



AltaLink, L.P.

Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

Sustainable
Electricity
Leader



Chef de file en
matière d'électricité
durable



Independent Auditor's Report

To the Partners of AltaLink, L.P.

Opinion

We have audited the consolidated financial statements of AltaLink, L.P. (the "Partnership"), which comprise the consolidated statement of financial position as at December 31, 2024 and 2023, and the consolidated statements of comprehensive income, changes in partners' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Partnership as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

A key audit matter is a matter that, in our professional judgement, was of most significance in our audit of the consolidated financial statements for the year ended December 31, 2024. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Regulatory Assets and Liabilities – Impact of Rate Regulation – Refer to Note 3 to the consolidated financial statements

Key Audit Matter Description

The Partnership is regulated by the Alberta Utilities Commission ("AUC"), which has jurisdiction with respect to setting rates for electric transmission companies in Alberta. The AUC regulates matters such as tariffs, constructions, operations and financing. Rates and resultant net income of the Partnership's regulated utility are determined under cost-of-service regulation in accordance with the Energy Utilities Act. The regulation of rates is premised on a reasonable opportunity to earn a fair return on equity and recovery of forecast costs, including operating expenses, depreciation, borrowing costs and deemed income taxes associated with the

regulated transmission business. Accounting for the economics of rate regulation impacts multiple financial statement line items and disclosures.

We identified the impact of rate regulation as a key audit matter due to the significant judgements made by management to support its assertions about impacted account balances and disclosures and the high degree of subjectivity involved in assessing the impact of future regulatory decisions on the financial statements. Management judgements include assessing the likelihood of recovery of costs incurred or refunded through the rate-setting process related to regulated activities. While the Partnership's regulated utility has indicated that it expects to recover costs through regulated rates, there is a risk that the regulatory authority will not approve full recovery of the costs incurred. Auditing these matters required especially subjective judgements and specialized knowledge of accounting for rate regulation and the rate setting process due to its inherent complexities.

How the Key Audit Matter Was Addressed in the Audit

Our audit procedures related to the likelihood of recovery of costs incurred or refunded through the rate-setting process related to regulated activities, included the following among others:

- Assessed relevant regulatory orders, regulatory statutes and interpretations as well as procedural memorandums, utility and intervener filings, and other publicly available information to evaluate the likelihood of recovery in future rates or of a future reduction in rates and the ability to earn a fair return on equity.
- For regulatory matters in process, inspected the Partnership's filings with the AUC for any evidence that might contradict management's assessment of the recovery of costs incurred.
- Evaluated the Partnership's disclosures related to the impacts of rate regulation, including the balances recorded and regulatory developments.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the IASB, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Partnership's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Partnership or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Partnership's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Partnership's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Partnership's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our

opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Partnership to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Partnership as a basis for forming an opinion on the financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Jayana Darras.

/s/ Deloitte LLP

Chartered Professional Accountants
Calgary, Alberta
February 19, 2025

Statement of Financial Position

	Notes	As at	
		December 31, 2024	December 31, 2023
<i>(in thousands of dollars)</i>			
ASSETS			
Current			
Cash		\$ 67	\$ 6,783
Trade and other receivables	6	143,805	189,614
		143,872	196,397
Non-current			
Goodwill	7	202,066	202,066
Intangible assets	8	279,825	277,946
Property, plant, and equipment	9	8,043,383	8,002,114
Third-party deposits	10	93,991	61,733
Other non-current assets	11	1,371,337	1,277,046
		\$ 10,134,474	\$ 10,017,302
LIABILITIES AND PARTNERS' EQUITY			
Current			
Trade and other payables	12	\$ 116,141	\$ 121,502
Commercial paper and bank credit facilities	13	153,177	129,000
Long-term debt maturing in less than one year	13	—	350,000
Current portion of deferred revenue	14	32,095	57,917
		301,413	658,419
Non-current			
Long-term debt	13	4,695,564	4,372,392
Deferred revenue	14	1,111,996	1,074,025
Third-party deposits liability	10	93,991	61,733
Lease liabilities	15	45,068	46,611
Other non-current liabilities	16	39,098	34,797
		6,287,130	6,247,977
Commitments and contingencies	26, 27		
Partners' equity			
AltaLink, L.P. equity	22	3,830,944	3,752,866
Non-controlling interests	23	16,400	16,459
		3,847,344	3,769,325
		\$ 10,134,474	\$ 10,017,302

See accompanying notes to the consolidated financial statements.

Statement of Comprehensive Income

	Notes	Year ended	
		December 31, 2024	December 31, 2023
<i>(in thousands of dollars)</i>			
Revenue			
Operations	19	\$ 1,021,446	\$ 976,483
Other	20	49,785	39,199
		1,071,231	1,015,682
Expenses			
Operating	21	(122,547)	(104,776)
Property taxes, salvage and other	21	(103,110)	(111,582)
Depreciation and amortization		(301,152)	(293,918)
		(526,809)	(510,276)
Operating income		544,422	505,406
Finance costs	13	(204,180)	(197,222)
Loss on disposal of assets		(7,907)	(8,384)
Income before non-controlling interests		\$ 332,335	\$ 299,800
Net income attributable to non-controlling interests		(1,737)	(1,651)
Net income		\$ 330,598	\$ 298,149
Other comprehensive income			
<i>Items that will not be reclassified to earnings:</i>			
Actuarial loss	17	(479)	(325)
Other comprehensive loss		(479)	(325)
Total comprehensive income		\$ 330,119	\$ 297,824

See accompanying notes to the consolidated financial statements.

Statement of Changes in Partners' Equity

	Units (thousands)	Retained Earnings Allocated to		AOCI ¹	Partners' Capital [note 22]	Partners' Equity	NCI ² [note 23]	Total Equity
		Limited Partner	General Partner					
<i>(in thousands of dollars)</i>								
As at January 1, 2023	331,904	\$ 1,541,895	\$ 155	\$ 7,790	\$ 2,130,515	\$ 3,680,355	\$ 16,521	\$ 3,696,876
Total comprehensive income including NCI ²	—	298,119	30	(325)	—	297,824	1,651	299,475
Distributions paid	—	(225,352)	(23)	—	—	(225,375)	(1,713)	(227,088)
Equity reclassified from financial (redemption) liability [note 16]	—	—	—	—	62	62	—	62
Balance at December 31, 2023	331,904	\$ 1,614,662	\$ 162	\$ 7,465	\$ 2,130,577	\$ 3,752,866	\$ 16,459	\$ 3,769,325
Total comprehensive income including NCI ²	—	330,565	33	(479)	—	330,119	1,737	331,856
Distributions paid	—	(252,075)	(25)	—	—	(252,100)	(1,796)	(253,896)
Equity reclassified from financial (redemption) liability [note 16]	—	—	—	—	59	59	—	59
Balance at December 31, 2024	331,904	\$ 1,693,152	\$ 170	\$ 6,986	\$ 2,130,636	\$ 3,830,944	\$ 16,400	\$ 3,847,344

1. Accumulated other comprehensive income

2. Non-controlling interests

See accompanying notes to the consolidated financial statements.

Statement of Cash Flows

	Notes	Year ended	
		December 31, 2024	December 31, 2023
<i>(in thousands of dollars)</i>			
Cash flows from operating activities			
Net income before non-controlling interests		\$ 332,335	\$ 299,800
Adjustments for			
Depreciation and amortization		301,152	293,918
Third-party contributions revenue	14	(28,514)	(27,154)
Loss on disposal of assets		7,907	8,384
Change in other items	25	(103,785)	(92,034)
Change in non-cash working capital	25	49,088	(51,301)
Net cash provided by operating activities		558,183	431,613
Cash flows from investing activities			
Capital expenditures		(356,018)	(279,010)
Use of third-party contributions		50,794	65,456
(Third-party refunds) net of vendor refunds		(82)	14,868
Proceeds from disposal of assets		331	167
Net cash used in investing activities		(304,975)	(198,519)
Cash flows from financing activities			
Senior debt repaid	13	(350,000)	(500,000)
Senior debt issued	13	325,000	500,000
Net movement in commercial paper and bank credit facilities		24,177	6,335
Distributions paid		(252,100)	(225,375)
Distributions paid to non-controlling interests		(1,796)	(1,713)
Principal repayments of lease liabilities		(2,168)	(2,133)
Change in other financing activities	25	(3,037)	(3,487)
Net cash used in financing activities		(259,924)	(226,373)
Net change in cash		(6,716)	6,721
Cash, beginning of year		6,783	62
Cash, end of year		\$ 67	\$ 6,783
Supplementary cash flow information			
Interest paid		\$ (223,141)	\$ (176,987)

See accompanying notes to the consolidated financial statements.

1. General information

AltaLink, L.P. (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. AltaLink's head office is located at 2611 - 3rd Avenue SE, Calgary, Alberta, T2A 7W7. AltaLink has one limited partner, AltaLink Investments, L.P., and is managed by AltaLink Management Ltd. (the General Partner). While the General Partner may hold legal title to the assets, AltaLink is the beneficial owner and assumes all risks and rewards of the assets.

On December 1, 2014, BHE Canada Holdings Corporation became the sole owner of AltaLink by indirectly acquiring 100 percent of AltaLink.

These consolidated financial statements (the consolidated financial statements) include the accounts of AltaLink and its subsidiary entities, PiikaniLink, L.P. (PLP) and KainaiLink, L.P. (KLP) (collectively, the Partnership). For the purposes of consolidation, intercompany accounts and transactions have been eliminated.

The Partnership is regulated by the Alberta Utilities Commission (AUC), pursuant to the *Electric Utilities Act* (Alberta) (EUA), the *Public Utilities Act* (Alberta), the *Alberta Utilities Commission Act* (Alberta), and the *Hydro and Electric Energy Act* (Alberta). These statutes and their respective regulations cover matters such as tariffs, construction, operations, and financing. 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 years ended December 31, 2024 and 2023, the Partnership operated solely in one reportable geographical and business segment.

2. Basis of preparation

Statement of compliance

These annual consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

The material accounting policies adopted to prepare these consolidated financial statements are set out below. The consolidated financial statements reflect the financial position and financial performance of the Partnership and do not include all the assets, liabilities, revenues and expenses of AltaLink Investments, L.P. or AltaLink Management Ltd.

The Board of Directors approved these consolidated financial statements on February 19, 2025.

Basis of measurement

These consolidated financial statements have been prepared on a going concern and historical cost basis except for post-employment benefit liabilities and cash, which are measured at fair value.

Functional and presentation currency

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

Use of estimates and judgement

The preparation of these consolidated financial statements require management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues 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 consolidated 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 consolidated financial statements.

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 reasonable assumptions. 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 and judgements include:

- Expected regulatory decisions on matters that may impact revenue;
- The recovery and settlement of financial assets and liabilities related to regulated activities, including the collection of the recovery of future income taxes and prudence reviews of capital additions by the AUC;
- Key economic assumptions used in cash flow projections to assess goodwill for impairment;
- 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 cancelled or delayed in the regulatory process; and
- The accruals for capital projects.

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.

3. Summary of material accounting policy information

Regulation of transmission tariffs

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, taxes associated with investment, and a fair return on investment. Fair return is based on return on rate base and allowance for funds used during construction (AFUDC) for projects included in construction work-in-progress (CWIP). The Partnership applies for transmission tariffs based on forecasted costs-of-service. The Partnership's transmission tariffs are not dependent on the price or volume of electricity transported through its transmission system. Once approved, the transmission tariffs are not adjusted if actual costs-of-service differ from forecast, except for certain prescribed costs for which deferral and reserve accounts are established within the transmission tariffs. The annual transmission tariff is received from the AESO in equal monthly installments and is included in accounts receivable as it falls due.

All tariff adjustments arising from deferral or reserve accounts relate to services provided to the AESO during the reporting periods, 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 consolidated financial statements, such an estimate will be recorded in the current period. When the AUC issues a decision affecting the consolidated financial statements of a prior period, the final effects of the decision are recorded in the period in which the decision is issued.

Revenue recognition

Operations revenue from regulated activities represent the inflow of economic benefits earned during the period arising in the ordinary course of the Partnership's operating activities. The Partnership has a single performance obligation to stand ready to provide electrical transmission services through its transmission infrastructure as directed by the AUC. The return earned by the Partnership is based on tariffs approved by the AUC and is subject to change. Operations revenue is recognized on an accrual basis in accordance with tariffs approved by the AUC and based on the value of consideration expected to be received by the Partnership. 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.

Revenue for the recovery of deemed future income taxes is accrued based on the underlying right of the Partnership to earn an after-tax rate of return.

Funds approved by the AUC and provided by the AESO to pay for salvage costs where there is no asset replacement are deferred and released into revenue from operations when the associated salvage activities are performed, and costs are incurred.

Other revenue represents revenue received from third parties and includes, but is not limited to, amortization of third-party contributions, cost recoveries for services provided to other utilities, and rental income. Third-party contributions are recorded as deferred revenue when capital funds are expended and recognized into other revenue over the useful lives of the associated assets. Cost recovery revenue is recognized on an accrual basis as the costs are incurred. Rental income from third parties is recognized on a straight-line basis over the contract term.

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.

Financial assets are reviewed for impairment every reporting period. The carrying amounts of financial assets are net of any disallowances or impairments recognized for any identified lifetime expected credit losses.

The regulatory and legal rights and obligations under which the Partnership operates also require the Partnership to refund to the AESO financial liabilities that were received in the Partnership's tariffs that are greater than its actual expenses.

Property, plant, and equipment

Property, plant, and equipment are carried at cost less accumulated depreciation, disallowed capital costs, and impairments. The initial cost of an asset consists of its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, and for qualifying assets, the weighted average borrowing costs that are eligible to be recovered over the estimated useful life of the asset. The Partnership capitalizes major replacements and upgrades including site preparation if the related costs extend the lives of the assets and the Partnership expects to use these items for more than one year. Maintenance and repair costs are recognized as expenses in the period in which they are incurred.

Depreciation is calculated over the estimated useful lives of assets on a straight-line basis based on depreciation studies prepared by an independent expert and approved by the AUC. The expected useful lives of the assets are reviewed annually, and if necessary, changes in useful lives are accounted for in the period the changes were identified.

When an asset is retired or disposed of in the normal course of business, the gain or loss is recognized immediately in the statement of comprehensive income. Generally, losses or gains are recoverable from or repayable to the AESO through future transmission tariffs. The Partnership also recognizes the related amounts in revenue and records the amount as financial assets or liabilities related to regulated activities. Capital inventory and land are capitalized but not depreciated. CWIP is capitalized but not depreciated until the assets are available for use and the costs have been transferred to lines, substations, and buildings and equipment.

Reviews of property, plant, and equipment to establish whether there has been any impairment are carried out when a change in circumstance is identified that indicates an asset might be impaired.

Goodwill

Goodwill is carried at initial cost less any write-down for impairment.

The Partnership's business represents one single cash generating unit. Goodwill is assessed for impairment annually and more frequently if there is any indication of impairment. Goodwill is first fully written down for impairment before any other assets are written down. An impairment loss recognized for goodwill cannot be reversed in a subsequent period.

To date, the goodwill balance has not been written down. If goodwill was fully written down, the Partnership would then test other assets for impairment by assessing their value in use in the business as a whole. The estimated future cash flows for the business would be discounted to their present value using a pre-tax discount rate that reflects the risks specific to the business and relevant market assessments of the time value of money. If the carrying amounts of the assets exceeded the recoverable amount of the business, the assets comprising the business as a whole would be considered to be impaired. If impaired, the assets would be written down proportionately to ensure their carrying amounts reflect the recoverable amount and the impairment loss would be recognized immediately in the statement of comprehensive income.

Intangible assets

The Partnership's intangible assets are non-monetary assets without physical substance that can be individually identified and consist of land rights and computer software. Intangibles are amortized on a straight-line basis at rates based on the estimated useful lives of the assets.

Intangible assets are reported at cost less accumulated amortization and impairments, if any. The expected useful lives of the assets are reviewed annually, and if necessary, changes in useful lives are accounted for in the period the changes were identified.

Third-party deposits

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 purpose. For certain projects, the AESO requires third parties wanting to interconnect to the Partnership's transmission facilities to contribute their share of capital project costs in advance of construction. The Partnership uses these cash contributions to fund capital expenditures as construction progresses.

Provisions

Provisions are recognized when the Partnership has a present obligation (legal or constructive) because of a past event, it is probable that an outflow of economic benefits will be required to fulfill the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Short-term and long-term debt

Short-term and long-term debt are measured initially at fair value and subsequently at amortized cost. Costs incurred to arrange long-term debt financing are offset against the debt amount and amortized using the effective interest rate method. The amortization of these charges is included in finance costs.

Income taxes

The Partnership does not pay income taxes. Instead, the tax consequences of its operations are borne by its corporate partners on a pro-rata basis in proportion to their interest in the Partnership. Accordingly, no income tax expense is recognized in these consolidated financial statements. Any reference to income tax in these statements relates to the recovery in transmission tariff revenue of deemed tax expense borne by the corporate partners.

Leases

The Partnership as lessee

The Partnership assesses whether a contract is or contains a lease, at inception of the contract. The Partnership recognizes a leased asset and a corresponding lease liability for all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Partnership recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, using the Partnership's incremental borrowing rate. The Partnership re-measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever the lease terms change, or the lease payments change, or a lease contract is modified, and the lease modification is not accounted for as a separate lease.

The leased assets comprise the initial measurement of the corresponding lease liability, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. The leased assets are presented together with property, plant, and equipment in the consolidated statement of financial position. The Partnership applies IAS 36 *Impairment of Assets* to determine whether a leased asset is impaired.

4. Adoption of new and revised accounting standards

Amendments to standards effective on January 1, 2024

The IASB issued two amendments to IAS 1 *Presentation of Financial Statements* (IAS 1), effective January 1, 2024, related to the classification of liabilities as current and non-current. Under existing IAS 1 requirements, for classifying a liability as current or non-current, a liability is current if the company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. With the introduction of the two amendments, the IASB has removed that this right be unconditional and introduced that this right must have substance and exist at the end of the reporting period and the classification of the liability is unaffected by the likelihood that the company will exercise that right. In addition, the amendments specify that if a company is required to comply with covenants on or before the end of the reporting period, compliance with these covenants will affect whether such a right exists at the end of the reporting period. These amendments do not have any impact on the Partnership's financial statements or disclosures as the Partnership does not have the right to defer settlement of its liabilities, is in compliance with covenants related to its debt, and does not expect to be in breach of any covenants for which testing is required after period end.

New standards effective after 2024

IFRS 18 *Presentation and Disclosure in Financial Statements* (IFRS 18) - In April 2024, the IASB finalized issuance of IFRS 18, which will replace IAS 1. The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses and provide disclosures on management-defined performance measures in the notes to the financial statements. The standard is effective for annual periods beginning on or after January 1, 2027. The Partnership is currently evaluating the impact of this standard on its consolidated financial statements.

Amendments to the Classification and Measurement of Financial Instruments which amended IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures* ("Amendments to IFRS 9 and IFRS 7") - In May 2024, the IASB issued Amendments to IFRS 9 and IFRS 7 which will be effective for annual reporting periods beginning on or after January 1, 2026. The Amendments to IFRS 9 and IFRS 7 clarify the requirements related to the date of recognition and derecognition of financial assets and financial liabilities, with an exception for derecognition of financial liabilities settled via an electronic transfer, clarify the requirements for assessing contractual cash flow characteristics of financial assets and clarify the characteristics of non-recourse loans and contractually linked instruments. The Partnership is currently evaluating the impacts of these standards on its consolidated financial statements, although they are not expected to have a material impact.

5. Risk management and financial instruments

Fair value of financial instruments

Financial Instrument	Designated Category	Measurement Basis	Associated Risks	Fair Value at December 31, 2024
Cash	Fair value through profit or loss	Fair value	<ul style="list-style-type: none"> Market Credit 	Carrying value is fair value due to short-term nature.
Trade and other receivables [note 6]	Amortized cost	Initially at fair value and subsequently at amortized cost	<ul style="list-style-type: none"> Credit Liquidity 	Carrying value approximates fair value due to nature of the asset.
Other non-current assets [note 11]	Amortized cost	Initially at fair value and subsequently at amortized cost	<ul style="list-style-type: none"> Credit Liquidity 	Amortized cost or carrying value approximates fair value due to nature of the asset.
Trade and other payables [note 12]	Amortized cost	Initially at fair value and subsequently at amortized cost	<ul style="list-style-type: none"> Liquidity 	Carrying value approximates fair value due to nature of the liability.
Other non-current liabilities [note 16]	Amortized cost	Initially at fair value and subsequently at amortized cost	<ul style="list-style-type: none"> Liquidity 	Amortized cost or carrying value approximates fair value due to nature of the liability.
Commercial paper and bank credit facilities and long-term debt [note 13]	Amortized cost	Initially at fair value and subsequently at amortized cost	<ul style="list-style-type: none"> Market Liquidity 	\$4,865.8 million. Due to the short-term nature of commercial paper and bank credit facilities, carrying value approximates fair value. Long-term debt fair values are determined using quoted market prices (which are classified as level 1 inputs).
Lease liabilities [note 15]	Amortized cost	Initially at fair value and subsequently at amortized cost	<ul style="list-style-type: none"> Liquidity Market 	Amortized cost approximates fair value due to nature of the liability.
Third-party deposits [note 10]	Amortized cost	Initially at fair value and subsequently at amortized cost	<ul style="list-style-type: none"> Market Credit Liquidity 	Carrying value approximates fair value as cash received is held in short-term investments.
Third-party deposits liability [note 10]	Amortized cost	Initially at fair value and subsequently at amortized cost	<ul style="list-style-type: none"> 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.

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 94% of its trade receivable balance as at December 31, 2024 is due from the AESO (December 31, 2023 – approximately 99%). The credit risk is mitigated by the fact that the AESO is an “AA-” rated entity by Standard & Poor's, and it was established under the EUA, while the remaining trade receivables are mostly due from investment grade utilities, comprised mainly of amounts due for construction services and tower and land rents.

More than 99% of the trade receivables balance as at December 31, 2024 is with third parties that the Partnership has been transacting with for over five years (December 31, 2023 – more than 99%). None of these balances are considered credit-impaired at the reporting date.

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

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:

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 its debt requirements with long-term debt securities for which interest rates are fixed during the entire term of each security, generally ranging from 5 to 50 years from the date of issue. To manage short-term liquidity requirements, the Partnership established bank credit facilities under which interest rates may vary daily unless the Partnership elects to issue Term Canadian Overnight Repo Rate Average (CORRA) Loans, Daily Compounded CORRA Loans or commercial paper under which interest rates are fixed during the entire term, typically ranging from 7 to 90 days from the date of issue. It is the Partnership's practice to issue commercial paper for substantially all its short-term funding requirements.

The Partnership is not exposed to interest rate risk on new long-term debt issues. This risk is managed through the long-term debt deferral account, which protects the Partnership against interest rate forecast risk on new long-term debt issues. Volume risk on new long-term debt issuance is managed through the direct assign capital deferral account. For short-term debt, the Partnership is at risk for increases in interest rates above the rate approved by the AUC and any volume variances not caused by changes in direct assign capital expenditures.

Foreign exchange risk

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

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 13 - Debt for a maturity analysis.

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 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 pay distributions 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			
	December 31, 2024		December 31, 2023	
	(millions)	%	(millions)	%
Commercial paper and bank credit facilities	\$ 153.2	1.8	\$ 129.0	1.5
Long-term debt maturing in less than one year	—	—	350.0	4.0
Long-term debt (before netting deferred financing fees)	4,720.5	54.1	4,395.3	50.9
AltaLink, L.P. capital	2,130.6	24.4	2,130.6	24.6
Non-controlling interests	16.4	0.2	16.5	0.2
Retained earnings and accumulated other comprehensive income	1,700.3	19.5	1,622.3	18.8
	\$ 8,721.0	100.0	\$ 8,643.7	100.0

The Partnership is subject to externally imposed capitalization requirements under its Master Trust Indenture and the bank credit facilities. These agreements limit the amount of debt that can be incurred to 75% of total capitalization. The Partnership was in compliance with these requirements as at December 31, 2024 and 2023.

6. Trade and other receivables

	As at	
	December 31, 2024	December 31, 2023
<i>(in thousands of dollars)</i>		
Trade receivables	\$ 104,538	\$ 152,713
Prepaid expenses and deposits	16,582	16,566
Cancelled projects	—	1,362
Current financial assets related to regulated activities	22,685	18,973
	\$ 143,805	\$ 189,614

Trade receivables as at December 31, 2024 include \$98.4 million due from the AESO for the December portion of the transmission tariffs and 2023 spring wildfire and snow restoration cost recovery (December 31, 2023 – \$150.9 million).

7. Goodwill

The Partnership's goodwill relates to the 2002 acquisition of assets from TransAlta Energy Corporation. Goodwill represents the excess of the purchase price over the fair value of the net identifiable assets of operations acquired.

Management performed an annual goodwill impairment test in November 2024 by examining the business and regulatory environment, current market conditions, ownership structure, financing activities, credit ratings, and interest rates. The recoverable amount was determined based on a value in use calculation using estimated discounted free cash flows over a 10-year period. Key assumptions used for the estimated discounted free cash flows for the business include income tax rates, terminal value, and prevailing bond yields based on current financial market conditions and outlook. Estimated future cash flows were discounted to their present value using a pre-tax discount rate that reflects the risks specific to the business and relevant market assessments of the time value of money. The pre-tax discount rate used was 6.49% (2023 – 7.17%). Management concluded that there were no significant changes in circumstances which would cause the carrying amount of goodwill to exceed its recoverable amount.

8. Intangible assets

	Land rights		Computer software		Intangibles in CWIP		Total	
<i>(in thousands of dollars)</i>								
Cost								
As at January 1, 2023	\$	258,322	\$	116,172	\$	9,671	\$	384,165
Additions to CWIP		—		—		23,034		23,034
Transfers		3,716		21,219		(24,935)		—
Retirements		—		(13,295)		—		(13,295)
As at December 31, 2023		262,038		124,096		7,770		393,904
Additions to CWIP		—		—		27,804		27,804
Transfers		5,988		14,196		(20,184)		—
Retirements		—		(19,165)		—		(19,165)
As at December 31, 2024	\$	268,026	\$	119,127	\$	15,390	\$	402,543
Accumulated amortization								
As at January 1, 2023	\$	(43,627)	\$	(61,251)	\$	—	\$	(104,878)
Amortization		(5,220)		(19,155)		—		(24,375)
Retirements		—		13,295		—		13,295
As at December 31, 2023		(48,847)		(67,111)		—		(115,958)
Amortization		(5,249)		(20,675)		—		(25,924)
Retirements		—		19,164		—		19,164
As at December 31, 2024	\$	(54,096)	\$	(68,622)	\$	—	\$	(122,718)
Net book value								
As at December 31, 2023	\$	213,191	\$	56,985	\$	7,770	\$	277,946
As at December 31, 2024	\$	213,930	\$	50,505	\$	15,390	\$	279,825

The Partnership used the following effective amortization rates during the year:

	2024	2023
Land rights	1.90%-2.07%	1.90%-2.07%
Computer software	10.06%-47.34%	10.06%-49.49%

9. Property, plant, and equipment

	Lines ¹	Substations ²	Buildings & equipment ³	Land & CWIP ⁴	Total
<i>(in thousands of dollars)</i>					
Cost					
As at January 1, 2023	\$ 5,366,620	\$ 4,494,743	\$ 293,981	\$ 218,974	\$ 10,374,318
Additions to CWIP, net of vendor refunds	—	—	—	242,533	242,533
Transfers	52,480	137,579	16,551	(206,610)	—
Cancelled project transfers	—	—	—	(2,854)	(2,854)
Retirements and other	(6,419)	(9,891)	(18,168)	—	(34,478)
As at December 31, 2023	5,412,681	4,622,431	292,364	252,043	10,579,519
Additions to CWIP ⁵	—	—	—	347,843	347,843
Transfers	94,926	125,189	27,683	(247,798)	—
Cancelled project and other transfers ⁶	—	—	—	(21,958)	(21,958)
Retirements and other	(5,024)	(9,346)	(11,877)	(56)	(26,303)
As at December 31, 2024	\$ 5,502,583	\$ 4,738,274	\$ 308,170	\$ 330,074	\$ 10,879,101
Accumulated depreciation					
As at January 1, 2023	\$ (972,507)	\$ (1,265,899)	\$ (92,961)	\$ —	\$ (2,331,367)
Depreciation expense	(112,267)	(140,607)	(19,091)	—	(271,965)
Retirements and other	2,099	6,104	17,724	—	25,927
As at December 31, 2023	(1,082,675)	(1,400,402)	(94,328)	—	(2,577,405)
Depreciation expense	(113,429)	(144,527)	(18,851)	—	(276,807)
Retirements and other	2,684	5,172	10,638	—	18,494
As at December 31, 2024	\$ (1,193,420)	\$ (1,539,757)	\$ (102,541)	\$ —	\$ (2,835,718)
Net book value					
As at December 31, 2023	\$ 4,330,006	\$ 3,222,029	\$ 198,036	\$ 252,043	\$ 8,002,114
As at December 31, 2024	\$ 4,309,163	\$ 3,198,517	\$ 205,629	\$ 330,074	\$ 8,043,383

1. Lines – transmission lines and related equipment.
2. Substations – substation and telecontrol equipment.
3. Buildings & equipment – office buildings, leasehold improvements, leased assets, vehicles, tools and instruments, office furniture, telephone and related equipment, computer hardware and emergency capital spare parts. Leased assets relate to five building leases with an average remaining lease term of 13.7 years and net book value of \$32.8 million as at December 31, 2024 (December 31, 2023 – \$34.3 million); there were \$1.1 million of additions to the cost of the leased assets during the year ended December 31, 2024 (December 31, 2023 – \$nil).
4. Land & CWIP – land, capitalized inventory and CWIP. CWIP is reclassified to the appropriate asset classes when the assets are available for use.
5. On June 19, 2024, the AUC approved the collection of costs of site preparation for capital replacement projects over the average useful lives of the related replacement assets starting January 1, 2024. As a result, the Partnership now capitalizes these costs. During the year ended December 31, 2024, the Partnership capitalized \$33.0 million of site preparation costs for replacement projects.
6. On July 31, 2024, the AUC did not approve the capitalization of \$18.5 million of costs related to the 2023 spring wildfire and snow events, but approved, on a placeholder basis, the recovery of those costs through the self-insurance reserve.

The Partnership used the following effective depreciation rates during the year:

	2024	2023
Lines	1.58%-4.74%	1.58%-4.75%
Substations	2.36%-5.93%	2.36%-5.98%
Buildings & equipment	2.32%-20.18%	2.33%-20.09%

10. Third-party deposits

	Contributions in Advance of Construction	Operating and Maintenance Charges in Advance	Total
<i>(in thousands of dollars)</i>			
As at January 1, 2023	\$ 54,498	\$ 5,867	\$ 60,365
Receipts and interest net of refunds	68,914	652	69,566
Transfers to deferred revenue	(68,016)	—	(68,016)
Recognized other revenue	—	(182)	(182)
As at December 31, 2023	55,396	6,337	61,733
Receipts and interest net of refunds	85,272	325	85,597
Transfers to deferred revenue	(53,140)	—	(53,140)
Recognized other revenue	—	(199)	(199)
As at December 31, 2024	\$ 87,528	\$ 6,463	\$ 93,991

Third-party deposits are held in short-term investments, which are reinvested as needed. These investments earned a weighted average annual effective interest rate of 3.26% as at December 31, 2024 (December 31, 2023 – 5.09%). For contributions in advance of construction, all interest is credited to the specific customer.

11. Other non-current assets

	As at	
	December 31, 2024	December 31, 2023
<i>(in thousands of dollars)</i>		
CWIP-in-rate base and related income tax receivable	\$ 225,688	\$ 231,575
Recovery of deemed future income taxes	794,020	715,405
Cancelled projects	559	293
Other non-current financial assets related to regulated activities	351,070	329,773
	\$ 1,371,337	\$ 1,277,046

Other non-current assets are comprised of financial assets related to regulated activities. Financial assets related to regulated activities include amounts that have been added to rate base for regulatory purposes, which will be recovered or repaid in tariff revenue over a time period, as approved by the AUC. Financial assets related to regulated activities also include the accrued recovery of deemed future income taxes which is based on the underlying right of the Partnership to earn an after-tax rate of return.

12. Trade and other payables

	As at	
	December 31, 2024	December 31, 2023
<i>(in thousands of dollars)</i>		
Trade and accrued payables	\$ 71,765	\$ 59,003
Accrued interest on debt	31,410	48,145
Other current liabilities	12,632	8,200
Current financial liabilities related to regulated activities	334	6,154
	\$ 116,141	\$ 121,502

13. Debt

Commercial paper and credit facilities

As at December 31, 2024	Committed	Drawdowns	Commercial paper outstanding	Letters of credit outstanding	Availability	Maturity date of facility
<i>(in thousands of dollars)</i>						
Revolving credit facility	\$ 500,000	\$ —	\$ 153,000	\$ —	\$ 347,000	December 14, 2029
Revolving credit facility	75,000	—	—	2,112	72,888	December 14, 2029
Inter-affiliate revolving credit facility	150,000	—	—	—	150,000	March 31, 2027
	\$ 725,000	\$ —	\$ 153,000	\$ 2,112	\$ 569,888	

In addition, the Partnership has outstanding cheques net of cash in the amount of \$0.2 million as at December 31, 2024 (December 31, 2023 – \$nil).

As at December 31, 2023	Committed	Drawdowns	Commercial paper outstanding	Letters of credit outstanding	Availability	Maturity date of facility
<i>(in thousands of dollars)</i>						
Revolving credit facility	\$ 500,000	\$ —	\$ 129,000	\$ —	\$ 371,000	December 15, 2028
Revolving credit facility	75,000	—	—	1,084	73,916	December 15, 2028
Inter-affiliate revolving credit facility	150,000	—	—	—	150,000	March 31, 2026
	\$ 725,000	\$ —	\$ 129,000	\$ 1,084	\$ 594,916	

The \$500.0 million revolving bank credit facility provides support for the borrowing under the unsecured commercial paper program and may be used for operating expenses, capital expenditures, working capital needs, and for general corporate purposes including the payment of distributions. Drawdowns under this facility may be in the form of Canadian prime rate loans, Term CORRA Loans or Daily Compounded CORRA Loans.

The \$75.0 million revolving bank credit facility may be used for operating expenses, capital expenditures, working capital needs, and for general corporate purposes including the payment of distributions. Drawdowns under this facility may be in the form of Canadian prime rate loans, Term CORRA Loans, Daily Compounded CORRA Loans or drawn letters of credit.

On an annual basis, the Partnership can request the lenders' consent that the maturity date of the credit facilities be extended for a further 365 days.

The \$150.0 million inter-affiliate revolving credit facility provided by AltaLink Investments, L.P. may be used for operating expenses, capital expenditures, working capital needs, and for general corporate purposes including the payment of distributions. Drawdowns under this facility may be in the form of Canadian prime rate loans.

On October 31, 2023, AltaLink entered into a credit agreement with the Canada Infrastructure Bank to provide debt financing for up to 50% of eligible costs on AltaLink's Central East Transfer-Out Project, Southeast Development and Southwest Development Projects. Total borrowing under the credit facility is capped at \$604.3 million with a final maturity date of December 31, 2065. All borrowings under the credit facility are subject to a fixed repayment schedule. On October 18, 2024, the AUC approved the credit facility. There were no borrowings under the credit facility as at December 31, 2024. AltaLink expects its first drawdown under the credit facility will be in the first quarter of 2025.

Long-term debt

	Effective Interest Rate	Maturing	As at December 31, 2024	December 31, 2023
<i>(in thousands of dollars)</i>				
Senior Debt obligations				
Series 2014-1, 3.399%	3.463%	2024	—	350,000
Series 2016-1, 2.747%	2.813%	2026	350,000	350,000
Series 2020-1, 1.509%	1.588%	2030	225,000	225,000
Series 2022-1, 4.692%	4.780%	2032	275,000	275,000
Series 2006-1, 5.249%	5.299%	2036	150,000	150,000
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%	4.029%	2042	525,000	525,000
Series 2013-3, 4.922%	4.963%	2043	350,000	350,000
Series 2014-3, 4.054%	4.091%	2044	295,000	295,000
Series 2015-1, 4.090%	4.127%	2045	350,000	350,000
Series 2016-2, 3.717%	3.753%	2046	450,000	450,000
Series 2013-1, 4.446%	4.484%	2053	250,000	250,000
Series 2024-1, 4.742%	4.787%	2054	325,000	—
Series 2023-1, 5.463%	5.509%	2055	500,000	500,000
Series 2014-2, 4.274%	4.305%	2064	130,000	130,000
			4,725,000	4,750,000
Debt discounts and premiums			(4,489)	(4,660)
Less: deferred financing fees			(24,947)	(22,948)
Long-term debt maturing in less than one year			—	(350,000)
Long-term debt			\$ 4,695,564	\$ 4,372,392

The Partnership uses the proceeds from the issuance of Senior Debt obligations to repay commercial paper and indebtedness outstanding under the Partnership's credit facilities and maturing Senior Debt obligations, to finance the capital construction program, and for general corporate purposes.

On May 22, 2024, AltaLink issued \$325.0 million of 4.742% 30-year Series 2024-1 Senior Secured Notes due May 22, 2054, and on June 6, 2024, repaid \$350.0 million of maturing 3.399% 10-year Series 2014-1 Medium-Term Notes.

On October 11, 2023, AltaLink issued \$500.0 million of 5.463% 32-year Series 2023-1 Senior Secured Notes due October 11, 2055, and on November 6, 2023, repaid \$500.0 million of maturing 3.668% 10-year Series 2013-4 Medium-Term Notes.

The Senior Debt obligations are secured obligations and rank pari passu with all existing and future senior indebtedness, and ahead of all subordinated indebtedness of the Partnership. Collateral for the Senior Debt obligations consist of a first floating charge security interest on the Partnership's present and future assets. The bank credit facilities rank equally with Senior Debt and all future senior secured indebtedness that is issued by the Partnership.

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 to the date of redemption. The Partnership has no current plans to redeem any of its long-term debt prior to maturity. Certain of the AltaLink debt instruments have a provision which allows for redemption at the face amount, either three or six months before maturity.

Capital markets platform

The Partnership has implemented a financing structure referred to by the Partnership as the "Capital Markets Platform" to finance the operation, maintenance, and development of its assets. The Capital Markets Platform incorporates various debt instruments and borrowings, including term bank debt, revolving bank lines of credit, publicly issued and privately placed term debt securities, Term CORRA Loans, Daily Compounded CORRA Loans, commercial paper, and medium-term notes.

The Master Trust Indenture dated April 28, 2003 between AltaLink, the General Partner and BNY Trust Company of Canada, as trustee, establishes common covenants for the benefit of all lenders under the Capital Markets Platform. The Capital Markets Platform governs all indebtedness, including the ranking and security (if any) of the various debt instruments. Indebtedness is calculated as total short-term and long-term debt, including outstanding letters of credit, and total capitalization is calculated as equity plus indebtedness. The Partnership is not permitted to borrow other than under the Capital Markets Platform, except in certain limited circumstances and, in any event, not more than an aggregate of \$20.0 million. One of the principal covenants is that the Partnership cannot become liable for any indebtedness unless the aggregate amount of all indebtedness does not exceed 75% of total capitalization. The Partnership was in compliance with the covenants as at December 31, 2024 and 2023.

Under the Indenture, the Partnership may issue two categories of debt, namely (i) senior debt and (ii) subordinated debt. Bonds may be issued as either "Obligation Bonds" (to directly evidence the indebtedness of the Partnership to the holder of such debt) or as "Pledged Bonds" (to be held by the holder as collateral security for the indebtedness specified in the related instrument of pledge). The specific terms and conditions of each series of bonds under the Capital Markets Platform are set forth in the series supplement authorizing the series. We expect that publicly issued and privately placed bonds will be in the form of Obligation Bonds, whereas all other indebtedness of the Partnership under the Capital Markets Platform will be supported by Pledged Bonds.

Scheduled principal repayments

(in thousands of dollars)

Maturing

2025	\$	—
Second quarter 2026		350,000
2027		—
2028		—
2029		—
2030 and thereafter		4,375,000

Finance costs

	Year ended	
	December 31, 2024	December 31, 2023
<i>(in thousands of dollars)</i>		
Interest expense	\$ 204,530	\$ 196,016
Amortization of deferred financing fees	1,210	1,502
Standby fees	918	963
Capitalized borrowing costs ¹ [note 19]	(4,354)	(3,162)
Interest expense on lease liabilities	1,876	1,903
	\$ 204,180	\$ 197,222

1. The average capitalization rate during the year ended December 31, 2024 was 4.17% (December 31, 2023 – 3.98%).

14. Deferred revenue

	Deferred Revenue for Salvage	Third-Party Contributions	Total
<i>(in thousands of dollars)</i>			
As at January 1, 2023	\$ 216,754	\$ 890,913	\$ 1,107,667
Transferred from third-party deposits net of refunds	—	63,469	63,469
Cancelled project transfers	—	(2,560)	(2,560)
Received through transmission tariffs [note 19]	30,600	—	30,600
Recognized as revenue [notes 19 and 20]	(40,080)	(27,154)	(67,234)
As at December 31, 2023	207,274	924,668	1,131,942
Transferred from third-party deposits net of refunds	—	53,057	53,057
Cancelled project transfers	—	(2,345)	(2,345)
Transferred from third parties	52	—	52
Recognized as revenue [notes 19 and 20]	(10,101)	(28,514)	(38,615)
As at December 31, 2024	\$ 197,225	\$ 946,866	\$ 1,144,091

	As at	
	December 31, 2024	December 31, 2023
<i>(in thousands of dollars)</i>		
Current portion	\$ 32,095	\$ 57,917
Long-term portion	1,111,996	1,074,025
	\$ 1,144,091	\$ 1,131,942

15. Lease liabilities

Lease liabilities

	As at	
	December 31, 2024	December 31, 2023
<i>(in thousands of dollars)</i>		
Current lease liabilities	\$ 2,594	\$ 2,103
Long-term lease liabilities	45,068	46,611
	\$ 47,662	\$ 48,714

Lease payments

	2025	2026	2027	2028	2029	2030 and thereafter	Total as at December 31, 2024
<i>(in thousands of dollars)</i>							
Lease payments	\$ 4,370	\$ 4,441	\$ 4,443	\$ 4,560	\$ 4,336	\$ 39,509	\$ 61,659
Amounts representing implicit interest							(13,997)
Lease liabilities							\$ 47,662

As at December 31, 2024 the weighted average lessee incremental borrowing rate applied to the lease liabilities is 3.85% (December 31, 2023 – 3.84%).

Amounts related to leases recognized in statement of comprehensive income

	Year ended	
	December 31, 2024	December 31, 2023
<i>(in thousands of dollars)</i>		
Gross depreciation	\$ 2,592	\$ 2,608
Capitalized depreciation	(1,579)	(2,422)
Net depreciation expense	\$ 1,013	\$ 186
Interest expense	1,876	1,903
Expense related to short-term and variable lease payments not included in the measurement of the lease liability	3,357	3,719
	\$ 6,246	\$ 5,808

The total cash outflows for lease principal and interest were \$4.0 million in 2024 (2023 – \$4.0 million).

16. Other non-current liabilities

	December 31, 2024	As at	December 31, 2023
<i>(in thousands of dollars)</i>			
Accrued employment benefit liabilities	\$ 11,135		\$ 9,689
Other long-term liabilities	5,812		5,270
Non-current financial liabilities related to regulated activities	5,751		3,379
Financial (redemption) liabilities	16,400		16,459
	\$ 39,098		\$ 34,797

Accrued employment benefit liabilities include employer contributions to the defined contribution pension plan, and estimates for the supplemental pension, post-employment benefits, and long-term incentive plans.

Non-current financial liabilities related to regulated activities include accruals for the repayment of deferral account balances which are certain costs that were incurred by the Partnership relating to its primary activities with the AESO that are less than what was received in tariffs. The difference is expected to be refunded to the AESO through the regulatory process beyond the next 12 months.

Piikani Transmission Holding Limited Partnership (the nominee of the Piikani Nation) and 1759511 Alberta Ltd. (the nominee of the Kainai-Blood Tribe) have put options to sell all their units in PLP and KLP, respectively, to AltaLink at any time, subject to regulatory approvals from the AUC. To reflect the put options of Piikani Transmission Holding Limited Partnership and 1759511 Alberta Ltd., the Partnership recognizes a financial (redemption) liability and reduces AltaLink partners' capital in these consolidated financial statements. The valuation of the purchase price on the put options are defined in the partnership agreements and are calculated as the net regulatory book value of long-term assets less the book value of long-term debt on the put option exercise date.

17. Post-employment benefit obligations

AltaLink's defined contribution pension plan is a post-employment plan under which the Partnership and employees pay fixed contributions into the plan and the Partnership has no legal or constructive obligation to pay further amounts. All employees are covered under the defined contribution pension plan. The defined contribution pension plan is an 8% employer, and 2% employee funded contribution plan. For the year ended December 31, 2024, the gross defined contribution pension plan employer contribution expense was \$8.1 million (December 31, 2023 – \$7.8 million).

The General Partner has an unfunded, non-registered supplemental pension plan, which is provided to all employees who exceed the income tax limits on maximum pension contributions in a year. The employer contribution expense rate was 8% in 2024 (2023 – 8%). For the year ended December 31, 2024, the gross supplemental pension plan employer contribution expense was \$0.2 million (December 31, 2023 – \$0.2 million) and as at December 31, 2024, the supplemental pension plan liability was \$0.8 million (December 31, 2023 – \$1.4 million).

AltaLink's post-employment benefits plan is unfunded and provides health and dental coverage to retired employees who have two years of service or more and retire at age 55 or older. Benefits are provided to these employees until the age of 65. The cost of the Partnership's post-employment benefits plan is actuarially determined, using the projected benefit method pro-rated on service and management's estimate of discount rates and the expected growth rate of health care costs. For the year ended December 31, 2024, the gross current service cost and interest cost on the benefit obligation were \$0.6 million (December 31, 2023 – \$0.5 million) and an actuarial loss of \$0.5 million was recognized in other comprehensive income (December 31, 2023 – actuarial loss of \$0.3 million). As at December 31, 2024, the accrued benefit obligation was \$5.5 million (December 31, 2023 – \$4.7 million).

18. Related party transactions

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:

	Year ended	
	December 31, 2024	December 31, 2023
<i>(in thousands of dollars)</i>		
AltaLink Management Ltd.		
Gross employee compensation and benefits	\$ 135,407	\$ 128,978
Cost recovery revenue for non-regulated activities	\$ 1,938	\$ 1,961
Cost reimbursements paid or payable	\$ 345	\$ 1,203

AltaLink Management Ltd. employs all staff who provide administrative and operational services to the Partnership on a cost reimbursement basis. The Partnership has indemnified AltaLink Management Ltd. for all associated expenses and liabilities. The Partnership bears all the related expenses and the risk and reward of staff-related programs which the General Partner establishes. As such, the employee 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 (note 17 - Post-employment benefit obligations).

The Partnership has an accrued balance for employee compensation and benefits of \$27.0 million as at December 31, 2024 (December 31, 2023 – \$24.9 million).

Cost recovery revenue for non-regulated activities includes services provided to AltaLink Investments, L.P., AltaLink Investment Management Ltd., AltaLink Holdings, L.P., BHE Altalink Ltd., BHE Canada, L.P., BHE Canada Limited, BHE Canada Holdings Corporation, MATL Canada L.P., and Berkshire Hathaway Energy Company.

During the year ended December 31, 2024, the Partnership incurred costs of \$0.3 million paid or payable to Berkshire Hathaway Energy Company as cost reimbursements for third-party charges (December 31, 2023 – \$1.2 million).

AltaLink has a \$150.0 million inter-affiliate revolving credit facility from its limited partner, AltaLink Investments, L.P., with \$nil drawn on this facility as at December 31, 2024.

Remuneration of senior management

	Year ended	
	December 31, 2024	December 31, 2023
<i>(in thousands of dollars)</i>		
Salary and other short-term benefits	\$ 3,647	\$ 3,240
Post-employment benefits	294	269
Other long-term benefits	2,301	1,914
	\$ 6,242	\$ 5,423

As at December 31, 2024, senior management included the President and Chief Executive Officer, Executive Vice President and Chief Financial Officer, Executive Vice President Corporate Services, Senior Vice President Law, Regulatory and General Counsel, Senior Vice President Customer and Projects, and Senior Vice President Human Resources.

Salary and other short-term benefits represent actual salary received during the year, annual short-term incentives based on the achievement of specific predetermined performance goals, perquisites and other bonuses. Post-employment benefits include the defined contribution pension plan and supplemental pension plan employer contributions. Other long-term benefits include amounts related to retention and long-term incentive plans.

Remuneration of Board of Directors of the General Partner

	Year ended	
	December 31, 2024	December 31, 2023
<i>(in thousands of dollars)</i>		
Total fees earned by Directors	\$ 691	\$ 641

As at December 31, 2024, the Board of Directors includes the Chairman of the Board and nine other directors. The members of the Board who are not management or representatives of the owners are paid an annual fee, additional retainers for serving on Board committees and a periodic technology allowance.

19. Revenue from operations

On November 14, 2024, the AUC approved final transmission tariffs for AltaLink, including monthly tariffs for PLP and KLP, of \$98.4 million for December 2024, and \$75.4 million per month for 2025. The AUC approved AltaLink's 2024 revenue requirement at \$894.6 million, with total approved 2024 revenue requirement, including PLP and KLP, of \$902.5 million.

On December 5, 2024, the AUC approved AltaLink's final 2025 revenue requirements at \$889.3 million, with total approved 2025 revenue requirements, including PLP and KLP, of \$897.0 million.

On February 12, 2024, the AUC issued Decision 28174-D01-2024 with respect to AltaLink's 2024-2025 GTA, approving the negotiated settlement agreement as filed. On June 19, 2024, the AUC issued Decision 28174-D02-2024 with respect to AltaLink's 2024-2025 GTA, providing its reasons for the approval of the negotiated settlement and its findings on the matters excluded from the negotiated settlement. The AUC approved certain components of the wildfire mitigation plan, actual salvage expenditures for 2019-2021 and the 2022-2025 salvage expenditures. The AUC also approved AltaLink's transition to the capitalization of site preparation or salvage costs for replacement projects starting in 2024. AltaLink filed a compliance filing to reflect the directions from the AUC on August 12, 2024. In its compliance filing, AltaLink adjusted the 8.50% return on equity included in its application filed on December 19, 2023, to the 9.28% return on equity for 2024 as approved by the AUC. AltaLink also commenced capitalization of salvage costs as part of the previously approved salvage methodology. The compliance filing proceeding was completed in November 2024.

On December 1, 2023, the AUC approved 2024 interim refundable transmission tariffs for AltaLink, including monthly tariffs for PLP and KLP, of \$73.6 million per month effective January 1, 2024.

On August 17, 2022, the AUC approved AltaLink's 2023 revenue requirement at \$875.0 million, with total approved 2023 revenue requirement, including PLP and KLP, of \$883.0 million.

On March 31, 2022, the AUC issued Decision 27084-D01-2022 approving an equity return of 8.5% and an equity ratio of 37% for 2023. On October 9, 2023, the AUC issued its decision on the generic cost of capital for 2024 and beyond for Alberta's regulated electric and gas utilities, approving a set equity ratio and a formula to determine return on equity. The AUC set the deemed equity ratio of 37% and set a notional return on equity of 9.00%, which is subject to formulaic adjustments using 30-year Government of Canada bond yields and Canadian utility spreads. On November 20, 2023, under the approved formula, the AUC issued an order approving 9.28% as the final return on equity for 2024 for the Alberta utilities.

For the year ended December 31, 2024, approximately 95% of the Partnership's revenue is attributable to the AESO (December 31, 2023 – approximately 96%).

The following table summarizes the timing differences between the revenue requirement approved on December 5, 2024 for 2024 and on August 17, 2022 for 2023, and revenue from operations earned during the periods.

	Year ended	
	December 31, 2024	December 31, 2023
<i>(in thousands of dollars)</i>		
Debt and equity return on rate base	\$ 454,595	\$ 416,717
Recovery of forecast expenses	447,861	466,320
Revenue requirement	\$ 902,456	\$ 883,037
AFUDC	12,148	8,340
Receivable direct assigned capital projects	1,531	1,974
Receivable property taxes, reserve funds and other ¹	19,516	3,480
Revenue related IFRS adjustments ²	85,795	79,652
Revenue from operations	\$ 1,021,446	\$ 976,483

1. On July 31, 2024, the AUC approved the recovery of \$18.5 million of 2023 spring wildfire and snow restoration expenses through the self-insurance reserve.
2. The Partnership included adjustments to recognize differences in accounting treatment for IFRS Accounting Standards purposes, compared to regulatory purposes, as shown in more detail in the table below.

	Year ended	
	December 31, 2024	December 31, 2023
<i>(in thousands of dollars)</i>		
Revenue related to salvage costs [note 14]	\$ 10,101	\$ 40,080
Salvage funds transferred to deferred revenue [note 14] ¹	—	(30,600)
Revenue for the recovery of future income taxes	78,615	71,246
Recovery of loss on disposal of assets other than land	8,181	8,551
Capitalized borrowing costs [note 13]	(4,354)	(3,162)
Collection of receivables related to IFRS adjustments	(6,748)	(6,463)
Revenue related IFRS adjustments	\$ 85,795	\$ 79,652

1. On June 19, 2024, the AUC approved the collection of costs of site preparation for capital replacement projects over the average useful lives of the related replacement assets starting January 1, 2024. As a result, the Partnership now capitalizes these costs. During the year ended December 31, 2024, the Partnership capitalized \$33.0 million of site preparation costs for replacement projects.

20. Other revenue

	Year ended	
	December 31, 2024	December 31, 2023
<i>(in thousands of dollars)</i>		
Third-party contributions revenue [note 14]	\$ 28,514	\$ 27,154
Construction services recovered from third parties	13,552	2,292
Service agreement, tower and land rent revenue	4,856	5,674
Related party and other revenue	2,863	4,079
	\$ 49,785	\$ 39,199

Other revenue includes revenue for construction services provided to third parties including other utilities on a cost recovery basis and amortization of third-party contributions. Related costs are included in operating expenses (note 21 - Expenses) and depreciation and amortization; therefore, there is no net income impact.

21. Expenses

Operating expenses

	Year ended	
	December 31, 2024	December 31, 2023
<i>(in thousands of dollars)</i>		
Employee salaries and benefits	\$ 54,865	\$ 51,956
Contracted labour	27,153	22,885
Other operating expenses	40,529	29,935
	\$ 122,547	\$ 104,776

Property taxes, salvage, and other expenses

	Year ended	
	December 31, 2024	December 31, 2023
<i>(in thousands of dollars)</i>		
Property taxes	\$ 57,302	\$ 55,208
Salvage expenses	10,101	40,080
Self-insurance reserve	18,862	—
Annual structure payments	15,541	15,653
Hearing expenses and other	1,304	641
	\$ 103,110	\$ 111,582

The property taxes, salvage, and other expenses in the table above do not have an impact on net income because they are fully recovered in tariff revenue (note 19 - Revenue from operations).

22. Partners' capital

AltaLink is authorized to issue an unlimited number of units. The units are voting and participate equally in profits, losses and capital distributions of AltaLink. AltaLink is also authorized to issue preferred partnership units which have the same rights, privileges, restrictions and conditions attached to all other units except that in the event of the liquidation, dissolution or winding-up of AltaLink as a limited partnership. Holders of each preferred unit would be entitled to participate preferentially in any distribution. AltaLink has not issued any preferred units.

The General Partner does not hold any units in AltaLink. It manages the operations of AltaLink, and has a 0.01% interest in the profits, losses, and capital distributions of AltaLink.

During the year ended December 31, 2024, AltaLink's partners did not invest additional equity (December 31, 2023 – \$nil). No partnership units were issued during the years ended December 31, 2024 and 2023.

23. Non-controlling interests

AltaLink holds 49% interests in two partially-owned subsidiaries, KLP and PLP, which are also transmission facility owners operated by the General Partner. These subsidiaries were formed to jointly hold the Southwest 240 kilovolt regulated transmission assets located on First Nations Reserve lands with local First Nation partners.

As at December 31, 2024, the non-controlling interests within the equity section of the statement of financial position are comprised of 1759511 Alberta Ltd.'s (the nominee of the Kainai-Blood Tribe) \$6.6 million limited partner interest (December 31, 2023 – \$6.6 million) or 51% of KLP, and Piikani Transmission Holding Limited Partnership's (the nominee of the Piikani Nation) \$9.8 million limited partner interest (December 31, 2023 – \$9.9 million) or 51% of PLP.

24. Subsidiary financial information

Summarized financial information in respect of each subsidiary that has non-controlling interests is set out below. Summarized financial information represents amounts before intercompany eliminations.

	KLP As at		PLP As at	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
<i>(in thousands of dollars)</i>				
Assets	\$ 35,717	\$ 36,493	\$ 52,296	\$ 53,703
Liabilities	(22,829)	(23,590)	(33,026)	(34,333)
Equity	(12,888)	(12,903)	(19,270)	(19,370)
Revenue	3,394	3,290	5,282	5,115
Profit	1,377	1,305	2,029	1,933

25. Other cash flow information

	Year ended	
	December 31, 2024	December 31, 2023
<i>(in thousands of dollars)</i>		
Change in other items		
Deferred revenue for salvage	\$ (10,049)	\$ (9,480)
Non-current financial assets related to regulated activities, excluding cancelled projects	(94,025)	(79,398)
Non-current financial liabilities related to regulated activities	2,372	(2,947)
Accrued employee benefit liabilities, excluding actuarial loss	967	982
Amortization of financing fees and capitalized borrowing costs	(3,144)	(1,660)
Other long-term liabilities, excluding other non-cash items	94	469
	\$ (103,785)	\$ (92,034)
Change in non-cash working capital		
Trade and other receivables, excluding wildfire and snow restoration cost recovery	\$ 64,193	\$ (73,752)
Trade and other payables	(5,361)	20,444
	\$ 58,832	\$ (53,308)
Related to operating activities	\$ 49,088	\$ (51,301)
Related to investing activities	9,253	(1,977)
Related to financing activities	491	(30)
	\$ 58,832	\$ (53,308)
Change in other financing activities		
Deferred financing fees	\$ (3,037)	\$ (3,487)
Third-party deposits	(32,259)	(1,368)
Third-party deposits liability	32,259	1,368
	\$ (3,037)	\$ (3,487)

26. Commitments

The contractual commitments of the Partnership associated with the construction of new facilities as at December 31, 2024 are \$180.3 million (December 31, 2023 – \$140.1 million). Of these commitments, approximately 95% of the future undiscounted payments occur by December 31, 2026.

27. Contingencies

The Partnership is subject to legal proceedings, investigations, assessments, and claims in the ordinary course of business, including the following:

- AltaLink has been sued by third parties who seek compensation for damages in respect of certain operating, capital or other activities performed by AltaLink or its contractors.
- The Partnership has found instances of equipment, engineering or construction deficiencies following acceptance and energization of some assets. Claims processes are in place to seek recovery for such deficiencies.

At this time, in the opinion of management, the contingencies are dependent on future legal proceeding results and the likely outcomes are not determinable.