



August 11, 2005

Mr. Tom Dorman
Kentucky Public Service Commission
211 Sower Blvd.
P.O. Box 615
Frankfort, KY 40602-0615

RECEIVED

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PLUS ID SERVICE
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Re: PSC Case No 381

This letter is to request that the Kentucky Public Service Commission notify the Federal Universal Fund Administrator (USAC) and the Federal Communications Commission (FCC) that Leslie County Telephone Company, Salem Telephone Company and Lewisport Telephone Company are eligible to receive federal universal service support in accordance with the above-referenced statute and federal rule.

The amount of federal universal service Leslie County Telephone Company, Salem Telephone Company and Lewisport Telephone Company will receive in 2006 will continue to be used for the services and functionality's outlined in 47 C.F.R. Sec.54.101(a) and, as the attached affidavit shows, Leslie County Telephone Company, Salem Telephone Company and Lewisport Telephone Company certifies that it will use the federal universal service support it receives for the provision, maintenance and upgrading of facilities and service for which such support is intended.

This 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 year before.

Leslie County Telephone Company, Salem Telephone Company and Lewisport Telephone Company respectfully requests that the Commission notify the FCC and USAC prior to October 1 of this year Leslie County Telephone Company, Salem Telephone Company and Lewisport Telephone Company are eligible to receive federal universal service support for 2006.

Sincerely,

Kristine M. Haskin
Manager – Federal Affairs
TDS Telecom
525 Junction Road, Suite 700S
Madison, WI 53717
608.664.4144

525 JUNCTION RD
MADISON, WI. 53717

AFFIDAVIT

STATE OF WISCONSIN)
) ss.
COUNTY OF DANE)

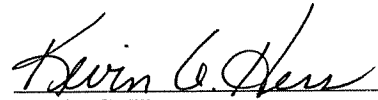
BEFORE ME, the undersigned authority, on this day personally appeared Kevin G. Hess, who on his oath deposed and said:

1. My name is Kevin G. Hess. I am employed by TDS Telecommunications Corporation, parent company of Leslie County Telephone Company, Lewisport Telephone Company and Salem Telephone Company (the Companies) in the position of Vice-President, Federal Affairs. In this position, I am personally familiar with the Federal Universal Service support received by the Company and how these funds are used by each Company.
2. The Companies were designated as an eligible telecommunications carrier by the Kentucky Public Service Commission in Case No. 360 by order dated November 26, 1997.
3. Leslie County Telephone Company and Lewisport Telephone Company estimate that it will receive \$1,148,000 and \$115,887 respectively of Federal Universal Service high cost support and local switching support during the January 1, 2006 to December 2006 time period. During 2006 Salem Telephone Company expects to receive \$99,480 in local switching support.
4. The Federal Universal Service Support funds Leslie County Telephone Company, Salem Telephone Company and Lewisport Telephone Company will receive during 2006 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 911 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.

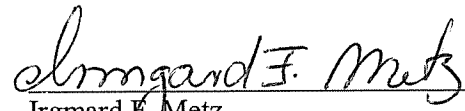
5. Leslie County Telephone Company, Salem Telephone Company and Lewisport Telephone Company follows Federal Communication Commission Part 32 accounting requirements for regulated local exchange carriers and Part 36 separations provisions used to determine high cost support amounts. As a regulated utility, Leslie County Telephone Company's, Salem Telephone Company and Lewisport 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, Leslie County Telephone Company, Salem Telephone Company and Lewisport 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 Leslie County Telephone Company, Salem Telephone Company, Lewisport Telephone Company and the urban areas of Kentucky will not be changed because of any action on the part of Leslie County Telephone Company, Salem Telephone Company and Lewisport Telephone Company.

7. The matters addressed above are within my personal knowledge and are true and correct.



Kevin G. Hess

Sworn and subscribed before me, the undersigned authority, on this the 10th day of
August, 2005.



Irgmard F. Metz
Notary Public, State of Wisconsin
My Commission expires: June 10, 2007.

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

LESLIE COUNTY TELEPHONE COMPANY
LEWISPORT TELEPHONE COMPANY
SALEM TELEPHONE COMPANY
RESPONSE TO COMMISSION DATA REQUEST

Pursuant to the Commission's August 21, 2001 data request, TDS Telecom submits the following information to demonstrate that federal universal support has been used as intended by the Federal Communications Commission (FCC), consistent with Section 254 (e) of the Telecommunications Act of 1996.

Exhibit 1 - Summary of 2006 USF-HCL & LSS for Leslie County Telephone Company
Exhibit 2 - Summary of investments & expense for Leslie County Telephone Company
Exhibit 3 - Summary of 2006 USF-HCL & LSS for Lewisport Telephone Company
Exhibit 4 - Summary of investments & expense for Lewisport Telephone Company
Exhibit 5 - Summary of 2006 USF-HCL & LSS for Salem Telephone Company
Exhibit 6 - Summary of investments & expense for Salem Telephone Company

As in prior years, TDS Telecom will utilize the federal universal support payments received in 2006 for the provision, maintenance, and construction of facilities for which the support was intended. These expenditures, those already made and those that will be made in the future, are what the USF payments are meant to support.

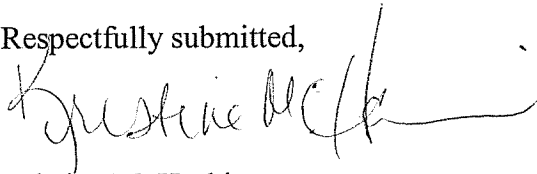
Exhibit 2 (Leslie County), Exhibit 4 (Lewisport) and Exhibit 6 (Salem) detail the investments & expenses that have already occurred over the last several years. For a cost company (eg, Leslie County), 12/31/2004 investments & expenses are used in the USF-HCL algorithm to calculate USF-HCL support for 2006. For average schedule companies (eg, Lewisport and Salem) USF support is received under average schedule formulas. Exhibits 2, 4, and 6 illustrate that all three companies have historically

invested in their networks. It is expected that future investment increases will be similar to those displayed on these exhibits.

The expenditures, those already made and those that will be made in the future, far exceed any federal universal support payments received by the TDS Telecom companies. In addition, USF support is already an existing revenue flow. The amounts to be received in 2006 are not significantly different than amounts received in prior years. Therefore, no proposal for reducing intrastate access rates will be submitted.

The attached affidavit signed by Kevin G. Hess, Vice President, Federal Affairs, certifies that USF funds have been expended for intended purposes. TDS Telecom respectfully requests the Commission to submit the certification to the FCC on or before October 1, 2005 in order for the companies to receive federal support during 2006.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Kristine M. Haskin". The signature is fluid and cursive, with a long horizontal stroke at the end.

Kristine M. Haskin
Manager - Federal Affairs

**Summary of 2006 USF-HCL & LSS For Leslie County Telephone Company
(NECA SAC 260411)
Estimated Support Information**

Year USF Is Received	Total Estimated Amount For Support Funds	Note	Estimated Federal High Cost Loop (HCL)	Estimated Federal Local Switching Support (LSS)
2006	\$1,148,000	*1, 2	\$1,010,468	\$137,532

*1 LSS from NECA Latest View File, 07-2005

*2 HCL for cost company from most recent filing

Summary of Investments & Expenses for Leslie County Telephone Company

Acc # Investment	<u>12/31/2003</u>	<u>12/31/2004</u>
22** Central Office Switching	4,353,762	4,378,687
223* Central Office Transmission (Total)	5,525,513	5,713,926
Central Office Loop Circuit (Incl. In Line 2)	2,696,607	2,846,837
24** Cable and Wire	16,679,707	16,915,208
21** General Support	2,238,429	2,318,737
Total Tel. Plant in Service	28,797,411	29,326,558
Expenses		
61** General Support	117,761	118,364
6212 Central Office Switching	180,362	151,427
623* Central Office Transmission (Total)	154,015	102,912
64** Cable and Wire	664,840	663,389
Plant Non Specific	654,758	644,227
65** Depreciation	2,087,961	1,929,867
Customer Oper	918,342	876,122
67** Corporate Oper	1,004,912	974,632
Other Oper Inc & Exp	(1,248)	(1,248)
72** Operating Taxes	1,534,024	1,691,387
Total Operating Expenses	7,315,727	7,151,079
 Total Expenditures		 36,477,637
 Total USF Received		 1,148,000

**Summary of 2006 USF-HCL & LSS For Lewisport Telephone Company
(NECA SAC 260412)
Estimated Support Information**

Year USF Is Received	Total Estimated Amount For Support Funds	Note	Estimated Federal High Cost Loop (HCL)	Estimated Federal Local Switching Support (LSS)
2006	\$115,887	*1, 2	\$8,607	\$107,280

*1 HCL same as most recent 2004 NECA statements in which no change in HCL is shown for average schedule companies.

*2 LSS from NECA Latest View file. 07-2005

Summary of Investments & Expenses for Lewisport Telephone Company

	<u>12/31/2003</u>	<u>12/31/2004</u>
Acc # Investment		
22** Central Office Switching	1,172,496	1,175,166
223* Central Office Transmission (Total)	549,769	560,059
Central Office Loop Circuit (Incl. In Line 2)	239,110	240,016
24** Cable and Wire	1,977,120	2,022,550
21** General Support	606,972	624,398
Total Tel. Plant in Service	4,306,357	4,382,173
Expenses		
61** General Support	22,308	26,496
6212 Central Office Switching	18,603	13,464
623* Central Office Transmission (Total)	12,546	10,539
64** Cable and Wire	42,537	55,759
Plant Non Specific	122,223	111,470
65** Depreciation	354,254	247,440
Customer Oper	243,764	232,451
67** Corporate Oper	145,115	141,487
Other Oper Inc & Exp	(1,404)	(1,404)
72** Operating Taxes	188,954	249,535
Total Operating Expenses	1,148,900	1,087,237
Total Expenditures	5,469,410	
Total USF Received		115,887

Summary of 2006 USF-HCL & LSS For Salem Telephone Company
 (NECA SAC 260417)
 Estimated Support Information

Year USF Is Received	Total Estimated Amount For Support Funds	Note	Estimated Federal High Cost Loop (HCL)	Estimated Federal Local Switching Support (LSS)
2006	\$99,480	*1, 2	\$0	\$99,480

*1 HCL same as most recent 2004 NECA statements in which no change in HCL is shown for average schedule companies.
 *2 LSS from NECA Latest View file, 07-2005

Summary of Investments & Expenses for Salem Telephone Company

Acc # Investment	<u>12/31/2003</u>	<u>12/31/2004</u>
22** Central Office Switching	998,037	1,019,875
223* Central Office Transmission (Total)	522,479	717,207
Central Office Loop Circuit (Incl. In Line 2)	326,257	394,126
24** Cable and Wire	2,899,611	3,008,593
21** General Support	654,074	664,182
Total Tel. Plant in Service	5,074,201	5,409,857
Expenses		
61** General Support	7,540	9,799
6212 Central Office Switching	16,706	15,400
623* Central Office Transmission (Total)	22,666	11,559
64** Cable and Wire	83,498	108,042
Plant Non Specific	106,145	112,653
65** Depreciation	298,341	284,182
Customer Oper	261,515	258,645
67** Corporate Oper	336,718	334,201
Other Oper Inc & Exp	(1,140)	(1,140)
72** Operating Taxes	220,037	224,056
Total Operating Expenses	1,352,026	1,357,397
Total Expenditures	6,767,254	
Total USF Received		99,480