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September 1, 2012

Hon. Jeff Derouen, Executive Director  
Kentucky Public Service Commission  
211 Sower Blvd  
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 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,

A handwritten signature in black ink, appearing to read 'DCC Crawford', is written over a horizontal line.

David C. Crawford  
Access Service Manager

Copy: DCC

Enclosures

RECEIVED

SEP 6 2012

PUBLIC SERVICE  
COMMISSION

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED  
SEP 6 2012  
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,



G. Mark Patterson  
General 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 G. Mark Patterson of Highland Telephone Cooperative, ("the Cooperative"), who on his oath deposed and said:

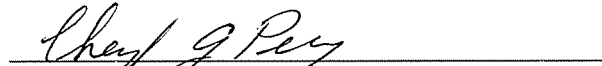
1. My name is G. Mark Patterson. I am employed by Highland Telephone Cooperative in the position of General Manager. In this position, I am personally familiar with the Federal Universal Service support received by The Cooperative and how the Cooperative uses these funds.
2. Highland Telephone Cooperative was designated as an eligible telecommunications carrier by the Kentucky Public Service Commission in Case No. 360 by order dated November 26, 1997.
3. Highland Telephone Cooperative estimates that it will receive \$ 584,300 of Federal Universal Service High Cost Support during the January 1, 2013 to December 31, 2013 time period. There are numerous uncertainties, regulatory challenges and legal challenges to the new distribution methods of High Cost Support that may materially affect these estimates.
4. All federal high-cost support provided to Highland Telephone Cooperative was used in the preceding calendar year and will be used in the coming year 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 Cooperative'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 9-1-1 service), access to interexchange service and access to directory assistance and toll limitation for qualify low income customers.
5. Highland Telephone Cooperative 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, the Cooperative's accounting and separations procedures are subject to periodic National Exchange Carrier Associations and Kentucky Public Service Commission review.

6. While continuing to receive the estimated amount of Federal Universal Service support as described and using this support for the purposes as described, Highland Telephone Cooperative does not anticipate withdrawing any services; therefore, the comparability of service between the rural areas served by the Cooperative and the urban areas of Kentucky will not be changed because of any action on the part of Highland Telephone Cooperative.
7. The matters addressed above are within my personal knowledge and are true and correct.



G. Mark Patterson

Sworn and subscribed before me, the undersigned authority, on this 4 day of September, 2012.



Notary Public, State of Tennessee  
My Commission expires 5/20/2015

