

**EAST KENTUCKY NETWORK**

d/b/a

***APPALACHIAN WIRELESSS***

**ROUSSEAU  
CELLULAR TOWER  
APPLICATION**

**BREATHITT COUNTY  
P.S.C. CASE # 2007-00306**

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

AUG 16 2007

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 2007-00306  
NECESSITY TO CONSTRUCT A TOWER IN BREATHITT )  
COUNTY, KENTUCKY).

In case number 91-002 East Kentucky Network, LLC, formerly Mountaineer Cellular Limited Liability Company was granted a Certificate of Public Convenience and Necessity by the Kentucky Public Service Commission to construct and operate a cellular radio telecommunications system for KY RSA 10.

In an effort to improve service in Breathitt 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 tower approximately one half mile north east of Rousseau in Breathitt County, Kentucky. The proposed tower will be a 300 foot self-supporting tower located a ridge north of Quicksand Creek which is a tributary of the North Fork of the Kentucky River. (37°35'08"N 83°14'59"W). A map and detailed directions to the site can be found in Exhibit 8.

East Kentucky Network LLC merger documents were filed with the Commission on February 2, 2001 in Case # 2001-022.

FAA and Kentucky Airport Zoning Commission approvals have been applied and these applications are enclosed as Exhibit 4 and 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.

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 3

A copy of the tower design information is enclosed as Exhibit 5. The proposed tower has been designed by engineers at Allstate Tower Inc of Henderson, Kentucky 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 A & D Communication of Cattlesburg, Kentucky. A & D has vast experience in the erection of communications towers.

Enclosed, and should be filed with Exhibit 10 is a survey of the proposed tower site signed by a Kentucky registered professional engineer. There is no structure within 500 feet of the proposed tower as indicated in this enclosure. 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's property.

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

Pursuant to 807 KAR5:063 Sections 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.

Breathitt County has no formal local planning unit. In absence of this unit the Breathitt 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 1 is a copy of that notification.

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

Estimated Cost of Construction	140,000.00
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 August 10, 2007 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 deeds to the site.

Notice of the location of the proposed construction was published on the last week of 2<sup>nd</sup> and 3<sup>rd</sup> weeks of August. Enclosed is a copy of that notice in Exhibit 1. The Jackson Times is the newspaper with the largest circulation in Breathitt County.

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.

**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 Janice Robinson, Technical Site Coordinator for East Kentucky Network 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: Janice Robinson DATE: 08-10-07  
Janice Robinson, Cell Site Coordinator

APPROVED BY: \_\_\_\_\_ DATE: \_\_\_\_\_  
Gerald Robinette, General Manager

**Contacts:**

**Gerald Robinette, General Manager**

**Phone: (606) 791-2375, Ext. 111**

**Email: grobinette@ekn.com**

**Janice Robinson, Technical Site Coordinator**

**Phone: (606) 791-2375, Ext. 166**

**Email: jrobinson@ekn.com**

**Mailing Address:**

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

1	Notification/Response From County
2	Copies of Cell Site Notices.
3	Universal Letter of Soil Bearing Analysis
4	Kentucky Airport Zoning Commission Application.
5	Tower Design
6	FAA Approval/Notice of Proposed Construction.
7	Audited Financial Statements.
8	Driving directions and Map to Suitable Scale.
9	Deed/Lease Agreement for Proposed Site.
10	Survey of Site Signed/Sealed by Professional Engineer Registered in St. of Kentucky.
11	Site Survey Map with Property Owners identified in Accordance with PVA of County
12	Vertical Profile Sketch of Proposed Tower



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

EAST KENTUCKY  
NETWORK



VIA: U.S. CERTIFIED MAIL

August 7, 2007

Harvey Jason Richardson, Judge Executive  
Breathitt County Court House  
1137 Main Street  
Jackson, KY 41339

Phone (606) 606-666-3800

RE: Public Notice-Public Service Commission of Kentucky (Case No. 2007-00306)

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. The facility will include a 300 foot self supported tower, with attached antennas extending upwards, and an equipment shelter to be located on a ridge in Breathitt County approximately one half mile northeast of Rousseau in Breathitt County, Kentucky. (37°35'08" N 83°14'59"W). 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 Breathitt 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. 2007-00306 in your correspondence.

Sincerely,

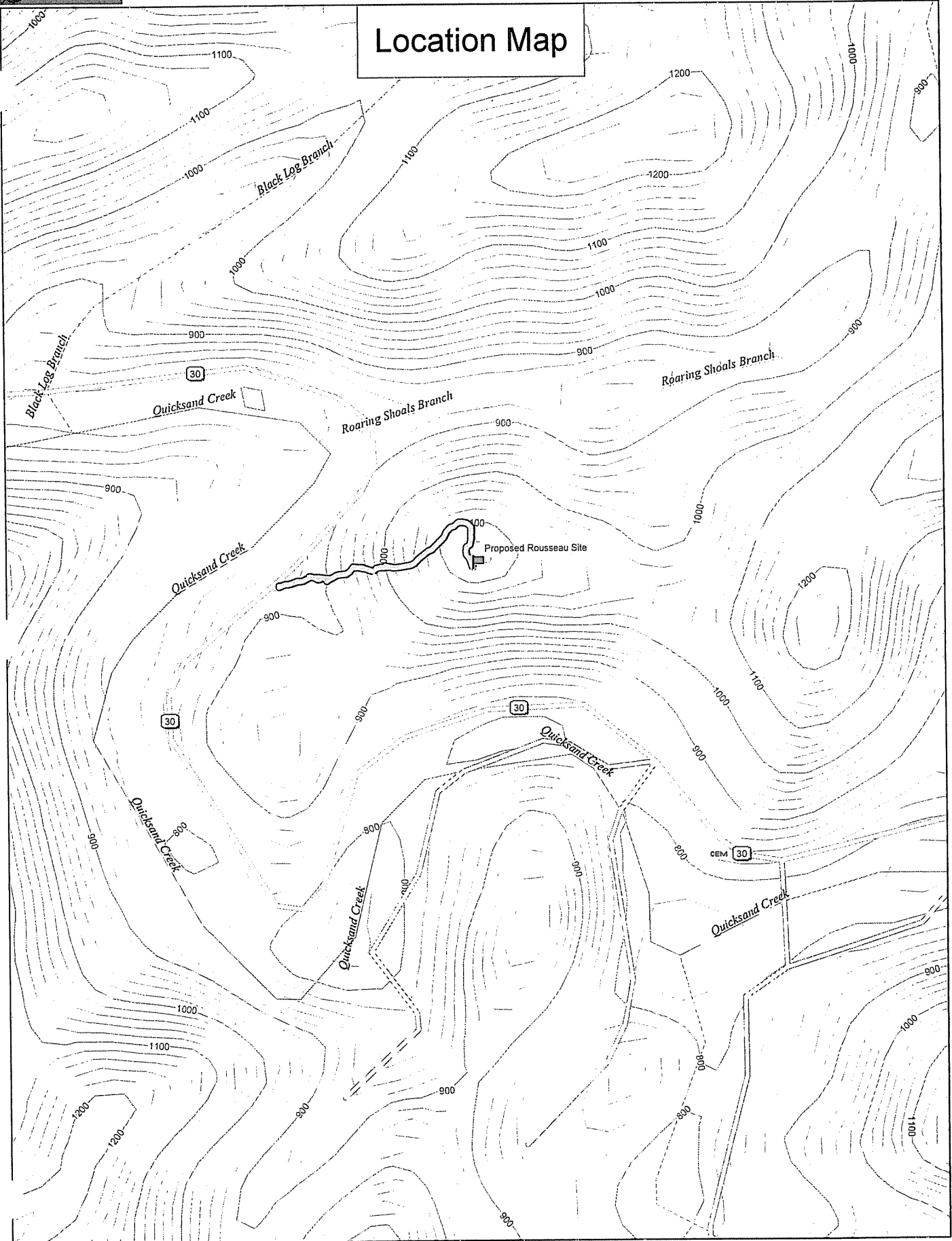
A handwritten signature in black ink that reads "Janice Robinson". The signature is written in a cursive, flowing style.

Janice Robinson  
Technical Site Coordinator

enclosure



# Location Map



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

Phone: 606/874-7550  
Fax: 606/791-2225

EAST KENTUCKY  
NETWORK



**Fax**

<b>To:</b> Jackson Times	<b>From:</b> JANICE ROBINSON
ATT: Public Notice Advertising	Accounting Department
<b>Fax:</b> 606-666-5706	<b>Phone:</b> 606-874-7550, Ext.166
<b>Phone:</b> 606-666-2451	<b>Pages:</b> 1 Pages (INCLUDING COVER)
<b>Re:</b> PUBLIC NOTICE ADVERTISEMENT	<b>Date:</b> August 6, 2007

**Nancy,**

We would like to have the following public notice printed in *The Jackson Times* for the next two weeks. ***\*Please note our new billing address above.***

**The notice should state the following:**

**PUBLIC NOTICE:**

**RE: Public Service Commission of Kentucky (CASE NO. 2007-0000207)**

Notice is hereby given that East Kentucky Network, LLC, dba Appalachian Wireless has applied to the Kentucky Public Service Commission to construct a tower on a ridge north of Quicksand Creek approximately one half mile north east of Rousseau in Breathitt County, Kentucky. The proposed tower will be a 300 foot self-supporting tower with attached antennas extending upwards, and an equipment shelter (37° 35' 08" N 83° 14' 59" W).

If you would like to respond to this notice, please contact the Executive Director, Public Service Commission, 211 Sower Boulevard, P o Box 615, Frankfort, Kentucky 40602. Please refer to Case No. 2007-00306.

**If you have questions about the placement of the above mentioned notice, please call me at 606-791-2375, ext. 166.**

Thank you, **Janice Robinson**

**Accounting Department** If you have any problems with this fax, please call 606/886-6007. 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**



**LIST OF PROPERTY OWNERS**

Rousseau Tower Site

(Near or *Within 500 Feet*)

Erik Fred Holbrook  
526 Hunting Creek Road  
Rousseau, KY 41366

John Carroll  
Rousseau, KY 41366

EAST KENTUCKY NETWORK  
101 TECHNOLOGY TRAIL  
IVEL, KY 41642  
PHONE: (606) 874-7550  
'06) 874-7551  
INFO@EKN.COM  
WEBSITE: WWW.EKN.COM

EAST KENTUCKY  
NETWORK



VIA: U.S. CERTIFIED MAIL

PUBLIC NOTICE

August 10, 2007

Erik Fred Holbrook  
526 Hunting Creek Road  
Rousseau, KY 41366

RE: Public Notice-Public Service Commission of Kentucky (Case No. 2007-00306)

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. The facility will include a 300-foot self-supported tower, with attached antennas extending upwards, and an equipment shelter to be located on a ridge approximately on half mile northeast of Rousseau in Breathitt County, Kentucky (37°35'08"N 83°14'59" W). A map showing the location of the proposed new facility is enclosed. This notice is being sent to you because you may own property near or within a 500' radius of the proposed site.

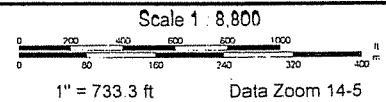
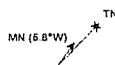
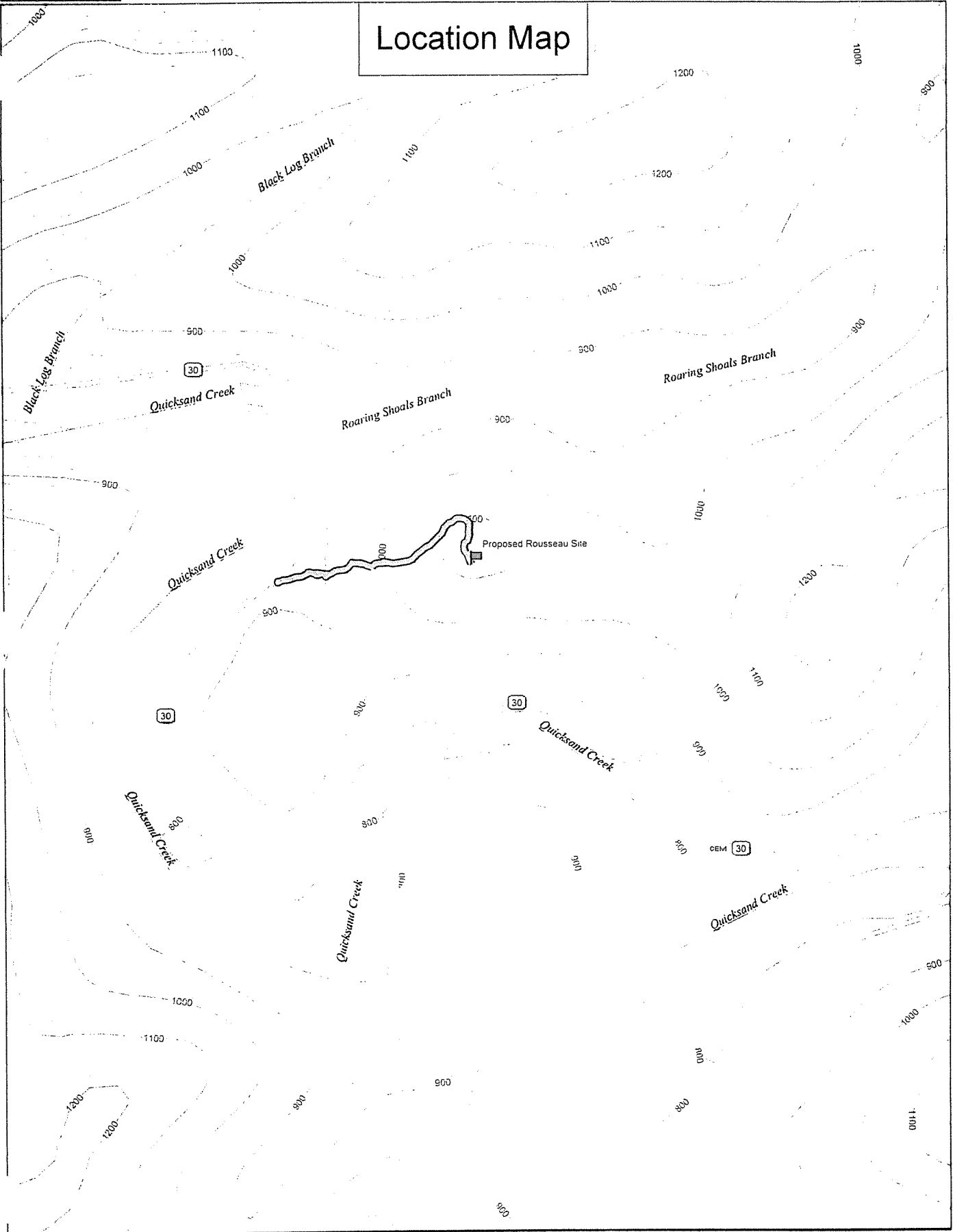
The Commission invites your comments regarding the proposed construction. You also have the right to intervene in this matter. The Commission must receive your initial communication within 20 days of the date of this letter as shown above.

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. 2007-00306 in your correspondence.

Sincerely,

Janice Robinson  
Technical Site Coordinator  
enclosure

# Location Map



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

EAST KENTUCKY  
NETWORK



VIA: U.S. CERTIFIED MAIL

PUBLIC NOTICE

August 10, 2007

John Carroll  
Rousseau, KY 41366

RE: Public Notice-Public Service Commission of Kentucky (Case No. 2007-00306)

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. The facility will include a 300-foot self-supported tower, with attached antennas extending upwards, and an equipment shelter to be located on a ridge approximately on half mile northeast of Rousseau in Breathitt County, Kentucky (37°35'08"N 83°14'59" W). A map showing the location of the proposed new facility is enclosed. This notice is being sent to you because you may own property near or within a 500' radius of the proposed site.

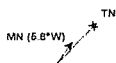
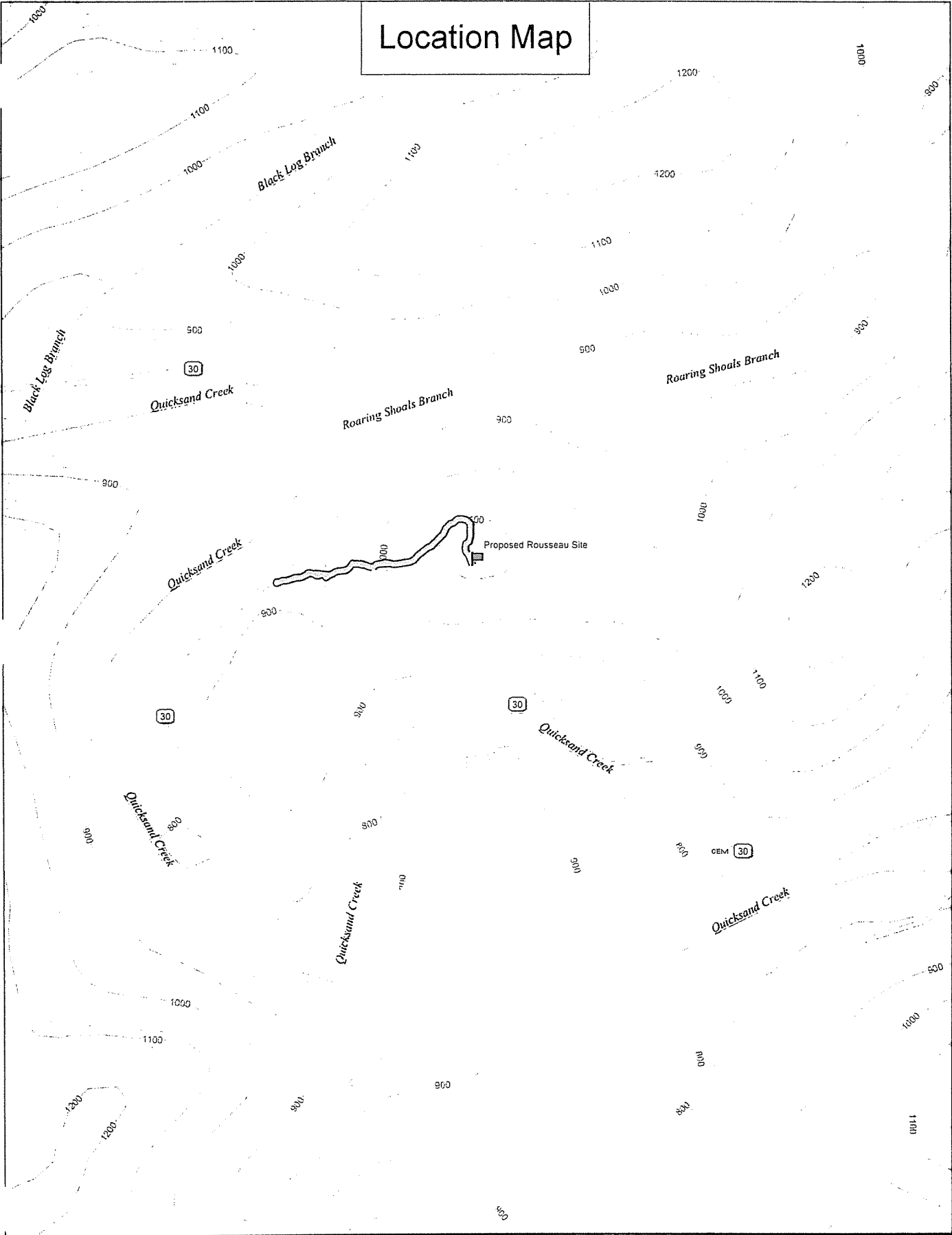
The Commission invites your comments regarding the proposed construction. You also have the right to intervene in this matter. The Commission must receive your initial communication within 20 days of the date of this letter as shown above.

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. 2007-00306 in your correspondence.

Sincerely,

Janice Robinson  
Technical Site Coordinator  
enclosure

# Location Map







**WENDELL R. HOLMES, P.G.**  
120 Church Street  
Whitesburg, KY 41858  
(606) 633-1511

June 25, 2007

Rousseau Tower Site

Purpose:

A site assessment was conducted for Appalachian Wireless on a tract of land located in Breathitt County near Rousseau, 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:

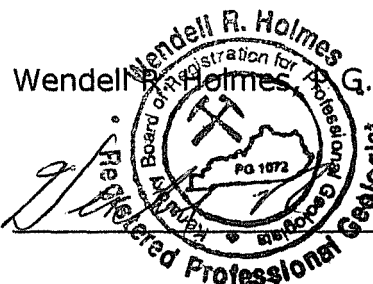
The trenching method was used to determine the type of bedrock material at the proposed tower site. A Caterpillar dozer was used to expose the bedrock material. It is approximately 7.75 feet to the shale bedrock. (See attached page for descriptions of materials encountered.)

The terrain in Breathitt County is moderately to very steep. The tower site is located on a ridge north of Quicksand Creek which is a tributary of the North Fork of the Kentucky River, approximately one half mile north east of Rousseau in Breathitt County. The shale formation below the tower site is approximately 5.00 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 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.**

**120 Church Street  
Apartment 3  
Whitesburg, Ky. 41858**

**Geologist Log**

**Location: Rousseau Tower Site**

<b>Unit Thickness</b>	<b>Total depth</b>	<b>Strata</b>	<b>Description</b>
1.00'	1.00'	Soil	yellow and brown, with shale and plant fragments
4.00'	5.00'	Sandy Shale	brown and weathered
0.50'	5.50'	Coal	gray and soft
1.50'	7.00'	Shale	soft, gray and brown
0.25'	7.25'	Coal	black, weathered
0.50'	7.75'	Shale	black
5.00'	12.75'	Shale	gray





**Kentucky Airport Zoning Commission**  
200 Mero Street  
Frankfort, KY 40622

(502) 564-4480  
fax: (502) 564-7953  
No.: AS-013-JKL-07-103

July 17, 2007

APPROVAL OF APPLICATION

APPLICANT:

East Kentucky Network, LLC  
Ali Kuzehkanani, Director of Engineering  
c/o Lukas, Nace, Guitierrez, & Sachs, Chtd  
1650 Tysons Boulevard, Suite 1500  
MCLEAN, VA 22102

SUBJECT: AS-013-JKL-07-103

STRUCTURE: Antenna Tower  
LOCATION: Rousseau, KY  
COORDINATES: 37-35-08.0 N / 83-14-59.0 W  
HEIGHT: 315'AGL/1485'AMSL

The Kentucky Airport Zoning Commission has approved your application for a permit to construct 315'AGL/1485'AMSL Antenna Tower near Rousseau, KY 37-35-08.0 N / 83-14-59.0 W.

This permit is valid for a period of 18 Month(s) from its date of issuance. If construction is not completed within said 18-Month period, this permit shall lapse and be void, and no work shall be performed without the issuance of a new permit.

A copy of the approved application is enclosed for your files

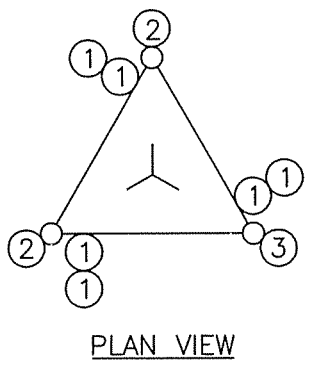
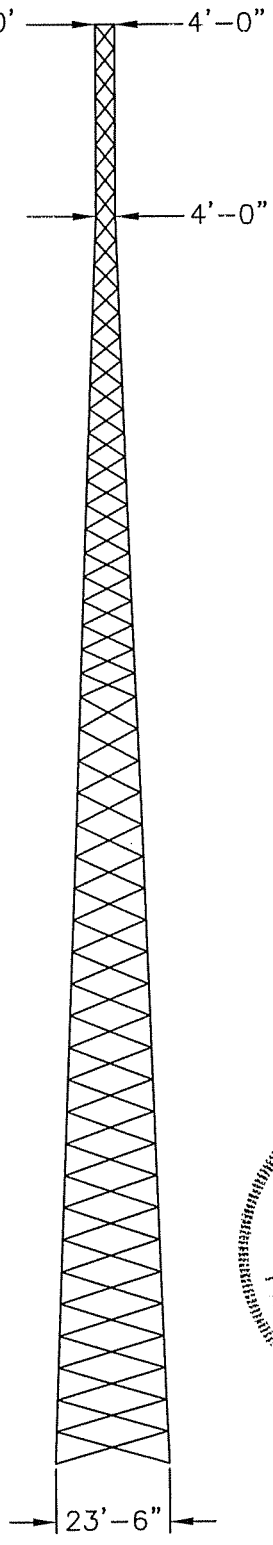
Dual obstruction lighting is required in accordance with 602 KAR 50:100.

A handwritten signature in black ink, appearing to read "John Houlihan".

John Houlihan, Administrator

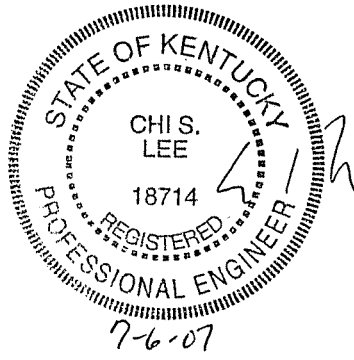


LEG DIA.	Ø4.25"	Ø4.25"	Ø4"	Ø3.75"	Ø3.75"	Ø3.5"	Ø3.25"	Ø3"	Ø2.75"	Ø2.5"	Ø2.25"	Ø2"
DIAGONALS	L3.5" x .25"	L3" x .1875"	L3" x .1875"	L2.5" x .1875"	L2" x .1875"	A						
GIRTS	N/A											
BRACE BOLTS	Ø.875"	Ø.75"	Ø.75"	Ø.625"	Ø.5"	A						
FLANGE BOLTS	Ø1.25"	Ø1"	4 BAY : X-BRACED									
# OF BAYS	3 BAY : X-BRACED			4 BAY : X-BRACED								



**PLAN VIEW REF:**  
 1) (6) 1.625" LINES  
 2) (1) 1.625" LINE  
 3) STEP BOLTS

<b>SYMBOL LIST:</b>	A = L1.75" x .1875"
<b>BASE REACTIONS:</b>	TOTAL SHEAR = 39 KIPS AXIAL LOAD = 71 KIPS UPLIFT / LEG = 294 KIPS COMP. / LEG = 342 KIPS O.T. MOMENT = 6466 FT-K



**DESIGN NOTES:**

- 1) ALL LEGS ARE SOLID ROUND ASTM A-572 GRADE :  $F_y \geq 50$  KSI.
- 2) ALL BRACE MATERIAL IS ASTM A-36 :  $F_y \geq 36$  KSI.
- 3) ALL BRACE AND FLANGE BOLTS ARE A325-X
- 4) (8) Ø1.5" x 6'-0" LONG (A-36) ANCHOR BOLTS PER LEG.
- 5) THIS TOWER IS DESIGNED FOR A 70 M.P.H. BASIC WIND SPEED IN ACCORDANCE WITH THE TIA/EIA-222-F STANDARD INCLUDING A 1/2" OF RADIAL ICE (WITH REDUCTION).

<b>ELEV.</b>	<b>ANTENNAS</b>	<b>FEEDLINES</b>
300'	(12) 4' x 1' CELLULAR PANEL	(12) 1.625"
290'	(12) 4' x 1' CELLULAR PANEL	(12) 1.625"
280'	(12) 4' x 1' CELLULAR PANEL	(12) 1.625"
270'	(2) 8' HP DISH	(2) 1.625"

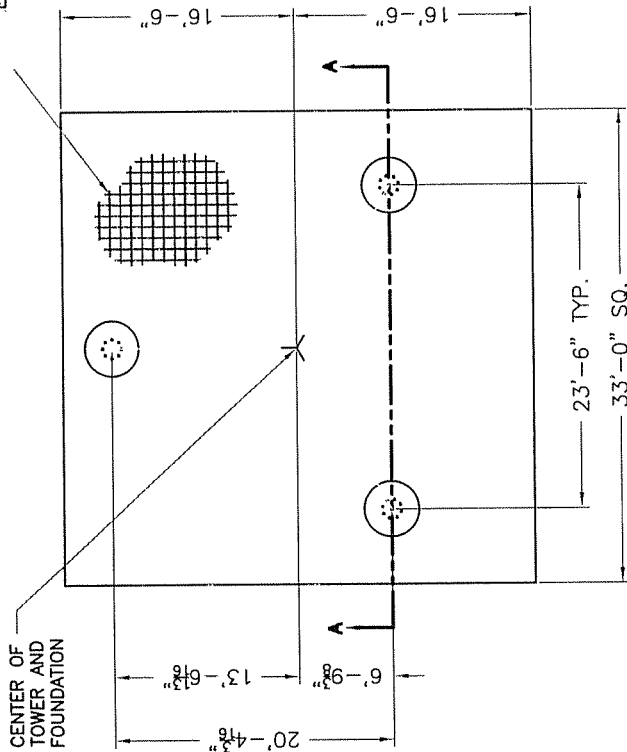
---SEE PLAN VIEW FOR FEEDLINE DISTRIBUTION  
 ---STEP BOLTS UTILIZED FOR CLIMBING WITH SAFETY CLIMB DEVICE



P.O. BOX 25  
 HENDERSON, KY 42419  
 PHONE: (270) 830-8512  
 FAX: (270) 830-8475

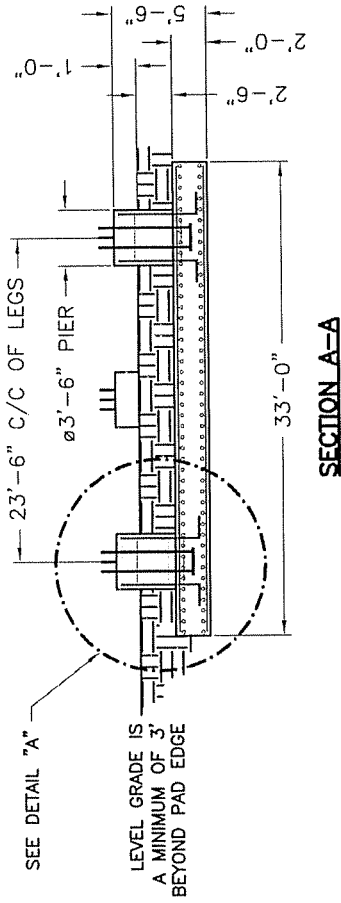
SCALE: N.T.S.	PROPRIETARY STATEMENT: THIS DRAWING IS THE PROPERTY OF ALLSTATE TOWER CO. IT IS NOT TO BE REPRODUCED OR COPIED IN ANYWAY WITHOUT PRIOR WRITTEN CONSENT OF ALLSTATE TOWER CO.
TOLERANCE BANDS ALL DIMENSIONS ARE 3/16" ALL ANGULAR DIM ARE 1/2 UNLESS OTHERWISE NOTED	CUSTOMER: APPALACHIAN WIRELESS
APPROX. WEIGHT 50.94 KIPS	DESCRIPTION: 300' SELF SUPPORT TOWER
PROPOSAL #: AB1483 - S.S.T. PROPOSAL	LOCATION: BREATHITT COUNTY, KY.
	SITE: ROUSSEAU
	DRAWN BY: J.B.
	DATE: 07/06/2007
	REV: REV. NO.
	REV. DATE: REV. DATE
	JOB NO. AF40792
	SHEET A

ENFORCEMENT BAR MAT



PLAN VIEW

TOTAL VOLUME OF CONCRETE = 84-1/2 YD<sup>3</sup>



SECTION A-A

(8)  $\phi$ 1-1/2" X 6'-0" OVERALL LENGTH ANCHOR BOLTS W/ 3/4" THK BEARING PLATE AT THE BOTTOM OF THE ANCHOR BOLT CLUSTER (5' MIN. ANCHOR BOLT EMBEDMENT).

USE EPOXY BONDING AGENT WHEN POURED SEPARATELY

(10) #9 VERTICAL BARS w/ #4 TIES AT 12" ON CENTER

(35) #9 HORIZONTAL BARS X 32'-6" LONG EQUALLY SPACED EACH WAY AT TOP AND BOTTOM OF MAT. (TOTAL = 140)

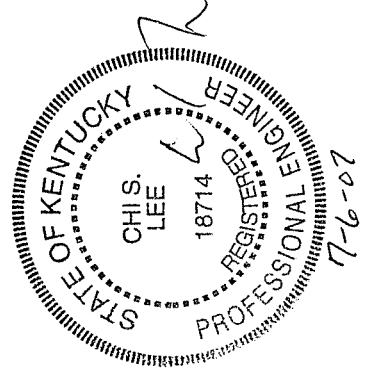
DETAIL "A"

REINFORCEMENT BAR SPlicing:

- ALL LAP SPICES SHALL CONFORM TO ACI 318 REQUIREMENTS.
- 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:
- 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.
  - THIS FOUNDATION IS DESIGNED UTILIZING THE GEOTECHNICAL REPORT PERFORMED BY WENDELL R. HOLMES, P.G.; DATED 6-25-07; THE FOUNDATION CONTRACTOR SHALL INSTALL THE FOUNDATIONS IN ACCORDANCE WITH THE RECOMMENDATIONS OF THE GEOTECHNICAL REPORT.
  - ALL WORK PERFORMED FROM THESE DRAWINGS SHOULD BE BY QUALIFIED CONTRACTORS EXPERIENCED IN TOWER FOUNDATION CONSTRUCTION.
  - 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.
  - 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.
  - MINIMUM CONCRETE COVER FOR REINFORCING BARS SHALL BE 3". FIELD BENDING OR WELDING OF REINFORCEMENT BARS IS NOT PERMITTED.
  - PROVIDE CHAMFERS AT ALL EXPOSED CORNERS OF CONCRETE.
  - 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.
  - SOME DETAIL HAS BEEN PURPOSELY OMITTED TO CLARIFY ILLUSTRATION.



P.O. BOX 25  
 HENDERSON, KY 42419  
 PHONE: (270) 830-8512  
 FAX: (270) 830-8475

SCALE: N.T.S.

TOLERANCE BANDS  
 ALL DIMENSIONS ARE  $\pm 1/8"$   
 ALL ANGULAR DIM ARE  $\pm 1/2"$  UNLESS OTHERWISE NOTED

APPROX WEIGHT N/A

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.

CUSTOMER: APPALACHIAN WIRELESS	DRAWN BY: J.B.
DESCRIPTION: PAD/PIER FOUNDATION DESIGN	DATE: 07/06/2007
LOCATION: BREATHITT COUNTY, KY.	REV: REV. NO.
SITE: ROSSEAU	REV. DATE: REV. DATE
PROPOSAL # AB1483 - SELF SUPPORT TOWER	JOB NO. SHEET

AF40792 B







ed Date: 06/07/2007

Ali Kuzehkanani  
 East Kentucky Network, LLC  
 1650 Tysons Boulevard, Suite 1500  
 McLean, VA 22182

**\*\* DETERMINATION OF NO HAZARD TO AIR NAVIGATION \*\***

The Federal Aviation Administration has conducted an aeronautical study under the provisions of 49 U.S.C., Section 44718 and if applicable Title 14 of the Code of Federal Regulations, part 77, concerning:

Structure: Antenna Tower Rousseau  
 Location: Rousseau, KY  
 Latitude: 37-35-8.00 N NAD 83  
 Longitude: 83-14-59.00 W  
 Heights: 315 feet above ground level (AGL)  
 1485 feet above mean sea level (AMSL)

This aeronautical study revealed that the structure does not exceed obstruction standards and would not be a hazard to air navigation provided the following condition(s), if any, is(are) met:

As a condition to this Determination, the structure is marked and/or lighted in accordance with FAA Advisory circular 70/7460-1 K Change 2, Obstruction Marking and Lighting, a med-dual system - Chapters 4,8(M-Dual),&12.

It is required that the enclosed FAA Form 7460-2, Notice of Actual Construction or Alteration, be completed and returned to this office any time the project is abandoned or:

- At least 10 days prior to start of construction (7460-2, Part I)
- Within 5 days after the construction reaches its greatest height (7460-2, Part II)

This determination expires on 12/07/2008 unless:

- (a) extended, revised or terminated by the issuing office.
- (b) the construction is subject to the licensing authority of the Federal Communications Commission (FCC) and an application for a construction permit has been filed, as required by the FCC, within 6 months of the date of this determination. In such case, the determination expires on the date prescribed by the FCC for completion of construction, or the date the FCC denies the application.

NOTE: REQUEST FOR EXTENSION OF THE EFFECTIVE PERIOD OF THIS DETERMINATION MUST BE POSTMARKED OR DELIVERED TO THIS OFFICE AT LEAST 15 DAYS PRIOR TO THE EXPIRATION DATE.

This determination is based, in part, on the foregoing description which includes specific coordinates, heights, frequency(ies) and power. Any changes in coordinates, heights, and frequencies or use of greater power will void this determination. Any future construction or alteration, including increase to heights, power, or the addition of other transmitters, requires separate notice to the FAA.

This determination does include temporary construction equipment such as cranes, derricks, etc., which may be used during actual construction of the structure. However, this equipment shall not exceed the overall heights as indicated above. Equipment which has a height greater than the studied structure requires separate notice to the FAA.

This determination concerns the effect of this structure on the safe and efficient use of navigable airspace by aircraft and does not relieve the sponsor of compliance responsibilities relating to any law, ordinance, or regulation of any Federal, State, or local government body.

A copy of this determination will be forwarded to the Federal Communications Commission if the structure is subject to their licensing authority.

If we can be of further assistance, please contact our office at (817) 838-1995. On any future correspondence concerning this matter, please refer to Aeronautical Study Number 2007-ASO-2573-OE.

**Signature Control No: 518848-100541767**

(DNE)

Alice Yett  
Technician

Attachment(s)  
Frequency Data

7460-2 Attached

Frequency Data for ASN 2007-ASO-2573-OE

<b>LOW FREQUENCY</b>	<b>HIGH FREQUENCY</b>	<b>FREQUENCY UNIT</b>	<b>ERP</b>	<b>ERP UNIT</b>
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



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

**FINANCIAL REPORT**

**December 31, 2006**

## CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS	1
FINANCIAL STATEMENTS	
Balance sheets	2
Statements of income	3
Statements of members' equity	4
Statements of cash flows	5-6
Notes to financial statements	7-13
INDEPENDENT AUDITOR'S REPORT ON THE SUPPLEMENTARY INFORMATION	14
SUPPLEMENTARY INFORMATION	
Statement of income detail	15 and 16

## INDEPENDENT AUDITOR'S REPORT

To the Members  
East Kentucky Network, LLC  
dba Appalachian Wireless  
Ivel, Kentucky 41642

We have audited the accompanying balance sheets of East Kentucky Network, LLC, dba Appalachian Wireless as of December 31, 2006 and 2005 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, 2006 and 2005 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  
March 15, 2007



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

**BALANCE SHEETS  
December 31, 2006 and 2005**

ASSETS	<u>2006</u>	<u>2005</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 2,818,346	\$ 1,046,669
Short-term investments	46,271	43,803
Accounts receivable, less allowance for doubtful accounts of \$567,790 in 2006 and \$375,856 in 2005	2,802,673	1,560,267
Accounts receivable, members (Notes 5 and 6)	37,612	3,149
USF receivable (Note 7)	--	589,913
Inventory	1,584,039	1,056,766
Prepaid expenses	<u>173,657</u>	<u>143,547</u>
Total current assets	<u>\$ 7,462,598</u>	<u>\$ 4,444,114</u>
 <b>PROPERTY, PLANT AND EQUIPMENT (Note 3)</b>		
Plant in service:		
General support	\$ 18,914,927	\$ 10,633,736
MTSO equipment	13,354,875	11,934,434
Cell equipment	39,339,797	34,785,982
Paging equipment	3,321,068	3,320,416
Fiber ring	6,471,128	6,245,412
Unfinished plant	<u>657,524</u>	<u>3,992,696</u>
	\$ 82,059,319	\$ 70,912,676
Less accumulated depreciation	<u>33,358,066</u>	<u>27,810,940</u>
	<u>\$ 48,701,253</u>	<u>\$ 43,101,736</u>
 <b>OTHER ASSETS</b>		
Investment in affiliated company, RTFC (Note 3)	\$ 862,394	\$ 875,133
Intangible assets, net of accumulated amortization of \$2,646,913 in 2006 and \$2,179,654 in 2005 (Note 2)	4,497,032	4,623,855
Other	<u>27,550</u>	<u>28,669</u>
	<u>\$ 5,386,976</u>	<u>\$ 5,527,657</u>
	<u>\$ 61,550,827</u>	<u>\$ 53,073,507</u>

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

LIABILITIES AND MEMBERS' EQUITY	<u>2006</u>	<u>2005</u>
<b>CURRENT LIABILITIES</b>		
Current maturities of long-term debt (Note 3)	\$ 1,200,000	\$ 48,033
Accounts payable	1,166,909	851,643
Accounts payable, member (Notes 5 and 6)	2,899	2,936
Accrued expenses	2,113,530	1,457,463
Accrued state corporation taxes	232,157	85,989
Customer deposits	<u>317,603</u>	<u>291,380</u>
Total current liabilities	\$ 5,033,098	\$ 2,737,444
LONG-TERM DEBT, less current maturities (Note 3)	13,000,000	13,297,220
MEMBERS' EQUITY	43,517,729	37,038,843
	<u>\$ 61,550,827</u>	<u>\$ 53,073,507</u>

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

**STATEMENTS OF INCOME  
Years Ended December 31, 2006 and 2005**

	2006	2005
<b>REVENUE</b>		
Retail	\$ 24,156,320	\$ 20,908,570
Roamer	6,964,309	6,868,904
Long distance	155,046	177,350
Paging	852,011	1,039,429
Equipment sales, cellular	2,922,817	2,152,962
Equipment sales, paging	27,894	57,632
Other	3,065,078	2,359,809
Total revenue	\$ 38,143,475	\$ 33,564,656
<b>EXPENSES</b>		
Cost of cellular service	\$ 7,888,446	\$ 7,924,553
Cost of paging service	411,177	510,665
Cost of equipment sales, cellular	6,813,457	4,912,998
Cost of equipment sales, paging	58,755	78,428
Customer service	1,330,573	1,208,726
Billing	1,097,834	1,200,135
Selling	2,703,570	2,131,009
Maintenance	1,267,034	1,042,844
Utilities	454,008	354,870
Bad debts	800,268	672,263
Recovery of bad debts	(90,925)	(120,673)
Cell site rental	158,500	135,012
Taxes	565,271	257,247
Advertising	1,574,298	1,139,697
General and administrative	2,238,348	2,249,226
Occupancy	334,981	359,928
Depreciation	5,541,628	4,635,200
Amortization	508,526	495,241
Total expenses	\$ 33,655,749	\$ 29,187,369
Income from operations	\$ 4,487,726	\$ 4,377,287
<b>OTHER INCOME (EXPENSE)</b>		
Interest income	\$ 49,052	\$ 23,915
Interest expense	(821,277)	(795,898)
Universal Service Fund income (Note 7)	3,716,602	589,913
Impairment of goodwill (Note 8)	--	(331,286)
	\$ 2,944,377	\$ (513,356)
Income before taxes	\$ 7,432,103	\$ 3,863,931
Kentucky corporation tax expense	399,157	170,197
Net income	\$ 7,032,946	\$ 3,693,734

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, 2006 and 2005**

	Cellular Services, Inc.	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, 2005	\$ 6,781,309	\$ 6,781,309	\$ 6,781,309	\$ 6,781,309	\$ 6,781,308	\$33,906,544
Net income	738,747	738,747	738,747	738,746	738,747	3,693,734
Capital distributions	(112,287)	(112,287)	(112,287)	(112,287)	(112,287)	(561,435)
Balance, December 31, 2005	<u>\$ 7,407,769</u>	<u>\$ 7,407,769</u>	<u>\$ 7,407,769</u>	<u>\$ 7,407,768</u>	<u>\$ 7,407,768</u>	<u>\$37,038,843</u>
Net income	1,406,589	1,406,589	1,406,589	1,406,590	1,406,589	7,032,946
Capital distributions	(110,812)	(110,812)	(110,812)	(110,812)	(110,812)	(554,060)
Balance, December 31, 2006	<u><u>\$ 8,703,546</u></u>	<u><u>\$ 8,703,546</u></u>	<u><u>\$ 8,703,546</u></u>	<u><u>\$ 8,703,546</u></u>	<u><u>\$ 8,703,545</u></u>	<u><u>\$43,517,729</u></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, 2006 and 2005**

	2006	2005
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 7,032,946	\$ 3,693,734
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	5,541,628	4,635,200
Amortization	508,526	495,241
Impairment of goodwill	--	331,286
Changes in assets and liabilities, net of the effects of investing and financing activities:		
(Increase) in accounts receivable	(1,242,406)	(78,367)
Decrease in accounts receivable, members	(34,463)	51,248
(Increase) decrease in USF receivable	589,913	(589,913)
(Increase) in inventory	(527,273)	(230,130)
(Increase) decrease in prepaid expenses	(30,110)	5,012
(Increase) decrease in other assets	13,858	(646)
Increase (decrease) in accounts payable	315,266	(291,123)
Increase (decrease) in accounts payable, member	(37)	2,332
Increase in accrued expenses	656,067	339,038
Increase in accrued state corporation taxes	146,168	85,989
Increase in customer deposits	26,223	139,030
Net cash provided by operating activities	\$ 12,996,306	\$ 8,587,931
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	\$ (11,182,411)	\$ (11,469,668)
Purchase of intangible assets	(340,437)	(299,159)
Proceeds from sale of short-term investments	(2,468)	56,197
Net cash (used in) investing activities	\$ (11,525,316)	\$ (11,712,630)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Capital distributions	\$ (554,060)	\$ (561,435)
Proceeds from long-term borrowings	14,200,000	3,450,000
Payments on long-term borrowings	(13,345,253)	(832,731)
Net cash provided by financing activities	\$ 300,687	\$ 2,055,834
Net increase (decrease) in cash and cash equivalents	\$ 1,771,677	\$ (1,068,865)
Cash and cash equivalents:		
Beginning	1,046,669	2,115,534
Ending	\$ 2,818,346	\$ 1,046,669

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

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

**STATEMENTS OF CASH FLOWS (Continued)  
Years Ended December 31, 2006 and 2005**

	<u>2006</u>	<u>2005</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash payments for interest	<u>\$ 866,941</u>	<u>\$ 788,610</u>
Cash payments for state corporation taxes	<u>\$ 167,000</u>	<u>\$ 84,207</u>
<b>SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
Settlement of note payable from impairment of goodwill	<u>\$ --</u>	<u>\$ 400,000</u>
Settlement of accrued interest from impairment of goodwill	<u>\$ --</u>	<u>\$ 56,000</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, Inc.; Gearheart Communications Company, Inc.; Mountain Telecommunications, Inc.; Peoples Rural Telephone Cooperative Corporation, Inc.; and Thacker-Grigsby Telephone Co., Inc.

Cash

The Company maintains its cash balances, which exceed the \$100,000 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.

Cash equivalents

For purposes of the statement of cash flows, the Company considers temporary investments having a maturity of three months or less to be cash equivalents.

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.

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.

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.

Investment

The investment in affiliated company is composed of equity certificates in Rural Telephone Finance Cooperative and is reported at cost, which approximates fair value.

## NOTES TO FINANCIAL STATEMENTS

### Note 1. Summary of Significant Accounting Policies (Continued)

#### Intangible assets

The customer lists, non-compete agreements, FCC licenses, and use of name are recorded at cost and are being amortized over 15 years by the straight-line method. The excess cost over the fair value of the net assets acquired (goodwill) related to paging acquisitions is measured for impairment on an annual basis, and written down, if necessary, to its estimated value at that time. During the prior year, the Company expensed the remaining balance of goodwill as an impairment (see Note 8).

#### Recognition of revenue

Cellular service and paging revenues are recognized when earned. Monthly access and feature charges are billed one month in advance and recognized as revenue the following month. Revenue from telephone and accessories sold are recognized as revenue upon delivery to the customer.

#### Advertising

Advertising costs are expensed as incurred. At December 31, 2006 and 2005, these costs were \$1,574,298 and \$1,139,697, 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. Effective for years beginning on or after January 1, 2005, the State of Kentucky enacted legislation which now provides for the taxation of limited liability companies' at the entity level. The accompanying financial statements include the related state tax liability under the new regulations.

#### 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.



## NOTES TO FINANCIAL STATEMENTS

### Note 2. Intangible Assets

Intangible assets consist of the following at December 31, 2006:

	Gross Amount	Accumulated Amortization
Customer lists	\$ 5,363,530	\$ (2,152,951)
Non-compete agreements	220,348	(121,577)
FCC licenses	1,141,593	(330,542)
Use of name	10,000	(4,334)
Other	408,474	(37,509)
	\$ 7,143,945	\$ (2,646,913)

Intangible assets consist of the following at December 31, 2005:

	Gross Amount	Accumulated Amortization
Customer lists	\$ 5,363,530	\$ (1,795,634)
Non-compete agreements	220,348	(106,898)
FCC licenses	1,141,593	(264,446)
Use of name	10,000	(3,668)
Other	68,038	(9,008)
	\$ 6,803,509	\$ (2,179,654)

Aggregate amortization expense related to these intangible assets for the years ended December 31, 2006 and 2005 totaled \$467,259 and \$437,982, respectively. The following represents the total estimated amortization of intangible assets for each of the succeeding five years:

Year ending December 31:

2006	\$ 450,000
2007	450,000
2008	450,000
2009	450,000
2010	450,000

## NOTES TO FINANCIAL STATEMENTS

### Note 3. Long-Term Debt

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

	2006	2005
Note payable, Fifth Third Bank (a) Dated 02/28/06, variable rate (5.41% at 12/31/06)	\$ 14,200,000	\$ --
Notes payable, RTFC (b)		
Dated 11/13/97, variable rate Paid in full 03/01/06	--	194,957
Dated 11/13/97, variable rate Paid in full 03/01/06	--	899,406
Dated 11/13/97, fixed rate Paid in full 03/01/06	--	727,521
Dated 12/31/98, fixed rate Paid in full 03/01/06	--	618,521
Dated 02/13/01, variable rate Paid in full 03/01/06	--	786,457
Dated 02/13/01, variable rate Paid in full 03/01/06	--	932,200
Dated 07/27/01, variable rate Paid in full 03/01/06	--	2,845,311
Lines of Credit, RTFC		
Line of credit, variable rate (c) Paid in full 03/01/06	--	5,000,000
Line of credit, variable rate (d) Paid in full 03/01/06	--	1,750,000
Line of Credit, Fifth Third Bank (e) Due 03/28/08, variable rate (5.41% at 12/31/06)	--	--
	\$ --	\$ 13,754,373

(a) On February 28, 2006, the Company borrowed \$14,200,000 to restructure its debt. The note is payable in 10 annual installments of \$1,200,000 for 2007, \$1,400,000 for 2008 through 2012, and \$1,500,000 for 2013 through 2016, with a variable interest rate. The note is collateralized by the assets of the Company.

(b) The notes payable to Rural Telephone Finance Cooperative (RTFC) were secured by mortgage and security agreements that include substantially all of the assets of the Company. In addition, the Company was required to purchase equity certificates in RTFC equal to 5% of the total amounts borrowed. The notes were payable in quarterly installments over 15 years with interest at variable or fixed rates set by RTFC. The notes were paid in full on March 1, 2006.

## NOTES TO FINANCIAL STATEMENTS

### Note 3. Long-Term Debt (Continued)

- (c) The line of credit agreement with RTFC provided for borrowings up to \$5,000,000. The agreement carried an interest rate at prime, plus one and one-half percent, was unsecured and was renewed June 28, 2004 for 24 months. The line of credit was paid in full on March 1, 2006.
- (d) The line of credit agreement with RTFC provided for borrowings up to \$2,000,000. The agreement carried an interest rate at prime, plus one and one-half percent, was unsecured and due May 16, 2006. The line of credit was paid in full on March 1, 2006.
- (e) The line of credit agreement with Fifth Third Bank provides for borrowing up to \$3,000,000. The agreement carries a variable interest rate, is secured by certain assets of the company, and is due March 28, 2008.

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:

2006	\$ 1,200,000
2007	1,400,000
2008	1,400,000
2009	1,400,000
2010	1,400,000

### 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 \$73,607 and \$67,460 matching funds for its 401(k) plan during the years ended December 31, 2006 and 2005, 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 \$259,859 and \$221,669 to its retirement savings plan during the years ended December 31, 2006 and 2005, respectively.

## NOTES TO FINANCIAL STATEMENTS

### Note 5. Related Party Transactions

The Company shares personnel with one of its members. The Company paid \$114,996 and \$132,681 for shared personnel during the years ended December 31, 2006 and 2005 respectively. The Company also leased offices and warehouse space from two members. The leases are for an unspecified length of time. The monthly lease payments total approximately \$7,000. In addition, the Company incurred interconnection and telephone charges from its members aggregating \$752,095 and \$786,283 for the years ended December 31, 2006 and 2005, respectively.

The Company leases two cellular tower sites from the officers and majority shareholders of a member for \$100 per month for each site. The leases are for an unspecified length of time. In addition, the Company leases two other sites from a company owned by this member for \$600 each on a month to month basis.

The Company leases cellular tower sites from the parent company of one of its other members for \$1,039 per month. The leases are for five years with options to renew.

The Company pays commissions to two of its members for phone sales to customers. The amount of commissions paid to related parties was \$45,484 and \$43,873 for 2006 and 2005 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 were \$1,130,809 and \$1,254,902 for the years ended December 31, 2006 and 2005, respectively. Rental income earned from the Company's members from these leases was \$631,789 and \$713,599 for the years ended December 31, 2006 and 2005, respectively.

Investments in operating leases are as follows at December 31:

	2006	2005
Fiber ring	\$ 6,471,128	\$ 6,245,412
Accumulated depreciation	(982,379)	(773,028)
	\$ 5,488,749	\$ 5,472,384

The future minimum rental payments expected to be received under these lease agreements for each of the succeeding five years are approximately \$700,000 each year based upon new contracts negotiated during 2005.

## NOTES TO FINANCIAL STATEMENTS

### Note 6. Operating Leases (Continued)

The Company has also entered into lease agreements with its members to obtain fiber optic transmission and digital microwave transmission services. The terms of these leases are for 15 years.

Rental expenses incurred under these operating lease commitments included in the statements of income were \$194,083 and \$33,329 for the years ended December 31, 2006 and 2005, respectively. The future minimum lease payments required under these lease agreements for each of the succeeding five years are \$115,734 each year.

### Note 7. Eligible Telecommunication Carrier

During the prior year, 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 \$3,716,602 and \$589,913 for 2006 and 2005 respectively.

### Note 8. Impairment of Goodwill

During 2005, the Company completed its annual valuation of the acquired goodwill related to paging acquisitions. Pursuant to the valuation, the Company expensed the remaining balance of goodwill. In management's judgment, the underlying assets associated with the goodwill were determined to be of substantially less value than the amount originally paid. The Company disputed the amount based upon the estimated current market value of the purchased customer lists, which approximates the current amortized book value. Accordingly, the entire balance of the remaining note payable issued as part of the acquisitions, along with the related accrued interest, has been written off due to the impairment of goodwill.

The following is a summary of the impairment of goodwill expense included in the financial statements for the year ended December 31, 2005:

Goodwill	\$ 787,286
Note payable	(400,000)
Accrued interest	(56,000)
	<u>\$ 331,286</u>



## DIRECTIONS TO THE ROUSSEAU TOWER SITE BREATHITT COUNTY

Beginning at the Breathitt County Court House, Jackson, Ky and going North East on Main Street to the junction of Rt. 1812 a distance of .2 miles.

Turn left on Rt. 1812 and to to the junction of route 15 a distance of .1 miles.

Turn right (South) on Route 15 and go 2.6 miles to the junction of Rt 30 East.

Turn left (East) on Rt 30 and go 12.3 miles to Junction of tower road.

Turn left on tower road and follow it to the tower site. This is a distance of .5 miles.

A total of 15.7 miles.

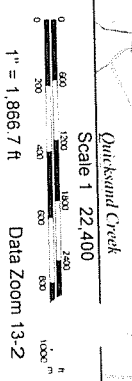
Directions by Dennis Shepherd  
Thacker-Grigsby Telephone Co.  
P O BOX 789  
Hindman, Ky 41822

Phone numbers;  
606-785-2215  
606-791-6263-Cell

# Search Area Map



Data use t to license.  
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 www.delorme.com







**DECLARATION and GRANT OF PERPETUAL EASEMENT  
and RIGHT OF WAY**

THIS DECLARATION and GRANT OF PERPETUAL EASEMENT AND RIGHT OF WAY made and executed on the 10<sup>th</sup> day of October, 2006 by and between **Eric Fred Holbrook, single**, of 526 Hunting Creek Road, Rousseau, Kentucky 41366, **GRANTOR**, and **East Kentucky Network, LLC d/b/a Appalachian Wireless**, of 101 Technology Trail, Ivel, Kentucky 41642, **GRANTEE**:

WHEREAS, Grantor is the owner of that certain tract of land located in Breathitt County, Kentucky, as more particularly described in that certain Deed of Conveyance from Virginia Pickett Hoge, et al, to Erik Fred Holbrook, single, by deed dated June 8, 2001, recorded in Deed Book 198, Page 410, Breathitt County, Kentucky,

WHEREAS, Grantor and Grantee have, for a valuable consideration as set out hereinafter, agreed to the dedication and grant of a perpetual easement and right of way in favor of the Grantee, its successors and assigns, for a portion of the 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 the 22 day of August, 2006, prepared by Graden Howard, LLS, and attached hereto and made a part hereof as Exhibit "B", said real property being hereinafter referred to as the "Premises", together with certain non-exclusive easements and right of ways as set out hereinafter;

NOW THEREFORE, for and in consideration of the sum of Thirty Thousand Dollars (\$30,000.00), the receipt and sufficiency of which is hereby acknowledged, the Grantor does hereby grant and convey unto Grantee, its successors and assigns, the perpetual and exclusive right and easement to use the Premises as described at Exhibit "A" and shown upon the Plat at Exhibit "B", respectively, attached hereto and made a part hereof, for the

purpose of constructing buildings, towers, guy lines, anchors 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 Grantee 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 Grantee, that being to transmit and receive signals and communications by wire, fiber optics, radio and satellite, in connection with Grantee's business.

And for the consideration aforesaid, Grantor grants and conveys to Grantee the non-exclusive easement and right of way for ingress and egress by any method, whether pedestrian or motorized vehicles of all types and descriptions, including any and all roads now existing on the remaining Property of the Grantor, together with the right, privilege and easement to reconstruct or relocate any such roadway or easement for a width of twenty feet (20'); together with

A non-exclusive easement and right of way of twenty feet (20') either side along any such roadway for the construction, installation and maintenance of utility lines, including telephone, electric power, including wires, poles, cables, conduits, and pipes over, under or along a twenty foot (20') wide right of way across the Property of Grantor extending from the nearest public right of way to the Premises.

It is understood that the easements and rights of way granted above whether exclusive or non-exclusive, as applicable, are perpetual in nature. The Grantee, in its sole and exclusive judgment determines that the Premises are no longer needed in connection

with Grantee's business, shall have the right to surrender the perpetual easements and rights of way granted herein upon sixty (60) days written notice of such intention to Grantor, and thereafter, shall have one hundred eighty (180) days within which to remove any and all of its buildings, equipment or facilities constructed upon the Premises, after such time the Premises shall revert to Grantor.

Grantor warrants generally the Premises, rights, easements, and privileges granted herein.

Grantor shall not use the remainder of the Property of Grantor of which this Grant of Easement and Right of Way is a part for the construction, installation or operation of any wireless communications facilities which would unreasonably interfere with Grantee's communications facility.

This grant and the exhibits attached hereto constitute the entire agreement of the Parties, and no oral or implied agreements or representations will be binding upon the Parties hereto.

This instrument shall be interpreted under the laws of the Commonwealth of Kentucky.

The terms, covenants and provisions of this Grant of Easement and Right of Way shall be binding upon the Parties hereto, their respective executors, administrators, heirs, successors and assigns.

Grantee shall pay all personal property taxes assessed on, or any portion of such taxes attributable to, the equipment used by Grantee on the Premises. Grantor shall pay when due all real property taxes and all other fees and assessments attributable to the Premises. Grantee shall reimburse the Grantor as additional compensation for any increase in real estate taxes levied against the Grantor (or its successors or assigns) which are

attributable to or arise as a result of the improvements constructed by the Grantee, its successors or assigns.

Grantee shall indemnify and save harmless the Grantor of any liability by virtue of Grantee's activities upon the Premises or in the exercise of any of the rights, privileges and rights of way 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 regulation. This provision shall survive the termination of this Grant of Easement.

All notices, demands or other writings provided to be given, made or sent hereunder, shall be deemed to have been given when made in writing and deposited in the United States mail, certified and postage prepaid, to Grantor and Grantee at the addresses stated in the caption of this Grant, unless addresses have been changed by written notice given by either Party.

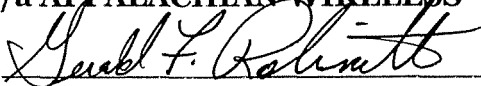
WITNESS OUR HANDS, the day and year aforesaid.

**GRANTOR:**

  
ERIK FRED HOLBROOK

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

**BY:**

  
ITS: GENERAL MANAGER

**STATE OF KENTUCKY  
COUNTY OF BREATHITT**

The foregoing Declaration of Grant of Perpetual Easement and Right of Way was this 10<sup>th</sup> day of October, 2006, produced and acknowledged before me by Erik Fred Holbrook, single, Grantor.

Dennis Shepherd  
NOTARY PUBLIC  
COMMISSION EXPIRES: oct-22-2009

**STATE OF KENTUCKY  
COUNTY OF Floyd**

The foregoing Declaration of Grant of Perpetual Easement and Right of Way was this 11<sup>th</sup> day of October, 2006, produced and acknowledged before me by **East Kentucky Network, LLC, dba Appalachian Wireless** by Gevald F. Robinette, its General Manager, Grantee.

Dennis Shepherd  
NOTARY PUBLIC  
COMMISSION EXPIRES: oct-22-2009

This is to certify that this instrument was prepared by:

William S. Kendrick  
WILLIAM S. KENDRICK, ATTORNEY  
FRANCIS, KENDRICK & FRANCIS  
P.O. Box 268  
Prestonsburg, Kentucky 41653  
606/886-2812

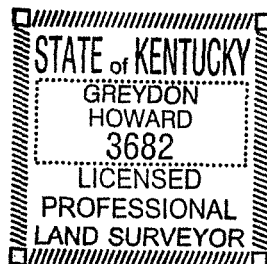
RECEIVED  
2006 OCT 20 PM 1 07  
BREATHITT COUNTY CLERK

**Legal Description of Plat of Survey for  
(Erik Fred Holbrook Lot Purchase)  
EAST KENTUCKY NETWORK  
P.O. Box 405, Prestonsburg, KY 41653**

A certain tract or Parcel of Land situated in Breathitt County, KY and lying on the **East** of **Roaring Shoals Branch** a tributary of **Quicksand Creek**, said tract being Northeast of highway Rte 30, being more particularly described as follows:

**BEGINNING** at an iron pin set (all iron pins referred to in this deed as "set" are 5/8" \* 18" rebar with a plastic cap stamped Walturn 3682) on the west side of ridge, said iron pin is also approximately 55 feet southwest of high knob on ridge; thence **NORTH 50 DEGREES 32 MINUTES 36 SECONDS WEST** a distance of **28.31** feet to an iron pin (set); thence **SOUTH 29 DEGREES 49 MINUTES 58 SECONDS WEST** a distance of **64.44** feet to an iron pin (set); thence **SOUTH 42 DEGREES 38 MINUTES 58 SECONDS WEST** a distance of **97.59** feet to an iron pin (set); thence **SOUTH 89 DEGREES 13 MINUTES 45 SECONDS EAST** a distance of **187.36** feet to an iron pin (set), said iron pin being west of center of point and the dividing line between Erik Fred Holbrook DB 198 PG 410 and John Carroll DB 111 PG 017; thence up the point and remaining to the west of the center of said point **NORTH 14 DEGREES 55 MINUTES 27 SECONDS WEST** a distance of **103.45** feet to an iron pin (set); thence **NORTH 73 DEGREES 14 MINUTES 20 SECONDS WEST** a distance of **42.47** feet to the **POINT OF BEGINNING**, containing **0.32 ACRES**.

The entire tract as described hereon lies to the west of the dividing property line (point) and is entirely on the Erik Fred Holbrook property.



STATE OF KENTUCKY

COUNTY OF BREATHTITT

Clerk's Certificate of  
Lodgment and Record

I, Jony Watts, Clerk of the County for the County and State aforesaid, certify that the foregoing Declaration and Grant of Perpetual Easement and Right of Way was on the 20<sup>th</sup> day of October, 2006 lodged for record, whereupon the same, with the foregoing and this certificate have been duly recorded in my office.

WITNESS my hand, this 20<sup>th</sup> day of October, 2006.

Jony Watts Clerk  
By Becky Curtis D.C.

Deed Book 220  
Page 499



