



August 26, 2004

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

**RECEIVED**

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**PUBLIC SERVICE  
COMMISSION**

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 2005 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 2005.

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

COUNTY OF DANE

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

1. My name is Kevin Hess. I am employed by TDS TELECOM, 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 estimates that it will receive \$1,424,289 and \$127,129 respectively of Federal Universal Service high cost support and local switching support during the January 1, 2005 to December 2005 time period. During 2005 Salem Telephone Company expects to receive \$110,676 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 2005 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  
Kevin G. Hess

Sworn and subscribed before me, the undersigned authority, on this the 25<sup>th</sup> day of  
August, 2004.

Austin St. J.  
Notary Public, State of Wisconsin  
My Commission expires July 29, 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 2005 USF-HCL & LSS for Leslie County Telephone Company
- Exhibit 2 - Summary of investments & expense for Leslie County Telephone Company
- Exhibit 3 - Summary of 2005 USF-HCL & LSS for Lewisport Telephone Company
- Exhibit 4 - Summary of investments & expense for Lewisport Telephone Company
- Exhibit 5 - Summary of 2005 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 2005 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), 12/31/2003 investments & expenses are used in the USF-HCL algorithm to calculate USF-HCL support for 2005. 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 2005 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 TDS Telecom's 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, 2004 in order for the companies to receive federal support during 2005.

Respectfully submitted,

Kristine M. Haskin  
Manager - Federal Affairs  
TDS Telecom

Summary of 2005 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)
2005	\$1,424,289	*1, 2	\$1,258,185	\$166,104

\*1 LSS from NECA Latest View File, 07-2004

\*2 HCL for cost company from most recent filing

## Summary of Investments & Expenses for Leslie County Telephone Company

Acc # Investment	<u>12/31/2002</u>	<u>12/31/2003</u>
22** Central Office Switching	4,306,071	4,353,762
223* Central Office Transmission (Total)	5,409,243	5,525,513
Central Office Loop Circuit (Incl. In Line 2)	2,692,572	2,696,607
24** Cable and Wire	16,644,809	16,679,707
21** General Support	2,201,788	2,238,429
<b>Total Tel. Plant in Service</b>	<b>28,561,911</b>	<b>28,797,411</b>
 <b>Expenses</b>		
61** General Support	125,703	117,761
6212 Central Office Switching	136,778	180,362
623* Central Office Transmission (Total)	102,762	154,015
64** Cable and Wire	574,166	664,840
Plant Non Specific	636,578	654,758
65** Depreciation	2,151,976	2,087,961
Customer Oper	992,131	918,342
67** Corporate Oper	910,340	1,004,912
Other Oper Inc & Exp	(1,248)	(1,248)
72** Operating Taxes	1,398,733	1,534,024
<b>Total Operating Expenses</b>	<b>7,027,919</b>	<b>7,315,727</b>
 <b>Total Expenditures</b>	 <b>36,113,138</b>	 <b>36,113,138</b>
 <b>Total USF Received</b>	 <b>1,424,289</b>	 <b>1,424,289</b>

Summary of 2005 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)
2005	\$127,129	*1, 2	\$20,641	\$106,488

\*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, 07-2004

## Summary of Investments & Expenses for Lewisport Telephone Company

Acc # Investment	<u>12/31/2002</u>	<u>12/31/2003</u>
22** Central Office Switching	1,172,496	1,172,496
223* Central Office Transmission (Total)	546,280	549,769
Central Office Loop Circuit (Incl. In Line 2)	237,570	239,110
24** Cable and Wire	1,922,274	1,977,120
21** General Support	598,065	606,972
<b>Total Tel. Plant in Service</b>	<b>4,239,115</b>	<b>4,306,357</b>
<b>Expenses</b>		
61** General Support	20,483	22,308
6212 Central Office Switching	7,204	18,603
623* Central Office Transmission (Total)	(14,931)	12,546
64** Cable and Wire	42,358	42,537
Plant Non Specific	99,548	122,223
65** Depreciation	405,950	354,254
Customer Oper	244,197	243,764
67** Corporate Oper	122,384	145,115
Other Oper Inc & Exp	(1,404)	(1,404)
72** Operating Taxes	186,950	188,954
<b>Total Operating Expenses</b>	<b>1,112,739</b>	<b>1,148,900</b>
<b>Total Expenditures</b>	<b>5,455,257</b>	
<b>Total USF Received</b>		<b>127,129</b>

Summary of 2005 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)
2005	\$110,676	*1, 2	\$0	\$110,676

\*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, 07-2004

## Summary of Investments & Expenses for Salem Telephone Company

Acc # Investment	<u>12/31/2002</u>	<u>12/31/2003</u>
22** Central Office Switching	997,516	998,037
223* Central Office Transmission (Total)	522,479	522,479
Central Office Loop Circuit (Incl. In Line 2)	326,257	326,257
24** Cable and Wire	2,858,874	2,899,611
21** General Support	646,220	654,074
<b>Total Tel. Plant in Service</b>	<b>5,025,089</b>	<b>5,074,201</b>
<b>Expenses</b>		
61** General Support	7,489	7,540
6212 Central Office Switching	6,847	16,706
623* Central Office Transmission (Total)	26,853	22,666
64** Cable and Wire	78,274	83,498
Plant Non Specific	98,898	106,145
65** Depreciation	309,183	298,341
Customer Oper	263,609	261,515
67** Corporate Oper	295,332	336,718
Other Oper Inc & Exp	(1,140)	(1,140)
72** Operating Taxes	202,045	220,037
<b>Total Operating Expenses</b>	<b>1,287,390</b>	<b>1,352,026</b>
<b>Total Expenditures</b>	<b>6,426,227</b>	
<b>Total USF Received</b>		<b>110,676</b>