

Commonwealth of Kentucky
Before the Public Service Commission

RECEIVED

APR 19 2006

PUBLIC SERVICE
COMMISSION

In the Matter of:

APPLICATION FOR APPROVAL OF)
THE TRANSFER OF CONTROL OF)
ALLTEL KENTUCKY, INC. AND)
KENTUCKY ALLTEL, INC.)

Case No. 2005-00534

ATTORNEY GENERAL'S EMERGENCY MOTION TO DISMISS
JOINT APPLICANTS' FILING

Comes the Attorney General, by and through his Office of Rate Intervention, and hereby tenders the following emergency motion for this Commission to dismiss the application in the above-styled matter.

In support of this motion, counsel states that a material change in the facts and circumstances surrounding the Joint Applicants' has occurred, making material aspects of the application, all pre-filed testimony, and most discovery responses inaccurate or non-responsive at best, or irrelevant, immaterial, non-responsive and inadequate, at worst. Correspondence from Joint Applicants' attorney, dated April 12, 2006, informs the Commission and counsel of record that Alltel has forced a major change in the terms of the financing it deems necessary to carry out the transaction. In particular, the letter states that "... no guarantees or liens will be required with respect to any Kentucky regulated entity"

The Attorney General previously responded to the Joint Applicants' correspondence of April 12, pointing out that Joint Applicants need to amend their data responses in light of the new material changes to the finance package.

Joint Applicants then submitted follow-up correspondence dated April 18, 2006, to which was attached a copy of correspondence purportedly from Joint Applicants' financiers. Incredibly, the correspondence apparently from Joint Applicants' financiers does not bear any signatures from the lenders. Moreover, even the signature on behalf of Alltel is not that of the same Alltel principal who signed the original financing commitment letter.¹

Intervenors and Commission Staff have propounded well in excess of 300 data requests to the Joint Applicants in this matter. Many, if not most of these data requests deal with the terms of the financing package which the Joint Applicants' submitted, and testified to in their Revised and Restated Application. Joint Applicants submitted responses to these data requests based on the then-existing terms of the finance package, which called for Alltel's Kentucky-regulated subsidiaries to guarantee the debts of the new holding company, and agree to have liens placed on all of their assets. The removal of this requirement is material on its face, but also raises more questions about what rights the company was forced to relinquish in exchange for the lenders' willingness to *forego the requirement of guarantees and liens.*

¹ Conceivably, the Joint Applicants may in the near term tender another letter with the lenders' signatures. However, this begs the question that the facts underlying the application are uncertain and ever changing.

Now at the eleventh hour, with less than one week before the hearing, Joint Applicants submit notice to this Commission and counsel of record that a change in the finance package has occurred. This change is clearly substantial and material in nature, and goes to the very heart of the contemplated transaction. Pursuant to the terms of the existing scheduling order, counsel of record are not allowed any further data requests, a fact of which Joint Applicants are clearly well-aware.

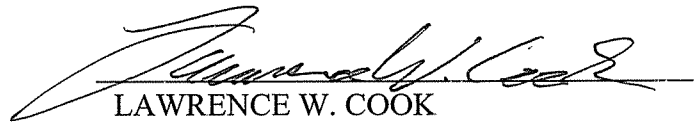
The Attorney General believes this Commission, Alltel's ratepayers, and other intervenors are entitled to know the details of this new finance package, and, critically, any impacts it has on financial projections which the Joint Applicants have previously submitted to the Commission and the parties. Furthermore, Alltel engaged Duff & Phelps to perform and provide a solvency analysis for the New Holding Company which obviously must be based on financial projections for the new company. The parties should know, and the Commission should want to know, what any revised solvency analysis by Duff & Phelps states, based on the new financing package. The fact that Joint Applicants are trying to force such a material change through the review process raises major questions which the Commission, the Attorney General and other intervenors have a right to inquire into. Moreover, this Commission has a legal duty to investigate implications that any material change in financing may bring. For example, it may well be that Joint Applicants' financiers agreed to forego guarantees and liens only if Joint Applicants agreed to a higher interest rate on

the loans. If so, who will be paying for these loans – shareholders, ratepayers, or both? The public has the right to know. Furthermore, the Attorney General and other parties have sought and received detailed financial projections and board presentations based on the previous financing package. Presumably a change of this magnitude was addressed by the Alltel Board, and revised financial projections and presentations were prepared. At minimum, the parties should be able to have and review those revised financial projections and presentations, along with any revised solvency analysis presented to the Board by Duff & Phelps.

The Attorney General believes the only way to do so is to dismiss the instant action without prejudice, and require Joint Applicants to submit an application that explains the details of the most recent version of their finance package. The Attorney General and other intervenors should then be given the opportunity to engage in at least one round of data requests designed to explore details of this revised finance plan, together with any other changes the Joint Applicants may propose.

WHEREFORE, the Attorney General respectfully asks the Commission to grant his motion.

Respectfully submitted,
GREGORY D. STUMBO
ATTORNEY GENERAL

A handwritten signature in black ink, appearing to read "Lawrence W. Cook", written over a horizontal line.

LAWRENCE W. COOK
DENNIS HOWARD, II
ASSISTANT ATTORNEY GENERAL
1024 CAPITAL CENTER DRIVE
SUITE 200
FRANKFORT KY 40601-8204
(502) 696-5453
FAX: (502) 573-8315

Certificate of Service and Filing

Counsel certifies that an original and ten photocopies of the foregoing was served and filed by hand delivery to Beth O'Donnell, Executive Director, Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky 40601; furthermore, it was served by mailing a true and correct of the same, first class postage prepaid, to the following:

DAVID JEFFREY BARBERIE ESQ
CORPORATE COUNSEL
LEXINGTON FAYETTE
URBAN COUNTY GOVERNMENT
DEPARTMENT OF LAW
200 EAST MAIN STREET
LEXINGTON KY 40507

DANIEL LOGSDON
ALLTEL KENTUCKY INC
229 LEES VALLEY ROAD
SHEPHERDSVILLE KY 40165

DANIEL LOGSDON
KENTUCKY ALLTEL INC
130 WEST NEW CIRCLE ROAD
SUITE 170
LEXINGTON KY 40505

STEVE MOWERY
ALLTEL COMMUNICATIONS INC
ONE ALLIED DRIVE
P O BOX 2177
LITTLE ROCK AR 72203 2177

HONORABLE DON MEADE
ATTORNEY AT LAW
PRIDDY, ISENBERG, MILLER & MEADE
800 REPUBLIC BLDG.
429 W. MUHAMMAD ALI BLVD.
LOUISVILLE, KY 40202

HONORABLE MARK R. OVERSTREET
ATTORNEY AT LAW
STILES & HARBISON
P.O. BOX 634
FRANKFORT, KY 40602-0634


BETHANY L. BOWERSOCK
SOUTHEAST TELEPHONE, INC.
106 POWER DRIVE
P.O. BOX 1001
PIKEVILLE, KY 41502-1001

HONORABLE JOHN E. SELENT
ATTORNEY AT LAW
DINSMORE & SHOHL LLP
1400 PNC PLAZA
500 W. JEFFERSON STREET
LOUISVILLE, KY 40202

HONORABLE DOUGLAS F. BRENT
ATTORNEY AT LAW
STOLL, KEENON OGDEN, PLLC
2650 AEGON CENTER
LOUISVILLE, KY 40202

HONORABLE JAMES H. NEWBERRY, JR.
WYATT, TARRANT & COMBS, LLP
250 WEST MAIN STREET
SUITE 1600
LEXINGTON, KY 40507-1746

all on this 19th day of April, 2006.


Assistant Attorney General