

2012

Q3 INTERIM REPORT

ENMAX CORPORATION
THREE & NINE MONTHS ENDED SEPTEMBER 30,
2012

HIGHLIGHTS

<i>(millions of dollars, unless otherwise noted)</i>	Three Months Ended September 30		Nine Months Ended September 30	
	2012	2011	2012	2011
Earnings before interest, income tax, depreciation and amortization (EBITDA) ⁽¹⁾	86.1	88.9	319.1	303.5
Net earnings	45.4	41.9	161.1	141.8
Return on assets ⁽²⁾			8.5%	7.8%

(1) Non-GAAP financial measure. See discussion that follows in the Management's Discussion & Analysis (MD&A).

(2) Return on assets is equal to net earnings before after-tax interest charges for the last 12 month rolling period divided by average total assets (adjusted for capital assets under construction and current liabilities) for the last 12 month rolling period.

Summary of other key financial information

<i>(millions of dollars, unless otherwise noted)</i>	Three Months Ended September 30		Nine Months Ended September 30	
	2012	2011	2012	2011
Total revenues	804.6	789.2	2,312.3	2,248.3
Operating margin ⁽¹⁾	145.1	145.4	500.2	463.7
Earnings before interest and income taxes (EBIT) ⁽¹⁾	44.4	48.5	193.9	181.1
Capital assets ⁽²⁾			3,673.8	3,230.8
Total assets			4,678.9	4,243.5
Long-term debt ⁽³⁾			1,632.3	1,541.3
Total shareholder's equity			2,116.0	1,912.3
Total capitalization ⁽⁴⁾			3,748.3	3,453.6
Long-term debt to total capitalization ratio ⁽⁵⁾			43.5%	44.6%
Return on equity (ROE) ⁽⁶⁾			10.1%	10.0%
Funds generated from operations ⁽¹⁾	98.9	83.8	298.6	287.2
Cash used by investing activities	191.0	137.7	417.7	336.4
Cash provided by (used in) financing activities	12.6	40.4	(40.4)	135.1

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

⁽²⁾ Capital assets include property, plant and equipment (PPE), power purchase arrangements (PPAs) and intangible assets.

⁽³⁾ Long-term debt includes current and long-term portions.

⁽⁴⁾ Total capitalization is equal to long-term debt plus shareholder's equity.

⁽⁵⁾ Long-term debt to total capitalization is equal to long-term debt, including current portions, divided by total capitalization.

⁽⁶⁾ Return on equity is equal to net earnings for the last 12 month rolling period divided by average shareholder's equity for the last 12 month rolling period.

Summary of other key operating statistics

	Three Months Ended September 30		Nine Months Ended September 30	
	2012	2011	2012	2011
Market heat rate – flat average (gigajoule (GJ)/ megawatt hours (MWh))	36.24	27.29	29.63	21.49
Average wholesale market spark spread (\$/MWh) ⁽¹⁾	\$61.13	\$66.95	\$43.40	\$48.16
Average flat pool price (\$/MWh)	\$78.44	\$94.71	\$59.45	\$76.72
Average natural gas price (\$/GJ)	\$2.16	\$3.47	\$2.01	\$3.57
Generation volume (gigawatt hours (GWh))	3,279	2,832	9,446	9,092
Electricity sold (GWh)	5,365	5,247	15,879	15,871
Energy delivered (GWh)	2,381	2,285	6,993	6,908
Natural gas sold (terajoule (TJ))	4,317	4,109	30,274	30,565
System average interruption duration index (SAIDI) ⁽²⁾			0.32	0.30
System average interruption frequency index (SAIFI) ⁽³⁾			0.56	0.49
Customer satisfaction ⁽⁴⁾	78%	77%	79%	75%
Total recordable injury frequency (TRIF)			0.57	2.92

(1) Assuming an average combined cycle gas turbine (CCGT) heat rate of 8 GJ per MWh.

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

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

(4) Monthly weighted average of customers rating their interaction with ENMAX Encompass “Very Satisfied” per the customer interaction survey process with Service Quality Management.

(5) Total number of lost time injuries, medical aid injuries, illnesses and modified work cases divided by the exposure rate.

CAUTION TO READER

This document contains statements about future events and financial and operating results of ENMAX Corporation (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 Interim 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 Interim 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 Interim Report. Intended, planned, anticipated, believed, estimated or expected and other forward-looking statements included in this Interim Report should not be unduly relied upon. These statements speak only as of the date of this Interim 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 2012 are described in the Management’s Discussion & Analysis (MD&A) Section 13: Outlook. This Interim Report should be read in conjunction with ENMAX’s 2011 Financial Report.

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

- generation asset return to service, retirements and replacements;
- 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;
- the 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;
- human resources, including possible labour disruptions;
- financing and debt requirements, including 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;
- change 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 ENMAX’s reports and other public disclosure documents.

For further information on the Corporation’s risks, see the MD&A Section 10 included in the 2011 Financial Report.

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

This MD&A, dated November 8, 2012, is a review of the results of operations of ENMAX for the three and nine months ended September 30, 2012, compared with the same period in 2011, 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. This MD&A should be read in conjunction with ENMAX's 2011 Financial Report.

ENMAX's consolidated financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles (GAAP). The Corporation has chosen to defer the adoption of IFRS as permitted by the Accounting Standards Board (AcSB) amendment and is expected to begin reporting interim and annual consolidated financial statements in IFRS, including comparative periods, in 2014.

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

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

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1 OVERALL FINANCIAL PERFORMANCE

Selected Consolidated Financial Information

<i>(millions of dollars, unless otherwise noted)</i>	Three Months Ended September 30		Nine Months Ended September 30	
	2012	2011	2012	2011
Total revenue	804.6	789.2	2,312.3	2,248.3
Electricity sold (GWh)	5,365	5,247	15,879	15,871
Operating margin ⁽¹⁾	145.1	145.4	500.2	463.7
EBIT ⁽¹⁾	44.4	48.5	193.9	181.1
EBITDA ⁽¹⁾	86.1	88.9	319.1	303.5
Net earnings	45.4	41.9	161.1	141.8
Net earnings from continuing operations	45.4	42.1	161.1	138.6

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

ENMAX's consolidated net earnings for the three months ended September 30, 2012, have increased to \$45.4 million compared with \$41.9 million for the three months ended September 30, 2011. This increase was driven primarily by higher transmission and distribution margins and tax recoveries. Favourable variances were offset partially by lower electricity margins and foreign exchange costs. For the nine months ended September 30, 2012, net earnings have increased \$19.3 million to \$161.1 million compared with \$141.8 million for the same period in 2011. This increase was driven primarily by higher operating margins and lower interest and tax costs. Favourable variances were offset partially by higher operations, maintenance and administration (OM&A), amortization and foreign exchange costs.

ENMAX's 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. Further details on specific operations can be found in Section 2: Business Segment Results.

A reconciliation of EBIT for the three and nine months ended September 30, 2012, as compared with the same periods in 2011 is as follows:

<i>(millions of dollars)</i>	Three Months Ended	Nine Months Ended
EBIT for the period ended September 30, 2011	48.5	181.1
Increased / (decreased) margins attributable to:		
Electricity	(6.0)	12.4
Natural gas	(0.2)	2.1
Transmission and distribution	6.4	12.4
Contractual services and other	(0.5)	9.6
(Increased) / decreased expenses:		
OM&A	0.6	(13.1)
Foreign exchange	(3.1)	(7.8)
Amortization	(1.3)	(2.8)
EBIT for the period ended September 30, 2012	44.4	193.9

Electricity margins for the three months ended September 30, 2012, decreased \$6.0 million to \$77.7 million from \$83.7 million in the three months ended September 30, 2011. In the quarter, the decrease in margin was driven primarily by the costs related to Power Purchase Arrangement (PPA) asset outages, higher costs of electricity supply and lower operating margins for the regulated rate option (RRO). This was partially offset by higher sales volumes. For the nine months ended September 30, 2012, electricity margins increased \$12.4 million to \$292.0 million from \$279.6 million in the same period in 2011. The increased margins were driven primarily by higher realized sales prices, higher sales volumes in the competitive business and lower cost of natural gas used by the gas-fired generating assets. Favourable items were partially offset by a higher cost of electricity supply and lower operating margins for the RRO.

Natural gas margins decreased \$0.2 million to \$0.1 million for the three months ended September 30, 2012, from \$0.3 million in the same period in 2011. This decrease is primarily due to realized losses on natural gas hedging activities offset partially by higher volumes sold and an increase in index gas margins. For the nine months ended September 30, 2012, natural gas margins increased \$2.1 million to \$10.0 million from \$7.9 million in the same period in 2011. This increase is due primarily to lower realized natural gas costs and an increase in index gas margins. This favourable impact is partially offset by lower volumes sold.

For the three months ended September 30, 2012, transmission and distribution margins increased \$6.4 million to \$53.2 million over the \$46.8 million recorded in the same period in 2011. For the nine months ended September 30, 2012, transmission and distribution margins increased \$12.4 million to \$150.3 million from \$137.9 million in the same period in 2011. These increases were due primarily to higher approved rates in both the transmission and distribution businesses and the impact of positive volume variances on the recovery of system access fees.

For the three months ended September 30, 2012, margins from contractual services and other revenues decreased \$0.5 million to \$14.1 million from the \$14.6 million recorded in the same period in 2011. For the nine months ended September 30, 2012, contractual services and other revenues increased \$9.6 million to \$47.9 million from \$38.3 million in the same period in 2011. The increase in margins year-to-date was mainly due to higher activity levels in Calgary light rail transit (LRT) projects and underground residential development along with increased earnings in the fibre optics business line.

OM&A costs for the three months ended September 30, 2012, decreased \$0.6 million to \$54.9 million from \$55.5 million for the third quarter in 2011. For the nine months ended September 30, 2012, OM&A costs increased \$13.1 million to \$176.1 million from \$163.0 million in the same period in 2011. The year-to-date increase in OM&A costs was driven primarily by reduced overhead charges to capital and billable projects, increased staffing levels due to growth in the business, increased pension costs and higher operating and maintenance costs related to the gas-fired generating units. These unfavourable variances have been partially offset by severance costs incurred in 2011 which did not recur in 2012.

For the three months ended September 30, 2012, a net foreign exchange loss of \$4.1 million was experienced as compared to a loss of \$1.0 million in the same period of 2011. For the nine months ended September 30, 2012, a foreign exchange loss of \$5.0 million was experienced as compared to a gain of \$2.8 million in the same period of 2011. Foreign exchange losses are primarily a result of the net realized and unrealized gains on purchase agreements denominated in foreign currencies and associated hedges.

Amortization expense for the three months ended September 30, 2012, increased \$1.3 million to \$41.7 million from \$40.4 million for the same period in 2011. For the nine months ended September 30, 2012, amortization expense increased \$2.8 million to \$125.2 million from \$122.4 million in the same period in 2011. The increased charges were primarily the result of an increase in asset base.

Other Net Earnings Items

For the three months ended September 30, 2012, interest expense decreased \$2.0 million to \$11.0 million from \$13.0 million for the same period in 2011. Interest expense decreased \$6.8 million to \$32.6 million from \$39.4 million for the nine months ended September 30, 2012, compared to the nine months ended September 30, 2011. The decrease was primarily due to an increase in the capitalization of interest related to capital projects. This was partially offset by interest incurred on new debt issued during the year.

Income tax expense for the quarter ended September 30, 2012, decreased \$5.4 million to a recovery of \$12.0 million compared to a recovery of \$6.6 million in the same period in 2011. For the nine months ended September 30, 2012, income tax expense decreased \$2.9 million to \$0.2 million from \$3.1 million for the same period in 2011. The recovery of income tax was primarily due to changes in tax legislation and interpretations in combination with a reduction in the corporate tax rate offset partially by higher income in taxable entities.

Other Comprehensive Income

Other comprehensive income (OCI) illustrates the Corporation's 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. The Corporation utilizes derivatives to hedge its electricity, natural gas, interest rate and foreign exchange exposures. For the three and nine months ended September 30, 2012, OCI totalled earnings of \$44.9 million and \$67.2 million respectively, compared with losses of \$15.8 million and \$19.1 million respectively, for the same periods in 2011. OCI for the nine months ended September 30, 2012, primarily reflects the favourable fair value changes in derivative electricity positions from the conclusion of the previous year and settlement of electricity and gas positions. This was partially offset by unrealized losses on derivative gas positions during the first nine months of the year.

2 BUSINESS SEGMENT RESULTS

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

EBIT

<i>(millions of dollars)</i>	Three Months Ended September 30		Nine Months Ended September 30	
	2012	2011	2012	2011
ENMAX Energy	18.4	27.0	130.3	133.3
ENMAX Power	25.3	19.8	61.3	49.8
Corporate & intersegment eliminations	0.7	1.7	2.3	(2.0)
EBIT	44.4	48.5	193.9	181.1

ENMAX Energy

ENMAX Energy produces or has exclusive access to 2,067 MW of electricity generation to supply customer demand. ENMAX Energy has acquired low-cost electricity from the Keephills and Battle River coal-fired facilities through PPAs. This is complemented by 420 MW of natural gas-fired generation to meet demand through the natural gas-fired Calgary Energy Centre (CEC) and Crossfield Energy Centre (Crossfield) assets. ENMAX Energy is one of Alberta's largest investors in renewable energy with 50% ownership of McBride Lake Wind Farm (McBride), with an additional toll for the remaining 50%, and 100% ownership of the Taber and Kettles Hill Wind Farms (Taber and Kettles).

ENMAX Energy's framework of vertical-integration allows it to expand and operate its generation portfolio with reduced price and earnings volatility. The generation arm of ENMAX Energy supplies energy through ENMAX's own wind and gas-fired generation facilities. The wholesale markets arm balances the Corporation's energy portfolio needs through management of the PPAs and through the purchase and sale of electricity into and from the Alberta market. The retail sales arm of ENMAX Energy provides customers with competitive energy products and services with a focus on longer term fixed or indexed contracts. This focus allows ENMAX Energy to link 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.

Business Update

During the third quarter of 2012, construction continued on the 800 MW Shepard Energy Centre (Shepard) located in Calgary. During the nine months ended September 30, 2012, \$356.1 million has been invested in Calgary area generation projects.

Key business drivers

	Three Months Ended September 30		Nine Months Ended September 30	
	2012	2011	2012	2011
Market heat rate – flat average (GJ/MWh)	36.24	27.29	29.63	21.49
Average wholesale market spark spread (\$/MWh) ⁽¹⁾	\$61.13	\$66.95	\$43.40	\$48.16
Average flat pool price (\$/MWh)	\$78.44	\$94.71	\$59.45	\$76.72
Average natural gas price (\$/GJ)	\$2.16	\$3.47	\$2.01	\$3.57
Generation volume (GWh)	3,279	2,832	9,446	9,092
Electricity sold (GWh)	4,931	4,740	14,487	14,206
Natural gas sold (TJ)	4,317	4,109	30,274	30,565
Customer satisfaction ⁽²⁾	78%	77%	79%	75%

(1) Assuming an average CCGT heat rate of 8 GJ per MWh.

(2) Monthly weighted average of customers rating their interaction with ENMAX Encompass "Very Satisfied" per the customer interaction survey process with SQM.

ENMAX Energy sold, under contract, 4,931 GWh of electricity to customers in the three months ended September 30, 2012, compared with 4,740 GWh in the same period of 2011. For the nine months ended September 30, 2012, ENMAX Energy sold, under contract, 14,487 GWh of electricity to customers compared with 14,206 GWh in the same period of 2011. These increases are due primarily to an expanding customer base in the residential customer market offset partially by reduced sales volumes in the commercial and industrial customer market.

ENMAX Energy's natural gas customers purchased 4,317 TJ of natural gas in the three months ended September 30, 2012, compared with 4,109 TJ in the same period in 2011. The increase in volumes is due primarily to an expanding customer base in the residential customer market. For the nine months ended September 30, 2012, ENMAX Energy sold 30,274 TJ of natural gas to customers compared with 30,565 TJ in the same period of 2011. The decline in volume sold in the nine month period is due primarily to the warmer weather in the first quarter of 2012 which reduced demand. This decline is partially offset by volume growth due to an increase in customer base in the residential market.

Financial Results

ENMAX Energy recorded EBIT of \$18.4 and \$130.3 million for the three and nine months ended September 30, 2012, respectively, compared with \$27.0 and \$133.3 million respectively, in the same periods in 2011.

A reconciliation of EBIT for the three and nine months ended September 30, 2012, as compared with the same periods in 2011 is as follows:

<i>(millions of dollars)</i>	Three Months Ended	Nine Months Ended
EBIT for the period ended September 30, 2011	27.0	133.3
Increased / (decreased) margins attributable to:		
Electricity	(6.0)	15.5
Natural gas	(0.2)	2.1
Contractual services and other	(0.2)	(1.4)
(Increased) / decreased expenses:		
OM&A	1.0	(10.6)
Foreign exchange	(3.1)	(7.8)
Amortization	(0.1)	(0.8)
EBIT for the period ended September 30, 2012	18.4	130.3

Electricity margins for the three months ended September 30, 2012, decreased \$6.0 million to \$76.0 million compared with the \$82.0 million recorded in the same three months of 2011. The decrease in margin was driven primarily by costs related to PPA asset outages, a higher cost of electricity supply and lower operating margins for the regulated rate option (RRO). This was partially offset by higher sales volumes. Electricity margins for the nine months ended September 30, 2012, increased \$15.5 million to \$287.9 million compared with the \$272.4 million recorded in the same period of 2011. The increased margins were driven primarily by higher realized retail sales prices, lower cost of natural gas used for the gas-fired generating assets and increased sales volumes. These favourable items were partially offset by higher cost of electricity supply.

Natural gas margins decreased \$0.2 million to \$0.1 million for the three months ended September 30, 2012, compared with \$0.3 million for the same period in the prior year. This decrease is due to realized losses on hedging activities offset partially by higher sales volumes and an increase in index gas margins. Natural gas margins increased \$2.1 million to \$10.0 million for the nine months ended September 30, 2012, compared with \$7.9 million for the same period in 2011. This increase is due primarily to lower year-to-date realized natural gas costs and an increase in index gas margins. This favourable impact is partially offset by lower volumes sold.

Contractual services margin and other revenues decreased \$0.2 million in the three months ended September 30, 2012, compared to the same period in 2011. Contractual services margin and other revenues decreased \$1.4 million in the nine months ended September 30, 2012, to \$47.2 million compared to \$48.6 million in the nine months ended September 30, 2011. This decrease was primarily due to lower costs being allocated to the ENMAX Power segment for recovery of billing and customer care costs as a result of lower Calgary RRO volumes. This unfavourable variance was partially offset by increased earnings in the fibre optics business line.

OM&A expenses for the three months ended September 30, 2012, decreased \$1.0 million to \$40.4 million compared with \$41.4 million in the same period in 2011. This decrease was primarily due to increased billing recoveries in the competitive business as a result of increased customer numbers. OM&A expenses for the nine months ended September 30, 2012, increased \$10.6 million to \$126.4 million compared with \$115.8 million in the same period in 2011. This increase was primarily attributable to increased staffing costs related to growth in the business and higher operating and maintenance costs related to the gas-fired generating units.

For the three months ended September 30, 2012, a net foreign exchange loss of \$4.1 million was experienced as compared to a loss of \$1.0 million in the same period of 2011. For the nine months ended September 30, 2012, a foreign exchange loss of \$5.0 million was experienced as compared to a gain of \$2.8 million in the same period of 2011. Foreign exchange losses are primarily a result of the realized and unrealized gains on purchase agreements denominated in foreign currencies and associated hedges.

Amortization expense for the three and nine months ended September 30, 2012, increased \$0.1 and \$0.8 million respectively, compared to the same periods in 2011. The increased charges were the result of an increase in assets completed and placed into service during the year.

ENMAX Power

ENMAX Power's objective is to maintain the high reliability of its transmission and distribution system while meeting the challenges of growing infrastructure as Calgary expands. ENMAX Power expects continued expenditures on load growth associated with providing new customers with access to the electrical distribution system within the city, major transmission projects required to reinforce the existing system and replacement of aging infrastructure.

Business Update

Transmission and distribution capital projects which either commenced or continued in the nine months ended September 30, 2012, resulted in \$44.6 million being incurred for residential and non-residential development and \$22.3 million for system infrastructure. Capital work also was completed on asset replacement and modification projects with \$18.8 million being incurred during the nine months ended September 30, 2012, to meet industry standards and safety codes and for distribution automation. Investments of \$29.0 million were made in AESO required capital projects during the nine month period ended September 30, 2012. In addition, \$7.6 million was invested in other tools and equipment required for the business.

ENMAX Power is required by regulation to maintain a regulated capital structure of 59% debt to 41% equity for the distribution business and 63% debt to 37% equity in the transmission business.

Key business drivers

The allowed ROE under the formula based ratemaking (FBR) framework is 8.75%. This key measure for the Corporation's regulated businesses is only filed annually with the Alberta Utilities Commission (AUC) and as such is not tracked on a quarterly interim basis at a year-to-date level.

	Three Months Ended		Nine Months Ended	
	September 30		September 30	
	2012	2011	2012	2011
Electricity sold through the Calgary service area RRO (GWh)	434	507	1,392	1,665
Distribution volumes (GWh)	2,381	2,285	6,993	6,908
System average interruption duration index (SAIDI) ⁽¹⁾			0.32	0.30
System average interruption frequency index (SAIFI) ⁽²⁾			0.56	0.49

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

RRO electricity volumes sold decreased to 434 GWh in the three months ended September 30, 2012, compared with 507 GWh in the same period in 2011. For the nine months ended September 30, 2012, RRO electricity volumes sold decreased to 1,392 GWh compared with 1,665 GWh in the same period in 2011. Lower demand was seen as a result of customers switching from the RRO option to competitive options, as well as, milder weather reducing consumption.

Total electricity delivered in the Calgary service area increased for the third quarter of 2012 from the same period in the prior year with electricity volumes delivered during the three months ended September 30, 2012, at 2,381 GWh compared with 2,285 GWh in 2011. This modest increase was primarily due to an increase in number of customers served. For the nine months ended September 30, 2012, total electricity delivered in the Calgary service area increased from the same period in the prior year with electricity volumes delivered of 6,993 GWh compared with 6,908 GWh in the same period in 2011. This modest increase was primarily due to an increase in the number of customers served partially offset by milder weather.

Financial Results

ENMAX Power's financial results are driven by tariffs approved by the AUC for the regulated transmission, distribution and RRO businesses and by earnings from its non-regulated power services business. The regulated segment accounted for 86% and 85% respectively, of ENMAX Power's total revenue in the three and nine months ended September 30, 2012, compared with 86% and 88% respectively, in the same periods in 2011.

ENMAX Power recorded EBIT of \$25.3 million and \$61.3 million in the three and nine months ended September 30, 2012 respectively, compared with \$19.8 million and \$49.8 million in the same periods in the prior year.

A reconciliation of EBIT for the three and nine months ended September 30, 2012, as compared with the same periods in 2011 is as follows:

<i>(millions of dollars)</i>	Three Months Ended	Nine Months Ended
EBIT for the period ended September 30, 2011	19.8	49.8
Increased / (decreased) margins attributable to:		
Electricity	-	(2.6)
Transmission and distribution	6.4	12.4
Contractual services and other	(0.6)	5.9
(Increased) / decreased expenses:		
OM&A	1.0	(2.8)
Amortization	(1.3)	(1.4)
EBIT for the period ended September 30, 2012	25.3	61.3

Electricity margins from RRO customers remained consistent with the prior quarter at \$1.8 million. For the nine months ended September 30, 2012, electricity margins from RRO customers decreased \$2.6 million to \$5.0 million, compared with \$7.6 million for the nine months ended September 30, 2011. This decreased margin was primarily the result of higher electricity costs and a decrease in sales volumes as more customers took advantage of competitive offers.

Transmission and distribution margins consist of amounts charged for wires services net of electrical grid charges and local access fees. Transmission and distribution margins increased \$6.4 million to \$53.2 million for the three months ended September 30, 2012, compared with \$46.8 million in the same period in 2011. Transmission and distribution margins increased \$12.4 million to \$150.3 million for the nine months ended September 30, 2012, compared with \$137.9 million for the nine months ended September 30, 2011. These increases were due primarily to higher rates in both the transmission and distribution businesses related to AUC approved formula-based rate making and the impact of positive volume variances on the recovery of system access fees.

For the quarter ended September 30, 2012, margin for contractual services and other revenues decreased \$0.6 million to \$6.3 million compared with \$6.9 million in the third quarter last year. For the nine months ended September 30, 2012, margin for contractual services and other revenues increased \$5.9 million to \$20.7 million compared with \$14.8 million for the nine months ended September 30, 2011. The increase in margin year-to-date was driven primarily by higher activity levels in Calgary LRT projects and underground residential development.

OM&A expenses for the three months ended September 30, 2012, decreased \$1.0 million to \$22.7 million compared with \$23.7 million in the same periods in 2011. This decrease was primarily a result of an increase in administrative recoveries related to capital projects. OM&A expenses for the nine months ended September 30, 2012, increased \$2.8 million to \$75.2 million compared with \$72.4 million in the same periods in 2011. This increase was driven primarily by a year-to-date decrease in administration recoveries related to capital and billable projects; increased staffing costs due primarily to growth in the ENMAX Power workforce to support and plan for capital projects and safety initiatives and growth in ENMAX Power Services business related to the increased construction work

Amortization for the three and nine months ended September 30, 2012, totalled \$13.3 million and \$39.5 million respectively, compared with \$12.0 million and \$38.1 million respectively, in the same periods in 2011. The increased charges were the result of an increase in the asset base from the end of the previous year, reflecting capital maintenance replacement and expansion of the Calgary and area transmission and distribution system. The amortization related to those new assets put into service was mostly offset by older assets concluding their depreciable lives.

ENMAX Corporate (including intersegment eliminations)

ENMAX Corporate provides shared services and financing to ENMAX Power and ENMAX Energy. During the three and nine months ended September 30, 2012, EBIT for ENMAX Corporate was \$0.7 million and \$2.3 million respectively, as compared with \$1.7 million and losses of \$2.0 million respectively, in the same periods in the prior year. The fluctuation in earnings is primarily due to changes in financing costs being charged to operating segments.

Key business drivers (presented at a consolidated level)

As at and for the period ended September 30 <i>(millions of dollars, unless otherwise noted)</i>	2012	2011
Employee count ⁽¹⁾	1,835	1,719
Long-term debt ⁽²⁾	\$1,632.3	\$1,541.3

(1) Employee count is total employees.

(2) Includes current and long-term portions.

Employee count has increased primarily due to growth in the ENMAX Power workforce to support and plan for the aging workforce in that group; an increasing sales force; growth in the generation infrastructure, engineering and commodity management groups for the developing generation business; growth in ENMAX Power Services business related to the increased construction work and growth in corporate services to support the growing business. Long-term debt has increased due primarily to the issuance of debt for the regulated business in the second quarter, offset by regular repayments of debt.

3 SELECTED QUARTERLY FINANCIAL DATA

<i>(millions of dollars, except operating statistics)</i>	2012			2011			2010	
	Third	Second	First	Fourth	Third	Second	First	Fourth
Total revenue	804.6	665.8	842.0	858.0	789.2	647.3	815.6	656.0
Operating margin ⁽¹⁾	145.1	174.3	180.9	170.9	144.4	166.0	156.1	167.5
EBIT ⁽¹⁾	44.4	70.1	79.4	66.2	48.5	68.7	63.9	62.0
Net earnings	45.4	53.1	62.6	42.8	41.9	50.1	49.8	42.5
Funds generated from operations ⁽¹⁾	98.9	90.1	109.6	124.3	83.8	98.5	104.9	74.0
Cash used in investing activities	191.0	113.4	113.3	121.7	137.7	102.9	95.8	53.5
Cash provided by (used in) financing activities	12.6	(40.1)	(12.9)	65.5	40.4	52.2	42.5	(33.2)

(1) Non-GAAP financial measure. See discussion that follows in Section 4 of the MD&A.

Many variables must be considered regarding the seasonality of operating margin, EBITDA, net earnings and funds generated from operations. Overall, the bulk of the Corporation's business does not experience extreme cyclical activities which would allow identification of common variations quarter over quarter.

Electricity volumes sold and electricity volumes distributed to industrial and institutional customers are not normally seasonal in nature. Volumes are predominantly cyclical on a 24-hour period. Residential volumes sold and distributed peak in the winter resulting in higher revenues during winter months. Volume requirements of commercial customers peak in the summer months with higher demand for air conditioning. This however, 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.

Natural gas volumes and prices are correlated with the time of year as a result of weather patterns. Natural gas consumption and prices will increase with extreme weather 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 gas-fired generation. Revenue levels tend to decline in the fall and spring due to these unfavourable trends in natural gas prices and volumes during those parts of the calendar year.

4 NON-GAAP FINANCIAL MEASURES

The Corporation provides non-GAAP financial measures in the MD&A. These measures do not have any standard meaning prescribed by GAAP and may not be comparable to similar measures presented by other companies. The purpose of these financial measures and their reconciliation to GAAP financial measures are shown below. These non-GAAP measures are consistent with the measures used in the previous year, with the exception of the addition of EBIT, which has been added to measure operating profits less the accounting-based cost of capital assets.

Operating margin

<i>(millions of dollars)</i>	Three Months Ended September 30		Nine Months Ended September 30	
	2012	2011	2012	2011
Electricity margins	77.7	83.7	292.0	279.6
Natural gas margins	0.1	0.3	10.0	7.9
Transmission and distribution margins	53.2	46.8	150.3	137.9
Contractual services margins ⁽¹⁾ and other revenue	14.1	14.6	47.9	38.3
Operating margin (non-GAAP financial measure)	145.1	145.4	500.2	463.7
Deduct: OM&A, amortization, interest and income taxes	99.7	103.3	339.1	325.1
Net earnings from continuing operations (GAAP financial measure)	45.4	42.1	161.1	138.6

(1) Contractual services margins includes earnings from Envision's advanced data communications division; distributed generation; home services; 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 both revenue and cost of services. Operating margin better reflects the profitability of the Corporation's business than revenue levels alone.

EBITDA

<i>(millions of dollars)</i>	Three Months Ended September 30		Nine Months Ended September 30	
	2012	2011	2012	2011
Adjusted EBITDA (non-GAAP financial measure)	86.1	88.7	319.1	306.7
(Add) / Deduct: EBITDA from discontinued operations	-	(0.2)	-	3.2
Standardized EBITDA	86.1	88.9	319.1	303.5
Deduct: Amortization	41.7	40.4	125.2	122.4
Interest	11.0	13.0	32.6	39.4
Income taxes	(12.0)	(6.6)	0.2	3.1
Net earnings from continuing operations (GAAP financial measure)	45.4	42.1	161.1	138.6

EBITDA is a useful measure of business performance, as management believes it provides an indication of the cash flow results generated by the Corporation's 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

<i>(millions of dollars)</i>	Three Months Ended September 30		Nine Months Ended September 30	
	2012	2011	2012	2011
EBIT (non-GAAP financial measure)	44.4	48.5	193.9	181.1
Deduct: Interest	11.0	13.0	32.6	39.4
Income taxes	(12.0)	(6.6)	0.2	3.1
Net earnings from continuing operations (GAAP financial measure)	45.4	42.1	161.1	138.6

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

Funds generated from operations

<i>(millions of dollars)</i>	Three Months Ended September 30		Nine Months Ended September 30	
	2012	2011	2012	2011
Funds generated from operations (non-GAAP financial measure)	98.9	83.8	298.6	287.2
Changes in non-cash working capital	82.1	(48.6)	157.6	(110.3)
Employee future benefits	1.4	(1.3)	5.3	(4.9)
Cash provided by operating activities (GAAP financial measure)	182.4	33.9	461.5	172.0

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

Total interest cost

<i>(millions of dollars)</i>	Three Months Ended September 30		Nine Months Ended September 30	
	2012	2011	2012	2011
Total interest cost (non-GAAP financial measure)	22.6	21.6	65.5	61.7
Ineffective portion of interest rate swaps	(0.3)	0.3	(0.9)	(0.2)
Capitalized interest	(12.4)	(9.9)	(34.7)	(24.4)
Other non-interest financing costs	1.1	1.0	2.7	2.3
Interest expense (GAAP financial measure)	11.0	13.0	32.6	39.4

Total interest cost is used in determining the Corporation's interest coverage ratios.

5 FINANCIAL CONDITION

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

<i>(millions of dollars, except % change)</i>	September 30, 2012	December 31, 2011	\$ Change	% Change	Explanation for change
ASSETS					
Accounts receivable	616.7	668.8	(52.1)	(8%)	Lower due to impact of lower pool prices on sales.
Income tax receivable ⁽¹⁾	77.9	45.7	32.2	70%	Required instalments on current and prior year positions.
Other current assets ⁽¹⁾	0.7	(35.8)	36.5	102%	Increase in fair value of hedging instruments.
Property, plant and equipment	3,131.9	2,742.4	389.5	14%	Capital expenditures, net of amortization.
Power purchase arrangements	435.4	473.7	(38.3)	(8%)	Amortization on Keephills and Battle River PPAs.
LIABILITIES AND SHAREHOLDER'S EQUITY					
Short-term debt	60.4	166.8	(106.4)	(64%)	See Section 6: Liquidity and capital resources.
Dividend payable	14.0	-	14.0	100%	Dividend declared in March to be paid in four payments over the course of the year.
Accounts payable and accrued liabilities	566.5	384.5	182.0	47%	Timing of the payment of power pool invoices has increased payables levels.
Future income tax liability ⁽²⁾	25.1	5.0	20.1	402%	Changes in current and prior year positions.
Long-term debt	1,571.5	1,468.5	103.0	7%	Receipt of \$143.8 million in new Alberta Capital Financing Authority (ACFA) financing during the year, offset by regular debt repayments.
Other long-term liabilities ⁽¹⁾	15.0	42.1	(27.1)	(64%)	Decrease in fair value of hedging instruments.

⁽¹⁾ Net asset and liability positions.

⁽²⁾ Net asset and liability positions. Includes both current and long-term portions.

6 LIQUIDITY AND CAPITAL RESOURCES

Capitalization

As at (millions of dollars)	September 30, 2012	December 31, 2011
Long-term debt ⁽¹⁾	1,632.3	1,522.2
Shareholder's equity		
Share capital	280.1	280.1
Retained earnings	1,837.5	1,732.4
Accumulated other comprehensive loss	(1.6)	(68.8)
Total shareholder's equity	2,116.0	1,943.7
Total capitalization (long-term debt plus shareholder's equity)	3,748.3	3,465.9

(1) Includes the current portion of long-term debt of \$60.8 million (December 31, 2011 - \$53.7 million). Maturity dates range from November 2012 to June 2037.

The details of share capital are as follows:

As at September 30, 2012 and December 31, 2011 (millions of dollars, except share amounts)	Number of Shares	Amount
Authorized:		
Unlimited number of common shares		
Issued and outstanding:		
Issued on incorporation (one dollar)	1	-
Issued on transfer of net assets from Calgary Electric System (CES)	1	278.2
Issued on transfer of billing and customer care assets from The City of Calgary (The City) in 2001	1	1.9
	3	280.1

The details of total liquidity and capital reserves are as follows:

As at (millions of dollars)	September 30, 2012	December 31, 2011
Committed and available bank credit facilities	1,150.0	900.0
Letters of credit issued:		
Power pool purchases	122.6	173.6
Energy trading	23.3	49.0
Regulatory commitments	107.9	80.6
Asset commitments	34.7	16.8
PPAs	67.3	67.3
	355.8	387.3
Commercial paper and overdraft	60.4	166.8
Remaining available bank facilities	733.8	345.9
Cash on hand	38.8	35.4
Total liquidity and capital reserves	772.6	381.3

The increase in total liquidity and capital reserves during the nine months ended September 30, 2012, can be attributed primarily to a \$250.0 million increase in available bank credit facilities and lower collateral requirements due to a decrease in commodity prices which reduced the level of letters of credit issued for power pool purchases and energy trading. In addition, improved cash flows from operations resulted in a reduction in the amount of commercial paper issued and outstanding at September 30, 2012.

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

As at (millions of dollars)	September 30, 2012	December 31, 2011
Long-term debt, ⁽¹⁾ consisting of:		
Alberta Capital Financing Authority (ACFA) debentures, with remaining terms of:		
Less than 5 years	58.0	50.1
5 – 10 years	136.2	147.4
11 – 15 years	8.1	-
16 – 20 years	140.6	60.0
21 – 25 years	505.9	475.4
Private debentures		
Series 1, remaining term of 7 years, bullet maturity on June 19, 2018	297.7	297.4
Series 2, remaining term of 3 years, bullet maturity on April 8, 2014	249.4	249.2
Non-recourse term financing (Kettles and CEC), remaining term of 6 and 16 years, respectively	231.3	237.4
Promissory note, remaining term of 16 years	5.1	5.3
	1,632.3	1,522.2

(1) Includes current portion of long-term debt of \$60.8 million (December 31, 2011 - \$53.7 million). Maturity dates range from August 2012 to June 2037.

Payments due by period

The Corporation has the following contractual obligations which may impact the Corporation's financial condition in the future:

<i>(millions of dollars)</i>	Total	Less than 1 year	1 – 3 years	4 – 5 years	After 5 years
Total debt ⁽¹⁾	1,692.7	121.2	329.4	129.5	1,112.6
Operating leases	47.0	10.3	10.1	4.1	22.5
Purchase obligations ⁽²⁾	204.9	106.2	52.9	14.2	31.6
Asset retirement obligations	14.6	-	-	-	14.6
Other long-term obligations ⁽³⁾	75.0	-	26.1	19.0	29.9
Total contractual obligations	2,034.2	237.7	418.5	166.8	1,211.2

(1) Total debt excludes interest payments.

(2) Purchase obligations means an agreement to purchase goods or services that is enforceable and legally binding on ENMAX that specifies all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum, or variable price provisions; and the approximate timing of the transaction.

(3) Other long-term obligations means other long-term liabilities reflected on the Corporation's balance sheet.

ENMAX has historically paid The City annual dividends of at least the higher of 30% of the prior year's net earnings or \$30 million. Dividends for a fiscal year are established in the first quarter of the same fiscal year.

Financial ratios

<i>As at</i> <i>(millions of dollars)</i>	September 30, 2012	December 31, 2011
Long-term debt to total capitalization ⁽¹⁾	43.5%	43.9%
Debt to EBITDA ⁽²⁾	3.8X	3.7X
EBITDA to total interest ⁽³⁾	5.0X	5.0X

(1) As at period end, long-term debt (including current portion) to total capitalization is equal to long-term debt divided by total long-term debt plus shareholder's equity. If cash was netted against the debt, the ratio as at September 30, 2012, would be 43.0% (December 31, 2011 – 42.9%).

(2) Debt to EBITDA is equal to long-term debt (including current portion) divided by EBITDA for the last 12 month rolling period.

(3) EBITDA to total interest is equal to EBITDA for the last 12 month rolling period divided by gross interest cost (non-GAAP financial measures) calculated on a twelve-month rolling basis.

Capital strategy

The Corporation funds its business with a view to maintaining a conservative capital structure in line with its strategy of maintaining a stable, investment-grade credit rating. While the Corporation has set long-term target ratios for long-term debt to total capitalization at a maximum of 45%, a Debt to EBITDA ratio at a maximum of 3.5 times and an EBITDA to total interest coverage ratios at five times or better, very low electricity prices, high capital expenditures associated with significant construction projects or other factors could result in the Corporation not reaching its targets for short periods of time. Targets are managed using a long-term view and set at more conservative levels than actual debt covenants. Standard & Poor's has assigned a BBB+ rating with a stable outlook. Dominion Bond Rating Services also affirmed its credit rating of A (low) on September 18, 2012. These ratings provide reasonable access to debt capital markets.

The principal financial covenants in ENMAX's credit facilities are interest coverage and debt to capitalization. As at September 30, 2012, the Corporation is in compliance with these financial covenants.

Cash provided by operating activities

Funds generated from operations for the three and nine months ended September 30, 2012, were \$98.9 million and \$298.6 million respectively, compared with \$83.8 million and \$287.2 million respectively, in the same periods in 2011. The increase in funds generated was primarily due to higher cash generating earnings.

Cash provided by operating activities for the three months ended September 30, 2012, was higher than the prior year at \$182.4 million compared to \$33.9 million in 2011. For the nine months ended September 30, 2012, cash provided by operations increased \$289.5 million to \$461.5 million from \$172.0 million. The increase was driven by higher cash generating earnings and improved working capital. The working capital improvement was primarily due to a reduction in accounts receivable due to lower commodity prices and volumes and higher accounts payable due to the timing of payments to the power pool for electricity.

Investing activities

Capital investment, including capital accruals, was \$188.1 million and \$476.3 million respectively, in the three and nine months ended September 30, 2012, as compared to \$133.4 million and \$432.0 million from the same periods last year. Capital projects for the three and nine months ended September 30, 2012, included \$36.2 million and \$103.7 million respectively, related to investment in the transmission and distribution network in Calgary and surrounding area, \$144.2 million and \$356.1 million respectively, in costs related to Calgary area generation projects (primarily the Shepard Energy Project) and \$7.7 million and \$16.5 million respectively, related to other small capital additions including IT development.

Financing activities

ENMAX repaid \$9.2 million and \$33.2 million respectively, of long-term debt in regularly scheduled principal payments during the three and nine months ended September 30, 2012, compared with \$9.0 million and \$32.6 million respectively, in the same periods in 2011. These repayments were sourced through operating activities.

On March 8, 2012, the Corporation declared a dividend of \$56.0 million payable to The City in quarterly instalments throughout 2012. The three quarterly instalments of the dividend have been paid, and the remaining instalment will be paid during the balance of 2012.

On June 15, 2012, the Corporation obtained \$143.4 million of financing from The City through arrangements with the ACFA to fund ongoing investment relating to the regulated transmission and distribution network in Calgary and the surrounding area.

At September 30, 2012, cash and cash equivalents amounted to \$38.8 million compared with \$35.4 million at December 31, 2011. ENMAX had \$60.0 million of outstanding Commercial Paper as at September 30, 2012, compared with \$165.0 million at December 31, 2011 and an overdraft of \$0.4 million on bank accounts compared with \$1.8 million at December 31, 2011.

7 FUTURE ACCOUNTING CHANGES

On February 13, 2008, the Accounting Standards Board of Canada (AcSB) confirmed the changeover from GAAP to International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB), will be effective for fiscal years beginning on or after January 1, 2011. On September 30, 2010, the AcSB issued an amendment to this directive which allowed entities that have activities subject to rate regulation to delay adoption of IFRS until January 1, 2012. Future deferrals were issued in March 2012, and September 2012, extending the existing deferral date to January 1, 2013, and 2014 respectively. The Corporation has chosen to take these options and will apply IFRS in reporting interim and annual consolidated financial statements beginning January 1, 2014, including comparative 2013 results. While IFRS uses a conceptual framework similar to GAAP, there will be differences in accounting policies. The Corporation is assessing the impact of the latest deferral and revising project plans to meet this new timeline.

8 CRITICAL ACCOUNTING ESTIMATES

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

ENMAX's critical accounting estimates are related to 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 ENMAX's financial position or results of operations. These critical estimates are described in ENMAX's 2011 Financial Report in Section 9 of the Management's Discussion and Analysis and in Note 2 of the Consolidated Financial Statements.

9 RISK MANAGEMENT AND UNCERTAINTIES

ENMAX's approach to risk management addresses risk exposures across all of the Corporation's business activities and risk types. After consultation with the Board, management developed and implemented an Enterprise Risk Management (ERM) program in 2008 to identify, analyze, evaluate, treat and communicate the Corporation's risk exposures in a manner consistent with ENMAX's business objectives and risk appetite. To ensure the risk management processes at ENMAX continue to keep pace with the changing needs of the organization, ENMAX made some enhancements to its enterprise risk assessment process during 2011. These enhancements were designed to improve management's ability to identify and manage risk and to ensure that the consideration of risk continues to be a key component of the decision-making process. For further information on risks, refer to Section 10 of the MD&A in ENMAX's 2011 Financial Report.

10 FINANCIAL INSTRUMENTS

Energy trading derivatives are contracts-for-differences that are financial forwards and futures for electricity and gas positions. This does not include electricity and gas contracts that are not considered to be accounting derivatives (normal purchase and sale contracts). The fair value of ENMAX Energy's contracts-for-differences is determined by estimating the amounts that would have to be received or paid to counterparties to terminate the contracts at September 30, 2012 and December 31, 2011. The following contracts-for-differences were outstanding at the end of the period:

As at	September 30, 2012	December 31, 2011
Notional Quantities		
Electricity sales (GW)	4,430	3,650
Natural gas sales (TJ)	406	323
Electricity purchases (GW)	2,327	941
Natural gas purchases (TJ)	14,183	14,610

At September 30, 2012, on the basis of electricity and natural gas prices at that date, the fair market value of these contracts; amounted to an unrealized positive mark-to-market adjustment of \$20.5 million as compared to negative market-to-market adjustment of \$61.3 million as at December 31, 2011. This amount does not reflect the fact that these contracts will settle at prices in effect in the future.

Refer to Note 4 of the 2012 third quarter Consolidated Financial Statements for further information on financial instruments.

11 ASSET RETIREMENT OBLIGATIONS

At September 30, 2012, the Corporation has asset retirement obligations relating to the following generating assets: McBride, Taber, Crossfield, Kettles and CEC. The Corporation also has an asset retirement obligation relating to the Envision business unit for its high-speed, fibre optic assets. The accretion expense on these assets is included in the OM&A line in the statement of income.

The expected remediation liability and timing for each asset is disclosed in the table below:

<i>(millions of dollars)</i>	Amount	Date
McBride Lake	47.8	September 2057
Taber	32.4	December 2057
Kettles Hill	26.2	May 2071
Crossfield	10.4	December 2048
CEC	29.6	March 2043
Envision	0.5	June 2021

12 TRANSACTIONS WITH RELATED PARTIES

ENMAX's related-party transactions comprise both revenues from and expenditures to The City of Calgary (The City). The City is the sole shareholder of the Corporation. In the three and nine months ended September 30, 2012, transactions with The City amounted to \$20.9 and \$69.9 million in revenue respectively, compared with \$21.3 million and \$72.8 million respectively, in the same periods in 2011. The significant components include contract sales of electricity, provision of non-regulated power distribution services and billing and customer care services relating to The City's utility departments. In the three and nine months ended September 30, 2012, total expenditures for goods and services received from The City were \$36.6 million and \$117.4 million respectively compared with \$33.1 million and \$94.0 million respectively, in the same periods in 2011. Most of these expenditures were for local access fees for the use of The City's rights-of-way, the cost of which is passed through by ENMAX directly to distribution customers. The measurement basis used in determining the above values is fair market value; that is, the measurement basis is the same as would be used for a third party arm's length transaction.

In addition, on June 15, 2012, the Corporation obtained \$143.4 million of financing from The City through arrangements with the Alberta Capital Financing Authority to fund ongoing investment in the regulated business. This brings the total debt owed to The City to \$848.7 million at September 30, 2012, (\$732.9 million at December 31, 2011). Interest paid on this debt for the three and nine months ended September 30, 2012, was \$2.9 million and \$19.5 million respectively (2011 - \$3.3 and \$18.2 million respectively). Principal payments of \$27.6 million were made during the nine months ended September 30, 2012 (\$26.9 million for the same period in 2011).

13 OUTLOOK

The discussion in this section is qualified by the caution to reader at the beginning of the MD&A.

The financial results forecasted for 2012 are based on certain assumptions about factors that are outside of the control of the Corporation. Actual results that differ from these assumptions could have a significant impact on expected results. The key assumptions that could significantly impact forecast earnings are commodity prices, residential and small business volumes, unplanned outages at generating facilities, settlement of contingencies, regulatory changes and project execution on the Corporation's large capital projects.

The Corporation expects to see continued variability in electricity prices in 2012 with average prices being lower than those seen in 2011. The Corporation expects that natural gas prices will remain at relatively low levels. Unplanned outages at generating facilities can have a significant impact on electricity margins. The risk of unplanned outages is expected to stabilize in the remaining part of the year.

OM&A costs are expected to continue to see pressure as a result of growth in the business, inflationary increases on labour and salary costs and increased costs of the Corporation's defined benefit pension plan. Efforts continue to mitigate these increases through productivity improvements and general cost control measures.

As a result of the impacts from the above, ENMAX expects that net earnings for 2012 will be the same or modestly higher than the net earnings levels seen in 2011. This level of earnings and the related operating cash flow is expected to provide a considerable amount of the financing required for the Corporation's 2012 development plans.

Looking out beyond the current year, the re-commissioning of two Alberta coal units, the Federal Government's announcement of new GHG rules which have extended the lives of coal plants up to 50 years without GHG reductions and the continued decline in natural gas prices will put pressure on power prices which could impact future years' earnings. In addition to these market changes, the Corporation's regulated business is approaching a significant milestone with the completion of its seven-year Formula-based Ratemaking (FBR) period at the end of 2013. Commensurate with a move by other Alberta distribution companies to Performance-based Ratemaking (PBR), ENMAX's electricity distribution business is expected to move to a PBR which is very similar, but not the same, as its FBR structure. The Company's electricity transmission business is expected to move back to a "cost of service" model in 2014. The rebasing of the Company's distribution business is expected to favourably influence the 2014 and go-forward revenue rates and therefore profitability of this segment.

14 ADDITIONAL INFORMATION

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

Please direct financial inquiries to:

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CONSOLIDATED BALANCE SHEETS

AS AT <i>(millions of dollars)</i>	September 30, 2012 <i>(unaudited)</i>	December 31, 2011
ASSETS		
Cash and cash equivalents	\$ 38.8	\$ 35.4
Accounts receivable (notes 4 and 5)	616.7	668.8
Income taxes receivable	89.9	53.3
Future income tax asset	18.4	13.9
Other current assets (notes 4 and 6)	81.7	54.4
	845.5	825.8
Property, plant and equipment (note 5)	3,131.9	2,742.4
Power purchase arrangements	435.4	473.7
Intangible assets	106.5	106.9
Goodwill	16.0	16.0
Employee future benefits (note 7)	20.0	25.1
Future income tax asset	52.8	74.4
Other long-term assets (notes 4, 5 and 6)	70.8	63.5
TOTAL ASSETS	\$ 4,678.9	\$ 4,327.8
LIABILITIES		
Short-term debt (notes 4 and 8)	\$ 60.4	\$ 166.8
Accounts payable and accrued liabilities (notes 4 and 5)	566.5	384.5
Dividend payable	14.0	-
Income taxes payable	12.0	7.6
Future income tax liability	3.7	1.4
Current portion of long-term debt (note 4)	60.8	53.7
Other current liabilities (notes 4 and 6)	81.0	90.2
	798.4	704.2
Long-term debt (note 4)	1,571.5	1,468.5
Future income tax liability	92.6	91.9
Other long-term liabilities (notes 4 and 6)	85.8	105.6
Asset retirement obligations	14.6	13.9
	2,562.9	2,384.1
SHAREHOLDER'S EQUITY		
Share capital	280.1	280.1
Retained earnings	1,837.5	1,732.4
Accumulated other comprehensive loss (note 9)	(1.6)	(68.8)
	2,116.0	1,943.7
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	\$ 4,678.9	\$ 4,327.8
Commitments and contingencies (note 10)		

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF EARNINGS AND COMPREHENSIVE INCOME

(unaudited) (millions of dollars)	THREE MONTHS ENDED September 30		NINE MONTHS ENDED September 30	
	2012	2011	2012	2011
REVENUE (note 3)				
Electricity	\$ 620.0	\$ 601.3	\$ 1,673.0	\$ 1,596.9
Natural gas	37.1	44.5	185.1	240.4
Transmission and distribution	78.6	73.9	225.6	220.2
Local access fees	36.0	31.8	113.7	89.1
Contractual services	31.7	35.2	107.9	94.4
Other	1.2	2.5	7.0	7.3
TOTAL REVENUE	804.6	789.2	2,312.3	2,248.3
COST OF SERVICES PROVIDED (note 3)				
Electricity	542.3	517.6	1,381.0	1,317.3
Natural gas	37.0	44.2	175.1	232.5
Transmission and distribution	25.4	27.1	75.3	82.3
Local access fees	36.0	31.8	113.7	89.1
Contractual services	18.8	23.1	67.0	63.4
Operations, maintenance and administration	54.9	55.5	176.1	163.0
Foreign exchange loss (gain)	4.1	1.0	5.0	(2.8)
TOTAL COST OF SERVICES PROVIDED	718.5	700.3	1,993.2	1,944.8
EARNINGS BEFORE AMORTIZATION, INTEREST AND INCOME TAXES	86.1	88.9	319.1	303.5
Amortization	41.7	40.4	125.2	122.4
Interest	11.0	13.0	32.6	39.4
Current income taxes	(9.9)	(9.5)	(0.7)	(3.9)
Future income taxes	(2.1)	2.9	0.9	7.0
NET EARNINGS FROM CONTINUING OPERATIONS	45.4	42.1	161.1	138.6
Net earnings (loss) from discontinued operations, net of tax (note 11)	-	(0.2)	-	3.2
NET EARNINGS	45.4	41.9	161.1	141.8
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX				
Unrealized losses on available-for-sale financial assets arising during the period	-	-	(0.1)	(1.5)
Realized losses on available-for-sale financial assets arising during the period	-	-	0.1	2.5
Unrealized gain (losses) on derivatives designated as cash flow hedges, includes future income tax expense of \$10.9 and \$15.9 for the three and nine month periods, respectively (2011 - \$6.6 and \$13.9 benefit)	35.4	(24.5)	42.2	(35.9)
Realized losses on derivatives designated as cash flow hedges in prior periods transferred to net earnings in the current period, includes future income tax benefit of \$1.5 and \$2.2 for the three and nine month periods, respectively (2011 - \$2.1 and \$3.6 expense)	9.5	8.7	25.0	15.8
Other comprehensive income (loss), net of tax	44.9	(15.8)	67.2	(19.1)
COMPREHENSIVE INCOME	\$ 90.3	\$ 26.1	\$ 228.3	\$ 122.7

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDER'S EQUITY

<i>(unaudited)</i> <i>(millions of dollars)</i>	Share capital	Retained earnings	Accumulated other comprehensive income (loss)	Total
BALANCE, JANUARY 1, 2011	\$ 280.1	\$ 1,603.4	\$ (38.3)	\$ 1,845.2
Net earnings	-	49.8	-	49.8
Dividends	-	(55.6)	-	(55.6)
Other comprehensive loss including future tax benefit of \$4.5	-	-	(1.1)	(1.1)
BALANCE, MARCH 31, 2011	280.1	1,597.6	(39.4)	1,838.3
Net earnings	-	50.1	-	50.1
Other comprehensive loss including future tax benefit of \$1.3	-	-	(2.2)	(2.2)
BALANCE, JUNE 30, 2011	280.1	1,647.7	(41.6)	1,886.2
Net earnings	-	41.9	-	41.9
Other comprehensive loss including future tax expense of \$4.5	-	-	(15.8)	(15.8)
BALANCE, SEPTEMBER 30, 2011	280.1	1,689.6	(57.4)	1,912.3
Net earnings	-	42.8	-	42.8
Other comprehensive loss including future tax benefit of \$11.2	-	-	(11.4)	(11.4)
BALANCE, DECEMBER 31, 2011	280.1	1,732.4	(68.8)	1,943.7
Net earnings	-	62.6	-	62.6
Dividends	-	(56.0)	-	(56.0)
Other comprehensive income including future tax expense of \$5.6	-	-	15.8	15.8
BALANCE, MARCH 31, 2012	280.1	1,739.0	(53.0)	1,966.1
Net earnings	-	53.1	-	53.1
Other comprehensive income including future tax expense of \$0.1	-	-	6.5	6.5
BALANCE, JUNE 30, 2012	280.1	1,792.1	(46.5)	2,025.7
Net earnings	-	45.4	-	45.4
Other comprehensive income including future tax expense of \$12.4	-	-	44.9	44.9
BALANCE, SEPTEMBER 30, 2012	\$ 280.1	\$ 1,837.5	\$ (1.6)	\$ 2,116.0

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

<i>(unaudited)</i> <i>(millions of dollars)</i>	THREE MONTHS ENDED September 30,		NINE MONTHS ENDED September 30,	
	2012	2011	2012	2011
CASH PROVIDED BY (USED IN):				
OPERATING ACTIVITIES				
Net earnings	\$ 45.4	\$ 41.9	\$ 161.1	\$ 141.8
Items not involving cash:				
Loss (gain) on disposal of assets held for sale	-	0.2	-	(2.4)
Amortization	41.7	40.4	125.2	122.4
Future income taxes	(2.1)	2.9	0.9	7.0
Change in unrealized market value of financial contracts (note 4)	14.4	(7.5)	10.7	(1.4)
Other	(0.5)	5.9	0.7	19.8
	98.9	83.8	298.6	287.2
Change in non-cash working capital	82.1	(48.6)	157.6	(110.3)
Employee future benefits	1.4	(1.3)	5.3	(4.9)
	182.4	33.9	461.5	172.0
INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(202.0)	(133.4)	(439.4)	(430.3)
Net proceeds from disposal of assets held for sale	-	-	-	102.0
Additions to power purchase arrangements	-	-	(1.4)	(9.3)
Other long-term assets	8.5	(4.3)	13.8	(6.4)
Contributions in aid of construction and other grants	2.5	-	9.3	7.6
	(191.0)	(137.7)	(417.7)	(336.4)
FINANCING ACTIVITIES				
Repayment of short-term debt	(324.5)	-	(1,814.3)	(359.5)
Proceeds of short-term debt	360.0	65.1	1,708.0	424.6
Proceeds of long-term debt	-	-	143.4	145.9
Repayment of long-term debt	(9.2)	(9.0)	(33.2)	(32.6)
Dividend paid	(14.0)	(13.9)	(42.0)	(41.7)
Other long-term liabilities	0.3	(1.8)	(2.3)	(1.6)
	12.6	40.4	(40.4)	135.1
Increase (decrease) in cash and cash equivalents	4.0	(63.4)	3.4	(29.3)
Cash and cash equivalents, beginning of period	34.8	99.9	35.4	65.8
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 38.8	\$ 36.5	\$ 38.8	\$ 36.5
Supplementary information:				
Interest paid	7.9	7.7	50.3	47.4
Income taxes paid	6.6	10.4	30.5	29.3
Cash and cash equivalents consist of:				
Cash	32.3	36.5	32.3	36.5
Short-term investments	6.5	-	6.5	-

See accompanying Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

1. Significant accounting policies

The interim consolidated financial statements of ENMAX Corporation and its subsidiaries (ENMAX or the Corporation) have been prepared in accordance with Canadian generally accepted accounting principles (GAAP). The accounting policies and presentation applied are consistent with those outlined in the Corporation's audited annual consolidated financial statements for the year ended December 31, 2011.

These interim consolidated financial statements do not include all disclosures required in the annual consolidated financial statements and should be read in conjunction with the annual consolidated financial statements included in ENMAX's 2011 Financial Report. Amounts are stated in millions of Canadian dollars, except as otherwise noted.

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

2. Future accounting changes

International financial reporting standards (IFRS)

The Accounting Standards Board of Canada (AcSB) extended the existing deferral of the mandatory IFRS changeover date for entities with qualifying rate-regulated activities by an additional year to January 1, 2014. The Corporation has chosen to take this option and will apply IFRS in preparing its interim and annual consolidated financial statements, including comparative periods, beginning January 1, 2014, including comparative 2013 results. While IFRS uses a conceptual framework similar to GAAP, there will be differences in accounting policies which will impact reported financial results.

3. Segmented information

THREE MONTHS ENDED SEPTEMBER 30, <i>(millions of dollars)</i>	ENMAX Energy		ENMAX Power		Corporate & Intersegment Eliminations		Consolidated Totals	
	2012	2011	2012	2011	2012	2011	2012	2011
REVENUE								
Electricity	\$ 678.1	\$ 653.0	\$ 45.5	\$ 52.4	\$ (103.6)	\$ (104.1)	\$ 620.0	\$ 601.3
Natural gas	37.1	44.5	-	-	-	-	37.1	44.5
Transmission and distribution	-	-	78.6	73.9	-	-	78.6	73.9
Local access fees	-	-	36.0	31.8	-	-	36.0	31.8
Contractual services	14.3	12.5	22.5	28.7	(5.1)	(6.0)	31.7	35.2
Other	2.5	3.1	0.7	0.7	(2.0)	(1.3)	1.2	2.5
TOTAL REVENUE	732.0	713.1	183.3	187.5	(110.7)	(111.4)	804.6	789.2
COST OF SERVICES PROVIDED								
Electricity	602.1	571.0	43.7	50.6	(103.5)	(104.0)	542.3	517.6
Natural gas	37.0	44.2	-	-	-	-	37.0	44.2
Transmission and distribution	-	-	25.4	27.1	-	-	25.4	27.1
Local access fees	-	-	36.0	31.8	-	-	36.0	31.8
Contractual services	2.2	0.8	16.9	22.5	(0.3)	(0.2)	18.8	23.1
Operations, maintenance and administration	40.4	41.4	22.7	23.7	(8.2)	(9.6)	54.9	55.5
Foreign exchange loss	4.1	1.0	-	-	-	-	4.1	1.0
TOTAL COST OF SERVICES PROVIDED	685.8	658.4	144.7	155.7	(112.0)	(113.8)	718.5	700.3
EARNINGS (LOSS) BEFORE INTEREST, INCOME TAXES, AND AMORTIZATION	46.2	54.7	38.6	31.8	1.3	2.4	86.1	88.9
Amortization	27.8	27.7	13.3	12.0	0.6	0.7	41.7	40.4
EARNINGS (LOSS) BEFORE INTEREST AND INCOME TAXES	18.4	27.0	25.3	19.8	0.7	1.7	44.4	48.5
Interest							11.0	13.0
Income taxes							(12.0)	(6.6)
NET EARNINGS FROM CONTINUING OPERATIONS							45.4	42.1
Net loss from discontinued operations							-	(0.2)
NET EARNINGS							45.4	41.9
GOODWILL	16.0	16.0	-	-	-	-	16.0	16.0
CAPITAL ADDITIONS¹	149.0	94.8	36.2	36.1	2.9	2.5	188.1	133.4

¹Included in the total capital additions for the three months ended september 30th 2012 is construction in progress of \$184.0 million.

3. Segmented information (continued)

NINE MONTHS ENDED SEPTEMBER 30, (millions of dollars)	ENMAX Energy		ENMAX Power		Corporate & Intersegment Eliminations		Consolidated Totals	
	2012	2011	2012	2011	2012	2011	2012	2011
REVENUE								
Electricity	\$1,848.9	\$ 1,739.1	\$ 143.5	\$ 149.9	(319.4)	\$ (292.1)	\$1,673.0	\$ 1,596.9
Natural gas	185.1	240.4	-	-	-	-	185.1	240.4
Transmission and distribution	-	-	225.6	220.2	-	-	225.6	220.2
Local access fees	-	-	113.7	89.1	-	-	113.7	89.1
Contractual services	42.3	39.3	81.4	73.5	(15.8)	(18.4)	107.9	94.4
Other	10.8	12.9	1.3	1.8	(5.1)	(7.4)	7.0	7.3
TOTAL REVENUE	2,087.1	2,031.7	565.5	534.5	(340.3)	(317.9)	2,312.3	2,248.3
COST OF SERVICES PROVIDED								
Electricity	1,561.0	1,466.7	138.5	142.3	(318.5)	(291.7)	1,381.0	1,317.3
Natural gas	175.1	232.5	-	-	-	-	175.1	232.5
Transmission and distribution	-	-	75.3	82.3	-	-	75.3	82.3
Local access fees	-	-	113.7	89.1	-	-	113.7	89.1
Contractual services	5.9	3.6	62.0	60.5	(0.9)	(0.7)	67.0	63.4
Operations, maintenance and administration	126.4	115.8	75.2	72.4	(25.5)	(25.2)	176.1	163.0
Foreign exchange loss (gain)	5.0	(2.8)	-	-	-	-	5.0	(2.8)
TOTAL COST OF SERVICES PROVIDED	1,873.4	1,815.8	464.7	446.6	(344.9)	(317.6)	1,993.2	1,944.8
EARNINGS (LOSS) BEFORE INTEREST, INCOME TAXES, AND AMORTIZATION	213.7	215.9	100.8	87.9	4.6	(0.3)	319.1	303.5
Amortization	83.4	82.6	39.5	38.1	2.3	1.7	125.2	122.4
EARNINGS (LOSS) BEFORE INTEREST AND INCOME TAXES	130.3	133.3	61.3	49.8	2.3	(2.0)	193.9	181.1
Interest							32.6	39.4
Income taxes							0.2	3.1
NET EARNINGS FROM CONTINUING OPERATIONS							161.1	138.6
Net gain from discontinued operations							-	3.2
NET EARNINGS							\$ 161.1	\$ 141.8
GOODWILL	16.0	16.0	-	-	-	-	16.0	16.0
CAPITAL ADDITIONS¹	366.5	340.0	103.7	90.2	6.1	1.8	476.3	432.0

¹Included in the total capital additions for the nine months ended september 30th 2012 is construction in progress of \$390.2 million.

Segmented Total Assets

As at (millions of dollars)	September 30, 2012	December 31, 2011
ENMAX Energy	3,315.4	2,960.6
ENMAX Power	1,321.1	1,323.0
Corporate and eliminations	42.4	44.2
	4,678.9	4,327.8

4. 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.

Sensitivity analysis on market risks

The analysis below represents the effect of market risks on the Corporation's results as those risks apply to derivative financial instruments. Non-derivative financial instruments are recorded at cost. The carrying amounts of non-derivative financial instruments are not affected by changes in market variables, whereas carrying amounts of derivative financial instruments are affected by market variables.

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

Certain assumptions have been made in arriving at the sensitivity analysis. These assumptions are as follows:

- The same fair value methodologies have been used as were used to obtain actual fair values in the fair values section of this note.
- Changes in the fair value of derivative instruments that are effective cash flow hedges are recorded in other comprehensive income.
- Changes in the fair value of derivative instruments that are not designated as hedges, that are fair value hedges or that are ineffective cash flow hedges are recorded in earnings.
- Foreign currency balances, principal and notional amounts are based on amounts as at September 30, 2012, and 2011.
- Interest rate sensitivities are based on a combination of the Canadian Dealer Offered Rate (CDOR) and the London Interbank Offered Rate (LIBOR) with an assumption that LIBOR is equal to CDOR plus 0.001%.

4. Financial instruments, hedges and risk management (continued)

Sensitivities are exclusive of any potential income tax impacts.

As at (millions of dollars)	September 30, 2012		September 30, 2011	
	Earnings	Other Comprehensive Income	Earnings	Other Comprehensive Income
Interest rates increased 100 basis points (1% pure rate change)	+ 0.5	+ 14.2	+ 0.5	+ 15.0
Canadian dollar strengthens compared with the U.S. dollar by 10%	- 8.6	+ 1.6	+ 0.9	+ 3.2
Canadian dollar strengthens compared with the Japanese Yen by 10%	-	-	- 0.5	-
Forward price of natural gas increases by 10%	- 0.1	+ 6.6	-	+ 8.7
Forward price of electricity increases by 10%	+ 3.6	- 15.0	+ 4.8	- 16.8

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

Foreign exchange and interest rate risk

Foreign exchange and interest rate risk is created by fluctuations in the fair values or cash flows of financial instruments due to changes in foreign exchange rates and/or changes in market interest rates.

ENMAX is not exposed to interest rate risk and volatility as a result of the issuance of fixed rate long-term debt and the use of interest rate hedging instruments. However, the fair value of ENMAX's long-term debt and any associated interest rate hedging instruments change as interest rates change, assuming all other variables remain constant. For example, a 1% change in interest rates as at September 30, 2012, would have an effect on the fair value of fixed interest rate debt of \$103.0 million (December 31, 2011 - \$78.1 million).

Changes in the value of the Canadian dollar relative to the U.S. dollar could impact the Canadian dollar cost of natural gas, which affects the input cost of the Corporation's natural gas-fired generation capacity, as well as, the cost to the Corporation of offering fixed price gas contracts to its customers. The foreign exchange impact on these gas purchases is offset, when possible, by foreign exchange contracts. Foreign exchange exposure resulting from certain procurement contracts has also been mitigated by foreign exchange contracts.

Credit risk

ENMAX is exposed to credit risk primarily through its wholesale and retail energy sales business. Credit risk is the loss that may result from counterparties' non-performance. ENMAX evaluates the credit risk of wholesale and retail competitive supply activities separately as discussed below.

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

4. Financial instruments, hedges and risk management (continued)

As at (millions of dollars)	September 30, 2012	December 31, 2011
Cash and cash equivalents ⁽¹⁾	38.8	35.4
Accounts receivable ⁽²⁾	616.7	668.8
Other current assets ⁽³⁾	81.7	54.4
Other long-term assets ⁽³⁾	70.8	63.5

(1) Cash and cash equivalents

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

(2) Accounts receivable

The majority of the Corporation's accounts receivables are exposed to credit risk. Exposure to credit risk occurs through competitive electricity and natural gas supply activities which serve residential, commercial and industrial customers on the basis that customers could default on their contractual obligations. The risk represents the loss that may be incurred due to the non-payment of a customer's accounts receivable balance, as well as, the loss that may be incurred from the resale of energy previously allocated to serve the customer.

Charges to income as a result of credit losses for the Corporation during the three and nine month periods ended September 30, 2012, totalled \$1.4 and \$4.5 million, respectively (September 30, 2011 - \$3.3 and \$5.4 million respectively).

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

As at (millions of dollars)	September 30, 2012	December 31, 2011
1-30 days past due	14.6	15.3
31-60 days past due	3.5	3.7
61 days past due and over	10.7	10.2
Total past due	28.8	29.2

As at September 30, 2012, the allowance for doubtful accounts was \$7.1 million. The changes in the allowance were as follows:

As at (millions of dollars)	September 30, 2012	December 31, 2011
Provision at the beginning of the period	8.8	9.5
Increase to allowance	4.5	7.8
Recoveries and write-offs	(6.2)	(8.5)
Provision at end of the period	7.1	8.8

4. Financial instruments, hedges and risk management (continued)

The remainder of the accounts receivable balance outstanding at September 30, 2012, consists of unbilled revenue accruals. No provision has been recorded due to the minimal credit risk at the consolidated balance sheet date.

(3) Other current and long-term assets

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

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

Additionally, if a counterparty were to default and the Corporation were to liquidate all contracts with that entity, the credit loss would include the loss in value of mark-to-market contracts; the amount owed for settled transactions and unbilled deliveries; and additional payments, if any, that would have to be made to settle unrealized losses on accrual contracts. The majority of counterparties enabled for wholesale transactions are rated investment grade (BBB- or higher) by Standard & Poor's Financial Services LLC a subsidiary of The McGraw-Hill Companies Inc.

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:

As at (millions of dollars)	September 30, 2012	December 31, 2011
2012	718.4	701.5
2013	134.4	124.4
2014	374.5	364.4
2015	114.3	104.2
2016	126.8	117.2
Thereafter	1,445.8	1,300.7

4. Financial instruments, hedges and risk management (continued)

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

As at (millions of dollars)	September 30, 2012	December 31, 2011
2012	33.3	85.3
2013	21.7	15.9
2014	12.1	7.7
2015	10.3	9.0
2016	9.6	6.0
Thereafter	27.9	17.4

The principal financial covenants in ENMAX's credit facilities and debentures are interest coverage and debt to capitalization. As at September 30, 2012, the Corporation is in compliance with its financial covenants.

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 fair value of the Corporation's long-term debt was estimated 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 that were made available to ENMAX for comparable credit-rated entities to the Corporation.

4. Financial instruments, hedges and risk management (continued)

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

As at (millions of dollars)	September 30, 2012		December 31, 2011	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term debt ⁽¹⁾ , consisting of:				
Debtures, with remaining terms of:				
Less than 5 years	58.0	62.2	50.1	54.7
5 – 10 years	136.2	150.9	-	-
11 – 15 years	8.1	9.7	147.4	164.5
16 – 20 years	140.6	165.2	60.0	67.9
21 – 25 years	505.9	573.9	475.4	550.2
Private debtures				
Series 1 (6.15%)	297.7	346.8	297.4	343.6
Series 2 (5.85%)	249.4	267.1	249.2	269.4
Non-recourse term financing Kettles Hill Wind Farm (Kettles) and CEC	231.3	221.8	237.4	222.3
Promissory note	5.1	5.4	5.3	5.3
	1,632.3	1,803.0	1,522.2	1,677.9

⁽¹⁾ Includes current portion of \$60.8 million (December 31, 2011 – \$53.7 million). Maturity dates range from August 2012 to June 2037.

Derivative assets and liabilities

Financial derivative instruments are recorded on the consolidated balance sheet at fair value. As at September 30, 2012, the mark-to-market adjustment based on the fair value of these hedge contracts resulted in unrealized gains or losses on derivative instruments which are included in the consolidated balance sheets as per the table below:

As at (millions of dollars)	September 30, 2012		December 31, 2011	
	Hedge Instruments	Non-Hedge Derivatives	Hedge Instruments	Non-Hedge Derivatives
Assets				
Current	34.1	15.8	3.7	18.9
Non-current	29.6	23.8	8.1	24.2
Liabilities				
Current	26.4	23.6	42.3	16.8
Non-current	32.8	32.1	50.4	31.8

4. Financial instruments, hedges and risk management (continued)

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 and recognized in net earnings during the periods when the variability in cash flows of the hedged item is realized. In the third quarter of 2012, there was no impact (September 30 2011 – \$nil) to earnings as a reflection of ineffectiveness. Gains and losses on cash flow hedges are reclassified immediately to net earnings when the hedged item is sold or terminated early, or when a hedged anticipated transaction is no longer likely to occur. During the three and nine months ended September 30, 2012, there was no impact to earnings (2011 - \$nil in three months and \$0.3 million loss in nine months) related to hedges that no longer qualify for hedge accounting.

Foreign exchange exposures on the Corporation's futures margin trading account are managed through economic hedges. For these hedges, the change in the fair value of the hedging derivatives and hedged items are recognized directly in earnings. During the three and nine months ended September 30, 2012, there was no impact and a gain of \$0.1 million (2011 – no impact and \$0.1 million gain), respectively that has been recognized.

The Corporation estimates that of the \$1.6 million of losses reported in accumulated other comprehensive income as at September 30, 2012, gains of \$7.7 million are expected to be realized within the next 12 months at market prices in effect at the time of settlement.

Non-hedged derivatives are classified as held for trading and recognized at fair market value with changes in fair market value being recorded through earnings. In the three and nine months ended September 30, 2012, losses of \$14.3 and \$10.6 million (2011 - \$22.5 million loss and \$0.6 million loss) respectively were recorded in net earnings.

4. Financial instruments, hedges and risk management (continued)

Fair value

As at September 30, 2012, the Corporation's financial assets and liabilities measured at fair value are:

<i>(millions of dollars)</i>	Fair value			TOTAL
	Quoted prices in active markets (LEVEL I)	significant other observable inputs (LEVEL II)	Significant unobservable inputs (LEVEL III)	
Financial assets⁽¹⁾ measured at fair value:				
Energy trading forward contracts	0.2	42.9	24.2	67.3
Foreign currency forward contracts	-	12.1	-	12.1
Interest rate swap	-	23.9	-	23.9
Financial asset total	0.2	78.9	24.2	103.3
Financial liabilities⁽¹⁾ measured at fair value:				
Energy trading forward contracts	6.7	37.2	3.0	46.9
Foreign currency forward contracts	-	4.3	-	4.3
Interest rate swap	-	63.7	-	63.7
Financial liabilities total	6.7	105.2	3.0	114.9
Net risk management assets (liabilities)	(6.5)	(26.3)	21.2	(11.6)

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

4. Financial instruments, hedges and risk management (continued)

As at December 31, 2011, the Corporation's financial assets and liabilities measured at fair value are:

<i>(millions of dollars)</i>	Quoted prices in active markets (LEVEL I)	Fair value significant other observable inputs (LEVEL II)	Significant unobservable inputs (LEVEL III)	TOTAL
Financial assets ⁽¹⁾ measured at fair value:				
Energy trading forward contracts	0.4	12.4	4.0	16.8
Foreign currency forward contracts	-	15.1	-	15.1
Interest rate swap	-	23.0	-	23.0
Financial asset total	0.4	50.5	4.0	54.9
Financial liabilities ⁽¹⁾ measured at fair value:				
Energy trading forward contracts	17.5	46.6	14.1	78.2
Interest rate swap	-	63.1	-	63.1
Financial liabilities total	17.5	109.7	14.1	141.3
Net risk management liabilities	(17.1)	(59.2)	(10.1)	(86.4)

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

The following table summarizes the key factors impacting the change in the fair value of the Corporation's Level III net risk management assets and liabilities separately by source of valuation during the period ended September 30, 2012:

<i>(millions of dollars)</i>	
Net risk management assets as at December 31, 2011	(10.1)
Changes attributable to:	
Commodity price changes	25.7
New contracts entered	5.6
Transfers out of Level III	-
Net risk management liabilities at September 30, 2012	21.2
Total change in fair value included in Other Comprehensive Income	31.3
Total change in fair value included in pre-tax earnings	-

The assumptions and model used to measure the assets and liabilities in Level III have not changed since December 31, 2011.

5. Financial statement effects of rate regulation

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

As at (millions of dollars)	September 30, 2012	December 31, 2011
Regulatory assets		
Accounts receivable: purchased power variances (1)	21.4	69.9
Distribution assets: inter-company profit on underground residential development (2)	37.9	39.0
Other regulatory assets (3)	14.2	14.1
Total regulatory assets	73.5	123.0
Regulatory liabilities		
Other regulatory liabilities (4)	0.9	1.2
Total regulatory liabilities	0.9	1.2

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

(1) Purchased power variances

Purchased power costs are included in allowed rates on a forecast basis. For rate setting purposes, differences between forecast and actual purchased power costs in the rate year are held until the following year. ENMAX Power recognizes purchased power cost variances as a regulatory asset or liability based on the expectation that amounts held from one year to the next for rate-setting purposes will be approved for collection from, or refunded to, future customers. The regulatory asset represents the excess of actual over forecast purchased power costs. In the absence of rate regulation, GAAP would require that actual purchased power costs be recognized as an expense when incurred. In this case, operating results for the three and nine months ended September 30, 2012, would have been \$9.6 million higher (2011 - \$29.1 million lower) and \$48.5 million higher (2011 - \$45.2 million lower) respectively. The regulatory asset at September 30, 2012, is \$21.4 million (December 31, 2011 - \$69.9 million) included in accounts receivable.

5. Financial statement effects of rate regulation (continued)

(2) Inter-company profit on underground residential development

Distribution assets for the regulated operations of ENMAX Power include intercompany profit relating to construction work performed by an ENMAX subsidiary. Such profit is deemed for regulatory purposes to be realized to the extent that the transfer price is recognized for rate-making purposes by the regulator and included in the capital cost. In the absence of rate regulation, GAAP would require that intercompany profits be eliminated upon consolidation. The impact on earnings for the three and nine months ended September 30, 2012, would have been \$1.4 million lower (2011 - \$0.5 million lower) and \$1.1 million lower (2011 - \$1.6 million lower) respectively, representing the profit on these services. The balances for property, plant and equipment and retained earnings at September 30, 2012, would further be reduced by \$37.9 million (December 31, 2011 - \$39.0 million).

(3) Other regulatory assets

Other regulatory assets primarily relate to Alberta Utilities Commission (AUC) flow-through items and other costs that will be collected from customers via future rates.

(4) Other regulatory liabilities

Other regulatory liabilities primarily relate to items that will be refunded to customers via 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.

Other items affected by rate regulation

Gains and losses on the disposal and retirement of regulated depreciable assets are deferred and amortized over the estimated remaining service life of similar assets through a charge to accumulated amortization equal to the net book value of the disposed or retired asset. In the absence of rate regulation, under GAAP the difference between the proceeds and net book value would be charged or credited to earnings in the period the asset is disposed of or retired. The amount deferred from current period earnings for the three and nine months ended September 30, 2012, was \$0.6 million gain (2011 - \$0.2 million loss) and \$0.2 million loss (2011 - \$7.4 million loss) respectively, representing the gain and losses on disposals and retirements of regulated assets.

6. Other assets and liabilities

As at (millions of dollars)	September 30, 2012	December 31, 2011
Other current assets		
Hedge instruments	34.1	3.7
Non-hedge derivatives	15.8	18.9
Restricted cash	8.3	17.8
Prepaid expenses	22.1	12.6
Inventory	1.4	1.4
	81.7	54.4
Other long-term assets		
Hedge instruments	29.6	8.1
Non-hedge derivatives	23.8	24.2
Restricted cash	6.8	14.1
Shares in other companies	0.2	0.4
Prepaid expenses	4.7	11.7
Other	5.7	5.0
	70.8	63.5
Other current liabilities		
Hedge instruments	26.4	42.3
Non-hedge derivative	23.6	16.8
Deposits	20.5	23.0
Deferred revenue	10.5	8.1
	81.0	90.2
Other long-term liabilities		
Hedge instruments	32.8	50.4
Non-hedge derivative	32.1	31.8
Long-term payables	11.9	13.8
Deferred revenue	9.0	9.6
	85.8	105.6

7. Employee future benefits

The Corporation has a registered pension plan that substantially covers all employees and includes both defined benefit (DB) and defined contribution (DC) provisions. The DB provisions provide a pension based on years of service and highest average earnings over five consecutive years of employment. DB pension benefits under the registered plan will increase annually by 60% of the Consumer Price Index for Alberta. Under the DC provisions, employer contributions are based on the participating members' pensionable earnings and contribution levels.

The Corporation also sponsors a supplemental pension plan providing an additional DB pension based on years of service and highest average earnings (including incentive pay) to both DB and DC members whose benefits are limited by maximum pension rules under the Income Tax Act. The supplemental pension plan benefits do not automatically increase. In addition, the Corporation provides employees with post-retirement benefits other than pensions, including extended health and dental benefits beyond those provided by government-sponsored plans, life insurance and a lump-sum allowance payable at retirement, up to age 65.

The total employee benefit cost recorded in the consolidated financial statements of earnings and comprehensive income for the three and nine months ended September 30, 2012, is \$6.0 million (2011 - \$4.4 million) and \$18.0 million (2011 - \$13.8 million) respectively.

8. Short-term debt

The Corporation has unsecured credit facilities amounting to \$1,150.0 million (December 31, 2011 - \$900.0 million) to fund general operating requirements and to provide liquidity support for commercial paper and commodity marketing programs. As at September 30, 2012, \$355.7 million (December 31, 2011 - \$387.4 million) of credit 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 by the Corporation's credit facilities. At September 30, 2012, the Corporation had \$60.4 million in commercial paper at a weighted average rate of 1.10% (December 31, 2011 - \$166.8 million at a weighted average rate of 1.11%).

9. Accumulated other comprehensive income

As at (millions of dollars)	September 30, 2012	December 31, 2011
Unrealized losses on available-for-sale financial assets	(0.1)	(0.2)
Unrealized losses on derivatives designated as cash flow hedges	(1.5)	(68.6)
Accumulated other comprehensive losses, including a future income tax expense of \$5.9 million (December 31, 2011 - recovery of \$12.2 million)	(1.6)	(68.8)

10. Commitments and contingencies

Property, plant and equipment

As at September 30, 2012, the Corporation is committed to major capital expenditures over the next five years and thereafter, with minimum annual payments (including cancellation cost) totalling \$101.5 million.

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. The Corporation commits to long-term service arrangements on certain generating assets.

The aggregated minimum payments under these arrangements total \$155.2 million.

Environmental

Provincial regulations aimed at reducing the levels of GHG emissions took effect July 2007. These changes triggered change of law provisions in ENMAX Energy's PPAs and tolling agreements exposing ENMAX Energy to associated compliance costs.

For the three month and nine month periods ended September 30, 2012, the consolidated financial statements include a charge to earnings in the amount of \$7.0 million (2011 - \$7.1 million) and \$17.8 million (2011 - \$21.5 million) respectively. These charges are included in costs of electricity services provided and relate to estimated compliance costs under the provincial greenhouse gas (GHG) regulations for ENMAX Energy's interests in coal and natural gas-fired generation facilities through its PPAs and owned assets. Compliance payments are due to the Province, 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. The Corporation had issued letters of credit amounting to \$355.7 million at September 30, 2012 (December 31, 2011 - \$387.4 million).

11. Assets held for sale

In early 2011, ENMAX completed the sale transactions for certain of its British Columbia (BC) assets including the Clowhom and Furry Creek hydro facilities.

Net earnings from discontinued operations is comprised of the following:

For the three months ended (millions of dollars)	September 30, 2012	September 30, 2011
REVENUE		
Electricity	-	0.3
Other	-	1.6
TOTAL REVENUE	-	1.9
COST OF SERVICES PROVIDED		
Operations, maintenance and administration	-	1.0
COST OF SERVICES PROVIDED	-	1.0
	-	0.9
Gain on sale	-	2.4
Interest	-	0.1
NET EARNINGS FROM DISCONTINUED OPERATIONS	-	3.2

12. Related Party Transactions

ENMAX's related-party transactions comprise both revenues from and expenditures to The City. The City is the sole Shareholder of the Corporation. In the three and nine months ended September 30, 2012, transactions with The City amounted to \$20.9 and \$69.9 million in revenue respectively, compared with \$21.3 million and \$72.8 million respectively, in the same periods in 2011. The significant components include contract sales of electricity, provision of non-regulated power distribution services and billing and customer care services relating to The City's utilities departments. In the three and nine months ended September 30, 2012, total expenditures for goods and services received from The City were \$36.6 million and \$117.4 million respectively compared with \$33.1 million and \$94.0 million respectively, in the same periods in 2011. Most of these expenditures were for local access fees for the use of The City's rights-of-way, the cost of which is passed through by ENMAX directly to distribution customers. The measurement basis used in determining the above values is fair market value; that is, the measurement basis is the same as would be used for a third party arm's length transaction.

In addition, on June 15, 2012, the Corporation obtained \$143.4 million of financing from The City through arrangements with the Alberta Capital Financing Authority to fund ongoing investment in the regulated business. This brings the total debt owed to The City to \$848.7 million at September 30, 2012, (\$732.9 million at December 31, 2011). Interest paid on this debt for the three and nine months ended September 30, 2012, was \$2.9 million and \$19.5 million respectively (2011 - \$3.3 and \$18.2 million respectively). Principal payments of \$27.6 million were made during the nine months ended September 30, 2012, (\$26.9 million for the same period in 2011).

13. Comparative Figures

Certain comparative figures have been reclassified to conform to the current period's presentation. During the quarter, the Corporation reclassified its foreign exchange gains from other revenues to foreign exchange loss (gain) within total costs of services provided. As a result, the prior year comparative figures (\$1.0 million for the three months ended September 30, 2011, and \$2.8 million for the nine months ended September 30, 2011) have been reclassified to conform to the current period's presentation.