

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

ASSETS

	<u>3/31/2014</u>	<u>12/31/2013</u>	<u>9/30/2013</u>	<u>6/30/2013</u>
Property plant and equipment				
Electric	\$ 98,518,055	\$ 98,990,099	\$ 97,310,649	\$ 97,306,590
Telecommunications	58,790,758	58,799,340	54,676,492	55,322,013
Non-utility	18,761,340	18,799,370	17,734,001	17,074,204
	176,070,153	176,588,809	169,721,142	169,702,807
Less: accumulated depreciation	(101,074,747)	(99,367,860)	(98,213,147)	(96,516,478)
	74,995,406	77,220,949	71,507,994	73,186,329
Utility plant under construction	5,617,354	4,361,259	9,896,041	7,780,579
Net property, plant and equipment	80,612,760	81,582,208	81,404,035	80,966,909
Other assets				
Investments	10,774,414	10,683,449	12,903,736	12,868,270
Goodwill, net of amortization	9,266,403	9,266,403	9,266,403	9,266,403
Rate stabilization asset	5,118,335	5,239,506	5,379,489	5,342,534
Special funds - restricted	-	-	-	-
Other assets	2,166,746	1,638,239	1,695,010	2,318,022
Total other assets	27,325,898	26,827,597	29,244,638	29,795,229
Current assets				
Cash	3,090,790	2,781,545	2,828,769	2,821,794
Receivables, less allowance	5,282,206	6,034,297	6,030,061	5,563,185
Securities available for sale	212,798	212,798	212,798	212,798
Inventory and other current assets	3,379,440	3,083,336	3,361,149	3,285,323
Deferred income taxes	6,895	6,895	6,697	6,697
Income Taxes Recoverable	-	-	918,648	-
Total current assets	11,972,129	12,118,870	13,358,121	11,889,797
TOTAL ASSETS	<u>\$ 119,910,787</u>	<u>\$ 120,528,675</u>	<u>\$ 124,006,795</u>	<u>\$ 122,651,934</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Stockholders' equity				
Common stock	\$ 1,331,064	\$ 1,341,064	\$ 1,336,453	\$ 1,336,984
Additional paid-in capital	4,916,838	5,159,738	5,034,787	5,049,163
Retained earnings	34,082,146	33,443,955	34,686,871	34,077,172
Other comprehensive income	(3,773,585)	(3,764,182)	(4,276,184)	(4,308,749)
Total stockholders' equity	36,556,463	36,180,575	36,781,927	36,154,570
Long-term debt				
CoBank debt	40,304,066	41,084,709	41,850,703	43,247,689
Goat Lake Hydro, Inc. note payable	10,833,333	11,050,000	11,266,667	11,483,333
Other term debt	2,723,235	2,766,383	2,793,515	2,839,635
Total long-term debt	53,860,634	54,901,092	55,910,885	57,570,658
Interest rate swap liability	6,247,655	6,232,087	7,079,774	7,133,689
Other liabilities				
Deferred income taxes	14,659,610	14,227,209	15,704,392	15,103,647
Other deferred credits	841,458	869,193	855,968	839,087
Total other liabilities	15,501,068	15,096,402	16,560,360	15,942,734
Current liabilities				
Accounts payable and accruals	3,398,476	3,772,028	3,300,110	2,473,033
Deferred income tax	118,281	118,281	145,529	145,529
Current portion of long-term debt	4,228,211	4,228,211	4,228,211	3,231,721
Total current liabilities	7,744,968	8,118,519	7,673,849	5,850,283
TOTAL LIABILITIES & STOCKHOLDERS EQUITY	<u>\$ 119,910,787</u>	<u>\$ 120,528,675</u>	<u>\$ 124,006,795</u>	<u>\$ 122,651,934</u>

Alaska Power & Telephone Company

Consolidated Income Statements

For the Quarters Ending

(unaudited)

	<u>3/31/14</u>	<u>12/31/13</u>	<u>9/30/13</u>	<u>6/30/13</u>
REVENUE				
Electric	\$ 4,949,668	\$ 4,699,641	\$ 5,065,749	\$ 5,214,346
Telecommunications	3,547,005	3,734,049	3,864,392	4,038,114
Other Nonregulated	1,848,527	1,887,194	2,112,175	2,007,612
	10,345,200	10,320,884	11,042,316	11,260,071
EXPENSES				
Electric	3,069,054	3,538,947	3,349,408	3,784,175
Telecommunications	2,483,470	2,616,892	2,709,130	2,499,429
Other Nonregulated	838,929	1,138,913	1,225,943	1,076,159
Operations and maintenance expense	6,391,453	7,294,752	7,284,481	7,359,764
Depreciation and amortization expense	1,877,753	1,971,155	1,798,941	1,986,272
	8,269,206	9,265,906	9,083,422	9,346,036
Income from operations	2,075,994	1,054,978	1,958,894	1,914,036
OTHER INCOME (EXPENSE)				
Gain / (Loss) on investments		(2,334,160)		
Gain (Loss) from disposal of assets				3,571
Dividend Income	137,374	140,424	141,867	141,867
Miscellaneous	(224)	4,356	16,379	5,414
Total other income	137,149	(2,189,380)	158,246	150,852
Interest income	543	1,000	817	724
Interest expense	(997,168)	(966,208)	(1,031,956)	(797,558)
Net interest expense	(996,625)	(965,208)	(1,031,139)	(796,834)
Income before Tax	1,216,518	(2,099,610)	1,086,001	1,268,054
Provision for income taxes	438,566	(997,504)	336,448	478,800
NET INCOME	\$ 777,952	\$ (1,102,106)	\$ 749,553	\$ 789,254

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, 2012	\$ 1,342,104	\$ 5,187,913	\$ 32,616,615	\$ (5,299,282)	\$ 33,847,350
Net Income			1,389,812		1,389,812
Sale of Common Stock	21,634	586,271			607,905
Repurchase of Common Stock	(22,674)	(614,446)			(637,120)
Fair value adjustment to interest rate swap, net of tax	-			1,535,100	1,535,100
Dividends			(562,472)		(562,472)
Other					-
Balance at December 31, 2013	\$ 1,341,064	\$ 5,159,738	\$ 33,443,955	\$ (3,764,182)	\$ 36,180,575
Net Income			777,952		777,952
Sale of Common Stock	-	-			-
Repurchase of Common Stock	(10,000)	(242,900)			(252,900)
Fair value adjustment to interest rate swap, net of tax	-			(9,403)	(9,403)
Dividends			(140,812)		(140,812)
Other			1,050		1,050
Balance at March 31, 2014 (unaudited)	\$ 1,331,064	\$ 4,916,838	\$ 34,082,146	\$ (3,773,585)	\$ 36,556,463

Alaska Power & Telephone Co.

Statement of Cash Flows

For the Quarters Ending

(unaudited)

	<u>3/31/2014</u>	<u>12/31/2013</u>	<u>9/30/2013</u>	<u>6/30/2013</u>
OPERATING ACTIVITIES				
Net income	\$ 777,952	\$ (1,102,106)	\$ 749,553	\$ 789,254
Adjustments to reconcile net income to net cash provided by operating activities				
Depreciation & amortization	1,877,753	1,971,155	1,798,941	1,986,272
Deferred income tax provision	438,566	(1,812,868)	579,395	478,800
Equity in earnings of investees	(90,965)	(53,873)	(35,466)	(35,466)
Accretion of rate stabilization asset	121,171	139,983	(36,955)	(43,176)
Changes in operating activities:				
Receivables	752,090	(4,236)	(466,876)	(102,089)
Payables	(372,501)	471,436	827,671	(54,362)
Income taxes recoverable	-	891,202	(918,648)	-
Other assets and liabilities	(323,839)	291,038	(58,945)	122,349
Net Cash Provided by Operating Activities	3,180,227	791,731	2,438,668	3,141,582
INVESTING ACTIVITIES				
Acquisition of utility plant	(908,305)	(2,149,328)	(2,236,067)	(2,732,802)
Acquisition of plant provided by grant	-	-	-	-
Changes in other assets & investments	(528,507)	2,390,932	623,012	(515)
Proceeds from / (purchases) of available for sale securities	-	(60,000)	-	-
Changes in investments	-	-	-	-
Net Cash Used in Investing Activities	(1,436,812)	181,603	(1,613,055)	(2,733,317)
FINANCING ACTIVITIES				
Proceeds from long-term debt	-	13,000,000	-	-
Payments on long-term debt	(1,040,458)	(14,009,793)	(663,284)	(850,363)
Proceeds from grant funding	-	-	-	-
Grant funding unrecovered	-	-	-	-
Proceeds (uses) of special funds restricted	-	-	-	-
Payments of dividends	(140,812)	(140,328)	(140,449)	(140,922)
Net proceeds (uses) from common stock transactions	(252,900)	129,562	(14,906)	(143,885)
Net Cash Provided (Used) by Financing Activities	(1,434,170)	(1,020,559)	(818,639)	(1,135,170)
Increase (decrease) in cash	309,246	(47,224)	6,974	(726,904)
Cash at beginning of year	2,781,545	2,828,769	2,821,794	3,548,699
Cash at end of period	\$ 3,090,790	\$ 2,781,545	\$ 2,828,769	\$ 2,821,794