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August 31, 2006

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

RECEIVED

SEP 06 2006

PUBLIC SERVICE
COMMISSION

RE: PSC Case No. 381

I have enclosed an original and 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 Administration Company (USAC) that Foothills Telephone Cooperative is eligible to receive high-cost support in accordance with 47USC 254(e).

Should you have any questions regarding our filing, please don't hesitate to contact me.

Sincerely,

Thomas "Tom" E. Preston
CEO/GM
606-297-3501

Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

SEP 06 2006

In the Matter of:

PUBLIC SERVICE
COMMISSION

A CERTIFICATION OF THE CARRIERS
RECEIVING UNIVERSAL SERVICE
HIGH COST SUPPORT

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ADMINISTRATIVE
CASE NO. 381

FOOTHILLS RURAL TELEPHONE COOPERATIVE
CORPORATION, INC.'S ANNUAL AFFIDAVIT
IN RESPONSE TO COMMISSION'S ORDER ENTERED SEPTEMBER 25, 2001

Foothills Rural Telephone Cooperative Corporation, Inc. ("Foothills") 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 Foothills remain eligible to receive federal high cost support to meet these goals.

The state certification for federal support is 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 Foothills is eligible to receive high cost support in accordance with 47 USC 254(e).

Respectfully submitted,



Thomas E. Preston
Chief Executive Officer and General Manager
Foothills Rural Telephone Cooperative
Corporation., Inc
P. O. 240
Staffordsville, KY 41256

AFFIDAVIT

STATE OF KENTUCKY
COUNTY OF JOHNSON

BEFORE ME, the undersigned authority, on this day personally appeared Thomas E. Preston of Foothills Rural Telephone Cooperative Corporation, Inc. ("Foothills"), who on his oath deposed and stated:

1. My name is Thomas E. Preston. I am currently employed by Foothills in the position of Chief Executive Officer and General Manager. In these positions, I am personally familiar with the Federal Universal Service support received by Foothills and how these funds are used by Foothills.
2. Foothills 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. Foothills estimates that it will receive \$3,300,000 of Federal Universal Service high cost support during the January 1, 2007 to December 2007 time period.
4. The Federal Universal Service Support funds Foothills receives during 2007 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 Foothills' 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. Foothills 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, Foothills' 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, Foothills does not anticipate increasing local rates nor withdrawing any services; therefore, the comparability of rates and service between the rural areas served by Foothills and the urban areas of Kentucky will not be changed because of any action on the part of Foothills.

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



Thomas E. Preston, Chief Executive Officer and
General Manager

STATE OF KENTUCKY

COUNTY OF JOHNSON

Sworn and subscribed before me, the undersigned authority, on this the 31
day of August, 2006.


Notary Public, State of Kentucky

My Commission expires 3/31/2010.

(SEAL)