FORTISALBERTA INC.

Audited Financial Statements
For the years ended December 31, 2018 and 2017

Deloitte.

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Independent Auditor's Report

To the Shareholder of FortisAlberta Inc.:

Opinion

We have audited the financial statements of FortisAlberta Inc. (the "Company"), which comprise the balance sheets as at December 31, 2018 and 2017, and the statements of income and comprehensive income, changes in shareholder's equity and cash flows for the years then ended, and the 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 Company as at December 31, 2018 and 2017, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

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 Company 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.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

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 US GAAP, 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company'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 Company'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 Company'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 Company 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Raj S. Bhogal.

/s/ Deloitte LLP

Chartered Professional Accountants
Calgary, Alberta
February 14, 2019

FORTISALBERTA INC.

BALANCE SHEETS

As at December 31 (all amounts in thousands of Canadian dollars)	2018	2017
Assets		
Current assets		
Cash and cash equivalents	$ -	$ 78,802
Restricted cash	-	3,933
Accounts receivable (note 4)	183,854	137,608
Prepaids and deposits	2,990	3,974
Income tax receivable	3,592	-
Regulatory assets (note 5)	781	1,054
Total current assets	191,217	225,371
Regulatory assets (note 5)	448,662	391,393
Property, plant and equipment, net (note 6)	3,738,645	3,535,021
Intangible assets, net (note 7)	78,040	68,711
Other assets (note 8)	1,755	1,767
Goodwill	226,968	226,968
Total Assets	$ 4,685,287	$ 4,449,231
Liabilities and Shareholder's Equity		
Current liabilities		
Short-term borrowings (note 11)	$ 55,739	$ 50,000
Accounts payable and other current liabilities (note 9)	221,518	272,954
Income tax payable	-	241
Regulatory liabilities (note 5)	42,989	47,871
Total current liabilities	320,246	371,066
Other liabilities (note 10)	15,169	18,080
Regulatory liabilities (note 5)	410,439	398,113
Deferred income tax (note 18)	335,047	283,648
Long-term debt (notes 11 and 20)	2,167,658	2,018,363
Total Liabilities	3,248,559	3,089,270
Commitments and contingencies (note 19)		
Shareholder's Equity		
Share capital, no par value, unlimited authorized shares, 63 shares issued and outstanding (2017 – 63) (note 14)	173,848	173,848
Additional paid-in capital (note 15)	744,896	719,896
Accumulated other comprehensive income (loss) (note 16)	1,549	(190)
Retained earnings	516,435	466,407
Total Shareholder's Equity	1,436,728	1,359,961
Total Liabilities and Shareholder's Equity	$ 4,685,287	$ 4,449,231

Approved on behalf of the Board

(signed)
Mona Hale
Director

(signed)
Roger Thomas
Director

The accompanying notes are an integral part of these annual financial statements.

FORTISALBERTA INC.

STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

Years ended December 31 (all amounts in thousands of Canadian dollars)	2018	2017
Revenues (note 12)		
Electric rate revenue	$ 597,100	$ 582,801
Alternative revenue	8,343	-
Other revenue	17,086	17,149
Total Revenues	622,529	599,950
Expenses		
Cost of sales	210,320	198,621
Depreciation	182,250	180,065
Amortization	9,642	9,507
Total Expenses	402,212	388,193
Other income	962	1,970
Income before interest expense and income tax	221,279	213,727
Interest expense (note 13)	100,213	93,310
Income before income tax	121,066	120,417
Income tax expense (note 18)	1,038	605
Net Income	$ 120,028	$ 119,812
Other comprehensive income (loss)		
Reclassification of other post-employment benefit items (note 16)	1,739	(1,519)
Comprehensive Income	$ 121,767	$ 118,293

The accompanying notes are an integral part of these annual financial statements.

FORTISALBERTA INC.

STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY

Years ended December 31 (all amounts in thousands of Canadian dollars)	2018	2017
Share Capital (note 14)		
Balance, beginning of year	$ 173,848	$ 173,848
Share capital issued	-	-
Balance, end of year	$ 173,848	$ 173,848
Additional Paid-in Capital (note 15)		
Balance, beginning of year	$ 719,896	$ 699,896
Equity contributions	25,000	20,000
Balance, end of year	$ 744,896	$ 719,896
Accumulated Other Comprehensive Income (Loss) (note 16)		
Balance, beginning of year	$ (190)	$ 1,329
Reclassification of other post-employment benefit items	1,739	(1,519)
Balance, end of year	$ 1,549	$ (190)
Retained Earnings		
Balance, beginning of year	$ 466,407	$ 411,595
Net income	120,028	119,812
Dividends (note 14)	(70,000)	(65,000)
Balance, end of year	$ 516,435	$ 466,407
Total Shareholder's Equity	$ 1,436,728	$ 1,359,961

The accompanying notes are an integral part of these annual financial statements.

FORTISALBERTA INC.

STATEMENTS OF CASH FLOWS

Years ended December 31 (all amounts in thousands of Canadian dollars)	2018	2017
Operating Activities		
Net income	$ 120,028	$ 119,812
Adjustments for non-cash items included in net income		
Depreciation	182,250	180,065
Amortization	11,973	8,604
Deferred income tax	4,709	(411)
Equity component of allowance for funds used during construction	(1,349)	(1,507)
Net gain on sale of property, plant and equipment	(384)	(463)
Change in long-term regulatory assets and liabilities	(16,634)	(43,500)
Change in other non-current operating assets and liabilities	(2,911)	1,686
Change in non-cash operating working capital (note 21)	(98,475)	84,333
Cash from operating activities	199,207	348,619
Investing Activities		
Additions to property, plant and equipment	(408,521)	(401,340)
Customer contributions for property, plant and equipment	31,611	29,901
Additions to intangible assets	(18,915)	(12,833)
Proceeds from the sale of property, plant and equipment	4,256	3,737
Net change in employee loans	218	26
Cash used in investing activities	(391,351)	(380,509)
Financing Activities		
Change in short-term borrowings	10,739	(2,610)
Proceeds from long-term debt, net of issuance costs	148,825	198,492
Payment of deferred financing fees	(155)	(190)
Borrowings under committed credit facility (note 22)	1,350,000	1,328,000
Repayments under committed credit facility (note 22)	(1,355,000)	(1,368,000)
Dividends paid (note 14)	(70,000)	(65,000)
Equity contributions (note 15)	25,000	20,000
Cash from financing activities	109,409	110,692
Change in cash, cash equivalents and restricted cash	(82,735)	78,802
Cash, cash equivalents and restricted cash, beginning of year	82,735	3,933
Cash, cash equivalents and restricted cash, end of year	$ -	$ 82,735

Supplemental cash flow information (note 21)

The accompanying notes are an integral part of these annual financial statements.

NOTES TO THE AUDITED FINANCIAL STATEMENTS

1. ENTITY DEFINITION AND NATURE OF OPERATIONS

FortisAlberta Inc. (the "Corporation" or "FortisAlberta") is a regulated electricity distribution utility in the Province of Alberta. Its business is the ownership and operation of electricity facilities that distribute electricity generated by other market participants from high-voltage transmission substations to end-use customers. The Corporation does not own or operate generation or transmission assets and is not involved in the direct sale of electricity. It is intended that the Corporation remain a regulated electricity utility for the foreseeable future, focusing on the delivery of safe, reliable and cost-effective electricity services to its customers in Alberta.

The Corporation is regulated by the Alberta Utilities Commission (the "AUC") pursuant to the *Alberta Utilities Commission Act* (the "*AUC Act*"). The AUC's jurisdiction, pursuant to the *Electric Utilities Act* (the "*EUA*"), the *Public Utilities Act* (the *"PUA"*), the *Hydro and Electric Energy Act* (the "*HEEA*") and the *AUC Act*, includes the approval of distribution tariffs for regulated distribution utilities such as the Corporation, including the rates and terms and conditions on which service is to be provided by those utilities.

The Corporation is an indirect, wholly-owned subsidiary of Fortis Inc. (''Fortis''). Fortis is a leader in the North American regulated electric and gas utility business serving customers in five Canadian provinces, nine US states and three Caribbean countries.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

These financial statements have been prepared by management in accordance with accounting principles generally accepted in the United States of America ("US GAAP") as codified in the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC"). In December 2017, the Ontario Securities Commission approved the extension of the Corporation's exemptive relief to continue reporting under US GAAP rather than International Financial Reporting Standards ("IFRS") until the earlier of January 1, 2024 and the effective date prescribed by the International Accounting Standards Board for the mandatory application of a standard within IFRS specific to entities with activities subject to rate regulation. The preparation of the financial statements in accordance with US GAAP requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Certain estimates are necessary since the regulatory environment in which the Corporation operates often requires amounts to be recorded at estimated values until finalization and adjustments, if any, are determined pursuant to subsequent regulatory decisions or other regulatory proceedings. Critical accounting estimates made by management include income tax, contingent liabilities due to general litigation, depreciation, amortization, employee future benefits, goodwill impairment, accrued revenue, expense accruals, and regulatory assets and liabilities. Due to the inherent uncertainty in making such estimates, actual results reported in future periods could differ materially from those estimated. There were no material changes to the Corporation's critical accounting estimates for the year ended December 31, 2018 as compared to December 31, 2017.

(b) Regulation

The Corporation is regulated by the AUC, pursuant to the *EUA*, the *PUA*, the *HEEA* and the *AUC Act*. The AUC administers these acts and regulations covering such matters as revenue requirements, customer rates, construction of assets, operations and financing. The Corporation recognizes amounts to be recovered from, or refunded to, customers in those periods in which related applications are filed with, or decisions are received from, the AUC. The timing of recognition of certain assets, liabilities, revenues and expenses as a result of regulation may differ from that otherwise expected using US GAAP for entities not subject to rate regulation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Regulation (cont'd)

Performance-Based Regulation

Effective January 1, 2013, the AUC prescribed that distribution utilities in Alberta, including the Corporation, move to a form of rate regulation referred to as performance-based regulation ("PBR") for an initial five-year term, from 2013 to 2017. Effective January 1, 2018, the AUC approved a second PBR term, from 2018 to 2022.

Under PBR, a formula (I-X) that estimates inflation (I) annually and assumes productivity improvements (X) is used to determine distribution rates on an annual basis. Each year this formula is applied to the preceding year's distribution rates. For the first PBR term, the 2012 distribution rates were the base rates upon which the formula was applied. The 2012 distribution rates were set using a traditional cost-of-service model whereby the AUC established the Corporation's revenue requirement, being those revenues corresponding to the costs associated with the distribution business, and provided a rate of return on a deemed equity component of capital structure ("ROE") applied to rate base assets. The Corporation's ROE for ratemaking purposes was 8.75% for 2012 with a capital structure of 41% equity and 59% debt. For the second PBR term, the going-in rates, upon which the 2018 formula is applied, are based on a notional 2017 revenue requirement corresponding to the costs experienced in providing distribution service in the first PBR term, with an 8.50% ROE and a capital structure of 37% equity and 63% debt applied to notional 2017 rate base assets. The components of the notional 2017 revenue requirement are determined using an AUC prescribed forecast methodology that is primarily based on entity-specific historical experience. The impact of changes to ROE and capital structure during a PBR term apply only to the portion of rate base that is funded by revenue provided by mechanisms separate from the formula.

The first PBR term included mechanisms for the recovery or settlement of items determined to flow through directly to customers ("Y factor") and the recovery of costs related to capital expenditures that were not being recovered through the formula ("K factor" or "capital tracker"). The AUC also approved a Z factor, a PBR re-opener and an efficiency carry-over mechanism. The Z factor permitted an application for recovery of costs related to significant unforeseen events. The PBR re-opener permitted an application to re-open and review the PBR plan to address specific problems with the design or operation of the PBR plan. The use of the Z factor and PBR re-opener mechanisms was associated with certain thresholds. The efficiency carry-over mechanism provided an efficiency incentive by permitting a utility to continue to benefit from any efficiency gains achieved during the PBR term for two years following the end of that term.

The second PBR term incorporates mechanisms consistent with the first PBR term, except that incremental capital funding to recover costs related to capital expenditures that are not recovered through the formula will be available through two mechanisms. The capital tracker mechanism from the first term will continue for capital expenditures identified as Type 1. Type 1 capital must be extraordinary, not previously included in the utility's rate base, and required by a third party. Type 2 capital will include all capital in the notional going-in rate base with a provision for a prescribed level of annual capital additions funded through a K-Bar mechanism. A K-Bar amount will be established for each year of the term based on the resulting projected rate base for Type 2 capital programs.

2018 Annual Rates Application

In October 2017, the AUC directed the Corporation to use the approved 2017 PBR rates on an interim basis for 2018. In March 2018, the Corporation filed for 2018 PBR rates to be effective April 1, 2018. While the PBR rates were applied prospectively, they included the retrospective approval for the January 1, 2018 to March 31, 2018 period.

The rates and riders, proposed to be effective on an interim basis for April 1, 2018, included an increase of approximately 5.5% to the distribution component of customer rates. However, the overall distribution tariff impact, which included the impact of transmission and generation, was an increase of 1.8%. The increase in the distribution component of rates reflected: (i) a combined inflation and productivity factor (I-X) of negative 0.2%; (ii) a K-Bar placeholder of $24.0 million; (iii) a net collection of Y factor amounts of $6.2 million, including $5.8 million for the efficiency carry-over mechanism associated with the first PBR term; and (iv) a net collection of $5.7 million for the difference between the amounts collected from January to March 2018 under interim rates and the amounts that would have been collected through approved annual 2018 PBR rates.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Regulation (cont'd)

2018 Annual Rates Application (cont'd)

In March 2018, the AUC issued Decision 23355-D01-2018 approving the Corporation's 2018 PBR rates as filed on an interim basis.

Capital Tracker Applications

In June 2017, the Corporation filed a 2016 Capital Tracker True-Up Application to update 2016 K factor revenue for actual 2016 capital tracker expenditures. In January 2018, the AUC issued Decision 22741-D01-2018 directing the Corporation to provide clarifying information and additional calculations for certain of its 2016 capital tracker programs in a compliance filing in February 2018. Pursuant to this compliance filing, K factor revenue related to 2016 was reduced by $0.5 million in the first quarter of 2018. As part of Decision 22741-D01-2018, the AUC initiated a Review and Variance proceeding to determine how Alberta Electric System Operator ("AESO") contributions would be treated in rebasing for the second PBR term.

In June 2018, the Corporation filed a 2017 Capital Tracker True-Up Application to update 2017 K factor revenue for actual 2017 capital tracker expenditures, including a new Load Settlement Replacement capital tracker program for 2016 and 2017. Pursuant to this application, K factor revenue related to 2017 was reduced by $1.3 million in the second quarter of 2018.

In July 2018, the AUC issued Decision 23372-D01-2018 approving the 2016 K factor revenue true-up amount as filed in the Corporation's 2016 capital tracker compliance filing, including the new Load Settlement Replacement capital tracker program for 2016 and 2017. In the third quarter of 2018, an increase of $4.7 million was recognized in alternative revenue for the true-up of 2016 and 2017 K factor revenue for the Load Settlement Replacement program.

In November 2018, the AUC issued Decision 23505-D01-2018 in respect of the AUC initiated Review and Variance proceeding for the treatment of AESO contributions in rebasing. In this decision, the AUC approved the use of a hybrid deferral account approach to incremental capital funding for AESO contributions during the second PBR term. This approach provides recovery of capital costs associated with AESO contribution projects that received permit and license prior to January 1, 2018 through deferral account treatment. For contribution projects that receive permit and license during the 2018 to 2022 PBR term, capital cost recovery will be provided through the K-Bar mechanism.

The decision also directed the Corporation to file a compliance filing for its final 2016 and 2017 AESO contribution capital tracker amounts in January 2019.

Generic Cost of Capital

In July 2017, the AUC established a proceeding to determine the ROE and capital structure for 2018, 2019 and 2020. The proceeding commenced in October 2017 and an oral hearing was held in March 2018. In August 2018, AUC Decision 22570-D01-2018 approved a ROE of 8.50% and a capital structure of 37% equity and 63% debt on a final basis for 2018, 2019 and 2020.

Electric Distribution System Purchases

If the Corporation and a municipality or a Rural Electrification Association ("REA") come to an agreement to transfer electric distribution system assets to the Corporation, the transfer and purchase are subject to regulatory oversight. The municipality or REA is required to apply to the AUC to cease and discontinue its operations. Concurrently, the Corporation is required to apply to the AUC to alter its electric service area to include the electric service area of the municipality or REA and obtain approval of the purchase price for the distribution system assets and the related rate treatment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Regulation (cont'd)

Electric Distribution System Purchases (cont'd)

In July 2016, the Municipality of Crowsnest Pass ("CNP") decided to cease the operation of, and to transfer, the CNP electric distribution system and related assets (the "system") to the Corporation for a proposed purchase price of $3.7 million, plus GST, and the related applications were filed with the AUC. In June 2018, the AUC issued Decision 21785-D01-2018 in respect of the transfer of the CNP system to the Corporation. The AUC provided conditional approval of the transfer of the CNP system but did not approve a final purchase price for ratemaking purposes. In July 2018, the AUC provided final approval of the transfer of the CNP system to the Corporation and, in October 2018, the Corporation filed a request for approval of an adjusted purchase price for ratemaking purposes of $2.4 million. In December 2018, the AUC suspended the proceeding for approval of the adjusted purchase price for ratemaking purposes, pending the outcome of a newly initiated generic proceeding to establish the rate treatment methodology in respect of distribution system purchases by distribution utilities under 2018 to 2022 PBR plans.

(c) Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash and highly liquid investments with original maturities of three months or less.

(d) Restricted cash

Restricted cash was comprised of cash held in trust that was restricted in use until the Corporation purchased the CNP system for $3.7 million, plus GST, as discussed in Note 3.

(e) Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are measured at fair value and reported at the gross outstanding amount adjusted for an allowance for doubtful accounts, if necessary. Accounts receivable are subsequently measured at amortized cost, using the effective interest method. Accounts receivable are written off in the period in which the receivable is determined to be uncollectible. If required, the Corporation maintains an accumulated provision for uncollectible customer accounts receivable that is estimated based on known accounts, historical experience and other currently available information. Interest is charged on overdue accounts receivable balances.

(f) Property, Plant and Equipment

Property, plant and equipment are recorded at cost less accumulated depreciation. The cost of constructed assets includes direct labour, materials, allocated overhead and a portion of the depreciation of assets, such as tools and vehicles, used in the construction of other assets. Costs also include AESO contributions, which are investments that the Corporation is required to make as a transmission customer to partially fund the construction of transmission facilities. The Corporation's assets may be acquired or constructed with financial assistance in the form of contributions from customers. These contributions are recorded as a reduction of property, plant and equipment and are depreciated over the life of the related assets. Materials and supplies are included within property, plant and equipment and are recorded at moving average cost.

Depreciation estimates are based on depreciation parameters, including the service life of assets and expected net salvage percentages, which are periodically determined based on depreciation studies prepared by an independent expert. The depreciation parameters of assets are reviewed annually, and if necessary, changes in the depreciation rates are accounted for prospectively.

Depreciation is provided on a straight-line basis at various rates ranging from 1.72% to 34.57% in 2018 (2017 – 1.72% to 34.57%), developed in a technical update as at December 2014, based on the depreciation parameters determined in the last approved depreciation study as at December 2010.

Depreciation rates include an allowed provision for regulatory purposes for non-asset retirement obligation ("non-ARO") removal costs. The amount provided for in depreciation expense is recorded as a long-term regulatory liability. Actual non-ARO removal costs are recorded against the regulatory liability when incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(f) Property, Plant and Equipment (cont'd)

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

The Corporation capitalizes and includes in property, plant and equipment an allowance for funds used during construction ("AFUDC"), which represents an amount allowed for regulatory purposes for financing costs during construction. AFUDC is recovered in customer rates over the life of the assets through depreciation expense.

(g) Intangible Assets

Intangible assets subject to amortization are recorded at cost, which includes direct labour and allocated overhead, less accumulated amortization. Intangible assets not subject to amortization are recorded at cost. Costs incurred to renew or extend the term of intangible assets are capitalized and amortized over the useful life of the asset.

Amortization estimates are based on depreciation parameters, including the service life of assets and expected net salvage percentages, which are periodically determined based on depreciation studies prepared by an independent expert. The depreciation parameters of assets are reviewed annually, and if necessary, changes in the amortization rates are accounted for prospectively.

Amortization is provided on a straight-line basis at various rates ranging from 0.00% (fully amortized) to 15.99% in 2018 (2017 – 0.00% to 15.99%), developed in a technical update as at December 2014, based on the depreciation parameters determined in the last approved depreciation study as at December 2010.

Generally, when a regulated asset is retired or disposed of in the normal course, there is no gain or loss recorded in net income. Any difference between the cost and accumulated amortization of the asset, net of salvage proceeds, is charged to accumulated amortization. It is expected that any gain or loss that is charged to accumulated amortization will be reflected in future amortization expense.

The Corporation capitalizes and includes in intangible assets an amount for AFUDC, which represents the amount allowed for regulatory purposes for financing costs during construction. AFUDC is recovered in customer rates over the life of the assets through amortization expense.

(h) Impairment of Long-Lived Assets

The Corporation reviews the valuation of long-lived assets subject to depreciation or amortization when events or changes in circumstances may indicate or cause its carrying value to exceed the total undiscounted cash flows expected from its use and eventual disposition. An impairment loss, if any, would be recorded as the excess of the carrying value of the asset over its fair value.

(i) Asset Retirement Obligations

Asset retirement obligations ("AROs") related to the Corporation's distribution assets are recorded at fair value in the period in which they are incurred, unless the fair value cannot be reasonably determined. If a liability is recognized, a corresponding asset retirement cost is added to the carrying amount of the related long-lived asset and is depreciated over the estimated useful life of the related asset. Accretion of the liability due to the passage of time is an operating expense and is recorded over the estimated time period until settlement of the legal obligation. The Corporation has AROs associated with the removal of certain distribution system assets from rights-of-way at the end of the life of the assets. As it is expected that these assets will be in service indefinitely, an estimate of the fair value of asset removal costs cannot be reasonably determined at this time.

(j) Goodwill

Goodwill represents the excess of the purchase price over the fair value of net identifiable assets on the acquisition of a business. The goodwill recognized in the financial statements results from push-down accounting applied when the Corporation was acquired by Fortis in 2004. Goodwill, which is not amortized, is recorded at initial cost less any write-down for impairment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(j) Goodwill (cont'd)

The carrying value of goodwill is assessed for impairment annually, or more frequently if events or changes in circumstances arise that suggest the carrying value of goodwill may be impaired. No such event or change in circumstances occurred during the years ended December 31, 2018 and 2017.

The Corporation performs an annual quantitative assessment and the estimated fair value of the Corporation is compared to its carrying value. If the fair value of the Corporation is less than the carrying value, the excess is recognized as a goodwill impairment.

The Corporation's assessment of impairment of goodwill is performed annually in October and indicated that no impairment was required for the years ended December 31, 2018 and 2017.

(k) Employee Future Benefits

All accrued obligations for defined benefit pension and other post-employment benefit ("OPEB") plans are determined using the projected benefits method prorated on services. Future salary levels affect the amount of employee future benefits for the defined benefit pension plans. In valuing the defined benefit pension and OPEB costs, the Corporation uses management's best estimate assumptions. For the liability discount rate, the Corporation uses the long-term market rate of high-quality debt instruments at the measurement date. The Corporation uses third party quoted values to value plan assets. Unrecognized actuarial gains and losses in excess of 10% of the greater of the benefit obligation and the market-related value of plan assets are amortized into net income over the expected average remaining service period of the active employees receiving benefits under the plan. Unamortized past service costs resulting from plan amendments are amortized into net income over the expected average remaining service period of the active employees receiving benefits as at the date of amendment.

The funded status of defined benefit pension and OPEB plans are recognized on the balance sheet. The funded status is measured as the difference between the fair value of the plan assets and the benefit obligation. With respect to the defined benefit plans, any unrecognized actuarial gains and losses and past service costs and credits that arise during the period are subject to deferral treatment. In the case of the OPEB plan, unrecognized actuarial gains and losses and past service costs and credits are not subject to deferral treatment and are recognized as a component of other comprehensive income.

The Corporation recovers in customer rates employee future benefit costs based on estimated cash payments. Any difference between the expense recognized under US GAAP for defined benefit pension plans and that recovered in current rates, which is expected to be recovered or refunded in future rates, is subject to deferral treatment. Any difference between the expense recognized under US GAAP for the OPEB plan and that recovered in current rates is not subject to deferral treatment.

(l) Revenue Recognition

Effective January 1, 2018, the Corporation adopted ASC 606, *Revenue from Contracts with Customers*, which clarifies the principles for recognizing revenue and requires additional disclosures. The Corporation adopted the new standard using the modified retrospective approach, under which comparative periods are not restated and the cumulative impact is recognized at the date of adoption and supplemented by additional disclosures. Upon adoption, there were no adjustments to the opening balance of retained earnings.

The majority of the Corporation's revenue is generated from the distribution of electricity to end-use customers based on published tariff rates, as approved by the AUC. Revenues are recognized in the period services are provided, at AUC approved rates where applicable, and when collectability is reasonably assured.

The majority of the Corporation's contracts have a single performance obligation as the promise to transfer individual goods or services is not separately identifiable from other obligations in the contracts and therefore not distinct. Substantially all of the Corporation's performance obligations are satisfied over time as energy is delivered because of the continuous transfer of control to the customer, generally using an output measure of progress being kilowatt hours delivered. The billing of energy sales is based on customer meter readings, which occur systematically throughout each month.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(l) Revenue Recognition (cont'd)

In accordance with the *EUA*, the Corporation is required to arrange and pay for transmission service with the AESO and collect transmission revenue from its customers, which is done by invoicing the customers' retailers through the Corporation's transmission component of its AUC approved rates. As the Corporation is solely a distribution utility and, as such, does not own or operate any transmission facilities, it is largely a conduit for the flow through of transmission costs to end-use customers as the transmission facility owner does not have a direct relationship with the customers. Therefore, the Corporation reports revenues and expenses related to transmission services on a net basis in other revenue in the Statements of Income and Comprehensive Income.

(m) Goods and Services Tax

In the course of its operations, the Corporation collects GST from its customers. When customers are billed, a current liability for GST is recognized that corresponds to the revenue derived from the services provided by the Corporation. When expenses are incurred by the Corporation, a current asset for GST is recorded that corresponds to the expenditures derived from the goods or services received by the Corporation. The Corporation's revenues and expenses exclude GST. This net asset or liability is settled with the appropriate government authority.

(n) Leases

Leases that transfer to the Corporation substantially all of the risks and benefits incidental to ownership of the leased item are capitalized at an amount equal to the present value of the minimum lease payments. Capital leases are amortized over the term of the lease. Operating lease payments are recognized as an expense in net income over the term of the lease.

(o) Financial Instruments

Financial instruments are contracts that give rise to a financial asset of one party and a financial liability or equity instrument of another party. Financial instruments are recorded initially at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Subsequent measurement depends on how the financial instrument has been classified. The Corporation's financial instruments, which include accounts receivable, accounts payable, accrued liabilities, short-term borrowings, dividends payable, other long-term liabilities and long-term debt are measured at amortized cost, using the effective interest method.

(p) Debt Issuance Costs

Any costs, debt discounts and premiums related to the issuance of long-term debt are recognized against long-term debt and are amortized over the life of the related long-term debt.

(q) Income Tax

The Corporation follows the asset and liability method of accounting for income tax in accordance with ASC 740, *Income Taxes*. Income tax expense is recovered through customer rates based on income tax that is currently payable for regulatory purposes. Therefore, current customer rates do not include the recovery of deferred income tax related to temporary differences between the income tax basis of assets and liabilities and their carrying amounts for regulatory purposes, as this income tax is expected to be collected in rates when payable. The Corporation recognizes an offsetting regulatory asset for the amount of income tax that is expected to be collected in rates once payable.

Income tax interest and penalties are expensed as incurred and included in interest expense. Investment tax credits are deducted from the related assets and are recognized as income tax receivable, to be recovered when the Corporation becomes taxable for regulatory purposes.

Income tax benefits associated with income tax positions taken, or expected to be taken, on an income tax return are recognized only when the more likely than not recognition threshold is met. The income tax benefits are measured at the largest amount of benefit that is greater than 50% likely of being realized upon settlement. The difference between an income tax position taken, or expected to be taken, and the benefit recognized and measured pursuant to this guidance represents an unrecognized income tax benefit.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(r) Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost

Effective January 1, 2018, the Corporation adopted Accounting Standards Update ("ASU") 2017-07, *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*, which requires current service costs to be disaggregated and grouped in the statement of earnings with other employee compensation costs arising from services rendered. The other components of net periodic benefit costs must be presented separately and outside of operating income. The components of net periodic benefit cost other than the current service cost component are included in other income in the Statements of Income and Comprehensive Income. There was no impact to net income.

(s) Restricted Cash

Effective January 1, 2018, the Corporation adopted ASU 2016-18, *Restricted Cash*, which requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents and amounts generally described as restricted cash or restricted cash equivalents. The Corporation adopted the new guidance retrospectively and the Statements of Cash Flows for the year ended December 31, 2017 was adjusted to reclassify $3.9 million of restricted cash. There was no impact to net income.

(t) Future Accounting Pronouncements

The Corporation considers the applicability and impact of all ASUs issued by the FASB. The following updates have been issued by the FASB but have not yet been adopted by the Corporation. Any ASUs not included below were assessed and determined to be either not applicable to the Corporation or are not expected to have a material impact on the financial statements.

Leases

ASU 2016-02, *Leases* ("ASC 842") was issued in February 2016 and is effective for annual and interim periods beginning after December 15, 2018. Principally, it requires balance sheet recognition of a right-of-use asset and a lease liability by lessees for those leases that are classified as operating leases with a lease term greater than 12 months, as well as additional disclosures. The Corporation will adopt ASC 842 on January 1, 2019 using the modified retrospective approach and there are expected to be no material adjustments identified to opening retained earnings.

The Corporation will select the optional transition method, which allows entities to continue to apply the current lease guidance in the comparative periods presented in the year of adoption and apply the transition provisions of the new guidance on the effective date of the new guidance. The Corporation will elect a package of practical expedients that allows it to not reassess the lease classification of existing leases, whether any existing contracts are a lease or contain a lease, and the initial direct costs for any existing leases. The Corporation will elect the practical expedient that permits entities to not evaluate existing land easements that were not previously accounted for as leases. Additionally, the Corporation will elect an accounting policy that permits it to not separate non-lease components from lease components by class of underlying assets. Finally, the Corporation will utilize the hindsight practical expedient to determine the lease term.

Upon adoption on January 1, 2019, the Corporation will recognize right-of-use assets and corresponding lease liabilities of approximately $3.0 million for operating leases primarily related to office facilities.

(All amounts in thousands of Canadian dollars, unless otherwise noted)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(t) Future Accounting Pronouncements (cont'd)

Financial Instruments

ASU 2016-13, *Measurement of Credit Losses on Financial Instruments*, was issued in June 2016, is effective January 1, 2020, and is to be applied on a modified retrospective basis. Principally, it requires entities to use an expected credit loss methodology and to consider a broader range of reasonable and supportable information to estimate credit losses. The Corporation is assessing the impact of adoption.

Pensions and Other Postretirement Plan Disclosures

ASU 2018-14, *Changes to the Disclosure Requirements for Defined Benefit Plans,* was issued in August 2018, is effective January 1, 2021 with earlier adoption permitted, and is to be applied on a retrospective basis for all periods presented. Principally, it modifies the disclosure requirements for employers with defined benefit pension or other postretirement plans. The Corporation is assessing the impact of adoption.

Cloud Computing Arrangements

ASU 2018-15, *Customer's Accounting for Implementation Costs incurred in a Cloud Computing Arrangement that is a Service Contract,* was issued in August 2018, is effective January 1, 2020 with earlier adoption permitted, and is to be applied either on a retrospective basis or on a prospective basis to all implementation costs incurred after the effective date of the new guidance. Principally, it aligns the requirements for capitalizing implementation costs incurred in a cloud computing arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. The Corporation is assessing the impact of adoption.

3. BUSINESS ACQUISITION

On July 24, 2018, the Corporation purchased the Municipality of Crowsnest Pass electric distribution system for $3.7 million, plus GST. The AUC approved the transfer of these assets to the Corporation but did not approve a final purchase price for ratemaking purposes. The transfer of these assets allows the Corporation to provide service to the customers formerly served by the Municipality of Crowsnest Pass.

This acquisition has been accounted for using the acquisition method and the financial results from these assets have been included in the financial statements of the Corporation since the acquisition date. The fair value of these assets was deemed to be the purchase price and allocated to property, plant and equipment on a provisional basis at the date of acquisition.

4. ACCOUNTS RECEIVABLE

	2018	2017
Trade accounts receivable	$ 182,142	$ 135,262
Other receivables	856	1,330
Employee receivables	856	1,016
	$ 183,854	$ 137,608

(All amounts in thousands of Canadian dollars, unless otherwise noted)

5. REGULATORY ASSETS AND LIABILITIES

Based on previous, existing or expected AUC decisions, the Corporation has recorded the following amounts that are expected to be recovered from, or refunded to, customers in future periods. The remaining recovery and settlement periods are those expected, and the actual recovery or settlement periods could differ based on future AUC decisions.

	2018	2017	Remaining Recovery Period (Years)
Regulatory assets			
Deferred income tax (i)	$ 342,987	$ 296,297	Life of related assets
Deferred overhead (ii)	103,072	90,662	Life of related assets
Regulatory defined benefit pension deferrals (iii)	2,031	4,154	Benefit payment period
AESO charges deferral (iv)	773	-	2
A1 rider deferral (v)	496	940	1
Y factor deferral (vi)	84	394	1-2
Total regulatory assets	449,443	392,447	
Less: current portion	781	1,054	
Long-term regulatory assets	$ 448,662	$ 391,393	

	2018	2017	Remaining Settlement Period (Years)
Regulatory liabilities			
Non-ARO provision (vii)	$ 407,613	$ 389,233	Life of related assets
AESO charges deferral (iv)	26,477	39,566	1-4
K factor deferral (viii)	13,073	15,658	1
K-Bar deferral (ix)	2,218	-	1-2
Y factor deferral (vi)	2,097	1,154	1-2
AESO contributions deferral (x)	986	-	2
A1 rider deferral (v)	706	373	1
PBR rebasing deferral (xi)	258	-	1
Total regulatory liabilities	453,428	445,984	
Less: current portion	42,989	47,871	
Long-term regulatory liabilities	$ 410,439	$ 398,113	

(i) Deferred income tax

This balance represents the amount of deferred income tax expected to be recovered from, or refunded to, customers in future rates when the income tax becomes receivable or payable. This balance is not subject to a regulatory return and the related deferred income tax liability and asset balances are not subject to a regulatory return.

(ii) Deferred overhead

This balance represents deferred overhead costs that are expected to be collected from customers over the life of the related property, plant and equipment, and intangible assets.

(iii) Regulatory defined benefit pension deferrals

This balance represents the deferred portion of the expense related to the defined benefit pension plan and the supplemental employee retirement plan that is expected to be recovered from customers in future rates. Once recovered in rates, these deferred expenses will be recognized in net income. As prescribed by the AUC, expenses are recovered in rates and recognized in net income based on the cash payments. This balance is not subject to a regulatory return and the related defined benefit liability is not subject to a regulatory return.

5. REGULATORY ASSETS AND LIABILITIES (cont'd)

(iv) AESO charges deferral

These balances represent the difference in revenue collected and expenses incurred for transmission-related items that are expected to be collected or refunded in future customer rates. To the extent that the amount of actual costs incurred is different from revenue collected in rates for these items, the difference is deferred as a regulatory asset to be collected or a regulatory liability to be refunded in future rates. As at December 31, 2018, the regulatory asset primarily represented the under collection of the AESO charges deferral account for 2016 and the regulatory liability primarily represented the over collection of the AESO charges deferral account for 2017 and 2018.

(v) A1 rider deferral

This balance represents the difference between the A1 rider revenue, which is the collection of linear taxes from customers in current rates based on municipality, and the actual linear tax incurred. To the extent that the amount of revenue collected in rates for these items does not exceed actual costs incurred, the difference is deferred as a regulatory asset to be collected from customers in future rates. To the extent that the amount of revenue collected in rates for these items exceeds actual costs incurred, the excess is deferred as a regulatory liability to be refunded to customers in future rates. This balance is not subject to a regulatory return.

(vi) Y factor deferral

These balances represent the future recovery or settlement of items determined to flow through directly to customers.

(vii) Non-ARO provision

This balance represents the difference between the actual non-ARO provision for removal costs incurred and those collected in customer rates. Depreciation expense includes a provision for non-ARO removal costs approved for collection from customers. The amount collected from customers is credited to this deferral account, while actual removal costs incurred are charged to this deferral account.

(viii) K factor deferral

This balance represents the over collection of capital tracker revenue that is expected to be refunded to customers in 2019.

(ix) K-Bar deferral

This balance represents the over collection of K-Bar revenue that is expected to be refunded to customers in 2019 and 2020.

(x) AESO contributions deferral

This balance represents the over collection of incremental capital funding for AESO contributions related to projects prior to December 31, 2017.

(xi) PBR rebasing deferral

This balance represents the over collection of 2018 base distribution revenue from customers as a result of adjustments to the notional 2017 revenue requirement approved in going-in rates, on an interim basis.

(All amounts in thousands of Canadian dollars, unless otherwise noted)

6. PROPERTY, PLANT AND EQUIPMENT

2018	**Cost**	**Accumulated Depreciation**	**Net Book Value**
Distribution system	$ 4,863,855	$ (1,353,617)	$ 3,510,238
AESO contributions	502,366	(104,241)	398,125
Buildings and furniture	176,089	(60,730)	115,359
Vehicles	87,259	(21,474)	65,785
Materials and supplies	32,255	-	32,255
Computer hardware	33,811	(14,512)	19,299
Tools and instruments	24,210	(10,363)	13,847
Land	17,796	-	17,796
Construction in progress	47,202	-	47,202
Customer contributions	(884,708)	403,447	(481,261)
	$ 4,900,135	$ (1,161,490)	$ 3,738,645

2017	**Cost**	**Accumulated Depreciation**	**Net Book Value**
Distribution system	$ 4,593,422	$ (1,299,087)	$ 3,294,335
AESO contributions	493,387	(86,891)	406,496
Buildings and furniture	174,311	(57,108)	117,203
Vehicles	84,234	(21,993)	62,241
Materials and supplies	29,086	-	29,086
Computer hardware	29,026	(13,089)	15,937
Tools and instruments	24,224	(9,815)	14,409
Land	17,667	-	17,667
Construction in progress	44,782	-	44,782
Customer contributions	(860,798)	393,663	(467,135)
	$ 4,629,341	$ (1,094,320)	$ 3,535,021

Depreciation rates are a composite rate based upon the weighted average of the individual rates for each class of asset within the group. As at December 31, depreciation rates were as follows:

(%)	**2018**	**2017**
Distribution system	3.63	3.83
AESO contributions	3.48	3.45
Buildings and furniture	3.39	3.22
Vehicles	9.28	9.25
Computer hardware	19.66	20.29
Tools and instruments	9.96	10.20
Customer contributions	2.57	2.57

Distribution system assets are those used to distribute electricity at lower voltages (generally below 25 kilovolts). These assets include poles, towers and fixtures, low-voltage wires, transformers, underground conductors, street lighting, meters, metering equipment and other related equipment.

(All amounts in thousands of Canadian dollars, unless otherwise noted)

7. INTANGIBLE ASSETS

2018	Cost	Accumulated Amortization	Net Book Value
Computer software	$ 105,972	$ (55,598)	$ 50,374
Land rights	31,171	(9,713)	21,458
Intangibles construction in progress	6,208	-	6,208
	$ 143,351	$ (65,311)	$ 78,040

2017	Cost	Accumulated Amortization	Net Book Value
Computer software	$ 103,805	$ (62,181)	$ 41,624
Land rights	29,650	(8,847)	20,803
Intangibles construction in progress	6,284	-	6,284
	$ 139,739	$ (71,028)	$ 68,711

Amortization of intangible assets was $9.7 million for 2018 (2017 – $9.5 million). Amortization is expected to average approximately $9.6 million for each of the next five years.

Computer software is amortized using a composite rate based upon the weighted average of the individual rates for each class of asset within the group. Land rights are amortized on a straight-line basis over the term of the contract. As at December 31, the amortization rates of intangible assets were as follows:

(%)	2018	2017
Computer software	8.37	8.35
Land rights	2.85	2.78

As at December 31, the service life ranges and the weighted average remaining service lives of intangible assets were as follows:

(Years)	2018		2017	
	Service Life Ranges	Weighted Average Remaining Service Life	Service Life Ranges	Weighted Average Remaining Service Life
Computer software	5-10	4.2	5-10	2.1
Land rights	36	26.4	36	26.6
Total	5-36	5.7	5-36	3.0

8. OTHER ASSETS

	2018	2017
Income tax receivable	$ 1,755	$ 1,755
Employee receivables	-	12
	$ 1,755	$ 1,767

(All amounts in thousands of Canadian dollars, unless otherwise noted)

9. ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES

	2018	2017
Trade accounts payable	$ 169,125	$ 227,663
Interest payable	25,752	21,486
Employee compensation and benefits payable	24,284	21,739
Other	2,357	2,066
	$ 221,518	$ 272,954

10. OTHER LIABILITIES

	2018	2017
OPEB plan liability (note 16)	$ 8,540	$ 9,698
Deferred lease revenue (1)	3,326	3,568
Defined benefit pension plan liability (note 16)	1,831	3,954
Other	1,472	860
	$ 15,169	$ 18,080

(1) *Deferred lease revenue is the upfront lease payments received from a third party pursuant to a 20-year lease agreement that permits the third party to use a portion of one of the Corporation's facilities. The deferred lease revenue is being recognized as other revenue on a straight-line basis over the term of the lease.*

11. DEBT

	Coupon Rate (%)	Maturity Date (Year)	2018 Effective Rate (%)	2018	2017
Senior unsecured debentures					
Series 04-2	6.22	2034	6.31	$ 200,000	$ 200,000
Series 06-1	5.40	2036	5.48	100,000	100,000
Series 07-1	4.99	2047	5.04	109,902	109,900
Series 08-1	5.85	2038	5.94	99,567	99,555
Series 09-1	7.06	2039	7.15	99,989	99,989
Series 09-2	5.37	2039	5.42	124,954	124,953
Series 10-1	4.80	2050	4.85	124,919	124,918
Series 11-1	4.54	2041	4.59	124,983	124,982
Series 12-1	3.98	2052	4.02	124,929	124,928
Series 13-1	4.85	2043	4.90	149,850	149,847
Series 14-1	4.11	2044	4.15	124,980	124,980
Series 14-2	3.30	2024	3.37	149,992	149,990
Series 15-1	4.27	2045	4.32	149,833	149,830
Series 16-1	3.34	2046	3.39	149,757	149,752
Series 17-1	3.67	2047	3.71	200,000	200,000
Series 18-1	3.73	2048	3.77	150,000	-
Drawings under the committed credit facility	Variable	2023		45,000	50,000
Cash balances in overdraft position	N/A	N/A		10,739	-
Total debt				2,239,394	2,083,624
Short-term borrowings				(55,739)	(50,000)
Debt issuance costs				(15,997)	(15,261)
Long-term debt				$ 2,167,658	$ 2,018,363

(All amounts in thousands of Canadian dollars, unless otherwise noted)

11. DEBT (cont'd)

Under the Terms and Conditions of the Trust Indenture, the Corporation has the option to call the outstanding debentures in whole, or in part, for early redemption for the principal amount redeemed plus a redemption premium if applicable. The debentures have semi-annual interest payments.

In June 2018, the Corporation renegotiated and amended its unsecured committed credit facility, extending the maturity date of the facility to August 2023 from August 2022. The amended agreement contains substantially similar terms and conditions as the previous agreement.

In September 2018, the Corporation entered into an agreement with a syndicate of agents, pursuant to which the Corporation sold $150.0 million of senior unsecured debentures. The debentures bear interest at a rate of 3.73%, to be paid semi-annually, and mature in 2048. The net proceeds were used to repay existing indebtedness incurred under the committed credit facility to finance capital expenditures and for general corporate purposes.

As at December 31, 2018, the Corporation had an unsecured committed credit facility with an available amount of $250.0 million, maturing in August 2023. Drawings under the committed credit facility are available by way of prime loans, bankers' acceptances and letters of credit. Prime loans bear an interest rate of prime and bankers' acceptances are issued at the applicable bankers' acceptance discount rate plus a stamping fee of 1.0%. The weighted average effective interest rate for the year ended December 31, 2018 on the committed credit facility was 3.1% (2017 – 2.2%). As at December 31, 2018, the Corporation had $45.0 million drawings on this facility (December 31, 2017 – $50.0 million) and $0.3 million drawn in letters of credit (December 31, 2017 – $0.3 million).

The Corporation has externally imposed capital requirements by virtue of its Trust Indenture and committed credit facility such that consolidated debt cannot exceed 75% of the Corporation's consolidated capitalization ratio, which is based on the Corporation's total capital structure. As at December 31, 2018, the Corporation was in compliance with these externally imposed capital requirements.

There are no scheduled principal repayments over the next five years.

12. REVENUES

		2018		2017
Electric rate revenue	$	597,100	$	592,730
Alternative revenue		8,343		(9,929)
Other revenue		17,086		17,149
Total revenues	$	622,529	$	599,950

Electric Rate Revenue
The Corporation's business is the ownership and operation of electricity facilities that distribute electricity generated by other market participants from high-voltage transmission substations to end-use customers. The Corporation does not own or operate generation or transmission assets and is not involved in the direct sale of electricity.

Alternative Revenue
Alternative revenue reflects those portions of the Corporation's revenue associated with regulatory mechanisms within the PBR framework that provide funding that is incremental to base rates and will impact future rates in response to past activities or completed events, if certain criteria are met. The Corporation has identified the efficiency carry-over mechanism and the portion of K factor revenue associated with the true-up from forecast to actual capital tracker additions as alternative revenue. Once billed, alternative revenue will be reported in electric rate revenue and the associated regulatory asset or liability will be adjusted.

See Note 5 for additional information related to the associated regulatory assets and liabilities.

(All amounts in thousands of Canadian dollars, unless otherwise noted)

12. REVENUES (cont'd)

Other Revenue

Other revenue includes third party services, REA services, joint use revenue, lease revenue, related party revenue and miscellaneous revenue. Other revenues are summarized below.

	2018	2017
Third party services	$ 6,161	$ 5,892
REA services	4,936	3,751
Other revenue	3,066	2,515
Joint use revenue	2,243	2,039
Lease revenue	531	457
Related party revenue	149	2,495
	$ 17,086	$ 17,149

Accounts Receivable

The timing of revenue recognition, billings and cash collections results in accounts receivable. Accounts receivable are summarized below.

	2018	2017
Unbilled accounts receivable	$ 170,291	121,272
Billed accounts receivable	8,171	$ 10,420
Other (1)	5,392	5,916
Total accounts receivable	$ 183,854	$ 137,608

(1) *Includes employee receivables, customer contributions and amounts due from related parties.*

The difference between the opening and closing balances of the Corporation's customers' accounts receivable primarily results from the timing difference between the Corporation's delivery of service and a customer's payment.

Practical Expedients

The Corporation applied a portfolio approach in evaluating whether consideration received from customers is probable of collection. The Corporation meets the criteria and has applied a practical expedient to recognize revenue in the amount which the Corporation has a right to invoice. This is due to the Corporation's right to consideration in an amount that corresponds directly with the value to the customer of the Corporation's performance completed to date.

13. INTEREST EXPENSE

	2018	2017
Interest – long-term debt	$ 100,007	$ 93,118
Interest – other	1,475	1,598
Less: debt component of AFUDC	(1,269)	(1,406)
	$ 100,213	$ 93,310

Debt issuance costs are amortized using the effective interest method over the life of the associated debt. Interest expense on long-term debt included $0.6 million related to amortization of debt issuance costs in 2018 (2017 – $0.6 million).

14. SHARE CAPITAL

Authorized – unlimited number of:

- Common shares;
- Class A common shares; and
- First preferred non-voting shares, redeemable, cumulative dividend at 10% of the redemption price.

Issued:

- 63 Class A common shares, with no par value.

In 2018, the Corporation declared and paid dividends totaling $70.0 million (2017 – $65.0 million) to Fortis Alberta Holdings Inc., the Corporation's parent and an indirectly wholly owned subsidiary of Fortis.

The Corporation must comply with the *Alberta Business Corporations Act* (the "*ABCA*") legislation and the terms and conditions of the committed credit facility and Trust Indenture in order to declare and pay dividends. In order to be compliant, the Corporation must be solvent as defined by the *ABCA* and cannot be in default of the committed credit facility or Trust Indenture as defined by their respective agreements. As at December 31, 2018, the Corporation was in full compliance with the solvency requirements of the *ABCA* and the terms and conditions set out in the committed credit facility and Trust Indenture agreements and was not subject to dividend declaration or payment restrictions.

15. ADDITIONAL PAID-IN CAPITAL

Additional paid-in capital relates to the pushdown of the excess purchase price paid over the carrying value paid by the Corporation's parent on acquisition of the Corporation and equity contributions from Fortis Alberta Holdings Inc. for which no additional shares were issued. In 2018, the Corporation received $25.0 million in equity contributions from Fortis Alberta Holdings Inc. (2017 – $20.0 million).

16. EMPLOYEE FUTURE BENEFITS

Description

The Corporation sponsors a pension plan with defined contribution and defined benefit components. The defined contribution component is applicable to the majority of the Corporation's employees and is available to all new employees. The defined benefit component includes a funded defined benefit plan that is applicable to certain long-service employees and is closed to new employees, and an unfunded supplementary employee retirement plan that is applicable to certain current and new employees. The defined contribution component is based on a percentage of pensionable earnings, which includes base pay and eligible bonuses, while the defined benefit component is based on final average pensionable earnings. The Corporation also provides an unfunded OPEB plan that includes certain health and dental coverage for retired employees.

The most recent actuarial valuation of the defined benefit pension plan for funding purposes was completed as at December 31, 2017. Information from the funding valuation was used in the actuarial valuation completed for expense calculation purposes. The next actuarial valuation for funding purposes is required to be completed as at a date no later than December 31, 2020.

Plan Asset Information

The Corporation's objectives are to minimize the volatility of the value of plan assets relative to the pension plan liabilities and to ensure that the assets are sufficient to pay plan benefits. The Corporation's target asset allocations are 100% debt instruments. This allocation has been made to ensure the objectives are met, while minimizing risk.

Significant concentrations of risk in the plan assets relate to interest rates on the instruments held. Rate increases generally result in a decline in fixed income assets, while reducing the present value of the liabilities. Conversely, rate decreases increase fixed income assets, partially offsetting the related increase in the liabilities.

(All amounts in thousands of Canadian dollars, unless otherwise noted)

16. EMPLOYEE FUTURE BENEFITS (cont'd)

Plan Asset Information (cont'd)

The long-term rate of return on plan assets assumed for 2018 was 3.00% (2017 – 3.00%). This assumption considers inflation, bond yields, historical returns and other variables.

As at December 31, the fair value of plan assets were as follows:

		2018		2017
Government bonds	$	31,850	$	32,069
Corporate bonds		9,416		9,626
Total (1)	$	41,266	$	41,695

(1) *The fair value of the plan assets was estimated using level 2 inputs based on third party quoted values.*

Included in the corporate bonds class of plan assets as at December 31, 2018 were $0.1 million (December 31, 2017 – $0.2 million) of FortisAlberta Inc. bonds and $0.3 million (December 31, 2017 – $0.3 million) of related party bonds.

Reconciliation of Funded Status

	Defined Benefit Pension Plans				OPEB Plan			
		2018		2017		2018		2017
Change in benefit obligation (1)								
Balance, beginning of year	$	45,849	$	42,988	$	10,595	$	8,762
Current service cost		611		645		511		381
Interest cost		1,547		1,612		341		298
Member contributions		37		35		-		-
Plan amendments		-		-		-		1,773
Benefits paid		(1,748)		(1,500)		(515)		(462)
Net transfer out		(300)		-		-		-
Actuarial loss (gain)		(2,699)		2,069		(1,502)		(157)
Balance, end of year (2)	$	43,297	$	45,849	$	9,430	$	10,595
Change in fair value of plan assets								
Balance, beginning of year	$	41,695	$	38,904	$	-	$	-
Employer contributions		1,408		1,737		515		462
Member contributions		37		35		-		-
Benefits paid		(1,748)		(1,500)		(515)		(462)
Actual return on plan assets		(126)		2,519		-		-
Balance, end of year	$	41,266	$	41,695	$	-	$	-
Funded status	$	(2,031)	$	(4,154)	$	(9,430)	$	(10,595)

(1) *Amounts reflect projected benefit obligation for defined benefit pension plans and accumulated benefit obligation for the OPEB plan.*

(2) *The accumulated benefit obligation for defined benefit pension plans, which includes no assumption about future salary levels, was $44.1 million as at December 31, 2018 (December 31, 2017 – $45.5 million).*

(All amounts in thousands of Canadian dollars, unless otherwise noted)

16. EMPLOYEE FUTURE BENEFITS (cont'd)

Amounts Recognized on the Balance Sheet

	Defined Benefit Pension Plans		OPEB Plan	
	2018	**2017**	**2018**	**2017**
Accounts payable and other current liabilities	$ (200)	$ (200)	$ (890)	$ (897)
Other liabilities (note 10)	(1,831)	(3,954)	(8,540)	(9,698)
Net liabilities	$ (2,031)	$ (4,154)	$ (9,430)	$ (10,595)

Expected Benefits Payments

The following table provides the estimated expected benefits to be paid over the next ten years.

	Defined Benefit Pension Benefits	OPEB Benefits
2019	$ 2,246	$ 890
2020	2,276	950
2021	2,430	991
2022	2,414	991
2023	2,448	952
2024 – 2028	12,513	3,466

Pension Plan Contributions

The Corporation made total contributions to the defined benefit pension plan of $1.1 million for the year ended December 31, 2018. Minimum funding contributions of approximately $1.1 million will be made towards the defined benefit pension plan and contributions of $0.9 million toward the OPEB plan in 2019.

Costs Recognized

For defined benefit pension plans, the difference between the expense recognized under US GAAP and that recovered in current rates is subject to deferral treatment and is expected to be recovered or refunded in future rates. For the OPEB plan, the difference between the expense recognized under US GAAP and that recovered in current rates is not subject to deferral treatment.

Components of Net Periodic Costs

	Defined Benefit Pension Plans		OPEB Plan	
	2018	**2017**	**2018**	**2017**
Service cost	$ 611	$ 645	$ 511	$ 381
Interest cost	1,547	1,612	341	298
Expected return on plan assets	(944)	(862)	-	-
Amortizations				
Past service cost	-	-	380	253
Actuarial loss (gain)	558	1,174	(143)	(156)
Net benefit cost recognized	1,772	2,569	1,089	776
Regulatory adjustments	(64)	(832)	-	-
Net benefit cost recognized in financial statements	1,708	1,737	1,089	776
Defined contribution cost	9,961	9,619	-	-
Total employee future benefit cost	$ 11,669	$ 11,356	$ 1,089	$ 776

(All amounts in thousands of Canadian dollars, unless otherwise noted)

16. EMPLOYEE FUTURE BENEFITS (cont'd)

Accumulated Other Comprehensive Income (Loss)

The following table provides the components of accumulated other comprehensive income (loss) that have not been recognized as components of net benefit cost.

	Defined Benefit Pension Plans		OPEB Plan	
	2018	**2017**	**2018**	**2017**
Actuarial gain (loss)	$ (3,043)	$ (5,230)	$ 4,421	$ 3,062
Past service cost	-	-	(2,872)	(3,252)
Accumulated other comprehensive income (loss)	(3,043)	(5,230)	1,549	(190)
Regulatory adjustment	3,043	5,230	-	-
Accumulated other comprehensive income (loss)	$ -	$ -	$ 1,549	$ (190)

Actuarial losses of $nil and past service costs of $nil related to the defined benefit pension plans are expected to be amortized from accumulated other comprehensive income into net benefit cost in 2019.

Actuarial gains of $0.2 million and past service costs of $0.4 million related to the OPEB plan are expected to be amortized from accumulated other comprehensive income into net benefit cost in 2019.

Other Comprehensive Income (Loss)

The following table provides the components recognized in other comprehensive income (loss).

	Defined Benefit Pension Plans		OPEB Plan	
	2018	**2017**	**2018**	**2017**
Net actuarial gain (loss) arising during the year	$ 1,629	$ (412)	$ 1,502	$ 157
New prior service cost	-	-	-	(1,773)
Amortizations				
Past service cost	-	-	380	253
Actuarial loss (gain)	558	1,174	(143)	(156)
Other comprehensive income (loss)	2,187	762	1,739	(1,519)
Regulatory adjustment	(2,187)	(762)	-	-
Total other comprehensive income (loss)	$ -	$ -	$ 1,739	$ (1,519)

Weighted Average Assumptions

	Defined Benefit Pension Plans		OPEB Plan	
	2018	**2017**	**2018**	**2017**
Discount rate during the year	3.40%	3.80%	3.20%	3.40%
Discount rate as at December 31	3.90%	3.40%	3.70%	3.20%
Expected long-term rate of return on plan assets	3.00%	3.00%	-	-
Rate of compensation increase	2.50%	2.50%	-	-
Initial weighted average health care trend rate during the year	-	-	5.81%	6.00%
Initial weighted average health care trend rate at December 31	-	-	5.69%	5.81%
Ultimate weighted average health care trend rate	-	-	4.00%	5.00%
Year ultimate rate reached	-	-	2040	2027

2018 Effects of Changing the Health Care Trend Rate by 1%

	1% Increase in Rate	1% Decrease in Rate
Increase (decrease) in projected benefit obligation	299	(284)
Increase (decrease) in interest and current service costs	20	(18)

(All amounts in thousands of Canadian dollars, unless otherwise noted)

17. RELATED PARTY TRANSACTIONS

In the normal course of business, the Corporation transacts with related parties, including Fortis and other subsidiaries of Fortis. Amounts due from or to related parties were measured at the exchange amount and were as follows:

	2018	2017
Accounts receivable		
Loans [(1)]	$ 24	$ 47
Related parties	206	233
	$ 230	$ 280

(1) *These loans are to officers of the Corporation and include items such as stock option loans and employee share purchase plan loans.*

The Corporation bills related parties on terms and conditions consistent with billings to third parties, which require amounts to be paid on a net 30 day basis with interest on overdue amounts. Terms and conditions on amounts billed to the Corporation by related parties are net 30 days with interest being charged on any overdue amounts.

Related party transactions included in other revenue and cost of sales were measured at the exchange amount and were as follows:

	2018	2017
Included in other revenue [(1)]	$ 149	$ 2,495
Included in cost of sales [(2)]	4,690	4,407

(1) *Includes services provided to related parties, including Fortis and subsidiaries of Fortis, related to metering, information technology, material sales and intercompany employee services.*

(2) *Includes charges from related parties, including Fortis and subsidiaries of Fortis, related to corporate governance expenses, consulting services, travel and accommodation expenses, charitable donations and professional development costs.*

All services provided to or received from related parties were billed on a cost-recovery basis.

18. INCOME TAX

Deferred income tax arises as a result of temporary differences between the income tax basis of assets and liabilities and their carrying amount for financial statement purposes. Deferred income tax assets and liabilities were comprised of:

	2018	2017
Deferred income tax assets (liabilities)		
Net regulatory assets and liabilities	$ 7,428	$ 17,000
OPEB	4,043	3,919
Intangible assets	(17,334)	(7,506)
Property, plant and equipment	(332,837)	(294,948)
Debt issuance costs	(4,862)	(4,518)
Income tax credits	2,405	2,405
Loss carry forwards	5,649	-
Other	461	-
Net deferred income tax liability	$ (335,047)	$ (283,648)

(All amounts in thousands of Canadian dollars, unless otherwise noted)

18. INCOME TAX (cont'd)

Components of the income tax expense (recovery) were as follows:

		2018		2017
Current income tax expense (recovery)	$	(3,671)	$	1,016
Deferred income tax expense before adjustment		51,324		40,977
Regulatory adjustment for the recovery of deferred income tax in future customer rates		(46,615)		(41,388)
Deferred income tax expense (recovery)		4,709		(411)
Total income tax expense	$	1,038	$	605

Income tax expense differs from the amount that would be expected if determined by applying the enacted Canadian federal and provincial statutory income tax rates to income before income tax. The following is a reconciliation of the combined statutory income tax rate to the Corporation's effective income tax rate.

		2018		2017
Income before income tax per financial statements	$	121,066	$	120,417
Statutory income tax rate		27.0%		27.0%
Income tax, at statutory income tax rate	$	32,688	$	32,513
Difference between capital cost allowance and amounts claimed for accounting purposes		(21,944)		(18,686)
Items capitalized for accounting purposes but expensed for income tax purposes		(11,055)		(9,714)
Difference between regulatory accounting items and amounts claimed for income tax purposes		631		(2,875)
Other		718		(633)
Income tax expense	$	1,038	$	605
Effective income tax rate		0.9%		0.5%

As at December 31, 2018, the Corporation had federal non-capital loss carry forwards of $21.8 million (December 31, 2017 – $nil) and provincial non-capital loss carry forwards of $19.9 million (December 31, 2017 – $nil). The non-capital loss carry forwards expire in 2038.

As at December 31, 2018, total investment tax credits receivable related to the employment of eligible apprentices and acquisition of eligible assets were $1.8 million (December 31, 2017 – $1.8 million). These credits are subject to carry forward and expire between 2026 and 2037.

For regulatory reporting purposes, the income tax value of certain property, plant and equipment of the Corporation is higher than for legal entity corporate income tax filing purposes. In a future reporting period, the difference may result in higher corporate income tax expense than that recognized for regulatory purposes and collected in customer rates.

Income taxation years 2011 and prior, are no longer subject to examination in Canada. An examination of the open income tax years by the Canada Revenue Agency could result in a change in the liability for unrecognized income tax benefits. The Corporation does not believe that any open income tax years could result in any adjustments that would be significant to the financial statements. The Corporation does not have any unrecognized income tax benefits as at December 31, 2018 and, as such, has not accrued any associated interest or penalties.

(All amounts in thousands of Canadian dollars, unless otherwise noted)

19. COMMITMENTS AND CONTINGENCIES

As at December 31, 2018, the Corporation's commitments in each of the next five years and thereafter are as follows:

	Total	2019	2020	2021	2022	2023	> 2023
Principal payments on long-term debt [1]	$ 2,185,000	-	-	-	-	-	2,185,000
Interest payments on long-term debt	2,380,790	101,324	101,324	101,324	101,324	101,324	1,874,170
Operating leases and other commitments	64,838	7,904	8,180	5,936	2,978	2,490	37,350
Total	$ 4,630,628	109,228	109,504	107,260	104,302	103,814	4,096,520

[1] *Payments are shown exclusive of discounts.*

Operating Leases and Other Commitments

The Corporation has operating leases for facilities and office premises. Operating lease expense was $1.0 million in 2018 (2017 – $1.0 million).

The Corporation and an Alberta transmission service provider have entered into an agreement in consideration for joint attachments of distribution facilities to the transmission system. The expiry terms of this agreement state that the agreement remains in effect until the Corporation no longer has attachments to the transmission system. Due to the unlimited term of this contract, the calculation of future payments after 2023 includes payments to the end of 20 years. However, the payments under this agreement may continue for an indefinite period of time. In addition, the Corporation and an Alberta transmission service provider have entered into a number of service agreements to ensure operational efficiencies are maintained through coordinated operations. These service agreements have minimum expiry terms of five years from September 1, 2015 and are subject to extension based on mutually agreeable terms.

As a regulated electricity distribution utility, the Corporation is required to provide service to customers within its service territory. As such, the Corporation may be required to incur capital expenditures in excess of that funded by customer rates.

Contingencies

The Corporation is subject to various legal proceedings and claims that arise in the ordinary course of business operations. It is management's judgment that the amount of liability, if any, from these actions would not have a material effect on the Corporation's financial statements.

20. FAIR VALUE OF FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement is required to reflect the assumptions that market participants would use in pricing a financial asset or financial liability based on the best available information. These assumptions include the risks inherent in a particular valuation technique, such as a pricing model, and the risks inherent in the inputs to the model. A fair value hierarchy exists that prioritizes the inputs used to measure fair value.

The three levels of the fair value hierarchy are defined as follows:

Level 1: Fair value determined using unadjusted quoted prices in active markets;
Level 2: Fair value determined using pricing inputs that are observable; and
Level 3: Fair value determined using unobservable inputs only when relevant observable inputs are not available.

The fair values of the Corporation's financial instruments reflect a point-in-time estimate based on current and relevant market information about the instruments as at the balance sheet dates. The estimates cannot be determined with precision as they involve uncertainties and matters of judgment; therefore, they may not be relevant in predicting the Corporation's future earnings or cash flows.

(All amounts in thousands of Canadian dollars, unless otherwise noted)

20. FAIR VALUE OF FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd)

The following table represents the fair value measurements of the Corporation's financial instruments:

Long-term debt	**2018**	**2017**
Fair value [1]	$ 2,465,514	$ 2,428,501
Carrying value [2]	2,183,655	2,033,624

(1) *The fair value of the long-term debt was estimated using level 2 inputs based on the indicative prices for the same or similarly rated issues for debt of the same remaining maturities.*
(2) *Carrying value is presented gross of debt issuance costs of $15,997 (December 31, 2017 – $15,261).*

The carrying value of financial instruments included in current assets, long-term other assets and current liabilities on the balance sheet approximate their fair value, which reflects the short-term maturity, normal trade credit terms and/or nature of these financial instruments.

Credit Risk

The Corporation has a concentration of credit risk as a result of its distribution service billings being to a relatively small group of retailers or counterparties. Counterparty credit risk is the financial risk associated with the non-performance of contractual obligations by counterparties. The Corporation extends credit to select counterparties in the normal course of business.

For accounts receivable, the Corporation's gross credit risk exposure is equal to the carrying value on the balance sheet. The Corporation monitors its credit exposure in accordance with the Terms and Conditions of Distribution Access Service as approved by the AUC. The Corporation is required to minimize its net exposure to retailer billings by obtaining an acceptable form of prudential, which includes a cash deposit, bond, letter of credit, an investment grade credit rating from a major rating agency, or a financial guarantee from an entity with an investment grade credit rating. As at December 31, 2018, the Corporation's credit risk exposure was $2.4 million.

21. SUPPLEMENTAL CASH FLOW INFORMATION

Cash Paid For

	2018	**2017**
Interest paid	$ 99,732	$ 88,160
Income tax paid	161	2,702

Non-Cash Operating Working Capital

	2018	**2017**
Accounts receivable	(41,508)	$ (30,525)
Prepaids and deposits	$ 984	(488)
Income tax receivable/payable	(3,833)	(1,686)
Regulatory assets	273	(200)
Accounts payable and other current liabilities	(49,509)	95,498
Regulatory liabilities	(4,882)	21,734
	$ (98,475)	$ 84,333

Non-Cash Investing Activities

	2018	**2017**
Additions to property, plant and equipment and intangible assets included in current liabilities	$ 83,617	$ 85,514
Customer contributions for property, plant and equipment included in current assets	9,407	4,463

Reconciliation of Cash, Cash Equivalents and Restricted Cash

	2018	**2017**
Cash and cash equivalents	$ -	$ 78,802
Restricted cash	-	3,933
	$ -	$ 82,735

22. STATEMENTS OF CASH FLOWS COMPARATIVE FIGURES

Effective January 1, 2018, the Corporation elected to present, on the Statements of Cash Flows, all borrowings and repayments under committed credit facilities on a gross basis. The comparative figures have been reclassified to comply with the current period presentation.

The election resulted in $40.2 million, which was previously reported as Net repayments under committed credit facility, now being reported on a gross basis with $1,328.0 million reported as Borrowings under committed credit facility, $1,368.0 million being reported as Repayments under committed credit facility and $0.2 million being reported as Payment of deferred financing fees. The election did not change the total cash from financing activities.

23. SUBSEQUENT EVENTS

These financial statements and notes reflect the Corporation's evaluation of events occurring subsequent to the balance sheet date through February 14, 2019, the date the financial statements were available for issuance.