

Form 5500Department of the Treasury
Internal Revenue ServiceDepartment of Labor
Employee Benefits Security
Administration

Pension Benefit Guaranty Corporation

Annual Return/Report of Employee Benefit Plan

This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6057(b) and 6058(a) of the Internal Revenue Code (the Code).

▶ **Complete all entries in accordance with the instructions to the Form 5500.**OMB Nos. 1210-0110
1210-0089**2019****This Form is Open to Public Inspection****Part I Annual Report Identification Information**For calendar plan year 2019 or fiscal plan year beginning 01/01/2019 and ending 12/31/2019

- A** This return/report is for: a multiemployer plan a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions.)
- a single-employer plan a DFE (specify) _____
- B** This return/report is: the first return/report the final return/report
- an amended return/report a short plan year return/report (less than 12 months)
- C** If the plan is a collectively-bargained plan, check here.
- D** Check box if filing under: Form 5558 automatic extension the DFVC program
- special extension (enter description)

Part II Basic Plan Information—enter all requested information

1a Name of plan <u>ALASKA POWER & TELEPHONE COMPANY EMPLOYEE STOCK OWNERSHIP & SAVINGS PLAN</u>	1b Three-digit plan number (PN) ▶ <u>004</u>
	1c Effective date of plan <u>01/01/1995</u>
2a Plan sponsor's name (employer, if for a single-employer plan) Mailing address (include room, apt., suite no. and street, or P.O. Box) City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions) <u>ALASKA POWER & TELEPHONE COMPANY</u> <u>P.O. BOX 3222</u> <u>PORT TOWNSEND, WA 98368-0922</u> <u>193 OTTO STREET</u> <u>PORT TOWNSEND, WA 98368-0922</u>	2b Employer Identification Number (EIN) <u>92-0153693</u>
	2c Plan Sponsor's telephone number <u>360-385-1733</u>
	2d Business code (see instructions) <u>221100</u>

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	<u>Filed with authorized/valid electronic signature.</u>	<u>10/15/2020</u>	<u>CHAD HAGGAR</u>
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

For Paperwork Reduction Act Notice, see the Instructions for Form 5500.

Form 5500 (2019)
v. 190130

3a Plan administrator's name and address <input type="checkbox"/> Same as Plan Sponsor ALASKA POWER & TELEPHONE COMPANY P.O. BOX 3222 PORT TOWNSEND, WA 98368-0922	3b Administrator's EIN 92-0153693 3c Administrator's telephone number 360-385-1733
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4 If the name and/or EIN of the plan sponsor or the plan name has changed since the last return/report filed for this plan, enter the plan sponsor's name, EIN, the plan name and the plan number from the last return/report: a Sponsor's name c Plan Name	4b EIN 4d PN
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5 Total number of participants at the beginning of the plan year	5	222
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6 Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines 6a(1) , 6a(2) , 6b , 6c , and 6d).		
a(1) Total number of active participants at the beginning of the plan year	6a(1)	140
a(2) Total number of active participants at the end of the plan year	6a(2)	145
b Retired or separated participants receiving benefits.....	6b	0
c Other retired or separated participants entitled to future benefits	6c	81
d Subtotal. Add lines 6a(2) , 6b , and 6c	6d	226
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.	6e	0
f Total. Add lines 6d and 6e	6f	226
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	6g	213
h Number of participants who terminated employment during the plan year with accrued benefits that were less than 100% vested	6h	2

7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	7	
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8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions:
 2E 2F 2H 2J 2K 2O 2T 3I

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:

9a Plan funding arrangement (check all that apply) (1) <input type="checkbox"/> Insurance (2) <input type="checkbox"/> Code section 412(e)(3) insurance contracts (3) <input checked="" type="checkbox"/> Trust (4) <input type="checkbox"/> General assets of the sponsor	9b Plan benefit arrangement (check all that apply) (1) <input type="checkbox"/> Insurance (2) <input type="checkbox"/> Code section 412(e)(3) insurance contracts (3) <input checked="" type="checkbox"/> Trust (4) <input type="checkbox"/> General assets of the sponsor
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10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

- (1) **R** (Retirement Plan Information)
- (2) **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
- (3) **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

- (1) **H** (Financial Information)
- (2) **I** (Financial Information – Small Plan)
- (3) 0 **A** (Insurance Information)
- (4) **C** (Service Provider Information)
- (5) **D** (DFE/Participating Plan Information)
- (6) **G** (Financial Transaction Schedules)

Part III Form M-1 Compliance Information (to be completed by welfare benefit plans)

11a If the plan provides welfare benefits, was the plan subject to the Form M-1 filing requirements during the plan year? (See instructions and 29 CFR 2520.101-2.) Yes No

If "Yes" is checked, complete lines 11b and 11c.

11b Is the plan currently in compliance with the Form M-1 filing requirements? (See instructions and 29 CFR 2520.101-2.) Yes No

11c Enter the Receipt Confirmation Code for the 2019 Form M-1 annual report. If the plan was not required to file the 2019 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code _____

<p style="text-align: center;">SCHEDULE C (Form 5500)</p> <p style="font-size: small;">Department of the Treasury Internal Revenue Service</p> <hr/> <p style="font-size: small;">Department of Labor Employee Benefits Security Administration</p> <hr/> <p style="font-size: small;">Pension Benefit Guaranty Corporation</p>	<p>Service Provider Information</p> <p>This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).</p> <p>▶ File as an attachment to Form 5500.</p>	<p>OMB No. 1210-0110</p> <hr/> <p style="font-size: large;">2019</p> <hr/> <p>This Form is Open to Public Inspection.</p>
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For calendar plan year 2019 or fiscal plan year beginning **01/01/2019** and ending **12/31/2019**

<p>A Name of plan</p> <p>ALASKA POWER & TELEPHONE COMPANY EMPLOYEE STOCK OWNERSHIP & SAVINGS PLAN</p>	<p>B Three-digit plan number (PN) ▶</p> <p style="text-align: right;">004</p>	
<p>C Plan sponsor's name as shown on line 2a of Form 5500</p> <p>ALASKA POWER & TELEPHONE COMPANY</p>	<p>D Employer Identification Number (EIN)</p> <p style="text-align: center;">92-0153693</p>	

Part I Service Provider Information (see instructions)

You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions)..... Yes No

b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

CHARLES SCHWAB TRUST COMPANY

94-3149038

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

CHARLES SCHWAB INVESTMENT MGMT

94-3106735

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

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2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

TRAUTMANN, MAHER & ASSOCIATES, INC.

91-1526584

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
15 64 70 37 17 59 65	NONE	15019	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>		Yes <input type="checkbox"/> No <input type="checkbox"/>

(a) Enter name and EIN or address (see instructions)

USI ADVISORS INC.

06-1397347

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
26 27 28	NONE	9000	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>		Yes <input type="checkbox"/> No <input type="checkbox"/>

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>		Yes <input type="checkbox"/> No <input type="checkbox"/>

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>		Yes <input type="checkbox"/> No <input type="checkbox"/>

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>		Yes <input type="checkbox"/> No <input type="checkbox"/>

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>		Yes <input type="checkbox"/> No <input type="checkbox"/>

Part I Service Provider Information (continued)

3. If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

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(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)
(complete as many entries as needed)

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN

d Entity code

e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN

d Entity code

e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

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a Name of MTIA, CCT, PSA, or 103-12 IE:

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d Entity code

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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

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d Entity code

e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

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d Entity code

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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

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d Entity code

e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN

d Entity code

e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN

d Entity code

e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN

**SCHEDULE H
(Form 5500)**

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Financial Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2019

This Form is Open to Public Inspection

For calendar plan year 2019 or fiscal plan year beginning 01/01/2019 and ending 12/31/2019

A Name of plan <u>ALASKA POWER & TELEPHONE COMPANY EMPLOYEE STOCK OWNERSHIP & SAVINGS PLAN</u>	B Three-digit plan number (PN) ▶ <u>004</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>ALASKA POWER & TELEPHONE COMPANY</u>	D Employer Identification Number (EIN) <u>92-0153693</u>

Part I Asset and Liability Statement

1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets	(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a	
b Receivables (less allowance for doubtful accounts):		
(1) Employer contributions.....	1b(1)	336887
(2) Participant contributions.....	1b(2)	
(3) Other.....	1b(3)	0
c General investments:		
(1) Interest-bearing cash (include money market accounts & certificates of deposit).....	1c(1)	638273
(2) U.S. Government securities	1c(2)	
(3) Corporate debt instruments (other than employer securities):		
(A) Preferred	1c(3)(A)	
(B) All other.....	1c(3)(B)	
(4) Corporate stocks (other than employer securities):		
(A) Preferred	1c(4)(A)	
(B) Common.....	1c(4)(B)	
(5) Partnership/joint venture interests	1c(5)	
(6) Real estate (other than employer real property).....	1c(6)	
(7) Loans (other than to participants)	1c(7)	
(8) Participant loans.....	1c(8)	559214
(9) Value of interest in common/collective trusts	1c(9)	2730524
(10) Value of interest in pooled separate accounts	1c(10)	
(11) Value of interest in master trust investment accounts	1c(11)	
(12) Value of interest in 103-12 investment entities.....	1c(12)	
(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)	16062642
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)	
(15) Other.....	1c(15)	

		(a) Beginning of Year	(b) End of Year
1d	Employer-related investments:		
(1)	Employer securities	36555266	37784092
(2)	Employer real property		
e	Buildings and other property used in plan operation		
f	Total assets (add all amounts in lines 1a through 1e)	53452930	58111632
Liabilities			
g	Benefit claims payable	0	293
h	Operating payables	0	210
i	Acquisition indebtedness		
j	Other liabilities		
k	Total liabilities (add all amounts in lines 1g through 1j)	0	503
Net Assets			
l	Net assets (subtract line 1k from line 1f)	53452930	58111129

Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

		(a) Amount	(b) Total
Income			
a	Contributions:		
(1)	Received or receivable in cash from: (A) Employers	879284	
	(B) Participants	1000383	
	(C) Others (including rollovers)	166396	
	(2) Noncash contributions		
	(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)		2046063
b	Earnings on investments:		
(1)	Interest:		
	(A) Interest-bearing cash (including money market accounts and certificates of deposit)	500	
	(B) U.S. Government securities		
	(C) Corporate debt instruments		
	(D) Loans (other than to participants)		
	(E) Participant loans	32352	
	(F) Other		
	(G) Total interest. Add lines 2b(1)(A) through (F)		32852
(2)	Dividends: (A) Preferred stock		
	(B) Common stock	429262	
	(C) Registered investment company shares (e.g. mutual funds)	588467	
	(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)		
(3)	Rents		
(4)	Net gain (loss) on sale of assets: (A) Aggregate proceeds		
	(B) Aggregate carrying amount (see instructions)		
	(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result		0
(5)	Unrealized appreciation (depreciation) of assets: (A) Real estate		
	(B) Other	2307778	
	(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)		

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts	2b(6)		51562
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		2865893
c Other income.....	2c		25923
d Total income. Add all income amounts in column (b) and enter total	2d		8347800

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	3662035	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		3662035
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions)	2g		
h Interest expense	2h		
i Administrative expenses: (1) Professional fees.....	2i(1)	18566	
(2) Contract administrator fees.....	2i(2)		
(3) Investment advisory and management fees.....	2i(3)	9000	
(4) Other	2i(4)		
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		27566
j Total expenses. Add all expense amounts in column (b) and enter total	2j		3689601

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		4658199
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan.....	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) Unmodified **(2)** Qualified **(3)** Disclaimer **(4)** Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? Yes No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: MOSS ADAMS LLP

(2) EIN: 91-0189318

d The opinion of an independent qualified public accountant is **not attached** because:

(1) This form is filed for a CCT, PSA, or MTIA. **(2)** It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....

b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)

	Yes	No	Amount
4a		X	
4b		X	

	Yes	No	Amount
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)	4c	X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.).....	4d	X	
e Was this plan covered by a fidelity bond?	4e	X	1000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?	4f	X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?.....	4g	X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?.....	4h	X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.).....	4i	X	
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.).....	4j	X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?	4k	X	
l Has the plan failed to provide any benefit when due under the plan?.....	4l	X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)	4m	X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.	4n		

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?..... Yes No
 If "Yes," enter the amount of any plan assets that reverted to the employer this year _____.

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)

5c If the plan is a defined benefit plan, is it covered under the PBGC insurance program (See ERISA section 4021.)? Yes No Not determined
 If "Yes" is checked, enter the My PAA confirmation number from the PBGC premium filing for this plan year _____ (See instructions.)

SCHEDULE R (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	Retirement Plan Information This schedule is required to be filed under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	<small>OMB No. 1210-0110</small> 2019 This Form is Open to Public Inspection.
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For calendar plan year 2019 or fiscal plan year beginning 01/01/2019 and ending 12/31/2019

A Name of plan <u>ALASKA POWER & TELEPHONE COMPANY EMPLOYEE STOCK OWNERSHIP & SAVINGS PLAN</u>	B Three-digit plan number (PN) ▶	<u>004</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>ALASKA POWER & TELEPHONE COMPANY</u>	D Employer Identification Number (EIN) <u>92-0153693</u>	

Part I	Distributions
---------------	----------------------

All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions

1	0
---	---

2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits):
EIN(s): 92-0153693 42-1558009

Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.

3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year

3	
---	--

Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part.)
----------------	---

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)? Yes No N/A
If the plan is a defined benefit plan, go to line 8.

5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. **Date:** Month _____ Day _____ Year _____
If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.

6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived).....	6a	
b Enter the amount contributed by the employer to the plan for this plan year.....	6b	
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount)	6c	

If you completed line 6c, skip lines 8 and 9.

7 Will the minimum funding amount reported on line 6c be met by the funding deadline? Yes No N/A

8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change? Yes No N/A

Part III	Amendments
-----------------	-------------------

9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box..... Increase Decrease Both No

Part IV	ESOPs (see instructions). If this is not a plan described under section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
----------------	---

10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan? Yes No

11 a Does the ESOP hold any preferred stock? Yes No

b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.) Yes No

12 Does the ESOP hold any stock that is not readily tradable on an established securities market? Yes No

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. Complete as many entries as needed to report all applicable employers.

a Name of contributing employer _____
b EIN _____ **c** Dollar amount contributed by employer _____
d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____
e Contribution rate information (If more than one rate applies, check this box and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: Hourly Weekly Unit of production Other (specify): _____

a Name of contributing employer _____
b EIN _____ **c** Dollar amount contributed by employer _____
d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____
e Contribution rate information (If more than one rate applies, check this box and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: Hourly Weekly Unit of production Other (specify): _____

a Name of contributing employer _____
b EIN _____ **c** Dollar amount contributed by employer _____
d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____
e Contribution rate information (If more than one rate applies, check this box and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: Hourly Weekly Unit of production Other (specify): _____

a Name of contributing employer _____
b EIN _____ **c** Dollar amount contributed by employer _____
d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____
e Contribution rate information (If more than one rate applies, check this box and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: Hourly Weekly Unit of production Other (specify): _____

a Name of contributing employer _____
b EIN _____ **c** Dollar amount contributed by employer _____
d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____
e Contribution rate information (If more than one rate applies, check this box and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: Hourly Weekly Unit of production Other (specify): _____

a Name of contributing employer _____
b EIN _____ **c** Dollar amount contributed by employer _____
d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____
e Contribution rate information (If more than one rate applies, check this box and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: Hourly Weekly Unit of production Other (specify): _____

14 Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year.....	14a	
b The plan year immediately preceding the current plan year.....	14b	
c The second preceding plan year.....	14c	

15 Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year.....	15a	
b The corresponding number for the second preceding plan year.....	15b	

16 Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year.....	16a	
b If line 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers.....	16b	

17 If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment.

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

18 If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment

19 If the total number of participants is 1,000 or more, complete lines (a) through (c)

a Enter the percentage of plan assets held as:
 Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

b Provide the average duration of the combined investment-grade and high-yield debt:
 0-3 years 3-6 years 6-9 years 9-12 years 12-15 years 15-18 years 18-21 years 21 years or more

c What duration measure was used to calculate line 19(b)?
 Effective duration Macaulay duration Modified duration Other (specify): _____

20 PBGC missed contribution reporting requirements. If this is a multiemployer plan or a single-employer plan that is not covered by PBGC, skip line 20.

a Is the amount of unpaid minimum required contributions for all years from Schedule SB (Form 5500) line 40 greater than zero? Yes No

b If line 20a is "Yes," has PBGC been notified as required by ERISA sections 4043(c)(5) and/or 303(k)(4)? Check the applicable box:

Yes.

No. Reporting was waived under 29 CFR 4043.25(c)(2) because contributions equal to or exceeding the unpaid minimum required contribution were made by the 30th day after the due date.

No. The 30-day period referenced in 29 CFR 4043.25(c)(2) has not yet ended, and the sponsor intends to make a contribution equal to or exceeding the unpaid minimum required contribution by the 30th day after the due date.

No. Other. Provide explanation _____



REPORT OF INDEPENDENT AUDITORS
AND FINANCIAL STATEMENTS
WITH SUPPLEMENTAL SCHEDULE

**ALASKA POWER & TELEPHONE COMPANY EMPLOYEE
STOCK OWNERSHIP AND SAVINGS PLAN AND TRUST**

December 31, 2019 and 2018

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Report of Independent Auditors

To the Trustees
Alaska Power & Telephone Company
Employee Stock Ownership and Savings Plan and Trust

Report on the Financial Statements

We were engaged to audit the accompanying statements of net assets available for benefits of Alaska Power & Telephone Company Employee Stock Ownership and Savings Plan and Trust (Plan) as of December 31, 2019 and 2018, and the related statement of changes in net assets available for benefits for the year ended December 31, 2019, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 financial statements based on conducting the audits in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's (DOL's) Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 (ERISA), the Plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 7, which was certified by Charles Schwab Bank, the custodian of the Plan, except for comparing such information with the related information included in the financial statements. We have been informed by the Plan administrator that the custodian holds the Plan's investment assets and executes investment transactions. The Plan administrator has obtained a certification from the custodian as of December 31, 2019 and 2018, and for the year ended December 31, 2019, that the information provided to the Plan administrator by the custodian is complete and accurate.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Other Matter

The Schedule H, line 4i – schedule of assets (held at end of year) as of December 31, 2019, is required by the DOL’s Rules and Regulations for Reporting and Disclosure under ERISA and is presented for the purpose of additional analysis and is not a required part of the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we do not express an opinion on this supplemental schedule.

Report on Form and Content in Compliance with DOL Rules and Regulations

The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the custodian, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the DOL’s Rules and Regulations for Reporting and Disclosure under ERISA.



Spokane, Washington
October 15, 2020

**Alaska Power & Telephone Company
Employee Stock Ownership and Savings Plan and Trust
Statements of Net Assets Available for Benefits**

	December 31,	
	2019	2018
ASSETS		
Investments, at fair value		
Investment in sponsor company common stock	\$ 37,784,092	\$ 36,555,266
Mutual funds	16,062,642	12,987,043
Collective investment trust	2,730,524	2,423,987
Money market funds	638,273	543,254
Total investments, at fair value	57,215,531	52,509,550
Receivables		
Notes receivable from participants	559,214	618,120
Employer discretionary contribution	336,887	325,260
	896,101	943,380
Net assets available for benefits	\$ 58,111,632	\$ 53,452,930

Alaska Power & Telephone Company
Employee Stock Ownership and Savings Plan and Trust
Statement of Changes in Net Assets Available for Benefits

	Year Ended December 31, 2019
ADDITIONS TO NET ASSETS ATTRIBUTED TO	
Investment income	
Net appreciation in fair value of investments	\$ 5,249,549
Dividends on sponsor company common stock	429,262
Dividends	588,967
	<u>6,267,778</u>
Interest income on notes receivable from participants	<u>32,352</u>
Contributions	
Employer match	544,507
Employer profit sharing	336,887
Participant	1,000,383
Participant rollovers	166,396
	<u>2,048,173</u>
Total additions	<u>8,348,303</u>
DEDUCTIONS FROM NET ASSETS ATTRIBUTED TO	
Distributions to participants	3,662,036
Other income	27,565
	<u>3,689,601</u>
Total deductions	<u>3,689,601</u>
Change in net assets	4,658,702
NET ASSETS AVAILABLE FOR BENEFITS	
Beginning of year	<u>53,452,930</u>
End of year	<u>\$ 58,111,632</u>

Alaska Power & Telephone Company

Employee Stock Ownership and Savings Plan and Trust

Notes to Financial Statements

Note 1 – Description of Plan

The following description of the Alaska Power & Telephone Company Employee Stock Ownership and Savings Plan and Trust (Plan) provides only general information. Participants should refer to the Plan agreement, as amended, for a more complete description of the Plan's provisions.

General – The Plan was established on January 1, 1990, by Alaska Power & Telephone Company (Company). The Company is the Plan's sponsor and serves as Plan administrator. The Plan is subject to the applicable provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA).

Eligibility – Employees whose benefits are covered under a collective bargaining agreement, leased employees, employees hired with the title "flagger" and "watchman," or nonsupervisory construction workers are excluded from participating in the Plan. All other employees of the Company are eligible to participate in the Plan upon reaching age 18 and after completing three months of service as long as such employee's regular terms of employment would result in 1,000 hours of service within a 12-month period. Participants must complete at least 1,000 hours of service during the Plan year and be employed as of the last day of the Plan year, to be eligible to receive any employer discretionary contributions.

Contributions –

Participant contributions – Each year, participants may contribute between 1-80% of pretax annual compensation, as defined in the Plan. Participants may also elect to make Roth contributions utilizing after-tax contributions. Participants who have attained age 50 before the end of the Plan year are eligible to make catch-up contributions. Participants may also contribute amounts representing distributions from other qualified defined benefit or defined contribution plans.

Employer match and discretionary contributions – The Plan allows for employer matching contributions and a discretionary contribution. The Company matches 100% of employee contributions, up to 5% of eligible compensation deferred to the Plan. The matching contribution is made in the form of cash or Company stock as decided by the Company. During 2019, the matching contribution was made in the form of sponsor company common stock. A discretionary contribution of 1.52% of the Company's December 31, 2019, year-end earnings before interest, taxes, depreciation, amortization, and extraordinary events was contributed in the form of Company stock to the Plan for the year ended December 31, 2019. Discretionary contributions are allocated to participants in the same proportion as a participant's compensation bears to the total of all participants' compensation.

Contributions are subject to regulatory limitations.

Alaska Power & Telephone Company

Employee Stock Ownership and Savings Plan and Trust

Notes to Financial Statements

Note 1 – Description of Plan (continued)

Participant accounts – Each participant’s account is credited with the participant’s contributions and Company matching contributions as well as allocations of the Company’s discretionary contribution and Plan earnings. Participant accounts are charged with an allocation of administrative expenses that are paid by the Plan. Allocations are based on participant earnings, account balances, or specific participant transactions, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant’s vested account. Participants direct the investment of their contributions into various investment options offered by the Plan. Employer matching contributions and discretionary contributions are invested in shares of sponsor company common stock and participants are unable to diversify their investment in sponsor company common stock until certain criteria are met; see discussion of diversification below.

Diversification – Qualified participants who have reached age 55 are allowed to diversify a portion of their sponsor company common stock. In each of the first five years, a qualified participant may diversify up to 25% of the number of shares allocated to his or her account, less all amounts previously diversified. In the sixth year, the percentage increases to 50%. Each diversification event may take up to five years to complete; see discussion of put option.

Vesting – Participants are vested immediately in their contributions plus actual earnings thereon. Vesting in the Company’s contribution portion of their accounts is based on years of continuous service. Participants vest in the Company’s contributions based on the following schedule:

<u>Years of Service</u>	<u>Vested Percentage</u>
Less than 3	0%
3 or more	100%

Notes receivable from participants – Participants may borrow from their accounts a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 50% of their vested account balance. The loans are issued by the Plan and secured by the balance in the participant’s account. All loans must be repaid within a period of five years, unless the loan is used to purchase a principal residence, in which case, the loan must be repaid within a reasonable period of time not to exceed ten years. Under the terms of the Plan agreement, Plan loans will bear a reasonable rate of interest determined by the Plan administrator. Principal and interest is paid ratably through payroll deductions. As of December 31, 2019, the rate of interest on all outstanding loans ranged from 4.25% to 6.50% with various maturities through August 2029.

Payment of benefits – On termination of service due to death, disability, or retirement, a participant may elect to receive a lump-sum amount equal to the value of the participant’s vested interest in his or her account. For termination of service for other reasons, a participant may receive the value of the vested interest in his or her account as a lump-sum distribution.

Alaska Power & Telephone Company

Employee Stock Ownership and Savings Plan and Trust

Notes to Financial Statements

Note 1 – Description of Plan (continued)

Participants may take a hardship withdrawal from the portion of their account balance that represents their salary deferral contributions if they can show an immediate heavy financial hardship as defined in the Plan. If a participant terminates employment and their vested benefit is \$1,000 or less, a single lump-sum distribution will be made as soon as administratively feasible following the end of the Plan year in which the participant's terminated.

Distributions of Company stock with account balances less than \$15,000 will be distributed in a single lump sum payment. Distributions of Company stock with account balances greater than \$15,000 will be distributed, at the election of the participant, in one of the three following ways: (1) in cash in up to five annual installments, with each installment paid at the current valued price of the Company stock in effect at the time of the installment; (2) in shares in a single distribution, with the availability of the put option; or (3) in shares in five substantially equal annual installments with separate put options for each installment. Benefits in participants' other investment accounts will be distributed in cash, in the form of a lump sum payment.

Put option – Under federal income tax regulations, the sponsor company common stock held by the Plan and its participants is not readily tradable on an established market, is subject to trading limitations and includes a put option. The put option is a right to demand the Company buy any shares of its stock distributed to participants for which there is no market. The put price is representative of the fair market value of the stock. The Company can pay for the purchase, with interest, over a period of up to five years. The purpose of the put option is to ensure the participant has the ability to ultimately obtain cash.

Forfeitures – Forfeitures are the nonvested portion of a participant's account that is lost upon termination of employment. Forfeitures are retained in the Plan, must be used before year end and may be used to pay Plan administrative expenses or to reduce future Company matching contributions. As of December 31, 2019 and 2018, forfeited nonvested accounts totaled \$43. For the year ended December 31, 2019, no Company matching contributions were reduced by forfeited nonvested accounts. For the year ended December 31, 2019, Company profit sharing contributions were reduced by \$87 from forfeited nonvested accounts.

Voting rights – A participant is entitled to direct the trustees as to the manner in which voting rights will be exercised with respect to any corporate matter that involves a vote to approve or disapprove certain major corporate events, such as a merger or consolidation, recapitalization, liquidation, dissolution, sale of substantially all of the Company's assets, confirmation of a plan of reorganization under Chapter 11 of the United States Bankruptcy Code, or such similar transactions. If no direction is provided by the participant, the trustees have the power to vote, at their discretion, the stock held by the Plan. All other votes are made at the discretion of the trustees on behalf of the Plan.

Alaska Power & Telephone Company

Employee Stock Ownership and Savings Plan and Trust

Notes to Financial Statements

Note 2 – Summary of Significant Accounting Policies

Basis of accounting – The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, using the accrual method of accounting.

Use of estimates – The preparation of financial statements in accordance with generally accepted accounting principles requires the use of estimates and assumptions that may affect certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

Investment valuation – The investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability (the exit price) in an orderly transaction between market participants at the measurement date. See Note 4 for discussion of fair value measurements. The Plan's custodian, Charles Schwab Bank, certifies the fair market value of all investments, except for sponsor company common stock. If available, quoted market prices are used to value investments.

Income recognition – Purchases and sales of securities are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date. Interest income is recorded on the accrual basis. The net appreciation in fair value of investments consists of both the realized gains and losses and unrealized appreciation and depreciation of those investments.

Notes receivable from participants – Notes receivable from participants are measured at amortized cost, which represents unpaid principal balance plus accrued but unpaid interest. Delinquent notes receivable from participants are recorded as distributions upon the occurrence of a distributable even, based on the terms of the Plan agreement. No allowance for credit losses has been recorded as of December 31, 2019.

Payments of benefits – Benefits are recorded when paid.

Expenses – General Plan administrative expenses may be paid out of the forfeiture account or paid by the Company. Investment management, distribution and loan transaction fees are paid by the Plan participants.

Subsequent events – Subsequent events are events or transactions that occur after the statement of net assets available for benefits date but before the financial statements are available to be issued. The Plan recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of net assets available for benefits, including the estimates inherent in the process of preparing the financial statements. The Plan's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of net assets available for benefits but arose after the statement of net assets available for benefits date and before the financial statements are available to be issued.

Alaska Power & Telephone Company
Employee Stock Ownership and Savings Plan and Trust
Notes to Financial Statements

Note 2 – Summary of Significant Accounting Policies (continued)

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency stemming from a new strain of coronavirus that was spreading globally (the COVID-19 outbreak). On March 11, 2020, the WHO classified the COVID-19 outbreak as a pandemic, triggering volatility in financial markets and a significant negative impact on the global economy. As a result, the Plan's investment portfolio has incurred significant volatility in market value since December 31, 2019. However, because the values of the Plan's individual investments have and will fluctuate in response to changing market conditions, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. The full impact of the COVID-19 outbreak continues to evolve as of the date of the report.

Effective April 1, 2020, the Plan adopted the distribution provision of the Coronavirus Aid, Relief, and Economic Security (CARES) Act that was signed into law on March 27, 2020. A CARES Act distribution allows the Plan's participants to take a COVID-19 related distribution up to \$100,000 from the Plan beginning on or after January 1, 2020 and before December 31, 2020. In addition, effective April 1, 2020, the Plan adopted the temporary loan repayment deferral provision of the CARES Act. The deferral provision adopted by the Plan allows qualified Plan participants who have Plan loan repayments to defer such repayments until December 31, 2020.

The Plan has evaluated subsequent events through October 15, 2020, which is the date the financial statements are available to be issued.

Note 3 – Investments

Employer contributions are generally made in the form of sponsor company common stock and cannot be diversified until certain criteria are met. As the participant lacks the ability to exercise independent control over these funds, they are defined as nonparticipant-directed. Although a portion of the sponsor company common stock is participant directed (those who have met diversification criteria as defined in Note 1), the Plan sponsor is unable to calculate the amount. Accordingly, 100% of the sponsor company common stock held by the Plan has been presented as nonparticipant-directed.

Nonparticipant-directed investments as of December 31 are as follows:

	2019	2018
Sponsor company common stock	\$ 37,784,092	\$ 36,555,266

Changes in nonparticipant-directed investments for the year ended December 31, 2019, are as follows:

Net appreciation	\$ 2,307,778
Purchases	538,067
Sales	(2,015,346)
Dividends	429,262
	\$ 1,259,761

Alaska Power & Telephone Company

Employee Stock Ownership and Savings Plan and Trust

Notes to Financial Statements

Note 4 – Fair Value Measurements

The framework for measuring fair value provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The three levels of the fair value hierarchy under the Financial Accounting Standards Board Accounting Standards Codification 820 are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets the Plan has the ability to access.

Level 2 – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2019 and 2018:

Registered investment companies (mutual funds) – Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

Money market funds – Public investment vehicle valued using \$1 for the NAV. The money market fund is classified within Level 2 of the valuation hierarchy.

Collective investment trust – Units held in collective investment trusts (CT) are valued using the NAV practical expedient of the CT as reported by the CT managers. The NAV practical expedient is based on the fair value of the underlying assets owned by the CT, minus its liabilities, and then divided by the number of units outstanding. The NAV practical expedient of a CT is calculated based on a compilation of primarily observable market information.

**Alaska Power & Telephone Company
Employee Stock Ownership and Savings Plan and Trust
Notes to Financial Statements**

Note 4 – Fair Value Measurements (continued)

Withdrawals from the CT for benefit payments and participant transfers to noncompeting options to be paid to Plan participants shall be made within 30 days after written notification has been received and are considered made immediately after the next valuation date subsequent to the Trustees' approval. Withdrawals from the CT, other than for benefit payments and participant transfers to noncompeting options, are made one year after notification is received from the participating Plan. The Trustees, however, reserve the right to grant a withdrawal earlier than that mentioned above if there are sufficient cash assets to satisfy the withdrawal and it is not detrimental to the best interest of the CT.

Sponsor company common stock – Not readily tradable on an established securities market, the sponsor company common stock is recorded at estimated fair value, which is determined by an annual independent appraisal and is classified within Level 3 of the valuation hierarchy. No transactions (employer matching contributions, purchases, or sales) are permitted until the prior year's December 31 valuation is completed (typically the first four to five months of each year). All sponsor company common stock transactions during the year are based upon the per share value determined in the prior year's independent appraisal.

The valuation methods used by the Plan may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Alaska Power & Telephone Company
Employee Stock Ownership and Savings Plan and Trust
Notes to Financial Statements

Note 4 – Fair Value Measurements (continued)

The following table discloses by level, the fair value hierarchy, of the Plan's assets at fair value as of December 31:

	Fair Value Measurement at December 31, 2019			
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 16,062,642	\$ -	\$ -	\$ 16,062,642
Money market funds	-	638,273	-	638,273
Investment in sponsor company common stock	-	-	37,784,092	37,784,092
Total assets in the fair value hierarchy	<u>\$ 16,062,642</u>	<u>\$ 638,273</u>	<u>\$ 37,784,092</u>	54,485,007
Investments measured at NAV practical expedient				<u>2,730,524</u>
Investments at fair value				<u>\$ 57,215,531</u>

	Fair Value Measurement at December 31, 2018			
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 12,987,043	\$ -	\$ -	\$ 12,987,043
Money market funds	-	543,254	-	543,254
Investment in sponsor company common stock	-	-	36,555,266	36,555,266
Total assets in the fair value hierarchy	<u>\$ 12,987,043</u>	<u>\$ 543,254</u>	<u>\$ 36,555,266</u>	50,085,563
Investments measured at NAV practical expedient				<u>2,423,987</u>
Investments at fair value				<u>\$ 52,509,550</u>

Alaska Power & Telephone Company
Employee Stock Ownership and Savings Plan and Trust
Notes to Financial Statements

Note 4 – Fair Value Measurements (continued)

The following table discloses the summary of changes in fair value of the Plan's Level 3 investment assets for the year ended December 31, 2019:

	<u>Investment in Sponsor Company Common Stock</u>
Balance, beginning of year	\$ 36,555,266
Net appreciation	2,307,778
Purchases	538,067
Sales	(2,015,346)
Dividends	<u>429,262</u>
Balance, end of year	<u>\$ 37,815,027</u>

The Employee Stock Ownership Program Committee, under the supervision of the Company's Board of Directors and the Plan trustees, determines the fair value measurement policies and procedures in consultation with the Company's chief financial officer. Those policies and procedures are reassessed at least annually to determine if the current valuation techniques are still appropriate. At that time, the unobservable inputs used in the fair value measurements are evaluated and adjusted, as necessary, based on current market conditions and other third-party information.

The following table sets forth the basic valuation techniques and inputs used in arriving at fair value:

<u>Instrument</u>	<u>Valuation Techniques</u>	<u>Unobservable Input</u>
Company common stock	Discounted cash flow	Weighted-average cost of capital, long-term revenue growth rate, projected gross profit, projected earnings before interest, taxes, depreciation and amortization (EBITDA) margin
Company common stock	Guideline public companies	EBITDA and equity multiples; discount for lack of marketability

Alaska Power & Telephone Company

Employee Stock Ownership and Savings Plan and Trust

Notes to Financial Statements

Note 5 – Tax Status

The Internal Revenue Service has determined and informed the Company by a letter dated November 7, 2014, the Plan is designed in accordance with applicable sections of the Internal Revenue Code (IRC). Although the Plan has been amended since receiving the determination letter, the Plan administrator believes the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC.

In accordance with guidance on accounting for uncertainty in income taxes, the Plan administrator has evaluated the Plan's tax positions and does not believe the Plan has any uncertain tax positions that require disclosure or adjustment to the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Note 6 – Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market volatility, and credit. It is reasonably possible, given the level of risk associated with investment securities, changes in the values of the investments in the near term could materially affect a participant's account balance and the amounts reported in the financial statements.

Note 7 – Information Certified by the Custodian

The Plan administrator has elected the method of compliance permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, the following information included in the accompanying financial statements and supplemental schedule was obtained from data that has been prepared and certified as complete and accurate by the custodian, Charles Schwab Bank:

	2019	2018
Investments		
Mutual funds	\$ 16,062,642	\$ 12,987,043
Collective investment trust	2,730,524	2,423,987
Money market funds	638,273	543,254
Net appreciation (depreciation) in fair value of mutual funds and CT	2,917,455	(1,923,001)
Dividends	588,967	872,392

*Not required to be disclosed

Alaska Power & Telephone Company

Employee Stock Ownership and Savings Plan and Trust

Notes to Financial Statements

Note 8 – Party in Interest Transactions

The Plan invests in shares of the sponsor company's common stock. Under certain provisions of the Plan, participants may liquidate their holdings in the sponsor company's common stock and reinvest their Plan assets in the remaining investment options managed by Charles Schwab & Co., Inc. In order to affect these transactions, the Plan may sell shares of sponsor company stock to the Company, at the fair value of the stock, based on the most recent annual independent appraisal.

Certain Plan investments are managed by Charles Schwab & Co., Inc. Charles Schwab Bank is the custodian of the Plan and an affiliate of Charles Schwab & Co., Inc. and, therefore, transactions with these entities qualify as exempt party in interest transactions. Additionally, participants are permitted to take loans from the Plan included as notes receivable from participants on the statements of net assets. These loans also qualify as party in interest transactions.

Note 9 – Plan Termination

Although it has not expressed any intention to do so, the Company has the right to terminate the Plan and discontinue its contributions at any time. If the Plan is terminated, amounts allocated to a participant's account become fully vested.

Note 10 – Concentration of Market Risk

Included in investments at December 31, 2019 and 2018, are shares of the sponsor company's common stock amounting to \$37,815,027 and \$36,555,266, respectively. This investment represents 66% and 70% of total investments at December 31, 2019 and 2018, respectively. Any additional significant declines in market value of the sponsor's stock would significantly affect the net assets available for benefits.

Note 11 – Administration of Plan Assets

The Plan's assets that consist principally of sponsor company common stock are held by the Plan sponsor. Certain administrative functions are performed by officers or employees of the Company or its subsidiaries. No such officer or employee receives compensation from the Plan. Administrative expenses for the custodian's fees are paid directly by the Company.

Note 12 – Form 5500

Form 5500 has certain items that differ from amounts shown on the accompanying financial statements. These differences relate to classification only and have no effect upon net assets available for benefits for either period.

Supplemental Schedule Required by the Department of Labor

Alaska Power & Telephone Company
Employee Stock Ownership and Savings Plan and Trust
Plan Sponsor EIN: 92-0153693 Plan Number: 004
Schedule H, Line 4i – Schedule of Assets (Held at End of Year)

(a)	(b)	(c) Description of Investment Including Maturity Date, Rate of Interest, Par, or Maturity Value	(d) Cost	(e) Current Value
	Common stock			
*	Alaska Power & Telephone	Sponsor company common stock	***	\$ 37,784,092
	Mutual funds			
	AMCAP Fund R4 American Funds	Mutual fund	**	1,705,523
	American Century Ginnie Mae FD Inv	Mutual fund	**	796,180
	Europacific Growth Fund R4	Mutual fund	**	1,642,191
	Fidelity Advisor Small Cap Growth Fund CL A	Mutual fund	**	770,942
	First Eagle Gold Fund CL A	Mutual fund	**	1,088,361
	Jhancock Disciplined Value Mid Cap I	Mutual fund	**	1,559,320
	Metropolitan West Total Return I	Mutual fund	**	1,644,349
	Oppenheimer Developing Mkts Y	Mutual fund	**	389,541
	T Rowe Price Value Fund	Mutual fund	**	792,665
	Vanguard Small Cap Value Index Admir	Mutual fund	**	717,714
	Vanguard 500 Index FD Admiral Shrs	Mutual fund	**	3,161,296
	Wells Fargo Advantage Discovery Fund	Mutual fund	**	1,794,560
	Collective investment trust			
	Morley Stable Value Fund	Common/collective trust	**	2,730,524
	Money market funds			
*	Schwab Government Money Fund Purchased Share	Money market account	**	630,505
*	Schwab Treasury Obligation Money Market Fund	Money market account	**	6,300
*	Schwab Bank Sweep for Employee - Benefit Plan	Money market account	**	1,468
		Various maturities through August 2029 with interest rates from 4.25% to 6.50%		
*	Participant loans		---	559,214
				\$ 57,774,745

* Denotes party-in-interest as defined by ERISA.

** The cost of participant-directed investments is not required to be disclosed.

*** Cost information not available.

Alaska Power & Telephone Company
Employee Stock Ownership and Savings Plan and Trust
Plan Sponsor EIN: 92-0153693 Plan Number: 004
Schedule H, Line 4i – Schedule of Assets (Held at End of Year)

(a)	(b)	(c) Description of Investment Including Maturity Date, Rate of Interest, Par, or Maturity Value	(d) Cost	(e) Current Value
	Common stock			
*	Alaska Power & Telephone	Sponsor company common stock	***	\$ 37,784,092
	Mutual funds			
	AMCAP Fund R4 American Funds	Mutual fund	**	1,705,523
	American Century Ginnie Mae FD Inv	Mutual fund	**	796,180
	Europacific Growth Fund R4	Mutual fund	**	1,642,191
	Fidelity Advisor Small Cap Growth Fund CL A	Mutual fund	**	770,942
	First Eagle Gold Fund CL A	Mutual fund	**	1,088,361
	Jhancock Disciplined Value Mid Cap I	Mutual fund	**	1,559,320
	Metropolitan West Total Return I	Mutual fund	**	1,644,349
	Oppenheimer Developing Mkts Y	Mutual fund	**	389,541
	T Rowe Price Value Fund	Mutual fund	**	792,665
	Vanguard Small Cap Value Index Admir	Mutual fund	**	717,714
	Vanguard 500 Index FD Admiral Shrs	Mutual fund	**	3,161,296
	Wells Fargo Advantage Discovery Fund	Mutual fund	**	1,794,560
	Collective investment trust			
	Morley Stable Value Fund	Common/collective trust	**	2,730,524
	Money market funds			
*	Schwab Government Money Fund Purchased Share	Money market account	**	630,505
*	Schwab Treasury Obligation Money Market Fund	Money market account	**	6,300
*	Schwab Bank Sweep for Employee - Benefit Plan	Money market account	**	1,468
		Various maturities through August 2029 with interest rates from 4.25% to 6.50%		
*	Participant loans		---	559,214
				\$ 57,774,745

* Denotes party-in-interest as defined by ERISA.

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