



**ALLTEL Corporation**  
**Cost Support for DSL Promotional Filing**  
**3rd Quarter 2004**

|  |                                  |                                 |  |
|--|----------------------------------|---------------------------------|--|
| <b>Promotion Description: \$11.00 per month for the first 3 months for Tier Four</b> |                                  |                                 |  |
| ALLTEL Markets: <b>All</b>   |                                  |                                 |  |
| Months of Promotion: <b>5</b>  |                                  |                                 |  |
| Months of Discounted Rate: <b>3</b>  |                                  |                                 |  |
| Months Customer Must Retain Service: <b>12</b>                                       |                                  |                                 |  |
| Study Months: <b>24</b>  |                                  |                                 |  |
| <b>Promotion Period:</b>   | <u>Start</u><br><b>16-Jul-04</b> | <u>Stop</u><br><b>31-Dec-04</b> | <u>Months Until Start Date (2)</u><br><b>0.0</b> |

| Description   | Current     | Forecast    | Promotion |
|---|-------------|-------------|-----------|
| (a)   | (b)         | (c)         | (d)       |
| 1. DSL Rate   | \$21.00     | \$21.00     | \$11.00   |
| 2. Average Monthly DSL Customer Growth Rate         |             | 2.50%       |           |
| 3. Estimated Promotion Generated Customer Increase  |             |             | 2,000     |
| 4. Estimated Customer Retention After Promotion     |             |             | 75.00%    |
| 5. Estimated Monthly DSL Customers                  | 20,890      | 20,890      |           |
| 6. Current DSL Revenue Requirement @ 03/31/04       | \$5,011,135 |             |           |
| 7. Estimated Revenue Requirement Increase per Month |             | 1.00%       |           |
| 8. Estimated Revenue Requirement Through Promotion  |             | \$5,509,579 |           |

| Description  | Source                                | Current   | Jul-04    | Aug-04    | Sep-04    | Oct-04    | Nov-04    | Dec-04    | Jan-05    | Feb-05    | Mar-05    | Apr-05    | May-05    | Jun-05    | Total       |
|--|---------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-------------|
| 9. Monthly Revenue Requirement                               | Cost Study                            | \$430,122 | \$434,424 | \$438,768 | \$443,156 | \$447,587 | \$452,063 | \$456,584 | \$461,149 | \$465,761 | \$470,419 | \$475,123 | \$479,874 | \$484,673 | \$5,509,579 |
| <b>Current DSL Revenue:</b>                                  |                                       |           |           |           |           |           |           |           |           |           |           |           |           |           |             |
| 10. Current Customer Demand                                  | Forecast                              | 20,890    | 21,673    | 20,890    | 20,890    | 20,890    | 20,890    | 20,890    | 20,890    | 20,890    | 20,890    | 20,890    | 20,890    | 20,890    | 20,955      |
| 11. Current Rate   | Line 1(b)                             | \$21.00   | \$21.00   | \$21.00   | \$21.00   | \$21.00   | \$21.00   | \$21.00   | \$21.00   | \$21.00   | \$21.00   | \$21.00   | \$21.00   | \$21.00   | \$21.00     |
| 12. Current Customer Revenues                                | Line 10 * Line 11                     | \$438,690 | \$455,133 | \$438,690 | \$438,690 | \$438,690 | \$438,690 | \$438,690 | \$438,690 | \$438,690 | \$438,690 | \$438,690 | \$438,690 | \$438,690 | \$5,280,723 |
| <b>Forecasted DSL Revenue Increase Excluding Promotion:</b>  |                                       |           |           |           |           |           |           |           |           |           |           |           |           |           |             |
| 13. Forecasted New Customer Demand                           | Prior L.13+[L.2c * (L.10+Prior L.13)] |           | 0         | 522       | 1,058     | 1,606     | 2,169     | 2,745     | 3,336     | 3,942     | 4,562     | 5,199     | 5,851     | 6,519     | 3,126       |
| 14. Net Customers Billed at Forecasted Rate                  | 1/2 Curr. Mo. + Prior L.13            |           | 0         | 261       | 790       | 1,332     | 1,887     | 2,457     | 3,041     | 3,639     | 4,252     | 4,881     | 5,525     | 6,185     | 2,854       |
| 15. Forecasted Rate  | Line 1(c)                             | \$21.00   | \$21.00   | \$21.00   | \$21.00   | \$21.00   | \$21.00   | \$21.00   | \$21.00   | \$21.00   | \$21.00   | \$21.00   | \$21.00   | \$21.00   | \$21.00     |
| 16. Forecasted New Customer Revenues                         | Line 14 * Line 15                     | \$0       | \$5,484   | \$16,588  | \$27,970  | \$39,636  | \$51,595  | \$63,852  | \$76,415  | \$89,293  | \$102,492 | \$116,022 | \$129,890 | \$142,926 | \$719,236   |
| <b>Forecasted DSL Promotion Revenue:</b>                     |                                       |           |           |           |           |           |           |           |           |           |           |           |           |           |             |
| 17. Promotion Generated Customer Increase                    | Line 3(d) Phased In                   |           | 0         | 400       | 800       | 1,200     | 1,600     | 2,000     | 2,000     | 2,000     | 2,000     | 2,000     | 2,000     | 2,000     | 1,500       |
| 18. Billed at Promotional Rate                               | 1/2 Curr. Mo.+Prior L.17 for 3 months |           | 0         | 200       | 600       | 1,000     | 1,200     | 1,200     | 1,000     | 600       | 0         | 0         | 0         | 0         | 483         |
| 19. Billed at Full Rate                                      | After 3 mo. = L.17 - L.18             |           | 0         | 0         | 0         | 200       | 400       | 800       | 1,000     | 1,400     | 2,000     | 2,000     | 2,000     | 2,000     | 1,017       |
| 20. Promotion Rate For 3 Months                              | Line 1(d)                             | \$11.00   | \$11.00   | \$11.00   | \$11.00   | \$11.00   | \$11.00   | \$11.00   | \$11.00   | \$11.00   | \$11.00   | \$11.00   | \$11.00   | \$11.00   | \$11.00     |
| 21. Full DSL Rate After Promotion                            | Line 1(c)                             | \$21.00   | \$21.00   | \$21.00   | \$21.00   | \$21.00   | \$21.00   | \$21.00   | \$21.00   | \$21.00   | \$21.00   | \$21.00   | \$21.00   | \$21.00   | \$21.00     |
| 22. Promotion Customer Revenues                              | (L.18*L.20)+(L.19*L.21)               | \$0       | \$2,200   | \$6,600   | \$15,200  | \$21,600  | \$30,000  | \$32,000  | \$36,000  | \$42,000  | \$42,000  | \$42,000  | \$42,000  | \$42,000  | \$311,607   |
| 23. Ordinary Customer Growth                                 | Line 13                               |           | 0         | 522       | 1,058     | 1,606     | 2,169     | 2,745     | 3,336     | 3,942     | 4,562     | 5,199     | 5,851     | 6,519     | 3,126       |
| 24. Percent Taking Promotion                                 | Input                                 | 80.00%    | 80.00%    | 80.00%    | 80.00%    | 80.00%    | 80.00%    | 80.00%    | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%       |
| 25. Forecasted Taking Promotion Rate                         | Line 23 * Line 24                     |           | 0         | 418       | 846       | 1,285     | 1,735     | 2,196     | 2,196     | 2,196     | 2,196     | 0         | 0         | 0         | 1,089       |
| 26. Billed at Promotional Rate                               | 1/2 Curr.+Prior L.25 - 3 mo.          |           | 0         | 209       | 632       | 1,066     | 1,301     | 1,334     | 1,131     | 686       | 231       | 0         | 0         | 0         | 549         |
| 27. Discount Amount  | Line 1(d) - Line 1(c)                 | -\$10.00  | -\$10.00  | -\$10.00  | -\$10.00  | -\$10.00  | -\$10.00  | -\$10.00  | -\$10.00  | -\$10.00  | -\$10.00  | -\$10.00  | -\$10.00  | -\$10.00  | -\$10.00    |
| 28. Revenue Loss on Ordinary Customer Growth                 | Line 26 * Line 27                     | \$0       | -\$2,089  | -\$6,319  | -\$10,655 | -\$13,011 | -\$13,336 | -\$11,306 | -\$6,861  | -\$2,306  | \$0       | \$0       | \$0       | \$0       | -\$65,883   |
| 29. Net Promotional Revenues                                 | Line 22 + Line 28                     | \$0       | \$111     | \$281     | \$4,545   | \$8,589   | \$16,664  | \$20,694  | \$29,139  | \$39,694  | \$42,000  | \$42,000  | \$42,000  | \$42,000  | \$245,717   |
| 30. Total Revenues   | L.12 + L.16 + L.29                    | \$438,690 | \$455,133 | \$444,285 | \$455,559 | \$471,205 | \$486,916 | \$506,949 | \$523,236 | \$544,244 | \$567,677 | \$583,182 | \$596,712 | \$610,580 | \$6,245,677 |
| 31. Total Revenues less Revenue Requirement Before Promotion | L.12 + L.16 - L.9                     | \$8,568   | \$20,709  | \$5,406   | \$12,122  | \$19,073  | \$26,263  | \$33,701  | \$41,392  | \$49,344  | \$57,564  | \$66,060  | \$74,838  | \$83,907  | \$490,380   |
| 32. Total Revenues less Revenue Requirement After Promotion  | Line 30 - Line 9                      | \$8,568   | \$20,709  | \$5,517   | \$12,403  | \$23,618  | \$34,853  | \$50,365  | \$62,086  | \$78,483  | \$97,258  | \$108,060 | \$116,838 | \$125,907 | \$736,097   |

**Notes:**

- 1) Assumed 1% monthly increase in revenue requirement to handle customer growth.
- 2) Current customer data is as of July 4, 2004.
- 3) Data is for all ALLTEL companies except those covered by the NECA access tariff.
- 4) Customer counts and revenue requirement are for Tier 4 customers only.

**ALLTEL** Corporation  
**Cost Support for DSL Promotional Filing**  
**3rd Quarter 2004**

|  |  |                                    |                   |
|--|--|------------------------------------|-------------------|
| <b>Promotion Description: \$14.95 per month for first 12 months for Tier One</b> |  |                                    |                   |
| ALLTEL Markets: All  |  |                                    |                   |
| Months of Promotion: 5   |  |                                    |                   |
| Free Months: 0   |  |                                    |                   |
| Months of Discounted Rate: 12  |  |                                    |                   |
| Months Customer Must Retain Service: 12  |  |                                    |                   |
| Study Months: 24   |  |                                    |                   |
| Promotion Period:  |  | Start<br>25-Jul-04                 | Stop<br>31-Dec-04 |
|  |  | Months Until Start Date (2)<br>1.0 |                   |

| Description   | Current      | Forecast     | Promotion |
|---|--------------|--------------|-----------|
| 1. DSL Rate   | \$29.95      | \$29.95      | \$14.95   |
| 2. Average Monthly DSL Customer Growth Rate         |              | 1.50%        |           |
| 3. Estimated Promotion Generated Customer Increase  |              |              | 20,000    |
| 4. Estimated Customer Retention After Promotion     |              |              | 75.00%    |
| 5. Estimated Monthly DSL Customers                  | 154,737      | 160,663      |           |
| 6. Current DSL Revenue Requirement @ 03/31/04       | \$55,385,413 |              |           |
| 7. Estimated Revenue Requirement Increase per Month |              | 1.00%        |           |
| 8. Estimated Revenue Requirement Through Promotion  |              | \$60,291,536 |           |

| Description  | Source                                | Current     | Jul-04      | Aug-04      | Sep-04      | Oct-04      | Nov-04      | Dec-04      | Jan-05      | Feb-05      | Mar-05      | Apr-05      | May-05      | Jun-05      | Total        |
|--|---------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|
| 9. Monthly Revenue Requirement                               | Cost Study                            | \$4,615,451 | \$4,753,915 | \$4,801,454 | \$4,849,468 | \$4,897,963 | \$4,946,943 | \$4,996,412 | \$5,046,376 | \$5,096,840 | \$5,147,808 | \$5,199,286 | \$5,251,279 | \$5,303,792 | \$60,291,536 |
| <b>Current DSL Revenue:</b>                                  |                                       |             |             |             |             |             |             |             |             |             |             |             |             |             |              |
| 10. Current Customer Demand                                  | Forecast                              | 154,737     | 160,663     | 160,663     | 160,663     | 160,663     | 160,663     | 160,663     | 160,663     | 160,663     | 160,663     | 160,663     | 160,663     | 160,663     | 160,663      |
| 11. Current Rate   | Line 1(b)                             | \$29.95     | \$29.95     | \$29.95     | \$29.95     | \$29.95     | \$29.95     | \$29.95     | \$29.95     | \$29.95     | \$29.95     | \$29.95     | \$29.95     | \$29.95     | \$29.95      |
| 12. Current Customer Revenues                                | Line 10 * Line 11                     | \$4,634,373 | \$4,811,857 | \$4,811,857 | \$4,811,857 | \$4,811,857 | \$4,811,857 | \$4,811,857 | \$4,811,857 | \$4,811,857 | \$4,811,857 | \$4,811,857 | \$4,811,857 | \$4,811,857 | \$57,742,282 |
| <b>Forecasted DSL Revenue Increase Excluding Promotion:</b>  |                                       |             |             |             |             |             |             |             |             |             |             |             |             |             |              |
| 13. Forecasted New Customer Demand                           | Prior L.13+[L.2c * (L.10+Prior L.13)] |             | 0           | 2,410       | 4,856       | 7,339       | 9,859       | 12,417      | 15,013      | 17,648      | 20,323      | 23,037      | 25,793      | 28,590      | 13,940       |
| 14. Net Customers Billed at Forecasted Rate                  | 1/2 Curr. Mo. + Prior L.13            |             | 0           | 1,205       | 3,633       | 6,097       | 8,599       | 11,138      | 13,715      | 16,330      | 18,985      | 21,680      | 24,415      | 27,191      | 12,749       |
| 15. Forecasted Rate  | Line 1(c)                             | \$29.95     | \$29.95     | \$29.95     | \$29.95     | \$29.95     | \$29.95     | \$29.95     | \$29.95     | \$29.95     | \$29.95     | \$29.95     | \$29.95     | \$29.95     | \$29.95      |
| 16. Forecasted New Customer Revenues                         | Line 14 * Line 15                     | \$0         | \$36,089    | \$108,808   | \$182,618   | \$257,535   | \$333,576   | \$410,758   | \$489,097   | \$568,611   | \$649,318   | \$731,236   | \$814,382   | \$898,000   | \$4,582,028  |
| <b>Forecasted DSL Promotion Revenue:</b>                     |                                       |             |             |             |             |             |             |             |             |             |             |             |             |             |              |
| 17. Promotion Generated Customer Increase                    | Line 3(d) Phased In                   |             | 0           | 4,000       | 8,000       | 12,000      | 16,000      | 20,000      | 20,000      | 20,000      | 20,000      | 20,000      | 20,000      | 20,000      | 15,000       |
| 18. Billed at \$0 (first month free)                         | 1/2 Curr. Growth + 1/2 Prior L.17     |             | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0            |
| 19. Billed at Promotional Rate                               | L.17-L.18 for 12 months               |             | 0           | 2,000       | 6,000       | 10,000      | 14,000      | 18,000      | 20,000      | 20,000      | 20,000      | 20,000      | 20,000      | 20,000      | 14,167       |
| 20. Billed at Full Rate                                      | After 12 mo. = L.17 - L.19            |             | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 833          |
| 21. Promotion Rate For 12 Months                             | Line 1(d)                             | \$14.95     | \$14.95     | \$14.95     | \$14.95     | \$14.95     | \$14.95     | \$14.95     | \$14.95     | \$14.95     | \$14.95     | \$14.95     | \$14.95     | \$14.95     | \$14.95      |
| 22. Full DSL Rate After Promotion                            | Line 1(c)                             | \$29.95     | \$29.95     | \$29.95     | \$29.95     | \$29.95     | \$29.95     | \$29.95     | \$29.95     | \$29.95     | \$29.95     | \$29.95     | \$29.95     | \$29.95     | \$29.95      |
| 23. Promotion Customer Revenues                              | (L.19*L.21)+(L.20*L.22)               | \$0         | \$29,900    | \$89,700    | \$149,500   | \$209,300   | \$269,100   | \$299,000   | \$299,000   | \$299,000   | \$299,000   | \$299,000   | \$299,000   | \$299,000   | \$2,541,500  |
| 24. Ordinary Customer Growth                                 | Line 13                               |             | 0           | 2,410       | 4,856       | 7,339       | 9,859       | 12,417      | 15,013      | 17,648      | 20,323      | 23,037      | 25,793      | 28,590      | 13,940       |
| 25. Percent Taking Promotion                                 | Input                                 | 95.00%      | 95.00%      | 95.00%      | 95.00%      | 95.00%      | 95.00%      | 95.00%      | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%        |
| 26. Forecasted Taking Promotion Rate                         | Line 23 * Line 24                     |             | 0           | 2,289       | 4,613       | 6,972       | 9,366       | 11,796      | 11,796      | 11,796      | 11,796      | 11,796      | 11,796      | 11,796      | 8,818        |
| 27. Billed at \$0 (first month free)                         | Not applicable                        |             | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0            |
| 28. Billed at Promotional Rate                               | 1/2 Curr.+Prior L.25 - 12 mo.         |             | 0           | 1,145       | 3,451       | 5,793       | 8,169       | 10,581      | 11,796      | 11,796      | 11,796      | 11,796      | 11,796      | 11,796      | 8,326        |
| 29. Discount Amount  | Line 1(d) - Line 1(c)                 | -\$15.00    | -\$15.00    | -\$15.00    | -\$15.00    | -\$15.00    | -\$15.00    | -\$15.00    | -\$15.00    | -\$15.00    | -\$15.00    | -\$15.00    | -\$15.00    | -\$15.00    | -\$15.00     |
| 30. Revenue Loss on Ordinary Customer Growth                 | -(L.11 * L.27) + (L.28 * L.29)        | \$0         | -\$17,171   | -\$51,770   | -\$86,888   | -\$122,533  | -\$158,713  | -\$176,938  | -\$176,938  | -\$176,938  | -\$176,938  | -\$176,938  | -\$176,938  | -\$176,938  | -\$1,498,702 |
| 31. Net Promotional Revenues                                 | Line 23 + Line 30                     | \$0         | \$12,729    | \$37,930    | \$62,612    | \$86,767    | \$110,387   | \$122,062   | \$122,062   | \$122,062   | \$122,062   | \$122,062   | \$122,062   | \$122,062   | \$1,042,798  |
| 32. Total Revenues   | L.12 + L.16 + L.31                    | \$4,634,373 | \$4,811,857 | \$4,860,675 | \$4,958,595 | \$5,057,087 | \$5,156,159 | \$5,255,820 | \$5,344,677 | \$5,423,016 | \$5,502,530 | \$5,583,237 | \$5,665,155 | \$5,748,301 | \$63,367,108 |
| 33. Total Revenues less Revenue Requirement Before Promotion | L.12 + L.16 - L.9                     | \$18,922    | \$57,942    | \$46,492    | \$71,197    | \$96,512    | \$122,449   | \$149,021   | \$176,238   | \$204,114   | \$232,660   | \$261,889   | \$291,813   | \$322,447   | \$2,032,774  |
| 34. Total Revenues less Revenue Requirement After Promotion  | Line 32 - Line 9                      | \$18,922    | \$57,942    | \$59,221    | \$109,127   | \$159,124   | \$209,216   | \$259,408   | \$298,301   | \$326,176   | \$354,722   | \$383,951   | \$413,876   | \$444,509   | \$3,075,572  |

- Notes:
- 1) Assumed 1% monthly increase in revenue requirement to handle customer growth.
  - 2) Current customer data is as of March 4, 2004.
  - 3) Data is for all ALLTEL companies except those covered by the NECA access tariff.
  - 4) Customer counts and revenue requirement exclude Tier 4 customers.



**All ILEC Companies**  
**Tariffed Service: ADSL Tier 1 - 1-Year Term**  
**Summary**

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|     |                              |                         |                       |
|-----|------------------------------|-------------------------|-----------------------|
| 1.  | Total Material Costs         | Page 2 Line 3           | \$394,874             |
| 2.  | Utilized Investment Costs    | Page 2 Line 15          | \$758                 |
| 3.  | Return On Investment         | Page 2 Line 21          | \$42.66               |
| 4.  | Income Taxes                 | Page 2 Line 22          | \$22.45               |
| 5.  | Depreciation Expense         | Page 2 Line 23          | \$52.37               |
| 6.  | Operating Expenses & Taxes   | Page 2 Lines 24 thru 26 | \$76.43               |
| 7.  | Additional DSL Customer Exp. | Page 2 Lines 27         | \$45.49               |
| 8.  | Total Annual Costs           | Sum Lines 3 thru 7      | <u>\$239.40</u>       |
| 9.  | Total Monthly Costs          | Line 8 / 12 Months      | <u><u>\$19.95</u></u> |
| 10. | Proposed Nonrecurring Rate   | Input                   | <b>\$0.00</b>         |



**All ILEC Companies**  
**Tariffed Service: ADSL Tier 1 - 1-Year Term**  
**Annual Cost**

| Description                     | Source                  | Cisco IGX<br>8400<br>Equipment | DS3 Trunk<br>Group | DS1 Trunk<br>Group | Fiber - ATM<br>to Switch | DSLAM<br>Chassis,<br>Power/Mux,<br>DS3 Interface | POTS Splitter<br>Chassis &<br>Cards | DSLAM<br>Cards | IOS Base<br>Software | DS3/DS1 X-<br>Connect | Total      |
|---------------------------------|-------------------------|--------------------------------|--------------------|--------------------|--------------------------|--|-------------------------------------|----------------|----------------------|-----------------------|------------|
| <b>Investment Costs</b>         |                         |                                |                    |                    |                          |  |                                     |                |                      |                       |            |
| 1. Material Unit Price          | Page 4                  | \$ 33,008                      | \$ 10,000          | \$ 9,000           | \$ 1,982                 | \$ 11,569  | \$ 5,492                            | \$ 802         | \$ 2,956             | \$ 766                | \$ 75,575  |
| 2. Units In Service             | Page 4                  | 1                              | 14                 | 15                 | 20                       | 1  | 1                                   | 32             | 1                    | 2                     |            |
| 3. Total Material Costs         | Line 1 * Line 2         | \$ 33,008                      | \$ 140,000         | \$ 135,000         | \$ 39,647                | \$ 11,569  | \$ 5,492                            | \$ 25,671      | \$ 2,956             | \$ 1,532              | \$ 394,874 |
| 4. Sales Tax                    | Line 3 * 4.19%          | \$ 1,384                       | \$ 5,872           | \$ 5,662           | \$ 1,663                 | \$ 485   | \$ 230                              | \$ 1,077       | \$ 124               | \$ 64                 | \$ 16,561  |
| 5. Total Material Costs         | Line 3 + Line 4         | \$ 34,392                      | \$ 145,872         | \$ 140,662         | \$ 41,310                | \$ 12,054  | \$ 5,722                            | \$ 26,748      | \$ 3,080             | \$ 1,596              | \$ 411,435 |
| 6. Fill Percent                 | Page 4                  | 80.00%                         | 80.00%             | 80.00%             | 80.00%                   | 75.00%   | 75.00%                              | 75.00%         | 75.00%               | 80.00%                |            |
| 7. Capacity Investment          | Line 5 / Line 6         | \$ 42,990                      | \$ 182,340         | \$ 175,827         | \$ 51,637                | \$ 16,072  | \$ 7,629                            | \$ 35,664      | \$ 4,106             | \$ 1,995              | \$ 518,261 |
| 8. EF&I Percent                 | Page 4                  | 35.00%                         | 35.00%             | 35.00%             | 0.00%                    | 32.00%   | 32.00%                              | 32.00%         | 32.00%               | 32.00%                |            |
| 9. EF&I Costs                   | Line 7 * Line 8         | \$ 15,047                      | \$ 63,819          | \$ 61,540          | \$ -                     | \$ 5,143   | \$ 2,441                            | \$ 11,412      | \$ 1,314             | \$ 639                | \$ 161,354 |
| 10. Installed Costs             | Line 7 + Line 9         | \$ 58,037                      | \$ 246,158         | \$ 237,367         | \$ 51,637                | \$ 21,216  | \$ 10,070                           | \$ 47,076      | \$ 5,420             | \$ 2,634              | \$ 679,615 |
| 11. Power & Common Percent      | Page 3                  | 5.95%                          | 5.95%              | 5.95%              | 0.00%                    | 4.51%  | 4.51%                               | 4.51%          | 4.51%                | 4.51%                 |            |
| 12. Power & Common Costs        | Line 10 * Line 11       | \$ 3,453                       | \$ 14,646          | \$ 14,122          | \$ -                     | \$ 958   | \$ 455                              | \$ 2,125       | \$ 245               | \$ 119                | \$ 36,122  |
| 13. Loaded Material Investment  | Line 10 + Line 12       | \$ 61,490                      | \$ 260,804         | \$ 251,489         | \$ 51,637                | \$ 22,173  | \$ 10,525                           | \$ 49,201      | \$ 5,665             | \$ 2,753              | \$ 715,738 |
| 14. Utilization Percent         | Page 4                  | 0.02%                          | 0.02%              | 0.02%              | 0.60%                    | 0.39%  | 0.39%                               | 0.39%          | 0.39%                | 0.60%                 |            |
| 15. Utilized Investment Costs   | Line 13 * Line 14       | \$ 10                          | \$ 42              | \$ 41              | \$ 307                   | \$ 87  | \$ 41                               | \$ 192         | \$ 22                | \$ 16                 | \$ 758     |
| 16. Utilized Net Salvage        | Page 4 * L14            | \$ -                           | \$ -               | \$ -               | \$ -                     | \$ -   | \$ -                                | \$ -           | \$ -                 | \$ -                  | \$ -       |
| 17. Depreciation Life           | Page 3                  | 14                             | 14                 | 14                 | 22                       | 11   | 11                                  | 11             | 11                   | 11                    | 14         |
| 18. Depreciation Expense        | Straight Line           | \$ 1                           | \$ 3               | \$ 3               | \$ 14                    | \$ 8   | \$ 4                                | \$ 17          | \$ 2                 | \$ 1                  | \$ 52      |
| 19. Depreciation Reserve        | Line 15 / 2             | \$ 5                           | \$ 21              | \$ 20              | \$ 154                   | \$ 43  | \$ 21                               | \$ 96          | \$ 11                | \$ 8                  | \$ 379     |
| 20. Net Investment              | Line 15 - Line 19       | \$ 5                           | \$ 21              | \$ 20              | \$ 154                   | \$ 43  | \$ 21                               | \$ 96          | \$ 11                | \$ 8                  | \$ 379     |
| <b>Annual Costs</b>             |                         |                                |                    |                    |                          |  |                                     |                |                      |                       |            |
| 21. Return On Investment        | Line 20 * RoR @11.25%   | \$ 0.56                        | \$ 2.37            | \$ 2.28            | \$ 17.29                 | \$ 4.87  | \$ 2.31                             | \$ 10.81       | \$ 1.24              | \$ 0.92               | \$ 42.66   |
| 22. Income Tax                  | Line 21 * 52.62%        | \$ 0.29                        | \$ 1.25            | \$ 1.20            | \$ 9.10                  | \$ 2.56  | \$ 1.22                             | \$ 5.69        | \$ 0.65              | \$ 0.49               | \$ 22.45   |
| 23. Depreciation Expense        | Line 18                 | \$ 0.70                        | \$ 2.96            | \$ 2.85            | \$ 14.07                 | \$ 7.68  | \$ 3.65                             | \$ 17.05       | \$ 1.96              | \$ 1.45               | \$ 52.37   |
| 24. Maintenance Expense         | Line 15 * Page 3 Line 1 | \$ 0.65                        | \$ 2.76            | \$ 2.66            | \$ 11.33                 | \$ 2.06  | \$ 0.98                             | \$ 4.56        | \$ 0.52              | \$ 0.39               | \$ 25.90   |
| 25. Joint Expense               | Line 15 * Page 3 Line 2 | \$ 0.46                        | \$ 1.96            | \$ 1.89            | \$ 14.30                 | \$ 4.03  | \$ 1.91                             | \$ 8.94        | \$ 1.03              | \$ 0.76               | \$ 35.29   |
| 26. Common Expense              | Line 15 * Page 3 Line 3 | \$ 0.20                        | \$ 0.85            | \$ 0.82            | \$ 6.18                  | \$ 1.74  | \$ 0.83                             | \$ 3.86        | \$ 0.44              | \$ 0.33               | \$ 15.24   |
| 27. Added Customer Service Exp. | Input                   |                                |                    |                    |                          |  |                                     |                |                      |                       | \$ 45.49   |
| 28. Total Annual Costs          | Sum Lines 21 thru 26    | \$ 2.86                        | \$ 12.14           | \$ 11.71           | \$ 72.26                 | \$ 22.94   | \$ 10.89                            | \$ 50.91       | \$ 5.86              | \$ 4.34               | \$ 237.35  |



**All ILEC Companies**  
**Tariffed Service: ADSL Tier 1 - 1-Year Term**  
**Factors**

| Factors                                 | Total  | Switch<br>Hardware | Switch<br>Software | Circuit<br>Equipment | Other | Fiber<br>Cable |
|---|--------|--------------------|--------------------|----------------------|-------|----------------|
| 1. Maintenance Expense                  |        | 6.55%              | 6.55%              | 2.37%                | 0.00% | 3.68%          |
| 2. Joint Expense                        |        | 4.65%              | 4.65%              | 4.65%                | 4.65% | 4.65%          |
| 3. Common Expense                       |        | 2.01%              | 2.01%              | 2.01%                | 2.01% | 2.01%          |
| 4. Power & Common Factor                |        | 5.95%              | 0.00%              | 4.51%                | 0.00% | 0.00%          |
| 5. Depreciation Life                    |        | 14                 | 14                 | 11                   | 2     | 22             |
| 6. Present Worth of Future Amount (P/F) |        |                    |                    |                      |       |                |
| 7. Present Worth of Annuity (P/A)       |        |                    |                    |                      |       |                |
| 8. Annuity of Present Amount (A/P)      |        |                    |                    |                      |       |                |
| 9. Sales Tax Rate                       | 4.19%  |                    |                    |                      |       |                |
| 10. State Income Taxes                  | 4.97%  |                    |                    |                      |       |                |
| 11. Federal Income Tax                  | 35.00% |                    |                    |                      |       |                |
| 12. Composite Tax Rate                  | 38.99% |                    |                    |                      |       |                |
| 13. Effective Tax Rate                  | 52.62% |                    |                    |                      |       |                |
| 14. Rate of Return                      | 11.25% |                    |                    |                      |       |                |



**All ILEC Companies**  
**Tariffed Service: ADSL Tier 1 - 1-Year Term**  
**Material List**

| Description                           | Material Unit Price | Units Required | Net Salvage Percent | Fill Percent | Utilization Percent | EF&I Percent | Investment Category |
|---------------------------------------|---------------------|----------------|---------------------|--------------|---------------------|--------------|---------------------|
| 1. Cisco IGX 8400 Equipment           | \$ 33,008.00        | 1              | 0.00%               | 80.00%       | 0.01615%            | 35.00%       | Hardware            |
| 2. DS3 Trunk Group                    | \$ 10,000.00        | 14             | 0.00%               | 80.00%       | 0.01615%            | 35.00%       | Hardware            |
| 3. DS1 Trunk Group                    | \$ 9,000.00         | 15             | 0.00%               | 80.00%       | 0.01615%            | 35.00%       | Hardware            |
| 4. Fiber - ATM to Switch              | \$ 1,982.35         | 20             | 0.00%               | 80.00%       | 0.59524%            | 0.00%        | Fiber               |
| 5. DSLAM Chassis, Power/Mux, DS3 Inte | \$ 11,569.12        | 1              | 0.00%               | 75.00%       | 0.39062%            | 32.00%       | Circuit             |
| 6. POTS Splitter Chassis & Cards      | \$ 5,491.53         | 1              | 0.00%               | 75.00%       | 0.39062%            | 32.00%       | Circuit             |
| 7. DSLAM Cards                        | \$ 802.22           | 32             | 0.00%               | 75.00%       | 0.39062%            | 32.00%       | Circuit             |
| 8. IOS Base Software                  | \$ 2,955.56         | 1              | 0.00%               | 75.00%       | 0.39062%            | 32.00%       | Circuit             |
| 9. DS3/DS1 X-Connect                  | \$ 766.00           | 2              | 0.00%               | 80.00%       | 0.59524%            | 32.00%       | Circuit             |