RECEIVED

MAR 2 1 2007

PUBLIC SERVICE COMMISSION

EAST KENTUCKY NETWORK

d/b/a

APPALACHIAN WIRELESSS

BLAINE CELLULAR TOWER APPLICATION

LAWRENCE, KY
P.S.C. CASE # 2007-00105

COMMONWEALTH OF KENTUCKY BEFORE THE PUBLIC SERVICE COMMISSION RECEIVED

MAR 2 1 2007

In the matter of:

PUBLIC SERVICE COMMISSION

THE APPLICATION OF EAST KENTUCKY NETWORK LIMITED LIABILITY COMPANY FOR THE ISSUANCE CASE No 2007-00105 OF A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO CONSTRUCT A TOWER IN LAWRENCE) 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 Lawrence 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 near Blaine in Lawrence County, Kentucky. The proposed tower will be a 300 foot self supporting tower with attached antennas extending upwards, and an equipment shelter located approximately 1.19 mi (1.92 kilometers) NE of the town of Blaine in Lawrence County, Kentucky. (Latitude 38° 02' 14.3" Longitude: 82° 49' 30.6). A map and detailed directions to the site can be found in Exhibit 8.

East Ky 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 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 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 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, back of folder, 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 11 is a map of all Property owners or residents near or within 500' of the proposed tower in accordance with the Public Valuation Administrator's office of Lawrence County, Kentucky.. No other properties are contiguous with East Kentucky's property.

Exhibit 12, back of folder, also 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.

Lawrence County has no formal local planning unit. In absence of this unit the Lawrence 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 13, 2007 and will remain posted for at least two weeks after filing of this application as specified..

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

Notice of the location of the proposed construction was published on the 2nd and 3rd weeks in the Big Sandy News. Enclosed is a copy of that notice in Exhibit 1. The Big Sandy News is the newspaper with the largest circulation in Lawrence 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, P. O. Box 405, Prestonsburg, KY 41653.

SUBMITTED BY:

DATE: 03

APPROVED BY

DATE:<u>03-16-67</u>

Gerald Robinette, General Manager

Jamice Robinson, Cell Site Coordinator

Contacts:

Gerald Robinette, General Manager

Phone: (606) 791-2375, Ext. 111 Email: grobinette@ekn.com

Janice Robinson, Technical Site Coordinator

<u>Phone: (606) 791-2375, Ext. 166</u> Email: <u>irobinson@ekn.com</u>

Mailing Address:

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

Notification/Response From County

	Copies of Cell Site Notices.	
Sept.	Universal Letter of Soil Bearing Analysis.	en zastanikut
4.	Kentucky Airport Zoning Commission Application.	
5	Tower Design	
Ĝ	FAA Approval/Notice of Proposed Construction.	
7	2004 Audited Financial Statements.	
3	Driving directions and Map to Suitable Scale.	
9	Deed/Lease Agreement for Proposed Site.	
10	Survey of Site Signed/Sealed by Professional Engineer Registered in State of Kentucky.	
11	Site Survey Map with Property Owners identified in Accordance with PVA of County.	

Vertical Profile Sketch of Proposed Tower.

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EAST KENTUCKY NETWORK

101 TECHNOLOGY TRAIL

IVEL, KY 41642

PHONE: (606) 874-7550

FAX: (606) 874-7551

EMAIL: INFO@EKN.COM

WEBSITE: WWW.EKN.COM



VIA: <u>U.S. CERTIFIED MAIL</u> BLAINE CELL SITE PUBLIC NOTICE

March 12, 2007

David L. Compton, Judge Executive Lawrence County Courthouse 122 South Main Cross Louisa, KY 41230-1700

RE: Public Notice-Public Service Commission of Kentucky (Case No. 2007-00105)

East Kentucky Network, LLC d/b/a Appalachian Wireless has applied to the Public Service Commission of Kentucky for a Certificate of Public Convenience and Necessity to construct and operate a new facility to provide cellular telecommunications service. The facility will include a 300-foot self-supported tower, with attached antennas extending upwards, and an equipment shelter to be located approximately 1.19 mi (1.92 kilometers) NE of the town of Blaine in Lawrence 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 Judge/Executive in Lawrence County, Kentucky.

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

Your comments and request for intervention should be addressed to: Executive Director's Office, Public Service Commission of Kentucky, P.O. Box 615, Frankfort, KY 40602. Please refer to Case No. 2007-00105 in your correspondence.

Sincerely,

Janice Robinson

Technical Site Coordinator

d/b/a Appalachian Wireless 101 TECHNOLOGY TRAIL IVEL, KY 41642 Phone: 606/874-7550 Fax: 606/791-2225



Fax

o: BIG SANDY NEWS	From:	JANICE ROBINSON, Accounting
		East Kentucky Network,
		d/b/a Appalachian Wireless
ax: 606-638-9949	Phone:	606-874-7550, Ext. 166
Phone: 606-638-4581	Pages:	1 Page (INCLUDING COVER
Re: PUBLIC NOTICE ADVERTISEMENT	CC:	
Nancy,		
We would like to have the follow Newspaper for the next two weeks.		
Nancy, We would like to have the follow	ing public	

PUBLIC NOTICE:

RE: Public Service Commission of Kentucky (CASE NO. 2007-00105)

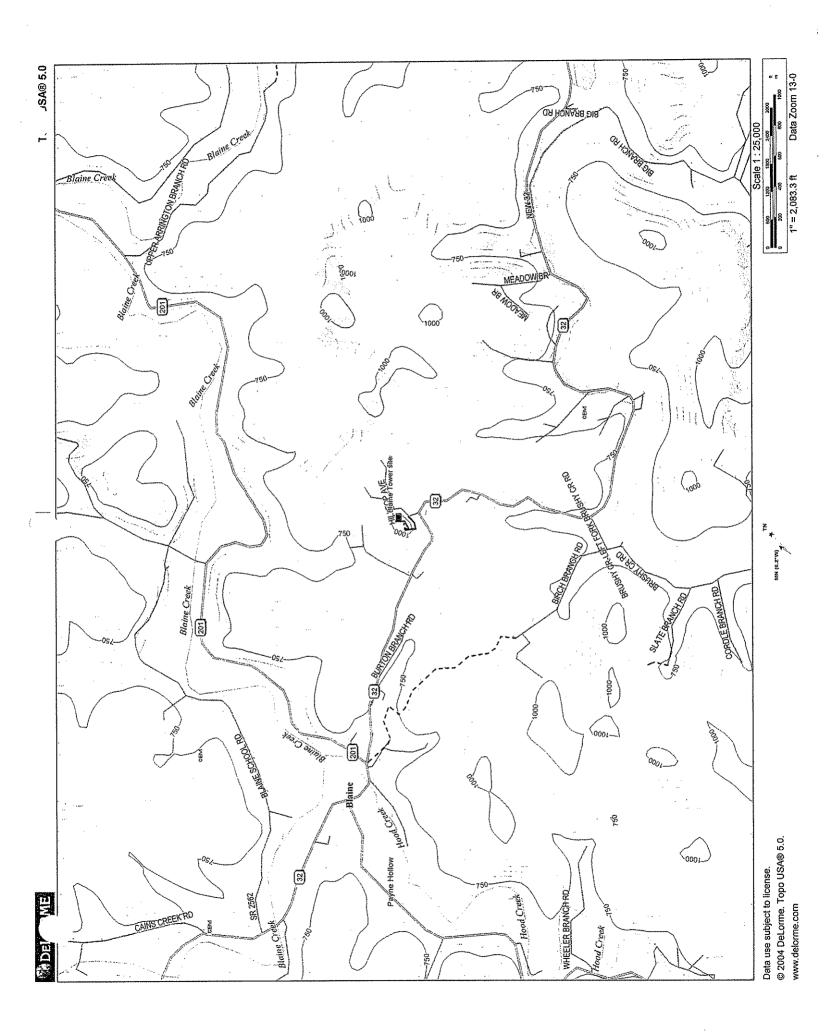
Notice is hereby given that East Kentucky Network, LLC, dba Appalachian Wireless has applied to the Kentucky Public Service Commission to construct a tower at Blaine, Kentucky in Lawrence County, Kentucky. The proposed tower will be a 300-foot self-supporting tower. The proposed tower site is located 1.19 mi (1.92 kilometers) NE of the town of Blaine.(Latitude:38° 02' 14.3" Longitude: 82° 49' 30.6").

If you would like to respond to this notice, please contact the Executive Director, Public Service Commission, 211 Sower Boulevard, P o Box 615, Frankfort, Kentucky 40602. Please refer to Case No. 2007-00105.

If you have questions about the placement of the above mentioned n	otice,	please
call me at 606-874-7550, ext. 166.		-

Thank you,

Accounting Department If you have any problems with this fax, please call 606/886-6007. The message above and the information contained in the documents transmitted are confidential and intended only for the person(s) named above. Dissemination, distribution or copying of this communication by anyone other than the person(s) named above is prohibited. If you have received this communication in error, please notify us immediately by telephone and return the original message to us at the address listed above via regular mail. Thank you.



			i.
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LIST OF PROPERTY OWNERS

BLAINE TOWER SITE (Case # 2007-00105)

(Within or Near 500')

Danny & Rhonda Ramey HC 89, Box 195 Blaine, KY 41124

Jack & Ruby Rutherford 6324 West Court St. Flint, MI 48532

James & Gloria Ramey HC 89, Box 195 Blaine, KY 41124 EAST KENTUCKY NETWORK
101 TECHNOLOGY TRAIL
IVEL, KY 41642
PHONE: {606} 874-7550
FAX: {606} 874-7551
EMAIL: INFO@EKN.COM
WEBSITE: WWW.EKN.COM



VIA: <u>U.S. CERTIFIED MAIL</u> BLAINE CELL SITE PUBLIC NOTICE

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

Your comments and request for intervention should be addressed to: Executive Director's Office, Public Service Commission of Kentucky, P.O. Box 615, Frankfort, KY 40602. Please refer to Case No. 2007-00105 in your correspondence.

Sincerely,

Janice Robinson

Technical Site Coordinator

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March 12, 2007

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Sincerely,

Janice Robinson

Technical Site Coordinator

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WENDELL R. HOLMES, P.G.

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

August 9, 2006

Blaine Tower Site

Purpose:

A site assessment was conducted for Appalachian Wireless on a tract of land located in Lawrence County near Blaine, Kentucky. The site of the proposed tower is now pastureland. 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 at what depth and what type of bedrock material at the proposed tower site. Two trenches were dug with a John Deere 490 Excavator to expose the bedrock material. It is approximately 6.00 feet to the sandy shale bedrock. (See attachments for location and descriptions of materials encountered.) The terrain in Lawrence County is slightly to moderately steep. The tower site is located just below the ridge on Blaine Creek, a tributary to the Big Sandy River, approximately one mile northeast of Blaine in Lawrence County. The sandy shale formation below the tower site is approximately 20.00 feet thick, based on the information obtained from the site investigation and geological maps of the area.

Conclusions:

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

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

WENDELL R. HOLMES, P.G. 120 Church Street

Whitesburg, Ky. 41858 Geologist Log

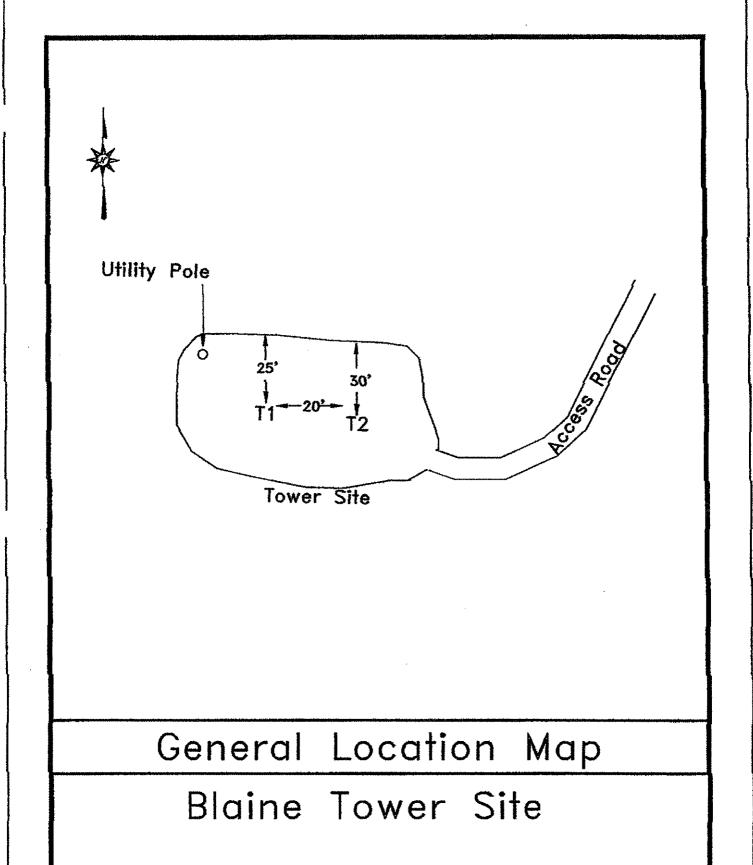
Location: Blaine Tower Site

T1

Unit Thickness	Total depth	Strata	Description
4.00′	4.00′	Sandy Loam	Yellow, sandy with rock fragments
2.00′	6.00′	Shale	Gray, Brown and Weathered
10.00′	16.00′	Sandy Shale	Gray

T2

Unit Thickness	Total depth	Strata	Description
3.5′	3.00′	Sandy Loam	Yellow, sandy with rock fragments
1.2′	4,00′	Fireclay	Gray, soft
1.3′	5.00′	Shale	Gray
10.00	16.00'	Sandy Shale	Gray



Not to Scale

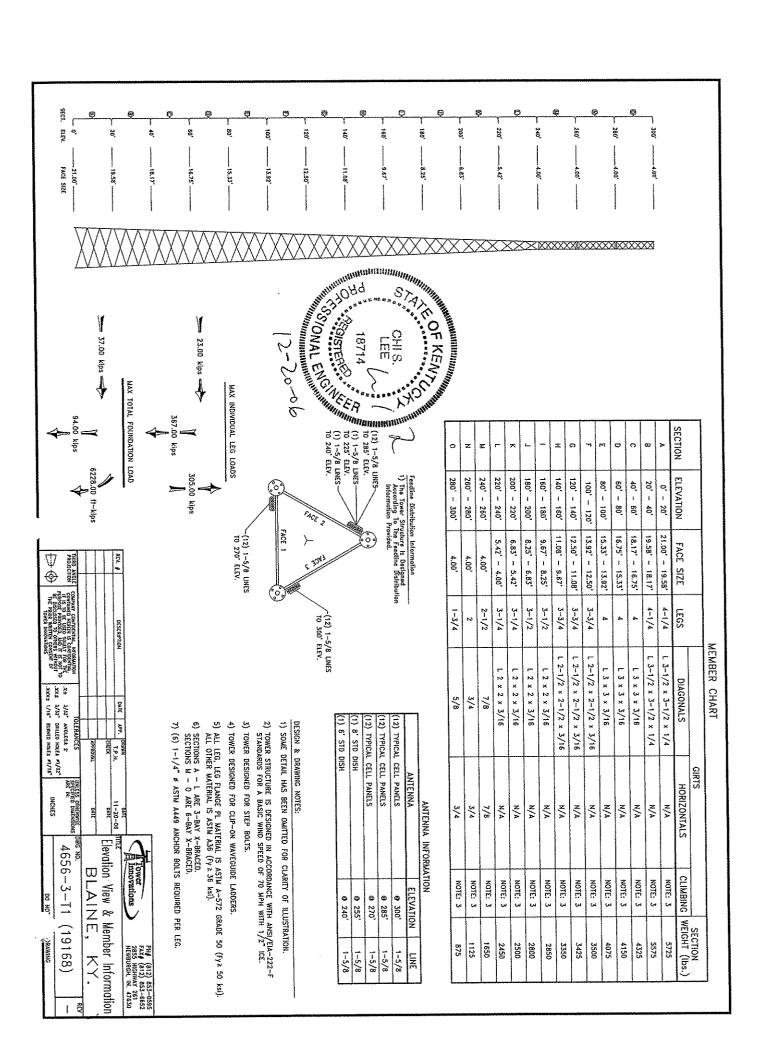
		'n

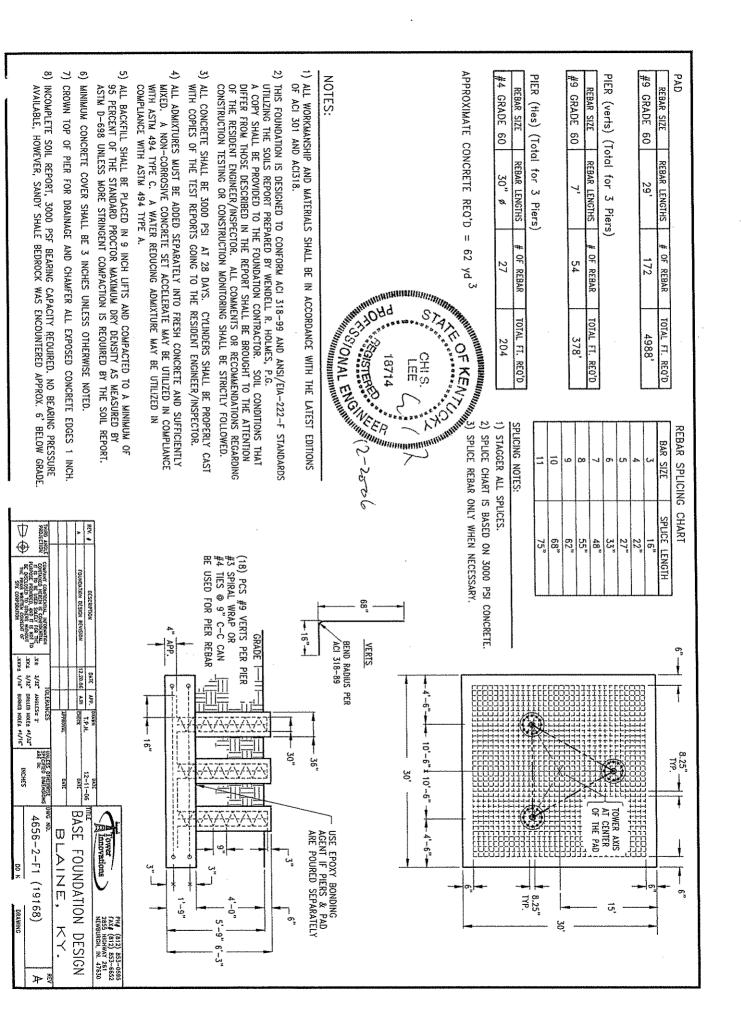
Kentuckij [*]	•
<i>Пениски</i>	

TC 56-50E (Rev 02/0

Kentucky Transportation Cabinet. Kentucky Airport Zoning Commission. 200 Mero SAPPLICATION FOR PERMIT TO CONSTRUCT OR ALTER INSTRUCTIONS INCLUDED	• • • • • • • • • • • • • • • • • • •					
APPLICANT Name. Address: Telephone. Fax. etc East Kentucky Network. LLC c/o Lukas. Nace. Gulierrez & Sachs. Chtd 1650 Tysons Blvd, Suite 1500 McLean, VA 22102 T: 703-584-8667 F: 703-584-8692 Representative of Applicant Name. Address. Telephone. Fax	9 Latitude: 38 ° 02 14 3 10 Longitude: 82 ° 49 30 6 ° 11 Datum: F NAD83 F NAD27 F Other 12 Nearest Kentucky City: Blaine County Lawrence 13 Nearest Kentucky public use or Military airport:					
Alf Kuzehkanani Lukas, Nace, Gutierrez & Sachs, Chtd 1650 Tysons Blvd, Suite 1500 McLean, VA 22102 T: 703-584-8667 F: 703-584-8692 Big Sandy Regional 14 Distance from #13 to Structure: 35.9 km Direction from #13 to Structure: SSE 15 Direction (AMSL): 1.030 00						
3 Application for: 同 New Construction	16 Site Elevation (AMSL): 1.030 00 Feet 17 Total Structure Height (AGL): 320.00 Feet 18 Overall Height (#16 + #17) (AMSL): 1.350.00 Feet					
5 Work Schedule: Start 01 Mar 2007 End 10 Mar 2007 6. Type: Antenna Tower Crane Building Power Line Water Tank Other 7 Marking/Painting and/or Lighting Preferred: Dual - Red & Medium Intensity White White - Medium Intensity F Dual - Red & High Intensity White Approx. 1 19 ml (1 92 km) NE of Blaine (Lawrence). KY						
B. FAA Aeronautical Study Number 21 Description of Proposal: The structure will include a 300' tower with top-mounted cellular antens	nas (overall height of 320° AGL) The ERP will be 500 watts					
22 Has a "NOTICE OF CONSTRUCTION OR ALTERATION" (FAA Form 7460- The Tyes, When February 07, 2007 CERTIFICATION: Thereby certify that all the above statements made by me are true, continued the second statements of the second statements. All Kuzehkanani, Dir of Engineering Signature	pmplete and correct to the best of my knowledge and belief O7 Feb 2007 Date					
PENALTIES: Persons failing to comply with Kentucky Revised Statutes (KRS 18 050:Series) are liable for fines and/or imprisonment as set forth in KRS 183 990(3 in further penalties Commission Action:	83 861 through 183 990) and Kentucky Administrative Regulations (602 KAR Non-compliance with Federal Aviation Administration Regulations may result T Administrator. KAZC					
F Disapproved	Date					

				'n
				-
				,





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LUKAS, NACE, GUTIERREZ & SACHS

CHARTERED

1650 Tysons Boulevard, Suite 1500 McLean, Virginia 22102 703 584 8678 • 703 584 8696 FAX

WWW.FCCLAW.COM

RUSSELL D LUKAS
DAVID L NACE
THOMAS GUTIERREZ*
ELIZABETH R SACHS*
GEORGE L. LYON, JR
PAMELA L. GIST
DAVID A LAFURIA
B. LYNN F. RATNAVALE*
TODD SLAMOWITZ*
STEVEN M. CHERNOFF*

ALI KUZEHKANANI
LEILA REZANAVAZ

OF COUNSEL

JOHN J MCAVOY*

J.K. HAGE III*

LEONARD S. KOLSKY*

HON. GERALD S. MCGOWAN*

TAMARA DAVIS-BROWN*

CONSULTING ENGINEERS

*Not ADMITTED IN VA Writers Direct Dial (703) 584-8667 akuzehkanani@feclaw com

February 7, 2007

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/lightning rod) near Blaine (Lawrence), Kentucky. The site ("Blaine") is approximately 1.19 mi (1.92 kilometers) NE of the town of Blaine.

The proponent, East Kentucky Network, LLC, is the licensee for Cellular Block B service in Kentucky 9 - Elliot Rural Service Area (KY9B RSA), Market No. 451B. 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.

The transmitting systems at this site will be installed and maintained such that transmitter spurious radiation in the frequency range of 118 MHz to 137 MHz is attenuated at least 71 dB below the unmodulated carrier level.

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

Sincerely,

Director of Engineering

ezenkanan

Enclosure

cc: East Kentucky Network, LLC

Attention: Marty Thacker and Gerald Robinett

Notice of Proposed Construction or Alteration (7460-1)

Project Name: EAST -000059300-07 Sponsor: East Kentucky Network, LLC

Details for Case: Blaine

Show Project Summary

Case Status

ASN:

2007-ASO-615-OE

Status: Accepted Date Accepted: Date Determined:

Construction / Alteration Information

Notice Of:

Construction

Duration:

Permanent Months: Days:

if Temporary: Work Schedule - Start:

03/01/2007

Work Schedule - End:

03/10/2007

State Filing:

Filed with State

Structure Details

Latitude: Longitude: 38° 2' 14.3" N 82° 49' 30.6" W

Horizontal Datum:

NAD83

Site Elevation (SE): Structure Height (AGL):

1030 (nearest foot) 320 (nearest foot)

Marking/Lighting:

Dual-red and medium intensity

Site is located at 1.19 mi (1.92 km) NE of

Other:

Nearest City:

Nearest State: Traverseway:

Description of

Kentucky No Traverseway

Location:

Blaine (Lawrence), KY A new 300' tower with top-mounted cellular

Description of

Proposal:

Letters:

Blaine

02/07/2007

Structure Summary

Structure Name:

Structure Type: Antenna Tower

Other:

FCC Number:

Prior ASN:

Common Frequency Bands

High Freq 824 849 865 Low Freq 806 824 851

500 500 500 MHz MHz

ERP

Freq Unit

ERP Unit

Specific Frequencies

		è

FINANCIAL REPORT

_.December 31, 2004

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BALANCE SHEETS December 31, 2004 and 2003

	**	
•	2004	
ASSETS		
CURRENT ASSETS Cash and cash equivalents	S 2,115,534 100,000	S 2 2
Short-term investments Accounts receivable, less allowance for doubtful Accounts receivable, less allowance for doubtful	1,481,900 54,397 826,636	1
Accounts of 3370,000 in 20 Accounts receivable, members (Notes 6 and 7) Inventory Prepaid expenses Total current assets	148.558 \$ 4.727,025	<u></u>
Total Cultette about		•
· · · · · · · · · · · · · · · · · · ·		
PROPERTY, PLANT AND EQUIPMENT (Note 4) Plant in service:	7,536,872 10,925,458	·\$
General support MTSO equipment Cell equipment	31,817,505 ··· 31,309,174	2
Paging equipment Fiber ring Unfinished plant	4,484,626 1.708,762 \$ 59,782,397	<u> </u>
Less accumulated depreciation	23,457,869 \$ 36,324,528	<u> </u>
OTHER ASSETS Investment in affiliated company, RTFC (Note 4)	\$ 873,368	· \$
Investment in attiliated company, 1972 Intangible assets, net of accumulated amortization of \$1,741,672 in 2004 and \$1,301,347 in 2003 (Note 2)	4,762,678 787,286	
Goodwill Other	29,788 \$ 6,453,120	<u> </u>
	<u>\$ 47.504.673</u>	<u>. </u>

STATEMENTS OF INCOME Years Ended December 31, 2004 and 2003

	,	2221	2003
•		2004	2000
REVENUE		S 18,777 ,43 6	\$ 16,436,39
Retail	,	4,693,531	3,784,72
Roamer	•	168,585	178,97
Long distance		1,282,952	1,606,37
Paging		1,571,027	1,365,23
Equipment sales, cellular		79,573	87,92
Equipment sales, paging		2,308,826	1,908,72
Other		\$ 28.881,930	\$ 25,368.34
Total revenue			
EXPENSES		•	
Cost of cellular service		\$ 7,155,982	\$ 7,019,15
Cost of paging service		589,260	629,90
Cost of paging service. Cost of equipment sales, cellular	.•	3,202,000	2,256,15
Cost of equipment sales, paging		101,331	140,35
Customer service		1,004,290	950,56
Billing		1,100,361	1,016,61
Selling		1,598,369	1,337,95
Maintenance		873,613	705,7
Utilities		306,593	303,41 937,2
Bad debts	•	698,471	127,3
Cell site rental		120,866	241,5
Taxes		243,180	470,7
Advertising		688,001	1,473,C
General and administrative		1,868,518	253,7
Occupancy		452,041	3,481,2
· Depreciation	•	4,084,043	609.2
Amortization		507,010	\$ 21.954.0
Total expenses	·	\$ 24.593,929	3 21173 113
<u>, </u>	•	\$ 4.288,001	S 3.414.2
Income from operations			
₩.			•
OTHER INCOME (EXPENSE)			A 00°
Interest income		\$ 29,556	\$ 38, (501
	·	(574,654)	(591. S (552.
Interest expense		S (545,098)	S (552.
		\$ 3.742.903	S 2.861.
Not income	•	3 3.142.903	

STATEMENTS OF CASH FLOWS Years Ended December 31, 2004 and 2003

		2004	, ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	2003
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	5	3,742,903	S	2,861,828
Adjustments to reconcile net income to net cash provided				•
by operating activities:				,
Depreciation		4,084,043		3,481,218
Amortization		507,010		609,215
Changes in assets and liabilities, net of the effects				
of investing and financing activities:				
(Increase) decrease in accounts receivable		(276,339)		261,472
(Increase) decrease in accounts receivable, members		23,313		(77,710)
(Increase) decrease in inventory		(406,781)		437,460
(Increase) in prepaid expenses		(41,233)		(20,127)
Decrease in other assets		1,121		.1,119
Increase in accounts payable		480,443		22,942
(Decrease) in accounts payable, member		(5,574)		(45,077)
Increase in accrued expenses .		393,916		107,040
Increase (decrease) in customer deposits	.•	(11,842)		47,660
Net cash provided by operating activities	\$		S	7,687,040
. H FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	· · · S	(12,214,324)	. \$	(4,933,301)
Proceeds from sale of short-term investments		12,517,468	• • •	**
Purchase of short-term investments		~,o ,		(2,517,468
Purchase of RTFC equity certificates		(5,619)		(3.352
Net cash (used in) investing activities	- 5	(9.702.475)	5	(7,454,121
Mat casu (apag iii) invazind serivines		(5.702.415)		(////
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from capital contributions	\$.	S	2,500,000
		(175,000)	-	***
Capital distributions		1,500,000		000,000
Net borrowings (payments) on notes payable		(779,000)		(728,755
Payments on long-term borrowings	S		\$	1.271,25
Net cash provided by financing activities		340,000		
Not increase (decrease) in cash and cash equivalents	5	(665,495)	Š	1,504,16
Charles and early acquired autor				
Cash and cash equivalents:		2,781,029		1,276,86
Beginning		2.,,01,02		
Ending .		2.115.534	<u>.</u> <u></u>	2.781.07
		•		
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	ç	610257	S	531,57
Cash payments for interest	S	619,257	ی	ا سود تری

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

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

Intangible assets

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

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, 2004 and 2003, these costs were \$688,001 and \$470,732, 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 income tax has been provided for in the accompanying financial statements.

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.

Reclassification

Certain amounts presented in the prior year have been restated to conform with the current year presentation.

NOTES TO FINANCIAL STATEMENTS

Note 3. Notes Payable

Notes payable consist of the following:

	December 31,				
	200	2004			
RTFC, Line of Credit (a)	. \$,	S .1,800,000		
Cumberland Mountain Paging (b)	40	0,000	400,000		
Total	\$ 40	0,000	\$ 2,200,000		

- (a) The Company has a line of credit agreement with Rural Telephone Finance Cooperative (RTFC) that provides for borrowings up to \$5,000,000. The outstanding balance at December 31, 2004 and 2003 was \$3,300,000 and \$1,800,000, respectively. The agreement carries an interest rate at prime, plus one and one-half percent, is unsecured and was renewed June 28, 2004 for 24 months. Accordingly, the note is presented in the financial statements as long-term debt at December 31, 2004 (see Note 4).
- (b) The Company issued two promissory notes in connection with the acquisition of certain paging assets. Both notes were due in one year with interest at a rate of 4%. The remaining note with a balance of \$400,000 is currently due, but the Company is negotiating the amount based upon the purchased customer lists.

... Note 4. _ Long-Term Debt

Long-term debt as of December 31, 2004 and 2003 consists of the following:

	December 31, 2004					•
	Balance		(Current		ong-Term
Notes payable, RTFC:				•		
Dated 11/13/97, variable rate						
(6.15% at 12/31/04)	\$	218,285	S	22,714	S	195,571
Dated 11/13/97, variable rate						
(6.15% at 12/31/04)		999,575		104,012		895,563
Dated 11/13/97, fixed rate						; '
(7.20% at 12/31/01)		813,493		81,476		732,017
Dated 12/31/98, fixed rate						
(7.25% at 12/31/04)		677,532		55,516		622,016
Dated 02/13/01, variable rate						
(5.85% at 12/31/04)		861,959		80 , 730 .		781,209
Dated 02/13/01, variable rate						
(5.85% at 12/31/04)	1,	011,829		94,791		917,038
Dated 07/27/01, variable rate				• •		:
(5.85% at 12/31/04)	2,	845,311		408,121	2	,437,190
Line of credit, variable rate		, .				
1. (6.40% at 12/31/04), 1.	3,	300,000				3,300,000
			r .	4 1 2 3 4 4 4 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5	1. C	880 604 🗑

NOTES TO FINANCIAL STATEMENTS

Note 5. 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 \$58,929 and \$59,472 matching funds for its 401(k) plan during the years ended December 31, 2004 and 2003, 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 \$214,464 and \$205,832 to its retirement savings plan during the years ended December 31, 2004 and 2003, respectively.

Note 6. Related Party Transactions

The Company shares personnel with one of its members. The Company paid \$111,438 and \$126,331 for shared personnel during the years lended December 131, 2004 and 2003 respectively. The Company also leased offices and warehouse space from two members. The pleases are for an unspecified length of time. The monthly lease payments total approximately \$7,000. In addition, the Company incurred interconnection charges from its members aggregating \$812,794 and \$765,004 for the years lended December 31, 2004 and 2003, 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.

¥ 4.

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.

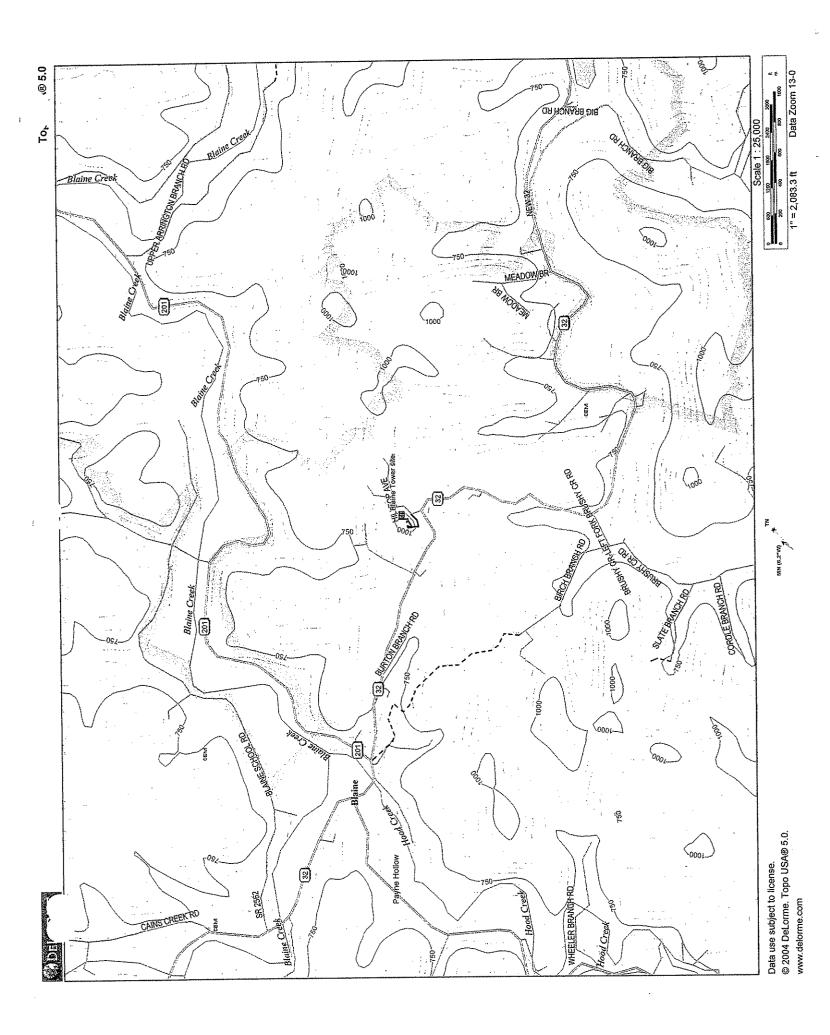
Total rental income earned from these operating lease commitments included in the statements of income were \$1,442,016 and \$1,157,527 for the years ended December 31, 2004 and 2003, respectively. Rental income earned from the Company's members from these leases was \$1,132,545 and \$858,714 for the years ended December 32, 2004 and 2003, respectively.

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Directions to Blaine Tower Site

From the Courthouse Louisa Ky. Take Hwy 2566.01 miles to the junction of route 3. Turn right onto Route 3 and continue on for .3 miles to the junction of route 3 and 32. Turn left onto route 32 and go 17.2 miles to Blaine Hill Road. Turn right onto Blaine Hill Road for 200' then turn hard left onto gravel road.15 miles to site.

Directions were prepared by Marty Thacker Appalachian Wireless 606-634-9505 Cell 606-785-2203 Office m.thacker@tgtel.com E mail



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		•

THIS LEASE is made and executed on the day of Aph, 2006 by and between **Danny Ramey and Rhonda Ramey**, his wife, with a mailing address of HG-35 13/ain e Hill Rd. 89, Box 195; Blaine, Kentucky 41124, hereinafter referred to as "LESSORS", and East Kentucky Network, LLC, d/b/a Appalachian Wireless, P.O. Box 405, Prestonsburg, Kentucky 41653, hereinafter referred to as "LESSEE":

WITNESSETH:

That for and in consideration of the rents and other considerations hereinafter set out and subject to the terms and conditions therefore, Lessors do hereby lease, let and demise unto Lessee, its successors and assigns, to have and to hold for the term hereinafter set out and subject to the Lessee's right to surrender or terminate this Lease and provided hereinafter, the following described premises ("Leased Premises"), which term shall include all real property, rights and privileges herein granted:

BEING a part of the same property conveyed to Lessors by the following instruments: Deed dated December 28, 1995, from James A. Ramey and Gloria Ramey, his wife, recorded in Deed Book 228, Page 48, Lawrence County Clerk's Office

BEING the same property described by metes and bounds in the description attached hereto and made a part hereof as Exhibit "A", and as shown on the plat dated <u>18</u>" day of <u>March</u> 2006, prepared by <u>Graden Howard</u>, Licensed Professional Land Surveyor, and attached hereto and made a part hereof as Exhibit "B."

Lessors further grants unto Lessee, the right of ingress and egress to the Leased Premises, together with the right to build or place facilities thereon and/or a pad for housing or containing equipment and facilities, including a utility pole, together with other equipment to secure such facilities. Lessee shall bear the normal costs of extending the power line charged by the power company. Lessee shall further have the right to run

additional power lines, telephone lines, coaxial lines, to and from the Leased Premises and to improve and maintain any existing road over and across Lessors' remaining property for Lessee's access to the Leased Premises, and at its own costs to bury any such lines thus run or extended. Lessor will have input as to where the road and power lines are to be placed. In the event Lessors lease or sell other property to another cellular provider, such entity shall be required to reimburse Lessee for one-half (½) of the costs of road construction and one-half (½) the costs of powerline extension, if and only if, such road and powerlines are used by such provider. If the other provider uses a road and powerlines located elsewhere on Lessors' property, then Lessee shall not be entitled to such reimbursement from such provider. Any existing road used by Lessee for access to and from the Leased Premises will be left open for Lessors' use, unless Lessee gates its access road in which case Lessors shall be furnished a key therefor.

This Lease is made on the following terms and conditions:

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- 1. TERM OF LEASE. The term of this Lease shall be for a period of twenty-five (25) years from and after the date hereof ("Initial Term"), with the exclusive of option of Lessee to extend the Leasehold for a second term of twenty-five (25) years each ("Additional Term"). In the event that Lessee desires to extend this Lease Agreement, it shall give Lessors' notice of such intention in writing at lease sixty (60) days before expiration of the Initial Term.
- 2. CANCELLATION. Lessee shall have the right to terminate this Lease and abandon the Premises at any time under its sole discretion, upon thirty (30) days written notice to Lessors' of its intention to do so. In the event of termination by Lessee, the Lessors shall have no obligation to refund all or any portion of the annual Leasehold rental

payment that has been paid. Upon termination of this Lease, Lessee shall have Twelve (12) months thereafter to remove all structures it has erected upon the Leased Premises.

- 3. RENTAL. As rental for the Leased Premises during the Initial Term, Lessee shall pay to the Lessors annually and in advance the sum of Six Thousand Dollars (\$6,000.00) per annum beginning with the first payment to be made upon execution of this Lease, and due thereafter on the anniversary date hereof for each year that this Lease remains in effect. The Annual Rental payments shall be at the rate of \$500.00 per month.
- 4. RENTAL ADDITIONAL TERM(S). In the event this Lease Agreement is extended for an Additional Term the annual rental payable shall be increased by a sum equal to twenty five percent (25%) of the rent provided for in Numerical Paragraph 3 so that Seven Thousand Five Hundred Dollars (\$7,500.00) per annum shall be the annual rent due during the Additional Term.
- 5. USE OF PREMISES. Lessee shall have the exclusive rights and privileges of the use of the Leased Premises for the purpose of constructing buildings, towers, and other related facilities, including, but not limited to telephone lines, coaxial lines, power lines and the installation of any and all other equipment deemed necessary by Lessee to receive and transmit any and all electronic signals in the rural service area now or hereafter to be served by the facility. The parties hereto recognize that technology in the communications field is advancing at a rapid rate and that this site may be used for any other purpose now in the development stage or which may later be developed in the communications industry to carry out the objectives of Lessee, that being to transmit and receive signals and communications by wire, fiber optics, radio and satellite. Lessee shall have the right to colocate other cellular providers on Lessee's tower. Lessee shall not use the Leased Premises

for purposes other than maintenance or use as a site for communications by the use of methods now or hereafter known.

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Lessee may gate its access road in a manner to best prevent trespassing. The gate shall be kept locked with a lock furnished by Lessee, who shall also furnish the Lessors with a key to the lock. Lessee shall not allow any persons not associated with its business to have access to the Leased Premises or its access road. Lessors will have the right to relocate the road to the site at Lessor's expense, so as long as Lessee has the right to use the new road.

Lessee agrees to maintain the Leased Premises in a neat and orderly manner.

- 6. INDEMNITY. Lessee agrees to indemnify and save harmless the Lessors from any liability by virtue of Lessee's activities upon the Leased Premises or in the exercise of any rights and privileges granted herein, specifically including but not limited to any claim, loss, fine, penalty and costs (including reasonable attorney's fees) arising out of any violation of any environmental laws or regulations. This provision shall survive the termination of the lease. Lessee shall maintain and keep in full force and effect public liability and property damage insurance in an amount of at least One Million Dollars (\$1,000,000.00). Lessors shall not be held liable for personal injury or property damage on the Leased Premises whether or not associated with Lessee.
- 7. NOTICES. All notices, demands, or other writings in this Lease Agreement provided to be given, made or sent, or which may be given or made or sent, to either party hereto to the other, shall be deemed to have been fully given or made or sent when made in writing and deposited in the United States Mail, certified and postage prepaid, to Lessors and Lessee at the addresses stated in the caption of this Lease Agreement. Such addresses may be changed by written notice given by such party as above provided.

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

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WITNESS OUR HANDS, the day	and year aforesaid.	
	LESSORS:	1
	Danny Ramey Phonola Ra Rhonda Ramey	Marney
	EAST KENTUCK d/b/a APPALACE BY: July 7.	NETWORK, LLC HAN WIRELESS MANAGER
STATE OF KENTUCKY COUNTY OF Lawerence The foregoing Lease Agreement	was this 26 day	of April , 2006,
produced and acknowledged before m married, Lessors.	NOTARY PUBLIC COMMISSION EXI	ey and Rhonda Ramey,
STATE OF KENTUCKY COUNTY OF <u>F-/6</u>		
The foregoing Lease Agreement produced and acknowledged before a Appalachian Wireless by Gevald	ne by, East Kentu	of Apri, 2006, cky Network, LLC, dba, its General managel;
Lessee.	\mathcal{T}	0///
	NOTARY PUBLIC	Streyters 2009
	COMMISSION EX	TIRED: US ON X 00
	5	ARY

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Legal Description of Plat of Survey for (Danny & Rhonda Ramey Lot Purchase) EAST KENTUCKY NETWORK P.O. Box 405, Prestonsburg, KY 41653

A certain tract or Parcel of Land lying on Lot 38 of the Division of the Peter Saunders Farm in Lawrence County, KY, said tract being a portion of the same property conveyed to Danny & Rhonda Ramey from James A. & Gloria Ramey, dated December 28, 1995, recorded in Deed Book 228, Page 048, Lawrence County Clerks office. and being more particularly described as follows:

BEGINNING at an iron pin "set" (all iron pins referred to in this deed as "set" are 5/8" * 18" rebar with a plastic cap stamped Walturn 3682) west of a roll wire fence and bearing SOUTH 81 DEGREES 53 MINUTES 43 SECONDS WEST a distance of 46.82 feet from National Geodetic Survey Monument designated as BLAINE; thence SOUTH 14 DEGREES 49 MINUTES 35 SECONDS WEST a distance of 68.35 feet to an iron pin "set"; thence SOUTH 29 DEGREES 37 MINUTES 09 SECONDS WEST a distance of 71.64 feet to an iron pin "set"; thence SOUTH 82 DEGREES 18 MINUTES 08 SECONDS WEST a distance of 147.62 feet to an iron pin "set"; thence NORTH 22 DEGREES 51 MINUTES 39 SECONDS EAST a distance of 138.58 feet to an iron pin "set"; thence NORTH 81 DEGREES 59 MINUTES 54 SECONDS EAST a distance of 146.78 feet to the POINT OF BEGINNING. The entire lot as described hereon is on the Danny & Rhonda Ramey property and contains 0.42 ACRES.

Exhibit A"



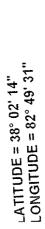
This is to certify that this instrument was prepared by: WILLIAM S. KENDRICK, ATTORNEY FRANCIS, KENDRICK & FRANCIS P.O. Box 268 Prestonsburg, Kentucky 41653 606/886-2812 STATE OF KENTUCKY Clerk's Certificate of COUNTY OF LAWRENCE Lodgment and Record I,______, Clerk of the County for the County and State aforesaid, certify that the foregoing Lease Agreement was on the _____ day of _, 2006 lodged for record, whereupon the same, with the foregoing and this certificate have been duly recorded in my office. WITNESS my hand, this _____ day of ______, 2006. Clerk By _____ D.C.

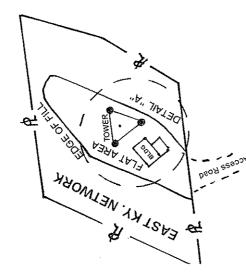
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STATE OF KENTUCKY, COUNTY OF LAWRENCE, SCT.

I, CHRIS JOBE DO HEREBY CERTIFY THAT THE FOREGOING INSTRUMENT OF WRITING WAS LODGED FOR RECORD ON THE DAY OF MAIN BOOK # BOOK # BOOK # FEES 20.00 CHRIS JOBE, GLERK BY: Law lotto Lawrence, SCT.

SITE SURVEY WITH PROPOSED TOWER & BLDG. LOCATION





3ALE 1" = 50'

Tower has been located using a Trimble GEO XT handheld GPS unit.

Precision: Hor: = 2.5' UTM 17S 14211309.976 m N 3396785,560 m E

Ver: = 4.2

SCALE: 1" = 6"

A OF KEN

RANDALL L. COLEMAN 13,100

ELEVATION: 1003.6' msl

roperty line information taken from a survey conducted by Greydon oward dated 03-28-06

LONGITUDE = 82° 49' 31" LATITUDE = 38° 02' 14"

Note: * Use sweeps in conduit for all turns * Conduits shall be placed 3.25 inches outside concrete slab

TOWER K ICE POLES K.33° * o BUILDING to power pole

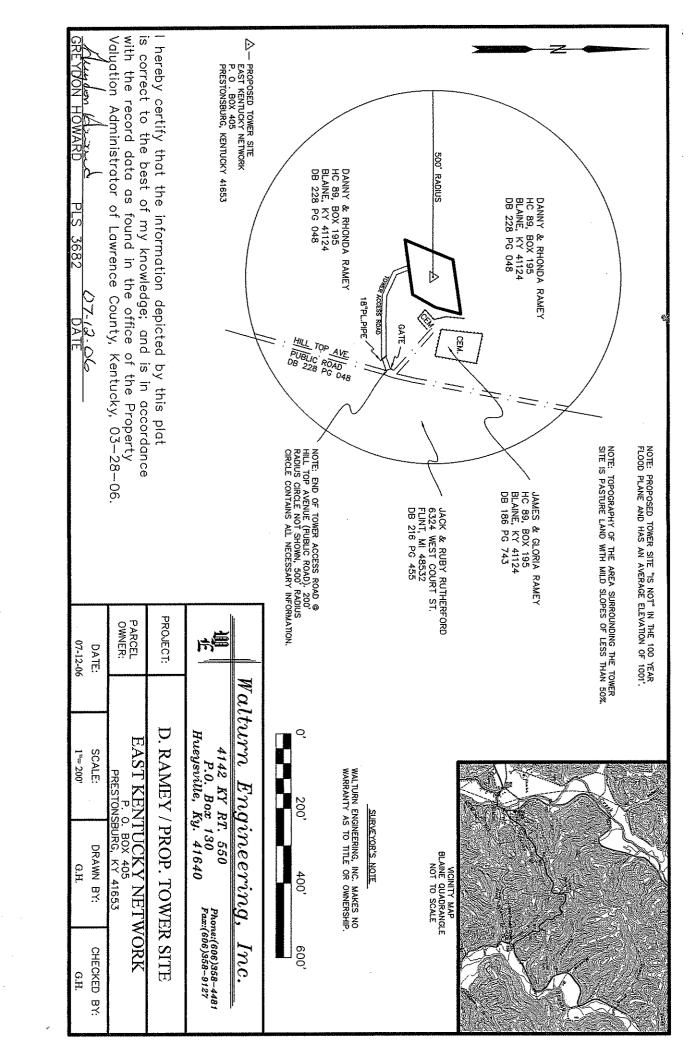
PROPOSED TOWER SITE FOR

EAST KY. NETWORK

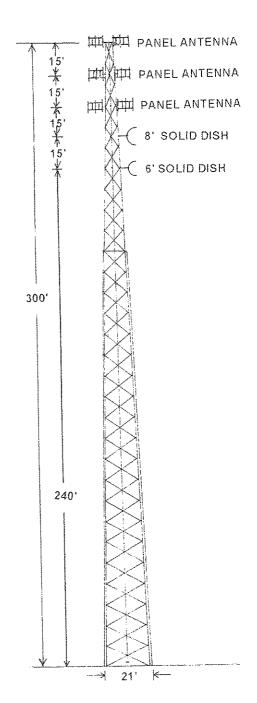
PO Box 405 Prestonsburg, Ky. 41653

COLEMAN ENGINEERING

DO Day 182 Windman Kii 11890



VERTICAL PROFILE SKETCH APPALACHIAN WIRELESS





SCALE: 1" = 30"

Mill I Eliz 1/6/7

RANDALL L. COLEMAN PE# 13100

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