

August 31, 2004

VIA: UPS NEXT DAY

Elizabeth O'Donnell, Executive Director
Kentucky Public Service Commission
P. O. Box 615 / 211 Sower Boulevard
Frankfort, Kentucky 40602-0615

RECEIVED

SEP 03 2004

PUBLIC SERVICE
COMMISSION

RE: Gearheart Communications, Inc.
d/b/a Coalfields Telephone Company
PSC Case No. 381

PAUL R. GEARHEART
PRESIDENT

PAUL D. GEARHEART
VICE PRESIDENT

Dear Ms O'Donnell,

Please find enclosed the original and four (4) copies of our annual affidavit in response to the Commission's Order dated September 25, 2001 supporting the Commission's annual certification to the federal Communications Commission (FCC) and the Universal Service Administrative Company (USAC) that Coalfields Telephone Company is eligible to receive high-cost support in accordance with 47 USC 254(e).

Should you have any questions regarding our filing, please don't hesitate to contact me at **606 478 9401** ext. **242** or email **schmoldt@mikrotec.com**.

Sincerely,

John C. Schmoldt
Director of Operations

JCS/ndt

Enclosures

C:\My Documents\FILES\COALFIELDS\PSC-26B O'Donnell Case 381 annual with Affidavit\JCS.doc

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

SEP 03 2004

PUBLIC SERVICE
COMMISSION

In the Matter of:

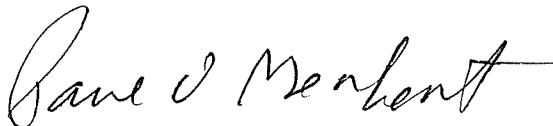
A CERTIFICATION OF THE CARRIERS)
RECEIVING UNIVERSAL SERVICE) ADMINISTRATIVE
HIGH COST SUPPORT) CASE NO. 381

**COALFIELDS TELEPHONE COMPANY
ANNUAL AFFIDAVIT TO COMMISSION'S SEPTEMBER 25, 2001 ORDER**

Coalfields Telephone Company is committed to providing excellent customer service and the highest level of telecommunications services at rates that are affordable and comparable to non-rural areas. It is critical that Coalfields Telephone Company remain eligible to receive federal high cost support to meet these goals.

The state certification for federal support will be an annual process. In order to receive federal support beginning January 1 of each year, the Kentucky Public Service Commission must file its annual certification on or before October 1 of the previous year. The attached affidavit should be accepted by the Kentucky Public Service Commission for the purpose of notifying the Universal Service Administrative Company (USAC) and the Federal Communications Commission (FCC) that Coalfields Telephone Company is eligible to receive high cost support in accordance with 47 USC 254(e).

Respectfully submitted,



Paul D. Gearheart
Vice President
Coalfields Telephone Company
P. O. Box 160
Harold, KY 41635

AFFIDAVIT

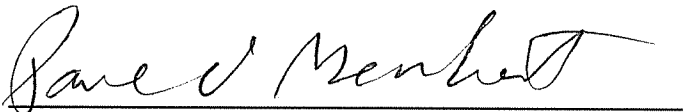
STATE OF KENTUCKY

COUNTY OF FLOYD

BEFORE ME, the undersigned authority, on this day personally appeared Paul D. Gearheart of Coalfields Telephone Company, ("the Company"), who on his oath deposed and said:

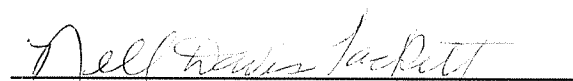
1. My name is Paul D. Gearheart. I am employed by Coalfields Telephone Company in the position of Vice President. In this position, I am personally familiar with the Federal Universal Service support received by the Company and how these funds are used by the Company.
2. Coalfields Telephone Company was designated as an eligible telecommunications carrier by the Kentucky Public Service Commission in PSC Case No. 360 by order dated November 26, 1997.
3. Coalfields Telephone Company estimates that it will receive **\$855,018** of Federal Universal Service high cost support during the **January 1, 2005 to December 2005** time period. This amount is comprised of Long Term Support, Local Switching Support, and Interstate Common Line Support.
4. The Federal Universal Service Support funds the Company receives during 2004 will be used for the provision, maintenance and upgrading of facilities and services for which the support is intended, as designated by the Federal Communications Commission consistent with Section 254(e) of the federal Telecommunications Act. These funds will be used to provide the following supported services, as outlined in 47 CFR § 54.10(a), which are available to any customer in the Company's service area: single-party voice grade access to the public switched network, unlimited local usage, dual-tone multi-frequency signaling or its functional equivalent, access to emergency services, including 9-1-1 service or enhanced 9-1-1 service, access to operator service, access to interexchange service and access to directory

- assistance and toll limitation for qualifying low income customers.
5. Coalfields Telephone Company follows Federal Communications Commission Part 32 accounting requirements for regulated local exchange carriers and Part 36 separations provisions used to determine high cost support amounts. As a regulated utility, Coalfields Telephone Company's accounting and separations procedures are subject to periodic National Exchange Carrier Association and Kentucky Public Service Commission reviews.
 6. While continuing to receive the estimated amount of Federal Universal Service support as described and using this support for the purposes as described, Coalfields Telephone Company does not anticipate increasing local rates nor withdrawing any services; therefore, the comparability of rates and service between the rural areas served by Coalfields Telephone Company and the urban areas of Kentucky will not be changed because of any action on the part of Coalfields Telephone Company.
 7. The matters addressed above are within my personal knowledge and are true and correct.



Paul D. Gearheart

Sworn and subscribed before me, the undersigned authority, on this the 30th day of August, 2004.



Notary Public, State of Kentucky

My Commission expires November 25, 2004.

(SEAL)