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DYKEMA

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ACCEPTED/FILED
JUL 1 2014
Federal Communications Commission
Office of the Secretary

July 1, 2014

Via Hand Delivery

Ms. Marlene Dortch
Federal Communications Commission
445 12th Street SW
Washington, D.C. 20554

Re: FCC Form 481 - High-Cost Support Information and Low-Income Support Information Pursuant to 47 C.F.R. §§ 54.313(a)-(g) and 54.422(a)

Dear Secretary Dortch:

Pursuant to 47 C.F.R. §§ 54.313(a)-(g) and 54.422(a) of the Federal Communication Commission's regulations, please find enclosed the FCC Form 481 for Nushagak Electric and Telephone Cooperative, Inc. This form was also filed at the Regulatory Commission of Alaska (RCA) and USAC.

Nushagak Electric and Telephone Cooperative, Inc. seeks confidential treatment for its financial information pursuant to the Protective Order, Connect America Fund, et al., WC Docket No. 10-90 et al., (Nov. 16, 2012). A redacted version is also being filed this date via the FCC's Electronic Comment Filing System. In addition, attached is a letter requesting confidential treatment under 47 C.F.R. §§ 0.457 and 0.459 of the initial § 54.202(a) Five-Year Service Quality Improvement Plan.

Please do not hesitate to contact me if you have any questions or I may be of any assistance.

Sincerely,

DYKEMA GOSSETT PLLC

Shannon M. Heim

Shannon M. Heim
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REDACTED – FOR PUBLIC INSPECTION

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July 1, 2014

Via Hand Delivery

Ms. Marlene Dortch, Secretary
Federal Communications Commission
445 12th Street SW
Washington, D.C. 20554

Re: FCC Form 481 - High-Cost Support Information and Low-Income Support Information Pursuant to 47 C.F.R. §§ 54.313(a)-(g) and 54.422(a)

Dear Ms. Dortch:

Pursuant to the Protective Order in *Connect America Fund, et al.*, WC Docket No. 10-90 *et al.* (Nov. 16, 2012) and 47 C.F.R. §§ 0.457 and 0.459, Nushagak Electric and Telephone Cooperative, Inc., by its attorneys, hereby requests that certain materials and information be withheld from public inspection. Specifically, Nushagak Electric and Telephone Cooperative, Inc. request confidential treatment of the Five-Year Service Quality Improvement Plan (the "Plan") attached to its Form 481 filing.

In support of its request for confidential treatment and pursuant to the requirements under 47 C.F.R. § 0.459(b), Nushagak Electric and Telephone Cooperative, Inc. states the following:

1. *Identification of the specific information for which confidential treatment is sought.*

Nushagak Electric and Telephone Cooperative, Inc. seeks confidential treatment of the Plan attached to the Form 481 filing accompanying this letter. The Plan contains sensitive financial information about Nushagak Electric and Telephone Cooperative, Inc. as well as information about Nushagak Electric and Telephone Cooperative, Inc.'s projected network improvements and upgrades for voice and broadband services during the period from 2015 through 2019.

2. *Identification of the Commission proceeding in which the information was submitted or description of the circumstances giving rise to the submission.*

The documents are being submitted as part of the annual Eligible Telecommunications Carrier ("ETC") Report (Form 481) mandated by 47 C.F.R. § 54.313.

3. *Explanation of the degree to which the information is commercial or financial, or contains a trade secret or is privileged.*

The data described is highly confidential and sensitive commercial and financial information which constitutes trade secrets or sensitive commercial and financial information that would "customarily be guarded from competitors"[1] and is therefore exempted from mandatory disclosure under FOIA Exemption 4 and 47 C.F.R. § 0.457(d).[2]

4. *Explanation of the degree to which the information concerns a service that is subject to competition.*

The Plan relates to voice and broadband services provided by Nushagak Electric and Telephone Cooperative, Inc. that are subject to competition from competitive local exchange carriers, cable television system operators, electric power utilities, fixed and mobile wireless service providers, and/or satellite carriers.

Specifically, the Plan sets forth in detail the services provided by Nushagak Electric and Telephone Cooperative, Inc. over its existing network including location of customers, as well as planned network improvement and maintenance for 2015 through 2019, including project dates, populations impacted by the improvements and upgrades, and projected capital costs associated with maintaining the network. This information is competitively sensitive information related to the company's existing network and planned upgrades and maintenance, and would benefit Nushagak Electric and Telephone Cooperative, Inc.'s competitors if they were able to have access to this information.

5. *Explanation of how disclosure of the information could result in substantial competitive harm.*

Disclosure of the Plan is likely to result in substantial competitive harm to Nushagak Electric and Telephone Cooperative, Inc. because the Plan could provide competitors with commercially sensitive insights related to Nushagak Electric and Telephone Cooperative, Inc.'s operations, service offerings, and costs.

6. *Identification of any measures taken by the submitting party to prevent unauthorized disclosure.*

Nushagak Electric and Telephone Cooperative, Inc. does not make the Plan or any of the information contained therein publically available in any way. The Plan is only made available to

[1] 47 C.F.R. § 0.457(d)(2).
[2] 5 U.S.C. § 522(b)(4).

key employees with a direct need-to-know basis. This production has been completed by outside counsel.

7. *Identification of whether the information is available to the public and the extent of any previous disclosure of the information to third parties.*

Nushagak Electric and Telephone Cooperative, Inc. does not make the Plan available to the public and it has not previously allowed disclosure of the Plan to third parties that are not otherwise bound by confidentiality obligations.

8. *Justification of the period during which the submitting party asserts that the material should not be available for public disclosure.*

The Plan should be treated as confidential for an indefinite period, as Nushagak Electric and Telephone Cooperative, Inc. will always be subject to competition and the competitive harms associated with the disclosure of the Plan.

9. *Any other information that the party seeking confidential treatment believes may be useful in assessing whether its request for confidentiality should be granted.*

None.

In order to provide adequate protection from public disclosure, Nushagak Electric and Telephone Cooperative, Inc. requests that the Commission strictly limit distribution of the Plan within the Commission on a "need to know" basis and not allow any distribution outside of the Commission. In the event that any person or entity outside of the Commission requests disclosure of the Plan, Nushagak Electric and Telephone Cooperative, Inc. requests that it be so notified immediately so that it can oppose such request or take other action to safeguard its interests as it deems necessary and appropriate.

Please do not hesitate to contact me if you have any questions or I may be of any assistance.

Sincerely,

DYKEMA GOSSETT PLLC

Shannon M. Heim
SMHE/ebl

FCC Form 481 - Carrier Annual Reporting Data Collection Form

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	613018
<015>	Study Area Name	NUSHAGAK ELEC & TEL
<020>	Program Year	2015
<030>	Contact Name: Person USAC should contact with questions about this data	Michael O. Megli
<035>	Contact Telephone Number: Number of the person identified in data line <030>	9078425251 ext.
<039>	Contact Email Address: Email of the person identified in data line <030>	mmegli@nushagak.coop

ACCEPTED/FILED
JUL 1 2014
Federal Communications Commission
Office of the Secretary

ANNUAL REPORTING FOR ALL CARRIERS

(check box when complete)

			54.313 Completion Required	54.422 Completion Required
<100>	Service Quality Improvement Reporting	(complete attached worksheet)	✓	
<200>	Outage Reporting (voice)	(complete attached worksheet)	✓	
<210>	✓ <-- check box if no outages to report		✓	
<300>	Unfulfilled Service Requests (voice) 0			
<310>	Detail on Attempts (voice)	(attach descriptive document)		
<320>	Unfulfilled Service Requests (broadband) 0		✓	
<330>	Detail on Attempts (broadband)	(attach descriptive document)		
<400>	Number of Complaints per 1,000 customers (voice)			
<410>	Fixed 0.0		✓	
<420>	Mobile 0.0			
<430>	Number of Complaints per 1,000 customers (broadband)		✓	
<440>	Fixed 0.0			
<450>	Mobile 0.0			
<500>	Service Quality Standards & Consumer Protection Rules Compliance	(check to indicate certification)	✓	✓
<510>	613018AK510.pdf	(attached descriptive document)	✓	✓
<600>	Functionality in Emergency Situations	(check to indicate certification)	✓	✓
<610>	613018AK610.pdf	(attached descriptive document)	✓	✓
<700>	Company Price Offerings (voice)	(complete attached worksheet)	✓	
<710>	Company Price Offerings (broadband)	(complete attached worksheet)	✓	
<800>	Operating Companies and Affiliates	(complete attached worksheet)	✓	✓
<900>	Tribal Land Offerings (Y/N)? ● ○	(if yes, complete attached worksheet)	✓	
<1000>	Voice Services Rate Comparability	(check to indicate certification)	✓	
<1010>		(attach descriptive document)		
<1100>	Terrestrial Backhaul (Y/N)? ● ○	(if not, check to indicate certification)		
<1110>		(complete attached worksheet)		
<1200>	Terms and Condition for Lifeline Customers	(complete attached worksheet)		✓

Price Cap Carriers, Proceed to Price Cap Additional Documentation Worksheet

Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers

<2000>		(check to indicate certification)		
<2005>		(complete attached worksheet)		

Rate of Return Carriers, Proceed to ROR Additional Documentation Worksheet

<3000>		(check to indicate certification)	✓	
<3005>		(complete attached worksheet)	✓	

REDACTED - FOR PUBLIC INSPECTION

(100) Service Quality Improvement Reporting
Data Collection Form

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	613018
<015>	Study Area Name	MUSHKOAK ELEC & TEL
<020>	Program Year	2015
<030>	Contact Name - Person USAC should contact regarding this data	Michael O. Kegli
<035>	Contact Telephone Number - Number of person identified in data line <030>	9078425251 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	mkegli@mushegak.coop

<110>	Has your company received its ETC certification from the FCC?	(yes / no) ◉ ○
<111>	If your answer to Line <110> is yes, do you have an existing §54.202(a) "5 year plan" filed with the FCC?	(yes / no) ○ ◉

If your answer to Line <111> is yes, then you are required to file a progress report, on line <112> delineating the status of your company's existing § 54.202(a) "5 year plan" on file with the FCC, as it relates to your provision of voice telephony service.

<112> Attach Five-Year Service Quality Improvement Plan or, in subsequent years, your annual progress report filed pursuant to 47 C.F.R. § 54.313(a)(1). If your company is a CETC which only receives frozen support, your progress report is only required to address voice telephony service.

613018AK100.pdf

Name of Attached Document

Please check these boxes below to confirm that the attached documents(s), on line 112, contains a progress report on its five-year service quality improvement plan pursuant to § 54.202(a). The information shall be submitted at the wire center level or census block as appropriate.

<113>	Maps detailing progress towards meeting plan targets	☐
<114>	Report how much universal service (USF) support was received	☐
<115>	How (USF) was used to improve service quality	☐
<116>	How (USF)was used to improve service coverage	☐
<117>	How (USF) was used to improve service capacity	☐
<118>	Provide an explanation of network improvement targets not met in the prior calendar year.	☐

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(200) Service Outage Reporting (Voice)
Data Collection Form

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	613010
<015>	Study Area Name	NUSHAGAK ELEC & TEL
<020>	Program Year	2015
<030>	Contact Name - Person USAC should contact regarding this data	Michael O. Negli
<035>	Contact Telephone Number - Number of person identified in data line <030>	9078475251 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	mnegli@nushagak.coop

<220>

<a> NORS Reference Number	<b1> Outage Start Date	<b2> Outage Start Time	<b3> Outage End Date	<b4> Outage End Time	<c1> Number of Customers Affected	<c2> Total Number of Customers	<d> 911 Facilities Affected (Yes / No)	<e> Service Outage Description (Check all that apply)	<f> Did This Outage Affect Multiple Study Areas (Yes / No)	<g> Service Outage Resolution	<h> Preventative Procedures

REDACTED - FOR PUBLIC INSPECTION

(700) Price Offerings including Voice Rate Data
Data Collection Form

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	613018
<015>	Study Area Name	NUSHAGAK ELEC & TEL
<020>	Program Year	2015
<030>	Contact Name - Person USAC should contact regarding this data	Michael B. Hogli
<035>	Contact Telephone Number - Number of person identified in data line <030>	9078425251 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	mhogli@nushagak.coop

<701>	Residential Local Service Charge Effective Date	1/1/2016
<702>	Single State-wide Residential Local Service Charge	

<703>

<a1> State	<a2> Exchange (ILEC)	<a3> SAC (CETC)	<b1> Rate Type	<b2> Residential Local Service Rate	<b3> State Subscriber Line Charge	<b4> State Universal Service Fee	<b5> Mandatory Extended Area Service Charge	<c> Total per line Rates and Fees

-- See attached worksheet

REDACTED - FOR PUBLIC INSPECTION

(710) Broadband Price Offerings
Data Collection Form

FCC Form 481
OMB Control No. 3060-0986 /OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	613018
<015>	Study Area Name	NUSHAGAK ELEC & TEL
<020>	Program Year	2015
<030>	Contact Name - Person USAC should contact regarding this data	Michael O. Negli
<035>	Contact Telephone Number - Number of person identified in data line <030>	9078425251 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	mnegli@nushagak.coop

<711>

<a1>	<a2>	<b1>	<b2>	<c>	<d1>	<d2>	<d3>	<d4>
State	Exchange (ILEC)	Residential Rate	State Regulated Fees	Total Rate and Fees	Broadband Service - Download Speed (Mbps)	Broadband Service - Upload Speed (Mbps)	Usage Allowance (GB)	Usage Allowance Action Taken When Limit Reached (select)
			See attached worksheet					

REDACTED - FOR PUBLIC INSPECTION

(800) Operating Companies
Data Collection Form

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	613018
<015>	Study Area Name	NUSHAGAK ELEC & TEL
<020>	Program Year	2013
<030>	Contact Name - Person USAC should contact regarding this data	Michael G. Kegli
<035>	Contact Telephone Number - Number of person identified in data line <030>	9078425251 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	mkegli@nushagak.coop

<810>	Reporting Carrier	Nushagak Electric & Telephone Cooperative, Inc.
<811>	Holding Company	
<812>	Operating Company	

<813>

<a1> Affiliates	<a2> SAC	<a3> Doing Business As Company or Brand Designation

REDACTED - FOR PUBLIC INSPECTION

(900) Tribal Lands Reporting
Data Collection Form

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	613019
<015>	Study Area Name	NUSHAGAK ELEC & TEL
<020>	Program Year	2013
<030>	Contact Name - Person USAC should contact regarding this data	Michael G. Negli
<035>	Contact Telephone Number - Number of person identified in data line <030>	9078425251 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	mnegli@nushagak.coop

<910> Tribal Land(s) on which ETC Serves

Dillinghan, Aleknagik, Manokotak, Ekuk, Clarks Point, and Portage Creek

<920> Tribal Government Engagement Obligation

613018NN920.pdf

Name of Attached Document

If your company serves Tribal lands, please select (Yes,No, NA) for each these boxes to confirm the status described on the attached document(s), on line 920, demonstrates coordination with the Tribal government pursuant to § 54.313(a)(9) includes:

		Select (Yes,No, NA)
<921>	Needs assessment and deployment planning with a focus on Tribal community anchor institutions.	Yes
<922>	Feasibility and sustainability planning;	NA
<923>	Marketing services in a culturally sensitive manner;	NA
<924>	Compliance with Rights of way processes	Yes
<925>	Compliance with Land Use permitting requirements	Yes
<926>	Compliance with Facilities Siting rules	NA
<927>	Compliance with Environmental Review processes	NA
<928>	Compliance with Cultural Preservation review processes	NA
<929>	Compliance with Tribal Business and Licensing requirements.	NA

REDACTED - FOR PUBLIC INSPECTION

(1100) No Terrestrial Backhaul Reporting
Data Collection Form

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	613018
<015>	Study Area Name	NUNIWAGAK ELEC & TEL
<020>	Program Year	2013
<030>	Contact Name - Person USAC should contact regarding this data	Michael O. Magli
<035>	Contact Telephone Number - Number of person identified in data line <030>	9078423253 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	mmagli@nuniwagak.coop

<1120> Please check this box to confirm no terrestrial backhaul options exist within the supported area pursuant to § 54.313(G) ☐

<1130> Please check this box to confirm the reporting carrier offers broadband service of at least 1 Mbps downstream and 256 kbps upstream within the supported area pursuant to § 54.313(G) ☐

REDACTED - FOR PUBLIC INSPECTION

(1200) Terms and Condition for Lifeline Customers
Lifeline
Data Collection Form

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	613018
<015>	Study Area Name	NUSHAGAK ELEC & TEL
<020>	Program Year	2015
<030>	Contact Name - Person USAC should contact regarding this data	Michael O. Kegli
<035>	Contact Telephone Number - Number of person identified in data line <030>	9078425251 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	mkegli@nushagak.coop

<1210> Terms & Conditions of Voice Telephony Lifeline Plans

613018AK1210.pdf

Name of Attached Document

<1220> Link to Public Website HTTP

*Please check these boxes below to confirm that the attached document(s), on line 1210, or the website listed, on line 1220, contains the required information pursuant to § 54.422(a)(2) annual reporting for ETCs receiving low-income support, carriers must annually report:

<1221> Information describing the terms and conditions of any voice telephony service plans offered to Lifeline subscribers, ☑

<1222> Details on the number of minutes provided as part of the plan, ☑

<1223> Additional charges for toll calls, and rates for each such plan. ☑

REDACTED - FOR PUBLIC INSPECTION

(2000) Price Cap Carrier Additional Documentation
Data Collection Form
Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	613018
<015>	Study Area Name	BUSHMAN MUT A TEL
<020>	Program Year	2013
<030>	Contact Name - Person USAC should contact regarding this data	Michael D. Mogli
<035>	Contact Telephone Number - Number of person identified in data line <030>	9078425251 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	mcogli@bushman.com

CHECK the boxes below to note compliance as a recipient of Incremental Connect America Phase I support, frozen High Cost support, High Cost support to offset access charge reductions, and Connect America Phase II support as set forth in 47 CFR § 54.313(b),(c),(d),(e) the information reported on this form and in the documents attached below is accurate.

Incremental Connect America Phase I reporting

<2010> 2nd Year Certification (47 CFR § 54.313(b)(1)) ☐

<2011> 3rd Year Certification (47 CFR § 54.313(b)(2)) ☐

Price Cap Carrier Receiving Frozen Support Certification (47 CFR § 54.312(a))

<2012> 2013 Frozen Support Certification ☐

<2013> 2014 Frozen Support Certification ☐

<2014> 2015 Frozen Support Certification ☐

<2015> 2016 and future Frozen Support Certification ☐

Price Cap Carrier Connect America ICC Support (47 CFR § 54.313(d))

<2016> Certification Support Used to Build Broadband ☐

Connect America Phase II Reporting (47 CFR § 54.313(e))

<2017> 3rd year Broadband Service Certification ☐

<2018> 5th year Broadband Service Certification ☐

<2019> Interim Progress Certification ☐

<2020> Please check the box to confirm that the attached document(s), on line 2021, contains the required information pursuant to § 54.313 (e)(3)(ii), as a recipient of CAF Phase II support shall provide the number, names, and addresses of community anchor institutions to which began providing access to broadband service in the preceding calendar year. ☐

<2021> Interim Progress Community Anchor Institutions

Name of Attached Document Listing Required Information

REDACTED - FOR PUBLIC INSPECTION

(3000) Rate Of Return Carrier Additional Documentation
Data Collection Form

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<030>	Study Area Code	613018
<015>	Study Area Name	NUSHAGAK ELEC & TEL
<020>	Program Year	2015
<030>	Contact Name - Person USAC should contact regarding this data	Michael O. Hogil
<035>	Contact Telephone Number - Number of person identified in data line <030>	4078425252 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	mhogil@nushagak.coop

CHECK the boxes below to note compliance on its five year service quality plan (pursuant to 47 CFR § 54.202(a)) and, for privately held carriers, ensuring compliance with the financial reporting requirements set forth in 47 CFR § 54.313(f)(2). I further certify that the information reported on this form and in the documents attached below is accurate.

(3010) Progress Report on 5 Year Plan Milestone Certification (47 CFR § 54.313(f)(1)(i))

Name of Attached Document Listing Required Information

(3011) Please check this box to confirm that the attached document(s), on line 3012 contains the required information pursuant to § 54.313 (f)(1)(ii), the carrier shall provide the number, names, and addresses of community anchor institutions to which began providing access to broadband service in the preceding calendar year. ☐

(3012) Community Anchor Institutions (47 CFR § 54.313(f)(1)(ii))

Name of Attached Document Listing Required Information

(3013) Is your company a Privately Held ROR Carrier (47 CFR § 54.313(f)(2)) (Yes/No) ○ ●

(3014) If yes, does your company file the RUS annual report (Yes/No) ● ○

Please check these boxes to confirm that the attached document(s), on line 3017, contains the required information pursuant to § 54.313(f)(2) compliance requires:

(3015) Electronic copy of their annual RUS reports (Operating Report for Telecommunications Borrowers) ☐

(3016) Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows ☐

(3017) If the response is yes on line 3014, attach your company's RUS annual report and all required documentation

Name of Attached Document Listing Required Information

(3018) If the response is no on line 3014, is your company audited? (Yes/No) ● ○

If the response is yes on line 3018, please check the boxes below to confirm your submission, on line 3026 pursuant to § 54.313(f)(2), contains

(3019) Either a copy of their audited financial statement; or (2) a financial report in a format comparable to RUS Operating Report for Telecommunications ☑

(3020) Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows ☑

(3021) Management letter issued by the independent certified public accountant that performed the company's financial audit. ☑

If the response is no on line 3018, please check the boxes below to confirm your submission, on line 3026 pursuant to § 54.313(f)(2), contains:

(3022) Copy of their financial statement which has been subject to review by an independent certified public accountant; or 2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers. ☐

(3023) Underlying information subjected to a review by an independent certified public accountant ☐

(3024) Underlying information subjected to an officer certification. ☐

(3025) Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows ☐

(3026) Attach the worksheet listing required information

613018AK1026.pdf

Name of Attached Document Listing Required Information

REDACTED - FOR PUBLIC INSPECTION

Certification - Reporting Carrier Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013

<010>	Study Area Code	613018
<015>	Study Area Name	NUSHAGAK ELEC & TEL
<020>	Program Year	2015
<030>	Contact Name - Person USAC should contact regarding this data	Michael O. Megli
<035>	Contact Telephone Number - Number of person identified in data line <030>	9078425251 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	mmegli@nushagak.coop

TO BE COMPLETED BY THE REPORTING CARRIER, IF THE REPORTING CARRIER IS FILING ANNUAL REPORTING ON ITS OWN BEHALF:

Certification of Officer as to the Accuracy of the Data Reported for the Annual Reporting for CAF or LI Recipients

I certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual reporting requirements for universal service support recipients; and, to the best of my knowledge, the information reported on this form and in any attachments is accurate.

Name of Reporting Carrier: NUSHAGAK ELEC & TEL

Signature of Authorized Officer: CERTIFIED ONLINE Date 06/26/2014

Printed name of Authorized Officer: Michael Megli

Title or position of Authorized Officer: CEO/GM

Telephone number of Authorized Officer: 9078425251 ext.

Study Area Code of Reporting Carrier: 613018 Filing Due Date for this form: 07/01/2014

Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.

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Attachments

(700) Price Offerings Including Voice Rate Data
Data Collection Form

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	613018
<015>	Study Area Name	KUSKWAGAK ELEC & TEL
<020>	Program Year	2015
<030>	Contact Name - Person USAC should contact regarding this data	Michael O. Megli
<035>	Contact Telephone Number - Number of person identified in data line <030>	9078425251 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	mmegli@kuskwagak.coop

<701>	Residential Local Service Charge Effective Date	1/1/2014
<702>	Single State-wide Residential Local Service Charge	

<703>

<a1>	<a2>	<a3>	<b1>	<b2>	<b3>	<b4>	<b5>	<c>
State	Exchange (ILEC)	SAC (CETC)	Rate Type	Residential Local Service Rate	State Subscriber Line Charge	State Universal Service Fee	Mandatory Extended Area Service Charge	Total per line Rates and Fees
AK	842		FR	14.0	5.25	1.77	0.0	21.02
AK	236		FR	21.25	5.25	2.46	0.0	28.96
AK	289		FR	21.25	5.25	2.46	0.0	28.96
AK	842		FR	7.0	2.63	0.66	0.0	10.29

REDACTED - FOR PUBLIC INSPECTION

(710) Broadband Price Offerings
Data Collection Form

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	613018
<015>	Study Area Name	NUSHAGAK ELEC & TEL
<020>	Program Year	2015
<030>	Contact Name - Person USAC should contact regarding this data	Michael O. Mogli
<035>	Contact Telephone Number - Number of person identified in data line <030>	9078425251 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	mmogli@nushagak.coop

<711>

<a1>	<a2>	<b1>	<b2>	<c>	<d1>	<d2>	<d3>	<d4>
State	Exchange (ILEC)	Residential Rate	State Regulated Fees	Total Rates and Fees	Broadband Service - Download Speed (Mbps)	Broadband Service -Upload Speed (Mbps)	Usage Allowance (GB)	Usage Allowance Action Taken When Limit Reached (select)
AK	Dillingham	113.3	0.0	113.3	4.0	1.0	25.0	Overage Charge
AK	Dillingham	155.18	0.0	155.18	6.0	2.0	40.0	Overage Charge
AK	Dillingham	231.99	0.0	231.99	6.0	2.0	60.0	Overage Charge
AK	Dillingham	331.99	0.0	331.99	6.0	2.0	100.0	Overage Charge

REDACTED - FOR PUBLIC INSPECTION

NUSHAGAK ELECTRIC AND TELEPHONE COOPERATIVE INC. (NETC)
FIVE YEAR SERVICE QUALITY IMPROVEMENT PLAN

PREAMBLE

This 5 year improvement plan is a section of the Company's 2014 Annual Report. It is in compliance with § 54.313(a)(1) adopted in the FCC's USF/ICC Transformation Order (11-161). This document also incorporates further clarifications identified in subsequent Reconsideration Orders, as applicable, in effect prior to the filing of the Annual Report.

Nushagak Electric and Telephone Cooperative Inc. (NETC) has carefully developed its improvement plan, concentrating on the delivery and continuation of a robust network which provides, at a minimum, the federally required voice and broadband connectivity as stipulated by regulatory rule. In certain situations (and as noted herein), the plan may also incorporate specific state requirements.

NETC advises that this improvement plan has been carefully crafted, matching measured network deployment, improvement and quality service levels with known financial implications of the Transformation Order upon the company's support cash-flows. The uncertainty of such cash flows being received in the outer-years as a result of current and potential regulatory action on rural rate-of-return carriers has resulted in the Company taking a balanced yet realistic approach.

The environment in which the Company operates remains dynamic, not static. As a result, NETC reserves the opportunity to modify its plan in response to further regulatory decisions as they are adopted, and their implication upon the Company's financial viability in providing the required services and service level quality becomes known.

NETC will re-evaluate this plan on an annual basis. Action, however, may also be taken abruptly on the presented plan for both current and outer years in the event of evolving regulatory conditions and/or changes in technology (vendor)-driven support. All adjustments to the improvement plan in this document will be reflected and explained in subsequent annual reports.

OVERVIEW

NETC, as an Eligible Telecommunications Carrier (ETC) provides Universal Service supported services to approximately 1692 customers in three exchanges covering approximately 6,336 square miles.

Consistent with Commission requirements, this Service Quality Improvement Plan addresses only NETC's regulated eligible telecommunications carrier operations.[1] A detailed description of

[1]Per 47 C.F.R. § 54.314, federal USF support, "will be used only for the provision, maintenance, and upgrading of facilities and services for which the support is intended." If investments or expenses are for service areas larger than the supported service areas, then allocations of the expenditures are required.

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NETC's plans for the provision of the supported services in the five-year period starting with January 2015 is provided herein.

[redacted]

IMPROVEMENT PLANS BY YEAR (2015-2019 inclusive)

[redacted]

- [redacted]
- [redacted]

[redacted]

NETC is a member/owned cooperative providing telecommunications services as a local exchange carrier. NETC serves the communities of Dillingham, Manokotak, Clarks Point, Ekuk and Portage Creek in Southwest Alaska. The communities are located near Nushagak Bay at the confluence of the Wood and Nushagak Rivers, an inlet of Bristol Bay, an arm of the Bering Sea in the North Pacific. With 3 exchanges, it serves a current population of approximately 2,836, over a geographic area of approximately 6,336 square miles. In general, the service territory is a mixture of rolling tidal lands surrounded by mountains. Located approximately 350 air miles Southwest of Anchorage Alaska. The service territory between Dillingham and South Aleknagik is inter-connected by a secondary state highway. North Aleknagik is accessible via boat and small aircraft in summer or snow machine in the winter. Access to the surrounding villages of Clarks Point, Manokotak, Ekuk and Portage Creek are accessible via aircraft and seasonally via snow machine and/or boat. All goods and services must be either transported to the service area by aircraft or seasonally by ocean barge.

REDACTED - FOR PUBLIC INSPECTION

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

POPULATION

	Population	# of households
Dillingham	2466	[redacted]
Aleknagik	219	
Manakotak	442	
Clarks pt.	62	
Portage creek	2	
Ekuk	1	
	3192	

INCOME

Median	per capita	% below poverty line
51,458	21,537	11.70%
22,570	10,973	40.80%
26,875	9,294	35.30%
28,125	10,988	45.70%
N/A	N/A	N/A
N/A	N/A	N/A

N/A = Information not available

[redacted]

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SUMMARY DISCUSSION OF PLANS BY YEAR BY EXCHANGE

2015

Dillingham

REDACTED - FOR PUBLIC INSPECTION

[redacted]

[redacted]

[redacted]

[redacted]

Manokotak

[redacted]

[redacted]

[redacted]

Ekuk/Clarks Point

[redacted]

[redacted]

2016

Dillingham

[redacted]

REDACTED - FOR PUBLIC INSPECTION

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

Manokotak

[redacted]

[redacted]

Ekuk/Clarks Point

[redacted]

2017

Dillingham

[redacted]

[redacted]

[redacted]

Manokotak

[redacted]

REDACTED - FOR PUBLIC INSPECTION

Ekuk/Clarks Point

[redacted]

2018

Dillingham

[redacted]

Manokotak

[redacted]

Ekuk/Clarks Point

[redacted]

2019

Dillingham

[redacted]

Manokotak

[redacted]

Clarks Point

REDACTED - FOR PUBLIC INSPECTION

[redacted]

REDACTED - FOR PUBLIC INSPECTION

NETWORK IMPROVEMENT PROJECTS

AS OF 2014 ANNUAL REPORT SUBMISSION - JULY 1, 2014

MAP REF.	WIRE CENTER NAME & CLLI	DESCRIPTION of IMPROVEMENT	COST ESTIMATE	ACTUAL COST	REGULATED % ALLOCATION	AMOUNT IN USF SUPPORT AREA	% VOICE	% BROADBAND	AREA IMPACTED	POPULATION IMPACTED	TARGET COMPLETION DATE	ACTUAL COMPLETION DATE	Notes
	A	B	C	D	E	F=C*E	***	***	***	***	***	***	
	2015												
	DILLINGHAM DLHMAKXADSO	[redacted]	[redacted]		[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		2
	EKUK EKUKAKXA286												1
	MANOKOTAK MNKTAKXA289												

NOTES

	2014 TOTAL PROJECTS	$454,000

1 [redacted]

2

REDACTED - FOR PUBLIC INSPECTION

NETWORK IMPROVEMENT PROJECTS

AS OF 2014 ANNUAL REPORT SUBMISSION - JULY 1, 2014

MAP REF.	WIRE CENTER NAME & CLLI	DESCRIPTION of IMPROVEMENT	COST ESTIMATE	ACTUAL COST	REGULATED % ALLOCATION	AMOUNT IN USF SUPPORT AREA	% VOICE	% BROADBAND	AREA IMPACTED	POPULATION IMPACTED	TARGET COMPLETION DATE	ACTUAL COMPLETION DATE	Notes
	A	B	C	D	E	F=C*E	***	***	***	***	***	***	
	2016												
	DILLINGHAM DLHMAKXADSO	[redacted]	[redacted]		[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		2
	EKUK EKUKAKXA236												1
	MANOKOTAK MNKTAKXA289												

NOTES 2015 TOTAL PROJECTS $573,000

1 [redacted]

2

REDACTED - FOR PUBLIC INSPECTION

NETWORK IMPROVEMENT PROJECTS

AS OF 2014 ANNUAL REPORT SUBMISSION - JULY 1, 2014

MAP REF.	WIRE CENTER NAME & CLLI	DESCRIPTION of IMPROVEMENT	COST ESTIMATE	ACTUAL COST	REGULATED % ALLOCATION	AMOUNT IN USF SUPPORT AREA	% VOICE	% BROADBAND	AREA IMPACTED	POPULATION IMPACTED	TARGET COMPLETION DATE	ACTUAL COMPLETION DATE	Notes
	A	B	C	D	E	F=CxE	***	***	***	***	***	***	
	2017												
	DILLINGHAM DLHMAKXADSO	[redacted]	[redacted]		[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		2 1
	EKUK EKUKAKXAZ36												
	MANOKOTAK MNKTAKXA26S												

NOTES 2016 TOTAL PROJECTS $266,475

1 [redacted]

2

REDACTED - FOR PUBLIC INSPECTION

NETWORK IMPROVEMENT PROJECTS

AS OF 2014 ANNUAL REPORT SUBMISSION - JULY 1, 2014

MAP REF.	WIRE CENTER NAME & CLLI	DESCRIPTION of IMPROVEMENT	COST ESTIMATE	ACTUAL COST	REGULATED % ALLOCATION	AMOUNT IN USF SUPPORT AREA	% VOICE	% BROADBAND	AREA IMPACTED	POPULATION IMPACTED	TARGET COMPLETION DATE	ACTUAL COMPLETION DATE	Notes
	A	B	C	D	E	F=CxE	***	***	***	***	***	***	
	2018												
	DILLINGHAM DLHMAKXADSO	[redacted]	[redacted]		[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		2
													1
	EKUK EKUKAKXA236	[redacted]	[redacted]		[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		
	MANOKOTAK MNKTAKXA239	[redacted]	[redacted]		[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		
	NOTES	2017 TOTAL PROJECTS	$300,800										

1 [redacted]

2

REDACTED - FOR PUBLIC INSPECTION

NETWORK IMPROVEMENT PROJECTS

AS OF 2014 ANNUAL REPORT SUBMISSION - JULY 1, 2014

MAP REF.	WIRE CENTER NAME & CLLI	DESCRIPTION of IMPROVEMENT	COST ESTIMATE	ACTUAL COST	REGULATED % ALLOCATION	AMOUNT IN USF SUPPORT AREA	% VOICE	% BROADBAND	AREA IMPACTED	POPULATION IMPACTED	TARGET COMPLETION DATE	ACTUAL COMPLETION DATE	Notes
	A	B	C	D	E	F=CxE	***	***	***	***	***	***	
	2019												
	DILLINGHAM DLHMAKXADSO	[redacted]	[redacted]		[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		2
													1
	EKUK EKUKAKXA236												
	MANOKOTAK MNKTAKXA289												

REDACTED - FOR PUBLIC INSPECTION

NOTES 2013 TOTAL PROJECTS $216,500

1 [redacted]

2

Consumer Protection

Nushagak Electric & Telephone Cooperative, Inc. complies with the requirements of 47 CFR Part 64 Subpart U, Customer Proprietary Network Information and the Federal Trade Commission Red Flag rules to prevent identity theft. A manual for each of those programs is in place and is part of the employees' handbook. Employee training is conducted annually and new hires are instructed on the programs as required by their job functions.

Service Quality Standards

Nushagak Electric & Telephone Cooperative, Inc. complies with the service standards of the Regulatory Commission of Alaska as promulgated in the RCA Statutes 3 AAC 53.450(a) and (c) Eligible Telecommunications Carrier Designation Consumer protection and service quality.

Nushagak Electric & Telephone Cooperative, Inc.
2014 Annual 54.313 Report of High-Cost Recipient

54.313(a)(6) Ability to Remain Functional in Emergency Situations

Back-up Power

Telco Name has the following back-up power capabilities:

Switches – stand alone and/or host

1. Dillingham area - Metaswitch. Gel Cell battery backup, 2,090 Ah. Estim run time of 12 hours
2. Clarks point area – Redcom Switch. Sealed Lead acid battery, 600 Ah wi Solar panels. Estimated run time of 24 hours.
3. Manokotak area – Redcom Switch. Located in AT&T earth station facilit Lead acid battery-Estimated run time 8 hours

Subscriber carrier (DLC, AFC, OPM, etc.)

1. Dillingham area Kanananak. Sealed Lead acid battery, 600 Ah. 30 hour estimated run time.
2. Dillingham area Lupin Dr. Sealed Lead acid battery, 600 Ah. 30 hour estimated run time.
3. Dillingham area, Wasky Rd. Sealed Lead acid battery, 600 Ah. 30 hour estimated run time.
4. Dillingham area, 9 mile lake road, Sealed Lead acid battery, 600 Ah. 30 hour estimated run time.
5. Dillingham area, ravens view, Sealed Lead acid battery, 600 Ah. 30 hour estimated run time.
6. Dillingham area, Aleknagik south shore, Sealed Lead acid battery, 600 Ah. 30 hour estimated run time.
7. Dillingham area, Aleknagik north shore, Sealed Lead acid battery, 600 Ah. 30 hour estimated run time.
8. Manokotak area, Manokotak heights, Sealed Lead acid battery, 600 Ah. 30 hour estimated run time.

Network Interface Devices (NIDs)

Nushagak Electric & Telephone Cooperative, Inc. has 1713 customers with metallic (copper) connections to the Central Office and their NIDs are powered from the Central Office.

Nushagak Electric & Telephone Cooperative, Inc. has 3 customers with non-metallic (fiber optic) connections to the Central Office. These Facilities are equipped with 100% backup diesel generation systems.

Ability to reroute traffic around damaged facilities:

Nushagak Electric & Telephone Cooperative Inc. has built redundant facilities between its exchanges and / or to its connecting company / toll tandem. This redundant facility is in the form of a SONET ring (or other technology) with alternate physical facilities between **Nushagak Electric & Telephone Cooperative Inc., AT&T**, and **GCI**, its interconnection to the Public Switched Telephone Network.

Capability to manage traffic spikes resulting from emergency situations

Nushagak Electric & Telephone Cooperative, Inc. has 1716 customers, switching capacity of 250,000 simultaneous calls, and transport capacity for 2,016 simultaneous calls. **Nushagak Electric & Telephone Cooperative, Inc.** takes no responsibility for the capabilities of interconnected networks to manage traffic spikes resulting from emergency situations, but will continue its best efforts for its networks during such events.

November 21, 2013

Tribal Entity

Nushagak Electric and Telephone Inc. request to Tribal Entities concerning fund pooling mechanisms for communications services.

Dear Tribal Entity Contact:

Nushagak Electric and Telephone Cooperative Inc. (NETC) would like to meet with your organization discuss planning options for fulfilling tribal communications needs in your area.

NETC would like to meet with you when it is convenient for you and your representatives.

If you do not have meeting facilities available NETC will provide a place for us to meet.

If you have any further questions or require additional information please do not hesitate to contact NETC. I can be contacted at 842-6316 or via email at mmegli@nushagak.coop. Additionally, Michael Favors can be contacted at 842-6367 or via email at mfavors@nushagak.coop.

Sincerely,

Mike Megli
CEO/GM

Nushagak Electric and Telephone Cooperative (NETC) has performed the following items to comply with the Federal Communications Commission requirement for Exchange Telephone Carriers (ETCs) to engage with Tribal entities to assess their communication needs on Tribal lands.

NETC mailed letters on November 25, 2013 to the following Tribal Entities in our service area:

Aleknagik Traditional Council

Curyung Tribal Council

Portage Creek Village Council

Manokotak Village Council

Ekuk Village Council

Clarks Point Village Council

Choggiung and Bristol Bay Native Association were removed from our list. Choggiung informed NETC they were not a Tribal Entity on November 26, 2012. During NETC's meeting with Bristol Bay Native Association (BBNA) on December 4, 2012 it was recommended by BBNA that NETC consult with the individual Tribal Entities in NETC's serving area.

Aleknagik Traditional Council

NETC has been working with the Aleknagik Traditional Council towards a master easement agreement with Aleknagik Natives Limited. The agreement is in legal review at this time and we expect to finalize the agreement in 2014.

Curyung Tribal Council

Curyung is a recognized tribal entity however NETC has not received any request for services on their lands. There are no schools or anchor institutions for NETC to serve on Curyung lands with the exception of voice and broadband to their offices located in Dillingham.

Portage Creek Village Council

Portage Creek is a village located on the Nushagak River. There is no school, library, etc. The village is currently occupied by one year round family and the remainder of the village is utilized seasonally.

Air traffic or summer boat service is the only access to this village.

Manokotak Village Council

NETC currently provides the copper cable necessary to provide voice and broadband services to the Manokotak School and Health Clinic. NETC is currently in the process of constructing the fiber network necessary to provide terrestrial middle mile connectivity.

Air traffic is the only access to this village.

Ekuk Village Council

Ekuk Village located near Clarks Point does not have any full time residents with the exception of a watchman at the cannery located near Ekuk. There is no school, library or health clinic located in Ekuk.

Air traffic is the only access to this village.

Clarks Point Village Council

NETC provides voice services to the Village council office. NETC provides the copper facilities to link the village health clinic to the telemedicine network. The village school was closed in 2012. There is no library in Clarks Point.

Air traffic is the only access to this village.

54.313 Lifeline customers MOU and additional toll charges

Lifeline subscribers receive the same residential service as a regular subscriber, but at a reduced monthly recurring rate. Thus, lifeline subscribers have an unlimited number of local calling minutes. As for toll, lifeline subscribers, similar to every Nushagak Electric & Telephone Cooperative, Inc. subscriber, are free to choose their own toll usage plans through IXCs that serve Nushagak Electric & Telephone Cooperative, Inc.

EXECUTIVE SUMMARY

To assist you in your responsibilities as a member of the Board of Directors, this section summarizes the most significant conclusions reached and issues addressed during our audit of Nushagak Electric and Telephone Cooperative, Inc. for the year ended December 31, 2013.

SIGNIFICANT CONCLUSIONS AND ISSUES

We have completed our audit and issued our report dated March 24, 2014. Based on our work performed:

- We rendered an unmodified opinion on the December 31, 2013 financial statements.
- We have not identified any conditions which we consider to be material weaknesses as defined by generally accepted auditing standards. We did, however, identify a deficiency in internal control over financial reporting that we consider to be a significant deficiency.
- We have not identified any instances which we consider to be material instances of noncompliance with certain provisions of laws, regulations, and contracts.
- We identified instances of noncompliance with reporting requirements of grant agreements during our examination of expenditures of state financial assistance in accordance with the State of Alaska Audit Guide and Compliance Supplement for State Single Audits.
- We received the full cooperation of management and staff throughout the organization and were kept informed as to developments and plans affecting our audit scope.
- No restrictions were placed on the scope of our work.

The following reports include the audited consolidated financial statements and related notes with letters required by RUS and for the Alaska State Single Audit. Also included are communications for the benefit of those charged with governance, as required by professional standards.

March 24, 2014

To the Board of Directors
Nushagak Electric and Telephone Cooperative, Inc.

Dear Members of the Board:

We have audited the financial statements of Nushagak Electric and Telephone Cooperative, Inc. (the Cooperative) for the year ended December 31, 2013, and have issued our report thereon dated March 24, 2014.

Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated October 7, 2013. Professional standards also require that we communicate to you the following information related to our audit.

QUALITATIVE ASPECTS OF ACCOUNTING POLICIES

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Cooperative are described in Note 1 to the December 31, 2013 financial statements. No new accounting policies were adopted and the applications of existing policies were not changed during 2013. We noted no transactions entered into by the Cooperative during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. Significant accounting estimates reflected in the financial statements include; the allowance for doubtful accounts receivable, useful lives of property, plant and equipment, and fair value measurements of financial instruments and investments.

During the year ended December 31, 2013, we are not aware of any significant changes in accounting estimates or in management's judgments relating to such estimates. We evaluated the key factors and assumptions used in determining that those estimates are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures are those related to long term debt, and effects of changes in the regulatory environment on the Cooperative.

The financial statement disclosures are neutral, consistent and clear.

DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

We encountered no significant difficulties in dealing with management in performing and completing our audit.

CORRECTED AND UNCORRECTED MISSTATEMENTS

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

DISAGREEMENTS WITH MANAGEMENT

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

MANAGEMENT REPRESENTATIONS

We have requested certain representations from management that are included in the management representation letter dated March 24, 2014.

MANAGEMENT CONSULTATION WITH OTHER INDEPENDENT ACCOUNTANTS

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" in certain situations. If a consultation involves application of an accounting principle to the Cooperative's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

OTHER AUDIT FINDINGS OR ISSUES

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Cooperative's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the information and use of the Board of Directors, management, and others within the Cooperative and is not intended to be and should not be used by anyone other than these specified parties.

We will be pleased to discuss this report with you further at your convenience.

AKT LLP

AKT LLP

Nushagak Electric and Telephone Cooperative, Inc.

Financial Statements with Supplemental Information and Required Reports

Years Ended December 31, 2013 and 2012

AKT

| CPAs AND BUSINESS CONSULTANTS |

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NUSHAGAK ELECTRIC AND TELEPHONE COOPERATIVE, INC.

Financial Statements with Supplemental Information and RUS Letters

Years Ended December 31, 2013 and 2012

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Nushagak Electric and Telephone Cooperative, Inc.
Dillingham, Alaska

We have audited the accompanying financial statements of Nushagak Electric and Telephone Cooperative, Inc. (the Cooperative), which comprise the balance sheets as of December 31, 2013 and 2012, and the related statements of operations and patronage capital, and cash flows for the years then ended.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nushagak Electric & Telephone Cooperative, Inc. at December 31, 2013 and 2012, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters
Report on Supplementary Information
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The combining divisional statements are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of state financial assistance, as required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated March 24, 2014, on our consideration of Nushagak Electric & Telephone Cooperative, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Cooperative's internal control over financial reporting and compliance.

AKT LLP

Salem, Oregon
March 24, 2014

NUSHAGAK ELECTRIC AND TELEPHONE COOPERATIVE, INC.

Balance Sheets

December 31, 2013 and 2012

ASSETS	2013	2012
Current Assets:		
Cash and cash equivalents		
General	$ 2,985,686	$ 3,597,518
Construction	2,306	2,306
Accounts receivable net of allowance for doubtful accounts of $50,716 ($61,837 in 2012)	1,624,824	1,536,142
Materials and supplies inventory	464,848	508,506
Fuel inventory	3,280,102	3,036,535
Prepaid expenses	34,594	28,429
Total Current Assets	8,392,360	8,709,436
Other Assets:		
Investments in associated organizations	981,442	879,795
Deferred charges	460,265	480,624
Total Other Assets	1,441,707	1,360,419
Property, Plant and Equipment		
In service	30,750,540	30,637,387
Under construction	1,412,666	1,293,501
Total Property, Plant and Equipment	32,163,206	31,930,888
Less accumulated depreciation	23,056,914	22,463,902
Property, Plant and Equipment, net	9,106,292	9,466,986
Total Assets	$ 18,940,359	$ 19,536,841
LIABILITIES AND EQUITIES		
Current Liabilities:		
Current maturities of long-term debt	$ 279,000	$ 360,237
Line of credit	2,892,791	2,963,639
Accounts payable	171,153	349,544
Consumer deposits	199,725	166,455
Other accrued liabilities	602,661	605,034
Total Current Liabilities	4,145,330	4,444,909
Long-Term Debt, net of current maturities	1,853,016	2,130,686
Total Liabilities	5,998,346	6,575,595
Equities:		
Patronage capital	12,878,166	12,901,133
Other equities	63,847	60,113
Total Equities	12,942,013	12,961,246
Total Liabilities and Equities	$ 18,940,359	$ 19,536,841

See accompanying notes to financial statements.

REDACTED - FOR PUBLIC INSPECTION

NUSHAGAK ELECTRIC AND TELEPHONE COOPERATIVE, INC.

Statements of Operations and Patronage Capital

Years Ended December 31, 2013 and 2012

	2013	2012
Operating Revenues:		
Electric	$ 8,286,699	$ 8,612,739
Local network service	599,877	637,990
Network access services	2,739,178	2,855,781
Cable, net of retransmission fees of $236,955 ($228,120 in 2012)	218,166	222,576
Internet	724,145	502,429
Miscellaneous	48,622	47,431
Total Operating Revenues	12,616,687	12,878,946
Operating Expenses:		
Power production	6,096,185	6,021,007
Distribution	365,547	340,110
Plant specific	1,098,134	1,131,172
Plant non-specific	363,283	363,390
Depreciation	1,203,397	1,313,996
Customer	293,534	337,551
Administrative and general	2,274,039	2,144,992
Cable and internet	859,168	601,766
Operating taxes	74,780	77,738
Total Operating Expenses	12,628,067	12,331,722
Operating Margin (Loss)	(11,380)	547,224
Other Income (Expense):		
Patronage allocations	152,624	108,070
Interest and dividend income	4,906	5,673
Interest expense	(193,820)	(216,577)
Non-regulated net income	50,824	56,690
Net Other Income (Expense)	14,534	(46,144)
Net Margin	3,154	501,080
Beginning Patronage Capital	12,901,133	12,422,535
Patronage Capital Retired	(27,046)	(23,407)
Other Adjustments	925	925
Ending Patronage Capital	$ 12,878,166	$ 12,901,133

See accompanying notes to financial statements.

REDACTED - FOR PUBLIC INSPECTION

NUSHAGAK ELECTRIC AND TELEPHONE COOPERATIVE, INC.

Statements of Cash Flows

Years Ended December 31, 2013 and 2012

	2013	2012
Cash Flows from Operating Activities:		
Net margin	$ [redacted]	$ 501,080
Adjustments to reconcile net margin to net cash provided by operating activities:		
Depreciation	[redacted]	[redacted]
Noncash patronage allocations	[redacted]	[redacted]
Changes in assets and liabilities:		
Accounts receivable	[redacted]	[redacted]
Materials and supplies inventory	[redacted]	[redacted]
Fuel inventory	[redacted]	[redacted]
Prepaid expenses	[redacted]	[redacted]
Deferred charges	[redacted]	[redacted]
Accounts payable	[redacted]	[redacted]8
Consumer deposits	[redacted]	[redacted]
Other accrued liabilities	[redacted]	[redacted]
Net Cash Provided by Operating Activities	[redacted]	[redacted]
Cash Flows from Investing Activities:		
Purchases of plant	[redacted]	[redacted]
Proceeds from grant reimbursements	[redacted]	[redacted]
Proceeds from sale of assets	-	[redacted]
Patronage dividends received	[redacted]	[redacted]
Net Cash Used by Investing Activities	[redacted]	[redacted]
Cash Flows from Financing Activities:		
Net borrowings (payments) on line of credit	[redacted]	[redacted]
Payments on long-term debt	[redacted]	[redacted]
Capital credit payments, net	[redacted]	[redacted]
Refunds of federal communications excise tax	[redacted]	[redacted]
Net Cash Used by Financing Activities	[redacted]	[redacted]
Net Increase (Decrease) in Cash and Cash Equivalents	[redacted]	[redacted]
Cash and Cash Equivalents, beginning	[redacted]	[redacted]
Cash and Cash Equivalents, ending	$ [redacted]	[redacted]
Cash Paid During the Year for Interest, net of amounts capitalized	$ [redacted]	[redacted]

See accompanying notes to financial statements.

REDACTED - FOR PUBLIC INSPECTION

Note 1 - Summary of Significant Accounting Policies

Organization
Nushagak Electric and Telephone Cooperative, Inc. (the Cooperative) was created effective January 1, 2002 with the merger of Nushagak Electric Cooperative, Inc. and Nushagak Telephone Cooperative, Inc. The Cooperative is an Alaska cooperative corporation providing electric, telecommunications, cable television and internet services within and around the Dillingham, Alaska area.

Basis of Accounting
The Cooperative's financial statements are prepared on the accrual basis of accounting in conformity with the accounting principles generally accepted in the United States of America applicable to regulated enterprises.

Interdivisional Transactions
The operations of the Cooperative are segregated into the electric division, the telephone division, and the cable division, for management and external reporting purposes. Each division has transactions with the other divisions in the normal course of conducting business. For example, the electric division pays the telephone division for telephone service. Because these amounts are not considered material to the financial statements, there have been no eliminations for interdivisional revenues and expenses except for interest on interdivision loans.

Use of Estimates
The Cooperative uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses.

Regulation
The electric division of the Cooperative maintains its accounting records in accordance with the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission as modified for electric borrowers of the Rural Utilities Service (RUS). The telephone division of the Cooperative maintains its accounting records in accordance with the Uniform System of Accounts, as prescribed by the Federal Communications Commission (FCC). As a result, the application of accounting principles generally accepted in the United States by the Cooperative differs in certain respects from the application by non-regulated entities. Such differences primarily concern the time at which certain items enter in the determination of net margin.

The telephone division of the Cooperative is subject to limited regulation by the FCC and the Regulatory Commission of Alaska (RCA) regarding the provision of telecommunication services. The local exchange operations are exempt from rate regulation by the RCA.

The electric division of the Cooperative must comply with applicable regulatory standards related to generation and transmission.

The Cooperative is subject to normal environmental standards imposed by federal, state, and local environmental laws and regulations. Environmental expenditures are expensed or capitalized depending on their future economic benefit. Liabilities for such expenditures are recorded when it is probable that obligations have been incurred and the cost can be reasonably estimated.

Regulatory and legislative actions, as well as future regulations, could have a significant impact on the Company's future operations and financial condition. See Note 1, National Broadband Plan and FCC Order.

Cash and Cash Equivalents
For purposes of the statement of cash flows, the Cooperative considers all cash and short-term investments that are readily convertible to known amounts of cash and that present an insignificant risk of change in value due to changes in interest rates or other factors to be cash equivalents.

Note 1 - Summary of Significant Accounting Policies, continued

Cash and Cash Equivalents, continued
The Cooperative maintains its cash in bank deposit accounts that are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of $250,000. [redacted] The Cooperative has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Accounts Receivable
The Cooperative provides an allowance for doubtful accounts that is based on a review of outstanding receivables, historical collection information, and existing economic conditions. Receivables from subscribers are due 30 days after the issuance of the invoice. Receivables from other exchange carriers are typically outstanding from 30 to 60 days before payment is received. Delinquent accounts are charged to uncollectible expense when it is determined that the account will not be collected. Receivables past due more than 90 days are considered delinquent. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer.

Investments in Associated Organizations
Investments in associated organizations are stated at cost.

Fair Value of Financial Instruments
The Cooperative's financial instruments, none of which are held for trading purposes, include cash and cash equivalents, accounts receivable, accounts payable, and notes payable. The Cooperative estimates that the fair value of all of these non-derivative financial instruments at December 31, 2013 and 2012 does not differ materially from the aggregate carrying value of its financial instruments recorded in the accompanying balance sheets.

Fuel, Materials and Supplies Inventory
For the electric division, inventory of fuel, antifreeze, lube oil, and materials are recorded at the lower of weighted average cost or market. For the telephone division, materials and supplies are stated at average cost.

Property, Plant and Equipment
Property, plant, and equipment in service and under construction are stated at cost, including appropriate direct and indirect costs associated with construction. Normal maintenance and repairs are charged to operations when incurred. Renewals and betterments are capitalized. For regulated and non-regulated assets, the Cooperative provides for depreciation on a straight-line basis over the estimated useful lives of the related assets, in accordance with rates consistent with industry standards, which range from 5 to 75 years. In accordance with composite group depreciation methodology, when a portion of the Cooperative's regulated property, plant, and equipment is retired in the ordinary course of business, the gross book value is eliminated from the utility plant accounts and such costs, plus removal expenses, less salvage, are charged to accumulated depreciation and no gain or loss is recognized.

Upon retirement, sale, or other disposition of non-regulated property, plant, and equipment, the cost and accumulated depreciation are removed from the accounts and the resulting gains or losses are included in operations.

Extraordinary maintenance costs incurred by the electric division of the Cooperative are initially deferred and subsequently amortized to operating expenses over periods generally ranging from 18 to 60 months. Utility rates are stabilized at levels intended to fund these maintenance costs as they are amortized.

Contributions in aid of construction for the electric division are credited to the associated cost of construction of property units.

The Cooperative follows the policy of capitalizing interest as a component of the cost of property, plant, and equipment constructed for its own use. The Cooperative uses a weighted-average interest rate based on total long-term debt. [redacted]

Note 1 - Summary of Significant Accounting Policies, continued

Revenue Recognition
The Cooperative's billing for the usage of electricity reflects metered usage through approximately the fifteenth day of the month. The Cooperative estimates and records the revenue earned for the usage from the last billing through the end of the accounting period.

The Cooperative's monthly service fees derived from basic and local telephone service, as well as for cable and internet service, are billed in advance. Advance billings are recorded as a liability or reduction of receivables and subsequently transferred into income in the period earned. Usage sensitive revenues are billed in arrears.

Network Access Revenues
Network access revenue is received under a system of access charges. Access charges represent a methodology by which local telephone companies, including the Cooperative, charge the long-distance carrier for access and interconnection to local facilities. The Cooperative has elected to file access tariffs through the National Exchange Carriers Association (NECA) and the Alaska Exchange Carriers Association (AECA). These access tariffs are subject to approval by the FCC for interstate charges and the Regulatory Commission of Alaska (RCA) for intrastate charges.

When network access revenues have been received pursuant to the settlement and access agreements above, they are then either placed into a common pooling arrangement with other exchange carriers for redistribution or kept by the Cooperative. The redistributions are made according to formulas established by the governing boards of the pools and are generally based upon expenses incurred and investments maintained.

The Cooperative participates in various pooling arrangements with NECA and AECA.

Settlement, access, and pool distribution revenues are recorded when the amounts become determinable. Related expenses are recorded when incurred. Subsequent true-ups and retroactive adjustments, which are generally allowed for a period of 24 months (NECA pool only) after the close of the related calendar year, are recorded in the year in which such adjustments become determinable, based upon studies prepared by outside consultants.

In addition to recoveries from the pools, the Cooperative also receives revenues from the Universal Service High Cost Loop Fund (HCL) and other support mechanisms administered by the Universal Service Administrative Company (USAC). These universal service support revenues are intended to compensate the Cooperative for the high cost of providing service in rural areas. The amount of support received from HCL is based on the number of customers served and the cost of providing service in that area being in excess of the national average cost per loop, as determined by the FCC. The Cooperative also receives funding from state universal service funds. These support revenues are included in the network access revenues in the accompanying financial statements.

[redacted]

National Broadband Plan and FCC Order
In 2010 the FCC issued the National Broadband Plan which outlined a long-term plan to increase broadband penetrations and services throughout the United States of America. The plan further outlined a proposed long-term phase-out of access charges (referred to as Intercarrier Compensation) and moved to support mechanisms based on broadband services rather than the current Universal Service High Cost Loop Fund administered by USAC.

Note 1 - Organization and Summary of Significant Accounting Policies, continued

National Broadband Plan and FCC Order, continued
In response to the plan, the FCC on October 27, 2011, approved Report and Order 11-161 (the Order), that begins the process of reforming the universal service and intercarrier compensation (ICC) systems and adopts support for broadband-capable networks as an express universal service principle. The Order further creates the Connect America Fund which will ultimately replace all existing high-cost support mechanisms as well as help facilitate ICC reforms.

The key provisions of the order include:

- Capping the federal universal service fund at current levels
- Placing limitations on capital and operating spending
- Establishing local rate benchmarks
- Capping the per-line support amount for the universal service high cost loop fund at $250 per month
- Phase out of local switching support and the establishment of the CAF for recovery of investment and expenses related to the provision of switching services
- Reforming the ICC system by adopting a plan to transition from access charges to a bill and keep framework. The transition period for rate-of-return carriers such as the Cooperative is approximately 9 years from the date of the order.
- Adoption of a monthly Access Recovery Charge as a transitional recovery mechanism to mitigate the impact of reduced intercarrier revenues

The Order was effective December 29, 2011 and implementation began July 1, 2012. As of the implementation date CAF recovery is calculated based on the frozen fiscal year 2011 interstate switched access revenue requirement, plus certain 2011 intrastate access revenues, and will decline annually by 5% during the transition period.

As of December 31, 2013 the Cooperative is transitioning its local rates and is not subject to the $250 per line support cap. Furthermore, for the period ended December 31, 2013 the impacts to the Cooperative related to the 5% annual decline in switched access revenues have not been significant.

The overall reform process will take place in phases and will take several years to implement. Furthermore, the Order includes a Further Notice of Proposed Rulemaking. The FCC has issued numerous Orders for Reconsideration and continues to seek comments on various items. As a result, the ultimate outcome of these proceedings and their impact is uncertain at this time.

Excise Tax Refunds
Refunds of Federal communication excise taxes resulting from the Cooperative's status as a tax exempt cooperative are recorded as a direct increase to members' patronage capital accounts.

Patronage Capital
Patronage capital consists of undistributed net margins allocated to individual members and accumulated since inception, less distributions to members. Under the bylaws of the Cooperative, the distribution of such patronage capital to members of the Cooperative is at the discretion of the Board of Directors, and may be restricted under covenants of RUS mortgage notes.

Other Equities
Other equities consist of unclaimed distributions of patronage capital credits to members transferred to the Cooperative under the laws of the State of Alaska.

Note 1 - Summary of Significant Accounting Policies, continued

Income Taxes

The Cooperative has been granted an exemption from Federal income taxes under Section 501(c)(12) of the Internal Revenue Code, except for "unrelated" business income. However, in any year for which greater than 15% of gross revenue is derived from nonmember services, the Cooperative becomes a taxable cooperative. The Cooperative was exempt from income taxes in 2013 and 2012. The Cooperative is also exempt from state income taxes as a gross revenue tax on cooperatives overrides the filing of state income tax.

In years when the Cooperative is taxable, federal income taxes payable by taxable cooperatives are computed differently from taxes payable by other corporations, primarily because cooperatives are allowed to deduct margins allocated to patrons within 8½ months after the end of each taxable year.

The Cooperative follows accounting standards generally accepted in the United States of America related to the recognition of uncertain tax positions. The Cooperative recognizes accrued interest and penalties associated with uncertain tax positions as part of the income tax provision, when applicable. There were no amounts accrued in the financial statements related to uncertain tax positions in 2013 or 2012. The Cooperative files income tax returns in the United States, state and local jurisdictions. With few exceptions, the Cooperative is no longer subject to U.S. Federal, state or local tax examination by tax authorities for years before 2009.

Subsequent Events

The Cooperative has evaluated subsequent events through March 24, 2014, the date on which the financial statements were available to be issued.

Note 2 - Investments in Associated Organizations

Investments in associated organizations consisted of the following at December 31:

	2013	2012
Electric Division		
National Rural Utilities Cooperative Finance Corporation (NRUCFC):		
Capital term certificates	$ [redacted]	[redacted]
Patronage capital credits	[redacted]	[redacted]
Membership	[redacted]	[redacted]
Alaska Rural Electric Cooperative Association (ARECA) Insurance Exchange, assigned equity	[redacted]	[redacted]
Nushagak Telephone Cooperative, Inc. patronage capital credits	[redacted]	[redacted]
Total Electric Division	[redacted]	[redacted]
Telephone Division		
Alaska Rural Electric Cooperative Association (ARECA) Insurance Exchange, assigned equity	[redacted]	[redacted]
Rural Telephone Finance Cooperative, patronage capital credits	[redacted]	[redacted]
CoBank, patronage capital credits	[redacted]	[redacted]
Nushagak Electric Cooperative, Inc. patronage capital credits	[redacted]	[redacted]
Total Telephone Division	[redacted]	[redacted]
Total Investments in Associated Organizations	$ [redacted]	[redacted]

Note 3 - Property, Plant and Equipment

Listed below are the major classes of property, plant, and equipment in service at December 31, including related composite depreciation rates:

	Depreciation Percentage	2013	2012
Electric Division			
Land and improvements	-	$ [redacted]	[redacted]
Production plant	3.0 to 7.0%	[redacted]	[redacted]
Distribution plant	2.3 to 4.0%	[redacted]	[redacted]
General plant	4.0 to 20.0%	[redacted]	[redacted]
Telephone Division			
Land and improvements	-	[redacted]	[redacted]
General plant and support	1.3 to 13.5%	[redacted]	[redacted]
Central office	6.0 to 12.6%	[redacted]	[redacted]
Cable and wire facilities	3.9 to 20.0%	[redacted]	[redacted]
Cable Division			
Land and improvements	-	[redacted]	[redacted]
Building and equipment	4.0 to 20.0%	[redacted]	[redacted]
Head end equipment	20.0%	[redacted]	[redacted]
Premise equipment	14.3%	[redacted]	[redacted]
Internet equipment	12.5 to 13.0%	[redacted]	[redacted]
Distribution facilities	8.0%	[redacted]	[redacted]
Total Property, Plant and Equipment in Service		$ [redacted]	$ [redacted]

In 2009, the Cooperative was awarded a $4,031,500 grant from the Alaska Energy Authority (AEA), a public corporation of the State of Alaska, under the Renewable Energy Fund. The grant funds are to be used for feasibility studies, permitting, and engineering costs related to a potential hydropower project. During the year ended December 31, 2013, the Cooperative expended $472,600 in grant funds ($741,448 in 2012) bringing cumulative expenditures of grant funding to $1,831,626. Reimbursements received for expenditures of state grant funds during the year ended December 31, 2013 were $668,547 ($984,178 in 2012), bringing the total reimbursements for the grant to $1,809,617. Grant expenditures related to the year ended December 31, 2013, and requested subsequent to year end were $22,009 ($217,956 at December 31, 2012).

In 2010, the Cooperative was awarded a $125,000 grant from the AEA under the Denali Commission. The grant funds are to be used for environmental and feasibility studies, permitting, and conceptual engineering related to a potential wind generation project. Project costs totaled $97,686 as of December 31, 2013 ($88,438 as of December 31, 2012). Grant expenditures related to the year ended December 31, 2013 and requested subsequent to year end were $9,248 (none at December 31, 2012).

In 2012, the Cooperative was awarded a $1,000,000 grant from the Alaska Department of Commerce, Community, and Economic Development, Division of Community and Regional Affairs. The grant funds are to be used for the purchase and construction of an 850,000 gallon fuel tank within the Cooperative's existing fuel tank farm. During the year ended December 31, 2013, the Cooperative expended $882,489 in grant funds ($117,511 in 2012) bringing cumulative expenditures of grant funding to $1,000,000. Reimbursements received for expenditures of state grant funds during the year ended December 31, 2013 were $1,000,000 (none in 2012).

Note 4 - Deferred Charges

Deferred charges, net of accumulated amortization, relate to the electric division and consist of the following at December 31:

	2013	2012
Deferred Charges		
Overhaul unit no. 11	$ [redacted]	$ -
Overhaul unit no. 12	[redacted]	[redacted]
Overhaul unit no. 13	[redacted]	[redacted]
Overhaul unit no. 14	[redacted]	[redacted]
Overhaul unit no. 15	[redacted]	[redacted]
Air quality permits program	[redacted]	[redacted]
Other	[redacted]	[redacted]
Total Deferred Charges	$ [redacted]	$ [redacted]

Included in deferred charges are costs associated with the air quality permits program, major overhauls, studies, and inspections. Such costs are originally deferred and subsequently capitalized to resultant construction or amortized over five years if construction does not materialize.

Note 5 - Patronage Capital

Patronage capital consisted of the following at December 31:

	2013			
	Electric Division	Telephone Division	Cable Division	Totals
Beginning balance	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
Patronage capital retired	[redacted]	[redacted]	[redacted]	[redacted]
Excise tax refund	-	[redacted]	-	[redacted]
Assignable net margin	[redacted]	[redacted]	[redacted]	[redacted]
Total Patronage Capital	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]

	2012			
	Electric Division	Telephone Division	Cable Division	Totals
Beginning balance	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
Patronage capital retired	[redacted]	[redacted]	-	[redacted]
Excise tax refund	-	[redacted]	-	925
Assignable net margin	[redacted]	[redacted]	[redacted]	[redacted]
Total Patronage Capital	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]

Note 6 - Other Equities

Other equities consisted of the following at December 31:

	2013		
	Electric Division	Telephone Division	Totals
Patronage estate discount	$ [redacted]	$ -	$ [redacted]
Patronage capital gain	-	[redacted]	[redacted]
Donated capital	-	[redacted]	[redacted]
Total Other Equities	$ 43,555	$ 20,292	$ 63,847

	2012		
	Electric Division	Telephone Division	Totals
Patronage estate discount	$ [redacted]	$ -	$ [redacted]
Patronage capital gain	-	[redacted]	[redacted]
Donated capital	-	[redacted]	[redacted]
Total Other Equities	$ 40,443	$ 19,670	$ 60,113

Note 7 - Long-Term Debt

Long-term debt consisted of the following at December 31:

	2013	2012
Electric Division		
[redacted]	$ [redacted]	$ [redacted]
[redacted]	[redacted]	[redacted]
Total Electric Division	[redacted]	[redacted]
Less Current Portion	209,000	218,000
Long-Term Debt, net of current maturities	1,513,021	1,721,987
Telephone Division		
[redacted]	[redacted]	[redacted]
[redacted]	-	[redacted]
[redacted]	[redacted]	[redacted]
Total Telephone Division	[redacted]	[redacted]
Less Current Portion	[redacted]	[redacted]
Long-Term Debt, net of current maturities	[redacted]	[redacted]
Total Long-Term Debt	[redacted]	[redacted]
Less Current Portion	[redacted]	[redacted]
Total Long-Term Debt, net of current maturities	$ [redacted]	$ [redacted]

[redacted]

[redacted]

Note 7 - Long-Term Debt, continued

Future maturities of long-term debt are as follows:

	Electric Division	Telephone Division	Totals
2014	$ [redacted]	$ [redacted]	$ [redacted]
2015	[redacted]	[redacted]	[redacted]
2016	[redacted]	[redacted]	[redacted]
2017	[redacted]	[redacted]	[redacted]
2018	[redacted]	[redacted]	[redacted]
Thereafter	[redacted]	[redacted]	[redacted]
	$ [redacted]	$ [redacted]	$ [redacted]

[redacted]

Note 8 - Pension and Health and Welfare Plans

[redacted]

Note 8 - Pension and Health and Welfare Plans, continued

In the Plan, a "zone status" determination is not required and therefore, not determined under the Pension Protection Act (PPA) of 2006. In addition, the accumulated benefit obligations of plan assets are not determined or allocated separately by individual employer. In total, the NRECA RSP was 100 percent funded at January 1, 2012 based on the PPA funding target and PPA actuarial value of assets on that date. Information for the Plan year beginning January 1, 2013 is not available at the time of this audit report.

Because the provisions of PPA do not apply to the NRECA RSP, funding improvement plans and surcharges are not applicable and have not been applied. Future contribution requirements are determined each year as part of the actuarial valuation of the NRECA RSP and may change as a result of NRECA RSP experience. There is no collective bargaining agreement that affects future contribution requirements.

The Cooperative participates in multi-employer plans through NRECA that provide all employees with health care and other welfare benefits during the employees' working lives. Amounts charged to benefit cost and contributed to the health and welfare plan for those benefits totaled $712,917 and $659,283, respectively, for the years ended December 31, 2013 and 2012.

In addition, the Cooperative also participates in a contributory, multi-employer, defined contribution savings (401k) plan (the Savings Plan) sponsored by NRECA. This program provides a tax deferral of current employee earnings to a future period. All employees meeting the Savings Plan's eligibility requirements are eligible to participate if they have completed one month of service, and may contribute up to 25% of their salary. The employer does not contribute to this plan. All participants are immediately vested in their contributions.

SUPPLEMENTAL INFORMATION

NUSHAGAK ELECTRIC AND TELEPHONE COOPERATIVE, INC.

Combining Divisional Balance Sheets - 2013

December 31, 2013

	Electric	Telephone	Cable	Eliminations	Total
ASSETS					
Current Assets:					
Cash and cash equivalents					
General	$ (675,295)	$ 3,287,646	$ 373,335	$ -	$ 2,985,686
Construction	218	2,088	-	-	2,306
Accounts receivable, net of allowance for doubtful accounts of $50,716	1,222,599	345,865	56,360	-	1,624,824
Materials and supplies inventory	315,128	123,043	26,677	-	464,848
Fuel inventory	3,280,102	-	-	-	3,280,102
Prepaid expenses	6,856	27,710	28	-	34,594
Total Current Assets	4,149,608	3,786,352	456,400	-	8,392,360
Other Assets:					
Investments in associated organizations	630,071	351,371	-	-	981,442
Deferred charges	460,265	-	-	-	460,265
Total Other Assets	1,090,336	351,371	-	-	1,441,707
Property, Plant and Equipment					
In service	16,003,997	12,859,428	1,887,115	-	30,750,540
Under construction	758,560	631,468	22,638	-	1,412,666
Total Property, Plant and Equipment	16,762,557	13,490,896	1,909,753	-	32,163,206
Less accumulated depreciation	11,226,519	10,010,141	1,820,254	-	23,056,914
Property, Plant and Equipment, net	5,536,038	3,480,755	89,499	-	9,106,292
Total Assets	$ 10,775,982	$ 7,618,478	$ 545,899	$ -	$ 18,940,359

NUSHAGAK ELECTRIC AND TELEPHONE COOPERATIVE, INC.

Combining Divisional Balance Sheets - 2013

December 31, 2013

	Electric	Telephone	Cable	Eliminations	Total
LIABILITIES AND EQUITIES					
Current Liabilities:					
Current maturities of long-term debt	$ 209,000	$ 70,000	$ -	$ -	$ 279,000
Line of credit	2,892,791	-	-	-	2,892,791
Accounts payable	87,407	45,624	38,122	-	171,153
Consumer deposits	74,600	125,125	-	-	199,725
Other accrued liabilities	466,871	135,790	-	-	602,661
Total Current Liabilities	3,730,669	376,539	38,122	-	4,145,330
Long-Term Debt, net of current maturities	1,513,021	339,995	-	-	1,853,016
Total Liabilities	5,243,690	716,534	38,122	-	5,998,346
Equities:					
Patronage capital	5,488,737	6,881,652	507,777	-	12,878,166
Other equities	43,555	20,292	-	-	63,847
Total Equities	5,532,292	6,901,944	507,777	-	12,942,013
Total Liabilities and Equities	$ 10,775,982	$ 7,618,478	$ 545,899	$ -	$ 18,940,359

NUSHAGAK ELECTRIC AND TELEPHONE COOPERATIVE, INC.

Combining Divisional Statements of Operations and Patronage Capital - 2013

Year Ended December 31, 2013

Operating Revenues:	Electric	Telephone	Cable	Eliminations	Total
Electric	$ 8,286,699	$ -	$ -	$ -	$ 8,286,699
Local network service	-	599,877	-	-	599,877
Network access services	-	2,739,178	-	-	2,739,178
Cable, net of retransmission fees of $236,955	-	-	218,166	-	218,166
Internet	-	-	724,145	-	724,145
Miscellaneous	-	20,592	28,030	-	48,622
Total Operating Revenues	8,286,699	3,359,647	970,341	-	12,616,687
Operating Expenses:					
Power production	6,096,185	-	-	-	6,096,185
Distribution	365,547	-	-	-	365,547
Plant specific	-	1,098,134	-	-	1,098,134
Plant non-specific	-	363,283	-	-	363,283
Depreciation	398,253	717,646	87,498	-	1,203,397
Customer	172,882	120,652	-	-	293,534
Administrative and general	1,279,536	994,503	-	-	2,274,039
Cable and internet	-	-	859,168	-	859,168
Operating taxes	9,154	65,626	-	-	74,780
Total Operating Expenses	8,321,557	3,359,844	946,666	-	12,628,067
Operating Margin (Loss)	(34,858)	(197)	23,675	-	(11,380)
Other Income (Expense):					
Patronage allocations	68,540	84,084	-	-	152,624
Interest and dividend income	4,719	8,459	-	(8,272)	4,906
Interest expense	(169,773)	(32,319)	-	8,272	(193,820)
Non-regulated net income	-	50,824	-	-	50,824
Net Other Income (Expense)	(96,514)	111,048	-	-	14,534
Net Margin (Loss)	(131,372)	110,851	23,675	-	3,154
Beginning Patronage Capital	5,629,356	6,787,675	484,102	-	12,901,133
Patronage Capital Retired	(9,247)	(17,799)	-	-	(27,046)
Excise Tax Refund	-	925	-	-	925
Ending Patronage Capital	$ 5,488,737	$ 6,881,652	$ 507,777	$ -	$ 12,878,166

NUSHAGAK ELECTRIC AND TELEPHONE COOPERATIVE, INC.

Combining Divisional Statements of Cash Flows - 2013

Year Ended December 31, 2013

	Electric	Telephone	Cable	Eliminations	Total
Cash Flows from Operating Activities:					
Net margin (loss)	$ [redacted]	$ [redacted]	$ [redacted]	$ -	$ [redacted]
Adjustments to reconcile net margin (loss) to net cash provided by operating activities:					
Depreciation	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Noncash patronage allocations	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Changes in assets and liabilities:					
Accounts receivable	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Materials and supplies inventory	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Fuel inventory	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Prepaid expenses	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Deferred charges	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Accounts payable	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Consumer deposits	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other accrued liabilities	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Net Cash Provided (Used) by Operating Activities	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Cash Flows from Investing Activities:					
Purchases of plant	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Proceeds from grant reimbursements	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Patronage dividends received	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Net Cash Used by Investing Activities	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Cash Flows from Financing Activities:					
Net borrowings on lines of credit	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Payments on long-term debt	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Interdivision note receivable	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Interdivision note payable	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Capital credit payments, net	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Refunds of federal communications excise taxes	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Net Cash Provided (Used) by Financing Activities	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Net Increase (Decrease) in Cash and Cash Equivalents	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Cash and Cash Equivalents, beginning	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Cash and Cash Equivalents, ending	$ [redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Cash Paid During the Year for Interest, net of amounts capitalized	$ [redacted]	[redacted]	[redacted]	[redacted]	[redacted]

REDACTED - FOR PUBLIC INSPECTION

NUSHAGAK ELECTRIC AND TELEPHONE COOPERATIVE, INC.

Schedule of State Financial Assistance

Year Ended December 31, 2013

	Grant Number	Total Grant Award	State Share of Expenditures	Expenditures to Date
Alaska Energy Authority				
* Lake Elva Hydropower Feasibility, Permitting & Final Design	2195419	$ [redacted]	$ [redacted]	$ [redacted]
Dillingham Area Wind/Hydro Assessment	2195480	[redacted]	[redacted]	[redacted]
Department of Commerce, Community, and Economic Development				
* Bulk Fuel Tank for Power Generation	13-DC-455	[redacted]	[redacted]	[redacted]
Total State Financial Assistance			$ [redacted]	$ [redacted]

* Denotes major program

Basis of Presentation

The accompanying Schedule of State Financial Assistance includes the grant activity of Nushagak Electric & Telephone Cooperative, Inc. and is presented on the accrual basis of accounting. The information is presented in accordance with the requirements of the *State of Alaska Audit guide and Compliance Supplement for State Single Audits.*

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Nushagak Electric and Telephone Cooperative, Inc.
Dillingham, Alaska

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Nushagak Electric & Telephone Cooperative, Inc. (the Cooperative), which comprise the balance sheets as of December 31, 2013 and 2012 and the related statements of operations and patronage capital, and cash flows for the years ended, and the related notes to the financial statements, and have issued our report thereon dated March 24, 2014.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audits, 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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, as described below, to be a significant deficiency in internal control over financial reporting.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies: 2013-1 and 2013-2.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Cooperative's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters which are required to be reported under *Government Auditing Standards*, and which are described in the accompanying schedule of findings and questioned costs as item 2013-2.

THE COOPERATIVE'S RESPONSE TO FINDINGS

The Cooperatives response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Cooperative's response was not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

AKT LLP

Salem, Oregon
March 24, 2014

REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE STATE OF ALASKA *AUDIT GUIDE AND COMPLIANCE SUPPLEMENT FOR STATE SINGLE AUDITS*

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Nushagak Electric and Telephone Cooperative, Inc.
Dillingham, Alaska

REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM

We have audited Nushagak Electric and Telephone Cooperative's (the Cooperative's) compliance requirements described in the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* that could have a direct and material effect on the Cooperative's major state programs for the year ended December 31, 2013. The Cooperative's major state programs are identified in the summary of auditor's results section of the accompanying schedule of Alaska financial assistance.

MANAGEMENT'S RESPONSIBILITY

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to Alaska state programs.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on compliance for each of the Cooperative's major state programs based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with 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 the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Those standards and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Cooperative's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However our audit does not provide a legal determination of the Cooperative's compliance.

OPINION ON EACH MAJOR STATE PROGRAM

In our opinion, the Cooperative complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended December 31, 2013.

OTHER MATTERS

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* and which are described in the accompanying schedule of findings and questioned costs as items 2013-1 and 2013-2. Our opinion on each major state program is not modified with respect to these matters.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the Cooperative is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Cooperative's internal control over compliance with the requirements that could have a direct and material effect on a major state program to determine the auditing

- Obtain written RUS approval to enter into any contract for the management, operation, or maintenance of the borrower's system if the contract covers all or substantially all of the telecommunication or electric system;

- Disclose material related party transactions in the financial statements, in accordance with requirements for related parties in generally accepted accounting principles;

- Record depreciation in accordance with RUS requirements (See RUS Bulletin 183-1, Depreciation Rates and Procedures);

- Comply with the requirements for the detailed schedule of deferred debits; and

- Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The detailed schedule of investments required by 7CFR 1773.33(i) is omitted as the Cooperative does not have investments in affiliated or subsidiary companies.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole and the detailed schedule of deferred debits and deferred credits required by 7 CFR 1773.33(h), provided below, is presented for purpose 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 basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Deferred debits at December 31, 2013 relate to the electric division and consist of the following:

Overhaul of generator no. 11	$ 49,008
Overhaul of generator no. 12	26,683
Overhaul of generator no. 13	92,592
Overhaul of generator no. 14	47,303
Overhaul of generator no. 15	61,356
Air quality permits program	108,355
Other	74,968
Total deferred charges	$ 460,265

The Cooperative had no deferred credits at December 31, 2013.

This report is intended solely for the information and use of the Board of Directors, management, and the Rural Utilities Service and supplemental lenders, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

AKT LLP

Salem, Oregon
March 24, 2014