
Voice Grade - Facility (Per Mile)	[REDACTED]	1.90 \$	[REDACTED]	1.90 \$	[REDACTED]	-
DS1 - Termination (Fixed)	[REDACTED]	59.75 \$	[REDACTED]	59.75 \$	[REDACTED]	-
DS1 - Facility (Per Mile)	[REDACTED]	16.75 \$	[REDACTED]	16.75 \$	[REDACTED]	-
DS3 - Termination (Fixed)	-	1200.00 \$	-	1200.00 \$	-	-
DS3 - Facility (Per Mile)	-	175.00 \$	-	175.00 \$	-	-
<b>Switched Transport-Tandem Switched Transport</b>						
Tandem Switched Transport - Termination per Minute	[REDACTED]	0.000360 \$	[REDACTED]	0.000360 \$	[REDACTED]	-
Tandem Switched Transport - Facility per Minute per Mile	[REDACTED]	0.000040 \$	[REDACTED]	0.000040 \$	[REDACTED]	-
Tandem Switching per Minute	[REDACTED]	0.000500 \$	[REDACTED]	0.000500 \$	[REDACTED]	-
<b>Switched Transport-Chargeable Optional Features</b>						
Multiplexing - DS1 to Voice	[REDACTED]	210.00 \$	[REDACTED]	210.00 \$	[REDACTED]	-
Multiplexing - DS3 to DS1	[REDACTED]	970.00 \$	[REDACTED]	970.00 \$	[REDACTED]	-
<b>End Office</b>						
Local Switching per Minute	[REDACTED]	0.017700 \$	[REDACTED]	0.017700 \$	[REDACTED]	-
Local Switching per Minute (MABC)	[REDACTED]	0.017700 \$	[REDACTED]	0.017700 \$	[REDACTED]	-
<b>Total Switched Access</b>			\$ 12,347,097		\$ 6,346,902	\$ (6,000,195)

Dkt. No. \_\_\_\_\_  
 B. Willis Ex. No. \_\_\_\_\_ (BJW-6)  
 Access Revenue Summary



ALLTEL Florida, Inc.

Summary of Revenue-Neutral Rate Changes

	Increment 1		Increment 2		Increment 3		Total
	Annual Revenue Change		Annual Revenue Change		Annual Revenue Change		Annual Revenue Change
INTRASTATE SWITCHED ACCESS (\$6 M)		\$ (2,068,577.00)		\$ (1,965,819.00)		\$ (1,965,819.00)	\$ (6,000,215.00)
	Increment 1 Rate Increase	Increment 1 Annual Revenue Change	Increment 1 Rate Increase	Increment 2 Annual Revenue Change	Increment 1 Rate Increase	Increment 2 Annual Revenue Change	Total Annual Revenue Change
BASIC LOCAL SERVICE							
Residential Basic Local Service	\$ 2.11	\$ 1,752,270.60	\$ 2.11	\$ 1,752,270.60	\$ 2.11	\$ 1,752,270.60	\$ 5,256,811.80
Business Basic Local Service	\$ 1.47	\$ 145,547.64	\$ 1.47	\$ 145,547.64	\$ 1.47	\$ 145,547.64	\$ 436,642.92
Residential Service Connection Charges		\$ 148,594.96		\$ 58,270.20		\$ 57,915.05	\$ 264,780.21
Business Service Connection Charges		\$ 17,094.53		\$ 11,746.05		\$ 11,613.45	\$ 40,454.03
Total Basic Local Service Increases	\$	2,063,507.73	\$	1,967,834.49	\$	1,967,346.74	\$ 5,998,688.96
						over (short)	\$ (1,526.04)

Dkt. No. \_\_\_\_\_  
 B. Willis Ex. No. \_\_\_\_\_ (BJW-7)  
 Rate Change Neutral Summary



ALLTEL Florida Rate Rebalancing Proposal  
 Revenue Impact of Local Rate Increases

\$ 2.11

		Current Rate	August 2005 Units	Current Revenue/mo.	Year 1			Year 2			Year 3		
					Rate	Revenue/mo.	Rev Increase/mo. Year 1	Revenue Increase/yr	Rate	Revenue/mo.	Rev Increase/mo. Year 2	Revenue Increase/yr	Rate
<b>Residential Increases:</b>													
Rate Group 1 - No Exchanges	R1	\$9.38			\$11.49	\$ -	\$13.60	\$ -	\$15.71	\$ -	\$17.06	\$ -	\$18.41
Rate Group 6 - No Exchanges	R1	\$10.73			\$12.84	\$ -	\$14.95	\$ -	\$17.06	\$ -	\$19.17	\$ -	\$20.52
Alachua	R1	\$10.25			\$12.36	\$12,292.86	\$14.47	\$12,292.86	\$16.58	\$12,292.86	\$18.69	\$12,292.86	\$20,816.85
Branford	R1	\$12.67			\$14.78	\$8,868.33	\$16.89	\$8,868.33	\$19.00	\$8,868.33	\$21.11	\$8,868.33	\$23,232.80
Brooker	R1	\$10.25			\$12.36	\$2,816.85	\$14.47	\$2,816.85	\$16.58	\$2,816.85	\$18.69	\$2,816.85	\$21,116.80
Callahan	R1	\$11.35			\$13.46	\$12,187.36	\$15.57	\$12,187.36	\$17.68	\$12,187.36	\$19.79	\$12,187.36	\$22,372.80
Citra	R1	\$10.25			\$12.36	\$4,435.22	\$14.47	\$4,435.22	\$16.58	\$4,435.22	\$18.69	\$4,435.22	\$21,116.80
Crescent City	R1	\$9.89			\$12.00	\$4,017.44	\$14.11	\$4,017.44	\$16.22	\$4,017.44	\$18.33	\$4,017.44	\$20,372.80
Dowling Park	R1	\$10.05			\$12.16	\$2,264.03	\$14.27	\$2,264.03	\$16.38	\$2,264.03	\$18.49	\$2,264.03	\$20,628.80
FL Sh Boys Ranch	R1	\$10.05			\$12.16	\$1,021.24	\$14.27	\$1,021.24	\$16.38	\$1,021.24	\$18.49	\$1,021.24	\$19,172.80
Florahome	R1	\$10.05			\$12.16	\$2,667.04	\$14.27	\$2,667.04	\$16.38	\$2,667.04	\$18.49	\$2,667.04	\$20,628.80
Fort White	R1	\$12.56			\$14.67	\$4,245.32	\$16.78	\$4,245.32	\$18.89	\$4,245.32	\$21.00	\$4,245.32	\$23,232.80
Hastings	R1	\$10.25			\$12.36	\$4,046.98	\$14.47	\$4,046.98	\$16.58	\$4,046.98	\$18.69	\$4,046.98	\$21,116.80
High Springs	R1	\$10.25			\$12.36	\$11,009.98	\$14.47	\$11,009.98	\$16.58	\$11,009.98	\$18.69	\$11,009.98	\$21,116.80
Hilliard	R1	\$9.64			\$11.75	\$5,407.93	\$13.86	\$5,407.93	\$15.97	\$5,407.93	\$18.08	\$5,407.93	\$20,372.80
Interlachen	R1	\$10.05			\$12.16	\$8,338.72	\$14.27	\$8,338.72	\$16.38	\$8,338.72	\$18.49	\$8,338.72	\$20,628.80
Jasper	R1	\$9.64			\$11.75	\$3,578.56	\$13.86	\$3,578.56	\$15.97	\$3,578.56	\$18.08	\$3,578.56	\$19,172.80
Jennings	R1	\$9.64			\$11.75	\$3,300.04	\$13.86	\$3,300.04	\$15.97	\$3,300.04	\$18.08	\$3,300.04	\$19,172.80
Lake Butler	R1	\$10.25			\$12.36	\$5,678.01	\$14.47	\$5,678.01	\$16.58	\$5,678.01	\$18.69	\$5,678.01	\$21,116.80
Live Oak	R1	\$10.05			\$12.16	\$14,776.33	\$14.27	\$14,776.33	\$16.38	\$14,776.33	\$18.49	\$14,776.33	\$20,628.80
Luraville	R1	\$10.05			\$12.16	\$3,131.24	\$14.27	\$3,131.24	\$16.38	\$3,131.24	\$18.49	\$3,131.24	\$19,172.80
Mayo	R1	\$10.05			\$12.16	\$3,713.60	\$14.27	\$3,713.60	\$16.38	\$3,713.60	\$18.49	\$3,713.60	\$19,172.80
McIntosh	R1	\$10.25			\$12.36	\$7,051.62	\$14.47	\$7,051.62	\$16.58	\$7,051.62	\$18.69	\$7,051.62	\$21,116.80
Melrose	R1	\$10.25			\$12.36	\$6,357.43	\$14.47	\$6,357.43	\$16.58	\$6,357.43	\$18.69	\$6,357.43	\$21,116.80
Orange Springs	R1	\$10.25			\$12.36	\$4,496.41	\$14.47	\$4,496.41	\$16.58	\$4,496.41	\$18.69	\$4,496.41	\$21,116.80
Raiford	R1	\$9.89			\$12.00	\$1,088.76	\$14.11	\$1,088.76	\$16.22	\$1,088.76	\$18.33	\$1,088.76	\$19,172.80
Waldo	R1	\$10.25			\$12.36	\$3,517.37	\$14.47	\$3,517.37	\$16.58	\$3,517.37	\$18.69	\$3,517.37	\$21,116.80
Wellborn	R1	\$12.67			\$14.78	\$3,540.58	\$16.89	\$3,540.58	\$19.00	\$3,540.58	\$21.11	\$3,540.58	\$23,232.80
White Springs	R1	\$10.05			\$12.16	\$2,173.30	\$14.27	\$2,173.30	\$16.38	\$2,173.30	\$18.49	\$2,173.30	\$19,172.80
Total Per Month Annualized			69,205	\$726,551.36		\$146,022.55		\$146,022.55		\$146,022.55		\$146,022.55	

Total Revenue from R1

\$5,256,811.80

Dkt. No. \_\_\_\_\_  
 B. Willis Ex. No. \_\_\_\_\_ (BJW-8)  
 Basic Rate Changes-2-4

ALLTEL Florida Rate Rebalancing Proposal  
 Revenue Impact of Local Rate Increases

\$ 1.47

BUSINESS RATE INCREASES

	Current Rates	Aug 2005 Units	Current Monthly Rev	Rate	Revenue/ Month	Year 1 Increase Rev/Month	Annual Revenue Increase	Rate	Revenue/ Month	Year 2 Increase Rev/Month	Annual Revenue Increase	Rate	Revenue/ Month	Year 3 Increase Rev/Month	Annual Revenue Increase
Rate Group 1 - N B1	\$23.46			\$24.93		\$ -		\$26.40		\$ -		\$27.87		\$ -	
Rate Group 6 - N B1	\$26.82			\$28.29		\$ -		\$29.76		\$ -		\$31.23		\$ -	
Alachua B1	\$25.48			\$26.95		\$1,533.21		\$28.42		\$1,533.21		\$29.89		\$1,533.21	
Branford B1	\$31.56			\$33.03		\$538.02		\$34.50		\$538.02		\$35.97		\$538.02	
Brooker B1	\$25.48			\$26.95		\$119.07		\$28.42		\$119.07		\$29.89		\$119.07	
Callahan B1	\$28.37			\$29.84		\$857.01		\$31.31		\$857.01		\$32.78		\$857.01	
Citra B1	\$25.48			\$26.95		\$230.79		\$28.42		\$230.79		\$29.89		\$230.79	
Crescent City B1	\$24.85			\$26.32		\$529.20		\$27.79		\$529.20		\$29.26		\$529.20	
Dowling Park B1	\$25.16			\$26.63		\$64.68		\$28.10		\$64.68		\$29.57		\$64.68	
FL Sh Boys															
Ranch B1	\$25.16			\$26.63		\$22.05		\$28.10		\$22.05		\$29.57		\$22.05	
Florahome B1	\$25.16			\$26.63		\$86.73		\$28.10		\$86.73		\$29.57		\$86.73	
Fort White B1	\$31.76			\$33.23		\$238.14		\$34.70		\$238.14		\$36.17		\$238.14	
Hastings B1	\$25.48			\$26.95		\$470.40		\$28.42		\$470.40		\$29.89		\$470.40	
High Springs B1	\$25.48			\$26.95		\$917.28		\$28.42		\$917.28		\$29.89		\$917.28	
Hilliard B1	\$24.13			\$25.60		\$579.18		\$27.07		\$579.18		\$28.54		\$579.18	
Interlachen B1	\$25.16			\$26.63		\$363.09		\$28.10		\$363.09		\$29.57		\$363.09	
Jasper B1	\$24.13			\$25.60		\$551.25		\$27.07		\$551.25		\$28.54		\$551.25	
Jennings B1	\$24.13			\$25.60		\$163.17		\$27.07		\$163.17		\$28.54		\$163.17	
Lake Butler B1	\$25.48			\$26.95		\$536.55		\$28.42		\$536.55		\$29.89		\$536.55	
Live Oak B1	\$25.16			\$26.63		\$1,974.21		\$28.10		\$1,974.21		\$29.57		\$1,974.21	
Luraville B1	\$25.16			\$26.63		\$94.08		\$28.10		\$94.08		\$29.57		\$94.08	
Mayo B1	\$25.16			\$26.63		\$408.66		\$28.10		\$408.66		\$29.57		\$408.66	
McIntosh B1	\$25.48			\$26.95		\$632.10		\$28.42		\$632.10		\$29.89		\$632.10	
Melrose B1	\$25.48			\$26.95		\$304.29		\$28.42		\$304.29		\$29.89		\$304.29	
Orange Springs B1	\$25.48			\$26.95		\$102.90		\$28.42		\$102.90		\$29.89		\$102.90	
Raiford B1	\$24.85			\$26.32		\$86.73		\$27.79		\$86.73		\$29.26		\$86.73	
Waldo B1	\$25.48			\$26.95		\$301.35		\$28.42		\$301.35		\$29.89		\$301.35	
Wellborn B1	\$31.56			\$33.03		\$201.39		\$34.50		\$201.39		\$35.97		\$201.39	
White Springs B1	\$25.16			\$26.63		\$223.44		\$28.10		\$223.44		\$29.57		\$223.44	
		8251				\$12,128.97				\$12,128.97				\$12,128.97	

Total Revenue Increases from B1

\$436,642.92

Dkt. No. \_\_\_\_\_  
 B. Willis Ex. No. \_\_\_\_\_  
 Basic Rate Changes 3-4 (BJW-8)

ALLTEL Florida Rate Rebalancing Proposal  
 Nonrecurring Rates

Business NRC											
ASOC	Current	Quantity		Current		Increment 1		Increment 2		Increment 3	
		Sep'04 to Aug'05	Revenue	Increment 1	Revenue	Increment 2	Revenue	Increment 3	Revenue		
Service Order Charges											
Primary	SOCBR \$ 22.19			\$ 25.00		\$ 27.50		\$ 30.00			
Secondary	SSOBR \$ 15.13			\$ 18.00		\$ 20.90		\$ 23.75			
Premise Visit Charge	PVBR \$ 14.63			\$ 20.00		\$ 24.00		\$ 28.00			
Central Office Work	COB \$ 20.18			\$ 22.75		\$ 23.90		\$ 25.00			
<b>Total Revenue</b>											\$ 385,659.30
Revenue Change											

Residential NRC											
ASOC	Current	Quantity		Current		Increment 1		Increment 2		Increment 3	
		Sep'04 to Aug'05	Revenue	Increment 1	Revenue	Increment 2	Revenue	Increment 3	Revenue		
Service Order Charges											
Primary	SOCRR \$ 19.17			\$ 22.90		\$ 24.80		\$ 25.00			
Secondary	SSORR \$ 11.09			\$ 12.90		\$ 14.25		\$ 15.00			
Premise Visit Charge	PVRR \$ 14.63			\$ 19.85		\$ 21.60		\$ 25.00			
Central Office Work	COR \$ 20.18			\$ 22.85		\$ 23.60		\$ 25.00			
<b>Total Revenue</b>											\$ 2,894,839.70
Revenue Change											

Dkt. No. \_\_\_\_\_  
 B. Willis Ex. No. \_\_\_\_\_ (BJW-8)  
 Basic Rate Changes 4-4