Financial Statements

AltaLink, L.P.

April 30, 2004

AUDITORS' REPORT

To the **Directors of the General Partner of AltaLink, L.P.:**

We have audited the balance sheets of **AltaLink, L.P.** as at April 30, 2004 and April 30, 2003, and the statements of income and retained earnings (deficit), changes in partners' equity and cash flows for the years then ended. These financial statements are the responsibility of AltaLink, L.P.'s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of AltaLink, L.P. as at April 30, 2004 and 2003, and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Ernst + Young LLP

Calgary, Canada
June 14, 2004

Chartered Accountants

ALTALINK, L.P.

BALANCE SHEETS

(in thousands of dollars)

	April 30, 2004	April 30, 2003
ASSETS *[note 6]*		
Current		
Cash and cash equivalents [*notes 6 & 14]*	**$ 2,303**	$ -
Accounts receivable *[notes 8 & 14]*	**17,064**	16,779
Materials and supplies	**963**	803
Prepaid expenses and deposits	**1,353**	1,087
Regulatory asset *[note 9]*	**928**	-
	22,611	18,669
Capital assets *[notes 5 and 8]*	**832,128**	804,552
Deferred financing fees	**10,959**	4,907
Accrued benefit pension *[note 13]*	**2,937**	3,247
Materials and supplies	**8,665**	7,232
Goodwill *[note 4]*	**202,066**	201,833
	$ 1,079,366	$ 1,040,440
LIABILITIES AND PARTNERS' EQUITY		
Current		
Accounts payable and accrued liabilities *[notes 8 & 14]*	**$ 38,188**	$ 31,571
Other liabilities	**208**	191
Regulatory liabilities *[note 9]*	**186**	6,790
Short term debt *[notes 6 & 14]*	**212**	421,601
	38,794	460,153
Accrued employment benefits liabilities	**940**	765
Other liabilities *[note 7]*	**1,179**	1,076
Regulatory liabilities *[notes 3 & 9]*	**20,555**	10,013
Provision for future removal and site restoration	**122,619**	130,729
Long term debt *[notes 6 & 14]*	**544,150**	100,234
	728,237	702,970
Commitments & contingencies *[notes 4, 9 & 15]*		
Partners' Equity		
Partners' capital	**338,536**	338,536
Retained earnings (deficit)	**12,593**	(1,066)
	351,129	337,470
	$ 1,079,366	$ 1,040,440

See accompanying notes

Approved on behalf of the Board:

(Signed) DAVID TUER
Director

(Signed) PIERRE ANCTIL
Director

ALTALINK, L.P.

STATEMENTS OF INCOME AND RETAINED EARNINGS (DEFICIT)

(in thousands of dollars)

	Year ended April 30, 2004	Year ended April 30, 2003
REVENUE		
Operating and miscellaneous revenue *[notes 3, 8 & 9]*	**$ 154,020**	$ 152,173
Interest	**-**	146
Allowance for equity funds used during construction	**222**	914
	154,242	153,233
EXPENSES		
Operating	**54,570**	43,222
Depreciation	**41,272**	49,762
	95,842	92,984
	58,400	60,249
Interest and amortization of deferred financing fees on short term debt *[note 6 D]*	**(6,108)**	(27,672)
Interest and amortization of deferred financing fees on long term debt *[note 6 D]*	**(26,178)**	(3,434)
Allowance for debt funds used during construction	**242**	1,237
	26,356	30,380
Gain on the sale of assets	**153**	-
Net income for the year	**26,509**	30,380
Retained earnings (deficit), beginning of year	**(1,066)**	(2,101)
Distributions *[note 11]*	**(12,850)**	(29,345)
Retained earnings (deficit), end of year	**$ 12,593**	$ (1,066)

See accompanying notes

ALTALINK, L.P.

STATEMENTS OF CHANGES IN PARTNERS' EQUITY

(in thousands)

	Limited Partner		General Partner	Total
	Units			
Balance at April 30, 2002	342,905	$ 336,401	$ 34	$ 336,435
Net income for the year	-	30,377	3	30,380
Distributions *[note 11]*	-	(29,342)	(3)	(29,345)
Balance at April 30, 2003	342,905	337,436	34	337,470
Net income for the year	-	26,507	2	26,509
Distributions *[note 11]*	-	(12,849)	(1)	(12,850)
Balance at April 30, 2004	**342,905**	**$ 351,094**	**$ 35**	**$ 351,129**

See accompanying notes

ALTALINK, L.P.

STATEMENTS OF CASH FLOWS

(in thousand of dollars)

	Year ended April 30, 2004	Year ended April 30, 2003
OPERATING ACTIVITIES		
Net income for the year	**$ 26,509**	$ 30,380
Items not involving cash		
Depreciation and amortization of deferred financing fees	**42,281**	51,814
Allowance for funds used during construction	**(464)**	(2,151)
Gain on the sale of assets	**(153)**	-
Change in other non-cash items *[note 16]*	**11,730**	(2,790)
Funds generated in operations	**79,903**	77,253
Change in non-cash working capital items *[note 16]*	**4,194**	(853)
	84,097	76,400
INVESTING ACTIVITIES		
Acquisition of transmission assets	**(80)**	(798)
Additions to capital assets	**(84,388)**	(71,121)
Proceeds from the sale of assets	**161**	-
	(84,307)	(71,919)
FINANCING ACTIVITIES		
Decrease in lease obligation	**(81)**	(95)
Increase in debt	**463,006**	15,128
Repayment of debt	**(440,454)**	-
Distributions paid	**(12,850)**	(29,345)
Additions to deferred financing fees	**(7,108)**	(2,413)
	2,513	(16,725)
Net increase (decrease) in cash and cash equivalents	**2,303**	(12,244)
Cash and cash equivalents, beginning of year	**-**	12,244
Cash and cash equivalents, end of year	**$ 2,303**	$ -
Cash interest paid during the year	**$ 20,888**	$ 28,900

See accompanying notes

NOTES TO FINANCIAL STATEMENTS

Year ended April 30, 2004
(in thousands of dollars)

1. NATURE OF OPERATIONS

AltaLink, L.P. (the "Partnership") was formed under the laws of the Province of Alberta on July 3, 2001, and is managed by the General Partner, AltaLink Management Ltd. (the "General Partner"). The Partnership has one limited partner, AltaLink Investments, L.P. The Partnership was formed to acquire and operate the electrical transmission assets from TransAlta Energy Corporation located in Alberta. These transmission assets were acquired on April 29, 2002. Although the General Partner holds legal title to the assets the Partnership is the beneficial owner and assumes all risks and rewards of the assets.

The Partnership is an electricity transmission facility owner whose business is the ownership and operation of regulated electricity transmission facilities solely in the Province of Alberta. As a result of the acquisition of the transmission business in April 2002, the Partnership became the first independent transmission service provider in Canada with approximately 11,600 kilometres of transmission lines and 260 substations that supply 85 per cent of the Alberta population. The Partnership also owns and operates the interconnection facilities which connect its network with the transmission system in British Columbia, and allow electricity to flow into and out of Alberta.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) Basis of Accounting

The financial statements of the Partnership have been prepared by management in accordance with Canadian generally accepted accounting principles. All amounts reported are in Canadian dollars unless otherwise stated. The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Certain estimates are necessary since the regulatory environment the Partnership operates within often requires amounts to be recorded at estimated values until these amounts are finalized pursuant to regulatory decisions, or other regulatory proceedings. Due to inherent uncertainty involved in making estimates, actual results reported in future periods could differ significantly from those estimates.

The financial statements reflect the financial position and results of operations of the Partnership. The financial statements do not include all the assets, liabilities, revenues and expenses of the partners.

B) Regulation

The Partnership is regulated by the Alberta Energy and Utilities Board ("EUB"), the regulator, pursuant to the *Electric Utilities Act (Alberta)* ("EUA"), pursuant to Part 2 of the *Public Utilities Board Act (Alberta)*, and pursuant to the *Hydro and Electric Energy Act (Alberta).* These acts and regulations cover matters such as tariffs, rates, construction, operations, financing and accounting. Pursuant to the EUA, the transmission of all electrical energy through the interconnected electric system in the province of Alberta is administered by an independent system operator, the Alberta Electric System Operator.

The Partnership accounts for certain transactions in accordance with applicable regulation (regulatory accounting) when three criteria are met: the rates for regulated services or products provided to customers are established by or are subject to approval by an independent, third-party regulator or by its own governing board empowered by statute or contract to establish rates that bind customers; the regulated rates are designed to recover the cost of providing the services or products; and in view of the demand for the regulated services or products and the level of competition, direct and indirect, it is reasonable to assume that rates are set at levels that will recover the cost that can be charged to and collected from customers. Under regulatory accounting, the timing of the Partnership's recognition of certain assets, liabilities, revenues and expenses may differ from that otherwise expected under Canadian generally accepted accounting principles for non-regulated businesses.

The Partnership operates under cost of service regulation as prescribed by the EUB. Earnings are determined on the basis of rate of return on rate base. The Partnership applies for tariff revenue based on estimated costs of service. Once the tariff is approved, it is not adjusted as a result of actual costs of service being different from that which was estimated, other than for certain prescribed costs.

Included in the tariff revenue, regulatory assets, and regulatory liabilities are provisions relating to self insurance and hearing costs, which are deferred and recorded in regulatory liabilities as the tariff is received. As the actual hearing costs and self insurance are incurred, revenue is recognized in the same period, reducing the regulatory liability or increasing the regulatory asset.

As part of the acquisition of the transmission assets a pension asset has been recognized. For rate setting purposes pension expense recognition differs from that expected under Canadian generally accepted accounting principles for non-regulated businesses. In order to recognize the pension expense or income in these financial statements on the same basis as it is recovered through the rates charged to customers, a regulatory liability has been established which is equal to the pension asset recognized. This liability will be reduced or increased on the same basis as the pension asset is reduced or increased thus changing the pension expense or income under

Canadian generally accepted accounting principles to the amount allowed for rate setting purposes.

For rate setting purposes, a separate pension liability exists which is included in regulatory liabilities and will be increased or reduced as funding of the pension plan differs from the pension income or expense which is allowed by the regulator to be included in rates.

When the EUB issues decisions affecting the financial statements, the effects of the decision are recorded in the period in which the decision is received.

C) Cash and Cash Equivalents

Cash equivalents have been restricted to investments that are readily convertible into a known amount of cash and which have an original maturity of three months or less. Short-term, liquid investments with original maturities of more than three months are included in short-term investments. Short-term investments are valued at the lower of cost and market values.

D) Materials and Supplies

Materials and supplies represent spare parts held for day to day operations and construction material held for internal construction and maintenance of capital assets. Those items representing construction material for capital assets are classified as long-term assets. The assets are valued at the lower of cost and net realizable value. Cost is determined on an average cost basis, other than for major equipment which is determined on a specific item basis.

E) Capital Assets

Capital assets are carried at cost, which includes direct internal labour and allocated overheads less depreciation. The Partnership capitalizes some major maintenance to capital assets, if these costs have been included in capital for regulatory purposes and are expected to be recovered within rates. Regulated operations capitalize an allowance for funds used during construction (“AFUDC”) which represents the cost of debt and equity financing incurred during construction. AFUDC is a non-cash item that will be recovered in rates charged to customers over the service life of the assets, commencing with the asset’s inclusion in the rate base.

Certain assets may be acquired or constructed with financial assistance in the form of non-refundable contributions from customers. These contributions are recorded as a reduction of the cost of property.

Regulated operations provide for depreciation on a straight-line basis with various rates ranging from 1.81% to 33.33% as approved by the EUB, based on depreciation studies prepared by the Partnership. The depreciation amounts approved by the EUB are based on the estimated useful lives of assets, and as such are also used by the Partnership as the depreciation amounts in the financial statements. Changes to depreciation rates approved by the EUB are accounted for on a prospective basis. The EUB approved rates are applied to the original historical capital costs reflected for the regulatory rate setting purposes, which overall are greater than those reflected in these financial statements. As such, the effective depreciation rates under Canadian generally accepted accounting principles are usually higher.

When a regulated asset is retired or disposed of there is no gain or loss recorded in income, other than for land. Any difference between the cost of the asset and the accumulated depreciation is charged to the accumulated depreciation account for that asset. For regulatory purposes the net proceeds from the retirement or disposal of the asset adjusts the accumulated depreciation.

F) Future Removal and Site Restoration

A provision for estimated costs of future removal, dismantlement, site restoration and abandonment (net of expected recoveries) is made for certain assets. The depreciation expense for these assets includes a provision for estimated site restoration costs which is included in the liability for future removal and site restoration on the balance sheet. Upon the retirement of the assets, the removal and restoration costs, net of recoveries, are charged to this provision. This provision is based on engineering estimates of costs, taking into account the anticipated method and extent of remediation consistent with legal requirements, industry practices, current technology and the possible use of the site.

G) Deferred Financing Fees

Costs incurred to arrange debt financing are capitalized as deferred financing costs and are amortized on a straight line basis over the period in which they are expected to be recovered through rates. Deferred financing costs that are not expected to be recovered through rates are amortized on a straight line basis over the term of the related debt. The amortization of these charges is included as part of interest on debt.

H) Goodwill

Goodwill represents the excess of the purchase price over the fair value of the net identifiable assets of operations acquired. Goodwill is carried at initial cost less any write-down for impairment. A goodwill impairment has occurred when the carrying value of the reporting unit exceeds its fair value. An impairment loss is recognized to the extent that the carrying amount of the goodwill of a reporting unit exceeds its fair value. In the fourth quarter of each fiscal year and as economic events dictate, management reviews the valuation of the goodwill, taking into consideration any events or circumstances which might have impaired the fair value.

I) Employee Future Benefits

The General Partner employs staff and provides administrative and operational services to the Partnership on a cost reimbursement basis. The Partnership bears all of the related expenses and also bears the risk and reward of any pension plans or other staff related programs which the General Partner establishes. The Partnership has indemnified the General Partner for all costs and liabilities associated with its employment of staff, including any pension liabilities. As such, the employee future benefit plans of the General Partner are reported as if they were provided by the Partnership even though the legal sponsor of the plans and employer of the staff is the General Partner.

All accrued obligations for employee future benefit plans, post employment and post retirement benefits are determined using the projected benefit method prorated on services. In valuing the cost of post retirement benefits as well as the cost of pension benefits, the Partnership uses management's best estimate assumptions, except for the liability discount rate, where the Partnership uses the long-term market rate of high quality debt instruments at the measurement date. Current service costs are expensed in the period in which they are incurred. Cumulative net unamortized actuarial gains and losses in excess of 10% of the greater of the benefit obligation or fair value of plan assets at the beginning of the fiscal year and unamortized past service costs are amortized over the expected average remaining service period of active employees receiving benefits under the plan. The Partnership uses quoted market values to value pension assets. When the recognition of a transfer of employees and employee related benefits gives rise to both a curtailment and a settlement of obligations, the curtailment is accounted for prior to the settlement. Under regulatory accounting principles, the expense ultimately recognized in these financial statements is that which is recognized for rate setting purposes (*note 2 B*).

J) Taxes

The Partnership is not subject to income tax. The taxable income or loss of the Partnership is allocated to the individual partners based upon their respective ownership percentage of the Partnership at year end. Similarly, individual partners are responsible for Federal large corporation tax applicable to their respective interest in the Partnership. Accordingly, no tax expense is recognized in these financial statements.

K) Foreign Currency Translation

The Partnership's functional currency is the Canadian dollar. Monetary assets and liabilities denominated in foreign currencies are translated at exchange rates in effect at the balance sheet date. Non-monetary assets and liabilities are translated at exchange rates prevailing at the transaction date. Revenues and expenses are translated at the exchange rate prevailing on the date of the transaction except for depreciation and amortization, which are translated at the exchange rate prevailing when the related assets were acquired. Gains and losses on translation are reflected in income when incurred.

L) Revenue Recognition

Revenues from rate-regulated operations are recognized on the accrual basis in accordance with rates and policies set by the regulator, and include an estimate of services provided but not yet billed.

Any revenue that has been received but not yet earned is classified as other liabilities in the financial statements.

M) Deferred Lease Inducements

Deferred lease inducements represent leasehold improvements paid for by the landlord. Deferred lease inducements are amortized on a straight-line basis over the periods of the leases, and the amortization is recorded as a reduction of rent expense.

3. CHANGE IN ACCOUNTING POLICY

Regulation:

The Partnership is not a taxable entity for income tax purposes, however it applies the liability method to account for federal income taxes for regulatory rate setting purposes. Prior to October 1, 2003 the Partnership recognized the amount of future income taxes, which was allowed by the regulator to be collected in rates, and recognized the resulting future tax liability as a regulatory liability. In October 2003 the Partnership early adopted the new accounting standard "Generally Accepted Accounting Principles" issued by the Accounting Standards Board. The standard defines the sources of Canadian generally accepted accounting principles and the priority of each source. The Partnership has chosen to apply this standard to the recognition of regulatory assets and liabilities and in doing so is now following the pronouncement issued by the Financial Accounting Standards Board in the United States, FAS 71 "Accounting for the Effects of Certain Types of Regulation" as there is no overall Canadian primary source of generally accepted accounting principles dealing with the recognition and measurement of the Partnership's assets and liabilities arising from rate regulation. In applying this standard the Partnership no longer recognizes future income taxes collected in rates as a regulatory liability within its financial statements. In accordance with the new standard this change in accounting policy was applied prospectively to transactions and to outstanding balances, effective from the beginning of its current fiscal year. The effect of implementing the new standard in October 2003 was to decrease regulatory liabilities by $1,633, and increase the previously reported first quarter and the October 2003 year to date revenue and net income by $1,633.

NOTES TO FINANCIAL STATEMENTS

Year ended April 30, 2004
(in thousands of dollars)

4. BUSINESS ACQUISITION

On April 29, 2002 the Partnership acquired substantially all of the electrical transmission assets and operations of TransAlta Energy Corporation located in Alberta for total cash consideration of $829,055 including acquisition costs of $9,684. This transaction was accounted for using the purchase method of accounting whereby assets acquired and liabilities assumed are recorded at fair values. The operating results were included in the financial statements from the closing date of purchase. The fair values of the net assets acquired are as follows:

	April 30, 2004	April 30, 2003
Assets acquired:		
Current assets	**$ 14,607**	$ 14,607
Capital assets	**757,584**	757,584
Accrued benefit pension asset	**5,676**	5,676
Goodwill	**202,066**	201,833
Current liabilities	**(9,164)**	(9,164)
Accrued employment benefits liabilities	**(700)**	(700)
Long term regulatory liabilities	**(14,373)**	(14,973)
Provision for future removal and site restoration	**(126,641)**	(126,641)
Fair value of net assets acquired	**$ 829,055**	$ 828,222

Goodwill increased by $233 as at April 30, 2004 to reflect a contingent consideration that increased the amount owing to TransAlta Energy Corporation as agreed upon in the purchase and sale agreement. In addition, long term regulatory liabilities were decreased by $600 as at April 30, 2004 to reflect a regulatory decision which decreased the closing balance of a regulated liability to be transferred to the Partnership at April 29, 2002.

NOTES TO FINANCIAL STATEMENTS

Year ended April 30, 2004
(in thousands of dollars)

5. CAPITAL ASSETS

2004

	Regulated Depreciation Rates %	**Effective Depreciation Rates %**	**Cost**	**Accumulated Depreciation**	**Net Book Value**
Substations, transmission lines & telecontrol	2.75 – 3.27	4.78-5.55	**$ 863,388**	**$ 85,035**	**$ 778,353**
Division offices	2.41-10.00	2.43-10.00	**16,107**	**1,389**	**14,718**
Surface & mineral rights	1.81	4.02	**14,314**	**1,075**	**13,239**
Uninstalled meters & transformers	2.60	1.07	**12,636**	**250**	**12,386**
Vehicles	10.00	12.57	**7,054**	**1,613**	**5,441**
Capital leases	33.33	33.33	**302**	**190**	**112**
Other	4.29-22.22	4.80-25.37	**21,972**	**4,171**	**17,801**
Land	—	—	**11,163**	**—**	**11,163**
Customer contributions	4.11-5.68	4.30-11.80	**(36,361)**	**(2,729)**	**(33,632)**
			910,575	**90,994**	**819,581**
Assets under construction	—	—	**12,547**	**—**	**12,547**
			$ 923,122	**$ 90,994**	**$ 832,128**

2003

	Regulated Depreciation Rates %	Effective Depreciation Rates %	Cost	Accumulated Depreciation	Net Book Value
Substations, transmission lines & telecontrol	3.04 – 7.18	5.28-17.75	$ 789,728	$ 41,468	$ 748,260
Division offices	2.41	2.43	15,495	635	14,860
Surface & mineral rights	2.00	4.46	14,176	594	13,582
Uninstalled meters & transformers	3.53	1.38	12,249	390	11,859
Vehicles	8.47	11.25	5,923	667	5,256
Capital leases	33.33	33.33	302	89	213
Other	6.67 – 20.00	7.27-20.42	16,914	1,896	15,018
Land	—	—	11,158	—	11,158
Customer contributions	4.11-5.68	4.37-11.80	(27,425)	(1,321)	(26,104)
			838,520	44,418	794,102
Assets under construction	—	—	10,450	—	10,450
			$ 848,970	$ 44,418	$ 804,552

Future removal and site restoration costs of $8,110 were charged as a reduction to depreciation expense during the year ended April 30, 2004 and $4,088 were charged as an increase to depreciation expense for the year ended April 30, 2003. The total amount of AFUDC capitalized for the year ended April 30, 2004 was $464 and was $2,151 for the year ended April 30, 2003. The decision provided by the EUB on the general rate application filed by the Partnership in September 2002 resulted in reductions to the year ended April 30, 2004 future removal and site restoration costs.

(in thousands of dollars)

For rate setting purposes the capital assets number included in the rate base calculation are capital assets less the provision for future removal and site restoration, assets under construction and unamortized software.

6. DEBT

	Effective Interest rate	Maturing	**April 30, 2004**	April 30, 2003
Series 1 Bridge	4.47%	2003	**$ —**	$ 296,500
Series 2 Bridge	6.80%	2003	**—**	125,000
Series 3	8.03%	2012	**85,000**	85,000
Series 03-1	5.09%	2008	**100,000**	—
Series 03-2	5.71%	2013	**326,311**	—
Capital Lease Obligations	12.64%	2006	**108**	207
Credit Facility	4.44%	2006	**32,943**	15,128
Total debt			**544,362**	521,835
Less: short term debt			**212**	421,601
Total long term debt			**$ 544,150**	$ 100,234

A. Credit Facility

On May 10, 2002 the Partnership entered into an $185,000 unsecured credit agreement. In May 2003 the maturity date was extended to May 7, 2006 and may be extended for successive 364 day periods with the consent of the facility provider. The maturity date extends as the revolving period of the bank facility is renewed each year, subject to the consent of the facility provider. If the facility provider does not agree to an extension, no additional borrowings may be made under the credit agreement after May 7, 2004 and all amounts owing there under must be repaid by May 7, 2006. In May 2004, the maturity date of the credit facility agreement was extended to May 6, 2007. The maturity date extends as the revolving period of the bank facility is renewed each year, subject to the consent of the facility provider. The facility may be used only for capital expenditures and general corporate purposes and cannot be drawn down for the purpose of refinancing existing indebtedness. The facility provides funding by way of prime rate loans, U.S. base rate loans, bankers' acceptances, LIBOR loans and letters of credit and prohibits the Partnership from granting security on its assets to other parties unless the same security is granted to the facility provider. As at April 30, 2004 there was $32,943 of Bankers' Acceptances (April

30, 2003 - $12,716 Bankers' Acceptances and $2,412 bank overdraft) outstanding on the credit facility. Of the amounts outstanding as at April 30, 2004 $32,943 (April 30, 2003 - $15,128) has been classified as long term debt because the Partnership has the ability to continue rolling the Banker's Acceptances maturity dates under the revolving bank credit facility which at April 30, 2004 had a maturity date of May 7, 2006.

B. Letters of Credit

As at April 30, 2004 and April 30, 2003, the Partnership had letters of credit outstanding totaling $69 and $15,179 respectively.

C. Debt Facilities

In April 2002, the Partnership issued an aggregate of $506,500 of unsecured bonds. The $296,500 Series 1 Floating Rate Senior Bridge Bond, $125,000 Series 2 Senior Bridge Bond and $85,000 Series 3 Subordinated Bond were issued pursuant to the master trust indenture, which establishes common security and covenants. As of April 28, 2003, the $296,500 Series 1 Floating Rate Senior Bridge Bond and the $125,000 Series 2 Bridge Bond were extended to mature on December 31, 2003. As of November 1, 2002 the $85,000 Series 3 Subordinated Bond was extended to mature on October 1, 2012 and the interest rate was adjusted from 9.80% to 8.0%. On June 5, 2003 the Partnership issued Series 03-1 Senior Bonds of $100,000 with a coupon rate of 4.45% which will mature on June 5, 2008 and Series 03-2 Senior Bonds of $200,000 with a coupon rate of 5.43% which will mature on June 5, 2013. The bonds proceeds were used to repay the $296,500 Series 1 Floating Rate Senior Bridge Bond. On December 5, 2003 the Partnership issued $125,000 by re-opening the Series 03-2 Senior Bonds, with a coupon rate of 5.43% which will mature on June 5, 2013. The bonds proceeds were used to repay the $125,000 Series 2 Senior Bridge Bond.

Series 1

$296,500 Series 1 Floating Rate Senior Bridge Bond was redeemed June 5, 2003. The interest rate was a floating rate set as the 90-day Banker's Acceptance Rate ("BA") (set at the beginning of each interest payment period) plus 0.85%. The Series 1 Floating Rate Senior Bridge Bond was payable to Ontario Teachers' Pension Plan Board, the parent of OTPPB TEP Inc., a 25% owner of AltaLink Investments, L.P. which is the limited partner of the Partnership.

Series 2

$125,000 Series 2 Senior Bridge Bond was redeemed December 5, 2003. The interest rate was a fixed rate of 6.7%. The Series 2 Senior Bridge Bond was payable to Ontario Teachers' Pension Plan Board, the parent of OTPPB TEP Inc., a 25% owner of AltaLink Investments, L.P. which is the limited partner of the Partnership.

Series 3

$85,000 Series 3 Subordinated Bond, due October 1, 2012. The interest rate is a fixed rate of 8%. Interest on the Series 3 Subordinated Bond is payable quarterly on August 1, November 1, February 1, and May 1. The Series 3 Subordinated Bond is unsecured. The payment of the principal and interest of the Series 3 Subordinated Bond are subordinated to all senior bonds. The Series 3 Subordinated Bond is payable to AltaLink Investments, L.P. which is the limited partner of the Partnership.

Series 03-1 and Series 03-2

$100,000 Series 03-1 Senior Bonds, due June 5, 2008. The coupon is fixed at a rate of 4.45%. $325,000 Series 03-2 Senior Bonds, due June 5, 2013. The coupon is fixed at a rate of 5.43%. Interest on the Series 03-1 and Series 03-2 Senior Bonds is payable in arrears semi-annually on June 5 and December 5. The Series 03-1 and Series 03-2 Senior Bonds rank equally with all present and future senior, secured indebtedness that are issued by the Partnership. The Series 03-1 Senior Bonds cannot be redeemed prior to June 5, 2008. The Series 03-2 Senior Bonds may be redeemed in whole or in part at the option of the Partnership at any time at a redemption price of the principal, any accrued and outstanding interest, and in some circumstances a premium.

Upon the signing of the amended and restated master trust indenture on June 5, 2003 between the Partnership, AltaLink Management Ltd., the Partnership's General Partner, and The Trust Company of Bank of Montreal, as trustee, the Partnership secured the obligations of the Series 2 Senior Bridge Bonds, the Series 03-1 and Series 03-2 Senior Bonds, and the credit facility with a first floating charge security interest on its current and future assets.

D. Net Interest Expense

Interest expense on short term debt for the year ended April 30, 2004 was $6,280 (year ended April 30, 2003 was $25,644). During the year ended April 30, 2004 ($172) (year ended April 30, 2003 was $2,028) of deferred financing fees had been amortized and included in interest expense on short term debt. Interest expense on long term debt for the year ended April 30, 2004 was $24,997 (year ended April 30, 2003 was $3,410). During the year ended April 30, 2004 $1,181 (year ended April 30, 2003 was $24) of deferred financing fees had been amortized and included in interest expense on long term debt. Interest expense for the year ended April 30, 2004 was adjusted by the allowance for debt funds used during construction which is included in capital assets of $242 (year ended April 30, 2003 was $1,237). The decision provided by the Alberta Energy and Utilities Board ("EUB") on the general rate application filed by the Partnership in September 2002 resulted in reductions to the year ended April 30, 2004 amortization of deferred financing fees and the allowance for debt funds used during construction.

NOTES TO FINANCIAL STATEMENTS

Year ended April 30, 2004
(in thousands of dollars)

E. Principal Repayments

Maturing	
2004	**$ 190**
2005	**144**
2006	**122**
2007	**33,070**
2008 and thereafter	**510,836**
	$ 544,362

7. OTHER LIABILITIES

Other long term liabilities consist of the following:

	April 31, 2004	April 30, 2003
Deferred lease inducement	**$ 846**	$ 965
Long term incentive liability	**333**	111
	$ 1,179	$ 1,076

8. RELATED PARTY TRANSACTIONS

AltaLink Investment Management Ltd.

Subsequent to the year ended April 30, 2003, the Partnership amended its agreement to provide services to AltaLink Investments, L.P. Rather than providing services directly to AltaLink Investments, L.P, the Partnership now provides these services through AltaLink Investment Management Ltd. which is AltaLink Investments, L.P.'s General Partner. As such the fees for these services are billed to AltaLink Investment Management Ltd. by the Partnership, and AltaLink Investment Management Ltd. then recovers these costs from AltaLink Investments, L.P. During the year ended April 30, 2004 the Partnership provided consulting services to AltaLink Investment Management Ltd. in the amount of $739 (year ended April 30, 2003 - $nil).

AltaLink Management Ltd.

Pursuant to the terms of the Partnership Agreement, the General Partner provides administrative and operational services to the Partnership on a cost reimbursement basis. The employees that provide the administrative and operational services are employed by the General Partner and the Partnership has indemnified the General Partner for all expenses and liabilities associated therewith. Services are invoiced and settled on a semi-monthly basis. Operating and capital expenses included $22,762 (year ended April 30, 2003 - $18,285) of salaries and benefits that have been invoiced from the General Partner for the year ended April 30, 2004 at exchange amounts. The Partnership agreement granted the General Partner a 0.01% interest in the

Partnership in consideration for acting as General Partner. For the year ended April 30, 2004 distributions of $1 were paid to the General Partner (year ended April 30, 2003 - $3).

AltaLink Investments, L.P.

Included in miscellaneous revenue is $113 (April 30, 2003 - $242) for consulting services provided to AltaLink Investments, L.P. These services have been recorded at exchange amounts. Included in interest expense is $6,831 (April 30, 2003 - $7,571), which relates to the Series 3 Subordinated Bridge Bond payable to AltaLink Investments, L.P *[note 6]*. For the year ended April 30, 2004 distributions of $12,849 were paid to AltaLink Investments, L.P (April 30, 2003 - $29,342).

SNC Lavalin Inc.

SNC Lavalin Inc., a subsidiary of SNC-Lavalin Group Inc., provided consulting services in the amount of $149 during the year ended April 30, 2004 and $18 for the year ended April 30, 2003 in relation to the acquisition of the transmission assets and other operating activities. SNC-Lavalin Group Inc. is the parent of SNC Lavalin Transmission Ltd. which is a 50% owner of AltaLink Investments, L.P. These services were recorded at exchange amounts.

During the year ended April 30, 2004 SNC-Lavalin ATP Inc., a subsidiary of SNC-Lavalin Group Inc., provided engineering, procurement, construction and management (EPCM) services for the construction of capital assets totaling $55,898 (April 30, 2003 - $52,888). These amounts have been included in capital assets as at April 30, 2004. The Partnership received $83 (April 30, 2003 - $79) in miscellaneous revenue from SNC-Lavalin ATP Inc. during the year ended April 30, 2004. These services were recorded at exchange amounts.

Nexacor Realty Management ("Nexacor"), which is a subsidiary of SNC-Lavalin Group Inc., provided management services totaling $nil during the year ended April 30, 2004 and $59 during the period ended April 30, 2003 relating to the renovation of the Partnership's offices. These amounts have been recorded as capital assets and were recorded at exchange amounts.

Macquarie North America Ltd.

Macquarie Essential Assets Partnership ("MEAP") is the sole shareholder of Macquarie Transmission Alberta Ltd., which owns, beneficially and of record, 15% of AltaLink Investments, L.P. The general partner of MEAP is Macquarie Canadian Infrastructure Management Limited, a direct subsidiary of Macquarie North America Ltd. Macquarie North America Ltd. provided $2,212 (April 30, 2003 - $100) in consulting and financial advisory services, as well as operating expenses during the year ended April 30, 2004 of which $2,183 (April 30, 2003 - $35) was recorded as financing fees, $nil (April 30, 2003 – $21) was recorded as capital assets, and $29 (April 30, 2003 – $44) was recorded as operating expenses. These services were recorded at exchange amounts.

NOTES TO FINANCIAL STATEMENTS

Year ended April 30, 2004
(in thousands of dollars)

Ontario Teachers' Pension Plan Board

Ontario Teachers' Pension Plan Board is the parent of OTPPB TEP Inc., a 25% owner of AltaLink Investments, L.P. The Partnership paid Ontario Teachers' Pension Plan Board $nil (April 30, 2003 - $445) in relation to the issuance and extension of the Series 1 Senior Bridge during the year ended April 30, 2004. This amount has been recorded as deferred financing fees. Included in interest expense is $6,266 (April 30, 2003 - $21,264) for the year ended April 30, 2004 which relates to Series 1 (redeemed June 5, 2003) and Series 2 (redeemed December 5, 2003) Senior Bridge Bonds payable to Ontario Teachers' Pension Plan Board *[note 6]*.

Trans-Elect, Inc.

Trans-Elect, Inc. is the parent of 3057246 Nova Scotia Company, a 10% owner of AltaLink Investments, L.P. During the year ended April 30, 2004 there was $nil (April 30, 2003 - $155) in operating costs. These services were recorded at exchange amounts.

Other

Amounts due from (to) related parties included in accounts receivable and accounts payable are:

	April 30, 2004	April 30, 2003
AltaLink Investment Management Ltd.	**$ 15**	$ —
AltaLink Management Ltd.	**417**	1,150
AltaLink Investments, L.P.	**(1,672)**	(13)
SNC Lavalin Inc.	**(7,242)**	(13,858)
Ontario Teachers' Pension Plan Board	—	(114)

In addition there is $85,000 (April 30, 2003 - $85,000) owing to AltaLink Investments, L.P. as at April 30, 2004 and there is $nil (April 30, 2003 - $421,500) owing to Ontario Teachers' Pension Plan Board for debt outstanding as at April 30, 2004 *[note 6]*.

9. MEASUREMENT UNCERTAINTY

The Partnership filed a general tariff application with the EUB as of September 30, 2002 to finalize rates for the fiscal years ending April 30, 2003 and April 30, 2004. This tariff application is based on traditional cost of service methodology. On March 23, 2004 the Partnership received a final decision from the EUB on this application, and the effects of the decision have been reflected in the financial statements for the year ended April 30, 2004.

In addition the Partnership has filed a review and variance application with the EUB seeking review and variation of certain elements of the decision. It is not possible to precisely determine the final approved tariff until the results of the review and variance application are known. Further material adjustments may be required once the results of the review and variance application are received.

10. PARTNERS' CAPITAL

The Partnership is authorized to issue an unlimited number of units. The units are voting and participate equally in profits, losses and capital distributions of the Partnership. The General Partner is not entitled to vote and any Limited Partner who is in default of payment of the subscription price for units shall not be entitled to vote in respect of any units.

Any units issued by the Partnership must be offered to the existing Limited Partner in proportion to its interest in the Partnership.

The 0.01% interest granted to the General Partner in consideration for acting as General Partner of the Partnership does not entitle the General Partner to units of the Partnership.

11. DISTRIBUTIONS TO PARTNERS

During the year ended April 30, 2004, the Partnership declared distributions of $12,850. During the year ended April 30, 2003, the Partnership declared distributions of $29,345.

12. FUTURE INCOME TAXES

Future income tax assets and liabilities have not been recognized in these financial statements for temporary differences between the tax and accounting basis of assets and liabilities, as the Partnership is not subject to tax and no tax expense is recognized.

The net difference between the net book value and the tax base of the Partnership's assets and liabilities as at April 30, 2004 was $42,304 (April 30, 2003 - $25,482) and ($453) (April 30, 2003 – ($5,271)), respectively.

13. EMPLOYEE FUTURE BENEFITS

A. Description

The General Partner employs staff and provides administrative and operational services to the Partnership on a cost reimbursement basis. As part of the purchase of the transmission assets the Partnership assumed pension obligations in respect of the transmission employees. At the valuation date of April 30, 2002, pension assets to be transferred exceeded the related liabilities assumed. The pension obligation was transferred by the Partnership to the General Partner at the value of the pension surplus and the Partnership will be credited with any pension income and charged for any pension expense. The transfer resulted in a long term pension asset being established in the Partnership which will be reduced through pension expense charges or increased by pension income. Any cash funding of the pension plan by the General Partner will be reimbursed by the Partnership. The Partnership has indemnified the General Partner for all costs and liabilities associated with its employment of staff, including any pension liabilities. As such the pension is reported as if it is held by the Partnership even though the legal plan sponsor and employer of the staff is the General Partner.

On October 31, 2003, the General Partner established a registered pension plan with defined benefit and defined contribution options covering substantially all of the employees of the General Partner, effective April 29, 2002. Only those members who at the date of the acquisition were covered by the defined benefit option under the TransAlta plan were allowed to continue in that option, and all other employees and any new employees are covered under the defined contribution option. The defined benefit provisions of the plan provide a final average pay type benefit. The defined contribution component is a 10% employer contribution plan. Effective May 1, 2004, the defined contribution component of the registered pension plan established by the General Partner changed from a 10% employer contribution plan, to an 8% employer, and 2% employee contribution plan and the defined benefit component was changed to require the employees to contribute 2% of eligible earnings. The latest actuarial valuation was done as at April 30, 2004. The effective date of the next required valuation for funding purposes is December 31, 2004.

Other accrued employment benefits include the health and dental coverage provided to some employees. In addition, the General Partner has a supplemental pension plan. Effective April 29, 2002, the supplemental pension plan was provided to those employees who exceed the Income Tax limits on maximum pension contributions. The supplemental pension plan is a defined contribution plan with 6% employer contributions, which is not registered. Membership in the supplemental pension plan is automatic once registered pension plan contributions have reached the maximum annual amount.

B. Costs Recognized

During the year ended April 30, 2004 the Partnership recorded regulatory pension and other post employment benefit expenses of $5,996 (year ended April, 2003 - $(2,798)). The current year-to-date regulatory pension expense is comprised of a defined contribution expense of $2,957 (year ended April 30, 2003 - $nil), other post employment benefits of $78 (year ended April 30, 2003 - $65) supplemental pension expense of $98 (year ended April 30, 2003 - $nil), and the reversal of pension income of $2,863 to reflect the decision provided by the EUB on the general rate application for the fiscal years ended April 30, 2003 and April 30, 2004.

NOTES TO FINANCIAL STATEMENTS

Year ended April 30, 2004
(in thousands of dollars)

	Fiscal Year 2004		
	Registered	**Other**	**Total**
Current service cost	$ 133	$ 32	$ 165
Interest cost on benefit obligation	274	46	320
Interest on pension fund assets	(410)	–	(410)
Amortization of experience losses in excess of 10% corridor	74	–	74
Defined benefit expense	71	78	149
Regulatory adjustment to offset expense	(71)	–	(71)
Defined benefit expense recognized in financial statements	–	78	78
Defined contribution expense of registered pension plan	2,957	–	2,957
Reversal of prior year regulatory defined benefit pension income due to EUB decision.	2,863	–	2,863
Supplemental pension expense	–	98	98
Net expense recognized in the financial statements	$ 5,820	$ 176	$ 5,996

From May 1, 2002 until September 15, 2003 the defined benefit surplus was used to fund the defined contributions for those employees that were part of the TransAlta pension plan who were transferred to AltaLink upon the acquisition of the transmission business; subsequent to September 15, 2003 the defined contributions for those employees were cash contributed. From May 1, 2002 onwards, the defined contributions were cash contributed for the other employees who did not transfer from TransAlta. Of the total defined contribution expense of $2,957 for April 30, 2004 $1,397 was taken out of the defined benefit surplus, $1,398 was cash contributed and the remaining $162 will be cash contributed next year.

NOTES TO FINANCIAL STATEMENTS

Year ended April 30, 2004
(in thousands of dollars)

	Fiscal Year 2003		
	Registered	Other	Total
Current service cost	$ 120	$ 29	$ 149
Interest cost on benefit obligation	248	36	284
Interest on pension fund assets	(539)	–	(539)
Defined benefit expense	(171)	65	(106)
Regulatory adjustment to offset income	171	–	171
Defined benefit expense recognized in financial statements	–	65	65
Defined contribution expense of registered pension plan	1,200	–	1,200
Regulatory adjustment to offset expense	(1,200)	–	(1,200)
Regulatory defined benefit pension income	(2,863)	–	(2,863)
Net expense recognized in the financial statements	$ (2,863)	$ 65	$ (2,798)

In fiscal 2003 the defined benefit surplus was being used to fund the defined contribution portion of the pension plan and no expense was recognized.

C. Status of plans

	April 30, 2004		
	Registered	**Other**	**Total**
Fair value of plan assets	$ 6,523	$ –	$ 6,523
Accrued benefit obligation	4,701	770	5,471
Funded status-plan surplus (liability)	1,822	(770)	1,052
Unamortized net actuarial losses (gains)	1,115	(73)	1,042
Benefits paid	–	1	1
Total recognized in financial statements	$ 2,937	$ (842)	$ 2,095
Amortization period in years (EARSL)	7	10	–

	April 30, 2003		
	Registered	Other	Total
Fair value of plan assets	$ 6,021	$ –	$ 6,021
Accrued benefit obligation	3,933	654	4,587
Funded status-plan surplus (liability)	2,088	(654)	1,434
Unamortized net actuarial losses (gains)	1,159	(111)	1,048
Total recognized in financial statements	$ 3,247	$ (765)	$ 2,482
Amortization period in years (EARSL)	7	7	–

NOTES TO FINANCIAL STATEMENTS

Year ended April 30, 2004
(in thousands of dollars)

D. Plan assets

	April 30, 2004	April 30, 2003
	Registered	Registered
Fair value of plan assets, beginning of period	$ 6,021	$ 7,696
Transfers to defined contribution option	(198)	(1,200)
Experience gain (loss) adjustment	290	(1,014)
Actual return on plan assets (net of expenses)	410	539
Fair value of plan assets, end of period	$ 6,523	$ 6,021

As at April 30, 2004 the pension fund was invested in the following: 49% equities, 41% bonds and 10% cash.

E. Reconciliation of Accrued Benefit Obligations

	April 30, 2004	April 30, 2003
	Registered	Registered
Accrued benefit obligation, beginning of period	$ 3,933	$ 3,420
Current service cost	133	120
Interest cost on benefit obligation	274	248
Experience loss	361	145
Accrued benefit obligation, end of period	$ 4,701	$ 3,933

F. Assumptions

The significant actuarial assumptions utilized in measuring the Partnership's accrued benefit obligations were as follows:

	Fiscal Year 2004	
	Registered %	**Other %**
Liability discount rate	6.25	6.25
Expected long-term rate of return on plan assets	7.0	—
Rate of compensation increase (exclusive of promotion increases)	3.5	—
Health care cost escalation (1)	—	9.0
Dental care cost escalation	—	4.0
Provincial healthcare premium escalation	—	2.5

NOTES TO FINANCIAL STATEMENTS

Year ended April 30, 2004
(in thousands of dollars)

	Fiscal Year 2003	
	Registered %	Other %
Liability discount rate	6.75	6.75
Expected long-term rate of return on plan assets	7.0	—
Rate of compensation increase (exclusive of promotion increases)	3.5	—
Health care cost escalation (2)	—	9.5
Dental care cost escalation	—	4.0
Provincial healthcare premium escalation	—	2.5

(1) The health care cost escalation used as an estimate is 9.0% as at April 30, 2004 with a decrease of 0.5% per year for 8 years and 5.0% per year thereafter.

(2) The health care cost escalation used as an estimate is 9.50% as at April 30, 2003 with a decrease of 0.5% per year for 9 years and 5.0% per year thereafter.

Sensitivity to changes in assumed health care cost trend rates are as follows:

	One percentage point increase	One percentage point decrease
Effect on total service and interest costs	$ 18	$ (15)
Effect on post-retirement benefit obligation	$ 97	$ (85)

14. FINANCIAL INSTRUMENTS

a) Fair value of financial instruments

Cash consists of amounts held in cash deposit accounts with a Canadian chartered bank. Due to the short-term nature of cash, the carrying values do not differ materially from the fair values. Cash earned an effective interest rate of 2.38% during the year ended April 30, 2004 and 2.33% during the year ended April 30, 2003.

Accounts receivable, other assets, accounts payable and accrued liabilities are short term in nature and as such the carrying amounts are a reasonable estimate of the fair values of these items.

(in thousands of dollars)

As at April 30, the fair values of the outstanding debt are as follows:

	April 30, 2004	April 30, 2003
Series 03-1 Senior Bonds	**$ 102,178**	$ —
Series 03-2 Senior Bonds	**333,517**	—
Series 3 Subordinated Bond	**88,620**	96,300
Series 1 Floating Rate Senior Bridge Bond redeemed June 5, 2003	—	296,525
Series 2 Senior Real Return Bridge Bond redeemed December 5, 2003	—	125,136

Borrowings under the bank credit facility and the capital lease obligations are for short terms and are market rate based, thus carrying values approximate fair value.

b) Concentrations of credit risk

The Partnership has a concentration of credit risk as approximately 91% of its accounts receivable balance is due from the Alberta Electric System Operator (April 30, 2003 – 66%), 5% of the accounts receivable balance is due from TransAlta Utilities Corporation (April 30, 2003 – 17%) and 1% is due from SNC Lavalin Inc. (April 30, 2003 – 8%). For the year ended April 30, 2004 and April 30, 2003, tariff revenues accounted for approximately 94% (April 30, 2003 – 95%) of the operating revenues. The remaining 6% (April 30, 2003 – 5%) was comprised mainly of revenue from tower and land leases and the provision of services to others.

15. COMMITMENTS

On June 1, 2002 the Partnership entered into a 10 year operating lease for premises. As at April 30, 2003 the Partnership has received a leasehold improvement allowance from the landlord in the amount of $1,114. There are additional operating leases that are for premises in Red Deer, Lethbridge and Calgary that all have a lease terms up to 5 years.

Expected minimum lease payments in future years are as follows:

Calendar year	
2004	**$ 675**
2005	**1,040**
2006	**1,049**
2007	**1,046**
2008 and thereafter	**3,649**
	$ 7,459

NOTES TO FINANCIAL STATEMENTS

Year ended April 30, 2004
(in thousands of dollars)

16. SUPPLEMENTAL CASH FLOW INFORMATION

a) Change in Non-Cash Working Capital Items Related to Operations:

	2004	2003
Change in non-cash working capital items related to operations		
Decrease (increase) in accounts receivable	**$ 222**	$ (8,185)
Increase in materials and supplies	**(160)**	(4)
(Increase) decrease in prepaid expenses and deposits	**(266)**	1,147
Increase in regulatory assets	**(928)**	-
Increase in accounts payable and accrued liabilities	**11,857**	3,219
Increase in other liabilities	**17**	151
(Decrease) increase in regulatory liabilities	**(6,604)**	2,821
Increase (decrease) in debt	**56**	(2)
	$ 4,194	$ (853)

b) Change in Other Non-Cash Items Related to Operations:

	2004	2003
Change in other non-cash items related to operations		
Decrease in accrued benefit pension asset	**$ 310**	$ 1,029
Increase in accrued employment benefits liabilities	**175**	65
Increase in other liabilities	**103**	1,076
Increase (decrease) in regulatory liabilities	**11,142**	(4,960)
	$ 11,730	$ (2,790)

17. SUBSEQUENT EVENTS

The Partnership is planning to change its year end as at December 31, 2004 to be based on a calendar year end of December 31, to be consistent with regulatory reporting as the EUB directed the Partnership to use a calendar year end for regulatory purposes.

The Partnership filed a general tariff application with the EUB as of February 27, 2004 and subsequently amended the application on April 21, 2004 to apply for rates for the eight months ending December 31, 2004, and the fiscal years ending December 31, 2005, December 31, 2006 and December 31, 2007. This tariff application is based on traditional cost of service methodology.

On March 11, 2004 the Partnership filed with the EUB for interim rates as the 2002-04 tariff expires at April 30, 2004. The Partnership received a decision on June 2, 2004 from the EUB for interim rates effective May 1, 2004.

18. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current period's presentation.