RECEIVED

COMMONWEALTH OF KENTUCKY[#] BEFORE THE PUBLIC SERVICE COMMISSION

SEP 22 2011

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 NECESSITY TO CONSTRUCT A TOWER IN LESLIE COUNTY, KENTUCKY).

) CASE No. 2011-00279

East Kentucky Network, LLC, d/b/a Appalachian Wireless, was granted authorization to provide Personal Communications Service ("PCS") in the Lexington, ICY Basic Trading Area (BTA252) 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 Leslie 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 between Cemetery Hollow and Wild Dog Hollow off Couch Fork of Big Creek, near the community of Jason in Leslie County, Kentucky (37°10'12.46'N 83°28'22.82''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 <u>according to the property valuation administrator's</u> 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.

Leslie County has no formal local planning unit. In absence of this unit the Leslie 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 Leslie County News' September 22nd and 29th editions. Enclosed is a copy of that notice in Exhibit 3. The Leslie County News is the newspaper with the largest circulation in Leslie 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 World Tower 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.

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East Kentucky Network, LLC will finance the subject Construction with earned surplus in

its General Fund.

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Estimated Cost of Construction	\$3	50,000.00
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 August 19,2011 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 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 278.6651 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 of East Kentucky Network, LLC d/b/a Appalachian Wireless. All related questions or correspondence concerning this filing should be mailed to the attention of Lynn Haney at East Kentucky Network, LLC d/b/a/ Appalachian Wireless, 101 Technology Trail, Ivel, KY 41642.

SUBMITTED BY: DATE: <u>9/19/1</u> Lynn Haney, Coinpliance Coordinator DATE: 9-19-11 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: Ihaney@ekn.com

Mailing Address:

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

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

ULS License

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PCS Broadband License - WQGY346 - East Kentucky Network, LLC d/b/a Appalachian Wireless

Call Sign	WQGY346	Radio Service	CW - PCS Broadband
0	Active	Auth Type	Regular
Market			0
	BTA252 - Lexington, KY	Channel Block	С
Submarket	2	Associated Frequencies (MHz)	001895.00000000- 001910.00000000 001975.00000000- 001990.00000000
Dates			
Grant	03/30/2007	Expiration	05/13/2015
Effective	11/11/2009	Cancellation	
Buildout Dead	lines		
1st		2nd	
Notification Da	ates		
1st		2nd	
Licensee			
FRN	0001786607	Туре	Limited Liability Company
Licensee			
East Kentucky N Wireless	letwork, LLC d/b/a Appalachian	P:(606)477-23	55
101Technology	Trail	F:(606)874-75	
Ivel, KY 41642. ATTN Gerald Ro	binette, Manager		
	Sinotto, Managor		
Contact			
	itierrez & Sachs, LLP	_ /	
Pamela L Gist E 8300 Greensbor	sq	P:(703)584-86 F:(703)584-86	
McLean, VA 221		E:pgist@fcclav	v.com
ATTN David L. N	lace, Esq.		
Ownership and	d Qualifications		
Radio Service Type	Fixed, Mobile		
Regulatory Stat	us Common Carrier Interco	nnected Yes	
Alien Ownersh	hip aswered "No" to each of the Alie	n Ownorshin aug	stions

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

ULS License - PCS Broadband License - WQGY346 - East Kentucky Network, LLC d/b/... Page 2 of 2

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

Tribal Land Bidding Credits This license did not have tribal land bidding credits.

Demographics

Race

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Ethnicity

Gender

ULS License

PCS Broadband License - WQGY346 - East Kentucky Network, LLC d/b/a Appalachian Wireless **Market**

Call Sign	WQGY346	Radio Service	CW - PCS Broadband	
Market	BTA252 - Lexington, KY	Channel Block	С	
Submarket	2	Associated Frequencies (MHz)	001895.00000000-001910.0000000 001975.00000000-001990.00000000	
Auction	58 - BB PCS			
Speetrum			/iew: Spectrum and Market Areas 🗐 👩	þ
spectrum	& Market Area (MHz)		000-001910.00000000	
•		001985.000000	000-001990.00000000	
Market Area	as	001985.00000 Type	000-001990.00000000 Code Population†	
Market Area Lexington 1 of 35 Cour	as , KY	001985.000000 Type BTA	000-001990.00000000	

Refer to Auctions Cross References of market area types including MTA, BTA, counties, and more. t: Population data is based on 2000 Census.

EXHIBIT 11: LIST OF PROPERTY OWNERS:

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

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<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

U.S. Government, Forest Service 100 Vault Road Winchester, KY 40391

Henry Collins Heirs C/O Zilpha Jones 7625 Union School House Dayton, OH 45424

Delbert Couch P.O. Box 62 East Bernstadt, KY 40749

EAST KENTUCKY NETWORK 101 TECHNOLOGY TRAIL NEL, KY 41642 PHONE (606) 874-7550 F '506) 874-7551 : INFO@EKN COM WEBSITE: WWW EKN COM



VIA: U.S. CERTIFIED MAIL

PTJBLIC NOTICE

September 16, 2011

U.S. Government, Forest Service 100 Vault Road Winchester, ICY 40391

RE: Public Notice-Public Service Commission of Kentucky (Case No. 2011-00279)

East Kentucky Network, LLC d/b/a Appalachian Wireless is applying to the Public Service Cornmission of Kentucky for a Certificate of Public Convenience and Necessity to construct and operate a new facility to provide cellular telecommunications service in Leslie 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 between Cemetery Hollow and Wild Dog Hollow off Couch Fork of Big Creek, near the coininunity of Jason in Leslie 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, ICY 40602. Please refer to Case No. 2011-00279 in your correspondence.

If you have any questions for East Kentucky Network, LLC, please direct them to my attention at the following address: East Kentucky Network, LLC, 101 Technology Trail, Ivel, KY 41642 or call me at 606-791-2375, Ext. 1007.

Sincerely,

Lynn Haney Compliance Coordinator

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

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VIA: U.S. CERTIFIED MAIL

PUBLIC NOTICE

September 16, 2011

Henry Collins Heirs C/O Zilpha Jones 7625 Union School House Dayton, OH 45424

RE: Public Notice-Public Service Coinmission of Kentucky (Case No. 2011-00279)

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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.

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Sincerely,

Syn Haney

Lynn Haney Coinpliance Coordinator

EAST KENTUCKY NETWORK 101 TECHNOLOGY TRAIL NEL, KY 41642 PHONE: (606) 874-7550 FAX: (606) 874-7551 (INFO@EI(N.COM WtwwJIE: WWW EI(N.COM



VIA: U.S. CERTIFIED MAIL

PUBLIC NOTICE

September 16,2011

Delbert Coucli P.O. Box 62 East Bernstadt, KY 40749

RE: Public Notice-Public Service Commission of Kentucky (Case No. 20I 1-00279)

East Kentucky Network, LLC d/b/a Appalachian Wireless is applying to the Public Service Coinmission of Kentucky for a Certificate of Public Convenience and Necessity to construct and operate a new facility to provide cellular telecommunications service in Leslie 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 between Cemetery Hollow and Wild Dog Hollow off Couch Fork of Big Creek, near the community of Jason in Leslie 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.

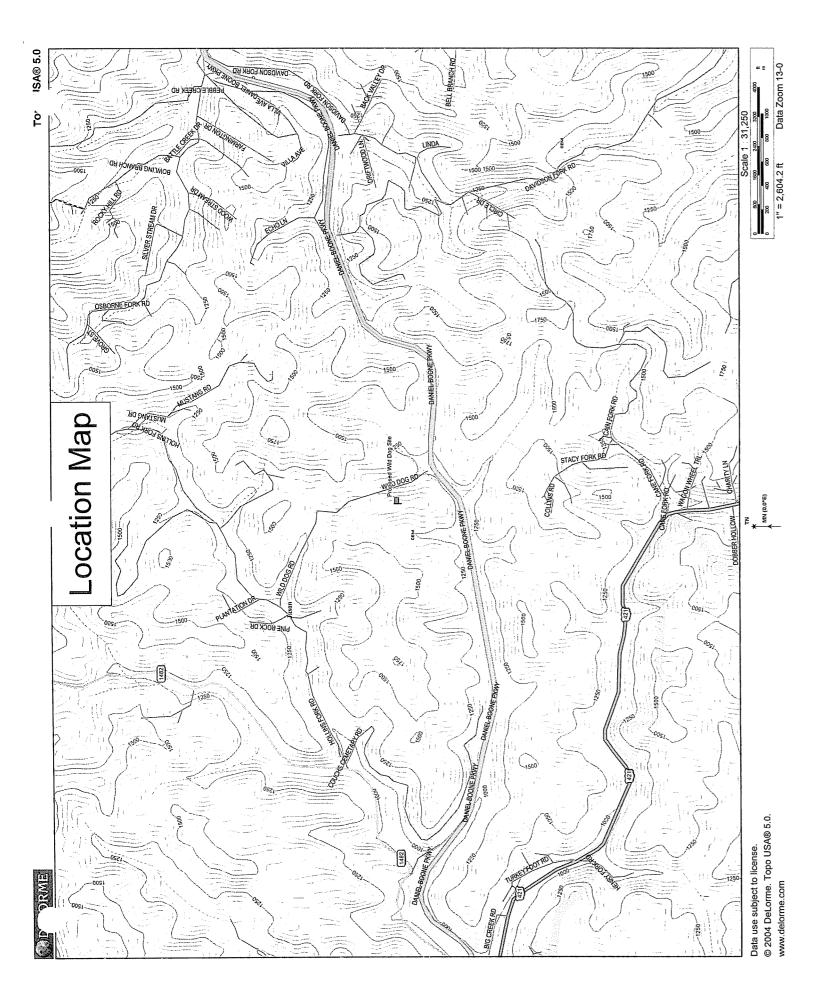
The Commission invites your comments regarding the proposed construction. You also have the right to intervene in this matter. The Commission must receive your initial communication within 20 days of the date of this letter as shown above.

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. 2011-00279 in your correspondence.

If you have any questions for East Kentucky Network, LLC, please direct them to my attention at the following address: East Kentucky Network, LLC, 101 Technology Trail, Ivel, ICY 41642 or call me at 606-791-2375, Ext. 1007.

Sincerely,

Lynn Haney Compliance Coordinator



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



VIA: U.S. CERTIFIED MAIL

September 16,2011

Jimmy Sizemore, Judge Executive Leslie County Courthouse P.O. Box 619 Hyden, KY 41749

RE: Public Notice-Public Service Commission of Kentucky (Case No. 2011-00279)

East Kentucky Network, LLC d/b/a Appalachian Wireless is applying to the Public Service Commission of Kentucky for a Certificate of Public Convenience and Necessity to construct and operate a new facility to provide cellular telecommunications service in Leslie 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 between Cemetery Hollow and Wild Dog Hollow off Couch Fork of Big Creek, near the coininunity of Jason in Leslie County, Kentucky. A map showing the location of the proposed new facility is enclosed. This notice is being sent to you because you are the County Judge Executive of Leslie County.

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

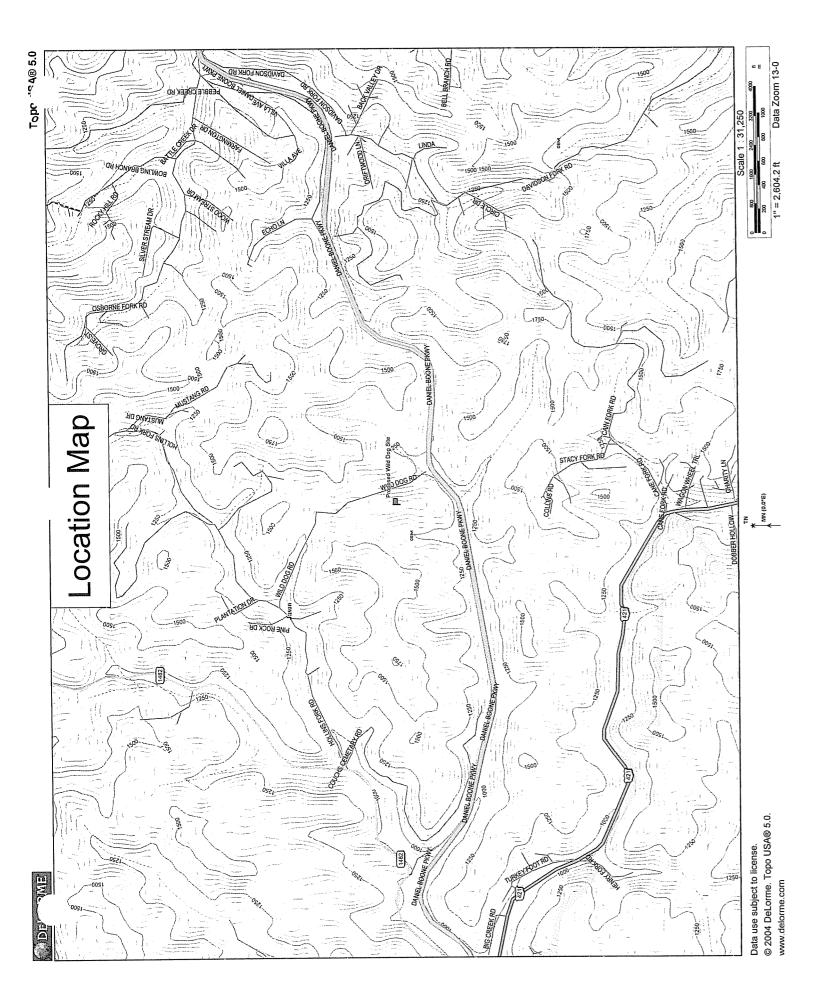
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If you have any questions for East Kentucky Network, LLC, please direct them to my attention at the following address: East Kentucky Network, LLC, 101 Technology Trail, Ivel, KY 41642 or call me at 606-791-2375, Ext. 1007.

Sincerely,

Lyin Haney

Lynn Haney Compliance Coordinator



dba Appalachian Wireless 101 Technology Trail Ivel, KY 41642 Phone: 606-874-7550 Fax: 606-791-2225





To:	Leslie County News	From:	Lynn Haney
	Attn: Janice Estep		Compliance Coordinator
Fax:	606-672-7409	Date:	September 19,2011
Re:	PUBLIC NOTICE ADVERTISEMENT	Pages:	1

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

PUBLIC NOTICE:

RE: Public Service Commission of Kentucky (CASE NO. 2011-00279)

Public Notice is hereby given that East Kentucky Network, LLC, dba Appalachian Wireless is applying to the Kentucky Public Service Commission to construct a cellular telecommunications tower on a tract of land between Cemetery Hollow and Wild Dog Hollow off Couch Fork of Big Creek, near the community of Jason in Leslie 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. 2011-00279.

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.

Next Generation Communications



WENDELL R. HOLMES, P.G.

424 Pear Street Hazard, KY **41701** July 27, 2011

Wild Dog Tower Site

Purpose:

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

Site Investigation:

The trenching method was used to determine the type of bedrock material at the proposed tower site. A Caterpillar excavator was used to expose the bedrock material. It is approximately 7.0 feet to the shale bedrock. (See attached page for descriptions of materials encountered.) The terrain in Leslie County is moderately to very steep. The tower site is located on a ridge approximately two and one half miles southwest of the junction of the Hal Rogers Parkway and KY 118 near the community of Thousandsticks in Leslie County. The shale formation below the tower site is approximately 10.00 feet thick based on the information obtained from the site investigation and geological maps of the area.

Conclusions:

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

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

Wendell R. Holmes, P.G.

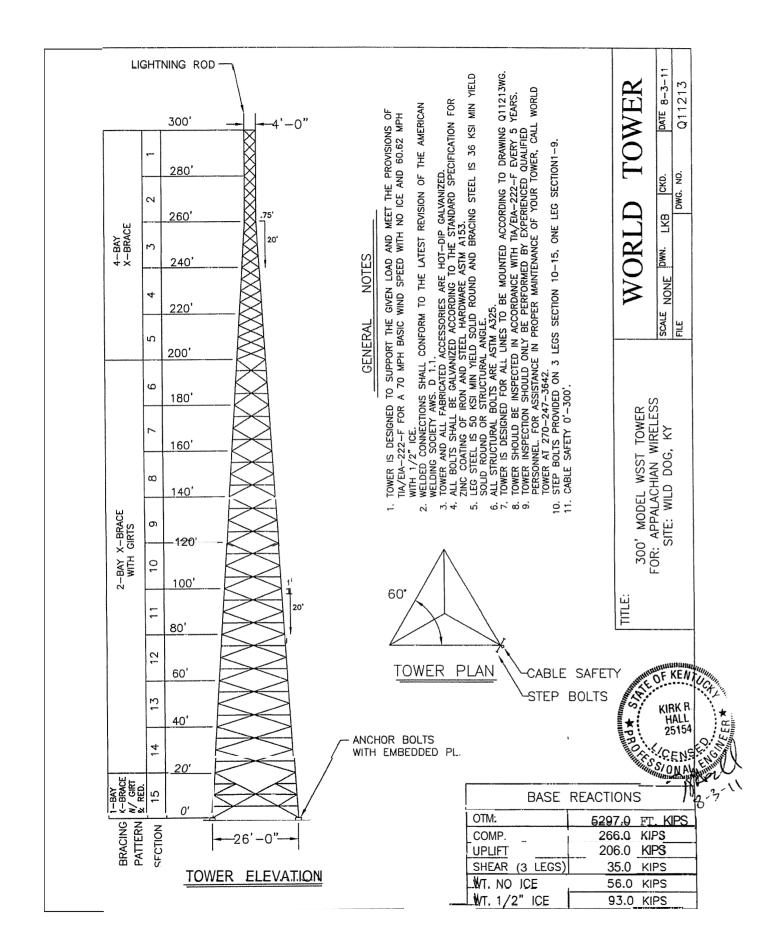
WENDELL R. HOLMES, P.G.

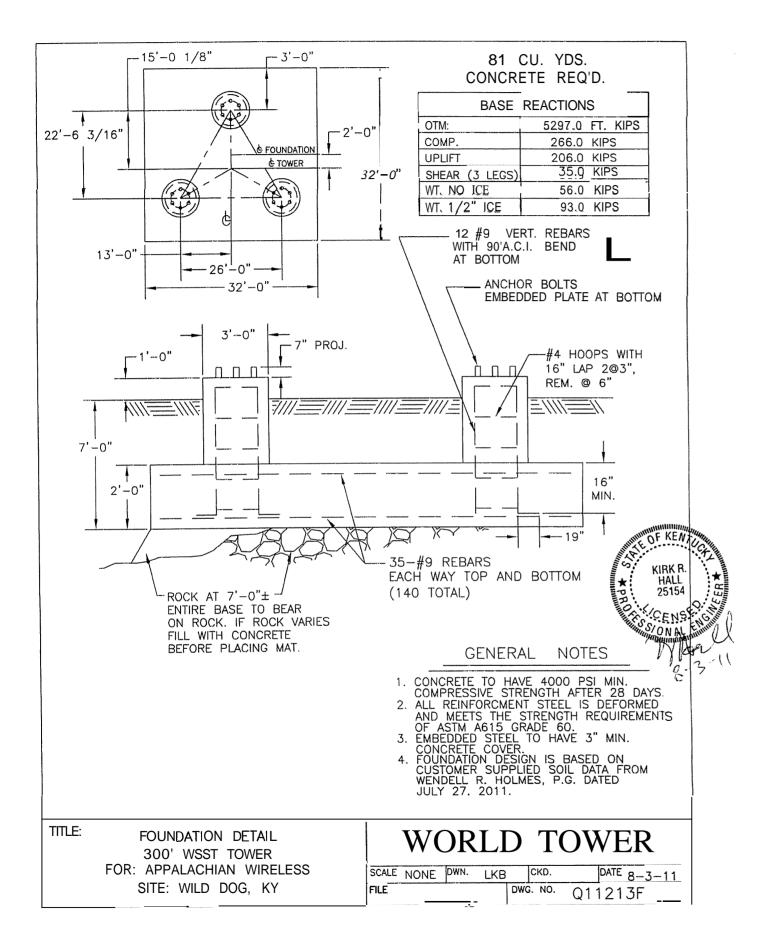
424 Pear Street Hazard, Ky. 41701 (606)438-7250

Geologist Lug

Location: Wild Dog Tower Site

Unit _{:ss} Thickne ss	Total depth	Strata	Description
7.00'	7.00'	Soil	Brown with shale & plant fragments
10.00′ +	17.00' +	Shale	Weathered, Brown and Gray







Federal Aviation Administration

« OE/AAA

Notice of Proposed Construction or Alteration - Off Airport

	e: EAST -00018	84433-11	Sponsor: East Kent	ucky Network, LLC	C	Numeric Statement	*******	
		Detai	ls for Case : Bear Branch (Wild D					
		Delai		Jugj				
			Show Project Summary					
 Case Statu	S							
ASN:	2011-ASO-5	5765-OE		Date Accepted	: 09/07/2	2011		
Status:	Accepted			Date Determin				
				Letters:	None			
				Documents:	09/07/2	2011 📆 Wi	ld Dog	Survey.p
Constructio	n / Alteration	Information		Structure Su	mmarv			
Notice Of:	,	Construction		Structure Type				
Duration:		Permanent		Structure Nam		ranch (Wild I		
	T			NOTAM Numbe			Doy)	
	Temporary :				ei.			
Work Sched		10/01/2011		FCC Number:				
Work Sched	ule [•] End:	10/15/2011		Prior ASN:				
To find out,	use the Notice	es the permanent structure requi Criteria Tool. If separate notice i e the reason in the Description o	is required, please ensure it is filed.					
		•						
State Filing:		Filed with State						
State Filing:		Filed with State						
-	Details	Filed with State		Common Fre	quency Bar	nds		
Structure [Details	Filed with State	37° 10' 12.46" N	Low Freq	High Freq	Freq Unit		-
Structure E Latitude:	Details	Filed with State	37° 10' 12.46" N 83° 28' 22.81" W	Low Freq 698	High Freq E06	Freq Unit MHz	1000	W
Structure E Latitude: Longitude:		Filed with State		Low Freq	High Freq	Freq Unit		-
Structure E Latitude: Longitude: Horizontal D	Datum:	Filed with State	83° 28' 22.81" W NAD83	Low Freq 698 806	High Freq E06 824	Freq Unit MHz MHz	1000 500	W
Structure E Latitude: Longitude: Horizontal D Site Elevatio	Datum: Don (SE):	Filed with State	83° 28' 22.81" W NAD83 1500 (nearest foot)	Low Freq 698 806 E24 851 869	High Freq E06 824 849 866 894	Freq Unit MHz MHz MHz MHz MHz	1000 500 500 500 500	W W W W W
Structure E Latitude: Longitude: Horizontal D Site Elevatic Ştructure He	Datum: on (SE): eight (AGL):	Filed with State	83° 28' 22.81" W NAD83	Low Freq 698 806 E24 851 869 896	High Freq E06 824 849 866 894 901	Freq Unit MHz MHz MHz MHz MHz MHz	1000 500 500 500 500 500	W W W W W
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Structure E Latitude: Longitude: Horizontal D Site Elevatio Structure He If the ente existingstru	Datum: on (SE): eight (AGL): ered AGL is a pro	oposed change to an include the current	83° 28' 22.81" W NAD83 1500 (nearest foot)	Low Freq 698 806 E24 851 869 896	High Freq E06 824 849 866 894 901	Freq Unit MHz MHz MHz MHz MHz MHz	1000 500 500 500 500 500 7	W W W W W
Structure E Latitude: Longitude: Horizontal D Site Elevatio Structure He If the ente existingstru AGL in the D	Datum: on (SE): eight (AGL): sred AGL is a pr rcture's height i cescription of Pr	oposed change to an include the current roposal.	83° 28' 22.81" W NAD83 1500 (nearest foot) 310 (nearest foot)	Low Freq 698 806 E24 869 896 901 930	High Freq E06 824 849 866 894 901 902 931	Freq Unit MHz MHz MHz MHz MHz MHz MHz MHz	1000 500 500 500 500 500 7 3500	W W W W W W W
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Structure E Latitude: Longitude: Horizontal D Site Elevatio Structure He If the ente existingstru AGL in the D Requested M	Datum: on (SE): ered AGL is a pr icture's height i Description of P farking/Lightin	oposed change to an include the current roposal. rg: Other :	83° 28' 22.81" W NAD83 1500 (nearest foot) 310 (nearest foot)	Low Freq 698 806 E24 851 869 901 930 931 932 935 940	High Freq E06 824 849 866 894 901 902 931 932 932.5 940 941	Freq Unit MHz MHz MHz MHz MHz MHz MHz MHz MHz MHz	1000 500 500 500 500 7 3500 3500 17 1000 3500	W W W W W W dBW W W W
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Structure E Latitude: Longitude: Horizontal D Site Elevatio Structure He If the ente existing stru AGL in the D Requested M Recommend Current Marl Nearest City Nearest Stat Description	Datum: bight (AGL): pred AGL is a pri- locture's height i lescription of Pri- farking/Lighting led Marking/Lighting; i te: of Location:	oposed change to an include the current roposal. Ig: Dther : ghting:	83° 28' 22.81" W NAD83 1500 (nearest foot) 310 (nearest foot) Dual-red and medium intensity N/A New Structure	Low Freq 698 806 E24 851 869 901 930 931 932 935 940 1850 1930 2305 2345	High Freq E06 824 849 866 894 901 902 931 932 932.5 940 941 1910 1990 2310 2360	Freq Unit MHz MHz MHz MHz MHz MHz MHz MHz MHz MHz	1000 500 500 500 7 3500 3500 17 1000 3500 1640 1640 2000	W W W W W W dBW W W W W W W W W W W

 NSTRUCTIONS INCLUDED 1 APPLICANT Name, Address, Telephone, Fax, etc East Kentucky Network, LLC c/o Lukas, Nace, Gutierrez & Sachs, Chtd 8300 Greensboro Drive, Suite 1200 McLean, VA 22102 T: 703-584-8667 F: 703-584-8692 2. Representative of Applicant Name, Address, Telephone, Fax Ali Kuzehkanani Lukas, Nace, Gutierrez & Sachs, Chtd 8300 Greensboro Drive, Suite 1200 McLean, VA 22102 T: 703-584-8667 F: 703-584-8692 	9. Latitude: 37 0 12 46 " 10. Longitude: a3 28 22 81 " 11. Datum: X NAD83 NAD27 Other
	16. Site Elevation (AMSL): 1,500.00 Feet
3. Application for: 🛛 New Construction 🗀 Alteration 🗍 Existing	17 Total Structure Height (AGL): <u>310.00</u> Feet
 4. Duration: Permanent Temporary (MonthsDays) 5. Work Schedule: Start10/1/2011 End10/15/2011 6. Type: Antenna Tower Crane Building Power Line 6. Type: Antenna Tower Crane Duilding Power Line 7. Marking/Painting and/or Lighting Preferred: 7. Marking/Painting and/or Lighting Preferred: 7. Marking/Painting and/or Lighting Preferred: 8. Red Lights and Paint Dual - Red & Medium intensity White White * High Intensity Dual - Red & High Intensity White * High Intensity Dother	 18. Overall Height (#16 + #17) (AMSL): <u>1,810.00</u> Feet 19. Previous FAA and/or Kentucky Aeronautical Study Number(s): 20 Description of Location: (Attach USGS 7.5 minute Quadrangle Map or an Airport layout Drawing with the precise site marked and any certified survey) Approx. 2.7 miles east of Bear Branch (Leslie), KY
22. Has a "NOTICE OF CONSTRUCTION OR ALTERATION (FAA Form 7460-1 ☑ No □Yes, When September 07, 2011 CERTIFICATION: I hereby certify that all the above statements made by me/are	
All Kuzehkanani/Dir of Engineering	ere Alanania 9/7/2011
Printed Name and Title Signature Signature Signature Signature Signature Signature PENALTIES: Persons failing to comply with Kentucky Revised Statutes (KRS 18 050:Series) are liable for fines and/or imprisonmentas set forth in KRS 183.990(3) in further penalties.	
Commission Action:	rman, KAZC Administrator, KAZC
Approved	

EAST KENTUCKY NETWORK, LLC DBA APPALACHIAN WIRELESS

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FINANCIAL REPORT

December 31,2010

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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, 2010 and 2009 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 31,2010 and 2009 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.

Joner Male & Mattingly Pic

Louisville, Kentucky February 26,201 1

EAST KENTUCKY NETWORK, LLC DBA APPALACHIAN WIRELESS

BALANCE SHEETS December 31,2010 and 2009

ASSETS	2010	2009	177
CURRENT ASSETS Cash and cash equivalents	\$ 11,517,807 100,000	\$ 2,874,412 100,000	
Short-term investments (Note 9) Accounts receivable, less allowance for doubtful accounts of \$1,473,291 in 2010 and \$1,405,597 in 2009	8,5 10,532	7,806,718	
Accounts receivable, members (Notes 5 and 6) Inventory Prepaid expenses	120,279 5,473,601 510,762	87,192 5,699,380 537,143	1
Total current assets	\$ 26,232,981	\$ 17,104,845	
PROPERTY, PLANT AND EQUIPMENT (Note 3) Plant in service:			
General support MTSO equipment	\$ 29,593,635 17,622,843	\$ 27,455,560 22,282,589	1
Cell equipment Paging equipment Fiber ring	62,992,099 2,452,567 7,802,053	64,198,981 3,321,068 7,675,975	-
Unfinished plant	5,8 13,391 \$126,276,588	3,675,759 \$128,609,932	<u></u>
Less accumulated depreciation	53,217,856 \$73,058,732	57,070,186 \$ 71,539,746	
OTHER ASSETS	0 440.740	Ф 440 740	
Investment in affiliated company, RTFC Intangible assets, net of accumulated amortization	\$ 112,712 3,912,368	\$ 112,712 4,598,466	
of \$5,075,703 in 2010 and \$4,389,605 in 2009 (Note 2)	\$ 4,025,080	\$ 4,711,178	and An
	<u>\$103,316,793</u>	<u>\$ 93,355,769</u>	1
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The Notes to Financial Statements are an integral part **of** these statements.

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LIABILITIES AND MEMBERS ' EQUITY	2010	2009
CURRENT LIABILITIES		
Current maturities of long-term debt (Notes 3 and 9)	\$ 2,685,714	\$ 2,685,714
Accounts payable	2,339,497	2,033,336
Accounts payable, members (Notes 5 and 6)	27,707	35,206
Accrued expenses	1,970,165	1,5 19,862
Deferred revenue, advance billings	2,454,257	2,133,743
Customer deposits	570,375	574,996
Total current liabilities	\$ 10,047,715	\$ 8,982,857

LONG-TERM DEBT, less current maturities (Notes 3 and 9)	\$ 10,873,492	\$ 13,559,207
INTEREST RATE SWAPS (Notes 8 and 9)	\$ 1,301,598	\$ 1,384,261
MEMBERS' EQUITY Members' capital accounts Accumulated other comprehensive (loss)	\$ 82,395,586 (1,301,598) \$ 81,093,988	\$ 70,813,705 (1,384,261) \$ 69,429,444

<u>\$103,316,793</u> <u>\$93,355,769</u>

EAST KENTUCKY NETWORK, LLC DBA APPALACHIAN WIRELESS

STATEMENTS OF INCOME Years Ended December 31,2010 and 2009

	2010	2009
REVENUE		
Retail	\$ 49,761,597	\$ 46,125,449
Roamer	19,899,728	16,777,789
Long distance	150,913	195,754
Paging	402,317	488,500
Equipment sales, cellular	3,194,207	2,6 13,489
Equipment sales, paging	63,355	93,942
Other	2,975,390	3,203,881
Total revenue	\$ 76,447,507	\$ 69,498,804
EXPENSES		
Cost of cellular service	\$ 14,859,401	\$ 15,223,905
Cost of paging service	361,793	339,051
Cost of equipment sales, cellular	14,723,995	13,508,510
Cost of equipment sales, paging	35,112	57,023
Customer service	1,482,312	1,364,596
Billing	1,730,631	1,657,074
Selling	4,994,147	4,188,213
Maintenance	2,888,565	2,595,663
Utilities	976,530	8 69,0 16
Bad debts	732,290	473,634
Cell site rental	294,170	244,023
Taxes and licenses	2,026,428	446,482
Advertising	3,900,531	3,815,728
General and administrative	4,220,443	3,666,329
Occupancy	574,325	632,810
Depreciation	9,808,536	9,105,095
Amortization	852,538	839,546
Total expenses	\$ 64,461,747	\$ 59,026,698
Income from operations	\$ 11,985,760	\$ 10,472,106
OTHER INCOME (EXPENSE)		
Interest income	\$ 25,278	\$ 31,040
Interest expense	(1,028,373)	(1,424,984)
Universal Service Fund income (Note 7)	7,371,103	7,045,378
	\$ 6,368,008	\$ 5,651,434
Net income	\$ 18,353,768	<u>\$ 16,123,540</u>

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

EAST KENTUCKY NETWORK, LLC DBA APPALACHIAN WIRELESS

STATEMENTS OF MEMBERS' EQUITY Years Ended December 31,2010 and 2009

	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 1,2009 Comprehensive income: Net income Change in fair value of interest rate swaps Total comprehensive income	\$11,693,564	\$11,693,564	\$11,693,564	\$11,693,563	\$11,693,564	\$58,467,819
	3,224,708	3,224,708	3,224,708	3,224,708	3,224,708	16,123,540
	136,712	136,712	136,712	136,712	136,712	683,560
	\$ 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	\$13,885,888	\$13,885,889	\$69,429,444
Comprehensive income: Net income Change in fair value of	3,670,754	3,670,753	3,670,753	3,670,754	3,670,754	18,353,768
interest rate swaps	16,532	16,532	16,533	16,533	16,533	82,663
Total comprehensive income	\$ 3,687,286	\$ 3,687,285	\$ 3,687,286	\$ 3,687,287	\$ 3,687,287	\$18,436,431
Capital distributions	(1,354,377)	(1,354,377)	(1,354,378)	(1,354,377)	(1,354,378)	(6,771,887)
Balance, December 31,2010	\$16,218,798	\$16,218,797	\$16,218,797	\$16,218,798	\$16,218,798	\$81,093,988

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

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EAST KENTUCKY NETWORK, LLC DBA APPALACHIAN WIRELESS

STATEMENTS OF CASH PLOWS Years Ended December 31,2010 and 2009

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES	♠ 40.050 700	Ф. 40.400 F.40
Net income	\$ 18,353,768	\$ 16,123,540
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	9,808,536	9,105,095
Amortization	852,538	839,546
Loss on disposition of property, plant, and equipment	593,729	82,302
Changes in assets and liabilities, net of the effects	, -	- ,
of investing and financing activities:		
(Increase) in accounts receivable	(703,814)	(1,559,749)
(Increase) decrease in accounts receivable, members	(33,087)	886
(Increase) decrease in inventory	225,779	(2,645,935)
(Increase) decrease in prepaid expenses	26,381	(125,195)
Increase in accounts payable	306,161	261,098
(Decrease) in accounts payable, members	(7,499)	(14,373)
Increase in accrued expenses	450,303	311,724
Increase in deferred revenue, advance billings	320,514	246,513
(Decrease) in customer deposits	(4,62I)	(25,876)
Net cash provided by operating activities	\$ 30,188,688	\$ 22,599,576
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	\$ (12,087,691)	\$ (15,028,659)
Net cash (used in) investing activities	\$ (12,087,691)	\$ (15,028,659)
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital distributions	\$ (6,771,887)	\$ (5,845,475)
Proceeds from long-term borrowings		10,200,000
Payments on long-term borrowings	(2,685,715)	(14,196,195)
Net cash (used in) financing activities	\$ (9,457,6021	\$ (9,841,670)
Net increase (decrease) in cash and cash equivalents	\$ 8,643,395	\$ (2,270,753)
Cash and cash equivalents:		
Beginning	2,874,412	5,145,165
Degmining		0,110,100
Ending	<u>\$ 11.517.807</u>	<u>\$ 2,874,412</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION Cash payments for interest (net of capitalized interest of of \$117,887 in 2010 and zero in 2009)	<u>\$ 1,045,454</u>	<u>\$ 1.431.014</u>

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

EAST KENTUCKY NETWORK, LLC DBA APPALACHIAN WIRELESS

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

Nature of operations

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

Use of estimates

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

Cash and cash equivalents

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

Short-terminvestments

Certificates of deposit having original maturities between three and nine months are classified as short-term investments, are carried at cost, which approximates fair value, and are held to maturity. Fair value is determined by quoted prices for similar certificates of deposit in active markets (Level 2) as defined by the Fair Value Measurements Topic of the FASB Accounting Standards'Codification (see Note 9).

Accounts receivable

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

Note 1. Summary of Significant Accounting Policies (Continued)

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.

Investment

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

Intangible assets

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

Revenue recognition

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

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

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

Advertising

Advertising costs are expensed as incurred. At December 31, 2010 and 2009, these costs were \$3,900,531 and \$3,815,728, respectively.

Note 1. Summary of Significant Accounting Policies (Continued)

Income taxes

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

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

The Company recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. The Company did not recognize any interest or penalties during the years ended December 31,2010 and 2009.

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

Comprehensive income

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

Subsequent events

Management has evaluated subsequent events through February 26, 2011, 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 31,2010:

	Gross Amount	Accumulated Amortization	Weighted Average Life (in years)
Customer lists	\$ 5,363,530	\$ (3,583,198)	15
Non-compete agreements	220,348	(180,336)	15
FCC licenses	2,452,368	(889,418)	14
Use of name	10,000	(7,002)	15
Other	941,825	(415,749)	7
	\$ 8,988,071	\$ (5,075,703)	

Intangible assets consist of the following at December 31,2009:

			Weighted
	Gross	Accumulated	Average
	Amount	Amortization	Life (in years)
Customer lists	\$ 5,363,530	\$ (3,225,881)	15
Non-compete agreements	220,348	(165,657)	15
FCC licenses	2,452,368	(7 17,074)	14
Use of name	10,000	(6,335)	15
Other	94 1,825	(274,658)	7
	\$ 8,988,071	\$ (4,389,605)	

Aggregate amortization expense related to these intangible assets for the years ended December 31, 2010 and 2009 totaled \$686,098 and \$682,251 respectively. The following represents the total estimated amortization of intangible assets for each of the succeeding five years:

Year ending December 31:

2011	\$ 680,000
2012	680,000
2013	660,000
2014	620,000
2015	550,000

Note 3. Long-Term Debt

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

	 2010	 2009
Note payable, Fifth Third Bank (a) Line of credit, Fifth Third Bank (b)	\$ 7,633,333	\$ 9,033,333
Note payable, Fifth Third Bank (c)	 5,925,873	7,211,588
	\$ 13,559,206	\$ 16,244,921.

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

On February 2, 2009, the Company refinanced the remaining \$10,200,000 of the note with a new note payable that matures November 1,2013 and is collateralized by the assets of the Company, Interest on the note is floating at monthly LIBOR plus 1.75% as determined by Fifth Third Securities, Inc. (2.01% at 12/31/10). 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.

- (b) The line of credit agreement with Fifth Third Bank provided for borrowings up to \$2,000,000 and was secured by assets of the Company. The agreement carried a variable interest rate at monthly LIBOR plus 3.00% **as** determined by Fifth Third Securities, Inc. The agreement expired on September 1,2010 and was not renewed by the Company.
- (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 (3.26% at 12/31/10), 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.

Total interest cost for the years ended December 31, 2010 and 2009 was approximately \$1,146,000 and \$1,425,000, respectively, of which approximately \$1 18,000 was capitalized in 2010 as part of the construction of a new office building.

Note 3. Long-Term Debt (Continued)

Under terms of the Notes, the Company has also agreed, among other things, to limit distributions, to maintain minimum debt service coverage, and to maintain 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:	
2011	\$ 2,685,714
2012	2,769,048
2013	8,104,444
2014	
2015	
	\$ 13,559,206

Note 4. Retirement Plans

The Company has a 401(k) pian 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 \$139,405 and \$124,071 in matching funds for its 401(k) plan during the years ended December 31,2010 and 2009, 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 \$638,293 and \$421,669 to its retirement savings plan during the years ended December **3**1,2010 and 2009, respectively.

Note 5. Related Party Transactions

The Company shares personnel with three of its members. The Company paid \$251,384 and \$210,990 for shared personnel during the years ended December **31**, 2010 and 2009, 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 for both years ended December 31, 2010 and 2009.

The Company incurred interconnection, telephone, cable and internet access charges from its members aggregating \$1,206,230 and \$1,111,251 for the years ended December 31, 2010 and 2009, respectively.

Note 5. Related Party Transactions (Continued)

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, 2010 and 2009. 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, 2010 and 2009 amounted to \$13,350 and \$11,700, 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, 2010 and 2009. 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, 2010 and 2009 was \$55,035 and \$45,420, 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 \$61,534 and \$54,522 for the years ended December 31, 2010 and 2009, 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 \$1,214,408 and \$1,194,626 for the years ended December 31, 2010 and 2009, respectively. Rental income earned from the Company's members from these leases was \$1,008,827 and \$799,054 for the years ended December 31, 2010 and 2009, respectively.

Investments in operating leases are as follows at December 31

	2010	2009
Fiber ring	\$ 7,802,053	\$ 7,675,975
Accumulated depreciation	(3,120,944)	(2,623,141)
	\$ 4,681,109	\$ 5,052,834

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,

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 \$1,055,717 and \$1,070,826 for the years ended December 31, 2010 and 2009, respectively. Rental expense incurred from the Company's members from these leases was \$411,196 and \$488,725 for the years ended December 31, 2010 and 2009, respectively. The future minimum lease payments required under these lease agreements for each of the succeeding five years are approximately \$1,100,000 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 \$7,371,103 and \$7,045,378 for 2010 and 2009, 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 (0.26% at December 31, 2010). 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 2011. Since the critical terms of the swaps and the notes are approximately the same, the swaps are assumed to be effective as hedges, and none of the changes in fair values are included in income. Accordingly, all of the adjustment of the swaps' carrying amount is reported as other comprehensive income or loss in the accompanying statements of members' equity. If the swaps are terminated early, the corresponding carrying amount would be reclassified into earnings. The Company does not hold or issue interest rate swaps or other financial instruments for trading purposes.

Note 9. Fair Values of Financial Instruments

The Fair Value Measurements Topic of the FASB Accounting Standards Codification defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The Fair Value Measurements Topic establishes a fair value hierarchy about the assumptions used to measure fair value and clarifies assumptions about risk and the effect of a restriction on the sale of an asset. The Fair Value Measurements Topic defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. However, in many instances, there are no quoted market prices for the Company's various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument. The Fair Value Measurements Topic also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The Fair Value Measurements Topic describes three levels of inputs that may be used to measure fair value:

- Level 1 Quoted prices (unadjusted) or identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.
- Level 2 Significant other observable inputs other than Level 1 prices, such as quoted prices of similar assets or liabilities, quoted prices in markets that are not active, and other inputs that are observable or can be corroborated by observable market data.
- Level 3 Significant unobservable inputs that reflect a company's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

Note 9. Fair Values of Financial Instruments (Continued)

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

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

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

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

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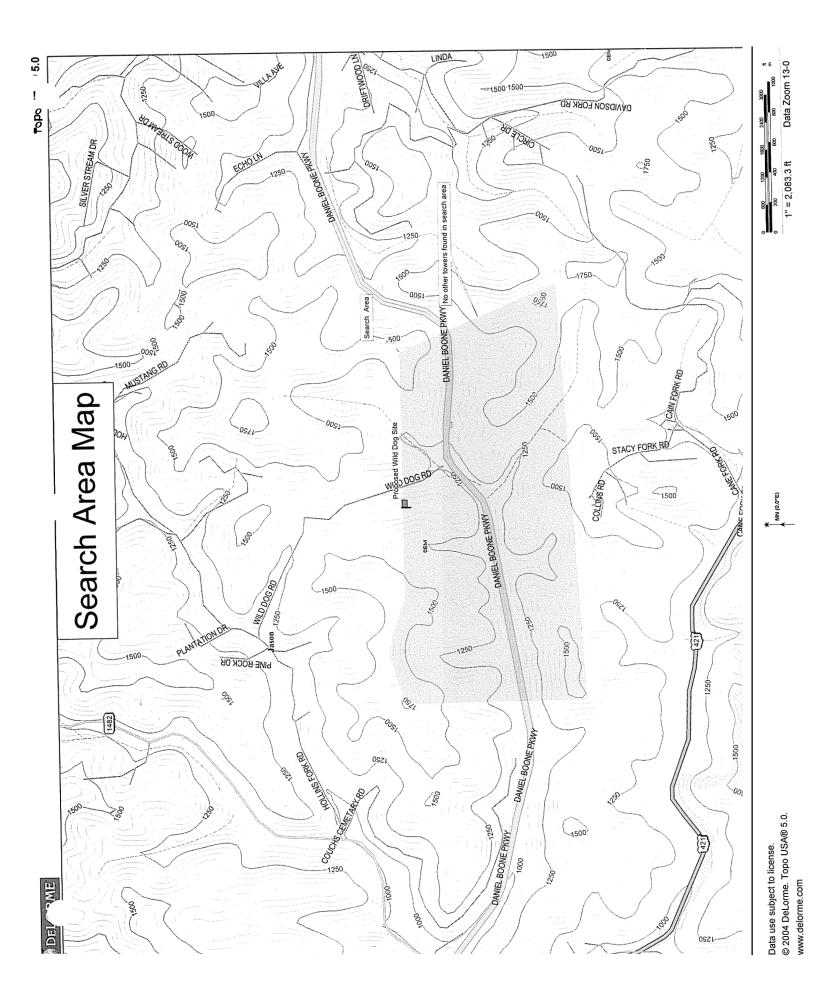
Directions to Wild Dog Tower Site

From the Courthouse in Hyden Kentucky Take route 421 north 10.7 miles to route 1482. Turn right onto Hwy. 1482North for 1.4 miles to the Jct. of Hwy. 1428 and Hollins Fork Rd. Turn right onto Hollins Fork Rd. and continue for .8 miles to Apache Ln. Turn Right onto Apache Ln and continue for .8 miles to new gravel road that stops at the site.

Directions were written by,

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Marty Thacker Appalachian Wireless 606-438-2355 Ext. 111 (office) 606-634-9505 (cell phone) <u>in.thacker@tgtel.coin</u> (email)



DECLARATION AND GRANT OF PERPETUAL EASEMENT/LEASE AND RIGHT OF WAY

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This declaration and grant of pei-petual easement/lease and right of way made and entered into on this the <u>6</u> day of July, 2011, by DELBERT COUCH, single, 704 Highway 1376 West, East Bernstadt, Kentucky 40729, Grantor, and East Kentucky Network, LLC, d/b/a Appalachian Wireless, 101 Technology Trail, Ivel, Kentucky 41642, Grantee;

Whereas, the Grantor is the owner of that certain tract of land located in Leslie County, Kentucky, as more particularly described in a deed of conveyance from Nora Woods by and through her Lawful Power of Attorney, Ethel Cornett, by and through Kenneth **A.** Buckle, Special Master Commissioner to Delbert Couch by deed dated November 2,2005, and recorded in Deed Book 169, at page 281, records of the Leslie County Court Clerk's Office, Leslie County, Kentucky

Whereas, Grantor and Grantee have, for a valuable consideration as set out hereinafter agreed to the declaration and grant of a perpetual easement and lease for a portion of the property and a right of way in favor of the grantee, its successors and assigns, for a portion of the property all of which is described by meets and bounds in the description attached hereto for a tower site and made a **part** hereof as Exhibit "A" and the right of way as attached hereto and made a **part** hereof shown on Exhibit "B", said property being hereinafter referred to collectively as the "premises", together with certain nonexclusive easements and right of ways as set out hereinafter;

Now therefore, for and in consideration of the sum of $\underline{\mathcal{T}_{wenty}}$ throws $(\$_{20},000.00)$ Dollars, the receipt and sufficiency of which is hereby acknowledged, the Grantor does hereby grant and convey unto Grantee, its successors and assigns, the perpetual and exclusive right and

easement to use the premises as described as Exhibit "A" and shown upon the Plat at Exhibit "B", and respectively attached hereto and made a part hereof, for the purpose of constructing buildings, towers, guy lines, anchors and other related facilities, including but not limited to telephone lines, coaxial lines, power lines and the installation of any and all other equipment deemed necessary by Grantee to receive and transmit any and all electronic signals from the rural service area now or hereafter to be served by the facilities. The parties hereto recognize that technology in the communications field is advancing at a rapid rate and this site may be used for any other purpose now in the development stage or which may later be developed in the communications industry to carry out the objectives of Grantee, that being to transmit and receive signals and communications by wire, fiber optics, radio and satellite, in connection with Grantee's business.

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Additionally, for the consideration aforesaid, Grantor grants and conveys to Grantee, the nonexclusive easement and right of way for ingress and egress by any method, whether pedestrian or motorized vehicles of all types and descriptions, together with the right, privilege and easement to reconstruct a roadway or easement as described herein. The road shall follow the existing road and be reconstructed in a manner which allows loaded concrete trucks to travel to the tower site. Culverts will be sized and placed in accordance with Appalachian Wireless' engineers requirements. The roadway width shall be a minimum of twenty (20) feet; together with:

A non-exclusive easement and right of way of twenty feet (20') either side along any such roadway for the construction, installation and maintenance of utility lines, including telephone, electric power, including wires, poles, cables, conduits, and pipes over, under or along a twenty foot (20') wide right of way across the Property of Grantor extending froin the nearest public

right of way to the Premises. Grantee may gate its access road in a manner to best prevent trespassing. The gate shall be kept locked with a lock furnished by Grantee, who shall also furnish the Grantor with a key to the lock. It is understood that the easements and right of ways granted above whether exclusive or non-exclusive, as applicable, are perpetual in nature. The Grantee, may in its sole and exclusive judgment determine in time that the premises are no longer needed in connection with Grantee's business, and shall have the sole right to surrender the perpetual easements and right of ways granted herein upon sixty (60) days written notice of such intention to Grantor and thereafter shall have one hundred eighty (180) days within which to remove any and all of its buildings, equipment or facilities constructed upon the premises with the premises thereafter reverting to Grantor.

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Grantor warrants generally the title to the premises, rights, easements and privileges granted herein. Grantor further covenants that they will not and shall not use the remainder of the property of Grantor of which this grant of easement and right of way is a part for tlie construction, installation or operation of any wireless communications facilities which will unreasonably interfere with Grantee's communications facility.

This grant and exhibits attached hereto constitute tlie entire agreement between the parties. Any oral or implied agreements or representations are incorporated into this agreement and will be of no additional or binding effect upon or between the parties hereto. This instrument shall be interpreted under the laws of the Commonwealth of Kentucky. The terms, covenants, and provisions of this instrument shall be binding upon the parties hereto, their respective executors, administrators, heirs, successors and assigns.

Grantee shall pay all personal property taxes assessed on or attributable to equipment used by Grantee on the premises. Grantor shall pay when due all real property taxes and other

fees and assessments attributable to the premises. Grantee shall reimburse the grantor as additional Compensation for any increase in the real estate taxes levied against the Grantor (or its successors or assigns) which are attributable to or arise as a result of the improvements constructed by the Grantee, its successors or assigns.

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Grantee shall indemnify and save harmless the Grantor for any liability by virtue of Grantee's activities upon the premises or in the exercise of any of the rights, privileges and rights of way granted herein, including but not limited to any claim, loss, fine, penalty and costs (including reasonable attorney fees) arising out of any violation of any environmental law or regulations. This provision shall survive the termination of this grant of easement. All notices, demands or other writings provided to be given, made or sent hereunder, shall be deemed to have been given when made in writing and deposited in the United States mail, certified and postage prepaid, to Grantor and Grantee at the addresses stated in the caption of this grant, unless addresses have been changed by written notice given by either party.

In Testimony Whereof, the parties have affixed their signatures on this the day and year aforesaid.

GRANTOR:

elbut cauche DÉLBERT COUCH

GRANTEE:

EAST KENTUCKY NETWORK, LLC d/b/a APPALACHIAN WIRELESS, BY And F. Roland

ITS: <u>General Manager</u>

STATE OF KENTUCKY

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COUNTY OF LESLIE

Subscribed and sworn to before me by DELBERT COUCH as his true act and deed on this the $_ le^{+l_{2}}$ day of July, 2011.

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ubscribed and swonn <u>(a+b)</u> day of July, 2011. My commission expires: <u>5-11-12</u> Kathn, Colucce NOTARY UBLIC, STATE AT LARGE

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STATE OF KENTUCKY

COUNTY OF Floyd

Subscribed and sworn to before me by <u>*Cerald Robinette*</u> on behalf of East Kentucky Network, LLC, d/b/a Appalachian Wireless as its true act and deed on this the <u>*6+h*</u> day of July, 2011.

My Commission Expires June 22, 2013 My commission expires:

NOTARY PUBLIC, STATE AT LARGE

THIS INSTRUMENT WAS PREPARED BY:

HON. PHILLIP LEWIS

P.O. BOX 915 HYDEN, KENTUCKY 41749 (606) 672-2372

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"Exhibit A"

DEED DESCRIPTION FOR SUR DIVISION OF Property of DELBERT COUCH P.O. Box 62, East Bernstadt, Ky. 40749 Couch Fork of Big Creek Near Jason in Leslie County January 17,2008

A portion of the property lying within the tract of land located on Couch Fork of Big Creek in Leslie County Kentucky, near the community of Jason. Being a part of the same land conveyed by deed from Commissioner of the Leslie Circuit Court Delbert Couch, and recorded in Deed Book 169 Page 281 of the Leslie County Court House.

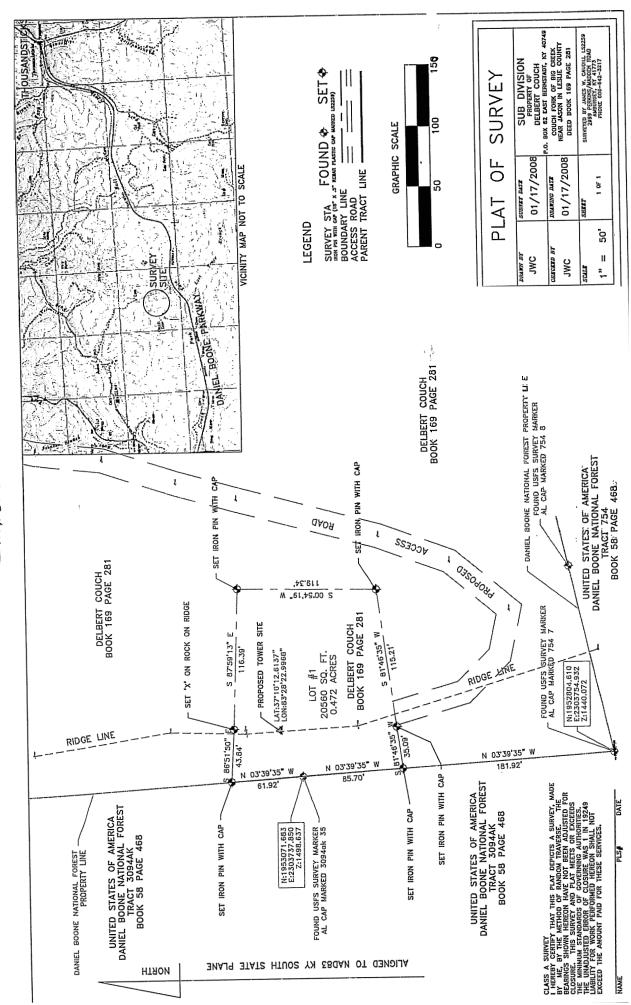
Unless stated otherwise, any monument referred to herein as "set iron pin with cap" is a set ½" diameter rebar, at least eighteen (18") in length, with a plastic cap stamped "LS-2259". All bearings stated herein are referred to the NAD83 KY South State Plane north. This survey preformed by James W. Caudill, LS2259, on January 17,2008.

Lot #1

Beginning on a found Aluminum Cap & stake marked tr3094 35 near top of ridge between Cemetery Hollow and Wild Dog Hollow off Couch fork of Big Creek, being a point on the line between Delbert Couch and the United States of America Daniel, Boone National Forest Tract 3094AK (deed book 55 page 468) and having NAD 83 Ky South State Plane coordinates of N:1953071.68, E:2303737.85; thence running with the line of Daniel Boone Forest North 03 deg 39 rnin 35 sec West, 61.92 feet to a set iron pin with cap; thence leaving the line of Daniel Boone Forest and severing the land of Delbert Couch; South 86 deg 51 min 50 sec East, 43.84 to a set 'x' on rock on ridge, South 87 deg 59 rnin 13 sec East, 116.39 feet to a set iron pin with cap on hillside; thence running around the hill South 00 deg **54** min 19 sec West, 119.34 feet to a set iron pin with cap on the hillside; thence running up the hill South 81 deg **46** min 35 sec West, 35.09 feet to a set iron pin with cap on hillside, being a point on the line of the Daniel Boone National Forest; thence running with the line of the national forest North 03 deg 39 rnin 35 sec West, 85.70 feet to the beginning. Containing a calculated area of 20560 sq ft or 0.472 acres.

This according to a survey by James W. Caudill, PLS #2259, on January 17,2008.

James W. Caudill, PLS #2259



"Exhibit B"

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