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September 15, 2004

Mr. Thomas Dorman, Executive Director
Kentucky Public Service Commission
P.O. Box 615
Frankfort, KY 40602-0615

RECEIVED
SEP 20 2004
PUBLIC SERVICE
COMMISSION

F. L. Terry
MANAGER

RE: PSC Case No. 381

Ernest A. Petroff
ATTORNEY

DIRECTORS

John Tate
PRESIDENT

JoAn Haynes
VICE PRESIDENT

Jerry Williams
SECRETARY-TREASURER

Mickey Bingham

Jan Byrd

Jo Campbell

Loma Denney

Shelva Jo Jones

Joe Alvin Sexton

Clara Terry

James E. Terry

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 Administration Company (USAC) that Highland Telephone Cooperative is eligible to receive high-cost support in accordance with 47 USC 254 (3).

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

Sincerely,

James H. Hamby
Information Systems Manager

JHH/md

Enclosures

Highland Telephone Cooperative

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED
SEP 20 2004
PUBLIC SERVICE
COMMISSION

In the Matter of:

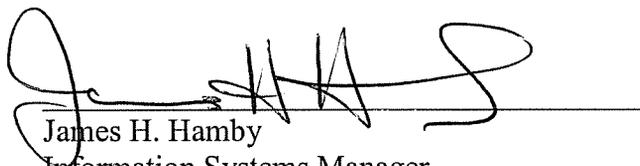
A CERTIFICATION OF THE CARRIERS) ADMINISTRATIVE
RECEIVING UNIVERSAL SERVICE) CASE NO. 381
HIGH COST SUPPORT)

**HIGHLAND TELEPHONE COOPERATIVE
ANNUAL AFFIDAVIT TO COMMISSION'S SEPTEMBER 25, 2001 ORDER**

Highland Telephone Cooperative, Inc. 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 Highland Telephone Cooperative 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 to 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 Highland Telephone Cooperative is eligible to receive high cost support in accordance with 47 USC 254(e).

Respectfully submitted,



James H. Hamby
Information Systems Manager
Highland Telephone Cooperative, Inc.
P.O. Box 119
Sunbright, TN 37872-0119

AFFIDAVIT

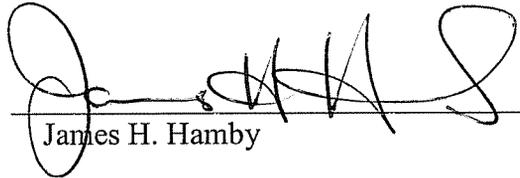
STATE OF KENTUCKY

COUNTY OF MCCREARY

Before me, the undersigned authority, on this day, personally appeared James H. Hamby of Highland Telephone Cooperative, ("HTC"), who on his oath deposed and said:

1. My name is James H. Hamby. I am employed by HTC in the position of Information Systems Manager. In this position, I am personally familiar with the Federal Universal Service support received by HTC and how these funds are used by the Cooperative.
2. HTC was designated as an eligible telecommunications carrier by the Kentucky Public Service Commission in Case No. 360 by order dated November 26, 1997.
3. HTC estimates that it will receive no high-cost support funds during the January 1, 2004 to December 2005 time period. Accordingly HTC is not submitting a plan for the use of high-cost support funds for 2004.
4. The Federal Universal Service Support funds HTC 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 HTC'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 911 service, access to operator service, access to interexchange service and access to directory assistance and toll limitation for qualify low income customers.
5. HTC 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, HTC's accounting and separations procedures are subject to periodic National Exchange Carrier Associations and Kentucky Public Service Commission review.

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


James H. Hamby

Sworn and subscribed before me, the undersigned authority, on this 17 day of September, 2004.


Notary Public, State of Tennessee
My Commission expires 8-21-07

(SEAL)