

TransAlta Corporation, as Manager of the TransAlta Generation Partnership  
Transmission Function  
Report of Finances and Operations  
For the Year Ended December 31, 2019

April 30, 2020

**TransAlta Corporation, as Manager of the TransAlta Generation Partnership**  
**SUMMARY OF REVENUE REQUIREMENT**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
(\$000s)

Line No.	Description	Cross-Reference	2019 Actual	2018 Actual	Var. Actual to Prior Year	Var. %	Working Paper Reference
1	Return on Rate Base	Sch 2	2,512	2,677	(165)	-6.1%	
2	Operating and Maintenance	Sch 3	2,746	2,574	172	6.7%	
3	Depreciation and Amortization	Sch 4	1,664	1,605	59	3.6%	
4	Utility Income Tax	Sch 5	0	0	0	0.0%	
5	Subtotal		6,922	6,856	66	1.0%	
6	Revenue Offsets		0	0	0	0.0%	
7	<b>Total Revenue Requirement</b>	Sch 10	6,922	6,856	66	1.0%	
<u>Detailed Revenue Requirement</u>							
8	Distribution Tariff Revenue		0	0	0	0.0%	
9	Transmission Tariff Revenue		6,922	6,856	66	1.0%	
10	Retail Tariff Revenue		0	0	0	0.0%	
11	Other Revenue		0	0	0	0.0%	
12	<b>Total Revenue Requirement</b>		6,922	6,856	66	1.0%	

Totals may not add due to rounding

**TransAlta Corporation, as Manager of the TransAlta Generation Partnership**  
**SUMMARY OF RETURN ON RATE BASE**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
 (\$000s)

**2019 Actual**

Line No.	Description	Cross-Reference	Mid-Year Capital	Ratio	Prorated Rate Base	Cost Rate %	Return \$	Var. Actual to Approved	Var. %	Working Paper Reference
1	Long-Term Debt	Sch 2.2	32,200	63%	32,200	4.00%	1,289			
2	Preferred Shares	Sch 2.2	-		-					
3	Common Equity	Sch 2.2	18,911	37%	18,911	6.47%	1,223			
4	<b>Mid-Year Invested Capital</b>	Sch 2.1	<u>51,111</u>	<u>100%</u>	<u>51,111</u>	<u>4.92%</u>				
5	<b>Return on Mid-Year Rate Capital</b>	Sch 1					<u>2,512</u>			

**2019 Approved**

Line No.	Description	Cross Reference	Mid Year Capital	Deemed Structure	Prorated Rate Base	Cost Rate %	Return \$
6	Long-Term Debt	Sch 2.2	-		-		-
7	Preferred Shares	Sch 2.2	-		-		-
8	Common Equity	Sch 2.2	-		-		-
9	<b>Mid-Year Invested Capital</b>	Sch 2.1	<u>-</u>		<u>-</u>		
10	<b>Return on Mid-Year Rate Capital</b>	Sch 1					<u>-</u>

Totals may not add due to rounding

**TransAlta Corporation, as Manager of the TransAlta Generation Partnership**  
**SUMMARY OF MID-YEAR RATE BASE**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
(\$000s)

Line No.	Description	Cross-Reference	2019 Actual	2018 Actual	Var. Actual to Prior Year	Var. %	Working Paper Reference
	<u>Gross Utility Plant in Service</u>						
1	Opening Balance		65,194	63,265	1,929	3.0%	
2	Closing Balance	Sch 11	71,686	65,194	6,492	10.0%	
3	<b>Mid-Year Gross Utility Plant in Service</b>		<u>68,440</u>	<u>64,230</u>	<u>4,211</u>	6.6%	
	<u>Accumulated Depreciation - Utility</u>						
4	Opening Balance		(18,655)	(17,226)	(1,429)	-8.3%	
5	Closing Balance	Sch 11	(16,885)	(18,655)	1,770	9.5%	
6	<b>Mid-Year Accumulated Depreciation - Utility</b>		<u>(17,770)</u>	<u>(17,940)</u>	<u>170</u>	0.9%	
	<u>Contributions in Aid of Construction</u>						
7	Opening Balance		(66)	(66)			
8	Closing Balance	Sch 11	(66)	(66)			
9	<b>Mid-Year Utility Contributions in Aid of Construction</b>		<u>(66)</u>	<u>(66)</u>	<u>-</u>		
	<u>Amortization of Contributions</u>						
10	Opening Balance		23	22	2		
11	Closing Balance	Sch 11	25	23	2		
12	<b>Mid-Year Utility Amortization of Contributions</b>		<u>24</u>	<u>23</u>	<u>2</u>		
13	<b>Mid-Year Net Utility Plant in Service</b>		<u>50,628</u>	<u>46,245</u>	<u>4,382</u>	9.5%	
	<u>Mid Year No Cost Capital</u>						
14	Opening Balance		-	-	-		
15	Closing Balance		9	-	9		
16	<b>Mid Year No Cost Capital</b>		<u>5</u>	<u>-</u>	<u>5</u>		
17							
18	Necessary Working Capital		478	465	13	2.8%	
19	<b>Mid-Year Net Rate Base (Capital Invested)</b>	Sch 2	<u>51,111</u>	<u>46,711</u>	<u>4,400</u>	9.4%	

**TransAlta Corporation, as Manager of the TransAlta Generation Partnership**  
**SUMMARY OF MID-YEAR CAPITAL STRUCTURE**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
(\$000s)

Line No.	Description	Cross-Reference	Current Year-End	Previous Year-End	Actual Mid-Year Capital	Approved Mid-Year Capital	Var. Actual to Approved	Var. %	Working Paper Reference
1	Long-Term Debt	Sch 2.3	34,805	29,586	32,200				
2	Preferred Shares	Sch 2.4	-	-	-				
3	Common Equity		20,441	17,376	18,911				
4	<b>Total Mid-Year Invested Capital</b>		<u>55,247</u>	<u>46,961</u>	<u>51,111</u>				

See Schedule 2.1 for variance explanations.

Totals may not add due to rounding

**TransAlta Corporation, as Manager of the TransAlta Generation Partnership**  
**SCHEDULE OF DEBT CAPITAL EMPLOYED**  
 FOR THE YEAR ENDED DECEMBER 31, 2019  
 (\$000s)

**2019 Actual**

Line No.	Cross-Reference	Description	Series	Issue Date	Maturity Date	Coupon Rate	Transmission Underwriting		Total Amount	Effective Cost Rate %	Principal		Average Embedded Cost Rate	Variance Actual to Approved	Var. %	Working Paper Reference
							Principal Amount	Discount & Expense			Outstanding at Year-End	Carrying Cost				
1	Sch 2.2	Current Period-End Balance									34,805	1,394	4.00%	n/a	n/a	
2	Sch 2.2	Prior Year-End Balance									29,586	1,185	4.00%	n/a	n/a	
3	Sch 2.2	<b>Mid-Period Balance</b>									<u>32,200</u>	<u>1,289</u>	<u>4.00%</u>	n/a	n/a	

**2019 Approved**

Line No.	Cross-Reference	Description	Series	Issue Date	Maturity Date	Coupon Rate	Principal Amount	Underwriting		Total Amount	Effective Cost Rate %	Principal Outstanding at Year-End	Carrying Cost	Average Embedded Cost Rate	
								Discount & Expense							
1		A													
2		B													
3		C													
4		D													
5		E													
6		F													
<div style="border: 1px solid black; background-color: #cccccc; padding: 10px; width: fit-content; margin: 0 auto;">                     TransAlta adopted AltaLink's cost factors                 </div>															
7	Sch 2.2	Current Year-End Balance													
8	Sch 2.2	Prior Year-End Balance													
9	Sch 2.2	<b>Mid-Year Balance</b>													

Totals may not add due to rounding

**TransAlta Corporation, as Manager of the TransAlta Generation Partnership**  
**SCHEDULE OF PREFERRED SHARE CAPITAL EMPLOYED**  
 FOR THE YEAR ENDED DECEMBER 31, 2019  
 (\$000s)

**2019 Actual**

Line No.	Cross-Reference	Series	Issue Date	Dividend Rate	Stated Value of Issue	Underwriting Discount & Expense	Net Proceeds Outstanding	Carrying Cost of Issue	Average Embedded Cost Rate	Variance Actual to Approved	Var. %	Working Paper Reference
1		A		0.00%	0	0	0	0		0	0%	
2		B		0.00%	0	0	0	0		0	0%	
3		C		0.00%	0	0	0	0		0	0%	
4		D		0.00%	0	0	0	0		0	0%	
5	Sch 2.2	Current Year-End Balance			<u>0</u>	<u>0</u>	0	0	0.00%	0	0%	
6	Sch 2.2	Prior Year-End Balance					0	0	0.00%	0	0%	
7	Sch 2.2	<b>Mid-Year Balance</b>			<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.00%</u>	<u>0</u>	<u>0%</u>	

**2019 Approved**

Line No.	Cross-Reference	Series	Issue Date	Dividend Rate	Stated Value of Issue	Underwriting Discount & Expense	Net Proceeds Outstanding	Carrying Cost of Issue	Average Embedded Cost Rate
1		A		0.00%	0	0	0	0	
2		B		0.00%	0	0	0	0	
3		C		0.00%	0	0	0	0	
4		D		0.00%	0	0	0	0	
5	Sch 2.2	Current Year-End Balance			<u>0</u>	<u>0</u>	0	0	0.00%
6	Sch 2.2	Prior Year-End Balance					0	0	0.00%
7	Sch 2.2	<b>Mid-Year Balance</b>			<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.00%</u>

**TransAlta Corporation, as Manager of the TransAlta Generation Partnership**  
**SUMMARY OF OPERATING AND MAINTENANCE EXPENSE**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
**(\$000s)**

Line No.	Description	Cross-Reference	2019 Actual	2018 Actual	Var. Actual to Prior Year	Var. %	Working Paper Reference	
<b>Direct Operation and Maintenance</b>								
1	560	Supervision & Engineering		Sch 8	405	330	75	23%
2	566	O & M Misc Transmission		Sch 8	522	453	70	15%
3	567	Right of way payments			607	607	-	0%
4		<b>Total</b>			<u>1,535</u>	<u>1,390</u>	<u>145</u>	
<b>Administrative and General expenses</b>								
5	920	Administrative and General Salaries			298	312	(14)	-4%
6	921	Administration Corporate			88	92	(4)	-4%
7	923	Outside service employed			4	57	(53)	-93%
8	924	Insurance Premiums			4	3	1	26%
9	925	Injuries and damages			-	-	-	
10	928	Commission expenses			9	-	9	
11	930.2	Miscellaneous General Expenses			297	297	(1)	0%
12		<b>Total</b>			<u>701</u>	<u>762</u>	<u>(61)</u>	
<b>Taxes Other Than Income</b>								
13	408.1	Trans. Linear Property Tax			511	422	88	21%
14	<b>Total Utility Operating and Maintenance Costs</b>			Sch 1	<u><u>2,746</u></u>	<u><u>2,574</u></u>	<u><u>172</u></u>	

Totals may not add due to rounding



**TransAlta Corporation, as Manager of the TransAlta Generation Partnership**  
**SUMMARY OF DEPRECIATION EXPENSE**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
(\$000s)

Line No.	USA	Description	Cross-Reference	2019 Actual	2018 Actual	Var. Actual to Prior Year	Var. %	Working Paper Reference
1	350.1	Land rights		19	19	(0)	-1%	
2	353.1	System communication & control		103	95	8	8%	
3	353	Station equipment		349	347	2	0%	
4	354	Towers and fixtures		93	92	1	1%	
5	354.01	Towers and fixtures		251	251	0	-	
6	355	Poles and fixtures		364	322	42	13%	
7	356	Overhead conductors and devices		487	481	6	1%	
8		Amortization of Customer Contributions		(2)	(2)	-	0%	
9		<b>Total Utility Depreciation Expense</b>	Sch 1	<u>1,664</u>	<u>1,605</u>	<u>59</u>	4%	

Totals may not add due to rounding

**TransAlta Corporation, as Manager of the TransAlta Generation Partnership**  
**CAPITAL ASSETS CONTINUITY SCHEDULE**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
(\$000s)

**CAPITAL ASSETS**

Line No.	USA	Property Group	Cross-Reference	Balance at 12/31/2018	2019 Additions	2019 Retirements	2019 Transfers	2019 Adjustments	2019 AFUDC	Balance at 12/31/2018	Working Paper Reference
1	350.1	Land rights		1,054	-	-	-	-	-	1,054	
2	353.1	System communication & control		2,241	-	-	-	-	-	2,241	
3	353	Station equipment		10,966	633	-	-	-	-	11,599	
4	354	Towers and fixtures		4,776	2,680	-	-	-	-	7,456	
5	354.01	Towers and fixtures		11,407	-	-	-	-	-	11,407	
6	355	Poles and fixtures		9,796	901	-	-	-	-	10,697	
7	356	Overhead conductors and devices		24,953	2,395	(118)	-	-	-	27,230	
8		<b>Subtotal</b>		65,194	6,609	(118)	-	-	-	71,686	
9		Customer Contributions		(66)	-	-	-	-	-	(66)	
10		<b>Subtotal</b>		65,128	6,609	(118)	-	-	-	71,620	
11		Capital Work in Progress (CWIP)	Sch 4.2	-	- <sup>1</sup>	-	-	-	-	-	
12		<b>Total Utility</b>	Sch 2.1	65,128	6,609	(118)	-	-	-	71,620	

**ACCUMULATED DEPRECIATION**

Line No.	USA	Property Group	Cross-Reference	Balance at 12/31/2018	Depreciation Provision	2019 Retirements	2019 Transfers	2019 Adjustments	2019 AFUDC	Balance at 12/31/2018	Working Paper Reference
1	350.1	Land rights		(840)	(19)	-	-	-	-	(859)	
2	353.1	System communication & control		(854)	(103)	-	-	-	-	(957)	
3	353	Station equipment		(5,689)	(349)	-	-	-	-	(6,038)	
4	354	Towers and fixtures		(4,955)	(93)	-	-	-	-	(5,048)	
5	354.01	Towers and fixtures		(517)	(251)	-	-	-	-	(768)	
6	355	Poles and fixtures		313	(364)	-	-	-	-	(51)	
7	356	Overhead conductors and devices		(8,605)	(487)	118	-	-	-	(8,975)	
8	108	Salvage (FC: 105,106,109,9999)		2,492	-	3,318	-	-	-	5,810	
9		<b>Subtotal</b>		(18,655)	(1,666)	3,435	-	-	-	(16,885)	
10		Customer Contributions		23	2	-	-	-	-	25	
11		<b>Subtotal</b>		(18,632)	(1,664)	-	-	-	-	(16,860)	
12		Capital Work in Progress (CWIP)		-	-	-	-	-	-	-	
13		<b>Total Utility</b>	Sch 2.1	(18,632)	(1,664)	3,435	-	-	-	(16,860)	

<sup>1</sup> This amount does not represent an addition to Capital Assets. Rather, it is the net increase (decrease) in the CWIP balance as detailed on Schedule 4.2.

Totals may not add due to rounding

**TransAlta Corporation, as Manager of the TransAlta Generation Partnership**  
**SUMMARY OF CAPITAL ADDITIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
 (\$000s)

Line No.	Description	Cross-Reference	2019 Actual				2018 Actual				Var. Actual to Prior Year	Var. %	Working Paper Reference	
			Opening CWIP Balance	Cap Expend	Cap Adds	AFUDC	Closing CWIP Balance	Opening CWIP Balance	Cap Expend	Cap Adds				AFUDC
	<u>Capital Maintenance</u>													
1	240kV 902L Line Structures 50 & 51 Replacement		-	4,492	4,492	-	-	-	-	-	-	4,492		
2	69 kV 225L Line Complete Rebuild		-	1,041	1,041	-	-	-	644	644	-	397		
3	Other Capital Maintenance		-	1,076	1,076	-	-	-	1,249	1,249	-	(173)		
4	Subtotal		-	6,609	6,609	-	-	-	1,893	1,893	-	4,716	249%	
5														
	<u>AESO Direct Assignments</u>													
7	Edmonton Region Upgrades		-	-	-	-	-	-	36	36	-	(36)		
8														
9	<b>Total Capital Additions</b>	Sch 4.1	-	6,609	6,609	-	-	-	1,929	1,929	-	4,680	243%	

Totals may not add due to rounding

**TransAlta Corporation, as Manager of the TransAlta Generation Partnership**  
**SUMMARY OF UTILITY INCOME TAX**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
 (\$000s)

Line No.	Description	Cross-Reference	2019 Actual	2018 Actual	Var. Actual to Prior Year	Var. %	Working Paper Reference
1	<u>Current Tax</u>						
2	Federal Income Tax						
3	Federal Taxable Income		-	-	-		
4	Income Tax Rate		15.00%	15.00%	0.00%	0%	
5	<b>Total Federal Income Tax</b>		-	-	-		
6	Provincial Income Tax						
10	Provincial Taxable Income		-	-	-		
11	Income Tax Rate**		12.00%	12.00%	0.00%	0%	
12	<b>Total Provincial Income Tax</b>		-	-	-		
13	<b>Total Current Tax</b>		-	-	-		
14	<u>Future Tax</u>						
15	Temporary Differences		-	-	-		
16	Income Tax Rate		-	-	-		
17			-	-	-		
18	Other		-	-	-		
19	<b>Total Future Tax</b>		-	-	-		
20	<u>Other Items</u>						
21	Large Corporations Tax		-	-	-		
22	Preferred Dividend Tax		-	-	-		
23	Total Income Tax deferred from prior year		-	-	-		
24	Total Income Tax deferred to following year		-	-	-		
25	<b>Total Other Items</b>		-	-	-		
26	<b>Total Utility Income Tax</b>	Sch 1	-	-	-		

Totals may not add due to rounding

**TransAlta Corporation, as Manager of the TransAlta Generation Partnership**  
**SUMMARY OF CUSTOMERS, ENERGY AND REVENUE**  
 FOR THE YEAR ENDED DECEMBER 31, 2019

Line No.	Description	Cross-Ref.	2019 Actual	2019 Approved	2018 Actual	Var. Actual to Approved	Var. %	Var. Actual to Prior Year	Var. %	Working Paper Reference	
	<u>Residential</u>										
1	Customers - Average										
2	Energy Sales (MWh)										
3	Revenue (\$000s)										
4	kWh per Customer										
5	Cents/kWh										
	<u>Commercial</u>										
6	Customers - Average										
7	Energy Sales (MWh)										
8	Revenue (\$000s)										
9	kWh per Customer										
10	Cents/kWh										
	<u>Industrial</u>										
11	Customers - Average										
12	Energy Sales (MWh)										
13	Revenue (\$000s)										
14	Cents/kWh										
	<u>R.E.A. Farm</u>										
15	Customers - Average										
16	Energy Sales (MWh)										
17	Revenue (\$000s)										
18	kWh per Customer										
19	Cents/kWh										
	<u>Company Rural Farm</u>										
20	Customers - Average										
21	Energy Sales (MWh)										
22	Revenue (\$000s)										
23	kWh per Customer										
24	Cents/kWh										
	<u>Street &amp; Space Lights</u>										
25	Energy Sales (MWh)										
26	Revenue (\$000s)										
27	Cents/kWh										
28	Other Revenues/Adjustments										
29	<b>Total Utility Revenue (\$000s)</b>	Sch 1	-	-	-	-	-	-	-		

NOT APPLICABLE TO TRANSALTA

**TransAlta Corporation, as Manager of the TransAlta Generation Partnership**  
**EXPLANATION OF TRANSACTIONS WITH AFFILIATED COMPANIES**  
 FOR THE YEAR ENDED DECEMBER 31, 2019  
 (\$000s)

**2019 Actual**

Line No.	Affiliate	Nature of Service	Cross-Ref.	Amount	Transactions In To XYZ	Transactions Out From XYZ	Var. Actual to Forecast	Var. %	Working Paper Reference
1									
2									
3									
4									
5									
6									
7									
8									
10									
11									
12									

NOT APPLICABLE TO TRANSALTA

**2019 Approved**

Line No.	Affiliate	Nature of Service	Cross-Ref.	Amount	Transactions In To XYZ	Transactions Out From XYZ
1						
2						
3						
4						
5						

**TransAlta Corporation, as Manager of the TransAlta Generation Partnership**  
**SUMMARY OF PAYROLL AND MANPOWER STATISTICS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
 (\$000s)

**SALARIES, WAGES AND EMPLOYEE BENEFITS**

Line No.	Description	Cross-Reference	2019 Actual	2018 Actual	Var. Actual to Prior Year	Var. %	Working Paper Reference
	<u>Gross Salaries and Wages</u>						
1	Transmission Operations		451	404	47	12%	
2	<b>Salaries and Wages Charged to Utility Operations:</b>	Sch 3	451	404	47		
	<u>Gross Employee Benefits</u>						
3	Transmission Operations		158	141	16	12%	
4	<b>Benefits Charged to Utility Operations</b>	Sch 3	158	141	16		

**EMPLOYEE ALLOCATION**

Line No.	Description	Cross-Reference	2019 Actual	2018 Actual	Var. Actual to Prior Year	Var. %	Working Paper Reference
	<u>Manpower Statistics</u>						
1	Total Regular Employees (FTEs)		2.7	2.7	-		
2	Total Temporary Employees (FTEs)		-	-	-		
3	Total Contract Staff (FTEs)		-	-	-		
4	<b>Total Manpower</b>		2.7	2.7	-		
	Less:						
5	Allocated to Non-regulated		-	-	-		
6	<b>Total Manpower - Utility Operations</b>		2.7	2.7	-		

(Average numbers for the year)

Totals may not add due to rounding

**TransAlta Corporation, as Manager of the TransAlta Generation Partnership**  
**SUMMARY OF RESERVE/DEFERRAL ACCOUNTS**  
 FOR THE YEAR ENDED DECEMBER 31, 2019  
 (\$000s)

Line No.	USA	Description	Cross-Ref.	2019 Actual					2019 Approved					Var. Funding vs. Payments	Var. %	Working Paper Reference	
				Opening Balance	Funding/ Adds	Amort.	Payments/ Recoveries	Ending Balance	Opening Balance	Funding/ Adds	Amort.	Payments/ Recoveries	Ending Balance				
<u>List of Deferral Accounts</u>																	
1	182.3	Direct Assigned Capital Deferral		(1)	-	-	(31)	30							(31)	0%	
2	182.3	Property Tax Deferral		70	492	-	511	51							19	4%	
3	182.3	Annual Tower Payments Deferral		20	627	-	607	41							(20)	-3%	
4		<b>Total Deferral Accounts</b>		<u>90</u>	<u>1,119</u>	<u>-</u>	<u>1,087</u>	<u>122</u>							<u>(33)</u>		
<u>List of Reserve Accounts</u>																	
5	228.1	Self Insurance Reserve		-	-	-	-	-							-		
6	254.1	Hearing Cost Reserve		-	-	-	9	(9)							9		
7		<b>Total Reserve Accounts</b>	Sch 11	<u>-</u>	<u>-</u>	<u>-</u>	<u>9</u>	<u>(9)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9</u>			

Totals may not add due to rounding



**TransAlta Corporation, as Manager of the TransAlta Generation Partnership**  
**RECONCILIATION OF FINANCIAL REPORTING SCHEDULES TO AUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
**INCOME STATEMENT ITEMS**  
**(\$000s)**

Line No.	USA	Description	Cross-Reference	Transmission Management			2019 Financial Results			
				Report	Adjustments	Utility Total	Distribution	Transmission	Retail	Utility Total
				A	B	C	D	E	F	G
1		<b>Revenues</b>								
2	458	Transmission Tariff		6,946		6,946		6,946		6,946
3	458	Transmission Tariff - other		642	(642)					
4	407	Transmission Tariff - Hearing Cost and Self Insurance			9	9		9		9
5	407	Transmission Tariff - deferral			(33)	(33)		(33)		(33)
6			Sch 1	<u>7,588</u>	<u>(665)</u>	<u>6,922</u>	<u>-</u>	<u>6,922</u>	<u>-</u>	<u>6,922</u>
7		<b>Operating and Maintenance</b>								
8	560	Supervision & Engineering		313	92	405		405		405
9	566	O & M Misc Transmission		522		522		522		522
10	567	Right of way payments		607		607		607		607
11	920	Administrative and General Salaries		298		298		298		298
12	921	Administration Corporate			88	88		88		88
13	923	Outside service employed		115	(110)	4		4		4
14	924	Insurance Premiums		4		4		4		4
15	925	Injuries and damages								
16	928	Commission expenses		9		9		9		9
17	930	Miscellaneous General Expenses		249	48	297		297		297
18	408	Trans. Linear Property Tax		909	(399)	511		511		511
19			Sch 1	<u>3,027</u>	<u>(281)</u>	<u>2,746</u>	<u>-</u>	<u>2,746</u>	<u>-</u>	<u>2,746</u>
20		<b>Depreciation and Amortization</b>								
21	403	Depreciation Expense	Sch 4	1,666	(2)	1,664		1,664		1,664
22			Sch 1	<u>1,666</u>	<u>(2)</u>	<u>1,664</u>	<u>-</u>	<u>1,664</u>	<u>-</u>	<u>1,664</u>
23		<b>Interest Expense</b>	Sch 2.3		1,289	1,289		1,289		1,289
24		<b>Allowance for Funds Used During Construction</b>								
25		<b>Income Tax</b>	Sch 5							
26										
27		<b>Net Income (Loss)</b>	Sch 1	<u>2,895</u>	<u>(1,672)</u>	<u>1,223</u>	<u>-</u>	<u>1,223</u>	<u>-</u>	<u>1,223</u>

Totals may not add due to rounding

**TransAlta Corporation, as Manager of the TransAlta Generation Partnership**  
**RECONCILIATION OF FINANCIAL REPORTING SCHEDULES TO AUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
**BALANCE SHEET ITEMS**  
**(\$000s)**

Line No.	USA	Description	Cross-Reference	Transmission Management			Balance as at December 31, 2019			
				Report	Adjustments	Total	Distribution	Transmission	Retail	Total
1		<b>Assets</b>								
2	142	Accounts Receivable		288	34	323		323		323
3	165	Prepaid Expenses			37	37		37		37
4	101	Property, Plant & Equipment		69,829	1,791	71,620		71,620		71,620
5	107	Construction Work In Progress								
6		Total Property		69,829	1,791	71,620		71,620		71,620
7	108	Less Accumulated Depreciation		(20,475)	3,614	(16,860)		(16,860)		(16,860)
8		Net Property		49,354	5,405	54,759		54,759		54,759
9										
10		Total Assets		49,643	5,476	55,119		55,119		55,119
11										
12										
13		<b>Liabilities</b>								
14	232	Accounts Payable and Accrued Liabilities		(241)		(241)		(241)		(241)
15	228.1	Self Insurance Reserve								
16	254.1	Hearing Cost Reserve		(9)		(9)		(9)		(9)
17	182.3	Deferral Accounts		399	(276)	122		122		122
18	221	Secured Debentures		31,181	3,624	34,805		34,805		34,805
19		Total Liabilities		31,330	3,348	34,678		34,678		34,678
20										
21										
22		<b>Equity</b>								
23	201-216	Common Shares & Retained Earnings		18,313	2,128	20,441		20,441		20,441
24		Total Equity		18,313	2,128	20,441		20,441		20,441
25										
26		Total Liabilities & Equity		49,643	5,476	55,119		55,119		55,119

Totals may not add due to rounding

**TransAlta Corporation, as Manager of the TransAlta Generation Partnership  
Transmission Function  
Report of Finances and Operations  
Variance Explanations  
For the Year Ended December 31, 2019**

**Schedule 2.1**

- Line 1: Gross Utility Plant in Service Opening Balance variance: \$1.9M; 3.0%:  
The variance in opening balance is a result of the \$1.9M of capital additions recorded in 2018, as detailed on Schedule 4.1 of the 2018 Report of Finances and Operations.
- Line 2: Gross Utility Plant in Service Closing Balance variance: \$6.5M; 10.0%:  
The variance in closing balance is a result of the \$6.6M of capital additions offset by \$0.1M of retirements recorded in 2019, as detailed on Schedule 4.1.
- Line 4: Accumulated Depreciation Opening Balance variance: -\$1.4M; -8.3%:  
The variance in opening balance is a result of the 2018 depreciation provision of \$1.6M offset by the retirements, salvage and adjustments, totaling \$0.2M, as detailed on Schedule 4.1 of the 2018 Report of Finances and Operations.

**Schedule 4.2**

- Line 1-9: Capital additions variance: \$4.7M; 249%  
The increase in capital additions over the prior year stems from two significant capital maintenance projects in 2019: the 902L structure replacement and the 225L rebuild.

**Schedule 10**

**Explanation for Adjustments (see Sch.10 for adjustment amounts):**

- Line 3: Adjustment to eliminate entries related to IFRS
- Line 4&5: Adjustment for the Hearing Cost Reserve, Property Tax and Annual Tower Payments deferral accounts
- Line 8: Recognition of the approved corporate overhead allocation
- Line 12: Recognition of the approved corporate overhead allocation
- Line 13&17: Reallocation and adjustment to eliminate ineligible costs
- Line 18: Adjustment to eliminate accrued property tax
- Line 23: Recognition of 2019 interest expense per debt calculation

## **Schedule 11**

### **Explanation for Adjustments (see Sch.11 for adjustment amounts):**

Line 4&7: Reclass salvage and adjustment to eliminate entries related to IFRS

Line 17: Adjustment to match ending deferral account balances.

Line 18&23: Adjustment to match deemed debt and equity balances.