2020 ANNUAL REPORT

RECONNECTING YOU TO WHAT **MATTERS MOST**

Katie Szabo, Phyllis Sage, Diana Boyd, Stacie Turner (Haines)

Dave Pflaum (Ketchikan/Kasaan)

Dani Raigosa, Rachel Bennett, Jess Benson (Craig)

Tyler Bosdell (Ketchikan/Kasaan)

Bryan Hayward doesn't let southeast Alaska's tough weather rain on his parade.

Ross McGinnis, Andrew Bailey, Devin Warren successfully fell a danger tree near Mentasta.

AP&T crews complete 'hot stick' work, performing maintenance without need for temporary outages.

2020 At a glance

COMMITTED TO SERVING ALASKAN COMMUNITIES

Helping Students Stay Connected

AP&T is offering a matching program called Helping Students Stay Connected to school districts located in AP&T Broadband service areas. The school districts offering AP&T's Helping Students Stay Connected matching program are invoiced monthly for $35.00 x the number of participating student households, and AP&T applies a $70.00 credit toward eligible customer accounts. Some of the schools are going beyond the $35.00, and contributing over $100.00 x the number of participating student households, still getting the $35.00 match from AP&T.

The Helping Students Stay Connected program is expected to help student family upgrades to internet service options with faster speeds and more usage for the 2020-2021 school year. The program will also help the small number of student families previously unable to obtain broadband service.

The marketing benefit to AP&T being proactive in creating a program that benefits all student families that wish to participate versus a program that only helps those that do not have home internet access in place is evident. We hope that our subscribers enjoy the higher levels of service we can offer and have a hard time moving to less expensive options when school ends, essentially, a promotion subsidized by the participating local school districts.

AP&T helped the following families reach even faster speeds:

Alaska Gateway Schools:
103 Student Families.

Annette Island Schools:
167 Student Families.

Craig Schools:
117 Student Families.

Haines Schools:
166 Student Families.

Hydaburg Schools:
9 Student Families.

Skagway Schools:
94 Student Families.

On behalf of the Charitable Contributions Committee, AP&T is proud to announce the following funding disbursements in 2020:

$ 12,500

Haines Salvation Army to support disaster relief.

$ 12,500

Haines American Legion to support disaster relief.

$ 1,000

Community Cares Committee of Skagway (Food Bank) to provide food stipends to those in need.

$ 1,000

Boys & Girls Club of Metlakatla to provide healthy snacks, equipment and supplies.

$ 5,000

Helping Ourselves Prevent Emergencies to support Prince of Wales with safety & support.

$ 800

Helping Hands Food Bank to help purchase a new freezer.

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Staying strong for our customers.

AP&T's mission is to be a strong, growing, and innovative leader in the energy and communications industries.

The AP&T team secures permanent placement of fiber and power in Dyea Valley.

A MESSAGE FROM THE CHAIRMAN

Mike Barry | Chairman, Independent Director

2020 was an unforgettable year! We hope that you are safe and well. As has the rest of the world, our company has faced many challenges during this pandemic. This has afforded our employee-owners the opportunity to shine. And shine they do! They shine safely, efficiently, and persistently. When one views the progress they achieved throughout the year, it is almost as if the pandemic was elsewhere. From completion of a difficult hydro project to the herculean task of keeping energy and power supplied to a needier customer base, their can-do spirit prevailed. We congratulate all of them for their demonstration of the power of dedication, perseverance, and teamwork. Their outperformance gives us confidence to face the challenges of the future.

I will report on some changes to the Board of Directors. Mark Foster resigned effective the end of the year. His wisdom, experience, and leadership have served us well for 17 years. Lori O'Flaherty has joined the board and has been appointed Chair of the Audit and Risk Committee. This committee's charter was revised and its name changed to reflect the importance of formalizing a more acute observation of risk assessment in our business activities. Tina Pidgeon has agreed to seek a board position and will join contingent upon election at our shareholders' annual meeting. We welcome these two new board members and look forward to working with them. It is gratifying that our company can attract individuals of such accomplishment and experience to our board.

It is also very gratifying to be able to report that AP&T is stronger than ever. We look forward to the future with optimism.

REFLECT. RENEW. RECONNECT.

Wade Adamson assesses Copper Harbor from the heights of the Híilangaay hydropower project.

A MESSAGE FROM THE PRESIDENT & CEO

Michael Garrett, CPA | President/CEO

Alaska Power & Telephone Company (AP&T) was determined to make 2020 special. Our plans were to hit the ground running in order to:

- Improve our performance in 2019 by completing the Híilangaay hydro project on time (before the end of 2020) and on budget (based on a ground up review at the end of 2019).
- Capitalize on transport development opportunities.
- Exceed our penetration goals for Alternate Connect America Cost Model (ACAM).
- Exceed our financial performance goals (EBITDA, Net Income, Economic Value Added and Return on Assets).
- Pursue regulatory relief and file just and reasonable rates in our energy divisions.

Little did we know that 2020 would bring its own special challenges to us as we aggressively pursued these initiatives. By challenges I mean the COVID pandemic we have all lived through. Throughout this Annual Report my team discusses how AP&T dealt with COVID and how we kept our employees and customers safe, warm and healthy. The communities we serve have come to appreciate the services we offer as we maintain our commitment to keep rural economies healthy, keep our customers connected, support telemedicine and improve education for students in class and learning remotely.

AP&T offers Alaskan communities energy and communication services, which are arguably the most essential services that drive community livability, growth and satisfaction. We also provide data transport services to other long distance and wireless carriers in Southeast Alaska. Our culture of employee-ownership and deep roots in the communities we serve, strengthen our resolve to create value for all of AP&T's stakeholders and grow responsibly.

Energy

In 2020, our energy division's financial results ended the year better than anticipated. Early 2020, when the pandemic first materialized, we were unsure how we would fare as key businesses like tourism, fishing and timber were at great risk. At the end of 2020, the number of energy customers served had grown slightly by .03%, with energy sales declining by 3.9%. Net energy revenue remained stable, growing by $8,717 over 2019. This occurred even though overall kWh sales declined 12.8% in the Upper Lynn Canal due to a lack of tourism. The sales loss was offset by sales growth in Prince of Wales communities (.5%), Tok (8%), and the interior villages (4.8%), as well as by the interim and refundable rate increase approved by the Regulatory Commission of Alaska.

We continue to lower operating costs by making prudent investments in generation and distribution plant in our core energy business. We have identified key investments in generation that will lower fuel costs and engine maintenance and over time will lower our overall expenses. Our teams are also proactive in developing additional demand for energy from new sources (such as heat pumps).

A rate filing prepared in the 3rd quarter of 2020, on an across-the-board basis, indicated just and prudent rates should be 13% higher than existing rates. The RCA approved an interim rate increase of 10% for our distribution company. Key performance indicators for our energy divisions are shown below.

ENERGY	2020	2019	2018	2017	2016
EBITDA	$ 8,076,457	$ 6,902,071	$ 8,039,114	$ 8,579,255	$ 7,681,963
Operating Income	$ 4,538,000	$ 3,538,000	$ 4,574,000	$ 5,124,000	$ 4,387,000
Return on Assets	4.6%	3.6%	4.7%	10.3%	3.5%

This data excludes Hı́ilangaay.

Telecom

Telecom encompasses traditional voice services, as well as broadband and data transport services (both regulated and non-regulated operations). Results of telecom operations are influenced greatly by federal and state regulation. In 2020, we continued to see the effects of lower Alaska Universal Service Fund revenue and a change in cost study results which affect revenue from federal sources. Data transport and broadband demand remained strong, particularly in 2020 due to COVID-related demand. As noted in other sections of our report we supported all the school districts in our communities to get both teachers and students online. In many cases our communities were the first to conduct distance learning.

Telecom income growth is affected by wholesale data transport from other carriers. Gross telecom revenue for 2020 was $32,241,136 which is an increase of 1.8% over the previous year. Operating expenses for telecom have increased to $23,637,880, a 10.2% increase over 2019. The increase was primarily the result of higher transport costs and increased depreciation. We are intently focused on meeting and exceeding our ACAM service requirements. Prior investments in our Lynn Canal Fiber project (submerged fiber between Juneau, Haines and Skagway), our Southeast Alaska Microwave Network (SAMN Network), and our existing last mile facilities gives us a strong foundation to meet these goals. Our efforts over the last two years to increase fiber to the home and deploying DSL has borne fruit. As of the date of this report we have not only exceed our 2020 reporting requirements but, those of 2021 as well. Here are our key performance indicators for telecom:

TELECOM	2020	2019	2018	2017	2016
EBITDA	$ 13,629,905	$ 14,701,362	$ 13,702,763	$ 14,733,768	$ 9,570,880
Operating Income	$ 8,603,257	$ 10,233,412	$ 7,640,619	$ 8,464,787	$ 3,812,265
Return on Assets	12.3%	13.9%	10.4%	15.2%	4.3%

This data excludes Hı́ilangaay.

Despite the pandemic, Hı́ilangaay's construction challenges are behind us. The press release dated January 16, 2020 addressing cost-overruns speaks for itself. AP&T realized a loss on the Hı́ilangaay construction contract in 2019, which overshadowed last year's financial results. We achieved Substantial Completion on December 18, 2020 and the project began commercial operation on January 20, 2021. In addition to completing construction on time, we were able to beat the revised cost to complete by $316,201, improving upon the project's financial outcome. Hı́ilangaay has challenges in the operational phase as well. Haida Energy (HEI) filed for a change in the inception rate for energy sold to APC. The new inception rate was approved effective April 19, 2021.

Setting our sights sky-high

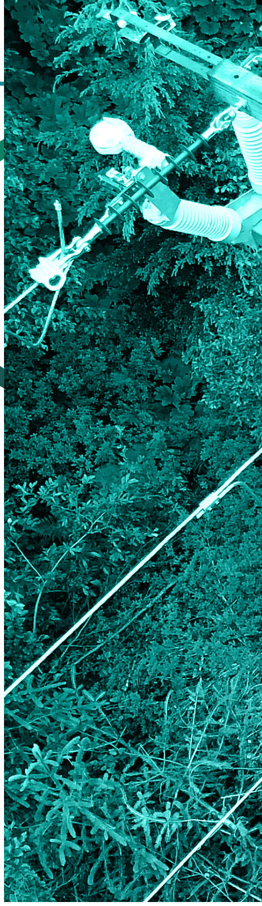
Armored power cable arrives at the top of Kasaan Mountain, allowing AP&T's remote mountaintop telecommunications site to plug into clean energy provided by Prince of Wales hydropower projects.

Responsible growth continues to be elusive in the energy sector, as it has been the last few years. We have seen value creation on the telecom-side and we continue that pursuit. Our strategic focus for growth will be to develop middle mile opportunities. These projects will allow us to fix our data transport costs and give us opportunities to increase capacity to wholesale transport customers. Our focus on interconnecting southeast Alaska to the world via Canada has had its challenges with COVID. The tremendous efforts in 2020 did bear some fruit. In the 3rd quarter of 2020, we were awarded a federal grant from the USDA ReConnect Program to provide broadband service to Coffman Cove and Kasaan along with constructing submerged fiber to connect Prince of Wales Island with Petersburg and Juneau. The total project cost is estimated at approximately $28,500,000 with grant support in the amount of $21,545,167. This project, dubbed SEALink (a name we used for a similar project concept in early 2000's), will be integral in serving the communities with up to 100 mbps service once completed. The benefits of this grant will be felt across the region.

Our company has weathered many different types of storms in its history. The challenges of 2019 and 2020 strengthened our resolve and bolstered our confidence. We have learned some very valuable lessons that we know will pay dividends in the years ahead. AP&T has never been stronger or more relevant to our customers. The goal of our employee owners is to do everything we can to individually and collectively to exceed the expectations our customers' expectations and those of our stakeholders.

POWER & TELECOM OPERATIONS

Tom Ervin | Executive VP/COO, Power & Telecom Operations



The COVID-19 pandemic in 2020 created a challenging year for everyone, and AP&T was no exception. As the pandemic became apparent, we implemented a COVID safety and protection operational plan to protect our employees and the general public. It addressed many difficult logistical issues including customer interactions and remote travel to villages and other communities. The plan included temporary office closures to the public, safe distancing guidelines, reduction of company travel to critical needs, increasing inventories of critical materials, limiting close proximity travel in our vehicles, and regularly scheduled meetings with management. In spite of the operational challenges presented by COVID-19, we were able to make excellent progress in regards to continued improvements and expansion of our power and telecommunications systems.

Another challenge has been the partial loss (fiber optic/SCADA transport) of our power transmission cable between Skagway and Kasidaya Hydro. We have been working tirelessly with subsea cable experts to engineer and repair or replace the failed section of this cable circa 2022-2023. In the meantime, the power engineering group has been working tirelessly to address associated generation-related issues in Haines to ensure we have adequate diesel generating capacity in the event of total cable failure.

In December, Haines suffered a catastrophic landslide event caused by a combination of heavy rain and excessive snow melt at higher elevations. This resulted in a landslide that destroyed a section of power distribution line serving 33 customers. It also damaged power and fiber optic infrastructure in the Lutak area, including the Lutak hydro facility. During the landslides and wash-outs, the power and telecom crews were limited to the core area of town due to safety and potential isolation concerns. In spite of this, the remaining grid and communications infrastructure continued to operate well. Unfortunately, the customers isolated by the slide on Beach Road are still without power and telecom service as of March 2021. We continue to work with local and state government agencies to monitor the situation and are anxious to restore power and communications as soon it is safe for our crews to do so. Because we have extensive fiber facilities in the Haines area, we were able to provide various emergency service agencies with bandwidth on the fly as needed.

These are just some of the challenges we have encountered, and they bring to light the continual challenges we face to serve our customers in all conditions in some of the harshest environments. We rely on a very dedicated and talented staff of men and women who are team oriented and mission focused in a demanding 24/7 operating environment. We rely on these talented individuals every day. One of our challenges is to continually augment this staff with new talent. Energy and telecommunications are very competitive industries, and it can be very challenging to attract and retain new employees. We will continue to seek new talent, and are also placing an emphasis on apprenticeships, internships, and local school outreach to work with communities. The emphasis is on local hire, which helps support our communities and reduce employee churn.

Our fleet operations represent a significant portion of our capital and operating budgets. We are placing an emphasis on fleet efficiency, which will help reduce operating costs and reduce the rate at which replacements are necessary. We are currently in the process of equipping fleet assets with a GPS tracking/telematics system to allow management to monitor fleet activities such as driving habits, maintenance alerts, and truck-roll activity. It also provides an additional measure of safety for line crews as

Cory Nelson completes a gang switch install in Skagway, Alaska.

they troubleshoot and repair damaged lines by providing near real-time location mapping.

We continue to develop a comprehensive outside plant mapping system for both power and telecom infrastructure. This is a huge undertaking, and we are well along with the telecom facilities documentation. Utility/power facility documentation is beginning to take shape and we anticipate good progress in 2021. To date, outside plant inventory has been completed for all of Prince of Wales Island and Skagway, with Haines inventory slated for 2021. This system will also include staking capabilities combined with right-of way and easement underlays for design efficiency. In spite of challenges presented in 2020, we continued to build out fiber optic infrastructure within our local exchange areas, while increasing our footprint beyond these areas. This includes a 17-mile transport fiber to Thorne Bay, and a 16-mile build from Thorne Bay to Kasaan Village. We were also able to build out fiber optics to the Klawock Lake Subdivision, which had minimal internet connectivity. We also expanded our fiber footprint in Tok, Haines and Petersburg with distribution fiber as we continue to phase out copper plant. We extended our fiber facilities in the village of Kake to include the local school and the ACS central switching office.

The SAMN/wireless operation had its share of challenges in 2020, including a heavily damaged communications building at Lindenburg Peak. An extremely heavy chunk of ice calved off the tower and partially crushed the roof. The crew did a heroic job of effecting emergency repairs to protect the facility until permanent repairs were possible. The crew designed and fabricated a hard shell for the roof that increases protection for future events. Other sites encountered extremely difficult icing conditions, but the network continued to operate. In spite of weather conditions, much work was performed, including additional capacity between High Mountain and AT&T, and making accommodations to AT&T Mobility for additional equipment at Sunnyhae Mountain and Lindenburg Peak. The wireless crew also increased microwave capacity to Northway Village from 45 mbps to 500 mbps. In spite of the various challenges presented in 2020, all of our employees did an exceptional job under many difficult conditions!

CUSTOMER SERVICE

Mary Jo Quandt | VP Chief Customer Officer

"Heroes are born out of moments of crisis."

Wade Adamson disconnects during an active house fire in Craig, Alaska.

Chaos provides an opportunity for innovation. The year 2020 provided an extreme amount of opportunities for innovation. We not only had to think outside of the box but in some instances, we had to create a completely new box. The term "customer service" took on a new meaning. Our customer service representatives (CSRs) had to find what felt like 100 different ways to assist their customers with tasks that were normally quick and routine prior to this time. Customer service is all about people and our connection to those people, whether they are co-workers or customers. Although we were also experiencing anxiety, it was our job to reassure the customers and make sure they knew AP&T staff would still be available to answer their questions and take care of whatever they needed.

To protect our customers and ourselves, we closed our doors to the public on March 18th, 2020. This was the beginning of the "how do we do this now?" thought process. Assisting customers with their payments proved to be a challenge when so many of our customers were used to stopping in and making their payments in person. In some locations we had a drop box, drive up window or even a walk-up window to serve our customers during this time. Customers who primarily paid cash thought it would be impossible to pay their bills. Reassuring them they could still pay in cash was a challenge. We explained our drop box procedure and other payment options at least three times a day to customers.

Deliver amazing customer service when people need it the most.

Gary Soderberg clearing a service after a windstorm.

In one location, we experienced customers knocking on the window to give us check payments, credit card payments and cash payments. Occasionally, the CSR would step outside in the wind and rain to assist customers while still maintaining the required social distancing. Sometimes the CSR would come back into the office drenched and cold as the customer tended to keep talking. Feelings of isolation were running rampant throughout the communities. Our CSRs go the extra mile consistently to make sure our customers know we care.

In the first few months of the pandemic, AP&T did not disconnect power services or telephone/internet services on past due accounts. AP&T created a COVID-19 Financial Hardship Form for the customer to fill out and sign. We were able to offer a paperless option for our customers by listing the fillable form directly on our website, APTalaska.com, another solution for a new problem. AP&T continues to work with customers who are impacted financially by the pandemic crisis.

With so many people working from home and children needing the internet for home schooling, our CSRs scrambled to set up new accounts. They worked diligently with our technicians and sent out modems to new customers. Delivering new modems and accepting modem returns was another "how do we do this now?" moment. Modems were set outside the office in boxes for pickup, they were handed to the customer through open windows and they hung on the AP&T door in plastic bags. Then, there was the question and concern about how much time to wait when a modem was returned before handling the contents. No one knew at that time how long the virus germs could live on any surface.

On June 12th, 2020, we opened our doors to our customers. We felt like we were living and working in a different world. How do we effectively connect to our customers while communicating behind masks and plexiglass barriers? Humor was used a lot to get through these situations. We had to become sanitization specialists in the office to prevent the spread of germs. This added a lot of extra work to the day.

Most locations reported that in general their customers were fairly understanding and appreciative of the steps taken by AP&T during the challenge. Community spirit was amazing. People were respectful, helping their neighbors, picking up groceries, paying others bills, checking-in on one another to make sure all was ok in their bubble. People learned how to video call for holidays, weddings, funerals, and fundraising. AP&T's efforts in upgrading internet services gave people the capability to stay in contact with loved ones.

Heroes are born out of moments of crisis. During challenging times, companies and employees have the chance to step-up and deliver amazing customer service when people need it most. I am proud to say that AP&T and its employees in all departments of AP&T qualify for hero status in 2020.

Thank you to the CSRs that contributed their memories of 2020 for this report. As always, you are appreciated!


Bringing clean energy to new heights. Jason Spear and the Kasaan Mountain intertie team.

TELECOM ENGINEERING

Zach Layman | VP Telecom Engineering/Operations

2020 was a unique year in many ways, but it was a year like no other for AP&T's broadband network. The telecom engineering and operations team worked diligently throughout the year to support unprecedented demand for high-speed internet connectivity throughout the communities we serve. As mentioned in the 2019 Annual Report, AP&T took many steps to meet the needs of our customers. These initiatives were incredibly important to our remote communities as families tried to conduct business and educate children from their homes. As expected, this brought significant traffic to our network. Below are some highlights of the challenges we faced, and actions taken to meet them.

Challenges

- Overall network usage nearly doubled between February and June and continued to climb until we started charging for usage again. While this has slowed the growth, overall usage continues to rise.

- Customer needs changed quickly from download speed being the most important to both download and upload speed being critical. The way people use the internet has been changing slowly for years, but 2020 forced a dramatic shift that will likely remain. Interactive applications like Zoom, Skype, Microsoft Teams, Office 365, online gaming, etc. continue to increase the need for excellent upload bandwidth. We expect this trend to persist as people work from home and certainly as long as students are still doing significant amounts of online schooling. Download speed is still important as video streaming service options increase and available content grows. The number of devices within a home streaming video at any given time is also rising.

- Performing customer upgrades while maintaining the safety of our technicians and customers.

Actions

- Numerous upgrades were performed within our network as well as at the edge where we connect to other carriers.
    - 100% increase in access to the internet in Ketchikan.
    - 100% increase in access to the internet in Juneau by adding connectivity and moving Tok to feed out of Fairbanks instead of Juneau. The transport to Fairbanks is now on the MTA fiber between Fairbanks and the border, which was turned up mid-year 2020.
    - Transport between Juneau, Haines and Skagway were upgraded to fully redundant 10 Gigabit links.

- The upload issue is a challenge for a network that is predominately Digital Subscriber Loop (DSL) and our options are limited. Despite this, we took every action possible.
    - Continued to deploy fiber to homes, where it was planned, and distribution fiber was installed.
    - We made a strong push to install bonded DSL modems to customers needing better upload across our network. This only takes customers from around 1Mb/s to 3Mb/s, which is still limited, but certainly a great improvement. Adding a 2nd pair to a home typically takes several hours, even when there are not problems.
    - Upgraded dozens of Broadband Loop Carriers feeding DSL to customers with equipment that is capable of doing DSL over shorter loop at much higher speeds. This allowed us to provide 3M upload to these customers without bonding which reduces manpower.
    - Installed many new services to customers that did not have broadband service prior to COVID.
    - All of these steps took tremendous manpower and our crews worked tirelessly to help as many people as possible each day. Creativity was also used to avoid the typical close contact between technicians and customers. In order to avoid entering customers' homes, a variety of steps were taken, such as passing cords through windows, installing in unique locations, etc.

The additional data usage on our network has been a tremendous challenge. The microwave network continues to be invaluable to many of our communities, but there is a finite number of frequencies available for us to use. This has led to exploration as to how we could bring more fiber to our communities. Over the past several years there have been many different ideas evaluated, and when it became clear the USDA ReConnect grant was a viable opportunity, we worked with the rest of the AP&T team to prepare the grant application. We were thrilled when we learned in late 2020 that our application was successful. The basic design will take fiber from Juneau to Petersburg (regeneration site) and then on to Coffman Cove. As customers in Haines and Skagway have seen, this will allow us to significantly improve service to the communities we serve on the Prince of Wales Island and eventually Petersburg. The grant also includes building fiber to the home in the communities of Coffman Cove and Kasaan. We already have fiber to many communities on the island, so we will be able to begin increasing broadband tiers as soon as the connectivity back to Juneau is turned up. We will also be able to use the microwave network in new ways to reach communities still not fed via fiber.

Various items to note

- We continue to monitor Low Earth Orbit (LEO) satellite companies. We anticipate LEO service being available to customers across Alaska sometime in 2022. This is a very promising service for many of our communities where we cannot build out fiber or microwave.

- Robocall mitigation has been a hot topic at the FCC and there are now new requirements for AP&T. The long-term desire by the FCC is to implement SHAKEN/STIR, which is basically very similar to spam filtering for email but for your telephone. The goal is to reduce spam calls. SHAKEN/STIR is designed for an all Voice over Internet Protocol (VoIP) network. While we do VoIP within our network, all carrier connectivity is still Time Division Multiplexing (TDM). Smaller carriers, like AP&T, have until 2022 to implement SHAKEN/STIR, but we must implement robocall mitigation by mid-year 2021. We are evaluating ways to do this and plan to implement soon, at least in our exchanges with compatible switches and internet access.

- The FCC adopted an order on July 16, 2020 that approved the designation of 988 as the 3-digit dialing code for the national suicide prevention and mental health crisis hotline. This order created challenges for area codes that were using the 988 NXX, and Alaska was no exception. This means that by FCC mandate, all local dialing in Alaska must be converted from 7-digit to 10-digit dialing. We have until between October 24, 2021 and July 15, 2022 to make the transition in our switches. We have communicated October 24, 2021 to our customers as the date 10-digit dialing becomes mandatory. We are already in the process of supporting both options and will start making 10-digit dialing mandatory starting October 24th. The FCC has given us 8.5 months to enforce this in all switches, but we expect to do it faster.

Notable projects completed in 2020

- Multiprotocol Label Switching (MPLS) network extended over the Coffman Cove/Klawock fiber to Thorne Bay and Kasaan

- A power and fiber line was built up the side of the mountain from Kasaan to the microwave site at the top of Kasaan Mountain. This was a significant challenge and the SAMN crew, with much support from power operations and the telecom crew on POW, did a fantastic job getting it built in quite difficult terrain and weather. This was also tied into our MPLS network.

- A new voice switch was installed in Metlakatla

- Dot Lake CO was completely rebuilt to support colocation MTA

- Tok CO redesign was finished, also to support colocation with MTA

- Fiber to the home deployments continue to be built out in Haines

- Microwave upgrade designed to increase transport between Juneau and Kasaan Mountain. This is scheduled to be built in 2021, and will nearly double capacity. This will be critical to meet demand for the foreseeable future, even once fiber is built to POW.

Looking back over 2020, it is remarkable how much work was accomplished. This is a real testament to the employees at AP&T and the hard work and dedication they bring each day. Overall, 2020 was a great year for AP&T, and there is much to be hopeful about as we look forward to the next several years.

Evan Becket, Jeff Boyce, Mike Firari, Tyler Bosdell, and Darren Mckeehan look up from a team meeting on Kasaan Mountain. Not a bad view from the office!

Crews pour concrete at the intake structure at Híilangaay hydro.

POWER ENGINEERING

Jeff Rice, P.E. | VP Power Engineering/Operations

In 2020 the drought conditions experienced for most of 2019 in southeast Alaska eased, and hydro production returned to its normal levels. Increasing loads in the interior and southeast service areas suggest overall power usage could increase above 2019 levels once tourism returns to previous norms. Overall, between 2019 and 2020 we saw a small residential customer usage increase of 3.7% but a decrease of 12.8% in commercial and government customers primarily due to reduced summertime activity normally driven by tourism. Encouragingly, deficits were concentrated in early to mid-2020 and we have seen higher than normal peak loads in nearly all communities as we transition into 2021. Long-term, we expect gradually higher electricity use per customer to continue as more modern products and services, including transportation, migrate towards electric energy sources.

While early 2020 saw the completion and startup of the new 500 kW automated Whale Pass diesel plant, late 2020 was dominated by construction and startup of the 5,000 kW Híilangaay hydro project located outside of Hydaburg. The project achieved mechanical completion and the unit began test operations in November 2020, transitioning to commercial operation in January 2021. Extensive controls, engineering and modeling allowed decoupling the project's water discharge from the plant loading and grid response, allowing increased operational flexibility despite the strict flow and ramping requirements.

AP&T construction personnel spent long periods at the isolated Híilangaay construction site in 2020, and despite COVID-19 restrictions, our employee-owners persevered in bringing the project to successful conclusion. With the addition of Híilangaay to the Prince of Wales grid we have seen a dramatic reduction in the use of peaking diesel, as the project has had generous flows even during the dry months of January and February. The unit has been operating online for several months now, ridden through several outages and generally been an excellent addition to the fleet. As we add 2.5 MVA of load capacity for Silver Bay Seafoods this spring and continue to see load growth at the Dawson mine, Híilangaay hydro is a timely addition to the generation portfolio. It is already reducing operations staff time spent in running and maintaining peaking diesel resources.

In 2021 we expect to automate the largest diesel plant on Prince of Wales – the Craig diesel plant. Having to travel to the Craig power plant to restore service during outages, and the relative concentration of customers in Craig were prime causes of Prince of Wales leading the utility in customer outage hours in 2020. This improvement should reduce customer outage hours once operations can start, stop and observe these system diesel units remotely.

In 2019 we discovered compromised sections of the subsea cable connecting Skagway and Goat Lake hydro to Kasidaya hydro and Haines. Preparation of a new cable route and cable specifications for an RFP are ongoing. In Haines, we completed installation of a related 1,500 kW containerized diesel generator to replace the two oldest units in Haines and bolster Haines' ability to self-generate should the existing subsea cable fail prior to replacement.

Gustavus will see a flurry of activity this year. AP&T is using AEA grant funds to upgrade the plant engine controls at the diesel powerplant, acting as the prime contractor for the National Park Service to interconnect to Glacier Bay national park to our grid, adding a new emergency backup generator, adding automation distribution, and is switching and upgrading the main automation controllers at Falls Creek hydro and the diesel plant. Together, these projects should result in more load (+25%), more hydro and diesel capacity and greater system reliability.

Tok has shown signs of increased economic activity led by the prospect that a new mine between Tok and Tetlin will be developed. AP&T has been working closely with Kinross as they move through the initial phases of study and will consider system improvements as they become necessary. Likewise, the Eagle load has outgrown its diesel plant. This summer the interior crew and engineering staff will be busy adding new generation and switchgear to the recently expanded Eagle diesel power plant building. Once done, the plant should be renewed and automated for remote operation and monitoring.

Upgrading a service in Craig, Alaska for our community safety initiative.

SPECIAL PROJECTS

Benjamin Beste, P.E. | VP Power Special Projects

CONGRATULATIONS TEAM AP&T!

AP&T accomplished the completion of the Híilangaay Hydroelectric Project in 2020. Construction ended in late-summer. Commissioning began in early fall and was complete by the end of October. The majority of final punch list items were completed in early 2021. The plant was turned over to the owner Haida Energy, Inc. ("HEI" - a 50/50 joint venture between AP&T and Haida Corporation) and went into commercial operation on January 20th, 2021.

With the construction contract complete, AP&T now is under contract to HEI to provide long-term operation and maintenance services for the project. Today, the fully automated facility is monitored remotely by the AP&T engineering team and maintained by AP&T personnel from the Klawock operations center.

I am very proud of the work that was accomplished, but more of everyone who has been involved. I think of all of the long hours and difficult tasks, of all of the people who over the years have participated in creating this facility, and their dedication and desire to see this project completed. This was a major endeavor for our company, and many employees have contributed to its success.

As we all know, the cost and duration of the project were greater than originally planned. In early 2020, AP&T changed the management structure of the project, revised the budget and schedule, and implemented enhanced procedures to provide a higher level of control over project construction operations and costs. These changes strengthened the team, and the work was completed within the revised schedule and budget.

The remote project is located on Prince of Wales Island near the town of Hydaburg. The powerhouse is about 11 miles from the highway and Hydaburg transmission line. Access to this project is by water or air, arriving at the dock in Copper Harbor. The powerhouse is about a mile away from the dock via road, and the intake is another five miles away.

The powerhouse has a single 2-jet Pelton turbine that drives a 5 MW synchronous generator. The turbine is driven by the water that flows down the 3500-foot penstock from the intake located at Lake Mellen.

After the water passes through the turbine it is discharged into Reynolds Creek.

Work commenced in 2020 with several major tasks to complete, including placement of the last sections of penstock, construction of the intake, completion of the powerhouse equipment installation, and finally, testing and commissioning the facility. AP&T personnel worked with contractors to complete all of these tasks.

We cannot forget the extra challenges that complicated all operations through 2020. AP&T implemented additional safety measures and conducted operations under a project-specific COVID protection plan. Again, the AP&T team stepped up to the task and together we were able to continue to work while maintaining a safe workplace for all.

Today, the project is operating to provide clean and renewable energy to the communities on POW, and is working in conjunction with the other AP&T hydropower and diesel power generating facilities on the island.

I am proud to submit this report with great respect of AP&T and its personnel.

Crews remove the cofferdam at the Híilangaay hydropower project.


SEALink Submarine
Fiber Optic Map
New Fiber Optic
Submarine Cable
Lena Point
Juneau
Stephens Passage
CANADA
Mitkof
Island
Zarembo
Island
Prince of Wales
Island
Coffman Cove

BUSINESS DEVELOPMENT

Jason Custer, CMA, PMP | VP Business Development

The COVID-19 pandemic created intense hardships for families and businesses that will remain part of our memory and identities for years. However, after months of challenges, better days are visible ahead. AP&T is fortunate and honored to find itself in a position where it can play a defining role in providing the new projects, infrastructure and services that will help communities define a better future. As our customers adapt, so will our company.

USDA Awards $21,545,167 Grant for SEALink Fiber Optic Project

Alaska Power & Telephone subsidiary AP&T Wireless was selected to receive a $21,545,167 grant award through USDA Rural Utility Service's ReConnect grant program to construct a 214-mile fiber optic cable between Prince of Wales Island, Petersburg, and Juneau, and to build out terrestrial networks for the communities of Coffman Cove and Kasaan. AP&T will contribute approximately $7m in matching funds. The project, called "SEALink," will help fortify long-term economic and community stability on Prince of Wales Island, where legacy industries such as timber and mining have been in decline, and where residents have ever-increasing needs for broadband to support telemedicine, online learning, remote working, ecommerce, tourism marketing, and sharing cultural resources and knowledge. SEALink, which has a 5-year development timeline, will be AP&T's largest and most ambitious telecommunications capital project to date. To ensure success, AP&T has enhanced its team with new employees and contractors with strong experience and track records in submarine cable development.

National Park Service / Gustavus Intertie Design Complete

In 2020, AP&T completed design and permitting activities for a federally-funded electrical intertie between the community of Gustavus and off-grid National Park Service (NPS) facilities in Glacier Bay National Park. AP&T began construction activities in early 2020, with Northern Powerline Constructors (a Quanta company) serving as its key subcontractor under a not-to-exceed contract. This project – planned for many years – will displace off-grid diesel generation with clean hydropower available from the Falls Creek hydropower project, resulting in significant environmental benefits and cost-savings for the NPS, and for Gustavus ratepayers. Following construction, AP&T will own and operate the completed intertie. The project will result in energy cost-savings for Gustavus residents, which AP&T anticipates will help support long-term economic growth, resilience, and community sustainability.

Híilangaay Creates Opportunities for Beneficial Electrification

Completion of the Híilangaay hydropower project – 50% owned by Haida Corporation and 50% owned by AP&T – was a significant achievement for AP&T. Híilangaay supplants most remaining diesel-based generation on Prince of Wales Island, with a significant surplus of energy available to support future growth and economic development. With the challenges of construction behind us, AP&T will be focusing on maximizing the community and economic benefits of the project, including through promotion of beneficial electrification.

Beneficial Electrification Trends

Despite low fossil fuel prices, many AP&T customers are switching to electric-based options for heat and transportation, choosing to utilize a higher degree of local, renewable hydropower.

AP&T's "Amp-Up" electric vehicle incentive program – the first of its type in Alaska – offers a $1,000 cash incentive to customers who purchase EVs. The program has encouraged numerous customers throughout our service areas to invest in EV technology. Thus far, the communities of Haines and Gustavus have the most program users.

Cash incentives are also available for municipalities, tribes, and ANCSA corporations which install public EV chargers in AP&T's service areas.

Volkswagen Settlement Trust funds were awarded for two electric buses in AP&T's service areas – one on Prince of Wales Island, and one in Tok. The municipality of Skagway installed five public EV chargers. AP&T anticipates continued EV ownership growth as consumers become increasingly familiar with the technology, as new vehicle types become available (particularly trucks, of which Alaskans are fond), and as the automotive industry undergoes continued transformation.

Under AP&T's new "Bring the Heat" incentive program, customers installing heat pumps are eligible to receive $500 cash incentives, consistent with program guidelines. Heat pumps are highly efficient, electrically-powered heating devices which can also function as air conditioners during Alaska's annual handful of warm days. AP&T recently hosted heat pump webinar presentations by 3rd party non-profits, and an Americorps consumer education position to help its customers understand the technology. We anticipate the future will hold creative collaboration to promote the heat pumps, and their "triple bottom line" of environmental, social, and economic benefits.

Remote Work Drives Broadband Demand and Development

In the midst of the COVID-19 pandemic, AP&T experienced a tremendous increase in demand for broadband, reflecting a paradigm shift to new norms of remote working, online learning, and virtual visits with friends and family. Meeting this demand poses exciting challenges and opportunities for our company, as well as a heightened sense of purpose and service. Trends of rural outmigration reversed slightly in 2020, and AP&T witnessed a surprising amount of new residents move from cities to remote communities like Tok and Haines, where they have access to the technology required to remain connected.

Natural Resources Boom and Bust

While the forest products sector benefited from an increase in demand and prices, future timber supply is challenged by uncertainties about the future management of the Tongass National Forest, and as major private landowners opt for carbon sequestration rather than timber harvest. The Roadless Rule was repealed in Alaska during the final months of the Trump administration, but efforts are underway to reinstate its applicability.

High metals prices have bolstered and encouraged the mining industry. Kinross Gold acquired Tetlin-area mining prospects, and announced plans to develop an open pit mine that will supply ore to the Fort Knox gold mine for 4 to 5 years. While Kinross' mine site will be off-grid, AP&T anticipates significant ancillary facilities and economic activity on the Tok grid system. Sundance Mining's operation near Hollis expanded to include more employees, and to incorporate milling equipment and an electric heating system. Constantine Metal Resources continues to make progress advancing the Palmer project, a pre-commercial precious metals mine near Haines. New exploration drilling is occurring at the Niblack precious metals prospect on Prince of Wales Island. Ucore's Bokan-Dotson Ridge rare earth project remains one of North America's most promising locations for future development of a mine for strategically essential heavy rare earth elements used in defense industries and clean energy technology. An increasing number of workers in Juneau-area mines are commuting from Haines and Skagway.

The State of Alaska's long-term economic outlook, heavily tied to the price and fate of fossil fuels, remains uncertain. The state legislature has struggled to balance expenditures and revenue during recent times of low oil prices. While oil and gas jobs are not present within AP&T's service areas, our customers have relied upon state oil and gas revenue to help pay for essential services, and upon the State Power Cost Equalization program to help make energy costs more equitable. However, as change and uncertainty continue to challenge Alaska, AP&T will remain adaptive, vigilant about managing risk, and mindful of opportunities that emerge during times of transition.

Darren McKeenhan of Ketchikan pulls armored cable down Kasaan Mountain on Prince of Wales Island. Big thanks to our friends at Kavilco for their support of this project!

HUMAN RESOURCES

Christina Hamlin | VP Chief Human Resource Officer

People are our greatest resource. This statement cannot have more truth than what we witnessed in 2020. As the year quickly progressed, each one of us felt the growing anxiety rise along with the active COVID cases in our communities. Our employees were affected in more ways than one. We saw vacation requests dwindle as out of state vacations were cancelled, and staycations became the new norm. Sick time was used more than ever as each of us faced state and local mandates and closures. Our employees became further stressed with the reality of suddenly having to wear more hats at home than ever before. We were rapidly faced with office closures and new accommodations. Individuals set up home offices, while others worked behind closed front doors and empty parking lots. Crews were promptly dispatched from home or rode one individual per truck when they are used to the comradery of rolling in a truck with their teammates. Our CSR's were stripped from face-to-face contact with their beloved customers. People were scared, and rightfully so. Gone were the days of our favorite gatherings which brought us all closer. Events like the annual shareholder meeting and employee service award celebrations, picnics / barbeques, baby showers, monthly birthday lunches, and retirement parties all were cancelled. Our employees were not able to volunteer locally, as those events were also cancelled. No longer was travel to other properties a viable option for most. Our COVID Operational Plan seemed to change rapidly each week. Through all of this, what stands out the most to me is the strength and resilience of my fellow employee-owners, and how they weathered this storm, like many others at AP&T have done in the past. We used Zoom more than ever. Ours crews worked safely and effortlessly as teams to complete major projects no matter which side of the operation they were on. We implemented a Remote Worker Policy. We became more compassionate, kind, thoughtful and patient with one another. We put ourselves in other's shoes, and really thought less about ourselves and more about one another. Through this challenging year, AP&T has become stronger because our employees can and will adapt to change. The perseverance and dedication of our valued employee-owners, along with the acts of humanity that I've witnessed are what makes AP&T a wonderful place.

As we return to a new normal, we are looking forward and focused on our strategic Human Resources plan which aligns with the overall mission and value of AP&T. It encompasses five core areas: recruitment, learning & development, performance management, compensation administration and succession planning. We are working hard every day to deliver on this strategy. We want to establish HR practices that are consistent, fair, and equitable. Through engagement we will measure, monitor, and improve employee satisfaction. We are focused now more than ever on local hire. We are seeking out ways to educate our employees, through several online learning platforms. We have put an increased focus on ethics, diversity, equity, and inclusion. We continue to monitor performance through our annual evaluations. In 2021, we will once again perform a compensation evaluation through a third-party vendor with the oversight of the Compensation Committee. Our greatest challenge will be laboring through an aging workforce. This has become a priority for the management team. The loss of institutional knowledge and memory is felt when long tenured employees retire. The loss is felt even greater in a company like AP&T, where we have a small employee base, and treat one another like family.

I am so proud to work for an organization with a culture of respect, collaboration, teamwork, communication, appreciation, and growth. A culture where teammates look out for one another and elevate the interest of the team above the interest of the individual. I am encouraged by the emerging leaders within our company. And I pledge to keep the humanity in human resources alive at Alaska Power & Telephone.

“Thought less about ourselves and more about one another.”

Getting it done with teamwork! Wade Adamson and Tyler Bosdel from the Kasaan Mountain splice crew. AP&T employees and contractors from diverse locations teamed up to complete this project successfully.

SERVICE AREA MAP

Power Services

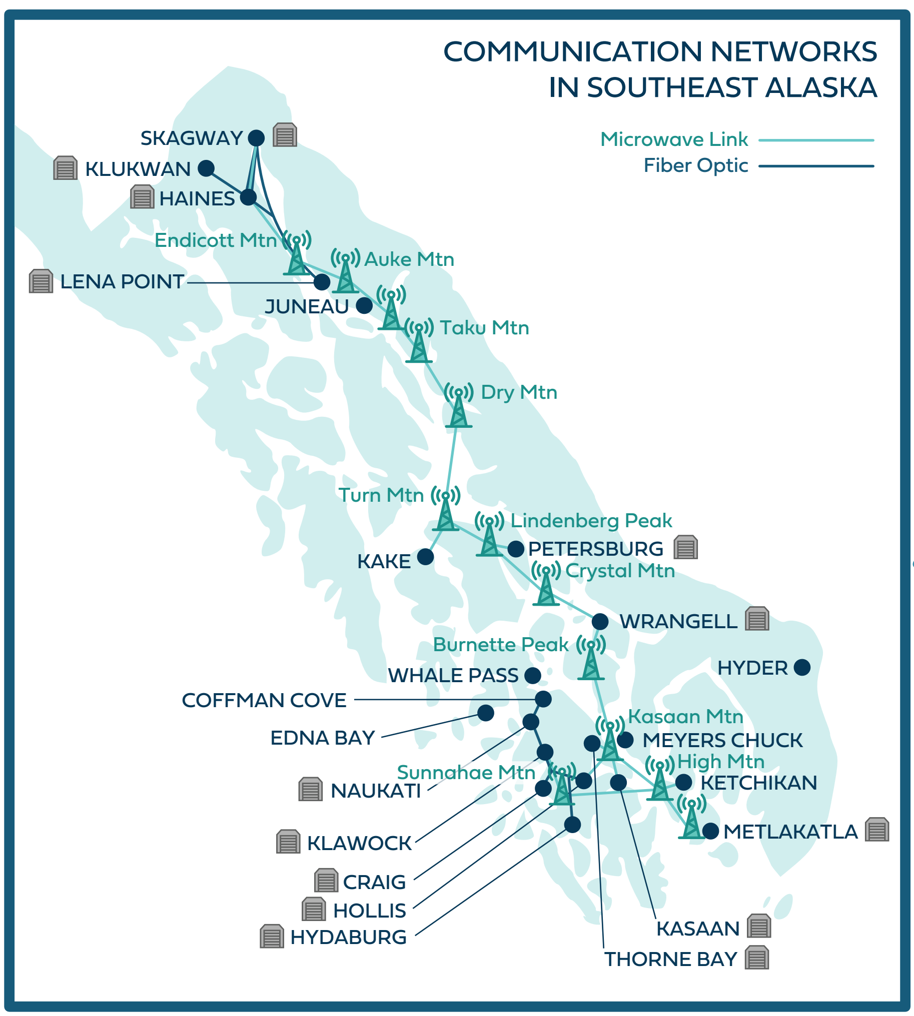
Communications Facility

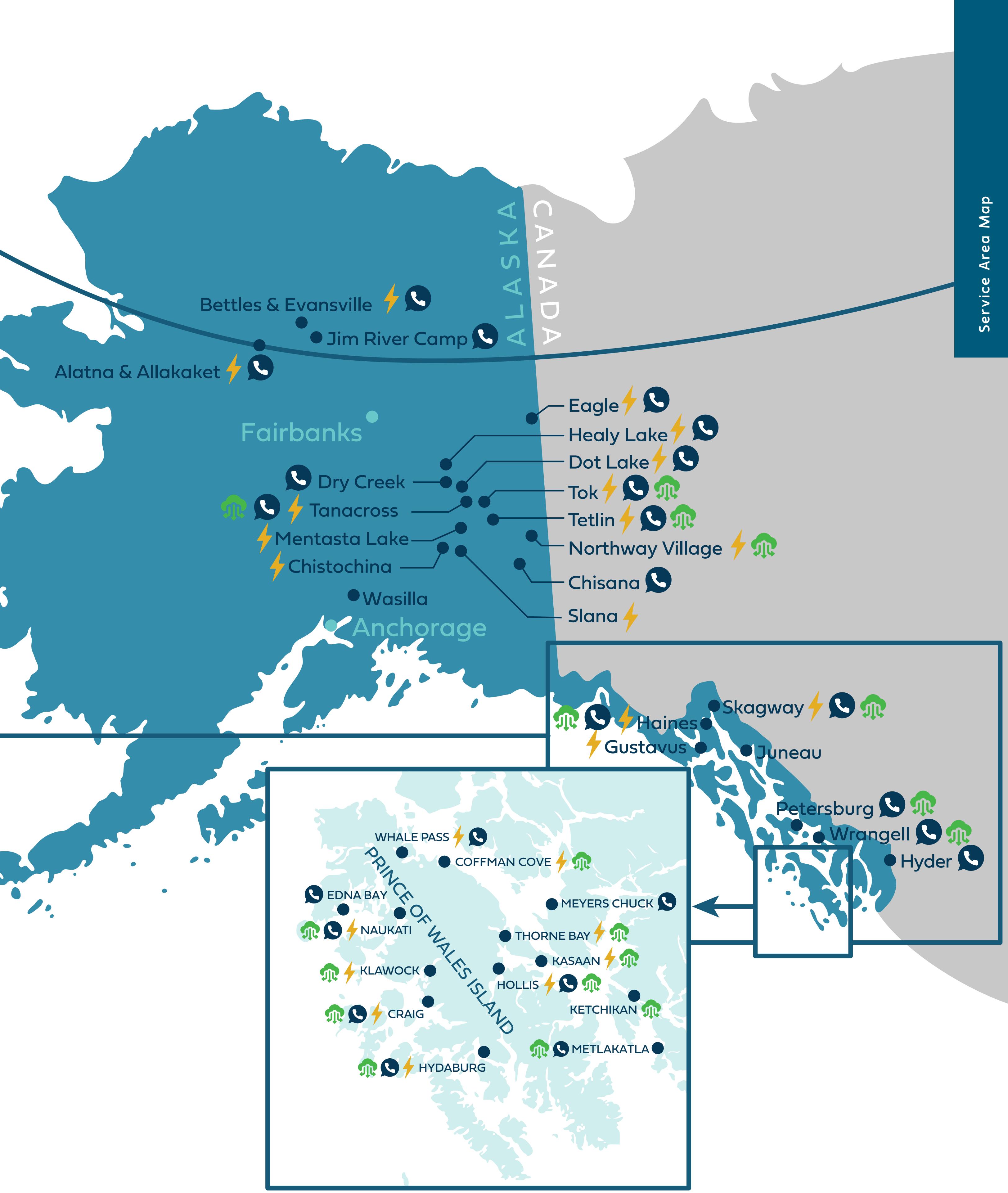
Data Services

SAMN Tower

Telecom Services

AP&T's service area spans a distance from the Arctic Circle to the southern tip of Alaska. This is this equivalent of the distance between Seattle and Denver, approximately 1,100 miles. AP&T's energy generation portfolio is approximately 75% clean renewable hydro, with 25% fossil-fuel based. The Southeast Alaska Microwave Network (a 350-mile facility), and the 86-mile undersea Lynn Canal Fiber between Juneau, Haines and Skagway comprise the core infrastructure of AP&T's transport network.




ALASKA
CANADA
Bettles & Evansville
Jim River Camp
Alatna & Allakaket
Fairbanks
Eagle
Healy Lake
Dot Lake
Dry Creek
Tok
Tanacross
Tetlin
Mentasta Lake
Northway Village
Chistochina
Chisana
Wasilla
Slana
Anchorage
Skagway
Haines
Gustavus
Juneau
Petersburg
Wrangell
Hyder
PRINCE OF WALES ISLAND
WHALE PASS
COFFMAN COVE
EDNA BAY
MEYERS CHUCK
NAUKATI
THORNE BAY
KASAAN
KLAWOCK
HOLLIS
CRAIG
KETCHIKAN
METLAKATLA
HYDABURG

ALASKA POWER & TELEPHONE COMPANY

Management's Discussion & Analysis of Financial Condition and Results of Operations

Company Overview

During 2020 total revenue from all operations was $55.4 million, a compound annual growth rate of 3.6% over the past 5 years. Net Income for the year increased to $8.7 million from $917 thousand for 2019 as the Company recovered from its challenges related to the construction of the Híilangaay hydroelectric project. The project was substantially complete by year end 2020 and became operational in January of 2021. The Company generated $13.2 million of cash from operations, invested $11.3 million into property plant and equipment while reducing the net outstanding long-term debt by $4.5 million. Total long-term debt (including the current portion) as of December 31, 2020 was $36.4 million and stockholder equity was $55.6 million giving AP&T an equity to capitalization ratio of 60.4%, an increase of 10%. Total dividends to shareholders declared during the year were $2.42 million. Based on a weighted average of 1.25 million shares, the Company generated earnings per share of $6.94.

Operations by Segment

Electric Operations – Total 2020 sales for electric operations were 64.4 GWh, a decrease of 3.9% from the previous year's results. Hydroelectric resources provided 73.6% of all generation, on par with the previous year. Gross revenue generated by power operations was $19.6 million, a 4.7% decrease from 2019. The decrease in gross revenue was the result of a decline in tourism resulting from travel restrictions related to COVID-19. Sales in Skagway fell 25.6% year-over-year. Sales on Prince of Wales Island remained stable while sales in the Tok region increased by 7%. Total operating expenses for the year decreased by $2.1 million or 15% primarily due to a lower cost of power. Operating income for the year was $4.5 million, an increase of $1 million or 28.3%.

Telecommunications Operations – Gross revenues for regulated telecommunications operations were $17.5 million for the year, a 2% or $352 thousand decrease from 2019. Operating expenses for the year increased by $870 thousand, or 8%, to a total of $11.7 million primarily due to an increase in transport costs and depreciation. As a result, regulated telecommunication services' operating income decreased by $1.7 million or 42%, to a total of $2.5 million.

Non-regulated Operations – Non-regulated operations consist of AP&T Wireless, AP&T Long Distance (both provide telecom services) and Híilangaay construction. The primary source of revenue from non regulated operations is derived from AP&T Wireless operations. Revenues for AP&T Wireless increased by $917 thousand, or 6.7%, to $14.6 million. Broadband and data transport sales were the primary sources of the increase. Long Distance services contributed $170 thousand in revenue. Operating income from non regulated telecom operations was $6.1 million, an increase of 2.8% or $165 thousand over the prior year. Total operating income for the segment of $6.8 million was recorded.

Other Income and Expense

AP&T receives patronage-based dividends from CoBank, its primary lender. CoBank bases its patronage on .95% of AP&T's average outstanding loan balances. In 2020, CoBank also made a special patronage distribution resulting in AP&T receiving a total of 1.12% patronage on its outstanding loan balances for the year. The Company recorded patronage dividends of $485 thousand for 2020, and $462 thousand for 2019.

The Company routinely re-evaluates the functionality and viability of its various assets and projects. When appropriate, AP&T will write down or retire those assets. Accordingly, the Company recorded miscellaneous charges of $277 thousand and $68 thousand in 2020 and 2019 respectively.

Financial Condition

During 2020, AP&T's investment in gross plant in service increased by $7.3 million or 3.2% to a total of $235.5 million. 52% of the additions were directed towards the energy sector as the Company focused on maintaining resources necessary to provide safe, affordable and reliable power. Telecommunication related construction focused on new installations, service upgrades and additional transport facilities necessary to meet the requirements required with the Company's participation in the Alternate Connect America Cost Model (ACAM). Current assets increased by $800 thousand year-over-year. An increase in accounts receivables was driven by additional transport sales and government contracts during the year. The increase in prepaid expense is comprised of additional inventory, prepaid insurance and prepaid energy.

Total stockholders equity increased by 11.6% or $8.8 million after a reduction of $2.4 million in declared dividends to shareholders. Common stock transactions with the Company's Employee Stock Ownership Plan led to a decrease of 0.9% or 11,294 shares outstanding. The improving market value of the Company's interest rate swap resulted in a $187thousand positive adjustment to "other comprehensive loss." Long-term interest-bearing liabilities at year-end 2020 were $36.4 million, a decrease of 10.9% or $4.5 million. During 2020, the Company's equity to total capitalization ratio improved by 10% to 60.4%.

Liquidity and Capital Resources

Operating Activities – Cash flows provided by ongoing operating activities during 2020 increased by $1.1 million or 9.5% to a total of $13.2 million. A provision for loss on contracts and accrued expenses related to construction of the Híilangaay hydroelectric project were incurred in 2020, resulting in a $5.3 million decrease in cash flow. A net operating loss generated during 2019 for income tax purposes was recovered in 2020 resulting in a $1.7 million increase to cash flow. The fluctuations in cash flows derived from changes in accounts receivables can be attributed to collecting construction contract balances in 2019 and an increase in power and telecom sales in 2020.

Investing Activities – Net cash used for investing activities during 2020 was $11.4 million, an increase of $3.8 million or 50% over the previous year. $8.6 million of the expenditures resulted in plant being placed in service, with another $2.9 being carried over and added to utility plant under construction.

Financing Activities –The Company raised $2.6 million in proceeds through a loan from the government sponsored Payroll Protection Program. Payments on long-term debt transactions totaled $7.2 million during the year resulting in a net decrease in long-term debt outstanding of $4.6 million. $743 thousand of cash was used to settle stock transactions with the Company's Employee Stock Ownership Program during the year, a 31%decrease from 2019. Cash payments of dividends increased by $591 thousand or 32.1% to a total of $2.4 million. Net cash used by the Company for financing activities during 2020 was $1.9 million, a decrease of 62.3% or $3 million year-over-year. AP&T ended the year with $2 million of cash on hand, consistent with the previous year.

Issues, Risks and Challenges

There will always be risks and challenges facing a business. This includes the effects and uncertainties of future events, some of which have been identified below:

- Changes in Alaska's economic environment could have a negative impact resulting in decreases in existing revenues restricted opportunities for future growth.

- Reliance on government subsidies to our regulated electric and telecommunications customers could be affected by legislative or regulatory changes.

- Deterioration in the financial condition of AP&T could result in the violation of the financial covenants of its Master Loan Agreement with CoBank, causing a default in the terms of the agreements.

- Risks related to our operations include failure to comply with existing processes, policies and procedures designed to optimize business operations; unexpected changes in compliance regulations; political, legal and economic instability; seasonal factors affecting hydrology; the impact of unanticipated changes in weather, or weather related disasters, and unforeseen adverse tax consequences.

- At the beginning of the year, an outbreak of a novel coronavirus (COVID-19) occurred globally. On March 11, 2020, the World Health Organization assessed the novel coronavirus outbreak and characterized it as a pandemic. Subsequent to the declaration of a pandemic, a variety of federal, state, and local governments have taken actions in response to the pandemic, which have varied by jurisdiction, but are generally expected to continue to result in a variety of negative economic consequences, the scope of which are not currently known or quantifiable.

Michael Garrett, CPA
CEO, President

Chad A. Haggar, CPA
Chief Financial Officer, VP, Treasurer

5 YEAR SUMMARY

$ Expressed in thousands except per share data

	2016	2017	2018	2019	2020
Operating Results					
Operating Income					
Electric Services	$ 4,387	$ 5,124	$ 4,574	$ 3,538	$ 4,538
Telecommunications	1,432	4,937	3,783	4,245	2,460
Non-Regulated Operations	3,737	$ 5,394	4,565	(4,302)	6,833
Total Operating Income	$ 9,556	$ 15,455	$ 12,922	$ 3,481	$ 13,831
Operating Margin	19.91%	27.46%	23.11%	6.30%	24.96%
Net Income	(345)	10,205	6,452	917	8,740
Cash Flow from Operations	$ 12,629	$ 17,308	$ 15,970	$ 12,064	$ 13,208
Earnings (loss) per Share - Basic	$ (0.27)	$ 7.88	$ 5.01	$ 0.72	$ 6.94
Financial Position					
Total Capitalization	$ 99,638	$ 101,594	$ 100,093	$ 90,666	$ 91,974
Weighted-Average Shares Outstanding	1,299,128	1,294,569	1,286,718	1,273,448	1,259,089
Book Value per Share - Basic	$ 30.36	$ 37.19	$ 40.80	$ 39.39	$ 44.34
Share Price per Valuation	$ 49.30	$ 56.73	$ 61.80	$ 65.82	TBD
Key Ratios					
Cash from Operations/Revenue	26.3%	30.7%	28.6%	21.8%	23.8%
EBITDA	$ 11,667	$ 24,058	$ 21,399	$ 11,951	$ 22,909
EBITDA / Revenue	24.3%	42.7%	38.3%	21.6%	41.3%
Debt / Capitalization	60.5%	52.7%	47.7%	45.1%	39.6%
Equity / Capitalization	39.5%	47.3%	52.3%	54.9%	60.4%
Return on Assets	-0.3%	8.2%	5.2%	0.8%	7.0%
Return on Equity	-0.9%	21.2%	12.3%	1.8%	15.7%
Dividends Declared / Share	$ 1.01	$ 1.68	$ 1.92	$ 1.92	$ 1.92

REPORT OF INDEPENDENT AUDITORS
AND CONSOLIDATED FINANCIAL STATEMENTS

ALASKA POWER & TELEPHONE COMPANY AND SUBSIDIARIES

December 31, 2020 and 2019

MOSSADAMS

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MOSSADAMS

Report of Independent Auditors

The Board of Directors
Alaska Power & Telephone Company and Subsidiaries

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Alaska Power & Telephone Company and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Alaska Power & Telephone Company and its subsidiaries as of December 31, 2020 and 2019, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Moss Adams LLP

Spokane, Washington
April 14, 2021

Alaska Power & Telephone Company
Consolidated Balance Sheets

ASSETS

	December 31, 2020	December 31, 2019
PROPERTY, PLANT, AND EQUIPMENT		
Electric	$ 121,158,331	$ 117,356,085
Telecommunications	108,246,964	104,925,720
Nonutility	6,130,667	5,990,517
	235,535,962	228,272,322
Less accumulated depreciation and amortization	142,277,861	134,802,305
	93,258,101	93,470,017
Utility plant under construction	5,388,727	2,467,003
Total property, plant, and equipment	98,646,828	95,937,020
OTHER ASSETS		
Investments	5,398,992	5,871,925
Goodwill, net of amortization	181,899	242,444
Rate stabilization asset	4,702,239	4,670,537
Other assets	1,388,688	1,361,665
Total other assets	11,671,818	12,146,571
CURRENT ASSETS		
Cash and cash equivalents	2,027,372	2,072,160
Receivables, less allowance for doubtful accounts of $24,937 in 2020 and $31,976 in 2019	7,278,345	5,922,201
Inventory and other current assets	4,961,226	3,734,725
Income tax refunds receivable	328,601	2,066,203
Total current assets	14,595,544	13,795,289
Total assets	$ 124,914,190	$ 121,878,880

See accompanying notes.

LIABILITIES AND STOCKHOLDERS' EQUITY

	December 31, 2020	December 31, 2019
STOCKHOLDERS' EQUITY		
Common stock, $1 par value, 10,000,000 shares authorized, 1,253,442 and 1,264,736 shares issued and outstanding in 2020 and 2019, respectively	$ 1,253,442	$ 1,264,736
Additional paid-in capital	1,334,084	2,066,155
Retained earnings	53,754,068	47,438,273
Accumulated other comprehensive loss	(764,048)	(951,178)
Total stockholders' equity	55,577,546	49,817,986
LONG-TERM DEBT, less current portion		
Goat Lake Hydro, Inc. note payable	4,855,852	5,704,711
Other long-term debt	24,152,172	28,008,118
Total long-term debt	29,008,024	33,712,829
INTEREST RATE SWAP	1,057,721	1,315,780
OTHER LIABILITIES AND DEFERRED CREDITS		
Deferred income taxes	15,041,282	14,492,780
Other deferred credits	707,687	665,214
Total other liabilities and deferred credits	15,748,969	15,157,994
CURRENT LIABILITIES		
Accounts payable and other accrued liabilities	4,919,010	4,396,693
Billings in excess of construction	341,668	3,536,677
Provision for loss on contracts	-	1,805,847
Line of credit	10,872,930	5,000,000
Current portion of long-term debt	7,388,322	7,135,074
Total current liabilities	23,521,930	21,874,291
Total liabilities and stockholders' equity	$ 124,914,190	$ 121,878,880

See accompanying notes.

Alaska Power & Telephone Company
Consolidated Statements of Income

	Years Ended December 31, 2020	2019
REVENUE		
Electric	$ 19,630,323	$ 20,589,106
Telecommunications	17,494,397	17,846,776
Other nonregulated	18,281,782	16,809,870
	55,406,502	55,245,752
EXPENSES		
Electric	11,663,141	13,719,208
Telecommunications	11,728,267	10,858,580
Other nonregulated	9,340,854	19,056,307
Operations and maintenance expense	32,732,262	43,634,095
Depreciation and amortization expense	8,843,269	8,130,749
	41,575,531	51,764,844
Income from operations	13,830,971	3,480,908
OTHER INCOME (EXPENSE)		
Dividend income	513,700	466,816
Amortization of goodwill	(60,544)	(60,544)
Loss on abandoned project	(1,588)	(59,822)
Miscellaneous	(276,614)	(67,843)
Total other income (expense)	174,954	278,607
Interest income	8,797	45,780
Interest expense	(2,606,483)	(2,970,527)
Net interest expense	(2,597,686)	(2,924,747)
Income before income taxes	11,408,239	834,768
Provision for income taxes	(2,668,355)	82,255
Net income	$ 8,739,884	$ 917,023
Basic and diluted earnings per share	$ 6.94	$ 0.72
Weighted-average basic and diluted shares outstanding	1,259,089	1,273,448

See accompanying notes.

	Years Ended December 31, 2020	Years Ended December 31, 2019
Net income	$ 8,739,884	$ 917,023
Other comprehensive income before tax		
Gain from fair value adjustment to interest rate swap	258,059	155,280
Income tax expense related to fair value adjustment to interest rate swap liability	(70,929)	(43,028)
	187,130	112,252
Comprehensive income	$ 8,927,014	$ 1,029,275

Alaska Power & Telephone Company
Consolidated Statements of Stockholders' Equity

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total
Balance at December 31, 2018	$ 1,282,159	$ 3,125,479	$ 48,966,432	$ (1,063,430)	$ 52,310,640
Net income	-	-	917,023	-	917,023
Sale of common stock	22,764	1,384,029	-	-	1,406,793
Repurchase of common stock	(40,187)	(2,443,353)	-	-	(2,483,540)
Fair value adjustment to interest rate swap, net of tax	-	-	-	112,252	112,252
Dividends to shareholders	-	-	(2,445,182)	-	(2,445,182)
Balance at December 31, 2019	1,264,736	2,066,155	47,438,273	(951,178)	49,817,986
Net income	-	-	8,739,884	-	8,739,884
Sale of common stock	21,657	1,403,820	-	-	1,425,477
Repurchase of common stock	(32,951)	(2,135,891)	-	-	(2,168,842)
Fair value adjustment to interest rate swap, net of tax	-	-	-	187,130	187,130
Dividends to shareholders	-	-	(2,424,089)	-	(2,424,089)
Balance at December 31, 2020	$ 1,253,442	$ 1,334,084	$ 53,754,068	$ (764,048)	$ 55,577,546

See accompanying notes.

	Years Ended December 31, 2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 8,739,884	$ 917,023
Adjustments to reconcile net income to net cash from operating activities		
Depreciation and amortization	9,017,999	8,289,034
Loss on abandoned project	1,588	59,822
Noncash patronage dividends	(102,762)	(104,589)
Loss on impairment of investment	159,336	-
Provision for loss on contracts	(1,805,847)	1,805,847
Deferred income taxes	474,795	(85,971)
Accretion of rate stabilization asset	(31,702)	322,327
Changes in assets and liabilities		
Receivables	(1,104,404)	1,460,685
Income taxes	1,737,602	(43,978)
Other assets and liabilities	(3,878,684)	(556,080)
Net cash from operating activities	13,207,805	12,064,120
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of property, plant, and equipment, net	(11,551,887)	(7,724,885)
Proceeds from investment in nonaffiliate	164,619	145,115
Net cash from investing activities	(11,387,268)	(7,579,770)

Alaska Power & Telephone Company
Consolidated Statements of Cash Flows

	Years Ended December 31, 2020	2019
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term debt	2,599,444	-
Proceeds from line of credit	10,150,000	5,000,000
Payments on line of credit	(4,277,070)	-
Payments on long-term debt	(7,165,186)	(7,032,490)
Proceeds from sale of common stock	1,425,477	1,406,793
Repurchase of common stock	(2,168,842)	(2,483,540)
Dividends paid	(2,429,148)	(1,838,471)
Net cash from financing activities	(1,865,325)	(4,947,708)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(44,788)	(463,358)
CASH AND CASH EQUIVALENTS, beginning of the year	2,072,160	2,535,518
CASH AND CASH EQUIVALENTS, end of the year	$ 2,027,372	$ 2,072,160
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for		
Interest expense	$ 2,606,483	$ 2,970,527
Income taxes	$ 479,002	$ 820,000
NONCASH INVESTING AND FINANCING ACTIVITIES		
Unrealized gain on interest rate swap, net of tax	$ 187,130	$ 112,252
Accrued dividends payable	$ 601,652	$ 606,711

 See accompanying notes.

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. AP&T is subject to regulation by the Regulatory Commission of Alaska (RCA), the Federal Communications Commission (FCC), 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.

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.

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

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

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 material, 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.

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

Goodwill – In 1999, AP&T purchased certain telecommunications properties of GTE Alaska and in 1995 through 1997 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 $8,550,741 for the telecommunications properties and $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 five years for goodwill related to telecommunications properties and ten years for goodwill related to power properties. Management has reviewed events and circumstances that may be considered a triggering event and determined no such event occurred during 2020 or 2019. Total amortization expense related to goodwill for the years ended December 31, 2020 and 2019, was $60,545 and $60,544, respectively.

Goodwill is included in other assets on the consolidated balance sheets. As of December 31, 2020 and 2019, the carrying amount of goodwill was $181,899 and $242,444, respectively, which included accumulated amortization of $9,084,501 and $9,023,956, respectively.

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.

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 asset impairment deductions 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 December 31, 2020 and 2019, 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 $707,687 and $665,214 at December 31, 2020 and 2019, respectively.

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

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. See Note 5 for additional disclosures related to the Company's construction contracts.

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).

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

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. There was an insignificant revenue impact for 2020 and 2019 for adjustments related to prior year differences between the recorded estimates and actual revenues. Management does not anticipate significant adjustments to recorded revenues for the years ended December 31, 2020 and 2019.

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. Management does not anticipate significant adjustments to recorded revenues for the years ended December 31, 2020 or 2019.

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), Connect America Fund Intercarrier Compensation (CAF-ICC), 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. Support from the CAF is based on a historical frozen amount related to 2011 investment and expenses associated with switched access services and certain 2011 intrastate access revenues, which together make up the CAF base. The CAF base will be reduced by 5% each year in determining CAF support.

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

- Local telephone and intrastate access revenues are regulated by the Regulatory Commission of Alaska. 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.

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

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.

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 2020 or 2019.

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.

Advertising costs – AP&T expenses advertising costs as incurred. Advertising expenses during the years ended December 31, 2020 and 2019, were $36,619 and $34,702, 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 December 31, 2020 and 2019.

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

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.

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.

The carrying amount of long-term debt approximates the estimated fair value at December 31, 2020 and 2019, due to the low interest rate environment and the current rates for AP&T's long-term debt obligations.

Uncertainties – On March 11, 2020, the World Health Organization officially declared COVID-19, the disease caused by the novel coronavirus, a pandemic. Management continues to monitor the evolution of this pandemic, including how it may affect the Company, the economy and the general population. Given the dynamic nature of these circumstances and potential business disruption, the Company could experience a significant short-term impact to operations. Given the uncertainty about the situation, it is unable to estimate any impact to the financial statements.

Subsequent events – Subsequent events are events or transactions that occur after the consolidated balance sheet date but before the consolidated financial statements are available to be issued. The Company recognizes in the consolidated financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the consolidated balance sheet, including the estimates inherent in the process of preparing the consolidated financial statements.

The Company's consolidated financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the consolidated balance sheet but arose after the consolidated balance sheet date and before the consolidated financial statements are available to be issued.

The Company has evaluated subsequent events through April 14, 2021, which is the date the consolidated financial statements were available to be issued.

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 projects the deferred amounts will be recovered through additional billings through 2028.

Note 3 – Lease Agreements

Operating leases – AP&T leases a portion of its office space and a portion of its utility plant under noncancelable leases. Rent expense on the noncancelable leases was $240,898 and $238,288 for 2020 and 2019, respectively. Certain leases include renewal provisions at AP&T's option. Minimum rental commitments under noncancelable operating leases are as follows:

2021	$	241,846
2022		220,452
2023		210,710
2024		168,359
2025		121,188

Additional cancellable lease agreements have been secured for the use of the land for hydroelectric operations. The term of the agreements extend for the life of the hydroelectric license of 50 years. Total Company rent expense was $754,048 and $709,362 in the years ending 2020 and 2019, respectively.

Note 4 – Property, Plant, and Equipment

Property, plant, and equipment consist of the following assets at December 31:

	Plant Account	Accumulated Depreciation	2020 Net Balance	2019 Net Balance	Depreciation Rate
Regulated electric					
Hydroelectric	$ 29,432,224	$ 12,754,903	$ 16,677,321	$ 17,187,960	2%
Other generation	26,689,824	14,782,879	11,906,945	11,370,835	4% to 8%
Transmission and distribution	48,235,512	32,039,810	16,195,702	15,411,661	2.5% to 4%
Other	15,454,745	9,821,091	5,633,654	5,189,460	2.5% to 20%
Land	807,040	-	807,040	807,040	---
Utility plant acquisition adjustment	429,317	429,312	5	-	6%
	121,048,662	69,827,995	51,220,667	49,966,956	
Regulated telecommunications					
General support assets	10,023,826	6,840,865	3,182,961	2,851,863	2.5% to 20%
Central office assets	33,351,394	27,633,884	5,717,510	6,335,146	8% to 14%
Cable and wire facilities	30,384,736	21,130,642	9,254,094	9,590,139	3% to 6%
Land	460,962	-	460,962	460,962	---
	74,220,918	55,605,391	18,615,527	19,238,110	
Other nonregulated					
Buildings	5,903,904	3,080,104	2,823,800	2,973,327	4%
Nonregulated telecommunications	34,026,046	13,764,371	20,261,675	20,826,619	4% to 20%
Plant held for future use	109,669	-	109,669	238,242	---
Land	226,763	-	226,763	226,763	---
	40,266,382	16,844,475	23,421,907	24,264,951	
Total property, plant, equipment	$ 235,535,962	$ 142,277,861	$ 93,258,101	$ 93,470,017	

Utility plant under construction includes all direct and indirect costs incurred during the construction of projects that were not complete and in service at the consolidated balance sheet date.

Note 5 – Investments

AP&T's investments consist of the following at December 31:

	2020	2019
Investment in National Bank of Cooperatives (CoBank)	$ 4,239,989	$ 4,326,732
Investment in Ketchikan Electric Company, LLC (KEC)	600,000	600,000
Investment in Haida Energy, Inc. (HE)	450,000	861,076
Other	109,003	84,117
	$ 5,398,992	$ 5,871,925

CoBank – CoBank is organized similar to 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. Dividend income was reported in the amounts of $484,652 and $462,436 for 2020 and 2019, respectively, related to these earnings.

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 2020 or 2019.

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.

The Company is constructing the project on behalf of HE under a cost-plus-fee, maximum price arrangement and recorded the following cumulative activity through the years ended December 31:

	2020	2019
Project billings	$ 22,100,000	$ 22,100,000
Revenue recognized	21,758,332	18,563,323
Project expenditures	31,167,537	26,932,641
Project expenditures and accrued costs	31,585,000	32,267,000

During 2019, the Company encountered unforeseen construction challenges related to design changes and field conditions that resulted in significant cost overruns in the Reynolds Creek hydroelectric project. These challenges resulted in the Company revising its cost estimate to complete the project and as a result, a pre-tax charge of approximately $10,167,000 was recorded that is reflected in other nonregulated expense. This charge increased the total project costs expensed to date to approximately $32,267,000. As part of the transaction to record the total estimated loss on the project, the Company recorded a loss provision of $1,806,000 and deferred billed revenues of $3,537,000 at December 31, 2019.

Note 5 – Investments (continued)

As of December 31, 2020, substantially all construction has been completed. Estimated total project costs were reduced to $31,585,000. The project is expected to be completed in January 2021.

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. 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, there will not be debt on the books of the Company. 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. As of December 31, 2020, the Company had $434,783 of prepaid power to offset against future payments.

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 December 31, 2020.

Note 6 – Long-Term Debt

The Company's long-term debt consists of the following at December 31:

	2020	2019
CoBank notes payable, secured by all assets of AP&T and its subsidiaries, due in quarterly installments and based on a 6-year amortization with a fixed interest rate of 4.98%.	$ 7,672,500	$ 8,266,500
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%. Net of unamortized issuance costs of $127,491.	5,722,509	6,553,580
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 2.87% at December 31, 2020. Interest rate swap agreement reduces exposure to interest rate fluctuations. Net of unamortized issuance costs of $269,582.	15,468,664	20,439,463
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 4.35%.	2,916,667	3,250,000
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 2020 through 2037.	1,913,182	1,995,121
CoBank revolving line of credit, secured by all assets of AP&T and its subsidiaries, authorized up to $20M with variable bullet interest rates ranging from 1.89% to 2.55%, maturing in 2024.	10,872,930	5,000,000
CoBank Paycheck Protection Program (PPP) loan with a fixed interest rate of 1%. Matures in 2022.	2,599,444	-
Other term debt	103,380	343,239
	47,269,276	45,847,903
Less current portion	(18,261,252)	(12,135,074)
	$ 29,008,024	$ 33,712,829

Annual maturities for the five years beginning January 1, 2021, are $18,261,252, $16,943,918, $5,612,637, $1,231,897, and $1,296,812, respectively, and $3,922,760 thereafter.

Note 6 – 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 Company has entered into an interest rate swap agreement on all of its variable rate long-term debt with CoBank. The interest rate swap became effective in August 2013 and amortizes over an additional 10-year term at 7.62% per annum. The fair value of the interest rate swap liability was $1,057,721 and $1,315,780 at December 31, 2020 and 2019, respectively, and is classified within Level 2 of the valuation hierarchy.

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.

In April 2020, the Company was granted a loan from CoBank in the amount of $2,599,444 pursuant to the Paycheck Protection Program (PPP) under the Coronavirus Aid, Relief and Economic Securities Act (CARES Act), which was enacted March 27, 2020. Under the terms of the PPP, certain amounts of the loan may be forgiven if used for certain qualifying expenses as described in the CARES Act. The Company has accrued $18,196 of unpaid interest related to the PPP loan.

The unforgiven portion of the PPP loans are payable over two years at an interest rate of 1% with a deferral of payments for the first six months. The Company used the entire loan proceeds for qualifying expenses as described in the CARES Act that meet the conditions for forgiveness of the loan. The Company has filed for loan forgiveness as of February 1, 2021.

The Company has a $20 million line of credit established with CoBank. There were outstanding balances on the line of credit of $10,872,930 and $5,000,000 at December 31, 2020 and 2019, respectively.

Note 7 – Income Taxes

The components of the consolidated income tax expense (benefit) are as follows for the years ended December 31:

		2020		2019
Current	$	2,191,360	$	3,716
Deferred		476,995		(85,971)
	$	2,668,355	$	(82,255)

Total tax expense (benefit) differs from that computed at the statutory federal income tax rate due to the following:

		2020		2019
Income tax provision at federal rate of 21%	$	2,395,730	$	175,301
State income taxes, net of federal benefit		591,049		4,546
Impact of net operating loss carryback		(168,873)		-
Permanent items		(228,162)		(227,074)
Other		78,611		(35,028)
Provision for income taxes	$	2,668,355	$	(82,255)

Note 7 – Income Taxes (continued)

The components of the deferred tax (assets) and liabilities as of December 31 are as follows:

	2020	2019
Deferred tax (asset)		
Allowance for bad debt	$ (6,910)	$ (8,861)
Accrued employee benefits	(254,304)	(177,369)
Capital loss carryover	(1,167,884)	(1,860,634)
Book vs. tax basis of investments	(340,765)	(797,013)
Fair value adjustment of interest rate swap liability	(293,094)	(364,603)
Other	(5,235)	(184,030)
	(2,068,192)	(3,392,510)
Less valuation allowance	1,167,884	1,860,634
Total deferred tax assets	(900,308)	(1,531,876)
Deferred tax liability		
Prepaid expenses	466,431	396,104
Tax amortization and depreciation greater than book	14,214,085	14,355,343
Deferred revenues and expenses	1,261,074	1,273,209
Total deferred tax liabilities	15,941,590	16,024,656
Net deferred tax liability	$ 15,041,282	$ 14,492,780

The consolidated balance sheet includes a total amount for income taxes receivable of $328,601 at December 31, 2020. This consists of a federal receivable of $347,891 and a state payable of $19,290.

The Company has a capital loss carryover totaling $4,214,666 that is scheduled to expire December 31, 2022.

The valuation allowance as of December 31, 2020 is $1,167,884 and decreased $692,750 for the year ended December 31, 2020.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act) was enacted in response to the COVID-19 pandemic. The CARES Act, among other things, permits net operating losses (NOL) carryovers and carrybacks to offset 100% of taxable income for tax years beginning before 2021. In addition, the CARES Act allows NOLs incurred in 2018, 2019, and 2020 to be carried back to each of the five preceding tax years to generate a refund of previously paid income taxes. The Company filed a net operating loss carryback claim for its 2019 NOL which generated a refund of previously paid income taxes amounting to $398,314.

Note 8 – 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 in cash.

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.

In 2020, employer matching contributions and profit sharing contributions were $600,867 and $336,887, respectively. In 2019, employer matching contributions and profit sharing contributions were $544,507 and $325,260, respectively. The Plan was not leveraged as of December 31, 2020 and 2019.

Note 9 – 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.

Year Ended December 31, 2020 (all numbers in thousands)	Regulated Electric	Regulated Telecom	Other Nonregulated	Consolidated
Operating revenue	$ 19,630	$ 17,494	$ 18,283	$ 55,407
Depreciation and amortization	3,429	3,306	2,108	8,843
Operating income	4,538	2,460	6,833	13,831
Interest expense	472	-	2,134	2,606
Interest income	-	-	9	9
Total fixed assets	121,049	74,221	40,266	235,536
Total accumulated depreciation	(69,828)	(55,605)	(16,845)	(142,278)
Total fixed assets, net	51,221	18,616	23,421	93,258
Capital expenditure	2,537	2,761	6,254	11,552

Note 9 – Business Segment Information (continued)

Year Ended December 31, 2019 (all numbers in thousands)	Regulated Electric	Regulated Telecom	Other Nonregulated	Consolidated
Operating revenue	$ 20,589	$ 17,847	$ 16,810	$ 55,246
Depreciation and amortization	3,332	2,743	2,056	8,131
Operating income	3,538	4,245	(4,302)	3,481
Interest expense	528	-	2,443	2,971
Interest income	-	-	47	47
Total fixed assets	117,118	71,877	39,277	228,272
Total accumulated depreciation	(67,151)	(52,639)	(15,012)	(134,802)
Total fixed assets, net	49,967	19,238	24,265	93,470
Capital expenditure	2,456	5,637	(368)	7,725

Note 10 – Other Assets

Other assets consist of the following at December 31:

	2020	2019
Miscellaneous regulatory assets - power	$ 689,608	$ 419,950
Other	699,080	941,715
	$ 1,388,688	$ 1,361,665

Note 11 – Operating Revenue

The following table provides disaggregation of revenue from contracts with customers:

	For the Year Ended December 31, 2020		
	Total	Revenue From Contracts With Customers	Other Revenue
Electric	$ 19,630,323	$ 19,464,177	$ 166,146
Telecommunications	17,494,397	11,389,412	6,104,985
Other nonregulated	18,281,782	15,010,808	3,270,974
	$ 55,406,502	$ 45,864,397	$ 9,542,105

Note 11 – Operating Revenue (continued)

	For the Year Ended December 31, 2019		
	Total	Revenue From Contracts With Customers	Other Revenue
Electric	$ 20,589,106	$ 20,432,553	$ 156,553
Telecommunications	17,846,776	11,339,104	6,507,672
Other nonregulated	16,809,870	13,363,124	3,446,746
	$ 55,245,752	$ 45,134,781	$ 10,110,971

Telecommunications and Other Nonregulated revenues includes revenues received from federal and state universal service programs that are not considered revenue from contracts with customers and are specifically scoped out of ASC 606.

Electric revenues include revenues received from power line pole rentals which are not considered revenue from contracts with customers and are specifically scoped out of ASC 606.

Revenue from services is recognized over time as customers receive the services. Revenue from sales of equipment or other nonrecurring services are recognized at a point in time when control of the equipment is transferred or when service is rendered. Revenues recognized at a point in time were minimal.

Contracts that generate contract liabilities include arrangements for services that are paid by the customer before services are provided such as construction services. Contract liabilities are classified as billings in excess on the consolidated balance sheet.

The Company does not incur material contract fulfillment costs associated with is contracts with customers. The cost of the Company's network and related equipment, and enhancements to the network required under customer contracts, is accounted for in accordance with ASC 360, *Property, Plant and Equipment*.

Contract assets associated with contracts with customers were as follows at December 31:

	2020	2019
Contract assets		
Unbilled revenue	682,684	638,446

Crews install buried sections of the Híilangaay penstock.

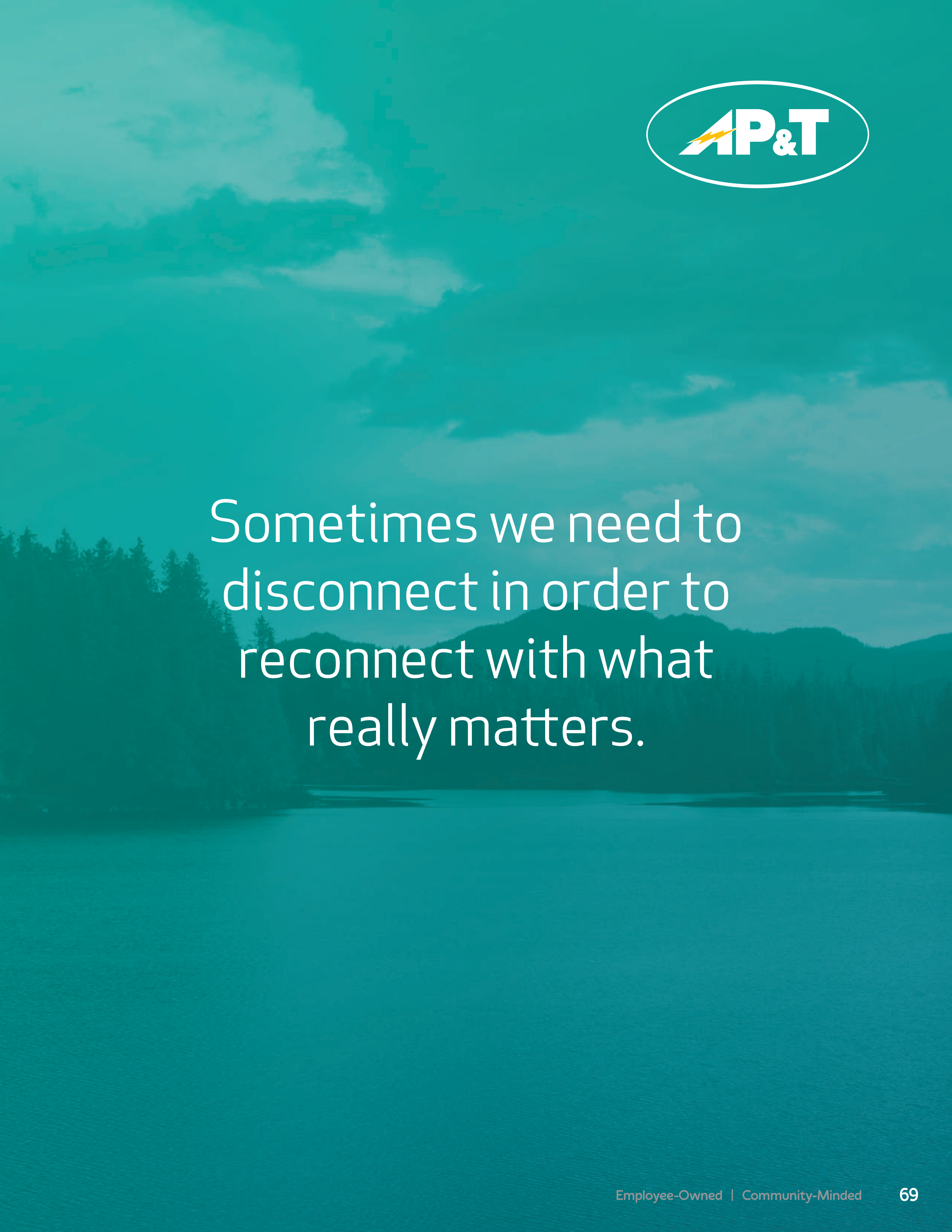
OUR 2020 RETIREES

We at AP&T congratulate our 2020 retirees.
It has been a privilege working with you, and now it is an honor helping you celebrate your retirements.

Dan Hanson
Haines, Alaska

Bob Berreth
Port Townsend, Washington

Jim (Sonny) Myers
Haines, Alaska


AP&T
Sometimes we need to disconnect in order to reconnect with what really matters.

Upper Left: Mr. & Mrs. Wilson (Ralph & Janet) in Washington state in 2007.

Lower Left: Tok Sled Dog Race. Tok, AK - 1964: Taking the family to watch the 1964 Tok Sled Dog Race.

In Loving Memory

Upper Right: Mr. & Mrs. Wilson pose for a photo in Hawaii in 1966.

Lower Right: Tok, AK - 1965: Ralph gives snowmobile rides to the family.

Ralph J. Wilson

October 16, 1939 - January 10, 2021

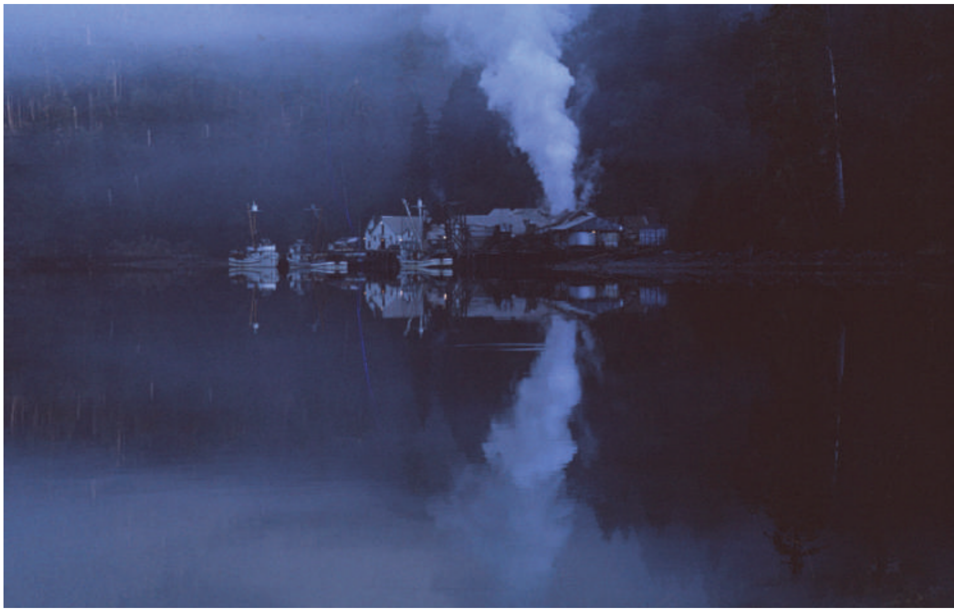
REMEMBERING RALPH WILSON

Former President and CEO | Former Chairman of the Board

Former President and CEO Ralph Wilson is fondly remembered for leading Alaska Power & Telephone through times of amazing change and growth. AP&T would not be the company it is today without his efforts, persistence, and compassion. Ralph's efforts, leadership and accomplishment truly improved the quality of life in rural Alaska. Rest in peace, Ralph – you will be dearly remembered.

Pictured Below: Hiking above Skagway. Skagway, AK - 1965: View of downtown Skagway.

Images courtesy of the Wilson family.



Middle Right: In Southeast Alaska, the waters are our highways. Ralph photographs the Alaska Marine Highway vessel named the Malaspina, as it docks in a coastal community.

Lower Right: Coastal Reflections. Unknown Location, AK - 1964: Photo taken by Ralph of a small harbor on a calm day.

A NOTICE TO SHAREHOLDERS

Notice to Shareholders:
The annual meeting will be held on Wednesday, May 26th, 2021 at 10:00am, PDT via a live webcast at:
www.virtualshareholdermeeting.com/APTL2021

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Shane Percedis at Firari Construction
The Wilson Family

Disclaimer:
The narrative descriptions of the Company's activities within this annual report contain certain forward-looking statements that involve risks and uncertainties. When used in this annual report, the words "anticipates," "believes," "estimates," "expects," and similar expressions are intended to identify such forward-looking statements. The Company's actual results, performance or achievements could differ materially from the results expressed in or implied by these forward-looking statements.

REGARDING AP&T STOCK

For information regarding the acquisition or sale of AP&T stock, please contact:

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