



Dear Valley Telecom Group Customer:

In 1995, Valley Telephone Cooperative (VTC) purchased the exchanges of Elfrida, Clifton/Morenci, York Valley, Duncan and Virden, NM from US. West Communications. Since that time, those exchanges have been operated by Copper Valley Telephone Company, Inc (CVT), a wholly owned subsidiary of VTC.

Many changes have occurred in the rural telecommunications industry in recent years and the Board of Directors has decided that the time is right to merge CVT into VTC. Once this merger is complete, all CVT customers will become patrons of VTC. Since VTC is a Cooperative, any profits generated are distributed to the patrons in the form of capital credits. After the merger, current CVT customers, now patrons of the Cooperative, will be eligible for capital credits from VTC for the first time. This merger will be very transparent to all customers and will not result in any rate changes or the appearance of your monthly bill.

In 2019, VTC elected to participate in a new regulation and compensation plan with the FCC. Under this plan, VTC will receive a fixed amount of funding from the Federal Universal Service Fund over a ten-year period. In exchange, VTC has committed to improve Internet speeds to a certain number of locations throughout our rural service areas. At the present time, VTC and CVT have fiber-to-the home to 15% of our customers. Under this plan, we will be bringing fiber-to-the home to approximately 90% of the homes in our service area over the next five years. VTC will be investing \$36 million in new fiber facilities in order to achieve this goal.

In order to complete this construction in a five-year time period, VTC will need to borrow funds from the USDA Rural Utilities Service. The merger between VTC and CVT, which requires approval by the Arizona Corporation Commission, will create efficiencies and will better enable VTC to obtain the necessary funding for the fiber expansion.

The attached legal notice provides a description of the filing that was made with the Arizona Corporation Commission and provides a procedural schedule and a hearing date to allow the public an opportunity to express any concerns on this merger.

Again, this will be a very transparent transaction to CVT and VTC customers and the new fiber construction that it will enable will be a tremendous benefit to customers in our serving area. We appreciate being your choice of telecommunications service providers and if you have any questions, please feel free to contact our office at 1-800-421-5711.

Sincerely,

A handwritten signature in black ink, appearing to read "S. Metts", written in a cursive style.

Steven D. Metts
CEO/General Manager