Condensed Interim Financial Statements

AltaLink, L.P.

(unaudited)

For the three and nine months ended September 30, 2013 and 2012

Statement of Financial Position

(unaudited)

	Notes	As at September 30, 2013	As at December 31, 2012
(in thousands of dollars)			
ASSETS			
Current			
Cash and cash equivalents		**$ —**	$ 9,241
Trade and other receivables	5	**99,660**	145,612
		99,660	154,853
Non-current			
Goodwill		**202,066**	202,066
Intangible assets	6	**203,818**	173,942
Property, plant and equipment	7	**4,653,478**	3,469,990
Third party deposits	8	**134,575**	51,991
Other non-current assets	5	**33,431**	30,891
		$ 5,327,028	$ 4,083,733
LIABILITIES AND PARTNERS' EQUITY			
Current			
Trade and other payables	9	**$ 664,008**	$ 263,380
Commercial paper and bank credit facilities	10(a)	**65,734**	1,778
Long-term debt maturing in less than one year	10(b)	**—**	325,000
Current portion of deferred revenue	11	**16,670**	14,430
		746,412	604,588
Non-current			
Long-term debt	10(b)	**2,188,404**	1,466,979
Deferred revenue	11	**696,977**	587,695
Third party deposits liability	8	**134,575**	51,991
Other non-current liabilities	9	**29,087**	22,578
		3,795,455	2,733,831
Commitments and contingencies	15, 16		
Partners' equity		**1,531,573**	1,349,902
		$ 5,327,028	$ 4,083,733

See accompanying notes to the condensed interim financial statements.

ALTALINK

Statement of Comprehensive Income

(unaudited)

	Notes	Three months ended September 30, 2013	Three months ended September 30, 2012	Nine months ended September 30, 2013	Nine months ended September 30, 2012
(in thousands of dollars)					
Revenue					
Operations	13	**$ 118,380**	$ 91,560	**$ 332,101**	$ 269,146
Other		**7,076**	6,022	**20,126**	17,655
		125,456	97,582	**352,227**	286,801
Expenses					
Operating	14(a)	**(22,584)**	(20,325)	**(64,498)**	(59,583)
Property taxes, salvage and other	14(b)	**(12,799)**	(10,835)	**(36,397)**	(30,838)
Depreciation and amortization		**(30,948)**	(19,353)	**(90,081)**	(67,919)
		(66,331)	(50,513)	**(190,976)**	(158,340)
		59,125	47,069	**161,251**	128,461
Finance costs	10(d)	**(21,084)**	(19,087)	**(62,783)**	(52,344)
Gain (loss) on disposal of assets		**311**	(698)	**433**	(113)
Net income		**38,352**	27,284	**98,901**	76,004
Other comprehensive income					
Actuarial loss		**—**	—	**(330)**	(341)
Total comprehensive income		**$ 38,352**	$ 27,284	**$ 98,571**	$ 75,663

See accompanying notes to the condensed interim financial statements.

ALTALINK

Statement of Changes in Partners' Equity

(unaudited)

(in thousands)	Units	Allocation to Limited Partner	Allocation to General Partner	Total Retained Earnings	Partners' Capital	Total
As at January 1, 2012	331,904	$ 225,154	$ 57	$ 225,211	$ 783,436	$ 1,008,647
Total comprehensive income	—	75,655	8	75,663	—	75,663
Equity investment received	—	—	—	—	149,800	149,800
Distributions paid	—	(26,547)	(3)	(26,550)	—	(26,550)
Balance at September 30, 2012	**331,904**	**$ 274,262**	**$ 62**	**$ 274,324**	**$ 933,236**	**$ 1,207,560**
As at January 1, 2013	331,904	$ 295,602	$ 64	$ 295,666	$ 1,054,236	$ 1,349,902
Total comprehensive income	—	98,561	10	98,571	—	98,571
Equity investment received	—	—	—	—	112,500	112,500
Distributions paid	—	(29,397)	(3)	(29,400)	—	(29,400)
Balance at September 30, 2013	**331,904**	**$ 364,766**	**$ 71**	**$ 364,837**	**$ 1,166,736**	**$ 1,531,573**

See accompanying notes to the condensed interim financial statements.

Statement of Cash Flows

(unaudited)

	Three months ended		Nine months ended	
(in thousands of dollars)	**September 30, 2013**	September 30, 2012	**September 30, 2013**	September 30, 2012
Cash flows from operating activities				
Net receipts from AESO	**$ 113,922**	$ 56,733	**$ 410,707**	$ 226,465
Receipts from other third parties	**36,217**	6,143	**120,431**	57,327
Payments to suppliers and contractors	**(36,500)**	(47,830)	**(110,170)**	(109,315)
Payments to employees	**(10,514)**	(6,980)	**(34,410)**	(27,124)
Interest payments	**(14,962)**	(7,791)	**(51,880)**	(42,039)
Net cash provided by operating activities	**88,163**	275	**334,678**	105,314
Cash flows from investing activities				
Capital expenditures	**(418,567)**	(181,619)	**(1,007,691)**	(609,063)
Use of third party contributions	**43,796**	37,281	**120,553**	84,958
Proceeds from disposal of assets	**264**	130	**575**	2,712
Net cash used in investing activities	**(374,507)**	(144,208)	**(886,563)**	(521,393)
Cash flows from financing activities				
Senior debt issued	**725,000**	—	**725,000**	300,000
Senior debt repaid	**—**	—	**(325,000)**	—
Subordinated debt repaid	**—**	—	**—**	(85,000)
Use of commercial paper and bank credit facilities	**(436,911)**	83,728	**63,957**	64,747
Distributions paid	**(9,800)**	(8,850)	**(29,400)**	(26,550)
Equity investment received	**12,000**	50,000	**112,500**	149,800
Change in other financing activities	**(3,945)**	(396)	**(4,413)**	(2,326)
Net cash provided by financing activities	**286,344**	124,482	**542,644**	400,671
Net change in cash and cash equivalents	**—**	(19,451)	**(9,241)**	(15,408)
Cash and cash equivalents, beginning of period	**—**	19,451	**9,241**	15,408
Cash and cash equivalents, end of period	**$ —**	$ —	**$ —**	$ —

See accompanying notes to the condensed interim financial statements.

ALTALINK

1. General information

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

SNC-Lavalin Group Inc. (SNC) is the ultimate parent of the Partnership.

The Partnership is regulated by the Alberta Utilities Commission (AUC), pursuant to the Electric Utilities Act (Alberta) (EUA), the Public Utilities Act (Alberta), the AUC Act (Alberta), and the Hydro and Electric Energy Act (Alberta). These statutes and their respective regulations cover matters such as tariffs, construction, operations, financing and accounting. The Alberta Electric System Operator (AESO) administers the transmission of all electrical energy through the Alberta Interconnected Electric System in the Province of Alberta.

During the nine months ended September 30, 2013 and 2012, the Partnership operated solely in one reportable geographical and business segment.

2. Basis of preparation

(a) Statement of compliance

These condensed interim financial statements have been prepared in accordance with IAS 34 – *Interim Financial Reporting*. They should be read in conjunction with the Partnership's most recent annual audited financial statements as at and for the year ended December 31, 2012.

The Partnership has consistently applied the same accounting policies in its condensed interim financial statements as compared to its most recent annual audited financial statements.

Certain of the principal accounting policies adopted to prepare these condensed interim financial statements are set out below. The condensed interim financial statements reflect the financial position and financial performance of the Partnership and do not include all of the assets, liabilities, revenues and expenses of the partners.

These condensed interim financial statements were approved for issue by the Board of Directors on October 25, 2013.

(b) Basis of measurement

These condensed interim financial statements have been prepared on a going-concern and historical cost basis except for the accrued defined benefit pension liability, provisions, accrued employment benefits liabilities and certain financial assets and liabilities related to regulated activities, which are measured initially at fair value. Financial assets and liabilities related to regulated activities are subsequently measured at amortized cost.

(c) Functional and presentation currency

These condensed interim financial statements are presented in Canadian dollars, which is the Partnership's functional currency.

(d) Use of estimates and judgement

The preparation of the condensed interim financial statements requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Judgements made by management that have significant effects on the condensed interim financial statements and estimates with a significant risk of material adjustment in the next year are disclosed, where applicable, in the relevant notes to the condensed interim financial statements.

2. Basis of preparation (cont'd)

Accounting policies are selected and applied in a manner which ensures the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring the substance of the underlying transactions or other events is reported. As a regulated utility, the Partnership records certain amounts at estimated values until these amounts are finalized. The Partnership bases its estimates and judgements on historical experience, including experience with regulatory processes, current conditions and various other assumptions that are believed to be reasonable under the circumstances. These factors form the basis for making judgements about the carrying values of assets and liabilities. They are also the basis for identifying and assessing the Partnership's accounting treatment with respect to commitments and contingencies. Significant estimates include:

- Expected regulatory decisions on matters that may impact revenue;
- The recovery and settlement of financial assets and liabilities related to regulated activities;
- Key economic assumptions used in cash flow projections;
- The estimated useful lives of assets;
- The recoverability of tangible and intangible assets, including estimates of future costs to retire physical assets or the recoverability of costs associated with direct assigned projects that have been delayed in the regulatory process;
- The recoverability of intangible assets with indefinite lives, such as goodwill; and
- The accruals for capital projects and payroll.

The Partnership applies changes in estimates prospectively as they result from new information. To the extent that a change in accounting estimate gives rise to changes in assets or liabilities, or relates to an item of equity, the Partnership adjusts the carrying amount of the related asset or liability in the period of the change.

The Partnership discloses the nature and amount of a change in an accounting estimate that has an effect in the current period. It also discloses the nature and amount of a change in an accounting estimate that is expected to have an effect in future periods, except when it is impracticable to estimate that effect, in which case the Partnership discloses that fact.

3. Summary of significant accounting policies

The following is a summary of certain of the significant accounting policies. For a complete summary of significant accounting policies, please refer to note 3 in the Partnership's most recent annual audited financial statements.

(a) Regulation of transmission tariff

The Partnership operates under cost-of-service regulation in accordance with the EUA. The AUC must provide the Partnership with a reasonable opportunity to recover its prudently incurred and forecasted costs, including operating expenses, depreciation, cost-of-debt, capital and taxes associated with investment, and a fair return on investment. Fair return is determined on the basis of return on rate base and allowance for funds used during construction (AFUDC) for non-direct-assigned projects included in construction work-in-progress (CWIP). With effect from January 1, 2011 the AUC has authorized accelerated recovery of AFUDC for direct-assigned projects, which is referred to as "CWIP in rate base". The Partnership applies for a transmission tariff based on forecasted costs-of-service. Once approved, the transmission tariff is not adjusted if actual costs-of-service differ from forecast, except certain prescribed costs for which deferral and reserve accounts are established within the transmission tariff. The transmission tariff is received from the AESO in equal monthly installments. All tariff adjustments arising from deferral or reserve accounts relate to services provided to the AESO during the test years, and settlement of these accounts with the AESO is not contingent on providing future services.

If, in management's judgement, a reasonable estimate can be made of the impact future regulatory decisions may have on the current period's condensed interim financial statements, such an estimate will be recorded in the current period. When the AUC issues a decision affecting the financial statements of a prior period, the effects of the decision are recorded in the period in which the decision is issued.

3. Summary of significant accounting policies (cont'd)

(b) Revenue recognition

Revenues from regulated activities represent the inflow of economic benefits earned during the period arising in the ordinary course of the Partnership's operating activities. Such revenues are recognized on the accrual basis in accordance with tariffs approved by the AUC, and estimates of services provided but not yet billed to the AESO. The Partnership does not recognize revenue for any portion of tariffs received but not earned. Unearned tariffs are classified as financial liabilities related to regulated activities or deferred revenue in the condensed interim financial statements.

Other revenue represents revenue received from third parties and includes, but is not limited to, services provided on a cost recovery basis to other utilities. Other revenue is recognized on the accrual basis as the costs are incurred. Rental income from third parties is recognized on a straight-line basis over the lease term.

(c) Financial assets and liabilities related to regulated activities

The regulatory and legal rights and obligations under which the Partnership operates assign the Partnership the right to bill and collect financial assets related to regulated activities from the AESO. The AESO is the Partnership's single counterparty for regulated activities and amounts billed to it by the Partnership are based on specific amounts and timing approved by the AUC. There is no future performance required by the Partnership to recover these amounts. Long-term amounts due from the AESO earn a regulatory return and are discounted at a market rate of interest.

The regulatory and legal rights and obligations under which the Partnership operates also require the Partnership to refund to the AESO certain amounts that have been received in tariff revenue that are greater than its actual expenses. Such financial liabilities related to regulated activities due to the AESO within 12 months are not discounted. Amounts due to the AESO beyond the next 12 months are discounted at a market rate of interest.

(d) Adoption of new and revised accounting standards

New standards effective beginning on or after January 1, 2013

IFRS 10 - *Consolidated financial statements*, IFRS 11 - *Joint arrangements*, IFRS 12 - *Disclosure of interests in other entities* and IFRS 13 - *Fair value measurement* were issued in May 2011. They replace parts of IAS 27 – *Consolidated and separate financial statements* and IAS 28 - *Investments in associates and joint ventures* and relate to the accounting and disclosure for interests in other entities. IFRS 13 provides guidance on how to measure assets and liabilities at fair value as well as the disclosure required to explain management's assumptions to the reader. These standards did not have a material impact on the Partnership's condensed interim financial statements or its disclosures.

Amendments to standards effective beginning on or after January 1, 2013

Amendments to IAS 1 – *Presentation of financial statements* were issued by the International Accounting Standards Board (IASB) in September 2011. The amendments relate to the disclosure of other comprehensive income as well as the tax impacts of other comprehensive income. These amendments did not have a material impact on the Partnership's condensed interim financial statements or its disclosures.

Amendments to IAS 19 - *Employee benefits* were issued by the IASB in June 2011. These amendments did not have a material impact on the Partnership's condensed interim financial statements or its disclosures.

Amendments to IFRS 7 - *Disclosures - Offsetting financial assets and liabilities* were published jointly by the IASB and Financial Accounting Standards Board in December 2011. The amendments are intended to improve the ability of users of financial statements to compare financial statements prepared in accordance with US GAAP and IFRS. These amendments did not have a material impact on the Partnership's condensed interim financial statements or its disclosures.

3. Summary of significant accounting policies (cont'd)

In May 2012, the IASB issued amendments to five standards under its Annual Improvements Project. Amended standards include IFRS 1 – *First time adoption of International Financial Reporting Standards,* IAS 1 – *Presentation of financial statements,* IAS 16 - *Property, plant and equipment,* IAS 32 – *Financial instruments – Presentation,* and IAS 34 – *Interim financial reporting.* These amendments did not have a material impact on the Partnership's condensed interim financial statements or its disclosures.

Effective after 2013

IFRS 9 - *Financial instruments: Classification and measurement* was issued in November 2009 and will replace IAS 39 - *Financial instruments: Recognition and measurement*. IFRS 9 is effective for periods beginning on or after January 1, 2015. The Partnership is evaluating the impact of the amendments on its condensed interim financial statements as issued, although currently they are not expected to have a material impact.

Amendments to IAS 32 - *Financial instruments* - *Presentation* to clarify the application of the offsetting requirements were published in December 2011 to address inconsistencies in current practice. The amendments are effective for periods beginning on or after January 1, 2014, with earlier application permitted. The Partnership does not plan to adopt this amendment early and implementation is not expected to have a material impact on the condensed interim financial statements.

4. Risk management and financial instruments

(a) Fair value of financial instruments

Financial Instrument	Designated Category	Measurement Basis	Associated Risks	Fair Value at September 30, 2013
Cash and cash equivalents	Fair value through profit or loss (Held for trading)	Fair value	• Market • Credit • Liquidity	Measured at fair value. Cash and cash equivalents earn interest at floating rates based on daily bank deposit rates.
Trade and other receivables and other non-current assets *[note 5]*	Loans and receivables	Initially at fair value and subsequently at amortized cost	• Credit • Liquidity	Carrying value approximates fair value due to short-term nature.
Trade and other payables and other non-current liabilities *[note 9]*	Other liabilities	Initially at fair value and subsequently at amortized cost	• Liquidity	Carrying value approximates fair value due to short-term nature.
Debt *[note 10]*	Other liabilities	Initially at fair value and subsequently at amortized cost	• Market • Liquidity	$2,307.1 million. Fair values are determined using quoted market prices (which are classified as level 1 inputs) for the same or similar issues.
Third party deposits *[note 8]*	Fair value through profit or loss (Held for trading)	Fair value	• Market • Credit • Liquidity	Measured at fair value. The cash received is held in short-term investments.
Third party deposits liability *[note 8]*	Other liabilities	Initially at fair value and subsequently at amortized cost	• Liquidity	Carrying value approximates fair value due to the nature of the liability.

The Partnership currently does not use hedges or other derivative financial instruments in its operations.

4. Risk management and financial instruments (cont'd)

(b) Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause the Partnership to incur a financial loss. There is exposure to credit risk on all financial assets included in the Statement of Financial Position. To help manage this risk:

- The Partnership has a policy for establishing credit limits;
- Collateral may be required where appropriate; and
- Exposure to individual entities is managed through a system of credit limits.

The Partnership has a concentration of credit risk as approximately 72.3% of its trade receivable balance is due from the AESO (December 31, 2012 – 94.7%). The credit risk is mitigated by the fact that the AESO has been established under the EUA, while the remaining receivables are mostly due from investment grade utilities, comprised mainly of amounts due for tower and land leases and other services. In addition, joint project costs are being recovered from an investment grade utility, pursuant to the terms of the agreement for construction of the Heartland project.

The Partnership's maximum exposure to credit risk, without taking into account collateral held, equals the current carrying values of cash and cash equivalents, trade and other receivables, financial assets due from the AESO and third party deposits as disclosed in these condensed interim financial statements.

(c) Market risk

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market prices. Components of market risk to which the Partnership is exposed are discussed below:

i. Interest rate risk

The Partnership does not have significant exposure to interest rate risk. To manage interest rate risk, the Partnership controls the proportion of floating rate debt relative to fixed rate debt. In addition, the Partnership maintains access to diverse sources of funding under its established capital markets platform.

It is the Partnership's practice to finance substantially all of its debt requirements with long-term debt securities for which interest rates are fixed during the entire term of each security, generally ranging from five to thirty years from the date of issue. To manage short-term liquidity requirements, the Partnership has established bank credit facilities under which interest rates may vary daily unless the Partnership elects to issue bankers' acceptances or commercial paper under which interest rates are fixed during the entire term, typically ranging from one week to ninety days from the date of issue. It is the Partnership's practice to issue bankers' acceptances and commercial paper for substantially all of its short-term funding requirements. The Partnership may be exposed to interest rate risk upon the rollover of debt at maturity or the issuance of new debt.

ii. Foreign exchange risk

The Partnership does not have a significant exposure to foreign exchange risk.

(d) Liquidity Risk

Liquidity risk includes the risk that, as a result of the Partnership's operational liquidity requirements:

- It may not have sufficient funds to settle a transaction on the due date;
- It may be forced to sell financial assets below their fair market value; and,
- It may be unable to settle or recover a financial asset.

To manage this risk, the Partnership has readily accessible standby credit facilities and other funding arrangements in place; generally uses financial instruments that are tradable in highly liquid markets; and, has a liquidity portfolio structure wherein surplus funds are invested in highly liquid financial instruments. See note 10 – *Debt,* for a maturity analysis.

4. Risk management and financial instruments (cont'd)

(e) Capital risk management

In managing its capital structure, the Partnership includes partners' capital, retained earnings and short-term and long-term debt in the definition of capital.

The Partnership manages its capital structure in order to reduce the cost of debt capital for customers and to safeguard its ability to continue as a going concern. In order to maintain or adjust the capital structure, the Partnership may adjust the amount of distributions paid to partners, return capital to partners or request additional contributions from partners. The Partnership reduces refinancing risk by diversifying the maturity dates of its debt obligations.

Summary of capital structure

	As at			
	September 30, 2013		December 31, 2012	
	(millions)	**%**	(millions)	%
Commercial paper and bank credit facilities	**$ 65.7**	**1.7**	$ 1.8	0.1
Long-term debt, maturing in less than one year	**—**	**—**	325.0	10.3
Long-term debt, excluding deferred financing fees	**2,201.5**	**58.0**	1,476.7	46.8
Partners' capital	**1,166.7**	**30.7**	1,054.2	33.4
Retained earnings	**364.8**	**9.6**	295.7	9.4
	$ 3,798.7	**100.0**	$ 3,153.4	100.0

As at September 30, 2013, the Partnership was subject to externally imposed capitalization requirements under the Master Trust Indenture and the bank credit facilities. These agreements limit the amount of debt that can be incurred relative to total capitalization. The Partnership was in compliance with these requirements as at September 30, 2013.

5. Trade and other receivables and other non-current assets

	As at	
	September 30, 2013	December 31, 2012
(in thousands of dollars)		
Trade receivables	**$ 65,989**	$ 110,140
GST receivable	**5,733**	5,571
Recovery of joint project costs	**7,563**	10,137
Prepaid expenses and deposits	**12,099**	7,928
Current portion of financial assets related to regulated activities	**8,276**	11,836
Total trade and other receivables	**$ 99,660**	$ 145,612
Non-current portion of financial assets related to regulated activities	**$ 33,431**	$ 30,891

Financial assets related to regulated activities include the recovery of certain costs incurred by the Partnership relating to its primary activities that are greater than what has been received to date in tariff revenue. The Partnership has recognized as receivables the costs to be recovered through the regulatory process. The current portion of such assets reflects the amounts to be recovered within the next twelve months. Included in the September 30, 2013 balance is $1.3 million related to cancelled projects (December 31, 2012 – $6.1 million).

Financial assets related to regulated activities also include amounts that have been added to rate base (AFUDC equity, AFUDC debt, and losses on disposals of property, plant and equipment) for regulatory purposes, which will be recovered or repaid in tariff revenue over a period of time, which has been approved by the AUC.

6. Intangible assets

During the nine months ended September 30, 2013, the Partnership spent $40.1 million (September 30, 2012 - $53.9 million) on capital expenditures relating to intangibles in CWIP and incurred $10.3 million (September 30, 2012 - $5.6 million) of amortization charges. The Partnership also transferred $9.3 million (September 30, 2012 - $7.2 million) to land rights and computer software from intangibles in CWIP.

7. Property, plant and equipment

(in thousands of dollars)	Lines[1]	Substations[2]	Buildings & equipment[3]	Land & CWIP[4]	Total
Cost					
As at January 1, 2012	$ 812,291	$ 1,211,379	$ 103,332	$ 671,197	$ 2,798,199
Additions to CWIP	—	—	—	927,584	927,584
Transfers	182,954	281,771	13,681	(478,406)	—
Retirements	(1,440)	(4,766)	(331)	(9)	(6,546)
As at December 31, 2012	993,805	1,488,384	116,682	1,120,366	3,719,237
Additions to CWIP	—	—	—	1,263,407	1,263,407
Transfers	159,320	243,604	7,419	(410,343)	—
Retirements	(8,481)	(2)	(44)	—	(8,527)
As at September 30, 2013	**$ 1,144,644**	**$ 1,731,986**	**$ 124,057**	**$ 1,973,430**	**$ 4,974,117**
Accumulated Depreciation					
As at January 1, 2012	$ (47,538)	$ (97,483)	$ (15,443)	$ —	$ (160,464)
Depreciation expense	(23,820)	(56,122)	(10,506)	—	(90,448)
Retirements	342	854	469	—	1,665
As at December 31, 2012	(71,016)	(152,751)	(25,480)	—	(249,247)
Depreciation expense	(28,413)	(42,503)	(8,903)	—	(79,819)
Retirements	8,481	(98)	44	—	8,427
As at September 30, 2013	**$ (90,948)**	**$ (195,352)**	**$ (34,339)**	**$ —**	**$ (320,639)**
Net book value					
As at December 31, 2012	$ 922,789	$ 1,335,633	$ 91,202	$ 1,120,366	$ 3,469,990
As at September 30, 2013	**$ 1,053,696**	**$ 1,536,634**	**$ 89,718**	**$ 1,973,430**	**$ 4,653,478**

1. Lines – transmission lines and related equipment.
2. Substations – substation and telecontrol equipment.
3. Buildings & equipment – office buildings, vehicles, tools and instruments, office furniture, telephone and related equipment and computer hardware.
4. Land & CWIP – land, capitalized inventory, emergency capital spare parts and CWIP. CWIP is reclassified to the appropriate asset classes when the assets are available for use.

8. Third party deposits

(in thousands of dollars)	Contributions in Advance of Construction	Operating and Maintenance Charges in Advance	Total
As at January 1, 2012	$ 84,671	$ 10,614	$ 95,285
Net receipts from customers	85,560	(3,272)	82,288
Project expenditures	(125,532)	(50)	(125,582)
As at December 31, 2012	44,699	7,292	51,991
Net receipts from customers	203,395	(135)	203,260
Project expenditures	(120,553)	(123)	(120,676)
As at September 30, 2013	**$ 127,541**	**$ 7,034**	**$ 134,575**

Third party deposits are recognized as non-current assets with corresponding non-current liabilities. These deposits have certain restrictions attached and can be used only for their intended purposes.

9.Trade and other payables and other non-current liabilities

	As at	
(in thousands of dollars)	**September 30, 2013**	December 31, 2012
Trade payables	**$ 605,025**	$ 229,976
Accrued interest on long-term debt	**20,697**	9,918
Other current liabilities	**3,956**	2,639
Current portion of financial liabilities related to regulated activities	**34,330**	20,847
Total trade and other payables	**$ 664,008**	$ 263,380
Accrued employment benefit liabilities	**$ 7,036**	$ 6,216
Other liabilities	**2,504**	2,756
Non-current portion of financial liabilities related to regulated activities	**19,547**	13,606
Total other non-current liabilities	**$ 29,087**	$ 22,578

Financial liabilities related to regulated activities include accruals for the repayment of the difference between certain costs that have been incurred by the Partnership relating to its primary activities and what has been received in tariff revenue. The difference will be refunded to the AESO through the regulatory process. The current portion of such liabilities reflects the amounts to be refunded within the next twelve months.

Financial liabilities related to regulated activities consist of amounts for annual tower payments, property taxes, debt and capital costs which have been received in tariff revenue, but for various reasons the capital projects have not progressed as scheduled.

Other current liabilities include accruals for employee benefits and deferred lease inducements.

10. Debt

(a) Commercial paper and bank credit facilities

As at September 30, 2013	**Committed**	**Drawdowns**	**Commercial paper outstanding**	**Letters of credit outstanding**	**Availability**	**Maturity date of facility**
(in thousands of dollars)						
Revolving credit facility	**$ 1,425,000**	**$ —**	**$ 61,943**	**$ —**	**$ 1,363,057**	**December 27, 2014**
Operating line of credit	**75,000**	**3,791**	**—**	**1,637**	**69,572**	**December 27, 2014**
Total bank credit facilities	**$ 1,500,000**	**$ 3,791**	**$ 61,943**	**$ 1,637**	**$ 1,432,629**	

As at December 31, 2012	Committed	Drawdowns	Commercial paper outstanding	Letters of credit outstanding	Availability	Maturity date of facility
(in thousands of dollars)						
Revolving credit facility	$ 1,425,000	$ —	$ —	$ —	$ 1,425,000	December 27, 2014
Operating line of credit	75,000	1,778	—	612	72,610	December 27, 2014
Total bank credit facilities	$ 1,500,000	$ 1,778	$ —	$ 612	$ 1,497,610	

The revolving credit facility provides support for the borrowing under the unsecured commercial paper program and may also be used for general corporate purposes. Drawdowns under either the revolving credit facility or operating line of credit may be in the form of Canadian prime rate loans or bankers' acceptances. At the renewal date, the Partnership has the option to convert both facilities to one-year term facilities.

10. Debt (cont'd)

(b) Long-term debt

	Effective interest rate	Maturing	As at September 30, 2013	December 31, 2012
(in thousands of dollars)				
Series 03-2, 5.430%	5.811%	2013	**$ —**	$ 325,000
Series 2006-1, 5.249%	5.299%	2036	**150,000**	150,000
Series 2008-1, 5.243%	5.354%	2018	**201,466**	201,674
Series 2010-1, 5.381%	5.432%	2040	**125,000**	125,000
Series 2010-2, 4.872%	4.928%	2040	**150,000**	150,000
Series 2011-1, 4.462%	4.503%	2041	**275,000**	275,000
Series 2012-1, 3.990%	4.028%	2042	**300,000**	300,000
Series 2012-2, 2.978%	3.040%	2022	**275,000**	275,000
Series 2013-1, 4.446%	4.480%	2053	**250,000**	—
Series 2013-2, 3.621%	3.681%	2020	**125,000**	—
Series 2013-3, 4.922%	4.954%	2043	**350,000**	—
			2,201,466	1,801,674
Long-term debt maturing in less than one year			**—**	(325,000)
			2,201,466	1,476,674
Less: deferred financing fees			**(13,062)**	(9,695)
Long-term debt			**$ 2,188,404**	$ 1,466,979

Long-term debt issued under the existing $2,500.0 million Short Form Base Shelf Prospectus as at September 30, 2013 was $1,000.0 million (December 31, 2012- $275.0 million). The Short Form Base Shelf Prospectus expires in December 2014.

On September 17, 2013, the Partnership issued $475.0 million of Series 2013-2 and Series 2013-3 Medium-Term Notes. The proceeds were used to repay commercial paper and indebtedness outstanding under the ALP revolving credit facility. Both the Series 2013-2 and Series 2013-3 Medium-Term Notes are secured obligations and rank pari passu with all existing and future senior indebtedness, and ahead of all subordinated indebtedness of the Partnership.

(c) Scheduled principal repayments

(in thousands of dollars)	
Maturing	
2014	$ —
2015	—
2016	—
2017	—
2018	200,000
2019 and thereafter	2,000,000

(d) Finance costs

	Three months ended September 30, 2013	Three months ended September 30, 2012	Nine months ended September 30, 2013	Nine months ended September 30, 2012
(in thousands of dollars)				
Interest expense	**$ 21,276**	$ 19,118	**$ 62,660**	$ 52,146
Amortization of deferred financing fees	**113**	365	**838**	1,065
Capitalized borrowing costs	**(305)**	(396)	**(715)**	(867)
	$ 21,084	$ 19,087	**$ 62,783**	$ 52,344

11. Deferred revenue

(in thousands of dollars)	Third Party Contributions	Deferred Revenue for Salvage	Total
As at January 1, 2012	$ 320,534	$ 170,596	$ 491,130
Transferred from third party deposits	125,532	—	125,532
Received through transmission tariff	—	11,897	11,897
Recognized as revenue	(11,867)	(14,567)	(26,434)
As at December 31, 2012	434,199	167,926	602,125
Transferred from third party deposits	**120,553**	**—**	**120,553**
Received through transmission tariff [note 13]	**—**	**11,973**	**11,973**
Recognized as revenue [notes 13 and 14]	**(10,463)**	**(10,541)**	**(21,004)**
As at September 30, 2013	**$ 544,289**	**$ 169,358**	**$ 713,647**

Current portion	$ 14,430
Long-term portion	587,695
As at December 31, 2012	$ 602,125
Current portion	**$ 16,670**
Long-term portion	**696,977**
As at September 30, 2013	**$ 713,647**

Deposits received from third parties used to finance certain capital construction costs and other charges received in advance are initially recorded as deferred revenue and then subsequently recognized as revenue over the lives of the related assets. Funds provided by the regulator to pay for salvage costs are released into revenue when the associated costs are incurred.

12. Related party transactions

As described in note 1 – *General information*, ALP is indirectly owned by SNC.

In 2012, the Partnership entered into five-year contracts with two companies, including SNC-Lavalin ATP Inc., to provide Engineering, Procurement and Construction Management (EPCM) services for future capital projects. SNC-Lavalin ATP Inc. is a wholly owned subsidiary of SNC. For certain projects, which were underway when the new contracts were signed, EPCM services continue to be provided by SNC-Lavalin ATP Inc., under a previous contract.

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

	Three months ended		Nine months ended	
(in thousands of dollars)	**September 30, 2013**	September 30, 2012	**September 30, 2013**	September 30, 2012
Employee compensation and benefits				
AltaLink Management Ltd.	**$ 30,193**	$ 23,241	**$ 88,174**	$ 70,790
Construction related services				
SNC – Lavalin ATP Inc.	**412,724**	191,857	**1,156,541**	509,636
Cost recovery for non-regulated activities				
AltaLink Investments, L.P.	**756**	—	**1,589**	—

12. Related party transactions (cont'd)

Amounts included in trade and other payables are:

	As at	
	September 30, 2013	December 31, 2012
(in thousands of dollars)		
AltaLink Management Ltd.	**$ 12,534**	$ 17,120
SNC-Lavalin ATP Inc.	**555,646**	167,434

None of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are due on a 30-day term and are settled in cash.

For the three and nine months ended September 30, 2013 and 2012, there were no other material related party transactions.

13. Revenue from operations

On November 18, 2011, the AUC issued Decision 2011-453 with respect to the 2011-2012 GTA. On December 8, 2011 the AUC issued Decision 2011-474 regarding the 2011-2012 Generic Cost of Capital proceeding, which awarded a return on equity of 8.75% and a deemed equity ratio of 37%. On January 30, 2013, the AUC issued Decision 2013-023, finalizing the transmission tariffs for 2011 and 2012.

In Decision 2013-024, dated January 31, 2013, the AUC approved an interim refundable revenue requirement of $455.8 million for 2013.

In Decision 2011-474, the Commission has approved a placeholder of 8.75% for 2013 return on common equity, pending a final decision as part of the 2013 Generic Cost of Capital proceeding.

The table below summarizes the timing differences between the approved interim transmission tariff and revenue from operations earned during the period.

	Three months ended		Nine months ended	
	September 30, 2013	September 30, 2012	**September 30, 2013**	September 30, 2012
(in thousands of dollars)				
Return on rate base	**$ 49,925**	$ 28,000	**$ 149,775**	$ 84,000
Recovery of forecast expenses	**55,675**	51,700	**167,025**	155,100
Deemed income taxes	**8,275**	4,350	**24,825**	13,050
Approved interim transmission tariff	**113,875**	84,050	**341,625**	252,150
Receivable/(repayable) directly assigned capital projects related revenue	**4,071**	8,969	**(12,312)**	17,994
Repayable property taxes and other	**466**	(1,116)	**3,557**	(2,276)
Salvage costs transferred to deferred revenue [note 11]	**(4,142)**	(3,181)	**(11,973)**	(9,263)
AFUDC net of capitalized borrowing costs	**415**	343	**1,123**	1,119
IFRS reclassifications related to regulatory activities	**3,695**	2,495	**10,081**	9,422
Revenue from operations	**$ 118,380**	$ 91,560	**$ 332,101**	$ 269,146

For the nine months ended September 30, 2013, 94.3% of the Partnership's revenue is attributable to the AESO (September 30, 2012 – 93.8%).

13. Revenue from operations (cont'd)

IFRS reclassifications related to regulatory activities are as follows:

	Three months ended		Nine months ended	
	September 30, 2013	September 30, 2012	**September 30, 2013**	September 30, 2012
(in thousands of dollars)				
Revenue related to salvage costs	**$ 4,004**	$ 3,258	**$ 10,541**	$ 8,281
Recovery of loss on disposal of assets	**(115)**	(109)	**(359)**	(311)
Other	**(194)**	(654)	**(101)**	1,452
	$ 3,695	$ 2,495	**$ 10,081**	$ 9,422

14. Expenses

(a) Operating expenses

	Three months ended		Nine months ended	
	September 30, 2013	September 30, 2012	**September 30, 2013**	September 30, 2012
(in thousands of dollars)				
Employee salaries and benefits	**$ 11,285**	$ 8,062	**$ 33,125**	$ 28,199
Contracted labour	**6,853**	5,449	**17,064**	15,151
Other operating expenses	**4,446**	6,814	**14,309**	16,233
	$ 22,584	$ 20,325	**$ 64,498**	$ 59,583

(b) Property taxes, salvage and other expenses

	Three months ended		Nine months ended	
	September 30, 2013	September 30, 2012	**September 30, 2013**	September 30, 2012
(in thousands of dollars)				
Property and business tax	**$ 6,223**	$ 5,715	**$ 18,671**	$ 17,149
Salvage expenses	**4,004**	3,258	**10,541**	8,281
Annual structure payments	**2,011**	1,688	**5,900**	4,602
Credit facility and hearing expenses	**561**	174	**1,285**	806
	$ 12,799	$ 10,835	**$ 36,397**	$ 30,838

Property taxes, salvage and other expenses do not have an impact on net income because they are fully recovered in tariff revenue (note 13 - *Revenue from operations*).

15. Commitments

The contractual commitments of the Partnership for the purchase of property, plant and equipment as at September 30, 2013 are $1,610.5 million (December 31, 2012 - $1,434.0 million). Of these commitments, 89.6% are with SNC-Lavalin ATP Inc., a wholly owned subsidiary of SNC (December 31, 2012 – 99.4%).

The Partnership is committed to operating leases that have lease terms which expire between 2013 and 2026. Of the total expected minimum lease payments, 91.7% relates to the Partnership's head office leases.

Expected minimum lease payments in future years are as follows:

	As at September 30, 2013
(in thousands of dollars)	
Operating lease obligations payable on non-cancellable leases are as follows:	
No later than 1 year	**$ 4,430**
Later than 1 year and no later than 5 years	**17,024**
Later than 5 years	**22,427**
	$ 43,881

16. 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, this matter is not reasonably expected to result in a material adverse effect on the Partnership's financial position or financial performance.