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December 17, 2004

Chairman Mark David Goss  
Kentucky Public Service Commission  
211 Sower Boulevard  
Frankfort, Kentucky 40602-0615

Vice Chairman Ellen C. Williams  
Kentucky Public Service Commission  
211 Sower Boulevard  
Frankfort, Kentucky 40602-0615

Commissioner W. Gregory Coker  
Kentucky Public Service Commission  
211 Sower Boulevard  
Frankfort, Kentucky 40602-0615

CASE 2005-00088

Re: Commercial Agreement between Kentucky ALLTEL, Inc. ("Kentucky ALLTEL") and SouthEast Telephone, Inc. ("SouthEast")

Dear Commissioners:

On December 13, 2004, SouthEast and Kentucky ALLTEL signed a two-year commercial agreement ("the Agreement") that will enable SouthEast to serve customers by using wholesale unbundled network elements, including unbundled local switching obtained from Kentucky ALLTEL. A courtesy copy of the Agreement and an associated press release accompany this letter for your information.

Signing the Agreement culminated the process begun April 30, 2004 when Kentucky ALLTEL invited SouthEast to enter into voluntary commercial negotiations in response to the Federal Communications Commission's ("FCC") encouragement. As a result of these negotiations, SouthEast and Kentucky ALLTEL have entered into a relationship that is reasonable, practicable, and satisfactory to the business needs of both SouthEast and Kentucky ALLTEL. The Agreement preserves competition without regard to the regulatory uncertainty surrounding the telecommunications market - including the FCC's recent announcement that carriers are not obligated to provide unbundled local switching.

Because the Agreement renders the litigation pending before the United States District Court for the Eastern District of Kentucky moot, the parties are in the process of dismissing that action.

Sincerely,

  
Jeff H. Abernethy  
Area President  
Wireline Services

Enclosures: commercial agreement, press release

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Dec. 17, 2004

**ALLTEL, SouthEast Telephone reach agreement on network access**

*Commercial agreement reflects ALLTEL's commitment to market-based competition*

LEXINGTON, Ky. – ALLTEL has signed a commercial agreement with SouthEast Telephone that will allow the company to expand its local service offering by utilizing ALLTEL's existing local telephone network.

The agreement covers more than a dozen cities in Kentucky, including Ashland, Berea, Campbellsville, Hazard, London, Morehead, Nicholasville, Somerset, Versailles, Washington and Wilmore.

“This agreement demonstrates ALLTEL's commitment to reach voluntary commercially negotiated agreements that facilitate market-based competition,” said Jeff Abernethy, president of ALLTEL's Kentucky operations.

ALLTEL and SouthEast Telephone negotiated the agreement independent of a third party and are pleased that the contract will expand choice for Kentucky consumers.

“This agreement will allow competitive local telephone companies in Kentucky to bring more telecommunications choices to consumers,” said Darrell Maynard, chief executive officer of SouthEast Telephone.

SouthEast Telephone headquartered in Pikeville, Kentucky is a rural telephone company dedicated to serving the telecommunications needs of the rural consumer. SouthEast Telephone provides local service, long distance, Internet and paging to residential and business customers in over 50 counties in Kentucky.

ALLTEL is a customer-focused telecommunications company with more than 13 million customers and \$8 billion in annual revenues. ALLTEL provides wireless, local telephone, long-distance, Internet and high-speed data services to residential and business customers in 26 states.

**-end-**

ALLTEL, NYSE: AT  
www.alltel.com

**AGREEMENT**

**BY AND BETWEEN**

**SOUTHEAST TELEPHONE COMPANY, INC.**

**AND**

**KENTUCKY ALLTEL, INC.**

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