

RECEIVED

JAN 14 2014

PUBLIC SERVICE
COMMISSION

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

INEZ 2
CELLULAR TOWER
APPLICATION

Martin County, Kentucky
P.S.C. Case # 2013-00393

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

JAN 14 2014

PUBLIC SERVICE
COMMISSION

In the matter of:

THE APPLICATION OF EAST KENTUCKY NETWORK)
LIMITED LIABILITY COMPANY FOR THE ISSUANCE)
OF A CERTIFICATE OF PUBLIC CONVENIENCE AND) CASE No. 2013-00393
NECESSITY TO CONSTRUCT A TOWER IN MARTIN)
COUNTY, KENTUCKY).

East Kentucky Network, LLC, d/b/a Appalachian Wireless, was granted authorization to provide Personal Communications Service (“PCS”) in the KY-9 Cellular Market Area (CMA451) 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 Martin 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 300 foot self-supporting tower on a tract of land located approximately 0.6 miles southwest of the intersection of Route 3 and Hwy 40, Inez, Martin County, Kentucky (37°51’38.4”N 82°32’53.1”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.

Martin County has no formal local planning unit. In absence of this unit the Martin 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 Mountain Citizen's December 11th edition. Enclosed is a copy of that notice in Exhibit 3. The Mountain Citizen is the newspaper with the largest circulation in Martin 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 World Tower Company 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.

The FAA and Kentucky Airport Zoning Commission applications are both 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 December 10, 2013 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 agreement with legal description 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 for East Kentucky Network, LLC d/b/a Appalachian Wireless. All related questions or correspondence concerning this filing should be mailed to East Kentucky Network, LLC d/b/a/ Appalachian Wireless, 101 Technology Trail, Ivel, KY 41642.

SUBMITTED BY: Lynn Haney DATE: 1/7/14
Lynn Haney, Compliance Coordinator

APPROVED BY: W A Gillum DATE: 1/7/2014
W. A. Gillum, General Manager

ATTORNEY: Wm S. Kendrick DATE: 1/02/2014
Hon. William S. Kendrick
P.O. BOX 268
PRESTONSBURG, KY 41653
wkendrick@kih.NET

CONTACT INFORMATION:

W. A. Gillum, General Manager
Phone: (606) 477-2355, Ext. 111
Email: wagillum@ekn.com

Lynn Haney, Compliance Coordinator
Phone: (606) 477-2355, Ext. 1007
Email: lhanev@ekn.com

**William S. Kendrick, Attorney
Francis, Kendrick & Francis
Phone: (606) 886-2812**

Mailing Addresses:

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

**Francis, Kendrick & Francis
P.O. Box 268
Prestonsburg, KY 41653**

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 Agreement for Proposed Site with Legal Description
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

Cellular License - KNKN880 - East Kentucky Network, LLC d/b/a Appalachian Wireless

PA This license has pending applications: 0005928012

Call Sign	KNKN880	Radio Service	CL - Cellular
Status	Active	Auth Type	Regular

Market

Market	CMA451 - Kentucky 9 - Elliott	Channel Block	B
Submarket	0	Phase	2

Dates

Grant	08/30/2011	Expiration	10/01/2021
Effective	11/02/2013	Cancellation	

Five Year Buildout Date

10/23/1996

Control Points

1 U.S. 23, HAROLD, KY

Licensee

FRN	0001786607	Type	Limited Liability Company
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Licensee

East Kentucky Network, LLC d/b/a Appalachian Wireless
 101 Technology Trail
 Ivel, KY 41642
 ATTN W.A. Gillum, General Manager/CEO
 P:(606)477-2355

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
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Ownership and Qualifications

Radio Service	Mobile	Type	
Regulatory Status	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.



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

John R. & Alice Stepp
P.O. Box 369
Inez, KY 41224

Glenn E. & Deborah Blevins
P.O. Box 993
Inez, KY 41224

Estella Robyn Burchette
P.O. Box 1019
Inez, KY 41224

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



VIA: U.S. CERTIFIED MAIL

December 6, 2013

John R. & Alice Stepp
P.O. Box 369
Inez, KY 41224

RE: Public Notice-Public Service Commission of Kentucky (Case No. 2013-00393)

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 Martin County. The facility will include a 300 foot self supporting tower with attached antennas extending upwards, and an equipment shelter on a tract of land located approximately 0.6 mile southwest of the intersection of Route 3 and Hwy 40, Inez, Martin 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.

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. 2013-00393 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 606-477-2355, Ext. 1007.

Sincerely,

A handwritten signature in black ink that reads "Lynn Haney". The signature is written in a cursive, flowing style.

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



VIA: U.S. CERTIFIED MAIL

December 6, 2013

Glenn E. & Deborah Blevins
P.O. Box 993
Inez, KY 41224

RE: Public Notice-Public Service Commission of Kentucky (Case No. 2013-00393)

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 Martin County. The facility will include a 300 foot self supporting tower with attached antennas extending upwards, and an equipment shelter on a tract of land located approximately 0.6 mile southwest of the intersection of Route 3 and Hwy 40, Inez, Martin 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.

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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 606-477-2355, Ext. 1007.

Sincerely,

A handwritten signature in cursive script that reads "Lynn Haney".

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



VIA: U.S. CERTIFIED MAIL

December 6, 2013

Estella Robyn Burchette
P.O. Box 1019
Inez, KY 41224

RE: Public Notice-Public Service Commission of Kentucky (Case No. 2013-00393)

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 Martin County. The facility will include a 300 foot self supporting tower with attached antennas extending upwards, and an equipment shelter on a tract of land located approximately 0.6 mile southwest of the intersection of Route 3 and Hwy 40, Inez, Martin 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.

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. 2013-00393 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 606-477-2355, Ext. 1007.

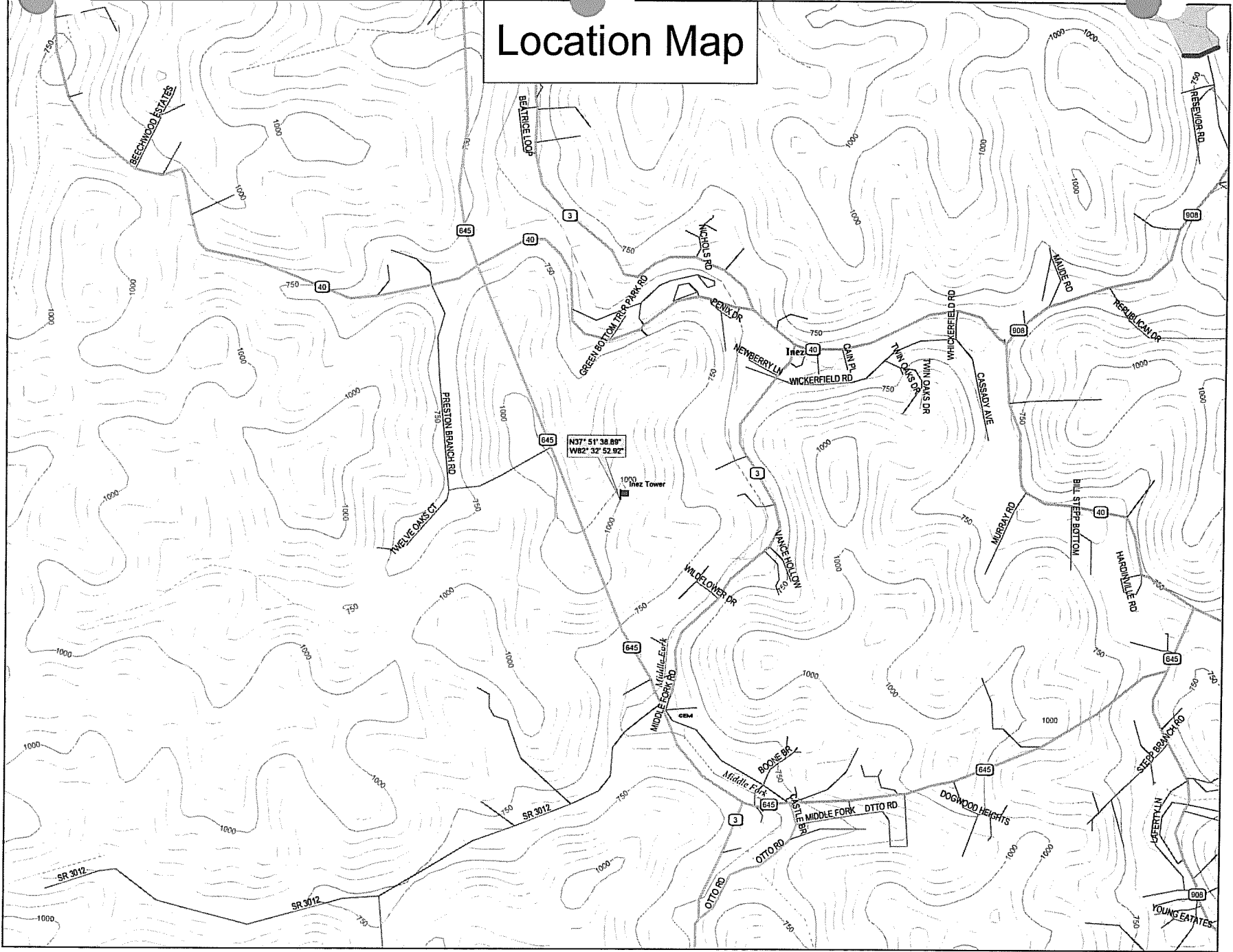
Sincerely,

A handwritten signature in cursive script that reads "Lynn Haney".

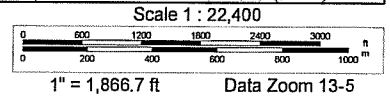
Lynn Haney
Compliance Coordinator

Enclosure 1

Location Map



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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



VIA: U.S. CERTIFIED MAIL

December 6, 2013

Kelly Callaham, Judge Executive
P.O. Box 309
Inez, KY 41224

RE: Public Notice-Public Service Commission of Kentucky (Case No. 2013-00393)

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 Martin County. The facility will include a 300 foot self-supporting tower with attached antennas extending upwards, and an equipment shelter on a tract of land located approximately 0.6 mile southwest of the intersection of Route 3 and Hwy 40, Inez, Martin 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 Martin 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. 2013-00393 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 606-477-2355, Ext. 1007.

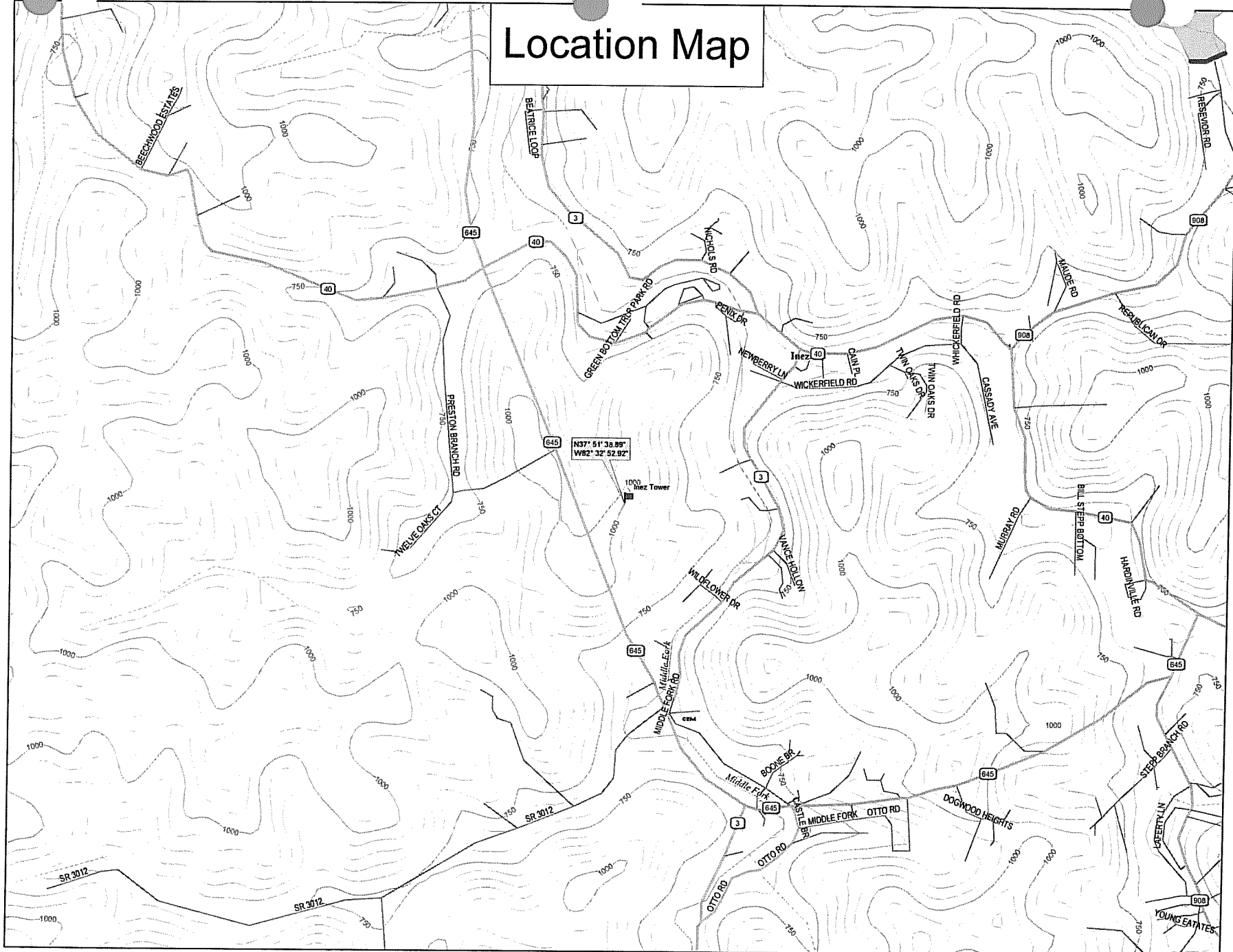
Sincerely,

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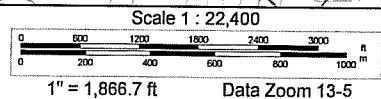
Lynn Haney
Compliance Coordinator

Enclosure 1

Location Map



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 www.delorme.com



dba Appalachian Wireless
101 Technology Trail
Ivel, KY 41642
Phone: 606-477-2355
Fax: 606-791-2225

EAST KENTUCKY
NETWORK



To: The Mountain Citizen
Attn: Classifieds

From: Lynn Haney
Compliance Coordinator

Email: mountaincitizen@bellsouth.net

Date: December 6, 2013

Re: PUBLIC NOTICE ADVERTISEMENT

Pages: 1

Please place the following Public Notice Advertisement in the Mountain Citizen's December 11, 2013 edition.

PUBLIC NOTICE:

RE: Public Service Commission of Kentucky (CASE NO. 2013-00393)

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 0.6 mile southwest from the intersection of Route 3 and Hwy 40, Inez, Martin County, Kentucky. The proposed tower will be a 300 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. 2013-00393.

If you have any questions about the placement of the above mentioned notice, please call me at 606-477-2375, ext. 1007.

Thank you,

Lynn Haney
Compliance Coordinator

The message above and the information contained in the documents transmitted are confidential and intended only for the person(s) named above. Dissemination, distribution or copying of this communication by anyone other than the person(s) named above is prohibited. If you have received this communication in error, please notify us immediately by telephone and return the original message to us at the address listed above via regular mail. Thank you.

Next Generation Communications



WENDELL R. HOLMES, P.G.

424 Pear Street
Hazard, KY 41701
October 16, 2013

Inez 2 Tower Site

Purpose:

A site assessment was conducted for Appalachian Wireless on a tract of land located in Martin County near Inez, 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 4.0 feet to the sandy shale bedrock. (See attached page for descriptions of materials encountered.)

The terrain in Martin County is moderately to very steep. The tower site is located on top of a ridge 0.75 miles southeast of the intersection of KY 40 and KY 645 near the community of Inez in Martin County. The sandy shale 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 ridge in the area. The sandy shale 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 shale 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.

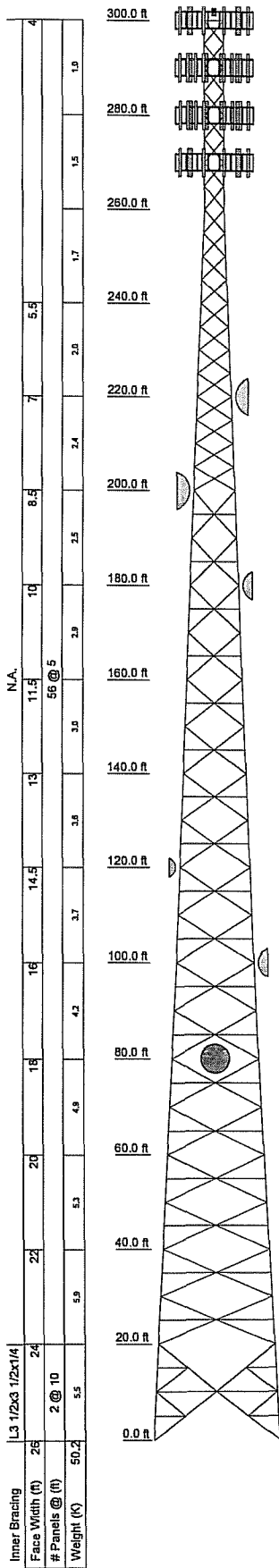
**424 Pear Street
Hazard, Ky. 41701
(606)438-7250**

Geologist Log

Location: Inez 2 Tower Site

Unit Thickness	Total depth	Strata	Description
4.00'	4.00'	Soil	Gray, Brown with Shale Fragments
10.00'	14.00'	Sandy Shale	Weathered, Brown and Gray





DESIGNED APPURTENANCE LOADING

TYPE	ELEVATION	TYPE	ELEVATION
Flash Beacon Lighting	300	(4) 840-21240 w/ mt pipe	280
(2) WPA-80063/BCF (94.7x11.8x3.9) w/ mp	300	(4) 840-21240 w/ mt pipe	280
(2) WPA-80063/BCF (94.7x11.8x3.9) w/ mp	300	(4) 840-21240 w/ mt pipe	280
(2) WPA-80063/BCF (94.7x11.8x3.9) w/ mp	300	(2) WPA-80063/BCF (94.7x11.8x3.9) w/ mp	270
(2) WPA-80063/BCF (94.7x11.8x3.9) w/ mp	300	(2) WPA-80063/BCF (94.7x11.8x3.9) w/ mp	270
WD13X53 Antenna Mounting Frame	300	(2) WPA-80063/BCF (94.7x11.8x3.9) w/ mp	270
WD13X53 Antenna Mounting Frame	300	WD13X53 Antenna Mounting Frame	270
WD13X53 Antenna Mounting Frame	300	WD13X53 Antenna Mounting Frame	270
WD13X53 Antenna Mounting Frame	290	WD13X53 Antenna Mounting Frame	270
WD13X53 Antenna Mounting Frame	290	WD13X53 Antenna Mounting Frame	270
WD13X53 Antenna Mounting Frame	290	8 FT DISH	220
(4) 840-21240 w/ mt pipe	290	8 FT DISH	200
(4) 840-21240 w/ mt pipe	290	6 FT DISH	180
(4) 840-21240 w/ mt pipe	290	4 FT DISH	120
WD13X53 Antenna Mounting Frame	280	6 FT DISH	100
WD13X53 Antenna Mounting Frame	280	6 FT DISH	80
WD13X53 Antenna Mounting Frame	280		

SYMBOL LIST

MARK	SIZE	MARK	SIZE
A	L2 1/2x2 1/2x3/16		

MATERIAL STRENGTH

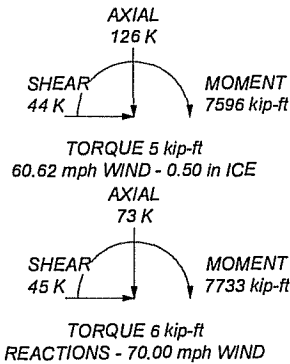
GRADE	Fy	Fu	GRADE	Fy	Fu
A572-50	50 ksi	65 ksi	A36	36 ksi	58 ksi

TOWER DESIGN NOTES

1. Tower designed for a 70.00 mph basic wind in accordance with the TIA/EIA-222-F Standard.
2. Tower is also designed for a 60.62 mph basic wind with 0.50 in ice.
3. TOWER RATING: 99.4%

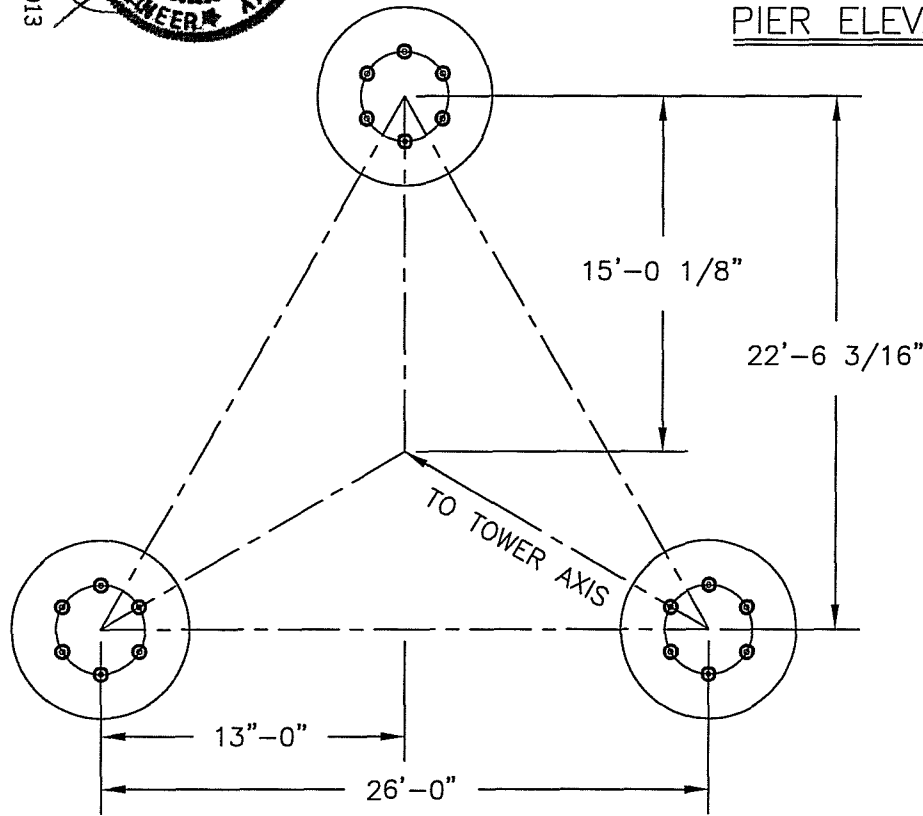
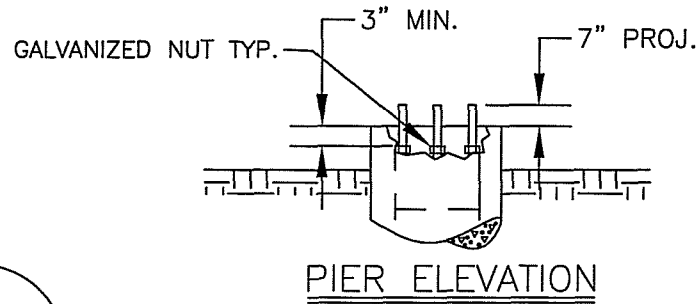
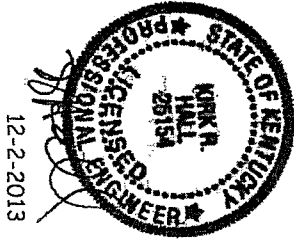
MAX. CORNER REACTIONS AT BASE:

DOWN: 379 K
 UPLIFT: -307 K
 SHEAR: 32 K

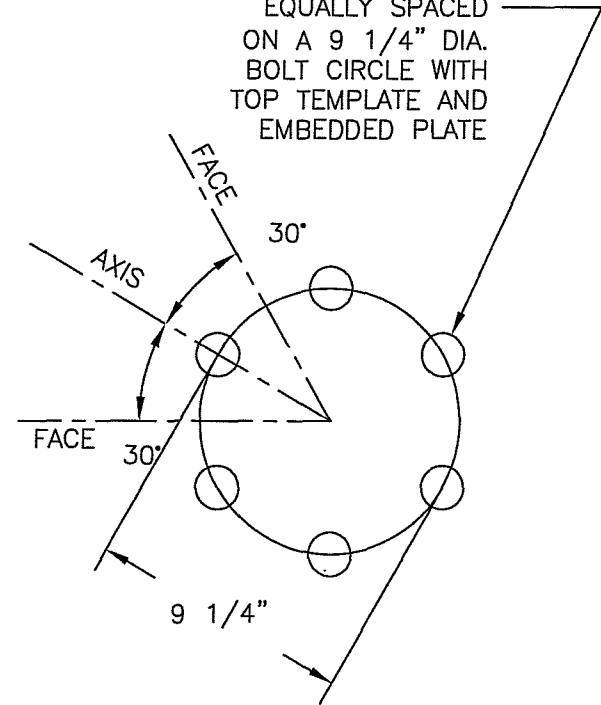


12-2-2013

World Tower Company 1213 Compressor Drive Mayfield, Kentucky 42066 Phone: (270) 247-3642 FAX: (270) 247-0909	Job: 300' WSST Tower / Job Q12-1030 Project: Inez, KY
	Client: Appalachian Wireless
	Code: TIA/EIA-222-F
	Path: C:\Tower\PE Run\2012\Q12-1030 Inez Appalachian\Q12-1030.eif
	Drawn by: Kirk Hall Date: 11/12/12 Scale: NTS Dwg No. E-1



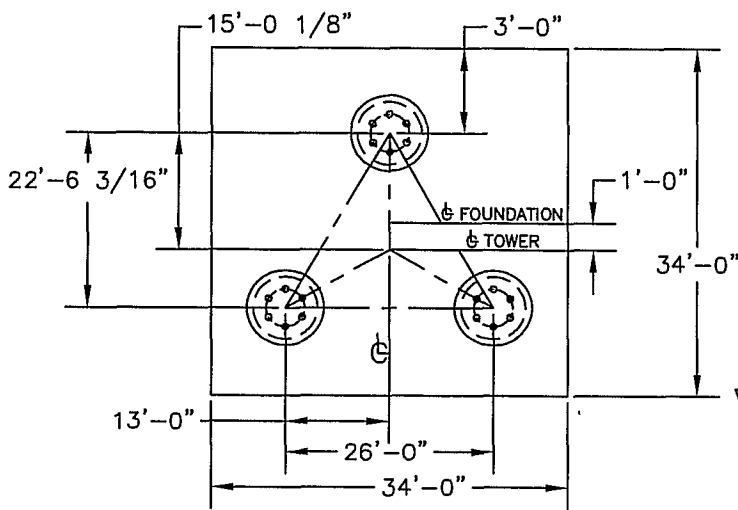
ANCHOR BOLTS
 (6) 1 1/4" ϕ X 60"
 (ASTM A354 GR. BC)
 EQUALLY SPACED
 ON A 9 1/4" DIA.
 BOLT CIRCLE WITH
 TOP TEMPLATE AND
 EMBEDDED PLATE



R1- REVISED SITE NAME-LKG 11-27-13

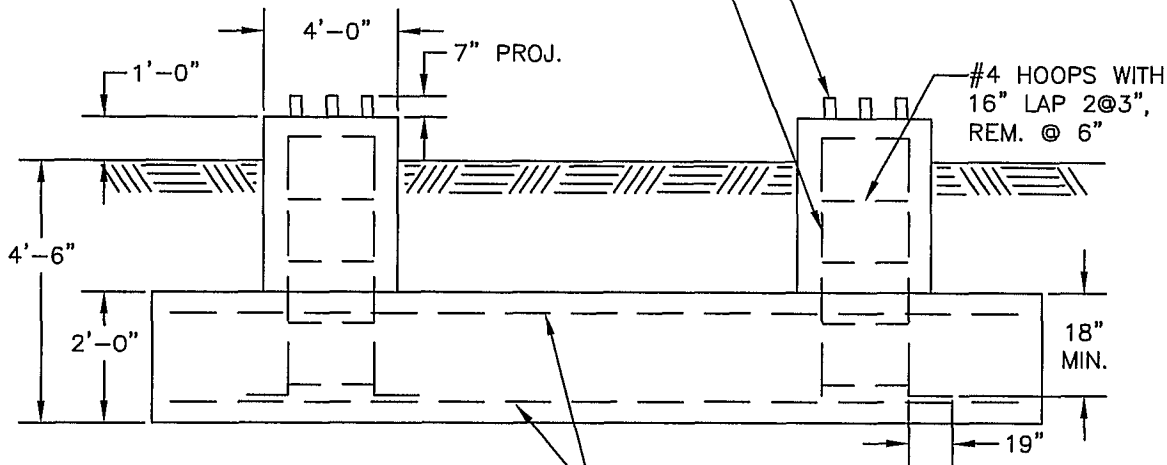
TITLE:
 300' MODEL WSST TOWER
 FOR: APPALACHIAN WIRELESS
 SITE: INEZ II, KY

WORLD TOWER			
SCALE	DWN. LKB	CKD.	DATE 11-13-12
FILE	DWG. NO. Q121030AB R1		



91 CU. YDS.
CONCRETE REQ'D.

BASE REACTIONS	
OTM:	7733.0 FT. KIPS
COMP.	379.0 KIPS
UPLIFT	307.0 KIPS
SHEAR (3 LEGS)	45.0 KIPS
WT. NO ICE	73.0 KIPS
WT. 1/2" ICE	126.0 KIPS

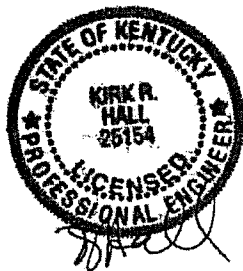


12 #9 VERT. REBARS
WITH 90° A.C.I. BEND
AT BOTTOM

ANCHOR BOLTS
EMBEDDED PLATE AT BOTTOM

#4 HOOPS WITH
16" LAP 2@3",
REM. @ 6"

35-#10 REBARS
EACH WAY TOP AND BOTTOM
(140 TOTAL)



12-2-2013

GENERAL NOTES

1. CONCRETE TO HAVE 4000 PSI MIN. COMPRESSIVE STRENGTH AFTER 28 DAYS.
2. ALL REINFORCEMENT STEEL IS DEFORMED AND MEETS THE STRENGTH REQUIREMENTS OF ASTM A615 GRADE 60.
3. EMBEDDED STEEL TO HAVE 3" MIN. CONCRETE COVER.
4. FOUNDATION DESIGN IS BASED ON CUSTOMER SUPPLIED SOIL DATA FROM WENDELL R. HOLMES, P.G. DATED OCTOBER 16, 2013.

TITLE: FOUNDATION DETAIL
300' WSST TOWER
FOR: APPALACHIAN WIRELESS
SITE: INEZ II, KY

WORLD TOWER

SCALE	DWN. LKB	CKD.	DATE 11-13-12
FILE	DWG. NO. Q121030F R1		



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

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: New Construction Alteration Existing
 4. Duration: Permanent Temporary (Months _____ Days _____)
 5. Work Schedule: Start 1/15/2014 End 1/30/2014

6. Type: Antenna Tower Crane Building Power Line
 Landfill Water Tank Other _____

7. Marking/Painting and/or Lighting Preferred:
 Red Lights and Paint Dual - Red & Medium Intensity White
 White - Medium intensity Dual - Red & High Intensity White
 White - High Intensity Other _____

8. FAA Aeronautical Study Number: _____

9. Latitude: 37 ° 51 ' 38 " 43 "

10. Longitude: 82 ° 32 ' 53 " 16 "

11. Datum: NAD83 NAD27 Other _____

12. Nearest Kentucky City: Inez County Martin

13. Nearest Kentucky public use or Military airport:
Big Sandy Regional Airport

14. Distance from #13 to Structure: 9.0 mi

15. Direction from #13 to Structure: NNE

16. Site Elevation (AMSL): 1,025.00 Feet

17. Total Structure Height (AGL): 310.00 Feet

18. Overall Height (#16 + #17) (AMSL): 1,335.00 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)
 Site is located approx. 0.6 miles SW of Inez (Martin), KY

21. Description of Proposal:

The structure will include a 300' tower with top-mounted antennas (overall height of 310' AGL). The ERP will be 500 watts.

22. Has a "NOTICE OF CONSTRUCTION OR ALTERATION" (FAA Form 7460-1) been filed with the Federal Aviation Administration?

No Yes, When December 03, 2013

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

Ali Kuzehkanani
 Signature

12/3/2013
 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:

Chairman, KAZC Administrator, KAZC

Approved
 Disapproved

 Date



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

FINANCIAL REPORT

December 31, 2012

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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 financial statements of East Kentucky Network, LLC, dba Appalachian Wireless, which comprise the balance sheets as of December 31, 2012 and 2011, and the related statements of income and comprehensive income, members' equity and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2012 and 2011, 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 PLC

Louisville, Kentucky
February 25, 2013

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

**BALANCE SHEETS
December 31, 2012 and 2011**

ASSETS	<u>2012</u>	<u>2011</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,871,006	\$ 18,579,633
Short-term investments (Note 10)	100,000	100,000
Accounts receivable, less allowance for doubtful accounts of \$1,584,590 in 2012 and \$1,767,789 in 2011	10,448,793	9,830,698
Accounts receivable, members (Notes 6 and 7)	52,468	51,772
Inventory	7,775,126	4,427,993
Prepaid expenses	782,356	729,388
Total current assets	<u>\$ 21,029,749</u>	<u>\$ 33,719,484</u>
 PROPERTY, PLANT AND EQUIPMENT (Note 4)		
Plant in service:		
General support	\$ 38,394,685	\$ 34,918,094
MTSO equipment	28,210,690	23,759,476
Cell equipment	72,167,197	61,652,026
Fiber ring	8,799,036	8,143,858
Unfinished plant	11,985,039	3,371,823
	<u>\$159,556,647</u>	<u>\$131,845,277</u>
Less accumulated depreciation	63,337,515	52,192,758
	<u>\$ 96,219,132</u>	<u>\$ 79,652,519</u>
 ASSETS HELD FOR SALE (Note 12)	 <u>\$ 1,162,670</u>	 <u>\$ 1,564,624</u>
 OTHER ASSETS		
Investment in affiliated company, RTFC	\$ 112,712	\$ 112,712
Intangible assets, net of accumulated amortization of \$1,649,476 in 2012 and \$1,354,066 in 2011 (Note 2)	1,809,459	1,850,851
	<u>\$ 1,922,171</u>	<u>\$ 1,963,563</u>
	<u>\$120,333,722</u>	<u>\$116,900,190</u>

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

LIABILITIES AND MEMBERS' EQUITY	2012	2011
CURRENT LIABILITIES		
Outstanding checks in excess of bank balance	\$ 275,186	\$ --
Notes payable (Note 3)	4,000,000	--
Current maturities of long-term debt (Notes 4 and 10)	5,803,572	2,545,238
Accounts payable	4,628,654	3,440,389
Accounts payable, members (Notes 6 and 7)	2,408	33,855
Accrued expenses	1,710,395	1,909,347
Deferred revenue, advance billings	2,797,246	2,642,605
Customer deposits	547,104	539,245
Total current liabilities	<u>\$ 19,764,565</u>	<u>\$ 11,110,679</u>
LONG-TERM DEBT, less current maturities (Notes 4 and 10)	<u>2,068,730</u>	<u>\$ 8,104,445</u>
INTEREST RATE SWAPS (Notes 9 and 10)	<u>\$ 577,211</u>	<u>\$ 931,120</u>
MEMBERS' EQUITY		
Members' capital accounts	\$ 98,500,427	\$ 97,685,066
Accumulated other comprehensive (loss)	(577,211)	(931,120)
	<u>\$ 97,923,216</u>	<u>\$ 96,753,946</u>
	<u><u>\$120,333,722</u></u>	<u><u>\$116,900,190</u></u>

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

**STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
Years Ended December 31, 2012 and 2011**

	2012	2011
REVENUE		
Retail	\$ 56,305,095	\$ 54,274,185
Roamer	25,111,532	23,098,144
Long distance	89,777	127,117
Equipment sales, cellular	1,367,159	2,656,667
Other	7,600,397	3,474,978
Total revenue	\$ 90,473,960	\$ 83,631,091
EXPENSES		
Cost of cellular service	\$ 19,341,261	\$ 17,261,240
Cost of equipment sales, cellular	23,780,445	14,694,220
Customer service	1,636,032	1,624,578
Billing	1,819,521	1,861,761
Selling	6,377,064	5,814,292
Maintenance	3,696,507	3,065,832
Utilities	1,178,897	1,117,555
Bad debts	1,888,831	1,083,570
Cell site rental	466,570	372,666
Taxes and licenses	1,177,597	864,670
Advertising	5,061,129	4,322,032
General and administrative	5,683,526	4,357,440
Occupancy	573,178	527,989
Depreciation	11,243,764	9,723,879
Amortization	625,147	484,164
Total expenses	\$ 84,549,469	\$ 67,175,888
Income from operations	\$ 5,924,491	\$ 16,455,203
DISCONTINUED OPERATIONS, HELD FOR SALE, NET (Note 12)		
Paging revenue	\$ 257,947	\$ 325,062
Equipment sales, paging	23,548	34,248
Cost of paging service	(253,758)	(291,614)
Cost of equipment sales, paging	(15,507)	(23,597)
Depreciation	(8,738)	(127,289)
Amortization	(393,216)	(395,333)
(Loss) from discontinued operations	\$ (389,724)	\$ (478,523)
OTHER INCOME (EXPENSE)		
Interest income	\$ 20,960	\$ 29,774
Interest expense	(714,050)	(928,325)
Universal Service Fund income (Note 8)	7,472,724	7,919,934
	\$ 6,779,634	\$ 7,021,383
Net income (carried forward)	\$ 12,314,401	\$ 22,998,063

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

EAST KENTUCKY NETWORK, LLC
DBA APPALACHIAN WIRELESS

STATEMENTS OF INCOME AND COMPREHENSIVE INCOME (Continued)
Years Ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Net income (brought forward)	\$ 12,314,401	\$ 22,998,063
Other comprehensive income, change in fair value of interest rate swaps	<u>353,909</u>	<u>370,478</u>
Total comprehensive income	<u>\$ 12,668,310</u>	<u>\$ 23,368,541</u>

The Notes 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, 2012 and 2011**

	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, 2011	\$16,218,798	\$16,218,798	\$16,218,798	\$16,218,798	\$16,218,798	\$81,093,990
Net income	4,599,613	4,599,612	4,599,612	4,599,613	4,599,613	22,998,063
Other comprehensive income	74,096	74,096	74,096	74,096	74,096	370,480
Capital distribution	<u>(1,541,717)</u>	<u>(1,541,717)</u>	<u>(1,541,718)</u>	<u>(1,541,717)</u>	<u>(1,541,718)</u>	<u>(7,708,583)</u>
Balance, December 31, 2011	\$19,350,790	\$19,350,789	\$19,350,788	\$19,350,790	\$19,350,789	\$96,753,946
Net income	2,462,880	2,462,880	2,462,880	2,462,880	2,462,881	12,314,401
Other comprehensive income	70,782	70,782	70,782	70,783	70,782	353,909
Capital distribution	<u>(2,299,807)</u>	<u>(2,299,807)</u>	<u>(2,299,808)</u>	<u>(2,299,808)</u>	<u>(2,299,808)</u>	<u>(11,499,040)</u>
Balance, December 31, 2012	<u>\$19,584,645</u>	<u>\$19,584,644</u>	<u>\$19,584,642</u>	<u>\$19,584,645</u>	<u>\$19,584,644</u>	<u>\$97,923,216</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, 2012 and 2011**

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 12,314,401	\$ 22,998,063
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	11,252,502	9,851,168
Amortization	1,018,363	879,497
Loss on disposition of property, plant, and equipment	180,749	440,743
Changes in assets and liabilities, net of the effects of investing and financing activities:		
(Increase) in accounts receivable	(618,095)	(1,320,166)
(Increase) decrease in accounts receivable, members	(696)	68,507
(Increase) decrease in inventory	(3,347,133)	1,045,608
(Increase) in prepaid expenses	(52,968)	(218,626)
Increase in accounts payable	1,188,265	1,100,892
Increase (decrease) in accounts payable, members	(31,447)	6,148
(Decrease) in accrued expenses	(198,952)	(60,818)
Increase in deferred revenue, advance billings	154,641	188,348
Increase (decrease) in customer deposits	7,859	(31,130)
Net cash provided by operating activities	\$ 21,867,489	\$ 34,948,234
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	\$ (28,574,881)	\$ (17,313,302)
Proceeds from sale of property, plant and equipment	--	45,000
Net cash (used in) investing activities	\$ (28,574,881)	\$ (17,268,302)
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital distributions	\$ (11,499,040)	\$ (7,708,583)
Net proceeds on line of credit	4,000,000	--
Payments on long-term borrowings	(2,777,381)	(2,909,523)
Outstanding checks in excess of bank balance	275,186	--
Net cash (used in) financing activities	\$ (10,001,235)	\$ (10,618,106)
Net increase (decrease) in cash and cash equivalents	\$ (16,708,627)	\$ 7,061,826
Cash and cash equivalents:		
Beginning	18,579,633	11,517,807
Ending	\$ 1,871,006	\$ 18,579,633
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash payments for interest	\$ 724,807	\$ 979,424

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 under U.S GAAP (see Note 10).

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.

Inventory

Inventory is composed primarily of cellular telephone 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.

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

Property, plant and equipment

Property, plant and equipment are recorded at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the assets.

Assets held for sale

Assets held for sale consist primarily of paging equipment and intangible assets related to the Company's paging service.

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 Company uses estimated selling price to determine both the selling price of the phone and for the phone service. 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.

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

Advertising

Advertising costs are expensed as incurred. At December 31, 2012 and 2011, these costs were \$5,061,129 and \$4,322,032, respectively.

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, 2012 and 2011.

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 25, 2013, the date the financial statements were available to be issued.

NOTES TO FINANCIAL STATEMENTS

Note 2. Intangible Assets

Intangible assets used in operations consist of the following at December 31, 2012:

	Gross Amount	Accumulated Amortization	Weighted Average Life (in years)
FCC licenses	2,516,664	(951,160)	14
Other	942,271	(698,316)	7
	<u>\$3,458,935</u>	<u>\$ (1,649,476)</u>	

Intangible assets used in operations consist of the following at December 31, 2011:

	Gross Amount	Accumulated Amortization	Weighted Average Life (in years)
FCC licenses	2,262,647	(797,226)	14
Other	942,271	(556,840)	7
	<u>\$3,204,918</u>	<u>\$ (1,354,066)</u>	

Aggregate amortization expense related to these intangible assets for the years ended December 31, 2012 and 2011 totaled \$295,410 and \$290,765, respectively. The following represents the total estimated amortization of intangible assets for each of the succeeding five years:

Year ending December 31:

2013	\$ 295,000
2014	295,000
2015	295,000
2016	275,000
2017	235,000

NOTES TO FINANCIAL STATEMENTS

Note 3. Notes Payable

On September 9, 2011, the Company entered into a line of credit agreement with Fifth Third Bank that provides for borrowings up to \$12,000,000. The agreement carries a variable interest rate at monthly LIBOR plus 2.25% as determined by Fifth Third Securities, Inc (2.52% at 12/31/12), is secured by assets of the Company, and is due on September 1, 2013. The balance due as of December 31, 2012 and 2011 was \$4,000,000 and zero, respectively.

Note 4. Long-Term Debt

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

	2012	2011
Note payable, Fifth Third Bank (a)	\$ 4,625,000	\$ 6,116,667
Note payable, Fifth Third Bank (b)	3,247,302	4,533,016
	\$ 7,872,302	\$ 10,649,683

(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. (2.02% at 12/31/12). 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 9). 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) On September 1, 2008, the Company borrowed \$9,000,000 to restructure existing debt, purchase new equipment and upgrade existing equipment. The note was collateralized by the assets of the Company. Interest on the note was floating at monthly LIBOR plus 3.00% as determined by Fifth Third Securities, Inc (3.27% at 12/31/12). The Company also entered into an interest rate swap contract (original notional amount of \$9,000,000) that effectively converted its floating-rate debt into a fixed rate of 7.20% (see Note 9). The note was payable in monthly installments of \$107,143 plus interest with a balloon payment due on September 1, 2013.

NOTES TO FINANCIAL STATEMENTS

Note 4. Long-Term Debt (Continued)

On March 31, 2012, the Company refinanced the remaining \$4,318,730 of the note with a new note payable that matures August 1, 2015 and is collateralized by the assets of the Company. Interest on the note is floating at monthly LIBOR plus 2.50% (2.77% at 12/31/12). The Company also renegotiated the terms of the interest rate swap contract and entered into an interest rate swap contract (original notional amount of \$4,318,730) that effectively converts its floating rate debt into a fixed rate of 6.21% (see Note 9). The note is payable in monthly installments of \$107,143 plus interest.

Total interest cost for the years ended December 31, 2012 and 2011 was approximately \$714,000 and \$928,000, respectively.

Under terms of the Notes, the Company has also agreed, among other things, to limit distributions, to maintain minimum fixed charge coverage ratios, and to maintain minimum debt to earnings ratios. The Company was in violation of certain of these covenants as of December 31, 2012; however, these violations have been waived by the note holder.

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:	
2013	\$ 5,803,572
2014	1,285,714
2015	783,015
2016	--
2017	--
	<u>\$ 7,872,302</u>

Note 5. Retirement Plans

The Company has a multiple-employer 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 \$156,598 and \$148,041 in matching funds for its 401(k) plan during the years ended December 31, 2012 and 2011, 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 \$741,000 and \$725,318 to its retirement savings plan during the years ended December 31, 2012 and 2011, respectively.

NOTES TO FINANCIAL STATEMENTS

Note 6. Related Party Transactions

The Company shares personnel with three of its members. The Company paid \$254,438 and \$383,149 for shared personnel during the years ended December 31, 2012 and 2011, 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 and \$20,858 for the years ended December 31, 2012 and 2011, respectively.

The Company incurred interconnection, telephone, cable and internet access charges from its members aggregating \$818,607 and \$1,329,216 for the years ended December 31, 2012 and 2011, respectively.

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, 2012 and 2011. 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. The Company leases cellular tower sites from the parent company of one of its other members. The annual lease expense related to these leases for years ended December 31, 2012 and 2011 was \$9,347 and \$12,463 respectively. The leases are for five years with options to renew.

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 \$103,845 and \$40,120 for the years ended December 31, 2012 and 2011, respectively.

Note 7. 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 \$858,920 and \$1,016,885 for the years ended December 31, 2012 and 2011, respectively. Rental income earned from the Company's members from these leases was \$617,218 and \$846,249 for the years ended December 31, 2012 and 2011, respectively.

Investments in operating leases are as follows at December 31:

	2012	2011
Fiber ring	\$ 8,799,036	\$ 8,143,858
Accumulated depreciation	<u>(4,190,747)</u>	<u>(3,643,160)</u>
	<u>\$ 4,608,289</u>	<u>\$ 4,500,698</u>

The future minimum rental payments expected to be received under these lease agreements for each of the succeeding five years are approximately \$750,000 each year.

NOTES TO FINANCIAL STATEMENTS

Note 7. 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 \$1,518,640 and \$1,195,368 for the years ended December 31, 2012 and 2011, respectively. Rental expense incurred from the Company's members from these leases was \$778,599 and \$464,544 for the years ended December 31, 2012 and 2011, respectively. The future minimum lease payments required under these lease agreements for each of the succeeding five years are approximately \$1,600,000 each year.

Note 8. 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 \$7,472,724 and \$7,919,934 for the years ended December 31, 2012 and 2011, respectively.

Note 9. 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 4,318,730 at a rate of 6.21% until August 1, 2015.

Under the swap contracts, the Company pays interest at 5.71% and 3.71% on the notional amounts and receives interest at LIBOR observed monthly (0.27% at December 31, 2012). 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 9. 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 2013. 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 10. Fair Values of Financial Instruments

U.S. GAAP provides a framework for fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The methodology for measuring fair value specifies a three-tier hierarchy of valuation techniques based upon whether the inputs to those valuation techniques are based on quoted prices of identical assets or liabilities (Level 1), significant other observable inputs (Level 2), or significant other unobservable inputs that reflect a company's own assumptions of market participant valuation (Level 3).

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 have been valued using a market approach and 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.

NOTES TO FINANCIAL STATEMENTS

Note 11. Commitments

On November 4, 2011, the Company entered into an agreement with a vendor to purchase a minimum quantity of phones each year for the next three years. Under the terms of the agreement, among other things, the Company is required to purchase approximately 36,000 phones in addition to spending at least \$200,000 per year for the next three years on eligible merchandising expenses related to the phones.

As of December 31, 2012, the remaining committed amounts due related to the purchase of the phones approximated the following:

2013	\$ 7,800,000
2014	<u>9,360,000</u>
	<u>\$ 17,160,000</u>

On September 22, 2011, the Company entered into an agreement with Verizon Wireless ("Verizon") to construct and operate its Long Term Evolution ("LTE") technology in geographic territories in the Company's market. Under the terms of the agreement, among other things, the Company is required as part of the initial build-out phase to have the cell sites constructed and fully equipped for provision of LTE Service and ready to commence commercial service no later than December 31, 2013. Following the initial build-out phase, the Company will continue to build out its LTE System in accordance with a plan to be mutually agreed by the Company and Verizon. The estimated cost of the total build-out is approximately \$18,000,000. As of December 31, 2012, the Company has incurred build-out costs of approximately \$5,500,000. The agreement expires on June 13, 2019 with an option for a ten year renewal term at the end of the agreement.

In addition, the Company entered into an agreement to lease the spectrum owned by Verizon in order to offer LTE Service. This agreement also expires on June 13, 2019 with an option for a ten year renewal term at the end of the agreement. The lease expense is expected to be approximately \$300,000 per year

Note 12. Discontinued Operations, Held for Sale

In July 2012, the Company committed to a plan to discontinue its paging services. The Company is currently continuing to operate its paging services as management is evaluating whether to sell or dispose of the operating segment's assets. Management expects that the sale or disposal of the assets is probable and expected to be completed in 2013. The paging assets meet the criteria for classification as held for sale and have been separately presented in the accompanying balance sheets. The related operating results have been separately presented in the accompanying income statements as discontinued operations, held for sale.

Management believes that it is probable that the paging assets are impaired which would result in a loss on an anticipated sale or disposal. However, the amount of the loss cannot be reasonably estimated at this time; therefore, an impairment loss has not been included in the accompanying financial statements.

NOTES TO FINANCIAL STATEMENTS

Note 13. Gain Contingency

On September 27, 2012, the Company was awarded approximately \$4,400,000 by the Federal Communications Commission related to the Mobility Phase One Auction in order to provide coverage and broadband services in certain territories. The award will be disbursed in three separate amounts and is contingent upon the Company demonstrating percentages of completion related to its coverage requirements indicated in the agreement. No amounts have been recorded in the accompanying financial statements.



Jones, Nale & Mattingly PLC

**INDEPENDENT AUDITOR'S REPORT ON
THE SUPPLEMENTARY INFORMATION**

To the Members
East Kentucky Network, LLC
dba Appalachian Wireless
Prestonsburg, Kentucky 41653

We have audited the financial statements of East Kentucky Network, LLC dba Appalachian Wireless as of December 31, 2012 and 2011, and our report thereon dated February 25, 2013, which expressed an unmodified opinion on those financial statements, appears on pages 1 and 2. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information found on pages 20 and 21, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Jones, Nale & Mattingly PLC

Louisville, Kentucky
February 25, 2013

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

STATEMENTS OF INCOME AND COMPREHENSIVE INCOME DETAIL

	Year Ended December 31, 2012				
	RSA #9 Appalachian	RSA #10 Mountaineer	Fiber Ring	PCS	Totals
REVENUE					
Retail	\$32,353,036	\$ 20,337,871	\$ --	\$ 3,614,188	\$56,305,095
Roamer	17,730,166	6,710,976	--	670,390	25,111,532
Long distance	59,855	27,709	--	2,213	89,777
Equipment sales, cellular	822,163	371,870	--	173,126	1,367,159
Other	4,043,820	2,214,876	750,167	591,534	7,600,397
Total revenues	<u>\$55,009,040</u>	<u>\$ 29,663,302</u>	<u>\$ 750,167</u>	<u>\$ 5,051,451</u>	<u>\$90,473,960</u>
EXPENSES					
Cost of cellular service	\$11,404,940	\$ 7,077,280	\$ --	\$ 859,041	\$19,341,261
Cost of equipment sales, cellular	13,627,656	8,255,825	--	1,896,964	23,780,445
Customer service	977,297	606,403	--	52,332	1,636,032
Billing	1,097,413	652,638	--	69,470	1,819,521
Selling	3,645,723	2,574,883	--	156,458	6,377,064
Maintenance	2,144,462	1,280,977	69,654	201,414	3,696,507
Utilities	655,763	389,305	42,654	91,175	1,178,897
Bad debts	1,329,106	469,835	--	89,890	1,888,831
Cell site rental	139,272	178,525	--	148,773	466,570
Taxes and licenses	705,940	308,284	70,138	93,235	1,177,597
Advertising	3,320,822	1,512,752	--	227,555	5,061,129
General and administrative	3,296,134	2,055,513	138,854	193,025	5,683,526
Occupancy	186,667	77,204	283,875	25,432	573,178
Depreciation	5,620,660	3,914,160	588,231	1,120,713	11,243,764
Amortization	327,647	187,638	13,307	96,555	625,147
Total expenses	<u>\$48,479,502</u>	<u>\$ 29,541,222</u>	<u>\$ 1,206,713</u>	<u>\$ 5,322,032</u>	<u>\$84,549,469</u>
Income (loss) from operations	<u>\$ 6,529,538</u>	<u>\$ 122,080</u>	<u>\$ (456,546)</u>	<u>\$ (270,581)</u>	<u>\$ 5,924,491</u>
DISCONTINUED OPERATIONS, HELD FOR SALE, NET					
Paging revenue	\$ 152,119	\$ 105,828	\$ --	\$ --	\$ 257,947
Equipment sales, paging	15,983	7,565	--	--	23,548
Cost of paging service	(112,267)	(141,491)	--	--	(253,758)
Cost of equipment sales, paging	(9,807)	(5,700)	--	--	(15,507)
Depreciation	(2,989)	(5,749)	--	--	(8,738)
Amortization	(72,380)	(320,836)	--	--	(393,216)
(Loss) from discontinued operations	<u>\$ (29,341)</u>	<u>\$ (360,383)</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ (389,724)</u>
OTHER INCOME (EXPENSE)					
Interest income	\$ 12,528	\$ 7,620	\$ 203	\$ 609	\$ 20,960
Interest expense	(426,153)	(263,550)	--	(24,347)	(714,050)
Universal Service Fund income	4,483,634	2,764,908	--	224,182	7,472,724
	<u>\$ 4,070,009</u>	<u>\$ 2,508,978</u>	<u>\$ 203</u>	<u>\$ 200,444</u>	<u>\$ 6,779,634</u>
Net income (loss)	<u>\$10,570,206</u>	<u>\$ 2,270,675</u>	<u>\$ (456,343)</u>	<u>\$ (70,137)</u>	<u>\$12,314,401</u>

Year Ended December 31, 2011

RSA #9 Appalachian	RSA #10 Mountaineer	Fiber Ring	PCS	Totals
\$31,312,192	\$19,759,349	\$ --	\$ 3,202,644	\$54,274,185
16,919,770	5,798,853	--	379,521	23,098,144
83,066	41,245	--	2,806	127,117
1,591,322	870,986	--	194,359	2,656,667
1,447,143	721,487	995,032	311,316	3,474,978
<u>\$51,353,493</u>	<u>\$27,191,920</u>	<u>\$ 995,032</u>	<u>\$ 4,090,646</u>	<u>\$83,631,091</u>
\$10,236,676	\$ 6,289,107	\$ --	\$ 735,457	\$17,261,240
8,324,786	5,308,875	--	1,060,559	14,694,220
970,595	603,901	--	50,082	1,624,578
1,117,986	676,319	--	67,456	1,861,761
3,276,883	2,414,482	--	122,927	5,814,292
1,836,543	1,025,755	35,451	168,083	3,065,832
595,520	377,399	55,554	89,082	1,117,555
758,637	259,313	--	65,620	1,083,570
120,061	134,349	--	118,256	372,666
524,438	239,436	73,464	27,332	864,670
2,678,681	1,397,417	--	245,934	4,322,032
2,520,839	1,557,592	133,587	145,422	4,357,440
167,156	77,977	256,326	26,530	527,989
4,832,669	3,496,451	555,860	838,899	9,723,879
239,040	141,383	11,841	91,900	484,164
<u>\$38,200,510</u>	<u>\$23,999,756</u>	<u>\$ 1,122,083</u>	<u>\$ 3,853,539</u>	<u>\$67,175,888</u>
\$13,152,983	\$ 3,192,164	\$ (127,051)	\$ 237,107	\$16,455,203
\$ 185,126	\$ 139,936	\$ --	\$ --	\$ 325,062
21,833	12,415	--	--	34,248
(124,339)	(167,275)	--	--	(291,614)
(14,284)	(9,313)	--	--	(23,597)
(36,253)	(91,036)	--	--	(127,289)
(75,373)	(319,960)	--	--	(395,333)
<u>\$ (43,290)</u>	<u>\$ (435,233)</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ (478,523)</u>
\$ 17,634	\$ 10,966	\$ 294	\$ 880	\$ 29,774
(555,585)	(342,505)	--	(30,235)	(928,325)
4,751,960	2,930,376	--	237,598	7,919,934
<u>\$ 4,214,009</u>	<u>\$ 2,598,837</u>	<u>\$ 294</u>	<u>\$ 208,243</u>	<u>\$ 7,021,383</u>
\$17,323,702	\$ 5,355,768	\$ (126,757)	\$ 445,350	\$22,998,063

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

STATEMENTS OF INCOME AND COMPREHENSIVE INCOME DETAIL (Continued)

	Year Ended December 31, 2012				
	RSA #9 Appalachian	RSA #10 Mountaineer	Fiber Ring	PCS	Totals
COST OF CELLULAR SERVICE					
Roamer pass through charges	\$ 8,183,994	\$ 5,266,020	\$ --	\$ 767,111	\$14,217,125
SCB interconnection	734,959	483,925	--	45,603	1,264,487
Local charges	2,304,571	1,385,948	--	122,851	3,813,370
Harold interconnection	128,563	--	--	--	128,563
Grethel interconnection	2,466	--	--	--	2,466
Wheelwright interconnection	37,428	--	--	--	37,428
GTE interconnection	153,601	137,327	--	--	290,928
West Liberty interconnection	126,855	--	--	--	126,855
Chapman interconnection	78,120	--	--	--	78,120
Salyersville interconnection	129,781	--	--	--	129,781
Roanoke interconnection	73	--	--	--	73
Interconnect revenue	(822,654)	(529,504)	--	(78,204)	(1,430,362)
Fiber ring interconnection	331,571	134,183	--	1,680	467,434
TGTC interconnection and DS3 charges	--	88,260	--	--	88,260
PRTC interconnection	--	111,121	--	--	111,121
West Virginia interconnection	15,612	--	--	--	15,612
	<u>\$11,404,940</u>	<u>\$ 7,077,280</u>	<u>\$ --</u>	<u>\$ 859,041</u>	<u>\$19,341,261</u>
COST OF PAGING SERVICE					
Paging maintenance	\$ 3,411	\$ 7,000	\$ --	\$ --	\$ 10,411
Salaries and benefits	35,979	53,969	--	--	89,948
Tower rent	17,130	21,780	--	--	38,910
Telephone expense	--	678	--	--	678
Expanded coverage costs	--	1,280	--	--	1,280
Interconnection charges	39,274	38,274	--	--	77,548
Office and billing expense	15,730	7,780	--	--	23,510
Other	743	10,730	--	--	11,473
	<u>\$ 112,267</u>	<u>\$ 141,491</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 253,758</u>

Year Ended December 31, 2011

RSA #9 Appalachian	RSA #10 Mountaineer	Fiber Ring	PCS	Totals
\$ 6,816,542	\$ 4,399,137	\$ --	\$ 631,778	\$11,847,457
676,267	437,079	--	42,526	1,155,872
2,440,298	1,471,954	--	129,386	4,041,638
184,527	--	--	--	184,527
--	--	--	--	--
54,515	--	--	--	54,515
148,505	133,237	--	--	281,742
182,700	--	--	--	182,700
116,428	--	--	--	116,428
269,914	--	--	--	269,914
--	--	--	--	--
(848,387)	(549,469)	--	(72,066)	(1,469,922)
178,540	130,230	--	3,833	312,603
--	115,510	--	--	115,510
--	151,429	--	--	151,429
16,827	--	--	--	16,827
<u>\$10,236,676</u>	<u>\$ 6,289,107</u>	<u>\$ --</u>	<u>\$ 735,457</u>	<u>\$17,261,240</u>

\$ 9,298	\$ 11,583	\$ --	\$ --	\$ 20,881
37,457	56,186	--	--	93,643
24,235	41,488	--	--	65,723
--	608	--	--	608
--	1,186	--	--	1,186
40,482	38,500	--	--	78,982
12,485	8,185	--	--	20,670
382	9,539	--	--	9,921
<u>\$ 124,339</u>	<u>\$ 167,275</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 291,614</u>



Directions to Inez II Site

Beginning at the Martin County Courthouse, in Inez Ky.

Go West on KY route 40 for .6 miles to a gravel drive on the left (where signs are posted)

Turn left and stay to the left for .1 mile where blue and white riddons start marking the path

Blue and white ribbons stop at the site and sign is posted at this location.

Directions were done by

Daryl Bartley

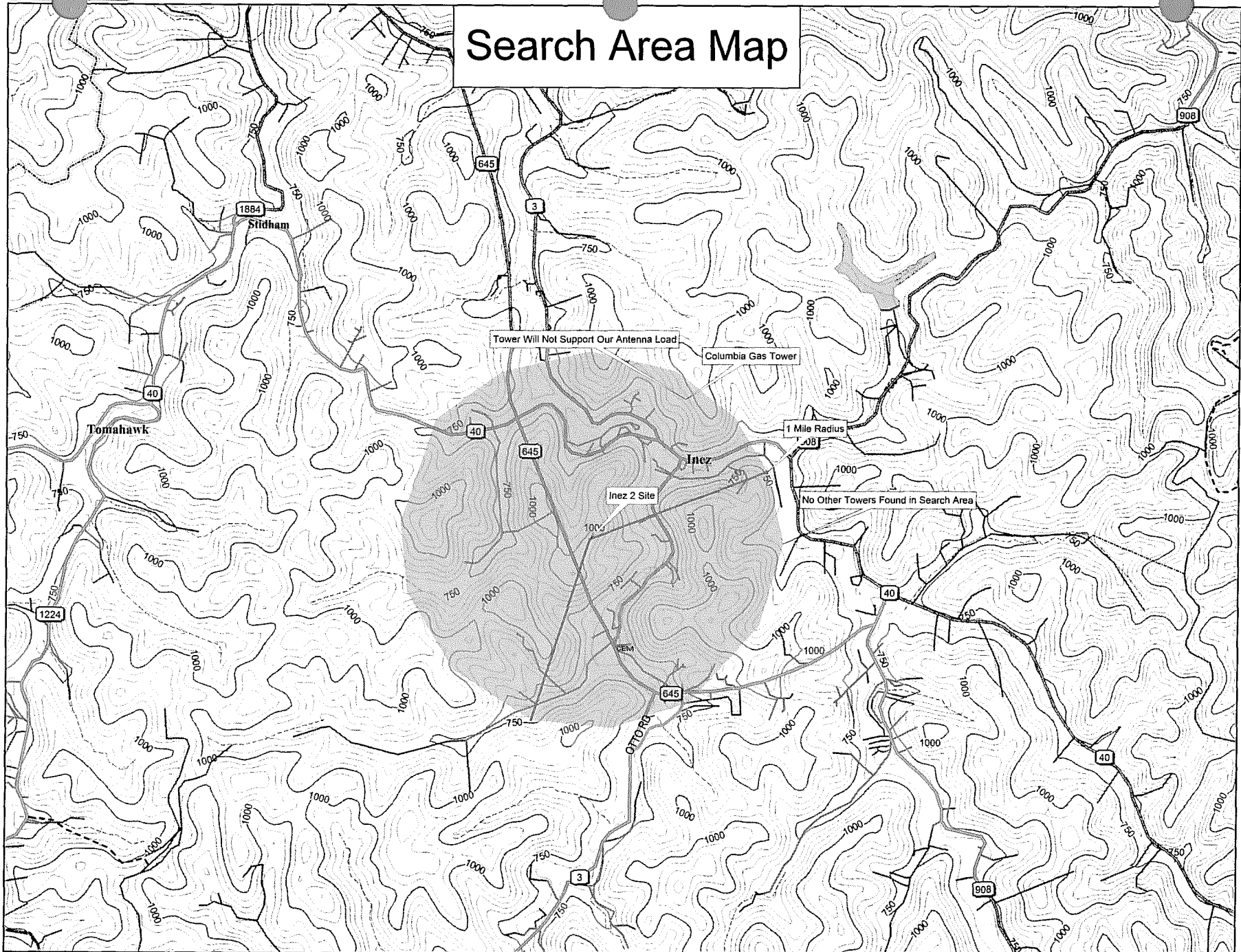
Appalachian Wireless

606-791-0310 Cell phone

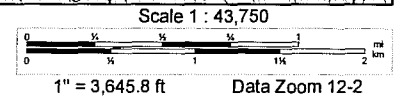
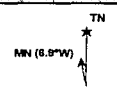
800-452-2355 Office

dbartley@ekn.com E-mail

Search Area Map



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LEASE AGREEMENT

THIS LEASE AGREEMENT is made and entered into on the 25 day of September, 2013, with a Commencement Date of October 1, 2013, by and between **John R. Stepp and Alice A. Stepp**, his wife, of P.O. Box 369, Inez, Kentucky 41224, LESSOR(s), 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, Lessors 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 4th day of September, 2013, prepared by Randall L. Coleman, Professional Land Surveyor, of Coleman Engineering, and attached hereto and made a part hereof as Exhibit "B".

The Lessors grant unto Lessee full and complete right of ingress, egress and regress over roads located upon this property controlled by Lessors to and from the Leased Premises, and the nonexclusive right to use any existing road located on this property. In the event the Lessee is blocked from access to the part of the existing road that crosses adjoining property, Lessors grant Lessee the right to construct another road to be

connected to the existing road over the area listed as "50' wide access easement" as shown on Exhibit "C" and complete right of ingress, egress and regress over this constructed road. Lessors further grant 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 Lessors 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 Commencement Date of this Lease Agreement with an additional six (6) 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 Lessee 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 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: \$350.00 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%.

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.

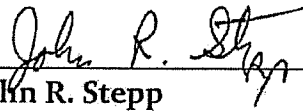
7. **MISCELLANEOUS PROVISIONS.** All notices, demands, or other writings in this Lease Agreement provided to be given, made or sent, or which may be given or made or sent, to either party hereto to the other, shall be deemed to have been fully given or made or sent when made in writing and deposited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

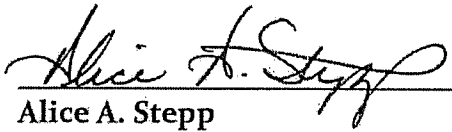
8. **SUCCESSORS AND ASSIGNS.** This Lease Agreement shall be binding upon the parties hereto, their heirs, executors, administrators and assigns.

WITNESS OUR HANDS, the day and year aforesaid.

LESSORS:




John R. Stepp



Alice A. Stepp

**STATE OF KENTUCKY
COUNTY OF FLOYD**

The foregoing Lease Agreement was this 25 day of September, 2013, produced and acknowledged before me by **John R. and Alice A. Stepp**, Lessors.



NOTARY PUBLIC
COMMISSION EXPIRES: _____
My Commission Expires
July 14, 2015

LESSEE:

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

BY: Gerald F. Robinette

ITS: GENERAL MANAGER

STATE OF KENTUCKY
COUNTY OF FLOYD

The foregoing Lease Agreement was this 25 day of September, 2013, produced and acknowledged before me by East Kentucky Network, LLC, dba Appalachian Wireless by Gerald F. Robinette, its General Manager, Lessee.

Lynn Haney

NOTARY PUBLIC

COMMISSION EXPIRES: _____

My Commission Expires
July 14, 2015

**DESCRIPTION OF
A 0.340 ACRES TRACT FOR
APPALACHIAN WIRELESS**

Being a certain tract of land located on Kentucky Highway 40 at Inez in Martin County, Kentucky. Being a part of the tract conveyed to John R. Stepp and Alice Stepp at Deed Book 168, Page 466 and Deed Book 153, Page 443 in the Martin County Court Clerk's Office and described as follows:

Monuments referred to herein as iron pin (set) is a 1/2 inch rebar, with a plastic cap stamped Coleman PLS 2437. Monuments referred to herein as iron pin (found) is a 5/8 inch rebar, with an aluminum cap stamped Meade Eng Stansville KY PLS 3439. The bearings for this survey is the Kentucky State Plane Coordinates NAD 1983 Ky South.

Beginning at an iron pin (set) near ridge at coordinates North 2212255.1762 and East 2564683.1966, being the True Point of Beginning and corner to the remaining property of John R. Stepp and Alice Stepp as referenced above;

Thence with said Stepp property North 35 degrees 51 minutes 07 seconds East, 66.86 feet to an iron pin (found) on the center of the ridge and the line of a tract to Glen Eddie Blevins and Deborah Blevins at Deed Book 163, Page 128;

Thence along center of ridge and the Blevins line South 18 degrees 00 minutes 10 seconds West, 82.92 feet to a 10 inch Black Pine with fence (found);

Thence South 14 degrees 11 minutes 13 seconds West, 53.63 feet to a 32 inch dead snag with fence (found);

Thence South 26 degrees 52 minutes 05 seconds West, 105.98 feet to an iron pin (found) and a corner to said Stepp;

Thence leaving center of ridge and said Blevins line and with the line of said Stepp North 06 degrees 12 minutes 22 seconds West, 73.72 feet to an iron pin (set);

Thence North 67 degrees 50 minutes 41 seconds West, 101.85 feet to an iron pin (set);

Thence North 24 degrees 44 minutes 42 seconds East, 106.87 feet to an iron pin (set);

Thence South 67 degrees 09 minutes 42 seconds East, 96.72 feet to the True Point of Beginning containing 0.340 acres.

Survey performed by Randall L. Coleman, PLS #2437 on September 4, 2013.



A handwritten signature in cursive script that reads "Randall L. Coleman".

INEZ 7.5' QUADRANGLE

LINE	BEARING	DISTANCE
L1	N 58°17'00" W	26.92'
L2	N 16°35'32" W	49.60'
L3	N 03°58'34" W	26.55'
L4	N 26°20'15" E	43.30'
L5	N 62°38'52" E	11.80'
L6	S 49°04'06" W	51.01'
L7	S 46°49'34" W	73.64'
L8	S 30°04'53" W	82.56'
L9	S 22°58'59" W	42.53'
L10	S 18°58'32" W	62.52'

N:2212255.1762
E:2564683.1966
ELEV:1038.57'

N:2212183.7359
E:2564641.8149
ELEV:1025.00

N:2212157.2505
E:2564643.6559
ELEV:1031.22'

LAT:37°51'38.4323"
LON:82°32'53.1662"



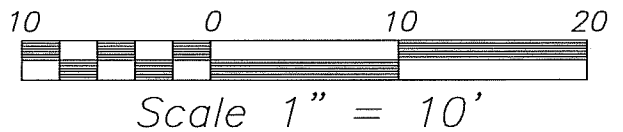
Proposed Access Road

10" Black Pine with fence (found)

Center of Ridge

32" Dead Snag with fence (found)

APPALACHIAN WIRELESS
101 TECHNOLOGY TRAIL
IVEL, KENTUCKY 41642
PROPOSED TOWER SITE
JOHN R. STEPP AND
ALICE STEPP TRACT AT
INEZ IN MARTIN CO. KY.



- LEGEND**
- CEMETERY
 - IRON PIN
 - ACCESS ROAD
 - PROPERTY LINE

DRAWN BY: KWJ
DATE: 11-21-13
JOB: INEZ2
SCALE: 1"=10'

SEE FOUNDATION DRAWINGS FOR DETAILS.

THE PROPOSED TOWER HAS BEEN LOCATED USING A GEOTRACER GTR 220 AND POST PROCESSED WITH TRIMBLE SOFTWARE. STATE PLANE COORDINATES NAD 83 KY SOUTH ZONE N 37°51'38.4323", E 82°32'53.1662" 1025 FT MSL PRECISION HORIZONTAL =0.30' VERTICAL =0.50' THIS SURVEY MEETS THE OBSTACLE ACCURACY CODE 1A.

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

Kenneth W. Johnson
KENNETH W. JOHNSON P.L.S.#3325 DATE: 11-21-13

MAP SHOWING TOWER LAYOUT AND STAKEOUT INFORMATION

COLEMAN ENGINEERING

P.O. BOX 153 HINDMAN, KENTUCKY 41822

