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ENMAX Corporation Q2 Interim Report
Six months ended June 30, 2010

HIGHLIGHTS

(millions of dollars, except return on equity and operating statistics)	Three Months Ended June 30		Six Months Ended June 30	
	2010	2009	**2010**	2009
Total revenues	**587.4**	525.0	**1,196.2**	1,225.2
Operating margin (1)	**170.8**	213.5	**326.7**	396.9
Net earnings	**59.9**	60.9	**108.2**	126.1
Return on equity (annualized) (2)			**11.0%**	13.6%
Operating statistics:				
Electricity sold (gigawatt hours)	**4,732**	4,454	**9,548**	9,148
Natural gas sold (terajoules)	**6,827**	6,531	**19,797**	20,617
Distribution volumes (gigawatt hours)	**2,177**	2,242	**4,451**	4,595
Total shareholder's equity			**1,766.9**	1,645.0
Total assets			**3,810.7**	3,573.0

(1) Operating margin is a non-GAAP financial measure (refer to Section 4: Non-GAAP Financial Measures). See discussion that follows in the Management's Discussion & Analysis (MD&A).

(2) Return on equity (annualized) is equal to the rolling prior 12-month rolling net earnings divided by the average shareholder's equity for the same 12-month period.

FORWARD-LOOKING INFORMATION

This document contains statements about future events and financial and operating results of ENMAX Corporation and its subsidiaries (ENMAX or the Corporation) that are forward-looking. By their nature, forward-looking statements require the Corporation to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that predictions and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause actual future results, conditions, actions or events to differ materially from financial and operating targets, expectations, estimates or intentions expressed in the forward-looking statements.

When used in this MD&A, the words “may”, “would”, “could”, “will”, “intend”, “plan”, “anticipate”, “believe”, “seek”, “propose”, “estimate”, “expect” and similar expressions, as they relate to the Corporation or an affiliate of the Corporation, are intended to identify forward-looking statements. Such statements reflect the Corporation’s current views with respect to future events and are subject to certain risks, uncertainties and assumptions. Assumptions used in developing forward-looking information include publicly available commodity data such as electricity and natural gas forward curves, as well as internal determinations based on either specific business knowledge of upcoming events or historical business trends. Many factors could cause the Corporation’s actual results, performance or achievements to vary from those described in this MD&A. Should one or more of these risks or uncertainties materialize, or should assumptions underlying forward-looking statements prove incorrect, actual results may vary materially from those described in this MD&A. Intended, planned, anticipated, believed, estimated or expected and other forward-looking statements included in this MD&A herein should not be unduly relied upon. These statements speak only as of the date of this MD&A. The Corporation does not intend, and does not assume any obligation, to update these forward-looking statements except as required by law.

Factors that could cause actual results to differ materially include, but are not limited to: competitive factors and pricing pressures; regulatory developments and the impact of deregulation in the industry; human resources (including possible labour disruptions); business integrations and internal reorganizations; process risks; financing and debt requirements; tax matters; health, safety and environmental developments; litigation and legal matters; business continuity events (including man-made and natural threats); economic growth and fluctuations; technological obsolescence; change in customers’ wants and needs and other risk factors discussed herein and listed from time to time in ENMAX’s reports and other public disclosure documents.

MANAGEMENT’S DISCUSSION AND ANALYSIS

This MD&A is a review of the results of operations of ENMAX for the three and six months ended June 30, 2010, compared with the same periods in 2009, and of the Corporation’s financial condition and future prospects. This discussion contains forward-looking information that is qualified by reference to and should be read together with, the discussion regarding forward-looking statements previously mentioned.

ENMAX’s consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP). The consolidated financial statements and MD&A were reviewed by ENMAX’s Audit and Finance Committee and approved by ENMAX’s Board of Directors (the Board). All amounts are in Canadian dollars unless otherwise specified.

The Corporation reports on certain non-GAAP financial measures such as operating margin and funds from operations that are used by management to evaluate performance of business units and segments. Because non-GAAP financial measures do not have a standardized meaning, we have defined and reconciled them with their nearest GAAP measure. For the reader's reference, the definition, calculation and reconciliation of consolidated non-GAAP financial measures is provided in Section 4: Non-GAAP Financial Measures.

TABLE OF CONTENTS

	Section	Contents
1.	Overall Performance.	Discussion of consolidated results for the three and six months ended June 30, 2010.
2.	Business Segment Results.	Discussion of the strategy, results of operations and capital investments of the business segments.
3.	Selected Quarterly Financial Data.	Summary of selected financial information for the past eight quarters.
4.	Non-GAAP Financial Measures.	Description, calculation and reconciliation of certain measures used by management.
5.	Financial Condition.	Discussion of significant changes in ENMAX's balance sheet between June 30, 2010 and December 31, 2009.
6.	Liquidity and Capital Resources.	Discussion of cash flow, liquidity, credit facilities and other disclosures.
7.	Future Accounting Changes.	Description of changes to accounting policies to be adopted in future periods.
8.	Critical Accounting Estimates.	Description of accounting estimates that are critical to determining financial results.
9.	Risk Management and Uncertainties.	Update on certain risks and uncertainties facing the Corporation and how these risks are managed.
10.	Transactions with Related Parties.	Description of transactions with The City of Calgary.
11.	Outlook.	Discussion of expected results for 2010.
12.	Additional Information.	Contacts to obtain additional information regarding ENMAX.

1 OVERALL PERFORMANCE

Selected Consolidated Financial Information	Three months ended June 30,		Six months ended June 30,	
(millions of dollars)	**2010**	2009	**2010**	2009
Total revenue	**587.4**	525.0	**1,196.2**	1,225.2
Operating margin (1)	**170.8**	213.5	**326.7**	396.9
Standardized earnings before interest, income tax, depreciation and amortization (EBITDA) (1)	**123.1**	159.5	**230.7**	283.5
Net earnings	**59.9**	60.9	**108.2**	126.1
Funds generated from operations (1)	**105.9**	58.2	**189.8**	161.2
Cash provided by operating activities	**50.6**	135.9	**119.1**	126.3

(1) Non-GAAP financial measure. See discussion that follows in Section 4: Non-GAAP Financial Measures.

ENMAX's consolidated net earnings for the three months ended June 30, 2010 were $59.9 million, which is consistent with the $60.9 million in net earnings for the three months ended June 30, 2009. For the six months ended June 30, 2010, net earnings are $108.2 million, down from $126.1 million for the same period last year. This decrease was driven primarily by lower contractual services and other revenues, non-recurring rate increases related to prior periods received in 2009, lower natural gas margins and higher amortization costs. The impact of these decreases was partially offset by higher electricity margins, higher transmission and distribution margins, lower operations, maintenance and administration (OM&A) costs and lower tax costs.

A reconciliation of net earnings for the three and six months ended June 30, 2010, as compared with the same period in 2009 is as follows. Further details on specific operations can be found in Section 2: Business Segment Results, which starts on page 7 of this report.

(millions of dollars)	Three month period	Six month period
Net earnings for the periods ended June 30, 2009	60.9	126.1
Unusual items included in 2009 results:		
Rate increases related to prior periods	(9.3)	(23.9)
Gains from foreign exchange exposures and financial instruments	(53.1)	(60.6)
Income tax provisions	31.5	31.5
Net earnings for the periods ended June 30, 2009 excluding unusual items	30.0	73.1
Increased / (decreased) margins attributable to:		
Electricity	24.9	11.8
Natural gas	(8.3)	(7.1)
Transmission and distribution	1.8	8.4
Contractual services and other	1.3	1.2
Decreased (increased) expenses:		
Operations, maintenance and administration (OM&A)	6.3	17.4
Amortization	(3.1)	(8.0)
Interest	-	(1.7)
Income taxes	7.0	13.2
Discontinued operations	-	(0.1)
Net earnings for the periods ended June 30, 2010	59.9	108.2

Impact of rate increases related to prior periods

In May 2007, ENMAX Power applied to the AUC to have rates set under a new approach. On March 25, 2009, the regulator approved the application, with adjustments, retroactive to January 1, 2007. The regulatory decision generated a revenue increase in 2009 to retroactively recover costs incurred in 2007 and 2008 in the regulated transmission and distribution businesses in the amount of $23.9 million. Of this amount, $9.3 million and $23.9 million, respectively, were recorded in the three and six months ended June 30, 2009 and do not recur in 2010.

Impact of foreign exchange and financial instruments

During the three and six months ended June 30, 2009, the Corporation recorded foreign exchange gains of $38.4 and $42.6 million, respectively, relating to both U.S. dollar and Japanese Yen denominated purchase agreements for certain generation equipment. The Corporation also recorded gains from financial instruments for the three and six months ended June 30, 2009 of $14.7 and $18.0 million, respectively, associated with an interest rate swap on the non-recourse financing acquired with the Calgary Energy Centre (CEC) facility. In the second half of 2009, these financial instruments were substantially hedged so earnings exposure in 2010 has been minimized. Some ineffectiveness losses have been realized in the first six months of 2010 and these losses have been recorded in OM&A.

Impact of tax estimate

In the second quarter of 2009, the Corporation recorded a $31.5 million adjustment to previously estimated tax provisions. The Corporation regularly reviews the potential for adverse outcomes in respect of tax matters. Tax provisions are adjusted, positively or negatively, for changes in estimates and assessments by tax authorities in the period in which they are more likely than not to have an impact on the financial results.

Other net earnings items

Electricity margins increased $24.9 million for the three months ended June 30, 2010, to $110.7 million from $85.8 million in the three months ended June 30, 2009. Electricity margins increased $11.8 million for the six months ended June 30, 2010, from $197.3 million in the six months ended June 30, 2009. Second quarter margins increased primarily as a result of higher settled pool prices than the prior year. The increased margins for both the second quarter and year to date were also driven by higher fixed-price contract volumes with similar margins on a per unit basis. These increases were offset slightly by higher Power Purchase Arrangement (PPA) costs due to incremental PPA volumes. Settled prices on electricity in the three and six months ended June 30, 2010 averaged $80.56 and $60.72 per MWh compared with $32.31 and $47.66 per MWh in 2009.

Natural gas margins decreased $8.3 million for the three months ended June 30, 2010, to $2.8 million in earnings from $11.1 million in the same period in 2009. For the six months ended June 30, 2010, natural gas margins decreased to $3.8 million from $10.9 million for the same period in 2009. The year to date decrease in margins has been driven primarily by lower year to date gas volumes. While gas volumes have increased in the second quarter of 2010 as compared to the same period in 2009, year to date volumes remain low due to declining customer renewals on fixed-price gas contracts. Lower fixed-price sales volumes as a percentage of total sales mix were seen during the second quarter. As the volumes are supplied under higher cost fixed-price purchasing contracts, there has been a decline in margin from selling these volumes at a lower market price.

For the three months ended June 30, 2010, normalized transmission and distribution margins increased $1.8 million to $45.2 million from the same period in 2009. Normalized transmission and distribution margins increased $8.4 million to $90.2 million for the six months ended June 30, 2010, compared to the same period in 2009. The higher margins were driven by higher tariff rates.

Normalized margins from contractual services and other sources increased $1.3 million from the $10.8 million recorded in the three months ended June 30, 2009, to $12.1 million in the three months ended June 30, 2010. For the six months ended June 30, 2010, normalized margins from contractual services and other sources increased to $23.6 million from the $22.4 million recorded in the same period in 2009. The increased margins are mainly due to optimization of emissions offsets and increased sales in the Power Services business unit due to both transit development projects and underground residential development.

OM&A costs for the three months ended June 30, 2010 decreased $6.3 million to $47.7 million from $54.0 million from the same period in 2009. For the six months ended June 30, 2010, OM&A costs decreased $17.4 million to $96.0 million from $113.4 million from the same period in 2009. The year to date decrease was driven by lower staffing and consulting costs, lower net realized and unrealized foreign exchange losses due to exposures being substantially hedged, conversion costs related to the implementation of the new billing system in the first quarter of 2009 which did not recur in 2010 and hearing costs related to the 2009 regulatory decision which did not recur in 2010. These reductions were partially offset by higher costs related to a planned maintenance outage of the CEC facility that occurred during the first quarter of 2010.

Amortization expense for the three months ended June 30, 2010 increased $3.1 million to $38.9 million from $35.8 million from the same period in 2009. For the six months ended June 30, 2010, amortization expense increased $8.0 million to $76.8 million from $68.8 million from the six months ended June 30, 2009. The increase in amortization was a result of the incremental Battle River PPA ownership, as well as additional transmission and distribution assets, the operations of Crossfield and additional information technology assets being placed into service.

For the three months ended June 30, 2010, interest expense remained constant as compared to the same period in 2009 at $14.1 million. For the six months ended June 30, 2010, interest expense increased $1.7 million to $28.7 million from $27.0 million for the six months ended June 30, 2009. The year to date increase was primarily due to the cost of additional debt issued in the second quarter of 2009. This increase was partially offset by an increase in capitalized interest. While general borrowings have increased, most of the cost of these borrowings are associated with capital projects and therefore capitalized to those projects. For the second quarter of 2010, the increase in expense due to additional debt has been equally offset by an increase in capitalized interest.

For the three months ended June 30, 2010, normalized income tax expense was $9.9 million, a decrease of $7.0 million from the same period in 2009. For the six months ended June 30, 2010, normalized income tax expense was $16.2 million, a decrease of $13.2 million from the six month period ended June 30, 2009. The decrease is primarily due to lower earnings in the taxable operations and lower income tax rates.

Other Comprehensive Income

Other comprehensive income illustrates the Corporation's earnings under the assumption of full income recognition of gains and losses on securities and derivatives otherwise treated as hedges of future period revenues and expense exposures. The Corporation utilizes derivatives to hedge its electricity, natural gas, interest rate exposures and foreign exchange exposures. For the three and six months ended June 30, 2010, other comprehensive income totaled $8.3 million and $24.0 million losses, respectively, compared with $3.2 million and $30.9 million losses, respectively, in the same periods in 2009. The loss in the year primarily reflects the hedge offset by unrealized gains on underlying commodity exposures.

2 BUSINESS SEGMENT RESULTS

The operating businesses of the Corporation are managed principally in two segments, ENMAX Power and ENMAX Energy. The results of those segments are discussed in the comments that follow.

Results of operations by segment	Three months ended June 30		Six months ended June 30	
(millions of dollars)	**2010**	2009	**2010**	2009
ENMAX Energy	**60.4**	106.1	**113.4**	171.2
ENMAX Power	**21.3**	20.4	**36.2**	45.5
Corporate & intersegment eliminations	**2.5**	(2.8)	**4.3**	(2.0)
Earnings before interest and income tax	**84.2**	123.7	**153.9**	214.7

ENMAX Energy

Business Update

ENMAX Energy combines fuel procurement, generation of electricity and the wholesale market and retail sales into an integrated model. This segment produces or has exclusive access to approximately 2,083 MW of electricity generation to supply customer demand and has been developing a Smart Grid operation.

During the second quarter, commercial operations have commenced on the Downtown District Energy Centre (DDEC). The DDEC currently provides up to 6 MW of thermal energy to the 765 thousand square foot Municipal Building facility based on building load and ambient temperatures. DDEC has the capacity to provide thermal energy to as much as 10 million square feet of new and existing residential and commercial buildings in Calgary. Planning and approval processes continued on the Shepard and Bonnybrook generation projects. Crossfield was commissioned in December 2009; and since assuming full operations, this plant has achieved heat rate, availability and outage targets in line with expectations. Final sale of the British Columbia generation assets, including newly awarded renewable energy projects under BC Hydro's clean power call, is expected to close before the end of 2010.

Operating Results

ENMAX Energy recorded earnings before interest and income taxes of $60.4 and $113.4 million for the three and six months ended June 30, 2010, respectively, compared with $106.1 and $171.2 million, respectively, in the same periods in 2009. The decrease in the first quarter of 2010 was primarily due to a decrease in other revenues, namely one-time gains on foreign exchange and interest rate exposures, offset by an increase in electricity margins.

Electricity margins for the three months ended June 30, 2010 increased $20.8 million to $108.1 million from $87.3 million recorded in the same period in 2009. For the six months ended June 30, 2010, electricity margins increased $7.6 million to $203.4 million from $195.8 million recorded in the same period in the prior year. The increase in electricity margins was primarily due to higher settled pool prices on excess generation volumes and higher fixed-price contract sales volumes. These margin increases were partially offset by higher PPA costs related to additional Battle River ownership. ENMAX Energy delivered, under contract, 4,175 GWh of electricity to customers in the three months ended June 30, 2010, compared with 3,916 GWh in the same period in 2009. For the six months ended June 30, 2010, ENMAX Energy delivered, under contract, 8,372 GWh of electricity to customers compared with 8,039 GWh in the same period in 2009.

Natural gas margins were $2.8 and $3.8 million, respectively, for the three and six months ended June 30, 2010, compared with $11.1 and $10.9 million, respectively, in the comparable periods last year. While gas volumes have increased to 6,827 terajoules (TJ) in the second quarter of 2010 as compared to 6,531 TJ in the same period in 2009, year to date volumes of 19,797 TJ remain lower than the 20,617 TJ in 2009 due to declining customer renewals on gas contracts. Lower fixed-price sales volumes as a percentage of total sales mix were seen during the second quarter. As the volumes are supplied under higher cost fixed-price purchasing contracts, there has been a decline in margin from selling these volumes at a lower market price. The 4% decline in year to date volumes is primarily due to declining customer renewals on gas contracts. The 5% increase in volumes in the second quarter was due to a new major contract that has commenced which has mitigated the loss of other declining renewals.

Contractual services and other revenues decreased $59.0 and $66.4 million, respectively, in the three and six months ended June 30, 2010 to $12.8 and $27.0 million, respectively, compared to the $71.8 and $93.4 million, respectively, recorded in the same periods last year. The decreased margins are mainly due to 2009 foreign exchange gains related to a purchase agreement denominated in foreign currencies and 2009 gains on the interest rate swap acquired with CEC. In the second half of 2009, these financial instruments were substantially hedged to reduce earnings fluctuations. The year to date decrease has been offset by lower costs to settle environmental liabilities on the PPAs.

ENMAX Energy's OM&A expenses decreased to $37.2 and $68.9 million, respectively, in the three and six months ended June 30, 2010 from $40.4 and $83.3 million, respectively, recorded in the same periods in 2009. This decrease was primarily attributable to lower staffing and consulting costs, lower net realized and unrealized foreign exchange losses as a result of exposures being substantially hedged throughout 2010 and the non-reoccurrence of conversion costs related to the implementation of the new billings system in 2009. Partially offsetting these savings were higher maintenance costs, primarily at the CEC facility during the shutdown in the first quarter of 2010.

Amortization for the three and six months ended June 30, 2010, totaled $26.1 and $51.9 million, respectively, compared with $23.7 and $45.6 million, respectively, in the same periods in 2009. The increased charges were the result of the acquisition of an additional 15% of the Battle River PPA, the completion and commissioning of Crossfield in late 2009 and an increase in information technology assets being placed into service over the past year.

ENMAX Power

Business Update

Distribution projects started in 2010 with $1.5 and $5.0 million being incurred for residential and non-residential development and $1.5 and $3.0 million for system infrastructure for the three and six months ended June 30, respectively. Work also commenced on asset replacement and modification projects with $7.4 and $12.3 million being incurred during the three and six months ended June 30, 2010, respectively, to meet industry standards and safety codes and distribution automation. Investment of $23.5 million was made in AESO required capital projects during the three and six month period ended June 30, 2010.

In the first half of 2010, ENMAX Power started major transmission projects which will help meet load growth within Calgary as well as to replace aging infrastructure. The projects include multiple cable replacement projects, the 69 kilovolt (kV) south conversion project, new substations and substation upgrades to handle the additional transmission requirements. Capital investment in these transmission projects in the three and six months ended June 30, 2010 totaled $3.5 and $12.4 million, respectively.

Operating Results

ENMAX Power's results are driven by tariffs approved by the AUC for regulated transmission, distribution and Regulated Rate Option (RRO) businesses, as well as earnings from its non-regulated power services business. The regulated segment accounted for 90.0% of total revenue in the three months ended June 30, 2010, compared with 91.3% in the same period in 2009. For the six months ended June 30, 2010, the regulated segment accounted for 91.0 % of total revenue compared with 91.6% in the same period in 2009.

ENMAX Power recorded earnings before interest and income taxes of $21.3 and $36.2 million in the three and six months ended June 30, 2010, compared with $20.4 and $45.5 million in the same periods last year. The year to date decrease was due primarily to lower transmission and distribution margins and higher amortization costs. The increase for the three months ended June 30, 2010 was due primarily to higher electricity margins partially offset by lower transmission and distribution margins.

Transmission and distribution margins are comprised of amounts charged for wires services, net of electrical grid charges and local access fees. The transmission and distribution margins were $45.2 and $90.2 million, respectively, for the three and six months ended June 30, 2010, compared with $52.7 and $105.7 million, respectively, in the same periods in 2009. This decrease was due primarily to the recognition of $14.6 and $23.8 million in the three and six months ended June 30, 2009, respectively, related to a regulatory decision which retroactively recovered costs incurred in 2007 and 2008. This decrease was partially offset by the impact of higher tariff rates throughout 2010. Physical electricity distribution is down slightly from 2009 with electricity volumes delivered during the three months ended June 30, 2010, at 2,177 gigawatt hours (GWh) compared with 2,242 GWh in the same period in 2009. For the six months ended June 30, 2010, electricity volumes delivered were 4,451 GWh, compared with 4,595 GWh in the same period in 2009.

Electricity margins from RRO customers are comprised of electricity sales to customers who are on the regulated rate option, as opposed to the competitive rate option. These activities resulted in earnings of $2.8 million for the three months ended June 30, 2010, compared with a loss of $1.4 million in the same period in 2009. For the six months ended June 30, 2010, electricity margins from RRO customers resulted in earnings of $6.0 million, compared with earnings of $1.6 million in the same period in 2009. This increased margin in both the three and six month periods ended June 30, 2010 were primarily the result of higher RRO volumes. As regulated rates have fluctuated below competitive rate options, some customers are choosing to pursue the regulated option. In addition to this, margins in the second quarter of 2009 were impacted negatively due to non-recoverable wire charges identified during the data conversion and transition period associated with the implementation of the new billing and customer care system launched in the first quarter of 2009. These one-time charges did not recur in 2010. RRO electricity volumes sold totaled 557 GWh for the three months ended June 30, 2010, compared with 538 GWh in the same period in 2009. For the six months ended June 30, 2010, RRO electricity volumes sold totaled 1,176 GWh, compared with 1,109 GWh in the same period in 2009.

For the three and six months ended June 30, 2010, margins for contractual services and other were $4.8 and $7.5 million, respectively, compared with $3.1 and $6.1 million, respectively, for the same periods last year. This increase is a result of increased second quarter activity in both transit development projects and underground residential development.

OM&A expenses for the three and six months ended June 30, 2010, were $19.2 and $43.3 million, respectively, which is comparable with the $22.8 and $46.5 million, respectively, in the same periods in 2009. The decrease in the year to date cost was primarily realized in the second quarter and was mostly due to a reduction in hearing costs related to the regulatory decision, which were incurred in 2009 but did not recur in 2010. In addition to this, the 2009 costs included conversion costs related to the implementation of the new billing system in the first quarter of 2009 which did not recur in 2010.

Amortization for the three months ended June 30, 2010, totaled $12.3 million compared with $11.2 million in the same period in 2009. For the six months ended June 30, 2010, amortization totaled $24.2 million compared with $21.4 million in the same period in 2009. The increased charges were the result of a higher asset base in the segment.

ENMAX Corporate (including intersegment eliminations)

Operating Results

ENMAX Corporate provides shared services and financing to ENMAX Power and ENMAX Energy. During the three and six months ended June 30, 2010, earnings before interest and taxes for ENMAX Corporate were $2.5 and $4.3 million, respectively, compared with losses of $2.8 and $2.0 million, respectively, in the same periods in 2009. The increase in earnings reflects lower amortization and OM&A costs.

3 SELECTED QUARTERLY FINANCIAL DATA

	2010		2009				2008	
	Second	**First**	Fourth	Third	Second	First	Fourth	Third
(millions of dollars, except operating statistics)								
Total revenue	**587.4**	**608.8**	594.8	494.2	525.0	700.2	759.6	612.6
Operating margin (1)	**170.8**	**155.9**	159.7	129.0	213.5	183.4	141.7	167.3
Standardized earnings before interest, income tax, depreciation (1) (Standardized EBITDA)	**123.1**	**107.6**	88.3	87.5	159.5	124.0	77.8	113.9
Net earnings	**59.9**	**48.3**	39.0	40.8	60.9	65.2	31.5	62.4
Funds generated from operations (1)	**105.9**	**83.9**	117.8	82.1	58.2	103.0	66.8	92.9
ENMAX Energy Electricity volumes sold (GWh)	**4,175**	**4,197**	4,204	3,988	3,916	4,123	3,948	3,943
ENMAX Power Electricity volumes sold (GWh)	**557**	**619**	649	553	538	571	669	538
Total Electricity volumes sold (GWh)	**4,732**	**4,816**	4,853	4,541	4,454	4,694	4,615	4,481
ENMAX Power electricity volumes distributed (GWh)	**2,177**	**2,274**	2,340	2,036	2,242	2,353	2,313	2,230
Natural gas volumes sold (TJ)	**6,827**	**12,970**	13,166	2,357	6,531	14,086	10,019	4,319

(1) Non-GAAP financial measure. See discussion that follows in Section 5: Non-GAAP Financial Measures.

4 NON-GAAP FINANCIAL MEASURES

The Corporation provides non-GAAP financial measures in the MD&A. These measures do not have any standard meaning prescribed by Canadian GAAP and may not be comparable to similar measures presented by other companies. The purpose of these financial measures and their reconciliation to Canadian GAAP financial measures are shown below. These non-GAAP measures are consistent with the measures used in previous years and quarters.

Operating margin	Three months ended June 30,		Six months ended June 30,	
(millions of dollars)	**2010**	2009	**2010**	2009
Electricity and natural gas margins	**113.5**	96.9	**212.9**	208.2
Transmission and distribution margins	**45.2**	52.7	**90.2**	105.7
Contractual services margins and other	**12.1**	63.9	**23.6**	83.0
Operating margin (non-GAAP financial measure)	**170.8**	213.5	**326.7**	396.9
Add: Cost of sales, excluding OM&A	**416.6**	311.5	**869.5**	828.3
Revenue (GAAP financial measure)	**587.4**	525.0	**1,196.2**	1,225.2

Operating margins are a useful measure of business performance, as changes in the market price of electricity and natural gas purchased for resale affect both revenue and costs of sales.

EBITDA	Three months ended June 30,		Six months ended June 30,	
(millions of dollars)	**2010**	2009	**2010**	2009
Adjusted EBITDA (non-GAAP financial measure)	**123.3**	159.9	**231.2**	284.3
Deduct: EBITDA from discontinued operations	**0.2**	0.4	**0.5**	0.8
Standardized EBITDA	**123.1**	159.5	**230.7**	283.5
Deduct: Amortization	**38.9**	35.8	**76.8**	68.8
Interest	**14.1**	14.1	**28.7**	27.0
Income taxes	**9.9**	48.4	**16.2**	60.9
Net earnings from continuing operations (GAAP financial measure)	**60.2**	61.2	**109.0**	126.8

EBITDA (Earnings before interest, income tax, depreciation and amortization) is a useful measure of business performance as management believes it provides an indication of the operating results generated by the Corporation's primary business activities without consideration as to how those activities are financed, amortized, or how the results are taxed in various business jurisdictions.

Funds generated from operations	Three months ended June 30,		Six months ended June 30,	
(millions of dollars)	**2010**	2009	**2010**	2009
Funds generated from operations (non-GAAP financial measure)	**105.9**	58.2	**189.8**	161.2
Changes in non-cash working capital	**(54.3)**	79.4	**(68.0)**	(30.0)
Employee future benefits	**(1.0)**	(1.7)	**(2.7)**	(4.9)
Cash provided by operating activities (GAAP financial measure)	**50.6**	135.9	**119.1**	126.3

Funds generated from operations are used as an additional metric of cash flow without regard to changes in the Corporation's non-cash working capital.

Total interest cost	Three months ended June 30,		Six months ended June 30,	
(millions of dollars)	**2010**	2009	**2010**	2009
Total interest cost (non-GAAP financial measure)	**19.1**	18.4	**37.9**	33.8
Capitalized interest	**(6.2)**	(5.0)	**(11.1)**	(8.1)
Other non-interest financing costs	**1.2**	0.7	**1.9**	1.3
Interest expense (GAAP financial measure)	**14.1**	14.1	**28.7**	27.0

Total interest cost is used to determine the Corporation's interest coverage ratios.

5 FINANCIAL CONDITION

Significant changes in the Corporation's financial condition are as follows:

(millions of dollars, except % change)	**June 30, 2010**	December 31, 2009	$ Change	% Change	Explanation for change
ASSETS					
Cash and cash equivalents	**27.5**	55.7	(28.2)	(51%)	See Section 6: Liquidity and capital resources
Accounts receivable	**503.3**	512.3	(9.0)	(2%)	Impact of lower commodity prices on revenues billed and collection of previously outstanding government grants on capital projects offset by increased regulatory receivables.
Other current assets	**108.3**	99.8	8.5	9%	Change in fair value of short-term derivatives and unrealized hedging assets
Property, plant and equipment	**2,195.1**	2,054.5	140.6	7%	Capital investments, offset by regularly scheduled depreciation charges.
Power purchase arrangements	**542.9**	504.7	38.2	8%	Purchase of final 15% interest in the Battle River PPA offset by regularly scheduled depreciation charges.
Other long-term assets	**27.4**	81.0	(53.6)	(66%)	Change in fair value of long-term derivatives and unrealized hedging assets
LIABILITIES AND SHAREHOLDER'S EQUITY					
Short-term financing	**-**	18.2	(18.2)	(100%)	See Section 6: Liquidity and capital resources
Accounts payable and accrued liabilities	**270.1**	326.8	(56.7)	(17%)	Impact of lower commodity prices on costs incurred.
Dividend payable	**30.9**	-	30.9	100%	Dividend declared in March to be paid in four equal payments over the year.
Long-term debt (1)	**1,454.9**	1,319.8	135.1	10%	Long-term Alberta Capital Finance Authority debt obtained in June offset by regularly scheduled payments made.

(1) Includes current and long-term amounts.

6 LIQUIDITY AND CAPITAL RESOURCES

Capitalization

As at *(millions of dollars)*	**June 30, 2010**	December 31, 2009
Total debt [(1)]	**1,454.9**	1,338.0
Shareholder's equity		
Share capital	**280.1**	280.1
Retained earnings	**1,533.8**	1,487.4
Accumulated other comprehensive loss	**(47.0)**	(23.0)
Total shareholder's equity	**1,766.9**	1,744.5
Total capitalization (total debt plus shareholder's equity)	**3,221.8**	3,082.5

(1) Includes short-term financing of $nil (December 31, 2009 - $18.2 million) and current portion of long-term debt of $51.7 million (December 31, 2009 - $46.1 million). Maturity dates range from July 2010 to June 2035. Excludes debt on assets held for sale.

The details of share capital are as follows:

As at June 30, 2010, and December 31, 2009 *(millions of dollars, except share amounts)*	Number of Shares	Amount
Authorized:		
Unlimited number of common shares		
Issued and outstanding:		
Issued on incorporation (one dollar)	1	-
Issued on transfer of net assets from Calgary Electric System	1	278.2
Issued on transfer of billing and customer care assets from The City in 2001	1	1.9
	3	280.1

The details of the long-term debt are as follows:

As at (millions of dollars)	**June 30, 2010**	December 31, 2009
Long-term debt [(1)], consisting of:		
Alberta Capital Finance Authority debentures, with remaining terms of:		
Less than 5 years	**58.2**	48.0
6 – 10 years	**75.1**	90.7
11 – 15 years	**110.8**	114.7
16 – 20 years	**39.5**	26.9
21 – 25 years	**371.7**	236.6
Private debentures		
Series 1, remaining term of 8 years, bullet maturity on June 19, 2018	**297.0**	296.9
Series 2, remaining term of 4 years, bullet maturity on April 8, 2014	**248.7**	248.5
Non-recourse term financing (Kettles Hill and CEC), remaining term of 7 and 16 years, respectively	**248.3**	251.8
Promissory note, remaining term of 17 years	**5.6**	5.7
	1,454.9	1,319.8

(1) Includes current portion of long-term debt of $51.7 million (December 31, 2009 - $46.1 million). Maturity dates range from July 2010 to June 2035. Excludes debt on assets held for sale.

Coverage ratios	**June 30, 2010**	June 30, 2009
Total debt to total capitalization (1)	**45.2%**	45.2%
Interest coverage (2)	**5.3X**	7.7X

(1) Total debt to total capitalization is equal to total debt, including short term financing and long-term debt (including current portion), divided by total debt plus shareholder's equity. If cash was netted against the debt, the ratio as at June 30, 2010 would be 44.2% (June 30, 2009 – 39.5%).

(2) Interest coverage is equal to the 12-month rolling standardized EBITDA (non-GAAP financial measure as described in Section 4) divided by the 12-month rolling total interest cost (non-GAAP financial measure as described in Section 4).

The Corporation funds its business with a view to maintaining a conservative capital structure. While the Corporation has set long-term target ratios for debt capitalization at 45% and pre-tax interest coverage ratios at 5 times or better, very low electricity prices, high capital expenditures or other factors could result in the Corporation not reaching its targets for short periods of time. Targets are managed using a long-term view, and set at more conservative levels than actual debt covenants. ENMAX has been assessed credit ratings of Standard & Poor's: BBB+ (negative) and Dominion Bond Rating Services: A (low) for unsecured debentures and R-1 (low) for Commercial Paper. This provides reasonable access to debt capital markets.

The principal financial covenants in ENMAX's credit facilities and debentures are interest coverage and debt to capitalization. As at June 30, 2010, ENMAX is in compliance with its financial covenants related to debt classified as long-term debt on the balance sheet.

As at June 30, 2010, ENMAX classified $23.8 million of non-recourse financing as liabilities held for sale related to the British Columbia assets held for sale (December 31, 2009 - $24.2 million). Of this non-recourse financing, $12.4 million is related to the Furry Creek Power Ltd. operation and has been classified all as current liabilities held for sale (December 31, 2009 - $12.6 million) as certain reporting covenants on this debt are in breach. ENMAX has sufficient cash on hand at the balance sheet date to extinguish all non-recourse debt related to the breached covenant.

Cash provided by operating activities

Cash provided by operating activities for the three months ended June 30, 2010, was $50.6 million, compared with $135.9 million in the same period in 2009. For the six months ended June 30, 2010, cash provided by operating activities was $119.1 million, compared with $126.3 million in the same six month period in the prior year. The decrease in cash flow from operations was driven primarily by changes in working capital. Working capital changes were a result of a large decline in accounts payable in the first quarter of 2010 to pay fourth quarter expenses which were at higher commodity prices. In the second quarter of 2010, working capital continued to decrease as accounts receivable increased during the quarter primarily due to an increase in regulatory receivables.

At June 30, 2010, cash and cash equivalents amounted to $27.5 million, compared with $55.7 million at December 31, 2009.

Investing activities

Capital spending was $108.8 million in the three months ended June 30, 2010, an increase of $35.8 million over the same period last year. For the six months ended June 30, 2010, capital spending was $194.7 million, which is a increase of $23.1 million over the same six month period in 2009. Capital additions for the three and six months ended June 30, 2010 included a $27.1 and $51.9 million investment in the transmission and distribution network in Calgary and surrounding area, $37.3 and $99.1 million in construction costs related to Calgary area generation projects and $1.7 and $2.5 million in information technology expansion. Remaining expenditures were primarily for regulated assets not specifically related to the transmission and distribution network, British Columbia-based generation projects and capital improvements to existing generation plants. While transmission and distribution capital projects have been funded by the proceeds of debt, the remaining projects are funded through cash from operations. Investing activities for the six months ended June 30, 2010 also included the acquisition of the final 15% interest in the Battle River PPA for a cost of $64.0 million. The entire $64.0 million addition was invested in the first quarter of 2010.

Financing activities

On June 15, 2010, the Corporation obtained $156.0 million of financing from The City of Calgary through arrangements with the Alberta Capital Finance Authority to fund ongoing investment relating to the regulated transmission and distribution network in Calgary and the surrounding area.

ENMAX repaid $10.9 million of long-term debt in regularly scheduled principal payments during the three months ended June 30, 2010, compared with $8.1 million in the same period in 2009. During the six months ended June 30, 2010, ENMAX repaid $21.0 million of long-term debt compared with $21.1 million in the first six months of 2009. These repayments were sourced through operating activities.

As at June 30, 2010, ENMAX had credit facilities available of $750.0 million (December 31, 2008 -$750.0 million), which are used for general corporate purposes and as a backstop for the commercial paper program. At June 30, 2010, there was $295.6 million in outstanding letters of credit (December 31, 2009 - $237.5 million). As at June 30, 2010, there was $nil overdraft on the credit facilities (December 31, 2009 - $8.2) and $nil of commercial paper outstanding (December 31, 2009 - $10.0), guaranteed by ENMAX’s credit facilities, to fund short-term operating requirements.

On March 16, 2010, ENMAX declared a dividend for 2010 of $61.8 million to The City, its sole shareholder. The dividend is $6.8 million more than what was declared in 2009 and will be paid in equal quarterly installments during 2010.

ENMAX continues to generate adequate cash flow from operations and has sufficient lines of credit and a commercial paper program available to meet its ongoing operating requirements.

7 FUTURE ACCOUNTING CHANGES

International Financial Reporting Standards (IFRS)

On February 13, 2008, the AcSB confirmed the changeover from Canadian GAAP to IFRS, as issued by the International Accounting Standards Board (IASB), will be effective for fiscal years beginning on or after January 1, 2011. The Corporation will be required to apply IFRS in reporting interim and annual financial statements, including comparative periods, beginning January 1, 2011. While IFRS uses a conceptual framework similar to Canadian GAAP, there are still perceptible differences in accounting policies.

On July 20 and 22, 2010 the IASB held deliberations on the topic of rate-regulated activities. The result of these deliberations was that the IASB decided to continue with its rate-regulated accounting project with a schedule into the end of 2011 and not to provide transitional guidance to entities adopting IFRS in the near term. The AcSB issued an exposure draft on July 28, 2010 which proposes that qualifying entities with rate-regulated activities be permitted, but not required, to delay adoption of IFRS for an additional two years. Management is assessing options under these new developments.

For information on the Corporation's conversion plan to IFRS, refer to section 9 of the Management's Discussion and Analysis in the ENMAX's 2009 Annual Report. The Corporation is on track with this conversion plan. The discussion that follows describes activities undertaken during the second quarter of 2010. This information provides an understanding of the key areas of impact and the changeover plan. These disclosures reflect expectations based on information available at the reporting date. Assumptions used in developing the changeover plan, including discussion of accounting policy selections and IFRS 1 exemptions, are preliminary. Circumstances may change prior to the changeover date that may cause the Corporation to select different accounting policies and/or IFRS 1 exemptions.

Accounting Policies

Policy Area	Description of IFRS Requirements	Policy Status and Significant Impacts
Rate-Regulated Activities	• Under current IFRS, amounts capitalized due to a regulatory decision are not allowed to be capitalized unless they are supported by normal standards for capitalization. • While transition relief related to rate-regulated PPE was finalized in Q1, the IASB continues to deliberate on the recognition of regulatory assets and liabilities and no separate standard has been issued. • Without a rate-regulated standard, it is possible that regulatory assets and liabilities will no longer be recognizable under IFRS. • Management continues to assess whether these assets and liabilities meet the definition of assets and liabilities under the current IFRS Framework	• The Corporation expects to take the transition relief added to IFRS 1. This relief effectively deems the closing net book value of regulated property, plant and equipment (PPE) will be the opening cost of this PPE under IFRS. • If the IASB does not issue a rate-regulated standard and it is determined that regulatory assets and liabilities are not assets and liabilities under the current IFRS Framework, the result would be a write-off of regulatory assets and liabilities for a net adjustment to retained earnings.

Property, Plant and Equipment	• Other than the effects of rate-regulated accounting described above, the Corporation has identified smaller IFRS differences in componentization of and amounts capitalized for certain assets. • IFRS requires significant components of assets to be segregated and amortized based on the individual component's life instead of the life of the entire asset.	• For IFRS purposes, the Corporation expects to change its amortization rates for some components of certain PPE related to its buildings, wind farm generating assets and hydro generating facilities. The impact of this change is expected to result in a net adjustment to retained earnings on transition.
Power Purchase Arrangements (PPAs)	• IFRS requires the evaluation of all contracts, with the right to the output of an asset, to determine if they meet the criteria of a lease. This treatment is similar as CGAAP; however, the CGAAP standards were grandfathered in so did not apply to the Corporation's PPAs.	• The Corporation continues to evaluate the impact of IFRS on its PPAs.
Employee Benefits	• Under current IFRS, the Corporation can elect to apply transition relief under IFRS 1 which results in the write-off of accumulated, unamortized actuarial gains & losses associated with its defined benefits pension plan to retained earnings and apply IFRS prospective or the Corporation can apply IFRS guidance retrospectively.	• The Corporation continues to evaluate the options under IFRS 1.
IFRS 1 Exemptions	• IFRS 1 allows for a number of optional exemptions that exempt the retrospective application of certain IFRS guidance.	• The Corporation expects to apply the IFRS 1 exemptions for deemed cost of rate-regulated PPE. The remaining IFRS 1 elections are still being evaluated.
Income Taxes	• IFRS requires a probability weighted approach to determining uncertain income tax positions. This is may result in a significantly different result than the CGAAP approach of recording uncertain tax positions at the amount determined to be more likely than not to be incurred.	• The Corporation continues to evaluate the impact of IFRS.

Information technology & data systems

Tracking of 2010 IFRS results continues in anticipation of having 2010 comparative numbers ready for reporting in 2011. These results are based on the set of assumptions currently available and the Corporation is able to modify system-generated results as policy decisions are made and IASB standards change. The system changes were made to accommodate the complete disallowance of rate-regulated accounting if the IASB deliberations are not favourable to rate-regulation.

Internal control over financial reporting and disclosure controls & procedures

The Corporation continues to evaluate the impacts of IFRS changes on disclosure controls and procedures and internal controls over financial reporting. Required changes to the Corporation's control environment cannot be finalized until IFRS standards and Corporation policies are finalized. The Corporation continues to monitor IASB activities and develop reporting requirements to meet new standards. Open discussions with our external auditors about possible outcomes to new standards continue.

Financial reporting expertise

Project status reporting is provided to the project steering committee on a monthly basis and to the Audit and Finance Committee on a quarterly basis. Training of finance and accounting staff is ongoing. Updated training for the Audit and Finance Committee and senior executive management is expected in the last half of 2010. The Corporation continues to utilize external advisors to supplement its internal resource team and has actively engaged its external auditors to assess possible positions and policies.

Business activities

The IASB continues to deliberate the introduction of standard for rate-regulated operations and the recognition of regulatory assets and liabilities. The IFRS project team continues to develop plans to support accounting and business processes should rate-regulated accounting be discontinued.

The Corporation continues to evaluate the impact of IFRS on its debt covenants, compensation agreements and dividend policy.

8 CRITICAL ACCOUNTING ESTIMATES

Since a determination of the value of many assets, liabilities, revenues and expenses is dependent upon future events, the preparation of the Corporation's consolidated financial statements requires the use of estimates and assumptions that have been made using careful judgment. Adjustments to previous estimates, which will impact net income and could be material, are recorded in the period they become known.

ENMAX's critical accounting estimates are related to unbilled revenue accruals, allowance for doubtful accounts, amortization expense, asset impairment, asset retirement obligations and provisions for income taxes, including income taxes receivable. These critical estimates are described in Section 10 of ENMAX's 2009 Management's Discussion and Analysis. There have been no changes in the techniques and models used in preparing and evaluating these estimates that would have a material impact to the financial results.

9 RISK MANAGEMENT AND UNCERTAINTIES

ENMAX follows an integrated approach to risk management on a corporate-wide basis. For further information on risks, refer to Section 11 of the Management's Discussion and Analysis in the 2009 Annual Report and the accompanying consolidated financial statements.

10 TRANSACTIONS WITH RELATED PARTIES

ENMAX's related-party transactions comprise both revenues from and expenditures to The City. In the three and six months ended June 30, 2010, transactions with The City amounted to $23.2 million and $48.0 million in revenue, respectively, compared with $19.2 million and $44.1 million, respectively, in the same periods in 2009. The significant components include contract sales of electricity, provision of non-regulated power distribution services and billing and customer care services relating to The City's utilities departments. In the three and six months ended June 30, 2010, total expenditures for goods and services received from The City were $24.3 million and $50.7 million, respectively, compared with $25.9 million and $61.7 million, respectively, in the same periods in 2009. Most of these expenditures were for local access fees for the use of The City's rights-of-way.

11 OUTLOOK

The discussion in this section is qualified by the caution regarding forward-looking statements at the beginning of the MD&A.

Notwithstanding high electricity prices in the second quarter of 2010, the Corporation is expecting more modest electricity prices for much of the remainder of 2010. While some of the impact of these lower prices will be offset by lower costs, the net impact is expected to result in lower earnings levels in the second half of 2010 than were experienced in the second half of 2009.

12 ADDITIONAL INFORMATION

ENMAX welcomes questions from stakeholders. Additional information relating to ENMAX can be found at enmax.com.

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CONSOLIDATED BALANCE SHEETS

(millions of dollars)	**June 30, 2010** *(unaudited)*	December 31, 2009
ASSETS		
Cash and cash equivalents (note 3)	**$ 27.5**	$ 55.7
Accounts receivable (notes 3 and 5)	**503.3**	512.3
Income taxes receivable	**22.8**	59.6
Future income tax asset	**7.2**	3.1
Other current assets (notes 3 and 4)	**108.3**	99.8
Assets held for sale (note 6)	**2.7**	2.3
	671.8	732.8
Property, plant and equipment	**2,195.1**	2,054.5
Power purchase arrangements (note 7)	**542.9**	504.7
Intangible assets	**123.6**	128.7
Goodwill	**16.0**	16.0
Employee future benefits (note 8)	**16.9**	18.2
Future income tax asset	**88.0**	89.2
Other long-term assets (notes 3 and 4)	**27.4**	81.0
Assets held for sale (note 6)	**129.0**	119.2
TOTAL ASSETS	**$ 3,810.7**	$ 3,744.3
LIABILITIES		
Short-term debt (note 9)	**$ -**	$ 18.2
Accounts payable and accrued liabilities (note 3)	**270.1**	326.8
Dividend payable	**30.9**	-
Income taxes payable	**25.2**	49.3
Future income tax liability	**10.0**	2.9
Current portion of long-term debt (note 3)	**51.7**	46.1
Other current liabilities (notes 3 and 4)	**77.4**	85.4
Liabilities held for sale (note 6)	**14.1**	19.2
	479.4	547.9
Long-term debt (note 3)	**1,403.2**	1,273.7
Future income tax liability	**82.6**	94.8
Other long-term liabilities (notes 3 and 4)	**65.7**	70.1
Liabilities held for sale (note 6)	**12.9**	13.3
	2,043.8	1,999.8
SHAREHOLDER'S EQUITY		
Share capital	**280.1**	280.1
Retained earnings	**1,533.8**	1,487.4
Accumulated other comprehensive loss (note 10)	**(47.0)**	(23.0)
	1,766.9	1,744.5
Commitments and contingencies (note 11)		
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	**$ 3,810.7**	$ 3,744.3

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

(unaudited) *(millions of dollars)*	Three months ended June 30 **2010**	Three months ended June 30 2009	Six months ended June 30 **2010**	Six months ended June 30 2009
REVENUE (note 12)				
Electricity	**$ 419.5**	$ 310.1	**$ 794.6**	$ 749.4
Natural gas	**59.4**	51.5	**180.7**	181.2
Transmission and distribution	**84.7**	87.9	**173.2**	187.6
Contractual services	**22.5**	18.1	**42.7**	38.2
Other	**1.3**	57.4	**5.0**	68.8
TOTAL REVENUE	**587.4**	525.0	**1,196.2**	1,225.2
COST OF SERVICES PROVIDED (note 12)				
Electricity	**308.8**	224.3	**585.5**	552.1
Natural gas	**56.6**	40.4	**176.9**	170.3
Local access fees and grid charges	**39.5**	35.2	**83.0**	81.9
Contractual services	**11.7**	11.6	**24.1**	24.0
Operations, maintenance and administration	**47.7**	54.0	**96.0**	113.4
TOTAL COST OF SERVICES PROVIDED	**464.3**	365.5	**965.5**	941.7
	123.1	159.5	**230.7**	283.5
Amortization	**38.9**	35.8	**76.8**	68.8
Interest	**14.1**	14.1	**28.7**	27.0
Income taxes (note 13)	**9.9**	48.4	**16.2**	60.9
NET EARNINGS FROM CONTINUING OPERATIONS	**60.2**	**61.2**	**109.0**	**126.8**
Loss from discontinued operations, net of tax (note 6)	**(0.3)**	(0.3)	**(0.8)**	**(0.7)**
NET EARNINGS	**59.9**	**60.9**	**108.2**	**126.1**
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX				
Unrealized gains (losses) on available for sale financial assets arising during the period includes future income tax expense of \$0.1 and \$0.1 for the three and six month period, respectively (2009 - \$0.4 benefit and \$nil)	**0.3**	**2.3**	**0.4**	1.4
Unrealized losses on derivatives designated as cash flow hedges, includes future income tax benefit of \$9.3 and \$6.4 for the three and six month period, respectively (2009 - \$1.1 expense and \$0.7 expense)	**(23.3)**	(5.4)	**(48.2)**	(48.7)
Realized (gains) losses on derivatives designated as cash flow hedges in prior periods transferred to net earnings in the three and six month periods, includes future income tax expense of \$2.2 and benefit of \$0.1, respectively (2009 - \$0.5 benefit and \$2.1 expense)	**14.7**	(0.1)	**23.8**	16.4
Other comprehensive loss, net of tax	**(8.3)**	(3.2)	**(24.0)**	(30.9)
COMPREHENSIVE INCOME	**$ 51.6**	$ 57.7	**$ 84.2**	$ 95.2

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDER'S EQUITY

(unaudited) *(millions of dollars)*	Share capital	Retained earnings	Accumulated other comprehensive income	Total
BALANCE, JANUARY 1, 2009	**$ 280.1**	**$ 1,328.3**	**$ (11.9)**	**$ 1,596.5**
Transition adjustment resulting from adopting new accounting standard	-	8.2	-	8.2
Net earnings	-	65.2	-	65.2
Dividends	-	(55.0)	-	(55.0)
Other comprehensive loss	-	-	(27.7)	(27.7)
BALANCE, MARCH 31, 2009	**280.1**	**1,346.7**	**(39.6)**	**1,587.2**
Net earnings		60.9		**60.9**
Other comprehensive loss			(3.1)	**(3.1)**
BALANCE, JUNE 30, 2009	**280.1**	**1,407.6**	**(42.7)**	**1,645.0**
Comprehensive income for the remainder of 2009	-	79.8	19.7	99.5
BALANCE, DECEMBER 31, 2009	**280.1**	**1,487.4**	**(23.0)**	**1,744.5**
Net earnings	-	48.3	-	48.3
Dividends	-	(61.8)	-	(61.8)
Other comprehensive loss	-	-	(15.7)	(15.7)
BALANCE, MARCH 31, 2010	**$ 280.1**	**$ 1,473.9**	**$ (38.7)**	**$ 1,715.3**
Net earnings	-	59.9	-	59.9
Other comprehensive income (loss)	-	-	(8.3)	(8.3)
BALANCE, JUNE 30, 2010	**$ 280.1**	**$ 1,533.8**	**$ (47.0)**	**$ 1,766.9**

CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited) *(millions of dollars)*	Three months ended June 30, **2010**	Three months ended June 30, 2009	Six months ended June 30, **2010**	Six months ended June 30, 2009
CASH PROVIDED BY (USED IN):				
OPERATING ACTIVITIES				
Net earnings	**$ 59.9**	$ 60.9	**$ 108.2**	$ 126.1
Items not involving cash:				
Amortization	**38.9**	35.8	**76.8**	68.8
Future income taxes	**1.5**	13.7	**(1.1)**	19.1
Change in unrealized market value of financial contracts	**1.3**	(46.4)	**(6.3)**	(53.1)
Other	**4.3**	(5.8)	**12.2**	0.3
	105.9	58.2	**189.8**	161.2
Change in non-cash working capital	**(54.3)**	79.4	**(68.0)**	(30.0)
Employee future benefits	**(1.0)**	(1.7)	**(2.7)**	(4.9)
	50.6	135.9	**119.1**	126.3
INVESTING ACTIVITIES				
Purchase of property, plant and equipment	**(108.8)**	(73.0)	**(194.7)**	(171.6)
Additions to power purchase arrangements	**-**	-	**(64.0)**	(48.1)
Other long-term assets	**4.6**	(0.7)	**7.6**	-
Refund of customer guarantee deposits	**(1.0)**	0.9	**(2.0)**	(0.3)
Contributions in aid of construction	**11.2**	3.0	**20.9**	30.8
	(94.0)	(69.8)	**(232.2)**	**(189.2)**
FINANCING ACTIVITIES				
Repayment of short-term debt	**(469.2)**	(487.1)	**(790.4)**	(1,096.1)
Proceeds of short-term debt	**377.5**	226.3	**772.2**	980.9
Proceeds of long-term debt	**156.0**	365.3	**156.0**	365.3
Repayment of long-term debt	**(10.9)**	(8.1)	**(21.0)**	(21.1)
Dividend paid	**(15.4)**	(13.7)	**(30.9)**	(27.5)
Other long-term liabilities	**(1.9)**	(1.9)	**(1.0)**	(5.2)
	36.1	80.8	**84.9**	196.3
Decrease in cash and cash equivalents	**(7.3)**	146.9	**(28.2)**	133.4
Cash and cash equivalents, beginning of period	**34.8**	22.1	**55.7**	35.6
CASH AND CASH EQUIVALENTS, END OF PERIOD	**$ 27.5**	$ 169.0	**$ 27.5**	$ 169.0
Supplementary information:				
Interest paid	**$ (20.5)**	$ (10.9)	**$ (29.3)**	$ (19.9)
Income taxes paid	**$ (1.3)**	$ (10.6)	**$ (4.9)**	$ (44.3)
Cash and cash equivalents consist of:				
Cash	**$ 27.5**	$ 153.3	**$ 27.5**	$ 153.3
Short-term investments	**$ -**	$ 15.7	**$ -**	$ 15.7

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements
(Unaudited)

1. Significant Accounting Policies

The interim consolidated financial statements of ENMAX Corporation (ENMAX or the Corporation) have been prepared in accordance with Canadian generally accepted accounting principles (GAAP). The accounting policies and presentation applied are consistent with those outlined in the Corporation's audited annual consolidated financial statements for the year ended December 31, 2009. These interim consolidated financial statements do not include all disclosures required in the annual consolidated financial statements and should be read in conjunction with the annual consolidated financial statements included in ENMAX's 2009 Annual Report. Amounts are stated in millions of Canadian dollars, except as otherwise noted.

ENMAX is subject to fluctuations in the demand for and price of electricity and natural gas, therefore interim results are not necessarily indicative of annual results.

2. Future Accounting Changes

International Financial Reporting Standards

On February 13, 2008, the AcSB formally confirmed full convergence of Canadian accounting standards with IFRS, as issued by the IASB, would be required by 2011 with appropriate comparative information for the previous year. The Corporation will be required to report using IFRS effective for interim and annual financial statements relating to fiscal years beginning January 1, 2011, including comparative periods for 2010. Under IFRS, there is significantly more disclosure than currently required under Canadian GAAP. While IFRS uses a conceptual framework similar to Canadian GAAP, there are significant differences in accounting policies.

The CICA has issued amendments to standards in addition to new standards and abstracts that will be required to be adopted under Canadian GAAP for fiscal periods beginning on January 1, 2011. These include: EIC-175 "Multiple Deliverable Revenue Arrangements", Section 1582 "Business Combinations", Section 1601 "Consolidated Financial Statements", Section 1602 "Non-controlling interests" and amendments to Sections 1625, 3251 and 3855. As the Corporation will begin to report using IFRS during 2011 and has chosen not to early adopt these changes, amendments to Canadian GAAP applicable do not impact the Corporation.

3. Financial Instruments, Hedges and Risk Management

Risk analysis and control

ENMAX manages its exposure to energy risk on a portfolio basis, which includes asset positions arising from its interests in generation facilities, liability positions arising from its commitments to its customers and transacting positions arising from its hedging activities. ENMAX uses its best estimates to determine the fair value of its positions, generally based on a mark-to-market methodology. These estimates consider various factors including closing exchange and over-the-counter (OTC) price quotations and other factors. Forward market prices could vary from those used in recording mark-to-market values, and such variations could be material. While most of ENMAX's positions represent commodities or instruments for which prices are available from external sources, on rare occasions prices may not be available for certain positions. Under such circumstances, ENMAX may use other pricing sources and modeling techniques to estimate prices, quantities and fair value for these positions.

Sensitivity analysis on market risks

The following analysis represents the effect of market risks (interest rate risks, foreign exchange risk, commodity price risk and equity price risk) on ENMAX Energy's results as those risks apply to derivative financial instruments. This analysis does not reflect the impact these market risks would have on the business exposures underlying those derivative instruments that are designated as hedges. Non-derivative financial instruments are recorded at cost. These carrying amounts are not affected by changes in market variables, whereas carrying amounts of derivative financial instruments are affected by market variables.

The following table reflects the sensitivity in the fair value of outstanding derivative instruments to reasonably possible changes in market interest rates, Canadian Dollar to U.S. Dollar exchange rates, Canadian Dollar to Japanese Yen exchange rates, forward prices of natural gas and electricity and market values of equity investments. Market interest rates impact interest rate swaps. Foreign currency exchange rates impact commodity derivatives and foreign currency hedge contracts. Forward prices of natural gas and electricity impact commodity derivatives. Market value of equity investments impacts those instruments carried at fair value.

3. Financial Instruments, Hedges and Risk Management (Continued)

As at *(millions of dollars)*	**June 30, 2010**		June 30, 2009	
	Earnings	**Other Comprehensive Income**	Earnings	Other Comprehensive Income
Interest rates +/- 100 basis points (1% pure rate change)	**+/- 1.2**	**+/- 15.5**	+/- 2.0	+/- 15.4
U.S. Dollar to Canadian Dollar exchange rate +/- 10%	**+/- 3.1**	**+/- 9.2**	+/- 6.1	+/- 15.7
Japanese Yen to Canadian Dollar exchange rate +/-10%	**+/- 0.1**	**-**	+/- 3.8	-
Forward price of natural gas +/- 10%	**+/- 0.1**	**+/- 14.3**	+/- 0.4	+/- 27.9
Forward price of electricity +/- 10%	**+/- 1.6**	**+/- 9.0**	-	+/- 7.4
Equity investment +/- 10%	**-**	**+/- 0.2**	-	+/- 0.4

These sensitivities are based on financial instruments carried at fair value, which include derivative contracts. The impact of a change in one factor may be compounded or offset by changes in other factors. This table does not consider the impact of any interrelationship among the factors. These sensitivities are not necessarily indicative of actual future results and should be used with caution.

Foreign exchange and interest rate risk

ENMAX is not exposed to significant interest rate risk and volatility on its long-term debt or its annual interest expense as a result of the issuance of fixed-rate long-term debt and the use of interest rate hedging instruments. However, the fair value of ENMAX's long-term debt and any associated interest rate hedging instruments change as interest rates change, assuming all other variables remain constant. For example, a 1% change in interest rates as at June 30, 2010, would have an effect on fair value of fixed interest rate debt of $86.1 million (December 31, 2009 - $72.3 million).

3. Financial Instruments, Hedges and Risk Management (Continued)

Credit risk

The Corporation's maximum financial statement exposure to credit risk is the carrying value of the financial assets, as set out in the table below. This maximum exposure does not reflect losses expected by management nor experienced in the past.

As at *(millions of dollars)*	**June 30, 2010**	December 31, 2009
Cash and cash equivalents *(1)*	**27.5**	55.7
Accounts receivable *(2)*	**503.3**	512.3
Other current assets *(3)*	**108.3**	99.8
Other long-term assets *(3)*	**27.4**	81.0

(1) Cash and cash equivalents

Credit risk associated with cash and cash equivalents is minimized substantially by ensuring that these financial assets are placed with governments, well-capitalized financial institutions and other counterparties. Continuous reviews are performed to evaluate changes in the credit quality of counterparties.

(2) Accounts receivable

Charges to income as a result of credit losses for the Corporation during the three and six month periods ended June 30, 2010 totaled $0.1 and $2.5 million, respectively (June 30, 2009 - $nil and $0.7 million, respectively). Management has increased its credit and collections activities to monitor credit risk exposures in light of recent market conditions, and has implemented measures to protect against any incremental losses. In specific situations this includes, but is not limited to, a reduction of credit limits, requests for additional collateral or restriction of new transaction terms.

The aging analysis of trade receivables which are past due but not impaired is as follows:

As at *(millions of dollars)*	**June 30, 2010**	December 31, 2009
1-30 days past due	**11.3**	21.0
31-60 days past due	**4.9**	4.8
61 days past due and over	**18.6**	14.1
Total past due	**34.8**	39.9

3. Financial Instruments, Hedges and Risk Management (Continued)

As at June 30, 2010, the allowance for doubtful accounts was $12.3 million. The changes in the allowance were as follows:

(millions of dollars)	**Six months ended June 30, 2010**	Year ended December 31, 2009
Provision at the beginning of the period	**11.4**	7.1
Increase to allowance	**2.5**	6.8
Write-offs	**(1.6)**	(2.5)
Provision at end of the period	**12.3**	11.4

The remainder of the accounts receivable balance outstanding at June 30, 2010 is unbilled revenue accruals and as such no provisions have been recorded due to the minimal credit risk as at the balance sheet date.

(3) Other current and other long-term assets

Other assets include inventory, prepaid expenses, restricted cash, shares in other companies, renewable energy certificates, advances to employees, long-term accounts receivable, deferred costs, as well as hedge instruments and non-hedge derivatives (note 4).

ENMAX Energy measures wholesale credit risk as the replacement cost for open energy commodity and derivative transactions (both mark-to-market and accrual) adjusted for amounts owed to or due from counterparties for settled transactions and all other amounts owing but not yet paid. The replacement cost of open positions represents unrealized gains, net of any unrealized losses, where ENMAX Energy has a legally enforceable right of offset. ENMAX Energy monitors and manages the credit risk of wholesale operations through credit policies and procedures which include an established credit approval process, daily monitoring of counterparty credit limits and the use of credit mitigation measures such as margin, collateral, letters of credit and/or prepayment arrangements.

Due to the possibility of volatility in the prices of energy commodities and derivatives, the market value of contractual positions with individual counterparties could exceed established credit limits or collateral provided by those counterparties. If such a counterparty were then to fail to perform its obligations under its contract (for example, fail to provide adequate assurances or credit support), ENMAX Energy could incur a loss that could have a material impact on its financial results.

If a counterparty were to default and ENMAX Energy were to liquidate all contracts with that entity, the credit loss would include the loss in value of mark-to-market contracts. Also, the amount owed for settled transactions and unbilled deliveries and additional payments, if any, would have to be made to settle unrealized losses on accrual contracts.

3. Financial Instruments, Hedges and Risk Management (Continued)

The majority of counterparties enabled for wholesale transactions are rated investment grade (BBB- or higher) by recognized rating agencies, including Standard & Poor's and Dominion Bond Rating Service (DBRS). However, the Corporation has a concentration of counterparty credit risk with an industry-accepted and independently collateralized energy exchange with widespread operations in the Alberta market. The majority (25%) of total credit exposure at June 30, 2010 was with this unrated entity (December 31, 2009 – 31%). ENMAX Energy believes there is minimal risk of default from this entity, however, mitigating trading strategies have been implemented when possible to reduce exposures.

Liquidity risk

The following table details the remaining contractual maturities for ENMAX's non-derivative financial liabilities including accounts payable, as well as both the principal and interest cash flows:

As at *(millions of dollars)*	**June 30, 2010**	December 31, 2009
2010	**366.0**	516.8
2011	**124.4**	118.0
2012	**123.8**	115.2
2013	**121.8**	112.0
2014	**361.7**	351.0
Thereafter	**1,388.5**	1,147.6

The following table details the remaining contractual maturities for ENMAX's derivative financial liabilities, including both the principal and interest cash flows:

As at *(millions of dollars)*	**June 30, 2010**	December 31, 2009
2010	**32.1**	68.5
2011	**46.8**	24.4
2012	**12.2**	8.3
2013	**4.3**	3.6
2014	**1.7**	1.7
Thereafter	**6.4**	6.3

The preceding tables on this page do not include any contractual maturities for ENMAX's financial liabilities as it relates to the assets held for sale (note 6).

3. Financial Instruments, Hedges and Risk Management (Continued)

Guarantees are provided by the Corporation to third parties on behalf of certain consolidated subsidiaries for obligations under contracts that facilitate physical and financial transactions using various derivatives. The guarantees provided as at June 30, 2010 were for a maximum of $621.4 million (December 31, 2009 - $630.2 million). The fair value of the trading and hedging positions under contracts with a net liability at June 30, 2010, under the guarantees, was $46.7 million (December 31, 2009 - $59.3 million). The liabilities for these amounts are included in the consolidated balance sheet under 'Other current liabilities'.

The Corporation has also provided guarantees on behalf of certain consolidated subsidiaries for obligations to perform and make payments under various other contracts. The amount guaranteed under these contracts at June 30, 2010, was a maximum of $695.3 million (December 31, 2009 - $346.7 million).

One of the subsidiaries of ENMAX Corporation, Furry Creek Power Ltd., was not in compliance with the reporting covenants on its non-recourse financing. The outstanding debt balance at the balance sheet date for Furry Creek is $12.4 million and is presented as current liabilities held for sale on the balance sheet. ENMAX has sufficient cash on hand at the balance sheet date to extinguish all non-recourse debt related to the breached covenant. The covenants on the Corporation's remaining $1,466.3 million in debt have not been breached.

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

As at	**June 30, 2010**		December 31, 2009	
(millions of dollars)	**Carrying Amount**	**Fair Value**	Carrying Amount	Fair Value
Long-term debt (1), consisting of:				
Debentures, with remaining terms of:				
Less than 5 years	**58.2**	**62.0**	48.0	51.0
6 - 10 years	**75.1**	**227.1**	90.7	99.6
11 - 15 years	**110.8**	**117.5**	114.7	122.5
16 - 20 years	**39.5**	**35.2**	26.9	28.3
21 - 25 years	**371.7**	**253.8**	236.6	247.4
Private debentures				
Series 1 (6.15%)	**297.0**	**323.1**	296.9	322.3
Series 2 (5.85%)	**248.7**	**267.8**	248.5	270.5
Non-recourse term financing (Kettles and CEC)	**248.3**	**251.8**	251.8	262.0
Promissory note	**5.6**	**5.4**	5.7	5.4
	1,454.9	**1,543.7**	1,319.8	1,409.0

(1) Includes current portion of $51.7 million (December 31, 2009 – $46.1 million). Maturity dates range from October 2010 to June 2035.

3. Financial Instruments, Hedges and Risk Management (Continued)

Derivative assets and liabilities

The mark-to-market adjustment based on the fair value of these hedge contracts resulted in unrealized gains or losses on derivative instruments which are included in the consolidated balance sheet as per the table below:

As at	**June 30, 2010**		December 31, 2009	
(millions of dollars)	**Hedge Instruments**	**Non-Hedge Derivatives**	Hedge Instruments	Non-Hedge Derivatives
Assets				
Other current assets	**19.0**	**44.4**	40.5	14.6
Other long-term assets	**10.6**	**7.0**	23.4	38.0
Liabilities				
Other current liabilities	**54.5**	**10.4**	54.5	14.0
Other long-term liabilities	**19.9**	**18.7**	23.6	20.7

Cash flow hedges are used to manage the variability of cash flows resulting from the purchase and sale of electricity and natural gas as well as foreign exchange and interest rate exposure. For cash flow hedges, changes in the fair value of the effective portion of the hedging derivative are accumulated in other comprehensive income and recognized in net earnings during the periods when the variability in cash flows of the hedged item is realized. In the second quarter of 2010, losses of $0.3 million ($1.3 million loss in the same period in 2009) were recognized in income as a reflection of the ineffectiveness of the relevant hedges. Losses of $3.8 million were recognized in income as a reflection of the ineffectiveness of the relevant hedges in the first six months of 2010 ($3.1 million loss in the same period in 2009). Gains and losses on cash flow hedges are reclassified immediately to net earnings when the hedged item is sold or terminated early, or when a hedged anticipated transaction is no longer likely to occur. During the three and six months ended June 30, 2010, there were no such amounts recorded in net earnings (2009 - $nil in both three and six month periods).

Foreign exchange exposures on the Corporation's futures margin trading account are managed through economic hedges. For these hedges the change in the fair value of the hedging derivative and the hedged item are recognized directly in earnings. In the second quarter of 2010, a loss of $0.2 million (2009 - $nil) has been recognized. The cumulative loss for the first half of 2010 is $1.6 million (2009 - $nil).

The Corporation estimates that of the $47.0 million of losses reported in accumulated other comprehensive income as at June 30, 2010, $35.5 million is expected to be realized within the next 12 months at market prices in effect at the time of settlement. The settlement recognition of the gains or losses on these hedges will be offset by the realization of the underlying hedged item.

Non-hedge derivatives are classified as held-for-trading and recognized at fair market value with changes in fair market value being recorded through net earnings. In the six months ended June 30, 2010, losses of $1.1 million (2009 - $17.2 million gain) were recorded in net earnings.

3. Financial Instruments, Hedges and Risk Management (Continued)

Fair value

The fair values of the Corporation's financial assets and liabilities measured at fair value are:

As at June 30, 2010		**Fair Value (1)**			
(millions of dollars)	**Level I**	**Level II**	**Level III**	**Total**	**Total carrying value (2)**
Financial assets / (liabilities) measured at fair value					
Energy trading forward contracts	**(36.1)**	**(9.2)**	**2.0**	**(43.3)**	**(43.3)**
Foreign currency forward contracts	**-**	**43.0**	**-**	**43.0**	**43.0**
Interest rate swap	**-**	**(22.2)**	**-**	**(22.2)**	**(22.2)**
Net risk management assets (liabilities)	**(36.1)**	**11.6**	**2.0**	**(22.5)**	**(22.5)**

As at December 31, 2009		Fair Value (1)			
(millions of dollars)	Level I	Level II	Level III	Total	Total carrying value (2)
Financial assets / (liabilities) measured at fair value					
Energy trading forward contracts	(27.2)	16.5	(5.1)	(15.8)	(15.8)
Foreign currency forward contracts	-	35.7	-	35.7	35.7
Interest rate swap	-	(16.2)	-	(16.2)	(16.2)
Net risk management assets (liabilities)	(27.2)	36.0	(5.1)	3.7	3.7

(1) Excludes financial assets and liabilities where carrying value approximates fair value due to the liquid nature of the asset or liability (cash and cash equivalents, restricted cash, accounts receivable, accounts payable and accrued liabilities).

(2) Total carrying value is included in other current assets, other long-term assets, other current liabilities, and other long-term liabilities.

3. Financial Instruments, Hedges and Risk Management (Continued)

The following table summarizes the key factors impacting the change in the fair value of ENMAX Energy's Level III net risk management assets and liabilities separately by source of valuation.

(millions of dollars)	Hedges
Net risk management assets as at December 31, 2009	**(5.1)**
Changes attributable to:	
Commodity price changes	**0.4**
Contracts settled	**7.3**
Transfers in / (out) of level III	**(0.6)**
Net risk management assets at June 30, 2010	**2.0**
Total change in fair value included in Other Comprehensive Income	**0.4**
Total change in fair value included in pre-tax earnings	**7.3**

The fair value of ENMAX Energy's contracts-for-differences is determined by estimating the amounts that would have to be received or paid to counterparties to terminate the contracts at June 30, 2010 and December 31, 2009. The following contracts-for-differences were outstanding at the end of the period:

As at	**June 30, 2010**	December 31, 2009
Notional Quantity		
Electricity sales	3,469 GW	3,578 GW
Natural gas sales	1,461 TJ	4,077 TJ
Electricity purchases	2,145 GW	1,863 GW
Natural gas purchases	18,656 TJ	27,966 TJ

At June 30, 2010, on the basis of electricity and natural gas prices at that date, the estimated cost of settling these economically hedged contracts at the balance sheet date, excluding PPA sales, would be a negative mark-to-market adjustment amounting to $46.3 million (December 31, 2009 – negative adjustment of $25.7 million). This amount does not reflect the fact that these contracts will settle at prices in effect at the time of expiration.

4. Other Assets and Liabilities

As at *(millions of dollars)*	**June 30, 2010**	December 31, 2009
Other current assets		
Prepaid expenses	**42.9**	44.1
Hedge instruments	**19.0**	40.5
Non-hedge derivatives	**44.4**	14.6
Other	**2.0**	0.6
	108.3	99.8
Other long-term assets		
Non-hedge derivatives	**7.0**	38.0
Hedge instruments	**10.6**	23.4
Restricted cash	**3.2**	6.6
Shares in other companies	**2.3**	7.6
Deferred costs	**2.6**	4.0
Other	**1.7**	1.4
	27.4	81.0
Other current liabilities		
Hedge instruments	**54.5**	54.5
Non-hedge derivative	**10.4**	14.0
Deposits	**10.7**	12.8
Deferred revenue	**1.8**	4.1
	77.4	85.4
Other long-term liabilities		
Hedge instruments	**19.9**	23.6
Non-hedge derivative	**18.7**	20.7
Long-term payables	**20.0**	21.7
Deferred revenue	**6.0**	4.0
Other	**1.1**	0.1
	65.7	70.1

5. Financial Statement Effects of Rate Regulation

Under regulatory accounting, the timing of recognition of certain assets, liabilities, revenues and expenses may differ from what is otherwise expected under Canadian GAAP for non-regulated operations. ENMAX has recorded the following regulatory assets and liabilities:

As at *(millions of dollars)*	**June 30, 2010**	December 31, 2009
Regulatory assets		
Accounts receivable: purchased power variances (1)	31.9	33.6
Accounts receivable: regulatory decision (2)	2.1	8.1
Distribution assets: inter-company profit on underground residential development (3)	33.7	33.3
Other regulatory assets (4)	6.8	3.9
Total regulatory assets	74.5	78.9

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

(1) Purchased power variances

Purchased power costs are included in allowed rates on a forecast basis. For rate-setting purposes, differences between forecast and actual purchased power costs in the rate year are held until the following year. ENMAX Power recognizes purchased power cost variances as a regulatory asset or liability, based on the expectation that amounts held from one year to the next for rate-setting purposes will be approved for collection from, or refund to, future customers. The regulatory asset represents the excess of actual over forecast purchased power costs. In the absence of rate regulation, Canadian GAAP would require that actual purchased power costs be recognized as an expense when incurred. In this case, operating results for the three and six months ended June 30, 2010 would have been $2.2 million lower (2009 - $7.0 million higher) and $1.7 million higher ($8.9 million higher), respectively. The regulatory asset is included in accounts receivable.

(2) Regulatory decision

In May 2007, ENMAX Power applied to the Alberta Utilities Commission (AUC) to have rates set under a formula-based ratemaking (FBR) approach. On March 25, 2009, the regulator approved the application with adjustments, retroactive to January 1, 2009. ENMAX Power recorded $16.6 million of transmission and distribution receivables reflecting the preliminary estimate of the decision. ENMAX Power commenced collection of this receivable on July 1, 2009, with $14.5 million being collected as at June 30, 2010. This receivable will be fully collected by July 2010.

5. Financial Statement Effects of Rate Regulation (Continued)

(3) Inter-company profit on underground residential development

Distribution assets for the regulated operations of ENMAX Power include intercompany profit relating to construction work performed by an ENMAX subsidiary. Such profit is deemed for regulatory purposes to be realized to the extent that the transfer price is recognized for rate-making purposes by the regulator and included in the capital cost. In the absence of rate regulation, Canadian GAAP would require that intercompany profits be eliminated upon consolidation. The impact on current period earnings for the three and six months ended June 30, 2010 would be a reduction of $0.5 million (2009 – $0.7 million) and a reduction of $0.6 million (2009 - $1.0 million), respectively, representing the profit on these services. The balances for property, plant and equipment and retained earnings at June 30, 2010 would further be reduced by $33.7 million (December 31, 2009 – $33.3 million).

(4) Other regulatory assets

Other regulatory assets primarily relates to AUC flow-through items and other costs that will be collected from customers via future rates.

For certain of the regulatory items identified above, the expected recovery or settlement period, or likelihood of recovery or settlement, is affected by risks and uncertainties relating to the ultimate authority of the regulator in determining the item's treatment for rate-setting purposes. For example, ENMAX's treatment of purchased power costs is dependent on the continued use of an automatic adjustment mechanism for regulatory purposes, and would require reconsideration if the regulator decided to discontinue the use of this mechanism or to require ENMAX Power to absorb cost variances in a particular year. Similarly, there is a risk that the regulator may disallow a portion of certain costs incurred in the current period for recovery through future rates, or disagree with the proposed recovery period.

Other items affected by rate regulation

Gains and losses on the disposal and retirement of regulated depreciable assets are deferred and amortized over the estimated remaining service life of similar assets, through a charge to accumulated amortization equal to the net book value of the disposed or retired asset. In the absence of rate regulation, under Canadian GAAP, the difference between the proceeds and net book value would be charged or credited to earnings in the period the asset is disposed of or retired. The amount deferred from current period earnings for the three and six months ended June 30, 2010 was $8.4 million (2009 – $1.4 million) and $11.6 million (2009 - $2.5 million), respectively, representing the loss on disposals and retirements of regulated assets.

6. Assets Held for Sale

In 2009, ENMAX Energy began soliciting interest from potential purchasers for assets located in British Columbia in order to focus on the core Alberta marketplace. Negotiations for the sale of these assets are underway and as such, the assets and liabilities of this disposal group have been reclassified to assets held for sale and liabilities held for sale on the consolidated balance sheet. Operating results related to these assets and liabilities have been included in net loss from discontinued operations on the consolidated statements of earnings and comprehensive income. Comparative periods for the ENMAX Energy segment have been restated. Net loss from discontinued operations comprises the following:

	Three months ended		Six months ended	
(millions of dollars)	**June 30, 2010**	June 30, 2009	**June 30, 2010**	June 30, 2009
REVENUE				
Electricity	**2.0**	1.3	**2.9**	2.0
TOTAL REVENUE	**2.0**	1.3	**2.9**	2.0
COST OF SERVICES PROVIDED				
Electricity	**0.1**	0.1	**0.1**	0.1
OM&A	**1.7**	0.7	**2.4**	1.1
COST OF SERVICES PROVIDED	**1.8**	0.8	**2.5**	1.2
Amortization	**-**	0.4	**0.1**	0.7
Interest	**0.4**	0.5	**1.0**	0.9
Income taxes	**0.1**	(0.1)	**0.1**	(0.1)
NET LOSS FROM DISCONTINUED OPERATIONS	**(0.3)**	(0.3)	**(0.8)**	(0.7)

6. Assets Held for Sale (continued)

The assets and liabilities of the asset group held for sale comprise of the following:

As at *(millions of dollars)*	**June 30, 2010**	December 31, 2009
ASSETS		
Cash and cash equivalents	**2.1**	0.9
Accounts receivable	**0.6**	1.4
	2.7	2.3
Property, plant and equipment	**125.0**	113.7
Intangible assets	**1.2**	3.3
Other long-term assets	**2.8**	2.2
TOTAL ASSETS	**131.7**	121.5
LIABILITIES		
Accounts payable and accrued liabilities	**0.3**	6.3
Future income tax liability	**1.2**	-
Current portion of long-term debt	**12.6**	12.9
	14.1	19.2
Long-term debt	**11.2**	11.3
Other long-term liabilities	**1.7**	2.0
TOTAL LIABILITIES	**27.0**	32.5

7. Power Purchase Agreements

On January 1, 2010, ENMAX Energy purchased an additional 15% interest in the Battle River Power Purchase Arrangement (PPA) for $64.0 million. As of January 1, 2010, ENMAX Energy owns a 100% interest in the PPA.

8. Employee Future Benefits

The Corporation established a registered pension plan on January 1, 2001, to provide future pension benefits for its employees. The registered pension plan covers substantially all employees and includes either defined benefit or defined contribution provisions; defined benefit provisions are restricted to certain labour contracts. The Corporation also sponsors a supplemental pension plan providing an additional pension to members whose benefits are limited by maximum pension rules under the Income Tax Act. In addition, the Corporation provides employees with other post-retirement benefits including extended health and dental benefits beyond those provided by government sponsored plans, life insurance and a lump sum allowance payable at retirement.

The total benefit cost recorded in the consolidated statements of income for the three and six months ended June 30, 2010, are $3.3 million (2009 – $3.2 million) and $7.7 million (2009 - $7.5 million), respectively.

9. Short-Term Debt

As at June 30, 2010, the Corporation has unsecured credit facilities amounting to $750.0 million (December 31, 2009 - $750.0 million) to fund general operating requirements and to provide liquidity support for commercial paper and commodity marketing programs. Combined, all of the facilities encompass $500.0 million in bilateral facilities and $250.0 million of syndicated credit facilities. As at June 30, 2010, $56.2 million (December 31, 2009 - $69.8 million) of operating facilities and $239.4 million (December 31, 2009 - $167.7 million) of syndicated facilities were used in support of outstanding letters of credit.

Short-term financing is comprised of commercial paper, banker's acceptances and bank overdrafts which are guaranteed by the Corporation's credit facilities. At June 30, 2010, the Corporation had $0.3 million outstanding at a weighted average rate of 0.86% (December 31, 2009 - $18.2 million at a weighted average rate of 1.21%).

10. Accumulated Other Comprehensive Loss

As at *(millions of dollars)*	**June 30, 2010**	December 31, 2009
Unrealized losses on available-for-sale financial assets	**(1.3)**	(1.7)
Unrealized losses on derivatives designated as cash flow hedges	**(45.7)**	(21.3)
Accumulated other comprehensive losses, including a future income tax expense of $0.7 million (2009 - expense of $7.1 million)	**(47.0)**	(23.0)

11. Commitments and Contingencies

Property, plant and equipment

The Corporation and/or its subsidiaries have signed contracts for major capital expenditures totaling $227.0 million, including cancellation costs.

Obligations under other agreements

The Corporation rents premises, vehicles and equipment under multiple lease contracts with varying expiration dates.

ENMAX Energy is obligated to make monthly payments in return for the output from PPAs and other power purchase and tolling agreements. These are based on normal operating conditions adjusted for inflation, other than in the event of a forced outage.

ENMAX Energy commits to the purchase of renewable energy certificates and carbon offset credits. The Corporation is obligated to make payments in return for the certificates and credits subsequent to the delivery.

ENMAX Energy commits to long-term service arrangements on certain generating facilities. The aggregate payments for these obligations total $2,716.4 million.

11. Commitments and Contingencies (Continued)

Income tax

From June 2005 through July 2010, ENMAX Energy received Notices of Reassessment from Alberta Finance in respect of the taxation years 2001 through 2006. ENMAX Energy does not agree with the reassessments and has commenced the necessary steps to defend its position through the formal appeals process. However, ENMAX Energy voluntarily remitted certain amounts to minimize interest and penalties until the issues are resolved. These amounts are recorded as income taxes receivable as at June 30, 2010, and December 31, 2009. ENMAX Energy expects this process to be successful and will evaluate all options should the appeals process result in an unfavourable outcome. The amount of a possible adjustment, which could have a material impact on net earnings, cannot be reasonably estimated at this time.

The Corporation regularly reviews the potential for adverse outcomes in respect of tax matters and believes it has adequate provisions for these tax matters. Tax provisions are adjusted, positively or negatively, for changes in estimates and assessments by tax authorities in the period in which they are more likely than not to have an impact on the financial results.

Environmental

For the three and six month period ended June 30, 2010, the consolidated financial statements include a charge to earnings in the amount of $4.4 million (2009 - $5.0 million) and $11.3 million (2009 - $9.4 million), respectively, included in costs of electricity services provided, relating to estimated compliance costs under the provincial greenhouse gas (GHG) regulations for ENMAX Energy's interests in coal and natural gas-fired generation facilities through its PPAs and owned assets. Compliance payments are due to the plant owners by June 30 of the year following the compliance. ENMAX Energy has taken steps, including acquiring qualified offset credits from both its wind generation assets and purchases on the wholesale market, to substantially mitigate impacts of the GHG regulations.

Letters of credit

In the normal course of operations, letters of credit are issued to facilitate the extension of sufficient credit for counterparties having credit exposure to the Corporation or its subsidiaries. The Corporation has issued letters of credit amounting to $295.6 million at June 30, 2010 (December 31, 2009 – $237.5 million).

12. Segmented Information

Three months ended June 30 - *(millions of dollars)*	ENMAX Energy 2010	ENMAX Energy 2009	ENMAX Power 2010	ENMAX Power 2009	Corporate & Intersegment Eliminations 2010	Corporate & Intersegment Eliminations 2009	Consolidated Totals 2010	Consolidated Totals 2009
REVENUE								
Electricity	**452.3**	344.6	**36.0**	39.5	**(68.8)**	(74.0)	**419.5**	310.1
Natural gas	**59.4**	51.5	**-**	-	**-**	-	**59.4**	51.5
Transmission and distribution	**-**	-	**84.7**	87.9	**-**	-	**84.7**	87.9
Contractual services	**12.6**	13.0	**16.1**	14.7	**(6.2)**	(9.6)	**22.5**	18.1
Other	**1.2**	59.4	**0.3**	0.7	**(0.2)**	(2.7)	**1.3**	57.4
TOTAL REVENUE	**525.5**	468.5	**137.1**	142.8	**(75.2)**	(86.3)	**587.4**	525.0
COST OF SERVICES PROVIDED								
Electricity	**344.2**	257.3	**33.2**	40.9	**(68.6)**	(73.9)	**308.8**	224.3
Natural gas	**56.6**	40.4	**-**	-	**-**	-	**56.6**	40.4
Local access fees and grid charges	**-**	-	**39.5**	35.2	**-**	-	**39.5**	35.2
Contractual services	**1.0**	0.6	**11.6**	12.3	**(0.9)**	(1.3)	**11.7**	11.6
Operations, maintenance and administration	**37.2**	40.4	**19.2**	22.8	**(8.7)**	(9.2)	**47.7**	54.0
TOTAL COST OF SERVICES PROVIDED	**439.0**	338.7	**103.5**	111.2	**(78.2)**	(84.4)	**464.3**	365.5
	86.5	129.8	**33.6**	31.6	**3.0**	(1.9)	**123.1**	159.5
Amortization	**26.1**	23.7	**12.3**	11.2	**0.5**	0.9	**38.9**	35.8
EARNINGS BEFORE INTEREST AND INCOME TAXES	**60.4**	106.1	**21.3**	20.4	**2.5**	(2.8)	**84.2**	123.7
Interest							**14.1**	14.1
Income taxes							**9.9**	48.4
NET EARNINGS FROM CONTINUING OPERATIONS							**60.2**	61.2
Net loss from discontinued operations							**(0.3)**	(0.3)
NET EARNINGS							**59.9**	60.9
GOODWILL	**16.0**	16.0	**-**	-	**-**	-	**16.0**	16.0
CAPITAL ADDITIONS	**75.0**	42.7	**33.8**	29.7	**-**	0.6	**108.8**	73.0

12. Segmented Information (Continued)

Six months ended June 30 - *(millions of dollars)*	ENMAX Energy 2010	ENMAX Energy 2009	ENMAX Power 2010	ENMAX Power 2009	Corporate & Intersegment Eliminations 2010	Corporate & Intersegment Eliminations 2009	Consolidated Totals 2010	Consolidated Totals 2009
REVENUE								
Electricity	**861.0**	828.5	**75.5**	96.8	**(141.9)**	(175.9)	**794.6**	749.4
Natural gas	**180.7**	181.2	**-**	-	**-**	-	**180.7**	181.2
Transmission and distribution	**-**	-	**173.2**	187.6	**-**	-	**173.2**	187.6
Contractual services	**24.4**	23.9	**30.2**	30.9	**(11.9)**	(16.6)	**42.7**	38.2
Other	**4.9**	71.4	**0.4**	0.9	**(0.3)**	(3.5)	**5.0**	68.8
TOTAL REVENUE	**1,071.0**	1,105.0	**279.3**	316.2	**(154.1)**	(196.0)	**1,196.2**	1,225.2
COST OF SERVICES PROVIDED								
Electricity	**657.6**	632.7	**69.5**	95.2	**(141.6)**	(175.8)	**585.5**	552.1
Natural gas	**176.9**	170.3	**-**	-	**-**	-	**176.9**	170.3
Local access fees and grid charges	**-**	-	**83.0**	81.9	**-**	-	**83.0**	81.9
Contractual services	**2.3**	1.9	**23.1**	25.7	**(1.3)**	(3.6)	**24.1**	24.0
Operations, maintenance and administration	**68.9**	83.3	**43.3**	46.5	**(16.2)**	(16.4)	**96.0**	113.4
TOTAL COST OF SERVICES PROVIDED	**905.7**	888.2	**218.9**	249.3	**(159.1)**	(195.8)	**965.5**	941.7
	165.3	216.8	**60.4**	66.9	**5.0**	(0.2)	**230.7**	283.5
Amortization	**51.9**	45.6	**24.2**	21.4	**0.7**	1.8	**76.8**	68.8
EARNINGS BEFORE INTEREST AND INCOME TAXES	**113.4**	171.2	**36.2**	45.5	**4.3**	(2.0)	**153.9**	214.7
Interest							**28.7**	27.0
Income taxes							**16.2**	60.9
NET EARNINGS FROM CONTINUING OPERATIONS							**109.0**	126.8
Net loss from discontinued operations							**(0.8)**	(0.7)
NET EARNINGS							**108.2**	126.1
GOODWILL	**16.0**	16.0	**-**	-	**-**	-	**16.0**	16.0
CAPITAL ADDITIONS	**194.5**	135.0	**64.1**	83.5	**0.1**	1.2	**258.7**	219.7

Segmented Total Assets

As at *(millions of dollars)*	**June 30, 2010**	December 31, 2009
ENMAX Energy	**2,567.1**	2,525.5
ENMAX Power	**1,091.6**	1,068.7
Corporate and eliminations	**152.0**	150.1
	3,810.7	3,744.3

13. Income taxes

	Three months ended		Six months ended	
(millions of dollars)	**June 30, 2010**	June 30, 2009	**June 30, 2010**	June 30, 2009
Current	**8.4**	34.7	**17.3**	41.8
Future	**1.5**	13.7	**(1.1)**	19.1
	9.9	48.4	**16.2**	60.9