Alaska Power & Telephone Company
Consolidated Balance Sheet
(unaudited)

ASSETS

	3/31/2024	12/31/2023	3/31/2023
Property plant and equipment			
Electric	$ 148,424,322	$ 148,078,532	$ 134,993,632
Telecommunications	144,160,190	144,009,446	135,711,954
Non-utility	10,775,969	10,729,546	10,258,996
	303,360,481	302,817,524	280,964,582
Less: accumulated depreciation	(168,390,954)	(165,348,714)	(156,613,613)
	134,969,527	137,468,810	124,350,969
Utility plant under construction	14,982,168	10,890,131	13,089,775
Net property, plant and equipment	149,951,695	148,358,941	137,440,744
Other assets			
Investments	4,966,588	4,966,588	5,279,649
Goodwill, net of amortization	-	290	45,695
Rate stabilization asset	4,092,203	4,169,909	4,384,893
ROU Assets - Leases	2,359,502	2,359,502	2,333,806
Other assets	3,368,039	3,510,656	3,099,836
Total other assets	14,786,332	15,006,945	15,143,879
Current assets			
Cash	6,436,367	5,127,569	2,281,993
Receivables, less allowance	7,333,019	12,805,186	9,298,276
Securities available for sale	2,849	2,849	2,849
Inventory and other current assets	9,672,190	9,896,343	8,303,262
Income Taxes Recoverable	-	-	329,665
Total current assets	23,444,425	27,831,947	20,216,045
TOTAL ASSETS	$ 188,182,452	$ 191,197,833	$ 172,800,668

LIABILITIES AND STOCKHOLDERS' EQUITY

	3/31/2024	12/31/2023	3/31/2023
Stockholders' equity			
Common stock ($1 par value)	$ 1,216,392	$ 1,213,276	$ 1,245,909
Additional paid-in capital	(5,789,772)	(5,986,709)	734,321
Retained earnings	78,120,359	77,446,845	70,626,403
Other comprehensive income / (loss)	1,019	1,019	1,004
Total stockholders' equity	73,547,998	72,674,431	72,607,637
Total long-term debt	65,864,086	66,318,977	44,204,208
Interest rate swap liability	(608)	(608)	(588)
Other liabilities			
Deferred income taxes	15,854,422	15,854,422	16,961,015
Long term operating lease liability	1,979,213	1,979,213	2,076,027
Other deferred credits	17,574,860	17,916,141	15,160,396
Total other liabilities	35,408,495	35,749,776	34,197,438
Current liabilities			
Accounts payable and accruals	8,968,170	10,191,767	8,572,241
Line of credit	-	1,869,179	6,112,859
Current portion of long-term debt	4,010,241	4,010,241	6,845,310
Current portion of operating lease liability	384,071	384,071	261,561
Total current liabilities	13,362,482	16,455,258	21,791,971
TOTAL LIABILITIES & STOCKHOLDERS EQUITY	$ 188,182,453	$ 191,197,834	$ 172,800,666

Alaska Power & Telephone Company
Consolidated Income Statements
(unaudited)

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
REVENUE				
Electric	$ 7,724,179	$ 7,304,049	$ 7,724,179	$ 7,304,049
Telecommunications	8,388,174	8,554,976	8,388,174	8,554,976
Other Nonregulated	240,684	128,491	240,684	128,491
	16,353,037	15,987,516	16,353,037	15,987,516
EXPENSES				
Electric	5,445,799	5,468,433	5,445,799	5,468,433
Telecommunications	5,212,433	5,226,975	5,212,433	5,226,975
Other Nonregulated	96,031	94,875	96,031	94,875
Operations and maintenance expense	10,754,263	10,790,283	10,754,263	10,790,283
Depreciation and amortization expense	3,227,802	2,964,270	3,227,802	2,964,270
	13,982,065	13,754,553	13,982,065	13,754,553
OPERATING INCOME	2,370,972	2,232,963	2,370,972	2,232,963
OTHER INCOME (EXPENSE)				
Gain / (Loss) on investments	114,303	71,208	114,303	71,208
Extraordinary Gain / (Loss)	-	-	-	-
Miscellaneous	64,275	39,780	64,275	39,780
Total other income	178,578	110,988	178,578	110,988
Interest income	115,830	1,463	115,830	1,463
Interest expense	(910,848)	(658,439)	(910,848)	(658,439)
Net interest expense	(795,018)	(656,976)	(795,018)	(656,976)
Income before Tax	1,754,532	1,686,975	1,754,532	1,686,975
Provision for income taxes	411,780	266,398	411,780	266,398
NET INCOME	**$ 1,342,752**	**$ 1,420,577**	**$ 1,342,752**	**$ 1,420,577**
Earnings per share basic and diluted	$ 1.11	$ 1.14	$ 1.11	$ 1.14
Weighted average shares - basic and diluted	1,214,315	1,245,909	1,213,899	1,243,500

ALASKA POWER & TELEPHONE COMPANY
Consolidated Income Statements by Segment
(Unaudited)

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
ELECTRIC				
Revenues	**$ 7,724,179**	**$ 7,304,049**	**$ 7,724,179**	**$ 7,304,049**
Less: Cost of Power	(1,743,912)	(2,223,662)	(1,743,912)	(2,223,662)
Net Revenues	5,980,267	5,080,387	5,980,267	5,080,387
Operating Expenses				
NonFuel	3,701,887	3,244,771	3,701,887	3,244,771
Depreciation	1,188,554	1,093,462	1,188,554	1,093,462
Regulatory Credit	-	-	-	-
Total Operating Expenses	4,890,441	4,338,233	4,890,441	4,338,233
Operating Income - Electric	**1,089,826**	**742,154**	**1,089,826**	**742,154**
REGULATED TELECOMM				
Revenues	3,999,658	4,156,242	3,999,658	4,156,242
Operating Expenses				
Operating	3,126,472	3,000,353	3,126,472	3,000,353
Depreciation	1,238,914	1,156,418	1,238,914	1,156,418
Total Operating Expenses	4,365,386	4,156,771	4,365,386	4,156,771
Operating Income - Reg Tel	**(365,728)**	**(529)**	**(365,728)**	**(529)**
NON REGULATED TELECOM				
Revenues	4,388,516	4,398,734	4,388,516	4,398,734
Less: Cost of Goods Sold	(816,818)	(1,015,541)	(816,818)	(1,015,541)
	3,571,698	3,383,193	3,571,698	3,383,193
Operating Expenses				
Non-Regulated Operating	1,269,143	1,211,081	1,269,143	1,211,081
Depreciation	682,137	598,019	682,137	598,019
Total Operating Expenses	1,951,280	1,809,100	1,951,280	1,809,100
Operating Income - ATW	**1,620,418**	**1,574,093**	**1,620,418**	**1,574,093**
AP&T CONTRACT SERVICES				
Revenues	240,684	128,491	240,684	128,491
Less: Cost of Goods Sold	(229,417)	(107,304)	(229,417)	(107,304)
Net Revenues	11,267	21,187	11,267	21,187
Operating Expenses				
Non-Regulated Operating	(133,386)	(12,429)	(133,386)	(12,429)
Depreciation	118,197	116,371	118,197	116,371
Total Operating Expenses	(15,189)	103,942	(15,189)	103,942
Operating Income - NonReg	**26,456**	**(82,755)**	**26,456**	**(82,755)**
TOTAL OPERATING INCOME	**2,370,972**	**2,232,963**	**2,370,972**	**2,232,963**
OTHER INCOME / (EXPENSE)				
Gain/(Loss) on Investments	114,303	71,208	114,303	71,208
Extraordinary Gain / (Loss)	-	-	-	-
Miscellaneous Income/(Expense)	64,275	39,780	64,275	39,780
Total Other Income / (Expense)	178,578	110,988	178,578	110,988
CONSOLIDATED INCOME BEFORE INTEREST AND TAX	**2,549,550**	**2,343,951**	**2,549,550**	**2,343,951**
INTEREST				
Interest Income	115,830	1,463	115,830	1,463
Interest (Expense)	(910,848)	(658,439)	(910,848)	(658,439)
Total Interest - Net	(795,018)	(656,976)	(795,018)	(656,976)
INCOME BEFORE INCOME TAX	**1,754,532**	**1,686,975**	**1,754,532**	**1,686,975**
Provision for Income Tax	411,780	266,398	411,780	266,398
NET INCOME	**$ 1,342,752**	**$ 1,420,577**	**$ 1,342,752**	**$ 1,420,577**

Alaska Power & Telephone Company

Statement of Stockholders' Equity
(unaudited)

	Common Stock ($1 par value)	Additional Paid-In Capital	Retained Earnings	Other Comprehensive Loss	Total
Balance at December 31, 2022	**$ 1,242,694**	**$ 438,455**	**$ 69,969,193**	**$ (317)**	**$ 71,650,025**
Net Income			6,147,935		6,147,935
Sale of Common Stock	22,879	1,869,875			1,892,754
Repurchase of Common Stock	(52,297)	(2,308,330)	(1,869,991)		(4,230,618)
Fair value adjustment to interest rate swap, net of tax	-			1,336	1,336
Dividends			(2,787,005)		(2,787,005)
Balance at December 31, 2023	**$ 1,213,276**	**$ -**	**$ 71,460,132**	**$ 1,019**	**$ 72,674,427**
Net Income			1,342,752		1,342,752
Sale of Common Stock	3,116	196,937			200,053
Repurchase of Common Stock	-	-			-
Fair value adjustment to interest rate swap, net of tax				-	-
Dividends			(669,238)		(669,238)
Other				4	4
Balance at September 30, 2023 (unaudited)	**$ 1,216,392**	**$ 196,937**	**$ 72,133,646**	**$ 1,023**	**$ 73,547,998**

Alaska Power & Telephone Company

Statement of Cash Flows

(unaudited)

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
OPERATING ACTIVITIES		
Net income	$ 1,342,752	$ 1,420,577
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation & amortization	3,227,802	2,964,270
Equity in earnings of investees	-	-
Gain on forgiveness of debt	-	-
Accretion of rate stabilization asset	77,706	65,616
Changes in operating activities:		
Receivables	5,472,167	1,538,331
Payables	(3,558,077)	(2,588,617)
Income taxes recoverable	-	-
Other assets and liabilities	(117,128)	(686,656)
Net Cash Provided by Operating Activities	6,445,222	2,713,521
INVESTING ACTIVITIES		
Acquisition of utility plant	(4,634,994)	444,992
Acquisition of plant provided by grant	-	(4,290,485)
Changes in other assets & investments	(42,655)	41,152
Proceed from Grants	2,334,480	-
Net Cash Used in Investing Activities	(2,343,169)	(3,804,341)
FINANCING ACTIVITIES		
Proceeds (payments) of line of credit	(1,869,179)	2,949,441
Proceeds from long-term debt	-	-
Payments on long-term debt	(454,891)	(2,209,096)
Payments of dividends	(669,238)	(761,391)
Net proceeds (uses) from common stock transactions	200,053	265,727
Net Cash Provided (Used) by Financing Activities	(2,793,255)	244,681
Increase (decrease) in cash	1,308,798	(846,139)
Cash at beginning of year	5,127,569	3,128,132
Cash at end of period	$ 6,436,367	$ 2,281,993

Alaska Power & Telephone Company
Notes to Unaudited Consolidated Financial Statements

The accompanying unaudited condensed consolidated financial statements of Alaska Power & Telephone Company (the "Company") have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information. Accordingly, they are not audited and do not include all information and footnotes required by GAAP for complete financial statements. These consolidated financial statements and footnotes should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's annual report for the year ended December 31, 2023. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three months ended March 31, 2024, are not necessarily indicative of the results that may be expected for the year ending December 31, 2024. The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Note 1 – The Company and Summary of Significant Accounting Policies

Description of entity – Alaska Power & Telephone Company and its subsidiaries (AP&T or Company) supply electric and telephone service to several communities in the state of Alaska. Alaska Telephone Company, as subsidiary of AP&T, is subject to regulation by the Regulatory Commission of Alaska (RCA) and the Federal Communications Commission (FCC). Alaska Power Company, BBL Hydro, Inc., and Goat Lake Hydro, subsidiaries of AP&T, are subject to regulation by the Regulatory Commission of Alaska and the Federal Energy Regulatory Commission (Commissions) with respect to rates for service and maintenance of its accounting records. AP&T's accounting policies are in accordance with accounting principles generally accepted in the United States of America as applied to regulated public utilities and are in accordance with the accounting requirements and rate-making practices of the Commissions.

Consolidation – The accompanying consolidated financial statements include the accounts of AP&T and its wholly owned energy subsidiaries, Alaska Power Company, BBL Hydro, Inc., and Goat Lake Hydro, Inc.; and its wholly owned telecommunications subsidiaries, Alaska Telephone Company, AP&T Long Distance, Inc., AP&T Wireless, Inc., Bettles Telephone, Inc., and North Country Telephone, Inc. All material intercompany balances and transactions have been eliminated in consolidation.

Business combinations – The Company applies authoritative guidance on accounting for business combinations. The guidance establishes principles and requirements for determining how an enterprise recognizes and measures the fair value of acquired assets and assumed liabilities acquired in a business combination, including noncontrolling interests, contingent consideration, and certain acquired contingent liabilities. The guidance also requires acquisition-related transaction and restructuring costs be expensed as incurred rather than capitalized as a component of the business combination.

Recently adopted accounting standards – As of January 1, 2023, the Company adopted Financial Accounting Standard Board Accounting Standards Update (ASU) No. 2016-13, Measurement of Credit Losses on Financial Instruments – Credit Losses (Topic 326). The ASU is applicable to certain financial assets measured at amortized cost and other commitments that may require annual credit exposure assessments. The adoption of this new standard did not have a material impact on the financial statements and related disclosures.

Note 1 – The Company and Summary of Significant Accounting Policies (continued)

Accounting estimates – The preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include depreciation, interstate access revenue settlements, the fair value of goodwill and certain investments, the fair value of the interest rate swap, unbilled revenue, costs to complete construction contracts, and deferred income taxes. Actual results could differ from those estimates.

Cash and cash equivalents – All highly liquid investments with original maturities of 90 days or less are carried at cost plus accrued interest, which approximates fair value, and are considered to be cash equivalents. All other investments not considered to be cash equivalents are separately categorized as investments.

Concentration of risks – At various times throughout the year, the cash balances deposited in local institutions exceed federally insured limits. A possible loss exists for those amounts in excess of the federally insured limits. AP&T minimizes this risk by utilizing numerous financial institutions for deposits of cash funds.

Comprehensive income – Accounting principles require that recognized revenues, expenses, gains, and losses be included in net income. In addition, certain changes in assets and liabilities, such as changes in the fair market value of interest rate swaps, are reported as a separate component of equity. These items, along with net income, are components of comprehensive income, which is reported in a separate consolidated statement of comprehensive income.

Valuation of accounts receivable – Accounts receivable are stated at the amount management expects to collect on outstanding balances. AP&T reviews the collectability of accounts receivable annually based upon an analysis of outstanding receivables, historical collection information, and existing economic conditions. Receivables from power and telecommunications subscribers are due 30 days after issuance of the subscriber bill. Receivables from other customers are typically outstanding 30 to 60 days before payment is received. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Management believes it has established adequate reserves for any risk associated with these receivables.

Fuel, supplies, and other inventory – Fuel, supplies, and other inventory are valued at the lower of cost or net realizable value. Cost is determined on a first-in, first-out basis for fuel, average cost for supplies, and other inventory. The supplies and other inventory are primarily held for use in construction projects including repairs and maintenance of AP&T's delivery systems.

Note 1 – The Company and Summary of Significant Accounting Policies (continued)

Property, plant, equipment, and depreciation – Property, plant, and equipment are stated at cost. Regulated plant includes assets that are jointly used for regulated and nonregulated activities. The cost of additions to and replacements of property, plant, and equipment are capitalized. This cost includes direct materials, labor, and similar items and charges for such indirect costs as engineering, supervision, payroll taxes, and pension benefits. AP&T capitalizes, as an additional cost of utility plant, an allowance for funds used during construction (AFUDC), which represents the allowed cost of capital used to finance a portion of construction work in progress for projects of more than one year in duration. AFUDC consists of debt and equity components that, when capitalized, are credited as noncash items to other income and interest charges.

The cost of current repairs and maintenance is charged to expense, while the cost of betterments are capitalized. The original cost of property, plant, and equipment together with removal cost, less salvage, is charged to accumulated depreciation at such times as assets are retired and removed from service. For financial statement purposes, depreciation is computed on the straight-line method using rates based on average service lives. For income tax purposes, AP&T computes depreciation using accelerated methods where permitted.

Customer advances for construction – Customer advances for construction of additions to the electric distribution systems are recorded as a liability and are amortized through discounted service billings to the customer over a 60-month period. At the end of the amortization period, any remaining balance is recorded as a reduction of the respective utility plant accounts. If an advance is in excess of customer construction costs, the Company records it as non-operating income as an excess contribution in aid of construction.

Goodwill – Between 1995 and 1997, AP&T purchased the power assets of three service areas in Alaska from existing power providers. The excess of the purchase price over the assets acquired has been recorded as goodwill in the amount of $715,662 for the power properties. AP&T adopted Accounting Standards Update (ASU) 2014-02, *Intangibles – Goodwill and Other (Topic 350) – Accounting for Goodwill*, for the year ended December 31, 2014. Under this guidance, goodwill is tested for impairment by management when a triggering event occurs that indicates the fair value of the reporting unit is less than its carrying amount. In addition, under this standard, management has elected to amortize goodwill on a straight-line basis over a period of ten years. Management has reviewed events and circumstances that may be considered a triggering event and determined no such event occurred during 2024 or 2023. Total amortization expense related to goodwill for the years ended March 31, 2024 and 2023, was $0 and $15,116, respectively.

Goodwill is included in other assets on the consolidated balance sheets. As of March 31, 2024 and 2023, the carrying amount of goodwill was $0 and $45.695.

Preliminary survey and investigation costs – AP&T defers costs incurred for the preliminary survey and investigation of proposed construction projects in accordance with the rules of the Commissions. These deferred costs are capitalized into utility plant when the preliminary survey and investigation projects are completed or are charged to expense in the period that a proposed project is abandoned.

Note 1 – The Company and Summary of Significant Accounting Policies (continued)

Income taxes – Deferred taxes are provided on an asset and liability method whereby deferred tax assets are recognized for deductible temporary differences and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax basis. Deferred tax assets relate primarily to book vs. tax differences, accrued employee benefits, and the fair value adjustment on the interest rate swap liability on the books. Deferred tax liabilities relate primarily to the use of accelerated depreciation for income tax purposes.

Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

The Company records uncertain tax positions if the likelihood the position will be sustained upon examination is less than 50%. As of March 31, 2024 and 2023, the Company had no accrued amounts related to uncertain tax positions. Interest and penalties, if any, are recorded as interest expense and other expense, respectively.

Other deferred credits – Other deferred credits consist of customer advances for construction, grant funded projects, and other deferred revenue. Customer advances for construction of additions to the electric distribution systems are recorded as a liability and are amortized through discounted service billings to the customer over a 60-month period. At the end of the amortization period, any remaining balance is recorded as a reduction of the respective utility plant accounts. Customer advances for construction were $1,229,828and $1,061,818 as of March 31, 2024 and 2023, respectively.
Note 8 provides additional information for deferred credits related to grant awards.

Revenue recognition – electric – The Company utilizes cycle billing and records revenue billed to its customers when the meters are read each month. In addition, the Company recognizes unbilled revenue, revenues from electric power delivered but not yet billed. Revenue is recognized when obligations under the terms of a contract with customers are satisfied. Generally, this satisfaction of performance obligations and transfer of control occurs, and revenues are recognized as electricity is delivered to customers, including any services provided. The prices charged, and amount of consideration the Company receives in exchange for its goods and services provided, are established through a formal rate case process and approved by the state of Alaska and the calculation of the cost of power adjustment through the state of Alaska tariff. The Company recognizes revenue through the following steps: i) identifying the contract with the customer; ii) identifying the performance obligations in the contract; iii) determining the transaction price; iv) allocating the transaction price to the performance obligations; and v) recognizing revenue when or as each performance obligation is satisfied.

Revenue recognition – construction – Revenue from cost-plus-fee contracts is recognized on the basis of costs incurred during the period plus the fee earned. Revenues are recognized as costs are incurred and are calculated using the percentage of completion method.

Note 1 – The Company and Summary of Significant Accounting Policies (continued)

Revenue recognition – telecommunications – The Company provides local telephone, network access and long-distance, and Internet to end user and enterprise customers within its geographic footprint. The majority of the Company's end user customer revenue is based on month-to-month contracts, while larger enterprise customers have contracts with defined terms of service that can range from one to five years.

The Company recognizes revenue for services as it provides the applicable service or when control of a product is transferred. Recognition of certain payments received in advance of services provided is deferred until the service is provided i.e., when the Company satisfies its performance obligation.

Customer contracts that include both equipment and services are evaluated to determine whether performance obligations are separable. If the performance obligations are deemed separable and separate earnings process exists, the total transaction price with the customer is allocated to each performance obligation based on the relative standalone selling price of the separate performance obligation.

The standalone selling price is the price charged to similar customers for the individual services or equipment.

Local telephone and internet are recognized over the period a customer is connected to the network. These services are generally billed in advance but recognized in the month that service is provided. Usage sensitive revenues such as access (revenues earned for originating/terminating long distance calls), and long distance are generally billed as a per-minute charge. Although these revenues are billed in arrears, an estimate of unbilled revenues is accrued in the month service is provided.

AP&T also receives significant universal service support revenue based on the higher costs of providing rural telecommunications service. The interstate program is governed by the FCC and administered by the Universal Service Administrative Company (USAC).

Telecommunications operating revenues include settlements based on AP&T's participation in the interstate revenue pools administered by the National Exchange Carrier Association (NECA) and regulated by the FCC. These revenues are determined by annually prepared separations and interstate access cost studies. Revenues for the current year are based on estimates prior to the submission of the cost study reporting actual results of operations. Additionally, the studies are subject to a 24-month pool adjustment period and final review and acceptance by the pool administrators. Management does not anticipate significant adjustments to recorded revenues for the years ended March 31, 2024 and 2023.

Additionally, telecommunications operating revenues include revenues received from intrastate revenue pools administrated by the Alaska Exchange Carriers Association that are based on AP&T's relative cost of providing intrastate access service. These revenues are based on projections submitted periodically and intrastate access cost studies that are submitted every two years unless waived by the Regulatory Commission of Alaska. Management does not anticipate significant adjustments to recorded revenues for the years ended March 31, 2024 or 2023.

Note 1 – The Company and Summary of Significant Accounting Policies (continued)

The Company's wireline and wireless universal service support revenue is intended to compensate the Company for the high cost of providing rural telephone service. Universal service support revenue includes funds received for Alternative Connect America model (A-CAM) and other miscellaneous programs. A-CAM support is based on an amount determined by the FCC, which is fixed for 10 years and requires build-out obligations be met beginning in 2023.

Regulation – telecommunications – The Company's services are subject to rate regulation as follows:

- Intrastate access revenues are regulated by the Regulatory Commission of Alaska (RCA). The FCC also has preemptive authority to regulate intrastate telecommunications services, including intrastate access rates.
- Interstate access revenues are regulated by the FCC through its regulation of rates and settlements procedures as administered by NECA.
- Universal service support revenues are administered by the Universal Service Administrative Company (USAC), based on rules established by the FCC.
- Alaska Universal Service support revenues are administered by the Alaska Universal Service Administrative Company (AUSAC), based on rules established by the RCA.

Other sources of revenues are not rate regulated and include equipment sales, directory, rents, and other incidental services.

Nonregulated expenses and nonregulated plant are directly attributable to nonregulated services.

All other operating expenses and telecommunications plant are related primarily to wireline revenues. However, some of these costs jointly relate to regulated and nonregulated services. For interstate access settlements, universal service support, rate development, and other regulatory purposes, the portion of these common costs related to nonregulated activities are removed in accordance with Part 64 of the FCC rules in order to ensure regulated revenues are based on costs of providing regulated services.

Regulation – electric – The Company's services are subject to rate regulation as follows:

- Electric revenues are subject to regulation by the RCA and the Federal Energy Regulatory Commission (FERC) with respect to rates for service and maintenance of accounting records.

Earnings per share – AP&T has calculated its basic earnings per share based on the weighted-average number of shares of common stock outstanding. Diluted earnings per share reflect the impact of the dilution caused by outstanding stock options using the treasury stock method. There was no dilutive effect of any outstanding stock options in 2024 or 2023.

Taxes imposed by governmental authorities – The Company's customers are subject to taxes assessed by various governmental authorities on many different types of revenue transactions with the Company. These specific taxes are charged to and collected from the Company's customers and subsequently remitted to the appropriate taxing authority. The taxes are accounted for on a net basis and excluded from revenues.

Note 1 – The Company and Summary of Significant Accounting Policies (continued)

Leases – An agreement is determined to be a lease if it conveys to the Company the right to control the use of an identified asset for a period of time in exchange for consideration. This determination is made at contract inception. For leases with a term greater than 12 months, the Company recognizes a right-of-use asset and a lease liability based on the present value of lease payments over the lease term. The discount rate applied to determine the present value of the future lease payments is based on the Company's incremental borrowing rate which is derived from recent secured borrowing arrangements entered into by the Company and publicly available information for instruments with similar terms. See Note 3 for a summary of additional disclosures.

Advertising costs – AP&T expenses advertising costs as incurred. Advertising expenses during the year-to-date quarters ended March 31, 2024 and 2023, were $69,533 and $719, respectively.

Fair value measurements – Fair value represents the price that would be received to sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date. The Company adheres to the following fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The fair value measurement guidance is applicable to the Company in the following areas:

- Goodwill impairment testing
- Interest rate swap

The fair value of the Company's interest rate swap is determined based on Level 2 of the fair value hierarchy at March 31, 2024 and 2023.

The following methods were used to estimate the fair value of all other financial instruments recognized in the accompanying balance sheets:

- *Cash and cash equivalents* – The carrying amounts approximate fair value because of the short maturity of those instruments.

- *Other current assets and liabilities* – The carrying amounts approximate fair value because of the short maturity of those instruments.

- *Investments* – Investments in nonaffiliates are not intended for resale and are not readily marketable; thus, a reasonable estimate of fair value is not practical.

Note 1 – The Company and Summary of Significant Accounting Policies (continued)

- *Long-term debt* – The fair value of AP&T's long-term debt is estimated by discounting the future cash flows of the various instruments at rates currently available to AP&T for similar debt instruments of comparable maturities.

Reclassifications – Certain reclassifications have been made to the 2023 financial statements to be in accordance with the 2024 presentation. These reclassifications had no effect on net income or stockholders' equity as previously reported.

Note 2 – Rate Stabilization Asset

The Company defers certain costs that would otherwise be charged to expense, if it is probable future rates will permit the recovery of such costs. In September 2000, the Company received approval from the Commissions to defer the billing of a portion of the allowable annual costs as defined by the power sales agreement in place between Alaska Power Company and Goat Lake Hydro, Inc. Such amounts are deferred as a regulatory asset and will be billed in future years when the Company's allowable annual costs decline below certain levels. Management began amortizing the asset in 2022. The assets are expected to be amortized over a 10-year period.

Note 3 – Lease Agreements

The Company enters into agreements for land, land easements, buildings, equipment, pole attachments and personal property. These assets are utilized in the provision of broadband, power generation, and telecommunications services to the Company's customers. The Company's leases have remaining lease terms ranging from 1 year to 35 years and may include one or more options to renew, which can extend the lease term from one to five years or more. The Company's leases may also include scheduled rent increases and options to extend or terminate the lease which is included in the determination of lease payments when it is reasonably certain that the Company will exercise that option. For all asset classes, the Company does not separate lease and nonlease components, but rather account for the components as a single lease component. Operating lease expense is recognized on a straight-line basis over the lease team and is included in either electric, telecommunications, or other expense in the statements of income, based on the use of the facility or equipment on which rent is being paid.

Leases with a term of 12 months or less are not recognized on the balance sheet and the expense for these short-term leases is recognized on a straight-line basis over the lease term. Variable lease payments are expensed in the period incurred.

The weighted average remaining lease term is 16.16 years and the weighted average discount rate is 5%.

Note 4 – Investments

AP&T's investments consist of the following:

		3/31/2024		12/31/2023		3/31/2023
Investment in National Bank of Cooperatives (CoBank)	$	3,477,669	$	3,477,669	$	3,954,200
Investment in Ketchikan Electric Company, LLC (KEC)		600,000		600,000		600,000
Investment in Haida Energy, Inc. (HE)		450,000		450,000		450,000
Other Investments		438,919		438,919		275,449
	$	4,966,588	$	4,966,588	$	5,279,649

CoBank – CoBank is organized as a cooperative and is owned by the customers it serves. As such, a portion of CoBank's earnings is returned to its customers based on their patronage with the bank. This investment is recorded on the cost method.

Ketchikan Electric Company, LLC – AP&T owns a 50% share of Ketchikan Electric Company, LLC (KEC) and accounts for the investment using the equity method. The principal purpose and business of KEC is to construct, own, operate, and manage a hydroelectric power system in the Ketchikan Gateway Borough. The investment represents capital contributions to KEC, as the Company is still in the development stage. There was no activity in 2024 and 2023.

Haida Energy, Inc. – AP&T owns a 50% share of Haida Energy, Inc. (HE), which was formed to develop, own, and operate a hydroelectric power project on Reynolds Creek in Alaska. The project was funded through a combination of grants and loans from the Alaska Energy Authority (AEA) and notes payable from the other shareholder. The Company accounts for this investment using the equity method.

Alaska Power Company (APC) entered into a power sales agreement with HE in 2015 that requires APC to purchase power from HE before diesel generation if HE has available energy. APC must also make principal payments on the loans that HE has with AEA, up to a maximum of $20,000,000. The required purchase of power begins on the earlier of the commercial operation date of the Reynolds Creek project or January 31, 2020. The Company determined that the Reynolds Creek project would not be operational by January 31, 2020. The hydroelectric power project became fully operational in January 2021. As a result, the construction line of credit was converted into long-term debt and, therefore, the Company was required to begin making loan payments on behalf of HE, beginning in April 2020. Because this loan is debt for HE, the Company will not carry the debt. The quarterly principal-only payments of $108,696 are to be paid by the Company throughout the life of the loan. Beginning on April 1, 2026, HE will pay interest on the loan, with interest calculated on the unpaid principal balance at the note rate unless there is a default; after a default, the applicable interest rate shall be the default rate. The Company's final payment will be due on January 1, 2066, the maturity date, and is estimated to be $109,731. The Company will receive power credits to be used against future purchases of power from HE in the same amount of the principal-only payments made on behalf of HE.

Note 4 – Investments (continued)

In 2024, other investments includes $310,705 related to the company’s use of captive structure for worker’s compensation, general liability and auto coverages. The use of captive commenced November 1, 2022.

Management reviews the value of these investments by evaluating if current events, future cash flows, and other circumstances indicate the fair value is less than the carrying value and has concluded that no impairment exists at March 31, 2024.

Note 5 – Long-Term Debt

The Company's long-term debt consists of the following:

	3/31/2024	12/31/2023	3/31/2023
CoBank notes payable, secured by all assets of AP&T and its subsidiaries, due in quarterly installments based on a 10-year amortization with a variable interest rate of 2.87% and matured on 8/15/2023.	-	-	2,810,410
CoBank notes payable, secured by all assets of AP&T and its subsidiaries, due in quarterly installments and based on a 15-year amortization with a fixed interest rate of 4.47% and a maturity date of 9/30/2027. Net of unamortized issuance costs of $69,648.	2,963,695	3,175,913	3,812,564
CoBank notes payable, secured by all assets of AP&T and its subsidiaries, due in quarterly installments and based on a 10-year amortization with a variable interest rate of 3.29% at September 30, 2022 and a maturity date of 1/31/2029. Net of unamortized issuance costs of $182,598.	28,254,902	28,245,457	29,467,123
CoBank notes payable, secured by all assets of AP&T and its subsidiaries, due in quarterly installments and based on a 10-year amortization with a variable interest rate of 5DSOFR + CSA + 200 basis points. This is a $25MM delayed draw term loan facility which closed on 9/8/2023, available thru 9/30/2024 and a maturity date of 9/30/2028. Net of unamortized issuance costs of $232,369 for both the DDTL and LOC extension.	24,767,631	24,749,559	(29,597)
CoBank notes payable, secured by all assets of AP&T and its subsidiaries, due in quarterly installments based on a 15-year amortization with a fixed interest rate of 4.35% and a maturity date of 9/20/2029. Net of unamortized issuance costs of $56,305.	1,777,028	1,857,913	2,100,569
CoBank notes payable, secured by all assets of AP&T and its subsidiaries, due in quarterly installments based on a 10-year amortization with a variable interest rate of 3.29% at September 30, 2022 and a maturity date of 4/13/2031. Net of unamortized issuance costs of $271,196.	10,603,804	10,594,106	11,090,011
Notes payable to state of Alaska, secured by certain electric assets, with fixed interest rates ranging from 0.00% to 5.45%, maturing at various dates from 2022 through 2037.	1,507,266	1,536,269	1,628,439
Other term debt, matures on 12/31/2023.	-	170,000	170,000
	69,874,326	70,329,217	51,049,519
Less current portion	(4,010,241)	(4,010,241)	(6,845,310)
	$ 65,864,085	$ 66,318,976	$ 44,204,209

Annual maturities for the five years beginning January 1, 2024, are $4,367,912, $5,053,413, $5,827,833, $5,750,257 and $6,591,427 respectively, and $43,993,466, thereafter.

Note 5 – Long-Term Debt (continued)

The Company uses variable-rate debt to finance its operations and these debt obligations expose the Company to variability in interest payments due to changes in interest rates. Management believes that it is prudent to limit the variability of a portion of its interest payments as well as the uncertainty associated with interest rates when its balloon payment with CoBank becomes due. To meet this objective, management periodically considers interest rate swap agreements to manage fluctuations in cash flows resulting from interest rate risk. These swaps change the variable-rate cash flow exposure on the debt obligations to fixed cash flows. The Company does not enter into derivative instruments for speculative purposes. Under the terms of the interest rate swaps, the Company receives variable interest rate payments and makes fixed interest rate payments, thereby creating the equivalent of fixed-rate debt. Changes in the fair value of interest rate swaps designated as hedging instruments that effectively offset the variability of cash flows associated with variable-rate debt obligations are reported in accumulated other comprehensive loss.

The loan agreements with CoBank contain provisions and restrictions pertaining to, among other things, limitations on additional debt, and defined amounts related to the Company's total debt to earnings before interest, taxes, depreciation, and amortization (EBITDA), equity to assets ratio, and debt service coverage ratio.

The Company has a $20 million line of credit established with CoBank with a variable interest rate, currently at ~ 7.00% as of 3/31/2024. There were outstanding balances on the line of credit of $0.00 and $6,112,859 on March 31, 2024, and March 31, 2023 respectively. The line of credit matures in 2026.

Note 6 – Employee Stock Ownership Plan and Other Benefits

AP&T maintains an employee stock ownership plan (Plan). All employees expected to work at least 1,000 hours per year become eligible to participate in the Plan upon attaining the age of 18 and completing three months of service. Participants may elect to contribute from 1% to 80% of their wages to the Plan, subject to Internal Revenue Service maximums, which can be invested in the common stock of AP&T or into other investment accounts.

The Company makes a defined matching contribution to each eligible participant's account of 5% of the participant's wages payable in Company stock. The Company also makes a profit-sharing contribution where 1.52% of the prior year's EBITDA is paid out to the qualified plan participants. This award may be settled in cash or stock per decision of the board or directors.

The Plan provides that participants' interests in employer-funded contributions become fully vested after the completion of three years of service. The Plan defines a year of service as the completion of not fewer than 1,000 hours of service within the calendar year.

Note 7 – Business Segment Information

AP&T's electric segment provides retail and wholesale electric service including both hydroelectric and diesel generation facilities in rural portions of Alaska. AP&T's telecommunications segment provides local telephone service also in rural areas of Alaska. AP&T's reportable segments are strategic business units managed separately due to their different operating and regulatory environments. The "other nonregulated" category includes the parent company and segments below the quantitative threshold for separate disclosure.

Three Months Ended March 31, 2024 (all numbers in thousands)	Electric	Telecom	Other	Consolidated
Operating revenue	$ 7,724	$ 8,388	$ 241	$ 16,353
Operating expense	5,446	5,212	96	10,754
Depreciation and amortization	1,189	1,921	118	3,228
Operating income	1,090	1,255	26	2,371
Interest expense	446	11	454	911
Interest income	-	-	116	116
Total fixed assets	148,424	144,160	10,776	303,360
Total accumulated depreciation	(80,187)	(84,244)	(3,960)	(168,391)
Total fixed assets, net	68,237	59,916	6,816	134,969
Capital expenditure	1,139	3,272	224	4,635
EBITDA	2,345	3,174	260	5,779

Three Months Ended March 31, 2023 (all numbers in thousands)	Electric	Telecom	Other	Consolidated
Operating revenue	$ 7,304	$ 8,555	$ 128	$ 15,987
Operating expense	5,468	5,227	95	10,790
Depreciation and amortization	1,093	1,754	116	2,963
Operating income	742	1,574	(83)	2,233
Interest expense	329	12	317	658
Interest income	-	-	1	1
Total fixed assets	134,994	135,712	10,259	280,965
Total accumulated depreciation	(75,949)	(77,062)	(3,602)	(156,613)
Total fixed assets, net	59,045	58,650	6,657	124,352
Capital expenditure	1,822	1,793	232	3,847
EBITDA	1,863	3,327	117	5,307

Note 8 – Grant Awards

The Company was awarded multiple grants from the Rural Utility Service (RUS) under the ReConnect Program to construct network infrastructure and connectivity for certain eligible communities and locations. The total grants awarded were $83,907,520. The grants require that the Company provide an additional $27,969,174 in matching funds related to these grants. The funding of these grants, used to reimburse the Company for its construction costs, is distributed throughout the construction project. The Company has five years from the date that funds are first made available to complete construction and once construction is complete, the Company is obligated to provide services to the participants. All grant funding received was recorded to deferred revenue on the balance sheet and will be recognized as revenue over a period consistent with the depreciable lives of the assets constructed. Balance of deferred grant revenue on all recognized grant revenues as of March 31, 2024, and March 31, 2023 were $14,665,273 and $12,062,265, respectively.

In 2022, the Company received $1,980,000 from the Skagway Tribal Council as prepayment of high-speed broadband service for qualified tribal members. The funding was provided to the Skagway Tribal Council by a grant from the National Telecommunications and Information Administration (NTIA). The funding covers a period of five years. The prepayment was recorded to deferred revenue on the balance sheet and will be recognized as revenue as services are provided and billed monthly. Total revenue recognized in 2024 thru March 31 is $99,759. Remaining deferred revenue as of March 31, 2024, to be recognized in future periods is $1,715,241.

MANAGEMENT'S DISCUSSION OF OPERATIONS

Overview

AP&T, an Alaskan C corporation, provides electric and telecom services to 40 locations in rural Alaska. AP&T's service area spans a distance from the Artic Circle to the southern tip of Alaska, approximately 1,100 miles. AP&T's regulated electric operating results are derived from its distribution, transmission, and generation subsidiaries. AP&T's energy portfolio is approximately 75% clean, renewable hydro, with 25% fossil-fuel based. AP&T's telecom financial results are a combination of traditional voice services, as well as broadband and data transport services (both regulated and non-regulated operations). Other reflects activities by the parent, AP&T, such as contract services or project-specific construction activities which may not be recurring year to year.

The following table is derived from the variances in the year-to-date Business Segment Information found in Note 7 of the Notes to the Unaudited Consolidated Financial Statements:

Variances between the Three Months Ended March 31, 2024 and 2023 (all numbers in thousands)	**Electric**	**Telecom**	**Other**	**Consolidated**
Operating revenue	$ 420	$ (167)	$ 113	$ 366
Operating expense	(22)	(15)	1	(36)
Depreciation and amortization	96	167	2	265
Operating income	348	(319)	109	138
Interest expense	117	(1)	137	253
Interest income	-	-	115	115
Total fixed assets	13,430	8,448	517	22,395
Total accumulated depreciation	(4,238)	(7,182)	(358)	(11,778)
Total fixed assets, net	9,192	1,266	159	10,617
Capital expenditure	(683)	1,479	(8)	788
EBITDA	$ 482	$ (153)	$ 143	$ 472

Consolidated operating revenues increased by 2.29% or $366 thousand over the previous year for the three months ending March 31. Electric increased 5.75% and telecom decreased -1.95%. The increase in electric revenue is mainly due to the interim and refundable rate of 15%. Decreases in cost of power adjustments and fuel surcharge revenue were largely offset by the associated decreases in costs of good sold. The decrease in telecom reflects strategic reductions in pricing to meet Starlink competition.

Consolidated operating expenses decreased 0.33% or $36 thousand. Electric decreased .40% and telecom decreased .29%. Electric and telecom both had increases in direct labor costs as the workforce was expanded in 2023, pay was adjusted to meet market inflation, and less labor costs were capitalized to assets. Electric had a significant decrease in the cost of power; however, this is offset by the decrease in cost of power adjustment and fuel surcharge revenue noted above. Telecom achieved a decrease in operating expense despite the increases in direct labor. Regulated telecom operating expense declined due to strategic network enhancements that lowered costs. Nonregulated telecom was able to hold the increase in operating expense to a minimal amount due to managing the cost of goods sold.

Consolidated operating income had a net increase of 6.18% or $138 thousand. This is largely due to the increased rates at APC.

AP&T generated $5.8 million in EBITDA (refer to note 7) for the first three months of 2024, a $472 thousand increase or (8.9%) increase from the results for the same period 2023.

The Statement of Cash Flows reflects continued steady cashflow from operations. Net income before depreciation generated $13.5 million to date March 31, 2023, and $13.4 million to date March 31, 2024.

Cash provided by Operating activities increased due to receiving grant proceeds and tax refunds in first quarter of 2024.

Investing activities reflected a decrease in net cash acquisition of capital assets of $1.4 million year over year due to grant proceeds received in the first quarter of 2024. This highlights the long-term strategy for leveraging grant funding to build a robust fiber network and long-haul transport.

Financing activities increased cash used due to net reduction in debt first quarter of 2024 compared to net borrowing in 2023.

Events of note during Quarter:

AP&T's subsidiary APC filed a rate case with the Regulatory Commission of Alaska during 3rd quarter 2023. An interim and refundable increase in rates of 15% was requested and approved. The rate was effective starting in 4th quarter 2023. This rate case remains open.

There is continued progress on major projects. ReConnect 2 grant funded the SEALink Project and is expected to be substantially complete during the middle of 2024 which would be more than 2 years ahead of schedule. Additionally, work is beginning to ramp up for ReConnect 3 with cable manufacturing commencing in 1st quarter and install scheduled for 4th quarter of 2024.

AP&T's subsidiary ATW made changes in their product strategy to meet the entrance of new competition with Starlink, slowing the churn rate and stabilizing markets. The additional investment in transport assets will allow for a more aggressive product strategy in markets that were previously difficult to compete, opening new revenue potential.

AP&T's new CEO William Marks started on February 1, 2024.

Disclosure Statement Pursuant to the Pink Basic Disclosure Guidelines

Alaska Power & Telephone

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Info@aptalaska.com
SIC Code - 4813

Quarterly Report

For the period ending 3/31/2024 **(the "Reporting Period")**

Outstanding Shares
The number of shares outstanding of our Common Stock was:

1,216,392 as of 3/31/2024

1,213,276 as of 12/31/2023

Shell Status
Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933, Rule 12b-2 of the Exchange Act of 1934 and Rule 15c2-11 of the Exchange Act of 1934):

Yes: ☐ No: ☒

Indicate by check mark whether the company's shell status has changed since the previous reporting period:

Yes: ☐ No: ☒

Change in Control
Indicate by check mark whether a Change in Control[1] of the company has occurred over this reporting period:

Yes: ☐ No: ☒

[1] "Change in Control" shall mean any events resulting in:

(i) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becoming the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding voting securities;
(ii) The consummation of the sale or disposition by the Company of all or substantially all of the Company's assets;
(iii) A change in the composition of the Board occurring within a two (2)-year period, as a result of which fewer than a majority of the directors are directors immediately prior to such change; or
(iv) The consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

1) Name and address(es) of the issuer and its predecessors (if any)

In answering this item, provide the current name of the issuer any names used by predecessor entities, along with the dates of the name changes.

Alaska Power & Telephone Company

The state of incorporation or registration of the issuer and of each of its predecessors (if any) during the past five years; Please also include the issuer's current standing in its state of incorporation (e.g. active, default, inactive):

Alaska, Active

Describe any trading suspension orders issued by the SEC concerning the issuer or its predecessors since inception:

None

List any stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:

None

The address(es) of the issuer's principal executive office:

136 Misty Marie Ln.
Ketchikan, AK 99901

The address(es) of the issuer's principal place of business:
☒ *Check if principal executive office and principal place of business are the same address:*

Has the issuer or any of its predecessors been in bankruptcy, receivership, or any similar proceeding in the past five years?

No: ☒ Yes: ☐ If Yes, provide additional details below:

2) Security Information

Transfer Agent

Name: **Computershare**
Phone: **303-262-0789**
Email: **christine.abbey@computershare.com**
Address: **150 Royal Street**
Canton, MA 02021

Publicly Quoted or Traded Securities:

The goal of this section is to provide a clear understanding of the share information for its publicly quoted or traded equity securities. Use the fields below to provide the information, as applicable, for all outstanding classes of securities that are publicly traded/quoted.

Trading symbol:	**APTL**	
Exact title and class of securities outstanding:	**Common Stock**	
CUSIP:	**011764206**	
Par or stated value:	**$1**	
Total shares authorized:	**10,000,000**	as of date: **3/31/2024**
Total shares outstanding:	**1,216,392**	as of date: **3/31/2024**
Total number of shareholders of record:	**79**	as of date: **3/31/2024**

All additional class(es) of publicly quoted or traded securities (if any):

Trading symbol: ____
Exact title and class of securities outstanding: ____
CUSIP: ____
Par or stated value: ____
Total shares authorized: ____ as of date: ______
Total shares outstanding: ____ as of date: ______
Total number of shareholders of record: ____ as of date: __

Trading symbol: ____
Exact title and class of securities outstanding: ____
CUSIP: ____
Par or stated value: ____
Total shares authorized: ____ as of date: ______
Total shares outstanding: ____ as of date: ______
Total number of shareholders of record: ____ as of date: __

Other classes of authorized or outstanding equity securities:

The goal of this section is to provide a clear understanding of the share information for its other classes of authorized or outstanding equity securities (e.g. preferred shares). Use the fields below to provide the information, as applicable, for all other authorized or outstanding equity securities.

Exact title and class of the security: ____
CUSIP (if applicable): ____
Par or stated value: ____
Total shares authorized: ____ as of date: ______
Total shares outstanding (if applicable): ____ as of date: ______
Total number of shareholders of record (if applicable): ____ as of date: __

Exact title and class of the security: ____
CUSIP (if applicable): ____
Par or stated value: ____
Total shares authorized: ____ as of date: ______
Total shares outstanding (if applicable): ____ as of date: ______
Total number of shareholders of record

(if applicable): ____ as of date:

Security Description:

The goal of this section is to provide a clear understanding of the material rights and privileges of the securities issued by the company. Please provide the below information for each class of the company's equity securities, as applicable:

1. **For common equity, describe any dividend, voting and preemption rights.**
   Right to receive dividends as declared by the board of directors.

2. **For preferred stock, describe the dividend, voting, conversion, and liquidation rights as well as redemption or sinking fund provisions.**

____

3. **Describe any other material rights of common or preferred stockholders.**

____

4. **Describe any material modifications to rights of holders of the company's securities that have occurred over the reporting period covered by this report.**

____

3) Issuance History

The goal of this section is to provide disclosure with respect to each event that resulted in any changes to the total shares outstanding of any class of the issuer's securities **in the past two completed fiscal years and any subsequent interim period**.

The company is a plan sponsor for an Employee Stock Ownership Plan (ESOP). As part of the ESOP, the company settles certain retirement liabilities and certain plan obligation in which shares are issued or retired (for cash) regularly in accordance with the terms of ESOP plan documents.

The ESOP plan includes a profit sharing plan which can be settled in cash or stock as determined by the board of directors.

The company offers a dividend reinvestment plan (DRIPS) to qualified ESOP participants and issues shares ESOP holders.

The company offers a Long Term Incentive Plan (LTIP) to certain officers in which they can be awarded Restricted Stock Units (RSU's) which may or may not have a vesting period but are required to be held for one year from date of award. RSUs are not part of the ESOP plan.

Disclosure under this item shall include, in chronological order, all offerings and issuances of securities, including debt convertible into equity securities, whether private or public, and all shares, or any other securities or options to acquire such securities, issued for services. Using the tabular format below, please describe these events.

A. Changes to the Number of Outstanding Shares

Indicate by check mark whether there were any changes to the number of outstanding shares within the past two completed fiscal years:

No: ☐ Yes: ☒ (If yes, you must complete the table below)

Shares Outstanding as of Second Most Recent Fiscal Year End: Opening Balance Date 12/31/2023 Common: 1,213,276 Preferred: ______	*Right-click the rows below and select "Insert" to add rows as needed.								
Date of Transaction	**Transaction type (e.g., new issuance, cancellation, shares returned to treasury)**	**Number of Shares Issued (or cancelled)**	**Class of Securities**	**Value of shares issued ($/per share) at Issuance**	**Were the shares issued at a discount to market price at the time of issuance? (Yes/No)**	**Individual/ Entity Shares were issued to.** ***You must disclose the control person(s) for any entities listed.**	**Reason for share issuance (e.g. for cash or debt conversion) -OR- Nature of Services Provided**	**Restricted or Unrestricted as of this filing.**	**Exemption or Registration Type.**
Various during 1Q24	Issuance	3,116	Common	Various	No	Individuals	LTIP	restricted	
Shares Outstanding on Date of This Report: Ending Balance Ending Balance: Date 3/31/2024 Common: 1,216,392 Preferred: ______									

Example: A company with a fiscal year end of December 31st, in addressing this item for its Annual Report, would include any events that resulted in changes to any class of its outstanding shares from the period beginning on January 1, 2021 through December 31, 2022 pursuant to the tabular format above.

Use the space below to provide any additional details, including footnotes to the table above:

____

B. Promissory and Convertible Notes

Indicate by check mark whether there are any outstanding promissory, convertible notes, convertible debentures, or any other debt instruments that may be converted into a class of the issuer's equity securities:

No: ☒ Yes: ☐ (If yes, you must complete the table below)

Date of Note Issuance	**Outstanding Balance ($)**	**Principal Amount at Issuance ($)**	**Interest Accrued ($)**	**Maturity Date**	**Conversion Terms (e.g. pricing mechanism for determining conversion of instrument to shares)**	**Name of Noteholder.** ***You must disclose the control person(s) for any entities listed.**	**Reason for Issuance (e.g. Loan, Services, etc.)**
______	______	______	______	______	______	______	______

_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____

Use the space below to provide any additional details, including footnotes to the table above:

_____

4) Issuer's Business, Products and Services

The purpose of this section is to provide a clear description of the issuer's current operations.
(Please ensure that these descriptions are updated on the Company's Profile on www.otcmarkets.com).

A. Summarize the issuer's business operations (If the issuer does not have current operations, state "no operations")

In SE Alaska, the company provides:
Electric power generation transmission and distribution
Regulated and non-regulated telecom services

B. List any subsidiaries, parent company, or affiliated companies.

ALASKA POWER & TELEPHONE COMPANY – 52103D
ALASKA POWER COMPANY – 5181D
ALASKA TELEPHONE COMPANY – 5711D
AP&T LONG DISTANCE, LLC. – 60348D
AP&T WIRELESS, INC. – 60349D
BBL HYDRO, INC. – 52178D
BETTLES TELEPHONE, INC. – 14851D
GOAT LAKE HYDRO, INC. – 60355D
NORTH COUNTRY TELEPHONE, INC. – 51622D

C. Describe the issuers' principal products or services.

Utility services

5) Issuer's Facilities

The goal of this section is to provide a potential investor with a clear understanding of all assets, properties or facilities owned, used or leased by the issuer and the extent in which the facilities are utilized.

In responding to this item, please clearly describe the assets, properties or facilities of the issuer, give the location of the principal plants and other property of the issuer and describe the condition of the properties. If the issuer does not have complete ownership or control of the property (for example, if others also own the property or if there is a mortgage on the property), describe the limitations on the ownership.

If the issuer leases any assets, properties or facilities, clearly describe them as above and the terms of their leases.

See financial's for value of fixed and ROU assets.

6) Officers, Directors, and Control Persons

Using the table below, please provide information, as of the period end date of this report, regarding any officers, or directors of the company, individuals or entities controlling more that 5% of any class of the issuers securities, or any person that performs a similar function, regardless of the number of shares they own. **If any insiders listed are corporate shareholders or entities, provide the name and address of the person(s) beneficially owning or controlling such corporate shareholders, or the name and contact information (City, State) of an individual representing the corporation or entity in the note section.**

Include Company Insiders who own any outstanding units or shares of any class of any equity security of the issuer.

The goal of this section is to provide an investor with a clear understanding of the identity of all the persons or entities that are involved in managing, controlling or advising the operations, business development and disclosure of the issuer, as well as the identity of any significant or beneficial shareholders.

Names of All Officers, Directors and Control Persons	Affiliation with Company (e.g. Officer Title /Director/Owner of more than 5%)	Residential Address (City / State Only)	Number of shares owned	Share type/class	Ownership Percentage of Class Outstanding	Names of control person(s) if a corporate entity
Robert B. Engel	Independent Director	Naples, FL	N/A	N/A	N/A	N/A
William Marks	Director	Seattle, WA	N/A	Common	N/A	N/A
Daniel Gonce	Director	Juneau, AK	N/A	Common	N/A	N/A
Randy Johnson	Independent Director	Ketchikan, AK	N/A	N/A	N/A	N/A
Kristin Mellinger	Independent Director	Soldotna, AK	N/A	N/A	N/A	N/A
Lori L. O'Flaherty	Independent Director	Greenwood Village, CO	N/A	N/A	N/A	N/A
Tina Pidgeon	Independent Director	Haddonfield, NJ	N/A	N/A	N/A	N/A
Wilson Western Electric Trust	Shareholder	Port Townsend	246,738	Common	20%	Derek Michel
Alaska Power & Telephone Company Employee Stock Ownership Savings Plan & Trust	Owner of more than 5%	Ketchikan, WA	514,442 (as of record date 3/31/2024)	Common	42%	N/A

7) Legal/Disciplinary History

A. Identify and provide a brief explanation as to whether any of the persons or entities listed above in Section 6 have, in the past 10 years:

1. Been the subject of an indictment or conviction in a criminal proceeding or plea agreement or named as a defendant in a pending criminal proceeding (excluding minor traffic violations);

No

2. Been the subject of the entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or

otherwise limited such person's involvement in any type of business, securities, commodities, financial- or investment-related, insurance or banking activities;

No

3. Been the subject of a finding, disciplinary order or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, a state securities regulator of a violation of federal or state securities or commodities law, or a foreign regulatory body or court, which finding or judgment has not been reversed, suspended, or vacated;

No

4. Named as a defendant or a respondent in a regulatory complaint or proceeding that could result in a "yes" answer to part 3 above; or

No

5. Been the subject of an order by a self-regulatory organization that permanently or temporarily barred, suspended, or otherwise limited such person's involvement in any type of business or securities activities.

No

6. Been the subject of a U.S Postal Service false representation order, or a temporary restraining order, or preliminary injunction with respect to conduct alleged to have violated the false representation statute that applies to U.S mail.

No

B. Describe briefly any material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the issuer or any of its subsidiaries is a party to or of which any of their property is the subject. Include the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis alleged to underlie the proceeding and the relief sought. Include similar information as to any such proceedings known to be contemplated by governmental authorities.

8) Third Party Service Providers

Provide the name, address, telephone number and email address of each of the following outside providers. You may add additional space as needed.

The following information for third party service providers is already noted on OTCIQ.
There are no changes.

Securities Counsel (must include Counsel preparing Attorney Letters).

Name: _____
Address 1: _____
Address 2: _____
Phone: _____
Email: _____

Accountant or Auditor

Name: Gregg Amend
Firm: Moss Adams
Address 1: 601 W Riverside Ave Ste 1800
Address 2: Spokane WA. 99201
Phone: (509) 747-2600
Email: Gregg.Amend@mossadams.com

Investor Relations

Name: _____
Firm: _____
Address 1: _____
Address 2: _____
Phone: _____
Email: _____

All other means of Investor Communication:

Twitter: _____
Discord: _____
LinkedIn _____
Facebook: _____
Website: www.aptalaska.com/shareholder-information

Other Service Providers

Provide the name of any other service provider(s) that **that assisted, advised, prepared, or provided information with respect to this disclosure statement**. This includes counsel, broker-dealer(s), advisor(s), consultant(s) or any entity/individual that provided assistance or services to the issuer during the reporting period.

Name: _____
Firm: _____
Nature of Services: _____
Address 1: _____
Address 2: _____
Phone: _____
Email: _____

9) Disclosure & Financial Information

A. This Disclosure Statement was prepared by (name of individual):

Name: **Wanda Tankersley**
Title: **CFO**
Relationship to Issuer: **Officer**

B. The following financial statements were prepared in accordance with:

☐ IFRS
x U.S. GAAP

C. The following financial statements were prepared by (name of individual):

Name: **Hank Altschuler**
Title: **Controller**
Relationship to Issuer: **Management**
Describe the qualifications of the person or persons who prepared the financial statements:[5] **CPA**

Provide the following qualifying financial statements:

a. Audit letter, if audited;
b. Balance Sheet;
c. Statement of Income;
d. Statement of Cash Flows;
e. Statement of Retained Earnings (Statement of Changes in Stockholders' Equity)
f. Financial Notes

Financial Statement Requirements:

- Financial statements must be published together with this disclosure statement as one document.
- Financial statements must be "machine readable". Do not publish images/scans of financial statements.
- Financial statements must be presented with comparative financials against the prior FYE or period, as applicable.
- Financial statements must be prepared in accordance with U.S. GAAP or International Financial Reporting Standards (IFRS) but are not required to be audited.

10) Issuer Certification

Principal Executive Officer:

The issuer shall include certifications by the chief executive officer and chief financial officer of the issuer (or any other persons with different titles but having the same responsibilities) in each Quarterly Report or Annual Report.

The certifications shall follow the format below:

I, **William Marks** certify that:

1. I have reviewed this Disclosure Statement for **Alaska Power & Telephone Company** ;

2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

6/6/2024

William Marks

[CEO's Signature]

(Digital Signatures should appear as "/s/ [OFFICER NAME]")

[5] The financial statements requested pursuant to this item must be prepared in accordance with US GAAP or IFRS and by persons with sufficient financial skills.

Principal Financial Officer:

I, **Wanda Tankersley** certify that:

1. I have reviewed this Disclosure Statement for **Alaska Power & Telephone Company**;

2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

6/6/2024

Wanda Tankersley

Wanda Tankersley (Jun 6, 2024 10:53 AKDT)

[CFO's Signature]

(Digital Signatures should appear as "/s/ [OFFICER NAME]")

Quarterly Report 1Q24 Revised

Final Audit Report 2024-06-07

Created:	2024-06-06
By:	Hank Altschuler (hank.a@aptalaska.com)
Status:	Signed
Transaction ID:	CBJCHBCAABAA6DLckjaY98S42KFnQFdXTBJ_YQU2ZFoJ

"Quarterly Report 1Q24 Revised" History

Document created by Hank Altschuler (hank.a@aptalaska.com)
2024-06-06 - 7:50:59 AM GMT

Document emailed to Wanda Tankersley (wanda.t@aptalaska.com) for signature
2024-06-06 - 7:51:04 AM GMT

Email sent to Wanda Tankersley (wanda.t@aptalaska.com) bounced and could not be delivered
2024-06-06 - 7:51:07 AM GMT

Email viewed by Wanda Tankersley (wanda.t@aptalaska.com)
2024-06-06 - 4:17:55 PM GMT

Document e-signed by Wanda Tankersley (wanda.t@aptalaska.com)
Signature Date: 2024-06-06 - 6:53:34 PM GMT - Time Source: server

Document emailed to William Marks (bill.m@aptalaska.com) for signature
2024-06-06 - 6:53:37 PM GMT

Email viewed by William Marks (bill.m@aptalaska.com)
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Document e-signed by William Marks (bill.m@aptalaska.com)
Signature Date: 2024-06-07 - 5:54:42 PM GMT - Time Source: server

Agreement completed.
2024-06-07 - 5:54:42 PM GMT