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PUBLIC SERVICE
COMMISSION

August 9, 2007

Beth O'Donnell - Executive Director
Kentucky Public Service Commission
211 Sower Blvd.
P.O. Box 615
Frankfort, KY 40602-0615

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 d/b/a TDS Telecom are eligible to receive federal universal service support in accordance with the above-referenced statute and federal rule.

The amount of federal universal service the Companies will receive in 2008 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, the Companies all certify 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 d/b/a TDS Telecom respectfully requests that the Commission notify the FCC and USAC prior to October 1 of this year that they are eligible to receive federal universal service support for 2008.

Sincerely,

A handwritten signature in cursive script that reads "Kristine M. Haskin".

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

WWW.TDSTELECOM.COM

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

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

AUG 10 2007
PUBLIC SERVICE
COMMISSION

LESLIE COUNTY TELEPHONE COMPANY D/B/A TDS TELECOM
LEWISPORT TELEPHONE COMPANY D/B/A TDS TELECOM
SALEM TELEPHONE COMPANY D/B/A TDS TELECOM
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 2008 USF-HCL & LSS for Leslie County Telephone Company
Exhibit 2 - Summary of investments & expense for Leslie County Telephone Company
Exhibit 3 - Summary of 2008 USF-HCL & LSS for Lewisport Telephone Company
Exhibit 4 - Summary of investments & expense for Lewisport Telephone Company
Exhibit 5 - Summary of 2008 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 2008 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.

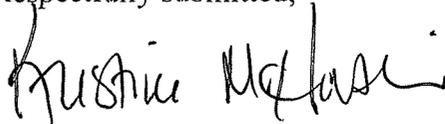
Exhibit 2 (Leslie County), Exhibit 4 (Lewisport) and Exhibit 6 (Salem) detail the investments & expenses that have already occurred over the last several years. For a cost company (eg, Leslie County), 12/31/2006 investments & expenses are used in the USF-HCL algorithm to calculate USF-HCL support for 2008. 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 2008 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, Senior Vice President, Government & Regulatory 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, 2007 in order for the companies to receive federal support during 2008.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Kristine M. Haskin". The signature is fluid and cursive, with a prominent initial "K" and a long, sweeping underline.

Kristine M. Haskin
Manager - Federal Affairs

Summary of 2008 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)
2008	\$763,716	*1, 2	\$621,840	\$141,876

1 LSS from NECA Latest View File, 07-200

*2 HCL for cost company from most recent filing

Summary of Investments & Expenses for Leslie County Telephone Company

Acc # Investment	12/31/2005	12/31/2006
22** Central Office Switching	4,708,563	5,405,429
223* Central Office Transmission (Total)	5,957,282	6,258,493
Central Office Loop Circuit (Incl. In Line 2)	2,840,351	2,990,708
24** Cable and Wire	17,045,888	17,266,401
21** General Support	2,119,323	2,244,146
Total Tel. Plant in Service	29,831,056	31,174,469
Expenses		
61** General Support	112,921	138,133
6212 Central Office Switching	169,505	133,658
623* Central Office Transmission (Total)	112,038	156,134
64** Cable and Wire	634,599	655,017
Plant Non Specific	711,495	722,198
65** Depreciation	2,041,150	2,036,955
Customer Oper	896,787	903,420
67** Corporate Oper	1,096,648	1,470,497
Other Oper Inc & Exp	(1,248)	(1,248)
72** Operating Taxes	1,497,053	1,548,138
Total Operating Expenses	7,270,948	7,762,902
Total Expenditures	38,937,371	
Total USF Received	\$ 763,716	

Summary of 2008 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)
2008	\$128,900	*1, 2	\$24,668	\$104,232

1 HCL same as most recent 200 NECA statements in which no change in HCL is shown for average schedule companies.
 2 LSS from NECA Latest View file, 07-200

Summary of Investments & Expenses for Lewisport Telephone Company

	<u>12/31/2005</u>	<u>12/31/2006</u>
Acc # Investment		
22** Cental Office Switching	1,199,548	1,282,974
223* Central Office Transmission (Total)	698,926	725,968
Central Office Loop Circuit (Incl. In Line 2)	274,410	278,780
24** Cable and Wire	2,034,155	2,058,593
21** General Support	608,930	612,741
Total Tel. Plant in Service	4,541,559	4,680,276
Expenses		
61** General Support	20,162	25,787
6212 Central Office Switching	22,152	21,683
623* Central Office Transmission (Total)	7,472	26,241
64** Cable and Wire	49,665	53,329
Plant Non Specific	117,793	132,427
65** Depreciation	253,025	254,202
Customer Oper	222,109	158,548
67** Corporate Oper	160,679	168,292
Other Oper Inc & Exp	(1,404)	(1,404)
72** Operating Taxes	234,589	255,424
Total Operating Expenses	1,086,242	1,094,529
Total Expenditures	5,774,805	
Total USF Received		\$ 128,900

Summary of 2008 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)
2008	\$138,756	*1, 2	\$0	\$138,756

1 HCL same as most recent 200 NECA statements in which no change in HCL is shown for average schedule companies.

2 LSS from NECA Latest View file, 07-200

Summary of Investments & Expenses for Salem Telephone Company

Acc # Investment	<u>12/31/2005</u>	<u>12/31/2006</u>
22** Central Office Switching	1,021,873	1,049,744
223* Central Office Transmission (Total)	563,712	588,471
Central Office Loop Circuit (Incl. In Line 2)	392,524	399,402
24** Cable and Wire	3,095,736	3,116,323
21** General Support	626,714	630,542
Total Tel. Plant in Service	5,308,035	5,385,080
Expenses		
61** General Support	12,824	12,265
6212 Central Office Switching	23,577	28,010
623* Central Office Transmission (Total)	8,337	39,164
64** Cable and Wire	86,487	86,989
Plant Non Specific	128,363	134,591
65** Depreciation	325,966	328,317
Customer Oper	233,922	203,556
67** Corporate Oper	318,600	325,337
Other Oper Inc & Exp	(1,140)	(1,140)
72** Operating Taxes	239,285	221,913
Total Operating Expenses	1,376,221	1,379,002
Total Expenditures		6,764,082
Total USF Received		\$ 138,756

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 all d/b/a TDS Telecom (the Companies) in the position of Senior Vice President, Government & Regulatory 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, Lewisport Telephone Company and Salem Telephone Company all d/b/a TDS Telecom estimate that it will receive \$763,716, \$128,900, and \$138,756 respectively of Federal Universal Service high cost support and local switching support during the January 1, 2008 to December 2008 time period.
4. The Federal Universal Service Support funds Leslie County Telephone Company, Salem Telephone Company and Lewisport Telephone Company all d/b/a TDS Telecom will receive during 2008 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 all d/b/a TDS Telecom 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 all d/b/a TDS Telecom 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 all d/b/a TDS Telecom 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 all d/b/a TDS Telecom 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 all d/b/a TDS Telecom.

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

Kevin G. Hess

Kevin G. Hess
Senior Vice President
Government & Regulatory Affairs

Sworn and subscribed before me, the undersigned authority, on this the 8th day of
August, 2007.

Irmgard J. Metz

Irmgard J. Metz
Notary Public, State of Wisconsin
My Commission expires: May 8, 2011

