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May 1, 2019

- via Electronic Filing -

Alberta Utilities Commission
Fifth Avenue Place
4th Floor, 425 – 1st Street S.W.
Calgary, AB T2P 3L8

Attention: Mr. Blair Miller
Executive Director, Rates

RE: ENMAX Energy Corporation's ("EEC's") 2018 Rule 005 Filing – Annual Reporting Requirements of Operations and Financial Results

In accordance with the Regulated Rate Option ("RRO") *Rule 005 Annual Reporting Requirements of Operational and Financial Results*, EEC submits its 2018 Rule 005 filing.

Should you have any questions, please contact the undersigned at (403) 390-7748.

Sincerely,

(Original signed by)

Wesley Manfro
Regulatory Specialist
ENMAX Corporation

ENMAX Energy Corporation - Regulated Rate
AUC RULE 005: ANNUAL REGULATED RATE TARIFF (RRT) OPERATIONAL AND FINANCIAL RESULTS
FOR THE YEAR ENDED DECEMBER 31, 2018

TABLE OF CONTENTS

Schedule	Description
A	Purpose of RRT schedules
1	Regulated Rate Tariff income statement
2	Revenue by customer class
3	Sites and energy sales by customer class
4	Energy and operating expenses
5	Debt capital employed and interest expense
6	Income taxes / Payment In Lieu Of Taxes (PILOT)
7	Capital assets continuity schedule
8	Manpower summary
9	Reserve accounts
10	Affiliate transactions
11	Reconciliation of regulatory schedules to audited income statement
12	Variance Explanations

Purpose of RRT Schedules

Schedule 1 – Net income statement

To provide a high level breakdown of revenues and expenses associated with the provision of regulated retail energy services including the net income (or return) achieved by the providers both including and excluding any regulatory cost disallowances.

Schedule 2 – Revenue by customer class

To provide a detailed revenue breakdown of energy, non-energy and flow-through revenue by customer category relevant to each provider.

Schedule 3 – Sites and energy sales by customer class

To provide a breakdown of the average number of sites and energy sales by customer category relevant to each provider.

Schedule 4 - Energy and operating expenses

To provide a detailed breakdown of expenses associated with the provision of regulated retail energy services. Expenses are separated into commodity costs, trading and procurement charges and other non-energy expenses.

Schedule 5 - Debt capital employed and interest expense

To provide actual and allocated debt carrying costs charged to the provider (normally from the parent company) with an adjustment for any regulatory interest cost disallowances.

Schedule 6 - Income taxes / PILOT

To provide the detailed tax calculation used to determine the income tax provision for the regulated operations of the provider, and to explain the differences between the calculated income tax provision amount on schedule 6 and the amount expensed as income tax or Payment In Lieu Of Taxes (PILOT) on schedule 1.

Schedule 7 - Capital assets continuity schedule

To provide a summary of the amount of capital assets in use and construction work in process (CWIP) assets, including additions, retirements, transfers and any adjustments.

Schedule 8 - Manpower summary

To provide a breakdown of the capitalized and expensed labour costs and human resources as expressed in full time equivalents (FTE's). The costs shown here are embedded in the total operating expense identified in schedule 4.

Schedule 9 – Reserve accounts

To provide a summary of the transactions that occurred in the provider's reserve accounts for the year.

Schedule 10 – Affiliate transactions

To identify all transactions with affiliates. Since some providers are not required to report under the inter-affiliate code of conduct (which requires affiliate transaction reporting), this schedule was retained for transparency.

Schedule 11 - Reconciliation of schedules to audited income statement

To provide a reconciliation of the regulatory schedules to the audited income statement of the provider.

Schedule 12 - Variance Explanations

To provide explanations on financial data variances greater than \$500,000, or greater than or equal to 10 per cent and has a dollar amount greater than \$125,000 and for non-financial data greater than or equal to 10 per cent.

ENMAX Energy Corporation - Regulated Rate
REGULATED RATE TARIFF INCOME STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2018
(\$000s)

Line No.	Description	Cross-Ref.	2018	2017	Variance Higher/(lower)	Variance %
Revenues						
1	Revenues	Sch 2	230,942	174,975	55,967	32.0%
2	Revenue offsets and other adjustments	Sch 2	2,535	2,400	135	5.6%
3	Total revenues		233,476	177,374	56,102	31.6%
Expenses						
4	Energy and operating expenses	Sch 4	98,629	56,710	41,919	73.9%
5	Interest	Sch 5	24	26	(2)	-9.3%
6	Income tax /Payment in lieu of tax	Sch 6	1,187	1,221	(33)	-2.7%
7	Depreciation & amortization	Sch 7	173	416	(243)	-58.3%
8	Flow-through expenses	Sch 11	129,670	112,427	17,243	15.3%
9	Total expenses		229,684	170,800	58,884	34.5%
10	Regulatory net income/(loss)	Sch 11	\$ 3,792	\$ 6,574	\$ (2,782)	-42.3%
Reconciliation						
11	Regulatory net income/(loss)	Sch 11	3,792	6,574	(2,782)	-42.3%
12	Less: regulatory cost disallowances	Sch 11	136	(664)	800	-120.5%
13	Less: regulatory adjustments	Sch 11	(654)	(124)	(530)	100.0%
14	Adjusted regulatory net income/(loss)		\$ 4,310	\$ 7,362	\$ (3,052)	-41.5%

Note: Line item definitions are defined on cross-referencing schedules.

ENMAX Energy Corporation - Regulated Rate
REVENUE BY CUSTOMER CLASS
FOR THE YEAR ENDED DECEMBER 31, 2018
(\$000s)

Line No.	Description	Cross-Ref.	2018		
			Residential	Commercial	Total
Revenue:					
1	Energy revenue		65,879	23,189	89,068
2	Non-energy revenue		11,321	944,212	12,266
3	Flow-through revenue		111,398	18,210	129,608
4	Sub-total	Sch 1	188,598	42,343	230,942
Revenue offsets and other adjustments:					
5	Final notice fees				945
6	Title search fees				194
7	Application fees				
8	Penalty revenue				1,235
9	Other				161
10	Total revenue offsets and other adjustments	Sch 1			2,535
11	Total	Sch 11			\$ 233,476

Line No.	Description	Cross-Ref.	2017		
			Residential	Commercial	Total
Revenue:					
1	Energy revenue		36,714	13,910	50,624
2	Non-energy revenue		10,968	1,006	11,973
3	Flow-through revenue		82,758	29,619	112,377
4	Sub-total	Sch 1	130,440	44,535	174,975
Revenue offsets and other adjustments:					
5	Final notice fees				814
6	Title search fees				235
7	Application fees				-
8	Penalty revenue				937
9	Other				414
10	Total revenue offsets and other adjustments	Sch 1			2,400
11	Total	Sch 11			\$ 177,374

Line No.	Line Item Definitions:
1	Energy revenues: revenue associated with the energy charges billed.
2	Non-energy revenue: revenue associated with administration charges or customer charges (billed at a fixed amount per day or month).
3	Flow-through revenue: revenue associated with the total distribution tariff, transmission tariff, franchise fee, and local access fee charges billed to customers, on behalf of the distribution utility.
5	Final notice fees: this fee is the result of final notice prior to cut-off for nonpayment.
6	Title search fees: fees associated with the recovery of costs for land title search costs and business registries costs (used to locate owners of a premise when there is no applicant for service and the meter is registering consumption or the site is being charged idle distribution / transmission charges by the distribution company).
7	Application fees: fees charged by the provider to set up service.
8	Penalty revenue: revenue associated with the collection of late fees charged to accounts when customers do not pay their bill on time.
9	Other: includes all miscellaneous revenues that are not accounted for in another line.
10	Total revenue offsets and other adjustments: sum of lines 5 through 9.
11	Total: equal to line 4 plus line 10.

**ENMAX Energy Corporation - Regulated Rate
SITES AND ENERGY SALES BY CUSTOMER CLASS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Line No.	Description	2018		
		Residential	Commercial	Total
1	Sites - average	161,029	12,441	173,470
2	Energy sales (MWh)	949,383	371,354	1,320,737
3	Energy sales per site (KWh/site)	5,896	29,848	

Line No.	Description	2017		
		Residential	Commercial	Total
1	Sites - average	165,381	12,563	177,944
2	Energy sales (MWh)	984,339	372,191	1,356,530
3	Energy sales per site (KWh/site)	5,952	29,625	

- Line No. Line Item Definitions:
- 1 Sites - average: number of sites based on monthly average for the calendar year. A "site" is generally defined as being the finest or lowest level of consumption or usage data. A "site" generally represents a meter installation.
 - 2 Energy sales (MWh): total energy billed and accrued for the applicable customer class.
 - 3 Energy sales per site (KWh/site): line 2 multiplied by 1,000 and divided by line 1.

ENMAX Energy Corporation - Regulated Rate
ENERGY AND OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018
(\$000s)

Line No.	Description	Cross-Ref.	2018	2017	Variance higher/(lower)	Variance %
Physical spot market						
1	AESO - Energy charges		72,216	32,280	39,936	123.7%
2	AESO - Retail adjustment to market (RAM)		16	11	5	42.1%
3	AESO - Trading charges		354	463	(108)	-23.4%
4	AESO - Uplift charges		30	5	25	516.2%
5	AESO - Other		(18)	(56)	38	-68.1%
6	Physical forward market costs (outside the power pool)					
Financial forward market						
7	Net hedging cost (revenue)		10,503	9,442	1,061	11.2%
8	NGX - trading charges/auction fees		53	60	(7)	-11.2%
9	Other electricity procurement costs					
10	Total electricity procurement costs	Sch 10	<u>\$ 83,154</u>	<u>\$ 42,205</u>	<u>40,949</u>	<u>97.0%</u>
Other operating expenses (Note1)						
11	Credit costs		135	60	75	123.8%
12	Billing & customer care		8,993	9,411	(418)	-4.4%
13	Customer education and awareness		-	-		
14	Corporate and common allocations	Sch 10	2,067	1,748	319	18.2%
15	Operational and administration costs		1,296	1,192	104	8.8%
16	Bad debt		2,879	1,943	936	48.2%
17	Hearing costs	Sch 9	-	-		
18	Independent advisor costs & intervener (consultation parties) costs		104	151	(47)	-30.9%
19	Other		1	-	1	100.0%
20	Total	Sch 1	<u>\$ 98,629</u>	<u>\$ 56,710</u>	<u>41,919</u>	<u>73.9%</u>

NOTES

- Note 1 The expenses reported above should exclude regulatory disallowances, as defined on Schedule 11. Any disallowed expenses are reported on Schedule 11, column H.
- Note 2 Operational and administration costs include interest carrying costs.
- Note 3 Bad debt includes unbilled revenues/vacancies.

Line No.	Line Item Definitions:
1	AESO - Energy charges: The cost of energy (electricity) based on hourly consumption and hourly pool prices as calculated by the AESO and identified on the AESO pool statement.
2	AESO - Retail adjustment to market (RAM): charges related to a post final adjustment mechanism (PFAM) made in the settlement of load, for the collection/payment required to offset the RSA (retailer specific adjustment) as identified on the AESO pool statement.
3	AESO - Trading charges: Total trading charges applicable to power pool transactions.
4	AESO - Uplift charges: Total annual uplift charges as calculated by the AESO and identified on the AESO pool statement.
5	AESO - Other: includes all charges on the AESO pool statement not included in any other line item above.
6	Physical forward market costs (outside the power pool): Any costs associated with forward physical transactions that are settled outside the AESO power pool.
7	Net Hedging Cost (Revenue): Includes costs or revenues associated with financial contracts (contracts for difference or financial swaps) facilitated by an exchange or broker.
8	NGX - Trading charges: Any charges or fees associated with electricity contracts traded on the NGX.
9	Other electricity procurement costs: includes all other expenses directly related to the procurement of electricity. Providers are required to either file a copy of their service agreement with their related trading floor (if one exists) that details the calculation and use of the transfer price, or a detailed explanation of how the transfer price calculation and its use, especially with regard to prior period adjustments and costs recovered in the energy rate, but expensed directly by the provider.
11	Credit costs: costs associated with collateral requirements (parental guarantee, letter of credit) of trading exchanges or counterparties.
12	Billing & customer care: costs related to billing, call centre and other customer support functions.
13	Customer education and awareness: costs associated with customer education regarding rates, understanding energy and energy conservation options, and reminding customers about choice as approved by the AUC.
14	Corporate allocations: allocated corporate overhead based on AUC approved methodologies.
15	Operational and administration costs: expenses associated with the management of the RRT, including salaries, consultant fees, and travel expenses.
16	Bad debt: the amount of non-collectible accounts receivable associated with RRT billings.
17	Hearing Costs: costs associated with proceedings for RRT applications that are approved by the Commission. See Schedule 9 for more detail.
18	Independent advisor costs & intervener (consultation parties) costs: expenses related to work conducted by an independent advisor and consultation parties associated with electricity energy price setting plans.
19	Other: includes all expenses not accounted for in line items above. Please identify.

**ENMAX Energy Corporation - Regulated Rate
DEBT CAPITAL EMPLOYED AND INTEREST EXPENSE
FOR THE YEAR ENDED DECEMBER 31, 2018
(\$000s)**

2018

Line No.	Description	Series	Issue Date	Maturity Date	Coupon Rate	Principal Amount	Net Underwriting Discount/(Premium) & Expense	Total Amount	Effective Cost Rate %	Principal Outstanding at Year-End	Interest Expense
1	A				0.00%	-	-	-	0.00%	-	-
2	B				0.00%	-	-	-	0.00%	-	-
3	C				0.00%	-	-	-	0.00%	-	-
4	D				0.00%	-	-	-	0.00%	-	-
5	E				0.00%	-	-	-	0.00%	-	-
6	Long-term debt					-	-	-	0.00%	-	\$ -
7	Short-term debt										\$ 24
8											
9											Less: interest related to non-regulatory
10											Less: regulatory interest cost disallowance
11											Total interest expense Sch 1 \$ 24

2017

Line No.	Description	Series	Issue Date	Maturity Date	Coupon Rate	Principal Amount	Net Underwriting Discount/(Premium) & Expense	Total Amount	Effective Cost Rate %	Principal Outstanding at Year-End	Interest Expense
1	A				0.00%	-	-	-	0.00%	-	-
2	B				0.00%	-	-	-	0.00%	-	-
3	C				0.00%	-	-	-	0.00%	-	-
4	D				0.00%	-	-	-	0.00%	-	-
5	E				0.00%	-	-	-	0.00%	-	-
6	Long-term debt					-	-	-	0.00%	-	\$ -
7	Short-term debt										\$ 26
8											
9											Less: interest related to non-regulatory
10											Less: regulatory interest cost disallowance
11											Total interest expense Sch 1 \$ 26

**ENMAX Energy Corporation - Regulated Rate
INCOME TAX/PAYMENT IN LIEU OF TAXES (PILOT)
FOR THE YEAR ENDED DECEMBER 31, 2018
(\$000s)**

Line No.	Description	Cross-Ref.	2018	2017	Variance Higher/(lower)	Variance %
1	Energy Sales (MWh)	Sch 3	1,320,737	1,356,530	(35,793)	-2.6%
2	Average tax per MWh		0.90	0.90	(0)	-0.1%
3	Tax on Energy Margin		<u>\$ 1,187</u>	<u>\$ 1,221</u>	(33)	-2.7%
4	Non-Energy Margin	Sch 2	12,266	11,973	292	2.4%
5	Average tax per MWh		<u>-</u>	<u>-</u>	0	0.0%
6	Tax on Non-Energy Margin		<u>\$ -</u>	<u>\$ -</u>	0	0.0%
7	Income tax/PILOT	Sch 1	<u><u>\$ 1,187</u></u>	<u><u>\$ 1,221</u></u>	(33)	-2.7%
	Tax rates:					
	Federal		15%	15%		
	Provincial		<u>12%</u>	<u>12%</u>		
	Combined		<u>27%</u>	<u>27%</u>		

- Line No. Line Item Definitions:
- 1 Energy sales per Schedule 3
 - 2 Average tax per MWh as per the EPSP
 - 6 0% margin on non-energy in 2018 per Decision 21646-D01-2016 Non-Energy Application, paragraph 9, direction 18.

ENMAX Energy Corporation - Regulated Rate
CAPITAL ASSETS CONTINUITY SCHEDULE
 FOR THE YEAR ENDED DECEMBER 31, 2018
 (\$000s)

CAPITAL ASSETS

Line No.	Property Group	Cross-Ref.	Balance at 12/31/2017	2018 Additions	2018 Retirements	2018 Transfers	2018 Adjustments	Balance at 12/31/2018
1	Office furniture and equipment							
2	Computer equipment							-
3	Software							-
4	Other (Note 1)		3,500					3,500
5	Subtotal		3,500	-	-	-	-	\$ 3,500
6	Capital work in progress / Assets under construction							
7	Total		3,500	-	-	-	-	\$ 3,500

ACCUMULATED DEPRECIATION

Line No.	Property Group	Cross-Ref.	Balance at 12/31/2017	Depreciation Expense	2018 Retirements	2018 Transfers	2018 Adjustments	Balance at 12/31/2018
8	Office furniture and equipment							-
9	Computer equipment							-
10	Software							-
11	Other (Note 1)		3,327	173				3,500
12	Total	Sch1	3,327	173	-	-	-	\$ 3,500
13	Depreciation / amortization adjustment							
14	Total depreciation and amortization expense	Sch 11		<u>173</u>				<u>\$ (0)</u>

NOTES

Note 1 Capital asset and depreciation are as per Decision 2011-458.

No. Line Item Definitions:

- 1-5 Asset classifications are not universally defined for RRT providers. Each provider is to include additional asset classification line items to those shown above as deemed
- 6 Capital work in progress / Assets under construction: the balance of expenditures recorded for capital projects that are still in progress at year end.
- 8-12 Accumulated depreciation reported by asset classifications as reported under capital assets. Depreciation expense also appears on Schedule 1 and 11.
- 13 This line is to account for any necessary adjustments to reconcile line 14 to line 7 on schedule 1. If adjustments are made, an explanation should be provided as to the nature of the adjustments.
- 14 The total depreciation & amortization amount is the result of the total on line 12 less any adjustment entered on line 13.

ENMAX Energy Corporation - Regulated Rate
MANPOWER SUMMARY
FOR THE YEAR ENDED DECEMBER 31, 2018
(\$000s)

COST OF MANPOWER

Line No.	Description	2018	2017	Variance higher/(lower)	Variance %
1	Salaries and wages	667	558	108	19.4%
2	Employee benefits	84	71	13	18.3%
3	Contracted labour				
4	Gross manpower expenses	<u>751</u>	<u>630</u>	<u>121</u>	<u>19.3%</u>
5	Less: Capitalized manpower	-	-		
6	Less: Other reductions in manpower (specify)	-	-		
7	Net manpower operating expense	<u>\$ 751</u>	<u>\$ 630</u>	<u>121</u>	<u>19.3%</u>

FULL TIME EQUIVALENTS (FTE'S)

Line No.	Description	2018	2017	Variance higher/(lower)	Variance %
8	Regular employees - gross	3.80	3.22	1	18.0%
9	Temporary employees - gross				
10	Contract staff - gross				
11	Gross FTE's	<u>3.80</u>	<u>3.22</u>	<u>1</u>	<u>18.0%</u>
12	Less: Capitalized manpower				
13	Less: Other reductions in manpower (specify)				
14	Net operating FTE's	<u>3.80</u>	<u>3.22</u>	<u>1</u>	<u>18.0%</u>

Line

No.

Line Item Definitions

- 1 Salaries and wages: the total amount of salaries and wages (full time, temporary and casual employment) charged to the provider. This value does not include the cost of salaries and wages embedded in corporate costs allocated to the provider for the provision of services.
- 2 Employee benefits: the total amount of employee benefits in addition to the total salaries and wages charged to the RRT business in line 1.
- 3 Contracted labour: the total amount of contracted labour charged to the RRT business. Where contractor charges include both materials and labour, only the labour component of the charges shall be included in this line.
- 5 Capitalized manpower: the total amount of salaries, wages, benefits and contracted labour charges in lines 1, 2 and 3 that were capitalized.
- 6 Other reductions in manpower: to be used if there are reductions to the gross manpower expenses not accounted for under capitalized manpower (line 5).
- 8 Regular employees - gross: the number of full time equivalent (FTE) positions related to the salaries and wages of regular (permanent) employees (either full or part-time) in line 1 above.
- 9 Temporary employees - gross: the number of FTE positions related to the salaries and wages of temporary employees in line 1 above.
- 10 Contract staff - gross: is the number of FTE positions related to the contracted labour expense in line 3 above.
- 12 Capitalized manpower: is the number of FTE positions related to the total amount of salaries, wages, benefits and contracted labour charges capitalized in line 5.
- 13 Other reductions in manpower: to be used if there are reductions to the gross FTE's not accounted for under capitalized manpower (line 12).

**ENMAX Energy Corporation - Regulated Rate
RESERVE ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(\$000s)**

Line No.	Description	Cross-Ref.	Balance at 12/31/2017 (Note 1)	Costs incurred	Recovery through Rates (Note 2)	Balance at 12/31/2018 (Note 1)
1	AUC administration fee	Sch 4	106	0	0	106
2	Hearing costs	Sch 4	(336)	58	0	(278)
3						
4	Total		(229)	58	0	(172)

NOTES

Note 1 Positive balance indicates a receivable; negative balance indicates a liability.

Note 2 The corresponding expense on Schedule 4 will be positive.

- Line No. Line Item Definitions:
- 1 AUC administration fee: a fee sufficient to pay for the Commission's estimated net expenditures associated with carrying out its powers, duties and functions as assessed by the AUC under Rule 025.
 - 2 Hearing costs: costs associated with proceedings for RRT applications that are approved by the Commission.
 - 3 Providers are to add line items for any additional reserve accounts as approved by the AUC.

ENMAX Energy Corporation - Regulated Rate
AFFILIATE TRANSACTIONS
 FOR THE YEAR ENDED DECEMBER 31, 2018
 (\$000s)

Line No.	Affiliate name	Nature of Service	Cross-Ref.	2018 Net	2018 Revenue	2018 Expense	2017 Net	Variance Higher/(lower)	Variance %
1	ENMAX Corporation	Corporate and common allocations	Sch 4	2,067		2,067	1,748	319	18.2%
2	ENMAX Power Corporation	WSP service fees	Sch 11	1,406		1,406	1,672	(266)	-15.9%
3	ENMAX Power Corporation	Grid charges	Sch 11	128,264		128,264	110,754	17,509	15.8%
4	ENMAX Corporation	Interest	Sch. 2 Sch. 5	24	(0)	24	(785)	808	-103.0%
5	ENMAX Encompass	Billing & customer care	Sch 4	8,993		8,993	9,411	(418)	-4.4%
6	Total			\$ 140,753	\$ (0)	\$ 140,753	\$ 122,801	17,952	14.6%

Line

No. Line Item Definitions:

1-6 Services between interaffiliates are not universally defined. Providers are to add line items for any additional transactions with an affiliate.

Column definitions:

2018 Net: sum of 2018 revenue and 2018 expense columns.

2018 Revenue: affiliate transactions that are recorded as a revenue to the RRT provider.

2018 Expense: affiliate transactions that are recorded as an expense to the RRT provider.

2018 Net: sum of prior year interaffiliate transactions (may be a credit or debit).

ENMAX Energy Corporation - Regulated Rate
RECONCILIATION OF REGULATORY SCHEDULES TO UNAUDITED INCOME STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2018
(\$000s)

Line No.	Description	Cross-Reference	2018 Income Statement	Regulatory Adjustments	Regulatory Cost Disallowances	RRT Portion
1	Revenues		\$ 234,271			234,271
2	Adjustment for revenue not associated with RRT operations or disallowed				46	46
3	Regulatory Decision per AUC direction in 2011-458			173		173
4	Other adjustments					
5	Adjustment to billing & admin revenue due to one time charge related to bad debt in 2017			(423)		(423)
6	Adjustment to Billing & admin revenue due to increased billing & customer care cost			(590)		(590)
7	Total	Sch 2	\$ 234,271	\$ (840)	\$ 46	233,476
8	Expenses		\$ 228,749			
9	Energy and operating expenses	Sch 4				98,629
10	Flow through expenses	Sch 1				129,670
11	Adjustment for expenses not associated with RRT or disallowed				(\$91)	
12	Other adjustments					
13	Adjustment to include interest carrying cost			231		
14	Adjustment to Billing & customer care cost			(590)		
15	Total		\$ 228,749	\$ (360)	\$ (91)	228,299
16	Depreciation and amortization	Sch 7		173		173
17	Interest expense	Sch 5	\$ 24			24
18	Income before tax		\$ 5,498			\$ 4,980
19	Income tax	Sch 6	\$ 1,187			1,187
20	Net income	Sch 1	\$ 4,310	\$ (654)	\$ 136	\$ 3,792

NOTES:

Providers are to add line items for any additional adjusting entries if not listed here.

Column definitions:

Regulatory cost disallowances: are those costs incurred by a regulated rate tariff provider in the course of business, but either the Commission in a rate setting decision specifically disallowed the inclusion of those costs, or an AUC rule specifically disallows the recovery of the costs from customers. The following list provides examples of costs which may be disallowed and as a consequence could be considered a regulatory cost disallowance:

- Charitable or political donations.
- Legal and consulting costs in excess of Commission scale in Rule 022.
- Advertising costs other than safety or customer education.
- Long and medium term incentive plan costs.
- Corporate allocations in excess of those specifically allowed by the Commission in the approved forecast.
- Depreciation, amortization or other expenses related to capital costs disallowed in rate base.
- Interest expense related to a difference between actual and approved interest rates on debt.

Note: there is no regulatory cost disallowance when a provider's approved forecast is less than its applied for forecast, and the Commission did not direct specific costs be excluded. In this case the total costs incurred to provide the regulated service should be reported even if the actual costs incurred exceeds the approved forecast costs.

ENMAX Energy Corporation - Regulated Rate
RECONCILIATION OF REGULATORY SCHEDULES TO AUDITED INCOME STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2018

2018 vs. 2017 Variance Explanations

Schedule	Line	Description	Variance \$000's	Variance %	Variance Explanation
Sch.1	1	Revenues	55,967	32%	Revenues increased \$56.0 million in 2018 relative to 2017 primarily due to increased energy rates and increased flow-through revenues from increased grid charges partially offset by decreased energy usage and site counts.
Sch.1	4	Energy and operating expenses	41,919	74%	Energy and operating expenses increased \$41.9 million in 2018 relative to 2017 due to an increase of AESO energy charges primarily driven by increased pool prices.
Sch.1	8	Flow-through expenses	17,243	15%	Flow-through expenses increased \$17.2 million in 2018 relative to 2017 primarily due to increased grid charges.
Sch.1	11	Regulatory net income/(loss)	(2,782)	-42%	Regulatory net income/(loss) decreased \$2.8 million in 2018 relative to 2017 due to an increase in total expenses of \$58.9 million partially offset by a \$56.1 million increase in total revenue.
Sch.1	13	Regulatory adjustments	(530)	100%	Regulatory adjustments decreased \$0.5 million in 2018 relative to 2017 primarily due to a one-time charge for bad debt.
Sch.2	1	Energy revenue	38,444	76%	Energy revenue increased \$38.4 million in 2018 relative to 2017 primarily due to increased energy rates partially offset by decreased energy usage.
Sch.2	3	Flow-through revenue	17,230	15%	Flow-through revenue increased \$17.2 million in 2018 relative to 2017 primarily due to increased wires charges.
Sch.2	5	Final notice fees	130	16%	Final notice fees increased \$0.1 million in 2018 relative to 2017 due to a 16% increase in the number of final notices issued by ENMAX Energy to RRO customers.
Sch.2	8	Penalty revenue	298	32%	Penalty revenue increased \$0.3 million in 2018 relative to 2017 primarily due to an increase in the number of occurrences for late payment charges and the amount of the late payment charges.
Sch.2	9	Other	(252)	-61%	Other revenue decreased \$0.3 million in 2018 relative to 2017 primarily due to an SAP billing system project being fully amortized in 2018 partially offset by the removal of internal interest income in 2018.
Sch.4	1	AESO - Energy charges	39,936	124%	AESO energy charges increased \$39.9 million in 2018 relative to 2017 primarily due to an increase in average pool prices.
Sch.4	7	Net hedging cost (revenue)	1,061	11%	Net hedging cost (revenue) increased \$1.1 million in 2018 relative to 2017 primarily due to an increase in procurement costs and an increase in AESO energy charges driven by increased average pool prices.
Sch.4	14	Corporate and common allocations	319	18%	Corporate and common allocation costs increased \$0.3 million in 2018 relative to 2017 primarily driven by increased labour costs.
Sch.4	16	Bad debt	936	48%	Bad debt increased \$0.9 million in 2018 relative to 2017 primarily due to complying with IFRS 9. To comply with IFRS 9, the RRO was required to change its impairment methodology for accounts receivables resulting in a one time credit loss allowance increase of \$0.6 million. In addition, bad debt increased in 2018 due to an increase in number of customers defaulting on their payments.
Sch.6	1	Energy Sales (MWh)	(35,793)	-3%	Energy Sales decreased 35.8 GWh in 2018 relative to 2017 primarily due to reduced site counts for residential and commercial customers as well as reduced use-per-customer for residential customers, partially offset by increased use-per-customer for commercial customers.
Sch.10	1	Corporate and common allocations	319	18%	Corporate and common allocation costs increased \$0.3 million in 2018 relative to 2017 primarily driven by increased labour costs.
Sch.10	2	WSP service fees	(266)	-16%	WSP service fees decreased \$0.3 million in 2018 relative to 2017 due to a reduction in the number of service orders.
Sch.10	3	Grid charges	17,509	16%	Grid charges increased \$17.5 million in 2018 relative to 2017 primarily due to the implementation of 2018 PBR D rates from 2017 Interim PBR DAS rates and an overall increase in rider charges throughout 2018.
Sch.10	4	Interest	808	-103%	Interest increased \$0.8 million in 2018 relative to 2017 due to the removal of internal interest income and a reduction in utility deposit interest in 2018.

NOTES:

⁽¹⁾ Calgary Regulated Rate Provider figures are embedded in ENMAX Corporation's Audited Financial Statements.



**Calgary Regulated Rate Provider
Income Statement**

December 31, 2018

(Unaudited, in thousands of dollars)⁽¹⁾

Commodity Revenue

Electricity Sales-Commodity	89,068
Electricity Sales-Grid Charges	129,608
Other Electricity Sales	13,222
Electricity Sales	231,898

Commodity Costs

PPA Operating Costs	-
Power Pool Purchases	-
Grid Charges	129,670
Other Electricity Costs	83,154
Electricity Costs	212,824

Electricity Margin

	19,073
Internal Interest Income	-
Penalties and Interest Revenue	2,373
Net Miscellaneous Revenue	2,373

Operating Margin

	21,447
OM&A	
Operations, Maintenance, Admin	323
Bad Debt Expense	2,879
Gross OM&A	3,202

Internal Charges	80
Total Labour Charge In and Out	788
Total Recoveries & Charges	868

Net OM&A

	4,070
Foreign Exchange Gains or Losses	1

Operating Earnings

	17,375
Shared Billing and Customer Care Allocation	8,481
EPC Common Costs	528
ENMAX Shared Services OM&A	1,538
ENMAX Shared Services Revenue	(13)
Corp Shared Service Costs	1,525

EBITDA

	6,841
Net Amortization	1,265
Interest Expense - External Debt	24
ENMAX Shared Services Interest	43
EPC Common Services Interest	12
Interest	79

Net Earnings Before Income Tax

	5,498
PILOT Tax	1,187

Net Earnings

	4,310
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Notes:

⁽¹⁾ Calgary Regulated Rate Provider figures are embedded in ENMAX Corporation's Audited Financial Statements.