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August 20, 2009

RECEIVED

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

AUG 25 2009
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 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 2010 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 2010.

Sincerely,

A handwritten signature in black ink that reads "Kristine M. Haskin".

Kristine M. Haskin
Manager - Federal Affairs

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 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 2010 USF-HCL & LSS for Leslie County Telephone Company
Exhibit 2 - Summary of investments & expense for Leslie County Telephone Company
Exhibit 3 - Summary of 2010 USF-HCL & LSS for Lewisport Telephone Company
Exhibit 4 - Summary of investments & expense for Lewisport Telephone Company
Exhibit 5 - Summary of 2010 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 2010 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.

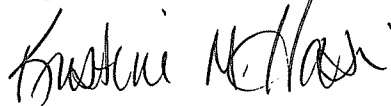
Exhibit 2 (Leslie County), Exhibit 4 (Lewisport) and Exhibit 6 (Salem) detail the investments & expenses that have already occurred over the last several years. For a cost company (eg, Leslie County), 12/31/2008 investments & expenses are used in the USF-HCL algorithm to calculate USF-HCL support for 2010. 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 2010 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, 2009 in order for the companies to receive federal support during 2010.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Kristine M. Haskin". The signature is written in a cursive, flowing style.

Kristine M. Haskin
Manager – Federal Affairs

**Summary of 2010 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)
2010	\$411,282	*1, 2	\$243,726	\$167,556

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	<u>12/31/2007</u>	<u>12/31/2008</u>
22** Central Office Switching	5,471,060	5,065,426
223* Central Office Transmission (Total)	6,576,832	7,264,803
Central Office Loop Circuit (Incl. In Line 2)	2,903,350	4,096,079
24** Cable and Wire	17,551,692	17,825,997
21** General Support	2,181,544	2,277,089
Total Tel. Plant in Service	31,781,128	32,433,315
Expenses		
61** General Support	112,144	96,015
6212 Central Office Switching	168,606	143,593
623* Central Office Transmission (Total)	178,735	189,505
64** Cable and Wire	774,907	817,018
Plant Non Specific	819,860	805,424
65** Depreciation	2,116,326	2,095,897
Customer Oper	872,695	804,383
67** Corporate Oper	987,455	1,059,355
Other Oper Inc & Exp	(1,248)	(3,273)
72** Operating Taxes	1,472,192	1,255,174
Total Operating Expenses	7,501,672	7,263,091
Total Expenditures		39,696,406
Total USF Received		\$ 411,282

Summary of 2010 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)
2010	\$112,723	*1, 2	\$20,719	\$92,004

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

Acc # Investment	<u>12/31/2007</u>	<u>12/31/2008</u>
22** Central Office Switching	1,294,222	1,299,136
223* Central Office Transmission (Total)	817,848	896,301
Central Office Loop Circuit (Incl. In Line 2)	296,604	312,079
24** Cable and Wire	2,072,172	2,076,787
21** General Support	616,096	633,256
Total Tel. Plant in Service	4,800,338	4,905,480
 Expenses		
61** General Support	25,217	33,115
6212 Central Office Switching	23,968	24,707
623* Central Office Transmission (Total)	30,775	25,938
64** Cable and Wire	59,392	95,614
Plant Non Specific	157,633	151,305
65** Depreciation	238,305	247,634
Customer Oper	120,593	116,489
67** Corporate Oper	166,935	138,675
Other Oper Inc & Exp	(1,404)	(1,269)
72** Operating Taxes	228,452	175,117
Total Operating Expenses	1,049,866	1,007,325
 Total Expenditures	 5,912,805	 5,912,805
 Total USF Received	 \$ 112,723	 \$ 112,723

Summary of 2010 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)
2010	\$122,400	*1, 2	\$0	\$122,400

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>12/31/2007</u>	<u>12/31/2008</u>
22** Central Office Switching	1,052,986	1,057,629
223* Central Office Transmission (Total)	700,916	788,094
Central Office Loop Circuit (Incl. In Line 2)	432,331	467,784
24** Cable and Wire	3,167,523	3,214,192
21** General Support	618,786	626,611
Total Tel. Plant in Service	5,540,211	5,686,526
 Expenses		
61** General Support	20,154	15,926
6212 Central Office Switching	28,750	29,112
623* Central Office Transmission (Total)	61,744	56,089
Cable and Wire	110,005	147,925
Plant Non Specific	152,879	161,371
65** Depreciation	311,814	289,921
Customer Oper	180,737	176,532
Corporate Oper	262,260	284,101
Other Oper Inc & Exp	(1,140)	(1,185)
72** Operating Taxes	206,052	147,282
Total Operating Expenses	1,333,255	1,307,074
 Total Expenditures		 6,993,600
 Total USF Received		 \$ 122,400

AFFIDAVIT

STATE OF WISCONSIN)
) ss.
COUNTY OF DANE)

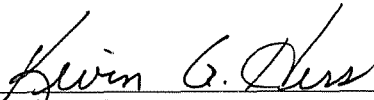
BEFORE ME, the undersigned authority, on this day personally appeared Kevin G. Hess, who on his oath deposed and said:

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 \$411,282, \$112,723, and \$122,400 respectively of Federal Universal Service high cost support and local switching support during the January 1, 2010 to December 2010 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 2010 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.

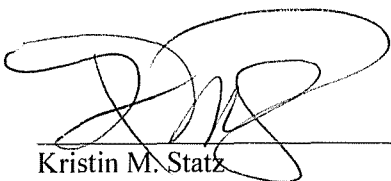
5. Leslie County Telephone Company, Salem Telephone Company and Lewisport Telephone Company all d/b/a TDS Telecom follows Federal Communication Commission Part 32 accounting requirements for regulated local exchange carriers and Part 36 separations provisions used to determine high cost support amounts. 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
Senior Vice President
Government & Regulatory Affairs

Sworn and subscribed before me, the undersigned authority, on this the 20th day of
August, 2009.



Kristin M. Statz
Notary Public, State of Wisconsin
My Commission expires: June 5, 2011