

**EAST KENTUCKY NETWORK, LLC**  
**d/b/a APPALACHIAN WIRELESS**

**MEALLY**  
**CELLULAR TOWER**  
**APPLICATION**

**Johnson County, Kentucky**  
**P.S.C. Case # 2012-00001**

COMMONWEALTH OF KENTUCKY RECEIVED  
BEFORE THE PUBLIC SERVICE COMMISSION

FEB 06 2012

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 2012-00001  
NECESSITY TO CONSTRUCT A TOWER IN JOHNSON )  
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 Johnson 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 on the Right Fork of Bob's Branch in Thelma in Johnson County, Kentucky (37°48'36.52"N 82°44'45.98"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.

Johnson County has no formal local planning unit. In absence of this unit the Johnson 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 Paintsville Herald's February 3<sup>rd</sup>, 8<sup>th</sup>, 10<sup>th</sup>, and 15<sup>th</sup> editions. Enclosed is a copy of that notice in Exhibit 3. The Paintsville Herald is the newspaper with the largest circulation in Johnson 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.

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 January 24, 2012 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 and the Right of Way agreement for access 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.

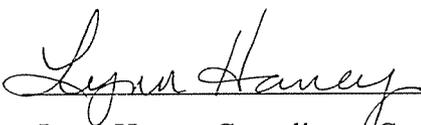
Due to the steep hillside surrounding the proposed site, the property in close proximity is unsuitable for any type of development. East Kentucky Network LLC's operation will not affect the use of nearby land nor its value. No more suitable site exists in the area. A copy of the search area map is enclosed 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.

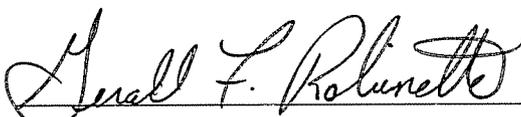
Enclosed, and filed as Exhibit 10 is a survey of the proposed tower site signed by a Kentucky registered professional engineer.

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: 2-2-12  
Lynn Haney, Compliance Coordinator

APPROVED BY:  DATE: 2-2-12  
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**

1	FCC License
2	Copies of Cell Site Notices to Land Owners
3	Notification of County Judge Executive and Newspaper Advertisement
4	Universal Soil Bearing Analysis
5	Tower Design
6	FAA & Kentucky Airport Zoning Commission Applications
7	Audited Financial Statements
8	Driving Directions from County Court House and Map to Suitable Scale
9	Deed for Proposed Site & Right of Way Agreement
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

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

Call Sign	KNKN880	Radio Service	CL - Cellular
Status	Active	Auth Type	Regular

**Market**

Market	CMA451 - Kentucky 9 - Elliott	Channel Block	B
Submarket	0	Phase	2

**Dates**

Grant	08/30/2011	Expiration	10/01/2021
Effective	08/30/2011	Cancellation	

**Five Year Buildout Date**

10/23/1996

**Control Points**

**1** U.S. 23, HAROLD, KY

**Licensee**

FRN	0001786607	Type	Limited Liability Company
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**Licensee**

East Kentucky Network, LLC d/b/a Appalachian Wireless 101 Technology Trail Ivel, KY 41642 ATTN Gerald Robinette, Manager	P:(606)477-2355 F:(606)874-7551
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**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
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**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



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

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

**Section 1 (1)(I) 1.** 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,

**Section 1 (1)(I) 2.** 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

**Section 1 (1)(I) 3.** 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

J. L. & Maudie Gale Ratliff  
P.O. Box 275  
Thelma, KY 41260

William & Shirley Ward  
118 Preston Street  
Paintsville, KY 41240

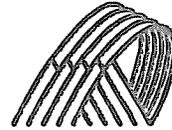
Edna Pack Walters  
P.O. Box 46  
Van Lear, KY 41265

Ronney & Lora Craft  
P.O. Box 133  
Meally, KY 41234

Franklin K. Belhasen, M.D.  
1110 South Mayo Trail  
Paintsville, KY 41240

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

EAST KENTUCKY  
NETWORK



VIA: U.S. CERTIFIED MAIL

PUBLIC NOTICE

February 2, 2012

J. L. & Maudie Gale Ratliff  
P.O. Box 275  
Thelma, KY 41260

RE: Public Notice-Public Service Commission of Kentucky (Case No. 2012-00001)

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 Johnson 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 on Right Fork of Bob's Branch in Thelma, Johnson 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. 2012-00001 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.

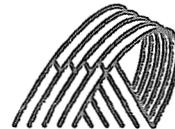
Sincerely,

Lynn Haney  
Compliance Coordinator

Enclosure 1

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

EAST KENTUCKY  
NETWORK



VIA: U.S. CERTIFIED MAIL

PUBLIC NOTICE

February 2, 2012

William & Shirley Ward  
118 Preston Street  
Paintsville, KY 41240

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Sincerely,

Lynn Haney  
Compliance Coordinator

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EAST KENTUCKY  
NETWORK



VIA: U.S. CERTIFIED MAIL

PUBLIC NOTICE

February 2, 2012

Edna Pack Walters  
P.O. Box 46  
Van Lear, KY 41265

RE: Public Notice-Public Service Commission of Kentucky (Case No. 2012-00001)

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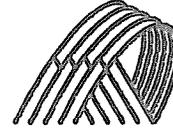
Sincerely,

Lynn Haney  
Compliance Coordinator

Enclosure 1

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EAST KENTUCKY  
NETWORK



VIA: U.S. CERTIFIED MAIL

PUBLIC NOTICE

February 2, 2012

Ronney & Lora Craft  
P.O. Box 133  
Meally, KY 41234

RE: Public Notice-Public Service Commission of Kentucky (Case No. 2012-00001)

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Sincerely,

Lynn Haney  
Compliance Coordinator

Enclosure 1

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IVEL, KY 41642  
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EAST KENTUCKY  
NETWORK



VIA: U.S. CERTIFIED MAIL

PUBLIC NOTICE

February 2, 2012

Franklin K. Belhasen, M.D.  
1110 South Mayo Trail  
Paintsville, KY 41240

RE: Public Notice-Public Service Commission of Kentucky (Case No. 2012-00001)

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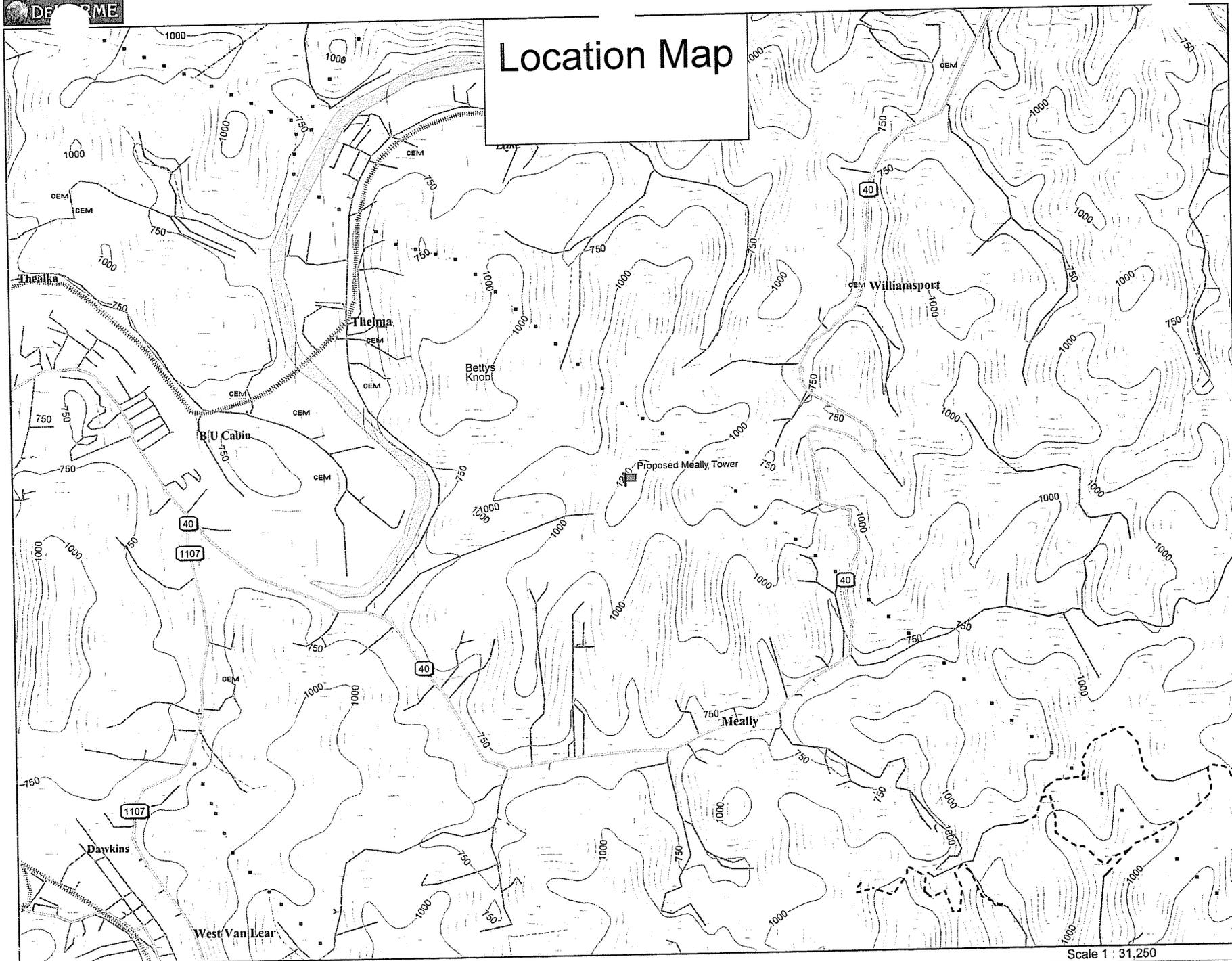
Sincerely,

Lynn Haney  
Compliance Coordinator

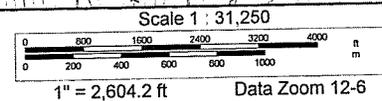
Enclosure 1



# Location Map



Data use subject to license.  
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 www.delorme.com





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



VIA: U.S. CERTIFIED MAIL

February 2, 2012

Roger T. Daniel, Judge Executive  
230 Court St., Ste 201  
P.O. Box 868  
Paintsville, KY 41240

RE: Public Notice-Public Service Commission of Kentucky (Case No. 2012-00001)

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 Johnson 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 on Right Fork of Bob's Branch in Thelma, Johnson 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 Johnson County.

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

Your comments and request for intervention should be addressed to: Executive Director's Office, Public Service Commission of Kentucky, P.O. Box 615, Frankfort, KY 40602. Please refer to Case No. 2012-00001 in your correspondence.

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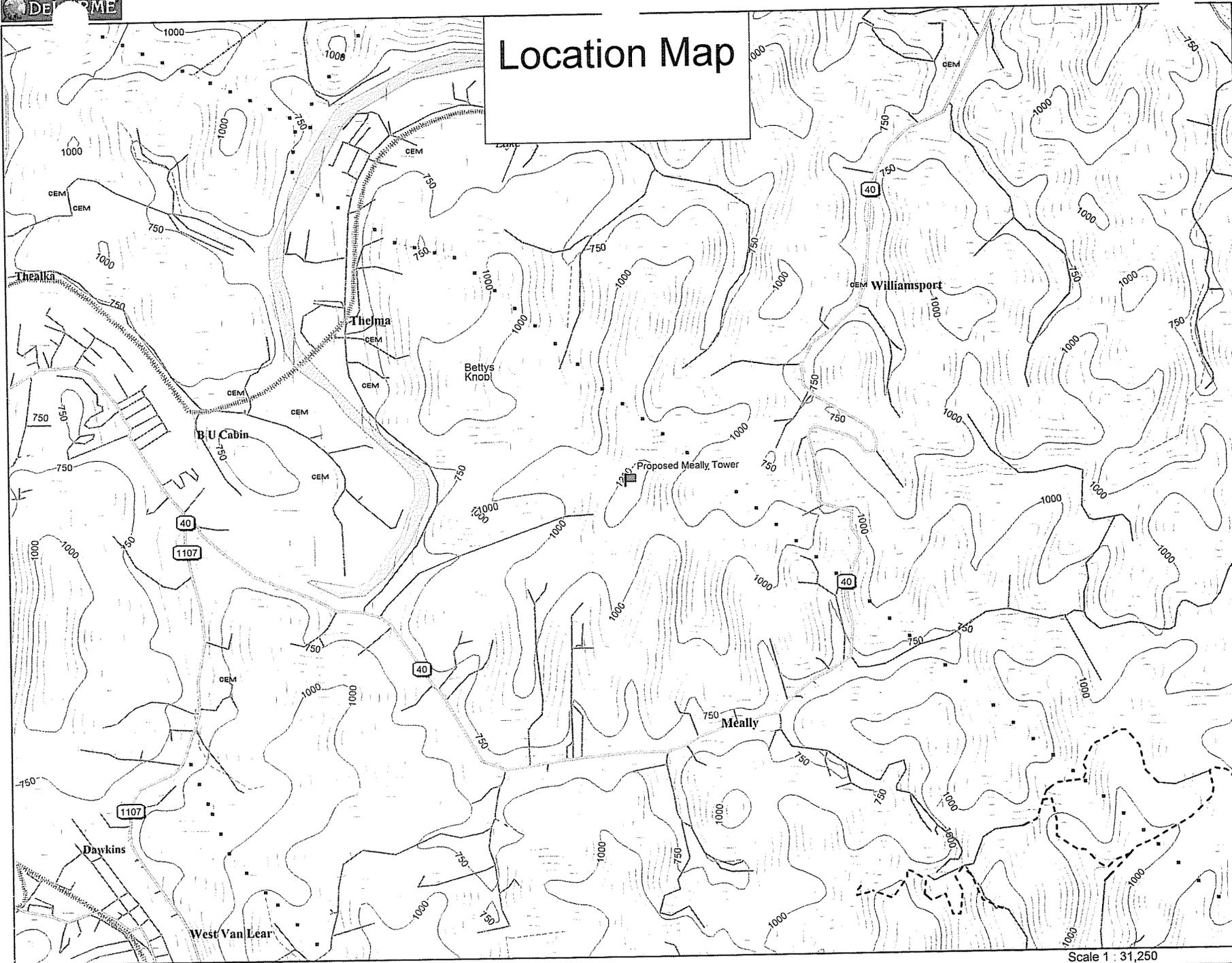
A handwritten signature in cursive script that reads "Lynn Haney".

Lynn Haney  
Compliance Coordinator

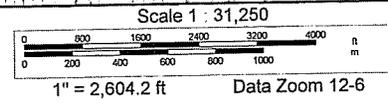
Enclosure



# Location Map



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 www.delorme.com



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

EAST KENTUCKY  
NETWORK



**To:** The Paintsville Herald

**From:** Lynn Haney

Compliance Coordinator

---

**Email:** phalm@paintsvilleherald.com

**Date:** February 2, 2012

---

**Re:** PUBLIC NOTICE ADVERTISEMENT

**Pages:** 1 (including this cover)

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**Please place the following Public Notice Advertisement in the Paintsville Herald for the next two weeks.**

**PUBLIC NOTICE:**

RE: Public Service Commission of Kentucky (CASE NO. 2009-00453)

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 on Right Fork of Bob's Branch in Thelma, Johnson 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. 2012-00001.

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.**

424 Pear Street  
Hazard, KY 41701  
October 19, 2011

Meally Tower Site

**Purpose:**

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

**Site Investigation:**

The trenching method was used to determine the type of bedrock material at the proposed tower site. A Caterpillar excavator was used to expose the bedrock material. It is approximately 5.0 feet to the shale bedrock. (See attached page for descriptions of materials encountered.)

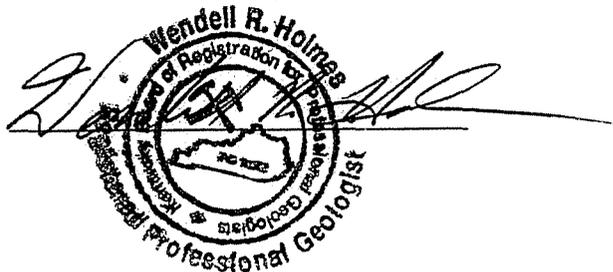
The terrain in Johnson County is slightly to moderately steep. The tower site is located on a knob east of the Levisa Fork of the Big Sandy River, approximately one mile Northwest of Meally in Johnson County. The shale formation below the tower site is approximately 10.00 feet thick based on the information obtained from the site investigation and geological maps of the area.

**Conclusions:**

The proposed tower site is located on a high knob 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.

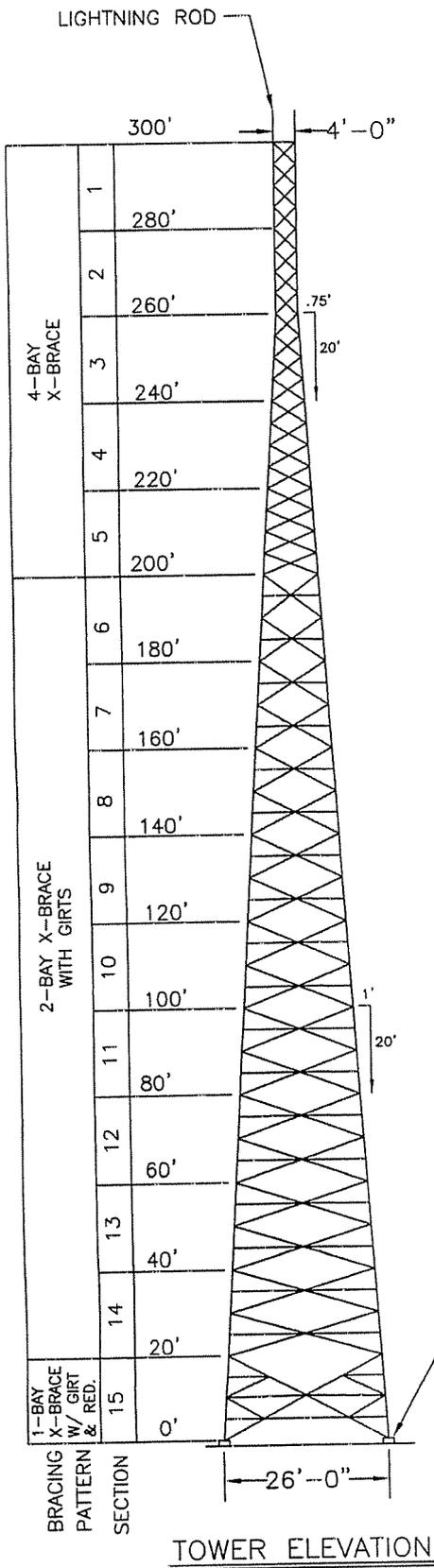
424 Pear Street  
Hazard, Ky. 41701  
(606)438-7250

Geologist Log

Location: Meally Tower Site

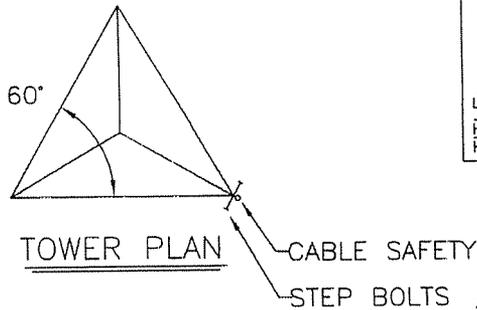
Unit Thickness	Total depth	Strata	Description
5.00'	5.00'	Soil	Yellow, Brown with shale & plant fragments
10.00' +	15.00' +	Shale	Weathered, Brown and Gray





GENERAL NOTES

1. TOWER IS DESIGNED TO SUPPORT THE GIVEN LOAD AND MEET THE PROVISIONS OF TIA/EIA-222-F FOR A 70 MPH BASIC WIND SPEED WITH NO ICE AND 60.62 MPH WITH 1/2" ICE.
2. WELDED CONNECTIONS SHALL CONFORM TO THE LATEST REVISION OF THE AMERICAN WELDING SOCIETY AWS. D. 1.1.
3. TOWER AND ALL FABRICATED ACCESSORIES ARE HOT-DIP GALVANIZED.
4. ALL BOLTS SHALL BE GALVANIZED ACCORDING TO THE STANDARD SPECIFICATION FOR ZINC COATING OF IRON AND STEEL HARDWARE ASTM A153.
5. LEG STEEL IS 50 KSI MIN YIELD SOLID ROUND AND BRACING STEEL IS 36 KSI MIN YIELD SOLID ROUND OR STRUCTURAL ANGLE.
6. ALL STRUCTURAL BOLTS ARE ASTM A325.
7. TOWER IS DESIGNED FOR ALL LINES TO BE MOUNTED ACCORDING TO DRAWING Q11976WG.
8. TOWER SHOULD BE INSPECTED IN ACCORDANCE WITH TIA/EIA-222-F EVERY 5 YEARS.
9. TOWER INSPECTION SHOULD ONLY BE PERFORMED BY EXPERIENCED QUALIFIED PERSONNEL. FOR ASSISTANCE IN PROPER MAINTENANCE OF YOUR TOWER, CALL WORLD TOWER AT 270-247-3642.
10. STEP BOLTS PROVIDED ON 3 LEGS SECTION 10-15, ONE LEG SECTION 1-9.
11. CABLE SAFETY 0'-300'.



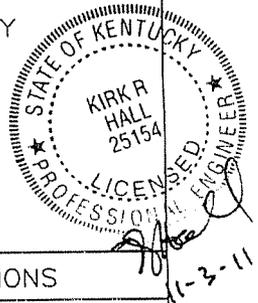
ANCHOR BOLTS WITH EMBEDDED PL.

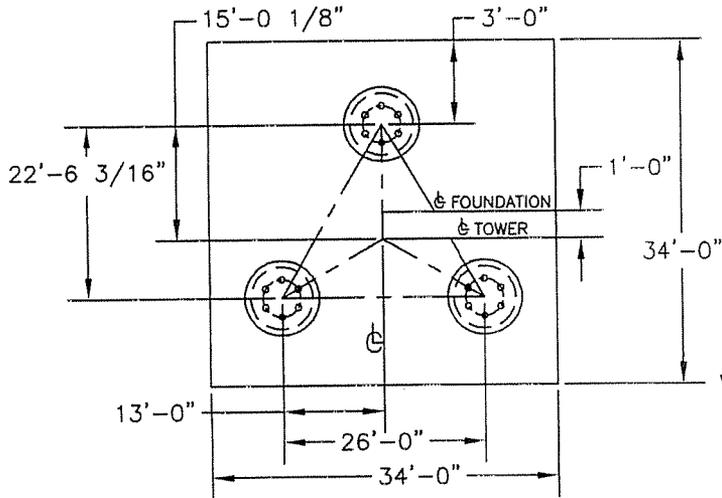
BASE REACTIONS	
OTM:	7733.0 FT. KIPS
COMP.	379.0 KIPS
UPLIFT	307.0 KIPS
SHEAR (3 LEGS)	45.0 KIPS
WT. NO ICE	73.0 KIPS
WT. 1/2" ICE	126.0 KIPS

**WORLD TOWER**

TITLE: 300' MODEL WSST TOWER FOR: APPALACHIAN WIRELESS SITE: MEALLY, KY

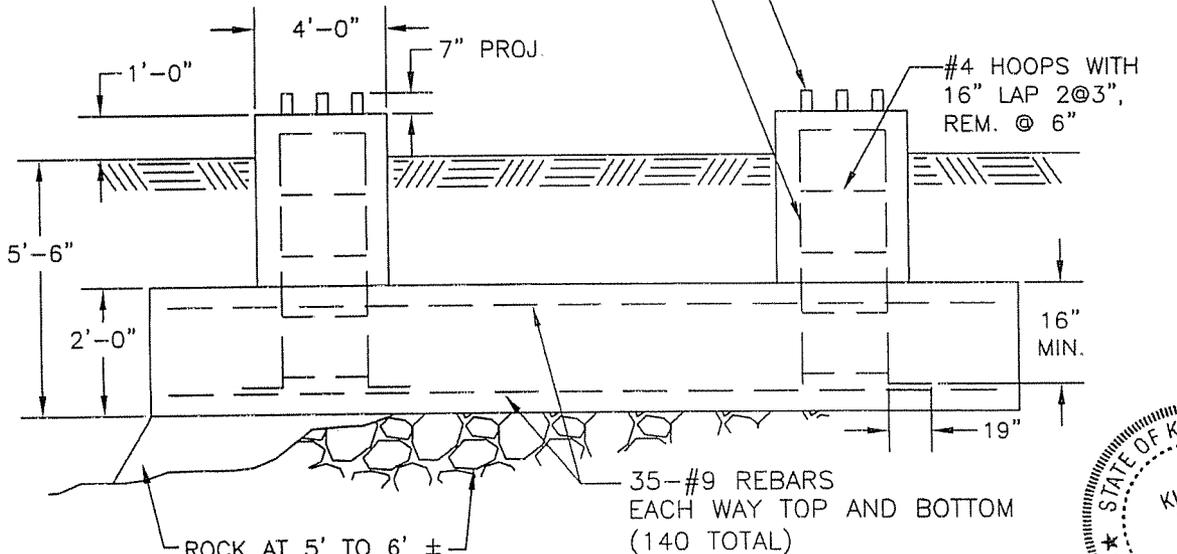
SCALE	NONE	DWN.	LKB	CKD.	DATE	11-2-11
FILE					DWG. NO.	Q11976



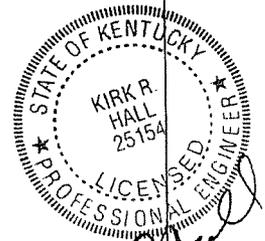


92 CU. YDS.  
CONCRETE REQ'D.

BASE REACTIONS	
OTM:	7733.0 FT. KIPS
COMP.	379.0 KIPS
UPLIFT	307.0 KIPS
SHEAR (3 LEGS)	45.0 KIPS
WT. NO ICE	73.0 KIPS
WT. 1/2" ICE	126.0 KIPS



ROCK AT 5' TO 6' ±  
ENTIRE BASE TO BEAR  
ON ROCK. IF ROCK VARIES  
FILL WITH CONCRETE  
BEFORE PLACING MAT.



GENERAL NOTES

1. CONCRETE TO HAVE 4000 PSI MIN. COMPRESSIVE STRENGTH AFTER 28 DAYS.
2. ALL REINFORCMENT STEEL IS DEFORMED AND MEETS THE STRENGTH REQUIREMENTS OF ASTM A615 GRADE 60.
3. EMBEDDED STEEL TO HAVE 3" MIN. CONCRETE COVER.
4. FOUNDATION DESIGN IS BASED ON CUSTOMER SUPPLIED SOIL DATA FROM WENDELL R. HOLMES, P.G. DATED OCTOBER 19, 2011

11-3-11

TITLE: FOUNDATION DETAIL  
300' WSST TOWER  
FOR: APPALACHIAN WIRELESS  
SITE: MEALLY, KY

WORLD TOWER

SCALE NONE	DWN. LKB	CKD.	DATE 11-2-11
FILE	DWG. NO. Q11976F		



**Project Name:** EAST -000195545-12

**Sponsor:** East Kentucky Network, LLC

**Details for Case : Meally**

Show Project Summary

**Case Status**

**ASN:** 2012-ASO-283-OE  
**Status:** Accepted

**Date Accepted:** 01/19/2012  
**Date Determined:**  
**Letters:** None  
**Documents:** 01/19/2012 Meally\_Survey.pdf

Project Documents:  
None

**Construction / Alteration Information**

**Notice Of:** Construction  
**Duration:** Permanent  
**if Temporary :** Months: Days:  
**Work Schedule - Start:** 02/15/2012  
**Work Schedule - End:** 02/20/2012

*\*For temporary cranes-Does the permanent structure require separate notice to the FAA?  
 To find out, use the Notice Criteria Tool. If separate notice is required, please ensure it is filed.  
 If it is not filed, please state the reason in the Description of Proposal.*

**State Filing:** Filed with State

**Structure Summary**

**Structure Type:** Tower  
**Structure Name:** Meally  
**NOTAM Number:**  
**FCC Number:**  
**Prior ASN:**

**Structure Details**

**Latitude:** 37° 48' 36.50" N  
**Longitude:** 82° 44' 46.00" W  
**Horizontal Datum:** NAD83  
**Site Elevation (SE):** 1318 (nearest foot)  
**Structure Height (AGL):** 310 (nearest foot)  
*\* If the entered AGL is a proposed change to an existing structure's height include the current AGL in the Description of Proposal.*  
**Requested Marking/Lighting:** Dual-red and medium intensity  
**Other :**  
**Recommended Marking/Lighting:**  
**Current Marking/Lighting:** N/A New Structure  
**Other :**

**Common Frequency Bands**

Low Freq	High Freq	Freq Unit	ERP	ERP Unit
698	806	MHz	1000	W
806	824	MHz	500	W
824	849	MHz	500	W
851	866	MHz	500	W
869	894	MHz	500	W
896	901	MHz	500	W
901	902	MHz	7	W
930	931	MHz	3500	W
931	932	MHz	3500	W
932	932.5	MHz	17	dBW
935	940	MHz	1000	W
940	941	MHz	3500	W
1850	1910	MHz	1640	W
1930	1990	MHz	1640	W
2305	2310	MHz	2000	W
2345	2360	MHz	2000	W

**Nearest City:** Meally  
**Nearest State:** Kentucky  
**Description of Location:** Approx. 1.0 mi NNW of Meally (Johnson), KY  
*On the Project Summary page upload any certified survey.*  
**Description of Proposal:** A new 300' tower with top-mounted antennas (overall height of 310' AGL).

**Specific Frequencies**



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.

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

9. Latitude: 37 ° 48 ' 36 " 5 "10. Longitude: 82 ° 44 ' 46 " 0 "11. Datum:  NAD83  NAD27  Other \_\_\_\_\_12. Nearest Kentucky City: Meally County Johnson13. Nearest Kentucky public use or Military airport:  
Big Sandy Regional Airport14. Distance from #13 to Structure: 7.3 mi15. Direction from #13 to Structure: NW16. Site Elevation (AMSL): 1,318.00 Feet17. Total Structure Height (AGL): 310.00 Feet18. Overall Height (#16 + #17) (AMSL): 1,628.00 Feet19. 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)Site is located approx. 1.0 mile NNW of Meally (Johnson), KY

## 2. Representative of Applicant -- Name, Address, Telephone, Fax

All Kuzehkanani  
 Lukas, Nace, Gutierrez & Sachs, Chtd  
 8300 Greensboro Drive, Suite 1200  
 McLean, VA 22102  
 T: 703-584-8667 F: 703-584-8692

3. Application for:  New Construction  Alteration  Existing4. Duration:  Permanent  Temporary (Months \_\_\_\_\_ Days \_\_\_\_\_)5. Work Schedule: Start 2/15/2012 End 2/20/20126. Type:  Antenna Tower  Crane  Building  Power Line  
 Landfill  Water Tank  Other \_\_\_\_\_

## 7. Marking/Painting and/or Lighting Preferred:

Red Lights and Paint  Dual - Red & Medium Intensity White  
 White - Medium Intensity  Dual - Red & High Intensity White  
 White - High Intensity  Other \_\_\_\_\_

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 January 20, 2012**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.

All Kuzehkanani/ Dir of Engineering

Printed Name and Title

Signature

1/20/2012

Date

PENALTIES: Persons failing to comply with Kentucky Revised Statutes (KRS 183.861 through 183.990) and Kentucky Administrative Regulations (602 KAR 050:Series) are liable for fines and/or imprisonment as set forth in KRS 183.990(3). Non-compliance with Federal Aviation Administration Regulations may result in further penalties.

**Commission Action:** Chairman, KAZC Administrator, KAZC Approved Disapproved

Date \_\_\_\_\_



**EAST KENTUCKY NETWORK, LLC  
DBA APPALACHIAN WIRELESS**

**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.

*Jones, Nale & Mattingly P.L.C.*

Louisville, Kentucky  
February 26, 2011

**EAST KENTUCKY NETWORK, LLC  
DBA APPALACHIAN WIRELESS**

**BALANCE SHEETS  
December 31, 2010 and 2009**

ASSETS	<u>2010</u>	<u>2009</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 11,517,807	\$ 2,874,412
Short-term investments (Note 9)	100,000	100,000
Accounts receivable, less allowance for doubtful accounts of \$1,473,291 in 2010 and \$1,405,597 in 2009	8,510,532	7,806,718
Accounts receivable, members (Notes 5 and 6)	120,279	87,192
Inventory	5,473,601	5,699,380
Prepaid expenses	510,762	537,143
Total current assets	<u>\$ 26,232,981</u>	<u>\$ 17,104,845</u>
 <b>PROPERTY, PLANT AND EQUIPMENT (Note 3)</b>		
Plant in service:		
General support	\$ 29,593,635	\$ 27,455,560
MTSO equipment	17,622,843	22,282,589
Cell equipment	62,992,099	64,198,981
Paging equipment	2,452,567	3,321,068
Fiber ring	7,802,053	7,675,975
Unfinished plant	5,813,391	3,675,759
	<u>\$ 126,276,588</u>	<u>\$ 128,609,932</u>
Less accumulated depreciation	53,217,856	57,070,186
	<u>\$ 73,058,732</u>	<u>\$ 71,539,746</u>
 <b>OTHER ASSETS</b>		
Investment in affiliated company, RTFC	\$ 112,712	\$ 112,712
Intangible assets, net of accumulated amortization of \$5,075,703 in 2010 and \$4,389,605 in 2009 (Note 2)	3,912,368	4,598,466
	<u>\$ 4,025,080</u>	<u>\$ 4,711,178</u>
	<u>\$ 103,316,793</u>	<u>\$ 93,355,769</u>

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

LIABILITIES AND MEMBERS' EQUITY	<u>2010</u>	<u>2009</u>
<b>CURRENT LIABILITIES</b>		
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	1,519,862
Deferred revenue, advance billings	2,454,257	2,133,743
Customer deposits	<u>570,375</u>	<u>574,996</u>
Total current liabilities	<u>\$ 10,047,715</u>	<u>\$ 8,982,857</u>
LONG-TERM DEBT, less current maturities (Notes 3 and 9)	<u>\$ 10,873,492</u>	<u>\$ 13,559,207</u>
INTEREST RATE SWAPS (Notes 8 and 9)	<u>\$ 1,301,598</u>	<u>\$ 1,384,261</u>
<b>MEMBERS' EQUITY</b>		
Members' capital accounts	\$ 82,395,586	\$ 70,813,705
Accumulated other comprehensive (loss)	<u>(1,301,598)</u>	<u>(1,384,261)</u>
	<u>\$ 81,093,988</u>	<u>\$ 69,429,444</u>
	<u><u>\$103,316,793</u></u>	<u><u>\$ 93,355,769</u></u>

**EAST KENTUCKY NETWORK, LLC  
DBA APPALACHIAN WIRELESS**

**STATEMENTS OF INCOME  
Years Ended December 31, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
<b>REVENUE</b>		
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	2,613,489
Equipment sales, paging	63,355	93,942
Other	<u>2,975,390</u>	<u>3,203,881</u>
Total revenue	<u>\$ 76,447,507</u>	<u>\$ 69,498,804</u>
<b>EXPENSES</b>		
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	869,016
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	<u>852,538</u>	<u>839,546</u>
Total expenses	<u>\$ 64,461,747</u>	<u>\$ 59,026,698</u>
Income from operations	<u>\$ 11,985,760</u>	<u>\$ 10,472,106</u>
<b>OTHER INCOME (EXPENSE)</b>		
Interest income	\$ 25,278	\$ 31,040
Interest expense	(1,028,373)	(1,424,984)
Universal Service Fund income (Note 7)	<u>7,371,103</u>	<u>7,045,378</u>
	<u>\$ 6,368,008</u>	<u>\$ 5,651,434</u>
Net income	<u>\$ 18,353,768</u>	<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	\$11,693,564	\$11,693,564	\$11,693,564	\$11,693,563	\$11,693,564	\$58,467,819
Comprehensive income:						
Net income	3,224,708	3,224,708	3,224,708	3,224,708	3,224,708	16,123,540
Change in fair value of 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	\$13,885,888	\$13,885,889	\$69,429,444
Comprehensive income:						
Net income	3,670,754	3,670,753	3,670,753	3,670,754	3,670,754	18,353,768
Change in fair value of 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	<u>\$16,218,798</u>	<u>\$16,218,797</u>	<u>\$16,218,797</u>	<u>\$16,218,798</u>	<u>\$16,218,798</u>	<u>\$81,093,988</u>

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

**EAST KENTUCKY NETWORK, LLC  
DBA APPALACHIAN WIRELESS**

**STATEMENTS OF CASH FLOWS  
Years Ended December 31, 2010 and 2009**

	2010	2009
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
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	(4,621)	(25,876)
Net cash provided by operating activities	\$ 30,188,688	\$ 22,599,576
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	\$ (12,087,691)	\$ (15,028,659)
Net cash (used in) investing activities	\$ (12,087,691)	\$ (15,028,659)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
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	\$ (9,457,602)	\$ (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
Ending	\$ 11,517,807	\$ 2,874,412
 <b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash payments for interest (net of capitalized interest of of \$117,887 in 2010 and zero in 2009)	\$ 1,045,454	\$ 1,431,014

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-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 (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.

## NOTES TO FINANCIAL STATEMENTS

### 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.

## NOTES TO FINANCIAL STATEMENTS

### 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 liability company is recognized by the members for income tax purposes. Accordingly, no provision for federal income taxes has been provided for in the accompanying financial statements.

The Company'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.

## NOTES TO FINANCIAL STATEMENTS

### 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:

	Gross Amount	Accumulated Amortization	Weighted Average 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	(717,074)	14
Use of name	10,000	(6,335)	15
Other	941,825	(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

## NOTES TO FINANCIAL STATEMENTS

### Note 3. Long-Term Debt

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

	2010	2009
Note payable, Fifth Third Bank (a)	\$ 7,633,333	\$ 9,033,333
Line of credit, Fifth Third Bank (b)	--	--
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 \$118,000 was capitalized in 2010 as part of the construction of a new office building.

## NOTES TO FINANCIAL STATEMENTS

### 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	--
	<u>\$ 13,559,206</u>

### 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 \$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 31, 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.

## NOTES TO FINANCIAL STATEMENTS

### 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.

## NOTES TO FINANCIAL STATEMENTS

### 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.

## NOTES TO FINANCIAL STATEMENTS

### 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.

**NOTES TO FINANCIAL STATEMENTS**

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.



## Directions to Mealley Site

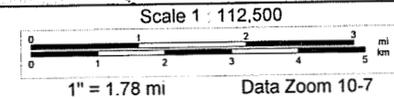
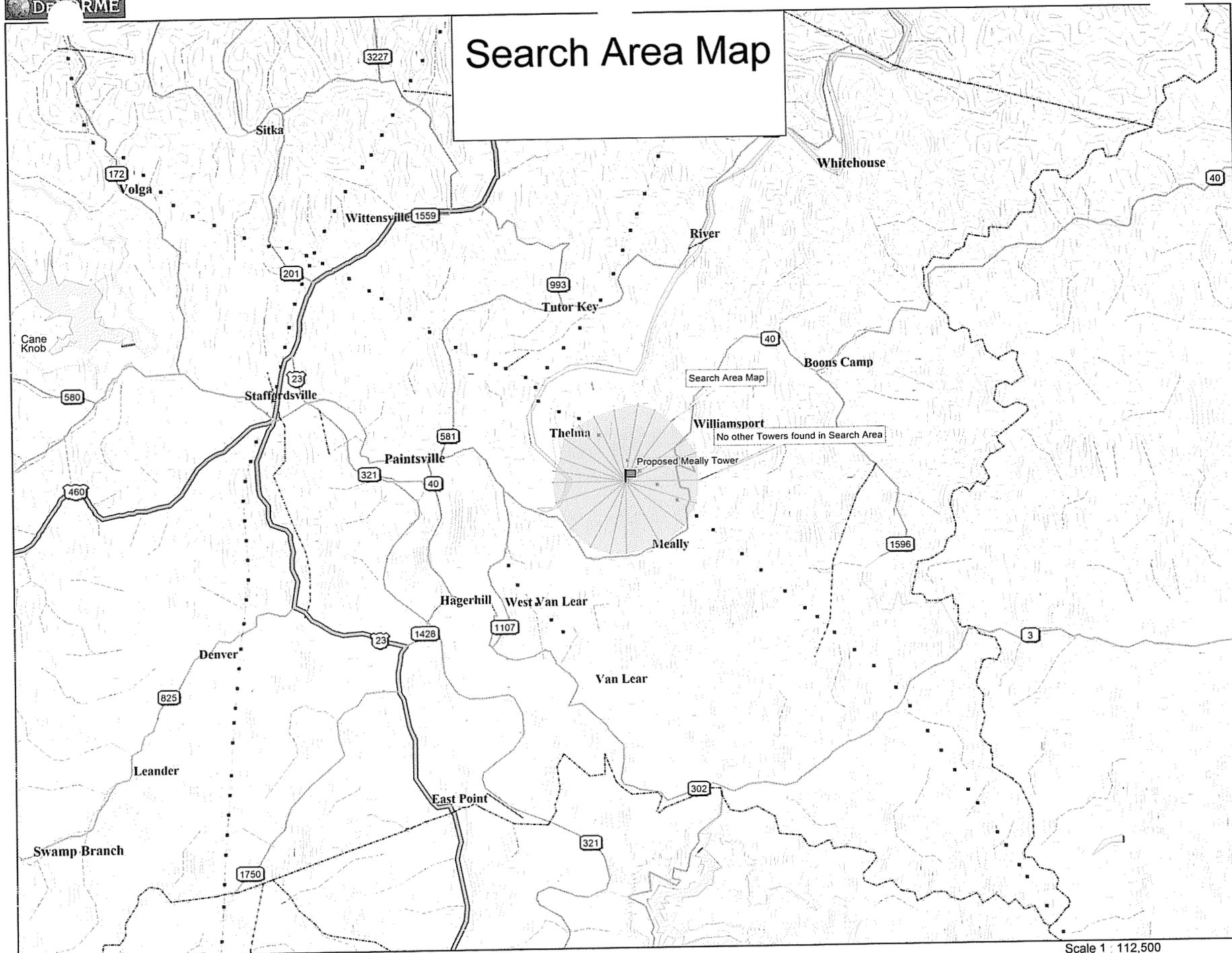
From the Johnson County Courthouse in Paintsville Ky. Take Court Street for 250 feet to Main Street. Turn left onto Main Street and continue for one block to 321 Business. Turn left onto 321 business and continue two blocks to Hwy. 40. Turn left onto Hwy. 40 West and continue for 2.1 miles to the Jct. of Hwy. 40 and 1102. Turn left onto 1102 and continue for 3.1 miles to the Jct. of Hwy. 1102 and Lively Rd.. Turn Right onto Lively Rd. and go .8 miles to Gate on left. Sign is posted on Gate. Go Road is marked from gate wit Blue and White ribbon to site.

Directions were written by,

Marty Thacker  
Appalachian Wireless  
606- 438-2355 ext. 111 (Office)  
606-634-9505 (cell phone)  
m,thacker@tgtel.com (email)



# Search Area Map





THIS DEED OF CONVEYANCE, made and entered into this the 30<sup>th</sup> day of December, 2011, by and between J. L. RATLIFF, single, of P.O. Box 275, Yelma, KY 41260  
\_\_\_\_\_, Party of the First Part, and  
**EAST KENTUCKY NETWORK, LLC, d/b/a APPALACHIAN WIRELESS**, of 101 Technology Trail, Ivel, Kentucky 41642, Party of the Second Part.

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

That for and in consideration of the sum of Fifteen Thousand (\$15,000.00) Dollars, the receipt of which is hereby acknowledged, the Party of the First Part does hereby sell, grant and convey unto the said Party of the Second Part, its successors and assigns forever, with Covenants of General Warranty, a certain tract or parcel of land located in Johnson County, Kentucky, being more particularly bounded and described as follows:

SEE ATTACHED EXHIBIT "A"

Being a part of the same property conveyed to the Party of the First Part by deed recorded in Deed Book 334, Page 703, Johnson County Clerk's Office.

In accordance with KRS 382.135, the address to which the current year property taxes may be sent is 101 Technology Trail, Ivel, Kentucky 41642.

TO HAVE AND TO HOLD all of the above-described real property together with the rights, privileges, appurtenances and improvements thereunto belonging unto the Party of the Second Part, its successors and assigns forever, with Covenants of General Warranty of title.

IN WITNESS WHEREOF, the Party of the First Part has hereby set his hand the day and year first above written.

  
\_\_\_\_\_  
J. L. RATLIFF

CERTIFICATE OF CONSIDERATION

The undersigned hereby swear and affirm, under penalty of perjury, that the consideration recited in the foregoing instrument is the full actual consideration paid or to be paid for the property transferred hereby.

  
\_\_\_\_\_  
J. L. RATLIFF

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

BY:   
\_\_\_\_\_

ITS: GENERAL MANAGER

STATE OF KENTUCKY

COUNTY OF Floyd

The foregoing instrument and certificate of consideration was acknowledged, subscribed and sworn to before me this the 30<sup>th</sup> day of December, 2011, by J. L. RATLIFF.

My Commission expires \_\_\_\_\_  
My Commission Expires  
July 14, 2015

  
NOTARY PUBLIC

STATE OF KENTUCKY

COUNTY OF Floyd

The foregoing certificate of consideration was acknowledged, subscribed and sworn to before me this the 30<sup>th</sup> day of December, 2011, by EAST KENTUCKY NETWORK, LLC, d/b/a APPALACHIAN WIRELESS, BY: Gerald F. Robinette,

ITS: General Manager.

My Commission Expires  
July 14, 2015

My Commission expires \_\_\_\_\_

  
NOTARY PUBLIC

THIS INSTRUMENT PREPARED BY:



HON. FRANK K. NALL  
ATTORNEY AT LAW  
P.O. BOX 1018  
PIKEVILLE, KENTUCKY 41502

Description  
Meally Tower Site

A certain tract of land located on Right Fork of Bob's Branch in Thelma, Johnson County, Kentucky, more particularly described as follows:

Unless stated otherwise any monument referred to herein as a Re-Bar and Cap is a set 1/2" steel re-bar eighteen (18") in length, with a yellow plastic cap stamped Summit Engineering, PLS #3967. All bearings stated herein are referred to Kentucky State Plane Coordinate System South Zone. Control Network has Horizontal Datum based on NAD (1983)

beginning at a set Re-Bar and Cap having state plane coordinates of north 2191947.84 and East 2508141.57, said Re-Bar being located on the line between Edna Pack Walters (DB 295 PG 264) and J.L Ratliff (DB 334 PG 703); thence with the common line and the center of the ridge S 22°52'28" W a distance of 125.54' to a set Re-Bar and Cap; thence leaving the line of Walters and the Ridge and severing Ratliff N 67°10'49" W a distance of 124.97' to a MAG Nail & Tag set in a rock; thence N 22°51'44" E a distance of 125.66' to a set Re-Bar and Cap; thence S 67°07'32" E a distance of 125.00' to the point of beginning, having an area of 15698.18 square feet, 0.360 acres more or less according to a survey conducted by personal under direct supervision of Gary Christopher Slone, PLS #3967, with Summit Engineering, Inc. on March 07, 2011 and being part of the same property conveyed to J.L. Ratliff in Deed which is recorded in Deed Book 334 Page 703 in the records of the Johnson County Clerk's office.

Gary Christopher Slone, PLS #3967

Date 3/30/2011



DOCUMENT NO: 417178  
RECORDED ON: JANUARY 10, 2012 11:40:18AM  
TOTAL FEES: \$17.00  
TRANSFER TAX: \$15.00  
COUNTY CLERK: SALLEE HOLBROOK  
COUNTY: JOHNSON COUNTY  
DEPUTY CLERK: SALLEE  
BOOK D431 PAGES 185

DOCUMENT NO: 417178  
RECORDED ON: JANUARY 10, 2012 11:40:18AM  
COUNTY CLERK: SALLEE HOLBROOK  
DEPUTY CLERK: SALLEE  
BOOK D431 PAGES 185

8178

RIGHT OF WAY AGREEMENT

THIS RIGHT OF WAY AGREEMENT, made and entered into this the 30<sup>th</sup> day of December, 2011, by and between J. L. RATLIFF, single, of P.O. Box 275, Thelma, KY 41260  
\_\_\_\_\_, Party of the First Part, and

EAST KENTUCKY NETWORK, LLC, d/b/a APPALACHIAN WIRELESS, of 101 Technology Trail, Ivel, Kentucky 41642, Party of the Second Part.

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

WHEREAS, The Party of the First Part is the owner of a tract of property located in Johnson County, Kentucky as described in Deed Book 334, Page 703, Johnson County Clerk's Office; and

WHEREAS, the Party of the Second Part is the owner of a tract of property approximately 125 ft. x 125 ft., "cell site", located in Johnson County, Kentucky as described in Deed Book 431, Page 185, Johnson County Clerk's Office; and

WHEREAS, the Party of the Second Part desires a right of way for ingress, egress and regress to the cell site;

NOW, THEREFORE, in consideration of the sum of Fifteen Thousand (\$15,000.00) Dollars, the receipt of which is hereby acknowledged, the Party of the First Part does hereby grant and convey unto the Party of the Second part, its successors and assigns forever, full and complete rights of ingress, egress and regress over roads located upon this property controlled by Party

of the First Part to and from the cell site, and the non-exclusive right to use any existing road located on this property. In the event the Party of the Second Part desires to relocate all or any portion of an existing roadway or to construct another access road to the cell site, the location of such roadway shall be mutually agreed upon by the Party of the First Part and the Party of the Second Part. Party of the First Part further grants to the Party of the Second Part a right of way and easement to construct and maintain and operate telephone and power transmission lines over Party of the First Part's remaining property to the cell site for service of the tower and related facilities only, said lines to be located where feasible along the access road to the cell site, with Party of the First Part having input as to the location of said power transmission lines in the event Party of the Second Part changes the location of its access road. Party of the Second Part shall have the right to trim or remove trees, limbs or underbrush that interferes with its access road or power/telephone lines wherever such road and lines are located. Party of the Second Part shall help maintain the existing road with gravel and any needed repairs. It is further understood and agreed that the above consideration is a one time payment for this right of way and includes the clearing of trees and that no other compensation will be given for any trees removed from the property.

This right of way extends from the county road to the cell site, over, upon and across that property located in Johnson County, Kentucky, more particularly described as follows:

SEE ATTACHED EXHIBIT "A"

Being the same property conveyed to the Party of the First Part by deed dated December 31, 1994, recorded in Deed Book 334, Page 703, Johnson County Clerk's Office.

IN WITNESS WHEREOF, the Party of the First Part has hereunto subscribed his name the day and year first above written.

J. L. Ratliff  
J. L. RATLIFF

STATE OF KENTUCKY

COUNTY OF Floyd

The foregoing instrument was acknowledged, subscribed and sworn to before me this the 30<sup>th</sup> day of December, 2011, by J. L. RATLIFF.

My Commission expires \_\_\_\_\_

My Commission Expires  
July 14, 2015

Laura Hamer  
NOTARY PUBLIC

THIS INSTRUMENT PREPARED BY:

Frank K. Nall  
HON. FRANK K. NALL  
ATTORNEY AT LAW  
P.O. BOX 1018  
PIKEVILLE, KENTUCKY 41502

EXHIBIT "A"

All that certain hill or parcel land, on what is known as the right-hand fork of Bobs Branch, extending south from Henry Price's and Asbury Ward's line which run from the top of the ridge and its west down the right-hand fork of Bobs Branch, east to the top of the center ridge and south to the center of the ridge between Betty's knob and Pilot knob in Johnson County, Kentucky, formerly known as the McClelland Preston Farm, bounded and described as follows:

TRACT NO. 1: Beginning at three chestnut oaks on top of the hill between Bobs Branch and Mill Branch, corner to Hansford Preston; thence south up the top of the hill to two hickories; thence around at upper branch to a rock marked A on the ridge between Shoul's Branch and Bobs Branch, a north course S. with the fence to the drain to a rock; thence down the branch to two drains at a beech and hornbeam; thence up the lower drain a straight line to James Johnson's line to Hansford Preston's line; thence south with his line to a big rock, in a drain, down said drain to two elms; thence a straight line to the beginning. Containing 75 acres more or less.

TRACT NO. 2: Beginning at a black oak and hickory on top of the hill between Bobs Branch and Shoals Branch; thence a southerly course with the meandering with the top of the pilot knob to a black oak tree; thence east with the meanderings to the J. D. Johnson line to McClelland Preston line to a pine tree; thence down the hill with McClelland Preston line to a beech and horn tree, near the branch; thence up to rock about 75 yards; thence up the hill with McClelland Preston line to the beginning. Containing 75 acres more or less.

TRACT 3. Beginning at the pilot knob at a chestnut on a rock; thence north thence south to the top of the ridge to Sandy River Coal Company line; thence with the ridge and Sandy River Coal Company line to John Davis line; thence with the ridge and John Davis line to Asbury Ward's line; thence down and with McClelland Preston's line; thence with said McClelland Preston's line to the beginning. Containing 20 acres more or less.

DOCUMENT NO: 417179  
RECORDED ON: JANUARY 10, 2012 11:41:20AM  
TOTAL FEES: \$20.00  
COUNTY CLERK: SALLEE HOLBROOK  
COUNTY: JOHNSON COUNTY  
DEPUTY CLERK: SALLEE  
BOOK D431 PAGES 188-191

189-192

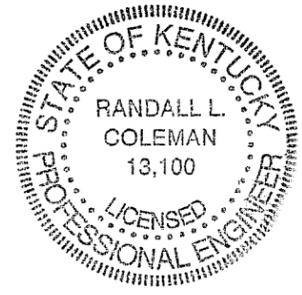


OFFUTT 7.5' QUADRANGLE

N: 2191947.8775  
E: 2508141.6763  
Z: 1332.03'

LAT: 37°48'36.5217"  
LON: 82°44'45.9776"

N: 2191915.399'  
E: 2508093.228'  
Z: 1318.0'

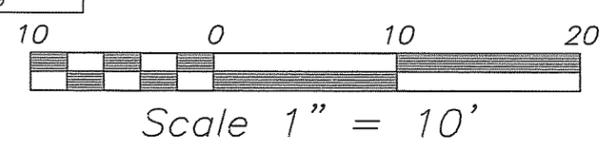


DRAWN BY: KWJ  
DATE: 12-05-11  
JOB: MEALLY  
SCALE: 1"=10'

**APPALACHIAN WIRELESS**  
101 TECHNOLOGY TRAIL  
IVEL, KENTUCKY 41642  
PROPOSED TOWER SITE  
J.L. RATLIFF TRACT  
MEALLY IN JOHNSON CO. KY.

N: 2191832.1529  
E: 2508092.8168  
Z: 1333.79"

SEE FOUNDATION DRAWINGS FOR DETAILS.



- LEGEND**
- CEMETERY TOWER
  - TOWER
  - PROPOSED CONTOUR
  - ACCESS ROAD
  - PROPERTY LINE

THE PROPOSED TOWER HAS BEEN LOCATED BY RANDOM TRAVERSE FROM A SURVEY OF THE EXISTING LOT, PREPARED BY SUMMITT ENGINEERING, STATE PLANE COORDINATES NAD 83 KY SOUTH ZONE N 37°48'36.5217", E 82°44'45.9776" 1318 FT MSL PRECISION HORIZONTAL =0.30' VERTICAL =0.50'

ENGINEER'S CERTIFICATE: I HEREBY CERTIFY THAT THIS DOCUMENT WAS PREPARED BY ME OR UNDER MY DIRECTIONS.

*Randall L. Coleman* 13100 12/15/11  
RANDALL L. COLEMAN P.E. DATE

MAP SHOWING TOWER LAYOUT AND STAKEOUT INFORMATION

**COLEMAN ENGINEERING**

P.O. BOX 153 HINDMAN, KENTUCKY 41822



**CASE NO: 2012-00001**

**CONTAINS**

**LARGE OR OVERSIZED**

**MAP(S)**

**RECEIVED ON: February 6, 2012**