

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

BONANZA
CELLULAR TOWER
APPLICATION

Floyd County, Kentucky
P.S.C. Case # 2013-00137

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

RECEIVED
SEP 04 2013
PUBLIC SERVICE
COMMISSION

In the matter of:

THE APPLICATION OF EAST KENTUCKY NETWORK)
LIMITED LIABILITY COMPANY FOR THE ISSUANCE)
OF A CERTIFICATE OF PUBLIC CONVENIENCE AND) CASE No 2013-00137
NECESSITY TO CONSTRUCT A TOWER IN FLOYD)
COUNTY, KENTUCKY).

East Kentucky Network, LLC, d/b/a Appalachian Wireless, was granted authorization to provide cellular service in the KY-9 Cellular Market Area (CMA451) by the Federal Communications Commission (FCC). FCC license is included as Exhibit 1. East Kentucky Network, LLC merger documents were filed with the Commission on February 2, 2001 in Case # 2001-022.

In an effort to improve service in Floyd County, East Kentucky Network, LLC pursuant to KRS 278.020 Subsection 1 and 807 KAR 5:001 Section 9 is seeking the Commission's approval to construct a 300 foot self-supporting tower on a tract of land located approximately 2.1 miles from the junction of Hwy 114 and Route 1427 on State Road Fork, Bonanza, Floyd County, Kentucky (37°41'36.7"N 82°53'56.9"W). A map and detailed directions to the site can be found in Exhibit 8.

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

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

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

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

Notice of the location of the proposed construction was published in the Floyd County Times' August 28th & 30th and September 4th & 6th editions. Enclosed is a copy of that notice in Exhibit 3. The Floyd County Times is the newspaper with the largest circulation in Floyd County.

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

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

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

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

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

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

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

Two notice signs meeting the requirements prescribed by 807 KAR 5:063, Section 1(2), measuring at least two (2) feet in height and four (4) feet in width and containing all required language in letters of required height, have been posted, one at a visible location on the proposed site and one on the nearest public road. The two signs were posted on May 9, 2013 and will remain posted for at least two weeks after filing of this application as specified.

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

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

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

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

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

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

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

SUBMITTED BY: Lynn Haney DATE: 8/27/13
Lynn Haney, Compliance Coordinator

APPROVED BY: Gerald F. Robinette DATE: 8-27-13
Gerald Robinette, General Manager

CONTACT INFORMATION:

Gerald Robinette, General Manager
Phone: (606) 477-2355, Ext. 110
Email: grobinette110@ekn.com

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

Mailing Address:

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

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

ULS License

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

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

Market

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

Dates

Grant	08/30/2011	Expiration	10/01/2021
Effective	08/30/2011	Cancellation	

Five Year Buildout Date

10/23/1996

Control Points

1 U.S. 23, HAROLD, KY

Licensee

FRN	0001786607	Type	Limited Liability Company
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Licensee

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

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

Radio Service	Mobile
Type	
Regulatory Status	Common Carrier Interconnected Yes

Alien Ownership

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

Basic Qualifications

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

EXHIBIT II: LIST OF PROPERTY OWNERS:

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

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

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

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

LIST OF PROPERTY OWNERS

Appalachian Coal Co.
Town Mountain Road
Pikeville, KY 41501

Jot M. Marsillette
220 Marsillete Dr.
Prestonsburg, KY 41653

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

EAST KENTUCKY
NETWORK



VIA: U.S. CERTIFIED MAIL

August 26, 2013

Appalachian Coal Co.
Town Mountain Road
Pikeville, KY 41501

RE: Public Notice-Public Service Commission of Kentucky (Case No. 2013-00137)

East Kentucky Network, LLC d/b/a Appalachian Wireless is applying to the Public Service Commission of Kentucky for a Certificate of Public Convenience and Necessity to construct and operate a new facility to provide cellular telecommunications service in Floyd County. The facility will include a 300 foot self supporting tower with attached antennas extending upwards, and an equipment shelter on a tract of land located approximately 2.1 miles from the junction of Hwy 114 and Route 1427 on State Road Fork, Bonanza, Floyd County, Kentucky. A map showing the location of the proposed new facility is enclosed. This notice is being sent to you because you may own property or reside within a 500' radius of the proposed tower.

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

Your comments and request for intervention should be addressed to: Executive Director's Office, Public Service Commission of Kentucky, P.O. Box 615, Frankfort, KY 40602. Please refer to Case No. 2013-00137 in your correspondence.

If you have any questions for East Kentucky Network, LLC, please direct them to my attention at the following address: East Kentucky Network, LLC, 101 Technology Trail, Ivel, KY 41642 or call me at 606-477-2355, Ext. 1007.

Sincerely,

Lynn Haney
Compliance Coordinator

Enclosure 1

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

EAST KENTUCKY
NETWORK



VIA: U.S. CERTIFIED MAIL

August 26, 2013

Jot M. Marsillette
220 Marsillette Dr.
Prestonsburg, KY 41653

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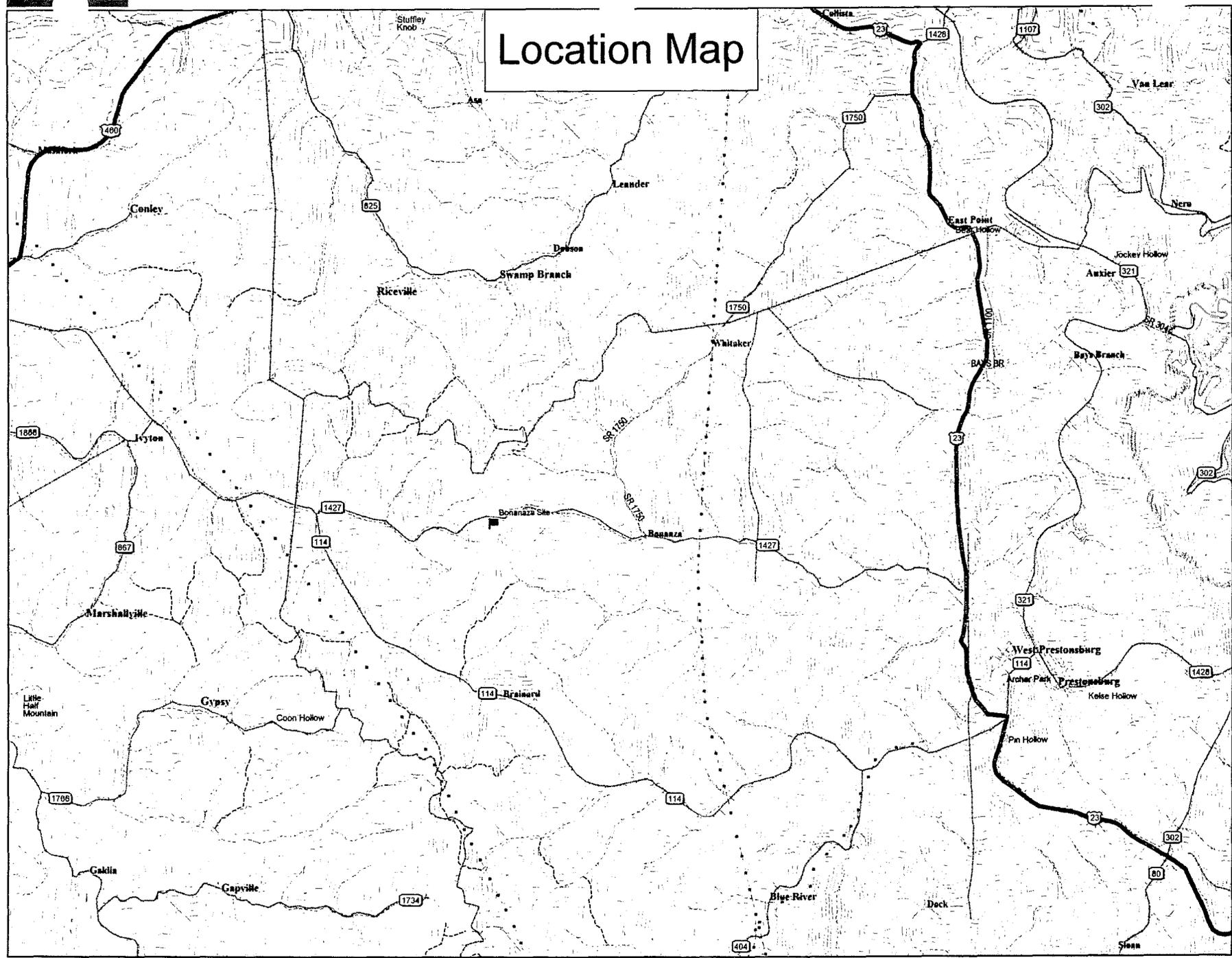
If you have any questions for East Kentucky Network, LLC, please direct them to my attention at the following address: East Kentucky Network, LLC, 101 Technology Trail, Ivel, KY 41642 or call me at 606-477-2355, Ext. 1007.

Sincerely,

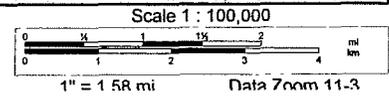
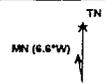
Lynn Haney
Compliance Coordinator

Enclosure 1

Location Map



Data use subject to license.
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 www.delorme.com



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

EAST KENTUCKY
NETWORK



VIA: U.S. CERTIFIED MAIL

August 26, 2013

Robert D. Marshall, Judge Executive
149 S Central Ave
Prestonsburg, KY 41653

RE: Public Notice-Public Service Commission of Kentucky (Case No. 2013-00137)

East Kentucky Network, LLC d/b/a Appalachian Wireless has applied to the Public Service Commission of Kentucky for a Certificate of Public Convenience and Necessity to construct and operate a new facility to provide cellular telecommunications service in Floyd County. The facility will include a 300 foot self-supporting tower with attached antennas extending upwards, and an equipment shelter on a tract of land located approximately 2.1 miles from the junction of Hwy 114 and Route 1427 on State Road Fork, Bonanza, Floyd County, Kentucky. A map showing the location of the proposed new facility is enclosed. This notice is being sent to you because you are the County Judge Executive of Floyd County.

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

Your comments and request for intervention should be addressed to: Executive Director's Office, Public Service Commission of Kentucky, P.O. Box 615, Frankfort, KY 40602. Please refer to Case No. 2013-00137 in your correspondence.

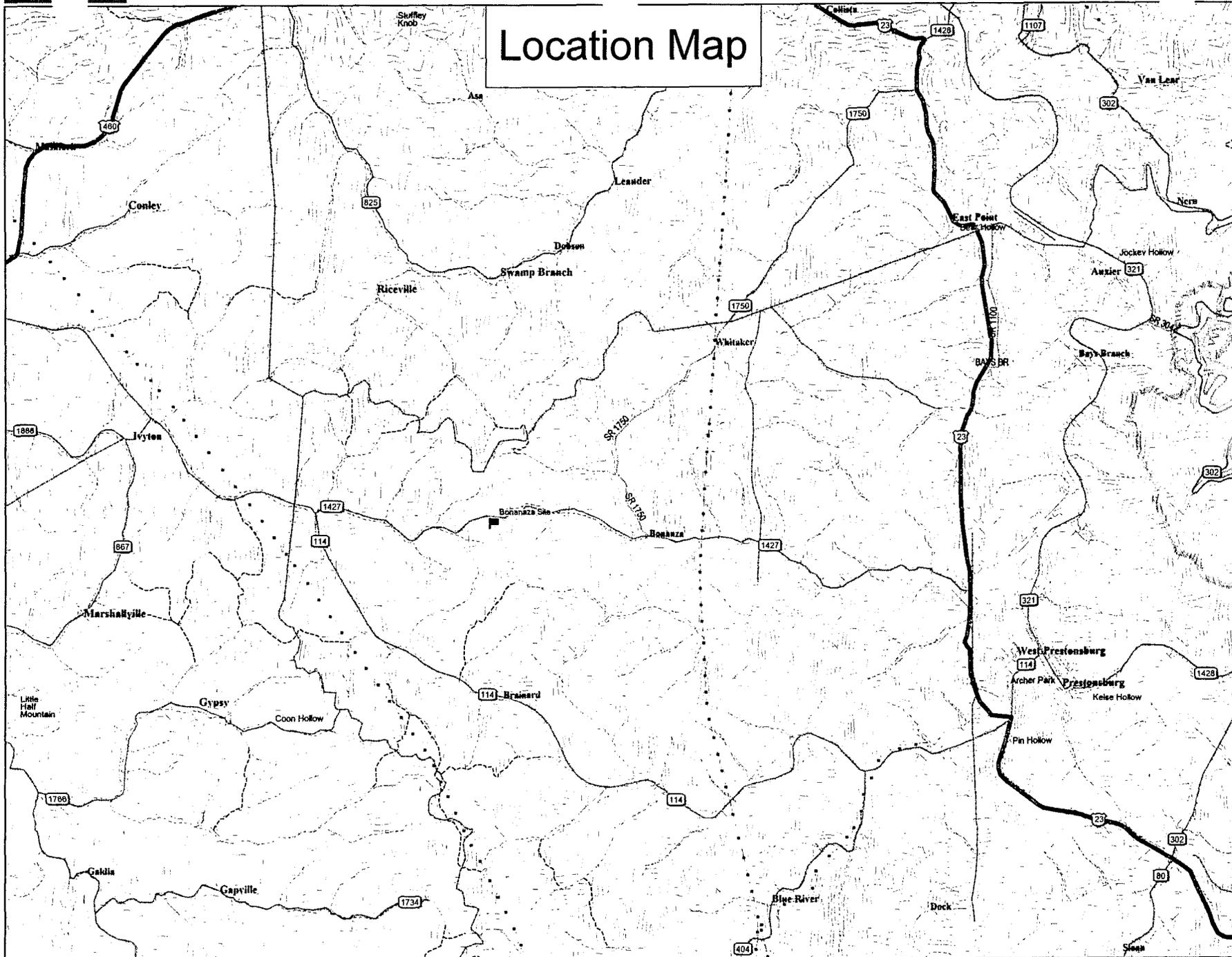
If you have any questions for East Kentucky Network, LLC, please direct them to my attention at the following address: East Kentucky Network, LLC, 101 Technology Trail, Ivel, KY 41642 or call me at 606-477-2355, Ext. 1007.

Sincerely,

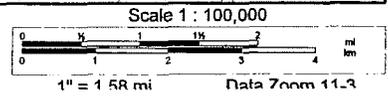
Lynn Haney
Compliance Coordinator

Enclosure 1

Location Map



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 www.delorme.com



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

EAST KENTUCKY
NETWORK



To:	Floyd County Times Attn: Classifieds	From:	Lynn Haney Compliance Coordinator
Email:	fctclassifieds@civitasmedia.com	Date:	August 26, 2013
Re:	PUBLIC NOTICE ADVERTISEMENT	Pages:	1

Please place the following Public Notice Advertisement in the Floyd County Times to be ran for 2 weeks.

PUBLIC NOTICE:

RE: Public Service Commission of Kentucky (CASE NO. 2013-00137)

Public Notice is hereby given that East Kentucky Network, LLC, dba Appalachian Wireless has applied to the Kentucky Public Service Commission to construct a cellular telecommunications tower on a tract of land located approximately 2.1 miles from the junction of Hwy 114 and Route 1427 on State Road Fork, Bonanza, Floyd County, Kentucky. The proposed tower will be a 300 foot self-supporting tower with attached antennas. If you would like to respond to this notice, please contact the Executive Director, Public Service Commission, 211 Sower Boulevard, PO Box 615, Frankfort, Kentucky 40602. Please refer to Case No. 2013-00137.

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

Thank you,

Lynn Haney
Compliance Coordinator

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

Next Generation Communications

WENDELL R. HOLMES, P.G.

424 Pear Street
Hazard, KY 41701
March 22, 2013

Bonanza Tower Site

Purpose:

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

Site Investigation:

The trenching method was used to determine the type of bedrock material at the proposed tower site. A Caterpillar excavator was used to expose the bedrock material. It is approximately 3.6 feet to the shale bedrock. (See attached page for descriptions of materials encountered.)

The terrain in Floyd County is slightly to moderately steep. The tower site is located on top of a ridge 2.1 miles east of the junction of KY 114 and KY 1427 near the confluence of State Road Fork and Middle Creek near the community of Bonanza in Floyd County. The shale formation below the tower site is approximately 10.00 feet thick based on the information obtained from the site investigation and geological maps of the area.

Conclusions:

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

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

Wendell R. Holmes, P.G.



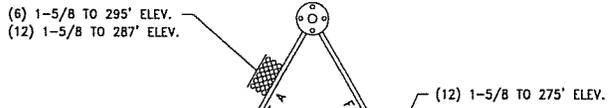
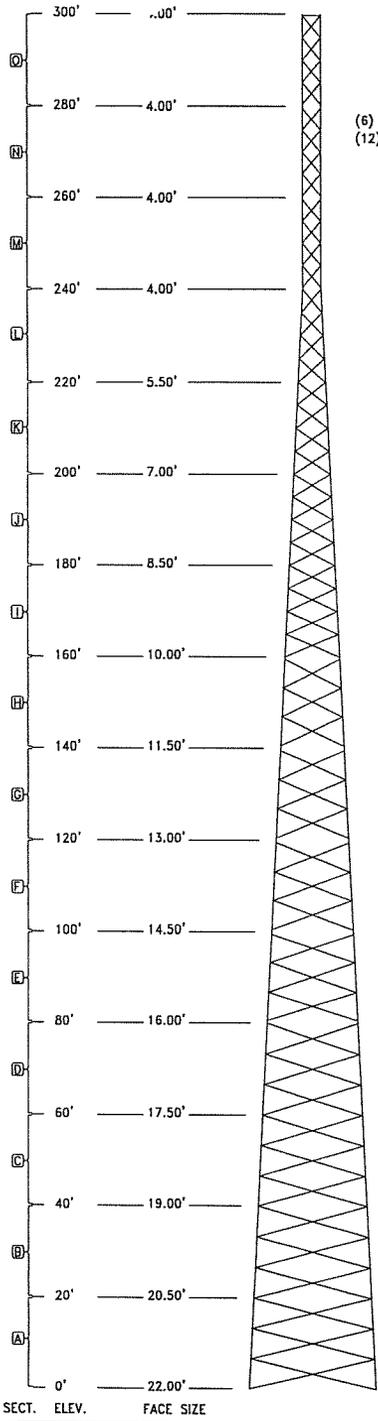
WENDELL R. HOLMES, P.G.

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

Geologist Log

Location: Bonanza Tower Site

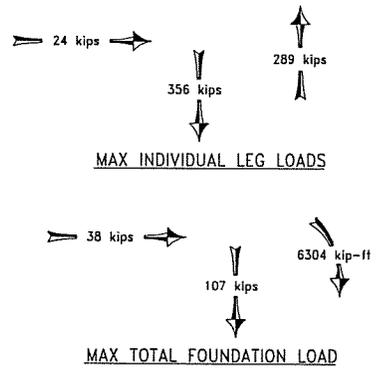
Unit Thickness	Total depth	Strata	Description
3.60'	3.60'	Soil	Brown with Shale and Plant Fragments
10.00'	13.60'	Shale	Weathered, and Gray



- (6) 1-5/8 TO 295' ELEV.
- (12) 1-5/8 TO 287' ELEV.
- (12) 1-5/8 TO 275' ELEV.
- (6) 1-5/8 TO 255' ELEV.
- (1) 1-5/8 TO 215' ELEV.
- (1) 1-5/8 TO 195' ELEV.
- (1) 1-5/8 TO 175' ELEV.
- (1) 1-5/8 TO 115' ELEV.
- (1) 1-5/8 TO 95' ELEV.
- (1) 1-5/8 TO 75' ELEV.

FEEDLINE DISTRIBUTION INFORMATION

THE TOWER STRUCTURE IS DESIGNED ACCORDING TO THE FEEDLINE DISTRIBUTION INFORMATION PROVIDED.



MEMBER CHART

SECTION	ELEVATION	FACE SIZE	LEGS	DIAGONALS	HORIZONTALS	SECTION WEIGHT (lbs.)
A	0' - 20'	22.00' - 20.50'	4-1/2	L 3-1/2 x 3-1/2 x 1/4	N/A	5800
B	20' - 40'	20.50' - 19.00'	4-1/4	L 3-1/2 x 3-1/2 x 1/4	N/A	5300
C	40' - 60'	19.00' - 17.50'	4-1/4	L 3 x 3 x 1/4	N/A	4800
D	60' - 80'	17.50' - 16.00'	4-1/4	L 3 x 3 x 1/4	N/A	4700
E	80' - 100'	16.00' - 14.50'	4	L 3 x 3 x 3/16	N/A	3900
F	100' - 120'	14.50' - 13.00'	4	L 2-1/2 x 2-1/2 x 3/16	N/A	3600
G	120' - 140'	13.00' - 11.50'	4	L 2-1/2 x 2-1/2 x 3/16	N/A	3500
H	140' - 160'	11.50' - 10.00'	3-3/4	L 2-1/2 x 2-1/2 x 3/16	N/A	3100
I	160' - 180'	10.00' - 8.50'	3-1/2	L 2 x 2 x 3/16	N/A	2700
J	180' - 200'	8.50' - 7.00'	3-1/4	L 1-3/4 x 1-3/4 x 3/16	N/A	2300
K	200' - 220'	7.00' - 5.50'	3-1/4	L 1-3/4 x 1-3/4 x 3/16	N/A	2200
L	220' - 240'	5.50' - 4.00'	3	L 1-3/4 x 1-3/4 x 3/16	N/A	1900
M	240' - 260'	4.00'	3	L 1-3/4 x 1-3/4 x 3/16	N/A	1800
N	260' - 280'	4.00'	2-1/2	L 1-3/4 x 1-3/4 x 3/16	N/A	1400
O	280' - 300'	4.00'	2	L 1-3/4 x 1-3/4 x 3/16	L 1-3/4 x 1-3/4 x 3/16	900

ANTENNA INFORMATION

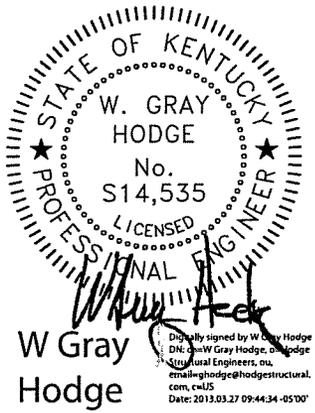
ANTENNA	ELEVATION	LINE
(6) 4' PANELS	● 300'	(6) 1-5/8
(12) 4' PANELS	● 292'	(12) 1-5/8
(12) 4' PANELS	● 280'	(12) 1-5/8
(6) 4' PANELS	● 260'	(6) 1-5/8
8' STD. + RADOME DISH	● 220'	1-5/8
8' STD. + RADOME DISH	● 200'	1-5/8
6' STD. + RADOME DISH	● 180'	1-5/8
4' STD. + RADOME DISH	● 120'	1-5/8
6' STD. + RADOME DISH	● 100'	1-5/8
6' STD. + RADOME DISH	● 80'	1-5/8

MATERIAL SPEC CHART

DESC.	MAT'L SPEC.	MIN. YIELD (ksi)
BOLTED X-BRACED SECTIONS A - O		
LEGS	A-572 GRADE 50	50
INNER MEM.	A-36	36
FLANGE PL	A-572 GRADE 50	50
LEG PAD PL	A-36	36

DESIGN & DRAWING NOTES:

- 1) TOWER IS DESIGNED FOR A 70 MPH BASIC WIND IN ACCORDANCE WITH THE TIA/EIA-222-F STANDARD.
- 2) TOWER IS ALSO DESIGNED FOR A 61 MPH BASIC WIND WITH 0.50" ICE. ICE IS CONSIDERED TO INCREASE IN THICKNESS WITH HEIGHT.
- 3) TOWER DESIGNED FOR FEEDLINES TO BE MOUNTED AS SHOWN ON THE FEEDLINE DISTRIBUTION.
- 4) TOWER DESIGNED FOR CLIMBING STEP BOLTS UP ONE LEG TO 300' AND CONSTRUCTION STEP BOLTS UP 2 LEGS TO 240'.
- 5) BOLTED SECTIONS A - H ARE 3-BAY X-BRACED. BOLTED SECTIONS I - O ARE 4-BAY X-BRACED.



W Gray Hodge
 Digitally signed by W Gray Hodge
 DN: cn=W Gray Hodge, o=Hodge Structural Engineers, ou, email=whodge@hodgestructural.com, c=US
 Date: 2013.03.27 09:44:34 -05'00'



REV.	DESCRIPTION	DATE	APP.	DRAWN	DATE
-	-	-	-	G.D.T.	03/25/13
-	-	-	-	CHICK	03/25/13
-	-	-	-	J.W.L.	03/25/13
-	-	-	-	G.R.F.	03/25/13

Tower Innovations
 PH# (812) 853-0595
 FAX# (812) 853-6652
 2855 HIGHWAY 261
 NEWBURGH, IN. 47630

TITLE
ELEVATION VIEW & MEMBER INFORMATION
 BONANZA, FLOYD COUNTY, KY

DWG NO.
6051-T1

DO NOT SCALE DRAWING

PAD (TOP LAYER)

REBAR SIZE	REBAR LENGTHS	# OF REBAR	TOTAL FT. REQ'D
#8 GRADE 60	27'	68	1836'

PAD (BOTTOM LAYER)

REBAR SIZE	REBAR LENGTHS	# OF REBAR	TOTAL FT. REQ'D
#8 GRADE 60	27'	74	1998'

PIER (verts) (Total for 3 Piers)

REBAR SIZE	REBAR LENGTHS	# OF REBAR	TOTAL FT. REQ'D
#8 GRADE 60	8'-5"	48	404'

PIER (ties) (Total for 3 Piers)

REBAR SIZE	REBAR LENGTHS	# OF REBAR	TOTAL FT. REQ'D
#4 GRADE 60	30"∅	39	308'

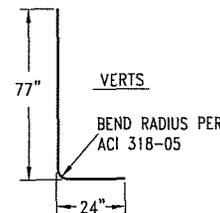
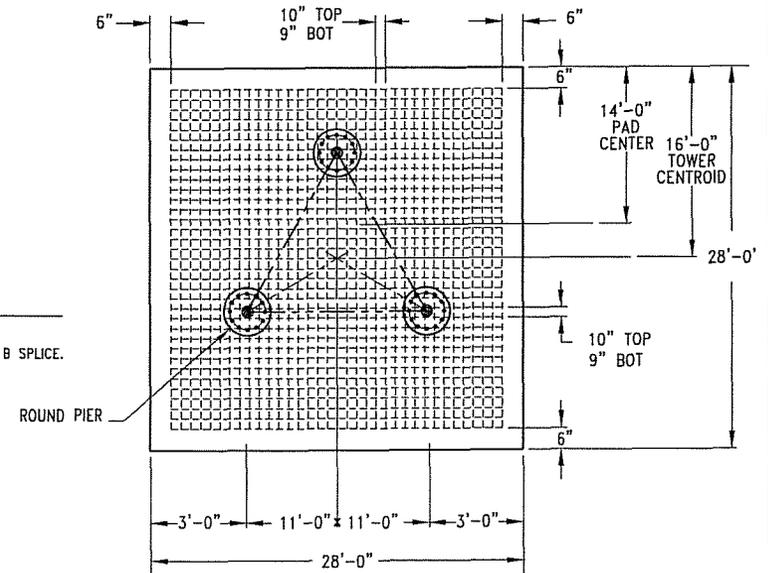
APPROXIMATE CONCRETE REQ'D = 62.0 yd³

REBAR SPlicing CHART

BAR SIZE	SPlice LENGTH BOTTOM BARS	SPlice LENGTH TOP BARS
#3	19"	25"
#4	25"	33"
#5	31"	41"
#6	37"	49"
#7	54"	71"
#8	62"	81"
#9	70"	91"
#10	78"	102"
#11	85"	111"

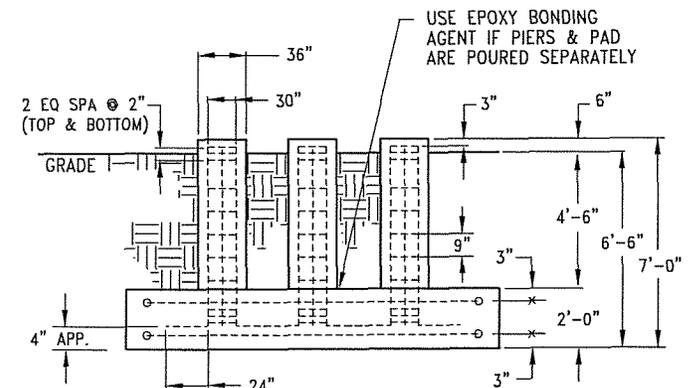
SPlicing NOTES:

- 1) STAGGER ALL SPICES.
- 2) SPlice CHART IS BASED ON 4000 PSI CONCRETE AND CLASS B SPlice.
- 3) SPlice REBAR ONLY WHEN NECESSARY.

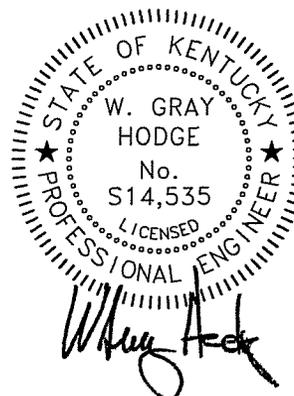


NOTES:

- 1) ALL WORKMANSHIP AND MATERIALS SHALL BE IN ACCORDANCE WITH THE LATEST EDITIONS OF ACI 318-02.
- 2) THIS FOUNDATION IS DESIGNED TO CONFORM ACI 318-02 AND ANSI/TIA-222-F STANDARDS UTILIZING THE GEOTECHNICAL SITE ASSESSMENT PREPARED BY WENDELL R. HOLMES, P.G., DATED MARCH 22, 2013. BEDROCK IS LOCATED APPROXIMATELY 3.6' BELOW GRADE AND IS ASSUMED TO HAVE A NET ALLOWABLE BEARING CAPACITY OF AT LEAST 5,000 P.S.F. SOIL CONDITIONS THAT DIFFER FROM THOSE DESCRIBED IN THE SITE ASSESSMENT SHALL BE BROUGHT TO THE ATTENTION OF THE RESIDENT ENGINEER/INSPECTOR.
- 3) ALL CONCRETE SHALL BE 4000 PSI AT 28 DAYS. CYLINDERS SHALL BE PROPERLY CAST WITH COPIES OF THE TEST REPORTS GOING TO THE RESIDENT ENGINEER/INSPECTOR.
- 4) ALL ADMIXTURES MUST BE ADDED SEPARATELY INTO FRESH CONCRETE AND SUFFICIENTLY MIXED. A NON-CORROSIVE CONCRETE SET ACCELERATE MAY BE UTILIZED IN COMPLIANCE WITH ASTM 494 TYPE C. A WATER REDUCING ADMIXTURE MAY BE UTILIZED IN COMPLIANCE WITH ASTM 494 TYPE A.
- 5) ALL BACKFILL SHALL BE PLACED IN 9 INCH LIFTS AND COMPACTED TO A MINIMUM OF 95 PERCENT OF THE STANDARD PROCTOR MAXIMUM DRY DENSITY AS MEASURED BY ASTM D-698 UNLESS MORE STRINGENT COMPACTION IS REQUIRED BY THE SOIL REPORT.
- 6) MINIMUM CONCRETE COVER SHALL BE 3 INCHES UNLESS OTHERWISE NOTED.
- 7) CROWN TOP OF PIER FOR DRAINAGE AND CHAMFER ALL EXPOSED CONCRETE EDGES 1 INCH.
- 8) SEE TEMPLATE DRAWING & TEMPLATE DESIGN CHART FOR TOWER LAYOUT DIMENSIONS, USE OF TEMPLATE IS REQUIRED TO INSURE PROPER LOCATION AND ORIENTATION OF ANCHOR BOLTS.



(16) PCS #8 VERTS PER PIER
#4 TIES @ 9" C-C CAN
BE USED FOR PIER REBAR



REV. #	DESCRIPTION	DATE	APP.	DRAWN	DATE
	G.D.T.	03/25/13			
	CHECK				
	J.W.L.	03/25/13			
	APPROVAL				
	G.R.F.	03/25/13			

TOLERANCES	UNLESS OTHERWISE SPECIFIED DIMENSIONS ARE IN:
.X± 3/32" ANGLES± 2'	INCHES
.XX± 3/32" DRILLED HOLES± #1/32"	
.XXX± 1/16" BURNED HOLES± #1/16"	

Tower Innovations
PH# (812) 853-0595
FAX# (812) 853-6652
3266 TOWER DRIVE
NEWBURGH, IN 47630

TITLE
PAD & PIER FOUNDATION DESIGN
BONANZA, FLOYD COUNTY, KY

DWG NO.
6051-F1

REV
—

DO NOT SCALE DRAWING



Mail Processing Center
 Federal Aviation Administration
 Southwest Regional Office
 Obstruction Evaluation Group
 2601 Meacham Boulevard
 Fort Worth, TX 76137

Aeronautical Study No.
 2013-ASO-2440-OE

Issued Date: 06/18/2013

Ali Kuzehkanani
 East Kentucky Network, LLC
 8300 Greensboro Drive, Suite 1200
 McLean, VA 22102

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

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

Structure:	Tower Bonanza
Location:	Bonanza, KY
Latitude:	37-41-36.70N NAD 83
Longitude:	82-53-56.90W
Heights:	1487 feet site elevation (SE)
	310 feet above ground level (AGL)
	1797 feet above mean sea level (AMSL)

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

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

It is required that FAA Form 7460-2, Notice of Actual Construction or Alteration, be e-filed any time the project is abandoned or:

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

This determination expires on 12/18/2014 unless:

- (a) the construction is started (not necessarily completed) and FAA Form 7460-2, Notice of Actual Construction or Alteration, is received by this office.
- (b) extended, revised, or terminated by the issuing office.
- (c) the construction is subject to the licensing authority of the Federal Communications Commission (FCC) and an application for a construction permit has been filed, as required by the FCC, within 6 months of the date of this determination. In such case, the determination expires on the date prescribed by the FCC for completion of construction, or the date the FCC denies the application.

NOTE: REQUEST FOR EXTENSION OF THE EFFECTIVE PERIOD OF THIS DETERMINATION MUST BE E-FILED AT LEAST 15 DAYS PRIOR TO THE EXPIRATION DATE. AFTER RE-EVALUATION OF CURRENT OPERATIONS IN THE AREA OF THE STRUCTURE TO DETERMINE THAT NO SIGNIFICANT AERONAUTICAL CHANGES HAVE OCCURRED, YOUR DETERMINATION MAY BE ELIGIBLE FOR ONE EXTENSION OF THE EFFECTIVE PERIOD.

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

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

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

Any failure or malfunction that lasts more than thirty (30) minutes and affects a top light or flashing obstruction light, regardless of its position, should be reported immediately to (877) 487-6867 so a Notice to Airmen (NOTAM) can be issued. As soon as the normal operation is restored, notify the same number.

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

If we can be of further assistance, please contact our office at (847) 294-8084. On any future correspondence concerning this matter, please refer to Aeronautical Study Number 2013-ASO-2440-OE.

Signature Control No: 187081111-191942200

(DNE)

Carole Bernacchi
Technician

Attachment(s)
Frequency Data

cc: FCC

Frequency Data for ASN 2013-ASO-2440-OE

LOW FREQUENCY	HIGH FREQUENCY	FREQUENCY UNIT	ERP	ERP UNIT
698	806	MHz	1000	W
806	824	MHz	500	W
824	849	MHz	500	W
851	866	MHz	500	W
869	894	MHz	500	W
896	901	MHz	500	W
901	902	MHz	7	W
930	931	MHz	3500	W
931	932	MHz	3500	W
932	932.5	MHz	17	dBW
935	940	MHz	1000	W
940	941	MHz	3500	W
1850	1910	MHz	1640	W
1930	1990	MHz	1640	W
2305	2310	MHz	2000	W
2345	2360	MHz	2000	W



KENTUCKY AIRPORT ZONING COMMISSION

STEVEN BESHEAR
Governor

90 Airport Road, Bldg 400
Frankfort, KY 40601
www.transportation.ky.gov/aviation
502 564-4480

June 27, 2013

APPROVAL OF APPLICATION

APPLICANT:

East Kentucky Network, LLC.
East Kentucky Network, LLC.
8300 Greensboro Drive|Suite 1200
McLean, VA 22102

SUBJECT: AS-036-K22-2013-050

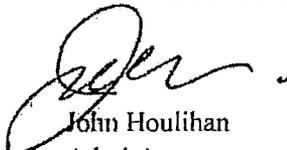
STRUCTURE: Antenna Tower
LOCATION: Bonanza, KY
COORDINATES: 37° 41' 36.7" N / 82° 53' 56.9" W
HEIGHT: 310' AGL/1797' AMSL

The Kentucky Airport Zoning Commission has approved your application for a permit to construct 310' AGL/ 1797' AMSL Antenna Tower near Bonanza, KY 37° 41' 36.7" N / 82° 53' 56.9" W.

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

A copy of the approved application is enclosed for your files.

Medium Dual Obstruction Lighting is required in accordance with 602 KAR 50:100.


John Houlihan
Administrator



An Equal Opportunity Employer M/F/D

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

FINANCIAL REPORT

December 31, 2012

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Jones, Nale & Mattingly PLC

INDEPENDENT AUDITOR'S REPORT

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

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of East Kentucky Network, LLC, dba Appalachian Wireless as of December 31, 2012 and 2011, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Jones, Nale & Mattingly P.C.

Louisville, Kentucky
February 25, 2013

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

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

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

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

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

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

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

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

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

EAST KENTUCKY NETWORK, LLC
DBA APPALACHIAN WIRELESS

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

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

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

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

**STATEMENTS OF MEMBERS' EQUITY
Years Ended December 31, 2012 and 2011**

	Cellular Services, LLC	Gearhart Communi- cations Company, Inc.	Mountain Tele- communi- cations, Inc.	Thacker- Grigsby Telephone Co., Inc.	Peoples Rural Telephone Coop- erative Corp- oration, Inc.	Total
Balance, January 1, 2011	\$16,218,798	\$16,218,798	\$16,218,798	\$16,218,798	\$16,218,798	\$81,093,990
Net income	4,599,613	4,599,612	4,599,612	4,599,613	4,599,613	22,998,063
Other comprehensive income	74,096	74,096	74,096	74,096	74,096	370,480
Capital distribution	<u>(1,541,717)</u>	<u>(1,541,717)</u>	<u>(1,541,718)</u>	<u>(1,541,717)</u>	<u>(1,541,718)</u>	<u>(7,708,583)</u>
Balance, December 31, 2011	\$19,350,790	\$19,350,789	\$19,350,788	\$19,350,790	\$19,350,789	\$96,753,946
Net income	2,462,880	2,462,880	2,462,880	2,462,880	2,462,881	12,314,401
Other comprehensive income	70,782	70,782	70,782	70,783	70,782	353,909
Capital distribution	<u>(2,299,807)</u>	<u>(2,299,807)</u>	<u>(2,299,808)</u>	<u>(2,299,808)</u>	<u>(2,299,808)</u>	<u>(11,499,040)</u>
Balance, December 31, 2012	<u>\$19,584,645</u>	<u>\$19,584,644</u>	<u>\$19,584,642</u>	<u>\$19,584,645</u>	<u>\$19,584,644</u>	<u>\$97,923,216</u>

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

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

**STATEMENTS OF CASH FLOWS
Years Ended December 31, 2012 and 2011**

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

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

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

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

Nature of operations

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

Use of estimates

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

Cash and cash equivalents

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

Short-term investments

Certificates of deposit having original maturities between three and nine months are classified as short-term investments, are carried at cost, which approximates fair value, and are held to maturity. Fair value is determined by quoted prices for similar certificates of deposit in active markets (Level 2) as defined under U.S GAAP (see Note 10).

Accounts receivable

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

Inventory

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

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

Property, plant and equipment

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

Assets held for sale

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

Investment

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

Intangible assets

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

Revenue recognition

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

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

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

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

Advertising

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

Income taxes

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

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

The Company recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. The Company did not recognize any interest or penalties during the years ended December 31, 2012 and 2011.

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

Comprehensive income

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

Subsequent events

Management has evaluated subsequent events through February 25, 2013, the date the financial statements were available to be issued.

NOTES TO FINANCIAL STATEMENTS

Note 2. Intangible Assets

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

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

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

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

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

Year ending December 31:

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

NOTES TO FINANCIAL STATEMENTS

Note 3. Notes Payable

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

Note 4. Long-Term Debt

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

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

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

On February 2, 2009, the Company refinanced the remaining \$10,200,000 of the note with a new note payable that matures November 1, 2013 and is collateralized by the assets of the Company. Interest on the note is floating at monthly LIBOR plus 1.75% as determined by Fifth Third Securities, Inc. (2.02% at 12/31/12). The Company also renegotiated the terms of the interest rate swap contract and entered into an interest rate swap contract (original notional amount of \$10,200,000) that effectively converts its floating-rate debt into a fixed rate of 7.46% (see Note 9). The note is payable in monthly installments of \$116,667 plus interest through February 1, 2012 and \$125,000 plus interest thereafter through November 1, 2013 with a balloon payment due at maturity.

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

NOTES TO FINANCIAL STATEMENTS

Note 4. Long-Term Debt (Continued)

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

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

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

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

Year ending December 31:	
2013	\$ 5,803,572
2014	1,285,714
2015	783,015
2016	--
2017	--
	<u>\$ 7,872,302</u>

Note 5. Retirement Plans

The Company has a multiple-employer 401(k) plan for qualifying employees who have reached twenty-one years of age. Eligible employees are allowed to invest up to 15% of their compensation and the Company has agreed to match 100% of the first 3% of the employees' contribution and 50% of the employees' contribution between 3% and 5%. The Company contributed \$156,598 and \$148,041 in matching funds for its 401(k) plan during the years ended December 31, 2012 and 2011, respectively.

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

The Company contributed \$741,000 and \$725,318 to its retirement savings plan during the years ended December 31, 2012 and 2011, respectively.

NOTES TO FINANCIAL STATEMENTS

Note 6. Related Party Transactions

The Company shares personnel with three of its members. The Company paid \$254,438 and \$383,149 for shared personnel during the years ended December 31, 2012 and 2011, respectively. The Company also leased offices and warehouse space from three members. The leases are for an unspecified length of time. The annual lease expense related to these leases was \$20,483 and \$20,858 for the years ended December 31, 2012 and 2011, respectively.

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

The Company leases two cellular tower sites from the officers and majority shareholders of a member. The annual lease expense related to these leases was \$2,400 for both years ended December 31, 2012 and 2011. The leases are for an unspecified length of time. The Company also pays part of an annual lease for sharing a tower with a member for an annual fee of \$450. The Company leases cellular tower sites from the parent company of one of its other members. The annual lease expense related to these leases for years ended December 31, 2012 and 2011 was \$9,347 and \$12,463 respectively. The leases are for five years with options to renew.

The Company pays fees to companies owned by its members for advertisement in telephone directories, television and on local billboards. The amount of advertising paid to related parties was \$103,845 and \$40,120 for the years ended December 31, 2012 and 2011, respectively.

Note 7. Operating Leases

The Company has entered into operating leases with its members and other customers to provide fiber optic transmission capacity and ancillary services. The terms of these leases are for 15 years. Total rental income earned from these operating lease commitments included in the statements of income was \$858,920 and \$1,016,885 for the years ended December 31, 2012 and 2011, respectively. Rental income earned from the Company's members from these leases was \$617,218 and \$846,249 for the years ended December 31, 2012 and 2011, respectively.

Investments in operating leases are as follows at December 31:

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

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

NOTES TO FINANCIAL STATEMENTS

Note 7. Operating Leases (Continued)

The Company has also entered into lease agreements to obtain fiber optic transmission and digital microwave transmission services; and to rent retail office facilities. The terms of these leases are between 5 and 15 years. Total rental expense incurred from these operating lease commitments included in the statements of income was \$1,518,640 and \$1,195,368 for the years ended December 31, 2012 and 2011, respectively. Rental expense incurred from the Company's members from these leases was \$778,599 and \$464,544 for the years ended December 31, 2012 and 2011, respectively. The future minimum lease payments required under these lease agreements for each of the succeeding five years are approximately \$1,600,000 each year.

Note 8. Eligible Telecommunication Carrier

During 2005, the Company was granted Eligible Telecommunication Carrier (ETC) status by the Kentucky Public Service Commission. As an ETC, the Company receives funding from the federal Universal Service Fund (USF) to support the high cost of providing local telephone service in rural areas. USF payments amounted to \$7,472,724 and \$7,919,934 for the years ended December 31, 2012 and 2011, respectively.

Note 9. Derivative Financial Instruments, Interest Rate Swaps

The Company entered into two interest rate swap contracts with Fifth Third Bank for the purpose of converting floating-rate interest on its long-term debt to fixed rates. The interest rate swap effectively fixed \$10,200,000 at a rate of 7.46% until February 1, 2016 and fixed 4,318,730 at a rate of 6.21% until August 1, 2015.

Under the swap contracts, the Company pays interest at 5.71% and 3.71% on the notional amounts and receives interest at LIBOR observed monthly (0.27% at December 31, 2012). The interest rate swaps qualify as, and are designated as, cash flow hedges. The swaps are designed to hedge the risk of changes in interest payments on the notes caused by changes in LIBOR. The notional amounts do not represent actual amounts exchanged by the parties, but instead represent the amounts on which the contracts are based.

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

NOTES TO FINANCIAL STATEMENTS

Note 9. Derivative Financial Instruments, Interest Rate Swaps (Continued)

The carrying amounts of the swaps are classified as noncurrent since management does not intend to terminate the swaps during 2013. Since the critical terms of the swaps and the notes are approximately the same, the swaps are assumed to be effective as hedges, and none of the changes in fair values are included in income. Accordingly, all of the adjustment of the swaps' carrying amount is reported as other comprehensive income or loss in the accompanying statements of members' equity. If the swaps are terminated early, the corresponding carrying amount would be reclassified into earnings. The Company does not hold or issue interest rate swaps or other financial instruments for trading purposes.

Note 10. Fair Values of Financial Instruments

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

Note 11. Commitments

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

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

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

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

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

Note 12. Discontinued Operations, Held for Sale

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

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

NOTES TO FINANCIAL STATEMENTS

Note 13. Gain Contingency

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



Jones, Nale & Mattingly PLC

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

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

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

Jones, Nale & Mattingly PLC

Louisville, Kentucky
February 25, 2013

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

STATEMENTS OF INCOME AND COMPREHENSIVE INCOME DETAIL

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

Year Ended December 31, 2011

RSA #9 Appalachian	RSA #10 Mountaineer	Fiber Ring	PCS	Totals
\$31,312,192	\$19,759,349	\$ --	\$ 3,202,644	\$54,274,185
16,919,770	5,798,853	--	379,521	23,098,144
83,066	41,245	--	2,806	127,117
1,591,322	870,986	--	194,359	2,656,667
1,447,143	721,487	995,032	311,316	3,474,978
<u>\$51,353,493</u>	<u>\$27,191,920</u>	<u>\$ 995,032</u>	<u>\$ 4,090,646</u>	<u>\$83,631,091</u>

\$10,236,676	\$ 6,289,107	\$ --	\$ 735,457	\$17,261,240
8,324,786	5,308,875	--	1,060,559	14,694,220
970,595	603,901	--	50,082	1,624,578
1,117,986	676,319	--	67,456	1,861,761
3,276,883	2,414,482	--	122,927	5,814,292
1,836,543	1,025,755	35,451	168,083	3,065,832
595,520	377,399	55,554	89,082	1,117,555
758,637	259,313	--	65,620	1,083,570
120,061	134,349	--	118,256	372,666
524,438	239,436	73,464	27,332	864,670
2,678,681	1,397,417	--	245,934	4,322,032
2,520,839	1,557,592	133,587	145,422	4,357,440
167,156	77,977	256,326	26,530	527,989
4,832,669	3,496,451	555,860	838,899	9,723,879
239,040	141,383	11,841	91,900	484,164
<u>\$38,200,510</u>	<u>\$23,999,756</u>	<u>\$ 1,122,083</u>	<u>\$ 3,853,539</u>	<u>\$67,175,888</u>

<u>\$13,152,983</u>	<u>\$ 3,192,164</u>	<u>\$ (127,051)</u>	<u>\$ 237,107</u>	<u>\$16,455,203</u>
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\$ 185,126	\$ 139,936	\$ --	\$ --	\$ 325,062
21,833	12,415	--	--	34,248
(124,339)	(167,275)	--	--	(291,614)
(14,284)	(9,313)	--	--	(23,597)
(36,253)	(91,036)	--	--	(127,289)
(75,373)	(319,960)	--	--	(395,333)
<u>\$ (43,290)</u>	<u>\$ (435,233)</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ (478,523)</u>

\$ 17,634	\$ 10,966	\$ 294	\$ 880	\$ 29,774
(555,585)	(342,505)	--	(30,235)	(928,325)
4,751,960	2,930,376	--	237,598	7,919,934
<u>\$ 4,214,009</u>	<u>\$ 2,598,837</u>	<u>\$ 294</u>	<u>\$ 208,243</u>	<u>\$ 7,021,383</u>

<u>\$17,323,702</u>	<u>\$ 5,355,768</u>	<u>\$ (126,757)</u>	<u>\$ 445,350</u>	<u>\$22,998,063</u>
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**EAST KENTUCKY NETWORK, LLC
DBA APPALACHIAN WIRELESS**

STATEMENTS OF INCOME AND COMPREHENSIVE INCOME DETAIL (Continued)

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

Year Ended December 31, 2011

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

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

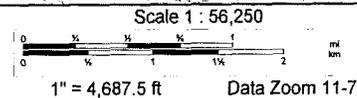
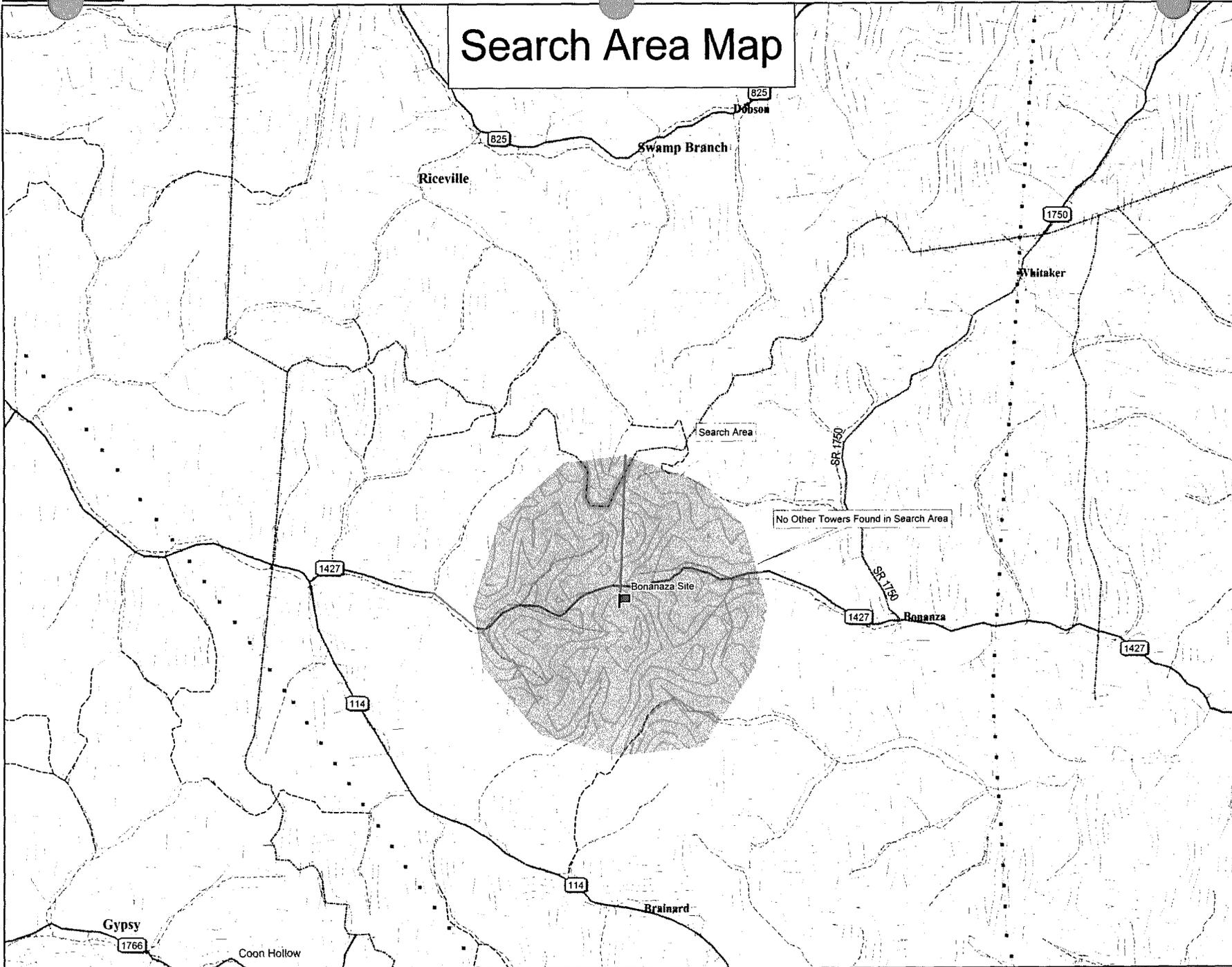
Driving Directions to Bonanza Site

Start in front of Floyd County Court House located on South Lake Drive in Prestonsburg, KY. Go two-tenths of a mile to the intersection of South Lake Drive and Hwy 114. Turn left onto Hwy 114 and travel one mile to the intersection of Hwy 114 and US 23 North. Turn right onto US 23 North and travel one and seven-tenths of a mile to the intersection of US 23 and Route 1427. Turn left onto Route 1427 and travel six and eight-tenths miles, turn left onto a gravel road. A 2' x 4' sign is posted here. Travel one and one-tenth miles on gravel road to the cell site location. A 2' x 4' sign is also posted here.

Directions written by:

Daryl Bartley
Project Manager
Appalachian Wireless
606-791-0310 (Cell)
dbartley@ekn.com

Search Area Map



THIS DEED OF CONVEYANCE, made and entered into this the 18th day of May, 2012, by and between **GERALD R. LEHMAN and RONDA K. LEHAMN**, his wife, of 8101 Faulkner Road, Harrod, Ohio 45850, Parties of the First Part, and **EAST KENTUCKY NETWORK, LLC, d/b/a APPALACHIAN WIRELESS**, of 101 Technology Trail, Ivel, Kentucky 41642, Party of the Second Part.

W-I-T-N-E-S-S-E-T-H:

That for and in consideration of the sum of Seventy Five Thousand (\$75,000.00) Dollars, the receipt of which is hereby acknowledged, the Parties of the First Part do hereby sell, grant and convey unto the said Party of the Second Part, its successors and assigns forever, with Covenants of General Warranty, a certain tract or parcel of land located in Floyd County, Kentucky, being more particularly bounded and described as follows:

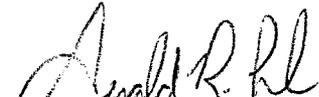
Beginning at the Burnis Martin line on State Road Fork; thence with Burnis Martin's line to the Joe Weddington line; thence with Joe Weddington line to the Bruce Spradlin; thence with Bruce Spradlin's line to the top of the hill to Joe Weddington's line; thence with Joe Weddington's line back down the hill to the creek; thence with the creek back to the point of beginning.

Being the same property conveyed to the Parties of the First Part by deed from Earl D. Frasure, dated August 14, 2007, recorded in Deed Book 538, Page 335, Floyd County Clerk's Office.

In accordance with KRS 382.135, the address to which the current year property taxes may be sent is 101 Technology Trail, Ivel, Kentucky 41642.

TO HAVE AND TO HOLD all of the above-described real property together with the rights, privileges, appurtenances and improvements thereunto belonging unto the Party of the Second Part, its successors and assigns forever, with Covenants of General Warranty of title.

IN WITNESS WHEREOF, the Parties of the First Part have hereby set their hands the day and year first above written.



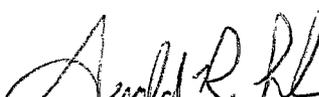
GERALD R. LEHMAN



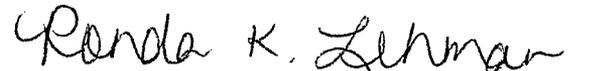
RONDA K. LEHMAN

CERTIFICATE OF CONSIDERATION

The undersigned hereby swear and affirm, under penalty of perjury, that the consideration recited in the foregoing instrument is the full actual consideration paid or to be paid for the property transferred hereby.



GERALD R. LEHMAN



RONDA K. LEHMAN

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

BY: 

ITS: 

STATE OF Ohio

COUNTY OF Allen

The foregoing instrument and certificate of consideration was acknowledged, subscribed and sworn to before me this the 18th day of May, 2012, by GERALD R. LEHMAN and RONDA K. LEHMAN.

My Commission expires June 14, 2014.

Naylene Smith
NOTARY PUBLIC

STATE OF KENTUCKY

COUNTY OF Floyd

The foregoing certificate of consideration was acknowledged, subscribed and sworn to before me this the 16th day of May, 2012, by EAST KENTUCKY NETWORK, LLC, d/b/a APPALACHIAN WIRELESS, BY: Gerald F. Robinette,

ITS: General Manager.

My Commission Expires
July 14, 2015

My Commission expires _____.

Lynna Haney
NOTARY PUBLIC

THIS INSTRUMENT PREPARED BY:

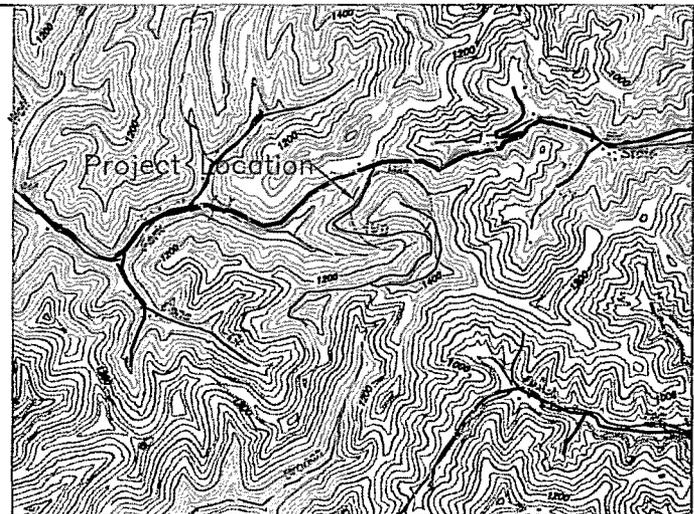
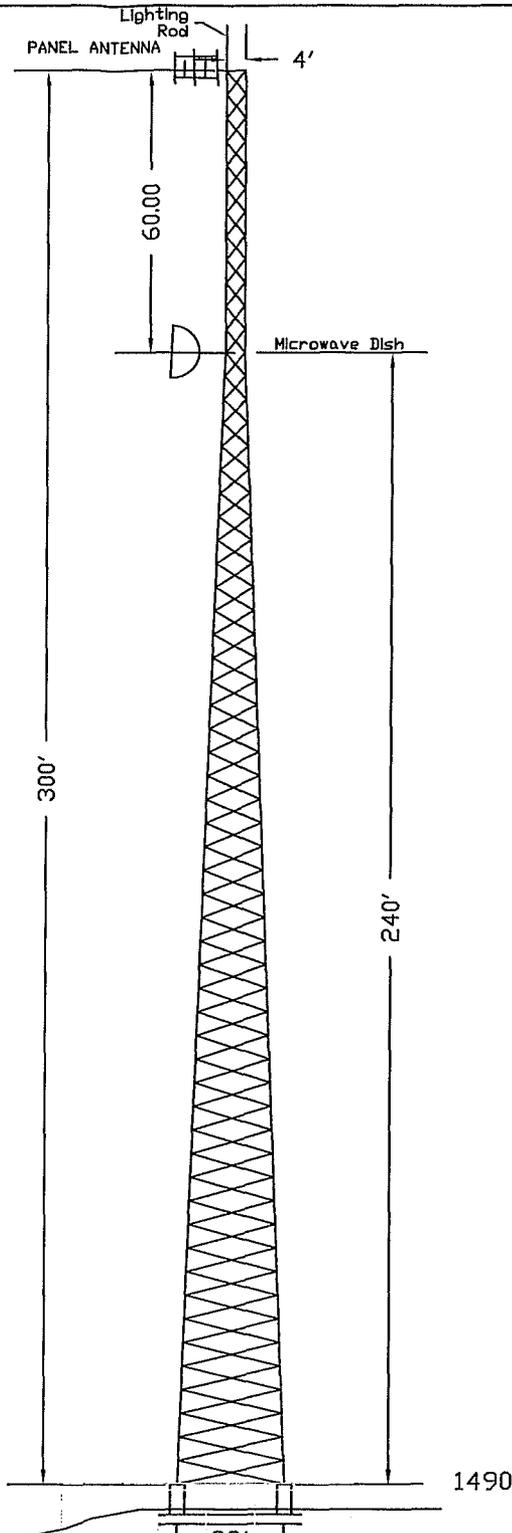
Frank K. Nall

HON. FRANK K. NALL
ATTORNEY AT LAW
P.O. BOX 1018
PIKEVILLE, KENTUCKY 41502

LODGED FOR RECORD
DATE 6-11-12
TIME 12:30
FEE 17.00 + 75.00

Chris Waugh
Clerk of Floyd County
BY: Rachel Hault D.C.

STATE OF KENTUCKY, COUNTY OF FLOYD, S.S.
I, CHRIS WAUGH, Clerk of Floyd County Certify that the foregoing Deed was on the 11 day of June, 20 12 at 12:30 o'clock p.m. lodged for record whereupon the same with the foregoing and this certificate have been duly recorded in my office.
Witness my hand this 11 day of June, 20 12
CHRIS WAUGH, CLERK by Rachel Hault D.C.



Vicinity Map
Ivyton USGS Quad
Not To Scale

Graphic Scale
1"=40'
07/03/12

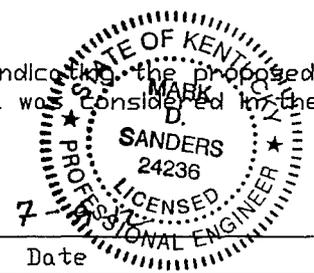


This is a profile sketch of the tower indicating the proposed antenna and dish elevations. No design criteria was considered in the preparation of this drawing.

Note: This is a vertical sketch of the tower indicating the proposed antenna and dish elevations. No design criteria was considered in the preparations of this drawing.

MDK
Mark Sanders

24236
P.E.



DATE: 07/03/12	SCALE: 1"=40'	East Kentucky Network d/b/a/ Appalachian Wireless 101 Technology Trail, Ivel, KY 41642	SUMMIT ENGINEERING, INC. 131 SUMMIT DRIVE PIKEVILLE, KY. 41501 (606) 432-1447
DRAWN BY: GCS			
File Name: Z:\East Ky Network\Slate Road Fork\Bonanza Tower profile.dwg		Proposed Site Plan and Structure Location Bonanza Tower. Appalachian Wireless	LEXINGTON, KY GRUNDY, VA LOGAN, WV CHARLESTON, WV HAZARD, KY

CASE NO: 2013-00137

CONTAINS

LARGE OR OVERSIZED

MAP(S)

RECEIVED ON: September 4, 2013