RECEIVED

JUL 1 8 2008

PUBLIC SERVICE
COMMISSION

### EAST KENTUCKY NETWORK

d/b/a

APPALACHIAN WIRELESSS

# INDEX CELLULAR TOWER APPLICATION

Morgan County, Kentucky P.S.C. CASE # 2008-00265

### COMMONWEALTH OF KENTUCKY BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

JUL 18 2008

In the matter of:

PUBLIC SERVICE COMMISSION

| THE APPLICATION OF EAST KENTUCKY NETWORK   | )                    |
|--|----------------------|
| LIMITED LIABILITY COMPANY FOR THE ISSUANCE | )                    |
| OF A CERTIFICATE OF PUBLIC CONVENIENCE AND | ) CASE No 2008-00265 |
| NECESSITY TO CONSTRUCT A TOWER IN MORGAN   | )                    |
| 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. 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 Morgan 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 Index.. The proposed tower will be a 320 foot self-supporting tower located on a tract of land 0.4 mi south of Inex near West Liberty in Morgan County, Kentucky with coordinates (37° 53' 34.6" N 83° 17' 11.20"W). A map and detailed directions to the site can be found in Exhibit 8.

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

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

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

A copy of the tower design information is enclosed as Exhibit 5. The proposed tower has been designed by engineers at World Tower, Inc and will be constructed under their supervision.

Their qualifications are evidenced in Exhibit 5 by the seal and signature of the registered professional engineer responsible for this project.

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

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

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

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

Morgan County has no formal local planning unit. In absence of this unit the Morgan 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 July 16, 2008 and will remain posted for at least two weeks after filing of this application as specified.

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

Notice of the location of the proposed construction was published on the last two weeks of July in the Licking Valley Courier. Enclosed is a copy of that notice in Exhibit 1. The Licking Valley Courier is the newspaper with the largest circulation in Morgan County.

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

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

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

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

| SUBMITTED BY: ( | Janice Robinson, Cell Site Coordinator | DATE: <u>07-15-0</u> | <u>}</u> |
|-----------------|--|----------------------|----------|
| APPROVED BY:    | Gerald Robinette, General Manager      | DATE:                |          |

### Contacts:

Gerald Robinette, General Manager

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

Janice Robinson, Technical Site Coordinator

Phone: (606) 791-2375, Ext. 166 Email: <u>irobinson166a@ekn.com</u>

### **Mailing Address:**

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

|    | Notification/Response from County.   |       |
|----|--|-------|
| 2  | Copies of Cell Site Notices  |       |
| 3  | Universal Soil Bearing Analysis  |       |
| 4. | Kentucky Airport Zoning Commission Application.  |       |
| 5  | Tower Design.  |       |
| 6  | FAA Approval/Notice of Proposed Construction.  |       |
| 7  | Audited Financial Statements   | J. G. |
| 90 | Driving Directions and Map to Suitable<br>Scale.   |       |
|    | Deed/Lease Agreement for Proposed Site.  |       |
| 10 | Survey of Site Signed/Sealed by<br>Professional Engineer Registered in State<br>of Kentucky. |       |
| 11 | Site Survey Map with Property Owners identified in Accordance with PVA of County.            |       |
| 12 | Vertical Profile Sketch of Proposed<br>Tower.  |       |

,

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



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

July 16, 2008

Tim Conley, Judge/Executive Morgan County Courthouse 450 Prestonsburg Street West Liberty, KY 41472

RE: Public Notice-Public Service Commission of Kentucky (Case No. 2008-00265)

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 320 foot self-supporting tower with attached antennas extending upwards, and an equipment shelter located on a tract of land 0.4 mi south of Index near West Liberty in Morgan County, Kentucky. (37° 53' 34.60" N 83° 13' 11.20" W). A map showing the location of the proposed new facility is enclosed. This notice is being sent to you because you are the County Judge Executive of Morgan County.

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

Your comments and request for intervention should be addressed to: Executive Director's Office, Public Service Commission of Kentucky, P.O. Box 615, Frankfort, KY 40602. Please refer to Case No. 2008-00265 in your correspondence.

Sincerely,

Janice Robinson

Technical Site Coordinator

enclosure

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

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



### Fax

| To:    | The Licking Valley Courier     | From:  | JANICE ROBINSON          |
|--------|--------------------------------|--------|--------------------------|
|        | ATT: Public Notice Advertising |        | Accounting Department    |
| Fax:   | (606) 743-3565                 | Phone: | 606-874-7550, Ext.166    |
| Phone: | (606)743-3763                  | Pages: | 1 Pages (INCLUDING COVER |
| Re:    | PUBLIC NOTICE ADVERTISEMENT    | Date:  | July 15, 2008            |

We would like to have the following public notice printed in <u>The Licking Valley Courier</u> for the next two weeks.

The notice should state the following:

### PUBLIC NOTICE:

RE: Public Service Commission of Kentucky (CASE NO. 2008-00265)

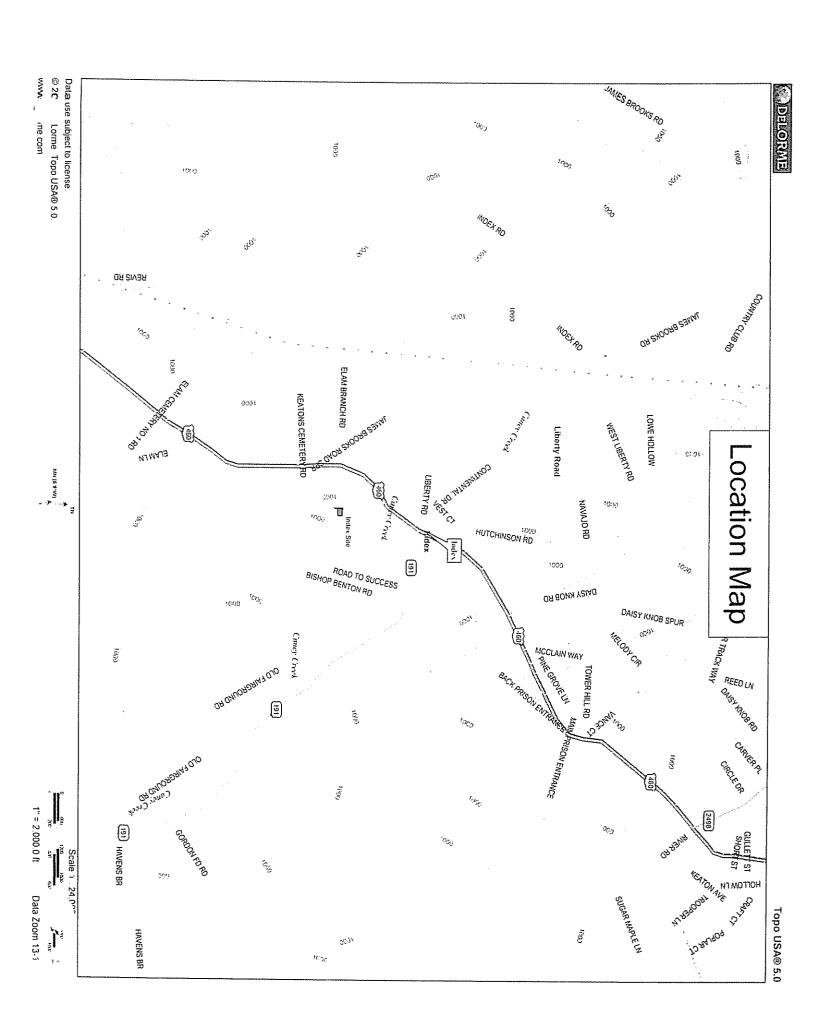
Notice is hereby given that East Kentucky Network, LLC, dba Appalachian Wireless has applied to the Kentucky Public Service Commission to construct a tower located on a tract of land at Index near West Liberty, in Morgan County, Ky (37° 53' 34.60" N 83° 17' 11.20"W). The proposed tower will be a 320 foot self-supporting tower with attached antennas extending upwards and an equipment shelter.

If you would like to respond to this notice, please contact the Executive Director, Public Service Commission, 211 Sower Boulevard, P.O. Box 615, Frankfort, Kentucky 40602. Please refer to Case No. 2008-00265.

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

Thank you, Janice Robinson

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



\* \* Communication Result Report (Jul. 16. 2008 1:37PM) \* \* \*  $\frac{1}{2}$  Ekn

+e/Time: Jul. 16, 2008 1:36PM

| File<br>No. Mode | Destination | Pg(s) | Result | Page<br>Not Sent |
|------------------|-------------|-------|--------|------------------|
| 0820 Memory TX   | 7433565     | P. 1  | OK     |                  |

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

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

East Heatingky Notwork, LLC dib's Appalached Wiroless 101 Technology Trail Ivel, KY 41642

Phone: 608/874-7660 Fax: 606/701-2225



#### Fax

(

| Tex    | The Licking Valley Courier     | Froms  | JANICE ROBINSON        |
|--------|--------------------------------|--------|------------------------|
|        | ATT: Public Notice Advertising |        | Accounting Department  |
| Fance  | (005) 743-35GE.                | Phone: | 603-874-7550, Ext.108  |
| Phones | (098)743-3763                  | Pagon  | Pages [HCt,UDING COVER |
| Rez    | PUBLIC NOTICE ADVERTISEMENT    | Dates  | July 15, 2008          |

We would like to have the following public notice printed in  $\underline{\it The Lieking Valley Courier}$  for the next two weeks.

The notice should state the following:

#### PUBLIC NOTICES

RE: Public Service Commission of Kentucky (CASE NO. 2008-00255)

Notice is hereby given that East Kentucky Network, LLC, the Appalachian Wireless has applied to the Kentucky Public Service Commission to construct a tower located on a tract of lead at Index near West Liberty, in Morgan County, Ky (37° 53' 34.60" N 83° 17' 11.20"W). The prepared tower will be a 320 foot self-supporting tower with afteched antennas extending upwards and an equipment shelter.

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If you have questions about the placement of the above mentioned notice, please call me at 695-791-2375, oxf. 166  $^\circ$ 

Thankyou, Janice Robinson

Accounting Department: If you have any problems with this fax, please call Goldes-6007. The message shows and the information contained in the documents immanified are confidential and intended only for the person(s) mends above. Dissentiation, distribution or copying of this communication by anyone other than the person(s) cannot domest perhation. If you know needed this construction than one, please only as intended by the promote of the construction of the period of the

Wext Generation Communications....

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

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

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

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

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

#### LIST OF PROPERTY OWNERS

Sara Fannin & Robin Fannin 2140 HWY 460W West Liberty, KY 41472

Samuel Long P. O. Box 456 West Liberty, KY 41472

Robert Allan & Nora Jane Goodpaster P O Box 503 West Liberty, KY 41472

Morgan County Board of Education P O Box 606 West Liberty, KY 41472

George Elam & Walter Elam 3593 HWY 711 West Liberty, KY 41472

Casey's Food, Inc. 130 Holly Hills Mall RD Hindman, KY 41822

Norman Lee & Betty Ann Elam 5065 Hwy 705 West Liberty, KY 41742

> Charles M. Ferguson 1946 Grassy Creek RD Grassy Creek, KY 41352

Adrain Lowe Heirs C/O William Lowe P. O. Box 825 Owensville, OH 45160

Herbert Barnett & Fred R. Combs 705 HWY 1812 West Jackson, KY 41339 EAST KENTUCKY NETWORK

101 TECHNOLOGY TRAIL

IVEL, KY 41642

PHONE: {606} 874-7550

FAX: [606] 874-7551

E' IFO@EKN COM

W ## WWW EKN COM



### VIA: U.S. CERTIFIED MAIL

#### PUBLIC NOTICE

July 16, 2008

Herbert Barnett & Fred R. Combs 705 HWY 1812 West Jackson, KY 41339

RE: Public Notice-Public Service Commission of Kentucky (Case No. 2008-00265)

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 Morgan County. The facility will include a 320 foot self supporting tower with attached antennas extending upwards, and an equipment shelter located approximately 0.4 mi S. of Index, Kentucky. (37° 53' 34.60" N, 83° 17'11.20"W). A map showing the location of the proposed new facility is enclosed. This notice is being sent to you because you may own property or reside within a 500' radius of the proposed tower.

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

Your comments and request for intervention should be addressed to: Executive Director's Office, Public Service Commission of Kentucky, P.O. Box 615, Frankfort, KY 40602. Please refer to Case No. 2008-00265 in your correspondence.

Sincerely,

lanice Robinson

Technical Site Coordinator

Énclosure 1

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

PUBLIC NOTICE

July 16, 2008

Adrian Lowe Heirs C/O William Lowe P O Box 825 Owensville, OH 45160

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Tho@ekn com

:: WWW EKN COM



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

July 16, 2008

Charles M. Ferguson 1946 Grassy Creek RD Grassy Creek, KY 41352

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V: WWW EKN.COM



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

### PUBLIC NOTICE

July 16, 2008

Norman Lee & Betty Ann Elam 5065 HWY 705 West Liberty, KY 41742

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George Elam & Walter Elam 3593 HWY 711 West Liberty, KY 41472

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### VIA: U.S. CERTIFIED MAIL

### PUBLIC NOTICE

July 16, 2008

Morgan County Board of Education P. O. Box 606 West Liberty, KY 41472

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Janice Robinson

Technical Site Coordinator

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Énclosure 1



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

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Robert Allan & Nora Jane Goodpaster P O Box 503 West Liberty, KY 41472

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V E: WWW.EKN.COM



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

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Samuel Long P. O. Box 456 West Liberty, KY 41472

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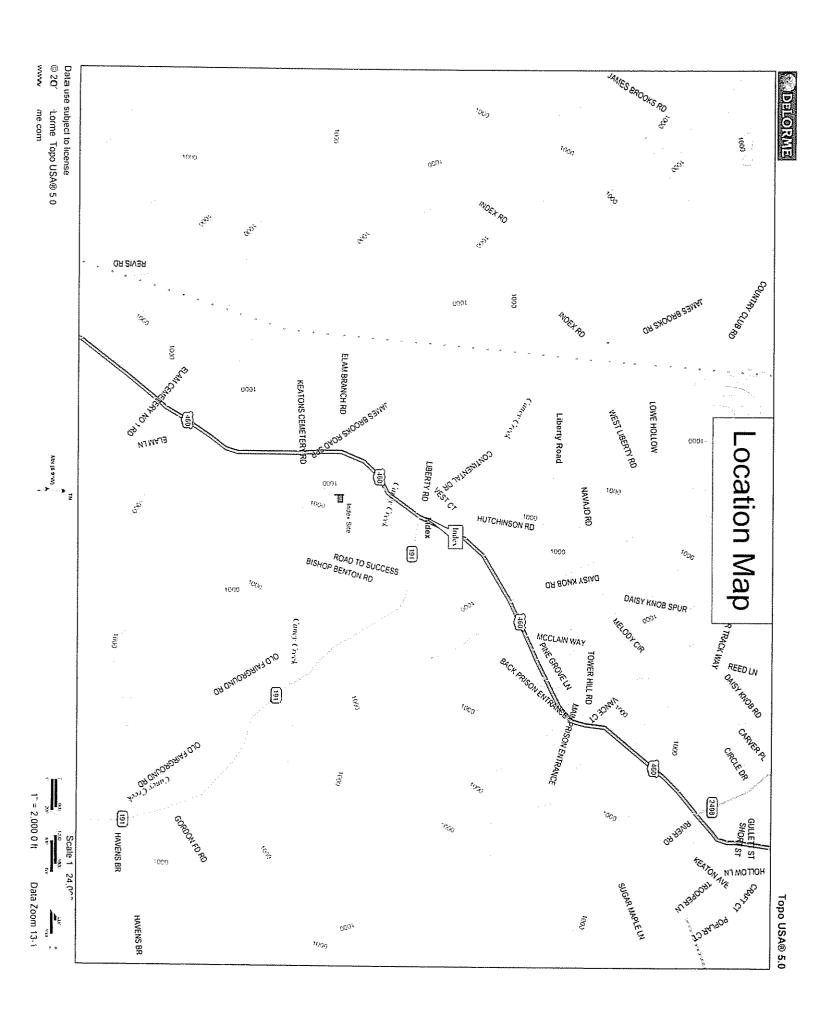
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Sincerely,

Janice Robinson

Technical Site Coordinator

anice Rolenson



### WENDELL R. HOLMES, P.G.

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

May 20, 2008

**Index Tower Site** 

### Purpose:

A site assessment was conducted for Appalachian Wireless on a tract of land located in Morgan County near West Liberty, Kentucky. The site of the proposed tower is now forestland property. 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 is present at the proposed tower site. A Caterpillar Excavator was used to expose the bedrock material. It is approximately 2.50 feet to the shale bedrock. (See attachments for location and descriptions of materials encountered.)

The terrain in Morgan County is slightly to moderately steep. The tower site is located on a knob above the confluence of Little Caney Creek and Caney Creek, both being tributaries of the Licking River, approximately three tenths of a mile south of Index in Morgan County near US 460. 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 knob in the area. The shale bedrock on the proposed tower site is part of the Breathitt Formation, and is lower to middle 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. Holling Professioned

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

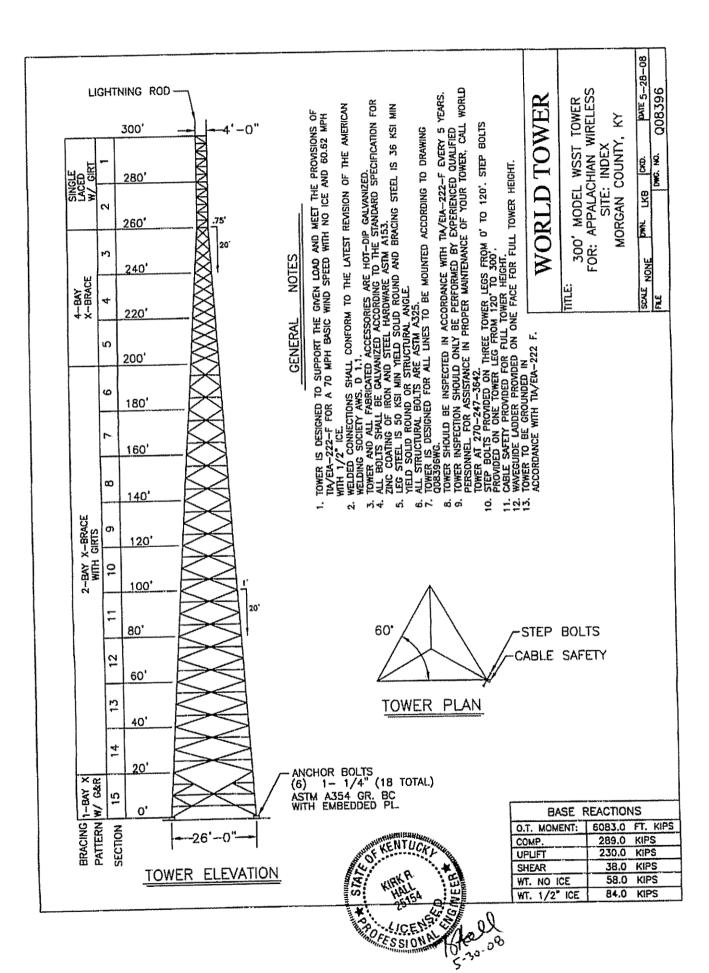
## Whitesburg, Ky. 41858 Geologist Log

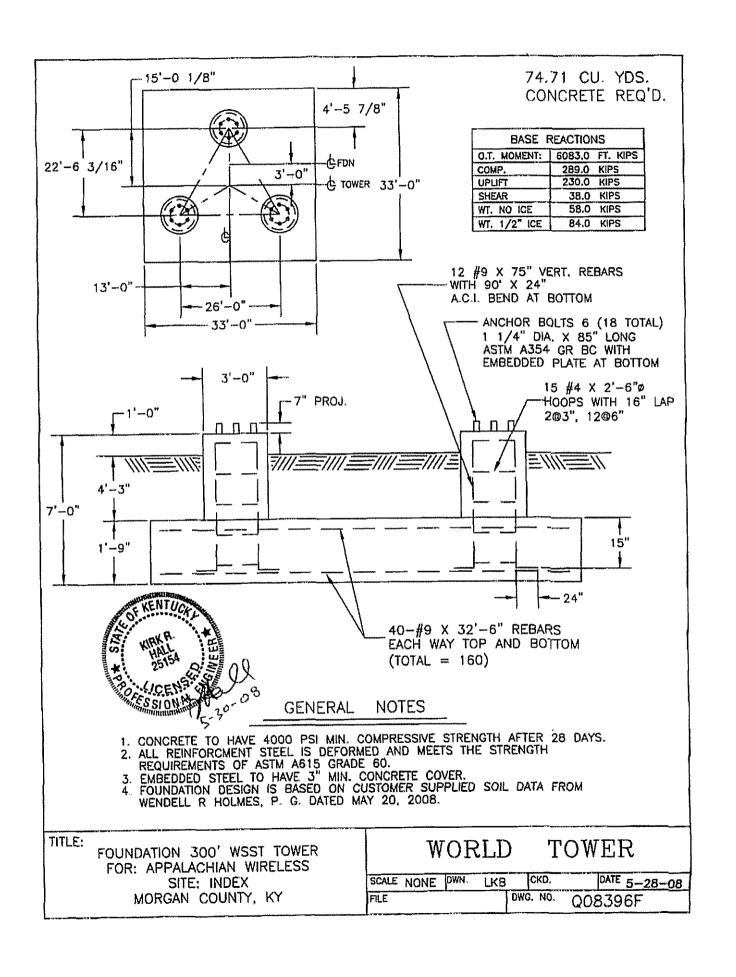
Location: Index Tower Site

| Unit<br>Thickness | Total<br>depth | Strata | Description                                   |
|-------------------|----------------|--------|---|
| 2.00′             | 2.00′          | Soil   | Yellowish brown with plant and rock fragments |
| 0.50′             | 2.50′          | Clay   | Gray, soft and weathered                      |
| 10.00′            | 12.50′         | Shale  | Gray  |



| Kentucky Transportation Cabinet, Kentucky Airport Zoning Commission, 200 Mero APPLICATION FOR PERMIT TO CONSTRUCT OR ALTER INSTRUCTIONS INCLUDED  |  |
|---|--|
| 1. PLICANT Name, Address Telephone, Fax, etc East Kentucky Network, LLC c/o Lukas, Nace, Gutierrez & Sachs, Chtd 1650 Tysons Blvd, Suite 1500 McLean, VA 22102 T: 703-584-8667 F: 703-584-8692  2. Representative of Applicant Name, Address, Telephone, Fax Ali Kuzehkananl Lukas, Nace, Gutierrez & Sachs, Chtd | 9 Latitude: 37 ° 53 34 6 °  10 Longltude: 83 ° 17 11 2 °  11 Datum: NAD83 NAD27 Other  12 Nearest Kentucky City: Index County Morgan  13 Nearest Kentucky public use or Military alroort: West Liberty                     |
| 1650 Tysons Blvd, Suite 1500<br>McLean, VA 22102<br>T: 703-584-8667 F: 703-584-8692   | 14 Distance from #13 to Structure: 2.4 ml  15 Direction from #13 to Structure: SW  16 Site Elevation (AMSL): 1,080 00 Feet   |
| 3 Application for: ⊠ New Construction □ Alteration □ Existing 4 Duration: ⊠ Permanent □ Temporary (MonthsDays)  | 17 Total Structure Height (AGL): 320.00 Feet  18 Overall Height (#16 + #17) (AMSL): 1,400.00 Feet  |
| 5 Work Schedule: Start 7/1/2008 End 7/15/2008  6 Type: Antenna Tower Crane Building Power Line Landfill Water Tank Other  | 19 Previous FAA and/or Kentucky Aeronautical Study Number(s):  |
| 7 rking/Painting and/or Lighting Preferred: ☐ Red Lights and Paint ☑ Dual - Red & Medium Intensity White ☐ White - Medium Intensity ☐ Dual - Red & High Intensity White ☐ White - High Intensity ☐ Other  | 20 Description of Location: (Attach USGS 7.5 minute Quadrangle Map or an Airport layout Drawing with the precise site marked and any certified survey)  Site is located approx 0.4 mi (0.6 km) south of Index (Morgan), KY |
| 8 FAA Aeronautical Study Number  21 Description of Proposal:  The structure will include a 300' tower with top-mounted cellular antenna   | s (overall height of 320' AGL) The ERP will be 500 watts   |
| 22 Has a "NOTICE OF CONSTRUCTION OR ALTERATION" (FAA Form 7460-1 ⊠ No ☐ Yes, When June 11, 2008   |  |
| All Kuzehkanani/Dir of Engineering  Printed Name and Title  CERTIFICATION: I hereby certify that all the above statements made by me are  All Kuzehkanani/Dir of Engineering  Signature   | true. complete and correct to the best of my knowledge and belief  6/11/2008  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   | 33.861 through 183 990) and Kentucky Administrative Regulations (602 KAR<br>) Non-compilance with Federal Aviation Administration Regulations may result   |
|   | rman, KAZC   |
| Approved  Disapproved   | Date   |





### LUKAS, NACE, GUTIERREZ & SACHS

"HARTERED

1650 TYSONS BOULEVARD, SUITE 1500 MCLEAN, VIRGINIA 22102 703 584 8678 • 703 584 8696 FAX

WWW FCCLAW COM

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HON GERALD S MCGOWAN\*

TAMARA DAVIS-BROWN\*

CONSULTING ENGINEERS

\*NOT ADMITTED IN VA

Writers Direct Dial (703) 58 48667 akuzehkanani@fcclay.com

June 11, 2008

#### Via U.S. Mail

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

Dear FAA Evaluator:

Enclosed is an FAA Form 7460-1 (Notice of Proposed Construction or Alteration) for a new 320' communications tower structure (300' tower plus 20' antenna) near Index (Morgan), Kentucky The site ("Index") is approximately 0.4 mi (0.6 kilometers) south of Index

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

43cMamm

Enclosure

cc: East Kentucky Network, LLC

Attention: Gerald Robinett

### Notice of Proposed Construction or Alteration - Off Airport

Project Name: EAST -000096778-08 Sponsor: East Kentucky Network, LLC

Details for Case: Index

Show Project Summary

Case Status

ASN:

2008-ASO-3236-OE

Status:

Accepted

06/11/2008

Letters:

None

**Construction / Alteration Information** 

Notice Of: **Duration:** 

Construction Permanent

Work Schedule - Start:

if Temporary: Months: Days: 07/01/2008

Work Schedule - End:

07/15/2008 Filed with State

**Structure Details** 

Latitude: Longitude:

State Filing:

37° 53' 34 60" N 83° 17' 11 20" W

**Horizontal Datum:** 

NAD83

Site Elevation (SE): Structure Height (AGL): 320 (nearest foot)

1080 (nearest foot)

Marking/Lighting:

Dual-red and medium Intensity

Other:

**Nearest City:** 

Index Kentucky

**Nearest State:** Description of

Approx. 0 4 mi (0.6 km) south of Index

Location:

Description of

Proposal:

A new 300' tower with top-mounted antennas for an overall height of 320' AGL  $\,$ 

Date Accepted:

Date Determined:

**Structure Summary** 

Structure Type:

Tower Index

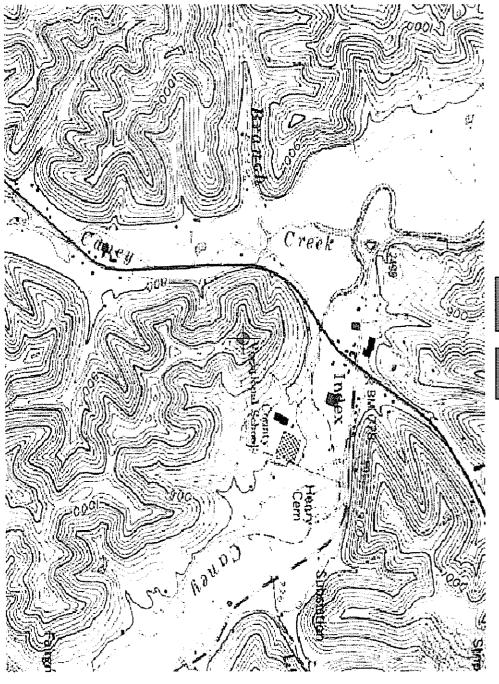
Structure Name:

FCC Number: Prior ASN:

**Common Frequency Bands** 

ERP Unit W W W W W W W W Łow Freq 806 824 High Freq 824 849 Freq Unit MHz MHz MHz 500 500 500 500 500 500 866 894 MHZ 896 901 901 902 MHz MHz 931 932 MHz MHz 3500 17 1000 3500 1640 932 935 932.5 940 MHz MHz dBW W W W W W W MHz MHz 1910 1930 2305 2345 1990 2310 MHz MHz 1640 2000 2360

Specific Frequencles



FINANCIAL REPORT

December 31, 2006

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### INDEPENDENT AUDITOR'S REPORT

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

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

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

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

Jones. Male: Mattingly Pic

Louisville, Kentucky March 15, 2007

> ALLICTI AMERICAN DIRECTOR DEPOSITIONS

### BALANCE SHEETS December 31, 2006 and 2005

| ASSETS   | 2006                   | 2005                   |
|--|------------------------|------------------------|
| CURRENT ASSETS   |                        |                        |
| Cash and cash equivalents  | \$ 2,818,346           | \$ 1,046,669           |
| Short-term investments   | 46,271                 | 43,803                 |
| Accounts receivable, less allowance for doubtful                 | •                      | ,                      |
| accounts of \$567,790 in 2006 and \$375,856 in 2005              | 2,802,673              | 1,560,267              |
| Accounts receivable, members (Notes 5 and 6)                     | 37,612                 | 3,149                  |
| USF receivable (Note 7)  | ™ et                   | 589,913                |
| Inventory  | 1,584,039              | 1,056,766              |
| Prepaid expenses   | 173,657                | 143,547                |
| Total current assets   | <u>\$ 7,462,598</u>    | <u>\$ 4,444,114.</u>   |
|  |                        |                        |
| PROPERTY, PLANT AND EQUIPMENT (Note 3)                           |                        |                        |
| Plant in service:  |                        |                        |
| General support  | \$ 18,914,927          | \$ 10,633,736          |
| MTSO equipment   | 13,354,875             | 11,934,434             |
| Cell equipment   | 39,339,797             | 34,785,982             |
| Paging equipment   | 3,321,068              | 3,320,416              |
| Fiber ring   | 6,471,128              | 6,245,412              |
| Unfinished plant   | 657,524                | 3,992,696              |
| ·  | \$ 82,059,319          | \$ 70,912,676          |
| Less accumulated depreciation                                    | 33,358,066_            | 27,810,940             |
|  | \$ 48,701,253          | \$ 43,101,736          |
|  |                        |                        |
| OTHER CONTE  |                        |                        |
| OTHER ASSETS   |                        |                        |
| Investment in affiliated company, RTFC (Note 3)                  | \$ 862,394             | \$ 875,133             |
| Intangible assets, net of accumulated amortization               | 4 407 030              | 4. CO2. DCC            |
| of \$2,646,913 in 2006 and \$2,179,654 in 2005 (Note 2)<br>Other | 4,497,032              | 4,623,855              |
| Още  | 27,550<br>\$ 5,386,976 | 28,669<br>\$ 5,527,657 |
|  | \$ 5,386,976           | <u>a 3,341,031</u>     |
|  | <u>\$ 61.550.827</u>   | \$ 53.073.507          |
|  |                        |                        |

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

<u>\$ 61.550.827</u> <u>\$ 53.073.507</u>

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

|  | 2006                     | 2005                                    |
|--|--------------------------|---|
| REVENUE  |                          |   |
| Retail   | \$ 24,156,320            | \$ 20,908,570                           |
| Roamer   | 6,964,309                | 6,868,904                               |
| Long distance  | 155,046                  | 177,350                                 |
| Paging   | 852,011                  | 1,039,429                               |
| Equipment sales, cellular  | 2,922,817                | 2,152,962                               |
| Equipment sales, paging  | 27,894                   | 57,632                                  |
| Other  | 3,065,078_               | 2,359,809                               |
| Total revenue  | \$ 38,143,475            | \$ 33,564,656                           |
| EXPENSES   |                          |   |
| Cost of cellular service   | \$ 7,888,446             | \$ 7,924,553                            |
| Cost of paging service   | 411,177                  | 510,665                                 |
| Cost of equipment sales, cellular  | 6,813,457                | 4,912,998                               |
| Cost of equipment sales, paging  | 58,755                   | 78,428                                  |
| Customer service   | 1,330,573                | 1,208,726                               |
| Billing  | 1,097,834                | 1,200,135                               |
| Selling  | 2,703,570                | 2,131,009                               |
| Maintenance  | 1,267,034                | 1,042,844                               |
| Utilities  | 454,008                  | 354,870                                 |
| Bad debts  | 800,268                  | 672,263                                 |
| Recovery of bad debts  | (90,925)                 | (120,673)                               |
| Cell site rental   | 158,500                  | 135,012                                 |
| Taxes  | 565,271                  | 257,247                                 |
| Advertising  | 1,574,298                | 1,139,697                               |
| General and administrative   | 2,238,348                | 2,249,226                               |
|  | 334,981                  | 359,928                                 |
| Occupancy<br>Depreciation  |                          | 4,635,200                               |
| Amortization   | 5,541,628<br>508,526     | 4,635,200                               |
|  | 508,526<br>\$ 33,655,749 | *************************************** |
| Total expenses   | \$ 33,033,749            | \$ 29,187,369                           |
| Income from operations   | \$ 4,487,726             | \$ 4,377,287                            |
| OTHER INCOME (EXPENSE)   |                          |   |
| Interest income  | \$ 49,052                | \$ 23,915                               |
| Interest expense   | (821,277)                | (795,898)                               |
| Universal Service Fund income (Note 7)   | 3,716,602                | 589,913                                 |
| Impairment of goodwill (Note 8)  |                          | (331,286)                               |
| , and a second control of the second control | \$ 2,944,377             | \$ (513,356)                            |
| Income before taxes  | \$ 7,432,103             | \$ 3,863,931                            |
| Kentucky corporation tax expense   | 399,157                  | 170,197                                 |
| Net income   | <u>\$ 7.032.946</u>      | \$ 3.693.734                            |

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

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

|   | Cellular<br>Services,                | Gearhart<br>Communi-<br>cations<br>Company, | Mountain<br>Tele-<br>communi-<br>cations, | Thacker-<br>Grigsby<br>Telephone     | Peoples Rural Telephone Coop- erative Corp- oration, | r                                      |
|---|--------------------------------------|---|---|--------------------------------------|--|--|
|   | Inc.                                 | Inc.  | Inc.                                      | Co., Inc.                            | Inc.   | Total                                  |
| Balance, January 1, 2005 Net income Capital distributions | \$ 6,781,309<br>738,747<br>(112,287) | \$ 6,781,309<br>738,747<br>(112,287)        | \$ 6,781,309<br>738,747<br>(112,287)      | \$ 6,781,309<br>738,746<br>(112,287) | \$ 6,781,308<br>738,747<br>(112,287)                 | \$33,906,544<br>3,693,734<br>(561,435) |
| Balance, December 31, 2005<br>Net income                  | \$ 7,407,769<br>1,406,589            | \$ 7,407,769<br>1,406,589                   | \$ 7,407,769<br>1,406,589                 | \$ 7,407,768<br>1,406,590            | \$ 7,407,768<br>1,406,589                            | \$37,038,843<br>7,032,946<br>(554,060) |
| Capital distributions Balance, December 31, 2006          | \$ 8,703.546                         | (110,812)<br>\$ 8,703,546                   | (110,812)<br>\$ 8,703,546                 | (110,812)<br>\$ 8,703,546            | (110,812)<br>\$ 8,703,545                            | \$43.517.729                           |

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

|  | 2006                | 2005                |
|--|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES                     |                     |                     |
| Net income   | \$ 7,032,946        | \$ 3,693,734        |
| Adjustments to reconcile net income to net cash provided |                     |                     |
| by operating activities:                                 |                     |                     |
| Depreciation   | 5,541,628           | 4,635,200           |
| Amortization   | 508,526             | 495,241             |
| Impairment of goodwill                                   |                     | 331,286             |
| Changes in assets and liabilities, net of the effects    |                     |                     |
| of investing and financing activities:                   |                     |                     |
| (Increase) in accounts receivable                        | (1,242,406)         | (78,367)            |
| Decrease in accounts receivable, members                 | (34,463)            | 51,248              |
| (Increase) decrease in USF receivable                    | 589,913             | (589,913)           |
| (Increase) in inventory                                  | (527,273)           | (230,130)           |
| (Increase) decrease in prepaid expenses                  | (30,110)            | 5,012               |
| (Increase) decrease in other assets                      | 13,858              | (646)               |
| Increase (decrease) in accounts payable                  | 315,266             | (291,123)           |
| Increase (decrease) in accounts payable, member          | (37)                | 2,332               |
| Increase in accrued expenses                             | 656,067             | 339,038             |
| Increase in accrued state corporation taxes              | 146,168             | 85,989              |
| Increase in customer deposits                            | 26,223              | 139,030             |
| Net cash provided by operating activities                | \$ 12,996,306       | \$ 8,587,931        |
| CASH FLOWS FROM INVESTING ACTIVITIES                     |                     |                     |
| Purchase of property, plant and equipment                | \$ (11,182,411)     | \$ (11,469,668)     |
| Purchase of intangible assets                            | (340,437)           | (299,159)           |
| Proceeds from sale of short-term investments             | (2,468)             | 56,197              |
| Net cash (used in) investing activities                  | \$ (11,525,316)     | \$ (11,712,630)     |
| CASH FLOWS FROM FINANCING ACTIVITIES                     |                     |                     |
| Capital distributions                                    | \$ (554,060)        | \$ (561,435)        |
| Proceeds from long-term borrowings                       | 14,200,000          | 3,450,000           |
| Payments on long-term borrowings                         | (13,345,253)        | (832,731)           |
| Net cash provided by financing activities                | \$ 300,687          | \$ 2,055,834        |
| Net increase (decrease) in cash and cash equivalents     | \$ 1,771,677        | \$ (1,068,865)      |
| Cash and cash equivalents:                               |                     |                     |
| Beginning  | 1,046,669           | 2,115,534           |
| Ending   | <u>\$ 2.818.346</u> | <u>\$ 1.046.669</u> |

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

| 2006              | 2005              |  |
|-------------------|-------------------|--|
| <u>\$ 866.941</u> | <u>\$ 788.610</u> |  |
| \$ 167,000        | \$ 84.207         |  |
| <b>e</b>          | \$ 400.000_       |  |
| Φ                 | \$ 56,000         |  |
|                   | \$ 866,941        |  |

### NOTES TO FINANCIAL STATEMENTS

### Note 1. Summary of Significant Accounting Policies

### Nature of operations

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

### Cash

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

### Cash equivalents

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

### Short-term investments

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

### Inventory

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

### Property, plant and equipment

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

### Investment

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

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

### Intangible assets

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

### Recognition of revenue

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

### Advertising

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

### Income taxes

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

### Use of estimates

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

Note 2. Intangible Assets

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

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

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

|    | Gross     | Accumulated  |  |
|----|-----------|--|--|
| ·  | Amount    | Amortization   |  |
|    |           |  |  |
| \$ | 5,363,530 | \$ (1,795,634)                                       |  |
|    | 220,348   | (106,898)  |  |
|    | 1,141,593 | (264,446)  |  |
|    | 10,000    | (3,668)  |  |
|    | 68,038    | (9,008)  |  |
| \$ | 6,803,509 | \$ (2,179,654)                                       |  |
|    | \$        | Amount  \$ 5,363,530 220,348 1,141,593 10,000 68,038 |  |

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

### Year ending December 31:

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

Note 3. Long-Term Debt

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

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

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

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

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

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

### Year ending December 31:

| 200 | 6 | 5 | 1,200,000 |
|-----|---|---|-----------|
| 200 | 7 |   | 1,400,000 |
| 200 | 8 |   | 1,400,000 |
| 200 | 9 |   | 1,400,000 |
| 201 | 0 |   | 1,400,000 |

### Note 4. Retirement Plans

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

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

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

### Note 5. Related Party Transactions

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

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

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

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

### Note 6. Operating Leases

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

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

Investments in operating leases are as follows at December 31:

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

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

### Note 6. Operating Leases (Continued)

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

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

### Note 7. Eligible Telecommunication Carrier

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

### Note 8. Impairment of Goodwill

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

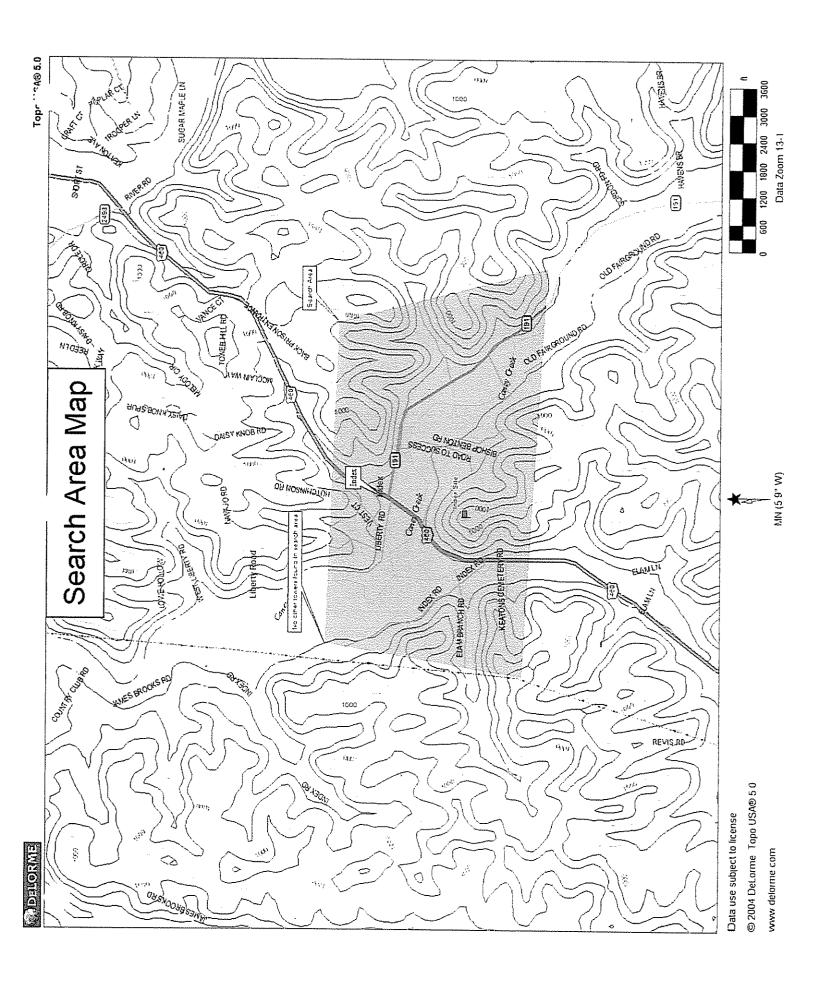
The following is a summary of the impairment of goodwill expense included in the financial statements for the year ended December 31, 2005:

| oodwill         | \$           | 787,286   |
|-----------------|--------------|-----------|
| ote payable     |              | (400,000) |
| ccrued interest |              | (56,000)  |
|                 | \$           | 331,286   |
|                 | <del>Ψ</del> |           |

### Directions to Index Site

From the Courthouse in Morgan Ky. Take Hwy 460 West 2.3 miles. Turn left onto new gravel road leading up the hill. Go 4 miles to top of the hill. Road ends at tower site.

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



MAY 0.9 2008

### DEED OF CONVEYANCE

THIS DEED OF CONVEYANCE, entered into this 27th day of 26ruary, 2008, between Samuel C. Long, single, of P.O. Box 456, West Liberty, Kentucky 41472, GRANTORS, and East Kentucky Network, LLC d/b/a Appalachian Wireless, of 101 Technology Trail, Ivel, Kentucky 41642, GRANTEE;

### WITNESSETH:

That said Grantor for and in consideration of the sum of Fifteen Thousand Dollars (\$15,000.00), cash in hand paid, the receipt and sufficiency of which is hereby acknowledged, do hereby grant, sell and convey to the Grantee, its successors and assigns, the following described property, to-wit:

BEING a part of the same property conveyed by a Deed of Conveyance from George E. Long to Sam Long, by deed dated April 19, 2007, recorded in Deed Book 208, Page 477; and Will Book 11, Page 267, recorded November 15, 2005, Aleene Long, widow of L.C. Long, deceased, to sons George E. Long and Sam Long, both instruments recorded in the Morgan 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 /3 day of Decreal of 2007, prepared by James w Candil, Licensed Land Surveyor, and attached hereto and made a part hereof as Exhibit "B."

Grantor grants and conveys unto Grantee, its successors or assigns, a permanent easement and right of way for a roadway of sufficient width for ingress and egress with men, vehicles, equipment and machinery over and across Grantor's retained surface property to the tract or parcel of land granted and conveyed herein to Grantee, its successors and assigns together with the right to reconstruct or use any existing roadways over Grantor's retained surface for such purposes.

Douris Shepher thacker digsby telephous 100, 183X 989 4183A Hidman, Ky 4183A Grantor grants and conveys unto Grantee, its successors or assigns, an easement and right of way to construct and maintain any and all power lines, telephone lines, co-axial lines or any other utilities or related facilities needed and/or necessary for use by Grantee, its successors or assigns, over and across Grantor's retained surface property to the tract

or parcel of land granted and conveyed herein to Grantee, its successor and assigns.

Grantor further grants and conveys unto Grantee, its successors and assigns, the right to remove any trees, tree limbs, undergrowth or obstructions upon Grantor's retained surface property that might interfere with or damage any towers or structures that Grantee, its successors or assigns, may place upon the above described tract of land, or with the easements and rights of way granted herein.

TO HAVE AND TO HOLD the same with all appurtenances thereunto belonging unto the Grantee, its successors and assigns forever, with covenant of General Warranty.

We, the undersigned, do hereby certify and swear pursuant to KRS Chapter 382, that the full and complete consideration paid for the transfer of the hereinabove described property was Fifteen Thousand Dollars (\$15,000.00).

IN TESTIMONY WHEREOF, the parties have hereunto subscribed their names, this day and year aforesaid.

GRANTOR:

Samuel C. Long

**GRANTEE:** 

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

ITS: GENERAL

### STATE OF KENTUCKY

| COUNTY OF Morgan  |   |
|---|---|
| I, Dewit Shepherd, a State aforesaid, do hereby certify that the foregoi Certificate was this day produced, acknowledge said County and State and signed by Samue April 2003. | d, subscribed and sworn before me in the        |
| STATE OF KENTUCKY   |   |
| I. Dennis Theoherd, a Note  | ary Public in and for the county and state      |
| aforesaid, do hereby certify that the foregoing<br>Certificate was this day produced, acknowledged  | Deed of Conveyance and Consideration            |
| County and Chate and signed by Foot Fortwal   | Tatrionic IIC d/h/a Ammalashian                 |
| Cellular, by Gerald F. Robinette, its day of February, 200%   | Dennis Skepler                                  |
|   | NOTARY PUBLIC Commission Expires: Dot 10 - 2009 |
|   |   |

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

### **COUNTY OF MORGAN**

# Clerk's Certificate of Lodgment and Record

|         | Ι,             |           |         |         |   | _, Clerl | cofthe | Cou         | inty for | the Co  | unty a | and |
|---------|----------------|-----------|---------|---------|---|----------|--------|-------------|----------|---------|--------|-----|
| State   | aforesaid,     |           |         |         |   |          |        |             |          |         |        |     |
|         |                | , 2007    | lodge   | d for   | record, whe                             | reupon   | thesa  | me,         | with th  | e foreg | oing a | and |
| this ce | ertificate hav | ve been d | luly re | corde   | ed in my offi                           | ce.      |        |             |          |         |        |     |
|         | WIT            | NESS m    | y hand  | l, this | s day                                   | of       |        |             |          | 2007.   |        |     |
|         |                |           |         |         | *************************************** |          |        | <del></del> | <u></u>  |         | Cl     | erk |
|         |                |           |         |         | By                                      |          |        |             |          |         | D      | .C. |

Exhibit A"
DEED DESCRIP

### DEED DESCRIPTION FOR SUB DIVISION OF

Property of
Samuel C. Long
P.O. Box 456, West Liberty, KY 41472.
Near highway 460
Near Index in Morgan County
December 13, 2007

A portion of the property lying within the tract of land located on the ridge between Big Caney Creek and Little Caney Creek off the Licking River in Morgan County Kentucky, near the community of Index. Being a part of property conveyed by deed from George E. Long to Samuel C. Long and recorded in Deed Book 208 Page 477 of the Morgan County Court House.

Lot L1

Unless stated otherwise, any monument referred to herein as "set iron pin with cap" is a set ½" diameter rebar, at least eighteen (18") in length, with a plastic cap stamped "LS-2259". All bearings stated herein are referred to the NAD83 KY South State Plane north. This survey preformed by James W. Caudill, LS2259, on December 13, 2007.

Beginning on a set iron pin with cap on the ridge between Big Caney Creek and Little Caney Creek at an old fence line, being a point on the line of Robin Fannin & Sarah George Fannin Property (deed book 173 pages 113 & 259) and having NAD 83 coordinates of N:2217405.14, E:2351285.97; thence running with the line of Robin & Sarah Fannin and the ridge and fence North 05 deg 00 min 003 sec West a distance of 82.85 feet to a point on the center of the ridge at the old fence, North 07 deg 19 min 23 sec West, 52.03 feet to a set iron pin with cap, North 14 deg 36 min 56 sec West, 92.12 feet to a set iron pin with cap; thence leaving the ridge and the Fannin line and running around the hill, severing the land of Sam Long, South 52 deg 39 min 01 sec East, 155.68 feet to a set iron pin with cap on hillside on a point; thence running around the hillside South 33 deg 55 min 45 sec West, 155.26 feet to the point of beginning.

Containing a calculated area of 11035 sq ft or 0.25 acres.

This according to a survey by James W. Caudill, PLS #2259, on December 13, 2007.

Cammannininininininininin 🗆

James W. Caudill, PLS #2259

STATE OF KENTUCKY COUNTY OF MORGAN

I, Randy Williams, Clerk Morgan County for the county and state aforesaid do hereby certify that the foregoing Office was on the day of 120 and this certificate base been duly recorded in my office civen under my hand this the day of 120 and 20 an

BY: Handy Williams, Clark DC.

MAY 09 2008

**DEED OF CONVEYANCE** 

IME: 10.30 AM RANDY WILLIAMS, CLERKHIS DEED OF CONVEYANCE, entered into this 27 day of Fohruary, 2007, between Sarah Fannin-Holliday and Noah Shane Holliday, married, of 2140 Highway 460W, West Liberty, Kentucky 41472; Robin L. Fannin, single, of 1809 Williamsburg Road, Lexington, Kentucky 40504; Erma Fannin, widow, of 3176 Highway 191, West Liberty, Kentucky 41472; and Grover Farrell Fannin, widower, of 2759 E. Charolois Street, Springfield, Missouri 65803, GRANTORS, and East Kentucky Network, LLC d/b/a Appalachian Wireless, of 101 Technology Trail, Ivel, Kentucky 41642, GRANTEE;

### WITNESSETH:

That said Grantors for and in consideration of the sum of Fifteen Thousand Dollars (\$15,000.00), cash in hand paid, the receipt and sufficiency of which is hereby acknowledged, do hereby grant, sell and convey to the Grantee, its successors and assigns, the following described property, to-wit:

> BEING a part of the same property conveyed by Deed of Conveyance to Robin Fannin and Sara George Fannin, recorded in Deed Book 173, Page 113, dated September 14, 1996; Deed of Conveyance recorded in Deed Book 173, Page 259, dated September 24, 1996, with Life Estate in remainder of George and Erma Fannin as to undivided 1/2 interest; and Deed of Conveyance dated January 20, 1970, recorded in Deed Book 107, Page 796 to Farrell Fannin as to undivided 1/2 in interest in such property, all of record in the Morgan 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 13 day of Documber, 2007, prepared by ames w Coudill, Licensed Land Surveyor, and attached hereto and made a part hereof as Exhibit "B."

Grantors grant and convey unto Grantee, its successors or assigns, a permanent

easement and right of way for a roadway of sufficient width for ingress and egress with men, vehicles, equipment and machinery over and across Grantors' retained surface property to the tract or parcel of land granted and conveyed herein to Grantee, its successors and assigns together with the right to reconstruct or use any existing roadways over Grantors' retained surface for such purposes.

Grantors grant and convey unto Grantee, its successors or assigns, an easement and right of way to construct and maintain any and all power lines, telephone lines, co-axial lines or any other utilities or related facilities needed and/or necessary for use by Grantee, its successors or assigns, over and across Grantors' retained surface property to the tract or parcel of land granted and conveyed herein to Grantee, its successor and assigns.

Grantors further grant and convey unto Grantee, its successors and assigns, the right to remove any trees, tree limbs, undergrowth or obstructions upon Grantors' retained surface property that might interfere with or damage any towers or structures that Grantee, its successors or assigns, may place upon the above described tract of land, or with the easements and rights of way granted herein.

TO HAVE AND TO HOLD the same with all appurtenances thereunto belonging unto the Grantee, its successors and assigns forever, with covenant of General Warranty.

We, the undersigned, do hereby certify and swear pursuant to KRS Chapter 382, that the full and complete consideration paid for the transfer of the hereinabove described property was Fifteen Thousand Dollars (\$15,000.00).

IN TESTIMONY WHEREOF, the parties have hereunto subscribed their names, this day and year aforesaid.

|  | GRANTORS:   |
|--|---|
|  | Sarah Fannin Holliday   |
|  | Noah Shen, Wallidge   |
|  | Noah Shane Holliday   |
| `  | Loly da   |
|  | Robin Fannin  |
|  | Erma Fannin   |
|  | Hyover Jarran Jam   |
|  | Gröver Farréll Fannin 🖊 🖊   |
|  | GRANTEE:  |
|  | EAST KENTUCKY NETWORK, LLC<br>d/b/a APPALACHIAN CELLULAR  |
|  | H M D D .   |
|  | BY: X Jens F. Galunello   |
|  | ITS: GENERAL MANAGER  |
| STATE OF KENTUCKY                              |   |
| COUNTY OF Morgay                               |   |
| I. Dennis Shapperd                             | , a Notary Public in and for the County and   |
| Certificate was this day produced, acknowledge | foregoing Deed of Conveyance and Consideration owledged, subscribed and sworn before me in the Sarah Fannin Holliday and Noah Shane |
| Holliday, married, Grantors, this &            | 287 day of April , 2007/  |
|  | Dening Shepferd   |
|  | NOTARY PUBLIC<br>Commission Expires: <u>Oct. 22-2009</u>  |
|  |   |

| STATE OF KENTUCKY   |   |
|---|---|
| I, Latin County of Justile  I, Latin County and State and signed by Robin Farman 1, 20078   | ed, subscribed and sworn before me in the |
| STATE OF KENTUCKY   |   |
| I, Dennis Shepher  I, Dennis Shepher  State aforesaid, do hereby certify that the forego Certificate was this day produced, acknowledge said County and State and signed by Erma Far April 2007.8 | ed, subscribed and sworn before me in the |
| STATE OF KENTUCKY   |   |
| I, Dennis Shepher, State aforesaid, do hereby certify that the forego Certificate was this day produced, acknowledge said County and State and signed by Grover F of Oph, 2007.8                  | ed, subscribed and sworn before me in the |

# STATE OF KENTUCKY COUNTY OF Floyd I, Dennis Shipher, a Notary Public in and for the county and state aforesaid, do hereby certify that the foregoing Deed of Conveyance and Consideration Certificate was this day produced, acknowledged, subscribe and sworn to before me in said County and State and signed by East Kentucky Network, LLC, d/b/a Appalachian Cellular, by Gevald F Robinette, its Geneval Manager, this 277 day of February, 2007. NOTARY PUBLIC Commission Expires: <u>Oct. 22</u> - 2009 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 MORGAN** Lodgment and Record I,\_\_\_\_\_\_, Clerk of the County for the County and State aforesaid, certify that the foregoing Deed was on the \_\_\_\_\_ day of \_\_\_\_\_\_, 2007 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 \_\_\_\_\_\_, 2007.

\_\_\_\_\_ Clerk

By \_\_\_\_\_\_ D.C.

"Exhibit A"

### DEED DESCRIPTION FOR SUB DIVISION OF

Property of
Robin Fannin of
1809 Williamsburg Road, Lexington, Ky 40504
and Sarah George Fannin of
Rt. 1 Box 220, West Liberty, KY 41472.
Near highway 460
Near Index in Morgan County
December 13, 2007

A portion of the property lying within the tract of land located on the ridge between Big Caney Creek and Little Caney Creek off the Licking River in Morgan County Kentucky, near the community of Index. Being a part of property conveyed by deed from George & Erma Fannin to Robin Fannin and Sarah George Fannin and recorded in Deed Book 173 Pages 113 & 259 of the Morgan County Court House.

Lot F1

Unless stated otherwise, any monument referred to herein as "set iron pin with cap" is a set ½" diameter rebar, at least eighteen (18") in length, with a plastic cap stamped "LS-2259". All bearings stated herein are referred to the NAD83 KY South State Plane north. This survey preformed by James W. Caudill, LS2259, on December 13, 2007.

Beginning on a set iron pin with cap on the ridge between Big Caney Creek and Little Caney Creek at an old fence line, being a point on the line of Samuel C. Long Property (deed book 208 pages 477) and having NAD 83 coordinates of N:2217405.14, E:2351285.97; thence leaving the ridge and fence line and running around the hill severing the property of Robin & Sarah George Fannin North 46 deg 31 min 01 sec West, 142.83 feet to a set iron pin with cap on a point, North 28 deg 01 min 48 sec East, 141.59 feet to a set iron pin with cap on the ridge at old fence, being a point on the line of Sam Long; thence running with the line of Sam Long along the ridge and old fence South 14 deg 36 min 56 sec East, 92.12 feet to a set iron pin with cap, South 07 deg 19 min 23 sec East, 52.03 feet to a point on the ridge and fence, South 05 deg 00 min 00 sec West, 82.85 to the point of beginning.

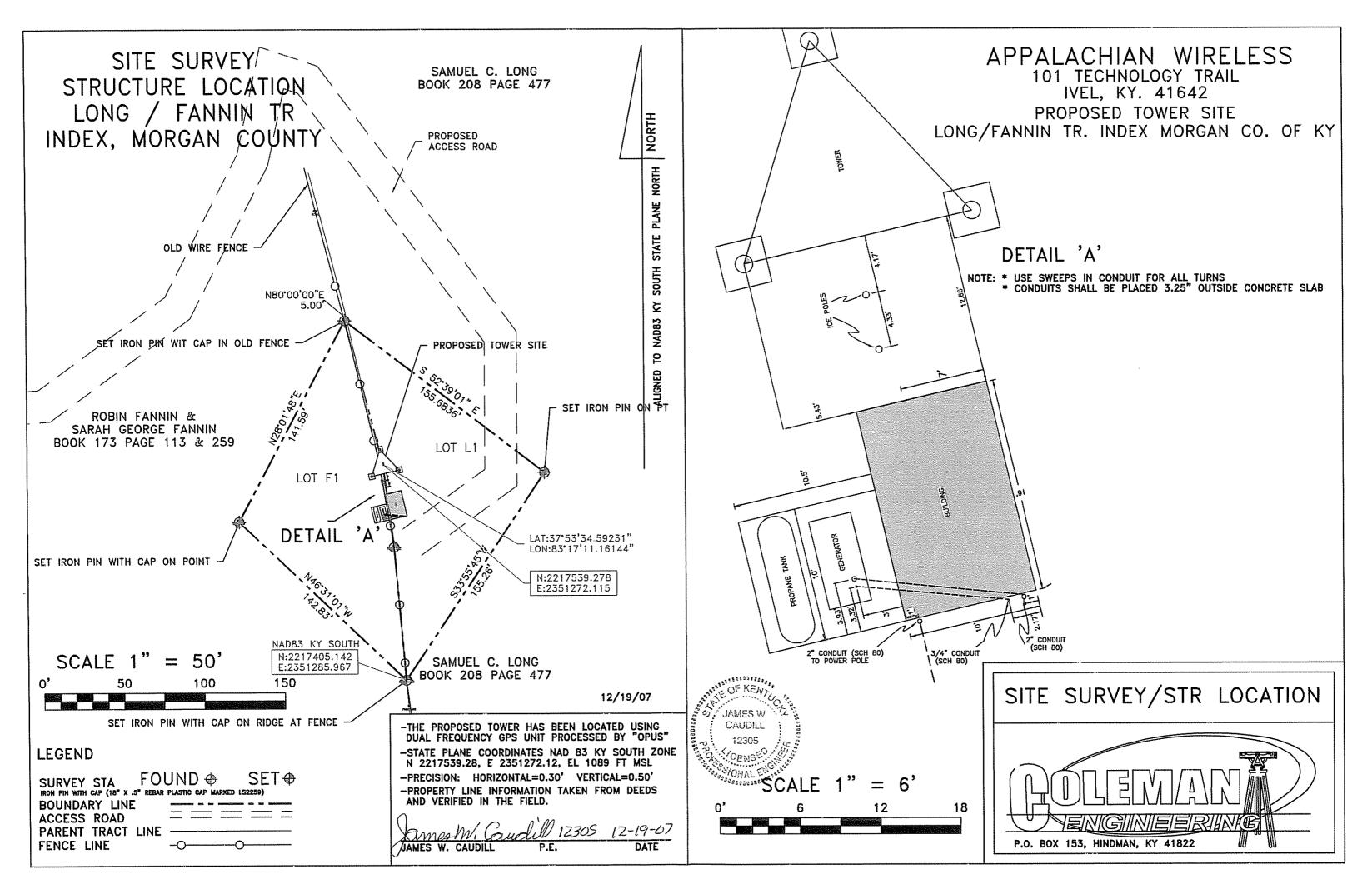
Containing a calculated area of 10776 sq ft or 0.25 acres.

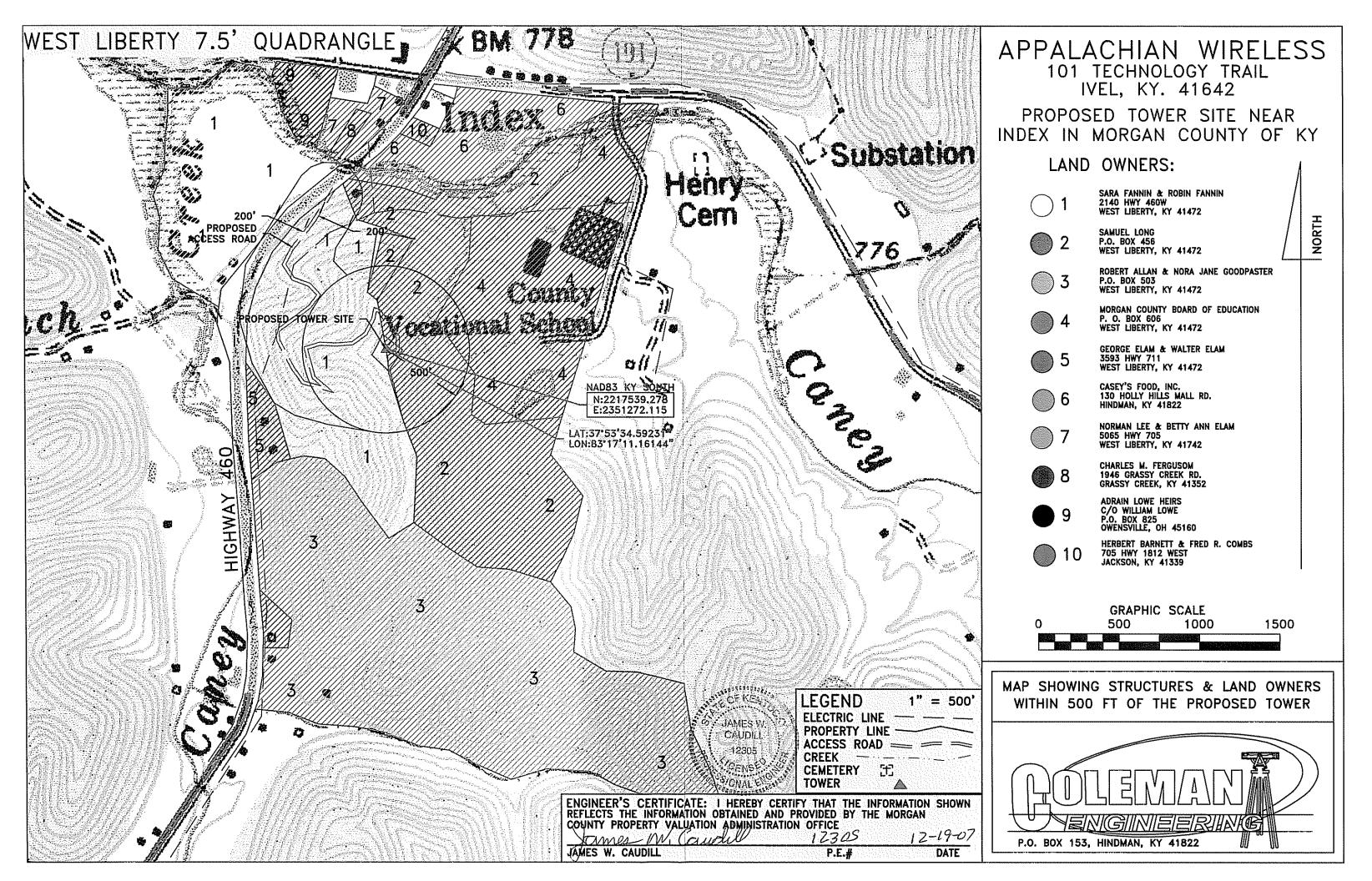
This according to a survey by James W. Caudill, PLS #2259, on December 13, 2007.

STATE OF KENTUCKY COUNTY OF MORGAN

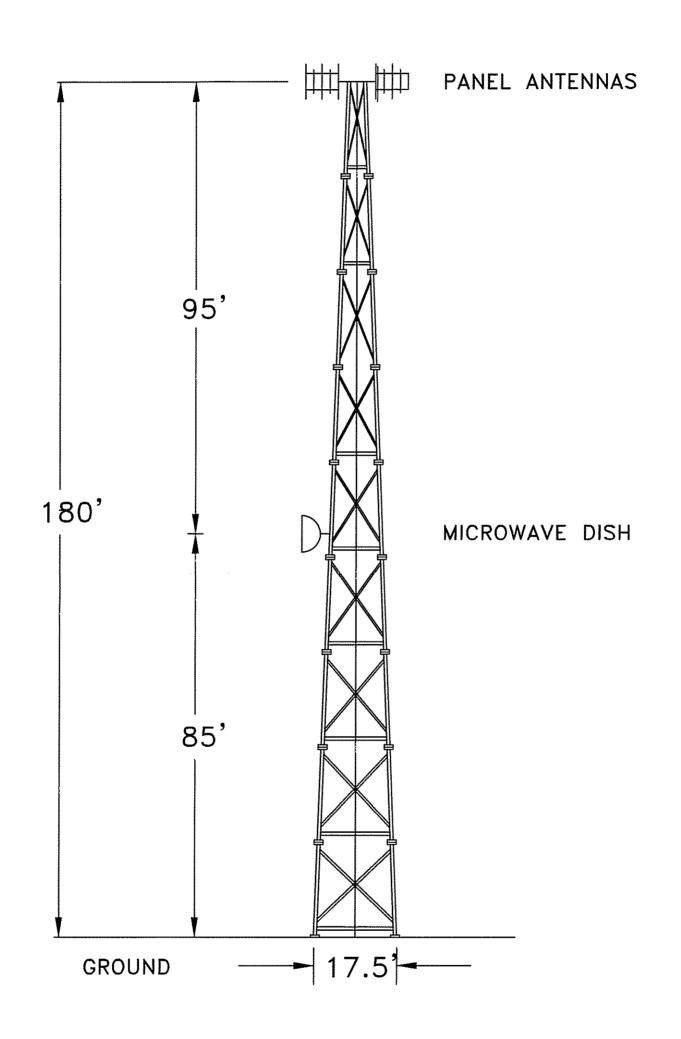
i, Randy Williams, Clerk Morgan County for the county and state aforegaid do hereby certify that the foregaing was on the day of county and state was on the foregoing and this certificate have been duly recorded in my office.

LOSZZOO LICENTED LAND SURVEYOR





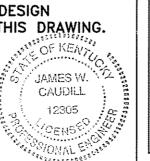
# APPALACHIAN WIRELESS 101 TECHNOLOGY TRAIL IVEL, KY. 41642 PROPOSED TOWER SITE LONG/FANNIN TR NR INDEX IN MORGAN CO OF KY

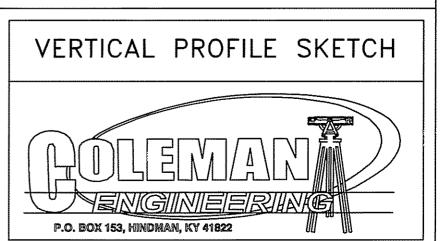


GRAPHIC SCALE
20 0 20 40

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







12/19/07