

ALASKA POWER & TELEPHONE COMPANY
Comparitive Income Statements
As of December 31, 2008

	Actual 2004	Actual 2005	Actual 2006	Actual 2007	Actual 2008
REVENUE					
Gross Revenue	\$ 32,367,462	\$ 33,984,685	\$ 36,511,079	\$ 37,693,443	\$ 40,095,392
Less: Cost of Goods Sold	(3,190,124)	(4,085,352)	(6,620,776)	(6,669,795)	(9,825,905)
Net Revenue	29,177,338	29,899,333	29,890,303	31,023,648	30,269,487
OPERATING EXPENSE					
Labor	5,734,557	5,738,070	6,228,744	6,478,334	6,755,420
Fringe	2,859,746	2,956,891	3,105,566	3,388,063	3,060,179
Corporate Allocations	1,124,173	1,044,886	1,169,961	1,151,717	1,166,615
Direct Costs	4,930,867	5,177,911	3,888,010	4,488,211	5,251,635
Operating Taxes	147,217	167,304	165,188	170,032	177,060
Pole Rental/(Income)	6,513	10,345	12,181	73,380	13,679
Property Insurance	507,502	460,020	607,832	701,721	582,534
Property Lease	460,283	588,086	530,633	537,946	489,514
Regulatory Commission Exp	62,124	67,781	72,714	11,318	5,296
Uncollectable Accounts	22,368	36,429	28,681	65,876	89,790
Vehicle Expense	171,329	210,715	329,265	295,778	405,249
Less: Capitalized G&A	(721,927)	(1,029,805)	(1,163,539)	(941,026)	(1,078,485)
Total Operating Expense	15,304,753	15,428,631	16,899,560	16,421,350	16,918,485
Dep and Amort Exp	6,083,386	6,223,146	6,455,254	6,827,164	7,087,300
Rate Stabilization	(513,155)	(416,088)	(409,089)	(288,128)	(318,943)
Operating Income	8,302,354	8,663,645	8,868,902	8,063,262	6,582,644
Gain/(Loss) on Investment	383,871	822,526	1,241,834	877,741	1,914,481
Gain on Extinguishment of Debt	318,068	-	-	-	20,175
Miscellaneous	44,057	(162,916)	(48,315)	1,734	21,538
Net Other Income (Expense)	518,918	659,610	1,193,519	879,475	1,956,194
Net Income Before Interest & Tax	8,821,272	9,323,254	10,062,421	8,942,737	8,538,838
Interest Income	289,008	450,374	550,067	585,081	444,916
Interest Expense	(5,136,468)	(4,891,198)	(4,772,309)	(4,774,843)	(4,892,113)
Net Interest Income/(Expense)	(4,847,460)	(4,440,825)	(4,222,242)	(4,189,762)	(4,447,197)
Net Income before Tax	3,973,812	4,882,430	5,840,179	4,752,975	4,091,641
Provision for Income Tax	1,573,629	1,933,442	2,282,835	1,752,050	1,455,416
Net Income / (Loss)	\$ 2,400,183	\$ 2,948,988	\$ 3,557,344	\$ 3,000,925	\$ 2,636,225
EPS	1.84	2.11	2.48	2.04	1.79

ALASKA POWER & TELEPHONE COMPANY
Comparative Balance Sheets
As of December 31, 2008

	Actual 2004	Actual 2005	Actual 2006	Actual 2007	Actual 2008
ASSETS					
Property plant and equipment:					
Electric	\$ 79,119,326	\$ 83,282,008	\$ 85,651,051	\$ 88,197,986	\$ 91,856,175
Telecommunications	38,814,277	38,878,542	41,663,935	42,985,755	44,424,400
Non-Regulated	2,172,080	3,403,332	3,637,790	5,778,884	6,976,789
	<u>120,105,683</u>	<u>125,563,882</u>	<u>130,952,776</u>	<u>136,962,625</u>	<u>143,257,365</u>
Less: accumulated depreciation	(49,333,350)	(53,782,603)	(59,397,638)	(64,376,668)	(69,710,773)
	<u>70,772,333</u>	<u>71,781,279</u>	<u>71,555,138</u>	<u>72,585,957</u>	<u>73,546,592</u>
Utility plant under construction	2,803,535	1,947,800	3,445,144	3,487,629	9,302,568
Total prop. plant and equipment net	<u>73,575,868</u>	<u>73,729,079</u>	<u>75,000,282</u>	<u>76,073,586</u>	<u>82,849,160</u>
Other assets:					
Prelim survey and investigation costs	-	11,915	7,923	7,887	405,871
Investments	7,198,252	7,196,801	7,640,936	8,110,951	5,926,318
Goodwill, net of amortization	9,266,403	9,266,403	9,266,403	9,266,403	9,266,403
Rate stabilization asset	2,950,455	3,366,543	3,775,632	4,063,760	4,382,703
Special funds - restricted	6,488,823	6,517,070	6,493,383	6,445,135	6,470,236
Other assets	2,856,226	4,484,469	3,607,400	3,258,163	2,187,687
Intercompany				-	-
Total other assets	<u>28,760,159</u>	<u>30,843,201</u>	<u>30,791,677</u>	<u>31,152,299</u>	<u>28,639,218</u>
Current assets:					
Cash	6,250,842	7,735,010	6,987,062	4,013,571	7,590,246
Receivables, less allowance	5,409,115	5,016,194	5,818,726	5,953,860	4,839,454
Securities available for sale			1,025,453	990,733	1,215,802
Inventory and other current assets	1,466,867	1,884,387	1,840,691	2,383,727	2,824,030
Deferred income taxes	125,499	142,208	100,815	167,303	-
Income taxes recoverable	10,000	96,778	-	-	290,824
Total current assets	<u>13,262,323</u>	<u>14,874,577</u>	<u>15,772,747</u>	<u>13,509,194</u>	<u>16,760,355</u>
Total Assets	<u>\$ 115,598,350</u>	<u>\$ 119,446,857</u>	<u>\$ 121,564,706</u>	<u>\$ 120,735,079</u>	<u>\$ 128,248,733</u>
LIABILITIES AND STOCKHOLDERS' EQUITY					
Stockholders' equity:					
Common stock	\$ 1,376,232	\$ 1,414,347	\$ 1,456,118	\$ 1,482,843	\$ 1,463,310
Additional paid-in capital	6,956,217	7,272,463	7,781,045	8,238,283	7,786,499
Retained earnings	9,246,140	12,229,790	15,769,973	18,768,951	21,446,258
Total stockholders' equity	<u>17,578,589</u>	<u>20,916,600</u>	<u>25,007,136</u>	<u>28,490,077</u>	<u>30,696,067</u>
Long-term debt:					
CoBank debt	52,738,152	51,466,248	50,125,937	48,713,544	53,207,791
Goat Lake Hydro, Inc. note payable	20,268,200	19,833,439	19,398,404	18,938,032	18,447,355
Other term debt	3,074,382	3,679,628	3,713,722	3,577,458	3,818,455
Unsecured term debt - Tranche A	10,895,131	8,792,860	4,800,144	3,622,955	2,317,470
Total long-term debt	<u>86,975,865</u>	<u>83,772,175</u>	<u>78,038,207</u>	<u>74,851,989</u>	<u>77,791,070</u>
Other liabilities:					
Deferred income taxes	5,517,895	7,319,895	8,752,473	9,437,849	10,301,098
Other deferred credits	933,927	442,102	1,634,636	1,303,950	1,698,962
Total other liabilities	<u>6,451,822</u>	<u>7,761,997</u>	<u>10,387,109</u>	<u>10,741,799</u>	<u>12,000,060</u>
Current liabilities:					
Accounts payable and accruals	2,118,340	3,208,302	4,685,569	3,824,880	3,532,524
Deferred income taxes					18,246
Current portion of long-term debt	2,473,734	3,787,783	3,446,685	2,826,334	4,210,765
Total current liabilities	<u>4,592,074</u>	<u>6,996,085</u>	<u>8,132,254</u>	<u>6,651,214</u>	<u>7,761,536</u>
Total Liabilities and Stockholders' Equity	<u>\$ 115,598,350</u>	<u>\$ 119,446,857</u>	<u>\$ 121,564,706</u>	<u>\$ 120,735,079</u>	<u>\$ 128,248,733</u>

ALASKA POWER & TELEPHONE COMPANY
Comparative Statement of Cash Flows
As of December 31, 2008

	Actual 2004	Actual 2005	Actual 2006	Actual 2007	Actual 2008
OPERATING ACTIVITIES:					
Net Income	2,400,183	2,948,985	3,557,345	3,000,925	2,636,225
Adjustments to reconcile net income:					
Depreciation & amortization	6,083,390	6,223,146	6,455,252	6,827,192	7,087,300
Gain of extinguishment of debt	(318,068)	-	(289,202)	-	(20,175)
(Gain) loss from sale of assets	20,425	125,625	229	-	(1,135,629)
(Gain) loss on impairment of assets	381,312	150,000	-	3,902	13,375
Noncash patronage dividends	(327,210)	(266,791)	(260,594)	(253,980)	(189,575)
Equity in earnings of investments	(240,257)	(564,570)	(630,653)	(373,686)	(326,141)
Deferred income tax provision	1,560,817	1,785,291	1,473,971	618,889	1,048,798
Other noncash activity	69,505	63,542	70,581	40,510	685,435
Accretion of rate stabilization asset	(513,155)	(416,087)	(409,089)	(288,128)	(318,943)
Changes in assets & liabilities:					-
Receivables	(1,416,788)	392,923	(802,532)	(135,136)	1,148,000
Income taxes payable (recoverable)	914,562	(86,778)	748,864	(355,879)	(587,031)
Other assets and liabilities	354,094	139,321	847,697	(1,052,723)	(620,949)
Net cash provided by operations	8,968,810	10,494,607	10,761,869	8,031,886	9,420,690
INVESTING ACTIVITIES:					
Acquisition of PP&E	(5,035,239)	(6,195,103)	(7,514,808)	(7,692,521)	(13,685,186)
Change in other assets	227,145	170,897	(13,495)	(112,358)	(300,952)
Investment in securities available for sale	-	-	(1,025,453)	34,720	(225,069)
Dividends received from equity investments	-	-	484,733	293,590	224,986
Grant proceeds and constr. advances	1,360,000	-	1,121,953	(371,197)	(290,422)
Proceeds from sale of investment	-	404,988	-	-	3,737,493
Reimbursable construction costs	-	(1,875,371)	689,924	166,947	781,678
Net cash (used) by investing activities	(3,448,094)	(7,494,589)	(6,257,146)	(7,680,819)	(9,757,472)
FINANCING ACTIVITIES:					
Proceeds from long-term debt	1,103,560	719,679	118,863	-	7,513,864
Payments on long-term debt	(6,057,454)	(2,624,556)	(5,904,727)	(3,806,569)	(3,170,177)
Proceeds from special funds, restricted	121,951				
Payment of cash dividends					
Proceeds from sale of common stock	786,719	416,982	640,623	773,324	375,333
Repurchase of common stock	(101,268)	(62,621)	(90,270)	(289,361)	(846,650)
Other changes in equity	(6,086)	34,663	(17,159)	(1,952)	41,088
Net cash (used) by financing activities	(4,152,578)	(1,515,853)	(5,252,670)	(3,324,558)	3,913,458
NET CHANGE IN CASH	1,368,138	1,484,165	(747,947)	(2,973,491)	3,576,676
Cash at beginning of year	4,882,706	6,250,844	7,735,009	6,987,062	4,013,571
Cash at end of year	6,250,844	7,735,009	6,987,062	4,013,571	7,590,247