

Alaska Power & Telephone Company
Consolidated Balance Sheet
(unaudited)

ASSETS

	<u>9/30/2017</u>	<u>6/30/2017</u>	<u>3/31/2017</u>	<u>12/31/2016</u>
Property plant and equipment				
Electric	\$ 109,707,789	\$ 109,572,733	\$ 109,310,131	\$ 109,304,973
Telecommunications	63,186,791	63,099,872	63,005,386	62,926,688
Non-utility	40,317,457	40,341,179	40,262,945	40,310,763
	213,212,036	213,013,784	212,578,462	212,542,424
Less: accumulated depreciation	(125,833,401)	(124,024,090)	(121,940,211)	(119,841,607)
	87,378,635	88,989,694	90,638,251	92,700,817
Utility plant under construction	8,404,117	5,042,804	2,891,513	1,587,819
Net property, plant and equipment	95,782,752	94,032,498	93,529,764	94,288,637
Other assets				
Investments	5,686,575	5,662,551	5,643,151	7,619,127
Goodwill, net of amortization	2,165,241	2,598,288	3,031,335	3,464,382
Rate stabilization asset	4,468,773	4,587,413	4,647,621	4,828,720
Other assets	1,204,914	1,193,910	1,199,863	1,253,099
Total other assets	13,525,503	14,042,162	14,521,971	17,165,329
Current assets				
Cash	5,269,653	6,478,863	5,218,577	2,029,462
Receivables, less allowance	5,150,601	5,306,577	5,905,265	6,014,911
Securities available for sale	2,798	2,798	2,798	2,798
Inventory and other current assets	2,547,361	2,710,689	2,883,219	3,156,222
Income Taxes Recoverable	3,774,595	3,149,595	3,149,595	3,149,595
Total current assets	16,745,008	17,648,522	17,159,454	14,352,987
TOTAL ASSETS	<u>\$ 126,053,263</u>	<u>\$ 125,723,182</u>	<u>\$ 125,211,189</u>	<u>\$ 125,806,953</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Stockholders' equity				
Common stock	\$ 1,295,719	\$ 1,300,466	\$ 1,297,858	\$ 1,297,861
Additional paid-in capital	3,851,092	4,080,479	3,954,490	3,954,589
Retained earnings	34,949,076	35,493,278	36,039,473	36,720,867
YTD Net Income	4,452,697	2,777,802	1,369,527	(353,684)
Retained earnings	39,401,772	38,271,080	37,409,001	36,367,183
Other comprehensive income / (loss)	(1,782,232)	(1,959,960)	(2,043,387)	(2,229,455)
Total stockholders' equity	42,766,351	41,692,065	40,617,962	39,390,178
Long-term debt				
CoBank debt	26,849,544	27,867,285	28,865,927	29,845,828
Goat Lake Hydro, Inc. note payable	7,800,000	8,016,667	8,233,333	8,450,000
Other term debt	14,993,163	15,285,598	15,658,640	15,903,844
Total long-term debt	49,642,707	51,169,550	52,757,900	54,199,671
Interest rate swap liability	2,950,716	3,244,967	3,383,091	3,691,150
Other liabilities				
Deferred income taxes	19,519,908	18,455,131	17,627,536	16,683,531
Other deferred credits	665,504	700,859	617,959	662,448
Total other liabilities	20,185,413	19,155,991	18,245,495	17,345,980
Current liabilities				
Accounts payable and accruals	4,459,783	4,412,317	4,158,448	5,131,681
Line of credit	-	-	-	-
Current portion of long-term debt	6,048,293	6,048,293	6,048,293	6,048,293
Total current liabilities	10,508,076	10,460,610	10,206,740	11,179,974
TOTAL LIABILITIES & STOCKHOLDERS EQUITY	<u>\$ 126,053,263</u>	<u>\$ 125,723,182</u>	<u>\$ 125,211,189</u>	<u>\$ 125,806,953</u>

Alaska Power & Telephone Company
Consolidated Income Statements
For the Quarters Ending
(unaudited)

	<u>9/30/2017</u>	<u>6/30/2017</u>	<u>3/31/2017</u>	<u>12/31/2016</u>
REVENUE				
Electric	\$ 4,845,998	\$ 4,667,537	\$ 5,332,792	\$ 4,931,970
Telecommunications	4,466,443	4,203,917	4,247,264	3,869,724
Other Nonregulated	4,156,194	3,879,046	4,407,492	4,675,679
	<u>13,468,635</u>	<u>12,750,500</u>	<u>13,987,549</u>	<u>13,477,373</u>
EXPENSES				
Electric	2,614,455	2,767,441	3,385,452	3,155,544
Telecommunications	2,660,359	2,550,325	2,668,221	2,994,531
Other Nonregulated	2,457,574	1,958,023	2,487,806	3,571,850
Operations and maintenance expense	<u>7,732,389</u>	<u>7,275,790</u>	<u>8,541,479</u>	<u>9,721,925</u>
Depreciation and amortization expense	2,361,208	2,532,943	2,561,102	2,160,457
	<u>10,093,597</u>	<u>9,808,732</u>	<u>11,102,581</u>	<u>11,882,382</u>
Income from operations	3,375,038	2,941,768	2,884,967	1,594,991
OTHER INCOME (EXPENSE)				
Gain / (Loss) on investments	129,708	123,904	210,688	(3,072,944)
Extraordinary Gain / (Loss)	(15,000)	-	(15,000)	(2,683,572)
Miscellaneous	47,226	33,759	35,436	(168,649)
Total other income	<u>161,934</u>	<u>157,663</u>	<u>231,124</u>	<u>(5,925,165)</u>
Interest income	7,756	3,603	563	1,932
Interest expense	(921,580)	(921,861)	(924,967)	(660,194)
Net interest expense	<u>(913,823)</u>	<u>(918,258)</u>	<u>(924,404)</u>	<u>(658,262)</u>
Income before Tax	2,623,148	2,181,173	2,191,688	(4,988,435)
Provision for income taxes	<u>948,254</u>	<u>772,898</u>	<u>822,160</u>	<u>(2,118,458)</u>
NET INCOME	<u><u>\$ 1,674,894</u></u>	<u><u>\$ 1,408,275</u></u>	<u><u>\$ 1,369,527</u></u>	<u><u>\$(2,869,978)</u></u>

Alaska Power & Telephone Company
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, 2015	\$ 1,300,395	\$ 4,041,213	\$ 37,978,985	\$ (3,029,376)	\$ 40,291,217
Net Income			(353,685)		(353,685)
Sale of Common Stock	21,764	1,490,496			1,512,260
Repurchase of Common Stock	(24,298)	(1,577,120)			(1,601,418)
Fair value adjustment to interest rate swap, net of tax	-			799,921	799,921
Dividends			(1,258,119)		(1,258,119)
Other					-
Balance at December 31, 2016	\$ 1,297,861	\$ 3,954,589	\$ 36,367,181	\$ (2,229,455)	\$ 39,390,176
Net Income			4,452,697		4,452,697
Sale of Common Stock	14,481	713,900			728,381
Repurchase of Common Stock	(16,619)	(817,299)			(833,918)
Fair value adjustment to interest rate swap, net of tax	-			447,223	447,223
Dividends			(1,420,107)		(1,420,107)
Other	(3)	(99)	2,001		1,899
Balance at September 30, 2017 (unaudited)	<u>\$ 1,295,719</u>	<u>\$ 3,851,092</u>	<u>\$ 39,401,772</u>	<u>\$ (1,782,232)</u>	<u>\$ 42,766,351</u>

Alaska Power & Telephone Company

Statement of Cash Flows

For the Quarters Ending

(unaudited)

	<u>9/30/2017</u>	<u>6/30/2017</u>	<u>3/31/2017</u>	<u>12/31/2016</u>
OPERATING ACTIVITIES				
Net income	\$ 1,674,894	\$ 1,408,275	\$ 1,369,527	\$ (2,869,978)
Adjustments to reconcile net income to net cash provided by operating activities				
Depreciation & amortization	2,794,255	2,965,990	2,994,149	2,593,504
Asset impairment	-	-	-	3,346,000
Loss on abandoned project	-	-	15,000	2,683,571
Equity in earnings of investees	(24,024)	(19,400)	(24,024)	(67,920)
Deferred income tax provision	948,254	772,898	822,014	(646,911)
Accretion of rate stabilization asset	118,640	60,209	181,099	71,056
Changes in operating activities:				
Receivables	155,976	598,688	109,645	(375,307)
Payables	49,460	35,383	(973,335)	2,720,028
Income taxes recoverable	(625,000)	-	-	(3,149,595)
Other assets and liabilities	127,972	255,430	228,514	(426,313)
Net Cash Provided by Operating Activities	5,220,428	6,077,473	4,722,589	3,878,136
INVESTING ACTIVITIES				
Acquisition of utility plant	(4,111,462)	(3,035,677)	(1,817,229)	(7,693,446)
Acquisition of plant provided by grant	-	-	-	-
Changes in other assets & investments	(11,004)	5,952	2,053,236	26,522
Proceeds from / (purchases) of available for sale securities	-	-	-	-
Changes in investments	-	-	-	-
Net Cash Used in Investing Activities	(4,122,466)	(3,029,724)	236,007	(7,666,924)
FINANCING ACTIVITIES				
Proceeds (payments) of short-term debt	-	-	-	(652,000)
Proceeds from long-term debt	-	-	-	4,900,000
Payments on long-term debt	(1,526,842)	(1,588,350)	(1,441,771)	(1,404,226)
Payments of dividends	(546,196)	(327,709)	(327,710)	(326,726)
Net proceeds (uses) from common stock transactions	(234,134)	128,597	-	137,079
Net Cash Provided (Used) by Financing Activities	(2,307,172)	(1,787,463)	(1,769,481)	2,654,127
Increase (decrease) in cash	(1,209,210)	1,260,286	3,189,115	(1,134,660)
Cash at beginning of year	6,478,863	5,218,577	2,029,462	3,164,122
Cash at end of period	\$ 5,269,653	\$ 6,478,863	\$ 5,218,577	\$ 2,029,462