Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

In the Matter of	)	
	)	
Request for Review by	)	CC Docket No. 96-45
Mid-Communications, Inc. dba	)	CC Docket No. 97-21
HickoryTech of Decision by Universal	)	
Service Administrator	)	

MID-COMMUNICATIONS, INC. dba HICKORYTECH REQUEST FOR REVIEW OF UNIVERSAL SERVICE ADMINISTRATOR DECISION

I. INTRODUCTION

Mid-Communications, Inc. dba HickoryTech ("Mid-Com") files this petition pursuant to 47 CFR § 54.719(c), to seek reversal of an action taken by the Universal Service Administrative Company ("USAC").[1] Specifically, Mid-Com requests reversal of the decision by USAC to adjust Mid-Com's Local Switching Support ("LSS") retroactively for calendar year 2006. Mid-Com requests that the FCC order USAC to refund $207,329 to Mid-Com within 30 days of the date the FCC releases an order.

II. BACKGROUND

Mid-Com is a rural incumbent telephone company serving approximately 9,000 lines in rural Blue Earth County, Minnesota. Mid-Com receives support for the provision and maintenance of its services from the Universal Service Fund, including LSS. Mid-Com is an average schedule company, not a cost company. Declaration of Janice Pykles, ¶ 3. Mid-Com has experienced a steady decrease in lines in recent years. Mid-Com's

[1] This request for review is properly filed within 60 days of action by USAC.

access line count dropped below 10,000 as of April, 2006. Declaration of Janice Pykles, ¶ 6.

When Mid-Com's line counts dropped below 10,000, the company calculated their support based on the formula applicable to average schedule companies with less than 10,000 lines. Application of the new formula and calculation were verified with USAC. *See* Exhibit 1 (email exchange between Jan Pykles and Michael Spead, May 22, 2006). Mid-Com received LSS support consistent with this calculation in 2006. Declaration of Janice Pykles, ¶ 7.

Notwithstanding this verification and the actual 2006 payments, Mid-Com's netting statement from the National Exchange Carrier Association ("NECA") dated May 5, 2008 indicated that its LSS had been significantly reduced by USAC.[2] This statement indicated that Mid-Com was being assessed two adjustments to its LSS: one for $51,831 and the second for $115,049. *See* Exhibit 2 (NECA May 5, 2008 statement). In addition, the amount Midcom normally receives for LSS was omitted from the statement: $40,449. Declaration of Janice Pykles, ¶ 11. The total of these amounts ($207,329) was then netted against the support to be received ($156,064), leaving MidCom to make a net payment of $51,265. *Id.* A footnote to the statement indicates that the adjustment of $51,831 was for a time period outside NECA's current 24-month pool window. USAC did not provide Mid-Com independent notice of this retroactive adjustment.

The decision Mid-Com seeks review of in this appeal is related to another action by USAC. In February 2008, Mid-Com received $21,939 less than anticipated in its

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[2] NECA develops the Local Switching Support formula, which is filed with the FCC by USAC in October. Support from USAC is distributed to exchange carriers via NECA settlements. *See* "NECA Tariff and Pooling Overview; Average Schedule Company," January 2008 (available on NECA's website).

disbursement for LSS.[3] Declaration of Janice Pykles, ¶ 4. Pursuant to Section 54.301(f)(1) of the Commission's rules, USAC submits proposed formulas for the calculation of LSS for average schedule companies. The formulas for support in calendar year 2008 were filed with the FCC on September 28, 2007 (Letter from Karen M. Majcher, USAC to Marlene H. Dortch, FCC, CC Docket No. 96-45) and approved on December 20, 2007. Mid-Com used the FCC approved formula to calculate its anticipated support. Declaration of Janice Pykles, ¶ 4. Mr. Bodyfield from NECA confirmed Mid-Com's 2008 calculation. *See* Exhibit 4 (February 8, 2008 email from Mr. Bodyfield to Ms. Pykles).

When a representative from Mid-Com contacted USAC to inquire about the reduced February 2008 support, she was informed that USAC was reducing the support based on its interpretation of section 54.301(a)(2)(ii) of the Commission rules. Declaration of Janice Pykles, ¶ 5, 8. This section relates to the calculation of local switching support for companies who calculate support on their individual costs and who experience an ***increase*** in lines. Mid-Com is not a cost-company, but an average schedule company which has experienced a steady ***decrease*** in lines in recent years. Declaration of Janice Pykles, ¶ 3, 6. USAC acknowledged these facts but explained that it was not within the intent of FCC rules for the formula used to calculate a company's support to move below the 10,000 line threshold and therefore USAC had calculated Mid-Com's support at the ≥ 10,000 line level. Declaration of Janice Pykles, ¶ 5.

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[3] Mid-Com has filed a letter with USAC requesting an explanation and seeking reversal of USAC's decision with respect to 2008 local switching support. *See* Exhibit 3 (March 7, 2008 Letter of Appeal). To date, USAC has not responded. Mid-Com reserves its right to appeal to the FCC any decision issued by USAC with respect to 2008 LSS.

Beginning in 2006 when Mid-Com reported less than 10,000 lines, and until the February 2008 invoice, USAC calculated Mid-Com's LSS support using the less than 10,000 line formula. Declaration of Janice Pykles, ¶ 7. During Ms. Pykles February 8, 2008 conversation with Mr. Spead, he stated that it was not clear whether USAC would apply this new policy retroactively to true-up 2006 and 2007 LSS payments. *Id.* In an email subsequent to the May 2008 invoice, however, Mr. Spead confirmed that USAC would apply the new policy to 2009 projections and the true-up not only 2006, but also for 2007 and 2008 LSS payments. *See* Exhibit 5 (May 21, 2008 email from Mr. Spead to Ms. Pykles).

III. ARGUMENT

USAC has gone beyond the plain language of the FCC's rules and has entered the arena of policy-making. Rule 54.702(c) prohibits USAC from interpreting FCC rules and making policy, as it has done in this case:

> The Administrator may not make policy, interpret unclear provisions of the statue or rules, or interpret the intent of Congress. Where the Act or the Commission's rules are unclear, or do not address a particular situation, the Administrator shall seek guidance from the Commission.[4]

As explained herein, USAC's 2006 LSS adjustment violates at least two FCC rules. The FCC should direct USAC to follow the rules as written, reverse USAC's decision, and require USAC to refund Mid-Com $207,329 within 30 days of issuing its order.

FCC rules permit USAC to "true-up" LSS payments no later than 15 months after the end of the calendar year. 47 CFR § 54.301(e)(2)(iv). According to this rule, in order for USAC to change the formula used to calculate LSS payments retroactively and "true-up" calendar year 2006 LSS payments, USAC was required to take such action within

[4] 47 C.F.R. §54.702(c).

fifteen months of December 31, 2006, or by March 31, 2008. The first time Mid-Com received indirect notice of USAC's 2006 adjustment was the NECA invoice dated May 5, 2008. The first time Mid-Com received USAC notice that the new methodology of calculating LSS would apply retroactively was Mr. Spead's May 21, 2008 email. *See* Exhibit 5. USAC's attempted adjustment is therefore outside of the permitted 15 month window and must be reversed.[5]

USAC's action also violates Section 54.301(f)(2) of the FCC's rules. USAC ignores this section, which applies to average schedule companies such as Mid-Com, and instead relies on Section 54.301(a)(2)(ii), which applies to cost companies. Section 54.301(a)(2)(ii) states that:

> (ii) If the number of a study area's access lines ***increases*** such that, under §36.125(f) of this chapter, the weighted interstate DEM factor for 1997 or any successive year would be reduced, that lower weighted interstate DEM factor shall be applied to the carrier's 1996 unweighted interstate DEM factor to derive a new local switching support factor. (Emphasis added.)

Nothing in this section applies to Mid-Com. Mid-Com's LSS support is calculated based on a different formula and its access lines ***decreased*** in 2006. Mid-Com's support fraction in the average schedule formula therefore increased, the result of which was an increase in LSS support. Declaration of Janice Pykles, ¶ 6. USAC points to no provision in FCC rules applicable to average schedule companies that permit it to deny Mid-Com's increased support based on a ***decreased*** line count and a higher support fraction. To the contrary, FCC rules require USAC to calculate Mid-Com's support based

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[5] USAC's late adjustment is not an isolated practice. See Petition for Waiver, Northwest Iowa Telephone Company, CC Docket No. 96-45, 2 & n.2 (filed June 5, 2008) (noting that USAC trued-up 2006 LSS support outside of the permitted 15 month window).

on rule 54.301(f)(2). As confirmed by Mr. Spead originally in 2006,[6] applying this calculation to Mid-Com results in Mid-Com receiving the amount of LSS support it received in 2006. The rule USAC cites to justify its reversal in policy is not applicable. USAC has not requested a waiver of Rule 54.301(f)(2) as it applies to Mid-Com. USAC's refusal to apply this rule is *ultra vires*. The FCC should therefore reverse USAC's decision.

One of the essential principles of Universal Service is that support be "specific and predictable." 47 U.S.C. § 254(b)(5). When Mid-Com's line counts dropped below 10,000 and the company realized that their support should be calculated based on a different formula, those changes were verified with USAC. Specifically, a calculation was performed utilizing the formula for $\leq$ 10,000 lines. This calculation was then confirmed via electronic communication to match the calculation made by USAC. *See* Exhibit 1. Mid-Com had every reason to believe that this level of support would be received; in other words, that the support was predictable. Permitting USAC to apply different rules to recalculate Mid-Com's LSS retroactively not only violates the plain text of the applicable rule, it also violates Section 254(b)(5)'s command that USF support be specific and predictable.

IV. ACTION REQUESTED

Mid-Com requests reversal of the decision by USAC to adjust retroactively Mid-Com's local switching support for calendar year 2006 outside of the 15 month window permitted under Rule 54.301(e)(2)(iv). Mid-Com requests that the FCC direct USAC to refund $207,329 to Mid-Com within 30 days of the date the FCC issues its order. Even if the FCC determines that the 15-month retroactive adjustment limit can be waived, the

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6 *See* Exhibit 1.

FCC should reverse USAC's decision to calculate 2006 LSS support using the +10,000 line formula and order USAC to issue Mid-Com the requested refund. Mid-Com further requests that the FCC direct USAC not to apply this new "methodology" to the 2007 true-up, the 2008 true-up and calculation of support on a going-forward basis.

Respectfully submitted,

Tamar E. Finn
Kimberly A. Lacey
Bingham McCutchen LLP
2020 K Street, N.W.
Washington, DC 20006
(202)373-6000 (Tel)
(202)373-6001 (Fax)

Counsel for Mid-Communications Inc.
dba HickoryTech

Dated: June 16, 2008

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

In the Matter of	)	
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Request for Review by	)	CC Docket No. 96-45
Mid-Communications, Inc. dba	)	CC Docket No. 97-21
HickoryTech of Decision by Universal	)	
Service Administrator	)	

DECLARATION OF JAN PYKLES

1. My name is Janice Pykles. My business address is 221 East Hickory Street, Mankato, MN 56001. I am currently employed by Hickory Tech Corporation ("HickoryTech") as Cost Studies Coordinator. Mid-Communications, Inc. dba HickoryTech ("Mid-Com") is an operating company subsidiary of Hickory Tech Corporation. I provide this declaration in support of the above-captioned appeal. I provide this declaration to explain the history of how Mid-Com's local switching support was calculated and adjusted. I make all statements in this declaration based upon my personal knowledge and my review of records maintained in the ordinary course of business and prepared in anticipation of this appeal, and all facts stated herein are true and correct to the best of my knowledge.

2. My current position with HickoryTech is Cost Studies Coordinator. I have been employed by HickoryTech for 43 years. I have held my current title since 2000. My prior position was in the Carrier Access Billing department. In my current and prior position, my responsibilities included reporting to NECA and USAC for all of HickoryTech operating companies. I also prepare budget forecasts for carrier access billing minutes and revenues.

3. Mid-Com is an average schedule company and has always calculated its projected

local switching support revenues in accordance with §54.301(f)(2).

4. The February 2008 NECA disbursement statement for Mid-Com's Local Switching Support was $21,939 less than the amount we had calculated. On February 8, 2008 I called the NECA regional office to ask why the amount did not match the formulas from the Average Schedule Pool Procedures on NECA's website. I spoke with Jeff Bodyfield who recalculated the Mid-Com data and reached the same conclusion: Mid-Com should have received $62,388 not $40,449. Mr. Bodyfield requested that I contact USAC to inquire about the change. I also received e-mail confirmation of this from Mr. Bodyfield.

5. On February 8, 2008 I spoke with Michael Spead at USAC. He told me that USAC had decided to interpret the rules on Local Switching Support for average schedule companies the same as they were doing for cost companies. Mr. Spead told me during that conversation that Local Switching Support is calculated using the formulas at the highest line count level which a company had attained. Mr. Spead also told me that USAC believes the LSS fund is to support areas where telephone service is not readily available and since Mid-Com (or other telcos) had at one time built their network to encompass over 10,000 users, the formulas used would stay at the 10,000-20,000 line level even when said telco's access line count dropped below 10,000.

6. Because Mid-Com's line counts rose above the 10,000 level in 2001, USAC started calculating their LSS at that level. Recently, Mid-Com has experienced a steady decrease in lines. When Mid-Com's lines dropped below 10,000 in April 2006, USAC calculated Mid-Com's LSS support at the below 10,000 level, the result of which was an increase in support.

7. USAC has been paying Mid-Com using the less-than 10,000 line formulas since Mid-Com reported less than 10,000 lines in 2006. Mr. Spead stated USAC was not sure if they

would go back and true up the LSS payouts for prior years; they would have to look at the impact on the LSS fund.

8. The rule that Mr. Spead referred to during our conversation was CFR §54.301(a)(2)(ii).

9. NECA requested that I report to them what USAC told me regarding Mid-Com LSS calculation and I did so. Jeff Bodyfield at NECA indicated he would discuss the change with the NECA home office.

10. At no time prior to receiving our netting statement was I ever told definitely that our support would be adjusted retroactively. It wasn't until the May 2008 statement from NECA was received that it was apparent this new methodology had been applied back to April 2006, when Mid-Com's lines dropped below 10,000.

11. I analyzed our May 2008 netting statement in the following manner: Mid-Com's monthly LSS revenue for 2008 is $40,449 (as calculated at the more-than 10,000 line level). We did not receive that amount for April 2008 and the amount listed for Local Switching Support was a $115,049 debit. In addition, there was another debit/adjustment amount of $51,831. If these three amounts are summed, the total is $207,329. When this is netted against the amount of support we should have received but was withheld, the result is $51,265. This is the amount Mid-Com was required to pay to NECA. Below is a chart illustrating this analysis.

Net Balance for April 2008	$79,931.00		
Adjustment outside 24 month pool window (Jan. – March 2006)		$(51,831.00)	
High Cost Loop Support	$20,886.00		
Safety Net Additive Support	$11,409.00		
Local Switching Support (expected)	$40,449.00		
Local Switching Support adjustment (April – December 2006)		$(115,049.00)	
April Support not received		$(40,449.00)	
Lifeline	$3,381.00		
Linkup	$ 8.00		

	$156,064.00	$(207,329.00)	$(51,265.00)

12. On May 21, 2008 I received written confirmation from USAC that the new methodology for calculation Mid-Com's support would apply going forward, including the 2007 true-up, the 2008 true-up and the 2009 projections.

13. This concludes my Declaration.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed this 16 day of June, 2008.

Janice Pykles

Janice Pykles

A/72554743.1

Exhibit 1

Jan Pykles

From: Michael Spead [mspead@usac.org]
Sent: Monday, May 22, 2006 3:34 PM
To: Jan Pykles
Subject: RE: Local Switching

That is the annual number we calculated also.

Mike

From: Jan Pykles [mailto:Jan.Pykles@HickoryTech.com]
Sent: Monday, May 22, 2006 4:20 PM
To: Michael Spead
Subject: RE: Local Switching

Here it is with the revised numbers

From: Michael Spead [mailto:mspead@usac.org]
Sent: Monday, May 22, 2006 3:09 PM
To: Jan Pykles
Subject: RE: Local Switching

Try plugging in the corrected numbers below and see what you get. I will review it after that has been done.

Many Thanks,

Mike

From: Jan Pykles [mailto:Jan.Pykles@HickoryTech.com]
Sent: Monday, May 22, 2006 3:35 PM
To: Michael Spead
Subject: RE: Local Switching

I am referring to the formulas that are used every year to calculate what we will receive monthly until a study area is trued up. The worksheet I sent with my original e mail now that this company is under 100001 lines, will use different calculations than when they are over 10000 lines. I will include the worksheet again that I am questioning.

From: Michael Spead [mailto:mspead@usac.org]
Sent: Monday, May 22, 2006 1:59 PM
To: Jan Pykles
Subject: RE: Local Switching

This is the data that you filed.

Loops	Exchanges	Minutes
9812	11	54677174

As such, the support amounts vary slightly. Each piece of the puzzle is determined prior to the final calculation. (Support Fraction*Basic Support Formula*Access Line Factor)

Let me know if you have any other questions.

Mike

From: Jan Pykles [mailto:Jan.Pykles@HickoryTech.com]
Sent: Monday, May 22, 2006 2:52 PM
To: Michael Spead
Subject: RE: Local Switching

SAC 361375. Thank you

From: Michael Spead [mailto:mspead@usac.org]
Sent: Monday, May 22, 2006 1:46 PM
To: Jan Pykles
Subject: RE: Local Switching

What SAC is this? I can provide you with a breakdown of what we are showing if you provide us with a SAC.

Many Thanks,

Mike

From: Jan Pykles [mailto:Jan.Pykles@HickoryTech.com]
Sent: Friday, May 19, 2006 1:12 PM
To: Michael Spead
Subject: Local Switching

In April one of our divisions fell below the 10,000 access line criteria. Could you please check the attached spreadsheet for April 2006 for MidComm and see if we have calculated the support number correctly. I have higlighted a line in yellow that I am most concerned about.

Exhibit 1-3 of the Neca Pool Procedures describes the Acess Line Factor as one process. Should there be any parenthesis before you multiply the access lines times the mathematical equation? If you would check the sheet I have enclosed and let me know if this is correct, I would greatly appreciate it.

Janice Pykles
Cost Studies Coordinator

<<Local Switching.xls>>

PROPOSED for BUDGET			**LSS Spreadsheet**
2006	**2006 - Midcom**		
			using 2006 Schedule
Mins	4556431.167	54,677,174	Budget
Ac. Lines	9812		Budget
Exch	11		
Min Per Line per mo.	464		

Support Fraction	0.713020	(If Acc.Lines are less than or Equal to 10,000) High Volume - Access Min per Line > 391
Acc Line Factor	1.024657911	(Access Lines less than 10,000)
Basic Settlement	$71,753.91	.021996 x 330 x access lines
	$2,807.92	.008765 x [(Acc. Mou - (391 x acc lines)] x 550/Acc Lines+(223.11*Exchanges)
	$74,561.83	

$54,475	Monthly for 2006
12	
$653,700	Yearly

(Support Fraction*Basic Support Formula*Access Line Factor)

2006 Forecasted numbers

April - Revised
2006

LSS Spreadsheet

2006 Schedule

	2006 - Midcom	
Mins	5487740	
Ac. Lines	9992	
Exch	11	
Min Per Line per mo.	549	
Support Fraction	0.713020	(If Acc.Lines are less than or equal to10,000) High Volume - Access Min per Line > 391
Acc Line Factor	1.001049273	(Access Lines less than 10,000)
Basic Settlement	$73,070.23	.018703 x 391 x access lines
	$3,216.92	.008765 x [(Acc. Mou - (391 x acc lines)] x 550/Acc Lines+(223.11*Exchanges)
	$76,287.14	
	$54,451	Monthly for 2006
	12	
	$653,416	Yearly

(Support Fraction*Basic Support Formula*Access Line Factor)

April 2006 actual counts

Exhibit 2

NECA 25 YEARS OF Excellence

80 South Jefferson Road
Whippany, NJ 07981

Company Code: 000001375
Statement No.: PS0534895
Date: May 5, 2008

Amount of Payment: _____

Mid-Comm-HickoryTech
Attn: Ms. Janice Pykles
P.O. BOX 3248
Mankato, MN 56002-3248

Wire or ACH Payment To:

Mellon Bank Pittsburgh
ABA #043000261
NECA Account #199-9830

RECEIVED
MAY 12 2008

Direct questions to your NECA Regional Industry Relations Office

Total Amount Due NECA From Last Bill	0.00	
Past Due Amount		0.00
Current Net Balance For Apr 2008 Data Month (AS3000/EC3050)	79,931.00 CR	
**Adjustment Net Balance (LSS) (USAC)	51,831.00	
* High Cost Loop Fund (USAC)	20,886.00CR	
* Safety Net Additive (USAC)	11,409.00CR	
* Local Switching Support (USAC)	115,049.00	
* Lifeline (USAC)	3,381.00CR	
* Link Up (USAC)	8.00CR	
Current Net Balance		51,265.00
Total Amount Due NECA		51,265.00

Payment Due By May 27, 2008

* NECA estimates of Universal Service payments reflected on this statement are derived from prior month payments plus any known changes available to NECA. True-ups to these estimates will be provided in a second statement from NECA after actual payment information is available from USAC.

**This statement may reflect adjustments to Local Switching Support (LSS) and/or Interstate Common Line Support (ICLS), included in your total net balance, for data periods outside the current open 24-month pool window. These adjustments have been applied to data months outside the current window in order to re-calculate settlement results for those periods. For pooling companies, this single amount represents the net effect of adjustments to all prior data months. The adjustment effects are shown on the newly created AS2053-OW (Average Schedule Company) or EC2053-OW (Cost Company) report. For non pooling companies, the single amount(s) are for all adjusted months identified by support fund.

Exhibit 3

HickoryTech

221 East Hickory Street P.O. Box 3248 Mankato, MN 56002-3248

e-mail 3/7/08
11:48am

Toll Free: 800.326.5789
Ph: 507.387.3355
Fax: 507.625.9191
www.hickorytech.com
Nasdaq: HTCO

March 7, 2008

Letter of Appeal
High Cost and Low Income Division
Universal Service Administrative Company
2000 L Street NW, Suite 200
Washington DC 20036

RE: High Cost Appeal

This letter is to inquire regarding an apparent decision from USAC and to initiate a possible review and appeal of that decision. Mid-Communications Inc. (SA 361375) is an average schedule carrier serving approximately 8,449 access lines in south central Minnesota.

On February 8, 2008, Mid-Communications received its LSS disbursement statement from NECA. That statement indicated that Local Switching Support was less than expected. Upon inquiry with NECA staff we discerned that the apparent adjustment was a recalculation of LSS support for Mid-Communications at a level for companies between 10,000 and 20,000 lines. Apparently this was because Mid-Communications served more than 10,000 lines for a period between 2001 and 2006.

Further inquiries with USAC staff confirmed that USAC had made a "manual adjustment" to the Mid-Communications support calculation for 2008. This action was explained as appropriate because the tiers in the support formulas were not intended to allow for a company to move to a tier with higher per MOU support even if it experienced a decrease in lines. Further it was rationalized that continued support payments to Mid-Communication at the tier level below 10,000 lines when MidCom had once served greater that 10,000 lines was not what the Universal Service Fund was intended to do.

While Mid-Communications is aware of NECA information regarding its annual changes to support formulas and the FCC order approving those changes, Mid-Communications received no information or notification from USAC that this policy issue was under study, or that our support levels may be impacted prior to receiving the disbursement statement. Mid-Communications respectfully requests that USAC provide us with further information including details and appropriate rationale for any proposed changes to support provided to it. Upon receipt and review of such information we also respectfully request the opportunity to file additional information in support of this appeal.

Absent definitive information that the rules clearly dictate the position adopted by USAC in its manual adjustment, Mid-Communications respectfully requests that its support should continue to be based on the tier level for companies with less than 10,000 lines.

Sincerely,

William VanderSluis
Director of Regulatory Affairs
MidCommunications Inc.dba HickoryTech
221 East Hickory Street
Mankato, Minnesota 56001
507-387-1886 v
507-387-6813 f
bill.vandersluis@hickorytech.com

Exhibit 4

Jan Pykles

From: Bodyfield, Jeff [jbodyfield@neca.org]
Sent: Friday, February 08, 2008 9:12 AM
To: Jan Pykles
Subject: 2008 LSS
Attachments: 2008 AS LSS.xls

Jan,

I calculate the same number as you did. As you probably know, this calculation is ultimately done by USAC, NECA creates the formula. Would you please call USAC and have them double check the calculation?

Thanks,

Jeff Bodyfield
Associate Manager– Member Services
800 228 0180 | jbodyfi@neca.org

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MOU	56,861,054
Access Lines	8,308
Exchanges	11
Average MOU	4,738,421
MPL	570
HVALM	0.066201

Basic Support

330 < MPL <= 850	54,030

Access Line factor

1251< Access Lines <= 20,000	1.580498446
Support Fraction	0.730586
Monthly Support	62,388

Exhibit 5

From: Michael Spead [mailto:mspead@usac.org]
Sent: Wednesday, May 21, 2008 5:20 PM
To: Jan Pykles
Subject: Re: LSS 2007 true up

This methodology will be used for all calculations going forward! Including the 2007 TU, the 2008 TU and 2009 projections. Please let me know if you have any questions

Many Thanks,

Mike

----- Original Message -----
From: Jan Pykles <Jan.Pykles@HickoryTech.com>
To: Michael Spead
Sent: Wed May 21 17:46:49 2008
Subject: LSS 2007 true up

As you are aware, we received the true up for the 2006 Local Switching Support on the May 2008 NECA Disburesement Statement using the new USAC interpretation for Average Schedule companies. Can you verify that this new USAC interpretation will also be used in 2009 for the 2007 Local Switching true up. That will be another significant payment for HickoryTech and as a Public Company we will need to accrue for that payment this year.

CERTIFICATE OF SERVICE

I, Kimberly A. Lacey, hereby certify that on this 16th day of June, 2008, a copy of the foregoing, "Mid-Communications, Inc. dba HickoryTech Request for Review of Universal Service Administration Decision" in CC Dockets No. 96-45 and 97-21, was served via hand delivery to the following parties.

Dave Capozzi
Acting General Counsel
Universal Service Administration Company
2000 L Street, N.W.
Suite 200
Washington, DC 20036

Karen M. Majcher
Universal Service Administration Company
2000 L Street, N.W.
Suite 200
Washington, DC 20036

Kimberly A. Lacey

Kimberly A. Lacey