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COMMISSION

August 16, 2006

Ms. Elizabeth O'Donnell
Executive Director
Kentucky Public Service Commission
P.O. Box 615
Frankfort, Ky. 40602-0615

RE: PSC Case No. 381

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 Administrative Company (USAC) that Thacker-Grigsby Telephone Co., Inc. is eligible to receive high-cost support in accordance with 47 USC 254(e).

If you have any questions regarding our filing, please don't hesitate to contact me at (606) 785-9500.

Sincerely,

A handwritten signature in cursive script, appearing to read 'William K. Grigsby', is written over the typed name.

William K. Grigsby
General Manager

WKG/kj
Enclosures

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter of:

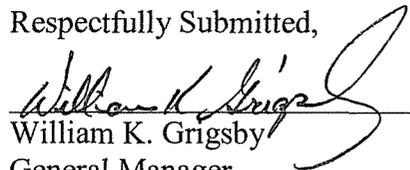
A CERTIFICATION OF THE CARRIERS)	ADMINISTRATIVE
RECEIVING UNIVERSAL SERVICE)	CASE NO. 381
HIGH COST SUPPORT		

THACKER-GRIGSBY TELEPHONE COMPANY, INC.
ANNUAL AFFIDAVIT TO COMMISSION'S SEPTEMBER 25, 2001 ORDER

Thacker-Grigsby Telephone Company, 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 Thacker-Grigsby Telephone Company, Inc. 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 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 Thacker-Grigsby Telephone Company, Inc. is eligible to receive high cost support in accordance with 47 USC 254(e).

Respectfully Submitted,



William K. Grigsby
General Manager
Thacker-Grigsby Telephone Co. Inc.
P.O. Box 789
Hindman, Ky. 41822

AFFIDAVIT

**STATE OF KENTUCKY
COUNTY OF KNOTT**

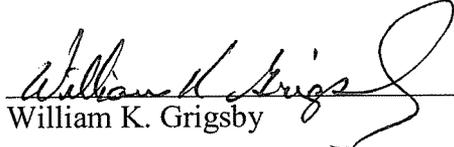
BEFORE ME, the undersigned authority, on this day personally appeared William K. Grigsby of Thacker-Grigsby Telephone Company, Inc., who on his oath deposed and said:

1. My name is William K. Grigsby. I am employed by Thacker-Grigsby Telephone Company, Inc., in the position of General Manager. In this position, I am personally familiar with the Federal Universal Service support received by the Company and how these funds are used by the Company.
2. Thacker-Grigsby Telephone Company, Inc. was designated as an eligible telecommunications carrier by the Kentucky Public Service Commission in Case No. 360 by order dated November 26, 1997.
3. Thacker-Grigsby Telephone Company, Inc. estimates that it will receive \$1,422,000 of Federal Universal Service high cost support during the January 1, 2007 to December 2007 time period.
4. The Federal Universal Service Support funds the Company 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

CFRS54.10(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.

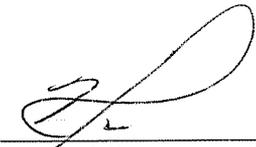
5. Thacker-Grigsby Telephone Company, Inc. follows Federal Communications Commission Part 32 accounting requirements for regulated local exchange carriers and Part 36 separations provisions used to determine high cost support amounts. As a regulated utility, Thacker-Grigsby Telephone Company's accounting 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 purpose as described, Thacker-Grigsby Telephone Company, Inc. does not anticipate increasing local rates nor withdrawing any services; therefore, the comparability of rates and service between the rural areas served by Thacker-Grigsby Telephone Company, Inc. and the urban areas of Kentucky will not be changed because of any action on the part of Thacker-Grigsby Telephone Company, Inc.

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



William K. Grigsby

Sworn and subscribed before me, the undersigned authority, on this the 16th day of August, 2006.



Notary Public, State of Kentucky
My Commission expires 9/28/09

(SEAL)