

Alaska Power & Telephone Co.
Consolidated Balance Sheet
(unaudited)

ASSETS

	<u>6/30/2016</u>	<u>3/31/2016</u>	<u>12/31/2015</u>	<u>9/30/2015</u>
Property plant and equipment				
Electric	\$ 106,598,431	\$ 106,783,742	\$ 106,871,358	\$ 103,870,215
Telecommunications	59,741,568	59,748,415	59,757,077	58,989,188
Non-utility	24,819,461	24,904,236	24,966,259	24,167,963
	191,159,461	191,436,393	191,594,694	187,027,366
Less: accumulated depreciation	(116,687,888)	(114,905,254)	(113,093,108)	(112,516,971)
	74,471,573	76,531,140	78,501,587	74,510,395
Utility plant under construction	16,180,444	12,685,160	9,289,711	12,583,613
Net property, plant and equipment	90,652,017	89,216,300	87,791,297	87,094,008
Other assets				
Investments	10,869,571.24	10,841,935.12	10,909,307	10,854,459.55
Goodwill, net of amortization	4,330,476.29	4,763,523.29	5,196,570	5,629,617.29
Rate stabilization asset	4,961,838.25	4,973,276.22	5,104,894	4,845,561.13
Other assets	1,289,913.82	1,339,635.14	1,476,391	1,466,787.50
Total other assets	21,451,800	21,918,370	22,687,162	22,796,425
Current assets				
Cash	2,171,911	1,378,039	2,189,047	4,156,791
Receivables, less allowance	5,885,400	5,113,542	6,177,679	6,591,572
Securities available for sale	2,798	2,798	2,798	2,798
Inventory and other current assets	3,146,557	2,782,381	2,990,678	2,295,581
Income Taxes Recoverable	420,000	-	-	617,969
Total current assets	11,626,665	9,276,760	11,360,202	13,664,711
TOTAL ASSETS	<u>\$ 123,730,482</u>	<u>\$ 120,411,430</u>	<u>\$ 121,838,661</u>	<u>\$ 123,555,145</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Stockholders' equity				
Common stock	\$ 1,295,492	\$ 1,300,395	\$ 1,300,395	\$ 1,295,211
Additional paid-in capital	3,873,634	4,041,213	4,041,213	3,891,393
Retained earnings	39,192,264	38,585,908	37,978,983	37,141,642
Other comprehensive income	(3,342,889)	(3,355,674)	(3,029,376)	(3,306,007)
Total stockholders' equity	41,018,501	40,571,842	40,291,215	39,022,239
Long-term debt				
CoBank debt	32,045,163	32,970,926	33,879,316	35,043,532
Goat Lake Hydro, Inc. note payable	8,883,333	9,100,000	9,316,667	9,533,333
Other term debt	9,466,982	6,731,653	6,963,322	7,180,310
Total long-term debt	50,395,478	48,802,579	50,159,305	51,757,175
Interest rate swap liability	5,534,585	5,555,752	5,015,524	5,473,522
Other liabilities				
Deferred income taxes	16,242,491	15,501,620	15,212,125	16,555,906
Other deferred credits	689,539	707,430	775,727	763,748
Total other liabilities	16,932,030	16,209,051	15,987,853	17,319,653
Current liabilities				
Accounts payable and accruals	2,857,441	3,300,918	4,654,443	3,615,095
Deferred income tax	-	237,875	237,875	151,693
Line of credit	1,500,000	240,967	-	1,000,000
Current portion of long-term debt	5,492,447	5,492,447	5,492,447	5,215,768
Total current liabilities	9,849,888	9,272,207	10,384,765	9,982,555
TOTAL LIABILITIES & STOCKHOLDERS EQUITY	<u>\$ 123,730,482</u>	<u>\$ 120,411,430</u>	<u>\$ 121,838,661</u>	<u>\$ 123,555,145</u>

Alaska Power & Telephone Company**Consolidated Income Statements****For the Quarters Ending**

(unaudited)

	<u>6/30/16</u>	<u>3/31/16</u>	<u>12/31/15</u>	<u>9/30/15</u>
REVENUE				
Electric	\$ 4,349,044	\$ 4,596,267	\$ 4,510,275	\$ 5,111,301
Telecommunications	4,166,928	3,601,407	3,813,928	3,988,008
Other Nonregulated	2,618,907	2,381,757	2,702,249	2,505,544
	11,134,879	10,579,430	11,026,452	11,604,853
EXPENSES				
Electric	2,566,225	2,533,495	2,935,699	2,781,722
Telecommunications	2,752,785	2,534,523	3,071,027	2,654,492
Other Nonregulated	1,284,675	1,058,179	1,238,337	1,115,752
Operations and maintenance expense	6,603,685	6,126,197	7,245,063	6,551,966
Depreciation and amortization expense	2,313,804	2,298,827	1,881,520	2,259,754
	8,917,489	8,425,024	9,126,584	8,811,720
Income from operations	2,217,391	2,154,406	1,899,869	2,793,133
OTHER INCOME (EXPENSE)				
Gain / (Loss) on investments	132,840	128,607	165,425	128,797
Gain on sale of equity method investment				
Miscellaneous	15,824	30,873	(308,922)	35,065
Total other income	148,664	159,481	(143,497)	163,863
Interest income	813	590	1,212	711
Interest expense	(932,665)	(927,141)	(484,918)	(1,121,752)
Net interest expense	(931,852)	(926,551)	(483,707)	(1,121,040)
Income before Tax	1,434,203	1,387,335	1,272,665	1,835,955
Provision for income taxes	501,152	503,425	159,424	539,537
NET INCOME	\$ 933,051	\$ 883,910	\$ 1,113,242	\$ 1,296,418

Alaska Power & Telephone Co.
Statement of Stockholders' Equity
(unaudited)

	<u>Common Stock</u> (\$1 par value)	<u>Additional Paid-In Capital</u>	<u>Retained Earnings</u>	<u>Other Comprehensive Loss</u>	<u>Total</u>
Balance at December 31, 2014	\$ 1,307,665	\$ 4,254,297	\$ 35,650,926	\$ (3,621,367)	\$ 37,591,521
Net Income			3,295,391		3,295,391
Sale of Common Stock	30,889	892,687			923,576
Repurchase of Common Stock	(38,159)	(1,105,771)			(1,143,930)
Fair value adjustment to interest rate swap, net of tax	-			591,991	591,991
Dividends			(967,332)		(967,332)
Other					-
Balance at December 31, 2015	\$ 1,300,395	\$ 4,041,213	\$ 37,978,985	\$ (3,029,376)	\$ 40,291,217
Net Income			1,816,961		1,816,961
Sale of Common Stock	10,525	359,748			370,273
Repurchase of Common Stock	(15,428)	(527,327)			(542,755)
Fair value adjustment to interest rate swap, net of tax	-			(313,513)	(313,513)
Dividends			(603,446)		(603,446)
Other			(237)		(237)
Balance at June 30, 2016	<u>\$ 1,295,492</u>	<u>\$ 3,873,634</u>	<u>\$ 39,192,264</u>	<u>\$ (3,342,889)</u>	<u>\$ 41,018,501</u>

Alaska Power & Telephone Co.

Statement of Cash Flows

For the Quarters Ending

(unaudited)

	<u>6/30/2016</u>	<u>3/31/2016</u>	<u>12/31/2015</u>	<u>9/30/2015</u>
OPERATING ACTIVITIES				
Net income	\$ 933,051	\$ 883,910	\$ 1,113,242	\$ 1,296,418
Adjustments to reconcile net income to net cash provided by operating activities				
Depreciation & amortization	2,746,851	2,731,874	2,314,567	2,692,801
(Gains)/Losses and earnings from investments	-	-	-	-
Deferred income tax provision	732,489	503,425	(1,525,147)	528,374
Equity in earnings of investees	(27,636)	67,372	(54,848)	(28,407)
Accretion of rate stabilization asset	11,438	131,618	(259,333)	61,976
Changes in operating activities:				
Receivables	(771,857)	1,064,137	413,893	524,200
Payables	(493,838)	(1,354,177)	1,038,681	385,505
Income taxes recoverable	(657,875)	-	704,151	(617,969)
Other assets and liabilities	(382,067)	139,999	(683,117)	251,007
Net Cash Provided by Operating Activities	2,090,555	4,168,159	3,062,089	5,093,905
INVESTING ACTIVITIES				
Acquisition of utility plant	(3,749,521)	(3,723,830)	(2,578,810)	(5,050,837)
Acquisition of plant provided by grant	-	-	-	-
Changes in other assets & investments	49,721	136,756	(9,603)	38,943
Proceeds from / (purchases) of available for sale securities	-	-	-	-
Changes in investments	-	-	-	-
Net Cash Used in Investing Activities	(3,699,800)	(3,587,074)	(2,588,413)	(5,011,894)
FINANCING ACTIVITIES				
Proceeds (payments) of short-term debt	1,259,033	240,967	(1,000,000)	1,000,000
Proceeds from long-term debt	3,000,000	-	-	-
Payments on long-term debt	(1,407,101)	(1,356,726)	(1,321,192)	(1,323,687)
Payments of dividends	(276,334)	(276,334)	(275,232)	(276,635)
Net proceeds (uses) from common stock transactions	(172,482)	-	155,004	(66,529)
Net Cash Provided (Used) by Financing Activities	2,403,117	(1,392,093)	(2,441,420)	(666,852)
Increase (decrease) in cash	793,872	(811,008)	(1,967,744)	(584,841)
Cash at beginning of year	1,378,039	2,189,047	4,156,791	4,741,632
Cash at end of period	\$ 2,171,911	\$ 1,378,039	\$ 2,189,047	\$ 4,156,791