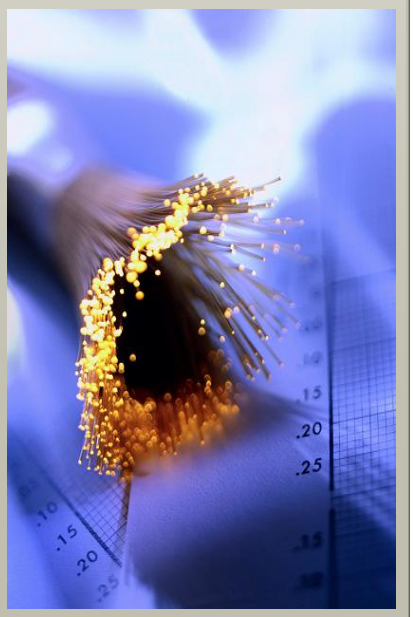
Telephone News

May 1, 2009



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Construction Has Begun On Fiber to the Home

Construction crews have started the work necessary to begin putting up the new fiber optic cable that will be necessary in order to deliver fiber optic technology to your home or business. Over the next few months you will see crews from Bangor Hydro Electric and Tel-Power, Inc. in the area replacing poles or rearranging the equipment on the poles for the new strand and fiber optic cable. During that same period, we will be busy upgrading equipment in our cabinets and central offices to accommodate the delivery of service over fiber to the home. We expected these upgrades to be finished in June so that we can begin converting our first customers to fiber shortly after that work is completed.

As we get ready to do the actual upgrade to homes we will be contacting you to discuss the location of new devices and drops to serve you. The new devices will actually consist of two pieces of equipment. The first device looks a lot like the telephone interface that currently serves your home or business. It's called an ONT or Optical Network Terminal and its purpose is to terminate the fiber optic cable at your location and to serve as a distribution point for the services that you select such as telephone service, internet service and possibly video service at some point in the future. The most exciting part of this new technology is that it will give us the bandwidth necessary to provide services currently available today, but also allow us to provide for services of the future.

Some examples of what might be available include higher bandwidth for internet service, videophone, IPTV (similar to Cable TV service in High Definition), online gaming and things that haven't even been imagined yet. Since you will no longer receive your services on copper pairs, it will be necessary to power this new piece of electronics from your location. This will require that we place an uninterruptible power supply (UPS) with a back-up battery at your site. This power supply will need to be plugged into an AC power outlet. This is a low consumption device that will use approximately the same amount of energy as a single 60 watt bulb burning for four hours per night, costing less than $1.00 over the course of the month. In the event of a power outage, this unit with its battery back-up will provide about 24 hours of reserve time. Below and on the next page are pictures of these two devices.

Optical Network Terminal

Power Supply

Union River Telephone has begun the conversion of its entire system (with a few small exceptions) to fiber. We plan to place the ONT near the existing NID (the box on the side of your house) so that we can reuse the existing house wiring where possible. In the event that we have to place the ONT in a different location, we will run a new wire inside and junction block(s) to a point where the existing wires can be terminated at no cost to you. The inside wire and junction block(s) will then become your property.

For customers receiving DSL service, we will supply and install the Ethernet wire (Category 5 or 6), connectors and one jack at no cost to you. The wire, connectors and jack will then become your property. Your DSL modem and filters will no longer be needed after we make the conversion. Union River Telephone will **not** take back modems and filters or issue a credit for them. If a customer has the Ethernet service installed at the same time as the residence is converted to fiber, we will supply and install a maximum of 300 feet of Category 5 or 6 wire, connectors and one jack to a location specified by you. The material and labor will be furnished at no cost to you and the material installed becomes the property of the customer. The normal cost for installation is $95.00, but is waived with a one year service commitment. Your current DSL is offered in two ways:

384 Kbps upload/1 Mbps download for $44.95/month

512 Kbps upload/2 Mbps download for $69.95/month.

After the conversion, your fiber to the home Ethernet will be offered in these two options:

1 Mbps upload/3 Mbps download for $44.95/month

1 Mbps upload/6 Mbps download for $69.95/month

(About 3 times the Speed for the same price.)

Please keep in mind that the speeds given are the maximum burst speeds that may be obtained and are not guaranteed at a continuous rate.

The copper facilities will no longer be used after the fiber project is completed and in many areas the copper will be removed completely. We will not be installing a fiber drop, ONT, and UPS in any location that does not currently have service. As areas are converted to fiber, the existing drops and NIDs will be removed. We expect to complete the entire conversion by the end of 2010 and will study the feasibility of providing digital television service (IPTV) after the work is completed.

The first phase of this project will take place in the 584 exchange and will involve customers in the following areas:

Aurora
All areas currently served

Great Pond
All areas currently served

Amherst
Route 9 from the Aurora town line to the Twin Brooks area
Haynes Brook Lane
Field Road
MacDonald Road
Foster Road
Tannery Loop
Deckers Lane
Smith Road
Route 181 from Route 9 to Mariaville town line

Mariaville
Route 181 from Amherst town line to Hillside Drive
Most currently served side roads in area listed above

Waltham
Route 179 from the East Branch of the Union River to Route 200
Libby Road
Cemetery Road
EK Jordan Road
Haslam Farm Road
Route 179 from Route 200, South approximately 1.2 miles including:
Webb Brook Road
Mill Lane
Most side roads not listed above but currently served
Route 200-
Stoney Hill Road
Little Webb Pond Road
Leona Wilbur Road
JR Ralph Road
Thayer Road
Alder Brook Road
Most side roads not listed above but currently served