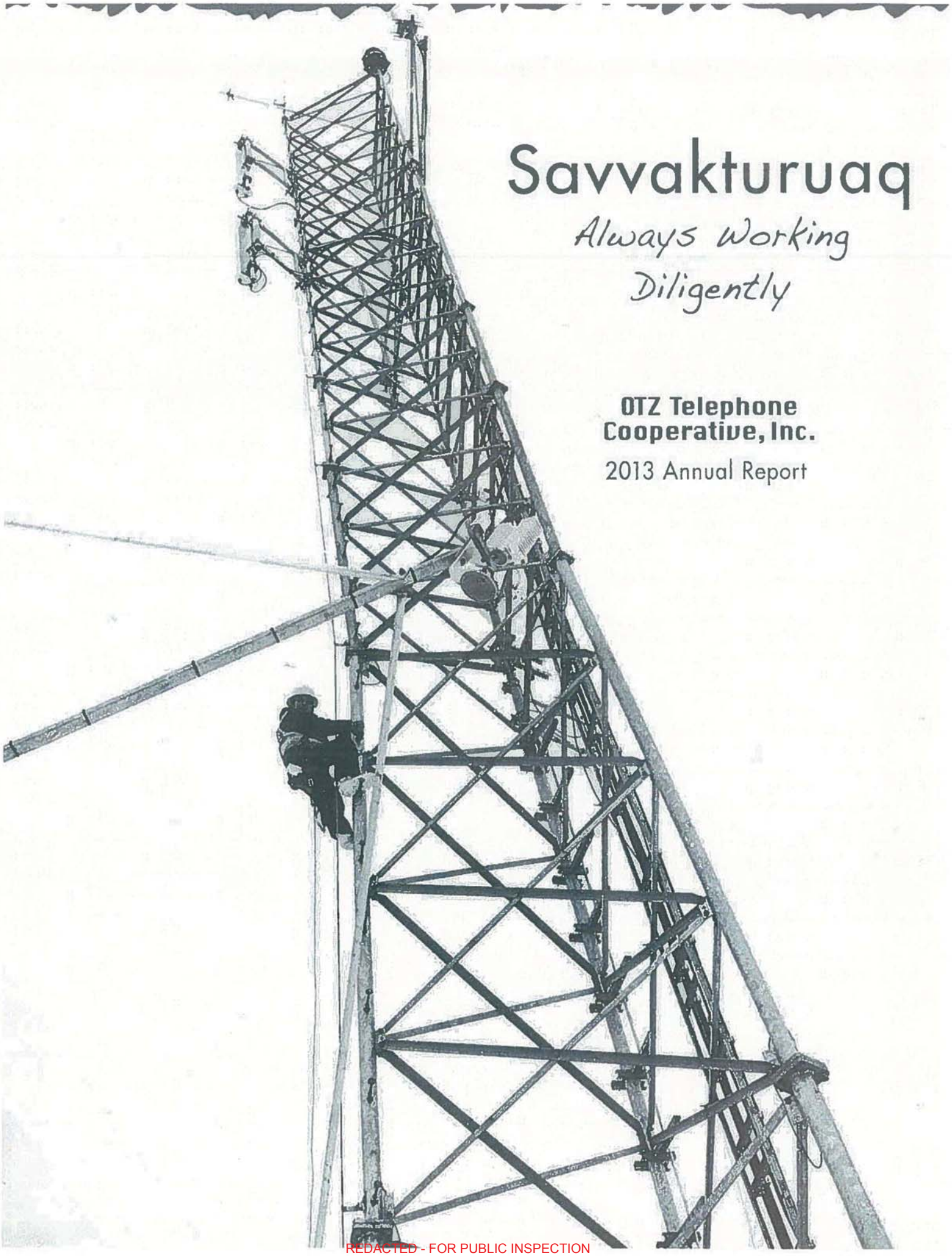

Savvakturuaq

Always Working Diligently

OTZ Telephone Cooperative, Inc.

2013 Annual Report

REDACTED - FOR PUBLIC INSPECTION

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On the Cover: Ricky Wells

LETTER to Members

May 5, 2014

Dear OTZ Members:

Gordon Newlin,
OTZ President

Doug Neal,
OTZ CEO

Some years are more challenging than others and here at OTZ, 2013 was more challenging than most. It started out with great optimism. After five years in the works, we were finally able to close on a $2.4-million loan from the federal government to help us complete the build out of our cellular network to the villages.

However, once the loan was complete but before we could draw on the loan, we had to determine whether there was still sufficient Universal Service Fund support to repay any loan funds borrowed. The analysis revealed that the USF support was just not there. Consequently, we were unable to use the loan and unable to build out our cellular network. This was a big blow.

We are now in the process of filing a waiver with the Federal Communications Commission to allow us to hold onto the current level of support for a little longer. This would allow us to accept the loan and build out the cellular network. The waiver process is expensive ... and the odds are hard to predict but the timing may be good. The FCC direction appears to be changing. There is a new chairman and others in place that may recognize the vital role that OTZ and other small companies play in delivering telecommunication services to its members. One hopeful sign is that the FCC recently discarded a proposed mechanism for limiting support called the quantile regression analysis (QRA). A main criticism of the QRA was the lack of certainty about the support levels it produced. OTZ's problems are also because of a lack of certainty about support levels so this may resonate.

More than ever, we want to thank the employees and board members for staying the course and continuing to work hard for all of the members of the Cooperative and its subsidiary company, OTZ Telecommunications.

Our 2013 accomplishments include switch and cable improvements in Ambler, Kobuk, Kotzebue and Shungnak — with more projects on the horizon.

We look forward to a brighter 2014 — and plan to be working diligently for you and the region for many years to come.

Sincerely,

Doug Neal
CEO

Gordon Newlin
President

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Working For Our Customers

2013 Achievements

- Completed cutover of the new T7000 Central office switch in Kotzebue and retired the DCO legacy switch.
- Installed and cutover to new T7000 switches in Ambler, Kobuk and Shungnak.
- Replaced aerial cable around the Turf Street area in Kotzebue.
- Implemented Point of Sale (POS) system, increasing efficiency in sales and inventory.
- Implemented Internet Provisioning, which allows Internet service to be activated, altered, or deactivated directly from the customer service agent's workstation.
- Added 3-MB & 1-MB DSL rate plans.
- Updated OTZ Telecom logo to better reflect our commitment to supporting communities and bringing advanced technologies to the Northwest Arctic.
- Awarded a $2.4-million loan to expand cellular network to the villages (but unable to draw from it due to lack of USF support).

In the Works For 2014

- Replace aerial cable in Ambler, pending funding.
- Plan for future growth with our existing cable plants.
- Identify service areas with plant issues or increasing demands & schedule updates accordingly.
- File a waiver with the FCC to get the USF support we need to draw from our loan — and then start building out the cellular network to the villages.

Working for Our People, Our Communities

Zonna Lie-Ito OTZ Scholarship Winners

Many congratulations to our 2013 scholarship recipients! Each of these scholars will receive $1,500 per year as a full-time student as long as he or she maintains a GPA of 2.0 or higher. And the winners are...

- **Keolani A. Kotch, Kotzebue High School** (Information Technology at UAA)
- **Katie A. Jones, Buckland High School** (Elementary Education at UAA)
- **Rita R. Ramoth, Kivalina High School** (Nursing at UAF)
- **Noah A. Roetman, Kotzebue High School** (Marketing at Boise State University in Boise, ID)

Community Donations & Sponsorships

OTZ Telecom is proud to support our communities in many ways. In 2013, that meant continuing to work diligently everyday and donating to many organizations, including:

- Northwest Arctic Borough
- Northwest Arctic Borough School District
- NANA Regional Corporation
- Maniilaq Association
- Noorvik IRA
- Selawik IRA
- Kotzebue Search & Rescue
- Noorvik Search & Rescue
- Selawik Search & Rescue
- KOTZ Radio
- Village Annual Spring Clean Ups
- Fourth of July Activities in the Villages

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Savvakturuaq

Always Working Diligently

OTZ is always working diligently for you. While this has been true since the very beginning of the cooperative, we chose the theme of "Savvakturuaq" because it reflects both the everyday hard work of our employees and the perseverance of our leadership in the face of daunting challenges this year.

The big challenge on our minds in 2013 was finalizing a major loan to start the build-out of our cellular network to the villages. After many years in the process, we finally secured the loan...only to be suddenly stopped by lack of Universal Fund support.

Other businesses may be tempted to give up after so much time and effort, but OTZ is much more than a business. We are you, the people of the communities we serve. And we are not giving up.

Above: (L-R) Brenda Schaeffer, Grace Norton, Margie Ubben

Right: Malinda Reich

We will continue to work diligently for you in every way we can, not just in Washington DC but here at home, every day. That means implementing efficiencies that help lower rates. Keeping plant operations well equipped and running reliably. Forecasting and planning for future communication demands. And supporting our communities with scholarships, sponsorships, donations and a personal investment in enhancing the lives, and the traditional lifestyles, of our members.

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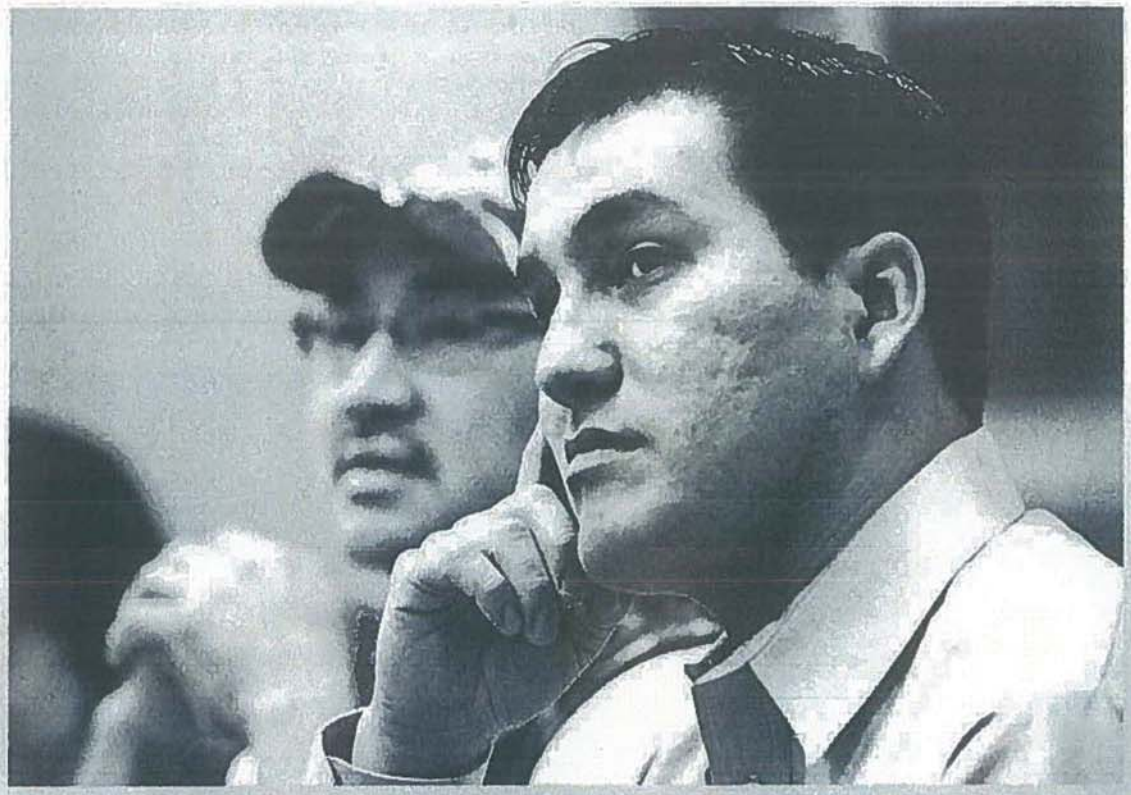
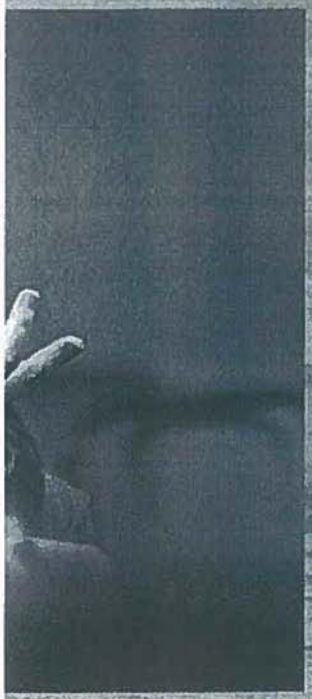


Above: (L-R) Ricky Wells & Carl Weisner

Left: Ann Sieh

Below: Harry Baldwin



We will continue to work diligently for you in every way we can, not just in Washington DC but here at home, every day.

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Savaktillautaq

A Good Worker

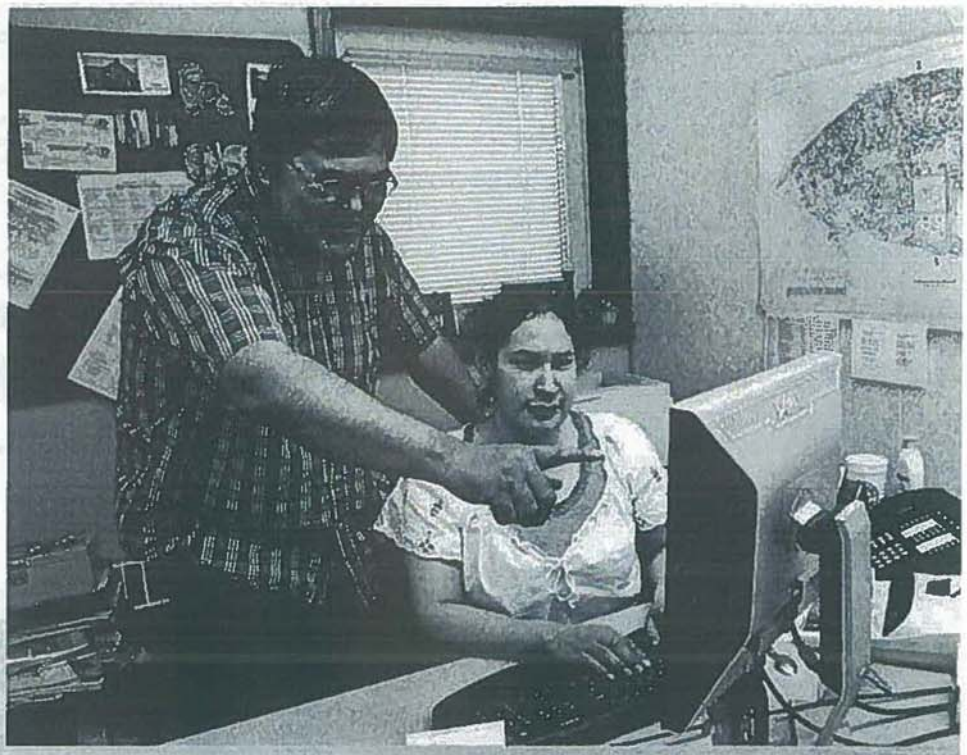
Phyllis J. Ferguson began serving OTZ customers on April 19, 1989. She began as a customer service representative, and immediately became an important asset to the company — and the whole community. She knew everyone's phone number in the region and people would call her up to get a phone number!

In 1995, Phyllis was promoted to billing clerk and then in 2002 she became the front office supervisor — on top of the duties she already had.

She thrived in this role. In fact, she did a terrific job of everything, including closing out the monthly billing cycles and handling the reporting to State & Federal agencies pertaining to all things telephone. She worked closely with our consultants, auditors, and the many businesses throughout the region and state. She brought a great attitude to her work and was a much-valued member of the OTZ team.

After 24 years, Phyllis retired from OTZ in August 2013. Thanks Phyllis for all your years of loyal service to OTZ and its customers. We wish you all the best for the future!

Quyanq — Thank You — Phyllis!



Above: Wilbur Karmun Jr & LeAnn Schaeffer

Right: Caleb Crossan & Dan Savetilik

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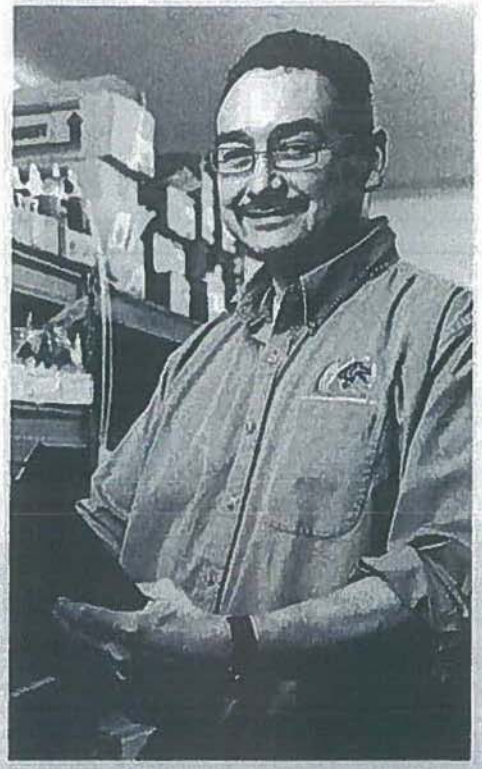

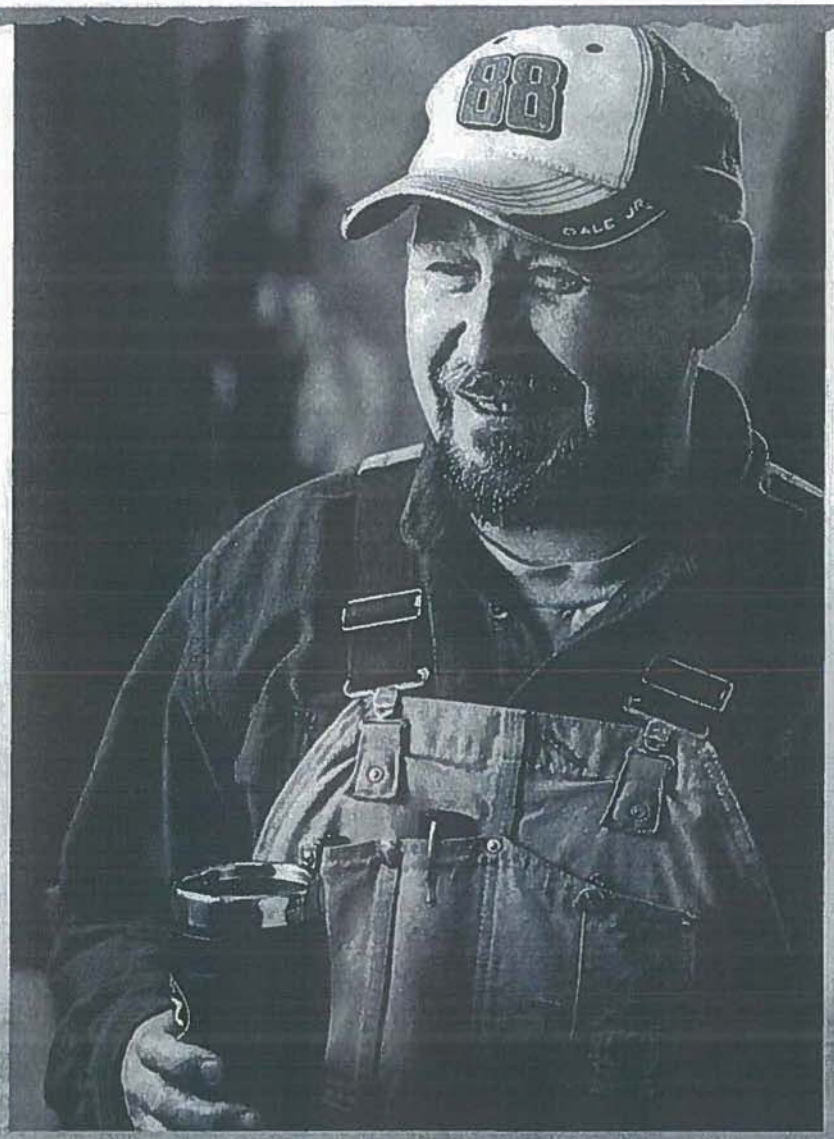

Above left: Donnie Smith

Above right: Harold Lambert

Bottom left: Dan Schultz

Bottom right: Jason Nantelle

2013 OTZ Telephone Cooperative, Inc. Employees

Andrew Baldwin, Jr.
Ann Sieh
Ben Phillips, Sr.
Brenda Schaeffer
Brian Cleveland
Bruce Barr
Chandra Abeyratne
Caleb Crossan
Carl Weisner
Cindy Fields
Culum Campbell
Dan Schultz
Don Smith
Donna McConnell
Doug Neal
Gary Jackson
Grace Norton
Harold Lambert
Harry Baldwin
Isaac Douglas
Jason Nantelle
John W. Baker
LeAnn Schaeffer
Lucy Mae McConnell
Malinda Reich
Margie Ubben
Mark Iten
Melford Booth
Phyllis J. Ferguson
Ricky Wells
Rudy Thomas
Sean Hoffman
Shaun Curtis
Verne Cleveland
Wilbur Karmun

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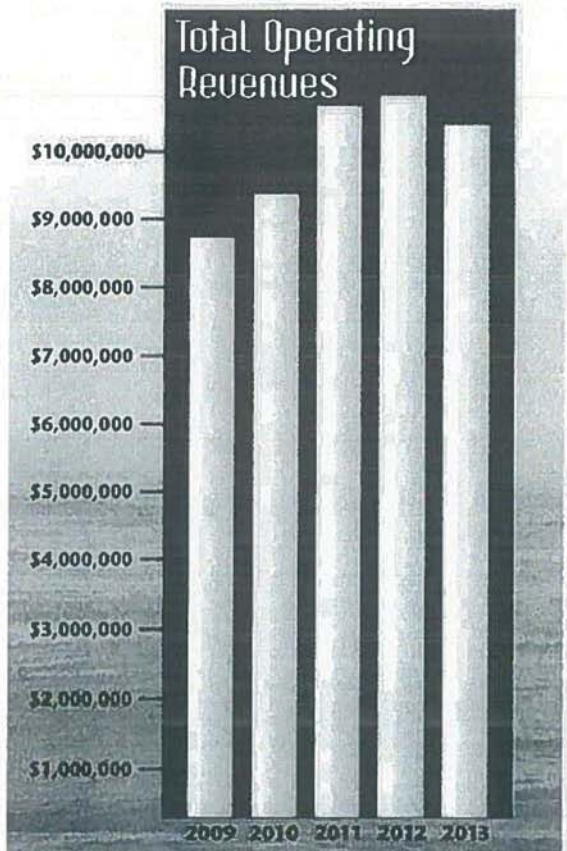

OTZ TELEPHONE COOPERATIVE, INC. and SUBSIDIARY
Consolidated Balance Sheets
Years Ended December 31, 2013 and 2012

Assets		2013	2012
Current assets:			
Cash	$	1,011,380	1,002,286
Accounts receivable, less allowance for doubtful accounts of zero		979,179	1,156,131
Materials and supplies		487,267	448,379
Prepaid expenses		95,361	92,9781
Total current assets		2,573,187	2,699,774
Other assets and investments:			
Other investments		633,845	523,616
Restricted cash		23,834	17,896
Total other assets and investments		657,679	541,512
Property, plant, and equipment:			
In service		31,803,868	31,293,268
Under construction		445,478	1,560,111
		32,249,346	32,853,379
Less accumulated depreciation		19,129,497	19,045,872
Property, plant, and equipment, net		13,119,849	13,807,507
	$	16,350,715	17,048,793

Liabilities and Members' Equity		2013	2012
Current liabilities:			
Current portion of long-term debt	$	1,719,100	1,375,200
Line of credit		-	1,500,000
Accounts payable and accrued expenses		707,576	663,080
Customer deposits		64,292	51,732
Advanced billing		60,127	60,074
Total current liabilities		2,551,095	3,650,086
Long-term debt, net of current portion		7,927,551	7,547,412
Deferred credits		23,834	17,896
Unclaimed capital credits		296,233	296,233
Members' equity:			
Memberships		6,735	7,660
Patronage capital		5,545,267	5,529,506
Total members' equity		5,552,002	5,537,166
	$	16,350,715	17,048,793

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Lucy Mae McConnell

OTZ TELEPHONE COOPERATIVE, INC. and SUBSIDIARY
Consolidated Statements of Operations
Years Ended December 31, 2013 and 2012

		2013	2012
Operating revenues:			
Local network	$	928,372	913,157
Network access		7,595,648	7,748,903
Billing and collection, directory, and other		40,383	58,905
Equipment sales and leases		274,273	312,768
OTZ Telecommunications		1,296,785	1,398,555
Total operating revenues		10,135,461	10,432,288
Operating expenses:			
Plant specific		2,500,039	2,636,357
Plant nonspecific		667,230	580,941
Depreciation		1,647,682	1,575,468
Customer		325,711	306,959
Corporate		1,413,128	1,577,313
Operating taxes		107,721	107,805
Equipment sales and leases		390,940	417,411
OTZ Telecommunications		1,885,033	1,725,261
General and administrative		723,960	488,076
Total operating expenses		9,661,444	9,415,591
Operating margin		474,017	1,016,697
Other income (expense):			
Interest and dividend income		8,776	5,971
Interest expense		(450,493)	(465,418)
Income tax expense		(96,921)	(340,000)
Other gains, net		80,382	56,832
Total other income (expense)		(458,256)	(742,615)
Net margin	$	15,761	274,082

A complete copy of the consolidated financial statements audited by BDO USA, LLP may be seen during regular office hours at: OTZ Telephone Cooperative, Inc., Kotzebue, Alaska.

ANNUAL MEETING MINUTES
OTZ TELEPHONE COOPERATIVE, INC.
May 15, 2013

I. Call to Order

At 7:01 p.m. on May 15, 2013, Board President, Chester L. Ballot, called to order the 38th Annual Meeting of the OTZ Telephone Cooperative, Inc.

He commented that members should have a copy of the agenda and annual report, and informed the members that we were live on KOTZ Radio.

II. Invocation

Chester requested that Larry D. Jones give the invocation. Larry led the members in a prayer.

On a personal note, Chester acknowledged that in two weeks Larry's son will be home from the Marines: we want to wish him a great welcome in Kotzebue and in Noatak.

III. Determination of Quorum

Chester informed the membership that the notice of the annual meeting was mailed out in late January. The ballots were sent out on April 19th. It was determined that with more than 50 members in attendance a quorum was established. At that time, LeAnn replied, "Yes we have a quorum!"

IV. Early Bird Drawing

After an explanation of how the raffle was going to be run, Ann Sieh, LeAnn Schaeffer and Caleb Crossan conducted the early bird drawing. The first draw was attendee Morris Douglas who picked the fishing rod and drew mail-in winner Patsy Hingsbergen of Selawik. Telcom attendee Ben Phillips picked a turkey donated by the City of Kotzebue. The second draw was attendee Cheryl Jones who picked the 38-quart Marine Igloo cooler and drew mail-in winner Warren Thompson of Kotzebue. Telcom attendee Donna McConnell picked the sleeping bag.

V. Approval of Annual Meeting Minutes of May 16, 2012

Tom Okleasik moved to approve the minutes of the Annual Meeting of May 16, 2012, and was seconded by Red Seeberger. Motion passed unanimously.

Chester took the time to say a very big thank you to Hadley Ferguson for eleven years outstanding customer service. Hadley was hired on January 22, 2001 as a customer service representative. She excelled in this role. Her duties included providing customer service for Kotzebue businesses, OTZ's Rural Alaska Telephone Directory, Member's Capitol Credits and Delinquent Accounts. Hadley is a kind and helpful person who was always a pleasure to work with. In addition

Annual Meeting Minutes, Continued on Page 8...

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to doing her own job, she was extremely helpful to the front office staff and would readily cover the phones if they got busy or were shorthanded. She brought a great attitude to her work and was a much-valued member of the OTZ team. Thanks Hadley for all your years of loyal service to OTZ. The board and staff of OTZ wish you all the best for the future. We will miss you.

VI. Election of Two Directors – from District 2 (Kiana, Noorvik, Selawik) and District 3 (Buckland, Deering)

Chester informed the membership that we have followed the guidelines that are set in the bylaws regarding the nominations and elections. He then read the pertinent bylaws. Ann thanked the nominating committee members, Pierre Lonewolf, Sophie Foster of Kotzebue and Clyde Ramoth of Selawik, who met in March to make the selections. . The committee selected members of the cooperative who they thought might be interested in running for the two open board seats. Following that committee meeting, Ann sent letters to the nominees: the nominees who accepted the nomination were listed on the ballot.

Chester informed the membership of the election of two directors and then read the list of nominees from the ballot that was mailed to all members:

District 2 (Kiana, Noorvik, Selawik): Janet Henry (Kiana), Gordon Newlin, Incumbent (Noorvik) and Tommy Ballot Sr. (Selawik).

District 3 (Buckland, Deering): Eunice Hadley, Incumbent (Buckland).

Chester notified the members that he had to wait for one minute to pass and asked if there were any more nominations from the floor. Since there were no additional nominations, he noted that the nominations were closed.

Chester asked if there were any more ballots for the staff to pick up. He requested and received six volunteers from the membership to help Ann count the ballots.

VII. New Business

There was no new business.

VIII. Reports

A. Board

Chester informed the membership that he attended a Legislative & Policy Conference in Washington, DC. The delegation met with Congressman Young, Senator Begich, and Senator Murkowski to discuss rural telephone issues, including the high cost of providing telephone service in rural areas. He shared with the delegates that there is a significant difference between conditions in rural Alaska and rural conditions in the rest of America.

Chester then introduced the current board of directors representing the seven districts:

District 1 (Ambler, Kobuk, Shungnak) Jane Cleveland.

District 2 (Kiana, Noorvik, Selawik) Gordon Newlin, Secretary/Treasurer.

District 3 (Buckland, Deering) Eunice Hadley.

District 4 (Kivalina, Noatak, Red Dog) Larry D. Jones.

District 5 (Kotzebue) Marie N. Greene, who is the telecom president.

District 6 (Kotzebue) Chester L. Ballot.

District 7 (Kotzebue) Lucy S. Nelson.

Chester turned the meeting over to CEO Doug Neal.

B. Management

Doug thanked the board president and welcomed everyone saying, "It's great to see everyone here on a kind of snowy evening. I'm glad everyone made the time to come out and spend a couple of hours with us. First, I want to thank Ann Sieh; she is the gal that puts together this entire annual meeting." He explained that organizing this meeting takes a tremendous amount of time and effort, starting in early January. A great deal of detail work is required to make an event like this look easy and Ann does make it look effortless. He went on to say, "When you see her, please do thank her for the great job she does to make this evening look so easy, and even though she can't hear us, let's give Ann a round of applause."

He then shared that many months ago we applied for a $2.4 million loan that would allow us to build out our cellular network to all our villages. After a long and arduous process, we were finally able to get that loan closed out. Over the next 12 months, we will be installing 3G wireless switches in all the villages and in Kotzebue.

He shared with the membership that the Federal Communications Commission's (FCC's) primary focus over the past three years has been implementing the National Broadband Plan. While having this broadband plan would seem to be good public policy, and it certainly sounds good, it has actually been quite harmful to little companies like OTZ and other small rural companies in Alaska and throughout rural America. For example, irrespective of the cost to build out a network, people in Washington, DC, who have never been to rural Alaska, are using mathematical modeling to show what they think it costs to build out a network. As one of their model inputs, they use road miles and even with something as simple as this, they used bad data. For the North Slope, they used 2,429 miles of road, when in reality there are only 220 miles. Arctic Slope Cooperative had to make repeated visits back to the FCC and spend over $100,000 in consulting fees to show the FCC that there are no roads connecting the villages out there and that caribou trails do not count! The FCC also has in its model that it is less expensive to build in rural Alaska than it is in Ohio. We will continue to do our best to put pressure on the FCC to do the right thing for rural Alaska.

We have two middle mile projects on the horizon that we are excited about. Right now all middle mile transport goes over the satellite, so whenever you make a phone call, anything that goes on the Internet has to go over the satellite. Currently, there are two projects that are working their way toward us: GCI is building out its terrestrial network up from Nome, and Quintillion Network is planning on running undersea fiber off a backbone spur that's going to run between Japan and England via the Northwest Passage. The GCI project is supposed to take place in the next couple of years. This summer they are supposed to do the survey work, and next summer they are supposed to lay the cable, and run the spurs at about the same time. We are excited about the options that both projects bring to OTZ, and the options it's going to give us for middle mile transport. Our concern with the GCI microwave project is that although much of the network was built with federal dollars, GCI seemed to be treating it as if it was a privately built network. To ensure that other small businesses have equal access to this network will likely require federal oversight by the Regulatory Commission of Alaska. In an ideal world, we will have the opportunity to use either GCI or Quintillion to access the middle mile transport, and hopefully this will bring down the cost. Right now, if you want to buy an Internet circuit, everything is really expensive. It's our hope that the terrestrial network will work or that the submarine fiber that comes to town will drop prices to a much more affordable level for Internet and other similar data services. We are looking forward to those two projects taking place and we think they will bring real benefits to the region.

Doug then introduced our Outside Plant Manager Ben Phillips.

Ben greeted the members, and informed them that before he talked about the projects that we did last year and the projects that we are going to do, he wanted to introduce the staff of the Outside Plant.

Don Smith, purchasing agent/building coordinator; Harold Lambert, warehouseman/expeditor; Wilbur Karmun, Jr., central office technician; Margie Ubben, central office technician; Chandra Abeyratne, COE administrator; Dan Schultz, COE installer; Harry Baldwin, foreman/journeyman splicer; Ricky Wells, construction foreman/journey lineman. Our village representatives: Brian Cleveland of Ambler; Rudy Thomas of Buckland; Bruce Barr of Deering; Shaun Curtis of Kiana; Andrew Baldwin of Kivalina; Melford Booth of Noatak; Vernon Adams of Noatak; Verne Cleveland of Noorvik; Sean Hoffman of Noorvik; Gary Jackson of Selawik; and Isaac Douglas of Shungnak. Our engineers: Gerald Gardner and Jeff Simpson of Mid State Consultants; John Baker of the IBEW; and Frank Simpson of St. Elias Communications.

REDACTED - FOR PUBLIC INSPECTION

Ben summarized the projects completed in 2012:

We installed new central office switches in Ambler and in Kobuk, but the more challenging project was in Kotzebue.

We upgraded the aerial cable in Kotzebue, between the Rec. Center and NW Inupiaq Housing offices; it was a large feeder cable that needed to be replaced.

We spent a year in Ambler rebuilding the outside plant; that cable was old and we would like to replace it to tie it into the new switch there. We completed Phase 1 this past summer and we are working on funding for Phase 2 with the goal of completing it by this fall.

He shared what is ahead. We would like to:

- Complete the Shungnak central office by mid-July.
- Do upgrades in all our central offices.
- Do some maintenance to improve all our equipment.
- Do various upgrades to cable plant in each village; pending Ambler's financing, we would like to get to all the villages.

Ben then introduced OTZ Telecommunications Operations Manager Carl Weisner.

Carl thanked Ben, Doug, Chester and Ann. He greeted the membership and thanked them for coming to the meeting. He then introduced his staff: Malinda Reich, our billing clerk, who is out of state this evening and Caleb Crossan, who is a customer service representative.

Carl also introduced the Internet Department: Mark Iten, our network administrator; Jason Nantelle, our Internet systems administrator; and Culum Campbell, our network systems technician.

He then shared a little bit about OTZ Telecom, which is a wholly owned subsidiary of OTZ Telephone Cooperative that provides cellular, Internet, and long distance service.

Carl presented his overview of 2012:

A Wi-Fi network was built in Kotzebue that can be used from any device, whether it is your iPad, phone or laptop and provides speeds as fast at 1.5mb, which is really useful. OTZ DSL subscribers can connect to this network for free.

We also doubled our DSL monthly transfer amounts and increased our upload speeds. OTZ overage charges are at very low rates.

We are in the process of building out the wireless network to include the villages that are not covered yet (Kotzebue, Noorvik and Selawik are covered now). In Phase 1 we would like to get Kivalina, Noatak, Kiana and Shungnak connected as well: these four villages have towers and antennas, but do not have the switching equipment yet. Phase 2 will extend the wireless network to Buckland, Deering, Ambler and Kobuk. These villages will get 3G service that will extend out of town approximately 18 miles.

He then highlighted the rate plans for cellular service such as Alaska 200 and the Nationwide plans. We also have an Aana's and Taata's plan. We have free co-op phones: if you don't have a phone and you are a member in good standing, you can pick one up from Caleb. By popular demand, we have two options: the Samsung Galaxy S4 phone and the iPhone.

Our largest DSL rate plan has a 50GB data transfer amount per month and our overage rates are really inexpensive. If you have an OTZ cell phone, you get a huge Internet discount. For example, if you have one phone you get $40 off and if you have four phones you get $75 off Internet service plus free access to Wi-Fi.

Carl then introduced Brenda Schaeffer who introduced the front office staff.

Brenda greeted the membership, her parents Paul and Gussie Norton in Noatak, and everyone present at the meeting or listening on KOTZ.

She introduced the front office staff: Phyllis Ferguson, billing clerk; Cindy Fields, billing assistant; Grace Norton, customer service representative; and LeAnn Schaeffer, customer service representative.

She shared with the membership that OTZ would like to encourage customers to sign up for E-bill, to go green and paperless. Customers who use E-bill view their statements online (or stop by the OTZ office). It's one way customers can help OTZ keep rates low.

She also shared with members that OTZ offers the Lifeline/Linkup Program for $1.00 per month; qualifying customers can get it for either their home or cell phone. To sign up, call or stop by the office.

She then introduced the accounting staff: Lucy Mae Lambert, who was listening on the radio, is our accounting clerk; and Donna McConnell, is the accounting clerk who does our accounts payable and accounts receivable.

C. Finance

Brenda then went into the financial reports, informing the membership that the presentation is a summary from the consolidated financials and includes activities of the co-operative and telecom; this information can also be found in your annual report. The detailed financial statements are available during our regular office hours.

The financial statements were audited by Mikunda/Cottrell, which issued a clean opinion. A clean opinion means the statements were accurate in accordance with generally accepted accounting principles.

Brenda reported on the 2012 assets, liabilities, members' equity, statement of operations, operating revenues, total customers, total operating revenue, and summary of significant cash transactions. She then turned the meeting back to President Chester Ballot. Chester thanked everyone for their reports, from Doug and his staff.

IX. Unfinished Business

There was no Unfinished Business.

Chester gave the membership an opportunity for questions for the board or staff.

Eda Wilson, said that OTZ is doing a great job and thanked the board for everything they are doing for the members and said, "Keep up the good work. Thank you." Chester thanked Eda for the comment.

Alice Sheldon greeted everyone and stated, "I am Moira Sheldon's mother. I just want to say thank you to Carl for donating 10 OTZ cell phone bags when we were fundraising for Moira to go to Australia." She shared that a kindergarten boy who won an OTZ cell phone bag felt like he was a grand-prize winner. Chester thanked her for sharing that and then thanked Carl.

At this time, they stood at ease to wait for the election results.

X. Election Results

Chester introduced Ruth Schaeffer who presented the election results.

Ruth gave them as follows:

District 2 (Kiana, Noorvik, Selawik) – Janet Henry (Kiana) with 67 votes; Gordon Newlin, Incumbent (Noorvik) with 171 votes; and Tommy Ballot Sr. (Selawik) with 79 votes. The winner for District 2 is Gordon Newlin (Noorvik) with 171 votes.

District 3 (Buckland, Deering) – Eunice Hadley, incumbent with 299 votes.

Ann thanked Ruth Schaeffer, Red Seeberger, Annette Richards, Clara Walker, Iva Woods, and Norma Rae for helping us out. Chester also thanked them for helping out. He then congratulated both Gordon and Eunice.

XI. Drawing of Door Prizes

Ann, LeAnn and Caleb volunteered to help with the final drawing. The drawing of door prizes was held and the following winners were announced: attendee, Ellen Booth, picked the 170-piece Professional Tool Set and drew mail-in winner, Emma S. Norton of Selawik, to receive the same prize. Telcom attendee, Raymond Coppock, picked the 9-piece Fisherman's Tool Set; attendee, Culum Campbell, picked the 20-piece flatware set and drew mail-in winner, Morris Douglas of Kotzebue. Telcom attendee, Donna McConnell,

Annual Meeting Minutes, Continued on Back Cover...

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picked a Deluxe Arm Chair; attendee, Brenda Schaeffer, picked the turkey donated by the City of Kotzebue and drew mail-in winner, Caleb and Lucille Wesley of Kivalina. Telcom attendee, MaryAnn Wilson, picked the 3-piece non-stick skillet set; attendee, Chandra Abeyratne, picked the 6-piece glass mixing bowls and drew mail-in winner, Timothy B Jorgensen of Selawik. Telecom attendee, Helen Barger, picked a 20-piece flatware set. Attendee, Alice Sheldon, picked the sleeping bag and drew mail-in winner, Larry Sr. and Christina Westlake of Kiana. Telcom attendee, Norma Rae, picked the Thermos bottle. Attendee, Raven Hunnicutt, picked the deluxe armchair and drew mail-in winner, Josephine K. Sampson of Kotzebue. Attendee, LeAnn Schaeffer, picked the Thermos bottle and drew mail-in winner, Wanda Dufrane of Kotzebue. Telcom attendee Lance Kramer picked the 170-piece professional tool set. Attendee, Allison Crossan, picked the 3-piece non- stick skillet set and drew mail-in winner, Emma Berry of Shungnak. Telcom attendee, Jack Hyatt, picked the fishing rod. Attendee, Iva Baker, picked the expandable digital cordless answering system and drew mail-in winner, Ron Moto of Deering. Telcom attendee, Donene Stein, picked the turkey donated by the City of Kotzebue. Attendee, Christine Barger, picked the 9-piece fisherman's tool set and drew mail-in winner, Denny and Cathleen McConnell of Kotzebue. Telcom attendee, Culum Campbell, picked 6-piece mixing bowls. Telcom attendee, Kenny Stein, picked the expandable digital cordless answering system and telcom attendee, Molly Sheldon, picked the 38qt marine Igloo cooler. The Grand Prize Drawing: attendee Susie Sours, picked the Apple iPad with 32G w/smart case and drew mail-in winner, Alice Swan, of Kivalina. Telcom attendee, Jason Nantelle, picked the drum of gas or stove oil. Attendee, Helen Barger picked the 8 X 10 fire retardant wall tent and drew mail-in winner, Norman Ticket, of Selawik. Telcom attendee, Ben Philips, picked the Apple iPad with 32G w/smart case. Attendee, Ruth Nelson, picked the drum of gas or stove oil and drew mail-in winner, Warren Thompson, of Kotzebue. Telcom attendee, Sheila Stein, picked the 8 X 10 fire retardant wall tent.

Chester commented that Ann always gets the fun part and thanked Ann and her staff for handing out the door prizes.

XII. Adjournment

Red Seeberger moved to adjourn, seconded by Tom Okleasik. The meeting adjourned at 8:35 p.m.

Thank you KOTZ Radio Station for sending this meeting out live and we stand adjourned.

OTZ Telephone Cooperative, Inc. Board of Directors

Gordon Newlin,
President
Dist. 2: Kiana, Noorvik, Selawik

Lucy S. Nelson,
Vice President
Dist. 7: Kotzebue

Jane Cleveland,
Secretary/Treasurer
Dist. 1: Ambler, Kobuk, Shungnak

Marie N. Greene,
Director
Dist. 5: Kotzebue

Larry D. Jones,
Director
Dist. 4: Kivalina, Noatak, Red Dog

Eunice Hadley,
Director
Dist. 3: Buckland, Deering

Chester L. Ballot,
Director
Dist. 6: Kotzebue

OTZ Telephone Cooperative, Inc.

346A Tundra Way
P.O. Box 324 • Kotzebue, Alaska 99752
Phone: 907-442-3114 • 800-478-3111
Fax: 907-442-2123
www.otz.net

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EXHIBIT B

Affidavit of Carl Weisner

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Before the
Federal Communications Commission
Washington, DC 20554

ETC Annual Reports and Certifications	)	WC Docket No. 14-58

Affidavit of Carl Weisner

STATE OF ALASKA)
)ss.
NORTHWEST ARCTIC BOROUGH)

Carl Weisner, after being duly sworn, states the following:

1. I have personal knowledge of the facts and information set forth in this Affidavit and I am competent to testify to these facts if called as a witness.

2. I am the Operations Manager of OTZ Telephone Company, Inc. ("OTZ Telephone"). I have read the Certification to which this Affidavit is attached. I have knowledge of the facts stated in the Certification and those facts are true to the best of my knowledge and belief.

3. During the year 2014, in addition to my role at OTZ Telephone, I served as the President of the Northwest Arctic Borough Assembly. As President, I met with various members of the regional leadership on a monthly basis. During some of these meetings, I met with Tribal leaders of the villages where OTZ Telephone had construction projects in the development, planning or execution phase.

4. In meetings with Tribal leaders, we discussed how OTZ Telephone might serve the Tribal village and how the Tribal leaders could be involved in supporting OTZ Telephone's construction projects.

Carl Weisner, Operations Manager

Subscribed and sworn before me on
June 25, 2015.

OFFICIAL SEAL
Ann Sieh
Notary Public - State of Alaska
My Commission Expires 4/20/17

Notary Public

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RCA No. 83 Original Sheet No. 527

Cancelling Sheet No.

RECEIVED
JAN 11 2006
State of Alaska
Regulatory Commission of Alaska

OTZ TELEPHONE COOPERATIVE, INC.

RATE SCHEDULES

RESIDENTIAL EXCHANGE ACCESS SERVICE

A. Applicability

The rates and terms specified herein apply to residential customers where facilities and conditions permit within the local exchange areas as defined on the maps filed as part of this tariff.

The monthly recurring charges for this service are in addition to all other applicable rates and charges filed in this tariff.

B. Rates

	Monthly Recurring Charge
Each Access Line	$16.55

Pursuant to:
U-03-85 (11)
& U-03-85 (12)

Tariff Advice No. 41-83 Effective: February 9, 2006

Issued By: **OTZ TELEPHONE COOPERATIVE, INC.**

By: Doug Neal Title: Chief Executive Officer

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