

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

JUL 27 2011

In the matter of:

PUBLIC SERVICE
COMMISSION

THE APPLICATION OF EAST KENTUCKY NETWORK)
LIMITED LIABILITY COMPANY FOR THE ISSUANCE)
OF A CERTIFICATE OF PUBLIC CONVENIENCE AND) CASE No 2010-00173
NECESSITY TO CONSTRUCT A TOWER IN CLAY)
COUNTY, KENTUCKY).

East Kentucky Network, LLC, d/b/a Appalachian Wireless, was granted authorization to provide Personal Communications Service (“PCS”) in the Corbin, KY Basic Trading Area (BTA098) by the Federal Communications Commission (FCC). FCC license is included as Exhibit 1. East Kentucky Network, LLC merger documents were filed with the Commission on February 2, 2001 in Case # 2001-022.

In an effort to improve service in Clay County, East Kentucky Network, LLC pursuant to KRS 278.020 Subsection 1 and 807 KAR 5:001 Section 9 is seeking the Commission’s approval to construct a 180 foot self-supporting tower on a tract of land approximately 800’ North of Junction of Hwy 11 and Hwy 421, Manchester in Clay County, Kentucky (37°13’58.03”N 83°47’01.38”W). A map and detailed directions to the site can be found in Exhibit 8.

Exhibit 2 is a list of all Property owners or residents according to the property valuation administrator’s record who reside or own property within 500 feet of the proposed tower in accordance with the Public Valuation Administrator. No other properties are contiguous with East Kentucky Network’s property.

Pursuant to 807 KAR 5:063 Section 1 (1)(L) and Section 1(1)(n)(1) all affected property owners according to the property valuation administrator’s record who reside or own property within 500 feet of the proposed Tower were notified by certified mail return receipt requested of East Kentucky Network, LLC’s proposed construction and informed of their right to intervene.

They were given the docket number under which this application is filed. Enclosed in Exhibit 2 is a copy of that notification.

Clay County has no formal local planning unit. In absence of this unit the Clay County Judge Executive's office was notified by certified mail, return receipt requested of East Kentucky Network Limited Liability Company's proposal and informed of their right to intervene. They were given the docket number under which this application is filed. Enclosed in Exhibit 3 is a copy of that notification.

Notice of the location of the proposed construction was published in the Manchester Enterprise's July 28th & August 4th weekly editions. Enclosed is a copy of that notice in Exhibit 3. The Manchester Enterprise is the newspaper with the largest circulation in Clay County.

A geologist was employed to determine soil and rock types and to ascertain the distance to solid bedrock. The geotechnical report is enclosed as Exhibit 4.

A copy of the tower design information is enclosed as Exhibit 5. The proposed tower has been designed by engineers at Allstate Tower, Inc. and will be constructed under their supervision. Their qualifications are evidenced in Exhibit 5 by the seal and signature of the registered professional engineer responsible for this project.

The tower will be erected by S & S Tower Services of St. Albans, West Virginia. S & S Tower Services has vast experience in the erection of communications towers.

FAA and Kentucky Airport Zoning Commission applications are included as Exhibit 6.

No Federal Communications Commission approval is required prior to construction of this facility. Once service is established from this tower we must immediately notify the Federal Communications Commission of its operation. Prior approval is needed only if the proposed facility increases the size of the cellular geographic service area. This cell site will not expand the cellular geographic service area.

East Kentucky Network, LLC will finance the subject Construction with earned surplus in its General Fund.

| | |
|-----------------------------------|---------------|
| Estimated Cost of Construction | \$ 350,000.00 |
| Annual Operation Expense of Tower | \$ 12,500.00 |

Two notice signs meeting the requirements prescribed by 807 KAR 5:063, Section 1(2), measuring at least two (2) feet in height and four (4) feet in width and containing all required language in letters of required height, have been posted, one at a visible location on the proposed site and one on the nearest public road. The two signs were posted on July 20, 2011 and will remain posted for at least two weeks after filing of this application as specified.

Enclosed in Exhibit 9 is a copy of East Kentucky Network LLC's lease agreements with deed descriptions to the site.

The proposed construction site is on a very rugged mountaintop some feet from the nearest structure. Prior to construction the site was wooded.

Due to the steep hillside surrounding the proposed site, the property in close proximity is unsuitable for any type of development. East Kentucky Network LLC's operation will not affect the use of nearby land nor its value. No more suitable site exists in the area. A copy of the search area map is enclosed in Exhibit 8. No other tower capable of supporting East Kentucky Network LLC's load exists in the general area; therefore, there is no opportunity for co-location of our facilities with anyone else.

Enclosed, and filed as Exhibit 10 is a survey of the proposed tower site signed by a Kentucky registered professional engineer.

Exhibit 12 contains a vertical sketch of the tower supplied by Coleman Engineering.

WHEREFORE, Applicant respectfully requests that the PSC accept the foregoing Application for filing, and having met the requirements of KRS [278.020(1), 278.650, and 278.665] and all applicable rules and regulations of the PSC, grant a Certificate of Public Convenience and Necessity to construct and operate the proposed tower.

The foregoing document was prepared by Lynn Haney, Compliance Coordinator of East Kentucky Network, LLC d/b/a Appalachian Wireless. All related questions or correspondence concerning this filing should be mailed to the attention of Lynn Haney at East Kentucky Network, LLC d/b/a/ Appalachian Wireless, 101 Technology Trail, Ivel, KY 41642.

SUBMITTED BY: Lynn Haney DATE: 7/26/11
Lynn Haney, Compliance Coordinator

APPROVED BY: Gerald F. Robinette DATE: 7-26-11
Gerald Robinette, General Manager

CONTACT INFORMATION:

Gerald Robinette, General Manager
Phone: (606) 791-2375, Ext. 110
Email: grobinette110@ekn.com

Lynn Haney, Compliance Coordinator
Phone: (606) 791-2375, Ext. 1007
Email: lhaney@ekn.com

Mailing Address:

East Kentucky Network, LLC
d/b/a Appalachian Wireless
101 Technology Trail
Ivel, KY 41642

| | |
|----|---------------------------------------------------------------------------------------|
| 1 | FCC License |
| 2 | Copies of Cell Site Notices to Land Owners |
| 3 | Notification of County Judge Executive and Newspaper Advertisement |
| 4 | Universal Soil Bearing Analysis |
| 5 | Tower Design |
| 6 | FAA & Kentucky Airport Zoning Commission Applications |
| 7 | Audited Financial Statements |
| 8 | Driving Directions from County Court House and Map to Suitable Scale |
| 9 | Lease Agreements for Proposed Site with Deed Descriptions |
| 10 | Survey of Site Signed/Sealed by Professional Engineer Registered in State of Kentucky |
| 11 | Site Survey Map with Property Owners identified in Accordance with PVA of County |
| 12 | Vertical Profile Sketch of Proposed Tower |

ULS License

PCS Broadband License - WQHG464 - East Kentucky Network, LLC d/b/a Appalachian Wireless

| | | | |
|-----------|---------|---------------|--------------------|
| Call Sign | WQHG464 | Radio Service | CW - PCS Broadband |
| Status | Active | Auth Type | Regular |

Market

| | | | |
|-----------|---------------------|------------------------------|-----------------------------------------------------------------|
| Market | BTA098 - Corbin, KY | Channel Block | F |
| Submarket | 0 | Associated Frequencies (MHz) | 001890.00000000-001895.00000000-001970.00000000-001975.00000000 |

Dates

| | | | |
|-----------|------------|--------------|------------|
| Grant | 07/23/2007 | Expiration | 07/23/2017 |
| Effective | 11/11/2009 | Cancellation | |

Buildout Deadlines

| | | | |
|-----|------------|-----|------------|
| 1st | 07/23/2012 | 2nd | 07/23/2017 |
|-----|------------|-----|------------|

Notification Dates

| | |
|-----|-----|
| 1st | 2nd |
|-----|-----|

Licensee

| | | | |
|-----|------------|------|---------------------------|
| FRN | 0001786607 | Type | Limited Liability Company |
|-----|------------|------|---------------------------|

Licensee

| | |
|-----------------------------------------------------------------------------------------------------------------------------------|------------------------------------|
| East Kentucky Network, LLC d/b/a Appalachian Wireless 101 Technology Trail Ivel, KY 41642 ATTN Gerald Robinette, Manager | P:(606)477-2355 F:(606)874-7551 |
|-----------------------------------------------------------------------------------------------------------------------------------|------------------------------------|

Contact

| | |
|-------------------------------------------------------------------------------------------------------|----------------------------------------------------------|
| Lukas, Nace, Gutierrez & Sachs, LLP Pamela L Gist Esq 8300 Greensboro Drive McLean, VA 22102 | P:(703)584-8665 F:(703)584-8695 E:pgist@fcclaw.com |
|-------------------------------------------------------------------------------------------------------|----------------------------------------------------------|

Ownership and Qualifications

| | | | |
|--------------------|------------------------------------|----------------|-----|
| Radio Service Type | Fixed, Mobile | | |
| Regulatory Status | Common Carrier, Non-Common Carrier | Interconnected | Yes |

Alien Ownership

The Applicant answered "No" to each of the Alien Ownership questions.

Basic Qualifications

The Applicant answered "No" to each of the Basic Qualification questions.

Tribal Land Bidding Credits

This license did not have tribal land bidding credits.

Demographics

Race

Ethnicity

Gender

EXHIBIT II: LIST OF PROPERTY OWNERS:

Statement Pursuant to Section 1 (1) (I) 807 KAR 5:063

Section 1 (1)(I) 1. The following is a list of every property owner who according to property valuation administrator's records, owns property within 500 feet of the proposed tower and each have been: notified by certified mail, return receipt requested, of the proposed construction,

Section 1 (1)(I) 2. Every person listed below who, according to the property valuation administrator's records, owns property within 500 feet of the proposed tower has been: Given the Commission docket number under which the application will be processed: and

Section 1 (1)(I) 3. Every person listed below who, according to property valuation administrator's records, owns property within 500 feet of the proposed tower has been: Informed of his right to request intervention.

LIST OF PROPERTY OWNERS

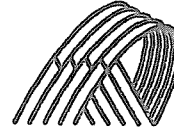
Ricky & Vickie Smith
6250 North Hwy 421
Manchester, KY 40962

Tim & Brenda Runion
455 North Hwy 11
Manchester, KY 40962

East Kentucky Power Cooperative, Inc.
P.O. Box 707
Winchester, KY 40392-0707

EAST KENTUCKY NETWORK
101 TECHNOLOGY TRAIL
IVEL, KY 41642
PHONE: (606) 874-7550
FAX: (606) 874-7551
EMAIL: INFO@EKN.COM
WEBSITE: WWW.EKN.COM

EAST KENTUCKY
NETWORK



VIA: U.S. CERTIFIED MAIL

PUBLIC NOTICE

July 25, 2011

Ricky & Vickie Smith
6250 North Hwy 421
Manchester, KY 40962

RE: Public Notice-Public Service Commission of Kentucky (Case No. 2011-00173)

East Kentucky Network, LLC d/b/a Appalachian Wireless is applying to the Public Service Commission of Kentucky for a Certificate of Public Convenience and Necessity to construct and operate a new facility to provide cellular telecommunications service in Clay County. The facility will include a 180 foot self supporting tower with attached antennas extending upwards, and an equipment shelter located on a tract of land approximately 800' North of the Junction of Hwy 11 and Hwy 421 in Manchester, Clay County, Kentucky. A map showing the location of the proposed new facility is enclosed. This notice is being sent to you because you may own property or reside within a 500' radius of the proposed tower or within a 200' radius of the proposed or existing access road.

The Commission invites your comments regarding the proposed construction. You also have the right to intervene in this matter. The Commission must receive your initial communication within 20 days of the date of this letter as shown above.

Your comments and request for intervention should be addressed to: Executive Director's Office, Public Service Commission of Kentucky, P.O. Box 615, Frankfort, KY 40602. Please refer to Case No. 2011-00173 in your correspondence.

If you have any questions for East Kentucky Network, LLC, please direct them to my attention at the following address: East Kentucky Network, LLC, 101 Technology Trail, Ivel, KY 41642 or call me at 606-791-2375, Ext. 1007.

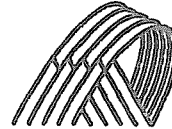
Sincerely,

Lynn Haney
Compliance Coordinator

Enclosure 1

EAST KENTUCKY NETWORK
101 TECHNOLOGY TRAIL
IVEL, KY 41642
PHONE: (606) 874-7550
FAX: (606) 874-7551
EMAIL: INFO@EKN.COM
WEBSITE: WWW.EKN.COM

EAST KENTUCKY
NETWORK



VIA: U.S. CERTIFIED MAIL

PUBLIC NOTICE

July 25, 2011

Tim & Brenda Runion
455 North Hwy 11
Manchester, KY 40962

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Sincerely,

Lynn Haney
Compliance Coordinator

Enclosure 1

EAST KENTUCKY NETWORK
101 TECHNOLOGY TRAIL
IVEL, KY 41642
PHONE: (606) 874-7550
FAX: (606) 874-7551
EMAIL: INFO@EKN.COM
WEBSITE: WWW.EKN.COM

EAST KENTUCKY
NETWORK



VIA: U.S. CERTIFIED MAIL

PUBLIC NOTICE

July 25, 2011

East Kentucky Power Cooperative, Inc.
P.O. Box 707
Winchester, KY 40392-0707

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The Commission invites your comments regarding the proposed construction. You also have the right to intervene in this matter. The Commission must receive your initial communication within 20 days of the date of this letter as shown above.

Your comments and request for intervention should be addressed to: Executive Director's Office, Public Service Commission of Kentucky, P.O. Box 615, Frankfort, KY 40602. Please refer to Case No. 2011-00173 in your correspondence.

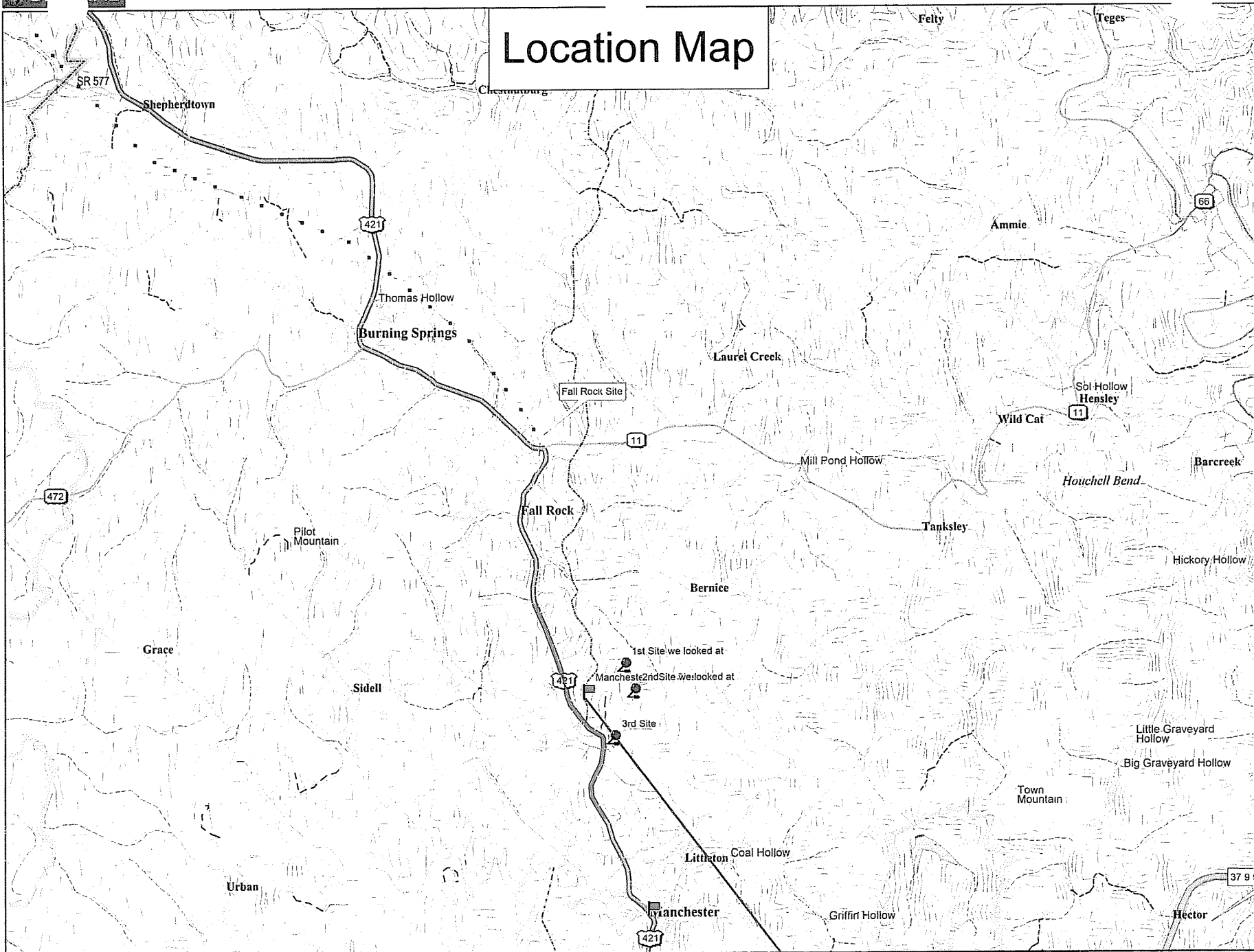
If you have any questions for East Kentucky Network, LLC, please direct them to my attention at the following address: East Kentucky Network, LLC, 101 Technology Trail, Ivel, KY 41642 or call me at 606-791-2375, Ext. 1007.

Sincerely,

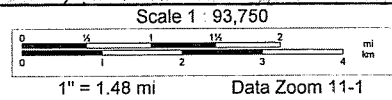
Lynn Haney
Compliance Coordinator

Enclosure 1

Location Map



Data use subject to license.
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 www.delorme.com



EAST KENTUCKY NETWORK
101 TECHNOLOGY TRAIL
IVEL, KY 41642
PHONE: (606) 874-7550
FAX: (606) 874-7551
EMAIL: INFO@EKN.COM
WEBSITE: WWW.EKN.COM

EAST KENTUCKY
NETWORK



VIA: U.S. CERTIFIED MAIL

July 25, 2011

Joe Lewis Asher, Judge Executive
102 Richmond Road, Suite 201
Manchester, KY 40962

RE: Public Notice-Public Service Commission of Kentucky (Case No. 2011-00173)

East Kentucky Network, LLC d/b/a Appalachian Wireless has applied to the Public Service Commission of Kentucky for a Certificate of Public Convenience and Necessity to construct and operate a new facility to provide cellular telecommunications service in Clay County. The facility will include a 180 foot self-supporting tower with attached antennas extending upwards, and an equipment shelter located on a tract of land approximately 800' North of Junction of Hwy 11 and Hwy 421, Manchester in Clay County, Kentucky. A map showing the location of the proposed new facility is enclosed. This notice is being sent to you because you are the County Judge Executive of Clay County.

The Commission invites your comments regarding the proposed construction. You also have the right to intervene in this matter. The Commission must receive your initial communication within 20 days of the date of this letter as shown above.

Your comments and request for intervention should be addressed to: Executive Director's Office, Public Service Commission of Kentucky, P.O. Box 615, Frankfort, KY 40602. Please refer to Case No. 2011-00173 in your correspondence.

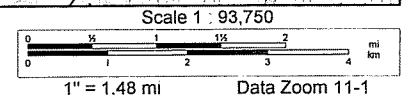
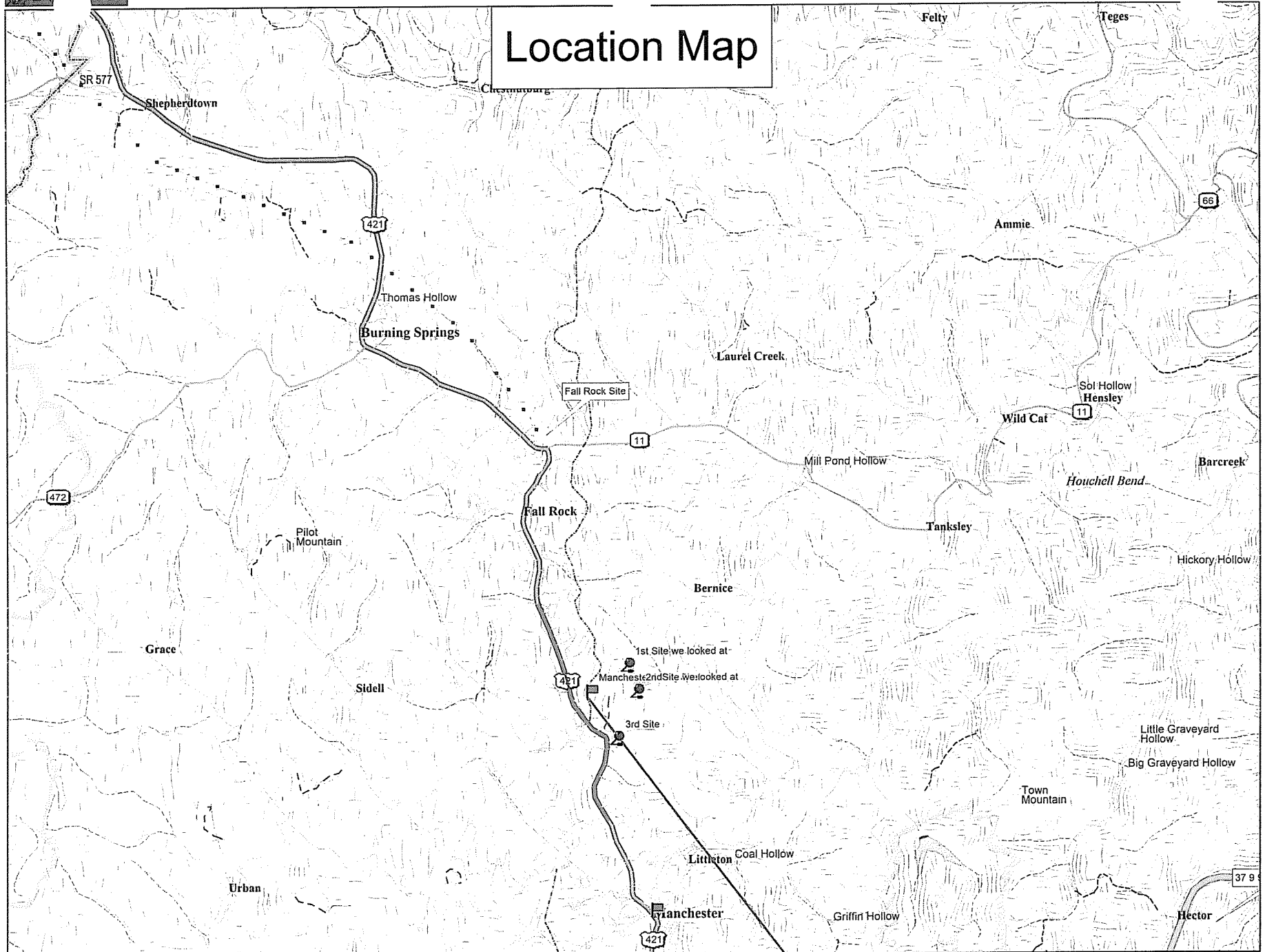
If you have any questions for East Kentucky Network, LLC, please direct them to my attention at the following address: East Kentucky Network, LLC, 101 Technology Trail, Ivel, KY 41642 or call me at 606-791-2375, Ext. 1007

Sincerely,

Lynn Haney
Compliance Coordinator

Enclosure

Location Map



Please place the following Public Notice Advertisement in the Manchester Enterprise for the next two weeks.

PUBLIC NOTICE:

RE: Public Service Commission of Kentucky (CASE NO. 2011-00173)

Public Notice is hereby given that East Kentucky Network, LLC, dba Appalachian Wireless has applied to the Kentucky Public Service Commission to construct a cellular telecommunications tower on a tract of land located approximately 800' North of Junction of Hwy 11 and Hwy 421 in Clay County, Kentucky. The proposed tower will be a 180 foot self-supporting tower with attached antennas. If you would like to respond to this notice, please contact the Executive Director, Public Service Commission, 211 Sower Boulevard, PO Box 615, Frankfort, Kentucky 40602. Please refer to Case No. 2011-00173.

If you have any questions about the placement of the above mentioned notice, please call me at 606-791-2375, ext. 1007.

Thank you,

Lynn Haney
Compliance Coordinator

Lynn Haney

From: Lynn Haney [lhaney@ekn.com]
Sent: Monday, July 25, 2011 2:14 PM
To: 'Rodney Miller'
Subject: Legal Ad
Attachments: Public Notice Advertisement.doc

Rodney,

Please place the attached public notice ad in the Manchester Enterprise and run for 2 weeks. You can send the bill to my attention at 101 Technology Trail, Ivel, KY 41642.

Please respond to this email with the publication dates.

Feel free to contact me with any questions.

Thank you,

Lynn Haney
Staff Accountant-Fixed Assets
East Kentucky Network, LLC
dba Appalachian Wireless

(606) 791-2375 ext. 1007
(606) 791-2225 (fax)

WENDELL R. HOLMES, P.G.

424 Pear Street
Hazard, KY 41701

June 10, 2011

Fall Rock Tower Site

Purpose:

A site assessment was conducted for Appalachian Wireless on a tract of land located in Clay County near Fall Rock, Kentucky. The site of the proposed tower is now forestland. The purpose of this investigation was to determine the depth to bedrock and of what type of rock the bedrock consists.

Site Investigation:

The trenching method was used to determine the type of bedrock material at the proposed tower site. A Caterpillar excavator was used to expose the bedrock material. It is approximately 2.0 feet to the sandstone bedrock. (See attached page for descriptions of materials encountered.)

The terrain in Clay County is moderately to very steep. The tower site is located on a point approximately one half mile southwest of the junction of US 421 and KY 11 near the community of Fall Rock in Clay County. The sandstone formation below the tower site is approximately 10.00 feet thick based on the information obtained from the site investigation and geological maps of the area.

Conclusions:

The proposed tower site is located on a high knob in the area. The sandstone bedrock on the proposed tower site is part of the Breathitt Formation, and is middle to lower Pennsylvanian in age. Tests were not conducted to determine the load-bearing strength of the bedrock. However, it is apparent that the tower will be constructed on the sandstone bedrock formation.

The field work for this site was performed by Wendell R. Holmes, using generally accepted methods in the practice of geological science.

Wendell R. Holmes, P.G.



WENDELL R. HOLMES, P.G.

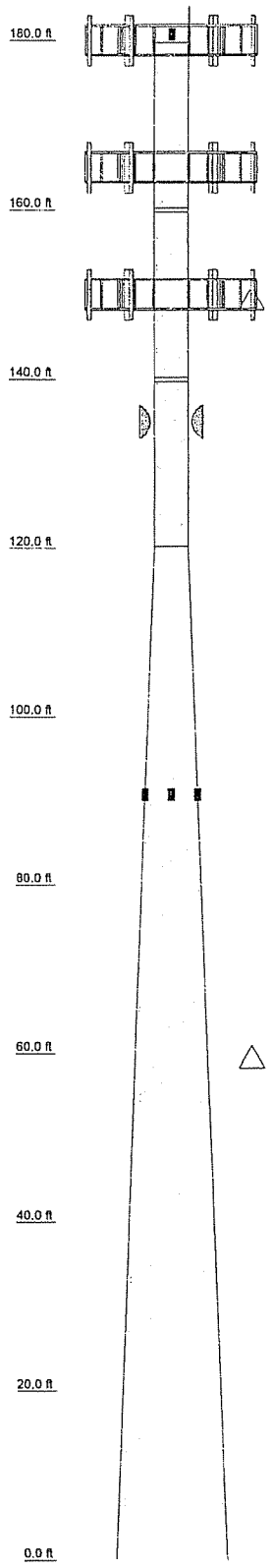
**424 Pear Street
Hazard, Ky. 41701
(606)438-7250**

Geologist Log

Location: Fall Rock Tower Site

| Unit Thickness | Total depth | Strata | Description |
|-----------------------|--------------------|---------------|------------------------------------------|
| 2.00' | 2.00' | Soil | Brown with Sandstone and Plant Fragments |
| 2.50' | 4.50' | Sandstone | Weathered, Brown and Broken |
| 10.00'+ | 14.50' | Sandstone | Brown and Gray |

| | | | | | | | | | | |
|-----------------|-------------|----------|-------------------|-------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| Section | T6 | T5 | T4 | T3 | T2 | T1 | U | U | L3 | L2 |
| Legs | SR 3 1/4 | SR 3 1/4 | SR 2 3/4 | SR 2 3/4 | SR 2 1/4 | SR 2 1/4 | SR 2 1/4 | SR 2 1/4 | SR 2 | SR 1 1/2 |
| Leg Grade | L2 1/2x3/16 | L2x3/16 | L1 3/4x1 3/4x3/16 | L1 1/2x1 1/2x3/16 | A572-50 | A572-50 | SR 3/4 | SR 3/4 | SR 5/8 | A36 |
| Diagonal | L2 1/2x3/16 | L2x3/16 | L1 3/4x1 3/4x3/16 | L1 1/2x1 1/2x3/16 | A572-50 | A572-50 | SR 3/4 | SR 3/4 | SR 5/8 | A36 |
| Diagonal Grade | L2 1/2x3/16 | L2x3/16 | L1 3/4x1 3/4x3/16 | L1 1/2x1 1/2x3/16 | A572-50 | A572-50 | SR 3/4 | SR 3/4 | SR 5/8 | A36 |
| Top Girts | N.A. | N.A. | N.A. | N.A. | SR 7/8 | SR 7/8 | SR 7/8 | SR 7/8 | SR 3/4 | SR 3/4 |
| Bottom Girts | N.A. | N.A. | N.A. | N.A. | SR 7/8 | SR 7/8 | SR 7/8 | SR 7/8 | SR 3/4 | SR 3/4 |
| Face Width (ft) | 11.5 | 10 | 8.5 | 7 | 5.5 | 4 | 4 | 4 | 4 | 4 |
| # Panels @ (ft) | 6 @ 6.33333 | 6 @ 4.75 | 16 @ 4.75 | 16 @ 4.75 | 16 @ 4.75 | 16 @ 4.75 | 16 @ 4.75 | 16 @ 4.75 | 16 @ 4.75 | 16 @ 4.75 |
| Weight (K) | 15.5 | 2.8 | 2.8 | 2.8 | 2.8 | 2.8 | 2.8 | 2.8 | 2.8 | 2.8 |



DESIGNED APPURTENANCE LOADING

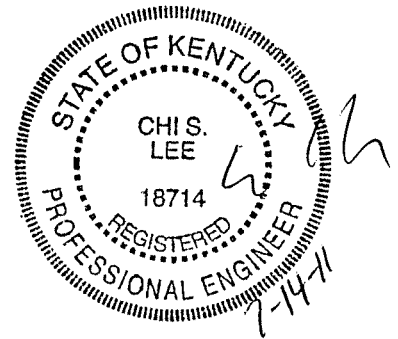
| TYPE | ELEVATION | TYPE | ELEVATION |
|--------------------------------------------------------------|-----------|--------------------------------------------------------------|-----------|
| LP-04' Lightning Rod | 182 | (3) 11' Gate Mount(s) | 165 |
| L-Lighting Beacon | 180 | (2) 72" x 12" x 6" Typ Flat Panel Antenna(s) (1 5/8" Hellax) | 150 |
| (2) 72" x 12" x 6" Typ Flat Panel Antenna(s) (1 5/8" Hellax) | 180 | (2) 72" x 12" x 6" Typ Flat Panel Antenna(s) (1 5/8" Hellax) | 150 |
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| (2) 72" x 12" x 6" Typ Flat Panel Antenna(s) (1 5/8" Hellax) | 180 | (3) 11' Gate Mount(s) | 150 |
| (3) 11' Gate Mount(s) | 180 | 4' Sid Dish w/o Radome (1-5/8" Hellax) | 135 |
| (2) 72" x 12" x 6" Typ Flat Panel Antenna(s) (1 5/8" Hellax) | 165 | 4' Sid Dish w/o Radome (1-5/8" Hellax) | 135 |
| (2) 72" x 12" x 6" Typ Flat Panel Antenna(s) (1 5/8" Hellax) | 165 | L-Side Light / Obstruction Light | 90 |
| (2) 72" x 12" x 6" Typ Flat Panel Antenna(s) (1 5/8" Hellax) | 165 | L-Side Light / Obstruction Light | 90 |
| | | L-Side Light / Obstruction Light | 90 |

MATERIAL STRENGTH

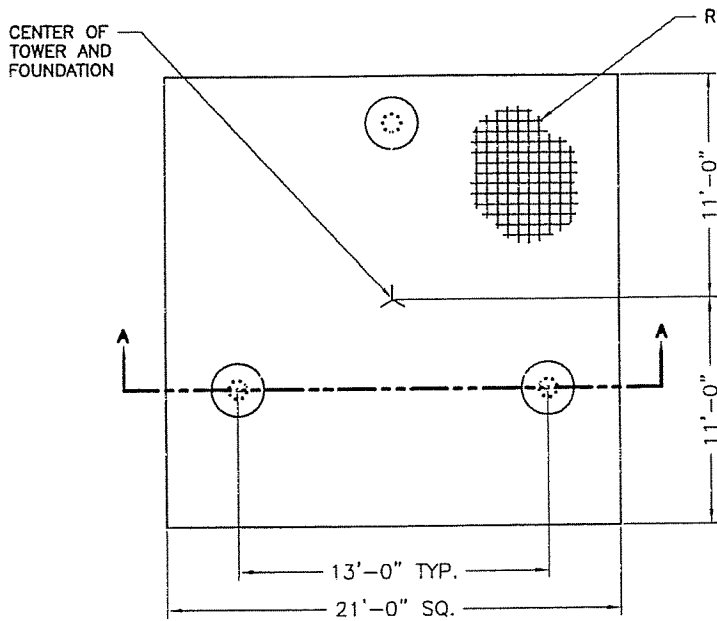
| GRADE | Fy | Fu | GRADE | Fy | Fu |
|---------|--------|--------|---------|--------|--------|
| A572-50 | 50 ksi | 65 ksi | A572-50 | 50 ksi | 65 ksi |
| A36 | 36 ksi | 58 ksi | | | |

TOWER DESIGN NOTES

1. Tower designed for a 70 mph basic wind in accordance with the TIA/EIA-222-F Standard
2. Tower is also designed for a 61 mph basic wind with 0.50 in ice
3. Deflections are based upon a 50 mph wind.
4. Tower designed for step bolts
5. All bolted legs and/or weld together tower sections have flange connections
6. Structural connections use galvanized A325 bolts and/or equivalent with nuts and/or nut locking devices. Installation per TIA/EIA-222 and AISC Specifications.
7. Tower members are "hot dipped" galvanized in accordance with ASTM A123 and ASTM A153 Standards
8. All structural steel welding will be in compliance with AWS D1.1 latest revision and fabricated with ER-70S-6 electrodes
9. Structure is designed to arrange feedlines based on using stackable hangers currently available in the communications industry unless specified otherwise by customer. See plan view of sheet E-7 for feedline arrangement used for the design of this structure
10. ** Preliminary Design - Not For Construction **

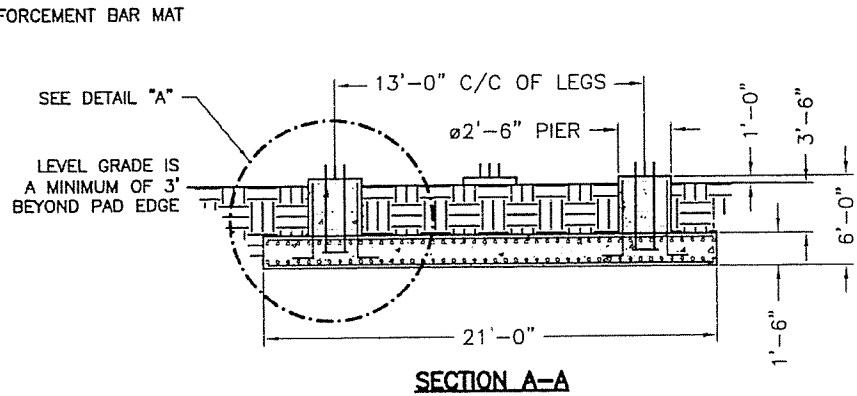


| | | |
|---------------------------------------------------------------------------------|--------------------------|-----------------------------------------|
| ALLSTATE TOWER INC. | | Job: 34246F |
| P. O. BOX 25 HENDERSON, KY 42419 Phone: 270-830-8512 FAX: 270-830-8475 | | Project: Fall Rock, Clay co., KY |
| Client: Appalachian Wireless | Drawn by: wmiller | App'd: |
| Code: TIA/EIA-222-F | Date: 07/13/11 | Scale: NTS |
| Path: | Dwg No E-1 | |



PLAN VIEW

TOTAL VOLUME OF CONCRETE = 27 YD³



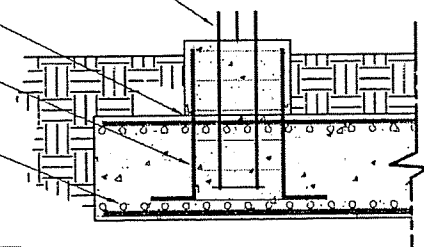
SECTION A-A

(4) $\phi 1"$ X 5'-0" OVERALL LENGTH ANCHOR BOLTS (F1554 GR105) W/ 1/2" THK BEARING PLATE AT THE BOTTOM OF THE ANCHOR BOLT CLUSTER (4' MIN. ANCHOR BOLT EMBEDMENT).

USE EPOXY BONDING AGENT WHEN POURED SEPERATELY

(6) #8 VERTICAL BARS w/ #4 TIES AT 14" ON CENTER

(20) #8 HORIZONTAL BARS X 20'-6" LONG EQUALLY SPACED EACH WAY AT TOP AND BOTTOM OF MAT. (TOTAL = 80)

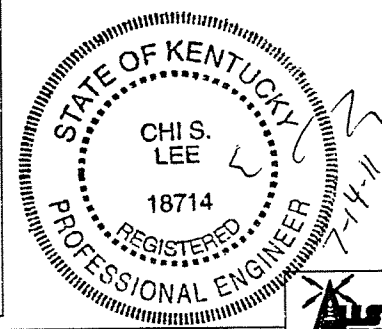


DETAIL "A"

REINFORCEMENT BAR SPLICING:

1. ALL LAP SPLICES SHALL CONFORM TO ACI 318 REQUIREMENTS.
2. REFER TO CHART BELOW WHEN REINFORCEMENT BAR SPLICING IS NECESSARY.

| REINFORCING BAR SIZE | LAP SPlice LENGTH |
|----------------------|-------------------|
| 3 | 15" |
| 4 | 17" |
| 5 | 21" |
| 6 | 26" |
| 7 | 30" |
| 8 | 36" |
| 9 | 46" |
| 10 | 58" |
| 11 | 71" |



FOUNDATION INSTALLATION/DESIGN NOTES:

1. THIS FOUNDATION IS DESIGNED TO MEET ALL STANDARDS SET FORTH BY ACI 318: AMERICAN CONCRETE INSTITUTE, BUILDING CODE REQUIREMENTS FOR STRUCTURAL CONCRETE, ANSI/TIA/EIA 222-F: STRUCTURAL STANDARDS FOR STEEL ANTENNA TOWERS AND ANTENNA SUPPORTING STRUCTURES.
2. THIS FOUNDATION IS DESIGNED UTILIZING THE GEOTECHNICAL REPORT PERFORMED BY WENDELL R. HOLMES, P.G.; DATED 6-10-11. THE FOUNDATION CONTRACTOR SHALL INSTALL THE FOUNDATIONS IN ACCORDANCE WITH THE RECOMMENDATIONS OF THE GEOTECHNICAL REPORT.
3. ALL WORK PERFORMED FROM THESE DRAWINGS SHOULD BE BY QUALIFIED CONTRACTORS EXPERIENCED IN TOWER FOUNDATION CONSTRUCTION.
4. ALL FOOTING EXCAVATIONS SHALL BE MANUALLY CLEANED PRIOR TO PLACING CONCRETE. COMPACT THE EXPOSED SOIL SURFACE AND ANY GRANULAR FILL UNDER THE FOUNDATION TO 95% OF THE MODIFIED PROCTOR DENSITY.
5. ALL CONCRETE SHALL HAVE A MINIMUM COMPRESSIVE STRENGTH OF 3000 PSI AFTER 28 DAYS. COPIES OF THE CONCRETE CYLINDER TEST REPORTS SHALL BE SENT TO THE RESIDENT ENGINEER / INSPECTOR.
6. MINIMUM CONCRETE COVER FOR REINFORCING BARS SHALL BE 3".
7. FIELD BENDING OR WELDING OF REINFORCEMENT BARS IS NOT PERMITTED.
8. PROVIDE CHAMFERS AT ALL EXPOSED CORNERS OF CONCRETE.
9. BACKFILL NEAR AND AROUND THE FOUNDATIONS SHALL BE A WELL GRADED FILL MATERIAL PLACED IN 8" THICK LAYERS THAT HAS BEEN COMPACTED TO 95% OF THE MODIFIED PROCTOR DENSITY PER ASTM D1557.
10. SOME DETAIL HAS BEEN PURPOSELY OMITTED TO CLARIFY ILLUSTRATION.

PROPRIETARY STATEMENT: THIS DRAWING IS THE PROPERTY OF ALLSTATE TOWER CO. IT IS NOT TO BE REPRODUCED OR COPIED IN ANYWAY WITHOUT PRIOR WRITTEN CONSENT OF ALLSTATE TOWER CO.

| REV # | DESCRIPTION | DATE | BY | UNLESS OTHERWISE NOTED DIMENSIONS ARE IN: INCHES | DESCRIPTION: |
|------------|-------------|------|----|------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------|
| | | | | TOLERANCE BANDS: X +3/32"/-0 ANGLES +/- Z XX +3/32"/-0 XXX +1/16"/-0 HOLES +#1/16"/-0 | PAD / PIER FOUNDATION DESIGN APPALACHIAN WIRELESS FALL ROCK, CLAY CO., KY |
| SCALE: NTS | | | | DRAWN BY: W.MILLER | FILE NAME: 34246F |
| | | | | DATE: 7/13/2011 | SHEET B |

ALLSTATE TOWER
 P.O. BOX 25
 HENDERSON, KY 42418
 PHONE: (270) 830-8512
 FAX: (270) 830-8478



Federal Aviation Administration

<< OE/AAA

Notice of Proposed Construction or Alteration - Off Airport

Project Name: EAST -000180036-11 Sponsor: East Kentucky Network, LLC

Details for Case : Fall Rock

Show Project Summary

Case Status

ASN: 2011-ASO-4485-OE
 Status: Accepted

Date Accepted: 07/18/2011
 Date Determined:
 Letters: None
 Documents: 07/18/2011 Fall Rock_Survey.pdf

Construction / Alteration Information

Notice Of: Construction
 Duration: Permanent
 if Temporary : Months: Days:
 Work Schedule - Start: 08/01/2011
 Work Schedule - End: 08/10/2011

Structure Summary

Structure Type: Tower
 Structure Name: Fall Rock
 NOTAM Number:
 FCC Number:
 Prior ASN:

**For temporary cranes-Does the permanent structure require separate notice to the FAA? To find out, use the Notice Criteria Tool. If separate notice is required, please ensure it is filed. If it is not filed, please state the reason in the Description of Proposal.*

State Filing: Filed with State

Structure Details

Latitude: 37° 13' 58.03" N
 Longitude: 83° 47' 1.37" W
 Horizontal Datum: NAD83
 Site Elevation (SE): 1144 (nearest foot)
 Structure Height (AGL): 190 (nearest foot)

Common Frequency Bands

| Low Freq | High Freq | Freq Unit | ERP | ERP Unit |
|----------|-----------|-----------|------|----------|
| 698 | 806 | MHz | 1000 | W |
| 806 | 824 | MHz | 500 | W |
| 824 | 849 | MHz | 500 | W |
| 851 | 866 | MHz | 500 | W |
| 869 | 894 | MHz | 500 | W |
| 896 | 901 | MHz | 500 | W |
| 901 | 902 | MHz | 7 | W |
| 930 | 931 | MHz | 3500 | W |
| 931 | 932 | MHz | 3500 | W |
| 932 | 932.5 | MHz | 17 | dBW |
| 935 | 940 | MHz | 1000 | W |
| 940 | 941 | MHz | 3500 | W |
| 1850 | 1910 | MHz | 1640 | W |
| 1930 | 1990 | MHz | 1640 | W |
| 2305 | 2310 | MHz | 2000 | W |
| 2345 | 2360 | MHz | 2000 | W |

* If the entered AGL is a proposed change to an existing structure's height include the current AGL in the Description of Proposal.

Requested Marking/Lighting: None

Other :

Recommended Marking/Lighting:

Current Marking/Lighting: N/A New Structure

Other :

Nearest City: Fall Rock

Nearest State: Kentucky

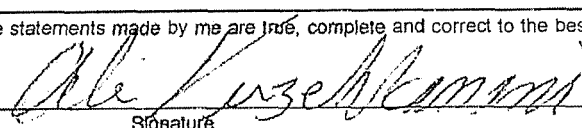
Description of Location: Approx. 0.9 mi north of Fall Rock (Clay), KY

On the Project Summary page upload any certified survey.

Description of Proposal: A new 180' tower with top-mounted antennas (overall height of 190' AGL).

Specific Frequencies



| | | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| Kentucky Transportation Cabinet, Kentucky Airport Zoning Commission, 200 Mero Street, Frankfort, KY 40622 | | Kentucky Aeronautical Study Number | |
| APPLICATION FOR PERMIT TO CONSTRUCT OR ALTER A STRUCTURE | | | |
| INSTRUCTIONS INCLUDED | | | |
| 1. APPLICANT -- Name, Address, Telephone, Fax, etc. East Kentucky Network, LLC c/o Lukas, Nace, Gutierrez & Sachs, Chtd 8300 Greensboro Drive, Suite 1200 McLean, VA 22102 T: 703-584-8667 F: 703-584-8692 | | 9. Latitude: <u>37</u> ° <u>13</u> ' <u>58</u> " <u>03</u> " 10. Longitude: <u>83</u> ° <u>47</u> ' <u>01</u> " <u>37</u> " 11. Datum: <input checked="" type="checkbox"/> NAD83 <input type="checkbox"/> NAD27 <input type="checkbox"/> Other _____ 12. Nearest Kentucky City: <u>Fall Rock</u> County <u>Clay</u> 13. Nearest Kentucky public use or Military airport: <u>London-Corbin Airport</u> 14. Distance from #13 to Structure: <u>18.4</u> miles 15. Direction from #13 to Structure: <u>SW</u> 16. Site Elevation (AMSL): <u>1,144.00</u> Feet 17. Total Structure Height (AGL): <u>190.00</u> Feet 18. Overall Height (#16 + #17) (AMSL): <u>1,334.00</u> Feet 19. Previous FAA and/or Kentucky Aeronautical Study Number(s): _____ 20. Description of Location: (Attach USGS 7.5 minute Quadrangle Map or an Airport layout Drawing with the precise site marked and any certified survey) <u>Approx. 0.9 mi N of Fall Rock (Clay), KY</u> | |
| 2. Representative of Applicant -- Name, Address, Telephone, Fax Ali Kuzehkanani Lukas, Nace, Gutierrez & Sachs, Chtd 8300 Greensboro Drive, Suite 1200 McLean, VA 22102 T: 703-584-8667 F: 703-584-8692 | | | |
| 3. Application for: <input type="checkbox"/> New Construction <input checked="" type="checkbox"/> Alteration <input type="checkbox"/> Existing 4. Duration: <input checked="" type="checkbox"/> Permanent <input type="checkbox"/> Temporary (Months _____ Days _____) 5. Work Schedule: Start <u>8/1/2011</u> End <u>8/10/2011</u> 6. Type: <input checked="" type="checkbox"/> Antenna Tower <input type="checkbox"/> Crane <input type="checkbox"/> Building <input type="checkbox"/> Power Line <input type="checkbox"/> Landfill <input type="checkbox"/> Water Tank <input type="checkbox"/> Other _____ 7. Marking/Painting and/or Lighting Preferred: <input type="checkbox"/> Red Lights and Paint <input type="checkbox"/> Dual - Red & Medium Intensity White <input type="checkbox"/> White - Medium Intensity <input type="checkbox"/> Dual - Red & High Intensity White <input type="checkbox"/> White - High Intensity <input checked="" type="checkbox"/> Other <u>None</u> 8. FAA Aeronautical Study Number: _____ | | | |
| 21. Description of Proposal: <p>A new 180' tower with top-mounted antennas (overall height of 190' AGL - 500w ERP)</p> | | | |
| 22. Has a "NOTICE OF CONSTRUCTION OR ALTERATION" (FAA Form 7460-1) been filed with the Federal Aviation Administration? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes, When <u>July 18, 2011</u> | | | |
| CERTIFICATION: I hereby certify that all the above statements made by me are true, complete and correct to the best of my knowledge and belief. | | | |
| Ali Kuzehkanani/Dir of Engineering Printed Name and Title | |  Signature | |
| | | 7/18/2011 Date | |
| PENALTIES: Persons failing to comply with Kentucky Revised Statutes (KRS 183.861 through 183.990) and Kentucky Administrative Regulations (602 KAR 050:Series) are liable for fines and/or imprisonment as set forth in KRS 183.990(3). Non-compliance with Federal Aviation Administration Regulations may result in further penalties. | | | |
| Commission Action: <input type="checkbox"/> Chairman, KAZC <input type="checkbox"/> Administrator, KAZC | | | |
| <input type="checkbox"/> Approved <input type="checkbox"/> Disapproved _____ Date _____ | | | |

**EAST KENTUCKY NETWORK, LLC
DBA APPALACHIAN WIRELESS**

FINANCIAL REPORT

December 31, 2010

C O N T E N T S

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Jones, Nale & Mattingly PLC

INDEPENDENT AUDITOR'S REPORT

To the Members
East Kentucky Network, LLC
dba Appalachian Wireless
Ivel, Kentucky

We have audited the accompanying balance sheets of East Kentucky Network, LLC, dba Appalachian Wireless as of December 31, 2010 and 2009 and the related statements of income, members' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of East Kentucky Network, LLC, dba Appalachian Wireless as of December 31, 2010 and 2009 and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Jones, Nale & Mattingly P.C.

Louisville, Kentucky
February 26, 2011

**EAST KENTUCKY NETWORK, LLC
DBA APPALACHIAN WIRELESS**

**BALANCE SHEETS
December 31, 2010 and 2009**

| ASSETS | 2010 | 2009 |
|---------------------------------------------------------------------------------------------------------------|----------------|----------------|
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 11,517,807 | \$ 2,874,412 |
| Short-term investments (Note 9) | 100,000 | 100,000 |
| Accounts receivable, less allowance for doubtful accounts of \$1,473,291 in 2010 and \$1,405,597 in 2009 | 8,510,532 | 7,806,718 |
| Accounts receivable, members (Notes 5 and 6) | 120,279 | 87,192 |
| Inventory | 5,473,601 | 5,699,380 |
| Prepaid expenses | 510,762 | 537,143 |
| Total current assets | \$ 26,232,981 | \$ 17,104,845 |
| PROPERTY, PLANT AND EQUIPMENT (Note 3) | | |
| Plant in service: | | |
| General support | \$ 29,593,635 | \$ 27,455,560 |
| MTSO equipment | 17,622,843 | 22,282,589 |
| Cell equipment | 62,992,099 | 64,198,981 |
| Paging equipment | 2,452,567 | 3,321,068 |
| Fiber ring | 7,802,053 | 7,675,975 |
| Unfinished plant | 5,813,391 | 3,675,759 |
| | \$ 126,276,588 | \$ 128,609,932 |
| Less accumulated depreciation | 53,217,856 | 57,070,186 |
| | \$ 73,058,732 | \$ 71,539,746 |
| OTHER ASSETS | | |
| Investment in affiliated company, RTFC | \$ 112,712 | \$ 112,712 |
| Intangible assets, net of accumulated amortization of \$5,075,703 in 2010 and \$4,389,605 in 2009 (Note 2) | 3,912,368 | 4,598,466 |
| | \$ 4,025,080 | \$ 4,711,178 |
| | \$ 103,316,793 | \$ 93,355,769 |

The Notes to Financial Statements are an integral part of these statements.

| LIABILITIES AND MEMBERS' EQUITY | <u>2010</u> | <u>2009</u> |
|---------------------------------------------------------|-----------------------------|-----------------------------|
| CURRENT LIABILITIES | | |
| Current maturities of long-term debt (Notes 3 and 9) | \$ 2,685,714 | \$ 2,685,714 |
| Accounts payable | 2,339,497 | 2,033,336 |
| Accounts payable, members (Notes 5 and 6) | 27,707 | 35,206 |
| Accrued expenses | 1,970,165 | 1,519,862 |
| Deferred revenue, advance billings | 2,454,257 | 2,133,743 |
| Customer deposits | 570,375 | 574,996 |
| Total current liabilities | <u>\$ 10,047,715</u> | <u>\$ 8,982,857</u> |
| | | |
| LONG-TERM DEBT, less current maturities (Notes 3 and 9) | <u>\$ 10,873,492</u> | <u>\$ 13,559,207</u> |
| | | |
| INTEREST RATE SWAPS (Notes 8 and 9) | <u>\$ 1,301,598</u> | <u>\$ 1,384,261</u> |
| | | |
| MEMBERS' EQUITY | | |
| Members' capital accounts | \$ 82,395,586 | \$ 70,813,705 |
| Accumulated other comprehensive (loss) | (1,301,598) | (1,384,261) |
| | <u>\$ 81,093,988</u> | <u>\$ 69,429,444</u> |
| | | |
| | <u><u>\$103,316,793</u></u> | <u><u>\$ 93,355,769</u></u> |

**EAST KENTUCKY NETWORK, LLC
DBA APPALACHIAN WIRELESS**

**STATEMENTS OF INCOME
Years Ended December 31, 2010 and 2009**

| | <u>2010</u> | <u>2009</u> |
|----------------------------------------|----------------------|----------------------|
| REVENUE | | |
| Retail | \$ 49,761,597 | \$ 46,125,449 |
| Roamer | 19,899,728 | 16,777,789 |
| Long distance | 150,913 | 195,754 |
| Paging | 402,317 | 488,500 |
| Equipment sales, cellular | 3,194,207 | 2,613,489 |
| Equipment sales, paging | 63,355 | 93,942 |
| Other | <u>2,975,390</u> | <u>3,203,881</u> |
| Total revenue | <u>\$ 76,447,507</u> | <u>\$ 69,498,804</u> |
| EXPENSES | | |
| Cost of cellular service | \$ 14,859,401 | \$ 15,223,905 |
| Cost of paging service | 361,793 | 339,051 |
| Cost of equipment sales, cellular | 14,723,995 | 13,508,510 |
| Cost of equipment sales, paging | 35,112 | 57,023 |
| Customer service | 1,482,312 | 1,364,596 |
| Billing | 1,730,631 | 1,657,074 |
| Selling | 4,994,147 | 4,188,213 |
| Maintenance | 2,888,565 | 2,595,663 |
| Utilities | 976,530 | 869,016 |
| Bad debts | 732,290 | 473,634 |
| Cell site rental | 294,170 | 244,023 |
| Taxes and licenses | 2,026,428 | 446,482 |
| Advertising | 3,900,531 | 3,815,728 |
| General and administrative | 4,220,443 | 3,666,329 |
| Occupancy | 574,325 | 632,810 |
| Depreciation | 9,808,536 | 9,105,095 |
| Amortization | <u>852,538</u> | <u>839,546</u> |
| Total expenses | <u>\$ 64,461,747</u> | <u>\$ 59,026,698</u> |
| Income from operations | <u>\$ 11,985,760</u> | <u>\$ 10,472,106</u> |
| OTHER INCOME (EXPENSE) | | |
| Interest income | \$ 25,278 | \$ 31,040 |
| Interest expense | (1,028,373) | (1,424,984) |
| Universal Service Fund income (Note 7) | <u>7,371,103</u> | <u>7,045,378</u> |
| | <u>\$ 6,368,008</u> | <u>\$ 5,651,434</u> |
| Net income | <u>\$ 18,353,768</u> | <u>\$ 16,123,540</u> |

The Note to Financial Statements are an integral part of these statements.

**EAST KENTUCKY NETWORK, LLC
DBA APPALACHIAN WIRELESS**

**STATEMENTS OF MEMBERS' EQUITY
Years Ended December 31, 2010 and 2009**

| | Cellular Services, LLC | Gearhart Communi- cations Company, Inc. | Mountain Tele- communi- cations, Inc. | Thacker- Grigsby Telephone Co., Inc. | Peoples Rural Telephone Coop- erative Corp- oration, Inc. | Total |
|------------------------------------------------|------------------------------|-----------------------------------------------------|---------------------------------------------------|-----------------------------------------------|--------------------------------------------------------------------------------|---------------------|
| Balance, January 1, 2009 | \$11,693,564 | \$11,693,564 | \$11,693,564 | \$11,693,563 | \$11,693,564 | \$58,467,819 |
| Comprehensive income: | | | | | | |
| Net income | 3,224,708 | 3,224,708 | 3,224,708 | 3,224,708 | 3,224,708 | 16,123,540 |
| Change in fair value of interest rate swaps | 136,712 | 136,712 | 136,712 | 136,712 | 136,712 | 683,560 |
| Total comprehensive income | \$ 3,361,420 | \$ 3,361,420 | \$ 3,361,420 | \$ 3,361,420 | \$ 3,361,420 | \$16,807,100 |
| Capital distributions | <u>(1,169,095)</u> | <u>(1,169,095)</u> | <u>(1,169,095)</u> | <u>(1,169,095)</u> | <u>(1,169,095)</u> | <u>(5,845,475)</u> |
| Balance, December 31, 2009 | \$13,885,889 | \$13,885,889 | \$13,885,889 | \$13,885,888 | \$13,885,889 | \$69,429,444 |
| Comprehensive income: | | | | | | |
| Net income | 3,670,754 | 3,670,753 | 3,670,753 | 3,670,754 | 3,670,754 | 18,353,768 |
| Change in fair value of interest rate swaps | 16,532 | 16,532 | 16,533 | 16,533 | 16,533 | 82,663 |
| Total comprehensive income | \$ 3,687,286 | \$ 3,687,285 | \$ 3,687,286 | \$ 3,687,287 | \$ 3,687,287 | \$18,436,431 |
| Capital distributions | <u>(1,354,377)</u> | <u>(1,354,377)</u> | <u>(1,354,378)</u> | <u>(1,354,377)</u> | <u>(1,354,378)</u> | <u>(6,771,887)</u> |
| Balance, December 31, 2010 | <u>\$16,218,798</u> | <u>\$16,218,797</u> | <u>\$16,218,797</u> | <u>\$16,218,798</u> | <u>\$16,218,798</u> | <u>\$81,093,988</u> |

The Notes to Financial Statements are an integral part of these statements.

EAST KENTUCKY NETWORK, LLC
DBA APPALACHIAN WIRELESS

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2010 and 2009

| | <u>2010</u> | <u>2009</u> |
|------------------------------------------------------------------------------------------------------|------------------------|------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net income | \$ 18,353,768 | \$ 16,123,540 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation | 9,808,536 | 9,105,095 |
| Amortization | 852,538 | 839,546 |
| Loss on disposition of property, plant, and equipment | 593,729 | 82,302 |
| Changes in assets and liabilities, net of the effects of investing and financing activities: | | |
| (Increase) in accounts receivable | (703,814) | (1,559,749) |
| (Increase) decrease in accounts receivable, members | (33,087) | 886 |
| (Increase) decrease in inventory | 225,779 | (2,645,935) |
| (Increase) decrease in prepaid expenses | 26,381 | (125,195) |
| Increase in accounts payable | 306,161 | 261,098 |
| (Decrease) in accounts payable, members | (7,499) | (14,373) |
| Increase in accrued expenses | 450,303 | 311,724 |
| Increase in deferred revenue, advance billings | 320,514 | 246,513 |
| (Decrease) in customer deposits | (4,621) | (25,876) |
| Net cash provided by operating activities | <u>\$ 30,188,688</u> | <u>\$ 22,599,576</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | <u>\$ (12,087,691)</u> | <u>\$ (15,028,659)</u> |
| Net cash (used in) investing activities | <u>\$ (12,087,691)</u> | <u>\$ (15,028,659)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Capital distributions | \$ (6,771,887) | \$ (5,845,475) |
| Proceeds from long-term borrowings | -- | 10,200,000 |
| Payments on long-term borrowings | <u>(2,685,715)</u> | <u>(14,196,195)</u> |
| Net cash (used in) financing activities | <u>\$ (9,457,602)</u> | <u>\$ (9,841,670)</u> |
| Net increase (decrease) in cash and cash equivalents | \$ 8,643,395 | \$ (2,270,753) |
| Cash and cash equivalents: | | |
| Beginning | <u>2,874,412</u> | <u>5,145,165</u> |
| Ending | <u>\$ 11,517,807</u> | <u>\$ 2,874,412</u> |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION | | |
| Cash payments for interest (net of capitalized interest of of \$117,887 in 2010 and zero in 2009) | <u>\$ 1,045,454</u> | <u>\$ 1,431,014</u> |

The Notes to Financial Statements are an integral part of these statements.

**EAST KENTUCKY NETWORK, LLC
DBA APPALACHIAN WIRELESS**

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

Nature of operations

East Kentucky Network, LLC, dba Appalachian Wireless, is a Kentucky limited liability company formed by the merger of Appalachian Cellular, LLC, Mountaineer Cellular, LLC and East Kentucky Network, LLC on January 1, 2000. The Company is engaged in cellular telephone communications and paging services to residential and commercial customers located in eastern Kentucky. The Company's five members consist of Cellular Services, LLC; Gearheart Communications Company, Inc.; Mountain Telecommunications, Inc.; Peoples Rural Telephone Cooperative Corporation, Inc.; and Thacker-Grigsby Telephone Co., Inc.

Use of estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses.

Cash and cash equivalents

For purposes of the statement of cash flows, the Company considers temporary investments having original maturities of three months or less to be cash equivalents. The Company maintains its cash balances, which may exceed the federally insured limit, with several financial institutions. These financial institutions have strong credit ratings and management believes that credit risk related to the accounts is minimal.

Short-term investments

Certificates of deposit having original maturities between three and nine months are classified as short-term investments, are carried at cost, which approximates fair value, and are held to maturity. Fair value is determined by quoted prices for similar certificates of deposit in active markets (Level 2) as defined by the Fair Value Measurements Topic of the FASB Accounting Standards Codification (see Note 9).

Accounts receivable

Accounts receivable are recorded at net realizable value consisting of the carrying amount less an allowance for uncollectible accounts. The Company uses the allowance method to account for uncollectible accounts receivable balances. Management charges off uncollectible receivables to the allowance when it is determined the amounts will not be realized.

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

Inventory

Inventory is composed of cellular telephone equipment, paging equipment, and accessories purchased for resale during the ordinary course of business. The inventory is valued at the lower of cost or market, cost being determined by the first-in, first-out (FIFO) method.

Investment

The investment in affiliated company is composed of equity certificates in Rural Telephone Finance Cooperative and is reported at cost.

Intangible assets

The customer lists, non-compete agreements, FCC licenses, bond issuance costs, loan fees and use of name are recorded at cost and are being amortized over the life of the asset by the straight-line method.

Revenue recognition

Revenue consists primarily of charges for access, airtime, roaming, long distance, data and other value-added services provided to the Company's retail customers; charges to other cellular carriers whose customers use the Company's network when roaming; and sales of phones and accessories.

Revenue from cellular service is recognized monthly when earned, phone and accessory sales are recognized at the point of sale, activation fees are recognized when activation of service occurs, and cancellation penalties are recognized at the time of disconnection from service. Deferred revenue consists of monthly access and feature charges billed one month in advance and recognized as revenue the following month.

The Company's sales contracts are considered multiple deliverable arrangements that generally involve delivery and activation of a cellular phone, plus phone service. Each is treated as a separate unit of accounting. Contracts are subject to one to two-year terms and require the customer to pay a cancellation fee if the customer cancels the contract. There is a one-time activation fee and a monthly fee for the ongoing service. All fees are nonrefundable. The phone and activation are delivered first, followed by the phone service (which is provided over the contract period). Delivery and activation of the phone are considered one element because activation is necessary for the functionality of the phone. Revenue from phone service is recognized separately over the life of the service arrangement.

Advertising

Advertising costs are expensed as incurred. At December 31, 2010 and 2009, these costs were \$3,900,531 and \$3,815,728, respectively.

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

Income taxes

Under existing provisions of the Internal Revenue Code, the income or loss of a limited liability company is recognized by the members for income tax purposes. Accordingly, no provision for federal income taxes has been provided for in the accompanying financial statements.

The Company's accounting policy provides that a tax expense/benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits. Management believes the Company has no uncertain tax positions resulting in an accrual of tax expense or benefit.

The Company recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. The Company did not recognize any interest or penalties during the years ended December 31, 2010 and 2009.

The Company's federal and state income tax returns are subject to possible examination by the taxing authorities until the expiration of the related statutes of limitations on those tax returns. In general, the federal income tax returns have a three year statute of limitations, and the state income tax returns have a four year statute of limitations.

Comprehensive income

Comprehensive income consists of net income and other comprehensive income. Other comprehensive income includes the change in fair value of interest rate swaps which is also recognized as a separate component of equity.

Subsequent events

Management has evaluated subsequent events through February 26, 2011, the date the financial statements were available to be issued.

Reclassification

Certain amounts presented in the prior period have been restated to conform with the current year presentation.

NOTES TO FINANCIAL STATEMENTS

Note 2. Intangible Assets

Intangible assets consist of the following at December 31, 2010:

| | Gross Amount | Accumulated Amortization | Weighted Average Life (in years) |
|------------------------|-----------------|-----------------------------|----------------------------------------|
| Customer lists | \$ 5,363,530 | \$ (3,583,198) | 15 |
| Non-compete agreements | 220,348 | (180,336) | 15 |
| FCC licenses | 2,452,368 | (889,418) | 14 |
| Use of name | 10,000 | (7,002) | 15 |
| Other | 941,825 | (415,749) | 7 |
| | \$ 8,988,071 | \$ (5,075,703) | |

Intangible assets consist of the following at December 31, 2009:

| | Gross Amount | Accumulated Amortization | Weighted Average Life (in years) |
|------------------------|-----------------|-----------------------------|----------------------------------------|
| Customer lists | \$ 5,363,530 | \$ (3,225,881) | 15 |
| Non-compete agreements | 220,348 | (165,657) | 15 |
| FCC licenses | 2,452,368 | (717,074) | 14 |
| Use of name | 10,000 | (6,335) | 15 |
| Other | 941,825 | (274,658) | 7 |
| | \$ 8,988,071 | \$ (4,389,605) | |

Aggregate amortization expense related to these intangible assets for the years ended December 31, 2010 and 2009 totaled \$686,098 and \$682,251 respectively. The following represents the total estimated amortization of intangible assets for each of the succeeding five years:

Year ending December 31:

| | |
|------|------------|
| 2011 | \$ 680,000 |
| 2012 | 680,000 |
| 2013 | 660,000 |
| 2014 | 620,000 |
| 2015 | 550,000 |

NOTES TO FINANCIAL STATEMENTS

Note 3. Long-Term Debt

Long-term debt consists of the following at December 31:

| | 2010 | 2009 |
|--------------------------------------|---------------|---------------|
| Note payable, Fifth Third Bank (a) | \$ 7,633,333 | \$ 9,033,333 |
| Line of credit, Fifth Third Bank (b) | -- | -- |
| Note payable, Fifth Third Bank (c) | 5,925,873 | 7,211,588 |
| | \$ 13,559,206 | \$ 16,244,921 |

(a) On February 28, 2006, the Company issued \$14,200,000 in adjustable rate notes to restructure its debt. The notes were issued pursuant to a trust indenture between the Company and U.S. Bank National Association. Principal and interest on the notes were paid from funds drawn by the Trustee under an irrevocable letter of credit issued by Fifth Third Bank. The Notes were collateralized by the assets of the Company and were scheduled to mature on February 1, 2016. The Notes bear interest at a floating interest rate as determined by U.S. Bank National Association (4.60% at 12/31/08). However, the Company entered into an interest rate swap contract (original notional amount of \$14,200,000) that effectively converted its floating-rate debt into a fixed-rate of 8.02%.

On February 2, 2009, the Company refinanced the remaining \$10,200,000 of the note with a new note payable that matures November 1, 2013 and is collateralized by the assets of the Company. Interest on the note is floating at monthly LIBOR plus 1.75% as determined by Fifth Third Securities, Inc. (2.01% at 12/31/10). The Company also renegotiated the terms of the interest rate swap contract and entered into an interest rate swap contract (original notional amount of \$10,200,000) that effectively converts its floating-rate debt into a fixed rate of 7.46% (see Note 8). The note is payable in monthly installments of \$116,667 plus interest through February 1, 2012 and \$125,000 plus interest thereafter through November 1, 2013 with a balloon payment due at maturity.

(b) The line of credit agreement with Fifth Third Bank provided for borrowings up to \$2,000,000 and was secured by assets of the Company. The agreement carried a variable interest rate at monthly LIBOR plus 3.00% as determined by Fifth Third Securities, Inc. The agreement expired on September 1, 2010 and was not renewed by the Company.

(c) On September 1, 2008, the Company borrowed \$9,000,000 to restructure existing debt, purchase new equipment and upgrade existing equipment. The note is collateralized by the assets of the Company. Interest on the note is floating at monthly LIBOR plus 3.00% as determined by Fifth Third Securities, Inc (3.26% at 12/31/10). The Company also entered into an interest rate swap contract (original notional amount of \$9,000,000) that effectively converts its floating-rate debt into a fixed rate of 7.20% (see Note 8). The note is payable in monthly installments of \$107,143 plus interest with a balloon payment due on September 1, 2013.

Total interest cost for the years ended December 31, 2010 and 2009 was approximately \$1,146,000 and \$1,425,000, respectively, of which approximately \$118,000 was capitalized in 2010 as part of the construction of a new office building.

NOTES TO FINANCIAL STATEMENTS

Note 3. Long-Term Debt (Continued)

Under terms of the Notes, the Company has also agreed, among other things, to limit distributions, to maintain minimum debt service coverage, and to maintain minimum debt to tangible worth ratios.

Approximate maturities or payments required on principal under note payable agreements for each of the succeeding five years are as follows:

| Year ending December 31: | |
|--------------------------|----------------------|
| 2011 | \$ 2,685,714 |
| 2012 | 2,769,048 |
| 2013 | 8,104,444 |
| 2014 | -- |
| 2015 | -- |
| | <u>\$ 13,559,206</u> |

Note 4. Retirement Plans

The Company has a 401(k) plan for qualifying employees who have reached twenty-one years of age. Eligible employees are allowed to invest up to 15% of their compensation and the Company has agreed to match 100% of the first 3% of the employees' contribution and 50% of the employees' contribution between 3% and 5%. The Company contributed \$139,405 and \$124,071 in matching funds for its 401(k) plan during the years ended December 31, 2010 and 2009, respectively.

The Company also offers an employer sponsored retirement savings plan for qualified employees who have reached twenty-one years of age. The Company has agreed to contribute 9% of the eligible employee's compensation, plus an additional 5% of the original contribution.

The Company contributed \$638,293 and \$421,669 to its retirement savings plan during the years ended December 31, 2010 and 2009, respectively.

Note 5. Related Party Transactions

The Company shares personnel with three of its members. The Company paid \$251,384 and \$210,990 for shared personnel during the years ended December 31, 2010 and 2009, respectively. The Company also leased offices and warehouse space from three members. The leases are for an unspecified length of time. The annual lease expense related to these leases was \$20,483 for both years ended December 31, 2010 and 2009.

The Company incurred interconnection, telephone, cable and internet access charges from its members aggregating \$1,206,230 and \$1,111,251 for the years ended December 31, 2010 and 2009, respectively.

NOTES TO FINANCIAL STATEMENTS

Note 5. Related Party Transactions (Continued)

The Company leases two cellular tower sites from the officers and majority shareholders of a member. The annual lease expense related to these leases was \$2,400 for both years ended December 31, 2010 and 2009. The leases are for an unspecified length of time. The Company also pays part of an annual lease for sharing a tower with a member for an annual fee of \$450. In addition, the Company leases one other site from a company owned by a member. The annual lease expense related to this lease for the years ended December 31, 2010 and 2009 amounted to \$13,350 and \$11,700, respectively. The Company leases cellular tower sites from the parent company of one of its other members. The annual lease expense related to these leases was \$12,463 for both years ended December 31, 2010 and 2009. The leases are for five years with options to renew.

The Company pays commissions to its members for phone sales to customers. The amount of commissions paid to related parties during the years ended December 31, 2010 and 2009 was \$55,035 and \$45,420, respectively.

The Company pays fees to companies owned by its members for advertisement in telephone directories, television and on local billboards. The amount of advertising paid to related parties was \$61,534 and \$54,522 for the years ended December 31, 2010 and 2009, respectively.

Note 6. Operating Leases

The Company has entered into operating leases with its members and other customers to provide fiber optic transmission capacity and ancillary services. The terms of these leases are for 15 years. Total rental income earned from these operating lease commitments included in the statements of income was \$1,214,408 and \$1,194,626 for the years ended December 31, 2010 and 2009, respectively. Rental income earned from the Company's members from these leases was \$1,008,827 and \$799,054 for the years ended December 31, 2010 and 2009, respectively.

Investments in operating leases are as follows at December 31:

| | 2010 | 2009 |
|--------------------------|--------------|--------------|
| Fiber ring | \$ 7,802,053 | \$ 7,675,975 |
| Accumulated depreciation | (3,120,944) | (2,623,141) |
| | \$ 4,681,109 | \$ 5,052,834 |

The future minimum rental payments expected to be received under these lease agreements for each of the succeeding five years are approximately \$1,200,000 each year.

NOTES TO FINANCIAL STATEMENTS

Note 6. Operating Leases (Continued)

The Company has also entered into lease agreements to obtain fiber optic transmission and digital microwave transmission services; and to rent retail office facilities. The terms of these leases are between 5 and 15 years. Total rental expense incurred from these operating lease commitments included in the statements of income was \$1,055,717 and \$1,070,826 for the years ended December 31, 2010 and 2009, respectively. Rental expense incurred from the Company's members from these leases was \$411,196 and \$488,725 for the years ended December 31, 2010 and 2009, respectively. The future minimum lease payments required under these lease agreements for each of the succeeding five years are approximately \$1,100,000 each year.

Note 7. Eligible Telecommunication Carrier

During 2005, the Company was granted Eligible Telecommunication Carrier (ETC) status by the Kentucky Public Service Commission. As an ETC, the Company receives funding from the federal Universal Service Fund (USF) to support the high cost of providing local telephone service in rural areas. USF payments amounted to \$7,371,103 and \$7,045,378 for 2010 and 2009, respectively.

Note 8. Derivative Financial Instruments, Interest Rate Swaps

The Company entered into two interest rate swap contracts with Fifth Third Bank for the purpose of converting floating-rate interest on its long-term debt to fixed rates. The interest rate swap effectively fixed \$10,200,000 at a rate of 7.46% until February 1, 2016 and fixed \$9,000,000 at a rate of 7.20% until September 1, 2013.

Under the swap contracts, the Company pays interest at 5.71% and 4.20% on the notional amounts and receives interest at LIBOR observed monthly (0.26% at December 31, 2010). The interest rate swaps qualify as, and are designated as, cash flow hedges. The swaps are designed to hedge the risk of changes in interest payments on the notes caused by changes in LIBOR. The notional amounts do not represent actual amounts exchanged by the parties, but instead represent the amounts on which the contracts are based.

The swaps were issued at market terms so that they had no fair value or carrying value at their inception. The carrying amount of the swaps has been adjusted to their fair value at the end of the year, which because of changes in forecasted levels of LIBOR, resulted in reporting a liability for the fair value of the future net payments forecasted under the swaps. The swap contracts permit settlement prior to maturity only through termination by the Company. The settlement amounts are determined based on forecasted changes in interest rates required under fixed and variable legs of the swaps. The Company believes the settlement amounts are the best representation of the fair value of the swaps and has adjusted their carrying amounts to the settlement amounts at the end of the year.

NOTES TO FINANCIAL STATEMENTS

Note 8. Derivative Financial Instruments, Interest Rate Swaps (Continued)

The carrying amounts of the swaps are classified as noncurrent since management does not intend to terminate the swaps during 2011. Since the critical terms of the swaps and the notes are approximately the same, the swaps are assumed to be effective as hedges, and none of the changes in fair values are included in income. Accordingly, all of the adjustment of the swaps' carrying amount is reported as other comprehensive income or loss in the accompanying statements of members' equity. If the swaps are terminated early, the corresponding carrying amount would be reclassified into earnings. The Company does not hold or issue interest rate swaps or other financial instruments for trading purposes.

Note 9. Fair Values of Financial Instruments

The Fair Value Measurements Topic of the FASB Accounting Standards Codification defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The Fair Value Measurements Topic establishes a fair value hierarchy about the assumptions used to measure fair value and clarifies assumptions about risk and the effect of a restriction on the sale of an asset. The Fair Value Measurements Topic defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. However, in many instances, there are no quoted market prices for the Company's various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument. The Fair Value Measurements Topic also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The Fair Value Measurements Topic describes three levels of inputs that may be used to measure fair value:

- Level 1 - Quoted prices (unadjusted) or identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.
- Level 2 - Significant other observable inputs other than Level 1 prices, such as quoted prices of similar assets or liabilities, quoted prices in markets that are not active, and other inputs that are observable or can be corroborated by observable market data.
- Level 3 - Significant unobservable inputs that reflect a company's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

NOTES TO FINANCIAL STATEMENTS

Note 9. Fair Values of Financial Instruments (Continued)

Financial instruments of the Company that are subject to fair value measurements are limited to short-term investments, long-term debt and interest rate swaps. Fair values of these financial instruments are measured using Level 2 inputs.

The fair value of short-term investments approximates its carrying amount due to the short-term nature of these instruments.

The fair value of long-term debt approximates its carrying amount because its variable rate terms are similar to market terms.

The fair value of the interest rate swaps are based on the approximation of market value derived from proprietary models. This fair value takes into consideration the prevailing interest rate environment and the specific terms and conditions of the derivative financial instrument. The fair value was estimated by comparing the Company's fixed swap rates with the current market rates on identical swaps for the remaining terms. The interest due on each remaining payment date is calculated at the existing swap rate and the current market rate. Fair market value is the present value of the difference between those payment streams. The value represents the estimated exit price the Company would pay to terminate the agreement.

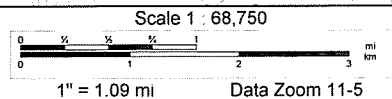
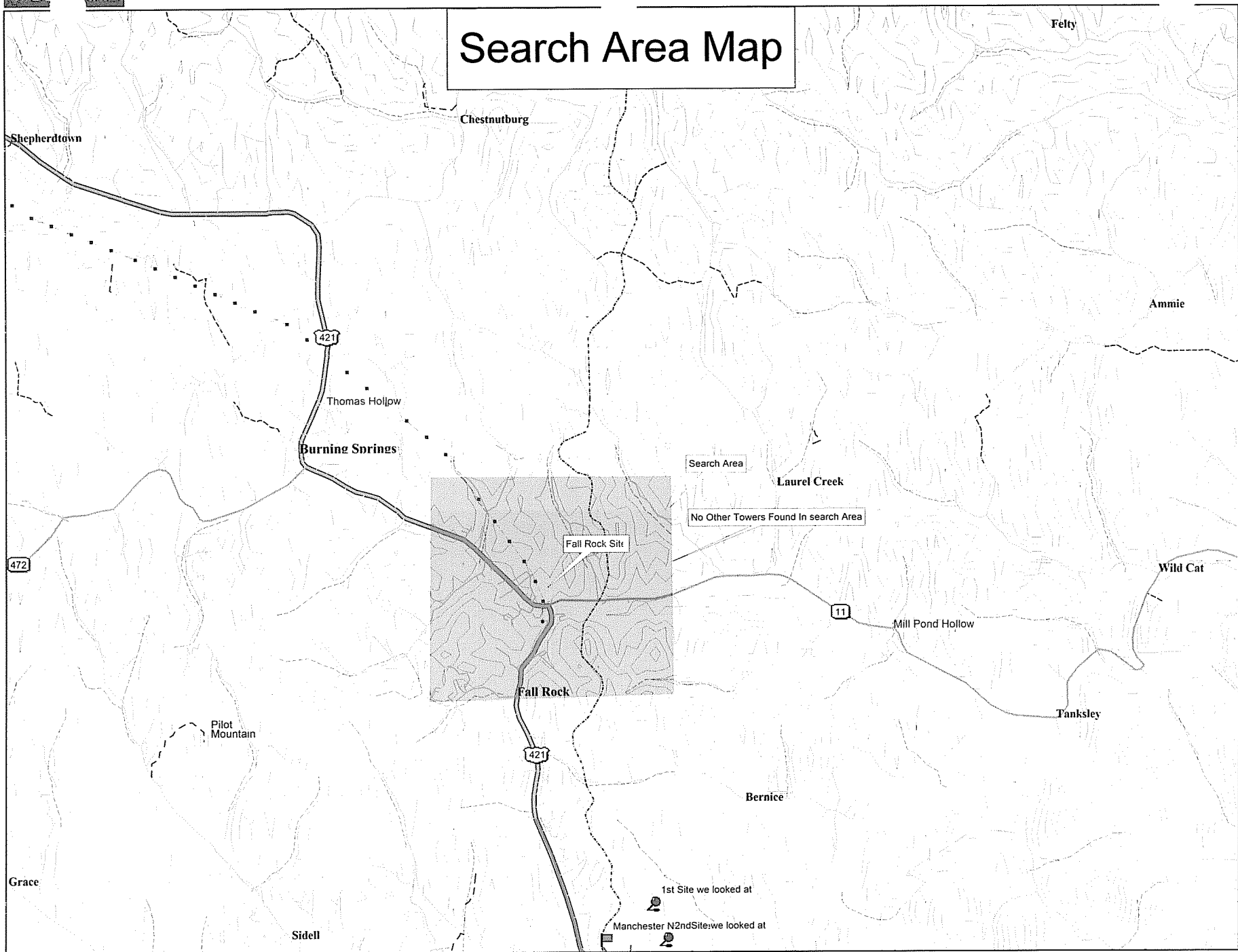
Directions to Fall Rock Site

Starting from the courthouse in Clay County Ky. Take Hwy 421 North 5.9 miles to Gravel road Turn right onto Gravel road and go .2 miles to Road turning up the hill to site. The proposed road is marked with Blue and white ribbons from that point to the site. Road is not constructed due to the NEPA report not being completed at this time.

Directions were written by:

Marty Thacker
Appalachian Wireless
606-634-9505 Cell Phone
606-785-2203 Office
m.thacker@tgtel.com email

Search Area Map



LEASE AGREEMENT

THIS LEASE AGREEMENT is made and entered into on the 20th day of December, 2010, by and between **Ricky and Vickie Smith**, his wife, of 6250 North Hwy. 421 Manchester, Ky 40962, LESSORS, and **East Kentucky Network, LLC, d/b/a Appalachian Wireless**, of 101 Technology Trail, Ivel, Kentucky 41642, LESSEE:

WITNESSETH:

That for and in consideration of the rents and other considerations hereinafter set out and subject to the terms and conditions therefore, Lessor's do hereby lease, let and demise unto Lessee, its successors and assigns, to have and to hold for the term hereinafter set out and subject to the Lessee's right to surrender or terminate this Lease and provided hereinafter, the following described premises (Leased Premises), which term shall include all real property, rights and privileges herein granted:

BEING the same property described by metes and bounds in the description attached hereto and made a part hereof as Exhibit "A", and as shown on the plat dated 11th day of November, 2010, prepared by James W. Caudill, Licensed Professional Land Surveyor, and attached hereto and made a part hereof as Exhibit A & B.

The Lessor grants unto Lessee full and complete right of ingress, egress and regress over roads located upon this property controlled by Lessor to and from the Leased Premises, and the non-exclusive right to use any existing road located on this property. In the event the Lessee desires to relocate all or any portion of an existing roadway or to construct another access road to the Leased Premises, the location of such roadway shall be mutually agreed upon by Lessor and Lessee. Lessor further grants to the Lessee a right

of way and easement to construct and maintain and operate telephone and power transmission lines over Lessor's remaining property to the Leased Premises for service of the tower and related facilities only, said lines to be located where feasible along the access road to the Leased Premises, with Lessor having input as to location of said power transmission lines in the event Lessee changes the location of its access road. Lessee shall have the right to trim or remove trees, limbs or underbrush which interferes with its access road or power/telephone lines wherever such road and lines are located or may damage tower if they fall. Lessee shall help maintain the existing road with gravel and needed repairs.

This Lease is made on the following terms and conditions:

1. **TERM OF LEASE.** The term of this lease shall be for a period of five (5) years from the date of this Lease Agreement with an additional seven (7) automatic renewals of five (5) year terms unless Lessee gives Lessor written notice at least sixty (60) days prior to expiration of said Term that Lessee does not wish to renew.

2. **CANCELLATION.** Lessee shall have the right to terminate this Lease and abandon the Premises at any time under its sole discretion, upon six (6) month written notice to Lessor of its intention to do so. In the event that Leased Premises fail the process for approval as an acceptable cellular tower site by the Federal Communications Commission or any tests or requirements as required for such approval (the "FCC Process") or approval by the Public Service Commission of Kentucky (the "PSC"), then in its sole discretion Lessor may terminate this Lease Agreement upon thirty (30) days written notice to Lessor of such intention. In the event of termination by Lessee, the

Lessor shall have no obligation to refund all or any portion of the annual Leasehold rental payment that has been paid through the date of termination. Upon termination of this Lease, Lessee shall have one hundred eight (180) days thereafter to remove all structures it has erected upon the Leased Premises, and to reclaim the premises. Payment shall continue until said structures are removed.

3. **RENTAL.** As rental for the Leased Premises, Lessee shall pay Lessor as follows: \$300.00 per month for the first five (5) year term. After the first five (5) year term each additional five (5) year term will have an increase of 5% per five year term.

4. **USE OF PREMISES.** Lessee shall have the exclusive rights and privileges of the use of the Leased Premises for the purpose of constructing buildings, towers, and other related facilities, including, but not limited to telephone lines, coaxial lines, power lines and the installation of any and all other equipment deemed necessary by Lessee to receive and transmit any and all electronic signals in the rural service area now or hereafter to be served by the facility. The parties hereto recognize that technology in the communications field is advancing at a rapid rate and that this site may be used for any other purpose now in the development stage or which may later be developed in the communications industry to carry out the objectives of Lessee, that being to transmit and receive signals and communications by wire, fiber optics, radio and satellite. Lessee shall not use the Leased Premises for purposes other than maintenance or use as a site for communications by the use of methods now or hereafter known.

Lessee shall have the right to relocate the road to the site at Lessee's expense, at a mutually agreed upon route, so as long as Lessor has the right to use the new road, which

use by Lessor shall not interfere with Lessee's use thereof or pose a threat to the security of Lessee's operations or the Leased Premises.

Lessee agrees to maintain the Leased Premises in a neat and orderly manner.

5. **INDEMNITY.** Lessee agrees to indemnify and save harmless the Lessor from any liability by virtue of Lessee's activities upon the Leased Premises or in the exercise of any rights and privileges granted herein, specifically including but not limited to any claim, loss, fine, penalty and costs (including reasonable attorney's fees) arising out of any violation of any environmental laws or regulations. This provision shall survive the termination of the lease. Lessee shall maintain and keep in full force and effect public liability and property damage insurance in an amount of at least One Million Dollars (\$1,000,000.00). Lessor shall not be held liable for personal injury or property damage on the Leased Premises whether or not associated with Lessee.

6. **TAXES.** Lessee shall pay all personal property taxes assessed on or any portion of such taxes attributable to the equipment used by Lessee on the Premises. Lessor shall pay when due all real property taxes and all other fees and assessments attributable to the Premises. Lessee shall reimburse the Lessor as additional compensation for any increase in real estate taxes levied against the Lessor (or its successors or assigns) which are attributable to or arise as a result of the improvements constructed by the Lessee, its successors or assigns.

7. **MISCELLANEOUS PROVISIONS.** All notices, demands, or other writings in this Lease Agreement provided to be given, made or sent, or which may be given or made or sent, to either party hereto to the other, shall be deemed to have been fully given or

made or sent when made in writing and deposited in the United States Mail, certified and postage prepaid, to Lessor and Lessee at the addresses stated in the caption of this Lease Agreement. Such addresses may be changed by written notice given by such party as above provided.

8. **SUCCESSORS AND ASSIGNS.** This Lease Agreement shall be binding upon the parties hereto, their heirs, executors, administrators and assigns.

WITNESS OUR HANDS, the day and year aforesaid.

LESSORS:

Ricky Lee Smith
Ricky Smith

Vickie Smith
Vickie Smith

LESSEE:

EAST KENTUCKY NETWORK, LLC
d/b/a APPALACHIAN WIRELESS

BY: Small F. Polunette

ITS: General Manager

STATE OF Kentucky
COUNTY OF Johnson

The foregoing Lease Agreement was this 20th day of December, 2010, produced and acknowledged before me by **Ricky Smith and Vickie Smith, his wife**, Lessor.

Candice
NOTARY PUBLIC
COMMISSION EXPIRES: 1-29-13

STATE OF KENTUCKY
COUNTY OF Johnson

The foregoing Lease Agreement was this 20 day of December, 2010,
produced and acknowledged before me by East Kentucky Network, LLC, dba
Appalachian Wireless by Gerald F Robiette its General mgr, Lessee.

Candace
NOTARY PUBLIC
COMMISSION EXPIRES: 1-29-13

STATE OF KENTUCKY
COUNTY OF CLAY

Clerk's Certificate of
Lodgment and Record

I, _____, Clerk of the County for the County and State
aforesaid, certify that the foregoing Lease Agreement was on the ____ day of
_____, 20__ lodged for record, whereupon the same, with the foregoing and
this certificate have been duly recorded in my office.

WITNESS my hand, this ____ day of _____, 20____.

_____ Clerk

By _____ D.C.

**DEED DESCRIPTION
FOR SUB DIVISION OF**
Property of
RICKY & VICKIE SMITH
&
TIMOTHY & BRENDA RUNION
Located near Fall Rock in Clay County at
Highway 421 & Highway 11

November 17, 2010

A portion of the property lying within the tract of land located south of hwy 421 and hwy 11 in Clay County Kentucky, near the community of Fall Rock. Being a part of property conveyed by deed from Carl Jackson, etal, to Ricky Smith and Vickie Smith by deed dated Oct 25, 1998 and recorded in Deed Book 246 Page 568 of the Clay County Court House. Also being a part of the property of Timothy Runion and Brenda Runion as specified in Will book 9 page 8 and described in Deed book 169 page 396. Being all the property contained within the following described lot.

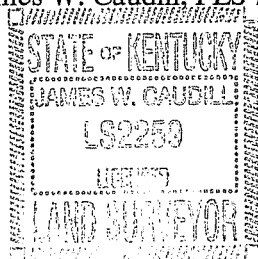
Tower Lot

Unless stated otherwise, any monument referred to herein as "set iron pin with cap" is a set 1/2" diameter rebar, at least eighteen (18") in length, with a plastic cap stamped "LS-2259". All bearings stated herein are referred to the NAD83 KY South State Plane north. This survey preformed by James W. Caudill, LS2259, on November 17, 2010.

Beginning on a set iron pin with metal cap marked ls2259 on the right of way line of East Kentucky Power Cooperative, Inc near the top of the ridge and within the property of Ricky & Vickie Smith (DB 246 page 568); thence running with the said right of way line North 15 deg 29 min 45 sec East, 149.90 feet to a set iron pin with metal cap marked ls2259 on the side of the hill near power line clearing; thence leaving the right of way line and running up the hill South 74 deg 44 min 33 sec East a total of 149.88 feet to a set iron pin with plastic cap marked ls2259 on hillside above road, passing a wire fence and a set pk nail in stump on the ridge at 71.66 feet and into the property of Timothy & Brenda Runion (WB 9 page 8); thence running around the hill South 15 deg 24 min 36 sec West, 150.14 feet to a set iron pin with cap marked ls2259 on the hillside; thence running up the hill North 74 deg 38 min 56 sec West, a total of 150.11 feet to the beginning, passing over a iron pin set on the ridge and fence line at 134.00 feet.

Containing a calculated area of 22502 sq ft or 0.52 acres.

This according to a survey by James W. Caudill, PLS #2259, November 17, 2010.



James W. Caudill
James W. Caudill, PLS #2259

LEASE AGREEMENT

THIS LEASE AGREEMENT is made and entered into on the 20 day of December, 2010, by and between **Tim and Brenda Runion**, his wife, of 455 North Hwy. 11 Manchester, Ky. 40962, LESSORS, and **East Kentucky Network, LLC, d/b/a Appalachian Wireless**, of 101 Technology Trail, Ivel, Kentucky 41642, LESSEE:

WITNESSETH:

That for and in consideration of the rents and other considerations hereinafter set out and subject to the terms and conditions therefore, Lessor do hereby lease, let and demise unto Lessee, its successors and assigns, to have and to hold for the term hereinafter set out and subject to the Lessee's right to surrender or terminate this Lease and provided hereinafter, the following described premises (Leased Premises), which term shall include all real property, rights and privileges herein granted:

BEING the same property described by metes and bounds in the description attached hereto and made a part hereof as Exhibit "A", and as shown on the plat dated 11th day of November, 2010, prepared by James W. Caudill, Licensed Professional Land Surveyor, and attached hereto and made a part hereof as Exhibit A & B.

The Lessor grants unto Lessee full and complete right of ingress, egress and regress over roads located upon this property controlled by Lessor to and from the Leased Premises, and the nonexclusive right to use any existing road located on this property. In the event the Lessee desires to relocate all or any portion of an existing roadway or to construct another access road to the Leased Premises, the location of such roadway shall be mutually agreed upon by Lessor and Lessee. Lessor further grants to the Lessee a right

of way and easement to construct and maintain and operate telephone and power transmission lines over Lessors remaining property to the Leased Premises for service of the tower and related facilities only, said lines to be located where feasible along the access road to the Leased Premises, with Lessor having input as to location of said power transmission lines in the event Lessee changes the location of its access road. Lessee shall have the right to trim or remove trees, limbs or underbrush which interferes with its access road or power/telephone lines wherever such road and lines are located or may damage tower if they fall. Lessee shall help maintain the existing road with gravel and needed repairs.

This Lease is made on the following terms and conditions:

1. **TERM OF LEASE.** The term of this lease shall be for a period of five (5) years from the date of this Lease Agreement with an additional seven (7) automatic renewals of five (5) year terms unless Lessee gives Lessor written notice at least sixty (60) days prior to expiration of said Term that Lessee does not wish to renew.

2. **CANCELLATION.** Lessee shall have the right to terminate this Lease and abandon the Premises at any time under its sole discretion, upon six (6) month written notice to Lessor of its intention to do so. In the event that Leased Premises fail the process for approval as an acceptable cellular tower site by the Federal Communications Commission or any tests or requirements as required for such approval (the "FCC Process") or approval by the Public Service Commission of Kentucky (the "PSC"), then in its sole discretion Lessor may terminate this Lease Agreement upon thirty (30) days written notice to Lessor of such intention. In the event of termination by Lessee, the

Lessor shall have no obligation to refund all or any portion of the annual Leasehold rental payment that has been paid through the date of termination. Upon termination of this Lease, Lessee shall have one hundred eighty (180) days thereafter to remove all structures it has erected upon the Leased Premises, and to reclaim the premises. Payment shall continue until said structures are removed.

3. **RENTAL.** As rental for the Leased Premises, Lessee shall pay Lessor as follows: \$200.00 per month for the first five (5) year term. After the first five (5) year term each additional five (5) year term will have an increase of 5% per five year term.

4. **USE OF PREMISES.** Lessee shall have the exclusive rights and privileges of the use of the Leased Premises for the purpose of constructing buildings, towers, and other related facilities, including, but not limited to telephone lines, coaxial lines, power lines and the installation of any and all other equipment deemed necessary by Lessee to receive and transmit any and all electronic signals in the rural service area now or hereafter to be served by the facility. The parties hereto recognize that technology in the communications field is advancing at a rapid rate and that this site may be used for any other purpose now in the development stage or which may later be developed in the communications industry to carry out the objectives of Lessee, that being to transmit and receive signals and communications by wire, fiber optics, radio and satellite. Lessee shall not use the Leased Premises for purposes other than maintenance or use as a site for communications by the use of methods now or hereafter known.

Lessee agrees to maintain the Leased Premises in a neat and orderly manner.

5. **INDEMNITY.** Lessee agrees to indemnify and save harmless the Lessor from any liability by virtue of Lessee's activities upon the Leased Premises or in the exercise of any rights and privileges granted herein, specifically including but not limited to any claim, loss, fine, penalty and costs (including reasonable attorney's fees) arising out of any violation of any environmental laws or regulations. This provision shall survive the termination of the lease. Lessee shall maintain and keep in full force and effect public liability and property damage insurance in an amount of at least One Million Dollars (\$1,000,000.00). Lessor shall not be held liable for personal injury or property damage on the Leased Premises whether or not associated with Lessee.

6. **TAXES.** Lessee shall pay all personal property taxes assessed on or any portion of such taxes attributable to the equipment used by Lessee on the Premises. Lessor shall pay when due all real property taxes and all other fees and assessments attributable to the Premises. Lessee shall reimburse the Lessor as additional compensation for any increase in real estate taxes levied against the Lessor (or its successors or assigns) which are attributable to or arise as a result of the improvements constructed by the Lessee, its successors or assigns.

7. **MISCELLANEOUS PROVISIONS.** All notices, demands, or other writings in this Lease Agreement provided to be given, made or sent, or which may be given or made or sent, to either party hereto to the other, shall be deemed to have been fully given or made or sent when made in writing and deposited in the United States Mail, certified and postage prepaid, to Lessor and Lessee at the addresses stated in the caption of this Lease

Agreement. Such addresses may be changed by written notice given by such party as above provided.

8. **SUCCESSORS AND ASSIGNS.** This Lease Agreement shall be binding upon the parties hereto, their heirs, executors, administrators and assigns.

WITNESS OUR HANDS, the day and year aforesaid.

LESSORS:

Tim Runion

Tim Runion

Brenda Runion

Brenda Runion

LESSEE:

**EAST KENTUCKY NETWORK, LLC
d/b/a APPALACHIAN WIRELESS**

BY: Scott F. Palumbo

ITS: GENERAL MANAGER / CEO

STATE OF Kentucky
COUNTY OF Johnson

The foregoing Lease Agreement was this 20th day of December, 2010, produced and acknowledged before me by **Tim and Brenda Runion, his Wife** Lessor.

Carla Ricci

NOTARY PUBLIC

COMMISSION EXPIRES: 1-29-13

STATE OF KENTUCKY
COUNTY OF Johnson

The foregoing Lease Agreement was this 20th day of December, 2010,
produced and acknowledged before me by East Kentucky Network, LLC, dba
Appalachian Wireless by Gerald F. Robinette its GM, Lessee.

Candi Truei
NOTARY PUBLIC
COMMISSION EXPIRES: 1-29-13

STATE OF KENTUCKY
COUNTY OF CLAY

**Clerk's Certificate of
Lodgment and Record**

I, _____, Clerk of the County for the County and State
aforesaid, certify that the foregoing Lease Agreement was on the ____ day of
_____, 20__ lodged for record, whereupon the same, with the foregoing and
this certificate have been duly recorded in my office.

WITNESS my hand, this ____ day of _____, 20_____.

_____ Clerk

By _____ D.C.

**DEED DESCRIPTION
FOR SUB DIVISION OF
Property of
RICKY & VICKIE SMITH
&
TIMOTHY & BRENDA RUNION
Located near Fall Rock in Clay County at
Highway 421 & Highway 11**

November 17, 2010

A portion of the property lying within the tract of land located south of hwy 421 and hwy 11 in Clay County Kentucky, near the community of Fall Rock. Being a part of property conveyed by deed from Carl Jackson, etal, to Ricky Smith and Vickie Smith by deed dated Oct 25, 1998 and recorded in Deed Book 246 Page 568 of the Clay County Court House. Also being a part of the property of Timothy Runion and Brenda Runion as specified in Will book 9 page 8 and described in Deed book 169 page 396. Being all the property contained within the following described lot.

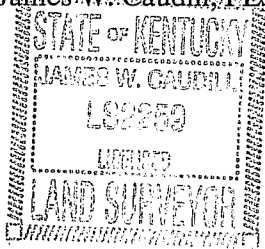
Tower Lot

Unless stated otherwise, any monument referred to herein as "set iron pin with cap" is a set ½" diameter rebar, at least eighteen (18") in length, with a plastic cap stamped "LS-2259". All bearings stated herein are referred to the NAD83 KY South State Plane north. This survey preformed by James W. Caudill, LS2259, on November 17, 2010.

Beginning on a set iron pin with metal cap marked ls2259 on the right of way line of East Kentucky Power Cooperative, Inc near the top of the ridge and within the property of Ricky & Vickie Smith (DB 246 page 568); thence running with the said right of way line North 15 deg 29 min 45 sec East, 149.90 feet to a set iron pin with metal cap marked ls2259 on the side of the hill near power line clearing; thence leaving the right of way line and running up the hill South 74 deg 44 min 33 sec East a total of 149.88 feet to a set iron pin with plastic cap marked ls2259 on hillside above road, passing a wire fence and a set pk nail in stump on the ridge at 71.66 feet and into the property of Timothy & Brenda Runion (WB 9 page 8); thence running around the hill South 15 deg 24 min 36 sec West, 150.14 feet to a set iron pin with cap marked ls2259 on the hillside; thence running up the hill North 74 deg 38 min 56 sec West, a total of 150.11 feet to the beginning, passing over a iron pin set on the ridge and fence line at 134.00 feet.

Containing a calculated area of 22502 sq ft or 0.52 acres.

This according to a survey by James W. Caudill, PLS #2259, November 17, 2010.



James W. Caudill
James W. Caudill, PLS #2259

MANCHESTER 7.5' QUADRANGLE

N:1973905.46
E:2212834.91
Z:1140.860

APPALACHIAN WIRELESS

101 TECHNOLOGY TRAIL
IVEL, KY. 41642

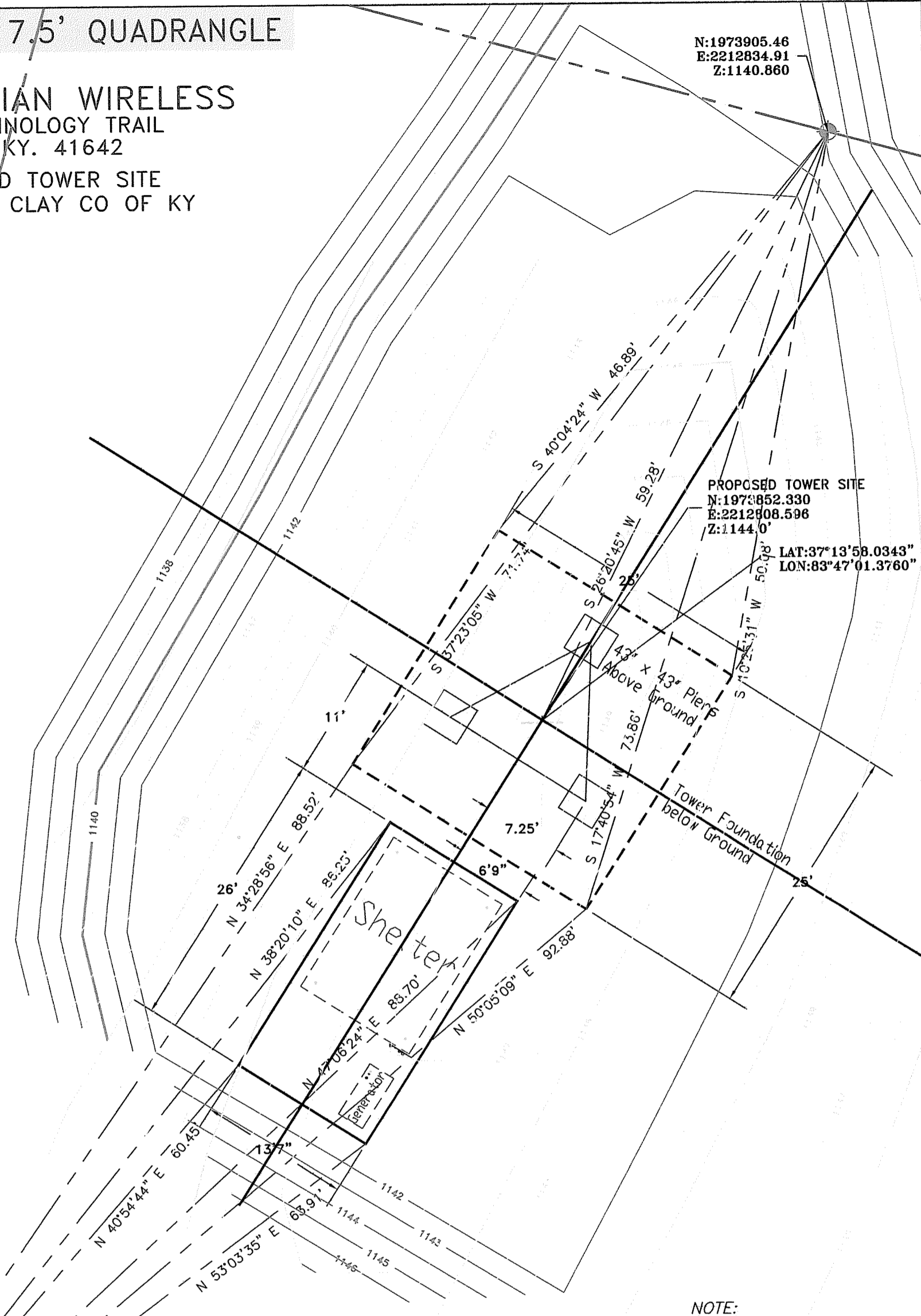
PROPOSED TOWER SITE
FALL ROCK, CLAY CO OF KY

NORTH

POWER LINE ROW

PROPOSED TOWER SITE
N:1973852.330
E:2212808.596
Z:1144.0'

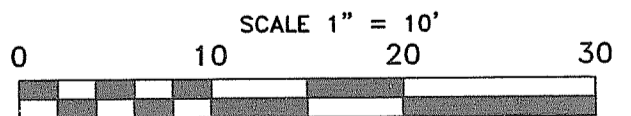
LAT:37°13'58.0343"
LON:83°47'01.3760"



NOTE:
SEE FOUNDATION DRAWINGS
FOR DRAWING DETAIL

LEGEND

- CEMETERY
- TOWER
- PROPOSED CONTOUR
- ACCESS ROAD
- PROPOSED FENCE



N:1973775.49
E:2212741.23
Z:1155.430

- THE PROPOSED TOWER HAS BEEN LOCATED USING DUAL FREQUENCY GPS UNIT PROCESSED BY "OPUS"
- STATE PLANE COORDINATES NAD 83 KY SOUTH ZONE N 1973852.33, E 2212808.60, EL 1144.0' FT MSL
- PRECISION: HORIZONTAL=0.30' VERTICAL=0.50'
- PROPERTY LINE INFORMATION TAKEN FROM DEEDS AND VERIFIED IN THE FIELD.

ENGINEER'S CERTIFICATE: I HEREBY CERTIFY THAT THIS DOCUMENT
WAS PREPARED BY ME OR UNDER MY DIRECTION.

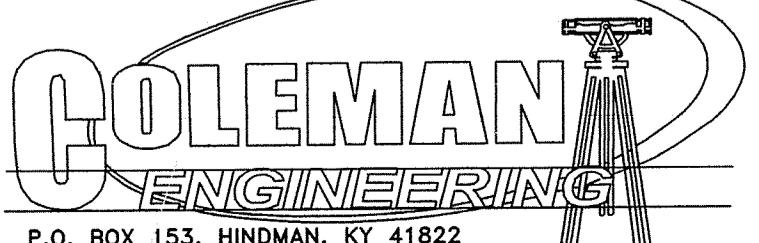
James W. Caudill
JAMES W. CAUDILL

12308
P.E.#

6-10-11
DATE

MAP SHOWING TOWER LAYOUT
AND STAKEOUT INFORMATION

06/10/11



MANCHESTER 7.5' QUADRANGLE

APPALACHIAN WIRELESS

101 TECHNOLOGY TRAIL
IVEL, KY. 41642

PROPOSED TOWER SITE
FALL ROCK, CLAY CO OF KY

LAND OWNERS:

- 1 APPALACHIAN WIRELESS
101 TECHNOLOGY TRAIL
IVEL, KY 41642
- 2 RICKY & VICKIE SMITH
126 JERRY SHEPHERD RD
FALL ROCK KY 40932
- 3 TIMOTHY RUNION
145 NORTH HWY 11
FALL ROCK KY 40932
- 4 EAST KENTUCKY POWER COOPERATIVE, INC
P.O. BOX 707
WINCHESTER, KY 40392-0707
POWER LINE RIGHT OF WAY



PROPOSED ACCESS ROAD

PROPOSED TOWER SITE
N:1973852.330
E:2212808.598
Z:1149.774

LAT:37°13'58.0343"
LON:83°47'01.3760"

NORTH

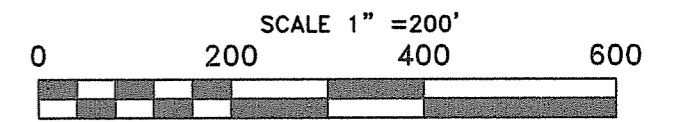
EXISTING ROAD

AFFECTED BOUNDARY

HIGHWAY 11

HIGHWAY 421

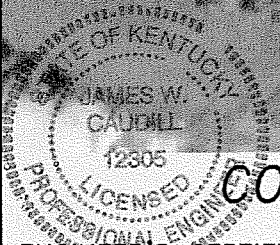
LAURAL



MAP SHOWING STRUCTURES & LAND OWNERS
WITHIN 500 FT OF THE PROPOSED TOWER

06/10/11

P.O. BOX 153, HINDMAN, KY 41822



COLEMAN ENGINEERING
P.O. BOX 153, HINDMAN, KY 41822

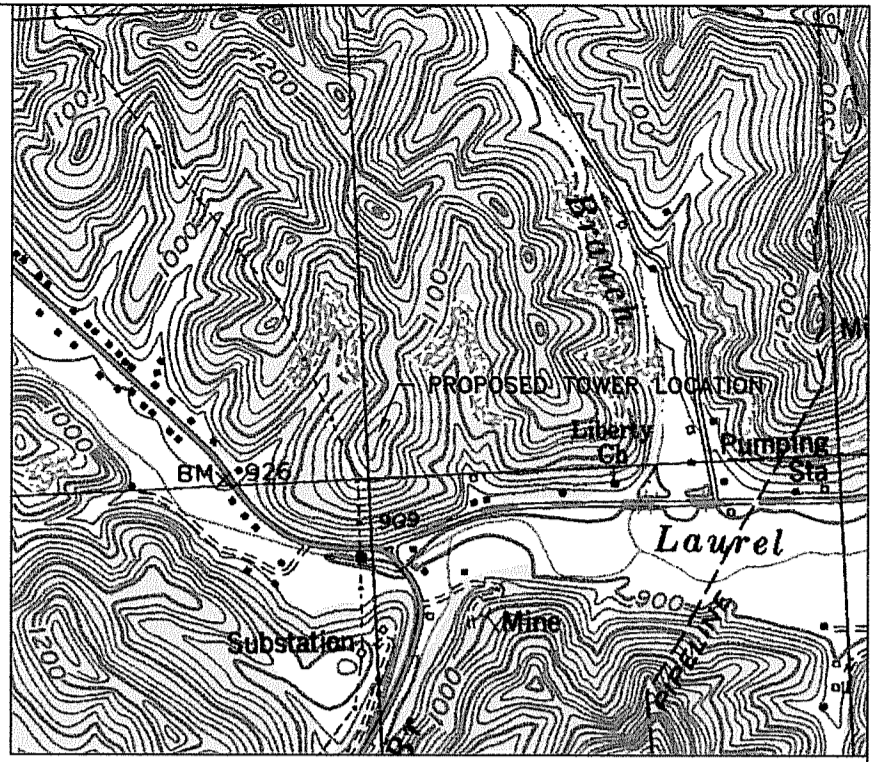
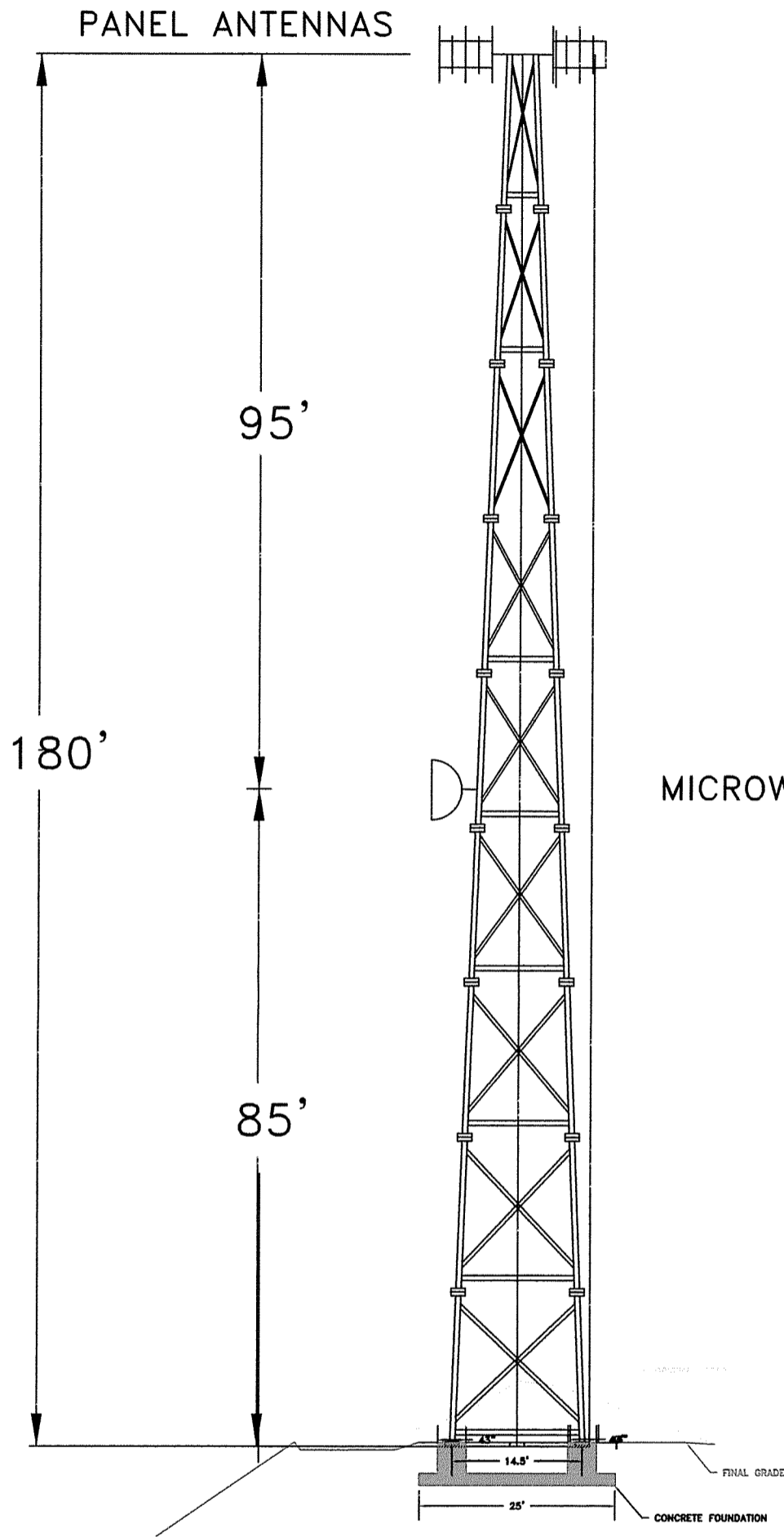
ENGINEER'S CERTIFICATE: I HEREBY CERTIFY THAT THE INFORMATION SHOWN REFLECTS THE INFORMATION OBTAINED AND PROVIDED BY THE CLAY COUNTY PROPERTY VALUATION ADMINISTRATION OFFICE IN MANCHESTER

James W. Caudill 12305 6-10-11
JAMES W. CAUDILL PE# DATE

LEGEND

- POWER LINE
- PROPERTY LINE
- ACCESS ROAD
- CREEK
- CEMETERY
- TOWER

PROFILE WITH TOWER



VICINITY MAP NOT TO SCALE

APPALACHIAN WIRELESS
 101 TECHNOLOGY TRAIL
 IVEL, KY. 41642
 PROPOSED TOWER SITE
 FALL ROCK IN CLAY COUNTY

MICROWAVE DISH

1" = 20'
 06/10/11

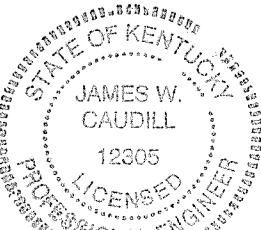
GRAPHIC SCALE



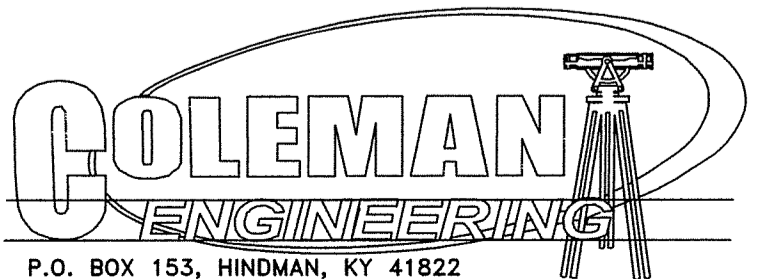
THIS IS A VERTICAL PROFILE SKETCH OF THE TOWER INDICATING THE PROPOSED ANTENNA AND DISH ELEVATIONS. NO DESIGN CRITERIA WAS CONSIDERED IN THE PREPARATION OF THIS DRAWING.

James W. Caudill 12305
 JAMES W. CAUDILL P.E.

6-10-11
 DATE



PROPOSED SITE PLAN AND STRUCTURE LOCATION
 FALLROCK TOWER APPALACHIAN WIRELESS



P.O. BOX 153, HINDMAN, KY 41822