

Q. Operating Costs by Function: 2010 to 2014F - Exhibit 1

Please explain the \$403,000.00 increase in Uncollectable Bills between 2010 and 2011 and the reduction in this 2011 amount in the 2012 to 2014 forecasted costs.

A. The increase in Uncollectible Bills costs from 2010 to 2011 reflects a one-time reserve related to the change of joint use support structure arrangements in 2011, as well as a higher value of doubtful accounts in 2011 compared to 2010.

The new joint use support structure arrangement with Bell Aliant included Bell Aliant's repurchase of 40% of all joint use poles at a price of approximately \$45.7 million. This transaction had not closed as of the preparation of the Company's December 31, 2011 financial statements. A reserve in the amount of \$250,000 was included in 2011 to allow for settlement of potential differences in final closing amounts.

Uncollectible Bills costs from 2012F to 2014F are forecast to be relatively stable, and are based on three year averages excluding the one-time reserve in 2011 noted above.