



November 29, 2006

RECEIVED

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PUBLIC SERVICE
COMMISSION

Ms. Beth O'Donnell
Executive Director
Commonwealth of Kentucky
Public Service Commission
P O Box 615
Frankfort, KY 40602-0615

Dear Ms. O'Donnell:

This letter is to inform you of some upcoming organizational and operational changes within TDS Telecom. As is the goal of any business, and especially in an ever-changing environment such as the telecommunications industry, we are continually searching for ways to increase effectiveness, improve productivity, increase customer satisfaction and loyalty, and develop the best possible employees to serve our customers.

TDS Telecom is planning to implement certain changes that will organize our work force into functional teams, implementing nation wide call routing, and modifying our retail and local business office model. This reorganization will result in the closing of local business offices across the TDS Telecom system including those located in Hyden, Lewisport, and Salem, Kentucky. The offices will be closed effective January 29, 2007. Local technicians will continue to be locally deployed to resolve customer service issues.

We believe the new organization will enhance the customer's experience, when contacting the company's customer sales and service representatives (CSSRs). Currently, the CSSRs are generalists and expected to handle all service applications, and maintain a certain level of expertise regarding new products, sales campaigns, promotions and changing business office procedures. With the establishment of call centers, contact center teams will be created to focus on specialized functions, such as sales, service, repair and collections. This will transition our service representatives from generalists to specialists, allowing for customer needs to be handled by a dedicated advisor best skilled in that area.

It is the Company's intention to establish a local agent to accept payments at each location to complement the existing four payment options: (1) e-pay via the internet, (2) pay over the phone, (3) Save -A-Check or automatic withdrawal, (4) mail in payments.

The business office closings will be communicated to our customers through bill inserts, bill messages, office signage, and customer handouts. A copy of the bill insert, customer handout, and office poster have been provided as an attachment to this correspondence.

9737 COGDILL ROAD
P. O. BOX 22995
KNOXVILLE, TN 37932-3374

OFFICE: 865 966 4700

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Implementing carefully planned changes to our organizational structure and our business office model is essential to maintaining our effectiveness and allowing us to provide top notch service to our customers. We appreciate your support for our organizational initiatives and your understanding of the necessity for these improvements to our operating model.

Please let me know if you have any questions. I am available to respond and to meet with the staff in person to address any concerns you may have. I can be contacted at 865-671-4750, or jeff.handley@tdstelecom.com.

Sincerely,

A handwritten signature in cursive script that reads "Jeff Handley".

Jeff Handley
Manager, Revenue & Earnings

Enclosures

cc: Amy Daughtery
Virginia Smith
Jim Stevens
Kyle Willard

IMPORTANT NOTICE:

The TDS Office will be Closing to Walk-In Customers

Beginning Jan. 29th, 2007, the TDS Telecom business office will be closed to walk-in customers. As always, we're available 24-hours a day, 7 days a week to serve you via phone or the Web. Simply call, toll-free, **1-888-CALL-TDS** or visit **www.tdstelecom.com**.

See other side for details...

If you use our office to pay your bill, you have several convenient options:

- Sign up for TDS ePay, our free online bill payment service, at **www.TDS-ePay.com**.
- Use our new Self-Service phone option to pay with a credit card, debit card or checking account by calling **1-888-CALL-TDS**.
- Mail your payment in the envelope provided with your bill.

The TDS Technical Response Team will continue to be available locally to provide high-quality installations and repairs for your home or office. We appreciate your business and look forward to serving your communications needs for many years to come.



Important Notice

**Beginning Jan. 29th, 2007, this
TDS Telecom business office will be
closed to walk-in customers.**

Therefore, you will need to choose one of the following convenient payment options:

- Sign up for TDS ePay, our free online bill payment service, at www.TDS-ePay.com,
- Use our new Self-Service phone option to pay with a credit card, debit card or checking account by calling **1-888-CALL-TDS**.
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