



**Broadband Infrastructure Application
Submission to RUS (BIP) and NTIA (BTOP)**

| | |
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| Submitted Date: 8/20/2009 4:01:36 PM | Easygrants ID: 3125 |
| Funding Opportunity: Broadband Initiatives Program and Broadband Technology Opportunities Program | Applicant Organization: PRIDE Network, Inc. |
| Task: Submit Application - Infrastructure Programs | Applicant Name: Mr. Tony Lee Esq. |

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A. General Application Information

| 1. Applicant Information | |
|---|---------------------|
| 1-A. Name, Address, and Federal ID for Applicant | |
| i. Legal Name: | PRIDE Network, Inc. |
| ii. Employer/Taxpayer Identification Number (EIN/TIN): | 264635609 |
| Street 1: | 5307 W. Loop 289 |
| Street 2: | |
| City: | Lubbock |
| County: | Lubbock |
| State: | TX |
| Country | United States |
| Zip/Postal Code: | 79414 |

| 1-B. Name and Contact Information of Person to be Contacted on Matters Involving this Application: | |
|--|-------------------|
| Prefix: | Mr. |
| First Name: | Tony |
| Middle Name: | |
| Last Name: | Lee |
| Suffix: | Esq. |
| Telephone Number: | 202-344-8065 |
| Fax Number: | 202-344-8300 |
| Email: | tslee@venable.com |
| Title: | Partner |



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| 1-C. Other Required Identification Numbers | |
|---|---|
| i. Organizational DUNS: | 830606260 |
| ii. CCR # (CAGE): | 5GW34 |
| iii. Funding Opportunity Number: | 1 |
| iv. Catalog of Federal Domestic Assistance Number: | BTOP CFDA Number: 11.557 BIP CFDA Number: 10.787 BTOP CFDA Title: Broadband Technology Opportunities Program BIP CFDA Title: Broadband Initiatives Program |

1-D Eligible Entities

Please classify your organization. (Note: If there are multiple organizations involved in the project, designate the lead applicant that would enter into a Loan or Grant agreement with the Agency and assume operational and financial responsibility should an award be made). **For-Profit Corporation**

1-E. RUS Borrower Status

No

1-F. Applicant Federal Debt Delinquency Explanation

Is the Applicant Delinquent On Any Federal Debt? **No**
Federal debt delinquency Explanation:

2. Project Description & Project Title

2-A. Project Title: Burkburnett & Iowa Park, TX

2-B. Project Description: PRIDE Network proposes to construct a FTTP telecommunications infrastructure, with a WiMAX service-extension overlay, that will bring advanced broadband services to rural communities of Burkburnett and Iowa Park, TX. The network will initially offer synchronous data speeds of 1 to 100 Mbps with the ability to increase to even higher speeds to ensure the greatest broadband benefits possible.



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3. Application ID for Multiple Submissions for Identified Service Areas:

4. Rural Area Determination

At least 75 percent of the proposed service area to be funded falls within rural areas that are unserved or underserved.

Yes

5. Applications for Rural Areas: Please choose the funding program(s) to which you are submitting this application.

- a) BIP broadband infrastructure category to which you are applying:
BIP - Last Mile Non-Remote Area
- b) Would you like this Application for Rural Areas to also be considered for BTOP funding?
No (Implies Single Filing with BIP)
- c) BTOP Infrastructure category for which you are applying.

6. Applications for All Other Areas: Per the NOFA, all applications to fund broadband infrastructure projects in areas that are less than 75% rural must be submitted to NTIA for consideration under BTOP.

BTOP broadband infrastructure category to which you are applying:

B. Eligibility Factors

7. Application Submission

BIP and BTOP Factors Selected By Applicant:

Applicant has submitted a completed application and provided all supporting documentation required for the application.

The Project will be substantially complete within 2nd year from the award date, and the project will be fully



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| |
|---|
| complete by the end of the 3rd year from the award date. |
| For projects seeking more than \$1 million funding, the Applicant agrees to submit a certification, from a Professional Engineer, that attests that a) the system will deliver the stated performance; and b) the projected project will be substantially completed within two years, and fully completed within three years. |
| The Applicant provides two-way data transmission with advertised speeds of at least 768 kbps downstream and 200 kbps upstream. |
| Applicant understands and agrees to comply with the nondiscrimination and interconnection obligations outlined in the NOFA. |
| If applying for a last mile Broadband Infrastructure project, applicant understands and agrees to comply with the last mile coverage obligations as outlined in the NOFA. |

| |
|--|
| Additional Factors for BIP Selected By Applicant |
| At least 75 percent of the proposed funded service area qualifies as unserved and underserved rural areas in accordance with the NOFA. |
| Applicant understands and agrees that the project will be fully funded in accordance with the requirements of the NOFA. |
| Applicant understands and agrees that only projects that RUS determines to be financially feasible and/or economically sustainable will be eligible under this NOFA. |



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Additional BTOP Factors Selected By Applicant

- **Conformity with Statutory Purposes**
- **Cost Sharing/Matching**
- **Reasonableness of Project Budget**

- **Demonstration the Project Could not be Implemented But For Federal Grant Assistance**
Applicant is providing matching funds of at least 20 percent towards the total eligible project costs?
No

7-k. Cost Sharing/Matching Fund Explanation

C. Executive Summary

Executive Summary of Project for BIP and BTOP:

8. Infrastructure Projects Executive Summary EXECUTIVE SUMMARY

By this application, PRIDE Network, Inc. ("PRIDE Net") requests the Federal assistance needed to build a (b) (4)

NTS Communications, Inc. ("NTS") proposes, through its recently formed subsidiary, PRIDE Net, to construct and operate the Burkburnett/Iowa Park Project fiber optic cable and broadband wireless network in North Texas.

The topics required to be addressed in the Executive Summary by the Application Form are discussed in detail below.



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a) Opportunity the proposed system seeks to address.
The communities proposed, that will be served by PRIDE Net currently have broadband service, however such service is not affordable to most of the people that reside in those communities, including those that have lost their jobs during the current financial crisis and need the advantages that Advanced Broadband services can provide in finding a job. Where broadband service is available, PRIDE Net will offer a competitive choice that will be far more affordable.

b) A general description of the proposed funded service areas (location, number of communities, etc.).
The Burkburnett/Iowa Park network will make affordable Advanced Broadband services available to the following communities in Texas: Burkburnett and Iowa Park.

c) Number of households and businesses passed.
Households passed: (b) (4) Businesses passed: (b)

d) Number of community anchor institutions, public safety entities, and critical community organizations passed and/or involved with project (e.g., health care, education, libraries, etc.).

(b) (4)
[Redacted text block]

e) Proposed services and applications for the proposed funded service areas and users.

(b) (4)
[Redacted text block]
These benefits include:



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(b) (4)
[Redacted text block]

f) Approach to addressing the non-discrimination and interconnection obligations.

(b) (4)
[Redacted text block]

g) Type of broadband system that will be deployed (network type and technology standard).

(b) (4)
[Redacted text block]



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h) Qualifications of the applicant that demonstrate the ability to implement and operate a broadband infrastructure, and/or be a sustainable broadband services provider.

(b) (4)

[Redacted content]

i) Overall infrastructure cost of the broadband system.
Full details regarding the cost of the entire project is set forth in the responses to Questions 44 and 45 of this application. The overall infrastructure cost of the proposed system is \$ 18,268,099

j) Overall expected subscriber projections for the project.
Overall expected subscriber projections for the PRIDE network project are (b) (4).

k) Number of jobs estimated to be created or saved as a result of this project.
PRIDE Net estimates the creation of 400 jobs to construct and operate the PRIDE network. In addition, by accelerating affordable Advanced Broadband deployment to communities without access to such state of the art technology today, the PRIDE network will attract new businesses to these communities, which will generate economic activity and create approximately an additional 376 jobs.



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Description of BTOP Project Purpose (BTOP Applicants Only Next Three Questions)

9. BTOP Statutory Purpose:

10. Description of BTOP Project Purpose:

11. BTOP Enhanced Services for Health Care Delivery, Education, and Children:

D. Proposed Funded Service Area

12. Proposed Funded Service Area Maps:

12-A. Service Area Map (Reference Number): **B1B7-3815-405E-BC73**

12-B. Is the applicant is seeking a waiver for providing less than 100% coverage of a census block. **No**

13. Proposed Funded Service Area (BIP - Last Mile Projects):

Please refer to section M at the end of document.

14. Proposed Funded Service Area (BTOP - Middle Mile Project):

Please refer to section M at the end of document.

15. Non-Funded Service Area(BIP Only):

No areas of Applicant’s service area will not be funded by BIP or BTOP.

16. Coverage Waiver:

Applicant is seeking a waiver for providing less than 100% coverage of a census block.

No

For Response of “Yes” please refer to upload section for additional supporting documentation.

17. Methodology for Area Status:

Rural Area Definition

PRIDE Net has performed an analysis of the one proposed BIP funded Service Area within the state of Texas that is included in this ARRA funding application for a Last Mile Non-Remote



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(b) (4)





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As a result, the combined data from the US Census “Current Population Study” and the market surveys performed by PRIDE Net gives evidence that the proposed Last Mile Service Area can be defined as Underserved. This more than meets the ARRA requirement that a Last Mile Non-Remote project service area must be able to be defined as at least 75% Unserved or Underserved and confirms that the PRIDE Net proposed Last Mile Service Area is eligible for BIP funding.

18. Middle Mile Benefits

E. Proposed Service Offering

19. Broadband Service Offerings for Last Mile Project:

Please refer to upload section at the end of the document.

20. Service Offerings for Middle Mile Project:

Please refer to upload section at the end of the document.

Competing Service Providers

21. Existing Broadband Service Providers and Services Offered:

Please refer to upload section at the end of the document.

Non-Discrimination, Interconnection

22. Description of Network Openness:

PRIDE Net, Inc. was conceived from inception as an open-access, quasi public-private partnership, led by NTS Communications, Inc. The Burkburnett/Iowa Park Project will fully comply with the non-discrimination and network interconnection obligations that are contractual conditions of grants awarded under the funding program, and PRIDE Net has adopted non-discrimination and interconnection policies, and it will install open-access capable equipment to ensure that other entities, including competing carrier, can access and interconnect with the network. By providing an open infrastructure, PRIDE Net will optimize



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the economic and social benefits that will be derived from the Burkburnett/Iowa Park Project and thereby maximize the return on Federal funds used in its construction. Network access will be allowed at any reasonable network interconnection point at cost.

PRIDE Net has adopted an interconnection and open access policy that is consistent with the NOFA's non-discrimination and network interconnection obligations. The policy sets forth the standards and principles that PRIDE Net will follow in the operation of its broadband network to ensure that its network is accessible on a reasonable and non-discriminatory basis. Specifically, it is PRIDE Net's policy that:

- End Users will be entitled to access the lawful Internet content of their choice;
- End Users will be entitled to run applications and use services of their choice accessed through the Internet, subject to the needs of law enforcement;
- End Users will be entitled to connect their choice of legal devices that do not harm the network; and
- End Users are entitled to competition among network providers, application and service providers, and content providers.

(b) (4)





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Non-Discrimination and Interconnection (BTOP applicants only for next three questions)

23. Non-Discrimination Obligations (applicable to Last Mile and Middle Mile Applicants):

24. Interconnection Obligations (applicable to Last Mile Applicants):

25. Interconnection Obligations Middle Mile Applicants:

Cost Effectiveness and Affordability

26. Cost per Household (BTOP only):

27. Affordability

(b) (4)

[Redacted content]



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The above pricing example is magnified when considering that PRIDE Net will, due to the underserved nature of the proposed markets in the network footprint, be offering urban pricing in rural markets. These markets have had limited, if any, real choice for quality broadband service in the past, and the cost of providing service in rural areas is generally much higher than that in urban areas due to low subscriber densities. Thus, PRIDE Net is confident that its pricing methodology will prove affordable to the potential customers it seeks to serve.

F. Technology Strategy

28. Technology Type:

| |
|-------------------------------|
| Wireline - Fiber-optic Cable |
| Wireless - Terrestrial Fixed |
| Wireless - Terrestrial Mobile |

Other:

29. System Design

- a. Detailed Description of the Existing System
Pride Network, Inc. does not have an existing system or network.
- b. Detailed Description of the Proposed System
 - i. All service areas of the applicant whether funded or non-funded.

(b) (4)
[Redacted text block]



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band.

30. Network Diagram:

Please refer to upload section at the end of document.

31. Certification by Professional Engineer:

Please refer to upload section at the end of document.

32. Buy American Waiver Request:

Is the applicant seeking an individual waiver of the Buy American provision? **No**

Buy American Waiver Request – Legal Justification

33. Choice of Service Provider:

Does the project’s Infrastructure and the Company’s business plan allow more than one provider to serve end users in the proposed funded service area?

Yes

G. Project Milestones and Completion Factors

Timeline & Milestones

34. Infrastructure Build-out Timeline:

Please refer to upload section at the end of the document.

35. Licenses, Regulatory Approvals and Agreements:

The proposed project will require the following licenses and regulatory approvals:

Federal License or Approval Required:



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FCC License – Need 3650-3700 MHz band Wireless Broadband Service (WiMAX) license from the FCC. Application has been filed with the FCC for a nationwide non-exclusive WiMAX license, and that application is currently being processed by the FCC.

Environmental Assessments – Environmental Assessments (“EAs”) may need to be filed with the FCC for approval for tower sites for compliance with the National Environmental Policy Act and the National Historic Preservation Act. Whether EAs need to be required to depend on where the WiMAX stations and antennas will ultimately be located. Consultant is ready to prepare the appropriate EA report (including all necessary filings and notifications required to be submitted to state officials and Native American tribes) for submission to the FCC should the funding application be approved; FCC counsel is ready to assist in filing of the EA applications should the funding application be approved.

State Licenses or Approvals Required:

Environmental Impact – State Historic Preservation Officer (“SHPO”) consultation is required regarding the potential impact on historical sites. Consultant is ready to prepare the appropriate consultation notices to the Texas SHPO should the funding application be approved.

Local Construction Permits: Local construction permits will be required on an as-needed basis in order to construct the system. PRIDE Net is ready to file for the appropriate construction permits should the funding application be approved.

Utility Pole Attachment Agreement: Agreements with utility pole owners are required before attachments can be made to existing poles. PRIDE Net is ready to complete agreements should the funding application be approved.

Service Provider Certificate of Operating Authority (SPCOA): This is a license issued by the Texas Public Utility Commission to provide facilities-based telecommunications service in Texas. Application for SPCOA has been filed with the Texas Public Utilities Commission (TPUC) and is currently pending.

Statewide Video Franchise Authority: A statewide video franchise is needed in order to



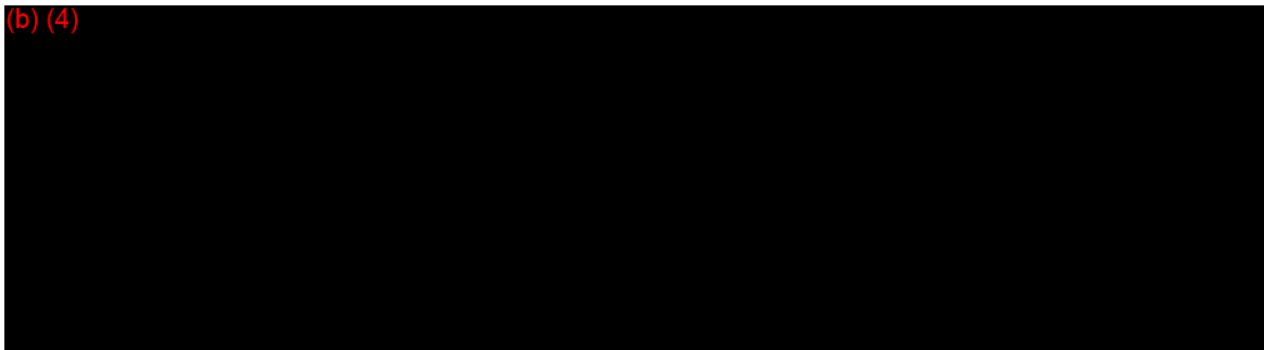
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provide video service in Texas. Statewide Video Franchise Authority will be filed with the TPUC upon funding approval and the TPUC must, by law, grant said approval within 10 days.

36. Construction and Vendor Contracts

(b) (4)



Qualification of Management Team and Organizational Readiness

37. Management Team Resumes:

Please refer to upload section at the end of the document.

38. Organizational Readiness:

PRIDE Network, Inc. "Pride Net" was established as a wholly-owned subsidiary of NTS Communications, Inc. ("NTS") to pursue the project described in the application. Pride Net

(b) (4)





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Pride Net services as soon as services can be provisioned.

Back-Office Systems

(b) (4)



Network Control Center

(b) (4)



Customer Care

(b) (4)



(b) (4)



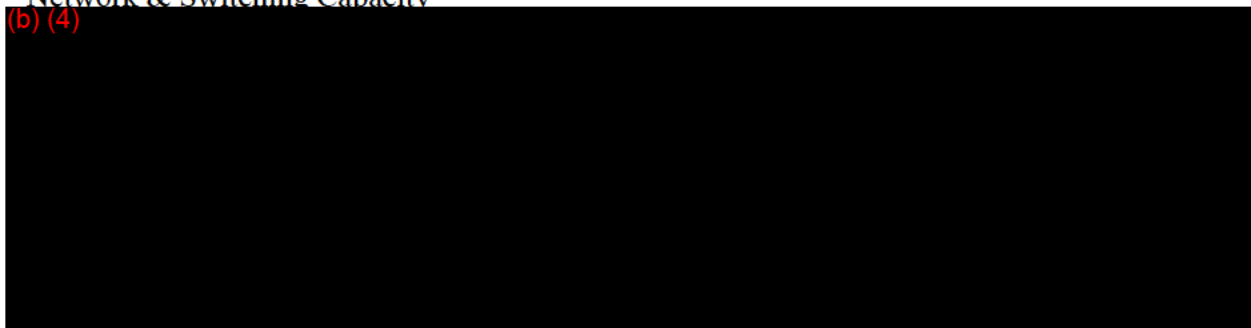


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Network & Switching Capacity

(b) (4)



Other

39. Organizational Chart:

Please refer to upload section at the end of document.

40. Legal Opinion:

Please refer to upload section at the end of document

41. Government and other Key Partnerships:

(b) (4)





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public entities and functions identified in the ARRA.

42. Recovery Act and Other Governmental Collaboration.

(b) (4)



Community Involvement (BTOP Applicants Only)

43. Partnering with Disadvantaged Businesses



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H. Project Budget

44. General Overall Budget



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| Budget | Loan Request | Grant Request | Equity | Debt | Bond | Other |
|---|--------------|---------------|--------|------|------|-------|
| Network & Access Equipment (switching, routing, transport, access) | (b) | (4) | | | | |
| | (b) | (4) | | | | |
| Outside Plant (cables, conduits, ducts, poles, towers, repeaters, etc.) | (b) | (4) | | | | |
| | (b) | (4) | | | | |
| Buildings and Land – (new construction, improvements, renovations, lease) | (b) | (4) | | | | |
| | (b) | (4) | | | | |
| Customer Premise Equipment (modems, set-top boxes, inside wiring, etc.) | (b) | (4) | | | | |
| | (b) | (4) | | | | |
| Billing and Operational Support Systems (IT systems, software, etc.) | (b) | (4) | | | | |
| | (b) | (4) | | | | |
| Operating Equipment | | | | | | |



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|--|--|--|--|
| Submitted Date: 8/20/2009 4:01:36 PM | | Easygrants ID: 3125 | |
| Funding Opportunity: Broadband Initiatives Program and Broadband Technology Opportunities Program | | Applicant Organization: PRIDE Network, Inc. | |
| Task: Submit Application - Infrastructure Programs | | Applicant Name: Mr. Tony Lee Esq. | |

| | | | | | | |
|---|------------|-----------|--|--|--|--|
| (vehicles, office equipment, other) | (b) | (4) | | | | |
| Engineering/ Professional Services (engineering design, project management, consulting, etc.) | (b) | (4) | | | | |
| | (b) | (4) | | | | |
| | (b) | (4) | | | | |
| Testing (network elements, IT system elements, user devices, test generators, lab furnishings, servers/computers, etc.) | (b) | (4) | | | | |
| | (b) | (4) | | | | |
| | (b) | (4) | | | | |
| Site Preparation | (b) | (4) | | | | |
| Other | (b) | (4) | | | | |
| TOTAL BROADBAND SYSTEM | 12,811,071 | 6,309,931 | | | | |



**Broadband Infrastructure Application
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| | |
|--|--|
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| Task: Submit Application - Infrastructure Programs | Applicant Name: Mr. Tony Lee Esq. |

Total Budget: \$ 19,121,002

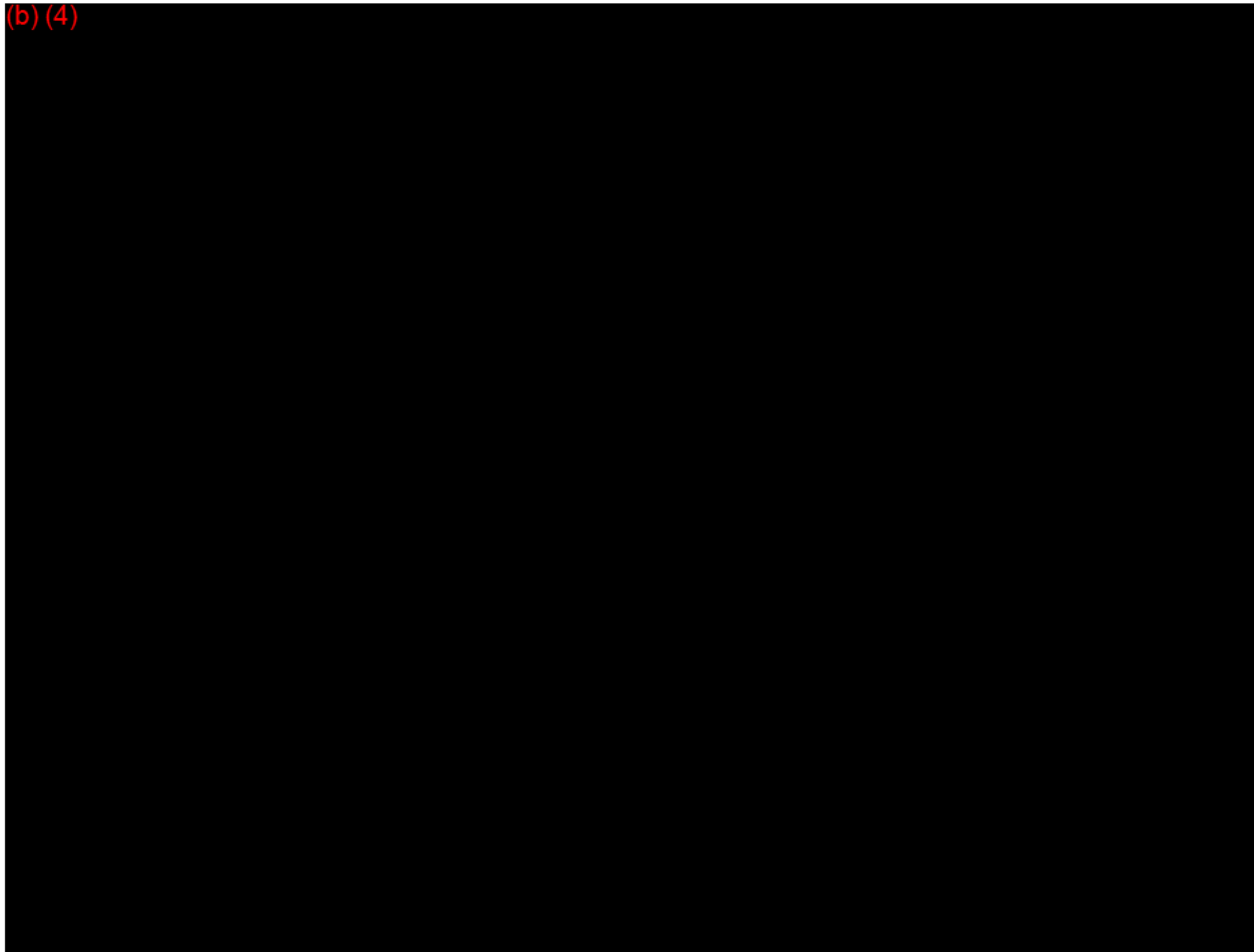
45. Detailed Budget:

Please refer to upload section at the end of the document.

Sustainability

46. Reasonableness

(b) (4)





**Broadband Infrastructure Application
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(b) (4)

[Redacted text block]

...e allocated, are provided as part of Supplemental Information 2 of this grant/loan proposal.

- 47. Historical Financial Statements:**
Please refer to upload section at the end of the document.
- 48. Broadband Subscriber Estimates:**
Please refer to upload section at the end of the document.
- 49. Other Services:**
Please refer to upload section at the end of the document.
- 50. Pro Forma 5-Year Financial Forecast and Assumptions:**
Please refer to upload section at the end of the document.
- 51. Commitment of Capital Funding Support**

(b) (4)

[Redacted text block]



**Broadband Infrastructure Application
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| | |
|--|--|
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BTOP Requirements

52. Matching Funds:

- a. Cash: \$
- b. In-Kind: \$
- c. Percent of Total Project Cost:

53. Demonstration of Financial Need:

54. Unjust Enrichment

55. Disclosure of Federal and/or State Funding Sources

I. Self Scoring – BIP Only Self Scoring

56. Self Scoring Sheet



**Broadband Infrastructure Application
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|--|--|--|--|
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| Task: Submit Application - Infrastructure Programs | | Applicant Name: Mr. Tony Lee Esq. | |

| Criteria | Method | Points | Self Scores |
|--|--|-----------|-------------|
| <u>PROJECT PURPOSE</u> | | | |
| Proportion of Rural Residents Served in Unserved Areas | 1 point for every 10,000 unserved households | Up to 5 | (b) |
| Rural Area Targeting | 1 point for every 5% increase in the rural service area up the minimum 75% rural area requirement | Up to 5 | (b) |
| Remote Area targeting | 1 point for every 50 miles a service area is located from a non-rural area | Up to 5 | (b) |
| Title II Borrower | If you are or were a Title II borrower | 5 | (b) |
| Recovery Act and other governmental collaboration | 1 point will be awarded for each governmental or Recovery program the applicant is partnering with | Up to 5 | (b) |
| <u>PROJECT BENEFITS</u> | | | |
| Performance of the offered services | If a last mile wireline project delivers 20M to household – if a last mile wireless projects delivers 2M to end-user – if a middle mile projects delivers 100M to end points | 10 | (b) (c) |
| Affordable of services offered | Points awarded based on the proposed rate structure and the logistics of the proposed service area | Up to 5 | (b) |



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| | | | |
|---|--|----------|---------|
| Choice of service provider | If the proposed infrastructure is available to be used by multiple service providers | 5 | (b) |
| Critical Community Facilities | If discounted rate packages at least 25% lower than advertise rates are available to critical facilities | 5 | (b) |
| <u>PROJECT VIABILITY</u> | | | |
| Applicant's organizational capability | Points will be awarded on the strengths and accomplishments of key management | Up to 12 | (b) (4) |
| Community Support | If a letter of support has been received from a designated representative of the community for every community in the proposed service territory | 2 | (b) |
| Ability to promptly start project | If the applicant can demonstrate that all licenses and regulatory approvals have been received, contractors and vendors are ready to enter into contracts, and equity has been deposited into applicant accounts | 10 | (b) (4) |
| Socially and economically disadvantaged small businesses (SDB), as defined by section 8(a) of the Small Business Act, 15 U.S.C. §637. | If the applicant is a Section 8(a) entity | 1 | (b) |
| <u>PROJECT BUDGET AND SUSTAINABILITY</u> | | | |
| Reasonableness of the budget | Points will be awarded based the | Up to 5 | (b) |



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|--|--|--|--|
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| | | | |
|---|--|-----|---------|
| | adequacy of the proposed budget | | |
| Leverage of outside resources (outside funding/financing requested) | (i) 10 points if this ratio is greater than 100% (ii) 7 points if this ratio is between 100% and 75% (iii) 5 points if this ratio is between 75% and 50% (iv) 3 points if this ratio is between 50% and 25% (v) 1 points if this ratio is lower than 25% | 10 | (b) |
| Extent of grant funding (Grant funds/loan funds) | (i) 0 points if this ratio equals 100% (ii) 1 points if this ratio is between 100% and 75% (iii) 3 points if this ratio is between 75% and 50% (iv) 5 points if this ratio is lower than 50% (v) 10 points if no grant funds are requested | 10 | (b) |
| Total Points | | 100 | (b) (4) |



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Submission to RUS (BIP) and NTIA (BTOP)**

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| Task: Submit Application - Infrastructure Programs | Applicant Name: Mr. Tony Lee Esq. |

J. BTOP Certification Requirements

Certification (Requested for BTOP)

Please refer to upload section at the end of the document regarding following uploads.

1. U.S. Department of Commerce, Broadband Technology Opportunities Program
2. SF-424D Assurances—Construction Programs (Schedule N)
3. CD-511, Certification Regarding Lobbying (Attachment O)
4. SF-LLL, Disclosure of Lobbying Activities (Attachment P)
5. CD-512, Certification Regarding Lobbying—Lower-Tier Covered Transactions (Attachment Q) This certification will not be required until the time of the grant award, because it applies to subcontractors, etc.

K. BIP Certification Requirements

Certification (Requested for BIP)

Please refer to upload section at the end of the document regarding following uploads.

1. Equal Opportunity and Nondiscrimination Certification
2. Certification Regarding Architectural Barriers
3. Uniform Relocation Assistance and Real Property Acquisition - Policies Act of 1970 Certification
4. Certification Regarding Debarment, Suspension, and Other Responsibility Matters – Primary Covered Transactions
5. Certification Regarding Lobbying for Contracts, Grants, Loans, and Cooperative Agreements



**Broadband Infrastructure Application
Submission to RUS (BIP) and NTIA (BTOP)**

| | |
|--|--|
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| Task: Submit Application - Infrastructure Programs | Applicant Name: Mr. Tony Lee Esq. |

6. Network Design and Implementation Plan Certification (to be complete for projects requesting more than \$1 million in federal assistance)

L. Schedules

Schedule: A-1 Congressional Districts

1. State the Congressional District of the Applicant's headquarters

Texas - 19

2. State the Congressional District for each area covered by the Project.

Texas - 11

Texas - 19

M. Proposed Funded Service Area Details (BIP & BTOP)

13. Proposed Funded Service Area (BIP - Last Mile Projects):

Proposed Funded Service Area Name: Burkburnett/Iowa Park TX

Census Blocks in Proposed Funded Service Area: Census Block information has been uploaded as Supplemental Information 1. It could not be input here because "The text length in the text area is too long."

Community Name: Burkburnett City

Rural Classification of the Community: Rural

BIP - Service Status: Underserved

BIP - If Service Status is "Underserved" please select at least one applicable option from this list.

The rate of broadband subscribership for the census-designated community [or other area] is 40% of households or less.

BTOP – Service Status:



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| Task: Submit Application - Infrastructure Programs | Applicant Name: Mr. Tony Lee Esq. |

BTOP - If Service Status is "Underserved" please select at least one applicable option from this list.

Total Square Miles of Community: (b)
Total Population : (b) (4)
Total Number of Households: (b)
Total Number of Businesses: (b)
Total Number of Critical Community Facilities, Anchor Institutions and Public Safety Entities: (b)

Proposed Funded Service Area Name: Burkburnett/Iowa Park TX
Census Blocks in Proposed Funded Service Area: Census Block information has been uploaded as Supplemental Information 1. It could not be input here because "The text length in the text area is too long."
Community Name: Iowa Park city
Rural Classification of the Community: Rural
BIP - Service Status: Underserved

BIP - If Service Status is "Underserved" please select at least one applicable option from this list.
(b) (4)

BTOP – Service Status:

BTOP - If Service Status is "Underserved" please select at least one applicable option from this list.

Total Square Miles of Community: ■
Total Population : (b) (4)
Total Number of Households: (b)
Total Number of Businesses: (b)
Total Number of Critical Community Facilities, Anchor Institutions and Public Safety Entities: (b)

Proposed Funded Service Area Name: Burkburnett, Iowa Park TX



**Broadband Infrastructure Application
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|--|--|
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Census Blocks in Proposed Funded Service Area: Census block information has been uploaded as Supplemental Information 1. It could not be input here because of the text length.

Community Name: Other Area - Wichita County, TX
Rural Classification of the Community: Rural
BIP - Service Status: Underserved

| |
|--|
| BIP - If Service Status is "Underserved" please select at least one applicable option from this list. |
| (b) (4) |

BTOP – Service Status:

| |
|---|
| BTOP - If Service Status is "Underserved" please select at least one applicable option from this list. |
| |

Total Square Miles of Community: ■
Total Population : (b) (4)
Total Number of Households: (b) ■
Total Number of Businesses: (b) ■
Total Number of Critical Community Facilities, Anchor Institutions and Public Safety Entities: (b)

14. Proposed Service Area (BTOP - Middle Mile Project):

Middle Mile Span Name:
Census Blocks in Middle Mile Span:
Last Mile Service Area Name:
Community Name:
Rural Classification of the Community:
BIP – Service Status:

| |
|--|
| BIP - If Service Status is "Underserved" please select at least one applicable option from this list. |
| |

BTOP - Service Status:



**Broadband Infrastructure Application
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BTOP - If Service Status is "Underserved" please select at least one applicable option from this list.

Total Square Miles of Service Area:

Total Population :

Total Number of Households:

Total Number of Businesses:

Total Number of Critical Community Facilities, Anchor Institutions and Public Safety Entities:



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Uploads

The following pages contain the following uploads provided by the applicant:

| Upload Name |
|--|
| 03) Q-19. Attachment A - Last Mile Offerings |
| 03) Q-19. Attachment A - Last Mile Offerings |
| 05) Q-21. Attachment C - Competitor Tables |
| 08) Q-30. Network Diagram |
| 09) Q-31. Attachment D - Engineer Certification* |
| 10) Q-34. Attachment E - Build-Out Timeline |
| 10) Q-34. Attachment E - Build-Out Timeline |
| 11) Q-37. Management Team Resumes |
| 12) Q-39. Organization Chart |
| 13) Q-40. Attachment F - Legal Opinion* |
| 16) Q-45. Attachment G - Detailed Project Cost |



**Broadband Infrastructure Application
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| |
|--|
| |
| 17) Q-47. Historical Financial Statements |
| 18) Q-48. Attachment H - Subscriber Estimates |
| 18) Q-48. Attachment H - Subscriber Estimates |
| 19) Q-49. Attachment I - Projects, Rates - Voice |
| 20) Q-49. Attachment J - Projects, Rates - Video** |
| 21) Q-50. Attachment K - Income Statement |
| 22) Q-50. Attachment L - Balance Sheet |
| 23) Q-50. Attachment M - Statement of Cash Flows |
| 24) Q-50. Financial Assumptions |
| 31) Pg-27. BIP ONLY Equal Opportunity* |
| 32) Pg-28. BIP ONLY Architectural Barriers* |
| 33) Pg-29. BIP ONLY Relocation and Real Property* |



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| |
|---|
| 34) Pg-30. BIP ONLY Debarment and Suspension* |
| 35) Pg-31. BIP ONLY Lobbying Certification* |
| 43) Supplemental Information 1 |
| 44) Supplemental Information 2 |
| 45) Supplemental Information 3 |

To preserve the integrity of the uploaded document, headers, footers and page numbers have not been added by the system

Attachment A - Proposed Last Mile Service Offerings

Please complete the attached chart for the proposed funded service area modifying the chart as necessary to detail the service offerings. **For BIP applicants only:** for all other service areas where funds are not being requested, complete a chart that aggregates the service offerings.

| Name of Tier | Advertised Speeds | | Average Speeds | | Average Latency (BTOP only) @ End User CPE (ms) | Pricing Plan \$ per month |
|-------------------------------------|---|---------------|-----------------|---------------|---|---------------------------|
| | Downstream Mbps | Upstream Mbps | Downstream Mbps | Upstream Mbps | | |
| Residential (FTTH) | | | | | | |
| Entry Level Speed (FTTH) | (b) (4) | | | | | |
| Maximum Speed (FTTH) | | | | | | |
| Other residential Tiers | | | | | | |
| | | | | | | |
| Residential (Wireless) | | | | | | |
| | | | | | | |
| Business or Institutions (FTTP) | | | | | | |
| Entry Level Speed | Additional business packages are available upon request and can be delivered at any combination requested between the entry level speeds and the maximum speed indicated above. The cost of any service between the limits available will be prorated according to the speed. | | | | | |
| Maximum Speed | | | | | | |
| Other Business or Institution Tiers | | | | | | |
| | | | | | | |
| Business (Wireless) | | | | | | |
| | (b) (4) | | | | | |
| | | | | | | |
| Strategic Institutions (FTTP) | | | | | | |
| | | | | | | |
| | | | | | | |

| Residential Package | Price |
|--|---------|
| Double Play (Any two (2) Res. Offerings) | (b) (4) |
| Triple Play (All Three (3) Res. Offerings) | (b) (4) |

Q19 – Attachment A - Last Mile Service Offerings

NOTE

PRIDE Net intended to upload the following Attachment A, in order to provide the most complete and accurate response to Q19. Due to problems with the electronic intake system, however, PRIDE Net was prevented from *deleting* the Q19 response that had been previously uploaded and uploading in its place Attachment A hereto.

Attachment A - Proposed Last Mile Service Offerings

Please complete the attached chart for the proposed funded service area modifying the chart as necessary to detail the service offerings. **For BIP applicants only:** for all other service areas where funds are not being requested, complete a chart that aggregates the service offerings.

| Name of Tier | Advertised Speeds | | Average Speeds | | Average Latency (BTOP only) @ End User CPE (ms) | Pricing Plan \$ per month |
|-------------------------------------|---|---------------|-----------------|---------------|---|---------------------------|
| | Downstream Mbps | Upstream Mbps | Downstream Mbps | Upstream Mbps | | |
| Residential (FTTH) | | | | | | |
| Entry Level Speed (FTTH) | (b) (4) | | | | | |
| Maximum Speed (FTTH) | | | | | | |
| Other residential Tiers | | | | | | |
| | | | | | | |
| Residential (Wireless) | | | | | | |
| | | | | | | |
| Business or Institutions (FTTP) | | | | | | |
| Entry Level Speed | Additional business packages are available upon request and can be delivered at any combination requested between the entry level speeds and the maximum speed indicated above. The cost of any service between the limits available will be prorated according to the speed. | | | | | |
| Maximum Speed | | | | | | |
| Other Business or Institution Tiers | | | | | | |
| | | | | | | |
| Business (Wireless) | | | | | | |
| | (b) (4) | | | | | |
| | | | | | | |
| Strategic Institutions (FTTP) | | | | | | |
| | | | | | | |
| | | | | | | |

| Residential Package | Price |
|--|---------|
| Double Play (Any two (2) Res. Offerings) | (b) (4) |
| Triple Play (All Three (3) Res. Offerings) | |

Attachment C- Competitor Table (Last Mile)

PRIDE NETWORK, Inc.: Burkburnett/IP

| Service Area | Last Mile Services Provider | Technology Platform | Service Tier Res./Bus. | Advertised Residential Offering | | Advertised Business Offering | | Other Comments |
|------------------------------------|-----------------------------|---------------------|------------------------|---------------------------------|--------------|------------------------------|--------------|---|
| | | | | Downstream Speed (Mbps) | Monthly Rate | Downstream Speed (Mbps) | Monthly Rate | |
| Service Area 1/ Burkburnett, TX | AT&T TX | DATA | Dial-Up | 56kbps | \$22.95 | | | Per Customer Care (2) |
| | | | Small Office | N/A | | 384kbps | \$24.95 | (800)235-7524 |
| | | | Basic | 768kbps | \$19.95 | | | |
| | | | Express | 1.5 | \$25.00 | | | |
| | | | Pro | 3.0 | \$30.00 | | | |
| | | | Elite | 6.0 | \$35.00 | | | |
| | | | Small Office | N/A | | 6.0 | \$59.95 | 1 IP Address |
| | | | Business Class | N/A | | 6.0 | \$84.95 | 29 IP Addresses |
| | | | Direct Express | 1.5 | \$35.00 | | | No phone line required |
| | | | Direct Pro | 3.0 | \$40.00 | | | No phone line required |
| | Direct Elite | 6.0 | \$45.00 | | | No phone line required | | |
| | Clearwire Wireless | Wireless | Clear Value | 768kbps | \$34.98 | 768kbps | \$34.98 | |
| | | | Premium | 1.5 | \$41.98 | 1.5 | \$41.98 | |
| | | | | | | | | |
| | HughesNet Satellite | Satellite | Elite/BI | 2.0 | \$119.99 | 5.0 | \$399.99 | 877-337-3880 \$299 Equipment Fee-Residential/ \$699 Equipment-Business |
| | | | ElitePlus | 3.0 | \$189.99 | | | \$299 Equipment Fee-Residential/ \$699 Equipment-Business |
| | | | Elite Premium | 5.0 | \$349.99 | | | \$299 Equipment Fee-Residential/ \$699 Equipment-Business |
| | | | | | | | | |
| | Suddenlink | Cable Broadband | Value | 1.0 | \$30.00 | 1.0 | \$62.00 | |
| | | | Preferred | N/A | | 2.0 | \$90.00 | |

| | | | | | | | | | |
|--|--------------------|-----------|----------------|---------|---------|---------|------------------------|--|------------------------|
| Service Area 1/ Burkburnett, TX | Texhoma Wireless | Wireless | Business | N/A | | 3.0 | \$140.00 | | |
| | | | Entry Level | 2.0 | \$45.00 | 5.0 | \$75.00 | | |
| | Xanadoo Wireless | Wireless | Entry Level | 128kbps | \$14.95 | | | | (\$99.95 Starter Kit) |
| | | | | 256kbps | \$19.95 | | | | (\$99.95 Starter Kit) |
| | | | | 512kbps | \$24.95 | | | | (\$99.95 Starter Kit) |
| | | | | 768kbps | \$29.95 | | | | (\$99.95 Starter Kit) |
| | | | | 1.0 | \$34.95 | 1.0 | \$34.95 | | (\$99.95 Starter Kit) |
| | WildBlue Satellite | Satellite | Silver | 512kbps | \$49.95 | | | | \$199 Equipment Fee |
| | | | Gold | 1.0 | \$69.95 | | | | \$199 Equipment Fee |
| | | | Platinum | 1.5 | \$79.95 | | | | \$199 Equipment Fee |
| Service Area 1/ Iowa Park, TX | AT&T TX | DATA | Dial-Up | 56kbps | \$22.95 | | | | |
| | | | Small Office | N/A | | 384kbps | \$24.95 | | |
| | | | Basic | 768kbps | \$19.95 | | | | |
| | | | Express | 1.5 | \$25.00 | | | | |
| | | | Pro | 3.0 | \$30.00 | | | | |
| | | | Elite | 6.0 | \$35.00 | | | | |
| | | | Small Office | N/A | | 6.0 | \$59.95 | | 1 IP Address |
| | | | Business Class | N/A | | 6.0 | \$84.95 | | 29 IP Addresses |
| | | | Direct Express | 1.5 | \$35.00 | | | | No phone line required |
| | | | Direct Pro | 3.0 | \$40.00 | | | | No phone line required |
| | Direct Elite | 6.0 | \$45.00 | | | | No phone line required | | |
| | Clearwire Wireless | Wireless | Clear Value | 768kbps | \$34.98 | 768kbps | \$34.98 | | |
| | | | Premium | 1.5 | \$41.98 | 1.5 | \$41.98 | | |

| | | | | | | | | |
|--------------------------------------|---------------------|-----------------|---------------|---------|----------|---------------------|---------------------|---|
| Service Area 1/ Iowa Park, TX | HughesNet Satellite | Satellite | | | | | | 877-337-3880 |
| | | | Home/BI | 1.0 | \$59.99 | 1.6 | \$79.99 | \$299 Equipment Fee-Residential/ \$699 Equipment-Business |
| | | | Pro/BI | 1.2 | \$69.99 | 2.0 | \$119.99 | \$299 Equipment Fee-Residential/ \$699 Equipment-Business |
| | | | ProPlus/BI | 1.6 | \$79.99 | 3.0 | \$199.99 | \$299 Equipment Fee-Residential/ \$699 Equipment-Business |
| | | | Elite/BI | 2.0 | \$119.99 | 5.0 | \$399.99 | \$299 Equipment Fee-Residential/ \$699 Equipment-Business |
| | | | ElitePlus | 3.0 | \$189.99 | | | \$299 Equipment Fee-Residential/ \$699 Equipment-Business |
| | | | Elite Premium | 5.0 | \$349.99 | | | \$299 Equipment Fee-Residential/ \$699 Equipment-Business |
| | Suddenlink | Cable Broadband | Value | 1.0 | \$30.00 | 1.0 | \$62.00 | |
| | | | Preferred | N/A | | 2.0 | \$90.00 | |
| | | | Business | N/A | | 3.0 | \$140.00 | |
| Service Area 1/ Iowa Park, TX | Xanadoo Wireless | Wireless | Entry Level | 128kbps | \$14.95 | | | \$99.95 Starter Kit |
| | | | | 256kbps | \$19.95 | | | \$99.95 Starter Kit |
| | | | | 512kbps | \$24.95 | | | \$99.95 Starter Kit |
| | | | | 768kbps | \$29.95 | | | \$99.95 Starter Kit |
| | | | | 1.0 | \$34.95 | 1.0 | \$34.95 | \$99.95 Starter Kit |
| | | 1.5 | \$39.95 | 1.5 | \$39.95 | \$99.95 Starter Kit | | |
| | WildBlue Satellite | Satellite | Silver | 512kbps | \$49.95 | 512kbps | \$49.95 | \$199 Equipment Fee |
| | | | Gold | 1.0 | \$69.95 | 1.0 | \$69.95 | \$199 Equipment Fee |
| Platinum | | | 1.5 | \$79.95 | 1.5 | \$79.95 | \$199 Equipment Fee | |

Network Design and Implementation Plan Certification (to be complete for projects requesting more than \$1 million in federal assistance)

**U.S. Department of Agriculture and U.S. Department of Commerce
BIP and BTOP Program**

We the undersigned, certify that the proposed broadband system will work as described in the System Design and Network Diagram sections, and can deliver the proposed services outlined in the Service Offerings Section. Moreover, the system, as designed, can meet the proposed build-out timeframe based on the resources designated in Project Viability Section, and will be substantially complete in two years, and complete within three years.

4-12-2009
(Date)

Barbara Baldwin
(Authorized Representative's Signature)

BARBARA BALDWIN
Name:
President/CEO
Title:

8/11/09
(Date)

Marion R. Bowman
(Certifying Engineer's Signature)
MARION R. BOWMAN
Name:
55582
REGISTERED PROFESSIONAL ENGINEER
Title:

ATTACHMENT E - PROJECT PLAN (KEY PHASES AND MILESTONES TO DEMONSTRATE DEGREE OF COMPLETION)

- Use the following table to list the major network build-out phases and milestones that can demonstrate that your entire project will be substantially complete by the end of Year 2 and fully complete by the end of Year 3. This is to be done at the aggregate level (combining all proposed funded service areas.)
- Indicate how the milestones listed below will demonstrate these completion objectives. The applicant should consider such project areas as: a) network design; b) securing all relevant licenses and agreements; c) site preparation; d) equipment procurement; e) inside plant deployment; f) outside plant deployment; g) equipment deployment; h) network testing; i) network complete and operational. The applicant may provide any other milestones that it believes showcase progress.
- Project inception (Year 0) starts at the date when the applicant receives notice that the project has been approved for funding.
- In the table, provide any information (e.g., facts, analysis) to: a) demonstrate the reasonableness of these milestones; b) substantiate the ability to reach the milestones by the quarters indicated.
- On a separate sheet, describe the key challenges, if any, to a timely completion of the project, including any applicable mitigation plans.

| Time Period | Quarter | List All Relevant Milestones | Support for Reasonableness/Data Points |
|-------------|---------|------------------------------|--|
| | | (b) | (4) |
| | | (b) | (4) |
| | | (b) | (4) |
| | | (b) | (4) |
| | | (b) | (4) |

(b)

(4)

(b)

(4)

(b)

(4)

(b)

(4)

(b)

(4)

ATTACHMENT E (CONTINUED) - BUILD-OUT TIMELINE

Complete the following schedule for each proposed funded service area (or, if a middle mile project, for each last mile service area) to indicate the planned build-out in terms of: 1) the requested infrastructure funds; and 2) the entities passed. Entities passed include households, businesses, and "strategic institutions" comprised of critical community facilities, community anchor institutions, and public safety entities. In addition, please complete a separate schedule that aggregates all projected broadband subscribers within the proposed funded service area (or if a middle mile project, for each last mile service area). For BIP only, please include this information for the non-funded service areas as well.

| | | Name: Burkburnett/Iowa Park Project | | | | | | | | | | | | | | | | | | | |
|---|------|-------------------------------------|------|------|------|--------|------|------|------|--------|------|------|------|--------|------|------|------|--------|------|------|---|
| YEAR | Qtr. | YEAR 1 | | | | YEAR 2 | | | | YEAR 3 | | | | YEAR 4 | | | | YEAR 5 | | | |
| | | Qtr. | Qtr. | Qtr. | Qtr. | Qtr. | Qtr. | Qtr. | Qtr. | Qtr. | Qtr. | Qtr. | Qtr. | Qtr. | Qtr. | Qtr. | Qtr. | Qtr. | Qtr. | Qtr. | |
| | 0 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 |
| Infrastructure Funds | | (b) | | | | | | | | | | | | | | | | | | | |
| Infrastructure Funds Advanced (estimate) | | | | | | | | | | | | | | | | | | | | | |
| Percentage of Total Funds | | (b) | | | | | | | | | | | | | | | | | | | |
| Entities Passed & % | | | | | | | | | | | | | | | | | | | | | |
| Households | | (b) | | | | | | | | | | | | | | | | | | | |
| Percentage of Total Households | | | | | | | | | | | | | | | | | | | | | |
| Businesses | | (4) | | | | | | | | | | | | | | | | | | | |
| Percentage of Total Businesses | | | | | | | | | | | | | | | | | | | | | |
| Strategic Institutions (Comm. Anchor, Public Safety, etc) | | (4) | | | | | | | | | | | | | | | | | | | |
| Percentage of Total Institutions | | | | | | | | | | | | | | | | | | | | | |

- Challenges: Describe the key challenges, if any, to a timely completion of the project, including any applicable mitigation plans to address the risks.

Weather conditions, permits and materials will be the key challenges to timely completion of the project. Working days per month were adjusted calculating an approximate number of bad weather days for each month of construction. Communication has been made with local permit offices and the Texas Department of Transportation in order to mitigate loss of time by completing preparatory work for permitting of the proposed construction area. Materials may be in short supply based on the influx of orders due to BIP/BTOP construction projects. Letters of commitment (item #36) from material vendors assuring our demands will be supplied in a timely manner are attached.

Q27 – Affordability

NOTE

PRIDE Net attempted but could not upload as an attachment its response to Q27 – Affordability, prior to the deadline.

27. **Affordability:** Explain why the pricing for your broadband service offerings are affordable in comparison to the pricing of existing broadband services in proposed funded service area. If there are no existing broadband services in the proposed funded service area, please explain why the proposed pricing is appropriate for the area (provide supporting data for the proposal).

(b) (4)



37. Management Team Resumes: Summary of experience and track record.

NTS, through its subsidiary, PRIDE Net is fully capable of constructing and operating the PRIDE network in a competent manner in compliance with all applicable Federal, state, and local laws. NTS Communications, Inc. was formed in 1981 and achieved competitive local exchange carrier ("CLEC") status in 1999. NTS operates as a wholly owned subsidiary of Xfone, Inc. (NYSE Alternext: "XFN"). NTS Communications, Inc. is headquartered in Lubbock, Texas and with its staff of 300-plus employees, provides a full range of wireline voice and data services to customers in AZ, CO, KS, NM, OK, and TX. Acting in a management capacity, NTS also directs the business and service delivery of its sister company, Xfone USA, Inc., which provides a full range of similar voice and data services to customers in LA and MS.

Since 2004, NTS has engaged in an aggressive build-out of FTTP networks in Lubbock, Wolfforth, and Woodrow, Texas. To date, NTS has constructed approximately 600 route miles of fiber optic distribution plant encompassing in excess of 15,000 gross passings in these communities. Using its FTTP facilities, NTS provides full-featured voice, IPTV video, and data services to its customers. Of note, one of NTS's subsidiaries, NTS Telephone Company, LLC (NTS Tel), is the recipient of an \$11 million USDA Broadband Loan to bring FTTP voice, video and data services to the communities of Levelland and Smyer, Texas. This project is currently under construction.

The technical, business, personnel, and project management skills of NTS Communications, Inc. will directly impact the success of PRIDE Net. PRIDE Net management will consist of the NTS officers; namely, Mrs. Barbara Baldwin, Mr. Jerry Hoover, and Mr. Brad Worthington. Barbara Baldwin, President and Chief Executive Officer since 1994, holds an MBA in Business Administration from Texas Tech University, in Lubbock, Texas. Mrs. Baldwin has been an employee of NTS Communications, Inc., since its inception, over 25 years. Prior to her appointment of President and Chief Executive Officer, she was responsible for sales and marketing, management information systems and account administration. Through Mrs. Baldwin's experience with NTS Communications, Inc., she has acquired an intimate and detailed familiarity with the operations and management requirements of the industry.

Mr. Hoover has been Executive Vice President and Chief Financial Officer of NTS Communications, Inc. since 1994. His experience with operations at NTS Communications, Inc. has included serving as a senior management member of a facilities-based CLEC. Mr. Hoover's current responsibilities for NTS Communications, Inc. include financial management and financial reporting along with human resource, treasurer and controller functions. Mr. Hoover is also involved in strategy formulation and execution for NTS Communication, Inc.

Brad Worthington is Executive Vice President and Chief Operating Officer of NTS Communications, Inc. He has served NTS in a senior management capacity since joining the company in 1990. Mr. Worthington received his B.S. Ed. from Texas State University in 1987 and his J.D. from the Texas Tech University School of Law in 1990. In addition to his law degree and continuing legal education, Mr. Worthington has gained invaluable telecommunications industry contacts and valuable exposure to industry developments through frequent attendance at telecommunications conventions, conferences and trade shows.

Barbara A. Baldwin

(b) (6)

Education

- Texas Tech University, Lubbock, Texas
Masters of Business Administration, Finance, August 1984
Bachelor of Business Administration, Finance, May 1983

Employment History

- President & CEO
NTS Communications, Inc.
5307 W Loop 289
Lubbock, Texas 79424
(806) 797-0687
 - July 1982 to Present

Professional Memberships/Affiliations/Community Involvement

- Elected Board of Directors, NTS Communications, Inc. in October 1991
- Lubbock Business Association
Past Chairman of the Board
Past President
Past Vice President
Past Secretary for two years
Selected Member of the Year 1993
- Lubbock Reese Redevelopment Authority
Board of Directors 1999, 2000, 2001, 2002
Past Vice President
- Lubbock Chamber of Commerce
Board of Directors for 1999, 2000, and 2001, 2002
Past Chairwoman
Past Vice Chair of Business Development
- South Plains Food Bank
Advisory Board 2002, 2003, 2004, 2005
Board of Directors 2003, 2004, 2005,
- CompTel (Competitive Telecommunications Association), member since 1985

PERSONAL

: (b) (6)(b) (6)

Brad D. Worthington

(b) (6)

SUMMARY OF QUALIFICATIONS

- Over 15 years executive level telecommunications experience, including:
 - business planning
 - product development
 - sales and marketing
 - mergers & acquisitions
 - plant operations
 - technology selection
- Over 9 years in-house legal experience, including:
 - litigation and claims
 - governmental lobbying
 - intellectual property
 - regulatory compliance
 - contract negotiation
 - risk management

PROFESSIONAL EXPERIENCE

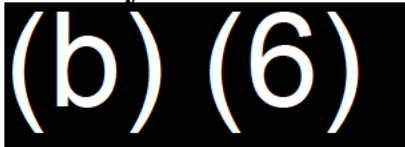
1991 to Present - NTS Communications, Lubbock, Texas (a facilities-based integrated communications provider operating in six southwestern states)

- 2000 to Present - Executive VP, Chief Operating Officer
Supervise the six vice presidents overseeing sales and marketing, inside and outside plant operations, customer care, information systems, human resources, data, video and voice services, CLEC provisioning, network control center functions, outside plant design and construction, and oversee all business development efforts.
- 1991 to 2000 – Executive VP & General Counsel
Responsible for all legal and regulatory affairs of the company including the direct handling of the following: all litigation and claims affecting the company, the hiring and use of outside counsel, contract and deal negotiation with customers and vendors, risk management, merger and acquisition activity, regulatory compliance activities, lobbying members of state legislatures, congress, the FCC, and state regulatory bodies for appropriate treatment of various issues relevant to the company's success and, in cooperation with senior management, create long and short term business plans.

EDUCATION & AFFILIATIONS

J.D., Texas Tech University School of Law - 1990
B.S. Ed., Texas State University - 1987
Member, State Bar of Texas
Admitted to Practice, Federal District Court, Northern District of Texas
Member, Lubbock County Bar Association
Member, Corporate Counsel Section, State Bar of Texas
Member, American Bar Association

Jerry E. Hoover



I. EDUCATION

- A. Texas Tech University, Lubbock, Texas
Bachelor of Business Administration in Accounting, December, 1971
- B. Ohio University Financial Management Course, 1978

II. PROFESSIONAL CERTIFICATION AND LICENSE

- A. Texas State Board of Public Accountancy Certificate Number 15533,
February 3, 1976
- B. State of Texas Permit to Practice Public Accountancy, February 20, 1976

III. PROFESSIONAL EXPERIENCE

- A. April 1994 to Present – Executive Vice President & Chief Financial Officer – NTS Communications, Inc
 - 1. Joined NTS Communications management team as Executive Vice President in 1994.
 - 2. Top-level responsibility for company-wide functions as follows:
 - i. Financial Management and Financial Reporting
 - ii. Controller Functions
 - iii. Treasurer Functions
 - iv. Human Resource Functions
- B. January 1993 to March 1994 – President and Managing Officer of Phillips Hoover Claus & Associates CPAs, LLP
- C. January 1991 to January 1993 – President and Managing Officer of Phillips Hoover & Associates PC
- D. July 1988 to March 1994 – Managing partner of Phillips Hoover & Associates CPAs
- E. January 1983 to June 1988 – Audit and Tax Manager for Saffle Phillips & Sawall CPAs, Lubbock, Texas
Moore CPAs, Lubbock, Texas

V. PROFESSIONAL ORGANIZATIONS

- A. American Institute of Certified Public Accountant
- B. Texas Society of Certified Public Accountants
- C. Lubbock Chapter of TSCPA

Daniel R. Wheeler

(b) (6)

PROFESSIONAL

Licensed to practice law in Texas, November 5, 1993
United States District Court for the Northern District of Texas
United States Court of Appeals for the Fifth Circuit

WORK EXPERIENCE

NTS Communications, Inc.-Lubbock, TX
General Counsel, September 2000 - present

Responsibilities and Areas of Practice

Serve as **legal counsel**. Report to NTS' Chief Executive Officer. Work with NTS' Executive Officers, Vice Presidents and other key employees to address legal and ethical issues. Enlist the assistance of NTS personnel in the performance and completion of tasks and projects.

Compliance. Work to create, implement, and monitor legal and regulatory compliance strategies and policy. Examples include NTS' Document Retention Policy, cramming/slamming, CPNI, CALEA, and SOX. Maintain Tariffs, Rate Sheets, Generally Available Terms and Conditions and other standard agreements. Advise HR about legal issues related to employment. Lead and assist investigations of significant actionable conduct. Assist in responding to complaints from OSHA and EEOC. Assist with compliance issues related to the Fair Debt Collection Practices Act, FMLA, FLSA, and HIPPA.

Contracts. Draft, negotiate, and review a wide range of contracts and leases including access agreements (ROW), consents, employment agreements, franchise agreements, interconnection agreements, real property leases, service agreements and settlement agreements. Interact with various entities including municipalities and large companies like AT&T, BNSF Railroad, CenturyTel, Level3, Lucent, Oncor/TXU, Windstream and Xcel. Played a key role in several mergers and acquisitions including NTS' purchase of Valor Business Solutions and Xfone, Inc.'s purchase of NTS.

Litigation. Hire, monitor, and assist outside counsel who represent NTS in litigation before various state commissions and state and federal courts. Examples include preference actions in bankruptcy, debt collection, premises liability/personal injury and the criminal indictment and conviction of the corporation and its two highest-ranking executives. Negotiate and settle disputes and claims. Gather and organize documents for various audits, investigations, and discovery requests.

Regulatory. Respond to consumer complaints filed with various entities including the BBB, Attorney General, state utility commissions, and the FCC. Assist in providing information for inclusion in filings with the SEC. Assisted in obtaining various regulatory certifications related to NTS' business including a certificate from the FCC to operate an Open Video System, certificates to provide local telephone service in New Mexico and Texas, and certificates to provide video service in Texas. Participated in four arbitration proceedings at the Texas PUC involving access to MTEs, interconnection, provisioning facilities, and rural exemption.

EDUCATION

Graduate

Texas Tech University School of Law
Degree: Doctor of Jurisprudence, May 1993
Honors: Jurisprudence Award for Superior Academic Achievement

Undergraduate

Lubbock Christian University
Degree: BA English, May 1990, Summa Cum Laude
Honors: Trustees Award

Cary Collins

(b) (6)(b) (6)(b) (6)(b) (6)

PROFESSIONAL EXPERIENCE

NTS COMMUNICATIONS, Lubbock TX

1984 - Present

1999 - Present

VICE PRESIDENT- OPERATIONS

Responsible for the departments providing:

- Outside Plant: Installation and repair field technicians supporting service delivery to the customer premise.
- Switching/Inside Plant: Installation and repair of all central office switching, fiber transport, various service delivery platforms.
- PBX: Installation and repair of customer premise telephone systems.
- Plant Design: Design group does actual design for FTTU builds. (acquired 2008)
- Plant Construction: Installation, repair, and splicing of outside FTTU plant. (acquired 2008)

Responsible for the following:

- Investigate/determine economic feasibility for new FTTU construction projects and oversee implementation.
- Design/engineer central office construction.
- Evaluate emerging technologies for network incorporation.
- Coordinate with customers and vendors on large project implementation.
- Provide input/support on potential projects (new services/RUS)

1984 - 1999

DIRECTOR OF OPERATIONS

Responsible for the following:

- Outside Plant: Installation and repair field technicians supporting service delivery to the customer premise.
- Switching/Inside Plant: Installation and repair of all central office switching, fiber transport, various service delivery platforms.
- Design/engineer central office construction.
- Evaluate emerging technologies for network incorporation.
- Coordinate with customers and vendors on large project implementation.

OPERATIONS MANAGER

Responsible for the following:

- Outside Plant: Installation and repair field technicians supporting service delivery to the customer premise.
- Switching/Inside Plant: Installation and repair of all central office switching, fiber transport, various service delivery platforms.
- Design/engineer central office construction.
- Coordinate with customers and vendors on large project implementation.

SPECIAL PROJECTS MANAGER

Responsible for the following:

- Design/engineer/manage central office and major construction.

EDUCATION / TRAINING

South Plains College TX

Computer Science 1979

GTE

Station/Installation Repair 1979

Key System Installation/Repair 1980

DSC Communications Corporation

DEX 400 Operations and Maintenance 1984

DEX 400 Translations 1984

DAC Operations and Maintenance 1986

Nortel Communications

SL1 PBX Operations and Maintenance 1982

Digital Microwave Operations and Maintenance 1984

Optical Solutions

FTTU Plant Design 2002

Milton W. Schober, Jr.

(b) (6)

EMPLOYMENT HIGHLIGHTS: Direct the daily activities of an 11-person team.
Design and install LAN, WAN, IP video systems, and Linux server farms for a large regional ISP.
Implement policies, procedures, and project planning methodology to improve departmental operations and efficiency.

EMPLOYMENT HISTORY: **NTS Communications, Inc./XfoneUSA**
Vice President, Data Services, December 2006-present
Director of Data Services, September 2005-November 2006
Sr. Network Engineer/Team Lead, October 2003-August 2005
Direct daily activities of an 11-person server and network infrastructure team.
Evaluate emerging technologies for incorporation into the network.
Test new equipment and develop installation MOPs for field techs.
Design network infrastructure for a regional ISP.
Work with major customers and vendors on large WAN projects.
Develop project plans for network upgrades and expansions.
Report on project and operational status regularly.
Perot Systems (St Joseph Health System)
Network Team Lead/Manager, July 2001-October 2003
Functioned as senior technical support.
Designed network infrastructure.
Managed the daily activities of 8 associates taking care of a 5,000-node network and 200 servers.
Led planning sessions for network projects and prepared project plans.
Reported operational and project status weekly.
Perot Systems (St Joseph Health System)
Network Admin, February 1994-July 2001
Designed token ring and ethernet LANs; ISDN, ATM, and Frame relay WANs; wireless LANs.
Installed and administered UNIX and Linux servers.
Performed network evaluations and prepared recommendations for improvement.
Managed network upgrade projects.
Nortec Specialty Steel
Comptroller, February 1992-February 1994
Maintained server hardware and custom accounting software.
Managed 3 accounting employees.

EDUCATION: BBA in Finance/Accounting, Texas Tech University, 1991. Grade: 3.695

COMMUNITY CONTRIBUTIONS: Work on various community projects through my church.
Consult with area fire departments.

ADDITIONAL INFORMATION: *Classes:*
Calix 7 Fundamentals and Video 6/2009
Cisco Networkers Conference 2004
Project Management 100 class
Project Estimating class

Gary Sams

(b) (6)(b) (6)(b) (6)(b) (6)

PROFESSIONAL EXPERIENCE

NTS COMMUNICATIONS, Lubbock TX

1982-Present

2005 – Present

VICE PRESIDENT- SERVICE DELIVERY

Responsible for the departments providing:

- *Credit & Collection Department: Credit approval for new or additional services, and the collection of bad debt.*
- *NCC: Monitoring and responding to network autonomous alarms, handling customer reported problems, and dispatching service tickets to other intra-company service departments*
- *Customer Care: Primary contact for the public seeking new services, additional services, or any type of product inquiry.*
- *Design and Inventory: Provides the electronic inventory of all network hardware responsible for providing any customer facing services. Also provides as-built engineering utilizing said inventoried components to provide a finalized product and links said engineering to the customer being billed.*
- *Network Administration: Provides the necessary switching, data, or video programming (translations) to provide the service being purchased by any particular customer.*
- *CLEC Provisioning and Coordination: Provides the necessary interface between intra-company departments and inter-company providers necessary to provide local exchange services to our customer. The department also provides coordination between our service installers and the customer to insure an on-time and accurate installation of service.*

1999 – 2005

VICE PRESIDENT-INFORMATION SERVICES

Responsible for the departments providing:

- *Data Services: Customer facing data services made up of Frame Relay, ATM, DSL, and dial-up internet. (This area was split from Information Services in 2003.)*
- *Computer Services: Provides the computer hardware and software for billing services, and all accounting functions for the company.*
- *Information Services: Provides all desktop computer support, all company facing LAN/WAN support, all back office desktop software and server based software enabling the individual employee to do their job via computer.*

1982 – 1999

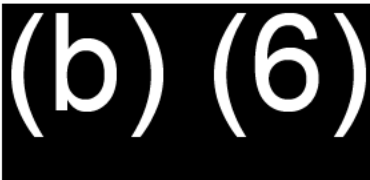
VICE PRESIDENT- NETWORK OPERATIONS

Responsible for overall operation of the network including switching, transmission, digital cross-connects, cable distribution, and outside plant.

- *Responsible for the network ASR order and design group.*
- *Instrumental in the establishment of the Network Control Center as well as the management of its operation.*
- *Instrumental in the establishment of an automated inventory system along with a network design department, and the management of the group.*
- *Instrumental in the establishment of the internet services group and all of the related internet services, along with the management of the operation of same. This group evolved into the Data Services department for both customer facing and company facing internet services.*

EDUCATION / TRAINING

1999 Texas Tech College of Business Administration, Lubbock TX
Graduate of the Senior Management Program



Work Address
5307 W Loop 289
Lubbock, TX 79414
(806) 788-2904
jbaldwin@ntsc.com

Objective

To work in a challenging and professional position with a company that will utilize my skills in management, computer programming and accounting.

Education

January 1986 –
December 1987

Bachelor of Science Degree in Accounting, Lubbock Christian University, Lubbock, Texas.

and

Major Courses: Basic Accounting I and II; Intermediate Accounting I and II; Advanced Accounting I and II; Income Tax; Auditing; Governmental Accounting; Cost Accounting; CPA Review. (Total of 33 Hours)

August 1983 –
May 1984

Supporting Courses: Economics I and II; Business Law I and II; Organization and Management of Business; Principles of Marketing; Fortran Computer Programming; Business and Professional Speech Communications; Corporate Finance; Business Statistics; Business Communications. (Total of 33 Hours)

Work Experience

June 2008 –
Present

NTS Communications Inc., Lubbock, Texas. Hold position of Vice President Information Services. Responsible for management of software development. Responsible for various company departments including Information Systems, Billing Administration, Help Desk and Mail Room functions.

August 2000 –
June 2008

NTS Communications Inc., Lubbock, Texas. Held position of Director Information Services. Responsible for management of software development, servers, internal LAN/WAN, email systems, internal help desk, maintenance and support of desktop hardware and software. Responsible for conversion of existing AS/400 billing/back office system to Windows/SQL server based third party billing/back office solution.

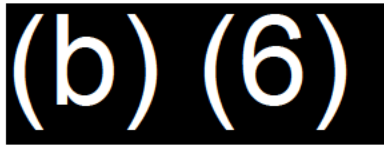
November 1998 -
August 2000

NTS Communications Inc., Lubbock, Texas. Held position of Manager Computing Services. Responsible for design, coding, testing and continued maintenance on billing and support systems. Responsible for management of primary billing and back office system servers and financial software solutions. Responsible for Y2K conversion of existing in house written systems.

December 1996 –
November 1998

Furr's/Bishop's Inc., Lubbock, Texas. Held position of Application Development Manager. Responsible for all application development for both field operations on PC platform and corporate applications on AS/400 platform. Responsible for design, coding and testing of field inventory, electronic purchasing and receiving system. Responsible for design, coding and implementation of TCP/IP dialup communication software for connection of field with corporate AS/400 system. Responsible for conversion of existing OS/2 PM applications to Windows based applications for corporate use.

PRISCILLA RIVAS



OBJECTIVE

To elevate the success of an established company by contributing my own personal strengths and assets.

EMPLOYMENT

November 2007- Present NTS Communications Director-Network Optimization

- Oversee and responsible for the following departments: Long Distance Translations, Network Planning, and Network Bill Verification
- Building and maintaining strong relationships with wholesale vendors (ATT, MCI, Time Warner, etc)
- Negotiation of all existing services and proposed services.
- Review and work with legal on new vendor contracts and renewals.
- Assist wholesale/retail sales with proposals including conference calls/meetings.
- Provide pricing for all wholesale/retail private line and video services.
- Responsible for video programming and pricing.
- Provide information to upper management as needed.
- Work with accounting to ensure network side is in line with the accounting requirements.
- Responsible for ensuring that wholesale/retail pricing we are using is competitive in our markets.

March 2007- November 2007 Betenbough Homes New Home Sales Executive

- Directly responsible for new home sales from initial point of contact through closing.
- Top Producer June 2007-October 2007.
- Developed strong relationships with lenders and realtors.

January 2001-March 2007 NTS Communications MGR-Network Optimization

- Directly responsible for fiber network cost efficiency and capacity issues.
- Developed strong relationships with wholesale vendors (ATT, MCI, Time Warner, etc) to negotiate competitive contract rates for fiber and long distance termination rates.

Sep 2000- January 2001 NTS Communications Pricing Coordinator

- Provided pricing for wholesale and retail sales
- Took initiative to learn co-workers responsibilities

EDUCATION

1990-1991 Southern Methodist University – Full Academic Scholarship
1994-1997 Texas Tech University – part-time basis

LICENSES

Texas Real Estate License

(b) (4)

(b) (4)

August 12, 2009

Rural Utilities Service
U. S. Department of Agriculture
Washington, D. C. 20250-1500
Assistant Secretary

National Telecommunications and Information Administration
U.S. Department of Commerce
Washington, D.C. 20230

Ladies and Gentlemen:

We are special U.S counsel for Pride Network, Inc., (the “Applicant” or “Company”). In such capacity, we acted as counsel to the Applicant in connection with its ability to apply to the Broadband Initiatives Program (“BIP”) and in the review of the loan/grant combination agreement as referenced in the Notice of Funds Availability (“NOFA”). Unless otherwise defined herein, terms used but not defined herein have the meanings assigned to them in the NOFA.

Documents Reviewed

In connection with this opinion letter, we have examined the following:

- (a) the NOFA;
- (b) the BIP Application Guide;
- (c) the BTOP Grant Guidelines;
- (d) the BIP/BTOP Application Form;
- (e) the Company’s Articles of Incorporation;
- (f) the Company’s Corporate Bylaws; and
- (g) such other records, documents and other instruments as we have deemed necessary for the purposes of this opinion letter.

The documents referred to in clauses (a) through (g) above are collectively referred to as the “Transaction Documents.”

Assumptions Underlying Our Opinions

For all purposes of the opinions expressed herein, we have assumed, without independent investigation, that:

(a) Factual Matters. With regard to factual matters, to the extent that we have reviewed and relied upon (1) certificates of the Company or its authorized representatives, attached hereto as Attachment A; (2) representations of the Company set forth in the Transaction Documents and (3) certificates and assurances from public officials, all of such certificates, representations and assurances are accurate;

(b) Contrary Knowledge of Addressee. No addressee of this opinion letter has any actual knowledge that any of our factual assumptions or opinions is inaccurate;

(c) Signatures. The signatures of individuals signing the Transaction Documents are genuine and authorized;

(d) Authentic and Conforming Documents. All documents submitted to us as originals are authentic, complete and accurate, and all documents submitted to us as copies conform to authentic original documents;

(e) Capacity of Certain Parties. All parties to the Transaction Documents have the capacity and full power and authority to execute, deliver and perform the Transaction Documents and the documents required or permitted to be delivered and performed thereunder; and

(f) Transaction Documents Binding on Certain Parties. All of the Transaction Documents and the documents required or permitted to be delivered thereunder have been duly authorized by all necessary corporate or other action on the part of the parties thereto, have been duly executed and delivered by such parties and are valid and binding obligations enforceable against such parties in accordance with their terms.

Our Opinions

Based on and subject to the foregoing and the other limitations, assumptions, qualifications and exclusions set forth in this opinion letter, we are of the opinion that:

- (a) the Applicant is duly organized and existing under the laws of the State of Delaware, and is duly licensed and qualified and in good standing as a foreign corporation in the States of Iowa.
- (b) the Applicant has corporate power: (1) to execute and deliver the [grant agreement, loan agreement, or loan/grant combination agreement]; and (2) to perform all acts required to be done by it under said agreement.

- (c) to our knowledge, no legal proceedings have been instituted or are pending against the Applicant, the outcome of which would adversely affect the Applicant's ability to perform the duties under the loan or loan/grant agreement, or adversely affect the security to be pledged under the loan agreement, and there are no judgments against the Applicant and no liens against any of the personal property of the Applicant, which would adversely affect the security to be pledged under the loan or loan/grant agreement; and
- (d) the Applicant has the power to own its property and carry out its business as now conducted.

Exclusions

We call your attention to the following matters as to which we express no opinion:

- (a) Foreign Laws. The statutes, administrative decisions, orders, rules, and regulations of any country outside the United States.

Qualifications and Limitations

The opinions set forth above are subject to the following qualifications and limitations:

- (a) Scope and Applicable Law. Although we have acted as special U.S. counsel for the Company, we draw your attention to the fact that we have not undertaken any on-site or other physical inspection of the business or properties of the Company; are not familiar with their business practices, operations accounts, personnel, or day-to-day affairs except as disclosed to us; do not have access to their books and records except as disclosed to us; and have not independently verified the manner in which their business is operated for purposes of rendering this opinion.

- (b) Knowledge. Whenever our opinions are stated to be "to our knowledge" or "known to us" (or words of similar import), it means the actual knowledge of the particular Venable LLP attorneys who have represented the Company in connection with the Transaction Documents and who have given substantive attention to the preparation thereof. Except as expressly set forth herein, we have not undertaken any independent investigation (including, without limitation, conducting any review, search or investigation of any public files or records or dockets or any review of our files) to determine the existence or absence of any facts, and no inference as to our knowledge concerning such facts should be drawn from our reliance on the same in connection with the preparation and delivery of this opinion letter.

- (c) Incorporated Documents. This opinion does not relate to (and we have not reviewed) any documents or instruments other than the Transaction Documents, and we express no opinion as to such other documents or instruments (including, without limitation, any documents or instruments referenced or incorporated in any of the Transaction Documents) or as to the interplay between the Transaction Documents and any such other documents and instruments.

(d) Headings. Headings in this opinion letter are intended for convenience of reference and shall not affect its interpretation.

Reliance on Opinions

The foregoing opinions are being furnished to the addressees set forth above for the purpose referred to in the first paragraph of this opinion letter, and this opinion letter is not to be furnished to any other person or entity or used or relied upon for any other purpose without our prior written consent. Copies of this opinion letter may be furnished to regulatory authorities having jurisdiction or oversight over any of the addressees hereof or their successors and assigns, and pursuant to valid legal process, but the recipient shall not be entitled to rely on the opinions expressed herein. The opinions set forth herein are made as of the date hereof, and we assume no obligation to supplement this opinion letter if any applicable laws change after the date hereof or if we become aware after the date hereof of any facts that might change the opinions expressed herein.

Very truly yours,



Venable LLP

Attachment G - Detail of Project Cost

| SERVICE AREA or COMMON NETWORK | Eligibility (Yes/No) | Unit Cost | No. of Units | Total Cost | Support of Reasonableness |
|---------------------------------------|----------------------|-----------|--------------|------------|---|
| NETWORK & ACCESS EQUIPMENT | | | | | |
| Switching | | | | | |
| Routing | | | | | |
| Transport | | | | | |
| Access | (b) (4) | | | | Vender quotes and actual contract pricing from sister company and engineering company contracts |
| Other | | | | | |
| OUTSIDE PLANT | | | | | |
| Cables | (b) (4) | | | | Vender quotes and actual contract pricing from sister company and engineering company contracts |

Attachment G - Detail of Project Cost

| SERVICE AREA or COMMON NETWORK | Eligibility (Yes/No) | Unit Cost | No. of Units | Total Cost | Support of Reasonableness |
|---------------------------------------|-----------------------|-----------|--------------|------------|---|
| | | | | | |
| Conduits | (b) (4) | | | | Vender quotes and actual contract pricing from sister company and engineering company contracts |
| Ducts | | | | | |
| Poles | | | | | |
| Towers | | | | | |
| Repeaters | | | | | |
| Other | | | | | |
| | | | | | |
| SERVICE AREA or COMMON NETWORK | | | | | |
| | | | | | |
| FACILITIES | | | | | |
| New Construction | (b) (4)(b) (4)(b) (4) | | | | Vender quotes and actual contract pricing from sister company and engineering company contracts |
| Pre-Fab Huts | | | | | |
| Improvements & Renovations | | | | | |
| Other | (b) (4) | | | | |
| | | | | | |

Attachment G - Detail of Project Cost

| SERVICE AREA or COMMON NETWORK | | Eligibility (Yes/No) | Unit Cost | No. of Units | Total Cost | Support of Reasonableness |
|--|------------------------------|----------------------|-----------|--------------|------------|--|
| CUSTOMER PREMISE EQUIPMENT | | | | | | |
| Modems | | | | | | |
| Set Top Boxes | | | | | | |
| Inside Wiring | | | | | | |
| Other | (b) (4)(b) (4)(b) (4) | | | | | ender quotes and actual contract pricing from sister company and engineering company contracts |
| BILLING SUPPORT AND OPERATIONS SUPPORT | | | | | | |
| Billing Systems Support | | | | | | |
| Customer Care Systems | | | | | | |
| Other Support | | | | | | |
| SERVICE AREA or COMMON NETWORK FACILITIES | | | | | | |
| OPERATION EQUIPMENT | | | | | | |
| Vehicles | (b) (4)(b) (4)(b) (4) | | | | | Vendor advertized prices for comparable equipment. |
| Office Equipment / Furniture | | | | | | |

Attachment G - Detail of Project Cost

| SERVICE AREA or COMMON NETWORK | Eligibility (Yes/No) | Unit Cost | No. of Units | Total Cost | Support of Reasonableness |
|--------------------------------|----------------------|-----------|--------------|------------|--|
| | | | | | |
| Other | | | | | |
| | | | | | |
| PROFESSIONAL SERVICES | | | | | |
| Engineering Design | (b) (4) | | | | Pricing quote from engineering firm. Pricing is in line with Industry standards. |
| Project Management | | | | | |
| Consulting | | | | | |
| Other | | | | | |
| | | | | | |
| TESTING | | | | | |
| Network Elements | (b) (4) (b) (4) | | | | Prices are based on advertised vendor prices. |

Attachment G - Detail of Project Cost

| SERVICE AREA or COMMON NETWORK | | Eligibility (Yes/No) | Unit Cost | No. of Units | Total Cost | Support of Reasonableness |
|--------------------------------|-------------------------------------|----------------------|-----------|--------------|------------|--|
| | | | | | | |
| IT System Elements | | | | | | |
| | | | | | | |
| User Devices | | | | | | |
| | | | | | | |
| Test Generators | | | | | | |
| | | | | | | |
| Lab Furnishings | | | | | | |
| | | | | | | |
| Servers/Computers | | | | | | |
| | | | | | | |
| OTHER UPFRONT COSTS | | | | | | |
| Site Preparation | (b) (4)(b) (4)(b) (4)(b) (4)(b) (4) | (b) (4) | (b) (4) | (b) (4) | (b) (4) | Pricing is based on going rates in the proposed construction |
| | | | | | | |
| Other | | | | | | |
| | | | | | | |

Q47 – Historical Financial Statements

- 1. Applicant’s Explanatory Remarks Regarding Response to Q47**
- 2. Financial Statements of Applicant’s Parent, NTS Communications, Inc. and Its Subsidiaries (Unaudited - For Management Use Only)**
(12-month calendar period ended December 31, 2008)
- 3. Financial Statements of Applicant’s Parent, NTS Communications, Inc. and Its Subsidiaries (Audited) (5-month period ended December 31, 2007)**
- 4. Financial Statements of Applicant’s Parent, NTS Communications, Inc. and Its Subsidiaries (Audited) (fiscal years ended July 31, 2007 and 2006)**
- 5. Balance Sheet of Applicant Pride Network, Inc. (as of July 31, 2009)**

Applicant's Explanatory Remarks Regarding Response to Q47

Applicant is a Start-Up Company

(b) (4)

Financial Statements of Applicant's Parent, NTS Communications, Inc.

NTS financial statements for 2006 and 2007

(b) (4)

NTS financial statements for 2008

(b) (4)

**NTS COMMUNICATIONS, INC.
AND SUBSIDIARIES**

**FINANCIAL STATEMENTS
DECEMBER 31, 2008**

UNAUDITED – FOR MANAGEMENT USE ONLY

NTS COMMUNICATIONS, INC AND SUBSIDIARIES
 CONSOLIDATED BALANCE SHEET
 DECEMBER 31, 2008
 UNAUDITED-FOR MANAGEMENT USE ONLY

ASSETS

Current assets

Cash and equivalents

\$ (b) (4)

Accounts receivable-trade

(b) (4)

Allowance for bad debts

(b) (4)

Other receivables

(b) (4)

Unbilled revenue

(b) (4)

Prepaid expenses

(b) (4)

Inventory

(b) (4)

Inter-company A/R Xfone entities

(b) (4)

Other current assets

(b) (4)

Deferred tax benefit

— (b) (4)

Total current assets

— (b) (4)

Property, equipment and improvements

(b) (4)

Less accumulated depreciation

— (b) (4)

Property, equipment and improvements

(b) (4)

in development

(b) (4)

Total property, equipment and improvements

(b) (4)

Other assets

— (b) (4)

Goodwill

(b) (4)

Less amortized goodwill

(b) (4)

Other assets

(b) (4)

Total other assets

— (b) (4)

Total assets

(b) (4)

\$

NTS COMMUNICATIONS, INC AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
DECEMBER 31, 2008

UNAUDITED-FOR MANAGEMENT USE ONLY
LIABILITIES AND STOCKHOLDER EQUITY

| | | |
|---|----|---------|
| Current liabilities | | |
| Accounts Payable-trade | \$ | (b) (4) |
| Current maturity of long term debt | | (b) (4) |
| Accrued other liabilities | | (b) (4) |
| Deferred revenues | | (b) (4) |
| Customer deposits | | (b) (4) |
| Total current liabilities | | (b) (4) |
| Long term liabilities | | (b) (4) |
| Long term debt, less current portion | | (b) (4) |
| Other long term liabilities | | (b) (4) |
| Deferred income tax | | (b) (4) |
| Total long term liabilities | | (b) (4) |
| Total liabilities | | (b) (4) |
| Stockholders equity | | (b) (4) |
| Common stock, no par value, authorized 11,000,000 shares, 1,962,029 issued | | (b) (4) |
| Additional paid in capital | | (b) (4) |
| Retained earnings-unrestricted | | (b) (4) |
| Treasury stock-702,878 shares | | (b) (4) |
| Total stockholders equity | | (b) (4) |
| Total liability and stockholders equity | \$ | (b) (4) |

NTS COMMUNICATION, INC AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF INCOME
TEN MONTHS ENDED DECEMBER 31, 2008
UNAUDITED-FOR MANAGEMENT USE ONLY

| | | |
|--|-----|-----|
| Revenues earned | (b) | (4) |
| Cost of communication services | (b) | (4) |
| Gross profit | (b) | (4) |
| Selling, general and administrative expenses | (b) | (4) |
| Income from operations | (b) | (4) |
| Other income/(expense) | (b) | (4) |
| Interest income | (b) | (4) |
| Building lease | (b) | (4) |
| Other income/(expense) | (b) | (4) |
| Gain on sales of assets | (b) | (4) |
| Interest expense | (b) | (4) |
| Total other income/(expense) | (b) | (4) |
| Income from continuing operations before taxes | (b) | (4) |
| Income tax provision | (b) | (4) |
| Net income | (b) | (4) |

NTS COMMUNICATIONS, INC AND SUBSIDIARIES
 CONSOLIDATED STATEMENT OF CASH FLOWS
 TEN MONTHS ENDED DECEMBER 31, 2008
 UNAUDITED-FOR MANAGEMENT USE ONLY

Cash flows from operating activities:

| | |
|---|------------|
| Net Income | \$ (b) (4) |
| Adjustment to reconcile net income to net cash provided by operating activities | (b) (4) |
| Depreciation and amortization of fixed assets | (b) (4) |
| Capitalized depreciation | (b) (4) |
| Increase/(decrease in deferred taxes | (b) (4) |
| (Gain)/loss on sales or disposal of assets | (b) (4) |
| (Increase)/decrease: | (b) (4) |
| Accounts receivable-trade | (b) (4) |
| Other receivables | (b) (4) |
| Unbilled Revenue | (b) (4) |
| Other current assets | (b) (4) |
| Increase in Inter-company A/R | (b) (4) |
| Accrued interest | (b) (4) |
| Prepaid expenses | (b) (4) |
| Inventory | (b) (4) |
| (Increase)/decrease: | (b) (4) |
| Accounts payable-trade | (b) (4) |
| Deferred revenue | (b) (4) |
| Accrued other liabilities | (b) (4) |
| Net cash provided (used) by operating activities | (b) (4) |
| Cash flow from investing activities: | (b) (4) |
| Purchase of property, equipment and improvements | (b) (4) |
| Proceeds from sale of assets | (b) (4) |
| Change in partnership investment | (b) (4) |
| Net cash provided (used) by investing activities | (b) (4) |

NTS COMMUNICATIONS, INC AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
TEN MONTHS ENDED DECEMBER 31, 2008
UNAUDITED-FOR MANAGEMENT USE ONLY

Cash flow from financing activities:

 Proceeds on long term debt

 Principal payments on long term debt

 Dividends paid

Net cash provided (used) by financing activities

Net increase/(decrease) in cash

Cash/cash equivalents, beginning of year

Cash/cash equivalents, end of year

Supplementary disclosure of cash flow information:

Cash paid during the year for:

 Interest

| | |
|-----|-----|
| (b) | (4) |
| (b) | (4) |
| (b) | (4) |
| (b) | (4) |
| (b) | (4) |
| (b) | (4) |
| (b) | (4) |
| (b) | (4) |
| (b) | (4) |
| (b) | (4) |

\$

NTS COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENT

AS OF DECEMBER 31, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Company

NTS Communications, Inc. (NTS) and its wholly owned subsidiaries provide telecommunication services which are primarily engaged in selling or reselling long distance telephone service and providing local telephone, internet and video services to the general public, both commercial and residential. These services are mainly provided within the continental United States with a concentration in the Southwestern United States.

NTS Communications, Inc. is a consolidated subsidiary of its majority-owned stockholder Telephone Electronics Corporation.

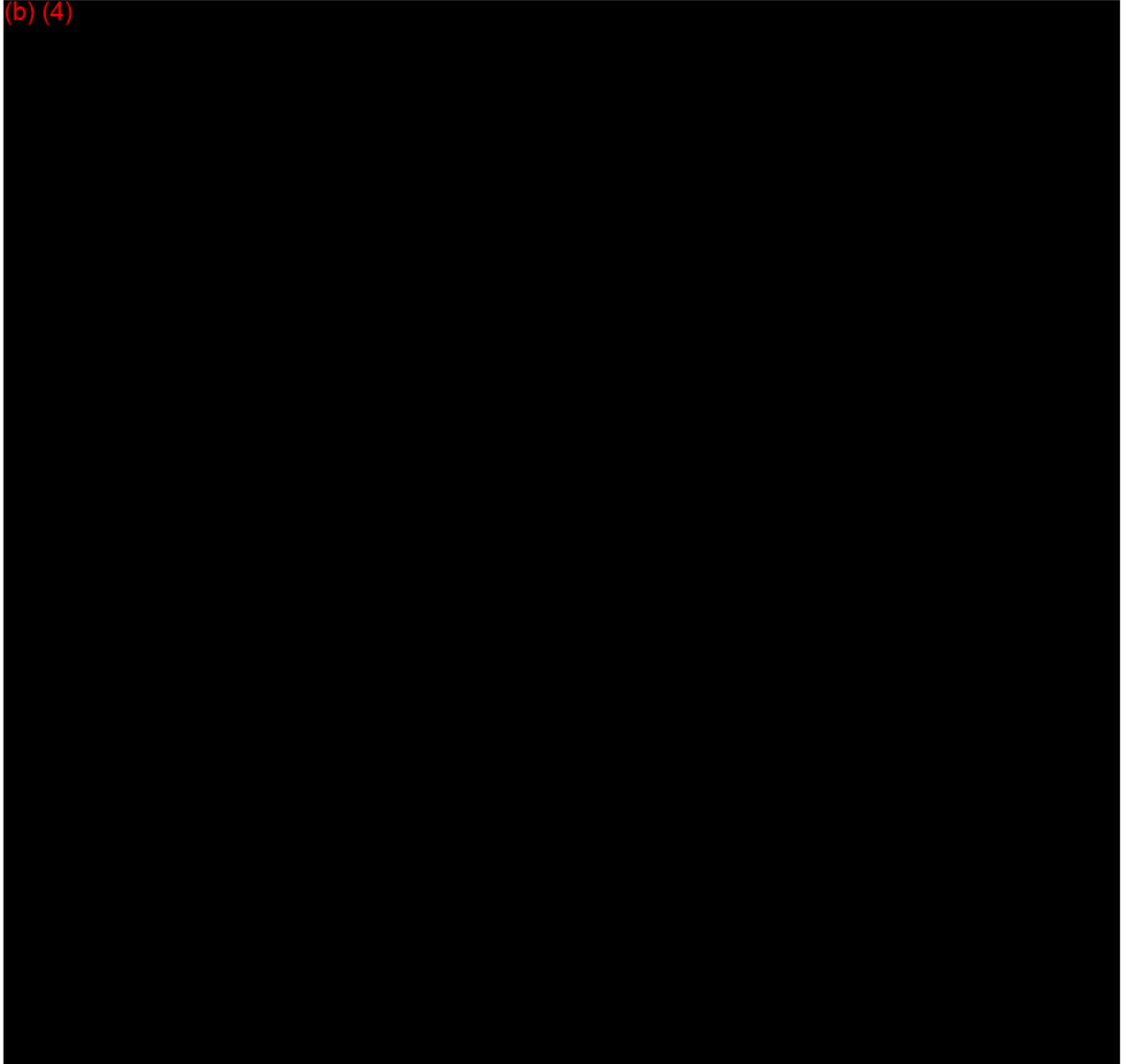
(b) (4)



NTS COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENT

AS OF DECEMBER 31, 2008
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued



NTS COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENT
AS OF DECEMBER 31, 2008
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES, Continued

(b) (4)



NTS COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENT

AS OF DECEMBER 31, 2008
(Continued)

2. PROPERTY, EQUIPMENT AND IMPROVEMENTS

Estimated
Useful
Lives

(b) (4)

Total depreciation and amortization expense on property, equipment and improvements as of December 31, 2008 was (b) (4). Total depreciation expense capitalized as of December 31, 2008 was (b) (4).

3. NOTE PAYABLE

The Company has a (b) (4)(b) (4)(b) (4)(b) (4)(b) (4). The note is secured by an assignment of all accounts receivable, with interest equal to the Wall Street Journal prime, maturing March, 2009. As of December 31, 2008, the balance due was (b) (4).

NTS COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENT

AS OF DECEMBER 31, 2008
(Continued)

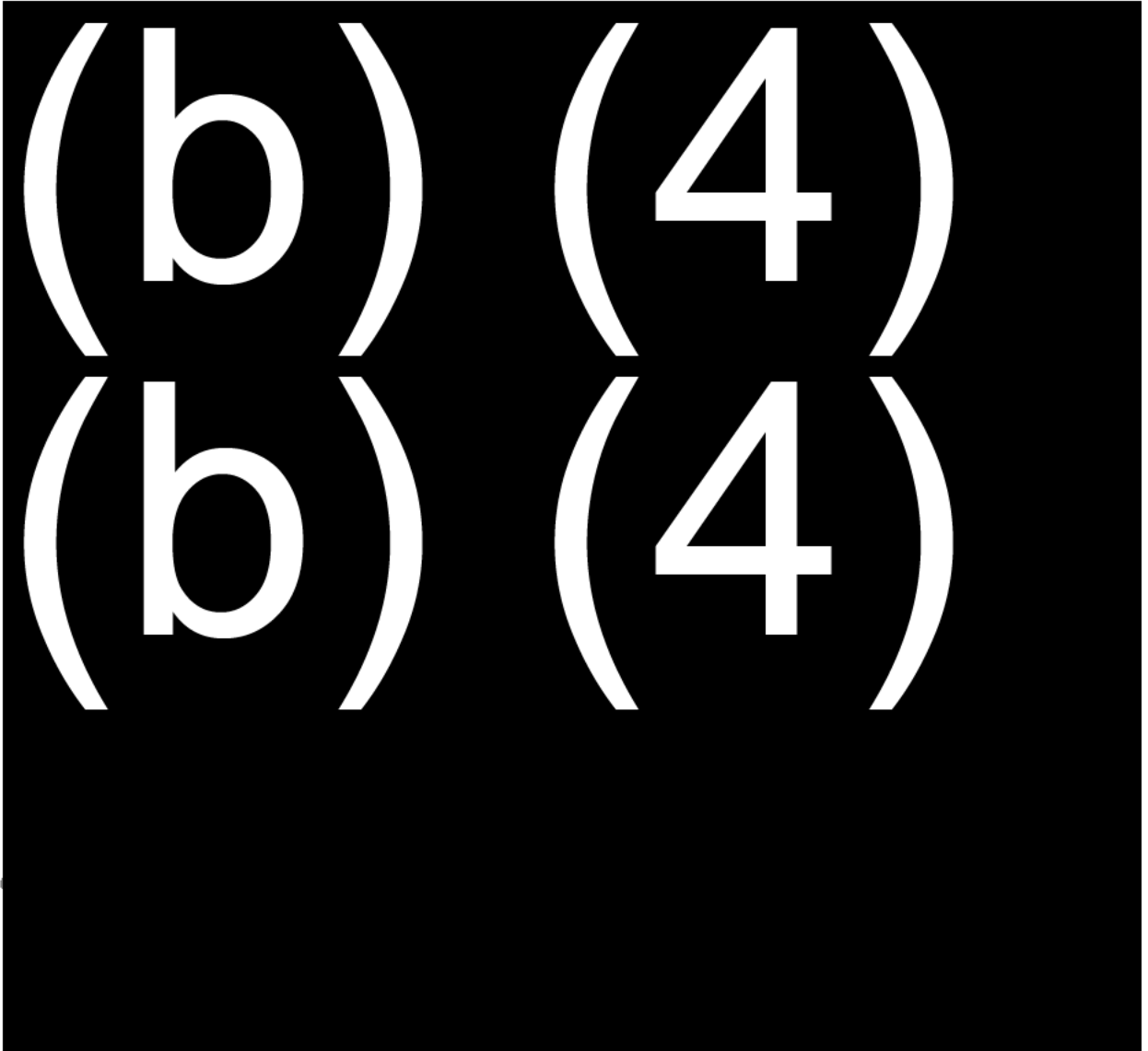
4. LONG-TERM DEBT

A large black rectangular redaction box covers the majority of the page content. Inside this box, there are three rows of text. Each row contains two items in parentheses: a lowercase letter 'b' on the left and the number '4' on the right. The text is white and centered within each row.

NTS COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENT

AS OF DECEMBER 31, 2008
(Continued)

4. LONG-TERM DEBT, Continued



U.S. Department of Agriculture RUS

Note for RUS Levelland overbuild with a face amount of \$82,608, payable in 11 monthly installments of interest only, followed by monthly payments of \$588 including interest at 4% through December, 2024, secured by all property, assets, rights,

NTS COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENT

AS OF DECEMBER 31, 2008
(Continued)

(b) (4)

NTS COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENT

AS OF DECEMBER 31, 2008
(Continued)

5. LEASES

Lessee

The Company is obligated under various operating leases for office facilities and equipment rooms that expire at various times through 2013. Certain leases contain contingent rental provisions keyed to the consumer price index.

Future minimum lease payments under noncancellable operating leases as of December 31, 2008, for each of the next five years in the aggregate are:

(b) (4)

Total minimum lease payments

(b) (4)

**NTS COMMUNICATIONS, INC.
AND SUBSIDIARIES**

CONSOLIDATED FINANCIAL STATEMENTS

FIVE MONTHS ENDED DECEMBER 31, 2007

NTS COMMUNICATIONS, INC. AND SUBSIDIARIES

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
NTS Communications, Inc. and Subsidiaries
Lubbock, Texas

We have audited the accompanying consolidated balance sheet of NTS Communications, Inc. and subsidiaries as of December 31, 2007 and the related consolidated statements of income, stockholders' equity and cash flows for the five months 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 audit.

We conducted our audit 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 audit provides 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 NTS Communications, Inc., and subsidiaries as of December 31, 2007, and the results of their operations and their cash flows for the five months then ended in conformity with generally accepted accounting principles in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information presented in the accompanying schedules is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information 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 as a whole.

Phillips & Associates, CPA's

CERTIFIED PUBLIC ACCOUNTANTS
MARCH 11, 2008

NTS COMMUNICATIONS, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

DECEMBER 31, 2007

ASSETS

Current assets

Cash and cash equivalents
 Accounts receivable - trade
 Allowance for bad debts
 Other receivables
 Unbilled revenue
 Prepaid expenses
 Inventory
 Deferred tax benefit

Total current assets

Investments

Property, equipment and improvements
 Less accumulated depreciation & amortization

Property, equipment and improvements in
 development

Total property, equipment and improvements

Other assets

Goodwill
 Less amortization of goodwill
 Other assets

Total other assets

Total assets

| | | |
|----|-----|-----|
| \$ | (b) | (4) |
| | (b) | (4) |
| | (b) | (4) |
| | (b) | (4) |
| | (b) | (4) |
| | (b) | (4) |
| | (b) | (4) |
| | (b) | (4) |
| | (b) | (4) |
| | (b) | (4) |
| | (b) | (4) |
| | (b) | (4) |
| | (b) | (4) |
| \$ | (b) | (4) |



The accompanying notes are an integral part of these statements.

LIABILITIES AND STOCKHOLDERS' EQUITY

| | | | |
|---|----|-----|-----|
| Current liabilities | | | |
| Accounts payable - trade and carrier charges | \$ | (b) | (4) |
| Current maturities of long-term debt | | (b) | (4) |
| Accrued other liabilities | | (b) | (4) |
| Deferred revenues | | (b) | (4) |
| Customer deposits | | (b) | (4) |
| Total current liabilities | | (b) | (4) |
| Long-term liabilities | | | |
| Long-term debt, less current portion | | (b) | (4) |
| Deferred income taxes | | (b) | (4) |
| Total long-term liabilities | | (b) | (4) |
| Total liabilities | | (b) | (4) |
| Stockholders' equity | | | |
| Common stock, no par value, authorized 11,000,000 shares, 1,962,029 shares issued and outstanding | | (b) | (4) |
| Additional paid-in capital | | (b) | (4) |
| Retained earnings - unrestricted | | (b) | (4) |
| Treasury stock at cost, 702,878 shares | | (b) | (4) |
| Total stockholders' equity | | (b) | (4) |
| Total liabilities and stockholders' equity | \$ | (b) | (4) |

NTS COMMUNICATIONS, INC. AND SUBSIDIARIES
 CONSOLIDATED STATEMENT OF INCOME
 FIVE MONTHS ENDED DECEMBER 31, 2007

| | | | |
|---|----|-----|-----|
| Revenues earned | \$ | (b) | (4) |
| Cost of communication services | | (b) | (4) |
| Gross profit | | (b) | (4) |
| Selling, general and administrative expenses | | (b) | (4) |
| Income from operations | | (b) | (4) |
| Other income (expenses) | | (b) | (4) |
| Interest income | | (b) | (4) |
| Building lease | | (b) | (4) |
| Other income | | (b) | (4) |
| Gain on sale of assets | | (b) | (4) |
| Interest expense | | (b) | (4) |
| Total other income (expenses) | | (b) | (4) |
| Income from continuing operations before income taxes | | (b) | (4) |
| Income tax provision | | (b) | (4) |
| Net income | \$ | (b) | (4) |

The accompanying notes are an integral part of these statements.

NTS COMMUNICATIONS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

FIVE MONTHS ENDED DECEMBER 31, 2007

| | Common Stock | Additional Paid-In Capital | Retained Earnings | Treasury Stock | Total Stock- holders' Equity |
|----------------------------|-----------------|----------------------------------|----------------------|-------------------|---------------------------------------|
| Balance, July 31, 2007 | (6) | (6) | (6) | (6) | (6) |
| Dividends | (4) | (4) | (4) | (4) | (4) |
| Net income | (4) | (4) | (4) | (4) | (4) |
| Balance, December 31, 2007 | (6) | (6) | (6) | (6) | (6) |

NTS COMMUNICATIONS, INC. AND SUBSIDIARIES
 CONSOLIDATED STATEMENT OF CASH FLOWS
 FIVE MONTHS ENDED DECEMBER 31, 2007

| | | |
|---|----|---------|
| Cash flows from operating activities: | | |
| Net income | \$ | (b) (4) |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization of fixed assets | | (b) (4) |
| Capitalized depreciation | | (b) (4) |
| Increase (decrease) in deferred taxes | | (b) (4) |
| (Gain) loss on sale or disposal of assets | | (b) (4) |
| (Increase) decrease: | | |
| Accounts receivable - trade | | (b) (4) |
| Other receivables | | (b) (4) |
| Unbilled revenue | | (b) (4) |
| Accrued interest | | (b) (4) |
| Prepaid expenses | | (b) (4) |
| Inventory | | (b) (4) |
| Increase (decrease): | | |
| Accounts payable - trade | | (b) (4) |
| Deferred revenue | | (b) (4) |
| Accrued other liabilities | | (b) (4) |
| Net cash provided (used) by operating activities | | (b) (4) |
| Cash flows from investing activities: | | |
| Purchase of property, equipment and improvements | | (b) (4) |
| Proceeds from sale of assets | | (b) (4) |
| Change in partnership investment | | (b) (4) |
| Net cash provided (used) by investing activities | | (b) (4) |

The accompanying notes are an integral part of these statements.

NTS COMMUNICATIONS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

FIVE MONTHS ENDED DECEMBER 31, 2007

(Continued)

Cash flows from financing activities:

Proceeds on long-term debt
Principal payments on long-term debt
Dividends paid

Net cash provided (used) by financing activities

Net increase (decrease) in cash
Cash/Cash equivalents, beginning of year

Cash/Cash equivalents, end of year

Supplementary disclosures of cash flow information:

Cash paid during the year for:

Interest

Income taxes

| | | |
|----|-----|-----|
| | (b) | (4) |
| | (b) | (4) |
| | (b) | (4) |
| | (b) | (4) |
| \$ | (b) | (4) |
| | (b) | (4) |
| | (b) | (4) |
| \$ | (b) | (4) |
| \$ | (b) | (4) |

The accompanying notes are an integral part of these statements.

NTS COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FIVE MONTHS ENDED DECEMBER 31, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(b) (4)



NTS COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FIVE MONTHS ENDED DECEMBER 31, 2007
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

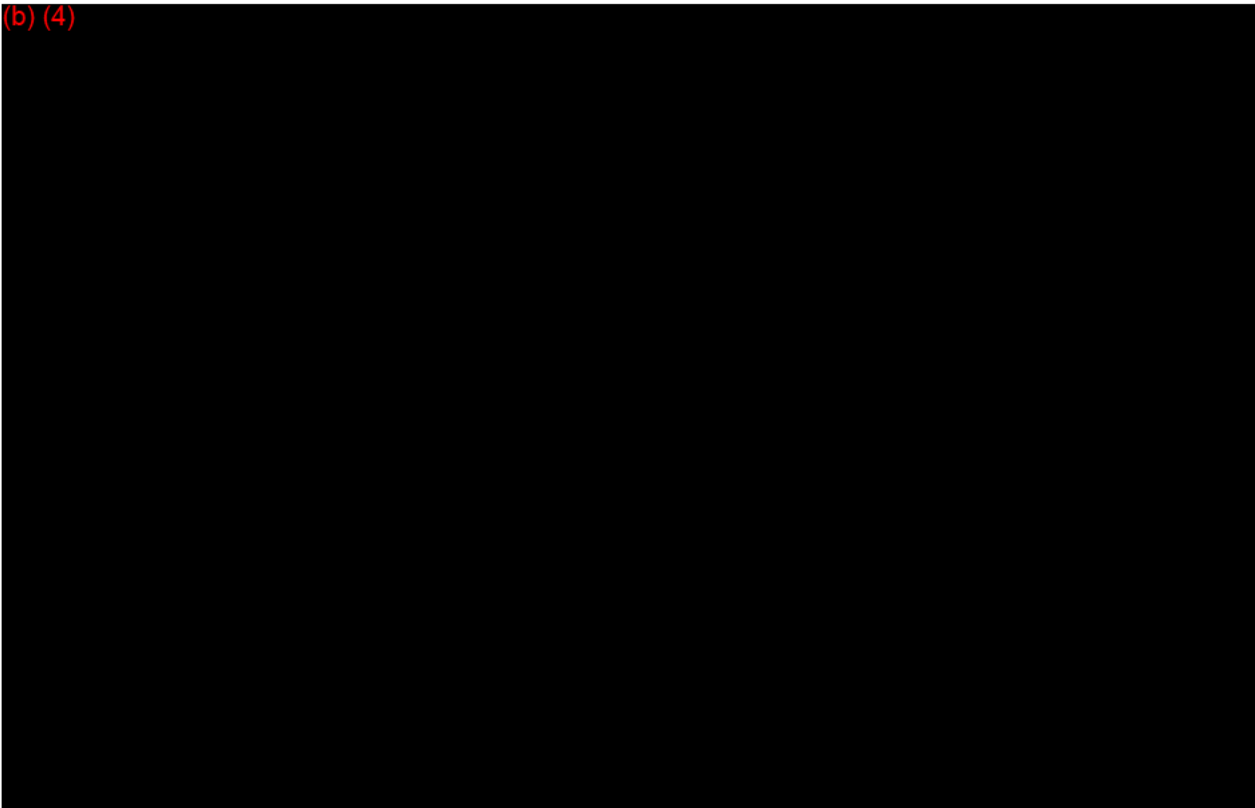
(b) (4)



NTS COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FIVE MONTHS ENDED DECEMBER 31, 2007
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES, Continued

(b) (4)



2. OTHER RECEIVABLES

(b) (4)



| | |
|----|---------|
| \$ | (b) (4) |
| | (b) (4) |
| — | (b) (4) |
| \$ | |

NTS COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FIVE MONTHS ENDED DECEMBER 31, 2007
(Continued)

3. INVESTMENTS

(b) (4)



4. PROPERTY, EQUIPMENT AND IMPROVEMENTS

Estimated
Useful
Lives

(b) (4)

Total property, equipment and improvements

(b) (4)(b) (4)

(b) (4)



5. NOTE PAYABLE

(b) (4)



NTS COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FIVE MONTHS ENDED DECEMBER 31, 2007
(Continued)

6. LONG-TERM DEBT

| | |
|-----|-----|
| (b) | (4) |
| (b) | (4) |
| (b) | (4) |

NTS COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FIVE MONTHS ENDED DECEMBER 31, 2007
(Continued)



U.S. Department of Agriculture RUS

Note for RUS Levelland overbuild with a face amount of \$82,608, payable in 11 monthly installments of interest only, followed by monthly payments of \$588 including interest at 4% through December, 2024, secured by all property, assets, rights, privileges, licenses and franchises.

82,608



NTS COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FIVE MONTHS ENDED DECEMBER 31, 2007
(Continued)

7. LEASES

Lessee

The Company is obligated under various operating leases for office facilities and equipment rooms that expire at various times through 2013. Certain leases contain contingent rental provisions keyed to the consumer price index.

Future minimum lease payments under noncancellable operating leases as of December 31, 2007, for each of the next five years in the aggregate are:

(b) (4)

Total minimum lease payments

(b) (4)

(b) (4)

Lessor

NTS Management Company, L.L.C. (a consolidated subsidiary) is the lessor of the Metro Tower building located in Lubbock, Texas. (b) (4)

(b) (4)

Minimum future rentals to be received on noncancellable leases as of December 31, 2007, for each of the next five years in the aggregate are:

December 31,

Amount

(b) (4)

Total minimum future rentals

\$ (b) (4)

NTS COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FIVE MONTHS ENDED DECEMBER 31, 2007
(Continued)

8. INCOME TAXES

The following is an analysis reconciling taxable income per books with taxable income per the corporate return.

Income from continuing operations
before taxes
50% meals and entertainment
Penalties
Texas Margin tax

Taxable income - financial

Increase (decrease) in provision for bad debts
Increase (decrease) in provision for accrued vacation
Book depreciation greater (lesser) than tax
Excess tax gain (loss) on asset disposals
Book amortization of section 197 intangibles
greater(lesser) than tax amortization
Utilization of net operating loss carryover

Taxable income

Federal income tax liability at 34%
Increase (decrease) in deferred income taxes

Federal income tax provision
Texas Margin tax

Income tax provision

(b) (4)

All subsidiaries are filed on the consolidated Form 1120 of NTS Communications, Inc.

NTS COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FIVE MONTHS ENDED DECEMBER 31, 2007
(Continued)

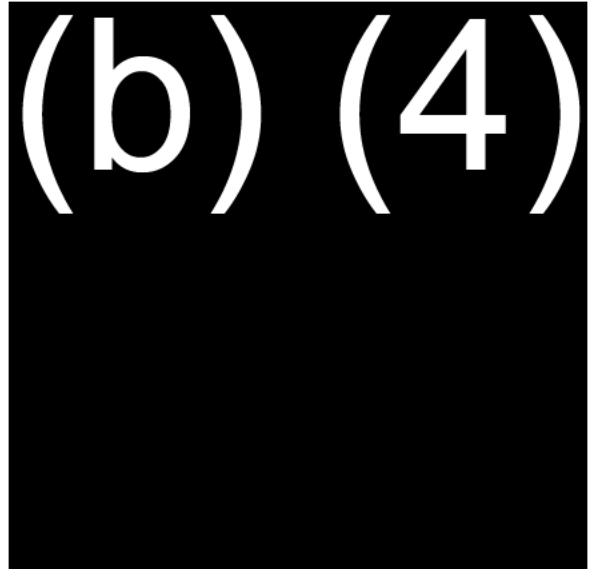
8. INCOME TAXES, Continued

The following is an analysis of the components of deferred taxes:

(b) (4)



(b) (4)



(b) (4)



The net operating loss carryforward will begin to expire in 2024.

9. EMPLOYEE BENEFIT PLAN

The Company maintains an employees' savings and retirement plan under Section 401(k) of the Internal Revenue Code. All full-time employees who have completed six months of service become eligible to participate upon the nearest semi-annual plan entry date. The Company's contribution to the plan, as determined by the board of directors, is discretionary and is limited to a portion of the employee's contribution. The Company contributed (b) (4) during the five months ended December 31, 2007. All contributions were fully funded as of the report date.

NTS COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FIVE MONTHS ENDED DECEMBER 31, 2007
(Continued)

10. RELATED PARTY TRANSACTIONS

(b) (4)

11. CONCENTRATION OF RISK

The Company customarily grants credit to its customers and generally does not require collateral. A substantial portion of credit sales is to other long distance service providers. Accordingly, conditions in the long distance telephone service industry, including actions by regulatory authorities, may significantly influence the ability to collect a substantial portion of its trade accounts receivable.

The Company maintained cash in excess of the federally insured limit of (b) (4) At December 31, 2007, uninsured deposits were (b) (4)

12. CONTINGENCIES

(b) (4) (b) (4)

NTS COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FIVE MONTHS ENDED DECEMBER 31, 2007
(Continued)

13. SUBSEQUENT EVENTS

(b) (4)
(b) (4)
(b) (4)

SUPPLEMENTARY INFORMATION

NTS COMMUNICATIONS, INC. AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF REVENUES EARNED
FIVE MONTHS ENDED DECEMBER 31, 2007

Long distance, toll, and operator assistance
Private lines
Local service
Data services
Universal service fee
PICC cost recovery
Regulatory cost recovery
Carrier access billing
Paging
Telephone systems sales & services
Conference calls
Video
Other credits

| | | |
|----|-----|-----|
| \$ | (b) | (4) |
| | (b) | (4) |
| | (b) | (4) |
| | (b) | (4) |
| | (b) | (4) |
| | (b) | (4) |
| | (b) | (4) |
| \$ | (b) | (4) |

The accompanying notes are an integral part of these supplementary schedules.



NTS COMMUNICATIONS, INC. AND SUBSIDIARIES

CONSOLIDATED SCHEDULE OF SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

FIVE MONTHS ENDED DECEMBER 31, 2007

| | | | |
|---------------------------------|----|-----|-----|
| Advertising | \$ | (b) | (4) |
| Automobile and truck expense | | (b) | (4) |
| Bad debt expense | | (b) | (4) |
| Bank charges | | (b) | (4) |
| Business meals | | (b) | (4) |
| Collection agency fees | | (b) | (4) |
| Commissions | | (b) | (4) |
| Computer expense | | (b) | (4) |
| Contract labor | | (b) | (4) |
| Depreciation | | (b) | (4) |
| Directors fees | | (b) | (4) |
| Dues and subscriptions | | (b) | (4) |
| Employee benefits | | (b) | (4) |
| Engineering fees | | (b) | (4) |
| Entertainment and promotional | | (b) | (4) |
| Freight | | (b) | (4) |
| Insurance | | (b) | (4) |
| State infrastructure assessment | | (b) | (4) |
| Internet expenses | | (b) | (4) |
| Legal and accounting | | (b) | (4) |
| Licenses and fees | | (b) | (4) |
| Management fees | | (b) | (4) |
| Miscellaneous | | (b) | (4) |
| Office supplies and expense | | (b) | (4) |
| Postage | | (b) | (4) |
| Rent | | (b) | (4) |
| Repairs and maintenance | | (b) | (4) |
| Salaries | | (b) | (4) |
| Taxes - other | | (b) | (4) |
| Taxes - payroll | | (b) | (4) |
| Telephone | | (b) | (4) |
| Travel | | (b) | (4) |
| Training | | (b) | (4) |
| Utilities | | (b) | (4) |
| | \$ | (b) | (4) |

The accompanying notes are an integral part of these supplementary schedules.

**NTS COMMUNICATIONS, INC.
AND SUBSIDIARIES**

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JULY 31, 2007 AND 2006

NTS COMMUNICATIONS, INC. AND SUBSIDIARIES

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| Financial statements | |
| Consolidated balance sheets | 4 |
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| Consolidated statements of cash flows | 7 |
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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
NTS Communications, Inc. and Subsidiaries
Lubbock, Texas

We have audited the accompanying consolidated balance sheets of NTS Communications, Inc. and subsidiaries as of July 31, 2007 and 2006 and the related consolidated statements of income, stockholders' 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 audit.

We conducted our audit 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 audit provides 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 NTS Communications, Inc., and subsidiaries as of July 31, 2007 and 2006, and the results of their operations and their cash flows for the years then ended in conformity with generally accepted accounting principles in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information presented in the accompanying schedules is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information 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 as a whole.

Phillips & Associates, CPA's

CERTIFIED PUBLIC ACCOUNTANTS
SEPTEMBER 17, 2007

NTS COMMUNICATIONS, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

JULY 31, 2007 AND 2006

ASSETS

| | 2007 | 2006 |
|---|--------|------|
| Current assets | | |
| Cash and cash equivalents | \$ (b) | (4) |
| Accounts receivable - trade | | |
| Allowance for bad debts | | |
| Other receivables | | |
| Unbilled revenue | | |
| Prepaid expenses | (b) | (4) |
| Accrued interest | | |
| Inventory | | |
| Deferred tax benefit | | |
| Total current assets | (b) | (4) |
| Investments | | |
| Property, equipment and improvements | | |
| Less accumulated depreciation & amortization | (b) | (4) |
| Property, equipment and improvements in development | | |
| Total property, equipment and improvements | (b) | (4) |
| Other assets | | |
| Note receivable - Shareholder Value, Ltd. | | |
| Goodwill | | |
| Less amortization of goodwill | (b) | (4) |
| Deferred tax benefit | | |
| Other assets | | |
| Total other assets | | |
| Total assets | \$ | \$ |

LIABILITIES AND STOCKHOLDERS' EQUITY

| | 2007 | 2006 |
|--|--------|------|
| Current liabilities | | |
| Accounts payable - trade and carrier charges | \$ (b) | (4) |
| Note payable | | |
| Current maturities of long-term debt | | |
| Accrued other liabilities | | |
| Deferred revenues | | |
| Customer deposits | (b) | (4) |
| Total current liabilities | | |
| Long-term liabilities | | |
| Long-term debt, less current portion | (b) | (4) |
| Deferred income taxes | | |
| Total long-term liabilities | | |
| Total liabilities | (b) | (4) |
| Stockholders' equity | | |
| Common stock, no par value, authorized 11,000,000 shares, 1,962,029 shares issued in 2007 and 2006 | (b) | (4) |
| Additional paid-in capital | (b) | (4) |
| Retained earnings - unrestricted | | |
| Treasury stock at cost, 702,878 shares in 2007 and 2006 | (b) | (4) |
| Total stockholders' equity | | |
| Total liabilities and stockholders' equity | \$ | |

NTS COMMUNICATIONS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
YEARS ENDED JULY 31, 2007 AND 2006

| | 2007 | 2006 |
|---|--------|------|
| Revenues earned | \$ (b) | (4) |
| Cost of communication services | (b) | (4) |
| Gross profit | (b) | (4) |
| Selling, general and administrative expenses | (b) | (4) |
| Income (loss) from operations | (b) | (4) |
| Other income (expenses) | (b) | (4) |
| Interest income | (b) | (4) |
| Building lease | (b) | (4) |
| Other income | (b) | (4) |
| Gain on sale of assets | (b) | (4) |
| Gain on sale of investments | (b) | (4) |
| Interest expense | (b) | (4) |
| Total other income (expenses) | (b) | (4) |
| Income from continuing operations before income taxes | (b) | (4) |
| Income tax provision | (b) | (4) |
| Net income | \$ (b) | (4) |

The accompanying notes are an integral part of these statements.

NTS COMMUNICATIONS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

YEARS ENDED JULY 31, 2007 AND 2006

| | Common Stock | Additional Paid-In Capital | Retained Earnings | Treasury Stock | Total Stock- holders' Equity |
|------------------------|-----------------|----------------------------------|----------------------|-------------------|---------------------------------------|
| Balance, July 31, 2005 | (b) | (b) | (b) | (b) | (b) |
| Net income | | | | | |
| Balance, July 31, 2006 | (b) | (b) | (b) | (b) | (b) |
| Dividends | | | | | |
| Net income | (4) | | (4) | (4) | (4) |
| Balance, July 31, 2007 | (b) | (b) | (b) | (b) | (b) |

The accompanying notes are an integral part of these statements.

NTS COMMUNICATIONS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JULY 31, 2007 AND 2006

| | 2007 | 2006 |
|---|--------|------|
| Cash flows from operating activities: | | |
| Net income | \$ (b) | (4) |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization of fixed assets | | |
| Capitalized depreciation | | |
| Increase (decrease) in deferred taxes | (b) | (4) |
| (Gain) loss on sale or disposal of assets | | |
| (Gain) loss on sale of investments | | |
| (Increase) decrease: | | |
| Accounts receivable - trade | | |
| Other receivables | (b) | (4) |
| Unbilled revenue | | |
| Accrued interest | | |
| Prepaid expenses | | |
| Inventory | | |
| Other assets | (b) | (4) |
| Increase (decrease): | | |
| Accounts payable - trade | (b) | (4) |
| Customer deposits | | |
| Deferred revenue | | |
| Accrued other liabilities | | |
| Accrued settlement | (b) | (4) |
| Net cash provided (used) by operating activities | (b) | (4) |
| Cash flows from investing activities: | | |
| Purchase of property, equipment and improvements | (b) | (4) |
| Proceeds from sale of assets | | |
| Change in partnership investment | | |
| Proceeds from sale of investments | | |
| Collection of note receivable | | |
| Net cash provided (used) by investing activities | | |

The accompanying notes are an integral part of these statements.

NTS COMMUNICATIONS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED JULY 31, 2007 AND 2006
(Continued)

| | 2007 | 2006 |
|---|--------|--------|
| Cash flows from financing activities: | | |
| Principal payments on long-term debt | (b) | (4) |
| Dividends paid | | |
| Change in line of credit note payable | | |
| Net cash provided (used) by financing activities | (b) | (4) |
| Net increase (decrease) in cash | | |
| Cash/Cash equivalents, beginning of year | | |
| Cash/Cash equivalents, end of year | \$ (b) | \$ (4) |
| Supplementary disclosures of cash flow information: | | |
| Cash paid during the year for: | | |
| Interest | \$ (b) | \$ (4) |
| Income taxes | \$ (b) | \$ (4) |
| Non cash investing and financing activities: | | |
| Equipment acquired by issuance of long-term debt | \$ | \$ |

The accompanying notes are an integral
part of these statements.

NTS COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JULY 31, 2007 AND 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Company

NTS Communications, Inc. (NTS) and its wholly owned subsidiaries provide telecommunication services which are primarily engaged in selling or reselling long distance telephone service and providing local telephone, internet and video services to the general public, both commercial and residential. These services are mainly provided within the continental United States with a concentration in the Southwestern United States.

NTS Communications, Inc. is a consolidated subsidiary of its majority-owned stockholder Telephone Electronics Corporation.

(b) (4)



NTS COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JULY 31, 2007 AND 2006
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

(b) (4)



NTS COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JULY 31, 2007 AND 2006
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES, Continued

(b) (4)



NTS COMMUNICATIONS, INC. AND SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JULY 31, 2007 AND 2006
 (Continued)

2. OTHER RECEIVABLES

| | 2007 | 2006 |
|--|--------|--------|
| Current portion of employee advances | \$ (b) | \$ (4) |
| Health insurance refund | | |
| Vender credit receivable | (b) | (4) |
| Miscellaneous receivables | | |
| Receivable from Shareholder Value Ltd. | | |
| Sales tax refund receivable | (b) | (4) |

3. INVESTMENTS

| | | |
|------------------------|--------|--------|
| Shareholder Value Ltd. | \$ (b) | \$ (4) |
| Land | \$ | \$ |

NTS Properties, L.C., a wholly owned subsidiary, is the managing partner with a 1% interest in Shareholder Value, Ltd., a Texas partnership formed to manage nonresidential real estate.

NTS COMMUNICATIONS, INC. AND SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JULY 31, 2007 AND 2006
 (Continued)

4. PROPERTY, EQUIPMENT AND IMPROVEMENTS

| | 2007 | 2006 | Estimated Useful Lives |
|--|--------|------|------------------------------|
| Land | \$ (b) | (4) | |
| Communications system in service | (b) | (4) | |
| Building | (b) | (4) | |
| Leasehold improvements | (b) | (4) | |
| Office equipment | (b) | (4) | |
| Computer hardware/software | (b) | (4) | |
| Construction equipment | (b) | (4) | |
| Vehicles | (b) | (4) | |
| Data, telephone and video equipment - fiber network | (b) | (4) | |
| Capitalized installation charges | (b) | (4) | |
| Fiber optic system | (b) | (4) | |
| Total property, equipment and improvements | \$ (b) | (4) | |

Total depreciation and amortization expense on property, equipment and improvements for the years ended July 31, 2007 and 2006 was (b) (4) (b) (4) (b) (4) respectively. Total depreciation expense capitalized for the years ended July 31, 2007 and 2006 was (b) (4) (b) (4) respectively.

5. NOTE PAYABLE

The Company has a (b) (4) (b) (4) (b) (4) (b) (4) (b) (4) (b) (4) The note is secured by an assignment of all accounts receivable, with interest equal to the Wall Street Journal prime, maturing January 2008. As of July 31, 2007, there were no funds advanced against this line of credit. At July 31, 2006, the total amount advanced on this line of credit was (b) (4)

NTS COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JULY 31, 2007 AND 2006
(Continued)

6. LONG-TERM DEBT

2007

2006

| | |
|-----|-----|
| (b) | (4) |
| (b) | (4) |
| (b) | (4) |

NTS COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JULY 31, 2007 AND 2006
(Continued)

6. LONG-TERM DEBT, Continued

2007

2006

| | |
|-----|-----|
| (b) | (4) |
| (b) | (4) |
| (b) | (4) |

NTS COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JULY 31, 2007 AND 2006
(Continued)

7. LEASES

Lessee

The Company is obligated under various operating leases for office facilities and equipment rooms that expire at various times through 2013. Certain leases contain contingent rental provisions keyed to the consumer price index.

Future minimum lease payments under noncancellable operating leases as of July 31, 2007, for each of the next five years in the aggregate are:

(b) (4)

Total minimum lease payments

(b) (4)

Rent expense for operating leases in fiscal years ending 2007 and 2006, was (b) (4) and (b) (4) respectively.

Lessor

(b) (4)

Total minimum future rentals

\$ (b) (4)

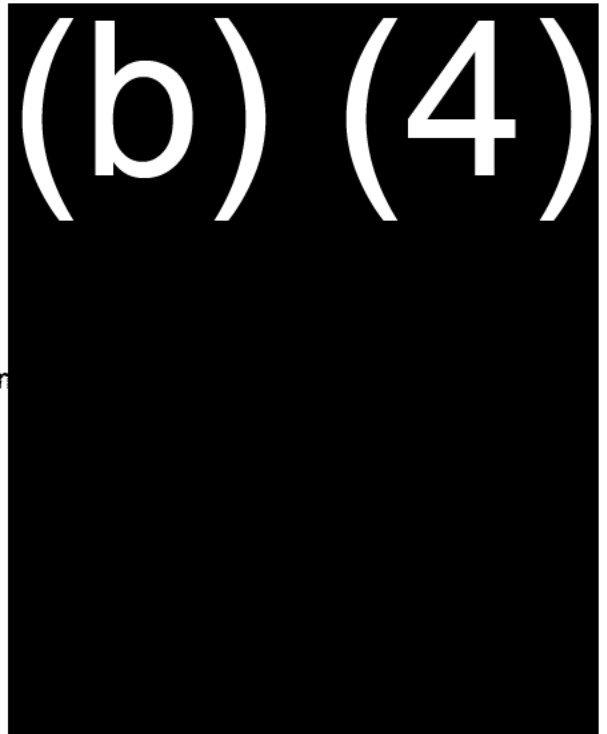
NTS COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JULY 31, 2007 AND 2006
(Continued)

8. INCOME TAXES

The following is an analysis reconciling taxable income per books with taxable income per the corporate return.

| | |
|--|--|
| Income (loss) from continuing operations before taxes | |
| 50% meals and entertainment | |
| Penalties | |
| Taxable income (loss) - financial | |
| Increase (decrease) in provision for bad debts | |
| Increase (decrease) in provision for accrued vacation | |
| Book depreciation greater (lesser) than tax | |
| Excess tax gain (loss) on asset disposals | |
| Book amortization of section 197 intangibles greater(lesser) than tax amortization | |
| Excess book income over partnership K-1 | |
| Utilization of contribution carryover | |
| Utilization of net operating loss carryover | |
| Taxable income (loss) | |



NTS COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JULY 31, 2007 AND 2006
(Continued)

8. INCOME TAXES, Continued

Federal income tax liability at 34%
Increase (decrease) in deferred income taxes

Income tax provision

(b) (4)

All subsidiaries are filed on the consolidated Form 1120 of NTS Communications, Inc.

The following is an analysis of the components of deferred taxes:

Difference in financial and
tax depreciation
Provision for bad debts
Provision for accrued
vacation
Difference in financial and
tax goodwill amortization
Net operating loss carryforward

(b) (4)

Deferred tax (benefit)
payable

(b) (4)

9. EMPLOYEE BENEFIT PLAN

The Company maintains an employees' savings and retirement plan under Section 401(k) of the Internal Revenue Code. All full-time employees who have completed six months of service become eligible to participate upon the nearest semi-annual plan entry date. The Company's contribution to the plan, as determined by the board of directors, is discretionary and is limited to a portion of the employee's contribution. The Company contributed (b) (4)(b) (4)(b) (4) during the years ended July 31, 2007 and 2006, respectively. All contributions were fully funded as of the report date.

NTS COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JULY 31, 2007 AND 2006
(Continued)

10. RELATED PARTY TRANSACTIONS

(b) (4)

11. CONCENTRATION OF RISK

The Company customarily grants credit to its customers and generally does not require collateral. A substantial portion of credit sales is to other long distance service providers. Accordingly, conditions in the long distance telephone service industry, including actions by regulatory authorities, may significantly influence the ability to collect a substantial portion of its trade accounts receivable.

The Company maintained cash in excess of the federally insured limit of (b) (4). At July 31, 2007 and 2006, uninsured deposits were (b) (4)(b) (4)(b) (4) respectively.

NTS COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JULY 31, 2007 AND 2006
(Continued)

12. SUBSEQUENT EVENTS

(b) (4)

SUPPLEMENTARY INFORMATION

NTS COMMUNICATIONS, INC. AND SUBSIDIARIES
 CONSOLIDATED SCHEDULES OF REVENUES EARNED
 YEARS ENDED JULY 31, 2007 AND 2006

| | 2007 | 2006 |
|--|--------|------|
| Long distance, toll, and operator assistance | \$ (b) | (4) |
| Private lines | | |
| Local service | | |
| Data services | | |
| Universal service fee | | |
| PICC cost recovery | (b) | (4) |
| Regulatory cost recovery | | |
| Carrier access billing | | |
| Paging | | |
| Telephone systems sales & services | | |
| Conference calls | | |
| Video | (b) | (4) |
| Other credits | | |
| | \$ | |

The accompanying notes are an integral part of these supplementary schedules.

NTS COMMUNICATIONS, INC. AND SUBSIDIARIES
 CONSOLIDATED SCHEDULES OF COST OF COMMUNICATION SERVICES
 YEARS ENDED JULY 31, 2007 AND 2006

| | 2007 | 2006 |
|---|------|------|
| Access and termination | (b) | (4) |
| Usage | (b) | (4) |
| Transport | (b) | (4) |
| Private line | (b) | (4) |
| Local service access | (b) | (4) |
| CLEC local service | (b) | (4) |
| Conference calls | (b) | (4) |
| Universal service fund | (b) | (4) |
| PICC fund | (b) | (4) |
| Amortization of capitalized Installation charges | (b) | (4) |
| Circuit establishment and maintenance | (b) | (4) |
| Video services | (b) | (4) |
| Depreciation and amortization of telecommunications equipment | (b) | (4) |
| Data services | (b) | (4) |
| Payphone service charge | (b) | (4) |
| 800 access & administration fees | (b) | (4) |
| Telephone equipment and warranty | (b) | (4) |
| Operator assistance | (b) | (4) |
| Paging services | (b) | (4) |
| | (b) | (4) |

The accompanying notes are an integral part of these supplementary schedules.



NTS COMMUNICATIONS, INC. AND SUBSIDIARIES

CONSOLIDATED SCHEDULES OF SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

YEARS ENDED JULY 31, 2007 AND 2006

| | 2007 | 2006 |
|---------------------------------|------|------|
| Advertising | (b) | (4) |
| Automobile and truck expense | (b) | (4) |
| Bad debt expense | (b) | (4) |
| Bank charges | (b) | (4) |
| Business meals | (b) | (4) |
| Collection agency fees | (b) | (4) |
| Commissions | (b) | (4) |
| Computer expense | (b) | (4) |
| Contract labor | (b) | (4) |
| Depreciation | (b) | (4) |
| Directors fees | (b) | (4) |
| Dues and subscriptions | (b) | (4) |
| Employee benefits | (b) | (4) |
| Engineering fees | (b) | (4) |
| Entertainment and promotional | (b) | (4) |
| Freight | (b) | (4) |
| Insurance | (b) | (4) |
| State infrastructure assessment | (b) | (4) |
| Internet expenses | (b) | (4) |
| Legal and accounting | (b) | (4) |
| Licenses and fees | (b) | (4) |
| Management fees | (b) | (4) |
| Miscellaneous | (b) | (4) |
| Office supplies and expense | (b) | (4) |
| Postage | (b) | (4) |
| Rent | (b) | (4) |
| Repairs and maintenance | (b) | (4) |
| Salaries | (b) | (4) |
| Taxes - other | (b) | (4) |
| Taxes - payroll | (b) | (4) |
| Telephone | (b) | (4) |
| Travel | (b) | (4) |
| Training | (b) | (4) |
| Trust and loan fees | (b) | (4) |
| Utilities | (b) | (4) |
| | \$ | \$ |

The accompanying notes are an integral part of these supplementary schedules.

PRIDE NETWORK, INC.

BALANCE SHEET

AS OF JULY 31, 2009

PRIDE NETWORK, INC.

BALANCE SHEET

JULY 31, 2009

ASSETS

| | |
|----------------------|------------|
| Current assets | |
| Organization cost | \$ (b) (4) |
| | (b) (4) |
| | (b) (4) |
| Total current assets | (b) (4) |
| | (b) (4) |
| Total assets | \$ (b) (4) |

LIABILITIES AND STOCKHOLDERS' EQUITY

Stockholders' equity

Common stock, no par value, authorized
1,000,000 shares, 1,000 shares issued
and outstanding

Total stockholders' equity

Total liabilities and stockholders' equity

(b) (4)

ATTACHMENT H - Broadband Subscriber Estimates

Burkburnett & Iowa Park, TX

| Household Subscribers | Year 0 | Year 1 | | | | Year 2 | | | | Year 3 | | | | Year 4 | | | | Year 5 | | | |
|--------------------------|---------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| | | Qtr 1 | Qtr 2 | Qtr 3 | Qtr 4 | Qtr 1 | Qtr 2 | Qtr 3 | Qtr 4 | Qtr 1 | Qtr 2 | Qtr 3 | Qtr 4 | Qtr 1 | Qtr 2 | Qtr 3 | Qtr 4 | Qtr 1 | Qtr 2 | Qtr 3 | Qtr 4 |
| Service Type #1 | | | | | | | | | | | | | | | | | | | | | |
| Res. Data Plan #1 | | | | | | | | | | | | | | | | | | | | | |
| Net Add-ons | (b) (4) | | | | | | | | | | | | | | | | | | | | |
| Cumulative subscribers | | | | | | | | | | | | | | | | | | | | | |
| Service Type #2 | | | | | | | | | | | | | | | | | | | | | |
| Res. Data Plan #2 | | | | | | | | | | | | | | | | | | | | | |
| Net Add-ons | | | | | | | | | | | | | | | | | | | | | |
| Cumulative subscribers | | | | | | | | | | | | | | | | | | | | | |
| Service Type #3 | | | | | | | | | | | | | | | | | | | | | |
| Res. Data Plan #3 | | | | | | | | | | | | | | | | | | | | | |
| Net Add-ons | | | | | | | | | | | | | | | | | | | | | |
| Cumulative subscribers | | | | | | | | | | | | | | | | | | | | | |
| Service Type #4 | | | | | | | | | | | | | | | | | | | | | |
| Res. Data Plan #4 | | | | | | | | | | | | | | | | | | | | | |
| Net Add-ons | | | | | | | | | | | | | | | | | | | | | |
| Cumulative subscribers | | | | | | | | | | | | | | | | | | | | | |
| Service Type #5 | | | | | | | | | | | | | | | | | | | | | |
| Res. Data Plan #5 | | | | | | | | | | | | | | | | | | | | | |
| Net Add-ons | | | | | | | | | | | | | | | | | | | | | |
| Cumulative subscribers | | | | | | | | | | | | | | | | | | | | | |

| Residential Package | Price |
|--|---------|
| Res. Data Plan #1 (8/1 Mbps) | (b) (4) |
| Res. Data Plan #2 (10/2 Mbps) | |
| Res. Data Plan #3 (15/3 Mbps) | |
| Res. Data Plan #4 (17/4 Mbps) | |
| Res. Data Plan #5 (1.5 Mbps/512 Kbps) WIRELESS | |

ATTACHMENT H - Broadband Subscriber Estimates

Burkburnett & Iowa Park, TX

| Business Customers | Year 0 | Year 1 | | | | Year 2 | | | | Year 3 | | | | Year 4 | | | | Year 5 | | | | |
|------------------------|---------|--------|-------|-------|-------|--------|-------|-------|-------|--------|-------|-------|-------|--------|-------|-------|-------|--------|-------|-------|-------|--|
| | | Qtr 1 | Qtr 2 | Qtr 3 | Qtr 4 | Qtr 1 | Qtr 2 | Qtr 3 | Qtr 4 | Qtr 1 | Qtr 2 | Qtr 3 | Qtr 4 | Qtr 1 | Qtr 2 | Qtr 3 | Qtr 4 | Qtr 1 | Qtr 2 | Qtr 3 | Qtr 4 | |
| Service Type #1 | | | | | | | | | | | | | | | | | | | | | | |
| Bus. Data Plan #1 | | | | | | | | | | | | | | | | | | | | | | |
| Net Add-ons | (b) (4) | | | | | | | | | | | | | | | | | | | | | |
| Cumulative subscribers | | | | | | | | | | | | | | | | | | | | | | |
| Service Type #2 | | | | | | | | | | | | | | | | | | | | | | |
| Bus. Data Plan #2 | | | | | | | | | | | | | | | | | | | | | | |
| Net Add-ons | | | | | | | | | | | | | | | | | | | | | | |
| Cumulative subscribers | | | | | | | | | | | | | | | | | | | | | | |
| Service Type #3 | | | | | | | | | | | | | | | | | | | | | | |
| Bus. Data Plan #3 | | | | | | | | | | | | | | | | | | | | | | |
| Net Add-ons | | | | | | | | | | | | | | | | | | | | | | |
| Cumulative subscribers | | | | | | | | | | | | | | | | | | | | | | |

| Strategic Institutions | Year 0 | Year 1 | | | | Year 2 | | | | Year 3 | | | | Year 4 | | | | Year 5 | | | | |
|------------------------|---------|--------|-------|-------|-------|--------|-------|-------|-------|--------|-------|-------|-------|--------|-------|-------|-------|--------|-------|-------|-------|--|
| | | Qtr 1 | Qtr 2 | Qtr 3 | Qtr 4 | Qtr 1 | Qtr 2 | Qtr 3 | Qtr 4 | Qtr 1 | Qtr 2 | Qtr 3 | Qtr 4 | Qtr 1 | Qtr 2 | Qtr 3 | Qtr 4 | Qtr 1 | Qtr 2 | Qtr 3 | Qtr 4 | |
| Service Type #1 | | | | | | | | | | | | | | | | | | | | | | |
| Public Facility Data | | | | | | | | | | | | | | | | | | | | | | |
| Net Add-ons | (b) (4) | | | | | | | | | | | | | | | | | | | | | |
| Cumulative subscribers | | | | | | | | | | | | | | | | | | | | | | |

| Business Package | Price |
|--|---------|
| Bus. Data Plan #1 (1/1 Mbps) | (b) (4) |
| Bus. Data Plan #2 (100/100 Mbps) | |
| Res. Data Plan #3 (1.5 Mbps/512 Kbps) WIRELESS | |

| Strategic Instution Package | Price |
|-----------------------------|---------|
| Bus. Data Plan #1 less 25% | (b) (4) |

ATTACHMENT H - Broadband Subscriber Estimates

Burkburnett & Iowa Park, TX

| Household Subscribers Service Type #1 | Year 0 | Year 1 | | | | Year 2 | | | | Year 3 | | | | Year 4 | | | | Year 5 | | | |
|--|---------|--------|-------|-------|-------|--------|-------|-------|-------|--------|-------|-------|-------|--------|-------|-------|-------|--------|-------|-------|-------|
| | | Qtr 1 | Qtr 2 | Qtr 3 | Qtr 4 | Qtr 1 | Qtr 2 | Qtr 3 | Qtr 4 | Qtr 1 | Qtr 2 | Qtr 3 | Qtr 4 | Qtr 1 | Qtr 2 | Qtr 3 | Qtr 4 | Qtr 1 | Qtr 2 | Qtr 3 | Qtr 4 |
| Double Play | | | | | | | | | | | | | | | | | | | | | |
| Net Add-ons | (b) (4) | | | | | | | | | | | | | | | | | | | | |
| Cumulative subscribers | | | | | | | | | | | | | | | | | | | | | |
| Service Type #2 | | | | | | | | | | | | | | | | | | | | | |
| Triple Play | | | | | | | | | | | | | | | | | | | | | |
| Net Add-ons | | | | | | | | | | | | | | | | | | | | | |
| Cumulative subscribers | | | | | | | | | | | | | | | | | | | | | |

| Residential Package | Price |
|--|---------|
| Double Play (Any two (2) Res. Offerings) | (b) (4) |
| Triple Play (All Three (3) Res. Offerings) | (b) (4) |

Q48 - Attachment H – Subscriber Estimates

NOTE

PRIDE Net intended to upload the following Attachment H, in order to provide the most complete and accurate response to Q48. Due to problems with the electronic intake system, however, PRIDE Net was prevented from *deleting* the Q48 response that had been previously uploaded and uploading in its place Attachment H hereto.

ATTACHMENT H - Broadband Subscriber Estimates

Burkburnett & Iowa Park, TX

| Household Subscribers | Year 0 | Year 1 | | | | Year 2 | | | | Year 3 | | | | Year 4 | | | | Year 5 | | | |
|--------------------------|---------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| | | Qtr 1 | Qtr 2 | Qtr 3 | Qtr 4 | Qtr 1 | Qtr 2 | Qtr 3 | Qtr 4 | Qtr 1 | Qtr 2 | Qtr 3 | Qtr 4 | Qtr 1 | Qtr 2 | Qtr 3 | Qtr 4 | Qtr 1 | Qtr 2 | Qtr 3 | Qtr 4 |
| Service Type #1 | | | | | | | | | | | | | | | | | | | | | |
| Res. Data Plan #1 | | | | | | | | | | | | | | | | | | | | | |
| Net Add-ons | (b) (4) | | | | | | | | | | | | | | | | | | | | |
| Cumulative subscribers | | | | | | | | | | | | | | | | | | | | | |
| Service Type #2 | | | | | | | | | | | | | | | | | | | | | |
| Res. Data Plan #2 | | | | | | | | | | | | | | | | | | | | | |
| Net Add-ons | | | | | | | | | | | | | | | | | | | | | |
| Cumulative subscribers | | | | | | | | | | | | | | | | | | | | | |
| Service Type #3 | | | | | | | | | | | | | | | | | | | | | |
| Res. Data Plan #3 | | | | | | | | | | | | | | | | | | | | | |
| Net Add-ons | | | | | | | | | | | | | | | | | | | | | |
| Cumulative subscribers | | | | | | | | | | | | | | | | | | | | | |
| Service Type #4 | | | | | | | | | | | | | | | | | | | | | |
| Res. Data Plan #4 | | | | | | | | | | | | | | | | | | | | | |
| Net Add-ons | | | | | | | | | | | | | | | | | | | | | |
| Cumulative subscribers | | | | | | | | | | | | | | | | | | | | | |
| Service Type #5 | | | | | | | | | | | | | | | | | | | | | |
| Res. Data Plan #5 | | | | | | | | | | | | | | | | | | | | | |
| Net Add-ons | | | | | | | | | | | | | | | | | | | | | |
| Cumulative subscribers | | | | | | | | | | | | | | | | | | | | | |

| Residential Package | Price |
|--|---------|
| Res. Data Plan #1 (8/1 Mbps) | (b) (4) |
| Res. Data Plan #2 (10/2 Mbps) | |
| Res. Data Plan #3 (15/3 Mbps) | |
| Res. Data Plan #4 (17/4 Mbps) | |
| Res. Data Plan #5 (1.5 Mbps/512 Kbps) WIRELESS | |

ATTACHMENT H - Broadband Subscriber Estimates

Burkburnett & Iowa Park, TX

| Business Customers | Year 0 | Year 1 | | | | Year 2 | | | | Year 3 | | | | Year 4 | | | | Year 5 | | | |
|------------------------|---------|--------|-------|-------|-------|--------|-------|-------|-------|--------|-------|-------|-------|--------|-------|-------|-------|--------|-------|-------|-------|
| | | Qtr 1 | Qtr 2 | Qtr 3 | Qtr 4 | Qtr 1 | Qtr 2 | Qtr 3 | Qtr 4 | Qtr 1 | Qtr 2 | Qtr 3 | Qtr 4 | Qtr 1 | Qtr 2 | Qtr 3 | Qtr 4 | Qtr 1 | Qtr 2 | Qtr 3 | Qtr 4 |
| Service Type #1 | | | | | | | | | | | | | | | | | | | | | |
| Bus. Data Plan #1 | | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 |
| Net Add-ons | (b) (4) | | | | | | | | | | | | | | | | | | | | |
| Cumulative subscribers | | | | | | | | | | | | | | | | | | | | | |
| Service Type #2 | | | | | | | | | | | | | | | | | | | | | |
| Bus. Data Plan #2 | | | | | | | | | | | | | | | | | | | | | |
| Net Add-ons | | | | | | | | | | | | | | | | | | | | | |
| Cumulative subscribers | | | | | | | | | | | | | | | | | | | | | |
| Service Type #3 | | | | | | | | | | | | | | | | | | | | | |
| Bus. Data Plan #3 | | | | | | | | | | | | | | | | | | | | | |
| Net Add-ons | | | | | | | | | | | | | | | | | | | | | |
| Cumulative subscribers | | | | | | | | | | | | | | | | | | | | | |

| Strategic Institutions | Year 0 | Year 1 | | | | Year 2 | | | | Year 3 | | | | Year 4 | | | | Year 5 | | | |
|------------------------|---------|--------|-------|-------|-------|--------|-------|-------|-------|--------|-------|-------|-------|--------|-------|-------|-------|--------|-------|-------|-------|
| | | Qtr 1 | Qtr 2 | Qtr 3 | Qtr 4 | Qtr 1 | Qtr 2 | Qtr 3 | Qtr 4 | Qtr 1 | Qtr 2 | Qtr 3 | Qtr 4 | Qtr 1 | Qtr 2 | Qtr 3 | Qtr 4 | Qtr 1 | Qtr 2 | Qtr 3 | Qtr 4 |
| Service Type #1 | | | | | | | | | | | | | | | | | | | | | |
| Public Facility Data | | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 |
| Net Add-ons | (b) (4) | | | | | | | | | | | | | | | | | | | | |
| Cumulative subscribers | | | | | | | | | | | | | | | | | | | | | |

| Business Package | Price |
|--|---------|
| Bus. Data Plan #1 (1/1 Mbps) | (b) (4) |
| Bus. Data Plan #2 (100/100 Mbps) | |
| Res. Data Plan #3 (1.5 Mbps/512 Kbps) WIRELESS | |

| Strategic Institution Package | Price |
|-------------------------------|---------|
| Bus. Data Plan #1 less 25% | (b) (4) |

ATTACHMENT H - Broadband Subscriber Estimates

Burkburnett & Iowa Park, TX

| Household Subscribers | Year 0 | Year 1 | | | | Year 2 | | | | Year 3 | | | | Year 4 | | | | Year 5 | | | |
|--------------------------|---------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| | | Qtr 1 | Qtr 2 | Qtr 3 | Qtr 4 | Qtr 1 | Qtr 2 | Qtr 3 | Qtr 4 | Qtr 1 | Qtr 2 | Qtr 3 | Qtr 4 | Qtr 1 | Qtr 2 | Qtr 3 | Qtr 4 | Qtr 1 | Qtr 2 | Qtr 3 | Qtr 4 |
| Service Type #1 | | | | | | | | | | | | | | | | | | | | | |
| Double Play | | | | | | | | | | | | | | | | | | | | | |
| Net Add-ons | (b) (4) | | | | | | | | | | | | | | | | | | | | |
| Cumulative subscribers | | | | | | | | | | | | | | | | | | | | | |
| Service Type #2 | | | | | | | | | | | | | | | | | | | | | |
| Triple Play | | | | | | | | | | | | | | | | | | | | | |
| Net Add-ons | | | | | | | | | | | | | | | | | | | | | |
| Cumulative subscribers | | | | | | | | | | | | | | | | | | | | | |

| Residential Package | Price |
|--|---------|
| Double Play (Any two (2) Res. Offerings) | (b) (4) |
| Triple Play (All Three (3) Res. Offerings) | |

ATTACHMENT I - Subscriber Projection Table and Rate Plans Voice Services

Burkburnett & Iowa Park, TX

| | Censes Community | Year 1 | | Year 2 | | Year 3 | | Year 4 | | Year 5 | |
|--------------|---------------------|---------|------|--------|------|--------|------|--------|------|--------|------|
| | | Res. | Bus. | Res. | Bus. | Res. | Bus. | Res. | Bus. | Res. | Bus. |
| | | | | | | | | | | | |
| 1 | Burkburnett, TX | (b) (4) | | | | | | | | | |
| 2 | Iowa Park, TX | (b) (4) | | | | | | | | | |
| | | (b) (4) | | | | | | | | | |
| TOTAL | | (b) (4) | | | | | | | | | |

Rates:

| | |
|---------------------------------|---------|
| Residential Voice Plan 1 | (b) (4) |
| Business Voice Plan 2 | (b) (4) |

| | |
|----------------------------------|---------|
| Residential Long Distance | (b) (4) |
| Business Long Distance | (b) (4) |

ATTACHMENT J - Video Services Subscriber Projects Table and Rate Plans

Burkburnett & Iowa Park, TX

| | Censes Community | Year 1 | | Year 2 | | Year 3 | | Year 4 | | Year 5 | |
|--------------|---------------------|---------|------|--------|------|--------|------|--------|------|--------|------|
| | | Res. | Bus. | Res. | Bus. | Res. | Bus. | Res. | Bus. | Res. | Bus. |
| | | | | | | | | | | | |
| 1 | Burkburnett, TX | (b) (4) | | | | | | | | | |
| 2 | Iowa Park, TX | (b) (4) | | | | | | | | | |
| | | (b) (4) | | | | | | | | | |
| TOTAL | | (b) (4) | | | | | | | | | |

Rates:

| | |
|-------------------|---------|
| Residential Video | (b) (4) |
| Business Video | (b) (4) |

Income Statement

| PRIDE | Historical | | Forecast Period | | | | |
|-------------------------------------|------------|------|-----------------|------|------|------|------|
| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| Revenue | | | | | | | |
| Total sales | | | | | | | |
| Cost of goods sold | | | | | | | |
| Gross profit | | | | | | | |
| Operating expenses | | | | | | | |
| General & Administrative | | | | | | | |
| Bad debts | | | | | | | |
| Bank interests/charges | | | | | | | |
| Billing, Service, Management | | | | | | | |
| Internet Access | | | | | | | |
| Light/heat | | | | | | | |
| CATV Access | | | | | | | |
| Maintenance/repairs | | | | | | | |
| Property Taxes | | | | | | | |
| Insurance | | | | | | | |
| Pole Rental | | | | | | | |
| Port Charge | | | | | | | |
| Telephone/fax/mail | | | | | | | |
| Other | | | | | | | |
| Personnel | | | | | | | |
| Salaries and benefits | | | | | | | |
| Adjustment COGS personnel | | | | | | | |
| Payroll burden | | | | | | | |
| Other | | | | | | | |
| Sales promotion | | | | | | | |
| Advertising/promotion | | | | | | | |
| Internet | | | | | | | |
| Other | | | | | | | |
| Insurance | | | | | | | |
| Liability insurance | | | | | | | |
| Other insurance | | | | | | | |
| Other | | | | | | | |
| Transportation | | | | | | | |
| Travel | | | | | | | |
| Vehicle costs | | | | | | | |
| Other | | | | | | | |
| Total operating expenses | | | | | | | |
| Depreciation | | | | | | | |
| Amortization | | | | | | | |
| Interest on short term loans | | | | | | | |
| Interest on long term loans | | | | | | | |
| Deferred loan interest | | | | | | | |
| Net profit / loss | | | | | | | |
| Company tax | | | | | | | |
| Net business result | | | | | | | |

TIER

Balance Sheet

| PRIDE | Historical | | Forecast Period | | | | |
|--|------------|------|-----------------|------|------|------|------|
| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| ASSETS | | | | | | | |
| Current assets | | | | | | | |
| Cash/Bank | | | (b) | (4) | | | |
| Debtors/Accounts receivable | | | | | | | |
| Stock/Inventory | | | | | | | |
| Other | | | | | | | |
| | | | | | | | |
| Fixed assets | | | | | | | |
| Network & Access Equipment | | | (b) | (4) | | | |
| Outside Plant | | | | | | | |
| Towers | | | | | | | |
| Customer Premises Equipment | | | | | | | |
| Operating Equipment | | | | | | | |
| Other | | | | | | | |
| Non-depreciable assets | | | | | | | |
| Less: Accumulated depreciation | | | | | | | |
| | | | | | | | |
| TOTAL ASSETS | | | (b) | (4) | | | |
| CAPITAL AND LIABILITIES | | | | | | | |
| Current liabilities | | | (b) | (4) | | | |
| Creditors/Accounts payable | | | | | | | |
| Suppliers' credit | | | | | | | |
| Sales tax | | | | | | | |
| Income tax | | | | | | | |
| Short term loans | | | | | | | |
| Other short term liabilities | | | | | | | |
| | | | | | | | |
| Long term liabilities | | | (b) | (4) | | | |
| Long term loans | | | | | | | |
| Other long term debts | | | | | | | |
| | | | | | | | |
| Owners' equity | | | | | | | |
| Proprietary capital | | | | | | | |
| Profit / Loss | | | | | | | |
| Retained earnings | | | | | | | |
| Dividends payable | | | | | | | |
| | | | | | | | |
| TOTAL CAPITAL & LIABILITIES | | | | | | | |

Statement of Cash Flows

| PRIDE | Historical | | Forecast Period | | | |
|----------------------------------|------------|------|-----------------|------|------|-------|
| Year | 2010 | 2011 | 2012 | 2013 | 2014 | Total |
| Begin balance | | | | | | |
| Credit/Debit | | | | | | |
| Income (Cash in) | | | | | | |
| Net results | | | | | | |
| Plus: | | | | | | |
| Depreciation & amortization | | | | | | |
| Adjustment accounts payable | | | | | | |
| Adjustment suppliers' credit | | | | | | |
| Capital input | | | | | | |
| Short term loans | | | | | | |
| Long term loans | | | | | | |
| Other short term loans | | | | | | |
| Other long term loans | | | | | | |
| Subtotal | | | | | | |
| Less: | | | | | | |
| Network & Access Equipment | | | | | | |
| Outside Plant | | | | | | |
| Towers | | | | | | |
| Customer Premises Equipment | | | | | | |
| Operating Equipment | | | | | | |
| Other | | | | | | |
| Non-depreciable assets | | | | | | |
| Adjustment inventory/stock | | | | | | |
| Adjustment accounts receivable | | | | | | |
| Short term loans repayment | | | | | | |
| Long term loans repayment | | | | | | |
| Other short term loans repayment | | | | | | |
| Other long term debts repayment | | | | | | |
| Change in other current assets | | | | | | |
| Income tax prepayment | | | | | | |
| Income tax payment | | | | | | |
| Sales tax payment | | | | | | |
| Dividends | | | | | | |
| Private drawings | | | | | | |
| Subtotal | | | | | | |
| End balance | | | | | | |
| Credit/Debit | | | | | | |

(b)

(4)

(b)

(4)

Balance Sheet Assumptions

**PRIDE is a start-up company; therefore there are no historical financials. However, the historical financials of the parent company have been submitted as item #47.*

Assets:

Current Assets

(b) (4)



Capital and Liabilities

(b) (4)

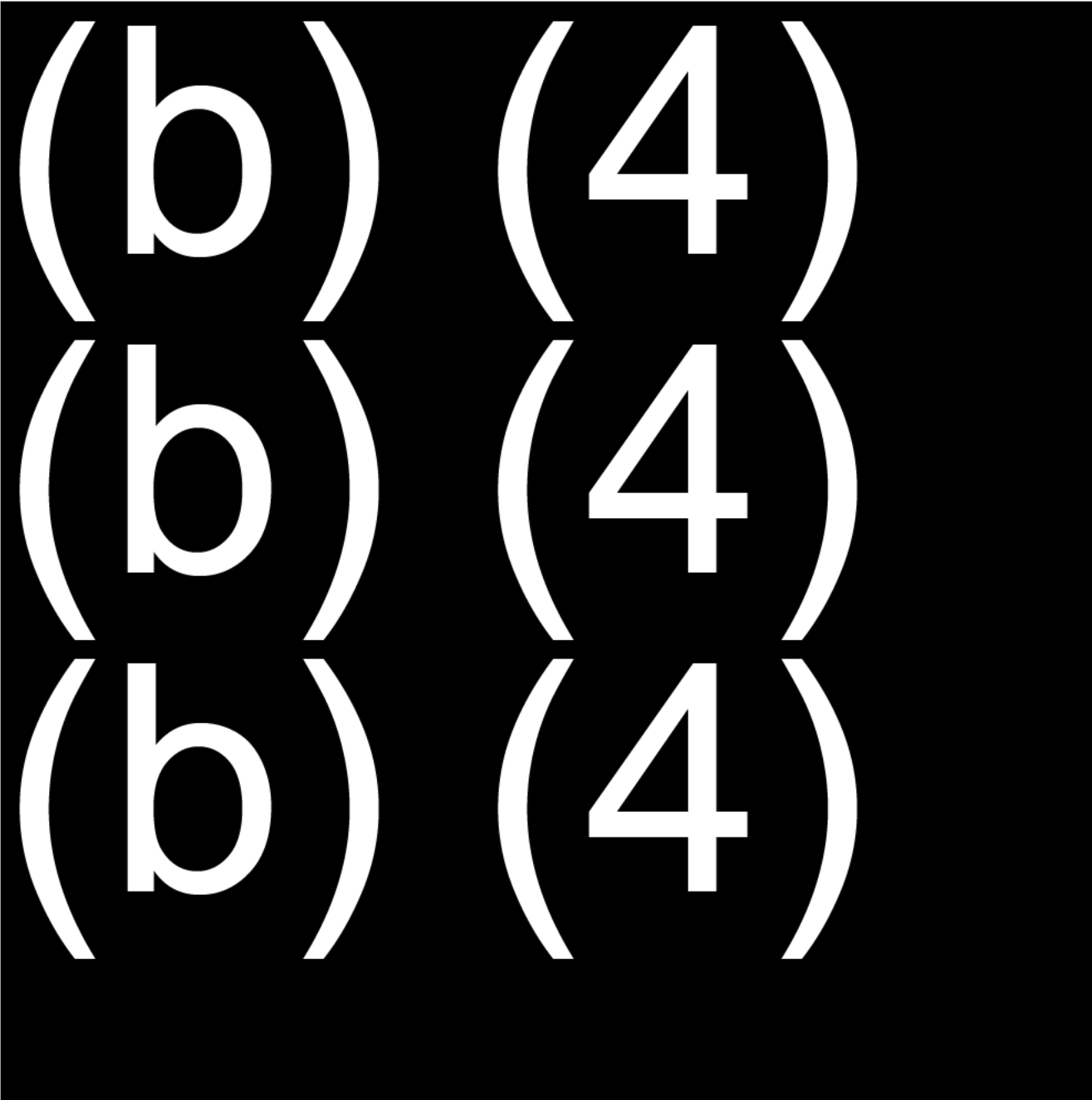


(b) (4)



Income Statement Assumptions

Revenues



(b) (4)

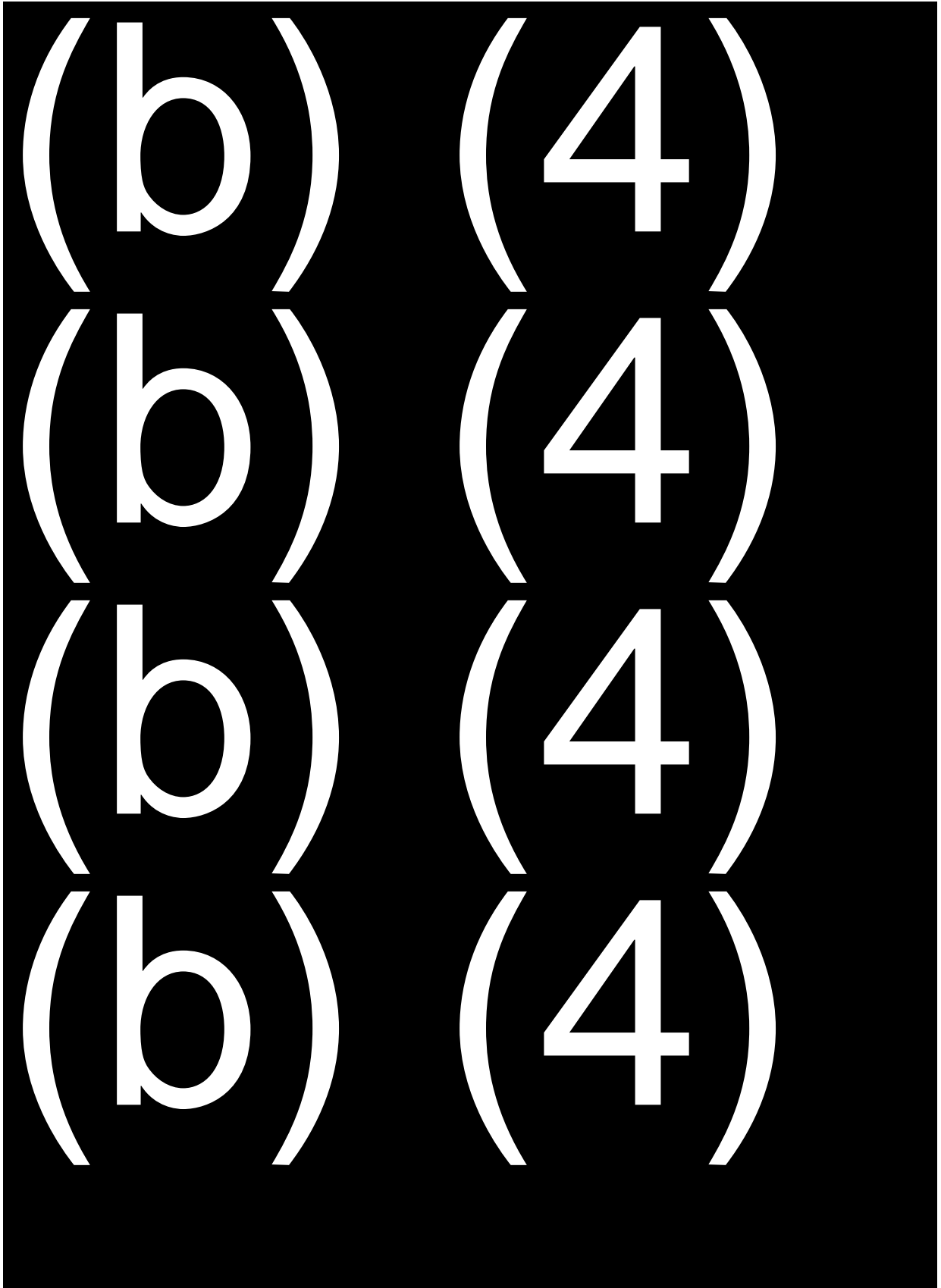
(b) (4)

(b) (4)

(b) (4)

Operating Expenses

(b) (4)
(b) (4)



(b)

(4)

(b)

(4)

(b)

(4)

(b)

(4)

Statement of Cash Flows Assumptions

(b) (4)



(b) (4)



Equal Opportunity and Nondiscrimination Certification

**U.S. Department of Agriculture
Broadband Initiatives Program**


All loans and grants made under the Broadband Initiatives Program are subject to the nondiscrimination provisions of Title VI of the Civil Rights Act of 1964, as amended, (7 C.F.R. Part 15); Section 504 of the Rehabilitation Act of 1973, as amended, (29 U.S.C. 901 et seq; 7 C.F.R. Part 15b); and the Age Discrimination Act of 1975, as amended (42 U.S.C. 6101 et seq.; 45 C.F.R. Part 90), and Executive Order 11375, Amending Executive Order 11246, Relating to Equal Employment Opportunity (3 C.F.R. 1966, 1970).

All recipients of financial assistance from Rural Development, the prospective primary participant commits to carry out Rural Development's established policy to comply with the requirements of the above laws and executive orders to the effect that no person in the United States shall, "on the basis of race, color, national origin, handicap, or age, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under the Broadband Initiatives Program.

We Pride Network, Inc. (the Applicant) hereby certify that, as a prospective recipient under the said Broadband Initiatives Program, we will comply with the above referenced laws and executive orders.

8-11-2009

Date


(Authorized Representative's Signature)

Barbara Ann Baldwin

Name:

President and Chief Executive Officer

Title:

Certification Regarding Architectural Barriers


**U.S. Department of Agriculture
Broadband Initiatives Program**

All facilities financed with Rural Development loans that are open to the public, or in which physically handicapped persons may be employed or reside, must be designed, constructed, and/or altered to be readily accessible to, and usable by, handicapped persons. Standards for these facilities must comply with the Architectural Barriers Act of 1968, as amended, 42 U.S.C. §4151 et seq.) and with the Uniform Federal Accessibility Standards (UFAS), (Appendix A to 41 C.F.R. subpart 101-19.6).

As a prospective primary participant recipient of financial assistance from Rural Development, this organization commits to carry out Rural Development's established policy to comply with the requirements of the above referenced law to the effect that all facilities must be readily accessible to and usable by handicapped persons.

We, Pride Network, Inc. (the Applicant) hereby certify that, as a prospective recipient under the Rural Broadband Access Loan and Loan Guarantee Program, we are in compliance, or will be in compliance upon completion of the Project, with the above referenced law.

8-11-2009
Date


(Authorized Representative's Signature)

Barbara Ann Baldwin
Name:

President and CEO
Title:

**Uniform Relocation Assistance and
Real Property Acquisition Policies Act of 1970 Certification**

**U.S. Department of Agriculture
Broadband Initiatives Program**

We, Pride Network, Inc. (the Applicant) assure the U.S. government that we will comply with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, 42 U.S.C. §4601 et seq., and with implementing federal regulations in 49 C.F.R. Part 24 and 7 C.F.R. Part 21.

Specifically, we assure that whenever Federal financial assistance is used to pay for any part of the cost of a program or Project which will result in the displacement of any person:

- (a) Fair and reasonable relocation payments and assistance shall be provided to or for displaced persons in accordance with sections 202, 203, and 204 of the Uniform Act;
- (b) Relocation assistance programs offering the services described in section 205 of the Uniform Act shall be provided to displaced persons; and
- (c) Within a reasonable period of time prior to displacement, comparable replacement dwellings will be available to displaced persons in accordance with section 205(c) (3) of the Uniform Act.

8-11-2009
Date


(Authorized Representative's Signature)

Barbara Ann Baldwin
Name:

President and CEO
Title:

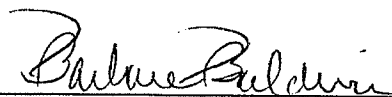
**Certification Regarding Debarment, Suspension, and Other Responsibility Matters –
Primary Covered Transactions**

**U.S. Department of Agriculture
Broadband Initiatives Program**

This certification is required by the regulations implementing Executive Order 12549, Debarment and Suspension, 7 C.F.R. § 3017.510, Participants' Responsibilities.

- (1) We, Pride Network, Inc. (the Applicant) (hereinafter the "Company") hereby certify to the best of our knowledge and belief that neither the Company, nor any of its principals:
- (a) are presently debarred, suspended, proposed for Debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency;
 - (b) have within a 3-year period preceding this proposal been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State, or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
 - (c) are presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State, or local) with commission of any of the offenses enumerated in paragraph (1)(b) of this certification; and
 - (d) have within a 3-year period preceding this Application had one or more public transactions (Federal, State, or local) terminated for cause or default.
- (2) If we are unable to certify to any of the statements in this certification, we shall attach an explanation hereto.

8-11-2009
Date


(Authorized Representative's Signature)

Barbara Ann Baldwin
Name:

President and CEO
Title:

Certification Regarding Lobbying for Contracts, Grants, Loans, and Cooperative Agreements

U.S. Department of Agriculture
Broadband Initiatives Program

We, Pride Network, Inc. (the Applicant) the undersigned certify, to the best of our knowledge and belief, that:

- (1) No Federal appropriated funds have been paid or will be paid, by or on our behalf, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant or loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.
- (2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, we shall complete and submit Standard Form-LLL, Disclosure Form to Report Lobbying, in accordance with its instructions. See <http://www.whitehouse.gov/omb/grants/sfillin.pdf> for Disclosure Instructions.
- (3) We shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by 31 U.S.C. § 1352. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

8-11-2009

Date



(Authorized Representative's Signature)

Barbara Ann Baldwin

Name:

President and CEO

Title:

SUPPLEMENTAL INFORMATION 1

Q13 – Proposed Funded Service Area (Last Mile Projects)

NOTE

Applicant submits Census Block Number information for its Proposed Funded Service Area as an upload because the broadbandusa.gov online application would not accept the submission of this census data.

The data exceeded the text limits for this response.

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| 013800 1 1046 | 013800 1 1103 | 013800 3 3028 | 013800 3 3095 |
| 013800 1 1047 | 013800 1 1104 | 013800 3 3029 | 013800 3 3096 |
| 013800 1 1048 | 013800 1 1105 | 013800 3 3030 | 013800 3 3097 |
| 013800 1 1049 | 013800 1 1106 | 013800 3 3031 | 013800 3 3098 |
| 013800 1 1050 | 013800 1 1107 | 013800 3 3032 | 013800 3 3099 |
| 013800 1 1051 | 013800 1 1108 | 013800 3 3033 | 013800 3 3100 |
| 013800 1 1052 | 013800 1 1109 | 013800 3 3034 | 013800 3 3101 |
| 013800 1 1054 | 013800 1 1110 | 013800 3 3035 | 013800 3 3102 |
| 013800 1 1055 | 013800 1 1111 | 013800 3 3036 | 013800 3 3103 |
| 013800 1 1056 | 013800 1 1112 | 013800 3 3037 | 013800 3 3104 |
| 013800 1 1057 | 013800 1 1113 | 013800 3 3038 | 013800 3 3165 |
| 013800 1 1058 | 013800 1 1114 | 013800 3 3039 | 013800 3 3168 |
| 013800 1 1059 | 013800 1 1115 | 013800 3 3040 | 013800 3 3169 |
| 013800 1 1060 | 013800 1 1116 | 013800 3 3041 | 013800 3 3999 |
| 013800 1 1061 | 013800 1 1117 | 013800 3 3042 | 971200 1 1124 |
| 013800 1 1063 | 013800 1 1118 | 013800 3 3043 | 971200 1 1984 |
| 013800 1 1068 | 013800 1 1119 | 013800 3 3044 | 971200 1 1986 |
| 013800 1 1069 | 013800 1 1120 | 013800 3 3045 | 971200 3 3079 |
| 013800 1 1070 | 013800 1 1121 | 013800 3 3046 | 971200 3 3998 |
| 013800 1 1071 | 013800 1 1122 | 013800 3 3047 | |
| 013800 1 1072 | 013800 1 1487 | 013800 3 3048 | |
| 013800 1 1073 | 013800 1 1488 | 013800 3 3049 | |
| 013800 1 1074 | 013800 1 1489 | 013800 3 3050 | |
| 013800 1 1075 | 013800 1 1490 | 013800 3 3051 | |
| 013800 1 1076 | 013800 1 1491 | 013800 3 3052 | |
| 013800 1 1077 | 013800 1 1998 | 013800 3 3053 | |
| 013800 1 1078 | 013800 3 3000 | 013800 3 3054 | |
| 013800 1 1079 | 013800 3 3001 | 013800 3 3055 | |
| 013800 1 1080 | 013800 3 3002 | 013800 3 3056 | |
| 013800 1 1081 | 013800 3 3003 | 013800 3 3057 | |
| 013800 1 1082 | 013800 3 3004 | 013800 3 3058 | |
| 013800 1 1083 | 013800 3 3005 | 013800 3 3059 | |
| 013800 1 1084 | 013800 3 3006 | 013800 3 3060 | |
| 013800 1 1085 | 013800 3 3007 | 013800 3 3061 | |
| 013800 1 1086 | 013800 3 3008 | 013800 3 3062 | |
| 013800 1 1087 | 013800 3 3009 | 013800 3 3064 | |
| 013800 1 1088 | 013800 3 3010 | 013800 3 3065 | |
| 013800 1 1089 | 013800 3 3011 | 013800 3 3066 | |
| 013800 1 1090 | 013800 3 3012 | 013800 3 3067 | |
| 013800 1 1091 | 013800 3 3013 | 013800 3 3068 | |
| 013800 1 1092 | 013800 3 3014 | 013800 3 3069 | |
| 013800 1 1093 | 013800 3 3015 | 013800 3 3070 | |
| 013800 1 1094 | 013800 3 3016 | 013800 3 3071 | |
| 013800 1 1095 | 013800 3 3017 | 013800 3 3087 | |
| 013800 1 1096 | 013800 3 3018 | 013800 3 3088 | |
| 013800 1 1097 | 013800 3 3022 | 013800 3 3089 | |
| 013800 1 1098 | 013800 3 3023 | 013800 3 3090 | |

SUPPLEMENTAL INFORMATION 2

This Supplement 2 consists of the following supplemental information:

Q29 - System Design: Illustration

Q36 - Construction and Vendor Contracts: Letters of Readiness

Q37 - Management Team Resumes – Part 2: Remaining Members of Team

Q40 – Attachment F - Legal Opinion: Complete Copy (5 pages)

Q29 – System Design

**This supplemental information
illustrates the system design of PRIDE Net.**

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**Q36 - Construction and Vendor Contracts
- Letters of Readiness**

This supplement is filed to provide evidence of the readiness of Applicants' contractors and vendors to enter agreements with Applicant should the application be approved.

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**Q37 - Management Team Resumes Part 2:
Remaining Members of Team**

This supplement is filed to provide the resumes of the remaining members of Applicant's Management Team. These resumes are filed as a supplement because the online application filing system permitted only 10 pages to be uploaded (1 summary and 9 resumes). An additional 3 resumes are being submitted by way of this supplement.

Aaron Peters

(b) (6)(b) (6)

SUMMARY OF QUALIFICATIONS

- Over 12 years business management experience, including:
 - business planning
 - product development
 - sales and marketing
 - accounting
 - public relations
 - customer care
- 2 years RUS Broadband project management experience, including:
 - outside plant engineering
 - inside plant engineering
 - contract management
 - compliance coordination
 - application creation

PROFESSIONAL EXPERIENCE

2007 to Present - NTS Communications, Lubbock, Texas (a facilities-based integrated communications provider operating in six southwestern states)

- Supervise four employees overseeing outside plant construction and OSP operations (per RUS guidelines), RUS contract preparation and execution, RUS compliance, and OSP engineering. Coordinate dissemination of information internally related to RUS project to executive management, customer care, marketing department, sales, human resources, translations, provisioning, network control center and field technicians. Responsible for communication with RUS Engineers, General Field Representative, Field Accountant and Washington based office accountants. Plan and develop engineering for RUS projects with external engineering company.

1998 to 2007 – Business Management

- 2005 to 2007 – Licensed Insurance Adjuster (State of Texas)
Theft and Vandalism insurance adjuster Special Investigations Unit manager. Supervision of field and inside adjusters, responsible for policy interpretation, recorded statements, coordination with local and state police, and internal compliance quality control.
- 2003 to 2005 – Licensed Real Estate Agent (State of Texas)
Commercial and Residential Real Estate Sales
- 1998 to 2003 – Small Business Owner, Licensed Auctioneer (State of Texas)
Antique import business required international travel to multiple countries to procure business. Oversight of all aspects of business including operations, management, finance, customer relations, and sales.

EDUCATION & AFFILIATIONS

State of Texas Real Estate License
State of Texas Insurance Adjuster License
Member, Multiple Sclerosis Association
Children’s Miracle Network Volunteer

(b) (6)(b) (6)(b) (6)

PROFESSIONAL PROFILE

AREAS OF EXPERTISE

- Sales Management
- Profit/Loss
- Motivational Skills
- New Product Management
- System Analysis
- Management Training
- Major Account Management
- Negotiations
- Product Development
- Hiring/Training

PROFESSIONAL EXPERIENCE

Sales Director April 1999 to Present

NTS COMMUNICATIONS, Lubbock, TX

Plan and direct sales force activities to maximize sales volume and profit from all segments of the market; assess complaints; training; and personnel decisions.

General Manager May 1995 – March 1999

FRONTIER COMMUNICATIONS, Sacramento, CA

Oversaw and monitored implementation of operating budgets; recommended and monitored capital projects; provided leadership with the development of revenue opportunities; reviewed government regulatory policies to ensure conformance to regulations; trained and developed management team and sales department; coordinated work of regions, divisions and departments.

Sales Director Aug 1990 – May 1995

TELEPHONE EXPRESS, Colorado Springs, CO

Directed organization's sales policies, objectives, and initiatives; oversaw sales managers.

Sales Director 1986 – 1990

METRO MEDIA/AMERICAN NETWORK, San Diego, CA

Managed locations throughout the company's western divisions.

Regional Manager 1979 – 1986

ITT/USTS, New York, NY

Managed facilities throughout the Philadelphia, Boston and New York territories.

Division Sales Manager 1975 – 1979

SPRINT COMMUNICATIONS, New York

Division Sales Manager of the company's east coast locations.

Sales – Product Manager – Sales Manager

WESTERN UNION, Upper Saddle River, NJ

Responsibilities included new product development; internal product line and competitive analysis; market forecasting and strategic market planning.

U.S. Navy - 5 years - telecommunications

WENDY J. LEE, SPHR

(b) (6)(b) (6)(b) (6)(b) (6)

EDUCATION AND PROFESSIONAL CERTIFICATIONS:

- Lubbock Christian University, Bachelors Degree, General Studies (business emphasis), 1988
- Senior Professional in Human Resources (SPHR) certification since 1995
- Completed Human Resource Management Certificate Program at TTU, 1994
- Completed Supervisory Skills Certificate Program at TTU, 1994
- Completed Paralegal Certificate Program at TTU, 1991 and passed national exam.

WORK EXPERIENCE:

Director of Human Resources, NTS Communications, Inc. 2000 to present.

- Ascertain compliance with employment laws including Title VII, Fair Labor Standards Act, FMLA, ADA, Workers' Comp, OSHA, COBRA/HIPAA, record-keeping, etc. to reduce potential exposure to liability.
- Develop, implement and enforce policies and procedures to provide consistency in human resource practices, to reduce the potential for employment-related claims and to help meet the company's goals.
- Advise and assist executives, managers and supervisors regarding HR and payroll matters, regarding employee coaching, counseling and problem solving. Assist managers in preparing counseling notices, final warning notices and separation notices.
- Handle any employment related claims, lawsuits or employee situations, ie: sexual harassment, discrimination, DOL claims, unemployment, etc.
- Supervise Human Resource staff.
- All aspects of personnel management for 300+ employees (selection and placement, coaching and disciplinary actions, employee relations, employee appraisals, terminations, record keeping, background screenings, etc.)
- Administration of workers' compensation claims, safety and drug-free program, OSHA compliance and reporting (have been a subscriber and a non-subscriber).
- Administration of benefits (health insurance, life insurance, Section 125 cafeteria plan, vacation/sick leave, AFLAC, LTD) and worked closely with CFO on annual insurance renewals (have handled both fully and partially self insured plans). Responsible for approving claims runs, reviewing loss summary data and seeking ways to keep costs down.
- Developed, implemented and analyzed our Affirmative Action Plan.
- Responsible for preparation of government reports (EEO-1, Vets 100, HR portion of HUB, PUC annual report, annual diversity report, etc.)

Director of Human Resources/Payroll, Medlock Southwest Management Corp., 1983 - 2000

- Responsible for all of the items listed above under NTS Communications.
- Responsible for administration of \$3 million annual payroll – 4 states / 80 locations.
- Responsible for collection of all payroll-associated costs from 80 apartments complexes, accounting function, HR accounts payable, reconciliation of payroll bank statement.
- Preparation and payment of federal and state payroll taxes for 4 entities in 4 states.
- Worked with commercial insurance and supervised non-HR clerical staff.

PERSONAL AND PROFESSIONAL ACTIVITIES:

- Lubbock Chapter of the Society for Human Resource Development.
- Member of Advisory Committee, TTU Professional Development, HR Certificate Program

Q40 – Legal Opinion

This supplement is filed to provide a complete copy of the Legal Opinion because the online application filing system permitted only 4 pages to be uploaded for the Legal Opinion. The complete Legal Opinion is 5 pages.

August 12, 2009

Rural Utilities Service
U. S. Department of Agriculture
Washington, D. C. 20250-1500
Assistant Secretary

National Telecommunications and Information Administration
U.S. Department of Commerce
Washington, D.C. 20230

Ladies and Gentlemen:

We are special U.S counsel for Pride Network, Inc., (the “Applicant” or “Company”). In such capacity, we acted as counsel to the Applicant in connection with its ability to apply to the Broadband Initiatives Program (“BIP”) and in the review of the loan/grant combination agreement as referenced in the Notice of Funds Availability (“NOFA”). Unless otherwise defined herein, terms used but not defined herein have the meanings assigned to them in the NOFA.

Documents Reviewed

In connection with this opinion letter, we have examined the following:

- (a) the NOFA;
- (b) the BIP Application Guide;
- (c) the BTOP Grant Guidelines;
- (d) the BIP/BTOP Application Form;
- (e) the Company’s Articles of Incorporation;
- (f) the Company’s Corporate Bylaws; and
- (g) such other records, documents and other instruments as we have deemed necessary for the purposes of this opinion letter.

The documents referred to in clauses (a) through (g) above are collectively referred to as the "Transaction Documents."

Assumptions Underlying Our Opinions

For all purposes of the opinions expressed herein, we have assumed, without independent investigation, that:

(a) Factual Matters. With regard to factual matters, to the extent that we have reviewed and relied upon (1) certificates of the Company or its authorized representatives, attached hereto as Attachment A; (2) representations of the Company set forth in the Transaction Documents and (3) certificates and assurances from public officials, all of such certificates, representations and assurances are accurate;

(b) Contrary Knowledge of Addressee. No addressee of this opinion letter has any actual knowledge that any of our factual assumptions or opinions is inaccurate;

(c) Signatures. The signatures of individuals signing the Transaction Documents are genuine and authorized;

(d) Authentic and Conforming Documents. All documents submitted to us as originals are authentic, complete and accurate, and all documents submitted to us as copies conform to authentic original documents;

(e) Capacity of Certain Parties. All parties to the Transaction Documents have the capacity and full power and authority to execute, deliver and perform the Transaction Documents and the documents required or permitted to be delivered and performed thereunder; and

(f) Transaction Documents Binding on Certain Parties. All of the Transaction Documents and the documents required or permitted to be delivered thereunder have been duly authorized by all necessary corporate or other action on the part of the parties thereto, have been duly executed and delivered by such parties and are valid and binding obligations enforceable against such parties in accordance with their terms.

Our Opinions

Based on and subject to the foregoing and the other limitations, assumptions, qualifications and exclusions set forth in this opinion letter, we are of the opinion that:

(a) the Applicant is duly organized and existing under the laws of the State of Delaware, and is duly licensed and qualified and in good standing as a foreign corporation in the States of Iowa.

(b) the Applicant has corporate power: (1) to execute and deliver the [grant agreement, loan agreement, or loan/grant combination agreement]; and (2) to perform all acts required to be done by it under said agreement.

- (c) to our knowledge, no legal proceedings have been instituted or are pending against the Applicant, the outcome of which would adversely affect the Applicant's ability to perform the duties under the loan or loan/grant agreement, or adversely affect the security to be pledged under the loan agreement, and there are no judgments against the Applicant and no liens against any of the personal property of the Applicant, which would adversely affect the security to be pledged under the loan or loan/grant agreement; and
- (d) the Applicant has the power to own its property and carry out its business as now conducted.

Exclusions

We call your attention to the following matters as to which we express no opinion:

- (a) **Foreign Laws.** The statutes, administrative decisions, orders, rules, and regulations of any country outside the United States.

Qualifications and Limitations

The opinions set forth above are subject to the following qualifications and limitations:

- (a) **Scope and Applicable Law.** Although we have acted as special U.S. counsel for the Company, we draw your attention to the fact that we have not undertaken any on-site or other physical inspection of the business or properties of the Company; are not familiar with their business practices, operations accounts, personnel, or day-to-day affairs except as disclosed to us; do not have access to their books and records except as disclosed to us; and have not independently verified the manner in which their business is operated for purposes of rendering this opinion.

- (b) **Knowledge.** Whenever our opinions are stated to be "to our knowledge" or "known to us" (or words of similar import), it means the actual knowledge of the particular Venable LLP attorneys who have represented the Company in connection with the Transaction Documents and who have given substantive attention to the preparation thereof. Except as expressly set forth herein, we have not undertaken any independent investigation (including, without limitation, conducting any review, search or investigation of any public files or records or dockets or any review of our files) to determine the existence or absence of any facts, and no inference as to our knowledge concerning such facts should be drawn from our reliance on the same in connection with the preparation and delivery of this opinion letter.

- (c) **Incorporated Documents.** This opinion does not relate to (and we have not reviewed) any documents or instruments other than the Transaction Documents, and we express no opinion as to such other documents or instruments (including, without limitation, any documents or instruments referenced or incorporated in any of the Transaction Documents) or as to the interplay between the Transaction Documents and any such other documents and instruments.

(d) Headings. Headings in this opinion letter are intended for convenience of reference and shall not affect its interpretation.

Reliance on Opinions

The foregoing opinions are being furnished to the addressees set forth above for the purpose referred to in the first paragraph of this opinion letter, and this opinion letter is not to be furnished to any other person or entity or used or relied upon for any other purpose without our prior written consent. Copies of this opinion letter may be furnished to regulatory authorities having jurisdiction or oversight over any of the addressees hereof or their successors and assigns, and pursuant to valid legal process, but the recipient shall not be entitled to rely on the opinions expressed herein. The opinions set forth herein are made as of the date hereof, and we assume no obligation to supplement this opinion letter if any applicable laws change after the date hereof or if we become aware after the date hereof of any facts that might change the opinions expressed herein.

Very truly yours,



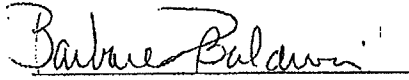
Venable LLP

CERTIFICATE OF RESPONSIBLE OFFICER

This Certificate is being delivered in connection with the opinion letter of Venable LLP of even date herewith (the "Opinion Letter"), which is being delivered pursuant to Question 40 of the BIP/BTOP Application Form in order to apply for BIP/BTOP funding pursuant to the Notice of Funds Availability ("NOFA") issued by RUS/NTIA. All capitalized terms used herein shall have the meaning ascribed to them in the Opinion Letter, or, if not defined in the Opinion Letter, in the NOFA. The undersigned is an officer of Pride Network, Inc. ("Company") and in this capacity and not in an individual capacity, does hereby certify to Venable LLP as follows:

1. No legal proceedings have been instituted or are pending against the Company, the outcome of which would adversely affect the Company's ability to perform the duties under the loan or loan/grant agreement, or adversely affect the security to be pledged under the loan agreement, and there are no judgments against the Company and no liens against any of the personal property of the Company, which would adversely affect the security to be pledged under the loan or loan/grant agreement.

This certificate is given with the express understanding that it will be relied upon by the law firm of Venable LLP in rendering its Opinion Letter pursuant to the NOFA.


Barbara Baldwin
President
Pride Network, Inc.

Dated: August 10, 2009

SUPPLEMENTAL INFORMATION 3

**Q51 - Commitment of Capital Funding Support:
Letter to Mr. Kenneth Kuchno, RUS, from Applicant's Parent, NTS
Communications, Inc., dated August 19, 2009**

**This supplement is filed to provide evidence of
the source of funding committed to Applicant's project.**

August 18, 2009

Mr. Kenneth Kuchno, Director
Broadband Division
Telecommunications Program
Rural Development, Utilities Programs
United States Department of Agriculture
1400 Independence Ave., SW, Rm 2844 Stop 1599
Washington, DC 20250-1599

Re: NTS Communications, Inc.
Management Commitment
Investment in PRIDE Network Projects

Dear Mr. Kuchno,

NTS Communications, Inc. will provide working capital for the PRIDE Network Projects

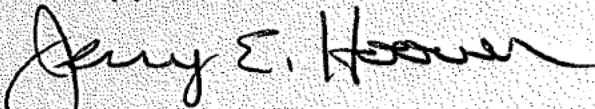
(b) (4)

parent company of the operating subsidiary, Pride Network, Inc. The investment will be used to provide permanent capital for the operating subsidiary. The existing common voting stock will remain the same, with the parent company capital infusions being credited to the Additional Paid in Capital account on the PRIDE Network books of account. No set dollar forecast of the amount of these capital infusions is implied other

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NTS Communications, Inc. affirms a firm commitment to fund the working capital to the above stated extent if Pride Network, Inc. is awarded the RUS funding for these projects.

Sincerely yours,



Jerry E. Hoover
Executive Vice President
NTS Communications, Inc.

5307 W. Loop 289
Lubbock, TX 79414
1.800.658.2150
fax: 806.788.3386
www.ntscom.com

People Product Price



NTS
COMMUNICATIONS



**Broadband Technology Opportunities Program
Public Computer Centers Program – Sustainable Adoption Program**

| | |
|--|--|
| Submitted Date: Easygrants ID: 3125 | |
| Funding Opportunity: Broadband Initiatives Program and Broadband Technology Opportunities Program | Applicant Organization: PRIDE Network, Inc. |
| Task: Submit Due Diligence - BIP | Applicant Name: Mr. Tony Lee Esq. |

Uploads

The following pages contain the following uploads provided by the applicant:

| Upload Name |
|--|
| Description of Technology |
| Build-Out Schedule |
| Licenses, Approvals and Agreements |
| Commitment of Capital Funding |
| Outstanding Obligations |
| Service Level Objectives |
| Organization's Legal Entity Documents |
| Environmental Materials |
| Supplemental Due Diligence Documentation 1 |



**Broadband Technology Opportunities Program
Public Computer Centers Program – Sustainable Adoption Program**

| | |
|--|--|
| Submitted Date: Easygrants ID: 3125 | |
| Funding Opportunity: Broadband Initiatives Program and Broadband Technology Opportunities Program | Applicant Organization: PRIDE Network, Inc. |
| Task: Submit Due Diligence - BIP | Applicant Name: Mr. Tony Lee Esq. |

To preserve the integrity of the uploaded document, headers, footers and page numbers have not been added by the system

Q1. Description of technology: Backhaul design (network topology/design, number of aggregation points, number of Base Stations per aggregation point, size of transport ring, etc.)

Response:

**PRIDE Burkburnett/Iowa Park Project
Technology Description**

Summary

NTS Communications, Inc. (NTS), through its subsidiary, PRIDE Network, Inc. (PRIDE) is fully capable of constructing and operating the Burkburnett/Iowa Park Project in a competent manner in compliance with all applicable Federal, state, and local laws. NTS was formed in 1981 and achieved competitive local exchange carrier ("CLEC") status in 1999. NTS operates as a wholly owned subsidiary of Xfone, Inc. (NYSE Alternext: "XFN"). NTS operates as a wholly owned subsidiary of Xfone, Inc. (NYSE Alternext: "XFN"). NTS is headquartered in Lubbock, Texas and with its staff of 300-plus employees, provides a full range of wire line voice and data services to customers in Arizona, Colorado, Kansas, New Mexico, Oklahoma, and Texas. Acting in a management capacity, NTS also directs the business and service delivery of its sister company, Xfone USA, Inc., which provides a full range of similar voice and data services to customers in Louisiana and Mississippi.

Since 2004, NTS has engaged in an aggressive build-out of Fiber to the Premise (FTTP) networks in Lubbock, Wolfforth, and Woodrow, Texas. To date, NTS has constructed approximately 600 route miles of fiber optic distribution plant encompassing in excess of 15,000 gross passings in these communities. Using its FTTP facilities, NTS provides full-featured voice, IPTV video, and data services to its customers. Of note, NTS Telephone Company, LLC, a subsidiary of NTS, has been the recipient of an \$11.9 million, (approximately 98 route miles of fiber optic cable) USDA Rural Utilities Service (RUS) Broadband Loan to bring broadband voice, video, and data services, via FTTP, to the communities of Levelland and Smyer, Texas. This project is currently under the last phases of construction.

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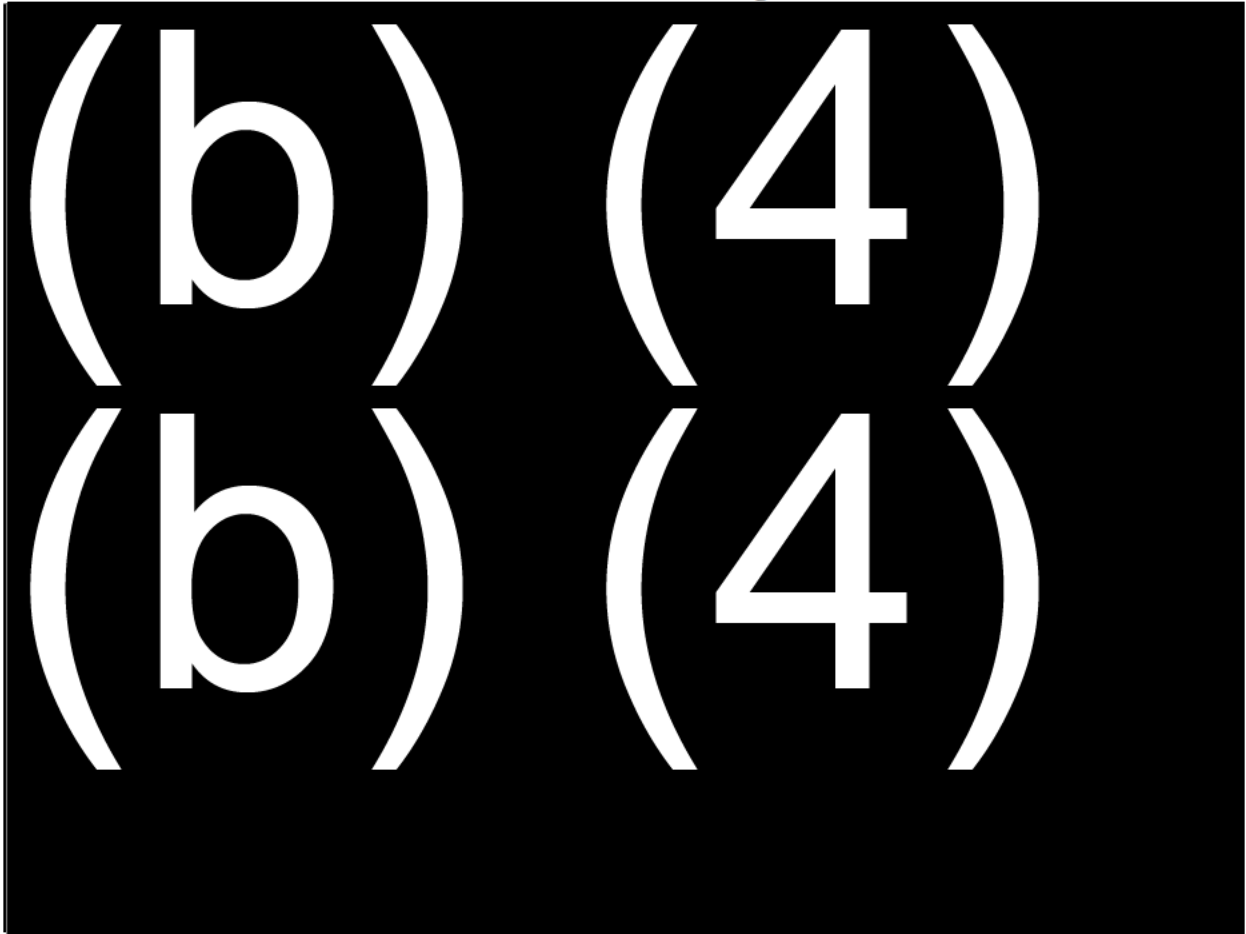


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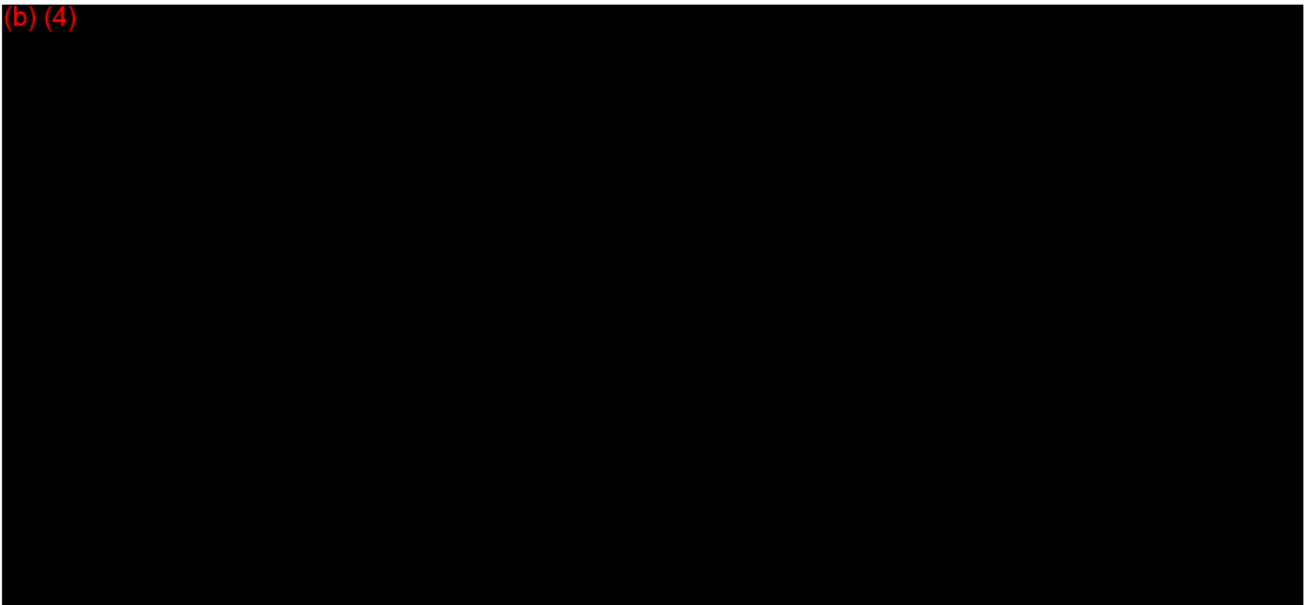
The following is a representative diagram of the overall network design.

Overall Network Design



Broadband over Fiber Optics Technology

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(b) (4)



(b) (4)



Upon approval of funding accounting standards and methodologies will be established to meet all financial reporting compliance per the BIP. Licensing will be initiated by general counsel. Necessary work equipment purchase contracts will begin.

Engineering and construction timelines are reasonable and obtainable. This is in part due to out

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The Engineering firm will be responsible for all aspects of construction of the project including: design, contracts, licensing, permits and right of way.

Pride Network Easy Grant ID 3125 Buildout Schedule

| Month | Jan | Feb | March | April | May | June | July | Aug | Sept | Oct | Nov | Dec | Totals |
|----------------------------------|---|-----|-------|-------|-----|------|------|-----|------|-----|-----|-----|--------|
| Days | <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="font-size: 4em;">(b)</div> <div style="font-size: 4em;">(4)</div> </div> | | | | | | | | | | | | |
| Days off for Holiday | | | | | | | | | | | | | |
| Sundays off | | | | | | | | | | | | | |
| Weather Days | | | | | | | | | | | | | |
| Working Days | | | | | | | | | | | | | |
| Rural Transport | | | | | | | | | | | | | |
| Plow Crew 1 | | | | | | | | | | | | | |
| Bore Crew 1 | | | | | | | | | | | | | |
| Miles | | | | | | | | | | | | | |
| Community Reached | | | | | | | | | | | | | |
| | | | | | | | | | | | | | |
| Metro Transport | | | | | | | | | | | | | |
| Bore Crew 1 | | | | | | | | | | | | | |
| Bore Crew 2 | | | | | | | | | | | | | |
| Bore Crew 3 | | | | | | | | | | | | | |
| Bore Crew 4 | | | | | | | | | | | | | |
| Miles | | | | | | | | | | | | | |
| Community | | | | | | | | | | | | | |
| Mileage | | | | | | | | | | | | | |
| * Estimated 4.5 months f | | | | | | | | | | | | | |
| * Estimated 20 months f | | | | | | | | | | | | | |
| Feeder & Distribution | | | | | | | | | | | | | |
| Bore Crew 1 Feet | | | | | | | | | | | | | |
| Bore Crew 2 Feet | | | | | | | | | | | | | |
| Bore Crew 3 Feet | | | | | | | | | | | | | |
| Bore Crew 4 Feet | | | | | | | | | | | | | |
| | | | | | | | | | | | | | |
| Community | | | | | | | | | | | | | |
| Feeder | | | | | | | | | | | | | |
| Distribution - two | | | | | | | | | | | | | |
| Buried Crews, three | | | | | | | | | | | | | |
| Aerial Crews | | | | | | | | | | | | | |

PRIDE Network, Inc

Licenses/Approvals/Agreements

- (b) (4)
- Interconnection Agreements
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- Internet Connection Agreement
(b) (4)
- Pole Attachment Agreement
(b) (4)
- Tower Agreement
 - Sample Commercial Lease Agreement
(b) (4)(b) (4)(b) (4)(b) (4)
- Video Carriage Agreement
(b) (4)(b) (4)
- SPCOA
- SIFCA- Application(10 day process)
- Non-Discrimination Agreement

NTS Communications Inc./PRIDE Network, Inc.

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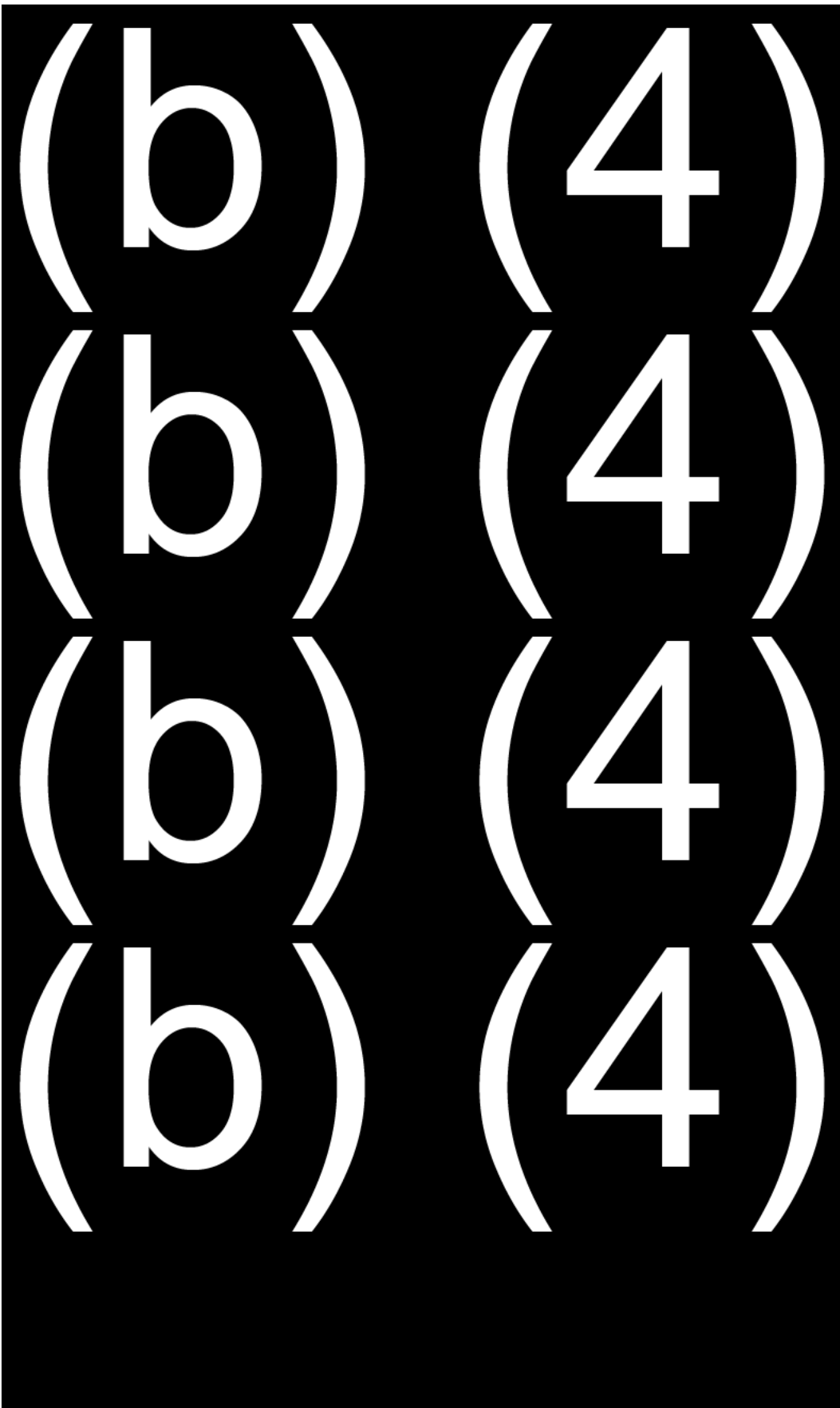
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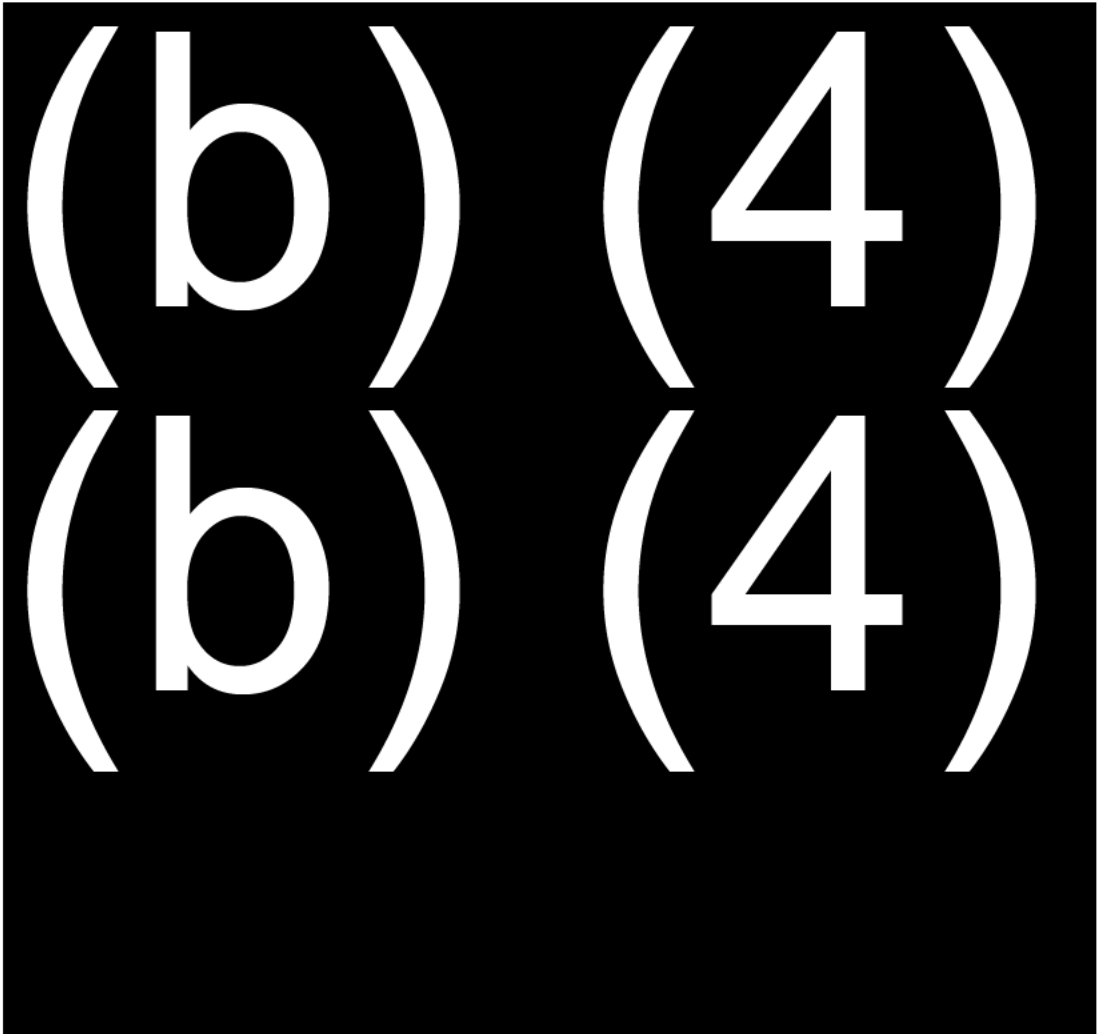
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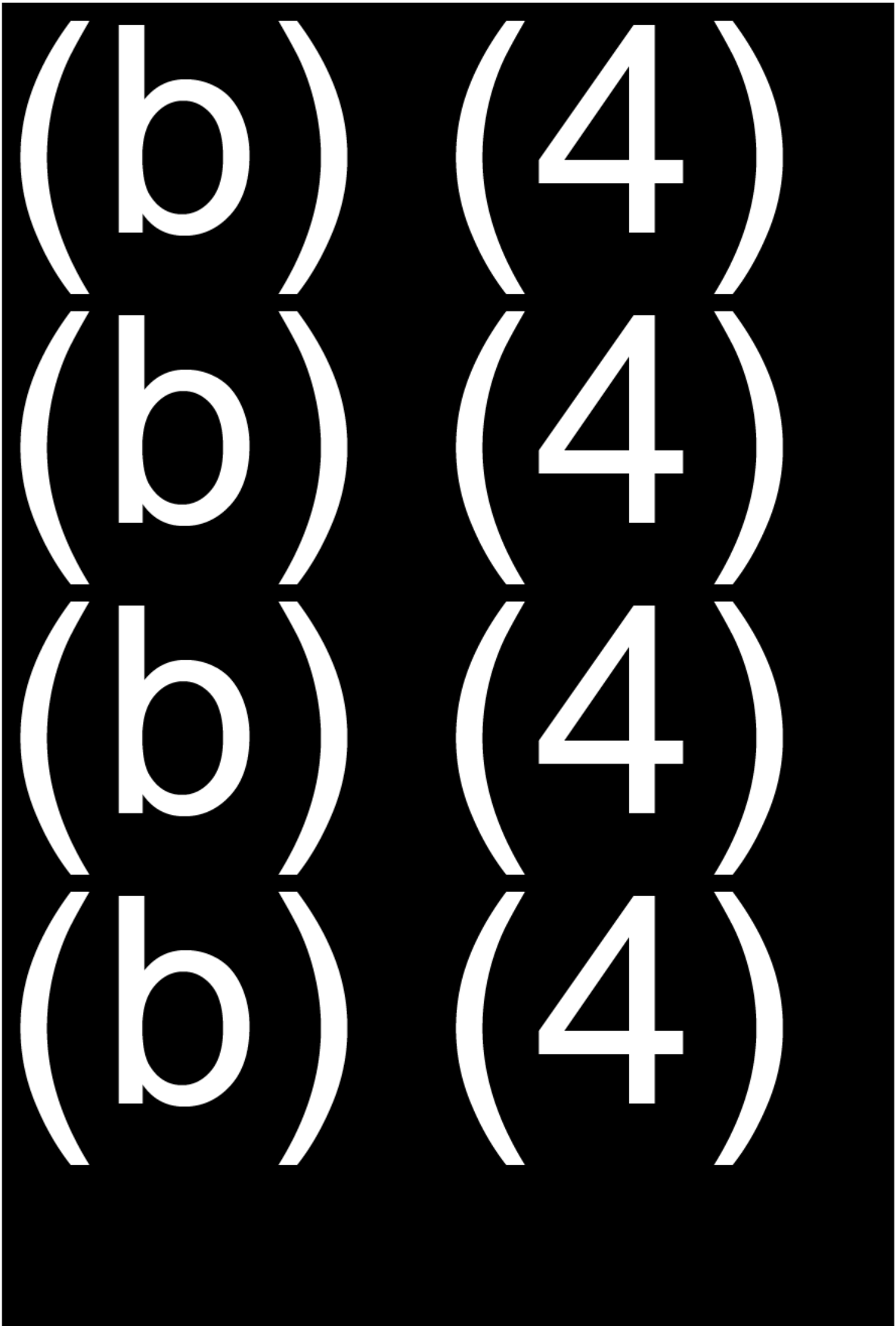
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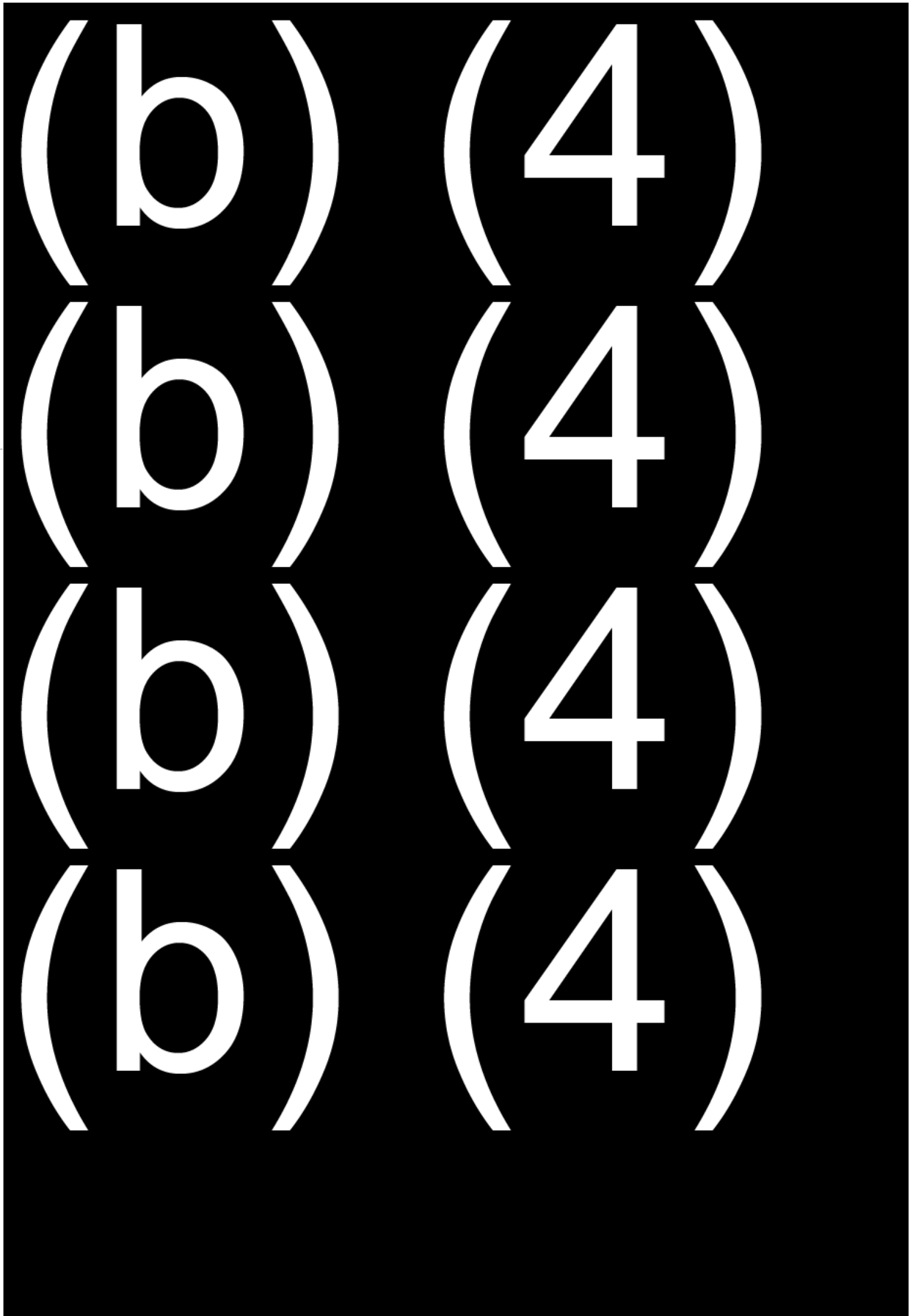
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NTS Communications, Inc./ Power Pole Attachment

The following agreements will be used by PRIDE Network, Inc. (PRIDE) through its parent organization NTS Communications, Inc. (NTS). NTS entered into power pole attachment agreements with (b) (4)(b) (4)(b) (4)(b) (4) (b) (4)(b) (4) (b) (4)(b) (4)(b) (4)(b) (4)(b) (4)(b) (4)(b) (4)

Upon approval, PRIDE will contact the previously mentioned companies in regards to possible attachments throughout the network. Due to the limited space allowed by the online submission tool provided by the Broadband Initiatives Program (BIP), only the first pages and the execution pages have been attached. Upon request, the entire document will be provided to BIP.

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NTS Communications, Inc./ Tower Lease Agreements

The following agreements are samples of tower lease agreements that will possibly be used by PRIDE Network, Inc. (PRIDE) through its parent organization NTS Communications, Inc. (NTS). Upon approval of funding, tower lease agreements will be executed by PRIDE and various commercial tower companies depending on availability and location. A commercial agreement, as well as a sample water tower lease agreement has been attached. These agreements will allow PRIDE access to lease space on existing towers. Upon approval, PRIDE will move forward with the lease agreement process (if necessary), in regards to integrating arrangements throughout the network.

LICENSE

This License ("License") entered into this _____ day of _____, 20____ (the "Effective Date"), by and between _____, a _____ limited liability company ("Licensee"), whose address is _____ and ("Licensor"), whose address is _____

For good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. **Premises.** Licensor owns a tract of land ("Land") described on Exhibit A and owns and operates a water storage facility or tower ("Tower") located thereon in _____, County of _____, State of _____ commonly known as _____ (the Tower and Land are, collectively, the "Site"). Approximately 10' by 15' of the Land and space on the Tower at the location reflected on Exhibit B (antennas mounted on the tower with a center of radiation at approximately 140' feet above grade) (collectively, the "Premises") and grants Licensee the right to install utility cables, conduits and pipes from the existing utility termination point to the Premises. Notwithstanding the foregoing, Licensor grants Licensee the non-exclusive right to use the Land to access the Premises and to install, maintain and repair utilities serving the Premises and improvements thereon.

2. **Use.** Licensor grants to Licensee a license to use the Premises for (i) the transmission and reception of communication signals, and (ii) the construction, alteration, maintenance, operation, repair of antennas, communications equipment, cables and facilities and improvements related thereto and other improvements relating thereto (collectively, the "Facilities") and (iii) activities related to any of the foregoing (collectively, "Licensee's Permitted Use"). Should Licensee desire to make any changes to its Facilities which would affect the load on the Tower, then Licensee must receive Licensor's prior written approval.

3. **Term.** The term of this Agreement shall begin on the earlier of (i) the 1st day of the month following the date Licensee commences the installation of the Facilities on the Tower, or six months from date of execution of Agreement (ii) _____, 2008, (the "Commencement Date"), and terminate on the fifth (5th) anniversary of the Commencement Date ("Initial Term"). Licensee shall have the right to extend the Term for three (3) successive five (5) year periods (each, a "Renewal Term") on the same terms and conditions as set forth herein. This Agreement shall automatically be extended for a Renewal Term unless Licensee notifies Licensor that it does not to renew this Agreement at least sixty (60) days prior to the commencement of the following Renewal Term. For the purposes of this Agreement, "Term" shall mean the Initial Term plus any applicable Renewal Term(s). Licensee may terminate this License at any time by giving Licensor not less than 6 months written notice of termination and paying Licensor, on or before the date of termination, 4 months additional rent, which is full and adequate consideration for Licensor allowing Licensee to terminate the License on the date of termination contained in the notice.

4. **Conditions Precedent and Rights Prior to Commencement Date.**

(a) Notwithstanding anything to the contrary herein, this Agreement shall not be effective unless, and the Commencement Date shall be delayed until Licensee obtains all governmental licenses, permits and approvals required of Licensee for its use of the Premises, including zoning, — variances, administrative or special use permits (collectively referred to as "Governmental Approvals"); provided that Licensee shall have the right, but not the obligation to appeal a denial of a Governmental Approval, and the Commencement Date shall be extended until a final decision is rendered which is not subject of any further appeal. Notwithstanding anything to the contrary herein, if the approval process is not completed six (6) months from the execution of this Agreement, Licensee must commence payment of the License Fee to hold Licensee's Premises. Licensor agrees to cooperate with Licensee and join in any application for Governmental Approvals, provided, however, that Licensor shall be reimbursed by Licensee for any of Licensor's reasonable out-of-pocket costs associated with the foregoing within thirty (30) days of Licensee's receipt of an itemized statement of such costs together with all supporting documentation;

(b) The parties further agree that prior to the Commencement Date; the Licensee shall have the following rights and remedies:

(i) the right to obtain a title report or commitment for a title policy from a title insurance company of its choice. If, in the reasonable opinion of the Licensee, such title report shows any defects of title or liens or encumbrances which materially adversely affect Licensee's proposed use of the Site, Licensee shall notify Licensor of such defect and, at Licensor's sole option, Licensor shall undertake to remedy the defect or provide Licensee with a title policy with such defect removed or affirmatively insured over. In the event Licensor has not remedied the defect with sixty (60) days from notification by Licensee, Licensee has the right to terminate this Agreement immediately upon written notice to Licensor. No mortgage or unpaid general ad valorem or like taxes shall constitute a defect;

(ii) the right to have the Site surveyed and to have structural analyses performed. In the event that any defects are shown by the survey or the structural analyses, which in the reasonable opinion of Licensee may adversely affect Licensee's intended use of the Site, Licensee shall have the right to terminate this Agreement immediately upon written notice to Licensor; and

(c) Failure to satisfy the conditions set forth in Section 4 (a) above, or Licensee's termination under Section 4 (b) above, shall relieve both parties of all obligations herein.

5. License Fee. Licensee shall pay a license fee of _____ and no/100 Dollars (\$_____) per month ("License Fee"), payable on the first day of the month, in advance, beginning on the Commencement Date. The License Fee for any partial month during the Term shall be pro-rated based on the number of days of the Term in said month, as applicable. The License Fee shall be mailed (or sent via electronic methods as agreed to by the parties in writing) to the address set out in the first paragraph hereof, or such other address as a party may, from time to time, designate in writing. If the License Fee is not paid within 30 days of its due date, Licensee will pay interest on the past due amounts at one and one-half percent (1.5%) per month. Notwithstanding accrual of interest, failure of Licensee to pay the License Fee after notice as provided in paragraph 10, shall constitute a default by Licensee and Licensor shall have all the rights provided by the applicable law. If Licensee extends the Term of this License the monthly rent payments shall be 110% of the monthly rent payments for the prior five (5) year term. For example, if the monthly rent payment is \$100.00 per month during the first five (5) years, and the Term is extended for the next five (5) years, the monthly rent payment during the extended term shall be \$110.00. For the next extended five (5) year term, \$121.00.

6. Tests and Construction.

(a) Upon prior written notice to Licensor, Licensee shall have the right at any time after the Effective Date to enter upon the Land to (i) make necessary engineering surveys, inspections, soil tests, borings, and other reasonably necessary tests, and (ii) construct the Facilities. At the request of Licensee, Licensor shall provide Licensee copies of all plans, specifications, surveys and tower maps for the Land or Tower in Licensor's possession or available to Licensor. Any expense related to copying such materials shall be paid by Licensee.

(b) Licensor warrants that the Site (including the tower lighting systems) meets with all applicable rules and regulations of the Federal Communications Commission, Federal Aviation Administration and all applicable codes and regulations of the city, county and state in which the Site is located. Licensor agrees to maintain the lighting system in proper operating condition and comply with all notice requirements of the Federal Aviation Administration regarding the failure, malfunction or repairs of the lighting systems. The cost of painting and repairing the Tower shall be borne by Licensor unless the damage to the Tower is caused by Licensee, in which case Licensor shall repair such damage and Licensee will reimburse Licensor for all costs and expenses incurred by Licensor in connection with such repair.

7. Facilities; Utilities; Access, Construction and Installation.

(a) Licensee, at its sole cost and expense, has the right to erect, maintain and operate on the Premises wireless, radio and related communication facilities, including utility lines, an air conditioned equipment shelter or cabinets, electronic equipment, radio transmitting and receiving antennas and supporting structures more fully described in Exhibit B1. All construction and installation shall be performed in a good and workmanlike manner. The Facilities shall remain Licensee's personal property and are not fixtures. In the event any Tower modifications are required, regardless of type, such modifications are to be performed only with Licensor's prior written consent and at Licensee's sole cost and expense, and upon completion shall be considered a fixture and part of the Tower and Licensor's property.

(b) Licensee shall draw electricity by separate utility service from any utility company that will provide service to the Site. Any easement necessary for power, telephone or other utilities will be located on the Site at a location acceptable to Licensor, the Licensee and the servicing utility company, acceptance not to be unreasonably withheld, delayed or conditioned by either Licensee or Licensor.

(c) In the event of a loss of power, Licensee shall have the right to install a temporary emergency generator on the Land which it will remove within five (5) days of the end of the emergency need.

(d) Licensee and its employees, agents and subcontractors may enter on or across the Land twenty-four (24) hours a day, seven (7) days a week, at no charge, to construct, install, operate, maintain and repair the Facilities.

8. Non-Interference.

(a) Licensor may allow others use the Site, provided it shall require such others ("New Licensee") to install equipment that will not interfere with Licensee's operations then being conducted from the Premises. In the event a New Licensee causes interference with the Facilities, Licensor will require the New Licensee to take all steps necessary to eliminate the interference. If such interference cannot be eliminated within forty-eight (48) hours, Licensor shall take such actions to cause such New Licensee to disconnect the electric power and shut down such New Licensee's interfering equipment (except for intermittent operation for the purpose of testing, after performing maintenance, repair, modification, replacement, or other action taken for the purpose of correcting such interference) until such interference is eliminated. If such interference is not eliminated to the reasonable satisfaction of Licensor within thirty (30) days after notice from Licensee, Licensor shall cause such New Licensee to remove the interfering equipment from the Site. Licensee agrees to reasonably cooperate with Licensor and any New Licensees to try to resolve any interference issues at the expense of the New Licensee.

(b) If Licensee's Facilities interfere with any existing equipment placed upon the Tower prior to the Effective Date, Licensee shall take all steps necessary to eliminate the interference. If such interference cannot be eliminated within forty-eight (48) hours after receipt by Licensee from Licensor of notice of the existence of interference, Licensee shall cease operation of the Facilities (except for intermittent operation for the purpose of testing, after performing maintenance, repair, modification, replacement, or other action taken for the purpose of correcting such interference) until such interference is eliminated. If such interference is not eliminated to the reasonable satisfaction of Licensor within thirty (30) days after receipt by Licensee of such notice from Licensor, Licensee shall remove the interfering equipment from the Site. Licensee shall not alter the operations of the Facilities or replace, upgrade or otherwise modify the Facilities in a manner which will cause interference with the operations of any other equipment which is then in existence on the Tower and for which Licensor has a written contractual agreement.

9. Taxes. Licensor shall pay all real property taxes it is obligated to pay for the Land and its improvements thereon. Licensee shall reimburse Licensor for any increases in real property taxes which are assessed as a direct result of Licensee's improvements to the Land. As a condition of Licensee's obligation to pay such tax increases, Licensor shall provide to Licensee the documentation from the taxing authority, reasonably acceptable to Licensee, indicating that the increase is due to Licensee's improvements.

10. Default.

(a) A party shall be in default if it materially breaches any of its representations or warranties or otherwise fails to perform any material duty or obligations and, except for a monetary default, does not cure or remedy such breach within thirty (30) days after receipt of written notice of same; provided, however, that, if such breach shall necessitate a longer period to cure than thirty (30) days, then such cure period shall be extended for such time as is reasonably necessary to cure such breach, but only so long as (i) such efforts to cure are commenced within fifteen (15) days of receipt of written notice from the non-defaulting party, and (ii) the defaulting party proceeds diligently and in good faith to effect a cure. Notwithstanding the foregoing, in no event of a monetary default the cure period is ten (10) day period from the date of receipt by the defaulting party of written notice of the default, nor shall the time within which a party may cure a failure in the performance of requirements regarding interference exceed a forty-eight (48) hour period or thirty (30) day period whichever may be applicable.

(b) In addition, Licensee shall be in default under this License if it shall become bankrupt, insolvent or file a voluntary petition in bankruptcy, have an involuntary petition in bankruptcy filed against it which is not dismissed within sixty (60) days of the date of filing, if it files for reorganization or for the appointment of a receiver or if it makes an assignment for the benefit of its creditors;

(c) Upon the occurrence of a default, the non-defaulting party may pursue any and all remedies available under applicable law. Venue shall be in Lyon County, KS.

11. Termination. Following the Commencement Date this License may be terminated by Licensee upon thirty (30) days prior written notice in the event that the Licensee is unable to obtain or maintain any Governmental Approval necessary for the construction or operation of the Facilities.

12. Removal of Equipment. Licensee shall surrender the Site at the expiration or early termination of this License and remove the Facilities and restore the Premises to substantially the same condition existing as of the Commencement Date, ordinary wear and tear, casualty, or acts of God, excepted. If Licensee has not completed its obligations on or before the sixtieth (60th) day following the expiration or early termination, Licensee shall be deemed to have abandoned the Facilities and Licensor may remove the Facilities and dispose of same in Licensor's sole discretion without accounting to Licensee for the value thereof.

13. Casualty and Condemnation.

(a) In case of damage to a portion of the Site which is essential to the operation of the Facilities, by fire or other casualty, Licensor shall, at its expense, cause the damage to be repaired to a condition as nearly as practicable to that existing prior to the damage, with reasonable speed and diligence. Licensor shall not be required to repair any damage beyond the extent that insurance proceeds are inadequate to pay for such repairs. For the time that the Site is rendered unusable for Licensee's intended purpose, the License Fee shall proportionately abate. Licensee shall be permitted to terminate this License if the Premises have been rendered unusable for Licensee's intended purpose and Licensor's estimated period for completion of the repair and restoration exceeds one hundred twenty (120) days.

(b) If the whole or any substantial part of the Site shall be taken by any public authority under the power of eminent domain so as to materially interfere with Licensee's use and occupancy of the Premises, then this License shall terminate as to the part of the Premises so taken, and the License Fee shall be reduced or abated in proportion to the actual reduction or abatement of use and/or operation of the Premises. Any License Fee paid in advance shall be refunded to Licensee, as appropriate, within thirty (30) days of Licensee's written demand. Licensee shall be entitled to pursue its interest under a separate claim. In the event that there is sufficient remaining space upon the Site, and with Licensor consent the Licensee may place a temporary communications facility upon the Site for a period of up to one (1) year after the termination at a rental rate equal to two-third (2/3) of the amount of the rental provided for herein.

14. Indemnification. Licensee agrees to compensate Licensor for damages and to indemnify and to hold Licensor harmless from all claims (including reasonable attorneys' fees, costs and expenses of defending against

such claims) incurred by Licensor and arising from the negligent acts or omissions of Licensee or Licensee's agents, employees, or invitees in or about the Site or arising from Licensee's default pursuant to this Agreement. Except as otherwise specifically provided herein, all property kept, installed, stored, or maintained in or upon the Site by Licensee shall be so installed, kept, stored, or maintained at Licensee's risk. Licensor shall not be responsible for any loss or damage to equipment owned by Licensee which might result from weather or other acts of God or which is not caused by the negligent or intentionally acts or omissions of Licensor; Licensor agrees to compensate Licensee for damages and to indemnify and hold Licensee harmless from all claims (including reasonable attorneys' fees, costs and expenses of defending against such claims) incurred by Licensee and arising from the negligent or intentional act or omissions of Licensor or Licensor's agents, employees, or invitees in or about the Site or arising from Licensor's default pursuant to this Agreement. The indemnities described in this Section shall survive termination of this Agreement.

15. Assignment.

(a) The rights of Licensee under this Agreement may be assigned with the prior written consent of Licensor, said consent not to be unreasonably withheld or denied, except that Licensee may assign its rights and delegate its duties hereunder to any entity which directly controls, is controlled by, or is under common control of the Licensee or an entity that obtains control of Licensee during the term of this Agreement.

(b) Notwithstanding anything else contained herein, Licensee may, without Licensor's consent, pledge, mortgage, convey by deed of trust, assign, create a security interest in, or otherwise execute and deliver any and all instruments for the purpose of securing indebtedness all or any portion of Licensee's interest in this Agreement, and/or all or any portion of Licensee's right, title, and interest in and to any and/or all of the Facilities. Promptly on Licensee's or Licensee's lender's request, Licensor shall execute and deliver, and shall assist in facilitating the execution and delivery of, all documents requested by any of Licensee's lenders including, but not limited to, waivers of Licensor's right to levy or distraint upon for License Fee any of Licensee's property given as security for a debt, acknowledgements that none of the Facilities shall become fixtures, consents to giving notice to Licensee's lender(s) in the event of Licensee's default under the provisions of this Agreement, consents to Licensee's assignment to any lender(s) of any and all of Licensee's interest in or to this Agreement and the Facilities and nondisturbance agreements from Licensor and Licensor's lenders.

16. Waiver of Lien. Licensee hereby waives any and all lien rights Licensee may have, statutory or otherwise, in and to the Site or any portion thereof, regardless of whether or not same is deemed real or personal property under applicable laws. Except as may be otherwise provided herein, Licensor hereby waives any and all lien rights Licensor may have, statutory or otherwise, in and to the Facilities or any portion thereof, regardless of whether or not same is deemed real or personal property under applicable laws.

17. Warranty of Title and Quiet Enjoyment. Licensor warrants that: (i) Licensor owns the Land or occupies the Land pursuant to an easement and owns and operates the Tower located thereon and has rights of access thereto; (ii) Licensor has full right to make and perform this Agreement; and (iii) Licensor covenants and agrees with Licensee that upon Licensee paying the License Fee and observing and performing all the terms, covenants and conditions on Licensee's part to be observed and performed, Licensee may peacefully and quietly enjoy the Premises.

18. Subordination. This License is and shall be subordinate to all mortgages, deeds of trust and similar security documents which may now or hereafter be secured by the Land, and to all renewals, modifications, consolidations and extensions thereof. This clause shall be self-operative and no further instrument of subordination shall be required by any mortgagee, but in confirmation of such subordination, Licensee shall execute, within ten (10) days after receipt of written request, any certificate that Licensor may reasonably require acknowledging such subordination. Notwithstanding the foregoing, Licensor shall use reasonable efforts to cause any party holding the instrument to which this License is subordinate,, in the event of any foreclosure sale or possessory action, to recognize and preserve this License, and, if permitted in such case, this License shall continue in full force and effect and Licensee shall attorn to such party and shall execute, acknowledge and deliver any instrument, in a form reasonably acceptable to Licensee, that has for its purpose and effect the confirmation of such attornment. For the

benefit of Licensee if requested, Licenser shall use reasonable efforts to obtain from its current mortgagee a Subordination, Non-Disturbance and Attornment Agreement (an "SNDA"), in which Licensee shall join, under which this License and the rights of Licensee hereunder shall not be affected or modified by foreclosure or the exercise of any other right or remedy by the mortgagee so long as Licensee shall not be in default. under any of the provisions of this License beyond any applicable period of grace, and under which Licensee shall attorn to and recognize the mortgagee or any purchaser at foreclosure sale or other successor-in-interest to the Licenser as Licensee's licenser hereunder. The SNDA shall be in the reasonable form required by the lender and reasonably acceptable to Licensee. Licensee covenants and agrees to execute and deliver to Licenser or to the lender the SNDA within ten (10) days after receipt of written demand therefore.

19. Maintenance and Repairs.

(a) Licensee shall perform all repairs necessary or appropriate to keep Facilities on or about the Premises in good and tenantable condition.

(b) Licenser, at Licenser's sole cost and expense, shall maintain the Site and its improvements thereto in good order and repair, ordinary and reasonable wear and tear, damage by fire, the elements and other casualty excepted and in substantial compliance with all laws, codes, regulations and orders of any governmental or regulatory entity. Damage resulting from the negligent acts or omissions of Licensee, shall be repaired by Licensee, at Licensee's cost and expense unless otherwise provided herein.

20. Mechanics Liens. Licenser and Licensee expressly acknowledge and agree that neither Licensee nor any one claiming by, through or under Licensee, including without limitation contractors, sub-contractors, materialmen, mechanics and laborers, shall have any right to file or place any mechanics' or materialmen's liens of any kind whatsoever upon the Site nor upon any building or improvement thereon. All parties with whom Licensee may deal are hereby put on notice that Licensee has no power to subject Licenser's interest in the Site to any claim or lien of any kind or character and any persons dealing with Licensee must look solely to the credit of Licensee for payment and not to Licenser's interest in the Site or otherwise. Licensee shall allow Licenser to post notices of non-responsibility on the Premises. Licensee agrees to allow such notices to remain posted in the Site throughout the construction period and to notify Licenser if such notices are damaged or removed. However, if by reason of any alteration, repair, labor performed or materials furnished to the Site for or on behalf of Licensee any mechanic's or materialmen's lien shall be filed, claimed, perfected or otherwise established or as provided by law against the Site, Licensee shall discharge or remove the lien by bonding or otherwise, within thirty(30) days after Licensee receives notice from Licenser of the filing of same.

21. Hazardous Substances. Licensee will not use, generate, store or dispose of any Hazardous Material on, under, about or within the Site in violation of any law or regulation. Licenser represents, warrants and agrees (1) that neither Licenser nor, to Licenser's knowledge, any third party has used, generated, stored or disposed of, or permitted the use, generation, storage or disposal of, any Hazardous Material on, under, about or within the Site in violation of any law of regulation except, as disclosed to Licensee in any environmental reports provided to Licensee and (2) that Licenser will not generate, store or dispose of any Hazardous Material on, under, about or within the Site in violation of any law or regulation. Licenser and Licensee each agree to defend, indemnify and hold harmless the other and the other's partners, affiliates, agents and employees against any and all losses, liabilities, claims and/or costs (including reasonable attorneys' fees and costs) arising from any breach of any representation, warranty or agreement contained in this Section. As used in this Section, "Hazardous Material" shall mean petroleum or any petroleum product, asbestos, any substance known by the state in which the Site is located to cause cancer and/or reproductive toxicity, and/or any substance, chemical or waste that is identified as hazardous, toxic or dangerous in any applicable federal, state or local law or regulation. This Section shall survive the termination of this Agreement.

22. Miscellaneous.

(a) This License constitutes the entire agreement and understanding between the parties, and supersedes all offers, negotiations and other agreements concerning the subject matter contained herein. Any amendments to this License must be in writing and executed by both parties.

(b) If any provision of this License is invalid or unenforceable with respect to any party, the remainder of this License or the application of such provision to persons other than those as to whom it is held invalid or unenforceable, shall not be affected and each provision of this License shall be valid and enforceable to the fullest extent permitted by law.

(c) This License shall be binding on and inure to the benefit of the successors and permitted assignees of the respective parties.

(d) Any notice or demand required to be given herein shall be made by certified or registered mail, return receipt requested, or recognized overnight courier which provides proof of delivery, to the address of the respective parties set forth in the first paragraph. Licensor or Licensee may from time to time designate any other address for this purpose by written notice to the other party. All notices hereunder shall be deemed received upon actual receipt or rejection.

(e) This License shall be governed by the laws of the State of where the Site is located without regard to the principles of conflict of laws thereunder.

(f) Licensor acknowledges that a Memorandum of Agreement in the form annexed hereto as Exhibit C may be recorded by Licensee, at Licensee's option and expense, in the official records of the County where the Land is located.

(g) In any case where the approval or consent of one party hereto is required, requested or otherwise to be given under this License, such approval or consent shall not be unreasonably conditioned, delayed, or withheld.

(h) All Exhibits may be executed in duplicate counterparts, each of which shall be deemed an original.

(j) Notwithstanding anything in this License to the contrary, each party hereby waives any claim that they may have against the other party with respect to any consequential, punitive, special or incidental damage or lost profits.

IN WITNESS WHEREOF, the parties have executed this License as of the date first written above.

LICENSOR:

LICENSEE:

a _____ Corporation

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____, 20__

Date: _____, 20__

Licensee Site Number and Name: _____

EXHIBIT "A"
DESCRIPTION OF LAND

The Land is described and/or depicted as follows:

and otherwise known as the _____

Licensee Site Number and Name: _____

EXHIBIT B1
DESCRIPTION OF FACILITIES - SEE ATTACHED COLLOCATION APPLICATION

EXHIBIT B2
DESCRIPTION OF PREMISES

The Premises are described and/or depicted as follows:

1-4'x8' Steel Platform
1 — 6' H-Frame for Electric & Telco 1 - 10' Ice Bridge
6 Runs of 1 5/8" Coax up the Tower 6 Antennas

Notes:

1. This Exhibit is to include any plans for routing lines, cables, conduits, etc. on or across the Site.

EXHIBIT C
FORM OF MEMORANDUM OF AGREEMENT

Please return to:

MEMORANDUM OF AGREEMENT

This Memorandum of Agreement is entered into on this ____ day of _____, 20__, by and between _____, with its primary offices at _____, _____, (hereinafter referred to as "Licensor") and _____, with its primary offices at _____ (hereinafter referred to as "Licensee").

1. Licensor and Licensee entered into a License ("Agreement") on the _____ day Of _____, 2008, for the purpose of installing, operating and maintaining a radio communications facility and other improvements. All of the foregoing are set forth in the Agreement.

2. The term of the Agreement is for five (5) years commencing on _____, 2008 and ending at 11:59 PM on _____, with three (3) successive five (5) year options to renew. If all options to renew are exercised, the term of this Agreement will expire twenty (20) years after the Commencement Date (as defined in the Agreement).

3. The Land which is the subject of the Agreement is described in Exhibit A annexed hereto. That portion of the Land being leased or licensed to Licensee ("Premises") is described in Exhibit B annexed hereto.

IN WITNESS WHEREOF, the parties have executed this Memorandum of Agreement as of the day and year first above written.

LICENSOR:

LICENSEE:

a _____ Corporation

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____, 20__

Date: _____, 20__

LICENSOR

STATE OF _____

COUNTY OF _____

Personally appeared before me, the undersigned authority in and for the said county and state, on this day of _____, 20____, within my jurisdiction, the within named _____, who acknowledged that he is the _____ of _____ and that for and on behalf of the said company, and as its act and deed he executed the above and foregoing instrument, after first having been duly authorized by said company so to do.

Notary Public

My Commission Expires:

LICENSEE

STATE OF _____

COUNTY OF _____

Personally appeared before me, the undersigned authority in and for the said county and state, on this day of _____, 20____, within my jurisdiction, the within named _____ who acknowledged that he is _____ of _____ a _____ limited liability company and that for and on behalf of the said company, and as its act and deed he executed the above and foregoing instrument, after first having been duly authorized by said company so to do.

Notary Public

My Commission Expires:

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NTS Communications/ Cable Television Agreements

The following agreements will be used by PRIDE Network, Inc. (PRIDE) through a service agreement with its parent company, NTS Communications Inc. (NTS). NTS entered into these various agreements to fulfill its channel line-up. These agreements allow NTS to broadcast what is approximately 20 percent of its channel line-up. Due to the limited space allowed by the online submission tool provided by the Broadband Initiatives Program (BIP), only the first page and the execution pages have been attached. Upon request, the entire documents will be provided to BIP.

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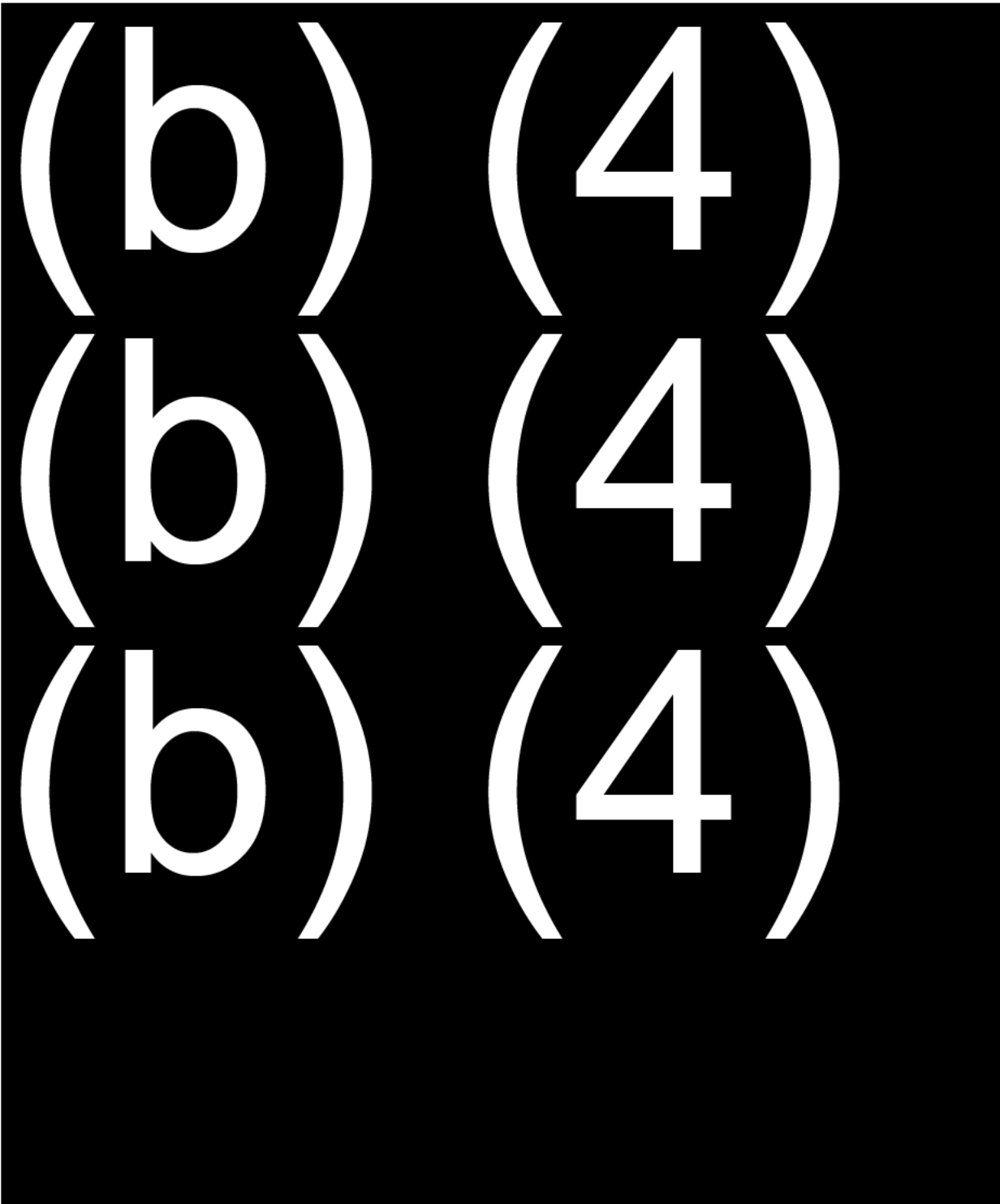
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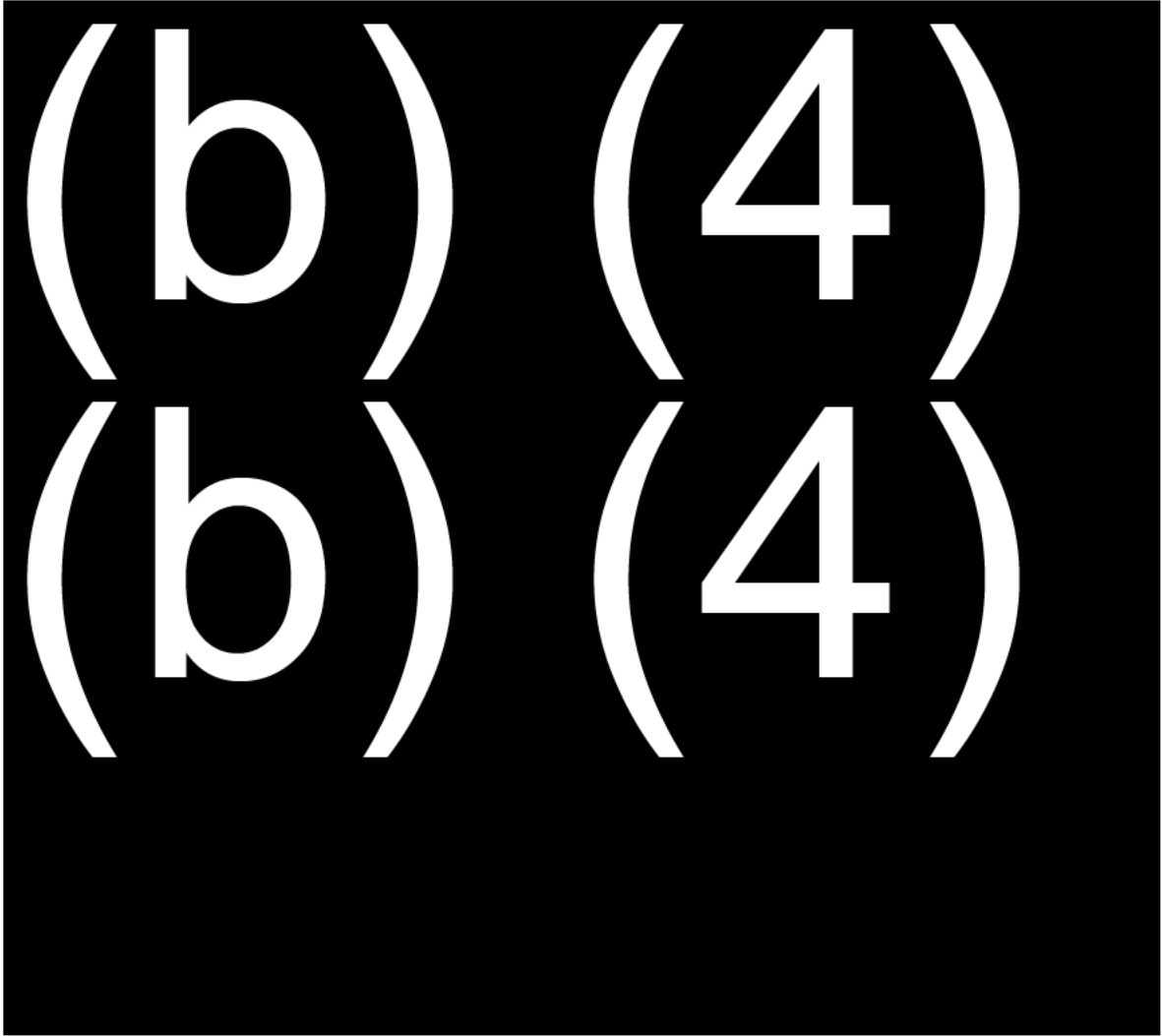
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5307 W. Loop 289
Lubbock, TX 79414
1.800.658.2150
fax: 806.797.9807
www.ntscom.com

People Product Price



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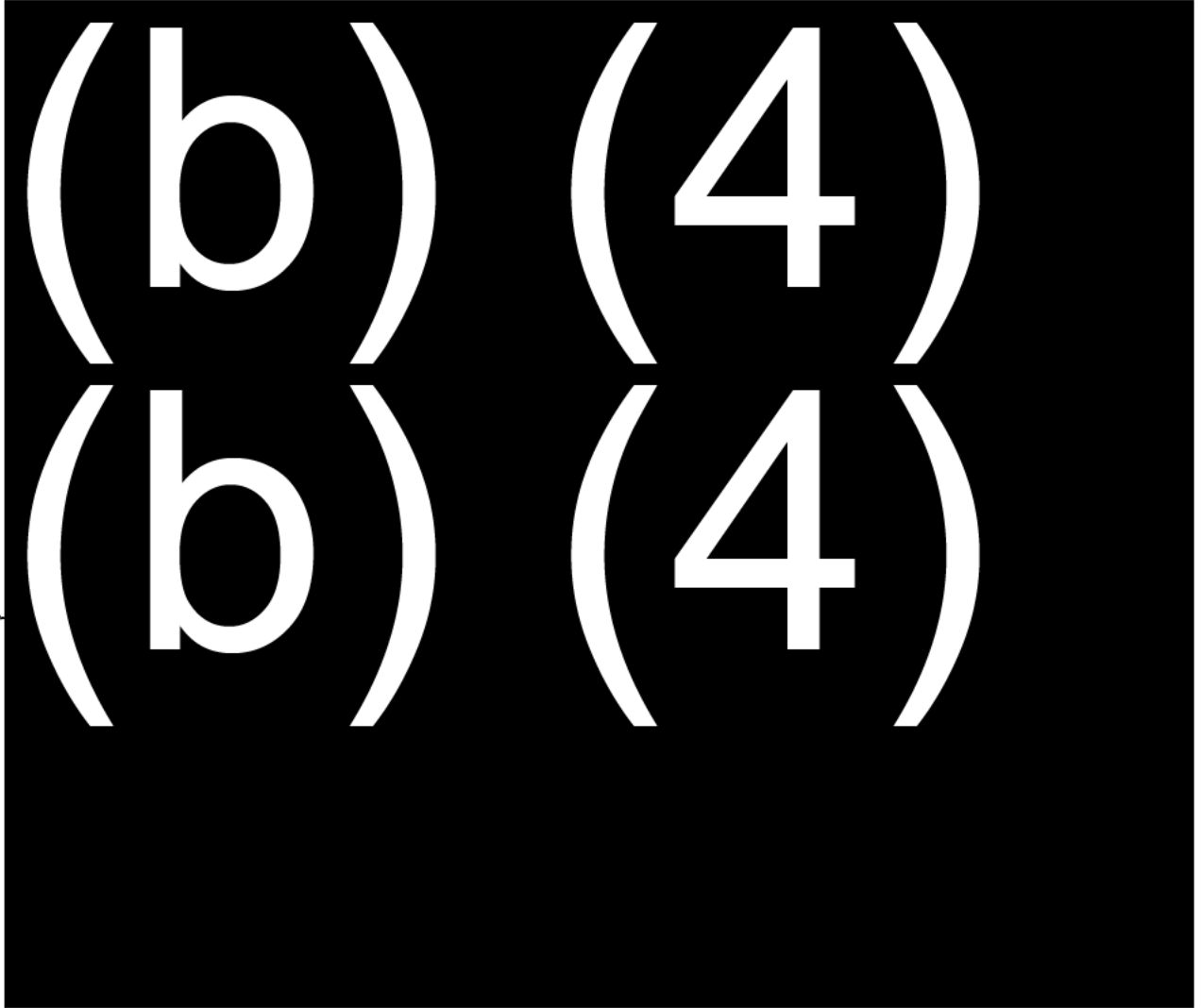
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5307 W. Loop 289
Lubbock, TX 79414
1.800.658.2150
fax: 806.797.9807
www.ntscm.com

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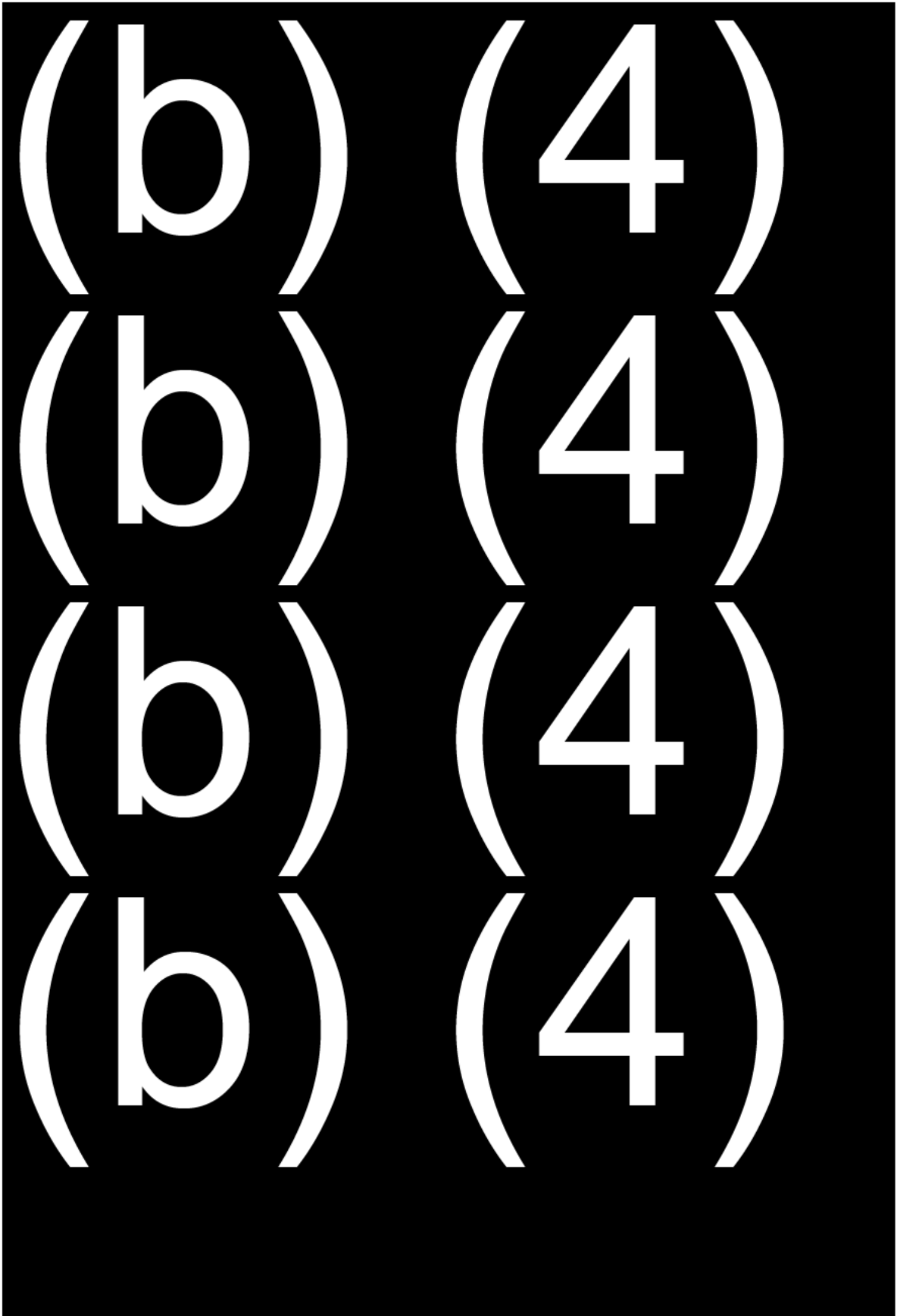
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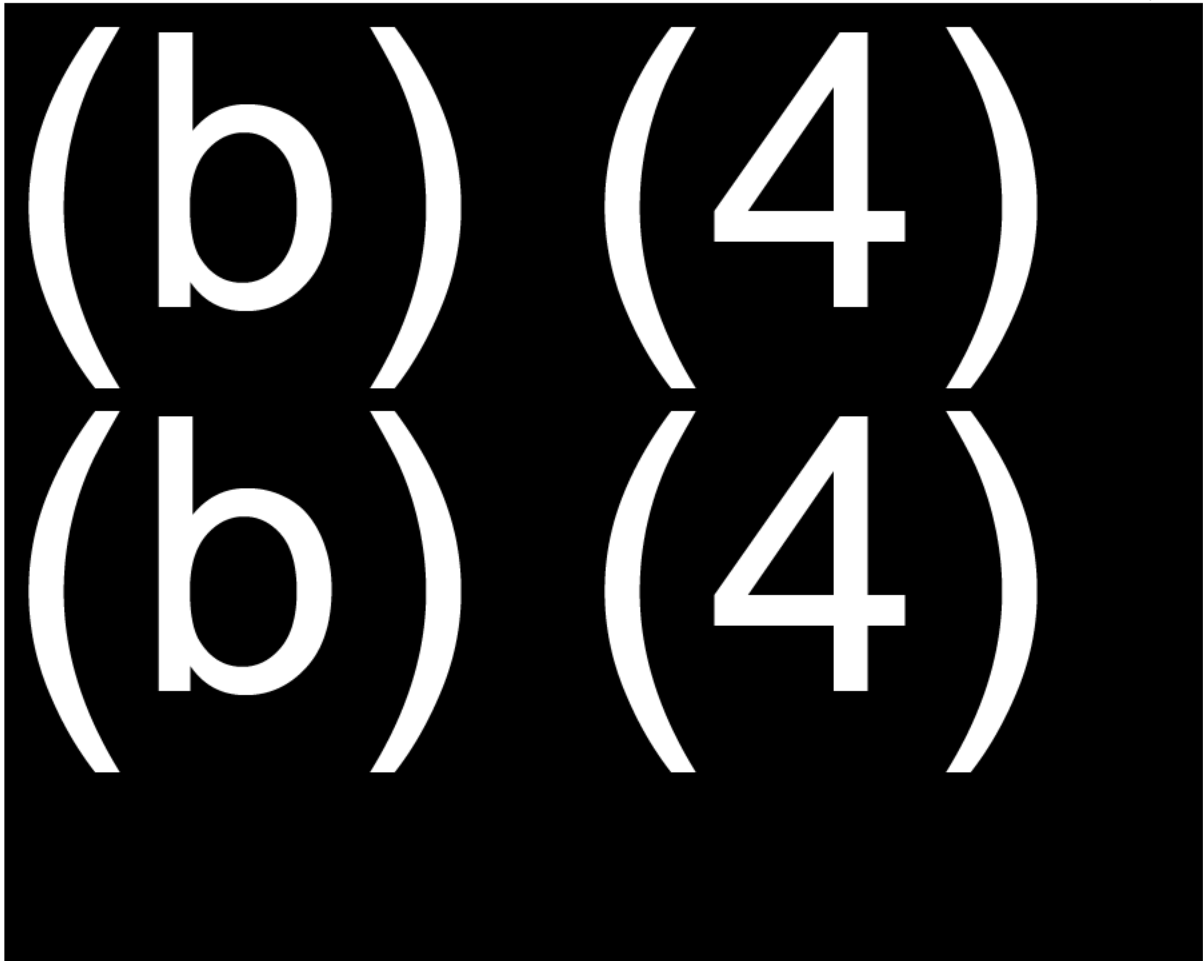
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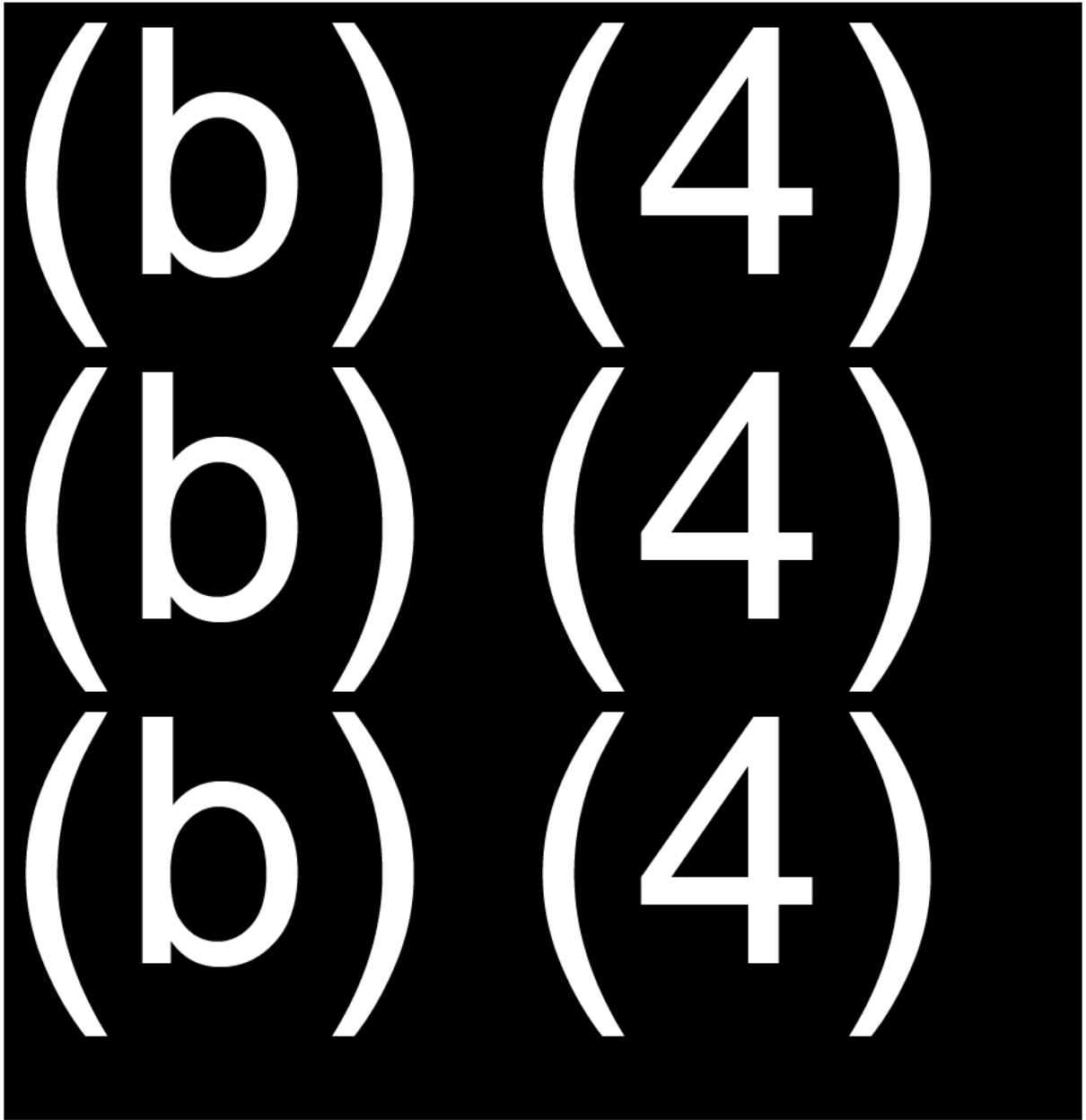
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PRIDE Network, Inc./ Service Provider Certificate of Operating Authority

The Public Utility Commission of Texas approved PRIDE Network, Inc. (PRIDE) a Service Provider Certificate of Operating Authority on September 2, 2009. With this certificate, PRIDE is granted the rights to provide facilities based competitive local exchange throughout the state of Texas.

DOCKET NO. 37331

**APPLICATION OF PRIDE
NETWORK, INC. FOR SERVICE
PROVIDER CERTIFICATE OF
OPERATING AUTHORITY**

§
§
§
§

**PUBLIC UTILITY COMMISSION
OF TEXAS**

RECEIVED
09-SEP-2 PM 1:49
PUBLIC UTILITY COMMISSION
FILING CLERK

COMMISSION STAFF'S FINAL RECOMMENDATION

The Staff (Staff) of the Public Utility Commission of Texas (Commission) files this final recommendation regarding the August 3, 2009, filing by PRIDE Network, Inc. (Applicant) applying under § 54.151 of the Public Utility Regulatory Act¹ for approval of a Service Provider Certificate of Operating Authority (SPCOA) to provide facilities-based telecommunications services within the geographic area of the entire State of Texas.

I. PURA/Substantive Rule Requirements

Pursuant to PURA §54.154(b)(3), the applicant must demonstrate that it has the technical ability to provide the requested services and that the services meet the requirements of PURA §§54.151 - 54.159. Additionally, the applicant must demonstrate compliance with the customer protection requirements of P.U.C. SUBST. R. 26.111(c)(2)(F). Finally the applicant must establish that it has met the financial qualifications outlined in PURA §54.154(b)(3) and P.U.C. SUBST. R. 26.111(c) and (d).

II. Staff Analysis

Staff has examined the applicant's SPCOA application to determine if it meets the requirements of PURA §§54.151 - 54.159 and P.U.C. SUBST. R. 26.111. Gordon Van Sickle of the Commission's Infrastructure Reliability Division reviewed the application to determine whether it meets the technical requirements of PURA § 54.154(b)(3) and PURA §§ 54.151 - 54.159 and the customer protection requirements of P.U.C. SUBST. R. 26.111(c)(2)(F). Anjuli Walker of the Commission's Financial Review Section reviewed

¹ Public Utility Regulatory Act, TEX. UTIL. CODE ANN. §§ 11.001 – 66.017 (Vernon 2007 & Supp. 2008) (PURA).

the application to determine whether it meets the requirements of PURA §54.154(b)(3) and P.U.C. SUBST. R. 26.111(c) and (d). Staff recommendations are included as attachments to this pleading and provide more specific information concerning the applicant's satisfaction of the technical, customer protection, and financial requirements.

III. Staff Recommendation

After reviewing the applicant's application filed in this docket, and as evidenced by the attached recommendations of the Staff members referenced above, Staff has determined that the applicant has met the requirements of PURA §§54.151 - 54.159 and P.U.C. SUBST. R. 26.111 for an SPCOA to provide facilities-based telecommunications services within the geographic area of the entire State of Texas.

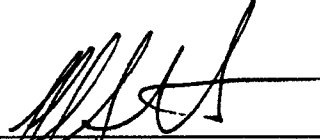
Staff respectfully requests that an order be issued consistent with this recommendation.

Date: September 2, 2009

Respectfully Submitted,

Thomas S. Hunter
Division Director-Legal Division

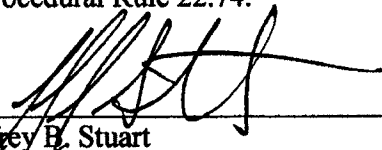
Keith Rogas
Deputy Division Director-Legal Division



Jeffrey B. Stuart
Attorney-Legal Division
State Bar No.24066160
(512) 936-7442
(512) 936-7268 (facsimile)
Public Utility Commission of Texas
1701 N. Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326

CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on September 2, 2009, in accordance with P.U.C. Procedural Rule 22.74.



Jeffrey B. Stuart

Public Utility Commission of Texas

Memorandum

TO: Document Management

FROM: Gordon H. Van Sickle, Senior Analyst – Infrastructure Reliability Division *GV*

DATE: September 2, 2009

SUBJECT: Docket No. 37331: *Application of PRIDE Network, Inc. for a Service Provider Certificate of Operating Authority*

Summary of Conclusions and Recommendations

Commission Staff (Staff) finds that PRIDE Network, Inc. meets the technical criteria for a Service Provider Certificate of Operating Authority (SPCOA), pursuant to the Public Utility Regulatory Act (TEX. UTIL. CODE ANN. §§54.151 - 54.159) (PURA) and Public Utility Commission of Texas (PUC) Substantive Rule 26.111. Staff recommends that PRIDE Network, Inc. be deemed technically qualified to be granted an SPCOA to provide Facilities-based and Resale telecommunications services for the entire State of Texas. Staff recommends approval of this application. If approved, the Applicant has requested that the name on the SPCOA certificate be "PRIDE Network, Inc."

Background Information on Application

On August 3, 2009, PRIDE Network, Inc. filed an application seeking an SPCOA. Order No. 1 was issued on August 6, 2009, entering a protective order, establishing a procedural schedule, and determining filing and service procedures. On August 10, 2009, PRIDE Network, Inc. filed a revised response to Question 9(c). On August 12, 2009, Staff filed its recommendation on eligibility. Order No. 2 was issued on August 19, 2009, certifying eligibility. On August 19, 2009, Staff filed a recommendation on deficiency/completeness of this application. Order No. 3 was issued on August 26, 2009, providing notification that Staff deems the application is sufficient and complete.

Description of Services

PRIDE Network, Inc. is a Texas corporation as of April 3, 2009. The Secretary of State (SoS) issued an authorization to transact business in the State of Texas to PRIDE Network, Inc. under file number 801105797 as of April 3, 2009. We checked the requested name against the certificate of operating authority (COA), service provider certificate of operating authority (SPCOA) and incumbent local exchange company (ILEC) official lists and found no similar names. We checked the Interexchange Carriers (IXCs) list and found one similar name: PRIDE

America, Inc. (IXC No. IX011055). After reviewing the existing names, Staff concludes that the Applicant's requested name "PRIDE Network, Inc." is distinctive and acceptable.

PRIDE Network, Inc. does not hold a service provider certificate of operating authority (SPCOA), certificate of operating authority (COA) or a certificate of convenience and necessity (CCN) for any part of the service area covered by this application in Texas. The Applicant (and its affiliates: NTS Communications, Inc. - SPCOA No. 60044 and NTS Telephone Company, LLC d/b/a NTS of Levelland - SPCOA No. 60778) have applied for and been granted local and/or long distance service authority in the following states: Colorado, Kansas, Louisiana, Mississippi, New Mexico and Oklahoma. The applicant has never had any telecommunications authority revoked.

PRIDE Network, Inc. intends to provide Facilities-based and Resale local exchange service. PRIDE Network, Inc. intends to provide Business and Residential: POTS, Optical Services, Wireless and Long Distance. PRIDE Network, Inc. does not intend to provide residential or business local, domestic and international prepaid calling services. PRIDE Network, Inc. has not established a toll-free customer service number at this time, but has committed to establishing one before it begins business. PRIDE Network, Inc. has established a principal office phone number (806) 797-0687, a fax number (806) 788-3393, and an email address (Barbara.baldwin@ntscm.com).

PRIDE Network, Inc. requested that its service area be the entire State of Texas.

Additional Information Requested for Technical Review

PRIDE Network, Inc. was requested to provide any additional technical information concerning Question No. 9(c) of this application. On August 10, 2009, PRIDE Network, Inc. filed additional information concerning Question No. 9(c) of this application.

Technical Qualifications

PRIDE Network, Inc.'s management consists of key personnel that have accumulated over 140 years of telecommunications experience. Ms. Barbara Baldwin – President – has over 27 years of telecommunications experience in management, sales, marketing, information systems, customer service and account administration. Mr. Brad Worthington, Esq. – Executive Vice President and Chief Operating Officer - has over 9 years of telecommunications experience in management, regulatory affairs, contracts and business negotiations. Mr. Jerry Hoover – Executive Vice President and Chief Financial Officer – has over 20 years of telecommunications experience in management, accounting, taxes and auditing. Mr. Cary Collins – Vice President – Network Operations - has over 30 years of telecommunications experience in management, equipment installations, maintenance and repair, operations, special projects, switching, transport, outside plant, and engineering. Mr. Gary Sams – Vice President Service Delivery – has over 27 years of telecommunications experience in management, operations, NCC, network engineering, inventory, transmission, maintenance, data network and switching centers. Mr. Milton Schober, Jr. – Vice President Data Services – has over 17 years of telecommunications experience in management, data services, fiber optic cable, web-hosting, and network

applications. Mr. Daniel Wheeler – Vice President and General Counsel – has over 9 years of telecommunications experience in management, contracts, regulatory compliance, arbitrations, general legal research, outside counsel, litigations and internal investigations.

Compliance Check

Staff checked with the Office of the Attorney General (OAG) to determine if any compliance infractions were registered against PRIDE Network, Inc. OAG was requested to respond if they had any registered compliance infractions against the Applicant. The OAG did not respond.

Staff checked with the Texas Comptroller's Office to determine if PRIDE Network, Inc. is in compliance with its statutes and rules. The Comptroller's Office website showed the following for PRIDE Network, Inc. (Taxpayer ID# 32039238848): "In Good Standing not for Dissolution or Withdrawal through July 1, 2010".

PRIDE Network, Inc. indicated through its responses to the PUC's Service Quality Questionnaire that it will meet the quality of service standards as they are applicable.

Complaint Check

After checking the database of the Customer Protection Division (CPD), Staff has determined that PRIDE Network, Inc. (and its affiliate NTS Communications, Inc. and NTS Telephone Company, LLC d/b/a NTS of Levelland) has 10 complaints for the past 24 months. PRIDE Network, Inc. filed its affiliate number of customers confidentially for the past 24 months in the State of Texas. Using the above information, the customer to complaint ratio is below 6%; therefore no further investigation is warranted.

A check of the PUC Enforcement & Investigations Database revealed that PRIDE Network, Inc. (and its affiliate NTS Communications, Inc. and NTS Telephone Company, LLC d/b/a NTS of Levelland) have no outstanding notices of violations (NOV). Since PRIDE Network, Inc. is a new applicant; it has not opened an access line account. Upon Commission approval of its requested SPCOA, PRIDE Network, Inc. shall establish an access line account and submit quarterly reports.

Conclusion

Based on the information provided by the applicant and the review and analysis of this application, Staff finds that PRIDE Network, Inc. is technically qualified to provide Facilities-based and Resale telecommunications services for the entire State of Texas. The applicant has requested that the SPCOA be issued in the name of "PRIDE Network, Inc."

Public Utility Commission of Texas

Memorandum

September 2, 2009

TO: Jaci Caldwell, Legal
FROM: Anjuli Winker, Financial Analyst *ajw*
RE: Docket No. 37331 Application of PRIDE Network, Inc. for a Service Provider Certificate of Operating Authority

Recommendation

PRIDE Network, Inc. (Pride) has satisfied the financial requirements of P.U.C. Subst. R. 26.109. I recommend that the application be approved from a financial perspective.

Applicant

Pride was formed as a Texas Corporation on April 3, 2009. Pride is wholly owned by NTS Communications, Inc., which is a subsidiary of Xfone, Inc. (Xfone). Pride affirms that it has no history of bankruptcy, dissolution, merger, or acquisition in the past two calendar years.

Action Requested

Pride is requesting an SPCOA to provide facilities based competitive local exchange throughout the state.

Analysis and Conclusions

The action requested requires an analysis of financial qualification pursuant to P.U.C. Subst. R. 26.109. Pride relies on Xfone for financial resources. To demonstrate financial ability, Pride provided information about Xfone's most recent SEC filings. The documents demonstrate sufficient resources to satisfy P.U.C. Subst. R. 26.109.

PRIDE Network, Inc./ State-Issued Certificate of Franchise Authority

PRIDE Network, Inc. will initiate approval for a State-Issued Certificate of Franchise Authority (SICFA) through the Public Utility Commission of Texas upon approval from the Broadband Initiatives Program (BIP). The application has been attached along with maps depicting the proposed service areas.



Public Utility Commission of Texas

1701 N. Congress Avenue
P. O. Box 13326
Austin, Texas 78711-3326
(512) 936-7000 • (Fax) 936-7003
Web Site: www.puc.state.tx.us

INSTRUCTIONS FOR THE INITIAL APPLICATION OR AMENDMENT OF A STATE-ISSUED CERTIFICATE OF FRANCHISE AUTHORITY (SICFA)

Pursuant to PURA Section 66.003, any entity or person seeking to provide cable or video service in this state after September 1, 2005, shall file an application for a State-Issued Certificate of Franchise Authority (SICFA) with the Public Utility Commission of Texas (Commission).

An Application (New or Amendment to an existing certificate) consists of a title page, a completed affidavit, and complete responses to the questions on the application. Certification Termination, which is not considered an amendment to an existing SICFA, shall consist of a written notice submitted to a project number established by Commission Staff.

Proper filing of an application shall consist of filing an original and six copies of an application with a notarized affidavit. In addition, the Applicant shall file the application electronically as required by the P.U.C. PROC. R. 22.72 (h), if the application contains more than ten pages. The submitted copies shall meet the following requirements:

- The submitted copies must be three-hole punched and bound in a loose-leaf binder.
- The docket number (if known), Applicant's name, and certificate number (if applicable) should appear on the spine of the notebook. The Applicant's name and a page number shall appear on each page of the application.
- Responses to all questions must be provided and must be amended/corrected promptly when changes occur. Amendments/corrections to the subject application shall be filed in Central Records (one original and six copies) with the assigned Docket Number prominently displayed.

All applications and notices shall be submitted to: Central Records Filing Clerk
Public Utility Commission of Texas
1701 N. Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326
(512) 936-7180





Public Utility Commission of Texas

1701 N. Congress Avenue
P. O. Box 13326
Austin, Texas 78711-3326
512 / 936-7000 • (Fax) 936-7003
Web Site: www.puc.state.tx.us

TITLE PAGE

**APPLICATION FOR OR AMENDMENT TO A
STATE-ISSUED CERTIFICATE OF FRANCHISE AUTHORITY (SICFA)**

PROJECT NO. _____

CERTIFICATE NO. _____ (If an Amendment)

APPLICANT:- PRIDE Network, Inc.

Authorized Company Representative:

NAME: Brad Worthington

TITLE: President

ADDRESS: 5307 W. Loop 289 Lubbock, TX 79414

TELEPHONE: (806) 797-0687 **FAX:** (806) 797-0987

EMAIL ADDRESS: bradw@ntscom.com

Regulatory Contact:

NAME: Daniel Wheeler

TITLE: Vice President & General Counsel

ADDRESS: 5307 W. Loop 289 Lubbock, TX 79414

TELEPHONE: (806) 797-0687 **FAX:** (806) 797-0987

EMAIL ADDRESS: danw@ntscom.com

Emergency Contact:

NAME: Jerry Hoover

TITLE: CFO

ADDRESS: 5307 W. Loop 289 Lubbock, TX 79414

TELEPHONE: (806) 797-0687 **FAX:** (806) 797-0987

EMAIL ADDRESS: jerryh@ntscom.com

AFFIDAVIT

STATE OF Texas §
 §
COUNTY OF Lubbock §

My name is Brad Worthington. I am an Officer or a General Partner (Circle One) of PRIDE Network, Inc. My personal knowledge of the facts stated herein has been derived from my employment with Pride Network, Inc.

I swear or affirm that I have personal knowledge of the facts stated in this Application for a State-Issued Certificate of Franchise Authority (SICFA), that I am competent to testify to them, and that I have the authority to make this Application on behalf of the Applicant. I further swear or affirm that Pride Network, Inc.

- a. has filed or will timely file with the Federal Communications Commission all forms required by that agency in advance of offering cable service or video service in Texas;
- b. agrees to comply with all applicable federal and state statutes and regulations;
- c. agrees to comply with all applicable municipal regulations regarding the use and occupation of public rights-of-way in the delivery of the cable service or video service, including the police powers of the municipalities in which the service is delivered;
- d. has provided the names of its principal executive officers and its principal business address; and
- e. has included a clear, complete and definitive description of the service area footprint it is requesting to serve within any municipality and/or unincorporated area within Texas.

I swear or affirm that all of the statements and representations made in this Application for a SICFA are true and correct. I also swear or affirm that Pride Network, Inc. understands and will comply with all requirements of law applicable to a Cable and/or Video Service Provider's SICFA.

Signature
Brad Worthington-President

Typed or Printed Name and Title

SWORN TO AND SUBSCRIBED before me on the _____ day of _____, 20__.

Notary Public In and For the State of _____
My commission expires: _____

State-Issued Certificate of Franchise Authority (SICFA) Application

1. a. Check applicable category:

Cable Service Provider
 Video Service Provider
 Cable and Video Service Provider

Amendment to SICFA Certification – SICFA No. _____

- b. If you are filing an amendment to an existing SICFA, please check one or more of the following amendment categories requested in this filing:

Change in Type of Provider (Cable, Video, or Cable and Video)
 Name Change (Additional d/b/as or New Name)
 Expansion of Service Area Footprint
 Transfer in Ownership/Control
 Other (Explain below)

- c. Provide a description of the amendment(s) requested in Question 1(b) above.

2. Provide the following information:

- a. Principal business address; (*street address, city, state and zip code*):
5307 W. Loop 289 Lubbock, TX 79414
- b. Main business telephone number: (806) 797-0687
- c. Toll-free customer service telephone number: 1-800-658-2150
- d. Fax number: (806) 797-0987
- e. Email address: info@ntscom.com
- f. Mailing address, if different from principal business address (*street address, city, state and zip code*):
- g. Name and title of Applicant's principal executive officers.
Brad Worthington- President
Jerry Hoover- Chief Financial Officer

State-Issued Certificate of Franchise Authority (SICFA) Application

3. State one principal name and any d/b/as in which the Applicant requests the Commission to issue the SICFA in or in which the Applicant currently holds a Cable and/or Video service provider certification.

(NOTE: The certificated name can be the Applicant's legal name, a d/b/a, or an assumed name as long as the requested name(s) is properly registered to do business within the State of Texas. The SICFA holder MUST use ONLY the name(s) and/or d/b/a(s) granted in its SICFA on all bills, advertisements or communications with the public and the Commission. Name changes require an amendment to an existing SICFA.)

NTS Communications, Inc. NTS of Levelland, LLC

4. As stated in PURA Sec. §66.004(a), an applicant is not eligible to seek a SICFA until the expiration date of an existing municipal franchise agreement for a requested Service Area Footprint. To meet this eligibility requirement, Commission Staff has determined that an Applicant may file an application for a SICFA within 17 business days of the expiration date of its existing municipal franchise agreement. To determine eligibility, the Commission Staff requires the following information:

- a. Is the Service Area Footprint requested in this application currently or previously under a municipal franchise agreement entered into by this applicant or an affiliate of this applicant? If yes, answer question (b).

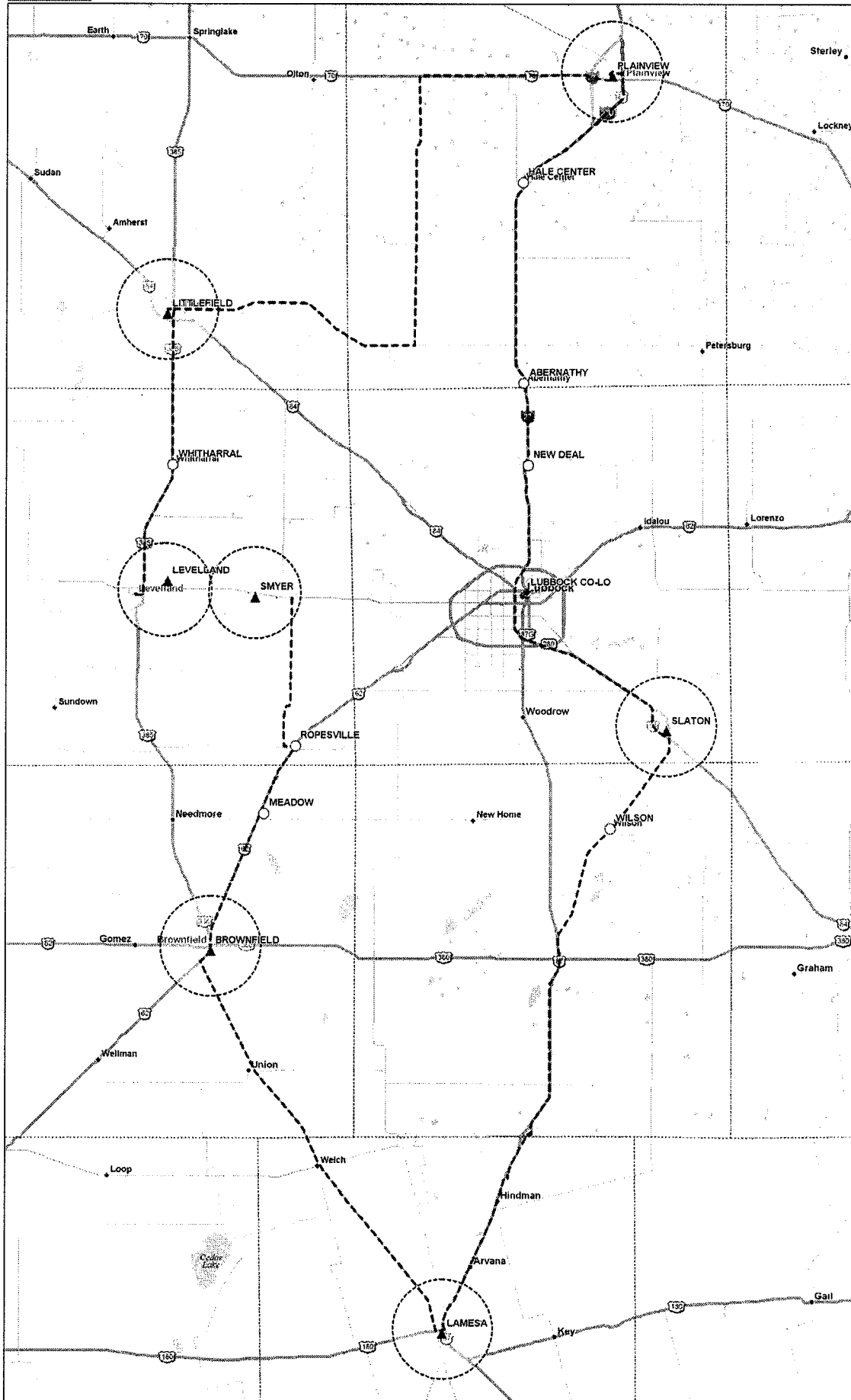
No

- b. What is or was the expiration date of the municipal franchise agreement for the requested Service Area Footprint?

5. Provide a clear, complete and definitive description of the requested Service Area Footprint (SAF) for any municipality(ies) and/or unincorporated area(s) within the State of Texas. [*SAF descriptions shall include one or more of the following descriptions: state line, county line(s), municipalities/city limit(s), subdivision(s), roadway(s), street(s), block(s), street address(s), metes and bounds, or a detailed map(s) properly highlighted and labeled.*] Expansions to SAFs shall be made by filing an amendment to an existing SICFA. The amendment application shall require a clear, complete and definitive description of the expansion of the SAF. (*For SAF amendments indicate the existing certificated SAF as well as any requested revisions to that existing SAF.*)

Attached

6. The Applicant shall agree to provide the Commission with written notification when terminating its SICFA. The Applicant shall also agree to provide the Commission with a copy of any order or ruling issued by a court of competent jurisdiction or the Federal Communications Commission (FCC) that either modifies or revokes its SICFA or makes it ineligible to hold a SICFA pursuant to the standards laid out in PURA § 66.003(b). (Commission Staff shall establish a project number to submit all written notices and copies of orders or rulings concerning SICFAs.) The Applicant shall make an affirmative statement that it agrees to provide written notification of termination and copies of orders or rulings issued by a court of competent jurisdiction or the FCC concerning its SICFA.



PRIDE Network, Inc./ Non-Discrimination & Network Interconnection Obligations

The following is an agreement confirming PRIDE Network, Inc.'s adherence to the FCC's Internet policy statement (FCC 05-141). PRIDE Network, Inc. entered into this agreement on December 22, 2009.

PRIDE Network, Inc.

5307 W. Loop 289
Lubbock, TX 79414
(806)797-0687
Fax: (806) 788-3388

December 22, 2009

United States Department of Agriculture
Rural Utilities Service
Broadband Initiatives Program
1400 Independence Avenue, S.W.
Washington, DC 20250

To Whom It May Concern:

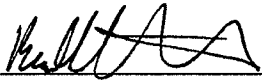
By this letter, PRIDE Net, Inc. ("PRIDE Net") agrees that it will adhere to the non-discrimination principals required by the Broadband Initiatives Program and the FCC's Internet Policy Statement in FCC 05-151. Network access will be allowed at any reasonable network interconnection point at cost. Furthermore, PRIDE Net has adopted an interconnection and open access policy that is consistent with the NOFA's non-discrimination and network interconnection obligations. The policy sets forth the standards and principles that PRIDE Net will follow in the operation of its broadband network to ensure that its network is accessible on a reasonable and non-discriminatory basis. Specifically, PRIDE Net agrees to the following:

- End Users will be entitled to access the lawful Internet content of their choice;
- End Users will be entitled to run applications and use services of their choice accessed through the Internet, subject to the needs of law enforcement;
- End Users will be entitled to connect their choice of legal devices that do not harm the network; and
- End Users are entitled to competition among network providers, application and service providers, and content providers.

PRIDE Net also agrees to operate its system in accordance with the following net neutrality principles: PRIDE Net will not favor any lawful Internet application and/or content over others. The company will not limit or throttle bandwidth use or Internet access in order to impede, delay, or obstruct any lawful Internet service, application, or content used or accessed by an end user. Although PRIDE Net will use industry standard best efforts to deliver Internet content and allocate capacity to manage traffic on its network, the company reserves the right to limit bandwidth during times of peak network traffic to alleviate network congestion and/or to improve network performance, when conducting maintenance, and to manage illegal or harmful content. PRIDE Net agrees to display its network management policies on its website, and provide notice to customers of changes to its network management policies by posting any such

changes on its website. PRIDE Net agrees that its network will allow users to connect to the public Internet, and permit end users to access content and use applications of their choosing. PRIDE Net agrees to commit to binding private arbitration of disputes concerning its interconnection obligations. The interconnection offered by PRIDE Net will include the ability to connect to the public Internet and physical interconnection for the exchange of traffic.

Agreed to:

By: 

Brad Worthington
President
PRIDE Net, Inc.

BIP Due Diligence
Item #5 – Commitment of Capital Funding
PRIDE Easy Grant ID 3125

Note: Revised pro forma financial statements are not being submitted as they are unchanged from those filed with PRIDE Net's initial application.



Name of Party: NTS Communications, Inc.
Funding Amount: Outlined Below
Type of Funding: Outlined Below
Use of Funding: Outlined Below

Investment in Burkburnett/Iowa Park Project



Mr. Jerry E Hoover

A handwritten signature in black ink that reads "Jerry E. Hoover". The signature is written in a cursive style with a long horizontal stroke at the end.

NTS Communications, Inc.
Executive Vice President – CFO

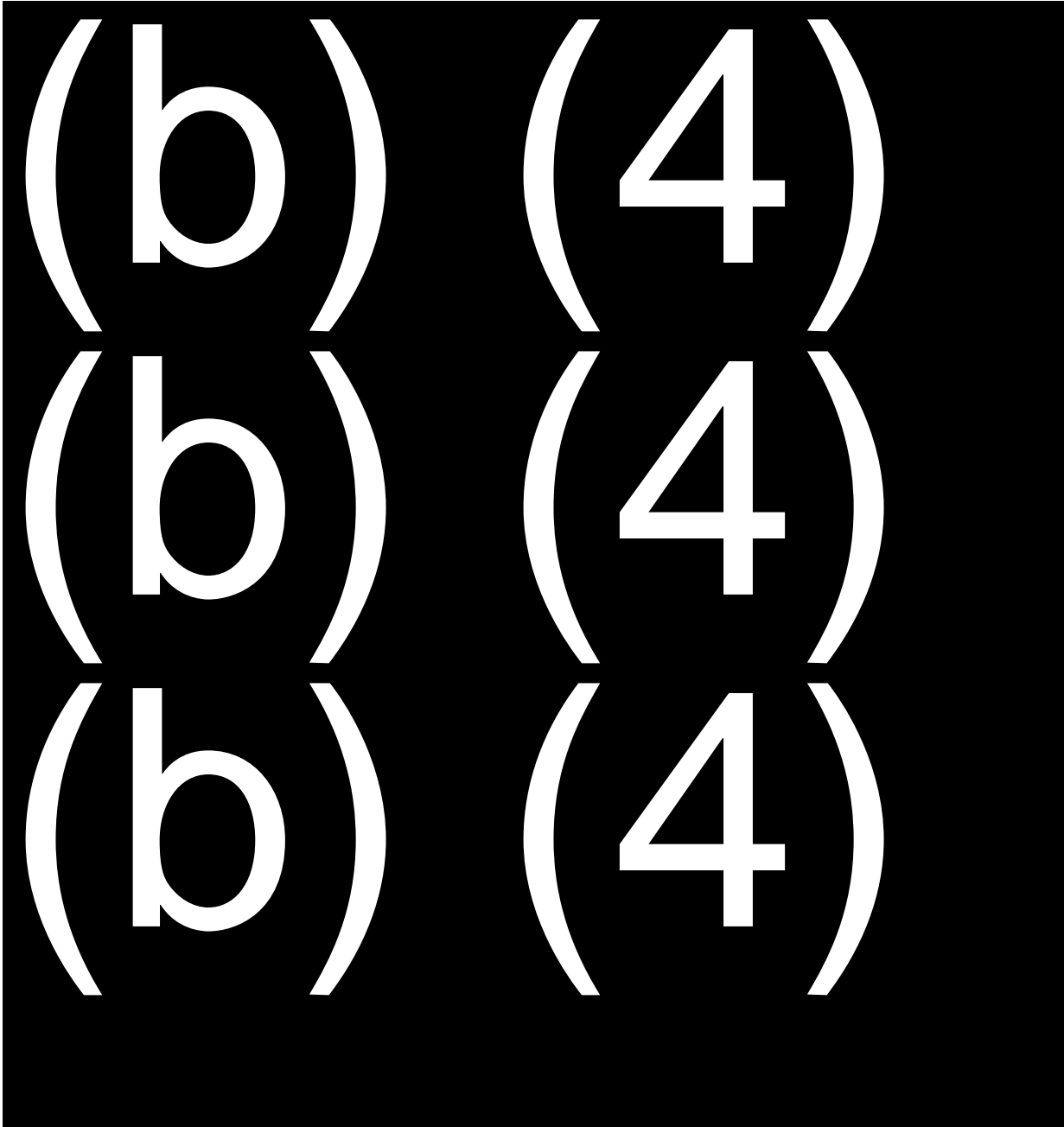
Item No. 6
NTS Communications, Inc./ Outstanding Obligations

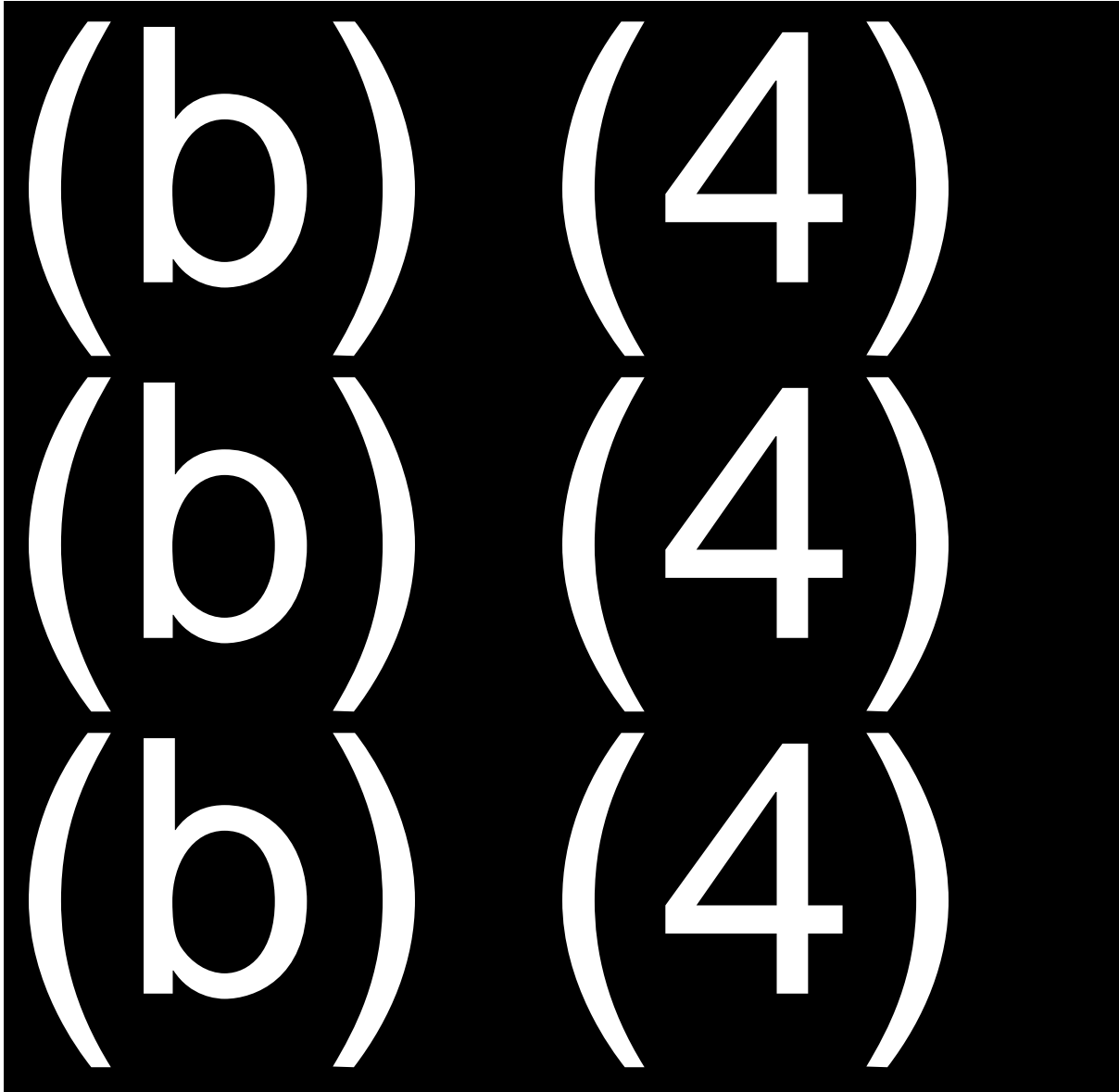
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**PRIDE Network, Inc.- Burkburnett/Iowa Park Project
Service Level Objectives**

PRIDE Network, Inc. (Pride Net) was established as a wholly-owned subsidiary of NTS Communications, Inc. (NTS) to pursue the project described in the initial application. Pride Net will rely almost exclusively on the resources of NTS to facilitate customer services, network monitoring, billing, and repair and maintenance issues.





BIP Due Diligence
Item #8 – PRIDE Net’s Legal Entity Documents
PRIDE Easy Grant ID 3125



Office of the Secretary of State

April 03, 2009

Attn: NTS Communications Inc

NTS Communications Inc
5307 West Loop 289
Lubbock, TX 79414 USA

RE: PRIDE Network, Inc.
File Number: 801105797

It has been our pleasure to file the certificate of formation and issue the enclosed certificate of filing evidencing the existence of the newly created domestic for-profit corporation.

Unless exempted, the entity formed is subject to state tax laws, including franchise tax laws. Shortly, the Comptroller of Public Accounts will be contacting the entity at its registered office for information that will assist the Comptroller in setting up the franchise tax account for the entity. The initial franchise tax report will be due a year and 89 days after the effective date of formation. Thereafter, an annual franchise tax report is due each May 15. Information about franchise tax, and contact information for the Comptroller's office, is available on their web site at <http://window.state.tx.us/taxinfo/franchise/index.html>.

The entity formed does not file annual reports with the Secretary of State. Documents will be filed with the Secretary of State if the entity needs to amend one of the provisions in its certificate of formation. It is important for the entity to continuously maintain a registered agent and office in Texas. Failure to maintain an agent or office or file a change to the information in Texas may result in the involuntary termination of the entity.

If we can be of further service at any time, please let us know.

Sincerely,

Corporations Section
Business & Public Filings Division
(512) 463-5555

Enclosure

Form 201

Secretary of State
P.O. Box 13697
Austin, TX 78711-3697
FAX: 512/463-5709



**Certificate of Formation
For-Profit Corporation**

Filing Fee: \$300

**Filed in the Office of the
Secretary of State of Texas
Filing #: 801105797 04/02/2009
Document #: 252450750003
Image Generated Electronically
for Web Filing**

Article 1 - Entity Name and Type

The filing entity being formed is a for-profit corporation. The name of the entity is:

PRIDE Network, Inc.

The name must contain the word "corporation," "company," "incorporated," "limited," or an abbreviation of one of these terms. The name must not be the same as, deceptively similar to or similar to that of an existing corporate, limited liability company, or limited partnership name on file with the secretary of state. A preliminary check for "name availability" is recommended.

Article 2 - Registered Agent and Registered Office

A. The initial registered agent is an organization (cannot be corporation named above) by the name of:

OR

B. The initial registered agent is an individual resident of the state whose name is set forth below:

Name:
Barbara Baldwin

C. The business address of the registered agent and the registered office address is:

Street Address:
5307 West Loop 289 Lubbock TX 79414

Article 3 - Directors

The number of directors constituting the initial board of directors and the names and addresses of the person or persons who are to serve as directors until the first annual meeting of shareholders or until their successors are elected and qualified are set forth below:

Director 1: **Barbara Baldwin**
Address: **5307 West Loop 289 Lubbock TX, USA 79414**

Director 2: **Brad Worthington**
Address: **5307 West Loop 289 Lubbock TX, USA 79414**

Article 4 - Authorized Shares

The total number of shares the corporation is authorized to issue and the par value of each of such shares, or a statement that such shares are without par value, is set forth below.

| Number of Shares | Par Value (must choose and complete either A or B) | Class | Series |
|------------------|--|-------|--------|
| 1,000,000 | <input type="checkbox"/> A. has a par value of \$ <input checked="" type="checkbox"/> B. without par value. | | |

If the shares are to be divided into classes, you must set forth the designation of each class, the number of shares of each class, and the par value (or statement of no par value), of each class. If shares of a class are to be issued in series, you must provide the designation of each series. The preferences, limitations, and relative rights of each class or series must be stated in space provided for supplemental information.

Article 5 - Purpose

The purpose for which the corporation is organized is for the transaction of any and all lawful business for which corporations may be organized under the Texas Business Organizations Code.

Supplemental Provisions / Information

[The attached addendum, if any, is incorporated herein by reference.]

Effectiveness of Filing

A. This document becomes effective when the document is filed by the secretary of state.

OR

B. This document becomes effective at a later date, which is not more than ninety (90) days from the date of its signing. The delayed effective date is: **April 3, 2009**

Organizer

The name and address of the organizer is set forth below.

Daniel Wheeler 5307 West Loop 289, Lubbock, Texas 79414

Execution

The undersigned signs this document subject to the penalties imposed by law for the submission of a materially false or fraudulent instrument.

Daniel Wheeler

Signature of organizer

FILING OFFICE COPY



Office of the Secretary of State

CERTIFICATE OF FILING OF

PRIDE Network, Inc.
File Number: 801105797

The undersigned, as Secretary of State of Texas, hereby certifies that a Certificate of Formation for the above named Domestic For-Profit Corporation has been received in this office and has been found to conform to the applicable provisions of law.

ACCORDINGLY, the undersigned, as Secretary of State, and by virtue of the authority vested in the secretary by law, hereby issues this certificate evidencing filing effective on the date shown below.

The issuance of this certificate does not authorize the use of a name in this state in violation of the rights of another under the federal Trademark Act of 1946, the Texas trademark law, the Assumed Business or Professional Name Act, or the common law.

Dated: 04/02/2009

Effective: 04/03/2009



A handwritten signature in black ink, appearing to read "Hope Andrade".

Hope Andrade
Secretary of State

**MINUTES OF THE ORGANIZATIONAL MEETING OF
THE BOARD OF DIRECTORS OF
PRIDE NETWORK, INC.
A FOR-PROFIT CORPORATION**

The organizational meeting of the Board of Directors of PRIDE Network, Inc., a Texas business corporation (hereinafter "Business Corporation"), was held at 5307 West Loop 289, Lubbock, Texas 79414, on April 2, 2009.

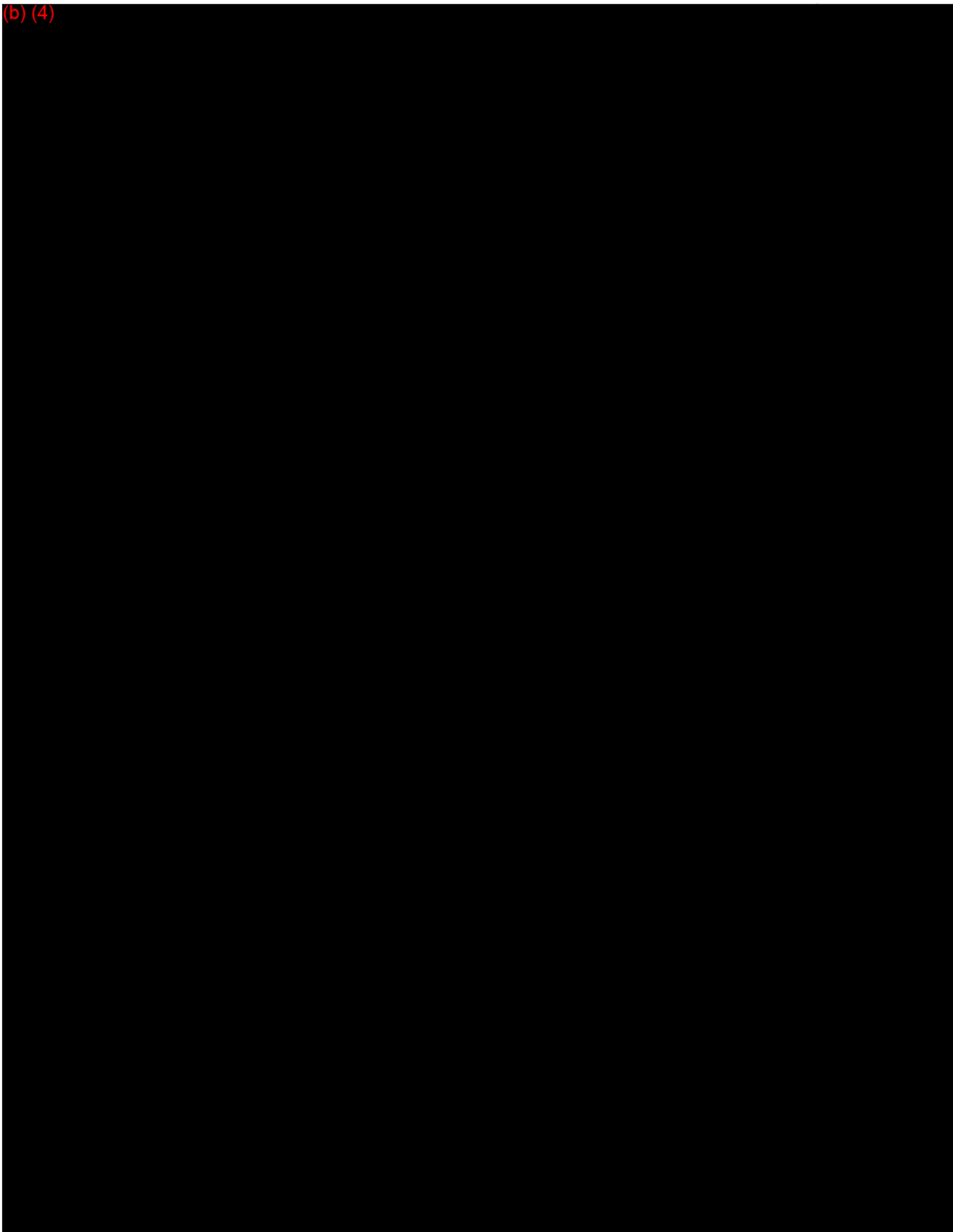
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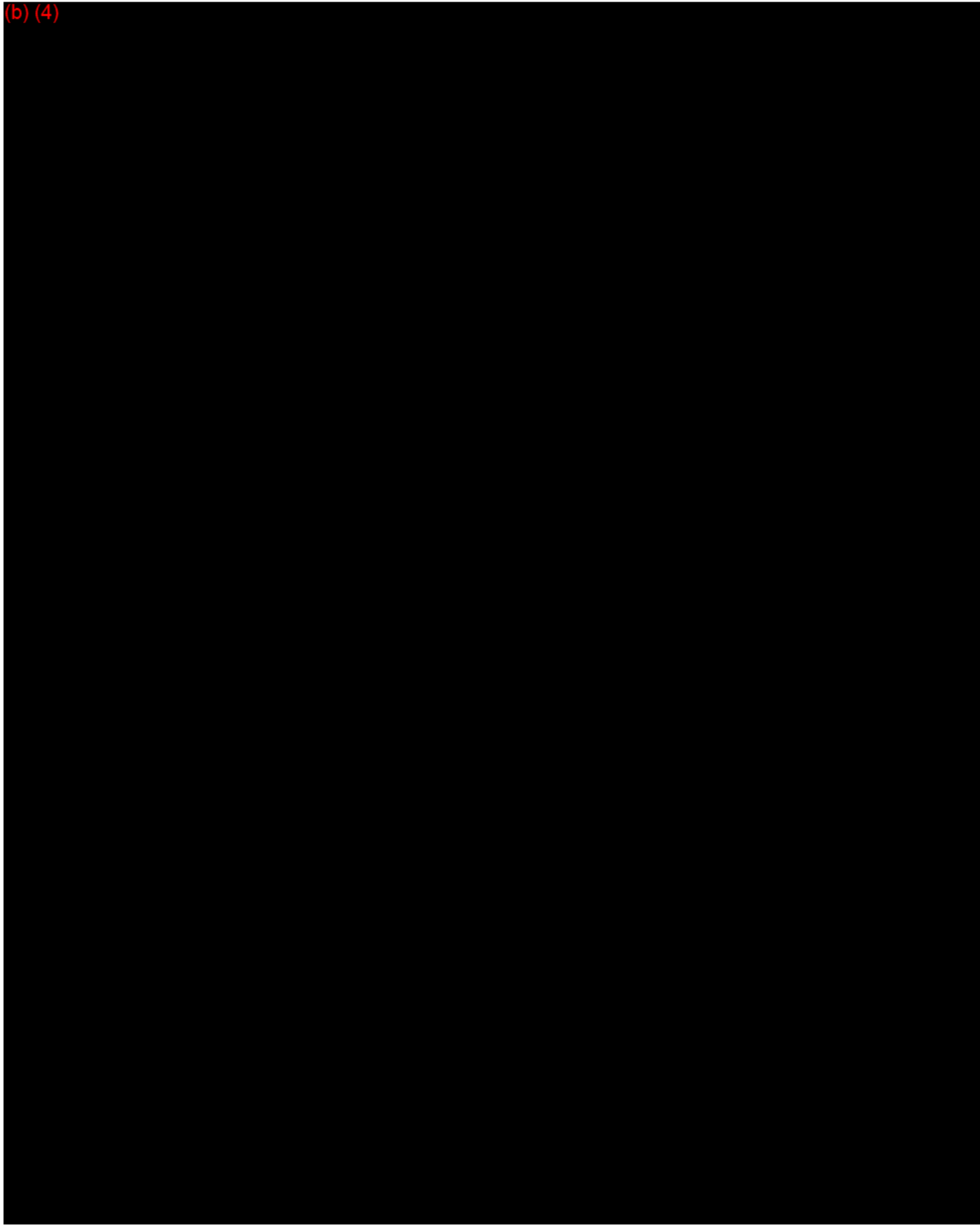
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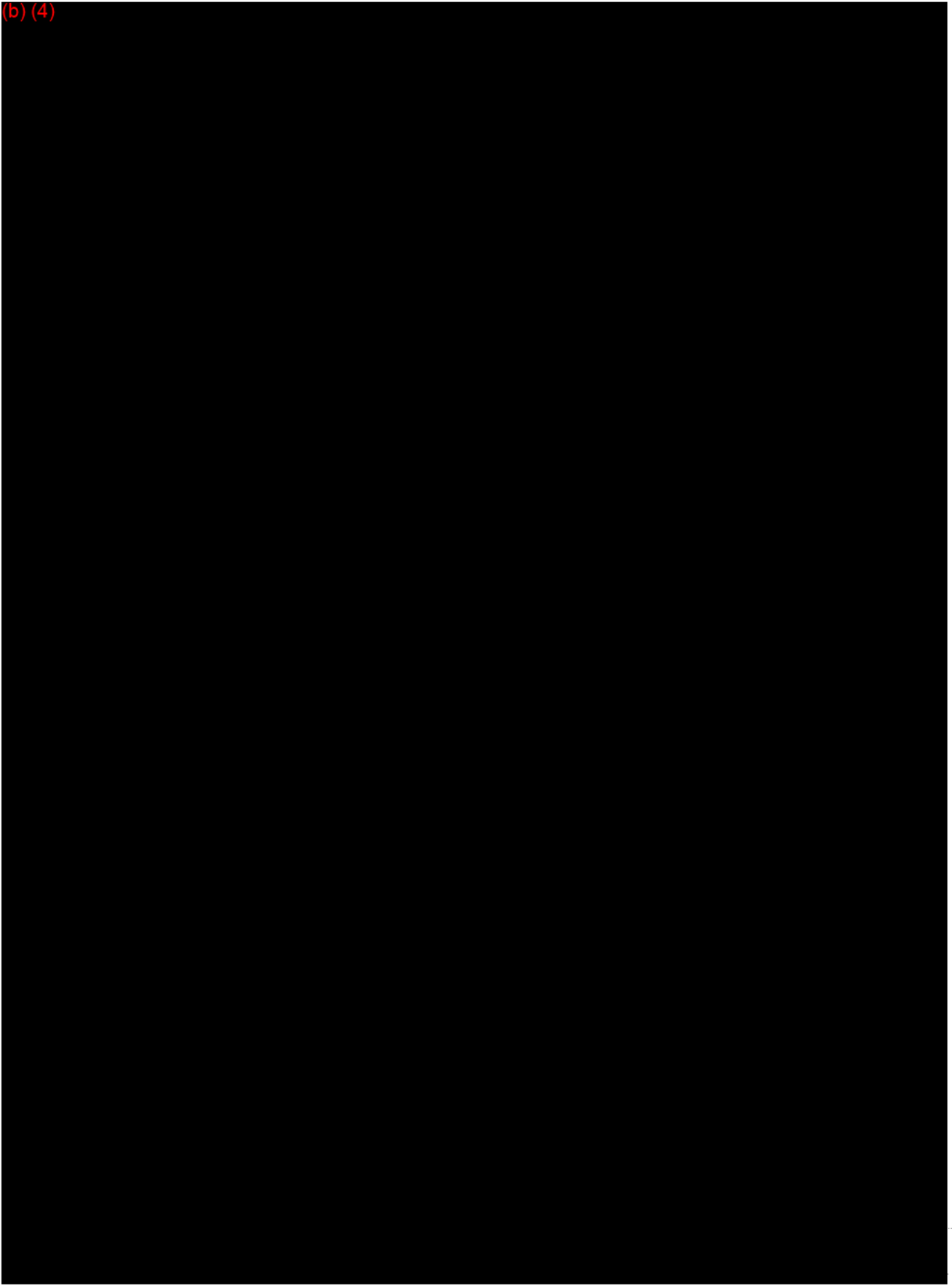
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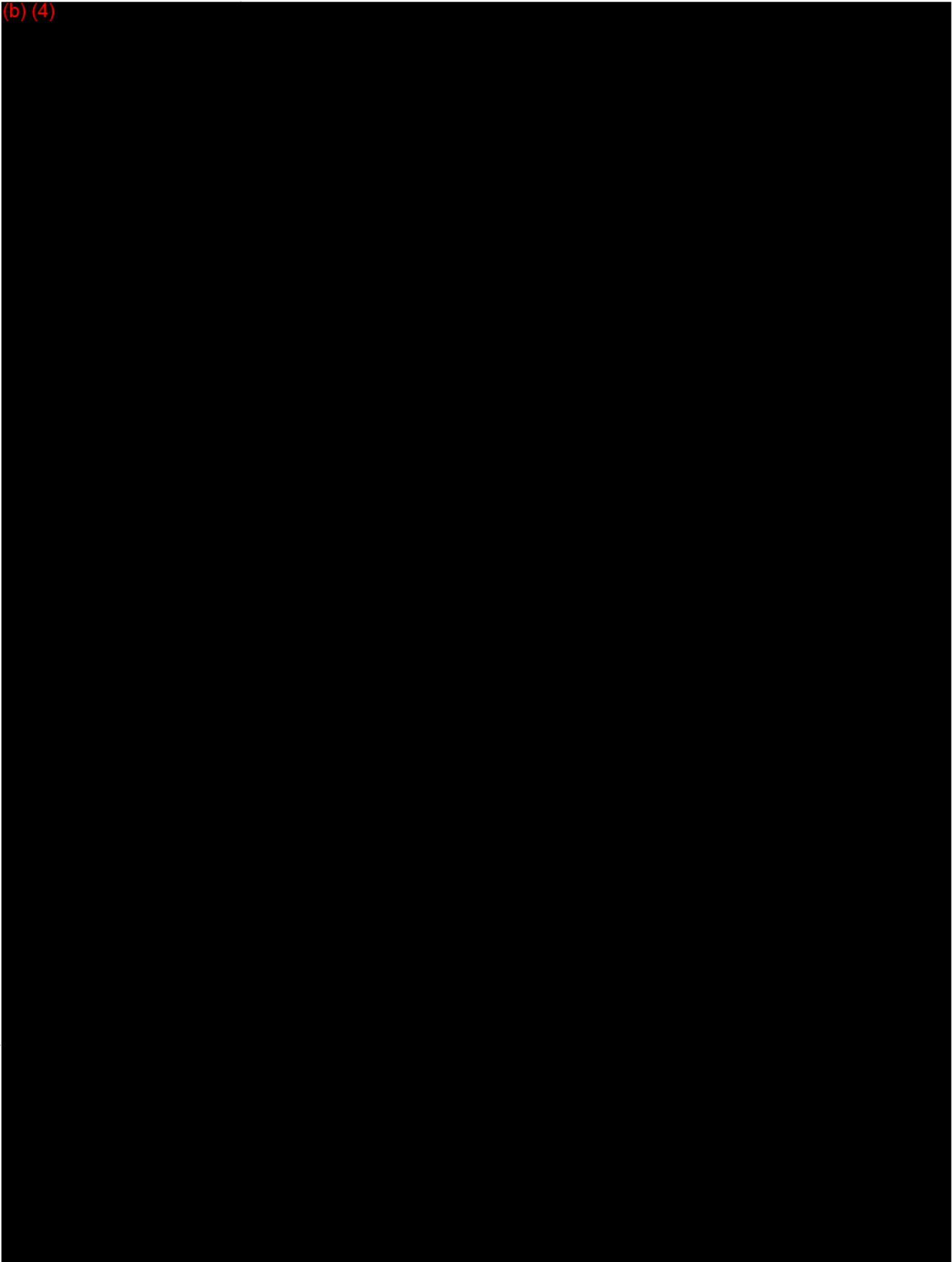
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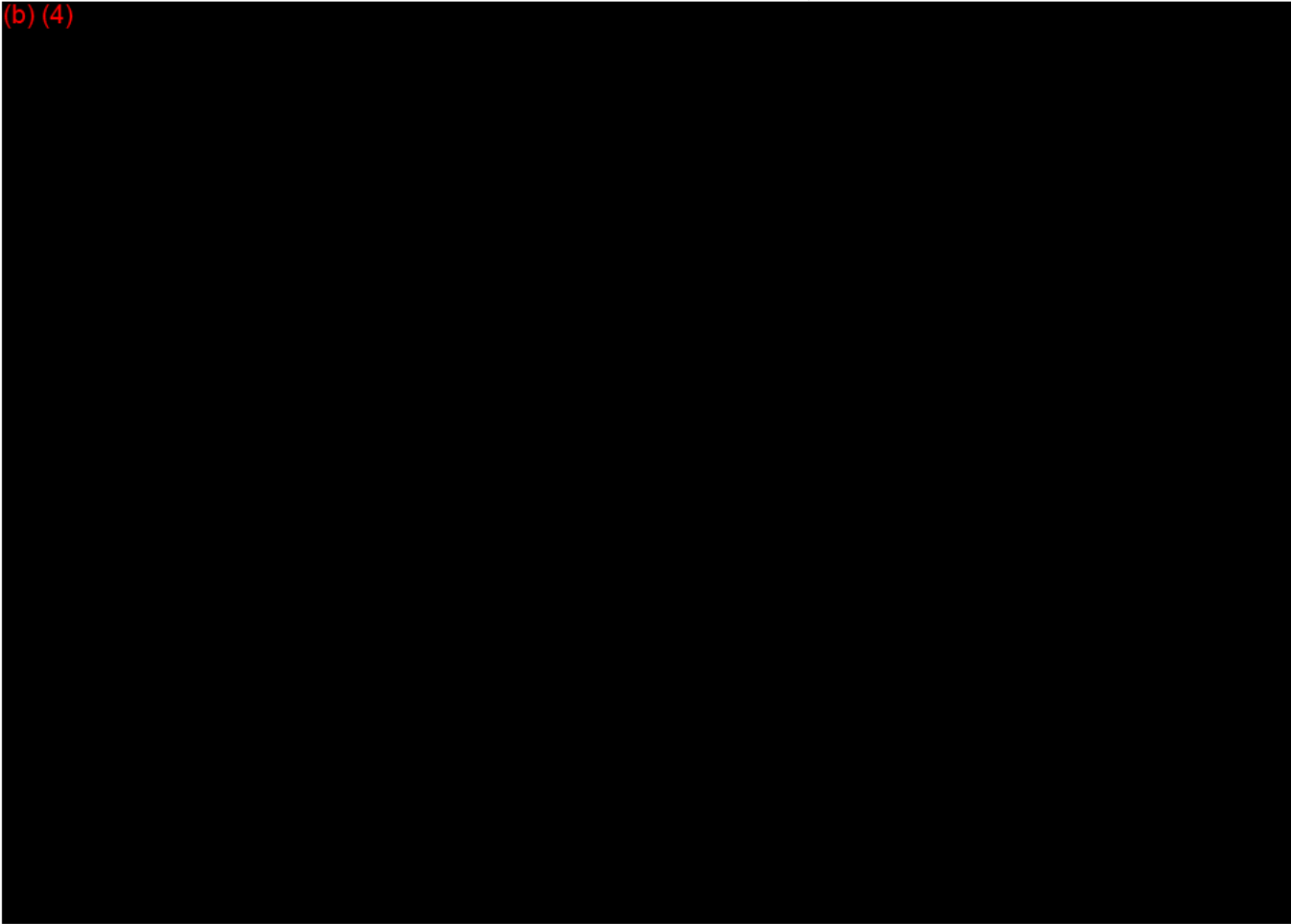
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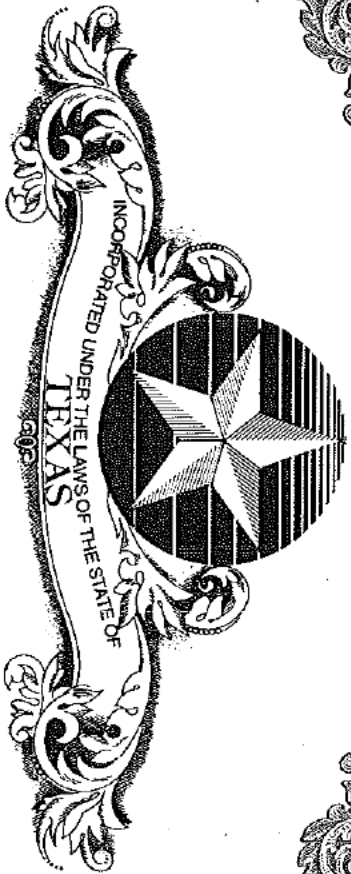
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NUMBER
1



SHARES
1,000

PRIDE Network, Inc.

The Corporation is authorized to issue 1,000,000 Common Shares — No Par Value

This Certifies That

One Thousand

NTS Communications, Inc.

is the owner of

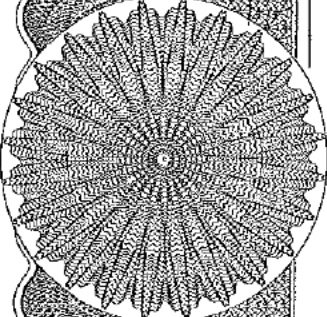
fully paid and non-assessable Shares of the above Corporation transferable only on the books of the Corporation by the holder hereof in person or by duly authorized Attorney upon surrender of this Certificate properly endorsed.

In Witness Whereof, the said Corporation has caused this Certificate to be signed by its duly authorized officers and to be sealed with the Seal of the Corporation.

Dated April 2, 2009

James G. Walker
SECRETARY & TREASURER

James G. Walker
PRESIDENT



The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations. Additional abbreviations may also be used though not in the list.

TEN COM - as tenants in common
TEN ENT - as tenants by the entireties
JT TEN - as joint tenants with right of survivorship
and not as tenants in common

UNIF GIFT MIN ACT - Custodian (Minor)
under Uniform Gifts to Minors Act (State)
UNIF TRF MIN ACT - Custodian (Minor)
under (State) Uniform Transfer to Minors Act

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

For value received, the undersigned hereby sells, assigns and transfers unto

[Empty box for Social Security or other identifying number of assignee]

PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS OF ASSIGNEE

..... Shares
represented by the within Certificate, and hereby irrevocably constitutes and appoints

..... Attorney to transfer the said
shares on the books of the within-named Corporation with full power of substitution in the premises.

Dated,

In presence of

NOTICE: The signature to this assignment must correspond with the name as written upon the face of the certificate in every particular without alteration or enlargement, or any change whatever.

Date of this notice: 04-09-2009

Employer Identification Number:
26-4635609

Form: SS-4

Number of this notice: CP 575 A

For assistance you may call us at:
1-800-829-4933

PRIDE NETWORK INC
% BRAD WORTHINGTON
5307 W LOOP 289
LUBBOCK, TX 79414

IF YOU WRITE, ATTACH THE
STUB AT THE END OF THIS NOTICE.

WE ASSIGNED YOU AN EMPLOYER IDENTIFICATION NUMBER

Thank you for applying for an Employer Identification Number (EIN). We assigned you EIN 26-4635609. This EIN will identify you, your business accounts, tax returns, and documents, even if you have no employees. Please keep this notice in your permanent records.

When filing tax documents, payments, and related correspondence, it is very important that you use your EIN and complete name and address exactly as shown above. Any variation may cause a delay in processing, result in incorrect information in your account, or even cause you to be assigned more than one EIN. If the information is not correct as shown above, please make the correction using the attached tear off stub and return it to us.

Based on the information received from you or your representative, you must file the following form(s) by the date(s) shown.

Form 1120

03/15/2010

If you have questions about the form(s) or the due date(s) shown, you can call us at the phone number or write to us at the address shown at the top of this notice. If you need help in determining your annual accounting period (tax year), see Publication 538, *Accounting Periods and Methods*.

We assigned you a tax classification based on information obtained from you or your representative. It is not a legal determination of your tax classification, and is not binding on the IRS. If you want a legal determination of your tax classification, you may request a private letter ruling from the IRS under the guidelines in Revenue Procedure 2004-1, 2004-1 I.R.B. 1 (or superseding Revenue Procedure for the year at issue). Note: Certain tax classification elections can be requested by filing Form 8832, *Entity Classification Election*. See Form 8832 and its instructions for additional information.

IMPORTANT INFORMATION FOR S CORPORATION ELECTION:

If you intend to elect to file your return as a small business corporation, an election to file a Form 1120-S must be made within certain timeframes and the corporation must meet certain tests. All of this information is included in the instructions for Form 2553, *Election by a Small Business Corporation*.

Instructions to the Applicant:

Please download this form, complete it, print it, sign it, scan it electronically, and then upload it.

Environmental Questionnaire

Any project-related activity that may adversely affect the environment must not be undertaken prior to the completion of Rural Utilities Service/National Telecommunication and Information Administration environmental review process. Doing so may jeopardize consideration of your application. All of the following questions must be completed or the application will be considered incomplete. Note: The applicant may submit a copy of any environmental review document that has been prepared in connection with obtaining permits, approvals, or other financing for the proposed project from State, local or other federal bodies. Such material, to the extent relevant, may be used to meet the requirements herein.

- i. **Project Description:-** Describe all project-related construction activities, including, but not limited to building construction related to installing pre-fabricated buildings; internal modifications, or equipment additions to buildings or other structures (e.g., relocating interior walls or adding computer facilities); the construction and installation of buried cable; or installation of telecommunications transmission facilities including construction of new monopole towers, satellite dishes. Complete descriptions must be provided for each site affected by project-related construction activities.

Response:**Summary**

NTS Communications, Inc. (NTS), through its subsidiary, PRIDE Net (PRIDE) is fully capable of constructing and operating the Burkburnett/Iowa Park Project network in a competent manner in compliance with all applicable Federal, state, and local laws. NTS was formed in 1981 and achieved competitive local exchange carrier ("CLEC") status in 1999. NTS operates as a wholly owned subsidiary of Xfone, Inc. (NYSE Alternext: "XFN"). NTS is headquartered in Lubbock, Texas and with its staff of 300-plus employees, provides a full range of wire line voice and data services to customers in Arizona, Colorado, Kansas, New Mexico, Oklahoma, and Texas. Acting in a management capacity, NTS also directs the business and service delivery of its sister company, Xfone USA, Inc., which provides a full range of similar voice and data services to customers in Louisiana and Mississippi.

(b) (4)



Of note, NTS Telephone Company, LLC, a subsidiary of NTS, has been the recipient of an ~\$11 million USDA Rural Utilities Service (RUS) Broadband Loan to bring broadband voice, video and data services, via FTTP, to the communities of Levelland and Smyer, Texas. This project is currently under the last phases of construction. Through the construction activities listed above, considerable knowledge and experience has been gained by the NTS staff related to all construction associated requirements mandated by the State of Texas and by Rural Utilities Service (RUS).

The PRIDE service area for the proposed BIP Burkburnett/Iowa Park Project will include the US census communities of Burkburnett and Iowa Park in the county of Wichita in the State of Texas. It will also include the non-census areas around and between these communities. The proposed Last Mile Non-Remote Service Area for this project is 100% rural and will cover an area of 137 square miles and include

(b) (4)



PRIDE's service area will be divided into two portions:

(b) (4)



(b) (4)

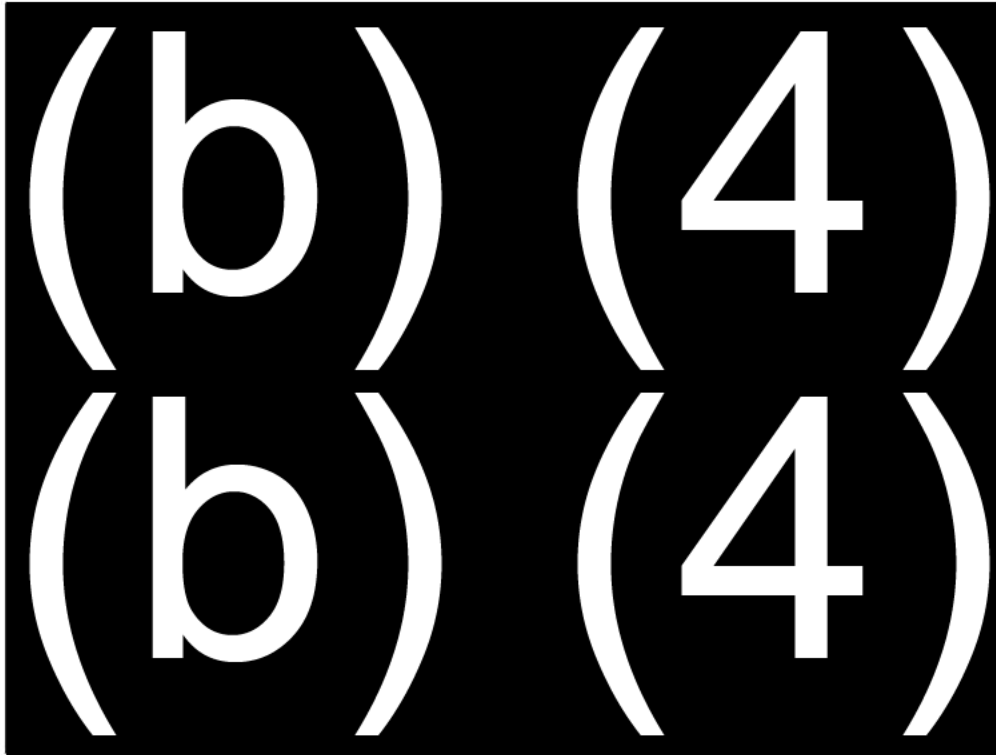


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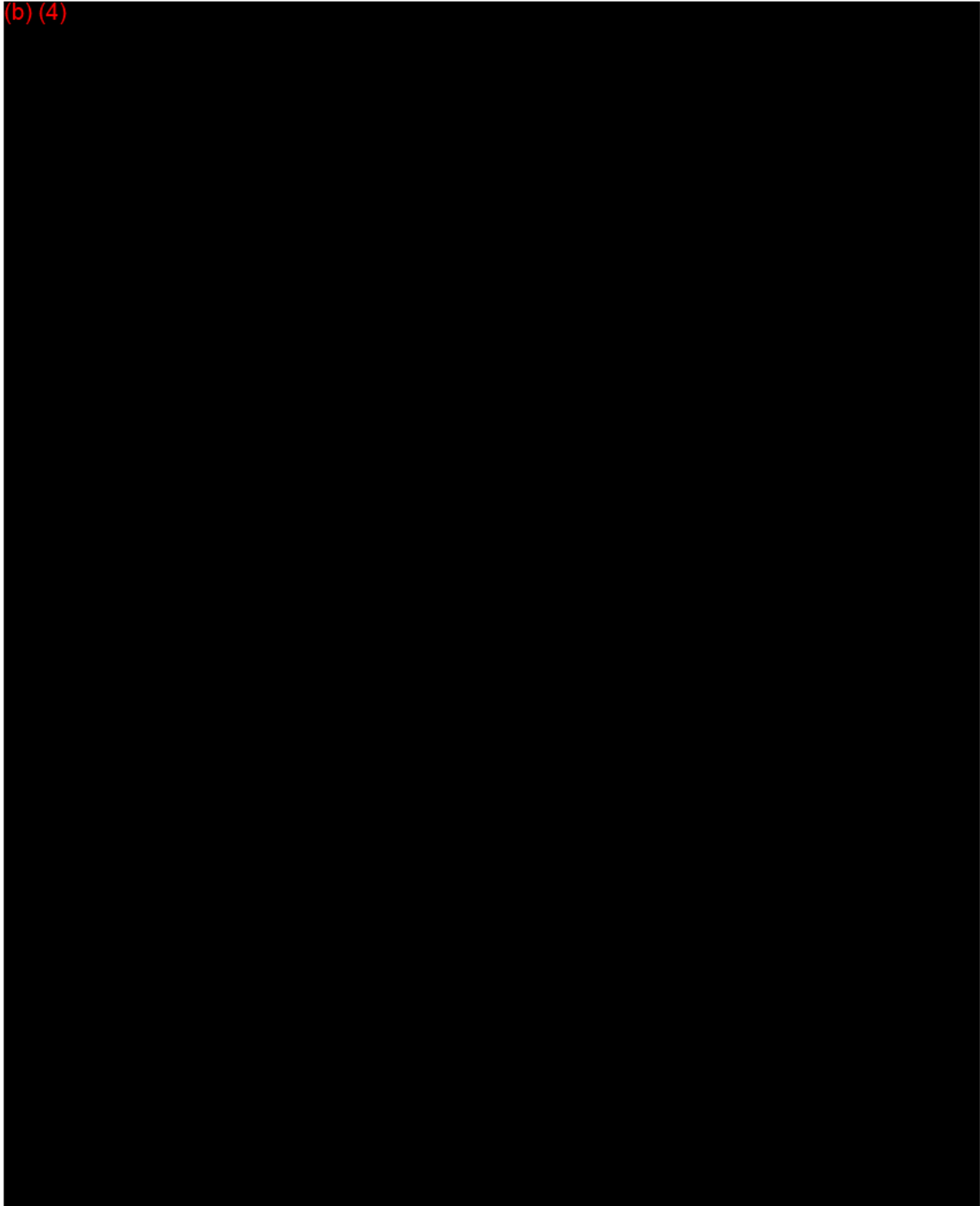
- ii. **Map:** Include a map for each site affected by construction (recommend U.S. Geological Survey 7.5-minute quadrangle maps at a map scale of 1:24,000; larger scale maps may be provided for site-specific proposals). USGS maps may be obtained and purchased at the following website: <http://www.usgs.gov/pubprod/maps.html>. If appropriate, photographs or aerial photographs of site-specific proposals may be provided.

(b) (4)



(b) (4)





(b) (4)



(b) (4)



- iii. **Property Changes:** Describe and indicate the amount of property to be cleared, excavated, fenced, or otherwise disturbed by the project and describe the current land use and zoning for each project site affected by construction including whether the project is proposed to be located on public land owned or managed by the federal government.

Findings

(b) (4)



(b) (4)



(b) (4)



(b) (4)



- iv. **Buildings:** Describe buildings or other structures (i.e., transmission facilities), including dimensions, to be constructed or modified. For linear projects, state whether the project is to be located on or within previously disturbed public rights-of-way.

Findings

(b) (4)



(b) (4)



(b) (4)



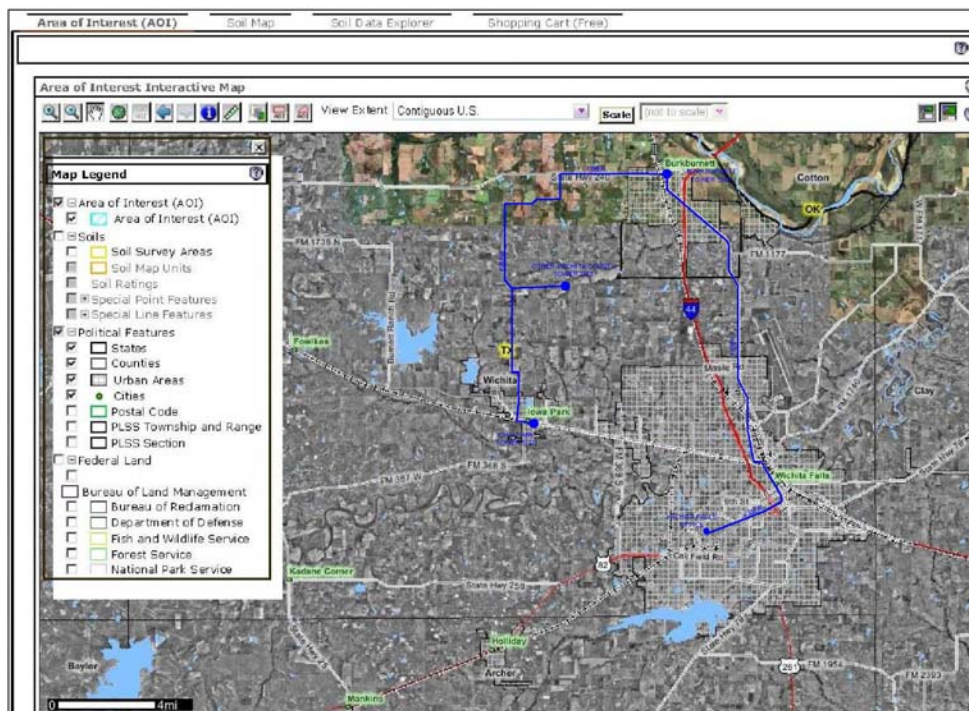
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- v. **Wetlands:** Describe and indicate whether wetlands are present on or near the project site(s) affected by construction (maps of wetlands may be obtained from the U.S. Fish and Wildlife Service’s National Wetland Inventory website: <http://www.fws.gov/wetlands/> or from soil maps obtained from the USDA, Natural Resource Conservation Service’s website: <http://websoilsurvey.nrcs.usda.gov/app/HomePage.htm>).

Findings

The U.S. Fish and Wildlife Service National Wetland Inventory website indicates that there are no wetlands where the proposed fiber or wireless construction will take place, therefore the project will have no impact on any protected wetlands.



- vi. **Critical Habitats:** Describe and indicate whether any project site(s) include or are near critical habitats or will affect any threatened, endangered or candidate species. Applicants must provide species lists and appropriate specie accounts obtained from the U.S. Fish and Wildlife Service’s website: http://ecos.fws.gov/tess_public/ for each county affected by construction of the project.

Findings

After comparing the proposed fiber construction route and the locations of the proposed wireless tower construction sites to the data available from the U.S. Fish and Wildlife Service, it has been determined that while critical habitats exist in the state where the project proposes construction, no proposed project site will impact any critical habitats or protected species.

The critical habitats of protected species that reside in the state of Texas affected by construction are listed below:

Species listed in Texas based on published population data**Notes:**

- This report shows the species listed in this state according to the Federal Register listing description.
- This list does not include experimental populations and similarity of appearance listings.
- This list includes species or populations under the sole jurisdiction of the National Marine Fisheries Service.
- Click on the highlighted scientific names below to view a Species Profile for each listing.

Listed species (based on published population data) -- 93 listings**Animals -- 65 listings**

| Status | Species/Listing Name |
|---------------|--|
| E | Amphipod, Peck's cave (<i>Stygobromus (=Stygonectes) pecki</i>) |
| E | Bat, Mexican long-nosed (<i>Leptonycteris nivalis</i>) |
| T | Bear, Louisiana black (<i>Ursus americanus luteolus</i>) |
| E | Beetle, American burying (<i>Nicrophorus americanus</i>) |
| E | Beetle, Coffin Cave mold (<i>Batrisodes texanus</i>) |
| E | Beetle, Comal Springs dryopid (<i>Stygoparnus comalensis</i>) |
| E | Beetle, Comal Springs riffle (<i>Heterelmis comalensis</i>) |
| E | Beetle, Helotes mold (<i>Batrisodes venyivi</i>) |
| E | Beetle, Kretschmarr Cave mold (<i>Texamaurops reddelli</i>) |
| E | Beetle, Tooth Cave ground (<i>Rhadine persephone</i>) |
| E | Crane, whooping except where EXPN (<i>Grus americana</i>) |
| E | Curlew, Eskimo (<i>Numenius borealis</i>) |
| E | Darter, fountain (<i>Etheostoma fonticola</i>) |
| E | Falcon, northern aplomado (<i>Falco femoralis septentrionalis</i>) |

| Status | Species/Listing Name |
|---------------|---|
| E | Flycatcher, southwestern willow (<i>Empidonax traillii extimus</i>) |
| E | Gambusia, Big Bend (<i>Gambusia gaigei</i>) |
| E | Gambusia, Clear Creek (<i>Gambusia heterochir</i>) |
| E | Gambusia, Pecos (<i>Gambusia nobilis</i>) |
| E | Gambusia, San Marcos (<i>Gambusia georgei</i>) |
| E | Ground beetle, [unnamed] (<i>Rhadine exilis</i>) |
| E | Ground beetle, [unnamed] (<i>Rhadine infernalis</i>) |
| E | Harvestman, Bee Creek Cave (<i>Texella reddelli</i>) |
| E | Harvestman, Bone Cave (<i>Texella reyesi</i>) |
| E | Harvestman, Cokendolpher Cave (<i>Texella cokendolpheri</i>) |
| E | Jaguar (<i>Panthera onca</i>) |
| E | Jaguarundi, Gulf Coast (<i>Herpailurus (=Felis) yagouaroundi cacomitli</i>) |
| E | Manatee, West Indian (<i>Trichechus manatus</i>) |
| E | Margay Mexico southward (<i>Leopardus (=Felis) wiedii</i>) |
| E | Meshweaver, Braken Bat Cave (<i>Cicurina venii</i>) |
| E | Meshweaver, Government Canyon Bat Cave (<i>Cicurina vespera</i>) |
| E | Meshweaver, Madla's Cave (<i>Cicurina madla</i>) |
| E | Meshweaver, Robber Baron Cave (<i>Cicurina baronia</i>) |
| T | Minnow, Devils River (<i>Dionda diaboli</i>) |
| E | Minnow, Rio Grande silvery (<i>Hybognathus amarus</i>) |
| E | Ocelot (<i>Leopardus (=Felis) pardalis</i>) |
| T | Owl, Mexican spotted (<i>Strix occidentalis lucida</i>) |
| T | Plover, piping except Great Lakes watershed (<i>Charadrius melodus</i>) |
| E | Prairie-chicken, Attwater's greater (<i>Tympanuchus cupido attwateri</i>) |
| E | Pseudoscorpion, Tooth Cave (<i>Tartarocreagris texana</i>) |
| E | Pupfish, Comanche Springs (<i>Cyprinodon elegans</i>) |
| E | Pupfish, Leon Springs (<i>Cyprinodon bovinus</i>) |
| E | Salamander, Barton Springs (<i>Eurycea sosorum</i>) |
| T | Salamander, San Marcos (<i>Eurycea nana</i>) |
| E | Salamander, Texas blind (<i>Typhlomolge rathbuni</i>) |
| E | Sawfish, smalltooth (<i>Pristis pectinata</i>) |
| T | Sea turtle, green except where endangered (<i>Chelonia mydas</i>) |
| E | Sea turtle, hawksbill (<i>Eretmochelys imbricata</i>) |
| E | Sea turtle, Kemp's ridley (<i>Lepidochelys kempii</i>) |
| E | Sea turtle, leatherback (<i>Dermochelys coriacea</i>) |

| Status | Species/Listing Name |
|--------|--|
| T | Sea turtle, loggerhead (<i>Caretta caretta</i>) |
| T | Shiner, Arkansas River Arkansas R. Basin (<i>Notropis girardi</i>) |
| E | Snail, Pecos assiminea (<i>Assiminea pecos</i>) |
| T | Snake, Concho water (<i>Nerodia paucimaculata</i>) |
| E | Spider, Government Canyon Bat Cave (<i>Neoleptoneta microps</i>) |
| E | Spider, Tooth Cave (<i>Leptoneta myopica</i>) |
| E | Tern, least interior pop. (<i>Sterna antillarum</i>) |
| E | Toad, Houston (<i>Bufo houstonensis</i>) |
| E | Vireo, black-capped (<i>Vireo atricapilla</i>) |
| E | Warbler (=wood), golden-cheeked (<i>Dendroica chrysoparia</i>) |
| E | Whale, finback (<i>Balaenoptera physalus</i>) |
| E | Whale, humpback (<i>Megaptera novaeangliae</i>) |
| E | Wolf, gray Lower 48 States, except where delisted and where EXPN. Mexico. (<i>Canis lupus</i>) |
| E | Wolf, red except where EXPN (<i>Canis rufus</i>) |
| E | Woodpecker, ivory-billed (<i>Campephilus principalis</i>) |
| E | Woodpecker, red-cockaded (<i>Picoides borealis</i>) |

Plants -- 28 listings

| Status | Species/Listing Name |
|--------|--|
| E | Ambrosia, south Texas (<i>Ambrosia cheiranthifolia</i>) |
| E | Ayenia, Texas (<i>Ayenia limitaris</i>) |
| E | Bladderpod, white (<i>Lesquerella pallida</i>) |
| E | Bladderpod, Zapata (<i>Lesquerella thamnophila</i>) |
| E | Cactus, black lace (<i>Echinocereus reichenbachii</i> var. <i>albertii</i>) |
| T | Cactus, Chisos Mountain hedgehog (<i>Echinocereus chisoensis</i> var. <i>chisoensis</i>) |
| T | Cactus, Lloyd's Mariposa (<i>Echinomastus mariposensis</i>) |
| E | Cactus, Nellie cory (<i>Coryphantha minima</i>) |
| E | Cactus, Sneed pincushion (<i>Coryphantha sneedii</i> var. <i>sneedii</i>) |
| E | Cactus, star (<i>Astrophytum asterias</i>) |
| E | Cactus, Tobusch fishhook (<i>Ancistrocactus tobuschii</i>) |
| E | Cat's-eye, Terlingua Creek (<i>Cryptantha crassipes</i>) |
| T | Cory cactus, bunched (<i>Coryphantha ramillosa</i>) |
| E | Dawn-flower, Texas prairie (<i>Hymenoxys texana</i>) |
| E | Dogweed, ashy (<i>Thymophylla tephroleuca</i>) |
| E | Frankenia, Johnston's (<i>Frankenia johnstonii</i>) |

| Status | Species/Listing Name |
|--------|--|
| E | Ladies'-tresses, Navasota (<i>Spiranthes parksii</i>) |
| E | Manioc, Walker's (<i>Manihot walkerae</i>) |
| T | Oak, Hinckley (<i>Quercus hinckleyi</i>) |
| E | Phlox, Texas trailing (<i>Phlox nivalis ssp. texensis</i>) |
| E | Pitaya, Davis' green (<i>Echinocereus viridiflorus var. davisii</i>) |
| E | Pondweed, Little Aguja (=Creek) (<i>Potamogeton clystocarpus</i>) |
| E | Poppy-mallow, Texas (<i>Callirhoe scabriuscula</i>) |
| E | Rush-pea, slender (<i>Hoffmannseggia tenella</i>) |
| E | Sand-verbena, large-fruited (<i>Abronia macrocarpa</i>) |
| E | Snowbells, Texas (<i>Styrax texanus</i>) |
| T | Sunflower, Pecos (=puzzle, =paradox) (<i>Helianthus paradoxus</i>) |
| E | Wild-rice, Texas (<i>Zizania texana</i>) |

Last updated: December 4, 2009

- vii. **Floodplains:** Describe whether or not any facility(ies) or site(s) are located within a 100 or 500-year floodplain. Information related to floodplains and National Flood Insurance Maps may be obtained from the Federal Emergency Management Agency's (FEMA) website <http://www.msc.fema.gov/webapp/wcs/stores/servlet/CategoryDisplay?catalogId=10001&storeId=10001&categoryId=12001&langId=-1&userType=G&type=1>. If any project-related construction activities are within floodplains, a copy of the FEMA, "FIRMette" with construction activities depicted on the map must be included. For obtaining FIRMettes review the tutorial provided by [FEMA](#).

Findings

(b) (4)

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(b) (4)



(b) (4)



(b) (4)



- viii. **Protected Lands:** Describe any cultural resources, including *historic properties*, i.e., properties listed in or eligible for listing in the National Register of Historic Places, which are located in or within a one-mile radius of the project area and how they may be impacted by the project. Information related to historic properties can be obtained from the State Historic Preservation Office (SHPO) in your respective State – see the website of the National Conference of SHPO: <http://www.ncshpo.org/find/index.htm> or from the Tribal Historic Preservation Officer (THPO) when tribal lands are involved. Applicants must gather information about the nature and location of these properties from the SHPO. SHPOs should be asked the following questions:

1. Is the proposed project located on, within or adjacent to any properties listed in or eligible for listing in the National Register of Historic Places? Is the proposed project located on, within or adjacent to a National Historic Landmark? If the answer is yes, describe and indicate the geographic relationship between the project and property with maps.
2. Will the proposed project impact, use or alter a building or structure that was constructed more than 50 years ago? If so, describe the building/structure with a statement of its condition, including photographs, and document its age.
3. Is any portion of the project located on tribal lands, meaning lands within the exterior boundaries of any Indian reservation and all dependent Indian communities?
4. Applicants must provide SHOP/THPO responses/information to these questions including any correspondence with the SHPO/THPO, as applicable.

Findings

After comparing the proposed cable construction route and the locations of the proposed new access nodes to the data available from the SHPO/THPO, it has been determined that while cultural resources exist within 1 mile of where the project proposes construction, no proposed project site will impact any cultural resource, historic place, tribal land or other protected lands.

The following is a listing of a Historic Place in Wichita County that is within 1 mile of the proposed construction area along with a map that shows the relationship between the historical district and proposed construction area.

- **Depot Square Historic District**, Roughly 8th St., Indiana St., 5th St., and MKT Railroad tracks



(b) (4)



PRIDE Net

Mr. Mark S. Wolfe, SHPO
Texas Historical Commission
P.O. Box 12276
Austin, TX 78711-2276

December 30, 2009

RE: Protected Lands, Wichita County in Texas

Dear Mr. Wolfe,

Pride Net is in the process of preparing an environmental report for the Rural Utilities Service in order that it may assess the environmental impacts in the construction of fiber cable to be placed in existing right of way along with wireless tower construction. The listed project is being proposed to provide broadband services for Wichita County in Texas. Enclosed are U.S. Geological Survey maps which depict the proposed locations of the construction activities and a description of the work involved.

Pride Network requests your office provide comment regarding the possible impacts created by the proposed project(s) on historic properties in the project(s) area. Please provide any recommendations you may have to mitigate or avoid these impacts.

We would appreciate a response within thirty (30) days. If you need any further information or wish to discuss any of the listed projects, or we can offer any other information, please contact:

Courtney Binford
5307 W. Loop 289
Lubbock Texas 79414

Sincerely,

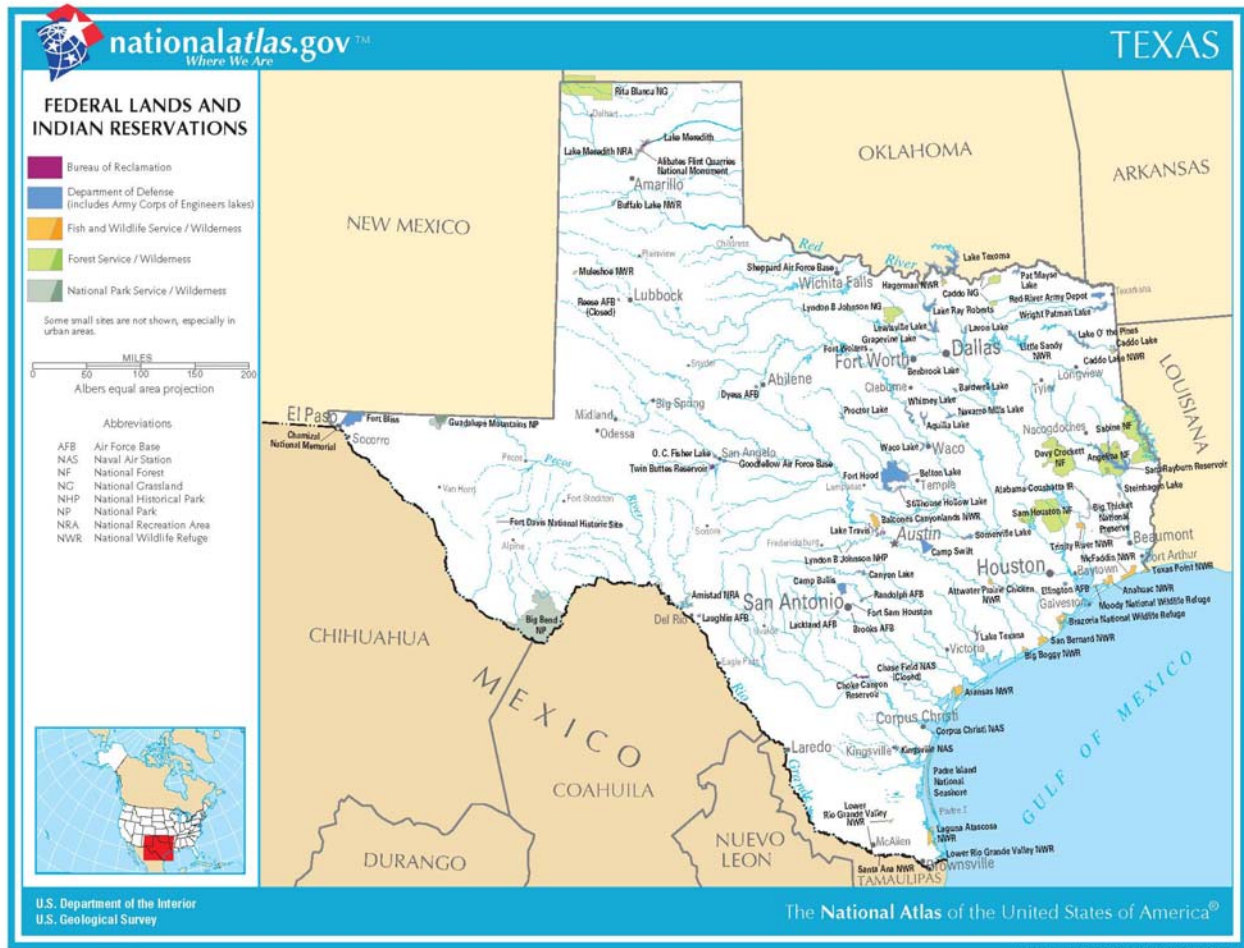
Courtney Binford

Fiber Project Manager
NTS Communications
Ph :(806) 788-2947
Cell: (806) 548-1522

Attachments: USGS Maps of Wichita County

The proposed project will not impact, use or alter a building or structure that was constructed more than 50 years ago.

No portion of the proposed project will be located on tribal lands, meaning lands within the exterior boundaries of any Indian reservation or any dependent Indian communities as per the Texas Federal Lands & Indian Reservations map below.



- ix. **Coastal Areas:** Determine whether or not the project is within the boundaries of a coastal zone management area (CZMA). For boundary related and contact information related to CZMA, see National Oceanic and Atmospheric Administration, Office of Ocean and Coastal Resource Management’s website: <http://coastalmanagement.noaa.gov/consistency/welcome.html>

Findings

(b) (4)

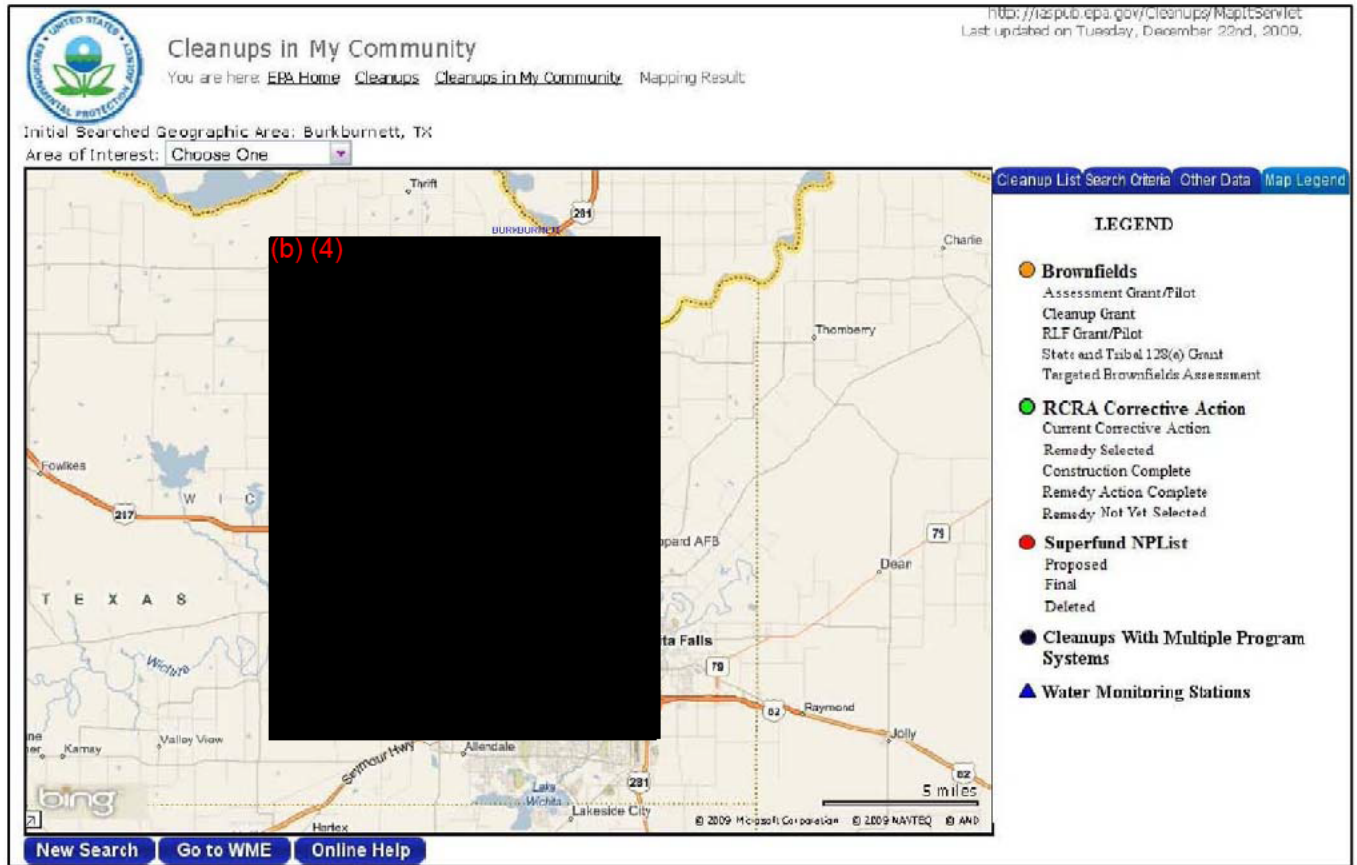


Findings

(b) (4)



The following map from the EPA website shows the proposed construction route.



Note: The applicant may submit a copy of any environmental review document that has been prepared in connection with obtaining permits, approvals, or other financing for the proposed project from State, local or other federal bodies. Such material, to the extent relevant, may be used to meet the requirements herein.

Printed Legal Name of Applicant: Courtney Binford

Signature: 

Date: January 4, 2010

The applicant's representative certifies to the best of his/her knowledge and belief that the information contained herein is accurate. Any false information may result in disqualification for consideration of financial assistance or the rescission of financial assistance.

PRIDE Network, Inc- Burkburnett/Iowa Park Project
Contacts

In addition to Mr. Tony Lee, partner at Venable Law Firm, more contacts are available for questions regarding this application.

Mr. Tony Lee- Partner, Venable LLP
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Mr. Brad Worthington- President, NTS Communications
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Mr. Aaron Peters- Fiber Project Manager, NTS Communications
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Mr. Scott Mackinaw- Vice President of Inside Plant, Fail Engineering Company
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Ms. Courtney Binford- Fiber Project Manager, NTS Communications
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