



525 Junction Rd
Madison, WI 53717
www.tdstelecom.com

April 24, 2009

Ms. Kris Mayes
Chairman, Arizona Corporation Commission
1200 West Washington
Post Office Box 83720
Phoenix, Arizona 85007-2996

Chairman Mayes:

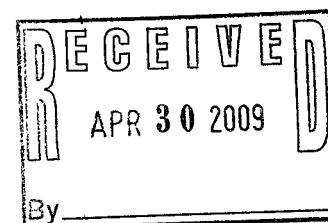
Thank you for your correspondence encouraging TDS Telecommunications Corporation to obtain funding from the recently passed federal stimulus bill, the American Recovery and Reinvestment Act of 2009. We too share your state's strong interest in, and enthusiasm for this important legislation.

As you know, TDS Telecom owns and operates Arizona Telephone and Southwestern Telephone Companies in the State of Arizona. While we have made tremendous infrastructure investments in our networks to deliver broadband capable services to our customers in our 30 state service territory, finishing the job with an eye toward nearly ubiquitous deployment is a shared goal of the state of Arizona and our company.

As stated in your letter, the newly signed law includes a combination of grants, loans, and tax incentives for broadband deployment. Over \$7.2 Billion will be made available for broadband funding between the National Telecommunications Information Agency (NTIA), a Department of Commerce agency, and the Rural Utility Service (RUS), a Department of Agriculture agency. The RUS, which will receive \$2.5 Billion, has experience with disbursing funds for broadband deployment in rural areas and favors both current and past RUS borrowers, including TDS Telecom.

While the exact amount of money TDS Telecom can apply for is unclear, we anticipate the federal government will act swiftly to develop rules and application processes so companies can begin applying for funds.

Thanks to our diligent network planning, product management expertise, plant records and engineering processes, we are in a position that will allow us to apply for funding and we are working to identify what lies ahead. Further, a cross-functional team of subject matter experts from Network Services, Marketing, Sales and Customer





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Operations, Finance, Government and Regulatory Affairs, and others have been assembled to prepare for this process. Our goal is to create a roadmap to expedite application activities for requesting grant funding for our unserved communities and we would certainly like to partner with the Arizona Corporation Commission to ensure our potential funding applications get serious consideration and analysis.

As we wait for the rules to be developed, we will continue the specific market analysis so that we can pivot quickly to file substantial, well engineered and financially accountable requests for funding. We will keep you and the Arizona Corporation Commission apprised of our every efforts on behalf of customers in Arizona and look forward to sharing with you our detailed applications plans as soon as practicable.

In the interim, should you have questions or points of clarification related to our correspondence, please do not hesitate to contact either of us directly.

With regards,

A handwritten signature in black ink, appearing to read 'Ken Paker'.

Ken Paker
Vice President-Network Services

A handwritten signature in black ink, appearing to read 'Jeff Handley'.

Jeff Handley
Manager, State Government Affairs

cc: Commissioner Gary Pierce
Commissioner Paul Newman
Commissioner Sandra Kennedy
Commissioner Bob Stump
Ernest Johnson
Janice Alward
Michael Kerns
Rebecca Wilder