

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

OCT 04 2010

PUBLIC SERVICE
COMMISSION

In the matter of:

THE APPLICATION OF EAST KENTUCKY NETWORK)
LIMITED LIABILITY COMPANY FOR THE ISSUANCE)
OF A CERTIFICATE OF PUBLIC CONVENIENCE AND) CASE No 2010-00315
NECESSITY TO CONSTRUCT A TOWER IN LEE)
COUNTY, KENTUCKY).

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

In an effort to improve service in Lee County, East Kentucky Network, LLC pursuant to KRS 278.020 Subsection 1 and 807 KAR 5:001 Section 9 is seeking the Commission's approval to construct a 300 foot self-supporting tower on a tract of land approximately 2300' East of the Junction of Hwy 52 and 708 in Lee County, Kentucky (37°33'27.51"N 83°35'07.31"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.

Lee County has no formal local planning unit. In absence of this unit the Lee 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 Beattyville Enterprise's September 30th & October 7th weekly editions. Enclosed is a copy of that notice in Exhibit 3. The Beattyville Enterprise is the newspaper with the largest circulation in Lee County.

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

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

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

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

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

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

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

Two notice signs meeting the requirements prescribed by 807 KAR 5:063, Section 1(2), measuring at least two (2) feet in height and four (4) feet in width and containing all required language in letters of required height, have been posted, one at a visible location on the proposed site and one on the nearest public road. The two signs were posted on August 26, 2010 and will remain posted for at least two weeks after filing of this application as specified.

Enclosed in Exhibit 9 is a copy of East Kentucky Network LLC's lease agreement with deed description to the site.

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

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

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

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

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

The foregoing document was prepared by Lynn Haney, Staff Accountant 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: Lynn Haney DATE: 10-1-10
Lynn Haney, Staff Accountant

APPROVED BY: Gerald F. Robinette DATE: 10-1-10
Gerald Robinette, General Manager

CONTACT INFORMATION:

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

Lynn Haney, Staff Accountant
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 | Lease Agreement with Deed Description for Proposed Site |
| 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 - KNKN809 - East Kentucky Network, LLC d/b/a Appalachian Wireless

| | | | |
|-----------|---------|---------------|---------------|
| Call Sign | KNKN809 | Radio Service | CL - Cellular |
| Status | Active | Auth Type | Regular |

Market

| | | | |
|-----------|-------------------------------|---------------|---|
| Market | CMA452 - Kentucky 10 - Powell | Channel Block | B |
| Submarket | 0 | Phase | 2 |

Dates

| | | | |
|-----------|------------|--------------|------------|
| Grant | 08/28/2001 | Expiration | 10/01/2011 |
| Effective | 11/11/2009 | Cancellation | |

Five Year Buildout Date

10/17/1996

Control Points

1 US Route 23, FLOYD, Harold, KY
P: (606)478-2355

Licensee

| | | | |
|-----|------------|------|---------------------------|
| FRN | 0001786607 | Type | Limited Liability Company |
|-----|------------|------|---------------------------|

Licensee

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

Contact

| | |
|--|--|
| Lukas, Nace, Gutierrez & Sachs, LLP Pamela L. Gist Esq 8300 Greensboro Drive McLean, VA 22102 | P:(703)584-8665 F:(703)584-8695 E:pgist@fcclaw.com |
|--|--|

Ownership and Qualifications

| | |
|--------------------|-----------------------------------|
| Radio Service Type | Mobile |
| 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

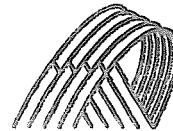
Elbert McIntosh
6600 Rainer Blvd
Knoxville, TN 37918

David Palmer
9793 Hwy 52 East
Beattyville, KY 41311

Yvonne Spicer
10541 Hwy 52 East
Beattyville, KY 41311

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

September 30, 2010

Elbert McIntosh
6600 Rainer Blvd
Knoxville, TN 37918

RE: Public Notice-Public Service Commission of Kentucky (Case No. 2010-00315)

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 Lee County. The facility will include a 300 foot self supporting tower with attached antennas extending upwards, and an equipment shelter located on a tract of land approximately 2300' East of the Junction of Hwy 52 and Hwy 708 in Lee County, Kentucky. A map showing the location of the proposed new facility is enclosed. This notice is being sent to you because you may own property or reside within a 500' radius of the proposed tower or within a 200' radius of the proposed or existing access road.

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

Your comments and request for intervention should be addressed to: Executive Director's Office, Public Service Commission of Kentucky, P.O. Box 615, Frankfort, KY 40602. Please refer to Case No. 2010-00315 in your correspondence.

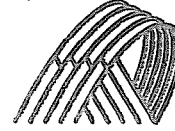
Sincerely,

Lynn Haney
Staff Accountant

Enclosure 1

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

EAST KENTUCKY
NETWORK



VIA: U.S. CERTIFIED MAIL

PUBLIC NOTICE

September 30, 2010

David Palmer
9793 Hwy 52 East
Beattyville, KY 41311

RE: Public Notice-Public Service Commission of Kentucky (Case No. 2010-00315)

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Sincerely,

Lynn Haney
Staff Accountant

Enclosure 1

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

EAST KENTUCKY
NETWORK



VIA: U.S. CERTIFIED MAIL

PUBLIC NOTICE

September 30, 2010

Yvonne Spicer
10541 Hwy 52 East
Beattyville, KY 41311

RE: Public Notice-Public Service Commission of Kentucky (Case No. 2010-00315)

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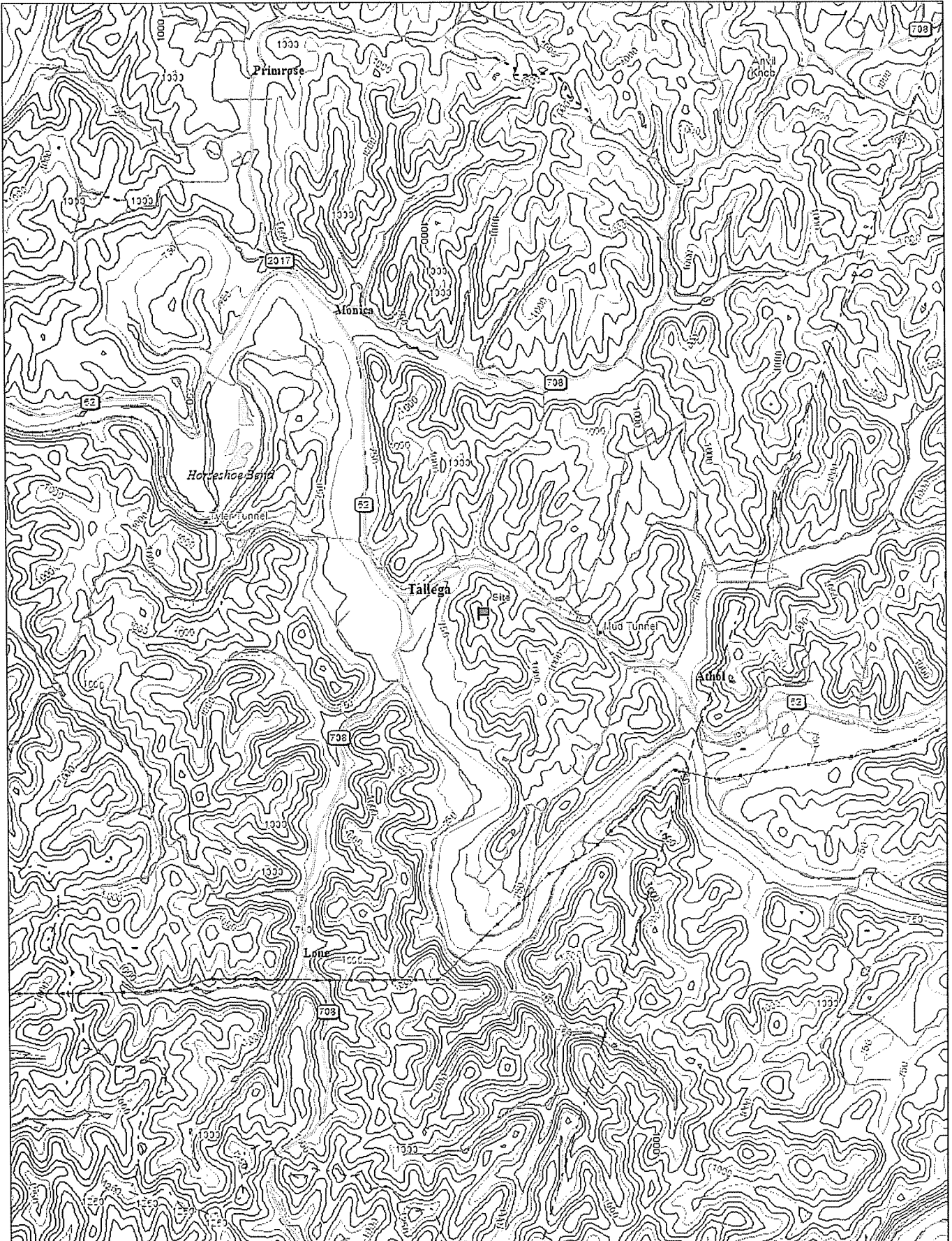
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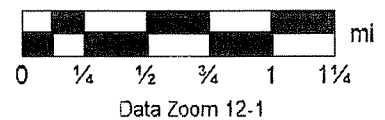
Sincerely,

Lynn Haney
Staff Accountant

Enclosure 1

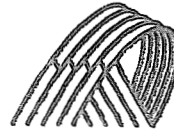


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www.delorme.com



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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

September 30, 2010

Steve Mays, Judge Executive
P.O. Box G
Beattyville, KY 41311

RE: Public Notice-Public Service Commission of Kentucky (Case No. 2010-00315)

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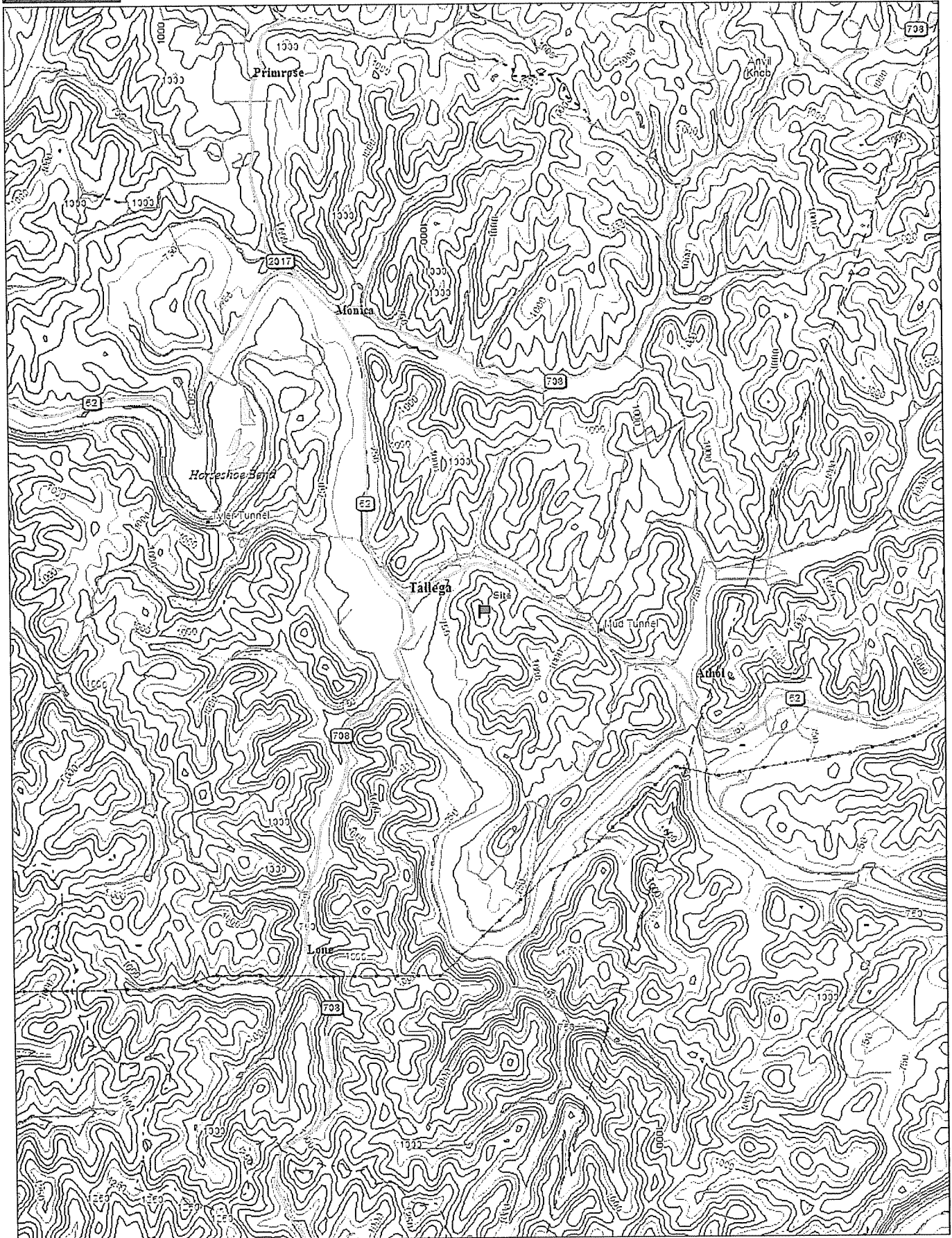
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Sincerely,

Lynn Haney
Staff Accountant

Enclosure



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

EAST KENTUCKY
NETWORK



To: The Beattyville Enterprise
Attn: Ad Manager

From: Lynn Haney
Staff Accountant – Fixed Assets

Date: September 28, 2010

Re: PUBLIC NOTICE ADVERTISEMENT
Pages: 1

Please place the following Public Notice Advertisement in the Beattyville Enterprise for the next two weeks.

PUBLIC NOTICE:

RE: Public Service Commission of Kentucky (CASE NO. 2010-00315)

Public Notice is hereby given that East Kentucky Network, LLC, dba Appalachian Wireless has applied to the Kentucky Public Service Commission to construct a cellular telecommunications tower on a tract of land located approximately 2300' East of the Junction of Hwy 52 and 708 in Lee County, Kentucky. The proposed tower will be a 300 foot self-supporting tower with attached antennas. If you would like to respond to this notice, please contact the Executive Director, Public Service Commission, 211 Sower Boulevard, PO Box 615, Frankfort, Kentucky 40602. Please refer to Case No. 2010-00315.

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

Thank you,

Lynn Haney
Staff Accountant – Fixed Assets

If you have any problems with this fax, please call 606-791-2375, ext. 1007.

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.

Lynn Haney

From: Edmund Shelby [beattyill@bellsouth.net]
Sent: Tuesday, September 28, 2010 10:12 AM
To: lhaney@ekn.com
Subject: Re: Legal

Lynn, Received the legal ad. The dates it will run are, 9/30/2010 and 10/7/2010 in The Beattyville Enterprise. Thanks, Cheryle Walton~ Ad Director

--- On **Tue, 9/28/10**, **Lynn Haney** <lhaney@ekn.com> wrote:

From: Lynn Haney <lhaney@ekn.com>
Subject: Legal
To: beattyill@bellsouth.net
Date: Tuesday, September 28, 2010, 10:08 AM

I have attached a document which contains a legal ad to be ran in the Beattyville Enterprise for 2 weeks.

Please acknowledge receipt of this ad and inform me of the dates the ad will be ran.

If you have any questions, feel free to contact me.

Thank you,

Lynn Haney
Staff Accountant-Fixed Assets
East Kentucky Network, LLC
dba Appalachian Wireless

(606) 791-2375 ext. 1007

(606) 791-2225 (fax)

WENDELL R. HOLMES, P.G.

424 Pear Street
Hazard, KY 41701
August 11, 2010

Tallega Tower Site

Purpose:

A site assessment was conducted for Appalachian Wireless on a tract of land located in Lee County near Tallega, 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 D-5 dozer was used to expose the bedrock material. It is approximately 0.50 feet to the sandstone bedrock. (See attached page for descriptions of materials encountered.)

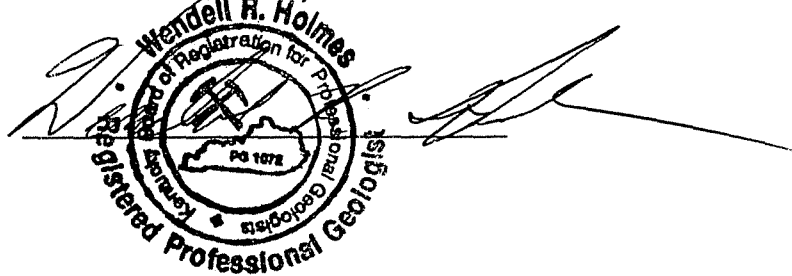
The terrain in Lee County is moderately to very steep. The tower site is located on a knob east of the confluence of Lynam Creek and The Middle Fork of the Kentucky River, approximately one half mile east of Tallega in Lee County. The sandstone formation below the tower site is approximately 10.00 feet 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 sandstone bedrock on the proposed tower site is part of the Breathitt Formation, and is middle to lower Pennsylvanian in age. Tests were not conducted to determine the load-bearing strength of the bedrock. However, it is apparent that the tower will be constructed on the sandstone 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.

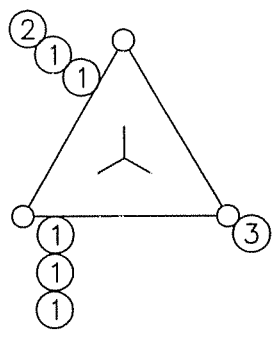
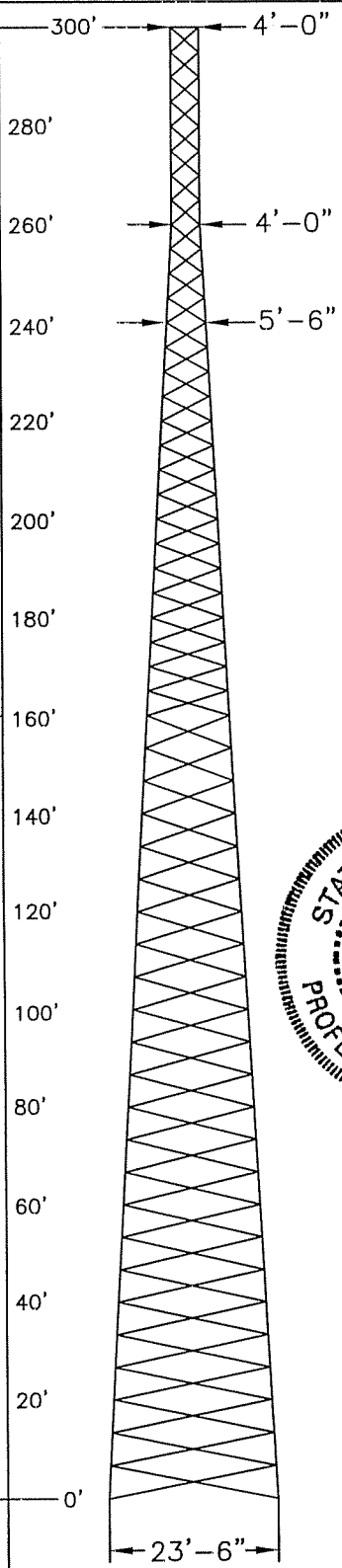
**424 Pear Street
Hazard, Ky. 41701
(606)438-7250**

Geologist Log

Location: Tallega Tower Site

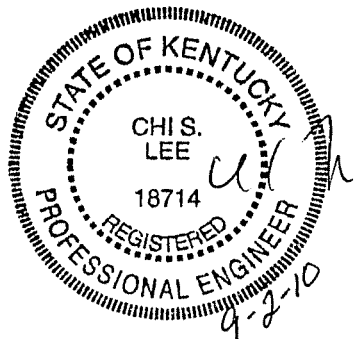
| Unit Thickness | Total depth | Strata | Description |
|-----------------------|--------------------|---------------|--|
| 0.50' | 0.50' | Soil | Brown with sandstone & plant Fragments |
| 10.00' + | 7.00' + | Sandstone | Yellowish Brown and Gray |

| | | | | | | | | | | | | |
|--------------|------------------|--------------|--------------|------------------|-------------|-----|--------|-------|-------|--------|--------|------|
| LEG DIA. | Ø4" | Ø4" | Ø3.75" | Ø3.5" | Ø3.5" | Ø3" | Ø2.75" | Ø2.5" | Ø2.5" | Ø2.25" | Ø1.75" | |
| DIAGONALS | L3.5" x .25" | L3" x .1875" | L3" x .1875" | L2.5" x .1875" | L2" x .125" | A | | | | | | |
| GIRTS | N/A | | | | | | | | | | | |
| BRACE BOLTS | Ø.875" | Ø.75" | Ø.625" | | | | | | | | | Ø.5" |
| FLANGE BOLTS | Ø1.5" | | | | | | | | | | | |
| # OF BAYS | 3 BAY : X-BRACED | | | 4 BAY : X-BRACED | | | | | | | | |



PLAN VIEW

PLAN VIEW REF:
 1) (7) FEEDLINES
 2) (3) FEEDLINES
 3) STEP BOLTS



DESIGN NOTES:
 1) ALL LEGS ARE SOLID ROUND ASTM A-572 GRADE : $F_y \geq 50$ KSI.
 2) ALL BRACE MATERIAL IS ASTM A-36 : $F_y \geq 36$ KSI.
 3) ALL BRACE AND FLANGE BOLTS ARE A325-X
 4) (6) Ø1" x 6'-0" LONG (F1554 GR 105) ANCHOR BOLTS PER LEG.
 5) THIS TOWER IS DESIGNED FOR A 70 M.P.H. WIND SPEED 1/2" OF ICE (WITH REDUCTION) IN ACCORDANCE WITH THE TIA/EIA-222-F STANDARD.

| | |
|------------------------|------------------|
| SYMBOL LIST: | |
| A | = L1.75" x .125" |
| B | = L3" x .25" |
| BASE REACTIONS: | |
| TOTAL SHEAR | = 37 KIPS |
| AXIAL LOAD | = 67 KIPS |
| UPLIFT / LEG | = 264 KIPS |
| COMP. / LEG | = 308 KIPS |
| O.T. MOMENT | = 5818 FT-K |

| | |
|------------------|-----------------------------|
| FEEDLINES | (12) 1.625" |
| | (12) 1.625" |
| | (12) 1.625" |
| | (1) 1.625" |
| | (1) 1.625" |
| ANTENNAS | |
| 300' | (12) 4' X 1' CELLULAR PANEL |
| 290' | (12) 4' X 1' CELLULAR PANEL |
| 280' | (12) 4' X 1' CELLULAR PANEL |
| 260' | (1) 6' SOLID DISH |
| 250' | (1) 6' SOLID DISH |

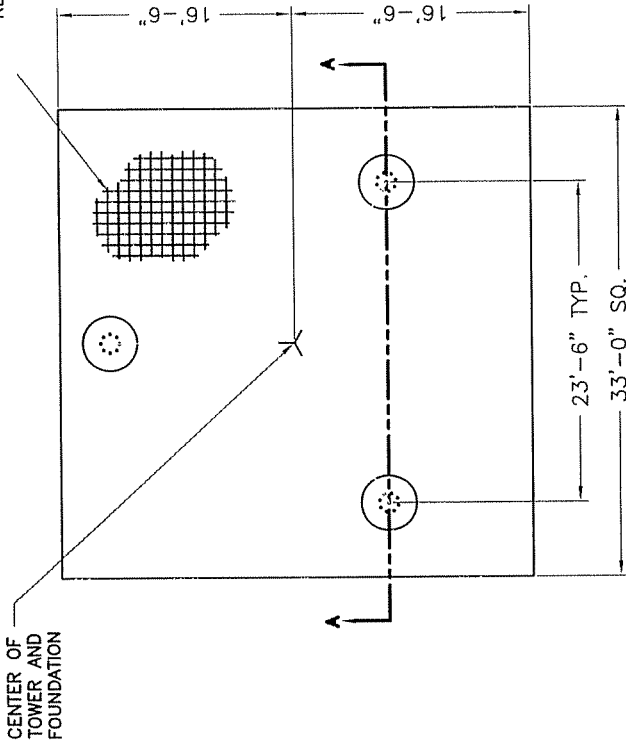
---SEE PLAN VIEW FOR FEEDLINE DISTRIBUTION
 ---STEP BOLTS UTILIZED FOR CLIMBING WITH SAFETY CLIMB DEVICE



P.O. BOX 25
 HENDERSON, KY 42419
 PHONE: (270) 830-8512
 FAX: (270) 830-8475

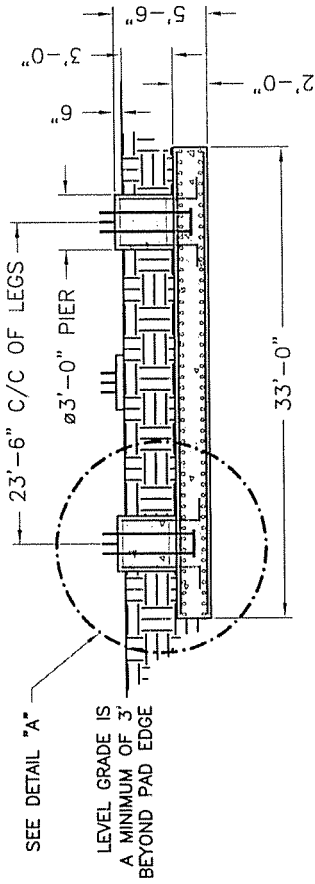
| | |
|--|--|
| SCALE: N.T.S. | PROPRIETARY STATEMENT: THIS DRAWING IS THE PROPERTY OF ALLSTATE TOWER CO. IT IS NOT TO BE REPRODUCED OR COPIED IN ANYWAY WITHOUT PRIOR WRITTEN CONSENT OF ALLSTATE TOWER CO. |
| TOLERANCE BANDS ALL DIMENSIONS ARE ±1/16" ALL ANGULAR DIM ARE ±1/2° UNLESS OTHERWISE NOTED | CUSTOMER: APPALACHIAN WIRELESS |
| APPROX. WEIGHT 43.92 KIPS | DESCRIPTION: 300' SELF SUPPORT TOWER |
| | LOCATION: LEE COUNTY, KY |
| | SITE: TALLEGA |
| | PROPOSAL #: AB2240 S.S. DESIGN |
| | DRAWN BY: J. THOMPSON |
| | DATE: 07/27/2010 |
| | REV: |
| | REV. DATE: |
| | JOB NO. 31261F |
| | SHEET A |

REINFORCEMENT BAR MAT



PLAN VIEW

TOTAL VOLUME OF CONCRETE = 83.4 YD³



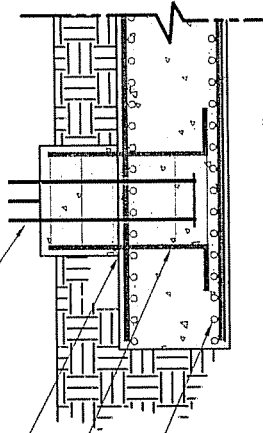
SECTION A-A

(6) $\phi 1"$ X 6'-0" OVERALL LENGTH ANCHOR BOLTS W/ 1/2" THK BEARING PLATE AT THE BOTTOM OF THE ANCHOR BOLT CLUSTER (5' MIN. ANCHOR BOLT EMBEDMENT).

USE EPOXY BONDING AGENT WHEN POURED SEPERATELY

(9) #9 VERTICAL BARS W/ #5 TIES AT 16" ON CENTER

(32) #9 HORIZONTAL BARS X 32'-6" LONG EQUALLY SPACED EACH WAY AT TOP AND BOTTOM OF MAT. (TOTAL = 128)



DETAIL "A"

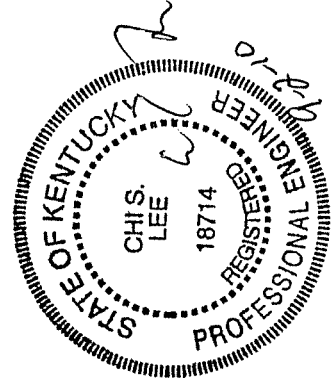
FOUNDATION INSTALLATION/DESIGN NOTES:

- THIS FOUNDATION IS DESIGNED TO MEET ALL STANDARDS SET FORTH BY ACI 318: AMERICAN CONCRETE INSTITUTE, BUILDING CODE REQUIREMENTS FOR STRUCTURAL CONCRETE, ANSI/TIA/EIA 222-F: STRUCTURAL STANDARDS FOR STEEL ANTENNA TOWERS AND ANTENNA SUPPORTING STRUCTURES.
- THIS FOUNDATION IS DESIGNED UTILIZING NORMAL SOILS.
- ALL WORK PERFORMED IN THESE DRAWINGS SHOULD BE BY QUALIFIED CONTRACTORS EXPERIENCED IN TOWER FOUNDATION CONSTRUCTION.
- ALL FOOTING EXCAVATIONS SHALL BE MANUALLY CLEANED PRIOR TO PLACING CONCRETE. COMPACT THE EXPOSED SOIL SURFACE AND ANY GRANULAR FILL UNDER THE FOUNDATION TO 95% OF THE MODIFIED PROCTOR DENSITY.
- ALL CONCRETE SHALL HAVE A MINIMUM COMPRESSIVE STRENGTH OF 3000 PSI AFTER 28 DAYS. COPIES OF THE CONCRETE CYLINDER TEST REPORTS SHALL BE SENT TO THE RESIDENT ENGINEER / INSPECTOR.
- MINIMUM CONCRETE COVER FOR REINFORCING BARS SHALL BE 3".
- FIELD BENDING OR WELDING OF REINFORCEMENT BARS IS NOT PERMITTED.
- PROVIDE CHAMFERS AT ALL EXPOSED CORNERS OF CONCRETE.
- BACKFILL NEAR AND AROUND THE FOUNDATIONS SHALL BE A WELL GRADED FILL MATERIAL PLACED IN 8" THICK LAYERS THAT HAS BEEN COMPACTED TO 95% OF THE MODIFIED PROCTOR DENSITY PER ASTM D1557.
- SOME DETAIL HAS BEEN PURPOSELY OMITTED TO CLARIFY ILLUSTRATION.

REINFORCEMENT BAR SPlicing:

- ALL LAP SPICES SHALL CONFORM TO ACI 318 REQUIREMENTS.
- REFER TO CHART BELOW WHEN REINFORCEMENT BAR SPlicing IS NECESSARY.

| REINFORCING BAR SIZE | LAP SPlice LENGTH |
|----------------------|-------------------|
| 3 | 15" |
| 4 | 17" |
| 5 | 21" |
| 6 | 26" |
| 7 | 30" |
| 8 | 36" |
| 9 | 46" |
| 10 | 58" |
| 11 | 71" |



P.O. BOX 25
 HENDERSON, KY 42419
 PHONE: (270) 830-8512
 FAX: (270) 830-8475

| | | |
|---|--|-----------------------|
| SCALE: SCALE | PROPRIETARY STATEMENT: THIS DRAWING IS THE PROPERTY OF ALLSTATE TOWER CO. IT IS NOT TO BE REPRODUCED OR COPIED IN ANYWAY WITHOUT PRIOR WRITTEN CONSENT OF ALLSTATE TOWER CO. | DRAWN BY: J. THOMPSON |
| TOLERANCE BANDS | CUSTOMER: APPALACHIAN WIRELESS | DATE: 07/27/2010 |
| ALL DIMENSIONS ARE $\pm 1/16"$ | DESCRIPTION: PAD/PIER FOUNDATION DESIGN | REV: |
| ALL ANGULAR DIM ARE $\pm 1/2"$ UNLESS OTHERWISE NOTED | LOCATION: LEE CO, KY | REV. DATE: |
| APPROX. WEIGHT | SITE: TALLEGA | JOB NO. 31261F |
| REF. SHIPPING LIST | FILE NAME: AB2240 | SHEET B |



Federal Aviation Administration

<< OE/AAA

Notice of Proposed Construction or Alteration - Off Airport

Project Name: COMME-000156197-10

Sponsor: Commercial Radio Service, Inc.

Details for Case : Tallega

Show Project Summary

| Case Status | | Date Accepted: 09/24/2010 | | | | |
|--|---|---------------------------|-----------|-----------|------|----------|
| ASN: | 2010-ASO-5232-OE | Date Determined: | | | | |
| Status: | Accepted | Letters: | None | | | |
| | | Documents: | None | | | |
| Construction / Alteration Information | | Structure Summary | | | | |
| Notice Of: | Construction | Structure Type: | Tower | | | |
| Duration: | Permanent | Structure Name: | Tallega | | | |
| <i>if Temporary :</i> | Months: Days: | NOTAM Number: | | | | |
| Work Schedule - Start: | 10/01/2010 | FCC Number: | | | | |
| Work Schedule - End: | 10/15/2010 | Prior ASN: | | | | |
| State Filing: | Filed with State | | | | | |
| Structure Details | | Common Frequency Bands | | | | |
| Latitude: | 37° 33' 27.50" N | Low Freq | High Freq | Freq Unit | ERP | ERP Unit |
| Longitude: | 83° 35' 7.30" W | 698 | 806 | MHz | 1000 | W |
| Horizontal Datum: | NAD83 | 806 | 824 | MHz | 500 | W |
| Site Elevation (SE): | 1015 (nearest foot) | 824 | 849 | MHz | 500 | W |
| Structure Height (AGL): | 310 (nearest foot) | 851 | 866 | MHz | 500 | W |
| <i>* If the entered AGL is a proposed change to an existing structure's height include the current AGL in the Description of Proposal.</i> | | 869 | 894 | MHz | 500 | W |
| Requested Marking/Lighting: | Dual-red and medium intensity | 896 | 901 | MHz | 500 | W |
| | <i>Other :</i> | 901 | 902 | MHz | 7 | W |
| Recommended Marking/Lighting: | | 930 | 931 | MHz | 3500 | W |
| Current Marking/Lighting: | None | 931 | 932 | MHz | 3500 | W |
| | <i>Other :</i> | 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: | Tallega | Specific Frequencies | | | | |
| Nearest State: | Kentucky | | | | | |
| Description of Location: | Approx. 0.4 mi (0.6 km) ESE of Tallega (Lee), KY | | | | | |
| Description of Proposal: | A new 300' tower with top-mounted antennas (overall height of 310' AGL) | | | | | |



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 ° 33 ' 27 " 5 "

10. Longitude: 83 ° 35 ' 07 " 3 "

11. Datum: NAD83 NAD27 Other _____

12. Nearest Kentucky City: Tallega County Lee

13. Nearest Kentucky public use or Military airport:
Julian Carroll

14. Distance from #13 to Structure: 14.9 mi

15. Direction from #13 to Structure: W

16. Site Elevation (AMSL): 1,015.00 Feet

17. Total Structure Height (AGL): 310.00 Feet

18. Overall Height (#16 + #17) (AMSL): 1,325.00 Feet

19. Previous FAA and/or Kentucky Aeronautical Study Number(s):

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

20. Description of Location: (Attach USGS 7.5 minute Quadrangle Map or an Airport layout Drawing with the precise site marked and any certified survey)

Site is located approx. 0.4 mi (0.6 km) ESE of Tallega (Lee), KY

3. Application for: New Construction Alteration Existing

4. Duration: Permanent Temporary (Months _____ Days _____)

5. Work Schedule: Start 10/1/2010 End 10/15/2010

6. 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 September 24, 2010

CERTIFICATION: I hereby certify that all the above statements made by me are true, complete and correct to the best of my knowledge and belief.

Ali Kuzehkanani/ Dir of Engineering
Printed Name and Title

Ali Kuzehkanani
Signature

9/24/2010
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, 2009

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Jones, Nale & Mattingly PLC

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying balance sheets of East Kentucky Network, LLC, dba Appalachian Wireless as of December 31, 2009 and 2008 and the related statements of income, members' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of East Kentucky Network, LLC, dba Appalachian Wireless as of December 31, 2009 and 2008 and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Jones, Nale & Mattingly P.C.

Louisville, Kentucky
February 26, 2010

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

**BALANCE SHEETS
December 31, 2009 and 2008**

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

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

| LIABILITIES AND MEMBERS' EQUITY | <u>2009</u> | <u>2008</u> |
|--|----------------------|----------------------|
| CURRENT LIABILITIES | | |
| Current maturities of long-term debt (Note 3) | \$ 2,685,714 | \$ 3,852,381 |
| Accounts payable | 2,033,336 | 1,772,238 |
| Accounts payable, member (Notes 5 and 6) | 35,206 | 49,579 |
| Accrued expenses | 1,519,862 | 1,208,138 |
| Deferred revenue, advance billings | 2,133,743 | 1,887,230 |
| Customer deposits | 574,996 | 600,872 |
| Total current liabilities | <u>\$ 8,982,857</u> | <u>\$ 9,370,438</u> |
| | | |
| LONG-TERM DEBT, less current maturities (Note 3) | <u>\$ 13,559,207</u> | <u>\$ 16,388,735</u> |
| | | |
| INTEREST RATE SWAPS (Note 8) | <u>\$ 1,384,261</u> | <u>\$ 2,067,821</u> |
| | | |
| MEMBERS' EQUITY | | |
| Members' capital accounts | \$ 70,813,705 | \$ 60,535,640 |
| Accumulated other comprehensive (loss) | <u>(1,384,261)</u> | <u>(2,067,821)</u> |
| | <u>\$ 69,429,444</u> | <u>\$ 58,467,819</u> |
| | | |
| | <u>\$ 93,355,769</u> | <u>\$ 86,294,813</u> |

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

**STATEMENTS OF INCOME
Years Ended December 31, 2009 and 2008**

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

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, 2009 and 2008**

| | Cellular Services, LLC | Gearhart Communi- cations Company, Inc. | Mountain Tele- communi- cations, Inc. | Thacker- Grigsby Telephone Co., Inc. | Peoples Rural Telephone Coop- erative Corp- oration, Inc. | Total |
|--|------------------------------|---|---|---|--|---------------------|
| Balance, January 1, 2008 | \$10,044,087 | \$10,044,087 | \$10,044,086 | \$10,044,086 | \$10,044,086 | \$50,220,432 |
| Comprehensive income: | | | | | | |
| Net income | 2,783,559 | 2,783,559 | 2,783,560 | 2,783,559 | 2,783,559 | 13,917,796 |
| Change in fair value of interest rate swaps | <u>(299,038)</u> | <u>(299,038)</u> | <u>(299,038)</u> | <u>(299,038)</u> | <u>(299,037)</u> | <u>(1,495,189)</u> |
| Total comprehensive income | \$ 2,484,521 | \$ 2,484,521 | \$ 2,484,522 | \$ 2,484,521 | \$ 2,484,522 | \$12,422,607 |
| Capital distributions | <u>(835,044)</u> | <u>(835,044)</u> | <u>(835,044)</u> | <u>(835,044)</u> | <u>(835,044)</u> | <u>(4,175,220)</u> |
| Balance, December 31, 2008 | \$11,693,564 | \$11,693,564 | \$11,693,564 | \$11,693,563 | \$11,693,564 | \$58,467,819 |
| Comprehensive income: | | | | | | |
| Net income | 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 | <u>136,712</u> | <u>136,712</u> | <u>136,712</u> | <u>136,712</u> | <u>136,712</u> | <u>683,560</u> |
| Total comprehensive income | \$ 3,361,420 | \$ 3,361,420 | \$ 3,361,420 | \$ 3,361,420 | \$ 3,361,420 | \$16,807,100 |
| Capital distributions | <u>(1,169,095)</u> | <u>(1,169,095)</u> | <u>(1,169,095)</u> | <u>(1,169,095)</u> | <u>(1,169,095)</u> | <u>(5,845,475)</u> |
| Balance, December 31, 2009 | <u>\$13,885,889</u> | <u>\$13,885,889</u> | <u>\$13,885,889</u> | <u>\$13,885,888</u> | <u>\$13,885,889</u> | <u>\$69,429,444</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, 2009 and 2008**

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

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

**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.

Cash

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

Cash equivalents

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

Short-term investments

Certificates of deposit having original maturities between three and nine months are classified as short-term investments, are carried at cost, which approximates fair value, and are held to maturity. Fair value is determined by quoted prices for similar certificates of deposit in active markets.

Inventory

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

Property, plant and equipment

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

Investment

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

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

Intangible assets

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

Recognition of revenue

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

Advertising

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

Income taxes

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

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

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

Use of estimates

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

Comprehensive income

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

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

Subsequent events

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

Reclassification

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

Note 2. Intangible Assets

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

Note 2. Intangible Assets (Continued)

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

Year ending December 31:

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

Note 3. Long-Term Debt

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

| | 2009 | 2008 |
|--------------------------------------|---------------|---------------|
| Note payable, Fifth Third Bank (a) | \$ 9,033,333 | \$ 11,600,000 |
| Line of credit, Fifth Third Bank (b) | -- | -- |
| Note payable, Fifth Third Bank (c) | 7,211,588 | 8,641,116 |
| | \$ 16,244,921 | \$ 20,241,116 |

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

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

NOTES TO FINANCIAL STATEMENTS

Note 3. Long-Term Debt (Continued)

- (b) The line of credit agreement with Fifth Third Bank provides for borrowing up to \$2,000,000. The agreement carries a variable interest rate (3.24% at 12/31/09), is secured by the assets of the Company, and is due September 1, 2010.
- (c) On September 1, 2008, the Company borrowed \$9,000,000 to restructure existing debt, purchase new equipment and upgrade 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 (3.24% at 12/31/09). The Company also entered into an interest rate swap contract (original notional amount of \$9,000,000) that effectively converts its floating-rate debt into a fixed rate of 7.20% (see Note 8). The note is payable in monthly installments of \$107,143 plus interest with a balloon payment due on September 1, 2013.

Under terms of the Notes, the Company has also agreed, among other things, to maintain minimum debt service coverage and minimum debt to tangible worth ratios. The Company was in violation of certain of these covenants as of December 31, 2009; however, these violations have been waived by the noteholder.

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

Year ending December 31:

| | |
|------|--------------|
| 2010 | \$ 2,685,714 |
| 2011 | 2,685,714 |
| 2012 | 2,769,048 |
| 2013 | 8,104,445 |
| 2014 | -- |

Note 4. Retirement Plans

The Company has a 401(k) plan for qualifying employees who have reached twenty-one years of age. Eligible employees are allowed to invest up to 15% of their compensation and the Company has agreed to match 100% of the first 3% of the employees' contribution and 50% of the employees' contribution between 3% and 5%. The Company contributed \$124,071 and \$112,235 in matching funds for its 401(k) plan during the years ended December 31, 2009 and 2008, respectively.

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

The Company contributed \$421,669 and \$371,105 to its retirement savings plan during the years ended December 31, 2009 and 2008, respectively.

NOTES TO FINANCIAL STATEMENTS

Note 5. Related Party Transactions

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

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

The Company leases two cellular tower sites from the officers and majority shareholders of a member. The annual lease expense related to these leases was \$2,400 for both years ended December 31, 2009 and 2008. The leases are for an unspecified length of time. The Company also pays part of an annual lease for sharing a tower with a member for an annual fee of \$450. In addition, the Company leases one other site from a company owned by a member. The annual lease expense related to this lease for the years ended December 31, 2009 and 2008 amounted to \$11,700 and \$3,600, respectively. The Company leases cellular tower sites from the parent company of one of its other members. The annual lease expense related to these leases was \$12,463 for both years ended December 31, 2009 and 2008. The leases are for five years with options to renew.

The Company pays commissions to its members for phone sales to customers. The amount of commissions paid to related parties during the years ended December 31, 2009 and 2008 was \$45,420 and \$51,872, respectively.

The Company pays fees to companies owned by its members for advertisement in telephone directories, television and on local billboards. The amount of advertising paid to related parties was \$54,522 and \$98,276 for the years ended December 31, 2009 and 2008, respectively.

Note 6. Operating Leases

The Company has entered into operating leases with its members and other customers to provide fiber optic transmission capacity and ancillary services. The terms of these leases are for 15 years. Total rental income earned from these operating lease commitments included in the statements of income was \$1,194,626 and \$1,612,227 for the years ended December 31, 2009 and 2008, respectively. Rental income earned from the Company's members from these leases was \$799,054 and \$780,931 for the years ended December 31, 2009 and 2008, respectively.

NOTES TO FINANCIAL STATEMENTS

Note 6. Operating Leases (Continued)

Investments in operating leases are as follows at December 31:

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

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

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

Note 7. Eligible Telecommunication Carrier

During 2005, the Company was granted Eligible Telecommunication Carrier (ETC) status by the Kentucky Public Service Commission. As an ETC, the Company receives funding from the federal Universal Service Fund (USF) to support the high cost of providing local telephone service in rural areas. USF payments amounted to \$7,045,378 and \$6,680,698 for 2009 and 2008, respectively.

Note 8. Derivative Financial Instruments, Interest Rate Swaps

The Company entered into two interest rate swap contracts with Fifth Third Bank for the purpose of converting floating-rate interest on its long-term debt to fixed rates. The interest rate swap effectively fixed \$10,200,000 at a rate of 7.46% until February 1, 2016 and fixed \$9,000,000 at a rate of 7.20% until September 1, 2013.

Under the swap contracts, the Company pays interest at 5.71% and 4.20% on the notional amounts and receives interest at LIBOR observed monthly (0.24% at December 31, 2009). The interest rate swaps qualify as, and are designated as, cash flow hedges. The swaps are designed to hedge the risk of change in interest payments on the notes caused by changes in LIBOR. The notional amounts do not represent actual amounts exchanged by the parties, but instead represent the amounts on which the contracts are based.

NOTES TO FINANCIAL STATEMENTS

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

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

The carrying amounts of the swaps are classified as noncurrent since management does not intend to terminate the swaps during 2010. Since the critical terms of the swaps and the notes are approximately the same, the swaps are assumed to be effective as hedges, and none of the changes in fair values are included in income. Accordingly, all of the adjustment of the swaps' carrying amount is reported as other comprehensive income or loss in the accompanying statements of members' equity. If the swaps are terminated early, the corresponding carrying amount would be reclassified into earnings. The Company does not hold or issue interest rate swaps or other financial instruments for trading purposes.



Jones, Nale & Mattingly PLC

**INDEPENDENT AUDITOR'S REPORT ON
THE SUPPLEMENTARY INFORMATION**

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

Our audit was made for the purpose of forming an opinion on the basic financial statements for the years ended December 31, 2009 and 2008, taken as a whole. The supplementary information shown on pages 15 and 16 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information for the years ended December 31, 2009 and 2008, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Jones, Nale & Mattingly PLC

Louisville, Kentucky
February 26, 2010

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

STATEMENTS OF INCOME DETAIL

| | Year Ended December 31, 2009 | | | | |
|-----------------------------------|------------------------------|------------------------|---------------------|---------------------|---------------------|
| | RSA #9 Appalachian | RSA #10 Mountaineer | Fiber Ring | PCS | Totals |
| REVENUE | | | | | |
| Retail | \$27,227,441 | \$ 17,352,651 | \$ -- | \$ 1,545,357 | \$46,125,449 |
| Roamer | 12,256,698 | 4,387,287 | -- | 133,804 | 16,777,789 |
| Long distance | 119,708 | 72,756 | -- | 3,290 | 195,754 |
| Paging | 240,506 | 247,994 | -- | -- | 488,500 |
| Equipment sales, cellular | 1,363,757 | 751,079 | -- | 84,125 | 2,198,961 |
| Equipment sales, paging | 63,723 | 27,219 | -- | -- | 93,942 |
| Other | 1,311,703 | 925,590 | 1,155,365 | 184,156 | 3,649,814 |
| Total revenue | <u>\$42,659,536</u> | <u>\$ 23,764,576</u> | <u>\$ 1,155,365</u> | <u>\$ 1,950,732</u> | <u>\$69,530,209</u> |
| EXPENSES | | | | | |
| Cost of cellular service | \$ 8,633,517 | \$ 5,825,794 | \$ -- | \$ 762,594 | \$15,223,905 |
| Cost of paging service | 163,498 | 178,553 | -- | -- | 339,051 |
| Cost of equipment sales, cellular | 7,853,184 | 4,947,332 | -- | 705,994 | 13,508,510 |
| Cost of equipment sales, paging | 3,517 | 21,106 | -- | -- | 57,023 |
| Customer service | 86,553 | 478,603 | -- | 23,490 | 1,364,596 |
| Billing | 1,027,351 | 589,188 | -- | 30,535 | 1,657,074 |
| Selling | 2,283,986 | 1,872,857 | -- | 26,370 | 4,188,213 |
| Maintenance | 1,531,903 | 830,286 | 56,424 | 175,050 | 2,595,663 |
| Utilities | 49,519 | 289,019 | 42,536 | 77,547 | 900,421 |
| Bad debts | 23,227 | 267,438 | -- | (26,311) | 473,634 |
| Cell site rental | 10,757 | 83,076 | -- | 58,360 | 244,023 |
| Taxes and licenses | 22,713 | 145,361 | 55,166 | 23,842 | 446,482 |
| Advertising | 2,527,103 | 1,056,900 | -- | 231,795 | 3,815,728 |
| General and administrative | 2,173,502 | 1,145,620 | 233,211 | 113,465 | 3,666,329 |
| Occupancy | 138,973 | 85,094 | 383,360 | 23,383 | 632,810 |
| Depreciation | 4,582,005 | 3,286,291 | 747,918 | 481,461 | 9,105,095 |
| Amortization | 238,905 | 438,924 | 32,032 | 73,325 | 830,546 |
| Total expenses | <u>\$33,188,003</u> | <u>\$ 21,541,442</u> | <u>\$ 1,550,647</u> | <u>\$ 2,771,171</u> | <u>\$59,053,103</u> |
| Income from operations | <u>\$ 9,491,533</u> | <u>\$ 2,223,134</u> | <u>\$ (395,282)</u> | <u>\$ (841,439)</u> | <u>\$10,472,106</u> |
| OTHER INCOME (EXPENSE) | | | | | |
| Interest income | \$ 17,504 | \$ 10,619 | \$ 2,334 | \$ 583 | \$ 31,040 |
| Interest expense | (903,773) | (498,651) | -- | (1,060) | (1,424,984) |
| Universal Service Fund income | 3,522,000 | 3,522,689 | -- | -- | 7,045,378 |
| | <u>\$ 2,616,731</u> | <u>\$ 3,034,657</u> | <u>\$ 2,334</u> | <u>\$ (477)</u> | <u>\$ 5,651,434</u> |
| Net income (loss) | <u>\$12,128,264</u> | <u>\$ 5,257,791</u> | <u>\$ (392,948)</u> | <u>\$ (841,916)</u> | <u>\$16,123,540</u> |

Year Ended December 31, 2008

| <u>RSA #9</u> <u>Appalachian</u> | <u>RSA #10</u> <u>Mountaineer</u> | <u>Fiber</u> <u>Ring</u> | <u>PCS</u> | <u>Totals</u> |
|-------------------------------------|--------------------------------------|-----------------------------|---------------------|---------------------|
| \$24,574,346 | \$15,406,704 | \$ -- | \$ 226,948 | \$40,207,998 |
| 9,424,434 | 3,125,657 | -- | 42,024 | 12,592,115 |
| 131,994 | 81,285 | -- | 1,017 | 214,296 |
| 259,547 | 307,130 | -- | -- | 566,677 |
| 1,492,348 | 689,288 | -- | 67,303 | 2,248,939 |
| 20,869 | 14,908 | -- | -- | 35,777 |
| <u>1,005,916</u> | <u>697,829</u> | <u>1,559,075</u> | <u>36,939</u> | <u>3,299,759</u> |
| <u>\$36,909,454</u> | <u>\$20,322,801</u> | <u>\$ 1,559,075</u> | <u>\$ 374,231</u> | <u>\$59,165,561</u> |
| | | | | |
| \$ 7,464,380 | \$ 5,305,238 | \$ -- | \$ 92,385 | \$12,861,903 |
| 148,346 | 184,040 | -- | -- | 332,386 |
| 6,730,198 | 4,590,695 | -- | 335,474 | 11,656,367 |
| 24,309 | 732,396 | -- | -- | 56,705 |
| 813,941 | 496,602 | -- | 2,490 | 1,313,033 |
| 873,600 | 595,623 | -- | 3,898 | 1,393,121 |
| 2,134,116 | 1,595,634 | -- | 1,455 | 3,731,205 |
| 1,035,157 | 697,495 | 39,468 | 66,820 | 1,838,940 |
| 391,910 | 254,462 | 43,330 | 21,744 | 711,446 |
| 491,883 | 702,032 | -- | 8,243 | 1,202,158 |
| 117,969 | 81,421 | -- | 15,230 | 214,620 |
| 576,748 | 250,317 | 121,722 | 16,540 | 965,327 |
| 2,084,232 | 771,388 | -- | 112,770 | 2,968,190 |
| 1,802,346 | 1,056,315 | 226,927 | 20,792 | 3,106,380 |
| 102,054 | 80,815 | 208,497 | 12,434 | 403,800 |
| 3,939,105 | 2,701,653 | 725,234 | 147,724 | 7,813,016 |
| <u>226,578</u> | <u>15,142</u> | <u>22,551</u> | <u>29,113</u> | <u>93,384</u> |
| <u>\$28,956,872</u> | <u>\$19,112,668</u> | <u>\$ 1,387,729</u> | <u>\$ 885,112</u> | <u>\$50,419,811</u> |
| | | | | |
| <u>\$ 7,952,582</u> | <u>\$ 1,153</u> | <u>\$ 171,346</u> | <u>\$ (511,891)</u> | <u>\$ 8,613,238</u> |
| | | | | |
| \$ 21,154 | \$ 31,375 | \$ 3,331 | \$ 1,113 | \$ 56,023 |
| (783,129) | (15,419) | -- | (3,117) | (801,665) |
| <u>3,340,349</u> | <u>3,000,349</u> | <u>--</u> | <u>--</u> | <u>640,698</u> |
| <u>\$ 2,578,374</u> | <u>\$ 2,984,930</u> | <u>\$ 3,331</u> | <u>\$ (3,004)</u> | <u>\$ 573,731</u> |
| | | | | |
| <u>\$10,530,956</u> | <u>\$ 3,178,838</u> | <u>\$ 174,677</u> | <u>\$ (515,005)</u> | <u>\$13,179,466</u> |

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

STATEMENTS OF INCOME DETAIL (Continued)

| | Year Ended December 31, 2009 | | | | |
|--------------------------------------|------------------------------|------------------------|---------------|-------------------|---------------------|
| | RSA #1 Appalachian | RSA #10 Mountaineer | Fiber Ring | PCS | Totals |
| COST OF CELLULAR SERVICE | | | | | |
| Roamer pass through charges | \$ 5,678,216 | \$ 4,262,977 | \$ -- | \$ 705,222 | \$10,646,415 |
| SCB interconnection | 386,915 | 225,033 | -- | 8,736 | 620,684 |
| Local charges | 2,483,054 | 1,394,735 | -- | 76,935 | 3,954,724 |
| Harold interconnection | 147,008 | -- | -- | -- | 147,008 |
| Wheelwright interconnection | 42,154 | -- | -- | -- | 42,154 |
| GTE interconnection | 82,127 | 80,758 | -- | 6,213 | 169,298 |
| West Liberty interconnection | 121,125 | -- | -- | -- | 120,855 |
| Chapman interconnection | 100,123 | -- | -- | -- | 100,023 |
| Salyersville interconnection | 210,122 | -- | -- | -- | 280,492 |
| Bluefield interconnection | -- | -- | -- | -- | -- |
| Roanoke interconnection | 9,504 | -- | -- | -- | 9,504 |
| Interconnect revenue | (804,128) | (509,320) | -- | (36,485) | (1,350,203) |
| Fiber ring interconnection | 91,124 | 113,896 | -- | 1,973 | 207,753 |
| TGTC interconnection and DS3 charges | -- | 160,480 | -- | -- | 160,480 |
| PRTC interconnection | -- | 97,235 | -- | -- | 97,235 |
| West Virginia interconnection | 17,123 | -- | -- | -- | 17,483 |
| | <u>\$ 8,225,117</u> | <u>\$ 5,825,794</u> | <u>\$ --</u> | <u>\$ 762,594</u> | <u>\$15,223,905</u> |
| COST OF PAGING SERVICE | | | | | |
| Paging maintenance | \$ 6,190 | \$ 3,698 | \$ -- | \$ -- | \$ 10,398 |
| Salaries and benefits | 31,104 | 48,441 | -- | -- | 80,735 |
| Tower rent | 60,121 | 51,413 | -- | -- | 92,254 |
| Telephone expense | -- | 329 | -- | -- | 329 |
| Expanded coverage costs | -- | 1,596 | -- | -- | 1,596 |
| Interconnection charges | 35,210 | 29,613 | -- | -- | 64,893 |
| Office and billing expense | 62,125 | 30,372 | -- | -- | 73,307 |
| Other | 7,118 | 13,091 | -- | -- | 15,539 |
| | <u>\$ 169,128</u> | <u>\$ 178,553</u> | <u>\$ --</u> | <u>\$ --</u> | <u>\$ 339,051</u> |

Year Ended December 31, 2008

| <u>RSA #9</u> <u>Appalachian</u> | <u>RSA #10</u> <u>Mountaineer</u> | <u>Fiber</u> <u>Ring</u> | <u>PCS</u> | <u>Totals</u> |
|-------------------------------------|--------------------------------------|-----------------------------|------------------|---------------------|
| \$ 4,949,474 | \$ 3,595,547 | \$ -- | \$ 77,604 | \$ 8,622,625 |
| 237,395 | 144,905 | -- | 532 | 382,832 |
| 2,401,115 | 1,387,166 | -- | 18,826 | 3,807,107 |
| 134,062 | -- | -- | -- | 134,062 |
| 37,412 | -- | -- | -- | 37,412 |
| 62,621 | 63,402 | -- | -- | 126,023 |
| 46,578 | -- | -- | -- | 46,578 |
| 67,775 | 21,616 | -- | 161 | 89,552 |
| 154,146 | 82,148 | -- | 613 | 236,952 |
| 300 | -- | -- | -- | 300 |
| 13,626 | -- | -- | -- | 13,626 |
| (715,726) | (453,368) | -- | (5,653) | (1,174,747) |
| 75,602 | 121,000 | -- | 157 | 196,759 |
| -- | 171,590 | -- | -- | 171,590 |
| -- | 171,232 | -- | -- | 171,232 |
| -- | -- | -- | -- | -- |
| <u>\$ 7,464,380</u> | <u>\$ 5,305,238</u> | <u>\$ --</u> | <u>\$ 91,265</u> | <u>\$12,861,903</u> |

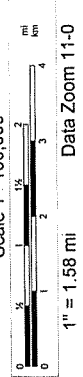
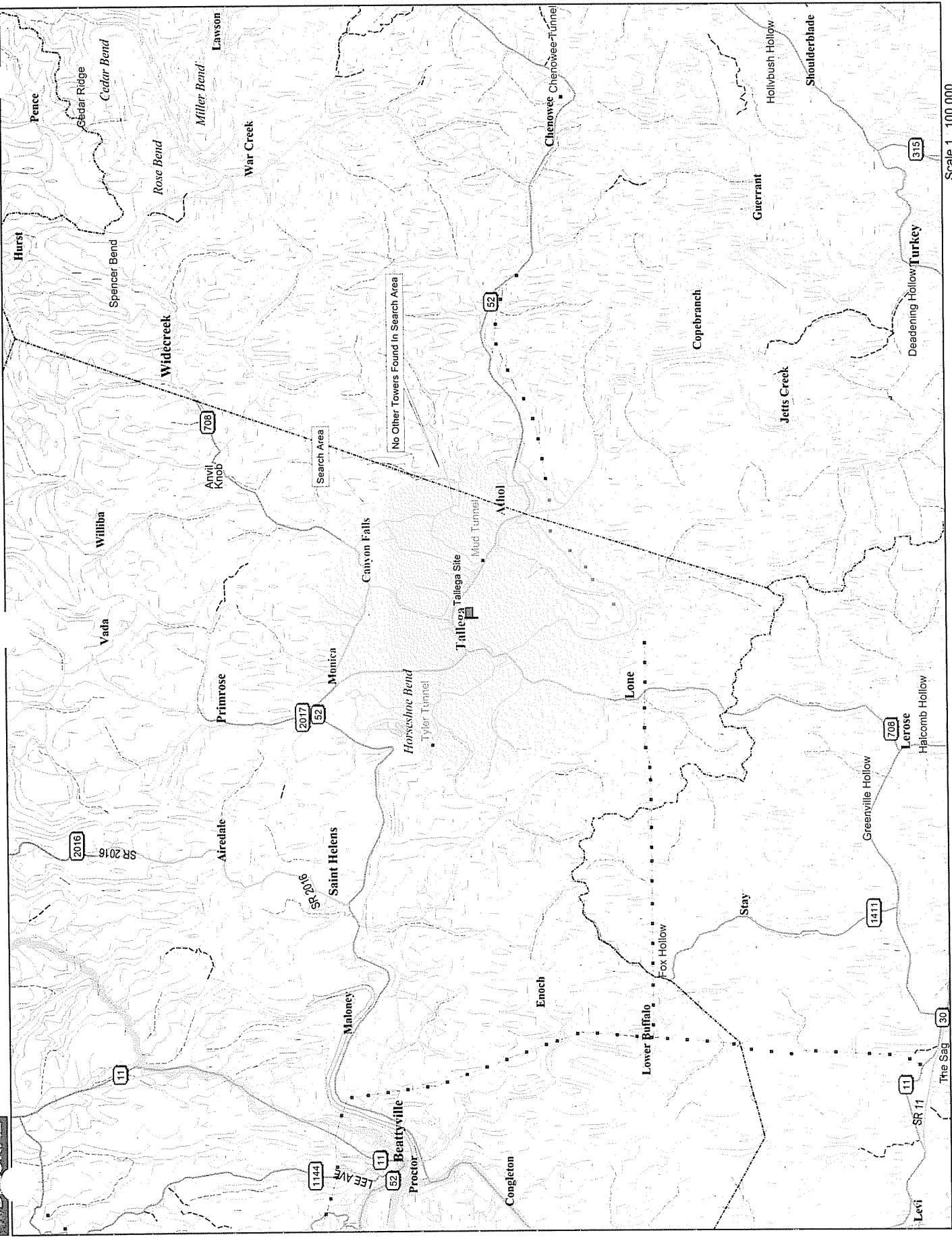
| | | | | |
|-------------------|-------------------|--------------|--------------|-------------------|
| \$ 256 | \$ 384 | \$ -- | \$ -- | \$ 640 |
| 30,752 | 46,129 | -- | -- | 76,881 |
| 45,095 | 75,005 | -- | -- | 120,100 |
| -- | 131 | -- | -- | 131 |
| -- | 998 | -- | -- | 998 |
| 33,211 | 28,094 | -- | -- | 61,305 |
| 38,462 | 22,945 | -- | -- | 61,407 |
| 570 | 10,354 | -- | -- | 10,924 |
| <u>\$ 148,346</u> | <u>\$ 184,040</u> | <u>\$ --</u> | <u>\$ --</u> | <u>\$ 332,386</u> |

Directions to Tallega Site

Starting from the courthouse in Lee County Ky. Take Hwy 52 East 10.2 miles to the Jct. of Hwy 52 and 708. Turn right onto Hwy. 708 and continue for .2 miles to gravel road on left. Turn onto gravel road and continue past the first gate (open at most all times) and go on to second gate. The proposed road is marked with Blue and white ribbons from that point to the site. Road is not constructed due to the NEPA report not being completed at this time.

Directions were written by:

Marty Thacker
Appalachian Wireless
606-634-9505 Cell Phone
606-785-2203 Office
m.thacker@tgtel.com email



LEASE AGREEMENT

THIS LEASE AGREEMENT is made and entered into on the 28 day of January, 2010, by and between **Lawrence Elbert McIntosh and Joyce McIntosh**, his wife, of 6600 Rainer Blvd., Knoxville, Tennessee 37918, LESSORS, and **East Kentucky Network, LLC, d/b/a Appalachian Wireless**, of 101 Technology Trail, Ivel, Kentucky 41642, LESSEE:

WITNESSETH:

That for and in consideration of the rents and other considerations hereinafter set out and subject to the terms and conditions therefore, Lessor do hereby lease, let and demise unto Lessee, its successors and assigns, to have and to hold for the term hereinafter set out and subject to the Lessee's right to surrender or terminate this Lease and provided hereinafter, the following described premises ("Leased Premises"), which term shall include all real property, rights and privileges herein granted:

BEING a part of the same property conveyed to Lessor by Deed of Conveyance, recorded in Deed Book 115, Page 385, Lee County Clerk's Office.

BEING the same property described by metes and bounds in the description attached hereto and made a part hereof as Exhibit "A", and as shown on the plat dated 1st day of December, 2009, prepared by James W. Caudill, Licensed Professional Land Surveyor, and attached hereto and made a part hereof as Exhibit "B."

The Lessor grants unto Lessee full and complete right of ingress, egress and regress over roads located upon this property controlled by Lessor to and from the Leased Premises, and the non-exclusive right to use any existing road located on this property. In the event the Lessee desires to relocate all or any portion of an existing roadway or to

construct another access road to the Leased Premises, the location of such roadway shall be mutually agreed upon by Lessor and Lessee. Lessor further grants to the Lessee a right of way and easement to construct and maintain and operate telephone and power transmission lines over Lessor's remaining property to the Leased Premises for service of the tower and related facilities only, said lines to be located where feasible along the access road to the Leased Premises, with Lessor having input as to location of said power transmission lines in the event Lessee changes the location of its access road. Lessee shall have the right to trim or remove trees, limbs or underbrush which interferes with its access road or power/telephone lines wherever such road and lines are located or may damage tower if they fall. Lessee shall help maintain the existing road with gravel and needed repairs.

This Lease is made on the following terms and conditions:

1. **TERM OF LEASE.** The term of this lease shall be for a period of five (5) years from the date of this Lease Agreement with the option to renew at the end of said term of an additional seven (7) five (5) year terms, by giving written notice to the Lessee at least sixty (60) days prior to expiration of said Term.

2. **CANCELLATION.** Lessee shall have the right to terminate this Lease and abandon the Premises at any time under its sole discretion, upon six (6) month written notice to Lessor' of its intention to do so. In the event that Leased Premises fail the process for approval as an acceptable cellular tower site by the Federal Communications Commission or any tests or requirements as required for such approval (the "FCC Process") or approval by the Public Service Commission of Kentucky (the "PSC"), then in

its sole discretion Lessor^{ee} may terminate this Lease Agreement upon thirty (30) days written notice to Lessor of such intention. In the event of termination by Lessee, the Lessor shall have no obligation to refund all or any portion of the annual Leasehold rental payment that has been paid through the date of termination. Upon termination of this Lease, Lessee shall have one hundred eight (180) days thereafter to remove all structures it has erected upon the Leased Premises, and to reclaim the premises. Payment shall continue until said structures are removed.

3. **RENTAL.** As rental for the Leased Premises, Lessee shall pay Lessor as follows: \$350.00 per month for the first five (5) year term. After the first five (5) year term each additional five (5) year term will have an increase of 10% per five year term.

4. **USE OF PREMISES.** Lessee shall have the exclusive rights and privileges of the use of the Leased Premises for the purpose of constructing buildings, towers, 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 Lessee to receive and transmit any and all electronic signals in the rural service area now or hereafter to be served by the facility. The parties hereto recognize that technology in the communications field is advancing at a rapid rate and that this site may be used for any other purpose now in the development stage or which may later be developed in the communications industry to carry out the objectives of Lessee, that being to transmit and receive signals and communications by wire, fiber optics, radio and satellite. Lessee shall not use the Leased Premises for purposes other than maintenance or use as a site for communications by the use of methods now or hereafter known.

Lessee shall have the right to relocate the road to the site at Lessee's expense, at a mutually agreed upon route, so as long as Lessor has the right to use the new road, which use by Lessor shall not interfere with Lessee's use thereof or pose a threat to the security of Lessee's operations or the Leased Premises.

Lessee agrees to maintain the Leased Premises in a neat and orderly manner.

5. **INDEMNITY.** Lessee agrees to indemnify and save harmless the Lessor from any liability by virtue of Lessee's activities upon the Leased Premises or in the exercise of any rights and privileges granted herein, specifically including but not limited to any claim, loss, fine, penalty and costs (including reasonable attorney's fees) arising out of any violation of any environmental laws or regulations. This provision shall survive the termination of the lease. Lessee shall maintain and keep in full force and effect public liability and property damage insurance in an amount of at least One Million Dollars (\$1,000,000.00). Lessor shall not be held liable for personal injury or property damage on the Leased Premises whether or not associated with Lessee.

6. **TAXES.** Lessee shall pay all personal property taxes assessed on or any portion of such taxes attributable to the equipment used by Lessee on the Premises. Lessor shall pay when due all real property taxes and all other fees and assessments attributable to the Premises. Lessee shall reimburse the Lessor as additional compensation for any increase in real estate taxes levied against the Lessor (or its successors or assigns) which are attributable to or arise as a result of the improvements constructed by the Lessee, its successors or assigns.

7. **MISCELLANEOUS PROVISIONS.** All notices, demands, or other writings in

this Lease Agreement provided to be given, made or sent, or which may be given or made or sent, to either party hereto to the other, shall be deemed to have been fully given or made or sent when made in writing and deposited in the United States Mail, certified and postage prepaid, to Lessor and Lessee at the addresses stated in the caption of this Lease Agreement. Such addresses may be changed by written notice given by such party as above provided.

8. **SUCCESSORS AND ASSIGNS.** This Lease Agreement shall be binding upon the parties hereto, their heirs, executors, administrators and assigns.

WITNESS OUR HANDS, the day and year aforesaid.

LESSORS:

Lawrence Elbert McIntosh

Lawrence Elbert McIntosh

Joyce McIntosh

Joyce McIntosh

LESSEE:

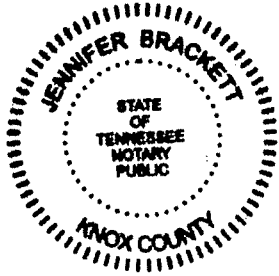
EAST KENTUCKY NETWORK, LLC
d/b/a APPALACHIAN WIRELESS

BY: Quell F. Rolanette

ITS: GENERAL MANAGER

STATE OF TN
COUNTY OF Knox

The foregoing Lease Agreement was this 28th day of Jan, 2010,
produced and acknowledged before me by **Lawrence Elbert McIntosh and Joyce
McIntosh, his wife**, Lessor.



Jennifer Brackett
NOTARY PUBLIC
COMMISSION EXPIRES: 03/03/2013

STATE OF KENTUCKY
COUNTY OF Floyd

The foregoing Lease Agreement was this 2nd day of February, 2010,
produced and acknowledged before me by **East Kentucky Network, LLC, dba
Appalachian Wireless** by Gerald F Robinette, its General Manager Lessee.

Dennis Shepherd
NOTARY PUBLIC
COMMISSION EXPIRES: oct:22, 2013

This is to certify that this
instrument was prepared by:
William S. Kendrick
WILLIAM S. KENDRICK, ATTORNEY
FRANCIS, KENDRICK & FRANCIS
P.O. Box 268
Prestonsburg, Kentucky 41653
606/886-2812

**DEED DESCRIPTION
FOR SUBDIVISION OF**
Property of
Lawrence Elbert McIntosh
Route 6, Clinton, Tennessee
Located near Tallega, in Lee County KY

December 1, 2009

A portion of the property lying on Middle Fork of the Kentucky River in Lee County Kentucky, near the community of Tallega. Being a portion of the property conveyed by deed from Raymond McIntosh to Lawrence Elbert McIntosh, and recorded in Deed Book 115 Page 385 of the Lee County Court House.

Unless stated otherwise, any monument referred to herein as "set iron pin with cap" is a set 1/2" diameter rebar, at least eighteen (18") in length, with a plastic cap stamped "LS-2259". All bearings stated herein are referred to the NAD83 KY South State Plane north. This survey preformed by James W. Caudill, LS2259, on December 1, 2009.

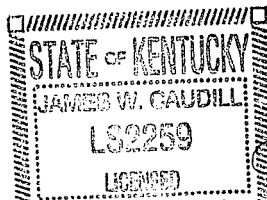
Lot A1

Beginning on a found 35" oak with wire fence on the ridge, being a corner on the property line between the land of William Palmer, Jr., Nikki Stafford, & Kari Terando (deed book 182, page 165) and the land of Lawrence Elbert McIntosh (book 115, page 385); thence running with the ridge, wire fence, and the line between McIntosh and Palmer, Stafford & Terando South 13 deg 28 min 58 sec West, 39.44 feet to a set iron pin with cap marked LS2259 on ridge line at old stump, South 45 deg 00 min 29 sec East, 80.41 feet to a set iron pin with cap marked LS2259 on ridge at old wire fence; thence leaving the dividing line and ridge and fence and running over and around the hillside South 66 deg 39 min 26 sec West, 81.40 feet to a set iron pin with cap marked LS2259 on hillside, North 78 deg 37 min 43 sec West, 106.58 feet to a set iron pin with cap marked LS2259 on spur point near old wire fence; then continuing around the north side of the point North 10 deg 23 min 20 sec East, 103.82 feet to a set iron pin with cap marked LS2259 on hillside, North 31 deg 17 min 26 sec East, 118.83 feet to a set iron pin with cap marked LS2259 on the ridge at old wire fence being a point on the property line between the land of William Palmer, Jr., Nikki Stafford, & Kari Terando (deed book 182, page 165) and the land of Lawrence Elbert McIntosh (book 115, page 385); thence running with the ridge, wire fence, and the line between McIntosh and Palmer, Stafford & Terando South 27 deg 44 min 15 sec East, 109.84 feet to the beginning.

Containing a calculated area of 21235 sq ft or 0.49 acres.

This according to a survey by James W. Caudill, PLS #2259, on December 1, 2009.

Exhibit "A"



James W. Caudill
James W. Caudill, PLS #2259

STATE OF KENTUCKY
COUNTY OF LEE

Clerk's Certificate of
Lodgment and Record

I, Russell Stampen, Clerk of the County for the County and State
aforesaid, certify that the foregoing Lease Agreement was on the 3rd day of
Feb, 2010 lodged for record, whereupon the same, with the foregoing and
this certificate have been duly recorded in my office.

*Lease Book 28 Page 595
11:10am*

WITNESS my hand, this 3 day of Feb, 2010.

Russell Stampen Clerk

By Nancy [Signature] D.C.