



**ALLEN B. ROBERTS**  
ATTORNEY AT LAW

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P.O. BOX 759  
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Beth A. O'Donnell, Executive Director  
KY Public Service Commission  
P.O. Box 615  
211 Sower Boulevard  
Frankfort, Kentucky 40602-0615

RECEIVED  
MAR 4 2008  
PUBLIC SERVICE  
COMMISSION

March 5, 2008

Dear Director O'Donnell,

Case No. 2008-00081

Attached for your review is an Application for a Certificate of Public Convenience and Necessity for the construction of fiber-to-the-home in Jackson and Owsley counties, Kentucky. This Application is submitted on behalf of Peoples Rural Telephone Cooperative Corporation, Inc. As discussed in the attached materials, good cause exists for the grant of this Application.

Pursuant to 807 KAR 5:001 Section 8 (2), an original and ten (10) copies of this Application are enclosed here in. Due to its voluminous nature, however, the company is only providing at this time two copies of the accompanying RUS loan application exhibit (Exhibit A) and a single copy of Exhibit B containing three (3) maps of the proposed construction. Should additional copies of all or part of these exhibits be further required, the Company will do so promptly upon request.

Any questions about this application should be referred to Keith Gabbard, General Manager of Peoples Rural Telephone Cooperative Corporation, Inc. at (606) 287-7101.

Sincerely,

Allen B. Roberts, Attorney at Law

Attachment

Cc: Keith Gabbard

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

MAR 4 2008

PUBLIC SERVICE  
COMMISSION

In the Matter of:

THE APPLICATION OF PEOPLES RURAL )  
TELEPHONE COOPERATIVE CORPORATION, INC. )  
FOR A CERTIFICATE OF PUBLIC ) Case No. 2008-00081  
CONVENIENCE AND NECESSITY FOR THE )  
CONSTRUCTION OF FIBER-TO-THE-HOME IN )  
JACKSON AND OWSLEY COUNTIES, KENTUCKY )

APPLICATION FOR CERTIFICATE OF PUBLIC CONVENIENCE AND  
NECESSITY FOR CONSTRUCTION OF FIBER-TO-THE-HOME IN JACKSON  
AND OWSLEY COUNTIES, KENTUCKY

Peoples Rural Telephone Cooperative Corporation, Inc. ("PRTC") pursuant to KRS 278.020 and 807 KAR 5:001, Sections 8 and 9, hereby submits this application for a certificate of public convenience and necessity for the construction of fiber optic cable in Jackson and Owsley Counties, Kentucky.

1. The full name and address of PRTC is Peoples Rural Telephone Cooperative Corporation, Inc., P.O. Box 159, Highway 421, McKee, Kentucky 40447.

2. Peoples Rural Telephone Cooperative Corporation, Inc. ("PRTC") provides telephone service to four exchanges in Jackson and Owsley Counties in southeastern Kentucky. The exchanges are Annville, Booneville, McKee, and Sand Gap. PRTC was organized to provide telecommunications to persons residing in all parts of rural Jackson and Owsley Counties in Kentucky. PRTC serves 8,133 single-party access lines, and consists of approximately 1,036 outside plant route miles and 489 drop miles.

3. A copy of PRTC's Articles of Incorporation and all amendments thereto, is included with Exhibit A.

4. Construction of the fiber optic cable is required by public convenience and necessity to meet PRTC's estimated growth in lines and to modernize the company's plant per the requirements of the State Modernization Plan. This construction project will allow PRTC to upgrade all Host and Remote access equipment from the rapidly exhausting capabilities of the existing circuit based platform to a "Next Generation Digital Loop Carrier" packet-based platform to provide high speed digital access via xDSL and FTTH for the delivery of Triple-Play Multimedia broadband services (Voice, Data, and Video). Upon completion, all wire centers will be equipped with packet-based digital high-speed interfaces.

5. Like many telephone companies, PRTC is finding that its customers' demands for increasingly high levels of bandwidth cannot be met with its current network. Given that many of the future services sought by its members will require broad-band capability, PRTC intends to implement fiber-to-the-home/premise construction. This will allow the use of the new broadband technologies in the company's network and will minimize copper cable construction cost and plant maintenance. PRTC will deploy state-of-the-art, digital-signaling facilities, along with new related services as they become available to meet its members requirements. Diverse routing and support for remotes will continually be a goal so that uninterrupted service will be provided to the subscribers. Upon completion, PRTC will have fiber to the premise of approximately 50% of its subscriber locations.

6. Pursuant to 807 KAR 5:001, section 9(2)(b), PRTC does not require franchise approval from any public authority to deploy the fiber optic cable. PRTC has provided local exchange service for approximately 50 years to its members in Jackson

and Owsley Counties and does not require additional franchises or permits to provide service.

7. There are no lines, facilities, or systems of any other telephone company in the area to be served by the fiber construction project. None of the subscribers to be served by the fiber contemplated in this CPCN receive any type of telephone services from the facilities of other telephone companies other than cellular communications providers. No duplication of facilities will result from the fiber construction.

8. Three (3) maps to suitable scale showing the route of the proposed new construction is included in Exhibit B of this application. The company intends a five-year construction schedule and estimates it will complete 20% of the total project in each of the five years in its construction cycle.

9. At this time, the company does not anticipate requiring any local rate adjustments to fund its new construction. PRTC has requested funding from the Rural Utilities Service ("RUS"). On January 14, 2008, it applied for a "P" loan from RUS for \$19,200,000. A copy of the complete RUS loan application is Exhibit A.

10. The company has not estimated an ongoing cost of maintenance of the fiber upon completion. Upon information and belief, the company anticipates that its ongoing maintenance and provisioning costs will be no more than and likely less, than its costs for its current network.

11. An engineering report signed, sealed and dated by a professional engineer is included with the RUS loan application documents attached as Exhibit C.

Based on the foregoing, and in accordance with KRS 278.020 and 807 KAR 5:001, sections 8 and 9, Peoples Rural Telephone Cooperative Corporation, Inc.

respectfully requests that the Commission issue a Certificate of Public Convenience and Necessity to deploy fiber optic cable in Jackson and Owsley Counties.

Respectfully submitted,



---

Allen B. Roberts, Attorney at Law  
PO Box 759  
McKee, KY 40447  
(606) 287-5223

March 5, 2008

**Application for a Certificate of Public Convenience and Necessity  
Exhibit A**

Rural Utilities Service Loan Application including Articles of Incorporation

**TAB INDEX FOR LOAN DESIGN BINDERS**  
**Instructions for Borrower**

All the information listed below is required for the application package to be forwarded to Washington, D.C. In addition, copies are needed for the borrower and the GFR to retain for replies to questions posed by the D.C. staff while reviewing the loan application.

If possible, have all originals required gathered to allow placing in binders under tabs as indicated for presentation to D.C. and separately have enough copies to be provided to the GFR, yourself and any other interested parties. I don't know that the engineering firm will want any of these copies.

A word to the wise: Make more originals than specified in case of damage during handling and if possible, have designated parties available to change and sign documents if necessary at the time of a loan design review meeting. Sometimes documents from the borrower and the engineer don't have information that is matching and changes must be made prior to application submittal.

Letters in the Application should be addressed to: **Mr. Jerry Brent, Director**  
**RDUP Telecom Northern Div.**  
**1400 Independence Ave. SW**  
**Washington, D.C. 20250-1595**

The completed loan design package sent to D.C. by the GFR typically includes 3 binders of loan design documents with original signatures as prepared by the Engineering firm and 2 binders of the documents with originals or copies as outlined below. The GFR and the borrower should both have 1 copy of each binder for reference.

Feel free to contact me with any questions.

<u>TAB</u>	<u>ITEM</u>
A/1	<b>Cover letter from Borrower - 2 signed originals</b> This is a letter on company letterhead addressed to Mr. Brent presenting the loan application for the stated amount, a brief narrative explaining for what loan funds are to be used, and what funds, Hardship, Cost Of Money, or FFB are requested.
B/2	<b>Board Res. Auth. Loan - 2 originals, signed and sealed with Corp. seal</b> This resolution is authorizing the loan application stating a total dollar amount "not to exceed" \$XXXXX and may authorize the GM to represent the company as a signatory for loan application documents.
C/3	<b>Form 490 Loan Application - 2 signed originals</b> Blank form and instructions provided; sometimes provided by Engineering firm

- D/4 Financial Report Prev. 3 Yrs. - Only 1 set required**  
Only one copy is sent to D.C. in one binder. Self - explanatory
- E/5 Toll Forecast Data - 2 signed originals of correct form**  
Blank forms provided; choose applicable form for cost or average schedule company; information is from accounting or may be provided by the cost consultant. If an average schedule company may change to a cost company during loan period, please provide both formats.
- F/6 Exchange Rates & Sub. Density for all exch. - 2 copies required**  
Make a table showing residential and business rates and access line totals for all exchanges in the system, along with route miles and subscriber density.
- G/7 Lobbying Certification - 2 signed originals**  
Blank form provided; self explanatory
- H/8 Debarment Certification - 2 signed originals of both forms**  
Blank form provided; Primary Covered Transactions; self explanatory
- I/9 Depreciation Rates w/ PSC certification - 2 copies required**  
Make or provide a table showing depreciation schedules or percentages; If approved by State PUC/PSC, then include a copy of document showing acceptance by commission.
- J/10 Property Schedule & Attorney Opinion - 2 hard original signed copies + electronic submittal**  
Blank format provided. Electronic form, in a format other than PDF, required in addition to hard copies. For point number 1, the organizational number requested is the number assigned to the company by the Secretary of State.
- K/11 STMP Compliance Certification - 2 signed originals**  
This is a statement on company letterhead signed by the President, certifying the loan design is in compliance with the Statewide Modernization Plan as accepted by the RUS, including the date of acceptance by RUS. Montana's plan was accepted on April 19, 1996. This is sometimes included in the narrative in the loan design prepared by the engineering firm and signed by the engineer and President.
- L/12 Board Res. Selecting Attorney - 2 originals, signed and sealed with Corp. seal**  
This resolution states the Attorney selected and states opinions will be presented by this firm.
- M/13 Board Res. Authorizing GM - 2 originals, signed and sealed with Corp. seal**  
This may be a copy of an old resolution done at the time of hiring the current manager, or may be a new resolution restating the selection of the GM and the date of hire. **Also include a resume of the GM.** FAR to be done by GFR and included
- N/14 RELRA Compliance Certification - 2 signed originals**  
Blank form provided; self explanatory

5  
5  
5



- O/15 Form 291 Non-segregation - 2 signed originals**  
Blank form and instructions provided; self explanatory
- P/16 Form 675 Certificate of Authority - 2 signed originals**  
Blank form and instructions provided; self explanatory
- Q/17 Form 87 Mail List Data - 2 signed originals**  
Blank form and instructions provided; self explanatory
- R/18 Flood Map Information FAR & FEMA forms**  
The GFR completes this info, but the borrower or engineer must provide information showing the location of all walk-in buildings owned by the borrower. This allows the GFR to spot these locations on FEMA maps to determine if flood insurance is required. If a building is in an identified flood plain, the borrower must provide proof of flood insurance for that building.
- S/19 Form 266 Civil Rights Compliance Assurance – 2 signed originals**  
Blank form provided; self explanatory
- T/20 Civil Rights Review FAR**  
This is completed by the GFR by reviewing a check list with the borrower.
- U/21 Non-Duplication FAR**  
This is completed by the GFR and the GM by reviewing information with the borrower. If any competitors, (voice, data or video providers), are providing service in any exchanges of the borrower, or the borrower is offering competitive services in areas within or outside of exchange areas, the competitors' rates and the borrower rates for all services must be shown on tables made by the borrower for all areas.
- V/22 Gen. Fund expenses for all exch. for loan period - 2 copies**  
This is a table made by the borrower showing forecasted capital expenditures per year for the loan period, typically 5 years. These expenditures are what the company expects to spend in addition to construction funded with this loan and is identified by categories such as OSP, COE, land & buildings, vehicles, office equipment, etc. OSP and COE costs typically include costs for routine line extensions, drops, road moves, carrier or transport equipment installation, etc., that aren't associated with this loan.
- W/23 Non-operating net income description & forecast**  
The borrower should describe non-operating income reflected on the most current 479 and address any trends in this amount shown through the three previous years. Also, a projection of this income for the typical 5 year loan period is required.
- X/24 Non-regulated net income description & forecast**  
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- Y/25**      **By – laws for Cooperatives**  
Cooperatives should submit a copy of current *By-laws*. *Mergers, consolidations or certifications* from regulatory commissions may have resulted in changes that may have not reached Washington D.C.
- Z/26**      **Working agreements**  
Operating companies with subsidiaries should submit a copy of any management or working agreements between parent and subsidiaries.
- AA/27**     **Company Stock**  
If company stock is in place, sample stock certificates, amounts of stock issued and outstanding, and a record of stockholdings should be provided.
- BB/28**     **Interconnection / EAS Agreements**  
Copies of interconnection agreements should be provided if interconnection points are changed as a result of loan design plans. Changes in interconnection points typically result in *billing agreement changes and evidence of approval by interconnecting companies* is required. The same applies to EAS agreements.
- CC/29**     **Service Area or Franchise changes**  
Should existing service area descriptions or franchise agreements be changing as a result of loan activity, copies of these with concurrence by affected parties should be provided.

**KY514 P - Peoples Rural Telephone Coop. Corp., Inc.**  
McKee, Kentucky

System Design and Loan Application

**Items Not Included in Application**

*revised 1/21/2008*

<u>Item</u>	<u>7 CFR 1737</u>	<u>Reason</u>
Sample Stock Certificates	22(a)(4)	Not Applicable
Amounts of Stock Issued	22(a)(5)	Not Applicable
Names of Principal Stock Holders	22(a)(6)	Not Applicable
Copies of Service Agreements	22(a)(8)	No Change
Certified Copies of Existing Leases	22(a)(9)	No Change
Certified Copies of Existing Franchises	22(a)(10)	Not Applicable
Information on Required Franchises	22(a)(11)	Not Applicable
FCC Authorizations	22(a)(12)	Not Applicable
Certificate of Convenience and Necessity	22(a)(13)	Pending
Copies of Debt Instruments	22(c)(1)	Not Applicable
Details of Secured Indebtedness	22(c)(2)	Not Applicable
Justification for Refinancing	22(c)(3)	Not Applicable
Certificate of Authority	Form 675	On File/RUS

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Z/26

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Operating companies with subsidiaries should submit a copy of any management or working agreements between parent and subsidiaries.

AA/27

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If company stock is in place, sample stock certificates, amounts of stock issued and outstanding, and a record of stockholdings should be provided.

BB/28

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Justification for Refinancing	22(c)(3)	Not Applicable
Certificate of Authority	Form 675	On File/RUS





January 14, 2008

Ken Chandler, Director  
Telecom HQ - Southern Division  
USDA  
Room 2808 S. Agriculture Bldg., STOP 1597  
1400 Independence Ave., SW  
Washington, DC 20250-1597  
ken.chandler@usda.gov -- (202)720-0800

Subject: KY514 P - Peoples Rural Telephone Coop. Corp., Inc.  
"P" Loan Application

Dear Mr. Chandler:

We are enclosing three (3) original copies of our "P" Loan application including the loan design and environmental report for your review and approval. This application is for the purpose of expanding service offerings to include higher bandwidth access to all establishments in the service area. Higher bandwidths are planned to be achieved through the installation of fiber-to-the-home outside plant, increased network efficiency with packet based transport, and packet based electronic access facilities.

The estimated uses of loan funds are as follows:

<u>Outside Plant</u>		
FTTH OSP & Drops	\$10,042,839	
Copper Additions	<u>720,000</u>	\$10,762,839
<u>Equipment</u>		
FTTH Access	\$3,341,800	
Access Equipment Upgrades	2,160,690	
Softswitch, Transport & CPE	<u>1,445,210</u>	6,947,700
Engineering		3,612,777
Less Unencumbered Funds		<u>(2,123,316)</u>
TOTAL LOAN AMOUNT		\$19,200,000

We request an RUS Cost of Money loan with a loan maturity as specified on the Form 490.

If you have any questions regarding this loan application, please do not hesitate to contact us. For Loan Design specific questions, feel free to contact directly Michael Stidham with Ladd Engineering Associates, Inc at 859-885-3322.

Sincerely,

PEOPLES RURAL TELEPHONE COOP. CORP., INC.

Keith Gabbard  
General Manager

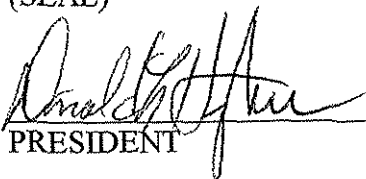


Following is an excerpt from the minutes of the Board Meeting of Peoples Rural Telephone Cooperative Corporation, Inc., December 10, 2007.

After discussion and upon a motion made by Nelson Bobrowski and seconded by Lowell Wagner the following resolution was adopted:

RESOLVED: To proceed with the RUS loan application process in the amount not to exceed \$20,000,000.00 to further upgrade our system as recommended by the Manager.

(SEAL)

  
PRESIDENT

  
SECRETARY

STATE OF KENTUCKY  
(SCT.)  
COUNTY OF JACKSON

I, Lowell Wagner, duly certify that I am the duly elected and qualified and acting Secretary of the Peoples Rural Telephone Cooperative Corporation, Inc., and the keeper of its records and that the above and foregoing is a true and correct copy of the proceeding and resolutions duly adopted at the meeting of the Board of Directors of the Peoples Rural Telephone Cooperative Corporation, Inc., McKee, Kentucky on this the 10<sup>th</sup> day of December 2007 at which time a quorum was formed and acting throughout.

(SEAL)

  
SECRETARY

PEOPLES RURAL TELEPHONE  
BOARD OF DIRECTORS MEETING

The regular monthly meeting of the Board of Directors of the Peoples Rural Telephone Cooperative Corporation, Inc., was held at the Conference Building in McKee, Kentucky on December 10, 2007 at 1:00 P.M.

The following directors were present:

Don Hughes, President  
Earl Clemons, Vice President  
Lowell Wagner, Secretary  
Lester Lakes, Treasurer  
Bruce Hays  
Donald Barrett  
Nelson Bobrowski

Also in attendance were Keith Gabbard, General Manager and Tim Bingham, Customer Service Manager.

Upon a motion made by Mr. Clemons and seconded by Mr. Hays to approve the regular November board minutes.

RESOLVED: To approve the minutes of the previous meeting.

Upon a motion made by Mr. Wagner and seconded by Mr. Barrett to approve the minutes of Directors meeting that was held after the Annual Meeting.

The Manager then reviewed with the Board the adjustments of the subscriber accounts received for the month of November. After discussion, it was upon a motion made by Mr. Lakes and seconded by Mr. Hays that the following resolution was adopted and approved by all:

RESOLVED: That the adjustments to subscriber accounts as presented by the manager be approved.

The Manager presented the applications for membership received since the last regular board meeting. After discussion, it was upon a motion made by Mr. Hays and seconded by Mr. Barrett that the following resolution was adopted and approved by all:

RESOLVED: That since the named persons had made written application for membership in this corporation, had paid in full for members as required in the By-Laws, and had otherwise met with all of the requirements as provided in the By-Laws, said persons are hereby declared members.

Upon a motion made by Mr. Hays and seconded by Mr. Clemons the following resolution was adopted and approved by all:

RESOLVED: To approve the payment of capital credits to deceased estates for the month of November 2007.

Upon a motion made by Mr. Clemons and seconded by Mr. Lakes, the following resolution was adopted and approved by all:

RESOLVED: To accept the Operating Report for the month of October 2007 as presented by the Manager.

The Manager reported a loss of 61 access lines for the month of November 2007.

The Manager discussed with the Board the calling features, PRTC Long Distance, Cable TV Count, Internet and DSL Count for the month of November.

The Manager presented the 2008 Operating Budget. After discussion and upon a motion made by Mr. Clemons and seconded by Mr. Barrett the following resolution was adopted and approved by all:

RESOLVED: To approve the 2008 Operating Budget as presented.

The Manager presented the 2008 Capital expenditures. After discussion and upon a motion made by Mr. Clemons and seconded by Mr. Hays the following resolution was adopted and approved by all:

RESOLVED: To approve the 2008 Capital Expenditures as presented.

EKN Update:

- Customer Count
- Statement of Revenue & Expenses
- Peoples Telecom-Jackson & Owsley County update

The Manager discussed current scholarship fund criteria including A.C.T. essay and financial qualifications with the board. Both he and the board made suggestions for changes in 2008. He will put together a proposal for new scholarship criteria.

The Manager presented a resolution to the board to apply for an RUS loan in an amount not to exceed \$20,000,000.00 to further upgrade our system.

After discussion and upon a motion made by Mr. Bobrowski and seconded by Mr. Wagner the following resolution was adopted and approved by all:

RESOLVED: To proceed with the RUS loan application process in the amount not to exceed \$20,000,000.00 to further upgrade our system as recommended by the Manager.

The Roberts gave a report on the NTCA Legal Seminar he attended recently and thanked the board for allowing him to attend the meeting.

The Manager announced the honey baked hams will be here on December 13<sup>th</sup> and will be delivered to directors.

The President announced the next regular monthly meeting of the Board of Directors will be held at the Conference Center in McKee on January 14, 2007 at 1:00 p.m.

There being no further business to come before the meeting, it was upon a motion made by Mr. Clemons and seconded by Mr. Bobrowski that the meeting be adjourned.

APPROVED:

  
\_\_\_\_\_  
PRESIDENT

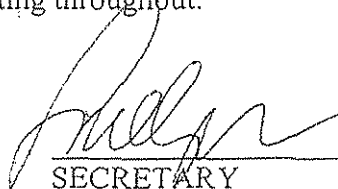
  
\_\_\_\_\_  
SECRETARY

(SEAL)

STATE OF KENTUCKY  
(SCT.  
COUNTY OF JACKSON

I, Lowell Wagner, duly certify that I am the elected, qualified and acting Secretary of the Peoples Rural Telephone Cooperative Corporation, Inc., and the keeper of its records and that the above and foregoing is a true and correct copy of the proceedings and resolutions duly adopted at the meeting of the Board of Directors of the Peoples Rural Telephone Cooperative Corporation, Inc., McKee Kentucky on this the 10<sup>th</sup> day of December 2007 at which time a quorum was formed and acting throughout.

(SEAL)

  
\_\_\_\_\_  
SECRETARY

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0079. The time required to complete this information collection is estimated to average 30 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

U.S. Department of Agriculture  
Rural Utilities Service

**APPLICATION FOR TELECOMMUNICATIONS  
LOAN OR LOAN GUARANTEE**

INSTRUCTIONS - Prepare two copies of this form. For further information, see 7 CFR 1735 and 7 CFR 1737.

<b>1. NAME AND ADDRESS OF BORROWER (Street, City, State, Zip Code)</b> Peoples Rural Telephone Cooperative Corporation, Inc. US Hwy 421 South PO Box 159 McKee, Kentucky 40447	<b>2. TYPE OF ORGANIZATION (Check one)</b> a. <input type="checkbox"/> COMMERCIAL CORPORATION b. <input checked="" type="checkbox"/> COOPERATIVE OR MUTUAL c. <input type="checkbox"/> PUBLIC BODY
--	---

<b>3. INDICATE THE LOAN MATURITY BEING REQUESTED (Check one)</b> a. <input type="checkbox"/> _____ YEARS (Maximum of 35), b. <input checked="" type="checkbox"/> COMPOSITE ECONOMIC LIFE OF FACILITIES FINANCED PLUS 3 YEARS.	<b>4. AMOUNT OF LOAN APPLIED FOR:</b> \$19,200,000.00
---	--

<b>5. NUMBER OF EXCHANGES:</b> a. IN EXISTING SYSTEM ..... 4 b. TO BE FINANCED BY THIS LOAN ..... 4	<b>6. NUMBER OF SUBSCRIBERS:</b> a. IN EXISTING SYSTEM ..... 8,133 b. TO BE ADDED DURING FORECAST PERIOD ... 93
---	---

**7. PURPOSE OF LOAN (Explain the purposes for which loan funds are intended and state the amount required for each purpose.)**

Expand service offerings to include higher bandwidth access to all establishments in the service area. Estimated expenditures as follows:

Outside Plant			
FTTH OSP & Drops	\$10,042,839		
Copper Additions	720,000	\$10,762,839	
Equipment			
FTTH Access	\$3,341,800		
Access Equipment Upgrades	2,160,690		
Softswitch, Transport & CPE	1,445,210	6,947,700	
Engineering		3,612,777	
Unencumbered Funds		(2,123,316)	\$19,200,000

**FEDERAL DEBT DELINQUENCY CERTIFICATION**

8. IS THE BORROWER DELINQUENT ON ANY FEDERAL DEBT? (Check one)  NO  YES (If Yes, provide explanatory information below.)  
 NOTE: Examples of debts include, but are not limited to, delinquent taxes, guaranteed or direct government loans (more than 31 days past due), and other administrative debts.

**APPLICANT CERTIFICATION  
FEDERAL COLLECTION POLICIES FOR COMMERCIAL DEBT**

The Federal Government is authorized by law to take any or all of the following actions in the event that a borrower's loan payments become delinquent or the borrower defaults on its loan: (1) Report the borrower's delinquent account to a credit bureau; (2) Assess additional interest and penalty charges for the period of time that payment is not made; (3) Assess charges to cover additional administrative costs incurred by the Government to service the borrower's account; (4) Offset amounts owed to the borrower under other Federal programs; (5) Refer the borrower's debt to the Internal Revenue Service for offset against any amount owed to the borrower as an income tax refund; (6) Refer the borrower's account to a private collection agency to collect the amount due; and (7) Refer the borrower's account to the Department of Justice for litigation in the courts.

All of these actions can and will be used to recover any debts owed when it is determined to be in the interest of the Government to do so.

**CERTIFICATION**

I have read and understand the actions the Federal Government can take in the event that I fail to meet my scheduled payments in accordance with the terms and conditions of my agreements and certify that the information contained herein is accurate and complete to the best of my knowledge and belief.

SIGNATURE OF AUTHORIZED OFFICIAL 	TITLE President	DATE 1-14-2008
---	--------------------	-------------------

**ALAN M. ZUMSTEIN**  
**CERTIFIED PUBLIC ACCOUNTANT**

1032 CHETFORD DRIVE  
LEXINGTON, KENTUCKY 40509  
(859) 264-7147

MEMBER:

AMERICAN INSTITUTE OF CPA'S  
INDIANA SOCIETY OF CPA'S  
KENTUCKY SOCIETY OF CPA'S  
AICPA DIVISION FOR FIRMS

To the Board of Directors  
Peoples Rural Telephone Cooperative Corporation

I have audited the financial statements of Peoples Rural Telephone Cooperative for the year ended December 31, 2006, and have issued my report thereon dated February 7, 2007. I conducted my audit in accordance with generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and 7 CFR Part 1773, Policy on Audits of the Rural Utilities Service (RUS) Borrowers. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are *free of material misstatement*.

In planning and performing my audit of the financial statements of Peoples Telephone for the year ended December 31, 2006, I considered its internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of the specific internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting that I consider to be a material weakness.

7 CFR Part 1773.33 requires comments on specific aspects of the internal control over financial reporting, compliance with specific RUS loan and security instrument provisions and other additional matters. I have grouped my comments accordingly. In addition to obtaining reasonable assurance about whether the financial statements are free from material misstatements, at your request, I performed tests of specific aspects of the internal control over financial reporting, of compliance with specific RUS loan and security instrument provisions and of additional matters. The specific aspects of the internal control over financial reporting, compliance with specific RUS loan and security instrument provisions, and additional matters tested include, among other things, the accounting procedures and records, materials control, compliance with specific RUS loan and security instrument provisions set forth in 7 CFR 1773.33(e)(2) and related party transactions and investments. In addition, my audit of the financial statements also included the procedures specified in 7 CFR Part 1773.38-.45. My objective was not to provide an opinion on

these specific aspects of the internal control over financial reporting, compliance with specific RUS loan and security instrument provisions, or additional matters, and accordingly, I express no opinion thereon.

No reports, other than my independent auditor's report, and my independent auditor's report on compliance and on internal control over financial reporting, all dated February 7, 2007, or summary of recommendations related to my audit have been furnished to management.

My comments on specific aspects of the internal control over financial reporting, compliance with specific RUS loan and security instrument provisions and other additional matters as required by 7 CFR 1773.33 are presented below.

### **Comments on Certain Specific Aspects of the Internal Control Over Financial Reporting**

I noted no matters regarding Peoples Telephone's internal control over financial reporting and its operation that I consider to be a material weakness as previously defined with respect to:

- The accounting procedures and records; and
- the process for accumulating and recording labor, material and overhead costs, and the distribution of these costs to construction, retirement and maintenance and other expense accounts; and
- the materials controls.

### **Comments on Compliance with Specific RUS Loan and Security Instrument Provisions**

At your request, I have performed the procedures enumerated below with respect to compliance with certain provisions of laws, regulations and contracts. The procedures I performed are summarized as follows:

- Procedures performed with respect to the requirement for a borrower to obtain written approval of the mortgagee to enter into any contract for the operation or maintenance of all or any part of its property, or for the use by others of its property for the year ended December 31, 2006, of Peoples Telephone.
  1. Obtained and read a borrower prepared schedule of new written contracts entered into during the year between the borrower and an affiliate as defined in 1773.33 (d)(2)(i).
  2. Reviewed Board of Director minutes to ascertain whether board-approved written contracts are included in the borrower-prepared schedule.



**Comments on Compliance with Specific RUS Loan and Security Instrument Provisions, continued:**

3. Noted written RUS approval was not obtained by the borrower for all the contracts listed. Peoples Telephone's management informed me that RUS approval was not required as the contracts related to operation or maintenance entered into during the normal course of business.
- Procedure performed with respect to the requirement to submit RUS Form 479 to RUS:
1. Agreed amounts reported in RUS Form 479 to Peoples Telephone's records as of December 31, 2006.

The results of my tests indicate that, with respect to the items tested, Peoples Telephone complied in all material respects, with the specific RUS loan and security instrument provisions referred to below. With respect to items not tested, nothing came to my attention that caused me to believe that Peoples Telephone had not complied, in all material respects, with those provisions. The specific provisions tested, as well as any exceptions noted, include the requirements that:

- the borrower has obtained written approval of RUS to enter into any contract, agreement or lease with an affiliate as defined in 1773.33 (e)(2)(i); and
- the borrower has submitted its RUS Form 479 to RUS and the Form 479, Financial and Statistical Report, as of December 31, 2006, represented by the borrower as having been submitted to RUS is in agreement with Peoples Telephone's audited records in all material respects.

**Comments on Other Additional Matters**

In connection with my audit of the financial statements of Peoples Telephone, nothing came to my attention that caused me to believe that Peoples Telephone failed to comply with respect to:

- The reconciliation of continuing property records to the controlling general ledger plant accounts addressed at 7 CFR Part 1773.33(c)(1);
- the clearing of the construction accounts and the accrual of depreciation on completed construction addressed at 7 CFR Part 1773.33(c)(2);
- the retirement of plant addressed at 7 CFR Part 1773.33(c)(3) and (4);
- the disclosure of material related party transactions, in accordance with Statement of Financial Accounting Standards No. 57, Related Party Transactions, for the year ended December 31, 2006, in the financial statements referenced in the first paragraph of this report addressed at 7 CFR Part 1773.33(f).

**Comments on Other Additional Matters, continued**

- the approval of the sale, lease or transfer of capital assets and disposition of proceeds for the sale or lease of plant, material, or scrap addressed at 7 CFR Part 1773.33(c)(5);
- the detailed schedule of investments.

My audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The detailed schedule of investments in affiliated companies required by 7 CFR 1773 (h), and provided below, is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in my audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

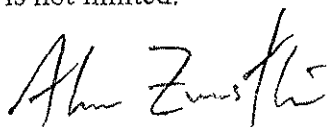
Peoples Telephone is a one-fifth (1/5) owner of East Kentucky Network, LLC, which provides cellular and other communications services in Eastern Kentucky. The initial investment was \$10,000. The investment is comprised of the following:

	<u>Investment</u>	<u>Profits</u>
Cumulative through December 31, 2005	\$3,820,476	\$3,542,599
Activity for 2006	<u>(110,812)</u>	<u>1,738,709</u>
Cumulative through December 31, 2006	<u>\$3,709,664</u>	<u>\$5,281,308</u>

During 2004, Peoples Telephone formed a wholly-owned subsidiary, Peoples Telecom, LLC, which provides cable television services in Peoples Telephone's service territory. The initial investment was \$1,130,000. The investment is comprised of the following:

	<u>Investment</u>	<u>Profits</u>
Cumulative through December 31, 2005	\$1,243,287	\$43,906
Activity for 2006	<u>654,000</u>	<u>(24,526)</u>
Cumulative through December 31, 2006	<u>\$1,897,287</u>	<u>\$19,380</u>

This report is intended solely for the information and use of the Board of Directors, management, RUS and supplemental lenders and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.



Alan M. Zumstein  
February 7, 2007

**Kentucky 514**  
**Peoples Rural Telephone Cooperative**  
**and Subsidiary**  
**McKee, Kentucky**  
**Audited Financial Statements**  
**December 31, 2006 and 2005**

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**ALAN M. ZUMSTEIN**  
**CERTIFIED PUBLIC ACCOUNTANT**

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MEMBER:  
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Independent Auditor's Report

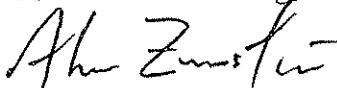
To the Board of Directors  
Peoples Rural Telephone Cooperative Corporation

I have audited the balance sheets of Peoples Rural Telephone Cooperative and Subsidiary, as of December 31, 2006 and 2005, and the related statements income and patronage capital and cash flows for the years then ended. These financial statements are the responsibility of Peoples Rural Telephone Cooperative's management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and 7 CFR Part 1773, Policy on Audits of Rural Utilities Service (RUS) Borrowers. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Peoples Rural Telephone Cooperative and Subsidiary as of December 31, 2006 and 2005, and the results of operations and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued a report dated February 7, 2007, on my consideration of Peoples Rural Telephone Cooperative and Subsidiary's internal control over financial reporting and my test of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of the audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of my audits.

  
Alan M. Zumstein  
February 7, 2007

**ALAN M. ZUMSTEIN**  
**CERTIFIED PUBLIC ACCOUNTANT**

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LEXINGTON, KENTUCKY 40509  
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MEMBER:  
AMERICAN INSTITUTE OF CPA'S  
INDIANA SOCIETY OF CPA'S  
KENTUCKY SOCIETY OF CPA'S  
AICPA DIVISION FOR FIRMS

To the Board of Directors  
Peoples Rural Telephone Cooperative Corporation

I have audited the financial statements of Peoples Rural Telephone Cooperative and Subsidiary as of and for the years ended December 31, 2006 and 2005, and have issued my report thereon dated February 7, 2007. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

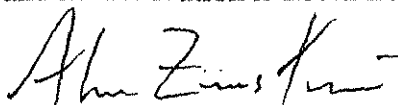
Compliance

As part of obtaining reasonable assurance about whether Peoples Rural Telephone Cooperative and Subsidiary's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Peoples Rural Telephone Cooperative Corporation and Subsidiary's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, the Rural Utilities Service and supplemental lenders. However, this report is a matter of public record and its distribution is not limited.



Alan M. Zumstein  
February 7, 2007

Peoples Rural Telephone Cooperative Corporation and Subsidiary

Consolidated Balance Sheet, December 31, 2006 and 2005

<u>Assets</u>	<u>2006</u>	<u>2005</u>
Current Assets:		
Cash and cash equivalents	\$552,403	\$1,216,703
Accounts receivable, less allowance for 2006 of \$269,618 and 2005 of \$116,838	600,059	691,435
Other receivables, connecting companies	1,101,707	729,099
Materials and supplies, at average cost	558,629	642,993
Prepaid insurance	74,064	35,461
	<u>2,886,862</u>	<u>3,315,691</u>
Other Assets:		
Marketable securities	7,688,097	5,509,993
Associated organizations	8,712,350	7,654,074
Nonregulated property	220,481	265,712
	<u>16,620,928</u>	<u>13,429,779</u>
Telecommunications Plant, at original cost:		
In service	43,666,836	41,152,982
Acquisition adjustment	608,000	573,000
Under construction	679,153	815,111
	<u>44,953,989</u>	<u>42,541,093</u>
Less accumulated depreciation	19,895,679	18,018,089
	<u>25,058,310</u>	<u>24,523,004</u>
 Total	 <u>\$44,566,100</u>	 <u>\$41,268,474</u>
<u>Liabilities and Members' Equities</u>		
Current Liabilities:		
Accounts payable	\$27,113	\$21,537
Current portion of long term debt	2,076,000	1,968,000
Advance billings	333,288	326,502
Other current and accrued liabilities	772,336	391,510
	<u>3,208,737</u>	<u>2,707,549</u>
Long Term Debt	<u>14,911,716</u>	<u>17,066,720</u>
Accrued Postretirement Benefits	<u>759,085</u>	<u>688,886</u>
Members' Equities:		
Memberships and capital investment	187,701	183,661
Patronage capital	24,994,386	20,116,407
Donated capital	504,475	505,251
	<u>25,686,562</u>	<u>20,805,319</u>
 Total	 <u>\$44,566,100</u>	 <u>\$41,268,474</u>

The accompanying notes are an integral part of the financial statements.

Consolidated Statements of Revenue and Patronage Capital

for the years ended December 31, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Operating Revenue:		
Local network services	\$3,085,233	\$2,868,421
Network access services	8,324,978	9,146,444
Carrier billing and collection	426,494	411,892
Basic cable revenues	578,126	517,060
Premium cable revenues	29,050	22,034
Miscellaneous	154,138	203,458
Less provision for uncollectibles	(102,446)	(94,174)
	<u>12,495,573</u>	<u>13,075,135</u>
Operating Expenses:		
Plant specific operations	3,198,694	2,917,475
Plant nonspecific operations	421,292	437,469
Depreciation	2,739,625	2,697,968
Programming costs	268,054	238,689
Customer operations	886,917	755,704
Corporate operations	1,250,829	1,152,229
Taxes, other than income	428,195	380,546
	<u>9,193,606</u>	<u>8,580,080</u>
Operating margins	<u>3,301,967</u>	<u>4,495,055</u>
Nonoperating Margins		
Other income, principally interest	1,807,072	146,627
Income (loss) from limited liability companies	1,434,507	641,979
Non regulated net income	(100,784)	140,165
	<u>3,140,795</u>	<u>928,771</u>
Margins available for fixed charges	6,442,762	5,423,826
Fixed Charges:		
Interest on long-term debt	<u>913,454</u>	<u>1,002,872</u>
Net margins	5,529,308	4,420,954
Patronage capital, beginning of year	20,116,407	16,167,734
Retirements of capital credits	(497,267)	(303,385)
Payments to estates of deceased members	<u>(154,062)</u>	<u>(168,896)</u>
Patronage capital, end of year	<u>\$24,994,386</u>	<u>\$20,116,407</u>

The accompanying notes are an integral part of the financial statements.



Consolidated Statements of Cash Flows  
for the years ended December 31, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Cash Flows from Operating Activities:		
Net margins	\$5,529,308	\$4,420,954
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation	2,739,625	2,697,968
Net loss (profit) in limited liability companies	(1,460,088)	(697,977)
Accumulated postretirement benefits	70,199	72,557
Net change in current assets and liabilities:		
Receivables	(534,684)	(218,980)
Material and supplies	84,364	2,355
Prepayments	(38,603)	4,850
Payables	259,028	(28,141)
Advance billings	6,786	9,345
Accrued expenses	380,826	(86,358)
	<u>7,036,761</u>	<u>6,176,573</u>
Cash Flows from Investing Activities:		
Construction of plant	(3,288,107)	(1,824,480)
Salvage recovered from retirement of plant	13,176	31,822
Marketable securities	(2,178,104)	(1,604,116)
Associated organizations	(252,188)	0
Nonregulated property	45,231	68,790
	<u>(5,659,992)</u>	<u>(3,327,984)</u>
Cash Flows from Financing Activities:		
Advances on long term debt	0	183,901
Payments on long term debt	(2,047,004)	(1,802,296)
Memberships and capital investments	658,040	116,427
Retirements of capital credits	(651,329)	(472,281)
Increase in donated capital	(776)	(1,403)
	<u>(2,041,069)</u>	<u>(1,975,652)</u>
Net increase in cash balances	(664,300)	872,937
Cash and cash equivalents - beginning of period	<u>1,216,703</u>	<u>343,766</u>
Cash and cash equivalents - end of period	<u>\$552,403</u>	<u>\$1,216,703</u>
Supplemental disclosures of cash flows information:		
Interest on long-term debt	\$915,792	\$1,004,181

The accompanying notes are an integral part of the financial statements.

## Notes to Financial Statements

### Summary of Significant Accounting Policies

Peoples Telephone maintains its records in accordance with policies prescribed or permitted by the Kentucky Public Service Commission (PSC) and the United States Department of Agriculture, Rural Utilities Service (RUS), which conform in all material respects with generally accepted accounting principles. The more significant of these policies are as follows:

#### Principles of Consolidation

The consolidated financial statements include the accounts of Peoples Rural Telephone Cooperative and its subsidiary, Peoples Telecom, LLC (Peoples Telecom). All significant intercompany accounts and transactions have been eliminated.

#### Utility Plant

Telecommunications and CATV plant are stated at original cost, which is the cost when first dedicated to public service. Such amount includes applicable supervisory overhead cost. There was no interest during the year that was required to be capitalized.

The cost of maintenance and repairs, including renewals of minor items of property, is charged to operating expenses. The cost of replacement of depreciable property units, as distinguished from minor items, is charged to telecommunications and CATV plant. The cost of units of property replaced or retired, including cost of removal, net of any salvage value, is charged to accumulated depreciation. The major classifications of plant were:

	<u>2006</u>	<u>2005</u>
Telecommunications Plant:		
General support	\$8,122,691	\$6,527,800
Central office switching	4,369,035	4,351,783
Central office transmission	6,169,204	6,149,880
Cable and wire facilities	22,782,481	22,447,605
Intangibles	5,844	5,844
	<u>41,449,255</u>	<u>39,482,912</u>
CATV Plant:		
Distribution plant	2,204,108	1,656,597
General pant	13,473	13,473
Intangibles	608,000	573,000
	<u>2,825,581</u>	<u>2,243,070</u>
	<u>\$44,274,836</u>	<u>\$41,725,982</u>

Continued

**Summary of Significant Accounting Policies, continued**

**Depreciation**

Provision has been made for depreciation on the basis of estimated lives of assets, using the straight-line method. Depreciation rates are as follows:

	<u>Telephone</u>	<u>Telecom</u>
General support	2.7% - 15.8%	20.0%
Central office switching	7.5%	
Central office transmission	10.0%	
Cable and wire facilities	5.1% - 9.4%	5.0% - 10.0%

**Statement of Cash Flows**

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

**Telecommunications Revenue Recognition**

Peoples Telephone's revenues are recognized when earned regardless of the period in which they are billed. Bills are sent to customers on credit the first of each month with local service being billed a month in advance of service. Peoples Telephone's sales are concentrated in portions of two southeastern Kentucky counties. There were no customers whose individual account balance exceeded 10% of outstanding accounts receivable at December 31, 2006 and 2005. The number of access lines was 8,487 at 2006 and 8,493 at 2005.

Payments are due 20 days from the date of billing. If payment has not been made, then customers are subject to disconnect on the 15th of the next month. The allowance for uncollectibles is based on the aging of accounts receivable. Accounts are written off when they are deemed to be uncollectible.

Interstate revenues are recognized on the cost basis recovery method.

Compensation for intrastate/intralata services is received through tariffed long distance rates filed with the Commission and billed to the end user. The resulting revenues are pooled with like revenues from all telephone companies in the state. The portion of the pooled long distance revenue received by Peoples Telephone is based upon a contractual agreement with the long distance carrier.

Compensation for intrastate/interlata service is received through tariffed access charges as filed with the Commission. These access charges are billed to the interlata long distance carrier and retained by Peoples Telephone.

Continued

## **Summary of Significant Accounting Policies, continued**

### **CATV Revenue Recognition**

Peoples Telecom recognizes revenues when earned regardless of the period in which they are billed. Peoples Telecom purchases cable transmissions from networks at various amounts based on the number of customers receiving the service. Peoples Telecom's sales are concentrated in one (1) southeastern Kentucky county. There were no customers whose individual account balance exceeded 10% of outstanding accounts receivable at December 31, 2006 or 2005. The number of CATV customers was 1,952 for 2006 and 1,495 for 2005.

### **Fair Value of Financial Instruments**

The carrying amounts of the Company's cash and cash equivalents, other receivables, investments, inventories, other assets, trade accounts payable, accrued expenses and liabilities, notes payable and other liabilities approximate fair value.

### **Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates used in the preparation of the financial statements.

### **Off Balance Sheet Risk**

There is off-balance sheet risk in that cash deposits are maintained in financial institutions in excess of the amounts insured by the Federal Deposit Insurance Corporation (FDIC).

### **Risk Management**

The Company is exposed to various forms of losses of assets associated with, but not limited to, fire, personal liability, theft, vehicular accidents, errors and omissions, fiduciary responsibility, workers compensation, etc. Each of these areas is covered through the purchase of commercial insurance.

## **2. Marketable Securities**

All marketable securities consist of Certificates of Deposit, and are classified as available-for-sale. Available-for-sale investments are stated at fair value with unrealized gains and losses included in members equities. The cost of investments sold is based on the specific identification method. The amortized cost and fair value are the same as the stated values at 2006 and 2005.

Continued

Notes to Financial Statements, continued

**Investments in Associated Organizations**

Investments in associated organizations are as follows:

	<u>2006</u>	<u>2005</u>
East Kentucky Network, LLC:		
Capital contributed	\$3,709,664	\$3,820,476
<b>Accum.</b> Profit and losses	5,253,606	3,542,598
Rural Telephone Bank, stock at cost	-	291,000
	<u>                    </u>	<u>                    </u>
Total	<u>\$8,963,270</u>	<u>\$7,654,074</u>

Peoples Telephone is a partner in the partnership of East Kentucky Network, LLC. East Kentucky Network provides cellular and fiber connections in Eastern Kentucky. East Kentucky Network is comprised of Peoples Telephone and four other independent telephone companies. The investment is accounted for on the equity basis.

During 2006, RTB liquidated and as a result, redeemed all its outstanding stock. The amount paid to the Company for the RTB stock redemption was \$1,858,000.

**4. Nonregulated Activities**

The following is a summary of nonregulated activities:

	<u>Long Distance</u>	<u>Internet</u>	<u>CPE and Others</u>	<u>Total</u>
Income from op:	\$934,078	\$239,721	\$325,583	\$1,499,382
Expenses	(790,005)	(272,221)	(473,940)	(1,536,166)
Net - 2006	<u>\$144,073</u>	<u>(\$32,500)</u>	<u>(\$148,357)</u>	<u>(\$36,784)</u>

	<u>Long Distance</u>	<u>Internet</u>	<u>CPE and Others</u>	<u>Total</u>
Income from op:	\$1,049,355	\$254,760	\$409,153	\$1,713,268
Expenses	(919,544)	(258,292)	(395,267)	(1,573,103)
Net - 2005	<u>\$129,811</u>	<u>(\$3,532)</u>	<u>\$13,886</u>	<u>\$140,165</u>

Deregulated customer premises equipment was reclassified as miscellaneous physical property as of January 1, 1983. Deregulated CPE is stated at cost, material held for lease or resale is stated at average cost. At January 1, 1987, the inside wire revenues and expenses were reclassified from regulated to deregulated by the PSC. Depreciation is provided on a straight-line basis at 15.1% per year.

Continued

#### 4. Nonregulated Activities, continued

Peoples Telephone provides long distance telephone service under the name of Peoples Long Distance. Peoples Long Distance revenues are billed and collected through Peoples Telephone. A monthly fee is recorded based on telephone usage. Peoples Long Distance purchases minutes of long distance to resell to its customers from an unrelated party.

Nonregulated investments also includes amounts that Peoples Telephone has invested to provide internet services to its customers. Peoples Telephone pays an unrelated party for the help desk and access to the internet system.

#### 5. Long Term Debt

All telecommunications assets, except motor vehicles, are pledged as collateral on the long term debt due RUS and Rural Telephone Bank (RTB). CATV assets are pledged as collateral for the loan to Farmers State Bank. First mortgage notes are as follows:

	<u>2006</u>	<u>2005</u>
Telecommunications loans:		
Due RUS:		
2%	\$17,593	\$23,806
4.076% - 6.474%	14,445,502	16,129,965
	<u>14,463,095</u>	<u>16,153,771</u>
Due RTB, 5% - 6.14%	1,793,305	1,880,949
Less current portion	2,000,000	1,900,000
	<u>14,256,400</u>	<u>16,134,720</u>
CATV loans:		
Due Farmers State Bank 5.45%	655,316	1,000,000
Less current portion	76,000	68,000
	<u>579,316</u>	<u>932,000</u>
Total long term portion	<u>\$14,835,716</u>	<u>\$17,066,720</u>

The long term debt payable to RUS and RTB is due in monthly and quarterly installments of various amounts through 2032. Unadvanced loan funds of \$3,547,985 were available from RTB at December 31, 2006. These funds are for major plant expansion and system improvements.

As of December 31, 2006, the annual current portion of long-term debt outstanding for the next five years are as follows: 2007 - \$2,000,000; 2008 - \$2,200,000; 2009 - \$2,250,000; 2010 - \$2,300,000; 2011 - \$2,300,000.

Continued

**Long Term Debt, continued**

The long term debt to Farmers State Bank is due in monthly installments of \$10,184 through 2016. The annual current portion of long term debt outstanding for the next five years are as follows: 2007 - \$76,000; 2008 - \$80,000; 2009 - \$85,000; 2010 - \$90,000; 2011 - \$95,000.

**6. Patronage Capital**

Patronage capital consisted of:

	<u>2006</u>	<u>2005</u>
Patronage capital assigned	\$23,190,721	\$19,587,242
Patronage capital assignable	5,807,930	4,420,954
Patronage capital unassigned	5,071,080	4,253,605
Less retirements to date	<u>(8,796,723)</u>	<u>(8,145,394)</u>
 Total	 <u>\$25,273,008</u>	 <u>\$20,116,407</u>

The long-term debt agreement contains restrictions on the return to patrons of capital contributed by them. The restrictions relate in general to Peoples Telephone' net worth and assets as defined. The net worth of Peoples Telephone at December 31, 2006, was 59%.

**7. Employee Benefits**

Retirement benefits for substantially all employees are provided through participation in the National Telephone Cooperative Association (NTCA) Pension Plan. The plan is qualified as being exempt from federal income tax under the Internal Revenue Code. Retirement cost was \$216,990 in 2006 and \$221,111 in 2005. A portion of this cost is recorded as overhead cost applicable to construction of telecommunications plant.

In this master multiple-employer plan, which is available to all member cooperatives of NTCA, the accumulated benefits and plan assets are not determined or allocated on an individual system basis.

**8. Accumulated Postretirement Benefits**

Peoples Telephone sponsors a defined benefit plan that provides medical insurance coverage to retirees and their dependents. Participating retirees and dependents do not contribute to the projected cost of coverage. For purposes of the liability estimates, the substantive plan is assumed to be the same as the extant written plan. Peoples Telephone has elected to account for the transition obligation on a prospective basis over a twenty year period as part of future annual benefit costs. Postretirement benefits are not funded.

Continued

Notes to Financial Statements, continued

3. **Accumulated Postretirement Benefits, continued**

The following is a reconciliation of the postretirement benefit obligation:

	<u>2006</u>	<u>2005</u>
Postretirement benefit (prepayment) obligation:		
Balance, beginning of period	<u>\$688,886</u>	<u>\$616,329</u>
Recognition of components of net periodic postretirement benefit cost:		
Service cost	41,000	40,000
Interest cost	97,500	95,000
Amortization of transition obligation	30,770	30,770
Amortization of gains or losses	<u>45,530</u>	<u>39,230</u>
	214,800	205,000
Benefits paid to participants	<u>(144,601)</u>	<u>(132,443)</u>
Net periodic benefit cost	<u><u>\$759,085</u></u>	<u><u>\$688,886</u></u>
	<u>2006</u>	<u>2005</u>
Accumulated postretirement benefit obligation	\$2,293,499	\$2,268,000
Plan assets at fair value	-	-
Funded status	<u>2,293,499</u>	<u>2,268,000</u>
Unrecognized net gain from changes in assumptions	(1,349,785)	(1,363,715)
Unrecognized transition obligation	<u>(184,629)</u>	<u>(215,399)</u>
Accrued postretirement benefit cost	<u><u>\$759,085</u></u>	<u><u>\$688,886</u></u>

The discount rate used in determining the APBO is 6.5% for 2006 and 2005. The health care cost trend rate used to compute the APBO is 7%, decreasing by 0.5% until level at a rate of 5.5%.

9. **Income Taxes**

Peoples Telephone is an exempt organization from federal and state income taxes under IRS Code Section 501(c). Certain unrelated business activities are subject to federal income taxes.

Peoples Telecom is a limited liability company that is taxed as a partnership for federal and state income tax purposes.

Continued



**0. Advertising**

Advertising costs are expensed as incurred. The amount paid for advertising was \$109,737 for 2006 and \$86,035 for 2005.

**11. Commitments**

Peoples Telephone also has various other agreements outstanding with local contractors. Under these agreements, the contractors will perform certain construction and maintenance work at specified hourly rates or unit cost, or on an as needed basis. The duration of these contracts are one to three years.

**12. Acquisitions**

On November 30, 2004, Peoples Telecom acquired 100 percent of the outstanding common shares of McKee Cable Television system from an unrelated party. The aggregate purchase price was \$2,200,000, including \$1,130,000 of cash and a note to the Farmers State Bank for the remaining \$1,070,000.

During September, 2006, Peoples Telecom purchased the assets of Bucknell Cable Television system from an unrelated party for \$459,000.

The acquisitions were accounted for using the purchase method of accounting and, accordingly the results of operations have been included in the consolidated financial statements since that date. As a result of the acquisitions, Peoples Telephone expects to reduce overall costs through economies of scale.

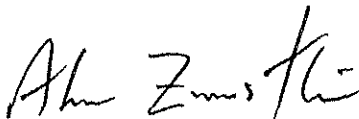
**13. New Accounting Standard**

On September 29, 2006, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans - an amendment of FASB Statements No. 87, 88, 106 and 132(R)*. SFAS No. 158 requires an employer that sponsors a defined benefit postretirement plan to report the current economic status (the overfunded or underfunded status) of the plan in its balance sheet, to measure the plan assets and plan obligations as of the balance sheet date, and to include enhanced disclosures about the plan. The Company will be required to adopt the recognition and disclosure provisions of SFAS No. 158 for the fiscal year ending December 31, 2007, and the measurement date provision for the fiscal year ending December 31, 2008. The Company does not anticipate adopting the provisions of SFAS No. 158 prior to those periods.

To the Board of Directors  
Peoples Rural Telephone Cooperative Corporation

Independent Auditor's Report

My report on the audits of the consolidated financial statements of Peoples Rural Telephone Cooperative and Subsidiary as of December 31, 2006 and for the years then ended appears on page 1. My audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The consolidating information is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations and cash flows of the individual companies. The supplementary consolidating information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the basic consolidated financial statements taken as a whole.



Alan M. Zumstein

February 7, 2007

Peoples Rural Telephone Cooperative  
and Subsidiary  
Consolidating Balance Sheet, December 31, 2006

<u>Assets</u>	<u>Telephone</u>	<u>Telecom</u>	<u>Eliminations</u>	<u>Consolidated</u>
<b>Current Assets:</b>				
Cash and cash equivalents	\$537,920	\$14,483		\$552,403
Accounts receivable, less allowance for Telephone of \$269,618	600,059			600,059
Other receivables, connecting companies	1,240,108		(138,401)	1,101,707
Material and supplies, at average cost	504,250	54,379		558,629
Prepayments	74,064			74,064
	<u>2,956,401</u>	<u>68,862</u>	<u>(138,401)</u>	<u>2,886,862</u>
<b>Other Assets:</b>				
Marketable securities	7,688,097			7,688,097
Associated organizations	10,629,017		(1,916,667)	8,712,350
Nonregulated	220,481			220,481
	<u>18,537,595</u>	<u>                    </u>	<u>(1,916,667)</u>	<u>16,620,928</u>
<b>Utility Plant, at original cost:</b>				
In service	41,449,255	2,217,581		43,666,836
Intangibles		608,000		608,000
Under construction	679,153			679,153
	<u>42,128,408</u>	<u>2,825,581</u>	<u>                    </u>	<u>44,953,989</u>
Less accumulated depreciation	19,828,423	67,256		19,895,679
	<u>22,299,985</u>	<u>2,758,325</u>	<u>                    </u>	<u>25,058,310</u>
<b>Total</b>	<b><u>\$43,793,981</u></b>	<b><u>\$2,827,187</u></b>	<b><u>(\$2,055,068)</u></b>	<b><u>\$44,566,100</u></b>
<b><u>Member's Equities and Liabilities</u></b>				
<b>Current Liabilities:</b>				
Accounts payable	\$11,262	\$154,252	(\$138,401)	\$27,113
Current portion of long term debt	2,000,000	76,000		2,076,000
Advance billings	333,288			333,288
Accrued expenses	747,384	24,952		772,336
	<u>3,091,934</u>	<u>255,204</u>	<u>(138,401)</u>	<u>3,208,737</u>
Long Term Debt	<u>14,256,400</u>	<u>655,316</u>	<u>                    </u>	<u>14,911,716</u>
Accumulated Postretirement Benefits	<u>759,085</u>	<u>                    </u>	<u>                    </u>	<u>759,085</u>
<b>Members' Equities:</b>				
Memberships and capital investments	\$187,701	\$1,897,287	(\$1,897,287)	\$187,701
Patronage capital and retained earnings	24,994,386	19,380	(19,380)	24,994,386
Donated capital	504,475			504,475
	<u>25,686,562</u>	<u>1,916,667</u>	<u>(1,916,667)</u>	<u>25,686,562</u>
<b>Total</b>	<b><u>\$43,793,981</u></b>	<b><u>\$2,827,187</u></b>	<b><u>(\$2,055,068)</u></b>	<b><u>\$44,566,100</u></b>

The accompanying notes are an integral part of the financial statements.

Peoples Rural Telephone Cooperative  
and Subsidiary  
Consolidating Balance Sheet, December 31, 2005

<u>Assets</u>	<u>Telephone</u>	<u>Telecom</u>	<u>Eliminations</u>	<u>Consolidated</u>
<b>Current Assets:</b>				
Cash and cash equivalents	\$1,145,288	\$71,415		\$1,216,703
Accounts receivable, less allowance for Telephone of \$116,838	691,435			691,435
Other receivables, connecting companies	729,188	21,086	(21,175)	729,099
Material and supplies, at average cost	618,953	24,040		642,993
Prepayments	35,461			35,461
	<u>3,220,325</u>	<u>116,541</u>	<u>(21,175)</u>	<u>3,315,691</u>
<b>Other Assets:</b>				
Marketable securities	5,509,993			5,509,993
Associated organizations	8,941,267		(1,287,193)	7,654,074
Nonregulated	265,712			265,712
	<u>14,716,972</u>		<u>(1,287,193)</u>	<u>13,429,779</u>
<b>Utility Plant, at original cost:</b>				
In service	39,482,912	1,670,070		41,152,982
Intangibles		573,000		573,000
Under construction	815,111			815,111
	<u>40,298,023</u>	<u>2,243,070</u>		<u>42,541,093</u>
Less accumulated depreciation	17,974,306	43,783		18,018,089
	<u>22,323,717</u>	<u>2,199,287</u>		<u>24,523,004</u>
<b>Total</b>	<u>\$40,261,014</u>	<u>\$2,315,828</u>	<u>(\$1,308,368)</u>	<u>\$41,268,474</u>
<b><u>Member's Equities and Liabilities</u></b>				
<b>Current Liabilities:</b>				
Accounts payable	\$25,292	\$17,420	(\$21,175)	\$21,537
Current portion of long term debt	1,900,000	68,000		1,968,000
Advance billings	326,502			326,502
Accrued expenses	380,295	11,215		391,510
	<u>2,632,089</u>	<u>96,635</u>	<u>(21,175)</u>	<u>2,707,549</u>
Long Term Debt	16,134,720	932,000		17,066,720
Accumulated Postretirement Benefits	688,886			688,886
<b>Members' Equities:</b>				
Memberships and capital investments	\$183,661	\$1,243,287	(\$1,243,287)	\$183,661
Patronage capital and retained earnings	20,116,407	43,906	(43,906)	20,116,407
Donated capital	505,251			505,251
	<u>20,805,319</u>	<u>1,287,193</u>	<u>(1,287,193)</u>	<u>20,805,319</u>
<b>Total</b>	<u>\$40,261,014</u>	<u>\$2,315,828</u>	<u>(\$1,308,368)</u>	<u>\$41,268,474</u>

The accompanying notes are an integral part of the financial statements.

Consolidating Statements of Revenue and Patronage Capital  
for the year ended December 31, 2006

	<u>Telephone</u>	<u>Telecom</u>	<u>Eliminations</u>	<u>Consolidated</u>
<b>Operating Revenues:</b>				
Local network services	\$3,086,459		(\$1,226)	\$3,085,233
Network access services	8,324,978			8,324,978
Carrier billing and collection	426,494			426,494
Basic cable revenues		578,126		578,126
Premium cable revenues		29,050		29,050
Miscellaneous	104,670	61,036	(11,568)	154,138
Less provision for uncollectibles	<u>(91,174)</u>	<u>(11,272)</u>		<u>(102,446)</u>
	<u>11,851,427</u>	<u>656,940</u>	<u>(12,794)</u>	<u>12,495,573</u>
<b>Operating Expenses:</b>				
Plant specific operations	3,040,994	157,700		3,198,694
Plant non specific operations	421,292			421,292
Depreciation	2,708,922	30,703		2,739,625
Programming costs		268,054		268,054
Customer operations	838,252	61,459	(12,794)	886,917
Corporate operations	1,223,920	26,909		1,250,829
Taxes, other than income	<u>409,074</u>	<u>19,121</u>		<u>428,195</u>
	<u>8,642,454</u>	<u>563,946</u>	<u>(12,794)</u>	<u>9,193,606</u>
	<u>3,208,973</u>	<u>92,994</u>		<u>3,301,967</u>
<b>Nonoperating Margins:</b>				
Other income, principally interest	1,807,072			1,807,072
Income (loss) in limited liability companies	1,409,981		24,526	1,434,507
Nonregulated net income and other	<u>(36,784)</u>	<u>(64,000)</u>		<u>(100,784)</u>
	<u>3,180,269</u>	<u>(64,000)</u>	<u>24,526</u>	<u>3,140,795</u>
Margins available for interest charges	<u>6,389,242</u>	<u>28,994</u>	<u>24,526</u>	<u>6,442,762</u>
<b>Interest Charges:</b>				
Long term debt	<u>859,934</u>	<u>53,520</u>		<u>913,454</u>
Net Margins	5,529,308	(24,526)	24,526	5,529,308
Patronage Capital - beginning of year	20,116,407	43,906	(43,906)	20,116,407
Retirement of capital credits	(497,267)			(497,267)
Retirements to estates of deceased members	<u>(154,062)</u>			<u>(154,062)</u>
Patronage Capital - end of year	<u>\$24,994,386</u>	<u>\$19,380</u>	<u>(\$19,380)</u>	<u>\$24,994,386</u>

The accompanying notes are an integral part of the financial statements.

Consolidating Statements of Revenue and Patronage Capital  
for the year ended December 31, 2005

	<u>Telephone</u>	<u>Telecom</u>	<u>Eliminations</u>	<u>Consolidated</u>
<b>Operating Revenues:</b>				
Local network services	\$2,869,578		(\$1,157)	\$2,868,421
Network access services	9,146,444			9,146,444
Carrier billing and collection	411,892			411,892
Basic cable revenues		517,060		517,060
Premium cable revenues		22,034		22,034
Miscellaneous	171,914	41,551	(10,007)	203,458
Less provision for uncollectibles	(91,174)	(3,000)		(94,174)
	<u>12,508,654</u>	<u>577,645</u>	<u>(11,164)</u>	<u>13,075,135</u>
<b>Operating Expenses:</b>				
Plant specific operations	2,752,779	164,696		2,917,475
Plant non specific operations	437,469			437,469
Depreciation	2,661,913	36,055		2,697,968
Programming costs		238,689		238,689
Customer operations	733,636	33,232	(11,164)	755,704
Corporate operations	1,131,872	20,357		1,152,229
Taxes, other than income	368,214	12,332		380,546
	<u>8,085,883</u>	<u>505,361</u>	<u>(11,164)</u>	<u>8,580,080</u>
	<u>4,422,771</u>	<u>72,284</u>		<u>4,495,055</u>
<b>Nonoperating Margins:</b>				
Other income, principally interest	146,627			146,627
Income (loss) in limited liability companies	657,059		(15,080)	641,979
Nonregulated net income	140,165			140,165
	<u>943,851</u>		<u>(15,080)</u>	<u>928,771</u>
Margins available for interest charges	<u>5,366,622</u>	<u>72,284</u>	<u>(15,080)</u>	<u>5,423,826</u>
<b>Interest Charges:</b>				
Long term debt	945,668	57,204		1,002,872
Net Margins	4,420,954	15,080	(15,080)	4,420,954
Patronage Capital - beginning of year	16,167,734	28,826	(28,826)	16,167,734
Retirement of capital credits	(303,385)			(303,385)
Retirements to estates of deceased members	(168,896)			(168,896)
Patronage Capital - end of year	<u>\$20,116,407</u>	<u>\$43,906</u>	<u>(\$43,906)</u>	<u>\$20,116,407</u>

The accompanying notes are an integral part of the financial statements.

Consolidating Statements of Cash Flows  
for the year ended December 31, 2006

	<u>Telephone</u>	<u>Telecom</u>	<u>Eliminations</u>	<u>Consolidated</u>
<b>Cash Flows from Operating Activities:</b>				
Net margins	\$5,529,308	(\$24,526)	\$24,526	\$5,529,308
Adjustments to reconcile to net cash provided by operating activities:				
Depreciation	2,708,922	30,703		2,739,625
Net loss (profit) in associated organization	(1,435,562)		(24,526)	(1,460,088)
Accumulated postretirement benefits	70,199			70,199
Net change in current assets and liabilities:				
Accounts receivable	(419,544)	21,086	(136,226)	(534,684)
Material and supplies	114,703	(30,339)		84,364
Prepayments	(38,603)			(38,603)
Accounts payable	(14,030)	136,832	136,226	259,028
Advance billings	6,786			6,786
Accrued expenses	367,089	13,737		380,826
	<u>6,889,268</u>	<u>147,493</u>		<u>7,036,761</u>
<b>Cash Flows from Investing Activities:</b>				
Plant additions	(2,698,366)	(589,741)		(3,288,107)
Salvage recovered from retirement of plant	13,176			13,176
Marketable securities	(2,178,104)			(2,178,104)
Associated organizations	(252,188)			(252,188)
Nonregulated property	45,231			45,231
	<u>(5,070,251)</u>	<u>(589,741)</u>		<u>(5,659,992)</u>
<b>Net Cash Flows from Financing Activities:</b>				
Additional long term borrowings				0
Payments on long term debt	(1,778,320)	(268,684)		(2,047,004)
Memberships and capital investments	4,040	654,000		658,040
Retirement of capital credits	(651,329)			(651,329)
Increase in donated capitals	(776)			(776)
	<u>(2,426,385)</u>	<u>385,316</u>		<u>(2,041,069)</u>
Net increase in cash balances	(607,368)	(56,932)		(664,300)
Cash and cash equivalents - beginning	<u>1,145,288</u>	<u>71,415</u>		<u>1,216,703</u>
Cash and cash equivalents - ending	<u>\$537,920</u>	<u>\$14,483</u>	<u>\$0</u>	<u>\$552,403</u>
<b>Supplemental disclosures of cash flow information:</b>				
Interest paid on long term debt	\$862,272	\$53,520		\$915,792

The accompanying notes are an integral part of the financial statements.

Consolidating Statements of Cash Flows  
for the year ended December 31, 2005

	<u>Telephone</u>	<u>Telecom</u>	<u>Eliminations</u>	<u>Consolidated</u>
<b>Cash Flows from Operating Activities:</b>				
Net margins	\$4,420,954	\$15,080	(\$15,080)	\$4,420,954
Adjustments to reconcile to net cash provided by operating activities:				
Depreciation	2,661,913	36,055		2,697,968
Net loss (profit) in associated organization	(713,057)		15,080	(697,977)
Accumulated postretirement benefits	72,557			72,557
Net change in current assets and liabilities:				
Accounts receivable	(193,684)	(14,694)	(10,602)	(218,980)
Material and supplies	15,659	(13,304)		2,355
Prepayments	4,850			4,850
Accounts payable	(29,738)	(9,005)	10,602	(28,141)
Advance billings	9,345			9,345
Accrued expenses	(84,045)	(2,313)		(86,358)
	<u>6,164,754</u>	<u>11,819</u>		<u>6,176,573</u>
<b>Cash Flows from Investing Activities:</b>				
Plant additions	(1,771,962)	(52,518)		(1,824,480)
Salvage recovered from retirement of plant	31,822			31,822
Marketable securities	(1,604,116)			(1,604,116)
Associated organizations	-			0
Nonregulated property	68,790			68,790
	<u>(3,275,466)</u>	<u>(52,518)</u>		<u>(3,327,984)</u>
<b>Net Cash Flows from Financing Activities:</b>				
Additional long term borrowings	183,901			183,901
Payments on long term debt	(1,737,296)	(65,000)		(1,802,296)
Memberships and capital investments	4,140	112,287		116,427
Retirement of capital credits	(472,281)			(472,281)
Increase in donated capitals	(1,403)			(1,403)
	<u>(2,022,939)</u>	<u>47,287</u>		<u>(1,975,652)</u>
Net increase in cash balances	866,349	6,588		872,937
Cash and cash equivalents - beginning	<u>278,939</u>	<u>64,827</u>		<u>343,766</u>
Cash and cash equivalents - ending	<u>\$1,145,288</u>	<u>\$71,415</u>	<u>\$0</u>	<u>\$1,216,703</u>
<b>Supplemental disclosures of cash flow information:</b>				
Interest paid on long term debt	\$946,977	\$57,204		\$1,004,181

The accompanying notes are an integral part of the financial statements.



USDA-RUS  <b>OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</b>	This data will be used by RUS to review your financial situation. Your response is required by 7 U.S.C. 901 et seq. and, subject to federal laws and regulations regarding confidential information, will be treated as confidential.	
	BORROWER NAME  Peoples Rur Tel Coop Corp Inc  (Prepared with Audited Data)	
INSTRUCTIONS-Submit report to RUS within 30 days after close of the period. For detailed instructions, see RUS Bulletin 1744-2. Report in whole dollars only.	PERIOD ENDING December, 2006	BORROWER DESIGNATION KY0514
<b>CERTIFICATION</b>  We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief. <b>ALL INSURANCE REQUIRED BY 7 CFR PART 1788, CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.</b>  <b>DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1788 OF 7CFR CHAPTER XVII</b> (Check one of the following)		
<input checked="" type="checkbox"/> All of the obligations under the RUS loan documents have been fulfilled in all material respects.		
<input type="checkbox"/> There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in the Telecom Operating Report		
Keith Gabbard	4/2/2007 DATE	

PART A. BALANCE SHEET					
ASSETS	BALANCE PRIOR YEAR	BALANCE END OF PERIOD	LIABILITIES AND STOCKHOLDERS' EQUITY	BALANCE PRIOR YEAR	BALANCE END OF PERIOD
<b>CURRENT ASSETS</b>			<b>CURRENT LIABILITIES</b>		
1. Cash and Equivalents		8,174,643	25. Accounts Payable		11,262
2. Cash-RUS Construction Fund		51,373	26. Notes Payable		
3. Affiliates:			27. Advance Billings and Payments		333,288
a. Telecom, Accounts Receivable		600,059	28. Customer Deposits		
b. Other Accounts Receivable		10,124	29. Current Mat. L/T Debt		2,000,000
c. Notes Receivable			30. Current Mat. L/T Debt-Rur. Dev.		
4. Non-Affiliates:			31. Current Mat.-Capital Leases		
a. Telecom, Accounts Receivable		1,140,285	32. Income Taxes Accrued		
b. Other Accounts Receivable			33. Other Taxes Accrued		308,663
c. Notes Receivable			34. Other Current Liabilities		438,721
5. Interest and Dividends Receivable		89,700	35. Total Current Liabilities (25 thru 34)		3,091,934
6. Material-Regulated		260,496	<b>LONG-TERM DEBT</b>		
7. Material-Nonregulated		243,754	36. Funded Debt-RUS Notes		12,813,095
8. Prepayments		74,064	37. Funded Debt-RTB Notes		1,443,305
9. Other Current Assets			38. Funded Debt-FFB Notes		
10. Total Current Assets (1 thru 9)		10,644,498	39. Funded Debt-Other		
<b>NONCURRENT ASSETS</b>			40. Funded Debt-Rural Develop. Loan		
11. Investment in Affiliated Companies			41. Premium (Discount) on L/T Debt		
a. Rural Development			42. Reacquired Debt		
b. Nonrural Development		10,907,639	43. Obligations Under Capital Lease		
12. Other Investments			44. Adv. From Affiliated Companies		
a. Rural Development			45. Other Long-Term Debt		
b. Nonrural Development			46. Total Long-Term Debt (36 thru 45)		14,256,400
13. Nonregulated Investments		220,481	<b>OTHER LIAB. &amp; DEF. CREDITS</b>		
14. Other Noncurrent Assets			47. Other Long-Term Liabilities		759,085
15. Deferred Charges			48. Other Deferred Credits		
16. Jurisdictional Differences			49. Other Jurisdictional Differences		
17. Total Noncurrent Assets (11 thru 16)		11,128,120	50. Total Other Liabilities and Deferred Credits (47 thru 49)		759,085
<b>PLANT, PROPERTY, AND EQUIPMENT</b>			<b>EQUITY</b>		
18. Telecom, Plant-in-Service		41,449,255	51. Cap. Stock Outstand. & Subscribed		
19. Property Held for Future Use			52. Additional Paid-in-Capital		
20. Plant Under Construction		679,153	53. Treasury Stock		
21. Plant Adj., Nonop. Plant & Goodwill			54. Membership and Cap. Certificates		187,701
22. Less Accumulated Depreciation		19,828,423	55. Other Capital		504,475
23. Net Plant (18 thru 21 less 22)		22,299,985	56. Patronage Capital Credits		25,273,008
24. TOTAL ASSETS (10+17+23)		44,072,603	57. Retained Earnings or Margins		
			58. Total Equity (51 thru 57)		25,965,184
			59. TOTAL LIABILITIES AND EQUITY (35+46+50+58)		44,072,603

Total Equity = 58.91% % of Total Assets

USDA-RUS

BORROWER DESIGNATION

**OPERATING REPORT FOR  
TELECOMMUNICATIONS BORROWERS**

KY0514

PERIOD ENDING

December, 2006

INSTRUCTIONS- See RUS Bulletin 1744-2

**PART B. STATEMENTS OF INCOME AND RETAINED EARNINGS OR MARGINS**

ITEM	PRIOR YEAR	THIS YEAR
1. Local Network Services Revenues		3,086,459
2. Network Access Services Revenues		6,926,964
3. Long Distance Network Services Revenues		1,398,015
4. Carrier Billing and Collection Revenues		426,494
5. Miscellaneous Revenues		104,670
6. Uncollectible Revenues		91,176
<b>7. Net Operating Revenues (1 thru 5 less 6)</b>		<b>11,851,426</b>
8. Plant Specific Operations Expense		3,040,994
9. Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization)		421,291
10. Depreciation Expense		2,708,923
11. Amortization Expense		
12. Customer Operations Expense		838,251
13. Corporate Operations Expense		1,223,920
<b>14. Total Operating Expenses (8 thru 13)</b>		<b>8,233,379</b>
15. Operating Income or Margins (7 less 14)		3,618,047
16. Other Operating Income and Expenses		
17. State and Local Taxes		
18. Federal Income Taxes		
19. Other Taxes		409,073
<b>20. Total Operating Taxes (17+18+19)</b>		<b>409,073</b>
21. Net Operating Income or Margins (15+16-20)		3,208,974
22. Interest on Funded Debt		859,934
23. Interest Expense - Capital Leases		
24. Other Interest Expense		
25. Allowance for Funds Used During Construction		
<b>26. Total Fixed Charges (22+23+24-25)</b>		<b>859,934</b>
27. Nonoperating Net Income		3,495,676
28. Extraordinary Items		
29. Jurisdictional Differences		
30. Nonregulated Net Income		(36,784)
<b>31. Total Net Income or Margins (21+27+28+29+30-26)</b>		<b>5,807,932</b>
32. Total Taxes Based on Income		
33. Retained Earnings or Margins Beginning-of-Year		
34. Miscellaneous Credits Year-to-Date		
35. Dividends Declared (Common)		
36. Dividends Declared (Preferred)		
37. Other Debits Year-to-Date		
38. Transfers to Patronage Capital		
<b>39. Retained Earnings or Margins End-of-Period [(31+33+34) - (35+36+37+38)]</b>		<b>5,807,932</b>
40. Patronage Capital Beginning-of-Year		25,924,337
41. Transfers to Patronage Capital		
42. Patronage Capital Credits Retired		651,329
<b>43. Patronage Capital End-of-Year (40+41-42)</b>		<b>25,273,008</b>
44. Annual Debt Service Payments		2,518,390
45. Cash Ratio [(14+20-10-11) / 7]		0.5007
46. Operating Accrual Ratio [(14+20+26) / 7]		0.8018
47. TIER [(31+26) / 26]		7.7539
48. DSCR [(31+26+10+11) / 44]		3.7233

USDA-RUS

**OPERATING REPORT FOR  
TELECOMMUNICATIONS BORROWERS**

INSTRUCTIONS - See RUS Bulletin 1744-2

BORROWER DESIGNATION

KY0514

PERIOD ENDED

December, 2006

**Part C. SUBSCRIBER (ACCESS LINE), ROUTE MILE, & HIGH SPEED DATA INFORMATION**

EXCHANGE	1. RATES		2. SUBSCRIBERS (ACCESS LINES)			3. ROUTE MILES	
	B-1 (a)	R-1 (b)	BUSINESS (a)	RESIDENTIAL (b)	TOTAL (c)	TOTAL (including fiber) (a)	FIBER (b)
Annvilke	21.10	14.00	311	2,083	2,394	325.00	43.00
Booneville	21.10	14.00	352	1,709	2,061	316.00	72.00
McKee	21.10	14.00	970	1,698	2,668	377.00	84.00
Sand Gap	21.10	14.00	109	1,255	1,364	212.00	74.00
MobileWireless					0		
Route Mileage Outside Exchange Area						0.00	0.00
Total			1,742	6,745	8,487	1,230.00	273.00
No. Exchanges	4						

USDA-RUS

**OPERATING REPORT FOR  
TELECOMMUNICATIONS BORROWERS**

INSTRUCTIONS - See RUS Bulletin 1744-2

BORROWER DESIGNATION

KY0514

PERIOD ENDED

December, 2006

**Part C. SUBSCRIBER (ACCESS LINE), ROUTE MILE, & HIGH SPEED DATA INFORMATION**

**4. BROADBAND SERVICE**

**Details on Least Expensive Broadband Service**

EXCHANGE	No. Access Lines with BB available (a)	No Of Broadband Subscribers (b)	Number Of Subscribers (c)	Advertised Download Rate (Kbps) (d)	Advertised Upload Rate (Kbps) (e)	Price Per Month (f)	Standalone/Pckg (f)	Type Of Technology (g)
Annyville								
Booneville								
McKee								
Sand Gap								
Total	0	0						

USDA-RUS  <b>OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</b>	BORROWER DESIGNATION KY0514  PERIOD ENDING December, 2006
INSTRUCTIONS- See RUS Bulletin 1744-2	

PART D. SYSTEM DATA				
1. No. Plant Employees	21	2. No. Other Employees	23	3. Square Miles Served
				534
				15.89
				6.90

PART E. TOLL DATA											
1. Study Area ID Code(s)  a. 801810 b. _____ c. _____ d. _____ e. _____ f. _____ g. _____ h. _____ i. _____ j. _____	2. Types of Toll Settlements (Check one)  <table style="width:100%;"> <tr> <td style="width: 40%;">Interstate:</td> <td style="width: 20%;"><input type="checkbox"/></td> <td style="width: 20%;">Average Schedule</td> <td style="width: 20%;"><input type="checkbox"/></td> <td style="width: 20%;">Cost Basis</td> </tr> <tr> <td>Intrastate:</td> <td><input type="checkbox"/></td> <td>Average Schedule</td> <td><input type="checkbox"/></td> <td>Cost Basis</td> </tr> </table>	Interstate:	<input type="checkbox"/>	Average Schedule	<input type="checkbox"/>	Cost Basis	Intrastate:	<input type="checkbox"/>	Average Schedule	<input type="checkbox"/>	Cost Basis
Interstate:	<input type="checkbox"/>	Average Schedule	<input type="checkbox"/>	Cost Basis							
Intrastate:	<input type="checkbox"/>	Average Schedule	<input type="checkbox"/>	Cost Basis							

PART F. FUNDS INVESTED IN PLANT DURING YEAR	
1. RUS, RTB, & FFB Loan Funds Expended	177,399
2. Other Long-Term Loan Funds Expended	
3. Funds Expended Under RUS Interim Approval	
4. Other Short-Term Loan Funds Expended	
5. General Funds Expended (Other than Interim)	2,615,607
6. Salvaged Materials	13,177
7. Contribution in Aid to Construction	
8. Gross Additions to Telecom. Plant (1 thru 7)	2,806,183

PART G. INVESTMENTS IN AFFILIATED COMPANIES					
INVESTMENTS  (a)	CURRENT YEAR DATA		CUMULATIVE DATA		
	Investment This Year	Income/Loss This Year	Cumulative Investment To Date	Cumulative Income/Loss To Date	Current Balance
	(b)	(c)	(d)	(e)	(f)
1. Investment in Affiliated Companies - Rural Development					
2. Investment in Affiliated Companies - Nonrural Development	543,188	1,714,183	5,606,951	5,300,688	10,907,639

USDA-RUS  
**OPERATING REPORT FOR  
 TELECOMMUNICATIONS BORROWERS**

BORROWER DESIGNATION  
 KY0514  
 PERIOD ENDING  
 December, 2006

**PART H. CURRENT DEPRECIATION RATES**

Are corporation's depreciation rates approved by the regulatory authority with jurisdiction over the provision of telephone services? (Check one)

YES       NO

EQUIPMENT CATEGORY	DEPRECIATION RATE
1. Land and support assets - Motor Vehicles	12.10%
2. Land and support assets - Aircraft	
3. Land and support assets - Special purpose vehicles	10.10%
4. Land and support assets - Garage and other work equipment	7.50%
5. Land and support assets - Buildings	2.70%
6. Land and support assets - Furniture and Office equipment	8.70%
7. Land and support assets - General purpose computers	15.80%
8. Central Office Switching - Digital	7.50%
9. Central Office Switching - Analog & Electro-mechanical	
10. Central Office Switching - Operator Systems	
11. Central Office Transmission - Radio Systems	
12. Central Office Transmission - Circuit equipment	10.00%
13. Information origination/termination - Station apparatus	
14. Information origination/termination - Customer premises wiring	
15. Information origination/termination - Large private branch exchanges	
16. Information origination/termination - Public telephone terminal equipment	
17. Information origination/termination - Other terminal equipment	
18. Cable and wire facilities - Poles	5.60%
19. Cable and wire facilities - Aerial cable - Metal	6.60%
20. Cable and wire facilities - Aerial cable - Fiber	5.10%
21. Cable and wire facilities - Underground cable - Metal	
22. Cable and wire facilities - Underground cable - Fiber	
23. Cable and wire facilities - Buried cable - Metal	5.50%
24. Cable and wire facilities - Buried cable - Fiber	
25. Cable and wire facilities - Conduit systems	
26. Cable and wire facilities - Other	9.40%

USDA-RUS

This data will be used by RUS to review your financial situation. Your response is required (7 U.S.C. 901 et seq.) and may not be confidential.

**FINANCIAL AND STATISTICAL REPORT FOR TELECOMMUNICATIONS BORROWERS**

BORROWER NAME AND ADDRESS  
PEOPLES RURAL TELEPHONE COOP. CORP., INC.  
PO BOX 159  
MCKEE KY 40447

INSTRUCTIONS-Submit report to RUS within 30 days after close of the period.  
For detailed instructions, see RUS Bulletin 1744-2. Report in whole dollars only.

PERIOD ENDING  
12/31/05

BORROWER DESIGNATION  
KY-514

**CERTIFICATION**

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

ALL INSURANCE REQUIRED BY 7 CFR PART 1788, CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.

*Karl Smith* 2-10-06  
SIGNATURE OF MANAGER DATE

*[Signature]* 2/10/06  
SIGNATURE OF OFFICER DATE

**PART A. BALANCE SHEET**

ASSETS	BALANCE PRIOR YEAR	BALANCE END OF PERIOD	LIABILITIES AND STOCKHOLDERS' EQUITY	BALANCE PRIOR YEAR	BALANCE END OF PERIOD
<b>CURRENT ASSETS</b>			<b>CURRENT LIABILITIES</b>		
1. Cash and Equivalents	4,091,457	6,547,615	25. Accounts Payable	55,030	-4,117
2. Cash-RUS Construction Fund	93,359	87,506	26. Notes Payable		
3. Affiliates:			27. Advance Billings and Payments	317,157	3326,503
a. Telecom. Accounts Receivable	677,584	691,435	28. Customer Deposits		
b. Other Accounts Receivable	504,875	633,263	29. Current Mat. L/T Debt		
c. Notes Receivable			30. Current Mat. L/T Debt-Rur. Dev.		
4. Non-Affiliates:			31. Current Mat.-Capital Leases		
a. Telecom. Accounts Receivable			32. Income Taxes Accrued		
b. Other Accounts Receivable			33. Other Taxes Accrued	824	
c. Notes Receivable			34. Other Current Liabilities	463,516	388,529
Interest and Dividends Receivable	44,480	74,750	<b>Total Current</b>		
Material-Regulated	423,259	314,660	35. Liabilities (25 thru 34)	836,527	710,915
7. Material-Nonregulated	211,354	304,293	<b>LONG-TERM DEBT</b>		
8. Prepayments	40,311	35,461	36. Funded Debt-RUS Notes	17,407,143	16,153,770
9. Other Current Assets			37. Funded Debt-RTB Notes	2,180,973	1,880,949
<b>Total Current</b>			38. Funded Debt-FFB Notes		
10. Assets (1 thru 9)	6,086,679	8,688,983	39. Funded Debt-Other		
<b>NONCURRENT ASSETS</b>			40. Funded Debt-Rural Develop. Loan		
11. Investment in Affiliated Companies			41. Premium (Discount) on L/T Debt		
a. Rural Development			42. Reacquired Debt		
b. Nonrural Development	7,918,208	8,650,268	43. Obligations Under Capital Lease		
12. Other Investments			44. Adv. From Affiliated Companies		
a. Rural Development			45. Other Long-Term Debt		
b. Nonrural Development	291,000	291,000	<b>Total Long-Term</b>		
13. Nonregulated Investments	334,502	265,712	46. Debt (36 thru 45)	19,588,116	18,034,719
14. Other Noncurrent Assets			<b>OTHER LIAB. &amp; DEF. CREDITS</b>		
15. Deferred Charges			47. Other Long-Term Liabilities	616,329	688,886
16. Jurisdictional Differences			48. Other Deferred Credits		
<b>Total Noncurrent</b>			49. Other Jurisdictional Differences		
17. Assets (11 thru 16)	8,543,710	9,206,980	<b>Total Other Liabilities and</b>		
<b>PLANT, PROPERTY, AND EQUIPMENT</b>			50. Deferred Credits (47 thru 49)	616,329	688,886
18. Telecom. Plant-in-Service	40,120,470	39,482,912	<b>EQUITY</b>		
19. Property Held for Future Use			51. Cap. Stock Outstand. & Subscribed		
20. Plant Under Construction	621,436	835,270	52. Additional Paid-in-Capital		
Plant Adj., Nonop. Plant, & Goodwill			53. Treasury Stock		
Less Accumulated Depreciation	17,496,415	17,974,306	54. Membership and Cap. Certificates	179,521	183,661
<b>Net Plant</b>			55. Other Capital		
23. (18 thru 21 less 22)	23,245,491	22,343,876	56. Patronage Capital Credits		
<b>TOTAL ASSETS</b>			57. Retained Earnings or Margins	16,655,387	20,621,658
(10 + 17 + 23)	37,875,880	40,239,839	58. Total Equity (51 thru 57)	16,834,908	20,805,319
			<b>TOTAL LIABILITIES AND</b>		
			59. EQUITY (35+46+50+58)	37,875,880	40,239,839

**FINANCIAL AND STATISTICAL REPORT  
FOR TELECOMMUNICATIONS BORROWERS**

KY-514 PEOPLES RURAL TELEPHONE

PERIOD ENDING

12/31/05

\*ACTIONS- See RUS Bulletin 1744-2

**PART B. STATEMENTS OF INCOME AND RETAINED EARNINGS OR MARGINS**

ITEM	THIS PERIOD (a)	THIS YEAR (b)	LAST YEAR (c)
1. Local Network Services Revenues	235,974	2,869,577	2,427,686
2. Network Access Services Revenues	609,299	7,413,314	5,048,131
3. Long Distance Network Services Revenues	79,341	1,733,131	1,388,471
4. Carrier Billing and Collection Revenues	19,646	411,893	316,817
5. Miscellaneous Revenues	18,855	106,708	128,422
6. Uncollectible Revenues	7,598	91,176	72,760
7. Net Operating Revenues (1 thru 6 less 6)	955,517	12,443,447	9,236,767
8. Plant Specific Operations Expense	18,523	2,752,778	2,670,831
9. Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization)	35,992	437,468	378,670
10. Depreciation Expense	222,891	2,661,911	2,647,478
11. Amortization Expense			
12. Customer Operations Expense	16,259	733,638	748,957
13. Corporate Operations Expense	108,361	1,131,871	1,225,746
14. Total Operating Expenses (8 thru 13)	402,026	7,717,666	7,671,682
15. Operating Income or Margins (7 less 14)	553,491	4,725,781	1,565,085
16. Other Operating Income and Expense			
17. State and Local Taxes			
18. Federal Income Taxes			
19. Other Taxes	46,907	368,214	343,253
Total Operating Taxes (17 + 18 + 19)	46,907	368,214	343,253
Net Operating Income or Margins (15 + 16 - 20)	506,584	4,357,567	1,221,832
21. Interest on Funded Debt	76,533	945,668	1,004,079
23. Interest Expense - Capital Leases			
24. Other Interest Expense			
25. Allowance for Funds Used During Construction			
26. Total Fixed Charges (22 + 23 + 24 - 25)	76,533	945,668	1,004,079
27. Nonoperating Net Income	734,760	868,890	538,876
28. Extraordinary Items			
29. Jurisdictional Differences			
30. Nonregulated Net Income	129,214	140,167	58,649
31. Total Net Income or Margins (21 + 27 + 28 + 29 + 30 - 26)	1,294,025	4,420,956	815,278
32. Total Taxes Based on Income			
33. Retained Earnings or Margins Beginning-of-Year			
34. Miscellaneous Credits Year-to-Date			
35. Dividends Declared (Common)			
36. Dividends Declared (Preferred)			
37. Other Debits Year-to-Date			
38. Transfers to Patronage Capital			
39. Retained Earnings or Margins End-of-Period			
40. Patronage Capital Beginning-of-Year		13,071,939	
41. Transfers to Patronage Capital		300,000	
42. Patronage Capital Credits Retired		451,179	
43. Patronage Capital End-of-Year		12,920,760	
Annual Debt Service Payments		13,854,434	
Cash Ratio [(14 + 20 - 10 - 11) / 7]		43.6	
+6. Operating Accrual Ratio [(14 + 20 + 26) / 7]		72.6	
47. TIER [(31 + 26) / 26]		5.7	
48. DSCR [(31 + 26 + 10 + 11) / 44]		57.9	





**FINANCIAL AND STATISTICAL REPORT  
FOR TELECOMMUNICATIONS BORROWERS**

KY-514 PEOPLE RURAL TELEPHONE  
PERIOD ENDING

12/31/05

**PART H. CURRENT DEPRECIATION RATES**

Are corporation's depreciation rates approved by the regulatory authority  
with jurisdiction over the provision of telephone services? (Check one)

YES  NO

EQUIPMENT CATEGORY	DEPRECIATION RATE
1. Land and support assets - Motor Vehicles .....	12.1%
2. Land and support assets - Aircraft .....	
3. Land and support assets - Special purpose vehicles .....	10.1%
4. Land and support assets - Garage and other work equipment .....	7.5%
5. Land and support assets - Buildings .....	2.7%
6. Land and support assets - Furniture and Office equipment .....	8.7%
7. Land and support assets - General purpose computers .....	15.8%
8. Central Office Switching - Digital .....	7.5%
9. Central Office Switching - Analog & Electro-mechanical .....	
10. Central Office Switching - Operator systems .....	
11. Central Office Transmission - Radio systems .....	
12. Central Office Transmission - Circuit equipment .....	10.0%
13. Information origination/termination - Station apparatus .....	
14. Information origination/termination - Customer premises wiring .....	
15. Information origination/termination - Large private branch exchanges .....	
16. Information origination/termination - Public telephone terminal equipment .....	
17. Information origination/termination - Other terminal equipment .....	
Cable and wire facilities - Poles .....	5.6%
Cable and wire facilities - Aerial cable - Metal .....	6.6%
20. Cable and wire facilities - Aerial cable - Fiber .....	5.1%
21. Cable and wire facilities - Underground cable - Metal .....	
22. Cable and wire facilities - Underground cable - Fiber .....	
23. Cable and wire facilities - Buried cable - Metal .....	5.5%
24. Cable and wire facilities - Buried cable - Fiber .....	
25. Cable and wire facilities - Conduit systems .....	
26. Cable and wire facilities - Other .....	9.4%

**NOTES TO THE FINANCIAL AND STATISTICAL REPORT:**

USDA-RUS

This data will be used by RUS to review your financial situation. Your response is required (7 U.S.C. 901 et seq.) and may not be confidential.

**FINANCIAL AND STATISTICAL REPORT FOR TELECOMMUNICATIONS BORROWERS**

BORROWER NAME AND ADDRESS  
 PEOPLES RURAL TELEPHONE COOP. CORP. INC.  
 PO BOX 159  
 MCKEE KY 40447

INSTRUCTIONS-Submit report to RUS within 30 days after close of the period.  
 For detailed instructions, see RUS Bulletin 1744-2. Report in whole dollars only.

PERIOD ENDING 12/31/04  
 BORROWER DESIGNATION KY-514

**CERTIFICATION**

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

ALL INSURANCE REQUIRED BY 7 CFR PART 1788, CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.

*Kirsh Robert*  
 SIGNATURE OF MANAGER 3/7/05  
 DATE

*Ronald H. Hester*  
 SIGNATURE OF OFFICER 3/7/05  
 DATE

**PART A. BALANCE SHEET**

ASSETS	BALANCE PRIOR YEAR	BALANCE END OF PERIOD	LIABILITIES AND STOCKHOLDERS' EQUITY	BALANCE PRIOR YEAR	BALANCE END OF PERIOD
<b>CURRENT ASSETS</b>			<b>CURRENT LIABILITIES</b>		
1. Cash and Equivalents	5,008,730	4,091,457	25. Accounts Payable	143,339	55,030
2. Cash-RUS Construction Fund	57,700	93,359	26. Notes Payable	-37,367	
3. Affiliates:			27. Advance Billings and Payments	318,870	317,157
a. Telecom. Accounts Receivable	660,078	677,584	28. Customer Deposits		
b. Other Accounts Receivable	1,085,569	504,875	29. Current Mat. L/T Debt		
c. Notes Receivable			30. Current Mat. L/T Debt-Rur. Dev.		
4. Non-Affiliates:			31. Current Mat.-Capital Leases		
a. Telecom. Accounts Receivable			32. Income Taxes Accrued		
b. Other Accounts Receivable			33. Other Taxes Accrued	93	824
c. Notes Receivable			34. Other Current Liabilities	394,501	463,516
5. Interest and Dividends Receivable	42,330	44,480	Total Current		
Material-Regulated	216,610	423,259	35. Liabilities (25 thru 34)	819,436	836,527
Material-Nonregulated	113,673	211,354	<b>LONG-TERM DEBT</b>		
8. Prepayments	48,231	40,311	36. Funded Debt-RUS Notes	18,765,409	17,407,143
9. Other Current Assets			37. Funded Debt-RTB Notes	1,624,167	2,180,973
Total Current			38. Funded Debt-FFB Notes		
10. Assets (1 thru 9)	7,232,921	6,086,679	39. Funded Debt-Other		
<b>NONCURRENT ASSETS</b>			40. Funded Debt-Rural Develop. Loan		
11. Investment in Affiliated Companies			41. Premium (Discount) on L/T Debt		
a. Rural Development			42. Recquired Debt		
b. Nonrural Development	6,080,260	7,918,208	43. Obligations Under Capital Lease		
12. Other Investments			44. Adv. From Affiliated Companies		
a. Rural Development			45. Other Long-Term Debt		
b. Nonrural Development	291,000	291,000	Total Long-Term		
13. Nonregulated Investments	333,000	334,502	46. Debt (36 thru 45)	20,389,576	19,588,116
14. Other Noncurrent Assets			<b>OTHER LIAB. &amp; DEF. CREDITS</b>		
15. Deferred Charges			47. Other Long-Term Liabilities	518,845	616,329
16. Jurisdictional Differences			48. Other Deferred Credits		
Total Noncurrent			49. Other Jurisdictional Differences		
17. Assets (11 thru 16)	6,704,260	8,543,710	Total Other Liabilities and		
<b>PLANT, PROPERTY, AND EQUIPMENT</b>			50. Deferred Credits (47 thru 49)	518,845	616,329
18. Telecom. Plant-in-Service	36,379,755	40,120,470	<b>EQUITY</b>		
19. Property Held for Future Use			51. Cap. Stock Outstand. & Subscribed		
20. Plant Under Construction	3,558,444	621,436	52. Additional Paid-in-Capital		
21. Plant Adj., Nonop. Plant, & Goodwill			53. Treasury Stock		
22. Accumulated Depreciation	15,696,606	17,496,415	54. Membership and Cap. Certificates	174,715	179,521
Plant			55. Other Capital		
23. (18 thru 21 less 22)	24,241,593	23,245,491	56. Patronage Capital Credits	16,276,202	16,655,387
<b>TOTAL ASSETS</b>			57. Retained Earnings or Margins		
24. (10 + 17 + 23)	38,178,774	37,875,880	58. Total Equity (51 thru 57)	16,450,917	16,834,908
			<b>TOTAL LIABILITIES AND</b>		
			59. EQUITY (35+46+50+58)	38,178,774	37,875,880

**FINANCIAL AND STATISTICAL REPORT  
FOR TELECOMMUNICATIONS BORROWERS**

KY-514 PEOPLES RURAL TELEPHONE

PERIOD ENDING

12/31/04

INSTRUCTIONS- See RUS Bulletin 1744-2

**PART B. STATEMENTS OF INCOME AND RETAINED EARNINGS OR MARGINS**

ITEM	THIS PERIOD (a)	THIS YEAR (b)	LAST YEAR (c)
1. Local Network Services Revenues		2,427,686	2,169,646
2. Network Access Services Revenues		5,048,131	6,614,066
3. Long Distance Network Services Revenues		1,388,471	1,168,306
4. Carrier Billing and Collection Revenues		316,817	150,782
5. Miscellaneous Revenues		128,422	168,728
6. Uncollectible Revenues		(72,760)	(177,105)
7. Net Operating Revenues (1 thru 5 less 6)		9,236,767	10,094,423
8. Plant Specific Operations Expense		2,670,831	2,550,216
9. Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization)		378,670	341,547
10. Depreciation Expense		2,647,478	2,213,723
11. Amortization Expense			
12. Customer Operations Expense		748,957	612,490
13. Corporate Operations Expense		1,225,746	948,965
14. Total Operating Expenses (8 thru 13)		7,671,682	6,666,941
15. Operating Income or Margins (7 less 14)		1,565,085	3,427,482
16. Other Operating Income and Expense			
17. State and Local Taxes			
18. Federal Income Taxes			
19. Other Taxes		343,253	220,861
Total Operating Taxes (17 + 18 + 19)		343,253	220,861
Net Operating Income or Margins (15 + 16 - 20)		1,221,832	3,206,621
22. Interest on Funded Debt		1,004,079	1,009,343
23. Interest Expense - Capital Leases			
24. Other Interest Expense			
25. Allowance for Funds Used During Construction			
26. Total Fixed Charges (22 + 23 + 24 - 25)		1,004,079	1,009,343
27. Nonoperating Net Income		538,876	636,586
28. Extraordinary Items			
29. Jurisdictional Differences			
30. Nonregulated Net Income		58,649	373,625
31. Total Net Income or Margins (21 + 27 + 28 + 29 + 30 - 26)		815,278	3,207,489
32. Total Taxes Based on Income			
33. Retained Earnings or Margins Beginning-of-Year			
34. Miscellaneous Credits Year-to-Date			
35. Dividends Declared (Common)			
36. Dividends Declared (Preferred)			
37. Other Debits Year-to-Date			
38. Transfers to Patronage Capital			
39. Retained Earnings or Margins End-of-Period			
40. Patronage Capital Beginning-of-Year		11,795,177	
41. Transfers to Patronage Capital		1,661,167	
42. Patronage Capital Credits Retired		384,405	
43. Patronage Capital End-of-Year		13,071,939	
Annual Debt Service Payments		2,676,792	
Cash Ratio [(14 + 20 - 10 - 11) / 7]		58.1	
Operating Accrual Ratio [(14 + 20 + 26) / 7]		97.6	
47. TIER [(31 + 26) / 26]		1.81	
48. DSCR [(31 + 26 + 10 + 11) / 44]		1.67	



**FINANCIAL AND STATISTICAL REPORT  
FOR TELECOMMUNICATIONS BORROWERS**

BORROWER DESIGNATION

KY-514 PEOPLES RURAL TELEPHONE

PERIOD ENDING

12/31/04

**PART H. CURRENT DEPRECIATION RATES**

Are corporation's depreciation rates approved by the regulatory authority with jurisdiction over the provision of telephone services? (Check one)

YES  NO

EQUIPMENT CATEGORY	DEPRECIATION RATE
1. Land and support assets - Motor Vehicles .....	12.1%
2. Land and support assets - Aircraft .....	
3. Land and support assets - Special purpose vehicles .....	10.1%
4. Land and support assets - Garage and other work equipment .....	7.5%
5. Land and support assets - Buildings .....	2.7%
6. Land and support assets - Furniture and Office equipment .....	8.7%
7. Land and support assets - General purpose computers .....	15.8%
8. Central Office Switching - Digital .....	7.5%
9. Central Office Switching - Analog & Electro-mechanical .....	
10. Central Office Switching - Operator systems .....	
11. Central Office Transmission - Radio systems .....	
12. Central Office Transmission - Circuit equipment .....	10.0%
13. Information origination/termination - Station apparatus .....	
14. Information origination/termination - Customer premises wiring .....	
15. Information origination/termination - Large private branch exchanges .....	
16. Information origination/termination - Public telephone terminal equipment .....	
17. Information origination/termination - Other terminal equipment .....	
Cable and wire facilities - Poles .....	5.6%
19. Cable and wire facilities - Aerial cable - Metal .....	6.6%
20. Cable and wire facilities - Aerial cable - Fiber .....	5.1%
21. Cable and wire facilities - Underground cable - Metal .....	
22. Cable and wire facilities - Underground cable - Fiber .....	
23. Cable and wire facilities - Buried cable - Metal .....	5.5%
24. Cable and wire facilities - Buried cable - Fiber .....	
25. Cable and wire facilities - Conduit systems .....	
26. Cable and wire facilities - Other .....	9.4%

**NOTES TO THE FINANCIAL AND STATISTICAL REPORT:**

**KY514 P - Peoples Rural Telephone Coop. Corp., Inc.**  
McKee, Kentucky

System Design and Loan Application

**Copies of Debt Instruments**

7 CFR 1737.22(c)(1)

Not Applicable

**Details of Secured Indebtedness**

7 CFR 1737.22(c)(2)

Not Applicable

**Justification for Refinancing**

7 CFR 1737.22(c)(3)

Not Applicable

**Data Requirements for the Forecast of Borrower Toll Revenues  
- Cost Companies Only -**

**Borrower Name:** Peoples Rural Telephone Cooperative Corp., Inc.

**Base Period:** 12/31/2006

	<u>For RUS Use Only</u>	<u>Base Period</u>	<u>Forecast</u>
1. Interstate Gross Receipts Tax Rate	F-II-4	N/A	n.a.
2. State Income Tax Rate	F-II-5	N/A	n.a.
3. Is FIT deductible for State Income Tax purposes?	F-II-6	N/A	n.a.
4. Other Revenue Based Taxes	F-II-7	NA	n.a.

**Directions**

"Base Period" generally refers to the most recently completed calendar year; and, unless otherwise specified, the "Forecast Period" refers the fifth year after the base period. Directions are numbered to correspond with the data requested. If there are any questions regarding the data requested, please contact a General Field Representative, or RUS's Toll Specialist at 202-720-2549.

1. Most states do not have this tax (list n.a. if state does not). Rate should be obtained from the accountant or manager.
2. Rate can be obtained from the borrower's accountant, Cost Study, or state income tax return (rate will either be listed or can be derived). List n.a. if rate does not exist.
3. Answer "yes" or "no" – Information can be obtained from the borrower's accountant, Cost Study, or state income tax return.
4. This includes taxes other than gross receipts taxes that are assessed on interstate toll revenues. Examples include city or county taxes which are assessed on interstate toll revenues. These taxes are sub accounts of FCC account no. 7240 and identified as "Revenue Based." Obtain taxes from accountant or Cost Study. List n.a. if these taxes do not exist.



**Data Requirements for the Forecast of Borrower Toll Revenues**  
**- Cost Companies Only -**

	<u>For RUS</u> <u>Use Only</u>	<u>Base</u> <u>Period</u>	<u>Forecast</u>
5. Net Investment for Carrier Common Line - Interstate	F-IIapA-1	\$4,253,082	\$5,837,408
6. Net Investment for Traffic Sensitive - Interstate or Switched Access - Interstate	F-IIapA-2	\$2,445,267	\$2,111,100
7. Customer Premises Wiring - Total Company	F-IIapA-5	\$0	\$0
8. Customer Premises Wiring Depr. Reserve - Total Co.	F-IIapA-6	\$0	\$0
9. Large Private Branch Exchange - Total Company	F-IIapA-7	\$0	\$0
10. LPBX Depreciation Reserve - Total Company	F-IIapA-8	\$0	\$0

**Directions**

5. Retrieve investment amount from borrower's accountant or the Part 69 summary of the Cost Study. If obtained from the Cost Study, amount should be found in the "total" row under the column heading "CCL" - carrier common line.
6. Retrieve investment amount from borrower's accountant or the Part 69 summary of the Cost Study. If from the Cost Study, it will be the balance of the columns on the "total" row with the exception of carrier common line, billing and collecting, and interexchange. Also, do not include the column heading "Total Interstate" since this is the total of all columns.
7. Retrieve investment from the borrower's accountant or Part 36 of the Cost Study. If obtained from the Cost Study, it is vital that total company amounts are retrieved. Use embedded portion only (account 2321.0000). This should be amortized by the end of 1991.
8. Retrieve depreciation reserve from the borrower's accountant or Part 36 of the Cost Study. If obtained from the Cost Study, it is vital that only total company amounts are retrieved. Use embedded portion only. (account 3100.2321).
9. Retrieve investment from the borrower's accountant or Part 36 of the Cost Study. If obtained from the Cost Study, it is vital that only total company amounts are retrieved (account 2123.2000).
10. Retrieve depreciation reserve from the borrower's accountant or Part 36 of the Cost Study. If obtained from the Cost Study, it is vital that only total company amounts are retrieved (account 3100.21232).



**Data Requirements for the Forecast of Borrower Toll Revenues  
- Cost Companies Only -**

	<u>For RUS</u> <u>Use Only</u>	<u>Base</u> <u>Period</u>	<u>Forecast</u>
17. Outside Plant, Cable & Wire facilities	F-III-1	\$21,942,054	\$34,572,973
17a. Unseparated Category 1 (Subscriber Line Outside Plant)	F-III-3	\$20,739,939	\$33,346,597
18. Total COE, Operator Systems, Central Office Transmission	F-III-4	\$10,113,024	\$11,937,884
18a. Unseparated Category 4.13 (Subscriber Line Circuit Eq.)	F-III-5	\$4,980,408	\$6,335,260
19. Material and Supplies	F-III-6	\$530,426	\$416,670
20. Accumulated Deferred Income Taxes	F-III-8	\$0	\$0
21. Loops	F-III-10	8,663	

**Directions**

17. Retrieve total study area outside plant investment from the Borrower's accountant. The source of this amount will be The Borrower's General Ledger Part 32 system of accounts. (Account 2410)
- 17a. Retrieve investment amount from Borrower's accountant or the Part 36 summary section of the Cost Study. Amount should be extracted from the total column under the Cable and Wire Facilities section (this should be for the total company amount).
18. Retrieve Total Study area central office equipment investment from The Borrower's accountant. The source of this amount will be The Borrower's General Ledger Part 32 System of accounts. (Accounts' 2210, 2220, 2230)
- 18a. Retrieve investment amount from the Part 36 summary section of the Cost Study. This amount is a category under the Total Central Office section. (Extract the total company amount from this category.)
19. This amount should be borrower's best estimate of material and supply's amount for the forecast period. Borrower's estimate can be confirmed by reviewing the amounts from previous annual operating reports (i.e., RUS Form 479, Part A) and identifying the typical amount of materials carried in the borrower's inventory.
20. Retrieve base period amount from annual operating report (i.e., RUS Form 479, Part A, under "Income Taxes Accrued"). Forecasted amount should be borrower's best estimate of deferred taxes for forecast period. Amount should be based on the amount of new investment subject to accelerated depreciation.
21. This amount should be borrower's best estimate of loops for the forecast period. Forecasted amount can be confirmed by reviewing the Area Coverage Survey's 5 year forecast of access lines.

**Data Requirements for the Forecast of Borrower Toll Revenues**  
**- Cost Companies Only -**

	<u>For RUS Use Only</u>	<u>Base Period</u>	<u>Forecast</u>
22. Rate of Return – Total Intrastate	F-IV-1	n/a	n/a
23. Intrastate Gross Receipts/Revenue Tax Rate & Base	F-IV-2	n/a	n/a
24. Intrastate SPF (Total – IntraLATA plus InterLATA)	F-IV-3	n/a	n/a
25. Interstate Access Minutes	F-IV-4	n/a	n/a
26. Intrastate Access Minutes (Total – IntraLATA plus InterLATA)	F-IV-5	n/a	n/a

**Directions**

List n.a. for no.s 22 through 26 and begin with no. 27 if the borrower is:

- on cost for Interstate and using the Originating Responsibility Plan (ITORP) or the Bill and Keep Plan (B&K) for Intrastate
- on cost for Intrastate and using ITORP or B & K for Intrastate IntraLATA and cost for Intrastate InterLATA or the reverse.

Otherwise, begin with no. 22 but list n.a. for no.s 27 through 28.

22. Rate of return should be discussed with borrower. Rate of return can be obtained from borrower's surveillance reports, achieved or target rates of return where pooling arrangements exist, or rates of return incorporated in rate filings of intrastate access chargers. Please note, deriving the annual rate via a state pool may require the summing of 12 different monthly rates of return.

23. Some states do not have this tax (list n.a. if state does not). Rate should be obtained from the borrower's accountant or manager.

Nos. 22 through 26 or nos. 27 through 29 may not be applicable. See instructions preceding Line No. 22.

24. Retrieve data from Traffic Factors summary page of Part 36 of borrower's Cost Study. Please note, state intraLATA and state interLATA should be added together for this total.

25. and 26. Base period minutes should be retrieved from borrower's CABS billing records, or similar source data. Forecasted minutes should be discussed with borrower. In this instance, either apply an appropriate annual growth factor to base year minutes or take existing minutes per access line and multiply it by forecasted access lines.

**Data Requirements for the Forecast of Borrower Toll Revenues  
- Cost Companies Only -**

	<u>For RUS Use Only</u>	<u>Base Period</u>	<u>Forecast</u>
27. Intrastate IntraLATA Toll Access Settlement 12 calendar months year ending	F-IV-6	\$ _____	n.a.
28. Intrastate InterLATA Toll Access Settlement 12 calendar months year ending	F-IV-7	\$ _____	n.a.
29. Annual Growth Factor for Intrastate Access Revenue	F-IV-8	n/a	_____ %
30. Intrastate Universal Service Fund if applicable	F-IV-9	\$ _____	
31. Annual Growth Factor, USF			_____ %
32. Intrastate High Cost Fund if applicable	F-IV-10	\$ _____	
33. Annual Growth Factor, HCF			_____ %

**Directions**

27. and 28. Retrieve data from borrower's accountant.

29. Review with borrower's manager to ascertain expected annual growth factor for the 5 year forecast period.

30, 31, 32, and 33. If the borrower is receiving Intrastate Universal Service Fund, and or Intrastate High Cost Fund, these amounts should be included with a annual growth factor for the 5 year forecast period.

	<u>Base Period</u>	<u>Forecast</u>
34. Billing & Collection Revenues	\$426,494	

*\*Note: Contains both Interstate and Intrastate. Source: Trial Balance*

**Direction's**

34. This amount should be the B&C Revenue booked for the most recent 12 calendar months reporting period, and anticipated amount for the 5 year forecast period.

**Data Requirements for the Forecast of Borrower Toll Revenues**  
**- Cost Companies Only -**

	<u>For RUS</u> <u>Use Only</u>	<u>Base</u> <u>Period</u>	<u>Forecast</u>
35. Payment for Services Received from Others:	F-V-11		
• Interstate - Cost Study		\$ _____	\$ _____
• Intrastate Cost - InterLATA		\$ _____	\$ _____
• Intrastate Cost - IntraLATA		\$ _____	\$ _____
36. Network Revenues (Settlement):	F-VI-1	\$ _____	n.a.
• Interstate - Operator	F-VI-2	\$ _____	n.a.
• Interstate - InterLATA - Operator	F-VI-3	\$ _____	n.a.
• Intrastate - InterLATA - Intertoll	F-VI-4	\$ _____	n.a.
37. Network Revenue Annual Growth Factor	F-VI-5	n.a.	_____ %

**Directions:**

35. This type of payment refers to payments made to other exchange carriers for the provision of recording services. Such amounts would normally be included in the borrower's "operating rent" or "access expense" accounts (see Revenue Accounting Sections of the Part 36 Cost Study). If these amounts are netted against revenues, as recommended here they must be eliminated from the borrower's operating expenses. List n.a. if either of the following applies 1) state has a pooling arrangement and such adjustments do not apply for intrastate purposes or 2) borrower is planning to provide its own ticketing and recording facilities.
36. Only applies for those borrowers providing operator service for other toll carriers. Most borrowers are not providing this service (list n.a. if this service is not provided). To verify if services do exist, review borrower's contracts with interexchange carriers. If revenues exists, then retrieve booked amounts from borrower's accountant. Where possible provide explanations.
37. Review with borrower's manager to ascertain expected annual growth factor for the 5 year forecast period.

**Data Requirements for Forecast of Borrower Toll Revenues  
- Cost Companies Only -**

42. Data Requirement for the Forecast of Borrower Toll Revenues-Cost Companies Only.

BORROWER DESIGNATION: \_\_\_\_\_

**FORECAST OF TOLL REVENUES  
COST COMPANIES**  
Base Year:  (e.g. 1999)  
**BILLED ACCESS  
MINUTES**

	2 years before Base Year			1 year before Base Year <small>(Q1 &amp; 2nd 2006 Rate)</small>			Base Year		
	ORIGINATING	TERMINATING	TOTAL	ORIGINATING	TERMINATING	TOTAL	ORIGINATING	TERMINATING	TOTAL
	1. Interstate, Inter-LATA	7,928,480	16,191,051	24,119,511	7,273,033	18,463,108	25,736,141	7,784,516	19,762,824
2. Interstate, Intra-LATA									
3. Intrastate, Inter-LATA				9,699,243	23,313,837	33,013,080	10,422,692	25,058,135	35,480,827
4. Intrastate, Intra-LATA	9,838,814	23,050,882	32,889,696						

2-year average growth % - Interstate 14.21%  
 2-year average growth % - Intrastate Inter-LATA \_\_\_\_\_  
 2-year average growth % - Intrastate **COMBINED** 7.88%

**DETAILS OF SELECTED TELECOMMUNICATIONS PLANT**

ACCOUNTS YEAR:

ACCOUNTS	BALANCE BEG. OF YEAR	PLANT ADDED	PLANT RETIRED	ADJS. & TRANSFERS	BALANCE END OF YEAR
1. Central Office Switching					
2. Operator Systems					
3. Central Office Transmission					
Total Central Office Equipment					
4. Cable and Wire Facilities					

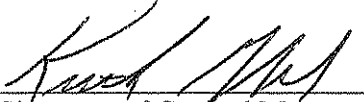
42. Billed access minutes for Interstate Intralata and Interlata can be obtained from NECA Form 1000-1 monthly input report to NECA. For Intrastate review with borrower. Plant accounts can be obtained from the borrowers general ledger.

CC:CB 10 -07-71

**Data Requirements for the Forecast of Borrower Toll Revenues**  
**- Cost Companies Only -**

**CERTIFICATION**

By signing this form, I hereby certify that the entries in this report are in accordance with the account and other records of the system and reflect the status of the system to the best of my knowledge and belief.



\_\_\_\_\_  
Signature of General Manager

2-4-08

\_\_\_\_\_  
Date

Borrower representative to be contacted regarding data provided in this report:

\_\_\_\_\_  
Name

\_\_\_\_\_  
Telephone Number



Peoples Rural Telephone Coop. Corp., Inc.  
McKee, Kentucky

Exchange Rates and Subscriber Density

updated 12-4-2007 LEA (JMS)

<u>McKee</u>	<u>Residential</u>	<u>Business</u>	<u>Other</u>	<u>Total Current</u> <u>Subscribers</u>	<u>Proposed</u>	<u>Route Miles</u>	<u>Subscriber</u> <u>Density/Mile</u>
Host	490	455	197	1,142	1,152	52.3	21.8
Jacks Branch	136			136	137	25.6	5.3
Mt. Bethel	87			87	88	24.9	3.5
Lakes Creek	98			98	99	17.7	5.5
Blackwater	136			136	137	31.5	4.3
Drip Rock	31			31	32	9.9	3.1
Flat Top	22			22	23	9.4	2.3
Gray Hawk	475			475	481	43.7	10.9
Laural Branch	20			20	20	7.1	2.8
Russell Flat	77			77	78	10.8	7.1
Salt Rock	64			64	65	15.3	4.2
<b>McKee Totals</b>	<b>1,636</b>	<b>455</b>	<b>197</b>	<b>2,288</b>	<b>2,312</b>	<b>248.2</b>	<b>9.2</b>
<u>Annville</u>							
Host	380	278	43	701	709	59.3	11.8
High Knob	149			149	151	32.3	4.6
Hog Camp	130			130	131	25.5	5.1
Union School	67			67	68	19.5	3.4
Olin	335			335	339	26.2	12.8
Letter Box	225			225	228	33.2	6.8
Moore's Creek	186			186	189	36.8	5.1
Tyner	522			522	528	51.0	10.2
Dabolt	164			164	166	16.6	9.9
<b>Annville Totals</b>	<b>2,158</b>	<b>278</b>	<b>43</b>	<b>2,479</b>	<b>2,509</b>	<b>300.4</b>	<b>8.3</b>
<u>Sand Gap</u>							
Host	420	93	33	546	552	45.7	11.9
Chestnut Flat	52			52	52	12.9	4.0
Clover Bottom	222			222	224	25.8	8.6
Three Links	46			46	46	5.9	7.8
Morrill	203			203	205	25.6	7.9
Kirby Knob/Alcorn	44			44	44	27.5	1.6
Pine Grove	76			76	77	19.1	4.0
South Fork	87			87	88	9.9	8.8
Walker's Branch	35			35	36	10.9	3.2
<b>Sand Gap Totals</b>	<b>1,185</b>	<b>93</b>	<b>33</b>	<b>1,311</b>	<b>1,324</b>	<b>183.3</b>	<b>7.2</b>
<u>Booneville</u>							
Host	624	295	90	1,009	1,021	63.1	16.0
LeRose	156			156	158	26.1	6.0
White Oak	125			125	126	22.4	5.6
Island City	78			78	79	14.9	5.2
Indian Creek	102			102	104	17.1	6.0
Travelers Rest	207			207	209	25.3	8.2
Pebworth	107			107	109	14.1	7.6
Vincent	163			163	165	30.9	5.3
Cow Creek	108			108	110	27.0	4.0
<b>Booneville Totals</b>	<b>1,670</b>	<b>295</b>	<b>90</b>	<b>2,055</b>	<b>2,081</b>	<b>240.9</b>	<b>8.5</b>
<b>System Totals</b>	<b>6,649</b>	<b>1,121</b>	<b>363</b>	<b>8,133</b>	<b>8,226</b>	<b>972.8</b>	<b>8.4</b>
<b>Exchange Rates</b>	<b>\$14.00</b>	<b>\$21.10</b>					



**LOBBYING CERTIFICATION**

**Certification for Contracts, Grants, Loans, and Cooperative Agreements**

The undersigned certifies, to the best of his or her knowledge and belief, that:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

Peoples Rural Telephone Coop. Corp., Inc.

Organization Name

Donald Hughes

Name of Authorized Official

Signature

1-14-2008

Date

LOBYCERT.DOC (Computer generated form, Version 2, 12/96)

**General Manager: Keith Gabbard**

P.O. Box 159 U.S. Highway 421 McKee, Kentucky 40447

McKee: (606) 287-7101 Booneville: (606) 593-5000

Fax: (606) 287-8332 Email: prtc@prtcnet.org

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CERTIFICATION REGARDING DEBARMENT SUSPENSION, AND OTHER  
RESPONSIBILITY MATTERS - PRIMARY COVERED TRANSACTIONS

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INSTRUCTIONS FOR CERTIFICATION

1. By signing and submitting this proposal, the prospective primary participant is providing the certification set out below.
2. The inability of a person to provide the certification required below will not necessarily result in denial of participation in this covered transaction. The prospective participant shall submit an explanation of why it cannot provide the certification set out below. The certification or explanation will be considered in connection with the department or agency's determination whether to enter into this transaction. However, failure of the prospective primary participant to furnish a certification or an explanation shall disqualify such person from participation in this transaction.
3. The certification in this clause is a material representation of fact upon which reliance was placed when the department or agency determined to enter into this transaction. If it is later determined that the prospective primary participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, the department or agency may terminate this transaction for cause or default.
4. The prospective primary participant shall provide immediate written notice to the department or agency to which this proposal is submitted if at any time the prospective primary participant learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.
5. The terms *covered transaction*, *debarred*, *suspended*, *ineligible*, *lower tier covered transaction*, *participant*, *person*, *primary covered transaction*, *principal*, *proposal*, and *voluntarily excluded*, as used in this clause, have the meanings set out in the Definitions and Coverage sections of the rules implementing Executive Order 12549. You may contact the department or agency to which this proposal is being submitted for assistance in obtaining a copy of those regulations.
6. The prospective primary participant agrees by submitting this proposal that should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency entering into this transaction.
7. The prospective primary participant further agrees by submitting this proposal that it will include the clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion-Lower Tier Covered Transaction," provided by the department or agency entering into this covered transaction, without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.
8. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, ineligible, or voluntarily excluded from the covered transaction, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant may, but is not required to, check the List of Parties Excluded from Federal Procurement and Nonprocurement Programs.

9. Nothing contained in the foregoing shall be construed to require establishment of a system of records in Order to render in good faith the certification required by this clause- The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.
10. Except for transactions authorized under paragraph 6 of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is proposed for debarment under 49 CFR pan 9, subpart 9.4, suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the department or agency may terminate this transaction for cause or default.

CERTIFICATION

- (1) The prospective primary participant certifies to the best of its knowledge and belief, that it and its principals:
  - (a) Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded by any Federal department or agency;
  - (b) Have not within a three-year period preceding this proposal been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
  - (c) Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State or local) with commission of any of the offenses enumerated in paragraph (1)(b) of this certification; and
  - (d) Have not within a three-year period preceding this application/proposal had one or more public transactions (Federal, State or local) terminated for cause or default.
- (2) Where the prospective primary participant is unable to certify to any Of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

Peoples Rural Telephone Coop. Corp., Inc.	KY 514 P
Organization Name	PR/Award or Project Name
Donald L. Hughes, President	
Name and Title	
	1-14-2008
Signature	Date



COMMONWEALTH OF KENTUCKY  
**PUBLIC SERVICE COMMISSION**  
730 SCHENKEL LANE  
POST OFFICE BOX 615  
FRANKFORT, KY. 40602  
(502) 564-3940

October 2, 1997

**TO:** All Incumbent Local Exchange Telephone Utilities ("LEC") under the jurisdiction of the Public Service Commission of Kentucky who are eligible to consider the Commission's 1997 Average Depreciation Schedule.

**RE:** 1997 Average Depreciation Schedule

Gentlemen:

As you are aware, 807 KAR 5:064, Section 8, of the Commission's Regulations specifies that the Commission issue a proposed Average Depreciation Schedule for consideration by all LEC's who do not normally perform their own depreciation studies. Our records indicate that your utility is eligible to accept the 1997 Average Schedule which has been accepted by the Commission and is attached for your consideration.

This schedule is based upon utilizing the Straight-Line Method, Broad Group Procedure, and the Whole Life Technique to arrive at Average Service Life and Average Net Salvage Parameters. If your utility chooses to accept this schedule, the effective booking date will be January 1, 1998. If you choose to reject this schedule you have the option of either retaining your existing depreciation rates and waiting for the next average schedule to be issued, or conducting your own depreciation study according to the guidelines set out in the subject regulation.

For those LEC's choosing to accept this schedule, the depreciation rates for each account/subaccount will remain in effect for at least three years (e.g., you will only be allowed to accept a schedule one time in any three-year period). Moreover, no depreciation rate for any of your accounts/subaccounts may be higher than those specified in the schedule. You may, however, choose to use depreciation rates for individual accounts/subaccounts which are lower than those shown on the schedule. You are also required to separate your accounts/subaccounts to correspond to those indicated on the schedule.

Please notify this office, in writing, of your decision to either accept or reject the proposed schedule by November 14, 1997. Further, if you accept this schedule, you must provide a summary statement showing each of your plant accounts/subaccounts, the gross investment and reserve for each, and the resulting annual expense accrual for

each category. Investments and reserve amounts should be based upon your most currently available information.

Should you have any questions relative to this matter, please contact Wayne Bates of our Engineering Division at (502) 564-3940, Ext. 416.

Sincerely,

A handwritten signature in cursive script that reads "Don Mills". The signature is written in dark ink and is positioned above the typed name.

Don Mills  
Executive Director

#### Attachments

cc: ALLTEL Kentucky, Inc.  
Ballard Rural Telephone Cooperative Corporation, Inc.  
Brandenburg Telephone Company, Inc.  
Duo County Telephone Cooperative Corporation, Inc.  
Foothills Rural Telephone Cooperative Corporation, Inc.  
Harold Telephone Company, Inc.  
Highland Telephone Cooperative, Inc.  
Leslie County Telephone Company, Inc.  
Lewisport Telephone Company, Inc.  
Logan Telephone Cooperative, Inc.  
Mountain Rural Telephone Corporation  
North Central Telephone Cooperative, Inc.  
Peoples Rural Telephone Cooperative Corporation, Inc.  
Salem Telephone Company  
South Central Rural Telephone Cooperative Corporation, Inc.  
Thacker-Grigsby Telephone Company, Inc.  
West Kentucky Rural Telephone Cooperative Corporation, Inc.

## 1997 AVERAGE DEPRECIATION SCHEDULE

Account Number	Plant Category	Average Service Life (Years)	Average Net Salvage (%)	Depreciation Rate (%)
2112.0	Motor Vehicles			
2112.1	Motor Vehicles - Light	7.0	15.0	12.1
2112.2	Motor Vehicles - Heavy	8.4	15.0	10.1
2116.0	Special Vehicles and Other Work Equipment	13.0	3.0	7.5
2121.0	Buildings	38.0	-1.0	2.7
2122.0	Furniture	10.8	6.0	8.7
2123.0	Office Equipment			
2123.1	Office Support Equipment	12.0	10.0	7.5
2123.2	Official Communications Equipment	6.0	10.0	15.0
2124.0	General Purpose Computers	5.9	7.0	15.8
2211.0	Analog Electronic Switching	8.1	5.0	11.7
2212.0	Digital Electronic Switching	13.0	3.0	7.5
2215.0	Electromechanical Switching			
2215.1	Step By Step	7.0	-10.0	15.7
2215.2	Crossbar	5.0	-10.0	22.0

## 1997 AVERAGE DEPRECIATION SCHEDULE

Account Number	Plant Category	Average Service Life (Years)	Average Net Salvage (%)	Depreciation Rate (%)
2220.0	Operator Systems	9.8	4.0	9.8
2231.0	Radio Systems	11.0	0.0	9.1
2232.0	Circuit Equipment			
2232.1	Analog	10.0	0.0	10.0
2232.2	Digital	8.0	5.0	11.9
2311.0	Station Apparatus	6.4	4.0	15.0
2341.0	Large PBX	6.0	-3.0	17.2
2351.0	Public Telephone	0.0	0.0	0.0
2362.0	Other Terminal Equipment	6.0	5.0	15.8
2411.0	Poles	26.0	-45.0	5.6
2421.0	Aerial Cable			
2421.1	Metallic	17.0	-13.0	6.6
2421.2	Fiber	22.0	-13.0	5.1
2422.0	Underground Cable			
2422.1	Metallic	25.0	-25.0	5.0
2422.2	Fiber	22.0	-10.0	5.0
2423.0	Buried Cable			

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RECORDS SECTION



**1997 AVERAGE DEPRECIATION SCHEDULE**

Account Number	Plant Category	Average Service Life (Years)	Average Net Salvage (%)	Depreciation Rate (%)
2423.1	Metallic	20.0	-10.0	5.5
2423.2	Fiber	20.0	-2.0	5.1
2424.0	Submarine Cable	27.0	-1.0	3.7
2426.0	Intra-Building Network Cable			
2426.1	Metallic	20.0	-1.0	5.1
2426.2	Fiber	20.0	-1.0	5.1
2431.0	Aerial Wire	14.0	-31.0	9.4
2441.0	Conduit Systems	50.0	-8.0	2.2

Rates accepted by the Public Service Commission of Kentucky for use on and after January 1, 1998.



October 8, 1997

Don Mills  
Public Service Commission  
P.O. Box 615  
Frankfort, KY 40602

Dear Mr. Mills:

This is to inform you that Peoples Rural Telephone will be adopting the proposed depreciation rates effective January 1, 1998, which we received in your recent letter.

I have attached a depreciation schedule showing the effect of the new rates on our accounts.

If you have any questions, please give me a call.

Sincerely,

Keith Gabbard, Manager

KG:ek

Attachment

**General Manager: Keith Gabbard**  
P.O. Box 159 U.S. Highway 421 McKee, Kentucky 40447  
McKee: (606) 287-7101 Booneville: (606) 593-5000  
Fax: (606) 287-8332 Email: prtc@eastky.com

**PEOP. RURAL TELEPHONE COOPERATIVE  
DEPRECIATION SCHEDULE**

Account #	Description	Account Balance 8/31/97	Reserve Balance 8/31/97	Existing Dep.Rates	Proposed Dep.Rates	Existing Dep.Exp	Proposed Dep.Exp
2112	Motor Vehicles	\$345,991.38	\$233,158.10	12.1%	12.1%	\$41,864.98	\$41,864.98
2114	Motor Vehicles Heavy	59,376.00	45,836.61	10.1%	10.1%	5,996.98	5,996.98
2116	Other Work Equipment	357,462.49	248,808.07	8.5%	7.5%	23,235.06	26,809.69
2121	Buildings	1,360,854.51	267,067.94	2.7%	2.7%	36,743.07	36,743.07
2122	Furniture	115,917.44	82,542.88	8.7%	8.7%	10,084.82	10,084.82
2123.2	Official Company Telephones	12,422.01	7,938.42	14.3%	15.1%	1,778.35	1,875.72
2124	General Purpose Computers	339,564.33	87,575.94	15.8%	15.8%	53,651.16	53,651.16
2212	Digital Electronic Switching	3,549,836.02	1,401,715.22	7.2%	7.5%	255,588.19	266,237.70
2232.1	Circuit Equip-Analog (N-3)	448,813.25	431,736.76	9.6%	10.0%	43,086.07	44,881.33
2232.2	Circuit Equip-Digital (T-Carrier)	301,720.95	280,177.50	11.6%	11.9%	34,999.63	35,904.79
2351	Public Telephones	28,371.38	28,371.38	7.7%	0	2,184.60	0.00
2411	Poles	2,459,741.15	1,022,259.50	5.8%	5.6%	137,745.50	137,745.50
2421	Aerial Cable/Drops	5,490,440.51	3,251,204.51	6.1%	6.6%	334,916.87	362,389.07
2421.2	Fiber Optic Cable	289,138.06	52,065.56	4.9%	5.1%	14,167.76	14,746.04
2423	Buried Cable/Drops	2,671,241.64	1,551,029.58	5.2%	5.5%	138,904.57	146,918.29
2431	Aerial Wire	681,647.50	424,042.19	8.4%	9.4%	57,258.39	64,074.87
						<b>\$1,192,203.98</b>	<b>\$1,249,903.99</b>



**ALLEN B. ROBERTS**  
ATTORNEY AT LAW

WATER STREET  
P.O. Box 759  
McKEE, KENTUCKY 40447

PHONE  
McKEE (606) 287-5223  
MANCHESTER (606) 599-8995  
FAX: (606) 287-5229

January 22, 2008

Administrator  
Rural Utilities Service  
United States Department of Agriculture  
Stop 1500  
Washington, D.C. 20250-1500

Re: Peoples Rural Telephone Cooperative, Inc.  
McKee, Kentucky

Ladies and Gentlemen:

I am counsel to Peoples Rural Telephone Cooperative, Inc. (hereinafter referred to as "the Company") in connection with the Company's application for a loan or loan guarantee from the Rural Utilities Service (RUS) to provide telephone service. I have examined or caused to be examined by competent trustworthy persons such corporate records and files and such other records, indexes, and files as I have deemed necessary to permit me to render the opinions expressed herein.

I am of the opinion that:

1. The Company is a cooperative corporation duly formed and validly existing and in good standing under the laws of the Commonwealth of Kentucky.
2. The Company operates in the State of Kentucky and is duly licensed and qualified Pursuant to the laws of the State of Kentucky and is authorized to do business and to own property in such State.
3. The Company has full legal right, power and authority to own its property and to carry on its business as now conducted.
4. The execution, delivery and performance by the Company of the Application and the consummation of the transactions contemplated thereby are within the powers of the Company.
5. The Application has been duly executed by the Company.

Rural Utilities Service  
United States Department of Agriculture  
January 22, 2008  
-Page 2-

6. The Company owns the real property described on Schedule A attached hereto (in both a paper format and an electronic copy on CD) and such property is in the Counties of Jackson and Owsley in the State of Kentucky.
7. The Company has the power to grant a security interest in the property described in paragraph 6 to the RUS as collateral for the loan described in the Application.
8. Schedule A contains complete and accurate descriptions of all the real property owned or leased by the Company, excluding easements and rights-of-ways, which are sufficient, in form and substance, for inclusion in the granting clause of a mortgage creating a lien on such property.
9. The Company owns telecommunications facilities, including central office facilities, lines, and other outside plant, in the Counties of Jackson and Owsley in the State of Kentucky.
10. For purposes of Article 9 of the Uniform Commercial Code in the State of Kentucky, the Company is a "transmitting utility."
11. The execution, delivery and performance by the Company of the loan documents will not require the consent, permission or authorization of any governmental authority.

I have also verified the following information:

1. The Company's organizational number is 0040957.
2. The exact true and correct legal name of the Company, as stated in its organization documents, is Peoples Rural Telephone Cooperative Corporation, Inc.
3. No corporate debt limit has been established in the Company's articles or other corporate documents. As such, the Company does not have a corporate debt limit.
4. The Company's taxpayer identification number is 61-0461840.
5. There are no pending claims or litigation against the Company.
6. The Company's subsidiaries are listed on the attached Schedule C.
7. The titles of the officials of the Company with the proper authority to execute all loan

Rural Utilities Service  
United States Department of Agriculture  
January 22, 2008  
-Page 3-

documents on behalf of the Company, and attest to the execution where required, are  
Mr. Donald Hughes, President and Mr. Lowell Wagner, Secretary.

Truly yours,

A handwritten signature in cursive script, appearing to read "Allen B. Roberts".

Allen B. Roberts

tl:abr  
enclosures

Schedule C - Subsidiaries of Peoples Rural Telephone Cooperative Corporation, Inc.

No. 1: The following is a wholly owned subsidiary:

Organization Number	0034590
Name	MCKEE TELEVISION ENTERPRISES COMPANY, INC.
Profit or Non-Profit	P - Profit
Company Type	KCO - Kentucky Corporation
Status	A - Active
Standing	G - Good
State	KY
Organization Date	1/20/1959
Last Annual Report	3/12/2007
Principal Office	P O BOX 159MCKEE, KY 40447
Registered Agent	KEITH GABBARDPO BOX 159HWY 421SMCKEE, KY 40447

Schedule A of Property

**JACKSON COUNTY, KENTUCKY PROPERTY**

All that certain tract or parcel of land lying and being in Jackson County, Kentucky, situated on the East side of Kentucky State Highway No. 587, approximately 7.5 miles Northeast of McKee, Kentucky, and approximately 2.0 miles South of the intersection of KY 1209 with KY 587 at Arvel, Kentucky, on the waters of Granny Dismal Creek, a right fork of Sturgeon Creek, a tributary of the Kentucky river and is more particularly described as follows:

BEGINNING at a ¾" iron pipe (set) in the East 30 feet right-of-way line of KY 587 and said pipe is witnessed by the following bearing objects: (1) Southwest corner of Mt. Bethel Church building which bears N 29 degrees 53' E, 689.1 feet; (2) Telephone pole which bears N 52 degrees 42' E, 231.8 feet; (3) Electric pole which bears S 42 degrees 12' E, 290.5 feet; said pipe being a common corner to Vincent Darrell Todd reserved parcel; thence leaving said right-of-way line and running a new division line with said Vincent Darrell Todd reserved parcel: thence S 45 degrees 39' 01" E 39.96 feet to a ¾" iron pipe (set); thence continuing with said new division line S 44 degrees 17' 42" W 49.96 feet to a ¾" iron pipe (set); thence continuing with said new division line N 45 degrees 41' 24" W 55.46 feet to a ¾" iron pipe (set) in the East 30 feet right-of-way line of KY 587 N 61 degrees 31' 44" E 52.33 feet to the PLACE OF BEGINNING, containing an AREA of 0.0547 acres or 2,384 square feet.

The above described property is subject to any easements of record.

Being all the same land acquired by Peoples Rural Telephone Cooperative Corporation, Inc., by deed from Vincent Darrell Todd and Sherry Todd, said deed dated March 2, 1994 and recorded on March 4, 1994 in the Jackson County Court Clerk's office in Deed Book 136 at page 469.

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All that certain tract or parcel of land lying and being in Jackson County, Kentucky, situated on the East side of Creech Road approximately 0.25 miles Northwest of the intersection of said road with Kentucky State Highway No. 30, and approximately 1.5 miles Northeast of Mummie, Kentucky, on the waters of Sturgeon Creek, a tributary of the Kentucky River, and is more particularly described as follows:

BEGINNING at a ¾" iron pipe (set) in the East line of Creech Road, approximately 0.25 miles Northwest of the intersection of said road with KY 30 and said pipe is witnessed by the following bearing objects: (1) Electric pole which bears N 0 degrees 33' 59" W 98.31 feet; (2) 6" maple tree which bears S 60 degrees 19' 16" E 7.30 feet; (3) Southeast corner of the parent tract, a 24" black gum with two sets of three hacks at a fence corner which bears N 68 degrees 30' 16" E 1271.91 feet; thence running with the East line of Creech Road N 2 degrees 22' 56" W 105.92 feet to a ¾" iron pipe (set) in said East line; thence leaving said Creech Road and running N 86 degrees 51' 33" E 75.02 feet to a ¾"



iron pipe (set) on a steep bank of the hill; thence running S 32 degrees 40' 21" W 130.60 feet to the PLACE OF BEGINNING, containing an AREA of 0.091 acres or 3,973 square feet.

The above described property is subject to any easements of record.

Being all the same land acquired by Peoples Rural Telephone Cooperative Corporation, Inc., by deed from Coleman Bingham and wife Wilma Bingham, said deed dated March 4, 1994 and recorded on March 4, 1994 in the Jackson County Court Clerk's office in Deed Book 136 at page 466.

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All that certain tract or parcel of land lying and being in Jackson County, Kentucky, situated approximately 5.5 miles Northwest of Sand Gap, Kentucky, and approximately 2.8 miles Northwest of the intersection of Ky. 3447 with Ky. 2004 and situated on the North side of Ky. 2004, on the waters of Rock Lick Creek of the South Fork of Station Camp Creek, a tributary of the Kentucky River and is more particularly described as follows:

BEGINNING at a ¾" iron pipe (set) in the North 30 feet right-of-way line of KY 2004 and said pipe is witnessed by the following bearings objects: (1) C/L of the North end of a 30" RCP under KY 2004 which is a common corner of the parent tract and which bears S 62 degrees 57' 56" W 162.98 feet from said pipe; (2) Telephone pole which bears S 48 degrees 59' 07" W 157.91 feet from said pipe; thence leaving said right-of-way line and running a new division line N 18 degrees 00' 00" W 50.02 feet to a ¾" iron pipe (set); thence running N 71 degrees 58' 52" E 50.00 feet to a ¾" iron pipe (set); thence running S 18 degrees 13' 44" E 50.04 feet to a ¾" iron pipe (set) in the North 30 feet right-of-way line of KY 2004; thence running with the North right-of-way line of KY 2004 S 72 degrees 00' 00" W 50.20 feet to the PLACE OF BEGINNING, containing an AREA of 0.0575 acres or 2,506 square feet.

The above described property is subject to any easements of record.

Being all the same land acquired by Peoples Rural Telephone Cooperative Corporation, Inc., by deed from Roy Powell and Lucy Myrtle Powell, said deed dated February 22, 1994 and recorded on February 22, 1994 in the Jackson County Court Clerk's office in Deed Book 136 at page 342.

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All that certain tract or parcel of land lying and being in Jackson County, Kentucky, situated approximately 8 miles North of McKee, Kentucky, and approximately 0.5 miles Northeast of Russell Flat Cemetery and lying on the East side of Kentucky State Highway No. 89, on the waters of Hopper Cave Branch of the South Fork of station Camp Creek, a tributary of the Kentucky River and is more particularly described as follows:

BEGINNING at a ¾" iron pipe (set) in the East 30 feet right-of-way line of KY 89 and said pipe is witnessed by the following bearing objects: (1) Intersection of a gravel drive with KY 89 which bears N 7 degrees 47' 10" E, 826.34 feet; (2) Electric pole which bears N 0 degrees 59' 26" E, 95.71 feet; (3) electric pole which bears S 7 degrees 01' 50" W, 436.12 feet; thence leaving said right-of-way line and running a new division line S 85 degrees 00' 00" E, 50.00 feet to a ¾" iron pipe (set); thence continuing with the new division line S 5 degrees 00' 00" W 50.00 feet to a ¾" iron pipe (set); thence continuing with new division line N 85 degrees 00' 00" W 50.00 feet to a ¾" iron pipe (set) in the East right-of-way line of KY 89; thence running with the East 30 feet right-of-way line of KY 89 N 5 degrees 00' 00" E 50.00 feet to the PLACE OF BEGINNING, containing an AREA of 2,600 square feet.

The above described property is subject to any easements of record.

Being all the same land acquired by Peoples Rural Telephone Cooperative Corporation, Inc., by deed from Melvin Louis Marks Jr., single, said deed dated February 18, 1994 and recorded on February 18, 1994 in the Jackson County Court Clerk's office in Deed Book 136 at page 329.

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A certain tract of land located approximately 375 feet east of the Intersection of Kentucky Highway 2004 and Kentucky Highway 3447 near Morrill in Jackson County, Kentucky and further described as follows:

BEGINNING at a set ½" rebar pin 18" long with a survey cap stamped L.S. 3205 said pin being in the South right of way line of Kentucky Highway 2004 and being 20 feet from the centerline thereof and being a new corner in the lands of Ronald Gene Williams and Marshall Powel (Deed Book 95, Page 217) said pin being S 69 55' 50" W 718.72 feet from a corner tie to the parent tract said pin also being the Northwest corner of a tract of land leased to the Jackson County Water Association (Lease Book 37, Page 610); thence leaving the South right of way line of Kentucky 2004 with new lines dividing the lands of Williams and Powell and the West Property line of the property leased to the Jackson Co., Water Association (1) one call: S 20 51' 19" E 50.00 feet to a set ½" rebar pin 18" long with a survey cap stamped L.S. 3205, thence continuing with new lines dividing the lands of Williams and Powell (2) two calls: S 70 10' 20" W 50.00 feet to a set ½" rebar pin 18" long with a survey cap stamped L.S. 3205; thence N 20 51' 19" W 50.00 feet to a set ½" rebar pin 18" long with a survey cap stamped L.S. 3205 said pin being in the South right of way line of Kentucky 2004 and being 20 feet from the centerline thereof; thence parallel with the centerline thereof (1) one call: N 70 10' 20" E 50.00 feet to the true point of beginning and containing 0.06 acres more or less as per survey performed by Rick Isaacs a licensed land surveyor of American Heritage Land Surveyors said survey being performed on November 25, 2003.

Being all the same land acquired by Peoples Rural Telephone Cooperative Corporation, Inc., by deed from Ronald G. Williams and Joyce Williams and Marshall Powell and

Lois Powell, said deed dated March 24, 2004 and recorded on March 25, 2004 in the Jackson County Court Clerk's office in Deed Book 172 at page 198.

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Lying and being in Jackson County, Kentucky and near the Peoples Rural Telephone Company and bounded as follows, to-wit:

BEGINNING: Lot No. 3 in said addition and bounded as follows: BEGINNING at corner no. 1 which is corner no. 4 of Lot No. 2, and common to state Highway No. 21 R.W. and 81 degrees 30 E 193 feet from the beginning of said addition; thence S. 8 degrees 30 West leaving said Highway 276 feet to corner 2 which is corner 3 of Lot no. 2, a stake on the North side of the old County Road; thence Eastwardly along the North side of said road about 64 feet to corner 3, which is corner 2 of lot no. 4 a stake on the North side of said road. Thence North 8 degrees 30 E. 310 feet to corner 4, which is corner 1 of Lot no. 4 and common to state highway no. 21 R.W. a stake; thence N 81 degrees 30 West along said R.W. 60 feet to the beginning. There has heretofore been sold off the above boundary a small lot to John Dunsil and Bert Dunsil on the 27<sup>th</sup> day of March 1957, and recorded in Deed Book No. 62 at page 546, Jackson County Clerk's office.

Being all the same land acquired by Peoples Rural Telephone Cooperative Corporation, Inc., by deed from M.C. Hughes and his wife Mattie Hughes, said deed dated July 8, 1964 and recorded on July 15, 1964 in the Jackson County Court Clerk's office in Deed Book 69 at page 354.

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The following described lot and parcel of land located in the town of McKee, Jackson County, Kentucky, to-wit:

Starting at a stake set on the North side of the private road leading to the home of Raymond and Bessie Norris where said road intersects Godfrey Street on the North side of McKee, Kentucky; thence go East 32 degrees South 72 feet to fence post which is property line of Price Venable; thence with said property line North 31 degrees East 63 feet to a stake set in fence line; thence North 41 degrees West 122 feet to a stake at edge of Godfrey street; thence with said Godfrey Street South 7 degrees West 11 feet to beginning corner, containing approximately seventeen hundredths (.17) acre more or less.

Being all the same land acquired by Peoples Rural Telephone Cooperative Corporation, Inc., by deed from Bessie Norris and her husband Raymond Norris, said deed dated August 26, 1952 and recorded on September 9, 1952 in the Jackson County Court Clerk's office in Deed Book 58 at page 545.

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Said Lot and private road being located at Sand Gap, Jackson County, Kentucky, said lot being described as follows:

Starting at the Northeast corner of the property belonging to Luther Dean and Bill Sparks where said property joins Kentucky Highway No. 421; thence go South 37 degrees 45 seconds East 157 feet to a stake which is the beginning corner. The beginning corner being more specifically located South 44 degrees East 150 feet from a stake on said Highway; thence South 44 degrees East 30 feet to a stake; thence West 44 degrees South 30 feet to a stake; thence North 44 degrees West 30 feet to a stake; thence East 44 degrees North 30 feet to the beginning corner, containing approximately two one hundredths (.02) of an acre.

Said easement starts at the Northeast corner of the property belonging to Luther Dean and Bill Sparks, where said property joins Kentucky Highway No. 421, and runs parallel with the lot of the grantors and the lot herein conveyed, and is to be twenty feet in width, the full length of the grantors' lot and the lot herein conveyed, and being the same private roadway as is now situated, located and used by the grantors.

By this conveyance, the grantee becomes vested with the fee simple title to the first tract herein described, and is granted a perpetual right and easement over, on and to the second tract herein described.

Being all the same land acquired by Peoples Rural Telephone Cooperative Corporation, Inc. by deed dated August 26, 1952 from Luther Dean and wife Vadis Dean et. Al., said deed of record in Deed Book 59 at page 41, the records of the Jackson County Court Clerk's office.

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BEGINNING at a corner witnessed by an iron pin in the edge of U.S. Highway #421, which pin is 32' 9" S 66 00' E from the corner of highway bridge over a creek and 55' N 4 00' W from to corner of a brick warehouse owned by Jackson County Rural Electric Coop. Corp., thence from said pin S 81 30' E 193 E 193 feet with the edge of U.S. 421 to a stake at the corner of the property owned by Peoples Rural Telephone Coop. Corp. from said stake with the line of Peoples Rural Telephone Coop. Corp. S 8 30' W 100 feet to a point on said line; thence N 54 00 W 298 feet to the beginning corner. Said property containing .223 acres more or less.

Said described parcel of land being subject to a passage way easement located as follows: with the S 81 30' E line along the edge of U.S. #421, 78 feet from beginning corner to an iron pin (being the beginning corner of said easement), thence S 8 30' W, 40 feet 0.12 inches to an iron pin in the above described N 54 00 W line; thence with said line S 59 00 E, 16 feet 10.8 inches to an iron pine; thence N 8 30' E, 47 feet 9 inches to the edge of U.S. #421; thence N 81 30' W, 15 feet to the iron pin being the beginning corner of said easement.

Being the same land acquired by Peoples Rural Telephone Cooperative Corporation, Inc. by deed dated November 10, 1958, from John and Dema Dunsil, said deed of record in Deed Book 64 at page 50, the records of the Jackson County Court Clerk's office.

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Beginning at an iron pin in the North right-of-way line and 30 feet (+/-) from the centerline of Kentucky Highway 587; thence Northeasterly 49.83 feet (+/-) along a right-turning right of way curve (radius = 141.36 feet (+/-), Long Chord = 49.57 feet, Long Chord Bearing = N 68 degrees 14.00" E) to an iron pin in the North right-of-way line and 30 feet (+/-) from the centerline of Kentucky Highway 587; thence N 13 degrees 04' 30" W 49.37 feet with the new line of Mabel Sparks to an iron pin; thence S 69 degrees 27' 12" W 49.69 feet to a new line of Mabel Sparks to an iron pin; thence S 13 degrees 22' 44" E 50.40 feet with new line of Mabel Sparks to the point of beginning, containing 0.0546 acres, more or less.

Being the same land acquired by Peoples Rural Telephone Cooperative Corporation, Inc. by deed dated June 6, 1980, from Mabel Sparks, said deed of record in Deed Book 102 at page 465, the records of the Jackson County Court Clerk's office.

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A certain tract of land, located approximately 1.1 miles Northeast of McKee, on the South side of U.S. Hwy. 421 in Jackson County, Kentucky, and being bounded by survey made August 18, 1977 by Charles E. Black, a licensed land surveyor, (L.S. 670), and further described as follows: BEGINNING at a railroad spike in the South right of way line of U.S. Hwy. 421, and corner to Kenneth Riley, et. al.; thence with said right-of-way line two (2) calls: S 85 degrees 59' 37" E 127.02 feet to a steel pin; thence N 89 degrees 50' 24" E 101.09 feet to a railroad spike and new corner to the lands of Murrell Lakes; thence with new lines dividing the lands of Murrell Lakes two (2) calls; S 05 degrees 16' 12" E 199.96 feet to a steel pin; thence N 73 degrees 47' 05" W 277.82 feet to a steel pin and corner to Kenneth Riley et. al.; thence with Riley's line N 09 degrees 00' 00" E 131.75 feet to a railroad spike and point of beginning and containing 0.92 acres.

Being the same land acquired by Peoples Rural Telephone Cooperative Corporation, Inc. by deed dated September 5, 1987, from Murrell and Ardean Lakes, said deed of record in Deed Book 118 at page 174, the records of the Jackson County Court Clerk's office.

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A certain tract or parcel of land, lying and being on U.S. Highway 421, approximately 2.2 miles Northwest of its junction with Kentucky State Highway 89, and the City of McKee, Kentucky, in the County of Jackson, State of Kentucky and bounded and described as follows, to-wit:

BEGINNING at a steel rebar set, 30 feet North of centerline U.S. Highway 421, a corner to John Jr. And Berdinia Sparks Johnston, D.B. 81, Pg. 110, and from which a found 3/8" steel rebar bears, S 06-49-40 W, 0.91 feet, thence leaving said Johnston, and parallel to the centerline of said U.S. Highway 421, N 68-19-18 W, 124.01 feet to a steel rebar set, a corner to the Paul and Deborah A. Johnson reserve parcel, D.B. 138, Pg. 108, thence leaving said U.S. Highway 421, and severing the land of said Paul and Deborah A. Johnson with all new lines, N 20-52-17 E, 96.75 feet to a steel rebar set, thence S 67-46-

56 E, 100.00 feet to a steel rebar set, on the line of said Johnston, D.B. 81, Pg. 110, and from which a found 3/8" steel rebar near base of a 24" white oak and a 6" sourwood, a corner to Paul and Deborah A. Johnson, D.B. 138, Pg. 108, Bert Jr. and Fay Summers, D.B. 110, Pg. 189, bears, N 06-49-40 E, 200.04 feet, thence leaving said Paul and Deborah A. Johnson reserve parcel and with a line of said Johnston, S 06-49-40 W, 99.09 feet to the Place of Beginning, and containing twenty five hundredths (0.25) acres more or less, with all bearings referred to the record meridian of D.B. 138, Pg. 108, from ties to found monuments of same, and all steel rebars set being 5/8" x 20" with yellow plastic caps stamped RSP, PLS 2776, all according to survey by Peters Land Surveying, Ralph S. Peters, Licensed Professional Land Surveyor, 2776, on April 17, 2006.

Being the same land acquired by Peoples Rural Telephone Cooperative Corporation, Inc. by deed dated August 29, 2006, from Paul and Deborah A. Johnson, said deed of record in Deed Book 181 at page 632, the records of the Jackson County Court Clerk's office.

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A certain tract or parcel of land, lying and being in the City of McKee, on Water Street, approximately 200 feet Northwest of its junction with U.S. Highway 421, on the waters of Pigeon Roost Creek, of Indian Creek, of the Middle Fork Rockcastle River, in the County of Jackson, State of Kentucky, and bounded and described as follows to-wit:

Beginning at a point, in center of Pigeon Roost Creek, a corner to Peoples Rural Telephone Cooperative, D.B. 169, Pg. 612, Tract 2, Jack and Nell Gabbard Heirs, D.B. 118, Pg. 306, D.B. 137, Pg. 262, now or formerly, thence leaving said creek, and said Peoples Rural Telephone Cooperative and with lines of said Gabbard Heirs, N 01-01-05 W, at 22.79 feet crossing a steel rebar reference monument set, in all 58.27 feet to a steel rebar set, 10 feet North of centerline Water Street, thence S 89-34-01 W, 48.45 feet to a steel rebar set, 7 feet North of centerline said Water Street, a corner to Lora Sue Coyle Payne and Sandra Kaye Payne, D.B. 60, Pg. 44, now or formerly, thence with a line of said Payne, N 03-52-32 W, 141.55 feet to a steel rebar set, a corner to Jack and Nell Gabbard Heirs, D.B. 118, Pg. 306, D.B. 137, Pg. 262, now or formerly, thence with a line of said Gabbard Heirs, N 89-10-38 E, 55.50 feet to a found 1/2" steel rebar, 4 feet South of centerline dirt road, place yellow plastic cap on same, stamped RSP, PLS 2776, a corner to Keith and Marilyn Gabbard, D.B. 137, Pg. 348, thence with a line of said Keith and Marilyn Gabbard, N 89-10-31 E, 164.94 feet to a found 1/2" steel rebar, place yellow plastic cap on same, stamped RSP, PLS 2776, thence S 01-12-10 W, at 183.51 feet, crossing a found 1/2" steel rebar, 18 feet South of centerline said Water Street, place yellow plastic cap on same, stamped RSP, PLS 2776, in all 196.36 feet to a point, in centerline aforementioned Pigeon Roost Creek, a corner to said Peoples Rural Telephone Cooperative, D.B. 169, Pg. 612, Tract 2, thence with a line of said Peoples Rural Telephone Cooperative and the centerline of said Pigeon Roost Creek, as it meanders, N 88-16-00 W, 95.33 feet to a point, thence S 81-51-46 W 62.58 feet to the Place of Beginning, and containing eighty-nine hundredths (0.89) acres more or less, with all bearings referred to the 2005 magnetic meridian, as observed on December 7, 2005, by Peters Land Surveying, and all steel rebar property corners set being 5/8" x 20" with yellow plastic caps stamped RSP, PLS 2776, and all steel rebar reference monuments set

being 5/8" x 20" with yellow plastic caps stamped RSP, PLS 2776, Ref. Mon., all according to a survey by Peters Land Surveying, Ralph S. Peters, Licensed Professional Land Surveyor, 2776, on December 7, 2005.

The above described parcel of land maybe subject to recorded or unrecorded rights of ways or easements witch are not shown or described by this Boundary Survey, including but not limited to a right of way reserved in D.B. 137, Pg. 489, recorded in the Jackson County Court Clerk's office, in McKee, Kentucky.

Being the same land acquired by Peoples Rural Telephone Cooperative Corporation, Inc. by deed dated December 27, 2005, from Ralph Brockman and Linda Brockman, said deed of record in Deed Book 179 at page 182, the records of the Jackson County Court Clerk's office.

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A certain tract or parcel of land lying and being on Walkers Branch Road, approximately 1.25 miles West of its junction with S Tree Road, in the County of Jackson, State of Kentucky and bounded and described as follows to-wit:

BEGINNING at a steel rebar set 15 feet North of centerline Walker Branch Road, no deed of record found, a corner in the line of Rosie may Abner, D.B. 76, Pg. 103, Will Book 2, Pg. 13, and from which a 4" concrete monument found, the 34<sup>th</sup> corner to USA Tract 3n, bears, S 64-57-54 E, 458.77 feet, thence leaving said Abner and parallel to the centerline of said Walker Branch Road, S 73-12-22 W, 9.74 feet to a point, thence S 65-04-18 W, 38.08 feet to a point, thence S 60-01-24 W, 43.93 feet to a point, thence 52-36-38 W, 17.34 feet to a steel rebar set, a corner to the Marie Hensley reserve parcel, D.B. 56, Pg. 462, D.B. 63, Pg. 127, thence leaving said Walker Branch Road and with said Hensley reserve parcel, N 41-56-05 W, 10.54 feet to a steel rebar set, a corner in the line of Martha June Chappell, D.B. 55, Pg. 98, Will Bk. 2, Pg. 13, thence leaving said Hensley reserve parcel, and with a line of said Chappell, N 33-57-14 E, 83.91 feet to a 1/2" steel rebar found, with a yellow plastic cap stamped RSP, LS 2776, set in a 6" diameter concrete cylinder, midway between a 36" black oak stump, a 32" black oak stump and a 30" white oak stump, a corner to the aforementioned Rosie May Abner, thence leaving said Chappell and with a line of said Abner, S 64-57-54 E, 61.66 feet to the Place of Beginning and containing (0.065) acres more or less, with all bearings referred to the 1995 magnetic meridian, as observed on September 13, 1995, by Peters Land Surveying, and all steel rebars set being 5/8" X 20" with yellow plastic caps stamped RSP, PLS 2776, all according to a survey by Peters Land Surveying, Ralph S. Peters, Licensed Professional Land Surveyor, 2776, on June 23, 2003.

The above described parcel of land maybe subject to recorded and unrecorded rights of ways or easements which are not shown or described by this Boundary Survey.

Being the same land acquired by Peoples Rural Telephone Cooperative Corporation, Inc. by deed dated July 16, 2003, from Marie Hensley, said deed of record in Deed Book 169 at page 525, the records of the Jackson County Court Clerk's office.

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All that certain tract or parcel of land lying and being in Jackson County, Kentucky in the community of Peoples, situated on the North side of Evans Hollow Road, approximately 1.0 mile South of Peoples and approximately 903 feet southeast of Kentucky State Highway No. 30, on the waters of the South Fork of the Rockcastle River and is more particularly described as follows: Unless otherwise stated, any monument referred to herein as a "rebar and cap" is a set ½" diameter iron rebar, twenty (20") in length with a yellow plastic cap stamped "S. Moore PLS 1809". All bearings stated herein are referred to the magnetic meridian as observed on July 24, 2002 along the South line of the tract described herein.

BEGINNING at a rebar and cap set eight (8') northeast of the North right of way line of Evans Hollow Road (a sixteen feet right-of-way (DB 103, Pg. 415 and DB 159, Pg. 232), approximately 954 feet southeast of the centerline junction of said Road with Kentucky State Highway No. 30 and said rebar and cap is referenced by a 30" forked white oak in a fence line which is a common corner to the Byron Thayer and Sallie Thayer parcel (DB 103, Pg. 415 and the Gloria Coffey parcel (DB 159, Pg. 232) which bears S 50 degrees 29' 02" E, 29.90 feet; thence carving out a portion of said Thayer parcel (DB 103, Pg. 415), the following calls: (1) N 48 degrees 30' 00" W 50.00 feet to a rebar and cap eleven (11') northeast of the North right-of-way line of Evans Hollow Road and which bears S 57 deg. 50' 19" E 881.75 feet from the centerline junction of said Road with the edge of the pavement of Kentucky State Highway No. 30; (2) thence N 41 degrees 29' 20" E 50.03 feet to a rebar and cap which bears S 09 deg. 26' 15" E 163.46 feet from an electric utility pole; (3) thence S 48 deg. 25' 29" E 49.99 feet to a rebar and cap; (4) thence S 41 degrees 29' 51" W 49.96 feet to the Place of Beginning, containing an Area of 2499.50 square feet, be the same, ore or less, according to a survey by Shelby Moore, Jr. PLS 1809 made on July 24, 2002.

There is also being granted an access road easement which lies adjacent to and on the East side of the parcel described herein, beginning at the North right-of-way line of Evans Hollow Road and extending to the North line of the above described tract being a strip of land sixteen (16') in width. There is further granted a ten (10') foot electric utility easement from the Northwest corner of the tract described herein, five (5') on each side of and parallel to a line from said Northwest corner N 09 deg. 26' 15" W 163.46 feet to an electric utility pole. The right to use Evans Hollow Road from Kentucky Highway No. 30 for ingress and egress is being granted.

Being the same land acquired by Peoples Rural Telephone Cooperative Corporation, Inc. by deed dated October 28, 2002, from Byron Thayer and Sally Thayer, said deed of record in Deed Book 167 at page 189, the records of the Jackson County Court Clerk's office.

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All that certain tract or parcel of land lying and being in Jackson County, Kentucky in the community of Egypt, situated on the North side of Leger Fork road, approximately one (1) mile northeast of the junction of said road with U. S. Highway 421 on the waters of Hog Camp Branch, a right fork of Little Sexton Creek which is a tributary of the South Fork of the Kentucky River and is more particularly described as follows:

Unless other wise stated, any monument referred to herein as a "rebar and cap" is a set ½" diameter iron rebar, twenty (20") in length with a yellow plastic cap stamped "S. MOORE PLS 1809" All bearings stated herein are referred to the magnetic meridian as observed on February 8, 2001 along the South line of the tract described herein.

BEGINNING at a rebar and cap set in the North fifteen (15') assumed right of way line of Leger Fork Road (a county road with no deed of record found for right of way) a common corner to Gerald Rae and Vicy Rae (DB 140, Pg 415), Dwayne & Jeanie Evan (DB 158, PG 435) and the tract described herein and said rebar and cap is witnessed by the following bearing objects: (1) southeast corner of a chain link fence around Coffey Cemetery which bears N 58 27 24 W 200.31 feet, (2) 20" white oak which bears N 35 00 39" E 3.50 feet; thence leaving said right of way and severing the Dwayne & Jeanie Evans parcel N 35 00' 39" 49.99 feet to a rebar and cap a new corner to said Evans parcel and the parcel described herein; thence S 55 00 ' 00" E 49.96 feet to a rebar and cap, a new corner to said Evans parcel and the parcel described herein; thence S 34 59' 17" W 50.00 feet to a rebar and cap set in the north fifteen (15') assumed right of way line of said Leger Fork Road, a new corner to said Dwayne & Jeanie Evans and the parcel described herein; thence running with said assumed North right of way of said Leger Fork Road, fifteen(15') North of and parallel to the centerline of same N 55 00' 00" W 49.97 feet, to the PLACE OF BEGINNING, containing an Area of 2,498 Square feet, be the same, more or less, according to a survey by Shelby Moore, Jr. PLS 1809 made on February 8, 2001.

Being the same land acquired by Peoples Rural Telephone Cooperative Corporation, Inc. by deed dated February 15, 2001, from Dwayne Evans and Jeanie Evans, said deed of record in Deed Book 160 at page 670, the records of the Jackson County Court Clerk's office.

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All that certain tract or parcel of land lying and being in Jackson County, Kentucky in the community of Dabolt, situated on the West side of Kentucky state Highway No. 2003 on the waters of Hog Branch, a tributary of the Middle Fork of the Rockcastle River and is more particularly described as follows:

Unless otherwise stated, any monument referred to herein as a "rebar and cap" is a set ½" diameter iron rebar, twenty (20") in length with a yellow plastic cap stamped "S. Moore PLS 1809". All bearings stated herein are referred to the magnetic meridian as observed on July 12, 2001 along the East line of the tract described herein.

BEGINNING at a rebar and cap set in the West sixty (60') right-of-way line of Kentucky State Highway No. 2003 (having been conveyed to the Commonwealth of Kentucky in DB 66, Pg. 142), a common corner to Leonard weaver parcel (DB 153, Pg. 77) and said rebar and cap is witnessed by the following bearing objects: (1) junction of the centerline of Howard McQueen Road with the East edge of the pavement of KY 2003 which bears N 53 degrees 13' 57" E 157.79 feet, (2) old corner wood fence post which bears S 41 degrees 35' 48" E 41.84 feet, (3) Northwest corner of Faith Baptist Church building which bears S 86 degrees 02' 34" E 177.13 feet; Thence running with the West right-of-way line of KY 2003, sixty (60') West of and parallel to the centerline of same S 27 degrees 30' 32" W 45.00 feet to a rebar and cap in said West right-of-way line, a new corner to Finley Combs parcel (DB 84, Pg. 405) and the tract described herein; Thence severing said Combs parcel the following calls: (1) 62 degrees 27' 58" W 40.05 feet to a rebar and cap, (2) N 27 degrees 33' 46" E 60.25 feet to a rebar and cap set in line of the aforementioned Leonard Weaver parcel, a new corner to Finley Combs and the parcel described herein; Thence with said Weaver parcel S 41 degrees 35' 48" E 42.80 feet, to the PLACE OF BEGINNING, containing an Area of 2106.15 square feet, be the same more or less, according to a survey by Shelby Moore, Jr. made on July 12, 2001. The above described property is subject to any easements of record or not of record.

Being the same land acquired by Peoples Rural Telephone Cooperative Corporation, Inc. by deed dated July 30, 2001, from Finley and wife Anna Mae Combs, said deed of record in Deed Book 162 at page 512, the records of the Jackson County Court Clerk's office.

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Tract 1:

A certain tract or parcel of land located in Jackson County, Kentucky and more particularly described as follows: BEGINNING on a point in the Southern right-of-way of U.S. Hwy. 421, witnessed by a set ½" by 18" iron pin with cap: "A&L 3475" lying S 02 degrees 48' 26" E a distance of 10.22 feet away, said point lying N 77 degrees 29' 13" E a distance of 142.63 feet from the NO. 14 Mile Marker of U.S. Hwy. 421, thence with the said right-of-way the following courses: N 75 degrees 14' 30" E a distance of 12.57 feet, N 79 degrees 40' 05" E a distance of 81.94 feet, N 81 degrees 16' 46" E a distance of 7.34 feet, S 08 degrees 43' 14" E a distance of 10.00 feet, N 81 degrees 16' 46" E a distance of 77.26 feet, N 82 degrees 01' 06" E a distance of 85.96 feet, N 83 degrees 32' 24" E a distance of 85.39 feet, N 87 degrees 33' 29" E a distance of 78.08 feet, S 84 degrees 30' 06" E a distance of 47.31 feet to a set ½" by 18" iron pin with cap: "A&L 3475", thence leaving the right-of-way S 54 degrees 57' 19" E a distance of 154.95 feet to a point in the concrete retaining wall, witnessed by a set ½" by 18" iron pin with cap; "A&L 3475" lying S 03 degrees 00' 57" W a distance of 43.35 feet away, thence S 02 degrees 59' 05" W a distance of 190.14 feet to a set ½" by 18" iron pin with cap: "A&L 3475" in the Northern right-of-way of High Street, thence with the right-of-way the following courses: N 53 degrees 28' 31" W a distance of 41.16 feet, N 53 degrees 47' 23" W a distance of 42.39 feet, N 66 degrees 08' 24" W a distance of 51.08 feet, N 70 degrees 48' 38" W a distance of 57.87 feet, N 80 degrees 12' 45" W a distance of 64.00

feet, S 88 degrees 11' 52" W a distance of 125.28 feet, N 89 degrees 14' 52" W a distance of 134.04 feet, thence S 76 degrees 21' 06" W a distance of 93.83 feet to a found wood fence post, witnessed by a set ½" by 18" iron pin with cap: "A&L 3475" lying S 00 degrees 00' 00" E a distance of 0.03 feet away, thence leaving the right-of-way of High Street N 02 degrees 45' 19" W a distance of 151.87 feet to a set ½" by 18" iron pin with cap: "A&L 3475" in the Southern right-of-way of U.S. Hwy. 421, thence with the right-of-way N 02 degrees 48' 26" W a distance of 10.22 feet to the point of beginning containing 2.41 acres as surveyed by George A. Adams, PLS No. 3475, from April 15, 2003 through May 15, 2003.

This property described above is adjoined on the North by U.S. Hwy. 421, on the East by Peoples Rural Telephone Cooperative Corporation (Deed Book 64, Page 50 and Deed Book 63, Page 6), on the South by High street, and on the West by J.L. Davis (Deed Book 17, page 544)

Also there is a Passage Way Easement for this property outlined in a Deed conveyed to the Peoples Rural Telephone Cooperative Corporation, in Deed Book 64, Page 50, and more particularly described as follows:

BEGINNING on a point in the Southern right-of-way of U.S. Hwy. 421, said point witnessed by a set ½" by 18" iron pin with cap: "A&L 3475" lying N 82 degrees 16' 59" W a distance of 61.27 feet away, said iron pin being the Northeast corner of the property described above, thence with the right-of-way S 80 degrees 20' 49" E a distance of 15.00 feet, thence laying the right-of-way S 07 degrees 32' 41" W a distance of 38.96 feet, thence N 54 degrees 57' 19" W a distance of 16.90 feet, thence N 07 degrees 32' 41" E a distance of 31.71 feet to the point of beginning, as surveyed by George A. Adams, PLS No. 3475 from April 15, 2003 through May 15, 2003.

Tract 2:

A certain tract or parcel of land located in Jackson County, Kentucky and more particularly described as follows: BEGINNING on a found iron pin with cap: "TLL LS 3307", lying in the Northern right-of-way of U.S. Hwy. 421 and lying N 04 degrees 57' 59" E a distance of 53.71 feet from the No. 14 Mile Marker of said highway, thence leaving the right-of-way N 12 degrees 17' 55" W a distance of 117.43 feet to a point in the center of Pigeon Roost Creek, witnessed by a found iron pin with cap: "TLL LS 3307" lying S 12 degrees 17' 55" E a distance of 26.17 feet away, thence with the center of Pigeon Roost Creek as it meanders the following courses: N 72 degrees 58' 39" E a distance of 54.91 feet, N 77 degrees 59' 10" E a distance of 54.40 feet, S 86 degrees 08' 15" E a distance of 72.50 feet, S 82 degrees 55' 19" E a distance of 60.81 feet, N 87 degrees 24' 12" E a distance of 126.78 feet, S 78 degrees 08' 27" E a distance of 56.21 feet, S 72 degrees 28' 43" E a distance of 51.26 feet, thence S 61 degrees 15' 00" E a distance of 21.71 feet to a point in the center of Pigeon Roost Creek and the Northern right-of-way of U.S. Hwy. 421, witnessed by a set ½" by 18" iron pin with cap: "A&L 3475" lying S 83 degrees 32' 30" W a distance of 41.94 feet away, thence leaving the creek and with the right-of-way the following courses: S 83 degrees 32' 24" W a

distance of 75.87 feet, S 82 degrees 01' 06" W a distance 87.53 feet, S 81 degrees 16' 46" W a distance of 27.78 feet, S 08 degrees 43' 14" E a distance of 10.00 feet, S 81 degrees 16' 46" W a distance of 58.18 feet, S 79 degrees 40' 05" W a distance of 85.49 feet, S 75 degrees 13' 15" W a distance of 81.72 feet, S 71 degrees 23' 13" W a distance of 57.30 feet to the point of beginning containing 0.82 acres as surveyed by George A. Adams, PLS No. 3475, from April 15, 2003 through May 15, 2003.

This property described above is adjoined on the South by U.S. Hwy. 421, on the North and East by Georgia Isaacs (Deed Book 54, Page 25), Edna Morgan Rigsby (Deed Book 73, Page 120), Lora Lee Payne (Deed Book 60, Page 44), Ralph and Linda Brockman (Deed Book 159, Page 721, and Deed Book 160, Page 248), and Nell Gabbard Heirs (Deed Book 114, Page 182), and on the West by Keith Elizabeth Vickers (Deed Book 167, Page 369).

Being the same land acquired by Peoples Rural Telephone Cooperative Corporation, Inc. by deed dated July 25, 2003, from Jackson Energy Cooperative, Inc., said deed of record in Deed Book 169 at page 612, the records of the Jackson County Court Clerk's office.

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Lying and being on the West side of U.S. Highway No. 421, and approximately four hundred feet (400') Northwest of the intersection of Kentucky State Highway No. 30 with U.S. Highway No. 421, on the waters of Laurel Fork, a tributary of the Rockcastle River, and is more particularly described as follows:

All bearings are based on magnetic North and all distances are expressed in feet.

BEGINNING at a 1 3/4" x 30" aluminum pipe with a 3" aluminum cap stamped Property Corner, L.S. 1809, 1991, set this survey, on the North bank of Laurel Fork Creek, and in the West thirty (30) feet right-of-way line of U.S. Highway No. 421, and is witnessed by the following bearing objects: (1) West end of the center of a twin 4' x 8' stone masonry box culvert under said highway, and which bears S 64 57' E, 27.70 feet; (2) Northeast brick facade of a metal building, which bears S 15 55' W, 45.20 feet; thence running SOUTH 45 32' 42" WEST, 80.92 feet, crossing said Creek, to a 2 3/8" x 30" aluminum pipe with a 3 1/4" aluminum cap, set this survey, stamped Property Corner, Moore, L.S. 1809, 1991; thence running NORTH 44 27' 18" WEST 20.00 feet to a 2 3/8" x 30" aluminum pipe with a 3 1/4" aluminum cap, stamped property corner, Moore, L.S. 1809, 1991 set this survey, in a row of old fence posts; common to Pearl Hornsby parcel; thence with Hornsby line; thence running NORTH 45 32' 42" EAST, 85.82 feet, crossing said Creek, to a 1 3/4" x 30" aluminum cap stamped Property Corner, L.S. 1809, 1991 set this survey in the West thirty feet (30) right-of-way line of U.S. Highway No. 421; thence running SOUTH 30 41' 14" EAST, 20.58 feet, with the West right-of-way line of said Highway, to the place of beginning, containing an area of 0.0383 acres.

There is also included an easement for access to the above described property from U.S. Highway No. 421 and which is described as follows:

BEGINNING at a point in the West right-of-way line of said Highway, which point bears S 30 05' 34" E 39.19 feet from the beginning corner of the above described property; thence running with said right-of-way, S 30 05' 34" E , 19.19 feet; thence leaving said right-of-way and running N 76 56' 57" W, 52.82 feet to a point; thence running S 45 32' 42" W, 38.06 feet to a point; thence running N 44 27' 18" W, 12.00 feet to the Southwest corner of the above described property; thence running with the South line of said property N 45 32' 42" E, 47.02 feet to a point in the South line of said property; thence leaving said South property line and running S 76 56' 57" E, 45.02 feet to the beginning.

Being the same land acquired by Peoples Rural Telephone Cooperative Corporation, Inc., via deed from Paul and Ramona Jones, said deed dated March 26, 1991 and of record in Deed Book 127 at page 339, the records of the Jackson County Court Clerk's office.

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TRACT NO. 1: Lot No. 4 in the N.U. Bond addition to the town of McKee, Kentucky, and beginning at corner 1, which is corner 4 of lot No. 3 and common right of way to State Highway No. 421, a stake bearing S 81 30' E and 253 feet from the beginning corner of the said addition; thence S 8 30 W leaving said highway 310 feet to corner to which is corner 3 of lot No. 3 a stake on the North side of the old County Road; thence Easterly along the North side of said road about 65 feet to corner 3 which is corner 2 of lot No. 5 a stake on North side of said road; thence N 8 30 E 335 feet to corner 4, which is corner 1 of lot No. 5 and common to right of way of State Highway No. 421, a stake in said right of way; thence N 81 30' W 60 feet to the beginning.

Restrictions: No building shall be constructed on any of the lots in said sub-division, except Lots 1 and 2, fronting on the State Highway, at a cost and value of less than \$2,000.00 when completed and no building shall be constructed nearer than 25 feet to the right of way of State Highway No. 421 except on Lots 1 and 2.

The foregoing building restrictions do not apply to the buildings fronting on the County Road in the rear of said lots or adjacent thereto.

TRACT NO. II: Lying and being in Jackson County, Kentucky, and being a part of Lot No. 3 in the sub-division of the City of McKee and bounded as follows, to-wit:

BEGINNING at corner No. 1 which is corner No. 4 of Lot No. 2 and common to State Highway No. 421 R.W. and S 81 degrees 30 E 193 feet from the beginning corner of said addition; thence S 8 degrees 30 West leaving said highway 140 feet to a stone thence a Eastward direction to a stone in the line of Lot No. 3 and 4; thence North 8 degrees 30 E 140 feet to corner 4 which is corner 1 of Lot No. 4 and common to State Highway No. 421 R.W. to stake; thence N 81 degrees 30 West along said R.W. 60 feet to the beginning.

Restrictions: Restrictions: No building shall be constructed on any of the lots in said sub-division, except Lots 1 and 2, fronting on the State Highway, at a cost and value of

less than \$2,000.00 when completed and no building shall be constructed nearer than 25 feet to the right of way of State Highway No. 421 except on Lots 1 and 2.

The foregoing building restrictions do not apply to the buildings fronting on the County Road in the rear of said lots or adjacent thereto.

Being the same land acquired by Peoples Rural Telephone Cooperative Corporation, Inc., via deed from Everett King et. ux., et. al., said deed dated June 28, 1957 and of record in Deed Book 63 at page 6, the records of the Jackson County Court Clerk's office.

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All that certain tract or parcel of land lying and being in Jackson County, Kentucky situated approximately 2.2 miles East of McKee, Kentucky, on the East side of U.S. Highway No. 421 near the twelve (12) mile marker on said highway, on the waters of Pigeon Roost Creek, a fork of Indian Creek, a tributary of the Rockcastle River and is more particularly described as follows:

All bearings expressed in this description are based on a compass reading taken in the field along the East side of Hwy. 421 and all iron pipes mentioned in this description are 3/4" x 20" with a plastic cap stamped MOORE LS 1809. All distances are expressed in feet.

BEGINNING at a 3/4" iron pipe (set) in the line of U.S. Hwy. No. 421 opposite in the twelve (12) mile marker on said highway and said pipe is witnessed by the following bearing objects: (1) telephone pole, S 73 38' E, 61.5 feet; (2) South end of an 18" RCP culvert, S 54 38' E, 108.7 feet; Thence running with the East line of said highway N 28 56' 34" E 10.00 feet to a 3/4" iron pipe (set) in said line, N 54 00' 23" W 135.77 feet to a 3/4" iron pipe (set) in said line and being a common corner to Zanna Gray Hunter parcel; thence leaving said highway and running with said Hunter parcel N 43 43' 39" E 140.00 feet to a 3/4" iron pipe (set); N 49 50' 19" W 135.00 feet to a 3/4" iron pipe (set) at a fence post in a fence line and being a common corner to another parcel now owned by Isaac Adkins; thence running with said Adkins parcel and with said fence line N 43 11' 52" E 361.40 feet to a 3/4" iron pipe (set) in fence corner; S 69 12' 01" E 281.39 feet to a 3/4" iron pipe (set) in fence corner and being a common corner to Herman Adkins parcel; thence running with said Herman Adkins parcel and with fence line S 22 36' 11" W 246.20 feet to a 14" white oak (found) in said fence line and being a common corner to James F. Sparks parcel and said white oak is referenced by an iron pipe which bears N 22 36' 11" E 1.50 feet; thence running with said James F. Sparks parcel down the hill in part with said fence line S 41 40' 00" W 311.50 feet to a 3/4" iron pipe (set) on the side of a bank; thence S 41 40' 00" W 30.00 feet to a point in a gravel drive and in the East line of U.S. Highway NO. 421; thence running with said highway N 61 25' 49" W 88.03 feet to the PLACE OF BEGINNING, containing an AREA of 3.80 acre, be the same more or less.

The above described parcel is subject to any easements of record or not of record.

RESERVATION: The Grantors, Isaac Adkins and Brenda Adkins, his wife, are reserving a road easement thirty (30) feet in width running parallel to the East property line of the parcel being conveyed. Both parties shall have common use of this road easement.

Being the same land acquired by Peoples Rural Telephone Cooperative Corporation, Inc. by deed dated December 24, 1996, from Isaac Vernon and Brenda Adkins, said deed of record in Deed Book 146 at page 150, the records of the Jackson County Court Clerk's office.

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All that certain tract or parcel of land lying and being in Jackson County, Kentucky, situated on the East side of Kentucky State Highway No. 2002, approximately 8 ½ miles SouthWest of McKee, Kentucky, and on the waters of Black Lick Branch a tributary of the South Fork of the Rockcastle River and is more particularly described as follows:

BEGINNING at a 2 3/8" x 30" aluminum pipe with a 3 1/4" aluminum cap stamped property corner, Moore, L.S. 1809, 1992, (set) in the East line of Ky. State Highway No. 2002 and being a common corner to Dennis Nichols parcel and said pipe is witnessed by the following bearing objects; (1) Electric Utility pole which bears S 34 degrees 33' W, 69.5 feet; (2) Intersection of Black Lick Road with Ky. 2002 which bears N 24 degrees 42' E, 193.4 feet; Thence running with the East line of Ky. 2002; North 32 degrees 04' 44" East, 40.00 feet to a 3/4" metal pipe (set) in the East line of said Highway and being a common corner to Lucy Cunagin Heirs reserved parcel; Thence running a new division line of Lucy Cunagin Heirs reserved parcel ofr [sic] two (2) lines; (1) South 73 degrees 41' 22" East, 40.00 feet to a 3/4" metal pipe (set). (2) South 32 degrees 04' 44" west, 40.00 feet to a 2 3/8" aluminum pipe with a 3 1/4" aluminum cap stamped property corner, Moore, L.S. 1809, 1992, (set) in the North line of Dennis Nichols parcel and being a common corner to Lucy Cunagin Heirs reserved parcel; Thence running with the North line of Dennis Nichols parcel; North 73 degrees 41' 22" West, 40.00 feet to the PLACE OF BEGINNING containing an AREA of 1539.8 square feet or 0.0353 Acre. The above described property is subject to any easements of record or not of record. Surveyed for Peoples RTCC, McKee, Kentucky, by Shelby Moore Jr., registered land surveyor, No. 1809, Rt. 1 Box 2215, Beattyville, Kentucky 41311, on August 14, 1992.

Being the same land acquired by Peoples Rural Telephone Cooperative Corporation, Inc. by deed dated August 18, 1992, from Vergia Little et. al., said deed of record in Deed Book 132 at page 54, the records of the Jackson County Court Clerk's office.

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All that certain tract or parcel of land lying and being in Jackson County, Kentucky, in the community of Clover Bottom, situated approximately 3.2 miles Northwest of Sand Gap, Kentucky and on the West side of U.S. Highway 421, on the waters of Clover Bottom Creek, a tributary of the Rockcastle River and is more particularly described as follows:

Unless otherwise stated, any monument referred to herein as a "re-bar and cap" is a set ½" diameter iron re-bar, twenty (20") inches in length with a yellow plastic cap stamped "S. Moore PLS 1809" and any monument referred to herein as a pipe and cap is a ¾" iron pipe with an orange plastic cap stamped "MOORE PLS 1809" found this survey. All bearings stated herein are referred to the magnetic meridian as observed on May 23, 1988 along the East line of the parent tract to the tract described herein.

BEGINNING at a pipe and cap found set in the South right-of-way line of an unnamed gravel road, a common corner to Larry Horn parcel (DB 142, PG 389) and said pipe is witnessed by the following bearing objects: (1) point in the centerline of U.S. Hwy. 421 opposite the centerline of Asbill Road which bears N 47 degrees 14' E 478.2 feet; (2) Center of the West end of an 18" concrete culvert under US 421 which bears N 77 degrees 56' E 443.5 feet; thence running with the South right-of-way line of said gravel road N 82 degrees 01' 34" E 215.99 feet to a rebar and cap, N 86 degrees 10' 52" E 68.34 feet to a re-bar and cap set in the South right-of-way line of said gravel road and being a new corner to Ronald and Beverly Combs parcel (DB 141, PG 432) and the tract described herein; thence severing the Combs parcel S 12 degrees 41' 30" E 130.35 feet to a re-bar and cap, a new corner to Ronald and Beverly Combs parcel and the tract described herein and on the line of another parcel of Ronald and Beverly Combs (DB 135, PG 236); thence running up the hill with said parcel S 72 degrees 39' 06" W 145.60 feet to a pipe and cap found set on the side of a hill and being a common corner to Larry Horn parcel (DB 142 PG 389), Ronald and Beverly Combs parcel (DB 135, PG 236) and the parcel described herein; thence running with said Horn parcel N 51 degrees 36' 48" W 219.12 feet to the Place of Beginning, containing an area of 0.738 acre, be the same, more or less, according to a survey by Shelby Moore, Jr., PLS 1809 made on May 23, 1988 and July 23, 2003.

Being the same land acquired by Peoples Rural Telephone Cooperative Corporation, Inc. by deed dated September 11, 2003, from Ronald Combs and Beverly Combs, said deed of record in Deed Book 170 at page 249, the records of the Jackson County Court Clerk's office.

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A certain tract of land lying and being in Jackson County, Kentucky, and BEGINNING at an iron stake in the center of the road a corner of B.J. Lakes and Farrie Morris, now being the flower shop property; thence an Eastward course with the Highway #421, 100 foot to an iron stake; thence south course 140 feet to the creek; thence a Westward course with the creek as it meanders 100 ft. to the center of the bridge; thence a North course with the road back to the beginning, containing about ¾<sup>th</sup> acre be and the same more or less.

The above-described property is further described by survey performed by Shelby Moore Jr., LS# 1809 on the 19<sup>th</sup> day of January, 1993, and described as follows:

All that certain tract or parcel of land lying and being in Jackson County, Kentucky, situated approximately one (1) mile East of McKee, on the South side of U.S. Highway



No. 421, on the waters of Pigeon Roost Creek, an East fork of Indian Creek, a tributary of the Rockcastle River, and is more particularly described as follows:

BEGINNING at the Northwest corner of Peoples RTCC, Inc. parcel, said point being witnessed by the following bearing objects: (1) Railroad Spike (found set) which bears N 09 degrees 00' E, 5.0 feet; (2) An electric utility pole which bears S 14 degrees 53' E, 5.6 feet; (3) Northeast corner of a block building with wood siding which bears S 46 degrees 19' W, 43.7 feet; said point being located in the South right-of-way line of U.S. Highway NO. 421, 30.0 feet South of the centerline of said Highway; Thence leaving said right-of-way line and running in part with Peoples RTCC, Inc. parcel and in part with Murrell Lakes parcel SOUTH 09 degrees 00' 00" WEST, 142.31 feet to a point in the center of Pigeon Roost Creek, a common corner of Murrell Lakes parcel, and said point is referenced by a ¾" iron pipe (set) which bears N 09 degrees 00' 00" E, 10.00 feet; Thence running down the center of Pigeon Roost Creek with Murrell Lakes parcel NORTH 73 degrees 00' 58" WEST, 101.27 feet to a point in the center of said creek under the center of a wood bridge in the centerline of a sixteen (16) feet road easement and said point is referenced by a P.K. Nail (set) with an aluminum disc in the center of a black-top road and which bears N 09 degrees 08' 37" E, 12.00 feet from said point; Thence running with the center-line of said 16 feet road easement NORTH 09 degrees 08' 37" EAST, 125.92 feet to railroad spike (set) in the center-line of said road easement and in the South 30 feet right-of-way line of U.S. Highway No. 421; Thence running with said right-of-way line of said Highway SOUTH 82 degrees 19' 55" EAST, 100.00 feet to the POINT OF BEGINNING, containing an Area of 0.308 acre.

The above described property is subject to a road easement of sixteen feet (16), eight (8) feet on each side of the West property line as described above, said road easement for common use. The above described property is also subject to any other easements of record or not of record.

Being the same land acquired by Peoples Rural Telephone Cooperative Corporation, Inc. by deed dated February 17, 1993, from Marie Rader, Doug Rader, Margaret Roverfelt and Mitchell Overfelt, said deed of record in Deed Book 135 at page 324, the records of the Jackson County Court Clerk's office.

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All that certain tract parcel of land lying and being in Jackson County, Kentucky, situated approximately 1 ½ miles Southeast of Morrill, Kentucky, on the East side of U.S. Highway No. 421, on the waters of the South Fork of Station Camp Creek, a tributary of the Kentucky river, and is more particularly described as follows:

BEGINNING at a ¾" iron pipe (set) in the East 30 feet right-of-way line of U.S. Highway No. 421, and being the Southwest corner of Jack and Mary Sparks parcel and said pipe is witnessed by the following bearing objects: (1) East end of an 18" RCP under U.S. 421 and which bears S 38 degrees 36' E, 243.8 feet from said pipe; (2) Southeast corner of a small barn which bears N 56 degrees 30' E, 18.8 feet from said pipe; thence leaving said right-of-way line and running with Jack and Mary Sparks parcel

along an old fence line N 58 degrees 50' 34" E, 31.89 feet to a ¾" iron pipe (set) at said fence corner; thence continuing along said fence line of Jack and Mary Sparks N 29 degrees 51' 52" W, 31.03 feet to a ¾" iron pipe (set) at a fence corner and being the Northeast corner of Jack and Mary Sparks parcel and in the South line of Lewis Sparks parcel; Thence running with the South line of Lewis Sparks parcel and along an old fence N 61 degree 21' 25" E, 15.94 feet to a ¾" iron pipe (set) in said fence line; thence leaving said fence and Lewis Sparks line and running a new division line: S 34 degrees 01' 41" E, 77.86 feet to a ¾" iron pipe (set); thence continuing with said new division line S 56 degrees 00' 00" W, 50.00 feet to a ¾" iron pipe (set) in the East 30 feet right-of-way line of U.S. Highway No. 421; thence running with the East right-of-way line of said Highway N 34 degrees 00' 00" W, 50.00 feet to the PLACE OF BEGINNING, containing an area of 0.0679 acres.

Being the same land acquired by Peoples Rural Telephone Cooperative Corporation, Inc. by deed dated August 16, 1993, from Kathleen Sparks et. al., said deed of record in Deed Book 135 at page 31, the records of the Jackson County Court Clerk's office.

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All that certain tract or parcel of land lying and being in Jackson County, Kentucky, in the village of Gray Hawk, situated approximately 115 feet Northeast of the centerline of U.S. Highway No. 421 and approximately 100 feet Northwest of the centerline of Gray Hawk Baptist Church Road, on the waters of McCammon Creek, waters of the Laurel Fork of the Rockcastle River and is more particularly described as follows:

All bearings in this description are based on a compass reading taken in the field along the North line and all iron pipes referred to in this description are ¾" x 20" with a plastic cap stamped MOORE, LS 1809 (set this survey).

BEGINNING at an iron pipe in the line of Marie Burns parcel and said pipe is witnessed by the following bearings objects: (1) iron pipe in the East thirty (30) feet right-of-way line of U.S. 421 and which bears S 53 00' 00" W 84.96 feet, (2) Northwest corner of Gray Hawk Food Mart building which bears S 9 26' 15" W 48.02 feet, (3) Northeast corner of said building which bears S 49 59' 07" E 32.12 feet; thence running with Marie burns parcel N 53 00' 00" E 40.00 feet to an iron pipe; thence continuing with Marie Burns parcel S 36 33' 04" E 25.00 feet to an iron pipe in the line of Marie Burns parcel; thence leaving said Burns parcel and running a new division line S 52 59' 56" W 39.80 feet to an iron pipe; thence continuing with new division line N 37 00' 00" W 25.00 feet to the Place of Beginning, containing an Area of 997.54 square feet, be the same, more or less.

There is also being conveyed two (2) easements described as follows: Easement No. 1: A strip of land being twelve (12) feet in width and beginning at the Northwest corner (the beginning corner) of the above described parcel in the line of Marie Burns parcel; thence running with said Burns parcel and twelve (12) feet Southeast of and parallel to a line which runs S 53 00' 00" W 84.96 feet to an iron pipe in the East right-of-way line of U.S. 421, Easement No. 2: A strip of land being twelve (12) feet in width and beginning at the

Southeast corner of the above described parcel in the line of Marie Burns parcel; thence running with said Burns parcel and twelve (12) feet Southwest of and parallel to a line which runs S 36 degrees 33' 03" E 83.37 feet to an iron pipe in the North line of Gray Hawk Baptist Church Road, 17.60 feet Northwest of the centerline of said Road.

The above described property is subject to any easements of record or not of record.

Being the same land acquired by Peoples Rural Telephone Cooperative Corporation, Inc. by deed dated October 17, 1997, from Robert D. Lakes and Connie Lakes and Conley Tyra and Deanna Tyra., said deed of record in Deed Book 149 at page 280, the records of the Jackson County Court Clerk's office.

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BEGINNING at a metal post in the Clifford Johnson line, about 139' from the right of way line of U.S. Highway No. 421, thence N 36 degrees 25' to a fence post in the Major Alumbaugh line, thence with the Alumbaugh fence, N 62 degrees 40' W, 94' 3" to a metal post, thence with the Jake and Debbie Harris Line S 32 degrees 20' W 73 feet to a metal post, thence S 59 degrees 30' E, about 98 feet to the beginning, containing 0.208 acres more or less.

IT IS AGREED AND RESERVED TO THE PART Y OF THE SECOND PART AND ITS ASSIGNS about a 12' right of way from the U.S. Highway No. 421 in to this property described approximately as follows: BEGINNING at a point in the right of way line of U.S. Highway No. 421, said point being on a line with the side of the Clifford Johnson store building; thence with said building N 36 degrees 25' E, about 93' with the Clifford Johnson line to a metal post in the Clifford Johnson line, thence N 1 degree 27' E, 53' 5" to a metal stake; thence S 36 degrees 25' W 93' to a stake in said U.S. Highway NO. 421 right of way line, thence S 54 degrees E 12' with said right of way line to the beginning.

Being the same land acquired by Peoples Rural Telephone Cooperative Corporation, Inc. by deed dated January 27, 1966, from Earl Morris and wife Jean, Jake Morris and wife Bulah and Moss Gabbard and wife Delta, said deed of record in Deed Book 70 at page 644, the records of the Jackson County Court Clerk's office.

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Starting at a stake at the Northwest corner of the old Alfred A. Oppeneer property (now belonging to the Annville Institute) where the county road intersects Kentucky Highway 30 and being across Highway 30 from the main entrance of the Annville Institute; thence go North 80 degrees 12' West 280 feet and 5 inches to corner number 1, the beginning point; thence North 1 degree 35' East 35 feet to corner number 2; thence North 88 degrees 25' West 32 feet to corner number 3; thence South 1 degree 35' West 35 feet to corner number 4; thence South 88 degrees 25' East 35 feet to the beginning corner and containing approximately 0.0254 acre, more or less.

Being the same lot and parcel of land which was leased by Peoples Rural Telephone Cooperative Corporation, Inc. for 99 years from the Board of North American Missions,

said lease dated March 1, 1966 and of record in Lease Book 23 at page 203, the records of the Jackson County Court Clerk's office, the records of the Jackson County Court Clerk's office.

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All that certain tract or parcel of land lying and being in Jackson County, Kentucky in the Community of High Knob, situated approximately fifty (50') East of Baldwin Branch Road and approximately 825 feet South of the Junction of said Road with Kentucky State Highway No. 577, on the waters of Little Sexton Creek, a tributary of the South Fork of the Kentucky River and is more particularly described as follows:

Unless otherwise stated, any monument referred to herein as a "rebar and cap" is a set ½" diameter iron rebar, twenty (20") in length with a yellow plastic cap stamped "S. MOORE PLS 1809". All bearings stated herein are referred to the magnetic meridian as observed on May 10, 2001 along the West line of the tract described herein.

BEGINNING at a rebar and cap set approximately fifty-eight (58') East of the centerline of Baldwin Branch Road and is witnessed by the following bearing objects: (1) telephone pole which bears S 77 degrees 47' 15" E 10.44 feet; (2) junction of the center of a gravel drive with Baldwin Branch Road which bears S 60 degrees 26' 36" W 89.94 feet; (3) 12" pine at the Northwest corner of Harold Hacker parcel (DB 110, Pg. 236) which bears N 75 degrees 19' 28" W 39.35 feet; Thence severing Lora Hacker and David Hacker parcel (DB 62, Pg. 277), the following calls: (1) N 14 degrees 00' 00" W 54.27 feet to a rebar and cap; (2) N 72 degrees 20' 36" E 34.73 feet to a rebar and cap; (3) S 15 degrees 08' 56" E 57.55 feet to a rebar and cap; (4) S 77 degrees 39' 51" W 35.84 feet to the PLACE OF BEGINNING, containing an Area of 1970.51 Square Feet, be the same, more or less, according to a survey by Shelby Moore, Jr. PLS 1809 made on May 10, 2001. There is also being granted the right of Ingress and Egress from the West line of the above described parcel out to Baldwin Branch Road. The above described property is subject to any easements of record or not of record.

Being the same lot and parcel of land which was leased by Peoples Rural Telephone Cooperative Corporation, Inc. for 99 years from David Hacker and wife Lora Hacker, said lease dated July 12, 2001 and of record in Lease Book 39 at page 252, the records of the Jackson County Court Clerk's office.

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All that certain tract or parcel of land lying and being in Jackson County, Kentucky, situated in the community of Olin on the East side of Kentucky State Highway No. 290, approximately 6.0 miles South of McKee, Kentucky on the waters of Alum Cave Branch, a right fork of Laurel Fork of the Rockcastle River and is more particularly described as follows:

Unless stated otherwise, any monument referred to herein as a "rebar and cap" is a set ½" diameter iron rebar, twenty (20") in length, with a yellow plastic cap stamped "S.

MOORE PLS 1809". All bearings stated herein are referred to the magnetic meridian as observed on May 24, 2000 along the West line of the tract described herein.

BEGINNING at a rebar and cap set on the East right-of-way of Kentucky State Highway No. 290 (as shown on right-of-way plans in District Engineer's office at Manchester, Kentucky, no deeded right-of-way found of record), thirty (30') East of the centerline of same and which bears S 22 degrees 57' 21" E, 96.34 feet from the center of the East end of a 30" RCP culvert under said Ky. 290 which is a common corner to the parent tract of the parcel being described herein and said rebar and cap bears S 20 degrees 39' 05" E 1152.42 feet from the centerline intersection of Wise Road with the edge of pavement of said Ky. 290; Thence leaving said right-of-way and running N 71 degrees 08' 37" E 50.00 feet to a rebar and cap; Thence S 18 degrees 51' 23" E 50.00 feet to a rebar and cap; Thence S 71 degrees 08' 37" W 50.00 feet to a rebar and cap set on the East right-of-way of Ky. 290, thirty (30') east of the centerline of same; Thence running with the East right-of-way of same, thirty (30') East of and parallel the centerline of same N 18 degrees 51' 23" W 50.00 feet to the PLACE OF BEGINNING, containing an Area of 2500 Square Feet, be the same, more or less, according to a survey by Shelby Moore, Jr., PLS No. 1809 on May 24, 2000.

The above described parcel is subject to a twelve (12') waterline right-of-way easement made to Jackson County Water Association, Inc. which are of record in Right-of-way Book 2, Pages 101 and 137, respectively and the centerline of said waterline is shown of the plat of the parcel described herein which is made a part of the record. The above described parcel is subject to any easements which are not of record.

Being the same lot and parcel of land which was leased by Peoples Rural Telephone Cooperative Corporation, Inc. for 99 years from Jackson Energy Cooperative, said lease dated June 28, 2000 and of record in Lease Book 39 at page 224, the records of the Jackson County Court Clerk's office.

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All that certain tract or parcel of land lying and being in Jackson County, Kentucky in the community of Moores Creek, situated on the West side of Kentucky State Highway No. 577, approximately 3.3 miles East of the junction of said road with Kentucky state Highway No. 30, on the waters of Moores Creek, a tributary of the South Fork of the Rockcastle River and is more particularly described as follows:

Unless otherwise stated, any monument referred to herein as a "rebar and cap" is a set ½" diameter iron rebar, twenty (20") in length with a yellow plastic cap stamped "S. MOORE PLS 1809". All bearings stated herein are referred to the magnetic meridian as observed on May 9, 2001 along the East line of the tract described herein.

BEGINNING at a rebar and cap set in the West twenty (20') assumed right-of-way line of Kentucky state Highway No. 577 (a Kentucky state Highway, a deed recorded in Deed Book 79, Page 129 gives no width of said right-of-way), a common corner to Bill R. Moore and Dianne Moore (DB 128, Pg. 490) and said rebar and cap is witnessed by the

following bearing objects: (1) X cut on the center of a concrete headwall of a 3.5' x 10' concrete box culvert under Ky. 577, the Northeast corner of Mary T. Moore parcel (DB 128, Pg. 338) which bears N 30 degrees 28' 17" W 70.00 feet; (2) junction of center of Causey Road with Ky. 577 which bears S 56 degrees 33' 50" E 61.18 feet; (3) electric utility pole which bears N 1 degree 49' 15" W 88.41 feet; Thence running with the West assumed right-of-way line of Ky. 577, twenty feet (20') West of and parallel to the centerline of same S 24 degrees 00' 00" E 53.74 feet to a rebar and cap set in said assumed right-of-way and is witnessed by the center of the West end of an 18" RCP under said Highway and which bears N 87 degrees 25' 28" E 8.30 feet; Thence leaving said right-of-way and severing Bill R. Moore and Dianne Moore parcel (DB 128, Pg. 490), the following calls: 1) S 30 degrees 37' 53" W 53.67 feet to a rebar and cap; 2) N 42 degrees 06' 21" W 25.46 feet to a rebar and cap; 3) N 16 degrees 26' 57" E 79.65 feet to the PLACE OF BEGINNING, containing an Area of 2041 Square Feet, be the same, more or less, according to a survey by Shelby Moore, Jr. PLS 1809 made on May 9, 2001. The above described property is subject to any easements of record or not of record.

Being the same lot and parcel of land which was leased by Peoples Rural Telephone Cooperative Corporation, Inc. for 99 years from Bill Moore and wife Dianne Moore, said lease dated August 9, 2001 and of record in Lease Book 39 at page 255, the records of the Jackson County Court Clerk's office.

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All that certain tract or parcel of land lying and being in Jackson County, Kentucky in the community of Maulden, situated on the South side of Buncomb Road on the waters of Wilfreds Fork of Sturgeon Creek, a tributary of the Kentucky River and is more particularly described as follows:

Unless otherwise stated, any monument referred to herein as a "rebar and cap" is a set ½" diameter iron rebar, twenty (20") in length with a yellow plastic cap stamped "S. MOORE PLS 1809". All bearings stated herein are referred to the magnetic meridian as observed on July 11, 2001 along the North line of the tract described herein.

BEGINNING at a rebar and cap set twenty (20') South of the centerline of Buncomb Road in an assumed right-of-way line of said road (a County road with no deeded right-of-way found of record) a common corner to Charles Reynolds (DB 99, Pg. 130) parcel and said rebar and cap is witnessed by the following bearing objects: (1) telephone pole which bears S 86 degrees 10' 24" E 18.67 feet, (2) junction of the centerline of Wilfreds Fork Road (Gravel) with the South edge of the pavement of Buncomb Road which bears S 74 degrees 54' 37" E 209.71 feet; Thence running with the South assumed right-of-way line of Buncomb Road; twenty (20') South of and parallel to the centerline of same S 62 degrees 45' 00" E 49.92 feet to a rebar and cap in said South assumed right-of-way line; Thence leaving said right-of-way line and severing Clarice Moore parcel (Will Book 6, Pgs 100-112) S 47 degrees 23' 21" W 49.98 feet to a rebar and cap, N 62 degrees 38' 23" W 49.90 feet to a rebar and cap in an old fence row in the line of the aforementioned Charles Reynolds parcel Thence with said Reynolds parcel along an old fence row N 47

degrees 24' 13" E 49.90 feet to the PLACE OF BEGINNING, containing an Area of 2340.74 Square Feet, be the same more or less, according to a survey by the Shelby Moore Jr. PLS 1809 made on July 11, 2001.

There is also being granted the right of Ingress and Egress from the old Union School entrance to the above described property, being a strip of land twenty (20') in width parallel to the assumed twenty (20') South right-of-way of Buncomb Road. The above described property is subject to any easements of record or not of record.

Being the same lot and parcel of land which was leased by Peoples Rural Telephone Cooperative Corporation, Inc. for 99 years from Clarice Moore, single, said lease dated August 10, 2001 and of record in Lease Book 39 at page 258, the records of the Jackson County Court Clerk's office.

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An Easement to construct, operate, maintain, add, and/or remove such systems of communications, facilities, or related services, with said easement more particularly described as follows:

That certain tract of land lying in Jackson County, Kentucky, consisting of a parcel of land 20' x 20' beginning at a steel post 64.5' West of the centerline of highway 1955 and on the North side of a dirt road, thence Southwest 20' to an existing telephone pole, thence Northwest 20' thence Northeast 20' to a steel post, thence Southeast 20' to the beginning and obtained from Earnest E. Wilder and Opal I. Wilder on the 30 day of January, 1976.

Being the same easement for construction of communications facilities which was obtained by Peoples Rural Telephone Cooperative Corporation, Inc. via deed of easement from Mr. and Mrs. Wilder, said deed dated January 8, 1996 and of record in Right of Way Book 5 at page 430, the records of the Jackson County Court Clerk's office.

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An Easement to construct, operate, maintain, add, and/or remove such systems of communications, facilities, or related services, with said easement more particularly described as follows:

That certain tract of land lying in Jackson County, Kentucky, consisting of a parcel of land 10' x 20' beginning at electric utility pole, thence Westwardly 10 ft. to the North right-of-way line of Ky. 2004, thence with said right-of-way line Southwardly 20 ft., thence leaving said right-of-way Eastwardly 10 ft., thence Northwardly 20 ft. to the place of beginning.

Being the same easement for construction of communications facilities which was obtained by Peoples Rural Telephone Cooperative Corporation, Inc. via deed of easement from Ms. Bertha Collins, said deed dated October 2, 1995 and of record in Right of Way Book 5 at page 432, the records of the Jackson County Court Clerk's office.

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An Easement to construct, operate, maintain, add, and/or remove such systems of communications, facilities, or related services, with said easement more particularly described as follows:

That certain tract of land lying in Jackson County, Kentucky, consisting of a parcel of land 10 ft. x 30 ft. beginning at a fence post 31 ft. South of the Kerby Knob – Brazil road in Geneva Isaacs property line thence Southwardly 10 ft., thence Westwardly 30 ft., thence Northwardly 10 ft., thence Eastwardly 30 ft., to the place of beginning.

Being the same easement for construction of communications facilities which was obtained by Peoples Rural Telephone Cooperative Corporation, Inc. via deed of easement from Ms. Naomi B. Quiggins, said deed dated September 26, 1995 and of record in Right of Way Book 5 at page 434, the records of the Jackson County Court Clerk's office.

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An Easement to construct, operate, maintain, add, and/or remove such systems of communications, facilities, or related services, with said easement more particularly described as follows:

That certain tract of land lying in Jackson County, Kentucky, consisting of a parcel of land 20 feet by 20 feet beginning on a stake located on the North side of Highway 89 and 10.2 feet from the North end of a 18" metal culvert, thence Northeast 20 feet, thence Southeast 20 feet, thence Southwest 20 feet, thence Northwest 20 feet to the place of beginning.

Being the same easement for construction of communications facilities which was obtained by Peoples Rural Telephone Cooperative Corporation, Inc. via deed of easement from Barbara and Johnie Glen Summers, said deed dated February 18, 1999 and of record in Deed Book 154 at page 04, the records of the Jackson County Court Clerk's office.

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An Easement to construct, operate, maintain, add, and/or remove such systems of communications, facilities, or related services, with said easement more particularly described as follows:

That certain tract of land lying in Jackson County, Kentucky, consisting of a parcel of land 20 ft. by 20 ft., beginning on a stake in the East right-of-way line of Salt Rock Road, which bears South 35 degrees West 43 ft. from the centerline intersection of Wind Cave Road and Salt Rock Road, thence South 51 degrees East 20 ft., thence South 39 degrees West 20 ft., thence North 51 degrees West 20 ft. to a stake in said road right-of-way thence North 39 degrees East 20 ft. to the beginning.

Being the same easement for construction of communications facilities which was obtained by Peoples Rural Telephone Cooperative Corporation, Inc. via deed of easement



from Carolyn Chadwick et. ux. et. al., said deed dated October 27, 1997 and of record in Right of Way Book 7 at page 194, the records of the Jackson County Court Clerk's office.

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An Easement to construct, operate, maintain, add, and/or remove such systems of communications, facilities, or related services, with said easement more particularly described as follows:

That certain tract of land lying in Jackson County, Kentucky, consisting of a parcel of land 20 feet by 20 feet beginning on a stake located on the North side of highway 89 and 10.2 feet from the North end of a 18" metal culvert, thence Northeast 20 feet, thence Southeast 20 ft. thence Southwest 20 feet, thence Northwest 20 feet to the place of beginning.

Being the same easement for construction of communications facilities which was obtained by Peoples Rural Telephone Cooperative Corporation, Inc. via deed of easement from Gregory and Rebecca Brockman, said deed dated July 24, 1999 and of record in Right of Way Book 7 at page 282, the records of the Jackson County Court Clerk's office.

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An Easement to construct, operate, maintain, add, and/or remove such systems of communications, facilities, or related services, with said easement more particularly described as follows:

That certain tract of land lying in Jackson County, Kentucky, consisting of a parcel of land 20 feet by 20 feet, beginning at a stake set in the West right-of-way line of highway #89, said stake bears North 18 degrees East, 140 feet from the North East corner of the existing garage; thence North 75 degrees West, 20 feet, thence North 15 degrees East, 20 feet, thence South 75 degrees East 20 feet to said road right-of-way, thence with said right-of-way South 15 degrees West 20 feet to the beginning.

Being the same easement for construction of communications facilities which was obtained by Peoples Rural Telephone Cooperative Corporation, Inc. via deed of easement from Marvin and Brenda Lewis, said deed dated March 19, 1999 and of record in deed Book 154 at page 6, see also the Deed of Easement by Mortgagee of record in Right of Way Book 7 at page 298, the records of the Jackson County Court Clerk's office.

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An Easement to construct, operate, maintain, add, and/or remove such systems of communications, facilities, or related services, with said easement more particularly described as follows:

That certain tract of land lying in Jackson County, Kentucky, consisting of a parcel of land 20 feet by 20 feet; beginning at a stake 17 feet South of County road right-of-way,

said stake bears North 63 degrees West 18 feet from PRTC pole 74 of D6-47 route; Thence North 84 degrees East 20 feet; thence South 6 degrees, East 20 feet, thence South 84 degrees West 20 feet; thence North 6 degrees West 20 feet to the beginning.

Being the same easement for construction of communications facilities which was obtained by Peoples Rural Telephone Cooperative Corporation, Inc. via deed of easement from David and Lora Hacker, said deed dated July 6, 1999 and of record in Right of Way Book 7 at page 280, the records of the Jackson County Court Clerk's office.

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An Easement to construct, operate, maintain, add, and/or remove such systems of communications, facilities, or related services, with said easement more particularly described as follows:

That certain tract of land lying in Jackson County, Kentucky, consisting of a parcel of land 20 feet by 20 feet; beginning at a stake set North 30' from edge of pavement on Leger Fork Road, and said stake bears due West 25 feet from existing electric utility pole; thence North 24 degrees, East 20 feet, thence South 66 degrees, East 20 feet, thence South 24 degrees, West 20 feet, thence North 66 degrees, West 20 feet to the beginning.

Being the same easement for construction of communications facilities which was obtained by Peoples Rural Telephone Cooperative Corporation, Inc. via deed of easement from Ellis and Connie Ray, said deed dated October 14, 1999 and of record in Right of Way Book 7 at page 284, the records of the Jackson County Court Clerk's office.

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An Easement to construct, operate, maintain, add, and/or remove such systems of communications, facilities, or related services, with said easement more particularly described as follows:

That certain tract of land lying in Jackson County, Kentucky, consisting of a parcel of land 20 feet by 20 feet; beginning at a stake set in the South right-of-way line of the Howard McQueen Road; Said stake bears North 38 degrees East 78 feet from the Northeast corner of the Faith Baptist Church; Thence South 23 degrees West 20 feet; Thence South 67 degrees East 20 feet; Thence North 23 degrees East 20 feet; thence with said right-of-way line North 67 degrees West 20 feet to the beginning.

Being the same easement for construction of communications facilities which was obtained by Peoples Rural Telephone Cooperative Corporation, Inc. via deed of easement from Jimmy K. and Ronnia Wells, said deed dated July 6, 1999 and of record in Right of Way Book 7 at page 278, the records of the Jackson County Court Clerk's office.

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An Easement to construct, operate, maintain, add, and/or remove such systems of communications, facilities, or related services, with said easement more particularly described as follows:

That certain tract of land lying in Jackson County, Kentucky, consisting of a parcel of land 20 feet by 20 feet; beginning at a stake set 19 feet South of Union Road; Said stake bears due South 23 feet from existing telephone pole; thence South 25 degrees East 20 feet; Thence South 65 degrees West 20 feet; thence North 25 degrees West 20 feet; thence North 65 degrees East 20 feet to the beginning.

Being the same easement for construction of communications facilities which was obtained by Peoples Rural Telephone Cooperative Corporation, Inc. via deed of easement from Dicy McWhorter, said deed dated July 12, 1999 and of record in Right of Way Book 7 at page 276, the records of the Jackson County Court Clerk's office.

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An Easement to construct, operate, maintain, add, and/or remove such systems of communications, facilities, or related services, with said easement more particularly described as follows:

That certain tract of land lying in Jackson County, Kentucky, consisting of a parcel of land 20 feet by 20 feet; beginning on a stake bearing South 18 degrees West 54 feet from center line of Highway 577 and West of creek; thence South 18 degrees West 20 feet; Thence North 72 degrees West 20 feet; Thence North 18 degrees East 20 feet; Thence South 72 degrees East to the beginning.

Being the same easement for construction of communications facilities which was obtained by Peoples Rural Telephone Cooperative Corporation, Inc. via deed of easement from Bill Moore and Dianne Moore, said deed dated July 9, 1999 and of record in Right of Way Book 7 at page 274, the records of the Jackson County Court Clerk's office.

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An Easement to construct, operate, maintain, add, and/or remove such systems of communications, facilities, or related services, with said easement more particularly described as follows:

That certain tract of land lying in Jackson County, Kentucky, consisting of a parcel of land 20 feet by 20 feet, beginning at an electric pole in the North right-of-way line of SR 2004-Blanton Flats Road and located approximately 0.02 miles West of highway 89 thence South 74 degrees, West 20 feet; thence North 16 degrees, West 20 feet, thence North 74 degrees, East 20 feet; thence South 16 degrees, East 20 feet to the place of beginning.

Being the same easement for construction of communications facilities which was obtained by Peoples Rural Telephone Cooperative Corporation, Inc. via deed of easement from George Ross and Brenda Ross, said deed dated October 13, 1997 and of record in Right of Way Book 7 at page 148, the records of the Jackson County Court Clerk's office.

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BEGINNING at a common corner between the Harold Gene Hensley, Don Williams and Mrs. Macy Perdue parcels; thence leaving said Purdue parcel and running with said Don Williams parcel South 89 West, 155 feet; thence leaving the said Williams parcel and running a Northeastward direction 320 feet to a stake; thence running up the hill a Southward direction 65' to a dogwood tree in Mrs. Macy Perdue's line and fence; thence running with the said Perdue line and fence a Southward direction 255 feet to the place of beginning, containing an area of 0.57 acres (24,800 sq. ft.), be it the same, more or less.

Being the same easement for construction of communications facilities which was obtained by Peoples Rural Telephone Cooperative Corporation, Inc. via deed of easement from Harold Gene Hensley, said deed dated February 8, 1991 and of record in Right of Way Book 4 at page 352; see also the addendum to Easement of record in Right of Way book 7 at page 196, the records of the Jackson County Court Clerk's office.

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### OWSLEY COUNTY, KENTUCKY PROPERTY

A certain tract or parcel of land lying and being 20 feet West of Kentucky State Highway 1411, approximately 2 miles North of its junction with Kentucky State Highway 30, in the County of Owsley, State of Kentucky and bounded and described as follows to-wit:

Beginning at a steel rebar set, 14 feet Northeast of centerline gravel road, a corner to the Jolly Edward and Margie Lynn Cooper reserve parcel, D.B. 56, Pg. 340, and from which a found 1 1/2" steel pipe, 10 feet Northwest of centerline Kentucky State Highway 1411, a corner to said Cooper and Wilmer Stewart, D.B. 58, Pg. 719, bears, S 38-38-12 W, 105.42 feet, thence severing the land of said Cooper with all new lines, N 42-47-12 W, 20.00 feet to a steel rebar set, thence N 47-11-46 E, 20.00 feet to a steel rebar set, thence S 42-47-43 E, 20.00 feet to a steel rebar set, thence N 47-12-17 W, 20.00 feet to the Place of Beginning and containing (0.01) acres more or less, with all bearings referred to the 2006 magnetic meridian, as observed on June 1, 2006, by Peters Land Surveying, and all steel rebars set being 5/8" x 20" with yellow plastic caps stamped RSP, PLS 2776, all according to a survey by Peters Land Surveying, Ralph S. Peters, Licensed Professional Land Surveyor, 2776, on June 1, 2006.

There is also granted, a permanent and non-exclusive access and utility easement to the above described parcel of land, for the purpose of ingress and egress with said easement described as follows to-wit:

Beginning at a steel rebar set, the beginning corner to the above described parcel land, thence with a line of same, N 47-12-17 E, 20.00 feet to a steel rebar set, thence leaving the above described parcel of land, S 05-36-09 E, 22.00 feet to a point, 20 feet Northwest of centerline Kentucky State Highway 1411, D.B. 19, Pg. 337, thence parallel to the centerline of said Kentucky State Highway 1411, S 54-54-56 W, 18.30 feet to a point, thence leaving said Kentucky State Highway 1411, N 05-36-09 W, 18.91 feet to the Place of Beginning, with all bearings referred to the 2006 magnetic meridian, as observed on June 1, 2006, by Peters Land Surveying, all according to a survey by Peters Land

Surveying, Ralph S. Peters, Licensed Professional Land Surveyor, 2776, on June 1, 2006.

Being the same land acquired by Peoples Rural Telephone Cooperative Corporation, Inc. by deed dated September 28, 2006, from Jolly E. Cooper and Margie Lynn Cooper, said deed of record in Deed Book 84 at page 492, the records of the Owsley County Court Clerk's office, Booneville, Kentucky.

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Tract 1 - A certain tract or parcel of land, more particularly Tract 1, lying and being in the City of Booneville, on Kentucky state Highway 28, on the waters of the South Fork of the Kentucky River, in the County of Owsley, State of Kentucky and bounded and described as follows to-wit:

Beginning at a steel rebar set, at West wall of building, 30 feet North of centerline of Kentucky State Highway 28, right of way from Highway Plans, a corner to Booneville Lodge No. 939, D.B. 17, Pg. 29, thence leaving said Booneville Lodge No. 939, and parallel to the centerline of said Kentucky State Highway 28, N 71-53-30 W, 44.58 feet to a steel rebar set, a corner to Paul and Mary Campbell, D.B. 20, Pg. 530, thence leaving said Kentucky State Highway 28 and with a line of said Campbell, N 18-06-30 E 66.97 feet to a steel rebar set, a corner to Peoples Rural Telephone Cooperative Corporation, Tract 2, part of D.B. 19, Pg. 607, part of D.B. 24, Pg. 111, part of D.B. 78, Pg. 289, part of D.B. 79, Pg. 150, thence leaving said Campbell and with lines of said Tract 2, N 18-06-30 E, 31.48 feet to a steel rebar set, thence S 73-33-49 E, 57.22 feet to a steel rebar set, a corner to Peoples Rural Telephone Cooperative Corporation reserve parcel, part of D.B. 78, Pg. 289, all of the Second Tract and part of Deed Two, thence leaving said Peoples Rural Telephone Cooperative Corporation, Tract 2 and with said Peoples Rural Telephone Cooperative Corporation Reserve parcel, S 16-28-44 W, 37.87 feet to a steel rebar set, at North wall of building, a corner in the line of the aforementioned Booneville Lodge No. 939, D.B. 17, Pg. 29, thence leaving said Peoples Rural Telephone Cooperative Corporation reserve parcel and with lines of said Booneville Lodge No. 939, N 71-53-30 W, 13.69 feet to a steel rebar set, at Northwest corner of said building, thence S 18-06-30 W, 62.27 feet to the Place of Beginning and containing (0.1128) acres more or less, with all bearings referred to the 2003 magnetic meridian, as observed on October 29, 2003, by Peters Land Surveying and all steel rebars set being 5/8" x 20" with yellow plastic caps stamped RSP, PLS 2776, all according to a survey by Peters Land Surveying, Ralph S. Peters, Licensed Professional Land Surveyor, 2776, on October 29 through December 16, 2003 and April 25, 2005.

There is also a permanent and non-exclusive 10 feet wide access and utility easement to the above described parcel of land for the purpose of Ingress and Egress with the right to maintain same, said easement is along an existing overhead telephone line crossing Tract 2, with said easement as follows to-wit:

Beginning at a steel rebar set, the 4<sup>th</sup> corner to the above described parcel of land, thence with a line of same, S 18-06-30 W, 10.00 feet to a point, thence leaving the above

described parcel of land, N 70-44-08 W, 136.95 feet to a point, 30 feet East of centerline Kentucky State Highway 30, right of way from Highway Plans, thence parallel to the centerline of said Kentucky State Highway 30, N 17-26-21 E, 10.00 feet to a point, thence leaving said Kentucky State Highway 30, S 70-44-08 E, 137.07 feet to the Place of Beginning with all bearings referred to the 2003 magnetic meridian, as observed on October 29, 2003, by Peters Land Surveying, and all steel rebars set being 5/8" x 20" with yellow plastic caps stamped RSP, PLS 2776, all according to a survey by Peters Land Surveying, Ralph S. Peters, Licensed Professional Land Surveyor, 2776, on October 29, through December 16, 2003 and April 25, 2005.

The above described parcel of land maybe subject to recorded or unrecorded rights of ways or easements which are not shown or described by this Boundary Survey.

Being the same land acquired by Peoples Rural Telephone Cooperative Corporation, Inc. by deed from Wilson Mainous et. al., said deed dated April 16, 2003 and of record in Deed Book 78 at page 289, and being the tract which was reserved to Peoples Rural Telephone Cooperative Corporation in that certain deed to the Booneville United Methodist Church, said deed dated October 18, 2005 and of record in Deed Book 83 at page 192, and being the same property acquired by Peoples Rural Telephone Cooperative Corporation via deed from Joe T. and Susie Morgan, said deed dated August 26, 1952 and of record in Deed Book 19 at page 607, and being the same property acquired by Peoples Rural Telephone Cooperative Corporation, via deed from Joe T. and Susie Morgan, via deed dated April 2, 1958 and of record in Deed Book 24 at page 111, the records of the Owsley County Court Clerk's office, Booneville, Kentucky.

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A certain tract or parcel of land, lying and being on Kentucky State Highway 846, approximately 2.7 miles South of its junction with Kentucky State Highway 30, in the County of Owsley, State of Kentucky and bounded and described as follows to-wit:

BEGINNING at a steel rebar set, at base of 3" apple tree, in a drain, 20 feet East of centerline Kentucky State Highway 846, Commonwealth of Kentucky Deed Book 19 at Page 14 a corner to Earl and Regina Peters, Deed Book 78, Page 527; thence leaving said Kentucky State Highway 846, and with a line of said Peters, N 64-28-11 E, 49.65 feet, to a steel rebar set, a corner to the Webster and Wiletta Botner reserve parcel, Deed Book 28, Page 468; thence leaving said Peters and severing the land of said Botner with all new lines, S 31-50-11 E, 46.21 feet to a steel rebar set; thence S 58-55-54 W, 50.10 feet to a steel rebar set, 20 feet East of centerline said Kentucky state Highway 846, thence leaving said Botner reserve parcel and parallel to the centerline of said Kentucky State Highway 846, N 31-00-00 W, 51.00 feet to the Place of Beginning, and containing (0.06) acres, more or less, with all bearings referred to the 2006 magnetic meridian, as observed on March 14, 2006, by Peters Land Surveying, and all steel rebars set being 5/8" x 20" with yellow plastic caps stamped RSP, PLS 2776, all according to a survey by Peters Land Surveying, Ralph S. Peters, Licensed Professional Land Surveyor, 2776, on March 14, 2006.

The above described parcel of land, maybe subject to recorded or unrecorded right of way or easements which are not shown or described by the Boundary Survey.

Being the same land acquired by Peoples Rural Telephone Cooperative Corporation, Inc. by deed dated April 10, 2006, from Webster Mayland Botner, Jr. and Wiletta Botner, said deed of record in Deed Book 84 at page 36, the records of the Owsley County Court Clerk's office, Booneville, Kentucky.

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All that certain tract or parcel of land lying and being in Owsley County, Kentucky in the community of Vincent, situated on the North side of Spruce Fork Road, approximately 500 feet West of the junction of said Road with Kentucky State Highway No. 30, on the waters of Spruce Fork of Little Sturgeon Creek, a left fork of Sturgeon Creek which is a tributary of the Kentucky River and is more particularly described as follows:

Unless otherwise stated, any monument referred to herein as a "rebar and cap" is a set ½" diameter iron re-bar, twenty (20") in length with a yellow plastic cap stamped "S. MOORE PLS 1809". All bearings stated herein are referred to the magnetic meridian as observed on October 23, 2002, along the South line of the tract described herein.

BEGINNING at a re-bar and cap set thirty (30') North of the centerline of Spruce Fork Road on the North right of way line of said Road, a County Road with right of way to Commonwealth of Kentucky in DB 28, PG 260, a common corner to Benny and Sherry Gumm parcel (DB 68, PG 695 and Misc. BK 2, PG 192) and the tract described herein and said rebar and cap is witnessed by the following bearing objects: (1) a 1" P.K. nail set in blacktop at the intersections of the center lines of KY 30, KY 399 and Spruce Fork Road at four way stop and which bears S 84 degrees 11' 04" E 485.44 feet, (2) a 2 ½" P.K. nail set in centerline of blacktop of Spruce Fork Road opposite the centerline of Price Road which bears S 71 degrees 26' 38" W 49.44 feet; thence running with the North right of way line of Spruce Fork Road (DB 28, Pg. 260), thirty (30") North of and parallel to the centerline of same N 69 degrees 28' 08" E 65.71 feet to a re-bar and cap, a new corner to Larry M. Pierson (DB 73, Pg. 711) and the tract described herein; thence severing said Pierson parcel N 20 degrees 32' 19" E 67.20 feet to a rebar and cap; S 69 degrees 28' 08" E 87.20 feet to a re-bar and cap set on the property line of said Benny and Sherry Gumm parcel, a new corner to tract described herein and Larry M. Pierson parcel (DB 73, Pg 711); thence running with said Gumm parcel S 38 degrees 17' 19" W 70.55 feet to the place of BEGINNING, containing an Area of 5137.40 square feet, be the same, more or less, according to a survey by Shelby Moore, Jr., PLS 1809 made on October 23, 2002.

There is also being granted an access easement described as follows: BEGINNING at a point in the North line of the tract described above, said point being S 69 degrees 28' 08" E 30.00' from the Northwest corner of same; thence running six (6') on each side of and parallel to the centerline of a line running from said point N 84 degrees 14' 37" E 64.59' to an existing telephone pole, having a total width of twelve (12') and both of the above described.

Being the same land acquired by Peoples Rural Telephone Cooperative Corporation, Inc. by deed dated November 1, 2002, from Larry M. and Peggy Pierson, said deed of record in Deed Book 77 at page 579, the records of the Owsley County Court Clerk's office, Booneville, Kentucky.

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Being a 0.0424 acre tract located within the bounds of a 140 acre (more or less) tract conveyed to Nathan M. Cope (a single man) by deed dated February 24, 1975, and being of record in Deed Book 35, page 742, in the Office of the County Clerk of Owsley County, Kentucky and more particularly described as follows:

BEGINNING at a steel conduit set this survey at 35 feet Southeasterly of the centerline of KY HWY 11 at station 314+85, a new corner to Nathan M. Cope; thence leaving the right-of-way of KY HWY 11 and with the new line of Cope South 35 degrees 42' 54" East 42.07 feet to a steel conduit set this survey, a new corner to Cope; thence with the new line of Cope South 51 degrees 25' 54" West 44.64 feet to a steel conduit set this survey, a new corner to Cope; thence with the new line of Cope North 36 degrees 05' 01" West 40.60 feet to a steel conduit set this survey at 35 feet Southeasterly of the centerline of KY HWY 11 at station 315+30, a new corner to Cope; thence with the Easterly right-of-way line of KY HWY 11 North 49 degrees 35' 00" East 45.00 feet to the point of beginning and containing 0.0424 acres, more or less.

This description prepared from a physical survey conducted by John F. Stratman, III, Kentucky L.S. #2059, on November 5, 1980.

Being the same land acquired by Peoples Rural Telephone Cooperative Corporation, Inc. by DEED OF CORRECTION dated July 20, 1981, from Nathan M. Cope and his wife Connie Cope, said deed of record in Deed Book 45 at page 737, the records of the Owsley County Court Clerk's office, Booneville, Kentucky.

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A certain tract or parcel of land, lying and being 72 feet North of the junction of Anglin Branch Road, and Kentucky State Highway 577, approximately 2.2 miles Southwest of the junction of Kentucky State Highway 577 and Kentucky State Highway 11, in the County of Owsley, State of Kentucky and described as follows to-wit:

Beginning at a steel rebar set, a corner to the Harrison and Doris Marshall reserve parcel, D.B. 60, Pg. 392, and from which a point at the mouth of Anglin Branch in the centerline of Sexton Creek, a corner to said Harrison, D.B. 60, Pg. 392, Deed One and Deed Two, bears, S 04-52-27 E, 606.65 feet, thence severing the land of said Marshall with all new lines, N 02-32-25 E, 20.00 feet to a steel rebar set, thence S 87-28-37 E, 20.00 feet to a steel rebar set, thence S 02-31-54 W, 20.00 feet to a steel rebar set, thence N 87-28-06 W, 20.00 feet to the Place of Beginning and containing (0.01) acres more or less, with all bearings referred to the 2006 magnetic meridian, as observed on June 1, 2006, by Peters Land Surveying, and all steel rebars set being 5/8" x 20" with yellow plastic caps



stamped RSP, PLS 2776, all according to a survey by Peters Land Surveying, Ralph S. Peters, Licensed Professional Land Surveyor, 2776, on June 1, 2006.

There is also granted, a permanent and non-exclusive access and utility easement to the above described parcel of land for the purpose of ingress and egress with said easement described as follows to-wit:

Beginning at a steel rebar set, the beginning corner to the above described parcel of land, thence S 70-46-51 W, 58.26 feet to a point, 15 feet Northeast of Anglin Branch Road, thence parallel to the centerline of said Anglin Branch Road, N 69-01-29 W, 28.78 feet to a steel rebar set, thence leaving said Anglin Branch Road, N 70-46-51 E, 87.65 feet to a steel rebar set, a corner to the above described parcel of land, thence with a line of same, S 02-32-25 W, 20.00 feet to the Place of beginning with all bearings referred to the 2006 magnetic meridian, as observed on June 1, 2006, by Peters Land Surveying, and all steel rebars set in said easement being 5/8" x 20" with yellow plastic caps stamped RSP, PLS 2776, all according to a survey by Peters Land Surveying, Ralph S. Peters, Licensed Professional Land Surveyor, 2776, on June 1, 2006.

Being the same land acquired by Peoples Rural Telephone Cooperative Corporation, Inc. by deed dated September 20, 2006, from Harrison Marshall and wife Doris Marshall, said deed of record in Deed Book 84 at page 489, the records of the Owsley County Court Clerk's office, Booneville, Kentucky.

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BEGINNING at a steel conduit set this survey at approximately 115.5 feet Northwesterly of the South-east corner of the 2-acre tract and set at 20 feet Southwesterly of the centerline of KY HWY 2024 (Booneville-Sebastian Road), a new corner to the Board of Education; thence leaving the right-of-way of KY HWY 2024 and with the new line of the Board South 50 degrees 40' 17" West 40.12 feet to a steel conduit set this survey, a new corner to the Board; thence with the new line of the Board North 47 degrees 43' 33" West 40.63 feet to a steel conduit set this survey, a new corner to the Board; thence with the new line of the Board North 51 degrees 25' 37" East 39.92 feet to a steel conduit set this survey at approximately 85 feet Southeasterly of the Northeast corner of the 2-acre tract and set at 20 feet Southwesterly of the centerline of KY HWY 2024, a new corner to the Board; thence with the Westerly right-of-way line of KY HWY 2024 (right-of-way assumed to be 20', sufficient to maintain roadway; no right-of-way plans available) South 48 degrees 07' 22" East 40.14 feet to the point of beginning and containing 0.0366 acres, more or less.

There is also included a Permanent Access Easement more particularly described as follows:

BEGINNING at the Northeast corner of the new tract described above; thence North 48 degrees 07' 22" West 40.00 feet to a steel conduit set this survey in the Westerly right-of-way of KY HWY 2024; thence South 01 degrees 35' 03" West 51.61 feet to the Northwest corner of the new tract described above; thence North 51 degrees 25' 37" East 39.92 feet to the point of beginning.

This description prepared from a physical survey conducted by John F. Stratman, III, Kentucky L.S. #2059, on February 20, 1981.

Being the same land acquired by Peoples Rural Telephone Cooperative Corporation, Inc. by deed dated May 19, 1981, from the Owsley County Board of Education, said deed of record in Deed Book 45 at page 552, the records of the Owsley County Court Clerk's office, Booneville, Kentucky.

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Beginning on the West side of Main Street in the town of Booneville, Owsley County, Kentucky, at the South gate post of the gate leading into an alley between the lot hereby conveyed and the lot of Dr. A.M. Glass; thence with the fence and Main Street a Southwardly course to a point near B.J. Moyers gate; thence with the fence Westwardly direction so as to include the upper and exclude the lower spring to a point on the bluff of the creek; thence with the fence a Northwardly direction to near the said Dr. A.M. Glass lot; thence Eastwardly with the fence to the beginning.

The above referenced property is further described by a survey performed by Shelby Moore, Jr., L.S. 1809 on June 22, 1995, as follows:

All that certain tract or parcel of land lying and being in Owsley County, Kentucky, situated in the City of Booneville and on the West side of Main Street (Kentucky State Highway No. 11) and West of and including a portion of Applegate Road, on the waters of the South Fork of the Kentucky River and is more particularly described as follows:

Beginning at a P.K. Nail in the West right-of-way line of Kentucky State Highway No. 11 (Main Street), set in the South edge of Charles Long blacktop driveway and being a common corner to another parcel owned by Charles Long and said P.K. Nail is witnessed by the following bearing objects: (1) top of fire hydrant which bears N 39 degrees 23' 51" E 16.60 feet; (2) electric pole which bears N 13 degrees 17' 09" E 24.72 feet; Thence running with the West right-of-way line of Kentucky State Highway No. 11 (Main Street of Booneville) S 15 degrees 52' 06" W 105.93 feet, crossing Applegate Road, to a point in the West right-of-way line of Ky. 11 (Main Street) and being a common corner of Peter Anthony Carmack parcel, said point being at the East edge of the blacktop on Applegate Road and is witnessed by an 18" RCP under Ky. 11 which bears N 51 degrees 14' 19" E 14.28 feet and is referenced by a ¾" iron pipe set on the West side of Applegate Road and which bears S 51 degrees 14' 19" W 55.30 feet; Thence running with said Carmack parcel, crossing Applegate Road S 51 degrees 14' 19" W 136.80 feet to a ¾" iron pipe (set) on the West side of a small branch; thence continuing with said Carmack parcel, S 69 degrees 49' 32" W 119.11 feet to a ¾" iron pipe (set) on top of a steep bank and being a common corner to Owsley County Fiscal Court parcel; thence running along the top of said bank and with said Owsley County Fiscal Court parcel N 2 degrees 22' 03" W 68.54 feet to a ¾" iron pipe (set) on top of said bank at the South base of an 18" wild cherry tree; thence continuing with said parcel N 2 degrees 30' 51" E 227.12 feet to a ¾" iron pipe (set) on the top of said bank and being a common corner of

another parcel owned by Charles Long; thence running with said Long parcel S 74 degrees 28' 20" E 249.41 feet to the PLACE OF BEGINNING, containing an Area of 1.108 acres, be the same more or less.

The above described property is subject to any easements of record or not of record and to prescriptive road easement for Applegate Road.

Being the same land acquired by Peoples Rural Telephone Cooperative Corporation, Inc. by deed dated July 11, 1995, from Charles Long and Ruth Long, said deed of record in Deed Book 66 at page 249, the records of the Owsley County Court Clerk's office, Booneville, Kentucky.

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BEGINNING at a steel conduit set this survey at 20 feet Northwesterly of the centerline of KY HWY 847 at station 130+00, a new corner to Conley and Emma Pierson; thence with the Northerly right-of-way line of KY HWY 847 along the arc of a curve to the right having a radius of 716.07 feet and a long chord at North 73 degrees 11' 24" East and a length of 76.97 feet to a steel conduit set this survey at the end of said curve, and set 20 feet Northwesterly of the centerline of KY HWY 847 at station 130+75 and in the center of Tyree Branch, an original corner to Dora Manning; thence leaving said highway and up the center of Tyree Branch (Dora Manning's line) as it meanders North 32 degrees 01' 48" West 22.21 feet to a nail set this survey in the base of a 6" dia. Walnut; thence North 00 degrees 54' 13" West 32.97 feet to a nail set this survey in the base of a 4" dia. Maple in the center of Tyree Branch, a new corner to Dora Manning and Conley and Emma Pierson; thence leaving Tyree Branch (Dora Manning's line) and with the new line of Conley and Emma Pierson South 69 degrees 02' 33" West 81.83 feet to a steel conduit set this survey under a 3" dia. Gum tree, said conduit being a new corner to Conley and Emma Pierson; thence with the new line of Conley and Emma Pierson 18 degrees 24' 30" East 47.63 feet to the point of beginning and containing 0.0862 acres, more or less.

Being the same land acquired by Peoples Rural Telephone Cooperative Corporation, Inc. by deed dated November 22, 1980, from Conley and Emma Pierson, husband and wife, said deed of record in Deed Book 45 at page 134, the records of the Owsley County Court Clerk's office, Booneville, Kentucky.

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BEGINNING at an iron rod set this survey at 45 feet Northwesterly of the centerline of KY HWY 11 at station 311+29.5, a new corner to James and Rhonda Cope; thence leaving the right-of-way of KY HWY 11 and with the new line of James and Rhonda Cope North 42 degrees 02' 28" West 58.67 feet to an iron rod set this survey, a new corner to James and Rhonda Cope; thence with the new line of James and Rhonda Cope South 24 degrees 21' 50" West 33.31 feet to an iron rod set this survey, a new corner to James and Rhonda Cope; thence with the new line of James and Rhonda Cope South 23 degrees 54' 52" East 46.36 feet to an iron rod set this survey at 45 feet Northwesterly of the centerline of KY HWY 11 at station 311+74.47, a new corner to James and Rhonda

Cope; thence with the Westerly right-of-way line of KY HWY 11 North 49 degrees 35' 00" East 44.97 feet to the point of beginning and containing 0.0435 acres, more or less.

Said description was prepared from a physical survey conducted by John F. Stratman III, Kentucky L.S. #2509 on October 12, 1981.

There is further conveyed for the benefit of the tract heretofore described a certain access easement from Kentucky Highway 11 through the lands of James Ray Cope and Wanda Cope, his wife and Lyell Cope and Phyllis Cope, his wife and more particularly described as follows:

BEGINNING at a point 60 feet Northwesterly of the centerline of KY HWY 11 at station 310+64.5, in the Easterly line of Lyell Cope; thence leaving the right-of-way and entering the property of Lyell Cope N 40 degrees 25' 00" W 8.43 feet to a point; thence S 73 degrees 26' 00" W 4.51 feet to the Southeast corner of Lyell Cope's barn; thence with the barn S 73 degrees 26' 00" W 28.00 feet to the Southwest corner of Lyell Cope's barn; thence leaving the barn S 16 degrees 34' 00" E 7.00 feet to a point; thence S 73 degrees 26' 00" W 3.21 feet to a point in the assumed line dividing the property of Lyell Cope from the property of James and Rhonda Cope; thence entering the property of James and Rhonda Cope S 73 degrees 26' 00" W 6.50 feet to a point in the Northerly edge of an old logging road; thence with said road N 67 degrees 56' 04" W 8.70 feet to a point; thence crossing the logging road S 15 degrees 30' 00" W 10.06 feet to a point in a ditch South of the logging road; thence with said ditch S 67 degrees 56' 04" E 3.60 feet to a point; thence leaving the ditch S 49 degrees 35' 00" W 13.80 feet to a point in the new line of Peoples Rural Telephone; thence with said new line S 42 degrees 02' 28" E 8.00 feet to a point; thence leaving the new line of Peoples Rural Telephone N 49 degrees 35' 00" E 17.73 feet to a point in a ditch South of the old logging road; thence with said ditch S 67 degrees 56' 04" E 17.68 feet to a point; thence leaving the ditch N 66 degrees 30' 00" E 4.50 feet to a point in the Westerly right-of-way of KY HWY 11; thence with the right-of-way N 40 degrees 25' 00" W 7.00 feet to a point 60 feet Northwesterly of the centerline of KY HWY 11, said point also being the assumed common corner between the property of Lyell Cope and property of James and Rhonda Cope; thence with the right-of-way N 49 degrees 35' 00" E 35.50 feet to the point of beginning and containing 0.0227 acres, more or less.

Being the same land acquired by Peoples Rural Telephone Cooperative Corporation, Inc. by deed dated December 11, 1981, from James Ray and Rhonda Cope and Lyell Cope and Phyllis Cope, and of record in Deed Book 46 at page 356, the records of the Owsley County Court Clerk's office, Booneville, Kentucky.

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Beginning at a metal fence post in the property line between Doanald E. Seale and Marcus L. Tolson parcels and a common corner to Peoples Rural Telephone easement, thence running with said Seale line Eastwardly 10' to a metal stake, thence leaving said line Northwardly 20' thence Westwardly 10' to a common corner to the existing Peoples

Rural Telephone easement, thence running Southwardly with the said easement 20' to the place of beginning, containing an area 10' x 20'.

Being the same lot and parcel of land which was leased by Peoples Rural Telephone Cooperative Corporation, Inc. for 99 years from Marcus L. Tolson, said lease dated August 16, 2000 and of record in Deed Book 74 at page 435, the records of the Owsley County Court Clerk's office, Booneville, Kentucky..

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An Easement to construct, operate, maintain, add, and/or remove such systems of communications, facilities, or related services, with said easement more particularly described as follows:

That certain tract of land lying in Owsley County, Kentucky, consisting of a parcel of land 20 feet by 20 feet beginning on a stake approximately 3 feet North of F Route, pole Number 220 and in the South right-of-way line of Highway 1350, thence Southwardly 20 feet, thence Westwardly 20 feet, thence Northwardly 20 feet to said right-of-way, thence Eastwardly 20 feet with the South right-of-way line of Highway 1350 to the beginning.

Being the same easement for construction of communications facilities which was obtained by Peoples Rural Telephone Cooperative Corporation, Inc. via deed of easement from J.B. Smith and Earlene Smith, said deed dated August 24, 1996 and of record in Deed Book 68 at page 51, the records of the Owsley County Court Clerk's office, Booneville, Kentucky.

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An Easement to construct, operate, maintain, add, and/or remove such systems of communications, facilities, or related services, with said easement more particularly described as follows:

That certain tract of land lying in Owsley County, Kentucky, consisting of a parcel of land beginning at metal fence post in the East Right-of-Way line of Ky. Hwy. #30, a common corner to Barbara Bowling parcel, thence running with said Bowling's line Eastwardly 20' to a metal post, thence leaving said line Northwardly 20', thence Westwardly 20' to the East Right-of-way line of said road, thence 20' to the place of beginning.

Being the same easement for construction of communications facilities which was obtained by Peoples Rural Telephone Cooperative Corporation, Inc. via deed of easement from Conley Seale, said deed dated September 20, 1995 and of record in Deed Book 66 at page 493, the records of the Owsley County Court Clerk's office, Booneville, Kentucky.

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An Easement to construct, operate, maintain, add, and/or remove such systems of communications, facilities, or related services, with said easement more particularly described as follows:

That certain tract of land lying in Owsley County, Kentucky, consisting of a parcel of land 20' x 20' beginning at a common corner in Grays Branch and in the South R/W line of Ky. Highway No. 28, thence with said R/W Eastwardly 20', thence leaving said R/W Southwardly 20', thence Westwardly 20', thence with said Grays Branch Northwardly 20' to the beginning.

Being the same easement for construction of communications facilities which was obtained by Peoples Rural Telephone Cooperative Corporation, Inc. via deed of easement from Ellis and Nada Stewart, said deed dated August 24, 1995 and of record in Deed Book 68 at page 48, the records of the Owsley County Court Clerk's office, Booneville, Kentucky.

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An Easement to construct, operate, maintain, add, and/or remove such systems of communications, facilities, or related services, with said easement more particularly described as follows:

That certain tract of land lying in Owsley County, Kentucky, consisting of a parcel of land 20 feet by 20 feet, beginning on a stake in the East right-of-way line of Ky. Highway 11, which bears North 78 degrees East 30 feet from the centerline intersection of Hill Road and Highway 11, thence with said right-of-way North 12 degrees, West 20 feet, thence leaving right-of-way North 78 degrees, East 20 feet; thence South 12 degrees, East 20 feet, thence South 78 degrees, West 20 feet to the beginning.

Being the same easement for construction of communications facilities which was obtained by Peoples Rural Telephone Cooperative Corporation, Inc. via deed of easement from Walker and Bertha Brandenburg, said deed dated August 27, 1996 and of record in Deed Book 68 at page 45, the records of the Owsley County Court Clerk's office, Booneville, Kentucky.



January 14, 2008

Ken Chandler, Director  
USDA/RDUP Telecom HQ-Southern Division  
Room 2808 S. Agriculture Bldg., STOP 1597  
1400 Independence Ave., SW  
Washington, DC 20250-1597

Phone: (202) 720-0800

Subject: KY 514-Peoples Rural Telephone Coop. Corp., Inc.  
P Loan Application  
Certification Regarding Participation in STMP – 7CFR 1737.22 (a) (20)

Dear Mr. Chandler:

The loan design for this “P” Loan Application is in compliance with the Statewide Modernization Plan for the State of Kentucky as accepted by RUS on March 25, 1996.

Peoples Rural Telephone Cooperative will follow the State of Kentucky STMP as approved by RUS for all applicable work to be financed under the proposed “P” Loan.

PEOPLES RURAL TELEPHONE COOP.CORP., INC.

  
\_\_\_\_\_  
President

1-14-2008  
\_\_\_\_\_  
Date

**General Manager: Keith Gabbard**

P.O. Box 159 U.S. Highway 421 McKee, Kentucky 40447

McKee: (606) 287-7101 Booneville: (606) 593-5000

Fax: (606) 287-8332 Email: prtc@prtcnet.org

**BOARD OF DIRECTORS OF THE  
PEOPLES RURAL TELEPHONE COOPERATIVE CORPORATION**

The regular monthly meeting of the Board of Directors of the Peoples Rural Telephone Cooperative Corporation, Inc., was held at the Headquarters Building in McKee, Kentucky on April 10, 2000 at 1:00 P.M.

The following directors were present:

Bruce Hays, President  
Harold Combs, Vice President  
Clint Barrett, Treasurer  
E. L. Hughes, Secretary  
Lester Lakes  
Earl Clemons  
Lowell Wagner

Also in attendance were Keith Gabbard, Manager, Tim Bingham, Commercial Manager, and Bill Welch, RUS Field Representative.

The minutes of the previous meeting were read by Harold Combs. After discussion, it was upon a motion made by Mr. Wagner and seconded by Mr. Lakes that the following resolution was adopted and approved by all:

RESOLVED: To approve the minutes of the previous meeting.

The minutes of a special meeting of the Board of Directors of Peoples Rural Telephone Cooperative Corporation, Inc were read by Harold Combs. The meeting was held at the headquarters building in McKee, Ky on March 9, 2000 at 1:30 P.M. After discussion, it was upon a motion made by Mr. Hughes and seconded by Mr. Clemons that the following resolution was adopted and approved by all:

RESOLVED: To approve the minutes of the special meeting.

The manager then reviewed with the Board the expenditures and adjustments of the subscriber accounts received for the month of March. After discussion, it was upon a motion made by Mr. Hughes and seconded by Mr. Barrett that the following resolution was adopted and approved by all:

RESOLVED: That the expenditures and adjustments to subscriber accounts as presented by the Manager be approved.

The manager presented the applications for membership received since the last regular Board Meeting. After discussion, it was upon a motion made by Mr. Combs and seconded by Mr. Wagner that the following resolution was adopted and approved by all:



RESOLVED: That since the named persons had made written applications for membership in this corporation, had paid in full for a membership as required in the By-Laws, and had otherwise met with all of the requirements as provided in the By-Laws, said persons are hereby declared members:

The manager reported a loss of 24 access lines for the month of March, 2000.

Upon a motion made by Mr. Combs and seconded by Mr. Lakes, the following resolution was adopted and approved by all:

RESOLVED: To accept the Operating Report for the month of February, 2000 as presented by the manager.

The manager discussed with the board the calling features and Internet penetration rates for the month of March, 2000.

The manager presented the first employee newsletter to the board and welcomed suggestions from the board.

The manager discussed the spring newsletter that went out to subscribers with the April billing.

Lelia Collins, Customer Service/Public Relations & Marketing Representative discussed the new Kentucky Cellular Statewide plan with the board.

The manager and board discussed filling the position of Cooperative Attorney. The manager read a letter from Mike Eubanks, Attorney-at-law, which stated that he was not interested in applying for the position because of his current work load. After discussion and upon a motion made by Mr. Clemons and seconded by Mr. Hughes the following resolution was adopted and approved by all:

RESOLVED: To hire Allen Roberts, Attorney-at-law as Cooperative Attorney.

The manager presented a bill to the board submitted by Schumate, Flaherty, and Eubanks for Attorney fees pertaining to RUS loan KY 514-N12.

The billing hours were not itemized and the over all bill appeared inflated. After discussion it was agreed upon for the manager to check into the bill further.

The manager reported that he had received a letter from the Attorney and RUS to confirm that the documents had been approved for RUS loan KY514-N12.

Bill Welch discussed with the board the processing of RUS loan document and contracts. Bill made recommendations for improved organizational structure to better handle the process which

would include creating the position of network supervision to oversee such projects and also to restructure the engineering department to do more of the work inhouse.

After discussion and upon a motion made by Mr. Combs and seconded by Mr. Clemons the following resolution was adopted and approved by all:

RESOLVED: To create the position of Network Supervisor and Administrative Assistant and restructure personnel in accordance at managers recommendations.

The manager gave updates on remodeling projects at the McKee headquarters building and PRTC building #2.

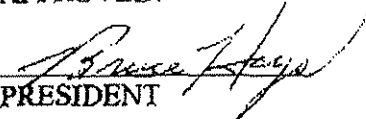
The manager gave a report on meetings he had attended since last board meeting.

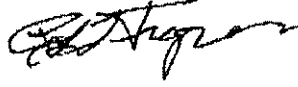
The manager gave report on a new 6% tax on Interstate long distance and 6% tax on Access Charges that are currently in the legislature.

The President announced that the next regular monthly meeting of the Board of Directors would be held in the Headquarters Building in McKee on May 8, 2000 at 1:00 p.m.

There being no further business to come before the meeting, it was upon a motion made by Mr. Hughes and seconded by Mr. Barrett that the meeting was adjourned.

APPROVED:

  
PRESIDENT

  
SECRETARY

(SEAL)

STATE OF KENTUCKY  
(SCT.  
COUNTY OF JACKSON

I, E. L. Hughes, duly certify that I am the duly elected, qualified, and the acting Secretary of the Peoples Rural Telephone Cooperative Corporation Inc., and the keeper of its records and that the above and foregoing is a true and correct copy of the proceedings and resolutions duly adopted at the meeting of the Board of Directors of the Peoples Rural Telephone Cooperative Corporation, Inc., McKee, Kentucky of this the 8th day of May 2000 at which time a quorum was formed and acting throughout.

(SEAL)



BOARD OF DIRECTORS OF THE  
PEOPLES RURAL TELEPHONE COOPERATIVE CORPORATION

The regular monthly meetin of the Board of Directors of the Peoples Rural Telephone Cooperative Corporation, Inc. was held at the Headquarters Building, McKee, Kentucky on November 13, 1995 at 1:00 P.M.

The following directors were present:

Bruce Hays, President  
Harold Combs, Vice President  
E. L. Hughes, Secretary  
Clint Barrett, Treasurer  
Lester Lakes  
Earl Clemons  
Lowell Wagner

Also in attendance were Charley Gray, Manager and Keith Gabbard

The minutes of the previous meeting were read by Mr. Combs, after discussion it was upon a motion made by mr. Clemons and seconded by Mr. Lakes that the following resolution was adopted:

RESOLVED: To approve the minukes of the previous meeting. Approved by all.

The Manager then reviewed with the Board, the expenditures and the adjustments of the subscriber accounts received for the month of October. After discussion, it was upon a motion made by Mr. Combs and duly seconded by Mr. Barrett that the following resolution was adopted.

REOLVED: That the expenditures and the adjustments to subscriber accounts as presented by the Manager be approved.

The Manager presented the applications for membership received since the last regular Board Meeting. After discussion, it was upon a motion made by Mr. Hughes and seconded by Mr. Wagner that the following resolution was adopted:

RESOLVED: That since the following named persons had written applications for membership in this corporation, had paid in full for a membership as required in the By-Laws, and had otherwise met with all of the requirements as provided in the By-Laws, said persons are hereby declared members:

Jim H. Evans  
Hugh Martin  
Thomas Walters  
Johnny Durham  
Penny Pollitt  
David Maggard  
Dwight Harrison  
JCHS Ag Dept.  
D & D Diner

Jack Holliday  
Robert A. Sutton  
Tara Hurst  
Discount Tobacco  
Roscoe Welch  
Rebecca Marcum  
Timothy Bingham  
Viola Gibbs  
Kenneth & Mary L. Collins

MEMBERSHIPS- continued

Edward P. Isaacs	Lonnie Cox
Owsley County Health Care Fax	Stringbean Memorial Festival
Lonnie Reed	Robert G. Maupin
Johnny R. Logsdon	Linda C Case
Leslie Mann	William Wombles
Ronald Coots	David Mathis
Sheri Wilson	Gray Hawk Food Mart
Kenneth Gilbert	Donald Goodman
Michelle Roberts	Richard W. Frazier
Jennifer Roe	Freddy S. McWhorter
Jennifer I. Mitchell	Donna Vanausdal
Lowell Cox	Jim I. Parrett
Jessie Gibson	Ritchie Caudill
Rebecca Black	Fannie Powell
NAPA Auto Parts & Svc.	NAPA Auto Parts & Svc.
Robert Isaacs	Gary C. Vaughn
Rebekah R. Allen	Daisy M. Roberts
Tiena Cole	Doug Marcus
Reynolds, Isaacs & Davis	Beverly Wilkinson
Robert Isaacs Fax	Ralph Brewer
Arthur G Croutcher	Annvilke Auto Mart Fax
Ky Farm Bureau Insurance	April Huff
Rhonda K. Farmer	John Poe
Eldon Browning	Morris Wilson
Mona Messer	Russell & Renee Riley
Brenda Sellers	Mary E. Justice
David K. Evans	Tina Truett
Image Entry Inc.	Image Entry Inc.
Image Entry Inc	Image Entry Inc.
Regina Williams	Carl F. Kerns
Shane & Kathy Chasteen	Jackson Manor
Gary E. Pickle	Brad Hornsby

The Manager reported a gain of 29 access lines

Upon a motion by Mr. Hughes and second by Mr. Wagner the following resolution was approved:

RESOLVED: To approve the operating report for September 1995 as presented by the manager.

Upon a motion made by Mr. Combs and seconded by Mr. Wagner the following resolution was approved:

RESOLVED: To employ Keith Gabbard as General Manager as of January 1, 1996 with a six months probation period. Approved by all.

Upon a motion made by Mr. Clemons and seconded by Mr. Hughes the following resolution was approved:

RESOLVED: To compile job descriptions with beginning and top pay scale for each job description. Also to include qualifications for these descriptions(education, experience etc.) and to be indexed in book form.

Upon a motion by Mr. Hughes and seconded by Mr. Lakes the following resolution was approved:

RESOLVED: To increase directors pay to \$200.00 per meeting as of January 1, 1996. Approved by all.

Upon a motion by Mr. Hughes and seconded by Mr. Combs the following resolution was approved:

RESOLVED: To set Keith Gabbard's salary at \$ 33,600.00 Approved by all.

Upon a motion by Mr. Lakes and seconded by Mr. Barrett the following resolution was approved:

RESOLVED: To accept the 1996 wages & salaries as recommended by the manager for all employees. Approved by all.

Upon a motion by Mr. Hughes and seconded by Mr. Combs the following resolution was approved:

RESOLVED: To use the cost of living as basis for raises in the future. (Profit or loss of the Coop. may alter this rule.) Approved by all.

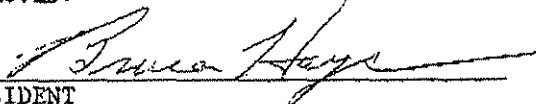
Upon a motion by Mr. Hughes and seconded by Mr. Combs the following resolution was approved:

RESOLVED: To hire Charley Gray as a consultant to Peoples Rural Telephone Coop. at an hourly wage of \$22.00 per hour plus expenses for 1 year. Approved by all.

The President announced that the next regular monthly meeting of the Board of Directors would be held at the Headquarters Building on December 11, 1995 at 1:00 P.M.

There being no further business to come before the meeting, it was upon a motion by Mr. Barrett and seconded by Mr. Hughes that the meeting was adjourned.

APPROVED:

  
PRESIDENT

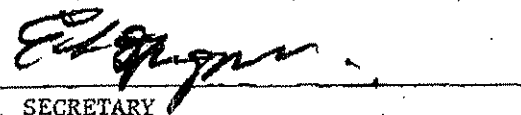
  
SECRETARY

(SEAL)

STATE OF KENTUCKY  
(SCT.  
COUNTY OF JACKSON

I, E.L. Hughes, duly certify that I am the duly elected, qualified and acting Secretary of the Peoples Rural Telephone Cooperative Corporation, Inc. and the keeper of its records and that the above and foregoing is a true and correct copy of the proceedings and resolutions duly adopted at the meeting of the Board of Directors of the Peoples Rural Telephone Cooperative Corporation, Inc., McKee, Kentucky of this the 13th day of November, 1995 at which time a quorum was formed and acting throughout.

(SEAL)

  
SECRETARY

ASSURANCES REQUIRED BY 49 CFR SECTION 24.4(a)

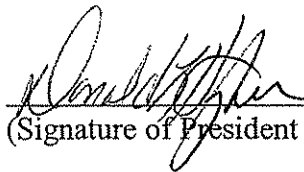
The Peoples Rural Telephone Coop Corp., Inc. assures that it will comply with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (Uniform Act), 42 U.S.C. 4601-4655, and with implementing Federal regulations in 49 C.F.R. Part 24 and 7 C.F.R. Part 21.

Specifically, the Peoples Rural Telephone Coop. Corp., Inc. assures that:

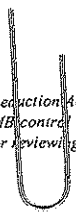
- (1) Whenever Federal Financial assistance is used to pay for any part of the cost of a program or project which will result in the displacement of any person;
  - (a) Fair and reasonable relocation payments and assistance will be provided to or for displaced persons in accordance with sections 202, 203, and 204 of the Uniform Act;
  - (b) Relocation assistance programs offering the services described in section 205 of the Uniform Act shall be provided to displaced persons; and,
  - (c) Within a reasonable period of time prior to displacement, comparable replacement dwellings will be available to displaced persons in accordance with section 205 (c) (3) of the Uniform Act.

1-14-2008

Date



(Signature of President or Authorized Official)



CERTIFICATION OF NONSEGREGATED FACILITIES


Peoples Rural Telephone Coop Corp, Inc (the "Applicant")

certifies that it does not maintain or provide for its employees any segregated facilities at any of its establishments, and that it does not permit its employees to perform their services at any location, under its control, where segregated facilities are maintained. The Applicant certifies further that it will not maintain or provide for its employees any segregated facilities at any of its establishments, and that it will not permit its employees to perform their services at any location, under its control, where segregated facilities are maintained. The Applicant agrees that a breach of this certification will constitute a violation of the Equal Opportunity Clause in any loan contract which Applicant may enter into, relating to a loan from the Rural Utilities Service to the Applicant. As used in this certification, the term "segregated facilities" means any waiting rooms, work areas, restrooms and washrooms, restaurants and other eating areas, timeclocks, locker rooms and other storage or dressing areas, parking lots, drinking fountains, recreation or entertainment transportation, and housing facilities provided for employees which are segregated by explicit directive or are in fact segregated on the basis of race, color, religion, of national origin, because of habit, local custom, or otherwise. The Applicant agrees that (except where it has obtained identical certifications from proposed contractors for specific time periods) it will obtain identical certifications from proposed contractors prior to the award of contracts exceeding \$10,000 which are not exempt) from the provisions of the Equal Opportunity Clause, and that it will retain such certifications in its files.

The execution of the foregoing certification has been duly approved and authorized by the board of directors of the Applicant at the meeting of such board of directors held on JAN 14, 2008.

Peoples Rural Tel Coop Corp, Inc

APPLICANT

By   
PRESIDENT

Date: 1-14-2008

**KY 514 P – Peoples Rural Telephone Coop. Corp., Inc.**  
McKee, Kentucky

System Design and Loan Application

RUS Form 675

CERTIFICATE OF AUTHORITY

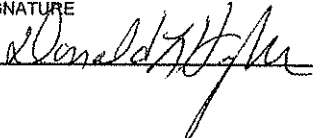
**On File with RUS**



According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0051. The time required to complete this information collection is estimated to average 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed and completing and reviewing the collection of information

United States Department of Agriculture Rural Utilities Service  <b>REQUEST FOR MAIL LIST DATA</b>		BORROWER DESIGNATION KY 514	
		TAX IDENTIFICATION NUMBER 61-0461840	
LEGAL NAME <u>peoples Rural Telephone Coop. Corp., Inc.</u>		PRIMARY E-MAIL ADDRESS\$ kgabbard@prtncet.org	
CORRESPONDENCE ADDRESS STREET 1 <u>PO Box 159</u> 2 3 CITY <u>McKee</u> STATE <u>KY</u> ZIP <u>40447</u>		WEBSITE URL www.prtncet.org	
		REGULAR BOARD MEETING HELD ON December 9, 2007	
PHYSICAL ADDRESS STREET 1 <u>US Hwy 421 S</u> 2 3 CITY <u>McKee</u> STATE <u>KY</u> ZIP <u>40447</u>		DATE SET FOR NEXT ANNUAL MEETING (mm-dd-yy) 10-18-2008	
		PHONE NO. (606) 287-7101	FAX NO. (606) 287-1111
CORPORATE OFFICIALS			
NAME (Salutation, First, Middle, and Last)		MAILING ADDRESS (include P.O. Box, Street Address or Rural Route, City, State, and Zip Code)	
MANAGER OR CEO <u>Mr. Keith Gabbard</u> TITLE <u>Manager</u>		STREET 1 <u>PO Box 159</u> 2 <u>US Hwy 421 S</u> 3 CITY <u>McKee</u> STATE <u>KY</u> ZIP <u>40447</u>	
PRESIDENT <u>Mr. Donald Hughes</u> TITLE <u>President-Booneville Board Member</u>		STREET 1 <u>PO Box 159</u> 2 <u>US Hwy 421 S</u> 3 CITY <u>McKee</u> STATE <u>KY</u> ZIP <u>40447</u>	
VICE PRESIDENT <u>Mr. Earl Clemons</u> TITLE <u>Vice President-McKee Board Member</u>		STREET 1 <u>PO Box 159</u> 2 <u>US Hwy 421 S</u> 3 CITY <u>McKee</u> STATE <u>KY</u> ZIP <u>40447</u>	
SECRETARY <u>Mr. Lowell Wagner</u> TITLE <u>Secretary-Annville Board Member</u>		STREET 1 <u>PO Box 159</u> 2 <u>US Hwy 421 S</u> 3 CITY <u>McKee</u> STATE <u>KY</u> ZIP <u>40447</u>	
TREASURER <u>Mr. Les Lakes</u> TITLE <u>Treasurer-Sand Gap Board Member</u>		STREET 1 <u>PO Box 159</u> 2 <u>US Hwy 421 S</u> 3 CITY <u>McKee</u> STATE <u>KY</u> ZIP <u>40447</u>	
<u>Mr. Bruce Hayes</u> TITLE <u>McKee Board Member</u>		STREET 1 <u>PO Box 159</u> 2 <u>US Hwy 421 S</u> 3 CITY <u>McKee</u> STATE <u>KY</u> ZIP <u>40447</u>	
<u>Mr. Donald Barrett</u> TITLE <u>Booneville Board Member</u>		STREET 1 <u>PO Box 159</u> 2 <u>US Hwy 421 S</u> 3 CITY <u>McKee</u> STATE <u>KY</u> ZIP <u>40447</u>	
<u>Mr. Nelson Bobrowski</u> TITLE <u>Booneville Board Member</u>		STREET 1 <u>PO Box 159</u> 2 <u>US Hwy 421 S</u> 3 CITY <u>McKee</u> STATE <u>KY</u> ZIP <u>40447</u>	
n/a TITLE _____		STREET 1 2 3 CITY _____ STATE _____ ZIP _____	
n/a TITLE _____		STREET 1 2 3 CITY _____ STATE _____ ZIP _____	

**CORPORATE OFFICIALS (Continue)**

NAME (Salutation, First, Middle, and Last)	MAILING ADDRESS (include P.O. Box, Street Address or Rural Route, City, State, and Zip Code)
n/a TITLE _____	STREET 1 2 3 CITY STATE ZIP
n/a TITLE _____	STREET 1 2 3 CITY STATE ZIP
n/a TITLE _____	STREET 1 2 3 CITY STATE ZIP
n/a TITLE _____	STREET 1 2 3 CITY STATE ZIP
RELATED ORGANIZATIONS	
NAME OF ORGANIZATION	MAILING ADDRESS (include P.O. Box, Street Address or Rural Route, City, State, and Zip Code)
ATTORNEY Allen Roberts	STREET 1 PO Box 759 2 US Hwy 421 S 3 CITY McKee STATE KY ZIP 40447 PHONE 606-287-5223
C.P.A. Allan Zumstein	STREET 1 1032 Chetford Drive 2 3 CITY Lexington STATE KY ZIP 40509 PHONE 859-264-7147
CONSULTING ENGINEER Ladd Engineering Associates, Inc.	STREET 1 3007A Park Central Avenue 2 3 CITY Nicholasville STATE KY ZIP 40356 PHONE 859-885-3322
DATE PREPARED (mm-dd-yy) 1-14-2008	SIGNATURE 
	TITLE President