

Mr. Bowar,

I have a few questions regarding Kennebec Telephone Company's annual USF support certification. Please file your answers as part of the official docket by June 15th.

- 1-1) Please confirm that "Transmission equipment" and "AFC cabinets in the country" apply to Interstate capital additions and not Intrastate capital additions.

The capital additions are for transmission of the voice and broadband signal and, therefore, are costs that are included in all Interstate universal service calculations as long as voice is provided.

FCC Separations rules determine the jurisdiction allocation to Interstate, Intrastate and Local jurisdictions for rate of return calculated universal service such as LSS, ICLS, and SNA.

Universal Service HCL calculation is non-jurisdictional which means the total capital additions that provide voice determine the support. In other words, the Interstate/Intrastate distinction does not apply.

- 1-2) Refer to Exhibit A, page 2. Please provide additional detail regarding the installation of the Fire Bar and Weather Station that "were delayed due to technical issues and pushed back to 2011". Will the Fire Bar and Weather Station installation be completed in 2011?

The Weather Station was installed in May 2011 and is up and working. The Fire Bar had a technical difficulty which the vendor finally resolved on May 31, 2011 and the Kennebec Fire Bar is now working correctly. In June 2011 the Presho Fire Bar will be tested and completed by July 2011.

- 1-3) Refer to Exhibit A, page 2. Please provide additional detail regarding the delays in the FTTH project. When is the FTTH project expected to be completed?

The Kennebec FTTH project is planned to be completed no later than the end of August 2011.

- 1-4) Please explain why in the last 5 years the actual capital additions have been significantly less than the Federal Universal Service Receipts received.

All Universal Service payments support not only the capital additions, but the maintenance of the of previous and current capital additions. For instance, Plant Specific Operations and Corporate Operations expenses are included in universal service calculations.

Also, small companies like Kennebec make capital addition investment in significant amounts over a relatively short period of time that universal service support payments cover over the life of the investment. For example, the current FTTH project will replace the investment in the community of Kennebec over a couple of years with universal service support for that investment and maintenance stretching over 15 years.

Thank you,

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