



WILLIAMS MULLEN

April 10, 2007

RECEIVED
7/27/2011 11:2:57
TEL.COVE.OPERATIONS

VIA OVERNIGHT DELIVERY

Chairman Pat Miller
c/o Sharla Dillon, Docket Manager
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505
Attn: Jerry Kettles

RE: SUPPLEMENT TO PETITION
Docket No. 06-00318

Dear Ms. Miller:

TelCove of Nashville, L.P. ("TelCove Nashville") and TelCove Operations, Inc. ("TelCove Operations," together with TelCove Nashville, "Petitioners"), hereby supplement the above-referenced Petition with the attached information in response to Staff's letter dated March 20, 2007. Specifically, Petitioners' provide the following:

1. Provide verification of registration with the Tennessee Secretary of State of the name TelCove Operations, LLC in compliance with TRA Rule 1220-4-1-.08(2)(a).

Petitioners respectfully submit that they cannot comply with the above identified rule because the rules, policies and regulations of the Tennessee Secretary of State do not allow Petitioners to register the proposed name. In particular, currently, TelCove Operations, Inc. is an existing entity operating and in good standing in Tennessee. As a result, although Petitioners have attempted to complete the registration, representatives of the Tennessee Secretary of State's office have advised Petitioners that the requested name (TelCove Operations, LLC) is too similar to TelCove Operations, Inc. to be registered. Accordingly, because the Tennessee Secretary of State's office will not permit the registration of the name TelCove Operations, LLC (until the Authority grants approval of the change and Petitioners complete the proposed transactions), Petitioners respectfully request that the Authority permit the proposed name change to proceed. Petitioners confirm that they will file the appropriate Secretary of State documents with the Authority as soon as they become available after closing.

2. With respect to Exhibit 3 in the March 12, 2007 Supplement to Petition, explain the derivation of the negative accumulated depreciation values reported on line 9b on page 4 of IRS Form 1065.

The negative accumulated depreciation is primarily the result of the combination of an asset impairment calculation made in December, 2002 and the “fresh start” revaluation of TelCove-Nashville’s assets that occurred upon TelCove’s emergence from bankruptcy in April, 2004.

Specifically, in December, 2002, TelCove re-valued its assets, a process which resulted in a decision to reduce the net value of TelCove’s assets (including the assets of TelCove-Nashville) by entering an impairment on the Company’s balance sheet.

Upon the emergence of the TelCove entities from bankruptcy in April, 2004, TelCove’s balance sheet was subject to a “fresh start.” The value of TelCove’s assets were adjusted at that time to reflect net book value based on the assets’ remaining useful life per market, asset class, and category. That “fresh start” affected the depreciation schedule for the TelCove assets but did not affect the impairment which remained on the balance sheet.

The combination of the impairment and the “fresh start” resulted in a mismatch of the depreciation of the assets and the impairment. In some instances, including TelCove-Nashville, this mismatch has caused the impairment to depreciate faster than the assets on the balance sheet. Accordingly, negative accumulated depreciation from the depreciation of the impairment now exceeds the accumulated depreciation for TelCove-Nashville’s assets.

3. Please provide the most recent Ad Valorem Tax Report filed with Tennessee Comptroller of the Treasury for TelCove of Nashville, L.P.

Please see Exhibit A.

4. Please provide the most recent Franchise, Excise Tax Return filed with the Tennessee Department of Revenue for TelCove of Nashville, L.P.

Please see Exhibit B.

April 10, 2007

Page 3

An original and thirteen (13) copies of this filing are enclosed. Please date-stamp and return the extra copy of this filing in the enclosed self-addressed, stamped envelope. Questions regarding this filing may be addressed to the undersigned at 703-760-5200.

Sincerely,

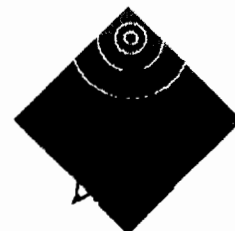
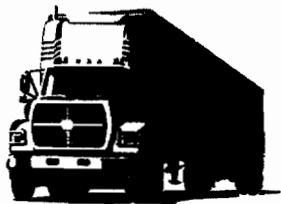
A handwritten signature in black ink, appearing to read "E. S. Quill, Jr.", with a stylized flourish at the end.

Edward S. Quill, Jr.
Brian McDermott

Counsel for Petitioners

Enclosure

Exhibit A



STATE OF TENNESSEE
2006
AD VALOREM TAX REPORT



COMPANY NAME TELCOVE OPERATIONS INC.

STREET 712 N. MAIN ST. CITY COUDERSPORT STATE PA ZIP CODE 16915
(PRINCIPLE OFFICE INFORMATION)

STREET _____ CITY _____ STATE _____ ZIP CODE _____
(PRINCIPLE OFFICE INFORMATION IN TENNESSEE) NONE

PHONE NUMBER () 724-743-9425 FAX NUMBER () 724-743-9793

E-MAIL ADDRESS ADAM.PORTER@TELCOVE.COM



FILED
7/3/06

1. Company Name TELCOVE OPERATIONS INC.
2. Principal Office Location SEE PAGE ONE
Number & Street
City State Zip
3. Is Company INDIVIDUAL? PARTNERSHIP? X CORPORATION?
COOPERATIVE? OTHER?
4. If a **CORPORATION** or **OTHER** similar enterprise, supply the following information:
Under laws of what state organized DE Date organized 7/29/99
5. Name & address of **PRESIDENT, OWNER, OR PARTNER** ROBERT GUTH
Name
CEO 121 CHAMPION WAY CANONSBURG PA 15317
Position/Title Number & Street City State Zip
6. Name & address of **GENERAL MANAGER** SEE Q. 5
Name
Number & Street City State Zip
7. GROSS Investment in SYSTEM plant and property December 31, 2005 \$ 198,224,856
8. NET Investment in SYSTEM plant and property December 31, 2005 \$ 165,091,348
9. SYSTEM GROSS Revenue (Income) for year ended December 31, 2005 \$ 41,800,887
10. SYSTEM NET OPERATING Revenue (Income) for year ended December 31, 2005 \$ 35,970,986
11. Amount of LOANS FROM FEDERAL AGENCIES, if any \$ NONE
12. Indicate stock & debt of company:
- | | Amount Authorized | No. of Shares or Amount Issued | Book or Per Value | Market or Cash Value |
|-----------------------|--------------------|--------------------------------|---------------------|----------------------|
| Preferred Stock | <u>NONE</u> | | | |
| Common Stock | <u>100</u> | <u>100</u> | <u>PAR = .01/SH</u> | <u>N/A</u> |
| Bonds | <u>NONE</u> | | | |
| Other Long-Term Debts | <u>126,338,929</u> | | <u>126,338,929</u> | |
13. State surplus at beginning of 2005 \$ 2 End of 2005 \$ 2
14. State amount of dividends paid for the year 2005: Preferred \$ NONE Common \$ NONE
15. State exact dollar amount of FEDERAL INCOME TAX ACTUALLY PAID OR OWED FOR 2005 as reported on your Federal Income Tax Return \$ ZERO
16. State ACTUAL CASH or MARKET VALUE of all Tennessee plant and property as of January 1, 2006 \$ 2,239,619
(FROM TP-8)

17. State NET additions (additions less retirements) to Tennessee plant and property for:
 2004 \$ NONE 2005 \$ 2,313,107
18. Total number of subscribers in Tennessee _____
19. Does your company operate solely (100%) in Tennessee? _____ YES X NO
 If you checked "YES" it will not be necessary to complete questions 20-27.
 If you checked "NO" you must complete questions 20-27.
20. GROSS Investment in Tennessee plant and property December 31, 2005 \$ 2,313,107
21. NET Investment in Tennessee plant and property December 31, 2005 \$ 2,236,306
22. TENNESSEE GROSS Revenue (Income) for year ended December 31, 2005 \$ 2,178,017
23. TENNESSEE NET OPERATING Revenue (Income) for year ended December 31, 2005 \$ <295,763>
24. Percent of TENNESSEE GROSS Investment as compared to SYSTEM GROSS Investment in plant and property
 December 31, 2005 1.17 %
25. Percent of TENNESSEE NET Investment as compared to SYSTEM NET Investment in plant and property
 December 31, 2005 1.35 %
26. Percent of TENNESSEE GROSS Revenue (Income) as compared to SYSTEM GROSS Revenue (Income) for
 year ended December 31, 2005 5.2% %
27. Percent of TENNESSEE NET OPERATING Revenue (Income) as compared to SYSTEM NET OPERATING
 Revenue (Income) for year ended December 31, 2005 0 %
28. Does your company or its parent holding company file the following? Check all that apply:
- _____ a. SEC Form 10-K
- _____ b. FCC Form M
- X c. Annual report to stockholders

File one copy of each of the items checked in item 28 with the Comptroller of the Treasury, Office of State Assessed Properties.

29. What was the date of your last rate case? N/A Was the case heard by a state PSC
 or a federal entity? _____ What was the return on equity granted? _____ %
30. Special questions regarding this report should be directed to:

NAME: ADAM D. PORTER

TITLE: TAX DIRECTOR

ADDRESS: 121 CHAMPION WAY
Number & Street

CANONSBURG PA 15317
City State Zip

PHONE NUMBER: () 724-743-9425

FAX NUMBER: () 724-743-9793

E-MAIL ADDRESS: ADAM.PORTER@TELCOVS.COM

**BALANCE SHEET
ASSETS**TELCOVE OPERATIONS INC. NOT REQUIRED
TO FILE IN 2007

AS OF DECEMBER 31 ↓

<u>Item</u>	<u>Fixed Assets</u>	<u>2005</u>	<u>2004</u>
1.	Utility Plant in Service	\$ 174,241,191	\$
2.	Plant Under Construction	22,983,665	
3.	Property Held for Future Use		
4.	Plant Acquisition Adjustment		
5.	Total Fixed Assets	198,224,856	
6.	LESS Depreciation & Amortization Reserve	(32,133,509)	
7.	Net Fixed Assets	\$ 166,091,347	\$
	<u>Other Property & Investments</u>		
*8.	Non-Utility Property	\$	\$
9.	LESS Accumulated Depreciation		
10.	Net Non-Utility Property		
*11.	INVESTMENT IN AFFILIATED COMPANIES		
*12.	OTHER INVESTMENTS		
13.	Miscellaneous Physical Property		
14.	Sinking Funds		
15.	Other Fund Accounts		
16.	Total Other Property & Investments	\$	\$
	<u>Current Assets</u>		
17.	Cash	\$ (5,260,617)	\$
18.	Special Cash Deposits		
19.	Working Funds		
20.	Temporary Cash Investments		
21.	Notes Receivable from Affiliated Companies		
22.	Other Notes Receivable		
23.	Due from Customers & Agent - Net	(2,766,482)	
24.	Accounts Receivable from Affiliated Companies Net		
25.	Other Accounts Receivable - Net		
26.	Interest & Dividends Receivable		
27.	Pre-Payments		
28.	MATERIALS & SUPPLIES		
29.	Subscriptions to Security Issues		
30.	Other Current Assets	2,747,748	
31.	Total Current Assets	\$ (5,279,351)	\$
	<u>Deferred Charges</u>		
32.	Discount on Long-Term Debt	\$	\$
33.	Extraordinary Maintenance & Retirements		
34.	Clearing Accounts		
35.	Other Deferred Charges, NET OF AIA	11,967,295	
36.	Total Deferred Charges	\$	\$
37.	TOTAL ASSETS	\$ 171,779,291	\$

*GIVE A DETAILED BREAKDOWN AND DESCRIPTION OF THIS TYPE OF PROPERTY INVESTMENT.

BALANCE SHEET
LIABILITIES & OTHER CREDITS


TC-TL-TP - 3
TELCOVE OPERATIONS INC.
NOT REQUIRED TO FILE
IN 2004

AS OF DECEMBER 31

		<u>2005</u>	<u>2004</u>
Item	Capital Stock & Retained Earnings		
1.	Common Capital Stock Outstanding	\$ 100	\$
2.	Preferred Capital Stock Outstanding		
3.	Premiums on Capital Stock		
4.	Other Capital Liability Accounts		
5.	Proprietor's Capital		
6.	Other Capital		
7.	Retained Earnings Reserved		
8.	Unappropriated Retained Earnings	(23,012,446)	
9.	LESS Discount on Capital Stock		
10.	LESS Capital Stock Expense		
11.	Total Capital Stock & Retained Earnings	\$ (23,012,346)	\$
	<u>Long-Term Debt</u>		
12.	Funded Debt Outstanding	\$	\$
13.	Receivers Certificates		
14.	Advances from Affiliated Companies	36,057,961	
15.	Other Long-Term Debt(s)	126,338,929	
16.	Total Long-Term Debt(s)	\$ 162,396,890	\$
	<u>Current & Accrued Liabilities</u>		
17.	Notes Payable to Affiliated Companies	\$	\$
18.	Other Notes Payable		
19.	Accounts Payable to Affiliated Companies		
20.	Other Accounts Payable	20,817,645	
21.	Customers Deposits		
22.	Matured Interest & Dividends		
23.	Matured Long-Term Debt(s)		
24.	Advance Billing & Payments		
25.	Taxes Accrued		
26.	Unmatured Interest, Dividends, & Rents Accrued		
27.	Refunds Due Customers		
28.	Other Current Liabilities	11,577,052	
29.	Total Current & Accrued Liabilities	\$ 32,394,747	\$
	<u>Deferred Credits & Reserves</u>		
30.	Premium on Long-Term Debt	\$	\$
31.	Insurance Reserve		
32.	Provident Reserve		
33.	Amortization Reserve		
34.	Employment Stabilization Reserve		
35.	Other Deferred Credits & Reserves		
36.	Accumulated Deferred Income Taxes		
37.	Total Deferred Credits & Reserves	\$	\$
	<u>Contributions in Aid of Construction</u>		
38.	Contributions in Aid of Construction	\$	\$
39.	TOTAL LIABILITIES & OTHER CREDITS	\$ 171,779,291	\$

INCOME STATEMENT

		AS OF DECEMBER 31	
		<u>2005</u>	<u>2004</u>
<u>Item</u>	<u>Operating Revenue</u>		
1.	Local Network Services Revenues	\$	\$
2.	Network Interstate Access Services Revenues	27,229,079	
3.	Network Intrastate Access Services Revenues		
4.	Long Distance Network Services Message Revenues		
5.	Long Distance Private Network Revenues	10,043,034	
6.	Miscellaneous Revenues	4,528,774	
7.	LESS: Uncollectible Operating Revenue		
8.	Total Operating Revenue	\$ 41,800,887	\$
	<u>Operating Expense</u>		
9.	Plant Specific Operations Expense	\$ 67,215,893	\$
10.	Plant Nonspecific Operations Expense		
11.	Customer Operations Expense		
12.	Corporate Operations Expense		
13.	Other Operating Income and Expenses	\$	\$
	<u>Operating Taxes</u>		
14.	State, County, and Municipal Taxes	\$ 633,582	\$
15.	Federal Income Taxes	400,000	
16.	Other Miscellaneous Operating Taxes		
17.	Total Operating Expenses		
18.	Net Operating Income	\$ (26,448,518)	\$
	<u>Non-Operating Income & Expense</u>		
19.	Dividend Income	\$	\$
20.	Interest Income	50,468	
21.	Allowance for Funds Used During Construction		
22.	Miscellaneous Non-Operating Income		
23.	Miscellaneous Special Charges		
24.	Total Non-Operating Income	50,468	
25.	State, County, and Municipal Taxes-Non-Operating		
26.	Federal Income Taxes-Non-Operating		
27.	Other Non-Operating Taxes		
28.	Total Non-Operating Taxes		
29.	Gross Income	\$ (26,398,120)	\$
	<u>Interest & Other Deductions</u>		
30.	Interest on Funded Debt	\$	\$
31.	Interest Expense - Capital Leases		
32.	Amortization of Debt Issuance Expense		
33.	Other Interest Deductions	6,254,100	
34.	Total Interest & Other Deductions	6,254,100	
35.	Net Income Before Extraordinary Items	\$ (32,652,220)	\$
	<u>Extraordinary & Delayed Items</u>		
36.	Extraordinary & Delayed Items	\$ 68,623,206	\$
	<u>Nonregulated Income Items</u>		
37.	Nonregulated Income Items	\$	\$
38.	Net Income to Retained Earnings	\$ 35,970,986	\$

TELCONE OPERATIONS INC. 
 NOT REQUIRED TO FILE
 IN 2004

LEASED EQUIPMENT

This schedule should include all operating equipment located in Tennessee that is leased or used by your company.

Type of Equipment	No. Of Units	Total Annual Amount of Rent	Age Of Units	Annual Depreciation Rate	Lease Expiration Date	Owner	Tax Liability Lessor or Lessee	Original Cost	Accumulated Depreciation	Depreciated Cost	Location (County & City)
NONE		\$						\$	\$	\$	

	<u>System</u>	<u>TC-TL-TP - 7 Tennessee</u>
No. Single Wire Miles – Buried Cable		
No. Miles of Pole Line		
No. Stations		
No. Single Wire Miles – Other Wire & Cable	<u>OVER 11,000 MILES</u>	<u>123</u>
Gross Investment – Buried Cable Only	\$	\$
Gross Investment – Conduit		
Gross Investment – Poles		
Gross Investment – Other Wire, Cable, Station Equip.	<u>OVER \$300 MILLION</u>	<u>628,997</u>
TOTAL GROSS INVESTMENT	\$	\$ 628,997 ✓

CENTRAL OFFICE AND OTHER LOCALIZED EQUIPMENT – TENNESSEE

	<u>Gross Investment Outside Corporate Limits</u>	<u>Gross Investment Inside Corporate Limits</u>	<u>Gross Investment Total</u>
Gross Investment-COE	\$ <u>1,444,118</u>	\$	\$ <u>1,444,118</u> ✓
Gross Investment-Fixtures, Furniture, Equipment, Autos, Materials & Supplies, and Other General Equipment	\$ <u>32,370</u>	\$	\$ <u>32,370</u> ✓

CONSTRUCTION WORK IN PROGRESS – TENNESSEE

Gross Investment (CWIP)	\$ <u>83,814</u>	\$	\$ <u>83,814</u> ✓
Personal @ 15%	\$ <u>12,572</u>	\$	\$ <u>12,572</u>
Real @ 100%	\$	\$	\$

REAL ESTATE – TENNESSEE

A. Land:

Acres	Location	Year Acquired	Purchased From	Deed Book	Page No.	Gross Investment	FOR OFFICE USE ONLY
<u>.92</u>	<u>170 BIRCH ST.</u>	<u>2005</u>	<u>KNC TELECOM</u>			\$ <u>24,399</u>	\$
	<u>BLOUNTVILLE, TN</u>						
Total Land						\$ <u>24,399</u> ✓	\$

B. Structures:

Kind & Type	Location	Year Constructed/Acquired	Gross Investment	FOR OFFICE USE ONLY
<u>REPEATER BLDG</u>	<u>170 BIRCH ST.</u>	<u>2005</u>	\$ <u>99,408</u>	\$
	<u>BLOUNTVILLE, TN</u>			
Total Structures			\$ <u>99,408</u> ✓	\$

C. Leasehold Improvements:

Kind & Type	Location	Year Completed	Gross Investment	FOR OFFICE USE ONLY
<u>NONE</u>			\$	\$
Total Real Estate/Tennessee			\$ <u>123,807</u>	\$
Grand Total All Property/Tennessee			\$ <u>2,312,106</u>	\$

OPERATING PROPERTY

(Used predominantly to provide long distance telephone service)

TENNESSEE
ONLY

	<u>Gross Investment</u>	<u>Net Investment</u>
Buried Cable Only		
Conduit		
Poles		
Other Wire, Cable, & Station Equipment	628,997	608,061
TOTAL INVESTMENT	\$ 628,997	\$ 608,061 ✓

CENTRAL OFFICE AND OTHER LOCALIZED EQUIPMENT - TENNESSEE

	<u>Outside Corporate Limits</u>	<u>Inside Corporate Limits</u>	<u>Total</u>
Gross Investment	\$ 1,444,118	\$	\$ 1,444,118
Net Investment	\$ 1,396,357	\$	\$ 1,396,357 ✓
Gross Investment-Fixtures, Furniture, Equipment, Autos, Materials & Supplies, and Other General Equipment	\$ 32,370	\$	\$ 32,370
Net Investment	\$ 27,580	\$	\$ 27,580 ✓

CONSTRUCTION WORK IN PROGRESS - TENNESSEE

Gross Investment	\$ 83,814	\$	\$ 83,814
Net Investment	\$ 83,814	\$	\$ 83,814 ✓

REAL ESTATE - TENNESSEE**A. Land:**

Acres	Location	Year Acquired	Purchased From	Deed Book	Page No.	Gross Investment	FOR OFFICE USE ONLY
.92	170 BIRCH ST. BLOUNTVILLE, TN	2005	KMC TELECOM			\$ 24,399	\$
Total Land						\$ 24,399 ✓	\$

B. Structures:

Kind & Type	Location	Year Constructed/Acquired	Gross Investment	FOR OFFICE USE ONLY
REPEATER BLDG	170 BIRCH ST. BLOUNTVILLE, TN	2005	\$ 99,408	\$
Total Structures			\$ 99,408 ✓	\$

C. Leasehold Improvements:

Kind & Type	Location	Year Completed	Gross Investment	FOR OFFICE USE ONLY
NONE			\$	\$
Total Real Estate/Tennessee			\$ 123,807	\$
Grand Total All Property/Tennessee			\$ 2,239,619	\$

Note: One sheet to be filed for each county. Properties located in the city will be designated as Inside Corporate Limits. Properties located outside of cities-Outside Corporate Limits. Total of Inside & outside corporate limits equals County Total.

SULLIVAN

County	Outside Corp. Limits	Inside Corp. Limits	Total
No. Single Wire Miles - Buried Cable			
No. Miles of Pole Line			
No. Stations			
No. Single Wire Miles - Other Wire & Cable	89	10	99
Gross Investment - Buried Cable Only	\$	\$	\$
Gross Investment - Conduit			
Gross Investment - Poles			
Gross Investment - Other Wire, Cable, Station Equip.	455,128	51,138	506,266
TOTAL GROSS INVESTMENT	\$ 455,128	\$ 51,138	\$ 506,266 ϕ

CENTRAL OFFICE AND OTHER LOCALIZED EQUIPMENT - TENNESSEE

	Gross Investment Outside Corporate Limits	Gross Investment Inside Corporate Limits	Gross Investment Total
Gross Investment-COE	\$ 1,444,118	\$	\$ 1,444,118 ϕ
Gross Investment-Fixtures, Furniture, Equipment, Autos, Materials & Supplies, and Other General Equipment	\$ 32,370	\$	\$ 32,370 ϕ

CONSTRUCTION WORK IN PROGRESS - TENNESSEE

Gross Investment (CWIP)	\$ 83,814	\$	\$ 83,814 ϕ
Personal @ 15%	\$ 12,572	\$	\$ 12,572
Real @ 100%	\$	\$	\$

REAL ESTATE - TENNESSEE**A. Land:**

Acres	Location	Year Acquired	Purchased From	Deed Book	Page No.	Gross Investment	FOR OFFICE USE ONLY
.92	170 BIRCH ST. BLOUNTVILLE, TN	2005	KMC TELECOM			\$ 24,399	\$
Total Land						\$ 24,399 ϕ	\$

B. Structures:

Kind & Type	Location	Year Constructed/Acquired	Gross Investment	FOR OFFICE USE ONLY
REPEATER BLDG	170 BIRCH ST. BLOUNTVILLE, TN	2005	\$ 99,408	\$
Total Structures			\$ 99,408 ϕ	\$

C. Leasehold Improvements:

Kind & Type	Location	Year Completed	Gross Investment	FOR OFFICE USE ONLY
			\$	\$
Total Real Estate/Tennessee			\$ 123,807	\$
Grand Total All Property/Tennessee			\$ 2,190,375	\$

 $\Sigma \phi =$

NOTE: ONE SHEET TO BE FILED FOR EACH CITY & SPECIAL SCHOOL DISTRICT

City/Special School District

BLUFF CITY

Inside Corporate Limits

No. Single Wire Miles - Buried Cable

No. Miles of Pole Line

No. Stations

No. Single Wire Miles - Other Wire & Cable

Gross Investment - Buried Cable

Gross Investment - Conduit

Gross Investment - Poles

Gross Investment - Other Wire, Cable, Station Equip.

TOTAL GROSS INVESTMENT

\$

\$

10

51,138

51,138

CENTRAL OFFICE EQUIPMENT, BOOTHS, & FITTINGS - TENNESSEE

Gross Investment-Central Office Equipment, Booths, and Fittings

\$

Gross Investment-Furniture, Fixtures, Equipment, Automobiles,
Materials and Supplies, and Other General Equipment

\$

CONSTRUCTION WORK IN PROGRESS - TENNESSEE

Gross Investment (CWIP)

\$

\$

\$

Personal @ 15%

\$

\$

\$

Real @ 100%

\$

\$

\$

REAL ESTATE - TENNESSEEA. Land:

Acres	Location	Year Acquired	Purchased From	Deed Book	Page No.	Gross Investment	FOR OFFICE USE ONLY
						\$	\$
Total Land						\$	\$

B. Structures:

Kind & Type	Location	Year Constructed/Acquired	Gross Investment	FOR OFFICE USE ONLY
			\$	\$
Total Structures			\$	\$
Total All Property/City or SSD			\$ 51,138	\$

Note: One sheet to be filed for each county. Properties located in the city will be designated as Inside Corporate Limits. Properties located outside of cities-Outside Corporate Limits. Total of inside & outside corporate limits equals County Total.

<u>WASHINGTON</u> County	Outside Corp. Limits	Inside Corp. Limits	Total
No. Single Wire Miles - Buried Cable			
No. Miles of Pole Line			
No. Stations			
No. Single Wire Miles - Other Wire & Cable	14	10	24
Gross Investment - Buried Cable Only	\$	\$	\$
Gross Investment - Conduit			
Gross Investment - Poles			
Gross Investment - Other Wire, Cable, Station Equip.	71,593	51,138	122,731
TOTAL GROSS INVESTMENT	\$ 71,593	\$ 51,138	\$ 122,731

CENTRAL OFFICE AND OTHER LOCALIZED EQUIPMENT - TENNESSEE

	Gross Investment Outside Corporate Limits	Gross Investment Inside Corporate Limits	Gross Investment Total
Gross Investment-COE	\$	\$	\$
Gross Investment-Fixtures, Furniture, Equipment, Autos, Materials & Supplies, and Other General Equipment	\$	\$	\$

CONSTRUCTION WORK IN PROGRESS - TENNESSEE

Gross Investment (CWIP)	\$	\$	\$
Personal @ 15%	\$	\$	\$
Real @ 100%	\$	\$	\$

REAL ESTATE - TENNESSEE

A. Land:

Acres	Location	Year Acquired	Purchased From	Deed Book	Page No.	Gross Investment	FOR OFFICE USE ONLY
						\$	\$
Total Land						\$	\$

B. Structures:

Kind & Type	Location	Year Constructed/Acquired	Gross Investment	FOR OFFICE USE ONLY
			\$	\$
Total Structures			\$	\$

C. Leasehold Improvements:

Kind & Type	Location	Year Completed	Gross Investment	FOR OFFICE USE ONLY
			\$	\$
Total Real Estate/Tennessee			\$	\$
Grand Total All Property/Tennessee			\$ 122,731	\$

NOTE: ONE SHEET TO BE FILED FOR EACH CITY & SPECIAL SCHOOL DISTRICT

City/Special School District

JOHNSON CITY

Inside Corporate Limits

No. Single Wire Miles - Buried Cable

No. Miles of Pole Line

No. Stations

No. Single Wire Miles - Other Wire & Cable

Gross Investment - Buried Cable

Gross Investment - Conduit

Gross Investment - Poles

Gross Investment - Other Wire, Cable, Station Equip.

TOTAL GROSS INVESTMENT

\$

\$

10

51,138

51,138

CENTRAL OFFICE EQUIPMENT, BOOTHS, & FITTINGS - TENNESSEE

Gross Investment-Central Office Equipment, Booths, and Fittings

\$

Gross Investment-Furniture, Fixtures, Equipment, Automobiles,
Materials and Supplies, and Other General Equipment

\$

CONSTRUCTION WORK IN PROGRESS - TENNESSEE

Gross Investment (CWIP)

\$

\$

\$

Personal @ 15%

\$

\$

\$

Real @ 100%

\$

\$

\$

REAL ESTATE - TENNESSEEA. Land:

Acres	Location	Year Acquired	Purchased From	Deed Book	Page No.	Gross Investment	FOR OFFICE USE ONLY
						\$	\$
Total Land						\$	\$

B. Structures:

Kind & Type	Location	Year Constructed/Acquired	Gross Investment	FOR OFFICE USE ONLY
			\$	\$
Total Structures			\$	\$
Total All Property/City or SSD			\$ 51,138	\$

PURCHASES AND SALES OF TENNESSEE PROPERTY

List all purchases and sales of Tennessee real property (including Telecommunications Towers) that occurred during the year 2005. Give all applicable information for each transaction separately. (You may copy pages as needed)
Please attach a copy of the warranty deed or sales contract.

PURCHASES

Date of Purchase:

JUNE 30, 2005

County/City:

SULLIVAN COUNTY / BLOUNTVILLE

Assessor's Tax Map & Parcel Number:

Purchase Price:

\$123,807

Physical Address:

170 BIRCH ST.

Number & Street

BLOUNTVILLE

City

TN

State

Zip

Description of Property:

REPEATER BUILDING FOR TELECOM SERVICES

Grantor (seller):

KMC TELECOM

Type of Improvement:

SALES

Date of Sale:

NONE

County/City:

Assessor's Tax Map & Parcel Number:

Sale Price:

Physical Address:

Number & Street

City

State

Zip

Description of Property:

Grantee (buyer):

Type of Improvement:

REAL PROPERTY UNDER CONSTRUCTION

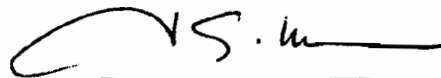
Tennessee Code Annotated 67-5-503 provides that, "If after January 1 and before September 1 of any year, an improvement or new building is completed and ready for use or occupancy...the assessor of property shall make or correct the assessment of such property, on the basis of the value of the improvement at the time of its completion..."

List all real properties under construction or properties that will be completed by September 1, 2006.

[illegible]

DATE: 7/3/06

I, JAMES MEANS, being the ~~OWNER, PRESIDENT,~~
SECRETARY, AND FOR PARTNER OF TELCOVE OPERATIONS, INC., do hereby
swear and affirm that the foregoing Ad Valorem Tax Report for the year two thousand six has
been prepared from only the original books, papers, and records of said respondent under my
direction in accordance with Tennessee Code Annotated, §67-5-1316, and is true and correct
to the best of my knowledge and belief.



NAME

James Means, Secretary

OFFICIAL CAPACITY

Exhibit B

Schedule D - SCHEDULE OF CREDITS

1. Gross Premiums tax credit (cannot exceed Schedule C, Line 8)	(1)		
2. Tennessee Income Tax (cannot exceed Schedule B, Line 5)	(2)		
3. Day Care Credit from Schedule W, Line 18/LIHTC from Schedule Y, Line 3	(3)		
4. Industrial Machinery Credit from Schedule T, Line 11	(4)		
5. Jobs Tax Credit from Schedule X, Line 22	(5)		
6. Jobs Tax Credit computed in accordance with T.C.A. Section 67-4-2109(c)(2)(G) or (H)	(6)		
7. Total Credit - Add lines 1 through 6 (Enter here and on Schedule C, Line 9)	(7)		

Schedule E - SCHEDULE OF PAYMENTS

1. Overpayment from previous year if available	(1)	30761	
2. First quarterly estimated payment	(2)		
3. Second quarterly estimated payment	(3)		
4. Third quarterly estimated payment	(4)		
5. Fourth quarterly estimated payment	(5)		
6. Extension payment	(6)		
7. Total payments - Add lines 1 through 6 (Enter here and on Schedule C, Line 11)	(7)		30761

COMPUTATION OF FRANCHISE TAX**Schedule F1 - NON-CONSOLIDATED NET WORTH**

1. Net Worth (total assets less total liabilities)	(1)	9638392
2. Indebtedness to or guaranteed by parent or affiliated corporation	(2)	1757686
3. Total lines 1 and 2	(3)	11396078
4. Ratio (Schedules N, O, P, or R if applicable or 100%)	(4)	100.000000 %
5. Total - Line 3 multiplied by Line 4 (Enter here and on Schedule A, Line 1)	(5)	11396078

Schedule F2 - CONSOLIDATED NET WORTH

1. Consolidated Net Worth (total assets less total liabilities)	(1)	
2. Ratio (Schedule 170NC or 170SF)	(2)	%
3. Total - Line 1 multiplied by Line 2 (Enter here and on Schedule A, Line 1)	(3)	

NOTE: Schedule F2 is to be completed only if the consolidated net worth election has been made.

Schedule G - DETERMINATION OF REAL AND TANGIBLE PROPERTY

BOOK VALUE OF PROPERTY OWNED - Cost less accumulated depreciation				In Tennessee
1. Land	(1)			
2. Buildings, leaseholds, and improvements	(2)			
3. Machinery, equipment, furniture, and fixtures	(3)			10698805
4. Automobiles and trucks	(4)			
5. Prepaid supplies and other tangible personal property (Attach schedule)	(5)			
6. Share of partnership real and tangible property provided that the partnership does not file a return (Attach schedule)	(6)			
7. Inventories and work in progress	(7)			
a. Deduct exempt inventory in excess of \$30 million (§ 67-4-2108(a)(6)(B))	(7a)			
8. Deduct value of certified pollution control equipment (Include copy of certificate (§ 67-5-604))	(8)			
9. Deduct exempt required capital investments (T.C.A. Section 67-4-2108(a)(6)(G))	(9)			
10. SUBTOTALS - Add lines 1 through 7, less Line 7a through Line 9	(10)			10698805
Rental Value of Property Used but not Owned				
Net Annual Rental Paid for:				
11. Real property	(11)	58924	x8	471392
12. Machinery & equipment used in manufacturing & processing	(12)		x3	
13. Furniture, office machinery, and equipment	(13)		x2	
14. Delivery or mobile equipment	(14)		x1	
15. TENNESSEE TOTAL - Add lines 10-14 (Enter total here and on Schedule A, Line 2)	(15)			11170197

TAXABLE YEAR	TAXPAYER NAME	ACCOUNT NO./FEIN/SSN
12/31/2005	TelCove Of Nashville, LP	0276330

COMPUTATION OF EXCISE TAX

Schedule J-1 - COMPUTATION OF NET EARNINGS FOR ENTITIES TREATED AS PARTNERSHIPS		
1. Ordinary Income or Loss from Federal Form 1065, Line 22 plus any intangible expense to an affiliated business entity deducted for federal tax purposes	(1)	1896351
Additions:		
2. Additional income items specifically allocated to partners, including guaranteed payments to partners (Fed 1065 - Sch K)	(2)	
3. Any net loss or expense received from a "pass-through" entity subject to and paying the excise tax, or any net loss or expense distributed to a REIT subject to and paying the excise tax (include schedule of entities and FEINs)	(3)	
4. Total - Add lines 1, 2, and 3	(4)	1896351
Deductions:		
5. Additional expense items specifically allocated to partners (Fed 1065 - Sch K)	(5)	
6. Amount subject to self-employment taxes distributable or paid to each partner or member net of medical insurance payments previously deducted to determine Ordinary Income (Loss) on Form 1065 (If negative, enter zero) (Include on Schedule K, Line 3)	(6)	
7. Amount of contribution, not previously deducted, to qualified pension or benefit plans of any partner or member, including all IRC 401 plans (Include on Schedule K, Line 3)	(7)	
8. Any net gain or income received from a "pass-through" entity subject to and paying the excise tax, or any net gain or income distributed to a REIT subject to and paying the excise tax (include schedule of entities and FEINs)	(8)	
9. Total deductions - Add lines 5 through 8	(9)	()
10. Total - Line 4 less Line 9 (Enter here and on Schedule J, Line 1)	(10)	1896351
Schedule J-2 - COMPUTATION OF NET EARNINGS FOR A SINGLE MEMBER LLC FILING AS AN INDIVIDUAL		
Additions:		
1. Business Income from Form 1040, Schedule C plus any intangible expense to an affiliated business entity	(1)	
2. Business Income from Form 1040, Schedule D plus any intangible expense to an affiliated business entity	(2)	
3. Business Income from Form 1040, Schedule E plus any intangible expense to an affiliated business entity	(3)	
4. Business Income from Form 1040, Schedule F plus any intangible expense to an affiliated business entity	(4)	
5. Business Income from Form 4797	(5)	
6. Other: Form _____, Schedule _____	(6)	
7. Any net loss or expense received from a "pass-through" entity subject to and paying the excise tax, or any net loss or expense distributed to a REIT subject to and paying the excise tax (include schedule of entities and FEINs)	(7)	
8. Total - Add lines 1 through 7	(8)	
Deductions:		
9. Amount subject to self-employment taxes distributable or paid to the single member (If negative, enter zero) (Include on Schedule K, Line 3)	(9)	
10. Any net gain or income received from a "pass-through" entity subject to and paying the excise tax, or any net gain or income distributed to a REIT subject to and paying the excise tax (include schedule of entities and FEINs)	(10)	
11. Total deductions - Add lines 9 and 10	(11)	()
12. Total - Line 8 less Line 11 (Enter here and on Schedule J, Line 1)	(12)	
Schedule J-3 - COMPUTATION OF NET EARNINGS FOR ENTITIES TREATED AS SUBCHAPTER S CORPORATIONS		
1. Ordinary Income or Loss from Federal Form 1120S, Line 21 plus any intangible expense to an affiliated business entity deducted for federal tax purposes	(1)	
Additions:		
2. Income items to extent includable in federal income were it not for "S" status election (Fed 1120S - Schedule K)	(2)	
3. Any net loss or expense received from a "pass-through" entity subject to and paying the excise tax, or any net loss or expense distributed to a REIT subject to and paying the excise tax (include schedule of entities and FEINs)	(3)	
4. Total - Add lines 1, 2 and 3	(4)	
Deductions:		
5. Expense items to extent includable in federal expenses were it not for "S" status election (Fed 1120S - Schedule K)	(5)	
6. Any net gain or income received from a "pass-through" entity subject to and paying the excise tax, or any net gain or income distributed to a REIT subject to and paying the excise tax (include schedule of entities and FEINs)	(6)	
7. Total deductions - Add lines 5 and 6	(7)	()
8. Total - Line 4 less Line 7 (Enter here and on Schedule J, Line 1)	(8)	
Schedule J-4 - COMPUTATION OF NET EARNINGS FOR ENTITIES TREATED AS CORPORATIONS AND "OTHER" ENTITIES		
Enter the amount of income (loss) from the applicable federal return to Schedule J, Line 1		
1. Federal Form 1120 - Line 28 (Taxable income or loss before net operating loss deduction and special deductions) plus any intangible expense to an affiliated business entity deducted for federal tax purposes	(1)	
2. Federal Form 990-T, Line 30 (unrelated business taxable income)	(2)	
3. Other: Form _____, Schedule _____	(3)	
Additions:		
4. Any net loss or expense received from a "pass-through" entity subject to and paying the excise tax, or any net loss or expense distributed to a REIT subject to and paying the excise tax (include schedule of entities and FEINs)	(4)	
Deductions:		
5. Any net gain or income received from a "pass-through" entity subject to and paying the excise tax, or any net gain or income distributed to a REIT subject to and paying the excise tax (include schedule of entities and FEINs)	(5)	()
6. Total - Lines 1 through 4 less Line 5 (Enter here and on Schedule J, Line 1)	(6)	

Schedule J - COMPUTATION OF NET EARNINGS SUBJECT TO EXCISE TAX	
1. Federal income or loss (Enter amount from Schedule J-1, J-2, J-3, or J-4) (1)	1896351
ADDITIONS:	
2. Any depreciation under the provisions of IRC Section 168 not permitted for excise tax purposes due to Tennessee permanently decoupling from federal bonus depreciation (2)	
3. Any deduction for domestic production activities under the provisions of IRC Section 199 (3)	
4. Any gain on the sale of an asset sold within twelve months after the date of distribution to a nontaxable entity . . . (4)	
5. Tennessee excise tax expense (to the extent reported for federal purposes) (5)	
6. Gross premiums tax deducted in determining federal income and used as an excise tax credit (6)	
7. Interest income on obligations of states and their political subdivisions, less allowable amortization (7)	
8. Depletion not based on actual recovery of cost (8)	
9. Contribution carryover from prior period(s) (9)	
10. Capital gains offset by capital loss carryover or carryback (10)	
11. Excess fair market value over book value of property donated (11)	
12. Total additions - Add lines 2 through 11 (12)	
DEDUCTIONS:	
13. Any depreciation under the provisions of IRC Section 168 permitted for excise tax purposes due to Tennessee permanently decoupling from federal bonus depreciation (13)	
14. Any excess gain from the basis adjustment resulting from Tennessee permanently decoupling from federal bonus depreciation . . . (14)	
15. Any loss on the sale of an asset sold within twelve months after the date of distribution to a nontaxable entity . . . (15)	
16. Dividends received from corporations, at least 80% owned (attach schedule) (16)	
17. Contributions in excess of amount allowed by federal government (17)	
18. Donations to Qualified Public School Support Groups and nonprofit organizations (18)	
19. Portion of current year's capital loss not included in federal taxable income (19)	
20. Any expense other than income taxes, not deducted in determining federal taxable income for which a credit against the federal income tax is allowable (20)	
21. Any income included for federal tax purposes and any depreciation or other expense that could have been deducted for "safe harbor" lease elections. (attach schedule) (21)	
22. Nonbusiness earnings - Schedule M, Line 8 (22)	
23. Intangible expense to an affiliated business entity (Intangible expense disclosure form MUST be completed to avoid the adjustment provided in T.C.A. Section 67-4-2006(d)(3)) (23)	
24. Intangible income from an affiliated business entity if the corresponding intangible expense has not been disclosed or has been disallowed (24)	
25. TOTAL deductions - Add lines 13 through 24 (25)	()
COMPUTATION OF TAXABLE INCOME:	
26. Total Business Income (Loss) - Add lines 1 and 12, less Line 25 (If loss, complete Schedule K) (26)	1896351
27. Apportionment Ratio (Schedules N, O, P, or R if applicable or 100%) (27)	100.0000%
28. Apportioned business income (Loss) (Line 26 multiplied by Line 27) (28)	1896351
29. Add: Nonbusiness earnings directly allocated to Tennessee (From Schedule M, Line 9) (29)	
30. Deduct: Loss carryover from prior years (From Schedule U) (30)	(9588323)
31. Subject to excise tax (6.5%) (Line 28 plus Line 29, less Line 30) (enter here and on Schedule B, Line 4) (31)	-7691972

Schedule K - DETERMINATION OF LOSS CARRYOVER AVAILABLE - See Rule 1320-6-1-.21 of Departmental Rules and Regulations	
1. Net loss from Schedule J, Line 26 (1)	
ADD:	
2. Amounts reported on Schedule J, lines 16 and 22 (2)	
3. Amounts reported on Schedule J-1, lines 6 and 7, and Schedule J-2, Line 9 (3)	
4. Reduced loss - Add lines 1 through 3 (if net amount is positive, enter "0") (4)	
5. Excise Tax ratio (Schedules N, O, P, or R if applicable or 100%) (5)	%
6. Current year loss carryover available (Line 4 multiplied by Line 5) (6)	

Schedule L - FEDERAL INCOME REVISIONS				
Year	1. Original Net Income on Federal Return	2. Net Income Corrected	3. Increase (Decrease) in Net Income	4. Increase (Decrease) Affecting Excise Tax

**TENNESSEE DEPARTMENT OF REVENUE
ALLOCATION AND APPORTIONMENT SCHEDULES**

**SCHEDULES M THROUGH R
(FORM FAE 170)**

TAXABLE YEAR 12/31/2005	TAXPAYER NAME TelCove Of Nashville, LP	ACCOUNT NO./FEIN/SSN 0276330
---------------------------------------	--	--

IMPORTANT: IF YOU USE THIS FORM, ATTACH IT TO YOUR FRANCHISE, EXCISE TAX RETURN.

Allocation and apportionment schedules may be used only by taxpayers doing business outside the state of Tennessee within the meaning of Sections 67-4-2010 and 67-4-2110 Tennessee Code Annotated. The burden is upon the taxpayer to show that the corporation has the right to apportion.

SCHEDULE M - Schedule of Nonbusiness Earnings

Note - If all earnings are business earnings as defined below, do not complete this schedule. Any nonbusiness earnings, less related expenses are subject to direct allocation and should be reported in this schedule.

Definitions. "Business Earnings" means (1) earnings arising from transactions and activity in the regular course of the taxpayer's trade or business or (2) earnings from tangible and intangible property if the acquisition, use, management, or disposition of the property constitutes an integral part of the taxpayer's regular trade or business operations. In essence, earnings which arise from the conduct of the trade or trades or business operations of a taxpayer are business earnings, and the taxpayer must show by clear and cogent evidence that particular earnings are classifiable as nonbusiness earnings. A taxpayer may have more than one regular trade or business in determining whether income is business earnings.

"Nonbusiness Earnings" means all earnings other than business earnings.

Description (If further description is necessary see below)	Gross Amounts	*Less Related Expenses	Net Amounts	Net Amounts Allocated Directly to Tenn.
1. _____				
2. _____				
3. _____				
4. _____				
5. _____				
6. _____				
7. _____				
8. Total nonbusiness earnings (Transfer to Schedule J, Line 22)				XXXXX
9. Nonbusiness earnings allocated directly (Transfer to Schedule J, Line 29)			XXXXX	

If necessary, describe source of nonbusiness earnings and explain why such earnings do not constitute business earnings as defined above. Enumerate these items to correspond with items listed above.

*As a general rule, the allowable deductions for expenses of a taxpayer are related to both business and nonbusiness earnings. Such items as administrative costs, taxes, insurance, repairs, maintenance, and depreciation are to be considered. In the absence of evidence to the contrary, it is assumed that the expenses related to nonbusiness rental earnings will be an amount equal to 50 percent of such earnings and that expenses related to other nonbusiness earnings will be an amount equal to 5 percent of such earnings. (See regulation 1320-6-1.23(3))

INTERNET (10-05)

APPORTIONMENT SCHEDULES FOR TAXPAYERS DOING BUSINESS OUTSIDE THE STATE OF TENNESSEE

Franchise and excise tax ratios are obtained by using the arithmetical average of the following ratios. Any factor with a zero denominator must be eliminated.

SCHEDULE N - APPORTIONMENT - STANDARD (Manufacturers, retailers, wholesalers, etc)				
Property	In Tennessee		Total Everywhere	
NOTE: USE ORIGINAL COST OF ASSETS	a. Beginning of Taxable year	b. End of Taxable year	a. Beginning of Taxable year	b. End of Taxable year
1. Land, buildings, leaseholds, and improvements	70120	58924	70120	58924
2. Machinery, equipment, furniture, and fixtures	6858987	10698805	6858987	10698805
3. Automobiles and trucks				
4. Inventories and work in progress				
5. Prepaid supplies and other property				
6. Share of partnership property (if partnership is not taxable)				
7. Excise tax total (Lines 1 through 6)	a. 6929107	b. 10757729	a. 6929107	b. 10757729
8. Less exempt inventory (see § 67-4-211(b)(1))	()	()	()	()
9. Franchise tax total (Line 7 minus Line 8)	a. 6929107	b. 10757729	a. 6929107	b. 10757729
10. Excise tax average value (add Line 7(a) & (b), divide by 2)		8843418		8843418
11. Franchise tax average value (add Line 9(a) & (b), divide by 2)		8843418		8843418
12. Add: Rented property (rent paid X 8)		942784		942784

NOTE: Double Weighted Sales Factor	a. In Tennessee	b. Total Everywhere	d. Franchise Ratio (Col. a ÷ Col. b)	e. Excise Ratio (Col. a ÷ Col. b)
13. Excise Tax property factor (Line 10 plus Line 12)	9786202	9786202		100.0000 %
14. Franchise Tax property factor (Line 11 plus Line 12)	9786202	9786202	100.0000 %	
15. Payroll factor	2278841	2278841	100.0000 %	100.0000 %
16. Sales factor - (Business Gross Receipts)	12998246	12998246	100.0000 %	100.0000 %
Sales factor - (Business Gross Receipts)	12998246	12998246	100.0000 %	100.0000 %
17. Total Ratios			400.0000 %	400.0000 %
18. Apportionment Ratio (Line 17 divided by 4) (Enter Franchise Ratio to Sch. F1, Line 4. Enter Excise ratio to Sch. J, Line 27)			100.0000 %	100.0000 %

SCHEDULE O - APPORTIONMENT - COMMON CARRIERS (Railroads, motor carriers and pipelines)			
	In Tennessee	Total Everywhere	Ratio
1. Total franchise mileage (odometer miles)			%
2. Tennessee intrastate receipts - Interstate gross receipts everywhere			%
3. Total Ratios	XXXXX	XXXXX	%
4. Apportionment ratio (Line 3 divided by two; transfer ratio to Schedule F1, Line 4 and Schedule J, Line 27)			%

SCHEDULE P - APPORTIONMENT - AIR CARRIERS			
	In Tennessee	Total Everywhere	Ratio
1. Originating revenue			%
2. Airmiles flown (Include in Tennessee column only airmiles flown on flights either originating from or ending in Tennessee or both)			%
3. Total Ratios	XXXXX	XXXXX	%
4. Apportionment Ratio (Line 3 divided by two; transfer ratio to Schedule F1, Line 4 and Schedule J, Line 27)			%

SCHEDULE R - APPORTIONMENT - AIR EXPRESS CARRIERS			
	In Tennessee	Total Everywhere	Ratio
1. Originating revenue			%
2. Airmiles flown and groundmiles travelled (Include in Tennessee column only airmiles flown on flights either originating from or ending in Tennessee or both. Include only groundmiles travelled with respect to actual common carriage of persons or property for hire)			%
3. Total Ratios	XXXXX	XXXXX	%
4. Apportionment Ratio (Line 3 divided by two; transfer ratio to Schedule F1, Line 4 and Schedule J, Line 27)			%

(10-05)

SCHEDULE U and V - LOSS CARRYOVER/INDUSTRIAL MACHINERY CREDIT CARRYOVER

NOTE: SCHEDULES U AND V ARE NOT REQUIRED TO BE FILED WITH THE RETURN. These schedules may be used as a worksheet to compute the amount of net operating loss carryover and \ or excise tax credit carryover available.

IMPORTANT INFORMATION APPLICABLE TO LOSS CARRYOVER

- 1 Any net operating loss incurred for fiscal years ending on or after 1-15-84 may be carried forward fifteen (15) years as a net operating loss carryover.
- 2 **COMBINED RETURN - UNITARY GROUP OF FINANCIAL INSTITUTIONS:**
Any net operating loss incurred by a member of the unitary group which has been apportioned to Tennessee in a year prior to filing a combined return may be carried forward seven (7) years as a net operating loss carryover by the unitary group. A net operating loss incurred by a unitary group of financial institutions computed on a combined basis may be carried forward fifteen (15) years by the unitary group.
Reference: Section 67-4-2006(c), Tennessee Code Annotated.

SCHEDULE U - SCHEDULE OF LOSS CARRYOVER

Year	Period Ended (MM/YY)	For Original Return or As Amended	Used In Prior Year(s)	Expired	Loss Carryover Available
1	12/04	9588323			9588323
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
Total Amount (Transfer to Schedule J, Line 30)					9588323

SCHEDULE V - SCHEDULE OF INDUSTRIAL MACHINERY CREDIT CARRYOVER

IMPORTANT INFORMATION APPLICABLE TO INDUSTRIAL MACHINERY CREDIT CARRYOVERS

Any unused credit incurred for fiscal years ending on or after 3-15-82 may be carried forward in any tax period for up to fifteen (15) years.
Reference: Section 67-4-2009(4)(c), Tennessee Code Annotated

Year	Period Ended (MM/YY)	For Original Return or As Amended	Used In Prior Year(s)	Expired	Industrial Machinery Credit Carryover Available
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
Total Amount (Transfer to Schedule T, Line 4)					

(10-05)

Form **1065**Department of the Treasury
Internal Revenue Service**U.S. Return of Partnership Income**

For calendar year 2005, or tax year beginning _____, ending _____

▶ See separate instructions.

OMB No. 1545-0099

2005

A Principal business activity

Name of partnership

D Employer identification number

25-1727957

E Date business started

08/01/1996

F Total assets (see the instructions)

\$ **12,768,127.****COMMUNICATIONS**

B Principal product or service

TelCove Of Nashville, LP

Number, street, and room or suite no. If a P.O. box, see the instructions

COMMUNICATIONS

C Business code number

513300**712 North Main Street**

City or town, state, and ZIP code

Coudersport, PA 16915G Check applicable boxes: (1) ☐ Initial return (2) ☐ Final return (3) ☐ Name change (4) ☐ Address change (5) ☐ Amended returnH Check accounting method: (1) ☐ Cash (2) ☒ Accrual (3) ☐ Other (specify) ▶ _____I Number of Schedules K-1. Attach one for each person who was a partner at any time during the tax year ▶ **2****Caution:** Include **only** trade or business income and expenses on lines 1a through 22 below. See the instructions for more information.

Income	1 a Gross receipts or sales	1a	12,998,246.	1c	12,998,246.	
	b Less returns and allowances	1b				
	2 Cost of goods sold (Schedule A, line 8)	2	325,185.			
	3 Gross profit. Subtract line 2 from line 1c	3	12,673,061.			
	4 Ordinary income (loss) from other partnerships, estates, and trusts (attach statement)	4				
	5 Net farm profit (loss) (attach Schedule F (Form 1040))	5				
	6 Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)	6				
	7 Other income (loss) (attach statement)	7	See Statement 1	11,546.		
8 Total income (loss). Combine lines 3 through 7	8	12,684,607.				
Deductions (see the instructions for limitations)	9 Salaries and wages (other than to partners) (less employment credits)	9	2,278,841.			
	10 Guaranteed payments to partners	10				
	11 Repairs and maintenance	11	95,051.			
	12 Bad debts	12	527,746.			
	13 Rent	13	58,924.			
	14 Taxes and licenses	14	See Statement 1	367,354.		
	15 Interest	15	2,186.			
	16 a Depreciation (if required, attach Form 4562)	16a	3,013,524.			
	b Less depreciation reported on Schedule A and elsewhere on return	16b		16c	3,013,524.	
	17 Depletion (Do not deduct oil and gas depletion.)	17				
	18 Retirement plans, etc.	18	32,361.			
	19 Employee benefit programs	19	295,462.			
	20 Other deductions (attach statement)	20	See Statement 1	4,116,807.		
	21 Total deductions. Add the amounts shown in the far right column for lines 9 through 20	21	10,788,256.			
22 Ordinary business income (loss). Subtract line 21 from line 8	22	1,896,351.				

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than general partner or limited liability company member) is based on all information of which preparer has any knowledge.

Signature of general partner or limited liability company member manager

Date

May the IRS discuss this return with the preparer shown below (see instructions)? ☐ Yes ☐ No**Paid Preparer's Use Only**

Preparer's signature

Date

Check if self-employed ☐

Preparer's SSN or PTIN

Firm's name (or yours if self-employed), address, and ZIP code

EIN ▶
Phone no.

For Privacy Act and Paperwork Reduction Act Notice, see separate instructions.

Form **1065** (2005)JSA
SP1010 2.000

Schedule A Cost of Goods Sold (see the instructions)

1	Inventory at beginning of year	1	
2	Purchases less cost of items withdrawn for personal use	2	
3	Cost of labor	3	-943,137.
4	Additional section 263A costs (attach statement)	4	
5	Other costs (attach statement) See Statement 1	5	1,268,322.
6	Total. Add lines 1 through 5	6	325,185.
7	Inventory at end of year	7	
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2	8	325,185.

9a Check all methods used for valuing closing inventory:

- (i) ☐ Cost as described in Regulations section 1.471-3
(ii) ☐ Lower of cost or market as described in Regulations section 1.471-4
(iii) ☐ Other (specify method used and attach explanation) _____

- b** Check this box if there was a writedown of "subnormal" goods as described in Regulations section 1.471-2(c) ☐ Yes ☒ No
c Check this box if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ☐ Yes ☒ No
d Do the rules of section 263A (for property produced or acquired for resale) apply to the partnership? ☐ Yes ☒ No
e Was there any change in determining quantities, cost, or valuations between opening and closing inventory? ☐ Yes ☒ No
If "Yes," attach explanation.

Schedule B Other Information

1 What type of entity is filing this return? Check the applicable box:	Yes	No
a <input type="checkbox"/> Domestic general partnership	b <input checked="" type="checkbox"/> Domestic limited partnership	
c <input type="checkbox"/> Domestic limited liability company	d <input type="checkbox"/> Domestic limited liability partnership	
e <input type="checkbox"/> Foreign partnership	f <input type="checkbox"/> Other _____	
2 Are any partners in this partnership also partnerships?		<input checked="" type="checkbox"/>
3 During the partnership's tax year, did the partnership own any interest in another partnership or in any foreign entity that was disregarded as an entity separate from its owner under Regulations sections 301.7701-2 and 301.7701-3? If yes, see instructions for required attachment.		<input checked="" type="checkbox"/>
4 Did the partnership file Form 8893, Election of Partnership Level Tax Treatment, or an election statement under section 6231(a)(1)(B)(ii) for partnership-level tax treatment, that is in effect for this tax year? See Form 8893 for more details.	<input checked="" type="checkbox"/>	
5 Does this partnership meet all three of the following requirements? a The partnership's total receipts for the tax year were less than \$250,000; b The partnership's total assets at the end of the tax year were less than \$600,000; and c Schedules K-1 are filed with the return and furnished to the partners on or before the due date (including extensions) for the partnership return. If "Yes," the partnership is not required to complete Schedules L, M-1, and M-2; Item F on page 1 of Form 1065; or Item N on Schedule K-1.		<input checked="" type="checkbox"/>
6 Does this partnership have any foreign partners? If "Yes," the partnership may have to file Forms 8804, 8805 and 8813. See the instructions.		<input checked="" type="checkbox"/>
7 Is this partnership a publicly traded partnership as defined in section 469(k)(2)?		<input checked="" type="checkbox"/>
8 Has this partnership filed, or is it required to file, a return under section 6111 to provide information on any reportable transaction?		<input checked="" type="checkbox"/>
9 At any time during calendar year 2005, did the partnership have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? See the instructions for exceptions and filing requirements for Form TD F 90-22.1. If "Yes," enter the name of the foreign country. _____		<input checked="" type="checkbox"/>
10 During the tax year, did the partnership receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If "Yes," the partnership may have to file Form 3520. See the instructions.		<input checked="" type="checkbox"/>
11 Was there a distribution of property or a transfer (for example, by sale or death) of a partnership interest during the tax year? If "Yes," you may elect to adjust the basis of the partnership's assets under section 754 by attaching the statement described under <i>Elections Made By the Partnership</i> in the instructions.		<input checked="" type="checkbox"/>
12 Enter the number of Forms 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached to this return _____		<input checked="" type="checkbox"/>

Designation of Tax Matters Partner (see the instructions)

Enter below the general partner designated as the tax matters partner (TMP) for the tax year of this return:

Name of designated TMP TelCove Of Tennessee Inc. Identifying number of TMP 25-1739359
Address of designated TMP 712 North Main Street
Coudersport PA 16915

Schedule K Partners' Distributive Share Items		Total amount
Income (Loss)	1 Ordinary business income (loss) (page 1, line 22)	1 1,896,351.
	2 Net rental real estate income (loss) (attach Form 8825)	2
	3a Other gross rental income (loss)	3a
	b Expenses from other rental activities (attach statement)	3b
	c Other net rental income (loss). Subtract line 3b from line 3a	3c
	4 Guaranteed payments	4
	5 Interest income	5
	6 Dividends: a Ordinary dividends	6a
	b Qualified dividends	6b
	7 Royalties	7
	8 Net short-term capital gain (loss) (attach Schedule D (Form 1065))	8
Income (Loss)	9a Net long-term capital gain (loss) (attach Schedule D (Form 1065))	9a
	b Collectibles (28%) gain (loss)	9b
	c Unrecaptured section 1250 gain (attach statement)	9c
10 Net section 1231 gain (loss) (attach Form 4797)	10	
11 Other income (loss) (see instructions) Type	11	
Deductions	12 Section 179 deduction (attach Form 4562)	12
	13a Contributions	13a
	b Investment interest expense	13b
	c Section 59(e)(2) expenditures: (1) Type (2) Amount	13c(2)
d Other deductions (see instructions) Type	13d	
Self-Employment	14a Net earnings (loss) from self-employment	14a
	b Gross farming or fishing income	14b
	c Gross nonfarm income	14c
Credits & Credit Recapture	15a Low-income housing credit (section 42(j)(5))	15a
	b Low-income housing credit (other)	15b
	c Qualified rehabilitation expenditures (rental real estate) (attach Form 3468)	15c
	d Other rental real estate credits (see instructions) Type	15d
	e Other rental credits (see instructions) Type	15e
	f Other credits and credit recapture (see instructions) Type	15f
Foreign Transactions	16a Name of country or U.S. possession	
	b Gross income from all sources	16b
	c Gross income sourced at partner level	16c
	Foreign gross income sourced at partnership level	
	d Passive e Listed categories (attach statement) f General limitation	16f
	Deductions allocated and apportioned at partner level	
	g Interest expense h Other	16h
	Deductions allocated and apportioned at partnership level to foreign source income	
	i Passive j Listed categories (attach statement) k General limitation	16k
	l Total foreign taxes (check one): (1) Paid (2) Accrued	16l
m Reduction in taxes available for credit (attach statement)	16m	
n Other foreign tax information (attach statement)		
Alternative Minimum Tax (AMT) Items	17a Post-1986 depreciation adjustment	17a 1,183,680.
	b Adjusted gain or loss	17b
	c Depletion (other than oil and gas)	17c
	d Oil, gas, and geothermal properties - gross income	17d
	e Oil, gas, and geothermal properties - deductions	17e
	f Other AMT items (attach statement)	17f
Other Information	18a Tax-exempt interest income	18a
	b Other tax-exempt income	18b
	c Nondeductible expenses	18c 928.
	19a Distributions of cash and marketable securities	19a
	b Distributions of other property	19b
	20a Investment income	20a
b Investment expenses	20b	
c Other items and amounts (attach statement)		

Analysis of Net Income (Loss)

1 Net income (loss). Combine Schedule K, lines 1 through 11. From the result, subtract the sum of Schedule K, lines 12 through 13d, and 16i						1	1,896,351.
2 Analysis by partner type:	(i) Corporate	(ii) Individual (active)	(iii) Individual (passive)	(iv) Partnership	(v) Exempt organization	(vi) Nominee/Other	
a General partners	1,801,533.						
b Limited partners	94,818.						

Note: Schedules L, M-1, and M-2 are not required if Question 5 of Schedule B is answered "Yes."

Schedule L Balance Sheets per Books		Beginning of tax year		End of tax year	
Assets		(a)	(b)	(c)	(d)
1 Cash			-153.		965.
2a Trade notes and accounts receivable		1,723,536.		1,725,034.	
b Less allowance for bad debts		494,573.	1,228,963.	294,780.	1,430,254.
3 Inventories					
4 U.S. government obligations					
5 Tax-exempt securities					
6 Other current assets (attach statement)	Stmt 3		-86,574.		-157,615.
7 Mortgage and real estate loans					
8 Other investments (attach statement)					
9a Buildings and other depreciable assets		1,326,799.		5,732,302.	
b Less accumulated depreciation		-5,532,188.	6,858,987.	-4,966,503.	10,698,805.
10a Depletable assets					
b Less accumulated depletion					
11 Land (net of any amortization)					
12a Intangible assets (amortizable only)		1,224,181.		1,224,181.	
b Less accumulated amortization		183,627.	1,040,554.	428,463.	795,718.
13 Other assets (attach statement)					
14 Total assets			9,041,777.		12,768,127.
Liabilities and Capital					
15 Accounts payable			127,361.		50,380.
16 Mortgages, notes, bonds payable in less than 1 year					
17 Other current liabilities (attach statement)	Stmt 3		881,714.		1,296,281.
18 All nonrecourse loans					
19 Mortgages, notes, bonds payable in 1 year or more					
20 Other liabilities (attach statement)	Stmt 3		2,820,493.		1,783,074.
21 Partners' capital accounts			5,212,209.		9,638,392.
22 Total liabilities and capital			9,041,777.		12,768,127.

Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return

1 Net income (loss) per books	4,426,186.	6 Income recorded on books this year not included on Schedule K, lines 1 through 11 (itemize):	
2 Income included on Schedule K, lines 1, 2, 3c, 5, 6a, 7, 8, 9a, 10, and 11, not recorded on books this year (itemize):		a Tax-exempt interest \$	
3 Guaranteed payments (other than health insurance)		7 Deductions included on Schedule K, lines 1 through 13d, and 16i, not charged against book income this year (itemize):	
4 Expenses recorded on books this year not included on Schedule K, lines 1 through 13d, and 16i (itemize):		a Depreciation \$	2,447,839.
a Depreciation \$		See Statement 3	188,705.
b Travel and entertainment \$	928.	8 Add lines 6 and 7	2,636,544.
See Statement 3	105,781.	9 Income (loss) (Analysis of Net Income (Loss), line 1). Subtract line 8 from line 5	1,896,351.
5 Add lines 1 through 4	4,532,895.		

Schedule M-2 Analysis of Partners' Capital Accounts

1 Balance at beginning of year	5,212,209.	6 Distributions: a Cash	
2 Capital contributed: a Cash		b Property	
b Property		7 Other decreases (itemize):	
3 Net income (loss) per books	4,426,186.	See Statement 4	3.
4 Other increases (itemize):		8 Add lines 6 and 7	3.
5 Add lines 1 through 4	9,638,395.	9 Balance at end of year. Subtract line 8 from line 5	9,638,392.