FORTISALBERTA INC.

Unaudited Condensed Interim Financial Statements
For the three months ended March 31, 2020

FORTISALBERTA INC.
CONDENSED INTERIM BALANCE SHEETS
(UNAUDITED)

As at (all amounts in thousands of Canadian dollars)	March 31, 2020	December 31, 2019
Assets		
Current assets		
Restricted cash	$ 610	$ 607
Accounts receivable	159,437	184,364
Prepaids and deposits	3,203	2,795
Regulatory assets (note 4)	283	19,405
Total current assets	163,533	207,171
Regulatory assets (note 4)	348,544	314,324
Property, plant and equipment, net	4,056,371	3,994,093
Intangible assets, net	84,971	84,643
Other assets	2,861	2,992
Goodwill	228,275	228,275
Total Assets	$ 4,884,555	$ 4,831,498
Liabilities and Shareholder's Equity		
Current liabilities		
Short-term borrowings	$ 204,081	$ 92,226
Accounts payable and other current liabilities	189,582	258,072
Income tax payable	550	220
Regulatory liabilities (note 4)	32,147	46,156
Total current liabilities	426,360	396,674
Other liabilities	20,285	20,359
Regulatory liabilities (note 4)	431,681	428,305
Deferred income tax	316,123	307,695
Long-term debt	2,168,132	2,168,055
Total Liabilities	3,362,581	3,321,088
Commitments and contingencies (note 8)		
Shareholder's Equity		
Share capital, no par value, unlimited authorized shares, 63 shares issued and outstanding (December 31, 2019 – 63)	173,848	173,848
Additional paid-in capital	764,896	764,896
Accumulated other comprehensive loss	(236)	(321)
Retained earnings	583,466	571,987
Total Shareholder's Equity	1,521,974	1,510,410
Total Liabilities and Shareholder's Equity	$ 4,884,555	$ 4,831,498

The accompanying notes are an integral part of these unaudited condensed interim financial statements.

FORTISALBERTA INC.

CONDENSED INTERIM STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

(UNAUDITED)

Three Months Ended March 31 (all amounts in thousands of Canadian dollars)	**2020**	**2019** **As adjusted** **see Note 3**
Revenues		
Electric rate revenue	$ 162,188	$ 154,923
Alternative revenue	(466)	144
Other revenue	4,538	4,067
Total Revenues	166,260	159,134
Expenses		
Cost of sales	52,077	52,813
Depreciation	51,879	49,646
Amortization	3,653	3,728
Total Expenses	107,609	106,187
Other income	784	580
Income before interest expense and income tax	59,435	53,527
Interest expense	26,083	25,486
Income before income tax	33,352	28,041
Income tax expense	1,873	1,324
Net Income	$ 31,479	$ 26,717
Other comprehensive income		
Reclassification of amounts related to post-employment benefits	85	33
Comprehensive Income	$ 31,564	$ 26,750

The accompanying notes are an integral part of these unaudited condensed interim financial statements.

FORTISALBERTA INC.

CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY

(UNAUDITED)

Three Months Ended March 31 (all amounts in thousands of Canadian dollars)	**2020**	**2019**
Share Capital		
Balance, beginning and end of period	$ 173,848	$ 173,848
Additional Paid-in Capital		
Balance, beginning and end of period	$ 764,896	$ 744,896
Accumulated Other Comprehensive Income (Loss)		
Balance, beginning of period	$ (321)	$ 1,549
Reclassification of amounts related to post-employment benefits	85	33
Balance, end of period	$ (236)	$ 1,582
Retained Earnings		
Balance, beginning of period	$ 571,987	$ 516,435
Net income	31,479	26,717
Dividends	(20,000)	(18,750)
Balance, end of period	$ 583,466	$ 524,402
Total Shareholder's Equity	$ 1,521,974	$ 1,444,728

The accompanying notes are an integral part of these unaudited condensed interim financial statements.

FORTISALBERTA INC.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS (UNAUDITED)

Three Months Ended March 31 (all amounts in thousands of Canadian dollars)	**2020**	**2019 As adjusted see Note 3**
Operating Activities		
Net income	$ 31,479	$ 26,717
Adjustments for non-cash items included in net income		
Depreciation	51,879	49,646
Amortization	3,901	3,917
Deferred income tax	42	1,324
Equity component of allowance for funds used during construction	(1,177)	(742)
Change in long-term regulatory assets and liabilities	(26,310)	4,532
Change in other non-current operating assets and liabilities	18	308
Change in non-cash operating working capital (note 9)	(38,738)	25,001
Cash from operating activities	21,094	110,703
Investing Activities		
Additions to property, plant and equipment	(116,432)	(106,766)
Customer contributions for property, plant and equipment	8,035	16,306
Additions to intangible assets	(4,728)	(5,749)
Proceeds from disposition of property, plant and equipment	923	692
Net change in employee loans	(643)	(552)
Cash used in investing activities	(112,845)	(96,069)
Financing Activities		
Net change in bank indebtedness	1,855	1,116
Net change in demand note	(59,000)	—
Borrowings under bilateral credit facility	150,000	—
Payment of deferred financing fees	(101)	—
Borrowings under committed credit facility	528,000	189,000
Repayments under committed credit facility	(509,000)	(186,000)
Dividends	(20,000)	(18,750)
Cash from (used in) financing activities	91,754	(14,634)
Change in cash, cash equivalents and restricted cash	3	—
Cash, cash equivalents and restricted cash, beginning of period	607	—
Cash, cash equivalents and restricted cash, end of period	$ 610	$ —

Supplemental cash flow information (note 9)

The accompanying notes are an integral part of these unaudited condensed interim financial statements.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

1. ENTITY DEFINITION AND NATURE OF OPERATIONS

FortisAlberta Inc. (the "Corporation" or "FortisAlberta") is a regulated electric distribution utility in the Province of Alberta. Its business is the ownership and operation of electric 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 electric 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. REGULATORY MATTERS

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 accounting principles generally accepted in the United States of America ("US GAAP") for entities not subject to rate regulation.

Performance-Based Regulation

Effective January 1, 2018, the AUC approved a second performance-based regulation ("PBR") term, from 2018 to 2022. Under PBR, a formula incorporating an inflation factor and a productivity factor (I-X) (the "formula"), that estimates inflation (I) annually and assumes a set level of 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.

The second PBR term includes mechanisms for the recovery or settlement of items determined to flow through directly to customers ("Y factor"). The AUC also approved a Z factor, a PBR re-opener and an efficiency carry-over mechanism. The Z factor permits an application for recovery of costs related to significant unforeseen events. The PBR re-opener permits 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 is associated with certain thresholds. The efficiency carry-over mechanism provides an incentive by permitting a utility to continue to benefit from efficiency gains achieved during the PBR term for two years following the end of that term. If a utility achieves a return on equity over the PBR term greater than the approved return, the utility is eligible to collect additional PBR revenue, calculated to a maximum of 50 basis points on the equity portion of the notional rate base, for the two years after the end of the PBR term.

The going-in rates for the second PBR term were based on a notional 2017 revenue requirement. The components of the notional 2017 revenue requirement were determined using an AUC prescribed methodology primarily based on entity-specific historical experience, with an 8.50% return on equity ("ROE") and a capital structure of 37% equity and 63% debt applied to notional 2017 rate base assets. The cost of debt in the notional revenue requirement is a weighted average cost of historical debt. The impact of changes to ROE, cost of debt and capital structure during the PBR term apply only to the portion of rate base that is funded by revenue provided by mechanisms separate from going-in rates escalated by the formula. For 2020, the Corporation's ROE has been maintained at 8.50%, with a capital structure of 37% equity and 63% debt.

In the second PBR term, incremental capital funding to recover costs related to capital expenditures that are not recovered through going-in rates escalated by the formula will be available through two mechanisms. The capital tracker mechanism from the first PBR term, from 2013 to 2017, 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 includes 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. The K-Bar amount is established for each year of the term based on the revenue requirement associated with this projected notional rate base for Type 2 capital programs. The notional going-in rate base and the level of annual capital addition were calculated using an AUC prescribed methodology, including both actuals and historical averages.

Electric Distribution System Purchases

When 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. Distribution assets transferred to the Corporation in connection with acquisitions are valued using the Replacement Cost New minus Depreciation ("RCN-D") method. The Corporation completes RCN-D valuations by first estimating the costs it would incur to replace applicable assets at current standards. The RCN value is thereafter reduced by a depreciation factor to account for the estimated accumulated depreciation at the time that the assets are to be transferred to the utility. The Corporation applies to the AUC for recovery of the RCN-D value in rates.

In December 2018, the AUC issued a letter announcing the initiation of a generic proceeding to establish the rate treatment methodology in respect of distribution system purchases by distribution utilities under 2018 to 2022 PBR plans. This proceeding was concluded with the issuance of Decision 24405-D01-2019 in September 2019. In Decision 24405-D01-2019, the AUC determined that incremental capital requirements related to system acquisitions would be addressed under K-Bar on a go forward basis. However, the AUC approved Y factor rate treatment for the difference between the incremental distribution revenue arising from customer additions and the revenue requirement associated with the electric distribution system of the Municipality of Crowsnest Pass ("CNP") and the Town of Fort Macleod ("Fort Macleod").

In March 2018, Fort Macleod approved the sale and transfer of the Fort Macleod electric distribution system and related assets (the "system") to the Corporation for an RCN-D value of $4.8 million, plus GST. In June 2018, an application to transfer the Fort Macleod system to the Corporation was filed with the AUC by Fort Macleod. In October 2018, an application for approval of the purchase price for ratemaking purposes was filed with the AUC by the Corporation. These applications, however, were held in abeyance until completion of the generic proceeding to establish the rate treatment methodology for distribution system purchases. The process to consider applications concerning the sale and transfer of the Fort Macleod system resumed following the issuance of Decision 24405-D01-2019. In October 2019, the AUC approved the discontinuation of operations and transfer of the Fort Macleod system to the Corporation. The sale closed on November 12, 2019 at the agreed purchase price of $4.8 million plus GST. The AUC's consideration of the final purchase price for ratemaking purposes is ongoing.

2020 Annual Rates Application

In September 2019, the Corporation submitted its 2020 Annual Rates Application. The rates and riders, proposed to be effective on an interim basis for January 1, 2020, include an increase of approximately 4.9% to the distribution component of customer rates. The increase in the distribution component of customer rates reflected: (i) an I-X of 1.06%; (ii) a collection of $0.2 million for the true-up of going-in rates; (iii) a net collection of $1.5 million for the true-up of the 2018 and 2019 K-Bar amounts; (iv) a 2020 K-Bar placeholder of $58.4 million; (v) a refund of $11.5 million for the 2018, 2019 and 2020 Alberta Electric System Operator ("AESO") contributions hybrid deferral; and (vi) a net refund of Y factor amounts of $1.3 million, including a refund of $0.8 million for the 2018, 2019 and 2020 incremental capital requirements for the system purchases of CNP and Fort Macleod.

In December 2019, the AUC issued Decision 24876-D01-2019 approving the Corporation's 2020 rates, as filed in the 2020 Annual Rates Application, on an interim basis.

2018 Independent System Operator Tariff Application
On September 22, 2019, the AUC issued Decision 22942-D02-2019, with respect to the 2018 Independent System Operator Tariff Application filed by the AESO (the "Decision"). The Decision included approval of a proposed change to the method in which the AESO's customer contribution policy is accounted for between distribution facility owners ("DFO") and transmission facility owners ("TFO") that would prevent the Corporation's future investment under the AESO's customer contribution policy ("ACCP"). The previous ACCP permitted the DFOs, including the Corporation, to invest in transmission assets (AESO contributions) under certain circumstances.

As part of approving the proposed changes, the AUC also determined that the Corporation would transfer the unamortized AESO contributions as at December 31, 2017, $403.8 million, representing prior investments made by the Corporation under the ACCP, to the incumbent TFO in the Corporation's service area, AltaLink Management Ltd ("AML"). The Decision directed the AESO and AML to develop a joint proposal for the implementation of the revised ACCP.

On September 25, 2019, the Corporation filed a request for immediate review and variance of the Decision (the "Immediate Review and Variance Letter") with the AUC requesting that an expedited proceeding be undertaken to reevaluate the proposed changes to the ACCP. The Immediate Review and Variance Letter identified a number of significant matters to the Corporation that require reconsideration and clarification by the AUC, including the financial and ratemaking impacts of the transfer of unamortized historical AESO contributions as at December 31, 2017 and the treatment of amounts invested, or to be invested, post January 1, 2018.

On October 2, 2019, the AUC confirmed that it had commenced an expedited review of the Decision on its own motion and requested that the Corporation provide information regarding the significant matters raised in the Immediate Review and Variance Letter. On October 8, 2019, the Corporation filed the additional information requested by the AUC, accompanied by a request for the AUC to suspend the implementation of the proposed changes to the ACCP, pending the AUC's consideration of the review and variance. On October 25, 2019, the AUC granted the suspension of the implementation of the proposed changes to the ACCP as requested by the Corporation. In December 2019, the AUC issued a letter confirming that it would not conclude its reconsideration prior to the end of 2019. In the same communication, the AUC confirmed its intention to issue supplementary information requests ("IRs") to the Corporation and AML in January 2020. In February 2020, following the provision of responses to these IRs, the Corporation filed a motion requesting an oral hearing to permit the AUC to address the complex issues that have arisen in this proceeding. This motion is currently being considered by the AUC.

The Corporation has determined that the occurrence of a loss contingency in respect of the revised ACCP is not determinable due to the ongoing AUC review of the Decision. Based on the number of significant matters identified, an estimate of loss cannot be reasonably determined as at March 31, 2020 and no estimate has been included in the financial statements.

Utility Payment Deferral
On March 18, 2020, the Alberta government announced a program to assist Albertans in avoiding additional financial hardship during the novel coronavirus ("COVID-19") pandemic by allowing residential, farm and small commercial customers, who are unable to pay their utility bill when due, to defer their utility bills for up to 90 days. The Alberta government and the AUC are working with Alberta utilities to formulate a payment system to assist consumers to pay back their deferred utilities within a reasonable time period up to one year. Currently, there is no expected impact to the Corporation's cash flow or collectability of accounts receivable, as electric retail utilities are charged with administering the utility payment deferral program.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These unaudited condensed interim financial statements have been prepared by management in accordance with US GAAP as codified in the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC"). These unaudited condensed interim financial statements of the Corporation do not include all disclosures required under US GAAP for annual financial statements and should be read in conjunction with the audited annual financial statements and notes thereto for the year ended December 31, 2019. In management's opinion, these unaudited condensed interim financial statements reflect all normal recurring adjustments that are necessary to fairly present the Corporation's results of operations and financial position. Operating results for the three months ended March 31, 2020 are not necessarily indicative of the results expected for the full year ending December 31, 2020.

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 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 current and deferred income tax, contingent liabilities due to general litigation, depreciation and amortization, pension and other post-employment benefits ("OPEB"), 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 three months ended March 31, 2020 as compared to March 31, 2019 and December 31, 2019, except as discussed below.

For the year ended 2019, the Corporation elected to change its accounting policy regarding the presentation of capitalized indirect overhead from within long-term regulatory assets to property, plant and equipment and intangible asset. The Corporation believes this change in presentation is immaterial. Refer to Note 3 of the Corporation's 2019 audited annual financial statements for further information. The change has been retroactively applied as follows:

Statement of Cash Flows

	For the three months ended March 31, 2019		
	As Reported	Reclassification	As Adjusted
Depreciation	48,628	1,018	49,646
Amortization	3,874	43	3,917
Change in long-term regulatory assets and liabilities	(230)	4,762	4,532
Cash from operating activities	**104,880**	**5,823**	**110,703**
Additions to and acquisitions of property, plant and equipment	(101,219)	(5,547)	(106,766)
Additions to intangible assets	(5,473)	(276)	(5,749)
Cash used in investing activities	**(90,246)**	**(5,823)**	**(96,069)**

The change in presentation did not impact net income; however, $1.1 million of depreciation and amortization related to the indirect capitalized overhead was reclassified from cost of sales to depreciation and amortization expense.

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

Changes in Accounting Policies

These unaudited condensed interim financial statements have been prepared following the same accounting policies as those used in preparing the Corporation's 2019 audited annual financial statements, except as follows.

Accounting for Credit Losses

Effective January 1, 2020, the Corporation adopted ASC 326, *Financial Instruments - Credit Losses*, which requires the use of reasonable and supportable forecasts in the estimate of credit losses and the recognition of expected losses upon initial recognition of a financial instrument, in addition to using past events and current conditions. The Corporation records an allowance for credit losses to reduce accounts receivable on the Balance Sheets for amounts estimated to be uncollectible. The allowance is estimated based on historical collection patterns, current and forecasted economic environment, and other conditions. Accounts receivable are written off in the period in which they are deemed uncollectible. The ASC was adopted using a modified retrospective approach and did not have a material impact on the financial statements.

Cloud Computing Arrangements

Effective January 1, 2020, the Corporation adopted Accounting Standard Update ("ASU") 2018-15, *Customer's Accounting for Implementation Costs incurred in a Cloud Computing Arrangement that is a Service Contract*, principally, the ASU 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. Eligible implementation costs are recorded to other assets on the Balance Sheets and amortized to cost of sales on the Statement of Income and Comprehensive Income over the economic life of the cloud computing arrangement. The ASU was adopted using a prospective approach and did not have a material impact on the financial statements.

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.

Simplifying the Accounting for Income Taxes

ASU 2019-12, *Income Taxes (Topic 740), Simplifying the Accounting for Income Taxes* was issued in December 2019, providing amendments to reduce complexity in the accounting standard. The new guidance is effective January 1, 2021 and the sections applicable to the Corporation will be applied on a prospective basis. The Corporation is currently evaluating the impact of these amendments on accounting for current and deferred income taxes.

4. REGULATORY ASSETS AND LIABILITIES

Regulatory assets represent amounts that are expected to be recovered from customers in future periods. Regulatory liabilities represent the current recovery of future costs or amounts that are expected to be refunded to customers in future periods. Based on existing or expected AUC decisions, the Corporation has recorded the following regulatory assets and liabilities.

	March 31, 2020	December 31, 2019
Regulatory assets		
Deferred income tax	$ 318,588	$ 310,202
AESO charges deferral	27,984	20,662
Regulatory defined benefit pension deferrals	2,171	2,594
Y factor deferral	84	78
PBR rebasing deferral	—	193
A1 rider deferral	—	—
Total regulatory assets	348,827	333,729
Less: current portion	283	19,405
Long-term regulatory assets	$ 348,544	$ 314,324

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

	March 31, 2020	December 31, 2019
Regulatory liabilities		
Non-asset retirement obligation provision	$ 428,079	$ 424,228
AESO charges deferral	24,646	39,970
Incremental capital deferral	5,895	5,170
Y factor deferral	1,682	1,683
A1 rider deferral	1,368	1,263
K factor deferral	1,178	1,185
PBR rebasing deferral	980	962
Total regulatory liabilities	463,828	474,461
Less: current portion	32,147	46,156
Long-term regulatory liabilities	$ 431,681	$ 428,305

A detailed description of the nature of the Corporation’s regulatory assets and liabilities was provided in Note 6 of the Corporation’s 2019 audited annual financial statements.

5. PENSION AND OTHER POST-EMPLOYMENT BENEFITS

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	
Three months ended March 31	**2020**	**2019**	**2020**	**2019**
Service cost	$ 149	$ 125	$ 203	$ 115
Interest cost	361	413	89	83
Expected return on plan assets	(202)	(269)	—	—
Amortizations:				
Past service cost	—	—	171	95
Actuarial gain	—	—	(86)	(62)
Net benefit cost recognized	308	269	377	231
Regulatory adjustments	415	26	—	—
Net benefit cost recognized in financial statements	723	295	377	231
Defined contribution cost	2,829	3,141	—	—
Total employee future benefit cost	$ 3,552	$ 3,436	$ 377	$ 231

Pension Plans and OPEB Contributions

The Corporation made total contributions to the defined benefit pension plans of $0.3 million and contributions to the OPEB plan of $0.1 million for the three months ended March 31, 2020. Minimum funding contributions of approximately $1.2 million will be made to the defined benefit pension plans and $0.7 million to the OPEB plan in 2020.

6. DEBT AND CAPITAL MANAGEMENT

As at March 31, 2020, the Corporation had an unsecured $30.0 million (December 31, 2019 - $89.0 million) demand note outstanding with Fortis. The demand note bears interest approximating the bankers' acceptance discount rate plus a stamping fee of 1.0%.

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

As at March 31, 2020, the Corporation had unsecured committed credit facilities with an available amount of $400.0 million, consisting of a long-term credit facility of $250.0 million maturing in August 2024 and a bilateral credit facility of $150.0 million maturing in March 2021.

Drawings under the long-term 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%. As at March 31, 2020, the Corporation had $19.0 million drawn on the long-term credit facility (December 31, 2019 - $nil).

In March 2020, the Corporation negotiated a $150.0 million non-revolving one-year bilateral credit facility. Drawings under this facility are available by way of prime loans and bankers' acceptances. Prime loans bear an interest rate of prime and bankers' acceptances are issued at the applicable bankers' acceptance discount rate. As at March 31, 2020, the Corporation had $150.0 million drawn on this facility. Proceeds of the facility are being used to finance capital expenditures and for general corporate purposes.

7. 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.

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

Long-term debt	**March 31, 2020**	**December 31, 2019**
Fair value *(1)*	$ 2,600,732	$ 2,722,054
Carrying value *(2)*	2,183,696	2,183,688

(1) *The fair value of the long-term debt was estimated using level 2 inputs. It is calculated using indicative prices provided by a third party for the same or similarly rated issues of debt with similar maturities. Since the Corporation does not intend to settle the long-term debt prior to maturity, the excess of the estimated fair value above the carrying value does not represent an actual liability.*

(2) *Carrying value is presented gross of debt issuance costs of $15,564 (December 31, 2019 – $15,633).*

The carrying value of financial instruments included in current assets, long-term other assets, current liabilities and long-term other 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 small group of retailers or other counterparties. Counterparty credit risk is the financial risk associated with the non-performance of contractual obligations by all counterparties. The Corporation extends credit to retailers in the normal course of business.

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

The Corporation assesses its credit exposure and expected credit loss in accordance with the Corporation's Terms and Conditions. The Corporation is required to minimize its net exposure to retailer billings by obtaining an acceptable form of prudential, which includes a cash deposit, 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. An acceptable form of prudential reduces the credit risk of retailer billings. Credit exposure and expected credit losses with other counterparties is evaluated using historical collection experience and internal counterparty-specific risk assessments. The Corporation's assessment is that its expected credit loss is not significant as at March 31, 2020.

As at March 31, 2020, the Corporation's credit risk exposure was $1.0 million.

8. COMMITMENTS AND CONTINGENCIES

A detailed description of the nature of the Corporation's commitments and contingencies was provided in Note 21 of the Corporation's 2019 audited annual financial statements. There have been no material changes to the nature or amounts of these items.

9. SUPPLEMENTAL CASH FLOW INFORMATION

Non-Cash Operating Working Capital

Three months ended March 31	2020	2019
Accounts receivable	$ 24,550	$ 22,640
Prepaids and deposits	(407)	135
Income tax receivable and payable	330	—
Regulatory assets	19,122	270
Accounts payable and other current liabilities	(68,325)	(6,037)
Regulatory liabilities	(14,008)	7,993
	$ (38,738)	$ 25,001

Non-Cash Investing Activities

As at March 31	2020	2019
Additions to property, plant and equipment and intangible assets included in current liabilities	$ 64,574	$ 62,467
Customer contributions for property, plant and equipment included in current assets	6,565	6,856

Reconciliation of Cash, Cash Equivalents and Restricted Cash

As at March 31	2020	2019
Cash and cash equivalents	$ —	$ —
Restricted cash	610	—
	$ 610	$ —

10. SUBSEQUENT EVENTS

These condensed interim financial statements and notes reflect the Corporation's evaluation of events occurring subsequent to the balance sheet date through May 5, 2020, the date the financial statements were available for issuance.