

ENMAX POWER CORPORATION - Distribution
AUC Rule 005: ANNUAL OPERATIONS FINANCIAL AND OPERATING REPORTING
For the Year-Ended December 31, 2018
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 Summary of Revenue Requirement
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SCHEDULE 1

Line	Description	Cross Reference (To)	Cross Reference (From)	2018 Actual	2017 Actual	Variance Actual to Prior Year	Variance %
1	Return on Rate Base	Sch 2		67.832	75.594	(7.762)	(10.3%)
2	System Access Charge		Sch 10	204.047	193.297	10.751	5.6%
3	Operating and Maintenance		Sch 3	93.974	89.308	4.666	5.2%
4	Depreciation and Amortization		Sch 4	71.528	66.491	5.037	7.6%
5	Hearing Costs		Sch 3	0.157	0.144	0.013	8.9%
6	Pension Accrual to Cash Adjustment		Sch 3	(0.949)	(0.380)	(0.568)	(149.6%)
7	Subtotal			436.590	424.453	12.136	2.9%
8							
9	Revenue Requirement Offsets		Sch 1(A)	(6.722)	(6.581)	(0.141)	(2.1%)
10							
11	Revenue Requirement		Sch 6	429.868	417.873	11.995	2.9%

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Summary of Revenue Requirement Offsets
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SCHEDULE 1(A)

Line	Description	Cross Reference (To)	Cross Reference (From)	2018 Actual	2017 Actual	Variance Actual to Prior Year	Variance %
1	Distribution, Network & Other Revenue						
2	Pole and Duct Rental Revenue			4.687	3.814	0.873	22.9%
3	Miscellaneous Revenue			0.611	0.602	0.009	1.5%
4	Contractual Services Revenue			4.570	4.616	(0.045)	(1.0%)
5	Subtotal			9.868	9.031	0.837	9.3%
6							
7	Distribution, Network & Other Expense						
8	Pole and Duct Rental Expense			0.286	0.029	0.257	891.6%
9	Miscellaneous Expense			0.000	0.000	0.000	0.0%
10	Contractual Services Expense			4.523	4.433	0.090	2.0%
11	Subtotal			4.809	4.462	0.347	7.8%
12							
13	Regulated Revenue Services						
14	Electrical Services - Calgary Zone Revenue			1.428	1.685	(0.258)	(15.3%)
15	Electrical Services - Calgary Zone Expense			1.059	1.013	0.046	4.5%
16	Subtotal			0.369	0.672	(0.303)	(45.1%)
17							
18	Unregulated Revenue Services						
19	Calgary Water Revenue			0.000	0.000	0.000	0.0%
20	Calgary Water Expense			0.366	0.500	(0.134)	(26.9%)
21	Subtotal			(0.366)	(0.500)	0.134	26.9%
22							
23	Municipalities Revenue			0.000	0.000	0.000	0.0%
24	Municipalities Expense			(1.637)	(1.840)	0.203	11.0%
25	Subtotal			1.637	1.840	(0.203)	(11.0%)
26							
27	Fully Allocated Costs - Municipalities and Water			0.000	0.000	0.000	0.0%
28							
29	Other Miscellaneous Revenue			0.022	0.000	0.022	0.0%
30							
31	Total Revenue Requirement Offsets	Sch 1	Sch 10	6.722	6.581	0.141	2.1%

ENMAX POWER CORPORATION - Distribution
 Summary of Return on Rate Base
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SCHEDULE 2

2018 Actual

Line	Description	Cross Reference (To)	Cross Reference (From)	Mid-Year Capital		Prorated	Cost Rate	Return	Variance	Variance
				Ratio	Rate Base	%	\$	Prior Year	%	
1	Long-Term Debt		Sch 2.1	1,420.816	63.00%	895.114	3.74%	33.518	2.167	6.9%
2	Common Stock Equity		Sch 2.1	1,420.816	37.00%	525.702	6.53%	34.314	(9.928)	(22.4%)
3	Mid Year No Cost Capital		Sch 2.1	(1.196)	0.00%	0.000	0.0	0.000	0.000	0.0%
4	Mid-Year Invested Capital		Sch 2.1	1,419.620	100.00%	1,420.816				
5										
6	Return on Mid-Year Rate Capital		Sch 1					67.832	(7.762)	(10.3%)

2017 Actual

Line	Description	Cross Reference (To)	Cross Reference (From)	Mid-Year Capital		Prorated	Cost Rate	Return	Variance	Variance
				Ratio	Rate Base	%	\$	Prior Year	%	
7	Long-Term Debt		Sch 2.1	1,275.249	64.00%	816.159	3.84%	31.352		
8	Common Stock Equity		Sch 2.1	1,275.249	36.00%	459.090	9.64%	44.242		
9	Mid Year No Cost Capital		Sch 2.1	(1.311)	0.00%	0.000	0.0	0.000		
10	Mid-Year Invested Capital		Sch 2.1	1,273.938	100.00%	1,275.249				
11										
12	Return on Mid-Year Rate Capital		Sch 1					75.594		

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Summary of Mid-Year Rate Base
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SCHEDULE 2.1

Line	Description	Cross Reference (To)	Cross Reference (From)	2018 Actual	2017 Actual	Variance Actual to Prior Year	Variance %
1	<u>Gross Plant in Service - Utility</u>						
2	Opening Balance			2,510.925	2,281.663	229.262	10.0%
3	Closing Balance			2,646.352	2,510.925	135.427	5.4%
4	Mid Year Gross Utility Plant in Service			2,578.639	2,396.294	182.344	7.6%
5							
6	<u>Accumulated Depreciation - Utility</u>						
7	Opening Balance			813.275	744.636	68.639	9.2%
8	Closing Balance			816.861	813.275	3.586	0.4%
9	Mid Year Accumulated Depreciation			815.068	778.956	36.113	4.6%
10							
11	<u>Contributions in Aid of Construction</u>						
12	Opening Balance			549.868	486.329	63.539	13.1%
13	Closing Balance			578.893	549.868	29.024	5.3%
14	Mid Year Contributions			564.381	518.099	46.282	8.9%
15							
16	<u>Amortization of Contributions</u>						
17	Opening Balance			143.178	128.578	14.600	11.4%
18	Closing Balance			158.921	143.178	15.743	11.0%
19	Mid Year Utility Amortization of Contributions			151.050	135.878	15.172	11.2%
20							
21	Mid Year Net Plant in Service			1,350.240	1,235.118	115.122	9.3%
22							
23	Necessary Working Capital			70.576	40.131	30.446	75.9%
24	Mid Year No Cost Capital			(1.196)	(1.311)	0.115	8.8%
25							
26	Mid-Year Rate Base	Sch 2		1,419.620	1,273.938	145.683	11.4%
27							
28	Year-End Plant in Service		Sch 4.1	1,409.520	1,290.960	118.560	9.2%

ENMAX POWER CORPORATION - Distribution
 Summary of Mid-Year EPC Distribution Capital Structure
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SCHEDULE 2.2

Line	Description	Cross Reference (To)	Cross Reference (From)	2018 Actual	2017 Actual	2018 Actual Mid-Year Capital	Prior Year Mid-Year Capital	Variance Actual to Prior Year	Variance %
1	Long-Term Debt		Sch 2.3	887.183	811.728	849.456	737.200	112.255	15.2%
2	Common Equity		Sch 11	520.928	456.561	488.745	422.875	65.870	15.6%
3									
4	Total Invested Capital			1,408.111	1,268.289	1,338.200	1,160.075	178.125	15.4%

All numbers disclosed above are Distribution only and not Total EPC

ENMAX POWER CORPORATION - Distribution
Schedule of Debt Capital Employed
For the Year-Ended December 31, 2018
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SCHEDULE 2.3

2018 Actual

Line	Cross Reference (To)	Cross Reference (From)	Issue Date	Maturity Date	Coupon Rate	Principal Outstanding at Year-End	Carrying Cost	Average Cost of Debt
1			23-Mar-04	23-Mar-19	4.71%	1.830	0.086	
2			15-Jun-04	15-Jun-19	5.64%	0.031	0.002	
3			15-Jun-07	15-Jun-27	5.25%	2.163	0.114	
4			1-Jun-07	1-Jun-32	5.20%	26.141	1.359	
5			16-Jun-08	16-Jun-18	4.64%	0.000	0.000	
6			16-Jun-08	16-Jun-28	4.94%	3.984	0.197	
7			16-Jun-08	16-Jun-33	5.03%	32.276	1.624	
8			16-Jun-09	16-Jun-19	4.19%	0.065	0.003	
9			16-Jun-09	16-Jun-29	5.11%	4.164	0.213	
10			16-Jun-09	16-Jun-34	5.23%	35.944	1.880	
11			25-Jan-10	16-Jun-34	5.23%	10.125	0.530	
12			25-Jan-10	16-Jun-19	4.19%	0.069	0.003	
13			15-Jun-10	15-Jun-20	3.76%	0.195	0.007	
14			15-Jun-10	15-Jun-30	4.50%	4.655	0.210	
15			15-Jun-10	15-Jun-35	4.70%	56.534	2.659	
16			15-Jun-11	15-Jun-21	3.39%	0.560	0.019	
17			15-Jun-11	15-Jun-31	4.15%	6.630	0.275	
18			15-Jun-11	15-Jun-36	4.29%	37.984	1.631	
19			15-Jun-12	15-Jun-22	2.52%	1.024	0.026	
20			15-Jun-12	15-Jun-32	3.17%	3.185	0.101	
21			15-Jun-12	15-Jun-37	3.37%	62.623	2.107	
22			15-Jun-13	15-Jun-18	1.93%	0.000	0.000	
23			15-Jun-13	15-Jun-23	2.75%	0.846	0.023	
24			15-Jun-13	15-Jun-33	3.50%	6.106	0.214	
25			15-Jun-13	15-Jun-38	3.57%	69.464	2.483	
26			16-Jun-14	16-Jun-19	1.97%	1.516	0.030	
27			16-Jun-14	16-Jun-24	2.76%	1.453	0.040	
28			16-Jun-14	16-Jun-34	3.49%	8.724	0.304	
29			16-Jun-14	16-Jun-39	3.76%	112.240	4.218	
30			16-Jun-15	16-Jun-20	1.59%	4.480	0.071	
31			16-Jun-15	16-Jun-25	2.28%	1.614	0.037	
32			16-Jun-15	16-Jun-35	3.02%	10.705	0.323	
33			16-Jun-15	16-Jun-40	3.19%	87.542	2.795	
34			19-Dec-17	19-Dec-22	2.38%	15.459	0.369	
35			19-Dec-17	19-Dec-27	2.78%	5.937	0.165	
36			19-Dec-17	19-Dec-37	3.17%	10.772	0.341	
37			19-Dec-17	19-Dec-42	3.25%	142.345	4.631	
38			15-Jun-18	15-Jun-23	2.69%	8.523	0.229	
39			15-Jun-18	15-Jun-28	3.08%	5.340	0.165	
40			15-Jun-18	15-Jun-38	3.36%	6.837	0.230	
41			15-Jun-18	15-Jun-43	3.43%	97.098	3.328	
42								
43								
44	Sch 2.2		Total Long-Term Debt			887.183	33.039	3.724%
45			Prior Year			811.728	30.578	3.767%
46								
47	Sch 2.2		Mid-Year			849.456	31.809	3.745%

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Schedule of Debt Capital Employed
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SCHEDULE 2.3

2017 Actual

Line	Cross Reference (To)	Cross Reference (From)	Issue Date	Maturity Date	Coupon Rate	Principal Outstanding at Year-End	Carrying Cost	Average Cost of Debt
1			23-Mar-04	23-Mar-19	4.71%	5.372	0.253	
2			15-Jun-04	15-Jun-19	5.64%	0.092	0.005	
3			15-Jun-07	15-Jun-27	5.25%	2.360	0.124	
4			1-Jun-07	1-Jun-32	5.20%	27.450	1.427	
5			16-Jun-08	16-Jun-18	4.64%	0.078	0.004	
6			16-Jun-08	16-Jun-28	4.94%	4.306	0.213	
7			16-Jun-08	16-Jun-33	5.03%	33.759	1.698	
8			16-Jun-09	16-Jun-19	4.19%	0.191	0.008	
9			16-Jun-09	16-Jun-29	5.11%	4.457	0.228	
10			16-Jun-09	16-Jun-34	5.23%	37.419	1.957	
11			25-Jan-10	16-Jun-34	5.23%	10.541	0.551	
12			25-Jan-10	16-Jun-19	4.19%	0.202	0.008	
13			15-Jun-10	15-Jun-20	3.76%	0.318	0.012	
14			15-Jun-10	15-Jun-30	4.50%	4.958	0.223	
15			15-Jun-10	15-Jun-35	4.70%	58.760	2.764	
16			15-Jun-11	15-Jun-21	3.39%	0.771	0.026	
17			15-Jun-11	15-Jun-31	4.15%	7.028	0.292	
18			15-Jun-11	15-Jun-36	4.29%	39.416	1.692	
19			15-Jun-12	15-Jun-22	2.52%	1.300	0.033	
20			15-Jun-12	15-Jun-32	3.17%	3.371	0.107	
21			15-Jun-12	15-Jun-37	3.37%	65.030	2.188	
22			15-Jun-13	15-Jun-18	1.93%	0.261	0.005	
23			15-Jun-13	15-Jun-23	2.75%	1.020	0.028	
24			15-Jun-13	15-Jun-33	3.50%	6.424	0.225	
25			15-Jun-13	15-Jun-38	3.57%	71.894	2.569	
26			16-Jun-14	16-Jun-19	1.97%	4.505	0.089	
27			16-Jun-14	16-Jun-24	2.76%	1.694	0.047	
28			16-Jun-14	16-Jun-34	3.49%	9.142	0.319	
29			16-Jun-14	16-Jun-39	3.76%	115.822	4.353	
30			16-Jun-15	16-Jun-20	1.59%	7.407	0.118	
31			16-Jun-15	16-Jun-25	2.28%	1.842	0.042	
32			16-Jun-15	16-Jun-35	3.02%	11.199	0.338	
33			16-Jun-15	16-Jun-40	3.19%	90.339	2.885	
34			19-Dec-17	19-Dec-22	2.38%	19.100	0.455	
35			19-Dec-17	19-Dec-27	2.78%	6.510	0.181	
36			19-Dec-17	19-Dec-37	3.17%	11.180	0.354	
37			19-Dec-17	19-Dec-42	3.25%	146.210	4.757	
38								
39								
40								
41								
42	Sch 2.2		Total Long-Term Debt			811.728	30.578	3.767%
43			Prior Year			662.672	26.059	3.932%
44								
45	Sch 2.2		Mid-Year			737.200	28.319	3.841%

Please note that the above schedules represent Distribution's debt and not the total for EPC (Distribution and Transmission)

ENMAX POWER CORPORATION - Distribution
Summary of Operating and Maintenance Expense
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SCHEDULE 3

Line	Description	Cross Reference (To)	Cross Reference (From)	2018 Actual	2017 Actual	Variance Actual to Prior Year	Variance %
1	Operating, Maintenance & Administration Expense						
2	Distribution			57.954	58.030	(0.076)	(0.1%)
3	General			19.143	15.425	3.717	24.1%
4	Executive Office			2.629	2.921	(0.292)	(10.0%)
5	Human Resources			3.908	3.021	0.888	29.4%
6	Legal and Regulatory			1.791	0.949	0.842	88.7%
7	Corporate Secretariat			0.532	0.503	0.029	5.7%
8	Government and Media Relations			1.051	0.909	0.142	15.6%
9	Finance and CFO			6.247	3.000	3.247	108.3%
10	Facilities			3.092	2.943	0.149	5.1%
11	Information Technology			10.047	11.764	(1.717)	(14.6%)
12	Corporate Costs			2.182	2.344	(0.162)	(6.9%)
13	Operating Expense - Capitalized			(13.214)	(11.314)	(1.900)	(16.8%)
14	Operating Expense - Billable Projects			(1.388)	(1.186)	(0.202)	(17.1%)
15	Other			0.000	0.000	0.000	0.0%
16	Total Operating, Maintenance and Administration	Sch 1	Sch 10	93.974	89.308	4.666	5.2%
17							
18	Hearing Costs	Sch 1	Sch 10	0.157	0.144	0.013	8.9%
19	Pension Accrual to Cash Adjustment	Sch 1	Sch 10	(0.949)	(0.380)	(0.568)	(149.6%)
20							
21	Total Utility Operating and Maintenance Costs			93.182	89.072	4.110	4.6%

ENMAX POWER CORPORATION - Distribution
Summary of Depreciation Expense - Net of CIAC Amortization
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SCHEDULE 4

DEPRECIATION EXPENSE - NET OF CIAC AMORTIZATION

Line	Description	Cross Reference (To)	Cross Reference (From)	2018 Actual	2017 Actual	Variance Actual to Prior Year	Variance %
1	Distribution Driven Transmission Projects (DDTP)						
2	4500 - Land			0.000	0.000	0.000	0.0%
3	4521 - Buildings			0.337	0.351	(0.014)	(4.1%)
4	4522 - Site Development			0.180	0.175	0.004	2.4%
5	457 - Substation Equipment			2.552	2.448	0.105	4.3%
6	4581 - Telecontrol			0.024	0.021	0.003	14.6%
7	4582 - Supervisory			0.033	0.033	(0.000)	0.0%
8	4610 - Land Rights			0.000	0.000	0.000	0.0%
9	4631 - Wood Poles			0.101	0.101	0.000	0.0%
10	4632 - Steel Towers			0.000	0.000	0.000	0.0%
11	4633 - Steel Poles			0.046	0.046	0.000	0.0%
12	4639 - Insulators			0.033	0.033	0.000	0.0%
13	464 - Overhead Conductor			0.025	0.062	(0.037)	(59.9%)
14	4650 - Underground Conduit			0.066	0.169	(0.103)	(61.1%)
15	4652 - Trans 69kV Conduit			0.000	0.000	0.000	0.0%
16	4655 - Manholes			0.004	0.004	(0.000)	0.0%
17	4663 - Underground Cable LPOF			0.001	0.002	(0.001)	(53.4%)
18	4664 - Underground Cable HPOF			0.000	0.000	0.000	0.0%
19	4665 - Underground Cable Solid Dielectric			0.032	0.080	(0.048)	(59.6%)
20	4673 - Overhead Aluminum Conductor			0.000	0.000	0.000	0.0%
21	Subtotal DDTP			3.433	3.524	(0.091)	(2.6%)
22							
23	Distribution						
24	470, 471, 490 & 491 - Land and Land Rights			0.007	0.007	0.000	0.0%
25	472 & 492 - Buildings			0.004	0.005	(0.000)	0.0%
26	473 & 4931 - Poles			7.906	6.838	1.069	15.6%
27	474 & 494 - Conductors			3.164	2.990	0.174	5.8%
28	475 & 495 - Underground Facilities			5.605	4.973	0.632	12.7%
29	476 & 496 - Underground Cable			18.245	16.851	1.394	8.3%
30	477 & 497 - Transformers			14.316	13.667	0.649	4.8%
31	478 & 498 - Telecontrol			1.956	1.875	0.082	4.3%
32	479 - Meters			4.523	4.331	0.192	4.4%
33	493 - General Assets			0.000	0.000	0.000	0.0%
34	4939 - Insulators			0.010	0.008	0.002	26.6%
35	Subtotal Distribution			55.737	51.544	4.193	8.1%
36							
37	General						
38	480 - Land			0.000	0.000	0.000	0.0%
39	482 - Structures and Improvements			0.771	0.497	0.274	55.2%
40	483 - Office Furniture and Equipment			0.506	0.518	(0.012)	(2.4%)
41	484 - Vehicles			1.862	1.664	0.198	11.9%
42	4851 - Tools and Instruments			1.066	1.258	(0.192)	(15.2%)
43	4852 - Radios			0.028	0.136	(0.109)	(79.8%)
44	4871 - Computer Systems - Software			0.299	0.241	0.058	23.9%
45	4872 - Computer Systems - Hardware			0.378	0.158	0.220	139.0%
46	4873 - Computer Systems - Enterprise Software			4.540	4.564	(0.024)	(0.5%)
47	4874 - Load Settlement Software			0.041	0.042	(0.001)	(2.1%)
48	4876 - Software - Desktop Applications			0.623	0.244	0.379	155.7%
49	4877 - Software - Departmental Applications			0.815	0.720	0.095	13.2%
50	4878 - Computer Hardware - Desktop/Laptop			0.420	0.357	0.063	17.7%
51	4879 - Computer Hardware - Infrastructure			2.315	2.434	(0.118)	(4.9%)
52	Subtotal General			13.664	12.832	0.832	6.5%
53							
54	Other						
55	Construction Funds Collected from Others & AOH Cap			(1.361)	(1.451)	0.090	6.2%
56	AFUDC/IDC Adjustments			0.055	0.041	0.014	34.0%
57	Capital Accrual			0.000	0.000	0.000	0.0%
58	Other				0.000	0.000	0.0%
59	Subtotal Other			(1.305)	(1.410)	0.104	7.4%
60							
61	Total Depreciation Expense	Sch 1	Sch 10	71.528	66.491	5.037	7.6%

ACCUMULATED AMORTIZATION NET OF CIAC

		2018 Actual					2017 Actual								
Line	Description	Cross Reference (To)	Cross Reference (From)	Opening Balance	Opening Adjustment - Reclass	Adjusted Opening Balance	Additions	Retirements	Net Cost of Retirement	Closing Balance	Opening Balance	Additions	Retirements	Net Cost of Retirement	Closing Balance
66	Distribution Driven Transmission Projects (DDTP)														
67	4500 - Land			0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
68	4521 - Buildings			1.973	0.000	1.973	0.337	0.000	0.000	2.310	1.622	0.351	0.000	0.000	1.973
69	4522 - Site Development			0.851	0.000	0.851	0.180	0.000	0.000	1.030	0.675	0.175	0.000	0.000	0.851
70	457 - Substation Equipment			10.665	0.000	10.665	2.552	0.000	0.000	13.218	8.218	2.448	0.000	0.000	10.665
71	4581 - Telecontrol			0.097	0.000	0.097	0.024	0.000	0.000	0.121	0.076	0.021	0.000	0.000	0.097
72	4582 - Supervisory			0.215	(0.001)	0.214	0.033	0.000	0.000	0.248	0.186	0.033	0.000	(0.004)	0.215
73	4610 - Land Rights			0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
74	4631 - Wood Poles			0.216	0.000	0.216	0.101	0.000	0.000	0.316	0.115	0.101	0.000	0.000	0.216
75	4632 - Steel Towers			0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
76	4633 - Steel Poles			0.160	0.000	0.160	0.046	0.000	0.000	0.207	0.114	0.046	0.000	0.000	0.160
77	4639 - Insulators			0.068	0.000	0.068	0.033	0.000	0.000	0.101	0.035	0.033	0.000	0.000	0.068
78	464 - Overhead Conductor			0.069	0.000	0.069	0.025	0.000	0.000	0.094	0.007	0.062	0.000	0.000	0.069
79	4650 - Underground Conduit			0.169	0.000	0.169	0.066	0.000	0.000	0.235	0.000	0.169	0.000	0.000	0.169
80	4652 - Trans 69kV Conduit			0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
81	4655 - Manholes			0.013	0.000	0.013	0.004	0.000	0.000	0.016	0.009	0.004	0.000	0.000	0.013
82	4663 - Underground Cable LPOF			0.004	0.000	0.004	0.001	0.000	0.000	0.005	0.002	0.002	0.000	0.000	0.004
83	4664 - Underground Cable HPOF			0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
84	4665 - Underground Cable Solid Dielectric			0.160	0.000	0.160	0.032	0.000	0.000	0.192	0.079	0.080	0.000	0.000	0.160
85	4673 - Overhead Aluminum Conductor			0.002	0.000	0.002	0.000	0.000	0.000	0.002	0.001	0.000	0.000	(0.000)	0.002
86	Subtotal DDTP			14.661	(0.001)	14.659	3.433	0.000	0.000	18.093	11.140	3.524	0.000	(0.004)	14.661
87															
88	Distribution														
89	470, 471, 490 & 491 - Land and Land Rights			0.219	0.000	0.219	0.007	0.000	0.000	0.226	0.212	0.007	0.000	0.000	0.219
90	472 & 492 - Buildings			0.886	0.000	0.886	0.004	0.000	0.000	0.891	0.882	0.005	0.000	0.000	0.886
91	473 & 4931 - Poles			51.289	0.000	51.289	7.906	(0.292)	(0.095)	58.808	45.954	6.838	(1.455)	(0.048)	51.289
92	474 & 494 - Conductors			21.724	0.000	21.724	3.164	(0.297)	0.753	25.344	19.017	2.990	(0.604)	0.320	21.724
93	475 & 495 - Underground Facilities			95.591	0.000	95.591	5.605	(0.011)	0.043	101.228	91.594	4.973	(0.231)	(0.746)	95.591
94	476 & 496 - Underground Cable			186.446	0.000	186.446	18.245	(0.206)	(0.236)	204.249	171.213	16.851	(1.045)	(0.572)	186.446
95	477 & 497 - Transformers			151.502	0.000	151.502	14.316	(1.324)	0.103	164.598	140.975	13.667	(2.028)	(1.113)	151.502
96	478 & 498 - Telecontrol			7.448	0.001	7.450	1.956	0.000	(0.001)	9.403	5.898	1.875	(0.172)	(0.152)	7.448
97	479 - Meters			30.761	0.000	30.761	4.523	(6.323)	(0.285)	28.676	27.904	4.331	(1.474)	0.000	30.761
98	493 - General Assets			0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
99	4939 - Insulators			0.037	0.000	0.037	0.010	0.000	0.000	0.047	0.030	0.008	0.000	0.000	0.037
100	Subtotal Distribution			545.903	0.001	545.904	55.737	(8.454)	0.282	593.468	503.678	51.544	(7.008)	(2.311)	545.903
101															
102	General														
103	480 - Land			0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
104	482 - Structures and Improvements			15.640	0.000	15.640	0.771	0.000	0.000	16.411	15.143	0.497	0.000	0.000	15.640
105	483 - Office Furniture and Equipment			7.385	0.000	7.385	0.506	(4.583)	0.000	3.308	6.867	0.518	0.000	0.000	7.385
106	484 - Vehicles			7.562	0.000	7.562	1.862	(3.067)	0.858	7.215	9.027	1.664	(3.234)	0.105	7.562
107	4851 - Tools and Instruments			9.147	0.000	9.147	1.066	(5.045)	0.000	5.168	7.889	1.258	0.000	0.000	9.147
108	4852 - Radios			2.760	0.000	2.760	0.028	(2.561)	0.000	0.226	2.624	0.136	0.000	0.000	2.760
109	4871 - Computer Systems - Software			10.365	(3.315)	7.051	0.299	(14.407)	0.000	(3.742)	10.124	0.241	0.000	0.000	10.365
110	4872 - Computer Systems - Hardware			12.511	(2.096)	10.415	0.378	(10.561)	0.000	2.328	12.353	0.158	0.000	0.000	12.511
111	4873 - Computer Systems - Enterprise Software			44.791	3.320	48.111	4.540	(30.424)	0.000	18.907	40.227	4.564	0.000	0.000	44.791
112	4874 - Load Settlement Software			0.273	(0.005)	0.268	0.041	0.000	0.000	0.314	0.231	0.042	0.000	0.000	0.273
113	4876 - Software - Desktop Applications			1.542	0.000	1.542	0.623	(1.525)	0.000	0.640	1.298	0.244	0.000	0.000	1.542
114	4877 - Software - Departmental Applications			2.475	0.000	2.475	0.815	(0.010)	0.000	3.280	1.755	0.720	0.000	0.000	2.475
115	4878 - Computer Hardware - Desktop/Laptop			1.143	0.000	1.143	0.420	(0.485)	0.000	1.078	0.786	0.357	0.000	0.000	1.143
116	4879 - Computer Hardware - Infrastructure			8.057	2.096	10.153	2.315	(3.704)	0.000	6.668	5.623	2.434	0.000	0.000	8.057
117	Subtotal General			123.651	0.000	123.651	13.664	(76.372)	0.858	61.801	113.947	12.832	(3.234)	0.105	123.651
118															
119	Other														
120	Construction Funds Collected from Others & AOH Cap			(15.388)	0.000	(15.388)	(1.361)	0.000	0.000	(16.749)	(13.937)	(1.451)	0.000	0.000	(15.388)
121	AFUDC/DC Adjustments			0.068	0.000	0.068	0.055	0.000	0.000	0.123	0.026	0.041	0.000	0.000	0.068
122	Capital Accrual			1.269	0.000	1.269	0.000	0.000	0.000	1.269	1.269	0.000	0.000	0.000	1.269
123	Other			(0.066)	0.000	(0.066)	0.000	0.000	0.000	(0.066)	(0.066)	0.000	0.000	0.000	(0.066)
124	Subtotal Other			(14.118)	0.000	(14.118)	(1.305)	0.000	0.000	(15.424)	(12.708)	(1.410)	0.000	0.000	(14.118)
125															
126	Total Accumulated Depreciation - Plant			670.096	0.000	670.096	71.528	(84.826)	1.141	657.939	616.057	66.491	(10.242)	(2.209)	670.096
127															
128	Net Year-End Plant in Service			1,290.961	0.000	1,290.961	119.711	(0.010)	(1.141)	1,409.521	1,179.278	109.474	0.000	2.209	1,290.961

Sch 2.1

ENMAX POWER CORPORATION - Distribution
Summary of Capital Additions - Utility Plant - Net of CIAC
For the Year-Ended December 31, 2018
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SCHEDULE 4.2

UTILITY PLANT NET OF CIAC		2018 Actual				2017 Actual				CAPITAL ADDITIONS		Variance	
Line	Description	Cross Reference (To)	Cross Reference (From)	Opening CWIP - Net	Capital Expenditures	Capital Additions	Closing CWIP Balance Adjusted	Opening CWIP - Adjusted	Capital Expenditures	Capital Additions	Closing CWIP Balance Adjusted	Variance	%
1	Distribution												
2	Residential Development			1.047	26.126	22.563	4.610	4.098	22.444	25.495	1.047	(2.932)	(11.5%)
3	Non-Residential Development			6.364	8.369	15.661	(0.928)	11.221	11.597	16.455	6.364	(0.794)	(4.8%)
4	Residential & Non-Residential Development			(0.000)	0.000	0.000	(0.000)	0.000	(0.000)	0.000	(0.000)	0.000	0.0%
5	System Infrastructure Development (Growth)			3.498	20.363	18.857	5.004	5.104	29.139	30.745	3.498	(11.888)	(38.7%)
6	System Infrastructure Development (Quality of Supply)			0.675	5.070	5.147	0.597	0.848	5.017	5.189	0.675	(0.042)	(0.8%)
7	Asset Replacement / Modification			15.505	58.742	62.676	11.571	12.283	60.069	56.848	15.505	5.828	10.3%
8	Annexation			0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.0%
9	AESO Required Capital Contributions			0.465	3.881	1.374	2.972	0.830	6.604	6.969	0.465	(5.595)	(80.3%)
10	Distribution Automation			1.002	2.470	2.708	0.764	0.612	2.026	1.636	1.002	1.072	65.5%
11	Subtotal Distribution			28.556	125.021	128.987	24.590	34.996	136.897	143.338	28.556	(14.351)	(10.0%)
12													
13	Regulated Market Services												
14	Revenue Metering			(0.000)	11.764	11.764	(0.000)	0.006	3.354	3.360	(0.000)	8.404	250.1%
15	Client Services			0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.0%
16	Meter Data Management			0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.0%
17	Retail Access Support			0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.0%
18	Other Wires Retail Access Program (WRAP) Projects			0.000	0.022	0.022	0.000	0.000	0.000	0.000	0.000	0.022	0.0%
19	Subtotal Regulated Market Services			(0.000)	11.786	11.786	(0.000)	0.006	3.354	3.360	(0.000)	8.426	250.8%
20													
21	Information Technology												
22	Computer Software			8.751	19.614	24.294	4.071	10.365	14.434	16.048	8.751	8.246	51.4%
23	Computer Hardware			0.078	1.741	1.819	0.000	0.559	0.796	1.277	0.078	0.542	42.4%
24	Distribution Strategic Technology Application Roadmap (D-STAR)			0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.0%
25	Control Centre System Operations			0.009	0.000	0.000	0.009	0.009	0.000	0.000	0.009	0.000	0.0%
26	Subtotal Information Technology			8.838	21.355	26.113	4.081	10.933	15.230	17.325	8.838	8.788	50.7%
27													
28	General Plant												
29	Buildings			0.009	11.302	11.302	0.009	0.009	10.252	10.252	0.009	1.050	10.2%
30	Substation Building Upgrades			0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.0%
31	Office Equipment & Furniture			0.023	0.009	0.009	0.023	0.023	0.071	0.071	0.023	(0.061)	(86.6%)
32	Leasehold Improvements			0.001	0.000	0.000	0.001	0.001	0.000	0.000	0.001	0.000	0.0%
33	Subtotal General Plant			0.033	11.312	11.312	0.033	0.033	10.323	10.323	0.033	0.988	9.6%
34													
35	Other												
36	Capital Tools			0.000	0.763	0.720	0.043	0.131	1.634	1.765	0.000	(1.045)	(59.2%)
37	Vehicle & Equipment Acquisition & Replacement			2.881	6.707	9.587	0.000	2.692	5.099	4.911	2.881	4.676	95.2%
38	Support Services - Replacement & Upgrade			(0.412)	1.967	1.026	0.529	0.810	2.388	3.610	(0.412)	(2.583)	(71.6%)
39	Outage Management System			0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.0%
40	Other Additions			0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.0%
41	Subtotal Other			2.469	9.437	11.334	0.572	3.634	9.121	10.286	2.469	1.048	10.2%
42													
43	Adjustment to Admin Overhead			(0.244)	2.546	2.292	0.009	(0.619)	(3.149)	(3.523)	(0.244)	5.815	165.1%
44	AFUDC - Inventory & IDC to AFUDC Adjustment			0.000	0.674	0.674	0.000	0.000	0.698	0.698	0.000	(0.024)	(3.5%)
45													
46	Subtotal			39.651	182.131	192.498	29.284	48.983	172.475	181.808	39.651	10.690	5.9%
47													
48	Capital Deposits			(12.259)	7.721	0.000	(4.539)	(16.959)	4.700	0.000	(12.259)	0.000	0.0%
49													
50	Total	Sch 4.1		27.391	189.852	192.498	24.745	32.024	177.175	181.808	27.391	10.690	5.9%
51													
52	Less: Dismantling Expense (Removal Costs)	Sch 4.1				1.259				5.842			
53													
54	Total Capital Additions					191.239				175.965			

ENMAX POWER CORPORATION - Distribution
Summary of Customers, Energy and Revenue
For the Year-Ended December 31, 2018

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SCHEDULE 6

Line	Description	Cross Reference (To)	Cross Reference (From)	2018 Actual	2017 Actual	Variance Actual to Prior Year	Variance %
1	Residential (Note 1)						
2	Customers - Average			465,862.777	457,974.641	7,888.136	1.7%
3	Energy Sales (MWh)			2,980,262.460	2,954,473.072	25,789.388	0.9%
4	Revenue (\$m)			174.654	170.682	3.972	2.3%
5							
6	kWh per Customer			6,397.297	6,451.172	(53.875)	(0.8%)
7	Cents/kWh			5.860	5.777	0.083	1.4%
8							
9	Commercial (Note 2)						
10	Customers - Average			37,174.172	36,648.940	525.232	1.4%
11	Energy Sales (MWh)			6,428,960.353	6,477,357.225	(48,396.873)	(0.7%)
12	Revenue (\$m)			225.133	222.903	2.231	1.0%
13							
14	kWh per Customer			172,941.590	176,740.643	(3,799.053)	(2.1%)
15	Cents/kWh			3.502	3.441	0.061	1.8%
16							
17	Street & Space Lights						
18	Energy Sales (MWh)			60,715.368	68,500.227	(7,784.858)	(11.4%)
19	Revenue (\$m)			2.290	2.549	(0.259)	(10.2%)
20							
21	Cents/kWh			3.772	3.722	0.050	1.3%
22							
23	Balancing Pool Allocation Rider			27.941	5.970	21.971	368.0%
24	Other Revenue & Adjustments (Note 3)			(0.151)	15.769	(15.920)	(101.0%)
25							
26	Total Utility Revenue	Sch 1	Sch 10	429.868	417.873	11.995	2.9%

Note 1: Includes Farm

Note 2: Includes Industrial

Note 3: Timing of revenue recognition due to accrual entries

ENMAX POWER CORPORATION - Distribution
General Tariff Application
AESO Charges (SAS Costs)
\$M

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SCHEDULE 6.1

Line No.	Description	2018 Actual	2017 Actual	Variance Actual to Prior Year	Variance %
1	Billing Determinants				
2	Coincident Metered Demand (MW)	1,427.735	1,465.400	(37.665)	(2.6%)
3	Billing Capacity (MW)	1,787.119	1,856.291	(69.172)	(3.7%)
4	Metered Demand (MW)	1,612.522	1,641.580	(29.058)	(1.8%)
5	Metered Energy at POD (GWh)	9,723.889	9,653.794	70.094	0.7%
6					
7	AESO Charges				
8	DTS Charges				
9	Interconnection Charge	289.438	305.526	(16.087)	(5.3%)
10	Operating Reserve Charge	45.890	16.971	28.918	170.4%
11	Voltage Control Charge	0.865	0.676	0.190	28.1%
12	Other System Support Services Charge	0.897	0.906	(0.009)	(1.0%)
13	Transmission Constraint Rebalancing Charge	0.006	0.003	0.003	113.6%
14	Total DTS	337.096	324.082	13.014	4.0%
15					
16	Under Frequency Load Shedding (UFLS) Credit	(0.534)	(0.550)	0.016	2.8%
17	AESO Rider C	1.249	(8.222)	9.472	115.2%
18	AESO Rider F	29.806	10.619	19.187	180.7%
19	Prior Period Adjustments	(0.634)	(0.237)	(0.397)	(167.8%)
20	TAC Deferral Account	(162.462)	(138.590)	(23.872)	(17.2%)
21	Other Costs/Adjustments	(0.475)	(0.131)	(0.344)	(262.8%)
22					
23	Total AESO Charges	204.047	186.972	17.075	9.1%

ENMAX POWER CORPORATION - Distribution
Explanation of Transactions with Affiliated Companies
For the Year-Ended December 31, 2018
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SCHEDULE 7

Line	Affiliate	Nature of Service ^{(1) (2)}	Cross Reference (To)	Cross Reference (From)	2018 Actual	2017 Actual	Variance Actual to Prior Year	Variance %
1	ENMAX Corp	Contractual Services			(0.000)	(0.002)	0.001	82.4%
2		Other Miscellaneous Revenue			0.000	0.000	0.000	0.0%
3		Operating Expenses			3.678	3.218	0.461	14.3%
4					<u>3.678</u>	<u>3.216</u>	<u>0.462</u>	<u>14.4%</u>
5								
6	ENMAX Energy	Contractual Services			(0.016)	(0.000)	(0.016)	-8116.5%
7		Electrical Services - Calgary Zone			(1.410)	(1.666)	0.256	15.4%
8		Operating Expenses			0.460	0.217	0.243	112.4%
9					<u>(0.966)</u>	<u>(1.450)</u>	<u>0.483</u>	<u>33.3%</u>
10								
11	ENMAX Power Services	Contractual Services			0.196	0.617	(0.421)	-68.2%
12		Miscellaneous Revenue			(0.168)	(0.167)	(0.001)	-0.5%
13		Pole and Duct Rental			0.000	(0.036)	0.036	100.0%
14		Operating Expenses			0.525	0.802	(0.278)	-34.6%
15					<u>0.553</u>	<u>1.216</u>	<u>(0.664)</u>	<u>-54.5%</u>
16								
17	City of Calgary	Contractual Services			0.003	0.004	(0.001)	-15.4%
18		Operating Expenses			0.270	0.203	0.066	32.5%
19					<u>0.273</u>	<u>0.207</u>	<u>0.066</u>	<u>31.7%</u>
20								
21	Various	Contractual Services			(0.001)	(0.011)	0.010	89.8%
22		Electrical Services - Calgary Zone			(0.001)	(0.000)	(0.001)	-760.5%
23		Miscellaneous Revenue			0.000	0.001	(0.001)	-100.0%
24		Operating Expenses			(0.007)	(0.253)	0.246	97.0%
25					<u>(0.010)</u>	<u>(0.263)</u>	<u>0.253</u>	<u>96.2%</u>
26								
27	TOTAL				<u>3.527</u>	<u>2.927</u>	<u>0.600</u>	<u>20.5%</u>

NOTES:

⁽¹⁾ Contractual Services, Miscellaneous Revenue, Other Miscellaneous Revenue, Electrical Services, and Pole and Duct Rentals are included in the "Summary of Revenue Requirement Offsets" on Schedule 1(

⁽²⁾ Operating Expenses are included in "Summary of Operating and Maintenance Expense" on Schedule 3.

ENMAX POWER CORPORATION - Distribution
Summary of Payroll and Manpower Statistics
For the Year-Ended December 31, 2018
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SCHEDULE 8

SALARIES, WAGES AND EMPLOYEE BENEFITS

Line	Description	Cross Reference (To)	Cross Reference (From)	2018 Actual	2017 Actual	Variance Actual to Prior Year	Variance %
1	<u>Salaries and Wages</u>						
2	Transmission Operations			0.000	0.000	0.000	0.0%
3	Distribution Operations			80.703	69.431	11.271	16.2%
4	Retail Operations			0.000	0.000	0.000	0.0%
5	Transmission Capital			0.000	0.000	0.000	0.0%
6	Distribution Other Labour			(23.894)	(23.904)	0.010	0.0%
7	Retail Capital			0.000	0.000	0.000	0.0%
8	Other			0.000	0.000	0.000	0.0%
9							
10	Salaries and Wages Charged to Distribution Utility Operations			56.808	45.527	11.282	24.8%
11							
12	<u>Employee Benefits</u>						
13	Transmission Operations			0.000	0.000	0.000	0.0%
14	Distribution Operations			15.695	15.015	0.680	4.5%
15	Retail Operations			0.000	0.000	0.000	0.0%
16	Transmission Capital			0.000	0.000	0.000	0.0%
17	Distribution Capital			0.000	0.000	0.000	0.0%
18	Retail Capital			0.000	0.000	0.000	0.0%
19	Other			0.000	0.000	0.000	0.0%
20							
21	Benefits Charged to Distribution Utility Operations			15.695	15.015	0.680	4.5%

EMPLOYEE ALLOCATION

Line	Description	Cross Reference	2018 Actual	2017 Actual	Variance Actual to Prior Year	Variance %
22	<u>Manpower Statistics ENMAX Power and ENMAX Corporate</u>					
23	FTE Complement - Permanent		554.450	533.550	20.900	3.9%
24	FTE Complement - Permanent (Allocated)		78.380	70.080	8.300	11.8%
25	FTE Complement - Temporary		23.500	24.410	(0.910)	(3.7%)
26	FTE Complement - Temporary (Allocated)		4.200	6.390	(2.190)	(34.3%)
27	Total Regular Employees (FTEs)		660.530	634.430	26.100	4.1%
28						
29	Total Temporary Employees (FTEs)		0.000	0.000	0.000	0.0%
30	Total Contract Staff (FTEs)		0.000	0.000	0.000	0.0%
31						
32	Total Manpower - Distribution Utility Operations		660.530	634.430	26.100	4.1%

ENMAX POWER CORPORATION - Distribution
 Summary of Reserve / Deferral Accounts
 For the Year-Ended December 31, 2018
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SCHEDULE 9

Line	Description	Cross Reference (To)	Cross Reference (From)	2018 Actual					2017 Actual					Variance Actual to Prior Year	Variance %
				Opening Balance	Adds	Amortization	Refunds / Write-Offs	Ending Balance	Opening Balance	Adds	Amortization	Refunds / Write-Offs	Ending Balance		
1	List of Deferral Accounts														
2															
3	Transmission Access Charges Deferral			34.361	#####	0.000	(134.005)	62.818	(4.465)	#####	0.000	(99.935)	34.361	28.457	82.8%
4	AUC Flow Through Receivable			10.772	(9.982)	0.000	(0.016)	0.775	8.952	1.838	0.000	(0.017)	10.772	(9.997)	(92.8%)
5	Regulatory Receivable			14.443	11.714	0.000	(19.874)	6.282	14.530	10.354	0.000	(10.441)	14.443	(8.160)	(56.5%)
6	Regulatory Rider Payable			(6.947)	0.000	0.000	3.385	(3.562)	(8.121)	0.000	0.000	1.174	(6.947)	3.385	(48.7%)
7	Hearing Cost Reserve Account			(1.312)	0.000	0.000	0.232	(1.080)	(1.311)	(0.145)	0.000	0.144	(1.312)	0.232	(17.7%)
8															
9	Total Deferred Assets			51.317	#####	0.000	(150.278)	65.233	9.584	#####	0.000	(109.074)	51.317	13.916	27.1%

ENMAX POWER CORPORATION - Distribution
Reconciliation of Audited Statements of Earnings and Comprehensive Income to Net Income
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SCHEDULE 10

Line	Description	Cross Reference (To)	Cross Reference (From)	DISTRIBUTION FINANCIAL STATEMENTS	TOTAL ADJUSTMENTS	TOTAL RULE 005
1	REVENUE					
2						
3	Electricity Revenue			0.000	0.000	0.000
4						
5	Transmission and Distribution Revenue	Sch 6		573.625	(143.757)	429.868
6	<u>SUMMARY OF ADJUSTMENT ENTRIES</u>					
7	Reclass of Transmission and Distribution Costs				(143.757)	
8	Subtotal				(143.757)	
9						
10	Local Access Fees Revenue			137.061	(137.061)	0.000
11	<u>SUMMARY OF ADJUSTMENT ENTRIES</u>					
12	Re-class to remove Local Access Fee Revenue Collection on behalf of City of Calgary				(137.061)	
13	Subtotal				(137.061)	
14						
15	Contractual Services Revenue			16.225	(16.225)	(0.000)
16	<u>SUMMARY OF ADJUSTMENT ENTRIES</u>					
17	Re-class of Contractual Services Revenue to Revenue Requirement Offsets				(10.685)	
18	Re-class of Contractual Services Revenue to OMA				(0.129)	
19	Adjustment to remove Water & Muni revenue & costs				(5.411)	
20	Subtotal				(16.225)	
21						
22	Other Revenue			15.766	(15.766)	0.000
23	<u>SUMMARY OF ADJUSTMENT ENTRIES</u>					
24	Re-class of Other Revenue to Amortization Expense				(15.766)	
25	Subtotal				(15.766)	
26						
27						
28	TOTAL REVENUE	Sch 1		<u>742.677</u>	<u>(312.809)</u>	<u>429.868</u>
29						
30	EXPENSES					
31						
32	Electricity Costs			0.000	0.000	0.000
33						
34	Transmission and Distribution Costs	Sch 1		347.804	(143.757)	204.047
35	<u>SUMMARY OF ADJUSTMENT ENTRIES</u>					
36	Reclass of Transmission and Distribution Revenue				(143.757)	
37	Subtotal				(143.757)	
38						
39	Local Access Fees	Sch 1		137.061	(137.061)	0.000
40	<u>SUMMARY OF ADJUSTMENT ENTRIES</u>					
41	Re-class to remove Local Access Fee Revenue Collection on behalf of City of Calgary				(137.061)	
42	Subtotal				(137.061)	
43						
44	Contractual Services Expense			8.456	(8.456)	0.000
45	<u>SUMMARY OF ADJUSTMENT ENTRIES</u>					
46	Adjustment to remove water & muni costs				(4.037)	
47	Re-class of Contractual Services Expense to Revenue Requirement Offsets				(4.419)	
48	Subtotal				(8.456)	
49						
50	Operating and Maintenance - Direct			40.674	(0.411)	40.263
51	Operating and Maintenance - Common Costs			23.028	(0.797)	22.231
52	Operating and Maintenance - Common and Corp Costs - Billable Projects			(0.611)	0.611	0.000
53	Operating and Maintenance - Corporate Costs			31.424	0.055	31.479
54	Subtotal Operating and Maintenance	Sch 3		<u>94.516</u>	<u>(0.542)</u>	<u>93.974</u>

ENMAX POWER CORPORATION - Distribution
Reconciliation of Audited Statements of Earnings and Comprehensive Income to Net Income
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Line	Description	Cross Reference (To)	Cross Reference (From)	DISTRIBUTION FINANCIAL STATEMENTS	TOTAL ADJUSTMENTS	TOTAL RULE 005
55	<u>SUMMARY OF ADJUSTMENT ENTRIES</u>					
56	Re-class of Allocated Interest from OMA Expense to Interest Expense				0.620	
57	Re-class allocated Revenue from OMA Expense to Other Revenue				(0.316)	
58						
59	Adjustment to remove software as a Service				(0.213)	
60	Adjustment for Bonus - exclude Financial Metrics for EPC Employees				(0.953)	
61						
62	Corporate MTIP & 75 percent of LTIP allocated to Power and Trans				(0.293)	
63	Re-class of Common Cost & Corporate Billable Projects to Revenue Requirement Offsets				0.613	
64	Subtotal				(0.542)	
65						
66	Hearing Costs	Sch 3		0.000	0.157	0.157
67						
68	Pension Accrual to Cash Adjustment	Sch 3		0.000	(0.949)	(0.949)
69	<u>SUMMARY OF ADJUSTMENT ENTRIES</u>					
70	Re-class from OMA Expense to Pension Accrual to Cash Adjustment				(0.949)	
71	Subtotal				(0.949)	
72						
73	Amortization	Sch 4		87.913	(16.385)	71.528
74	<u>SUMMARY OF ADJUSTMENT ENTRIES</u>					
75	Adjustment to record direct and allocated amortization				(16.589)	
76	Adjustment to Amortization on software as a Service projects				0.236	
77	Adjustment AFUDC vs IDC Reg Asset Accum Amortization				(0.032)	
78	Subtotal				(16.385)	
79						
80	Interest Expense			31.332	2.186	33.518
81	<u>SUMMARY OF ADJUSTMENT ENTRIES</u>					
82	Re-class of Shared Services Interest from OMA Expense to Interest Expense				(0.620)	
83	Adjustment for deemed interest calculation				0.072	
84	Adjustment to re-class IDC to Balance Sheet				2.733	
85	Subtotal				2.186	
86						
87	Income Tax			0.000	0.000	0.000
88						
89	Revenue Requirement Offsets - Total Revenue			0.000	(11.319)	(11.319)
90	Revenue Requirement Offsets - Total Expense			0.000	4.597	4.597
91	Subtotal Revenue Requirement Offsets	Sch 1(A)		0.000	(6.722)	(6.722)
92	<u>SUMMARY OF ADJUSTMENT ENTRIES</u>					
93	Re-class of Contractual Services Revenue to Revenue Requirement Offsets				(10.707)	
94	Re-class of Other Revenue to Revenue Requirement Offsets				(0.611)	
95	Re-class of Contractual Services Expense to Revenue Requirement Offsets				4.419	
96	Re-class of Common Cost Billable Projects to Revenue Requirement Offsets				0.178	
97	Subtotal				(6.722)	
98						
99	TOTAL EXPENSES			707.082	(311.528)	395.554
100						
101	RETURN			35.595	(1.281)	34.314

ENMAX POWER CORPORATION - Distribution
Reconciliation of Audited Balance Sheets
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SCHEDULE 11

Line	Description	Cross Reference (To)	Cross Reference (From)	DISTRIBUTION FINANCIAL STATEMENTS	TOTAL ADJUSTMENT S	TOTAL RULE 005
1	ASSETS					
2						
3	CURRENT ASSETS					
4						
5	Cash and Short-Term Investments			(1.068)	0.000	(1.068)
6						
7	Accounts Receivable			53.576	0.000	53.576
8						
9	Regulatory Receivables			69.875	0.050	69.925
10	<u>SUMMARY OF ADJUSTMENT ENTRIES</u>					
11	Adjustment for hearing cost reserve account				0.050	
12	Subtotal				0.050	
13						
14	Inventory			0.000	0.000	0.000
15						
16	Other Current Assets			4.481	0.000	4.481
17						
18	Intercompany Receivables			0.000	0.000	0.000
19						
20	TOTAL CURRENT ASSETS			<u>126.864</u>	<u>0.050</u>	<u>126.914</u>
21						
22	NON-CURRENT ASSETS					
23						
24	Fixed Asset Inventory			0.000	19.185	19.185
25						
26	Year-End Capital Work in Process			54.186	(33.511)	20.675
27	<u>SUMMARY OF ADJUSTMENT ENTRIES</u>					
28	Opening Balance Sheet Allocation Reclass				(0.370)	
29	CIAC - Contributions in aid of Construction				(33.141)	
30	Subtotal				(33.511)	
31						
32	Year-End Intangibles Capital Work in Process			4.071	(0.000)	4.071
33	<u>SUMMARY OF ADJUSTMENT ENTRIES</u>					
34	Adjustment for Balance Sheet Allocation				(0.000)	
35	Subtotal				(0.000)	
36						
37	Capital Assets - Net			<u>1,749.849</u>	<u>(414.677)</u>	<u>1,335.172</u>
38	<u>SUMMARY OF ADJUSTMENT ENTRIES</u>					
39	Adjustment for Balance Sheet Allocation				(0.049)	
40	Adjustment for ENMAX Balance Sheet Allocation				25.105	
41	CIAC - Contributions in aid of Construction				(419.971)	
42	Capital Inventory reclass				(19.185)	
43	AFUDC/IDC Adjustment asset				(0.609)	
44	AFUDC vs IDC Reg Asset Accum Amortization				0.032	
45	Subtotal				(414.677)	
46						

ENMAX POWER CORPORATION - Distribution
Reconciliation of Audited Balance Sheets
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SCHEDULE 11

Line	Description	Cross Reference (To)	Cross Reference (From)	DISTRIBUTION FINANCIAL STATEMENTS	TOTAL ADJUSTMENT S	TOTAL RULE 005
47	Intangible Assets			56.854	17.495	74.349
48	<u>SUMMARY OF ADJUSTMENT ENTRIES</u>					
49	Adjustment for ENMAX Balance Sheet Allocation				13.969	
50	Adjustment to record IT Software as a Service projects				3.526	
51	Subtotal				<u>17.495</u>	
52						
53	Long-Term Regulatory Receivables			0.000	0.000	0.000
54						
55	Investment in Subsidiaries			0.000	0.000	0.000
56						
57	Other Long-Term Assets			0.092	0.000	0.092
58						
59	Long-Term Future Income Taxes Asset			0.000	0.000	0.000
60						
61	Financial Assets - Long Term			0.000	0.000	0.000
62						
63	TOTAL NON-CURRENT ASSETS			<u>1,865.053</u>	<u>(411.509)</u>	<u>1,453.544</u>
64						
65	TOTAL ASSETS			<u>1,991.917</u>	<u>(411.459)</u>	<u>1,580.458</u>
66						
67	LIABILITIES					
68						
69	CURRENT LIABILITIES					
70						
71	Accounts Payable & Accrued Liabilities			128.011	(0.000)	128.011
72						
73	Regulatory Payable			4.610	0.157	4.767
74	<u>SUMMARY OF ADJUSTMENT ENTRIES</u>					
75	ROE adjustment for hearing cost reserve account				0.157	
76	Subtotal				<u>0.157</u>	
77						
78	Income Tax Payable			0.000	0.000	0.000
79						
80	Other Current Liabilities			2.417	0.000	2.417
81						
82	Current Future Income Tax Liabilities			0.000	0.000	0.000
83						
84	Current Portion of Long-Term Debt			43.569	0.000	43.569
85						
86	Intercompany Debt			1.287	0.000	1.287
87						
88	Intercompany Accounts Payable			143.394	17.948	161.341

ENMAX POWER CORPORATION - Distribution
Reconciliation of Audited Balance Sheets
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SCHEDULE 11

Line	Description	Cross Reference (To)	Cross Reference (From)	DISTRIBUTION FINANCIAL STATEMENTS	TOTAL ADJUSTMENT S	TOTAL RULE 005
89	<u>SUMMARY OF ADJUSTMENT ENTRIES</u>					
90	Adjustment for 2012 Deemed Interest				3.510	
91	Adjustment for 2013 IDC and AOH reclass				2.870	
92	Adjustment for 2013 Deemed Interest				(1.325)	
93	Adjustment for 2014 IDC and AOH reclass				4.653	
94	Adjustment for 2014 Deemed Interest				(1.359)	
95	Adjustment for 2015 IDC and AOH reclass				3.359	
96	Adjustment for 2015 Deemed Interest				(2.659)	
97	Adjustment for 2016 IDC and AOH reclass				2.255	
98	Adjustment for 2016 Deemed Interest				(0.104)	
99	Adjustment for 2017 IDC and AOH reclass				2.709	
100	Adjustment for 2017 Deemed Interest				1.233	
101	Adjustment for 2018 IDC and AOH reclass				2.733	
102	Adjustment for 2018 Deemed Interest				0.072	
103	Subtotal				17.948	
104						
105	Due To/Due From			(195.863)	42.142	(153.720)
106	<u>SUMMARY OF ADJUSTMENT ENTRIES</u>					
107	Adjustments - Prior Years				9.348	
108	Adjustments - 2018				32.794	
109	Subtotal				42.142	
110						
111	Current Portion of Deferred Revenue			0.000	0.000	0.000
112						
113	TOTAL CURRENT LIABILITIES			127.425	60.247	187.672
114						
115	NON-CURRENT LIABILITIES					
116						
117	Long-Term Intercompany Debt			845.788	(2.175)	843.614
118						
119	Long-Term Debt			0.000	0.000	0.000
120	<u>SUMMARY OF ADJUSTMENT ENTRIES</u>					
121	Adjustment to align to Deemed Structure				0.000	
122					0.000	
123						
124	Employee Future Benefits			20.009	5.962	25.971
125	<u>SUMMARY OF ADJUSTMENT ENTRIES</u>					
126	Adjustment for 2012 Pension accrual to cash				1.736	
127	Adjustment for 2013 Pension accrual to cash				3.266	
128	Adjustment for 2014 Pension accrual to cash				0.217	
129	Adjustment for 2015 Pension accrual to cash				0.611	
130	Adjustment for 2016 Pension accrual to cash				1.461	
131	Adjustment for 2017 Pension accrual to cash				(0.380)	
132	Adjustment for 2018 Pension accrual to cash				(0.949)	
133	Subtotal				5.962	
134						
135	Other Liabilities			1.155	0.000	1.155
136						

ENMAX POWER CORPORATION - Distribution
Reconciliation of Audited Balance Sheets
For the Year-Ended December 31, 2018
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SCHEDULE 11

Line	Description	Cross Reference (To)	Cross Reference (From)	DISTRIBUTION FINANCIAL STATEMENTS	TOTAL ADJUSTMENT S	TOTAL RULE 005
137	CIAC - Year-End Capital Work in Process			33.141	(33.141)	0.000
138	<u>SUMMARY OF ADJUSTMENT ENTRIES</u>					
139	Re-class to remove CIAC to NON-CURRENT ASSETS				(33.141)	
140	Subtotal				(33.141)	
141						
142	CIAC - Contra Capital Asset			578.893	(578.893)	0.000
143	<u>SUMMARY OF ADJUSTMENT ENTRIES</u>					
144	Re-class to remove CIAC to NON-CURRENT ASSETS				(578.893)	
145	Subtotal				(578.893)	
146						
147	CIAC Accumulated Amortization			(158.921)	158.921	0.000
148	<u>SUMMARY OF ADJUSTMENT ENTRIES</u>					
149	Re-class to remove CIAC to NON-CURRENT ASSETS				158.921	
150	Subtotal				158.921	
151						
152	Long Term Deferred Revenue - Excluding CIAC Amortization & CIAC WIP			1.119	0.000	1.119
153						
154	Long-Term Future Income Taxes Liability			0.000	0.000	0.000
155						
156	TOTAL NON-CURRENT LIABILITIES			1,321.184	(449.326)	871.858
157						
158	TOTAL LIABILITIES			1,448.609	(389.079)	1,059.530
159						
160	SHAREHOLDER'S EQUITY					
161						
162	Share Capital			245.859	28.894	274.754
163	<u>SUMMARY OF ADJUSTMENT ENTRIES</u>					
164	Adjustment to align to Deemed Structure				28.894	
165	Subtotal				28.894	
166						
167	Retained Earnings			266.014	(49.994)	216.020
168	<u>SUMMARY OF ADJUSTMENT ENTRIES</u>					
169	Adjustment for EPC Retained Earnings opening balance 2018				(44.734)	
170	Adjustment to align to Deemed Structure				(5.260)	
171	Subtotal				(49.994)	
172						
173	Retained Earnings - Net Income			35.595	(1.281)	34.314
174	<u>SUMMARY OF ADJUSTMENT ENTRIES</u>					
175	Adjustment for 2018 Net Income				(1.281)	
176	Subtotal				(1.281)	
177						
178	Other Comprehensive Income			(4.160)	0.000	(4.160)
179						
180	TOTAL SHAREHOLDER'S EQUITY			543.309	(22.381)	520.928
181						
182	TOTAL LIABILITIES & SHAREHOLDER'S EQUITY			1,991.917	(411.459)	1,580.458

ENMAX POWER CORPORATION - Distribution
Variance Explanations - HIGH LEVEL
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SCHEDULE 12.1

2018 ACTUAL vs 2017 ACTUAL

Line	Schedule	Schedule Line No	Schedule Line No Description	Variance \$M	Variance %	Variance Explanation
1	Sch 1(A)		Summary of Revenue Requirement Offsets			
2	Sch 1(A)	2	Pole and Duct Rental Revenue	0.873	22.9%	Pole and duct rental revenue increased \$0.9 million in 2018 relative to 2017 primarily due to an increase in demand for pole attachments.
3	Sch 2.1		Summary of Mid-Year Rate Base			
4	Sch 2.1	2	Gross Plant in Service - Utility - Opening Balance	229.262	10.0%	
5	Sch 2.1	3	Gross Plant in Service - Utility - Closing Balance	135.427	5.4%	The Mid-Year Rate Base for EPC's Distribution System, net of CIAC and
6	Sch 2.1	7	Accumulated Depreciation - Utility - Opening Balance	68.639	9.2%	excluding Accumulated Amortization increased by 7.2%. Gross Plant in Service
7	Sch 2.1	8	Accumulated Depreciation - Utility - Closing Balance	3.586	0.4%	increased by 7.6% and gross CIAC increased 8.9%. The increase in Mid-Year
8	Sch 2.1	12	Contributions in Aid of Construction - Opening Balance	63.539	13.1%	Rate Base is primarily driven by an increase in revenue metering, computer
9	Sch 2.1	13	Contributions in Aid of Construction - Closing Balance	29.024	5.3%	software and asset replacement/modifications necessary to service EPC's
10	Sch 2.1	17	Amortization of Contributions - Opening Balance	14.600	11.4%	increasing customer base.
11	Sch 2.1	18	Amortization of Contributions - Closing Balance	15.743	11.0%	
	Sch 2.1	23	Necessary Working Capital	30.446	75.9%	Necessary Working Capital increased \$30.4 million in 2018 relative to 2017
12						primarily due to an increase in the Transmission Access Charge ("TAC") deferral account. The increase of the 2018 TAC deferral account is primarily the result of approved revenue being higher than TAC deferral account collections per AUC Decision 23817-D01-2018.
13	Sch 2.2		Summary of Mid-Year EPC Distribution Capital Structure			
14	Sch 2.2	1	Long-Term Debt	112.255	15.2%	Long-Term Debt increased \$112.3 million in 2018 relative to 2017 due to an
						increase in rate base growth.
15	Sch 2.2	2	Common Equity	64.367	14.1%	Common Equity increased \$64.4 million in 2018 relative to 2017 primarily due
						to equity adjustments aligning actual capital structures in accordance with AUC Decision 22570-D01-2018 and an increase in rate base growth.
16	Sch 3		Summary of Operating and Maintenance Expense			
	Sch 3	3	General	3.717	24.1%	General OM&A Expense increased \$3.7 million in 2018 relative to 2017
17						primarily due to the following: - Severance payments for EPC of \$1.6 million and consulting costs increased \$1.2 million due to an initiative to improve efficiency and productivity in workforce management, process governance, asset management and capital optimization. - Staffing costs increased \$0.5 million in Communications and Regulated Projects.
18	Sch 3	5	Human Resources	0.888	29.4%	Human Resources OM&A Expense increased \$0.9 million in 2018 relative to 2017 primarily due to severance payments from staffing reductions in shared services.
	Sch 3	6	Legal and Regulatory	0.842	88.7%	Legal and Regulatory OM&A Expense increased \$0.8 million in 2018 relative to 2017 primarily due to the following: - Legal costs increased \$0.4 million as a result of increased workload associated with AUC proceedings. - Regulatory Applications increased \$0.3 million as a result of increased workload associated with AUC proceedings.
19						
	Sch 3	9	Finance and CFO	3.247	108.3%	Finance and CFO OM&A Expense increased \$3.2 million in 2018 relative to 2017 primarily due to the following: - Employee transfers from IT to Finance of \$2.4 million were undertaken to maximize benefits achieved from implementation of System One. - Consulting costs increased \$0.5 million due to initiatives for the Adaptive Insight forecast and budgeting system. - Severance payments of \$0.3 million due to efficiency gains from implementation of Project One.
20						
	Sch 3	11	Information Technology	(1.717)	(14.6%)	Information Technology OM&A Expense decreased \$1.7 million in 2018 relative to 2017 primarily due to employee transfers from IT to Finance undertaken to maximize benefits from the implementation of System One, partially offset by an increase in allocation rates reflecting a change in workstation counts.
21						
	Sch 3	13	Operating Expense - Capitalized	(1.900)	(16.8%)	Operating OM&A Expense decreased \$1.9 million in 2018 relative to 2017 primarily due to increased AOH and allocation to capital projects.
22						
	Sch 3	19	Pension Accrual to Cash Adjustment	(0.568)	(149.6%)	Pension Accrual Expense decreased \$0.6 million in 2018 relative to 2017 due to ENMAX's election to change its solvency amortization period from 5 years to 10 years, partially offset by an increase in the commuted value top-up and an increase in pension expense. The pension expense increased due to a lower discount rate in 2018 (3.50%) relative to 2017 (3.75%) and higher member enrollment.
23						

ENMAX POWER CORPORATION - Distribution
Variance Explanations - HIGH LEVEL
For the Year-Ended December 31, 2018
\$M

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SCHEDULE 12.1

2018 ACTUAL vs 2017 ACTUAL

Line	Schedule	Schedule Line No	Schedule Line No Description	Variance \$M	Variance %	Variance Explanation
24	Sch 4	Summary of Depreciation Expense - Net of CIAC Amortization				
25	Sch 4	26	473 & 4931 - Poles	1.069	15.6%	Pole Depreciation Expense increased \$1.1 million in 2018 relative to 2017 primarily due to an increase in capital additions and the full-year depreciation from capital additions that occurred in 2017 related to EPC's Asset Replacement Program.
26	Sch 4	28	475 & 495 - Underground Facilities	0.632	12.7%	
27	Sch 4.2	Summary of Capital Additions - Utility Plant - Net of CIAC				
28	Sch 4.2	2	Residential Development	(2.932)	(11.5%)	Residential Development capital additions decreased \$2.9 million in 2018 relative to 2017 primarily due to decreased demand in single and multi-family row housing development driven by developers. This was partially offset by increased customer driven condominium development in 2018.
29	Sch 4.2	5	System Infrastructure Development (Growth)	(11.888)	(38.7%)	
30	Sch 4.2	7	Asset Replacement / Modification	5.828	10.3%	Asset Replacement/Modification capital additions increased \$5.8 million in 2018 relative to 2017 primarily due to increases in Streets Improvement Projects, Reactive Pole Replacements, and Reactive Manhole Rebuilds, partially offset by a decrease in the number of overhead conductor replacements and reactive transformer replacements.
31	Sch 4.2	9	AESO Required Capital Contributions	(5.595)	(80.3%)	
32	Sch 4.2	10	Distribution Automation	1.072	65.5%	Distribution Automation capital additions increased \$1.1 million in 2018 relative to 2017 primarily due to the completion of additional projects in 2018.
33	Sch 4.2	14	Revenue Metering	8.404	250.1%	
34	Sch 4.2	22	Computer Software	8.246	51.4%	Computer Software capital additions increased \$8.2 million in 2018 relative to 2017 primarily due to a higher value of software projects completed and placed in-service in 2018 relative to 2017.
35	Sch 4.2	23	Computer Hardware	0.542	42.4%	
36	Sch 4.2	29	Buildings	1.050	10.2%	Building capital additions increased \$1.0 million in 2018 relative to 2017 primarily due to the completion of ENMAX Place upgrades.
37	Sch 4.2	36	Capital Tools	(1.045)	(59.2%)	
38	Sch 4.2	37	Vehicle & Equipment Acquisition & Replacement	4.676	95.2%	Vehicle & Equipment Acquisition and Replacement capital additions increased \$4.7 million in 2018 relative to 2017 due to an increase in the number of vehicles and equipment units needing to be replaced, partially offset by the scheduled completion of the Fleet Telematics project in 2017.
39	Sch 4.2	38	Support Services - Replacement & Upgrade	(2.583)	(71.6%)	
40	Sch 4.2	43	Adjustment to Admin Overhead	5.815	165.1%	Adjustment to Admin Overhead capital additions increased \$5.8 million in 2018 relative to 2017 due to a true-up of 2017-2018 actual additions and to allocate the remaining AOH balance at year-end.

ENMAX POWER CORPORATION - Distribution
Variance Explanations - HIGH LEVEL
For the Year-Ended December 31, 2018
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SCHEDULE 12.1

2018 ACTUAL vs 2017 ACTUAL

Line	Schedule	Schedule Line No	Schedule Line No Description	Variance \$M	Variance %	Variance Explanation
41	Sch 6	Summary of Customers, Energy and Revenue				
42	Sch 6	4	Residential (Note 1) - Revenue (\$m)	3.972	2.3%	Residential revenue increased \$4.0 million in 2018 relative to 2017 due to an increase in residential distribution rates as well as an increase in residential energy usage and number of sites.
43	Sch 6	12	Commercial (Note 2) - Revenue (\$m)	2.231	1.0%	Commercial revenue increased \$2.2 million in 2018 relative to 2017 due to an increase in commercial distribution rates as well as an increase in the overall number of sites.
44	Sch 6	23	Balancing Pool Allocation Rider	21.971	368.0%	Balancing Pool Allocation Rider revenue increased \$22.0 million in 2018 relative to 2017 primarily due to an increase in the consumer allocation rate.
45	Sch 6	24	Other Revenue & Adjustments (Note 3)	(15.920)	(101.0%)	Other revenue & adjustments decreased \$15.9 million in 2018 relative to 2017 primarily due to an increase in SAS margin accruals and distribution accrual drawdowns.
46	Sch 6.1	Summary of AESO Charges				
47	Sch 6.1	9	Interconnection Charge	(16.087)	(5.3%)	Interconnection charges decreased \$16.1 million in 2018 relative to 2017 due to decreased AESO DTS rate components.
48	Sch 6.1	10	Operating Reserve Charge	28.918	170.4%	Operating reserve charges increased \$28.9 million in 2018 relative to 2017 primarily due to increased pool prices and AESO DTS rates.
49	Sch 6.1	17	AESO Rider C	9.472	115.2%	AESO Rider C charges increased \$9.5 million in 2018 relative to 2017 due to increased AESO Rider C rate components.
50	Sch 6.1	18	AESO Rider F	19.187	180.7%	AESO Rider F charges increased \$19.2 million in 2018 relative to 2017 due to an increased consumer allocation amount.
51	Sch 6.1	20	TAC Deferral Account	(23.872)	(17.2%)	Transmission Access Charge Deferral Account decreased \$23.9 million in 2018 relative to 2017 due to decreased AESO DTS rate components.
52	Sch 8	Summary of Payroll and Manpower Statistics				
53	Sch 8	3	Salaries and Wages - Distribution Operations	11.271	16.2%	Salaries and wages increased \$11.3 million in 2018 relative to 2017 primarily due to severance payments and an increase in salaries required to support work in Fleet Management, Legal, Resource Scheduling and Safety.
54	Sch 8	23	FTE Complement - Permanent	20.900	3.9%	Permanent FTEs increased 20.9 in 2018 relative to 2017 primarily to support Field Services, System Planning, Asset Management and Engineering and Operations. The increase in FTEs was required to maximize the reliability, safety and efficiency of the distribution system.
55	Sch 8	24	FTE Complement - Permanent (Allocated)	8.300	11.8%	Permanent FTEs increased 8.3 in 2018 relative to 2017 primarily to support increased legal services, regulatory requirements, resource demands to management corporate shared operations of Financial System Support, and Finance Projects.
56	Sch 8	26	FTE Complement - Temporary (Allocated)	(2.190)	(34.3%)	Temporary FTEs decreased 2.2 in 2018 relative to 2017 primarily due to a reduction of staffing in Information System and HR Recruitment.
57	Sch 9	Summary of Reserve / Deferral Accounts				
58	Sch 9	3	Transmission Access Charges Deferral	28.457	82.8%	Transmission Access Charge Deferral Account increased \$28.5 million in 2018 relative to 2017 primarily due to an increase in AESO charges and a large outstanding carryforward amount from 2017 that due to the timing will not be collected until 2019.
59	Sch 9	4	AUC Flow Through Receivable	(9.997)	(92.8%)	AUC Flow-through receivables decreased \$10.0 million in 2018 relative to 2017 due to the collection of AUC administrative fees, load settlement and storm cost recoveries per AUC decisions 23333-D01-2018 and 22394-D01-2018.
60	Sch 9	5	Regulatory Receivable	(8.160)	(56.5%)	Regulatory receivables decreased \$8.2 million in 2018 relative to 2017 due to the collection of prior year interim rate and capital tracker adjustments per AUC decisions 23100-D01-2018 and 22394-D01-2018, partially offset by a Q1 rate true-up and GCOC adjustment accrued in 2018.
61	Sch 9	6	Regulatory Rider Payable	3.385	(48.7%)	Regulatory rider payable increased \$3.4 million in 2018 relative to 2017 primarily due to a refund of a DAS adjustment rider and intervener hearing amounts per AUC decision 23333-D01-2018.

**ENMAX TRANSMISSION & DISTRIBUTION
A DIVISION OF ENMAX POWER CORPORATION**

Financial Statements
For the Years Ended December 31, 2018 and 2017

FINANCIAL STATEMENTS

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Independent Auditor's Report

To the Directors of
ENMAX Power Corporation

OPINION

We have audited the financial statements of ENMAX Transmission & Distribution, a division of ENMAX Power Corporation (the "Division"), which comprise the statement of financial position as at December 31, 2018, and the statements of earnings and comprehensive income, changes in owner's investment and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Division as at December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

BASIS FOR OPINION

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Division in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Division's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Division or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Division's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Division's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Division's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Division to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants
March 14, 2019

STATEMENTS OF FINANCIAL POSITION

<i>As at</i> <i>(thousands of Canadian dollars)</i>	December 31, 2018	December,31 2017
ASSETS		
Accounts receivable (Notes 5, 6 and 19)	\$ 61,834	\$ 65,606
Other current assets (Note 8)	371	828
Due from affiliates (Note 19)	103,254	-
	165,459	66,434
Property, plant and equipment (Note 9)	2,402,536	2,223,092
Intangible assets (Note 10)	74,474	72,135
Other long-term assets (Note 8)	121	-
TOTAL ASSETS	2,642,590	2,361,661
REGULATORY DEFERRAL ACCOUNT DEBIT BALANCES (Note 7)	71,050	66,108
TOTAL ASSETS AND REGULATORY DEFERRAL ACCOUNT DEBIT BALANCES	\$ 2,713,640	\$ 2,427,769
LIABILITIES		
Accounts payable and accrued liabilities (Note 6 and Note 19)	\$ 150,925	\$ 85,963
Current portion of long-term related party debt (Notes 6 and 11)	62,619	59,221
Other current liabilities (Note 8)	2,552	1,503
Due to affiliates (Note 19)	-	19,917
	216,096	166,604
Deferred revenue (Note 13)	534,790	502,754
Post-employment benefits (Note 12)	24,143	23,328
Other long-term liabilities (Note 8)	5,320	3,988
Long-term related party debt (Notes 6 and 11)	1,177,282	1,065,946
TOTAL LIABILITIES	1,957,631	1,762,620
REGULATORY DEFERRAL ACCOUNT CREDIT BALANCES (Note 7)	4,610	9,058
OWNER'S INVESTMENT		
Net investment by ENMAX Corporation	318,505	278,334
Retained earnings	437,662	382,263
Accumulated other comprehensive (loss)	(4,768)	(4,506)
	751,399	656,091
TOTAL LIABILITIES, REGULATORY DEFERRAL ACCOUNT CREDIT BALANCES AND OWNER'S INVESTMENT	\$ 2,713,640	\$ 2,427,769

Commitments and contingencies (Note 20)
See accompanying Notes to the Financial Statements.

STATEMENTS OF EARNINGS AND COMPREHENSIVE INCOME

Year ended December 31, (thousands of Canadian dollars)	2018	2017
REVENUE		
Transmission	\$ 92,577	\$ 74,856
Distribution	572,055	519,348
Local access fees	137,061	95,849
Contractual services	16,300	15,405
Contributions in aid of construction (CIAC) revenue	17,940	16,245
Other revenues (Note 14)	20	1,154
TOTAL REVENUE	835,953	722,857
OPERATING EXPENSES		
Transmission and distribution	360,385	333,205
Local access fees	137,061	95,849
Depreciation and amortization	109,638	91,244
Other expenses (Note 14)	139,910	143,634
TOTAL OPERATING EXPENSES	746,994	663,932
OPERATING PROFIT	88,959	58,925
Finance charges (Note 17)	42,950	37,639
NET EARNINGS – BEFORE NET MOVEMENT IN REGULATORY DEFERRAL ACCOUNT BALANCES	46,009	21,286
NET MOVEMENT IN REGULATORY DEFERRAL ACCOUNT BALANCES (Note 7)	9,390	41,203
NET EARNINGS	55,399	62,489
COMPREHENSIVE INCOME		
Items that will not be reclassified subsequently to earnings		
Re-measurement (losses) gains on retirement benefits (Note 12)	(262)	2,520
TOTAL OTHER COMPREHENSIVE (LOSS) INCOME	(262)	2,520
TOTAL COMPREHENSIVE INCOME	\$ 55,137	\$ 65,009

See accompanying Notes to the Financial Statements.

STATEMENTS OF CHANGES IN OWNER'S INVESTMENT

<i>(thousands of Canadian dollars)</i>	Net Investment by ENMAX Corporation	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
As at January 1, 2018	\$ 278,334	\$ 382,263	\$ (4,506)	\$ 656,091
Net earnings	-	55,399	-	55,399
Other comprehensive (loss)	-	-	(262)	(262)
Total comprehensive income (loss)	-	55,399	(262)	55,137
Contributed surplus	40,171	-	-	40,171
As at December 31, 2018	\$ 318,505	\$ 437,662	\$ (4,768)	\$ 751,399
As at January 1, 2017	\$ 278,334	\$ 319,774	\$ (7,026)	\$ 591,082
Net earnings	-	62,489	-	62,489
Other comprehensive income (OCI)	-	-	2,520	2,520
Total comprehensive income	-	62,489	2,520	65,009
As at December 31, 2017	\$ 278,334	\$ 382,263	\$ (4,506)	\$ 656,091

See accompanying Notes to the Financial Statements.

STATEMENTS OF CASH FLOWS

Year ended December 31,

(thousands of Canadian dollars)

	2018	2017
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Net earnings	\$ 55,399	\$ 62,489
Contributions in aid of construction (CIAC)	49,976	70,528
CIAC revenue	(17,940)	(16,244)
Depreciation and amortization	109,638	91,244
Finance charges (Note 17)	42,950	37,639
Change in non-cash working capital (Note 18)	(61,110)	(69,230)
Post-employment benefits (Note 12)	(213)	1,266
Cash flow from operations	178,700	177,692
Interest paid ⁽¹⁾	(42,184)	(37,239)
Cash flow provided by operating activities	136,516	140,453
INVESTING ACTIVITIES		
Property, plant & equipment (PPE) and intangibles	(287,404)	(269,262)
Capitalized borrowing costs	(4,017)	(3,324)
Cash flow (used in) investing activities	(291,421)	(272,586)
FINANCING ACTIVITIES		
Proceeds from long-term related party debt	177,448	183,000
Repayment of long-term related party debt	(62,714)	(50,867)
Contributions by ENMAX Corporation	40,171	-
Cash flow provided by financing activities	154,905	132,133
CASH, END OF YEAR	\$ -	\$ -

⁽¹⁾ Total interest paid during the year was \$45,898 (2017 - \$42,688).
See accompanying Notes to the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

1. DESCRIPTION OF THE BUSINESS

ENMAX Transmission & Distribution (the Division) is a division of ENMAX Power Corporation. The Division is a regulated operation established to carry out all electrical transmission and distribution service functions in its own right. The Division's registered and head office is at 141 – 50 AVE SE, Calgary, AB, T2S 4S7. The Division's principal place of business is Alberta.

2. BASIS OF PREPARATION

The financial statements of the Division (the financial statements) include the assets, liabilities, revenues and expenses attributable to the regulated transmission and distribution activities of ENMAX Power Corporation. These activities are subject to regulation by the Alberta Utilities Commission (AUC). The AUC administers acts and regulates such matters as tariffs, rates, financing, accounting, and service areas for transmission and distribution entities. The AUC may approve interim rates, subject to final determination. The Division records revenues and/or other adjustments arising from an interim or final rate decision related to current and/or prior years upon receipt of the decision. Accounting for rate regulated operations is described in Note 4.

The financial statements have been prepared as if the Division was a standalone entity in accordance with International Financial Reporting Standards (IFRS) as set out in Part I of the Canadian Professional Accountants Handbook.

BASIS OF MEASUREMENT

These financial statements have been prepared on the historical cost basis.

FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in thousands of Canadian dollars, which is the Division's functional currency.

PRESENTATION OF THE STATEMENTS OF FINANCIAL POSITION

For purposes of the Division's statements of financial position, only assets, liabilities and owner's investment specific to the regulated transmission and distribution activities have been included. Certain assumptions were made to establish which assets and liabilities should be allocated to the Division. The most significant assumptions include:

- Post-employment benefits: Allocation of the regulated portion is based on a percentage of salaries, wages, fringe expenses and bonuses for those individuals who are involved with the regulated activities of the Division.
- Accounts payable and accrued liabilities: Accounts payable items have been allocated based on the nature of the liability.

PRESENTATION OF THE STATEMENTS OF EARNINGS AND COMPREHENSIVE INCOME

While most revenues and expenditures are earned or incurred by the Division, certain costs are incurred by ENMAX Corporation (parent) on behalf of the Division. The portion of such costs (shared service costs) attributable to the Division is established based on allocation drivers in a model that has been approved by the AUC. For purposes of the statement of earnings and comprehensive income, only allowable revenues and expenditures related to regulated transmission and distribution including shared service costs have been included.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the financial statements, in accordance with IFRS, requires management to make estimates that affect the reported amounts of revenues, expenses, assets and liabilities, as well as the disclosure of commitments and contingent assets and liabilities at the financial statement date. The Division makes significant estimates in the areas below:

Revenue measurements of the estimate of usage not yet billed are based on historical consumption patterns. Management applies judgment to the measurement and valuation of estimated consumption.

The allowance for doubtful accounts reflects an estimate of the accounts receivable that are ultimately expected to be uncollectible. The Division uses a single expected credit loss model for all financial assets measured at amortized cost and fair value through OCI.

Amortization is an estimate to allocate the cost of an asset over its estimated useful life on a systematic and rational basis. Estimating the appropriate useful lives of assets requires significant judgment and is based on estimates of common life characteristics of common assets.

Certain other estimates are necessary since the regulatory environment in which the Division operates often requires amounts to be recorded at estimated values until finalization and adjustment, pursuant to subsequent regulatory decisions, or other regulatory proceedings.

The Division participates in ENMAX Corporation's defined benefit pension plan and post-retirement benefits that are provided to certain employees. The cost of these benefits recognized in the financial statements are subject to estimates around many factors including, but not limited to, assumptions of future return on plan assets, retirement age, mortality rates, discount rates, future health care costs, salary escalation rates, and claims experiences.

Adjustments to previous estimates, which will impact net earnings and could be material, are recorded when the decision becomes known.

4. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Division have been prepared by management in accordance with IFRS applicable at December 31, 2018. These financial statements are authorized for issuance by the Board of Directors as of **March 14, 2019**.

(a) REGULATORY DEFERRAL ACCOUNTS

In accordance with IFRS 14 Regulatory Deferral Accounts, the Division continues to recognize amounts that qualify as regulatory deferral balances in accordance with the basis of accounting used immediately before transition to IFRS. A regulatory deferral account balance is any expense (or income) account that:

- is included, or expected to be included, by the rate regulator in establishing the rate(s) that can be charged to the customer; and
- would not otherwise be recognized as an asset or liability in accordance with other IFRS.

In accordance with this standard, the Division has presented regulatory deferral account debits and credits on a separate line in the statements of financial position. As well, the net movement in regulatory deferral accounts is presented on a separate line in the statements of earnings and other comprehensive income (Note 7).

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment (PPE) are recorded at cost less accumulated depreciation and any impairment losses. The cost of constructed assets includes the cost of materials, direct labour and any other costs directly attributable to bringing the assets to a condition suitable for their intended use. Materials and supplies are included within property, plant and equipment and are recorded at moving average cost.

Depreciation estimates are based on depreciation parameters, which include the service life of assets and the expected net salvage percentages. These rates are periodically calculated in a depreciation study which is approved by the AUC. Changes to depreciation rates are accounted for on a prospective basis. Depreciation rates include a provision for the cost of removal.

Generally, when a regulated asset is retired or disposed of, there is no gain or loss recorded in net income. The difference between the cost and accumulated depreciation of the asset, net of salvage proceeds, is recorded to accumulated depreciation. Any gain or loss that is charged to accumulated depreciation will be reflected in future depreciation studies.

Depreciation of PPE is recorded on a straight-line basis over the estimated useful life of the asset class at the following rates:

Asset Class	Depreciation Rates		
Transmission, distribution and substation equipment	1.55%	to	10.11%
Tools, systems and equipment	4.74%	to	20.00%
Buildings and site development	1.16%	to	2.71%
Vehicles			5.58%

Work in progress represents assets which are not yet available for use as intended by management and therefore not subject to depreciation. Capital spares and inventory are not amortized until they are put into service.

Gains or losses on the disposal and retirement of regulated depreciable assets outside the course of normal business are charged or credited to other expenses, with the offset recorded as net movement in regulatory deferral account balances in the Statement of Earnings and Comprehensive Income under IFRS 14.

(c) INTANGIBLE ASSETS

Intangible assets are recorded at cost less accumulated amortization which includes direct labour and any other costs directly attributable to bringing the assets to a condition suitable for their intended use. The amortization rates are periodically calculated in a depreciation study which is approved by the AUC. Changes to amortization rates are accounted for on a prospective basis.

Generally, when a regulated intangible asset is retired or disposed of, there is no gain or loss recorded in net income. The difference between the cost and accumulated amortization of the asset is recorded to accumulated amortization. Any gain or loss that is charged to accumulated amortization will be reflected in future depreciation studies.

Amortization is recorded on a straight-line basis over the estimated useful lives of the assets at the following rates:

Asset Class	Amortization Rates		
Computer software	2.81%	to	17.52%
Land easements, rights and lease options	1.73%	to	1.79%

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible assets with indefinite lives include some land easements which are not subject to amortization. These assets are assessed annually for impairment, or more frequently if events or changes in circumstances indicate that the asset may be impaired.

(d) DEFERRED REVENUE (CIAC)

Under various statutory requirements and agreements with customers and developers, the Division receives CIAC in the form of cash contributions. Such contributions are recorded as deferred revenue when funds are received and recognized into revenue over the useful life of the underlying asset to which the contribution related. In addition to CIAC, the Division receives warranty deposits on long-term contracts in the form of cash. Such contributions are recorded as deferred revenue when funds are received and recognized into revenue over the term of the underlying contract.

(e) CAPITALIZATION OF BORROWING COSTS

Borrowing costs directly attributable to the construction of a qualifying asset are eligible for capitalization. Qualifying assets are assets for which a substantial period of time is required to prepare the asset for its intended use. The Division borrows funds to finance its capital construction projects. The borrowing costs are capitalized until construction is available for use as intended by management at a rate based on the actual costs of debt used to finance the capital construction projects. Capitalized borrowing costs cannot exceed the actual cost incurred to borrow the funds.

(f) ASSET IMPAIRMENT

Long-lived assets and intangible assets with finite lives are tested for impairment when events or changes in circumstances indicate possible impairment. Test for impairment is performed at the Cash Generating Unit (CGU) level. An impairment loss is recognized in the statement of earnings if the recoverable amount of a CGU is estimated to be less than its carrying amount. The recoverable amount is the higher of fair value less costs of disposal and value in use. Impairment losses recognized in prior periods are assessed at each reporting date for indications that the loss has decreased or no longer exists. The impairment loss can be reversed up to the original carrying value of the asset that would have been determined, net of depreciation, had no impairment loss been recognized. A reversal of impairment is recognized immediately in the statement of earnings and comprehensive income.

Significant Judgment and Estimation Uncertainty

Impairment indicator assessment and the grouping of CGUs are significant judgments in the process of asset impairment analysis. The determination of CGU recoverable amounts involves significant estimates, including timing of cash flows, expected future prices for inputs and outputs, expected usage of the assets and appropriate discount rates.

(g) REVENUE RECOGNITION

Revenues are recognized in a manner that is consistent with the underlying rate decision as mandated by the AUC. Revenues are recognized on an accrual basis as services are provided and include an estimate of fees for services provided but not yet billed. Other revenues are recognized in accordance with contracted terms or as services are provided. All revenues are reviewed for collectability and only recognized when collection is reasonably assured.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Performance Obligation

Typical commodity contracts with customers include two performance obligations, which are to provide supplies of the commodity and to arrange for the delivery of these supplies to the customers' specified locations. These performance obligations are considered to be a series of performance obligations satisfied over time as the customers simultaneously consume the commodity and generate benefits upon receipt. The method of recognition of revenue for the commodity is an output method, which is based on volume of commodity delivered to the customers.

As required under IFRS 15, ENMAX performed the principal versus agent assessment and determined that treatment of delivery charges collected within the Calgary city limit does not change under IFRS 15. The Division is considered a principal for the provision of supplies of the commodity, with these charges reflected as gross revenue on Divisional financial statements. For delivery charges outside the Calgary city limit, the Division is an agent in relation to the performance obligation to arrange for delivery of the commodity and therefore the payment and recovery of the flow-through costs are presented on a net basis.

(h) INCOME TAX

ENMAX Power Corporation, which includes the Division, is municipally-owned and is exempt from federal and provincial income taxes.

(i) FINANCIAL INSTRUMENTS

The financial instruments of the Division include loans and receivables, and other financial liabilities.

Accounts receivable and the balance due from affiliates are initially recorded at fair value and subsequently measured at amortized cost or fair value through OCI, under a single expected credit loss model.

Accounts payable and accrued liabilities due to affiliates, other current liabilities, and the long-term related party debt are carried at amortized cost using the effective interest method.

Transaction costs that are directly attributable to the issuance of the above financial instruments are netted against the fair value initially recognized and subsequently expensed to earnings using the effective interest method.

(j) POST-EMPLOYMENT BENEFITS

The Division participates in pension plans that contain both defined contribution (DC) and defined benefits (DB) provisions.

For DC pension plans, the Division's obligations for contributions are recognized as Other Expenses in the statements of earnings and comprehensive income when services are rendered by employees.

For DB pension plans and other post-employment benefits, the level of benefit provided is based on the length of service and earnings of the person entitled. The service cost of DB pension and other post-employment benefits earned by employees is actuarially determined using the projected unit credit method, pro-rated on service and management's best estimate of expected health care costs. The related pension liability recognized in the statements of financial position is the present value of the DB and post-retirement benefit obligation at the statement of financial position date, less the market value of the plan assets.

Actuarial valuations for DB plans are carried out every three years at December 31. The discount rate applied in arriving at the present value of the pension liability represents yields on high-quality Canadian corporate bonds that have terms to maturity approximating the terms of the related pension liability.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Components of DB costs include service cost, net interest on the net defined benefit liability and re-measurements of the net DB liability. Service cost is recognized as other expenses in the statements of earnings and comprehensive income. Net interest is calculated by applying the discount rate to the net defined benefit liability at the beginning of the annual period, and takes into account projected contributions and benefit payments during the period. The net interest is recognized as interest expense in the statements of earnings and comprehensive income. Re-measurement gains and losses, resulting from experience adjustments and changes in assumptions used to measure the accrued benefit obligation, are recognized in full in the period in which they occur through other comprehensive income.

Estimation Uncertainty

Significant assumptions and estimates are used in the accounting for DB pension plans. The Corporation consults with an actuarial specialist when setting the key assumptions used to estimate the post-employment benefits and the costs of providing post-retirement benefits. Key assumptions include: future return on plan assets, retirement age, mortality rates, discount rates, future health care costs, salary escalation rates and claims experiences.

(k) NATURE AND ECONOMIC EFFECT OF RATE REGULATION

ENMAX Transmission and ENMAX Distribution (the Division) are divisions of ENMAX Power Delivery segment. The divisions are regulated operations established to carry out all electrical transmission and distribution service functions in their own right. The AUC approves the Division's Transmission and Distribution Tariffs (rates and terms and conditions of service) subject to Sections 37 and 102 of the Electric Utilities Act.

With respect to Distribution, the 2018-2022 Distribution Access Service (DAS) rates are subject to the Performance Based Regulation (PBR) mechanism. In March 2018, the AUC approved 2018 formula-based rates on an interim basis for the period commencing January 1, 2018.

Transmission division rates are set based on an AUC approved revenue requirement and are regulated under a traditional cost-of-service framework. Interim rates are currently in place pending a decision on the 2018-2020 General Tariff Application, which was filed in December 2018.

(l) LEASES

When an arrangement is entered into for the use of items of PPE, the Division evaluates the arrangement to determine whether it contains a lease. A specific asset would qualify as a lease if fulfillment of the arrangement is dependent on the use of the specific asset. An arrangement constitutes the right to use the asset if the Division has the right to control the use of the underlying asset. When an arrangement is determined to be a lease, the Division classifies the lease as either operating or financing depending on whether substantially all the risks and rewards of the asset have been transferred.

Significant Judgment

The Division assesses contract arrangements to determine if they contain a lease. The Division considers all facts and circumstances to determine if substantially all risks and rewards of ownership has been transferred to the lessee to classify the lease arrangement as a finance or operating lease.

5. ACCOUNTING PRONOUNCEMENTS

ADOPTION OF NEW ACCOUNTING STANDARDS

The following standards have been adopted by the Division for the first time for the financial year beginning on January 1, 2018 and have the following impact.

IFRS 9, *Financial Instruments* replaces IAS 39

IFRS 9 provides guidance and requirements on classification and measurement of financial assets and liabilities, impairment and hedging. The Division adopts IFRS 9 with exception of hedge accounting, which does not apply to the Division. The standard has introduced a single expected credit loss model for all financial assets measured at amortized cost or fair value through OCI. The Division was required to revise its impairment methodology under IFRS 9 over the accounts receivable for sales of transmission service, distribution service and other services, and has adopted full retrospective approach without restating prior years.

There was no impact to the Division upon adoption of IFRS 9, on January 1, 2018.

ELECTED PRACTICAL EXPEDIENTS

Simplified impairment approach on accounts receivables

The Division calculates the expected credit losses on accounts receivable using a provision matrix, which is based on the Division's historical credit loss experience for accounts receivable to estimate the lifetime expected credit losses. The provision matrix specifies fixed provision rates depending on the number of days that a trade receivable is past due.

IFRS 15, *Revenue from Contracts with Customers*

IFRS 15 provides a framework that replaces existing revenue recognition guidance. The Division applies a five-step model to determine when to recognize revenue and at what amount. The model specifies that revenue should be recognized when (or as) an entity transfers control of goods or services to a customer at the amount to which the entity expects to be entitled.

IMPACT OF CHANGE IN ACCOUNTING POLICY ON CONSOLIDATED STATEMENTS OF EARNINGS

The Division adopted IFRS 15 on January 1, 2018 without any material impact on the Financial Statements.

CHANGES TO SIGNIFICANT ACCOUNTING POLICIES DUE TO ADOPTION OF NEW ACCOUNTING STANDARDS

REVENUE RECOGNITION

Transmission and distribution

Contracts with customers under transmission and distribution operations are ENMAX's promises to provide transmission and distribution services to end customers through collaboration with electricity retailers. The customer for transmission service is the Alberta Electric System Operator (AESO), while customers for the distribution service are electricity retailers.

Revenue is recognized when the Division satisfies a performance obligation by transferring a promised service to the customer.

The transmission contract includes one performance obligation, which is a stand-ready obligation to provide transmission service for the period. This performance obligation is satisfied when the stand-ready obligation to provide transmission service has been performed each month. The distribution contract includes one performance obligation, which is to provide distribution services. This performance obligation is satisfied when the end customer receives electricity. The Division's

5. ACCOUNTING PRONOUNCEMENTS (CONTINUED)

promises to provide transmission and distribution services to the customer are performance obligations that are satisfied over time as the customer is able to simultaneously consume the electricity transmitted and distributed to the customer's location.

The transaction price for the transmission service involves consideration that is variable and constrained. The variable consideration is no longer constrained when AUC approves the cost-of-service, which allows the Division to recover the cost to build, operate and maintain the transmission lines. The transaction price for the distribution contract involves consideration that is variable and constrained. The variable consideration is no longer constrained when the actual number of customers serviced during each billing period becomes known.

The method utilized to recognize revenue for the transmission contract is an input method, which is based on the passage of time as the stand-ready performance obligation is completed each period. The method utilized to recognize revenue for the distribution contract is an output method, which is based on actual volume of electricity distributed and actual number of customers serviced each period. Revenues are recognized in a manner that is consistent with the underlying rate decision as mandated by the AUC.

Types of Customers and Sales Channel

Nature and significant payment terms

Transmission	The Division receives revenue from Alberta Electric System Operator (AESO) specifically for the use of its transmission grid system.
Distribution	The Division receives revenue from electricity retailers specifically for the utilization of its electricity distribution system in delivering electricity to end customers.
Contractual services/Other revenues	The Division receives revenue from individual consumers to large corporations; these individuals and corporations receive credit and terms based on the revenue product and their credit history.
City of Calgary local access fees	The Division receives revenue from electricity end users to offset municipal levies by the City of Calgary (The City) in lieu of property taxes.

Contractual services

Contracts with a customer where the Division promises to render services mainly consist of services to maintain a customer's assets or to develop specific assets. The rendering of a service contract includes one performance obligation, which is to either maintain a customer's assets or to develop an asset. This performance obligation is satisfied over time either because the customer simultaneously benefits from the maintenance services completed, or the service provided either enhances the customer's assets, or the new assets are highly specific for the customer and the Division has the right to receive payment for all the services performed at the end of each reporting period.

The transaction price for the rendering of a service contract includes consideration from the customer that is fixed. Certain contracts may also include variable considerations that are constrained, hence are not included in the transaction prices. The transaction price for all services rendered to the customer at each billing period will be allocated to the single performance obligation to provide a service to the customer.

Both input and output methods are used to recognize revenue for the rendering of service contracts, depending on which method more accurately depicts the Division's promise to transfer services to the customer. For contracts where an input method is used, revenue is recognized based on actual labor cost and materials consumed to perform the required service during each billing period. For contracts where an output method is used, the revenue is recognized based on actual services delivered to the customer during each billing period.

5. ACCOUNTING PRONOUNCEMENTS (CONTINUED)

Elected practical expedients

The Division applies the practical expedient not to adjust its revenue for the effect of a significant financing component if it expects, at contract inception, that the period between when the Division transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less. Contributions In Aid of Construction are contributions received for work performed under various statutory requirements, therefore is determined not to contain a significant financing component.

ACCOUNTING PRONOUNCEMENTS NOT YET ADOPTED

The following standard and interpretation is not yet effective and has not been applied in preparing these financial statements.

IFRS 16 Leases

The Division will adopt IFRS 16 on January 1, 2019. The new lease standard requires companies to bring most leases onto the balance sheet and eliminates the distinction between operating and finance leases. Lessor accounting remains mostly unchanged from previous guidance. The key objective of the new standard is to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements.

The Division has made significant progress in the review and assessment of its contracts that contain lease. The accounting impact from the IFRS 16 adoption is expected to be significant where lease liabilities will be recorded on the consolidated statements of financial position. The Division has chosen to apply the IFRS 16 standard to its leases retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application as an adjustment to the opening balance of retained earnings. The Division will apply both the short-term and low-value exemptions on all its lease contracts.

6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The discussion included in this note is limited to the Division's financial risks associated with financial instruments outstanding at the financial position date.

The risks associated with the Division's financial instruments are summarized in the following table:

	Accounts Receivable and Due from Affiliates	Accounts Payable, Accrued Liabilities, Other Liabilities and Due to Affiliates	Short and Long-term Related Party debt
Credit Risk	✓		
Liquidity Risk		✓	✓

The nature of these financial instruments and the Division's operations expose the Division to credit and liquidity risk. Management employs risk management strategies and policies to ensure that any exposure to risk is in compliance with the Division's business objectives and risk tolerance levels. The strategies include both forecasting and monitoring the Division's cash flows on an annual basis.

6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(a) Market risk

Operations are conducted in Canadian dollars with little exposure to foreign exchange fluctuations.

The Division is not exposed to significant interest rate risk as the interest rates on the long-term debt are fixed. The fair value of the Division's long-term debt changes as interest rates change. Assuming all other variables remain constant, a 1% change in interest rates as at December 31, 2018 would have an impact of \$109,187 (2017 - \$102,693) effect on the fair value of fixed interest rate debt.

(a) Credit risk

The Division is not exposed to commodity price risk on financial instruments, as there are no electricity or natural gas derivatives within the Division.

The Division is exposed to credit risk through its primary operations. Credit risk is the loss that may result from counterparties' non-performance.

The Division's maximum financial statement exposure to credit risk is the carrying value of its accounts receivables \$61,834 at December 31, 2018 (2017 - \$65,606).

The majority of the Division's accounts receivable are not exposed to significant credit risk due to the credit worthiness of counterparties and the securities requirement set out in Section 8 of the Electric Utilities Act – Distribution Tariff Regulation.

(b) Liquidity risk

Liquidity risk is the risk that the Division will not be able to meet its financial obligations as they fall due. The Division's approach to managing liquidity risk is to forecast its cash flow to ensure that it always has access to sufficient cash to meet its obligations when due.

The following table details the remaining contractual maturities for the Division's current and long-term financial liabilities, including both the principal and interest cash flows. The contractual maturities due in less than one year are comprised of the current portion of Alberta Capital Finance Authority (ACFA) related debt, accounts payable and other current liabilities.

<i>As at</i> <i>(thousands of dollars)</i>	December 31, 2018	December 31, 2017
Less than 1 year	262,196	189,223
1-3 years	199,436	184,908
3-5 years	190,307	170,825
More than 5 years	1,246,587	1,136,785

(c) Fair Value

Fair value of financial instruments is determined by reference to quoted bid or asking price, as appropriate, in active markets at reporting dates. In the absence of an active market, the Division determines fair value by using valuation techniques that refer to observable market data or estimated market prices. Fair values determined using valuation models require the use of assumptions about the amount and timing of estimated future cash flows and discount rates.

6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

In making these assumptions, the Division looks primarily to readily observable external market input factors, such as interest rate yield curves, currency rates and price, and rate volatilities as applicable.

Fair values for accounts receivable due to/from affiliates, accounts payable and accrued liabilities, and other assets and liabilities are not materially different from their carrying amounts due to their short-term nature. The Division estimated the fair value of its long-term debt based on quoted market prices for the same or similar debt instruments. When such information was not available, future payments of interest and principal were discounted at estimated interest rates for comparable entities.

The carrying amounts and fair values of the long-term debt are as follows:

As at

(thousands of dollars)

	December 31, 2018		December 31, 2017	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term debt ⁽¹⁾	1,239,901	1,298,801	1,125,167	1,204,359

⁽¹⁾ Includes current portion of \$62,619 (2017 - \$59,221). Scheduled repayment dates range from March 2019 to June 2043.

7. REGULATORY DEFERRAL BALANCES

The timing of recognition of certain regulatory debits, credits, revenues and expenses may differ from what is otherwise expected under IFRS for non-regulated operations. The Division has recorded the following regulatory debit and credit balances:

As at (thousands of dollars)	January 1, 2017	Balances Arising in the Year ⁽¹⁾	Recovery (Reversal) ⁽²⁾	December 31, 2017	Balances Arising in the Year	Recovery (Reversal)	Net Movement 2018	December 31, 2018	Expected Recovery/ Reversal Period (months)
Accounts receivable (Note a)	-	166,928	(132,567)	34,361	167,790	(139,333)	28,457	62,818	3 Mo
Other regulatory debits (Note b)	30,469	16,987	(15,709)	31,747	3,598	(27,113)	(23,515)	8,232	12 Mo
Total regulatory deferral account debit balances	30,469	183,915	(148,276)	66,108	171,388	(166,446)	4,942	71,050	
Other regulatory credits (Note c)	14,621	245	(5,808)	9,058	(32)	(4,416)	(4,448)	4,610	12 Mo
Total regulatory deferral account credit balances	14,621	245	(5,808)	9,058	(32)	(4,416)	(4,448)	4,610	

⁽¹⁾ "Balances Arising in the Year" column consist of new additions to regulatory deferral debit and credit balances.

⁽²⁾ "Recovery (Reversal)" column consists of amounts collected/refunded through rate riders or transactions reversing existing regulatory balances.

7. REGULATORY DEFERRAL BALANCES (CONTINUED)

The following describes each of the circumstances in which rate regulation affects the accounting for a transaction or event. Regulatory assets represent future revenues associated with certain costs, incurred in the current period or in prior periods, which are expected to be recovered from customers in future periods through the rate-setting process. Regulatory liabilities represent future reductions, or limitations of increases in revenues, associated with amounts that are expected to be returned to customers as a result of the rate-setting process.

(a) ACCOUNTS RECEIVABLE

Accounts receivable represents a deferral account for transmission charges from the Alberta Electric System Operator (AESO). In the absence of rate regulation and the interim standard, IFRS would require that actual costs be recognized as an expense when incurred.

(b) OTHER REGULATORY DEBITS

Other regulatory assets primarily relate to AUC administration flow-through, deferral accounts, reserves and other costs that will be collected from customers via future rates, such as access service charges. Timing of the decision on collection of these items can result in significant fluctuation in balances from year to year.

(c) OTHER REGULATORY CREDITS

Other regulatory liabilities primarily relate to items that will be refunded to customers through future rates.

For certain regulatory items identified above, the expected recovery or settlement period, or likelihood of recovery or settlement, is affected by risks and uncertainties relating to the ultimate authority of the regulator in determining the item's treatment for rate-setting purposes. There is a risk that the regulator may disallow a portion of certain costs incurred in the current period for recovery through future rates, or disagree with the proposed recovery period. Any impairment related to regulatory deferral account debit balances are recorded in the period in which the related regulatory decisions are received.

8. OTHER ASSETS AND LIABILITIES

<i>As at</i> <i>(thousands of dollars)</i>	December 31, 2018	December 31, 2017
Other current assets		
Prepaid expenses	371	828
	371	828
Other long-term assets		
Long-term assets	121	-
	121	-
Other current liabilities		
Current liabilities	598	-
Current deposits	1,954	1,503
	2,552	1,503
Other long-term liabilities		
Long-term liabilities	5,320	3,988
	5,320	3,988

9. PROPERTY, PLANT AND EQUIPMENT

<i>(thousands of dollars)</i>	Transmission, distribution and substation equipment	Work in progress	Buildings and Site Development	Tools, system and equipment	Land	Vehicles	Total
Cost							
As at January 1, 2017	1,963,468	113,754	128,475	23,765	14,248	20,103	2,263,813
Additions	(651)	265,265	-	-	-	-	264,614
Transfers	286,170	(313,458)	12,021	8,687	635	5,945	-
Disposals	(3,963)	(7,070)	(81)	-	-	(2,213)	(13,327)
As at December 31, 2017	2,245,024	58,491	140,415	32,452	14,883	23,835	2,515,100
Additions	2,686	278,151	-	-	-	-	280,837
Transfers	224,236	(251,908)	13,634	3,774	-	10,264	-
Disposals	(8,041)	(1,602)	-	(4,974)	(10)	(2,893)	(17,520)
As at December 31, 2018	2,463,905	83,132	154,049	31,252	14,873	31,206	2,778,417
Accumulated Depreciation							
As at January 1, 2017	(186,614)	-	(6,634)	(10,313)	-	(5,388)	(208,949)
Depreciation	(82,073)	-	(2,722)	(4,241)	-	(1,972)	(91,008)
Transfers	-	-	-	(15)	-	-	(15)
Disposals	9,980	-	521	-	-	2,085	12,586
Adjustments	(4,451)	-	(171)	-	-	-	(4,622)
As at December 31, 2017	(263,158)	-	(9,006)	(14,569)	-	(5,275)	(292,008)
Depreciation	(89,354)	-	(3,182)	(4,192)	-	(2,198)	(98,926)
Transfers	-	-	-	-	-	-	-
Disposals	7,992	-	110	4,974	-	1,977	15,053
As at December 31, 2018	(344,520)	-	(12,078)	(13,787)	-	(5,496)	(375,881)
Net Book Value							
As at January 1, 2017	1,776,854	113,754	121,841	13,452	14,248	14,715	2,054,864
As at December 31, 2017	1,981,866	58,491	131,409	17,883	14,883	18,560	2,223,092
As at December 31, 2018	2,119,385	83,132	141,971	17,465	14,873	25,710	2,402,536

10. INTANGIBLE ASSETS

<i>(thousands of dollars)</i>	Work in progress	Computer software	Land easements, rights and lease options	Total
Cost				
As at January 1, 2017	13,603	50,734	3,622	67,959
Additions	18,235	-	-	18,235
Transfers	(20,365)	20,368	16	19
Disposals	-	-	-	-
As at December 31, 2017	11,473	71,102	3,638	86,213
Additions	7,474	-	-	7,474
Transfers	(14,418)	14,417	1	0
Disposals	-	(7,805)	-	(7,805)
As at December 31, 2018	4,529	77,714	3,639	85,882
Accumulated Amortization				
As at January 1, 2017	-	(8,821)	(118)	(8,939)
Amortization	-	(5,085)	(70)	(5,155)
Transfers	-	16	-	16
Disposals	-	-	-	-
As at December 31, 2017	-	(13,890)	(188)	(14,078)
Amortization	-	(5,064)	(71)	(5,135)
Transfers	-	-	-	-
Disposals	-	7,805	-	7,805
As at December 31, 2018	-	(11,149)	(259)	(11,408)
Net Book Value				
As at January 1, 2017	13,603	41,913	3,504	59,020
As at December 31, 2017	11,473	57,212	3,450	72,135
As at December 31, 2018	4,529	66,565	3,380	74,474

11. LONG-TERM RELATED PARTY DEBT

On June 15, 2018 ENMAX Corporation issued inter-company loan advancements to the Division of \$12,182, \$6,488, \$6,960 and \$151,818 bearing interest at 2.690%, 3.082%, 3.358% and 3.427% respectively. These inter-company loans are payable semi-annually and mature on June 15, 2023, June 15, 2028, June 15, 2038 and June 15, 2043 respectively.

As at

(thousands of dollars)

	December 31, 2018		December 31, 2017	
	Carrying Amount	Weighted Average Interest Rates	Carrying Amount	Weighted Average Interest Rates
Unsecured debentures, with remaining terms of:				
Less than 5 years	42,402	2.51%	49,814	2.56%
5 - 10 years	25,952	3.61%	16,875	3.21%
10 - 15 years	124,614	4.80%	77,279	4.83%
15 - 20 years	455,335	4.05%	418,317	4.29%
20 - 25 years	591,598	3.43%	562,882	3.46%
	1,239,901		1,125,167	
Less: Current portion	62,619		59,221	
	1,177,282		1,065,946	

11. LONG-TERM RELATED PARTY DEBT (CONTINUED)

UNSECURED DEBENTURES

ACFA lends funds to The City, these funds in turn are borrowed by ENMAX Corporation, and then in turn are borrowed by the Division.

Debentures were originally issued by ENMAX Corporation to The City pursuant to the Master Agreement between ENMAX Corporation and The City. The debentures represented debt that was included in the assumed liabilities upon transfer of substantially all of the assets and liabilities of the Calgary Electric System from The City to ENMAX Corporation on January 1, 1998. The Division, in accordance with the Supplementary Master Agreement dated January 1, 1998, agreed to be liable for this debt. From time to time, ENMAX Corporation requests that The City borrow additional funds from ACFA to finance the capital expenditures for the Division, the regulated division of ENMAX Power Corporation. If accepted, The City issues a debenture to ACFA and ENMAX Corporation in turn issues a debenture to The City.

The ACFA debt transactions between The City and ENMAX Corporation are governed by a debt management service level agreement dated December 18, 1997. The Division in turn agrees to repay ENMAX Corporation in accordance with an amended and restated debt repayment agreement dated December 1, 2004, and an ACFA Grid Debenture dated December 1, 2004 (along with the ACFA Grid Debenture Schedule attached thereto, as updated from time to time). The Division repays ENMAX Corporation, which in turn repays The City, for all principal repayments and interest payments with respect to the ACFA debt advanced to the Division on the same day as The City makes payments to ACFA. In addition, the Division is required to pay a debt management fee to ENMAX Corporation of 0.25% on the average monthly outstanding debenture balance held by the Division; this fee is a flow-through cost from The City.

PRINCIPAL REPAYMENTS

The required repayments of principal on the long-term debt are as follows:

<i>As at</i> <i>(thousands of dollars)</i>	December 31, 2018	December 31, 2017
Less than 1 year	62,619	59,221
1 – 3 years	113,590	105,122
3 – 5 years	112,953	99,360
More than 5 years	950,739	861,464

12. POST-EMPLOYMENT BENEFITS

The Division participates in a registered pension plan that substantially covers all employees and includes both DB and DC provisions. The DB provisions provide a pension based on years of service and highest average earnings over five consecutive years of employment. DB pension benefits under the registered plan will increase annually by at least 60 per cent of the consumer price index for Alberta. Under the DC provisions, the employer provides a base level of contributions and additional employer contributions are matched based on the participating members' contribution levels and "points" (age plus service) calculation.

The Division also participates in a supplemental pension plan providing an additional DC or DB pension to members whose benefits are limited by maximum pension rules under the Income Tax Act. The supplemental pension plan benefits do not automatically increase. In addition, the Division provides employees with post-retirement benefits other than pensions, including extended health benefits beyond those provided by government-sponsored plans, life insurance, health care spending accounts and a lump-sum allowance payable at retirement, up to age 65.

Total cash payments for employee future benefits for the year ended December 31, 2018, consisting of cash contributed by ENMAX Corporation under the defined benefit provision of the registered pension plan and cash payments directly to beneficiaries of ENMAX Corporation unfunded other-benefit plans, were \$11,741 (2017 - \$13,964).

For the year ended December 31, 2018, the total expense for the defined contribution provisions for the Division is \$3,786 (2017 - \$3,536).

12. POST-EMPLOYMENT BENEFITS (CONTINUED)

Information about the DB provisions of the plan, including the supplemental pension plan and the post-retirement non-pension benefit plan, is as follows:

	December 31, 2018			December 31, 2017		
	Pension Benefit Plan	Other Benefit Plan	Total	Pension Benefit Plan	Other Benefit Plan	Total
<i>(thousands of dollars)</i>						
Change in defined benefit obligation:						
Balance, beginning of year	216,679	4,765	221,444	199,576	4,774	204,350
Current service cost	6,680	275	6,955	6,306	273	6,579
Interest cost	7,387	148	7,535	7,332	148	7,480
Employee contributions	2,109	-	2,109	2,044	-	2,044
Actuarial (gains) losses	(9,619)	(633)	(10,252)	10,421	(97)	10,324
Benefits paid	(20,578)	-	(20,578)	(8,987)	-	(8,987)
Benefits paid directly by Division	(265)	(359)	(624)	(40)	(263)	(303)
Transfers between subsidiaries	(1,668)	36	(1,632)	27	(70)	(43)
Defined benefit obligation, end of year	200,725	4,232	204,957	216,679	4,765	221,444
Change in plan assets:						
Fair value, beginning of year	198,116	-	198,116	180,168	-	180,168
Interest income	6,892	-	6,892	6,708	-	6,708
(Loss) return on plan assets, excluding amounts included in interest expense	(10,323)	-	(10,323)	12,922	-	12,922
Employer contributions	5,893	-	5,893	7,483	-	7,483
Employee contributions	2,109	-	2,109	2,044	-	2,044
Benefits paid	(20,578)	-	(20,578)	(8,987)	-	(8,987)
Non-investment expenses	(162)	-	(162)	(265)	-	(265)
Beginning of year adjustment	(199)	-	(199)	-	-	-
Transfer between subsidiaries	(934)	-	(934)	(1,957)	-	(1,957)
Plan assets at fair value, end of year	180,814	-	180,814	198,116	-	198,116
Funded status-plan deficit						
Accrued benefit liability	(19,911)	(4,232)	(24,143)	(18,563)	(4,765)	(23,328)

12. POST-EMPLOYMENT BENEFITS (CONTINUED)

DEFINED BENEFIT COST – STATEMENT OF EARNINGS AND COMPREHENSIVE INCOME

	December 31, 2018			December 31, 2017		
	Pension Benefit Plan	Other Benefit Plan	Total	Pension Benefit Plan	Other Benefit Plan	Total
<i>(thousands of dollars)</i>						
Current service costs	6,680	275	6,955	6,306	273	6,579
Transfers between subsidiaries	(726)	36	(690)	1,506	(70)	1,436
Net interest on net benefit liability	495	148	643	624	148	772
Admin costs	162	-	162	265	-	265
Net benefit plan expense	6,611	459	7,070	8,701	351	9,052

	December 31, 2018			December 31, 2017		
	Pension Benefit Plan	Other Benefit Plan	Total	Pension Benefit Plan	Other Benefit Plan	Total
<i>(thousands of dollars)</i>						
Return on plan assets (greater) less than discount rate	10,522	-	10,522	(12,922)	-	(12,922)
Actuarial (gains) losses						
Experience adjustments	(337)	(110)	(447)	6,033	(69)	5,964
Changes in assumptions	(9,290)	(523)	(9,813)	4,466	(28)	4,438
Re-measurement effects recognized (OCI)	895	(633)	262	(2,423)	(97)	(2,520)

The defined pension benefits plan's assets are comprised as follows:

<i>As at</i>	December 31, 2018				December 31, 2017			
	Quoted	Un-quoted	Total	In %	Quoted	Un-quoted	Total	In %
<i>(thousands of dollars)</i>								
Canadian equity securities			47,516	26.3%			54,770	27.6%
Small company equity fund	5,710	-	5,710		6,940	-	6,940	
Canadian equity fund	41,806	-	41,806		47,829	-	47,829	
Foreign equity securities			56,470	31.2%			64,017	32.3%
U.S. large company equity fund	32,793	-	32,793		36,197	-	36,197	
Developed country equity fund	23,677	-	23,677		27,819	-	27,819	
Fixed-income securities			61,460	34.0%			62,593	31.6%
Canadian fixed-income fund	3,363	-	3,363		3,395	-	3,395	
Canadian long-duration bond fund	20,645	-	20,645		20,346	-	20,346	
Real return bond fund	9,737	-	9,737		9,979	-	9,979	
Long duration credit bond fund	17,757	-	17,757		18,367	-	18,367	
U.S. high yield bond fund	9,958	-	9,958		10,506	-	10,506	
Real estate investments	-	15,327	15,327	8.5%	-	14,423	14,423	7.3%
Cash and cash equivalents	-	0	0	0.0%	-	1,290	1,290	0.7%
Non-investment asset	-	41	41	0.0%	-	1,025	1,025	0.5%
Total plan assets			180,814	100.0%			198,116	100%

12. POST-EMPLOYMENT BENEFITS (CONTINUED)

(a) ASSUMPTIONS

The significant weighted-average actuarial assumptions adopted in measuring the Division's defined benefit obligations and net benefit plan expense are as follows:

<i>(thousands of dollars)</i>	December 31, 2018		December 31, 2017	
	Pension Benefit Plan	Other Benefit Plan	Pension Benefit Plan	Other Benefit Plan
Defined benefit obligation:				
Discount rate	3.75%	3.50%	3.50%	3.25%
Inflation rate	1.80%	n/a	1.80%	n/a
Rate of compensation increase	2.80%	2.80%	2.80%	2.80%
Health care cost trend rate for next year	n/a	6.50%	n/a	7.00%
Decreasing gradually to 5% in the year	n/a	2025	n/a	2021
Average life expectancy ⁽¹⁾				
Male	21.7	n/a	21.7	n/a
Female	24.1	n/a	24.1	n/a
Net benefit plan expense:				
Discount rate	3.50%	3.25%	3.75%	3.25%
Inflation rate	1.80%	n/a	2.00%	n/a
Rate of compensation increase	2.80%	2.80%	3.00%	3.00%
Health care cost trend rate for next year	n/a	6.50%	n/a	7.00%
Decreasing gradually to 5% in the year	n/a	2021	n/a	2021

⁽¹⁾ The average life expectancy for a 65 year old based on the mortality tables used for year-end disclosures.

The per capita cost of covered dental benefits was assumed to increase by 4.5 per cent per year (2017 - 4.5 per cent).

The sensitivity of the defined benefit obligation to changes in assumptions is set out below. The effects on each plan of a change in an assumption are weighted proportionately to the total plan obligations to determine the total impact for each assumption presented.

SENSITIVITIES OF ASSUMPTIONS

<i>(thousands of dollars)</i>	December 31, 2018		
	Change in assumption	Increase	Decrease
Impact on Pension Benefit Plan DBO			
Discount rate	1%	(28,914)	37,970
Rate of compensation increase	1%	4,096	(4,481)
Inflation rate	1%	16,428	(15,090)
Life expectancy	1 year	4,342	(4,481)
Impact on Other Benefit Plan DBO			
Discount rate	1%	(333)	393
Rate of compensation increase	1%	137	(122)
Health care cost trend rate	1%	118	(104)
Life expectancy	1 year	(14)	n/a

12. POST-EMPLOYMENT BENEFITS (CONTINUED)

Each sensitivity analysis disclosed in this note is based on changing one assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to variations in significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied to calculating the liability recognised in the statement of financial position.

(b) MATURITY ANALYSIS

An actuarial valuation was performed as of December 31, 2016 on the entire group plan of ENMAX Corporation. Based on the 2016 pension valuation, the aggregate solvency deficit in ENMAX Corporation's funded pension plans amounted to \$28,793. ENMAX Corporation will make special payments for past service of \$3,321 per annum to fund the defined pension benefits plans' deficit over 10 years. Current agreed service contributions is 11.08 per cent of pensionable salaries and continue to be made in the normal course. Total expected contributions to post-employment benefit plans for the year ended December 31, 2019 (including the past service contributions) are \$7,658.

The weighted average duration of the defined benefit obligation for the pension benefit plan and the other benefit plan is 16.2 years and 8.5 years respectively (2017: 17.0 years and 8.7 years).

Expected maturity analysis of undiscounted pension and other benefit plans:

	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years	Total
Defined pension benefit plan	11,572	22,283	22,897	61,731	118,483
Other benefit plans	424	823	794	1,614	3,655
At December 31, 2018	11,996	23,106	23,691	63,345	122,138

(c) RISK ASSESMENT FOR THE DB PENSION

Funding risk

The primary risk associated with the DB pension for the plan sponsor is the risk that investment asset growth and contribution rates will not be sufficient to cover pending funding obligations, resulting in unfunded liabilities.

Alberta registered plans are required to file funding valuations on a triennial basis with a few exceptions. If the going concern funded status is less than 85.00 per cent, a plan may be required to file an annual valuation. Based on the 2016 pension valuation, the DB provisions are 120.00 per cent funded on a going-concern basis and 90.97 per cent on a solvency basis. The funding ratio is monitored on an ongoing basis. The next valuation will be completed for December 31, 2019, and the report is expected to be completed by the end of May 2020.

Investment risk

The Division makes investment decisions for its funded plan based on an asset-liability matching analysis reflecting the results of its aforementioned funding valuations. ENMAX Corporation attempts to achieve investment returns in excess of its liabilities by setting asset allocation targets based on risks and returns. This targeted asset allocation is recorded within ENMAX Pension Plan Statement of Investment Policies and Procedures (SIPP). The plan's asset portfolio is regularly monitored to ensure compliance to the SIPP, as well as its performance as compared to a liability benchmark intended to approximate the growth in the Plan's future obligations. Given the likely significant shortening of the liability structure with the passage of time, the continuing appropriateness of the plan's asset allocation is evaluated at least once every three years.

13. DEFERRED REVENUE

<i>(thousands of dollars)</i>	CIAC	Other	Total
As at December 31, 2017	501,484	1,270	502,754
Net additions	57,738	-	57,738
Movements to PPE	(7,720)	-	(7,720)
Recognized as revenue	(17,940)	(42)	(17,982)
As at December 31, 2018	533,562	1,228	534,790

14. OTHER REVENUES AND EXPENSES

OTHER REVENUES

Year ended December 31

<i>(thousands of dollars)</i>	2018	2017
Interest revenue ¹	-	1,154
Miscellaneous	20	-
	20	1,154

⁽¹⁾ Interest revenue relates to allocated costs from ENMAX Corporation to the Division, which was discontinued in 2018.

OTHER EXPENSES

Year ended December 31

<i>(thousands of dollars)</i>	2018	2017
Salary and wages	45,192	36,924
Materials and supplies	2,052	2,118
Goods and services	8,237	9,037
Administrative and office expense	3	(616)
Building expense	11,851	14,222
Vehicles and other	(80)	2,557
ENMAX Corporation shared service costs	40,521	43,647
ENMAX Power Corporation shared common costs	32,116	35,755
Foreign exchange loss (gain)	18	(10)
	139,910	143,634

15. CAPITAL MANAGEMENT

The deemed capital structure of the Division's regulated business is set by the AUC. The deemed structure is used to determine the debt equity ratio, which establishes the Division's return on the mid-year rate base. On August 2, 2018, the AUC issued a decision which increased the deemed equity capitalization ratio to 37% from 36%, for both Transmission and Distribution for the 2018-2020 term.

15. CAPITAL MANAGEMENT (CONTINUED)

The Division's management considers its actual capital structure to consist of gross debt and Owner's investment. Management targets to keep its actual capital structure aligned with its deemed structure. Gross debt is comprised of long-term debt, including current portions, plus bank indebtedness. The actual capital structure is as follows:

<i>As at</i> <i>(thousands of dollars)</i>	December 31, 2018	December 31, 2017
Long-term debt ⁽¹⁾	1,239,901	1,125,167
Owner's investment	751,399	656,091
	1,991,300	1,781,258

⁽¹⁾ Includes current portion of \$62,619 (2017 - \$59,221). Maturity dates range from March 2019 to June 2043.

16. DIVIDEND

There were no dividends declared in 2018 (2017 - \$nil).

17. FINANCE CHARGES

Year ended December 31

<i>(thousands of dollars)</i>	2018	2017
Interest expense – pension	765	400
Interest on long-term debt	46,201	40,562
Less: Capitalized interest	(4,016)	(3,323)
	42,950	37,639

18. CHANGE IN NON-CASH WORKING CAPITAL

Year ended December 31

<i>(thousands of dollars)</i>	2018	2017
Accounts receivable	3,772	(23,836)
Other current assets	457	(13)
Other long-term assets	(121)	102
Regulatory deferral account debit balances	(4,942)	(35,639)
Accounts payable and accrued liabilities	64,962	1,211
Other current liabilities	1,049	428
Due to/from affiliates	(123,171)	(5,797)
Other long-term liabilities	1,332	(123)
Regulatory deferral account credit balances	(4,448)	(5,563)
	(61,110)	(69,230)

19. RELATED PARTY TRANSACTIONS

The Division is a part of the ENMAX Corporation group of companies of which The City is the sole shareholder. Transactions between the Division, ENMAX affiliates and The City have been recorded at the exchange amounts. Exchange amounts are the amounts as outlined by the contracts in effect between the Division, ENMAX affiliates and The City.

Information on transactions between the Division and other ENMAX affiliates and The City are disclosed below:

TRANSACTIONS WITH THE CITY

Statements of earnings

Year ended December 31 (thousands of dollars)	2018	2017
Revenue ⁽¹⁾	17,804	5,551
Local access fees and other expenses ⁽²⁾	137,848	97,818
	155,652	103,369

⁽¹⁾ The significant components include civil work performed for The City.

⁽²⁾ This cost is passed through the Division directly to transmission and distribution customers.

Statements of financial position

Year ended December 31 (thousands of dollars)	2018	2017
Accounts receivable	3,760	3,237
Accounts payable and accrued liabilities	12,331	7,923
	16,091	11,160

TRANSACTIONS WITH ENMAX AFFILIATES

ACFA lends funds to The City; these funds in turn are borrowed by ENMAX Corporation, and then in turn are borrowed by ENMAX Power Corporation.

In 2018, ENMAX Power Corporation borrowed \$177,448 from ENMAX Corporation, covered by 5, 10, 20 and 25-year debentures. Interest on these debentures is paid in full semi-annually as follows: \$17,387 which matures in 2023, at 2.690%; \$5,758 maturing in 2028 at 3.082%; \$3,968 maturing in 2038 at 3.358%; and the remaining \$76,566 of the debt, which matures in 2043, at 3.427%. There was no ACFA debt issued in 2017.

The Division is required to pay a debt management fee to ENMAX Corporation of 0.25% (2017 - 0.25%) on the average monthly outstanding debenture balance held by the Division; this fee is included in the interest rate. For the year ended December 31, 2018, the amount paid was \$2,878 (2017 - \$2,804).

Amounts owing to the Division from affiliates for services provided as at December 31, 2018 were \$nil (2017 - \$nil).

The Division has accounts receivable from affiliates for goods and services provided as at December 31, 2018 of \$103,254 (2017 - amount owed to affiliates of \$nil), and long-term liabilities owed to affiliates for services of \$nil (2017 - \$19,917).

19. RELATED PARTY TRANSACTIONS (CONTINUED)

COMPENSATION OF KEY MANAGEMENT

The Division's key management personnel are members of the executive management team and considered to have the authority and responsibility for planning, directing and controlling the activities at the Division.

The total compensation and remuneration paid by the Division to key management personnel is presented below:

Year ended December 31

<i>(thousands of dollars)</i>	2018	2017
Salaries and other short-term employee benefits	2,208	2,028
Other long-term benefits	559	985
Retirement and post-employment benefits ⁽¹⁾	194	166
	2,961	3,179

⁽¹⁾ Pension amount is an estimate as it includes DB pension that requires actuarial calculation.

Excluding the transactions above, the Division entered into the following transactions with its parent and affiliates:

<i>As at</i> <i>(thousands of dollars)</i>			December 31, 2018	December 31, 2017
Entity	Transaction	Recorded As		
ENMAX Corporation (parent)	Interest revenue ⁽¹⁾	Other revenue	-	1,154
	Rent expense ⁽²⁾	Other expenses	4,060	4,440
	Consulting services	Other expenses	182	(56)
	Vehicle recoveries ⁽²⁾	Other expenses	76	(304)
	Shared Services allocation ⁽²⁾	Other expenses	40,521	43,647
	Interest Expenses	Other expenses	45,524	41,357
Affiliates				
ENMAX Energy Corporation	Wire service provider charges	Transmission & distribution revenue	530,377	452,136
	Contractual services revenue	Contractual services	1,429	1,675
	Utility expense	Other expenses	691	591
	Vehicle recoveries ⁽²⁾	Other expenses	-	(305)
ENMAX Power Services Corp.	Contractual services revenue	Contractual services	585	667
	Pole and duct revenues	Other revenue	-	36
	Consulting services received	Other expenses	102	380
	Consulting services	Other expenses	1,464	661
	Vehicle recoveries ⁽²⁾	Other expenses	(234)	(191)
	Construction services received	Other expenses	676	961

⁽¹⁾ Interest revenue relates to allocated costs from ENMAX Corporation to the Division, which was discontinued in 2018.

⁽²⁾ Balance relates to allocated costs from ENMAX Corporation to the Division as a result of a Shared Services Allocation agreement.

These transactions have been recorded at exchange amounts and have occurred in the normal course of operations.

20. COMMITMENTS AND CONTINGENCIES

OBLIGATIONS UNDER OTHER AGREEMENTS

The Division rents premises, vehicles and equipment under multiple lease contracts with varying expiration dates. The aggregate minimum payments under these arrangements over the next five years are as follows:

<i>As at</i> <i>(thousands of dollars)</i>	December 31, 2018	December 31, 2017
Less than 1 year	11,881	11,144
1 – 3 years	13,484	4,207
3 – 5 years	10,204	1,254

REGULATORY

The Division, along with other electrical transmission and distribution utilities in the province of Alberta, is subject to regulatory reviews and decisions. The impact of these reviews and decisions is reflected in the financial statements when they are announced, and the amounts can be reasonably estimated.

LEGAL CLAIMS

In the normal course of business, the Division is named as a defendant in lawsuits related to various matters. The Division believes the outcome of these lawsuits will not have a material impact on the operating results or financial position of the Division.

LETTERS OF CREDIT

In the normal course of operations, letters of credit are issued to facilitate the extension of credit for counterparties having credit exposure to the Division. As at December 31, 2018, ENMAX Corporation has issued no letters of credit (2017 – \$ nil) on behalf of the Division.

OTHER INDEMNIFICATIONS

In the ordinary course of business, the Division enters into contracts which contain indemnification provisions, such as: purchase and sale contracts, service agreements, intellectual property licensing agreements, purchases and sales of assets and equipment, joint venture agreements, operating agreements, and leasing and land use arrangements. In such contracts, the Division may indemnify counterparties to the contracts if certain events occur, such as undisclosed liabilities, changes in financial condition and loss caused by the actions of third parties, or as a result of litigation or other claims by third parties. These indemnification provisions will vary based upon the contract. In most cases, there are no pre-determined amounts or limits included in these indemnification provisions and the occurrence of contingent events that will trigger payment under them is difficult to predict. Therefore, the maximum potential future amount the Division could be required to pay cannot be estimated.