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Public Utilities Commission
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SHARON M. REISHUS
CHAIRMAN

VENDEAN V. VAFIADES
JACK CASHMAN
COMMISSIONERS

September 16, 2008

Marlene H. Dortch, Secretary
Federal Communications Commission
Portals II
445 12th Street, SW
Suite TW-A325
Washington, DC 20554

Karen Majcher
Vice President of High Cost and Low Income Division
Universal Service Administration
2000 L. Street, NW – Suite 200
Washington, DC 20036

Re: Docket No. 96-45, Certification Letter Pursuant to the requirements of 47 C.F.R. §§ 54.313 and 54.316, for the year 2008

Dear Ms. Dortch and Ms. Majcher:

On November 2, 1999, the FCC adopted a mechanism to provide high-cost support to non-rural carriers. *In the Matter of Federal-State Joint Board on Universal Service*, Ninth Report and Order and 18th Order on Reconsideration, CC Docket No. 96-45 (FCC 99-306), released November 2, 1999) (Non-Rural USF Order). That Order requires states to certify that the non-rural carrier(s) in their jurisdiction will use the federal support in compliance with section 254(e) of the Telecommunications Act of 1996. This certification letter is being submitted to satisfy that requirement.

In accordance with the requirements of that Order and 47 C.F.R. § 54.313 the Maine Public Utilities Commission certifies that all the federal high-cost funds provided to the non-rural company, Northern New England Telephone Operations, Inc.-ME, will be used in a manner consistent with the requirements of 47 U.S.C. § 254(e). To the best of our knowledge, all federal high-cost support will be used only to support those services for which the support is intended. In addition, pursuant to the requirements of 47 C.F.R. § 54.316, we certify that rates in the rural areas of our non-rural company are reasonably comparable to urban rates nationally because they are below the nationwide urban rate benchmark safe harbor.

If you have any questions regarding this letter, please contact Joel Shifman at joel.shifman@maine.gov or at (207)287-1381.

Sincerely,

Karen Geraghty
Administrative Director

No. of Copies rec'd 0+2
List ABCDE

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Karen Majcher
Vice President of High Cost and Low Income Division
Universal Service Administrative Company
2000 L. Street, NW – Suite 200
Washington, DC 20036

Re: Docket No. 96-45, Certification Letter Pursuant to the requirements of 47 C.F.R. § 54.314, for the year 2008

Dear Ms. Dortch and Ms. Majcher:

On May 10, 2001, the FCC adopted a modified mechanism to provide high-cost support to rural carriers. *In the Matter of Federal-State Joint Board on Universal Service*, 14th Report and Order and 21st Order on Reconsideration, CC Docket No. 96-45 (FCC 01-157) (rel. May 10, 2001) (Rural USF Order). That Order requires states to certify that the rural carrier(s) in their jurisdiction will use the federal support in compliance with section 254(e) of the Telecommunications Act of 1996. This certification letter is being submitted to satisfy that requirement.

In accordance with the requirements of that Order and 47 C.R.R. §54.314, the Maine Public Utilities Commission certifies that all the federal high-cost funds provided to our rural companies in Maine will be used in a manner consistent with the requirements of 47 U.S.C. § 254(e). All federal high-cost support will be used only to support those services for which the support is intended.

A list of rural LECs in Maine to which this certification applies is attached to this letter.

If you have any questions regarding this letter, please contact Joel Shifman at joel.shifman@maine.gov or at (207)287-1381.

Sincerely,

Karen Geraghty
Administrative Director

1. **China Telephone Company**
2. **Cobbosseecontee Telephone & Telegraph Company**
3. **Community Service Telephone Company**
4. **Hampden Telephone Company**
5. **Hartland St. Albans Telephone Company**
6. **The Island Telephone Company**
7. **Lincolnville Networks, Inc.**[1]
8. **Maine Telephone Company**
9. **Mid-Maine Telecom**
10. **Northland Telephone Company**
11. **Oxford Telephone Company**
12. **Oxford West Telephone Company**
13. **Pine Tree Telephone & Telegraph Company**
14. **Saco River Telegraph & Telephone Company**
15. **Sidney Telephone Company**
16. **Somerset Telephone Company**
17. **Standish Telephone Company**
18. **Tidewater Telecom, Inc.**
19. **Union River Telephone Company**
20. **Unitel, Inc.**
21. **Warren Telephone Company**
22. **West Penobscot Telephone Company**

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[1] Lincolnville Networks, Inc. was designated by the Maine Public Utilities Commission as an ETC, and replaces Lincolnville Telephone Company as the ILEC in the Lincolnville service area. See *Lincolnville Telephone Company, Tidewater Telecom, Inc. & Lincolnville Networks, Inc., Application for Approvals Related to Merger of Lincolnville Telephone Company and Related Transactions,* Docket No. 2008-232, Order Approving Stipulation (August 29, 2008), attached hereto.

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

Docket No. 2008-232

August 29 , 2008

LINCOLNVILLE TELEPHONE COMPANY, TIDEWATER TELECOM, INC. & LINCOLNVILLE NETWORKS, INC.
Application for Approvals Related to Merger of Lincolnville Telephone Company and Related Transactions

ORDER APPROVING STIPULATION (PART 2)

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REISHUS Chairman; VAFIADES, Commissioner

I. SUMMARY

In this Order we approve a Stipulation between Lincolnville Telephone Company, Tidewater Telecom, Lincolnville Networks and the Public Advocate (OPA). The stipulating parties agreed that several approvals required by Maine law should be granted, subject to certain conditions described in the Stipulation.

II. BACKGROUND

On May 20, 2008, the Lincolnville entities filed a "Joint Application for Approvals" for a group of transactions that include reorganizations that require approval under 35-A M.R.S.A. § 708, the abandonment of service by an existing telephone utility, Lincolnville Telephone Company, which requires approval under 35-A M.R.S.A §§ 1104, and the creation of a new replacement telephone utility, Lincolnville Networks, that will provide service to the same service area presently served by Lincolnville Telephone Company. The Commission must grant authority under 35-A M.R.S.A. §§ 2102 and 2105 to Lincolnville Networks to provide that service. In addition, the Commission must grant other approvals, designations, and certifications, as described below.

The Public Advocate intervened in the case. Both the Public Advocate and the Commission advisory staff issued data requests during pendency of this proceeding, and the Companies responded. The parties and advisors also held meetings during this period.

On August 6, 2008, the Companies and the Public Advocate filed a Stipulation that resolved most of the issues in this case, although one issue may be addressed at a later date, as described below.

III. STANDARD FOR APPROVAL OF STIPULATIONS

In prior cases, we have articulated the criteria for approving stipulations, summarized here as follows:

1. Whether the parties joining the stipulation represent a sufficiently broad spectrum of interests that the Commission can be sure that there is no appearance or reality of disenfranchisement;

2. Whether the process that led to the stipulation was fair to all parties; and

3. Whether the stipulated result is reasonable and is not contrary to legislative mandate. See *Central Maine Power Company, Proposed Increase in Rates,* Docket No. 92-345 (II), Detailed Opinion and Subsidiary Findings (Me. P.U.C. Jan. 10, 1995), and *Maine Public Service Company, Proposed Increase in Rates (Rate Design),* Docket No. 95-052, Order (Me. P.U.C. June 26, 1996).

We have also recognized that we have an obligation to ensure that the overall stipulated result is in the public interest. See *Northern Utilities, Inc., Proposed Environmental Response Cost Recovery,* Docket No. 96-678, Order Approving Stipulation (Me. P.U.C. April 28, 1997). We are satisfied that the proposed stipulation in this case meets all these criteria for the reasons stated in Part VIII below.

IV. OVERVIEW OF TRANSACTIONS

The proposed and stipulated transactions do not differ. Existing Lincolnville Telephone Company, an incumbent local exchange carrier (ILEC) serving in the Lincolnville area of Maine, will cease providing telephone service and become solely a holding company that owns two ILECs and the other Lincolnville entities described in this Part. A new entity, Lincolnville Networks, Inc. has been created to provide local exchange service as an incumbent in the same service area as the present Lincolnville Telephone Company. Tidewater Telecom, which is an ILEC providing service in Damariscotta and in several nearby exchanges, will continue to do so. Tidewater is presently owned entirely by Coastal Telco Services, Inc. After the transactions, Lincolnville Telephone Company will own both Lincolnville Networks and Tidewater.

Coastal Telco Services provides management and support services to present Lincolnville Telephone Company, Tidewater Telecom and to Lincolnville Communications, Inc. Following the transactions, it will continue to provide these services to the same three companies. Coastal is not a public utility. Coastal is a wholly-owned subsidiary of Lincolnville Telephone and will continue to be so after the transactions. Coastal also provides internet services to the public and will continue to do so.

Lincolnville Communications, Inc. is wholly owned by Lincolnville Telephone and will continue to be so after the transactions. It is authorized by the Commission to provide services as a competitive local exchange carrier (CLEC) and competitive IXC. It also provides cable television services.

Following the transactions, Shirley Manning will own 98.5 % of the shares of Lincolnville Telephone Company. Ms. Manning and her children jointly will own the remaining 1.5%. Because she will own more than 10 percent of the parent corporation that owns the three public utilities (Lincolnville Networks, Tidewater Telecom, and

Lincolnville Communications) Ms. Manning will be an affiliated interest of those utilities. 35-A M.R.S.A. § 707(1)(A).

Lincolnville Telephone will cancel all of its currently outstanding common stock and will issue new common stock, preferred stock and debt that is associated with the Transaction. Current shareholders of Lincolnville Telephone Company will receive cash, preferred stock, or a combination of the two.

Additional details about these transactions are contained in the Stipulation, attached hereto, and the Joint Applications.

V. OVERVIEW OF REQUIRED REORGANIZATION APPROVALS

Several of these transactions are "reorganizations" and require approval under 35-A M.R.S.A § 708(2).[1] For Tidewater Telecom, these include the merger of Shepard Hill, Inc.[2] into Lincolnville Telephone Company; the creation of the new affiliated telephone utility, Lincolnville Networks, that will provide local exchange service in the Lincolnville area,; the dissolution or termination of an affiliated interest of Tidewater (the ending of the direct ownership relationship with Coastal);[3] the transfer of ownership of Tidewater Telecom from Coastal to Lincolnville Telephone Company; and the creation of new affiliated interests (Lincolnville Networks and Shirley Manning) of Tidewater Telecom.

At the time of the transactions, Lincolnville Telephone Company will cease to be a public utility and therefore would not require approvals under Section 708 after that date. Nevertheless, the Stipulation states "Lincolnville is included in the listing of 'reorganizations' in the event Lincolnville may have momentary status as a public utility at the time the merger takes place which may require that approval to be obtained under the Reorganization Statute." Assuming this momentary status as a public utility, reorganizations of Lincolnville Telephone Company include the merger described above and the creation of new affiliated interests, Lincolnville Networks and Shirley Manning.

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[1] No approval is required for the cancellation of shares in Lincolnville Telephone Company because no present owner has more than 10% of the shares and therefore none of them are defined as affiliated interests by 35-A M.R.S.A § 707(1).

[2] Shepard Hill is described in the Stipulation as an "acquisition company, 98.5% of which is owned by Shirley Manning, President of Lincolnville." Following the merger, Lincolnville Telephone Company will be the surviving entity. This merger is described in greater detail in the Stipulation.

[3] Only the direct ownership link with Coastal is terminated. Coastal will continue to be an affiliated interest of Tidewater because both are owned by Lincolnville Telephone Company. The definition of "reorganization" in 35-A M.R.S.A. § 708(2) does not make wholly clear whether "dissolution or termination" refers to the entity itself or the ownership relationship, but this provision cross-refers to the definition of "affiliated interest" in 35-A M.R.S.A § 707, which refers to various "persons" (including non-person entities) that are described as having an ownership relationship with a public utility. Thus, either the creation or termination of the relationship (rather than the entity itself) would appear to constitute a "reorganization."

Lincolnville Networks presently exists as a corporation, but will not issue stock until the closing. It will not be a public utility and the other Companies will not be affiliated interests until the transactions are consummated. At that time, it will require approval for the various reorganizations that will occur because those other Companies (Lincolnville Telephone Company, Shirley Manning, Tidewater Telecom, Lincolnville Communications, and Coastal Telco Services) will become affiliated interests of Lincolnville Networks.

Several of these events also constitute reorganizations of the other telephone utility, Lincolnville Communications. However, the Commission, as permitted by 35-A M.R.S.A § 708(2)(A) and (3), has granted exemptions to Lincolnville Communications from the need for obtaining reorganization approval. *Lincolnville Communications, Inc.*, Docket No. 1997-401, Order at 5-6, Ordering Paragraph No. 3. *See also* PUC Rules, Ch. 280, § 12(A).

VII. OTHER REQUIRED APPROVALS

A. Sale of Property by Lincolnville Telephone Company to Lincolnville Networks: 35-A M.R.S.A § 1101

When the transactions occur, Lincolnville Telephone Company will transfer telephone company operating assets (according to the Stipulation, the "regulated assets") to Lincolnville Networks. The Commission must approve this transfer under 35-A M.R.S.A. § 1101, which requires a public utility to "secure an order of authorization from the Commission before it may ... sell, lease, assign or otherwise dispose of its property that is necessary or useful in the performance of its duties to the public."

B. Abandonment of Service by Lincolnville Telephone Company:35-A M.R.S.A § 1104

Following the transactions, Lincolnville Telephone Company will no longer be providing telephone service to the public. 35-A M.R.S.A. § 1104 requires the Commission to approve the abandonment or discontinuance of service by a public utility.[4]

C. Authority for Lincolnville Networks to Provide Service: 35-A M.R.S.A. §§ 2101 and 2105

The Commission must grant authority to provide service to Lincolnville Networks pursuant to the provisions of 35-A M.R.S.A. §§ 2102 and 2105. Under Section 2105, the Commission must find the "public convenience and necessity require" that Lincolnville Networks be allowed to provide service. Lincolnville Networks will have the same service area as Lincolnville Telephone Company's present service area and

[4] Chapter 293 of our Rules provides a simplified method for the abandonment of service by a competitive telecommunications carrier, but it does not apply to ILECs.

will have the same rates, terms and conditions. Initially, Lincolnville Networks will adopt the rate schedules, terms and conditions of Lincolnville Telephone Company, but will file new schedules substituting the name of Lincolnville Networks within three months following closing.[5]

D. Approval of ETC Designation and Certification to the FCC

The Commission, pursuant to 47 U.S.C. § 254(e) and 47 C.F.R. §54.201(b), has designated Lincolnville Telephone Company, in its role as a local exchange carrier, as an eligible telecommunications carrier ("ETC") for federal high-cost support. Lincolnville Telephone Company will no longer serve as the incumbent local exchange carrier for its service area, and will be replaced by Lincolnville Networks. It is therefore necessary for the Commission to make the same designation for Lincolnville Networks for the service area previously designated for Lincolnville Telephone Company The FCC's Order on Reconsideration *In the Matter of Federal-State Joint Board on Universal Service*, Ninth Report and Order and 18th Order on Reconsideration, CC Docket No. 96-45 (FCC 99-306), released November 2, 1999, requires Lincolnville Networks to obtain the Commission's certification that Lincolnville Networks will use federal high-cost support for the purposes stated in Section 254(e).

E. Financing Approvals: 35-A M.R.S.A. §§ 707 and 1101

Section 707 of Title 35-A requires a public utility to obtain the approval of the Commission for the guaranty of the debt of an affiliated interest, and Section 1101 requires that a public utility obtain the authorization of the Commission for the mortgage or encumbrance of its property. Commission approval is therefore required for the guarantees by Tidewater Telecom and Lincolnville Networks of the loan from CoBank to Lincolnville Telephone Company, and for the encumbrances (liens) on the assets of Tidewater and Lincolnville Networks that secure those guarantees. The Companies' Application states that the loan from CoBank to Lincolnville Telephone Company "will be guaranteed by the *subsidiaries* of Lincolnville and secured by a lien on *all assets of Lincolnville [Telephone Company] and its guarantors* (emphases added)." Joint Application at 10. Tidewater Telecom is and Lincolnville Networks will be a subsidiary of Lincolnville Telephone Company. Therefore, both companies are guarantors of the loan. The "assets of Lincolnville Telephone Company" include the stock of Tidewater that Lincolnville Telephone Company presently owns and the stock that will be issued by Lincolnville Networks.

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[5] The companies also request "To the extent filing requirements in Section 4 of Chapter 280 of the Maine Commission's Rules might apply to any requested authority, the Parties agree that the Commission's approval of this Stipulation would constitute a waiver of any such filing requirements." We agree that compliance with the Chapter 280, § 4 filing requirements are not necessary. From an operational perspective, Lincolnville Networks is essentially the same entity as its predecessor Lincolnville Telephone Company, and will provide the same service at the same rates.

As a competitive telecommunications provider, Lincolnville Communications is exempt from this requirement under the exemption stated in the order that granted it authority to provide service in Docket No. 97-401.

F. Approval for Issuance of Stock by Lincolnville Networks: 35-A M.R.S.A. §§901 and 902

The Stipulation states "To the extent the issuance of stock by Lincolnville Networks upon its creation requires approval under 35-A M.R.S.A. §901-02, the Parties agree that the Commission's Order approving this Stipulation constitutes such approval."[6] Section 901 states:

> Subject to the requirements of this chapter, any public utility, organized and existing or incorporated under the laws of this State and doing business in the State, may issue stocks ... when necessary for:
>
> ...
>
> 6. ... Any other lawful purpose.[7]

The first two subsections of Section 902 state:

> **1. Order authorizing issuance.** No public utility may make an issuance as described in section 901 ... unless it has ... secured from the commission an order authorizing the issue and the amount of the issue and stating that in the opinion of the commission the proceeds of the issuance of the stocks, bonds, notes or other evidences of indebtedness is required in good faith for purposes enumerated in section 901.
>
> **2. Matters which may be considered.** In determining whether to grant its authorization, the commission may consider the reasonableness of the purpose or purposes for which the proceeds of the issue will be applied, ... the justness and reasonableness of the estimated cost to the utility of the issue and the effect of the issue upon the utility's capital structure. ...

35-A M.R.S.A. § 902(1) and (2).

Although the Stipulation states "To the extent the issuance of stock by Lincolnville Networks ... requires approval," we are not aware of any reason why Section 902 approval would not be required for Lincolnville Networks, and find that this approval is of considerable importance in this proceeding. As discussed in Part VII.E above (in connection with required approvals under 35-A M.R.S.A § 707 and 1101 for

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[6] Tidewater Telecom and Lincolnville Communication are existing utilities and are not issuing stock.

[7] One of the other listed purposes is "The discharge or lawful refunding of its obligations." Although there is no direct refinancing of Lincolnville Networks, its parent, Lincolnville Telephone Company, is undergoing a refinancing.

both Lincolnville Networks and Tidewater) the loan from CoBank to Lincolnville Telephone Company is secured in part by a lien on the assets of Lincolnville Telephone Company, which include the stock that Lincolnville Networks will issue and that Lincolnville Telephone Company will own. *See* Joint Application at 10. Lincolnville Networks is a subsidiary of Lincolnville Telephone Company, and therefore is a guarantor of the loan.

G. Temporary Approval of Management Services Agreement: 35-A M.R.S.A § 707

The Stipulation states that under 35-A M.R.S.A. § 707, the Commission must approve certain transactions between affiliated interests, including the management services agreement between Lincolnville Networks and Coastal Telco Services. The Stipulation provides that the same management services agreement that the Commission approved in 1995 between Lincolnville Telephone Company and Tidewater Telecom in Docket No. 94-311[8] " shall be temporarily approved pursuant to 35-A M.R.S.A. §707, subject to the Condition in Subsection B(4) below."

The Stipulation also states:

> The temporary approval of the Management Services Agreement in Subsection A(2)(g), above, shall remain in effect until the earlier of the conclusion of (a) any generic investigation or rulemaking regarding the return/adder provisions of services agreements between public utilities and their affiliated interests which is conducted by the Commission and addresses adders of the type in the Management Services Agreement or (b) a general rate case proceeding for Lincolnville Networks and/or Tidewater Telecom, which addresses the adder provision of the Management Services Agreement. In any such generic investigation or rate case proceeding, Lincolnville Networks and/or Tidewater Telecom will have the burden of proof to show the reasonableness of the adder in the Management Services Agreement in its direct case in that proceeding.

Stipulation, Part III.B.4.

The "adder" referred to in the last provision is an adder or markup of 12% for all billings from Coastal to Lincolnville Networks (as well as Tidewater and Lincolnville Communications). The inclusion of such an adder differs from normal ratemaking practice for expenses incurred directly by the utility itself rather than through billings from affiliated interests. Normally, a utility subject to "traditional" rate-of-return ratemaking is allowed to pass through in rates all reasonable expenses at the actual cost incurred. It is also allowed to include in its cost of service a reasonable return on

[8] The Stipulation refers to this docket as 94-331, but the proceeding addressing and approving this agreement was Docket No. 94-311. *See Lincolnville Telephone Company and Tidewater Telecom, Inc., Petition for Further Indefinite Approval of Management Services Contracts*, Docket No. 94-311, Order Approving Stipulation (January 31, 1995).

its investment ("rate base"). The "allowed" rate of return (the return found to be reasonable) is multiplied by the rate base. The utility is not allowed to earn a "return" on "expenses," e.g., salaries or routine maintenance.[9]

The Stipulation permits us to address the reasonableness of the adder either in a future rate proceeding for Lincolnville Networks or Tidewater Telecom or in a "generic" proceeding, either an investigation involving this or similar agreements or a rulemaking. Although the agreement between Lincolnville Telephone Company, Tidewater and Coastal was approved in Docket No. 94-311, neither the Order Approving Stipulation nor the Stipulation refer to the adder or address its reasonableness.

VIII. DECISION

A. Statutory Approvals

A reorganization is defined as "any creation, organization, . . . merger, transfer of ownership or control, . . . dissolution or termination, direct or indirect, in whole or in part, of an affiliated interest . . . accomplished by the issue, sale, acquisition, lease, exchange, distribution or transfer of voting securities or property." 35-A M.R.S.A. § 708(1)(A). Under 35-A M.R.S.A § 708(1)(A), the Commission may grant approval to a reorganization only if "it is established by the applicants for approval that the reorganization is consistent with the interests of the utility's ratepayers and investors." 35-A M.R.S.A. § 708(2)(A).

In prior reorganization cases, the Commission has construed the broad "consistent with the interests" language of the statute as articulating a "no harm" standard. That is, the Commission has approved reorganizations where the merging parties have established that the transaction will not adversely affect ratepayers and investors. See *New England Telephone and Telegraph Co. and NYNEX Corporation, Proposed Joint Petition for Reorganization Intended to Effect the Merger With Bell Atlantic Corporation*, Docket No. 96-388, Order Part II at 7-8 (Feb. 6, 1997) (*Bell Atlantic*); and see also *Verizon Communications, Inc., and MCI, Inc., Request for Approval of Reorganization and Approval of Agreement of Verizon Communications and MCI, Inc.*, Docket No. 2005-154, Order- Part II at 3 (Dec. 22, 2005). The condition the Commission may impose under 35-A M.R.S.A § 708(2)(A)(9) also suggests a "no harm" standard. The Commission may include a condition that "neither ratepayers nor investors are adversely affected by the reorganization." Thus, a merger should be approved if the total benefits flowing from the merger are equal to or greater than the detriment or risks resulting from the transaction for both ratepayers and shareholders. (*Bell Atlantic* at 8).

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[9] The level of investment by Coastal is not stated in the Stipulation, and it was not otherwise provided in this proceeding. We would be unable to ascertain the extent to which the 12% adder might represents a return on investment or is simply a markup on expenses that, if incurred directly by the utility, would be expensed without markup.

service using the same facilities and under the same management as at present. The reorganizations change corporate structure, but not operations.

We also find that it is reasonable to grant the approvals related to the financing of these transactions that are required by 35-A M.R.S.A. §§ 707, 901-902 and 1101 because these approvals are necessary for the execution of the series of transactions we have found to be reasonable in this Order. As noted above, Section 707 requires a public utility to obtain Commission approval for the guaranty of the debt of an affiliated interest, and Section 1101 requires Commission approval for the mortgage or encumbrance of a utility's property. We find that the guaranties and encumbrances that will be granted by Lincolnville Networks and Tidewater Telecom are reasonable for the same reasons that we find the reorganizations are reasonable, that is, harm to ratepayers is unlikely. In addition, all of the existing loans are presently secured by ILEC utility assets. The guaranties and pledges from the ILEC utilities being approved herein serve the same purpose, that being the provision of collateral for the new debt. These guarantees and pledges of collateral are customary in utility financings.

With regard to the approval required by 35-A M.R.S.A. § 902 for the issuance of stock by Lincolnville Networks, we find that the stock is being issued for a lawful purpose, as required by 35-A M.R.S.A § 901(6). The stock issuance is one component in the series of corporate reorganizations and other transactions that we have found are reasonable by this Order. As noted above, this stock issuance is significant because these shares will be held by the parent Lincolnville Telephone Company and will serve as one form of security, or collateral, for the loan from CoBank.

We have considered two criteria specified in 35-A M.R.S.A § 902(2). As noted above, we find that the issuance of the Lincolnville Networks stock is for a lawful purpose under Section 901. Another criterion we considered is "the justness and reasonableness of the estimated cost to the utility of the issue and the effect of the issue upon the utility's capital structure." The capital structure of the new parent Company, Lincolnville Telephone Company (which is the same entity that is the ILEC serving the Lincolnville area until August 15, 2008) will become substantially more leveraged (i.e. debt as a percentage of total capital will be higher) upon closure of the proposed transaction. However, the capital structures of the individual ILECs themselves, will be 100% equity, post-transaction. In a future ratemaking proceeding, the Commission could use a hypothetical capital structure in the setting the rates of either ILEC that serves to balance the relatively high cost of equity as compared to the lesser cost of debt. That is to say, the Commission is not obligated to use a capital structure that is 100% common equity or 100% debt even if a utility chose to capitalize itself in that manner. .In fact, the Stipulation specifically provides that

> Lincolnville Networks and Tidewater Telecom will not seek an increase in rates that reflects any increase in the overall revenue requirement (including operating costs, investment and cost of capital) that results from the reorganizations, and will not include any transaction costs of the reorganizations in the calculation of revenue requirement.

The Commission is not bound by any particular capital structure resulting from the consummation of this transaction, and that Stipulation prohibits the ILECs from requesting higher rates due to a change in the cost of capital that may result from changes in the capital structure of the involved ILECs. We therefore find that the cost of service for ratepayers will not be affected by this approval.

B. Approval of the Stipulation

Because we are approving a Stipulation in this case, we must find, as described above, that the stipulated result is reasonable and is not contrary to legislative mandate and we must ensure that the overall stipulated result is in the public interest. We find that the reorganizations are reasonable because of our findings that they meet the statutory standard for approval under 35-A M.R.S.A § 708(2), as described above. We also find that they are not contrary to any statutory mandate, both in the various statutes under which we must grant approvals for these transactions, or otherwise.

For the reasons stated above, we also find that the other approvals included in the ordering paragraphs are reasonable because they meet the approval standards contained in the statutes under which we grant approvals. With regard to the temporary approval of the management services agreement between Lincolnville Networks and Coastal Telco Services, we note that the approval, as specified in the Stipulation, is only temporary, and that the Stipulation permits us to address the reasonableness of the 12% adder from Coastal billings in a generic investigation, a rulemaking, or in a future rate proceeding for Lincolnville Networks or Tidewater. Finally, we find it is reasonable to make the new ETC designation and certification for Lincolnville Networks, as that company meets the standards contained in the federal statutes, FCC rules and FCC orders under which we make ETC designations and certifications.

We also make the finding required by the standards for approving a stipulation that the parties joining the stipulation represent "a sufficiently broad spectrum of interests." The only party participating in this case other than the companies is the Public Advocate. By statute, the Public Advocate represents the using and consuming public. 35-A M.R.S.A. § 1702(1). The Public Advocate "may review, investigate and make appropriate recommendations to the commission" with respect to various matters, including:

A. The reasonableness of rates charged or proposed to be charged by any public utility;

B. The reasonableness and adequacy of the service furnished ... by any public utility ...;

C. Any proposal by a public utility to reduce or abandon service to the public;

D. The issuance of certificates of public convenience and necessity ...; ...

E. Terms and conditions of public utilities;

F. Mergers and consolidations of public utilities;

G. Contracts of public utilities with affiliates or subsidiaries; and

H. Securities, regulations and transactions of public utilities.

35-A M.R.S.A § 1702(1). Many of the matters listed in the stature actually or potentially are matters in this proceeding that are or could be affected by our decision.

In prior cases, we have found the fact that the OPA is a signatory to a stipulation carries great weight. *See, e.g.*, Docket No. 2006-668, *Bangor Hydro Electric Co., Request for Affiliated Interest Transaction With Emera, Inc.* (May 15, 2007). We also note that our advisory staff was actively involved in discovery, discussions and negotiations in this case.

The standard we use to determine whether a stipulation covers a sufficiently broad spectrum of interests does not require that we find that all interests are represented but rather that those signing the stipulation represent a sufficiently broad spectrum of interests such that we can be assured that there is no appearance or reality of disenfranchisement. As set forth in detail in this Order, the Amended Stipulation addressed a number of issues important to the "using and consuming" public, including many of the matters listed in 35-A M.R.S.A. § 1702(1) as matters the Public Advocate may address. We therefore find that a sufficiently broad spectrum of interests was represented in this proceeding.

We also find that the process used in this case was fair to all parties. See Stipulation Part II.A.

Finally, for all the reasons stated above, we find that approving the Stipulation is in the public interest.

IX. ORDERING PARAGRAPHS

Accordingly, we

1. APPROVE the Stipulation (attached to this Order) filed on August 6, 2008 in Docket No. 2008-232, and incorporate it into this Order;

2. APPROVE, pursuant to 35-A M.R.S.A § 708(2), all transactions described in the Stipulation that are reorganizations as defined in 35-A M.R.S.A § 708(1)(A) and that have not been exempted from the approval requirement;

3. GRANT the application, pursuant to 35-A M.R.S.A. § 1104, by Lincolnville Telephone Company to discontinue telephone utility service, effective at the time of the closing of the transactions described in the Stipulation and herein;

4. GRANT authority, pursuant to 35-A M.R.S.A. §§ 2102, to Lincolnville Networks, Inc. to provide telephone utility service in the service area presently served

by Lincolnville Telephone Company, effective at the time of the closing of the transactions described herein, and FIND, pursuant to 35-A M.R.S.A. § 2105, that the public convenience and necessity require such service;

5. ORDER Lincolnville Networks, Inc. to adopt the rates, terms and conditions in the rate schedules approved by the Commission for Lincolnville Telephone Company and under which Lincolnville Telephone Company has been providing regulated communications services; and ORDER Lincolnville Networks, Inc. to assume all contracts with customers pursuant to which Lincolnville Telephone Company currently provides regulated telephone services;

6. ORDER Lincolnville Networks, Inc. to adopt Lincolnville Telephone Company's Schedules of rates, terms and conditions as its initial schedules of rates, terms and conditions, effective upon closing of the transactions described herein; and ORDER that the name "Lincolnville Networks" shall be deemed to be substituted for "Lincolnville Telephone Company " in said schedules; that any waivers of the tariff filing and format requirements of Chapter 120 of the Commission's Rules necessary to facilitate such adoption are granted; and that Lincolnville Networks shall file revised schedules bearing the name of "Lincolnville Networks" within three months after the closing.

7. DESIGNATE, pursuant to Section 254(e) of the Telecommunications Act, 47 U.S.C. §254(e), and 47 C.F.R. §54.201(b), Lincolnville Networks, Inc. as an eligible telecommunications carrier ("ETC") for the service area previously designated for Lincolnville Telephone Company; pursuant to the requirements of the FCC Order on Reconsideration in *In the Matter of Federal-State Joint Board on Universal Service*, Ninth Report and Order and 18th Order on Reconsideration, CC Docket No. 96-45 (FCC 99-306), released November 2, 1999, the Commission certifies that Lincolnville Networks will use federal high-cost support for the purposes stated in 47 U.S.C. § 254(e).

8. APPROVE, pursuant to 35-A M.R.S.A. § 1101, the transfer of the operating assets of Lincolnville Telephone Company to Lincolnville Networks, Inc.;

9. APPROVE, pursuant to 35-A M.R.S.A § 707(3), the guaranty by Lincolnville Networks and Tidewater Telecom, of the debt of Lincolnville Telephone Company to CoBank for the loan extended by CoBank to Lincolnville Telephone Company described in the Application and Stipulation; and APPROVE, pursuant to 35-A M.R.S.A. § 1101, the lien that encumbers the property of Lincolnville Networks that is necessary and useful in the performance of its duties to the public and the lien that encumbers the property of Tidewater Telecom, Inc. that is necessary and useful in the performance of its duties to the public;

10. FIND, pursuant to 35-A M.R.S.A § 901, that the issuance of stock by Lincolnville Networks, Inc., at the time of the closing of the transactions described herein, is for a lawful and reasonable purpose, will not impose unreasonable costs on the customers of Lincolnville Networks, and is required in good faith for the purposes

enumerated in section 901; and APPROVE that issuance, pursuant to 35-A M.R.S.A § 902;

11. APPROVE, on a TEMPORARY basis, the Management Services Agreement between Lincolnville Networks, Inc. and Coastal Telco Services, Inc.; the Management Services Agreement being the same Agreement as that approved in *Lincolnville Telephone Company and Tidewater Telecom, Inc., Petition for Further Indefinite Approval of Management Services Contracts*, Docket No. 94-311, Order Approving Stipulation (January 31, 1995), subject to the CONDITION stated in Part III.B.4 of the Stipulation.

Dated at Augusta, Maine, this 29th day of August, 2008.

BY ORDER OF THE COMMISSION

Karen Geraghty
Administrative Director

COMMISSIONERS VOTING FOR: Reishus
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NOTICE OF RIGHTS TO REVIEW OR APPEAL

5 M.R.S.A. § 9061 requires the Public Utilities Commission to give each party to an adjudicatory proceeding written notice of the party's rights to review or appeal of its decision made at the conclusion of the adjudicatory proceeding. The methods of review or appeal of PUC decisions at the conclusion of an adjudicatory proceeding are as follows:

1. Reconsideration of the Commission's Order may be requested under Section 1004 of the Commission's Rules of Practice and Procedure (65-407 C.M.R.110) within 20 days of the date of the Order by filing a petition with the Commission stating the grounds upon which reconsideration is sought.

2. Appeal of a final decision of the Commission may be taken to the Law Court by filing, within 30 days of the date of the Order, a Notice of Appeal with the Administrative Director of the Commission, pursuant to 35-A M.R.S.A. § 1320(1)-(4) and the Maine Rules of Appellate Procedure.

3. Additional court review of constitutional issues or issues involving the justness or reasonableness of rates may be had by the filing of an appeal with the Law Court, pursuant to 35-A M.R.S.A. § 1320(5).

Note: The attachment of this Notice to a document does not indicate the Commission's view that the particular document may be subject to review or appeal. Similarly, the failure of the Commission to attach a copy of this Notice to a document does not indicate the Commission's view that the document is not subject to review or appeal.

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

Docket No. 2008-232

August 6, 2008

LINCOLNVILLE TELEPHONE COMPANY, TIDEWATER TELECOM, INC. & LINCOLNVILLE NETWORKS, INC.
Re: Application for Approvals Related to Merger of Lincolnville Telephone Company and Related Transactions

STIPULATION

Lincolnville Telephone Company ("Lincolnville"), Tidewater Telecom, Inc. ("Tidewater") and Lincolnville Networks, Inc. ("Lincolnville Networks") collectively the "Applicants," and the Office of the Public Advocate ("Public Advocate"), collectively the "Parties," hereby agree and stipulate as follows:

I. PURPOSE

The purpose of this Stipulation is to settle all issues, to avoid the necessity for a hearing and to expedite the Commission's consideration and resolution of this proceeding. The agreements contained herein are made on the basis of the information provided by the Applicants in the Application for Approval, in responses to written and oral requests and in discussions with the Commission's Advisory Staff and Public Advocate.

II. PROCEDURAL HISTORY AND BACKGROUND

A. Procedural History

On May 20, 2008, the Applicants submitted a Joint Application for Approvals, seeking the issuance of a Commission order granting the required approvals of reorganizations of each of the Applicants and other transactions as described in the Joint Application. The reorganizations and transactions include (1) the merger of Lincolnville and Shepard Hill, Inc. (an acquisition company, 98.5% of which is owned by Shirley Manning, President of Lincolnville), with Lincolnville as the surviving entity, and

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the resulting change in ownership and control of Lincolnville and its subsidiaries; (2) Lincolnville's cancellation of its currently outstanding common stock and the issuance of new common stock, preferred stock and debt associated with the transactions; (3) the creation of a new subsidiary of Lincolnville , i.e. Lincolnville Networks, Inc., which will assume the regulated operations of Lincolnville; (4) the transfer of direct ownership of Tidewater to Lincolnville; and (5) the additional related transactions and relationships described in the Joint Application. Upon consummation of the transactions, Shirley Manning will own 98.5% of the common stock of Lincolnville and a substantial number of the current owners of Lincolnville's common stock will be owners of preferred stock in Lincolnville.

The Public Advocate filed a Petition to Intervene in this matter on May 27, 2008. No other Petitions to Intervene were filed in this case. A copy of the Agreement and Plan of Merger among Lincolnville and Shepard Hill, Inc. was provided to the Commission Staff and the Public Advocate on June 2, 2008. On June 10, 2008, the Hearing Examiner issued a Protective Order to apply to confidential information submitted in the case. On June 26, 2008, the Hearing Examiner issued Data Request No. 1, to which Lincolnville submitted responses on July 3 and 9, 2008. A meeting was held among the Commission Staff and the Parties on July 1, 2008, during which oral data requests were propounded. On July 3, 2008, the Public Advocate issued a written data request, and Lincolnville submitted its responses on July 10, 2008. Lincolnville also submitted a response to an Oral Data Request on July 21, 2008.

B. Description of the Applicants and Related Entities

1. Lincolnville Telephone Company. The Applicant Lincolnville is a telephone utility providing local exchange and intrastate interexchange services in Maine as an incumbent local exchange carrier ("ILEC") and rural local exchange carrier ("RLEC"). Lincolnville is owned by a large number of shareholders, not one of which owns 10 percent or more of the common stock of Lincolnville.

2. Tidewater Telecom, Inc. The Applicant Tidewater is a telephone utility providing local exchange and intrastate interexchange services as an ILEC and RLEC. 100% of the common stock of Tidewater is owned by Coastal Telco Services, Inc. ("Coastal"), which in turn is wholly-owned by Lincolnville.

3. Lincolnville Networks, Inc. The Applicant Lincolnville Networks will be created as a wholly-owned subsidiary of Lincolnville. The regulated assets and operations of Lincolnville will be transferred to Lincolnville Networks, which will then provide local exchange and intrastate interexchange services in the current service territory of Lincolnville.

4. Coastal Telco Services, Inc. Coastal is a wholly-owned subsidiary of Lincolnville. Coastal provides various management and other services to Lincolnville and Tidewater, and internet service to the public. Coastal currently owns 100% of the common stock of Tidewater. Coastal is not a public utility.

5. Lincolnville Communications, Inc. Lincolnville Communications is a wholly-owned subsidiary of Lincolnville. Lincolnville Communications operates as a provider of cable television services and also as a competitive provider of telecommunications services, and is authorized by the Commission to provide services as a CLEC and IXC.

6. Shirley Manning. Ms. Manning is the President of Lincolnville and until recently has been a shareholder of Lincolnville.

7. Shepard Hill Inc. Shepard Hill is a newly-created Maine corporation for purposes of effectuating the transactions. Shirley Manning owns 98.5% of the stock of Shepard Hill, and the remaining stock is owned jointly by Ms. Manning and her three children. The Lincolnville common stock previously owned by Ms. Manning and her three children has been conveyed to Shepard Hill in anticipation of consummation of the Transactions.

C. Description of the Transactions

1. Merger. On May 2, 2008, Lincolnville entered into an Agreement and Plan of Merger (the "Merger Agreement") with Shepard Hill. The Merger Agreement provides that Shepard Hill will be merged with and into Lincolnville. Each share of the outstanding common stock of Shepard Hill will be converted into and become a share of Lincolnville to be issued to Ms. Manning and her children in the same amount as their current ownership interests in Shepard Hill. All common stock of Lincolnville outstanding immediately before the transaction will be cancelled. Shepard Hill will cease to exist and Lincolnville will be the surviving corporation (under its existing name). Accordingly, upon consummation of the Transactions, Ms. Manning and her children will own 100% of the common stock of Lincolnville (with Ms. Manning owning 98.5% and Ms. Manning and her three children jointly owning the remaining 1.5%). The former owners of the common stock of Lincolnville will be provided specified amounts of cash and preferred stock of Lincolnville as provided in the Merger Agreement.[1] The current management will continue to manage the operations of Lincolnville and its subsidiaries following consummation of the proposed transaction.

2. Financing. The cash compensation will be financed by the major part of a loan from CoBank, ACB to Lincolnville. The loan proceeds will also be used to repay

Lincolnville's outstanding indebtedness to RUS and the outstanding indebtedness of its subsidiaries to RTFC, and to finance certain capital expenditures and for other corporate purposes. The loan will be guaranteed by the subsidiaries of Lincolnville and secured by a lien on all assets of Lincolnville and its guarantors and by a pledge of the stock of Lincolnville.

3. Restructuring. Lincolnville will create a new subsidiary, Lincolnville Networks, to which Lincolnville will transfer its regulated assets and assign its rights and obligations associated with its regulated operations. Lincolnville Networks will then operate in the exchanges currently being served by Lincolnville. Lincolnville Networks will adopt the rates, terms and conditions in the tariffs under which Lincolnville has been providing regulated communications services and Lincolnville Networks will assume the contracts with third parties pursuant to which Lincolnville currently provides services. In addition, the ownership of the stock of Tidewater will be transferred from Coastal to Lincolnville, with the result that Tidewater will be directly owned by Lincolnville.

D. Description of the Required Regulatory Approvals

1. Reorganizations. The creation, organization, transfer of ownership or control or termination, *inter alia*, of an affiliated interest accomplished by the acquisition or transfer of voting securities or property constitutes a reorganization which requires approval under 35-A M.R.S.A. §708 (the "Reorganization Statute"). A number of steps to be taken as part of the transactions constitute reorganizations as defined in the Reorganization Statute, of Lincolnville, [2] Tidewater and Lincolnville Networks, for which, as public utilities, they are required to obtain approval: [3]

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1 Depending on the number of shares of stock they currently own, some former shareholders will receive cash and preferred stock and others will receive cash only.

2 The first step in the transaction will involve the transfer of the ILEC assets and operations of Lincolnville to Lincolnville Networks. Therefore, at the consummation of the merger,

- The change in ownership of Lincolnville's common stock which occurs as a part of the transactions will result in Shirley Manning owning, directly or indirectly, 10% or more of the voting securities of Lincolnville, Tidewater and Lincolnville Networks. As such, Shirley Manning would be an "affiliated interest" of Lincolnville, Tidewater and Lincolnville Networks, as defined in 35-A M.R.S.A. §707 (the "Affiliated Interest Statute"). The creation of this new affiliated interest relationship constitutes reorganizations of Lincolnville, Tidewater and Lincolnville Networks.
- Similarly, the merger of Lincolnville and transfer of ownership and control of Lincolnville and its subsidiaries constitute the merger and transfer of ownership and control of affiliated interests of Lincolnville, Tidewater and Lincolnville Networks, and hence constitute reorganizations of Lincolnville, Tidewater and Lincolnville Networks.[4]

Lincolnville will no longer be a public utility and as such would not be required to obtain approval under the Reorganization Statute. Lincolnville is included in the listing of "reorganizations" in the event Lincolnville may have momentary status as a public utility at the time the merger takes place which may require that approval to be obtained under the Reorganization Statute.

3 Although Lincolnville Communications in its capacity as a CLEC and IXC is a public utility, it is exempted from the approval requirements of the Affiliated Interest Statute (§707) and the Reorganization Statute (§708) by Ordering Paragraph No. 3 in the Commission's Order in Docket No. 1997-401 and by Section 12(A) of Chapter 280 of the Commission's Rules. The Parties agree and recommend that the Commission consider the Joint Application to constitute sufficient notice of the change in ownership and control of Lincolnville Communications as required under Ordering Paragraph No. 3 and Section 12(B) of Chapter 280.

4 Section 1101(1)(B) of Title 35-A requires the approval of the Commission for a public utility to merge or consolidate its property with another public utility by any means direct or indirect. Because Shepard Hill is not a public utility, the Parties believe that the merger of Lincolnville with Shepard Hill does not require approval under this statute. Section 1103 of Title 35-A, requires the approval of the Commission for the acquisition by a public utility of the stock of any other public utility organized or existing under the laws of Maine. The Parties believe that Section 1103 does not apply to the Transactions, because Lincolnville will no longer be a public utility when it owns the stock of Tidewater and Lincolnville Networks. To the extent approvals are required under these provisions, the Parties agree that the Commission's Order approving this Stipulation would constitute such approval.

- The creation of Lincolnville Networks[5] will result in the creation of a new affiliated interest of Lincolnville and Tidewater, and will result in Lincolnville and its other subsidiaries becoming affiliated interests of Lincolnville Networks, thereby constituting reorganizations of Lincolnville, Tidewater and Lincolnville Networks.
- The transfer of ownership of Tidewater from Coastal to Lincolnville by means of the transfer of its voting securities to Lincolnville, constitutes a transfer of ownership and control of an affiliated interest of Lincolnville and Lincolnville Networks, and hence a reorganization of Lincolnville and Lincolnville Networks. (The transfer may also constitute a reorganization of Tidewater if it is considered to be create new affiliated interests of Tidewater, rather than just create a new structural relationship between Tidewater and its affiliated interests.)

To the extent the Commission determines that any additional aspects of the proposed Transactions constitute reorganizations, the Parties agree that the Commission's approval of this Stipulation constitutes approval of those reorganizations as well.

2. Transfer of Property and Discontinuances of Services. Upon the consummation of the transfer of the regulated assets of Lincolnville to Lincolnville Networks, Lincolnville will discontinue its provision of ILEC regulated intrastate services and will relinquish and terminate its authorization to provide said services to customers. 35-A M.R.S.A. § 1101 requires a public utility to secure an order of authorization from the Commission before it may sell, lease, assign or otherwise dispose of its property that is necessary or useful in the performance of its duties to the public. In addition, 35-A M.R.S.A. § 1104 requires a public utility to secure the approval of the Commission

[5] To the extent the issuance of stock by Lincolnville Networks upon its creation requires approval under 35-A M.R.S.A. §901-02, the Parties agree that the Commission's Order

before it may abandon all or part of its property necessary or useful in the performance of its duties to the public, or discontinue the service which it is providing to the public by use of such facilities.

3. Authority to Serve. 35-A M.R.S.A. §§ 2102 & 2105 require Lincolnville Networks to obtain the approval of the Commission to provide service, upon a declaration by the Commission that the public convenience and necessity require that Lincolnville Networks be allowed to provide service.[6] Section 254(e) of the Telecommunications Act, 47 U.S.C. §254(e), and Section 54.201(b) of the Rules of the FCC, 47 C.F.R. §54.201(b), necessitate that Lincolnville Networks obtain the Commission's designation of Lincolnville Networks as an eligible telecommunications carrier ("ETC") for the service area previously designated for Lincolnville, and, the FCC's Order on Reconsideration *In the Matter of Federal-State Joint Board on Universal Service*, Ninth Report and Order and 18th Order on Reconsideration, CC Docket No. 96-45 (FCC 99-306), released November 2, 1999, necessitates that Lincolnville Networks obtain the Commission's certification that Lincolnville Networks will use federal high-cost support in compliance with said Section 254(e).

4. Financing.[7] Section 707 of Title 35-A requires a public utility to obtain the approval of the Commission for the guaranty of the debt of an affiliated interest, and Section 1101 requires that a public utility obtain the authorization of the Commission for the mortgage or encumbrance of its property. Accordingly, approval of the Commission

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approving this Stipulation constitutes such approval.

6 To the extent filing requirements in Section 4 of Chapter 280 of the Maine Commission's Rules might apply to any requested authority, the Parties agree that the Commission's approval of this Stipulation would constitute a waiver of any such filing requirements.

7 Because Lincolnville will no longer be a public utility at consummation of the loan, the Parties agree that Lincolnville does not require approval under 35-A M.R.S.A. §901-02 for the loan from CoBank to Lincolnville, for the issuance of new common stock in exchange for the common stock of Shepard Hill or for the issuance of the preferred stock, or under 35-A M.R.S.A. §910(a)(A) for the cancellation of its common stock, or under 35-A M.R.S.A. §1101 for any liens on its assets to secure the loan. To the extent that any of these approvals are

is required for the guarantees of the CoBank loan to Lincolnville by Tidewater and Lincolnville Networks and the liens on their assets which secure said guarantees.[8]

5. Affiliated Interest Transactions. Under the provisions of 35-A M.R.S.A. § 707, the Commission must approve certain transactions between a public utility and its affiliated interests, including the provisioning of management services. Accordingly, Lincolnville Networks is required to obtain approval of any agreement or arrangement for the provision of management services to Lincolnville Networks by Coastal.

III. APPROVALS AND CONDITIONS

The Parties to this Stipulation agree and recommend that the Commission order as follows:

A. Approvals

1. Approval of Application. The Parties to this Stipulation agree that the Joint Application, and the approvals and authorizations requested therein, satisfy the applicable statutory criteria and should be granted by the Commission, by an order that approves, accepts and adopts this Stipulation and all of the provisions thereof.

2. Specific Approvals and Authorizations. The granting of the Joint Application shall include all authorizations, approvals, and findings requested in the Joint Application, including the following:

a. That the reorganizations listed in Section D(1), above, are consistent with the interests of ratepayers and investors and shall be approved pursuant to 35-A M.R.S.A. §708.

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required, the Parties agree that the Commission's Order approving this Stipulation would constitute such approval.

[8] Lincolnville Communications is exempt from the approval requirement of Section 707 as noted in Footnote 3, and from Section 1101 by virtue of Chapter 212 of the Commission's Rules.

b. That the transfer of assets of Lincolnville to Lincolnville Networks and Lincolnville's discontinuance of ILEC regulated intrastate service and relinquishment and termination of its authority and any obligation to provide said service shall be approved pursuant to 35-A M.R.S.A. §§1101 and 1104, respectively.

c. That the furnishing of telephone services by Lincolnville Networks in the same areas currently being served by Lincolnville and in the areas in which Lincolnville is currently authorized to serve is declared to be required by the public convenience and necessity and shall be approved pursuant to 35-A M.R.S.A. §§2102 & 2105.

d. That Lincolnville Networks shall be authorized to adopt Lincolnville's Schedules of Rates, Terms and Service as its initial schedules of rates, terms and conditions, effective upon closing of the transactions, that the name "Lincolnville Networks" shall be deemed to be substituted for "Lincolnville" in said schedules, that any waivers of the tariff filing and format requirements of Chapter 120 of the Commission's Rules necessary to facilitate such adoption shall be granted, and that Lincolnville Networks shall file revised schedules bearing the name of "Lincolnville Networks" within three months after the closing.

e. That, pursuant to Section 254(e) of the Telecommunications Act, 47 U.S.C. §254(e), and Section 54.201(b) of the Rules of the FCC, 47 C.F.R. §54.201(b), the Commission designates Lincolnville Networks as an eligible telecommunications carrier ("ETC") for the service area previously designated for Lincolnville, and, pursuant to the FCC's Order on Reconsideration *In the Matter of Federal-State Joint Board on Universal Service*, Ninth Report and Order and 18th Order on Reconsideration, CC

Docket No. 96-45 (FCC 99-306), released November 2, 1999, the Commission certifies that Lincolnville Networks will use federal high-cost support in compliance with said Section 254(e).

f. That the guarantees of the CoBank loan to Lincolnville by Tidewater and Lincolnville Networks and the liens on their assets which secure said guarantees shall be approved pursuant to 35-A M.R.S.A. §§707 and 1101, respectively.

g. That the provisioning of management services, including cash management services, by Coastal to Lincolnville Networks pursuant to the Management Services Agreement approved in Docket No. 1994-331, shall be temporarily approved pursuant to 35-A M.R.S.A. §707, subject to the Condition in Subsection B(4), below.

In addition, the Parties recommend the Commission grant the following approvals:

B. Conditions

In addition to the approvals and authorizations set forth above, the Parties further agree to the following terms and conditions of approval:

1. Subsequent to consummation of the reorganizations, Lincolnville Networks and Tidewater Telecom will not seek an increase in rates that reflects any increase in the overall revenue requirement (including operating costs, investment and cost of capital) that results from the reorganizations, and will not include any transaction costs of the reorganizations in the calculation of revenue requirement. In any proceeding in which Lincolnville Networks and Tidewater Telecom's revenue requirement or overall rate level is at issue, Lincolnville Networks and Tidewater Telecom will have the burden of proof to show that an

increase in its overall revenue requirement is not a result of the reorganization and that the calculation of revenue requirement does not include any transaction costs of the reorganizations.

2. In future proceedings before the Commission, Tidewater and Lincolnville Networks will not include in rate base, or seek to recover through any ratemaking treatment, the difference between the purchase price allocable to Tidewater and Lincolnville Networks and the net book value of Tidewater and Lincolnville Networks, which may appear on the books of Tidewater and Lincolnville Networks as goodwill ("Acquisition Adjustment"), provided that if any other Maine public utility is allowed to recover an Acquisition Adjustment in a rate proceeding, Tidewater and Lincolnville Networks may seek recovery of an Acquisition Adjustment to the same extent and under similar conditions, provided that the Commission must find that the factual circumstances for Tidewater and Lincolnville Networks are not materially different from the other Maine utility that has been allowed to recover an Acquisition Adjustment.

3. Applicants shall provide for "Year 1" and "Year 2" of the financial projections, which were provided in response to discovery in this proceeding, a comparison of actual financial results to projected financial results for each of the organizations contained in the projections. This comparison shall include calculated credit statistics per the CoBank loan covenants, and shall be provided to the Commission Staff and Public Advocate within 90 days of the end of the particular financial period. (The financial results may be submitted subject to the Protective Order dated June 10, 2008.)

4. The temporary approval of the Management Services Agreement in Subsection A(2)(g), above, shall remain in effect until the earlier of the conclusion of (a) any generic investigation or rulemaking regarding the return/adder provisions of services agreements between public utilities and their affiliated interests which is conducted by the Commission and addresses adders of the type in the Management Services Agreement or (b) a general rate case proceeding for Lincolnville Networks and/or Tidewater Telecom, which addresses the adder provision of the Management Services Agreement. In any such generic investigation or rate case proceeding, Lincolnville Networks and/or Tidewater Telecom will have the burden of proof to show the reasonableness of the adder in the Management Services Agreement in its direct case in that proceeding.

5. Neither Party shall seek to initiate a rate proceeding for the purpose of effectuating or investigating an increase or decrease of the basic exchange rates of Lincolnville Networks or Tidewater Telecom which would result in a change in rates which would become effective prior to the two-year anniversary of the closing of the reorganizations, provided that Lincolnville Networks and Tidewater Telecom shall not be prohibited from voluntarily reducing rates, and further provided that this rate case moratorium shall not apply in the event of an Exogenous Event which is defined as follows:

An Exogenous Event is one or more of the following events which (a) results, or it is known with reasonable certainty that it will result, individually or cumulatively, when netted with any other exogenous events, in a 10% or more increase or decrease in the costs, revenues, or net operating income of the Telephone Company, or (b) produces, or it is known with reasonable certainty that it will

produce, a reduction in the level of interstate or intrastate access rates by 10% or more:

(i) The adoption, amendment or implementation of a rule, requirement, order or ruling by a judicial or administrative body, including the Commission, which is specific to the Telephone Company or to public utilities or the telecommunications industry ("regulatory mandate"), including but not limited to jurisdictional separations changes, changes in state or federal USF support or other forms of support, and the termination in whole or in part of the so-called "Rural Exemption;"

(ii) A statutory change to Title 47 of the United States Code Annotated, Title 35-A of the Maine Revised Statutes Annotated or to federal or state tax laws;

(iii) The adoption of an accounting order, standard or formal letter of interpretation by the Commission or the FCC;

(iv) The occurrence of an extraordinary event totally outside the control of the Telephone Company, which has a very substantial and plainly disproportionate effect on the Telephone Company's revenues, costs or net operating income. Such an event shall not include the effects of the current level of ongoing competition.

IV. MISCELLANEOUS PROVISIONS

A. Waiver of Appeal. The Parties to this Stipulation waive their rights to request reconsideration pursuant to Section 1004 of the Commission's Rules of Practice and Procedure (65-407 C.M.R. 110), to appeal pursuant to 35-A M.R.S.A. §1320, or to otherwise seek reconsideration or judicial review of the Commission's Order approving this Stipulation.

B. Record. The record on which the Commission may base its determination whether to accept and approve this Stipulation shall consist of the Application, all information provided in responses to Staff and Public Advocate requests, and this Stipulation.

C. Non-Precedential Effect. The Stipulation shall not constitute an admission by an executing party of any factual or legal issue or matter, nor be considered legal precedent, and neither this document nor the settlement discussions that led to it shall be used as evidence in any proceeding unrelated to the enforcement of this Stipulation, nor shall it preclude a party from raising any issues in any future proceeding or investigation on similar matters subsequent to this proceeding.

D. Stipulation as Integral Document. This Stipulation represents the full agreement among all parties to the Stipulation and rejection of any part of this Stipulation constitutes a rejection of the whole and the Stipulation shall thereafter be null and void.

E. Staff Presentation of Stipulation. The Parties to this Stipulation hereby waive any rights that they have under 5 M.R.S.A. §9055 and related Commission Rules to the extent necessary to permit the Advisory Staff to discuss this Stipulation and the resolution of this case with the Commission, without the participation of any party, except in the case where a party to this proceeding is opposing this Stipulation, provided that such discussions take place in a public deliberative session.

Signed and Agreed to:

LINCOLNVILLE TELEPHONE COMPANY
TIDEWATER TELECOM, INC.
LINCOLNVILLE NETWORKS, INC.

By: Joseph W. Donahue 08/06/08
Their: Counsel Date

OFFICE OF THE PUBLIC ADVOCATE

By: William C. Black 8/6/08
Its: Deputy Public Advocate Date

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STATE OF MAINE
Public Utilities Commission
242 State Street
18 State House Station
Augusta, Maine
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FCC Mail Room

SHARON M. REISHUS
CHAIRMAN

VENDEAN V. VAFIADES
JACK CASHMAN
COMMISSIONERS

September 16, 2008

Marlene H. Dortch, Secretary
Federal Communications Commission
Portals II
445 12th Street, SW
Suite TW-A325
Washington, DC 20554

Karen Majcher
Vice President of High Cost and Low Income Division
Universal Service Administrative
2000 L. Street, NW – Suite 200
Washington, DC 20036

Re: CC Docket No. 96-45, USF Certification as Required by 47 C.F.R. §§ 54.313 and 54.314 for the year 2008
U.S. Cellular Corporation (SAC 109002)

Dear Ms. Dortch and Ms. Majcher:

Pursuant to 47 C.F.R. §§ 54.313 and 54.314, the Maine Public Utilities Commission (MPUC) certifies that, to the best of its knowledge, the federal high-cost support funds provided to U.S. Cellular Corporation are being used only for the provision, maintenance, upgrading and extension of facilities and services for which the support is intended as provided by Section 254(e) of the Telecommunications Act of 1996. The MPUC's Certification of Compliance with 47 C.F.R. §§ 54.313 and 54.314 is based on the representations made by U.S. Cellular Corporation in an annual report to the MPUC filed on July 31, 2008 and attached hereto.

If you have any questions regarding this letter, please contact Joel Shifman at joel.shifman@maine.gov or at (207) 287-1381.

Sincerely,

Karen Geraghty

Karen Geraghty
Administrative Director

CURTIS THAXTER
ATTORNEYS AT LAW

ONE CANAL PLAZA, SUITE 1000, P.O. BOX 7320, PORTLAND, ME 04112-7320
TEL: 207.774.9000 • FAX 207.775.0612 • www.curtisthaxter.com

Susan Rockefeller, Esq.
srockefeller@curtisthaxter.com

ELECTRONICALLY FILED ON JULY 31, 2008

Karen M. Geraghty, Administrative Director
Maine Public Utilities Commission
State House Station 18
Augusta, Maine 04333

Re: United States Cellular Corporation, Docket No. 2008-306
Chapter 206 Annual Certification and Annual Report

THIS IS A VIRTUAL DUPLICATE OF THE ORIGINAL HARDCOPY SUBMITTED TO THE COMMISSION IN ACCORDANCE WITH ITS ELECTRONIC FILING INSTRUCTIONS

Dear Ms. Geraghty:

On behalf of United States Cellular Corporation ("USCC") and pursuant to Chapter 206 of the Maine Public Utilities Commission Rules, I am hereby submitting USCC's Annual Certification and Request for Continued Certification for receipt of federal high cost universal service funds.

In order for USCC to continue to receive universal service funds, the Commission must certify to the FCC that USCC will use the monies it receives in compliance with 47 C.F.R. §§ 54.313, 54.314, i.e., that the monies will be used "only for the provision, maintenance, and upgrading of facilities and services for which the support is intended."

I trust that the Commission will find that the attached Annual Report meets the requirements under Maine's Chapter 206 and will in turn issue its annual certification and request to the FCC for USCC's continued receipt of universal service funds.

Please note that under a Protective Order issued in this docket on July 24, 2008, build out plans under Chapter 206 § (6)(I) and maps indicating prospective coverage under Chapter 206 § (6)(J) are being submitted under separate cover and on a confidential basis. A CD-ROM containing map information in .shp format is also being submitted under separate cover pursuant to the July 24, 2008 Protective Order. Due to the size of the *non-confidential* maps being submitted pursuant to Chapter 206 § (6)(J), those maps are also being sent via separate cover

with the above-described confidential material.

Please be in touch with any questions.

Yours sincerely,

Susan Rockefeller

Enclosure
cc: Stephanie Cassioppi, United States Cellular Corporation
Jeffrey Sorensen, United States Cellular Corporation

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STATE OF MAINE PUBLIC UTILITIESCOMMISSION	JULY 31, 2008 DOCKET NO. 2008-306
UNITED STATES CELLULAR CORPORATION	REQUEST FOR ANNUAL CERTIFICATION AND ANNUAL REPORT PURSUANT TO CHAPTER 206

Pursuant to Chapter 206 of the Maine Public Utilities Commission, United States Cellular Corporation ("USCC") hereby submits its Annual Report pursuant to Section 6 of Chapter 206. The attached Exhibits correspond to the lettered sections of Section 6 of Chapter 206.

Please note that the Network Investment Plan pursuant to § 6(I) and the coverage maps pursuant to § 6(J) are being filed separately on a CONFIDENTIAL basis pursuant to the Protective Order issued by Hearing Examiner for this Docket on July 24, 2008.

Due to the size of the non-confidential coverage maps produced pursuant to § 6(J), those maps are also being filed separately.

State	Spin	Study Area Code	Study Area Name	HCL	HCM	IAS	Year	Month	ICLS	LSS	LTS	SNA	SVS	TOTALS
ME	143000667	109002	United States Cellular Corporation	$ 211,794.00	$ 37,284.00	$ 1,266.00	2007	Dec	$ 346,091.00	$ 292,617.00	$ -	$ 3,443.00	$ -	$ 894,502.00
ME	143000667	109002	United States Cellular Corporation	$ 211,794.00	$ 37,284.00	$ 1,266.00	2007	Nov	$ 366,431.00	$ 292,617.00	$ -	$ 3,443.00	$ -	$ 914,842.00
ME	143000667	109002	United States Cellular Corporation	$ 205,411.00	$ 37,284.00	$ 1,452.00	2007	Oct	$ 325,751.00	$ 292,926.00	$ -	$ 3,560.00	$ -	$ 868,391.00
ME	143000667	109002	United States Cellular Corporation	$ 212,549.00	$ 48,206.00	$ 1,247.00	2007	Sep	$ 432,463.00	$ 292,617.00	$ -	$ 3,437.00	$ -	$ 992,526.00
ME	143000667	109002	United States Cellular Corporation	$ 212,549.00	$ 48,206.00	$ 1,247.00	2007	Aug	$ 434,157.00	$ 293,080.00	$ -	$ 3,437.00	$ -	$ 994,683.00
ME	143000667	109002	United States Cellular Corporation	$ 287,316.00	$ 48,206.00	$ 1,379.00	2007	Jul	$ 430,769.00	$ 292,617.00	$ -	$ 3,317.00	$ -	$ 1,065,611.00
ME	143000667	109002	United States Cellular Corporation	$ 142,034.00	$ 4,830.00	$ 2,460.00	2007	Jun	$ 324,081.00	$ 215,559.00	$ -	$ 2,496.00	$ -	$ 693,467.00
ME	143000667	109002	United States Cellular Corporation	$ 142,034.00	$ 4,830.00	$ 2,460.00	2007	May	$ 324,081.00	$ 215,559.00	$ -	$ 2,496.00	$ -	$ 693,467.00
ME	143000667	109002	United States Cellular Corporation	$ 125,996.00	$ 4,830.00	$ 2,721.00	2007	Apr	$ 324,081.00	$ 218,509.00	$ -	$ 2,415.00	$ -	$ 680,559.00
ME	143000667	109002	United States Cellular Corporation	$ 139,186.00	$ 4,590.00	$ 2,438.00	2007	Mar	$ 325,766.00	$ 212,471.00	$ -	$ 3,012.00	$ -	$ 689,470.00
ME	143000667	109002	United States Cellular Corporation	$ 138,880.00	$ 4,590.00	$ 2,438.00	2007	Feb	$ 325,766.00	$ 212,471.00	$ -	$ 3,012.00	$ -	$ 689,164.00
ME	143000667	109002	United States Cellular Corporation	$ 140,962.00	$ 4,590.00	$ 2,663.00	2007	Jan	$ 325,766.00	$ 212,471.00	$ -	$ 2,865.00	$ -	$ 691,324.00
				$ 2,170,505.00	$ 284,730.00	$ 23,037.00	TOTALS		$ 4,285,203.00	$ 3,043,514.00	$ -	$ 36,933.00	$ -	$ 9,868,006.00

Chapter 206 Annual Report, Exhibit A
July 31, 2008
Maine Annual Certification for Calendar Year 2007
U.S. Cellular®

ETC Support Disbursed in 2007

Program		Amount
HCL	$	2,170,605
HCM	$	264,730
IAS	$	23,037
ICLS	$	4,285,203
LSS	$	3,043,614
LTS	$	-
SNA	$	36,933
SVA	$	-
Total	$	9,843,922

Use of ETC Support in 2007

Site No.	Site Name	City	In Service Date	Capital Expense	Operating Expense	Total Expense	Benefits to Customers
296325	Greenbush-USF	Argyle	11/30/07	$632,918	$ 11,044	$ 643,962	The Greenbush site is a coverage site that provide service to the town of Greenbush and Argyle as well as provides service along I-95, route 11 and 2.
296331	Stacyville-USF	Stacyville	10/31/07	$569,691	$ 22,087	$ 591,778	The Stacyville site is a coverage site that provides service to the town of Stacyville, Benedicta, and Sherman Mills as well as provides service along I-95 and route 11.
296340	Howland-USF	LaGrange	11/30/07	$439,173	$ 11,044	$ 450,217	The Howland site is a coverage site that provides service to the town of Howland, West Enfield and parts of Lagrange as well as provides service along I-95 and routes 6 and 2.
296341	Lee-USF	Lee	11/30/07	$529,033	$ 11,044	$ 540,076	The LEE site provides coverage to the town of LEE and serves routes 6 and 168.
424330	Orland-USF	Orland	06/28/07	$626,602	$ 66,262	$ 692,864	The Orland USF site is coverage site that provides coverage to the town of Orland and serves routes 1, 175, 15.
444387	Union-USF	Union	06/04/07	$603,590	$ 77,306	$ 680,895	The Union site is a coverage site that provides coverage for the town of Union and serves routes 17 and 131.
444393	Thomaston USF	Cushing	10/29/07	$553,334	$ 22,087	$ 575,421	The Thomaston site is a coverage site that provides service to the town of Thomaston, Cushing and parts of Saint George as well as provides service along routes 131, 97 and 1.
444400	Houlton East USF	Houlton	10/11/07	$139,165	$ 33,131	$ 172,296	The Houlton East site is a coverage site that provides service to the town of Houlton as well as provides service along I-95 and routes 1, 2 and 2A
444409	Peru-USF	Peru	10/29/07	$995,287	$ 22,087	$ 1,017,375	The Peru site is a coverage site that provides service to the town of Peru and Dixfield as well as routes 2, 108 and 142.
444413	Norridgewock-USF	Norridgewock	06/28/07	$313,054	$ 66,262	$ 379,316	The Norridgewock site is a coverage site that provides service to the town of Norridgewock as well as routes 2, 139, 8 and 201A.
444414	North Amity-USF	Hodgdon	10/31/07	$748,872	$ 22,087	$ 770,959	The North Amity site is a coverage site that provides service to the town of North Amity, parts of southern Houlton as well as provides service along routes 1 and 2A.
444419	Canton-USF	Canton	05/29/07	$1,003,204	$ 44,176	$ 1,047,376	The Canton site is a coverage site that provides coverage to the town of Canton as well as provides service along routes 108 and 140
853392	Lyman-USF	Dayton	06/30/07	$218,032	$ 66,262	$ 284,294	To provide new coverage on Route 35 between Lyman and Hollis.
853394	South Standish (Buxton Ctr)-USF	Buxton	06/30/07	$194,403	$ 66,262	$ 260,665	To provide new coverage to the Buxton Center area.
853401	Waterboro Center-USF	Waterboro	06/30/07	$246,473	$ 66,262	$ 312,735	To provide new coverage to the Town of Waterboro.
853418	Rosemont_USF	Portland	02/23/07	$325,169	$ 110,437	$ 435,606	To provide improved coverage and additional capacity in the Rosemont neighborhood of the City of Portland Maine.
853429	Limington-USF	Limington	07/31/07	$212,522	$ 55,218	$ 267,741	To provide new coverage on Route 25 between North Limington and Cornish.
853434	Emery Mills-USF	Shapleigh	06/23/07	$208,919	$ 66,262	$ 275,181	To provide new coverage to sections of the Towns of Acton, Shapleigh, and Sanford as well as to parts of the Mousam Lake community.
853435	East Lebanon-USF	Lebanon	06/23/07	$235,848	$ 66,262	$ 302,110	To provide new coverage to the Town of East Lebanon and Route 202 between Sanford and South Lebanon.
853443	Winnegance USF	Phippsburg	09/28/07	$128,708	$ 33,131	$ 161,839	To provide new coverage on Route 209 between Bath and Phippsburg.
			2007 Totals.	$8,923,996	$ 938,712	$ 9,862,707	

Chapter 206 Annual Report, Exhibit B
July 31, 2008
Maine Annual Certification for Calendar Year 2007
U.S. Cellular®

City	Zip Code	Address	Resolution
ANDOVER	04216	P.O. Box 278	USCC has some coverage in Andover, but providing customer with requested level of coverage for their particular circumstances would require major network modifications which are not currently planned.
GREENVILLE	04441	P.O. BOX 1308	USCC has some coverage in Greenville and part of Moosehead Lake. There is a planned Rockwood site that will cover more of this area and may ultimately give this potential customer satisfactory coverage. Until that time, coverage is not acceptable to customer.
CHERRYFIELD	04622	BLACKS WOODS ROAD	USCC has coverage in Cherryfield, but providing customer with requested level of coverage for their particular circumstances would require major network modifications which are not currently planned.

Chapter 206 Annual Report, Exhibit C
July 31, 2008
Maine Annual Certification for Calendar Year 2007
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Report on Complaints

Agency	Complaint No.	Nature of Complaint	Resolution	Conclusion
FCC	1	Text message overage	Offered to inspect handset for possible malfunction – Customer refused	Customer did not pay bill and account went to final collection status
FCC	2	Disputed roaming charges and early termination fees	Additional explanation of valid charges and reduced early termination fee	Customer moved, cancelled service and did not pay bill. Remains unpaid.
FCC	3	Disputed "Signal Insurance" $50.00 deductible charge and wants to cancel account without early termination fee.	Offered to reimburse customer for 50% of deductible charge – Refused	Customer cancelled account and bill remains unpaid
FCC	4	Dispute of early termination fee upon residential move	Explained Terms and Conditions of Service Agreement and sustained the charges	Customer ported-out numbers and bill has been paid in full
FCC	5	Final bill sent to Collections, while customer was deployed Overseas for military duty.	Removed account from collections and allowed customer to pay balance through U.S. Cellular® without damage to customer's credit standing.	Paid in full
FCC	6	Dispute of initial 30-Day Service Guarantee. Customer cancelled service, but refuses to pay for his usage during the 30 day period.	As stated in service agreement, customer can cancel service within 30 day of initiating service, with no early termination fee, however usage charges are valid.	Adjusted charges as a goodwill gesture
Maine Attorney General	1	Customer requesting refund of early termination fee, as service was cancelled within 30-day period.	Informed that will proceed refund upon return of handset in "like-new" condition.	Handset return and refund was processed.
Maine Attorney General	2	Dispute of early termination fee	Advised that account was cancelled for non-payment and that early termination fee is applicable.	Bill remains unpaid
Maine Attorney General	3	Customer Rebuttal to Earlier Complaint	No Information	No Information
Maine Attorney General	4	Handset malfunction and replacement dispute	Upon inspection, customer's handset and malfunction was a result of physical damage and was un-repairable.	Refunded customer for cost of replacement handset, as a goodwill gesture
Maine Attorney General	5	Customer Rebuttal to Earlier Complaint	No Information	No Information
Maine Public Utility Commission	1	Early Termination Dispute	Explained Terms and Conditions and reiterated that early termination fee is valid.	Agreed to waive early termination fee, as goodwill gesture

U.S. Cellular

United States Cellular Corporation
Maine Public Utilities Commission
Chapter 206 Annual Report Certification

Exhibit D

I, John C. Gockley, am Vice President, Legal and Regulatory Affairs for United States Cellular Corporation, 8410 West Bryn Mawr, Suite 700, Chicago, IL 60631 ("USCC"). I have the authority to make the representations herein. Based upon information known to me or provided to me by employees responsible for the preparation of data and pursuant to the Annual Reporting Requirements of Chapter 206 § 6(D) of the Maine Public Utilities Commission's Rules, 65-407, United States Cellular Corporation ("USCC") I hereby state as follows:

USCC complies with the consumer standards set forth in Chapter 294 of the Commission's rules and the Cellular Telecommunications and Internet Association's (CTIA) Consumer Code for Wireless Service and as set forth in Chapter 206 § 3(G).

EXECUTED at Chicago, Illinois this 29 day of July, 2008.

John C. Gockley
Vice President, Legal and Regulatory Affairs
United States Cellular Corporation

8410 W. Bryn Mawr Ave
Chicago, IL 60631
Tel: 773 399 8900 Fax: 773 399 7558
www.uscellular.com

U.S. Cellular

United States Cellular Corporation
Maine Public Utilities Commission
Chapter 206 Annual Report Certification

Exhibit E

I, John C. Gockley, am Vice President, Legal and Regulatory Affairs for United States Cellular Corporation, 8410 West Bryn Mawr, Suite 700, Chicago, IL 60631 ("USCC"). I have the authority to make the representations herein. Based upon information known to me or provided to me by employees responsible for the preparation of data and pursuant to the Annual Reporting Requirements of Chapter 206 § 6 (E) of the Maine Public Utilities Commission's Rules, 65-407, United States Cellular Corporation ("USCC") I hereby state as follows:

USCC had and continues to have the ability to function in emergency situations based on continued adherence to the standards found in section 3(F) of Chapter 206 of the Commission rules.

EXECUTED at Chicago, Illinois this 29 day of July, 2008.

John C. Gockley
Vice President, Legal and Regulatory Affairs
United States Cellular Corporation

8410 W. Bryn Mawr Ave
Chicago, IL 60631
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U.S. Cellular

United States Cellular Corporation
Maine Public Utilities Commission
Chapter 206 Annual Report Certification

Exhibit F

I, John C. Gockley, am Vice President, Legal and Regulatory Affairs for United States Cellular Corporation, 8410 West Bryn Mawr, Suite 700, Chicago, IL 60631 ("USCC"). I have the authority to make the representations herein. Based upon information known to me or provided to me by employees responsible for the preparation of data and pursuant to the Annual Reporting Requirements of Chapter 206 (F) of the Maine Public Utilities Commission's Rules, 65-407, United States Cellular Corporation ("USCC") I hereby state as follows:

> USCC has publicized the availability of its applicable telephone assistance programs, such as Lifeline and Link-Up, in a manner reasonably designed to reach those likely to qualify for service within USCC's designated service area. Such publicity included advertisements likely to reach those who are not current customers of the CETC within its designated service area.

EXECUTED at Chicago, Illinois this 29 day of July, 2008.

John C. Gockley
Vice President, Legal and Regulatory Affairs
United States Cellular Corporation

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Chapter 206 Annual Report Certification

Exhibit G

I, John C. Gockley, am Vice President, Legal and Regulatory Affairs for United States Cellular Corporation, 8410 West Bryn Mawr, Suite 700, Chicago, IL 60631 ("USCC"). I have the authority to make the representations herein. Based upon information known to me or provided to me by employees responsible for the preparation of data and pursuant to the Annual Reporting Requirements of Chapter 206 § (G) of the Maine Public Utilities Commission's Rules, 65-407, United States Cellular Corporation ("USCC") I hereby state as follows:

In light of current market conditions, USCC's qualifying local usage plan remains comparable to the one offered by the incumbent local exchange carrier in the service areas in its ETC designated service area. USCC's qualifying local usage plan provides an unlimited number of minutes of calling in the carrier's calling area at a monthly cost of not more than $35.00. This safe harbor plan allows customers to terminate their service at any time with no penalty. As USCC has recently implemented its safe harbor plan pursuant to the new Chapter 206 rules, there is not yet a customer count report. USCC is advertising its safe harbor plan on its public website and is developing further advertising.

EXECUTED at Chicago, Illinois this 29 day of July, 2008.

John C. Gockley
Vice President, Legal and Regulatory Affairs

United States Cellular Corporation

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Exhibit H

Wireless carriers received funding based upon the number of line counts filed by wire center in the State of Maine on FCC Form 525. As such, there are no costs to report as a basis for calculating the anticipated amount of Federal Universal Service support.

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