



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

Submitted Date: 8/20/2009 2:30:40 PM		Easygrants ID: 2443	
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: PRIDE Network

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 in the Texas South Plains region. 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:

Pride Network, Inc. BIP Application for Burkburnett/Iowa Park, TX

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

By this application, PRIDE Network, Inc. ("PRIDE Net") requests the Federal assistance needed to build a \$44.6 million fiber-to-the-premises open-access telecommunications infrastructure, with a wireless broadband service-extension overlay, that will make affordable Advanced Broadband service available to (b) (4) rural communities in Texas. NTS Communications, Inc. ("NTS") proposes, through its recently formed subsidiary, PRIDE Net, to construct and operate the Plains Regional Inter-County Data Enterprise fiber optic cable and broadband wireless network in the Texas South Plains region.

The network will also directly enable cost-effective applications of broadband services, including: First Responder Interoperability, E911 Services Distance Learning, Telemedicine, Advanced Broadband Internet Connectivity to Underserved Communities, Full Featured Video Services, Fail-Safe Disaster Recovery Services, and Economic Development Opportunities.

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.

Most of the communities that will be served by PRIDE Net do not currently have any form of Advanced Broadband service, and 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 PRIDE network will make affordable Advanced Broadband services available to the following communities in Texas: New Deal, Abernathy, Hale Center, Ropesville, Meadow, Slaton, Lamesa, Brownfield, Littlefield, Whitharral, Wilson and Plainview. The PRIDE network will be extended to additional communities not listed above that also lack access to affordable Advanced Broadband service as profits are reinvested in new infrastructure construction. In this way, by first using federal grant/loan dollars to build the core of the network and its initial passings, and then by allowing future profits to further expand network growth, PRIDE Net will create a continuous benefit cycle to the entire region for generations to come.

c) Number of households and businesses passed.

Households passed: (b) (4) Businesses passed: (b) (4)

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.).

PRIDE Net has entered into informal collaborative arrangements with seven community anchor institutions. Institutions involved with the development and future use of the network are as follows: South Plains Association of Governments, Lubbock County, South Plains College, Region XVII Educational Service Center, Texas Tech Univ. Health Sciences Center, NW Texas Small Business Dev. Center, and WorkForce Solutions – South Plains. Additionally, a collaborative arrangement with South Plains Electric Cooperative to leverage a potential ARRA Department of Energy “Smart Grid” grant application will be defined – dependant on the success of the respective party’s funding applications. A



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description of the general nature of each entity's future use of the PRIDE network is more fully identified in the response to Questions 41 and 42. Also, the numbers of passings (total 139) are as follows: (b) (4)

e)

(b) (4)

This state-of-the-art network, referred to as the Plains Regional Inter-County Data Enterprise ("the PRIDE Network"), will immediately stimulate the economy with the creation of new jobs and new businesses and provide numerous long-term public benefits that will significantly improve the future for the Texas South Plains. By providing a (b) (4), PRIDE Net will also maximize utilization of PRIDE for the generation of important long-term public benefits. These benefits include: improving public safety broadband communications; promoting telemedicine, more effective healthcare delivery, and medical research; increasing access to advanced distance learning and multimedia educational programs; facilitating the more efficient production, delivery, and management of renewable energy; enhancing the ability of community anchor organizations to provide educational and employment opportunities; improving the quality of life of low-income, unemployed, aged, and otherwise vulnerable populations; and driving sustained economic growth and development.

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

PRIDE Net was conceived from inception as an open-access, quasi public/private partnership, led by NTS. The PRIDE Network will fully comply with the non-discrimination and network interconnection obligations that are contractual conditions of grants/loans awarded under the funding program. PRIDE Net has adopted non-discrimination and interconnection policies, and it will install open-access capable equipment to ensure that other entities, including competing carriers, can access and interconnect with the Pride Network. Network access will be allowed at any reasonable network interconnection point at cost. The openness of the PRIDE Network will promote innovation, entrepreneurship, and growth for the economy.

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

(b) (4)

This design, which has rapidly become the most widely



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(b) (4)




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

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 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 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 FTTP networks in Lubbock, Wolfforth, and Woodrow, Texas. To date, NTS has constructed

(b) (4)



. This project is currently under construction.

i) Overall infrastructure cost of the broadband system.
Full details regarding the cost of the entire project is set forth in the responses to



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Questions 44 and 45 of this application. The overall infrastructure cost of the proposed system is \$44,550,100.

- 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 890 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 1,159 jobs.

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): **5E17-EEC7-47C7-8DE6**

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.



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

No area of PRIDE Net's Service Area will not be funded by BIP. Applicant is not applying for BTOP funding.

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 project. It has been determined that the Last Mile Service Area can be considered as 93% Rural by the definitions provided in the BIP application documentation. Only one of the census designated communities has a population over 20,000 according to the 2000 US Census and can be considered 93% rural. This satisfies the BIP requirement that at least 75% of the proposed Service Areas in a Last Mile Non-Remote project be defined as Rural Areas.

Underserved Definition

Data from the "Current Population Survey (October 2007)", prepared by the United States Bureau of Census indicated that rural Texas households had an average Broadband Subscribership rate of only 36.62%. This is less than the 40% threshold set in the BIP application documentation and therefore indicates that rural Texas communities are underserved as per the ARRA definition. Due to the fact that the lowest speed considered as broadband in 2007 was 200 kbps, it can be reasonably projected that if the new broadband definition requires a minimum of 768 kbps, the actual Broadband Subscribership percentage for rural Texas would be much lower, thereby more firmly establishing the Underserved nature of these communities.

To confirm the findings of the United States Bureau of Census, PRIDE Net performed 628 in-person market surveys within the proposed Last Mile Service Areas. The analysis of these market surveys confirmed that the actual Broadband Subscribership averaged 34%, which is less than the 40% Broadband Subscribership threshold required in the ARRA program and serves to allow a definition of Underserved for the proposed Last Mile Service Areas. After completing the competitive analysis that is included in Attachment C, PRIDE Net also utilized



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the online tools of the incumbents, to the extent that they were available, to enter in physical addresses of residents to confirm that those addresses did not qualify under the incumbents own database for DSL or Cable modem service. These outcomes supported the survey results and provided further evidence of the Underserved nature of the proposed service area. It was especially evident as residents expressed their discord with lack of competition in these communities.

As a result, the combined data from the US Census “Current Population Study (October 2007)” 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



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22. Description of Network Openness:

The PRIDE network was conceived from inception as an open-access, quasi public-private partnership, led by NTS Communications, Inc. The PRIDE network 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 (b) (4)

[Redacted text block]

(b) (4)

[Large redacted text block]



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(b) (4)



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

PRIDE Net intends to price its services in a manner similar to that of its parent, NTS Communications, Inc. Typically, this pricing strategy results in retail rates to consumers



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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.



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(b) (4)



██████████ The Federal Communications Commission (“FCC”) has set aside the 3650-3700 MHz band for the Wireless Broadband Service (“WBS”), which is licensed spectrum specifically for WiMax operations in the United States. PRIDE Net has filed an application with the FCC for a WBS license.

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



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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:

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.



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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 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)

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Copies of letters of collaboration are attached as a supplement to the application.



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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. (b) (4)

[Redacted]

Sales & Marketing

(b) (4)

Back-Office Systems

(b) (4)

Network Control Center

(b) (4)



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(b) (4)



Customer Care

(b) (4)



Outside/Inside Plant Personnel

(b) (4)



Network & Switching Capacity

(b) (4)



Other



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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)

Entity:

Community Benefit:

(b) (4)

Letters from the above anchor institutions indicating their support for the PRIDE network are attached to the application. Also included is a letter of support from Texas State Senator Robert Duncan.



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42. Recovery Act and Other Governmental Collaboration.

42. Recovery Act and Other Governmental Collaboration.

(b) (4) [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]



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Submitted Date: 8/20/2009 2:30:40 PM	Easygrants ID: 2443
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.

(b) (4)

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

Community Involvement (BTOP Applicants Only)

43. Partnering with Disadvantaged Businesses

H. Project Budget

44. General Overall Budget



**Broadband Infrastructure Application
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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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(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)				
Site Preparation	(b)	(4)				
Other	(b)	(4)				
TOTAL BROADBAND SYSTEM	22,720,551	21,829,549				





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(b) (4)

[Redacted text block]

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]



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Projections included with this application.

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



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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	<input type="checkbox"/>
Rural Area Targeting	1 point for every 5% increase in the rural service area up the minimum 75% rural area requirement	Up to 5	<input type="checkbox"/>
Remote Area targeting	1 point for every 50 miles a service area is located from a non-rural area	Up to 5	<input type="checkbox"/>
Title II Borrower	If you are or were a Title II borrower	5	<input type="checkbox"/>
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	<input type="checkbox"/>
<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	<input type="checkbox"/>
Affordable of services offered	Points awarded based on the proposed rate structure and the logistics of the proposed service area	Up to 5	<input type="checkbox"/>



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

	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) [REDACTED]
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) [REDACTED]
Total Points		100	(b) [REDACTED]



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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



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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: PRIDE Network (Texas South Plains)

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: Lamesa 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: ■

Total Population (b) (4)

Total Number of Households: (b) (4)

Total Number of Businesses: (b) (4)

Total Number of Critical Community Facilities, Anchor Institutions and Public Safety Entities: (b) (4)

Proposed Funded Service Area Name: PRIDE Network (Texas South Plains)
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: New Deal
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:

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) (4)

Total Number of Businesses: (b) (4)

Total Number of Critical Community Facilities, Anchor Institutions and Public Safety Entities: (b) (4)

Proposed Funded Service Area Name: PRIDE Network (Texas South Plains)



**Broadband Infrastructure Application
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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 "The text length in the text area is too long."

Community Name: Abernathy
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) (4)

Total Number of Businesses: (b) (4)

Total Number of Critical Community Facilities, Anchor Institutions and Public Safety Entities: 139

Proposed Funded Service Area Name: PRIDE Network (Texas South Plains)

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: Hale Center
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.



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

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

Proposed Funded Service Area Name: PRIDE Network (Texas South Plains)
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: Littlefield
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) (4)
Total Number of Businesses: (b) ■
Total Number of Critical Community Facilities, Anchor Institutions and Public Safety Entities: 139

Proposed Funded Service Area Name: PRIDE Network (Texas South Plains)
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: Meadow



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

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

Proposed Funded Service Area Name: PRIDE Network (Texas South Plains)
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: Plainview
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: (b) ■



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

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

Proposed Funded Service Area Name: PRIDE Network (Texas South Plains)
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: Ropesville
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) (4)
Total Number of Businesses: (b) (4)
Total Number of Critical Community Facilities, Anchor Institutions and Public Safety Entities: (b) (4)

Proposed Funded Service Area Name: PRIDE Network (Texas South Plains)
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: Slaton
Rural Classification of the Community: Rural
BIP - Service Status: Underserved



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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:

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) (4)

Total Number of Businesses: (b) (4)

Total Number of Critical Community Facilities, Anchor Institutions and Public Safety Entities: (b) (4)

Proposed Funded Service Area Name: PRIDE Network (Texas South Plains)
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: Whitharral (Other Area)
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) (4)

Total Number of Businesses: (b) (4)



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Total Number of Critical Community Facilities, Anchor Institutions and Public Safety Entities: 139

Proposed Funded Service Area Name: PRIDE Network (Texas South Plains)
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: Wilson
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) (4)

Total Number of Businesses: (b) ■

Total Number of Critical Community Facilities, Anchor Institutions and Public Safety Entities: (b) ■

Proposed Funded Service Area Name: PRIDE Network (Texas South Plains)
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: Brownfield
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)



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--

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) (4)

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:

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
07) Q-27. Affordability
09) Q-31. Attachment D - Engineer Certification*
11) Q-37. Management Team Resumes
08) Q-30. Network Diagram
13) Q-40. Attachment F - Legal Opinion*
18) Q-48. Attachment H - Subscriber Estimates
19) Q-49. Attachment I - Projects, Rates - Voice
20) Q-49. Attachment J - Projects, Rates - Video**
33) Pg-29. BIP ONLY Relocation and Real Property*
32) Pg-28. BIP ONLY Architectural Barriers*
35) Pg-31. BIP ONLY Lobbying Certification*



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34) Pg-30. BIP ONLY Debarment and Suspension*
31) Pg-27. BIP ONLY Equal Opportunity*
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
16) Q-45. Attachment G - Detailed Project Cost
05) Q-21. Attachment C - Competitor Tables
10) Q-34. Attachment E - Build-Out Timeline
14) Q-41. Government and Other Key Partnerships
03) Q-19. Attachment A - Last Mile Offerings
12) Q-39. Organization Chart



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17) Q-47. Historical Financial Statements
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

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)



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.

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.

8-12-2009

(Date)

Barbara Baldwin

(Authorized Representative's Signature)

BARBARA BALDWIN

Name:

President/CEO

Title:

8/11/09

(Date)

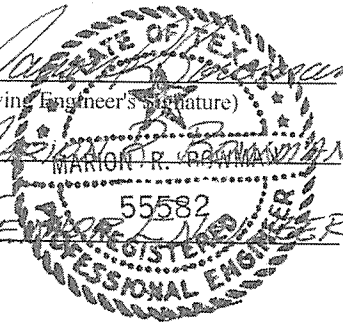
Marion R. Bowman

(Certifying Engineer's Signature)

Name:

SENIOR REGISTERED PROFESSIONAL ENGINEER

Title:



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.

(b)

(4)

(b)

(4)

(b)

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(b)

(4)

(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 H - Broadband Subscriber Estimates

PRIDE Network

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

PRIDE Network

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

Strategic Institutions	Year 0	Year 1				Year 2				Year 3				Year 4				Year 5			
Service Type #1		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
Bus Data Plan 4		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	

ATTACHMENT H - Broadband Subscriber Estimates

PRIDE Network

Household Subscribers	Year 0	Year 1				Year 2				Year 3				Year 4				Year 5			
Service Type #1		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
Duble 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

PRIDE Network

	Censes Community	Year 1		Year 2		Year 3		Year 4		Year 5	
		Res.	Bus.	Res.	Bus.	Res.	Bus.	Res.	Bus.	Res.	Bus.
(b) (4)											

Rates:

Residential Voice Plan 1	(b) (4)
Business Voice Plan 2	
Residential Long Distance	(b) (4)
Business Long Distance	

ATTACHMENT J - Video Services Subscriber Projects Table and Rate Plans

PRIDE Network

	Censes Community	Year 1		Year 2		Year 3		Year 4		Year 5		
		Res.	Bus.	Res.	Bus.	Res.	Bus.	Res.	Bus.	Res.	Bus.	
(b) (4)												

Rates:

Residential Video	(b) (4)
Business Video	

**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 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

Barbara Baldwin

(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**

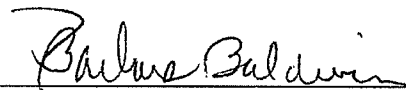
We, Pride Network, Inc. (the Applicant) the undersigned certify, to the best of our knowledge and belief, that:

- (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:

**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:

Equal Opportunity and Nondiscrimination Certification

U.S. Department of Agriculture Broadband Initiatives Program

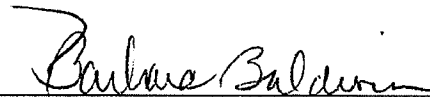
All loans and grants made under the Broadband Initiatives Program are subject to the nondiscrimination provisions of Title VI of the Civil Rights Act of 1964, as amended, (7 C.F.R. Part 15); Section 504 of the Rehabilitation Act of 1973, as amended, (29 U.S.C. 901 et seq; 7 C.F.R. Part 15b); and the 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:

Attachment K - Pride Network Income Statement

	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							

Attachment L - Pride Network Balance Sheet

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

Attachment M - Pride Network Statement of Cash Flows

	Historical		Forecast Period					
Year	2008	2009	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								

PRIDE

Proforma Assumptions

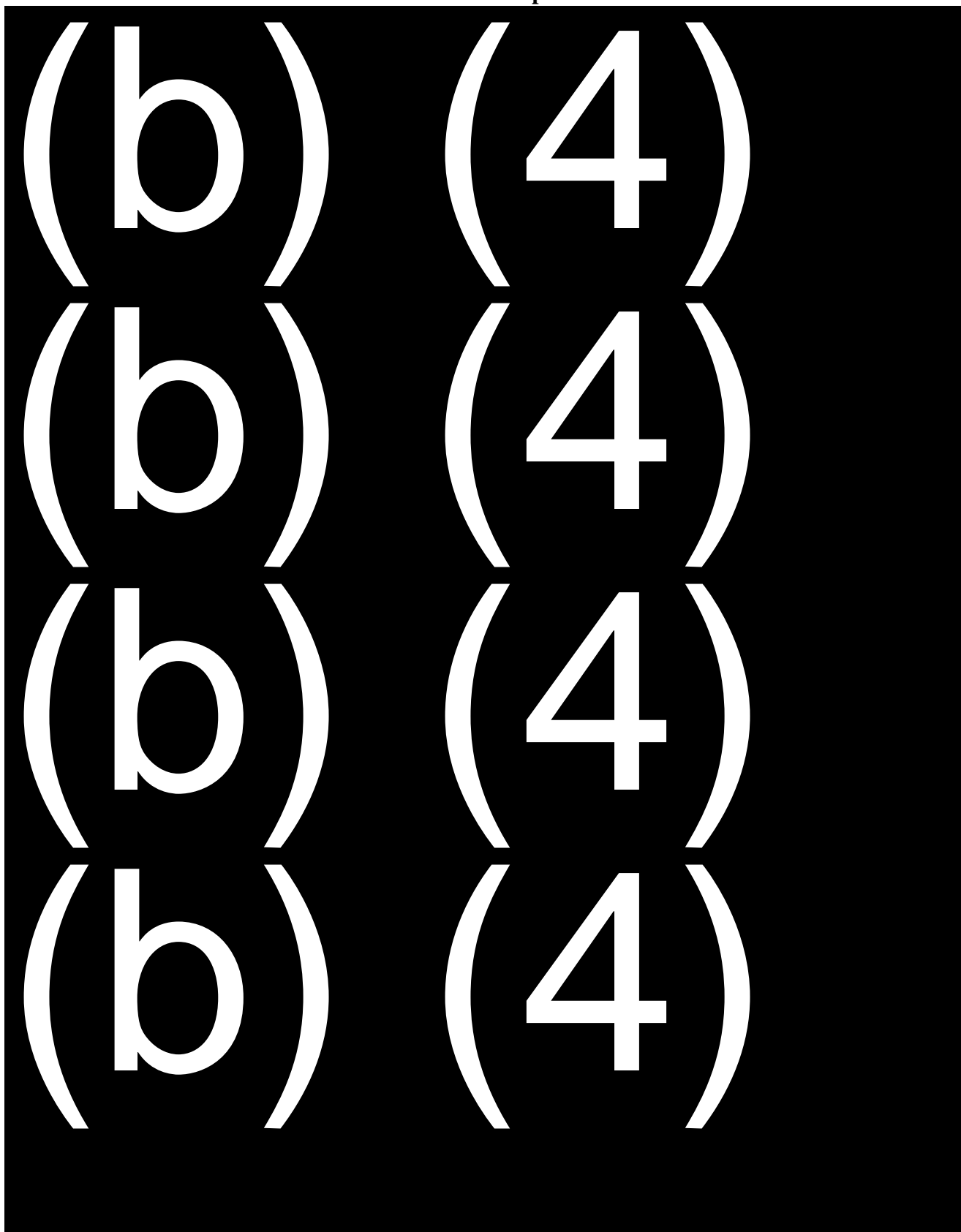
Income Statement Assumptions

**Pride is a startup company and the company financials are provided in the response to item 47.*

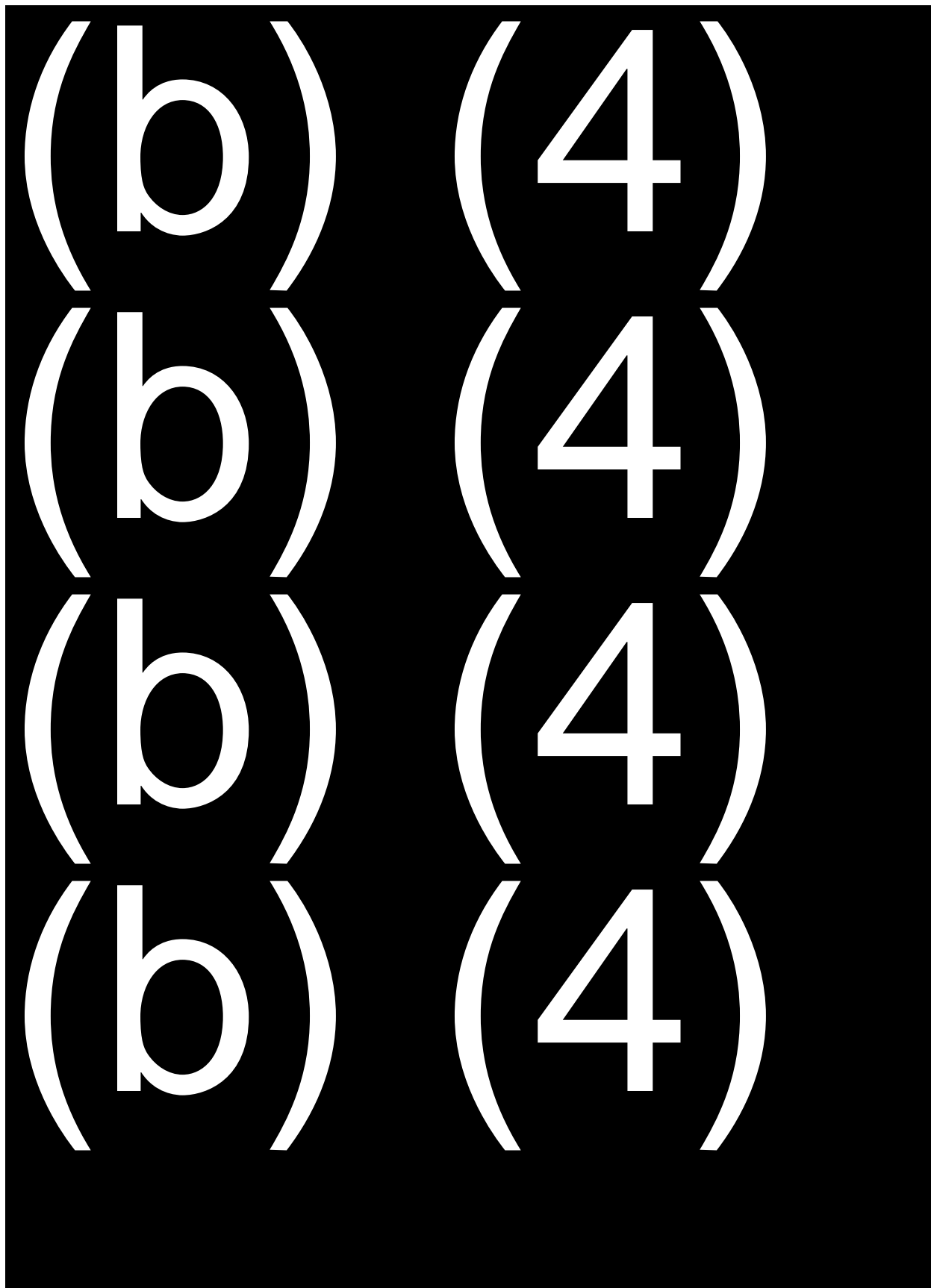
Revenues

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

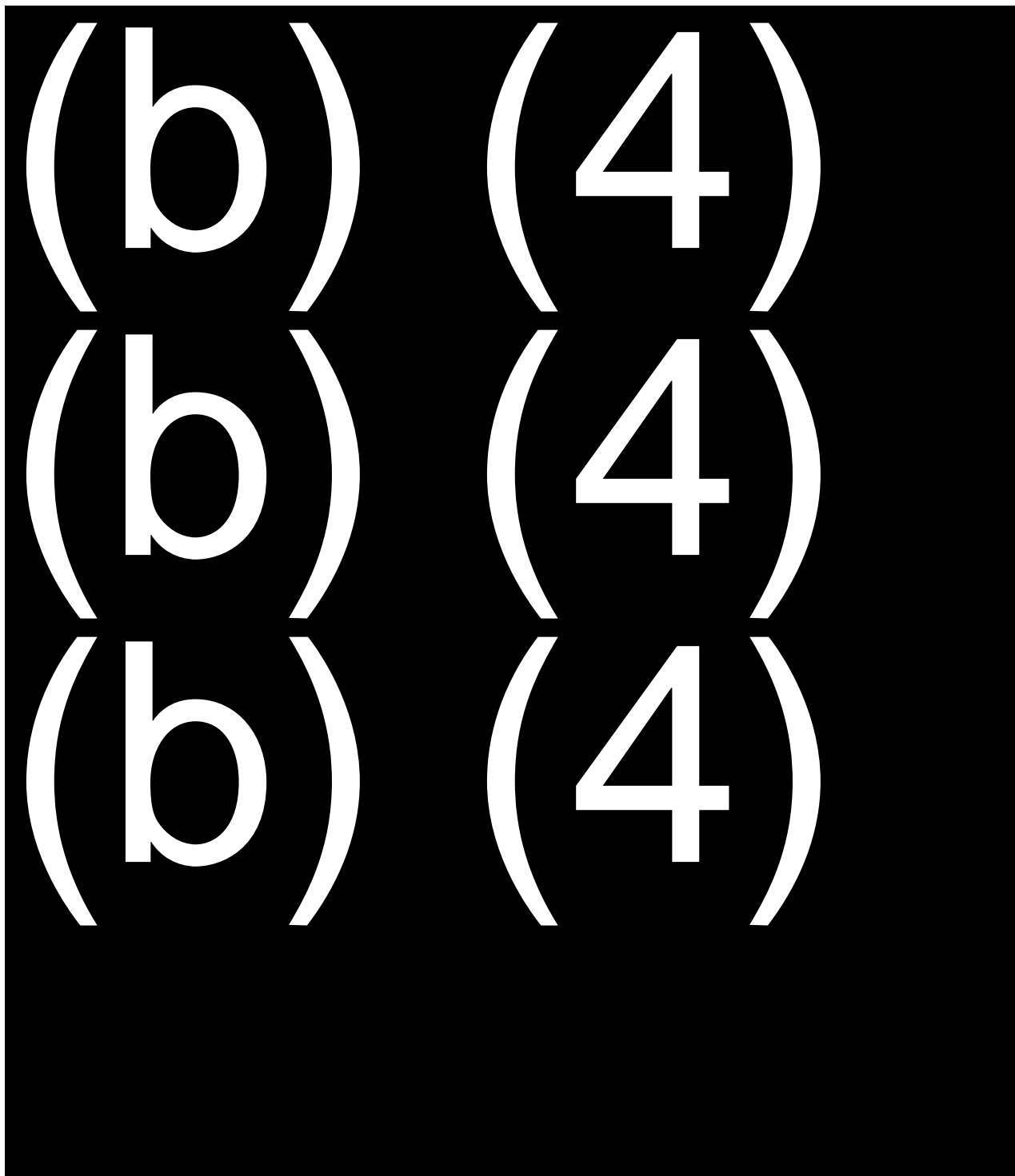
Proforma Assumptions



Proforma Assumptions



Proforma Assumptions



Balance Sheet Assumptions

Assets:

Proforma Assumptions

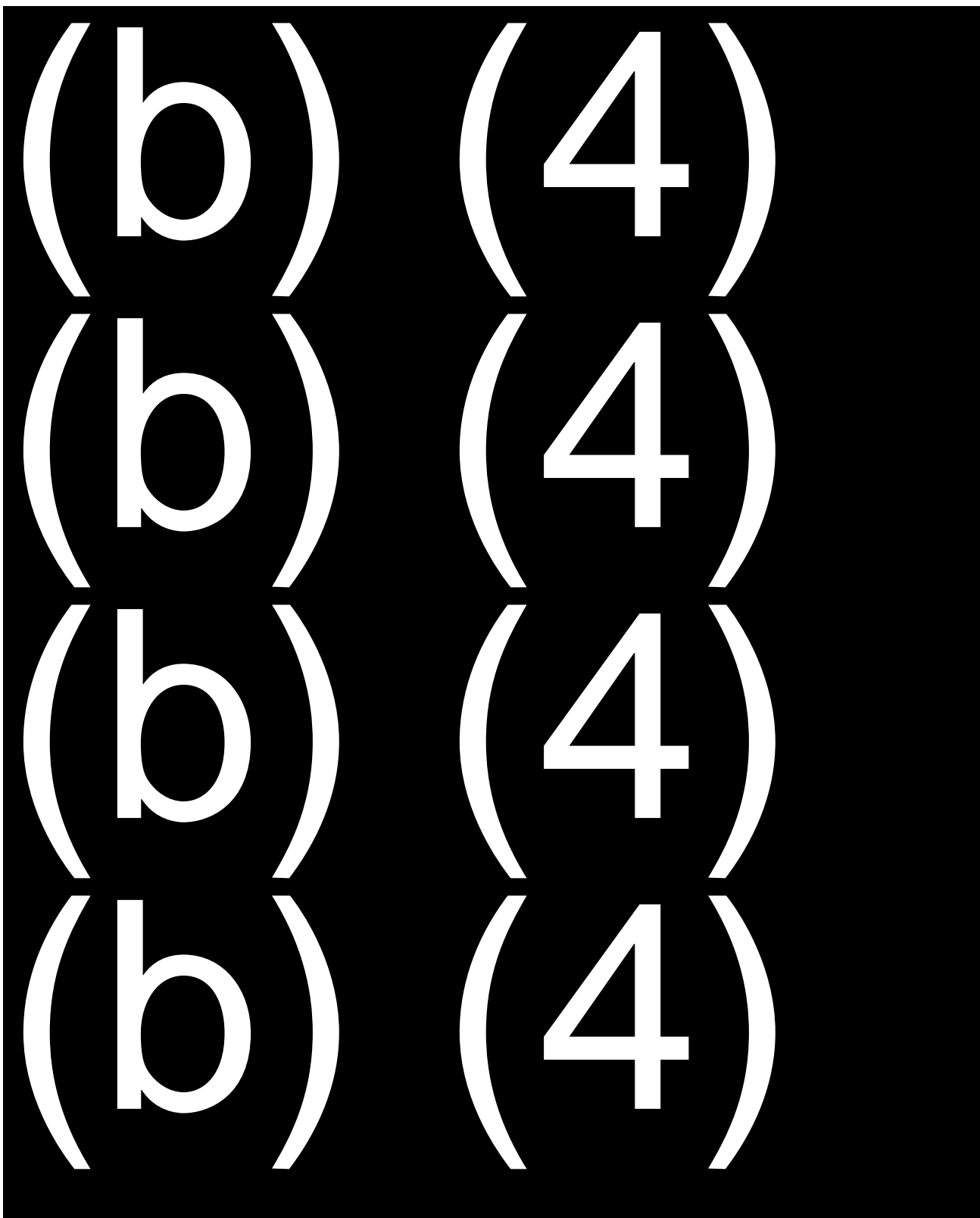
(b)	(4)
(b)	(4)
(b)	(4)
(b)	(4)

Capital and Liabilities

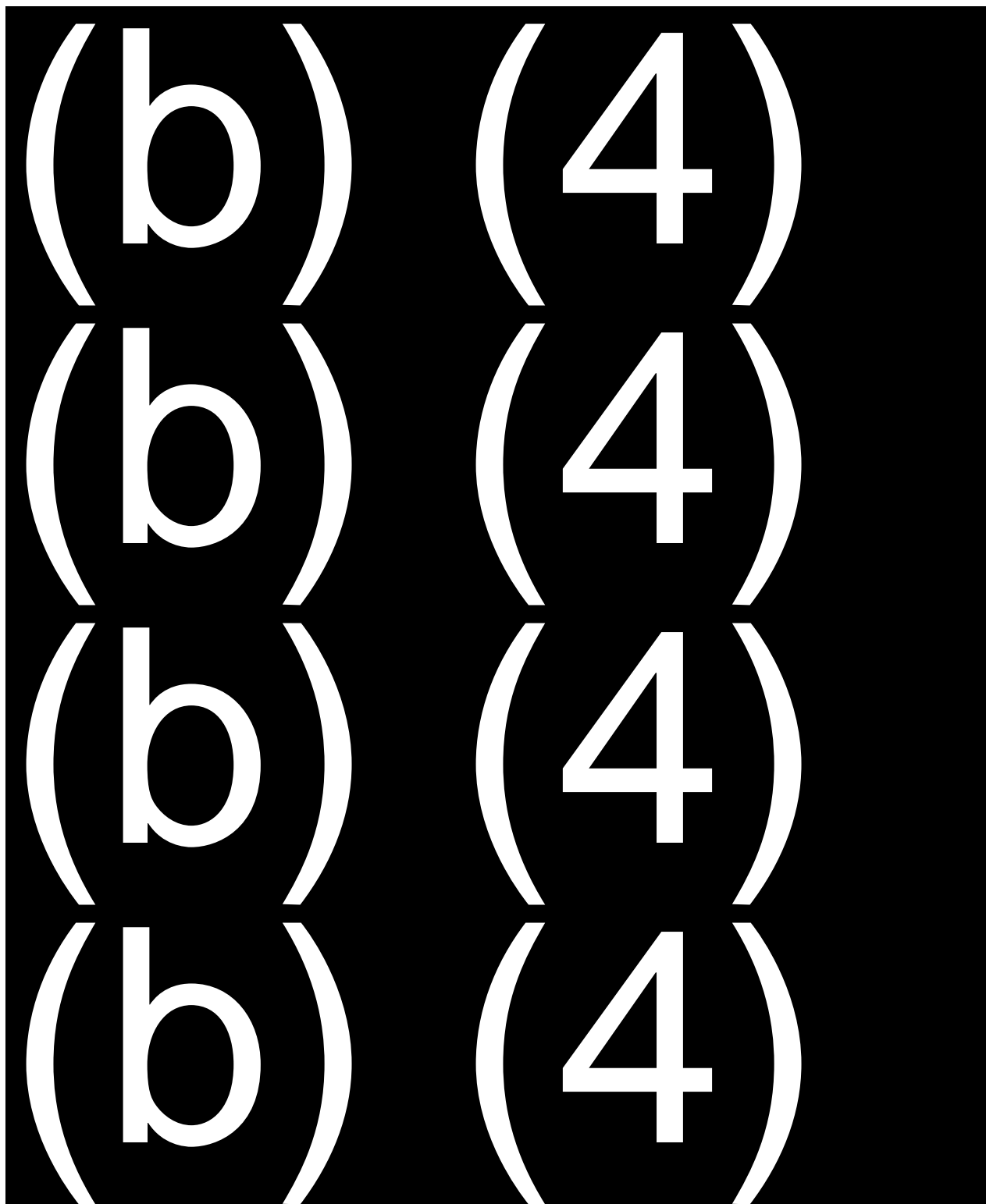
Proforma Assumptions

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

Proforma Assumptions



Proforma Assumptions



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	Network Interface Kit #1	Y	(b) (4)			Vender quotes and actual contract pricing from sister company and engineering company contracts				
	Network Interface Kit #2	Y								
	FTTH Residential ONT Kit #3	Y								
	Wireless Residential CAE Kit #4	Y								
	FTTH Business ONT Kit #5A	Y								
	FTTH Business ONT Kit #5B	Y								
	Wireless Business CAE Kit #6	Y								
	Tower Kit CAE #7	Y								
Other										
OUTSIDE PLANT										
Cables	FTTU Residential & Business Drop Kit #4	Y	(b) (4)			Vender quotes and actual contract pricing from sister company and engineering company contracts				
	Fiber Connection Kit for Towers	Y								
	BFO(12) - Buried 12 fiber cable	Y								
	BFO(12)i-Buried 12 fiber cable in duct	Y								
	BFO(48)-Buried 48 fiber cable	Y								
	BFO(48)i-Buried 48 fiber cable in duct	Y								
	BFO(72)-Buried 72 fiber cable	Y								
	BFO(72)i-Buried 72 fiber cable in duct	Y								
	BFO(96)-Buried 96 fiber cable	Y								
	BFO(96)i-Buried 96 fiber cable in duct	Y								
	Splicing / minor materials	Y								

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	BHF 36X60X18	Y	(b) (4)	(4)		Vender quotes and actual contract pricing from sister company and engineering company contracts
	BHF 30X48X18	Y				
	BHF 24X36X18	Y				
Ducts	BM60(1.5)DP	Y				
	BM60(2)(1.5)DP	Y				
	BM60(3)(1.5)DP	Y				
	V(1)(1.5)	Y				
Poles						
Towers	Tower (Minus site prep listed under site preparation below)	Y				
Repeaters						
Other						
SERVICE AREA or COMMON NETWORK FACILITIES						
New Construction	Office Building	Y	(b) (4)	(4)		Vender quotes and actual contract pricing from sister company and engineering company contracts
	Power Kit	Y				
	Environmental Kit	Y				
Pre-Fab Huts						
Improvements & Renovations						
Other	Land	Y				
CUSTOMER PREMISE EQUIPMENT						
Modems						

Attachment G - Detail of Project Cost

SERVICE AREA or COMMON NETWORK		Eligibility (Yes/No)	Unit Cost	No. of Units	Total Cost	Support of Reasonableness
Set Top Boxes						
Inside Wiring						
Other	FTTH Residential Kit #1	Y	(b) (4)			Vender quotes and actual contract pricing from sister company and engineering company contracts
	FTTH Residential Kit #2	Y				
	FTTU Business Kit #3	Y				
	Wireless Residential/Bus Kit #4	Y				
BILLING SUPPORT AND OPERATIONS SUPPORT						
Billing Systems Support						
Customer Care Systems						
Other Support						
SERVICE AREA or COMMON NETWORK FACILITIES						
OPERATION EQUIPMENT						
Vehicles	Bucket truck	Y	(b) (4)			Vendor advertized prices for comparable equipment.
	Vehicles	Y				
Office Equipment / Furniture	Computers	Y				
	TV	Y				
Other						

Attachment G - Detail of Project Cost

SERVICE AREA or COMMON NETWORK		Eligibility (Yes/No)	Unit Cost	No. of Units	Total Cost	Support of Reasonableness
PROFESSIONAL SERVICES						
Engineering Design	Pre Application Engineering	Y	(b) (4)			Pricing quote from engineering firm. Pricing is in line with Industry standards.
	Network & Access Equipment	Y				
	Outside Plant Engineering	Y				
	Buildings Engineering	Y				
	Land Engineering	Y				
	Towers Engineering	Y				
	Customer Premise Equipment	Y				
	Operating Equipment	Y				
Project Management						
Consulting						
Other						
TESTING						
Network Elements	Desks/Chairs	Y	(b) (4)			Prices are based on advertised vendor prices.
	Fiber Restoration Kit	Y				
	Fiber Splicer	Y				
	Fiber Tester	Y				
	Misc. Hand Tools	Y				
	OTDR/Power Meter	Y				
IT System Elements						
User Devices						
Test Generators						
Lab Furnishings						

Attachment G - Detail of Project Cost

SERVICE AREA or COMMON NETWORK		Eligibility (Yes/No)	Unit Cost	No. of Units	Total Cost	Support of Reasonableness
Servers / Computers						
OTHER UPFRONT COST						
Site Preparation	Site Preparation for Wireless distribution tower	Y	(b) (4)(b) (4)			Pricing is based on going rates in the proposed construction area.
	Site Preparation for Buildings					
Other						

	Pride Network							
Service Area	Last Mile Services Provider	Technology Platform	Service Tier	Advertised Residential Offering		Advertised Business Offering		Other Comments
				Downstream/ Upstream Speed (Kbps)	Monthly Price	Downstream/ Upstream Speed (Kbps)	Monthly Price	
Abernathy, Texas		DSL	Entry Level Plan	3000/384	\$29.99	1500/384	\$34.99	Res. Intro offer first 24 months/business 3 year contract
	Windstream		Highest Speed Plan	6000/384	\$39.99	12000/768	\$149.99	Res Intro offer first 24 months/business 1 year contract
			Other Plans (e.g., Mid-Tier Plan)	6000/384	\$34.99	3000/768	\$119.99	Res Intro offer first 24 months/business 1 year contract
	ERF	Wireless Internet	Entry Level Plan	56/56	\$19.99	1500/1500	\$69.95	Speeds are advertised as burstable
			Highest Speed Plan	1500/1500	\$69.95	2000/2000	\$199.95	Speeds are advertised as burstable
			Other Plans (e.g., Mid-Tier Plan)	1000/1000	\$39.95	1500/1500	\$129.95	Speeds are advertised as burstable
Brownfield, Texas	Windstream	DSL	Entry Level Plan	3000/384	\$29.99	1500/384	\$34.99	Res. Intro offer first 24 months/business 2 year contract
			Highest Speed Plan	12000/768	\$44.99	12000/768	\$149.99	Res Intro offer first 24 months/business 2 year contract
			Other Plans (e.g., Mid-Tier Plan)	6000/384	\$34.99	3000/768	\$119.99	Res Intro offer first 24 months/business 2 year contract
	ERF	Wireless Internet	Entry Level Plan	56/56	\$19.99	1500/1500	\$69.95	Speeds are advertised as burstable
			Highest Speed Plan	1500/1500	\$69.95	2000/2000	\$199.95	Speeds are advertised as burstable
			Other Plans (e.g., Mid-Tier Plan)	1000/1000	\$39.95	1500/1500	\$129.95	Speeds are advertised as burstable
Hale Center, Texas	ERF	Wireless Internet	Entry Level Plan	56/56	\$19.99	1500/1500	\$69.95	Speeds are advertised as burstable
			Highest Speed Plan	1500/1500	\$69.95	2000/2000	\$199.95	Speeds are advertised as burstable
			Other Plans (e.g., Mid-Tier Plan)	1000/1000	\$39.95	1500/1500	\$129.95	Speeds are advertised as burstable
	AT&T		Entry Level Plan	768/384	\$19.95	1500/384	\$35.00	
			Highest Speed Plan	6000/768	\$35.00	3000/512	\$40.00	
			Other Plans (e.g., Mid-Tier Plan)	3000/512	\$30.00	NA	NA	
Lamesa, Texas	Windstream	DSL	Entry Level Plan	3000/384	\$29.99	1500/384	\$34.99	Res. Intro offer first 24 months/business 2 year contract
			Highest Speed Plan	12000/768	\$44.99	12000/768	\$149.99	Res Intro offer first 24 months/business 2 year contract
			Other Plans (e.g., Mid-Tier Plan)	6000/384	\$34.99	3000/768	\$119.99	Res Intro offer first 24 months/business 2 year contract
	Pics Net	Wireless Internet	Entry Level Plan	256/256	\$29.95	256/256	\$29.95	Wireless to Satellite radio on house, Modem to ethernet inside home.
			Highest Speed Plan	1000/512	\$49.95	1000/512	\$49.95	Wireless to Satellite radio on house, Modem to ethernet inside home.
			Other Plans (e.g., Mid-Tier Plan)	512/512	\$39.95	512/512	\$39.95	Wireless to Satellite radio on house, Modem to ethernet inside home.
	Lamesa Cable	Cable Broadband	Entry Level Plan	512/256	\$38.99	7000/1000	\$79.99	
			Highest Speed Plan	6000/1000	\$55.99	7000/2000	\$139.99	
Levelland, Texas			Other Plans (e.g., Mid-Tier Plan)	2000/256	\$43.99	NA	NA	
	Windstream	DSL	Entry Level Plan	3000/384	\$29.99	1500/384	\$34.99	Res. Intro offer first 24 months/business 2 year contract
			Highest Speed Plan	12000/768	\$44.99	12000/768	\$149.99	Res Intro offer first 24 months/business 2 year contract
			Other Plans (e.g., Mid-Tier Plan)	6000/384	\$34.99	3000/768	\$119.99	Res Intro offer first 24 months/business 2 year contract
	Suddenlink	Cable Broadband	Entry Level Plan	8000/512	\$88.00	4000/5000	\$70.00	Res-Internet not sold separate. Price based on 12 mo contract. Digital TV included
			Highest Speed Plan	8000/512	\$118.00	10000/1000	\$200.00	Res-Internet not sold separate. TV, Internet, phone. Price based on 12 mo contract.
			Other Plans (e.g., Mid-Tier Plan)	8000/512	\$108.00	8000/1000	\$130.00	Res-Internet not sold separate. TV, Internet, phone. Price based on 12 mo contract.

Littlefield, Texas	Windstream	DSL	Entry Level Plan	3000/384	\$29.99	1500/384	\$34.99	Res. Intro offer first 24 months/business 2 year contract
			Highest Speed Plan	12000/768	\$44.99	12000/768	\$149.99	Res Intro offer first 24 months/business 2 year contract
			Other Plans (e.g., Mid-Tier Plan)	6000/384	\$34.99	3000/768	\$119.99	Res Intro offer first 24 months/business 2 year contract
	ERF	Wireless Internet	Entry Level Plan	56/56	\$19.99	1500/1500	\$69.95	Speeds are advertised as burstable
			Highest Speed Plan	1500/1500	\$69.95	2000/2000	\$199.95	Speeds are advertised as burstable
			Other Plans (e.g., Mid-Tier Plan)	1000/1000	\$39.95	1500/1500	\$129.95	Speeds are advertised as burstable
Meadow, Texas	Windstream	DSL	Entry Level Plan	3000/384	\$29.99	1500/384	\$34.99	Res. Intro offer first 24 months/business 2 year contract
			Highest Speed Plan	12000/768	\$44.99	12000/768	\$149.99	Res Intro offer first 24 months/business 2 year contract
			Other Plans (e.g., Mid-Tier Plan)	6000/384	\$34.99	3000/768	\$119.99	Res Intro offer first 24 months/business 2 year contract
	ERF Wireless	Wireless Internet	Entry Level Plan	56/56	\$19.99	1500/1500	\$69.95	Speeds are advertised as burstable
			Highest Speed Plan	1500/1500	\$69.95	2000/2000	\$199.95	Speeds are advertised as burstable
			Other Plans (e.g., Mid-Tier Plan)	1000/1000	\$39.95	1500/1500	\$129.95	Speeds are advertised as burstable
New Deal, Texas	Reach Broadband	Wireless Internet	Entry Level Plan	256/256	\$29.95	256/256	\$29.95	Wireless to Satellite radio on house, Modem to ethernet inside home.
			Highest Speed Plan	1000/256	\$49.95	1000/256	\$49.95	Wireless to Satellite radio on house, Modem to ethernet inside home.
			Other Plans (e.g., Mid-Tier Plan)	512/256	\$35.95	512/256	\$35.95	Wireless to Satellite radio on house, Modem to ethernet inside home.
	ATT	DSL	Entry Level Plan	768/384	\$19.95	1500/384	\$35.00	
			Highest Speed Plan	6000/768	\$35.00	3000/512	\$40.00	
			Other Plans (e.g., Mid-Tier Plan)	3000/512	\$30.00	NA	NA	
Plainview, Texas	Suddenlink	Cable Broadband	Entry Level Plan	8000/512	\$88.00	4000/5000	\$70.00	Res-Internet not sold separate. Price based on 12 mo contract. Digital TV included
			Highest Speed Plan	8000/512	\$118.00	10000/1000	\$200.00	Res-Internet not sold separate. TV, Internet, phone. Price based on 12 mo contract.
			Other Plans (e.g., Mid-Tier Plan)	8000/512	\$108.00	8000/1000	\$130.00	Res-Internet not sold separate. TV, Internet, phone. Price based on 12 mo contract.
	AT&T	DSL	Entry Level Plan	768/384	\$19.95	1500/384	\$35.00	
			Highest Speed Plan	6000/768	\$35.00	3000/512	\$40.00	
			Other Plans (e.g., Mid-Tier Plan)	3000/512	\$30.00	NA	NA	
	NTS	DSL	Entry Level Plan	5000/512	\$24.95	1500/512	\$24.95	
			Highest Speed Plan	NA	NA	6000/512	\$49.95	
Ropesville, Texas	Windstream	DSL	Entry Level Plan	3000/384	\$29.99	1500/384	\$34.99	Res. Intro offer first 24 months/business 2 year contract
			Highest Speed Plan	12000/768	\$44.99	12000/768	\$149.99	Res Intro offer first 24 months/business 2 year contract
			Other Plans (e.g., Mid-Tier Plan)	6000/384	\$34.99	3000/768	\$119.99	Res Intro offer first 24 months/business 2 year contract
	ERF	Wireless Internet	Entry Level Plan	56/56	\$19.99	1500/1500	\$69.95	Speeds are advertised as burstable
			Highest Speed Plan	1500/1500	\$69.95	2000/2000	\$199.95	Speeds are advertised as burstable
			Other Plans (e.g., Mid-Tier Plan)	1000/1000	\$39.95	1500/1500	\$129.95	Speeds are advertised as burstable
Slanton, Texas	AT&T	DSL	Entry Level Plan	768/384	\$19.95	1500/384	\$35.00	
			Highest Speed Plan	6000/768	\$35.00	3000/512	\$40.00	
			Other Plans (e.g., Mid-Tier Plan)	3000/512	\$30.00	NA	NA	
	ERF		Entry Level Plan	56/56	\$19.99	1500/1500	\$69.95	Speeds are advertised as burstable
			Highest Speed Plan	1500/1500	\$69.95	2000/2000	\$199.95	Speeds are advertised as burstable
			Other Plans (e.g., Mid-Tier Plan)	1000/1000	\$39.95	1500/1500	\$129.95	Speeds are advertised as burstable
	Windstream	DSL	Entry Level Plan	3000/384	\$29.99	1500/384	\$34.99	Res. Intro offer first 24 months/business 3 year contract
			Highest Speed Plan	12000/768	\$44.99	12000/768	\$149.99	Res Intro offer first 24 months/business 1 year contract

Smyer, Texas			Other Plans (e.g., Mid-Tier Plan)	6000/384	\$34.99	3000/768	\$119.99	Res Intro offer first 24 months/business 1 year contract
	Suddenlink	Cable Broadband	Entry Level Plan	8000/512	\$88.00	4000/5000	\$70.00	Res-Internet not sold separate. Price based on 12 mo contract. Digital TV included
			Highest Speed Plan	8000/512	\$118.00	10000/1000	\$200.00	Res-Internet not sold separate. TV, Internet, phone. Price based on 12 mo contract.
			Other Plans (e.g., Mid-Tier Plan)	8000/512	\$108.00	8000/1000	\$130.00	Res-Internet not sold separate. TV, Internet, phone. Price based on 12 mo contract.
Tahoka, Texas	Windstream	DSL	Entry Level Plan	3000/384	\$29.99	1500/384	\$34.99	Res. Intro offer first 24 months/business 3 year contract
			Highest Speed Plan	12000/768	\$44.99	12000/768	\$149.99	Res Intro offer first 24 months/business 1 year contract
			Other Plans (e.g., Mid-Tier Plan)	6000/384	\$34.99	3000/768	\$119.99	Res Intro offer first 24 months/business 1 year contract
	NA		Entry Level Plan					
			Highest Speed Plan					
			Other Plans (e.g., Mid-Tier Plan)					
Wilson, Texas	Windstream	DSL	Entry Level Plan	3000/384	\$29.99	1500/384	\$34.99	Res. Intro offer first 24 months/business 3 year contract
			Highest Speed Plan	12000/768	\$44.99	12000/768	\$149.99	Res Intro offer first 24 months/business 1 year contract
			Other Plans (e.g., Mid-Tier Plan)	6000/384	\$34.99	3000/768	\$119.99	Res Intro offer first 24 months/business 1 year contract
	NA		Entry Level Plan					
			Highest Speed Plan					
			Other Plans (e.g., Mid-Tier Plan)					

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
Year 0	-	(b) (b) (b)	(b) (b) (b)
Year 1	Qtr. 1	(b) (b) (b)	(4) (4) (4)
	Qtr. 2	(b) (b) (b)	(4) (4) (4)
	Qtr. 3	(b) (b) (b)	(4) (4) (4)
	Qtr. 4	(b) (b) (b)	(4) (4) (4)
Year 2	Qtr. 1	(b) (b) (b)	(4) (4) (4)

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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.

[illegible]

- 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.

South Plains Association of Governments

Mary Beth Sims, Mayor, City of Smyer
PRESIDENT

Tim C. Pierce
EXECUTIVE DIRECTOR

May 13, 2009

Barbara Baldwin, President and CEO
NTS Communications, Inc.
5307 W. Loop 289
Lubbock, TX 79414-1610

Re: Support for the PRIDE Network

Dear Ms. Baldwin:

As you are aware, the South Plains Association of Governments ("SPAG") is a Council of Governments designated by the Governor of Texas and charged with improving the quality of life for all citizens living in the South Plains region of Texas by enhancing the capabilities of local governments and community organizations to respond to constituent needs. The Emergency Responders Advisory Committee within SPAG is developing a long-range plan for improving first-responder resources and capabilities, and NTS Communication's PRIDE Network proposal is particularly timely and relevant to assist in fulfilling SPAG's mission critical role of augmenting and improving public safety.

SPAG also provides a number of educational and support services to the public safety sector, including, among other things, E-911 crisis communications training classes, stress management, public education programs regarding E-911 services, law enforcement classes, and assistance to the elderly. The PRIDE Network would provide a much needed boost to SPAG's ability to more widely disseminate information to the public through distance learning, video webcasting, and other broadband-based initiatives. This is particularly important for the more vulnerable members of our community, such as the infirm or the elderly, for whom traveling even short distances can be a burdensome hardship.

The PRIDE Network proposal will also address a fundamental communications problem faced by the emergency responders SPAG serves. One of the most important duties SPAG performs is providing emergency communications equipment, training, and technical support to all 12 Public Safety Answering Points ("PSAPs") within the 15-county region served by SPAG in West Texas. A significant hurdle for emergency personnel in the field and PSAPs is the lack of interoperability among communications equipment deployed in the field. The disparate communications systems and transmission protocols used by various emergency departments and personnel often means that they cannot talk to each other to effectively coordinate their efforts. PRIDE Net will bridge that communications gap, and allow first responders in West Texas to communicate with each other using their existing radios, regardless of the frequencies or transmission technologies used, by transporting communications through the PRIDE Network and retransmitting wireless communications in the appropriate form. This enhanced

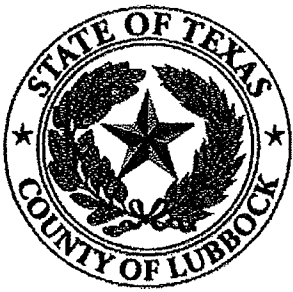
communications capability will not only save local governments money, but will also save lives by giving emergency personnel the ability to send and receive data and other vital information to all on-site personnel simultaneously and in real time.

SPAG is excited about the opportunities that the PRIDE Network will bring to improve the quality of life and enhance safety in the West Texas community, and we enthusiastically support the NTS Communications application for funding for this project.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Tim C. Pierce", written over the "Sincerely yours," text.

Tim C. Pierce
Executive Director



**OFFICE OF THE COUNTY JUDGE
LUBBOCK, TX**

**TOM HEAD
COUNTY JUDGE**

June 26, 2009

Barbara Baldwin, President and CEO
NTS Communications, Inc.
5307 W. Loop 289
Lubbock, TX 79414-1610

Re: Support for the PRIDE Network

Dear Ms. Baldwin:

Thank you for introducing me to the PRIDE network project. I am delighted that NTS Communications, Inc. is proposing to construct an extensive fiber optic network that will bring advanced broadband service to rural communities in the Texas South Plains region that currently lack high-speed Internet access, or access to advanced services, such as digital video services. Rural communities have historically been overlooked in the race to deploy broadband and other advanced services, and this endeavor will finally bring those areas in parity with their urban counterparts.

The constituents that live in the rural communities within Lubbock County and surrounding areas would welcome the benefits that this ambitious undertaking will bring, and particularly the economic stimulus and new jobs that the PRIDE network will create as a direct result of the proposed investments in the local communities that PRIDE will serve. The innovative open-access structure of the network, and the public-private partnership envisioned by this project promises to foster new levels of cooperation between government and industry, empower this state's rural communities to extend broadband access to greater numbers of rural residents than ever before, and enhance public safety capabilities and economic development.

The PRIDE network is precisely what Lubbock County needs in order to create additional jobs both in our county and in the depressed rural areas surrounding Lubbock. This project will establish a foundation that will attract businesses and foster future opportunities for the less populous regions of our state. I wholeheartedly give my support to NTS Communications in its application to the United States Department of Agriculture ("USDA") and/or the National Telecommunications and Information Administration ("NTIA") for grants and/or loans to fund the construction of the PRIDE network, and I urge approval of the application as soon as possible.

Please feel free to contact me or my staff if you have any questions.

Sincerely,

Thomas V. Head

Hon. Tom Head
Lubbock County Judge



April 28, 2009

Barbara Baldwin, President and CEO
NTS Communications, Inc.
5307 W. Loop 289
Lubbock, TX 79414-1610

Re: Support for the PRIDE Network

Dear Ms. Baldwin:

South Plains College is delighted to support NTS Communications's application for a grant to construct the PRIDE Network, which will provide broadband service to the South Plains College community. The college serves more than 17,000 students through its various educational programs. Although students attend classes on campus, South Plains College also provides instructional programs through its Distance Education Program and senior citizen outreach program. Currently, interactive two-way video distance education courses are only available at certain interactive television classrooms. However, PRIDE Net will make it possible for students to participate in an interactive two-way video distance education course from any computer connected to its advanced broadband service, without the need to travel to an interactive television classroom.

The PRIDE Network will be a boon for the college and its students by enabling educational services to be more easily available and accessible, and South Plains College looks forward to working with NTS Communications to meet the instructional needs of the local community at large.

Sincerely,

A handwritten signature in black ink, appearing to read "Tim Winders".

Tim Winders
Associate Dean of Information Technology



May 14, 2009

Barbara Baldwin, President and CEO
NTS Communications, Inc.
5307 W. Loop 289
Lubbock, TX 79414-1610

Re: Support for the PRIDE Network


Dear Ms. Baldwin:

This letter is written in support of the NTS Communications grant application for the PRIDE Network. Region 17 Education Service Center (ESC 17) is one of 20 regional service organizations created by the state legislature to provide services to school districts. Services include but are not limited to: providing support to school administration, instruction to increase student performance, workshops to enable school districts to operate more efficiently and economically, and implementation of state education initiatives. Broadband capabilities will enable ESC 17 to enhance its current offerings to the educational community and will allow more flexibility.

ESC 17 strongly believes that advanced broadband applications will enhance programs and services provided to regional school districts. These applications consist of video streaming, video on demand, virtual classrooms, video conferences with teaching specialists, online tracking of student progress, and distance learning. The PRIDE Network will provide much needed additional and advanced broadband services that will help ESC 17 to support school districts in their efforts to provide assistance to students outside the regular classroom environment.

Please feel free to contact me if you need any additional information.

Sincerely,


Kyle Wargo
Executive Director



May 21, 2009

Barbara Baldwin, President and CEO
NTS Communications, Inc.
5307 W. Loop 289
Lubbock, TX 79414-1610

Re: Support for the PRIDE Network

Dear Ms. Baldwin:

The Texas Tech University Health Sciences Center's (TTUHSC) F. Marie Hall Institute for Rural and Community Health educates health care providers, enhances access to health care, and contributes to a better quality of life for residents in West Texas. Three of the leading determinants of poor health – racial/ethnic minority status, geographic isolation, and poverty – can be found throughout the region. An economical way to overcome those challenges and disseminate health related information and care to needy rural community members is to leverage broadband access to enable them to receive the services they need either at home, or at community Internet access points, such as libraries or local education centers. However, in order for virtual outreach programs to be effective, rural areas must have better and more comprehensive access to broadband services.

Broadband service is not extensive throughout the TTUHSC service area. The proposed PRIDE Network provides a positive potential to expand health-related education and intervention programs such as telemedicine and online education to areas that currently do not have access to high-speed broadband connections. Much of our efforts are directed in the areas of health care workforce development, enhanced access with technology such as telemedicine, and rural research. For example, the West Texas Area Health Education Centers (WTAHEC) assists in the recruiting, training and retention of health professionals for underserved communities and populations through the hard work of five (5) centers in West Texas. Many of our programs can easily be accessed through the Internet, but several require that connection. WTAHEC programming could be expanded to additional locations by way of the PRIDE Network to further develop and improve health care services in rural areas.

The PRIDE Network is a much needed service and resource for West Texas, and we strongly support your efforts to obtain a federal grant to fund this important endeavor.

Sincerely,

A handwritten signature in black ink, appearing to read 'D. Lefforge', is written over the typed name and title.

David R. Lefforge, MBA, MS
Chief Operating Officer



NORTHWEST TEXAS SMALL BUSINESS DEVELOPMENT CENTER REGIONAL NETWORK

ABILENE

AMARILLO

LUBBOCK

MIDLAND/ODESSA

STEPHENVILLE

WICHITA FALLS

April 15, 2009

Barbara Baldwin, President and CEO
NTS Communications, Inc.
5307 W. Loop 289
Lubbock, TX 79414-1610

Re: Support for the PRIDE Network

Dear Ms. Baldwin:

The Northwest Texas Small Business Development Center, in connection with the U.S. Small Business Administration and Texas Tech University, is the premier resource center for the Texas South Plains region to assist new business startups. Since the mid-1990s, small businesses have created 60 to 80 percent of new jobs in America. In these difficult economic times, it is more important than ever that small business continue to have opportunities to thrive and expand, and to keep the economic engine of America from stalling out.

Businesses are increasingly becoming more global, and small businesses cannot afford to have their prospects limited by geographic constraints. The PRIDE Network and its broadband capabilities will enable small businesses to tap into previously inaccessible markets by having a virtual presence on the Web. However, PRIDE Net promises more than just fast Internet access. The network will allow small businesses to leverage broadband access to increase market exposure, improve efficiencies through broadband technologies such as inventory controls and virtual promotional campaigns, and expand into areas that would be prohibitively expensive to enter through conventional means.

The Northwest Texas Small Business Development Center looks forward to NTS Communications bringing the PRIDE Network to small businesses in the South Plains region, and fully supports its efforts to obtain funding from the federal government to create jobs and new opportunities for small businesses in Texas.

Sincerely,

Craig Bean
Executive Director
NWTSBDC
Texas Tech University



WorkForce Solutions
South Plains

May 19, 2009

Barbara Baldwin, President and CEO
NTS Communications, Inc.
5307 W. Loop 289
Lubbock, TX 79414-1610

Re: Support for the PRIDE Network

Dear Ms. Baldwin:

The worldwide economic recession has deeply affected all quarters of the community, and WorkForce Solutions South Plains is working to connect job seekers and employers to fill new or open job positions in the South Plains region. Often, the limiting factor for job seekers and businesses seeking to fill openings is the lack of broadband access. This issue is particularly important because the primary access to WorkForce Solutions' information is through Internet access to online postings and applications.

The PRIDE Network will make it possible for employers to expand the size of their potential labor pool by receiving applications from qualified candidates through WorkForce Solutions' job resources. Employers will not need to spend as much time or effort in recruiting since they can quickly identify potential candidates from their online applications. Job seekers will also be able to increase their employment prospects by finding and applying to positions made available as a result of the expanded broadband access. Ultimately, the employer, the job seeker, and South Plains communities will benefit from the opportunities that can be offered by expanding broadband access through the PRIDE Network.

WorkForce Solutions supports the NTS Communications' application for a grant to fund the PRIDE Network and welcomes the job creation potential it will bring to the South Plains region.

Sincerely,

Martin Aguirre
CEO, WorkForce Solutions South Plains



ROBERT DUNCAN
STATE SENATOR
DISTRICT 28

COMMITTEES:
STATE AFFAIRS, CHAIR
FINANCE
HIGHER EDUCATION
JURISPRUDENCE
NATURAL RESOURCES

June 24, 2009

Ms. Barbara Baldwin, President and CEO
NTS Communications, Inc.
5307 W. Loop 289
Lubbock, TX 79414-1610

Re: Support for the PRIDE Network

Dear Ms. Baldwin:

I am delighted that in the State Senate District I represent, NTS Communications, Inc. is proposing to construct an extensive fiber optic network that will bring advanced broadband service to rural communities in the Texas South Plains region that currently lack high-speed Internet access, or access to advanced services, such as digital video services. Rural communities have historically been overlooked in the race to deploy broadband and other advanced services, and this endeavor will finally bring those areas in parity with their urban counterparts. I have personally, over the years, met with community leaders throughout the District seeking solutions to this problem.

The constituents that live in the rural communities in my district would welcome the benefits this ambitious undertaking will bring, and particularly the economic stimulus and new jobs that the PRIDE network will create as a direct result of the proposed investments in the local communities that PRIDE will serve. The innovative open-access structure of the network and the public-private partnership envisioned by this project promises to foster new levels of cooperation between government and industry, empower this state's rural communities to extend broadband access to greater numbers of rural residents than ever before, and enhance public safety capabilities and economic development.

This project carries a broad base of support by those who organizations that understand the needs of this region. Organizations such as South Plains Association of Governments speak well for these constituents.

The PRIDE network is precisely what Texas needs in order to be technologically forward looking, create jobs in depressed rural areas, and establish a foundation that will attract businesses and foster future opportunities for the less populous regions of our state. I wholeheartedly give my support to NTS Communications in its application to the United States Department of Agriculture ("USDA") and/or the National Telecommunications and Information Administration ("NTIA") for a grants and/or loans to fund the

LUBBOCK DISTRICT OFFICE:
1500 BROADWAY
SUITE 902
LUBBOCK, TEXAS 79401
(806) 762-1122
1-800-546-9928
FAX (806) 749-2828
DIAL 711 FOR RELAY CALLS

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DIAL 711 FOR RELAY CALLS

CAPITOL OFFICE:
ROOM 3E.10
P.O. BOX 12068
AUSTIN, TEXAS 78711
(512) 463-0128
(800) 322-9538
FAX (512) 463-2424
DIAL 711 FOR RELAY CALLS

SAN ANGELO DISTRICT OFFICE:
36 WEST BEAUREGARD
SUITE 510
SAN ANGELO, TEXAS 76903
(915) 481-0028
1-800-558-9928
FAX (915) 655-2541
DIAL 711 FOR RELAY CALLS



ROBERT DUNCAN
STATE SENATOR
DISTRICT 28

COMMITTEES:
STATE AFFAIRS, CHAIR
FINANCE
HIGHER EDUCATION
JURISPRUDENCE
NATURAL RESOURCES

Page 2

construction of the PRIDE network, and I urge approval of the application as soon as possible.

Please feel free to contact me or my staff if you have any questions.

Sincerely,

A handwritten signature in black ink that reads "Robert Duncan".

Robert Duncan
Texas State Senate
District 28

LUBBOCK DISTRICT OFFICE:
1500 BROADWAY
SUITE 902
LUBBOCK, TEXAS 79401
(806) 762-1122
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South Plains Electric Cooperative, Inc.

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Fax: (806) 775-7796

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Lubbock, TX 79424
Fax: (806) 775-7880

Crosby County
Hwy. 62/82
Lorenzo, TX 79343
Fax: (806) 634-5679

Dickens Division
FM 836
Spur, TX 79370
(806) 271-3311
Fax: (806) 271-3746

Gate City Division
1900 Avenue C, N.W.
Childress, TX 79201
(940) 937-2565
Fax: (940) 937-2698

Administrative Office
South Plains Office Plaza
4727 S. Loop 289, Ste. 200
Lubbock, TX 79424
Fax: (806) 775-7851

August 3, 2009

Barbara Baldwin, President and CEO
NTS Communications, Inc.
5307 W. Loop 289
Lubbock, TX 79414-1610

Re: PRIDE Network & DOE Smart Grid Program

Dear Ms. Baldwin:

As you are aware, South Plains Electric Cooperative ("SPEC") is an electrical cooperative formed in 1937 to provide quality electrical service to rural citizens on the Texas South Plains. In furtherance of our mission to serve our member customers with world class service, in association with our upstream power generation provider, we have applied for a grant from the Department of Energy Smart Grid Investment Grant Program. Through this program, SPEC will be able to more efficiently deliver and control power distribution to its member customers.

One critical element to the success of Smart Grid technology deployment is reliable broadband connectivity to our participating sub-stations. This is especially true in our service area; where high quality broadband service is often lacking. Thus, the PRIDE Network proposal will address a fundamental communications issue as it relates to our attempt to successfully deploy Smart Grid Technology.

SPEC is excited about the opportunities that the PRIDE Network will bring to West Texas, and we support funding for this project.

Sincerely,

Randal Bailey
Director of Operations and Engineering

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						
Maximum Speed						
Other Business or Institution Tiers	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.					
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)	

39. Organizational Chart

Pride Network, Inc

(b) (4)



Xfone, Inc.

(b) (4)

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

Applicant Pride Network, Inc. ("Pride Net") is a recently formed company, created by its parent, NTS Communications, Inc. (together with its subsidiaries, "NTS"). Pride Net was formed specifically for the purpose of constructing and operating the Plains Regional Inter-County Data Enterprise fiber optic cable and broadband wireless network ("PRIDE Network") that is the subject of this application.

As a start up company, Pride Net has no historical financial statements. Pride Net, therefore, has submitted three years of historical financial statements for its parent, NTS. Pride Net also submits its balance sheet as of July 31, 2009.

For a discussion of the funding of Pride Net, please see Pride Net's response to Q51 – Commitment of Capital Funding Support and NTS's letter to Mr. Kenneth Kuchno, Director of RUS's Broadband Division, dated August 19, 2009, submitted herewith as part of Supplemental Information 3.

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

NTS financial statements for 2006 and 2007

Prior to December 31, 2007, NTS's accounting year was the 12-month fiscal year ended July 31st. Effective December 31, 2007, however, NTS changed its accounting year from fiscal year July 31st to the 12-month calendar year ended December 31st. The attached audited NTS financial statements for 2006 and 2007 therefore consist of: (1) NTS's financial statements for the fiscal years ended July 31, 2007 and 2006 and (2) NTS's financial statements for the five-month period ended December 31, 2007.

NTS financial statements for 2008

Effective December 31, 2008, NTS began reporting its financial condition and results of operations on a consolidated basis with its parent company, Xfone, Inc. Accordingly, audited financial statements for NTS on a standalone basis are no longer prepared. In lieu of audited financial statements, NTS has prepared -- solely for purposes of the submission of Pride's applications for funding under the Broadband Initiatives Program (BIP) -- internal consolidated financial statements of NTS on a standalone basis as of December 31, 2008.

These statements were prepared by Mr. Jerry Hoover, Chief Financial Officer of NTS. Mr. Hoover is an employee and an officer of NTS and is not independent with respect to these unaudited internal financial statements. A Certified Public Accountant for over 30 years, Mr. Hoover for the last 20 years has worked with accounting issues unique to the telecommunications industry. In addition to his business experience, Mr. Hoover has also taught accounting, taxation, and auditing at the university level.

**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

Less accumulated depreciation

(b) (4)

Property, equipment and improvements
in development

(b) (4)

Total property, equipment and improvements

(b) (4)

Other assets

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
Current maturity of long term debt
Accrued other liabilities
Deferred revenues
Customer deposits

\$ (b) (4)

(b) (4)

(b) (4)

(b) (4)

(b) (4)

Total current liabilities

(b) (4)

Long term liabilities

Long term debt, less current portion
Other long term liabilities
Deferred income tax

(b) (4)

(b) (4)

(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 issued
Additional paid in capital
Retained earnings-unrestricted

(b) (4)

(b) (4)

(b) (4)

(b) (4)

Treasury stock-702,878 shares

(b) (4)

(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)

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

(b) (4)



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

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

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

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

AS OF DECEMBER 31, 2008
(Continued)

4. LONG-TERM DEBT

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

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

AS OF DECEMBER 31, 2008
(Continued)

4. LONG-TERM DEBT, Continued

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

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:

<u>December 31,</u>	<u>Amount</u>
	\$
<div style="background-color: black; color: white; text-align: center; padding: 10px;">(b) (4)</div>	
Total minimum lease payments	<u>\$ (b) (4)</u>

NTS COMMUNICATIONS, INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

FIVE MONTHS ENDED DECEMBER 31, 2007

NTS COMMUNICATIONS, INC. AND SUBSIDIARIES

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phillips & associates, c.p.a.'s

building better businesses

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

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities

Accounts payable - trade and carrier charges
 Current maturities of long-term debt
 Accrued other liabilities
 Deferred revenues
 Customer deposits

\$ (b) (4)
 (b) (4)
 (b) (4)
 (b) (4)

Total current liabilities

(b) (4)

Long-term liabilities

Long-term debt, less current portion
 Deferred income taxes

(b) (4)
 (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
 Additional paid-in capital
 Retained earnings - unrestricted

(b) (4)
 (b) (4)
 (b) (4)
 (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	(b)	(b)	(b)	(b)	(b)
Dividends	(b)	(b)	(b)	(b)	(b)
Net income	(4)	(4)	(4)	(4)	(4)
Balance, December 31, 2007	(4)	(4)	(4)	(4)	(4)

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

Net cash provided (used) by investing activities

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

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

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)

A large rectangular area of the document is completely redacted with a solid black fill.

4. PROPERTY, EQUIPMENT AND IMPROVEMENTS

Estimated
Useful
Lives

(b) (4)

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5. NOTE PAYABLE

(b) (4)

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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)

6. LONG-TERM DEBT, Continued

(b) (4)



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

7. LEASES

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

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

Deferred tax (benefit)
payable

(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

(b) (4)



12. CONTINGENCIES

(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)
	(b)	(4)
\$	(b)	(4)

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

NTS COMMUNICATIONS, INC. AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF COST OF COMMUNICATION SERVICES
FIVE MONTHS ENDED DECEMBER 31, 2007

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)
Other costs		(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)
	\$	

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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phillips & associates, c.p.a.'s

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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	\$ 2,445,845	\$ 2,888,187
Note payable	(b) (4)	(b) (4)
Current maturities of long-term debt	(b) (4)	(b) (4)
Accrued other liabilities	(b) (4)	(b) (4)
Deferred revenues	(b) (4)	(b) (4)
Customer deposits	(b) (4)	(b) (4)
Total current liabilities	(b) (4)	(b) (4)
Long-term liabilities		
Long-term debt, less current portion	(b) (4)	(b) (4)
Deferred income taxes	(b) (4)	(b) (4)
Total long-term liabilities	(b) (4)	(b) (4)
Total liabilities	(b) (4)	(b) (4)
Stockholders' equity		
Common stock, no par value, authorized	(b) (4)	(b) (4)
11,000,000 shares, 1,962,029 shares issued	(b) (4)	(b) (4)
in 2007 and 2006	(b) (4)	(b) (4)
Additional paid-in capital	(b) (4)	(b) (4)
Retained earnings - unrestricted	(b) (4)	(b) (4)
Treasury stock at cost, 702,878 shares in 2007	(b) (4)	(b) (4)
and 2006	(b) (4)	(b) (4)
Total stockholders' equity	(b) (4)	(b) (4)
Total liabilities and stockholders' equity	\$ (b) (4)	\$ (b) (4)

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	(4)	(4)	(4)	(4)	(4)
Dividends					
Net income					
Balance, July 31, 2007	(4)	(4)	(4)	(4)	(4)

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	(b)	(4)
Capitalized depreciation	(b)	(4)
Increase (decrease) in deferred taxes	(b)	(4)
(Gain) loss on sale or disposal of assets	(b)	(4)
(Gain) loss on sale of investments	(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)
Other assets	(b)	(4)
Increase (decrease):		
Accounts payable - trade	(b)	(4)
Customer deposits	(b)	(4)
Deferred revenue	(b)	(4)
Accrued other liabilities	(b)	(4)
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	(b)	(4)
Change in partnership investment	(b)	(4)
Proceeds from sale of investments	(b)	(4)
Collection of note receivable	(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 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

(b) (4)

	2007	2006
\$	(b) (4)	(4)
\$	(b) (4)	(4)
\$	(b) (4)	(4)
\$	(b) (4)	(4)
\$	(b) (4)	(4)

3. INVESTMENTS

(b) (4)

(b) (4)

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)	(4)
Communications system in service	(b) (4)	(b) (4)	(4)
Building	(b) (4)	(b) (4)	(4)
Leasehold improvements	(b) (4)	(b) (4)	(4)
Office equipment	(b) (4)	(b) (4)	(4)
Computer hardware/software	(b) (4)	(b) (4)	(4)
Construction equipment	(b) (4)	(b) (4)	(4)
Vehicles	(b) (4)	(b) (4)	(4)
Data, telephone and video equipment - fiber network	(b) (4)	(b) (4)	(4)
Capitalized installation charges	(b) (4)	(b) (4)	(4)
Fiber optic system	(b) (4)	(b) (4)	(4)
Total property, equipment and improvements	\$	(b) (4)	(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)(b) (4) respectively. Total depreciation expense capitalized for the years ended July 31, 2007 and 2006 was (b) (4)(b) (4)(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:

<u>July 31,</u>	<u>Amount</u>
(b) (4)	(b) (4)
Total minimum lease payments	<u>\$ (b) (4)</u>

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

Lessor

NTS Management Company, L.L.C. (a consolidated subsidiary) is the lessor of the Metro Tower building located in Lubbock, Texas. The building was acquired in February, 1997 and has a capitalized amount of (b) (4)(b) (4)(b) (4)(b) (4) with corresponding accumulated depreciation of (b) (4)(b) (4)(b) (4) at July 31, 2007 and 2006, respectively.

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

<u>July 31,</u>	<u>Amount</u>
(b) (4)	(b) (4)
Total minimum future rentals	<u>\$ (b) (4)</u>

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)

(b) (4)

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:

	2007		2006	
	Current	Long-term	Current	Long-term
Difference in financial and tax depreciation	(b)	(4)	(b)	(4)
Provision for bad debts				
Provision for accrued vacation				
Difference in financial and tax goodwill amortization				
Net operating loss carryforward				
Deferred tax (benefit) payable				

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)(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

On August 2, 2007, the Company declared a cash dividend of \$2.40 per share payable on August 15, 2007, to stockholders of record on July 31, 2007.

In August, 2007, the Company announced that it had entered into a definitive agreement to sell at least 95% of the issued and outstanding shares of its common stock to Xfone, Inc. The agreement's expiration date is January 15, 2008 with an option to extend the date to February 15, 2008. The effective closing date is tentatively set for January 15, 2008.

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

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

\$ (b) (4)
____ (b) (4)
____ (b) (4)
____ (b) (4)
\$ (b) (4)

Total stockholders' equity

Total liabilities and stockholders' equity

SUPPLEMENTAL INFORMATION 1

Q13 – Proposed Funded Service Area (Last Mile Projects)

List of Contiguous Census Block Numbers

Applicant has uploaded its Census Block Numbers as **Supplemental Information 1** due to the length of the text. The broadbandusa.gov online application system would not accept the submission of this data because its length apparently exceeded the text limits for this response.

An electronic copy of this data is available upon request.

010200 3 3010	010200 7 7049	010508 2 2045	010600 1 1047
010200 4 4000	010200 7 7050	010508 2 2046	010600 1 1048
010200 4 4009	010200 7 7051	010508 2 2047	010600 1 1049
010200 4 4010	010200 7 7052	010600 1 1000	010600 1 1050
010200 4 4011	010200 7 7053	010600 1 1001	010600 1 1051
010200 4 4012	010200 7 7054	010600 1 1002	010600 1 1052
010200 4 4013	010200 7 7055	010600 1 1003	010600 1 1053
010200 4 4027	010200 7 7056	010600 1 1004	010600 1 1054
010200 6 6006	010200 7 7057	010600 1 1005	010600 1 1055
010200 6 6007	010200 7 7058	010600 1 1006	010600 1 1056
010200 6 6008	010200 7 7059	010600 1 1007	010600 1 1057
010200 6 6009	010200 7 7060	010600 1 1008	010600 1 1058
010200 6 6010	010200 7 7061	010600 1 1009	010600 1 1059
010200 6 6011	010200 7 7062	010600 1 1010	010600 1 1060
010200 6 6028	010200 7 7063	010600 1 1011	010600 1 1061
010200 6 6029	010200 7 7064	010600 1 1012	010600 1 1062
010200 6 6030	010200 7 7065	010600 1 1013	010600 1 1063
010200 6 6031	010200 7 7066	010600 1 1014	010600 1 1064
010200 6 6032	010200 7 7067	010600 1 1015	010600 1 1065
010200 7 7011	010200 7 7068	010600 1 1016	010600 1 1066
010200 7 7012	010200 7 7069	010600 1 1017	010600 1 1067
010200 7 7013	010200 7 7070	010600 1 1018	010600 1 1068
010200 7 7014	010200 7 7071	010600 1 1019	010600 1 1069
010200 7 7015	010200 7 7072	010600 1 1020	010600 1 1070
010200 7 7016	010200 7 7073	010600 1 1021	010600 1 1071
010200 7 7017	010200 7 7075	010600 1 1022	010600 1 1072
010200 7 7018	010200 7 7076	010600 1 1023	010600 1 1073
010200 7 7019	010200 7 7077	010600 1 1024	010600 1 1074
010200 7 7020	010200 7 7078	010600 1 1025	010600 1 1075
010200 7 7021	010200 7 7079	010600 1 1026	010600 1 1076
010200 7 7022	010200 7 7146	010600 1 1027	010600 1 1077
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950500 5 5005	950500 6 6004	950600 1 1122	950600 1 1195
950500 5 5006	950500 6 6005	950600 1 1123	950600 1 1213
950500 5 5007	950500 6 6006	950600 1 1124	950600 1 1214
950500 5 5008	950500 6 6007	950600 1 1125	950600 1 1215
950500 5 5009	950500 6 6008	950600 1 1126	950600 1 1216
950500 5 5010	950500 6 6009	950600 1 1127	950600 1 1217

950600 1 1218	950600 1 1355	950600 2 2121	950600 2 2217
950600 1 1219	950600 1 1355	950600 2 2122	950600 2 2219
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950600 1 1221	950600 1 1357	950600 2 2124	950600 2 2236
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950600 1 1311	950600 1 1550	950600 2 2140	950600 2 2345
950600 1 1312	950600 1 1553	950600 2 2154	950600 2 2472
950600 1 1313	950600 1 1554	950600 2 2156	950600 2 2489
950600 1 1314	950600 1 1613	950600 2 2157	950600 2 2490
950600 1 1315	950600 1 1742	950600 2 2158	950600 2 2491
950600 1 1316	950600 1 1743	950600 2 2159	950600 2 2502
950600 1 1317	950600 1 1744	950600 2 2160	950600 2 2503
950600 1 1318	950600 1 1763	950600 2 2161	950600 2 2519
950600 1 1319	950600 1 1764	950600 2 2162	950600 2 2572
950600 1 1320	950600 2 2003	950600 2 2163	950600 2 2573
950600 1 1321	950600 2 2004	950600 2 2164	950600 3 3086
950600 1 1322	950600 2 2015	950600 2 2165	950600 3 3087
950600 1 1323	950600 2 2025	950600 2 2166	950600 3 3088
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950600 1 1335	950600 2 2082	950600 2 2177	950700 1 1001
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950600 1 1337	950600 2 2084	950600 2 2179	950700 1 1003
950600 1 1338	950600 2 2085	950600 2 2180	950700 1 1007
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950600 1 1344	950600 2 2092	950600 2 2186	950700 2 2002
950600 1 1345	950600 2 2111	950600 2 2187	950700 2 2003
950600 1 1346	950600 2 2112	950600 2 2188	950700 2 2004
950600 1 1347	950600 2 2113	950600 2 2189	950700 2 2005
950600 1 1348	950600 2 2114	950600 2 2190	950700 2 2006
950600 1 1349	950600 2 2115	950600 2 2191	950700 2 2007
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950600 1 1352	950600 2 2118	950600 2 2194	950700 2 2010
950600 1 1353	950600 2 2119	950600 2 2197	950700 2 2011
950600 1 1354	950600 2 2120	950600 2 2199	950700 2 2012

950700 2 2013	950700 2 2074	950700 3 3047	950900 1 1006
950700 2 2014	950700 2 2075	950700 3 3048	950900 1 1007
950700 2 2015	950700 2 2076	950700 3 3049	950900 1 1008
950700 2 2016	950700 2 2077	950700 3 3050	950900 1 1009
950700 2 2017	950700 2 2078	950700 3 3051	950900 1 1010
950700 2 2018	950700 2 2079	950700 3 3052	950900 1 1011
950700 2 2019	950700 3 3002	950700 3 3053	950900 1 1012
950700 2 2020	950700 3 3003	950700 3 3054	950900 1 1013
950700 2 2021	950700 3 3004	950700 3 3055	950900 1 1014
950700 2 2022	950700 3 3005	950700 3 3056	950900 1 1015
950700 2 2023	950700 3 3006	950700 3 3059	950900 1 1016
950700 2 2024	950700 3 3007	950700 3 3060	950900 1 1017
950700 2 2025	950700 3 3008	950700 3 3061	950900 1 1018
950700 2 2026	950700 3 3009	950700 3 3062	950900 1 1019
950700 2 2027	950700 3 3010	950700 3 3063	950900 1 1020
950700 2 2028	950700 3 3011	950700 3 3064	950900 1 1021
950700 2 2029	950700 3 3012	950700 3 3065	950900 1 1022
950700 2 2030	950700 3 3013	950700 3 3066	950900 1 1023
950700 2 2031	950700 3 3014	950700 3 3067	950900 1 1024
950700 2 2032	950700 3 3015	950700 3 3068	950900 1 1025
950700 2 2033	950700 3 3016	950700 3 3069	950900 1 1026
950700 2 2034	950700 3 3017	950700 3 3070	950900 1 1027
950700 2 2035	950700 3 3018	950700 3 3071	950900 1 1028
950700 2 2036	950700 3 3019	950700 3 3072	950900 1 1029
950700 2 2037	950700 3 3020	950700 3 3073	950900 1 1030
950700 2 2048	950700 3 3021	950700 3 3074	950900 1 1031
950700 2 2049	950700 3 3022	950700 3 3075	950900 1 1032
950700 2 2050	950700 3 3023	950700 3 3076	950900 1 1033
950700 2 2051	950700 3 3024	950700 3 3077	950900 1 1034
950700 2 2052	950700 3 3025	950700 3 3080	950900 1 1035
950700 2 2053	950700 3 3026	950700 3 3081	950900 1 1036
950700 2 2054	950700 3 3027	950700 3 3082	950900 1 1037
950700 2 2055	950700 3 3028	950700 3 3083	950900 1 1038
950700 2 2056	950700 3 3029	950700 3 3084	950900 2 2003
950700 2 2057	950700 3 3030	950700 3 3085	950900 2 2004
950700 2 2058	950700 3 3031	950700 3 3086	950900 2 2005
950700 2 2059	950700 3 3032	950700 3 3087	950900 2 2006
950700 2 2060	950700 3 3033	950700 3 3088	950900 2 2007
950700 2 2061	950700 3 3034	950700 3 3089	950900 2 2008
950700 2 2062	950700 3 3035	950700 3 3090	950900 2 2009
950700 2 2063	950700 3 3036	950700 3 3091	950900 2 2010
950700 2 2064	950700 3 3037	950700 3 3092	950900 2 2011
950700 2 2065	950700 3 3038	950700 3 3093	950900 2 2012
950700 2 2066	950700 3 3039	950700 3 3094	950900 2 2013
950700 2 2067	950700 3 3040	950700 3 3095	950900 2 2014
950700 2 2068	950700 3 3041	950900 1 1000	950900 2 2015
950700 2 2069	950700 3 3042	950900 1 1001	950900 2 2016
950700 2 2070	950700 3 3043	950900 1 1002	950900 2 2017
950700 2 2071	950700 3 3044	950900 1 1003	950900 2 2018
950700 2 2072	950700 3 3045	950900 1 1004	950900 2 2019
950700 2 2073	950700 3 3046	950900 1 1005	950900 2 2020

950900 2 2021	950900 2 2072
950900 2 2022	950900 2 2073
950900 2 2023	950900 2 2074
950900 2 2024	950900 2 2075
950900 2 2025	950900 2 2076
950900 2 2026	950900 2 2077
950900 2 2027	950900 2 2078
950900 2 2028	950900 2 2079
950900 2 2029	950900 2 2080
950900 2 2030	950900 2 2081
950900 2 2031	950900 2 2082
950900 2 2032	950900 2 2083
950900 2 2033	950900 2 2084
950900 2 2034	950900 2 2085
950900 2 2035	950900 2 2086
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950900 2 2045	950900 2 2096
950900 2 2046	950900 2 2097
950900 2 2047	950900 2 2098
950900 2 2048	950900 2 2099
950900 2 2049	950900 2 2100
950900 2 2050	950900 2 2101
950900 2 2051	950900 3 3247
950900 2 2052	950900 3 3337
950900 2 2053	950900 3 3416
950900 2 2054	950900 3 3417
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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.**

(b) (4)

PRIDE Network
FTTP GPON Distribution
Model

(b) (4)

**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.**

**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.

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

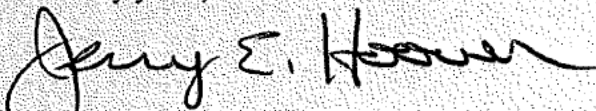
Dear Mr. Kuchno,

NTS Communications, Inc. will provide working capital for the PRIDE Network Projects in sufficient amounts to maintain, as a minimum, the cash balances shown on the projection of Cash Flows for the two projects we have applied for. The projected amount of the capital investment for each will be (b) (4) for a total investment of (b) (4). The investment will come directly from NTS Communications, Inc. as the parent company of the operating subsidiary, Pride Network, Inc. The investment will be used to provide permanent capital for the operating subsidiary. (b) (4)

(b) (4)

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: 1/12/2010 12:53:55 PM		Easygrants ID: 2443	
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: 1/12/2010 12:53:55 PM		Easygrants ID: 2443	
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-Net Pride Project
Technology Description**



Summary

NTS Communications, Inc. (NTS), through its subsidiary, PRIDE Network, Inc. (PRIDE Net) is fully capable of constructing and operating the Plains Regional Inter-county Data Enterprise (PRIDE) 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)



The PRIDE service area for the proposed BIP Pride Project will include the US census communities of Abernathy, Brownfield, Hale Center, Lamesa, Littlefield, Meadow, New Deal, Plainview, Ropesville, and Slaton in the counties of Dawson, Hale, Hockley, Lamb, Lubbock, Lynn, Terry 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 at least 93% rural and underserved, as evidenced by the market survey results, competitive analysis, on the ground research, and careful review of the incumbent provider's online broadband qualification tools, and will cover (b) (4)



Some of the communities proposed to be served by PRIDE Network, Inc. currently have broadband service, however, where service is available it is sporadic and limited. While broadband service exists in parts of the proposed service the area, the coverage is expensive and often limited to the most densely populated town centers, thus leaving the more rural areas insufficiently served. This includes 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 Network, Inc. will offer a competitive choice that will be far more affordable.

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will be instrumental in PRIDE Network, Inc.'s ability to maintain the project schedule.


PRIDE Network, Inc.'s service area will be divided into two portions:

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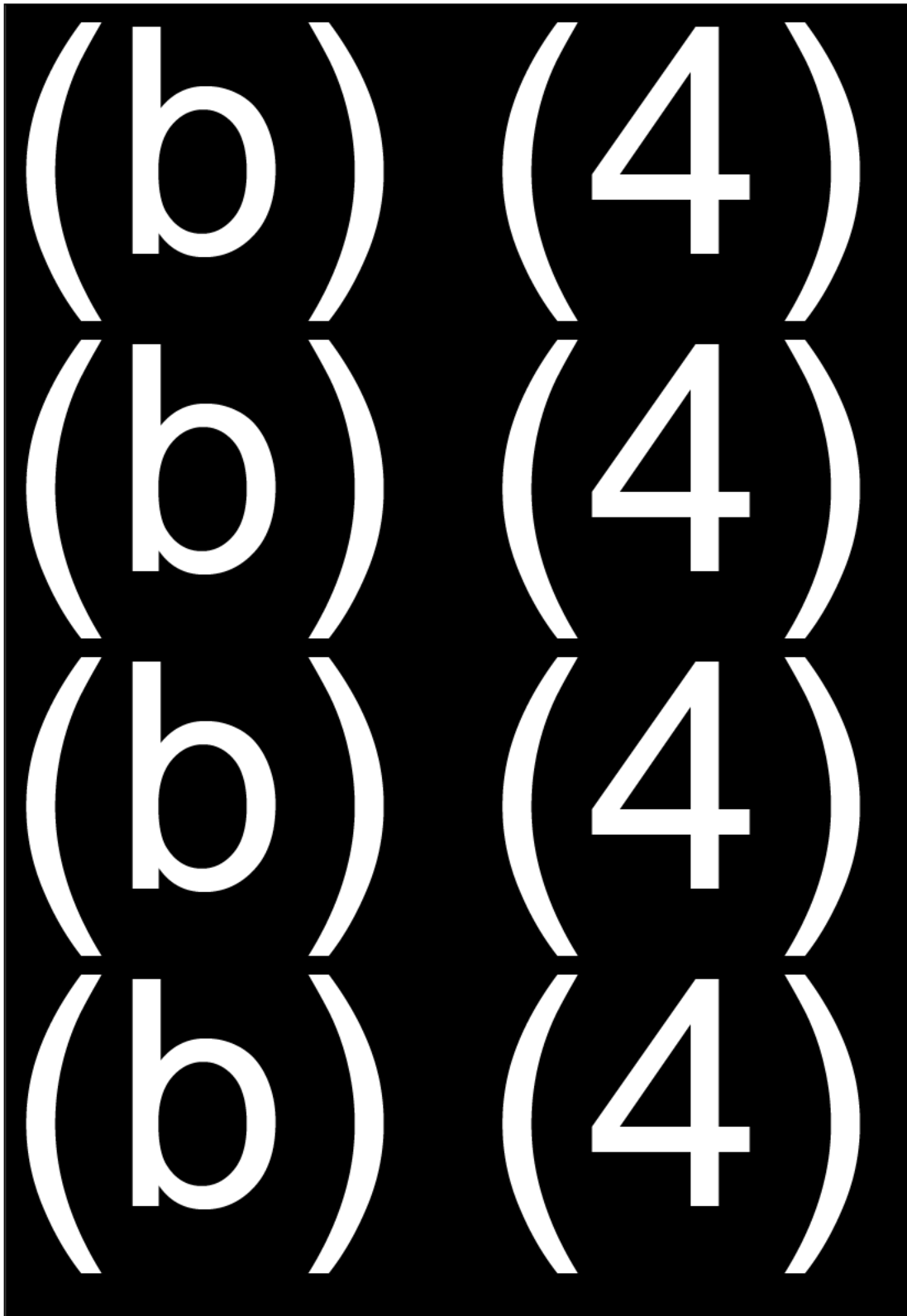


For each subscriber, up to three possible services are available:

1. Internet: PRIDE will provide high speed Internet to all subscribers that wish to have it within the proposed service area. It will conform to the Net Neutrality standards and as such will provide access to all public content of the Internet. (b) (4)

2. Voice: PRIDE's fiber and/or wireless customers will have Voice Over Internet Protocol (VOIP) telephone service available for purchase. Customers will be able to port their existing phone numbers if desired, or PRIDE will assign them a new number local to the exchange they are in. This service will include E-911, local and long distance options, as well as, all of the standard Class-5 features expected of a traditional telephone service, such as call forwarding, call waiting, voicemail, etc.

3. Video: (b) (4)


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



Broadband over Fiber Optics Technology

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Voice

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Data

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Video

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Wireline Access Network

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COMMUNITY	COUNTY	CO-LOCATION	REMOTE ACCESS NODES		(b) (4)
			FIBER HUT		
(b) (4)					

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Broadband over Wireless Technology

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Upon approval of funding accounting standards and methodologies will be established to meet (b) (4)

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Response	Percentage
Yes, the current administration is responsible	90%
No, the current administration is not responsible	10%

[REDACTED]

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PRIDE Network, Inc

Licenses/Approvals/Agreements

- General Service Agreement between NTS Communications Inc. & PRIDE Network, Inc.
- Interconnection Agreements
(b) (4)(b) (4)(b) (4)(b) (4)
- Internet Connection Agreement
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- Pole Attachment Agreement
(b) (4)
- Tower Agreement
 - Sample Commercial Lease Agreement
(b) (4)(b) (4)(b) (4)(b) (4)
- Video Carriage Agreement
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- SPCOA
- SIFCA- Application(10 day process)
- Non-Discrimination Agreement

NTS Communications Inc./PRIDE Network, Inc.

The following agreement between PRIDE Network, Inc. (PRIDE) and NTS Communications, Inc. (NTS) is a service agreement allowing PRIDE to operate within the management capacity of NTS. NTS operates a large existing network that will provide reliable support framework, back-office, and network interface infrastructure to its subsidiary, PRIDE. With this agreement, PRIDE will be able to immediately provide carrier class service and reliability within the proposed service area. PRIDE entered into this agreement with NTS on August 7, 2009.

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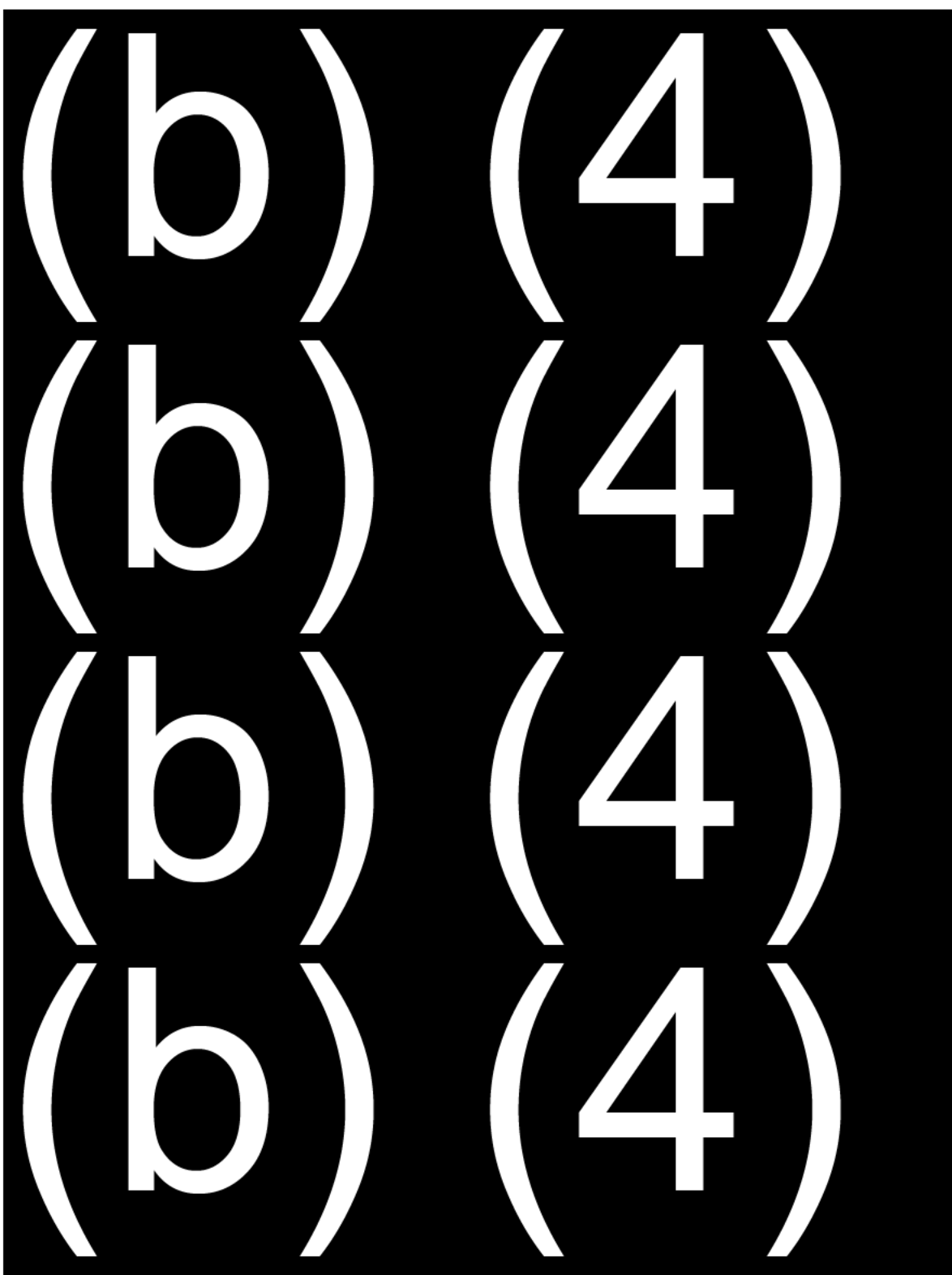
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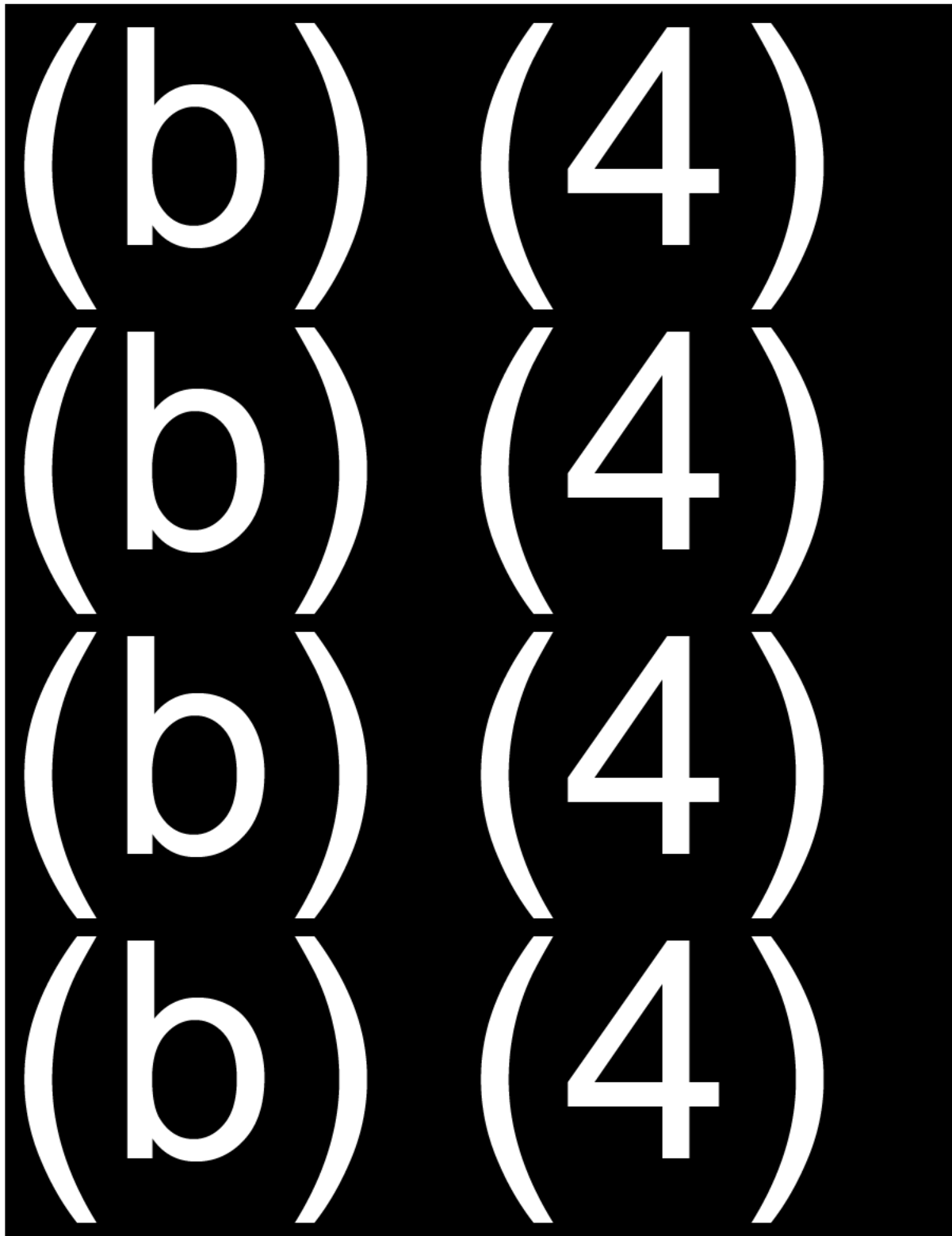
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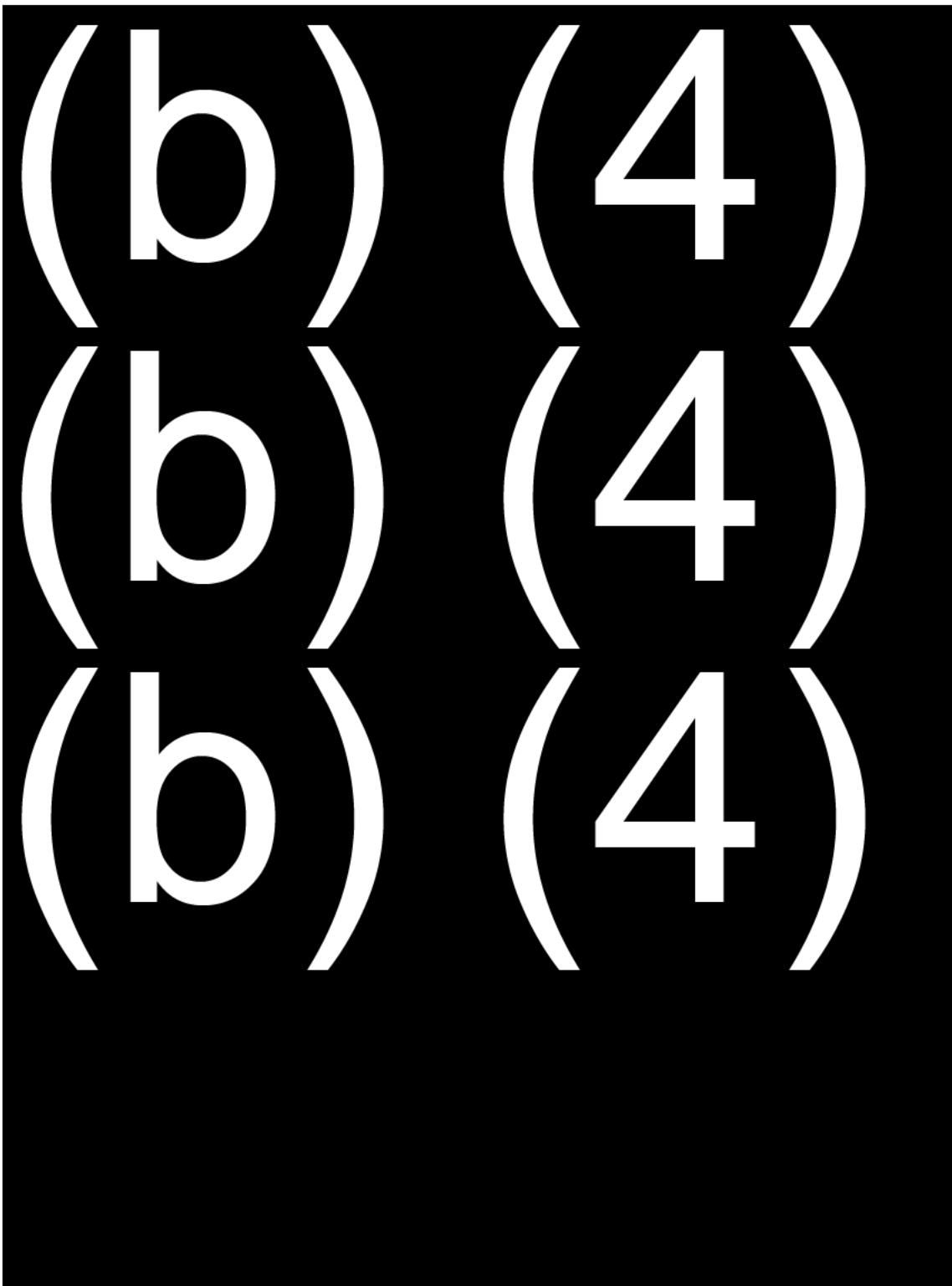


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EXHIBIT "A"
RATE SCHEDULE

Exhibit "A"

Rate Schedule

							NRC	MRC
Wholesale Services								
	Local Switching							
		Per switch Port					TBD	TBD
	Features							
		Caller ID					TBD	TBD
		Call Waiting					TBD	TBD
		Voice mail					TBD	TBD
	Usage Sensitive							
		DA					TBD	TBD
		DL					TBD	TBD
		Operator assisted calling					TBD	TBD
		White Pages Listing					TBD	TBD
	Long Distance							
		1+					TBD	TBD
		Toll Free					TBD	TBD
		Calling Card					TBD	TBD

								NRC	MRC
	Broadband								
		Residential							
			Per customer					TBD	TBD
		Business							
			Per meg					TBD	TBD
	Video Content								
		Per Customer						TBD	TBD
		Encryption (per cust)						TBD	TBD
		Minerva (per cust)						TBD	TBD
G&A Services									
	Billing							TBD	TBD% ¹ of Gross Revenue ²
	Management							TBD	TBD
	Occupancy							TBD	TBD
	Marketing							TBD	TBD

¹ The percentage of Gross Revenue shall apply to all services provided under G&A, except as specified in this Rate Schedule.

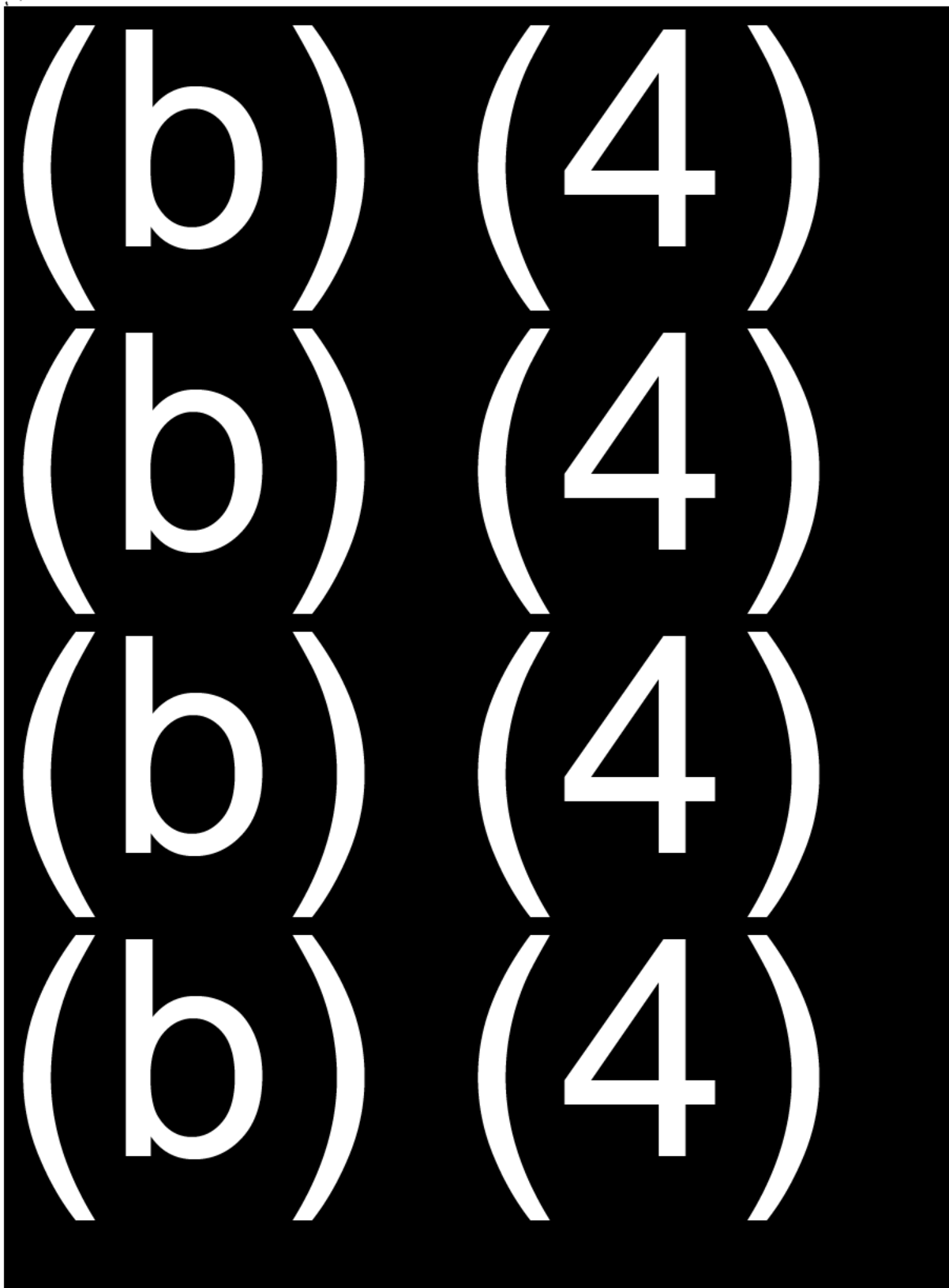
² **Gross Revenue** means all consideration of any kind or nature including without limitation cash, credits, property, and in-kind contributions (services or goods) derived from the operation of PRIDE's business. It does not include (i) any revenue not actually received, even if billed, such as bad debt, or (ii) any tax or fee of general applicability imposed by a city, state, federal, or any other governmental entity and required to be collected by PRIDE and remitted to the entity.

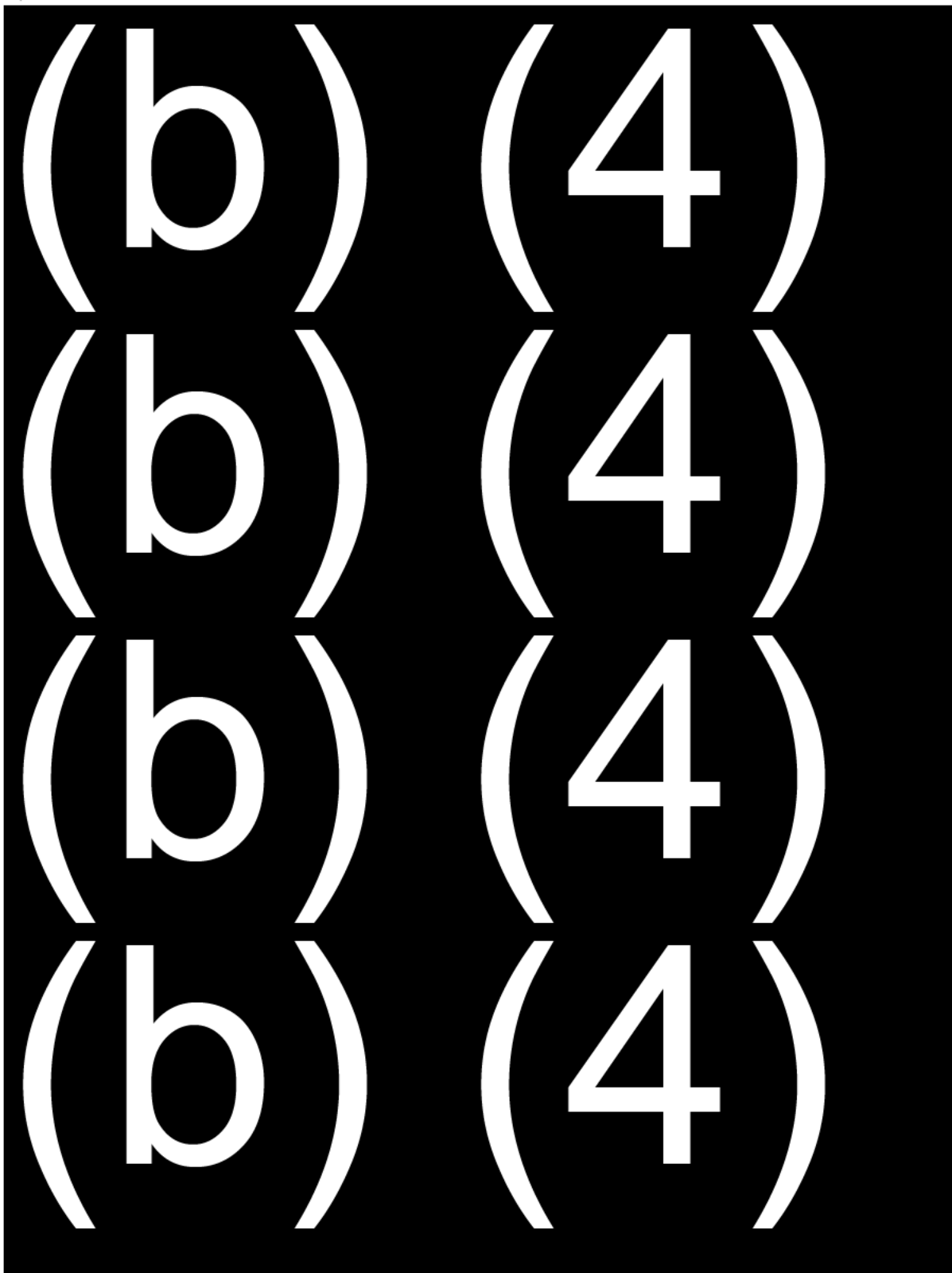
	Customer Care						TBD	TBD	
	Ordering, Provisioning and Engineering						TBD	TBD	
	Installation								
		Per customer					TBD	TBD	
	Maintenance								
		General Services					TBD	TBD	
		Truck Rolls					TBD	TBD	

NTS Communications, Inc./ Interconnection Agreements

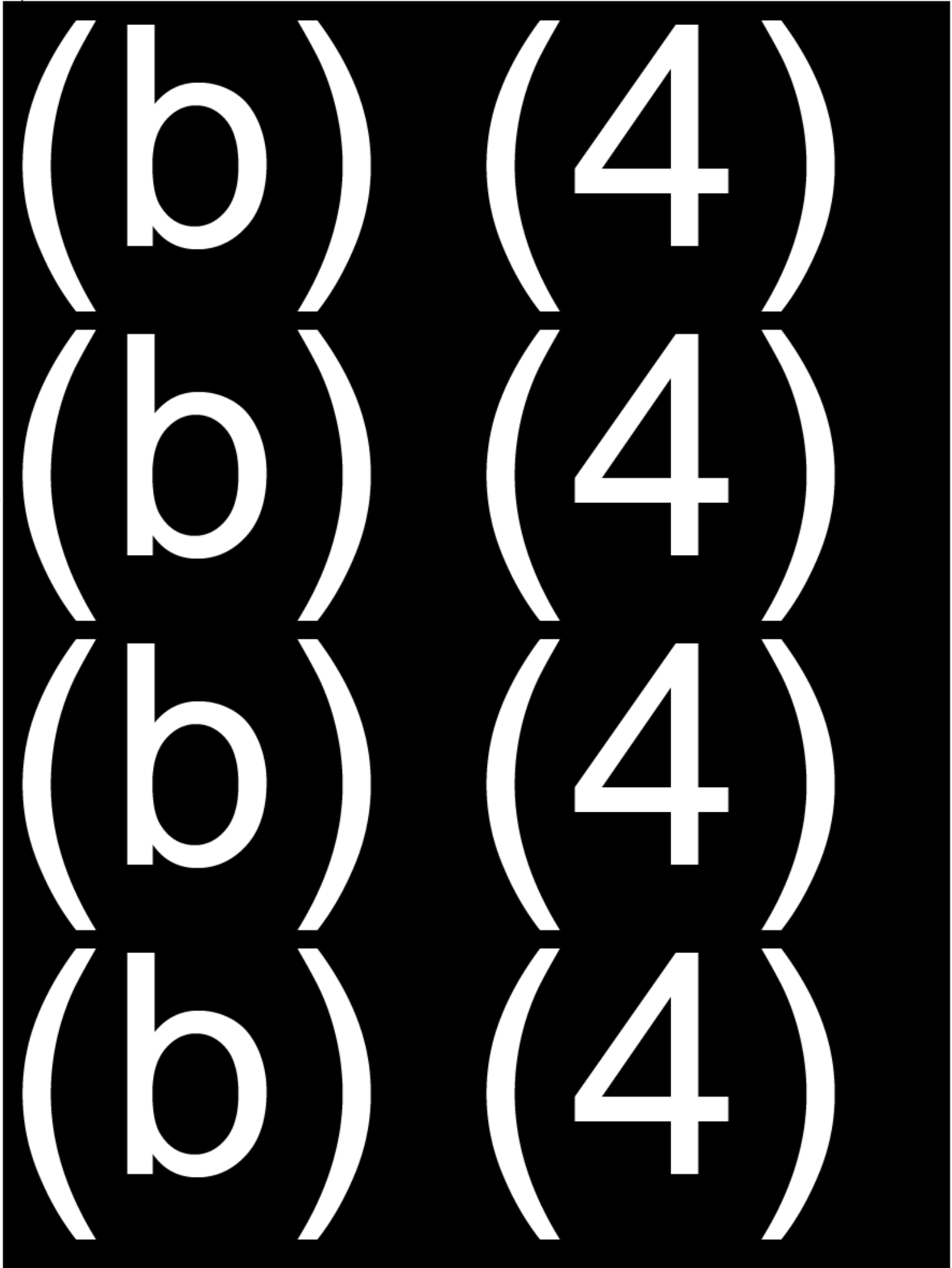
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NTS Confidential



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NTS Communications, Inc./ Internet Connection Agreements

The following agreements will be used by PRIDE Network, Inc. (PRIDE) through its parent organization NTS Communications, Inc. (NTS). NTS entered into Internet connection agreements with

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Upon approval, PRIDE will contact the previously mentioned companies in regards to integrating arrangements 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./ 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)

necessary. 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 Licensors of such defect and, at Licensors' sole option, Licensors shall undertake to remedy the defect or provide Licensee with a title policy with such defect removed or affirmatively insured over. In the event Licensors 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 Licensors. 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 Licensors; 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 Licensors 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 Licensors, 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, Licensors shall provide Licensee copies of all plans, specifications, surveys and tower maps for the Land or Tower in Licensors' possession or available to Licensors. Any expense related to copying such materials shall be paid by Licensee.

(b) Licensors 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. Licensors 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 Licensors unless the damage to the Tower is caused by Licensee, in which case Licensors shall repair such damage and Licensee will reimburse Licensors for all costs and expenses incurred by Licensors 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 Licensors may remove the Facilities and dispose of same in Licensors 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, Licensors 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. Licensors 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 Licensors 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 Licensors 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 Licensors for damages and to indemnify and to hold Licensors 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, Licensors 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 Licensors as Licensee's licensor 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 Licensors 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) Licensors, at Licensors'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. Licensors 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 Licensors'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 Licensors's interest in the Site or otherwise. Licensee shall allow Licensors 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 Licensors 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 Licensors 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. Licensors represents, warrants and agrees (1) that neither Licensors nor, to Licensors'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 Licensors will not generate, store or dispose of any Hazardous Material on, under, about or within the Site in violation of any law or regulation. Licensors 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: _____

Name: _____

Title: _____

Date: _____, 20__

By: _____

Name: _____

Title: _____

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

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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: _____

Name: _____

Title: _____

Date: _____, 20____

By: _____

Name: _____

Title: _____

Date: _____, 20____

Licensee Site Number and Name: _____

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/ NCTC

The following agreement will be used by PRIDE Network, Inc. (PRIDE) through a service agreement with its parent company, NTS Communications Inc. (NTS). NTS entered into an agreement with the

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(b) (4) 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 document will be provided to BIP.

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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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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**

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**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.

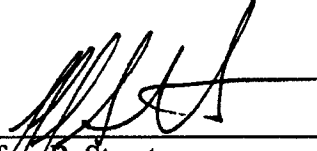
Staff respectfully requests that an order be issued consistent with this recommendation.

Date: September 2, 2009

Respectfully Submitted,

Thomas S. Hunter
Division Director-Legal Division

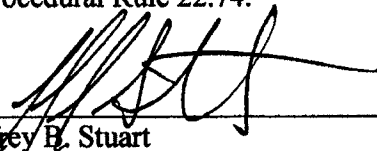
Keith Rogas
Deputy Division Director-Legal Division



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 *GHV*

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 *A.S.W.*
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

State-Issued Certificate of Franchise Authority (SICFA) Application

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.

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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:

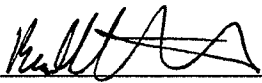
By this letter, PRIDE Net, Inc. ("PRIDE Net") agrees that it will adhere to the non-discrimination principals required by the Broadband Initiatives Program and the FCC's Internet Policy Statement in FCC 05-151. Network access will be allowed at any reasonable network interconnection point at cost. Furthermore, 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 2443

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
Key Financing Terms and Conditions: Outlined Below

Investment in PRIDE Network Project

NTS Communications, Inc. will provide working capital for the PRIDE network Project in sufficient amounts to maintain, as a minimum, the cash balances shown on the projection of Cash Flows. The investment will come directly from NTS Communications, Inc. as the 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 than those amounts forecast in the Cash Flow Projections included with this application.

Mr. Jerry E Hoover

A handwritten signature in black ink, appearing to read "Jerry E. Hoover", written over a horizontal line.

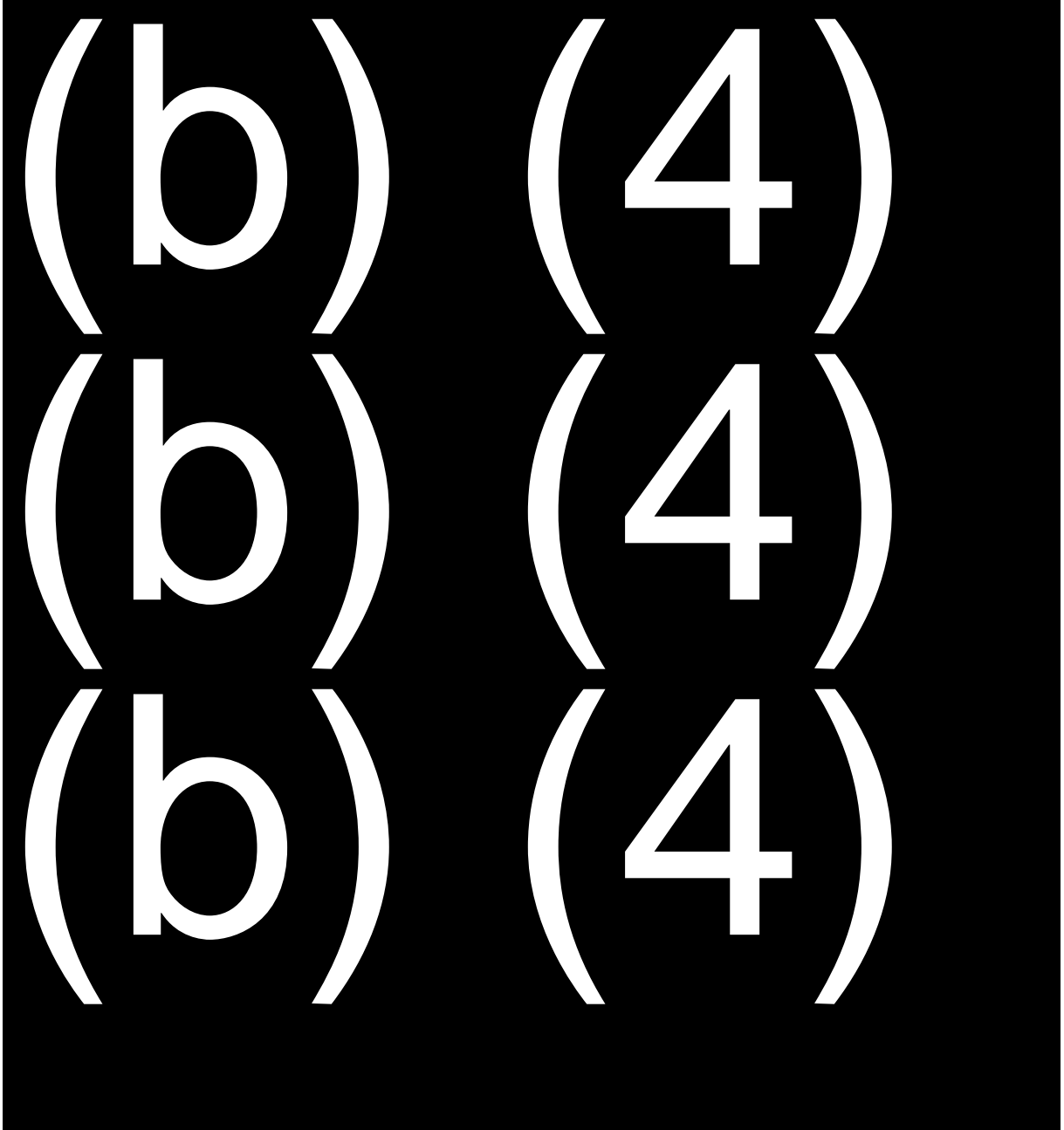
NTS Communications, Inc.
Executive Vice President – CFO

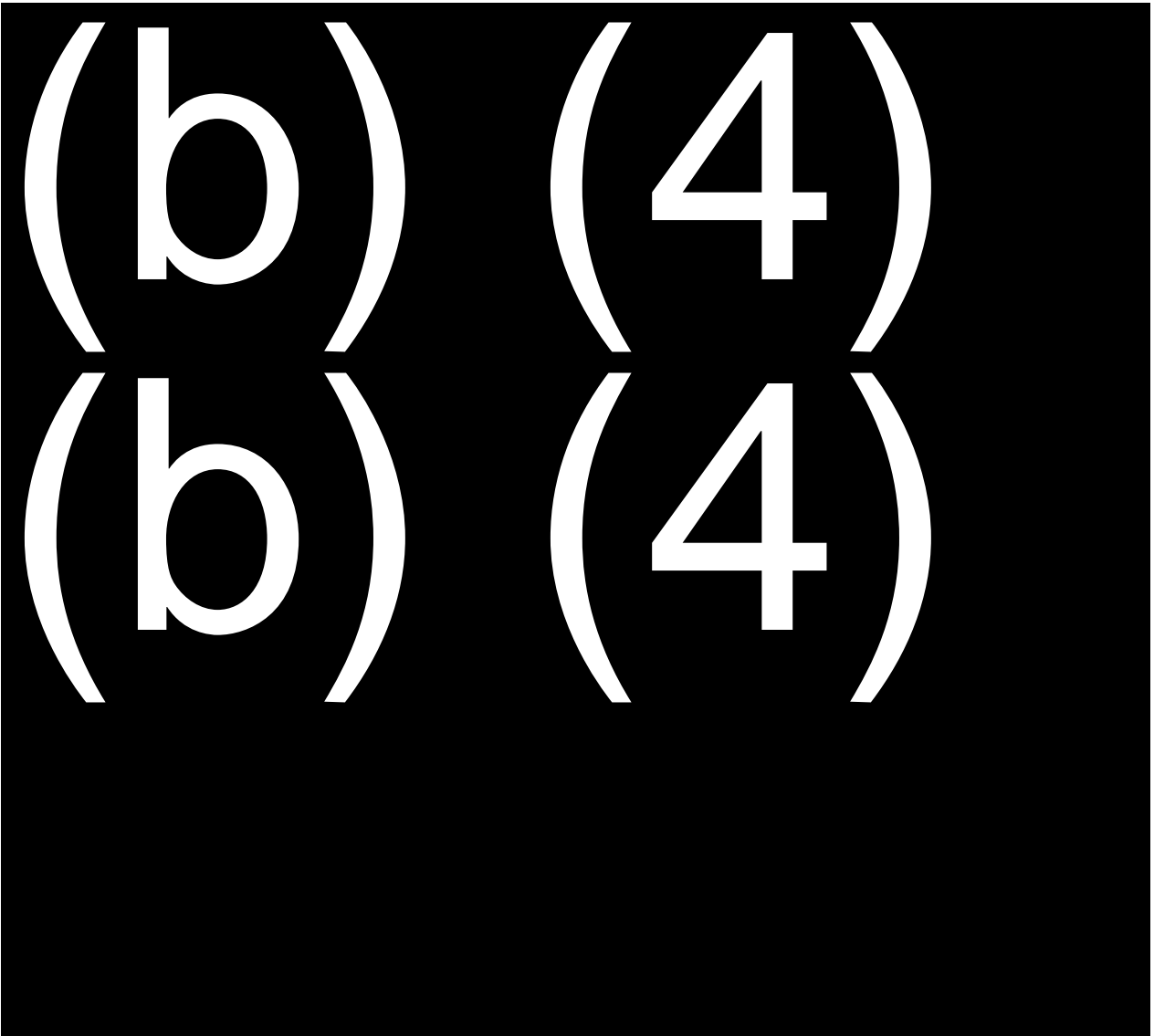
Item No. 6
NTS Communications, Inc./ Outstanding Obligations

As a newly formed entity, PRIDE Network, Inc. (PRIDE) does not have any outstanding debts or obligations. Accordingly, PRIDE does not have any notes, loan and security agreements, guarantees, or other outstanding obligations to report. PRIDE will rely on the capital commitment of its parent, NTS Communications, Inc, in order to fund its operations and to complete the proposed project. *See* NTS Communications, Inc.'s commitment letter submitted in response to Item No. 5 – Commitment of Capital Funding.

**PRIDE Network, Inc.- PRIDE Network
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 2443



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

Filing Fee: \$300

**Certificate of Formation
For-Profit Corporation**

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**

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MINUTE BOOK AND CORPORATE RECORDS

(b) (4)



ISSUANCE OF SHARES

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Corporation to transact business therein.

FURTHER INSTRUCTIONS TO OFFICERS

Upon motion duly made, seconded and carried, it was

RESOLVED, that the officers of the Business Corporation are authorized to do all things and take all action necessary and helpful to carry out the above resolutions and all acts of the officers and any persons acting for the Business Corporation which are consistent with the above resolutions are ratified and adopted as the acts of the Business Corporation.

Upon motion duly made, seconded and carried, it was

RESOLVED that the signing of these minutes shall constitute full ratification thereof and waiver of notice of the meeting by the signatories.

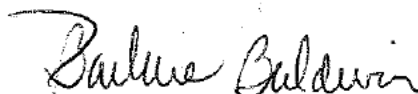
The Chairman asked whether there was any further business to come before the Directors at this meeting, and there being no response, the meeting was adjourned.

DATE: April 2, 2009.



Brad Worthington
Secretary

APPROVED:



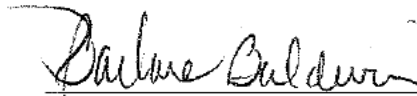
Barbara Baldwin



Brad Worthington

WAIVER OF NOTICE AND CONSENT

RESOLVED, that the undersigned, being all of the members of the initial Board of Directors of PRIDE Network, Inc. named in the Business Corporation's Certificate of Formation filed with the Secretary of State of Texas, by approving the Minutes of the Organizational Meeting of the Directors, and by this resolution, do hereby waive notice of the time and place of the meeting, consent to the meeting and approve the contents of the Minutes of the Organizational Meeting of the Directors.



Barbara Baldwin

Date signed: 4-21-2009



Brad Worthington

Date signed: 4/21/09

**BYLAWS
OF
PRIDE NETWORK, INC.**

ARTICLE I - OFFICES

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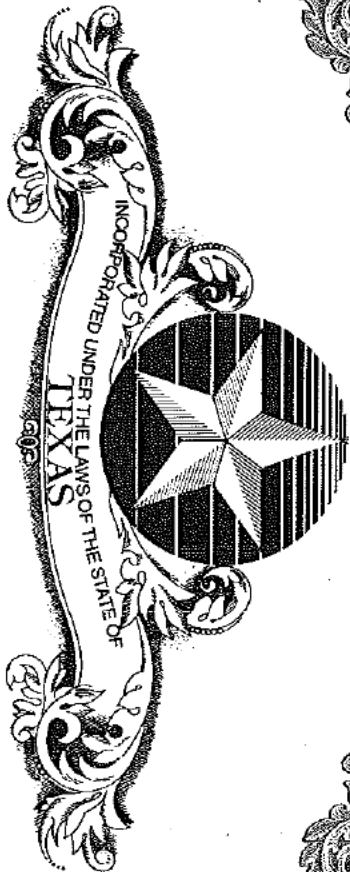


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PRIDE Network, Inc.

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

This Certificate

NTS Communications, Inc.

One Thousand

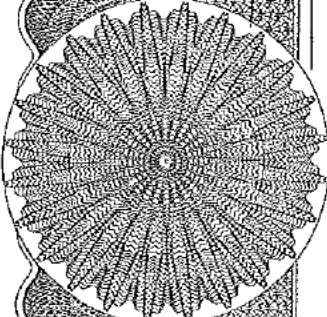
non-assessable Shares of the above Corporation transferable only on the books of the Corporation by the holder hereof in person or by duly authorized Attorney upon surrender of this Certificate properly endorsed.

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

SECRETARY/TREASURER

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

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.



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
CINCINNATI OH 45999-0023

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*.

If you are required to deposit for employment taxes (Forms 941, 943, 940, 944, 945, CT-1, or 1042), excise taxes (Form 720), or income taxes (Form 1120), you will receive a Welcome Package shortly, which includes instructions for making your deposits electronically through the Electronic Federal Tax Payment System (EFTPS). A Personal Identification Number (PIN) for EFTPS will also be sent to you under separate cover. Please activate the PIN once you receive it, even if you have requested the services of a tax professional or representative. For more information about EFTPS, refer to Publication 966, *Electronic Choices to Pay All Your Federal Taxes* and Publication 4248, *EFTPS (Brochure)*. If you need to make a deposit before you receive your Welcome Package, please visit an IRS taxpayer assistance center to obtain a Federal Tax Deposit Coupon, Form 8109-B. To locate the taxpayer assistance center nearest you, visit the IRS Web site at <http://www.irs.gov/localcontacts/index.html>. Note: You will not be able to obtain Form 8109-B by calling 1-800-829-TAXFORMS (1-800-829-3676).

The IRS is committed to helping all taxpayers comply with their tax filing obligations. If you need help completing your returns or meeting your tax obligations, Authorized e-file Providers, such as Reporting Agents (payroll service providers) are available to assist you. Visit the IRS Web site at www.irs.gov for a list of companies that offer IRS e-file for business products and services. The list provides addresses, telephone numbers, and links to their Web sites.

To obtain tax forms and publications, including those referenced in this notice, visit our Web site at www.irs.gov. If you do not have access to the Internet, call 1-800-829-3676 (TTY/TDD 1-800-829-4059) or visit your local IRS office.

IMPORTANT REMINDERS:

- * Keep a copy of this notice in your permanent records. This notice is issued only one time and the IRS will not be able to generate a duplicate copy for you.
- * Use this EIN and your name exactly as they appear at the top of this notice on all your federal tax forms.
- * Refer to this EIN on your tax-related correspondence and documents.

If you have questions about your EIN, you can call us at the phone number or write to us at the address shown at the top of this notice. If you write, please tear off the stub at the bottom of this notice and send it along with your letter. If you do not need to write us, do not complete and return the stub. Thank you for your cooperation.

Keep this part for your records.

CP 575 A (Rev. 7-2007)

Return this part with any correspondence so we may identify your account. Please correct any errors in your name or address.

CP 575 A

9999999999999

Your Telephone Number Best Time to Call
() -

DATE OF THIS NOTICE: 04-09-2009

EMPLOYER IDENTIFICATION NUMBER: 26-4635609

FORM: SS-4

NOBOD

INTERNAL REVENUE SERVICE
CINCINNATI OH 45999-0023

XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX

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

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 Network, Inc. (PRIDE) 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 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:

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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.

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- 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.

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Outside Plant Construction

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- iv. **Buildings:** Describe buildings or other structures (i.e., transmission facilities), including dimensions, to be constructed or modified. For linear projects, state

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Outside Plant Construction

Confidential

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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. The following maps indicate the proposed construction route.

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- 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

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</i> (=Stygonectes) <i>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>)
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</i> (=Felis) <i>yagouaroundi cacomitli</i>)
E	Manatee, West Indian (<i>Trichechus manatus</i>)
E	Margay Mexico southward (<i>Leopardus</i> (=Felis) <i>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>)

Status	Species/Listing Name
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>)
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>)
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</i> ssp. <i>texensis</i>)
E	Pitaya, Davis' green (<i>Echinocereus viridiflorus</i> var. <i>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

- viii. <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

The proposed fiber construction route and the locations of the proposed new wireless tower sites have been compared to the FEMA flood maps and it has been determined that no project site is within a 100 or 500 year floodplain.

- ix. **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 SHPO/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 there is only one

property adjacent to the proposed construction. No proposed project site will impact any cultural resource, historic place, tribal land or other protected lands.

(b) (4)

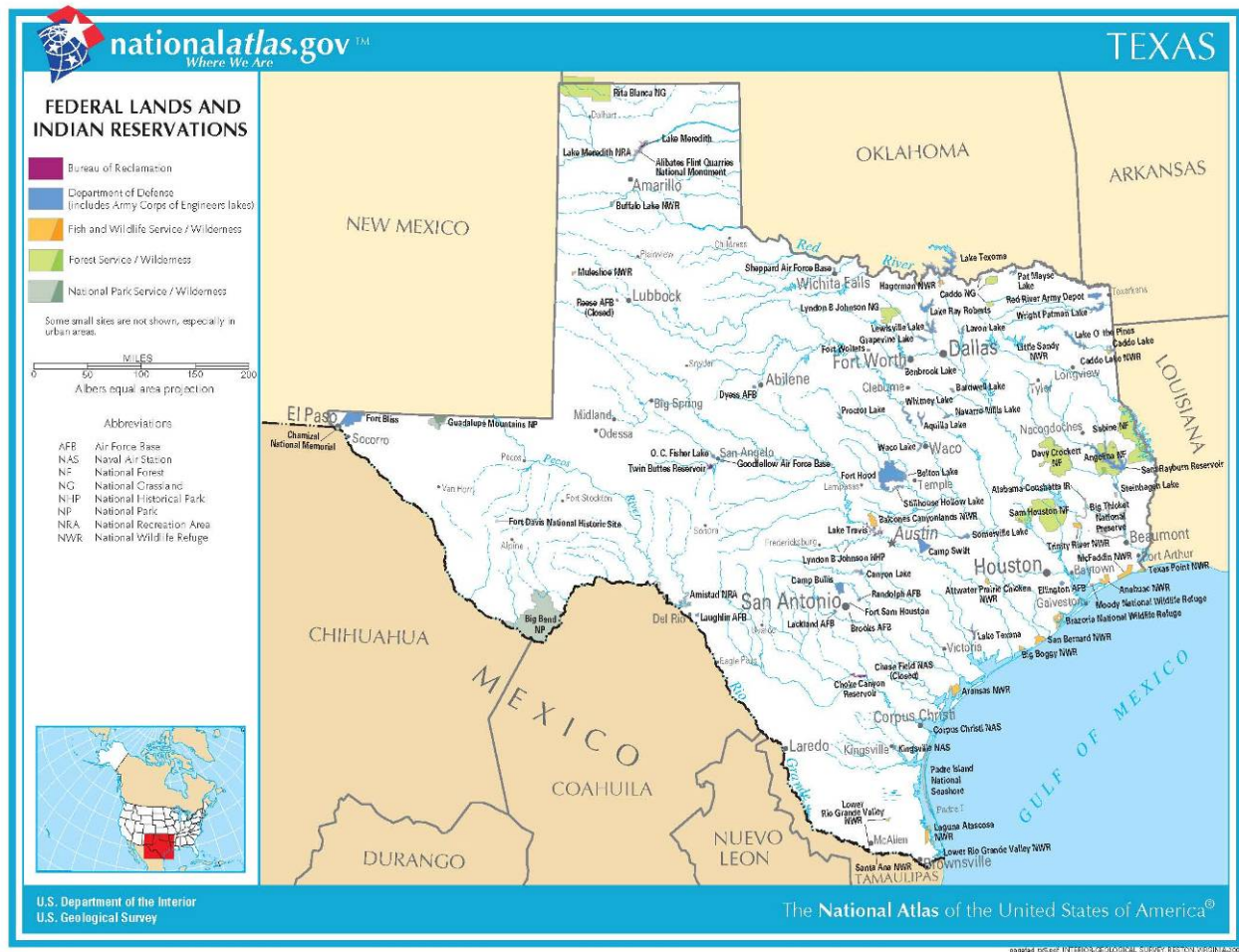


(b) (4)



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.



- x. **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>

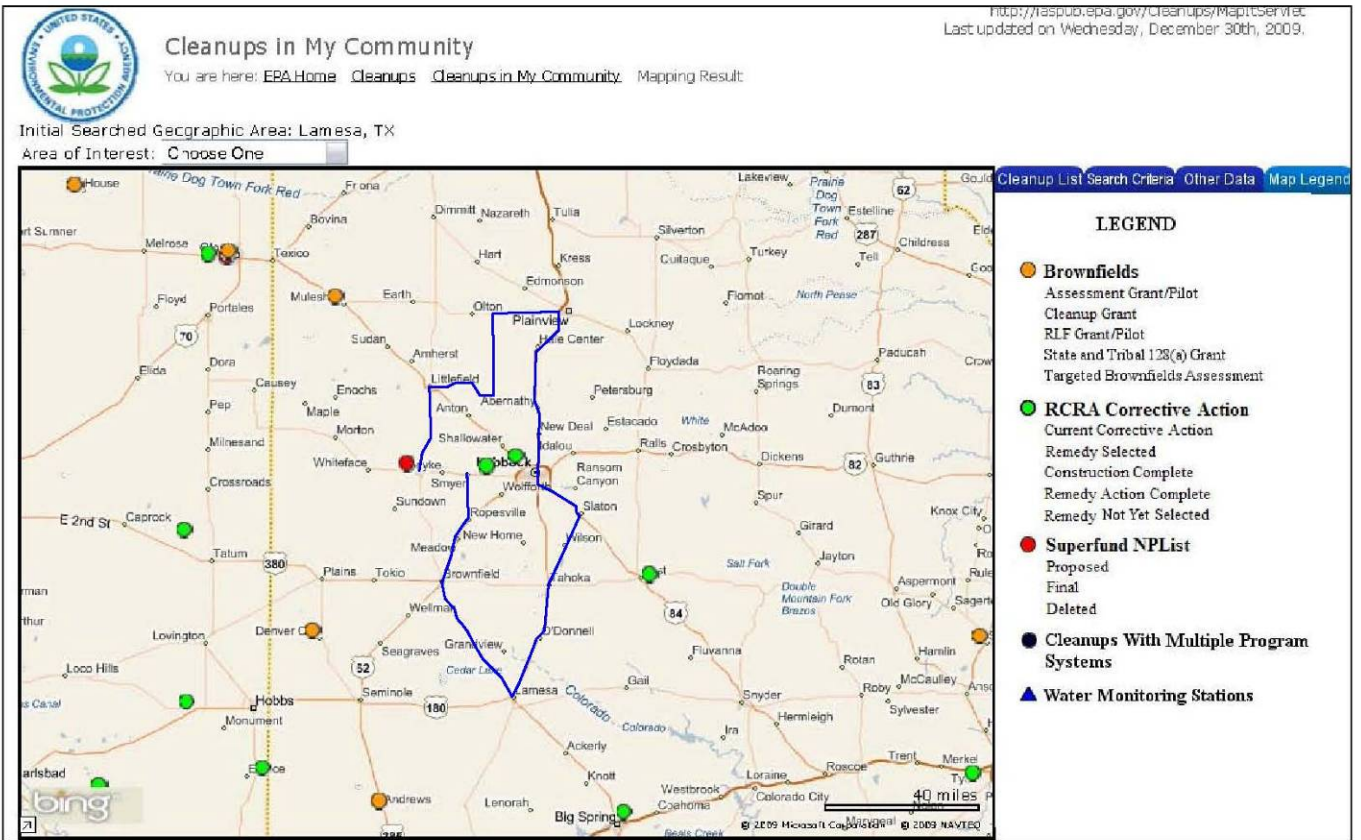
Findings

The proposed fiber construction route and the locations of the proposed wireless towers construction sites have been compared to the Coastal Zone Management Area maps and it has been determined that no project site is within a Coastal Zone Management Area.

- xi. **Brownfields:** Determine whether the project is located within a brownfield site. Per 42 U.S.C. 9601, the term "brownfield site" means real property, the expansion, redevelopment, or reuse of which may be complicated by the presence or potential presence of a hazardous substance, pollutant, or contaminant. Maps and locations of sites, facilities and properties that have been contaminated by hazardous materials and are being, or have been, cleaned up under EPA's Superfund, RCRA and/or brownfields cleanup programs can be found at the following website: <http://iaspub.epa.gov/Cleanups/>

Findings

The proposed cable construction route and the locations of the proposed wireless towers have been compared to the Environmental Protection Agency's Brownfield maps and it has been determined that no project site is within or adjacent to a Brownfield site. Although there are RCRA Corrective actions in the area, the proposed construction will not affect the Environmental Protection Agency's RCRA sites.



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- PRIDE Network
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
tslee@venable.com (202) 334-8065

Mr. Brad Worthington- President, NTS Communications
bradw@ntscom.com (806) 797-0687

Mr. Aaron Peters- Vice President of Sales & Marketing, NTS Communications
aaron.peters@ntscom.com (806) 797-0687

Mr. Scott Mackinaw- Vice President of Inside Plant, Fail Engineering Company
smackinaw@jdfec.com (601) 764-2195

Ms. Courtney Binford- Fiber Project Manager, NTS Communications
courtney.binford@ntscom.com (806) 797-0687

PRIDE Network, Inc.
5307 West Loop 289
Lubbock TX 79414-1610

May 8, 2013

Mrs. Farwa Naqvi, Chief
Engineering Branch – Broadband Division
Rural Development, Utilities Program
USDA – RDUP, Stop 1599
1400 Independence Ave., SW, Rm 2868
Washington, DC 20250-1599

Re: PRIDE Network, Inc. Loan/Grant designated TX 1114-A40
Budget Reallocation Request in amount \$560,000

Dear Mrs. Naqvi:

PRIDE Network, Inc. (PRIDE) TX1114 B40 requests a reallocation of approved budget funds from the General & Contingency budget to Professional Services (Engineering) budget in amount of (b) (4)

General & Contingency Budget – Originally approved budget for special equipment needs such as bucket trucks and test equipment for the installation of the fiber network for the project were able to be avoided by utilizing construction contractors. Below is a summary of quoted costs for the only equipment which will be purchased via work order for this category. A significant surplus will be realized in the budget category and PRIDE requests permission to reallocate (b) (4) from this budget.

Mobile Generator
Emergency Fiber Repair Kits

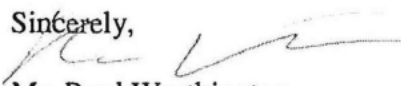
(b) (4)

Professional Services Budget – Due to extended time required to complete construction because of weather delays and because of local community official requests for construction field supervision during the construction process; the field engineering planned budget amount exceeded projections. In order to complete remainder engineering for construction, contract management and wireless equipment engineering & installation; PRIDE requests reallocation of (b) (4) to the Professional Services budget.

Following this letter is a detailed summary of the current Budget Summary for TX 1114-A40.

Please do not hesitate to call me if you would like to discuss any of the items in this letter in more detail. 806-797-0687.

Sincerely,


Mr. Brad Worthington
President
PRIDE Network Inc.

<u>Budget Category</u>	Actual Budget	Actual Revenue	Variance
Salaries	100000	100000	0
Benefits	20000	20000	0
Travel	10000	10000	0
Supplies	5000	5000	0
Utilities	15000	15000	0
Depreciation	30000	30000	0
Insurance	10000	10000	0
Other	5000	5000	0
Total	195000	195000	0

[illegible]

L&B Approved Contract Summary

(b) (4)	

PRIDE Network, Inc.
1220 Broadway
Lubbock, Tx 79410

January 14, 2014

Mrs. Farwa Naqvi, Chief
Engineering Branch – Broadband Division
Rural Development, Utilities Program
USDA – RDUP, Stop 1599
1400 Independence Ave., SW, Rm 2868
Washington, DC 20250-1599

Re: PRIDE Network, Inc. Loan/Grant designated **TX 1114-B40**
Budget Reallocation Request in amount (b) (4)

Dear Mrs. Naqvi:

PRIDE Network, Inc. (PRIDE) TX1114 B40 requests a reallocation of approved budget funds from the General & Contingency budget to Professional Services (Engineering) budget in amount of **(b) (4)**.

General & Contingency Budget – Reduce (b) (4). Originally approved budget for special equipment needs such as bucket trucks and test equipment for the installation of the fiber network for the project were able to be avoided by utilizing construction contractors. Below is a summary of quoted costs for the only equipment which will be purchased via work order for this category. A significant surplus will be realized in the budget category and PRIDE requests permission to reallocate **(b) (4)** from this budget.

Bucket Truck, Test Equipment

(b) (4)

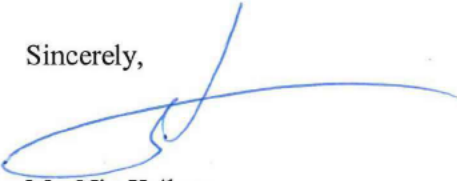
Professional Services Budget – Increase (b) (4) (Due to extended time required to complete construction because of weather delays and because of local community official requests for construction field supervision during the construction process; the field engineering planned budget amount exceeded projections. In order to complete remainder engineering for construction, contract management and wireless equipment engineering & installation; PRIDE requests reallocation of **(b) (4)** to the Professional Services budget.

Engineering

(b) (4)

Please do not hesitate to call if you would like to discuss items in letter further. 806-788-2972

Sincerely,



Mr. Niv Krikov
Vice President
PRIDE Network Inc.

PRIDE Network, Inc.
1220 Broadway
Lubbock, Tx 79410

December 2, 2014

Mrs. Farwa Naqvi, Chief
Engineering Branch – Broadband Division
Rural Development, Utilities Program
USDA – RDUP, Stop 1599
1400 Independence Ave., SW, Rm 2868
Washington, DC 20250-1599

Re: PRIDE Network, Inc. Loan/Grant designated TX 1114-A40
Budget Reallocation Request in amount (b) (4)

Dear Mrs. Naqvi:

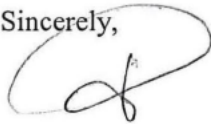
PRIDE Network, Inc. (PRIDE) TX1114 A40 requests a reallocation of approved budget funds as follows to the Engineering budget category:

NAE Budget –

Unencumbered Funds (b) (4)
Request to Reallocate to Engineering
Lower negotiated cost in ONT cost allows excess in NAE budget to be reallocated.

Please do not hesitate to call if you would like to discuss items in letter further. 806-771-1181

Sincerely,



Guy Nissenson
President
PRIDE Network Inc.

PRIDE Network, Inc.
1220 Broadway
Lubbock TX 79401

March 18, 2015

Mrs. Farwa Naqvi, Chief
Engineering Branch – Broadband Division
Rural Development, Utilities Program
USDA – RDUP, Stop 1599
1400 Independence Ave., SW, Rm 2868
Washington, DC 20250-1599

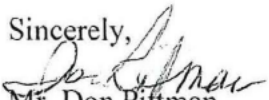
Re: PRIDE Network, Inc. Loan/Grant designated TX 1114-A40
Budget Reallocation Request in amount (b) (4)

Dear Mrs. Naqvi:

PRIDE Network, Inc. (PRIDE) TX1114 A40 requests a reallocation of approved budget funds from Engineering and CPE budgets to NAE, OSP & L&B budget categories in amount of (b) (4)

Budget Cat	Unencumbered	Reallocate	New Unencumbered
(b) (4)			

Please do not hesitate to call me if you would like to discuss any of the items in this letter in more detail. 806-797-0687.

Sincerely,

Mr. Don Pittman
Treasurer
PRIDE Network Inc.

Soni, Ketan - RD, Washington, DC

From: Aaron Peters <aaron.peters@ntscom.com>
Sent: Wednesday, March 18, 2015 6:14 PM
To: Naqvi, Farwa - RD, Washington, DC; Soni, Ketan - RD, Washington, DC
Cc: Becker, Michael - RD, Dallas, TX
Subject: RE: Recently approved contracts TX 1114-C40, Question for TX 1114-A40 OSP Ct A-19X Close Out.
Attachments: TX1114A40 Cover Letter Budget Reallocation 3.18.15 .doc

I have attached a reallocation request letter for PRIDE A40 Farwa. After further review of unencumbered funds, PRIDE is in agreement with RUS records.

Thank you,
Aaron

From: Naqvi, Farwa - RD, Washington, DC [<mailto:Farwa.Naqvi@wdc.usda.gov>]
Sent: Wednesday, March 04, 2015 10:57 AM
To: Aaron Peters; Soni, Ketan - RD, Washington, DC
Cc: Becker, Michael - RD, Dallas, TX
Subject: RE: Recently approved contracts TX 1114-C40, Question for TX 1114-A40 OSP Ct A-19X Close Out.

Aaron,

We did not receive the attachment.

Alongside of what Ketan asked you regarding the increase in the labor price, could you also explain as to why the OFM amount decreased so much from what was approved in the original contract.

Farwa

From: Aaron Peters [<mailto:aaron.peters@ntscom.com>]
Sent: Wednesday, March 04, 2015 11:36 AM
To: Soni, Ketan - RD, Washington, DC
Cc: Naqvi, Farwa - RD, Washington, DC; Becker, Michael - RD, Dallas, TX
Subject: RE: Recently approved contracts TX 1114-C40, Question for TX 1114-A40 OSP Ct A-19X Close Out.

1. Construction price increased due to
 - a. Buried drop labor price increase due to heavier machinery and more time for contractor to complete drops that originally planned.
 - b. Aerial drop labor price was increased.
2. DB WD was not impacted as the scope of work had not changed from the originally approved SF1444s and submitted crosswalk. The geographic region where the construction work took place did not change in any way from the submitted contract.
3. I have recreated all approved contracts and FRS info related to how funds in budget categories have been encumbered. The attached summary outlines how PRIDE documented encumbered funds. At your convenience I would like to do a quick follow up call or email after you review it. There are several discrepancies mainly related to A19x

.rom: Soni, Ketan - RD, Washington, DC [<mailto:Ketan.Soni@wdc.usda.gov>]

Sent: Wednesday, March 04, 2015 10:20 AM

To: Aaron Peters

Cc: Naqvi, Farwa - RD, Washington, DC; Becker, Michael - RD, Dallas, TX

Subject: RE: Recently approved contracts TX 1114-C40, Question for TX 1114-A40 OSP Ct A-19X Close Out.

Good Morning Aaron,

Attached is the copy per your request.

Can I get the updates on my emails about TX 1114 A40 OSP Close Out A-19X sent last month?

Also I'm copying my email from Feb/04/2015 here to help you (email is also attached here), so you can get us a response.

For TX 1114 A40 OSP Ct. A-19X Close Out

1: Why Construction Price increased by \$955,051.00?

Original Contract A-19X was for \$3,112,786.00 with \$4,240,099.00 OFM.

	Original	Close Out	Difference
(b) (4)			

2: How does this higher construction price will impact Davis Bacon Wages?

3: OSP Reserve is only (b) (4) only. Not enough reserve for this close out.

Please don't hesitate to call us for any questions.

Thanks,

Ketan.

From: Aaron Peters [<mailto:aaron.peters@ntscom.com>]

Sent: Wednesday, March 04, 2015 10:23 AM

To: Soni, Ketan - RD, Washington, DC

Cc: Scott Mackinaw; Melinda Medley

Subject: Recently approved contracts

Sir – Will you please send me a copy of the approval letter for TDC2 engineering 217 for TX1114C40.

Sincerely,

Aaron Peters

VP RUS Projects

NTS Communications Inc

806-788-2972

This electronic message contains information generated by the USDA solely for the intended recipients. Any unauthorized interception of this message or the use or disclosure of the information it contains may violate the

law and subject the violator to civil or criminal penalties. If you believe you have received this message in error, please notify the sender and delete the email immediately.

September 14, 2011

Mr. Kenneth Kuchno, Director
Broadband Division
USDA – RDUP, Stop 1599
1400 Independence Ave., SW, Rm 2868
Washington, DC 20250-1599

Re: PRIDE Network, Inc. ARRA BIP TX 1114-A40 & TX 1114 B40

Dear Mr. Kuchno:

NTS Communications Inc. (NTS), parent company of Pride Network Inc. (PRIDE), acknowledges the requirement for additional paid in capital for ARRA BIP projects designated as TX 1114 - A40 & TX 1114 - B40 totaling (b) (4) no later than November 30, 2012. (b) (4) this amount is to be contributed no later than December 31, 2011, and an additional amount equal to the lesser of (b) (4) in Additional Paid In Capital (APIC) is to be contributed no later than November 30, 2012.

PRIDE's balance sheet end-of-month July 2011 shows (APIC) from NTS to PRIDE in excess of (b) (4)

- To meet the pro-forma specified amount of APIC (b) (4) by December 31, 2011, NTS agrees to the following plan to increase APIC in PRIDE:
 - 1) On or before October 31, 2011, APIC in amounts totaling (b) (4) as a combination of allowable services rendered and/or qualifying disbursements paid by parent company and/or cash as needed;
 - 2) On or before November 30, 2011, APIC totaling (b) (4) as a combination of allowable services rendered and/or qualifying disbursements paid by parent company and/or cash as needed; and
 - 3) On or before December 31, 2011, APIC in amounts equaling the lesser of approximately (b) (4) (b) (4) 2011 APIC requirement as a combination of allowable services rendered and/or qualifying disbursements paid by parent company and/or cash as needed.
- In addition to total APIC requirements in 2011 totaling (b) (4) NTS will contribute allowable services, make qualifying disbursements on behalf of PRIDE, and/or contribute cash to meet total APIC requirements to PRIDE of not less than (b) (4) no later than November 30, 2012.

Please do not hesitate to call me if you would like to discuss any of the items in this letter in more detail.

Sincerely,



Brad Worthington
President

5307 W. Loop 288
NTS Communications Inc

Lubbock, TX 79414

CC: Mr. Jerry Hoover
1.800.658.2150

fax: 806.788.3386

www.ntscom.com

People Product Price



November 15, 2013

VIA FACSIMILE AND OVERNIGHT MAIL

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

Re: TX 1114 A-40, B-40, and C-40; PRIDE Network, Inc. – Request for Consent Pursuant to
Section 7.2 of the Loan and Security Agreement

Dear Administrator:

Awardee, PRIDE Network, Inc., is providing the RUS with notice of a transaction that will result in a change of control to NTS, Inc., the parent of Awardee's sole owner, NTS Communications, Inc., and requests the RUS' consent.

Section 7.2 of the Loan and Security Agreements dated June 21, 2010 (A-40 and B-40) and September 28, 2010 (C-40) states as follows:

The Awardee shall not, without prior written consent of RUS, take or suffer to be taken any steps to reorganize, consolidate with or merge into any other corporation, or to sell, lease or transfer (or make any agreement therefor) all or any part of its property including without limitation, the Project, nor take or suffer to be taken any steps which would result in a change of control.

(b) (4)



Metro Tower
1220 Broadway
Lubbock, TX 79401
1.800.658.2150
Fax: 806.788.3386
www.ntscom.com

People Product Price



NTS
COMMUNICATIONS

Rural Utilities Service
November 15, 2013
Page 2

We hereby request your written consent to the change of control as required under the terms of the Agreement.

To evidence your consent, please sign the consent form attached and return it in the enclosed self-addressed envelope on or before December 15, 2013.

If you have any questions, please contact NTS Communications, Inc.'s General Counsel, Daniel Wheeler, at (806) 788-2915. Your prompt attention and cooperation in this matter is appreciated.

Sincerely,

A handwritten signature in black ink, appearing to read 'Guy Nissenson', with a long horizontal flourish extending to the right.

Guy Nissenson
President and CEO

Cc Ms. Laurel Leverrier
Rural Utilities Service
United States Department of Agriculture
1400 Independence Avenue, S.W.
Stop 1599, Room No. 2868
Washington, DC 20250

Consent

PRIDE Network, Inc., ("PRIDE") and the United States of America, acting through its Administrator of the Rural Utilities Service are parties to those certain Loan/Grant Security Agreements dated June 21, 2010, and September 28, 2010, (the "Agreements"). The

(b) (4)



Agreed:

United States of America

By: _____
Administrator
of the Rural Utilities Service

Date: _____, 2013



December 27, 2013

***Confidential - Exempt from Disclosure
Under the Freedom of Information Act***

BY ELECTRONIC AND OVERNIGHT MAIL

Dimitrios Kombolias
Chief, Southern Operations Branch
Broadband Division, Telecom Program
Rural Utilities Service, USDA
STOP 1599
1400 Independence Ave. SW, Room 2868-S
Washington, D.C. 20250-1599

Dear Mr. Kombolias:

Thank you again for taking the time to speak with us on December 18 about the pending merger between NTS, Inc. and (b) (4)

(b) (4) We understood from the conversation that RUS may have some follow-up questions concerning the proposed transaction. In the interim, we wanted to provide you with the following additional information.

We value the relationship that our company has with the Rural Utilities Service ("RUS") through its two wholly-owned subsidiaries NTS Telephone LLC ("NTS Telephone") and PRIDE Networks Inc. ("PRIDE"). We are proud of the role that NTS Telephone and PRIDE are playing in helping RUS realize its mission of bringing public utilities to rural areas. We look forward to continuing this partnership for many years to come, and we are eager to provide RUS with whatever information it desires concerning the pending transaction.

(b) (4)

(b) (4)

As an initial matter, we wish to emphasize that the merger will have no impact on the existing operations of NTS Telephone and PRIDE, and will in no way jeopardize their commitment to the agency's broader mission of developing public utilities infrastructure in rural areas. To the contrary, (b) (4) will bring greater financial resources to NTS and its wholly owned subsidiaries that we believe will allow us to further expand the broadband infrastructure development work of NTS Telephone and PRIDE. In addition, we believe that (b) (4) support will serve as a catalyst to accelerate customer adoption of the NTS network in regions developed with RUS assistance. As you may know, NTS Telephone Company is in the process of working with its RUS field representative, Mike Becker, to prepare an application for a new broadband Farm Bill loan from RUS to develop telecommunications infrastructure in other West Texas communities. (b) (4) and NTS, Inc. are fully supportive of these rural development projects.

Moreover, to ensure continuity of service and operations, (b) (4)

[REDACTED]

[REDACTED]

[REDACTED]

Finally, it goes without saying that NTS Telephone and PRIDE will continue to timely provide all financial reports, disclosures, and other filings required under the RUS program. Tower Three and NTS, Inc. are committed to ensuring that NTS Telephone and PRIDE comply with all applicable contractual and regulatory requirements, and they will continue to work closely with the agency to ensure efficient administration of, and appropriate transparency into, the RUS projects.

We anticipate that the transaction will close in the first quarter of 2014. In light of our desire to maintain -- and indeed, expand -- our partnership with RUS post-closing, we invite you to please let us know if we can provide any additional information concerning the pending transaction.

Thank you, and happy New Year.

Sincerely,

Guy Nissenson

cc: Aaron Peters, Vice President
NTS Communications

(b) (4)

[REDACTED]

Enclosures



October 21, 2015

VIA ELECTRONIC AND OVERNIGHT MAIL

Mr. Peter Aimable
Deputy Assistant Administrator
RUS Telecom Program
1400 Independence Ave. SW
Room 2808 South Ag Bldg – STOP 1595
Washington, DC 20250-1595

Re: PRIDE Network, Inc.
TX-1114 – Loan A-40, B-40, and C-40

(b) (4)

Dear Mr. Aimable:

Thank you for meeting with me and Don Pittman concerning the status of PRIDE Network, Inc.'s (PRIDE) loans with the RUS. I am writing to set out formally the requests which we presented in our meeting.

(b) (4)

We greatly appreciate your understanding and cooperation.

Sincerely,

Cyrus Driver
President



December 23, 2015

Mr. Peter Aimable

Deputy Assistant Administrator
RUS Telecom Program
1400 Independence Ave. SW
Room 2808 South Ag Bldg – STOP 1595
Washington, DC 20250-1595

RE: NTS Communications Executive Summary for NTS Telephone Company, LLC and PRIDE Networks, Inc.

Dear Mr. Aimable,

The purpose of this letter is to provide you with some background with respect to the above-referenced matter and to request a meeting as soon as practicable to discuss the current circumstances and the optimum manner to move forward to preserve and enhance the enterprise value and maximize the ability of the Borrowers to satisfy their obligations to the USDA RUS.

NTS Telephone Company, LLC, (NTS Tel) and PRIDE Network, Inc. (PRIDE) are both wholly-owned subsidiaries of NTS Communications, Inc. (NTS). PRIDE and NTS Tel were formed for the sole purpose of managing USDA RUS funded construction projects capable of providing Fiber-to-the-Premise and wireless broadband services to 23 rural communities throughout West Texas, North Texas, and the North Shore Area in Louisiana. PRIDE is the recipient of loan and grant funding for three BIP projects named TX1114 A40, B40 and C40. As of September 30th, 2015, PRIDE had completed all projects and drawn \$53.5 mil in loans and \$45.5 mil in grants. NTS Tel has a Broadband Farm Bill Loan named TX1112-A for \$11,626,000. Construction for that project was completed in Q1 2010.

(b) (4)

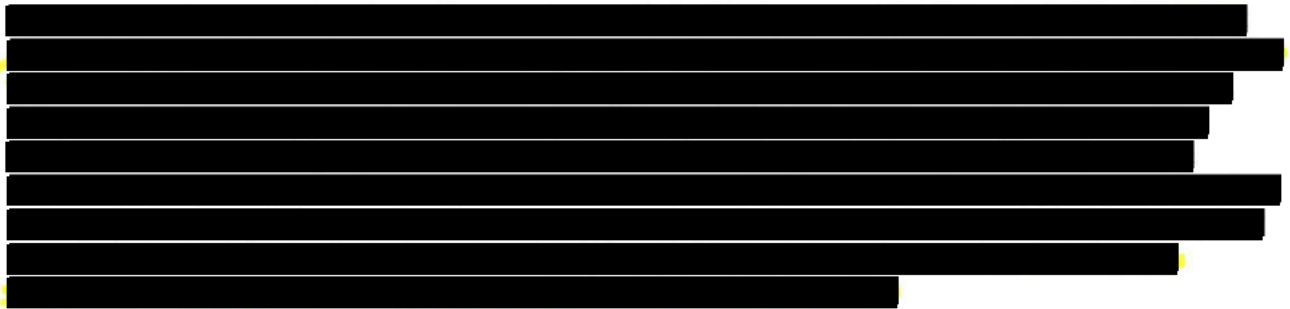
Below is a summary of USDA RUS Funded Projects:

RUS Project ID	Funding Type	Original Funding Amount Loan/Grant		Region/Area	Communities Served
TX 1112-A	Farm Bill BB	\$ 11,626,000	\$ 0.00	West Texas	Two
TX 1114-A40	ARRA BIP	\$ 22,546,073	\$ 21,661,913	West Texas	Eleven
TX 1114-B40	ARRA BIP	\$ 12,538,955	\$ 6,175,904	North Texas	Two
TX 1114-C40	ARRA BIP	\$ 18,461,417	\$ 17,737,440	Louisiana	Eight
		\$ 65,172,775	\$ 45,575,258		Twenty-three

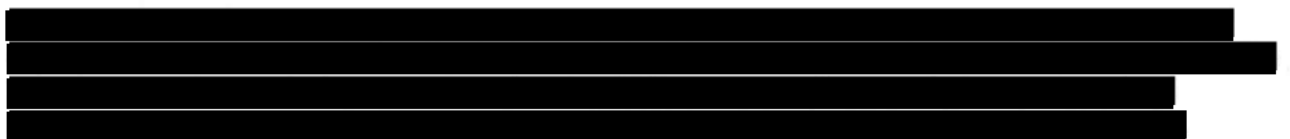
Current Status

As noted above, construction was completed for the NTS Tel project in accordance with RUS deadlines in 2010. Construction was also completed by the RUS mandated deadline for each of the three PRIDE Projects. However, revised timelines, changes in executive management and several modifications of the assumptions related to the number of passings projections have had a significantly unfavorable impact on the actual results, when compared to initial revenue projections.

(b) (4)

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(b) (4)

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(b) (4)

The NTS team believes that it can continue to improve its business and create a service valuable to both business and residential customers in the Southwest. Thousands of customers in rural West Texas and Louisiana now benefit from the services offered by NTS Tel and PRIDE through the broadband services funded by the RUS. NTS Tel and PRIDE reiterate their request for a waiver of the current default and request a meeting as soon as possible with senior executives at the RUS to further develop a plan that addresses the company's unsustainable RUS entity debt structure and that will serve to maximize the value for both the RUS and other economic stakeholders.

We have attached additional detailed historical and projected financial information in the format that we believe the RUS team requested in October and November.

We look forward to your response.

Sincerely,



Cyrus Driver
President and Chief Executive Officer
NTS Communications, Inc.

Enc



February 3, 2016

VIA ELECTRONIC AND OVERNIGHT MAIL

Mr. Peter Aimable
Deputy Assistant Administrator
RUS Telecom Program
1400 Independence Ave. SW
Room 2808 South Ag Bldg – STOP 1595
Washington, DC 20250-1595

Re: NTS Telephone Company, LLC; (Texas 1112-A34)
PRIDE Network, Inc.; (Texas 1114-A40, B40, and C40)

Dear Mr. Aimable:

Thank you for meeting with me and Don Pittman, Peter Fitzsimmons, and Daniel Bellissimo concerning our continued request for relief on the RUS loans for NTS Telephone Company, LLC (NTS) and PRIDE Network, Inc. (PRIDE). To that end, we provided you with a short presentation which proposed a solution and explained why our proposal is both necessary and in the best interest of all parties. A copy of the presentation is enclosed for your reference. This letter is a summary of our presentation and proposal.

(b) (4)

[Redacted text block]

[Redacted text block]

Mr. Peter Aimable
February 3, 2016
Page 2

(b) (4)



Finally, it is urgent that the RUS address this proposal in order to preserve the value of the NTS and PRIDE assets.

We greatly appreciate your understanding and cooperation as we work toward a solution which makes sense for all parties concerned.

Sincerely,



Cyrus Driver
Manager – NTS Telephone Company, LLC
President – PRIDE Network, Inc.

Enc



April 25, 2016

VIA ELECTRONIC AND OVERNIGHT MAIL

Mr. Kenneth Kuchno
Deputy Assistant Administrator
United States Department of Agriculture
1400 Independence Ave., S.W.
Mail Stop 1599
Washington, DC 20250

Re: PRIDE Network, Inc. – TX 1114-A40 Close-Out Report

Dear Mr. Kuchno:

PRIDE Network, Inc., (PRIDE) completed the objectives as set forth in the application with some minor adjustments during implementation. (b) (4)

[REDACTED], as defined in the application.

Since completion, PRIDE has implemented (b) (4) (up/down combined) services to further enhance the broadband services available to our customers. Also in comparison, PRIDE completed (b) (4) miles of fiber plant to cover the potential housing units associated with the census blocks. Actual deployment included (b) (4) customers within the Proposed Funding Service Area (PFSA) that took service.

PRIDE experienced some dramatic differences between the original projections and the actual numbers for passings, penetration, pricing, and profitability due to differences between the census block data and the actual available customers in the rural areas coupled with aggressive competition. Also, some additional miles were constructed to cover all available homes in the PFSA. However, fewer of these homes were occupied than originally projected.

Mr. Kenneth Kuchno

April 25, 2016

Page 2

Below is a table showing the comparison of the final budget and the actual expenses for the project:

Budget Category	Final Budget	Actual Expenses
(b) (4)		

As shown above, the increased cost to cover the additional miles of construction was reallocated from the network equipment, building, towers and operating equipment budget categories to complete the project.

Sincerely,

Cyrus Driver
President



April 25, 2016

VIA ELECTRONIC AND OVERNIGHT MAIL

Mr. Kenneth Kuchno
Deputy Assistant Administrator
United States Department of Agriculture
1400 Independence Ave., S.W.
Mail Stop 1599
Washington, DC 20250

Re: PRIDE Network, Inc. – TX 1114-B40 Close-Out Report

Dear Mr. Kuchno:

PRIDE Network, Inc., (PRIDE) completed the objectives as set forth in the application with some minor adjustments during implementation. In summary, (b) (4)

[REDACTED]

as defined in the application.

Since completion, PRIDE has implemented (b) (4) (up/down combined) services to further enhance the broadband services available to our customers. Also in comparison, PRIDE completed (b) miles of fiber plant to cover the potential housing units associated with the census blocks. Actual deployment included (b) (4) customers within the Proposed Funding Service Area (PFSA) that took service.

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Mr. Kenneth Kuchno
April 25, 2016
Page 2

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Sincerely,


Cyrus Driver
President



April 25, 2016

VIA ELECTRONIC AND OVERNIGHT MAIL

Mr. Kenneth Kuchno
Deputy Assistant Administrator
United States Department of Agriculture
1400 Independence Ave., S.W.
Mail Stop 1599
Washington, DC 20250

Re: PRIDE Network, Inc. – TX 1114-C40 Close-Out Report

Dear Mr. Kuchno:

PRIDE Network, Inc., (PRIDE) completed the objectives as set forth in the application with some minor adjustments during implementation. In summary, (b) (4)

[REDACTED]

[REDACTED] as defined in the application.

Since completion, PRIDE has implemented (b) (4) (up/down combined) services to further enhance the broadband services available to our customers. Also in comparison, PRIDE completed (b) (4) miles of fiber plant to cover the potential housing units associated with the census blocks. Actual deployment included (b) (4) customers within the Proposed Funding Service Area (PFSA) that took service.

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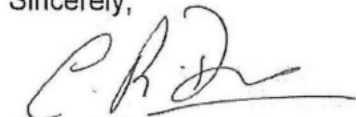
Mr. Kenneth Kuchno
April 25, 2016
Page 2

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Budget Category	Final Budget	Actual Expenses
(b) (4)		

As shown above, the increased cost to cover the additional miles of construction was reallocated from the network equipment, building, towers and operating equipment budget categories to complete the project.

Sincerely,



Cyrus Driver
President

Jerry E. Hoover

(b) (6)

**SUMMARY OF CAREER
PREPARATION AND EXPERIENCE**

I. EDUCATION

- A.** Texas Tech University, Lubbock, Texas
Bachelor of Business Administration in Accounting, December, 1971
- B.** Ohio University Financial Management Course, 1978
- C.** Alexander Grant Advanced Course in Corporate Taxation, 1983
- D.** Forty hours per year of Continuing Education in Accounting, Finance, Taxation, Corporate Management and Law since 1976

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. Recruited as senior management, reporting directly to the President and CEO, due to long prior experience as a business management consultant. Twelve years experience as senior management member of a facilities based competitive local exchange carrier with operations in a broad geographic region covering four southwestern states.
 - 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
 - v. Strategy Formulation and Execution
- 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
 - F. June 1977 to December 1982 – Vice President and Chief Financial Officer of West Texas Savings Association
 - G. November 1975 to May 1977 – Senior Accountant for Mason Nickels and Warner CPAs, Lubbock, Texas
 - H. September 1973 to November 1975 – Staff Accountant for Pratas Smith & Moore CPAs, Lubbock, Texas
 - I. May 1972 to September 1973 – Staff Accountant for Elms Faris & Co CPAs, Odessa, Texas
- IV. 1979 to 1982 – University Instructor of Accounting, Auditing, Income Tax and Business Law
- V. 1979 to 1982 – Three years of tax, accounting and auditing consultation on a per diem basis

VI. OTHER EXPERIENCE

- A. August 1971 to May 1972 T.I.M.E. – Internal auditor for DC, Inc. (National Motor Freight Carrier)

VII. PROFESSIONAL ORGANIZATIONS

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

VIII. COMMUNITY INVOLVEMENT

- A. Chairman of church governing board
- B. Chairman of Board of Trustees – Childrens' Home of Lubbock
- C. Former Chairman of Board of Trustees – Texas Boys Ranch of Lubbock

IX. PERSONAL DETAILS

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

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.
- Coordinate with vendors for service and equipment delivery.
- Interface with DITCO for service delivery.

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

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
 - operations
- 2.5 years RUS Broadband project management experience, including:
 - outside plant engineering
 - inside plant engineering
 - contract management
 - compliance coordination
 - application creation
 - government contact

PROFESSIONAL EXPERIENCE

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

- V.P. Sales & Marketing supervising seventy employees in division with an emphasis on financial analysis and reporting.
- Oversight of RUS Broadband Loan TX -1112A encompassing all aspects of 11.8 million fiber to the user construction project.

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.
- 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

**NTS Consolidated Financials Year Ended
December 31, 2008**

NTS COMMUNICATIONS, INC.
COMPARATIVE BALANCE SHEET
December 31, 2008

8/15/2009 4:48 PM PAGE 1

	NTS COMMUNICATIONS	NTS MANAGEMENT LLC	NTS CONSTRUCTION	NTS TELEPHONE CO	TOTALS	ELIMINATING ADJUSTMENTS		CONSOLIDATED
						DEBIT	CREDIT	TOTALS
CURRENT ASSETS								
CASH IN BANK AND ON HAND	(b) (4)							
ACCOUNTS RECEIVABLE								
ALLOWANCE FOR BAD DEBTS								
MISC CURRENT RECEIVABLES								
A/R UNBILLED REVENUES								
PREPAID INSURANCE								
OTHER PREPAID EXPENSE								
ACCRUED INTEREST RECEIVABLE								
INVENTORY-INTERCONNECT EQUIP								
INTERCOMPANY A/R NTS CONSTR								
INTRCOMPANY A/R Xfone ENTITIES								
OTHER CURRENT ASSETS								
DEFERRED TAX ASSET-CURRENT								
TOTAL CURRENT ASSETS								
EQUIPMENT AND FURNITURE								
LAND & BUILDING	(b) (4)							
A/D BUILDING								
VEHICLES								
A/D VEHICLES								
OFFICE FURNITURE & FIXTURES								
A/D OFC FURNITURE & FIXTURES								
LEASEHOLD IMPROVEMENTS								
A/D LEASEHOLD IMPROVEMENTS								
CONSTRUCTION EQUIPMENT								
A/D CONSTRUCTION EQUIPMENT								
TELEPHONE EQUIPMENT								
A/D TELEPHONE EQUIPMENT								
FIBER NETWORK LONG DISTANCE								
A/D FIBER NETWORK LD								
FIBER NETWORK FTTU								
A/D FIBER NETWORK FTTU								
DATA TELE & VIDEO EQUIP-FTTU								
A/D DATA TELE & VIDEO-FTTU								
COMPUTER HARDWARE & SOFTWARE								
A/D COMPUTER HRDWR & SFTWR								
PROP & EQUIP IN DEVELOPMENT								
TOTAL EQUIPMENT AND FURNITURE								

NTS COMMUNICATIONS, INC.
COMPARATIVE BALANCE SHEET
December 31, 2008

8/15/2009 4:48 PM PAGE 2

	NTS COMMUNICATIONS	NTS MANAGEMENT LLC	NTS CONSTRUCTION	NTS TELEPHONE CO	TOTALS	ELIMINATING ADJUSTMENTS		CONSOLIDATED TOTALS
						DEBIT	CREDIT	
OTHER ASSETS								
ACCOUNTS RECEIVABLE - NTS								
DEFERRED TAX ASSET - LONG TERM	(b) (4)							
NOTES RECEIVABLE NTS MGT CO.								
NOTE REC SHAREHOLDER VALUE								
CAPITALIZED INSTALL COSTS								
GOODWILL								
ACCUM AMORT GOODWILL								
INVESTMENT GMW COMPANY								
PURCHASED CUSTOMER BASE								
ACCUM AMORT CUSTOMER BASE								
INVESTMENT NTS MGT CO, LLC								
INVESTMENT NTS PROPERTIES LC								
INVESTMENT NTS CONSTRUCTION								
INVESTMENT NTS TELEPHONE CO								
OTHER NON CURRENT ASSETS								
TOTAL OTHER ASSETS								
TOTAL ASSETS								
LIABILITIES								
CURRENT LIABILITIES								
ACCOUNTS PAYABLE - NTS	(b) (4)							
ACCOUNTS PAYABLE - TRADE								
ACCRUED INTEREST PAYABLE								
ACCRUED EXPENSES								
ACCRUED PAYROLL TAXES								
ACCRUED PAYROLL								
OTHER ACCRUED TAXES								
ACCR GROUP INS PREM & CLAIMS								
ACCRUED OTHER EXPENSE								
CURRENT PORTION NP VENDOR								
CURRENT PORTION GE CAPITAL								
CURRENT PORTION CITY BANK								
CURRENT PT LNB METASWITCH								
CURRENT PORT N/P TREAS STOCK								
CURRENT PORT N/P CITI CAPITAL								
CURRENT PORTION-CITY BANK								
CURRENT PORTION DIV LENDERS								
CURRENT PORT RUS DEV LOAN								
OTHER CURRENT LIABILITIES								
TOTAL CURRENT LIABILITIES								

NTS COMMUNICATIONS, INC.
COMPARATIVE BALANCE SHEET
December 31, 2008

8/15/2009 4:48 PM PAGE 3

	NTS COMMUNICATIONS	NTS MANAGEMENT LLC	NTS CONSTRUCTION	NTS TELEPHONE CO	TOTALS	ELIMINATING ADJUSTMENTS		CONSOLIDATED
						DEBIT	CREDIT	TOTALS
LONG TERM LIABILITIES								
NOTE PAYABLE NTS	(b) (4)							
NOTE PAYABLE TREAS STOCK								
LONG TERM PORTION CITY BANK								
EQUIPMENT LOAN - GE CAPITAL								
LONG TERM PT LNB METASWITCH								
LONG TERM PORTION CITI CAPITAL								
LONG TERM PORTION CITY BANK								
LONG TERM PORTION DIV LENDERS								
LONG TERM PORTION N/P VENDOR								
LONG TERM PORTION RUS DEV LOAN								
OTHER LONG TERM LIABILITIES								
TOTAL LONG TERM LIABILITIES	(b) (4)							
TOTAL LIABILITIES								
DEFERRED FEDERAL INCOME TAX	(b) (4)							
CAPITAL								
OWNERS EQUITY								
COMMON STOCK ISSUED -								
1,962,029 SHARES								
ADDITIONAL PAID IN CAPITAL								
TREASURY STK-618,094 SH THRU								
SEP 04, THEN 702,878 SHARES								
RETAINED EARNINGS PRIOR YEAR								
CURRENT YEAR PROFIT/LOSS								
TOTAL STOCKHOLDER'S EQUITY	(b) (4)							
TOTAL LIABILITIES & CAPITAL								
old r/e prior year								
1/1/08 THRU 2/26/08 PROFIT								
2/27/08 THRU 12/31/08 PROFIT								

NTS COMMUNICATIONS, INC.
CONSOLIDATED INCOME STATEMENT
YTD December 31 , 2008

8/15/2009 4:48 PMPAGE 4

	NTS	NTS	NTS	NTS		ELIMINATING ADJUSTMENTS		CONSOLIDATED	2/26/08 CON	2/27/08 THRU 12/31/08
	COMMUNICATIONS	MANAGEMENT LLC	CONSTRUCTION CO	TELEPHONE CO	TOTALS	DEBIT	CREDIT	MTH INCOME STMT	MTH INCOME STM	CONS INCOME STMT
REVENUE										
LONG DISTANCE	(b) (4)									
LONG DISTANCE AZ										
LONG DISTANCE NM										
LONG DISTANCE OK										
PRIVATE LINES										
PRIVATE LINE NM										
PRIVATE LINE OK										
DATA SERVICES TX										
DATA SERV OTR STATES										
VIDEO SERVICES										
PAGING SERVICE										
CONFERENCE CALL SERVICE										
CONFER CALLS OTR STATES										
CARRIER ACCESS BILLING										
LOCAL SERVICE										
DEFERRED REVENUE ADJUSTMENT										
CREDITS										
EQUIP RENTAL & SALES	(b) (4)									
UNIVERSAL SERVICE FEE										
REGULATORY COST RECOVERY FE										
PICC CHARGES										
RENT INCOME										
OTHER SERVICE REVENUE										
CONSTRUCTION REVENUE										
TOTAL SALES										
COST OF SALES	(b) (4)									
USAGE										
ACCESS & TERMINATION										
INSTALLATION CHARGES										
TRANSPORT										
OPERATOR ASSISTANCE										
PRIVATE LINE EXPENSE										
DEPRECIATION TELE EQUIP										
COST-EQUIP & WARRANTY										
COST OF PAGING SERVICE										
COST OF DATA SERVICES										
COST OF CONFERENCE CALL										
800 ACCESS AND ADMIN										
LOCAL SERVICE ACCESS										
UNIVERSAL SERVICE FUND										
COST-VIDEO SERVICES										
COST-CLEC LOCAL SERVICE										
PICC COST										
PAY PHONE SERVICE CHG										
CONSTRUCTION MATERIALS										
OTHER DIRECT COSTS										
TOTAL COST OF SALES										
GROSS PROFIT MARGIN										

NTS COMMUNICATIONS, INC.
CONSOLIDATED INCOME STATEMENT
YTD December 31 , 2008

8/15/2009 4:48 PMPAGE 5

	NTS	NTS	NTS	NTS		ELIMINATING ADJUSTMENTS		CONSOLIDATED	2/26/08 CON	2/27/08 THRU 12/31/08
	COMMUNICATIONS	MANAGEMENT LLC	CONSTRUCTION CO	TELEPHONE CO	TOTALS	DEBIT	CREDIT	MTH INCOME STMT	MTH INCOME STM	CONS INCOME STMT
SELLING EXPENSES										
ADVERTISING	(b) (4)									
AUTO EXPENSE										
BUSINESS MEALS										
COMMISSION EXPENSE										
CONTRACT LABOR										
DUES & SUBSCRIPTIONS										
EMPLOYER 401(K) EXPENSE										
ENGINEERING FEES										
ENTERTAINMENT & PROMO										
FREIGHT EXPENSE										
INSURANCE EXPENSE GROUP										
INTERNET EXPENSE										
MISCELLANEOUS EXPENSE										
MOVING EXPENSE										
OFFICE SUPPLIES										
POSTAGE EXPENSE										
RENTAL EXP BUILDING										
RENTAL EXPENSE EQUIP										
SALARY EXPENSE										
PAYROLL TAXES										
TELEPHONE EXPENSE										
TRAINING EXPENSE										
TRAVEL										
TOTAL SELLING EXPENSES										

NTS COMMUNICATIONS, INC.
CONSOLIDATED INCOME STATEMENT
YTD December 31 , 2008

8/15/2009 4:48 PMPAGE 6

	NTS	NTS	NTS	NTS		ELIMINATING ADJUSTMENTS		CONSOLIDATED	2/26/08 CON	2/27/08 THRU 12/31/08
	COMMUNICATIONS	MANAGEMENT LLC	CONSTRUCTION CO	TELEPHONE CO	TOTALS	DEBIT	CREDIT	MTH INCOME STMT	MTH INCOME STM	CONS INCOME STMT
ADMIN & OPERATING EXPENSE										
ADVERTISING	(b) (4)									
AMORTIZATION										
AUTO EXPENSE										
COLLECTION FEES										
BUSINESS MEALS										
COMPUTER EXPENSE										
CONTRACT LABOR										
CUSTODIAL SERVICES										
BAD DEBT EXPENSE										
BANK CHARGES										
DEPRECIATION EXPENSE										
DIRECTOR FEES & EXPENSE										
DUES & SUBSCRIPTIONS										
EMPLOYER 401(K) EXPENSE										
ENGINEERING FEES										
ENTERTAINMENT & PROMO										
FREIGHT EXPENSE										
INS EXP CAS & LIABILITY										
INSURANCE EXPENSE GROUP										
INTERNET EXPENSE										
LEGAL & ACCOUNTING	(b) (4)									
LICENSES & FEES										
MISCELLANEOUS EXPENSE										
MOVING EXPENSES										
OFFICE SUPPL & POSTAGE										
OFFICE RELOCATION EXP										
RENTAL - BUILDING										
RENTAL EXP EQUIPMENT										
UTILITIES										
REPAIR & MAINTENANCE										
SALARY EXPENSE										
INCENTIVE BONUS										
SUPPLIES										
PAYROLL TAXES										
TAXES OTHER										
TAXES PROPERTY										
TAXES FRANCHISE										
TELEPHONE EXPENSE										
TRAINING EXPENSE										
TRAVEL										
TOTAL ADMIN & OPER EXP										
NET OPERATING INCOME										

NTS COMMUNICATIONS, INC.
CONSOLIDATED INCOME STATEMENT
YTD December 31 , 2008

8/15/2009 4:48 PMPAGE 7

	NTS	NTS	NTS	NTS		ELIMINATING ADJUSTMENTS		CONSOLIDATED	2/26/08 CON	2/27/08 THRU 12/31/08
	COMMUNICATIONS	MANAGEMENT LLC	CONSTRUCTION CO	TELEPHONE CO	TOTALS	DEBIT	CREDIT	MTH INCOME STMT	MTH INCOME STM	CONS INCOME STMT
OTHER INCOME & (EXPENSES)										
RENT EXPENSE - PARKING										
INTEREST INCOME										
MISC INCOME (EXPENSE)										
GAIN/LOSS ON SALE OF ASSETS										
LOAN FEES										
INTERCOMPANY INTEREST EXPENS										
TOTAL OTHER INC & (EXP)										
NET INCOME BEFORE TAXES										
PROVISION FOR INCOME TAXES										
NET INCOME										
EBITDA										
1/1/08 THRU 2/26/08 PROFIT										
2/27/07 THRU 12/31/08 PROFIT										

(b) (4)

	NTS	NTS	NTS	NTS	ELIMINATING ADJUSTMENTS			CONSOLIDATED
	COMMUNICATIONS	MANAGEMENT LLC	CONSTRUCTION CO	TELEPHONE CO	TOTALS	DEBIT	CREDIT	MTM INCOME STMT
REVENUE								
LONG DISTANCE	(b)				(4)			
LONG DISTANCE AZ								
LONG DISTANCE NM								
LONG DISTANCE OK								
PRIVATE LINES								
PRIVATE LINE NM								
PRIVATE LINE OK								
DATA SERVICES TX								
DATA SERV OTR STATES								
VIDEO SERVICES								
PAGING SERVICE								
CONFERENCE CALL SERVICE								
CONFER CALLS OTR STATES								
CARRIER ACCESS BILLING								
LOCAL SERVICE								
DEFERRED REVENUE ADJUSTME	(b)				(4)			
CREDITS								
EQUIP RENTAL & SALES								
UNIVERSAL SERVICE FEE								
REGULATORY COST RECOVERY								
PICC CHARGES								
RENT INCOME								
OTHER SERVICE REVENUE								
CONSTRUCTION REVENUE								
TOTAL SALES								
COST OF SALES	(b)				(4)			
USAGE								
ACCESS & TERMINATION								
INSTALLATION CHARGES								
TRANSPORT								
OPERATOR ASSISTANCE								
PRIVATE LINE EXPENSE								
DEPRECIATION TELE EQUIP								
COST-EQUIP & WARRANTY								
COST OF PAGING SERVICE								
COST OF DATA SERVICES								
COST OF CONFERENCE CALL								
800 ACCESS AND ADMIN								
LOCAL SERVICE ACCESS								
UNIVERSAL SERVICE FUND								
COST-VIDEO SERVICES	(b)				(4)			
COST-CLEC LOCAL SERVICE								
PICC COST								
PAY PHONE SERVICE CHG								
CONSTRUCTION MATERIALS								
OTHER DIRECT COSTS								
TOTAL COST OF SALES								
GROSS PROFIT MARGIN								

NTS Communications, Inc.
Consolidated Income Statement
December 2008

8/15/2009 4:48 PM PAGE 9

	NTS	NTS	NTS	NTS	ELIMINATING ADJUSTMENTS			CONSOLIDATED	
	COMMUNICATIONS	MANAGEMENT LLC	CONSTRUCTION CO	TELEPHONE CO	TOTALS	DEBIT	CREDIT	MTM INCOME STMT	
SELLING EXPENSES									
ADVERTISING	(b) (4)								
AUTO EXPENSE									
BUSINESS MEALS									
COMMISSION EXPENSE									
CONTRACT LABOR									
DUES & SUBSCRIPTIONS									
EMPLOYER 401(K) EXPENSE									
ENGINEERING FEES									
ENTERTAINMENT & PROMO									
FREIGHT EXPENSE									
INSURANCE EXPENSE GROUP									
INTERNET EXPENSE									
MISCELLANEOUS EXPENSE									
MOVING EXPENSE									
OFFICE SUPPLIES									
POSTAGE EXPENSE									
RENTAL EXP BUILDING									
RENTAL EXPENSE EQUIP									
SALARY EXPENSE									
PAYROLL TAXES									
TELEPHONE EXPENSE									
TRAINING EXPENSE									
TRAVEL									
TOTAL SELLING EXPENSES									

NTS Communications, Inc.
Consolidated Income Statement
December 2008

8/15/2009 4:48 PM PAGE 10

	NTS	NTS	NTS	NTS	ELIMINATING ADJUSTMENTS			CONSOLIDATED
	COMMUNICATIONS	MANAGEMENT LLC	CONSTRUCTION CO	TELEPHONE CO	TOTALS	DEBIT	CREDIT	MTM INCOME STMT
ADMIN & OPERATING EXPENSE								
ADVERTISING	(b)				(4)			
AMORTIZATION								
AUTO EXPENSE								
COLLECTION FEES								
BUSINESS MEALS								
COMPUTER EXPENSE								
CONTRACT LABOR								
CUSTODIAL SERVICES								
BAD DEBT EXPENSE								
BANK CHARGES								
DEPRECIATION EXPENSE								
DIRECTOR FEES & EXPENSE								
DUES & SUBSCRIPTIONS								
EMPLOYER 401(K) EXPENSE								
ENGINEERING FEES								
ENTERTAINMENT & PROMO								
FREIGHT EXPENSE	(b)				(4)			
INS EXP CAS & LIABILITY								
INSURANCE EXPENSE GROUP								
INTERNET EXPENSE								
LEGAL & ACCOUNTING								
LICENSES & FEES								
MISCELLANEOUS EXPENSE								
MOVING EXPENSES								
OFFICE SUPPL & POSTAGE								
OFFICE RELOCATION EXP								
RENTAL - BUILDING								
RENTAL EXP EQUIPMENT								
UTILITIES								
REPAIR & MAINTENANCE								
SALARY EXPENSE								
INCENTIVE BONUS								
SUPPLIES								
PAYROLL TAXES								
TAXES OTHER								
TAXES PROPERTY								
TAXES FRANCHISE								
TELEPHONE EXPENSE								
TRAINING EXPENSE								
TRAVEL								
TOTAL ADMIN & OPER EXP								
NET OPERATING INCOME								

NTS Communications, Inc.
Consolidated Income Statement
December 2008

8/15/2009 4:48 PM PAGE 11

	NTS	NTS	NTS	NTS	ELIMINATING ADJUSTMENTS			CONSOLIDATED	
	COMMUNICATIONS	MANAGEMENT LLC	CONSTRUCTION CO	TELEPHONE CO	TOTALS	DEBIT	CREDIT	MT H INCOME STMT	
OTHER INCOME & (EXPENSES)									
RENT EXPENSE - PARKING									
INTEREST INCOME									
MISC INCOME (EXPENSE)									
GAIN/LOSS ON SALE OF ASSETS									
LOAN FEES									
INTERCOMPANY INTEREST EXPE									
TOTAL OTHER INC & (EXP)									
NET INCOME BEFORE TAXES									
PROVISION FOR INCOME TAXES									
NET INCOME									
EBITDA									

(b) (4)

NTS Communications, Inc.
Consolidated Income Statements
4Qtr 2008

	NTS	NTS	NTS	NTS		ELIMINATING ADJUSTMENTS		CONSOLIDATED	2/26/08 CON	
	COMMUNICATIONS	MANAGEMENT LLO	CONSTRUCTION COT	TELEPHONE CC	TOTALS	DEBIT	CREDIT	MTH INCOME STMT	MTH INCOME STMT	
REVENUE										
LONG DISTANCE	(b)				(4)					
LONG DISTANCE AZ										
LONG DISTANCE NM										
LONG DISTANCE OK										
PRIVATE LINES										
PRIVATE LINE NM										
PRIVATE LINE OK										
DATA SERVICES TX										
DATA SERV OTR STATES										
VIDEO SERVICES										
PAGING SERVICE										
CONFERENCE CALL SERVICE										
CONFER CALLS OTR STATES										
CARRIER ACCESS BILLING										
LOCAL SERVICE										
DEFERRED REVENUE ADJUSTMEN										
CREDITS										
EQUIP RENTAL & SALES	(b)				(4)					
UNIVERSAL SERVICE FEE										
REGULATORY COST RECOVERY F										
PICC CHARGES										
RENT INCOME										
OTHER SERVICE REVENUE										
CONSTRUCTION REVENUE										
TOTAL SALES										
COST OF SALES	(b)				(4)					
USAGE										
ACCESS & TERMINATION										
INSTALLATION CHARGES										
TRANSPORT										
OPERATOR ASSISTANCE										
PRIVATE LINE EXPENSE										
DEPRECIATION TELE EQUIP										
COST-EQUIP & WARRANTY										
COST OF PAGING SERVICE										
COST OF DATA SERVICES										
COST OF CONFERENCE CALL										
800 ACCESS AND ADMIN										
LOCAL SERVICE ACCESS										
UNIVERSAL SERVICE FUND										
COST-VIDEO SERVICES										
COST-CLEC LOCAL SERVICE										
PICC COST										
PAY PHONE SERVICE CHG										
CONSTRUCTION MATERIALS										
OTHER DIRECT COSTS										
TOTAL COST OF SALES										
GROSS PROFIT MARGIN										

NTS Communications, Inc.
Consolidated Income Statements
4Qtr 2008

	NTS	NTS	NTS	NTS		ELIMINATING ADJUSTMENTS		CONSOLIDATED	2/26/08 CON	
	COMMUNICATIONS	MANAGEMENT LLO	CONSTRUCTION CO	TELEPHONE CC	TOTALS	DEBIT	CREDIT	MTH INCOME STMT	MTH INCOME STMT	
SELLING EXPENSES										
ADVERTISING	(b) (4)									
AUTO EXPENSE										
BUSINESS MEALS										
COMMISSION EXPENSE										
CONTRACT LABOR										
DUES & SUBSCRIPTIONS										
EMPLOYER 401(K) EXPENSE										
ENGINEERING FEES										
ENTERTAINMENT & PROMO										
FREIGHT EXPENSE										
INSURANCE EXPENSE GROUP										
INTERNET EXPENSE										
MISCELLANEOUS EXPENSE										
MOVING EXPENSE										
OFFICE SUPPLIES										
POSTAGE EXPENSE										
RENTAL EXP BUILDING										
RENTAL EXPENSE EQUIP										
SALARY EXPENSE										
PAYROLL TAXES										
TELEPHONE EXPENSE										
TRAINING EXPENSE										
TRAVEL										
TOTAL SELLING EXPENSES										

NTS Communications, Inc.
Consolidated Income Statements
4Qtr 2008

	NTS	NTS	NTS	NTS		ELIMINATING ADJUSTMENTS		CONSOLIDATED	2/26/08 CON	
	COMMUNICATIONS	MANAGEMENT LLO	CONSTRUCTION C	TELEPHONE CC	TOTALS	DEBIT	CREDIT	MTH INCOME STMT	MTH INCOME STMT	
ADMIN & OPERATING EXPENSE										
ADVERTISING	(b) (4)									
AMORTIZATION										
AUTO EXPENSE										
COLLECTION FEES										
BUSINESS MEALS										
COMPUTER EXPENSE										
CONTRACT LABOR										
CUSTODIAL SERVICES										
BAD DEBT EXPENSE										
BANK CHARGES										
DEPRECIATION EXPENSE										
DIRECTOR FEES & EXPENSE										
DUES & SUBSCRIPTIONS										
EMPLOYER 401(K) EXPENSE										
ENGINEERING FEES										
ENTERTAINMENT & PROMO										
FREIGHT EXPENSE										
INS EXP CAS & LIABILITY	(b) (4)									
INSURANCE EXPENSE GROUP										
INTERNET EXPENSE										
LEGAL & ACCOUNTING										
LICENSES & FEES										
MISCELLANEOUS EXPENSE										
MOVING EXPENSES										
OFFICE SUPPL & POSTAGE										
OFFICE RELOCATION EXP										
RENTAL - BUILDING										
RENTAL EXP EQUIPMENT										
UTILITIES										
REPAIR & MAINTENANCE										
SALARY EXPENSE										
INCENTIVE BONUS										
SUPPLIES										
PAYROLL TAXES										
TAXES OTHER										
TAXES PROPERTY										
TAXES FRANCHISE										
TELEPHONE EXPENSE										
TRAINING EXPENSE										
TRAVEL										
TOTAL ADMIN & OPER EXP										
NET OPERATING INCOME										

NTS Communications, Inc.
Consolidated Income Statements
4Qtr 2008

	NTS	NTS	NTS	NTS		ELIMINATING ADJUSTMENTS		CONSOLIDATED	2/26/08 CON	
	COMMUNICATIONS	MANAGEMENT LLO	CONSTRUCTION CO	TELEPHONE CO	TOTALS	DEBIT	CREDIT	MTH INCOME STMT	MTH INCOME STMT	
OTHER INCOME & (EXPENSES)										
RENT EXPENSE - PARKING	(b) (4)									
INTEREST INCOME										
MISC INCOME (EXPENSE)										
GAIN/LOSS ON SALE OF ASSETS										
LOAN FEES										
INTERCOMPANY INTEREST EXPEN										
TOTAL OTHER INC & (EXP)										
NET INCOME BEFORE TAXES										
PROVISION FOR INCOME TAXES										
NET INCOME										
EBITDA										

March 24, 2010

Board of Directors
PRIDE Network, Inc.
5307 W. Loop 289
Lubbock, Texas 79414

Re: Funding certification as defined by the United States Department of Agriculture
Broadband Initiatives Program

Dear Sirs:

This letter constitutes the certification required by United States Department of Agriculture (USDA) Broadband Initiatives Program (BIP) as stated in the Round II NOFA of demonstrated capital requirements. NTS Communications, Inc. (NTS) hereby confirms that (i) PRIDE Network, Inc. has proved the development and construction of the PRIDE Networks (Projects), as defined in, and contemplated by, the American Recovery and Reinvestment Act of 2009 (ARRA) pursuant to the Round II USDA BIP Notice of Funding Availability (NOFA) rules, and (ii) NTS has irrevocably agreed to make capital contributions to PRIDE Network, Inc. in the aggregate amount of up to (b) (4) in connection with these Projects contingent on the same be approved by the USDA.

This funding commitment shall remain effective and binding for all Round II applications submitted by PRIDE Network, Inc. without regard to whether a single or multiple applications are approved, but the amount of the commitment shall be adjusted to fully fund only the capital contributions required by those projects which are approved and funded by the USDA. Further, attached to this letter please find our bank statement from Plains Capital Bank as evidence of our ability to fulfill the commitments made herein.

NTS acknowledges that PRIDE Network, Inc. is relying upon this certification in proceeding to perform its obligations under the USDA BIP Loan/Grant Program, and that PRIDE Network, Inc. would not proceed to perform its obligations under the USDA BIP Loan Grant Program in absence of this certification.

Regards,

NTS Communications, Inc.



Brad D. Worthington
President & COO

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

People Product Price



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

NTS COMMUNICATIONS, INC
5307 W LOOP 289
LUBBOCK, TX 79414-1610

Checking Activity

Account Number
COMMERCIAL CKG AA

****(b) (4)

Transactions For Current Statement Period

Account Summary

Previous Statement Balance as of Monday, March 22, 2010

1 Deposits and other Credits.

0 Withdrawals and other Debits.

Service Charges.

Current Statement Balance as of Wednesday, March 24, 2010

Number of Days in this Period:

Beginning Interest Rate

Interest Paid Year To Date

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

Account Activity

Date	Description	Debit	Credit	Balance
3/22/2010	BEGINNING BALANCE			(b) (4)(b) (4)
3/23/2010	WIRE IN (b) (4)(b) (4)(b) (4)			

Balance By Day

1.	3/22/2010: \$0.00	2.	3/23/2010: (b) (4)(b) (4)
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Attachment 9 - Environmental Questionnaire

Easygrants ID: 5109

Project Title: *North Shore Project*

Instructions: *Complete the Environmental Questionnaire using the instructions in the BIP Second Round Application Guide and below. Upload supplemental information (e.g., maps, environmental review documents) as separate attachments. Clearly label all documents as well as file names.*

Any project-related activity that may adversely affect the environment must not be undertaken prior to the completion of the Rural Utilities Service 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. If a question is not applicable, please enter “N/A” instead of leaving the section blank.

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 agencies. Such material, to the extent relevant, may be used to meet the requirements herein. Applicants shall not reference items provided in other parts of the application package; all materials relevant to this questionnaire must be integrated herein to facilitate timely review.

i. **Project Description and Location:**

Describe all project-related construction activities, including, but not limited to:

1. Building construction related to installing prefabricated buildings;
2. Internal modifications, or equipment additions to buildings or other structures (e.g., relocating interior walls or adding computer facilities);
3. The construction and installation of buried cable; or
4. Installation of telecommunications transmission facilities including construction of new monopole towers or satellite dishes.

Complete descriptions and locations must be provided for each site affected by project-related construction activities.

PRIDE Network, Inc. (PRIDE Net) was granted funding by the Broadband Initiatives Program (BIP) for two applications during round one of the American Recovery and Reinvestment Act of 2009 (ARRA) stimulus session for two Fiber to the Premise (FTTP) projects in Texas. During this second round of ARRA stimulus funding PRIDE Net proposes, with the North Shore Project, to extend its network to make Advance Broadband Services available to the economically depressed and underserved residents, businesses and Critical Community Facilities (CCFs) in the rural North Shore areas of Franklinton, Hammond, Independence, Mountpelier, Natalbany, Ponchatoula, Tickfaw, and surrounding non-census communities within the State of Louisiana.

PRIDE Net is determined to provide reasonably priced quality Advanced Broadband Service to needed areas of persistent poverty and communities that have experienced the current economic downfall. In consideration of the awards granted during the first ARRA round of funding, it is evident that PRIDE Net is well suited to follow any and all procedures required by the ARRA. NTS Communications, Inc. (NTS), through its subsidiary, PRIDE Net is fully capable of constructing and operating the North Shore 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 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 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. (Xfone USA), 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 650 route miles of fiber optic distribution plant encompassing in excess of 18,000 gross passings in these communities. Using its FTTP facilities, NTS provides full-featured Broadband 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 USDA Rural Utilities Service (RUS) Broadband Loan, including approximately 98 route miles of fiber cable, to bring broadband voice, video, and data services, via FTTP, to the communities of Levelland and Smyer, Texas. This project is currently completing 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), as well as, invaluable experience with RUS accounting procedures.

The proposed funded service area (PFSA) for the BIP North Shore Project will include the US census communities of Amite, Franklinton, Hammond, Independence, Mountpelier, Natalbany, Ponchatoula, Tickfaw within the State of Louisiana. It will also include the non-census areas around and between these communities. The proposed Last Mile Service Area for this project is 100% rural and will cover an approximate area of 348 square miles and include a population of 26,632 with approximately 10,097 Households, 2,978 Businesses and 172 Critical Community Facilities. Market survey results, competitive analysis, on the ground research, and careful review of the incumbent provider's online broadband qualification tools have provided evidence that the PFSA is underserved by ARRA definition.

Some of the communities proposed to be served by the PRIDE Net currently have broadband service, however, where broadband is available it is limited and sporadic. Broadband subscription rates shown by the research described above concludes the existing 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. Most of the PFSA does not have access to broadband service at the speeds mandated by the ARRA. The North Shore Project will make Advanced Broadband Services available to those underserved areas. In the limited areas where broadband service is currently available, PRIDE Net will offer a competitive choice that will be far more affordable.

PRIDE Net's parent company, NTS, as described above, operates a large existing network that will provide a reliable support framework, back-office, and network interface infrastructure; via

a service agreement, as a result, PRIDE Net will be able to immediately provide carrier class service and reliability for this proposed service area. A service agreement with PRIDE Net's sister company, Xfone USA, will also be in place to cover co-location and local support. These existing capabilities and resources will be instrumental in PRIDE Net's ability to maintain the project schedule.

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

1. **Broadband over Fiber Optics:** Broadband service provided through a standards based Calix (or similar product) access network utilizing passive GPON distribution over FTTP fiber optic cables deployed to each subscriber's home or building. The majority of establishments will be reached through this method.
2. **Broadband over Wireless:** Broadband service that uses wireless broadband radio spectrum to distribute broadband to the subscriber premise. PRIDE Net will install equipment on existing primary towers to reach subscriber homes or buildings. Each subscriber will have a specialized radio at their premise to communicate with the towers. Entities beyond the economical reach of the FTTP plant, and/or entities who wish to subscribe to a lower speed more economical broadband package will be served through this method.

The proposed North Shore Project plans to put transport and access equipment into the Xfone USA's co-location Central Office building located in Hammond, Louisiana, one (1) remote access node in a Remote Office building in Amite, Louisiana, and eight (8) proposed remote access node cabinets, of which, seven (7) are co-located at existing wireless tower or elevated structure sites located in the US census communities and non-census area as listed in the chart below. The Hammond Co-Location connections will allow PRIDE Net to obtain access to the Public Internet Backbone, Public Switched Telephone Network (PSTN), and to broadband video and other content provided to PRIDE Net through a service agreement with its affiliate Xfone USA. The Hammond Co-Location will allow the use of "Leased Fibers" to provide a complete fiber loop for this network.

A 10 Gigabit per second, standards based, open access, Ethernet transport service will be initially enabled for the transmission of broadband data, voice, and video service over fiber optic cable to the proposed FTTP and Wireless distribution plants. Each active PON node and tower location will be physically connected to this transport feed via fiber. The equipment will also allow for the redundant distribution of services within the new network. The existing Xfone USA facilities in Hammond, Louisiana are currently outfitted with air conditioning, power, emergency power, battery, grounding, fire suppression, security, and other ancillary equipment as necessary to provide a carrier class, five 9's, reliable, redundant service.

The table below provides a summary of each network element that will be constructed.

COMMUNITY	PARISH	CO-LOCATION	REMOTE ACCESS NODES		TOWER
			BUILDING	CABINET	
Amite	Tangipahoa		1		
Franklinton (Tower 3)	Washington			1	1
Hammond *	Tangipahoa	1	1		1 *
Independence	Tangipahoa			1	1
Montpelier	St. Helena			1	1
Natalbany	Tangipahoa			1	
Pine Grove	St. Helena			1	1
Ponchatoula	Tangipahoa			1	
Tangipahoa Parish & Other (Tower 1 & 2)	Tangipahoa			1	2
Washington Parish- Other (Tower 4)	Washington			1	1

* This tower to be placed for the reception of off air local TV stations only.

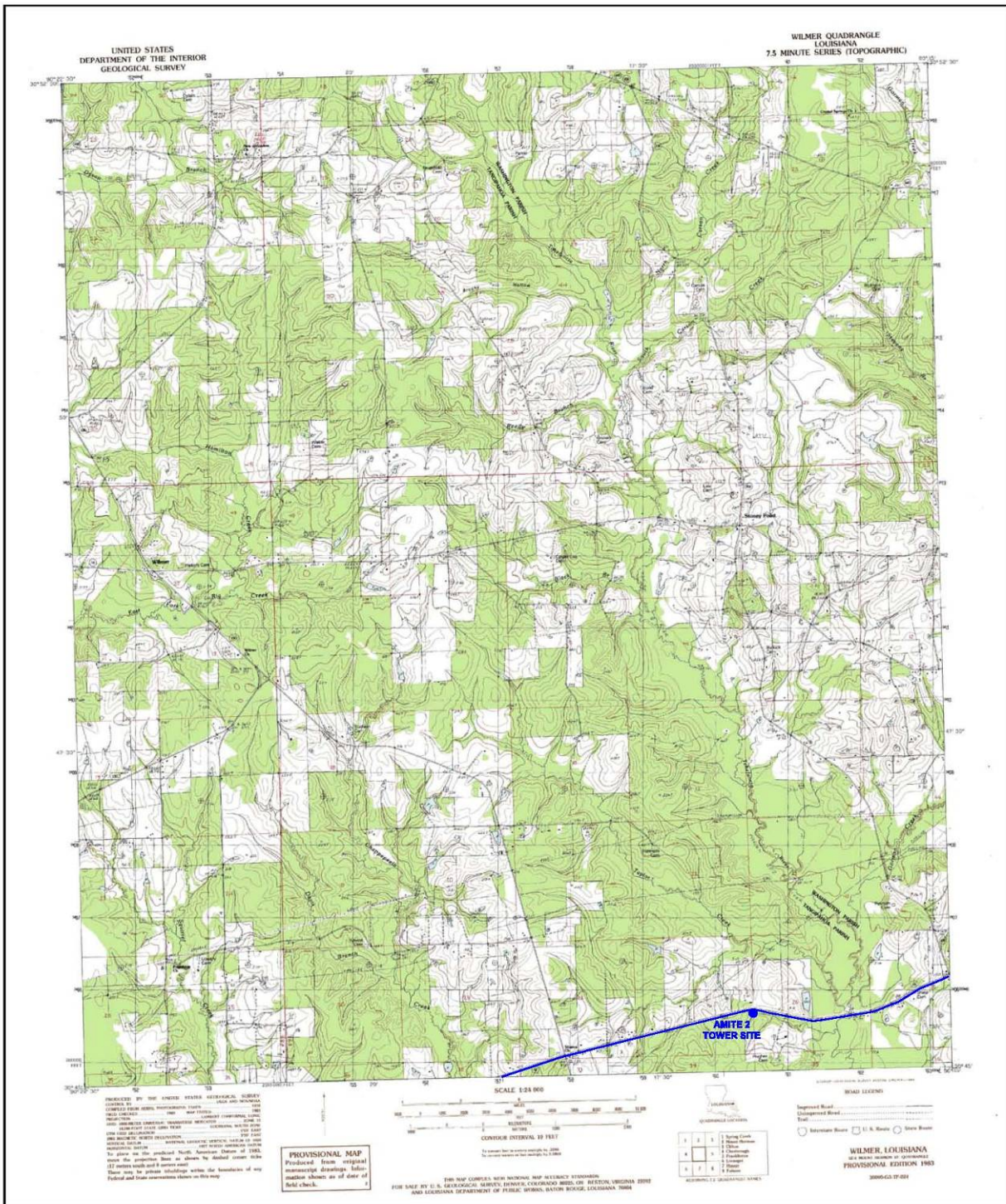
ii.

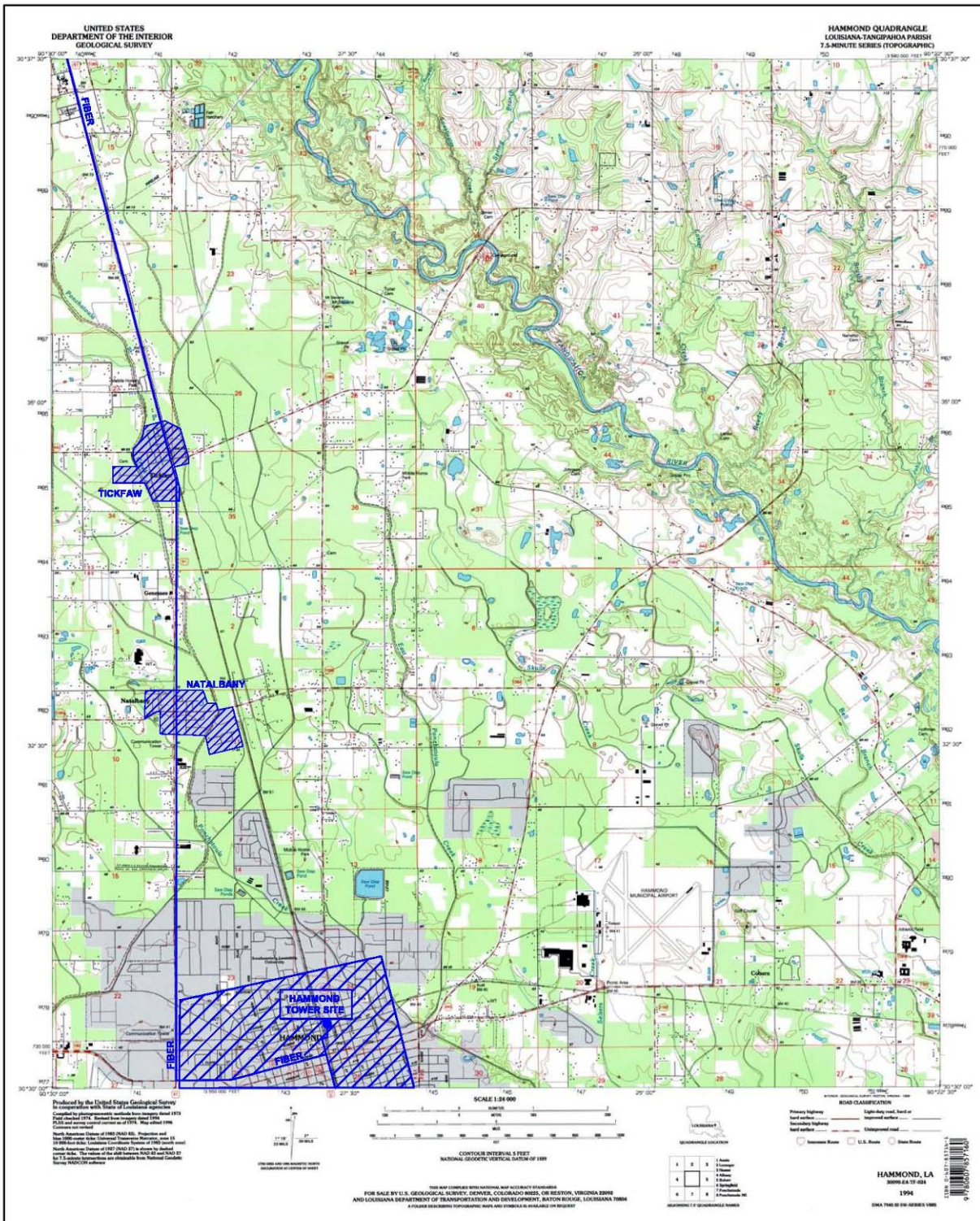
Map:

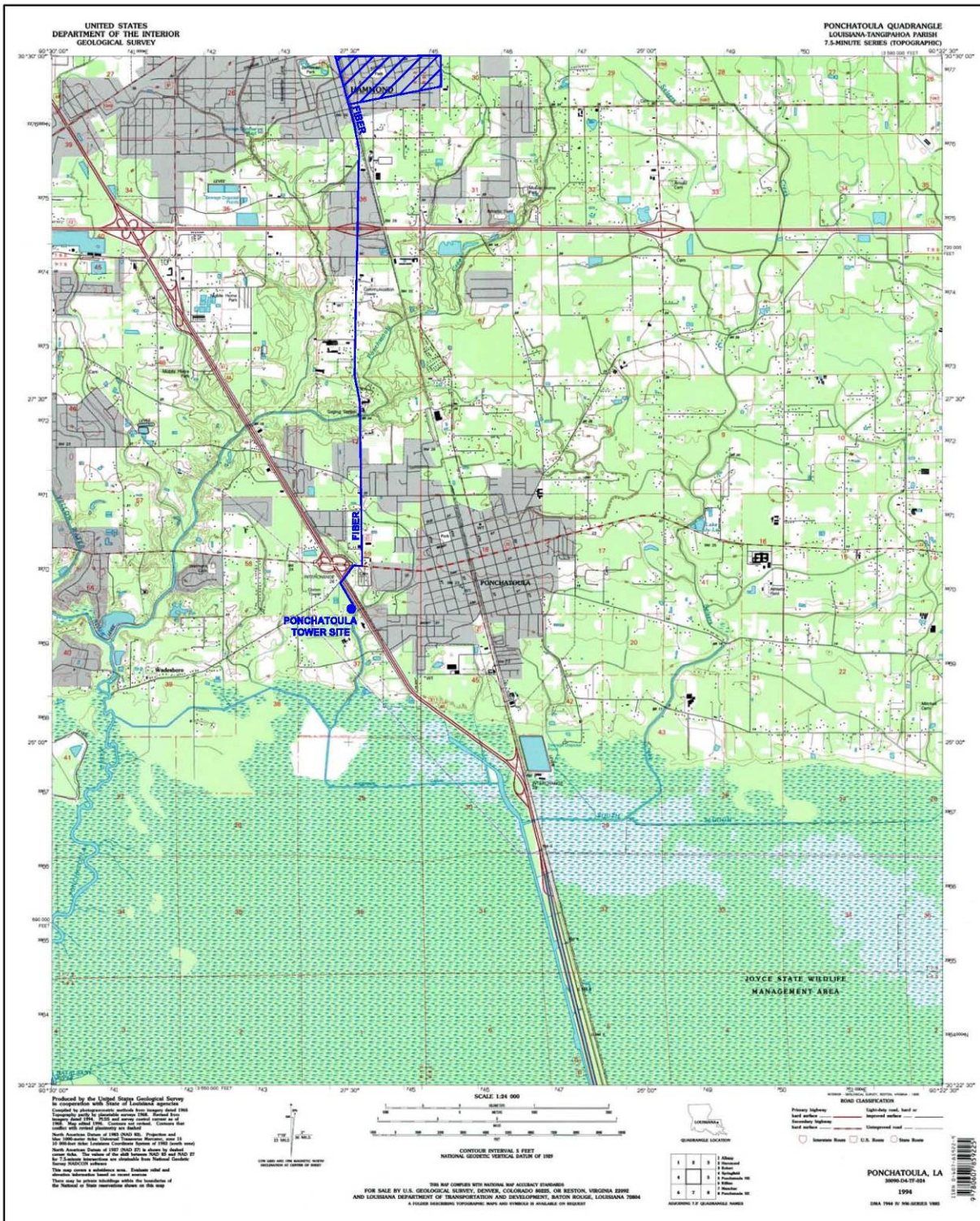
Include a map for each site affected by construction (recommend U.S. Geological Survey 7.5-minute quadrangle maps at a map scale of 1:24,000; larger scale maps may be provided for site-specific proposals). USGS maps may be obtained and purchased at the following website: <http://www.usgs.gov/pubprod/maps.html>. All project elements, if known at the time of the application, must be clearly depicted on any map provided. If appropriate, photographs or aerial photographs of site-specific proposals may be provided.

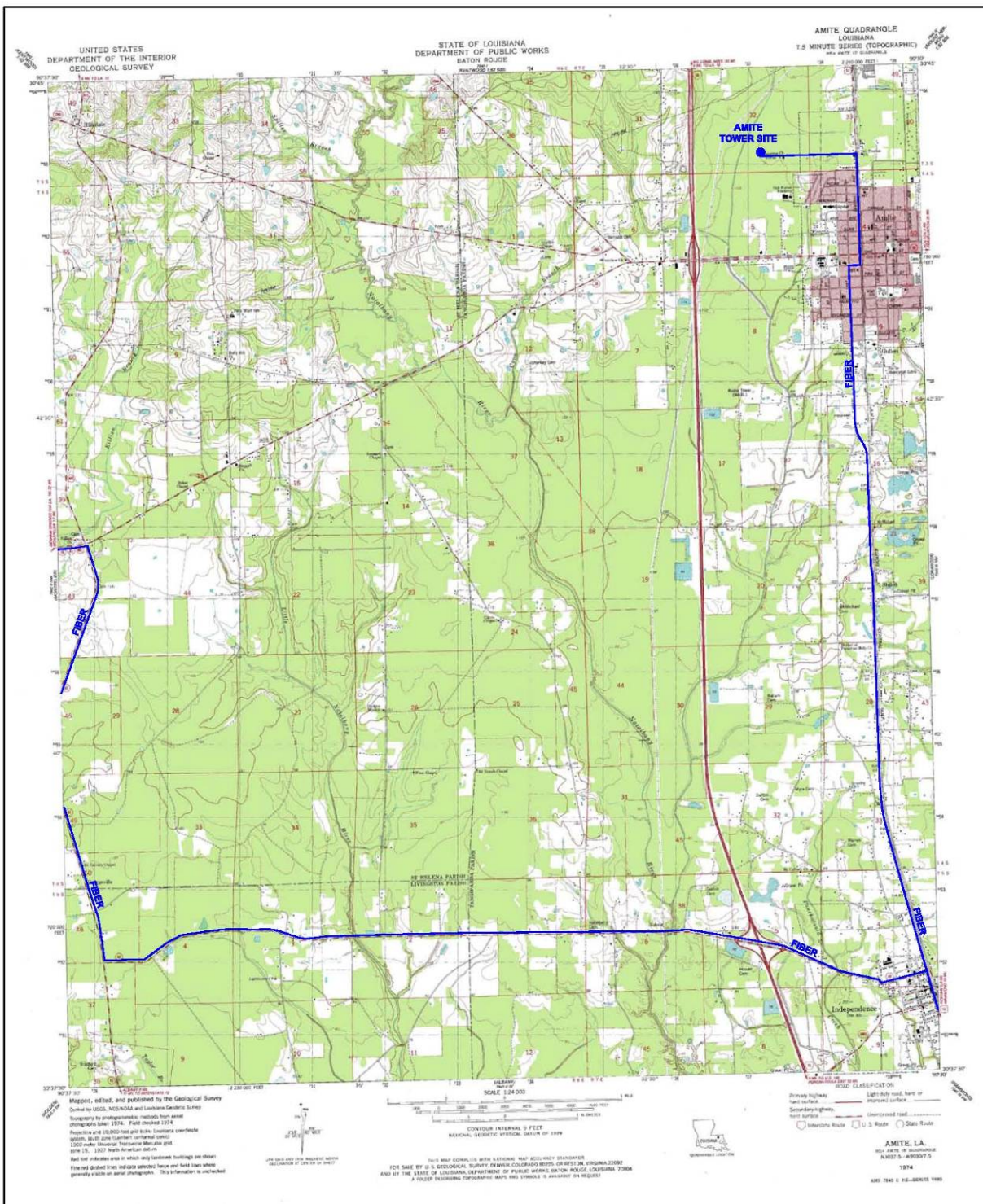
Maps are provided on the following pages depicting the required information.

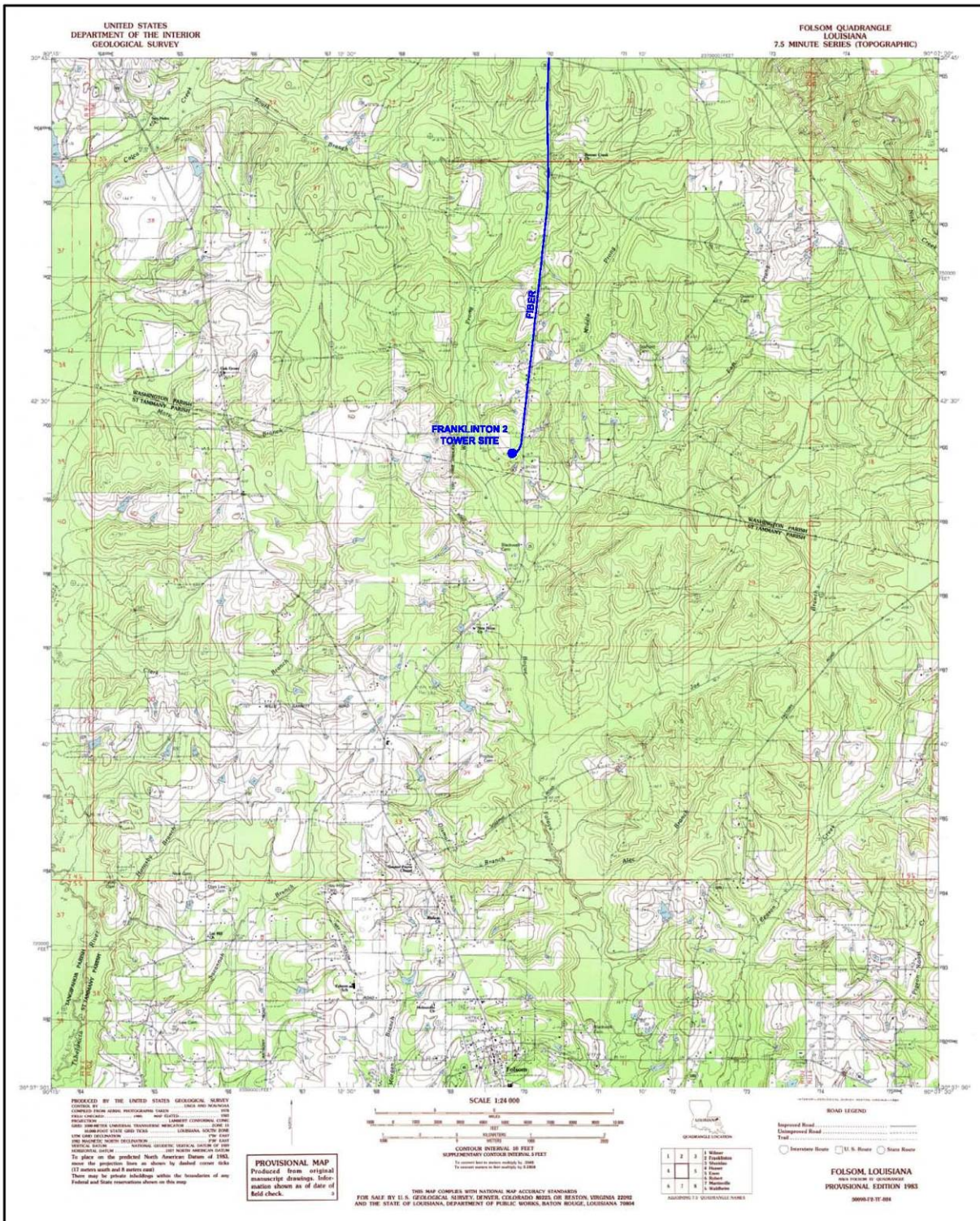
NOTE: The fiber construction routes are indicated by blue shaded lines. The location of network elements affected by construction are indicated by blue circles.

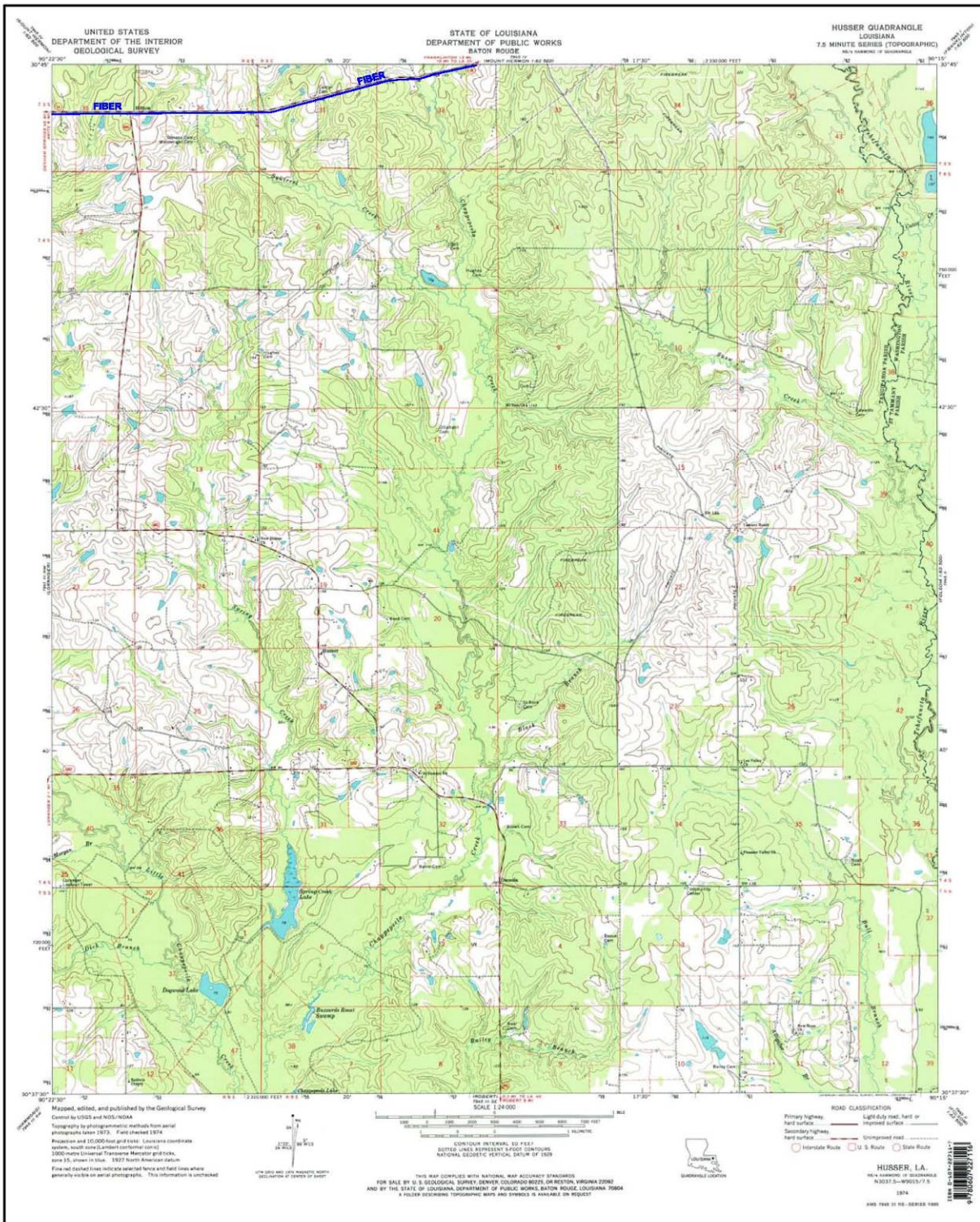


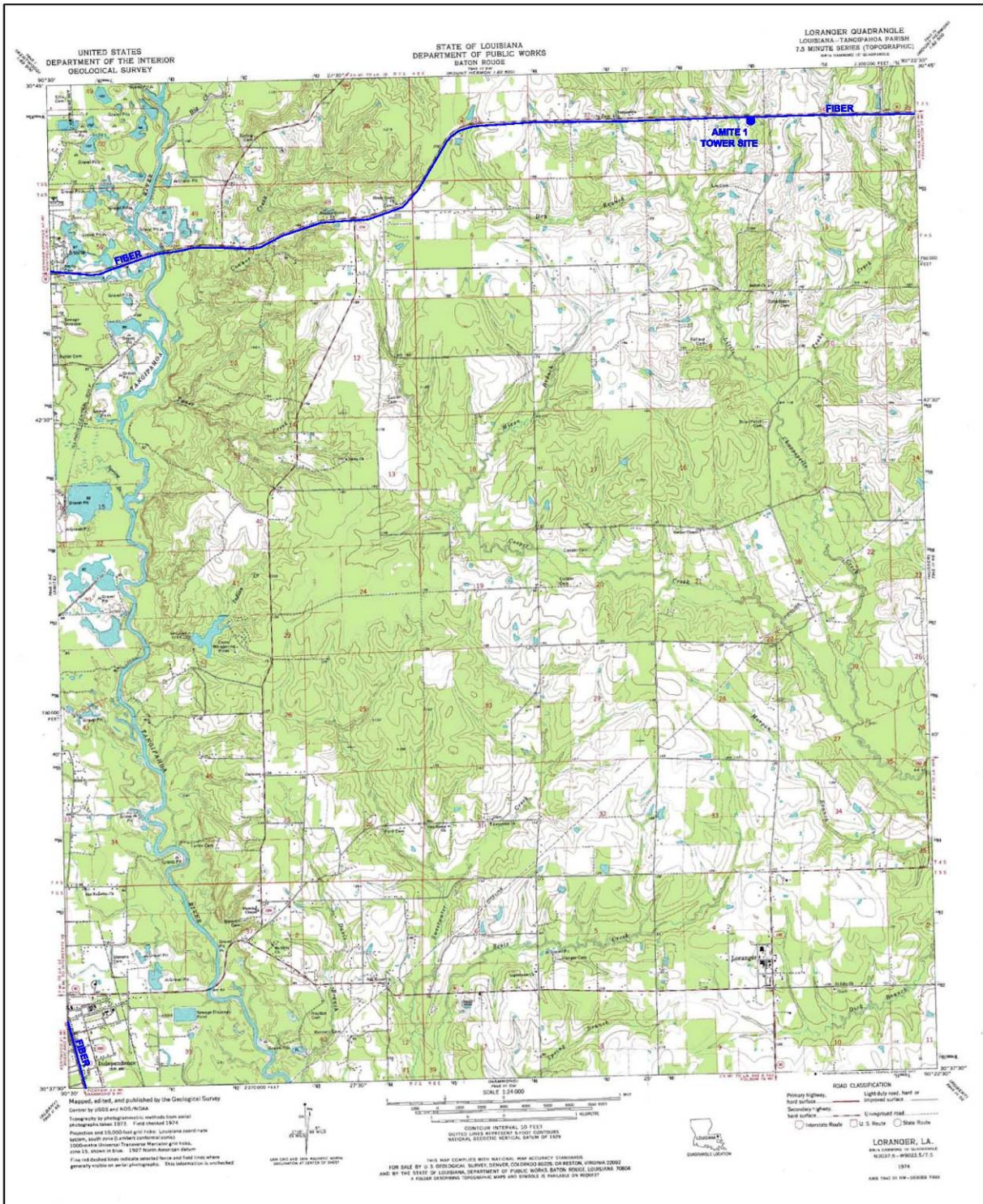


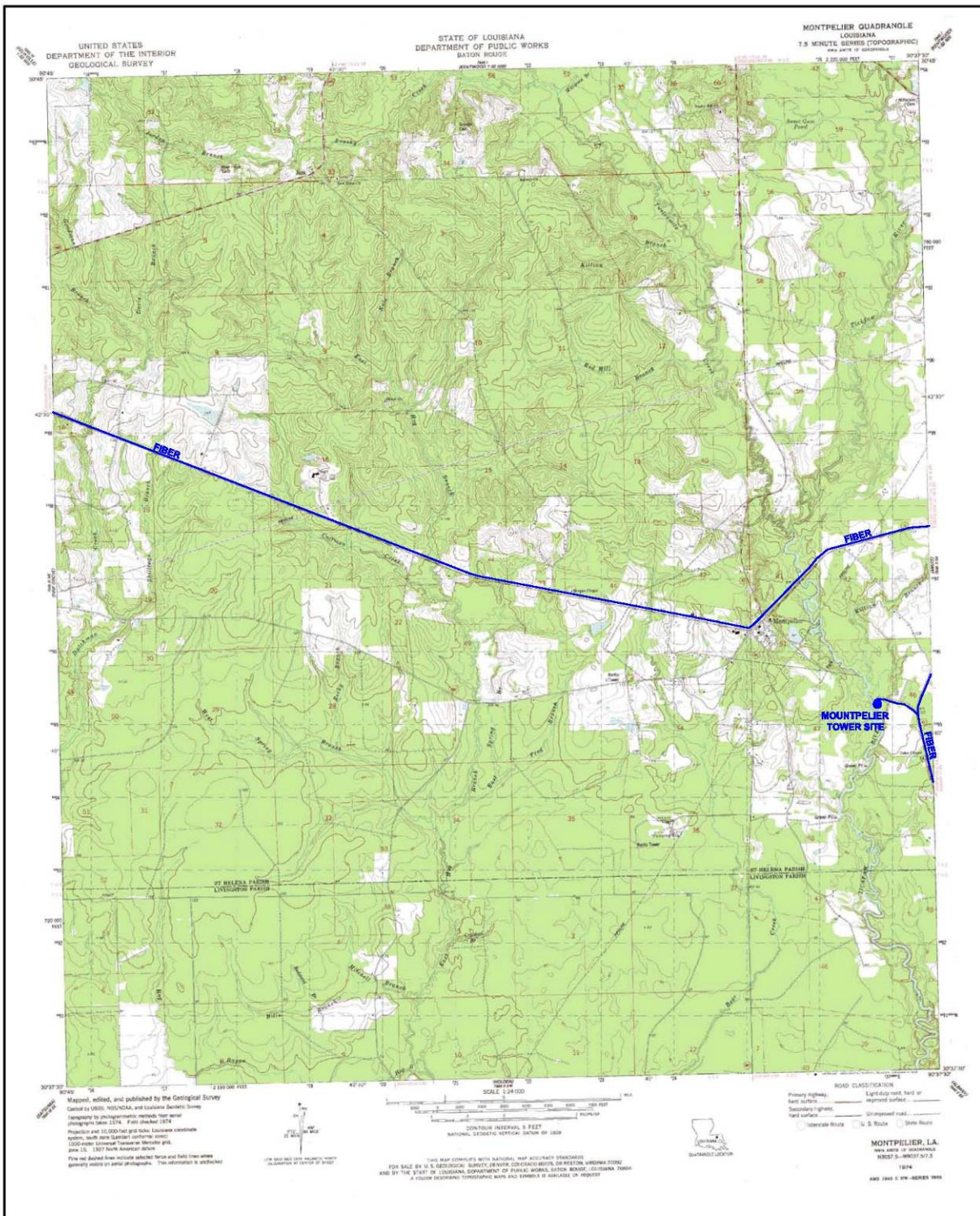


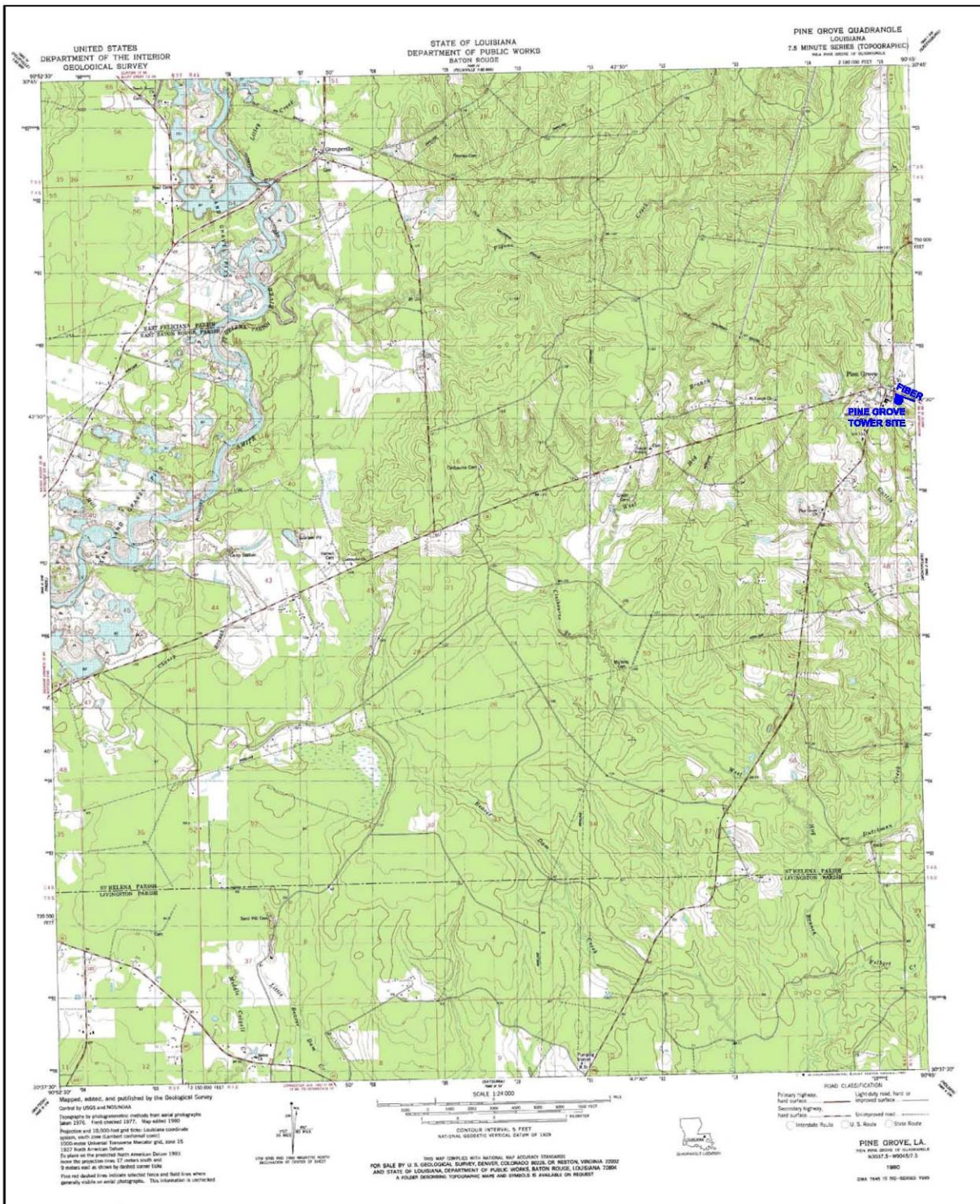












iii. **Property Changes:**

Describe and indicate the amount of property to be cleared, excavated, fenced, or otherwise disturbed by the project. Describe the current land use and zoning for each project site affected by construction. Document whether the proposed project is located on public land owned or managed by the federal government. For information related to federal lands see the following website – <http://www.geocommunicator.gov>. This website provides cadastral survey and land management information and data from the National Integrated Land System specifically the distribution of the Public Land Survey System (PLSS), other survey-based data, and federal land boundaries.

Inside Plant Construction

(b) (4)

Modification of Existing Central Office/Co-Location Building

(b) (4)

Modification of Existing Central Office/Co-Location Facility

To provide the reception of local off air transmitted television channels, the construction of a up to 150ft. self supporting tower equipped with 12 off air antennas will be required at the above Central Office/Co-Location in Hammond, LA.

The following construction activity will be conducted at this facility.

(b) (4)

Renovation Remote Access Node Office Building

(b) (4)



Minor renovations and basic office fit-up of the purchased building are projected to be necessary in order to create a small equipment room to house the proposed network access equipment and to facilitate the local sales and support activities. The building will have the necessary ducting, racking, cabling, environmental conditioning, emergency power backup, fire suppression, security, and other ancillary equipment installed to provide a carrier grade environment for the network access equipment. In addition, if deemed necessary, the power and grounding systems will be upgraded to meet all relevant RUS and NESC standards, as well as, all other local, state, and national codes and requirements. Permits and/or approvals will be obtained from any necessary authorities upon completion of the property purchase. This building will not be located in a flood plain, nor will it be located in an area that would impact a protected historical or tribal designated place.

Remote Access Nodes

(b) (4)



These will not be located in a flood plain, nor will they be located in an area that would impact a protected historical or tribal designated place. The specific site locations for each of these OSP cabinets have been previously listed in the table above.

The following construction activity will be conducted in the public right of way or at the location designated by owner of the tower or elevated structure at each Remote Access node site.

- (b) (4)
- 

(b) (4)



Wireless Tower Sites

Seven (7) wireless tower sites, listed in the table above are proposed and will be co-located with proposed remote access node cabinets described above. (b) (4)

(b) (4)



(b) (4)



All tower sites, including any necessary new construction, are anticipated to be in service by 2nd quarter of year 2 of the project.

Outside Plant Construction

The proposed project will include a fiber based transport and distribution network, consisting of redundant leased fiber between Lubbock, Texas and Hammond, Louisiana, as well as, 75.50 miles of new fiber construction (trunking).

(b) (4)



All OSP construction will be performed under the supervision of a resident engineer from a licensed engineering company according to RUS standard construction practices, and will meet all federal, state, and local guidelines.

The new fiber facilities will be serving as the interface between the existing NTS fiber plant and network resources and the new proposed North Shore Project network and will distribute broadband services to PRIDE Net subscribers.

PRIDE Net will apply to the state of Louisiana for a Service Providers Certificate of Authority (SPCOA) and upon approval, will have access to State Public Right of Way. Permits, as required by city government, railroad, or highway departments will be obtained upon notification that this project will be funded by the ARRA Broadband Stimulus Program.

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.

Inside Plant Construction

(b) (4)

A large rectangular area of the document is completely blacked out, indicating redacted information. It covers the majority of the 'Inside Plant Construction' section.

Modification of Existing Central Office/Co-Location Building

(b) (4)

A large rectangular area of the document is completely blacked out, indicating redacted information. It covers the majority of the 'Modification of Existing Central Office/Co-Location Building' section.

Modification of Existing Central Office/Co-Location Facility

To provide the reception of local off air transmitted television channels, the construction of a up

(b) (4)

A large rectangular area of the document is completely blacked out, indicating redacted information. It covers the majority of the 'Modification of Existing Central Office/Co-Location Facility' section, including a bulleted list that is partially visible.

(b) (4)



- (b) (4)

█

█

█

█

- These sites will be screened or fenced as required by the right of way agent and constructed as required by all local, state, and national codes that apply.

(b) (4)

(b) (4)

(b) (4)

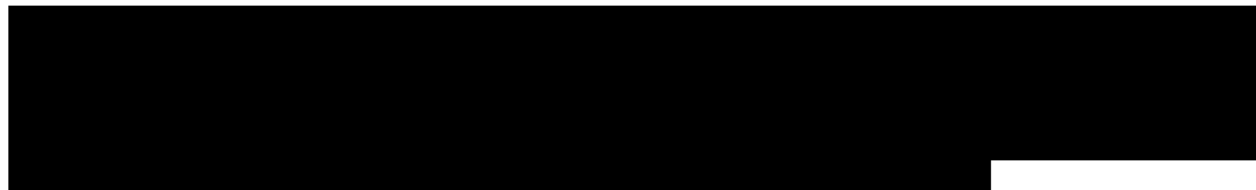
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(b) (4)

A large rectangular area of the document is completely redacted with a solid black box.

All tower construction will be performed to ensure compliance to wind loading and other relevant engineering constraints. The site preparation will also include chain link fencing and a ground field consisting of copper ground rods (qty to be determined by the ground resistivity test results) connected by bare copper cable will be constructed to RUS and NESC specifications.

(b) (4)

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(b) (4)

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(b) (4)



All OSP construction will be performed under the supervision of a resident engineer from a licensed engineering company according to RUS standard construction practices, and will meet all federal, state, and local guidelines.

The new fiber facilities will be serving as the interface between the existing NTS fiber plant and network resources and the new proposed North Shore Project network and will distribute broadband services to PRIDE Net subscribers.

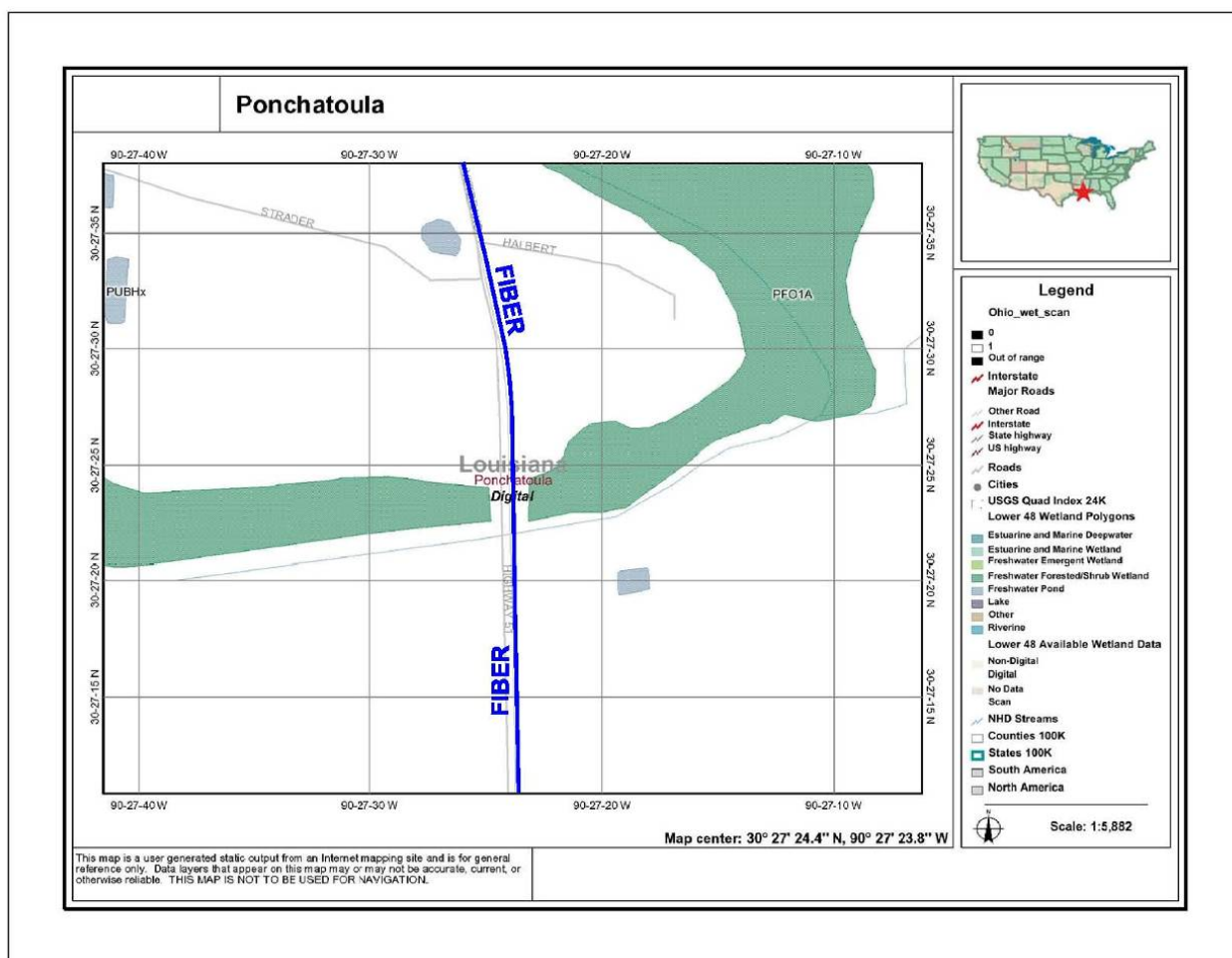
PRIDE Net will apply to the state of Louisiana for a Service Providers Certificate of Authority (SPCOA) and upon approval, will have access to State Public Right of Way. Permits, as required by city government, railroad, or highway departments will be obtained upon notification that this project will be funded by the ARRA Broadband Stimulus Program.

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 one area of wetlands is near but not within the proposed fiber or wireless construction route. The following map indicates the Wetland site near the proposed construction route which will utilize existing rights of way. The remaining construction route does not pass through a wetland; therefore the project will have no impact on any protected wetlands.



vi. **Threatened and Endangered Species:**

Describe and indicate whether any project site(s) will directly or indirectly affect any threatened, endangered or candidate species or is within or near critical habitats. To document the analysis, applicants must provide species lists and appropriate species 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

It has been determined that no threatened or endangered species or critical habitats will be directly or indirectly affected within the proposed project.

Listings and occurrences for Louisiana

Notes:

- This report shows the listed species associated in some way with this state.
- This list does not include experimental populations and similarity of appearance listings.
- This list includes non-nesting sea turtles and whales in State/Territory coastal waters.

- 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.

Summary of Animals listings

Animal species listed in this state and that occur in this state (19 species)

Status	Species
T	Bear, Louisiana black (Ursus americanus luteolus)
T	Heelsplitter, Alabama (=inflated) (Potamilus inflatus)
E	Manatee, West Indian (Trichechus manatus)
E	Mucket, pink (pearlymussel) (Lampsilis abrupta)
T	Pearlshell, Louisiana (Margaritifera hembeli)
T	Plover, piping except Great Lakes watershed (Charadrius melodus)
T	Sea turtle, green except where endangered (Chelonia mydas)
E	Sea turtle, hawksbill (Eretmochelys imbricata)
E	Sea turtle, Kemp's ridley (Lepidochelys kempi)
E	Sea turtle, leatherback (Dermochelys coriacea)
T	Sea turtle, loggerhead (Caretta caretta)
T	Sturgeon, gulf (Acipenser oxyrinchus desotoi)
E	Sturgeon, pallid (Scaphirhynchus albus)
E	Tern, least interior pop. (Sterna antillarum)
T	Tortoise, gopher W of of Mobile/Tombigbee Rs. (Gopherus polyphemus)
T	Turtle, ringed map (Graptemys oculifera)
E	Whale, finback (Balaenoptera physalus)
E	Whale, humpback (Megaptera novaeangliae)
E	Woodpecker, red-cockaded (Picoides borealis)

Animal species listed in this state that do not occur in this state (6 species)

Status	Species
E	Beetle, American burying (Nicrophorus americanus)
E	Frog, Mississippi gopher Wherever found west of Mobile and Tombigbee Rivers in AL, MS, and LA (Rana capito sevosa)
E	Jaguar (Panthera onca)
E	Panther, Florida (Puma (=Felis) concolor coryi)
E	Vireo, black-capped (Vireo atricapilla)
E	Wolf, gray Lower 48 States, except where delisted and where EXPN. Mexico. (Canis lupus)

Animal listed species occurring in this state that are not listed in this state (2 species)

Status	Species
--------	---------

Animal listed species occurring in this state that are not listed in this state (2 species)

<u>Status</u>	Species
E	Pocketbook, fat (<i>Potamilus capax</i>)
E	Sawfish, smalltooth (<i>Pristis pectinata</i>)

Summary of Plant listings**Plant species listed in this state and that occur in this state (3 species)**

<u>Status</u>	Species
E	Chaffseed, American (<i>Schwalbea americana</i>)
T	<i>Geocarpon minimum</i> (No common name)
E	Quillwort, Louisiana (<i>Isoetes louisianensis</i>)

Plant species listed in this state that do not occur in this state (1 species)

<u>Status</u>	Species
E	Pondberry (<i>Lindera melissifolia</i>)

Last updated: March 12, 2010

vii. Floodplains:

Describe whether or not any facilities or sites are located within a 100-year floodplain. Information related to floodplains and National Flood Insurance Maps may be obtained from the Federal Emergency Management Agency's (FEMA) website:
<http://msc.fema.gov/webapp/wcs/stores/servlet/FemaWelcomeView?storeId=10001&catalogId=10001&langId=-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

The proposed locations of central office, remote office, wireless tower sites and remote cabinets have been compared to the FEMA flood maps and it has been determined that no project site is within a 100 or 500 year floodplain.

viii. Historic Properties:

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>.

Applicants must indicate if any portion of the project is located on tribal lands, meaning lands within the exterior boundaries of any Indian reservation and all dependent Indian communities. Information regarding historic properties located on tribal lands may be

obtained from the Tribal Historic Preservation Officer (THPO) or the tribe's official representative for historic preservation. If provided, applicants should provide any information gathered about historic properties on tribal lands, including any correspondence with an Indian tribe.

Applicants must gather information about the nature and location of historic properties from the SHPO. SHPOs should be asked the following questions:

5. 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.
6. 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.
7. If provided, applicants should provide SHPO responses/information to these questions including any correspondence with the SHPO.

Findings

After comparing the proposed cable construction route and the locations of the proposed central office, remote office, wireless tower sites and new remote access nodes to the data available from SHPO/THPO, it has been determined that several historic properties are in the parishes of the proposed project listed below. The proposed cable route will go through previously disturbed rights of way and all required actions will be enforced to follow any rules and regulations set forth by any Historic preservation agency. We have enclosed the letter sent to the Louisiana SHPO stating the purpose of our project along with USGS maps depicting the fiber construction route.

- McGehee Hall, Southeastern Louisiana University
- McGehee House
- Ponchatoula Commercial Historic District
- Randal House
- Stevenson House
- The Episcopal church of the Incarnation
- Wascom House
- Zemurray Gardens Lodge Complex
- Blythewood
- Carter House
- Cate House
- Downtown Amite Historic District
- Epney
- G. W. Nesom House
- Grace Memorial Episcopal Church
- Greenlawn
- Hammond High School
- Hammond Historic District
- Independence Historic District
- June House
- Loranger Methodist Church

PRIDE Net

Mr. Scott Hutcheson, SHPO
Department of Culture, Recreation & Tourism
P.O. Box 44247
Baton Rouge, LA 70804

March 17, 2010

RE: Protected Lands, St. Helena, Tangipahoa and Washington Parrish

Dear Mr. Hutcheson,

PRIDE Network, Inc. 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 St. Helena, Tangipahoa, and Washington Parishes in the state Louisiana. 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, Inc. 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 Amite, Folsom, Franklinton, Hammond, Husser, Loranger, Montpelier, Pine Grove, Ponchatoula, and Wilmer.

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 Louisiana 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

The proposed fiber construction route and the locations of the proposed wireless towers construction sites have been compared to the Coastal Zone Management Area maps and it has been determined that no project site is within a Coastal Zone Management Area.

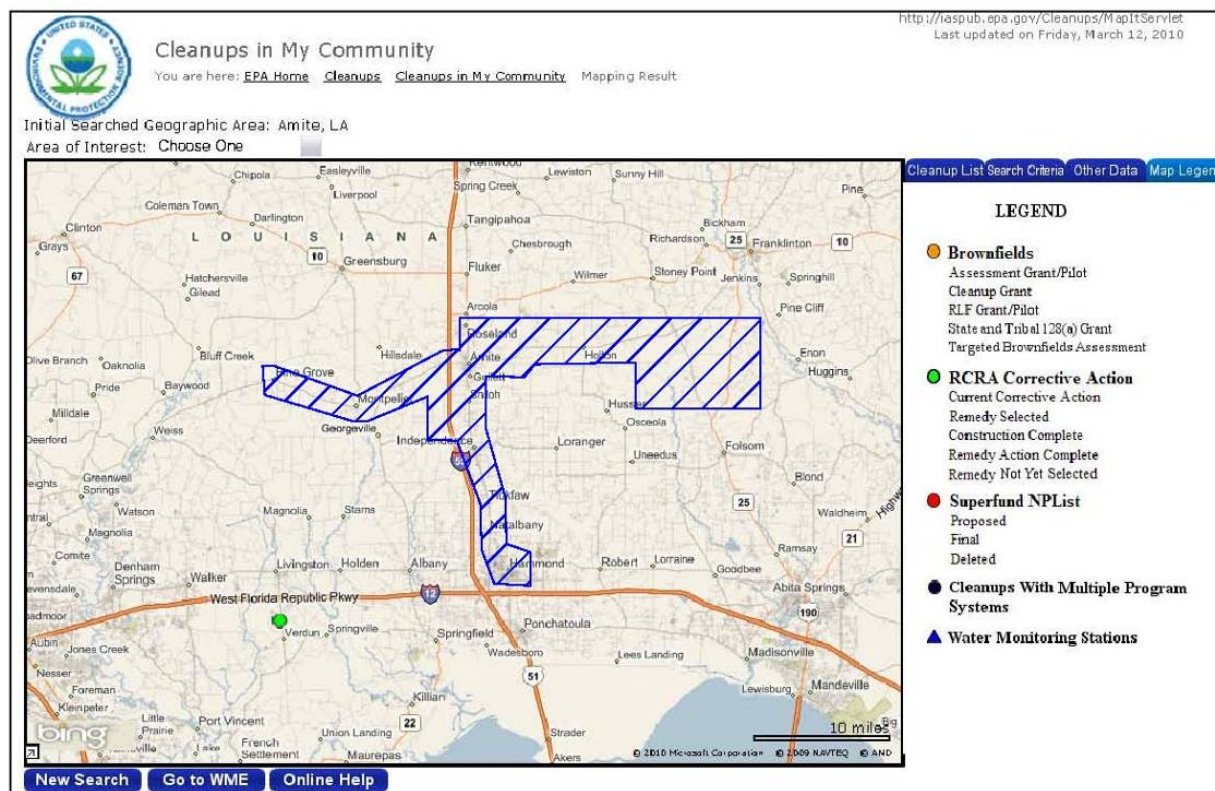
x. **Brownfields:**

Determine whether the project is located within a brownfield site. Per 42 U.S.C. 9601, the term "brownfield site" means real property, the expansion, redevelopment, or reuse of which may be complicated by the presence or potential presence of a hazardous substance, pollutant, or contaminant. Maps and locations of sites, facilities and properties that have been contaminated by hazardous materials and are being, or have been, cleaned up under EPA's

Superfund, RCRA and/or brownfields cleanup programs can be found at the following website: <http://iaspub.epa.gov/Cleanups/>.

Findings

The proposed cable construction route and the locations of the proposed central office, remote office, wireless towers or new remote access nodes have been compared to the Environmental Protection Agency's Brownfield maps and it has been determined that no project site is within or adjacent to a Brownfield site.



Attachment 13 -

Subscriber Projections and Service Tiers

Instructions for Completing This Template

1. There are three (3) service offering sections: 1) IP Data Services; 2) Video Services; and 3) Voice Services. Complete each section to the extent such services are being offered.
2. Each service offering section has three (3) subsections: 1) Residential; 2) Business; and 3) Critical Community Facilities. Complete each subsection even if the offerings are repeated within each subsection.
3. If you are reporting information for more than one service area, copy and complete the Offerings and Subs. Projections tab once per service area listed in the application.
4. If you cannot fit all offered service tiers, insert additional rows as necessary.

PROJECT	North Shore Project	EASYSRAN SID	5109
SERVICE AREA NAME	North Shore Project		

IP DATA SERVICES: Residential Offerings and Projected Subscribers - List all Services, both Current and Future												
Advertised Tier Definitions			Currently Offered Service	Current Subscribers	Subscriber Projections (total EOY)					Price	Wireless or Wireline?	Last Mile / Middle Mile
Tier Designator	Traffic Flow Direction	Tier Speed	Y / N	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	(\$/Month)		LM / MM
ier 1: Res Data (F P)	Downstream Upstream	15,000. Kbps 5,000. Kbps	Y	0	(b) (4)(b) (4)(b) (4)						Wireline	LM
ier 2: Res Data (Wireless)	Downstream Upstream	2,500. Kbps 768. Kbps	Y	0	(b) (4)(b) (4)(b) (4)						Wireless	LM
ier 3	Downstream Upstream	0 kbps 0 kbps			0	0	0	0	0	\$ -		
ier 4	Downstream Upstream	0 kbps 0 kbps			0	0	0	0	0	\$ -		
ier 5	Downstream Upstream	0 kbps 0 kbps			0	0	0	0	0	\$ -		
ier 6	Downstream Upstream	0 kbps 0 kbps			0	0	0	0	0	\$ -		
IP DATA SERVICES: Business Offerings and Projected Subscribers - List all Services, both Current and Future												
Advertised Tier Definitions			Currently Offered Service	Current Subscribers	Subscriber Projections (total EOY)					Price	Wireless / Wireline	Last Mile / Middle Mile
Tier Designator	Traffic Flow Direction	Tier Speed	Y / N	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	(\$/Month)		LM / MM
ier 1: BUS Data (F P)	Downstream Upstream	20,000. Kbps 5,000. Kbps	N	0	(b) (4)(b) (4)(b) (4)						Wireline	LM
ier 2: BUS Data (Wireless)	Downstream Upstream	3,500. Kbps 768. Kbps	N	0	(b) (4)(b) (4)(b) (4)						Wireless	LM
ier 3	Downstream Upstream	0 kbps 0 kbps			0	0	0	0	0	\$ -		
ier 4	Downstream Upstream	0 kbps 0 kbps			0	0	0	0	0	\$ -		
ier 5	Downstream Upstream	0 kbps 0 kbps			0	0	0	0	0	\$ -		
ier 6	Downstream Upstream	0 kbps 0 kbps			0	0	0	0	0	\$ -		
IP DATA SERVICES: Critical Community Facilities / SDB Offerings and Projected Subscribers - List all Services, Current and Future												
Advertised Tier Definitions			Currently Offered Service	Current Subscribers	Subscriber Projections (total EOY)					Price	Wireless / Wireline	Last Mile / Middle Mile
Tier Designator	Traffic Flow Direction	Tier Speed	Y / N	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	(\$/Month)		LM / MM
ier 1: CCF Data 30% Discount (F P)	Downstream Upstream	20,000. Kbps 5,000. Kbps	Y	0	(b) (4)(b) (4)(b) (4)(b) (4)						Wireline	LM
ier 2	Downstream Upstream	0 kbps 0 kbps			0	0	0	0	0	\$ -		
ier 3	Downstream Upstream	0 kbps 0 kbps			0	0	0	0	0	\$ -		
ier 4	Downstream Upstream	0 kbps 0 kbps			0	0	0	0	0	\$ -		
ier 5	Downstream Upstream	0 kbps 0 kbps			0	0	0	0	0	\$ -		
ier 6	Downstream Upstream	0 kbps 0 kbps			0	0	0	0	0	\$ -		

VIDEO SERVICES: Residential Offerings and Projected Subscribers - List all Services, both Current and Future												
Advertised Tier Definitions			Currently Offered Service	Current Subscribers	Subscriber Projections (total EOY)					Price	Wireless or Wireline?	Last Mile / Middle Mile
Tier Designator	Traffic Flow Direction	Number of Channels	Y / N	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	(\$/Month)		LM / MM
ier 1: Res Video (F P)	Downstream Upstream	200 0	Y		(b) (4)						Wireline	LM
ier 2: Additional Set top Boxes	Downstream Upstream	n/a 0	Y		(b) (4)						Wireline	LM
ier 3: Pay Per View/Video on Demand	Downstream Upstream	100 0	Y		(b) (4)						Wireline	LM
ier 4: Premium Movie Channel	Downstream Upstream	0 0	Y		(b) (4)						Wireline	LM
ier 5	Downstream Upstream	0 0			0	0	0	0	0	\$ -		
ier 6	Downstream Upstream	0 0			0	0	0	0	0	\$ -		

VIDEO SERVICES: Business Offerings and Projected Subscribers - List all Services, both Current and Future												
Advertised Tier Definitions			Currently Offered Service	Current Subscribers	Subscriber Projections (total EOY)					Price	Wireless / Wireline	Last Mile / Middle Mile
ier Designator	raffic Flow Direction	Number of Channels	Y / N	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	(\$/Month)		LM / MM
ier 1: BUS Video (F P)	Downstream Upstream	180 0	Y		(b) (4)	(b) (4)	(b) (4)	(b) (4)	(b) (4)	(b) (4)	Wireline	LM
ier 2	Downstream Upstream	0 0			0	0	0	0	0	\$ -		
ier 3	Downstream Upstream	0 0			0	0	0	0	0	\$ -		
ier 4	Downstream Upstream	0 0			0	0	0	0	0	\$ -		
ier 5	Downstream Upstream	0 0			0	0	0	0	0	\$ -		
ier 6	Downstream Upstream	0 0			0	0	0	0	0	\$ -		
VIDEO SERVICES: Critical Community Facilities / SDB Offerings and Projected Subscribers - List all Services, Current and Future												
Advertised Tier Definitions			Currently Offered Service	Current Subscribers	Subscriber Projections (total EOY)					Price	Wireless / Wireline	Last Mile / Middle Mile
ier Designator	raffic Flow Direction	Number of Channels	Y / N	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	(\$/Month)		LM / MM
ier 1: CCF 30% Discount (F P)	Downstream Upstream	180 0	Y		(b) (4)	(b) (4)	(b) (4)	(b) (4)	(b) (4)	(b) (4)	Wireline	LM
ier 2	Downstream Upstream	0 0			0	0	0	0	0	\$ -		
ier 3	Downstream Upstream	0 0			0	0	0	0	0	\$ -		
ier 4	Downstream Upstream	0 0			0	0	0	0	0	\$ -		
ier 5	Downstream Upstream	0 0			0	0	0	0	0	\$ -		
ier 6	Downstream Upstream	0 0			0	0	0	0	0	\$ -		

VOICE SERVICES: Residential Offerings and Projected Subscribers - List all Services, both Current and Future												
Advertised Tier Definitions			Currently Offered Service	Current Subscribers	Subscriber Projections (total EOY)					Price	Wireless or Wireline?	Last Mile / Middle Mile
ier Designator	raffic Flow Direction	Service Plans (Number of Minutes)	Y / N	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	(\$/Month)		LM / MM
ier 1: Res Voice (F P)	Downstream Upstream	200 0	Y		(b) (4)					(b) (4)	Wireline	LM
ier 2: Res Voice (Wireless)	Downstream Upstream	200 0	Y		(b) (4)					(b) (4)	Wireless	LM
ier 3: Res Long Distance	Downstream Upstream	200 0	Y		(b) (4)					(b) (4)	Wireless/Wireline	LM
ier 4	Downstream Upstream	0 0			0	0	0	0	0	\$ -		
ier 5	Downstream Upstream	0 0			0	0	0	0	0	\$ -		
ier 6	Downstream Upstream	0 0			0	0	0	0	0	\$ -		
VOICE SERVICES: Business Offerings and Projected Subscribers - List all Services, both Current and Future												
Advertised Tier Definitions			Currently Offered Service	Current Subscribers	Subscriber Projections (total EOY)					Price	Wireless / Wireline	Last Mile / Middle Mile
ier Designator	raffic Flow Direction	Service Plans (Number of Minutes)	Y / N	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	(\$/Month)		LM / MM
ier 1: BUS Voice (F P)	Downstream Upstream	1000 0	Y		(b) (4)					(b) (4)	Wireline	LM
ier 2: BUS Voice (Wireless)	Downstream Upstream	1000 0	Y		(b) (4)					(b) (4)	Wireless	LM
ier 3: BUS Long Distance	Downstream Upstream	1000 0	Y		(b) (4)					(b) (4)	Wireless/Wireline	LM
ier 4	Downstream Upstream	0 0			0	0	0	0	0	\$ -		
ier 5	Downstream Upstream	0 0			0	0	0	0	0	\$ -		
ier 6	Downstream Upstream	0 0			0	0	0	0	0	\$ -		
VOICE SERVICES: Critical Community Facilities / SDB Offerings and Projected Subscribers - List all Services, Current and Future												
Advertised Tier Definitions			Currently Offered Service	Current Subscribers	Subscriber Projections (total EOY)					Price	Wireless / Wireline	Last Mile / Middle Mile
ier Designator	raffic Flow Direction	Service Plans (Number of Minutes)	Y / N	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	(\$/Month)		LM / MM
ier 1: CCF Voice 30% Discount (F P)	Downstream Upstream	1000 0	Y		(b) (4)					(b) (4)	Wireline	LM
ier 2: CCF Long Distance 30% Discount	Downstream Upstream	1000 0	Y		(b) (4)					(b) (4)	Wireline	LM
ier 3	Downstream Upstream	0 0			0	0	0	0	0	\$ -		
ier 4	Downstream Upstream	0 0			0	0	0	0	0	\$ -		
ier 5	Downstream Upstream	0 0			0	0	0	0	0	\$ -		
ier 6	Downstream Upstream	0 0			0	0	0	0	0	\$ -		

Attachment 13 -
Subscriber Projections and Service Tiers

Please Note:

There are two tabs in this upload. Please review the Application Guide to confirm which tabs are required for your application. Each required tab should be filled out completely before uploading to Easygrants[®]. Failing to complete all required tabs could delay RUS' review or affect the final decision.

Attachment 23 -
Schedule of Debt and Equity Funding

PROJECT TITLE	North Shore Project	EASYGRANTS ID	5109
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NON-BIP Long Term Obligations

Step 1: Please complete the table below for all existing obligations at the time of BIP Application.

		Principal Amount (\$)	Annual Interest Rate (%)	Term of Loan (Years)	Number of Payments (per Year)	Annual Payment Amount	Loan Document Submitted?
Long Term Debt Obligations	Description of Loan						
PRIDE Network	51%Loan/49%Grant	See Source Fundi	n/a	n/a	n/a	n/a	No
BB/IP	69%Loan/31%Grant	See Source Fundi	n/a	n/a	n/a	n/a	No
Loan 3							Select
Loan 4							Select
Loan 5							Select

		Capital Lease Amount (\$)	Annual Interest Rate (%)	Term of Lease (Years)	Number of Payments (per Year)	Annual Lease Payment	Lease Document Submitted?
Lease Obligations	Description of Lease						
Lease 1							Select
Lease 2							Select
Lease 3							Select
Lease 4							Select
Lease 5							Select

NON-BIP Funding Sources

Step 2: Enter non-BIP funding required to support this application's pro forma financial statements. The funding for the budget and working capital should include documentation of equity, debt, or other contributions, including a list of the sources of capital funding. A brief description of each should be included. The requested BIP loan and/or BIP grant should be listed here.

			Forecast Period				
			Year 1	Year 2	Year 3	Year 4	Year 5
Other Capital Funding for this Project (Non-BIP Resources)	Description of Funding (Letter from bank, board of directors, loan agreement, etc.)	Source Document Submitted?					
Other	Board of Directors	Yes	(b) (4)(b) (4)	\$0	\$0	\$0	\$0
Select		Select					
Select		Select					
Select		Select					
Select		Select					
Select		Select					
Total Non-BIP Capital Funding by Year			(b) (4)	\$0	\$0	\$0	\$0

			Forecast Period				
			Year 1	Year 2	Year 3	Year 4	Year 5
Funding for Working Capital or Other Capital Projects (Non-BIP Resources)	Description of Funding (Letter from bank, board of directors, loan agreement, etc.)	Source Document Submitted?					
Select		Select					
Select		Select					
Select		Select					
Select		Select					
Select		Select					
Total other Non-BIP Funding by Year			\$ -	\$ -	\$ -	\$ -	\$ -

[illegible]

Attachment 19

Pro Forma 5-Year Financial Forecast - Multiple Applications
Income Statement - Existing Operations and BIP Project

PROJECT TITLE			North Shore Project		EASYGRANTS ID		5109					
	Historical		Forecast Period									
	Historical Year 1	Historical Year 2	Year 1	Year 2	Year 3	Year 4	Year 5					
REVENUES												
Network Services Revenues:												
Local Voice Service	\$ -	\$ -	(b)	(4)	(4)	(4)	(4)					
Broadband Data Service	-	-										
Video Service	-	-										
Middle Mile Revenues	-	-										
Network Access Service Revenues	-	-										
Universal Service Fund	-	-										
Toll Service/Long Distance Voice	-	-										
Installation Revenues	-	-										
Amortized Grant Revenue BIP	-	-										
Other Operating Revenues	-	-										
Uncollectible Revenues												
Total Revenues	\$ -	\$ -										
EXPENSES												
Backhaul	-	-	(b)	(4)	(4)	(4)	(4)					
IP/Interconnection	-	-										
Video Content If Applicable	-	-										
Spectrum If Applicable	-	-										
Network Maintenance/Monitoring	-	-										
Utilities	-	-										
Sales/Marketing	-	-										
Customer Care	-	-										
Corporate G&A	-	-										
Property Tax	-	-										
Other Operating Expense	-	-										
Total Expenses	\$ -	\$ -										
EBITDA	\$ -	\$ -	(b)	(4)	(4)	(4)	(4)					
Depreciation Non BIP Assets	-	-										
Depreciation BIP Assets	-	-										
Amortization	-	-										
Interest Expense - BIP Loan	-	-										
Interest Expense - Non BIP Debt	-	-										
Interest Income	-	-										
Income Taxes	-	-										
Net Income (Loss)	\$ -	\$ -										
TIER	-	-										

Attachment 19
Pro Forma 5-Year Financial Forecast - Multiple Applications
Income Statement - Existing Operations

Please Note:

There are nine tabs in this upload. Please review the Application Guide to confirm which tabs are required for your application. Each required tab should be filled out completely before uploading to Easygrants[®]. Failing to complete all required tabs could delay RUS' review or affect the final decision.

Upload Instructions:

1. The first set of tabs (Income Statement, Balance Sheet, & Statement of Cash Flows) must reflect the projections of your existing operations.
2. The second set of tabs must reflect your existing operations with this project's projections layered on top.
3. The third set of tabs must reflect your existing operations with ALL your submitted projects layered on top.

Attachment 19
Pro Forma 5-Year Financial Forecast - Multiple Applications
Income Statement - Existing Operations

	PROJECT TITLE		EASYGRANTS ID				
	Historical		Forecast Period				
	Historical Year 1	Historical Year 2	Year 1	Year 2	Year 3	Year 4	Year 5
REVENUES							
Network Services Revenues:							
Local Voice Service	\$ -	\$ -					
Broadband Data Service	-	-					
Video Service	-	-					
Middle Mile Revenues	-	-					
Network Access Service Revenues	-	-					
Universal Service Fund	-	-					
Toll Service/Long Distance Voice	-	-					
Installation Revenues	-	-					
Amortized Grant Revenue BIP	-	-					
Other Operating Revenues	-	-					
Uncollectible Revenues							
Total Revenues	\$ -	\$ -					
EXPENSES							
Backhaul	-	-					
IP/Interconnection	-	-					
Video Content If Applicable	-	-					
Spectrum If Applicable	-	-					
Network Maintenance/Monitoring	-	-					
Utilities	-	-					
Sales/Marketing	-	-					
Customer Care	-	-					
Corporate G&A	-	-					
Property Tax	-	-					
Other Operating Expense	-	-					
Total Expenses	\$ -	\$ -					
EBITDA	\$ -	\$ -					
Depreciation Non BIP Assets	-	-					
Depreciation B P Assets	-	-					
Amortization	-	-					
Interest Expense - BIP Loan	-	-					
Interest Expense - Non BIP Debt	-	-					
Interest Income	-	-					
Income Taxes	-	-					
Net Income (Loss)	\$ -	\$ -					
TIER	-	-					

Attachment 19
Pro Forma 5-Year Financial Forecast - Multiple Applications
Balance Sheet - Existing Operations

		PROJECT TITLE							EASYGRANTS ID	
		Historical		Forecast Period						
		Historical Year 1	Historical Year 2	Year 1	Year 2	Year 3	Year 4	Year 5		
ASSETS										
Current Assets										
Cash		\$ -	\$ -	(b)	(4)	(4)	(4)	(4)		
Marketable Securities		-	-							
Accounts Receivable		-	-							
Other Current Assets		-	-							
Total Current Assets		-	-							
Non-Current Assets				(b)	(4)	(4)	(4)	(4)		
Amortizable Asset - Net		-	-							
Plant in Service Non BIP Assets		-	-							
Accumulated Depreciation Non BIP Assets		-	-							
Plant in Service BIP Assets		-	-							
Accumulated Depreciation BIP Assets		-	-							
Other Non-Current Assets		-	-							
Total Non-Current Assets		-	-	(b)	(4)	(4)	(4)	(4)		
Total Assets		\$ -	\$ -							
LIABILITIES AND EQUITY										
		Historical Year 1	Historical Year 2							
Current Liabilities				(b)	(4)	(4)	(4)	(4)		
Accounts Payable		\$ -	\$ -							
Current Portion - Non BIP Debt		-	-							
Current Portion - BIP Loans		-	-							
Current Portion - Deferred Grant Revenue B P		-	-							
Other Current Liabilities		-	-	(b)	(4)	(4)	(4)	(4)		
Total Current Liabilities		-	-							
Non-Current Liabilities										
Existing Non B P Debt		-	-	(b)	(4)	(4)	(4)	(4)		
B P Loans		-	-							
Deferred Grant Revenue BIP		-	-							
Other Non-Current Liabilities		-	-							
Total Non-Current Liabilities		-	-	(b)	(4)	(4)	(4)	(4)		
Total Liabilities		\$ -	\$ -							
Equity										
Capital Stock		-	-	(b)	(4)	(4)	(4)	(4)		
Additional Paid-In Capital		-	-							
Patronage Capital Credits		-	-							
Retained Earnings		-	-							
Total Equity		\$ -	\$ -	(b)	(4)	(4)	(4)	(4)		
Total Liabilities and Equity		\$ -	\$ -							
Current Ratio		-	-							

Attachment 19
Pro Forma 5-Year Financial Forecast - Multiple Applications
Cash Flows - Existing Operations

PROJECT TITLE		EASYGRANTS ID				
Historical		Forecast Period				
Historical Year 1	Historical Year 2	Year 1	Year 2	Year 3	Year 4	Year 5
Beginning Cash	\$ -	\$ -				
CASH FLOWS FROM OPERATING ACTIVITIES						
Net Income (Loss)	-	-	(b)	(4)	(4)	(4)
Adjustments to Reconcile Net Income (Loss) to Net Cash From Operating Activities:	-	-				
Add: Depreciation Non BIP Assets	-	-				
Add: Depreciation BIP Assets	-	-				
Add: Amortization	-	-				
Less: Amortized Grant Revenue BIP	-	-	(b)	(4)	(4)	(4)
Changes in Assets and Liabilities:	-	-				
Accounts Receivable	-	-				
Other Current Assets	-	-				
Other Non-Current Assets	-	-				
Accounts Payable	-	-	(b)	(4)	(4)	(4)
Other Current Liabilities	-	-				
Other Non-Current Liabilities	-	-				
	-	-				
	-	-				
Net Cash From Operating Activities	\$ -	\$ -	(b)	(4)	(4)	(4)
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from Sale of Equity	-	-				
Proceeds from BIP Grant	-	-				
Proceeds from BIP Loans	-	-				
Proceeds from Non BIP Debt	-	-	(b)	(4)	(4)	(4)
Repayments of BIP Loans	-	-				
Repayments of Non BIP Debt	-	-				
Payments of Patronage Capital Credits	-	-				
Payments of Dividends	-	-				
	-	-	(b)	(4)	(4)	(4)
	-	-				
	-	-				
	-	-				
	-	-				
Net Cash From Financing Activities	\$ -	\$ -	(b)	(4)	(4)	(4)
CASH FLOWS FROM INVESTING ACTIVITIES						
Capital Expenditures Non BIP Operations	-	-				
Capital Expenditures BIP	-	-				
Additions to Amortizable Assets	-	-				
Change in Marketable Securities- Net	-	-				
	-	-	(b)	(4)	(4)	(4)
	-	-				
	-	-				
	-	-				
	-	-				
Net Cash From Investing Activities	\$ -	\$ -	(b)	(4)	(4)	(4)
Increase (Decrease) in Cash	-	-				
Ending Cash	\$ -	\$ -				

Attachment 19
Pro Forma 5-Year Financial Forecast - Multiple Applications
Balance Sheet - Existing Operations and BIP Project

PROJECT TITLE			EASYGRANTS ID									
ASSETS	Historical		Forecast Period									
	Historical Year 1	Historical Year 2	Year 1	Year 2	Year 3	Year 4	Year 5					
Current Assets												
Cash	\$ -	\$ -	(b)	(4)								
Marketable Securities	-	-										
Accounts Receivable	-	-										
Other Current Assets	-	-										
Total Current Assets	-	-										
Non-Current Assets												
Amortizable Asset - Net	-	-										
Plant in Service Non BIP Assets	-	-										
Accumulated Depreciation Non BIP Assets	-	-										
Plant in Service BIP Assets	-	-										
Accumulated Depreciation BIP Assets	-	-										
Other Non-Current Assets	-	-										
Total Non-Current Assets	-	-	(b)	(4)								
Total Assets	\$ -	\$ -										
LIABILITIES AND EQUITY												
	Historical Year 1	Historical Year 2						(b)	(4)			
Current Liabilities												
Accounts Payable	\$ -	\$ -										
Current Portion - Non BIP Debt	-	-										
Current Portion - BIP Loans	-	-										
Current Portion - Deferred Grant Revenue BIP	-	-										
Other Current Liabilities	-	-										
Total Current Liabilities	-	-										
Non-Current Liabilities												
Existing Non BIP Debt	-	-										
BIP Loans	-	-										
Deferred Grant Revenue BIP	-	-										
Other Non-Current Liabilities	-	-										
Total Non-Current Liabilities	-	-	(b)	(4)								
Total Liabilities	\$ -	\$ -										
Equity												
Capital Stock	-	-										
Additional Paid-In Capital	-	-										
Patronage Capital Credits	-	-										
Retained Earnings	-	-										
Total Equity	\$ -	\$ -										
Total Liabilities and Equity	\$ -	\$ -										
Current Ratio	-	-										

Attachment 19
Pro Forma 5-Year Financial Forecast - Multiple Applications
Cash Flows - Existing Operations and BIP Project

PROJECT TITLE			EASYGRANTS ID				

Attachment 19
Pro Forma 5-Year Financial Forecast - Multiple Applications
Income Statement - Existing Operations and All Proposed BIP Projects

	PROJECT TITLE		EASYGRANTS ID				
	Historical		Forecast Period				
	Historical Year 1	Historical Year 2	Year 1	Year 2	Year 3	Year 4	Year 5
REVENUES							
Network Services Revenues:							
Local Voice Service	\$ -	\$ -					
Broadband Data Service	-	-					
Video Service	-	-					
Middle Mile Revenues	-	-					
Network Access Service Revenues	-	-					
Universal Service Fund	-	-					
Toll Service/Long Distance Voice	-	-					
Installation Revenues	-	-					
Amortized Grant Revenue BIP	-	-					
Other Operating Revenues	-	-					
Uncollectible Revenues							
Total Revenues	\$ -	\$ -					
EXPENSES							
Backhaul	-	-					
IP/Interconnection	-	-					
Video Content If Applicable	-	-					
Spectrum If Applicable	-	-					
Network Maintenance/Monitoring	-	-					
Utilities	-	-					
Sales/Marketing	-	-					
Customer Care	-	-					
Corporate G&A	-	-					
Property Tax	-	-					
Other Operating Expense	-	-					
Total Expenses	\$ -	\$ -					
EBITDA	\$ -	\$ -					
Depreciation Non BIP Assets	-	-					
Depreciation BIP Assets	-	-					
Amortization	-	-					
Interest Expense - BIP Loan	-	-					
Interest Expense - Non BIP Debt	-	-					
Interest Income	-	-					
Income Taxes	-	-					
Net Income (Loss)	\$ -	\$ -					
TIER	-	-					

Attachment 19
Pro Forma 5-Year Financial Forecast - Multiple Applications
Balance Sheet - Existing Operations and All Proposed BIP Projects

PROJECT TITLE			EASYGRANTS ID				
ASSETS	Historical		Forecast Period				
	Historical Year 1	Historical Year 2	Year 1	Year 2	Year 3	Year 4	Year 5
Current Assets							
Cash	\$ -	\$ -	(b)	(4)	(4)	(4)	(4)
Marketable Securities	-	-					
Accounts Receivable	-	-					
Other Current Assets	-	-					
Total Current Assets	-	-					
Non-Current Assets			(b)	(4)	(4)	(4)	(4)
Amortizable Asset - Net	-	-					
Plant in Service Non BIP Assets	-	-					
Accumulated Depreciation Non BIP Assets	-	-					
Plant in Service BIP Assets	-	-					
Accumulated Depreciation BIP Assets	-	-	(b)	(4)	(4)	(4)	(4)
Other Non-Current Assets	-	-					
Total Non-Current Assets	-	-					
Total Assets	\$ -	\$ -					
LIABILITIES AND EQUITY							
	Historical Year 1	Historical Year 2	(b)	(4)	(4)	(4)	(4)
Current Liabilities							
Accounts Payable	\$ -	\$ -					
Current Portion - Non BIP Debt	-	-					
Current Portion - BIP Loans	-	-					
Current Portion - Deferred Grant Revenue B P	-	-	(b)	(4)	(4)	(4)	(4)
Other Current Liabilities	-	-					
Total Current Liabilities	-	-					
Non-Current Liabilities							
Existing Non B P Debt	-	-					
B P Loans	-	-					
Deferred Grant Revenue BIP	-	-					
Other Non-Current Liabilities	-	-					
Total Non-Current Liabilities	-	-					
Total Liabilities	\$ -	\$ -					
Equity			(b)	(4)	(4)	(4)	(4)
Capital Stock	-	-					
Additional Paid-In Capital	-	-					
Patronage Capital Credits	-	-					
Retained Earnings	-	-					
Total Equity	\$ -	\$ -					
Total Liabilities and Equity	\$ -	\$ -					
Current Ratio	-	-					

Attachment 19

Pro Forma 5-Year Financial Forecast - Multiple Applications

Cash Flows - Existing Operations and All Proposed BIP Projects

		PROJECT TITLE	EASYGRANTS ID					
		Historical		Forecast Period				
		Historical Year 1	Historical Year 2	Year 1	Year 2	Year 3	Year 4	Year 5
Beginning Cash	\$	-	\$ -	(b)	(4)	(4)	(4)	(4)
CASH FLOWS FROM OPERATING ACTIVITIES								
Net Income (Loss)		-	-					
Adjustments to Reconcile Net Income (Loss) to Net Cash From Operating Activities:		-	-					
Add: Depreciation Non BIP Assets		-	-					
Add: Depreciation BIP Assets		-	-					
Add: Amortization		-	-					
Less: Amortized Grant Revenue BIP		-	-					
Changes in Assets and Liabilities:		-	-					
Accounts Receivable		-	-					
Other Current Assets		-	-	(b)	(4)	(4)	(4)	(4)
Other Non-Current Assets		-	-					
Accounts Payable		-	-					
Other Current Liabilities		-	-					
Other Non-Current Liabilities		-	-	(b)	(4)	(4)	(4)	(4)
Net Cash From Operating Activities	\$	-	\$ -					
CASH FLOWS FROM FINANCING ACTIVITIES								
Proceeds from Sale of Equity		-	-					
Proceeds from BIP Grant		-	-					
Proceeds from BIP Loans		-	-					
Proceeds from Non BIP Debt		-	-					
Repayments of BIP Loans		-	-					
Repayments of Non BIP Debt		-	-	(b)	(4)	(4)	(4)	(4)
Payments of Patronage Capital Credits		-	-					
Payments of Dividends		-	-					
Net Cash From Financing Activities	\$	-	\$ -	(b)	(4)	(4)	(4)	(4)
CASH FLOWS FROM INVESTING ACTIVITIES								
Capital Expenditures Non BIP Operations		-	-					
Capital Expenditures BIP		-	-					
Additions to Amortizable Assets		-	-					
Change in Marketable Securities- Net		-	-					
				(b)	(4)	(4)	(4)	(4)
Net Cash From Investing Activities	\$	-	\$ -					
Increase (Decrease) in Cash		-	-					
Ending Cash	\$	-	\$ -					

Attachment 22 -
Project Capital Investment Workbook
Detailed Project Costs

Please Note:

There are three tabs in this upload. Please review the Application Guide to confirm which tabs are required for your Application. Each required tab should be filled out completely before uploading to Easygrants[®]. Failing to complete all required tabs could delay RUS' review or affect the final decision.

Attachment 22 -
Project Capital Investment Workbook
Detailed Project Costs

Instructions for Completing This Template:

Enter a descriptive name for each capital item or group of items in the appropriate category. In the Eligible Capital Costs field, select YES or NO to confirm whether the cost is eligible for BIP funding. (See NOFA section IV.D for eligible and ineligible project costs.) Use the Unit Cost and Number of Units fields to further break down the costs. When multiple items are included in one "unit", use the description column to provide enough detail that the reviewers can easily see how you arrived at that unit cost. Now multiply Unit Cost and Number of Units to get a sub-total for each line and enter that sub-total in the correct column, "BIP Funded Costs" and/or "Non-BIP Funded Costs". If the item is not eligible to be purchased with BIP funds, the amount MUST be entered into the

"Non-BIP Funded Cost" column. If the item is considered an eligible cost, you may enter the amount in either column or allocate between the two columns, "BIP Funded Costs" and "Non-BIP Funded Costs", based on your capital project budget. Total each column at the bottom of each budget category and then provide a Grand Total of all items included in each budget category added together. These budget category totals must tie to, and may be used to prepare, the totals you provide in the Capital Project Budget screen in the online application.

Use the following as a guide to the budget categories:

- **Network & Access Equipment Costs:** Examples include next-generation switches, video headends, optical equipment, digital line concentrators, digital subscriber line access multiplexers, middleware, video-on-demand equipment, radio equipment, data routing equipment, and so on.
- **Outside Plant Costs:** Examples include cable (aerial, buried, underground, and submarine), conduit systems, poles, network interface devices (NIDs), miscellaneous construction units, make-ready costs for aerial plant, and so on.
- **Tower Costs:** Include the cost for the construction of new towers and any costs involved with structural changes to existing towers. Site engineering and project management costs should not be included in this schedule; they should be included under Engineering Costs.
- **Building and Land Costs:** Include the cost of constructing new buildings, renovating existing buildings, and any site preparation cost involved with installing pad-mounted equipment. Include only those sites that you will purchase.
- **Customer Premises Equipment:** Examples include wireless subscriber units, modems, set-top boxes, and so on.
- **Billing and Operational Support Systems:** Include billing, customer, and other support systems.
- **Operating Equipment:** Include items such as vehicles, furniture, and other operating equipment.
- **Professional Services:** Include engineering costs involved in designing and constructing the proposed project, consultant services, and project management.
- **Testing:** Include items such as testing network and IT systems, user devices, servers, as well as lab furnishing and test generators.
- **Other Upfront Costs:** Include any other upfront costs not covered in the other categories, such as site preparation.

PROJECT TITLE	PRIDE North Shore	EASYGRANTS ID	
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Step 1: Please complete the table below for the different categories of equipment you will require to complete the project. Each category should be broken down to the appropriate level to identify unit cost. For each entry, identify BIP funded and Non-BIP funded costs for the project so they can be totaled separately.

DETAIL OF CAPITAL PROJECT COST SCHEDULE						
SERVICE AREA or COMMON NETWORK FACILITIES:	Eligible Capital Costs (Yes/No)	Unit Cost	No. of Units	BIP funded Costs	Non-BIP funded Costs	Total Costs
NETWORK AND ACCESS EQUIPMENT						
Switching	(b)		(4)			
Routing						
Transport						
Access	(b)		(4)			
Other						
OUTSIDE PLANT						
Cables	(b)		(4)			
Conduits						
Ducts						
Poles						
Towers						
Repeaters						
Other						

BUILDINGS AND LAND							
New Construction		Select			\$ -	\$ -	\$ -
		Select			\$ -	\$ -	\$ -
		Select			\$ -	\$ -	\$ -
Pre-Fab Huts		Select			\$ -	\$ -	\$ -
		Select			\$ -	\$ -	\$ -
Improvements & Renovation	(b) (4)						
Other	(b) (4)						
CUSTOMER PREMISE EQUIPMENT							
Modems		Select			\$ -	\$ -	\$ -
		Select			\$ -	\$ -	\$ -
		Select			\$ -	\$ -	\$ -
Set Top Boxes	(b) (4)						
Inside Wiring	(b) (4)						
Other	(b) (4)						
BILLING AND OPERATIONAL SUPPORT SYSTEMS							
Billing Support Systems		Select			\$ -	\$ -	\$ -
		Select			\$ -	\$ -	\$ -
		Select			\$ -	\$ -	\$ -
Customer Care Systems		Select			\$ -	\$ -	\$ -
		Select			\$ -	\$ -	\$ -
		Select			\$ -	\$ -	\$ -
Other Support		Select			\$ -	\$ -	\$ -
		Select			\$ -	\$ -	\$ -
		Select			\$ -	\$ -	\$ -
				Total	\$ -	\$ -	\$ -
OPERATING EQUIPMENT							
Vehicles	(b) (4)						
Other Equipment/ Furniture	(b) (4)						
Other	(b) (4)						
PROFESSIONAL SERVICES							
Engineering Design	(b) (4)						
Project Management	(b) (4)						
Consulting	(b) (4)						
Other	(b) (4)						
TESTING							
Network Elements		Select			\$ -	\$ -	\$ -
		Select			\$ -	\$ -	\$ -
		Select			\$ -	\$ -	\$ -
IT System Elements		Select			\$ -	\$ -	\$ -
		Select			\$ -	\$ -	\$ -
User Devices		Select			\$ -	\$ -	\$ -
		Select			\$ -	\$ -	\$ -
		Select			\$ -	\$ -	\$ -
Test Generators	(b) (4)(b) (4)						
Lab Furnishings	(b) (4)(b) (4)						
Servers/ Computers	(b) (4)(b) (4)						

OTHER UPFRONT COSTS		
Site Preparation	(b) (4)(b) (4)	
Other		

Step 2: This table shows the estimated depreciation and BIP grant amortization amount based on the average useful life of the project assets

USEFUL LIFE, ASSET DEPRECIATION, AND GRANT AMORTIZATION SCHEDULE						
USEFUL LIFE OF ASSETS AND ESTIMATED DEPRECIATION				BIP GRANT AMORTIZATION AMOUNT		
SUMMARY OF PROJECT COSTS	TOTAL CATEGORY SPEND FROM DETAIL SCHEDULE ABOVE	ENTER USEFUL LIFE BY CATEGORY	ESTIMATED ANNUAL DEPRECIATION		BIP GRANT \$	WEIGHTED AVERAGE USEFUL LIFE CALCULATED BELOW
Network and Access Equipment	\$	(b) (4)			\$ 5,429,829	19.4
Outside Plant	\$					
Buildings and Land	\$					
Customer Premise Equipment	\$					
Billing and Operational Support Systems	\$					
Operating Equipment	\$					
Professional Services	\$					
Testing	\$					
Other Upfront Costs	\$					
Total Project Costs and Avg Useful Life	\$					
Weighted Average Useful Life - calculate from useful life above						

DO NOT EDIT This section is for pull down tabs of this worksheet

YES

NO

Select

Attachment 22 -
Project Capital Investment Workbook
Buildout Timeline

Instructions for Completing This Template:

This upload summarizes funding and workforce for your total capital plan over a five-year period. It identifies key phases and milestones (shown in next tab) to demonstrate the degree of project completion. You should ensure that the data in this upload ties directly to your application pro forma financial statements as they relate to timing, cash flows, revenue assumptions, and capital expenditures.

DIRECTIONS: Complete the following schedule to indicate your planned build-out in terms of: 1) the requested infrastructure funds (capital budget only); and 2) the workforce totals. This should be completed at an aggregate level only for all proposed funded service areas or, if a Middle Mile project, for all Last Mile service areas. Project inception (Year 0) starts at the date when you receive notice that the project has been approved for funding. This is assumed to be in the year 2010 for Round 2 of the BIP program.

"Total Project Capital Funding" should tie directly to the overall Project Capital Budget, the Detailed Project Cost tab, the depreciation schedule, and the pro forma financial statements.

A description and total workforce needed to build and operate the system should be entered for the project in the bottom table on this tab.

PROJECT TITLE		North Shore Project		EASYGRANTS ID		5109	
INPUT SECTIONS - Enter incremental numbers without rounding							
Application Funding Total		Summary of All Proposed Funded Service Areas					
	Total from Project Costs	YEAR 2010				Total 2010	
		Qtr 1	Qtr 2	Qtr 3	Qtr 4		
BIP Funds - from Detailed Project Costs	\$ 36,198,857	\$ -	\$ -	\$ -	\$ 5,429,829	\$ 5,429,829	
Non-BIP Capital Funds - from Detailed Project Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Total Project Capital Funding		\$ -	\$ -	\$ -	\$ -	\$ -	
Percentage of Total BIP Funds						15%	
Percentage of Total Non-BIP Funds						0%	

INPUT SECTIONS - Enter whole numbers without rounding						
Application Workforce Description and Total		Summary of All Proposed Funded Service Areas				
		Incremental Totals				Grand Total
Description of the workforce needed to build and operate the system.		YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Description of Workforce		-	-	-	-	-
Description of Workforce		-	-	-	-	-
Description of Workforce		-	-	-	-	-

Attachment 22 - Page 2

YEAR 1				Total	YEAR 2				Total	YEAR 3				Total
Qtr 1	Qtr 2	Qtr 3	Qtr 4	Year 1	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Year 2	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Year 3
(b) (4)														
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
				50% 0%					20% 0%					15% 0%
									BIP Funds must be 67% & should tie to pro forma financial statements					BIP Funds must be 100% & should tie to pro forma financial statements

Attachment 22 - Page 3

YEAR 4				Total Year 4	YEAR 5				Total Year 5	Grand Total	Variance to Capital Plan
Qtr 1	Qtr 2	Qtr 3	Qtr 4		Qtr 1	Qtr 2	Qtr 3	Qtr 4			
				\$ -					\$ -	\$ 36,198,857	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
				0%					0%	100%	
										Grand Total should tie to Total Project Capital Budget in Easygrants®	

**Attachment 22 -
Project Capital Investment Workbook
Buildout Timeline - Milestones**

Instructions for Completing This Template

This table lists the major network build-out phases and milestones demonstrating 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.)

DIRECTIONS

- Indicate how the milestones listed below will demonstrate these completion objectives. You 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. You may provide any other milestones you believe showcase progress.
- Begin with project inception (Year 0), which starts at the date when you receive notice that the project has been approved for funding.
- Provide any information (for instance, facts, analysis) to: a) demonstrate the reasonableness of these milestones, and b) substantiate the ability to reach the milestones by the quarters indicated.
- Insert rows as needed within a given year, should more be required. However, the project must be complete with three years of receiving the award.
- Describe - in a separate upload - the key challenges, if any, to a timely completion of the project, including any applicable mitigation plans. Clearly label the upload and place your Easygrants ID at the top of the page.

PROJECT TITLE	North Shore Project
EASYGRANTS ID	5109

Time Period	Quarter	List All Relevant Milestones	Support for Reasonableness/Data Points
Year 0		(b) (4)	
Year 1	Qtr 1		
	Qtr 2		
	Qtr 3		
	Qtr 4		
Year 2	Qtr 1		
	Qtr 2		
	Qtr 3		

Attachment 22 -
Project Capital Investment Workbook
Buildout Timeline - Milestones

Year 3	Qtr 4	(b) (4)
	Qtr 1	
	Qtr 2	
	Qtr 3	
	Qtr 4	

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

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, President & Chief Operating Officer

Supervise executive team 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

REVENUE								
LONG DISTANCE	(b))	(4)			
LONG DISTANCE AZ								
LONG DISTANCE NM								
LONG DISTANCE OK								
PRIVATE LINES								
PRIVATE LINE NM								
PRIVATE LINE OK								
DATA SERVICES TX								
DATA SERV OTR STATES								
VIDEO SERVICES								
PAGING SERVICE								
CONFERENCE CALL SERVICE								
CONFER CALLS OTR STATES								
CARRIER ACCESS BILLING								
LOCAL SERVICE								
DEFERRED REVENUE ADJUSTMENT CREDITS								
EQUIP RENTAL & SALES	(b))	(4)			
UNIVERSAL SERVICE FEE								
REGULATORY COST RECOVERY FEE								
PICC CHARGES								
MANAGEMENT SERVICE REVENUE								
RENT INCOME								
OTHER SERVICE REVENUE								
CONSTRUCTION REVENUE	(b))	(4)			
REVENUE PROVISIONING CNTRCT								
TOTAL SALES								
COST OF SALES								
USAGE								
ACCESS & TERMINATION								
INSTALLATION CHARGES								
TRANSPORT								
OPERATOR ASSISTANCE								
PRIVATE LINE EXPENSE								
DEPRECIATION TELE EQUIP								
COST-EQUIP & WARRANTY								
COST OF PAGING SERVICE								
COST OF DATA SERVICES								
COST OF CONFERENCE CALL								
800 ACCESS AND ADMIN								
LOCAL SERVICE ACCESS								
UNIVERSAL SERVICE FUND								
COST-VIDEO SERVICES								
COST-CLEC LOCAL SERVICE								
PICC COST								
PAY PHONE SERVICE CHG								
CONSTRUCTION MATERIALS								
OTHER DIRECT COSTS								
TOTAL COST OF SALES								
GROSS PROFIT MARGIN								
GROSS PROFIT MARGIN %								
SELLING EXPENSES								

ADVERTISING	(b) (4)						
AUTO EXPENSE							
BUSINESS MEALS							
COMMISSION EXPENSE							
CONTRACT LABOR							
DUES & SUBSCRIPTIONS							
EMPLOYER 401(K) EXPENSE							
ENGINEERING FEES							
ENTERTAINMENT & PROMO							
FREIGHT EXPENSE							
INSURANCE EXPENSE GROUP							
INTERNET EXPENSE							
MISCELLANEOUS EXPENSE							
MOVING EXPENSE							
OFFICE SUPPLIES							
POSTAGE EXPENSE							
RENTAL EXP BUILDING							
RENTAL EXPENSE EQUIP							
SALARY EXPENSE							
PAYROLL TAXES							
TELEPHONE EXPENSE							
TRAINING EXPENSE							
TRAVEL							
TOTAL SELLING EXPENSES							

ADMIN & OPERATING EXPENSE								
ADVERTISING	(b)	4						
AMORTIZATION								
AUTO EXPENSE								
COLLECTION FEES								
BUSINESS MEALS								
COMPUTER EXPENSE								
CONTRACT LABOR								
CUSTODIAL SERVICES								
BAD DEBT EXPENSE								
PROVISION FOR DISPUTES								
BANK CHARGES								
DEPRECIATION EXPENSE								
DIRECTOR FEES & EXPENSE								
DUES & SUBSCRIPTIONS								
EMPLOYER 401(K) EXPENSE								
ENGINEERING FEES	(b)	4						
ENTERTAINMENT & PROMO								
FREIGHT EXPENSE								
INS EXP CAS & LIABILITY								
INSURANCE EXPENSE GROUP								
INTERNET EXPENSE								
LEGAL & ACCOUNTING								
LICENSES & FEES								
MANAGEMENT SERVICE FEE								
MISCELLANEOUS EXPENSE								
MOVING EXPENSES								
OFFICE SUPPL & POSTAGE								
OFFICE RELOCATION EXP								
RENTAL - BUILDING								
RENTAL EXP EQUIPMENT								
UTILITIES								
REPAIR & MAINTENANCE								
SALARY EXPENSE								
INCENTIVE BONUS								
SUPPLIES								
PAYROLL TAXES								
TAXES OTHER								
TAXES PROPERTY								
TAXES FRANCHISE								
TELEPHONE EXPENSE								
TRAINING EXPENSE								
TRAVEL								
TOTAL ADMIN & OPER EXP								
NET OPERATING INCOME								

OTHER INCOME & (EXPENSES)								
RENT EXPENSE - PARKING								
INTEREST INCOME								
MISC INCOME (EXPENSE)								
GAIN/LOSS ON SALE OF ASSETS								
LOAN FEES								
INTEREST EXPENSE								
TOTAL OTHER INC & (EXP)								
NET INCOME BEFORE TAXES								
PROVISION FOR INCOME TAXES								
NET INCOME								
EBITDA								

NTS COMMUNICATIONS, INC.
CONSOLIDATED BALANCE SHEET
December 2009

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	NTS	NTS	NTS	NTS		ELIMINATING ADJUSTMENTS		CONSOLIDATED
BALANCE SHEET	COMMUNICATIONS	MANAGEMENT LLC	CONSTRUCTION	TELEPHONE CO	TOTALS	DEBIT	CREDIT	TOTALS
CURRENT ASSETS								
CASH IN BANK AND ON HAND	(b)				(4)			
ACCOUNTS RECEIVABLE								
ALLOWANCE FOR BAD DEBTS								
MISC CURRENT RECEIVABLES								
A/R UNBILLED REVENUES								
PREPAID INSURANCE								
OTHER PREPAID EXPENSE								
ACCRUED INTEREST RECEIVABLE								
INVENTORY-INTERCONNECT EQUIP								
INTERCOMPANY A/R NTS CONSTR								
INTERCOMPANY A/R Xfone ENTITIES								
OTHER CURRENT ASSETS								
DEFERRED TAX ASSET-CURRENT								
TOTAL CURRENT ASSETS								
EQUIPMENT AND FURNITURE	(b)				(4)			
LAND & BUILDING								
A/D BUILDING								
VEHICLES								
A/D VEHICLES								
OFFICE FURNITURE & FIXTURES								
A/D OFC FURNITURE & FIXTURES								
LEASEHOLD IMPROVEMENTS								
A/D LEASEHOLD IMPROVEMENTS								
CONSTRUCTION EQUIPMENT								
A/D CONSTRUCTION EQUIPMENT								
TELEPHONE EQUIPMENT								
A/D TELEPHONE EQUIPMENT								
FIBER NETWORK LONG DISTANCE								
A/D FIBER NETWORK LD								
FIBER NETWORK FTTU								
A/D FIBER NETWORK FTTU								
DATA TELE & VIDEO EQUIP-FTTU								
A/D DATA TELE & VIDEO-FTTU								
COMPUTER HARDWARE & SOFTWARE								
A/D COMPUTER HRDWR & SFTWR								
PROP & EQUIP IN DEVELOPMENT								
TOTAL EQUIPMENT AND FURNITURE								

NTS COMMUNICATIONS, INC.
CONSOLIDATED BALANCE SHEET
December 2009

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BALANCE SHEET	NTS COMMUNICATIONS	NTS MANAGEMENT LLC	NTS CONSTRUCTION	NTS TELEPHONE CO	TOTALS	ELIMINATING ADJUSTMENTS		CONSOLIDATED TOTALS
						DEBIT	CREDIT	
OTHER ASSETS								
ACCOUNTS RECEIVABLE - NTS	(b) (4)							
DEFERRED TAX ASSET - LONG TERM								
NOTES RECEIVABLE NTS MGT CO.								
NOTE REC SHAREHOLDER VALUE								
CAPITALIZED INSTALL COSTS								
GOODWILL								
ACCUM AMORT GOODWILL								
INVESTMENT GMW COMPANY								
PURCHASED CUSTOMER BASE								
ACCUM AMORT CUSTOMER BASE								
INVESTMENT NTS MGT CO, LLC								
INVESTMENT NTS PROPERTIES LC								
INVESTMENT NTS CONSTRUCTION								
INVESTMENT NTS TELEPHONE CO								
OTHER NON CURRENT ASSETS								
TOTAL OTHER ASSETS								
TOTAL ASSETS	(b) (4)							
LIABILITIES								
CURRENT LIABILITIES								
ACCOUNTS PAYABLE - NTS	(b) (4)							
ACCOUNTS PAYABLE - TRADE								
ACCRUED INTEREST PAYABLE								
ACCRUED EXPENSES								
ACCRUED PAYROLL TAXES								
ACCRUED PAYROLL								
OTHER ACCRUED TAXES								
ACCR GROUP INS PREM & CLAIMS								
ACCRUED OTHER EXPENSE								
CURRENT PORTION NP VENDOR								
CURRENT PORTION GE CAPITAL								
CURRENT PORTION CITY BANK								
CURRENT PT LNB METASWITCH								
CURRENT PORT N/P TREAS STOCK								
CURRENT PORT N/P CITI CAPITAL								
CURRENT PORTION-CITY BANK								
CURRENT PORTION DIV LENDERS								
CURRENT PORTION-CORP LEASING								
CURRENT PORT RUS DEV LOAN								
OTHER CURRENT LIABILITIES								
TOTAL CURRENT LIABILITIES								

NTS COMMUNICATIONS, INC.
CONSOLIDATED BALANCE SHEET
December 2009

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BALANCE SHEET	NTS COMMUNICATIONS	NTS MANAGEMENT LLC	NTS CONSTRUCTION	NTS TELEPHONE CO	TOTALS	ELIMINATING ADJUSTMENTS		CONSOLIDATED TOTALS
						DEBIT	CREDIT	
LONG TERM LIABILITIES								
NOTE PAYABLE NTS	(b) (4)							
NOTE PAYABLE TREAS STOCK								
LONG TERM PORTION CITY BANK								
EQUIPMENT LOAN - GE CAPITAL								
LONG TERM PT LNB METASWITCH								
LONG TERM PORTION CITI CAPITAL								
LONG TERM PORTION CITY BANK								
LONG TERM PORTION DIV LENDERS								
LONG TERM PORTION N/P VENDOR								
LONG TERM PORTION RUS DEV LOAN								
OTHER LONG TERM LIABILITIES								
TOTAL LONG TERM LIABILITIES								
TOTAL LIABILITIES	(b) (4)							
DEFERRED FEDERAL INCOME TAX								
CAPITAL								
OWNERS EQUITY								
COMMON STOCK ISSUED - 1,962,029 SHARES								
ADDITIONAL PAID IN CAPITAL								
TREASURY STK-618,094 SH THRU SEP 04, THEN 702,878 SHARES								
RETAINED EARNINGS PRIOR YEAR								
CURRENT YEAR PROFIT/LOSS								
TOTAL STOCKHOLDER'S EQUITY								
TOTAL LIABILITIES & CAPITAL								
							-	

NTS COMMUNICATIONS, NCc.
CONSOLIDATED INCOME STATEMENT
December 2009

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	NTS	NTS	NTS	NTS	ELIMINATING ADJUSTMENTS			CONSOLIDATED
MONTHLY PROFIT & LOSS	COMMUNICATIONS	MANAGEMENT LLC	CONSTRUCTION CO	TELEPHONE CO	TOTALS	DEBIT	CREDIT	MTH INCOME STMT
REVENUE								
LONG DISTANCE	(b)				(4)			
LONG DISTANCE AZ								
LONG DISTANCE NM								
LONG DISTANCE OK								
PRIVATE LINES								
PRIVATE LINE NM								
PRIVATE LINE OK								
DATA SERVICES TX								
DATA SERV OTR STATES								
VIDEO SERVICES								
PAGING SERVICE								
CONFERENCE CALL SERVICE								
CONFER CALLS OTR STATES								
CARRIER ACCESS BILLING								
LOCAL SERVICE								
DEFERRED REVENUE ADJUSTMENT	(b)				(4)			
CREDITS								
EQUIP RENTAL & SALES								
UNIVERSAL SERVICE FEE								
REGULATORY COST RECOVERY FEE								
PICC CHARGES								
MANAGEMENT SERVICE REVENUE								
RENT INCOME								
OTHER SERVICE REVENUE								
CONSTRUCTION REVENUE								
REVENUE PROVISIONING CNTRCT								
TOTAL SALES								
COST OF SALES	(b)				(4)			
USAGE								
ACCESS & TERMINATION								
INSTALLATION CHARGES								
TRANSPORT								
OPERATOR ASSISTANCE								
PRIVATE LINE EXPENSE								
DEPRECIATION TELE EQUIP								
COST-EQUIP & WARRANTY								
COST OF PAGING SERVICE								
COST OF DATA SERVICES								
COST OF CONFERENCE CALL								
800 ACCESS AND ADMIN								
LOCAL SERVICE ACCESS								
UNIVERSAL SERVICE FUND								
COST-VIDEO SERVICES	(b)				(4)			
COST-CLEC LOCAL SERVICE								
PICC COST								
PAY PHONE SERVICE CHG								
CONSTRUCTION MATERIALS								
OTHER DIRECT COSTS								
TOTAL COST OF SALES								
GROSS PROFIT MARGIN								
GROSS PROFIT MARGIN %								

NTS COMMUNICATIONS, NCc.
CONSOLIDATED INCOME STATMENT
December 2009

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	NTS	NTS	NTS	NTS	ELIMINATING ADJUSTMENTS			CONSOLIDATED	
MONTHLY PROFIT & LOSS	COMMUNICATIONS	MANAGEMENT LLC	CONSTRUCTION CO	TELEPHONE CO	TOTALS	DEBIT	CREDIT	MTH INCOME STMT	
SELLING EXPENSES									
ADVERTISING	(b) (4)								
AUTO EXPENSE									
BUSINESS MEALS									
COMMISSION EXPENSE									
CONTRACT LABOR									
DUES & SUBSCRIPTIONS									
EMPLOYER 401(K) EXPENSE									
ENGINEERING FEES									
ENTERTAINMENT & PROMO									
FREIGHT EXPENSE									
INSURANCE EXPENSE GROUP									
INTERNET EXPENSE									
MISCELLANEOUS EXPENSE									
MOVING EXPENSE									
OFFICE SUPPLIES									
POSTAGE EXPENSE									
RENTAL EXP BUILDING									
RENTAL EXPENSE EQUIP									
SALARY EXPENSE									
PAYROLL TAXES									
TELEPHONE EXPENSE									
TRAINING EXPENSE									
TRAVEL									
TOTAL SELLING EXPENSES									

NTS COMMUNICATIONS, NCc.
CONSOLIDATED INCOME STATEMENT
December 2009

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	NTS	NTS	NTS	NTS	ELIMINATING ADJUSTMENTS			CONSOLIDATED	
MONTHLY PROFIT & LOSS	COMMUNICATIONS	MANAGEMENT LLC	CONSTRUCTION CO	TELEPHONE CO	TOTALS	DEBIT	CREDIT	MTH INCOME STMT	
ADMIN & OPERATING EXPENSE									
ADVERTISING	(b) (4)								
AMORTIZATION									
AUTO EXPENSE									
COLLECTION FEES									
BUSINESS MEALS									
COMPUTER EXPENSE									
CONTRACT LABOR									
CUSTODIAL SERVICES									
BAD DEBT EXPENSE									
PROVISION FOR DISPUTES									
BANK CHARGES									
DEPRECIATION EXPENSE									
DIRECTOR FEES & EXPENSE									
DUES & SUBSCRIPTIONS									
EMPLOYER 401(K) EXPENSE									
ENGINEERING FEES									
ENTERTAINMENT & PROMO									
FREIGHT EXPENSE									
INS EXP CAS & LIABILITY									
INSURANCE EXPENSE GROUP									
INTERNET EXPENSE	(b) (4)								
LEGAL & ACCOUNTING									
LICENSES & FEES									
MANAGEMENT SERVICE FEE									
MISCELLANEOUS EXPENSE									
MOVING EXPENSES									
OFFICE SUPPL & POSTAGE									
OFFICE RELOCATION EXP									
RENTAL - BUILDING									
RENTAL EXP EQUIPMENT									
UTILITIES									
REPAIR & MAINTENANCE									
SALARY EXPENSE									
INCENTIVE BONUS									
SUPPLIES									
PAYROLL TAXES									
TAXES OTHER									
TAXES PROPERTY									
TAXES FRANCHISE									
TELEPHONE EXPENSE									
TRAINING EXPENSE									
TRAVEL									
TOTAL ADMIN & OPER EXP									
NET OPERATING INCOME									

NTS COMMUNICATIONS, NCc.
CONSOLIDATED INCOME STATMENT
December 2009

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	NTS	NTS	NTS	NTS	ELIMINATING ADJUSTMENTS			CONSOLIDATED	
MONTHLY PROFIT & LOSS	COMMUNICATIONS	MANAGEMENT LLC	CONSTRUCTION CO	TELEPHONE CO	TOTALS	DEBIT	CREDIT	MTH INCOME STMT	
OTHER INCOME & (EXPENSES)									
RENT EXPENSE - PARKING	(b) (4)								
INTEREST INCOME									
MISC INCOME (EXPENSE)									
GAIN/LOSS ON SALE OF ASSETS									
LOAN FEES									
INTEREST EXPENSE									
TOTAL OTHER INC & (EXP)									
NET INCOME BEFORE TAXES									
PROVISION FOR INCOME TAXES									
NET INCOME									
EBITDA									

NTS COMMUNICATIONS, INC
CONSOLIDATED INCOME STATEMENT
December 2009 YTD

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	NTS	NTS	NTS	NTS	ELIMINATING ADJUSTMENTS			CONSOLIDATED
YEAR - TO - DATE PROFIT & LOSS	COMMUNICATIONS	MANAGEMENT LLC	CONSTRUCTION CO	TELEPHONE CO	TOTALS	DEBIT	CREDIT	YTD INCOME STMT
REVENUE								
LONG DISTANCE	(b)			(4)				
LONG DISTANCE AZ								
LONG DISTANCE NM								
LONG DISTANCE OK								
PRIVATE LINES								
PRIVATE LINE NM								
PRIVATE LINE OK								
DATA SERVICES TX								
DATA SERV OTR STATES								
VIDEO SERVICES								
PAGING SERVICE								
CONFERENCE CALL SERVICE								
CONFER CALLS OTR STATES								
CARRIER ACCESS BILLING								
LOCAL SERVICE								
DEFERRED REVENUE ADJUSTMENT	(b)			(4)				
CREDITS								
EQUIP RENTAL & SALES								
UNIVERSAL SERVICE FEE								
REGULATORY COST RECOVERY FEE								
PICC CHARGES								
MANAGEMENT SERVICE REVENUE								
RENT INCOME								
OTHER SERVICE REVENUE								
CONSTRUCTION REVENUE								
REVENUE PROVISIONING CNTRCT								
TOTAL SALES								
COST OF SALES	(b)			(4)				
USAGE								
ACCESS & TERMINATION								
INSTALLATION CHARGES								
TRANSPORT								
OPERATOR ASSISTANCE								
PRIVATE LINE EXPENSE								
DEPRECIATION TELE EQUIP								
COST-EQUIP & WARRANTY								
COST OF PAGING SERVICE								
COST OF DATA SERVICES								
COST OF CONFERENCE CALL								
800 ACCESS AND ADMIN								
LOCAL SERVICE ACCESS								
UNIVERSAL SERVICE FUND								
COST-VIDEO SERVICES	(b)			(4)				
COST-CLEC LOCAL SERVICE								
PICC COST								
PAY PHONE SERVICE CHG								
CONSTRUCTION MATERIALS								
OTHER DIRECT COSTS								
TOTAL COST OF SALES								
GROSS PROFIT MARGIN								
GROSS PROFIT MARGIN %								

NTS COMMUNICATIONS, INC
CONSOLIDATED INCOME STATEMENT
December 2009 YTD

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	NTS	NTS	NTS	NTS	ELIMINATING ADJUSTMENTS			CONSOLIDATED
YEAR - TO - DATE PROFIT & LOSS	COMMUNICATIONS	MANAGEMENT LLC	CONSTRUCTION CO	TELEPHONE CO	TOTALS	DEBIT	CREDIT	YTD INCOME STMT
SELLING EXPENSES								
ADVERTISING								
AUTO EXPENSE								
BUSINESS MEALS								
COMMISSION EXPENSE								
CONTRACT LABOR								
DUES & SUBSCRIPTIONS								
EMPLOYER 401(K) EXPENSE								
ENGINEERING FEES								
ENTERTAINMENT & PROMO								
FREIGHT EXPENSE								
INSURANCE EXPENSE GROUP								
INTERNET EXPENSE								
MISCELLANEOUS EXPENSE								
MOVING EXPENSE								
OFFICE SUPPLIES								
POSTAGE EXPENSE								
RENTAL EXP BUILDING								
RENTAL EXPENSE EQUIP								
SALARY EXPENSE								
PAYROLL TAXES								
TELEPHONE EXPENSE								
TRAINING EXPENSE								
TRAVEL								
TOTAL SELLING EXPENSES								

(b) (4)

NTS COMMUNICATIONS, INC
CONSOLIDATED INCOME STATEMENT
December 2009 YTD

2/7/2017 4:06 PM Page 14

	NTS	NTS	NTS	NTS	ELIMINATING ADJUSTMENTS			CONSOLIDATED
YEAR - TO - DATE PROFIT & LOSS	COMMUNICATIONS	MANAGEMENT LLC	CONSTRUCTION CO	TELEPHONE CO	TOTALS	DEBIT	CREDIT	YTD INCOME STM
ADMIN & OPERATING EXPENSE	(b)	(b)	(b)	(b)	(4)	(4)	(4)	(4)
ADVERTISING								
AMORTIZATION								
AUTO EXPENSE								
COLLECTION FEES								
BUSINESS MEALS								
COMPUTER EXPENSE								
CONTRACT LABOR								
CUSTODIAL SERVICES								
BAD DEBT EXPENSE								
PROVISION FOR DISPUTES								
BANK CHARGES								
DEPRECIATION EXPENSE								
DIRECTOR FEES & EXPENSE								
DUES & SUBSCRIPTIONS								
EMPLOYER 401(K) EXPENSE								
ENGINEERING FEES								
ENTERTAINMENT & PROMO								
FREIGHT EXPENSE								
INS EXP CAS & LIABILITY								
INSURANCE EXPENSE GROUP								
INTERNET EXPENSE								
LEGAL & ACCOUNTING								
LICENSES & FEES								
MANAGEMENT SERVICE FEE								
MISCELLANEOUS EXPENSE								
MOVING EXPENSES								
OFFICE SUPPL & POSTAGE								
OFFICE RELOCATION EXP								
RENTAL - BUILDING								
RENTAL EXP EQUIPMENT								
UTILITIES								
REPAIR & MAINTENANCE								
SALARY EXPENSE								
INCENTIVE BONUS								
SUPPLIES								
PAYROLL TAXES								
TAXES OTHER								
TAXES PROPERTY								
TAXES FRANCHISE								
TELEPHONE EXPENSE								
TRAINING EXPENSE								
TRAVEL								
TOTAL ADMIN & OPER EXP								
NET OPERATING INCOME								

NTS COMMUNICATIONS, INC
CONSOLIDATED INCOME STATEMENT
December 2009 YTD

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	NTS	NTS	NTS	NTS	ELIMINATING ADJUSTMENTS			CONSOLIDATED
YEAR - TO - DATE PROFIT & LOSS	COMMUNICATIONS	MANAGEMENT LLC	CONSTRUCTION CO	TELEPHONE CO	TOTALS	DEBIT	CREDIT	YTD INCOME STMT
OTHER INCOME & (EXPENSES)								
RENT EXPENSE - PARKING	(b) (4)							
INTEREST INCOME								
MISC INCOME (EXPENSE)								
GAIN/LOSS ON SALE OF ASSETS								
LOAN FEES								
INTEREST EXPENSE								
TOTAL OTHER INC & (EXP)								
NET INCOME BEFORE TAXES								
PROVISION FOR INCOME TAXES								
NET INCOME								
EBITDA								

UNSOLICITED COMMENTS FROM THE RETURNED SURVEY'S RECEIVED

Identifier #	Address			Unsolicited Comments about Internet Service Providers
	Street	town	Zip Code	
12305	303 E. Park Ave.	Hammond	70403	Charter and they are <u>horrible</u>
(b) (6)	(b) (6)	Hammond	70403	Charter needs a good competitor. Very independent bunch. In the local office the ladies act as though you are a bother if you have a question and "God Forbid" if you have a "concern" (problem).
		Hammond	70403	I would like to have a rate that is low enough for me to pay and <u>does not change</u> after a few months
(b) (6)	(b) (6)	Amite	70422	Would like internet in my area.
		Amite	70422	High Speed Internet NOT available in my area.
(b) (6)	(b) (6)	Amite	70422	It never works! (Charter Internet)
		Amite	70422	No high speed Internet available at this Zip.
(b) (6)	(b) (6)	Amite	70422	I will not pay \$60.00/month for Satellite. I will not pay \$24.95/month for Dial -up when I want DSL or cable which cost less but is not available at this address.
		Ponchatoula	70454	I hade Charter but could not get them to come out for a repair.
(b) (6)	(b) (6)	Ponchatoula	70454	Did have to many problems (Charter).
		Ponchatoula	70454	We are paying \$125.00/month but it goes up to about \$197.00/month in November for phone, cable TV & Internet.
(b) (6)	(b) (6)	Independences	70443	Please bring High Speed Internet!
		Independences	70443	No Internet because Charter is horrible. DSL not available. Version Air Card not available.
(b) (6)	(b) (6)	Independences	70443	No high Speed Internet providers available.
		Independences	70443	Charter has been out for 41 days! Video and phone have also been out.
(b) (6)	(b) (6)	Independences	70443	I canceled Internet-Very dissatisfied (Charter). I had to call out of state for help over the phone to see if they could fix the problem & if no they would send in an order for a repairman to come & fix it.
		Independences	70443	No High Speed Internet Available. Use Dial-up and Air Card. Air Card does not work at home. The whole subdivision wants High Speed internet service too.
(b) (6)	(b) (6)	Tickfaw	70466	Paying for 5 Mbps and receiving 1.5 - 2.0 Mbps. (Charter)
		Tickfaw	70466	Charter Communications are horrible and need competition.

Identifier #	Address			Unsolicited Comments about Video Service Providers
	Street	town	Zip Code	
(b) (6)	(b) (6)	Hammond	70403	Service has not worked since 9/1/08 (Charter)
		Hammond	70403	No Video service since Hurricane (Charter)
(b) (6)	(b) (6)	Amite	70422	Was with Charter - left because of questionable billing cycles/ No Competition.
		Independence	70443	Cable's been out since Sept. 1st (Charter)
(b) (6)	(b) (6)	Tickfaw	70466	Charter & I hate them!!

P.R.I.D.E. Network

July 26, 2010

Mr. Ken Kuchno
USDA-RUS
Stop 1599
1400 Independence Ave., SW Rm 2868
Washington, DC 20250-1599

Re: PRIDE Network, Inc.
ARRA BIP Broadband Stimulus Award- TX 1114-B40
Executed Loan/Grant Documents

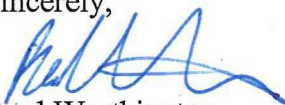
Dear Mr. Kuchno:

On behalf of PRIDE Network, Inc. (PRIDE Net), we respectfully submit the fully executed loan/grant documents by PRIDE Net and RUS Broadband Initiatives Program in association with PRIDE Net's ARRA BIP Broadband Stimulus Award designated as Texas 1114-B40. As requested, the following documents are attached:

1. Loan/Grant Security Agreement (blue back-2 copies)
2. RUS Note (blue back)
3. Attorney Opinion
4. Certificate of Resolution (Secretary's Certificate)
5. Pledge Deposit Account Control Agreement (3 copies)
 - a. Evidence of bank official's authority to sign for the bank
 - b. Certificate of Authority
 - c. RUS Borrower ACH Payment Form
 - d. Evidence of Pledge Deposit Account
 - e. Corporate Authorization Resolution
6. Example of filed UCC w/ UCC-AD
7. Fidelity Bond Coverage

We appreciate your time and consideration in reviewing these documents. Upon completion of your review, please let us know if you have any questions, or would like to discuss these attachments in more detail.

Sincerely,



Brad Worthington
President PRIDE Network, Inc.

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.

2/25/2010

Date



(Authorized Representative's Signature)

Brad Worthington

Name:

President/CEO COO

Title:

Certification Regarding Architectural Barriers

U.S. Department of Agriculture Broadband Initiatives Program

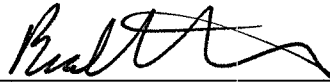
All facilities financed with Rural Development loans that are open to the public, or in which physically handicapped persons may be employed or reside, must be designed, constructed, and/or altered to be readily accessible to, and usable by, handicapped persons. Standards for these facilities must comply 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.

2/25/2010

Date



(Authorized Representative's Signature)

Brad Worthington

Name:

President/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.

2/25/2010

(Date)



(Authorized Representative's Signature)

Brad Worthington

Name:

President/CEO COO

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.

2/25/2010

Date



(Authorized Representative's Signature)

Brad Worthington

Name:

President/CEO

Title:

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

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

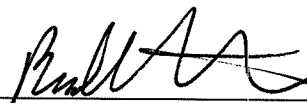
We, PRIDE Network, Inc. (the Applicant) the undersigned certify, to the best of our knowledge and belief, that:

- (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.

2/25/2010

Date



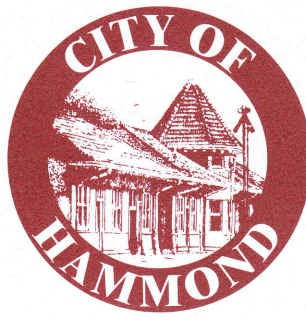
(Authorized Representative's Signature)

Brad Worthington

Name:

President/CEO

Title:



Mayson H. Foster
Mayor

March 16, 2010

Mr. Brad Worthington, Chief Executive Officer
XfoneUSA
5307 W. Loop 289
Lubbock, TX 79414-1610

Dear Mr. Worthington,

I have recently been advised of a very ambitious project presented to your company. I would like to express my enthusiastic support of the North Shore Project because I am cognizant of the impact it will have on the community that I serve.

Your company's proposal to bring next generation fiber communications into the City of Hammond will greatly benefit the city, our businesses, and our households. The North Shore Project will not only provide advanced internet and video services to our residents, but will create an economic stimulus correlating to increased job opportunities and new business development throughout the area. There is a great demand for alternative sources of technology here.

In summary, the North Shore Project would be extremely beneficial to the growth and development of our community and welcomed improvements to our existing internet and video networks.

Sincerely,

Mayson Foster, Mayor
City of Hammond

SATURDAY, MARCH 20, 2010

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Map Central

Recipient Reported Data
Data Map
State/Territory Summaries
State/Territory Totals by Award Type
State/Territory Totals by Agency
Jobs Summary
Late Reporters
Changed Reports
Errors and Omissions
Agency Reported Data

See Where the Money Is Going

[» Go to the Recipient Reported Data Map](#)

GRANTS - AWARD SUMMARY

ENVIRONMENTAL QUALITY, LOUISIANA DEPARTMENT OF

Provides funding under the American Recovery and Reinvestment Act of 2009 to the state of Louisiana to capitalize its revolving loan fund for the financing for the construction of wastewater treatment facilities and associated infrastructure, green infrastructure, nonpoint source and estuary projects, and program administration. The primary purposes of the agreement are to: preserve and create jobs and promote economic recovery through the investment in infrastructure projects that will improve water quality and will provide long-term economic benefits.

Clarification Of Codes

Choose a reporting period and click "Go."

October 1 - December 31, 2009

Go

Feedback



Provide feedback or comments on the performance and progress of awards.

[» Submit Feedback/Comments](#)

AWARD OVERVIEW

Award Number	96694101	Funding Agency	Environmental Protection Agency
Total Award Amount	\$43,081,400	Project Location - City	Baton Rouge
Award Date	07/14/2009	Project Location - State	LA
Project Status	Less Than 50% Completed	Project Location - Zip	708025312
Jobs Reported	11.57	Congressional District	06
Place of Performance Country	USA		

RECIPIENT INFORMATION (GRANTS)

Recipient Name	ENVIRONMENTAL QUALITY, LOUISIANA DEPARTMENT OF
Recipient DUNS Number	809927056
Recipient Address	602 N 5TH ST
Recipient City	BATON ROUGE
Recipient State	Louisiana
Recipient Zip	708025312
Congressional District	06
Place of Performance Country	US
Required to Report Top 5 Highly Compensated Officials	No

PROJECTS AND JOBS INFORMATION

Project Title	Clean Water State Revolving Fund
Project Status	Less Than 50% Completed
Final Project Report Submitted	No
Project Activities Description	Sewage Treatment Facilities

The primary purposes of this agreement are to

Quarterly Activities/Project Description	preserve and create jobs and promote economic recovery through the investment in infrastructure projects that will improve water quality and provide long-term economic benefits.
Jobs Created	11.57
Description of Jobs Created	Jobs that are created or retained are at the loan recipient level, whether it will be engineering or construction related jobs.

PURCHASER INFORMATION (GRANTS)

Contracting Office ID	Not Reported
Contracting Office Name	Not Available
Contracting Office Region	Not Available
TAS Major Program	68-0102

AWARD INFORMATION

Award Date	07/14/2009
Award Number	96694101
Order Number	
Award Type	Grants
Funding Agency ID	68
Funding Agency Name	Environmental Protection Agency
Funding Office Name	Not Available
Awarding Agency ID	68
Awarding Agency Name	Environmental Protection Agency
Amount of Award	\$43,081,400
Funds Invoiced/Received	\$2,893,581
Expenditure Amount	\$2,893,581
Infrastructure Expenditure Amount	Not Available
Infrastructure Purpose and Rationale	Not Available
Infrastructure Point of Contact Name	Steven Sommers
Infrastructure Point of Contact Email	Steven.Sommers@ia.gov
Infrastructure Point of Contact Phone	2252193889
Infrastructure Point of Contact Address	602 N. 5th Street
Infrastructure Point of Contact City	Baton Rouge
Infrastructure Point of Contact State	LA
Infrastructure Point of Contact Zip	708025312

PRODUCT OR SERVICE INFORMATION (GRANTS)

Primary Activity Code	221320
Activity Description	Sewage Treatment Facilities

SUB-AWARDS INFORMATION

Sub-awards to Organizations	37
Sub-award Amounts to Organizations	\$33,686,423
Sub-Awards to Individuals	0
Sub-Award Amounts to Individuals	\$0
Number of Sub-awards less than \$25,000/award	0
Amount of Sub-awards less than \$25,000/award	\$0
Number of payments to vendors greater than \$25,000	68
Total Amount of payments to vendors greater than \$25,000/award	\$2,287,311
Number of payments to vendors less than \$25,000/award	135

Sub-Award Amount	\$686,000
Sub-Award Date	12/23/2009
Sub-Awards Disbursed	63201.88
Project Location - City	WHITE CASTLE
Project Location - State	Louisiana
Project Location - Zip Code	707882503
Sub-Recipient DUNS Number	031566789
Sub-Recipient Address	32535 BOWIE STREET
Sub-Recipient City	WHITE CASTLE
Sub-Recipient State	Louisiana
Sub-Recipient Zip Code	707882503
Congressional District	06
Required To Report Top 5 Highly Compensated Officials	No
Sub-Award CS221580-01 - City Of Oil City	
Sub-Award Amount	\$700,000
Sub-Award Date	12/23/2009
Sub-Awards Disbursed	12295.00
Project Location - City	Oil City
Project Location - State	Louisiana
Project Location - Zip Code	71061
Sub-Recipient DUNS Number	046508313
Sub-Recipient Address	202 Allen St
Sub-Recipient City	Oil City
Sub-Recipient State	Louisiana
Sub-Recipient Zip Code	71061
Congressional District	04
Required To Report Top 5 Highly Compensated Officials	No
Sub-Award CS221230-01 - City Of De Quincy	
Sub-Award Amount	\$750,000
Sub-Award Date	12/18/2009
Sub-Awards Disbursed	57477.95
Project Location - City	Dequincy
Project Location - State	Louisiana
Project Location - Zip Code	706333500
Sub-Recipient DUNS Number	144949158
Sub-Recipient Address	300 N Holly St
Sub-Recipient City	Dequincy
Sub-Recipient State	Louisiana
Sub-Recipient Zip Code	706333500
Congressional District	07
Required To Report Top 5 Highly Compensated Officials	No
Sub-Award CS221525-01 - Town Of Washington	
Sub-Award Amount	\$800,000
Sub-Award Date	12/18/2009
Sub-Awards Disbursed	80888.15
Project Location - City	Washington
Project Location - State	Louisiana
Project Location - Zip Code	70589
Sub-Recipient DUNS Number	965209737
Sub-Recipient Address	405 N WASHINGTON ST
Sub-Recipient City	Washington
Sub-Recipient State	Louisiana
Sub-Recipient Zip Code	70589
Congressional District	07
Required To Report Top 5 Highly Compensated Officials	No
Sub-Award CS221740-01 - HAMMOND, CITY OF	
Sub-Award Amount	\$800,000
Sub-Award Date	11/17/2009
Sub-Awards Disbursed	56190.00
Project Location - City	HAMMOND
Project Location - State	Louisiana
Project Location - Zip Code	704013308
Sub-Recipient DUNS Number	113541457

Sub-Recipient Address	106 N CHERRY ST
Sub-Recipient City	HAMMOND
Sub-Recipient State	Louisiana
Sub-Recipient Zip Code	704013308
Congressional District	01
Required To Report Top 5 Highly Compensated Officials	No

Sub-Award CS221111-01 - LEESVILLE, CITY OF

Sub-Award Amount	\$850,000
Sub-Award Date	12/23/2009
Sub-Awards Disbursed	61166.32
Project Location - City	LEESVILLE
Project Location - State	Louisiana
Project Location - Zip Code	714464039
Sub-Recipient DUNS Number	069737815
Sub-Recipient Address	101 W LEE ST
Sub-Recipient City	LEESVILLE
Sub-Recipient State	Louisiana
Sub-Recipient Zip Code	714464039
Congressional District	04
Required To Report Top 5 Highly Compensated Officials	No

Sub-Award CS221480-01 - BOYCE, TOWN OF

Sub-Award Amount	\$900,000
Sub-Award Date	12/15/2009
Sub-Awards Disbursed	83535.00
Project Location - City	BOYCE
Project Location - State	Louisiana
Project Location - Zip Code	714099898
Sub-Recipient DUNS Number	046420311
Sub-Recipient Address	807 LONDONDERRY AVE
Sub-Recipient City	BOYCE
Sub-Recipient State	Louisiana
Sub-Recipient Zip Code	714099898
Congressional District	05
Required To Report Top 5 Highly Compensated Officials	No

<< < 1 2 > >>

VENDOR TRANSACTIONS

Pro-Build Construction, Inc. - Award Number 96694101 - Pro-Build Construction, Inc.

Award Number	96694101
Sub-Award Number	CS221580-01
Vendor DUNS Number	Not reported
Vendor HQ Zip Code + 4	710400000
Vendor Name	Pro-Build Construction, Inc.
Product and Service Description	Wastewater System Construction / Rehabilitation
Payment Amount	\$0

Suncoast Infrastructure, Inc. - Award Number 96694101 - Suncoast Infrastructure, Inc.

Award Number	96694101
Sub-Award Number	CS221330-01
Vendor DUNS Number	Not reported
Vendor HQ Zip Code + 4	390739427
Vendor Name	Suncoast Infrastructure, Inc.
Product and Service Description	Wastewater System Construction / Rehabilitation
Payment Amount	\$0

Rylee Contracting, Inc. - Award Number 96694101 - Rylee Contracting, Inc.

Award Number	96694101
Sub-Award Number	CS221111-01
Vendor DUNS Number	Not reported

Vendor HQ Zip Code + 4	713012114
Vendor Name	Rylee Contracting, Inc.
Product and Service Description	Wastewater System Construction / Rehabilitation
Payment Amount	\$0

Wastewater Services, Inc. - Award Number 96694101 - Wastewater Services, Inc.

Award Number	96694101
Sub-Award Number	CS221480-01
Vendor DUNS Number	Not reported
Vendor HQ Zip Code + 4	714633092
Vendor Name	Wastewater Services, Inc.
Product and Service Description	Wastewater System Construction / Rehabilitation
Payment Amount	\$0

Spinks Construction, Inc. - Award Number 96694101 - Spinks Construction, Inc.

Award Number	96694101
Sub-Award Number	CS221520-01
Vendor DUNS Number	Not reported
Vendor HQ Zip Code + 4	707755253
Vendor Name	Spinks Construction, Inc.
Product and Service Description	Wastewater System Construction / Rehabilitation
Payment Amount	\$0

Blake D. Hines, Inc. - Award Number 96694101 - Blake D. Hines, Inc.

Award Number	96694101
Sub-Award Number	CS221230-01
Vendor DUNS Number	Not reported
Vendor HQ Zip Code + 4	706151320
Vendor Name	Blake D. Hines, Inc.
Product and Service Description	Wastewater System Construction / Rehabilitation
Payment Amount	\$0

E.B. Feucht & Sons, Inc. - Award Number 96694101 - E.B. Feucht & Sons, Inc.

Award Number	96694101
Sub-Award Number	CS221525-01
Vendor DUNS Number	Not reported
Vendor HQ Zip Code + 4	705357901
Vendor Name	E.B. Feucht & Sons, Inc.
Product and Service Description	Wastewater System Construction / Rehabilitation
Payment Amount	\$0

Blake D. Hines, Inc. - Award Number 96694101 - Blake D. Hines, Inc.

Award Number	96694101
Sub-Award Number	CS221250-01
Vendor DUNS Number	Not reported
Vendor HQ Zip Code + 4	706151320
Vendor Name	Blake D. Hines, Inc.
Product and Service Description	Wastewater System Construction / Rehabilitation
Payment Amount	\$0

Volute, Inc. - Award Number 96694101 - Volute, Inc.

Award Number	96694101
Sub-Award Number	CS221196-01
Vendor DUNS Number	Not reported
Vendor HQ Zip Code + 4	703607992
Vendor Name	Volute, Inc.
Product and Service Description	Wastewater System Construction / Rehabilitation
Payment Amount	\$0

Cherokee Contracting, LLC - Award Number 96694101 - Cherokee Contracting, LLC

Award Number	96694101
Sub-Award Number	CS221370-01
Vendor DUNS Number	Not reported
Vendor HQ Zip Code + 4	741837406
Vendor Name	Cherokee Contracting, LLC
Product and Service	Wastewater System Construction /

Description	Rehabilitation
Payment Amount	\$0

Peck Construction, Inc. - Award Number 96694101 - Peck Construction, Inc.

Award Number	96694101
Sub-Award Number	CS221285-01
Vendor DUNS Number	Not reported
Vendor HQ Zip Code + 4	712605339
Vendor Name	Peck Construction, Inc.
Product and Service Description	Wastewater System Construction / Rehabilitation
Payment Amount	\$0

Pro-Build Construction, Inc. - Award Number 96694101 - Pro-Build Construction, Inc.

Award Number	96694101
Sub-Award Number	CS221320-01
Vendor DUNS Number	Not reported
Vendor HQ Zip Code + 4	710400000
Vendor Name	Pro-Build Construction, Inc.
Product and Service Description	Wastewater System Construction / Rehabilitation
Payment Amount	\$0

Cecil D. Gassioff, LLC - Award Number 96694101 - Cecil D. Gassioff, LLC

Award Number	96694101
Sub-Award Number	CS221225-01
Vendor DUNS Number	Not reported
Vendor HQ Zip Code + 4	713029386
Vendor Name	Cecil D. Gassioff, LLC
Product and Service Description	Wastewater System Construction / Rehabilitation
Payment Amount	\$0

Construction Pro, Inc. - Award Number 96694101 - Construction Pro, Inc.

Award Number	96694101
Sub-Award Number	CS221043-01
Vendor DUNS Number	Not reported
Vendor HQ Zip Code + 4	705356874
Vendor Name	Construction Pro, Inc.
Product and Service Description	Wastewater System Construction / Rehabilitation
Payment Amount	\$0

JPD Construction, LLC - Award Number 96694101 - JPD Construction, LLC

Award Number	96694101
Sub-Award Number	CS221415-01
Vendor DUNS Number	Not reported
Vendor HQ Zip Code + 4	711722512
Vendor Name	JPD Construction, LLC
Product and Service Description	Wastewater System Construction / Rehabilitation
Payment Amount	\$0

Lawson-Bonet Construction, Inc. - Award Number 96694101 - Lawson-Bonet Construction, Inc.

Award Number	96694101
Sub-Award Number	CS221740-01
Vendor DUNS Number	Not reported
Vendor HQ Zip Code + 4	704019571
Vendor Name	Lawson-Bonet Construction, Inc.
Product and Service Description	Wastewater System Construction / Rehabilitation
Payment Amount	\$0

G.D. Womack Trenching, Inc. - Award Number 96694101 - G.D. Womack Trenching, Inc.

Award Number	96694101
Sub-Award Number	CS221390-01
Vendor DUNS Number	Not reported
Vendor HQ Zip Code + 4	713405102
Vendor Name	G.D. Womack Trenching, Inc.
Product and Service Description	Wastewater System Construction / Rehabilitation
Payment Amount	\$0

Cecil D. Gassiot, LLC - Award Number 96694101 - Cecil D. Gassiot, LLC

Award Number	96694101
Sub-Award Number	CS221054-01
Vendor DUNS Number	Not reported
Vendor HQ Zip Code + 4	713029386
Vendor Name	Cecil D. Gassiot, LLC
Product and Service Description	Wastewater System Construction / Rehabilitation
Payment Amount	\$0

Instituform Technologies, Inc. - Award Number 96694101 - Instituform Technologies, Inc.

Award Number	96694101
Sub-Award Number	CS221510-01
Vendor DUNS Number	Not reported
Vendor HQ Zip Code + 4	630053700
Vendor Name	Instituform Technologies, Inc.
Product and Service Description	Wastewater System Construction / Rehabilitation
Payment Amount	\$0



A&A Cable Contractos, Inc. - Award Number 96694101 - A&A Cable Contractos, Inc.

Award Number	96694101
Sub-Award Number	CS221615-01
Vendor DUNS Number	Not reported
Vendor HQ Zip Code + 4	770641208
Vendor Name	A&A Cable Contractos, Inc.
Product and Service Description	Wastewater System Construction / Rehabilitation
Payment Amount	\$0

<< < 1 2 3 4 > >>

PROJECT LOCATION DETAIL

Latitude, Longitude	30° 27' 9", -91° 11' 8"
Congressional District	06
Address 1	602 N. 5th Street
Address 2	
City	Baton Rouge
County	East Baton Rouge
State	LA
Zip	708025312

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Agency Reported Data

See Where the Money Is Going

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GRANTS - AWARD SUMMARY

HAMMOND, CITY OF

Non-profit Capacity Building Grant Program
Clarification Of Codes

Choose a reporting period and click "Go."

October 1 - December 31, 2009

Go

Feedback



Provide feedback or comments on the performance and progress of awards.

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AWARD OVERVIEW

Award Number	90SN0049	Funding Agency	Department of Health and Human Services
Total Award Amount	\$250,000	Project Location - City	Hammond
Award Date	09/23/2009	Project Location - State	LA
Project Status	Not Started	Project Location - Zip	704042788
Jobs Reported	0.00	Congressional District	01
Place of Performance Country	USA		

RECIPIENT INFORMATION (GRANTS)

Recipient Name	HAMMOND, CITY OF
Recipient DUNS Number	113541457
Recipient Address	106 N CHERRY ST
Recipient City	HAMMOND
Recipient State	Louisiana
Recipient Zip	704013308
Congressional District	01
Place of Performance Country	US
Required to Report Top 5 Highly Compensated Officials	No

PROJECTS AND JOBS INFORMATION

Project Title	Non-Profit Capacity Building
Project Status	Not Started
Final Project Report Submitted	No
Project Activities Description	Capacity Building
Quarterly Activities/Project Description	October - December 2009 The City of Hammond, LA has identified, selected and signed a consultant for the SCF grant. The City has also prepared and submitted its workplan for agency review.
Jobs Created	0.00

Description of Jobs Created	n/a
-----------------------------	-----

PURCHASER INFORMATION (GRANTS)

Contracting Office ID	Not Reported
Contracting Office Name	Not Available
Contracting Office Region	Not Available
TAS Major Program	75-1537

AWARD INFORMATION

Award Date	09/23/2009
Award Number	90SN0049
Order Number	
Award Type	Grants
Funding Agency ID	75
Funding Agency Name	Department of Health and Human Services
Funding Office Name	Not Available
Awarding Agency ID	75
Awarding Agency Name	Department of Health and Human Services
Amount of Award	\$250,000
Funds Invoiced/Received	\$0
Expenditure Amount	\$0
Infrastructure Expenditure Amount	Not Available
Infrastructure Purpose and Rationale	Not Available
Infrastructure Point of Contact Name	RM Jackson
Infrastructure Point of Contact Email	jackson_rm@hammond.org
Infrastructure Point of Contact Phone	(985) 277-5650
Infrastructure Point of Contact Address	Post Office Box 2788
Infrastructure Point of Contact City	Hammond
Infrastructure Point of Contact State	LA
Infrastructure Point of Contact Zip	704042788

PRODUCT OR SERVICE INFORMATION (GRANTS)

Primary Activity Code	**D
Activity Description	Capacity Building

SUB-AWARDS INFORMATION

Sub-awards to Organizations	0
Sub-award Amounts to Organizations	\$0
Sub-Awards to Individuals	0
Sub-Award Amounts to Individuals	\$0
Number of Sub-awards less than \$25,000/award	0
Amount of Sub-awards less than \$25,000/award	\$0
Number of payments to vendors greater than \$25,000	0
Total Amount of payments to vendors greater than \$25,000/award	\$0
Number of payments to vendors less than \$25,000/award	0
Total Amount of payments to vendors less than \$25,000/award	\$0

PROJECT LOCATION DETAIL

Latitude, Longitude	30° 30' 14", -90° 27' 41"
Congressional District	01
Address 1	
Address 2	
City	Hammond
County	Tangipahoa
State	LA
Zip	704042788

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Agency Reported Data

GRANTS - AWARD SUMMARY

HAMMOND, CITY OF

FY 2009 Recovery Award Funding through USDQJ BJA Edward Byrne Grant Local Solicitation
Clarification Of Codes

Choose a reporting period and click "Go."

October 1 - December 31, 2009

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Feedback



Provide feedback or comments on the performance and progress of awards.

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AWARD OVERVIEW

See Where the Money Is Going

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Award Number	2009-SB-B9-2442	Funding Agency	Department of Justice
Total Award Amount	\$190,280	Project Location - City	Hammond
Award Date	08/06/2009	Project Location - State	LA
Project Status	Less Than 50% Completed	Project Location - Zip	704013317
Jobs Reported	0.00	Congressional District	01
Place of Performance Country	USA		

RECIPIENT INFORMATION (GRANTS)

Recipient Name	HAMMOND, CITY OF
Recipient DUNS Number	007595648
Recipient Address	303 E THOMAS ST STE 201
Recipient City	HAMMOND
Recipient State	Louisiana
Recipient Zip	704013317
Congressional District	01
Place of Performance Country	US
Required to Report Top 5 Highly Compensated Officials	No

PROJECTS AND JOBS INFORMATION

Project Title	CommandCenter & City Court
Project Status	Less Than 50% Completed
Final Project Report Submitted	No
Project Activities Description	Legislative Bodies
Quarterly Activities/Project Description	October - December 2009 Start City Court Diversion program Send out RFP (Request for Proposal) to purchase (RV) Command Center and Truck to pull proposed equipment Identify and select three (3) Consultants for contractual jobs as Court Appointed

	Mentoring Program (CAMP) Coordinator; Juvenile Services Compliance Officer; and an Education Consultant
Jobs Created	0.00
Description of Jobs Created	The CAMP Program Coordinator would find, train and supervise the court appointed mentors and serve as additional support in the early intervention (diversion) program. Currently the Court has 30 mentors trained that are serving the children in the jurisdiction of the City of Hammond. Most of these juveniles have been arrested for prescription drug possession or use. The Juvenile Services Compliance Officer would monitor all probation, including curfew, truancy, drug or alcohol screenings, payment of restitution, community service hours, home and school visits, along with the requisite counseling follow up and guidance to the entire family. The Education Consultant is the professional who would work for the Court on pre- adjudicated and adjudicated youth to see that they all have in place and follow the education plan recommended by the Judge, the probation officer, and the Counselors. The Education Consultant will help the juvenile find the necessary resources to obtain their GED, diploma, and/or enter a technical school at the least.

PURCHASER INFORMATION (GRANTS)

Contracting Office ID	Not Reported
Contracting Office Name	Not Available
Contracting Office Region	Not Available
TAS Major Program	15-0402

AWARD INFORMATION

Award Date	08/06/2009
Award Number	2009-SB-B9-2442
Order Number	
Award Type	Grants
Funding Agency ID	15
Funding Agency Name	Department of Justice
Funding Office Name	Not Available
Awarding Agency ID	15
Awarding Agency Name	Department of Justice
Amount of Award	\$190,280
Funds Invoiced/Received	\$47,200
Expenditure Amount	\$0
Infrastructure Expenditure Amount	Not Available
Infrastructure Purpose and Rationale	Not Available
Infrastructure Point of Contact Name	RM Jackson
Infrastructure Point of Contact Email	jackson_rm@hammond.org
Infrastructure Point of Contact Phone	(985) 277-5650
Infrastructure Point of Contact Address	Post Office Box 2788
Infrastructure Point of Contact City	Hammond
Infrastructure Point of Contact State	LA
Infrastructure Point of Contact Zip	704042788

PRODUCT OR SERVICE INFORMATION (GRANTS)

Primary Activity Code	921120
Activity Description	Legislative Bodies


SUB-AWARDS INFORMATION

Sub-awards to Organizations	0
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Sub-award Amounts to Organizations	\$0
Sub-Awards to Individuals	0
Sub-Award Amounts to Individuals	\$0
Number of Sub-awards less than \$25,000/award	0
Amount of Sub-awards less than \$25,000/award	\$0
Number of payments to vendors greater than \$25,000	0
Total Amount of payments to vendors greater than \$25,000/award	\$0
Number of payments to vendors less than \$25,000/award	0
Total Amount of payments to vendors less than \$25,000/award	\$0

PROJECT LOCATION DETAIL

Latitude, Longitude	30° 30' 16", -90° 27' 30"
Congressional District	01
Address 1	303 East Thomas Street
Address 2	
City	Hammond
County	Tangipahoa
State	LA
Zip	704013317

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Feedback



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GRANTS - AWARD SUMMARY

HAMMOND, CITY OF

Hammond Police Departemnt & Corrections Center Upgrade
Clarification Of Codes

Choose a reporting period and click "Go."

February 17 - September 30, 2009

Go

AWARD OVERVIEW

Award Number	2009-DJ-BX-0496	Funding Agency	Department of Justice
Total Award Amount	\$46,239	Project Location - City	Hammond
Award Date	09/18/2009	Project Location - State	LA
Project Status	Not Started	Project Location - Zip	704013317
Jobs Reported	0.00	Congressional District	01
Place of Performance Country	USA		

RECIPIENT INFORMATION (GRANTS)

Recipient Name	HAMMOND, CITY OF
Recipient DUNS Number	007595648
Recipient Address	303 E THOMAS ST STE 201
Recipient City	HAMMOND
Recipient State	Louisiana
Recipient Zip	704013317
Congressional District	01
Place of Performance Country	US
Required to Report Top 5 Highly Compensated Officials	No

PROJECTS AND JOBS INFORMATION

Project Title	HPD & Corrections Ctr Upgrade
Project Status	Not Started
Final Project Report Submitted	No
Project Activities Description	Legislative Bodies
Quarterly Activities/Project Description	Purchase and acquisition of much needed miscellaneous safety equipment
Jobs Created	0.00
Description of Jobs Created	not applicable

PURCHASER INFORMATION (GRANTS)

Contracting Office ID	Not Reported
Contracting Office Name	Not Available
Contracting Office Region	Not Available
TAS Major Program	15-0402

AWARD INFORMATION

Award Date	09/18/2009
Award Number	2009-DJ-BX-0496
Order Number	
Award Type	Grants
Funding Agency ID	15
Funding Agency Name	Department of Justice
Funding Office Name	Not Available
Awarding Agency ID	15
Awarding Agency Name	Department of Justice
Amount of Award	\$46,239
Funds Invoiced/Received	\$46,239
Expenditure Amount	\$0
Infrastructure Expenditure Amount	Not Available
Infrastructure Purpose and Rationale	Not Available
Infrastructure Point of Contact Name	RMJackson, Grants Administrator
Infrastructure Point of Contact Email	jackson_rm@hammond.org
Infrastructure Point of Contact Phone	(985) 277-5650
Infrastructure Point of Contact Address	106 NorthCherry Street
Infrastructure Point of Contact City	Hammond
Infrastructure Point of Contact State	LA
Infrastructure Point of Contact Zip	70404

PRODUCT OR SERVICE INFORMATION (GRANTS)

Primary Activity Code	921120
Activity Description	Legislative Bodies

SUB-AWARDS INFORMATION

Sub-awards to Organizations	0
Sub-award Amounts to Organizations	\$0
Sub-Awards to Individuals	0
Sub-Award Amounts to Individuals	\$0
Number of Sub-awards less than \$25,000/award	0
Amount of Sub-awards less than \$25,000/award	\$0
Number of payments to vendors greater than \$25,000	0
Total Amount of payments to vendors greater than \$25,000/award	\$0

Number of payments to vendors less than \$25,000/award	0
Total Amount of payments to vendors less than \$25,000/award	\$0

PROJECT LOCATION DETAIL

Latitude, Longitude	30° 30' 16", -90° 27' 30"
Congressional District	01
Address 1	303 East Thomas Street
Address 2	
City	Hammond
County	Tangipahoa
State	LA
Zip	704013317

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March 18, 2010

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

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 BIP Application Form;
- (d) the Company’s Articles of Incorporation;
- (e) the Company’s Corporate Bylaws; and
- (f) 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 (f) 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 Texas, and is duly licensed and qualified and in good standing as a corporation in the State of Texas;
- (b) the Applicant has corporate power: (1) to execute and deliver the grant agreement, loan agreement, and/or loan/grant combination agreement as applicable; 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 addressee 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 the addressee hereof or its 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,



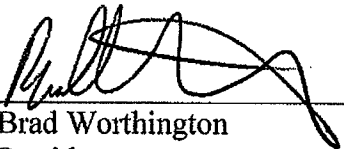
Venable LLP

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 the BIP Application Form in order to apply for BIP funding pursuant to the Notice of Funds Availability ("NOFA") issued by RUS. 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.



Brad Worthington
President
Pride Network, Inc.

Dated: March 18, 2010

Attachment 10 - Competitor Service Offerings

Easygrants ID:

Project Title:

PART A. COMPETITOR SERVICE OFFERINGS – LAST MILE

Instructions: Complete the table below to describe competing Last Mile providers' broadband service offerings being advertised in each proposed funded service area. For each competitor, explain the following: a) technology; b) service tiers; c) advertised speeds for residential and business; d) pricing. Include any other comments to explain your findings, if necessary.

Service Area	Last Mile Services Provider	Technology Platform	Service Tier	Advertised Residential Offering		Advertised Business Offering		Other Comments
				Downstream / Upstream (kbps)	Price	Downstream / Upstream (kbps)	Price	
Service Area Pride North Shore	Provider A Charter	Cable	Entry Level Plan	1000/128	\$19.99	8000/1000	\$89.99	Service not available in outlying census community of Montpelier and non-census community areas of Pine Grove, Montpelier, Georgeville, Holton
			Highest Speed Plan	20000/2000	\$54.99	25000/2000	\$149.99	
			Other Plans (e.g. Mid-Tier Plan)	8000/2000	\$29.99	16000/2000	\$119.99	
	Provider B AT&T	DSL	Entry Level Plan	768/128 1500/256	\$19.95 \$32.95 \$37.95	1500/256	\$39.95	Service not available in outlying census community of Montpelier and non-census community areas of Pine Grove, Montpelier, Georgeville, Holton
			Highest Speed Plan	6000/512	\$42.95 \$47.95	6000/512	\$59.95	
			Other Plans (e.g. Mid-Tier Plan)	3000/384	\$37.95\$ 42.95	3000/384	\$49.95	
	Provider C Hughes Net	Satellite	Entry Level Plan	1000/128	\$59.99			
			Highest Speed Plan	1600/250	\$79.99			
			Other Plans (e.g. Mid-Tier Plan)	1200/200	\$69.99			

USDA RUS Broadband Initiatives Program

Competitor Service Offerings

Service Area	Last Mile Services Provider	Technology Platform	Service Tier	Advertised Residential Offering		Advertised Business Offering		Other Comments
				Downstream / Upstream (kbps)	Price	Downstream / Upstream (kbps)	Price	
	Provider D AT&T	Wireless	Entry Level Plan	75 to 135	\$35.00 \$60.00			Two usage plans available as Data Connect - 200MB at \$39.99 and a 5GB per month at \$60.00. Additional charges for each Mb over the plan allocation. Note: The 200Mb and 5Gb are NOT service speeds but are monthly data usage.
			Highest Speed Plan	Up to 3600 only rate given	\$35.00 \$60.00	Up to 3600 only rate given	\$30.00 to \$60.00 depending on Device	3G coverage only extends to a point just south of Amite. Two usage plans available as Data Connect - 200MB at \$39.99 and a 5GB per month at \$60.00. Additional charges for each Mb over the plan allocation . Also has Business Data Connect usage plans ranging from 10MB at \$20 up to 5GB at \$60.00. Additional charges for each Mb over the plan allocation. Note: The 200Mb and 5Gb are NOT service speeds but are monthly data usage.
			Other Plans (e.g. Mid-Tier Plan)					
Service Area Pride North Shore	Provider E Verizon	Wireless	Entry Level Plan	Up to 600 to 1400 / 500 to 800	\$9.99 to \$59.99			Coverage only extends northward into the service area to a point just south of Amite. Individual usage based plans of 25 Mb/month at \$9.99 or

Service Area	Last Mile Services Provider	Technology Platform	Service Tier	Advertised Residential Offering		Advertised Business Offering		Other Comments
				Downstream / Upstream (kbps)	Price	Downstream / Upstream (kbps)	Price	
								Unlimited at \$25.00 per month. Mobile Broadband plans from 250Mb at \$39.99 to 5Gb at \$59.99. Note: The 25Mb and Unlimited are NOT service speeds but are monthly data usage.
			Highest Speed Plan					
			Other Plans (e.g. Mid-Tier Plan)					
	Provider F DishNetwork	Satellite	Entry Level Plan	N/A	--			Dial up Internet only through partner Earthlink
			Highest Speed Plan					
			Other Plans (e.g. Mid-Tier Plan)					
	Provider G Direct TV		Entry Level Plan	512 / 128	\$49.99			Provided thru partner Wildblue – Requires additional fees for equipment and delivery.
			Highest Speed Plan					
			Other Plans (e.g. Mid-Tier Plan)					

PART B. COMPETITOR SERVICE OFFERINGS – MIDDLE MILE

Instructions: Complete the table below to describe competing Middle Mile providers' service offerings being advertised in those communities within which Middle Mile applicants propose to construct interconnection points. For a discussion of how to define a service area around a community with a proposed interconnection point, see the section in the Application Guide on using the Mapping Tool. For each competitor, explain the following: a) technology; b) service tiers; c) the distance band (length of the network section) or point-to-point (geographical end points) of the specific package; d) speed; and e) pricing. Include any other comments to explain your findings, if necessary.

Service Area	Middle Mile Services Provider	Technology Platform	Service Tier	Distance Band / Point-to-Point	Minimum Peak Load Network Bandwidth Capacity	Pricing	Other Comments
Interconnection Point Name 1	Provider A		Entry Level Plan				
			Highest Speed Plan				
			Other Plans (e.g. Mid-Tier Plan)				
	Provider B		Entry Level Plan				
			Highest Speed Plan				
			Other Plans (e.g. Mid-Tier Plan)				
Interconnection Point Name 2	Provider A		Entry Level Plan				
			Highest Speed Plan				
			Other Plans (e.g. Mid-Tier Plan)				
	Provider B		Entry Level Plan				
			Highest Speed Plan				
			Other Plans (e.g. Mid-Tier Plan)				

DOCKET NO. 37331

APPLICATION OF PRIDE NETWORK,	§	PUBLIC UTILITY COMMISSION
INC. FOR A SERVICE PROVIDER	§	
CERTIFICATE OF OPERATING	§	OF TEXAS
AUTHORITY	§	

ORDER NO. 1
ENTERING PROTECTIVE ORDER,
ESTABLISHING PROCEDURAL SCHEDULE,
AND DETERMINING FILING AND SERVICE PROCEDURES

On August 3, 2009, PRIDE Network, Inc. (the Applicant) filed an application under § 54.151 of the Public Utility Regulatory Act, Tex. Util. Code Ann. (Vernon 2007 & Supp. 2008) (PURA) 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. Under PURA § 54.155, the Public Utility Commission of Texas (the Commission) is required to act on the petition within 60 days after filing unless the Commission finds that good cause exists to extend the 60-day period. The 60-day period in this docket ends October 2, 2009. The docket may be considered for administrative approval on or before October 2, 2009.

This Order sets forth the procedures the parties shall follow and includes the deadlines for intervention, the Commission Staff's recommendation, and request for referral to the State Office of Administrative Hearings (SOAH). In addition, attached is the generic protective order used in Commission Certificate of Operating Authority (COA)/SPCOA proceedings. This protective order shall govern the use of all confidential materials in this case.

The Commission shall publish notice in the *Texas Register* in accordance with the attached procedural schedule. A copy of the notice is attached to this Order.

Under the procedural schedule, Commission Staff is required to file a recommendation regarding the eligibility of the Applicant to apply for an SPCOA and the deficiencies/completeness of the application. Commission Staff will also verify that the name under which the Applicant has requested that the SPCOA be issued will not duplicate a name already being used by an existing SPCOA holder or be so similar to a name currently being used

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so as to create confusion. The Applicant shall be notified of any conflicts or duplications and shall submit a new name by August 24, 2009, if required. Commission Staff's recommendation on eligibility shall be filed no later than August 12, 2009. Any response from the Applicant is due by August 17, 2009. The Commission's Order on eligibility is due by August 19, 2009. Commission Staff's recommendation on deficiencies/completeness shall be filed no later than August 19, 2009. The Commission's Order on deficiencies/completeness is due by August 26, 2009.

This case has been assigned Docket No. 37331 by the Commission. All pleadings filed in this case shall use this docket number.

I. Filing and Service Procedures

A. Filing

Parties shall file seven (7) copies of all pleadings. Pleadings and other filings shall be deemed filed when the proper number of legible copies are presented to the Commission's Filing Clerk for filing.

The procedures regarding filing specified in Subchapter E of the Commission's procedural rules apply in this proceeding, unless otherwise specified. Parties are expected to know those procedures and comply with them fully.

B. Service

A copy of any document filed with the Commission must also be served on all parties as provided by P.U.C. Proc. R. 22.74(a). Documents hand-delivered to the Commission must be served on all parties, filed with the Commission filing clerk, and file-stamped prior to delivery.

To expedite this proceeding, the parties are strongly urged to serve pleadings, briefs, and other documents in this docket by *hand-delivery, FAX, overnight courier, or electronic means, as opposed to service by mail.*

All mail sent to the parties by the Commission will be sent by first class mail, unless the party requests express mailing and provides an express mail account number. Parties seeking to arrange express mailing should contact Ms. Helen Mastrangelo at (512) 936-7249.

Pursuant to P.U.C. Proc. R. 22.101, all parties shall provide their current telephone and facsimile number, if available, to all other parties and the Commission by filing and serving all parties with such numbers. Each party is responsible for providing the Commission and all parties with current address, telephone, and facsimile information if such information changes. Only one address per party will be included on the service list maintained by the Commission. Corrections to the service list should be directed to Ms. Mastrangelo. The parties may agree to serve more than one representative per party. Parties are responsible for updating their own service lists to reflect changed information and the addition of other parties, if any.

C. Filing Deadline Procedures

Filings at the Commission shall occur by 3:00 p.m. on the date in question unless otherwise specified. P.U.C. Proc. R. 22.71(i).

Parties are encouraged to engage in negotiations. The conduct of negotiations, however, does not relieve the parties of their obligation to meet filing deadlines. Failure to meet such deadlines may subject a party to sanctions specified in P.U.C. Proc. R. 22.161.

D. Assumptions Regarding Time of Receipt

To the extent it is necessary to make an assumption regarding the time of receipt of a document, the following guidelines shall apply. Service on a party by agent or by courier receipted delivery shall be complete upon delivery to the agent or courier. Service on a party by facsimile transmission shall be complete upon actual receipt by the recipient's telecopier or facsimile transfer machine. Under P.U.C. Proc. R. 22.74(b), service on a party by mail shall be complete upon deposit of the document, enclosed in a wrapper properly addressed, stamped and sealed, in a post office or official depository of the United States Postal Service.

Under P.U.C. Proc. R. 22.74(c), a return receipt or affidavit of any person having personal knowledge of the facts shall be prima facie evidence of the facts shown thereon relating to service.

1. Hand Delivery

If a document has been served in person or by agent, the Commission will assume that the document was received on the date of filing.

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2. Courier Receipted Delivery

If a document was served by courier receipted delivery, the Commission will assume that the document was received no later than the day after filing.

3. Facsimile Transmission

If a document is served by facsimile transmission before 3:00 p.m., on a work day, the Commission will assume that the document was received on that day; otherwise, the Commission will assume that the document was received on the next work day.

4. Regular Mail, Certified Mail, Or Registered Mail

If a document has been sent by regular mail, certified mail, or registered mail, the Commission will assume that it was received no later than three days after filing.

E. Motions for Continuance or Cancellation of a Proceeding or Extension of a Deadline

Motions for continuance shall be governed by the requirements of P.U.C. Proc. R. 22.79. If a continuance or extension of a deadline is sought, the motion shall propose a new date or dates and shall indicate whether the parties contacted agree on the new date or dates. If the continuance requires an extension of the 60-day deadline in this docket, the requesting party shall indicate this in its motion for continuance and state good-cause why the deadline should be extended. More than two requests for continuance or extension are discouraged. The requesting party shall make all reasonable efforts to provide all required information to satisfy the Commission rules for technical and financial qualification. Failure to provide information after a good cause exception has been granted may subject the application to abatement or dismissal.

The Commission will not contact parties to ascertain their positions or to negotiate dates. In the absence of a ruling by the Commission, if a contested motion for continuance, cancellation, or extension is not granted, the existing schedule remains in place.

F. Responses to Motions and Other Pleadings

Unless otherwise specified, responses to any motion or other pleading *shall be filed within three working days* from the filing of the pleading to which the response is made. Failure

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Order No. 1

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to file a timely response will be considered acquiescence to the relief requested. Rulings will be based on the written pleadings unless the Commission determines that oral argument is necessary.

II. Deadline for Intervention

Motions to intervene shall be filed by August 26, 2009. Motions to intervene shall demonstrate the movant's standing to intervene under P.U.C. Proc. R. 22.103. Motions to intervene shall be served on all parties, and shall include a certificate of service. Movants for intervention shall immediately enjoy all the rights and bear all the obligations of party status unless and until their motions to intervene are denied.

III. Discovery

A. Exclusive Formal Discovery Method

Due to the extreme time constraints imposed on the parties and the Commission by the statutory deadline, *parties may obtain formal discovery only through depositions by oral examination.* Dispositions shall be taken at a time and place agreed upon by the parties or ordered by the Commission. The parties are strongly advised to agree as to the date and time for depositions.

Nothing in this order prohibits the parties from engaging in informal requests for information (RFIs), although the Commission will not resolve any disputes arising from the informal discovery process.

B. In Camera Review

To the extent an *in camera* inspection is necessary, the *in camera* inspection will be governed by P.U.C. Proc. R. 22.144(g), although the Commission may establish deadlines for pleadings which differ from those set by the procedural rule. Documents submitted for *in camera* review **SHALL NOT BE FILED WITH THE COMMISSION FILING CLERK** but should be hand-delivered to the Commission. If they are filed with the Commission filing clerk, even inadvertently, the documents may not be physically removed from the Commission. Further, any claim to privilege or exemption could be found to have been waived by such filing

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with the Commission filing clerk. At the time the documents are submitted for *in camera* review, the objecting party shall file sworn affidavits setting out the facts necessary to support the explanation and the privilege or exemption that is claimed. The affidavits will be public documents and as such shall be filed with the Commission filing clerk and served upon the propounding party.

Should the Commission determine, following an *in camera* review that a document is not privileged or exempt, the Commission will stay the order for three full working days to allow the party claiming the privilege or exemption to appeal that order.

IV. Procedural Schedule

The parties shall adhere to the following procedural schedule in this docket. Unless this case becomes contested, it is to be handled administratively by the Commission.

Intervention Deadline	August 26, 2009
Commission Staff's Final Recommendation	September 2, 2009
Deadline for Request for Referral to SOAH	September 2, 2009

If it appears that this application will be contested and a hearing necessary, the parties will be required to submit a list of contested issues setting forth the reasons for their disputing the application (see Section V.).

V. Hearing on the Merits

In the event a party requests a hearing on the merits, the contesting party shall file a request for a referral to SOAH along with a list of those issues it contests and the grounds for contesting. The party shall clearly and succinctly identify any contested issue; any issues so identified constitute the only issues which can be addressed in the hearing.

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VI. Ex Parte Communications

Ex parte communications with the Commission are prohibited. Parties should undertake to communicate with the Commission only through written documents filed with the Commission and served on all parties.

SIGNED AT AUSTIN, TEXAS the ____ day of August 2009.

PUBLIC UTILITY COMMISSION OF TEXAS

**IRENE MONTELONGO
DIRECTOR, DOCKET MANAGEMENT**

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DOCKET NO. 37331**PROCEDURAL SCHEDULE**

Filing date	8-3-09
Commission requests Texas Register to notice application	8-6-09
Commission Staff makes recommendation re: eligibility	8-12-09
Response from Applicant, if any	8-17-09
Commission to certify eligibility for SPCOA	8-19-09
Commission Staff makes recommendation re: deficiencies/completeness	8-19-09
Texas Register Publication	8-21-09
Applicant files name resolution, if needed	8-24-09
Intervention and comment deadline	8-26-09
Commission Order on deficiencies/completeness	8-26-09
Commission Staff's final recommendation	9-2-09
Deadline for Request for Referral to SOAH	9-2-09
Order to approve or deny application	On or before 10-2-09

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DOCKET NO. 37331

APPLICATION OF PRIDE NETWORK,	§	Public Utility Commission
INC. FOR A SERVICE PROVIDER	§	
CERTIFICATE OF OPERATING	§	of Texas
AUTHORITY		

PROTECTIVE ORDER

This Protective Order shall govern the use of all information deemed confidential (Protected Materials) or highly confidential (Highly Sensitive Protected Materials), including information whose confidentiality is currently under dispute, by a party providing information to the Public Utility Commission of Texas (Commission) or to any other party to this proceeding.

It is ORDERED that:

1. **Designation of Protected Materials.** Upon producing or filing a document, including, but not limited to, records on a computer disk or other similar electronic storage medium in this proceeding, the producing party may designate that document, or any portion of it, as confidential pursuant to this Protective Order by typing or stamping on its face "PROTECTED PURSUANT TO PROTECTIVE ORDER ISSUED IN DOCKET NO. 37331" (or words to this effect) and consecutively Bates Stamping each page. Protected Materials and Highly Sensitive Protected Materials include the documents so designated, as well as the substance of the information contained in the documents and any description, report, summary, or statement about the substance of the information contained in the documents.
2. **Materials Excluded from Protected Materials Designation.** Protected Materials shall not include any information or document contained in the public files of the Commission or any other federal or state agency, court, or local governmental authority subject to the Public Information Act.¹ Protected Materials also shall not include documents or information which at the time of, or prior to disclosure in, a proceeding is or was public

¹ Tex. Gov't Code Ann. §§ 552.001-552.353 (Vernon 2004 & Supp. 2008).

knowledge, or which becomes public knowledge other than through disclosure in violation of this Protective Order.

3. **Reviewing Party.** For the purposes of this Protective Order, a “Reviewing Party” is any party to this docket.
4. **Procedures for Designation of Protected Materials.** On or before the date the Protected Materials or Highly Sensitive Protected Materials are provided to the Commission, the producing party shall file with the Commission and deliver to each party to the proceeding a written statement, which may be in the form of an objection, indicating: (a) any exemptions to the Public Information Act claimed to apply to the alleged Protected Materials; (b) the reasons supporting the producing party’s claim that the responsive information is exempt from public disclosure under the Public Information Act and subject to treatment as protected materials; and (c) that counsel for the producing party has reviewed the information sufficiently to state in good faith that the information is exempt from public disclosure under the Public Information Act and merits the Protected Materials designation.
5. **Persons Permitted Access to Protected Materials.** Except as otherwise provided in this Protective Order, a Reviewing Party may access Protected Materials only through its “Reviewing Representatives” who have signed the Protective Order Certification Form (see Attachment A). Reviewing Representatives of a Reviewing Party include its counsel of record in this proceeding and associated attorneys, paralegals, economists, statisticians, accountants, consultants, or other persons employed or retained by the Reviewing Party and directly engaged in this proceeding. At the request of the PUC Commissioners, copies of Protected Materials may be produced by Commission Staff. The Commissioners and their staff shall be informed of the existence and coverage of this Protective Order and shall observe the restrictions of the Protective Order.
6. **Highly Sensitive Protected Material Described.** The term “Highly Sensitive Protected Materials” is a subset of Protected Materials and refers to documents or information that a producing party claims is of such a highly sensitive nature that making copies of such documents or information or providing access to such documents to employees of the

Reviewing Party (except as specified herein) would expose a producing party to unreasonable risk of harm. Highly Sensitive Protected Materials include but are not limited to: (a) contractual information pertaining to contracts that specify that their terms are confidential or that are confidential pursuant to an order entered in litigation to which the producing party is a party; (b) wholesale transactions information and/or market-sensitive marketing plans; and (c) business operations or financial information that is commercially sensitive. Documents or information so classified by a producing party shall bear the designation "HIGHLY SENSITIVE PROTECTED MATERIALS PROVIDED PURSUANT TO PROTECTIVE ORDER ISSUED IN DOCKET NO. 37331" (or words to this effect) and shall be consecutively Bates Stamped. The provisions of this Protective Order pertaining to Protected Materials also apply to Highly Sensitive Protected Materials, except where this Protective Order provides for additional protections for Highly Sensitive Protected Materials. In particular, the procedures herein for challenging the producing party's designation of information as Protected Materials also apply to information that a producing party designates as Highly Sensitive Protected Materials.

7. **Restrictions on Copying and Inspection of Highly Sensitive Protected Material.**

Except as expressly provided herein, only one copy may be made of any Highly Sensitive Protected Materials except that additional copies may be made to have sufficient copies for introduction of the material into the evidentiary record if the material is to be offered for admission into the record. The Reviewing Party shall maintain a record of all copies made of Highly Sensitive Protected Material and shall send a duplicate of the record to the producing party when the copy or copies are made. The record shall specify the location and the person possessing the copy. Highly Sensitive Protected Material shall be made available for inspection only at the location or locations provided by the producing party, except as specified by Paragraph 9. Limited notes may be made of Highly Sensitive Protected Materials, and such notes shall themselves be treated as Highly Sensitive Protected Materials unless such notes are limited to a description of the document and a general characterization of its subject matter in a manner that does not state any substantive information contained in the document.

8. **Restricting Persons Who May Have Access to Highly Sensitive Protected Material.**

With the exception of Commission Staff, the Office of the Attorney General (OAG), and the Office of Public Utility Counsel (OPC), and except as provided herein, the Reviewing Representatives for the purpose of access to Highly Sensitive Protected Materials may be persons who are (a) outside counsel for the Reviewing Party, (b) outside consultants for the Reviewing Party working under the direction of Reviewing Party's counsel or, (c) employees of the Reviewing Party working with and under the direction of Reviewing Party's counsel who have been authorized by the presiding officer to review Highly Sensitive Protected Materials. The Reviewing Party shall limit the number of Reviewing Representatives that review Highly Sensitive Protected Materials to the minimum number of persons necessary. The Reviewing Party is under a good faith obligation to limit access to each portion of any Highly Sensitive Protected Materials to two Reviewing Representatives whenever possible. Reviewing Representatives for Commission Staff, OAG, and OPC, for the purpose of access to Highly Sensitive Protected Materials, shall consist of their respective counsel of record in this proceeding and associated attorneys, paralegals, economists, statisticians, accountants, consultants, or other persons employed or retained by them and directly engaged in these proceedings.

9. **Copies Provided of Highly Sensitive Protected Material.** A producing party shall provide one copy of Highly Sensitive Protected Materials specifically requested by the Reviewing Party to the person designated by the Reviewing Party who must be a person authorized to review Highly Sensitive Protected Material under Paragraph 8. Representatives of the Reviewing Party who are authorized to view Highly Sensitive Protected Material may review the copy of Highly Sensitive Protected Materials at the office of the Reviewing Party's representative designated to receive the information. Any Highly Sensitive Protected Materials provided to a Reviewing Party may not be copied except as provided in Paragraph 7. The restrictions contained herein do not apply to Commission Staff, OPC, and the OAG when the OAG is representing a party to the proceeding.

10. **Procedures in Paragraphs 10-14 Apply to Commission Staff, OPC, and the OAG**

and Control in the Event of Conflict. The procedures in Paragraphs 10 through 14 apply to responses to requests for documents or information that the producing party designates as Highly Sensitive Protected Materials and provides to Commission Staff, OPC, and the OAG in recognition of their purely public functions. To the extent the requirements of Paragraphs 10 through 14 conflict with any requirements contained in other paragraphs of this Protective Order, the requirements of these Paragraphs shall control.

- 11. Copy of Highly Sensitive Protected Material to be Provided to Commission Staff, OPC and the OAG.** When, in response to a request for information by a Reviewing Party, the producing party makes available for review documents or information claimed to be Highly Sensitive Protected Materials, the producing party shall also deliver one copy of the Highly Sensitive Protected Materials to the Commission Staff, OPC, and the OAG (if the OAG is representing a party) in Austin, Texas. Provided however, that in the event such Highly Sensitive Protected Materials are voluminous, the materials will be made available for review by Commission Staff, OPC, and the OAG (if the OAG is representing a party) at the designated office in Austin, Texas. The Commission Staff, OPC and the OAG (if the OAG is representing a party) may request such copies as are necessary of such voluminous material under the copying procedures specified herein.
- 12. Delivery of the Copy of Highly Sensitive Protected Material to Commission Staff and Outside Consultants.** The Commission Staff, OPC, and the OAG (if the OAG is representing a party) may deliver the copy of Highly Sensitive Protected Materials received by them to the appropriate members of their staff for review, provided such staff members first sign the certification specified by Paragraph 15. After obtaining the agreement of the producing party, Commission Staff, OPC, and the OAG (if the OAG is representing a party) may deliver the copy of Highly Sensitive Protected Materials received by it to the agreed, appropriate members of their outside consultants for review, provided such outside consultants first sign the certification in Attachment A.
- 13. Restriction on Copying by Commission Staff, OPC and the OAG.** Except as allowed by Paragraph 7, Commission Staff, OPC and the OAG may not make additional copies of

the Highly Sensitive Protected Materials furnished to them unless the producing party agrees in writing otherwise, or, upon a showing of good cause, the presiding officer directs otherwise. Commission Staff, OPC, and the OAG may make limited notes of Highly Sensitive Protected Materials furnished to them, and all such handwritten notes will be treated as Highly Sensitive Protected Materials as are the materials from which the notes are taken.

14. **Public Information Requests.** In the event of a request for any of the Highly Sensitive Protected Materials under the Public Information Act, an authorized representative of the Commission, OPC, or the OAG may furnish a copy of the requested Highly Sensitive Protected Materials to the Open Records Division at the OAG together with a copy of this Protective Order after notifying the producing party that such documents are being furnished to the OAG. Such notification may be provided simultaneously with the delivery of the Highly Sensitive Protected Materials to the OAG.
15. **Required Certification.** Each person who inspects the Protected Materials shall, before such inspection, agree in writing to the following certification found in Attachment A to this Protective Order:

I certify my understanding that the Protected Materials are provided to me pursuant to the terms and restrictions of the Protective Order in this docket, and that I have been given a copy of it and have read the Protective Order and agree to be bound by it. I understand that the contents of the Protected Materials, any notes, memoranda, or any other form of information regarding or derived from the Protected Materials shall not be disclosed to anyone other than in accordance with the Protective Order and unless I am an employee of the Commission or OPC shall be used only for the purpose of the proceeding in Docket No. 37331. I acknowledge that the obligations imposed by this certification are pursuant to such Protective Order. Provided, however, if the information contained in the Protected Materials is obtained from independent public sources, the understanding stated herein shall not apply.

In addition, Reviewing Representatives who are permitted access to Highly Sensitive Protected Material under the terms of this Protective Order shall, before inspection of such material, agree in writing to the following certification found in Attachment A to

this Protective Order:

I certify that I am eligible to have access to Highly Sensitive Protected Material under the terms of the Protective Order in this docket.

The Reviewing Party shall provide a copy of each signed certification to Counsel for the producing party and serve a copy upon all parties of record.

- 16. Disclosures between Reviewing Representatives and Continuation of Disclosure Restrictions after a Person is no Longer Engaged in the Proceeding.** Any Reviewing Representative may disclose Protected Materials, other than Highly Sensitive Protected Materials, to any other person who is a Reviewing Representative provided that, if the person to whom disclosure is to be made has not executed and provided for delivery of a signed certification to the party asserting confidentiality, that certification shall be executed prior to any disclosure. A Reviewing Representative may disclose Highly Sensitive Protected Material to other Reviewing Representatives who are permitted access to such material and have executed the additional certification required for persons who receive access to Highly Sensitive Protected Material. In the event that any Reviewing Representative to whom Protected Materials are disclosed ceases to be engaged in these proceedings, access to Protected Materials by that person shall be terminated and all notes, memoranda, or other information derived from the protected material shall either be destroyed or given to another Reviewing Representative of that party who is authorized pursuant to this Protective Order to receive the protected materials. Any person who has agreed to the foregoing certification shall continue to be bound by the provisions of this Protective Order so long as it is in effect, even if no longer engaged in these proceedings.
- 17. Producing Party to Provide One Copy of Certain Protected Material and Procedures for Making Additional Copies of Such Materials.** Except for Highly Sensitive Protected Materials, which shall be provided to the Reviewing Parties pursuant to Paragraphs 9, and voluminous Protected Materials, the producing party shall provide a Reviewing Party one copy of the Protected Materials upon receipt of the signed certification described in Paragraph 15. Except for Highly Sensitive Protected Materials,

a Reviewing Party may make further copies of Protected Materials for use in this proceeding pursuant to this Protective Order, but a record shall be maintained as to the documents reproduced and the number of copies made, and upon request the Reviewing Party shall provide the party asserting confidentiality with a copy of that record.

18. **Procedures Regarding Voluminous Protected Materials.** P.U.C. PROC. R. 22.144(h) will govern production of voluminous Protected Materials. Voluminous Protected Materials will be made available in the producing party's voluminous room, in Austin, Texas, or at a mutually agreed upon location, Monday through Friday, 9:00 a.m. to 5:00 p.m. (except on state or Federal holidays), and at other mutually convenient times upon reasonable request.
19. **Reviewing Period Defined.** The Protected Materials may be reviewed only during the Reviewing Period, which shall commence upon entry of this Protective Order and continue until the expiration of the Commission's plenary jurisdiction. The Reviewing Period shall reopen if the Commission regains jurisdiction due to a remand as provided by law. Protected materials that are admitted into the evidentiary record or accompanying the evidentiary record as offers of proof may be reviewed throughout the pendency of this proceeding and any appeals.
20. **Procedures for Making Copies of Voluminous Protected Materials.** Other than Highly Sensitive Protected Materials, Reviewing Parties may take notes regarding the information contained in voluminous Protected Materials made available for inspection or they may make photographic, mechanical or electronic copies of the Protected Materials, subject to the conditions in this Protective Order; provided, however, that before photographic, mechanical or electronic copies may be made, the Reviewing Party seeking photographic, mechanical or electronic copies must provide written confirmation of the receipt of copies listed on Attachment B of this Protective Order identifying each piece of Protected Materials or portions thereof the Reviewing Party will need.
21. **Protected Materials to be Used Solely for the Purposes of These Proceedings.** All Protected Materials shall be made available to the Reviewing Parties and their Reviewing Representatives solely for the purposes of these proceedings. Access to the Protected

Materials may not be used in the furtherance of any other purpose, including, without limitation: (a) any other pending or potential proceeding involving any claim, complaint, or other grievance of whatever nature, except appellate review proceedings that may arise from or be subject to these proceedings; or (b) any business or competitive endeavor of whatever nature. Because of their statutory regulatory obligations, these restrictions do not apply to Commission Staff or OPC.

22. Procedures for Confidential Treatment of Protected Materials and Information Derived from Those Materials.

Protected Materials, as well as a Reviewing Party's notes, memoranda, or other information regarding or derived from the Protected Materials are to be treated confidentially by the Reviewing Party and shall not be disclosed or used by the Reviewing Party except as permitted and provided in this Protective Order. Information derived from or describing the Protected Materials shall be maintained in a secure place and shall not be placed in the public or general files of the Reviewing Party except in accordance with the provisions of this Protective Order. A Reviewing Party must take all reasonable precautions to insure that the Protected Materials including notes and analyses made from Protected Materials that disclose Protected Materials are not viewed or taken by any person other than a Reviewing Representative of a Reviewing Party.

- 23. Procedures for Submission of Protected Materials.** If a Reviewing Party tenders for filing any Protected Materials, including Highly Sensitive Protected Materials, or any written testimony, exhibit, brief, motion or other type of pleading or other submission at the Commission or before any other judicial body that quotes from Protected Materials or discloses the content of Protected Materials, the confidential portion of such submission shall be filed and served in sealed envelopes or other appropriate containers endorsed to the effect that they contain Protected Material or Highly Sensitive Protected Material and are sealed pursuant to this Protective Order. If filed at the Commission, such documents shall be marked "PROTECTED MATERIAL" and shall be filed under seal with the presiding officer and served under seal to the counsel of record for the Reviewing Parties. The presiding officer may subsequently, on his/her own motion or on motion of a party,

issue a ruling respecting whether or not the inclusion, incorporation or reference to Protected Materials is such that such submission should remain under seal. If filing before a judicial body, the filing party: (a) shall notify the party which provided the information within sufficient time so that the producing party may seek a temporary sealing order; and (b) shall otherwise follow the procedures in Rule 76a, Texas Rules of Civil Procedure.

24. Maintenance of Protected Status of Materials during Pendency of Appeal of Order

Holding Materials are not Protected Materials. In the event that the presiding officer at any time in the course of this proceeding finds that all or part of the Protected Materials are not confidential or proprietary, by finding, for example, that such materials have entered the public domain or materials claimed to be Highly Sensitive Protected Materials are only Protected Materials, those materials shall nevertheless be subject to the protection afforded by this Protective Order for three (3) full working days, unless otherwise ordered, from the date the party asserting confidentiality receives notice of the presiding officer's order. Such notification will be by written communication. This provision establishes a deadline for appeal of a presiding officer's order to the Commission. In the event an appeal to the Commissioners is filed within those three (3) working days from notice, the Protected Materials shall be afforded the confidential treatment and status provided in this Protective Order during the pendency of such appeal. Neither the party asserting confidentiality nor any Reviewing Party waives its right to seek additional administrative or judicial remedies after the Commission's denial of any appeal.

25. Notice of Intent to Use Protected Materials or Change Materials Designation.

Parties intending to use Protected Materials shall notify the other parties prior to offering them into evidence or otherwise disclosing such information into the record of the proceeding. During the pendency of Docket No. 37331 at the Commission, in the event that a Reviewing Party wishes to disclose Protected Materials to any person to whom disclosure is not authorized by this Protective Order, or wishes to have changed the designation of certain information or material as Protected Materials by alleging, for

example, that such information or material has entered the public domain, such Reviewing Party shall first file and serve on all parties written notice of such proposed disclosure or request for change in designation, identifying with particularity each of such Protected Materials. A Reviewing Party shall at any time be able to file a written motion to challenge the designation of information as Protected Materials.

26. **Procedures to Contest Disclosure or Change in Designation.** In the event that the party asserting confidentiality wishes to contest a proposed disclosure or request for change in designation, the party asserting confidentiality shall file with the appropriate presiding officer its objection to a proposal, with supporting affidavits, if any, within five (5) working days after receiving such notice of proposed disclosure or change in designation. Failure of the party asserting confidentiality to file such an objection within this period shall be deemed a waiver of objection to the proposed disclosure or request for change in designation. Within five (5) working days after the party asserting confidentiality files its objection and supporting materials, the party challenging confidentiality may respond. Any such response shall include a statement by counsel for the party challenging such confidentiality that he or she has reviewed all portions of the materials in dispute and, without disclosing the Protected Materials, a statement as to why the Protected Materials should not be held to be confidential under current legal standards, or that the party asserting confidentiality for some reason did not allow such counsel to review such materials. If either party wishes to submit the material in question for in camera inspection, it shall do so no later than five (5) working days after the party challenging confidentiality has made its written filing.
27. **Procedures for Presiding Officer Determination Regarding Proposed Disclosure or Change in Designation.** If the party asserting confidentiality files an objection, the appropriate presiding officer will determine whether the proposed disclosure or change in designation is appropriate. Upon the request of either the producing or Reviewing Party or upon the presiding officer's own initiative, the presiding officer may conduct a prehearing conference. The burden is on the party asserting confidentiality to show that such proposed disclosure or change in designation should not be made. If the presiding

officer determines that such proposed disclosure or change in designation should be made, disclosure shall not take place earlier than three (3) full working days after such determination unless otherwise ordered. No party waives any right to seek additional administrative or judicial remedies concerning such presiding officer's ruling.

28. Maintenance of Protected Status during Periods Specified for Challenging Various Orders.

Any party electing to challenge, in the courts of this state, a Commission or presiding officer determination allowing disclosure or a change in designation shall have a period of ten (10) days from: (a) the date of an unfavorable Commission order; or (b) if the Commission does not rule on an appeal of an interim order, the date an appeal of an interim order to the Commission is overruled by operation of law, to obtain a favorable ruling in state district court. Any party challenging a state district court determination allowing disclosure or a change in designation shall have an additional period of ten (10) days from the date of the order to obtain a favorable ruling from a state appeals court. Finally, any party challenging a determination of a state appeals court allowing disclosure or a change in designation shall have an additional period of ten (10) days from the date of the order to obtain a favorable ruling from the state supreme court, or other appellate court. All Protected Materials shall be afforded the confidential treatment and status provided for in this Protective Order during the periods for challenging the various orders referenced in this paragraph. For purposes of this paragraph, a favorable ruling of a state district court, state appeals court, Supreme Court or other appellate court includes any order extending the deadlines in this paragraph.

29. Other Grounds for Objection to Use of Protected Materials Remain Applicable.

Nothing in this Protective Order shall be construed as precluding any party from objecting to the use of Protected Materials on grounds other than confidentiality, including the lack of required relevance. Nothing in this Protective Order constitutes a waiver of the right to argue for more disclosure, provided, however, that unless the Commission or a court orders such additional disclosure, all parties will abide by the restrictions imposed by the Protective Order.

30. Protection of Materials from Unauthorized Disclosure. All notices, applications,

responses or other correspondence shall be made in a manner which protects Protected Materials from unauthorized disclosure.

31. Return of Copies of Protected Materials and Destruction of Information Derived from Protected Materials.

Following the conclusion of these proceedings, each Reviewing Party must, no later than thirty (30) days following receipt of the notice described below, return to the party asserting confidentiality all copies of the Protected Materials provided by that party pursuant to this Protective Order and all copies reproduced by a Reviewing Party, and counsel for each Reviewing Party must provide to the party asserting confidentiality a letter by counsel that, to the best of his or her knowledge, information, and belief, all copies of notes, memoranda, and other documents regarding or derived from the Protected Materials (including copies of Protected Materials) that have not been so returned, if any, have been destroyed, other than notes, memoranda, or other documents which contain information in a form which, if made public, would not cause disclosure of the substance of Protected Materials. As used in this Protective Order, "conclusion of these proceedings" refers to the exhaustion of available appeals, or the running of the time for the making of such appeals, as provided by applicable law. If, following any appeal, the Commission conducts a remand proceeding, then the "conclusion of these proceedings" is extended by the remand to the exhaustion of available appeals of the remand, or the running of the time for making such appeals of the remand, as provided by applicable law. Promptly following the conclusion of these proceedings, counsel for the party asserting confidentiality will send a written notice to all other parties, reminding them of their obligations under this Paragraph. Nothing in this Paragraph shall prohibit counsel for each Reviewing Party from retaining two (2) copies of any filed testimony, brief, application for rehearing, hearing exhibit or other pleading which refers to Protected Materials provided that any such Protected Materials retained by counsel shall remain subject to the provisions of this Protective Order.

32. Applicability of Other Law. This Protective Order is subject to the requirements of the Public Information Act, the Open Meetings Act,² the Texas Securities Act³ and any other

applicable law, provided that parties subject to those acts will notify the party asserting confidentiality, if possible under those acts, prior to disclosure pursuant to those acts. Such notice shall not be required where the Protected Materials are sought by governmental officials authorized to conduct a criminal or civil investigation that relates to or involves the Protected Materials, and those governmental officials aver in writing that such notice could compromise the investigation and that the governmental entity involved will maintain the confidentiality of the Protected Materials.

33. **Procedures for Release of Information under Order.** If required by order of a governmental or judicial body, the Reviewing Party may release to such body the confidential information required by such order; provided, however, that: (a) the Reviewing Party shall notify the producing party of the order requiring the release of such information within five (5) calendar days of the date the Reviewing Party has notice of the order; (b) the Reviewing Party shall notify the producing party at least five (5) calendar days in advance of the release of the information to allow the producing party to contest any release of the confidential information; and (c) the Reviewing Party shall use its best efforts to prevent such materials from being disclosed to the public. The terms of this Protective Order do not preclude the Reviewing Party from complying with any valid and enforceable order of a state or federal court with competent jurisdiction specifically requiring disclosure of Protected Materials earlier than contemplated herein. The notice specified in this section shall not be required where the Protected Materials are sought by governmental officials authorized to conduct a criminal or civil investigation that relates to or involves the Protected Materials, and those governmental officials aver in writing that such notice could compromise the investigation and that the governmental entity involved will maintain the confidentiality of the Protected Materials.
34. **Best Efforts Defined.** The term “best efforts” as used in the preceding paragraph requires that the Reviewing Party attempt to ensure that disclosure is not made unless such disclosure is pursuant to a final order of a Texas governmental or Texas judicial

² Tex. Gov’t Code Ann. § 551.001-551.146 (Vernon 2004 & Supp. 2008).

³ Tex. Rev. Civ. Stat. Ann. arts. 581-1 to 581-43 (Vernon 1964 & Supp. 2008).

body, the written opinion of the Texas Attorney General sought in compliance with the Public Information Act, or the request of governmental officials authorized to conduct a criminal or civil investigation that relates to or involves the Protected Materials. The Reviewing Party is not required to delay compliance with a lawful order to disclose such information but is simply required to timely notify the party asserting confidentiality, or its counsel, that it has received a challenge to the confidentiality of the information and that the Reviewing Party will either proceed under the provisions of §552.301 of the Public Information Act, or intends to comply with the final governmental or court order. Provided, however, that no notice is required where the Protected Materials are sought by governmental officials authorized to conduct a criminal or civil investigation that relates to or involves the Protected Materials, and those governmental officials aver in writing that such notice could compromise the investigation and that the governmental entity involved will maintain the confidentiality of the Protected Materials.

35. **Notify Defined.** “Notify” for purposes of Paragraphs 32, 33 and 34 means written notice to the party asserting confidentiality at least five (5) calendar days prior to release; including when a Reviewing Party receives a request under the Public Information Act. However, the Commission, OAG, or OPC may provide a copy of Protected Materials to the Open Records Division of the OAG as provided herein.
36. **Requests for Non-Disclosure.** If the producing party asserts that the requested information should not be disclosed at all, or should not be disclosed to certain parties under the protection afforded by this Protective Order, the producing party shall tender the information for in camera review to the presiding officer within ten (10) calendar days of the request. At the same time, the producing party shall file and serve on all parties its argument, including any supporting affidavits, in support of its position of non-disclosure. The burden is on the producing party to establish that the material should not be disclosed. The producing party shall serve a copy of the information under the classification of Highly Sensitive Protected Material to all parties requesting the information that the producing party has not alleged should be prohibited from reviewing the information.

Parties wishing to respond to the producing party's argument for non-disclosure shall do so within five working days. Responding parties should explain why the information should be disclosed to them, including why disclosure is necessary for a fair adjudication of the case if the material is determined to constitute a trade secret. If the presiding officer finds that the information should be disclosed as Protected Material under the terms of this Protective Order, the presiding officer shall stay the order of disclosure for such period of time as the presiding officer deems necessary to allow the producing party to appeal the ruling to the Commission.

37. **Sanctions Available for Abuse of Designation.** If the presiding officer finds that a producing party unreasonably designated material as Protected Material or as Highly Sensitive Protected Material, or unreasonably attempted to prevent disclosure pursuant to Paragraph 36, the presiding officer may sanction the producing party pursuant to P.U.C. Proc. R. 22.161.
38. **Modification of Protective Order.** Each party shall have the right to seek changes in this Protective Order as appropriate from the presiding officer.
39. **Breach of Protective Order.** In the event of a breach of the provisions of this Protective Order, the producing party, if it sustains its burden of proof required to establish the right to injunctive relief, shall be entitled to an injunction against such breach without any requirements to post bond as a condition of such relief. The producing party shall not be relieved of proof of any element required to establish the right to injunctive relief. In addition to injunctive relief, the producing party shall be entitled to pursue any other form of relief to which it is entitled.

ATTACHMENT A**Protective Order Certification**

I certify my understanding that the Protected Materials are provided to me pursuant to the terms and restrictions of the Protective Order in this docket and that I have received a copy of it and have read the Protective Order and agree to be bound by it. I understand that the contents of the Protected Materials, any notes, memoranda, or any other form of information regarding or derived from the Protected Materials shall not be disclosed to anyone other than in accordance with the Protective Order and unless I am an employee of the Commission or OPC shall be used only for the purpose of the proceeding in Docket No. 37331. I acknowledge that the obligations imposed by this certification are pursuant to such Protective Order. Provided, however, if the information contained in the Protected Materials is obtained from independent public sources, the understanding stated here shall not apply.

Signature

Party Represented

Printed Name

Date

I certify that I am eligible to have access to Highly Sensitive Protected Material under the terms of the Protective Order in this docket.

Signature

Party Represented

Printed Name

Date

ATTACHMENT B

I request to view/copy the following documents:

Document Requested	# of Copies	Non-Confidential	Protected Materials and/or Highly Sensitive Protected Materials

Signature

Party Represented

Printed Name

Date

PUBLIC UTILITY COMMISSION OF TEXAS
NOTICE OF APPLICATION FOR
SERVICE PROVIDER CERTIFICATE OF OPERATING AUTHORITY

<p>Notice is given to the public of the filing with the Public Utility Commission of Texas of an application on August 3, 2009, for a service provider certificate of operating authority (SPCOA), pursuant to <*><*>54.151 - 54.156 of the Public Utility Regulatory Act (PURA).

<p>Docket Title and Number: Application of PRIDE Network, Inc. for a Service Provider Certificate of Operating Authority, Docket Number 37331 before the Public Utility Commission of Texas.

<p>Applicant intends to provide plain old telephone service, optical services, long distance, and wireless services.

<p>Applicant's requested SPCOA geographic area includes the entire State of Texas.

<p>Persons who wish to comment upon the action sought should contact the Public Utility Commission of Texas by mail at P.O. Box 13326, Austin, Texas 78711-3326, or by phone at (512) 936-7120 or toll free at 1-888-782-8477 no later than August 26, 2009. Hearing and speech-impaired individuals with text telephone (TTY) may contact the commission at (512) 936-7136 or toll free at 1-800-735-2989. All comments should reference Docket Number 37331.



**ISSUED ON BEHALF OF
THE PUBLIC UTILITY COMMISSION OF TEXAS
ON THE 6th DAY OF AUGUST 2009**

FAX

To: BARBARA BALDWIN (RightFax)

Company:

Fax: (806) 788-3398

Phone:

From: Mastrangelo, Helen

Fax: (512) 936-7208

Phone: (512) 936-7249

E-mail: helen.mastrangelo@puc.state.tx.us

NOTES:

re: 37331

Date and time of transmission: Thursday, August 06, 2009 10:42:00 AM
Number of pages including this cover sheet: 28

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.

**Attachment 15 -
Professional Engineer Certification**

Easygrants ID: 5109

Project Title: North Shore Project

Instructions: For projects requesting more than \$1 million in funding, the Network Diagram, System Design, and Project Timeline must be certified by a Professional Engineer registered in at least one state or territory wherein the service will be provided.

Does the Applicant's proposed project fall exclusively within a state or territory without an official Professional Engineer registration system?

☐ Yes☒ No

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 and all premises in the proposed funded service area(s) will be offered broadband service. Moreover, the system, as designed, can meet the proposed build-out timeline, milestones, and construction schedule based on the resources designated in the Project Capital Investment Workbook, and will be substantially complete in two years, and complete within three years.

03/22/10

(Date)

schedule based on the resources designated in the Project Schedule, and the Project Schedule is substantially complete in two years, and complete

MARION R. BOWMAN
 P.E.
 (Certifying Engineer's Signature)
 PROFESSIONAL ENGINEER
 IN
 ELECTRICAL ENGINEERING

MARION R. BOWMAN, P.E.
 Name (Printed)

MARION R. BOWMAN, P.E.

Name/Printed _____

SENIOR ENGINEER

Title

Registration Number: 22964

State of Registration: LOUISIANA

(Date)

(Authorized Representative's Signature)

Name (Printed)

Title



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

Filing Fee: \$300

**Certificate of Formation
For-Profit Corporation**

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 cursive script, appearing to read "Hope Andrade".

Hope Andrade
Secretary of State

Attachment 16
Licenses and Agreements

PROJECT TITLE	North Shore Project	EASYGRANTS ID	5109
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Instructions for Completing This Template:

Applicants must complete every line of the template, except for the "other" categories which should be used as needed.
Existing Licenses and agreements MUST have supporting documentation attached.

		Not Required	Existing / In-Hand No Modifications Necessary	Existing / In-Hand but Modifications Required	Applied but Pending	Contingent on Award	Not Available until Project is Funded	COMMENTS
Internet Service Agreement for ISP upstream capacity)		X						NTS Communications/ Level 3; NTS Communications/ XO Communications NTS Communications/PRIDE Network, Inc.
Internet Service Connection Backhaul Agreement (transport to/from ISP)		X						NTS Communications/ Level 3; NTS Communications/ XO Communications NTS Communications/PRIDE Network, Inc.
Pole Attachment Agreement					X			
Wireless Spectrum License(s) for end-user access	X							
Wireless Spectrum License(s) for backhaul or transport	X							
Tower Site/Property Agreement(s)					X			
Tower Attachment Agreement(s)					X			
Special Permits (Federal, Highway, bridge, etc)					X			
Franchise Agreement(s)		X						PRIDE Network, Inc.
Video Carriage Agreement(s)		X						NTS Communications/NCTC/Various Cable Providers, NTS/PRIDE Network, Inc.
Certificate of Public Convenience and Necessity (CPCN)		X			X			PRIDE Network, Inc. in the State of TX, PRIDE Network, Inc. will have CPCN in the state of Louisiana upon approval of funding
Spectrum Agreement(s)	X							
Other		X						General Service Agreement between NTS Communications, Inc. and PRIDE Network Inc.
Other		X						General Service Agreement between Xfone USA and PRIDE Network Inc.
Other		X						PRIDE Network, Inc. Non-Discrimination Agreement



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

Filing Fee: \$300

**Certificate of Formation
For-Profit Corporation**

Filed in the Office of the
Secretary of State of Texas
Filing #: 801105797 04/02/2009
Document #: 252450750003
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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

Attachment 29 - Statement of Affordability

Easygrants ID: 5109

Project Title: North Shore Project

Instructions: Answer the checklist question below. Then explain in 4 pages or less why the pricing for your broadband service offerings are affordable in comparison to the pricing of existing broadband services in your 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, and provide supporting data for the proposal.

Do broadband services currently exist in your proposed funded service area?

(Mark with an X)

☒ X Yes

☐ No

Description of Existing Services

The proposed funded service area in the North Shore Project has portions that have access to high speed Internet. The existing services are from cable, phone, and wireless companies, with speeds ranging from 56 kbps to a limited number of areas claiming to offer speeds up to 20 Mbps. The pricing for the current services offered, ranges anywhere from \$19.95 at the lowest speed to \$79.99 per month for mid-level speeds, for residential customers.

Justification of Pricing

PRIDE Network, Inc. intends to price its services in a manner similar to that of its parent, NTS Communications, Inc. Typically, this pricing strategy results in retail rates to consumers which are 10-15 percent below those of the incumbent provider operating in urban markets. By way of example, NTS's current base pricing package for "triple play" (voice, video, and data) services in Lubbock, TX (an urban area) is \$79.00 per month. This contrasts with the incumbent telephone company's highly touted base triple play package which offers (1) fewer channels, and (2) dramatically lower broadband speeds, for \$90.00 per month. This equates to a 12% discount as compared to comparable urban incumbent services for all product types offered on the proposed network. The 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.

Attachment 2 -
Communities in PFSA

Instructions for Completing This Template:

In the table below, list each community, census designated place, or other area (including tribal lands) within each proposed funded service area (PFSA), and the state and county where it is located. Indicate whether the community/area is rural or not. Above the table be sure to include your methodology for determining whether the community is rural or non-rural. For Middle Mile projects, identify the communities/areas in which the interconnection points terminate, as well as the state, county, and ruralness for each.

Be sure to list the PFSA name, state, and county, and ruralness for every community/area. Use as many rows as are needed. Do not merge cells or add columns to this spreadsheet.

PROJECT TITLE	North Shore Project	EASYGRANTS ID	5109
----------------------	---------------------	----------------------	------

Methodology for determining whether the communities and areas identified below are rural or non-rural:

After compiling population data from the US Census Bureau all communities listed and all surrounding communities within the North Pride project are under the required population of 20,000. According to the BIP application a community will be considered Rural if the community is not located within a city, town, or incorporated area that has a population of greater than 20,000 inhabitants; or an urbanized area contiguous and adjacent to a city or town that has a population of greater than 50,000 inhabitants. Therefore we have concluded all communities should be considered Rural according to BIP guidelines.

PFSA Name	State	County	Community/Area Name	Rural? (Y/N)
North Shore	LA	Tangipahoa	Amite City town	Y
North Shore	LA	Tangipahoa	Hammond city	Y
North Shore	LA	Tangipahoa	Independence town	Y
North Shore	LA	Tangipahoa	Natalbany CDP	Y
North Shore	LA	Tangipahoa	Ponchatoula city	Y
North Shore	LA	Tangipahoa	Tickfaw village	Y
North Shore	LA	St. Helena	Montpelier village	Y
North Shore	LA	Washington	Franklinton town	Y

Management Collaboration
PRIDE Network, Inc.

The management team in place for PRIDE Network, Inc. (PRIDE Net) is one of the strongest in the U.S. With dozens of years combined experience shared together in the telecommunications industry, PRIDE Net's management has a sense of vision which is critical to success in executing the deployment of large scale broadband projects. Each member of the PRIDE Net management team is well versed in large scale strategic and tactical project planning. This team successfully deployed long distance communications combining their financial, legal, and operative (switching) expertise. Together, they successfully developed and executed business plans to serve as a competitive local exchange carrier in multiple communities in Texas. This team has completed acquisitions of privately owned LD & CLEC entities. As technology has advanced in the telecommunications industry over the past three decades, this team has transitioned through countless next generation upgrades for operations' system hardware. These upgrades systematically require company wide adoption and deployment which again the PRIDE Net management team has conquered with efficiency. With the progressive evolution and demand of our nation's businesses and residential users for greater broadband capabilities, the business plan to implement fiber-to-the-user (FTTU) began in the year 2001. With deployment of FTTU to over 18,000 potential subscribers over the last decade, this team has honed its technical, legal, and financial expertise directly related to the "broadband" business plan. To date, the PRIDE Net management team has over seen numerous fiber builds and is currently in the last phases of construction of an \$11 million FTTU build. With change, inevitably there will come unforeseen challenges to test the wits of even the most well prepared plan. The PRIDE Net management team's greatest asset lies with the knowledge gained through experience suffered with broadband development.



Control Number: 37331



Item Number: 11

Addendum StartPage: 0

Barry T. Smitherman
Chairman

Donna L. Nelson
Commissioner

Kenneth W. Anderson, Jr.
Commissioner

W. Lane Lanford
Executive Director



Rick Perry
Governor

RECEIVED
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PUBLIC UTILITY COMMISSION
FILING CLERK

Public Utility Commission of Texas

TO: Barbara Baldwin
PRIDE Network, Inc.
5307 West Loop 289
Lubbock, TX. 79414

Infrastructure and Reliability Division
Legal Division

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

NOTICE OF APPROVAL

This Notice addresses the application of PRIDE Network, Inc. (Applicant) filed on August 3, 2009, for a service provider certificate of operating authority (SPCOA) to provide facilities-based and resale telecommunications services within the geographic area of the entire State of Texas. The docket was processed in accordance with applicable statutes and Commission rules. The Commission provided notice of the application to interested parties. More than 15 days have passed since the completion of notice. No protests, motions to intervene, or requests for hearing were filed. Applicant and the Commission Staff (Staff) are the only parties to the proceeding. Staff recommends approval of the application, as amended. The application, as amended, is approved.

Statutory Findings

1. Applicant is a Texas corporation formed on April 3, 2009, with authority to transact business in the State of Texas.
2. Applicant's parent company is NTS Communications, Inc.

3. Pursuant to PURA¹ § 54.153, Applicant has less than six percent of the total intrastate switched access minutes of use as measured by the most recent 12-month period.
4. The name requested by Applicant for this SPCOA does not duplicate and is not similar to a name already being used by an existing SPCOA holder.
5. Applicant's owner, NTS Communications, Inc. has authority to provide long distance telecommunications services in Colorado, Kansas, Louisiana, Mississippi, New Mexico, and Oklahoma.
6. Neither Applicant nor Applicant's owners or affiliates has ever had a permit, license, or certificate denied or revoked by another state.
7. Applicant's owner, NTS Communications, Inc., and affiliate, NTS Telephone Company, LLC, d/b/a NTS of Levelland have provided local service in Texas.
8. The application complies with PURA§ 54.154(b).
9. Pursuant to PURA §§ 54.154(b) and 54.155(b), Applicant is entitled to approval of this application. Applicant has demonstrated the required financial and technical qualifications to provide the proposed services and the ability to provide the necessary quality of service to its customers.
10. Applicant is not precluded by PURA §§ 54.201 or 54.152 from providing service under an SPCOA.

¹ The Public Utility Regulatory Act, TEX. UTIL. CODE ANN. §§ 11.001 – 66.016 (Vernon 2007 & Supp. 2008) (PURA).

Complaint History

11. The Office of the Texas Attorney General reported no complaints registered against the Applicant.
12. The Commission's Customer Protection Division complaint database revealed no complaints registered against the Applicant.
13. The Commission's Enforcement & Investigations database revealed no outstanding notices of violation against the Applicant.
14. In Applicant's responses to the Commission's Service Quality Questionnaire, Applicant committed to continue to meet the quality of service standards.

Ordering Paragraphs

1. The application, as amended, of PRIDE Network, Inc. for a facilities-based and resale telecommunications SPCOA is approved.² PRIDE Network, Inc. is granted SPCOA No. 60844 for the geographic area of the entire State of Texas.
2. Applicant shall comply with pertinent provisions of the federal Telecommunications Act of 1996,³ including the procedural requirements of FTA § 251(f)(1)(B), when seeking interconnection, services, or network elements from a rural telephone company.
3. Applicant shall establish an access line account and submit quarterly reports in compliance with P.U.C. SUBST. R. 26.467.

² Administrative approval of this uncontested application has no precedential value in a future proceeding.

³ Pub. L. No. 104-104, 110 Stat. 56 (codified as amended in scattered sections of 15 and 47 U.S.C.)(FTA).

4. Applicant is bound by the requirements of P.U.C. SUBST. R. 26.111. Applicant will provide service exclusively under the name approved by the Commission.
5. An SPCOA certificate holder that has not provided service for a period of 12 consecutive months must provide a sworn affidavit to the Commission on an annual basis attesting that they continue to possess the technical and financial resources necessary to provide the level of service proposed in the initial application. An SPCOA certificate holder that has not provided service within 48 months of being granted the certificate by the Commission, may have its certificate suspended or revoked, as defined by P.U.C. SUBST. R. 26.114, after due process, or undergo certification re-qualification. Applicant shall comply with the above requirements.
6. Applicant shall file any future changes in address, contact representative, and/or telephone numbers in an annual report with the Commission by June 30th of each year *Annual Information Reporting Requirements for a Service Provider Certificate of Operating Authority and/or a Certificate of Operating Authority*, Project No. 27357. If the SPCOA holder has any change during the year in the information requested in Section One of the annual report form, then the SPCOA holder shall file an updated form correcting the information in Section One within 30 days of the change.
7. Applicant shall provide a copy of its application and/or the Commission's Notice of Approval, in accordance with the individual entity's requirements, to all affected Commission on State Emergency Communications (9-1-1) entities prior to providing service to those entities.
8. Applicant's provision of local telephone service to end-users, whether by its own facilities, flat-rate resale, or usage sensitive loop, must also include "9-1-1" emergency telephone service at a level required by the applicable

regional plan followed by local telephone service providers under Chapters 771 and 772 of the Texas Health and Safety Code, TEX. HEALTH & SAFETY CODE ANN. §§ 771.001 *et seq.* (Vernon 2003) (the Code) or other applicable law, and any applicable rules and regulations implementing those chapters. Applicant shall diligently work with the Commission on State Emergency Communications, local "9-1-1" entities, and any other agencies or entities authorized by Chapters 771 and 772 of the Code to ensure that all "9-1-1" emergency services, whether provided through the certificate holder's own facilities, flat-rate resale, or usage sensitive loop, are provided in a manner consistent with the applicable regional plan followed by local telephone service providers under Chapters 771 or 772 of the Code or other applicable law and any applicable rules and regulations implementing those chapters. The Applicant shall diligently work with the "9-1-1" entities to pursue, in good faith, the mutually agreed goal that the local "9-1-1" entities and emergency service providers experience no increase in their current level of rates and, to the extent technically feasible, no degradation in services as a result of the certification granted herein and the involvement of the certificate holder in the provision of "9-1-1" emergency service.

9. Applicant shall notify all affected 9-1-1 administrative entities at least 30 days prior to activating or using a new NXX in a rate center or upon the commencement of providing local telephone service in any rate center in compliance with P.U.C. SUBST. R. 26.433(d)(3).
10. Applicant shall execute a separate service agreement with each 9-1-1 entity and remit the required 9-1-1 emergency service fee to the 9-1-1 entity pursuant to such agreement in compliance with P.U.C. SUBST R. 26.435(e)(4).
11. Applicant has committed to and is bound by the quality of service requirements set forth in the Quality of Service Questionnaire. The underlying incumbent local exchange companies (ILECs) continue to be

bound by the quality of service requirements contained in P.U.C. SUBST. R. 26.54. Approval of the SPCOA application does not expand the scope of the underlying ILEC's obligation to its own customers.

12. All other motions, requests for entry of specific findings of fact and conclusions of law, and any other requests for general or specific relief, if not expressly granted herein, are hereby denied.

SIGNED AT AUSTIN, TEXAS the 9th day of September 2009.

PUBLIC UTILITY COMMISSION OF TEXAS



IRENE MONTELONGO
DIRECTOR, DOCKET MANAGEMENT



Cisco Systems, Inc.
170 West Tasman Drive
San Jose, CA 95134

www.cisco.com

August 7, 2009

NTS Communications
5307 W. Loop 289
Lubbock, TX 79414-1610

Dear Milton,

In response to your request to reference Cisco in your application for funding under the American Recovery and Reinvestment Act of 2009 (ARRA), we are pleased to be part of this exciting initiative. We know that choosing the right vendor and solution are critical to the success of your project and your funding request.

We encourage you to reference our proposed solution in your application to the Rural Utility Service (RUS) Broadband Initiatives Program (BIP). While Cisco's proposed pricing and commercial terms remain confidential, we hereby grant permission for NTS to reference our products and/or quoted solution in your application—including product names, capabilities, and architectural diagrams. Cisco also grants you the right to use the Cisco logo to the extent it appears on architectural diagrams.

We are honored to be part of your project plans and application proposal to the NTIA and/or RUS Stimulus Programs.

Respectfully,

Mary Todd
Cisco Account Manager
Phone: 408-424-5758
e-Mail: mstodd@cisco.com

CRENSHAW, DUPREE & MILAM, L.L.P.

CHAS. C. CRENSHAW, SR. (1886-1964)
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 Of Counsel

* Also Licensed in New Mexico

Texas Board of Legal Specialization
 Certifications:
 **Estate Planning & Probate Law
 ***Oil, Gas & Mineral Law
 +Personal Injury Trial Law
 ++Taxation

July 22, 2010

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

Re: Pride Network, Inc.'s Broadband Initiative Program Project, Texas 1114-A40

Ladies and Gentlemen:

We are special counsel for Pride Network, Inc., a Texas domestic for-profit corporation, (the "Awardee" or "Company"). In such capacity, we acted as special counsel to the Awardee solely in providing this legal opinion as necessary for the borrowing by the Awardee from the United States of America (hereinafter the "Government") acting through the Rural Utilities Service ("RUS") of an amount not to exceed twenty two million seven hundred twenty thousand five hundred fifty-one dollars (\$22,720,551), and the acceptance of a grant from the Government, acting through RUS, in an amount not to exceed twenty one million eight hundred twenty nine thousand five hundred forty-nine dollars (\$21,829,549) as provided for in the Loan/Grant and Security Agreement, dated as of June 21, 2010, (hereinafter called the "Loan/Grant Agreement") between the Awardee and the Government.

In that capacity, we have examined the: (1) Loan/Grant Agreement; (2) note (hereinafter the "Note") dated June 21, 2010, in the principal amount of twenty two million seven hundred twenty thousand five hundred fifty-one dollars (\$22,720,551), payable to the order of the Government, (3) UCC-1 and UCC-1AD with attachments (hereinafter collectively the "Financing Statement,") and (4) a Pledged Deposit Account Control Agreement, dated July 8, 2010, among the Awardee, the Government and City Bank of Texas, N.A., all such documents being hereinafter collectively the "Transaction Documents." We have supervised, examined, or caused to be examined by competent and trustworthy persons, the filing of the Financing Statement as a financing statement of a transmitting utility with the Texas Secretary of State in order to perfect a security interest in the property pledged under the Loan/Grant Agreement

(hereinafter the "Collateral"); and we have conducted such searches and examined such other records (including corporate records and files), instruments, certificates and other documents as we have deemed necessary or appropriate to enable us to render the opinions set forth below.

Assumptions Underlying Our Opinions

We have assumed, without independent investigation, that:

(a) Factual Matters. To the extent that we have reviewed and relied upon (1) certificates of the Company or its authorized representatives; (2) representations of the Company set forth in the Transaction Documents; (3) all other such documents that we reviewed in connection with this opinion letter; and (4) 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 are 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 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, we are of the opinion that:

(a) the Awardee is duly organized and existing under the laws of the State of Texas, and is duly licensed and qualified as a corporation in the State of Texas, is currently granted "temporary good standing" through August 30, 2010, by the Texas Comptroller of Public Accounts; has corporate power: (1) to execute and deliver the Transaction Documents; (2) to perform all acts required to be done by the Transaction

Documents; and (3) has the power to own its property and carry out its business as now conducted.

(b) all proceedings of the Awardee, its members and board of directors, necessary to be taken in connection with the execution, delivery and performance of the Transaction Documents have been duly taken and all such authorizations are presently in effect;

(c) any and all authorizations from regulatory bodies required in connection with the execution, delivery and performance of the Transaction Documents have been obtained;

(d) the Transaction Documents have been duly executed and delivered by the Awardee in accordance with the authorizations thereof mentioned above and are the valid and binding obligations of the Awardee in accordance with their terms (except as such enforcement may be limited by: (1) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws in effect at the time affecting creditors' rights generally and (2) applicable laws and equitable principles with respect to or affecting the availability of remedies provided for therein, however, in our opinion neither (1) nor (2) will limit the practical realization of the benefits or the security intended to be provided thereby);

(e) to our knowledge, no legal proceedings have been instituted or are pending to which the Awardee is a party or which affect the Awardee or any of its property, and there are no judgments against the Awardee and no liens against any of the Collateral, except Permitted Encumbrances, as such term is defined in the Loan/Grant Agreement;

(f) the Awardee is a transmitting utility;

(g) the Loan/Grant Agreement validly secures the Note and Obligations, as such term is defined in the Loan/Grant Agreement, and creates a valid lien upon the Collateral;

(h) the Pledged Deposit Account Control Agreement perfects a first lien on the subject deposit account;

(i) the Financing Statement has been duly filed as a financing statement of a transmitting utility in accordance with applicable law under the Uniform Commercial Code of Texas where such filing is necessary to obtain a lien on the Collateral and, to the extent that such lien can be perfected by so filing, perfects a first lien on the Collateral, including Collateral acquired after the date hereof, subject only to Permitted Encumbrances, as such term is defined in the Loan/Grant Agreement and no further filings are necessary to continue such lien; and

(j) the several advances provided for in the Loan/Grant Agreement, when made by the Government to the Awardee, will be duly secured by the Loan/Grant Agreement, Pledged Deposit Account Control Agreement and Financing Statement as validly filed and indexed first liens without necessity for further act by or on behalf of the Government, subject only to Permitted Encumbrances, as that terms is defined in the Loan/Grant Agreement.

Exclusions

We express no opinion on 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 counsel for the Company, we have not undertaken any on-site or other physical inspection of the business or properties of the Company; we are not familiar with its business practices, operations accounts, personnel, or day-to-day affairs; we do not have access to its books and records; and we have not independently verified the manner in which its business is operated.

(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 Crenshaw, Dupree & Milam, L.L.P. 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.

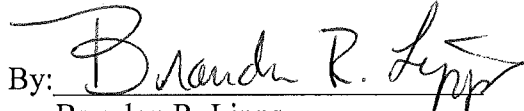
(d) **Headings.** Headings in this opinion letter are intended for convenience of reference and shall not affect its interpretation.

Reliance on Opinions

The foregoing opinions are being furnished to the addressee 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 the addressee hereof or its 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 for any reason.

Very truly yours,

Crenshaw, Dupree & Milam, L.L.P.

By: 
Brandon R. Lipps

cc:

Pride Network, Inc.
5307 W. Loop 289
Lubbock, Texas 79414

CRENSHAW, DUPREE & MILAM, L.L.P.

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Of Counsel

* Also Licensed in New Mexico

Texas Board of Legal Specialization
Certifications:
**Estate Planning & Probate Law
***Oil, Gas & Mineral Law
+Personal Injury Trial Law
++Taxation

July 22, 2010

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

Re: Pride Network, Inc.'s Broadband Initiative Program Project, Texas 1114-B40

Ladies and Gentlemen:

We are special counsel for Pride Network, Inc., a Texas domestic for-profit corporation, (the "Awardee" or "Company"). In such capacity, we acted as special counsel to the Awardee solely in providing this legal opinion as necessary for the borrowing by the Awardee from the United States of America (hereinafter the "Government") acting through the Rural Utilities Service ("RUS") of an amount not to exceed twelve million eight hundred eleven thousand and seventy-one dollars (\$12,811,071), and the acceptance of a grant from the Government, acting through RUS, in an amount not to exceed six million three hundred nine thousand nine hundred and thirty-one dollars (\$6,309,931) as provided for in the Loan/Grant and Security Agreement, dated as of June 21, 2010, (hereinafter called the "Loan/Grant Agreement") between the Awardee and the Government.

In that capacity, we have examined the: (1) Loan/Grant Agreement; (2) note (hereinafter the "Note") dated June 21, 2010, in the principal amount of twelve million eight hundred eleven thousand and seventy-one dollars (\$12,811,071), payable to the order of the Government, (3) UCC-1 and UCC-1AD with attachments (hereinafter collectively the "Financing Statement,") and (4) a Pledged Deposit Account Control Agreement, dated July 8, 2010, among the Awardee, the Government and City Bank of Texas, N.A., all such documents being hereinafter collectively the "Transaction Documents." We have supervised, examined, or caused to be examined by competent and trustworthy persons, the filing of the Financing Statement as a financing statement of a transmitting utility with the Texas Secretary of State in order to perfect a security interest in the property pledged under the Loan/Grant Agreement (hereinafter the "Collateral");

and we have conducted such searches and examined such other records (including corporate records and files), instruments, certificates and other documents as we have deemed necessary or appropriate to enable us to render the opinions set forth below.

Assumptions Underlying Our Opinions

We have assumed, without independent investigation, that:

(a) Factual Matters. To the extent that we have reviewed and relied upon (1) certificates of the Company or its authorized representatives; (2) representations of the Company set forth in the Transaction Documents; (3) all other such documents that we reviewed in connection with this opinion letter; and (4) 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 are 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 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, we are of the opinion that:

(a) the Awardee is duly organized and existing under the laws of the State of Texas, and is duly licensed and qualified as a corporation in the State of Texas, is currently granted "temporary good standing" through August 30, 2010, by the Texas Comptroller of Public Accounts; has corporate power: (1) to execute and deliver the Transaction Documents; (2) to perform all acts required to be done by the Transaction

Documents; and (3) has the power to own its property and carry out its business as now conducted.

(b) all proceedings of the Awardee, its members and board of directors, necessary to be taken in connection with the execution, delivery and performance of the Transaction Documents have been duly taken and all such authorizations are presently in effect;

(c) any and all authorizations from regulatory bodies required in connection with the execution, delivery and performance of the Transaction Documents have been obtained;

(d) the Transaction Documents have been duly executed and delivered by the Awardee in accordance with the authorizations thereof mentioned above and are the valid and binding obligations of the Awardee in accordance with their terms (except as such enforcement may be limited by: (1) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws in effect at the time affecting creditors' rights generally and (2) applicable laws and equitable principles with respect to or affecting the availability of remedies provided for therein, however, in our opinion neither (1) nor (2) will limit the practical realization of the benefits or the security intended to be provided thereby);

(e) to our knowledge, no legal proceedings have been instituted or are pending to which the Awardee is a party or which affect the Awardee or any of its property, and there are no judgments against the Awardee and no liens against any of the Collateral, except Permitted Encumbrances, as such term is defined in the Loan/Grant Agreement;

(f) the Awardee is a transmitting utility;

(g) the Loan/Grant Agreement validly secures the Note and Obligations, as such term is defined in the Loan/Grant Agreement, and creates a valid lien upon the Collateral;

(h) the Pledged Deposit Account Control Agreement perfects a first lien on the subject deposit account;

(i) the Financing Statement has been duly filed as a financing statement of a transmitting utility in accordance with applicable law under the Uniform Commercial Code of Texas where such filing is necessary to obtain a lien on the Collateral and, to the extent that such lien can be perfected by so filing, perfects a first lien on the Collateral, including Collateral acquired after the date hereof, subject only to Permitted Encumbrances, as such term is defined in the Loan/Grant Agreement and no further filings are necessary to continue such lien; and

(j) the several advances provided for in the Loan/Grant Agreement, when made by the Government to the Awardee, will be duly secured by the Loan/Grant Agreement, Pledged Deposit Account Control Agreement and Financing Statement as validly filed and indexed first liens without necessity for further act by or on behalf of the Government, subject only to Permitted Encumbrances, as that terms is defined in the Loan/Grant Agreement.

Exclusions

We express no opinion on 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 counsel for the Company, we have not undertaken any on-site or other physical inspection of the business or properties of the Company; we are not familiar with its business practices, operations accounts, personnel, or day-to-day affairs; we do not have access to its books and records; and we have not independently verified the manner in which its business is operated.

(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 Crenshaw, Dupree & Milam, L.L.P. 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.

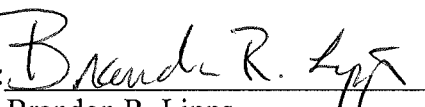
(d) Headings. Headings in this opinion letter are intended for convenience of reference and shall not affect its interpretation.

Reliance on Opinions

The foregoing opinions are being furnished to the addressee 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 the addressee hereof or its 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 for any reason.

Very truly yours,

Crenshaw, Dupree & Milam, L.L.P.

By: 
Brandon R. Lipps

cc:

Pride Network, Inc.
5307 W. Loop 289
Lubbock, Texas 79414

NOWALSKY, BRONSTON & GOTHARD

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C&C No. 8934

TX 1114-C40

Philip R. Adams, Jr.

November 24, 2010

Administrator
Rural Utilities Service
U.S. Department of Agriculture

RE: Broadband Initiatives Program
Loan/Grant and Security Agreement

Ladies and Gentlemen:

This firm has acted as special telecommunications counsel in the State of Louisiana to Pride Network, Inc., d/b/a NTS Communications of Louisiana, a Texas corporation ("Pride"), in connection with the execution of that certain loan/grant agreement (the "Agreement") dated as of the date hereof between Pride, any Guarantors who are parties thereto and The U.S. Department of Agriculture.

In this capacity, we are furnishing this opinion letter to you at the request of Pride pursuant to Section 4.1(i) of the Agreement. Capitalized terms used here which are defined in the Agreement shall have the meanings set forth in the Agreement, unless otherwise defined herein.

For purposes of the opinion expressed in this letter, which are set forth in Paragraphs (A) and (B) below (the "Opinion"), we have made such examination of the rules and regulations of the Louisiana Public Service Commission ("LPSC") and specifically the LPSC General Order issued in Docket No. R-29564 dated November 29, 2006 regarding companies subject to the regulations of the LPSC. In furtherance of this Order we have determined that Pride would be classified as a Telecommunications Service Provider and therefore subject to the rules and regulations of the LPSC.

In our examination of the Agreement and the LPSC General Order (collectively "Documents"), we have assumed the genuineness of all signatures, the legal capacity of all natural persons, the accuracy of the information contained therein and completeness of all of the Documents and the conformity to authentic originals of all of the Documents submitted to us as copies (including telecopies). As to matters of fact relevant to the Opinions expressed herein, we have relied on the contents, representations and statements of fact made in the Documents, an examination of available public files of the LPSC, and pertinent statements and representations of members of the staff of the LPSC. We have not independently established or verified the facts or contents so relied on. The Opinions are given in the context of the foregoing.

We have not, except as specifically identified herein, made any independent review or investigation of the organization, existence, good standing, assets, revenues (the classification and reporting of same), business or affairs of Pride, Pride's telecommunication facilities or operations, or any other matters. We have not, except as specifically identified herein, been retained or engaged to

perform, nor have we performed any independent review or investigation as to compliance by Pride with provisions of the laws of the State of Louisiana.

As special telecommunications counsel for Pride, we address herein only those matters within the jurisdiction of the LPSC. The Opinions are based as to matters of law solely as they relate to the written rules and regulations of the LPSC as of the date hereof, and we express no opinion as to any other laws, statutes, regulations or ordinances, including without limitations, any state securities laws or regulations.

Based upon, subject to and limited by the foregoing, we are of the opinion that:

(A) Neither the execution and delivery of the Agreement by Pride, nor the performance as of the date hereof by Pride of its obligations under the Agreement, will result in any violation of laws or regulations of the LPSC by Pride, nor will such executions, delivery, or performance cause any forfeiture or impairment of any of the authorizations, licenses or permits of the LPSC granted or issued to Pride. ^{1/}

(B) Pride is not presently required to obtain any consent, approval or authorizations from, or to file any declaration or statement with the LPSC in connection with or as a condition to Pride's execution or delivery of the Agreement as of their respective dates, or Pride's performance as of the date hereof of its obligations under the Agreement, except for such consents, approvals, authorizations or filings which are required to be made once the certification of Pride has been obtained. ^{2/}

We assume no obligation to advise you of any changes in the foregoing subsequent to the delivery of this opinion letter. This opinion letter has been prepared solely for your use in connection with the Closing under the Agreement on the date hereof, and should not be quoted in whole or in part or otherwise be referred to, nor be filed with or furnished to any governmental agency or other person or entity, without the prior written consent of this firm.

Sincerely,

Nowalsky, Bronston & Gothard
A Professional Limited Liability Company

Nowalsky, Bronston & Gothard
A Professional Limited Liability
Company

¹ Pride's Application with the LPSC for a license to become a facility-based competitive local telecommunications service provider was filed on November 22, 2010. Although Pride's actual license will not be issued until a final review and determination has been made by the LPSC, we are unaware of any impediment to the granting of such license to provide such service and bearing any unforeseen circumstances we anticipate the license to be granted in due course.

² Since Pride does not presently possess a license from the LPSC, it cannot file a Notice with the LPSC for approval of the incurrence of debt pursuant to the Agreement. Once the license has been issued, it our opinion that in an abundance of caution a filing should be made with the LPSC notifying them of the Agreement and the terms thereof.

CRENSHAW, DUPREE & MILAM, L.L.P.

CHAS. C. CRENSHAW, SR. (1886-1964)
GEO. W. DUPREE (1890-1973)
JAS. H. MILAM (1911-1994)

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WILLIAM J. WADE
JACK McCUTCHIN, JR., P.C. **
W.C. BRATCHER, P.C.
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Of Counsel

* Also Licensed in New Mexico

Texas Board of Legal Specialization
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**Estate Planning & Probate Law
***Oil, Gas & Mineral Law
+Personal Injury Trial Law
++Taxation

November 29, 2010

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

Re: Pride Network, Inc.'s Broadband Initiative Program Project, Texas 1114-C40

Ladies and Gentlemen:

We are special counsel for Pride Network, Inc., a Texas domestic for-profit corporation, (the "Awardee" or "Company"). In such capacity, we acted as special counsel to the Awardee in connection with:

(a) the borrowing by the Awardee from the United States of America (hereinafter the "Government") acting through the Rural Utilities Service ("RUS") of an amount not to exceed \$18,461,417, and the acceptance of a grant from the Government, acting through RUS, in an amount not to exceed \$17,737,440 as provided for in the Loan/Grant and Security Agreement, dated as of September 28, 2010 (hereinafter called the "Loan/Grant Agreement") between the Awardee and the Government; and

(b) the authorization, execution, delivery and performance by the Awardee of (1) the Loan/Grant Agreement; (2) the note (hereinafter the "Note") dated September 28, 2010, in the principal amount of \$18,461,417, payable to the order of the Government, (3) the UCC-1 and UCC-1AD with attachments filed with the Texas Secretary of State and not relating to the perfecting of liens in any other state (hereinafter collectively the "Financing Statement,") and (4) a Pledged Deposit Account Control Agreement, dated November 10, 2010, among the Awardee, the Government and City Bank Texas, N.A., all such documents being hereinafter collectively the "Transaction Documents."

In our capacity as special counsel we have examined the Transaction Documents as executed and delivered; we have supervised, examined, or caused to be examined by competent and trustworthy persons, the filing of the Texas Financing Statement as a financing statement of a transmitting utility with the Texas Secretary of State in order to perfect (solely as such perfection relates to collateral located in Texas and which may be perfected under Texas law) a security interest in the property pledged under the Loan/Grant Agreement (hereinafter the "Collateral"); and we have conducted such searches and examined such other records, instruments, certificates and other documents as we have deemed necessary or appropriate to enable us to render the opinions set for the below.

Assumptions Underlying Our Opinions

We have assumed, without independent investigation, that:

(a) Factual Matters. To the extent that we have reviewed and relied upon (1) certificates of the Company or its authorized representatives; (2) representations of the Company set forth in the Transaction Documents; (3) all other such documents that we reviewed in connection with this opinion letter; and (4) 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 are 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;

Our Opinions

Based on and subject to the foregoing, we are of the opinion that:

(a) the Awardee is duly organized and existing under the laws of the State of Texas, and is duly licensed and qualified as a domestic for-profit corporation in the State of Texas, is currently granted "temporary good standing" through January 14, 2011, by the Texas Comptroller of Public Accounts, and the Awardee has corporate power: (1) to execute and deliver the Transaction Documents; (2) to perform all acts required to be done by the Transaction Documents; and (3) has the power to own its property and carry out its business as now conducted.

(b) all proceedings of the Awardee, its members and board of directors, necessary to be taken in connection with the execution, delivery and performance of the

Transaction Documents have been duly taken and all such authorizations are presently in effect;

(c) the Transaction Documents have been duly executed and delivered by the Awardee in accordance with the authorizations thereof mentioned above and are the valid and binding obligations of the Awardee in accordance with their terms (except as such enforcement may be limited by: (1) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws in effect at the time affecting creditors' rights generally and (2) applicable laws and equitable principles with respect to or affecting the availability of remedies provided for therein, however, in our opinion neither (1) nor (2) will limit the practical realization of the benefits or the security intended to be provided thereby);

(d) to our knowledge, no legal proceedings have been instituted or are pending to which the Awardee is a party or which affect the Awardee or any of its property, and there are no judgments against the Awardee and no liens against any of the Collateral, except Permitted Encumbrances, as such term is defined in the Loan/Grant Agreement;

(e) the Awardee is a transmitting utility under Texas law;

(f) the Loan/Grant Agreement validly secures the Note and Obligations, as such term is defined in the Loan/Grant Agreement, and creates a valid lien upon all Collateral located in Texas under Texas law;

(g) the Pledged Deposit Account Control Agreement perfects a first lien on the subject deposit account;

(h) a Financing Statement has been duly filed in Texas as a financing statement of a transmitting utility in accordance with applicable Texas law under the Uniform Commercial Code of Texas where such filing is necessary to obtain a lien on all Collateral located in Texas and, to the extent that such lien can be perfected by so filing, perfects a first lien on all Collateral located in Texas, including Collateral acquired after the date hereof and located in Texas, subject only to Permitted Encumbrances, as such term is defined in the Loan/Grant Agreement and no further filings are necessary to continue such lien on Collateral located in Texas; and

(i) the several advances provided for in the Loan/Grant Agreement, when made by the Government to the Awardee, will be duly secured by the Loan/Grant Agreement, Pledged Deposit Account Control Agreement and Texas Financing Statement as validly filed and indexed first liens on all Collateral located in Texas without necessity for further act by or on behalf of the Government, subject only to Permitted Encumbrances, as that terms is defined in the Loan/Grant Agreement.

Exclusions

We express no opinion on the statutes, administrative decisions, orders, rules, and regulations of any country outside the United States or any State other than Texas. Specifically, we express no opinion as to regulatory matters including, but not limited to, authorizations required in connection with the execution, delivery, and performance of the Transactions Documents, and further, we express no opinion with regard to obtaining or perfecting liens on Collateral under Louisiana law or the proper filing of financing statements under Louisiana law.

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 counsel for the Company, we have not undertaken any on-site or other physical inspection of the business or properties of the Company; we are not familiar with its business practices, operations accounts, personnel, or day-to-day affairs; we do not have access to its books and records; and we have not independently verified the manner in which its business is operated.

(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 Crenshaw, Dupree & Milam, L.L.P. 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 addressee 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 the addressee hereof or its 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 for any reason.

Very truly yours,

Crenshaw, Dupree & Milam, L.L.P.

By: 
Brandon R. Lipps

cc:

Attn: Brad Worthington, President
Pride Network, Inc.
5307 W. Loop 289
Lubbock, Texas 79414