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2015 | Q1 INTERIM REPORT

ENMAX Corporation | Three Months Ended March 31, 2015

HIGHLIGHTS		
<i>As at and for the three months ended March 31 (millions of dollars, except where otherwise noted)</i>	2015	2014
Revenues	806.4	1,003.7
Operating margin ⁽¹⁾	211.9	197.3
Net earnings	70.4	37.8
Earnings before interest, income tax, depreciation and amortization (EBITDA) ⁽¹⁾	138.1	103.6
Earnings before interest and income taxes (EBIT) ⁽¹⁾	89.3	61.5
Funds from operations ⁽¹⁾	114.2	108.1
Cash flow from operations ⁽¹⁾	130.5	71.0
Return on equity ⁽²⁾	9.6%	7.2%
Total assets	5,156.6	5,109.3
Capital additions	101.5	76.5
Total recordable injury frequency (TRIF) ⁽³⁾	1.04	0.57

1) Non-IFRS financial measure. See discussion that follows in the Management's Discussion & Analysis (MD&A).
 2) Return on equity is equal to net earnings for the 12-month rolling period divided by average shareholder's equity for the year.
 3) TRIF indicates the rate of injuries at ENMAX, including lost-time incidents, restricted work injuries and medical aids. It is calculated as the number of injuries multiplied by 200,000 (approximate number of hours worked by 100 workers in a year) divided by total number of hours worked.

CAUTION TO READER

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 Financial Report, 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. Many factors could cause the Corporation’s actual results, performance or achievements to vary from those described in this Financial Report. 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 Financial Report. Intended, planned, anticipated, believed, estimated or expected and other forward-looking statements included in this Financial Report herein should not be unduly relied upon. These statements speak only as of the date of this Financial Report. The Corporation does not intend, and does not assume any obligation, to update these forward-looking statements except as required by law, and reserves the right to change, at any time at its sole discretion, the practice of updating annual targets and guidance. Targets for 2015 are described in the Outlook Section of the Management’s Discussion and Analysis (MD&A).

Factors that could cause actual results to differ materially include, but are not limited to, the following:

- competitive factors and pricing pressures, including electricity supply and demand in the Alberta power market and fluctuations in the pricing of natural gas in the North American market;
- availability of the Corporation’s generation assets to produce power;
- regulatory developments as they relate to transmission and distribution rate-making and the impact of deregulation in the industry;
- changes in environmental and other legislation;
- human resources, including possible labour disruptions;
- financing and debt requirements, including the ability to carry out refinancing activities;
- tax matters, including acceleration or deferral of required cash payments, realization of timing differences and potential reassessments by tax authorities;
- litigation and legal matters;
- business continuity events (including man-made and natural threats);
- economic growth and fluctuations as they relate to the natural-resource-based Alberta economy;
- weather and climate;
- changes in customers’ wants and needs due to evolving technologies and a movement to more environmentally sensitive ways of living; and
- other risk factors discussed herein and listed from time to time in the Corporation’s reports and other public disclosure documents.

For further information, see the MD&A Section, Risk Management and Uncertainties.

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

This MD&A, dated May 6, 2015, is a review of the results of operations of ENMAX Corporation and its subsidiaries ("ENMAX" or the "Corporation") for the three months ended March 31, 2015, compared with 2014, 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 in light of, the caution to reader previously mentioned.

The MD&A should be read in conjunction with the accompanying condensed interim unaudited Consolidated Financial Statements of the Corporation for the three months ended March 31, 2015, and the notes thereto, as well as the audited Consolidated Financial Statements of the Corporation for the year ended December 31, 2014, and related MD&A. The accompanying Condensed Interim Consolidated Financial Statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) for Canadian publicly accountable enterprises as issued by the International Accounting Standards Boards, International Accounting Standard 34 (IAS 34), Interim Financial Reporting and International Financial Reporting Standards 1 (IFRS 1) and First-Time Adoption of IFRS and are stated in Canadian dollars.

On January 1, 2015, the Corporation adopted IFRS for interim and annual Condensed Consolidated Financial Statements, including comparative periods.

The Condensed Interim Consolidated Financial Statements and MD&A were reviewed by ENMAX's Audit, Finance and Risk Committee (AFRC), and the Condensed Interim Consolidated Financial Statements were approved by ENMAX's Board of Directors (the Board). All amounts are in Canadian dollars unless otherwise specified.

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

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OVERALL FINANCIAL PERFORMANCE

SELECTED CONSOLIDATED FINANCIAL INFORMATION

For the three months ended March 31

(millions of dollars, unless otherwise noted)

	2015	2014
Total revenue	806.4	1,003.7
Operating margin ⁽¹⁾ (excluding unusual items)	211.9	197.3
EBITDA ⁽¹⁾	138.1	103.6
EBIT ⁽¹⁾	89.3	61.5
Net earnings	70.4	37.8

(1) Non-IFRS financial measure. See discussion that follows in Non-GAAP Financial Measures section.

ENMAX's consolidated net earnings for the three months ended March 31, 2015, is \$70.4 million, compared with \$37.8 million for the three months ended March 31, 2014. The net earnings increase for the three months ended March 31, 2015, is primarily due to increased electricity margins and foreign exchange gains and the impact in the comparative prior period of increased finance charges of \$20.7 million associated with an early repayment of long-term debt and an outage at Keephills Unit 2.

Results of operations are not necessarily indicative of future performance due to fluctuating commodity prices, the performance and retirement of existing generation facilities, and the addition of new generation facilities.

Our core operations include the competitive generation and sale of electricity across Alberta through ENMAX Energy and the regulated transmission and distribution of electricity in the city of Calgary through ENMAX Power. ENMAX Corporate provides billing and customer care services, shared services and financing to ENMAX Energy and ENMAX Power.

SIGNIFICANT EVENTS AND TRANSACTIONS

SHEPARD ENERGY CENTRE

On March 11, 2015, Shepard Energy Centre (Shepard) was declared fully operational. Designed to generate over 800 megawatts (MW) of electricity and fuelled by natural gas, the facility is the largest of its kind in the province and an important step in Alberta's transition away from aging coal-fired generation facilities. First announced by ENMAX in 2007, the project became a joint arrangement when Capital Power agreed to become a 50 per cent owner in late 2012.

DIVIDEND

On March 19, 2015, the Corporation declared a dividend of \$56.0 million payable to The City in quarterly installments throughout 2015.

ENMAX ENERGY

STRATEGY

ENMAX Energy, which includes various legal entities and divisions, operates in Alberta's competitive energy market providing electricity, natural gas, district heating, energy management and renewable energy products to residential, commercial and industrial customers.

Our core strategy for ENMAX Energy is to grow our customer base across Alberta and invest in power generation facilities required to serve our electricity customers. We supply electricity through our own wind and natural gas-fuelled generation facilities and Power Purchase Arrangements (PPAs) at Battle River and Keephills. We balance our energy portfolio requirements through the purchase and sale of electricity and natural gas from and into wholesale Alberta markets. ENMAX Energy provides customers with competitive energy products and services with a focus on longer-term fixed electricity contracts. These contracts link our customer demand to our generating assets, which results in relatively stable margins, even during times of volatile wholesale electricity prices.

BUSINESS UPDATE

As discussed in the Significant Events and Transactions section of this MD&A, ENMAX Energy was impacted by Shepard becoming operational on March 11, 2015.

On March 11, 2015, the Keephills Unit 1 was producing near capacity when it was required to unexpectedly come offline. After initial investigation the plant owner notified ENMAX the unit would be out of service until May 21, 2015. On April 21, 2015, the plant owner claimed force majeure for this outage.

Excluding any outages, as at March 31, 2015, ENMAX Energy capacity ownership interest is 2,422 MW of electricity generation to supply customer demands.

The remaining power and all natural gas required to meet ENMAX Energy's consumer electricity and natural gas demand is acquired through the competitive wholesale power and natural gas markets. During times when ENMAX Energy has excess generation capacity, energy is sold to the market.

KEY BUSINESS STATISTICS

For the three months ended March 31

	2015	2014
Plant availability (%)	99.21	99.13
Average flat pool price (\$/MWh)	29.15	61.75

In the first quarter of 2015, ENMAX Energy experienced a decrease in the average flat pool price from 2014 levels. This is attributable to lower settled power pool prices resulting from increased supply in the market.

ENMAX POWER

STRATEGY

ENMAX Power's highest priority is providing safe, reliable delivery of electricity to Calgarians.

ENMAX Power continues to invest in its electric transmission and distribution system infrastructure to meet Calgary's growing needs. This includes expansion of the distribution system, reinforcement of the transmission system and replacement of aging infrastructure in both systems. Distribution projects include investments in system infrastructure to accommodate residential, commercial and industrial growth, as well as the replacement and modification of existing assets required to meet industry safety and reliability standards. Transmission projects include capacity upgrades to existing substations, new substations and transmission lines to deliver reliable electricity to meet Calgary's growing demand.

BUSINESS UPDATE

ENMAX Power filed the 2014–2015 Transmission General Tariff Application and 2014 Phase I Distribution Tariff Application with the Alberta Utilities Commission (AUC) on July 25, 2013. In this application we sought approval of transmission revenue requirements of \$68.3 million and \$76.0 million for 2014 and 2015, respectively, and a distribution revenue requirement of \$310.9 million for 2014. An oral hearing occurred in July 2014, and we received the AUC decision in the fourth quarter of 2014. We expect to file a subsequent application in 2015 that will contain ENMAX Power's proposal for our new performance-based rates for future years for ENMAX Power's distribution business. ENMAX Power's transmission business will continue earning its revenue requirement approved by the AUC using a traditional cost of service (COS) rate-making model, whereby the AUC will set ENMAX Power's transmission revenue requirement based on ENMAX Power's forecast costs. This regulatory structure for our transmission and distribution tariffs is expected to be similar to other electric utilities in Alberta.

On October 18, 2012, the AUC initiated the Generic Cost of Capital (GCOC) Proceeding. The GCOC Decision (Decision 2191-D01-2015) was issued on March 23, 2015, and sets out the approved return on equity (ROE) for all Alberta utilities for the years 2013, 2014, and 2015. The final approved ROE for 2013, 2014, and 2015 is set at 8.3 per cent (this level of return may either be exceeded or not met based on actual performance by ENMAX Power); distribution's capital structure is 40 per cent equity and 60 per cent debt; and transmission's capital structure is 36 per cent equity and 64 per cent debt. We estimate that this decision will result in an approximately \$2.8 million revenue reduction (\$2.2 million for distribution, \$0.6 million for transmission) for 2014 and a \$3.0 million revenue reduction (\$2.3 million for distribution, \$0.7 million for transmission) for 2015 for both distribution and transmission. As ENMAX Power was under formula-based ratemaking, we expect no impact for 2013.

KEY BUSINESS STATISTICS

For the three months ended March 31

	2015	2014
Distribution volumes (GWh)	2,424	2,463
Local access fees collected on behalf of The City (\$ millions)	26.3	35.7
System average interruption duration index (SAIDI) ⁽¹⁾	0.10	0.08
System average interruption frequency index (SAIFI) ⁽²⁾	0.10	0.16

(1) SAIDI equals the total duration of a sustained interruption per average customer during a predefined period of time. A sustained interruption has a duration greater than or equal to one minute.

(2) SAIFI equals how often the average customer experiences a sustained interruption over a predefined period of time. A sustained interruption has a duration greater than or equal to one minute.

Total electricity delivered in the Calgary service area for the three months ended March 31, 2015, was slightly lower than prior periods. We delivered electricity volumes of 2,424 GWh during the three months ended March 31, 2015, compared to 2,463 GWh in the same period in 2014. The decrease was primarily due to lower volume demand.

FINANCIAL RESULTS

UNUSUAL ITEM: 2014 POWER PURCHASE ARRANGEMENTS (PPA) OUTAGES—KEEPHILLS UNIT 2

On January 31, 2014, the Keephills Unit 2 generator was removed from service by its operator, TransAlta Corporation (TransAlta). Keephills Unit 2 provides ENMAX Energy with approximately 340 MW of electricity through a PPA. On November 27, 2013, TransAlta claimed force majeure under the Keephills PPA with respect to this planned outage. The Keephills Unit 2 generator returned to service on March 15, 2014. ENMAX has not accepted or agreed to the claim of force majeure in relation to this outage and anticipates entering into a dispute resolution process with TransAlta in accordance with the terms of the PPA. For the three-month period ended March 31, 2014, the Keephills Unit 2 outage impact was \$17.4 million.

EBIT FOR THE THREE MONTHS ENDED MARCH 31, 2015, COMPARED WITH THE SAME PERIOD IN 2014

<i>For the period ended March 31 (millions of dollars)</i>	ENMAX Energy	ENMAX Power	ENMAX Corporate	Consolidated
EBIT for the period ended March 31, 2014	39.9	20.9	0.7	61.5
Unusual items included in results:				
2014 Keephills Unit 2 outage	17.4	-	-	17.4
	57.3	20.9	0.7	78.9
Increased (decreased) margins attributable to:				
Electricity, excluding Keephills outage	8.9	0.4	(0.6)	8.7
Natural gas	4.0	-	0.2	4.2
Transmission and distribution	-	(0.1)	-	(0.1)
Contractual services and other	(0.6)	2.2	0.2	1.8
Decreased (increased) expenses:				
Operation, Maintenance & Administration	(5.9)	0.1	(0.5)	(6.3)
Foreign exchange	8.7	0.1	-	8.8
Amortization	(1.9)	(3.6)	(1.2)	(6.7)
EBIT for the period ended March 31, 2015	70.5	20.0	(1.2)	89.3

Normalized electricity margins (electricity margins excluding Keephills outage) for the three months ended March 31, 2015, increased \$8.7 million to \$112.3 million. The increased margins in the three months ended March 31, 2015, were primarily driven by lower settled pool price to supply electricity sales and lower natural gas prices, as they decreased the cost to run our natural gas-fuelled plants, and higher volumes on commercial fixed-price contracts. Due to the acquisition of two natural gas-fuelled electricity generation plants in the third quarter of 2014 (September 2014 Acquisitions) and Shepard becoming operational in March 2015, ENMAX had higher volumes sold. Lower natural gas input costs enabled ENMAX to capture a larger spread between contract selling prices and market prices. These increases were partially offset by realized losses on hedges and a decrease in prices realized on customer contracts.

Natural gas margins for the three months ended March 31, 2015, increased \$4.2 million to \$17.5 million from \$13.3 million for the three months ended March 31, 2014. The increase in the three months ended March 31,

2015, is primarily due to decreased purchase costs from lower gas market prices to supply our customers. The lower costs were partially offset by lower sales volumes as a result of warmer temperatures in 2015.

For the three months ended March 31, 2015, transmission and distribution margins were consistent at \$64.8 million as compared to \$64.9 million in the same period in 2014. The flat margin for the three months ended March 31, 2015, is net of an increase in transmission rates, fully offset by a decrease in distribution margin. Distribution margin was impacted by AUC decisions that resulted in a negative revenue adjustment in the three months ended March 31, 2015.

For the three months ended March 31, 2015, contractual services and other revenues increased \$1.8 million to \$17.3 million from \$15.5 million in the first quarter of 2014. The increase is mainly attributable to increased activity on residential developer projects.

Operation, maintenance and administration (OM&A) for the three months ended March 31, 2015, increased \$6.3 million to \$87.5 million from \$81.2 million in the three months ended March 31, 2014. The increase in the three months ended March 31, 2015, was due to staff and operating expenses related to the September 2014 Acquisitions, an increase in consulting costs related to projects, and an increased pension expense due to a change in actuarial assumptions. These increases were partially offset by a decrease in costs related to billing and collections.

For the three months ended March 31, 2015, a net foreign exchange gain of \$13.7 million was recognized compared to a gain of \$4.9 million in the first quarter of 2014. Foreign exchange gains or losses are primarily the result of net realized and unrealized gains and losses on long-term service agreements and equipment purchases denominated in foreign currencies and associated foreign exchange hedges.

Amortization expense for the three months ended March 31, 2015, was \$48.8 million compared with \$42.1 million in the same period in 2014. The increased charges were primarily the result of assets placed into service in 2015, which would include Shepard becoming operational on March 11, 2015. The September 2014 Acquisitions also contributed to the increase in amortization expense.

OTHER NET EARNINGS ITEMS

Finance charges decreased \$18.3 million to \$10.1 million from \$28.4 million for the three months ended March 31, 2015, compared to the three months ended March 31, 2014. The decrease in the three months ended March 31, 2015, was primarily due to \$20.7 million of settlement costs associated with the termination of the interest rate swaps in 2014. The decrease was partially offset by acquisition of new long-term debt at the end of 2014.

Current and deferred income tax costs for the three months ended March 31, 2015, increased \$13.5 million to an expense of \$8.8 million from a recovery of \$4.7 million for the same period in 2014. The increase in income tax was primarily due to higher income in taxable entities.

OTHER COMPREHENSIVE INCOME (OCI)

OCI illustrates earnings under the assumption of full income recognition of gains and losses on the market value of securities and derivatives otherwise treated as hedges of future period revenues and expenses. ENMAX uses derivatives to hedge electricity, natural gas, interest rate and foreign exchange exposures. For the three months ended March 31, 2015, OCI gains totaled \$11.7 million, compared with gains of \$19.4 million for the same period in 2014. OCI for the three months ended March 31, 2015, primarily reflects the fair value changes in electricity and natural gas positions and settlement of interest rate swaps and commodity positions.

CORPORATE AND INTERSEGMENT ELIMINATIONS

ENMAX Corporate provides billing and customer care services, shared services, and financing to ENMAX Power and ENMAX Energy. During the three months ended March 31, 2015, EBIT for ENMAX Corporate decreased to a loss of \$1.2 million, as compared with earnings of \$0.7 million in the same period in 2014.

SELECTED QUARTERLY FINANCIAL DATA

(millions of dollars)	2015		2014		2013 ⁽²⁾			
	First	Fourth	Third	Second	First	Fourth	Third	Second ⁽³⁾
Total revenue	806.4	786.9	778.1	752.1	1,003.7	897.1	803.5	872.6
Operating margin ⁽¹⁾	211.9	193.7	175.9	198.1	197.3	232.4	149.9	128.9
EBIT ⁽¹⁾	89.3	42.6	59.6	73.6	61.5	101.6	30.1	6.7
Net earnings	70.4	41.1	39.5	65.7	37.8	88.3	20.7	185.2

(1) Non-IFRS financial measure. See discussion that follows in the MD&A.

(2) 2013 values have not been restated to IFRS and reflect results in accordance with Part V of the CPA Canada Handbook, "Pre-changeover accounting standards."

(3) The sale of Envision occurred in the second quarter of 2013, with a gain of \$175.9 million recorded in the quarter.

Many variables must be considered regarding the seasonality of revenue, operating margin, EBIT and net earnings. In the first quarter of 2015, revenues decreased as a result of lower prices when compared to the first quarter of 2014. The increased net earnings during the first quarter of 2015 compared to the first quarter of 2014 reflect increased electricity margins, and in 2014 there was additional interest expense associated with the early repayment of debt and Keephills Unit 2 outage. In the fourth quarter of 2014, there were decreases in total revenue, operating margin, EBIT and earnings compared to the fourth quarter of 2013. The decreases were mainly attributable to reductions in realized electricity and natural gas prices. In the second and third quarters of 2014, operating margin increased due to greater availability of electricity from PPA compared to 2013 and the impact of rate increases, versus the comparative quarters in the prior year. In the first quarter of 2014, revenues increased as a result of higher natural gas sales due to increased demand and prices. The decreased net earnings during the first quarter reflect the \$20.7 million of settlement costs associated with the early repayment of debt. Overall, the majority of the business does not experience extreme cyclical activities that would allow identification of common variations quarter over quarter.

Electricity volumes sold and electricity volumes distributed to industrial and institutional customers are not generally seasonal in nature. While customers can have seasonal requirements, the seasonal requirements of one customer base can be offset by another, resulting in relatively flat demand over the course of a year. Overall volumes are predominantly cyclical on a 24-hour period. In contrast, residential volumes sold and distributed peak in the winter, with a higher demand for heat, resulting in higher revenues during winter months. Volume requirements of commercial customers peak in the summer, with higher demand for air conditioning. This is offset by a lower demand in the residential market during the summer. Over longer periods of time, volumes can fluctuate with general economic activity and population growth. Unusual items and events may have an impact on seasonal expectations.

Natural gas volumes and prices are correlated seasonally as a result of weather patterns. Natural gas consumption and prices will increase with extreme weather typically seen in the winter. As well, natural gas prices can rise in extreme hot weather in the summer as peak electricity demand results in increased natural gas-fuelled generation. Revenue levels tend to decline in the fall and spring due to unfavourable trends in natural gas prices and volumes during those times of year.

NON-IFRS FINANCIAL MEASURES

We provide non-IFRS financial measures in the MD&A. These measures do not have any standard meaning prescribed by IFRS and may not be comparable to similar measures presented by other companies. The purpose of these financial measures and their reconciliation to IFRS financial measures are shown below. These non-IFRS measures are consistently applied in the previous period.

OPERATING MARGIN

For the three months ended March 31

(millions of dollars)

	2015	2014
Electricity margins	112.3	103.6
Natural gas margins	17.5	13.3
Transmission and distribution margins	64.8	64.9
Contractual services margins ⁽¹⁾ and other revenue	17.3	15.5
Operating margin (non-IFRS financial measure), excluding unusual items	211.9	197.3
Deduct:		
Unusual item: 2014 Keephills Unit 2 outage	-	17.4
OM&A, foreign exchange, amortization, financing charges and income taxes	141.5	142.1
Net earnings (IFRS financial measure)	70.4	37.8

(1) Contractual services margins include earnings from distributed generation; meter reading and data management services for non-Calgary municipalities; water meter reading; pole and duct rentals; service locates; streetlight repairs; LRT monitoring; mapping record management; engineering, procurement, construction and maintenance services; utility trenching; construction and maintenance of LRT systems; self-retailing services; and billing services.

Operating margin is a useful measure of business performance, as changes in the market price of electricity and natural gas purchased for resale affect revenue and cost of sales equally. ENMAX Energy's strategy links the cost of supply to longer-term demand contracts, which results in relatively stable margins even during times of volatile wholesale prices and revenue levels. Therefore, operating margins better reflect profitability than revenue levels alone.

EBITDA

For the three months ended March 31

(millions of dollars)

	2015	2014
EBITDA (non-IFRS financial measure)	138.1	103.6
Deduct:		
Amortization	48.8	42.1
Finance charges	10.1	28.4
Income tax expense (recovery)	8.8	(4.7)
Net earnings (IFRS financial measure)	70.4	37.8

EBITDA is a useful measure of business performance, as it provides an indication of the cash flow results generated by primary business activities without consideration as to how those activities are financed and amortized, or how the results are taxed in various business jurisdictions. EBITDA is also used to evaluate certain debt coverage ratios.

EBIT

For the three months ended March 31
(millions of dollars)

	2015	2014
Operating profit (IFRS financial measure)	70.4	38.9
Adjustments for rate-regulated activities	18.9	22.6
EBIT (non-IFRS financial measure)	89.3	61.5
Deduct:		
Financing charges	10.1	28.4
Income tax expense (recovery)	8.8	(4.7)
Net earnings (IFRS financial measure)	70.4	37.8

EBIT is a useful measure of business performance, as it provides an indication of the operating results generated by primary business activities, including the costs of amortization. It does not consider how those activities are financed or how the results are taxed in various business jurisdictions.

OTHER EXPENSES

For the three months ended March 31
(millions of dollars)

	2015	2014
OM&A	87.5	81.2
Contractual services costs	19.6	13.5
Foreign exchange gain	(13.7)	(4.9)
Movement in regulatory deferral balances	(8.7)	(3.6)
Other expense (IFRS financial measure)	84.7	86.2

Other expense breakdown is a measure of business performance, as it provides various margin and cost analysis of business activities that management uses to make decisions.

FUNDS FROM OPERATIONS

For the three months ended March 31
(millions of dollars)

	2015	2014
Funds from operations (non-IFRS financial measure)	114.2	108.1
Changes in non-cash working capital	14.5	(36.8)
Employee future benefits	1.8	(0.3)
Cash provided by operating activities (IFRS financial measure)	130.5	71.0

Funds from operations are used as an additional metric of cash flow without regard to changes in our non-cash working capital.

TOTAL FINANCE CHARGES

For the three months ended March 31
(millions of dollars)

	2015	2014
Total interest cost (non-IFRS financial measure)	18.3	18.0
Capitalized interest	(9.9)	(11.9)
Other non-interest financing costs	0.8	0.9
Accretion expense	0.4	0.3
Pension expense	0.5	0.4
Interest expense, excluding interest rate swaps settlement	10.1	7.7
Interest rate swaps settlement	-	20.7
Finance charges (IFRS financial measure)	10.1	28.4

Total interest cost is used in determining interest coverage ratios.

FINANCIAL CONDITION

SIGNIFICANT CHANGES IN THE CORPORATION'S FINANCIAL CONDITION

(millions of dollars, except % change)	March 31, 2015	December 31, 2014	\$ Change	% Change	Explanation for Change
ASSETS					
Cash and cash equivalents	38.4	16.7	21.7	130%	Refer to Liquidity and Capital Resources Section.
Property, plant and equipment (PPE)	3,900.3	3,848.6	51.7	1%	General capital additions offset by amortization.
LIABILITIES AND SHAREHOLDER'S EQUITY					
Accounts payable	396.1	419.8	(23.7)	(6%)	Mainly attributable to lower local access fees and lower commodity costs to supply customers.
Dividend payable	42.0	-	42.0	100%	Dividend declared in March 2015 to be paid by the end of 2015.
Financial liabilities ⁽¹⁾	23.9	51.0	(27.1)	(53%)	Change in fair value of hedging instruments.

(1) Net current and long-term asset and liability positions.

LIQUIDITY AND CAPITAL RESOURCES

TOTAL LIQUIDITY AND CAPITAL RESERVES

<i>As at</i> <i>(millions of dollars)</i>	March 31, 2015	December 31, 2014
Committed and available bank credit facilities	850.0	1,150.0
Letters of credit issued:		
Power pool purchases	39.9	65.3
Energy trading	31.4	37.5
Regulatory commitments	87.2	87.5
Asset commitments	2.1	2.0
PPAs	56.6	56.7
	217.2	249.0
Overdraft facilities	30.7	27.3
Remaining available bank facilities	602.1	873.7
Cash on hand	38.4	16.7
Total liquidity and capital reserves	640.5	890.4

The decrease in total liquidity and capital reserves for the three months ended March 31, 2015, is attributed primarily to the reduction in available credit facilities. Total unsecured credit facilities were reduced by \$300.0 million to \$850.0 million on March 8, 2015.

CAPITAL STRATEGY

The business is funded with a view to maintaining a conservative capital structure in line with our strategy of maintaining a stable, investment grade credit rating. We have set long-term target ratios for long-term debt to total capitalization at a maximum of 45 per cent and as at March 31, 2015 the long-term debt to total capitalization ratio is 41.0 per cent (December 31, 2014 – 41.4 per cent). Targets are managed using a long-term view and are set at more conservative levels than actual debt covenants. Standard & Poor's has assigned ENMAX a BBB+ rating with a stable outlook. Dominion Bond Rating Services has assigned a credit rating of A (low). These ratings provide reasonable access to debt capital markets.

The principal financial covenant in our credit facilities is debt to capitalization. As at March 31, 2015, we are non-compliant with financial covenants for Kettles Hill related to non-recourse financing classified as long-term debt on the balance sheet. The carrying amount of the debt as at March 31, 2015, is \$19.9 million.

CASH PROVIDED BY OPERATING ACTIVITIES

Funds from operations for the three months ended March 31, 2015, were \$114.2 million, compared with \$108.1 million in the same period in 2014. For the three months ended March 31, 2015, the increased funds generated period-over-period were primarily due to higher net earnings partially offset by a negative change in the unrealized market value of financial contracts due to settlement of interest rate swaps in the prior period.

Cash provided by operating activities for the three months ended March 31, 2015, was \$130.5 million compared to \$71.0 million in the same period in 2014. The increase in the three months ended March 31, 2015, was driven by the decrease of accounts receivable (which was lower due to timing of payments and collection of AUC decision rates) and the decrease in accounts payable in the prior year resulting in a negative change in non-cash working capital.

INVESTING ACTIVITIES

The following table outlines investment in capital additions for the three months ended March 31, 2015.

CAPITAL ADDITIONS	
<i>(millions of dollars)</i>	
Residential and non-residential developments	14.8
AESO required capital projects	5.0
System infrastructure	6.9
Asset replacement & modification	13.5
Information technology, facilities and tools	5.1
ENMAX POWER	45.3
Shepard	44.0
Other	9.0
ENMAX ENERGY	53.0
Other	3.2
Total	101.5

During the three months ended March 31, 2015, we continued to execute our capital plans to meet the increasing need for electricity in Calgary.

FINANCING ACTIVITIES

We made regularly scheduled long-term debt principal payments of \$7.1 million during the three months ended March 31, 2015, compared with \$6.7 million in the same period in 2014.

At March 31, 2015, cash and cash equivalents amounted to \$38.4 million compared with \$16.7 million at December 31, 2014. At March 31, 2015, there was \$0.7 million in commercial paper compared with nil outstanding commercial paper at December 31, 2014, and \$30.0 million of overdraft on bank accounts compared with \$27.3 million of overdrafts on bank accounts at December 31, 2014.

On March 19, 2015, we declared a dividend of \$56.0 million payable to The City in quarterly installments throughout 2015. All quarterly installments of this dividend will be paid by the end of 2015. We have historically paid The City annual dividends of at least the higher of 30 per cent of the prior year's net earnings or \$30 million.

On March 12, 2015, our unsecured credit facilities were amended. The total unsecured credit facilities were reduced by \$300.0 million to \$850.0 million, with \$600.0 million in bilateral credit facilities and \$250.0 million of syndicated credit facilities. The letter of credit tranches now amount to \$300.0 million capacity with no change to the July 20, 2017, expiry, and the operating tranches expiring on July 20, 2019, now stand at \$550.0 million.

FUTURE ACCOUNTING CHANGES

IFRS

ENMAX transitioned to IFRS on January 1, 2015. The three months ended March 31, 2015, is the first interim IFRS applicable period for financial reporting. We are continually reviewing new and amended standards and determining whether they are applicable to ENMAX. Refer to Note 5 of the Condensed Consolidated Interim Financial Statements for specific future accounting changes and refer to Note 22 for the impact of conversion to IFRS.

Significant ongoing impacts of IFRS are expected as follows:

Area	Income Statement and Statement of Financial Position Impact	Cash Flow Statement Impact	Other Differences
Impairment	Transition impairment reserves will reduce future depreciation. Impairment reserves and reversals will create earnings volatility.	No impact on cash flow.	Additional disclosures are required. Tests for indicators of impairment will occur more frequently.
Rate-regulated assets and liabilities	The impact of regulatory balances is separately presented on both the balance sheet and the income statement.	No impact on cash flow.	Segment disclosure will include a reconciliation to reflect the impact of IFRS requirement to segregate rate-regulated activities.
Employee Benefits (Pension)	Actuarial gains and losses are recognized immediately in other comprehensive income.	No impact on cash flow.	Additional disclosures are required.
Intangibles and Power Purchase Arrangements	Transition adjustments will decrease amortization charges into the future.	No impact on cash flow.	Additional disclosures are required.

CRITICAL ACCOUNTING ESTIMATES

Since a determination of the value of many assets, liabilities, revenues and expenses is dependent upon future events, the preparation of our consolidated financial statements requires the use of estimates and assumptions. Accounting policies have been developed to ensure appropriate implementation and interpretation of accounting rules, and complex situations are addressed using careful judgment and research. Adjustments to previous estimates that impact net income are recorded in the period they become known.

Our critical accounting estimates are related to revenue recognition, allowance for doubtful accounts, amortization expense, asset impairment, asset retirement obligations, provisions for income taxes, employee future benefits, financial instruments and interest during construction. The estimates and assumptions made in these areas can be highly uncertain at the time the estimate or assumption is made. Different or changing estimates and assumptions could potentially have a material impact on our financial position or results of operations. These critical estimates are described in the 2014 Financial Report in the Critical Accounting Estimates section of the MD&A and in Note 3 of the Condensed Consolidated Interim Financial Statements.

RISK MANAGEMENT AND UNCERTAINTIES

Our approach to risk management addresses risk exposures across all of the Corporation's business activities and risk types. We use an enterprise risk management (ERM) program to identify, analyze, evaluate, treat and communicate the Corporation's risk exposures in a manner consistent with our business objectives and risk tolerance.

Risk exposures are managed within levels approved by the Board and senior management and are monitored by personnel in the business units, the risk management department and the senior management team. At a management level, each accountability area is responsible for assessing its risk exposures and implementing risk mitigation plans. Our risk management department coordinates an enterprise risk assessment process and provides risk reporting and related monitoring. Risk oversight is delivered through the Board and the Risk Management Committee (RMC), which consists of senior management members. Together, the RMC and Board oversee identified risk exposures and risk management programs, including the ERM program. For further information on risks, refer to the Risk Management and Uncertainties section of the MD&A contained in our 2014 Financial Report.

FINANCIAL INSTRUMENTS

In conducting our operations, we use various instruments, including forwards, futures, swaps and options to reduce our market risks. Refer to Note 7 in the Notes to the Consolidated Financial Statements for further information on financial instruments.

ASSET RETIREMENT OBLIGATIONS

At March 31, 2015, asset retirement obligations exist relating to the following generating assets: McBride, Taber, Kettles Hill, Crossfield, Calgary Energy Centre, Cavalier, Balzac and Shepard. The accretion expense on these assets is included in finance charges in the Condensed Consolidated Interim Statements of Earnings and Comprehensive Income. These critical obligations are described in Note 12 of the Condensed Consolidated Interim Financial Statements.

FORWARD-LOOKING INFORMATION

Certain statements contained in this MD&A constitute forward-looking information. Forward-looking information is often, but not always, identified by the use of words such as "anticipate," "plan," "estimate," "expect," "may," "will," "intend," "should," and similar expressions. Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. The Corporation believes that the expectations reflected in the forward-looking information are reasonable, but no assurance can be given that these expectations will prove to be correct, and such forward-looking information should not be unduly relied upon.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

As at <i>(unaudited)</i> <i>(millions of Canadian dollars)</i>	March 31, 2015	December 31, 2014 <i>(Note 22)</i>	January 1, 2014 <i>(Note 22)</i>
ASSETS			
Cash and cash equivalents	\$ 38.4	\$ 16.7	\$ 80.6
Accounts receivable	541.5	542.8	583.6
Income taxes receivable	91.9	96.8	96.9
Current portion of financial assets <i>(Note 7)</i>	59.2	53.6	26.6
Other current assets <i>(Note 9)</i>	37.6	26.9	13.4
	768.6	736.8	801.1
Property, plant and equipment <i>(Note 10)</i>	3,900.3	3,848.6	3,331.3
Power purchase arrangements	225.7	235.5	275.1
Intangible assets	136.9	128.9	115.2
Deferred income tax assets	58.3	58.2	66.8
Financial assets <i>(Note 7)</i>	22.1	14.5	24.3
Other long-term assets <i>(Note 9)</i>	17.0	20.2	28.8
TOTAL ASSETS	5,128.9	5,042.7	4,642.6
REGULATORY DEFERRAL ACCOUNT DEBIT BALANCES <i>(Note 8)</i>	27.7	66.6	83.7
TOTAL ASSETS AND REGULATORY DEFERRAL ACCOUNT DEBIT	\$ 5,156.6	5,109.3	\$ 4,726.3
LIABILITIES			
Short-term debt <i>(Note 11)</i>	\$ 30.7	\$ 27.3	\$ -
Accounts payable and accrued liabilities	396.1	419.8	434.9
Dividend payable <i>(Note 18)</i>	42.0	-	-
Income taxes payable	-	0.6	-
Current portion of long-term debt	62.9	62.6	63.7
Current portion of financial liabilities <i>(Note 7)</i>	75.9	95.8	29.0
Current portion of deferred revenue	19.3	12.1	5.2
Other current liabilities <i>(Note 9)</i>	27.3	31.2	21.0
	654.2	649.4	553.8
Long-term debt	1,540.3	1,547.7	1,375.3
Deferred income tax liabilities	69.8	65.5	81.7
Post-employment benefits	58.2	56.4	43.2
Financial liabilities <i>(Note 7)</i>	29.3	23.3	47.9
Deferred revenue <i>(Note 13)</i>	396.8	391.1	339.5
Other liabilities <i>(Note 9)</i>	33.1	34.4	34.3
Asset retirement obligations <i>(Note 12)</i>	58.3	57.9	49.9
TOTAL LIABILITIES	2,840.0	2,825.7	2,525.6
REGULATORY DEFERRAL ACCOUNT CREDIT BALANCES <i>(Note 8)</i>	9.4	2.5	1.9
SHAREHOLDER'S EQUITY			
Share capital	280.1	280.1	280.1
Retained earnings	2,064.6	2,050.2	1,926.1
Accumulated other comprehensive loss <i>(Note 14)</i>	(37.5)	(49.2)	(7.4)
	2,307.2	2,281.1	2,198.8
TOTAL LIABILITIES, REGULATORY DEFERRAL ACCOUNT CREDIT BALANCES AND SHAREHOLDER'S EQUITY	\$ 5,156.6	\$ 5,109.3	\$ 4,726.3

Commitments and contingencies *(Note 15)*
See accompanying Notes to Condensed Consolidated Interim Financial Statements.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF EARNINGS AND COMPREHENSIVE INCOME

<i>Three months ended March 31 (unaudited) (millions of Canadian dollars)</i>	2015	2014 (Note 22)
REVENUE (Note 6)		
Electricity	507.8	617.7
Natural gas	145.3	230.9
Transmission and distribution	98.6	94.1
Local access fees	26.3	35.7
Other revenue (Note 16)	28.4	25.3
TOTAL REVENUE	806.4	1,003.7
OPERATING EXPENSES (Note 6)		
Electricity and fuel purchases	395.2	531.4
Natural gas and delivery	127.8	217.6
Transmission and distribution	53.2	51.8
Local access fees and grid charges	26.3	35.7
Depreciation and amortization	48.8	42.1
Other expenses (Note 16)	84.7	86.2
TOTAL OPERATING EXPENSES	736.0	964.8
OPERATING PROFIT	70.4	38.9
Finance charges	10.1	28.4
NET EARNINGS BEFORE TAX	60.3	10.5
Current income tax expense	7.3	0.9
Deferred income tax expense (recovery)	1.5	(5.6)
NET EARNINGS—BEFORE NET MOVEMENT IN REGULATORY DEFERRAL ACCOUNT BALANCES	51.5	15.2
NET MOVEMENT IN REGULATORY DEFERRAL ACCOUNT BALANCES	18.9	22.6
NET EARNINGS	70.4	37.8
OTHER COMPREHENSIVE INCOME (LOSS), NET OF INCOME TAX		
Unrealized gain on derivatives designated as cash flow hedges		
includes deferred income tax expense of \$1.1 (2014—\$4.6 tax expense)	1.1	27.7
Realized losses (gains) on derivatives designated as cash flow hedges in prior periods transferred to net earnings in the current year, includes deferred income tax benefit of \$1.3 (2014—\$1.4 tax expense)	10.6	(8.3)
Other comprehensive income, net of income tax	11.7	19.4
COMPREHENSIVE INCOME	82.1	57.2

See accompanying Notes to the Condensed Consolidated Interim Financial Statements.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY

<i>(unaudited)</i> <i>(millions of Canadian dollars)</i>	<i>Note</i>	Share Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
As at January 1, 2015	22	280.1	2,050.2	(49.2)	2,281.1
Net earnings		-	70.4	-	70.4
Dividends declared		-	(56.0)	-	(56.0)
Other comprehensive income, net of income tax		-	-	11.7	11.7
As at March 31, 2015	22	280.1	2,064.6	(37.5)	2,307.2
As at January 1, 2014	22	280.1	1,926.1	(7.4)	2,198.8
Net earnings		-	37.8	-	37.8
Dividends declared		-	(60.0)	-	(60.0)
Other comprehensive income, net of income tax		-	-	19.4	19.4
As at March 31, 2014	22	280.1	1,903.9	12.0	2,196.0

See accompanying Notes to the Condensed Consolidated Interim Financial Statements.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

Three Months Ended March 31

(unaudited)

(millions of Canadian dollars)

	2015	2014
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Net earnings	70.4	37.8
Contributions in aid of construction	9.1	9.8
Amortization of customer contributions	(3.4)	(2.7)
Other items not involving cash (Note 19)	38.1	63.2
	114.2	108.1
Change in non-cash working capital (Note 20)	14.5	(36.8)
Post-employee benefits	1.8	(0.3)
Cash flow from operating activities	130.5	71.0
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(93.0)	(104.9)
Other assets	3.2	12.1
Cash flow used in investing activities	(89.8)	(92.8)
FINANCING ACTIVITIES		
Repayment of short-term debt	(157.3)	(159.9)
Proceeds of short-term debt	160.7	400.8
Repayment of long-term debt and interest rate swaps	(7.1)	(243.5)
Dividend paid	(14.0)	(15.0)
Other long-term liabilities	(1.3)	(0.6)
Cash flow used in financing activities	(19.0)	(18.2)
Increase (decrease) in cash and cash equivalents	21.7	(40.0)
Cash and cash equivalents, beginning of period	16.7	80.6
CASH AND CASH EQUIVALENTS, END OF PERIOD	38.4	40.6
Supplementary information:		
Interest paid	3.2	6.2
Income taxes paid	2.8	1.6
Cash and cash equivalents consist of:		
Cash	37.8	39.9
Short-term investments	0.6	0.7

See accompanying Notes to Condensed Consolidated Interim Financial Statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

1. DESCRIPTION OF THE BUSINESS

ENMAX Corporation ("ENMAX" or the "Corporation"), a wholly owned subsidiary of The City of Calgary ("The City"), was incorporated under the Business Corporation Act (Alberta) in July 1997 to carry on the electric utility transmission and distribution operations previously carried on by the Calgary Electric System ("CES"), a former department of The City. Operations of the Corporation began on January 1, 1998, with the transfer of substantially all of the assets and liabilities of the CES by The City into the Corporation at net book value for consideration of one common share issued to The City. The Corporation's registered and head office is at 141 - 50 AVE SE, Calgary, AB, T2G 4S7. The Corporation's principal place of business is Alberta.

2. BASIS OF PREPARATION AND ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

The condensed consolidated interim financial statements (the "financial statements") have been prepared by management in accordance with International Financial Reporting Standards ("IFRS") as set out in Part I of the Canadian Professional Accountants Handbook ("CPA Handbook"). In 2010, the CPA Handbook was revised to incorporate IFRS and required publicly accountable enterprises to apply such standards for years beginning on or after January 1, 2011. However, several deferral options were made available to entities that had activities subject to rate regulation. ENMAX Corporation was eligible for the deferral options and elected to take those options. Accordingly, the Corporation's transition date to IFRS was January 1, 2014, and results for each of the periods from January 1, 2014, to December 31, 2014, have been restated from the pre-changeover accounting standards in Part V of the CPA Handbook, "Canadian Generally Accepted Accounting Principles" ("Canadian GAAP"), to IFRS.

The transition to IFRS resulted in changes to the Corporation's accounting policies, and these are disclosed in Note 22 along with reconciliations of the statements under previous Canadian GAAP to their IFRS values. These financial statements have been prepared in accordance with IFRS 1, "First-time Adoption of International Financial Reporting Standards," and with International Accounting Standard ("IAS") 34, "Interim Financial Reporting," and do not contain all disclosure required for the preparation of annual financial statements. Accordingly, the Condensed Consolidated Interim Financial Statements should be read in conjunction with ENMAX's Consolidated Financial Statements for the year ended December 31, 2014.

BASIS OF MEASUREMENT

These financial statements have been prepared on the historical cost basis except for the revaluation of financial derivative instruments to fair value.

FUNCTIONAL AND PRESENTATION CURRENCY

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

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these financial statements requires management to select appropriate accounting policies and to make judgments, estimates, and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, as well as the disclosure of contingent assets and liabilities. These estimates and judgments concern matters that are inherently complex and uncertain. Judgments and estimates are continually evaluated and are based on historical experience and expectations of future events. Changes to accounting estimates are recognized prospectively.

SIGNIFICANT ACCOUNTING JUDGMENTS

Significant judgments are used in the application of accounting policies related to the following areas:

(a) Leases

The Corporation assesses contract arrangements with third parties to determine if they contain a lease. When a lease exists and the Corporation is a lessee, the Corporation accounts for it as a finance lease if the arrangement results in substantially all risks and rewards of ownership transfer from the lessor to the Corporation. If risks and awards of ownership have not been transferred from the lessor, the lease is accounted for as an operating lease.

The Corporation does not have material contract arrangements under which the Corporation is a lessor.

(b) Income taxes

The calculation of the Corporation's current and deferred income taxes involves a degree of estimation and judgment. Management periodically evaluates positions in which applicable tax regulation is subject to interpretation and establishes provisions for amounts expected to be paid to taxing authorities.

SIGNIFICANT ACCOUNTING ESTIMATES

The Corporation makes significant estimates in the areas below:

(a) Electricity revenues and costs

By regulation, wire service providers are not required to submit final load settlement data on customer electricity usage until four months after the month in which such electricity was consumed. The Corporation uses processes and systems to estimate electricity revenues and costs, including unbilled consumption. The Corporation's estimation procedures will not necessarily detect errors in underlying data provided by industry participants, including wire service providers and load settlement agents. Any changes to electricity revenues and costs arising from these estimation processes will be accounted for as a change in estimate in the period they occur.

(b) Useful lives of property, plant, and equipment, and intangibles

Useful lives are determined based on past experience and current facts, taking into account future expected usage and potential for technological obsolescence.

(c) Impairment of long-lived assets

The Corporation conducts impairment tests on long-lived assets where impairment indicators exist. The Corporation tests goodwill annually for impairment. Long-lived assets and goodwill are written down to recoverable amount, which is the higher of value in use and fair value less costs of disposal. The determination of recoverable amount involves significant estimates including timing of cash flows, expected future prices for inputs and outputs, expected usage of the assets and appropriate discount rates.

(d) Regulatory estimates

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

(e) Retirement benefits

The Corporation consults with an actuarial specialist when setting the key assumptions used to estimate the benefit obligations and the costs of providing post-retirement benefits. Key assumptions include future return on plan assets, retirement age, mortality rates, discount rates, future health care costs, salary escalation rates and claims experiences.

(f) Purchase price allocation

The Corporation allocates the purchase price of the acquisition to its identifiable assets acquired and liabilities assumed at their estimated fair values at the acquisition date. The allocation of purchase price involves many assumptions regarding the valuation of acquired tangible and intangible assets and liabilities assumed in the acquisition.

(g) Fair value measurements and valuation

Some of the Corporation's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or liability, the Corporation uses market-observable data when available. When observable data is not available, the Corporation determines fair value using inputs other than quoted prices observable for the asset or liability, or valuation techniques with inputs based on historical data.

(h) Asset retirement obligations

Measurement of the Corporation's asset retirement obligations requires the use of estimates with respect to the amount and timing of asset retirements; the extent of site remediation required; and related future cash flows, inflation rates and discount rates.

(i) Income taxes

The Corporation periodically evaluates its tax exposures and recognizes a provision when it becomes probable that outflow of resources are likely. The carrying value of deferred income tax assets and liabilities are reviewed at the end of each reporting period and are adjusted in accordance with management's judgment and estimate.

(j) Allowance for doubtful accounts

The allowance for doubtful accounts reflects an estimate of the accounts receivable that are ultimately expected to be non-collectible based on factors including the aging of accounts receivable, historical write-offs, assessments of the collectability of amounts from individual customers and general economic conditions.

4. SIGNIFICANT ACCOUNTING POLICIES

The policies applied in these financial statements are based on IFRS issued and effective as of May 6, 2015, the date the Board of Directors approved the financial statements. Any subsequent changes to IFRS that are given effect in the Corporation's annual consolidated financial statements for the year ending December 31, 2015, could result in restatement to these financial statements, including the transition adjustments recognized on changeover to IFRS.

These financial statements do not include all information required for full annual financial statements and should be read in conjunction with the Corporation's annual consolidated financial statements for the year ended December 31, 2014, which were prepared in accordance with Canadian GAAP.

CONSOLIDATION

The financial statements include the accounts of the Corporation and its subsidiaries. All intercompany transactions, balances and unrealized gains and losses from intercompany transactions are eliminated on consolidation, except as disclosed under Note 8. The financial statements of the subsidiaries are prepared for the same reporting period and apply accounting policies consistent with the Corporation.

Subsidiaries are fully consolidated from the date in which control is obtained by the Corporation until the date that control ceases. Control exists when the Corporation possesses power over the investee, has exposure or rights to variable returns from its involvement with the investee, and has the ability to use its power over the investee to affect its returns.

JOINT ARRANGEMENTS

A joint arrangement is an arrangement in which two or more parties have joint control and must act together to direct the activities that significantly affect the returns of the arrangement. The Corporation classifies its interest in joint arrangements as either joint operations or joint ventures depending on the Corporation's rights to the assets and obligations for the liabilities. When making this assessment, the Corporation exercises judgments and considers the structure and contractual terms of the arrangement, as well as the legal form of any separate vehicles, in addition to all other relevant facts and circumstances.

Joint arrangements that provide all parties with rights to the assets and obligations for the liabilities are classified as joint operations. When the Corporation undertakes its activities under joint operations, the Corporation recognizes in relation to its interest in a joint operation:

- Its assets, including its share of any assets incurred jointly;
- Its liabilities, including its share of any liabilities incurred jointly;
- Its revenue from the sale of its share of the output arising from the joint operation; and
- Its expenses, including its share of any expenses incurred jointly.

Joint arrangements that provide all parties with rights to the net assets of the entities under the arrangements are classified as joint ventures. Joint ventures are accounted for under the equity method of accounting. Under this method, the Corporation's interests in joint ventures are initially recognized at cost and are adjusted thereafter to recognize the Corporation's share of profits or losses, movements in other comprehensive income, and dividends or distributions received.

When a Corporation transacts with a jointly controlled entity of the Corporation, unrealized profits and losses are eliminated to the extent of the Corporation's interest in the joint venture.

REGULATORY DEFERRAL ACCOUNTS

The Corporation has elected to apply the IFRS interim standard to continue to recognize amounts that qualify as regulatory deferral balances in accordance with the basis of accounting used immediately before transition to IFRS. A regulatory deferral account balance is any expense (or income) account that

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

In accordance with this interim standard, the Corporation has presented regulatory deferral account debits and credits in a separate line in the interim statement of financial position. As well, the net movement in regulatory deferral accounts is presented in a separate line in the statement of earnings and other comprehensive income.

BUSINESS COMBINATIONS

Business combinations are accounted for using the acquisition method. The acquired identifiable net assets are measured at their fair value at the date of acquisition. Any excess of the purchase price over the fair value of the net assets acquired is recognized as goodwill while any deficiency of the purchase price below the fair value of the net assets acquired is recorded as a gain in the period of acquisition. The associated transaction costs are expensed when incurred.

PROPERTY, PLANT AND EQUIPMENT

Items of property, plant and equipment are measured at cost less accumulated depreciation and any impairment losses. The cost of self-constructed assets includes the cost of materials and direct labour, and any other costs directly attributable to bringing the assets to a condition suitable for their intended use. Subsequent costs are included in the assets' carrying amount or recognized as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Corporation and the cost can be measured reliably. The carrying amount of a replaced asset is derecognized when replaced. Major overhauls and inspections are capitalized. Repairs and maintenance costs are charged to the statement of earnings and comprehensive income in the period in which they are incurred.

Depreciation of property, plant and equipment is recorded on a straight-line basis over the estimated useful life of the asset class at the following rates:

Buildings and site development	0.61%	-	4.60%
Transmission, distribution and substation equipment	0.00%	-	22.72%
Generation facilities & equipment	2.00%	-	10.00%
Tools and equipment	3.33%	-	25.00%
Vehicles	2.36%	-	8.00%

Construction in progress represents assets which are not yet available for use and therefore not subject to depreciation.

Where significant parts of an item of property, plant and equipment have different useful lives in relation to the total cost of the item, they are accounted for as separate items of property, plant and equipment and are depreciated separately. Depreciation methods, useful lives and residual values are reviewed at least at each financial year end and adjusted, if appropriate.

Gains and losses on disposal of an item of property, plant and equipment are typically determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized in earnings. For transmission, distribution and substation equipment depreciated using the group life depreciation method ("regulated depreciable assets"). Gains and losses on the disposal of regulated assets are typically deferred and amortized over the estimated remaining service life of the related regulated depreciable assets. Original costs of retired regulated depreciable assets are charged, and the related net disposal proceeds are credited, to accumulated depreciation in a manner consistent with regulatory accounting. Gains and losses on the disposal and retirement of regulated depreciable assets outside the course of normal business are charged or credited to earnings.

CONTRIBUTIONS IN AID OF CONSTRUCTION (DEFERRED REVENUE)

Under various statutory requirements and agreements with customers and developers, the Corporation receives contributions in aid of construction ("CIAC") in the form of cash contributions. Such contributions are recorded as deferred revenue when funds are expended and recognized into other revenue over the useful life of the underlying asset to which the contribution related.

GOVERNMENT GRANTS

Government grants are not recognized until there is reasonable assurance that the Corporation will comply with the conditions attached to them and that the grants will be received. Government grants have been received for the purchase of certain items of property, plant and equipment. Amounts received have been deducted from the carrying amount of the related asset. Amounts received related for expense reimbursement will reduce the expense in the period in which it is incurred.

ASSET IMPAIRMENT

At the end of each reporting period, the Corporation reviews the carrying amounts of all long-lived tangible and intangible assets subject to depreciation and amortization for indicators of impairment and tests for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets are tested individually unless they do not generate cash inflows that are largely independent of other assets. When cash inflows are not independent, individual assets are grouped into the smallest group of assets that generates independent cash inflows (cash-generating units, "CGU"). Corporate assets are also allocated to the cash-generating units on a reasonable and consistent basis.

Intangible assets with indefinite lives and intangible assets not yet available for use are tested for impairment annually, or more frequently when events or changes in circumstances indicate the carrying amount may not be recoverable.

Recoverable amount is determined to be the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using an after-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. In determining fair value less costs of disposal, the Corporation takes into account recent market transactions, and if these are not available, it uses a valuation model.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of earnings and comprehensive income.

Impairment losses recognized in prior periods are assessed at each reporting date for indications that the loss has decreased or no longer exists. The impairment loss can be reversed up to the original carrying value of the asset that would have been determined, net of depreciation, had no impairment loss been recognized. A reversal of impairment is recognized immediately in the statement of earnings and comprehensive income.

POST-EMPLOYMENT BENEFITS

The Corporation sponsors pension plans that contain both defined contribution ("DC") and defined benefits ("DB") provisions.

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

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

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

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

PROVISIONS AND CONTINGENCIES

A provision is a liability of uncertain timing or amount. Provisions are recognized when the Corporation has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period and are discounted to present value where the effect of discounting is material. A pre-tax, risk-free rate is used to discount estimated future risk-adjusted cash outflows. The unwinding of the discount (accretion) is recognized as a finance cost. The Corporation remeasures provisions each reporting period, taking into account changes in the likelihood and timing of future outflows and changes in discount rates.

The Corporation performs evaluations to identify onerous contracts and, where applicable, records provisions for such contracts.

LEASES

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

ASSET RETIREMENT OBLIGATIONS

Asset retirement obligations are provisions for legal and constructive obligations for decommissioning and restoring the Corporation's generating assets and proportionate share of jointly owned generating assets.

The estimated cash flows of the asset retirement costs are risk adjusted and discounted using a pre-tax, risk-free rate that reflects the time value of money. The associated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset and then amortized over its estimated useful life. Changes due to revisions to discount rates, the timing or the amount of the original estimate of the provision are reflected on a prospective basis by adjusting the carrying amount of the related property, plant and equipment.

The Corporation has an obligation to decommission its electricity transmission and distribution assets in Alberta. Due to the timing and cost of such future decommissioning activities being unknown, these costs cannot be reasonably estimated. Accordingly, the Corporation is unable to estimate the fair value of this retirement obligation and has not recorded a provision in the financial statements. The obligation will be recorded when sufficient information is available to reasonably estimate the settlement date and the cost and method of settlement.

DIVIDEND

Dividend revenue from investments (other than associates and subsidiaries) is recognized when the shareholder's right to receive payment has been established.

Dividends on common shares are recognized in the Corporation's financial statements in the period in which the dividends are approved by the Board of Directors.

INCOME TAXES

The Corporation and its subsidiaries operating in the province of Alberta in the country of Canada are municipally owned and are generally not subject to federal and provincial income taxes. Some subsidiaries exempt from federal and provincial income taxes calculate and make payments on certain portions of the operations based on the payment in lieu of tax regulation (PILOT) under the Alberta Electric Utilities Act (EUA). These PILOT payments are made to the Balancing Pool of Alberta. Subsidiaries that do not meet the criteria for municipal exemption are taxable under the Income Tax Act (ITA) and the Alberta Corporate Tax Act (ACTA). Any further reference to income tax recognizes the combined obligations under PILOT, the ITA, and the ACTA.

ENMAX recognizes current income tax based on the profit or loss for the period, except to the extent that it relates to a business combination or other transactions that are directly recognized in equity or other comprehensive income.

The calculation of ENMAX's total income tax expense involves a degree of estimation and judgment, and management periodically evaluates its tax position and establishes provisions expected to be paid to the taxing authorities.

5. ACCOUNTING PRONOUNCEMENTS NOT YET ADOPTED

The following standards and interpretations are not yet effective and have not been applied in preparing these financial statements.

IFRS 9 (July 2014) *Financial Instruments*

The final standard replaces IAS 39 *Financial Instruments: Recognition and Measurement* and previous versions of IFRS 9. The entire standard provides guidance and requirements on classification and measurement of financial assets and liabilities, impairment and hedging. The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Corporation is currently assessing the impact of adopting this standard.

IFRS 15 *Revenue from Contracts with Customers*

The new standard provides a framework that replaces existing revenue recognition guidance. Entities will apply a five-step model to determine when to recognize revenue and at what amount. The model specifies that revenue should be recognized when (or as) an entity transfers control of goods or services to a customer at the amount to which the entity expects to be entitled. The standard is effective for annual periods beginning on or after January 1, 2017, with early adoption permitted. The Corporation is currently assessing the impact of adopting this standard.

6. SEGMENT INFORMATION

The Corporation operates in two segments representing separately managed business units, each of which offers different products and services.

ENMAX ENERGY

ENMAX Energy is an operating segment established to carry out competitive energy supply and retail functions through various legal entities and affiliated companies.

ENMAX POWER

ENMAX Power is primarily a regulated segment established to carry out electricity transmission and distribution service functions and the regulated-rate option (RRO) retail function through various legal entities and affiliated companies. ENMAX Power also provides non-regulated engineering, procurement, construction and maintenance services.

<i>Three Months Ended March 31, 2015</i>						
<i>(millions of dollars)</i>						
	ENMAX Energy	ENMAX Power	Corporate & Intersegment Eliminations	Adjusted Consolidated Totals	Adjustments for Rate Regulated Activities	Consolidated Totals
REVENUE						
Electricity	567.5	28.8	(88.8)	507.5	0.3	507.8
Natural gas	145.6	-	(0.3)	145.3	-	145.3
Transmission and distribution	-	91.7	-	91.7	6.9	98.6
Local access fees	-	26.3	-	26.3	-	26.3
Other revenue	5.0	30.0	1.9	36.9	(8.5)	28.4
TOTAL REVENUE	718.1	176.8	(87.2)	807.7	(1.3)	806.4
OPERATING EXPENSES						
Electricity and fuel purchases	460.6	22.6	(88.0)	395.2	-	395.2
Natural gas and delivery	127.8	-	-	127.8	-	127.8
Transmission and distribution	-	26.9	-	26.9	26.3	53.2
Local access fees and grid charges	-	26.3	-	26.3	-	26.3
Depreciation and amortization	26.7	19.8	2.3	48.8	-	48.8
Other expenses	32.5	61.2	(0.3)	93.4	(8.7)	84.7
TOTAL OPERATING EXPENSES	647.6	156.8	(86.0)	718.4	17.6	736.0
OPERATING PROFIT	70.5	20.0	(1.2)	89.3	(18.9)	70.4
Finance charges				10.1	-	10.1
NET EARNINGS BEFORE TAX				79.2	(18.9)	60.3
Current income tax expense				7.3	-	7.3
Deferred income tax expense				1.5	-	1.5
NET EARNINGS BEFORE NET MOVEMENT IN REGULATORY DEFERRAL BALANCES				70.4	(18.9)	51.5
NET MOVEMENT IN REGULATORY DEFERRAL ACCOUNT BALANCES (DEBIT) CREDIT				-	18.9	18.9
NET EARNINGS				70.4	-	70.4

Three Months Ended March 31, 2014
(millions of dollars)

	ENMAX Energy	ENMAX Power	Corporate & Intersegment Eliminations	Adjusted Consolidated Totals	Adjustments for Rate Regulated Activities	Consolidated Totals
REVENUE						
Electricity	677.5	37.4	(97.3)	617.6	0.1	617.7
Natural gas	231.4	-	(0.5)	230.9	-	230.9
Transmission and distribution	-	92.0	-	92.0	2.1	94.1
Local access fees	-	35.7	-	35.7	-	35.7
Other revenue	5.5	21.8	1.7	29.0	(3.7)	25.3
TOTAL REVENUE	914.4	186.9	(96.1)	1,005.2	(1.5)	1,003.7
OPERATING EXPENSES						
Electricity and fuel purchases	596.9	31.6	(97.1)	531.4	-	531.4
Natural gas and delivery	217.6	-	-	217.6	-	217.6
Transmission and distribution	-	27.1	-	27.1	24.7	51.8
Local access fees and grid charges	-	35.7	-	35.7	-	35.7
Depreciation and amortization	24.8	16.2	1.1	42.1	-	42.1
Other expenses	35.2	55.4	(0.8)	89.8	(3.6)	86.2
TOTAL OPERATING EXPENSES	874.5	166.0	(96.8)	943.7	21.1	964.8
OPERATING PROFIT	39.9	20.9	0.7	61.5	(22.6)	38.9
Finance charges				28.4	-	28.4
NET EARNINGS BEFORE TAX				33.1	(22.6)	10.5
Current income tax expense				0.9	-	0.9
Deferred income tax recovery				(5.6)	-	(5.6)
NET EARNINGS BEFORE NET MOVEMENT IN REGULATORY DEFERRAL BALANCES				37.8	(22.6)	15.2
NET MOVEMENT IN REGULATORY DEFERRAL ACCOUNT BALANCES (DEBIT) CREDIT				-	22.6	22.6
NET EARNINGS				37.8	-	37.8

7. FINANCIAL INSTRUMENTS, HEDGES AND RISK MANAGEMENT

RISK ANALYSIS AND CONTROL

ENMAX manages its exposure to market risk (interest rate risk, foreign currency exchange risk, commodity price risk and equity price risk) on a portfolio basis, which includes 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.

LIQUIDITY RISK

Liquidity risk is the risk that ENMAX will not be able to meet its financial obligations as they fall due. The Corporation's approach to managing liquidity risk is to ensure that it always has sufficient cash and credit facilities to meet its obligations when due.

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

CONTRACTUAL MATURITIES OF NON-DERIVATIVE FINANCIAL LIABILITIES

As at (millions of dollars)	March 31, 2015	December 31, 2014
Less than 1 year	618.1	601.8
1–3 years	264.7	253.5
3–5 years	504.9	499.8
More than 5 years	1,352.1	1,035.6

The following table details the remaining contractual maturities for ENMAX's derivative financial liabilities:

CONTRACTUAL MATURITIES OF DERIVATIVE FINANCIAL LIABILITIES

As at (millions of dollars)	March 31, 2015	December 31, 2014
Less than 1 year	75.9	95.8
1–3 years	22.1	15.3
3–5 years	5.7	4.9
More than 5 years	1.5	3.1

VALUATION OF DERIVATIVE ASSETS AND LIABILITIES

Financial derivative instruments are recorded on the statement of financial position at fair value. As at March 31, 2015, 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 statement of financial position, are presented in the table below:

As at (millions of dollars)	March 31, 2015		December 31, 2014	
	Hedge Instruments	Non-Hedge Derivatives	Hedge Instruments	Non-Hedge Derivatives
Assets				
Current	47.9	11.3	41.7	11.9
Non-current	21.7	0.4	14.0	0.5
Liabilities				
Current	65.9	10.0	71.5	24.3
Non-current	28.7	0.6	23.3	-

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 exposure. For cash flow hedges, changes in the fair value of the effective portion of the hedging derivative are accumulated in other comprehensive income (OCI) and recognized in net earnings during the periods when the variability in cash flows of the hedged item is realized. In the first quarter of 2015, there was no impact (2014—nil) recognized in earnings as a reflection of the ineffectiveness of the relevant hedges. 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-month period ended March 31, 2015, there was no impact to earnings (2014—\$11.2 million) related to hedges that no longer qualified for hedge accounting. In 2014, the interest rate swap hedge was terminated upon repayment of the non-recourse term financing.

The Corporation estimates that, of the \$37.5 million of losses reported in accumulated OCI as at March 31, 2015, losses of \$18.0 million are expected to be realized within the next 12 months, which will be offset by long-term gains at market prices in effect at the time of settlement.

Non-hedge derivatives are classified at fair value through profit and loss and recognized at fair market value with changes in fair market value being recorded through earnings. In the three-month period ended March 31, 2015, there were gains of \$13.1 million (2014—\$9.9 million gain) recorded in net earnings.

NON-DERIVATIVE FINANCIAL ASSETS AND LIABILITIES

Cash, cash equivalents and restricted cash are recorded at fair market value. Fair values for accounts receivable, short-term debt, accounts payable and accrued liabilities are not materially different from their carrying amounts due to their short-term nature.

The Corporation estimated the fair value of its long-term debt based on quoted market prices for the same or similar debt instruments. When such information was not available, future payments of interest and principal were discounted at estimated interest rates for comparable entities.

CARRYING AMOUNTS AND FAIR VALUES OF LONG-TERM DEBT

As at (millions of dollars)	March 31, 2015		December 31, 2014	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term debt ⁽¹⁾ , consisting of:				
Debentures, with remaining terms of				
Less than 5 years	60.9	63.7	63.2	65.8
6–10 years	81.0	89.2	85.8	93.7
11–15 years	21.8	26.3	21.8	25.4
16–20 years	269.7	330.2	269.7	316.5
21–25 years	648.4	735.2	648.3	690.8
Private debentures				
Series 1 (6.15%)	298.6	346.2	298.5	339.8
Series 3 (3.81%)	198.5	213.4	198.5	201.5
Non-recourse Kettles Hill term financing	19.9	21.5	19.9	21.6
Promissory note	4.4	4.9	4.6	4.8
	1,603.2	1,830.6	1,610.3	1,759.9

(1) Includes current portion of \$62.9 million (December 31, 2014—\$62.6 million). Maturity dates range from May 2015 to June 2039.

As at March 31, 2015, the Corporation is non-compliant with a financial covenant for Kettles Hill related to non-recourse financing classified as long-term debt on the Condensed Consolidated Interim Statement of Financial Position. The carrying amount of the debt as at March 31, 2015, is \$19.9 million.

8. REGULATORY DEFERRAL BALANCES

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

REGULATORY DEFERRAL ACCOUNT DEBIT BALANCES

As at (millions of dollars)	January 1, 2014	Balances Arising in the Period	Recovery (reversal)	Balance Sheet Adjustment	December 31, 2014	Balances Arising in the Period	Recovery (reversal)	Balance Sheet Adjustments	March 31, 2015	Expected Recovery/Reversal Period (years)
Accounts receivable (Note a)	41.5	101.1	-	(124.1)	18.5	26.3	-	(32.5)	12.3	2 Mo
Un-eliminated inter-company profit on underground residential development (Note b)	-	1.5	-	-	1.5	(0.2)	-	-	1.3	
Other regulatory debits (Note c)	42.2	21.1	(0.4)	(16.3)	46.6	0.3	-	(32.8)	14.1	6 Mo
Total regulatory deferral account debit balances	83.7	123.7	(0.4)	(140.4)	66.6	26.4	-	(65.3)	27.7	

REGULATORY DEFERRAL ACCOUNT CREDIT BALANCES

As at (millions of dollars)	January 1, 2014	Balances Arising in the Period	Recovery (reversal)	Balance Sheet Adjustments	December 31, 2014	Balances Arising in the Period	Recovery (reversal)	Balance Sheet Adjustments	March 31, 2015	Expected Recovery/ Reversal Period (years)
Other regulatory credits (Note d)	1.9	5.1	(4.5)	-	2.5	7.5	-	(0.6)	9.4	12 Mo
Total regulatory deferral account credit balances	1.9	5.1	(4.5)	-	2.5	7.5	-	(0.6)	9.4	

The following describes each of the circumstances in which rate regulation affects the accounting for a transaction or event. Regulatory deferral debit balances 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 deferral credit balances represent future reductions or limitations of increases in revenues associated with amounts that are expected to be returned to customers as a result of the rate-setting process.

(a) Accounts Receivable

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

(b) Inter-Company Profit on Underground Residential Development

An ENMAX subsidiary performs construction work for the regulated operations of ENMAX Power at a profit. 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 of distribution assets. In the absence of rate regulation and the interim standard, IFRS would require that intercompany profits be eliminated upon consolidation. Subsequent to that date, the impact of un-eliminated intercompany profits have been separately presented as "regulatory deferral account debit balances" in the statement of financial position and the statement of earnings and comprehensive income.

(c) Other Regulatory Debits

Other regulatory debits primarily relate to the Alberta Utilities Commission (“AUC”) flow-through items and other costs that will be collected from customers via future rates such as access service charges. Timing of the decision on collection of these items can result in significant fluctuation in balances from year to year.

(d) Other Regulatory Credits

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

For certain regulatory items identified above, the expected recovery or settlement period, or likelihood of recovery or settlement, is affected by risks and uncertainties relating to the ultimate authority of the regulator in determining the item’s treatment for rate-setting purposes. 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. Any impairment related to regulatory deferral account debit balances are recorded in the period in which the related regulatory decisions are received.

9. OTHER ASSETS AND LIABILITIES

As at (millions of dollars)	March 31, 2015	December 31, 2014
Other current assets		
Prepaid expenses	37.2	26.4
Inventory	0.4	0.5
	37.6	26.9
Other non-current assets		
Prepaid expenses	5.1	4.8
Long-term accounts receivable	3.1	7.3
Other	8.8	8.1
	17.0	20.2
Other current liabilities		
Onerous contract	1.8	1.0
Provisions	2.3	2.2
Deposits	23.2	28.0
	27.3	31.2
Other non-current liabilities		
Onerous contract	16.2	17.7
Long-term payables	16.9	16.7
	33.1	34.4

10. PROPERTY, PLANT AND EQUIPMENT

	Transmission, distribution and substation equipment	Generation facilities and equipment	Construction in progress	Buildings and site development	Tools, systems and equipment	Land	Capital spares and other	Vehicles	Government Grants	Total
Cost										
As at January 1, 2014	1,369.5	1,230.0	875.4	167.5	77.2	34.4	33.5	24.1	(20.0)	3,791.6
Additions	189.8	-	147.1	59.0	11.8	2.9	5.7	2.5	-	418.8
Acquisitions	-	232.3	-	-	-	-	-	-	-	232.3
Disposals	(6.0)	(0.4)	-	(1.3)	(1.8)	(0.4)	-	(1.7)	-	(11.6)
Transfers	-	2.3	-	-	-	-	-	-	-	2.3
As at December 31, 2014	1,553.3	1,464.2	1,022.5	225.2	87.2	36.9	39.2	24.9	(20.0)	4,433.4
Additions	43.1	875.5	(838.9)	0.4	3.1	0.8	5.8	-	-	89.8
Disposals	-	(0.1)	-	-	-	-	-	-	-	(0.1)
Transfers	-	(6.4)	-	-	-	-	-	-	-	(6.4)
As at March 31, 2015	1,596.4	2,333.2	183.6	225.6	90.3	37.7	45.0	24.9	(20.0)	4,516.7
Accumulated Depreciation										
As at January 1, 2014	(1.8)	(383.6)	-	(24.5)	(48.7)	-	-	(4.0)	2.3	(460.3)
Depreciation	(63.1)	(39.5)	-	(7.3)	(6.8)	-	-	(1.9)	0.7	(117.9)
Disposals	6.0	0.1	-	0.1	1.7	-	-	1.5	-	9.4
Impairment	-	(16.0)	-	-	-	-	-	-	-	(16.0)
As at December 31, 2014	(58.9)	(439.0)	-	(31.7)	(53.8)	-	-	(4.4)	3.0	(584.8)
Depreciation	(12.9)	(14.6)	-	(1.3)	(2.6)	-	-	(0.4)	0.2	(31.6)
As at March 31, 2015	(71.8)	(453.6)	-	(33.0)	(56.4)	-	-	(4.8)	3.2	(616.4)
Net Book Value										
As at January 1, 2014	1,367.7	846.4	875.4	143.0	28.5	34.4	33.5	20.1	(17.7)	3,331.3
As at December 31, 2014	1,494.4	1,025.2	1,022.5	193.5	33.4	36.9	39.2	20.5	(17.0)	3,848.6
As at March 31, 2015	1,524.6	1,879.6	183.6	192.6	33.9	37.7	45.0	20.1	(16.8)	3,900.3

Real property, including land and buildings, with a carrying amount of \$230.3 as at March 31, 2015 (December 31, 2014—\$230.3) was subject to a right of first refusal to purchase held by The City of Calgary.

For the three months ended March 31, 2015, capitalized borrowing costs amounted to \$14.5 million (2014—\$11.6 million), with capitalization rates ranging from 4.93% to 5.00%. Interest is capitalized based on the actual costs of debt used to finance the capital construction projects. Interest rates ranged from 0.95% to 6.31% (2014—1.03% to 6.31%).

11. SHORT-TERM DEBT

As at March 31, 2015, the Corporation has unsecured credit facilities amounting to \$850.0 million (December 31, 2014—\$1,150.0 million) to fund general operating requirements and to provide liquidity support for commercial paper and commodity marketing programs. Combined, all of the facilities encompass \$600.0 million in bilateral operating facilities and \$250.0 million of syndicated credit facilities. As at March 31, 2015, \$187.2 million (December 31, 2014—\$219.0 million) of operating facilities and \$30.0 million (December 31, 2014—\$30.0 million) of syndicated facilities were used in support of outstanding letters of credit.

Short-term debt is comprised of commercial paper, bank overdrafts and bankers' acceptances which are guaranteed under the Corporation's credit facilities. At March 31, 2015, the Corporation had \$30.7 million of short-term debt outstanding at an average rate of 1.0% (December 31, 2014—\$27.3 million at an average rate of 3.0%).

12. ASSET RETIREMENT OBLIGATION

The Corporation has estimated the net present value of the decommissioning liabilities associated with ENMAX Energy based on a total undiscounted future liability of \$199.4 million (December 31, 2014—\$199.4 million). These payments are expected to be made between 2043 and 2071. The Corporation calculated the present value of the obligations using discount rates between 2.65% and 3.24% (December 31, 2014—between 2.65% and 3.24%) to reflect the market assessment of the time value of money as well as risks specific to the liabilities that have not been included in the cash flow estimates and an inflation rate of 2.1% (December 31, 2014—2.1%).

(millions of dollars)

Balance at January 1, 2014	49.9
Liabilities incurred in the current period	-
Liabilities assumed on acquisition	6.7
Accretion expense	1.3
Revisions in estimates	-
Balance at December 31, 2014	57.9
Liabilities incurred in the current period	-
Liabilities assumed on acquisition	-
Accretion expense	0.4
Revisions in estimates	-
Balance at March 31, 2015	58.3

The Corporation has an obligation to decommission its electricity transmission and distribution assets in Alberta. Due to the timing and cost of such future decommissioning activities being unknown, these costs cannot be reasonably estimated. Accordingly, the Corporation is unable to estimate the fair value of this retirement obligation and has not recorded a provision in the financial statements.

13. DEFERRED REVENUE

Revenues arising from the recognition of Contributions in Aid of Construction (CIAC) were \$3.4 million for the three-month period ended March 31, 2015 (2014—\$3.6 million).

14. ACCUMULATED OTHER COMPREHENSIVE LOSS

As at (millions of dollars)	March 31, 2015	December 31, 2014
Net unrealized losses on derivatives designated as cash flow hedges	(23.9)	(35.6)
Net actuarial losses on defined benefit plans	(13.6)	(13.6)
Accumulated other comprehensive losses, including a deferred income tax recovery of \$5.3 million (December 31, 2014—recovery of \$3.7 million)	(37.5)	(49.2)

15. COMMITMENTS AND CONTINGENCIES

PROPERTY, PLANT AND EQUIPMENT

The Corporation is committed to capital expenditures over the next five years and thereafter, with minimum annual payments (including cancellation costs) as follows:

CAPITAL COMMITMENTS OVER THE NEXT 5 YEARS

(millions of dollars)

Year 1	11.9
Year 2	1.9
Year 3	1.9
Year 4	1.9
Year 5	1.9
Thereafter	43.4

OBLIGATIONS UNDER OTHER AGREEMENTS

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

The Corporation is obligated to make monthly payments in return for the output from power purchase arrangements (PPAs) and other tolling arrangements, based on normal operating conditions adjusted for inflation, other than in the event of a forced outage.

The Corporation commits to the purchase of renewable energy certificates and carbon offset credits, as well as long-term service arrangements on certain generating assets.

The aggregated minimum payments under these arrangements over the next five years are as follows:

AGGREGATE PAYMENTS UNDER OTHER AGREEMENTS

(millions of dollars)

Year 1	18.7
Year 2	20.7
Year 3	17.3
Year 4	11.0
Year 5	9.3
Thereafter	12.9

REGULATORY

The Corporation, along with other electrical transmission and distribution utilities in the province of Alberta, is subject to regulatory reviews and decisions. The impact of the reviews and decisions is reflected in the financial statements when the amount can be reasonably estimated.

LEGAL CLAIMS

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

POWER PURCHASE ARRANGEMENTS

The facilities covered under PPAs were subject to outages and operational issues during the year. The PPA owners and ENMAX often differ in opinion as to who should bear the costs arising from these events. Although there can be no assurance that these disputes will be resolved in the Corporation's favour, the Corporation does not believe that the outcome of these disputes will have a material adverse effect on its financial position.

INCOME TAX

Alberta Finance, Tax and Revenue Administration is responsible for assessing the income tax returns filed under the PILOT regulation of the EUA, which became effective January 1, 2001.

The Corporation regularly reviews the potential for adverse outcomes in respect to 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 probable to have an impact on the financial results. Although there can be no assurance that these disputes will be resolved in the Corporation's favour, the Corporation does not believe that the outcome of these disputes will have a material adverse effect on its financial position.

ENVIRONMENTAL

Provincial regulations aimed at reducing the levels of greenhouse gas (GHG) emissions took effect July 2007. Due to the change of law provisions in ENMAX Energy's PPAs and tolling agreements, ENMAX Energy is exposed to the associated compliance costs.

For the period ended March 31, 2015, the financial statements include a charge to earnings in the amount of \$4.7 million (2014—\$4.3 million) included in costs of electricity services provided, relating to estimated compliance costs under the provincial GHG regulations for ENMAX Energy’s interests in coal and natural gas-fuelled generation facilities through its PPAs and owned assets. Compliance payments are due to the Province of Alberta, directly or via plant owners, by June 30 of the year following the compliance year. ENMAX Energy has taken steps, including acquiring qualified offset credits from both its wind-generation assets and purchases on the wholesale market, to 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. As at March 31, 2015, the Corporation had issued letters of credit amounting to \$217.2 million (December 31, 2014—\$244.0 million).

DIRECTOR/OFFICER INDEMNIFICATIONS

Under its bylaws, the Corporation indemnifies individuals who have acted at the Corporation’s request to be a director and/or officer of the Corporation and/or one or more of its direct and indirect subsidiaries, to the extent permitted by law, against any and all damages, liabilities, costs, charges or expenses suffered or incurred by the individuals as a result of their service. The claims covered by such indemnifications are subject to statutory or other legal restrictions and limitation periods. The nature of the indemnification agreements prevents the Corporation from making a reasonable estimate of the maximum potential amount it could be required to pay to beneficiaries of such agreements. The Corporation has purchased various insurance policies to reduce the risks associated with the indemnification.

OTHER INDEMNIFICATIONS

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

16. OTHER REVENUE AND EXPENSE

OTHER REVENUE

*For the three months ended March 31
(millions of dollars)*

	2015	2014
Contractual services	20.9	17.8
Interest and penalty revenue	2.3	2.8
Amortization of CIAC	3.4	3.6
Miscellaneous	1.8	1.1
	28.4	25.3

OTHER EXPENSE

For the three months ended March 31

(millions of dollars)

	2015	2014
Salaries and wages	64.6	60.1
Materials and supplies	4.2	5.3
Goods and services	16.5	13.4
Administrative and office expenses	1.1	2.7
Building expense	10.0	10.9
Vehicles and other	2.0	(1.3)
Foreign exchange gains	(13.7)	(4.9)
	84.7	86.2

17. JOINT ARRANGEMENTS

Significant joint operations included in the consolidated financial statements at March 31, 2015, are listed below.

Significant Joint Operations	Operating Jurisdiction	Ownership %	Principal Activity
McBride Lake Wind Facility	Canada	50%	Power Generation
Shepard Energy Centre	Canada	50%	Power Generation
Balzac Power Station	Canada	50%	Power Generation
Genesee 4 and 5	Canada	50%	Power Generation

18. DIVIDEND

On March 19, 2015, the Corporation declared a dividend of \$56.0 million to The City (2014—\$60.0 million). The dividend will be paid in equal quarterly installments during 2015.

19. ITEMS NOT INVOLVING CASH

For the three months ended March 31

(millions of dollars)

	2015	2014
Amortization	48.8	42.1
Deferred income tax expense (recovery)	1.5	(5.6)
Change in unrealized market value of financial contracts	(13.1)	26.2
Other	0.9	0.5
Change related to operating activities	38.1	63.2

20. CHANGE IN NON-CASH WORKING CAPITAL

For the three months ended March 31
(millions of dollars)

	2015	2014
Accounts receivable	1.3	(70.7)
Regulatory deferral account debit balances	38.9	31.6
Income taxes receivable	4.9	(0.9)
Other current assets	(10.8)	(0.1)
Accounts payable and accrued liabilities	(29.5)	0.8
Regulatory deferral account credit balances	6.9	1.8
Other current liabilities	3.4	0.7
Income taxes payable	(0.6)	-
Change related to operating activities	14.5	(36.8)

21. RELATED PARTY TRANSACTIONS

ENMAX's related-party transactions comprise both revenues from and expenditures to The City. Total revenues received from The City for the three-month period ended March 31, 2015, were \$29.2 million (2014—\$34.5 million). The significant components include contract sales of electricity, construction of infrastructure, provision of non-regulated power distribution services, and billing and customer care services relating to The City's utilities departments. ENMAX has committed to a water supply agreement with The City, whereby The City supplies a specified amount of water annually to facilitate Shepard operations.

As at March 31, 2015, amounts owing to the Corporation from The City for services provided were \$21.2 million (December 31, 2014—\$35.7 million). No provisions for doubtful debt have been recognized on this receivable (December 31, 2014—nil).

Total expenditures for goods and services received from The City for the three months ended March 31, 2015, were \$27.7 million (2014—\$37.0 million). Most of these expenditures were for local access fees for use of The City's rights-of-way, the cost of which is passed through ENMAX directly to transmission and distribution customers. The measurement basis used in determining the above values is the contract amount that is considered fair market value; that is, the measurement basis that would be used for a third-party arm's-length transaction.

In 2009, the Corporation entered into a finance lease agreement with The City for the use of its land and buildings. As at March 31, 2015, the assets under the finance lease were \$4.0 million (December 31, 2014—\$4.1 million), and the finance lease obligation was \$4.5 million (December 31, 2014—\$4.6 million).

The total amount of debt owed to The City was \$1,081.7 million at March 31, 2015 (December 31, 2014—\$1,088.8 million and January 1, 2014—\$915.5 million). Interest paid for the three-month period ended March 31, 2015, was \$2.2 million (2014—\$2.5 million). Principal payments of \$7.1 million were made during the three-month period ended March 31, 2015 (2014—\$6.8 million). In addition, ENMAX is required to pay a management fee to The City of 0.25% on the average monthly outstanding debenture balance held by The City on behalf of ENMAX. The administration fee paid for the three-month period ended March 31, 2015, was \$0.7 million (2014—\$0.6 million).

Transactions between the Corporation and The City have been recorded at the exchange amounts. Exchange amounts are the amounts as outlined by the contracts in effect between the Corporation and The City.

22. TRANSITION TO IFRS

For all periods up to and including the year ended December 31, 2014, the Corporation prepared its financial statements in accordance with Canadian GAAP. The financial statements for the interim period ended March 31, 2015, are the first financial statements presented under IFRS. IFRS 1 requires an entity to issue an explicit and unreserved statement of compliance with its first annual financial statements prepared under IFRS. The Corporation will issue a statement of compliance in its 2015 annual financial statements.

IFRS 1 also requires that comparative financial information be provided. As a result, the first date at which the Corporation began applying IFRS was January 1, 2014 (the "transition date"). IFRS 1 requires that a first-time adopter use the same accounting policies in its opening IFRS statement of financial position and for all subsequent periods presented in its first IFRS financial statements. The adoption of IFRS includes full retrospective application of all IFRS standards which are effective at the end of its first IFRS reporting period, which will be December 31, 2015. In order to facilitate an effective adoption of IFRS, there are a number of discretionary exemptions as well as mandatory exceptions from retrospective application of a number of IFRS standards.

A. MANDATORY EXCEPTIONS TO RETROSPECTIVE APPLICATION

The mandatory exceptions applied from full retrospective application of IFRS are described below.

i. Hedge accounting

In accordance with IFRS 1, an entity shall not reflect in its opening IFRS statement of financial position a hedging relationship of a type that does not qualify for hedge accounting in accordance with IAS 39 *Financial Instruments: Recognition and Measurement*. If, before the date of transition to IFRS, an entity had designated a transaction as a hedge but the hedge does not meet the conditions for hedge accounting in IAS 39, the entity shall discontinue hedge accounting. This exception did not result in change for the Corporation.

ii. Estimates

In accordance with IFRS 1, an entity's estimates under IFRS at the date of transition to IFRS must be consistent with estimates made for the same date under previous GAAP, unless there is objective evidence that those estimates were in error. The Corporation's IFRS estimates as of January 1, 2014, are consistent with its Canadian GAAP estimates for the same date, except to reflect any difference in accounting policies.

iii. Derecognition of financial instruments

In accordance with IFRS 1, a first-time adopter shall apply the requirements within IAS 39 prospectively from the transition date unless it chooses to apply the derecognition guidance retrospectively from a date of its election. The Corporation has elected to apply derecognition of financial instruments prospectively from January 1, 2014, the date of transition. Based on the election, there were no significant adjustments required as a result of derecognition.

B. ELECTED EXEMPTIONS FROM FULL RETROSPECTIVE APPLICATION

i. Business combinations

The Corporation has applied the business combinations exemption in IFRS 1 to not apply IFRS 3 “Business Combinations” retrospectively to past business combinations. Accordingly, the Corporation has not restated business combinations that took place prior to the transition date.

ii. Deemed costs

At the date of transition to IFRS, the Corporation has elected to measure the \$1,534.6 million in property, plant and equipment and \$20.1 million in intangible assets as deemed cost. The carrying amount under Canadian GAAP included the effects of rate-regulation as permitted under Canadian GAAP.

iii. Transfer of assets from customers

At transition to IFRS, the Corporation has elected to apply transitional provisions as outlined in IFRIC 18, “Transfers of assets from customers.” The Corporation has recognized the balance of contributions in aid of construction as deferred revenue and amortized into income on a systematic basis. Under Canadian GAAP, contributions in aid of construction were netted against the cost of property, plant and equipment.

iv. Leases

IFRIC 1 allows an exemption from applying IFRIC 4, “Determining whether an arrangement contains a lease,” at the date of transition to IFRS if the same determination was made at a previous date in accordance with another GAAP. The Corporation has elected to apply this exemption not to reassess leases already assessed under Canadian GAAP.

v. Decommissioning liabilities

IFRS 1 provides a first-time adopter with a simplified approach to calculate the cost of property, plant and equipment associated with decommissioning an asset at the transition date. The decommissioning liability must be calculated as follows:

- The liability must be measured in accordance with IAS 37, “Provisions, Contingent Liability and Contingent Assets,” at transition;
- Estimate the amount that would have been included in the cost of the asset when the liability first arose by discounting the liability to that date using its best estimate of historical risk-adjusted discount rates; and
- Calculate the accumulated depreciation on that amount, as at the transition date to IFRS.

The Corporation has elected to calculate the decommissioning liability and associated cost of property, plant and equipment as of January 1, 2014, using the approach described above.

I. Reconciliation of consolidated statement of financial position and shareholder's equity at January 1, 2014, the date of transition from Canadian GAAP to IFRS:

January 1, 2014 (millions of dollars)		Canadian GAAP	Measurement Adjustments	Reclassification Adjustments	IFRS
ASSETS					
Cash and cash equivalents		80.6	-	-	80.6
Accounts receivable	(4)	665.5	-	(81.9)	583.6
Income taxes receivable		96.9	-	-	96.9
Deferred income tax assets	(1)	8.7	-	(8.7)	-
Current portion of financial assets	(2)(h)	-	(3.0)	29.6	26.6
Other current assets	(2)(a)	42.6	0.4	(29.6)	13.4
		894.3	(2.6)	(90.6)	801.1
Property, plant and equipment	(a)(c)(d)(g)(5)	3,022.6	(26.0)	334.7	3,331.3
Power purchase arrangements	(d) (e)	369.5	(94.4)	-	275.1
Intangible assets	(f)	124.3	(9.1)	-	115.2
Goodwill	(d)	16.0	(16.0)	-	-
Employee future benefits	(b)	22.8	(22.8)	-	-
Deferred income tax assets	(a)(c)(d)(e)(g)(h)(1)	59.0	0.8	7.0	66.8
Financial assets	(h)(2)	-	(2.1)	26.4	24.3
Other long-term assets	(2)(4)	57.0	-	(28.2)	28.8
TOTAL ASSETS		4,565.5	(172.2)	249.3	4,642.6
REGULATORY DEFERRAL ACCOUNT DEBIT BALANCES	(4)	-	-	83.7	83.7
TOTAL ASSETS AND REGULATORY DEFERRAL ACCOUNT DEBIT BALANCES		4,565.5	(172.2)	333.0	4,726.3
LIABILITIES					
Accounts payable and accrued liabilities	(4)	436.8	-	(1.9)	434.9
Deferred income tax liabilities	(1)	0.5	-	(0.5)	-
Current portion of long-term debt		63.7	-	-	63.7
Current portion of financial liabilities	(3)	-	-	29.0	29.0
Current portion of deferred revenue		5.2	-	-	5.2
Other current liabilities	(g)(3)	47.6	2.4	(29.0)	21.0
		553.8	2.4	(2.4)	553.8
Long-term debt		1,375.3	-	-	1,375.3
Deferred income tax liabilities	(a)(c)(1)	100.1	(17.2)	(1.2)	81.7
Post-employment benefits	(b)	-	43.2	-	43.2
Financial liabilities	(3)	-	-	47.9	47.9
Deferred revenue	(5)	4.8	-	334.7	339.5
Other liabilities	(g)(3)	55.9	26.3	(47.9)	34.3
Asset retirement obligations	(g)	15.4	34.5	-	49.9
TOTAL LIABILITIES		2,105.3	89.2	331.1	2,525.6
REGULATORY DEFERRAL ACCOUNT CREDIT BALANCES	(4)	-	-	1.9	1.9
SHAREHOLDER'S EQUITY					
Share capital		280.1	-	-	280.1
Retained earnings	(a) to (g)	2,186.4	(260.3)	-	1,926.1
Accumulated other comprehensive income (loss)	(h)	(6.3)	(1.1)	-	(7.4)
		2,460.2	(261.4)	-	2,198.8
TOTAL LIABILITIES, REGULATORY DEFERRAL ACCOUNT CREDIT BALANCES AND SHAREHOLDER'S EQUITY		4,565.5	(172.2)	333.0	4,726.3

II. Reconciliation of consolidated statement of financial position and shareholder's equity at March 31, 2014, from Canadian GAAP to IFRS:

March 31, 2014 (millions of dollars)		Canadian GAAP	Measurement Adjustments	Reclassification Adjustments	IFRS
ASSETS					
Cash and cash equivalents		40.6	-	-	40.6
Accounts receivable	(4)	704.6	-	(50.3)	654.3
Income taxes receivable		97.8	-	-	97.8
Deferred income tax assets	(1)	6.5	-	(6.5)	-
Current portion of financial assets	(2)(h)	-	(3.4)	41.1	37.7
Other current assets	(2)(a)	54.2	0.4	(41.1)	13.5
		903.7	(3.0)	(56.8)	843.9
Property, plant and equipment	(a)(c)(d)(g)(4)(5)	3,071.2	(27.2)	339.4	3,383.4
Power purchase arrangements	(d)(e)	356.3	(91.1)	-	265.2
Intangible assets	(f)	123.8	(8.8)	-	115.0
Goodwill	(d)	16.0	(16.0)	-	-
Employee future benefits	(b)	22.7	(22.7)	-	-
Deferred income tax assets	(a)(c)(d)(e)(g)(h)(1)	54.6	4.6	6.5	65.7
Financial assets	(h)(2)	-	(1.6)	17.8	16.2
Other long-term assets	(2)(4)	36.2	-	(19.5)	16.7
TOTAL ASSETS		4,584.5	(165.8)	287.4	4,706.1
REGULATORY DEFERRAL ACCOUNT DEBIT BALANCES	(4)	-	-	52.1	52.1
TOTAL ASSETS AND REGULATORY DEFERRAL ACCOUNT DEBIT BALANCES		4,584.5	(165.8)	339.5	4,758.2
LIABILITIES					
Short-term debt		240.9	-	-	240.9
Accounts payable and accrued liabilities	(4)	418.7	(0.1)	(3.7)	414.9
Dividend payable		45.0	-	-	45.0
Current portion of long-term debt		54.4	-	-	54.4
Current portion of financial liabilities	(3)	-	-	29.2	29.2
Current portion of deferred revenue		7.8	-	-	7.8
Other current liabilities	(g)(3)	48.4	2.5	(29.2)	21.7
		815.2	2.4	(3.7)	813.9
Long-term debt		1,177.1	-	-	1,177.1
Deferred income tax liabilities	(a)(c)(1)	91.4	(12.9)	-	78.5
Post-employment benefits	(b)	-	42.9	-	42.9
Financial liabilities	(3)	-	-	18.2	18.2
Deferred revenue	(5)	4.5	-	339.5	344.0
Other liabilities	(g)(3)	25.4	26.5	(18.2)	33.7
Asset retirement obligations	(g)	15.4	34.8	-	50.2
TOTAL LIABILITIES		2,129.0	93.7	335.8	2,558.5
REGULATORY DEFERRAL ACCOUNT CREDIT BALANCES	(4)	-	-	3.7	3.7
SHAREHOLDER'S EQUITY					
Share capital		280.1	-	-	280.1
Retained earnings	(a) to (g)	2,162.3	(258.4)	-	1,903.9
Accumulated other comprehensive income (loss)	(h)	13.1	(1.1)	-	12.0
		2,455.5	(259.5)	-	2,196.0
TOTAL LIABILITIES, REGULATORY DEFERRAL ACCOUNT CREDIT BALANCES AND SHAREHOLDER'S EQUITY		4,584.5	(165.8)	339.5	4,758.2

III. Reconciliation of consolidated statement of financial position and shareholder's equity at December 31, 2014, from Canadian GAAP to IFRS:

December 31, 2014 (millions of dollars)		Canadian GAAP	Measurement Adjustments	Reclassification Adjustments	IFRS
ASSETS					
Cash and cash equivalents		16.7	-	-	16.7
Accounts receivable	(4)	606.5	-	(63.7)	542.8
Income taxes receivable		96.8	-	-	96.8
Deferred income tax assets	(1)	16.6	-	(16.6)	-
Current portion of financial assets	(2)(h)	-	(5.3)	58.9	53.6
Other current assets	(2)	85.8	-	(58.9)	26.9
		822.4	(5.3)	(80.3)	736.8
Property, plant and equipment	(a)(c)(d)(g)(4)(5)	3,483.7	(19.7)	384.6	3,848.6
Power purchase arrangements	(d)(e)	316.7	(81.2)	-	235.5
Intangible assets	(f)	136.7	(7.8)	-	128.9
Employee future benefits	(b)	21.6	(21.6)	-	-
Deferred income tax assets	(a)(c)(d)(e)(g)(h)(1)	23.8	17.8	16.6	58.2
Financial assets	(h)(2)	-	(0.6)	15.1	14.5
Other long-term assets	(2)(4)	36.7	-	(16.5)	20.2
TOTAL ASSETS		4,841.6	(118.4)	319.5	5,042.7
REGULATORY DEFERRAL ACCOUNT DEBIT BALANCES	(4)	-	-	66.6	66.6
TOTAL ASSETS AND REGULATORY DEFERRAL ACCOUNT DEBIT BALANCES		4,841.6	(118.4)	386.1	5,109.3
LIABILITIES					
Short-term debt		27.3	-	-	27.3
Accounts payable and accrued liabilities	(4)	422.3	-	(2.5)	419.8
Income taxes payable		0.6	-	-	0.6
Deferred income tax liabilities		0.9	-	(0.9)	-
Current portion of long-term debt	(1)	62.6	-	-	62.6
Current portion of financial liabilities	(3)	-	-	95.8	95.8
Current portion of deferred revenue		12.1	-	-	12.1
Other current liabilities	(g)(3)	123.7	3.3	(95.8)	31.2
		649.5	3.3	(3.4)	649.4
Long-term debt		1,547.7	-	-	1,547.7
Deferred income tax liabilities		61.4	3.2	0.9	65.5
Post-employment benefits	(a)(c)(1)	-	56.4	-	56.4
Financial liabilities	(b)	-	-	23.3	23.3
Deferred revenue	(3)	5.0	-	386.1	391.1
Other liabilities	5	30.2	27.5	(23.3)	34.4
Asset retirement obligations	(g)(3)	20.1	37.8	-	57.9
TOTAL LIABILITIES	(g)	2,313.9	128.2	383.6	2,825.7
REGULATORY DEFERRAL ACCOUNT CREDIT BALANCES	(4)	-	-	2.5	2.5
SHAREHOLDER'S EQUITY					
Share capital		280.1	-	-	280.1
Retained earnings	(a) to (g)	2,281.4	(231.2)	-	2,050.2
Accumulated other comprehensive income (loss)	(h)	(33.8)	(15.4)	-	(49.2)
TOTAL LIABILITIES, REGULATORY DEFERRAL ACCOUNT CREDIT BALANCES AND SHAREHOLDER'S EQUITY		4,841.6	(118.4)	386.1	5,109.3

IV. Reconciliation of total comprehensive income for the three-month period ended March 31, 2014, reported under Canadian GAAP to total comprehensive income reported under IFRS, being the comparative period.

<i>Three months ended March 31, 2014</i> <i>(millions of dollars)</i>		Canadian GAAP	IFRS Adjustments	IFRS
REVENUE				
Electricity	(4)	617.6	0.1	617.7
Natural gas		230.9	-	230.9
Transmission and distribution	(4)	92.0	2.1	94.1
Local assess fees		35.7	-	35.7
Other revenue	(4)(5)	26.3	(1.0)	25.3
TOTAL REVENUE		1,002.5	1.2	1,003.7
OPERATING EXPENSES				
Electricity and fuel purchases		531.4	-	531.4
Natural gas and delivery		217.6	-	217.6
Transmission and distribution	(4)	27.1	24.7	51.8
Local access fees and grid charges		35.7	-	35.7
Depreciation, amortization and impairment	(a)(c)(d)(e)(f)(g)(5)	41.8	0.3	42.1
Other expense	(a)(g)(4)	90.5	(4.3)	86.2
TOTAL OPERATING EXPENSES		944.1	20.7	964.8
OPERATING PROFIT		58.4	(19.5)	38.9
Finance Charges	(b)(g)	27.7	0.7	28.4
NET EARNINGS BEFORE TAX		30.7	(20.2)	10.5
Current income tax expense		0.9	-	0.9
Deferred income tax expense	(a)(c)(d)(e)(g)(h)	(6.1)	0.5	(5.6)
NET EARNINGS BEFORE NET MOVEMENT IN REGULATORY DEFERRAL ACCOUNT BALANCE		35.9	(20.7)	15.2
NET MOVEMENT REGULATORY DEFERRAL ACCOUNT BALANCES	(4)	-	22.6	22.6
NET EARNINGS		35.9	1.9	37.8
OTHER COMPREHENSIVE INCOME (LOSS), NET OF INCOME TAX				
Unrealized gain on derivatives designated as cash flow hedges; includes deferred income tax expense of \$4.6	(h)	27.7	-	27.7
Realized losses (gains) on derivatives designated as cash flow hedges in prior periods transferred to net earnings in the current year; includes deferred income tax expense of \$1.4		(8.3)	-	(8.3)
Other comprehensive income, net of income tax		19.4		19.4
COMPREHENSIVE INCOME		55.3	1.9	57.2

V. Reconciliation of total comprehensive income for the year ended December 31, 2014, reported under Canadian GAAP to total comprehensive income reported under IFRS

Year ended December 31, 2014 (millions of dollars)	Canadian GAAP	IFRS Adjustments	IFRS	
REVENUE				
Electricity	(4)	2,152.7	(0.1)	2,152.6
Natural gas		541.6	-	541.6
Transmission and distribution	(4)	380.3	(15.8)	364.5
Local access fees		131.3	-	131.3
Other revenue	(4)(5)	142.4	(11.6)	130.8
TOTAL REVENUE		3,348.3	(27.5)	3,320.8
OPERATING EXPENSES				
Electricity and fuel purchases		1,766.6	-	1,766.6
Natural gas and delivery		508.0	-	508.0
Transmission and distribution	(4)	106.8	101.1	207.9
Local access fees and grid charges		131.3	-	131.3
Depreciation, amortization and impairment	(a)(c)(d)(e)(f)(g)(5)	208.6	(18.8)	189.8
Other expense	(a)(g)(4)	425.6	(23.3)	402.3
TOTAL OPERATING EXPENSES		3,146.9	59.0	3,205.9
OPERATING PROFIT		201.4	(86.5)	114.9
Finance Charges	(b)(g)	44.3	3.0	47.3
NET EARNINGS BEFORE TAX		157.1	(89.5)	67.6
Current Income tax expense		9.9	-	9.9
Deferred income tax expense (recovery)	(a)(c)(d)(e)(g)(h)	(7.8)	3.8	(4.0)
NET EARNINGS BEFORE NET MOVEMENT IN REGULATORY DEFERRAL ACCOUNT BALANCE		155.0	(93.3)	61.7
NET MOVEMENT REGULATORY DEFERRAL ACCOUNT BALANCES	(4)	-	122.4	122.4
NET EARNINGS		155.0	29.1	184.1
OTHER COMPREHENSIVE INCOME (LOSS), NET OF INCOME TAX				
Remeasurement Gain and Loss (Pension), net of deferred income tax benefit of \$0.16		-	(13.6)	(13.6)
Unrealized gains (losses) on derivatives designated as cash flow hedges; includes deferred income tax expense of \$2.5	(h)	(2.5)	(0.7)	(3.2)
Realized losses (gains) on derivatives designated as cash flow hedges in prior periods transferred to net earnings in the current year; includes deferred income tax expense of \$7.3		(25.0)	-	(25.0)
Other comprehensive income (loss), net of income tax		(27.5)	(14.3)	(41.8)
COMPREHENSIVE INCOME		127.5	14.8	142.3

EXPLANATION OF THE MEASUREMENT ADJUSTMENTS IN THE TABLES ABOVE

(a) Property, plant and equipment

(i) Property, plant and equipment (Major overhaul and inspection costs)

Under Canadian GAAP major overhauls and inspection costs are treated as a maintenance expense in the period the costs are incurred.

IFRS specifically requires that major overhauls and inspections, required at regular intervals to restore the condition of a fixed asset to continue to operate, be capitalized as a separate component and depreciated over the period to the next scheduled major inspection or overhaul.

Impact on the Corporation

On transition, historical major overhauls and inspection costs were capitalized, resulting in a prepaid expense increase of \$0.4 million and a carrying value of property, plant and equipment increase of \$1.5 million, offset by a tax impact of \$0.4 million. The net increase to opening retained earnings was \$1.5 million on transition date.

As a result of this change, depreciation expense was higher by \$0.9 million for the three-month period ended March 31, 2014, and \$3.5 million for the year ended December 31, 2014.

(ii) Property, plant and equipment (Derecognition)

Canadian GAAP does not specifically require the carrying amount of parts which are replaced to be derecognized.

IFRS specifically requires derecognition of the replaced parts regardless of whether the replaced parts had been depreciated separately.

Impact on the Corporation

On transition, the carrying amount of replaced parts totaling \$7.3 million were derecognized. The tax impact of this adjustment was \$1.8 million, resulting in a net decrease in retained earnings of \$5.5 million.

As a result of this change, depreciation expense was lower by \$0.1 million for the three-month period ended March 31, 2014, and \$0.3 million for the year ended December 31, 2014.

(iii) Property, plant and equipment (Pre-operating costs)

Canadian GAAP allows incidental revenues and costs to be included in the costs of the assets being built.

IFRS requires the income and related expenses of incidental operations, which are not necessary to bring an item to the location and condition necessary for it to be capable of operating in the manner intended by management, to be recognized in profit or loss.

Impact on the Corporation

On transition, net incidental revenues previously capitalized to a project were credited to retained earnings, resulting in net increase in property, plant and equipment of \$1.7 million. The tax impact of this adjustment was \$0.4 million, resulting in a net increase in retained earnings of \$1.3 million.

As a result of this change, depreciation expense was higher by \$0.0 million (rounding) for the three-month period ended March 31, 2014, and \$0.1 million for the year ended December 31, 2014.

(b) Post-retirement benefits

Under Canadian GAAP, the corridor approach allows the deferral of actuarial remeasurement gains and losses to be amortized over the expected average remaining service period of active employees.

IFRS does not allow the corridor approach, and all actuarial remeasurement gains and losses are immediately recognized to other comprehensive income. Under IFRS, components of defined benefit costs include service cost (other expense), net interest on the net benefit liability (finance charges) and remeasurements of the net benefit liability (other comprehensive income).

Impact on the Corporation

On transition, \$66.0 million of unamortized actuarial losses were charged to retained earnings, the employee future benefits assets was reduced to nil and post-employment benefit liabilities of \$43.2 million was recorded. Since ENMAX's pension plan is held in a tax-exempt entity, there was no tax effect on this adjustment.

As a result of this change, service cost decreased by \$0.4 million for the three-month period ended March 31, 2014, and \$1.8 million for the year ended December 31, 2014. Also, net interest of \$0.4 million for the three-month period ended March 31, 2014, and \$1.6 million for the year ended December 31, 2014, has been reclassified from other expense to finance charges. As well, \$13.8 million of remeasurement gains and losses were charged to other comprehensive income at the end of December 31, 2014.

(c) Business combination

Under Canadian GAAP, business combinations entered into prior to January 1, 2014, were measured at their fair value at the date of acquisition with any excess of the purchase price over the fair value of the net assets acquired recognized as goodwill. Any deficiency of the purchase price below the fair value of the net assets acquired was recorded as negative goodwill in the period of acquisition, as a reduction to property, plant and equipment.

Under IFRS, any excess of the purchase price over the fair value of the net assets acquired is recognized as goodwill while any deficiency of the purchase price below the fair value of the net assets acquired is recorded as a gain in the period of acquisition.

Impact on the Corporation

On transition date, property, plant and equipment increased by \$170.5 million and accumulated depreciation of \$28.9 million were recognized in the carrying value of property, plant and equipment. The adjustment resulted in a tax impact of \$36.3 million and retained earnings increased by \$105.3 million on transition date.

Subsequent to the negative goodwill reversal, an impairment charge was determined on the assets. (see note d).

As a result of this change, depreciation expense was higher by \$1.4 million for the three-month period ended March 31, 2014, and by \$5.8 million for the year ended December 31, 2014.

(d) Impairment testing

Under Canadian GAAP, the impairment test for property, plant and equipment generally involves a two-step test. Under step one, the asset's carrying value is compared with undiscounted future cash flows to determine if an impairment exists. If an impairment exists, step two requires the impairment amount to be determined by comparing the asset's carrying value with the discounted future cash flows. Impairment charges could not be reversed under Canadian GAAP.

Under IFRS, the impairment test is a one-step process in which the carrying value of a cash generating unit (CGU) is compared to its recoverable amount. The recoverable amount is the greater of i) fair value less cost of disposal and ii) value in use. Value in use is calculated by discounting future cash flows. Impairment charges related to property, plant and equipment may be reversed if circumstances change. Impairments related to goodwill cannot be reversed.

Impact on the Corporation

On transition, the Corporation tested certain property, plant and equipment with impairment indicators and goodwill for impairment. For the purpose of impairment testing, goodwill was allocated to the Kettles Hill Wind Farm CGU, which represents the lowest level within the Corporation at which the goodwill is monitored for internal management purposes.

The recoverable amount for the Corporation's CGUs was determined based on a value in use calculation, with the exception of the District Energy and Bonnybrook Energy Centre CGUs, which were determined based on a fair value less costs of disposal calculation. Value in use was calculated by discounting future cash flow projections based on the Corporation's internal budget. In arriving at its forecasts, management considered past experience, economic trends such as inflation, and industry and market trends. In determining fair value less costs of disposal, recent market transactions were taken into account; if these were not available, then a valuation model was used.

The discount rates used in the calculation of value in use and fair value less cost of disposal reflect current market assessments of the time value of money, and the risks specific to the asset for which future cash flow estimates have not been adjusted.

Property, plant and equipment and intangibles were impaired by \$183.5 million, power purchase arrangement was impaired by \$3.4 million and goodwill was impaired by \$16.0 million as of January 1, 2014. The reduction to property, plant and equipment; power purchase arrangement; and goodwill has a tax impact of \$26.6 million and net opening retained earnings decreased by \$176.3 million. As required by IFRS, the impairment was charged first to reduce any goodwill and then pro-rata to remaining assets of that CGU. The following table illustrates the impairment to goodwill and property, plant and equipment by CGU as of January 1, 2014. The after-tax discount rates used to calculate value in use were in the range of 6.62% to 8.72%.

Cash generating unit	Impairment to goodwill	Impairment to property, plant and equipment or power purchase arrangement	Total impairment
Kettles Hill	16.0	7.1	23.1
Battle River	-	3.4	3.4
Calgary Energy Centre	-	95.8	95.8
District Energy	-	27.8	27.8
Bonnybrook	-	52.8	52.8
Total	16.0	186.9	202.9

As a result of this change, depreciation and amortization expenses were lower by \$1.4 million for the three-month period ended March 31, 2014, and \$5.5 million for the year ended December 31, 2014.

In addition, the corporation recognized \$34.4 million of impairment on Kettles Hill under Canadian GAAP on December 31 2014. Since Kettles Hill had been impaired by \$23.1 million on transition to IFRS on January 1, 2014, there is a timing difference in recognition of the impairment under IFRS and Canadian GAAP.

(e) Power Purchase Arrangements Amortization

Under Canadian GAAP, power purchase agreements are amortized on a straight line basis over the contract term. Under IFRS, power purchase arrangements can be amortized over a shorter term based on the expected use of the assets.

Impact on the Corporation

On transition, accumulated amortization increased by \$91.0 million with a tax impact of \$22.7 million. The net decrease to retained earnings was \$68.3 million. As a result of this change, amortization expense was lower by \$3.2 million for the three-month period ended March 31, 2014, and \$12.8 million for the year ended December 31, 2014.

(f) Website

Under Canadian GAAP, if upgrades and enhancements of website meet the definition of betterment (i.e., enhance the service potential of an intangible asset), those costs could be capitalized.

Under IFRS, only website development costs that can be demonstrated to generate probable future economic benefits (generating revenues) can be recognized as intangibles. A website that is developed solely to promote or advertise an entity's products or services would not meet the condition for recognition.

Impact on the Corporation

On transition, \$9.1 million of website development costs included in intangibles were charged to retained earnings with no tax impact, as the intangibles are held in a tax-exempt entity.

As a result of this change, amortization expense was lower by \$0.2 million for the three-month period ended March 31, 2014, and \$1.0 million for the year ended December 31, 2014.

(g) Provisions

(i) Provisions (Asset retirement obligations)

Under Canadian GAAP, asset retirement obligations ("ARO") are calculated by estimating the future cash outflows and discounting them using a credit-adjusted, risk-free rate. Changes in the net present value of the future retirement obligation were included as accretion expense.

Under IFRS, asset retirement obligations are calculated using risk-adjusted future cash flows discounted using the risk-free rate at each reporting period. Changes in the net present value of the future retirement obligations are included in finance expenses.

Impact on the Corporation

On transition, ARO assets of \$20.0 million have been recognized in the carrying value of property, plant and equipment. The ARO liability increased by \$34.5 million. The tax impact of this adjustment is \$3.6 million, resulting in a net decrease of \$10.9 million to opening retained earnings on transition.

During 2014, ARO assets and ARO liabilities increased by \$2.9 million as a result of remeasuring the ARO related to the acquisitions of Cavalier Power Station and Balzac Power Station in Q3 under IFRS.

The unwinding of the discount is now included in finance charges. Accretion expense in the amount of \$0.0 million (rounding) had been reclassified from other expense to finance charges for the three month period ended March 31, 2014 and \$0.8 million for the year ended December 31, 2014. In addition, depreciation expense was \$0.1 million higher and finance charges were \$0.3 million higher for the three-month period ended March 31, 2014. Depreciation expense was \$0.5 million higher and finance charges were \$0.5 million higher for the year ended December 31, 2014.

(ii) Provisions (Constructive obligation)

Under Canadian GAAP, constructive obligations are recognized only if required by a specific standard.

Under IFRS, a provision is recognized as constructive obligation if there is a probable outflow of resources and the amount can be estimated reliably.

Impact on the Corporation

On transition, the Corporation recognized constructive obligation related to the expected cost of profit-sharing and bonus payments. Bonus liability increased by \$8.7 million with no deferred tax impact.

As a result of this change, bonus expense was higher by \$0.6 million in the three-month period ended March 31, 2014, and \$2.9 million for the year ended 2014.

(iii) Provisions (Onerous contracts obligation)

Under Canadian GAAP, a provision for an onerous contract is recognized only when required by a specific standard. Under IFRS, a provision is recognized for an onerous contract when the costs of meeting the obligations under the contract exceed the benefits to be derived.

Impact on the Corporation

On transition, the Corporation recognized \$20.0 million of onerous liability for certain contracts related to an impaired CGU with no deferred tax impact.

As a result of this change, operating expenses were lower by \$0.2 million for the three-month period ended March 31, 2014, and \$1.3 million for the year ended December 31, 2014.

(h) Financial instruments

Canadian GAAP requires an entity to document its basis for concluding that a contract is for the receipt or delivery of a non-financial item in accordance with its expected purchase, sale and usage requirements.

Under IFRS, the documentation requirement does not exist.

Impact on the Corporation

On transition, ENMAX was able to reverse one of its contracts which was treated as mark-to-market through OCI. This contract is for the physical delivery of electricity to a retail customer and meets the requirements of "own use" under IFRS. The adjustment on transition is a decrease to long-term financial assets of \$1.5 million. In addition, a \$0.4 million increase of deferred income tax asset and a decrease of \$1.1 million of AOCI is recognized on transition.

As a result of this change, other comprehensive income was higher by \$0.1 million for the three-month period ended March 31, 2014, and lower by \$0.7 million for the year ended December 31, 2014.

EXPLANATION OF THE RECLASSIFICATION ADJUSTMENTS IN THE TABLES ABOVE

1. Reclassification adjustment (1) reclassifies the current portion of deferred income tax asset (liability) from current to long-term in accordance with IAS 1, "Presentation of Financial Statements."
2. IAS 1 requires the statement of financial position to include separate line items for financial assets that are included in other current assets and other assets under Canadian GAAP.
3. IAS 1 requires the statement of financial position to include separate line items for financial liabilities that are included in other current liabilities and other liabilities under Canadian GAAP.
4. IFRS 14 requires separate disclosure in the statement of financial position for (a) the total of all regulatory deferral account debit balances and (b) the total of all regulatory deferral account credit balances.
5. IFRIC 18 requires contributions from customers for property, plant and equipment be classified as deferred revenues, versus netted against property, plant and equipment under previous GAAP.

Adjustments to the statement of cash flows

The transition from Canadian GAAP to IFRS had no significant impact on cash flows generated by the Corporation.

ADDITIONAL INFORMATION

ENMAX welcomes questions from stakeholders.

Additional information relating to ENMAX can be found at enmax.com.

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