# RECEIVED

MAR 2 6 2008

PUBLIC SERVICE COMMISSION

# EAST KENTUCKY NETWORK

d/b/a

APPALACHIAN WIRELESSS

# VINCENT CELLULAR TOWER APPLICATION

Owsley County, Kentucky P.S.C. CASE # 2008-00087

# RECEIVED

MAR 26 2008

PUBLIC SERVICE COMMISSION

| 1              | Notification/Response from County.  | j |
|----------------|---|---|
|                | Copies of Cell Site Notices.  |   |
| 5              | Universal Letter of Soil Bearing Analysis.  |   |
|                | Kentucky Airport Zoning Commission Application.   |   |
| 5              | Tower Design.   |   |
| - 6            | FAA Approval/Notice of Proposed Construction.   |   |
| $oldsymbol{Z}$ | Audited Financial Statements  |   |
| 8              | Driving Directions and Map to Suitable Scale.   |   |
| 9              | Deed/Lease Agreement for Proposed Site.   |   |
| 10             | Survey of Site Signed/Sealed by<br>Professional Engineer Registered in State<br>of Kentucky |   |
|                | Site Survey Map with Property Owners identified in Accordance with PVA of County.           |   |
| 12             | Vertical Profile Sketch of Proposed<br>Tower.   |   |

# COMMONWEALTH OF KENTUCKY BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

MAR 26 2008

PUBLIC SERVICE COMMISSION

In the matter of:

| THE APPLICATION OF EAST KENTUCKY NETWORK   | )                    |
|--|----------------------|
| LIMITED LIABILITY COMPANY FOR THE ISSUANCE | )                    |
| OF A CERTIFICATE OF PUBLIC CONVENIENCE AND | ) CASE No 2008-00087 |
| NECESSITY TO CONSTRUCT A TOWER IN OWSLEY   | )                    |
| COUNTY, KENTUCKY).                         |                      |

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

In an effort to improve service in Owsley County, East Kentucky Network, LLC Pursuant to KRS 278.020 Subsection 1 and 807 KAR 5:001 Section 9 is seeking the Commission's approval to construct a tower located near Vincent in Owsley County. The proposed tower will be a 300 foot self-supporting tower located on a ridge near Travelers Rest, Kentucky. (Latitude 37° 27' 49.2" Longitude: 83° 46' 21.6") A map and detailed directions to the site can be found in Exhibit 8.

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

FAA and Kentucky Airport Zoning Commission approvals have been applied for and a copy of the application is included as Exhibit 4 and 6.

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

A geologist was employed to determine soil and rock types and to ascertain the distance to solid bedrock. The geotechnical report is enclosed as Exhibit 3

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

The tower will be erected by A & D Communication of Cattlesburg, Kentucky. A & D has vast experience in the erection of communications towers.

Enclosed, and should be filed with Exhibit 10 is a survey of the proposed tower site signed by a Kentucky registered professional engineer. There is no structure within 500 feet of the proposed tower as indicated in this enclosure. Exhibit 2 is a list of all Property owners or residents according to the property valuation administrator's record who reside or own property within 500 feet of the proposed tower in accordance with the Public Valuation Administrator'. No other properties are contiguous with East Kentucky's property.

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

Pursuant to 807 KAR5:063 Sections1 (1)(L) and Section 1(1)(n)(1) all affected property owners according to the property valuation administrator's record who reside or own property within 500 feet of the proposed Tower were notified by certified mail return receipt requested of East Kentucky Network, LLC's proposed construction and informed of their right to intervene. They were given the docket number under which this application is filed. Enclosed in Exhibit 2 is a copy of that notification.

Owsley County has no formal local planning unit. In absence of this unit the Owsley

County Judge Executive's office was notified by certified mail, return receipt requested of East

Kentucky Network Limited Liability Company's proposal and informed of their right to intervene.

They were given the docket number under which this application is filed. Enclosed in Exhibit 1 is a copy of that notification.

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

Estimated Cost of Construction 140, 000.00 Annual Operation Expense of Tower 12,500.00

Two notice signs meeting the requirements prescribed by 807 KAR 5:063, Section 1(2), measuring at least two (2) feet in height and four (4) feet in width and containing all required language in letters of required height, have been posted, one at a visible location on the proposed site and one on the nearest public road. The two signs were posted on March 28, 2008 and will remain posted for at least two weeks after filing of this application as specified.

Enclosed in Exhibit 9 is a copy of East Kentucky Network LLC's deeds to the site.

Notice of the location of the proposed construction was published on the first 2 weeks of April in the Booneville Sentinel. Enclosed is a copy of that notice in Exhibit 1. Booneville is the newspaper with the largest circulation in Owsley County.

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

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

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

The foregoing document was prepared by Janice Robinson, Technical Site Coordinator for East Kentucky Network d/b/a Appalachian Wireless. All related questions or correspondence concerning this filing should be mailed to East Kentucky Network, LLC d/b/a Appalachian Wireless, 101 Technology Trail, Ivel, KY 41642.

| SUBMITTED BY: | Vanice Robinson, Cell Site Coordinator | DATE: <u>J3-J5-78</u> |
|---------------|--|-----------------------|
| APPROVED BY:  |  | DATE:                 |
|               | Gerald Robinette, General Manager      |                       |

## **Contacts:**

Gerald Robinette, General Manager

<u>Phone: (606) 791-2375, Ext. 111</u> <u>Email: grobinette110@ekn.com</u>

Janice Robinson, Technical Site Coordinator

Phone: (606) 791-2375, Ext. 166 Email: jrobinson166a@ekn.com

# **Mailing Address:**

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

f: 

EAST KENTUCKY NETWORK

101 TECHNOLOGY TRAIL

IVEL, KY 41642

PHONE: (606) 874-7550

FAX: 1606) 874-7551

INFO@EKN.COM

.E: WWW.EKN.COM



VIA: U.S. CERTIFIED MAIL

March 24, 2008

Cale Turner, County Judge Executive P. O. Box 749
Booneville, KY 41314

RE: Public Notice-Public Service Commission of Kentucky (Case No. 2008-00087)

East Kentucky Network, LLC d/b/a Appalachian Wireless has applied to the Public Service Commission of Kentucky for a Certificate of Public Convenience and Necessity to construct and operate a new facility to provide cellular telecommunications service. The facility will include a 300 foot self supporting tower with attached antennas extending upwards, and an equipment shelter located on a ridge near Vincent in Owsley County, Kentucky.(37°27'49.2"N 83°46'21.6"W). A map showing the location of the proposed new facility is enclosed. This notice is being sent to you because you are the present County Judge Executive of Owsley County.

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

Your comments and request for intervention should be addressed to: Executive Director's Office, Public Service Commission of Kentucky, P.O. Box 615, Frankfort, KY 40602. Please refer to Case No. 2008-00087 in your correspondence.

Sincerely,

Janice Robinson

Technical Site Coordinator

anice Kolinson

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

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



# Fax

| To:    | Booneville Sentinel         | From:  | JANICE ROBINSON          |
|--------|-----------------------------|--------|--------------------------|
|        | ATT: Advertising Department |        | Accounting Department    |
| Fax:   | 606-593-6638                | Phone: | 606-874-7550, Ext.166    |
| Phone: | 606-593-6627                | Pages: | 1 Pages (INCLUDING COVER |
| Re:    | PUBLIC NOTICE ADVERTISEMENT | Date:  |                          |

#### Nancy,

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

The notice should state the following:

## PUBLIC NOTICE:

RE: Public Service Commission of Kentucky (CASE NO. 2008-00087)

Notice is hereby given that East Kentucky Network, LLC, dba Appalachian Wireless has applied to the Kentucky Public Service Commission to construct a tower on a ridge at Vincent,, Kentucky near Travelers Rest in Owsley County. The proposed tower will be a 300 foot self-supporting tower with attached antennas extending upwards, and an equipment shelter (37° 27' 49.2" N 83° 46' 21.6"W).

If you would like to respond to this notice, please contact the Executive Director, Public Service Commission, 211 Sower Boulevard, P o Box 615, Frankfort, Kentucky 40602. Please refer to Case No. 2008-00087.

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

# Thank you, Janice Robinson

**Accounting Department** if you have any problems with this fax, please call 606/874-7550. The message above and the information contained in the documents transmitted are confidential and intended only for the person(s) named above. Dissemination, distribution or copying of this communication by anyone other than the person(s) named above is prohibited. If you have received this communication in error, please notify us immediately by telephone and return the original message to us at the address listed above via regular mail. Thank you.

\* \* \* Communication Result Report (Mar. 24. 2008 3:10PM) \* \* \* 3

a/Time: Mar. 24. 2008 3:09PM

| File<br>No. Mode | Destination | Pg(s) | Result | Page<br>Not Sent |
|------------------|-------------|-------|--------|------------------|
| 0669 Memory TX   | 6065936638  | P. 1  | OK     |                  |

Reason for error
E. 1) Hang up or line fail
E. 3) No answer
E. 5) Exceeded max. E-mail size

E. 2) Busy E. 4) No facsimile connection

 East Kentucky Network, LLC dibia Appelachiza Wireless 101 Technology Trail lvet, KY 41642

Phone: 608/874-7650 Fext: 606/791-2225



#### Fax

| Booneville Sentinel         | Fronz   | JANICE ROBINSON   |
|-----------------------------|---|---|
| ATT: Advertising Department |   | Accounting Department   |
| 608-693-6638                | Phones  | 606-874-7550, Ext.166   |
| 606-693-6827                | Pagess  | 1 Pages (INCLUDING COVER  |
| PUBLIC NOTICE ADVERTISEMENT | Date:   |   |
|                             | ATT: Advertising Dapartment<br>606-693-6628<br>606-693-6927 | ATT: Advertising Dapartment  606-593-6638 Phone:  606-593-6827 Pagest |

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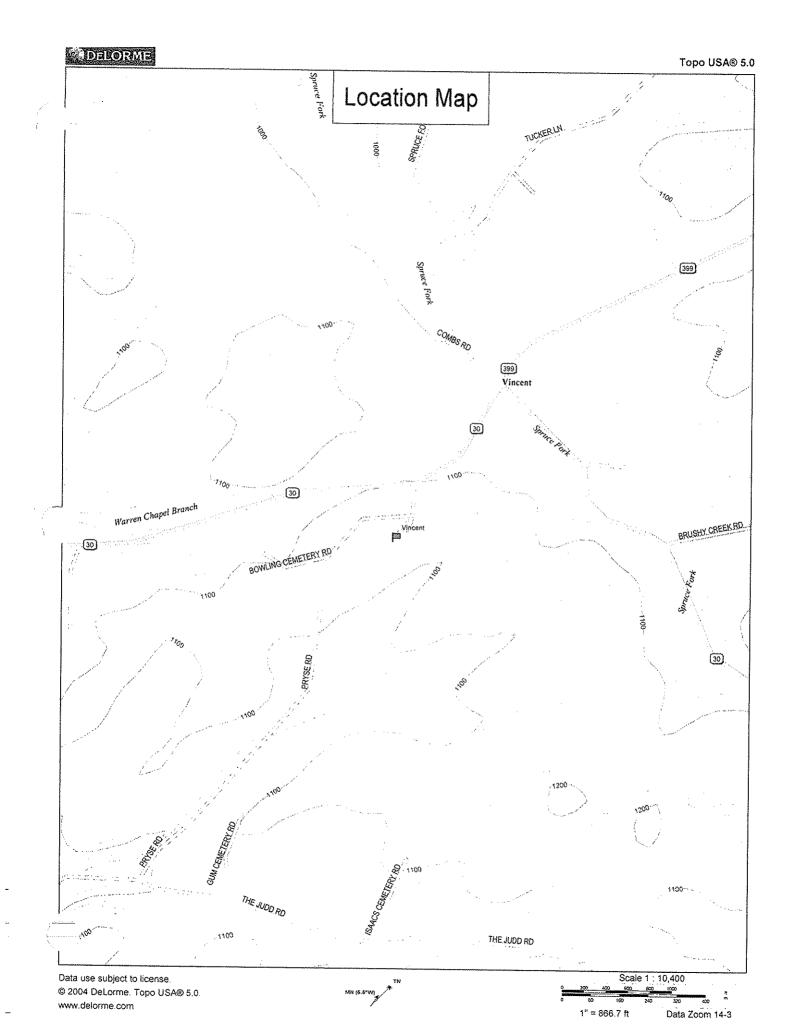
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If you have questions about the placement of the above mentioned notice, please call me at 606-791-2376, ext. 166.

## Thankyon, Janice Robinson

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Next Generation Communications



## **EXHIBIT II: LIST OF PROPERTY OWNERS:**

#### VINCENT SITE, OWSLEY COUNTY, KENTUCKY

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

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

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

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

#### LIST OF PROPERTY OWNERS

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

Ova Cornett Jr. P. O. Box 159 McKee, KY 40447

Charles Chadwell Hwy 11 Box 99B Booneville, KY 41314

Dorsie Price P. O. Box 21 Booneville, KY 41314

Betty Jean Bowling P. O. Box 25 Vincent, KY 41386

James Smith 1069 Forest Ave Hamilton, Oh 45015

Warrens Chapel Church C/O Jamie Brunk P. O. Box 100 Booneville, KY 41314 Earl Nyland P. O. Box 88 Vincent, KY 41386

Earl & Henrietta Long P. O. Box 88 Booneville, KY 41314

Howard Price P. O. Box 100C Booneville, KY 41314 EAST KENTUCKY NETWORK
101 TECHNOLOGY TRAIL
IVEL, KY 41642
PHONE: (606) 874-7550
(606) 874-7551
INFO@EKN.COM
Www.etkn.COM



VIA: U.S. CERTIFIED MAIL

#### PUBLIC NOTICE

March 24, 2008

James Smith 1069 Forest Ave. Hamilton, OH 45015

RE: Public Notice-Public Service Commission of Kentucky (Case No. 2008-00087)

East Kentucky Network, LLC d/b/a Appalachian Wireless has applied to the Public Service Commission of Kentucky for a Certificate of Public Convenience and Necessity to construct and operate a new facility to provide cellular telecommunications service. The facility will include a 300 foot self supporting tower with attached antennas extending upwards, and an equipment shelter located on a ridge near Vincent in Owsley County. (37° 27' 49.2" N, 83° 46' 21.6"W). A map showing the location of the proposed new facility is enclosed. This notice is being sent to you because you may own property or reside within a 500' radius of the proposed tower.

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

Your comments and request for intervention should be addressed to: Executive Director's Office, Public Service Commission of Kentucky, P.O. Box 615, Frankfort, KY 40602. Please refer to Case No. 2008-00087 in your correspondence.

Sincerely,

Janice Robinson

Technical Site Coordinator

EAST KENTUCKY NETWORK

101 TECHNOLOGY TRAIL

IVEL, KY 41642

PHONE: (606) 874-7550

Y: (606) 874-7551

INFO@EKN.COM

\* JTE: WWW.EKN.COM



VIA: U.S. CERTIFIED MAIL

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March 24, 2008

Betty Jean Bowling P. O. Box 25 Vincent, KY 41386

RE: Public Notice-Public Service Commission of Kentucky (Case No. 2008-00087)

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Sincerely,

Vanice Robinson

Technical Site Coordinator



## VIA: <u>U.S. CERTIFIED MAIL</u>

#### PUBLIC NOTICE

March 24, 2008

Dorsie Price P. O. Box 21 Booneville, KY 41314

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INFO@EKN.COM

Y: LOSTE: WWW.EKN.COM



#### VIA: U.S. CERTIFIED MAIL

#### PUBLIC NOTICE

March 24, 2008

Warrens Chapel Church C/O Jamie Brunk P. O. Box 100 Booneville, KY 41314

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March 24, 2008

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Sincerely,

Janice Robinson

Technical Site Coordinator

anice Rolesson



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March 24, 2008

Earl Nyland P. O. box 88 Vincent, KY 41386

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Technical Site Coordinator

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Charles Chadwell HWY 11, Box 99B Booneville, KY 41314

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Sincerely,

Janice Robinson

Technical Site Coordinator



VIA: <u>U.S. CERTIFIED MAIL</u>

#### **PUBLIC NOTICE**

March 24, 2008

Ova Cornett Jr. P. O. Box 159 Mckee, KY 40447

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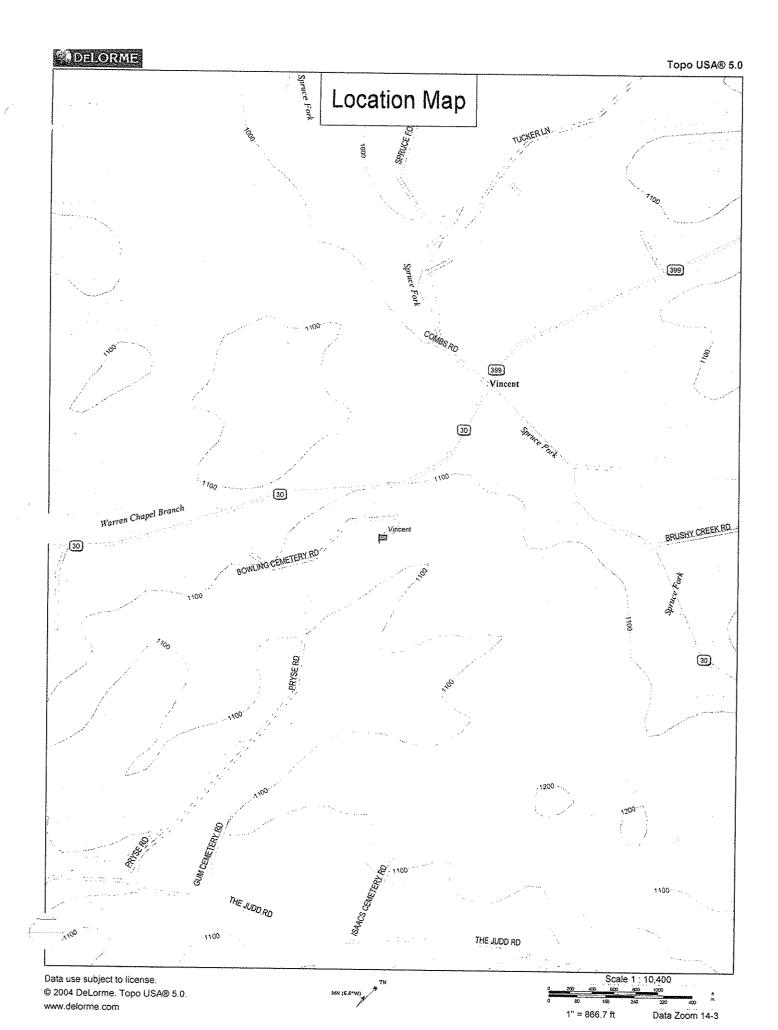
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Sincerely,

Íanice Robinson

Technical Site Coordinator

anice Kalimon



# WENDELL R. HOLMES, P.G.

120 Church Street Whitesburg, KY 41858 (606) 633-1511

February 20, 2008

Travelers Rest Tower Site

#### Purpose:

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

## Site Investigation:

The trenching method was used to determine the type of bedrock material at the proposed tower site. A Caterpillar 320 excavator was used to expose the bedrock material. It is approximately 4.00 foot to the sandstone bedrock. (See attached page for descriptions of materials encountered.) The terrain in Owsley County is slightly to moderately steep. The tower site is located on a point one mile northeast of Travelers Rest on KY 30. The sandstone formation below the tower site is approximately 10.00 feet thick based on the information obtained from the site investigation and geological maps of the area.

#### Conclusions:

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

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

Wendell Rose Francisco R. G.

# WENDELL R. HOLMES, P.G.

# 120 Church Street Apartment 3 Whitesburg, Ky. 41858 (606)633-1511

# **Geologist Log**

Location: Travelers Rest Tower Site

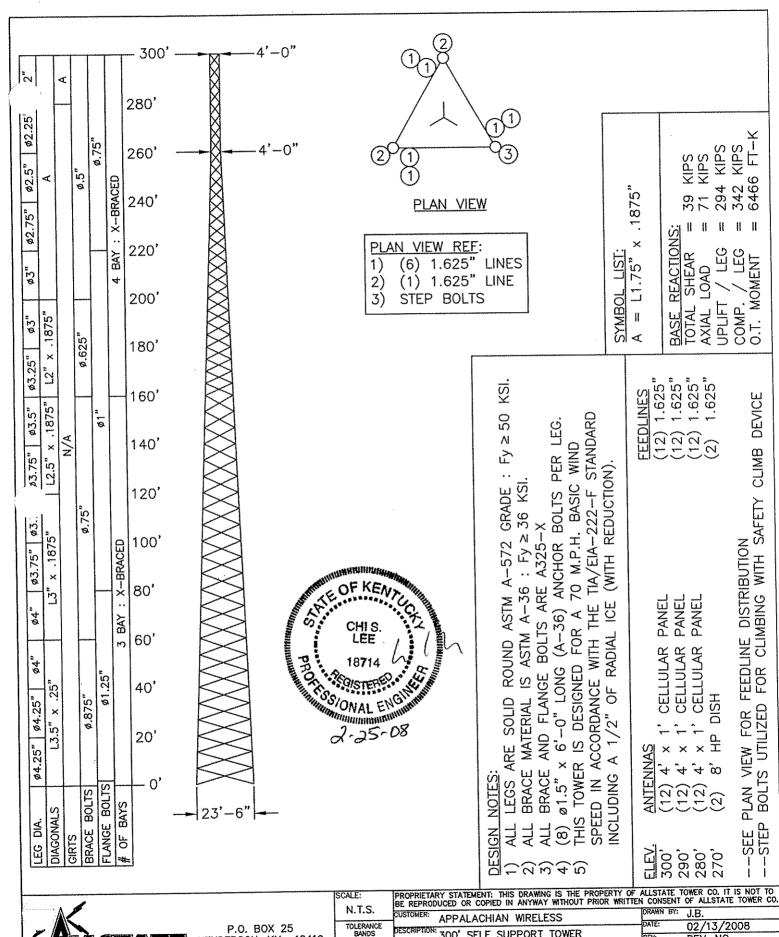
| Unit<br>Thickness | Total<br>depth | Strata    | Description                               |
|-------------------|----------------|-----------|---|
| 2.00′             | 2.00′          | Soil      | Yellow and Brown, with<br>Shale Fragments |
| 2.00′             | 4.00′          | shale     | yellow, gray and<br>Weathered             |
| 10.00′            | 14.00'         | sandstone | Brown and Gray                            |

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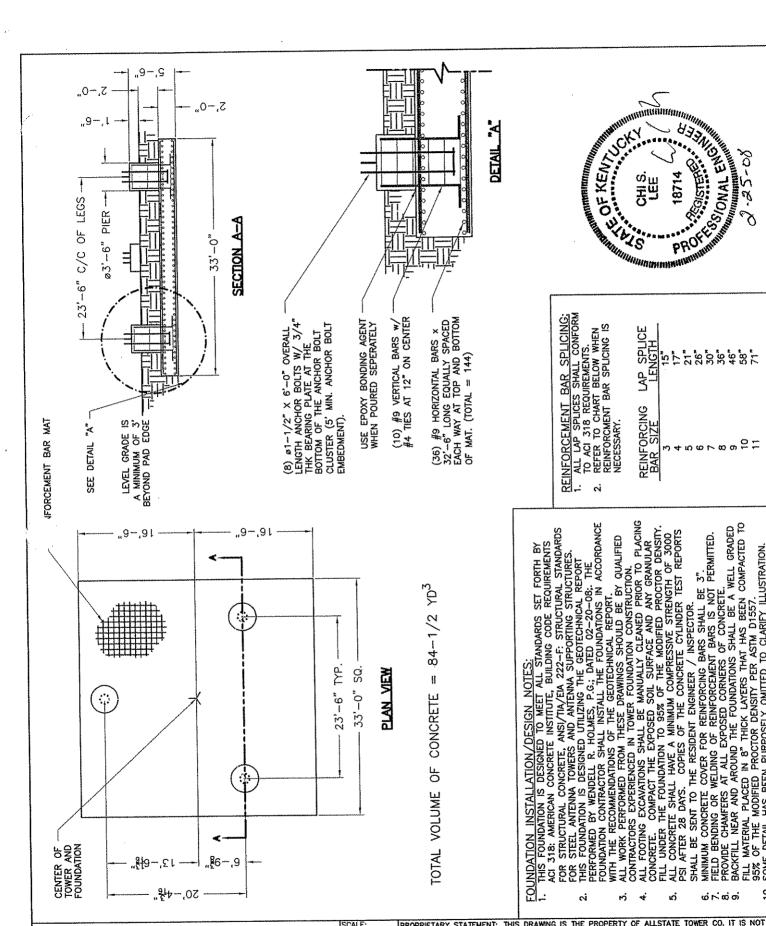
| Kentucky Transportation Cabinet, Kentucky Airport Zoning Commission, 200 Mero APPLICATION FOR PERMIT TO CONSTRUCT OR ALTER INSTRUCTIONS INCLUDED  |  |  |  |  |
|---|--|--|--|--|
| LICANT Name, Address, Telephone, Fax, etc Lucif Kentucky Network, LLC c/o Lukas, Nace, Gutierrez & Sachs, Chtd 1650 Tysons Blvd, Suite 1500 McLean, VA 22102 T: 703-584-8667 F: 703-584-8692  | 9 Latitude: 37 ° 27 49 2 ° 10 Longitude: 83 ° 46 21 6 ° 11. Datum: NADB3 NAD27 Other 12 Nearest Kentucky City: Vincent County Owsley   |  |  |  |
| 2. Representative of Applicant Name, Address, Telephone, Fax<br>Ali Kuzehkanani<br>Lukas, Nace, Gutierrez & Sachs, Chtd<br>1650 Tysons Blvd, Suite 1500<br>McLean, VA 22102<br>T: 703-584-8667 F: 703-584-8692  | 13. Nearest Kentucky public use or Military airport:  Julian Carroll  14. Distance from #13 to Structure: 26.5 miles  15. Direction from #13 to Structure: WSW  16. Site Elevation (AMSL): 1,195.00 Feet   |  |  |  |
| 3. Application for: ⊠ New Construction ☐ Alteration ☐ Existing 4. Duration: ⊠ Permanent ☐ Temporary (Months   | 17. Total Structure Height (AGL):  18. Overall Height (#16 + #17) (AMSL):  1,515.00 Feet  19. Previous FAA and/or Kentucky Aeronautical Study Number(s):  20. Description of Location: (Attach USGS 7.5 minute Quadrangle Map or an Airport layout Drawing with the precise site marked and any certified survey)  Site is located approx. 0.3 mi (0.5 km) south of Vincent (Owsley), KY |  |  |  |
| 22. Has a "NOTICE OF CONSTRUCTION OR ALTERATION" (FAA Form 7460-1  No Yes, When March 10, 2008  CERTIFICATION: I hereby certify that all the above statements made by me are  |  |  |  |  |
| Ali Kuzehkanani/ Dir of Engineering  Printed Name and Title  PENALTIES: Persons falling to comply with Kentucky Revised Statutes (KRS 183.861 through 183.990) and Kentucky Administrative Regulations (602 KAR 050:Series) are liable for fines and/or imprisonment as set forth in KRS 183.990(3). Non-compliance with Federal Aviation Administration Regulations may result in further penalties. |  |  |  |  |
| C mission Action: ☐ Chai ☐ Approved ☐ Disapproved   | rman, KAZC   |  |  |  |

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



SHALL BE SENT TO THE RESIDENT ENGINEER / INSPECTOR.
MINIMUM CONCRETE COVER FOR REINFORCING BARS SHALL BE 3".
FIELD BENDING OR WELDING OF REINFORCEMENT BARS IS NOT PERMITTED.
PROVIDE CHANFERS AT ALL EXPOSED CORNERS OF CONCRETE.
BACKFILL NEAR AND AROUND THE FOUNDATIONS SHALL BE A WELL GRADED FILL MATERIAL PLACED IN 8" THICK LAYERS THAT HAS BEEN COMPACTED TO 95% OF THE MODIFIED PROCTOR DENSITY PER ASTM D1557.
SOME DETAIL HAS BEEN PURPOSELY OMITTED TO CLARIFY ILLUSTRATION. ő ფ√. ფ. PROPRIETARY STATEMENT: THIS DRAWING IS THE PROPERTY OF ALLSTATE TOWER CO. IT IS NOT TO BE REPRODUCED OR COPIED IN ANYWAY WITHOUT PRIOR WRITTEN CONSENT OF ALLSTATE TOWER CO. DRAWN BY: J.B APPALACHIAN WIRELESS TOLERANCE
BANDS
ALL DIMENSIONS
ARE ±1/16"
ALL ANGULAR DIM
ARE ±1/2" UNLESS
OTHERWISE NOTED 02/22/2008 PAD/PIER FOUNDATION DESIGN REV. NO.
REV. DATE OWSLEY COUNTY, KY. VINCENT
| PROPOSAL # | AB1605 - FOUNDATION DESIGN В AF40823

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

N.T.S.

APPROX N/A

54 ( ) 1 constitution of the cons

# LUKAS, NACE, GUTIERREZ & SACHS

**ARTERED** 

WWW.FCCLAW COM

RUSSELL D LUKAS
DAVID L NACE
THOMAS GUTIERREZ\*
ELIZABETH R. SACHS\*
GEORGE L LYON, JR.
PAMELA L GIST
DAVID A LAFURIA
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JOHN J MCAVOY\*

HON. GERALD S MCGOWAN\*

TAMARA DAVIS-BROWN\*

\*NOT ADMITTED IN VA

Writers Direct Dial (703) 5848667 akuzehkanani@fcclaw.com

March 10, 2008

#### Via U.S. Mail

EXPRESS PROCESSING CENTER
Federal Aviation Administration
Southwest Regional Office
Air Traffic Airspace Branch, ASW-520
2601 Meacham Blvd.
Fort Worth, TX 76137-4298

Dear FAA Evaluator:

Enclosed is an FAA Form 7460-1 (Notice of Proposed Construction or Alteration) for a new 320' communications tower structure (300' tower plus 20' antenna) near Vincent (Owsley), Kentucky. The site ("Vincent") is approximately 0.3 mi (0.5 kilometer) south of town of Vincent.

The proponent, East Kentucky Network, LLC, is the licensee for Cellular Block B service in Kentucky 10 - Powell Rural Service Area (KY10B RSA), Market No. 452B. Transmit technology to be employed at this station is CDMA in the Cellular Band B frequency band (880 -890 MHz and 891 - 894 MHz); the maximum ERP is 500 Watts.

Should you have any questions or require additional information, please do not hesitate to call the undersigned at the above identified telephone number.

Sincerely,

Ali Kuzehkanani

Director of Engineering

uzeMkanami

Enclosure

cc: East Kentucky Network, LLC

Attention: Marty Thacker and Gerald Robinett

## Notice of Proposed Construction or Alteration - Off Airport

Project Name: EAST -000089917-08

Sponsor: East Kentucky Network, LLC

#### **Details for Case: Vincent**

Show Project Summary

**Case Status** 

ASN:

2008-ASO-1276-OE

Status:

Accepted

Date Accepted:

03/10/2008

Date Determined:

Letters:

None

**Construction / Alteration Information** 

Notice Of:

Construction

**Duration:** 

Permanent

if Temporary : Work Schedule - Start:

Months: Days:

Work Schedule - End:

04/01/2008

04/15/2008

State Filing:

Filed with State

**Structure Details** 

Latitude: Longitude: 37° 27' 49.2" N 83° 46' 21.6" W

**Horizontal Datum:** 

NAD83

Site Elevation (SE):

1195 (nearest foot) 320 (nearest foot)

Structure Height (AGL): Marking/Lighting:

Dual-red and medium intensity

**Nearest City:** 

Vincent Kentucky

**Nearest State:** 

Description of

Other:

Location:

Site is located approx. 0.3 mi (0.5 km) south of Vincent (Owsley),  $\rm KY$ 

Description of Proposal:

A new 300' tower with top-mounted antennas (overall height of 320')

**Structure Summary** 

Structure Type:

Tower

Structure Name:

Vincent

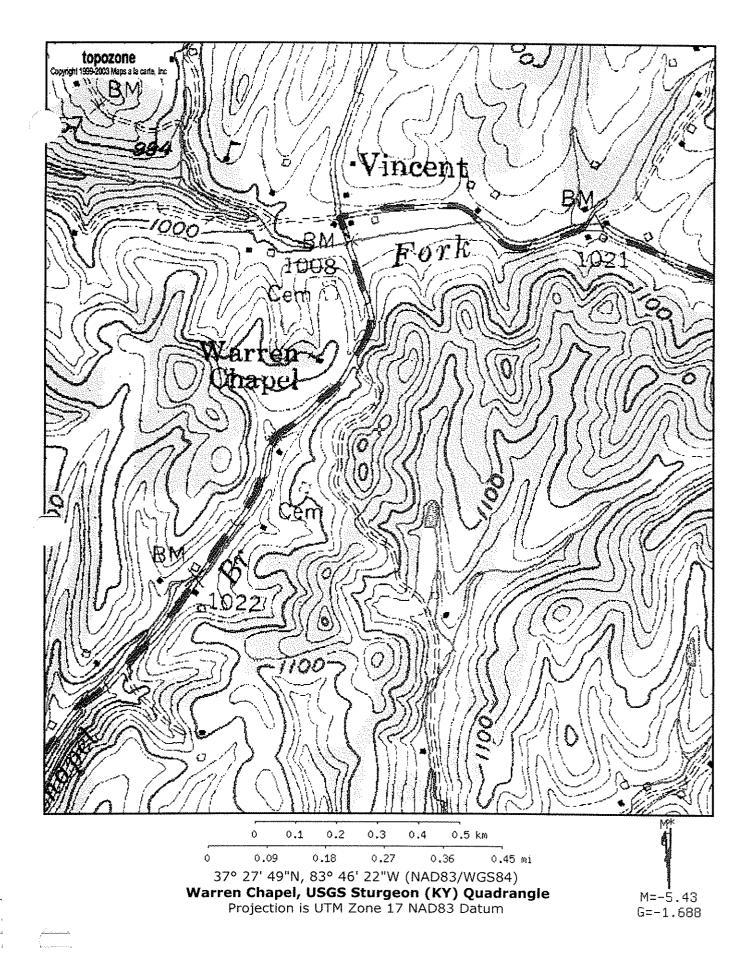
FCC Number:

Prior ASN:

**Common Frequency Bands** 

**Low Freq** 806 824 **ERP** Unit High Freq Freq Unit 500 500 500 MHz MHz 851 869 MHz MHz 930 931 932 935 MHz MHz 1000 3500 1640 1640 2000 2000 MHz MHz 940 1850 1910 1930 2305 2345 MHz

**Specific Frequencies** 



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FINANCIAL REPORT

December 31, 2006

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| SUPPLEMENTARY INFORMATION  |                            |
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#### INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying balance sheets of East Kentucky Network, LLC, dba Appalachian Wireless as of December 31, 2006 and 2005 and the related statements of income, members' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of East Kentucky Network, LLC, dba Appalachian Wireless as of December 31, 2006 and 2005 and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

\_ . . . . . . .

oner. Male : Mattingly Pic

Louisville, Kentucky March 15, 2007



### BALANCE SHEETS December 31, 2006 and 2005

| ASSETS  | 2006                 | 2005                 |
|---|----------------------|----------------------|
| CURRENT ASSETS  |                      |                      |
| Cash and cash equivalents                               | \$ 2,818,346         | \$ 1,046,669         |
| Short-term investments                                  | 46,271               | 43,803               |
| Accounts receivable, less allowance for doubtful        |                      |                      |
| accounts of \$567,790 in 2006 and \$375,856 in 2005     | 2,802,673            | 1,560,267            |
| Accounts receivable, members (Notes 5 and 6)            | 37,612               | 3,149                |
| USF receivable (Note 7)                                 | ess was              | 589,913              |
| Inventory   | 1,584,039            | 1,056,766            |
| Prepaid expenses  | <u>173,657</u>       | 143,547              |
| · Total current assets                                  | \$ 7,462,598         | <u>\$ 4,444,114.</u> |
| PROPERTY, PLANT AND EQUIPMENT (Note 3)                  |                      |                      |
| Plant in service:                                       |                      |                      |
| General support   | \$ 18,914,927        | \$ 10,633,736        |
| MTSO equipment  | 13,354,875           | 11,934,434           |
| Cell equipment  | 39,339,797           | 34,785,982           |
| Paging equipment  | 3,321,068            | 3,320,416            |
| Fiber ring  | 6,471,128            | 6,245,412            |
| Unfinished plant  | 657,524              | 3,992,696            |
| •   | \$ 82,059,319        | \$ 70,912,676        |
| Less accumulated depreciation                           | 33,358,066           | 27,810,940           |
| ,   | \$ 48,701,253        | \$ 43,101,736        |
|   |                      |                      |
| OTHER ASSETS  |                      |                      |
| Investment in affiliated company, RTFC (Note 3)         | \$ 862,394           | \$ 875,133           |
| Intangible assets, net of accumulated amortization      |                      |                      |
| of \$2,646,913 in 2006 and \$2,179,654 in 2005 (Note 2) | 4,497,032            | 4,623,855            |
| Other   | 27,550               | 28,669               |
|   | \$ 5,386,976         | \$ 5,527,657         |
|   | <u>\$ 61.550,827</u> | \$ 53,073.507        |

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

<u>\$ 61,550,827</u> <u>\$ 53,073,507</u>

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

| D דיין זון גריין זון איין דיין דיין דיין דיין דיין דיין דיי | 2006                | 2005                      |
|---|---------------------|---------------------------|
| REVENUE   | A 04 176 000        | # ## 000 EEO              |
| Retail  | \$ 24,156,320       | \$ 20,908,570             |
| Roamer  | 6,964,309           | 6,868,904                 |
| Long distance   | 155,046             | 177,350                   |
| Paging  | 852,011             | 1,039,429                 |
| Equipment sales, cellular                                   | 2,922,817           | 2,152,962                 |
| Equipment sales, paging                                     | 27,894              | 57,632                    |
| Other   | 3,065,078           | 2,359,809                 |
| Total revenue   | \$ 38,143,475       | \$ 33,564,656             |
| EXPENSES  |                     |                           |
| Cost of cellular service                                    | \$ 7,888,446        | \$ 7,924,553              |
| Cost of paging service                                      | 411,177             | 510,665                   |
| Cost of equipment sales, cellular                           | 6,813,457           | 4,912,998                 |
| Cost of equipment sales, paging                             | 58,755              | 78,428                    |
| Customer service  | 1,330,573           | 1,208,726                 |
| Billing   | 1,097,834           | 1,200,135                 |
| Selling   | 2,703,570           | 2,131,009                 |
| Maintenance   | 1,267,034           | 1,042,844                 |
| Utilities   | 454,008             | 354,870                   |
| Bad debts   | 800,268             | 672,263                   |
| Recovery of bad debts                                       | (90,925)            | (120,673)                 |
| Cell site rental  | 158,500             | 135,012                   |
| Taxes   | 565,271             | 257,247                   |
| Advertising   | 1,574,298           | 1,139,697                 |
| General and administrative                                  | 2,238,348           | 2,249,226                 |
| Occupancy   | 334,981             | 359,928                   |
| Depreciation  | 5,541,628           | 4,635,200                 |
| Amortization  | 508,526             | 495,241                   |
| Total expenses  | \$ 33,655,749       | \$ 29,187,369             |
| rotat expenses  | <u> </u>            | \$ 29,187,509             |
| Income from operations                                      | \$ 4,487,726        | \$ 4,377,287              |
| OTHER INCOME (EXPENSE)                                      |                     |                           |
| Interest income   | \$ 49,052           | \$ 23,915                 |
| Interest expense  | (821,277)           | (795,898)                 |
| Universal Service Fund income (Note 7)                      | 3,716,602           | 589,913                   |
| Impairment of goodwill (Note 8)                             | 3,710,002           |                           |
| mibannien of Bootam (More 9)                                | \$ 2,944,377        | (331,286)<br>\$ (513,356) |
|   | \$ 2,944,377        | \$ (513,356)              |
| Income before taxes   | \$ 7,432,103        | \$ 3,863,931              |
| Kentucky corporation tax expense                            | 399,157             | 170,197                   |
| Net income  | <u>\$ 7,032,946</u> | \$ 3,693,734              |

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

## STATEMENTS OF MEMBERS' EQUITY Years Ended December 31, 2006 and 2005

|   | Cellular<br>Services,                | Gearhart<br>Communi-<br>cations<br>Company, | Mountain<br>Tele-<br>communi-<br>cations, | Thacker-<br>Grigsby<br>Telephone     | Peoples Rural Telephone Coop- erative Corp- oration, | Total                                  |
|---|--------------------------------------|---|---|--------------------------------------|--|--|
|   | Inc.                                 | Inc.  | Inc.                                      | Co., Inc.                            | Inc.   | Total                                  |
| Balance, January 1, 2005 Net income Capital distributions | \$ 6,781,309<br>738,747<br>(112,287) | \$ 6,781,309<br>738,747<br>(112,287)        | \$ 6,781,309<br>738,747<br>(112,287)      | \$ 6,781,309<br>738,746<br>(112,287) | \$ 6,781,308<br>738,747<br>(112,287)                 | \$33,906,544<br>3,693,734<br>(561,435) |
| Balance, December 31, 2005                                | \$ 7,407,769                         | \$ 7,407,769                                | \$ 7,407,769                              | \$ 7,407,768                         | \$ 7,407,768   | \$37,038,843                           |
| Net income  | 1,406,589                            | 1,406,589                                   | 1,406,589                                 | 1,406,590                            | 1,406,589  | 7,032,946                              |
| Capital distributions                                     | (110,812)                            | (110,812)                                   | (110,812)                                 | (110,812)                            | (110,812)  | (554,060)                              |
| Balance, December 31, 2006                                | \$ 8,703,546                         | \$ 8,703,546                                | \$ 8,703,546                              | \$ 8,703,546                         | \$ 8,703,545   | \$43,517,729                           |

## STATEMENTS OF CASH FLOWS Years Ended December 31, 2006 and 2005

| •  | 2006            | 2005                |
|--|-----------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES                     |                 |                     |
| Net income   | \$ 7,032,946    | \$ 3,693,734        |
| Adjustments to reconcile net income to net cash provided |                 |                     |
| by operating activities:                                 |                 | 4.60 5.000          |
| Depreciation   | 5,541,628       | 4,635,200           |
| Amortization   | 508,526         | 495,241             |
| Impairment of goodwill                                   |                 | 331,286             |
| Changes in assets and liabilities, net of the effects    |                 |                     |
| of investing and financing activities:                   | (4.0.40.40.40   | (50.2(5)            |
| (Increase) in accounts receivable                        | (1,242,406)     | (78,367)            |
| Decrease in accounts receivable, members                 | (34,463)        | 51,248              |
| (Increase) decrease in USF receivable                    | 589,913         | (589,913)           |
| (Increase) in inventory                                  | (527,273)       | (230,130)           |
| (Increase) decrease in prepaid expenses                  | (30,110)        | 5,012               |
| (Increase) decrease in other assets                      | 13,858          | (646)               |
| Increase (decrease) in accounts payable                  | 315,266         | (291,123)           |
| Increase (decrease) in accounts payable, member          | (37)            | 2,332               |
| . Increase in accrued expenses                           | 656,067         | 339,038             |
| Increase in accrued state corporation taxes              | 146,168         | 85,989              |
| Increase in customer deposits                            | <u>26,223</u>   | 139,030             |
| Net cash provided by operating activities                | \$ 12,996,306   | \$ 8,587,931        |
| CASH FLOWS FROM INVESTING ACTIVITIES                     |                 |                     |
| Purchase of property, plant and equipment                | \$ (11,182,411) | \$ (11,469,668)     |
| Purchase of intangible assets                            | (340,437)       | (299,159)           |
| Proceeds from sale of short-term investments             | (2,468)         | 56,197              |
| Net cash (used in) investing activities                  | \$ (11,525,316) | \$ (11,712,630)     |
| CASH FLOWS FROM FINANCING ACTIVITIES                     |                 |                     |
| Capital distributions                                    | \$ (554,060)    | \$ (561,435)        |
| Proceeds from long-term borrowings                       | 14,200,000      | 3,450,000           |
| Payments on long-term borrowings                         | (13,345,253)    | (832,731)           |
| Net cash provided by financing activities                | \$ 300,687      | \$ 2,055,834        |
| Net increase (decrease) in cash and cash equivalents     | \$ 1,771,677    | \$ (1,068,865)      |
| Cash and cash equivalents:                               |                 |                     |
| Beginning  | 1,046,669       | 2,115,534           |
| Ending   | \$ 2.818,346    | <u>\$ 1.046.669</u> |

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

|   | 2006              | 2005              |
|---|-------------------|-------------------|
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION Cash payments for interest | <u>\$ 866,941</u> | <u>\$ 788,610</u> |
| Cash payments for state corporation taxes                                   | \$ 167,000        | \$ 84.207         |
| SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES         | ф                 | \$ 400,000        |
| Settlement of note payable from impairment of goodwill                      | 3                 | _3400.000_        |
| Settlement of accrued interest from impairment of goodwill                  | \$                | <u>\$ 56.000</u>  |

#### NOTES TO FINANCIAL STATEMENTS

#### · Note 1. Summary of Significant Accounting Policies

Nature of operations

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

#### Cash

The Company maintains its cash balances, which exceed the \$100,000 federally insured limit, with several financial institutions. These financial institutions have strong credit ratings and management believes that credit risk related to the accounts is minimal.

#### Cash equivalents

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

#### Short-term investments

Certificates of deposit having original maturities between three and nine months are classified as short-term investments, are carried at cost, which approximates fair value, and are held to maturity.

#### Inventory

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

#### Property, plant and equipment

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

#### Investment

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

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

#### Intangible assets

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

#### Recognition of revenue

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

#### Advertising

Advertising costs are expensed as incurred. At December 31, 2006 and 2005, these costs were \$1,574,298 and \$1,139,697, respectively.

#### Income taxes

Under existing provisions of the Internal Revenue Code, the income or loss of a limited liability company is recognized by the members for income tax purposes. Accordingly, no provision for federal income taxes has been provided for in the accompanying financial statements. Effective for years beginning on or after January 1, 2005, the State of Kentucky enacted legislation which now provides for the taxation of limited liability companies' at the entity level. The accompanying financial statements include the related state tax liability under the new regulations.

#### Use of estimates

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

#### Note 2. Intangible Assets

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

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

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

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

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

#### Year ending December 31:

| 2006 | \$<br>450,000 |
|------|---------------|
| 2007 | 450,000       |
| 2008 | 450,000       |
| 2009 | 450,000       |
| 2010 | 450,000       |

Note 3. Long-Term Debt

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

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

- (a) On February 28, 2006, the Company borrowed \$14,200,000 to restructure its debt. The note is payable in 10 annual installments of \$1,200,000 for 2007, \$1,400,000 for 2008 through 2012, and \$1,500,000 for 2013 through 2016, with a variable interest rate. The note is collateralized by the assets of the Company.
- (b) The notes payable to Rural Telephone Finance Cooperative (RTFC) were secured by mortgage and security agreements that include substantially all of the assets of the Company. In addition, the Company was required to purchase equity certificates in RTFC equal to 5% of the total amounts borrowed. The notes were payable in quarterly installments over 15 years with interest at variable or fixed rates set by RTFC. The notes were paid in full on March 1, 2006.

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

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

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

#### Year ending December 31:

| 2006 | \$<br>1,200,000 |
|------|-----------------|
| 2007 | 1,400,000       |
| 2008 | 1,400,000       |
| 2009 | 1,400,000       |
| 2010 | 1,400,000       |

#### Note 4. Retirement Plans

The Company has a 401(k) plan for qualifying employees who have reached twenty-one years of age. Eligible employees are allowed to invest up to 15% of their compensation and the Company has agreed to match 100% of the first 3% of the employees' contribution and 50% of the employees' contribution between 3% and 5%. The Company contributed \$73,607 and \$67,460 matching funds for its 401(k) plan during the years ended December 31, 2006 and 2005, respectively.

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

The Company contributed \$259,859 and \$221,669 to its retirement savings plan during the years ended December 31, 2006 and 2005, respectively.

#### Note 5. Related Party Transactions

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

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

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

The Company pays commissions to two of it members for phone sales to customers. The amount of commissions paid to related parties was \$45,484 and \$43,873 for 2006 and 2005 respectively.

#### Note 6. Operating Leases

The Company has entered into operating leases with its members and other customers to provide fiber optic transmission capacity and ancillary services. The terms of these leases are for 15 years.

Total rental income earned from these operating lease commitments included in the statements of income were \$1,130,809 and \$1,254,902 for the years ended December 31, 2006 and 2005, respectively. Rental income earned from the Company's members from these leases was \$631,789 and \$713,599 for the years ended December 31, 2006 and 2005, respectively.

Investments in operating leases are as follows at December 31:

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

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

#### Note 6. Operating Leases (Continued)

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

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

#### Note 7. Eligible Telecommunication Carrier

During the prior year, the Company was granted Eligible Telecommuniation Carrier (ETC) status by the Kentucky Public Service Commission. As an ETC, the Company receives funding from the federal Universal Service Fund (USF) to support the high cost of providing local telephone service in rural areas. USF payments amounted to \$3,716,602 and \$589,913 for 2006 and 2005 respectively.

#### Note 8. Impairment of Goodwill

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

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

| Goodwill         | \$<br>787,286 |
|------------------|---------------|
| Note payable     | (400,000)     |
| Accrued interest | <br>(56,000)  |
|                  | \$<br>331,286 |

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# Directions to Vincent Site

From the Courthouse in Owsley County Kentucky Take route 30 West 6.4 miles to Judd Rd. Turn left onto Judd Rd . And continue for .05 miles or First Gravel Rd. on left. Turn Left onto gravel Rd. and continue to the site.

Directions were written by,

Marty Thacker Appalachian Wireless 606-438-2355 Ext. 111 (office) 606-634-9505 (cell phone) m.thacker@tgtel.com (email)

www.delorme.com

## DEED

This deed made and entered into this <u>28</u> day of <u>November</u>, 2007, by and between, of **OVA CORNETT**, **JR. and SHEILA CORNETT**, **his wife**, of P.O. Box 866, Booneville, Kentucky 41314, parties of the first part, and EAST KENTUCKY NETWORK, LLC, d/b/a APPALACHIAN WIRELESS by and through GERALD F. ROBINETTE, General Manager, of 101Technology Trail, Ivel Kentucky 41642, party of the second part,

WITNESSETH: For and in consideration of the sum of Nine Thousand Dollars (\$9,000.00), cash in hand paid, the receipt of which is hereby acknowledged, the parties of the first part do hereby sell, grant and convey to the party of the second part, its heirs and assigns forever, the following described property, to-wit:

A certain tract or parcel of land, lying and being on Pryse Road, approximately 0.07 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, 20 feet East of centerline Pryse Road, no deed of record found, 8 feet East of centerline gravel driveway, a corner to Earl and Henrietta Long, D.B. 52, Pg. 612, thence leaving said Long and parallel to the centerline of Pryse Road, N 27-10-29 E, 33.96 feet to a point, thence N 37-50-18 E, 24.83 feet to a point, thence N 44-28-19 E, 17.87 feet to a point, thence N 54-42-41 E, 27.78 feet to a point, thence N 63-10-34 E, 25.13 feet to a point, thence N 71-12-13 E, 58.42 feet to a point, thence N 66-59-24 E, 22.76 feet to a point, thence N 59-02-52 E, 30.78 feet to a point, thence N 50-28-33 E, 33.98 feet to a point, thence N 45-18-48 E, 51.74 feet to a point, thence N 39-19-34 E, 36.57 feet to a point, thence N 33-13-34 E, 33.37 feet to a point, thence N 24-31-03 E, 33.87 feet to a point, thence N 13-25-32 E, 27.07 feet to a point, thence N 05-21-21 E, 25.50 feet to a steel rebar set, a corner to the Ova Cornett, Jr. reserve parcel, D.B. 73, Pg. 730, Deed Ten, Will Bk. 7, Pg. 622, thence leaving said Pryse Road and severing the land of said Ova Cornett, Jr. with all new lines, S 66-50-06 E, 80.91 feet to a steel rebar set, S 59-28-35 E, 136.95 feet to a steel rebar set, thence S 17-31-24 W, 247.06 feet to a steel rebar set, in barbed wire fence, a corner to Earl and Betty Nyland, D.B. 68, Pg. 462, thence leaving said Ova Cornett Jr. reserve parcel, and with lines of said Nyland, N 88-21-03 W, 106.19 feet to a steel rebar set, in old barbed wire fence, thence S 83-37-06 W, 71.08 feet to a steel rebar set, in said old barbed wire fence, 14 feet Southeast of centerline ridge, thence S 60-25-47 W, 67.53 feet to a steel rebar set, in said old barbed wire fence, 12 feet Southeast of centerline said ridge, thence S 36-01-40 W, 44.61 feet to a steel rebar set, in said old barbed wire fence, a corner to said Earl and Henrietta Long, thence leaving said Nyland and with a line of said Long, N 65-05-16 W, 192.39 feet to the Place of Beginning and containing two and twenty-eight hundredths (2.28) acres more or less, with all bearings referred to the 2007 magnetic meridian, as observed on October 5, 2007, 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 5, 2007.

There is also, 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 steel rebar set, the 2<sup>nd</sup> corner to the above described parcel of land, thence with Pryse Road, N 03-00-00 W, 22.28 feet to a point, thence leaving said Pryse Road, S 66-50-06 E, 92.02 feet to a point, thence S 59-28-35 E, 138.23 feet to a point, thence S 30-31-25 W, 20.00 feet to a steel rebar set, the 4<sup>th</sup> corner to

the above described parcel of land, thence with lines of same, N 59-28-35 W, 136.95 feet to a steel rebar set, the 3<sup>rd</sup> corner to the above described parcel of and, thence N 66-50-06 W, 80.91 feet to the Place of Beginning, with all bearings referred to the 2007 magnetic meridian, as observed on October 5, 2007, 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 5, 2007.

Grantors reserve all the gas, oil, and any other minerals.

Being a part of Deed Ten conveyed to Ova Cornett by deed from Bill B. Pierson, Trustee of the Conley B. and Emma G. Pierson Revocable Living Trust, dated March 27, 2000, and recorded in Deed Book 73, Page 730, Owsley County Clerk's Office. See Will of Ova Cornett in Will Book 7, Page 622, Owsley County Clerk's Office.

TO HAVE AND TO HOLD all of the above described real property together with all of the rights, privileges, appurtenances, and improvements thereunto belonging unto the Grantee and its heirs and assigns with covenant of general warranty of title.

We, OVA CORNETT, JR. and SHEILA CORNETT, Grantors, and EAST KENTUCKY NETWORK, LLC, d/b/a APPALACHIAN WIRELESS by and through GERALD F. ROBINETTE, General Manager, Grantee, do hereby certify, pursuant to KRS Chapter 382, that the above-stated consideration in the amount of \$9,000.00 is the true, correct and full consideration paid for the property herein conveyed. We further certify our understanding that falsification of the stated consideration or sale price or estimated value is a Class D Felony, subject to one to five years imprisonment and fines up to \$10,000.00.

IN TESTIMONY WHEREOF, witness our signatures this 28 day of Wovemby, 2007.

THIS INSTRUMENT PREPARED BY:

WADE RASNER

ATTORNEY AT LAW

P.O. BOX 278

**BOONEVILLE, KY 41314** 

(606) 593-6300

FAX: (606) 593-7830

PREPARED WITHOUT

ABSTRACT OF TITLE

EAST KENTUCKY NETWORK,

LLC, d/b/a APPALACHIAN WIRELESS

by and through

GERALD F. ROBINETTE,

General Manager

OVA CORNETT, JR.

chil. 1

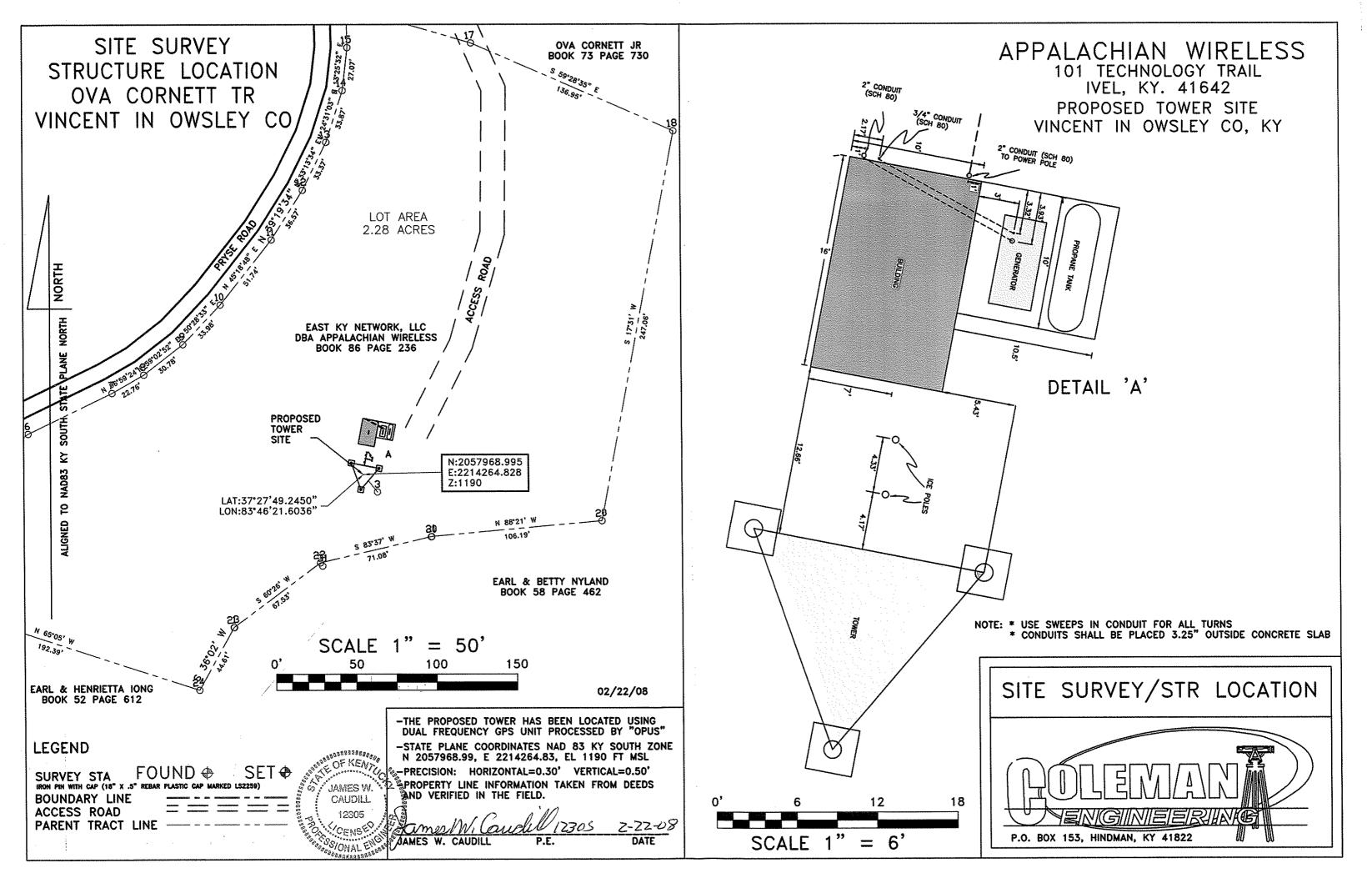
SHEILA CORNETT

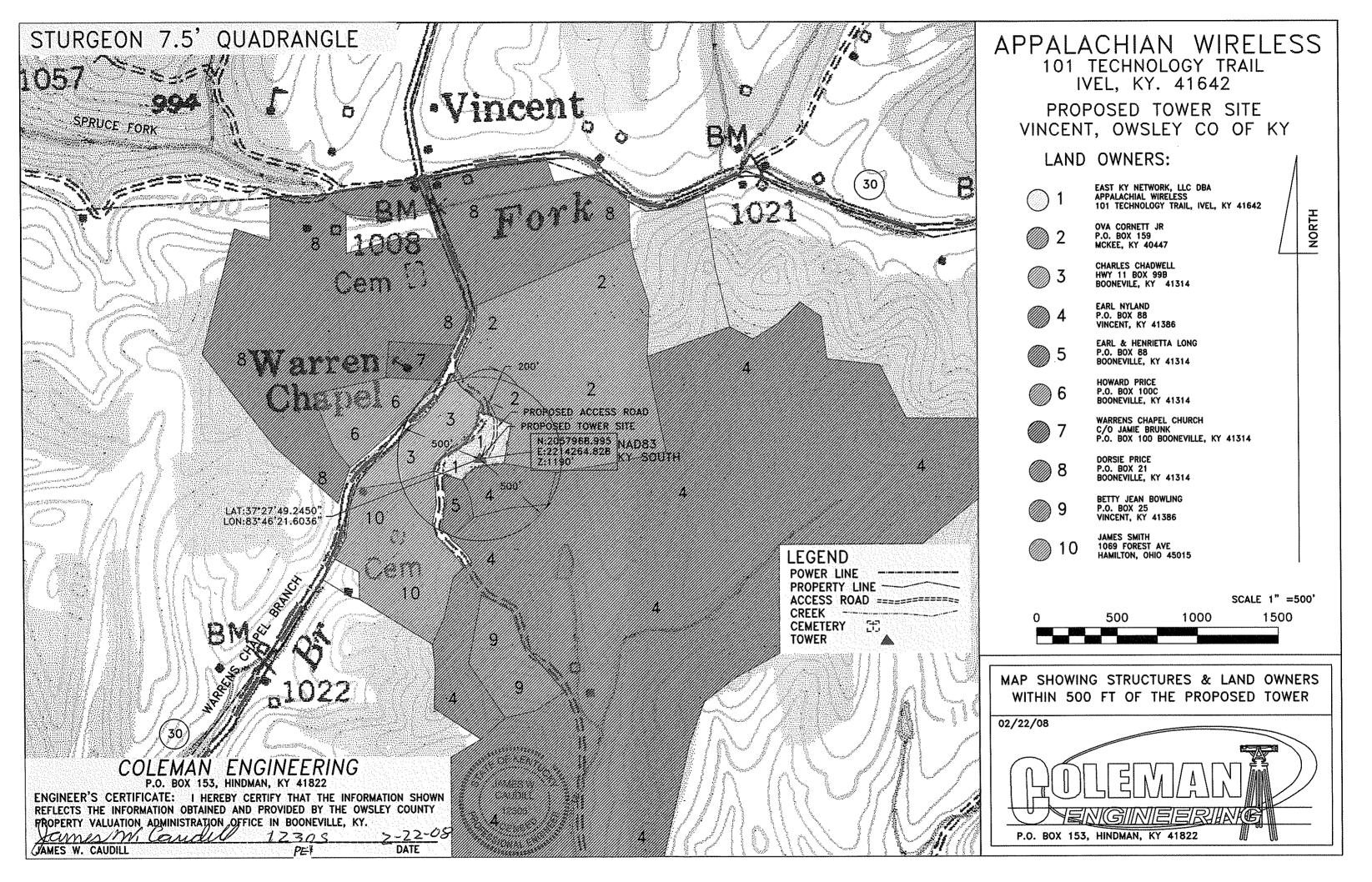
GERALD F. ROBINETTE

| I, Wade Rassa, Notary Public for the County and State aforesaid, do certify that the foregoing Deed from OVA CORNETT, JR. and SHEILA CORNETT to EAST KENTUCKY NETWORK, LLC, d/b/a APPALACHIAN WIRELESS by and through GERALD F. ROBINETTE, General Manager, was produced to me in said County and acknowledged, sworn to, and delivered by OVA CORNETT, JR. and SHEILA CORNETT, parties grantors thereto to be their free and voluntary act and deed.  Given under my hand this 23 day of VOV., 2007. |
|---|
| Wade Rasner   |
| NOTARY PUBLIC My Commission Expires: タースーク 7  |
| STATE OF KENTUCKY   |
| COUNTY OF Floyd   |
| Subscribed and sworn to before me by EAST KENTUCKY NETWORK, LLC, d/b/a APPALACHIAN WIRELESS by and through GERALD F. ROBINETTE, General Manager, who properly identified himself to me, this 25 day of November, 2007.  |
| Trees M. Opel   |
| NOTARY PUBLIC  My Commission Expires: June 22, 2009   |
|   |
| STATE OF KENTUCKY   |
| COUNTY OF OWSLEY  |
| I, Sch Color County Court for the County aforesaid, do certify that the foregoing deed was lodged for record on the day of 2007; and that the foregoing and this certificate have been duly recorded in Deed Book 86. Page 236, records of this office.   |
| Witness my hand this 28 day of 100, 2027.   |
| CLERK   |
| CLEME   |

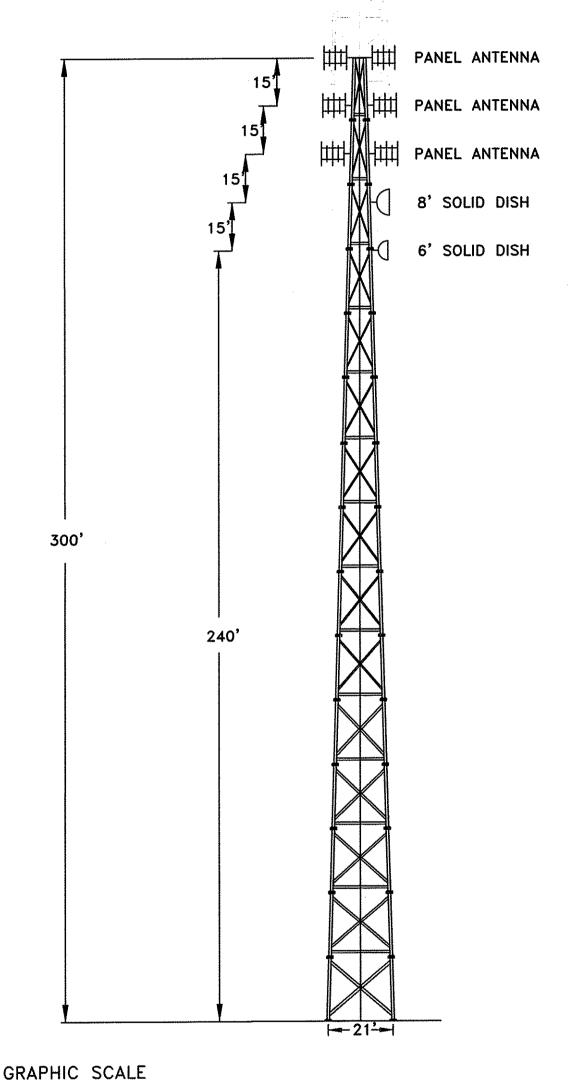
D.C.

STATE OF KENTUCKY

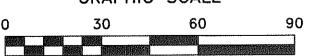




# APPALACHIAN WIRELESS 101 TECHNOLOGY TRAIL IVEL, KY. 41642 PROPOSED TOWER SITE OVA CORNETT Tr. in VINCENT in OWSLEY COUNTY



02/22/08



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

