EAST KENTUCKY NETWORK, LLC

d/b/a APPALACHIAN WIRELESS

PECEVED

MAR 3 0 2010

PUBLIC SERVICE COMMISSION

CODY CELLULAR TOWER APPLICATION

Knott County, Kentucky P.S.C. CASE # 2010-00053

COMMONWEALTH OF KENTUCKY BEFORE THE PUBLIC SERVICE COMMISSION

RECEWED

MAR 3 0 2010

In the matter of:

PUBLIC DERVICE COMMISSION

THE APPLICATION OF EAST KENTUCKY NETWORK)
LIMITED LIABILITY COMPANY FOR THE ISSUANCE)
OF A CERTIFICATE OF PUBLIC CONVENIENCE AND) CASE No 2010-00053
NECESSITY TO CONSTRUCT A TOWER IN KNOTT)
COUNTY, KENTUCKY).	

East Kentucky Network, LLC, d/b/a Appalachian Wireless, was granted authorization to provide cellular service in the KY-10 Cellular Market Area (CMA452) by the Federal Communications Commission (FCC). FCC license is included as Exhibit 1. East Kentucky Network, LLC merger documents were filed with the Commission on February 2, 2001 in Case # 2001-022.

In an effort to improve service in Knott County, East Kentucky Network, LLC pursuant to KRS 278.020 Subsection 1 and 807 KAR 5:001 Section 9 is seeking the Commission's approval to construct a 300 foot self-supporting tower on a tract of land approximately 2400' North West of Junction Hwy 15 & 160 in Knott County, Kentucky (37°13'47.20"N 82°58'39.82"W). A map and detailed directions to the site can be found in Exhibit 8.

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

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

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

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

Notice of the location of the proposed construction was published in the Troublesome Creek Times March 4th & 11th weekly editions. Enclosed is a copy of that notice in Exhibit 3. The Troublesome Creek Times is the newspaper with the largest circulation in Knott County.

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

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

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

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

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

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

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

Two notice signs meeting the requirements prescribed by 807 KAR 5:063, Section 1(2), measuring at least two (2) feet in height and four (4) feet in width and containing all required language in letters of required height, have been posted, one at a visible location on the proposed site and one on the nearest public road. The two signs were posted on February 18, 2010 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 perpetual easement and rights of way with deed description to the site.

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

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

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

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

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

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

DATE:

SUBMITTED BY:

Lynn Haney, Compliance Coordinator

APPROVED BY:

Gerald Robinette, General Manager

CONTACT INFORMATION:

Gerald Robinette, General Manager Phone: (606) 791-2375, Ext. 110 Email: grobinette110@ekn.com

Lynn Haney, Compliance Coordinator Phone: (606) 791-2375, Ext. 1007

Email: lhaney@ekn.com

Mailing Address:

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

	FCC License	
	Copies of Cell Site Notices to Land Owners	
3	Notification of County Judge Executive and Newspaper Advertisement	
4	Universal Soil Bearing Analysis	
5	Tower Design	
6	FAA & Kentucky Airport Zoning Commission Applications/Notice of Proposed Construction	
7	Audited Financial Statements	
	Driving Directions from County Court House and Search Area Map to Suitable Scale	
9	Perpetual Easement and Rights of Way with Deed Description	
10	Survey of Site Signed/Sealed by Professional Engineer Registered in State of Kentucky	
111	Site Survey Map with Property Owners identified in Accordance with PVA of County	
12	Vertical Profile Sketch of Proposed Tower	

ULS License

Cellular License - KNKN809 - East Kentucky Network, LLC d/b/a **Appalachian Wireless**

Call Sign

KNKN809

Radio Service

CL - Cellular

Status

Active

Auth Type

Regular

Market

Market

CMA452 - Kentucky 10 -

Channel Block

Powell

Submarket

0

Phase

2

В

Dates

Grant

08/28/2001

Expiration

10/01/2011

Effective

11/11/2009

Cancellation

Five Year Buildout Date

10/17/1996

Control Points

US Route 23, FLOYD, Harold, KY

P: (606)478-2355

Licensee

FRN

0001786607

Type

Limited Liability Company

Licensee

East Kentucky Network, LLC d/b/a Appalachian

Wireless

101 Technology Trail

Ivel, KY 41642

ATTN Gerald Robinette, Manager

P:(606)477-2355

F:(606)874-7551

Contact

Lukas, Nace, Gutierrez & Sachs, LLP

Pamela L Gist Esq 8300 Greensboro Drive McLean, VA 22102

P:(703)584-8665 F:(703)584-8695

E:pgist@fcclaw.com

Ownership and Qualifications

Radio Service

Mobile

Type

Regulatory Status Common Carrier

Interconnected

Yes

Alien Ownership

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

Basic Qualifications

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

De	mo	gra	ph	ics

Race

Ethnicity Gender

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)(1) 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

Thacker Grigsby Telephone Co. P.O. Box 208 Hindman, KY 41822

> Kenneth & Mary Slone P.O. Box 481 Hindman, KY 41822

Paul & Mary Bowling 1033 Idylwild Drive Richmond, KY 40475

Munk & Geneva Bowling Heirs Ancilene Mullins, Et Al C/O Ancilene Mullins 249 Frozen Mill Rd Amburgey, KY 41773

> United States of America Carr Fork Lake Project 843 Sassafras Creek Rd Vicco, KY 41773

Carr Fork Lake Project 2086 Smithboro Road Vicco, KY 41773

EXHIBIT II: LIST OF PROPERTY OWNERS: (cont.)

Williard & Nelle Johnson 108 Happy Log Ln Redfox, KY 41047

> James K. Francis 16 Runnels Br Rd Littcarr, KY 41834

EAST KENTUCKY NETWORK

101 TECHNOLOGY TRAIL

IVEL, KY 41642

PHONE: (606) 874-7550

F '606) 874-7551

: INFO@EKN.COM

WEBSITE: WWW.EKN.COM



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

PUBLIC NOTICE

February 23, 2010

Thacker Grigsby Telephone Co. P.O. Box 208 Hindman, KY 41822

RE: Public Notice-Public Service Commission of Kentucky (Case No. 2010-00053)

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 Knott County. The facility will include a 300 foot self-supporting tower with attached antennas extending upwards, and an equipment shelter located on a tract of land approximately 2400' NW of Junction Hwy 15 & 160 in Knott County, Kentucky. A map showing the location of the proposed new facility is enclosed. This notice is being sent to you because you may own property or reside within a 500' radius of the proposed tower or within a 200' radius of the proposed or existing access road.

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. 2010-00053 in your correspondence.

Sincerely,

Lynn Haney

Staff Accountant

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Kenneth & Mary Slone P.O. Box 481 Hindman, KY 41822

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Staff Accountant

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Munk & Geneva Bowling Heirs Ancilene Mullins, Et Al C/O Ancilene Mullins 249 Frozen Mill Rd Amburgey, KY 41773

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PUBLIC NOTICE

February 23, 2010

United State of America Carr Fork Lake Project 843 Sassafras Creek Rd Vicco, KY 41773

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VIA: U.S. CERTIFIED MAIL

PUBLIC NOTICE

February 23, 2010

Carr Fork Lake Park 2086 Smithboro Road Vicco, KY 41773

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James K. Francis 16 Runnels Br Rd Littcarr, KY 41834

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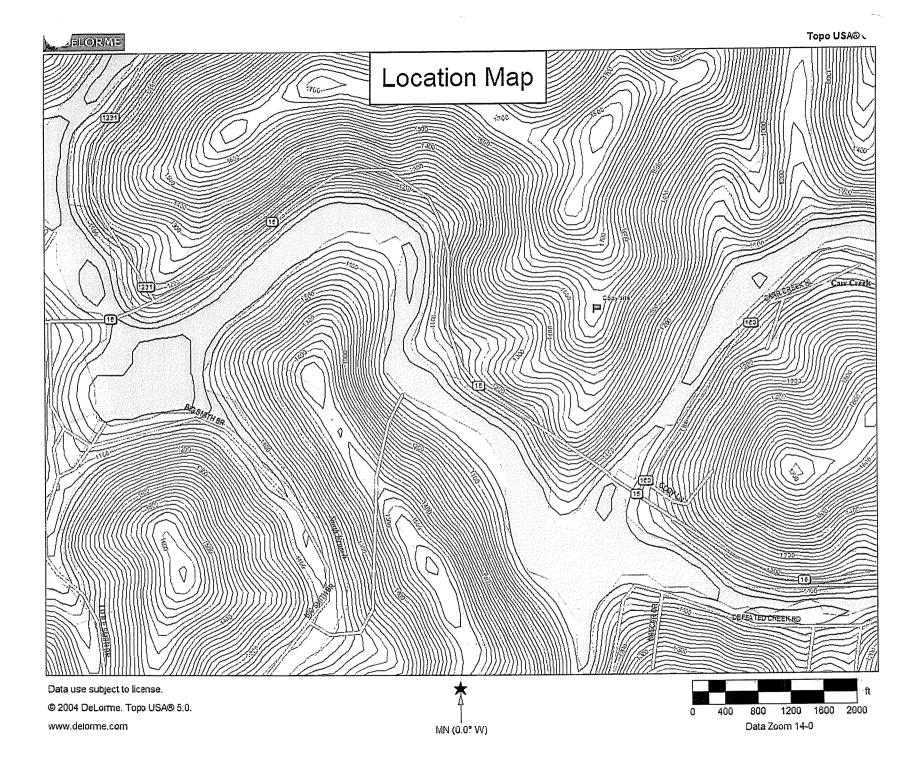
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VIA: U.S. CERTIFIED MAIL

February 23, 2010

Randy Thompson, Judge Executive P.O. Box 505 Hindman, KY 41822

RE: Public Notice-Public Service Commission of Kentucky (Case No. 2010-00053)

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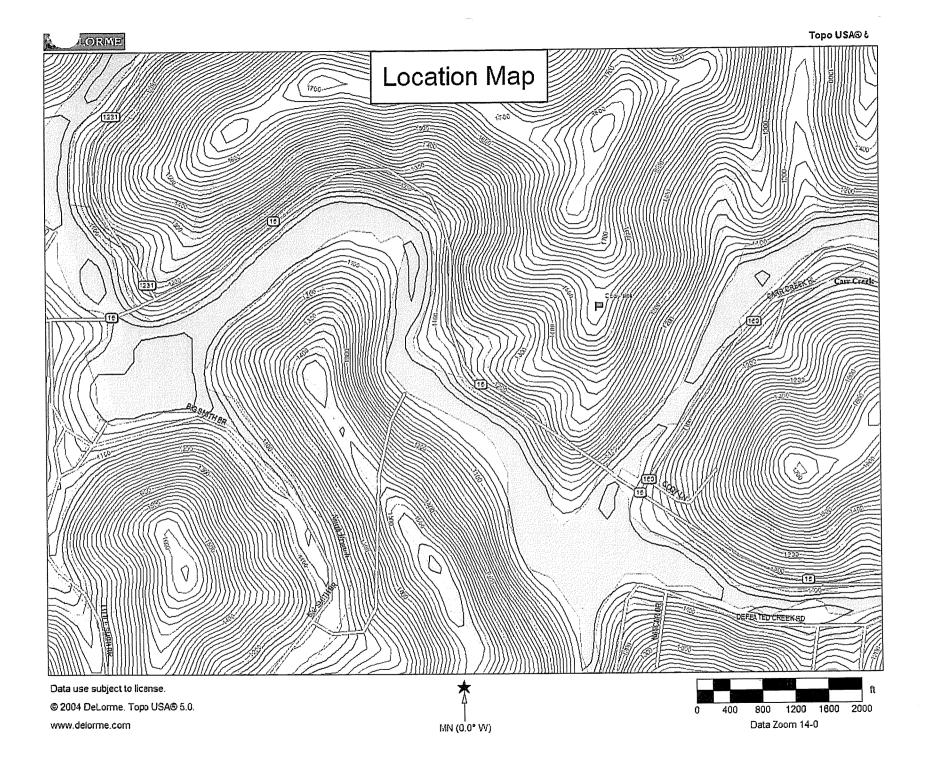
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Sincerely,

Lynn Haney

Staff Accountant



dba Appalachian Wireless 101 Technology Trail Ivel, KY 41642

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



To:	The Troublesome Creek Times	From:	Lynn Haney	
	Attn: Sharon Hall		Staff Accountant	
		Date:	February 23, 2010	
Re:	PUBLIC NOTICE ADVERTISEMENT	Pages:	1 (including this cover)	

Please place the following Public Notice Advertisement in the Troublesome Creek Times for the next two weeks.

PUBLIC NOTICE:

RE: Public Service Commission of Kentucky (CASE NO. 2010-00053)

Public Notice is hereby given that East Kentucky Network, LLC, dba Appalachian Wireless has applied to the Kentucky Public Service Commission to construct a cellular telecommunications tower on a tract of land located approximately 2400' NW of Junction Hwy 15 & 160 in Knott County, Kentucky. The proposed tower will be a 300 foot self-supporting tower with attached antennas. If you would like to respond to this notice, please contact the Executive Director, Public Service Commission, 211 Sower Boulevard, PO Box 615, Frankfort, Kentucky 40602. Please refer to Case No. 2010-00053.

If you have any questions about the placement of the above mentioned notice, please call me at 606-791-2375, ext. 1007.

Thank you,

Lynn Haney Staff Accountant

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.

WENDELL R. HOLMES, P.G.

120 Church Street Whitesburg, KY 41858 (606) 438-7250

February 26, 2010

Cody Tower Site

Purpose:

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

Site Investigation:

The trenching method was used to determine the type of bedrock material at the proposed tower site. A Caterpillar 320 excavator was used to expose the bedrock material. It is approximately 7.00 feet to the shale bedrock. (See attached page for descriptions of materials encountered.) The terrain in Knott County is moderately to very steep. The tower site is located on a point just north of Carr Creek Lake, which was created by the impoundment of Carr Creek a tributary of the North Fork of the Kentucky River, approximately five tenths of a mile northwest of the junction of KY 15 and KY 160 in Knott County. The shale formation below the tower site is approximately 10.00 feet thick, based on the information obtained from the site investigation and geological maps of the area.

Conclusions:

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

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

Wendell R. Holmes, P.G

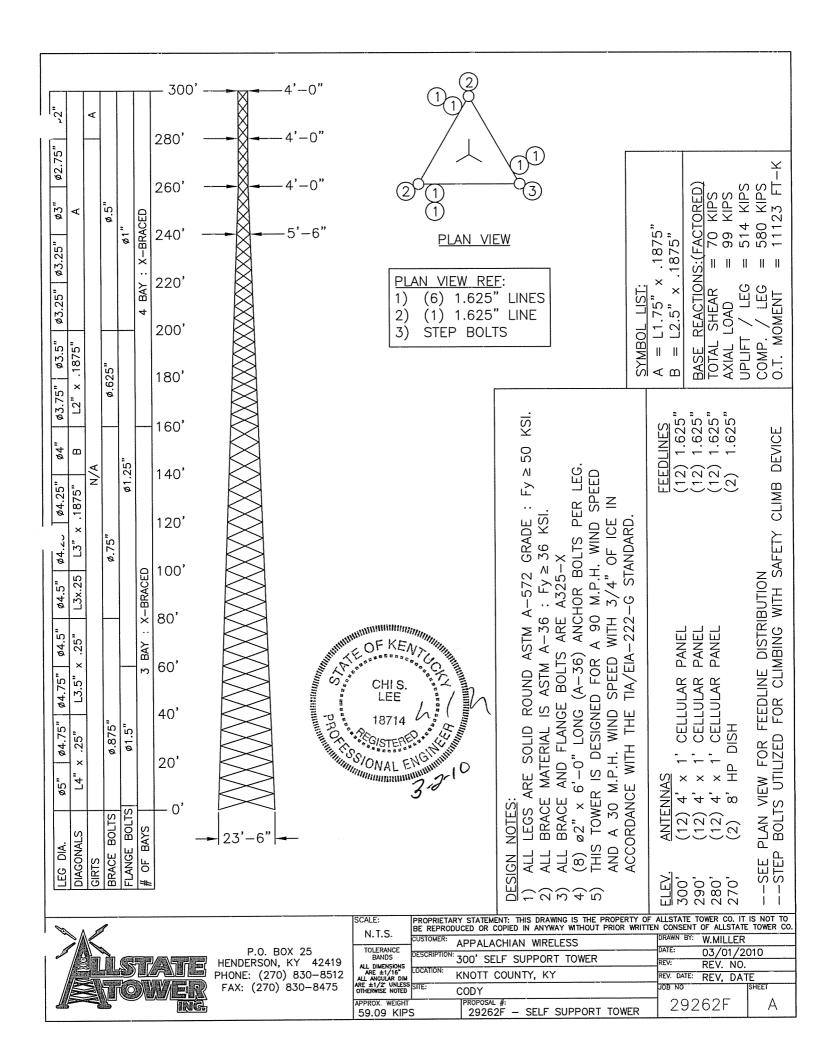
WENDELL R. HOLMES, P.G.

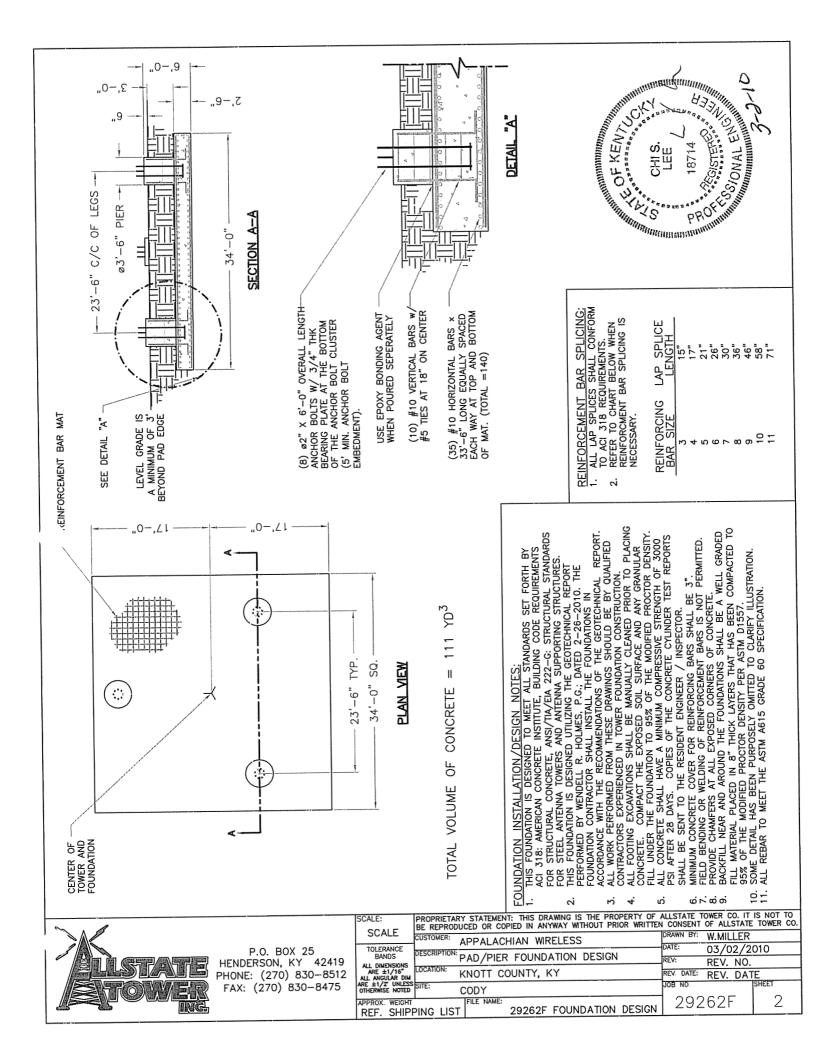
120 Church Street Whitesburg, Ky. 41858 (606)438-7250

Geologist Log

Location: Cody Tower Site

Unit Thickness	Total depth	Strata	Description
3.00′	3.00′	Soil	Yellow and Brown, with rock & plant Fragments
0.25′	3.25′	Coal	Black, Soft & Oxidized
1.00′	4.25	Clay	Brown & Gray
0.50′	4.75′	Coal	Black, Soft & Oxidized
1.50′	6.25	Shale	Gray, Soft & Weathered
0.25′	6.50′	Coal	Black, Soft & Oxidized
0.50′	7.00′	Fireclay	Gray, Soft
10.00′	17.00′	Shale	Gray, w/ occasional Sandstone Streak







« OE/AAA

Notice of Proposed Construction or Alteration - Off Airport

Project Name: EAST -000142565-10 Sponsor: East Kentucky Network, LLC

Details for Case: Cody (Carr Creek)

Show Project Summary

Case Status							
ASN: 2010-ASO-	1536-OE		Date Accepted:	03/23/2010			
Status: Accepted			Date Determined:				
			Letters:	None			
			Documents:	03/23/2010	Cody_Cove	r Ltr_FA	
Construction / Altera	ition Info	rmation	Structure Summ	ary			
Notice Of:	Construc	tion	Structure Type:	Tower			
Duration:	Permane	nt	Structure Name:	Cody (Carr Cree	k)		
if Temporary :	Months:	Days:	FCC Number:				
Work Schedule - Start:	04/10/20	010	Prior ASN:				
Work Schedule - End:	04/15/20						
State Filing:	Filed with						
Structure Details			Common Freque	ncy Bands			
.atitude:		37° 13' 47.20" N	Low Freq	High Freq	Freq Unit	ERP	ERP U
ongitude:		82° 58' 39.80" W	806 824	824 849	MHz MHz	500 500	W
iorizontal Datum:		NAD83	851	866	MHz	500	W
Site Elevation (SE):		1555 (nearest foot)	869	894	MHz	500	W
Structure Height (AGL):		310 (nearest foot)	896 901	901 902	MHz MHz	500 7	W W
Requested Marking/Ligh	tina:	Dual-red and medium intensity	930	931	MHz	3500	W
	-	Date year and mediam areansity	931	932	MHz	3500	W
	Other:		932	932,5	MHz	17	dBW
Recommended Marking/	Lighting:		935 940	940 941	MHz MHz	1000 3500	W W
Current Marking/Lighting):	None	1850	1910	MHz	1640	W
	Other :		1930	1990	MHz	1640	w
learest City:		Carr Creek	2305	2310	MHz	2000	W
learest State:		Kentucky	2345	2360	MHz	2000	W
Description of Location:		Approx. 0.5 mi (0.8 km) W of Carr Creek (Knott), KY	Specific Frequen	cies	and a succession of the case o	g	hayan na akada saki sistem kanasa ka saki
Description of Proposal:		A new 300' tower plus top-mounted antennas (overall height of 310')					



Disapproved

Kentucky Transportation Cabinet, Kentucky Airport Zoning Commission, 200 Mero Street, Frankfort, KY 40622 Kentucky Aeronautical Study Number APPLICATION FOR PERMIT TO CONSTRUCT OR ALTER A STRUCTURE INSTRUCTIONS INCLUDED 1. APPLICANT -- Name, Address, Telephone, Fax, etc. 37 13 47 Latitude: East Kentucky Network, LLC c/o Lukas, Nace, Gutierrez & Sachs, Chtd 39 82 58 10. Longitude: _ 8300 Greensboro Drive, Suite 1200 McLean, VA 22102 Datum: NAD83 NAD27 Other_ T: 703-584-8667 F: 703-584-8692 11. Nearest Kentucky City: Carr Creek County Knott 12. Nearest Kentucky public use or Military airport: 13. 2. Representative of Applicant -- Name, Address, Telephone, Fax Wendell H Ford All Kuzehkanani Lukas, Nace, Gutierrez & Sachs, Chtd 19.3 mi Distance from #13 to Structure:... 8300 Greensboro Drive, Suite 1200 McLean, VA 22102 SE T: 703-584-8667 F: 703-584-8692 Direction from #13 to Structure: 15. 1.555.00 Feet Site Elevation (AMSL): 16. 3. Application for: \boxtimes New Construction \square Alteration ☐ Existing 310.00 17. Total Structure Height (AGL): 4. Duration: Permanent Temporary (Months 1,865.00 Feet _Days Overall Height (#16 + #17) (AMSL): _ 18. 4/15/2010 4/10/2010 End 5. Work Schedule: Start Previous FAA and/or Kentucky Aeronautical Study Number(s): 6. Type:

☐ Antenna Tower ☐ Crane ☐ Building ☐ Power Line ☐ Landfill ☐ Water Tank ☐ Other _ 20. Description of Location: (Attach USGS 7.5 minute Quadrangle Map or an Airport layout Drawing with the precise site marked and any 7. Marking/Painting and/or Lighting Preferred: certified survey) Red Lights and Paint Dual - Red & Medium Intensity White Site is located approx. 0.5 mi (0.8 km) W of Carr Creek (Knott), ☐ Dual - Red & High Intensity White White - Medium Intensity Other ____ ☐ White - High Intensity 8. FAA Aeronautical Study Number_ 21. Description of Proposal: The structure will include a 300' tower with top-mounted antennas (overall height of 310' AGL). The ERP will be 500 watts. 22. Has a "NOTICE OF CONSTRUCTION OR ALTERATION" (FAA Form 7460-1) been filed with the Federal Aviation Administration? ☐ No X Yes, When March 23, 2010 CERTIFICATION: I hereby certify that all the above statements made by me are true, complete and correct to the best of my knowledge and belief. 3/23/2010 All Kuzehkanani/ Dlr of Engineering Date Signature Printed Name and Title PENALTIES: Persons failing to comply with Kentucky Revised Statutes (KRS 183.861 through 183.990) and Kentucky Administrative Regulations (602 KAR 050:Series) are liable for fines and/or imprisonment as set forth in KRS 183.990(3). Non-compliance with Federal Aviation Administration Regulations may result in further penaltles. ☐ Chairman, KAZC ☐ Administrator, KAZC **Commission Action:** Approved

Date

FINANCIAL REPORT

December 31, 2008

CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS	1
FINANCIAL STATEMENTS	
Balance sheets Statements of income Statements of members' equity Statements of cash flows Notes to financial statements	2 3 4 5-6 7-14
INDEPENDENT AUDITOR'S REPORT ON THE SUPPLEMENTARY INFORMATION	15
SUPPLEMENTARY INFORMATION	
Statement of income detail	16 and 17



INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying balance sheets of East Kentucky Network, LLC, dba Appalachian Wireless as of December 31, 2008 and 2007 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, 2008 and 2007 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.

Louisville, Kentucky March 6, 2009

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A MONEGO ALLIANCE OF INDIPENDENT FIRMS

BALANCE SHEETS December 31, 2008 and 2007

ASSETS	2008	2007
CURRENT ASSETS		
Cash and cash equivalents	\$ 5,078,319	\$ 1,751,689
Short-term investments	166,846	127,015
Accounts receivable, less allowance for doubtful		
accounts of \$1,054,283 in 2008 and \$803,092 in 2007	4,359,740	3,541,622
Accounts receivable, members (Notes 5 and 6)	88,078	79,803
Inventory	3,053,445	2,979,257
Prepaid expenses	411,948	431,859
Total current assets	\$ 13,158,376	\$ 8,911,245
PROPERTY, PLANT AND EQUIPMENT (Note 3)		
Plant in service:		
General support	\$ 25,370,575	\$ 22,417,029
MTSO equipment	20,505,774	15,068,558
Cell equipment	55,340,782	45,543,309
Paging equipment	3,321,068	3,321,068
Fiber ring	7,429,057	6,606,546
Unfinished plant	1,960,503	1,825,466
	\$113,927,759	\$ 94,781,976
Less accumulated depreciation	48,072,427	40,355,585
	\$ 65,855,332	\$ 54,426,391
OTHER ASSETS		
Investment in affiliated company, RTFC	\$ 112,712	\$ 112,653
Intangible assets, net of accumulated amortization		
of \$3,697,725 in 2008 and \$3,122,139 in 2007 (Note 2)	5,255,760	4,242,306
Other	25,403	26,431
	\$ 5,393,875	\$ 4,381,390
	\$ 84,407,583	\$ 67,719,026

LIABILITIES AND MEMBERS' EQUITY	2008	2007
CURRENT LIABILITIES		
Current maturities of long-term debt (Note 3)	\$ 3,852,381	\$ 1,400,000
Accounts payable	1,772,238	938,193
Capital distributions payable		615,383
Accounts payable, member (Notes 5 and 6)	49,579	45,267
Accrued expenses	1,208,138	1,123,649
Customer deposits	600,872	453,470
Total current liabilities	\$ 7,483,208	\$ 4,575,962
LONG-TERM DEBT, less current maturities (Note 3)	\$ 16,388,735	\$ 12,350,000
INTEREST RATE SWAPS (Note 8)	\$ 2,067,821	\$ 572,632
MEMBERS' EQUITY		A 70 700 064
Members' capital accounts	\$ 60,535,640	\$ 50,793,064
Accumulated other comprehensive (loss)	(2,067,821)	(572,632)
	\$ 58,467,819	\$ 50,220,432

\$ 84,407,583

\$ 67,719,026

STATEMENTS OF INCOME Years Ended December 31, 2008 and 2007

	2008	2007
REVENUE		
Retail	\$ 35,590,860	\$ 29,480,700
Roamer	12,592,115	9,239,822
Long distance	214,296	196,787
Paging	566,677	684,064
Equipment sales, cellular	2,248,939	3,006,173
Equipment sales, paging	35,777	33,862
Other	7,916,897	4,513,769
Total revenue	\$ 59,165,561	\$ 47,155,177
EXPENSES		
Cost of cellular service	\$ 12,861,903	\$ 9,010,171
Cost of paging service	332,386	309,524
Cost of equipment sales, cellular	11,656,367	9,978,249
Cost of equipment sales, paging	56,705	59,307
Customer service	1,313,033	1,424,197
Billing	1,383,121	1,086,540
Selling	3,731,205	2,760,702
Maintenance	1,838,940	1,597,342
Utilities	711,446	562,455
Bad debts	802,158	1,165,669
Cell site rental	237,540	175,720
Taxes and licenses	965,327	873,366
Advertising	2,968,190	1,774,317
General and administrative	3,106,380	2,635,470
Occupancy	403,800	353,641
Depreciation	7,703,016	6,987,459
Amortization	670,464	528,232
Total expenses	\$ 50,741,981	\$ 41,282,361
Income from operations	\$ 8,423,580	\$ 5,872,816
OTHER BIGOME (EVRENCE)		
OTHER INCOME (EXPENSE)	\$ 56,023	\$ 42,847
Interest income	\$ 56,023 (1,242,505)	(885,156)
Interest expense		4,910,497
Universal Service Fund income (Note 7)	6,680,698	
	\$ 5,494,216	\$ 4,068,188
Net income	\$ 13,917,796	\$ 9,941,004

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

STATEMENTS OF MEMBERS' EQUITY Years Ended December 31, 2008 and 2007

	Cellular Services, Inc.	Gearhart Communi- cations Company, Inc.	Mountain Tele- communi- cations, Inc.	Thacker- Grigsby Telephone Co., Inc.	Peoples Rural Telephone Coop- erative Corp- oration, Inc.	Total
Balance, January 1, 2007 Comprehensive income:	\$ 8,667,881	\$ 8,667,881	\$ 8,667,881	\$ 8,667,880	\$ 8,667,880	\$43,339,403
Net income Change in fair value of	1,988,201	1,988,201	1,988,200	1,988,201	1,988,201	9,941,004
interest rate swaps	(78,861)	(78,861)	(78,862)	(78,861)	(78,861)	(394,306)
Total comprehensive income	\$ 1,909,340	\$ 1,909,340	\$ 1,909,338	\$ 1,909,340	\$ 1,909,340	\$ 9,546,698
Capital distributions	(533,134)	(533,134)	(533,133)	(533,134)	(533,134)	(2,665,669)
Balance, December 31, 2007 Comprehensive income:	\$10,044,087	\$10,044,087	\$10,044,086	\$10,044,086	\$10,044,086	\$50,220,432
Net income Change in fair value of	2,783,559	2,783,559	2,783,559	2,783,560	2,783,559	13,917,796
interest rate swaps	(299,038)	(299,038)	(299,038)	(299,038)	(299,037)	(1,495,189)
Total comprehensive income	\$ 2,484,521	\$ 2,484,521	\$ 2,484,521	\$ 2,484,522	\$ 2,484,522	\$12,422,607
Capital distributions	(835,044)	(835,044)	(835,044)	(835,044)	(835,044)	(4,175,220)
Balance, December 31, 2008	\$11,693,564	\$11,693,564	\$11,693,563	\$11,693,564	<u>\$11,693,564</u>	\$58,467,819

STATEMENTS OF CASH FLOWS Years Ended December 31, 2008 and 2007

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 13,917,796	\$ 9,941,004
Adjustments to reconcile net income to net cash provided		
by operating activities:		
Depreciation	7,703,016	6,987,459
Amortization	670,464	528,232
Changes in assets and liabilities, net of the effects		
of investing and financing activities:		
(Increase) in accounts receivable	(818,118)	(738,949)
(Increase) in accounts receivable, members	(8,275)	(42,191)
(Increase) in inventory	(74,188)	(1,395,218)
(Increase) decrease in prepaid expenses	19,911	(358,202)
Decrease in other assets	969	750,860
Increase (decrease) in accounts payable	834,045	(183,899)
Increase (decrease) in accounts payable, member	4,312	(2,449)
Increase (decrease) in accrued expenses	84,489	(1,222,038)
Increase in customer deposits	147,402	135,867
Net cash provided by operating activities	\$ 22,481,823	\$ 14,400,476
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	\$ (19,165,600)	\$ (12,765,603)
Purchase of intangible assets	(1,650,275)	(120,500)
Proceeds from sale of short-term investments	(39,831)	(80,744)
Net cash (used in) investing activities	\$ (20,855,706)	\$ (12,966,847)
Not easif (used iii) investing activities	Φ (20,033,700)	Ψ(12,900,017)
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital distributions	\$ (4,790,603)	\$ (2,050,286)
Proceeds from long-term borrowings	8,250,000	1,000,000
Payments on long-term borrowings	(1,758,884)	(1,450,000)
Net cash provided by (used in) financing activities	\$ 1,700,513	\$ (2,500,286)
Net increase (decrease) in cash and cash equivalents	\$ 3,326,630	\$ (1,066,657)
Cash and cash equivalents:		
Beginning	1,751,689	2,818,346
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Ending	\$ 5,078,319	\$ 1,751,689

EAST KENTUCKY NETWORK, LLC DBA APPALACHIAN WIRELESS

STATEMENTS OF CASH FLOWS (Continued) Years Ended December 31, 2008 and 2007

	2008	2007
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION Cash payments for interest	\$ 1,178,95	\$ 885,156
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Capital distributions declared	<u>\$</u>	- \$ 615,383

EAST KENTUCKY NETWORK, LLC DBA APPALACHIAN WIRELESS

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

Nature of operations

East Kentucky Network, LLC, dba Appalachian Wireless, is a Kentucky limited liability company formed by the merger of Appalachian Cellular, LLC, Mountaineer Cellular, LLC and East Kentucky Network, LLC on January 1, 2000. The Company is engaged in cellular telephone communications and paging services to residential and commercial customers located in eastern Kentucky. The Company's five members consist of Cellular Services, 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 may exceed the federally insured limit, with several financial institutions. These financial institutions have strong credit ratings and management believes that credit risk related to the accounts is minimal.

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. Fair value is determined by quoted prices for similar certificates of deposit in active markets.

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, bond issuance costs, loan fees and use of name are recorded at cost and are being amortized over the life of the asset by the straight-line method.

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, 2008 and 2007, these costs were \$2,968,190 and \$1,774,317, respectively.

Income taxes

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

The Company adopted the provisions of FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*, on January 1, 2008. The Company had no prior unrecognized tax benefits as a result of the implementation of Interpretation 48. There are no tax positions for which the ultimate deductibility is highly uncertain included in the balance sheet at December 31, 2008.

The Company recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. During the years ended December 31, 2008 and 2007 the Company did not recognize any interest or penalties.

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.

Comprehensive income

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

Note 1. Summary of Significant Accounting Policies (Continued)

Reclassification

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

Note 2. Intangible Assets

Intangible assets consist of the following at December 31, 2008:

	Gross	Accumulated
	Amount	Amortization
Customer lists	\$ 5,363,530	\$ (2,868,565)
Non-compete agreements	220,348	(150,977)
FCC licenses	2,452,368	(544,730)
Use of name	10,000	(5,669)
Other	907,239	(127,784)
	\$ 8,953,485	\$ (3,697,725)

Intangible assets consist of the following at December 31, 2007:

	Gross Amount	Accumulated Amortization
Customer lists	\$ 5,363,530	\$ (2,510,268)
Non-compete agreements	220,348	(136,257)
FCC licenses	1,262,093	(399,017)
Use of name	10,000	(5,001)
Other	508,474_	(71,596)
	\$ 7,364,445	\$ (3,122,139)

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Note 2. Intangible Assets (Continued)

Aggregate amortization expense related to these intangible assets for the years ended December 31, 2008 and 2007 totaled \$575,586 and \$475,226, respectively. The following represents the total estimated amortization of intangible assets for each of the succeeding five years:

Year ending December 31:

2009	\$ 625,000
2010	625,000
2011	625,000
2012	625,000
2013	625,000

Note 3. Long-Term Debt

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

	2008	2007
Note payable, Fifth Third Bank (a)	\$ 11,600,000	\$ 13,000,000
Line of credit, Fifth Third Bank (b)	·· -	750,000
Note payable, Fifth Third Bank (c)	8,641,116	
	\$ 20,241,116	\$ 13,750,000

(a) On February 28, 2006, the Company issued \$14,200,000 in adjustable rate notes to restructure its debt. The notes were issued pursuant to a trust indenture between the Company and U.S. Bank National Association. Principal and interest on the notes are paid from funds drawn by the Trustee under an irrevocable letter of credit issued by Fifth Third Bank. The Notes are collateralized by the assets of the Company and mature on February 1, 2016. The Notes bear interest at a floating interest rate as determined by U.S. Bank National Association (4.60% at 12/31/08). However, the Company entered into an interest rate swap contract (original notional amount of \$14,200,000) that effectively converts its floating-rate debt into a fixed-rate of 5.32% (see Note 8). 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.

On February 2, 2009, the Company refinanced the remaining \$10,200,000 of the note with a new note payable that matures November 1, 2013, and renegotiated the terms of the interest rate swap contract.

(b) The line of credit agreement with Fifth Third Bank provides for borrowing up to \$2,000,000. The agreement carries a variable interest rate (4.90% at 12/31/08), is secured by the assets of the Company, and is due September 1, 2010.

Note 3. Long-Term Debt (Continued)

(c) On September 1, 2008, the Company borrowed \$9,000,000 to restructure existing debt, purchase new equipment and upgrade existing equipment. The note is collateralized by the assets of the Company. Interest on the note is floating at monthly LIBOR plus 3.00% as determined by Fifth Third Securities, Inc (4.90% at 12/31/08). The Company also entered into an interest rate swap contract (original notional amount of \$9,000,000) that effectively converts its floating-rate debt into a fixed rate of 7.20% (see Note 8). The note is payable in monthly installments of \$107,143 plus interest with a balloon payment due on September 1, 2013.

Under terms of the Notes, the Company has also agreed, among other things, to maintain minimum debt service coverage and minimum debt to tangible worth ratios.

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:

2009	\$ 3,852,381
2010	2,685,714
2011	2,685,714
2012	2,769,048
2013	8,248,258

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 \$112,235 and \$81,606 matching funds for its 401(k) plan during the years ended December 31, 2008 and 2007, 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 \$371,105 and \$355,059 to its retirement savings plan during the years ended December 31, 2008 and 2007, respectively.

Note 5. Related Party Transactions

The Company shares personnel with four of its members. The Company paid \$157,825 and \$137,799 for shared personnel during the years ended December 31, 2008 and 2007, respectively. The Company also leased offices and warehouse space from three members. The leases are for an unspecified length of time. The annual lease expense related to these leases was \$20,301 and \$18,642 during the years ended December 31, 2008 and 2007, respectively.

Note 5. Related Party Transactions (Continued)

The Company incurred interconnection, telephone, cable and internet access charges from its members aggregating \$1,047,239 and \$892,626 for the years ended December 31, 2008 and 2007, respectively.

The Company leases two cellular tower sites from the officers and majority shareholders of a member. The annual lease expense related to these leases was \$2,400 for the years ended December 31, 2008 and 2007. The leases are for an unspecified length of time. The Company also pays part of an annual lease for sharing a tower with a member for an annual fee of \$450. In addition, the Company leases one other site from a company owned by a member for an annual fee of \$3,600. The Company leases cellular tower sites from the parent company of one of its other members. The annual lease expense related to these leases was \$12,463 for the years ended December 31, 2008 and 2007. The leases are for five years with options to renew.

The Company pays commissions to two of its members for phone sales to customers. The amount of commissions paid to related parties during the years ended December 31, 2008 and 2007 was \$51,872 and \$43,644, respectively.

The Company pays fees to companies owned by its members for advertisement in telephone directories, television and on local billboards. The amount of advertising paid to related parties was \$98,276 and \$18,885 for the years ended December 31, 2008 and 2007, 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 was \$1,612,227 and \$1,267,544 for the years ended December 31, 2008 and 2007, respectively. Rental income earned from the Company's members from these leases was \$780,931 and \$607,789 for the years ended December 31, 2008 and 2007, respectively.

Investments in operating leases are as follows at December 31:

2008	2007
\$ 7,429,057	\$ 6,606,546
(2,143,096)	(1,687,693)
\$ 5,285,961	\$ 4,918,853
	\$ 7,429,057 (2,143,096)

The future minimum rental payments expected to be received under these lease agreements for each of the succeeding five years are approximately \$1,500,000 each year.

Note 6. Operating Leases (Continued)

The Company has also entered into lease agreements to obtain fiber optic transmission and digital microwave transmission services; and to rent retail office facilities. The terms of these leases are between 5 and 15 years. Total rental expense incurred from these operating lease commitments included in the statements of income was \$805,277 and \$646,474 for the years ended December 31, 2008 and 2007, respectively. Rental expense incurred from the Company's members from these leases was \$291,461 and \$188,539 for the years ended December 31, 2008 and 2007, respectively. The future minimum lease payments required under these lease agreements for each of the succeeding five years are \$800,000 each year.

Note 7. Eligible Telecommunication Carrier

During 2005, 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 \$6,680,698 and \$4,910,497 for 2008 and 2007, respectively.

Note 8. Derivative Financial Instruments, Interest Rate Swaps

The Company entered into two interest rate swap contracts with Fifth Third Bank for the purpose of converting floating-rate interest on its long-term debt to fixed rates. The interest rate swap effectively fixed \$14,200,000 at a rate of 5.32% until February 1, 2016 and fixed \$9,000,000 at a rate of 7.20% until September 1, 2013.

Under the swap contracts, the Company pays interest at 5.32% and 4.20% on the notional amounts and receives interest at LIBOR observed weekly (1.075% at December 31, 2008) and LIBOR observed monthly (1.90% at December 31, 2008), respectively. The interest rate swaps qualify as, and are designated as, cash flow hedges. The swaps are designed to hedge the risk of changes in interest payments on the notes caused by changes in LIBOR. The notional amounts do not represent actual amounts exchanged by the parties, but instead represent the amounts on which the contracts are based.

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

Note 8. Derivative Financial Instruments, Interest Rate Swaps (Continued)

The carrying amounts of the swaps are classified as noncurrent since management does not intend to terminate the swaps during 2009. Since the critical terms of the swaps and the notes are approximately the same, the swaps are assumed to be effective as hedges, and none of the changes in fair values are included in income. Accordingly, all of the adjustment of the swaps' carrying amount is reported as other comprehensive income or loss in the accompanying statements of members' equity. If the swaps are terminated early, the corresponding carrying amount would be reclassified into earnings. The Company does not hold or issue interest rate swaps or other financial instruments for trading purposes.



INDEPENDENT AUDITOR'S REPORT ON THE SUPPLEMENTARY INFORMATION

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

Our audit was made for the purpose of forming an opinion on the basic financial statements for the year ended December 31, 2008 and 2007, taken as a whole. The supplementary information shown on pages 16 and 17 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information for the year ended December 31, 2008 and 2007, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Louisville, Kentucky

Jones. Male : Mattingly Pic

Louisville, Kentucky March 6, 2009

EAST KENTUCKY NETWORK, LLC DBA APPALACHIAN WIRELESS

STATEMENTS OF INCOME DETAIL

	Year Ended December 31, 2008							
	RSA #9		RSA #10		Fiber			
	<u>Appalachian</u>	_1	Mountaineer		Ring		PCS	Totals
REVENUE								
Retail	\$21,677,148	\$	13,716,884	\$		\$	196,828	\$35,590,860
Roamer	9,424,434		3,125,657		* *		42,024	12,592,115
Long distance	131,994		81,285				1,017	214,296
Paging	259,547		307,130				** w	566,677
Equipment sales, cellular	1,492,348		689,288				67,303	2,248,939
Equipment sales, paging	20,869		14,908					35,777
Other	3,903,116		2,387,648		1,559,075		67,058	7,916,897
Total revenue	\$36,909,456	\$_	20,322,800	\$	1,559,075	\$	374,230	\$59,165,561
EXPENSES								
Cost of cellular service	\$ 7,464,380	\$	5,305,238	\$		\$	92,285	\$12,861,903
Cost of paging service	148,346		184,040				·	332,386
Cost of equipment sales, cellular	6,730,198		4,590,695				335,474	11,656,367
Cost of equipment sales, paging	24,309		32,396					56,705
Customer service	813,941		496,602				2,490	1,313,033
Billing	873,600		505,623				3,898	1,383,121
Selling	2,134,116		1,595,634				1,455	3,731,205
Maintenance	1035157		697,495		39,468		66,820	1,838,940
Utilities	391910		254,462		43,330		21,744	711,446
Bad debts	491883		302,032				8,243	802,158
Cell site rental	133,339		88,571		400		15,230	237,540
Taxes and licenses	576,748		250,317		121,722		16,540	965,327
Advertising	2,084,232		771,388		·		112,570	2,968,190
General and administrative	1,802,346		1,056,315		226,927		20,792	3,106,380
Occupancy	102,054		80,815		208,497		12,434	403,800
Depreciation	3,939,105		2,891,653		725,234		147,024	7,703,016
Amortization	211,208		407,992		22,151		29,113	670,464
Total expenses	\$28,956,872	\$	19,511,268	\$	1,387,729	\$	886,112	\$50,741,981
Income from operations	\$ 7,952,584	\$	811,532	\$	171,346	\$_	(511,882)	\$ 8,423,580
OTHER INCOME (EXPENSE)								
Interest income	\$ 21,154	\$	31,375	\$	3,331	\$	163	\$ 56,023
Interest expense	(783,129)	4	(455,419)	Ψ		Ψ	(3,957)	(1,242,505)
Universal Service Fund income	3,340,349		3,340,349				(.5,5.57)	6,680,698
om voisin bolvice I that moome	\$ 2,578,374	\$	2,916,305	\$	3,331	\$	(3,794)	\$ 5,494,216
Not income (loss)	\$10,530,958	\$	3,727,837	\$	174,677	\$	(515 676)	\$13.017.70 <i>6</i>
Net income (loss)	Ψ10,330,338	φ	3,141,031	φ	1/4,0//	φ	(515,676)	<u>\$13,917,796</u>

Year Ended December 31, 2007

RSA #9	RSA #10	Fiber	31, 2007	
Appalachian	Mountaineer	Ring	PCS	Totals
rpparaeman	Widditameer	King	103	10415
\$17,642,270	\$11,838,430	\$	\$	\$29,480,700
6,669,355	2,570,467			9,239,822
124,057	72,730		71 70	196,787
311,459	372,605			684,064
1,858,283	1,147,890			3,006,173
22,375	11,487			33,862
<u>1,918,184</u>	1,393,323	1,202,262		4,513,769
<u>\$28,545,983</u>	\$17,406,932	\$ 1,202,262	\$	\$47,155,177
\$ 5,269,638	\$ 3,740,533	\$	\$	\$ 9,010,171
144,051	165,473			309,524
6,159,530	3,818,719			9,978,249
32,491	26,816			59,307
854,848	569,349			1,424,197
646,609	439,931			1,086,540
1,488,778	1,271,924			2,760,702
947,194	605,128	41,911	3,109	1,597,342
317,027	211,787	33,641		562,455
679,376	486,293			1,165,669
110,010	63,542	2,168	- ~	175,720
460,230	354,586	58,550		873,366
1,349,040	425,277			1,774,317
1,470,148	957,527	207,795	wm - 19 ₈	2,635,470
92,800	76,970	183,871	- ~	353,641
3,606,890	2,433,512	944,763	2,294	6,987,459
138,707	375,631	11,515	2,379	528,232
\$23,767,367	\$16,022,998	\$ 1,484,214	\$ 7,782	\$41,282,361
\$ 4,778,616	\$ 1,383,934	\$ (281,952)	\$ (7,782)	\$ 5,872,816
\$ 4,769	\$ 34,195	\$ 3,883	\$	\$ 42,847
(531,490)	(353,666)			(885,156)
2,683,838	2,226,659		50 to	4,910,497
\$ 2,157,117	\$ 1,907,188	\$ 3,883	\$	\$ 4,068,188
\$ 6,935,733	\$ 3,291,122	<u>\$ (278,069)</u>	\$ (7,782)	\$ 9,941,004

EAST KENTUCKY NETWORK, LLC DBA APPALACHIAN WIRELESS

STATEMENTS OF INCOME DETAIL (Continued)

			Year Ei	nde	d Decembe	er 3	1, 2008	
	RSA #9		RSA #10		Fiber			
	Appalachia	<u>n N</u>	<u> Iountaineer</u>		Ring		PCS	Totals
COST OF CELLULAR SERVICE								
Roamer pass through charges	\$ 4,949,47	4 \$	3,595,547	\$	***	\$	77,604	\$ 8,622,625
SCB interconnection	237,39	5	144,905		***		532	382,832
Local charges	2,401,11	5	1,387,166				18,826	3,807,107
Harold interconnection	134,06	2					***	134,062
Wheelwright interconnection	37,41	2						37,412
GTE interconnection	62,62	:1	63,402					126,023
West Liberty interconnection	46,57	8	***		w/ 400			46,578
Chapman interconnection	67,77	'5	21,616		** *		161	89,552
Salyersville interconnection	154,14	6	82,148				658	236,952
Bluefield interconnection	30	0						300
Roanoke interconnection	13,62	:6						13,626
Interconnect revenue	(715,72	(6)	(453,368)				(5,653)	(1,174,747)
Fiber ring interconnection	75,60	2	121,000				157	196,759
TGTC interconnection and DS3 charges	-	-	171,590					171,590
PRTC interconnection	-	_	171,232					171,232
	\$ 7,464,38	<u>so</u> <u>\$</u>	5,305,238	\$		\$	92,285	\$12,861,903
COST OF PAGING SERVICE								
Paging maintenance	\$ 25			\$		\$		\$ 640
Salaries and benefits	30,75		46,129					76,881
Tower rent	45,09	95	75,005					120,100
Telephone expense	-		131					131
Expanded coverage costs		-	998					998
Interconnection charges	33,21		28,094					61,305
Office and billing expense	38,46	52	22,945					61,407
Other	57		10,354					10,924
	\$ 148,34	6 \$	184,040	\$		\$_		\$ 332,386

Year Ended December 31, 2007

		ied December	31, 2007	
RSA #9	RSA #10	Fiber		
Appalachian	Mountaineer	Ring	PCS	Totals
\$ 3,554,926	\$ 2,559,114	\$	\$	\$ 6,114,040
234,187	158,145			392,332
1,496,116	991,910		- ~	2,488,026
166,140				166,140
31,134		ALC: 197		31,134
18,186	33,187			51,373
107,242		17 47		107,242
43,298	16,620			59,918
118,167	64,495			182,662
2,976				2,976
14,629				14,629
(569,849)	(393,685)			(963,534)
52,486	71,881			124,367
	186,290			186,290
	52,576			52,576
\$ 5,269,638	\$ 3,740,533	\$	\$	\$ 9,010,171
\$ 3,966	\$ 6,718	\$	\$	\$ 10,684
28,850	43,351			72,201
44,798	53,146		• •	97,944
	126			126
	703			703
35,618	27,865	· ·		63,483
30,566	22,507			53,073
254	11,056			11,310
\$ 144,052	\$ 165,472	\$	\$	\$ 309,524

Directions to Cody Site

Beginning at the Knott County Courthouse, in Hindman Ky.

Go East on KY route 550 for .1 miles to the Jct. of 550 and Rt 160

Turn right East on Rt. 160 South and go 10.4 miles to the Jct. Hwy. 160 and 15

Turn Right onto Hwy. 15 (Smithboro Rd.) and go .2 miles to White Gate.

You will need to contact Thacker Grigsby Telephone for a key to the gate 606-785-9500.

After the Gate, Road goes up the hill .75 miles to site.

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

DECLARATION AND GRANT OF PERPETUAL EASEMENTS AND RIGHTS OF WAY

THIS DECLARATION AND GRANT OF PERPETUAL EASEMENTS AND RIGHTS OF WAY (hereinafter, the "Grant") is made and entered into this the 19 day of January, 2010 by and between KENNETH SLONE and his wife, MARY D. SLONE, residents of P.O. Box 481, Hindman, Kentucky 41822, hereinafter referred to as "Grantors"; and EAST KENTUCKY NETWORK, LLC dba APPALACHIAN WIRELESS, having a mailing address of 101 Technology Trail, Ivel, Kentucky 41642, hereinafter referred to as "Grantee".

WITNESSETH:

WHEREAS, Grantors are the owners of a certain tract of land located on Carrs Fork in Knott County, Kentucky, as more particularly described in the deed to Grantors from Charlie Young and his wife, Glenna Young, dated April 7, 1987 and recorded at Deed Book 140, page 427 in the Knott County Clerk's Office. The property described in the foregoing deed is hereinafter referred to as "Grantors' Property"; and

WHEREAS, Grantors and Grantee, for valuable consideration, have agreed to the dedication and grant of a perpetual exclusive easement and right of way in favor of Grantee, its successors and assigns, affecting a portion of Grantors' Property as more particularly described in Exhibit "A" attached hereto and incorporated herein by reference, and as shown on the plat dated April 2nd, 2009, prepared by James W. Caudill, PLS, and attached hereto as Exhibit "B" and incorporated herein by reference (hereinafter referred to as the "Premises"), together with certain nonexclusive easements and rights of way affecting the remaining portion of Grantors' Property, as hereinafter set out.

NOW THEREFORE, for and in consideration of the total sum of Twenty-five Thousand Dollars (\$25,000.00), (i) of which Ten Thousand Dollars is payment for the easement rights granted herein; (ii) of which Fifteen Thousand Dollars (\$15,000.00) is payment for the damages to Grantors' land and timber; and (iii) of which One Thousand Dollars (\$1,000.00) has been previously paid by Grantee to Grantors pursuant to an Option Agreement dated August 19th, 2009, the remaining Twenty-Four Thousand

Dollars (\$24,000.00) being paid upon the execution hereof, the receipt and sufficiency of all of which is hereby acknowledged, Grantors do hereby grant and convey unto Grantee, its successors and assigns, the perpetual and exclusive right and easement to use the Premises for purposes of constructing and placing thereon buildings, towers, guy lines, anchors and other related facilities and equipment, including but not limited to, telephone lines, coaxial lines, power lines and the installation of any and all other equipment deemed necessary by Grantee 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 developmental stage or which may later be developed in the communications industry to carry out the objectives of Grantee, that being to transmit and receive signals and communications by wire, fiber optics, radio and satellite, in connection with Grantee's business.

In addition to the aforesaid, and for the consideration paid herein, Grantors do hereby grant and convey to Grantee the following nonexclusive easements:

- (i) A nonexclusive easement and right of way, twenty (20) feet in width, across the remaining portion of Grantors' Property for the construction and maintenance of an access road to be used by Grantee for ingress to and egress from the Premises (hereinafter, the "Access Road"). Grantors shall have input as to the location of the Access Road. Grantee shall gate the entrance to the Access Road in a manner that will best prevent trespassing and shall keep the gate locked with the understanding that Grantors shall be provided with a working key;
- (ii) A nonexclusive easement and right of way to construct, maintain and operate telephone and power transmission lines, including wires, poles, cables, conduits and pipes, over, under and across the remaining portion of Grantors' Property solely to service the tower and related facilities which are to be erected upon the Premises. Said easement and right of way shall be approximately forty (40) feet in width, and Grantors shall have input as to its location.

It is understood that the easements and rights of way granted herein, whether exclusive or nonexclusive, are perpetual in nature. If, in its sole and exclusive judgment, Grantee determines that the Premises are no longer needed in connection with its business, then Grantee shall have the right to surrender the perpetual easements and rights of way granted herein upon sixty (60) days written notice of such intention to Grantors, and thereafter, Grantee shall have one hundred eighty (180) days within which to remove any and all of its buildings, equipment and facilities constructed and/or placed upon the Premises. After the expiration of such time, the Premises, together with all easements and rights of way granted herein, shall revert to Grantors. Notwithstanding the foregoing, if, after Grantee has constructed and placed upon the Premises all of the buildings, towers and other related equipment and facilities necessary to receive and transmit electronic signals and communications, Grantee fails to use the Premises for the purposes stated herein for three (3) consecutive years, such failure shall be deemed an abandonment of the easements granted herein, and Grantee shall, at the request of Grantors, surrender its rights under this Grant.

Grantors and Grantee further enter into the following covenants and conditions which shall be considered a part of this Grant:

- 1. The grant of the easements and rights of way herein are made without warranty of title with respect to Grantor's Property and the Premises, and without warranty of the fitness of the Premises for its intended use, and Grantee accepts the Premises "as is".
- 2. Grantors shall not use the remaining portion of Grantors' Property for the construction, installation or operation of any wireless communications facilities which would unreasonably interfere with Grantee's communications facility.
- 3. Grantee shall pay all personal property taxes assessed on, or any portion of such taxes attributable to, the improvements and equipment constructed or used by Grantee on the Premises. Grantors shall pay, when due, all real property taxes and all other fees and assessments attributable to the Premises, provided however, that Grantee shall reimburse Grantors for any increase in real property taxes levied against Grantors, or theirs heirs and assigns, which are attributable to or arise as a result of the improvements constructed or placed by Grantee, its successors or assigns, on the Premises.

4. Grantee shall indemnify and save harmless Grantors from any liability resulting from Grantee's activities upon the Premises or in the exercise of any of the rights, privileges and rights of way 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 Grant.

5. This Grant and the exhibits attached hereto constitute the entire agreement between the parties, and no oral or implied agreements or representations will be binding upon the parties hereto.

6. This Grant shall be interpreted under the laws of the Commonwealth of Kentucky.

7. The terms, covenants and provisions of this Grant shall be binding upon the parties hereto, and their respective executors, administrators, heirs, successors and assigns.

8. All notices, demands or other writings to be given to either party hereunder shall be deemed to have been given when made in writing and deposited in the United States mail, certified and postage prepaid, to Grantors and Grantee at the addresses provided in the preamble to this Grant, unless such addresses have been changed by written notice as provided herein.

IN TESTIMONY WHEREOF, witness the signatures of the parties hereto this the day and year first above written.

GRANTORS:

KENNETH SEDNE COM

Mary D. Slone
MARYD, SLONE

GRANTEE:

EAST KENTUCKY NETWORK, LLC dba APPALACHIAN WIRELESS

	IIS: GENERAL MANAGER
STATE OF KENTUCKY	
COUNTY OF KNOTT	
The foregoing instrument was produced and acknowledged before me be their act and deed.	this 19th day of January, 20/0, by Kenneth Slone and his wife, Mary D. Slone, to
	Notary Public Commission Expires: Oct. 23-2013
STATE OF KENTUCKY	
COUNTY OF Floyd	
produced and acknowledged before	this <u>22 hd</u> day of <u>January</u> , 20 <u>/0</u> , me by East Kentucky Network, LLC, dba <u>Gerald F. Robinette</u> , its _, on behalf of said entity.
	Notary Public M. april
	Commission Expires: June 22, 20/3

DEED DESCRIPTION FOR SUBDIVISION OF

Property of KENNETH & MARY SLONE P.O. BOX 481 HINDMAN, KY 41822

April 2, 2009

A portion of the property lying near Carr Fork Lake in Knott County Kentucky, near relocated highway 15 at the old community of Cody. Being a portion of the property conveyed by deed from the Charlie Young and Glenna Young, his wife, and Paul R. Fields and Madeline Fields, his wife, to Kenneth Slone and Mary D. Slone, husband and wife, and recorded in Deed Book 140 Page 427 of the Knott County Court House.

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 April 2, 2009.

Lot A1

Beginning on a found iron pin on top of the point northeast of Carr Fork Lake where Breeding Creek joins Carr Fork Creek, said point being set by the corps of engineers at the time Carr Fork Lake was created, and being a point on the line of Monk & Beulah Bowling Heirs Tract (Book 68 Page 166), and on the United States of America Tract (Book 090 Page 579) and on the Kenneth & Mary Slone Tract (Book 140 Page 427); thence running down with the center of the point and the line between Unites States of America and Kenneth & Mary Slone S 35 deg 17 min 46 sec East, 165.83 feet to a found brass marker #5-23 set by corps of engineers on the center of a point, South 11 deg 16 min 27 sec East, 20.26 feet to a set iron pin with cap marked ls2259 on the center of the point; thence leaving the point and the line of Unites States of America and running around the hillside severing the land of Kenneth & Mary Slone North 85 deg 04 min 47 sec West, 113.86 feet to a set iron pin with cap marked ls2259 on the hillside, North 82 deg 20 min 35 sec West, 127.17 feet to a set iron pin with cap marked ls2259 on hillside; thence running up the hill North 08 deg 23 min 30 sec East, 33.16 feet to a set iron pin with cap marked ls2259 on center of a point; thence running up with the center of the point and the line of Ancilene Mullins, et al (old Monk Bowling Tract-Book 68 Page 166) North 62 deg 21 min 00 sec East, 59.75 feet to a 'x' cut in base of 26" Black Oak on center of the point, North 50 deg 19 min 22 sec East, 106.46 feet to the beginning.

Containing a calculated area of 19600 sq ft or 0.45 acres.

This according to a survey by James W. Caudill, PLS #2259, on April 2, 2009.

Exhibit "A"

STATE of KENTUCKY ames W. Caudill, PLS #2259

JAMES W. CAUDILL

LS2259

This instrument prepared by:

ROBIN JOHNSON COLLINS ATTORNEY AT LAW P.O. BOX 176 LACKEY, KENTUCKY 41643 (606)358-4493

STATE OF KENTUCKY

COUNTY OF KNOTT

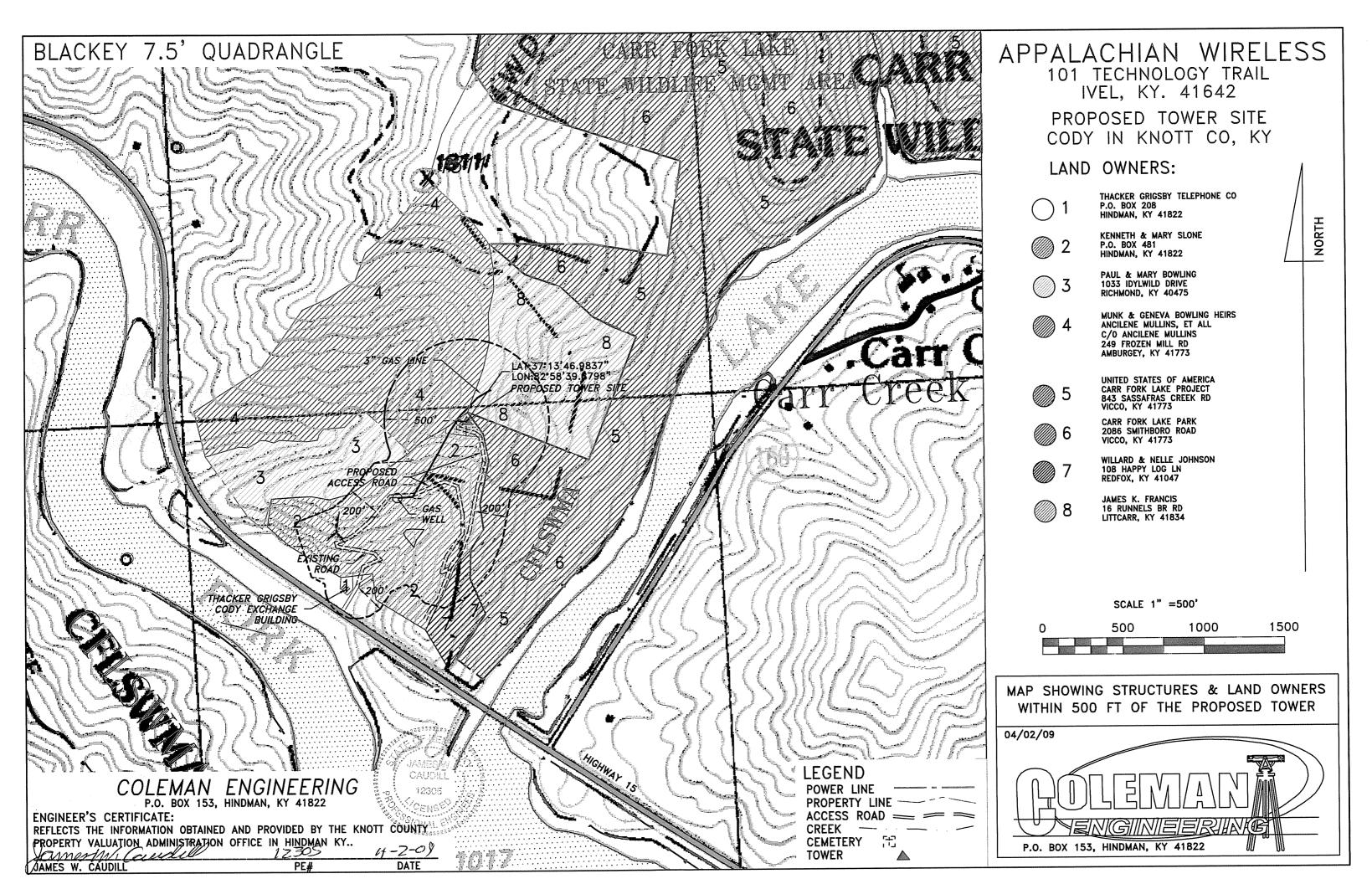
I, Kennith Gayheart, Clerk of the aforesai	id county	and state, do certify	that the
foregoing instrument was lodged in my office for	record, v	hereupon the same,	together
with the foregoing and this certificate, have been	n duly rec	corded in my office	in Deed
Book <u>250</u> , page <u>518</u> . 10:86			
Given under my hand this <u>04</u> day of	det	, 20 <u> 0</u> .	
		TH GAYHEART, C	

BY: Ruo Nap D.C.

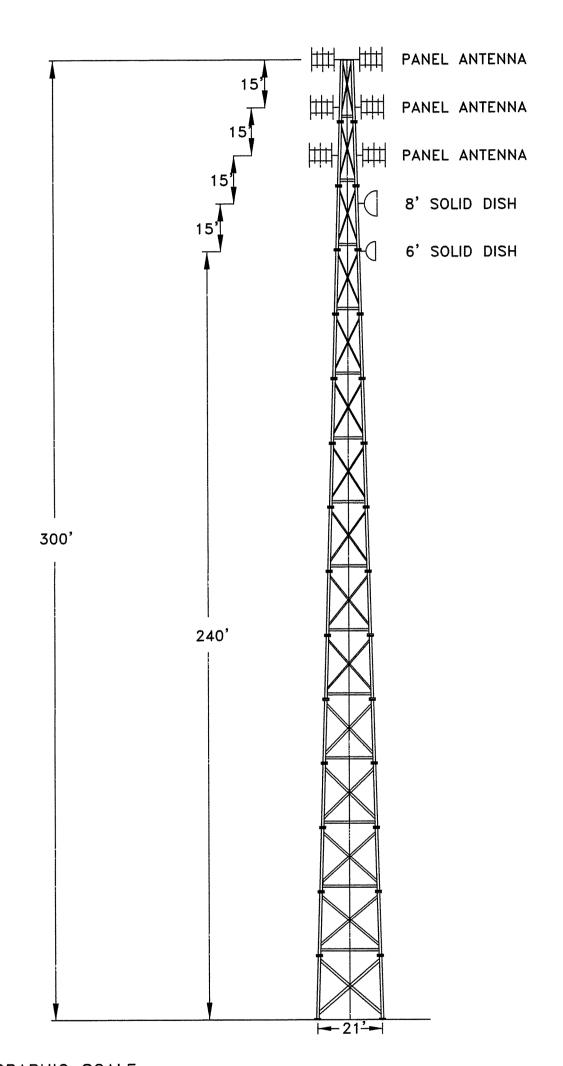
CASE NO: 2010-0005393

CONTAINS LARGE OR OVERSIZED MAP(S)

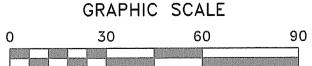
RECEIVED ON: March 30, 2010



APPALACHIAN WIRELESS 101 TECHNOLOGY TRAIL IVEL, KY. 41642 PROPOSED TOWER SITE KENNETH SLONE TRACT NEAR CODY IN KNOTT COUTNTY



04/2/09



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.

James W. Caudill 12305 JAMES W. CAUDILL P.E.

11-209 DATE



