

**FINANCIAL  
STATEMENTS**  
(unaudited)

**AltaLink, L.P.**

For the three months ended  
March 31, 2010 and 2009

**ALTALINK**

## Balance Sheets

(unaudited)

	As at	
	March 31, 2010	December 31, 2009
	(in thousands of dollars)	
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 8,859	\$ 8,319
Accounts receivable and other <i>[note 4]</i>	32,480	32,180
Regulatory assets	1,469	1,469
	<b>42,808</b>	<b>41,968</b>
Property, plant and equipment <i>[note 5]</i>	1,779,706	1,687,990
Customer deposits <i>[note 6]</i>	64,028	62,842
Regulatory assets, long-term	2,240	2,378
Accrued benefit pension asset	2,037	2,042
Goodwill	202,066	202,066
	<b>\$ 2,092,885</b>	<b>\$ 1,999,286</b>
<b>LIABILITIES AND PARTNERS' EQUITY</b>		
<b>Current</b>		
Accounts payable and other <i>[note 9]</i>	\$ 117,489	\$ 122,183
Regulatory liabilities	20,113	11,073
Current portion of long-term debt <i>[note 7]</i>	371	376
	<b>137,973</b>	<b>133,632</b>
Accrued employment benefits liabilities	3,205	3,034
Other liabilities, long-term	3,650	3,416
Customer deposits liability <i>[note 6]</i>	64,028	62,842
Regulatory liabilities, long-term	123,011	124,445
Asset retirement obligations <i>[note 8]</i>	188,456	186,305
Long-term debt <i>[note 7]</i>	880,986	804,107
	<b>1,401,309</b>	<b>1,317,781</b>
<b>Contingencies <i>[note 14]</i></b>		
<b>Partners' equity</b>		
Partners' capital	549,036	549,036
Retained earnings	142,540	132,469
	<b>691,576</b>	<b>681,505</b>
	<b>\$ 2,092,885</b>	<b>\$ 1,999,286</b>

See accompanying notes to the financial statements

Approved on behalf of the Board of Directors

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

## Statements of Income, Comprehensive Income and Retained Earnings

(unaudited)

	Three months ended	
	March 31, 2010	March 31, 2009
	(in thousands of dollars)	
<b>REVENUE</b>		
Transmission tariff <i>[notes 10 and 13]</i>	\$ 62,991	\$ 55,551
Miscellaneous revenue <i>[note 11]</i>	2,924	2,468
Allowance for equity funds used during construction	2,387	1,296
	<b>68,302</b>	<b>59,315</b>
<b>EXPENSES</b>		
Operating <i>[note 9]</i>	16,973	16,847
Property taxes	4,554	4,395
Depreciation and accretion	20,528	18,883
	<b>42,055</b>	<b>40,125</b>
	<b>26,247</b>	<b>19,190</b>
Interest and amortization of deferred financing fees <i>[note 7b]</i>	<b>(11,812)</b>	<b>(10,314)</b>
Allowance for debt funds used during construction	2,612	1,688
Gains on disposals of assets	24	1,502
<b>Net and comprehensive income for the period</b>	<b>\$ 17,071</b>	<b>\$ 12,066</b>
<b>Retained earnings, beginning of period</b>	<b>\$ 132,469</b>	<b>\$ 98,783</b>
Distributions	<b>(7,000)</b>	<b>(5,700)</b>
Net income for the period	17,071	12,066
<b>Retained earnings, end of period</b>	<b>\$ 142,540</b>	<b>\$ 105,149</b>

See accompanying notes to the financial statements

## Statements of Changes in Partners' Equity

(unaudited)

	Units	Partners' Capital	Interest in Retained Earnings		Total
			Limited Partner	General Partner	
			(in thousands)		
<b>Balance at December 31, 2008</b>	<b>331,904</b>	<b>\$ 408,536</b>	<b>\$ 98,739</b>	<b>\$ 44</b>	<b>\$ 507,319</b>
Net income for the year	—	—	56,523	6	56,529
Distributions	—	—	(22,841)	(2)	(22,843)
Equity investment received	—	140,500	—	—	140,500
<b>Balance at December 31, 2009</b>	<b>331,904</b>	<b>549,036</b>	<b>132,421</b>	<b>48</b>	<b>681,505</b>
Net income for the period	—	—	17,069	2	17,071
Distributions	—	—	(6,999)	(1)	(7,000)
Equity investment received	—	—	—	—	—
<b>Balance at March 31, 2010</b>	<b>331,904</b>	<b>\$ 549,036</b>	<b>\$ 142,491</b>	<b>\$ 49</b>	<b>\$ 691,576</b>

See accompanying notes to the financial statements

## Statements of Cash Flows

(unaudited)

	Three months ended	
	March 31, 2010	March 31, 2009
	(in thousands of dollars)	
<b>OPERATING ACTIVITIES</b>		
Net income for the period	\$ 17,071	\$ 12,066
Items not involving cash:		
Depreciation and accretion	20,528	18,883
Amortization of deferred financing fees	419	382
Allowance for funds used during construction	(4,999)	(2,984)
Gains on disposals of assets	(24)	(1,502)
Change in non-current portion of regulatory assets and liabilities	2,799	484
Change in other non-cash items	411	(373)
Asset retirement obligations settled	(107)	(239)
Funds generated from operations	36,098	26,717
Change in non-cash working capital items <i>[note 12]</i>	9,444	5,386
Cash provided by operating activities	45,542	32,103
<b>INVESTING ACTIVITIES</b>		
Capital expenditures	(113,389)	(49,594)
Change in non-cash working capital items <i>[note 12]</i>	(5,399)	1,330
Use of customer contributions related to capital expenditures <i>[note 5]</i>	4,187	7,865
Proceeds from disposals of assets	24	103
Cash used in investing activities	(114,577)	(40,296)
<b>FINANCING ACTIVITIES</b>		
Net senior debt issued	124,996	—
Net change in bank credit facilities	(47,777)	(1,129)
Distributions	(7,000)	(5,700)
Equity investment received	—	15,000
Net change in other financing activities <i>[note 12]</i>	(644)	22
Cash provided by financing activities	69,575	8,193
<b>Net increase in cash and cash equivalents</b>	<b>540</b>	<b>—</b>
Cash and cash equivalents, beginning of period	8,319	—
<b>Cash and cash equivalents, end of period</b>	<b>\$ 8,859</b>	<b>\$ —</b>
<b>Cash interest paid during the period</b>	<b>\$ 6,365</b>	<b>\$ 6,352</b>

See accompanying notes to the financial statements

## 1. Nature of operations

AltaLink, L.P. (the Partnership or AltaLink) was formed under the laws of the Province of Alberta in Canada on July 3, 2001, and is managed by AltaLink Management Ltd. (the General Partner). The Partnership's registered office is located at 2611-3<sup>rd</sup> Avenue SE, Calgary, Alberta T2A 7W7. The Partnership has one limited partner, AltaLink Investments, L.P. (AILP). The Partnership was formed to own and operate regulated transmission assets in Alberta. 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 a regulated electric utility under the jurisdiction of the Alberta Utilities Commission (AUC).

The Partnership is indirectly owned by two limited partners. SNC-Lavalin Transmission Ltd. indirectly owns 76.92% of AltaLink, L.P. through subsidiaries, and Macquarie Transmission Alberta Ltd. owns the remaining 23.08%.

During the periods ended March 31, 2010 and 2009, the Partnership operated solely in one primary reportable geographical and business segment, the ownership and operation of regulated electricity transmission facilities in the Province of Alberta. The segment includes the ownership and operation of Alberta's portion of 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. Basis of accounting

The Partnership's management has prepared the unaudited interim financial statements of the Partnership in accordance with Canadian generally accepted accounting principles following the same accounting policies and methods of computation as the audited financial statements for the year ended December 31, 2009. These unaudited interim financial statements do not include all of the disclosures required in the audited annual financial statements, and accordingly, should be read in conjunction with the Partnership's audited financial statements for the year ended December 31, 2009. Operating results for the three months ended March 31, 2010 are not necessarily indicative of the results that may be expected for the year ending December 31, 2010.

### 3. Risk management and financial instruments

#### a) Fair value of financial instruments

Financial Instrument	Designated Category	Measurement Basis	Associated Risks	Fair Value at March 31, 2010
Cash and cash equivalents	Held for trading	Fair value	<ul style="list-style-type: none"> <li>• Market</li> <li>• Credit</li> <li>• Liquidity</li> </ul>	Measured at fair value
Accounts receivable	Loans and receivables	Initially at fair value and subsequently at amortized cost	<ul style="list-style-type: none"> <li>• Credit</li> <li>• Liquidity</li> </ul>	Carrying value approximates fair value due to short-term nature
Regulatory assets, short-term and long-term	Loans and receivables	Initially at fair value and subsequently at amortized cost	<ul style="list-style-type: none"> <li>• Credit</li> <li>• Liquidity</li> </ul>	Carrying value approximates fair value due to nature of asset <sup>1</sup>
Accounts payable	Other liabilities	Initially at fair value and subsequently at amortized cost	<ul style="list-style-type: none"> <li>• Liquidity</li> </ul>	Carrying value approximates fair value due to short-term nature <sup>2</sup>
Regulatory liabilities, short-term and long-term	Other liabilities	Initially at fair value and subsequently at amortized cost	<ul style="list-style-type: none"> <li>• Liquidity</li> </ul>	Carrying value approximates fair value due to nature of liability <sup>1</sup>
Long-term debt	Other liabilities	Initially at fair value and subsequently at amortized cost	<ul style="list-style-type: none"> <li>• Market</li> <li>• Liquidity</li> </ul>	\$920.9 million <sup>3</sup>
Customer deposits	Held for trading	Fair value	<ul style="list-style-type: none"> <li>• Market</li> <li>• Credit</li> <li>• Liquidity</li> </ul>	Measured at fair value <sup>4</sup>
Customer deposits liability	Other liabilities	Initially at fair value and subsequently at amortized cost	<ul style="list-style-type: none"> <li>• Liquidity</li> </ul>	Carrying value approximates fair value due to the nature of the liability <sup>4</sup>

1. Regulatory assets and liabilities are amounts expected to be settled following approval of regulatory filings. These amounts have typically been settled at or close to management's estimate.
2. Accounts payable are expected to mature in less than one year.
3. Fair values are determined using quoted market prices for the same or similar issues. Where market prices are not available, fair values are estimated using a discounted cash flow analysis based on the Partnership's current borrowing rate for similar borrowing arrangements. The quoted market prices used in this determination are classified as level 1 inputs in accordance with the provisions of Section 3862 of the CICA Handbook.
4. Customer deposits are comprised of contributions in advance of construction and operating and maintenance charges in advance and the cash portions of both are held in short-term investments, the carrying values of which do not differ materially from the fair values.

#### b) Credit risk

The Partnership has a concentration of credit risk as approximately 95% of its accounts receivable balance is due from the Alberta Electric System Operator (AESO) (December 31, 2009 – 91%). For the three months ended March 31, 2010, approximately 96% (Tariff Revenue and AFUDC Equity) (March 31, 2009 – 96%) of the Partnership's revenue is from the AESO. The remainder is comprised mainly of revenue from tower and land leases and the provision of services to other utilities.

The Partnership's maximum exposure to credit risk, without taking into account collateral held, equals the current carrying values of accounts receivable, customer deposits and regulatory assets as disclosed in these financial statements.

### 3. Risk management and financial instruments (cont'd)

#### c) Market risk - interest rate risk

To manage interest rate risk, the Partnership controls the proportion of fixed and variable rate debt instruments, maintains access to diverse sources of funding, and limits the amount of non-regulated debt within its capital structure.

The long-term debt deferral account adjusts the approved tariff to reflect the actual interest rates applicable to regulated senior debt and subordinated debt instruments issued during the period. The Partnership is exposed to interest rate risk on new senior debt and subordinated debt, to the extent that such debt is attributable to non-regulated debt at the time of issuance.

To the extent that the Partnership's bank credit facilities and commercial paper are attributed to regulated debt, the AUC permits the Partnership to recover interest at a predetermined fixed rate. Therefore, the Partnership is exposed to risks related to variable interest rates applicable to such indebtedness. As at March 31, 2010, the Partnership had \$0.1 million in such indebtedness outstanding.

#### d) Capital risk management

##### Summary of capital structure

	March 31, 2010		As at December 31, 2009	
	(millions)	%	(millions)	%
Total long-term debt	\$ 887.7	55.9	\$ 810.5	54.0
Partners' capital	549.0	34.6	549.0	36.6
Retained earnings	142.5	8.9	132.4	8.8
Cash and cash equivalents	8.9	0.6	8.3	0.6
<b>Total</b>	<b>\$ 1,588.1</b>	<b>100.0</b>	<b>\$ 1,500.2</b>	<b>100.0</b>

Total long-term debt does not include deferred financing fees of \$6.8 million (December 31, 2009 - \$6.4 million)

As at March 31, 2010, the Partnership was subject to externally imposed capital requirements under the Master Trust Indenture and the bank credit facilities. These agreements limit the amount of debt that can be incurred relative to partners' equity. The Partnership was in compliance with these capital requirements as at March 31, 2010.

### 4. Accounts receivable and other

	As at	
	March 31, 2010	December 31, 2009
	(in thousands of dollars)	
Accounts receivable	\$ 26,181	\$ 24,534
Prepaid expenses and deposits	6,299	7,646
<b>Total</b>	<b>\$ 32,480</b>	<b>\$ 32,180</b>

The Partnership does not require an allowance for doubtful accounts. As of March 31, 2010, 99.8% of accounts receivable have been outstanding for less than 30 days (December 31, 2009 – 99.5%).



## 5. Property, plant & equipment

	Lines	Substations	Buildings & Equipment	Land & Work in Progress	Long-Lived Assets	Customer Contributions	Total
<b>(in thousands of dollars)</b>							
<b>Cost</b>							
As at Jan 1, 2009	\$ 569,238	\$ 851,772	\$ 105,946	\$ 144,842	\$ 45,185	\$(139,606)	\$1,577,377
Additions	47,669	126,918	35,052	156,200	117,142	(23,903)	459,078
Retirements	(1,321)	(1,019)	(8,108)	(49)	—	—	(10,497)
Reclass voided 500kV costs	(29,090)	(2,159)	—	(5,388)	—	—	(36,637)
As at Dec 31, 2009	586,496	975,512	132,890	295,605	162,327	(163,509)	1,989,321
Additions	5,197	28,537	1,604	82,710	—	(4,187)	113,861
Retirements	(340)	(122)	(2,732)	—	—	—	(3,194)
<b>As at March 31, 2010</b>	<b>\$ 591,353</b>	<b>\$ 1,003,927</b>	<b>\$ 131,762</b>	<b>\$ 378,315</b>	<b>\$ 162,327</b>	<b>\$ (167,696)</b>	<b>\$ 2,099,988</b>
<b>Accumulated Depreciation</b>							
As at Jan 1, 2009	\$(106,324)	\$ (212,149)	\$ (28,217)	\$ —	\$ (22,592)	\$ 15,511	\$ (353,771)
Depreciation expense	(19,320)	(45,340)	(10,760)	—	—	5,175	(70,245)
Reclass of site restoration costs	77,657	48,786	272	—	(18,360)	—	108,355
Retirements & salvage	2,932	3,441	7,957	—	—	—	14,330
As at Dec 31, 2009	(45,055)	(205,262)	(30,748)	—	(40,952)	20,686	(301,331)
Depreciation expense	(7,111)	(11,828)	(3,001)	—	—	1,412	(20,528)
Site restoration adjustment	1,473	144	22	—	(3,704)	—	(2,065)
Retirements & salvage	1,177	(268)	2,733	—	—	—	3,642
<b>As at March 31, 2010</b>	<b>\$ (49,516)</b>	<b>\$ (217,214)</b>	<b>\$ (30,994)</b>	<b>\$ —</b>	<b>\$ (44,656)</b>	<b>\$ 22,098</b>	<b>\$ (320,282)</b>
<b>Net Book Value</b>							
As at Dec 31, 2009	\$ 541,441	\$ 770,250	\$ 102,142	\$ 295,605	\$ 121,375	\$ (142,823)	\$ 1,687,990
<b>As at March 31, 2010</b>	<b>\$ 541,837</b>	<b>\$ 786,713</b>	<b>\$ 100,768</b>	<b>\$ 378,315</b>	<b>\$ 117,671</b>	<b>\$ (145,598)</b>	<b>\$1,779,706</b>

The total amount of allowance for funds used during construction (AFUDC) capitalized for the three months ended March 31, 2010 was \$5.0 million (\$3.0 million for the three months ended March 31, 2009) at a capitalization rate of 6.79% (6.67% for the three months ended March 31, 2009).

## 6. Customer deposits

	March 31, 2010	As at December 31, 2009
	(in thousands of dollars)	
Contributions in advance of construction	\$ 52,765	\$ 50,620
Operating and maintenance charges in advance	11,263	12,222
<b>Total</b>	<b>\$64,028</b>	<b>\$ 62,842</b>

Liabilities related to customer deposits equal the customer deposits.

For certain projects, customers contribute their share of capital costs in advance of construction. The Partnership is entitled to use these cash contributions to fund capital expenditures as construction progresses. The customers' shares of capital project costs are offset against the cost of property, plant and equipment and are amortized over the useful life of the assets.

In addition, certain customers are required to provide advance funding for future operating and maintenance costs of assets constructed with customer contributed funds. After these assets are put into service, the Partnership draws down these contributions to fund operating and maintenance costs over the life of the related assets.

Customer deposits earned an effective interest rate of 0.28% for the three months ended March 31, 2010 (three months ended March 31, 2009 – 0.57%). Interest received is accumulated throughout the year, and the interest related to contributions in advance of construction is paid annually to the AESO.

## 7. Debt

	Effective interest rate	Maturing	March 31, 2010	As at December 31, 2009
	(in thousands of dollars)			
Senior Debt				
Series 03-2, 5.430%	5.811%	2013	\$ 325,559	\$ 325,559
Series 2006-1, 5.249%	5.299%	2036	150,000	150,000
Series 2008-1, 5.243%	5.354%	2018	202,467	202,358
Series 2010-1, 5.381%	5.417%	2040	125,000	—
			<b>803,026</b>	677,917
Series 3, subordinated 8.000%	8.020%	2012	85,000	85,000
Commercial paper	N/A	N/A	—	47,982
Revolving line of credit	2.25%	2011	93	—
			<b>888,119</b>	810,899
Less: Deferred financing fees				
Series 3, 8.000%			38	42
Series 03-2, 5.430%			3,545	3,796
Series 2006-1, 5.249%			1,063	1,068
Series 2008-1, 5.243%			1,458	1,510
Series 2010-1, 5.381%			658	—
			<b>6,762</b>	6,416
Total debt, net of deferred financing fees			<b>881,357</b>	804,483
Less: current portion of long-term debt			371	376
<b>Total long-term debt</b>			<b>\$ 880,986</b>	<b>\$ 804,107</b>

## 7. Debt (cont'd)

On March 25, 2010, the Partnership issued \$125.0 million of Series 2010-1 Senior Debt. Senior debt obligations are secured by a first floating charge security interest in the Partnership's present and future assets. Senior Debt is redeemable by the Partnership at the greater of (i) the prevailing Government of Canada bond yield plus a pre-determined premium, and (ii) the face amount of the debt to be redeemed plus, in each case, accrued and unpaid interest.

### a) Bank credit facilities

As at March 31, 2010	Committed	Drawdowns	Commercial Paper Outstanding	Available	Maturity Date
(in thousands of dollars)					
Commercial paper back-up facility	\$ 400,000	\$ —	\$ —	\$ 400,000	December 17, 2011
Revolving line of credit	85,000	93	—	84,907	April 30, 2011
	<b>\$ 485,000</b>	<b>\$ 93</b>	<b>\$ —</b>	<b>\$ 484,907</b>	

As at December 31, 2009	Committed	Drawdowns	Commercial Paper Outstanding	Available	Maturity Date
(in thousands of dollars)					
Commercial paper back-up facility	\$ 400,000	\$ —	\$ 47,982	\$ 352,018	December 17, 2011
Revolving line of credit	85,000	—	—	85,000	April 30, 2011
	<b>\$ 485,000</b>	<b>\$ —</b>	<b>\$ 47,982</b>	<b>\$ 437,018</b>	

The \$400.0 million commercial paper back-up facility provides support for the borrowing under the unsecured commercial paper program. Drawdowns under the commercial paper back-up facility may be in the form of Canadian prime rate loans and bankers' acceptances.

### b) Interest expense and amortization of deferred financing fees

	Three months ended	
	March 31, 2010	March 31, 2009
(in thousands of dollars)		
Deferred financing fees amortized	\$ 419	\$ 382
Interest on debt	<b>11,393</b>	9,932
Total interest and amortization of deferred financing fees on debt	<b>11,812</b>	10,314
Less: short-term portion of interest on debt	—	—
Total long-term portion of interest and amortization of deferred financing fees	<b>\$11,812</b>	\$ 10,314

## 7. Debt (cont'd)

### c) Scheduled principal repayments

(in thousands of dollars)	
<b>Maturing</b>	
2011	\$ 464
2012	85,000
2013	325,409
2014	—
2015	—
2016 and thereafter	477,246
	<b>\$ 888,119</b>

## 8. Asset retirement obligations

As of March 31, 2010, the estimated total undiscounted amount of asset retirement obligations was approximately \$451.1 million (December 31, 2009 - \$453.1 million). The obligations are expected to be settled over the useful lives of the assets, most of which are expected to be retired between 2011 and 2051. In determining the fair value of the asset retirement obligations, the estimated cash flows of new obligations incurred during the period have been discounted, using a discount rate adjusted for credit risks and inflation factors, at 4.96% (2009 – 4.96%).

	As at	
	March 31, 2010	December 31, 2009
(in thousands of dollars)		
Balance, beginning of period	\$ 186,305	\$ 60,181
Net change in liabilities for the period	—	118,455
Liabilities settled in period	(107)	(1,236)
Accretion expense	2,258	8,905
Balance, end of period	<b>\$ 188,456</b>	<b>\$ 186,305</b>

## 9. Related party transactions

In the normal course of business, the Partnership transacts with its partners and other related entities under common control. The following transactions were measured at the exchange amount:

	Three months ended	
	March 31, 2010	March 31, 2009
(in thousands of dollars)		
Interest on Series 3 Subordinated Bond		
AltaLink Investments, L.P.	\$ 1,677	\$ 1,677
Employee compensation and benefit charges		
AltaLink Management Ltd.	16,924	17,831
Construction related services		
SNC-Lavalin ATP Inc.	65,282	18,042

For the three months ended March 31, 2010 and 2009, there were no other material transactions with AltaLink Investments L.P., AltaLink Holdings L.P., SNC-Lavalin Capital Inc., Macquarie North America Ltd., AltaLink Investment Management Ltd., SNC-Lavalin Environmental Inc., and SNC-Lavalin Inc.

## 9. Related party transactions (cont'd)

Amounts included in accounts receivable and accounts payable are:

	As at	
	March 31, 2010	December 31, 2009
(in thousands of dollars)		
	Amount owed (to)/from related parties	Amount owed (to)/from related parties
AltaLink Management Ltd.	\$ (4,072)	\$ (6,882)
SNC-Lavalin ATP Inc.	(77,190)	(82,995)
AltaLink Investments, L.P.	(1,061)	(1,063)

As at March 31, 2010 and December 31, 2009, accounts receivable and accounts payable included amounts which are not material individually or in total that were owed to/from related parties including AltaLink Investment Management Ltd., AltaLink Holdings, L.P., Macquarie North America Ltd., Heartland Transmission, L.P., Heartland Transmission Management Ltd. and AltaLink Heartland Holdings, L.P.

Unless otherwise stated, none of the related party transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are due on a 30 day term and are usually settled in cash.

## 10. Transmission tariff

The Partnership is regulated using a cost-of-service methodology under which all prudently incurred costs are recovered in addition to an allowed return on the rate base.

	Three months ended	
	March 31, 2010	March 31, 2009
(in thousands of dollars)		
Return – Equity	\$ 10,752	\$ 7,589
Return – Debt	12,932	10,060
Recovery of expenses	45,277	37,750
Deemed income taxes	3,664	2,438
Approved transmission tariff	72,625	57,837
Deferral, reserve and other adjustments	(9,634)	(2,286)
Transmission tariff	\$ 62,991	\$ 55,551

In 2009 and 2010, the approved return on equity was 9.00%, with a deemed common equity ratio of 36% and the approved return on debt was 5.54%, with a deemed common debt ratio of 64%.

## 11. Miscellaneous revenue

	Three months ended	
	March 31, 2010	March 31, 2009
(in thousands of dollars)		
Service contracts to third parties	\$ 621	\$ 252
Recovery of costs for services provided to other utilities	1,507	1,182
Tower, land and other lease revenue	646	701
Related party and other billings	150	333
Miscellaneous revenue	\$ 2,924	\$ 2,468

Service contracts to third parties have no significant net income impact as this revenue is based on cost recovery.

## 12. Supplemental cash flow information

	Three months ended	
	March 31, 2010	March 31, 2009
	(in thousands of dollars)	
<b>Changes in non-cash working capital items</b>		
Change in accounts receivable and other	\$ (300)	\$ 342
Change in accounts payable and other	(4,695)	5,944
Change in short-term regulatory assets and liabilities	9,040	430
<b>Change in non-cash working capital items</b>	<b>4,045</b>	<b>6,716</b>
Related to investing activities	(5,399)	1,330
Related to operating activities	9,444	5,386
	<b>\$ 4,045</b>	<b>\$ 6,716</b>
<b>Net change in other financing activities</b>		
Change in deferred financing fees	\$ (644)	\$ 22
Increase in customer deposits	(1,185)	(23,412)
Increase in customer deposits liability	1,185	23,412
	<b>\$ (644)</b>	<b>\$ 22</b>

## 13. Regulatory decisions

On February 24, 2010, the Partnership revised its 2009-2010 general tariff compliance filing to amend its revenue requirements for 2009 and 2010 to \$279.9 million and \$288.3 million respectively. On January 27, 2010 the AUC approved interim tariff rates pending its decision related to the Partnership's compliance filing. The Partnership's tariff revenue for the first quarter of 2010 reflects these interim rates. Adjustments arising from future AUC decisions will be reflected in the Partnership's financial results when such decisions are issued.

## 14. Contingencies

From time to time, the Partnership is subject to legal proceedings, assessments and claims in the ordinary course of business. The Partnership was served with an action on June 5, 2009 alleging that the Plaintiff and the Partnership had concluded a binding agreement for the sale to the Plaintiff of certain lands. At this time, in the opinion of management, none of these matters is reasonably expected to result in a material adverse effect on the Partnership's financial position or results of operations.

## 15. Comparative figures

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

**ALTALINK**