

38. Please reference the amended application at page 7, paragraph 18 wherein it states that assets or services “will be provided through lease arrangements or service agreements.” Please provide a copy of any and all of those arrangements or agreements. Also, please provide a separate chart identifying any and all increases or decreases in costs which the Kentucky companies will experience.

**Response: Attached hereto is the Transitional Services Agreement.**

**Transition Services Agreement**

**Responsive to AG #38**

## TRANSITION SERVICES AGREEMENT

This Transition Services Agreement (this "Agreement"), dated as of \_\_\_\_\_, 2006 (the "Signing Date"), is entered between ALLTEL Corporation., a Delaware corporation ("AT Co."), and Alltel Holding Corp, a Delaware corporation and wholly-owned subsidiary of AT Co. ("Spinco").

### RECITALS

WHEREAS, AT Co. and Spinco are parties to that certain Distribution Agreement dated as of \_\_\_\_\_, 2005 (the "Distribution Agreement"; capitalized terms used herein but not defined herein shall have the meanings set forth in the Distribution Agreement), pursuant to which, among other things, AT Co. will distribute to its stockholders all of the outstanding shares of common stock of Spinco (the "Distribution"); and

WHEREAS, in connection with the Distribution, the parties desire that AT Co. and its Affiliates provide certain services to Spinco and its Affiliates on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing and the mutual representations, warranties, covenants and agreements contained in this Agreement, the parties agree as follows:

### ARTICLE 1 TRANSITION SERVICES

1.1 Transition Services. This Agreement sets forth the terms and conditions for the provision by AT Co. to Spinco of various transition services described herein and in the service attachment (the "Service Attachment") attached hereto as Exhibit A (collectively, the "Transition Services"), pursuant to the terms hereof.

1.2 Provision of Transition Services. Commencing on the date hereof and continuing through the Term (as defined in Article 2 of this Agreement), AT Co. will provide the Transition Services to Spinco, unless (a) otherwise indicated on the Service Attachment, (b) automatically modified by termination of a Transition Service by Spinco in accordance with the terms and conditions hereof, (c) otherwise mutually agreed to by the parties in writing, or (d) this Agreement is terminated in accordance with the terms and conditions hereof.

1.3 Purchase of Additional or Modified Transition Services. From time to time, Spinco may request that AT Co. provide additional or modified services that relate to the transition of ownership and operation of the Spinco Business but are not described in the Service Attachment. AT Co. will use, and will cause each of its Affiliates to use, its reasonable best efforts to accommodate any reasonable requests by Spinco to provide additional or modified services relating to the transition of ownership and operations of the Spinco Business. In order to initiate a request for such additional or modified services, Spinco shall submit a written request to AT Co. specifying the nature of the requested additional or modified services and requesting an estimate of the Transition Services Costs (as defined in Section 3.1) applicable to

such additional or modified services. AT Co. shall respond to such request within 10 Business Days following AT Co.'s receipt of such request; provided that, subject to the second sentence of Section 1.3, such 10 Business Day period shall be subject to a reasonable extension if, due to the volume, frequency or type of requests submitted by Spinco, AT Co.'s preparation of responses to such requests is materially interfering with, or is likely to materially interfere with, AT Co.'s normal business activities. If AT Co. can, subject to the second sentence of this Section 1.3, accommodate Spinco's request to provide such additional or modified services, and if Spinco accepts the terms and conditions set forth in AT Co.'s response to such request, then such additional or modified services shall be provided hereunder subject to the terms and conditions of AT Co.'s response and such other terms and conditions as may be agreed to by the parties in a written amendment to this Agreement. If AT Co. agrees to any modification to the physical facilities that is requested by Spinco in accordance with the terms and conditions of this Section, such modification shall be done solely at Spinco's cost and expense and shall be coordinated by the parties to minimize interference with AT Co.'s normal business activities. No representative of Spinco shall have authority to make decisions with respect to AT Co. and its responsibilities under this Agreement; and no representative of AT Co. shall have authority to make decisions with respect to Spinco and its responsibilities under this Agreement.

1.4 Appointment of Transition Teams. Each party shall designate one or more persons who have practical knowledge and experience in each area of AT Co.'s operations that relate to the Transition Services and are authorized to make decisions with respect to the Transition Services (each a "Transition Team"); provided that any such decisions that individually or in the aggregate, would materially and adversely affect the economic benefits as a whole to be derived by the Company in the Merger shall require the affirmative consent of a person designated by the Company (the "Company Designee"). Without limiting the generality of the foregoing, and subject to the foregoing proviso each Transition Team will include persons from such party and its Affiliates whose experience includes the following areas: (a) information technology systems, (b) billing, (c) human resources, (d) customer service, (e) accounting and finance, (f) engineering and network, (g) sales and marketing, (h) operations, (i) real estate, (j) branding, and (k) capital asset management. Each party shall designate a member of its Transition Team as the leader of its Transition Team (each a "Team Leader"). Each Team Leader shall coordinate the assignment of persons to its Transition Team and shall assess and monitor the performance of the Transition Services. Prior to the initial joint meeting described in Section 1.5 of this Agreement, each party shall submit to the other party a written list identifying its initial Team Leader and the initial members of its Transition Team including each person's title, areas of expertise and relevant telephone, fax and email information, and the Company shall provide such information to each party with respect to the Company Designee. If a Transition Team member or Team Leader shall be unavailable to work on the Transition Services for more than five (5) Business Days, then he or she shall appoint a temporary or permanent replacement. The Transition Teams shall provide updates from time to time as reasonable requested by the Company Designee.

1.5 Transition Team Meetings. Within 30 Business Days after the Signing Date, the appropriate representatives of the Transition Teams shall conduct an initial joint meeting for the purpose of defining roles, responsibilities, scope and timelines related to the Transition Services. Thereafter, the Transition Teams shall convene meetings on a mutually agreed upon periodic

basis as required. It is the expectation of the parties that the Transition Team members shall communicate directly with one another and work directly with one another to ensure that all Transition Services are completed on a timely and complete basis; provided that, except for AT Co.'s Team Leader, the members of AT Co.'s Transition Team shall not have the legal authority to make or to modify any obligation or to waive any right on behalf of AT Co. The Team Leaders shall meet, at least weekly, or on such other mutually agreed upon periodic basis as required, to discuss the status of the Transition Services, as well as to answer questions, gather information and resolve disputes that may occur from time-to-time. All meetings pursuant to this Section 1.5 may be face-to-face, video or telephonic meetings as may be agreed upon by the parties. Each party and the Company Designee shall bear its own costs of attending or participating in Transition Team meetings.

1.6 Oversee Completion of Transition Services. The Transition Teams will be accountable for overseeing the completion of the Transition Services in accordance with the terms and conditions hereof. Unless otherwise provided in the Service Attachment, the parties will use their reasonable best efforts to respond to requests for information within 5 Business Days after receipt of each such request.

1.7 Availability of Subject Matter Experts. From time to time, Spinco may request that AT Co. make available to Spinco a resource of AT Co. that has expertise in the subject matter (which must be directly related to the systems and procedures utilized by AT Co. and its Affiliates in connection with the Spinco Business) specified by Spinco in such request. Within 5 Business Days after receipt by AT Co. of a reasonable request by Spinco that a specified subject matter expert be made available, AT Co. shall make, and shall cause its Affiliates to make, such subject matter experts (including, without limitation, technical and operational personnel) available to Spinco's Transition Team or other subject matter experts during AT Co.'s normal business hours. For purposes of determining the reasonableness of any such request by Spinco, AT Co. shall consider the specified subject matter expert's other duties and then-current schedule as well as the availability of other individuals with the same skills as the specified subject matter expert.

1.8 Equipment and Software. AT Co. shall keep the equipment and software used to provide the Transition Services in working order with sufficient capacity to perform the Transition Services concurrent with the equipment's and software's other use for AT Co., if any; provided, however, if AT Co. is required to increase the capacity of its equipment or software (for example, because previously shared hardware capacity must be duplicated) to perform the Transition Services, then AT Co. shall obtain Spinco's prior written approval of any additional cost or expense that AT Co. expects to incur in connection with such increase in capacity, and Spinco shall pay any such additional cost or expense incurred by AT Co. to provide such increased capacity to the extent so approved by Spinco.

1.9 General Cooperation. Subject to the terms and conditions set forth in this Agreement, AT Co. and Spinco shall each use reasonable best efforts to provide information and documentation sufficient for each party to perform the Transition Services as they were performed before the date of this Agreement, and make available, as reasonably requested by the other party, sufficient resources and timely decisions, approvals and acceptances in order that

each party may accomplish its obligations under this Agreement in a timely and efficient manner.

1.10 Modifications. Unless otherwise provided for in this Agreement, if Spinco makes any change in the processes, procedures, practices, networks, equipment, configurations, or systems pertaining to the Spinco Business, and such change has an adverse impact on AT Co.'s ability to provide any of the Transition Services, then AT Co. shall be excused from performance of any such affected Transition Services until Spinco mitigates the adverse impact of such change, and Spinco shall be responsible for all direct expenses incurred by AT Co. in connection with the cessation and, if applicable, the resumption of the affected Transition Services.

## **ARTICLE 2 TERM**

Unless terminated earlier in accordance with Article 8 of this Agreement, the term of this Agreement shall expire on the one-year anniversary of the Signing Date (the "Term"), except Spinco shall have the right to extend the Term for an additional 30 days by providing written notice to AT Co. at least 60 days prior to the expiration of the Term indicating Spinco's election to extend the Term.

## **ARTICLE 3 COMPENSATION AND PAYMENT ARRANGEMENTS FOR TRANSITION SERVICES**

3.1 Compensation for Transition Services. Subject to the terms and conditions of this Agreement, the total compensation payable by Spinco to AT Co. for each and every Transition Service provided pursuant to the Service Attachment shall be set forth in the Services Attachment (the "Transition Services Costs").

3.2 Payment Terms. Within 30 days after the end of each calendar month during the Term, or extension thereof, AT Co. shall bill Spinco in arrears for the Transition Services Costs that apply to the Transition Services performed by AT Co. Each of AT Co.'s invoices shall describe in reasonable detail the Transition Services upon which the applicable Transition Services Costs are based. Within 30 days after Spinco's receipt of each of AT Co.'s invoices, Spinco shall pay AT Co. the amount of such invoice. If such payment is not received by AT Co. within such 30-day period, Spinco shall also pay AT Co. interest from and after the last date of the calendar month in respect of such invoice, but excluding the date of payment by Spinco, at a rate per annum equal to the Prime Rate on the last day of the calendar month in respect of such invoice. If Spinco disputes in good faith any portion of the amount due on any invoice, Spinco shall notify AT Co. in writing of the nature and basis of the dispute within 10 Business Days after Spinco's receipt of such invoice. Otherwise the invoiced amount shall be deemed to be accurate and correct and shall not be subject to dispute or contest by Spinco or any Affiliate thereof. The parties shall use their reasonable best efforts to resolve the dispute prior to the payment due date. AT Co. shall reimburse Spinco within 30 days following, as applicable (a) agreement by the parties of any excess payment made by Spinco in respect of Transition Services, or (b) resolution of any disputed amounts paid in excess of the amount of Transition

Services Costs, in either case, with interest from and after the date payment was made by Spinco through, but excluding, the date of reimbursement by AT Co., at the rate per annum equal to the Prime Rate on the date payment was made by Spinco.

#### **ARTICLE 4 RELATIONSHIP TO OTHER DOCUMENTS**

4.1 Controlling Provisions. If there is any conflict or inconsistency between the terms and conditions set forth in the main body of this Agreement and any of the Exhibits to this Agreement, the provisions of the Exhibits shall control with respect to the rights and obligations of the parties regarding the Transition Services. If there is any conflict or inconsistency between the terms and conditions of this Agreement and the Distribution Agreement, the provisions of this Agreement shall control solely with respect to the rights and obligations of the parties regarding the Transition Services.

#### **ARTICLE 5 DISPUTE RESOLUTION**

5.1 Dispute Resolution Procedures. If a dispute arises between the parties with respect to the terms and conditions of this Agreement, or any subject matter governed by this Agreement (excluding disputes regarding a party's compliance with the applicable confidentiality provisions or in the case of suit to compel compliance with this dispute resolution process or with the provisions of this Article) (a "Dispute") the parties agree to use and follow this dispute resolution procedure before initiating any judicial action. At such time as the Dispute is resolved under this Article, interest (at the Prime Rate) shall be paid to the party receiving any disputed monies to compensate for the lapsed time between the date such disputed amount originally was paid or should have been paid through the date monies are paid in settlement of the Dispute.

5.2 Claims Procedures. The Transition Teams shall escalate any Dispute to the Team Leaders for resolution (and, to the extent applicable in accordance with Section 1.4 hereof, the Company Designee). Upon receipt of any such escalated matter, the Team Leaders (and, to the extent applicable in accordance with Section 1.4 hereof, the Company Designee) shall discuss and attempt to resolve the matter within 15 Business Days immediately following the escalation. If by the end of the fifteenth Business Day, the matter has not been resolved to the satisfaction of both Team Leaders (and, to the extent applicable in accordance with Section 1.4 hereof, the Company Designee), then the party that initiated the claim shall provide written notification to the other party in accordance with Section 10.3 of this Agreement, in the form of a claim identifying the issue or amount disputed and including a detailed reason for the claim. The party against whom the claim is made shall respond in writing to the claim within 15 Business Days from the date of receipt of the claim document. The party filing the claim shall have an additional 15 Business Days after the receipt of the response to either accept any resolution offered by the other party or request implementation of the procedures set forth in Section 5.3 (the "Escalation Procedures"). Failure to meet the time limitations set forth in this Section may result in the implementation of the Escalation Procedures.

5.3 Escalation Procedure. Upon receipt of the written notice of a party involved in the Dispute and in compliance with Section 5.2, each party shall appoint a knowledgeable, responsible representative to negotiate in good faith to resolve any unresolved disputes or claims arising under this Agreement. The parties intend that these negotiations be conducted by experienced business representatives empowered to decide the issues. The business representatives shall meet and attempt to resolve the Dispute within 15 Business Days of receiving the written request. If they can resolve the Dispute within that time period, it will be memorialized in a written settlement and release agreement, executed within five Business Days thereafter. If they can not resolve the Dispute within that time period, then the parties may resort to judicial action or other remedies. The parties may vary the duration and form of these Escalation Procedures by mutual written agreement.

## ARTICLE 6 INDEMNIFICATION

### 6.1 Indemnification by AT Co.

(a) AT Co. shall indemnify, defend and hold harmless each Spinco Indemnitee (as defined in the Distribution Agreement), against and in respect of any and all Indemnifiable Losses incurred or suffered by any Spinco Indemnitee that result from, relate to or arise out of any default by AT Co. in the performance of its obligations under this Agreement or any third party claim against any Spinco Indemnitee based upon the negligence, gross negligence or willful misconduct of any of the AT Co. Indemnitees that arise out of or result from any default by AT Co. in the performance of its obligations under this Agreement, except to the extent that any such Indemnifiable Losses arise out of or result from the negligence, gross negligence or willful misconduct of any Spinco Indemnitee.

(b) In the case of Indemnifiable Losses incurred by Spinco Indemnitees that arise out of or result from any default by AT Co. in the performance of its obligations under this Agreement based upon the negligence of any of the AT Co. Indemnitees, indemnification shall be limited to actual damages which in no event shall exceed the total amount of compensation payable to AT Co. hereunder. For the avoidance of doubt, in the case of Indemnifiable Losses incurred by the Spinco Indemnitees that arise out of or result from any default by AT Co. in the performance of its obligations under this Agreement based upon the gross negligence or willful misconduct of any of the AT Co. Indemnitees, indemnification shall be limited to actual damages without regard to the total amount of compensation payable to AT Co. hereunder.

### 6.2 Indemnification by Spinco.

(a) Spinco shall indemnify, defend and hold harmless each AT Co. Indemnitee (as defined in the Distribution Agreement), against and in respect of any and all Indemnifiable Losses incurred or suffered by any AT Co. Indemnitee that result from, relate to or arise out of any default by Spinco in the performance of its obligations under this Agreement or any third party claim against any AT Co. Indemnitee based upon the negligence, gross negligence or willful misconduct of any of the Spinco Indemnitees that arise out of or result from any default by Spinco in the performance of its obligations under this Agreement, except to the

extent that any such Indemnifiable Losses arise out of or result from the negligence, gross negligence or willful misconduct of any AT Co. Indemnitee.

(b) In the case of Indemnifiable Losses incurred by AT Co. Indemnitees that arise out of or result from any default by Spinco in the performance of its obligations under this Agreement based upon the negligence of any of the Spinco Indemnitees, indemnification shall be limited to actual damages which in no event shall exceed the total amount of compensation payable to AT Co. hereunder. For the avoidance of doubt, in the case of Indemnifiable Losses incurred by the AT Co. Indemnitees that arise out of or result from any default by Spinco in the performance of its obligations under this Agreement based upon the gross negligence or willful misconduct of any of the Spinco Indemnitees, indemnification shall be limited to actual damages without regard to the total amount of compensation payable to AT Co. hereunder.

### 6.3 Limitations.

(a) In no event shall either party hereto be liable for indirect, special, consequential or punitive damages arising out of this Agreement, regardless of the form of action, whether in contract, warranty, strict liability or tort, including negligence of any kind, whether active or passive, and regardless of whether the other party knew of or was advised at the time of breach of the possibility of such damages.

(b) Except as otherwise provided in this Article 6, AT Co.'s sole responsibility to Spinco for errors or omissions in providing the Transition Services shall be to re-perform such Transition Services properly in a diligent manner, at no additional cost or expense; provided, however, that each party shall use reasonable best efforts to detect any such errors or omissions and promptly advise the other party or parties of any such error or omission of which it becomes aware.

6.4 A party that is seeking indemnification pursuant to Section 6.1 or 6.2 shall notify the other party thereof and shall specify in reasonable detail the event(s) giving rise to such claim for indemnification within 15 Business Days after the indemnified party has actual knowledge of such event(s), except that any failure to give such notice will not waive any rights of the indemnified party unless the rights of the indemnifying party are actually and materially prejudiced thereby. The indemnifying party shall have the right to undertake the defense of any claim upon delivery of notice to the indemnified party with respect to such claim. Such defense shall be made with counsel reasonably acceptable to the indemnified party. If the indemnifying party fails to undertake the defense of the indemnified party within such time period, the indemnified party may retain its own counsel for such defense (which shall be reasonably acceptable to the indemnifying party), and the indemnified party's reasonable attorney's fees and expenses related to such claim shall be paid by the indemnifying party. Neither party shall, without the consent of the other party, agree to any non-monetary settlement of the indemnified claim.

(a) Upon a determination of liability by final and non-appealable court judgment or order in respect of Section 6.1 or 6.2, the appropriate party shall pay the other party the amount so determined (subject to the limitations of Section 6.3) within 15 Business Days

after the date of determination of liability by Final Judgment (such fifteenth Business Day, the "Due Date"). If there should be a dispute as to the amount or manner of determination of any indemnity obligation owed under Section 6.1 or 6.2, the indemnifying party shall nevertheless pay when due such portion, if any, of the obligation as shall not be subject to dispute. The difference, if any, between the amount of the obligation ultimately determined as properly payable under this Agreement and the portion, if any, theretofore paid shall bear interest as provided below in Section 6.4(b). Upon the payment in full of any claim, the indemnifying party or other Person making payment shall be subrogated to the rights of the indemnified party against any Person with respect to the subject matter of such claim. For purposes of this Section 6.4, "Final Judgment" means a judicial or other determination as to which no appeal or other review is pending or in effect and any deadline for filing any such appeal or review that may be designated by statute, rule, stipulation or other agreement has passed.

(b) If all or part of any indemnification obligation under Section 6.1 or 6.2 of this Agreement is not paid on the Due Date, then the indemnifying party shall pay the indemnified party interest on the unpaid amount of the obligation for each calendar day from the Due Date until payment in full, payable on demand, at a rate per annum equal to the Prime Rate on the Due Date.

#### **ARTICLE 7 FORCE MAJEURE**

Except for payment of amounts due, neither party shall be held liable for any delay or failure in performance of any part of this Agreement, including the Service Attachment, from any cause beyond its reasonable control and not primarily attributable to its fault or negligence, including, but not limited to, acts of God, acts of civil or military authority, embargoes, epidemics, war, terrorist acts, riots, insurrections, fires, explosions, earthquakes, nuclear accidents, floods, strikes, or disruptions in Internet and other telecommunication networks and backbones, power and other utilities. Upon the occurrence of a condition described in this Article, the party whose performance is prevented shall provide written notice to the other party, and the parties shall promptly confer, in good faith, on what action may be taken to minimize the impact, on both parties, of such condition.

#### **ARTICLE 8 TERMINATION**

8.1 Termination of Transition Services and Agreement for Convenience. Subject to the limitations set forth in the Services Attachment, Spinco shall have the right to terminate any Transition Service, in whole or in part, upon 30 days prior written notice to AT Co. If all Transition Services shall have been migrated or terminated under this provision prior to the expiration of this Agreement, then Spinco shall have the right to terminate this Agreement upon written notice to AT Co.

8.2 Termination for Default. In the event: (i) Spinco shall fail to pay for Transition Services in accordance with the terms of this Agreement (and such payment is not disputed by Spinco in good faith in accordance with Section 3.2); (ii) either party shall default, in any material respect, in the due performance or observance by it of any of the other terms, covenants

or agreements contained in this Agreement; or (iii) either party shall become or be adjudicated insolvent and/or bankrupt, or a receiver or trustee shall be appointed for either party or its property or a petition for reorganization or arrangement under any bankruptcy or insolvency law shall be approved, or either party shall file a voluntary petition in bankruptcy or shall consent to the appointment of a receiver or trustee, any non-defaulting party shall have the right, at its sole discretion, (A) in the case of a default under clause (iii), to immediately terminate its participation with the defaulting party under this Agreement, and (B) in the case of a default under clause (i) or (ii), to terminate its participation with the defaulting party under this Agreement if the defaulting Party has failed to (x) cure the default within 30 days of written notice of default or if the default (except for defaults as a result of failure to make payment) is such that it will take more than 30 days to cure, within an extended time period which shall be not longer than what is reasonably necessary to effect performance or compliance or (y) diligently pursue the curing of the default.

8.2 Termination of Distribution Agreement. This Agreement shall automatically terminate upon termination of the Distribution Agreement.

8.3 Transitional Cooperation. Each of AT Co. and Spinco will, and will cause their respective Affiliates to cooperate with the other party and its Affiliates to assure an orderly transition from the systems and procedures utilized by AT Co. and its Affiliates in connection with the Spinco Business to those systems and procedures to be utilized by Spinco and its Affiliates in connection with the Spinco Business after Closing.

8.4 Return of Material. As a Transition Service is migrated or terminated, whichever is earlier, each of AT Co. and Spinco will, and will cause their respective Affiliates to, return all material and property owned by the other party and its Affiliates, including, without limitation, any and all material and property of a proprietary nature involving the other party and its Affiliates relevant to the provision of that Transition Service and no longer needed regarding the performance of other Transition Services under this Agreement within 30 days after the applicable migration or termination. Upon termination of this Agreement, each of AT Co. and Spinco will, and will cause their respective Affiliates to, return any and all material and property of a proprietary nature involving the other party and its Affiliates, in its possession or control within 30 days after the termination of this Agreement. Notwithstanding anything to the contrary contained in this Agreement, upon the termination or expiration of this Agreement, Spinco shall cease all access to AT Co.'s information, data, systems and other assets that are not Spinco Assets.

8.5 Effect of Termination. The provisions of Articles 3, 4, 5, 6, 7, 8 and 10 shall survive the termination or expiration of this Agreement.

## ARTICLE 9 OTHER REPRESENTATIONS, WARRANTIES AND COVENANTS

9.1 Compliance with Laws. Each party shall comply, at its own expense, with the provisions of all Laws applicable to the performance of its obligations under this Agreement. Notwithstanding the description of the Transition Services in this Agreement, neither AT Co. nor

any of its Affiliates shall provide any services that would involve the rendering of legal, regulatory or tax advice or counsel.

9.2 Performance. AT Co. represents and warrants that AT Co. and its Affiliates, as the case may be, will provide the Transition Services in a timely and professional manner generally consistent with the past practices of AT Co. and its Affiliates in providing the same or similar services to the Spinco Business prior to the execution of the Distribution Agreement.

9.3 Books and Records. AT Co. or its Affiliates will maintain complete and accurate books and records pertaining to its provision of the Transition Services. AT Co. or its Affiliates will provide Spinco, upon reasonable notice and during normal business hours, with access to such books and records. All such information shall be subject to the terms of the confidentiality provisions set forth in Section 10.16 hereof.

9.4 No Other Representations or Warranties. EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES EXPRESSLY SET FORTH IN THIS AGREEMENT, NEITHER PARTY NOR ANY OTHER PERSON MAKES ANY OTHER EXPRESS OR IMPLIED REPRESENTATION OR WARRANTY ON BEHALF OF EITHER PARTY WITH RESPECT TO THE TRANSITION SERVICES, AT LAW OR IN EQUITY, INCLUDING, WITHOUT LIMITATION, WITH RESPECT TO MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE, AND ANY SUCH OTHER REPRESENTATIONS OR WARRANTIES ARE HEREBY EXPRESSLY DISCLAIMED.

## ARTICLE 10 MISCELLANEOUS

10.1 Relationship of the Parties. The parties declare and agree that each party is engaged in a business that is independent from that of the other party and each party shall perform its obligations as an independent contractor. It is expressly understood and agreed that Spinco and AT Co. are not partners or joint ventures, and nothing contained herein is intended to create an agency relationship or a partnership or joint venture. Neither AT Co. nor any of its Affiliates is an agent of Spinco or any of its Affiliates and has no authority to represent Spinco or any of its Affiliates as to any matters, except as authorized in this Agreement or in writing by Spinco from time to time. Neither Spinco nor any of its Affiliates is an agent of AT Co. or any of its Affiliates and has no authority to represent AT Co. or any of its Affiliates as to any matters, except as authorized in this Agreement or in writing by AT Co. from time to time.

10.2 Employees of the Parties. AT Co. shall be solely responsible for payment of compensation to its employees and for any injury to them in the course of their employment. AT Co. shall assume full responsibility for payment of all federal, state and local taxes or contributions imposed or required under unemployment insurance, social security and income tax laws with respect to such persons. Spinco shall be solely responsible for payment of compensation to its employees and for any injury to them in the course of their employment. Spinco shall assume full responsibility for payment of all federal, state and local taxes or contributions imposed or required under unemployment insurance, social security and income tax laws with respect to such persons.

10.3 Notices. All notices and other communications required or permitted hereunder may be telephonic, by electronic mail or in writing and will be deemed to have been given when provided to the appropriate party in accordance with the contact information specified below:

If to AT Co., to:

ALLTEL Corporation  
One Allied Drive  
Little Rock, AR 72202  
Attention: Chief Legal Officer

If to Spinco, to:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attention: \_\_\_\_\_

or to such other Person or contact information as either party may from time to time designate for itself by like notice.

10.4 Governing Law.

(a) This Agreement shall be construed in accordance with, and governed by, the internal Laws of the State of Delaware without giving effect to principles of conflicts of law.

(b) The parties hereby irrevocably waive any and all right to trial by jury in any legal proceeding arising out of or related to this Agreement.

10.5 Assignment.

(a) Neither this Agreement nor any of the rights, benefits or obligations hereunder may be assigned or delegated by Spinco or AT Co. (whether by operation of law or otherwise) without the prior written consent of the other party, which consent shall not be unreasonably withheld; provided, however, that no such consent shall be required for an assignment or delegation by any party hereto to a successor to all or a substantial portion of the assets or the business of such party so long as such assignee or delegee executes a written assumption of such party's obligations hereunder with respect to the rights or obligations assigned or delegated, and delivers such written assumption to the other party within a reasonable period of time after the effective date of such assignment or delegation. Subject to the preceding sentences, this Agreement will be binding upon, inure to the benefit of and be enforceable by Spinco and AT Co. and their respective successors and permitted assigns

10.6 Entire Agreement. This Agreement (including the Schedules and Exhibits attached hereto) constitutes the entire agreement between the parties pertaining to the subject

matter hereof and supersedes all prior and contemporaneous agreements, arrangements and understandings of the parties with respect to such subject matter.

10.7 Amendments and Waivers. Any provision of this Agreement may be amended if, and only if, such amendment is in writing and signed by both parties. Any provision of this Agreement may be waived to the extent permitted by applicable Law if, and only if, such waiver is in writing and signed by the party granting the waiver. No failure or delay by any party in exercising any right, remedy, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

10.8 Headings. The headings of the Articles and Sections of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction hereof.

10.9 Severability. Each term or provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable Law, but in case any one or more of the provisions contained herein shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such provision shall be ineffective to the extent but only to the extent of such invalidity, illegality or unenforceability, without rendering invalid or unenforceable the remainder of such provision or provisions of this Agreement; provided, however, that if the removal of such offending provision materially alters the burdens or benefits of either of the parties under this Agreement, the parties agree to negotiate in good faith such modifications to this Agreement, if any, as are appropriate to ensure that the burdens and benefits of each party under such modified Agreement are reasonably comparable to the burdens and benefits originally contemplated herein.

10.10 No Third-Party Beneficiaries. With the exception of the parties to this Agreement and their respective successors and permitted assigns, and there shall exist no right of any person to claim a beneficial interest in this Agreement or any rights arising out of this Agreement; provided, however, that with respect to Section 1.4 and Section 5.2 only, the Company is and shall be a stated and intended third party beneficiary; provided, however, that with respect to Section 1.4 and Section 5.2 only, the Company is and shall be a stated and intended third party beneficiary.

10.11 Remedies Cumulative. Except as otherwise provided herein, all rights, powers and remedies provided under this Agreement or otherwise available in respect hereof at law or in equity shall be cumulative and not alternative, and the exercise or beginning of the exercise of any right, power or remedy by a party shall not preclude the simultaneous or later exercise of any other such right, power or remedy by such party.

10.12 Expenses. Except as otherwise provided in this Agreement, the parties shall bear their own expenses (including all time and expenses of counsel, financial advisors, consultants, actuaries and independent accountants) incurred in connection with this Agreement.

10.13 Counterparts. This Agreement may be executed in one or more counterparts, which may be delivered by facsimile, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

10.14 Specific Performance. The parties hereto agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or any covenant set forth in this Agreement is otherwise breached. It is accordingly agreed that the parties shall be entitled to an injunction or injunctions to enforce specifically the performance of this Agreement in accordance with its terms and provisions and to prevent breaches of covenants set forth in this Agreement. The foregoing right is in addition to, and not in lieu of, any other rights a party hereto may have in respect of a breach of this Agreement, whether at law or in equity.

10.15 No Set-Off. The obligations under this Agreement shall not be subject to set-off for non-performance or any monetary or non-monetary claim by any party or any of their respective Affiliates under any other agreement between the parties or any of their respective Affiliates.

10.16 Confidentiality.

(a) AT Co. and its Affiliates and their respective officers, directors, partners, managers, shareholders, employees, agents and representatives will not disclose any confidential information about Spinco or any of its Affiliates obtained as a result of the exercise of its rights or performance of its obligations under this Agreement unless disclosure is compelled by judicial or administrative process or, based on advice of such Person's counsel, by other requirements of law. The obligations of AT Co. under this Section 10.16(a) will survive the termination or expiration of this Agreement.

(b) Spinco and its Affiliates and their respective officers, directors, partners, managers, shareholders, employees, agents and representatives will not disclose any confidential information about AT Co. or any of its Affiliates obtained as a result of the exercise of its rights or performance of its obligations under this Agreement unless disclosure is compelled by judicial or administrative process or, based on advice of such Person's counsel, by other requirements of law. The obligations of Spinco under this Section 10.16(b) will survive the termination or expiration of this Agreement.

10.17 Facilities and Systems Security. If either party or its personnel will be given access to the other party's facilities, premises, equipment or systems, such party will comply with all such other party's written security policies, procedures and requirements made available by each party to the other, and will not tamper with, compromise, or circumvent any security or audit measures employed by such other party. Each party shall use its reasonable best efforts to ensure that only those of its personnel who are specifically authorized to have access to the facilities, premises, equipment or systems of the other party gain such access, and to prevent unauthorized access, use, destruction, alteration or loss in connection with such access.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement as of the date first above written.

ALLTEL CORPORATION

By: \_\_\_\_\_  
Name:  
Title:

ALLTEL HOLDING CORP.

By: \_\_\_\_\_  
Name:  
Title:

**Services Attachment**

Exhibit E

**Transition Services Agreement - Service Attachment**  
 Preliminary Description of Services<sup>(1)</sup>

Alltel to Spingo

| Transition Service   | Period of Time Services will be required | SPINGO/<br>ALITEL<br>Contact &<br>Phone # | Detailed Description of Transition Services   |
|--|--|---|---|
| <b>SECTION 1:<br/>CUSTOMER CARE</b>                            |  |   |   |
| 1.a Recovery Management System                                 | 3-6 months                               |   | <p><b>COST METHODOLOGY:</b> Transition Services will be provided to Spingo at cost (with any third party fees and expenses passed through to Spingo), except that actual cost is not equal to the cost allocated to the Spingo Business as of the Interim Balance Sheet Date; the parties will mutually agree on a Transition Services Cost to be charged for that service. ATCo may charge Spingo a fee for individual services or any group of services bundled together, subject to the following sentence: it is the intention of the parties that Spingo will not be charged if Spingo terminates any individual Service or a bundle of Services pursuant to the Transition Services Agreement at any time during the term of the Transition Services Agreement, but prior to the expiration thereof (except that it is understood that it may not be possible to terminate an individual Service without terminating the bundle of Services in which case the parties will negotiate a separate process to address any reduction in fees)</p> |
| 1.b Avaya Dialer Support                                       | 3-6 months                               |   |   |
| 1.c Credit Services Contract                                   | 3-6 months                               |   |   |
| 1.d Right Now Technologies                                     | 3-6 months                               |   |   |
| 1.e Customer Service Support                                   | 3-6 months                               |   |   |
| 1.f Financial Services Compensation                            | 3-6 months                               |   |   |
| 1.g Twinsburg Data Center                                      | TBD                                      |   |   |
| 1.h Recovery Management System                                 | 3-6 months                               |   |   |
| <b>SECTION 2:<br/>ENGINEERING</b>                              |  |   |   |
| 2.a Network Maintenance  |  |   |   |
| 2.b Data Applications and Support (Email, DNS, Security, etc.) |  |   |   |
| <b>SECTION 3:<br/>FINANCE/ACCOUNTING</b>                       |  |   |   |
| 3.a Billing/Accounting Reports                                 |  |   |   |
| 3.b Ad Hoc Reports/Special Requests                            | 12 months                                | Todd Brock<br>501.905.6042                | Any ad-hoc report requirements arising from underlying TSA services being provided.   |
| 3.c Lockbox Processing   |  |   |   |
| 3.d Settlement Process   |  |   |   |
| 3.e Billing and Point of Sale System Services                  |  |   |   |
| 3.f Tax  |  |   |   |
| 3.g Customer Refunds   |  |   |   |
| 3.h Cash Verification  |  |   |   |
| 3.i Cash Reconciliation  |  |   |   |
| <b>SECTION 4:<br/>INFORMATION TECHNOLOGY</b>                   |  |   |   |
| 4.a Access to Subject Matter Experts                           | <=6 months                               |   |   |
| 4.b Wireless Billing Services                                  |  |   | Network Engineer and TOPS   |
| 4.c Table Maintenance  |  |   |   |
| 4.d Usage Monitoring   |  |   |   |
| 4.e Wireless-Wireline Bundle Bill                              |  |   |   |
| <b>SECTION 5</b>   |  |   |   |

| Section          | Description                    | Duration    | Personnel                                  | Other Details   |
|------------------|--------------------------------|-------------|--|---|
| 5.b              | Voice Mail Boxes               | 12 months   | Decker<br>Darren<br>Decker<br>501.905.8696 | Some voice mail systems will require TSA others might require LTA. 8 ILEC exchanges use wireless voice mail boxes.  |
| <b>SECTION 6</b> | <b>Human Resources</b>         |             |  |   |
| 6.a              | Benefits and Payroll           | 6-12 months | Susan<br>Bradley or<br>Cheri Chilton       | (a) Separation of personnel, systems, records, applications and data related to the Spinco Group<br>(b) Assistance in the integration of human resource activities and resources into the information technology system<br>(c) Provision of human resource administration services, including payroll and benefits matters, (through personnel, systems, service providers, or otherwise) to the extent required to maintain such services<br>(d) Processing and payment of payroll obligations, including remittance of payroll taxes to the appropriate taxing authority. |
| <b>SECTION 7</b> | <b>Real Estate</b>             |             |  |   |
| 7.a              | Office systems                 | 12 months   | Steve<br>Kavanaugh<br>501.905.5302         | Xerox and Pitney Bowes equipment will remain in place until contract end; expenses will be pass through to SpinCo   |
| 7.b              | Lease payments                 | 12 months   | Steve<br>Kavanaugh<br>501.905.5302         | Both parties must be prepared to make rent payments for 60 days post close  |
| <b>SECTION 8</b> | <b>Administrative Services</b> |             |  |   |
| 8.a              | Hangar Space                   | TBD         | Steve<br>Kavanaugh<br>501.905.5302         | Alltel will provide SpinCo with hangar space for one aircraft   |

(1) This Exhibit A is a preliminary description of services only. The Services Attachment containing the final description of Transition Services will be attached to the Transition Services Agreement at the time of execution on the Signing Date.

39. Please reference the amended application at page 8, paragraph 20. Insofar as the staffing referenced in this paragraph, will it be the same or different? If the latter, please provide a detailed breakdown of the differences, including the number and type of positions as well as their experience in the industry.

**Response: AKI and KAI staffing will not change as a result of the transaction.**

**Response provided by Susan Bradley.**

40. Please reference the amended application at page 8, paragraph 21 wherein it states that “the Merged Wireline Business will continue to receive similar centralized management services.” Please explain in detail what is meant by “similar” and provide a detailed listing of the known or expected changes to take place.

**Response: Similar means “the same as”. No changes are expected other than that the holding company of the MWB and its subsidiaries will perform these services instead of Alltel Corporation and its subsidiaries.**

**Response provided by Jeffery Gardner.**

41. Please reference the amended application at page 9, paragraph 24. The statement is made that the parent company will raise capital for AKI and KAI. What is anticipated with this statement?

**Response: Today, Alltel Corporation raises capital for the operating companies. After the transaction closes, the new holding company will raise capital for the operating companies in the same fashion as Alltel Corporation.**

**Response provided by Brent Whittington.**

42. Please reference the amended application at page 10, paragraph 28. “The establishment of the Merged Wireline Business as part of an independent, stand-alone wireline-centric corporation serves the public interest by allowing Alltel’s separated ILECs to focus squarely on building their wireline operations to provide a full range of high quality services to local residential and business customers.”

a. What is meant by wire-line centric?

**Response: Focused exclusively on wireline customers and strategies only.**

**Response by Jeffery Gardner.**

b. What impediments exist to prevent the focus but for the establishment of the new structured entity?

**Response: Today, Alltel Corporation is predominantly a wireless carrier (70%), and therefore, the majority of its resources are dedicated to the wireless business.**

**Response by Jeffery Gardner.**

43. Please reference the amended application at page 10, paragraph 29 wherein it states that the “separation and merger, other than a change of name, will be virtually transparent to customers.” Please explain in detail and provide definitive examples for the meaning of “virtually.”

**Response: Same tariff, same services, same customer service, same network and same employees. Only the name will change.**

**Response provided by Jeffery Gardner.**

44. Please reference the amended application at page 10, paragraph 30 wherein it states that the “Merged Wireline Business enhances service delivery, product development, and customer interaction.” Please explain in detail and provide definitive examples.

**Response: The Merged Wireline Business will have its own marketing department dedicated solely to develop, advertise and promote services to its existing and prospective wireline customers. As a result, it will be better able to respond to customer demands and provide the services they desire for their homes and businesses.**

**Response provided by Jeffery Gardner.**

45. Please reference the amended application at page 11, paragraph 33, wherein it states the “experience and expertise, combined with new flexibility to pursue wireline-only strategic goals, will ensure that the Merged Wireline Business service quality and standards will remain at the highest levels.” Please explain in detail and provide definitive examples.

**Response: See response to question 44 as the same is true here. Customer service will be dedicated to support the needs and inquiries of wireline customers, network planners will be dedicated to improve and expand the network to maintain and improve service quality and to deploy new services to wireline consumers, and the entire corporate staff will be dedicated to support all of these efforts for the benefit of wireline customers.**

**Response provided by Jeffery Gardner.**

46. Please reference the amended application at page 16, paragraph 48, wherein it states that “additional financial statements will be filed as soon as they are available.”

a. What additional statements will be filed or are contemplated on being filed?

**Response: Pro-forma financial statements for 2005.**

**Response by Jeffery Gardner.**

b. Specify in regard to the above question as to the known or contemplated date.

**Response: Filed with the testimony of Jeffery R. Gardner as Exhibit 1.**

**Response provided by Jeffery Gardner.**

47. Please provide a copy of any and all materials, including but not limited to transcripts of presentations, recordings or notes of presentations, or other information, regarding any and all financial analyses concerning the transaction.

**Response: Attached hereto. These materials are considered proprietary and confidential.**

**RESPONSE TO ATTORNEY GENERAL'S  
REQUEST NUMBER 47**

**ENTIRE DOCUMENT REDACTED**

48. Please refer to the testimony of Mr. Gardner at page 3 at lines 11 and 12. Explain in detail the “significant benefits to the New Holding Company.”

**Response: See Amended and Restated Application and responses to questions 27, 28, 44 and 45.**



49. Please refer to the testimony of Mr. Gardner at page 3 line 19. Explain in detail Mr. Gardner's understanding of the "financing of the transaction" and its impact on the company and its customers in particular.

**Response: The question is overly broad and vague and, therefore, objectionable. Mr. Gardner's understanding is as set forth in the Amended and Restated Application, the associated exhibits, and his testimony. However, Mr. Gardner will be made available at any mutually convenient time for specific questions or a general discussion of the financing if parties so desire.**

**Response provided by Jeffery Gardner.**

50. Please refer to the testimony of Mr. Gardner at page 4 at line 23. Please provide copies of the annual reports for the years 1999 through 2004, and 2005 if it becomes available during this proceeding.

**Response: Attached hereto.**

**KAI and AKI Annual Reports**

**Responsive to AG #50**

# ANNUAL REPORT

OF

ALLTEL Kentucky, Inc.  
Exact Legal Name of Reporting Utility

---

229 Lees Valley Road

---

Shepherdsville, KY 40165  
(Address of Utility)

---

TO THE  
**PUBLIC SERVICE COMMISSION**  
OF THE  
COMMONWEALTH OF KENTUCKY

FOR THE CALENDAR YEAR ENDED DECEMBER 31, 1999

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| Schedule II   | - Stockholders                            |
| Schedule III  | - Balance Sheet                           |
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**Telecommunications Utilities Reconciliation Form**

|  |                   |
|--|-------------------|
| <b>Total Operating Revenues (Schedule VI, Page 2 of 8)</b> | <b>17,141,941</b> |
| <b>Additions:</b>  |                   |
| Intrastate Uncollectibles (Account 5301)                   | 64,080            |
| Other Uncollectibles                                       |                   |
| <b>Total Additions</b>                                     | <b>64,080</b>     |
| <b>Deductions:</b>   |                   |
| Non-Regulated Revenue (Account 5280)                       | 1,414,306         |
| Interstate Billing/Collection Revenue (Account 5270)       | 129,491           |
| End User Revenue (Account 5081)                            | 1,090,766         |
| Interstate Switched Access Revenue (Account 5082)          | 1,377,100         |
| Interstate Special Access Revenue (Account 5083)           | 96,688            |
| Any Miscellaneous Interstate Revenues<br>(Explain Below)   |                   |
| <b>Total Deductions</b>                                    | <b>4,108,351</b>  |
| <b>Reconciled Assessable Revenues</b>                      | <b>13,097,670</b> |

Explanations/Comments: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**Do Not Write Below This Line**

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TELEPHONE UTILITIES - ANNUAL REPORT

Please furnish the following information, for KENTUCKY OPERATIONS only:

**BASIC SERVICE**

\*Average Residential Basic Service Monthly Bill \$ 9.20  
(\*Not including taxes)

**NAMES OF COUNTIES IN WHICH YOU FURNISH TELEPHONE SERVICE**

(If additional space is required, add additional sheet)

Bullitt, Spencer, and Jefferson  
\_\_\_\_\_  
\_\_\_\_\_

**OFFICER OR OTHER PERSON TO WHOM CORRESPONDENCE SHOULD BE ADDRESSED CONCERNING THIS REPORT**

|         |                                      |                  |                                     |
|---------|--------------------------------------|------------------|-------------------------------------|
| Name    | <u>David Cameron</u>                 | Title            | <u>Director-Financial Reporting</u> |
| Address | <u>1 Allied Drive; P.O. Box 2177</u> | City             | <u>Little Rock</u>                  |
| State   | <u>AR</u> Zip Code <u>72203</u>      | Telephone Number | <u>(501)905-5270</u>                |

This information is to be kept current by prompt notification to the Commission of any changes until the report for the succeeding year has been submitted.

**SERVICES PERFORMED BY INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT**

Are your financial statements examined by a Certified Public Accountant?

Yes X No \_\_\_\_\_

If yes, which service was performed?

Audit X Compilation \_\_\_\_\_ Review \_\_\_\_\_

Please enclose a copy of the accountant's report with the annual report.

(An accountant's report will be furnished upon receipt from the Public Accountants)

**BOARD OF DIRECTORS AND GENERAL OFFICERS**

Schedule I

Page 1 of 1

KPSC Form T (Revised 9/97)

Company

ALLTEL Kentucky, Inc.

Period Ended

December 31, 1999

| (a)<br>Name of Director or Officer and Address (City & State) | (b)<br>Title and Department Over Which Jurisdiction is Exercised | (c)<br>Term Expired or Current Term Will Expire | (d)<br>Served Continuously From |
|---|--|---|---------------------------------|
| 1. Mike Flynn Little Rock, AR                                 | Director   | 5/00  | 5/25/97                         |
| 2. Kevin L. Beebe Little Rock, AR                             | Director   | 5/00  | 8/19/99                         |
| 3. Ken Blake Elyria, OH                                       | Vice President-General Manager                                   | 5/00  | 8/19/99                         |
| 4. Leo Perreault Hudson, OH                                   | President-Midwest Market   | 5/00  | 8/19/99                         |
| 5. John B. Reed Little Rock, AR                               | Vice President-Taxes   | 5/00  | 8/19/99                         |
| 6. Stephen B. Rowell Little Rock, AR                          | Sr. Vice President-State Gov't Affairs                           | 5/00  | 8/19/99                         |
| 7. Jefferey R. Gardner Little Rock, AR                        | Sr. Vice President-Finance & Treasurer                           | 5/00  | 8/19/99                         |
| 8. Dan P. Thompson Little Rock, AR                            | Oper. Vice Pres. Midwest/Southwest                               | 5/00  | 8/19/99                         |
| 9. Americo Cornacchione Little Rock, AR                       | Vice President-Accounting & Finance                              | 5/00  | 5/25/97                         |
| 10. Laura S. Hall Little Rock, AR                             | Assistant Treasurer  | 5/00  | 8/19/99                         |
| 11. Jefferey W. Reynolds Little Rock, AR                      | Vice President-Wholesale Product Mgt.                            | 5/00  | 8/19/99                         |
| 12. Jim Kimzey Little Rock, AR                                | Sr. Vice President-Networks                                      | 5/00  | 5/25/97                         |
| 13. Jerry Green Little Rock, AR                               | Assistant Treasurer  | 5/00  | 5/25/97                         |
| 14. Francis X. Frantz Little Rock, AR                         | Secretary  | 5/00  | 5/25/97                         |
| 15. David Cameron Little Rock, AR                             | Assistant Secretary  | 5/00  | 5/25/97                         |
|   |  |   |                                 |
|   |  |   |                                 |
|   |  |   |                                 |

(use additional sheet, if needed)

**STOCKHOLDERS**

Schedule II  
Page 1 of 1  
KPSC Form T (Revised 9/97)

Company ALLTEL Kentucky, Inc.

Period Ended December 31, 1999

|    | Name and Address (City & State) of Stockholder                  | Shares Held |
|----|---|-------------|
| 1  | ALLTEL Corporation<br>One Allied Drive<br>Little Rock, AR 72202 | 7,674       |
| 2  |   |             |
| 3  |   |             |
| 4  |   |             |
| 5  |   |             |
| 6  |   |             |
| 7  |   |             |
| 8  |   |             |
| 9  |   |             |
| 10 |   |             |
| 11 |   |             |
| 12 |   |             |
| 13 |   |             |
| 14 |   |             |
| 15 |   |             |
| 16 |   |             |

(Use additional sheet, if needed)

Total holders of above class of stock 1

Date of above compilation 12/31/99 Purpose of the compilation \_\_\_\_\_

**BALANCE SHEET ACCOUNTS**

Schedule III  
 Page 1 of 5  
 KPSC Form T (Revised 9/97)

Company ALLTEL Kentucky, Inc.

Period Ended December 31, 1999

| Account (a) | Account Title (b)                                | Amount (c)       |
|-------------|--|------------------|
|             | <b>Current Assets</b>                            |                  |
| 1130        | Cash   | 120,301          |
| 1140        | Special Cash Deposits                            | 1,866            |
| 1150        | Working Cash Advances                            | 2,300            |
| 1160        | Temporary Investments                            |                  |
|             | <b>Total Cash and Equivalents</b>                | <u>124,467</u>   |
| 1180        | Telecommunications Accounts Receivable           | 1,378,970        |
| 1181        | Accounts Receivable Allowance-Telecommunications | (37,886)         |
| 1190        | Other Accounts Receivable                        | 705,473          |
| 1191        | Accounts Receivable Allowance-Other              |                  |
| 1200        | Notes Receivable                                 |                  |
| 1201        | Notes Receivable Allowance                       |                  |
| 1210        | Interest and Dividends Receivable                |                  |
| 1220        | Inventories                                      | 266,026          |
|             | <b>Total Receivable and Inventories</b>          | <u>2,312,583</u> |
| 1290        | Prepaid Rents                                    |                  |
| 1300        | Prepaid Taxes                                    |                  |
| 1310        | Prepaid Insurance                                |                  |
| 1320        | Prepaid Directory Expenses                       |                  |
| 1330        | Other Prepayments                                | -                |
|             | <b>Total Prepayments</b>                         | <u>-</u>         |
| 1350        | Other Current Assets                             | -                |
|             | <b>Total Current Assets</b>                      | <u>2,437,050</u> |
|             | <b>Noncurrent Assets</b>                         |                  |
| 1401        | Investments in Affiliated Companies              |                  |
| 1402        | Investments in Nonaffiliated Companies           | 483,930          |
| 1406        | Nonregulated Investments                         |                  |
| 1407        | Unamortized Debt Issuance Expense                | 7,904            |
| 1408        | Sinking Funds                                    |                  |
| 1410        | Other Noncurrent Assets                          | 129,849          |
| 1437        | Deferred Tax Regulatory Asset                    | -                |
| 1438        | Deferred Maintenance and Retirements             | 1,276,259        |
| 1439        | Deferred Charges                                 |                  |
| 1500        | Other Jurisdictional Assets - Net                |                  |
|             | <b>Total Noncurrent Assets</b>                   | <u>1,897,942</u> |

**BALANCE SHEET ACCOUNTS**

Company ALLTEL Kentucky, Inc.

Period Ended December 31, 1999

Schedule III  
Page 2 of 5  
KPSC Form T (Revised 9/97)

| Account (a)                       | Account Title (b)                         | Beginning Balance (c) | Additions (d)    | Retirements (e)  | Transfers/ Adjustments (f) | Ending Balance (g) |
|-----------------------------------|---|-----------------------|------------------|------------------|----------------------------|--------------------|
| <b>Telephone Plant</b>            |   |                       |                  |                  |                            |                    |
| 2001                              | Telephone Plant In Service                | 31,144,701            | 4,255,993        | 1,026,477        | 140,982                    | 34,515,199         |
| 2002                              | Property Held for Future Telephone Use    | -                     | -                | -                | -                          | -                  |
| 2003                              | Tele. Plant Under Construction-Short term | 2,540,010             | 4,551,813        | 4,272,712        | 14,655                     | 2,833,766          |
| 2004                              | Tele. Plant Under Construction-Long term  | -                     | -                | -                | -                          | -                  |
| 2005                              | Telephone Plant Adjustment                | -                     | -                | -                | -                          | -                  |
| 2006                              | Nonoperating Plant                        | -                     | -                | -                | -                          | -                  |
| 2007                              | Goodwill                                  | -                     | -                | -                | -                          | -                  |
|                                   | <b>Total Telephone Plant</b>              | <b>33,684,711</b>     | <b>8,807,806</b> | <b>5,299,189</b> | <b>155,637</b>             | <b>37,348,965</b>  |
| <b>Support Assets</b>             |   |                       |                  |                  |                            |                    |
| 2111                              | Land                                      | 117,844               | -                | -                | 11,333                     | 129,177            |
| 2112                              | Motor Vehicles                            | 630,728               | 10,982           | -                | (5,328)                    | 636,382            |
| 2113                              | Aircraft                                  | -                     | -                | -                | -                          | -                  |
| 2114                              | Special Purpose Vehicles                  | -                     | -                | -                | -                          | -                  |
| 2115                              | Garage Work Equipment                     | -                     | -                | -                | -                          | -                  |
| 2116                              | Other Work Equipment                      | 455,279               | -                | 1,184            | -                          | 454,095            |
| 2121                              | Buildings                                 | 1,490,394             | 24,823           | -                | 130,977                    | 1,646,194          |
| 2122                              | Furniture                                 | 286,043               | -                | 1,427            | -                          | 284,616            |
| 2123                              | Office Furniture                          | 216,254               | -                | 369              | -                          | 215,885            |
| 2124                              | General Purpose Computers                 | 291,702               | 17,223           | -                | -                          | 308,925            |
|                                   | <b>Total Support Assets</b>               | <b>3,488,244</b>      | <b>53,028</b>    | <b>2,980</b>     | <b>136,982</b>             | <b>3,675,274</b>   |
| <b>Central Office - Switching</b> |   |                       |                  |                  |                            |                    |
| 2211                              | Analog Electronic Switching               | -                     | -                | -                | -                          | -                  |
| 2212                              | Digital Electronic Switching              | 5,044,912             | 935,255          | 10,243           | (103,595)                  | 5,866,329          |
| 2215.1                            | Step-by-Step Switching                    | -                     | -                | -                | -                          | -                  |
| 2215.2                            | Crossbar Switching                        | -                     | -                | -                | -                          | -                  |
| 2215.3                            | Other Electro-Mechanical Switching        | -                     | -                | -                | -                          | -                  |
|                                   | <b>Total Central Office Switching</b>     | <b>5,044,912</b>      | <b>935,255</b>   | <b>10,243</b>    | <b>(103,595)</b>           | <b>5,866,329</b>   |
| 2220                              | <b>Total Operator Systems</b>             |                       |                  |                  |                            |                    |

**BALANCE SHEET ACCOUNTS**

Company ALLTEL Kentucky, Inc.

Period Ended December 31, 1999

Schedule III  
Page 3 of 5  
Kpsc Form T (Revised 9/97)

| Account (a)                                | Account Title (b)                               | Beginning Balance (c) | Additions (d)    | Retirements (e)  | Transfers/ Adjustments (f) | Ending Balance (g) |
|--|---|-----------------------|------------------|------------------|----------------------------|--------------------|
| <b>Central Office - Transmission</b>       |   |                       |                  |                  |                            |                    |
| 2231.1                                     | Satellite & Earth Stations                      | -                     |                  |                  |                            | -                  |
| 2231.2                                     | Other Radio Facilities                          | 14,899                |                  |                  |                            | 14,899             |
| 22232                                      | Circuit Equipment                               | 3,630,969             | 1,460,183        | 836,795          | 105,821                    | 4,360,178          |
|  | <b>Total Central Office Transmission</b>        | <b>3,645,868</b>      | <b>1,460,183</b> | <b>836,795</b>   | <b>105,821</b>             | <b>4,375,077</b>   |
| <b>Information Origination/Termination</b> |   |                       |                  |                  |                            |                    |
| 2311                                       | Station Apparatus                               | 146,918               | 61,469           | 19,353           | -                          | 189,034            |
| 2321                                       | Customer Premise Wire                           | 918                   | -                | 135              |                            | 783                |
| 2341                                       | Large PBX                                       | -                     |                  | -                | -                          | -                  |
| 2351                                       | Public Telephone Terminal Equipment             | 6,319                 | -                | 732              |                            | 5,587              |
| 2362                                       | Other Terminal Equipment                        | -                     |                  |                  |                            | -                  |
|  | <b>Total Information Origin./Termin.</b>        | <b>154,155</b>        | <b>61,469</b>    | <b>20,220</b>    | <b>-</b>                   | <b>195,404</b>     |
| <b>Cable &amp; Wire Facilities Assets</b>  |   |                       |                  |                  |                            |                    |
| 2411                                       | Poles   | 2,395,660             | 142,390          | 111,541          | 1,774                      | 2,428,283          |
| 2421                                       | Aerial Cable                                    | 10,934,950            | 674,073          | 35,815           | -                          | 11,573,208         |
| 2422                                       | Underground Cable                               | 779,261               | 6,603            | 122              |                            | 785,742            |
| 2423                                       | Buried Cable                                    | 4,061,211             | 922,992          | 8,761            |                            | 4,975,442          |
| 2424                                       | Submarine Cable                                 | -                     |                  |                  |                            | -                  |
| 2425                                       | Deep Sea Cable                                  | -                     |                  |                  |                            | -                  |
| 2426                                       | Intrabuilding Network Cable                     | -                     |                  |                  |                            | -                  |
| 2431                                       | Aerial Wire                                     | -                     |                  |                  |                            | -                  |
| 2441                                       | Conduit System                                  | 638,914               |                  |                  |                            | 638,914            |
|  | <b>Total Cable &amp; Wire Facilities Assets</b> | <b>18,809,996</b>     | <b>1,746,058</b> | <b>156,239</b>   | <b>1,774</b>               | <b>20,401,589</b>  |
| <b>Amortizable Assets</b>                  |   |                       |                  |                  |                            |                    |
| 2681                                       | Capital Leases                                  | -                     |                  |                  |                            | -                  |
| 2682                                       | Leasehold Improvements                          | -                     |                  |                  |                            | -                  |
|  | <b>Total Amortizable Assets</b>                 | <b>-</b>              | <b>-</b>         | <b>-</b>         | <b>-</b>                   | <b>-</b>           |
| 2690                                       | Intangibles                                     | 1,526                 |                  |                  |                            | 1,526              |
|  | <b>Total Tele. Plant in Service (Acct 2001)</b> | <b>31,144,701</b>     | <b>4,255,993</b> | <b>1,026,477</b> | <b>140,962</b>             | <b>34,515,199</b>  |

**BALANCE SHEET ACCOUNTS**

Schedule III  
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KPSC Form T (Revised 9/97)

Company ALLTEL Kentucky, Inc.

Period Ended December 31, 1999

| Account<br>(a) | Account Title<br>(b)                                      | Amount<br>(c)     |
|----------------|---|-------------------|
|                | <b><u>Depreciation and Amortization</u></b>               |                   |
| 3100           | Accumulated Depreciation                                  | 17,190,514        |
| 3200           | Accumulated Depreciation-Plant Held for Future Tele. Use  |                   |
| 3300           | Accumulated Depreciation-Nonoperating                     |                   |
| 3410           | Accumulated Amortization - Capitalized Leases             |                   |
| 3420           | Accumulated Amortization - Leasehold Improvements         |                   |
| 3500           | Accumulated Amortization - Intangible                     |                   |
| 3600           | Accumulated Amortization - Other                          |                   |
|                | <b>Total Depreciation and Amortization</b>                | <b>17,190,514</b> |
|                | <b>Net Telephone Plant</b>                                |                   |
|                | (Total Tele. Plt. less Total Depreciation & Amortization) | 20,158,451        |
|                | <b>Total Assets</b>                                       | <b>24,493,443</b> |
|                | <b><u>Current Liabilities</u></b>                         |                   |
| 4010           | Accounts Payable  | 859,960           |
| 4020           | Notes Payable   |                   |
| 4030           | Advanced Billing and Payments                             | 337,053           |
| 4040           | Customer's Deposits                                       | 28,677            |
| 4050           | Current Maturities - Long Term Debt                       | 475,160           |
| 4060           | Current Maturities - Capital Leases                       |                   |
| 4070           | Income Taxes - Accrued                                    | 338,119           |
| 4080           | Other Taxes - Accrued                                     | 44,561            |
| 4100           | Net Current Deferred Operating Income Taxes               | -                 |
| 4110           | Net Current Deferred Nonoperating Income Taxes            |                   |
| 4120           | Other Accrued Liabilities                                 | 52,838            |
| 4130           | Other Current Liabilities                                 | 115,632           |
|                | <b>Total Current Liabilities</b>                          | <b>2,252,000</b>  |

**BALANCE SHEET ACCOUNTS**

Schedule III  
Page 5 of 5  
KPSC Form T (Revised 9/97)

Company ALLTEL Kentucky, Inc.

Period Ended December 31, 1999

| Account<br>(a) | Account Title<br>(b)                                  | Amount<br>(c)     |
|----------------|---|-------------------|
|                | <b>Long-Term Debt</b>                                 |                   |
| 4210           | Funded Debt   |                   |
| 4220           | Premium on Long-Term Debt                             |                   |
| 4230           | Discount on Long-Term Debt                            |                   |
| 4240           | Reacquired Debt                                       |                   |
| 4250           | Obligations Under Capital Leases                      |                   |
| 4260           | Advances from Affiliated Companies                    | -                 |
| 4270           | Other Long-Term Debt                                  | 5,765,269         |
|                | <b>Total Long-Term Debt</b>                           | <b>5,765,269</b>  |
|                | <b>Other Liabilities and Deferred Credits</b>         |                   |
| 4310           | Other Long-Term Liabilities                           | 130,661           |
| 4320           | Unamortized Operating Investment Tax Credits-Net      | 30,566            |
| 4330           | Unamortized Nonoperating Investment Tax Credits-Net   |                   |
| 4340           | Net Noncurrent Deferred Operating Income Taxes        | 2,417,381         |
| 4341           | Net Deferred Tax Liability Adjustments                |                   |
| 4350           | Net Noncurrent Deferred Nonoperating Income Taxes     |                   |
| 4360           | Other Deferred Credits                                | 692,583           |
| 4361           | Deferred Tax Regulatory Liability                     | 20,690            |
| 4370           | Other Jurisdiction Liabilities/Deferred Credits - Net |                   |
|                | <b>Total Other Liabilities and Deferred Credits</b>   | <b>3,291,881</b>  |
| 4510           | Capital Stock   | 767,400           |
| 4520           | Additional Paid-In Capital                            | 163,600           |
| 4530           | Treasury Stock  |                   |
| 4540           | Other Capital   |                   |
| 4550           | Retained Earnings                                     | 12,253,293        |
|                | <b>Total Stockholders' Equity</b>                     | <b>13,184,293</b> |
|                | <b>Total Liabilities &amp; Stockholders' Equity</b>   | <b>24,493,443</b> |
|                |   |                   |
|                | Retained Earnings (Beginning of Year)                 | 11,798,581        |
|                | Net Income  | 3,054,712         |
|                | Dividends Declared                                    | 2,600,000         |
|                | Capital Credit Rotations                              |                   |
|                | Miscellaneous Debits*                                 | -                 |
|                | Miscellaneous Credits*                                | -                 |
|                | <b>Retained Earnings (End of Year)</b>                | <b>12,253,293</b> |

\*Explain any individual item over \$10,000



INVESTMENTS IN NONAFFILIATED COMPANIES

| Description<br>(a)                                       | Nonaffiliated Companies |                    |           |     | (j) |     |     |     |     |   |
|--|-------------------------|--------------------|-----------|-----|-----|-----|-----|-----|-----|---|
|  | (b)                     | (c)                | (d)       | (e) |     | (f) | (g) | (h) | (i) |   |
| <b>Account 1402</b>                                      |                         |                    |           |     |     |     |     |     |     |   |
| 1. Company Name  | Access Providers        | Telecomm Customers | RTB Stock | -   |     |     |     |     |     |   |
| 2. Beginning Balance                                     |                         |                    | 483,930   |     |     |     |     |     |     |   |
| 3. Investment  |                         |                    |           |     |     |     |     |     |     |   |
| 4. Earnings  |                         |                    |           |     |     |     |     |     |     |   |
| 5. (Losses)  |                         |                    |           |     |     |     |     |     |     |   |
| 6. Subtotal (Account 1402)                               | -                       | -                  | 483,930   | -   | -   | -   | -   | -   | -   | - |
| <b>Account 1160, Temporary Investments</b>               |                         |                    |           |     |     |     |     |     |     |   |
| 7. Beginning Balance                                     |                         |                    |           |     |     |     |     |     |     |   |
| 8. Gross Dr.   |                         |                    |           |     |     |     |     |     |     |   |
| 9. Gross (Cr.)   |                         |                    |           |     |     |     |     |     |     |   |
| 10. Subtotal (Account 1160)                              | -                       | -                  | -         | -   | -   | -   | -   | -   | -   | - |
| <b>Account 1180, Telecommunications Accts Receivable</b> |                         |                    |           |     |     |     |     |     |     |   |
| 11. Beginning Balance                                    |                         | 1,290,487          |           |     |     |     |     |     |     |   |
| 12. Gross Dr.  |                         | 18,078,490         |           |     |     |     |     |     |     |   |
| 13. Gross (Cr.)  |                         | (17,990,007)       |           |     |     |     |     |     |     |   |
| 14. Subtotal (Account 1180)                              | -                       | 1,378,970          | -         | -   | -   | -   | -   | -   | -   | - |
| <b>Account 1190, Other Accounts Receivable</b>           |                         |                    |           |     |     |     |     |     |     |   |
| 15. Beginning Balance                                    | 706,882                 |                    |           |     |     |     |     |     |     |   |
| 16. Gross Dr.  | 8,862,927               |                    |           |     |     |     |     |     |     |   |
| 17. Gross (Cr.)  | (8,864,336)             |                    |           |     |     |     |     |     |     |   |
| 18. Subtotal (Account 1190)                              | 705,473                 | -                  | -         | -   | -   | -   | -   | -   | -   | - |
| <b>Account 1200, Notes Receivable</b>                    |                         |                    |           |     |     |     |     |     |     |   |
| 19. Beginning Balance                                    |                         |                    |           |     |     |     |     |     |     |   |
| 20. Gross Dr.  |                         |                    |           |     |     |     |     |     |     |   |
| 21. Gross (Cr.)  |                         |                    |           |     |     |     |     |     |     |   |
| 22. Subtotal (Account 1200)                              | -                       | -                  | -         | -   | -   | -   | -   | -   | -   | - |
| <b>Account 1210, Interest and Dividends</b>              |                         |                    |           |     |     |     |     |     |     |   |
| 23. Beginning Balance                                    |                         |                    |           |     |     |     |     |     |     |   |
| 24. Gross Dr.  |                         |                    |           |     |     |     |     |     |     |   |
| 25. Gross (Cr.)  |                         |                    |           |     |     |     |     |     |     |   |
| 26. Subtotal (Account 1210)                              | -                       | -                  | -         | -   | -   | -   | -   | -   | -   | - |
| 27. Total  | 705,473                 | 1,378,970          | 483,930   | -   | -   | -   | -   | -   | -   | - |

**INCOME STATEMENT ACCOUNTS**

Schedule VI  
 Page 1 of 8  
 KPSC FORM 5 (Revised 9/97)

Company ALLTEL Kentucky, Inc.  
 Period Ended December 31, 1999

| Account<br>(a) | Account Title<br>(b)                                      | Amount<br>(c)    |
|----------------|---|------------------|
|                | <b><u>Local Network Service</u></b>                       |                  |
| 5001           | Basic Area Revenue  | 3,441,706        |
| 5002           | Optional Extended Area Revenue                            | 2,209,490        |
| 5003           | Cellular Mobile Service Revenue                           |                  |
| 5004           | Other Mobile Service Revenue                              |                  |
|                | <b>TOTAL BASIC LOCAL REVENUE SERVICE</b>                  | <b>5,651,196</b> |
| 5010           | Public Telephone Revenue                                  |                  |
| 5040           | Local Private Line Revenue                                | 469,409          |
| 5050           | Customer Premises Revenue                                 | 160,959          |
| 5060           | Other Local Exchange Revenue                              | 1,221,913        |
| 5069           | Other Local Exchange Revenue Settlements                  |                  |
|                | <b>TOTAL LOCAL NETWORK SERVICE REVENUES</b>               | <b>7,503,477</b> |
|                | <b><u>Network Access Service Revenues</u></b>             |                  |
| 5081           | End User Revenue  | 1,090,766        |
| 5082           | Switched Access Revenue                                   | 1,377,100        |
| 5083           | Special Access Revenue                                    | 96,688           |
| 5084           | State Access Revenue                                      | 4,559,471        |
|                | <b>TOTAL NETWORK ACCESS REVENUE</b>                       | <b>7,124,025</b> |
|                | <b><u>Long Distance (LD) Network Service Revenues</u></b> |                  |
| 5100           | LD Message Revenue (Class A)                              | -                |
| 5111           | LD Inward-only Revenue                                    |                  |
| 5112           | LD Outward-only Revenue                                   |                  |
|                | <b>TOTAL UNIDIRECTIONAL LD REVENUE</b>                    | <b>-</b>         |

**INCOME STATEMENT ACCOUNTS**

Schedule VI  
 Page 2 of 8  
 KPSC FORM 5 (Revised 9/97)

Company ALLTEL Kentucky, Inc.  
 Period Ended December 31, 1999

| Account<br>(a) | Account Title<br>(b)                                | Amount<br>(c)     |
|----------------|---|-------------------|
| 5121           | Subvoice Grade LD Private Network Revenue           | -                 |
| 5122           | Voice Grade LD Private Network Revenue              | 292,997           |
| 5123           | Audio Program Grade LD Private Network Revenue      |                   |
| 5124           | Video Program Grade LD Private Network Revenue      |                   |
| 5125           | Digital Transmission LD Private Network Revenue     |                   |
| 5126           | LD Private Network Switching Revenue                |                   |
| 5128           | Other LD Private Network Revenue                    |                   |
| 5129           | Other LD Private Network Revenue Settlements        |                   |
|                | <b>TOTAL LONG DISTANCE PRIVATE NETWORK REVENUE</b>  | <b>292,997</b>    |
| 5160           | Other Long Distance Revenue                         | 15,576            |
| 5169           | Other Long Distance Revenue Settlements             |                   |
|                | <b>TOTAL LONG DISTANCE NETWORK SERVICE REVENUES</b> | <b>308,573</b>    |
|                | <u>Miscellaneous Revenues</u>                       |                   |
| 5230           | Directory   | 132,292           |
| 5240           | Rent Revenues                                       | 16,503            |
| 5250           | Corporate Operations Revenue                        |                   |
| 5261           | Special Billing Arrangements Revenue                |                   |
| 5262           | Customer Operations Revenue                         |                   |
| 5263           | Plant Operations Revenue                            |                   |
| 5264           | Other Incidental Regulated Revenue                  | 77,004            |
| 5269           | Other Revenue Settlements                           | 6,220             |
| 5270           | Carrier Billing and Collection Revenue              | 623,621           |
| 5280           | Nonregulated Revenue                                | 1,414,306         |
|                | <b>TOTAL MISCELLANEOUS REVENUES</b>                 | <b>2,269,946</b>  |
|                | <u>Uncollectible Revenues</u>                       |                   |
| 5301           | Uncollectible Revenues-Telecommunications           | 64,080            |
| 5302           | Uncollectible Revenues-Other                        |                   |
|                | <b>TOTAL UNCOLLECTIBLE REVENUE</b>                  | <b>64,080</b>     |
|                | <b>TOTAL OPERATING REVENUES</b>                     | <b>17,141,941</b> |

**INCOME STATEMENT ACCOUNTS**

Company ALLTEL Kentucky, Inc.  
Period Ended December 31, 1999

| Account (a) | Account Title (b)                       | Total (c)        | Salaries and Wages (d) | Benefits (e)  | Rent (f) | Other Expenses (g) |
|-------------|---|------------------|------------------------|---------------|----------|--------------------|
|             | <b>PLANT SPECIFIC OPERATION EXPENSE</b> |                  |                        |               |          |                    |
| 6112        | Motor Vehicle                           | 92,288           | 21,849                 | 8,883         | -        | 61,556             |
| 610         | Clearance-MV                            | 22,311           | 4,462                  | 2,231         |          | 15,618             |
| 615         | Net Balance-MV                          | 69,977           | 17,387                 | 6,652         | -        | 45,938             |
| 6113        | Aircraft                                | -                |                        |               |          |                    |
| 620         | Clearance-Aircraft                      | -                |                        |               |          |                    |
| 625         | Net Balance-Aircraft                    | -                |                        |               |          |                    |
| 6114        | Special Purpose Vehicle                 | -                |                        |               |          |                    |
| 630         | Clearance-SPV                           | -                |                        |               |          |                    |
| 635         | Net Balance-SPV                         | -                |                        |               |          |                    |
| 6115        | Garage Work Equipment                   | -                |                        |               |          |                    |
| 6116        | Other Work Equipment                    | 15,563           | -                      | -             |          | 15,563             |
| 640         | Clearance-OWE                           | 7,304            | -                      | -             |          | 7,304              |
| 645         | Net Balance-OWE                         | 8,259            | -                      | -             |          | 8,259              |
|             | <b>TOTAL NETWORK SUPPORT EXPENSE</b>    | <b>78,236</b>    | <b>17,387</b>          | <b>6,652</b>  | <b>-</b> | <b>54,197</b>      |
| 6121        | Land & Building                         | 70,241           | 7,773                  | 594           | -        | 61,874             |
| 6122        | Furniture & Artworks                    | 365              |                        |               |          | 365                |
| 6123        | Office Equipment                        | 5,895            | 3,572                  | 886           |          | 1,437              |
| 6124        | General Purpose Computers               | 995,134          | -                      | -             |          | 995,134            |
|             | <b>TOTAL SUPPORT EXPENSE</b>            | <b>1,071,635</b> | <b>11,345</b>          | <b>1,480</b>  | <b>-</b> | <b>1,058,810</b>   |
| 6211        | Analog Electronic                       | 76,283           |                        |               |          | 76,283             |
| 6212        | Digital Electronic                      | 323,140          | 161,093                | 37,757        |          | 124,290            |
| 6215        | Electro-mechanical                      | -                |                        |               |          |                    |
|             | <b>TOTAL CENTRAL OFF. SWITCH. EXP.</b>  | <b>399,423</b>   | <b>161,093</b>         | <b>37,757</b> | <b>-</b> | <b>200,573</b>     |
| 6220        | Operator System Expense                 | -                |                        |               |          |                    |
| 6231        | Radio System                            | 15               |                        |               |          | 15                 |
| 6232        | Circuit Equipment                       | 37,023           | 14,981                 | 3,529         |          | 18,513             |
|             | <b>TOTAL CENTRAL OFF. TRANS. EXP.</b>   | <b>37,038</b>    | <b>14,981</b>          | <b>3,529</b>  | <b>-</b> | <b>18,528</b>      |

**INCOME STATEMENT ACCOUNTS**

| Account (a) | Account Title (b)                      | Total (c)        | Salaries and Wages (d) | Benefits (e)   | Rent (f)      | Other Expenses (g) |
|-------------|--|------------------|------------------------|----------------|---------------|--------------------|
| 6311        | Station Apparatus                      | 266,713          | 109,393                | 26,519         | -             | 130,801            |
| 6341        | Large PBX                              | -                | -                      | -              | -             | -                  |
| 6351        | Public Tele. Terminal Equipment        | -                | -                      | -              | -             | -                  |
| 6362        | Other Terminal Equipment               | -                | -                      | -              | -             | -                  |
|             | <b>TOTAL INFO. ORIG./TERM. EQUIP.</b>  | <b>266,713</b>   | <b>109,393</b>         | <b>26,519</b>  | <b>-</b>      | <b>130,801</b>     |
| 6411        | Poles                                  | 209,100          | 904                    | 192            | 85,344        | 122,660            |
| 6421        | Aerial Cable                           | 296,511          | 228,525                | 54,838         | -             | 13,148             |
| 6422        | Underground Cable                      | 1,355            | 130                    | 30             | -             | 1,195              |
| 6423        | Buried Cable                           | 127,112          | 86,361                 | 21,703         | -             | 19,048             |
| 6424        | Submarine Cable                        | -                | -                      | -              | -             | -                  |
| 6425        | Deep Sea Cable                         | -                | -                      | -              | -             | -                  |
| 6426        | Intrabuilding Network Cable            | -                | -                      | -              | -             | -                  |
| 6431        | Aerial Wire                            | -                | -                      | -              | -             | -                  |
| 6441        | Conduit Systems                        | -                | -                      | -              | -             | -                  |
|             | <b>TOTAL CABLE &amp; WIRE EXPENSE</b>  | <b>634,078</b>   | <b>315,920</b>         | <b>76,763</b>  | <b>85,344</b> | <b>156,051</b>     |
|             | <b>TOTAL PLANT SPC. EXPENSE</b>        | <b>2,487,123</b> | <b>630,119</b>         | <b>152,700</b> | <b>85,344</b> | <b>1,618,960</b>   |
|             | <b>PLANT NONSPECIFIC OPER. EXPENSE</b> |                  |                        |                |               |                    |
| 6511        | Plant Held for Future Telephone Use    |                  |                        |                |               |                    |
| 6512        | Provisioning                           | 29,781           | 1,336                  | 322            |               | 28,123             |
| 660         | Clearance-Prov.                        | 5,321            | 174                    | 54             |               | 5,093              |
| 665         | Net Balance-Prov.                      | 24,460           | 1,162                  | 268            | -             | 23,030             |
|             | <b>TOTAL OTHER PP&amp;E EXPENSE</b>    | <b>24,460</b>    | <b>1,162</b>           | <b>268</b>     | <b>-</b>      | <b>23,030</b>      |
| 6531        | Power                                  | 47,675           |                        |                |               | 47,675             |
| 6532        | Network Administration                 | 150,595          | 38,086                 | 8,954          |               | 103,555            |
| 6533        | Testing                                | 219,004          | -                      | -              |               | 219,004            |
| 6534        | Plant OPS Administration               | 153,100          | 108,520                | 14,061         |               | 30,519             |
| 670         | Clearance-POA                          | (98,129)         | (68,703)               | (15,476)       |               | (13,950)           |
| 675         | Net Balance-POA                        | 251,229          | 177,223                | 29,537         | -             | 44,469             |

**INCOME STATEMENT ACCOUNTS**

| Account<br>(a) | Account Title<br>(b)                              | Total<br>(c) | Salaries<br>and Wages<br>(d) | Benefits<br>(e) | Rent<br>(f) | Other<br>Expenses<br>(g) |
|----------------|---|--------------|------------------------------|-----------------|-------------|--------------------------|
| 6535           | Engineering                                       | 315,243      | 87,923                       | 18,393          |             | 208,927                  |
| 680            | Clearance-Engineering                             | 81,341       | 813                          | 81              |             | 80,447                   |
| 685            | Net Balance-Engineering                           | 233,902      | 87,110                       | 18,312          | -           | 128,480                  |
|                | <b>TOTAL NETWORK OPS EXPENSE</b>                  | 902,405      | 302,419                      | 56,803          | -           | 543,183                  |
| 6540           | Access Expense                                    | 456,100      |                              |                 | N/A         | 456,100                  |
| 6561           | Depreciation-Tele. Plt. in Service                | 2,414,858    | N/A                          | N/A             | N/A         | 2,414,858                |
| 6562           | Depreciation-PHFTU                                | -            | N/A                          | N/A             | N/A         |                          |
| 6563           | Amortization-Tangible                             | -            | N/A                          | N/A             | N/A         |                          |
| 6564           | Amortization-Intangible                           | -            | N/A                          | N/A             | N/A         |                          |
| 6565           | Amortization-Other                                | -            | N/A                          | N/A             | N/A         |                          |
|                | <b>TOTAL DEPRECIATION &amp; AMORTIZATION EXP.</b> | 2,414,858    | N/A                          | N/A             | N/A         | 2,414,858                |
|                | <b>TOTAL PLANT NONSPECIFIC EXPENSE</b>            | 3,797,823    | 303,581                      | 57,071          | N/A         | 3,437,171                |
|                | <b>CUSTOMER OPERATIONS EXPENSE</b>                |              |                              |                 |             |                          |
| 6611           | Produce Management                                | 53,865       | -                            | -               | N/A         | 53,865                   |
| 6612           | Sales   | 81,781       | 19,691                       | 4,038           | N/A         | 58,052                   |
| 6613           | Product Advertising                               | 29,240       |                              |                 | N/A         | 29,240                   |
|                | <b>TOTAL MARKETING EXPENSE</b>                    | 164,886      | 19,691                       | 4,038           | N/A         | 141,157                  |
| 6621           | Call Completion                                   | 10,693       |                              |                 | N/A         | 10,693                   |
| 6622           | Number Services                                   | 323,442      |                              |                 | N/A         | 323,442                  |
| 6623           | Customer Services                                 | 948,201      | 113,471                      | 26,418          | N/A         | 808,312                  |
|                | <b>TOTAL SERVICES EXPENSE</b>                     | 1,282,336    | 113,471                      | 26,418          | N/A         | 1,142,447                |
|                | <b>TOTAL CUSTOMER OPERATIONS EXP.</b>             | 1,447,222    | 133,162                      | 30,456          | N/A         | 1,283,604                |
|                | <b>CORPORATE OPERATIONS EXPENSE</b>               |              |                              |                 |             |                          |
| 6711           | Executive   | 88,084       | 10,225                       | 2,016           | N/A         | 75,843                   |
| 6712           | Planning  | 1,014        |                              |                 | N/A         | 1,014                    |
|                | <b>TOTAL EXECUTIVE &amp; PLANNING EXP.</b>        | 89,098       | 10,225                       | 2,016           | N/A         | 76,857                   |

**INCOME STATEMENT ACCOUNTS**

| Account (a) | Account Title (b)                              | Total (c)        | Salaries and Wages (d) | Benefits (e)       | Rent (f)           | Other Expenses     |
|-------------|--|------------------|------------------------|--------------------|--------------------|--------------------|
| 6721        | Accounting and Finance                         | 170,895          |                        |                    | N/A                | 170,895            |
| 6722        | External Affairs                               | 65,580           | -                      | -                  | N/A                | 65,580             |
| 6723        | Human Resources                                | 101,138          | -                      | -                  | N/A                | 101,138            |
| 6724        | Information Management                         | 805,487          |                        | -                  | N/A                | 805,487            |
| 6725        | Legal  | 8,010            |                        |                    | N/A                | 8,010              |
| 6726        | Procurement                                    | 24,766           | 13,110                 | 2,712              | N/A                | 8,944              |
| 6727        | Research & Development                         | -                |                        |                    | N/A                | -                  |
| 6728        | Other General & Administrative                 | 351,353          | 44,085                 | 13,999             | N/A                | 293,269            |
|             | <b>TOTAL GENERAL &amp; ADMINISTRATIVE EXP.</b> | <b>1,527,229</b> | <b>57,195</b>          | <b>16,711</b>      | <b>N/A</b>         | <b>1,453,323</b>   |
| 6790        | Provision for uncollectible Notes Receivable   |                  | N/A                    | N/A                | N/A                |                    |
|             | <b>TOTAL CORP. OPER. EXPENSE</b>               | <b>1,616,327</b> | <b>67,420</b>          | <b>18,727</b>      | <b>N/A</b>         | <b>1,530,180</b>   |
|             | <b>TOTAL OPERATING EXPENSE</b>                 | <b>9,348,495</b> | <b>1,134,282</b>       | <b>258,954</b>     | <b>85,344</b>      | <b>7,869,915</b>   |
|             | <b>NET OPERATING REVENUE</b>                   | <b>7,793,446</b> | XXXXXXXXXXXXXXXXXX     | XXXXXXXXXXXXXXXXXX | XXXXXXXXXXXXXXXXXX | XXXXXXXXXXXXXXXXXX |

**INCOME STATEMENT ACCOUNTS**

Schedule VI  
 Page 7 of 8  
 KPSC FORM T (Revised 9/97)

Company ALLTEL Kentucky, Inc.  
 Period Ended December 31, 1999

| Account<br>(a) | Account Title<br>(b)                                 | Amount<br>(c)      |
|----------------|--|--------------------|
|                | <b><u>Other Operating Income and Expense</u></b>     |                    |
| 7110           | Income from Custom Work                              |                    |
| 7130           | Return from Nonregulated use of Regulated Facilities |                    |
| 7140           | Gains/Losses from Foreign Exchange                   |                    |
| 7150           | Gains/Losses from Disposition of Land & Artworks     |                    |
| 7160           | Other Operating Gains and Losses                     | 5,268              |
|                | <b>OTHER OPERATING INCOME AND EXPENSE, NET</b>       | <b>5,268</b>       |
|                | <b><u>Operating Taxes</u></b>                        |                    |
| 7210           | Operating Investment Tax Credits-Net                 | (34,548)           |
| 7220           | Operating Federal Income Taxes                       | 1,923,757          |
| 7230           | Operating State and Local Income Taxes               | 641,263            |
| 7240           | Operating Other Taxes                                | 481,751            |
| 7250           | Provision for Deferred Operating Income Tax-Net      | (28,049)           |
|                | <b>TOTAL OPERATING TAXES</b>                         | <b>2,984,174</b>   |
|                | <b><u>Nonoperating Income and Expense</u></b>        |                    |
| 7310           | Dividend Income                                      | 330                |
| 7320           | Interest Income                                      | 58,651             |
| 7330           | Income from Sinking and Other Funds                  | -                  |
| 7340           | Allowance for Funds used During Construction (AFUDC) | 63,445             |
| 7350           | Gains/Losses from the Disposition of Property        |                    |
| 7360           | Other Nonoperating Income                            | (1,792,000)        |
| 7370           | Special Charges                                      | (10,420)           |
|                | <b>NONOPERATING INCOME AND EXPENSE-NET</b>           | <b>(1,679,994)</b> |
|                | <b><u>Nonoperating Taxes</u></b>                     |                    |
| 7410           | Nonoperating Investment Tax Credits-Net              |                    |
| 7420           | Nonoperating Federal Income Taxes                    | (274,407)          |
| 7430           | Nonoperating State and Local Income Taxes            | (70,498)           |
| 7440           | Nonoperating Other Taxes                             |                    |
| 7450           | Provision for Deferred Nonoperating Income Tax-Net   |                    |
|                | <b>TOTAL NONOPERATING TAXES</b>                      | <b>(344,905)</b>   |

**INCOME STATEMENT ACCOUNTS**

Schedule VI  
 Page 8 of 8  
 KPSC FORM T (Revised 9/97)

Company ALLTEL Kentucky, Inc.  
 Period Ended December 31, 1999

| Account<br>(a) | Account Title<br>(b)  | Amount<br>(c)    |
|----------------|---|------------------|
|                | <u>Interest and Related Items</u>                           |                  |
| 7510           | Interest on Funded Debt                                     | 401,994          |
| 7520           | Interest Expense-Capital Leases                             |                  |
| 7530           | Amortization of Debt Issuance Expense                       | 726              |
| 7540           | Other Interest Deductions                                   | 22,019           |
|                | <b>TOTAL INTEREST AND RELATED ITEMS</b>                     | <b>424,739</b>   |
|                | <u>Extraordinary Items</u>                                  |                  |
| 7610           | Extraordinary Income Credits                                |                  |
| 7620           | Extraordinary Income Charges                                |                  |
| 7630           | Current Income Tax Effect of Extraordinary Items-Net        |                  |
| 7640           | Provision for Deferred Income Tax Effect of Items-Net       |                  |
|                | <b>TOTAL EXTRAORDINARY ITEMS</b>                            |                  |
|                | <u>Jurisdictional Differences &amp; Nonregulated Income</u> |                  |
| 7910           | Income Effect of Jurisdictional Differences-Net             |                  |
| 7990           | Nonregulated Net Income                                     |                  |
|                | <b>NET INCOME</b>   | <b>3,054,712</b> |

|  |             |
|--|-------------|
| TOTAL NUMBER OF EMPLOYEES AT END OF YEAR | 30          |
| NUMBER OF FULL TIME EMPLOYEES            | 30          |
| NUMBER OF PART TIME EMPLOYEES            | 0           |
| TOTAL COMPENSATION FOR THE YEAR          | \$1,191,882 |

**ACCESS LINES IN SERVICE BY TECHNOLOGY**

Schedule VII

Page 1 of 1

KPSC FORM T (Revised 9/97)

Company ALLTEL Kentucky, Inc.

Period Ended December 31, 1999

|     | State or Territory<br>(a) | Number of<br>Central Office<br>Switches<br>(b) | ISDN 16 kh/sec<br>D Channels<br>(Divided by 4)<br>(c) | Main Digital<br>Access Lines<br>64kh/s or<br>Equivalent<br>(ISDN B Channels<br>Except to PBX's)<br>(d) |
|-----|---------------------------|--|---|--|
| 1.  | Kentucky                  | 3  | 23  | 92   |
| 2.  |                           |  |   |  |
| 3.  |                           |  |   |  |
| 4.  |                           |  |   |  |
| 5.  |                           |  |   |  |
| 6.  |                           |  |   |  |
| 7.  |                           |  |   |  |
| 8.  |                           |  |   |  |
| 9.  |                           |  |   |  |
| 10. |                           |  |   |  |
|     | <b>TOTAL</b>              | <b>3</b>                                       | <b>23</b>   | <b>92</b>  |

| Line<br>Number<br>(a) | Main Analog<br>Access Line<br>4khz or<br>Equivalent<br>(b) | Digital DS-1<br>Access Lines<br>to PBS's and<br>Centrex<br>(Times 24)<br>(f) | Analog PBX<br>and Centrex<br>Access Trunks<br>(g) | Analog<br>Centrex<br>Extensions<br>(h) | Other<br>(i) |
|-----------------------|--|--|---|--|--------------|
| 1.                    | 26,414   | 120  | 881   | 764                                    | -            |
| 2.                    |  |  |   |  |              |
| 3.                    |  |  |   |  |              |
| 4.                    |  |  |   |  |              |
| 5.                    |  |  |   |  |              |
| 6.                    |  |  |   |  |              |
| 7.                    |  |  |   |  |              |
| 8.                    |  |  |   |  |              |
| 9.                    |  |  |   |  |              |
| 10.                   |  |  |   |  |              |
|                       | <b>TOTAL</b>   | <b>120</b>   | <b>881</b>  | <b>764</b>                             |              |

**ACCESS LINES IN SERVICE BY CUSTOMER**

Schedule VIII  
 Page 1 of 1  
 KPSC FORM T (Revised 9/97)

Company ALLTEL Kentucky, Inc.  
 Period Ended December 31, 1999

| State or Territory<br>(a) | Business Access Lines |                  |
|---------------------------|-----------------------|------------------|
|                           | Single Line<br>(b)    | Multiline<br>(c) |
| 1. Kentucky               | 4,582                 | -                |
| 2.                        |                       |                  |
| 3.                        |                       |                  |
| 4.                        |                       |                  |
| 5.                        |                       |                  |
| 6.                        |                       |                  |
| 7.                        |                       |                  |
| 8.                        |                       |                  |
| 9.                        |                       |                  |
| 10.                       |                       |                  |
| TOTAL                     | 4,582                 | -                |

| Line Number<br>(a) | Public Access Lines<br>(d) | Residential Access Lines<br>(f) | Mobile Access Lines<br>(f) | Special Access Lines<br>(Non-Switched)<br>(g) | Total Access Lines<br>(Switched and Special)<br>(h) |
|--------------------|----------------------------|---------------------------------|----------------------------|---|---|
| 1.                 | 108                        | 21,574                          |                            | 150   | 26,414  |
| 2.                 |                            |                                 |                            |   |   |
| 3.                 |                            |                                 |                            |   |   |
| 4.                 |                            |                                 |                            |   |   |
| 5.                 |                            |                                 |                            |   |   |
| 6.                 |                            |                                 |                            |   |   |
| 7.                 |                            |                                 |                            |   |   |
| 8.                 |                            |                                 |                            |   |   |
| 9.                 |                            |                                 |                            |   |   |
| 10.                |                            |                                 |                            |   |   |
| TOTAL              | 108                        | 21,574                          | -                          | 150   | 26,414  |

**TELEPHONE CALLS**

Schedule IX  
 Page 1 of 1  
 KPSC FORM T (Revised 9/97)

Company ALLTEL Kentucky, Inc.  
 Period Ended December 31, 1999

| State or Territory<br>(a) | Local Calls<br>(Total Local Calls)<br>(b) | Intralata<br>Toll Calls<br>(c) |
|---------------------------|---|--------------------------------|
| 1.                        |   |                                |
| 2.                        |   |                                |
| 3.                        |   |                                |
| 4.                        |   |                                |
| 5.                        |   |                                |
| 6.                        |   |                                |
| 7.                        |   |                                |
| 8.                        |   |                                |
| 9.                        |   |                                |
| 10.                       |   |                                |
| TOTAL                     |   |                                |

| Line No.<br>(a) | INTERLATA TOLL CALLS (Completed) |                          |               |                          | Total Toll Calls |                          |
|-----------------|----------------------------------|--------------------------|---------------|--------------------------|------------------|--------------------------|
|                 | Interstate                       |                          | Intrastate    |                          | Number<br>(h)    | Billed<br>Minutes<br>(i) |
|                 | Number<br>(d)                    | Billed<br>Minutes<br>(e) | Number<br>(f) | Billed<br>Minutes<br>(g) |                  |                          |
| 1.              |                                  |                          |               |                          |                  |                          |
| 2.              |                                  |                          |               |                          |                  |                          |
| 3.              |                                  |                          |               |                          |                  |                          |
| 4.              |                                  |                          |               |                          |                  |                          |
| 5.              |                                  |                          |               |                          |                  |                          |
| 6.              |                                  |                          |               |                          |                  |                          |
| 7.              |                                  |                          |               |                          |                  |                          |
| 8.              |                                  |                          |               |                          |                  |                          |
| 9.              |                                  |                          |               |                          |                  |                          |
| 10.             |                                  |                          |               |                          |                  |                          |
| TOTAL           |                                  |                          |               |                          |                  |                          |

Access provider not Toll provider. Information not readily available.

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# **ANNUAL REPORT**

OF

---

ALLTEL Kentucky, Inc.  
Exact Legal Name of Reporting Utility

---

229 Lees Valley Road

---

Shepherdsville, KY 40165  
(Address of Utility)

TO THE  
**PUBLIC SERVICE COMMISSION**  
OF THE  
COMMONWEALTH OF KENTUCKY

FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2000

## Table of Contents

|               |   |
|---------------|---|
| Schedule I    | - Board of Directors and General Officers |
| Schedule II   | - Stockholders                            |
| Schedule III  | - Balance Sheet                           |
| Schedule IV   | - Investments in Affiliated Companies     |
| Schedule V    | - Investments in Non-Affiliated Companies |
| Schedule VI   | - Income Statement                        |
| Schedule VII  | - Access Lines in Service                 |
| Schedule VIII | - Access Lines in Service by Customer     |
| Schedule IX   | - Telephone Calls                         |

KENTUCKY PUBLIC SERVICE COMMISSION  
REPORT OF GROSS OPERATING REVENUES DERIVED FROM INTRA-KENTUCKY  
BUSINESS FOR THE YEAR ENDING DECEMBER 31, 2000

Name of Utility Reporting ALLTEL Kentucky, Inc.

Address of Utility 229 Lees Valley Rd.

City Shepherdsville State KY Zip Code 40165

Telephone Number of Utility (501) 905-8000

Fax Number of Utility (if applicable) (501) 905-8428

Officer/Contact Person David Cameron Manager-External Reporting.  
(Name) (Title)

\*\*\*\*\*

ASSESSABLE REVENUES OF TELEPHONE UTILITY .....\$ 14,705,122  
(to agree with assessable revenues figure on the back of this page)

\*\*\*\*\*

O A T H

State of Arkansas.....)

) ss.

County of Pulaski.....)

David Cameron being duly sworn, states that he/she  
(Officer)

is Assistant Secretary of the ALLTEL Kentucky, Inc.  
(Official Title) (Utility Reporting)

that the above report of gross revenues is in exact accordance with

ALLTEL Kentucky, Inc., and that such books accurately show the gross  
(Utility Reporting)

revenues of: ALLTEL Kentucky, Inc., derived from Intra-Kentucky  
(Utility Reporting)

business for the calendar year ending December 31, 2000.

\_\_\_\_\_  
(Officer) (Title)

This the \_\_\_\_\_ day of \_\_\_\_\_, 2001

\_\_\_\_\_  
(Notary Public) (County) (Commission Expires)

**NOTE: ANY DIFFERENCE BETWEEN THE AMOUNT OF THE GROSS REVENUES SHOWN IN THE ANNUAL REPORT AND THE AMOUNT APPEARING ON THIS STATEMENT MUST BE RECONCILED ON THE RESERVE OF THIS REPORT.**

**Telecommunications Utilities Reconciliation Form**

|  |                             |
|--|-----------------------------|
| <b>Total Operating Revenues (Schedule IV, Page 2 of 8)</b> | <u>19,229,134</u>           |
| <b>Additions:</b>  |                             |
| Intrastate Uncollectibles (Account 5301)                   | <u>52,200</u>               |
| Other Uncollectibles                                       | <u>                    </u> |
| <b>Total Additions</b>                                     | <u>52,200</u>               |
| <b>Deductions:</b>   |                             |
| Non-Regulated Revenue (Account 5280)                       | <u>1,518,891</u>            |
| Interstate Billing/Collection Revenue (Account 5270)       | <u>66,871</u>               |
| End User Revenue (Account 5081)                            | <u>1,191,072</u>            |
| Interstate Switched Access Revenue (Account 5082)          | <u>1,658,703</u>            |
| Interstate Special Access Revenue (Account 5083)           | <u>140,675</u>              |
| Any Miscellaneous Interstate Revenues<br>(Explain Below)   | <u>                    </u> |
| <b>Total Deductions</b>                                    | <u>4,576,212</u>            |
| <b>Reconciled Assessable Revenues</b>                      | <u><u>14,705,122</u></u>    |

Explanations/Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Do Not Write Below This Line**

---

TELEPHONE UTILITIES - ANNUAL REPORT

Please furnish the following information, for **KENTUCKY OPERATIONS** only:

**BASIC SERVICE:**

\*Average Residential Basic Service Monthly Bill \$ 9.15  
(\*Not including taxes).

**NAMES OF COUNTIES IN WHICH YOU FURNISH TELEPHONE SERVICE**

(If additional space is required, add additional sheet)

Bullitt, Spencer, and Jefferson  
\_\_\_\_\_  
\_\_\_\_\_

**OFFICER OR OTHER PERSON TO WHOM CORRESPONDENCE SHOULD BE ADDRESSED CONCERNING THIS REPORT**

Name David Cameron Title Manager-Financial Reporting  
Address 1 Allied Drive;P.O. Box 2177 City Little Rock  
State AR Zip Code 72203 Telephone Number (501)905-5270

This information is to be kept current by prompt notification to the Commission of any changes until the report for the succeeding year has been submitted.

**PRINCIPAL PAYMENT, INTEREST, AND LONG-TERM DEBT INFORMATION FOR THE YEAR ENDING DECEMBER 31, 2000.**

1. Amount of Principal payment during calendar year \$ 475,160
2. Is Principal current? Yes X No \_\_\_\_\_
3. Is Interest current? Yes X No \_\_\_\_\_
4. Has all long-term debt been approved by the Public Service Commission?  
Yes X No \_\_\_\_\_ PSC Case Number \_\_\_\_\_

**SERVICES PERFORMED BY INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT :**

Are your financial statements examined by a Certified Public Accountant?

Yes X No \_\_\_\_\_

If yes, which service was performed?

Audit X Compilation \_\_\_\_\_ Review \_\_\_\_\_

Please enclose a copy of the accountant's report with the annual report.

(An accountant's report will be furnished upon receipt from the Public Accountants)

**BOARD OF DIRECTORS AND GENERAL OFFICERS**

Schedule I

Page 1 of 1

KPSC Form T (Revised 9/97)

Company

ALTEL Kentucky, Inc.

Period Ended

December 31, 2000

| Name of Director or Officer and Address (City & State)<br>(a) | Title and Department Over<br>Which Jurisdiction is Exercised<br>(b) | Term Expired<br>or Current Term<br>Will Expire<br>(c) | Served<br>Continuously<br>From<br>(d) |
|---|---|---|---------------------------------------|
| 1. Mike Flynn<br>Little Rock, AR                              | Director  | *   | 5/25/95                               |
| 2. Kevin L. Beebe<br>Little Rock, AR                          | Director  | *   | 8/19/99                               |
| 3. Jay M. Inks<br>Hudson, OH                                  | Market Area President   | *   | 10/24/2000                            |
| 4. Kenneth Blake<br>Elyria, OH                                | Vice President-General Manager                                      | *   | 8/19/99                               |
| 5. Amerigo Cornacchione<br>Little Rock, AR                    | Sr. Vice President- Finance   | 02/28/01  | 5/25/95                               |
| 6. Jim Kimzey<br>Little Rock, AR                              | Sr. Vice President-Networks   | 02/28/01  | 5/25/95                               |
| 7. John B. Reed<br>Little Rock, AR                            | Vice President-Taxes  | *   | 8/19/99                               |
| 8. Jefferey W. Reynolds<br>Little Rock, AR                    | Vice President-Wholesale Product Mgt.                               | *   | 8/19/99                               |
| 9. Stephen B. Rowell<br>Little Rock, AR                       | Sr. Vice President-State Gov't Affairs                              | *   | 5/15/1996                             |
| 10. Jefferey R. Gardner<br>Little Rock, AR                    | Sr. Vice President-Chief Fin. Officer                               | *   | 8/19/99                               |
| 11. Steve Mowery<br>Little Rock, AR                           | Vice President-State Gov't Affairs                                  | *   | 10/24/2000                            |
| 12. Francis X. Frantz<br>Little Rock, AR                      | Secretary   | *   | 5/25/95                               |
| 13. David Cameron<br>Little Rock, AR                          | Assistant Secretary   | *   | 5/25/95                               |
| 14.   |   |   |                                       |
| 15.   |   |   |                                       |
| 16.   |   |   |                                       |

(use additional sheet, if needed)

\* Until next annual meeting of Directors or until successors are elected and qualified

**STOCKHOLDERS**

Schedule II  
Page 1 of 1  
KPSC Form T (Revised 9/97)

Company ALLTEL Kentucky, Inc.  
Period Ended December 31, 2000

|    | Name and Address (City & State) of Stockholder                  | Shares Held |
|----|---|-------------|
| 1  | ALLTEL Corporation<br>One Allied Drive<br>Little Rock, AR 72202 | 7,674       |
| 2  |   |             |
| 3  |   |             |
| 4  |   |             |
| 5  |   |             |
| 6  |   |             |
| 7  |   |             |
| 8  |   |             |
| 9  |   |             |
| 10 |   |             |
| 11 |   |             |
| 12 |   |             |
| 13 |   |             |
| 14 |   |             |
| 15 |   |             |
| 16 |   |             |

(Use additional sheet, if needed)

Total holders of above class of stock 1

Date of above compilation 12/31/99 Purpose of the compilation \_\_\_\_\_

**BALANCE SHEET ACCOUNTS**

Schedule III  
 Page 1 of 5  
 KPSC Form T (Revised 9/97)

Company ALLTEL Kentucky, Inc.

Period Ended December 31, 2000

| Account<br>(a) | Account Title<br>(b)                             | Amount<br>(c)    |
|----------------|--|------------------|
|                | <b>Current Assets</b>                            |                  |
| 1130           | Cash   | 101,401          |
| 1140           | Special Cash Deposits                            | -                |
| 1150           | Working Cash Advances                            | 2,300            |
| 1160           | Temporary Investments                            |                  |
|                | <b>Total Cash and Equivalents</b>                | <u>103,701</u>   |
| 1180           | Telecommunications Accounts Receivable           | 2,143,142        |
| 1181           | Accounts Receivable Allowance-Telecommunications | (25,547)         |
| 1190           | Other Accounts Receivable                        | 795,765          |
| 1191           | Accounts Receivable Allowance-Other              |                  |
| 1200           | Notes Receivable                                 |                  |
| 1201           | Notes Receivable Allowance                       |                  |
| 1210           | Interest and Dividends Receivable                |                  |
| 1220           | Inventories                                      | 226,470          |
|                | <b>Total Receivable and Inventories</b>          | <u>3,139,830</u> |
| 1290           | Prepaid Rents                                    |                  |
| 1300           | Prepaid Taxes                                    |                  |
| 1310           | Prepaid Insurance                                |                  |
| 1320           | Prepaid Directory Expenses                       |                  |
| 1330           | Other Prepayments                                | -                |
|                | <b>Total Prepayments</b>                         | <u>-</u>         |
| 1350           | Other Current Assets                             | -                |
|                | <b>Total Current Assets</b>                      | <u>3,243,531</u> |
|                | <b>Noncurrent Assets</b>                         |                  |
| 1401           | Investments in Affiliated Companies              |                  |
| 1402           | Investments in Nonaffiliated Companies           | 483,930          |
| 1406           | Nonregulated Investments                         |                  |
| 1407           | Unamortized Debt Issuance Expense                | 7,178            |
| 1408           | Sinking Funds                                    |                  |
| 1410           | Other Noncurrent Assets                          | 338,606          |
| 1437           | Deferred Tax Regulatory Asset                    | -                |
| 1438           | Deferred Maintenance and Retirements             | 638,135          |
| 1439           | Deferred Charges                                 |                  |
| 1500           | Other Jurisdictional Assets - Net                |                  |
|                | <b>Total Noncurrent Assets</b>                   | <u>1,467,849</u> |

**BALANCE SHEET ACCOUNTS**

Schedule III  
Page 2 of 5  
KPSC Form T (Revised 9/97)

Company ALLTEL Kentucky, Inc.

Period Ended December 31, 2000

| Account (a)                       | Account Title (b)                         | Beginning Balance (c) | Additions (d)    | Retirements (e)  | Transfers/ Adjustments (f) | Ending Balance (g) |
|-----------------------------------|---|-----------------------|------------------|------------------|----------------------------|--------------------|
| <b>Telephone Plant</b>            |   |                       |                  |                  |                            |                    |
| 2001                              | Telephone Plant In Service                | 34,515,199            | 4,992,063        | 1,855,071        | 5,674                      | 37,657,865         |
| 2002                              | Property Held for Future Telephone Use    | -                     |                  |                  |                            | -                  |
| 2003                              | Tele. Plant Under Construction-Short term | 2,833,766             | 4,206,306        | 4,536,605        | 173,416                    | 2,676,883          |
| 2004                              | Tele. Plant Under Construction-Long term  | -                     |                  |                  |                            | -                  |
| 2005                              | Telephone Plant Adjustment                | -                     |                  |                  |                            | -                  |
| 2006                              | Nonoperating Plant                        | -                     |                  |                  |                            | -                  |
| 2007                              | Goodwill                                  | -                     |                  |                  |                            | -                  |
|                                   | <b>Total Telephone Plant</b>              | <b>37,348,965</b>     | <b>9,198,369</b> | <b>6,391,676</b> | <b>179,090</b>             | <b>40,334,748</b>  |
| <b>Support Assets</b>             |   |                       |                  |                  |                            |                    |
| 2111                              | Land                                      | 129,177               | -                |                  |                            | 129,177            |
| 2112                              | Motor Vehicles                            | 636,382               | 126              | 142,397          | 14,868                     | 508,979            |
| 2113                              | Aircraft                                  | -                     |                  |                  |                            | -                  |
| 2114                              | Special Purpose Vehicles                  | -                     |                  |                  |                            | -                  |
| 2115                              | Garage Work Equipment                     | -                     |                  |                  |                            | -                  |
| 2116                              | Other Work Equipment                      | 454,095               | 13,639           | 49,050           | -                          | 418,684            |
| 2121                              | Buildings                                 | 1,646,194             |                  |                  |                            | 1,646,194          |
| 2122                              | Furniture                                 | 284,616               |                  | 23,755           |                            | 260,861            |
| 2123                              | Office Furniture                          | 215,885               | 11,026           | 15,538           |                            | 211,373            |
| 2124                              | General Purpose Computers                 | 308,925               | 1,614            | 66,814           |                            | 243,725            |
|                                   | <b>Total Support Assets</b>               | <b>3,675,274</b>      | <b>26,405</b>    | <b>297,554</b>   | <b>14,868</b>              | <b>3,418,993</b>   |
| <b>Central Office - Switching</b> |   |                       |                  |                  |                            |                    |
| 2211                              | Analog Electronic Switching               | -                     |                  |                  |                            | -                  |
| 2212                              | Digital Electronic Switching              | 5,866,329             | 815,370          | 1,215,085        | (1,741)                    | 5,464,873          |
| 2215.1                            | Step-by-Step Switching                    | -                     |                  |                  |                            | -                  |
| 2215.2                            | Crossbar Switching                        | -                     |                  |                  |                            | -                  |
| 2215.3                            | Other Electro-Mechanical Switching        | -                     |                  |                  |                            | -                  |
|                                   | <b>Total Central Office Switching</b>     | <b>5,866,329</b>      | <b>815,370</b>   | <b>1,215,085</b> | <b>(1,741)</b>             | <b>5,464,873</b>   |
| 2220                              | <b>Total Operator Systems</b>             |                       |                  |                  |                            |                    |

**BALANCE SHEET ACCOUNTS**

Schedule III  
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Company ALLTEL Kentucky, Inc.  
Period Ended December 31, 2000

| Account (a)                                | Account Title (b)                               | Beginning Balance (c) | Additions (d)    | Retirements (e)  | Transfers/Adjustments (f) | Ending Balance (g) |
|--|---|-----------------------|------------------|------------------|---------------------------|--------------------|
| <b>Central Office - Transmission</b>       |   |                       |                  |                  |                           |                    |
| 2231.1                                     | Satellite & Earth Stations                      | -                     | -                | -                | -                         | -                  |
| 2231.2                                     | Other Radio Facilities                          | 14,899                | -                | -                | -                         | 14,899             |
| 2232                                       | Circuit Equipment                               | 4,360,178             | 2,512,774        | -                | (2,341)                   | 6,870,611          |
|  | <b>Total Central Office Transmission</b>        | <b>4,375,077</b>      | <b>2,512,774</b> | <b>-</b>         | <b>(2,341)</b>            | <b>6,885,510</b>   |
| <b>Information Origination/Termination</b> |   |                       |                  |                  |                           |                    |
| 2311                                       | Station Apparatus                               | 189,034               | 56,665           | 117,179          | (1,350)                   | 127,170            |
| 2321                                       | Customer Premise Wire                           | 783                   | -                | 545              | -                         | 238                |
| 2341                                       | Large PBX                                       | -                     | -                | -                | -                         | -                  |
| 2351                                       | Public Telephone Terminal Equipment             | 5,587                 | -                | 3,525            | -                         | 2,062              |
| 2362                                       | Other Terminal Equipment                        | -                     | -                | -                | -                         | -                  |
|  | <b>Total Information Origin./Termin.</b>        | <b>195,404</b>        | <b>56,665</b>    | <b>121,249</b>   | <b>(1,350)</b>            | <b>129,470</b>     |
| <b>Cable &amp; Wire Facilities Assets</b>  |   |                       |                  |                  |                           |                    |
| 2411                                       | Poles   | 2,428,283             | 172,057          | 69,020           | -                         | 2,531,320          |
| 2421                                       | Aerial Cable                                    | 11,573,208            | 829,350          | 139,121          | (3,762)                   | 12,259,675         |
| 2422                                       | Underground Cable                               | 785,742               | -                | 6                | -                         | 785,736            |
| 2423                                       | Buried Cable                                    | 4,975,442             | 579,442          | 13,036           | -                         | 5,541,848          |
| 2424                                       | Submarine Cable                                 | -                     | -                | -                | -                         | -                  |
| 2425                                       | Deep Sea Cable                                  | -                     | -                | -                | -                         | -                  |
| 2426                                       | Intrabuilding Network Cable                     | -                     | -                | -                | -                         | -                  |
| 2431                                       | Aerial Wire                                     | -                     | -                | -                | -                         | -                  |
| 2441                                       | Conduit System                                  | 638,914               | -                | -                | -                         | 638,914            |
|  | <b>Total Cable &amp; Wire Facilities Assets</b> | <b>20,401,589</b>     | <b>1,580,849</b> | <b>221,183</b>   | <b>(3,762)</b>            | <b>21,757,493</b>  |
| <b>Amortizable Assets</b>                  |   |                       |                  |                  |                           |                    |
| 2681                                       | Capital Leases                                  | -                     | -                | -                | -                         | -                  |
| 2682                                       | Leasehold Improvements                          | -                     | -                | -                | -                         | -                  |
|  | <b>Total Amortizable Assets</b>                 | <b>-</b>              | <b>-</b>         | <b>-</b>         | <b>-</b>                  | <b>-</b>           |
| 2690                                       | Intangibles                                     | 1,526                 | -                | -                | -                         | 1,526              |
|  | <b>Total Tele. Plant in Service (Acct 2001)</b> | <b>34,515,199</b>     | <b>4,992,063</b> | <b>1,855,071</b> | <b>5,674</b>              | <b>37,657,865</b>  |

**BALANCE SHEET ACCOUNTS**

Schedule III  
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KPSC Form T (Revised 9/97)

Company ALLTEL Kentucky, Inc.

Period Ended December 31, 2000

| Account<br>(a) | Account Title<br>(b)                                      | Amount<br>(c)     |
|----------------|---|-------------------|
|                | <b><u>Depreciation and Amortization</u></b>               |                   |
| 3100           | Accumulated Depreciation                                  | 18,112,197        |
| 3200           | Accumulated Depreciation-Plant Held for Future Tele. Use  |                   |
| 3300           | Accumulated Depreciation-Nonoperating                     |                   |
| 3410           | Accumulated Amortization - Capitalized Leases             |                   |
| 3420           | Accumulated Amortization - Leasehold Improvements         |                   |
| 3500           | Accumulated Amortization - Intangible                     |                   |
| 3600           | Accumulated Amortization - Other                          |                   |
|                | <b>Total Depreciation and Amortization</b>                | <b>18,112,197</b> |
|                | <b>Net Telephone Plant</b>                                |                   |
|                | (Total Tele. Plt. less Total Depreciation & Amortization) | 22,222,551        |
|                | <b>Total Assets</b>                                       | <b>26,933,931</b> |

| <b>Current Liabilities</b> |  |                  |
|----------------------------|--|------------------|
| 4010                       | Accounts Payable                               | 102,153          |
| 4020                       | Notes Payable                                  |                  |
| 4030                       | Advanced Billing and Payments                  | 352,608          |
| 4040                       | Customer's Deposits                            | 30,728           |
| 4050                       | Current Maturities - Long Term Debt            | 497,796          |
| 4060                       | Current Maturities - Capital Leases            |                  |
| 4070                       | Income Taxes - Accrued                         | 494,487          |
| 4080                       | Other Taxes - Accrued                          | 85,685           |
| 4100                       | Net Current Deferred Operating Income Taxes    | -                |
| 4110                       | Net Current Deferred Nonoperating Income Taxes |                  |
| 4120                       | Other Accrued Liabilities                      | 51,460           |
| 4130                       | Other Current Liabilities                      | 147,573          |
|                            | <b>Total Current Liabilities</b>               | <b>1,762,490</b> |

**BALANCE SHEET ACCOUNTS**

Schedule III  
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Company ALLTEL Kentucky, Inc.  
Period Ended December 31, 2000

| Account<br>(a) | Account Title<br>(b)                                  | Amount<br>(c)     |
|----------------|---|-------------------|
|                | <b>Long-Term Debt</b>                                 |                   |
| 4210           | Funded Debt   |                   |
| 4220           | Premium on Long-Term Debt                             |                   |
| 4230           | Discount on Long-Term Debt                            |                   |
| 4240           | Reacquired Debt                                       |                   |
| 4250           | Obligations Under Capital Leases                      |                   |
| 4260           | Advances from Affiliated Companies                    | 2,014,785         |
| 4270           | Other Long-Term Debt                                  | 5,267,473         |
|                | <b>Total Long-Term Debt</b>                           | <b>7,282,258</b>  |
|                | <b>Other Liabilities and Deferred Credits</b>         |                   |
| 4310           | Other Long-Term Liabilities                           | 146,331           |
| 4320           | Unamortized Operating Investment Tax Credits-Net      | 8,426             |
| 4330           | Unamortized Nonoperating Investment Tax Credits-Net   |                   |
| 4340           | Net Noncurrent Deferred Operating Income Taxes        | 3,463,760         |
| 4341           | Net Deferred Tax Liability Adjustments                | (5,714)           |
| 4350           | Net Noncurrent Deferred Nonoperating Income Taxes     |                   |
| 4360           | Other Deferred Credits                                | 585,541           |
| 4361           | Deferred Tax Regulatory Liability                     | 5,714             |
| 4370           | Other Jurisdiction Liabilities/Deferred Credits - Net |                   |
|                | <b>Total Other Liabilities and Deferred Credits</b>   | <b>4,204,058</b>  |
| 4510           | Capital Stock   | 767,400           |
| 4520           | Additional Paid-In Capital                            | 163,600           |
| 4530           | Treasury Stock  |                   |
| 4540           | Other Capital   |                   |
| 4550           | Retained Earnings                                     | 12,754,125        |
|                | <b>Total Stockholders' Equity</b>                     | <b>13,685,125</b> |
|                | <b>Total Liabilities &amp; Stockholders' Equity</b>   | <b>26,933,931</b> |
|                | Retained Earnings (Beginning of Year)                 | 12,253,293        |
|                | Net Income  | 3,708,832         |
|                | Dividends Declared                                    | 3,208,000         |
|                | Capital Credit Rotations                              |                   |
|                | Miscellaneous Debits*                                 | -                 |
|                | Miscellaneous Credits*                                | -                 |
|                | <b>Retained Earnings (End of Year)</b>                | <b>12,754,125</b> |

\*Explain any individual item over \$10,000



INVESTMENTS IN NONAFFILIATED COMPANIES

| Description<br>(a)                                       | Nonaffiliated Companies |                    |           | (j) |     |     |     |     |     |
|--|-------------------------|--------------------|-----------|-----|-----|-----|-----|-----|-----|
|  | (b)                     | (c)                | (d)       |     | (e) | (f) | (g) | (h) | (i) |
| <b>Account 1402</b>                                      |                         |                    |           |     |     |     |     |     |     |
| 1. Company Name  | Access Providers        | Telecomm Customers | RTB Stock |     |     |     |     |     |     |
| 2. Beginning Balance                                     |                         |                    | 483,930   |     |     |     |     |     |     |
| 3. Investment  |                         |                    |           |     |     |     |     |     |     |
| 4. Earnings  |                         |                    |           |     |     |     |     |     |     |
| 5. (Losses)  |                         |                    |           |     |     |     |     |     |     |
| 6. Subtotal (Account 1402)                               | -                       | -                  | 483,930   | -   | -   | -   | -   | -   | -   |
| <b>Account 1160, Temporary Investments</b>               |                         |                    |           |     |     |     |     |     |     |
| 7. Beginning Balance                                     |                         |                    |           |     |     |     |     |     |     |
| 8. Gross Dr.   |                         |                    |           |     |     |     |     |     |     |
| 9. Gross (Cr.)   |                         |                    |           |     |     |     |     |     |     |
| 10. Subtotal (Account 1160)                              | -                       | -                  | -         | -   | -   | -   | -   | -   | -   |
| <b>Account 1180, Telecommunications Accts Receivable</b> |                         |                    |           |     |     |     |     |     |     |
| 11. Beginning Balance                                    |                         | 1,378,970          |           |     |     |     |     |     |     |
| 12. Gross Dr.  |                         | 18,819,204         |           |     |     |     |     |     |     |
| 13. Gross (Cr.)  |                         | (18,055,032)       |           |     |     |     |     |     |     |
| 14. Subtotal (Account 1180)                              | -                       | 2,143,142          | -         | -   | -   | -   | -   | -   | -   |
| <b>Account 1190, Other Accounts Receivable</b>           |                         |                    |           |     |     |     |     |     |     |
| 15. Beginning Balance                                    | 705,473                 |                    |           |     |     |     |     |     |     |
| 16. Gross Dr.  | 11,328,664              |                    |           |     |     |     |     |     |     |
| 17. Gross (Cr.)  | (11,238,372)            |                    |           |     |     |     |     |     |     |
| 18. Subtotal (Account 1190)                              | 795,765                 | -                  | -         | -   | -   | -   | -   | -   | -   |
| <b>Account 1200, Notes Receivable</b>                    |                         |                    |           |     |     |     |     |     |     |
| 19. Beginning Balance                                    |                         |                    |           |     |     |     |     |     |     |
| 20. Gross Dr.  |                         |                    |           |     |     |     |     |     |     |
| 21. Gross (Cr.)  |                         |                    |           |     |     |     |     |     |     |
| 22. Subtotal (Account 1200)                              | -                       | -                  | -         | -   | -   | -   | -   | -   | -   |
| <b>Account 1210, Interest and Dividends</b>              |                         |                    |           |     |     |     |     |     |     |
| 23. Beginning Balance                                    |                         |                    |           |     |     |     |     |     |     |
| 24. Gross Dr.  |                         |                    |           |     |     |     |     |     |     |
| 25. Gross (Cr.)  |                         |                    |           |     |     |     |     |     |     |
| 26. Subtotal (Account 1210)                              | -                       | -                  | -         | -   | -   | -   | -   | -   | -   |
| 27. Total  | 795,765                 | 2,143,142          | 483,930   | -   | -   | -   | -   | -   | -   |

**INCOME STATEMENT ACCOUNTS**

Schedule VI  
 Page 1 of 8  
 KPSC FORM 5 (Revised 9/97)

Company ALLTEL Kentucky, Inc.  
 Period Ended December 31, 2000

| Account<br>(a) | Account Title<br>(b)                                      | Amount<br>(c)    |
|----------------|---|------------------|
|                | <b><u>Local Network Service</u></b>                       |                  |
| 5001           | Basic Area Revenue  | 3,579,455        |
| 5002           | Optional Extended Area Revenue                            | 2,538,433        |
| 5003           | Cellular Mobile Service Revenue                           |                  |
| 5004           | Other Mobile Service Revenue                              |                  |
|                | <b>TOTAL BASIC LOCAL REVENUE SERVICE</b>                  | <b>6,117,888</b> |
|                |   |                  |
| 5010           | Public Telephone Revenue                                  | -                |
| 5040           | Local Private Line Revenue                                | 518,951          |
| 5050           | Customer Premises Revenue                                 | 168,112          |
| 5060           | Other Local Exchange Revenue                              | 1,570,247        |
| 5069           | Other Local Exchange Revenue Settlements                  |                  |
|                | <b>TOTAL LOCAL NETWORK SERVICE REVENUES</b>               | <b>8,375,198</b> |
|                |   |                  |
|                | <b><u>Network Access Service Revenues</u></b>             |                  |
| 5081           | End User Revenue  | 1,191,072        |
| 5082           | Switched Access Revenue                                   | 1,658,703        |
| 5083           | Special Access Revenue                                    | 140,675          |
| 5084           | State Access Revenue                                      | 5,338,344        |
|                | <b>TOTAL NETWORK ACCESS REVENUE</b>                       | <b>8,328,794</b> |
|                |   |                  |
|                | <b><u>Long Distance (LD) Network Service Revenues</u></b> |                  |
| 5100           | LD Message Revenue (Class A)                              | -                |
| 5111           | LD Inward-only Revenue                                    |                  |
| 5112           | LD Outward-only Revenue                                   |                  |
|                | <b>TOTAL UNIDIRECTIONAL LD REVENUE</b>                    | <b>-</b>         |

**INCOME STATEMENT ACCOUNTS**

Schedule VI  
 Page 2 of 8  
 KPSC FORM 5 (Revised 9/97)

Company ALLTEL Kentucky, Inc.  
 Period Ended December 31, 2000

| Account<br>(a) | Account Title<br>(b)                                | Amount<br>(c)     |
|----------------|---|-------------------|
| 5121           | Subvoice Grade LD Private Network Revenue           | -                 |
| 5122           | Voice Grade LD Private Network Revenue              | 248,866           |
| 5123           | Audio Program Grade LD Private Network Revenue      |                   |
| 5124           | Video Program Grade LD Private Network Revenue      |                   |
| 5125           | Digital Transmission LD Private Network Revenue     | 52,598            |
| 5126           | LD Private Network Switching Revenue                |                   |
| 5128           | Other LD Private Network Revenue                    |                   |
| 5129           | Other LD Private Network Revenue Settlements        |                   |
|                | <b>TOTAL LONG DISTANCE PRIVATE NETWORK REVENUE</b>  | <b>301,464</b>    |
| 5160           | Other Long Distance Revenue                         | 15,576            |
| 5169           | Other Long Distance Revenue Settlements             |                   |
|                | <b>TOTAL LONG DISTANCE NETWORK SERVICE REVENUES</b> | <b>317,040</b>    |
|                | <u>Miscellaneous Revenues</u>                       |                   |
| 5230           | Directory   | 130,580           |
| 5240           | Rent Revenues                                       | 17,079            |
| 5250           | Corporate Operations Revenue                        |                   |
| 5261           | Special Billing Arrangements Revenue                |                   |
| 5262           | Customer Operations Revenue                         |                   |
| 5263           | Plant Operations Revenue                            |                   |
| 5264           | Other Incidental Regulated Revenue                  | 92,428            |
| 5269           | Other Revenue Settlements                           | 5,455             |
| 5270           | Carrier Billing and Collection Revenue              | 495,869           |
| 5280           | Nonregulated Revenue                                | 1,518,891         |
|                | <b>TOTAL MISCELLANEOUS REVENUES</b>                 | <b>2,260,302</b>  |
|                | <u>Uncollectible Revenues</u>                       |                   |
| 5301           | Uncollectible Revenues-Telecommunications           | 52,200            |
| 5302           | Uncollectible Revenues-Other                        |                   |
|                | <b>TOTAL UNCOLLECTIBLE REVENUE</b>                  | <b>52,200</b>     |
|                | <b>TOTAL OPERATING REVENUES</b>                     | <b>19,229,134</b> |

**INCOME STATEMENT ACCOUNTS**

| Account (a) | Account Title (b)                       | Total (c)      | Salaries and Wages (d) | Benefits (e)  | Rent (f) | Other Expenses (g) |
|-------------|---|----------------|------------------------|---------------|----------|--------------------|
|             | <b>PLANT SPECIFIC OPERATION EXPENSE</b> |                |                        |               |          |                    |
| 6112        | Motor Vehicle                           | 115,036        | 24,945                 | 18,887        | -        | 71,204             |
| 610         | Clearance-MV                            | 38,032         | 8,247                  | 6,244         |          | 23,541             |
| 615         | Net Balance-MV                          | 77,004         | 16,698                 | 12,643        | -        | 47,663             |
| 6113        | Aircraft                                | -              |                        |               |          |                    |
| 620         | Clearance-Aircraft                      | -              |                        |               |          |                    |
| 625         | Net Balance-Aircraft                    | -              |                        |               |          |                    |
| 6114        | Special Purpose Vehicle                 | -              |                        |               |          |                    |
| 630         | Clearance-SPV                           | -              |                        |               |          |                    |
| 635         | Net Balance-SPV                         | -              |                        |               |          |                    |
| 6115        | Garage Work Equipment                   | -              |                        |               |          |                    |
| 6116        | Other Work Equipment                    | 19,674         | 30                     | 6             |          | 19,638             |
| 640         | Clearance-OWE                           | 9,011          | 14                     | 3             |          | 8,994              |
| 645         | Net Balance-OWE                         | 10,663         | 16                     | 3             |          | 10,644             |
|             | <b>TOTAL NETWORK SUPPORT EXPENSE</b>    | <b>87,667</b>  | <b>16,714</b>          | <b>12,646</b> | <b>-</b> | <b>58,307</b>      |
| 6121        | Land & Building                         | 27,207         | 1,247                  | 153           |          | 25,807             |
| 6122        | Furniture & Artworks                    |                |                        |               |          |                    |
| 6123        | Office Equipment                        | 12,707         | 7,898                  | 1,682         |          | 3,127              |
| 6124        | General Purpose Computers               | 951,241        |                        |               |          | 951,241            |
|             | <b>TOTAL SUPPORT EXPENSE</b>            | <b>991,155</b> | <b>9,145</b>           | <b>1,835</b>  | <b>-</b> | <b>980,175</b>     |
| 6211        | Analog Electronic                       | 85,279         |                        |               |          | 85,279             |
| 6212        | Digital Electronic                      | 358,749        | 151,661                | 30,549        |          | 176,539            |
| 6215        | Electro-mechanical                      |                |                        |               |          |                    |
|             | <b>TOTAL CENTRAL OFF. SWITCH. EXP.</b>  | <b>444,028</b> | <b>151,661</b>         | <b>30,549</b> | <b>-</b> | <b>261,818</b>     |
| 6220        | Operator System Expense                 |                |                        |               |          |                    |
| 6231        | Radio System                            | 15             |                        |               |          | 15                 |
| 6232        | Circuit Equipment                       | 44,887         | 17,678                 | 3,487         |          | 23,722             |
|             | <b>TOTAL CENTRAL OFF. TRANS. EXP.</b>   | <b>44,902</b>  | <b>17,678</b>          | <b>3,487</b>  | <b>-</b> | <b>23,737</b>      |

**INCOME STATEMENT ACCOUNTS**

| Account<br>(a) | Account Title<br>(b)                   | Total<br>(c)     | Salaries<br>and Wages<br>(d) | Benefits<br>(e) | Rent<br>(f)    | Other<br>Expenses<br>(g) |
|----------------|--|------------------|------------------------------|-----------------|----------------|--------------------------|
| 6311           | Station Apparatus                      | 319,351          | 105,577                      | 24,673          | -              | 189,101                  |
| 6341           | Large PBX                              | -                | -                            | -               | -              | -                        |
| 6351           | Public Tele. Terminal Equipment        | -                | -                            | -               | -              | -                        |
| 6362           | Other Terminal Equipment               | -                | -                            | -               | -              | -                        |
|                | <b>TOTAL INFO. ORIG./TERM. EQUIP.</b>  | <b>319,351</b>   | <b>105,577</b>               | <b>24,673</b>   | <b>-</b>       | <b>189,101</b>           |
| 6411           | Poles                                  | 217,933          | 818                          | 1,755           | 113,552        | 101,808                  |
| 6421           | Aerial Cable                           | 545,873          | 279,908                      | 58,075          | -              | 207,890                  |
| 6422           | Underground Cable                      | 5,354            | 1,057                        | 216             | -              | 4,081                    |
| 6423           | Buried Cable                           | 292,624          | 81,986                       | 17,110          | -              | 193,528                  |
| 6424           | Submarine Cable                        | -                | -                            | -               | -              | -                        |
| 6425           | Deep Sea Cable                         | -                | -                            | -               | -              | -                        |
| 6426           | Intrabuilding Network Cable            | -                | -                            | -               | -              | -                        |
| 6431           | Aerial Wire                            | -                | -                            | -               | -              | -                        |
| 6441           | Conduit Systems                        | 154              | 112                          | 25              | -              | 17                       |
|                | <b>TOTAL CABLE &amp; WIRE EXPENSE</b>  | <b>1,061,938</b> | <b>363,881</b>               | <b>77,181</b>   | <b>113,552</b> | <b>507,324</b>           |
|                | <b>TOTAL PLANT SPC. EXPENSE</b>        | <b>2,949,041</b> | <b>664,656</b>               | <b>150,371</b>  | <b>113,552</b> | <b>2,020,462</b>         |
|                | <b>PLANT NONSPECIFIC OPER. EXPENSE</b> |                  |                              |                 |                |                          |
| 6511           | Plant Held for Future Telephone Use    |                  |                              |                 |                |                          |
| 6512           | Provisioning                           | 27,094           | 3,549                        | 756             |                | 22,789                   |
| 660            | Clearance-Prov.                        | 5,908            | 774                          | 165             |                | 4,969                    |
| 665            | Net Balance-Prov.                      | 21,186           | 2,775                        | 591             |                | 17,820                   |
|                | <b>TOTAL OTHER PP&amp;E EXPENSE</b>    | <b>21,186</b>    | <b>2,775</b>                 | <b>591</b>      | <b>-</b>       | <b>17,820</b>            |
| 6531           | Power                                  | 47,071           |                              |                 |                | 47,071                   |
| 6532           | Network Administration                 | 89,354           | 21,113                       | 4,707           |                | 63,534                   |
| 6533           | Testing                                | 254,370          | -                            | -               |                | 254,370                  |
| 6534           | Plant OPS Administration               | 293,625          | 206,398                      | 26,235          | 141            | 60,851                   |
| 670            | Clearance-POA                          | 63,248           | 43,800                       | 9,098           |                | 10,350                   |
| 675            | Net Balance-POA                        | 230,377          | 162,598                      | 17,137          | 141            | 50,501                   |

**INCOME STATEMENT ACCOUNTS**

Company ALLTEL Kentucky, Inc.  
Period Ended December 31, 2000

0.652785413

| Account (a) | Account Title (b)                                 | Total (c)        | Salaries and Wages (d) | Benefits (e)  | Rent (f)   | Other Expenses (g) |
|-------------|---|------------------|------------------------|---------------|------------|--------------------|
| 6535        | Engineering                                       | 403,443          | 112,659                | 27,422        |            | 263,362            |
| 680         | Clearance-Engineering                             | 154,234          | 43,069                 | 10,483        |            | 100,682            |
| 685         | Net Balance-Engineering                           | 249,209          | 69,590                 | 16,939        | -          | 162,680            |
|             | <b>TOTAL NETWORK OPS EXPENSE</b>                  | <b>870,381</b>   | <b>253,301</b>         | <b>38,783</b> | <b>141</b> | <b>578,156</b>     |
| 6540        | Access Expense                                    | 441,994          |                        |               | N/A        | 441,994            |
| 6561        | Depreciation-Tele. Plt. in Service                | 2,648,389        | N/A                    | N/A           | N/A        | 2,648,389          |
| 6562        | Depreciation-PHFTU                                | -                | N/A                    | N/A           | N/A        |                    |
| 6563        | Amortization-Tangible                             | -                | N/A                    | N/A           | N/A        |                    |
| 6564        | Amortization-Intangible                           | -                | N/A                    | N/A           | N/A        |                    |
| 6565        | Amortization-Other                                | -                | N/A                    | N/A           | N/A        |                    |
|             | <b>TOTAL DEPRECIATION &amp; AMORTIZATION EXP.</b> | <b>2,648,389</b> | <b>N/A</b>             | <b>N/A</b>    | <b>N/A</b> | <b>2,648,389</b>   |
|             | <b>TOTAL PLANT NONSPECIFIC EXPENSE</b>            | <b>3,981,950</b> | <b>256,076</b>         | <b>39,374</b> | <b>N/A</b> | <b>3,686,359</b>   |
|             | <b>CUSTOMER OPERATIONS EXPENSE</b>                |                  |                        |               |            |                    |
| 6611        | Produce Management                                | 61,888           | -                      | -             | N/A        | 61,888             |
| 6612        | Sales   | 156,739          | 68,770                 | 12,335        | N/A        | 75,634             |
| 6613        | Product Advertising                               | 100,275          |                        |               | N/A        | 100,275            |
|             | <b>TOTAL MARKETING EXPENSE</b>                    | <b>318,902</b>   | <b>68,770</b>          | <b>12,335</b> | <b>N/A</b> | <b>237,797</b>     |
| 6621        | Call Completion                                   | 19,981           |                        |               | N/A        | 19,981             |
| 6622        | Number Services                                   | 224,293          |                        |               | N/A        | 224,293            |
| 6623        | Customer Services                                 | 991,339          | 153,262                | 32,073        | N/A        | 806,004            |
|             | <b>TOTAL SERVICES EXPENSE</b>                     | <b>1,235,613</b> | <b>153,262</b>         | <b>32,073</b> | <b>N/A</b> | <b>1,050,278</b>   |
|             | <b>TOTAL CUSTOMER OPERATIONS EXP.</b>             | <b>1,554,515</b> | <b>222,032</b>         | <b>44,408</b> | <b>N/A</b> | <b>1,288,075</b>   |
|             | <b>CORPORATE OPERATIONS EXPENSE</b>               |                  |                        |               |            |                    |
| 6711        | Executive   | 104,607          | 22,580                 | 4,132         | N/A        | 77,895             |
| 6712        | Planning  | 916              |                        |               | N/A        | 916                |
|             | <b>TOTAL EXECUTIVE &amp; PLANNING EXP.</b>        | <b>105,523</b>   | <b>22,580</b>          | <b>4,132</b>  | <b>N/A</b> | <b>78,811</b>      |

**INCOME STATEMENT ACCOUNTS**

| Account (a) | Account Title (b)                              | Total (c) | Salaries and Wages (d) | Benefits (e)       | Rent (f)           | Other Expenses     |
|-------------|--|-----------|------------------------|--------------------|--------------------|--------------------|
| 6721        | Accounting and Finance                         | 147,203   |                        |                    | N/A                | 147,203            |
| 6722        | External Affairs                               | 49,597    | -                      | -                  | N/A                | 49,597             |
| 6723        | Human Resources                                | 75,952    | -                      | (2,203)            | N/A                | 78,155             |
| 6724        | Information Management                         | 567,685   |                        | -                  | N/A                | 567,685            |
| 6725        | Legal  | 24,568    |                        |                    | N/A                | 24,568             |
| 6726        | Procurement                                    | 24,540    | 15,566                 | 2,776              | N/A                | 6,198              |
| 6727        | Research & Development                         | -         |                        |                    | N/A                | -                  |
| 6728        | Other General & Administrative                 | 336,867   | 25,352                 | 15,821             | N/A                | 295,694            |
|             | <b>TOTAL GENERAL &amp; ADMINISTRATIVE EXP.</b> | 1,226,412 | 40,918                 | 16,394             | N/A                | 1,169,100          |
| 6790        | Provision for uncollectible Notes Receivable   |           | N/A                    | N/A                | N/A                |                    |
|             | <b>TOTAL CORP. OPER. EXPENSE</b>               | 1,331,935 | 63,498                 | 20,526             | N/A                | 1,247,911          |
|             | <b>TOTAL OPERATING EXPENSE</b>                 | 9,817,441 | 1,206,262              | 254,679            | 113,552            | 8,242,807          |
|             | <b>NET OPERATING REVENUE</b>                   | 9,411,693 | XXXXXXXXXXXXXXXXXX     | XXXXXXXXXXXXXXXXXX | XXXXXXXXXXXXXXXXXX | XXXXXXXXXXXXXXXXXX |

**INCOME STATEMENT ACCOUNTS**

Schedule VI  
 Page 7 of 8  
 KPSC FORM T (Revised 9/97)

Company ALLTEL Kentucky, Inc.  
 Period Ended December 31, 2000

| Account<br>(a) | Account Title<br>(b)                                 | Amount<br>(c)      |
|----------------|--|--------------------|
|                | <b><u>Other Operating Income and Expense</u></b>     |                    |
| 7110           | Income from Custom Work                              |                    |
| 7130           | Return from Nonregulated use of Regulated Facilities |                    |
| 7140           | Gains/Losses from Foreign Exchange                   |                    |
| 7150           | Gains/Losses from Disposition of Land & Artworks     |                    |
| 7160           | Other Operating Gains and Losses                     | 4,320              |
|                | <b>OTHER OPERATING INCOME AND EXPENSE-<u>NET</u></b> | <b>4,320</b>       |
|                | <b><u>Operating Taxes</u></b>                        |                    |
| 7210           | Operating Investment Tax Credits-Net                 | (22,140)           |
| 7220           | Operating Federal Income Taxes                       | 1,887,754          |
| 7230           | Operating State and Local Income Taxes               | 469,839            |
| 7240           | Operating Other Taxes                                | 529,695            |
| 7250           | Provision for Deferred Operating Income Tax-Net      | 1,068,940          |
|                | <b>TOTAL OPERATING TAXES</b>                         | <b>3,934,088</b>   |
|                | <b><u>Nonoperating Income and Expense</u></b>        |                    |
| 7310           | Dividend Income                                      | -                  |
| 7320           | Interest Income                                      | 15,520             |
| 7330           | Income from Sinking and Other Funds                  | -                  |
| 7340           | Allowance for Funds used During Construction (AFUDC) | 21,174             |
| 7350           | Gains/Losses from the Disposition of Property        |                    |
| 7360           | Other Nonoperating Income                            | (2,370,273)        |
| 7370           | Special Charges                                      | -                  |
|                | <b>NONOPERATING INCOME AND EXPENSE-<u>NET</u></b>    | <b>(2,333,579)</b> |
|                | <b><u>Nonoperating Taxes</u></b>                     |                    |
| 7410           | Nonoperating Investment Tax Credits-Net              |                    |
| 7420           | Nonoperating Federal Income Taxes                    | (756,170)          |
| 7430           | Nonoperating State and Local Income Taxes            | (194,267)          |
| 7440           | Nonoperating Other Taxes                             |                    |
| 7450           | Provision for Deferred Nonoperating Income Tax-Net   |                    |
|                | <b>TOTAL NONOPERATING TAXES</b>                      | <b>(950,437)</b>   |

**INCOME STATEMENT ACCOUNTS**

Schedule VI  
 Page 8 of 8  
 KPSC FORM T (Revised 9/97)

Company ALLTEL Kentucky, Inc.  
 Period Ended December 31, 2000

| Account<br>(a) | Account Title<br>(b)  | Amount<br>(c)    |
|----------------|---|------------------|
|                | <u>Interest and Related Items</u>                           |                  |
| 7510           | Interest on Funded Debt                                     | 376,359          |
| 7520           | Interest Expense-Capital Leases                             |                  |
| 7530           | Amortization of Debt Issuance Expense                       | 726              |
| 7540           | Other Interest Deductions                                   | 12,866           |
|                | <b>TOTAL INTEREST AND RELATED ITEMS</b>                     | <b>389,951</b>   |
|                | <u>Extraordinary Items</u>                                  |                  |
| 7610           | Extraordinary Income Credits                                |                  |
| 7620           | Extraordinary Income Charges                                |                  |
| 7630           | Current Income Tax Effect of Extraordinary Items-Net        |                  |
| 7640           | Provision for Deferred Income Tax Effect of Items-Net       |                  |
|                | <b>TOTAL EXTRAORDINARY ITEMS</b>                            |                  |
|                | <u>Jurisdictional Differences &amp; Nonregulated Income</u> |                  |
| 7910           | Income Effect of Jurisdictional Differences-Net             |                  |
| 7990           | Nonregulated Net Income                                     |                  |
|                | <b>NET INCOME</b>   | <b>3,708,832</b> |

|  |                    |
|--|--------------------|
| TOTAL NUMBER OF EMPLOYEES AT END OF YEAR | <u>27</u>          |
| NUMBER OF FULL TIME EMPLOYEES            | <u>27</u>          |
| NUMBER OF PART TIME EMPLOYEES            | <u>0</u>           |
| TOTAL COMPENSATION FOR THE YEAR          | <u>\$1,276,736</u> |

**ACCESS LINES IN SERVICE BY TECHNOLOGY**

Schedule VII

Page 1 of 1

KPSC FORM T (Revised 9/97)

Company ALLTEL Kentucky, Inc.

Period Ended December 31, 2000.

|     | State or Territory<br>(a) | Number of<br>Central Office<br>Switches<br>(b) | ISDN 16 kh/sec<br>D Channels<br>(Divided by 4)<br>(c) | Main Digital<br>Access Lines<br>64kh/s or<br>Equivalent<br>(ISDN B Channels<br>Except to PBX's)<br>(d) |
|-----|---------------------------|--|---|--|
| 1.  | Kentucky                  | 3  | 11  | 86   |
| 2.  |                           |  |   |  |
| 3.  |                           |  |   |  |
| 4.  |                           |  |   |  |
| 5.  |                           |  |   |  |
| 6.  |                           |  |   |  |
| 7.  |                           |  |   |  |
| 8.  |                           |  |   |  |
| 9.  |                           |  |   |  |
| 10. |                           |  |   |  |
|     | <b>TOTAL</b>              | <b>3</b>                                       | <b>11</b>   | <b>86</b>  |

| Line<br>Number<br>(a) | Main Analog<br>Access Line<br>4khz or<br>Equivalent<br>(b) | Digital DS-1<br>Access Lines<br>to PBS's and<br>Centrex<br>(Times 24)<br>(f) | Analog PBX<br>and Centrex<br>Access Trunks<br>(g) | Analog<br>Centrex<br>Extensions<br>(h) | Other<br>(i) |
|-----------------------|--|--|---|--|--------------|
| 1.                    | 27,377   | 0  | 914   | 914                                    | -            |
| 2.                    |  |  |   |  |              |
| 3.                    |  |  |   |  |              |
| 4.                    |  |  |   |  |              |
| 5.                    |  |  |   |  |              |
| 6.                    |  |  |   |  |              |
| 7.                    |  |  |   |  |              |
| 8.                    |  |  |   |  |              |
| 9.                    |  |  |   |  |              |
| 10.                   |  |  |   |  |              |
|                       | <b>TOTAL</b>   | <b>-</b>   | <b>914</b>  | <b>914</b>                             |              |

**ACCESS LINES IN SERVICE BY CUSTOMER**

Schedule VIII  
 Page 1 of 1  
 KPSC FORM T (Revised 9/97)

Company ALLTEL Kentucky, Inc.  
 Period Ended December 31, 2000

| State or Territory<br>(a) | Business Access Lines |                  |
|---------------------------|-----------------------|------------------|
|                           | Single Line<br>(b)    | Multiline<br>(c) |
| 1. Kentucky               | 4,716                 | -                |
| 2.                        |                       |                  |
| 3.                        |                       |                  |
| 4.                        |                       |                  |
| 5.                        |                       |                  |
| 6.                        |                       |                  |
| 7.                        |                       |                  |
| 8.                        |                       |                  |
| 9.                        |                       |                  |
| 10.                       |                       |                  |
| TOTAL                     | 4,716                 | -                |

| Line Number<br>(a) | Public Access Lines<br>(d) | Residential Access Lines<br>(f) | Mobile Access Lines<br>(f) | Special Access Lines (Non-Switched)<br>(g) | Total Access Lines (Switched and Special)<br>(h) |
|--------------------|----------------------------|---------------------------------|----------------------------|--|--|
| 1.                 | 107                        | 22,407                          |                            | 147  | 27,377   |
| 2.                 |                            |                                 |                            |  |  |
| 3.                 |                            |                                 |                            |  |  |
| 4.                 |                            |                                 |                            |  |  |
| 5.                 |                            |                                 |                            |  |  |
| 6.                 |                            |                                 |                            |  |  |
| 7.                 |                            |                                 |                            |  |  |
| 8.                 |                            |                                 |                            |  |  |
| 9.                 |                            |                                 |                            |  |  |
| 10.                |                            |                                 |                            |  |  |
| TOTAL              | 107                        | 22,407                          | -                          | 147  | 27,377   |

**TELEPHONE CALLS**

| State or Territory<br>(a) | Local Calls<br>(Total Local Calls)<br>(b) | Intralata<br>Toll Calls<br>(c) |
|---------------------------|---|--------------------------------|
| 1.                        |   |                                |
| 2.                        |   |                                |
| 3.                        |   |                                |
| 4.                        |   |                                |
| 5.                        |   |                                |
| 6.                        |   |                                |
| 7.                        |   |                                |
| 8.                        |   |                                |
| 9.                        |   |                                |
| 10.                       |   |                                |
| TOTAL                     |   |                                |

| Line No.<br>(a) | INTERLATA TOLL CALLS (Completed) |                          |               |                          | Total Toll Calls |                          |
|-----------------|----------------------------------|--------------------------|---------------|--------------------------|------------------|--------------------------|
|                 | Interstate                       |                          | Intrastate    |                          | Number<br>(h)    | Billed<br>Minutes<br>(i) |
|                 | Number<br>(d)                    | Billed<br>Minutes<br>(e) | Number<br>(f) | Billed<br>Minutes<br>(g) |                  |                          |
| 1.              |                                  |                          |               |                          |                  |                          |
| 2.              |                                  |                          |               |                          |                  |                          |
| 3.              |                                  |                          |               |                          |                  |                          |
| 4.              |                                  |                          |               |                          |                  |                          |
| 5.              |                                  |                          |               |                          |                  |                          |
| 6.              |                                  |                          |               |                          |                  |                          |
| 7.              |                                  |                          |               |                          |                  |                          |
| 8.              |                                  |                          |               |                          |                  |                          |
| 9.              |                                  |                          |               |                          |                  |                          |
| 10.             |                                  |                          |               |                          |                  |                          |
| TOTAL           |                                  |                          |               |                          |                  |                          |

Access provider not Toll provider. Information not readily available.

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Annual Report of

ALLTEL Kentucky, Inc. \_\_\_\_\_

Year Ended

December 31, 2000 \_\_\_\_\_

**SIGNATURE PAGE**

I certify that I am the responsible accounting officer of the  
\_\_\_\_\_  
ALLTEL Kentucky, Inc. \_\_\_\_\_; that I have  
examined the foregoing report; that to the best of my knowledge,  
information, and belief, all statements of fact contained in the said  
report are true and the said report is a correct statement of the  
business and affairs of the above-named respondent in respect to each  
and every matter set forth therein during the period from January 1,  
2000, to December 31, 2000, inclusive.

Date \_\_\_\_\_

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Title)

(Persons making willful false statements in this report  
form can be punished by fine or imprisonment under the  
provisions of the U.S. Code, Title 18, Section 1001)

# ANNUAL REPORT

OF

---

ALLTEL Kentucky, Inc.  
Exact Legal Name of Reporting Utility

---

229 Lees Valley Road

---

Shepherdsville, KY 40165  
(Address of Utility)

TO THE  
**PUBLIC SERVICE COMMISSION**  
OF THE  
COMMONWEALTH OF KENTUCKY

FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2001

## Table of Contents

|               |   |
|---------------|---|
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| Schedule II   | - Stockholders                            |
| Schedule III  | - Balance Sheet                           |
| Schedule IV   | - Investments in Affiliated Companies     |
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| Schedule VI   | - Income Statement                        |
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| Schedule VIII | - Access Lines in Service by Customer     |
| Schedule IX   | - Telephone Calls                         |

KENTUCKY PUBLIC SERVICE COMMISSION  
REPORT OF GROSS OPERATING REVENUES DERIVED FROM INTRA-KENTUCKY  
BUSINESS FOR THE YEAR ENDING DECEMBER 31, 2001

Name of Utility Reporting ALLTEL Kentucky, Inc.

Address of Utility 229 Lees Valley Rd.

City Shepherdsville State KY Zip Code 40165

Telephone Number of Utility (501) 905-8000

Fax Number of Utility (if applicable) (501) 905-7277

Officer/Contact Person David Cameron Staff Manager-External Reporting  
(Name) (Title)

\*\*\*\*\*

ASSESSABLE REVENUES OF TELEPHONE UTILITY .....\$ 15,575,900  
(to agree with assessable revenues figure on the back of this page)

\*\*\*\*\*

O A T H

State of Arkansas.....)

) ss.

County of Pulaski.....)

David Cameron being duly sworn, states that he/she  
(Officer)

is Assistant Secretary of the ALLTEL Kentucky, Inc.  
(Official Title) (Utility Reporting)

that the above report of gross revenues is in exact accordance with

ALLTEL Kentucky, Inc., and that such books accurately show the gross  
(Utility Reporting)

revenues of: ALLTEL Kentucky, Inc., derived from Intra-Kentucky  
(Utility Reporting)

business for the calendar year ending December 31, 2001.

\_\_\_\_\_  
(Officer) (Title)

This the \_\_\_\_\_ day of \_\_\_\_\_, 2002

\_\_\_\_\_  
(Notary Public) (County) (Commission Expires)

**NOTE: ANY DIFFERENCE BETWEEN THE AMOUNT OF THE GROSS REVENUES SHOWN IN THE ANNUAL REPORT AND THE AMOUNT APPEARING ON THIS STATEMENT MUST BE RECONCILED ON THE RESERVE OF THIS REPORT.**

**Telecommunications Utilities Reconciliation Form**

|  |                              |
|--|------------------------------|
| <b>Total Operating Revenues (Schedule IV, Page 2 of 8)</b> | <u>20,606,162</u>            |
| <b>Additions:</b>  |                              |
| Intrastate Uncollectibles (Account 5301)                   | <u>131,720</u>               |
| Other Uncollectibles                                       | <u>                    </u>  |
| <b>Total Additions</b>                                     | <u>131,720</u>               |
| <b>Deductions:</b>   |                              |
| Non-Regulated Revenue (Account 5280)                       | <u>1,900,604</u>             |
| Interstate Billing/Collection Revenue (Account 5270)       | <u>30,283</u>                |
| End User Revenue (Account 5081)                            | <u>1,229,561</u>             |
| Interstate Switched Access Revenue (Account 5082)          | <u>1,748,213</u>             |
| Interstate Special Access Revenue (Account 5083)           | <u>253,321</u>               |
| Any Miscellaneous Interstate Revenues<br>(Explain Below)   | <u>                    </u>  |
| <b>Total Deductions</b>                                    | <u>5,161,982</u>             |
| <br><b>Reconciled Assessable Revenues</b>                  | <br><u><u>15,575,900</u></u> |

Explanations/Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Do Not Write Below This Line**

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TELEPHONE UTILITIES - ANNUAL REPORT

Please furnish the following information, for **KENTUCKY OPERATIONS** only:

**BASIC SERVICE:**

\*Average Residential Basic Service Monthly Bill \$ 9.38  
(\*Not including taxes).

**NAMES OF COUNTIES IN WHICH YOU FURNISH TELEPHONE SERVICE**

(If additional space is required, add additional sheet)

Bullitt, Spencer, and Jefferson  
\_\_\_\_\_  
\_\_\_\_\_

**OFFICER OR OTHER PERSON TO WHOM CORRESPONDENCE SHOULD BE ADDRESSED CONCERNING THIS REPORT**

Name David Cameron Title Staff Manager-Financial Reporting  
Address 1 Allied Drive;P.O. Box 2177 City Little Rock  
State AR Zip Code 72203 Telephone Number (501)905-5270

This information is to be kept current by prompt notification to the Commission of any changes until the report for the succeeding year has been submitted.

**PRINCIPAL PAYMENT, INTEREST, AND LONG-TERM DEBT INFORMATION FOR THE YEAR ENDING DECEMBER 31, 2001.**

1. Amount of Principal payment during calendar year \$ 497,722  
2. Is Principal current? Yes X No \_\_\_\_\_  
3. Is Interest current? Yes X No \_\_\_\_\_  
4. Has all long-term debt been approved by the Public Service Commission?  
Yes X No \_\_\_\_\_ PSC Case Number \_\_\_\_\_

**SERVICES PERFORMED BY INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT :**

Are your financial statements examined by a Certified Public Accountant?

Yes X No \_\_\_\_\_

If yes, which service was performed?

Audit X Compilation \_\_\_\_\_ Review \_\_\_\_\_

Please enclose a copy of the accountant's report with the annual report.

(An accountant's report will be furnished upon receipt from the Public Accountants)

**BOARD OF DIRECTORS AND GENERAL OFFICERS**

Schedule I  
 Page 1 of 1  
 KPSC Form T (Revised 9/97)

Company ALLTEL Kentucky, Inc.  
 Period Ended December 31, 2001

| Name of Director or Officer and Address (City & State)<br>(a) | Title and Department Over Which Jurisdiction is Exercised<br>(b) | Term Expired or Current Term Will Expire<br>(c) | Served Continuously From<br>(d) |
|---|--|---|---------------------------------|
| 1. Mike Flynn<br>Little Rock, AR                              | Director   | *   | 5/25/95                         |
| 2. Kevin L. Beebe<br>Little Rock, AR                          | Director   | *   | 8/19/99                         |
| 3. George A. Page<br>Bedford, OH                              | President-Northeast Region                                       | *   | 3/1/2001                        |
| 4. Terry Beeler<br>Lexington, KY                              | Market Area President  | *   | 1/1/2002                        |
| 5. James E. McDonald<br>Little Rock, AR                       | Vice President-Network Services                                  | *   | 3/1/2001                        |
| 6. Stephen B. Rowell<br>Little Rock, AR                       | Sr. Vice President-State Gov't Affairs                           | *   | 10/10/1996                      |
| 7. Jefferey R. Gardner<br>Little Rock, AR                     | Sr. Vice President-Chief Fin. Officer                            | *   | 8/19/99                         |
| 8. Mike Rhoda<br>Little Rock, AR                              | Vice President-Access & Interconn Srv                            | *   | 10/17/2001                      |
| 9. Sharilyn Gasaway<br>Little Rock, AR                        | Vice President-Accounting & Finance                              | *   | 8/15/2001                       |
| 10. Steve Kavanaugh<br>Little Rock, AR                        | Vice President-Administrative Services                           | *   | 3/1/2001                        |
| 11. Steve Mowery<br>Little Rock, AR                           | Vice President-State Gov't Affairs                               | *   | 10/24/2000                      |
| 12. Anthony J. Saggese<br>Little Rock, AR                     | Vice President-Tax   | *   | 1/7/2002                        |
| 13. Scott Settelmyer<br>Little Rock, AR                       | Treasurer  | *   | 3/1/2001                        |
| 14. Francis X. Frantz<br>Little Rock, AR                      | Secretary  | *   | 5/25/95                         |
| 15. David Cameron<br>Little Rock, AR                          | Assistant Secretary  | *   | 5/25/95                         |
| 16.   |  |   |                                 |

(use additional sheet, if needed)

\* Until next annual meeting of Directors or until successors are elected and qualified

**STOCKHOLDERS**

Schedule II  
Page 1 of 1  
KPSC Form T (Revised 9/97)

Company ALLTEL Kentucky, Inc.  
Period Ended December 31, 2001

|    | Name and Address (City & State) of Stockholder            | Shares Held |
|----|---|-------------|
| 1  | ALLTEL Corporation One Allied Drive Little Rock, AR 72202 | 7,674       |
| 2  |   |             |
| 3  |   |             |
| 4  |   |             |
| 5  |   |             |
| 6  |   |             |
| 7  |   |             |
| 8  |   |             |
| 9  |   |             |
| 10 |   |             |
| 11 |   |             |
| 12 |   |             |
| 13 |   |             |
| 14 |   |             |
| 15 |   |             |
| 16 |   |             |

(Use additional sheet, if needed)

Total holders of above class of stock 1

Date of above compilation 12/31/99 Purpose of the compilation \_\_\_\_\_

**BALANCE SHEET ACCOUNTS**

Schedule III  
 Page 1 of 5  
 KPSC Form T (Revised 9/97)

Company ALLTEL Kentucky, Inc.

Period Ended December 31, 2001

| Account<br>(a) | Account Title<br>(b)                             | Amount<br>(c)    |
|----------------|--|------------------|
|                | <b>Current Assets</b>                            |                  |
| 1130           | Cash   | 51,053           |
| 1140           | Special Cash Deposits                            | -                |
| 1150           | Working Cash Advances                            | 800              |
| 1160           | Temporary Investments                            |                  |
|                | <b>Total Cash and Equivalents</b>                | <u>51,853</u>    |
| 1180           | Telecommunications Accounts Receivable           | 1,963,112        |
| 1181           | Accounts Receivable Allowance-Telecommunications | (32,231)         |
| 1190           | Other Accounts Receivable                        | 1,062,692        |
| 1191           | Accounts Receivable Allowance-Other              |                  |
| 1200           | Notes Receivable                                 |                  |
| 1201           | Notes Receivable Allowance                       |                  |
| 1210           | Interest and Dividends Receivable                |                  |
| 1220           | Inventories                                      | 120,867          |
|                | <b>Total Receivable and Inventories</b>          | <u>3,114,440</u> |
| 1290           | Prepaid Rents                                    |                  |
| 1300           | Prepaid Taxes                                    |                  |
| 1310           | Prepaid Insurance                                |                  |
| 1320           | Prepaid Directory Expenses                       |                  |
| 1330           | Other Prepayments                                | -                |
|                | <b>Total Prepayments</b>                         | <u>-</u>         |
| 1350           | Other Current Assets                             | -                |
|                | <b>Total Current Assets</b>                      | <u>3,166,293</u> |
|                | <b>Noncurrent Assets</b>                         |                  |
| 1401           | Investments in Affiliated Companies              |                  |
| 1402           | Investments in Nonaffiliated Companies           | 483,930          |
| 1406           | Nonregulated Investments                         |                  |
| 1407           | Unamortized Debt Issuance Expense                | 6,512            |
| 1408           | Sinking Funds                                    |                  |
| 1410           | Other Noncurrent Assets                          | 354,492          |
| 1437           | Deferred Tax Regulatory Asset                    | -                |
| 1438           | Deferred Maintenance and Retirements             |                  |
| 1439           | Deferred Charges                                 |                  |
| 1500           | Other Jurisdictional Assets - Net                |                  |
|                | <b>Total Noncurrent Assets</b>                   | <u>844,934</u>   |

**BALANCE SHEET ACCOUNTS**

Company ALLTEL Kentucky, Inc.

Schedule III

Page 2 of 5

KPSC Form T (Revised 9/97)

Period Ended December 31, 2001

| Account (a)                      | Account Title (b)                         | Beginning Balance (c) | Additions (d)     | Retirements (e)  | Transfers/ Adjustments (f) | Ending Balance (g) |
|----------------------------------|---|-----------------------|-------------------|------------------|----------------------------|--------------------|
| <b>Telephone Plant</b>           |   |                       |                   |                  |                            |                    |
| 2001                             | Telephone Plant In Service                | 37,657,865            | 5,053,368         | 871,762          | (39,633)                   | 41,799,838         |
| 2002                             | Property Held for Future Telephone Use    | -                     | -                 | -                | -                          | -                  |
| 2003                             | Tele. Plant Under Construction-Short term | 2,676,883             | 5,166,788         | 5,081,902        | (229,930)                  | 2,531,839          |
| 2004                             | Tele. Plant Under Construction-Long term  | -                     | -                 | -                | -                          | -                  |
| 2005                             | Telephone Plant Adjustment                | -                     | -                 | -                | -                          | -                  |
| 2006                             | Nonoperating Plant                        | -                     | -                 | -                | -                          | -                  |
| 2007                             | Goodwill                                  | -                     | -                 | -                | -                          | -                  |
|                                  | <b>Total Telephone Plant</b>              | <b>40,334,748</b>     | <b>10,220,156</b> | <b>5,953,664</b> | <b>(269,563)</b>           | <b>44,331,677</b>  |
| <b>Support Assets</b>            |   |                       |                   |                  |                            |                    |
| 2111                             | Land                                      | 129,177               | -                 | -                | -                          | 129,177            |
| 2112                             | Motor Vehicles                            | 508,979               | 83,469            | 116,809          | 3,568                      | 479,207            |
| 2113                             | Aircraft                                  | -                     | -                 | -                | -                          | -                  |
| 2114                             | Special Purpose Vehicles                  | -                     | -                 | -                | -                          | -                  |
| 2115                             | Garage Work Equipment                     | -                     | -                 | -                | -                          | -                  |
| 2116                             | Other Work Equipment                      | 418,684               | 58,618            | -                | -                          | 477,302            |
| 2121                             | Buildings                                 | 1,646,194             | -                 | -                | -                          | 1,646,194          |
| 2122                             | Furniture                                 | 260,861               | -                 | -                | -                          | 260,861            |
| 2123                             | Office Furniture                          | 211,373               | 360               | -                | -                          | 211,733            |
| 2124                             | General Purpose Computers                 | 243,725               | -                 | 26,605           | 5,894                      | 223,014            |
|                                  | <b>Total Support Assets</b>               | <b>3,418,993</b>      | <b>142,447</b>    | <b>143,414</b>   | <b>9,462</b>               | <b>3,427,488</b>   |
| <b>Central Office -Switching</b> |   |                       |                   |                  |                            |                    |
| 2211                             | Analog Electronic Switching               | -                     | -                 | -                | -                          | -                  |
| 2212                             | Digital Electronic Switching              | 5,464,873             | 589,476           | 1,830            | (32,990)                   | 6,019,529          |
| 2215.1                           | Step-by-Step Switching                    | -                     | -                 | -                | -                          | -                  |
| 2215.2                           | Crossbar Switching                        | -                     | -                 | -                | -                          | -                  |
| 2215.3                           | Other Electro-Mechanical Switching        | -                     | -                 | -                | -                          | -                  |
|                                  | <b>Total Central Office Switching</b>     | <b>5,464,873</b>      | <b>589,476</b>    | <b>1,830</b>     | <b>(32,990)</b>            | <b>6,019,529</b>   |
| 2220                             | <b>Total Operator Systems</b>             |                       |                   |                  |                            |                    |

**BALANCE SHEET ACCOUNTS**

Company ALLTEL Kentucky, Inc.

Schedule III  
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KPSC Form T (Revised 9/97)

Period Ended December 31, 2001

| Account (a)                                | Account Title (b)                               | Beginning Balance (c) | Additions (d) | Retirements (e) | Transfers/ Adjustments (f) | Ending Balance (g) |
|--|---|-----------------------|---------------|-----------------|----------------------------|--------------------|
| <b>Central Office - Transmission</b>       |   |                       |               |                 |                            |                    |
| 2231.1                                     | Satellite & Earth Stations                      | -                     |               |                 |                            | -                  |
| 2231.2                                     | Other Radio Facilities                          | 14,899                |               |                 |                            | 14,899             |
| 2232                                       | Circuit Equipment                               | 6,870,611             | 1,791,453     |                 | (6,064)                    | 8,656,000          |
|  | <b>Total Central Office Transmission</b>        | 6,885,510             | 1,791,453     | -               | (6,064)                    | 8,670,899          |
| <b>Information Origination/Termination</b> |   |                       |               |                 |                            |                    |
| 2311                                       | Station Apparatus                               | 127,170               | 31,115        | 80,426          | (8,520)                    | 69,339             |
| 2321                                       | Customer Premise Wire                           | 238                   | -             | 238             |                            | -                  |
| 2341                                       | Large PBX                                       | -                     |               | -               | -                          | -                  |
| 2351                                       | Public Telephone Terminal Equipment             | 2,062                 | -             | 1,423           | -                          | 639                |
| 2362                                       | Other Terminal Equipment                        | -                     |               |                 |                            | -                  |
|  | <b>Total Information Origin./Termin.</b>        | 129,470               | 31,115        | 82,087          | (8,520)                    | 69,978             |
| <b>Cable &amp; Wire Facilities Assets</b>  |   |                       |               |                 |                            |                    |
| 2411                                       | Poles   | 2,531,320             | 250,703       | 502,295         |                            | 2,279,728          |
| 2421                                       | Aerial Cable                                    | 12,259,675            | 1,210,924     | 115,907         |                            | 13,354,692         |
| 2422                                       | Underground Cable                               | 785,736               | 36,352        |                 | 5                          | 822,093            |
| 2423                                       | Buried Cable                                    | 5,541,848             | 1,000,898     | 26,229          | -                          | 6,516,517          |
| 2424                                       | Submarine Cable                                 | -                     |               |                 |                            | -                  |
| 2425                                       | Deep Sea Cable                                  | -                     |               |                 |                            | -                  |
| 2426                                       | Intrabuilding Network Cable                     | -                     |               |                 |                            | -                  |
| 2431                                       | Aerial Wire                                     | -                     |               |                 | -                          | -                  |
| 2441                                       | Conduit System                                  | 638,914               |               |                 |                            | 638,914            |
|  | <b>Total Cable &amp; Wire Facilities Assets</b> | 21,757,493            | 2,498,877     | 644,431         | 5                          | 23,611,944         |
| <b>Amortizable Assets</b>                  |   |                       |               |                 |                            |                    |
| 2681                                       | Capital Leases                                  | -                     |               |                 |                            | -                  |
| 2682                                       | Leasehold Improvements                          | -                     |               |                 |                            | -                  |
|  | <b>Total Amortizable Assets</b>                 | -                     | -             | -               | -                          | -                  |
| 2690                                       | Intangibles                                     | 1,526                 |               |                 | (1,526)                    | -                  |
|  | <b>Total Tele. Plant in Service (Acct 2001)</b> | 37,657,865            | 5,053,368     | 871,762         | (39,633)                   | 41,799,838         |

**BALANCE SHEET ACCOUNTS**

Schedule III  
Page 4 of 5  
KPSC Form T (Revised 9/97)

Company ALLTEL Kentucky, Inc.  
Period Ended December 31, 2001

| Account<br>(a) | Account Title<br>(b)                                      | Amount<br>(c)     |
|----------------|---|-------------------|
|                | <b><u>Depreciation and Amortization</u></b>               |                   |
| 3100           | Accumulated Depreciation                                  | 19,104,023        |
| 3200           | Accumulated Depreciation-Plant Held for Future Tele. Use  |                   |
| 3300           | Accumulated Depreciation-Nonoperating                     |                   |
| 3410           | Accumulated Amortization - Capitalized Leases             |                   |
| 3420           | Accumulated Amortization - Leasehold Improvements         |                   |
| 3500           | Accumulated Amortization - Intangible                     |                   |
| 3600           | Accumulated Amortization - Other                          |                   |
|                | <b>Total Depreciation and Amortization</b>                | <b>19,104,023</b> |
|                | <b>Net Telephone Plant</b>                                |                   |
|                | (Total Tele. Plt. less Total Depreciation & Amortization) | 25,227,654        |
|                | <b>Total Assets</b>                                       | <b>29,238,881</b> |

**Current Liabilities**

|      |  |                  |
|------|--|------------------|
| 4010 | Accounts Payable                               | 484,104          |
| 4020 | Notes Payable                                  |                  |
| 4030 | Advanced Billing and Payments                  | 369,819          |
| 4040 | Customer's Deposits                            | 40,418           |
| 4050 | Current Maturities - Long Term Debt            | 526,544          |
| 4060 | Current Maturities - Capital Leases            |                  |
| 4070 | Income Taxes - Accrued                         | 710,136          |
| 4080 | Other Taxes - Accrued                          | 599,690          |
| 4100 | Net Current Deferred Operating Income Taxes    | -                |
| 4110 | Net Current Deferred Nonoperating Income Taxes |                  |
| 4120 | Other Accrued Liabilities                      | 57,851           |
| 4130 | Other Current Liabilities                      | 165,956          |
|      | <b>Total Current Liabilities</b>               | <b>2,954,518</b> |

**BALANCE SHEET ACCOUNTS**

Schedule III  
Page 5 of 5  
KPSC Form T (Revised 9/97)

Company ALLTEL Kentucky, Inc.

Period Ended December 31, 2001

| Account<br>(a) | Account Title<br>(b)                                  | Amount<br>(c)     |
|----------------|---|-------------------|
|                | <b>Long-Term Debt</b>                                 |                   |
| 4210           | Funded Debt   |                   |
| 4220           | Premium on Long-Term Debt                             |                   |
| 4230           | Discount on Long-Term Debt                            |                   |
| 4240           | Reacquired Debt                                       |                   |
| 4250           | Obligations Under Capital Leases                      |                   |
| 4260           | Advances from Affiliated Companies                    | 3,554,964         |
| 4270           | Other Long-Term Debt                                  | 4,741,003         |
|                | <b>Total Long-Term Debt</b>                           | <b>8,295,967</b>  |
|                | <b>Other Liabilities and Deferred Credits</b>         |                   |
| 4310           | Other Long-Term Liabilities                           | 164,087           |
| 4320           | Unamortized Operating Investment Tax Credits-Net      |                   |
| 4330           | Unamortized Nonoperating Investment Tax Credits-Net   |                   |
| 4340           | Net Noncurrent Deferred Operating Income Taxes        | 3,649,305         |
| 4341           | Net Deferred Tax Liability Adjustments                |                   |
| 4350           | Net Noncurrent Deferred Nonoperating Income Taxes     |                   |
| 4360           | Other Deferred Credits                                | 254,449           |
| 4361           | Deferred Tax Regulatory Liability                     |                   |
| 4370           | Other Jurisdiction Liabilities/Deferred Credits - Net |                   |
|                | <b>Total Other Liabilities and Deferred Credits</b>   | <b>4,067,841</b>  |
| 4510           | Capital Stock   | 767,400           |
| 4520           | Additional Paid-In Capital                            | 163,600           |
| 4530           | Treasury Stock  |                   |
| 4540           | Other Capital   |                   |
| 4550           | Retained Earnings                                     | 12,989,555        |
|                | <b>Total Stockholders' Equity</b>                     | <b>13,920,555</b> |
|                | <b>Total Liabilities &amp; Stockholders' Equity</b>   | <b>29,238,881</b> |
|                | Retained Earnings (Beginning of Year)                 | 12,754,125        |
|                | Net Income  | 4,393,874         |
|                | Dividends Declared                                    | 4,158,444         |
|                | Capital Credit Rotations                              |                   |
|                | Miscellaneous Debits*                                 | -                 |
|                | Miscellaneous Credits*                                | -                 |
|                | <b>Retained Earnings (End of Year)</b>                | <b>12,989,555</b> |

\*Explain any individual item over \$10,000



INVESTMENTS IN NONAFFILIATED COMPANIES

| Description<br>(a)                                       | Nonaffiliated Companies |                    |           | (j) |     |     |     |     |     |
|--|-------------------------|--------------------|-----------|-----|-----|-----|-----|-----|-----|
|  | (b)                     | (c)                | (d)       |     | (e) | (f) | (g) | (h) | (i) |
| <b>Account 1402</b>                                      |                         |                    |           |     |     |     |     |     |     |
| 1. Company Name  | Access Providers        | Telecomm Customers | RTB Stock |     |     |     |     |     |     |
| 2. Beginning Balance                                     |                         |                    | 483,930   |     |     |     |     |     |     |
| 3. Investment  |                         |                    |           |     |     |     |     |     |     |
| 4. Earnings  |                         |                    |           |     |     |     |     |     |     |
| 5. (Losses)  |                         |                    |           |     |     |     |     |     |     |
| 6. Subtotal (Account 1402)                               | -                       | -                  | 483,930   | -   | -   | -   | -   | -   | -   |
| <b>Account 1160, Temporary Investments</b>               |                         |                    |           |     |     |     |     |     |     |
| 7. Beginning Balance                                     |                         |                    |           |     |     |     |     |     |     |
| 8. Gross Dr.   |                         |                    |           |     |     |     |     |     |     |
| 9. Gross (Cr.)   |                         |                    |           |     |     |     |     |     |     |
| 10. Subtotal (Account 1160)                              | -                       | -                  | -         | -   | -   | -   | -   | -   | -   |
| <b>Account 1180, Telecommunications Accts Receivable</b> |                         |                    |           |     |     |     |     |     |     |
| 11. Beginning Balance                                    |                         | 2,143,142          |           |     |     |     |     |     |     |
| 12. Gross Dr.  |                         | 19,816,933         |           |     |     |     |     |     |     |
| 13. Gross (Cr.)  |                         | (19,996,963)       |           |     |     |     |     |     |     |
| 14. Subtotal (Account 1180)                              | -                       | 1,963,112          | -         | -   | -   | -   | -   | -   | -   |
| <b>Account 1190, Other Accounts Receivable</b>           |                         |                    |           |     |     |     |     |     |     |
| 15. Beginning Balance                                    | 795,765                 |                    |           |     |     |     |     |     |     |
| 16. Gross Dr.  | 12,436,042              |                    |           |     |     |     |     |     |     |
| 17. Gross (Cr.)  | (12,169,115)            |                    |           |     |     |     |     |     |     |
| 18. Subtotal (Account 1190)                              | 1,062,692               | -                  | -         | -   | -   | -   | -   | -   | -   |
| <b>Account 1200, Notes Receivable</b>                    |                         |                    |           |     |     |     |     |     |     |
| 19. Beginning Balance                                    |                         |                    |           |     |     |     |     |     |     |
| 20. Gross Dr.  |                         |                    |           |     |     |     |     |     |     |
| 21. Gross (Cr.)  |                         |                    |           |     |     |     |     |     |     |
| 22. Subtotal (Account 1200)                              | -                       | -                  | -         | -   | -   | -   | -   | -   | -   |
| <b>Account 1210, Interest and Dividends</b>              |                         |                    |           |     |     |     |     |     |     |
| 23. Beginning Balance                                    |                         |                    |           |     |     |     |     |     |     |
| 24. Gross Dr.  |                         |                    |           |     |     |     |     |     |     |
| 25. Gross (Cr.)  |                         |                    |           |     |     |     |     |     |     |
| 26. Subtotal (Account 1210)                              | -                       | -                  | -         | -   | -   | -   | -   | -   | -   |
| 27. Total  | 1,062,692               | 1,963,112          | 483,930   | -   | -   | -   | -   | -   | -   |

# INCOME STATEMENT ACCOUNTS

Schedule VI  
 Page 1 of 8  
 KPSC FORM 5 (Revised 9/97)

Company ALLTEL Kentucky, Inc.  
 Period Ended December 31, 2001

| Account<br>(a) | Account Title<br>(b)                                      | Amount<br>(c)    |
|----------------|---|------------------|
|                | <b><u>Local Network Service</u></b>                       |                  |
| 5001           | Basic Area Revenue  | 3,742,058        |
| 5002           | Optional Extended Area Revenue                            | 2,542,966        |
| 5003           | Cellular Mobile Service Revenue                           |                  |
| 5004           | Other Mobile Service Revenue                              |                  |
|                | <b>TOTAL BASIC LOCAL REVENUE SERVICE</b>                  | <b>6,285,024</b> |
| 5010           | Public Telephone Revenue                                  | -                |
| 5040           | Local Private Line Revenue                                | 537,497          |
| 5050           | Customer Premises Revenue                                 | 157,396          |
| 5060           | Other Local Exchange Revenue                              | 1,937,276        |
| 5069           | Other Local Exchange Revenue Settlements                  |                  |
|                | <b>TOTAL LOCAL NETWORK SERVICE REVENUES</b>               | <b>8,917,193</b> |
|                | <b><u>Network Access Service Revenues</u></b>             |                  |
| 5081           | End User Revenue  | 1,229,561        |
| 5082           | Switched Access Revenue                                   | 1,748,213        |
| 5083           | Special Access Revenue                                    | 253,321          |
| 5084           | State Access Revenue                                      | 5,636,987        |
|                | <b>TOTAL NETWORK ACCESS REVENUE</b>                       | <b>8,868,082</b> |
|                | <b><u>Long Distance (LD) Network Service Revenues</u></b> |                  |
| 5100           | LD Message Revenue (Class A)                              | -                |
| 5111           | LD Inward-only Revenue                                    |                  |
| 5112           | LD Outward-only Revenue                                   |                  |
|                | <b>TOTAL UNIDIRECTIONAL LD REVENUE</b>                    | <b>-</b>         |

**INCOME STATEMENT ACCOUNTS**

Schedule VI  
 Page 2 of 8  
 KPSC FORM 5 (Revised 9/97)

Company ALLTEL Kentucky, Inc.  
 Period Ended December 31, 2001

| Account<br>(a) | Account Title<br>(b)                                | Amount<br>(c)     |
|----------------|---|-------------------|
| 5121           | Subvoice Grade LD Private Network Revenue           | -                 |
| 5122           | Voice Grade LD Private Network Revenue              | 259,753           |
| 5123           | Audio Program Grade LD Private Network Revenue      |                   |
| 5124           | Video Program Grade LD Private Network Revenue      |                   |
| 5125           | Digital Transmission LD Private Network Revenue     | 61,946            |
| 5126           | LD Private Network Switching Revenue                |                   |
| 5128           | Other LD Private Network Revenue                    |                   |
| 5129           | Other LD Private Network Revenue Settlements        |                   |
|                | <b>TOTAL LONG DISTANCE PRIVATE NETWORK REVENUE</b>  | <b>321,699</b>    |
| 5160           | Other Long Distance Revenue                         | 15,576            |
| 5169           | Other Long Distance Revenue Settlements             |                   |
|                | <b>TOTAL LONG DISTANCE NETWORK SERVICE REVENUES</b> | <b>337,275</b>    |
|                | <u>Miscellaneous Revenues</u>                       |                   |
| 5230           | Directory   | 163,551           |
| 5240           | Rent Revenues                                       | 12,999            |
| 5250           | Corporate Operations Revenue                        |                   |
| 5261           | Special Billing Arrangements Revenue                |                   |
| 5262           | Customer Operations Revenue                         |                   |
| 5263           | Plant Operations Revenue                            |                   |
| 5264           | Other Incidental Regulated Revenue                  | 117,695           |
| 5269           | Other Revenue Settlements                           |                   |
| 5270           | Carrier Billing and Collection Revenue              | 420,483           |
| 5280           | Nonregulated Revenue                                | 1,900,604         |
|                | <b>TOTAL MISCELLANEOUS REVENUES</b>                 | <b>2,615,332</b>  |
|                | <u>Uncollectible Revenues</u>                       |                   |
| 5301           | Uncollectible Revenues-Telecommunications           | 131,720           |
| 5302           | Uncollectible Revenues-Other                        |                   |
|                | <b>TOTAL UNCOLLECTIBLE REVENUE</b>                  | <b>131,720</b>    |
|                | <b>TOTAL OPERATING REVENUES</b>                     | <b>20,606,162</b> |

**INCOME STATEMENT ACCOUNTS**

| Account<br>(a) | Account Title<br>(b)                    | Total<br>(c)     | Salaries<br>and Wages<br>(d) | Benefits<br>(e) | Rent<br>(f) | Other<br>Expenses<br>(g) |
|----------------|---|------------------|------------------------------|-----------------|-------------|--------------------------|
|                | <b>PLANT SPECIFIC OPERATION EXPENSE</b> |                  |                              |                 |             |                          |
| 6112           | Motor Vehicle                           | 97,482           | 34,594                       | 15,951          | -           | 46,937                   |
| 610            | Clearance-MV                            | 42,499           | 15,082                       | 6,954           | -           | 20,463                   |
| 615            | Net Balance-MV                          | 54,983           | 19,512                       | 8,997           | -           | 26,474                   |
| 6113           | Aircraft                                | -                | -                            | -               | -           | -                        |
| 620            | Clearance-Aircraft                      | -                | -                            | -               | -           | -                        |
| 625            | Net Balance-Aircraft                    | -                | -                            | -               | -           | -                        |
| 6114           | Special Purpose Vehicle                 | -                | -                            | -               | -           | -                        |
| 630            | Clearance-SPV                           | -                | -                            | -               | -           | -                        |
| 635            | Net Balance-SPV                         | -                | -                            | -               | -           | -                        |
| 6115           | Garage Work Equipment                   | -                | -                            | -               | -           | -                        |
| 6116           | Other Work Equipment                    | 23,222           | 206                          | 58              | -           | 22,958                   |
| 640            | Clearance-OWE                           | 10,720           | 95                           | 27              | -           | 10,598                   |
| 645            | Net Balance-OWE                         | 12,502           | 111                          | 31              | -           | 12,360                   |
|                | <b>TOTAL NETWORK SUPPORT EXPENSE</b>    | <b>67,485</b>    | <b>19,623</b>                | <b>9,028</b>    | <b>-</b>    | <b>38,834</b>            |
| 6121           | Land & Building                         | 65,909           | 1,123                        | 263             | -           | 64,523                   |
| 6122           | Furniture & Artworks                    | -                | -                            | -               | -           | -                        |
| 6123           | Office Equipment                        | 10,633           | 5,893                        | 1,432           | -           | 3,308                    |
| 6124           | General Purpose Computers               | 1,016,419        | -                            | -               | -           | 1,016,419                |
|                | <b>TOTAL SUPPORT EXPENSE</b>            | <b>1,092,961</b> | <b>7,016</b>                 | <b>1,695</b>    | <b>-</b>    | <b>1,084,250</b>         |
| 6211           | Analog Electronic                       | 122,581          | -                            | -               | -           | 122,581                  |
| 6212           | Digital Electronic                      | 328,245          | 130,274                      | 32,410          | -           | 165,561                  |
| 6215           | Electro-mechanical                      | -                | -                            | -               | -           | -                        |
|                | <b>TOTAL CENTRAL OFF. SWITCH. EXP.</b>  | <b>450,826</b>   | <b>130,274</b>               | <b>32,410</b>   | <b>-</b>    | <b>288,142</b>           |
| 6220           | Operator System Expense                 | -                | -                            | -               | -           | -                        |
| 6231           | Radio System                            | -                | -                            | -               | -           | -                        |
| 6232           | Circuit Equipment                       | 134,521          | 34,391                       | 8,721           | -           | 91,409                   |
|                | <b>TOTAL CENTRAL OFF. TRANS. EXP.</b>   | <b>134,521</b>   | <b>34,391</b>                | <b>8,721</b>    | <b>-</b>    | <b>91,409</b>            |

**INCOME STATEMENT ACCOUNTS**

| Account (a) | Account Title (b)                      | Total (c)        | Salaries and Wages (d) | Benefits (e)   | Rent (f)      | Other Expenses (g) |
|-------------|--|------------------|------------------------|----------------|---------------|--------------------|
| 6311        | Station Apparatus                      | 600,933          | 106,534                | 28,002         | -             | 466,397            |
| 6341        | Large PBX                              | -                | -                      | -              | -             | -                  |
| 6351        | Public Tele. Terminal Equipment        | -                | -                      | -              | -             | -                  |
| 6362        | Other Terminal Equipment               | -                | -                      | -              | -             | -                  |
|             | <b>TOTAL INFO. ORIG./TERM. EQUIP.</b>  | <b>600,933</b>   | <b>106,534</b>         | <b>28,002</b>  | <b>-</b>      | <b>466,397</b>     |
| 6411        | Poles                                  | 157,445          | 925                    | 147            | 89,818        | 66,555             |
| 6421        | Aerial Cable                           | 782,216          | 295,107                | 75,927         | -             | 411,182            |
| 6422        | Underground Cable                      | 19,530           | 2,580                  | 555            | -             | 16,395             |
| 6423        | Buried Cable                           | 300,460          | 87,999                 | 24,955         | -             | 187,506            |
| 6424        | Submarine Cable                        | -                | -                      | -              | -             | -                  |
| 6425        | Deep Sea Cable                         | -                | -                      | -              | -             | -                  |
| 6426        | Intrabuilding Network Cable            | -                | -                      | -              | -             | -                  |
| 6431        | Aerial Wire                            | -                | -                      | -              | -             | -                  |
| 6441        | Conduit Systems                        | 1,059            | 415                    | 135            | -             | 509                |
|             | <b>TOTAL CABLE &amp; WIRE EXPENSE</b>  | <b>1,260,710</b> | <b>387,026</b>         | <b>101,719</b> | <b>89,818</b> | <b>682,147</b>     |
|             | <b>TOTAL PLANT SPC. EXPENSE</b>        | <b>3,607,436</b> | <b>684,864</b>         | <b>181,575</b> | <b>89,818</b> | <b>2,651,179</b>   |
|             | <b>PLANT NONSPECIFIC OPER. EXPENSE</b> |                  |                        |                |               |                    |
| 6511        | Plant Held for Future Telephone Use    |                  |                        |                |               |                    |
| 6512        | Provisioning                           | 4,120            | 8,705                  | 2,062          |               | (6,647)            |
| 660         | Clearance-Prov.                        | 4,150            | 3,310                  | 784            |               | 56                 |
| 665         | Net Balance-Prov.                      | (30)             | 5,395                  | 1,278          |               | (6,703)            |
|             | <b>TOTAL OTHER PP&amp;E EXPENSE</b>    | <b>(30)</b>      | <b>5,395</b>           | <b>1,278</b>   | <b>-</b>      | <b>(6,703)</b>     |
| 6531        | Power                                  | 50,568           |                        |                |               | 50,568             |
| 6532        | Network Administration                 | 41,871           | 30                     | (11)           |               | 41,852             |
| 6533        | Testing                                | 227,073          |                        |                |               | 227,073            |
| 6534        | Plant OPS Administration               | 280,215          | 134,743                | 29,837         | 635           | 115,000            |
| 670         | Clearance-POA                          | 110,686          | 53,550                 | 13,604         |               | 43,532             |
| 675         | Net Balance-POA                        | 169,529          | 81,193                 | 16,233         | 635           | 71,468             |

**INCOME STATEMENT ACCOUNTS**

| Account (a) | Account Title (b)                                 | Total (c) | Salaries and Wages (d) | Benefits (e) | Rent (f) | Other Expenses (g) |
|-------------|---|-----------|------------------------|--------------|----------|--------------------|
| 6535        | Engineering                                       | 930,766   | 86,542                 | 333,550      |          | 510,674            |
| 680         | Clearance-Engineering                             | 734,527   | 68,296                 | 263,226      |          | 403,005            |
| 685         | Net Balance-Engineering                           | 196,239   | 18,246                 | 70,324       | -        | 107,669            |
|             | <b>TOTAL NETWORK OPS EXPENSE</b>                  | 685,280   | 99,469                 | 86,546       | 635      | 498,630            |
| 6540        | Access Expense                                    | 334,045   |                        |              | N/A      | 334,045            |
| 6561        | Depreciation-Tele. Plt. in Service                | 2,871,340 | N/A                    | N/A          | N/A      | 2,871,340          |
| 6562        | Depreciation-PHFTU                                | -         | N/A                    | N/A          | N/A      |                    |
| 6563        | Amortization-Tangible                             | -         | N/A                    | N/A          | N/A      |                    |
| 6564        | Amortization-Intangible                           | -         | N/A                    | N/A          | N/A      |                    |
| 6565        | Amortization-Other                                | -         | N/A                    | N/A          | N/A      |                    |
|             | <b>TOTAL DEPRECIATION &amp; AMORTIZATION EXP.</b> | 2,871,340 | N/A                    | N/A          | N/A      | 2,871,340          |
|             | <b>TOTAL PLANT NONSPECIFIC EXPENSE</b>            | 3,890,635 | 104,864                | 87,824       | N/A      | 3,697,312          |
|             | <b>CUSTOMER OPERATIONS EXPENSE</b>                |           |                        |              |          |                    |
| 6611        | Produce Management                                | 68,006    | -                      | -            | N/A      | 68,006             |
| 6612        | Sales   | 164,839   | 87,376                 | 19,550       | N/A      | 57,913             |
| 6613        | Product Advertising                               | 54,535    |                        |              | N/A      | 54,535             |
|             | <b>TOTAL MARKETING EXPENSE</b>                    | 287,380   | 87,376                 | 19,550       | N/A      | 180,454            |
| 6621        | Call Completion                                   | 13,659    |                        |              | N/A      | 13,659             |
| 6622        | Number Services                                   | 210,855   |                        |              | N/A      | 210,855            |
| 6623        | Customer Services                                 | 915,389   | 114,876                | 28,088       | N/A      | 772,425            |
|             | <b>TOTAL SERVICES EXPENSE</b>                     | 1,139,903 | 114,876                | 28,088       | N/A      | 996,939            |
|             | <b>TOTAL CUSTOMER OPERATIONS EXP.</b>             | 1,427,283 | 202,252                | 47,638       | N/A      | 1,177,393          |
|             | <b>CORPORATE OPERATIONS EXPENSE</b>               |           |                        |              |          |                    |
| 6711        | Executive   | 102,085   | 19,680                 | 4,324        | N/A      | 78,081             |
| 6712        | Planning  | -         |                        |              | N/A      | -                  |
|             | <b>TOTAL EXECUTIVE &amp; PLANNING EXP.</b>        | 102,085   | 19,680                 | 4,324        | N/A      | 78,081             |

**INCOME STATEMENT ACCOUNTS**

| Account (a) | Account Title (b)                              | Total (c)  | Salaries and Wages (d) | Benefits (e)       | Rent (f)           | Other Expenses     |
|-------------|--|------------|------------------------|--------------------|--------------------|--------------------|
| 6721        | Accounting and Finance                         | (10,327)   |                        |                    | N/A                | (10,327)           |
| 6722        | External Affairs                               | 36,780     | -                      | -                  | N/A                | 36,780             |
| 6723        | Human Resources                                | 72,284     | 32                     | 65                 | N/A                | 72,187             |
| 6724        | Information Management                         | 173,539    |                        | -                  | N/A                | 173,539            |
| 6725        | Legal  | 13,237     |                        |                    | N/A                | 13,237             |
| 6726        | Procurement                                    | 2,908      | 404                    | 38                 | N/A                | 2,466              |
| 6727        | Research & Development                         | -          |                        |                    | N/A                | -                  |
| 6728        | Other General & Administrative                 | 570,416    | (17)                   | (2,262)            | N/A                | 572,695            |
|             | <b>TOTAL GENERAL &amp; ADMINISTRATIVE EXP.</b> | 858,837    | 419                    | (2,159)            | N/A                | 860,577            |
| 6790        | Provision for uncollectible Notes Receivable   |            | N/A                    | N/A                | N/A                |                    |
|             | <b>TOTAL CORP. OPER. EXPENSE</b>               | 960,922    | 20,099                 | 2,165              | N/A                | 938,658            |
|             | <b>TOTAL OPERATING EXPENSE</b>                 | 9,886,276  | 1,012,079              | 319,202            | 89,818             | 8,464,542          |
|             | <b>NET OPERATING REVENUE</b>                   | 10,719,886 | XXXXXXXXXXXXXXXXXX     | XXXXXXXXXXXXXXXXXX | XXXXXXXXXXXXXXXXXX | XXXXXXXXXXXXXXXXXX |

# INCOME STATEMENT ACCOUNTS

Schedule VI  
 Page 7 of 8  
 KPSC FORM T (Revised 9/97)

Company ALLTEL Kentucky, Inc.  
 Period Ended December 31, 2001

| Account<br>(a) | Account Title<br>(b)                                 | Amount<br>(c)      |
|----------------|--|--------------------|
|                | <b><u>Other Operating Income and Expense</u></b>     |                    |
| 7110           | Income from Custom Work                              |                    |
| 7130           | Return from Nonregulated use of Regulated Facilities |                    |
| 7140           | Gains/Losses from Foreign Exchange                   |                    |
| 7150           | Gains/Losses from Disposition of Land & Artworks     |                    |
| 7160           | Other Operating Gains and Losses                     |                    |
|                | <b>OTHER OPERATING INCOME AND EXPENSE;NET</b>        |                    |
|                | <b><u>Operating Taxes</u></b>                        |                    |
| 7210           | Operating Investment Tax Credits-Net                 | (8,424)            |
| 7220           | Operating Federal Income Taxes                       | 3,084,112          |
| 7230           | Operating State and Local Income Taxes               | 463,428            |
| 7240           | Operating Other Taxes                                | 634,143            |
| 7250           | Provision for Deferred Operating Income Tax-Net      | 185,545            |
|                | <b>TOTAL OPERATING TAXES</b>                         | <b>4,358,804</b>   |
|                | <b><u>Nonoperating Income and Expense</u></b>        |                    |
| 7310           | Dividend Income                                      | 8,505              |
| 7320           | Interest Income                                      | 5,022              |
| 7330           | Income from Sinking and Other Funds                  |                    |
| 7340           | Allowance for Funds used During Construction (AFUDC) | 42,572             |
| 7350           | Gains/Losses from the Disposition of Property        |                    |
| 7360           | Other Nonoperating Income                            | (2,529,249)        |
| 7370           | Special Charges                                      |                    |
|                | <b>NONOPERATING INCOME AND EXPENSE-NET</b>           | <b>(2,473,150)</b> |
|                | <b><u>Nonoperating Taxes</u></b>                     |                    |
| 7410           | Nonoperating Investment Tax Credits-Net              |                    |
| 7420           | Nonoperating Federal Income Taxes                    | (880,881)          |
| 7430           | Nonoperating State and Local Income Taxes            | 1,088              |
| 7440           | Nonoperating Other Taxes                             |                    |
| 7450           | Provision for Deferred Nonoperating Income Tax-Net   |                    |
|                | <b>TOTAL NONOPERATING TAXES</b>                      | <b>(879,793)</b>   |

**INCOME STATEMENT ACCOUNTS**

Schedule VI  
 Page 8 of 8  
 KPSC FORM T (Revised 9/97)

Company ALLTEL Kentucky, Inc.  
 Period Ended December 31, 2001

| Account<br>(a) | Account Title<br>(b)  | Amount<br>(c)    |
|----------------|---|------------------|
|                | <u>Interest and Related Items</u>                           |                  |
| 7510           | Interest on Funded Debt                                     | 349,202          |
| 7520           | Interest Expense-Capital Leases                             |                  |
| 7530           | Amortization of Debt Issuance Expense                       | 666              |
| 7540           | Other Interest Deductions                                   | 23,983           |
|                | <b>TOTAL INTEREST AND RELATED ITEMS</b>                     | <b>373,851</b>   |
|                | <u>Extraordinary Items</u>                                  |                  |
| 7610           | Extraordinary Income Credits                                |                  |
| 7620           | Extraordinary Income Charges                                |                  |
| 7630           | Current Income Tax Effect of Extraordinary Items-Net        |                  |
| 7640           | Provision for Deferred Income Tax Effect of Items-Net       |                  |
|                | <b>TOTAL EXTRAORDINARY ITEMS</b>                            |                  |
|                | <u>Jurisdictional Differences &amp; Nonregulated Income</u> |                  |
| 7910           | Income Effect of Jurisdictional Differences-Net             |                  |
| 7990           | Nonregulated Net Income                                     |                  |
|                | <b>NET INCOME</b>   | <b>4,393,874</b> |

|  |             |
|--|-------------|
| TOTAL NUMBER OF EMPLOYEES AT END OF YEAR | 26          |
| NUMBER OF FULL TIME EMPLOYEES            | 26          |
| NUMBER OF PART TIME EMPLOYEES            | 0           |
| TOTAL COMPENSATION FOR THE YEAR          | \$1,210,158 |

**ACCESS LINES IN SERVICE BY TECHNOLOGY**

Schedule VII

Page 1 of 1

KPSC FORM T (Revised 9/97)

Company ALLTEL Kentucky, Inc.

Period Ended December 31, 2001.

|     | State or Territory<br>(a) | Number of<br>Central Office<br>Switches<br>(b) | ISDN 16 kh/sec<br>D Channels<br>(Divided by 4)<br>(c) | Main Digital<br>Access Lines<br>64kh/s or<br>Equivalent<br>(ISDN B Channels<br>Except to PBX's)<br>(d) |
|-----|---------------------------|--|---|--|
| 1.  | Kentucky                  | 3  | 16  | 124  |
| 2.  |                           |  |   |  |
| 3.  |                           |  |   |  |
| 4.  |                           |  |   |  |
| 5.  |                           |  |   |  |
| 6.  |                           |  |   |  |
| 7.  |                           |  |   |  |
| 8.  |                           |  |   |  |
| 9.  |                           |  |   |  |
| 10. |                           |  |   |  |
|     | <b>TOTAL</b>              | <b>3</b>                                       | <b>16</b>   | <b>124</b>   |

| Line<br>Number<br>(a) | Main Analog<br>Access Line<br>4khz or<br>Equivalent<br>(b) | Digital DS-1<br>Access Lines<br>to PBS's and<br>Centrex<br>(Times 24)<br>(f) | Analog PBX<br>and Centrex<br>Access Trunks<br>(g) | Analog<br>Centrex<br>Extensions<br>(h) | Other<br>(i) |
|-----------------------|--|--|---|--|--------------|
| 1.                    | 27,839   | 0  | 998   | 956                                    |              |
| 2.                    |  |  |   |  |              |
| 3.                    |  |  |   |  |              |
| 4.                    |  |  |   |  |              |
| 5.                    |  |  |   |  |              |
| 6.                    |  |  |   |  |              |
| 7.                    |  |  |   |  |              |
| 8.                    |  |  |   |  |              |
| 9.                    |  |  |   |  |              |
| 10.                   |  |  |   |  |              |
|                       | <b>TOTAL</b>   | <b>-</b>   | <b>998</b>  | <b>956</b>                             |              |

**ACCESS LINES IN SERVICE BY CUSTOMER**

Schedule VIII  
 Page 1 of 1  
 KPSC FORM T (Revised 9/97)

Company ALLTEL Kentucky, Inc.  
 Period Ended December 31, 2001

| State or Territory<br>(a) | Business Access Lines |                  |
|---------------------------|-----------------------|------------------|
|                           | Single Line<br>(b)    | Multiline<br>(c) |
| 1. Kentucky               | 4,875                 | -                |
| 2.                        |                       |                  |
| 3.                        |                       |                  |
| 4.                        |                       |                  |
| 5.                        |                       |                  |
| 6.                        |                       |                  |
| 7.                        |                       |                  |
| 8.                        |                       |                  |
| 9.                        |                       |                  |
| 10.                       |                       |                  |
| TOTAL                     | 4,875                 | -                |

| Line Number<br>(a) | Public Access Lines<br>(d) | Residential Access Lines<br>(f) | Mobile Access Lines<br>(f) | Special Access Lines<br>(Non-Switched)<br>(g) | Total Access Lines<br>(Switched and Special)<br>(h) |
|--------------------|----------------------------|---------------------------------|----------------------------|---|---|
| 1.                 | 105                        | 22,679                          |                            | 180   | 27,839  |
| 2.                 |                            |                                 |                            |   |   |
| 3.                 |                            |                                 |                            |   |   |
| 4.                 |                            |                                 |                            |   |   |
| 5.                 |                            |                                 |                            |   |   |
| 6.                 |                            |                                 |                            |   |   |
| 7.                 |                            |                                 |                            |   |   |
| 8.                 |                            |                                 |                            |   |   |
| 9.                 |                            |                                 |                            |   |   |
| 10.                |                            |                                 |                            |   |   |
| TOTAL              | 105                        | 22,679                          | -                          | 180   | 27,839  |

**TELEPHONE CALLS**

Schedule IX  
 Page 1 of 1  
 KPSC FORM T (Revised 9/97)

Company ALLTEL Kentucky, Inc.  
 Period Ended December 31, 2001

| State or Territory<br>(a) | Local Calls<br>(Total Local Calls)<br>(b) | Intralata<br>Toll Calls<br>(c) |
|---------------------------|---|--------------------------------|
| 1.                        |   |                                |
| 2.                        |   |                                |
| 3.                        |   |                                |
| 4.                        |   |                                |
| 5.                        |   |                                |
| 6.                        |   |                                |
| 7.                        |   |                                |
| 8.                        |   |                                |
| 9.                        |   |                                |
| 10.                       |   |                                |
| <b>TOTAL</b>              |   |                                |

| Line No.<br>(a) | INTERLATA TOLL CALLS (Completed) |                          |               |                          | Total Toll Calls |                          |
|-----------------|----------------------------------|--------------------------|---------------|--------------------------|------------------|--------------------------|
|                 | Interstate                       |                          | Intrastate    |                          | Number<br>(h)    | Billed<br>Minutes<br>(i) |
|                 | Number<br>(d)                    | Billed<br>Minutes<br>(e) | Number<br>(f) | Billed<br>Minutes<br>(g) |                  |                          |
| 1.              |                                  |                          |               |                          |                  |                          |
| 2.              |                                  |                          |               |                          |                  |                          |
| 3.              |                                  |                          |               |                          |                  |                          |
| 4.              |                                  |                          |               |                          |                  |                          |
| 5.              |                                  |                          |               |                          |                  |                          |
| 6.              |                                  |                          |               |                          |                  |                          |
| 7.              |                                  |                          |               |                          |                  |                          |
| 8.              |                                  |                          |               |                          |                  |                          |
| 9.              |                                  |                          |               |                          |                  |                          |
| 10.             |                                  |                          |               |                          |                  |                          |
| <b>TOTAL</b>    |                                  |                          |               |                          |                  |                          |

Access provider not Toll provider. Information not readily available.

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Annual Report of

ALLTEL Kentucky, Inc.

Year Ended

December 31, 20 01

**SIGNATURE PAGE**

I certify that I am the responsible accounting officer of the

ALLTEL Kentucky, Inc.; that I have

examined the foregoing report; that to the best of my knowledge,

information, and belief, all statements of fact contained in the said

report are true and the said report is a correct statement of the

business and affairs of the above-named respondent in respect to each

and every matter set forth therein during the period from January 1,

2001, to December 31, 2001, inclusive.

Date \_\_\_\_\_

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Title)

(Persons making willful false statements in this report form can be punished by fine or imprisonment under the provisions of the U.S. Code, Title 18, Section 1001)

# ANNUAL REPORT

OF

ALLTEL Kentucky, Inc.

---

Exact Legal Name of Reporting Utility

---

229 Lees Valley Road

---

Shepherdsville, KY 40165  
(Address of Utility)

TO THE  
**PUBLIC SERVICE COMMISSION**  
OF THE  
COMMONWEALTH OF KENTUCKY

FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2002

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| Schedule III  | - Balance Sheet                           |
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KENTUCKY PUBLIC SERVICE COMMISSION  
REPORT OF GROSS OPERATING REVENUES DERIVED FROM INTRA-KENTUCKY  
BUSINESS FOR THE YEAR ENDING DECEMBER 31, 2002

Name of Utility Reporting ALLTEL Kentucky, Inc.

Address of Utility 229 Lees Valley Rd.

City Shepherdsville State KY Zip Code 40165

Telephone Number of Utility (501) 905-8000

Fax Number of Utility (if applicable) (501) 905-7277

Officer/Contact Person David Cameron Staff Manager-External Reporting  
(Name) (Title)

\*\*\*\*\*

ASSESSABLE REVENUES OF TELEPHONE UTILITY .....\$ 15,332,026  
(to agree with assessable revenues figure on the back of this page)

\*\*\*\*\*

O A T H

State of Arkansas )

) ss.

County of Pulaski )

David Cameron being duly sworn, states that he/she  
(Officer)

is Assistant Secretary of the ALLTEL Kentucky, Inc.  
(Official Title) (Utility Reporting)

that the above report of gross revenues is in exact accordance with

ALLTEL Kentucky, Inc., and that such books accurately show the gross  
(Utility Reporting)

revenues of: ALLTEL Kentucky, Inc., derived from Intra-Kentucky  
(Utility Reporting)

business for the calendar year ending December 31, 2002.

\_\_\_\_\_  
(Officer) (Title)

This the \_\_\_\_\_ day of \_\_\_\_\_, 2003

\_\_\_\_\_  
(Notary Public) (County) (Commission Expires)

**NOTE: ANY DIFFERENCE BETWEEN THE AMOUNT OF THE GROSS REVENUES SHOWN IN THE ANNUAL REPORT AND THE AMOUNT APPEARING ON THIS STATEMENT MUST BE RECONCILED ON THE RESERVE OF THIS REPORT.**

**Telecommunications Utilities Reconciliation Form**

|  |                             |
|--|-----------------------------|
| <b>Total Operating Revenues (Schedule IV, Page 2 of 8)</b> | <u>20,517,199</u>           |
| <b>Additions:</b>  |                             |
| Intrastate Uncollectibles (Account 5301)                   | <u>296,277</u>              |
| Other Uncollectibles                                       | <u>                    </u> |
| <b>Total Additions</b>                                     | <u>296,277</u>              |
| <b>Deductions:</b>   |                             |
| Non-Regulated Revenue (Account 5280)                       | <u>1,635,201</u>            |
| Interstate Billing/Collection Revenue (Account 5270)       | <u>9,152</u>                |
| End User Revenue (Account 5081)                            | <u>1,926,258</u>            |
| Interstate Switched Access Revenue (Account 5082)          | <u>1,403,323</u>            |
| Interstate Special Access Revenue (Account 5083)           | <u>507,516</u>              |
| Any Miscellaneous Interstate Revenues<br>(Explain Below)   | <u>                    </u> |
| <b>Total Deductions</b>                                    | <u>5,481,450</u>            |
| <b>Reconciled Assessable Revenues</b>                      | <u><u>15,332,026</u></u>    |

Explanations/Comments: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

**Do Not Write Below This Line**

TELEPHONE UTILITIES - ANNUAL REPORT

Please furnish the following information, for KENTUCKY OPERATIONS only:

**BASIC SERVICE:**

\*Average Residential Basic Service Monthly Bill \$ 9.37  
(\*Not including taxes).

**NAMES OF COUNTIES IN WHICH YOU FURNISH TELEPHONE SERVICE**

(If additional space is required, add additional sheet)

Bullitt, Spencer, and Jefferson  
\_\_\_\_\_  
\_\_\_\_\_

**OFFICER OR OTHER PERSON TO WHOM CORRESPONDENCE SHOULD BE ADDRESSED CONCERNING THIS REPORT**

Name David Cameron Title Staff Manager-Financial Reporting  
Address 1 Allied Drive; P.O. Box 2177 City Little Rock  
State AR Zip Code 72203 Telephone Number (501) 905-5270

This information is to be kept current by prompt notification to the Commission of any changes until the report for the succeeding year has been submitted.

**PRINCIPAL PAYMENT, INTEREST, AND LONG-TERM DEBT INFORMATION FOR THE YEAR ENDING DECEMBER 31, 2002.**

1. Amount of Principal payment during calendar year \$ 525,596  
2. Is Principal current? Yes X No \_\_\_\_\_  
3. Is Interest current? Yes X No \_\_\_\_\_  
4. Has all long-term debt been approved by the Public Service Commission?  
Yes X No \_\_\_\_\_ PSC Case Number \_\_\_\_\_

**SERVICES PERFORMED BY INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT :**

Are your financial statements examined by a Certified Public Accountant?

Yes X No \_\_\_\_\_

If yes, which service was performed?

Audit X Compilation \_\_\_\_\_ Review \_\_\_\_\_

Please enclose a copy of the accountant's report with the annual report.

**(An accountant's report will be furnished upon receipt from the Public Accountants)**

**BOARD OF DIRECTORS AND GENERAL OFFICERS**

Schedule I  
 Page 1 of 1  
 KPSC Form T (Revised 9/97)

Company ALLTEL Kentucky, Inc.

Period Ended December 31, 2002

| (a)<br>Name of Director or Officer and Address (City & State) | (b)<br>Title and Department Over Which Jurisdiction is Exercised | (c)<br>Term Expired or Current Term Will Expire | (d)<br>Served Continuously From |
|---|--|---|---------------------------------|
| 1. Francis X. Frantz Little Rock, AR                          | Secretary  | *   | 5/25/95                         |
| 2. David Cameron Little Rock, AR                              | Assistant Secretary  | *   | 5/25/95                         |
| 3. Stephen B. Rowell Little Rock, AR                          | Sr. Vice President-State Gov't Affairs                           | *   | 10/10/1996                      |
| 4. Kevin L. Beebe Little Rock, AR                             | Director   | *   | 8/19/99                         |
| 5. Jefferey R. Gardner Little Rock, AR                        | Sr. Vice President-Chief Fin. Officer                            | *   | 8/19/99                         |
| 6. Steve Mowery Little Rock, AR                               | Vice President-State Gov't Affairs                               | *   | 10/24/2000                      |
| 7. George A. Page Bedford, OH                                 | President-Northeast Region                                       | *   | 3/1/2001                        |
| 8. Steve Kavanaugh Little Rock, AR                            | Vice President-Administrative Services                           | *   | 3/1/2001                        |
| 9. Scott Settelmyer Little Rock, AR                           | Treasurer  | *   | 3/1/2001                        |
| 10. Mike Rhoda Little Rock, AR                                | Vice President-Access & Interconn Srv                            | *   | 10/17/2001                      |
| 11. Terry Beeler Lexington, KY                                | Market Area President  | *   | 1/1/2002                        |
| 12. Anthony J. Saggese Little Rock, AR                        | Vice President-Tax   | *   | 1/7/2002                        |
| 13. Charles Harwood Lexington, KY                             | Vice President-General Manager-NE KY                             | *   | 11/1/2002                       |
| 14. Daniel Warnstaff Lexington, KY                            | Vice President-General Manager-SW KY                             | *   | 11/1/2002                       |
| 15. Chris Smith Little Rock, AR                               | Executive Vice President-Engineering                             | *   | 11/1/2002                       |
| 16. Stephen R. Byars Lexington, KY                            | Vice President-External Affairs                                  | *   | 11/1/2002                       |
| 17. Brent Whittington Little Rock, AR                         | Vice President-Finance   | *   | 11/1/2002                       |
| 18.   |  |   |                                 |

(use additional sheet, if needed)

\* Until next annual meeting of Directors or until successors are elected and qualified

**STOCKHOLDERS**

Schedule II  
Page 1 of 1  
KPSC Form T (Revised 9/97)

Company ALLTEL Kentucky, Inc.

Period Ended December 31, 2002

|    | Name and Address (City & State) of Stockholder                  | Shares Held |
|----|---|-------------|
| 1  | ALLTEL Corporation<br>One Allied Drive<br>Little Rock, AR 72202 | 7,674       |
| 2  |   |             |
| 3  |   |             |
| 4  |   |             |
| 5  |   |             |
| 6  |   |             |
| 7  |   |             |
| 8  |   |             |
| 9  |   |             |
| 10 |   |             |
| 11 |   |             |
| 12 |   |             |
| 13 |   |             |
| 14 |   |             |
| 15 |   |             |
| 16 |   |             |

(Use additional sheet, if needed)

Total holders of above class of stock 1

Date of above compilation 12/31/02

Purpose of the compilation \_\_\_\_\_

**BALANCE SHEET ACCOUNTS**

Schedule III  
 Page 1 of 5  
 KPSC Form T (Revised 9/97)

Company ALLTEL Kentucky, Inc.

Period Ended December 31, 2002

| Account<br>(a) | Account Title<br>(b)                             | Amount<br>(c)    |
|----------------|--|------------------|
|                | <b>Current Assets</b>                            |                  |
| 1130           | Cash   | 53,776           |
| 1140           | Special Cash Deposits                            | -                |
| 1150           | Working Cash Advances                            | 800              |
| 1160           | Temporary Investments                            | -                |
|                | <b>Total Cash and Equivalents</b>                | <u>54,576</u>    |
| 1180           | Telecommunications Accounts Receivable           | 1,716,757        |
| 1181           | Accounts Receivable Allowance-Telecommunications | (43,452)         |
| 1190           | Other Accounts Receivable                        | 1,181,457        |
| 1191           | Accounts Receivable Allowance-Other              | -                |
| 1200           | Notes Receivable                                 | -                |
| 1201           | Notes Receivable Allowance                       | -                |
| 1210           | Interest and Dividends Receivable                | -                |
| 1220           | Inventories                                      | 121,119          |
|                | <b>Total Receivable and Inventories</b>          | <u>2,975,881</u> |
| 1290           | Prepaid Rents                                    | -                |
| 1300           | Prepaid Taxes                                    | -                |
| 1310           | Prepaid Insurance                                | -                |
| 1320           | Prepaid Directory Expenses                       | -                |
| 1330           | Other Prepayments                                | -                |
|                | <b>Total Prepayments</b>                         | <u>-</u>         |
| 1350           | Other Current Assets                             | -                |
|                | <b>Total Current Assets</b>                      | <u>3,030,457</u> |

**Noncurrent Assets**

|      |  |                |
|------|--|----------------|
| 1401 | Investments in Affiliated Companies    | -              |
| 1402 | Investments in Nonaffiliated Companies | 483,930        |
| 1406 | Nonregulated Investments               | -              |
| 1407 | Unamortized Debt Issuance Expense      | 5,786          |
| 1408 | Sinking Funds                          | -              |
| 1410 | Other Noncurrent Assets                | 442,901        |
| 1437 | Deferred Tax Regulatory Asset          | -              |
| 1438 | Deferred Maintenance and Retirements   | -              |
| 1439 | Deferred Charges                       | -              |
| 1500 | Other Jurisdictional Assets - Net      | -              |
|      | <b>Total Noncurrent Assets</b>         | <u>932,617</u> |

**BALANCE SHEET ACCOUNTS**

Company ALLTEL Kentucky, Inc.

Schedule III  
Page 2 of 5  
KPSC Form T (Revised 9/97)

Period Ended December 31, 2002

| Account (a)                      | Account Title (b)                         | Beginning Balance (c) | Additions (d) | Retirements (e) | Transfers/ Adjustments (f) | Ending Balance (g) |
|----------------------------------|---|-----------------------|---------------|-----------------|----------------------------|--------------------|
| <b>Telephone Plant</b>           |   |                       |               |                 |                            |                    |
| 2001                             | Telephone Plant In Service                | 41,799,838            | 5,080,220     | 2,604,226       | 145,755                    | 44,421,587         |
| 2002                             | Property Held for Future Telephone Use    | -                     |               |                 |                            | -                  |
| 2003                             | Tele. Plant Under Construction-Short term | 2,531,839             | 3,418,426     | 5,123,679       | 70,805                     | 897,391            |
| 2004                             | Tele. Plant Under Construction-Long term  | -                     |               |                 |                            | -                  |
| 2005                             | Telephone Plant Adjustment                | -                     |               |                 |                            | -                  |
| 2006                             | Nonoperating Plant                        | -                     |               |                 |                            | -                  |
| 2007                             | Goodwill                                  | -                     |               |                 |                            | -                  |
|                                  | <b>Total Telephone Plant</b>              | 44,331,677            | 8,498,646     | 7,727,905       | 216,560                    | 45,318,978         |
| <b>Support Assets</b>            |   |                       |               |                 |                            |                    |
| 2111                             | Land                                      | 129,177               | -             |                 | -                          | 129,177            |
| 2112                             | Motor Vehicles                            | 479,207               | 137,323       | -               | 5,931                      | 622,461            |
| 2113                             | Aircraft                                  | -                     |               |                 |                            | -                  |
| 2114                             | Special Purpose Vehicles                  | -                     |               |                 |                            | -                  |
| 2115                             | Garage Work Equipment                     | -                     |               |                 |                            | -                  |
| 2116                             | Other Work Equipment                      | 477,302               | 12,780        |                 | -                          | 490,082            |
| 2121                             | Buildings                                 | 1,646,194             | 6,788         | -               | -                          | 1,652,982          |
| 2122                             | Furniture                                 | 260,861               |               |                 | -                          | 260,861            |
| 2123                             | Office Furniture                          | 211,733               | -             |                 | 5,756                      | 217,489            |
| 2124                             | General Purpose Computers                 | 223,014               | 4,916         | -               | -                          | 227,930            |
|                                  | <b>Total Support Assets</b>               | 3,427,488             | 161,807       | -               | 11,687                     | 3,600,982          |
| <b>Central Office -Switching</b> |   |                       |               |                 |                            |                    |
| 2211                             | Analog Electronic Switching               | -                     |               |                 |                            | -                  |
| 2212                             | Digital Electronic Switching              | 6,019,529             | 1,325,940     | 6,623           | -                          | 7,338,846          |
| 2215.1                           | Step-by-Step Switching                    | -                     |               |                 |                            | -                  |
| 2215.2                           | Crossbar Switching                        | -                     |               |                 |                            | -                  |
| 2215.3                           | Other Electro-Mechanical Switching        | -                     | 525           |                 |                            | 525                |
|                                  | <b>Total Central Office Switching</b>     | 6,019,529             | 1,326,465     | 6,623           | -                          | 7,339,371          |
| 2220                             | <b>Total Operator Systems</b>             |                       |               |                 |                            |                    |

**BALANCE SHEET ACCOUNTS**

Company ALLTEL Kentucky, Inc.

Period Ended December 31, 2002

Schedule III  
Page 3 of 5  
KPSC Form T (Revised 9/97)

| Account (a)                                | Account Title (b)                               | Beginning Balance (c) | Additions (d)    | Retirements (e)  | Transfers/Adjustments (f) | Ending Balance (g) |
|--|---|-----------------------|------------------|------------------|---------------------------|--------------------|
| <b>Central Office - Transmission</b>       |   |                       |                  |                  |                           |                    |
| 2231.1                                     | Satellite & Earth Stations                      | -                     |                  |                  |                           |                    |
| 2231.2                                     | Other Radio Facilities                          | 14,899                |                  |                  | -                         | 14,899             |
| 2232                                       | Circuit Equipment                               | 8,656,000             | 1,562,420        | 32,219           | 25,070                    | 10,211,271         |
|  | <b>Total Central Office Transmission</b>        | <b>8,670,899</b>      | <b>1,562,420</b> | <b>32,219</b>    | <b>25,070</b>             | <b>10,226,170</b>  |
| <b>Information Origination/Termination</b> |   |                       |                  |                  |                           |                    |
| 2311                                       | Station Apparatus                               | 69,339                | 13,831           | 26,556           | (1)                       | 56,613             |
| 2321                                       | Customer Premise Wire                           | -                     | -                | -                | -                         | -                  |
| 2341                                       | Large PBX                                       | -                     |                  | -                | -                         | -                  |
| 2351                                       | Public Telephone Terminal Equipment             | 639                   | -                | 580              | 1                         | 60                 |
| 2362                                       | Other Terminal Equipment                        | -                     |                  |                  |                           | -                  |
|  | <b>Total Information Origin./Termin.</b>        | <b>69,978</b>         | <b>13,831</b>    | <b>27,136</b>    | <b>-</b>                  | <b>56,673</b>      |
| <b>Cable &amp; Wire Facilities Assets</b>  |   |                       |                  |                  |                           |                    |
| 2411                                       | Poles   | 2,279,728             | 190,433          | 584,544          | (1)                       | 1,885,616          |
| 2421                                       | Aerial Cable                                    | 13,354,692            | 645,835          | 1,501,955        | -                         | 12,498,572         |
| 2422                                       | Underground Cable                               | 822,093               | -                | 13,187           | -                         | 808,906            |
| 2423                                       | Buried Cable                                    | 6,516,517             | 1,179,429        | 438,562          | 108,999                   | 7,366,383          |
| 2424                                       | Submarine Cable                                 | -                     |                  |                  | -                         | -                  |
| 2425                                       | Deep Sea Cable                                  | -                     |                  |                  |                           |                    |
| 2426                                       | Intrabuilding Network Cable                     | -                     |                  |                  | -                         | -                  |
| 2431                                       | Aerial Wire                                     | -                     |                  |                  | -                         | -                  |
| 2441                                       | Conduit System                                  | 638,914               |                  |                  | -                         | 638,914            |
|  | <b>Total Cable &amp; Wire Facilities Assets</b> | <b>23,611,944</b>     | <b>2,015,697</b> | <b>2,538,248</b> | <b>108,998</b>            | <b>23,198,391</b>  |
| <b>Amortizable Assets</b>                  |   |                       |                  |                  |                           |                    |
| 2681                                       | Capital Leases                                  | -                     |                  |                  |                           |                    |
| 2682                                       | Leasehold Improvements                          | -                     |                  |                  |                           |                    |
|  | <b>Total Amortizable Assets</b>                 | <b>-</b>              | <b>-</b>         | <b>-</b>         | <b>-</b>                  | <b>-</b>           |
| 2690                                       | Intangibles                                     | -                     |                  |                  |                           |                    |
|  | <b>Total Tele. Plant in Service (Acct 2001)</b> | <b>41,799,838</b>     | <b>5,080,220</b> | <b>2,604,226</b> | <b>145,755</b>            | <b>44,421,587</b>  |

**BALANCE SHEET ACCOUNTS**

Schedule III  
Page 4 of 5  
KPSC Form T (Revised 9/97)

Company ALLTEL Kentucky, Inc.

Period Ended December 31, 2002

| Account<br>(a) | Account Title<br>(b)                                      | Amount<br>(c)     |
|----------------|---|-------------------|
|                | <b>Depreciation and Amortization</b>                      |                   |
| 3100           | Accumulated Depreciation                                  | 18,933,144        |
| 3200           | Accumulated Depreciation-Plant Held for Future Tele. Use  |                   |
| 3300           | Accumulated Depreciation-Nonoperating                     |                   |
| 3410           | Accumulated Amortization - Capitalized Leases             |                   |
| 3420           | Accumulated Amortization - Leasehold Improvements         |                   |
| 3500           | Accumulated Amortization - Intangible                     |                   |
| 3600           | Accumulated Amortization - Other                          |                   |
|                | <b>Total Depreciation and Amortization</b>                | <b>18,933,144</b> |
|                | <b>Net Telephone Plant</b>                                |                   |
|                | (Total Tele. Plt. less Total Depreciation & Amortization) | 26,385,834        |
|                | <b>Total Assets</b>                                       | <b>30,348,908</b> |

0

| <b>Current Liabilities</b> |  |                  |
|----------------------------|--|------------------|
| 4010                       | Accounts Payable                               | 669,855          |
| 4020                       | Notes Payable                                  | -                |
| 4030                       | Advanced Billing and Payments                  | 406,802          |
| 4040                       | Customer's Deposits                            | 38,548           |
| 4050                       | Current Maturities - Long Term Debt            | 474,545          |
| 4060                       | Current Maturities - Capital Leases            | -                |
| 4070                       | Income Taxes - Accrued                         | (346,656)        |
| 4080                       | Other Taxes - Accrued                          | 382,406          |
| 4100                       | Net Current Deferred Operating Income Taxes    | -                |
| 4110                       | Net Current Deferred Nonoperating Income Taxes |                  |
| 4120                       | Other Accrued Liabilities                      | 64,005           |
| 4130                       | Other Current Liabilities                      | 180,576          |
|                            | <b>Total Current Liabilities</b>               | <b>1,870,081</b> |

## BALANCE SHEET ACCOUNTS

Schedule III  
Page 5 of 5  
Kpsc Form T (Revised 9/97)

Company ALLTEL Kentucky, Inc.

Period Ended December 31, 2002

| Account<br>(a) | Account Title<br>(b)                                  | Amount<br>(c)     |
|----------------|---|-------------------|
|                | <b><u>Long-Term Debt</u></b>                          |                   |
| 4210           | Funded Debt   | -                 |
| 4220           | Premium on Long-Term Debt                             | -                 |
| 4230           | Discount on Long-Term Debt                            | -                 |
| 4240           | Reacquired Debt                                       | -                 |
| 4250           | Obligations Under Capital Leases                      | -                 |
| 4260           | Advances from Affiliated Companies                    | 3,283,821         |
| 4270           | Other Long-Term Debt                                  | 4,267,407         |
|                | <b>Total Long-Term Debt</b>                           | <b>7,551,228</b>  |
|                | <b><u>Other Liabilities and Deferred Credits</u></b>  |                   |
| 4310           | Other Long-Term Liabilities                           | 208,537           |
| 4320           | Unamortized Operating Investment Tax Credits-Net      | -                 |
| 4330           | Unamortized Nonoperating Investment Tax Credits-Net   | -                 |
| 4340           | Net Noncurrent Deferred Operating Income Taxes        | 4,747,218         |
| 4341           | Net Deferred Tax Liability Adjustments                | 305,200           |
| 4350           | Net Noncurrent Deferred Nonoperating Income Taxes     | -                 |
| 4360           | Other Deferred Credits                                | 391,811           |
| 4361           | Deferred Tax Regulatory Liability                     | -                 |
| 4370           | Other Jurisdiction Liabilities/Deferred Credits - Net | -                 |
|                | <b>Total Other Liabilities and Deferred Credits</b>   | <b>5,652,766</b>  |
| 4510           | Capital Stock   | 767,400           |
| 4520           | Additional Paid-In Capital                            | 163,600           |
| 4530           | Treasury Stock  | -                 |
| 4540           | Other Capital   | -                 |
| 4550           | Retained Earnings                                     | 14,343,833        |
|                | <b>Total Stockholders' Equity</b>                     | <b>15,274,833</b> |
|                | <b>Total Liabilities &amp; Stockholders' Equity</b>   | <b>30,348,908</b> |
|                | Retained Earnings (Beginning of Year)                 | 12,989,555        |
|                | Net Income  | 4,308,278         |
|                | Dividends Declared                                    | 2,954,000         |
|                | Capital Credit Rotations                              |                   |
|                | Miscellaneous Debits*                                 | -                 |
|                | Miscellaneous Credits*                                | -                 |
|                | <b>Retained Earnings (End of Year)</b>                | <b>14,343,833</b> |

\*Explain any individual item over \$10,000



**INVESTMENTS IN NONAFFILIATED COMPANIES**

| Description<br>(a)                                       | Nonaffiliated Companies |                    |           |     |     |     | (j) |     |     |
|--|-------------------------|--------------------|-----------|-----|-----|-----|-----|-----|-----|
|  | (b)                     | (c)                | (d)       | (e) | (f) | (g) |     | (h) | (i) |
| <b>Account 1402</b>                                      |                         |                    |           |     |     |     |     |     |     |
| 1. Company Name  | Access Providers        | Telecomm Customers | RTB Stock |     |     |     |     |     |     |
| 2. Beginning Balance                                     |                         |                    | 483,930   |     |     |     |     |     |     |
| 3. Investment  |                         |                    |           |     |     |     |     |     |     |
| 4. Earnings  |                         |                    |           |     |     |     |     |     |     |
| 5. (Losses)  |                         |                    |           |     |     |     |     |     |     |
| 6. Subtotal (Account 1402)                               | -                       | -                  | 483,930   | -   | -   | -   | -   | -   | -   |
| <b>Account 1160, Temporary Investments</b>               |                         |                    |           |     |     |     |     |     |     |
| 7. Beginning Balance                                     |                         |                    |           |     |     |     |     |     |     |
| 8. Gross Dr.   |                         |                    |           |     |     |     |     |     |     |
| 9. Gross (Cr.)   |                         |                    |           |     |     |     |     |     |     |
| 10. Subtotal (Account 1160)                              | -                       | -                  | -         | -   | -   | -   | -   | -   | -   |
| <b>Account 1180, Telecommunications Accts Receivable</b> |                         |                    |           |     |     |     |     |     |     |
| 11. Beginning Balance                                    |                         | 1,963,112          |           |     |     |     |     |     |     |
| 12. Gross Dr.  |                         | 20,919,110         |           |     |     |     |     |     |     |
| 13. Gross (Cr.)  |                         | (21,165,465)       |           |     |     |     |     |     |     |
| 14. Subtotal (Account 1180)                              | -                       | 1,716,757          | -         | -   | -   | -   | -   | -   | -   |
| <b>Account 1190, Other Accounts Receivable</b>           |                         |                    |           |     |     |     |     |     |     |
| 15. Beginning Balance                                    | 1,062,692               |                    |           |     |     |     |     |     |     |
| 16. Gross Dr.  | 12,349,961              |                    |           |     |     |     |     |     |     |
| 17. Gross (Cr.)  | (12,231,196)            |                    |           |     |     |     |     |     |     |
| 18. Subtotal (Account 1190)                              | 1,181,457               | -                  | -         | -   | -   | -   | -   | -   | -   |
| <b>Account 1200, Notes Receivable</b>                    |                         |                    |           |     |     |     |     |     |     |
| 19. Beginning Balance                                    |                         |                    |           |     |     |     |     |     |     |
| 20. Gross Dr.  |                         |                    |           |     |     |     |     |     |     |
| 21. Gross (Cr.)  |                         |                    |           |     |     |     |     |     |     |
| 22. Subtotal (Account 1200)                              | -                       | -                  | -         | -   | -   | -   | -   | -   | -   |
| <b>Account 1210, Interest and Dividends</b>              |                         |                    |           |     |     |     |     |     |     |
| 23. Beginning Balance                                    |                         |                    |           |     |     |     |     |     |     |
| 24. Gross Dr.  |                         |                    |           |     |     |     |     |     |     |
| 25. Gross (Cr.)  |                         |                    |           |     |     |     |     |     |     |
| 26. Subtotal (Account 1210)                              | -                       | -                  | -         | -   | -   | -   | -   | -   | -   |
| 27. Total  | 1,181,457               | 1,716,757          | 483,930   | -   | -   | -   | -   | -   | -   |

# INCOME STATEMENT ACCOUNTS

Schedule VI  
 Page 1 of 8  
 KPSC FORM 5 (Revised 9/97)

Company ALLTEL Kentucky, Inc.  
 Period Ended December 31, 2002

| Account<br>(a) | Account Title<br>(b)                                      | Amount<br>(c)    |
|----------------|---|------------------|
|                | <b><u>Local Network Service</u></b>                       |                  |
| 5001           | Basic Area Revenue  | 3,804,369        |
| 5002           | Optional Extended Area Revenue                            | 2,573,645        |
| 5003           | Cellular Mobile Service Revenue                           | -                |
| 5004           | Other Mobile Service Revenue                              | -                |
|                | <b>TOTAL BASIC LOCAL REVENUE SERVICE</b>                  | <b>6,378,014</b> |
|                |   |                  |
| 5010           | Public Telephone Revenue                                  | -                |
| 5040           | Local Private Line Revenue                                | 554,346          |
| 5050           | Customer Premises Revenue                                 | 159,232          |
| 5060           | Other Local Exchange Revenue                              | 2,161,633        |
| 5069           | Other Local Exchange Revenue Settlements                  | -                |
|                | <b>TOTAL LOCAL NETWORK SERVICE REVENUES</b>               | <b>9,253,225</b> |
|                |   |                  |
|                | <b><u>Network Access Service Revenues</u></b>             |                  |
| 5081           | End User Revenue  | 1,926,258        |
| 5082           | Switched Access Revenue                                   | 1,403,323        |
| 5083           | Special Access Revenue                                    | 507,516          |
| 5084           | State Access Revenue                                      | 4,731,809        |
|                | <b>TOTAL NETWORK ACCESS REVENUE</b>                       | <b>8,568,906</b> |
|                |   |                  |
|                | <b><u>Long Distance (LD) Network Service Revenues</u></b> |                  |
| 5100           | LD Message Revenue (Class A)                              | -                |
| 5111           | LD Inward-only Revenue                                    | -                |
| 5112           | LD Outward-only Revenue                                   | -                |
|                | <b>TOTAL UNIDIRECTIONAL LD REVENUE</b>                    | <b>-</b>         |

**INCOME STATEMENT ACCOUNTS**

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 KPSC FORM 5 (Revised 9/97)

Company, ALLTEL Kentucky, Inc.  
 Period Ended December 31, 2002

| Account<br>(a) | Account Title<br>(b)                                | Amount<br>(c)     |
|----------------|---|-------------------|
| 5121           | Subvoice Grade LD Private Network Revenue           | -                 |
| 5122           | Voice Grade LD Private Network Revenue              | 372,844           |
| 5123           | Audio Program Grade LD Private Network Revenue      | -                 |
| 5124           | Video Program Grade LD Private Network Revenue      | -                 |
| 5125           | Digital Transmission LD Private Network Revenue     | 64,090            |
| 5126           | LD Private Network Switching Revenue                | -                 |
| 5128           | Other LD Private Network Revenue                    | -                 |
| 5129           | Other LD Private Network Revenue Settlements        | -                 |
|                | <b>TOTAL LONG DISTANCE PRIVATE NETWORK REVENUE</b>  | <b>436,934</b>    |
| 5160           | Other Long Distance Revenue                         | 15,576            |
| 5169           | Other Long Distance Revenue Settlements             | -                 |
|                | <b>TOTAL LONG DISTANCE NETWORK SERVICE REVENUES</b> | <b>452,510</b>    |
|                | <u>Miscellaneous Revenues</u>                       |                   |
| 5230           | Directory   | 222,166           |
| 5240           | Rent Revenues                                       | 33,617            |
| 5250           | Corporate Operations Revenue                        | -                 |
| 5261           | Special Billing Arrangements Revenue                | -                 |
| 5262           | Customer Operations Revenue                         | -                 |
| 5263           | Plant Operations Revenue                            | -                 |
| 5264           | Other Incidental Regulated Revenue                  | 302,142           |
| 5269           | Other Revenue Settlements                           | -                 |
| 5270           | Carrier Billing and Collection Revenue              | 345,709           |
| 5280           | Nonregulated Revenue                                | 1,635,201         |
|                | <b>TOTAL MISCELLANEOUS REVENUES</b>                 | <b>2,538,835</b>  |
|                | <u>Uncollectible Revenues</u>                       |                   |
| 5301           | Uncollectible Revenues-Telecommunications           | 296,277           |
| 5302           | Uncollectible Revenues-Other                        | -                 |
|                | <b>TOTAL UNCOLLECTIBLE REVENUE</b>                  | <b>296,277</b>    |
|                | <b>TOTAL OPERATING REVENUES</b>                     | <b>20,517,199</b> |

**INCOME STATEMENT ACCOUNTS**

Company ALLTEL Kentucky, Inc.  
Period Ended December 31, 2002

Schedule VI  
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KPSC FORM T (Revised 9/97)

| Account<br>(a) | Account Title<br>(b)                    | Total<br>(c)   | Salaries<br>and Wages<br>(d) | Benefits<br>(e) | Rent<br>(f) | Other<br>Expenses<br>(g) |
|----------------|---|----------------|------------------------------|-----------------|-------------|--------------------------|
|                | <b>PLANT SPECIFIC OPERATION EXPENSE</b> |                |                              |                 |             |                          |
| 6112           | Motor Vehicle                           | 64,492         | 21,201                       | 13,037          | -           | 30,254                   |
| 610            | Clearance-MV                            | -              | -                            | -               | -           | -                        |
| 615            | Net Balance-MV                          | 64,492         | 21,201                       | 13,037          | -           | 30,254                   |
| 6113           | Aircraft                                | -              | -                            | -               | -           | -                        |
| 620            | Clearance-Aircraft                      | -              | -                            | -               | -           | -                        |
| 625            | Net Balance-Aircraft                    | -              | -                            | -               | -           | -                        |
| 6114           | Special Purpose Vehicle                 | -              | -                            | -               | -           | -                        |
| 630            | Clearance-SPV                           | -              | -                            | -               | -           | -                        |
| 635            | Net Balance-SPV                         | -              | -                            | -               | -           | -                        |
| 6115           | Garage Work Equipment                   | -              | -                            | -               | -           | -                        |
| 6116           | Other Work Equipment                    | 21,924         | 750                          | 195             | -           | 20,979                   |
| 640            | Clearance-OWE                           | -              | -                            | -               | -           | -                        |
| 645            | Net Balance-OWE                         | 21,924         | 750                          | 195             | -           | 20,979                   |
|                | <b>TOTAL NETWORK SUPPORT EXPENSE</b>    | <b>86,416</b>  | <b>21,951</b>                | <b>13,232</b>   | <b>-</b>    | <b>51,233</b>            |
| 6121           | Land & Building                         | 72,911         | 980                          | 253             | -           | 71,678                   |
| 6122           | Furniture & Artworks                    | -              | -                            | -               | -           | -                        |
| 6123           | Office Equipment                        | 7,580          | 4,288                        | 1,130           | -           | 2,162                    |
| 6124           | General Purpose Computers               | 349,581        | -                            | -               | -           | 349,581                  |
|                | <b>TOTAL SUPPORT EXPENSE</b>            | <b>430,072</b> | <b>5,268</b>                 | <b>1,383</b>    | <b>-</b>    | <b>423,421</b>           |
| 6211           | Analog Electronic                       | 93,124         | -                            | -               | -           | 93,124                   |
| 6212           | Digital Electronic                      | 440,714        | 184,797                      | 47,602          | -           | 208,315                  |
| 6215           | Electro-mechanical                      | -              | -                            | -               | -           | -                        |
|                | <b>TOTAL CENTRAL OFF. SWITCH. EXP.</b>  | <b>533,838</b> | <b>184,797</b>               | <b>47,602</b>   | <b>-</b>    | <b>301,439</b>           |
| 6220           | Operator System Expense                 | -              | -                            | -               | -           | -                        |
| 6231           | Radio System                            | -              | -                            | -               | -           | -                        |
| 6232           | Circuit Equipment                       | 266,871        | 42,753                       | 11,067          | -           | 213,051                  |
|                | <b>TOTAL CENTRAL OFF. TRANS. EXP.</b>   | <b>266,871</b> | <b>42,753</b>                | <b>11,067</b>   | <b>-</b>    | <b>213,051</b>           |

**INCOME STATEMENT ACCOUNTS**

| Account<br>(a) | Account Title<br>(b)                   | Total<br>(c)     | Salaries<br>and Wages<br>(d) | Benefits<br>(e) | Rent<br>(f)   | Other<br>Expenses<br>(g) |
|----------------|--|------------------|------------------------------|-----------------|---------------|--------------------------|
| 6311           | Station Apparatus                      | 318,825          | 103,225                      | 26,519          | -             | 189,081                  |
| 6341           | Large PBX                              | -                | -                            | -               | -             | -                        |
| 6351           | Public Tele. Terminal Equipment        | -                | -                            | -               | -             | -                        |
| 6362           | Other Terminal Equipment               | -                | -                            | -               | -             | -                        |
|                | <b>TOTAL INFO. ORIG./TERM. EQUIP.</b>  | <b>318,825</b>   | <b>103,225</b>               | <b>26,519</b>   | <b>-</b>      | <b>189,081</b>           |
| 6411           | Poles                                  | 190,379          | (88)                         | 109             | 95,981        | 94,377                   |
| 6421           | Aerial Cable                           | 575,396          | 273,221                      | 70,190          | -             | 231,985                  |
| 6422           | Underground Cable                      | 6,100            | 730                          | 198             | -             | 5,172                    |
| 6423           | Buried Cable                           | 289,032          | 82,469                       | 20,251          | -             | 186,312                  |
| 6424           | Submarine Cable                        | -                | -                            | -               | -             | -                        |
| 6425           | Deep Sea Cable                         | -                | -                            | -               | -             | -                        |
| 6426           | Intrabuilding Network Cable            | -                | -                            | -               | -             | -                        |
| 6431           | Aerial Wire                            | -                | -                            | -               | -             | -                        |
| 6441           | Conduit Systems                        | 84               | 53                           | 16              | -             | 15                       |
|                | <b>TOTAL CABLE &amp; WIRE EXPENSE</b>  | <b>1,060,991</b> | <b>356,385</b>               | <b>90,764</b>   | <b>95,981</b> | <b>517,861</b>           |
|                | <b>TOTAL PLANT SPEC. EXPENSE</b>       | <b>2,697,013</b> | <b>714,379</b>               | <b>190,567</b>  | <b>95,981</b> | <b>1,696,086</b>         |
|                | <b>PLANT NONSPECIFIC OPER. EXPENSE</b> |                  |                              |                 |               |                          |
| 6511           | Plant Held for Future Telephone Use    | -                | -                            | -               | -             | -                        |
| 6512           | Provisioning                           | 658              | 4,708                        | 1,227           | -             | (5,277)                  |
| 660            | Clearance-Prov.                        | -                | -                            | -               | -             | -                        |
| 665            | Net Balance-Prov.                      | 658              | 4,708                        | 1,227           | -             | (5,277)                  |
|                | <b>TOTAL OTHER PP&amp;E EXPENSE</b>    | <b>658</b>       | <b>4,708</b>                 | <b>1,227</b>    | <b>-</b>      | <b>(5,277)</b>           |
| 6531           | Power                                  | 54,589           | -                            | -               | -             | 54,589                   |
| 6532           | Network Administration                 | 13,127           | 296                          | 82              | -             | 12,749                   |
| 6533           | Testing                                | 265,868          | -                            | -               | -             | 265,868                  |
| 6534           | Plant OPS Administration               | 167,366          | 100,248                      | 26,359          | 6,399         | 34,360                   |
| 670            | Clearance-POA                          | -                | -                            | -               | -             | -                        |
| 675            | Net Balance-POA                        | 167,366          | 100,248                      | 26,359          | 6,399         | 34,360                   |

**INCOME STATEMENT ACCOUNTS**

| Account (a) | Account Title (b)                                 | Total (c)        | Salaries and Wages (d) | Benefits (e)  | Rent (f)     | Other Expenses (g) |
|-------------|---|------------------|------------------------|---------------|--------------|--------------------|
| 6535        | Engineering                                       | 211,286          | 49,111                 | 68,924        | -            | 93,251             |
| 680         | Clearance-Engineering                             | -                | -                      | -             | -            | -                  |
| 685         | Net Balance-Engineering                           | 211,286          | 49,111                 | 68,924        | -            | 93,251             |
|             | <b>TOTAL NETWORK OPS EXPENSE</b>                  | <b>712,236</b>   | <b>149,655</b>         | <b>95,365</b> | <b>6,399</b> | <b>460,817</b>     |
| 6540        | Access Expense                                    | 1,158,194        | -                      | -             | N/A          | 1,158,194          |
| 6561        | Depreciation-Tele. Plt. in Service                | 2,522,657        | N/A                    | N/A           | N/A          | 2,522,657          |
| 6562        | Depreciation-PHFTU                                | -                | N/A                    | N/A           | N/A          | -                  |
| 6563        | Amortization-Tangible                             | -                | N/A                    | N/A           | N/A          | -                  |
| 6564        | Amortization-Intangible                           | -                | N/A                    | N/A           | N/A          | -                  |
| 6565        | Amortization-Other                                | -                | N/A                    | N/A           | N/A          | -                  |
|             | <b>TOTAL DEPRECIATION &amp; AMORTIZATION EXP.</b> | <b>2,522,657</b> | <b>N/A</b>             | <b>N/A</b>    | <b>N/A</b>   | <b>2,522,657</b>   |
|             | <b>TOTAL PLANT NONSPECIFIC EXPENSE</b>            | <b>4,393,745</b> | <b>154,363</b>         | <b>96,592</b> | <b>6,399</b> | <b>4,136,391</b>   |
|             | <b>CUSTOMER OPERATIONS EXPENSE</b>                |                  |                        |               |              |                    |
| 6611        | Produce Management                                | 71,150           | -                      | -             | N/A          | 71,150             |
| 6612        | Sales   | 273,930          | 130,289                | 32,164        | N/A          | 111,477            |
| 6613        | Product Advertising                               | 91,499           | -                      | -             | N/A          | 91,499             |
|             | <b>TOTAL MARKETING EXPENSE</b>                    | <b>436,579</b>   | <b>130,289</b>         | <b>32,164</b> | <b>N/A</b>   | <b>274,126</b>     |
| 6621        | Call Completion                                   | 11,146           | -                      | -             | N/A          | 11,146             |
| 6622        | Number Services                                   | 137,141          | -                      | -             | N/A          | 137,141            |
| 6623        | Customer Services                                 | 867,718          | 101,977                | 26,406        | N/A          | 739,335            |
|             | <b>TOTAL SERVICES EXPENSE</b>                     | <b>1,016,005</b> | <b>101,977</b>         | <b>26,406</b> | <b>N/A</b>   | <b>887,622</b>     |
|             | <b>TOTAL CUSTOMER OPERATIONS EXP.</b>             | <b>1,452,584</b> | <b>232,266</b>         | <b>58,570</b> | <b>N/A</b>   | <b>1,161,748</b>   |
|             | <b>CORPORATE OPERATIONS EXPENSE</b>               |                  |                        |               |              |                    |
| 6711        | Executive   | 114,505          | 25,534                 | 5,285         | N/A          | 83,686             |
| 6712        | Planning  | -                | -                      | -             | N/A          | -                  |
|             | <b>TOTAL EXECUTIVE &amp; PLANNING EXP.</b>        | <b>114,505</b>   | <b>25,534</b>          | <b>5,285</b>  | <b>N/A</b>   | <b>83,686</b>      |

**INCOME STATEMENT ACCOUNTS**

| Account (a) | Account Title (b)                              | Total (c)         | Salaries and Wages (d) | Benefits (e)       | Rent (f)           | Other Expenses     |
|-------------|--|-------------------|------------------------|--------------------|--------------------|--------------------|
| 6721        | Accounting and Finance                         | 145,882           | -                      | -                  | N/A                | 145,882            |
| 6722        | External Affairs                               | 23,634            | -                      | -                  | N/A                | 23,634             |
| 6723        | Human Resources                                | 78,199            | 507                    | 4,780              | N/A                | 72,912             |
| 6724        | Information Management                         | 252,091           | -                      | -                  | N/A                | 252,091            |
| 6725        | Legal  | 11,321            | -                      | -                  | N/A                | 11,321             |
| 6726        | Procurement                                    | 3,466             | -                      | -                  | N/A                | 3,466              |
| 6727        | Research & Development                         | -                 | -                      | -                  | N/A                | -                  |
| 6728        | Other General & Administrative                 | 789,550           | 56                     | 700                | 2,557              | 786,237            |
|             | <b>TOTAL GENERAL &amp; ADMINISTRATIVE EXP.</b> | <b>1,304,143</b>  | <b>563</b>             | <b>5,480</b>       | <b>2,557</b>       | <b>1,295,543</b>   |
| 6790        | Provision for uncollectible Notes Receivable   |                   | N/A                    | N/A                | N/A                |                    |
|             | <b>TOTAL CORP. OPER. EXPENSE</b>               | <b>1,418,648</b>  | <b>26,097</b>          | <b>10,765</b>      | <b>2,557</b>       | <b>1,379,229</b>   |
|             | <b>TOTAL OPERATING EXPENSE</b>                 | <b>9,961,990</b>  | <b>1,127,105</b>       | <b>356,494</b>     | <b>104,937</b>     | <b>8,373,454</b>   |
|             | <b>NET OPERATING REVENUE</b>                   | <b>10,555,209</b> | XXXXXXXXXXXXXXXXXX     | XXXXXXXXXXXXXXXXXX | XXXXXXXXXXXXXXXXXX | XXXXXXXXXXXXXXXXXX |

# INCOME STATEMENT ACCOUNTS

Schedule VI  
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 KPSC FORM T (Revised 9/97)

Company ALLTEL Kentucky, Inc.  
 Period Ended December 31, 2002

| Account<br>(a) | Account Title<br>(b)                                 | Amount<br>(c)      |
|----------------|--|--------------------|
|                | <b><u>Other Operating Income and Expense</u></b>     |                    |
| 7110           | Income from Custom Work                              |                    |
| 7130           | Return from Nonregulated use of Regulated Facilities |                    |
| 7140           | Gains/Losses from Foreign Exchange                   |                    |
| 7150           | Gains/Losses from Disposition of Land & Artworks     | -                  |
| 7160           | Other Operating Gains and Losses                     | -                  |
|                | <b>OTHER OPERATING INCOME AND EXPENSE-NET</b>        | -                  |
|                | <b><u>Operating Taxes</u></b>                        |                    |
| 7210           | Operating Investment Tax Credits-Net                 | (2)                |
| 7220           | Operating Federal Income Taxes                       | 2,020,643          |
| 7230           | Operating State and Local Income Taxes               | 177,198            |
| 7240           | Operating Other Taxes                                | 624,230            |
| 7250           | Provision for Deferred Operating Income Tax-Net      | 1,415,012          |
|                | <b>TOTAL OPERATING TAXES</b>                         | <b>4,237,081</b>   |
|                | <b><u>Nonoperating Income and Expense</u></b>        |                    |
| 7310           | Dividend Income                                      | 87,150             |
| 7320           | Interest Income                                      | -                  |
| 7330           | Income from Sinking and Other Funds                  | -                  |
| 7340           | Allowance for Funds used During Construction (AFUDC) | 45,199             |
| 7350           | Gains/Losses from the Disposition of Property        | -                  |
| 7360           | Other Nonoperating Income                            | (2,564,767)        |
| 7370           | Special Charges                                      | (1,337)            |
|                | <b>NONOPERATING INCOME AND EXPENSE-NET</b>           | <b>(2,433,755)</b> |
|                | <b><u>Nonoperating Taxes</u></b>                     |                    |
| 7410           | Nonoperating Investment Tax Credits-Net              |                    |
| 7420           | Nonoperating Federal Income Taxes                    | (869,147)          |
| 7430           | Nonoperating State and Local Income Taxes            | 7,190              |
| 7440           | Nonoperating Other Taxes                             |                    |
| 7450           | Provision for Deferred Nonoperating Income Tax-Net   |                    |
|                | <b>TOTAL NONOPERATING TAXES</b>                      | <b>(861,957)</b>   |

**INCOME STATEMENT ACCOUNTS**

Schedule VI  
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 KPSC FORM T (Revised 9/97)

Company ALLTEL Kentucky, Inc.  
 Period Ended December 31, 2002

| Account<br>(a) | Account Title<br>(b)  | Amount<br>(c)    |
|----------------|---|------------------|
|                | <u>Interest and Related Items</u>                           |                  |
| 7510           | Interest on Funded Debt                                     | 320,333          |
| 7520           | Interest Expense-Capital Leases                             | -                |
| 7530           | Amortization of Debt Issuance Expense                       | 726              |
| 7540           | Other Interest Deductions                                   | 116,993          |
|                | <b>TOTAL INTEREST AND RELATED ITEMS</b>                     | <b>438,052</b>   |
|                | <u>Extraordinary Items</u>                                  |                  |
| 7610           | Extraordinary Income Credits                                |                  |
| 7620           | Extraordinary Income Charges                                |                  |
| 7630           | Current Income Tax Effect of Extraordinary Items-Net        |                  |
| 7640           | Provision for Deferred Income Tax Effect of Items-Net       |                  |
|                | <b>TOTAL EXTRAORDINARY ITEMS</b>                            |                  |
|                | <u>Jurisdictional Differences &amp; Nonregulated Income</u> |                  |
| 7910           | Income Effect of Jurisdictional Differences-Net             | -                |
| 7990           | Nonregulated Net Income                                     |                  |
|                | <b>NET INCOME</b>   | <b>4,308,278</b> |

|  |             |
|--|-------------|
| TOTAL NUMBER OF EMPLOYEES AT END OF YEAR | 26          |
| NUMBER OF FULL TIME EMPLOYEES            | 26          |
| NUMBER OF PART TIME EMPLOYEES            | 0           |
| TOTAL COMPENSATION FOR THE YEAR          | \$1,191,968 |

**ACCESS LINES IN SERVICE BY TECHNOLOGY**

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 KPSC FORM T (Revised 9/97)

Company ALLTEL Kentucky, Inc.  
 Period Ended December 31, 2002

|     | State or Territory<br>(a) | Number of<br>Central Office<br>Switches<br>(b) | ISDN 16 kh/sec<br>D Channels<br>(Divided by 4)<br>(c) | Main Digital<br>Access Lines<br>64kh/s or<br>Equivalent<br>(ISDN B Channels<br>Except to PBX's)<br>(d) |
|-----|---------------------------|--|---|--|
| 1.  | Kentucky                  | 3  | 18  | 146  |
| 2.  |                           |  |   |  |
| 3.  |                           |  |   |  |
| 4.  |                           |  |   |  |
| 5.  |                           |  |   |  |
| 6.  |                           |  |   |  |
| 7.  |                           |  |   |  |
| 8.  |                           |  |   |  |
| 9.  |                           |  |   |  |
| 10. |                           |  |   |  |
|     | <b>TOTAL</b>              | <b>3</b>                                       | <b>18</b>   | <b>146</b>   |

| Line<br>Number<br>(a) | Main Analog<br>Access Line<br>4khz or<br>Equivalent<br>(b) | Digital DS-1<br>Access Lines<br>to PBS's and<br>Centrex<br>(Times 24)<br>(f) | Analog PBX<br>and Centrex<br>Access Trunks<br>(g) | Analog<br>Centrex<br>Extensions<br>(h) | Other<br>(i) |
|-----------------------|--|--|---|--|--------------|
| 1.                    | 27,493   | 0  | 41  | 987                                    |              |
| 2.                    |  |  |   |  |              |
| 3.                    |  |  |   |  |              |
| 4.                    |  |  |   |  |              |
| 5.                    |  |  |   |  |              |
| 6.                    |  |  |   |  |              |
| 7.                    |  |  |   |  |              |
| 8.                    |  |  |   |  |              |
| 9.                    |  |  |   |  |              |
| 10.                   |  |  |   |  |              |
|                       | <b>TOTAL</b>   | <b>-</b>   | <b>41</b>   | <b>987</b>                             |              |

**ACCESS LINES IN SERVICE BY CUSTOMER**

Schedule VIII  
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 KPSC FORM T (Revised 9/97)

Company ALLTEL Kentucky, Inc.  
 Period Ended December 31, 2002

| State or Territory<br>(a) | Business Access Lines |                  |
|---------------------------|-----------------------|------------------|
|                           | Single Line<br>(b)    | Multiline<br>(c) |
| 1. Kentucky               | 4,981                 | -                |
| 2.                        |                       |                  |
| 3.                        |                       |                  |
| 4.                        |                       |                  |
| 5.                        |                       |                  |
| 6.                        |                       |                  |
| 7.                        |                       |                  |
| 8.                        |                       |                  |
| 9.                        |                       |                  |
| 10.                       |                       |                  |
| TOTAL                     | 4,981                 | -                |

| Line Number<br>(a) | Public Access Lines<br>(d) | Residential Access Lines<br>(f) | Mobile Access Lines<br>(f) | Special Access Lines (Non-Switched)<br>(g) | Total Access Lines (Switched and Special)<br>(h) |
|--------------------|----------------------------|---------------------------------|----------------------------|--|--|
| 1.                 | 114                        | 22,672                          |                            | 160  | 27,927   |
| 2.                 |                            |                                 |                            |  |  |
| 3.                 |                            |                                 |                            |  |  |
| 4.                 |                            |                                 |                            |  |  |
| 5.                 |                            |                                 |                            |  |  |
| 6.                 |                            |                                 |                            |  |  |
| 7.                 |                            |                                 |                            |  |  |
| 8.                 |                            |                                 |                            |  |  |
| 9.                 |                            |                                 |                            |  |  |
| 10.                |                            |                                 |                            |  |  |
| TOTAL              | 114                        | 22,672                          | -                          | 160  | 27,927   |

**TELEPHONE CALLS**

Schedule IX  
 Page 1 of 1  
 KPSC FORM T (Revised 9/97)

Company ALLTEL Kentucky, Inc.  
 Period Ended December 31, 2002

| State or Territory<br>(a) | Local Calls<br>(Total Local Calls)<br>(b) | Intralata<br>Toll Calls<br>(c) |
|---------------------------|---|--------------------------------|
| 1.                        |   |                                |
| 2.                        |   |                                |
| 3.                        |   |                                |
| 4.                        |   |                                |
| 5.                        |   |                                |
| 6.                        |   |                                |
| 7.                        |   |                                |
| 8.                        |   |                                |
| 9.                        |   |                                |
| 10.                       |   |                                |
| TOTAL                     |   |                                |

| Line No.<br>(a) | INTERLATA TOLL CALLS (Completed) |                          |               |                          | Total Toll Calls |                          |
|-----------------|----------------------------------|--------------------------|---------------|--------------------------|------------------|--------------------------|
|                 | Interstate                       |                          | Intrastate    |                          | Number<br>(h)    | Billed<br>Minutes<br>(i) |
|                 | Number<br>(d)                    | Billed<br>Minutes<br>(e) | Number<br>(f) | Billed<br>Minutes<br>(g) |                  |                          |
| 1.              |                                  |                          |               |                          |                  |                          |
| 2.              |                                  |                          |               |                          |                  |                          |
| 3.              |                                  |                          |               |                          |                  |                          |
| 4.              |                                  |                          |               |                          |                  |                          |
| 5.              |                                  |                          |               |                          |                  |                          |
| 6.              |                                  |                          |               |                          |                  |                          |
| 7.              |                                  |                          |               |                          |                  |                          |
| 8.              |                                  |                          |               |                          |                  |                          |
| 9.              |                                  |                          |               |                          |                  |                          |
| 10.             |                                  |                          |               |                          |                  |                          |
| TOTAL           |                                  |                          |               |                          |                  |                          |

**NOTE: Access provider not Toll provider. Information not readily available.**

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Annual Report of

ALLTEL Kentucky, Inc.

Year Ended

December 31, 20 02

**SIGNATURE PAGE**

I certify that I am the responsible accounting officer of the  
ALLTEL Kentucky, Inc.; that I have  
examined the foregoing report; that to the best of my knowledge,  
information, and belief, all statements of fact contained in the said  
report are true and the said report is a correct statement of the  
business and affairs of the above-named respondent in respect to each  
and every matter set forth therein during the period from January 1,  
2002, to December 31, 2002, inclusive.

Date \_\_\_\_\_

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Title)

(Persons making willful false statements in this report  
form can be punished by fine or imprisonment under the  
provisions of the U.S. Code, Title 18, Section 1001)

**ALLTEL Kentucky**  
**Outside Data Sources**  
**Sources**

| <u>Department</u>              | <u>Type of Information</u>  | <u>Section</u>  |
|--------------------------------|---|---|
| Treasury-Chuck Carter          |   |   |
| Debt Cost report from Treasury | Amount of Principal payment during calendar year<br>Is Principal current<br>Is Interest current | Telephone Utilities<br>Telephone Utilities<br>Telephone Utilities |
| RUS                            | Average Residential Basic Service Monthly Bill<br>Based on RUS report # rates and access lines  | Telephone Utilities   |
| Linda Adair                    | Board of Directors and General Officers<br>Stockholders   | Sch. 1, Page 1<br>Sch. II, Page 1                                 |
| Patty King                     | Total Compensation for the year   | Schedule VI, Page 8   |
| Jerome Novotny                 | Access Lines by Technology  | Schedule VII, Page 1  |
| Fastr-Propcbrown, Cwipbalanc   | Wireline CWIP Balance   |   |
| Fastr-JCY-Jcy0009              | Wireline Jobs Closed During the Period  |   |

# ANNUAL REPORT

OF

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ALLTEL Kentucky, Inc.  
Exact Legal Name of Reporting Utility

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229 Lees Valley Road

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Shepherdsville, KY 40165  
(Address of Utility)

TO THE  
**PUBLIC SERVICE COMMISSION**  
OF THE  
COMMONWEALTH OF KENTUCKY

FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2003

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