

EAST KENTUCKY NETWORK, LLC

d/b/a APPALACHIAN WIRELESS

JACK'S CREEK CELLULAR TOWER APPLICATION

Floyd County, Kentucky P.S.C. CASE # 2010-00054

RECEIVED

COMMONWEALTH OF KENTUCKY BEFORE THE PUBLIC SERVICE COMMISSION

JUL 08 2010

PUBLIC SERVICE COMMISSION

In the matter of:

THE APPLICATION OF EAST KENTUCKY NETWORK)
LIMITED LIABILITY COMPANY FOR THE ISSUANCE)
OF A CERTIFICATE OF PUBLIC CONVENIENCE AND) CASE No 2010-00054
NECESSITY TO CONSTRUCT A TOWER IN FLOYD)
COUNTY, KENTUCKY).	

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

In an effort to improve service in Floyd County, East Kentucky Network, LLC pursuant to KRS 278.020 Subsection 1 and 807 KAR 5:001 Section 9 is seeking the Commission's approval to construct a 300 foot self-supporting tower on a tract of land approximately 2 miles SSW from the Junction of Hwy 979 and Hwy 122 in Floyd County, Kentucky (37°21'35.15"N 82°44'26.37"W). A map and detailed directions to the site can be found in Exhibit 8.

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

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

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

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

Notice of the location of the proposed construction was published in the Floyd County

Times March 12th,17th,19th & 24th, 2010 editions. Enclosed is a copy of that notice in Exhibit 3.

The Floyd County Times is the newspaper with the largest circulation in Floyd County.

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

A copy of the tower design information is enclosed as Exhibit 5. The proposed tower has been designed by engineers at 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 March 8, 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 deed to the site.

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

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

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

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

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

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

SUBMITTED BY:

DATE: 7-7-10

Lynn Haney, Compliance Coordinator

APPROVED BY:

DATE: 7-7-10

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 Home | Search | Updates | E-Filing | Initiatives | For Consumers | Find People



Universal Licensing System

FCC > WTB > ULS > Online Systems > License Search

FCC Site Map

ULS License

Cellular License - KNKN880 - East Kentucky Network, LLC 7 HELP d/b/a Appalachian Wireless

New Search
Refine Search
Return to Results
Printable Page
Reference Copy
Map License

MAIN	ADMIN LOCATIONS		
Call Sign	KNKN880	Radio Service	CL - Cellular
Status	Active	Auth Type	Regular
Market			
Market	CMA451 - Kentucky 9 - Elliott	Channel Block	B (<u>View Frequencies</u>)
Submarket	0	Phase	2
Dates			
Grant	08/28/2001	Expiration	10/01/2011
Effective	11/11/2009	Cancellation	
Five Year Buil	ldout Date		
10/23/1996			
Control Points	5		

U.S. 23, HAROLD, KY 1

Licensee

FRN	0001786607	Туре	Limited Liability Company
	(View Ownership Filing)		

Licensee

East Kentucky Network, LLC d/b/a Appalachian

P:(606)477-2355 Wireless F:(606)874-7551 101 Technology Trail Ivel, KY 41642

ATTN Gerald Robinette, Manager

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.

Demographics

Race

Ethnicity

Gender

ULS Help

ULS Glossary - FAQ - Online Help - Technical Support - Licensing Support

ULS Online Systems

<u>CORES</u> - <u>ULS Online Filing</u> - <u>License Search</u> - <u>Application Search</u> - <u>Archive License Search</u>

About ULS

Privacy Statement - About ULS - ULS Home

Basic Search

By Call Sign

| | -

SEARCH

FCC | Wireless | ULS | CORES

Help | Tech Support

Federal Communications Commission 445 12th Street SW Washington, DC 20554

Phone: 1-877-480-3201 TTY: 1-717-338-2824 Submit Help Request

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)(1) 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

Nellie Moore P.O. Box 162 Hi Hat, KY 41636

Beaver Elkhorn Coal Co. C/O Burl N. Spurlock 311 North Arnold Avenue Prestonsburg, KY 41653

Ray & Dahlia Sue Jones P.O. Box 43 Bevinsville, KY 41606

Hattie Mae Burke, Estate C/O Ray & Dahlia Sue Jones P.O. Box 43 Bevinsville, KY 41606 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.S. CERTIFIED MAIL

PUBLIC NOTICE

March 9, 2010

Nellie Moore P.O. Box 162 Hi Hat, KY 41636

RE: Public Notice-Public Service Commission of Kentucky (Case No. 2010-00054)

East Kentucky Network, LLC d/b/a Appalachian Wireless has applied to the Public Service Commission of Kentucky for a Certificate of Public Convenience and Necessity to construct and operate a new facility to provide cellular telecommunications service in Floyd County. The facility will include a 300 foot self supporting tower with attached antennas extending upwards, and an equipment shelter located on a tract of land approximately 2 miles SSW from the Junction of Hwy 979 and Hwy 122 in Floyd County, Kentucky. A map showing the location of the proposed new facility is enclosed. This notice is being sent to you because you may own property or reside within a 500' radius of the proposed tower 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. 2010-00054 in your correspondence.

Sincerely,

Lynn Haney

Compliance Coordinator

EAST KENTUCKY NETWORK

101 TECHNOLOGY TRAIL

IVEL, KY 41642

PHONE: (606) 874-7550

506) 874-7551

.: INFO@EKN.COM

WEBSITE: WWW.EKN.COM



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

March 9, 2010

Beaver Elkhorn Coal Co. C/O Burl N. Spurlock 311 North Arnold Avenue Prestonsburg, KY 41653

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Sincerely,

Lynn Haney

Compliance Coordinator

Lynn Haney

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



VIA: U.S. CERTIFIED MAIL

PUBLIC NOTICE

March 9, 2010

Ray & Dahlia Sue Jones P.O. Box 43 Bevinsville, KY 41606

RE: Public Notice-Public Service Commission of Kentucky (Case No. 2010-00054)

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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. 2010-00054 in your correspondence.

Sincerely,

Lynn Haney

Compliance Coordinator

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.S. CERTIFIED MAIL

PUBLIC NOTICE

March 9, 2010

Hattie Mae Burke, Estate C/O Ray & Dahlia Sue Jones P.O. Box 43 Bevinsville, KY 41606

RE: Public Notice-Public Service Commission of Kentucky (Case No. 2010-00054)

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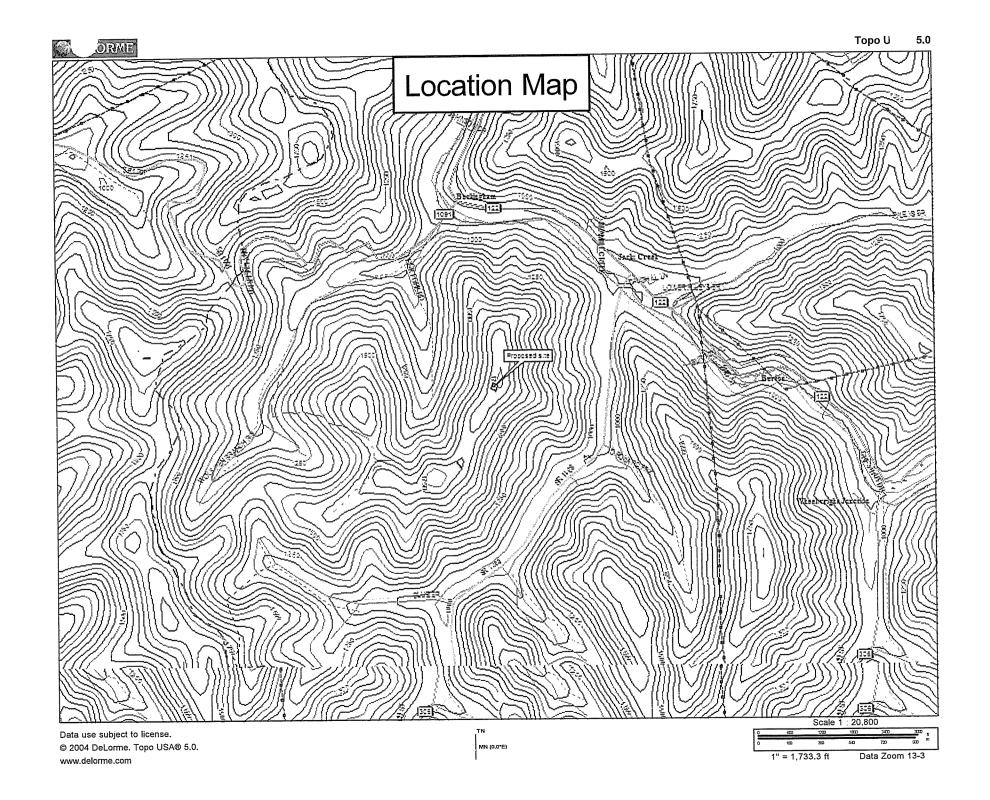
Your comments and request for intervention should be addressed to: Executive Director's Office, Public Service Commission of Kentucky, P.O. Box 615, Frankfort, KY 40602. Please refer to Case No. 2010-00054 in your correspondence.

Sincerely,

Lynn Haney

Compliance Coordinator

Lynn Haney



EAST KENTUCKY NETWORK

101 TECHNOLOGY TRAIL

IVEL, KY 41642

PHONE: (606) 874-7550

EAN (606) 874-7551

: INFO@EKN.COM

WEBSITE: WWW.EKN.COM



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

March 9, 2010

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

RE: Public Notice-Public Service Commission of Kentucky (Case No. 2010-00054)

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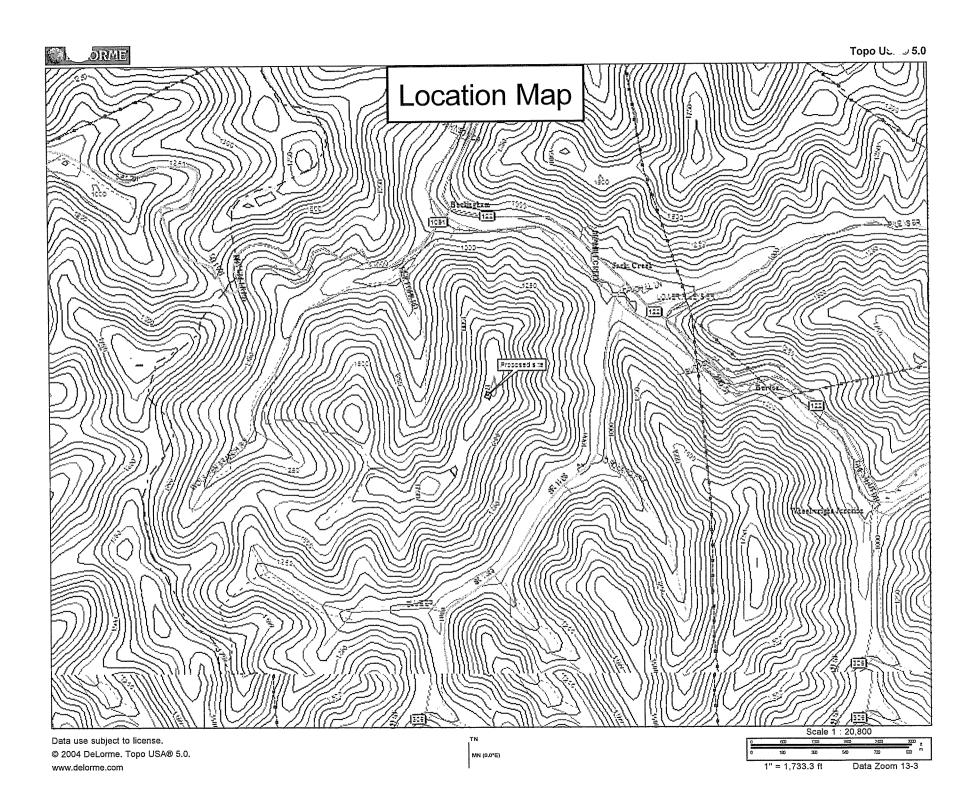
The Commission invites your comments regarding the proposed construction. You also have the right to intervene in this matter. The Commission must receive your initial communication within 20 days of the date of this letter as shown above.

Your comments and request for intervention should be addressed to: Executive Director's Office, Public Service Commission of Kentucky, P.O. Box 615, Frankfort, KY 40602. Please refer to Case No. 2010-00054 in your correspondence.

Sincerely,

Lynn Haney

Compliance Coordinator



dba Appalachian Wireless 101 Technology Trail Ivel, KY 41642

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



To:	Floyd County Times	From:	Lynn Haney
	Attn: Willie		Compliance Coordinator
Fax:		Date:	March 9, 2010
Re:	PUBLIC NOTICE ADVERTISEMENT	Pages:	1

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

PUBLIC NOTICE:

RE: Public Service Commission of Kentucky (CASE NO. 2010-00054)

Public Notice is hereby given that East Kentucky Network, LLC, dba Appalachian Wireless has applied to the Kentucky Public Service Commission to construct a cellular telecommunications tower on a tract of land located approximately 2 miles SSW from the Junction of Hwy 979 and Hwy 122 in Floyd County, Kentucky. The proposed tower will be a 300 foot self-supporting tower with attached antennas. If you would like to respond to this notice, please contact the Executive Director, Public Service Commission, 211 Sower Boulevard, PO Box 615, Frankfort, Kentucky 40602. Please refer to Case No. 2010-00054.

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 Compliance Coordinator

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

WENDELL R. HOLMES, P.G.

PO Box 1051 Bulan, KY 41722 (606) 438-7250

June 28, 2010

Buckingham Tower Site

Purpose:

A site assessment was conducted for Appalachian Wireless on a tract of land located in Floyd County near Kite, 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 terrain in Floyd County is moderately to very steep. The tower site is located on a ridge in the watershed of Lick Branch of Wolfpen Creek of the Left Fork of Beaver creek, approximately six tenths of a mile southwest of the junction of KY 122 and Jacks Creek Road in Floyd County. The sandstone with shale formation below the tower site is approximately 10.00 feet thick, based on the information obtained from the geological maps of the area.

Conclusions:

The proposed tower site is located on a point in the area. The sandstone with 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 sandstone with 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.

Oleasio

WENDELL R. HOLMES, P.G.

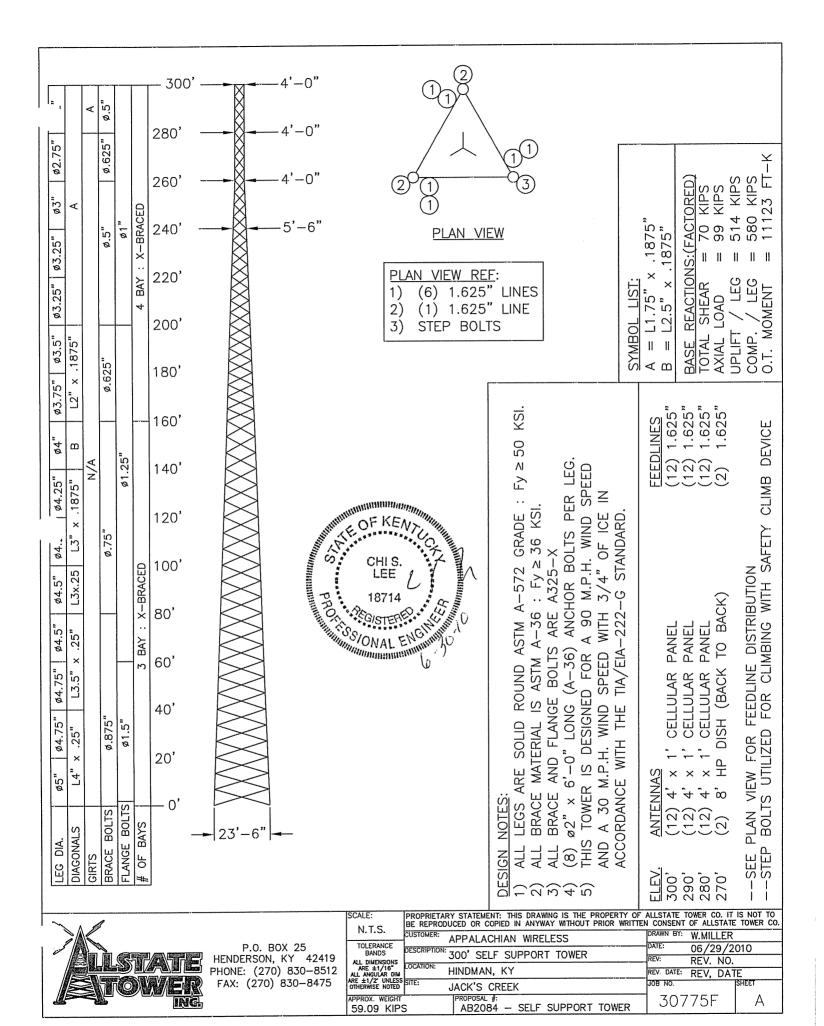
PO Box 1051 Bulan, Ky. 41722 (606)438-7250

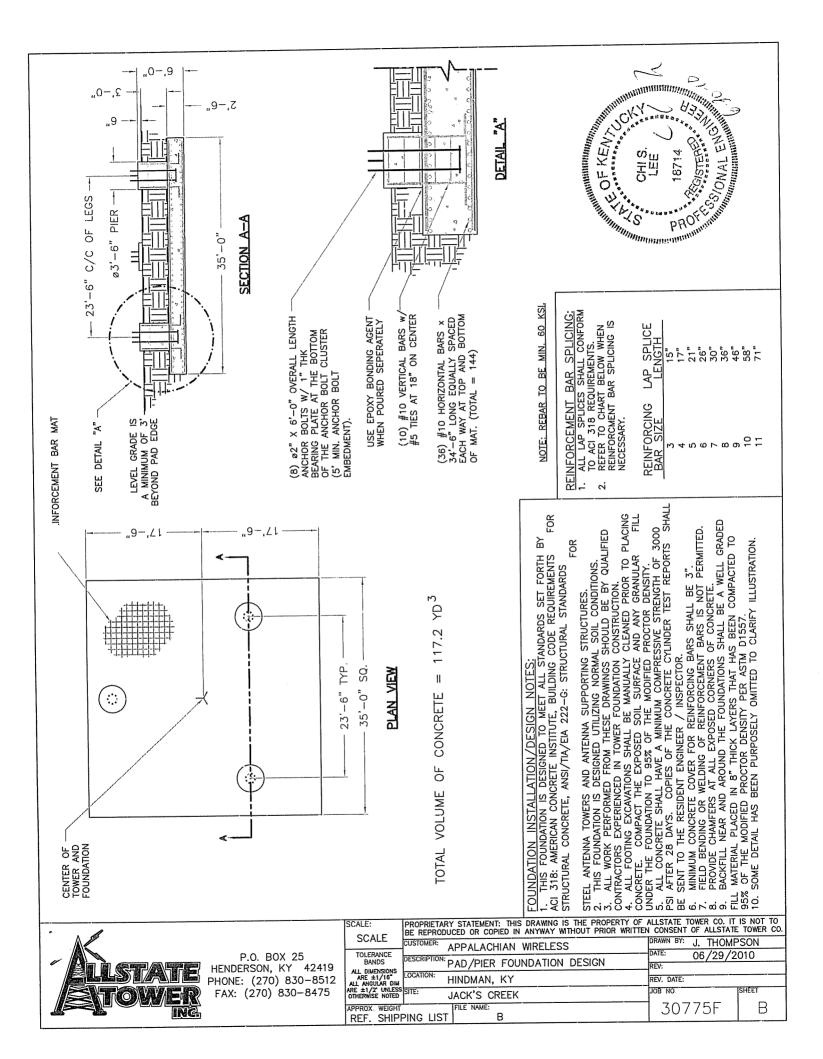
Geologist Log

Location: Buckingham Tower Site

Unit Thickness	Total depth	Strata	Description
1.00′	1.00′	Soil	Yellow and Brown, with rock & plant Fragments
10.00′ +	11.00′ +	Sandstone with Shale	Brown and Gray









« OE/AAA

Notice of Proposed Construction or Alteration - Off Airport

Project Name: EAST -000150010-10 Sponsor: East Kentucky Network, LLC

Details for Case: Jacks Creek

Show Project Summary

Case Statu	s							
ASN:	2010-ASO-3	361-OE		Date Accepted:	07/02/	2010		
Status:	Accepted			Date Determined	:			
				Letters:	None			
				Documents:	None			
Construction	on / Alteration	on Information		Structure Sum	mary			
Notice Of:	entre of the section	Construction	The state of the s	Structure Type:	Tower			
Duration:		Permanent		Structure Name:	Jacks C	eek		
if T	emporary:	Months: Days:		NOTAM Number:				
Work Schedu		07/15/2010		FCC Number:				
Work Schedu	ile - End:	07/20/2010		Prior ASN:				
State Filing:		Filed with State						
Structure [Details			Common Freq	uency Ban	ds		
Latitude:	, .,	er i de la companya d	37° 21' 35.16" N	Low Freq	High Freq	Freq Unit	ERP	ERP Un
Longitude:			82° 44' 26.56" W	806 824	824	MHz MHz	500 500	W W
Horizontal Da			NAD83	82 4 851	849 866	MHz	500	W
				869	894	MHz	500	w
Site Elevation	` '		1742 (nearest foot)	896	901	MHz	500	W
Structure He		roposed change to an	310 (nearest foot)	901	902	MHz	7	W
		include the current		930	931	MHz	3500	W
	escription of Pi			931 932	932 932,5	MHz MHz	3500 17	W dBW
				932 935	932.5	MHz	1000	W
Requested M	larking/Lightin	g:	Dual-red and medium intensity	940	941	MHz	3500	W
		Other :		1850	1910	MHz	1640	w
Recommend	ed Marking/Lig	ihting:		1930	1990	MHz	1640	W
	cing/Lighting:		None	2305	2310	MHz	2000	W
Current Mark	ang/Lighting.	Other		2345	2360	MHz	2000	W
		Other :	-577-7-1					
Nearest City	:		Jacks Creek	Specific Frequ	encies		Language of the American Co.	Consideration and account of the fact
Nearest Stat	:e:		Kentucky					
Description of On the Proje	of Location: ct Summary p	age upload any certified survey.	Approx. 0.6 mi (1.0 km) SW of Jacks Creek (Floyd), KY					
Description o	of Proposal:		A new 300' tower with top-mounted antennas (overall height of 310' AGL)					



☐ 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. 16 9. Latitude: East Kentucky Network, LLC c/o Lukas, Nace, Gutierrez & Sachs, Chtd 26 56 Longitude: 8300 Greensboro Drive, Suite 1200 McLean, VA 22102 Datum: ☒ NAD83 ☐ NAD27 ☐ Other_ T: 703-584-8667 F: 703-584-8692 Nearest Kentucky City: Jacks Creek County Floyd 12. Nearest Kentucky public use or Military airport: 13. 2. Representative of Applicant -- Name, Address, Telephone, Fax Pike County - Hatcher Field Airport Ali Kuzehkanani Lukas, Nace, Gutierrez & Sachs, Chtd Distance from #13 to Structure: 16.9 mi 8300 Greensboro Drive, Suite 1200 McLean, VA 22102 Direction from #13 to Structure: SW T: 703-584-8667 F: 703-584-8692 1,742.00 Feet Site Elevation (AMSL): 3. Application for: ☑ New Construction ☐ Alteration ☐ Existing 310.00 Total Structure Height (AGL): 4. Duration: Permanent Temporary (Months_ __Davs __ 2,052.00 Feet Overall Height (#16 + #17) (AMSL): 7/15/2010 7/20/2010 __ 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: certifled survey) Red Lights and Paint Dual - Red & Medium Intensity White Site is located approx. 0.5 mi (1.0 km) SW of Jacks Creek Dual - Red & High Intensity White ☐ White - Medium Intensity (Floyd), KY ☐ White - High Intensity Other __ 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 Yes, When July 02, 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. 7/2/2010 All Kuzehkanani/ Dir of Engineering Date Printed Name and Title Signature PENALTIES: Persons failing to comply with Kentucky Revised Statutes (KRS 183.861 through 183.990) and Kentucky Administrative Regulations (602 KAR 050:Serles) are liable for fines and/or imprisonment as set forth in KRS 183.990(3). Non-compliance with Federal Aviation Administration Regulations may result in further penalties. **Commission Action:** ☐ Chairman, KAZC ☐ Administrator, KAZC Approved

Date_

FINANCIAL REPORT

December 31, 2009

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Jones, Nale & Mattingly PLC

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying balance sheets of East Kentucky Network, LLC, dba Appalachian Wireless as of December 31, 2009 and 2008 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, 2009 and 2008 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 February 26, 2010

BALANCE SHEETS December 31, 2009 and 2008

ASSETS	2009	2008
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,874,412	\$ 5,145,165
Short-term investments	100,000	100,000
Accounts receivable, less allowance for doubtful		
accounts of \$1,405,597 in 2009 and \$1,054,283 in 2008	7,806,718	6,246,970
Accounts receivable, members (Notes 5 and 6)	87,192	88,078
Inventory	5,699,380	3,053,445
Prepaid expenses	537,143	411,948
Total current assets	\$ 17,104,845	\$ 15,045,606
PROPERTY, PLANT AND EQUIPMENT (Note 3) Plant in service:		
General support	\$ 27,455,560	\$ 25,380,330
MTSO equipment	22,282,589	20,505,774
Cell equipment	64,198,981	55,340,782
Paging equipment	3,321,068	3,321,068
Fiber ring	7,675,975	7,429,057
Unfinished plant	3,675,759	1,951,193
Offinished plant	\$128,609,932	\$113,928,204
Less accumulated depreciation	57,070,186	48,072,427
Loss documatated depressation	\$ 71,539,746	\$ 65,855,777
OTHER AGGETS		
OTHER ASSETS	\$ 112,712	\$ 112,712
Investment in affiliated company, RTFC Intangible assets, net of accumulated amortization	Ψ 1,23,712	Ψ,
of \$4,389,605 in 2009 and \$3,707,354 in 2008 (Note 2)	4,578,754	5,261,006
Other	19,712	19,712
Offici	\$ 4,711,178	\$ 5,393,430
	\$ 93,355,769	\$ 86,294,813

LIABILITIES AND MEMBERS' EQUITY	2009	2008
CURRENT LIABILITIES	•	
Current maturities of long-term debt (Note 3)	\$ 2,685,714	\$ 3,852,381
Accounts payable	2,033,336	1,772,238
Accounts payable, member (Notes 5 and 6)	35,206	49,579
Accrued expenses	1,519,862	1,208,138
Deferred revenue, advance billings	2,133,743	1,887,230
Customer deposits	574,996	600,872
Total current liabilities	\$ 8,982,857	\$ 9,370,438
LONG-TERM DEBT, less current maturities (Note 3)	\$ 13,559,207	\$ 16,388,735
INTEREST RATE SWAPS (Note 8)	\$ 1,384,261	\$ 2,067,821
MEMBERS' EQUITY		
Members' capital accounts	\$ 70,813,705	\$ 60,535,640
Accumulated other comprehensive (loss)	(1,384,261)	(2,067,821)
	\$ 69,429,444	\$ 58,467,819
	• • •	

\$ 93,355,769 \$ 86,294,813

STATEMENTS OF INCOME Years Ended December 31, 2009 and 2008

	2009	2008
REVENUE	¢ 46 105 440	e 40 007 000
Retail	\$ 46,125,449	\$ 40,207,998
Roamer	16,777,789	12,592,115
Long distance	195,754	214,296
Paging	488,500	566,677
Equipment sales, cellular	2,198,961	2,248,939
Equipment sales, paging	93,942	35,777
Other	3,649,814	3,299,759
Total revenue	\$ 69,530,209	\$ 59,165,561
EXPENSES		
Cost of cellular service	\$ 15,223,905	\$ 12,861,903
Cost of paging service	339,051	332,386
Cost of equipment sales, cellular	13,508,510	11,656,367
Cost of equipment sales, paging	57,023	56,705
Customer service	1,364,596	1,313,033
Billing	1,657,074	1,383,121
Selling	4,188,213	3,731,205
Maintenance	2,595,663	1,838,940
Utilities	900,421	711,446
Bad debts	473,634	802,158
Cell site rental	244,023	214,620
Taxes and licenses	446,482	965,327
Advertising	3,815,728	2,968,190
General and administrative	3,666,329	3,106,380
Occupancy	632,810	403,800
Depreciation	9,105,095	7,703,016
Amortization	<u>839,546</u>	693,384
Total expenses	\$ 59,058,103	\$ 50,741,981
Income from operations	\$ 10,472,106	\$ 8,423,580
OTHER INCOME (EXPENSE)		
Interest income	\$ 31,040	\$ 56,023
Interest expense	(1,424,984)	(1,242,505)
Universal Service Fund income (Note 7)	7,045,378	6,680,698
	\$ 5,651,434	\$ 5,494,216
Net income	<u>\$ 16,123,540</u>	<u>\$ 13,917,796</u>

STATEMENTS OF MEMBERS' EQUITY Years Ended December 31, 2009 and 2008

	Cellular Services, LLC	Gearhart Communi- cations Company, Inc.	Mountain Tele- communi- cations, Inc.	Thacker- Grigsby Telephone Co., Inc.	Peoples Rural Telephone Coop- erative Corp- oration, Inc.	Total
Balance, January 1, 2008 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	2,783,560	2,783,559	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	\$ 2,484,522	\$ 2,484,521	\$ 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	\$11,693,564	\$11,693,563	\$11,693,564	\$58,467,819
Comprehensive income: Net income Change in fair value of	3,224,708	3,224,708	3,224,708	3,224,708	3,224,708	16,123,540
interest rate swaps	136,712	136,712	136,712	136,712	136,712	683,560
Total comprehensive income	\$ 3,361,420	\$ 3,361,420	\$ 3,361,420	\$ 3,361,420	\$ 3,361,420	\$16,807,100
Capital distributions	(1,169,095)	(1,169,095)	(1,169,095)	(1,169,095)	(1,169,095)	(5,845,475)
Balance, December 31, 2009	\$13,885,889	\$13,885,889	\$13,885,889	<u>\$13,885,888</u>	\$13,885,889	\$69,429,444

STATEMENTS OF CASH FLOWS Years Ended December 31, 2009 and 2008

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 16,123,540	\$ 13,917,796
Adjustments to reconcile net income to net cash provided		
by operating activities:		
Depreciation	9,105,095	7,703,016
Amortization	839,546	693,384
Loss (gain) on disposition of property, plant, and equipment Changes in assets and liabilities, net of the effects	82,302	(3,723)
of investing and financing activities:		
(Increase) in accounts receivable	(1,559,748)	(1,199,357)
(Increase) decrease in accounts receivable, members	886	(8,275)
(Increase) in inventory	(2,645,935)	(74,188)
(Increase) decrease in prepaid expenses	(125,195)	19,911
Decrease in other assets	ma ten	969
Increase in accounts payable	261,098	834,045
Increase (decrease) in accounts payable, member	(14,373)	4,312
Increase in accrued expenses	311,724	84,489
Increase in deferred revenue, advance billings	246,513	381,239
Increase (decrease) in customer deposits	(25,876)	147,402
Net cash provided by operating activities	\$ 22,599,577	\$ 22,501,020
CASH FLOWS FROM INVESTING ACTIVITIES	Φ /1 <i>E</i> 020 / <i>E</i> 0\	e (10 10 (207)
Purchase of property, plant and equipment	\$ (15,028,659)	\$ (19,196,297)
Proceeds from sale of property, plant and equipment	** ***	11,500
Purchase of intangible assets	m (15 000 550)	(1,650,275)
Net cash (used in) investing activities	\$ (15,028,659)	\$ (20,835,072)
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital distributions	\$ (5,845,475)	\$ (4,790,603)
Proceeds from long-term borrowings	10,200,000	8,250,000
Payments on long-term borrowings	(14,196,195)	(1,758,884)
Net cash provided by (used in) financing activities	\$ (9,841,670)	\$ 1,700,513
Net increase (decrease) in cash and cash equivalents	\$ (2,270,752)	\$ 3,366,461
Cash and cash equivalents:		
Beginning	5,145,165	1,778,704
Ending	\$ 2,874,413	\$ 5,145,165
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION Cash payments for interest	\$ 1,431,014	\$ 1,178,953

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

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

Nature of operations

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

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 original maturities 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. Deferred revenue consists of monthly access and feature charges billed one month in advance and recognized as revenue the following month. Revenue from telephones and accessories sold are recognized as revenue upon delivery to the customer.

Advertising

Advertising costs are expensed as incurred. At December 31, 2009 and 2008, these costs were \$3,815,729 and \$2,968,190, 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.

Management evaluates its potential exposures from tax positions taken that have or could be challenged by taxing authorities. These potential exposures result because taxing authorities may take positions that differ from those taken by management in the interpretation and application of statutes, regulations, and rules. There are no tax positions for which the ultimate deductibility is highly uncertain included in the accompanying financial statements.

The Company recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. The Company did not recognize any interest or penalties during the years ended December 31, 2009 and 2008.

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)

Subsequent events

Management has evaluated subsequent events through February 26, 2010, the date the financial statements were available to be issued.

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, 2009:

	Gross Amount	Accumulated Amortization
Customer lists Non-compete agreements FCC licenses Use of name Other	\$ 5,363,530 220,348 2,452,368 10,000 922,114 \$ 8,968,360	\$ (3,225,882) (165,657) (717,074) (6,335) (274,657) \$ (4,389,605)

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

	Gross <u>Amount</u>	Accumulated Amortization
Customer lists	\$ 5,363,530	\$ (2,868,564)
Non-compete agreements	220,348	(150,977)
FCC licenses	2,452,368	(544,730)
Use of name	10,000	(5,669)
Other	922,114	(137,414)
	\$ 8,968,360	\$ (3,707,354)

Note 2. Intangible Assets (Continued)

Aggregate amortization expense related to these intangible assets for the years ended December 31, 2009 and 2008 totaled \$682,251 and \$575,586, respectively. The following represents the total estimated amortization of intangible assets for each of the succeeding five years:

Year ending December 31:

2010	\$ 680,000
2011	680,000
2012	680,000
2013	660,000
2014	620,000

Note 3. Long-Term Debt

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

 2009	2008
\$ 9,033,333	\$ 11,600,000
7,211,588	8,641,116
\$ 16,244,921	\$ 20,241,116
garantes	\$ 9,033,333

(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 converted its floating-rate debt into a fixed-rate of 8.02%.

On February 2, 2009, the Company refinanced the remaining \$10,200,000 of the note with a new note payable that matures November 1, 2013 and is collateralized by the assets of the Company. Interest on the note is floating at monthly LIBOR plus 1.75% as determined by Fifth Third Securities, Inc. (1.99% at 12/31/09). The Company also renegotiated the terms of the interest rate swap contract and entered into an interest rate swap contract (original notional amount of \$10,200,000) that effectively converts its floating-rate debt into a fixed rate of 7.46% (see Note 8). The note is payable in monthly installments of \$116,667 plus interest through February 1, 2012 and \$125,000 plus interest thereafter through November 1, 2013 with a balloon payment due at maturity.

Note 3. Long-Term Debt (Continued)

- (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 (3.24% at 12/31/09), is secured by the assets of the Company, and is due September 1, 2010.
- (c) On September 1, 2008, the Company borrowed \$9,000,000 to restructure existing debt, purchase new equipment and upgrade dexisting 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 (3.24% at 12/31/09). 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. The Company was in violation of certain of these covenants as of December 31, 2009; however, these violations have been waived by the noteholder.

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:

0 \$ 2,	685,714
1 2,	685,714
2,	769,048
3 8,	104,445
4	

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 \$124,071 and \$112,235 in matching funds for its 401(k) plan during the years ended December 31, 2009 and 2008, 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 \$421,669 and \$371,105 to its retirement savings plan during the years ended December 31, 2009 and 2008, respectively.

Note 5. Related Party Transactions

The Company shares personnel with three of its members. The Company paid \$210,990 and \$157,825 for shared personnel during the years ended December 31, 2009 and 2008, respectively. The Company also leased offices and warehouse space from three members. The leases are for an unspecified length of time. The annual lease expense related to these leases was \$20,483 and \$20,301 during the years ended December 31, 2009 and 2008, respectively.

The Company incurred interconnection, telephone, cable and internet access charges from its members aggregating \$1,111,251 and \$1,047,239 for the years ended December 31, 2009 and 2008, respectively.

The Company leases two cellular tower sites from the officers and majority shareholders of a member. The annual lease expense related to these leases was \$2,400 for both years ended December 31, 2009 and 2008. 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. The annual lease expense related to this lease for the years ended December 31, 2009 and 2008 amounted to \$11,700 and \$3,600, respectively. 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 both years ended December 31, 2009 and 2008. The leases are for five years with options to renew.

The Company pays commissions to its members for phone sales to customers. The amount of commissions paid to related parties during the years ended December 31, 2009 and 2008 was \$45,420 and \$51,872, 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 \$54,522 and \$98,276 for the years ended December 31, 2009 and 2008, 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 \$1,194,626 and \$1,612,227 for the years ended December 31, 2009 and 2008, respectively. Rental income earned from the Company's members from these leases was \$799,054 and \$780,931 for the years ended December 31, 2009 and 2008, respectively.

NOTES TO FINANCIAL STATEMENTS

Note 6. Operating Leases (Continued)

Investments in operating leases are as follows at December 31:

	2009	2008
Fiber ring	\$ 7,675,975	\$ 7,429,057
Accumulated depreciation	(2,623,141)	(2,143,096)
	\$ 5,052,834	\$ 5,285,961

The future minimum rental payments expected to be received under these lease agreements for each of the succeeding five years are approximately \$1,200,000 each year.

The Company has also entered into lease agreements to obtain fiber optic transmission and digital microwave transmission services; and to rent retail office facilities. The terms of these leases are between 5 and 15 years. Total rental expense incurred from these operating lease commitments included in the statements of income was \$1,070,826 and \$805,277 for the years ended December 31, 2009 and 2008, respectively. Rental expense incurred from the Company's members from these leases was \$488,725 and \$291,461 for the years ended December 31, 2009 and 2008, respectively. The future minimum lease payments required under these lease agreements for each of the succeeding five years are approximately \$825,000 each year.

Note 7. Eligible Telecommunication Carrier

During 2005, the Company was granted Eligible Telecommunication Carrier (ETC) status by the Kentucky Public Service Commission. As an ETC, the Company receives funding from the federal Universal Service Fund (USF) to support the high cost of providing local telephone service in rural areas. USF payments amounted to \$7,045,378 and \$6,680,698 for 2009 and 2008, 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 \$10,200,000 at a rate of 7.46% 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 5.71% and 4.20% on the notional amounts and receives interest at LIBOR observed monthly (0.24% at December 31, 2009). 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.

NOTES TO FINANCIAL STATEMENTS

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

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.

The carrying amounts of the swaps are classified as noncurrent since management does not intend to terminate the swaps during 2010. 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.



Jones, Nale & Mattingly PLC

INDEPENDENT AUDITOR'S REPORT ON THE SUPPLEMENTARY INFORMATION

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

Our audit was made for the purpose of forming an opinion on the basic financial statements for the years ended December 31, 2009 and 2008, taken as a whole. The supplementary information shown on pages 15 and 16 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information for the years ended December 31, 2009 and 2008, 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.

Jones. Male & Mattingly Puc

Louisville, Kentucky February 26, 2010

EAST KENTUCKY NETWORK, LLC DBA APPALACHIAN WIRELESS

STATEMENTS OF INCOME DETAIL

		Year En	ded Decembe	r 31, 2009	
	RSA #9	RSA #10	Fiber		
	Appalachian	Mountaineer	Ring	PCS	Totals
REVENUE					
Retail	\$27,227,441	\$ 17,352,651	\$	\$ 1,545,357	\$46,125,449
Roamer	12,256,698	4,387,287	~ ~	133,804	16,777,789
Long distance	119,708	72,756		3,290	195,754
Paging	240,506	247,994			488,500
Equipment sales, cellular	1,363,757	751,079		84,125	2,198,961
Equipment sales, paging	66,723	27,219			93,942
Other	1,384,703	925,590	1,155,365	184,156	3,649,814
Total revenue	\$42,659,536	\$ 23,764,576	\$ 1,155,365	\$ 1,950,732	\$69,530,209
EXPENSES					
Cost of cellular service	\$ 8,635,517	\$ 5,825,794	\$	\$ 762,594	\$15,223,905
Cost of paging service	160,498	178,553			339,051
Cost of equipment sales, cellular	7,855,184	4,947,332		705,994	13,508,510
Cost of equipment sales, paging	35,917	21,106			57,023
Customer service	862,503	478,603		23,490	1,364,596
Billing	1,037,351	589,188	36.30	30,535	1,657,074
Selling	2,288,986	1,872,857	** **	26,370	4,188,213
Maintenance	1,533,903	830,286	56,424	175,050	2,595,663
Utilities	490,919	289,019	42,536	77,947	900,421
Bad debts	232,507	267,438		(26,311)	473,634
Cell site rental	102,587	83,076		58,360	244,023
Taxes and licenses	222,113	145,361	55,166	23,842	446,482
Advertising	2,527,103	1,056,900		231,725	3,815,728
General and administrative	2,173,592	1,145,620	233,211	113,906	3,666,329
Occupancy	138,973	85,094	383,360	25,383	632,810
Depreciation	4,582,025	3,286,291	747,918	488,861	9,105,095
Amortization	288,965	438,924	32,032	79,625	839,546
Total expenses	\$33,168,643	\$ 21,541,442	\$ 1,550,647	\$ 2,797,371	\$59,058,103
Income from operations	\$ 9,490,893	\$ 2,223,134	\$ (395,282)	\$ (846,639)	\$10,472,106
OTHER INCOME (EXPENSE)					
Interest income	\$ 17,504	\$ 10,619	\$ 2,334	\$ 583	\$ 31,040
Interest expense	(903,773)	(498,651)		(22,560)	(1,424,984)
Universal Service Fund income	3,522,689	3,522,689		** **	7,045,378
	\$ 2,636,420	\$ 3,034,657	\$ 2,334	\$ (21,977)	\$ 5,651,434
Net income (loss)	\$12,127,313	\$ 5,257,791	<u>\$ (392,948)</u>	\$ (868,616)	\$16,123,540

Year Ended December 31, 2008

Year Ended December 31, 2008						
RSA #9	RSA #10		Fiber			
Appalachian	Mountaineer	-	Ring		PCS	Totals
\$24,574,346	\$15,406,704	\$		\$	226,948	\$40,207,998
9,424,434	3,125,657		wa ***		42,024	12,592,115
131,994	81,285				1,017	214,296
259,547	307,130					566,677
1,492,348	689,288		** **		67,303	2,248,939
20,869	14,908					35,777
1,005,916	697,829		1,559,075		36,939	3,299,759
\$36,909,454	\$20,322,801	\$	1,559,075	\$	374,231	\$59,165,561
\$ 7,464,380	\$ 5,305,238	\$		\$	92,285	\$12,861,903
148,346	184,040		~ ~		~	332,386
6,730,198	4,590,695				335,474	11,656,367
24,309	32,396					56,705
813,941	496,602				2,490	1,313,033
873,600	505,623				3,898	1,383,121
2,134,116	1,595,634				1,455	3,731,205
1,035,157	697,495		39,468		66,820	1,838,940
391,910	254,462		43,330		21,744	711,446
491,883	302,032				8,243	802,158
117,969	81,421				15,230	214,620
576,748	250,317		121,722		16,540	965,327
2,084,232	771,388				112,570	2,968,190
1,802,346	1,056,315		226,927		20,792	3,106,380
102,054	80,815		208,497		12,434	403,800
3,939,105	2,891,653		725,234		147,024	7,703,016
226,578	415,142		22,551		29,113	693,384
\$28,956,872	\$19,511,268	\$	1,387,729	\$	886,112	\$50,741,981
\$ 7,952,582	\$ 811,533	\$	171,346	\$	(511,881)	\$ 8,423,580
\$ 21,154	\$ 31,375	\$	3,331	\$	163	\$ 56,023
(783,129)	(455,419)				(3,957)	(1,242,505)
3,340,349	3,340,349	-				6,680,698
\$ 2,578,374	\$ 2,916,305	\$	3,331	\$	(3,794)	\$ 5,494,216
		_				
\$10,530,956	\$ 3,727,838	\$	174,677	\$	(515,675)	\$13,917,796
				-		

EAST KENTUCKY NETWORK, LLC DBA APPALACHIAN WIRELESS

STATEMENTS OF INCOME DETAIL (Continued)

		Year E	nded Decemb	er 31, 2009	
	RSA #9	RSA #10	Fiber		
	Appalachian	Mountaineer	Ring	PCS	Totals
COST OF CELLULAR SERVICE					
Roamer pass through charges	\$ 5,678,216	\$ 4,262,977	\$	\$ 705,222	\$10,646,415
SCB interconnection	386,915	225,033		8,736	620,684
Local charges	2,483,054	1,394,735		76,935	3,954,724
Harold interconnection	147,008				147,008
Wheelwright interconnection	42,154			~ ~	42,154
GTE interconnection	82,327	80,758		6,213	169,298
West Liberty interconnection	120,855		un un	**	120,855
Chapman interconnection	100,023			~ -	100,023
Salyersville interconnection	280,492	us 14		• •	280,492
Bluefield interconnection				* *	
Roanoke interconnection	9,504			• •	9,504
Interconnect revenue	(804,398)	(509,320)		(36,485)	(1,350,203)
Fiber ring interconnection	91,884	113,896		1,973	207,753
TGTC interconnection and DS3 charges		160,480			160,480
PRTC interconnection		97,235		• •	97,235
West Virginia interconnection	17,483				17,483
	\$ 8,635,517	<u>\$ 5,825,794</u>	\$	<u>\$ 762,594</u>	\$15,223,905
COST OF PAGING SERVICE					
Paging maintenance	\$ 6,700	\$ 3,698	\$	\$	\$ 10,398
Salaries and benefits	32,294	48,441			80,735
Tower rent	40,841	51,413			92,254
Telephone expense	* -	329			329
Expanded coverage costs		1,596			1,596
Interconnection charges	35,280	29,613			64,893
Office and billing expense	42,935	30,372			73,307
Other .	2,448	13,091		4	15,539
	\$ 160,498	\$ 178,553	\$	\$	\$ 339,051

Year Ended December 31, 2008

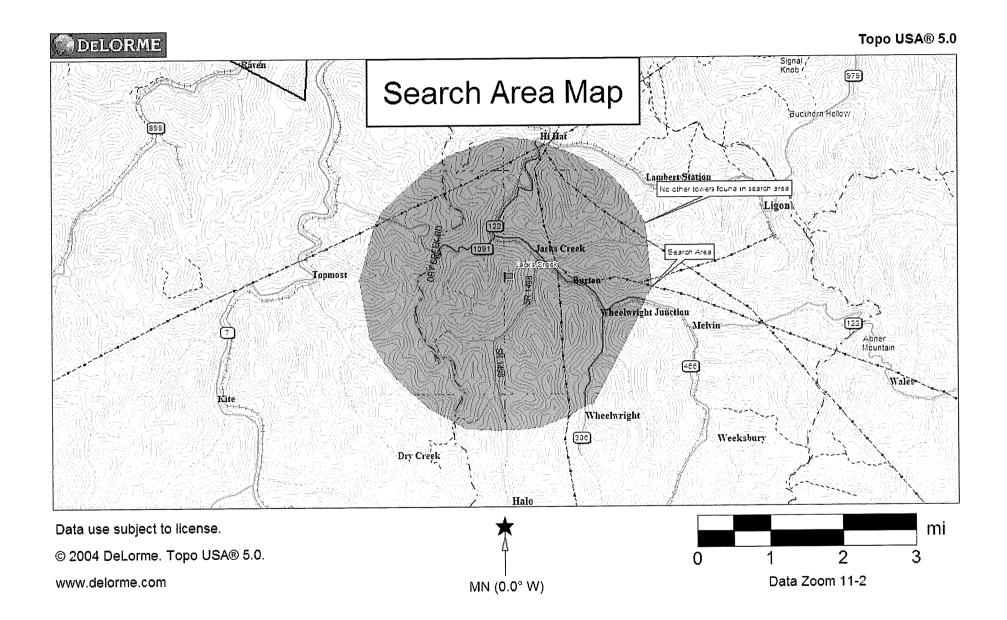
			Year End	ea.	Decembe	er	31,	2008		
R	SA #9	R	SA #10		Fiber					
App	alachian	Mo	untaineer		Ring	w1.	~	PCS		Totals
\$ 4,	949,474	\$ 3	,595,547	\$	٠.	-	\$	77,604	\$ 8	3,622,625
	237,395		144,905			-		532		382,832
2,	401,115	1	,387,166			_		18,826	3	3,807,107
	134,062					-				134,062
	37,412					-				37,412
	62,621		63,402		~ .	-				126,023
	46,578		-			-				46,578
	67,775		21,616			-		161		89,552
	154,146		82,148		_	-		658		236,952
	300				-	-				300
	13,626					_		aa 15		13,626
(715,726)		(453,368)					(5,653)	(:	1,174,747)
	75,602		121,000			-		157		196,759
			171,590			_				171,590
			171,232							171,232
						-				
\$ 7,	464,380	\$ 5	,305,238	\$		-	\$	92,285	\$12	2,861,903
Water and Address						-				
\$	256	\$	384	\$		_	\$	to	\$	640
	30,752		46,129			-				76,881
	45,095		75,005		-					120,100
			131		-	-				131
			998		-	••				998
	33,211		28,094		-	-				61,305
	38,462		22,945			-		** **		61,407
	570		10,354			<u>-</u>				10,924
\$	148,346	\$	184,040	\$		-	\$		\$	332,386

JACK'S CREEK SITE Driving Directions

Starting at Floyd County Court House, Prestonsburg, Ky. Turn on RT 1428 South. Travel south for 2.8 miles to RT 302. Turn right on 302 go 2.5 miles, then RT 302 turns into RT 80. Travel West on RT 80 for approximately 11 miles to jct. 680 turning left on RT 680 East. Go 5 miles turn right on RT 122 East. Go approximately 11.1 miles then turn right on RT 1091. Go less than 1/10th of a mile turn left at Wolf Pen Branch. From Wolf Pen Branch Road turn left onto Lick Branch Road. Continue for approximately 3900ft to newly excavated road, then turn left continue approximately 3000ft to the proposed site.

Prepared by:

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



COPY

Jod's Craedy

THIS DEED OF CONVEYANCE, made and entered into this the day of day, and determined day, by and between TERRY M. MOORE, Single and NELLIE MOORE, widow, of P.O. Box 162, Hi Hat, Pike County, Kentucky 41636, parties of the first part and hereinbelow referred to as "GRANTORS" and EAST KENTUCKY NETWORK CORPORATION, of 101 Technology Trail, Ivel, Kentucky 41642, party of the second part and hereinbelow referred to as "GRANTEE" (the in care of tax mailing address for the current tax year is c/o EAST KENTUCKY NETWORK CORPORATION of 101 Technology Trail, Ivel, Kentucky 41642.

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

That for and in consideration of the sum of **Five Thousand Dollars** (\$5,000.00), cash in hand paid by the GRANTEE unto the GRANTORS, the receipt of which is hereby acknowledged, GRANTORS do hereby sell and convey to the GRANTEE, that certain tract of land located on the waters of Lick Branch of Wolf Pen Branch of Left Beaver Creek, near the community of Buckingham, Floyd County, Kentucky and more particularly described as follows: Unless stated otherwise, any monument referred to herein as a Re-Bar and Cap is a set ½ diameter re-bar eighteen (18") inches in length, with a yellow cap stamped Summit Engineering, L.S. #2661. All Bearings stated herein are referred to Grid North, Kentucky South State Plane NAD 1983.

Beginning at a set Re-Bar and Cap on the ridge line between Lick Branch of Wolf Pen Branch of Left Beaver Creek and Jacks Creek of Left Beaver Creek and being on the common boundary line between Nellie Moore (D.B. 216 P.24) and Ray and Dahlia Jones (D.B. 217 P. 305); Thence, running down the hill severing the Moore property S 88°00'43" W a distance of 116.07' to a set Re-bar and Cap; Thence around the hill N 01°58'25" W a distance of 50.00' to a set Re-bar and Cap; Thence, N 01°58'25" W a distance of 50.00' to a set Re-bar and Cap; Thence, up the hill N 88°01'35" E a distance of 111.71' to a set Re-bar and Cap on the ridge line and being on the common boundary line between Nellie Moore and Ray and Dahlia

Dahlia Jones; Thence, with the ridge line S 11°12'39" W a distance of 51.35' to a set Re-bar and Cap; Thence, S 19°48'17" E a distance of 52.49' to the point of beginning and containing 10693.19 square feet, 0.245 acres according to a survey conducted by personnel under the direct supervision of Steven E. Haywood, PLS #2661 with Summit Engineering on the days between 7/30/09 and 8/11/09 and being a portion of the same property conveyed to Herschell (now deceased) and Nellie Moore, his wife, by Claude and Vina Akers by deed dated February 5, 1974, which is of record in Deed Book 216, Page 24, and from Nellie Moore to Terry M. Moore by Deed dated January 17, 2009, and recorded on May 27, 2009 in Deed Book 558, Page 309, of the records of the Floyd County Court Clerk's office.

See also the attached Plat Map for further reference.

Grantors also convey to Grantee, its successors and assigns, a right-of-way easement for ingress and egress across both Grantors' properties for all purposes reasonably necessary to Grantee's business, including, but not limited to, the right to clear all trees and brush and construct and maintain a sufficient roadway across Grantors' properties, and to construct and maintain transmission towers, power lines, cables, and all other requisite appurtenances necessary to accomplish Grantee's business purposes.

TO HAVE AND TO HOLD unto the party of the second part together with all the appurtenances thereunto belonging unto the GRANTEE, its successors and assigns, with Covenants of GENERAL WARRANTY of Title.

IN TESTIMONY WHEREOF, the GRANTORS have hereunto subscribed her name all as of the day and year first above written.

Grantors:

NELLIE MOORE

TERRY M. MOORE

CERTIFICATE OF CONSIDERATION

The undersigned individuals do hereby certify, pursuant to KRS Chapter 382, that the above-stated consideration in the amount of \$5,000.00, is the true, correct and full consideration paid for the property herein conveyed. We further certify our understanding that falsification of the

state consideration or sale price of the property is a Class D Felony, subject to one to five years imprisonment and fines up to \$10,000.00.

Grantors:

		TERRY M. MOORE	
		NELLIE MOORE	ore
	Grantee:	EAST KENTUCKY CORPORATION	NETWORK
		BY Sual F Wall Its General Manager	1/C 50
STATE OF _ COUNTY O	Kenticky Funnson		
sworn to and	The foregoing Instrument and Cert acknowledged before me this (L) dow.	ificate of Consideration was d day of <u>January</u> , 2009	uly subscribed, , by NELLIE
	My Commission expires: /- 24	-2012.	
		Candi Die NOTARY PUBLIC	\mathcal{U}_{-}
STATE OF _ COUNTY O	Kentucky Funkon		
sworn to and MOORE, sin	The foregoing Instrument and Certiacknowledged before me this Legisle.	ificate of Consideration was during day of Consideration was during the day of Consideration was durin	ıly subscribed, y TERRY M.
	My Commission expires: $\sqrt{-\partial 4}$	-2012,	
		NOTARY PUBLIC	<u>-</u>

SMITH, THOMPSON & CARTER, PLLC Pikeville, KY

STATE OF <u>Kentucky</u> COUNTY OF <u>Floyd</u>
The foregoing Certificate of Consideration was duly subscribed, sworn to and acknowledged before me this _/9 th day ofJanuary
My Commission expires: My Commission Expires June 22, 2013
NOTARY PUBLIC

THIS INSTRUMENT WAS PREPARED WITH DESCRIPTION PROVIDED BY GRANTEE BY:

SAM A. CARTER, ESQ.

SMITH, THOMPSON & CARTER, PLLC

P. O. BOX 1079

PIKEVILLE, KY 41502

(606) 432-2156

Description

A certain tract of land located on the waters of Lick Branch of Wolf Pen Branch of Left Beaver Creek, near the community of Buckingham, Floyd County, Kentucky and more particularly described as follows:

Unless stated otherwise any monument referred to herein as a Re-Bar and Cap is a set 1/2' diameter re-bar eighteen (18") inches in length, with a yellow cap stamped Summit Engineering, L.S. #2661. All Bearings stated herein are referred to Grid North, Kentucky South State Plane NAD 1983.

Beginning at a set Re-Bar and Cap on the ridge line between Lick Branch of Wolf Pen Branch of Left Beaver Creek and Jacks Creek of Left Beaver Creek and being on the common boundary line between Nellie Moore (D.B. 216 P. 24) and Ray and Dahlia Jones (D.B. 217 P. 305): Thence, running down the hill severing the Moore property S 88°00'43" W a distance of 116.07' to a set Rebar and Cap; Thence, around the hill N 01°58'25" W a distance of 50.00' to a set Re-bar and Cap; Thence, N 01°58'25" W a distance of 50.00' to a set Re-bar and Cap; Thence, up the hill N 88°01'35" E a distance of 111.71' to a set Re-bar and Cap on the ridge line and being on the common boundary line between Nellie Moore and Ray and Dahlia Jones; Thence, with the ridge line S 11°12'39" W a distance of 51.35' to a set Re-bar and Cap; Thence, S 19°48'17" E a distance of 52.49' to the point of beginning and containing 10693.19 square feet, 0.245 acres according to a survey conducted by personal under the direct supervision of Steven E. Haywood, PLS #2661 with Summit Engineering on the days between 7/30/09 and 8/11/09 and being a portion of the same property conveyed to Herschell (now deceased) and Nellie Moore, his wife, by Claude and Vina Akers by deed dated February 5th, 1974, which is of record in Deed Book 216 Page 24 of the records of the Floyd County Court Clerk's office.

Steven E. Haywood, PLS #2661

STATE OF KENTUCKY STEVE HAYWOOD 2661 LICENSED PROFESSIONAL LAND SURVEYOR Contribution of the state of th

Gummunannamunanno

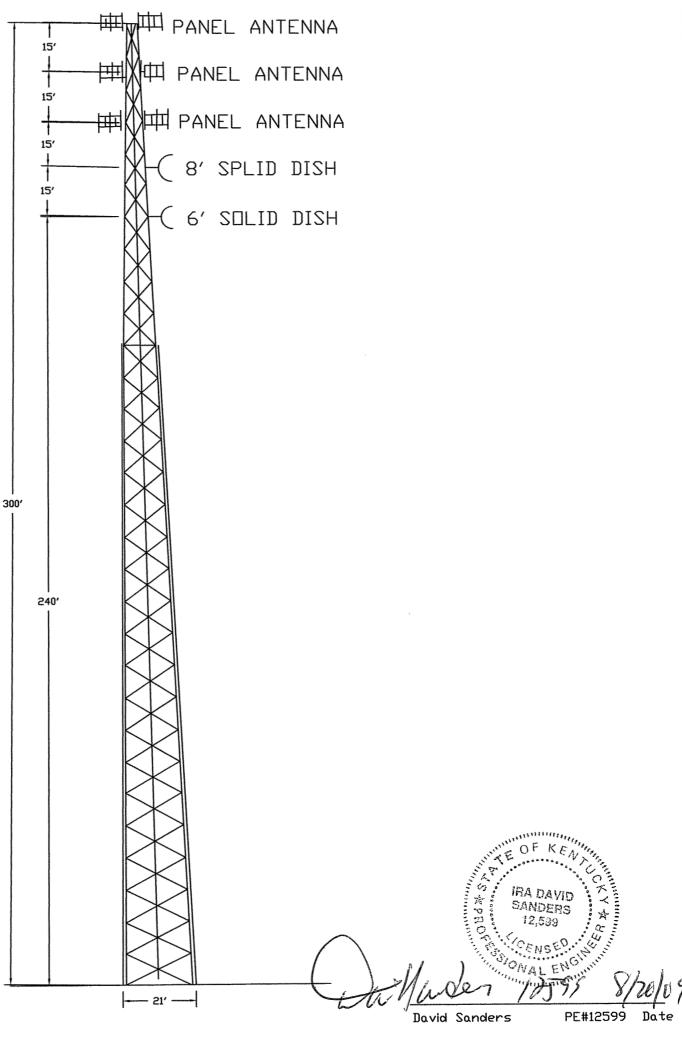
Date: 8/13/09

CASE NO: 2010-00054

CONTAINS LARGE OR OVERSIZED MAP(S)

RECEIVED ON: July 8, 2010

Buckingham - Tower VERTICAL PROFILE SKETCH APPALACHIAN WIRELESS



SCALE: 1" = 30'

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