

MAY 2013

Q QUINTILLION NETWORKS



What is Quintillion Networks?

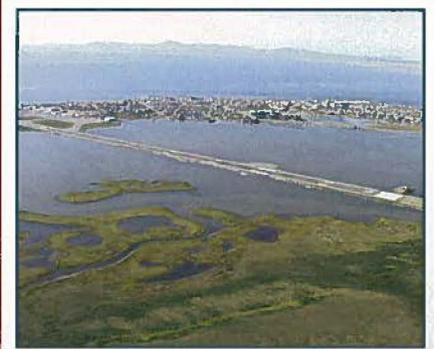
Quintillion Networks, LLC is an Alaskan company building a fiber optic cable network as an alternative to current satellite communications. The initial Quintillion technical team also includes Arctic Slope Telephone (ASTAC), OTZ Telephone, TelAlaska, New Horizons

Telecom (NHTI), Umiq and Alaska Communications.

Another company, Arctic Fibre Inc. (AFI) is building a northern subsea cable between London and Tokyo, passing by the Alaska coast. Quintillion will connect this subsea cable to the

shore and then link to the local communications providers, who will distribute directly to customers.

Visit our website at: www.QuintillionNetworks.com for more information.



Quintillion is leveraging this unique opportunity to bring high-speed broadband internet to the Alaskan coastal communities of Nome, Kotzebue, Wainwright, Barrow and Prudhoe Bay. Services may expand beyond the landing communities as the distribution infrastructure is developed with the local providers.

Ms. Marlene H. Dortch
 Secretary
 Federal Communications Commission
 445 12th Street, S.W.
 Washington, D.C. 20544

Re: WC Docket Nos. 10-90 and 11-42, Annual 47 C.F.R. § 54.422(a)(2) Certification via Form 481, Line No. 1210

Dear Ms. Dortch:

Please accept this letter as certification that **OTZ Telephone Cooperative, Inc.** offers Lifeline services as set forth in 47 C.F.R. §54.422(a)(2). The following information describes the terms and conditions of all voice telephony service plans offered to Lifeline subscribers.

For its Wireline Lifeline service, **OTZ Telephone Cooperative, Inc.** charges subscribers \$0.01 per month. This amount includes all federally mandated charges and access fees. Subscribers receive unlimited local minutes per month. To qualify, a subscriber must fill out an application and certify that they meet the federal guidelines; copies of both are included on the following pages.

OTZ Telephone Cooperative, Inc. has also provided a copy of its Enhanced Lifeline tariff page. Additionally, **OTZ Telephone Cooperative, Inc.** has provided copies of OTZ Telecommunications Inc. d/b/a OTZ Long Distance's tariff which includes rates for additional services available to subscribers upon request. In order to add long distance service, a deposit of \$90.00 is required. Tariff sheets include:

- Custom calling features
- Long distance service
- Toll free service
- Calling card service

Sincerely,



Douglas A. Neal
 Chief Executive Officer



OTZ TELEPHONE COOPERATIVE, INC.

P.O. BOX 324
 KOTZEBUE, ALASKA 99752
 (907) 442-3114
 FAX (907) 442-2123
 1-800-478-3111

Lifeline Assistance Certification Form page 1 of 2

| | |
|---|--|
| Name | |
| Residential Address (Must not be a P.O. Box) | |
| Mailing Address | |
| Telephone Number | |

Date of Birth:(mm/dd/yyyy) _____ **Last 4 digits of Social Security #:** _____

Please answer the following questions:

1. Are you currently participating in any of the following programs? *(Check & provide documentation for all that apply)*

1. Medicaid (Medical Assistance Program)
2. Supplemental Nutrition Assistance (AK Food Stamp Program –Alaska Quest)
3. Supplemental Security Income (SSI)
4. Federal Public Housing Assistance (FPHA) Section 8
5. Low-Income Home Energy Assistance Program (LIHEAP)
6. Bureau of Indian Affairs General Assistance
7. Tribally-Administered Temporary Assistance for Needy Families
8. Head Start Program (only those meeting income qualifying standard)
9. National School Lunch Program (NSLP) Free Lunch Program
10. Alaska Temporary Assistance Program
11. Alaska Adult Temporary Assistance Program
12. VA Disability Pension
13. Child Care Assistance Program – PASS I, II & III
14. Woman, Infants and Children Program (WIC)
15. Alaska State Housing Corporation Programs
 - i. Public Housing
 - ii. Interest Rate Reduction for Low Income Borrowers
 - iii. Home Investment Partnership Program (HOME)
 - iv. Low Income Housing Tax Credit Program
16. Senior Citizen Housing Development Fund
17. State of Alaska Heating Assistance Program
18. Pioneer Home Payment Assistance
19. Denali Kid Care
20. Senior Care

***NOTE: Any documentation received with the certification form will not be kept or stored by the local telecommunications provider.**



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Lifeline Assistance Certification Form page 2 of 2

2. Is your income at or below 135 percent of the Federal Poverty Guidelines?
Yes No (*Proof of income is required)

If yes, how many persons are in your household?

3. Are you or anyone else in your household currently receiving any low-income assistance from any other wireline or wireless telephone provider?
Yes No

CERTIFICATION

By signing below, I certify under penalty of perjury the information contained within this certification form is true and correct to the best of my knowledge:

- I have read the information on this certification form and understand that I must meet the qualifications listed on this form to receive assistance from this program.
I understand that willfully providing false or fraudulent information to receive a Lifeline benefit is punishable by law. I have read the information on this certification form and understand that I must meet the qualifications listed on this form to receive assistance from this program.
I understand that willfully providing false or fraudulent information to receive a Lifeline benefit is punishable by law.
I understand that Lifeline is a government benefit program and willfully making false statements in order to obtain that benefit can be punished by fine or imprisonment, or that I can be barred from the program.
I agree to provide documentation of my eligibility, when required to do so.
By participating in this government program, I agree to provide my personal information to the national database. I understand that failure to comply will deny me the Lifeline benefit.
I certify that my household is receiving no more than one Lifeline-supported service and understand that violation of this requirement will result in de-enrollment from the program and could result in criminal prosecution.
I understand that I may not transfer my service to any other individual.
I acknowledge that I may be required to re-certify my eligibility for Lifeline at any time and failure to re-certify my continued eligibility will result in de-enrollment and termination of Lifeline benefits. Initial here:
I understand that I must notify my telecommunications provider within 30 days if I no longer qualify for Lifeline service and may be subject to penalties if I fail to do so.
If I move to a new address, I agree to provide my new address to OTZ Telephone Cooperative, Inc. within 30 days.
I understand completion of this certification form does not constitute immediate acceptance into this program.

Signature Date

Prompt return of this certification form to your local telephone provider is necessary to ensure proper credits to your account. Certified low-income telephone assistance subscribers will receive a re-certification form annually from their local telecommunications provider and must return that form to their telecommunications provider within 30 days to ensure the continuation of assistance benefits.

SERVICE PROVIDER USE ONLY

Telephone # associated with Lifeline service:

Initiation Date:

De-enrollment Date:

RCA No. 83 First Revision Sheet No. 517

Cancelling Original Sheet No. 517

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JUN 19 2012

STATE OF ALASKA
REGULATORY COMMISSION OF ALASKA

OTZ TELEPHONE COOPERATIVE, INC.

RATE SCHEDULES

ENHANCED LIFELINE SERVICE

A. Applicability

The rates and terms specified herein apply to all residential customers of the Telephone Company who apply for Residential Exchange Access Service and who meet the means test specified in 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

| | <u>Monthly Recurring Charge</u> | |
|---------------------------|---|---|
| Enhanced Lifeline Service | \$0.00 | R |

The reductions from the local residential service charges are from state and interstate universal service funds.

Tariff Advice No. 58-83 Effective: _____

JULY 1, 2012

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

By: _____
Doug Neal

Title: Chief Executive Officer

RCA No. 83 Original Sheet No. 507

Cancelling _____ Sheet No. _____

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OCT 29 2004

State of Alaska
Regulatory Commission of Alaska

OTZ TELEPHONE COOPERATIVE, INC.

RATE SCHEDULES

CUSTOM CALLING SERVICES

A. Applicability

Custom Calling Services are optional telephone service arrangements which provide enhanced services. The features specified herein apply to residential and business customers where facilities and conditions permit within the exchange area and are subject to compatibility with other optional features.

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

B. Rates

| | <u>Monthly Recurring Charge</u> |
|--------------------------|---|
| Anonymous Call Rejection | \$3.95 |
| Automatic Call Return | \$0.85 |
| Automatic Redial | \$0.85 |
| Call Blocking – Per Call | N/C |
| Call Blocking – Per Line | N/C |

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
C:\Tariffs\OTZ\507

RCA No. 83 Original Sheet No. 508
 Cancelling _____ Sheet No. _____

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State of Alaska
 Regulatory Commission of Alaska

OTZ TELEPHONE COOPERATIVE, INC.

RATE SCHEDULES

CUSTOM CALLING SERVICES

B. Rates (Continued)

| | <u>Monthly Recurring Charge</u> |
|----------------------------------|---|
| Call Forwarding | \$1.50 |
| Call Waiting | \$3.45 |
| Caller ID | \$6.95 |
| Distinctive Ringing/Call Waiting | \$0.85 |
| Personal ID | \$3.95 |
| Selective Call Acceptance | \$0.85 |
| Selective Call Forwarding | \$0.85 |
| Selective Call Rejection | \$3.95 |
| Speed Dialing – Short List | \$1.50 |
| Speed Dialing – Long List | \$3.05 |
| Three-Way Calling | \$3.45 |

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
 C:\Tariffs\OTZ\508

RCA No. 83 Original Sheet No. 509

Cancelling _____ Sheet No. _____

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State of Alaska
Regulatory Commission of Alaska

OTZ TELEPHONE COOPERATIVE, INC.

RATE SCHEDULES

CUSTOM CALLING SERVICES

B. Rates (Continued)

Monthly
Recurring
Charge

• **Restriction Services**

| | |
|---|--------|
| Call Blocking – 411 Directory Assistance | \$0.85 |
| Call Blocking – 900 Toll Service | N/C |
| No Incoming Collect/3 rd Party | N/C |
| Originating Toll Service Restriction | N/C |
| Restricted Sent Paid | \$0.85 |

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

RCA No. 83 Original Sheet No. 510

Cancelling Sheet No. _____

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State of Alaska
Regulatory Commission of Alaska

OTZ TELEPHONE COOPERATIVE, INC.

RATE SCHEDULES

CUSTOM CALLING SERVICES

B. Rates (Continued)

The following Custom Calling Services are offered at a discount for each package.

| | <u>Monthly Recurring Charge</u> |
|--|---|
| <ul style="list-style-type: none"> • Basic Bundle <li style="padding-left: 20px;">- Call Forwarding <li style="padding-left: 20px;">- Call Waiting <li style="padding-left: 20px;">- Caller ID | \$ 8.50 |
| <ul style="list-style-type: none"> • Deluxe Bundle <li style="padding-left: 20px;">- Anonymous Call Rejection <li style="padding-left: 20px;">- Call Blocking – 411 Directory Assistance <li style="padding-left: 20px;">- Call Blocking – 900 Toll Deny <li style="padding-left: 20px;">- Call Waiting <li style="padding-left: 20px;">- Caller ID <li style="padding-left: 20px;">- Personal ID <li style="padding-left: 20px;">- Selective Call Rejection | \$12.50 |

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
C:\Tariffs\OTZ\510

RCA No. 511 Third Revision Sheet No. 5.2

Cancelling Second Revision Sheet No. 5.2

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STATE OF ALASKA
REGULATORY COMMISSION OF ALASKA

OTZ Telecommunications, Inc. d/b/a OTZ Long Distance

CALLING PLANS

INDEX

| | <u>Subject</u> | <u>Sheet</u> | |
|----|-------------------------------------|--------------|---|
| A. | One Simple Rate Plan | 5.3 | |
| B. | | | D |
| C. | Small Business One Simple Rate Plan | 5.5 | |
| D. | | | D |
| E. | | | D |
| F. | High Volume Business Plan | 5.10 | |

D=Deleted 10-20 Plan, Small Business One Simple Rate Plan for Internet Customers and Small Business One Simple Rate Plan for Internet/Cellular Customers

Tariff Advice No. 24-511

Effective: August 1, 2011

Issued By: **OTZ TELECOMMUNICATIONS, INC., d/b/a OTZ LONG DISTANCE**

By: Douglas A. Neal

Title: Chief Executive Officer

RCA No. 511 Second Revision Sheet No. 5.3

Cancelling First Revision Sheet No. 5.3

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STATE OF ALASKA
REGULATORY COMMISSION OF ALASKA

OTZ Telecommunications, Inc., d/b/a OTZ Long Distance

CALLING PLANS

A. One Simple Rate Plan

Residential customers may select the One Simple Rate Plan in lieu of the Message Telephone Rates in Section 4. The minimum payment is one (1) month. Only one (1) calling plan is allowed per main billing account. This plan only includes dial station calls.

Rates apply to all time periods and all days. Rates apply to calls within Alaska. The per minute cost applies to initial minute and any fraction thereof, and additional minutes and any fraction thereof.

In order to qualify for this calling plan, the customer must be subscribed to OTZ Telecommunications, Inc., for long distance telecommunications service.

- \$0.07 per minute.
- \$5.00 Monthly Recurring Charge.

R

Tariff Advice No. 24-511

Effective: August 1, 2011

Issued By: OTZ TELECOMMUNICATIONS, INC., d/b/a OTZ LONG DISTANCE

By: Douglas A. Neal

Title: Chief Executive Officer

RCA No. 511 Second Revision Sheet No. 5.5

Cancelling First Revision Sheet No. 5.5

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STATE OF ALASKA
REGULATORY COMMISSION OF ALASKA

OTZ Telecommunications, Inc., d/b/a OTZ Long Distance

CALLING PLANS

C. Small Business One Simple Rate Plan

Business customers may select the Small Business One Simple Rate Plan in lieu of the Message Telephone Rates in Section 4. The minimum payment period is one (1) month. Only one (1) calling plan is allowed per main billing account. This plan only includes dial station calls.

Rates apply to all time periods and all days. Rates apply to calls within Alaska. The per minute cost applies to initial minute and any fraction thereof, and additional minutes and any fraction thereof.

In order to qualify for this calling plan, the customer must be subscribed to OTZ Telecommunications, Inc., for long distance telecommunications service.

Rates and Discounts:

- \$0.09 per minute.
- No Monthly Recurring Charge.
- No Contract.

R

Tariff Advice No. 24-511

Effective: August 1, 2011

Issued By: **OTZ TELECOMMUNICATIONS, INC., d/b/a OTZ LONG DISTANCE**

By: Douglas A. Neal

Title: Chief Executive Officer

RCA No. 511 First Revision Sheet No. 5.10

Cancelling Original Sheet No. 5.10

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STATE OF ALASKA
REGULATORY COMMISSION OF ALASKA

OTZ Telecommunications, Inc. d/b/a OTZ Long Distance

CALLING PLANS

F. High Volume Business Plan

Business customers may select the High Volume Business Plan in lieu of the Message Telephone Rates in Section 4. The minimum payment period is one (1) month. Only one (1) calling plan is allowed per main billing account. This plan only includes dial station calls.

Rates apply to all time periods and all days. Rates apply to calls within Alaska. The per minute cost applies to initial minute and any fraction thereof, and additional minutes and any fraction thereof.

In order to qualify for this calling plan, the customer must be subscribed to OTZ Telecommunications, Inc., for long distance telecommunications service.

Seasonality Provision – If the monthly revenue commitment is not met for one or more billing periods, the customer may be subject to a payment of shortfall charge. If the customer’s actual annual gross bill is less than the annual cumulative monthly revenue commitment, the customer may be billed a shortfall charge equal to the difference between the monthly revenue commitment times twelve (12) and the actual annual gross billed usage charges.

Rates and Discounts:

- \$0.07 per minute on calls made from the business telephone. R
- No monthly recurring charge.
- \$2,000 minimum monthly revenue commitment per year.

Tariff Advice No. 24-511

Effective: August 1, 2011

Issued By: OTZ TELECOMMUNICATIONS, INC., d/b/a OTZ LONG DISTANCE

By: Douglas A. Neal

Title: Chief Executive Officer

RCA No. 511 Second Revision Sheet No. 4.23

Cancelling First Revision Sheet No. 4.23

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STATE OF ALASKA
REGULATORY COMMISSION OF ALASKA

**OTZ TELECOMMUNICATIONS, INC.
d/b/a OTZ LONG DISTANCE**

SCHEDULE OF CHARGES

C. 800/877/888 Service (Continued)

3. Rates and Charges

a. Rates and charges for 800/877/888 Service are as follows:

| | | |
|-------------------------------|---------------|---|
| | Per Minute | |
| All 800/877/888 Service Calls | \$0.10 | R |

b. Service Charges per call

| | |
|-------------------------------|--------|
| All 800/877/888 Service Calls | \$0.25 |
|-------------------------------|--------|

c. 800/877/888 Service Establishment Charge

A \$20.00 non-recurring charge applies for each newly established 800/877/888 Service telephone number.

Tariff Advice No. 24-511

Effective: August 1, 2011

Issued By: OTZ TELECOMMUNICATIONS, INC., d/b/a OTZ LONG DISTANCE

By: Douglas A. Neal

Title: Chief Executive Officer

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REGULATORY COMMISSION OF ALASKA

RCA No. 511 Third Revision Sheet No. 4.26

Cancelling Second Revision Sheet No. 4.26

OTZ Telecommunications, Inc., d/b/a OTZ Long Distance

SCHEDULE OF CHARGES

D. Calling Card Service (Continued)

3. Rates and Charges

| a. | <u>Rate</u> | <u>Initial 1 Minute</u> | <u>Each Additional Minute</u> | D |
|----|-------------|-----------------------------|-----------------------------------|---|
| | All | \$0.15 | \$0.15 | |

b. Service Charges Per Call

Customer Dialed Credit Card \$0.15

A \$15.00 non-recurring charge applies for each newly established calling card number.

D = Deleted reference to Mileage

Tariff Advice No. 26-511

Effective: December 31, 2012

Issued By: OTZ TELECOMMUNICATIONS, INC., d/b/a OTZ LONG DISTANCE

By: Douglas A. Neal Title: Chief Executive Officer

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0031. The time required to complete this information collection is estimated to average 4 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

| | | |
|--|--|---|
| <p>USDA-RUS</p> <p>OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</p> | <p>This data will be used by RUS to review your financial situation. Your response is required by 7 U.S.C. 901 et seq. and, subject to federal laws and regulations regarding confidential information, will be treated as confidential.</p> | |
| | <p>BORROWER NAME</p> <p style="text-align: center;">OTZ Telephone Cooperative, Inc.</p> <p style="text-align: center;">(Prepared with Audited Data)</p> | |
| <p>INSTRUCTIONS-Submit report to RUS within 30 days after close of the period. For detailed instructions, see RUS Bulletin 1744-2. Report in whole dollars only.</p> | <p>PERIOD ENDING</p> <p>December, 2012</p> | <p>BORROWER DESIGNATION</p> <p>AK0516</p> |
| <p>CERTIFICATION</p> <p>We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.</p> <p>ALL INSURANCE REQUIRED BY 7 CFR PART 1788, CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.</p> <p>DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1788 OF 7CFR CHAPTER XVII (Check one of the following)</p> | | |
| <p><input checked="" type="checkbox"/> All of the obligations under the RUS loan documents have been fulfilled in all material respects.</p> | | |
| <p><input type="checkbox"/> There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in the Telecom Operating Report</p> | | |
| <p>_____ Douglas Neal</p> | <p>_____ 4/25/2013</p> | |
| <p>DATE</p> | | |

| PART A. BALANCE SHEET | | | | | |
|---|-----------------------|--------------------------|---|-----------------------|--------------------------|
| ASSETS | BALANCE PRIOR YEAR | BALANCE END OF PERIOD | LIABILITIES AND STOCKHOLDERS' EQUITY | BALANCE PRIOR YEAR | BALANCE END OF PERIOD |
| CURRENT ASSETS | | | CURRENT LIABILITIES | | |
| 1. Cash and Equivalents | 406,326 | 794,415 | 25. Accounts Payable | 1,766,644 | 2,161,018 |
| 2. Cash-RUS Construction Fund | 286,403 | 109,394 | 26. Notes Payable | | |
| 3. Affiliates: | | | 27. Advance Billings and Payments | 59,700 | 60,074 |
| a. Telecom, Accounts Receivable | | | 28. Customer Deposits | 39,009 | 36,709 |
| b. Other Accounts Receivable | 0 | | 29. Current Mat. L/T Debt | 1,131,900 | 1,375,200 |
| c. Notes Receivable | 2,200,000 | 1,970,568 | 30. Current Mat. L/T Debt-Rur. Dev. | | |
| 4. Non-Affiliates: | | | 31. Current Mat.-Capital Leases | | |
| a. Telecom, Accounts Receivable | 377,937 | 311,895 | 32. Income Taxes Accrued | | |
| b. Other Accounts Receivable | 657,141 | 633,967 | 33. Other Taxes Accrued | | |
| c. Notes Receivable | | | 34. Other Current Liabilities | 1,979,700 | 1,993,059 |
| 5. Interest and Dividends Receivable | | | 35. Total Current Liabilities (25 thru 34) | 4,976,953 | 5,626,060 |
| 6. Material-Regulated | 331,519 | 378,892 | LONG-TERM DEBT | | |
| 7. Material-Nonregulated | | | 36. Funded Debt-RUS Notes | 5,140,987 | 4,348,612 |
| 8. Prepayments | 151,697 | 85,557 | 37. Funded Debt-RTB Notes | 832,468 | 1,498,765 |
| 9. Other Current Assets | | | 38. Funded Debt-FFB Notes | 897,696 | 936,684 |
| 10. Total Current Assets (1 Thru 9) | 4,411,023 | 4,284,688 | 39. Funded Debt-Other | 838,449 | 763,351 |
| NONCURRENT ASSETS | | | 40. Funded Debt-Rural Develop. Loan | | |
| 11. Investment in Affiliated Companies | | | 41. Premium (Discount) on L/T Debt | | |
| a. Rural Development | | | 42. Reacquired Debt | | |
| b. Nonrural Development | 1,608,472 | 2,451,725 | 43. Obligations Under Capital Lease | | |
| 12. Other Investments | | | 44. Adv. From Affiliated Companies | | |
| a. Rural Development | | | 45. Other Long-Term Debt | | |
| b. Nonrural Development | 365,951 | 355,158 | 46. Total Long-Term Debt (36 thru 45) | 7,709,600 | 7,547,412 |
| 13. Nonregulated Investments | | | OTHER LIAB. & DEF. CREDITS | | |
| 14. Other Noncurrent Assets | | | 47. Other Long-Term Liabilities | 296,233 | 296,233 |
| 15. Deferred Charges | 232,165 | 17,896 | 48. Other Deferred Credits | 232,165 | 17,896 |
| 16. Jurisdictional Differences | | | 49. Other Jurisdictional Differences | | |
| 17. Total Noncurrent Assets (11 thru 16) | 2,206,588 | 2,824,779 | 50. Total Other Liabilities and Deferred Credits (47 thru 49) | 528,398 | 314,129 |
| PLANT, PROPERTY, AND EQUIPMENT | | | EQUITY | | |
| 18. Telecom, Plant-in-Service | 27,187,073 | 28,626,510 | 51. Cap. Stock Outstand. & Subscribed | | |
| 19. Property Held for Future Use | | | 52. Additional Paid-in-Capital | | |
| 20. Plant Under Construction | 1,376,125 | 1,560,111 | 53. Treasury Stock | | |
| 21. Plant Adj., Nonop. Plant & Goodwill | | | 54. Membership and Cap. Certificates | 8,470 | 7,660 |
| 22. Less Accumulated Depreciation | 16,368,474 | 17,714,726 | 55. Other Capital | | |
| 23. Net Plant (18 thru 21 less 22) | 12,194,724 | 12,471,895 | 56. Patronage Capital Credits | 5,830,009 | 5,830,009 |
| 24. TOTAL ASSETS (10+17+23) | | | 57. Retained Earnings or Margins | (241,095) | 256,092 |
| | | | 58. Total Equity (51 thru 57) | 5,597,384 | 6,093,761 |
| | | | 59. TOTAL LIABILITIES AND EQUITY (35+46+50+58) | | |
| | 18,812,335 | 19,581,362 | | 18,812,335 | 19,581,362 |

Total Equity = 31.12% % of Total Assets

USDA-RUS

**OPERATING REPORT FOR
TELECOMMUNICATIONS BORROWERS**

BORROWER DESIGNATION

AK0516

PERIOD ENDING

December, 2012

INSTRUCTIONS- See RUS Bulletin 1744-2

PART B. STATEMENTS OF INCOME AND RETAINED EARNINGS OR MARGINS

| ITEM | PRIOR YEAR | THIS YEAR |
|--|------------------|------------------|
| 1. Local Network Services Revenues | 1,009,772 | 913,157 |
| 2. Network Access Services Revenues | 5,825,734 | 5,767,842 |
| 3. Long Distance Network Services Revenues | (3,228) | |
| 4. Carrier Billing and Collection Revenues | 58,389 | 85,357 |
| 5. Miscellaneous Revenues | 67,947 | 57,958 |
| 6. Uncollectible Revenues | 18,351 | 18,105 |
| 7. Net Operating Revenues (1 thru 5 less 6) | 6,940,263 | 6,806,209 |
| 8. Plant Specific Operations Expense | 2,599,007 | 2,769,428 |
| 9. Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization) | 569,250 | 580,941 |
| 10. Depreciation Expense | 1,252,832 | 1,346,252 |
| 11. Amortization Expense | | |
| 12. Customer Operations Expense | 346,639 | 306,959 |
| 13. Corporate Operations Expense | 1,519,906 | 1,577,313 |
| 14. Total Operating Expenses (8 thru 13) | 6,287,634 | 6,580,893 |
| 15. Operating Income or Margins (7 less 14) | 652,629 | 225,316 |
| 16. Other Operating Income and Expenses | | (173,831) |
| 17. State and Local Taxes | | |
| 18. Federal Income Taxes | | |
| 19. Other Taxes | 126,942 | 107,805 |
| 20. Total Operating Taxes (17+18+19) | 126,942 | 107,805 |
| 21. Net Operating Income or Margins (15+16-20) | 525,687 | (56,320) |
| 22. Interest on Funded Debt | 355,599 | 460,931 |
| 23. Interest Expense - Capital Leases | | |
| 24. Other Interest Expense | 145,041 | 4,487 |
| 25. Allowance for Funds Used During Construction | 44,000 | 70,000 |
| 26. Total Fixed Charges (22+23+24-25) | 456,640 | 395,418 |
| 27. Nonoperating Net Income | 614,325 | 837,554 |
| 28. Extraordinary Items | | |
| 29. Jurisdictional Differences | | |
| 30. Nonregulated Net Income | (70,789) | 110,761 |
| 31. Total Net Income or Margins (21+27+28+29+30-26) | 612,583 | 496,577 |
| 32. Total Taxes Based on Income | | |
| 33. Retained Earnings or Margins Beginning-of-Year | (856,399) | (241,095) |
| 34. Miscellaneous Credits Year-to-Date | 2,721 | 610 |
| 35. Dividends Declared (Common) | | |
| 36. Dividends Declared (Preferred) | | |
| 37. Other Debits Year-to-Date | | |
| 38. Transfers to Patronage Capital | | |
| 39. Retained Earnings or Margins End-of-Period [(31+33+34) - (35+36+37+38)] | (241,095) | 256,092 |
| 40. Patronage Capital Beginning-of-Year | 5,830,009 | 5,830,009 |
| 41. Transfers to Patronage Capital | (2,721) | |
| 42. Patronage Capital Credits Retired | | |
| 43. Patronage Capital End-of-Year (40+41-42) | 5,830,009 | 5,830,009 |
| 44. Annual Debt Service Payments | 1,567,250 | 1,599,462 |
| 45. Cash Ratio [(14+20-10-11) / 7] | 0.7437 | 0.7849 |
| 46. Operating Accrual Ratio [(14+20+26) / 7] | 0.9901 | 1.0408 |
| 47. TIER [(31+26) / 26] | 2.3415 | 2.2558 |
| 48. DSCR [(31+26+10+11) / 44] | 1.4816 | 1.3994 |

USDA-RUS

**OPERATING REPORT FOR
TELECOMMUNICATIONS BORROWERS**

INSTRUCTIONS - See RUS Bulletin 1744-2

BORROWER DESIGNATION

AK0516

PERIOD ENDED

December, 2012

Part C. SUBSCRIBER (ACCESS LINE), ROUTE MILE, & HIGH SPEED DATA INFORMATION

| EXCHANGE | 1. RATES | | 2. SUBSCRIBERS (ACCESS LINES) | | | 3. ROUTE MILES | |
|---|------------|------------|-------------------------------|--------------------|--------------|-----------------------------------|--------------|
| | B-1 (a) | R-1 (b) | BUSINESS (a) | RESIDENTIAL (b) | TOTAL (c) | TOTAL (including fiber) (a) | FIBER (b) |
| Ambler | 24.50 | 16.55 | 49 | 45 | 94 | 4.13 | 0.00 |
| Buckland | 24.50 | 16.55 | 62 | 63 | 125 | 1.71 | 0.00 |
| Deerling | 24.50 | 16.55 | 41 | 34 | 75 | 2.47 | 0.00 |
| Kiana | 24.50 | 16.55 | 50 | 68 | 118 | 2.21 | 0.00 |
| Klvalina | 24.50 | 16.55 | 58 | 46 | 104 | 1.36 | 0.00 |
| Kobuk | 24.50 | 16.55 | 38 | 21 | 59 | 1.00 | 0.00 |
| Kotzebue | 24.50 | 16.55 | 764 | 574 | 1,338 | 27.52 | 0.00 |
| Noatak | 24.50 | 16.55 | 47 | 94 | 141 | 2.83 | 0.00 |
| Noorvik | 24.50 | 16.55 | 60 | 83 | 143 | 4.03 | 0.00 |
| Red Dog | 24.50 | 16.55 | 9 | 0 | 9 | 1.00 | 0.00 |
| Selawik | 24.50 | 16.55 | 95 | 100 | 195 | 9.18 | 0.00 |
| Shungnak | 24.50 | 16.55 | 42 | 37 | 79 | 3.05 | 0.00 |
| MobileWireless | | | | | 0 | | |
| Route Mileage Outside Exchange Area | | | | | | 0.00 | 0.00 |
| Total | | | 1,315 | 1,165 | 2,480 | 60.49 | 0.00 |
| No. Exchanges | 12 | | | | | | |

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**OPERATING REPORT FOR
TELECOMMUNICATIONS BORROWERS**

INSTRUCTIONS - See RUS Bulletin 1744-2

BORROWER DESIGNATION

AK0516

PERIOD ENDED

December, 2012

Part C. SUBSCRIBER (ACCESS LINE), ROUTE MILE, & HIGH SPEED DATA INFORMATION

4. BROADBAND SERVICE

| Details on Least Expensive Broadband Service | | | | | | | | |
|--|--|---------------------------------|---------------------------|-------------------------------------|-----------------------------------|---------------------|---------------------|------------------------|
| EXCHANGE | No. Access Lines with BB available (a) | No Of Broadband Subscribers (b) | Number Of Subscribers (c) | Advertised Download Rate (Kbps) (d) | Advertised Upload Rate (Kbps) (e) | Price Per Month (f) | Standalone/Pckg (f) | Type Of Technology (g) |
| Ambler | 94 | 13 | 13 | 256 | 256 | 45.00 | StandAlone | DSL |
| Buckland | 125 | 33 | 33 | 256 | 256 | 45.00 | StandAlone | DSL |
| Deerling | 75 | 24 | 24 | 256 | 256 | 45.00 | StandAlone | DSL |
| Kiana | 118 | 37 | 37 | 256 | 256 | 45.00 | StandAlone | DSL |
| Klvalina | 104 | 16 | 16 | 256 | 256 | 45.00 | StandAlone | DSL |
| Kobuk | 59 | 16 | 16 | 256 | 256 | 45.00 | StandAlone | DSL |
| Kotzebue | 1,338 | 525 | 132 | 256 | 256 | 45.00 | StandAlone | Fiber to the Home |
| Noatak | 141 | 38 | 38 | 256 | 256 | 45.00 | StandAlone | DSL |
| Noorvik | 143 | 33 | 33 | 256 | 256 | 45.00 | StandAlone | DSL |
| Red Dog | 9 | 0 | 0 | 256 | 256 | 45.00 | StandAlone | DSL |
| Selawik | 195 | 41 | 41 | 256 | 256 | 45.00 | StandAlone | DSL |
| Shungnak | 79 | 25 | 25 | 256 | 256 | 45.00 | StandAlone | DSL |
| Total | 2,480 | 801 | | | | | | |

**OPERATING REPORT FOR
TELECOMMUNICATIONS BORROWERS**

AK0516

PERIOD ENDING
December, 2012

INSTRUCTIONS- See RUS Bulletin 1744-2

PART D. SYSTEM DATA

| | | | | |
|------------------------------|------------------------|----------------------------------|--|--|
| 1. No. Plant Employees 36 | 2. No. Other Employees | 3. Square Miles Served 44,000 | 4. Access Lines per Square Mile .06 | 5. Subscribers per Route Mile 41.00 |
|------------------------------|------------------------|----------------------------------|--|--|

PART E. TOLL DATA

| | | | | |
|---|--|---|--|--|
| 1. Study Area ID Code(s) a. 613019 b. _____ c. _____ d. _____ e. _____ f. _____ g. _____ h. _____ i. _____ j. _____ | 2. Types of Toll Settlements (Check one) | | | |
| | Interstate: | <input type="checkbox"/> Average Schedule | <input checked="" type="checkbox"/> Cost Basis | |
| | Intrastate: | <input type="checkbox"/> Average Schedule | <input checked="" type="checkbox"/> Cost Basis | |

PART F. FUNDS INVESTED IN PLANT DURING YEAR

| | |
|---|-----------|
| 1. RUS, RTB, & FFB Loan Funds Expended | 702,415 |
| 2. Other Long-Term Loan Funds Expended | |
| 3. Funds Expended Under RUS Interim Approval | |
| 4. Other Short-Term Loan Funds Expended | |
| 5. General Funds Expended (Other than Interim) | 1,104,060 |
| 6. Salvaged Materials | |
| 7. Contribution in Aid to Construction | |
| 8. Gross Additions to Telecom. Plant (1 thru 7) | 1,806,475 |

PART G. INVESTMENTS IN AFFILIATED COMPANIES

| INVESTMENTS (a) | CURRENT YEAR DATA | | CUMULATIVE DATA | | |
|--|--------------------------------|---------------------------------|--|---|---------------------------|
| | Investment This Year (b) | Income/Loss This Year (c) | Cumulative Investment To Date (d) | Cumulative Income/Loss To Date (e) | Current Balance (f) |
| 1. Investment in Affiliated Companies - Rural Development | 0 | 0 | 0 | 0 | 0 |
| 2. Investment in Affiliated Companies - Nonrural Development | | 843,253 | 1,700,000 | 751,725 | 2,451,725 |

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**OPERATING REPORT FOR
TELECOMMUNICATIONS BORROWERS**

BORROWER DESIGNATION

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PERIOD ENDING

December, 2012

PART H. CURRENT DEPRECIATION RATES

Are corporation's depreciation rates approved by the regulatory authority with jurisdiction over the provision of telephone services? (Check one)

YES

NO

EQUIPMENT CATEGORY

DEPRECIATION RATE

| | |
|---|--------|
| 1. Land and support assets - Motor Vehicles | 10.59% |
| 2. Land and support assets - Aircraft | |
| 3. Land and support assets - Special purpose vehicles | |
| 4. Land and support assets - Garage and other work equipment | 14.29% |
| 5. Land and support assets - Buildings | 2.51% |
| 6. Land and support assets - Furniture and Office equipment | 5.71% |
| 7. Land and support assets - General purpose computers | 5.46% |
| 8. Central Office Switching - Digital | 5.74% |
| 9. Central Office Switching - Analog & Electro-mechanical | |
| 10. Central Office Switching - Operator Systems | |
| 11. Central Office Transmission - Radio Systems | 8.33% |
| 12. Central Office Transmission - Circuit equipment | 5.74% |
| 13. Information origination/termination - Station apparatus | |
| 14. Information origination/termination - Customer premises wiring | |
| 15. Information origination/termination - Large private branch exchanges | |
| 16. Information origination/termination - Public telephone terminal equipment | |
| 17. Information origination/termination - Other terminal equipment | |
| 18. Cable and wire facilities - Poles | 2.11% |
| 19. Cable and wire facilities - Aerial cable - Metal | 4.22% |
| 20. Cable and wire facilities - Aerial cable - Fiber | |
| 21. Cable and wire facilities - Underground cable - Metal | |
| 22. Cable and wire facilities - Underground cable - Fiber | |
| 23. Cable and wire facilities - Buried cable - Metal | 5.60% |
| 24. Cable and wire facilities - Buried cable - Fiber | |
| 25. Cable and wire facilities - Conduit systems | 5.60% |
| 26. Cable and wire facilities - Other | |

| | | |
|--|--|--------------------------------|
| USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS | | BORROWER DESIGNATION AK0516 |
| INSTRUCTIONS – See help in the online application. | | PERIOD ENDED December, 2012 |
| PART I – STATEMENT OF CASH FLOWS | | |
| 1. Beginning Cash (Cash and Equivalents plus RUS Construction Fund) | | 692,729 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| 2. Net Income | | 496,577 |
| <i>Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities</i> | | |
| 3. Add: Depreciation | | 1,346,252 |
| 4. Add: Amortization | | 0 |
| 5. Other (Explain) Net reclassification | | 610 |
| <i>Changes in Operating Assets and Liabilities</i> | | |
| 6. Decrease/(Increase) in Accounts Receivable | | 89,216 |
| 7. Decrease/(Increase) in Materials and Inventory | | (47,373) |
| 8. Decrease/(Increase) in Prepayments and Deferred Charges | | 280,409 |
| 9. Decrease/(Increase) in Other Current Assets | | 0 |
| 10. Increase/(Decrease) in Accounts Payable | | 394,374 |
| 11. Increase/(Decrease) in Advance Billings & Payments | | 374 |
| 12. Increase/(Decrease) in Other Current Liabilities | | 13,359 |
| 13. Net Cash Provided/(Used) by Operations | | 2,573,798 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| 14. Decrease/(Increase) in Notes Receivable | | 229,432 |
| 15. Increase/(Decrease) in Notes Payable | | 0 |
| 16. Increase/(Decrease) in Customer Deposits | | (2,300) |
| 17. Net Increase/(Decrease) in Long Term Debt (Including Current Maturities) | | 81,112 |
| 18. Increase/(Decrease) in Other Liabilities & Deferred Credits | | (214,269) |
| 19. Increase/(Decrease) in Capital Stock, Paid-in Capital, Membership and Capital Certificates & Other Capital | | (810) |
| 20. Less: Payment of Dividends | | 0 |
| 21. Less: Patronage Capital Credits Retired | | 0 |
| 22. Other (Explain) | | |
| 23. Net Cash Provided/(Used) by Financing Activities | | 93,165 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| 24. Net Capital Expenditures (Property, Plant & Equipment) | | (1,623,423) |
| 25. Other Long-Term Investments | | (832,460) |
| 26. Other Noncurrent Assets & Jurisdictional Differences | | 0 |
| 27. Other (Explain) | | |
| 28. Net Cash Provided/(Used) by Investing Activities | | (2,455,883) |
| 29. Net Increase/(Decrease) in Cash | | 211,080 |
| 30. Ending Cash | | 903,809 |

| | |
|---|---|
| <p>USDA-RUS</p> <p>OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</p> | <p>BORROWER DESIGNATION</p> <p>AK0516</p> |
| <p>INSTRUCTIONS - See RUS Bulletin 1744-2</p> | <p>PERIOD ENDED</p> <p>December, 2012</p> |
| <p>NOTES TO THE OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</p> | |
| | |

| | |
|---|---|
| <p>USDA-RUS</p> <p>OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</p> | <p>BORROWER DESIGNATION</p> <p>AK0516</p> |
| <p>INSTRUCTIONS - See RUS Bulletin 1744-2</p> | <p>PERIOD ENDED</p> <p>December, 2012</p> |
| <p>CERTIFICATION LOAN DEFAULT NOTES TO THE OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</p> | |
| | |

ording to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid B control number for this information collection is 0572-0031. The time required to complete this information collection is estimated to average 4 hours per response, including the time for reviewing instructions, ching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

USDA-RUS

This data will be used by RUS to review your financial situation. Your response is required by 7 U.S.C. 901 et seq. and, subject to federal laws and regulations regarding confidential information, will be treated as confidential.

**OPERATING REPORT FOR
TELECOMMUNICATIONS BORROWERS**

BORROWER NAME

OTZ Telephone Cooperative, Inc.
(Prepared with Audited Data)

TRUCTIONS-Submit report to RUS within 30 days after close of the period.
detailed instructions, see RUS Bulletin 1744-2. Report in whole dollars only.

PERIOD ENDING
December, 2011

BORROWER DESIGNATION
AK0516

CERTIFICATION

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

ALL INSURANCE REQUIRED BY 7 CFR PART 1788, CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.

DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1788 OF 7CFR CHAPTER XVII

(Check one of the following)

All of the obligations under the RUS loan documents have been fulfilled in all material respects.

There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in the Telecom Operating Report

Douglas Neal

5/10/2012

DATE

PART A. BALANCE SHEET

| ASSETS | BALANCE PRIOR YEAR | BALANCE END OF PERIOD | LIABILITIES AND STOCKHOLDERS' EQUITY | BALANCE PRIOR YEAR | BALANCE END OF PERIOD |
|---|-----------------------|--------------------------|---|-----------------------|--------------------------|
| CURRENT ASSETS | | | CURRENT LIABILITIES | | |
| Cash and Equivalents | 441,370 | 406,326 | 25. Accounts Payable | 828,269 | 1,766,644 |
| Cash-RUS Construction Fund | 286,403 | 286,403 | 26. Notes Payable | | |
| Affiliates: | | | 27. Advance Billings and Payments | 63,707 | 59,700 |
| a. Telecom, Accounts Receivable | | | 28. Customer Deposits | 48,179 | 39,009 |
| b. Other Accounts Receivable | 0 | 0 | 29. Current Mat. L/T Debt | 1,053,800 | 1,131,900 |
| c. Notes Receivable | 2,200,000 | 2,200,000 | 30. Current Mat. L/T Debt-Rur. Dev. | | |
| Non-Affiliates: | | | 31. Current Mat.-Capital Leases | | |
| a. Telecom, Accounts Receivable | 357,165 | 377,937 | 32. Income Taxes Accrued | | |
| b. Other Accounts Receivable | 581,094 | 657,141 | 33. Other Taxes Accrued | | |
| c. Notes Receivable | | | 34. Other Current Liabilities | 1,972,762 | 1,979,700 |
| Interest and Dividends Receivable | | | 35. Total Current Liabilities (25 thru 34) | 3,966,717 | 4,976,953 |
| Material-Regulated | 326,148 | 331,519 | LONG-TERM DEBT | | |
| Material-Nonregulated | | | 36. Funded Debt-RUS Notes | 5,759,452 | 5,140,987 |
| Prepayments | 22,548 | 151,697 | 37. Funded Debt-RTB Notes | 958,229 | 832,468 |
| Other Current Assets | | | 38. Funded Debt-FFB Notes | 567,468 | 897,696 |
| Total Current Assets (1 Thru 9) | 4,214,728 | 4,411,023 | 39. Funded Debt-Other | 1,052,345 | 838,449 |
| NONCURRENT ASSETS | | | 40. Funded Debt-Rural Develop. Loan | | |
| Investment in Affiliated Companies | | | 41. Premium (Discount) on L/T Debt | | |
| a. Rural Development | | | 42. Reacquired Debt | | |
| b. Nonrural Development | 1,150,558 | 1,608,472 | 43. Obligations Under Capital Lease | | |
| Other Investments | | | 44. Adv. From Affiliated Companies | | |
| a. Rural Development | | | 45. Other Long-Term Debt | | |
| b. Nonrural Development | 306,995 | 365,951 | 46. Total Long-Term Debt (36 thru 45) | 8,337,494 | 7,709,600 |
| Nonregulated Investments | | | OTHER LIAB. & DEF. CREDITS | | |
| Other Noncurrent Assets | | | 47. Other Long-Term Liabilities | 296,233 | 296,233 |
| Deferred Charges | 229,186 | 232,165 | 48. Other Deferred Credits | 229,186 | 232,165 |
| Jurisdictional Differences | | | 49. Other Jurisdictional Differences | | |
| Total Noncurrent Assets (11 thru 16) | 1,686,739 | 2,206,588 | 50. Total Other Liabilities and Deferred Credits (47 thru 49) | 525,419 | 528,398 |
| PLANT, PROPERTY, AND EQUIPMENT | | | EQUITY | | |
| Telecom, Plant-in-Service | 26,406,595 | 27,187,073 | 51. Cap. Stock Outstand. & Subscribed | | |
| Property Held for Future Use | | | 52. Additional Paid-in-Capital | | |
| Plant Under Construction | 835,799 | 1,376,125 | 53. Treasury Stock | | |
| Plant Adj., Nonop. Plant & Goodwill | | | 54. Membership and Cap. Certificates | 17,001 | 8,470 |
| Less Accumulated Depreciation | 15,323,620 | 16,368,474 | 55. Other Capital | | |
| Net Plant (18 thru 21 less 22) | 11,918,774 | 12,194,724 | 56. Patronage Capital Credits | 5,830,009 | 5,830,009 |
| TOTAL ASSETS (10+17+23) | | | 57. Retained Earnings or Margins | (856,399) | (241,095) |
| | 17,820,241 | 18,812,335 | 58. Total Equity (51 thru 57) | 4,990,611 | 5,597,384 |
| | | | 59. TOTAL LIABILITIES AND EQUITY (35+46+50+58) | 17,820,241 | 18,812,335 |

Total Equity = 29.75% % of Total Assets

USDA-RUS

**OPERATING REPORT FOR
TELECOMMUNICATIONS BORROWERS**

BORROWER DESIGNATION

AK0516

PERIOD ENDING

December, 2011

INSTRUCTIONS- See RUS Bulletin 1744-2

PART B. STATEMENTS OF INCOME AND RETAINED EARNINGS OR MARGINS

| ITEM | PRIOR YEAR | THIS YEAR |
|--|------------------|------------------|
| 1. Local Network Services Revenues | 1,041,890 | 1,009,772 |
| 2. Network Access Services Revenues | 5,619,437 | 5,825,734 |
| 3. Long Distance Network Services Revenues | (12,856) | (3,228) |
| 4. Carrier Billing and Collection Revenues | 68,274 | 58,389 |
| 5. Miscellaneous Revenues | 45,524 | 67,947 |
| 6. Uncollectible Revenues | 37,144 | 18,351 |
| 7. Net Operating Revenues (1 thru 5 less 6) | 6,725,125 | 6,940,263 |
| 8. Plant Specific Operations Expense | 2,460,156 | 2,599,007 |
| 9. Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization) | 566,531 | 569,250 |
| 10. Depreciation Expense | 1,223,110 | 1,252,832 |
| 11. Amortization Expense | | |
| 12. Customer Operations Expense | 308,023 | 346,639 |
| 13. Corporate Operations Expense | 1,587,746 | 1,519,906 |
| 14. Total Operating Expenses (8 thru 13) | 6,145,566 | 6,287,634 |
| 15. Operating Income or Margins (7 less 14) | 579,559 | 652,629 |
| 16. Other Operating Income and Expenses | | |
| 17. State and Local Taxes | | |
| 18. Federal Income Taxes | | |
| 19. Other Taxes | 113,620 | 126,942 |
| 20. Total Operating Taxes (17+18+19) | 113,620 | 126,942 |
| 21. Net Operating Income or Margins (15+16-20) | 465,939 | 525,687 |
| 22. Interest on Funded Debt | 350,601 | 355,599 |
| 23. Interest Expense - Capital Leases | | |
| 24. Other Interest Expense | 159,401 | 145,041 |
| 25. Allowance for Funds Used During Construction | 42,500 | 44,000 |
| 26. Total Fixed Charges (22+23+24-25) | 467,502 | 456,640 |
| 27. Nonoperating Net Income | 695,615 | 614,325 |
| 28. Extraordinary Items | | |
| 29. Jurisdictional Differences | | |
| 30. Nonregulated Net Income | (281,258) | (70,789) |
| 31. Total Net Income or Margins (21+27+28+29+30-26) | 412,794 | 612,583 |
| 32. Total Taxes Based on Income | | |
| 33. Retained Earnings or Margins Beginning-of-Year | (1,268,583) | (856,399) |
| 34. Miscellaneous Credits Year-to-Date | | 2,721 |
| 35. Dividends Declared (Common) | | |
| 36. Dividends Declared (Preferred) | | |
| 37. Other Debits Year-to-Date | 610 | |
| 38. Transfers to Patronage Capital | | |
| 39. Retained Earnings or Margins End-of-Period [(31+33+34) - (35+36+37+38)] | (856,399) | (241,095) |
| 40. Patronage Capital Beginning-of-Year | 5,830,009 | 5,830,009 |
| 41. Transfers to Patronage Capital | (856,399) | (2,721) |
| 42. Patronage Capital Credits Retired | 0 | |
| 43. Patronage Capital End-of-Year (40+41-42) | 5,830,009 | 5,830,009 |
| 44. Annual Debt Service Payments | 1,436,445 | 1,567,250 |
| 45. Cash Ratio [(14+20-10-11) / 7] | 0.7488 | 0.7437 |
| 46. Operating Accrual Ratio [(14+20+26) / 7] | 1.0002 | 0.9901 |
| 47. TIER [(31+26) / 26] | 1.8830 | 2.3415 |
| 48. DSCR [(31+26+10+11) / 44] | 1.4643 | 1.4816 |

**OPERATING REPORT FOR
TELECOMMUNICATIONS BORROWERS**

AK0516

PERIOD ENDED

December, 2011

INSTRUCTIONS - See RUS Bulletin 1744-2

Part C. SUBSCRIBER (ACCESS LINE), ROUTE MILE, & HIGH SPEED DATA INFORMATION

| EXCHANGE | 1. RATES | | 2. SUBSCRIBERS (ACCESS LINES) | | | 3. ROUTE MILES | |
|---|------------|------------|-------------------------------|--------------------|--------------|-----------------------------------|--------------|
| | B-1 (a) | R-1 (b) | BUSINESS (a) | RESIDENTIAL (b) | TOTAL (c) | TOTAL (including fiber) (a) | FIBER (b) |
| Ambler | 24.50 | 16.55 | 46 | 55 | 101 | 4.13 | 0.00 |
| Buckland | 24.50 | 16.55 | 63 | 66 | 129 | 1.71 | 0.00 |
| Deering | 24.50 | 16.55 | 43 | 32 | 75 | 2.47 | 0.00 |
| Kiana | 24.50 | 16.55 | 51 | 74 | 125 | 2.21 | 0.00 |
| Kivalina | 24.50 | 16.55 | 60 | 56 | 116 | 1.36 | 0.00 |
| Kobuk | 24.50 | 16.55 | 37 | 25 | 62 | 1.00 | |
| Kotzebue | 24.50 | 16.55 | 808 | 642 | 1,450 | 27.52 | 0.00 |
| Noatak | 24.50 | 16.55 | 54 | 106 | 160 | 2.83 | 0.00 |
| Noorvik | 24.50 | 16.55 | 57 | 101 | 158 | 4.03 | 0.00 |
| Red Dog Mine | 24.50 | 16.55 | 11 | 0 | 11 | 1.00 | 0.00 |
| Selawik | 24.50 | 16.55 | 96 | 119 | 215 | 9.18 | 0.00 |
| Shungnak | 24.50 | 16.55 | 45 | 37 | 82 | 3.05 | 0.00 |
| MobileWireless | | | | | 0 | | |
| Route Mileage Outside Exchange Area | | | | | | 0.00 | 0.00 |
| Total | | | 1,371 | 1,313 | 2,684 | 60.49 | 0.00 |
| No. Exchanges | 12 | | | | | | |

**OPERATING REPORT FOR
TELECOMMUNICATIONS BORROWERS**

AK0516

PERIOD ENDED

December, 2011

INSTRUCTIONS - See RUS Bulletin 1744-2

Part C. SUBSCRIBER (ACCESS LINE), ROUTE MILE, & HIGH SPEED DATA INFORMATION

4. BROADBAND SERVICE

Details on Least Expensive Broadband Service

| EXCHANGE | No. Access Lines with BB available (a) | No Of Broadband Subscribers (b) | Number Of Subscribers (c) | Advertised Download Rate (Kbps) (d) | Advertised Upload Rate (Kbps) (e) | Price Per Month (f) | Standalone/Pckg (f) | Type Of Technology (g) |
|--------------|---|---------------------------------------|---------------------------------|--|--|------------------------|------------------------|------------------------------|
| Ambler | 101 | 20 | 20 | 256 | | 45.00 | StandAlone | |
| Buckland | 129 | 56 | 56 | 256 | | 45.00 | StandAlone | |
| Deering | 75 | 20 | 20 | 256 | | 45.00 | StandAlone | |
| Kiana | 125 | 43 | 43 | 256 | | 45.00 | StandAlone | |
| Kivalina | 116 | 41 | 41 | 256 | | 45.00 | StandAlone | |
| Kobuk | 62 | 18 | 18 | 256 | | 45.00 | StandAlone | |
| Kotzebue | 1,450 | 692 | 174 | 256 | | 45.00 | StandAlone | |
| Noatak | 160 | 51 | 51 | 256 | | 45.00 | StandAlone | |
| Noorvik | 158 | 51 | 51 | 256 | | 45.00 | StandAlone | |
| Red Dog Mine | 11 | 0 | 0 | 256 | | 45.00 | StandAlone | |
| Selawik | 215 | 59 | 59 | 256 | | 45.00 | StandAlone | |
| Shungnak | 82 | 31 | 31 | 256 | | 45.00 | StandAlone | |
| Total | 2,684 | 1,082 | | | | | | |

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| USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS | BORROWER DESIGNATION AK0516 |
| | PERIOD ENDING December, 2011 |
| INSTRUCTIONS- See RUS Bulletin 1744-2 | |

PART D. SYSTEM DATA

| | | | | |
|------------------------------|-----------------------------|----------------------------------|--|--|
| 1. No. Plant Employees 34 | 2. No. Other Employees 7 | 3. Square Miles Served 44,000 | 4. Access Lines per Square Mile .06 | 5. Subscribers per Route Mile 44.37 |
|------------------------------|-----------------------------|----------------------------------|--|--|

PART E. TOLL DATA

| | |
|---|--|
| 1. Study Area ID Code(s) a. 613019 b. _____ c. _____ d. _____ e. _____ f. _____ g. _____ h. _____ i. _____ j. _____ | 2. Types of Toll Settlements (Check one) Interstate: <input type="checkbox"/> Average Schedule <input checked="" type="checkbox"/> Cost Basis Intrastate: <input type="checkbox"/> Average Schedule <input checked="" type="checkbox"/> Cost Basis |
|---|--|

PART F. FUNDS INVESTED IN PLANT DURING YEAR

| | |
|---|-----------|
| 1. RUS, RTB, & FFB Loan Funds Expended | 516,189 |
| 2. Other Long-Term Loan Funds Expended | |
| 3. Funds Expended Under RUS Interim Approval | |
| 4. Other Short-Term Loan Funds Expended | |
| 5. General Funds Expended (Other than Interim) | 1,012,593 |
| 6. Salvaged Materials | |
| 7. Contribution in Aid to Construction | |
| 8. Gross Additions to Telecom. Plant (1 thru 7) | 1,528,782 |

PART G. INVESTMENTS IN AFFILIATED COMPANIES

| INVESTMENTS (a) | CURRENT YEAR DATA | | CUMULATIVE DATA | | |
|--|------------------------------------|-------------------------------------|--|---|-------------------------------|
| | Investment This Year (b) | Income/Loss This Year (c) | Cumulative Investment To Date (d) | Cumulative Income/Loss To Date (e) | Current Balance (f) |
| 1. Investment in Affiliated Companies - Rural Development | | 457,914 | 1,700,000 | (91,528) | 1,608,472 |
| 2. Investment in Affiliated Companies - Nonrural Development | | | | | |

| | |
|--|---------------------------------|
| USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS | BORROWER DESIGNATION AK0516 |
| | PERIOD ENDING December, 2011 |

PART H. CURRENT DEPRECIATION RATES

Are corporation's depreciation rates approved by the regulatory authority with jurisdiction over the provision of telephone services? (Check one)

YES NO

| EQUIPMENT CATEGORY | DEPRECIATION RATE |
|---|-------------------|
| 1. Land and support assets - Motor Vehicles | 10.59% |
| 2. Land and support assets - Aircraft | |
| 3. Land and support assets - Special purpose vehicles | |
| 4. Land and support assets - Garage and other work equipment | 14.29% |
| 5. Land and support assets - Buildings | 2.51% |
| 6. Land and support assets - Furniture and Office equipment | 5.71% |
| 7. Land and support assets - General purpose computers | 5.46% |
| 8. Central Office Switching - Digital | 5.74% |
| 9. Central Office Switching - Analog & Electro-mechanical | |
| 10. Central Office Switching - Operator Systems | |
| 11. Central Office Transmission - Radio Systems | 8.33% |
| 12. Central Office Transmission - Circuit equipment | 5.74% |
| 13. Information origination/termination - Station apparatus | |
| 14. Information origination/termination - Customer premises wiring | |
| 15. Information origination/termination - Large private branch exchanges | |
| 16. Information origination/termination - Public telephone terminal equipment | |
| 17. Information origination/termination - Other terminal equipment | |
| 18. Cable and wire facilities - Poles | 2.11% |
| 19. Cable and wire facilities - Aerial cable - Metal | 4.22% |
| 20. Cable and wire facilities - Aerial cable - Fiber | |
| 21. Cable and wire facilities - Underground cable - Metal | |
| 22. Cable and wire facilities - Underground cable - Fiber | |
| 23. Cable and wire facilities - Buried cable - Metal | 5.60% |
| 24. Cable and wire facilities - Buried cable - Fiber | |
| 25. Cable and wire facilities - Conduit systems | 5.60% |
| 26. Cable and wire facilities - Other | |

USDA-RUS

BORROWER DESIGNATION

AK0516

**OPERATING REPORT FOR
TELECOMMUNICATIONS BORROWERS**

PERIOD ENDED

December, 2011

INSTRUCTIONS – See help in the online application.

PART I – STATEMENT OF CASH FLOWS

| | |
|--|--------------------|
| 1. Beginning Cash (Cash and Equivalents plus RUS Construction Fund) | 727,773 |
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| 2. Net Income | 612,583 |
| <i>Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities</i> | |
| 3. Add: Depreciation | 1,252,832 |
| 4. Add: Amortization | 0 |
| 5. Other (Explain) net reclassification between categories | (525,104) |
| <i>Changes in Operating Assets and Liabilities</i> | |
| 6. Decrease/(Increase) in Accounts Receivable | (96,819) |
| 7. Decrease/(Increase) in Materials and Inventory | (5,371) |
| 8. Decrease/(Increase) in Prepayments and Deferred Charges | (132,128) |
| 9. Decrease/(Increase) in Other Current Assets | 0 |
| 10. Increase/(Decrease) in Accounts Payable | 938,375 |
| 11. Increase/(Decrease) in Advance Billings & Payments | (4,007) |
| 12. Increase/(Decrease) in Other Current Liabilities | 6,938 |
| 13. Net Cash Provided/(Used) by Operations | 2,047,299 |
| CASH FLOWS FROM FINANCING ACTIVITIES | |
| 14. Decrease/(Increase) in Notes Receivable | 0 |
| 15. Increase/(Decrease) in Notes Payable | 0 |
| 16. Increase/(Decrease) in Customer Deposits | (9,170) |
| 17. Net Increase/(Decrease) in Long Term Debt (Including Current Maturities) | (549,794) |
| 18. Increase/(Decrease) in Other Liabilities & Deferred Credits | 2,979 |
| 19. Increase/(Decrease) in Capital Stock, Paid-in Capital, Membership and Capital Certificates & Other Capital | (8,531) |
| 20. Less: Payment of Dividends | 0 |
| 21. Less: Patronage Capital Credits Retired | 0 |
| 22. Other (Explain) excise tax refunds and net reclassification of operating and financing activities | 8,912 |
| 23. Net Cash Provided/(Used) by Financing Activities | (555,604) |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| 24. Net Capital Expenditures (Property, Plant & Equipment) | (1,320,804) |
| 25. Other Long-Term Investments | (516,870) |
| 26. Other Noncurrent Assets & Jurisdictional Differences | 0 |
| 27. Other (Explain) Net reclassification of operating and financing activities | 310,935 |
| 28. Net Cash Provided/(Used) by Investing Activities | (1,526,739) |
| 29. Net Increase/(Decrease) in Cash | (35,044) |
| 30. Ending Cash | 692,725 |

Revision Date 2010

| | |
|--|------------------------------------|
| USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS | BORROWER DESIGNATION AK0516 |
| INSTRUCTIONS - See RUS Bulletin 1744-2 | PERIOD ENDED December, 2011 |
| NOTES TO THE OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS | |
| | |

| | |
|---|---|
| <p>USDA-RUS</p> <p>OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</p> | <p>BORROWER DESIGNATION</p> <p>AK0516</p> |
| <p>INSTRUCTIONS - See RUS Bulletin 1744-2</p> | <p>PERIOD ENDED</p> <p>December, 2011</p> |
| <p>CERTIFICATION LOAN DEFAULT NOTES TO THE OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</p> | |
| | |



Independent Auditor's Management Letter Report for RUS

Board of Directors
OTZ Telephone Cooperative, Inc. and Subsidiary
Kotzebue, Alaska

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and 7 CFR Part 1773, *Policy on Audits of Rural Utilities Service (RUS) Borrowers*, the consolidated financial statements of OTZ Telephone Cooperative, Inc. and Subsidiary (the Cooperative) which comprise the consolidated balance sheets as of December 31, 2012 and 2011, and the related consolidated statements of operations, members' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated April 4, 2013.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Cooperative's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Cooperative's internal control. Accordingly, we do not express an opinion on the effectiveness of the Cooperative's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Board of Directors
OTZ Telephone Cooperative, Inc. and Subsidiary

7 CFR 1773.33 requires comments on specific aspects of the internal control over financial reporting, compliance with specific RUS loan and security instrument provisions, and other additional matters. We have grouped our comments accordingly. In addition to obtaining reasonable assurance about whether the financial statements are free from material misstatements, at your request, we performed tests of specific aspects of the internal control over financial reporting, of compliance with specific RUS loan and security instrument provisions, and of additional matters. The specific aspects of the internal control over financial reporting, compliance with specific RUS loan and security instrument provisions, and additional matters tested include, among other things, the accounting procedures and records, materials control, compliance with specific RUS loan and security instrument provisions set forth in 7 CFR 1773.33(e)(2), related party transactions, and a schedule of investments, upon which we express an opinion. In addition, our audit of the financial statements also included the procedures specified in 7 CFR 1773.38 - .45. Our objective was not to provide an opinion on these specific aspects of the internal control over financial reporting, compliance with specific RUS loan and security instrument provisions, or additional matters, and accordingly, we express no opinion thereon.

No reports other than our independent auditor's report on the consolidated financial statements and our independent auditor's report on compliance and on internal control over financial reporting, all dated April 4, 2013, have been furnished to management.

Our comments on specific aspects of internal control over financial reporting, compliance with specific RUS loan and security instrument provisions, and other additional matters as required by 7 CFR 1773.33 are presented below.

Comments on Certain Specific Aspects of the Internal Control Over Financial Reporting

We noted no matters regarding OTZ Telephone Cooperative, Inc. and Subsidiary's internal control over financial reporting and its operation that we consider to be a material weakness as previously defined with respect to:

- The accounting procedures and records;
- The process for accumulating and recording labor, material, and overhead costs, and the distribution of these costs to construction, retirement, and maintenance or other expense accounts; and,
- The materials control.

Board of Directors
 OTZ Telephone Cooperative, Inc. and Subsidiary

Comments on Compliance with Specific RUS Loan and Security Instrument Provisions

At your request, we have performed the procedures enumerated below with respect to compliance with certain provisions of laws, regulations, contracts, and grants. The procedures we performed are summarized as follows:

- Procedures performed with respect to the requirement for a borrower to obtain written approval of the mortgagee to enter into any contract, agreement or lease between the borrower and an affiliate of OTZ Telephone Cooperative, Inc. and Subsidiary for the year ended December 31, 2012.
 - Obtained and read a borrower-prepared schedule of new written contracts, agreements or leases entered into during the year between the borrower and an affiliate as defined in 7 CFR 1773.33(e)(2)(i).
 - Reviewed Board of Director minutes to ascertain whether board-approved written contracts are included in the borrower-prepared schedule.
 - Noted the existence of written RUS approval of each contract listed by the borrower.
- Procedure performed with respect to the requirement to submit the Operating Report for Telecommunication Borrowers to the RUS:
 - Agreed amounts reported in the Operating Report for Telecommunication Borrowers to the Cooperative's records.

The results of our tests indicate that, with respect to the items tested, OTZ Telephone Cooperative, Inc. and Subsidiary complied, in all material respects, with the specific RUS loan and security instrument provisions referred to below. The specific provisions tested include the requirements that:

- The borrower has obtained written approval of the RUS to enter into any contract, agreement or lease between the borrower and an affiliate as defined in 7 CFR 1773.33(e)(2)(i); and
- The borrower has submitted the Operating Report for Telecommunication Borrowers to the RUS and the Operating Report for Telecommunication Borrowers, as of December 31, 2012, represented by the borrower as having been submitted to RUS is in agreement with the OTZ Telephone Cooperative, Inc. and Subsidiary's audited records in all material respects.

Board of Directors
 OTZ Telephone Cooperative, Inc. and Subsidiary

Comments on Other Additional Matters

In connection with our audit of the consolidated financial statements of OTZ Telephone Cooperative, Inc. and Subsidiary, nothing came to our attention that caused us to believe that OTZ Telephone Cooperative, Inc. and Subsidiary failed to comply with respect to:

- The reconciliation of continuing property records to the controlling general ledger plant accounts addressed at 7 CFR 1773.33(c)(1);
- The clearing of construction accounts and the accrual of depreciation on completed construction addressed at 7 CFR 1773.33(c)(2);
- The retirement of plant addressed at 7 CFR 1773.33(c)(3) and (4);
- Approval of the sale, lease or transfer of capital assets and disposition of proceeds for the sale or lease of plant, material, or scrap addressed at 7 CFR 1773.33 (c)(5);
- The disclosure of material related party transactions, in accordance with the Related Party Transactions Topic No. 850 of the Financial Accounting Standards Board’s Accounting Standards Codification (ASC 850), for the year ended December 31, 2012 in the financial statements referenced in the first paragraph of this report addressed at 7 CFR 1773.33(f);
- The detailed schedule of investments.

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The detailed schedule of investments required by 7 CFR 1773.33(i), provided below, is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in our audit of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

Detailed Schedule of Investment in OTZ Telecommunications, Inc.

| | |
|--|---------------------|
| Original investment | \$ 500,000 |
| Transfer of building for additional stock | 1,200,000 |
| Accumulated losses as of December 31, 2011 | <u>(91,528)</u> |
| Book value of investment as of December 31, 2011 | 1,608,472 |
| Undistributed gain for 2012 | <u>843,254</u> |
| Book value of investment as of December 31, 2012 | \$ <u>2,451,726</u> |

OTZ Telecommunications, Inc. is a wholly-owned subsidiary providing cellular, Internet, and long distance services. This investment is accounted for on the equity basis.

Board of Directors
 OTZ Telephone Cooperative, Inc. and Subsidiary

Comments on Other Additional Matters, continued

In addition to the book value of the investment in OTZ Telecommunications, Inc. (the Subsidiary), at December 31, 2012, the Subsidiary also has accounts receivable from the Cooperative of \$2,027,509. The Subsidiary also has a \$1,970,568 note payable to the Cooperative at December 31, 2012. The note has a stated rate of 5% and final payment is due on or before December 31, 2019.

By a letter dated March 25, 2010, RUS approved the Cooperative’s request to transfer the headquarters building to the Subsidiary. This was transferred in exchange for \$1,200,000 in capital stock issued to the Cooperative.

* * * * *

Purpose of this Report

The purpose of this report is solely to provide comments on specific aspects of internal control over financial reporting, compliance with specific RUS loan and security instrument provisions, and other additional matters as required by 7 CFR 1773.33, and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or compliance or other additional matters. Accordingly, this communication is not suitable for any other purpose.

Mikunda, Cottrell & Co.

Anchorage, Alaska
 April 4, 2013