

Condensed Consolidated Interim Financial Statements of

EPCOR UTILITIES INC.

Six months ended June 30, 2014 and 2013

EPCOR UTILITIES INC.

Condensed Consolidated Interim Statements of Comprehensive Income
(Unaudited, in millions of Canadian dollars)

Three and six months ended June 30, 2014 and 2013

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
Revenues and other income:				
Revenues	\$ 435	\$ 469	\$ 899	\$ 922
Other income	6	8	12	14
	441	477	911	936
Expenses:				
Electricity purchases and system access fees	175	229	409	446
Other raw materials and operating charges	38	40	65	69
Staff costs and employee benefits expenses	70	72	141	142
Depreciation and amortization	37	34	74	68
Franchise fees and property taxes	23	21	46	43
Other administrative expenses	12	11	27	28
	355	407	762	796
Operating income	86	70	149	140
Finance expenses	(29)	(27)	(57)	(54)
Equity share of income of Capital Power (note 5)	3	7	12	24
Income before income taxes	60	50	104	110
Income tax expense	(5)	(5)	(11)	(8)
Net income for the periods				
– all attributable to the Owner of the Company	55	45	93	102
Other comprehensive income (loss):				
Items that may subsequently be reclassified to net income:				
Equity share of other comprehensive loss of Capital Power ¹ (note 5)	(4)	(1)	(4)	(2)
Unrealized gain (loss) on foreign currency translation ²	(10)	9	2	13
	(14)	8	(2)	11
Comprehensive income for the periods				
– all attributable to the Owner of the Company	\$ 41	\$ 53	\$ 91	\$ 113

¹ For the three and six months ended June 31, 2014, net of income tax of nil. For the three and six months ended June 30, 2013, net of income tax recovery of \$1 million.

² For the three and six months ended June 30, 2014 and 2013, net of income tax of nil.

EPCOR UTILITIES INC.

Condensed Consolidated Interim Statements of Financial Position
(Unaudited, in millions of Canadian dollars)

June 30, 2014 and December 31, 2013

	2014	2013
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 101	\$ 130
Trade and other receivables	289	360
Derivatives (note 4)	2	-
Inventories	14	14
	406	504
Non-current assets:		
Finance lease receivables	120	122
Other financial assets	362	367
Deferred tax assets	53	53
Investment in Capital Power (note 5)	381	385
Property, plant and equipment	3,875	3,776
Intangible assets	236	240
	5,027	4,943
TOTAL ASSETS	\$ 5,433	\$ 5,447

The accompanying notes are an integral part of these condensed consolidated interim financial statements

EPCOR UTILITIES INC.

Condensed Consolidated Interim Statements of Financial Position
(Unaudited, in millions of Canadian dollars)

June 30, 2014 and December 31, 2013

	2014	2013
LIABILITIES AND EQUITY		
Current liabilities:		
Trade and other payables	\$ 224	\$ 245
Loans and borrowings	14	15
Deferred revenue	23	23
Provisions	16	29
Derivatives (note 4)	-	1
Other liabilities	22	28
	299	341
Non-current liabilities:		
Derivatives (note 4)	1	-
Loans and borrowings	1,948	1,957
Deferred revenue	795	783
Deferred tax liabilities	15	12
Provisions	81	80
Other liabilities	12	12
	2,852	2,844
Total liabilities	3,151	3,185
Equity attributable to the Owner of the Company:		
Share capital	24	24
Accumulated other comprehensive income	11	13
Retained earnings	2,247	2,225
Total equity	2,282	2,262
TOTAL LIABILITIES AND EQUITY	\$ 5,433	\$ 5,447

The accompanying notes are an integral part of these condensed consolidated interim financial statements

EPCOR UTILITIES INC.

Condensed Consolidated Interim Statements of Changes in Equity
(Unaudited, in millions of Canadian dollars)

Six months ended June 30, 2014 and 2013

	Accumulated other comprehensive income (loss)							Equity attributable to the Owner of the Company
	Share capital	Cash flow hedges	Available-for-sale financial assets	Cumulative translation account	Employee benefits account	Investment in Capital Power	Retained earnings	
Equity at December 31, 2013	\$ 24	\$ (5)	\$ 1	\$ 17	\$ (4)	\$ 4	\$ 2,225	\$ 2,262
Net income for the period	-	-	-	-	-	-	93	93
Other comprehensive income (loss):								
Equity share of other comprehensive loss of Capital Power	-	-	-	-	-	(4)	-	(4)
Unrealized gain on foreign subsidiary	-	-	-	2	-	-	-	2
Total comprehensive income (loss)	-	-	-	2	-	(4)	93	91
Dividends	-	-	-	-	-	-	(71)	(71)
Equity at June 30, 2014	\$ 24	\$ (5)	\$ 1	\$ 19	\$ (4)	\$ -	\$ 2,247	\$ 2,282

	Accumulated other comprehensive income (loss)							Equity attributable to the Owner of the Company
	Share capital	Cash flow hedges	Available-for-sale financial assets	Cumulative translation account	Employee benefits account	Investment in Capital Power	Retained earnings	
Equity at December 31, 2012	\$ 24	\$ (7)	\$ 2	\$ -	\$ (7)	\$ 19	\$ 2,191	\$ 2,222
Net income for the period	-	-	-	-	-	-	102	102
Other comprehensive income (loss):								
Equity share of other comprehensive loss of Capital Power	-	-	-	-	-	(2)	-	(2)
Unrealized gain on foreign subsidiary	-	-	-	13	-	-	-	13
Total comprehensive income (loss)	-	-	-	13	-	(2)	102	113
Dividends	-	-	-	-	-	-	(71)	(71)
Equity at June 30, 2013	\$ 24	\$ (7)	\$ 2	\$ 13	\$ (7)	\$ 17	\$ 2,222	\$ 2,264

The accompanying notes are an integral part of these condensed consolidated interim financial statements

EPCOR UTILITIES INC.

Condensed Consolidated Interim Statements of Cash Flows
(Unaudited, in millions of Canadian dollars)

Six months ended June 30, 2014 and 2013

	2014	2013
Cash flows from (used in) operating activities:		
Net income for the periods	\$ 93	\$ 102
Reconciliation of net income for the periods to cash flows from (used in) operating activities:		
Interest paid	(58)	(57)
Finance expenses	57	54
Income taxes paid	(4)	(4)
Income tax expense	11	8
Depreciation and amortization	74	68
Contributions received	17	14
Deferred revenue recognized	(10)	(10)
Fair value changes on derivative instruments	(2)	(2)
Equity share of income from Capital Power	(12)	(24)
Other	(7)	(3)
Funds from operations	159	146
Change in non-cash operating working capital	29	(41)
Net cash flows from operating activities	188	105
Cash flows from (used in) investing activities:		
Acquisitions or construction of property, plant and equipment and other assets	(154)	(179)
Proceeds on disposal of property, plant and equipment	1	1
Change in non-cash investing working capital	2	(12)
Payments of Gold Bar transfer fees	(6)	(10)
Payments received on long-term receivables	8	-
Distributions received from Capital Power	12	18
Net cash flows used in investing activities	(137)	(182)
Cash flows from (used in) financing activities:		
Repayments of loans and borrowings	(9)	(4)
Common share dividends paid	(71)	(71)
Net cash flows used in financing activities	(80)	(75)
Decrease in cash and cash equivalents	(29)	(152)
Cash and cash equivalents, beginning of period	130	232
Cash and cash equivalents, end of period	\$ 101	\$ 80

The accompanying notes are an integral part of these condensed consolidated interim financial statements

EPCOR UTILITIES INC.

Notes to the Condensed Consolidated Interim Financial Statements
(Unaudited, tabular amounts in millions of Canadian dollars unless otherwise indicated)

June 30, 2014

1. Nature of operations

EPCOR Utilities Inc. (the Company or EPCOR) builds, owns and operates electrical transmission and distribution networks, water and wastewater treatment facilities and infrastructure, and provides electricity and water services and products to residential and commercial customers.

The Company operates in Canada and the United States (U.S.) with its registered head office located at 2000, 10423 - 101 Street NW, Edmonton, Alberta, Canada, T5H 0E8.

The common shares of EPCOR are owned by The City of Edmonton (the City). The Company was established by Edmonton City Council under City Bylaw 11071.

Interim results will fluctuate due to the seasonal demands for electricity and water, changes in electricity prices, and the timing and recognition of regulatory decisions. Consequently, interim results are not necessarily indicative of annual results.

2. Basis of presentation

(a) Statement of compliance

These condensed consolidated interim financial statements have been prepared by management in accordance with International Accounting Standard 34 – Interim Financial Reporting, as issued by the International Accounting Standards Board. These condensed consolidated interim financial statements do not include all of the disclosure normally provided in the annual consolidated financial statements and should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2013 which have been prepared in accordance with International Financial Reporting Standards (IFRS).

These condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors on August 12, 2014.

(b) Basis of measurement

The Company's condensed consolidated interim financial statements are prepared on the historical cost basis, except for its beneficial interest in the sinking fund held with the City and derivative financial instruments, which are measured at fair value.

(c) Additional IFRS financial measure

The Company uses "operating income" as an additional IFRS financial measure. In management's opinion, the measure is a more effective indicator of the Company's and reportable business segments' operating performance than net income because it only includes items directly related to or resulting from management's operating decisions and actions.

3. Significant accounting policies

These condensed consolidated interim financial statements have been prepared following the same accounting policies and methods as those used in preparing the Company's most recent annual consolidated financial statements, with the exception of accounting policies adopted as a result of the following new and amended accounting standards relevant to EPCOR effective January 1, 2014:

IFRS 10 – Consolidated Financial Statements (Amendment)

IFRS 12 – Disclosure of Interests in Other Entities (Amendment)

IAS 32 – Financial Instruments: Presentation (Amendment)

IAS 36 – Impairment of Assets (Amendment)

IAS 39 – Financial Instruments: Recognition and Measurement (Amendment)

IFRIC 21 – Levies

There was no significant impact on these financial statements as a result of the accounting policies adopted.

EPCOR UTILITIES INC.

Notes to the Condensed Consolidated Interim Financial Statements
(Unaudited, tabular amounts in millions of Canadian dollars unless otherwise indicated)

June 30, 2014

4. Derivatives

An EPCOR led consortium won a bid to design, build, finance, operate and maintain a new wastewater treatment facility in the City of Regina under a public private partnership. The contract was signed July 3, 2014. In August 2014, EPCOR took over operations of the existing wastewater treatment plant in Regina. Construction on the new plant has commenced and is expected to be completed by December 2016. The agreement includes operation of the new and existing facilities for a term of 30 years. Contracted undiscounted cash flows from this project are \$444 million.

In May 2014, the Company entered into the following interest rate swaps to manage its interest rate risk in the Regina Wastewater project as described below:

Type	Range of term	Notional amount	Fixed rate	Floating rate index
Pay fixed, receive floating	August 1, 2014 – January 3, 2017	Range of \$18 million – \$136 million	1.55%	1-month CDOR
Pay fixed, receive floating	January 3, 2017 – June 1, 2044	\$67 million	3.51%	1-month CDOR

The counterparty to the swap arrangements is a major Canadian financial institution. The swaps will be net cash settled on a monthly basis. The Company does not anticipate any material adverse effect on its financial covenants resulting from its involvement in this type of swap arrangement, nor does it anticipate non-performance by the counterparty. At June 30, 2014, the maximum exposure to credit risk of the interest rate swaps is equal to their carrying amounts, which is a net liability of \$1 million.

The interest rate swap at a fixed rate of 1.55% has monthly notional amounts that mirror the net development funding requirements over the project's construction term. The Company used the forward Canadian Dealer Offering Rate (CDOR) rate as of June 30, 2014 to determine the estimated contractual obligations of the Company due to these swaps. Future cash flows may differ from the amounts noted below due to changes in the monthly CDOR rate. At June 30, 2014, the undiscounted cash flow requirements and contractual maturities of the interest rate swaps were as follows:

Carrying value	2014	2015	2016	2017	2018	2019 and thereafter	Total contractual cash flows
Interest rate swaps – net	\$ -	\$ -	\$ -	\$ 1	\$ 1	\$ 4	\$ 6

At June 30, 2014, a 50 basis point increase in the forward CDOR rate would increase fair value of the interest rate swaps by a combined amount of \$4 million. At June 30, 2014, a 50 basis point decrease in the forward CDOR rate would decrease fair value of the interest rate swaps by a combined amount of \$7 million. This analysis assumes that all other variables remain constant.

5. Investment in Capital Power

In these condensed consolidated interim financial statements, Capital Power refers to Capital Power Corporation and its subsidiaries, including Capital Power L.P., except where otherwise noted or the context indicates otherwise.

At June 30, 2014, the Company owned 18.8 million (December 31, 2013 – 18.8 million) exchangeable limited partnership units of Capital Power L.P. (exchangeable for common shares of Capital Power Corporation on a one-for-one basis), representing a 19% (December 31, 2013 – 19%) economic interest in Capital Power.

EPCOR does not control Capital Power. The investment in Capital Power represents an investment subject to significant influence and is accounted for using the equity method.

Capital Power is listed on the Toronto Stock Exchange under the symbol CPX. The quoted market price of the common shares of Capital Power at June 30, 2014 was \$26.36 per common share (December 31, 2013 – \$21.30 per common

EPCOR UTILITIES INC.

Notes to the Condensed Consolidated Interim Financial Statements
(Unaudited, tabular amounts in millions of Canadian dollars unless otherwise indicated)

June 30, 2014

share). Fair value of the Company's investment in Capital Power at June 30, 2014 was \$497 million (December 31, 2013 – \$401 million) before selling costs.

The investment in Capital Power L.P. is detailed as follows:

	At and for the six months ended June 30, 2014	At and for the year ended December 31, 2013
Balance, beginning of period	\$ 385	\$ 621
Equity share of net income	12	66
Equity share of other comprehensive loss	(4)	(13)
Distributions declared	(12)	(33)
Sale of a portion of the investment	-	(213)
Impairment	-	(43)
Balance, end of period	\$ 381	\$ 385

6. Financial instruments

Classification

The classification of the Company's financial instruments at June 30, 2014 and December 31, 2013 is summarized as follows:

	Classification				Fair value hierarchy
	Fair value through profit or loss	Loans and receivables	Other liabilities	Available- for-sale	
Measured at fair value					
Beneficial interest in sinking fund				X	Level 1
Derivatives					
Financial electricity purchase contracts	X				Level 1
Interest rate swaps	X				Level 2
Measured at amortized cost					
Cash and cash equivalents		X			Level 2
Trade and other receivables		X			Level 3
Other financial assets		X			Level 2
Trade and other payables			X		Level 3
Debentures and borrowings			X		Level 2
Customer deposits			X		Level 3
Gold Bar transfer fee payable			X		Level 3

Fair value

The carrying amounts of cash and cash equivalents, trade and other receivables, current portion of other financial assets, trade and other payables and certain other liabilities (including customer deposits and Gold Bar transfer fee payable) approximate their fair values due to the short-term nature of these financial instruments.

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(Unaudited, tabular amounts in millions of Canadian dollars unless otherwise indicated)

June 30, 2014

The carrying amounts and fair values of the Company's remaining financial assets and liabilities are as follows:

	June 30, 2014		December 31, 2013	
	Carrying amount	Fair value	Carrying amount	Fair value
Non-current portion of other financial assets	\$ 362	\$ 400	\$ 367	\$ 402
Loans and borrowings				
Debentures and borrowings	2,031	2,405	2,039	2,238
Beneficial interest in sinking fund	(69)	(69)	(67)	(67)
Derivatives	1	1	(1)	(1)

Fair value hierarchy

The financial instruments of the Company that are recorded at fair value have been classified into levels using a fair value hierarchy. A Level 1 valuation is determined by unadjusted quoted prices in active markets for identical assets or liabilities. A Level 2 valuation is based upon inputs other than quoted prices included in Level 1 that are observable for the instruments either directly or indirectly. A Level 3 valuation for the assets and liabilities are not based on observable market data.

Loans and other long-term receivables

The fair value of the Company's unsecured long-term receivable from Capital Power is based on a current yield for the Company's receivable at June 30, 2014 and December 31, 2013. This yield is based on an estimated credit spread for Capital Power over the yields of long-term Government of Canada bonds that have similar maturities to the Company's receivable. The estimated credit spread is based on Capital Power's indicative spread as published by independent financial institutions.

The fair values of the Company's other long-term loans and receivables are based on the estimated interest rates implicit in comparable loan arrangements plus an estimated credit spread based on the counterparty risks at June 30, 2014 and December 31, 2013.

Loans and borrowings

The fair value of the Company's long-term loans and borrowings is based on determining a current yield for the Company's debt at June 30, 2014 and December 31, 2013. This yield is based on an estimated credit spread for the Company over the yields of long-term Government of Canada bonds for Canadian dollar loans and U.S. Treasury bonds for U.S. dollar loans that have similar maturities to the Company's debt. The estimated credit spread is based on the Company's indicative spread as published by independent financial institutions. The Company's long-term loans and borrowings (including the current portion) include City debentures which are offset by payments made by the Company into the sinking fund. The Company's beneficial interest in the sinking fund is a related party balance and has been recorded at fair value as it has been classified as an available-for-sale financial asset. The fair value of the beneficial interest in the sinking fund is based on quoted market values as determined by the City at or near the reporting date.

Derivatives

The fair value of the Company's financial electricity purchase contracts is determined based on exchange index prices in active markets. Fair value amounts reflect management's best estimates using external readily observable market data such as forward electricity prices.

The fair value of the Company's interest rate swaps is based on valuations obtained from the counterparty. The fair value is determined by the counterparty using a discounted cash flow model. The inputs used include notional amounts, the quoted forward CDOR curve, the contractual fixed settlement rate and an applicable discount factor.

It is possible that the assumptions used in establishing fair value amounts will differ from future outcomes and the impact of such variations could be material.

EPCOR UTILITIES INC.

Notes to the Condensed Consolidated Interim Financial Statements
(Unaudited, tabular amounts in millions of Canadian dollars unless otherwise indicated)

June 30, 2014

7. Segment disclosures

The Company operates in the following reportable business segments, which follow the organization, management and reporting structure within the Company.

Water Services

Water Services is primarily involved in the treatment and distribution of water and the treatment of wastewater within Edmonton and other communities throughout Western Canada and the Southwestern U.S.

Distribution and Transmission

Distribution and Transmission is involved in the transmission and distribution of electricity within Edmonton. This segment includes commercial services for the maintenance and repair of the City of Edmonton owned street lighting and transportation support facilities.

Energy Services

Energy Services is primarily involved in the provision of regulated tariff electricity service and default supply electricity service to residential, small commercial and agricultural customers in Alberta.

On March 1, 2014, EPCOR completed its restructuring of Energy Services. The services formerly offered directly by EPCOR Energy Alberta Inc. are now provided by EPCOR Energy Alberta Limited Partnership, through its general partner EPCOR Energy Alberta GP Inc.

In May 2014, the Company launched Encor to provide competitive electricity and natural gas products.

Corporate

Corporate reflects the costs of the Company's net unallocated corporate office expenses and financing revenue on the long-term receivable from Capital Power. Corporate holds the investment in Capital Power.

EPCOR UTILITIES INC.

Notes to the Condensed Consolidated Interim Financial Statements
(Unaudited, tabular amounts in millions of Canadian dollars unless otherwise indicated)

June 30, 2014

Lines of business information

Three months ended June 30, 2014

	Water Services	Distribution & Transmission	Energy Services	Corporate	Eliminations	Consolidated
External revenues and other income	\$ 139	\$ 93	\$ 203	\$ 6	\$ -	\$ 441
Inter-segment revenues	-	32	3	-	(35)	-
Total revenues and other income	139	125	206	6	(35)	441
Electricity purchases and system access fees	-	35	169	-	(29)	175
Other raw materials and operating charges	30	10	-	1	(3)	38
Staff costs and employee benefits expenses	31	25	6	8	-	70
Depreciation and amortization	18	14	1	4	-	37
Franchise fees and property taxes	6	17	-	-	-	23
Other administrative expenses	7	3	6	(1)	(3)	12
Operating expenses	92	104	182	12	(35)	355
Operating income (loss) before corporate charges	47	21	24	(6)	-	86
Corporate (charges) income	(6)	(6)	(3)	15	-	-
Operating income	41	15	21	9	-	86
Finance (expenses) income	(19)	(10)	(2)	2	-	(29)
Equity share of income of Capital Power	-	-	-	3	-	3
Income tax expense	(4)	-	-	(1)	-	(5)
Net income	\$ 18	\$ 5	\$ 19	\$ 13	\$ -	\$ 55
Total assets	\$ 2,646	\$ 1,698	\$ 234	\$ 869	\$ (14)	\$ 5,433
Investment in Capital Power	-	-	-	381	-	381
Total liabilities	2,023	912	169	61	(14)	3,151
Capital additions	41	48	1	1	-	91

EPCOR UTILITIES INC.

Notes to the Condensed Consolidated Interim Financial Statements
(Unaudited, tabular amounts in millions of Canadian dollars unless otherwise indicated)

June 30, 2014

Three months ended June 30, 2013							
	Water Services	Distribution & Transmission	Energy Services	Corporate	Eliminations	Consolidated	
External revenues and other income	\$ 134	\$ 101	\$ 234	\$ 8	\$ -	\$ 477	
Inter-segment revenues	-	39	2	-	(41)	-	
Total revenues and other income	134	140	236	8	(41)	477	
Electricity purchases and system access fees	-	52	212	-	(35)	229	
Other raw materials and operating charges	33	10	-	-	(3)	40	
Staff costs and employee benefits expenses	30	26	7	9	-	72	
Depreciation and amortization	16	13	1	4	-	34	
Franchise fees and property taxes	6	15	-	-	-	21	
Other administrative expenses	6	3	4	1	(3)	11	
Operating expenses	91	119	224	14	(41)	407	
Operating income (loss) before corporate charges	43	21	12	(6)	-	70	
Corporate (charges) income	(7)	(5)	(3)	15	-	-	
Operating income	36	16	9	9	-	70	
Finance (expenses) income	(20)	(8)	(2)	3	-	(27)	
Equity share of income of Capital Power	-	-	-	7	-	7	
Income tax expense	(2)	-	(2)	(1)	-	(5)	
Net income	\$ 14	\$ 8	\$ 5	\$ 18	\$ -	\$ 45	
Total assets	\$ 2,431	\$ 1,415	\$ 297	\$ 1,278	\$ (16)	\$ 5,405	
Investment in Capital Power	-	-	-	624	-	624	
Total liabilities	1,910	765	232	250	(16)	3,141	
Capital additions	29	53	2	2	-	86	

EPCOR UTILITIES INC.

Notes to the Condensed Consolidated Interim Financial Statements
(Unaudited, tabular amounts in millions of Canadian dollars unless otherwise indicated)

June 30, 2014

Six months ended June 30, 2014							
	Water Services	Distribution & Transmission	Energy Services	Corporate	Eliminations	Consolidated	
External revenues and other income	\$ 259	\$ 182	\$ 458	\$ 12	\$ -	\$	911
Inter-segment revenues	-	72	5	-	(77)		-
Total revenues and other income	259	254	463	12	(77)		911
Electricity purchases and system access fees	-	73	402	-	(66)		409
Other raw materials and operating charges	53	16	-	1	(5)		65
Staff costs and employee benefits expenses	62	50	12	17	-		141
Depreciation and amortization	36	28	3	7	-		74
Franchise fees and property taxes	12	34	-	-	-		46
Other administrative expenses	14	7	11	1	(6)		27
Operating expenses	177	208	428	26	(77)		762
Operating income (loss) before corporate charges	82	46	35	(14)	-		149
Corporate (charges) income	(12)	(13)	(5)	30	-		-
Operating income	70	33	30	16	-		149
Finance (expenses) income	(38)	(21)	(4)	6	-		(57)
Equity share of income of Capital Power	-	-	-	12	-		12
Income tax expense	(5)	-	(5)	(1)	-		(11)
Net income	\$ 27	\$ 12	\$ 21	\$ 33	\$ -	\$	93
Total assets	\$ 2,646	\$ 1,698	\$ 234	\$ 869	\$ (14)	\$	5,433
Investment in Capital Power	-	-	-	381	-		381
Total liabilities	2,023	912	169	61	(14)		3,151
Capital additions	66	84	2	2	-		154

EPCOR UTILITIES INC.

Notes to the Condensed Consolidated Interim Financial Statements
(Unaudited, tabular amounts in millions of Canadian dollars unless otherwise indicated)

June 30, 2014

Six months ended June 30, 2013

	Water Services	Distribution & Transmission	Energy Services	Corporate	Eliminations	Consolidated
External revenues and other income	\$ 249	\$ 181	\$ 492	\$ 14	\$ -	\$ 936
Inter-segment revenues	-	78	5	-	(83)	-
Total revenues and other income	249	259	497	14	(83)	936
Electricity purchases and system access fees	-	77	441	-	(72)	446
Other raw materials and operating charges	59	15	-	-	(5)	69
Staff costs and employee benefits expenses	60	49	12	21	-	142
Depreciation and amortization	33	25	3	7	-	68
Franchise fees and property taxes	11	32	-	-	-	43
Other administrative expenses	12	6	11	5	(6)	28
Operating expenses	175	204	467	33	(83)	796
Operating income (loss) before corporate charges	74	55	30	(19)	-	140
Corporate (charges) income	(14)	(15)	(6)	35	-	-
Operating income	60	40	24	16	-	140
Finance (expenses) income	(39)	(15)	(4)	4	-	(54)
Equity share of income of Capital Power	-	-	-	24	-	24
Income tax expense	(2)	-	(5)	(1)	-	(8)
Net income	\$ 19	\$ 25	\$ 15	\$ 43	\$ -	\$ 102
Total assets	\$ 2,431	\$ 1,415	\$ 297	\$ 1,278	\$ (16)	\$ 5,405
Investment in Capital Power	-	-	-	624	-	624
Total liabilities	1,910	765	232	250	(16)	3,141
Capital additions	43	130	3	3	-	179

EPCOR UTILITIES INC.

Notes to the Condensed Consolidated Interim Financial Statements
(Unaudited, tabular amounts in millions of Canadian dollars unless otherwise indicated)

June 30, 2014

Geographic information

	Three months ended June 30, 2014				Six months ended June 30, 2014			
	Canada	U.S.	Inter-segment eliminations	Total	Canada	U.S.	Inter-segment eliminations	Total
External revenues and other income	\$ 398	\$ 43	\$ -	\$ 441	\$ 834	\$ 77	\$ -	\$ 911
Inter-segment revenues	35	-	(35)	-	77	-	(77)	-
Total revenues and other income	\$ 433	\$ 43	\$ (35)	\$ 441	\$ 911	\$ 77	\$ (77)	\$ 911

	Three months ended June 30, 2013				Six months ended June 30, 2013			
	Canada	U.S.	Inter-segment eliminations	Total	Canada	U.S.	Inter-segment eliminations	Total
External revenues and other income	\$ 438	\$ 39	\$ -	\$ 477	\$ 868	\$ 68	\$ -	\$ 936
Inter-segment revenues	41	-	(41)	-	83	-	(83)	-
Total revenues and other income	\$ 479	\$ 39	\$ (41)	\$ 477	\$ 951	\$ 68	\$ (83)	\$ 936

Non-current assets

	June 30, 2014	December 31, 2013
Canada	\$ 4,257	\$ 4,190
U.S.	770	753
	\$ 5,027	\$ 4,943