

Condensed Consolidated Interim Financial Statements of

EPCOR UTILITIES INC.

Nine months ended September 30, 2015 and 2014

EPCOR UTILITIES INC.

Condensed Consolidated Interim Financial Statements

Nine months ended September 30, 2015 and 2014

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EPCOR UTILITIES INC.

Condensed Consolidated Interim Statements of Profit and Loss
(Unaudited, in millions of Canadian dollars)

Three and nine months ended September 30, 2015 and 2014

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2015	2014	2015	2014
Revenues and other income:				
Revenues	\$ 511	\$ 506	\$ 1,473	\$ 1,405
Other income	6	6	17	18
	517	512	1,490	1,423
Expenses:				
Electricity purchases and system access fees	237	237	591	646
Other raw materials and operating charges	63	61	171	126
Staff costs and employee benefits expenses	73	73	219	214
Depreciation and amortization	43	39	126	113
Franchise fees and property taxes	24	24	72	70
Other administrative expenses	13	12	40	39
	453	446	1,219	1,208
Operating income	64	66	271	215
Finance expenses	(30)	(29)	(88)	(86)
Equity share of income of Capital Power (note 6)	-	(10)	12	2
Dividend income from available-for-sale investment in Capital Power	3	-	6	-
Gains (loss) on investment in Capital Power, net of impairment (note 6)	(50)	-	3	-
Income (loss) before income taxes	(13)	27	204	131
Income tax (expense)	-	(4)	(9)	(15)
Net income (loss) for the periods				
– all attributable to the Owner of the Company	\$ (13)	\$ 23	\$ 195	\$ 116

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

EPCOR UTILITIES INC.

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

Three and nine months ended September 30, 2015 and 2014

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
Net income (loss) for the periods	\$ (13)	\$ 23	\$ 195	\$ 116
Other comprehensive income (loss):				
Items that may subsequently be reclassified to net income:				
Equity share of other comprehensive income (loss) of Capital Power ¹ (note 6)	-	3	7	(1)
Equity share of other comprehensive income of Capital Power realized in net income ² (note 6)	-	-	(14)	-
Fair value loss on available-for-sale investment in Capital Power ³ (note 6)	(32)	-	(50)	-
Impairment of available-for-sale investment in Capital Power reclassified to net income (note 6)	50	-	50	-
Unrealized gain on foreign currency Translation ⁴	23	14	47	16
	41	17	40	15
Comprehensive income for the periods				
– all attributable to the Owner of the Company	\$ 28	\$ 40	\$ 235	\$ 131

¹ For the three and nine months ended September 30, 2015, net of income tax expense of nil and \$2 million, respectively. For the three and nine months ended September 30, 2014, net of income tax expense of nil.

² For the three and nine months ended September 30, 2015, net of reclassification of income tax expense of nil and \$4 million respectively. For the three and nine months ended September 30, 2014, net of income tax expense of nil.

³ For the three and nine months ended September 30, 2015, net of income tax expense of \$7 million and nil respectively. For the three and nine months ended September 30, 2014, net of income tax expense of nil.

⁴ For the three and nine months ended September 30, 2015 and 2014, net of income tax expense of nil.

EPCOR UTILITIES INC.

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

September 30, 2015 and December 31, 2014

	2015	2014
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 34	\$ 37
Trade and other receivables (note 4)	585	333
Inventories	15	14
	634	384
Non-current assets:		
Finance lease receivables (note 5)	1	118
Other financial assets	292	408
Deferred tax assets	70	69
Equity investment in Capital Power (note 6)	-	393
Available-for-sale investment in Capital Power (note 6)	177	-
Property, plant and equipment	4,463	4,112
Intangible assets and goodwill	280	254
	5,283	5,354
TOTAL ASSETS	\$ 5,917	\$ 5,738
LIABILITIES AND EQUITY		
Current liabilities:		
Trade and other payables	\$ 264	\$ 248
Loans and borrowings	159	117
Deferred revenue	31	23
Provisions	21	38
Derivatives	1	3
Other liabilities	25	25
	501	454
Non-current liabilities:		
Loans and borrowings	1,866	1,963
Deferred revenue	910	847
Deferred tax liabilities	32	19
Provisions	116	97
Derivatives	11	6
Other liabilities	12	12
	2,947	2,944
Total liabilities	3,448	3,398
Equity attributable to the Owner of the Company:		
Share capital	24	24
Accumulated other comprehensive income	81	41
Retained earnings	2,364	2,275
Total equity	2,469	2,340
TOTAL LIABILITIES AND EQUITY	\$ 5,917	\$ 5,738

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)

Nine months ended September 30, 2015 and 2014

	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, 2014	\$ 24	\$ (5)	\$ 1	\$ 44	\$ (11)	\$ 12	\$ 2,275	\$ 2,340
Net income for the period	-	-	-	-	-	-	195	195
Other comprehensive income (loss):								
Equity share of other comprehensive income of Capital Power	-	-	-	-	-	7	-	7
Equity share of other comprehensive income (loss) of Capital Power realized in net income	-	5	-	-	-	(19)	-	(14)
Fair value loss on available-for-sale investment in Capital Power	-	-	(50)	-	-	-	-	(50)
Impairment of available-for-sale investment in Capital Power reclassified to net income	-	-	50	-	-	-	-	50
Unrealized gain on foreign subsidiary	-	-	-	47	-	-	-	47
Total comprehensive income (loss)	-	5	-	47	-	(12)	195	235
Dividends	-	-	-	-	-	-	(106)	(106)
Equity at September 30, 2015	\$ 24	\$ -	\$ 1	\$ 91	\$ (11)	\$ -	\$ 2,364	\$ 2,469

	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	-	-	-	-	-	-	116	116
Other comprehensive income (loss):								
Equity share of other comprehensive loss of Capital Power	-	-	-	-	-	(1)	-	(1)
Unrealized gain on foreign subsidiary	-	-	-	16	-	-	-	16
Total comprehensive income (loss)	-	-	-	16	-	(1)	116	131
Dividends	-	-	-	-	-	-	(106)	(106)
Equity at September 30, 2014	\$ 24	\$ (5)	\$ 1	\$ 33	\$ (4)	\$ 3	\$ 2,235	\$ 2,287

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)

Nine months ended September 30, 2015 and 2014

	2015	2014
Cash flows from (used in) operating activities:		
Net income for the periods	\$ 195	\$ 116
Reconciliation of net income for the periods to cash flows from (used in) operating activities:		
Interest paid	(88)	(84)
Finance expenses	88	86
Income taxes paid	-	(6)
Income tax expense	9	15
Depreciation and amortization	126	113
Change in employee benefits provisions	(20)	(6)
Contributions received	27	22
Deferred revenue recognized	(18)	(17)
Fair value changes on derivative instruments	3	(3)
Gains on investment in Capital Power, net of impairment	(3)	-
Dividend income from available-for-sale investment in Capital Power	(6)	-
Equity share of income from Capital Power	(12)	(2)
Other	(1)	(1)
Funds from operations	300	233
Change in non-cash operating working capital	4	20
Net cash flows from operating activities	304	253
Cash flows from (used in) investing activities:		
Acquisitions or construction of property, plant and equipment and other assets	(326)	(265)
Proceeds on disposal of property, plant and equipment	4	1
Change in non-cash investing working capital	24	9
Payments received (advances) on finance lease receivables and other financial assets	(36)	(8)
Payments of Gold Bar transfer fees	(1)	(6)
Proceeds from sale of a portion of investment in Capital Power	216	-
Distributions received from Capital Power	16	18
Net cash flows used in investing activities	(103)	(251)
Cash flows from (used in) financing activities:		
Repayments of long-term loans and borrowings	(7)	(12)
Repayment of (proceeds from) short-term loans and borrowings	(88)	30
Provisions	(3)	(3)
Common share dividends paid	(106)	(106)
Net cash flows used in financing activities	(204)	(91)
Decrease in cash and cash equivalents	(3)	(89)
Cash and cash equivalents, beginning of the period	37	130
Cash and cash equivalents, end of the period	\$ 34	\$ 41

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)

September 30, 2015

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 as well as 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, 2014, 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 November 10, 2015.

(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, available-for-sale investment in Capital Power and derivative financial instruments, which are measured at fair value.

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. EPCOR adopted amendments to various accounting standards effective January 1, 2015, that did not have a significant impact on these financial statements.

EPCOR UTILITIES INC.

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

September 30, 2015

4. Trade and other receivables

	September 30, 2015	December 31, 2014
Trade receivables	\$ 194	\$ 203
Accrued revenues	102	111
Gross accounts receivable	296	314
Allowance for doubtful accounts	(3)	(3)
Net accounts receivable	293	311
Prepaid expenses	9	4
Income tax recoverable	1	2
	303	317
Current portion of finance lease receivables (note 5)	92	4
Current portion of other financial assets	190	12
	\$ 585	\$ 333

5. Finance lease receivables

In 2009, the Company acquired potable water and wastewater treatment plant assets for approximately \$100 million and agreed to lease the assets back to Suncor for a 20-year term after which Suncor had the option to purchase the assets from the Company for a specified price. As part of the arrangement, the Company also agreed to construct additional water and wastewater treatment plant assets for Suncor and to operate and maintain the original assets acquired and leased back to Suncor and the additional constructed assets over the 20-year lease term.

In February 2015, Suncor gave the Company notice that it will exercise its contractual rights to buy back the leased assets and terminate the related financing and operating agreements. The transfer of assets and operations back to Suncor is to take place over an 18-month period. The first transfer of assets was completed in September 2015 and the remaining assets will be transferred by September 2016 unless otherwise agreed by the parties. Consequently, the Company has reclassified its finance lease receivables and other financial assets from Suncor under trade and other receivables. This is not expected to have a material impact on the Company or its operations.

Approximate future payments to the Company are as follows:

	Minimum lease receivable		Present value of minimum lease receivable	
	September	December	September	December
	30, 2015	31, 2014	30, 2015	31, 2014
Within one year	\$ 100	\$ 15	\$ 92	\$ 4
Between one and five years	-	60	-	22
More than five years	1	145	1	96
Less: unearned finance income	(8)	(98)	-	-
	93	122	93	122
Less: current portion (note 4)	92	4	92	4
	\$ 1	\$ 118	\$ 1	\$ 118

EPCOR UTILITIES INC.

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

September 30, 2015

6. 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.

On December 31, 2014, the Company owned 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 an 18% economic interest in Capital Power. The investment in Capital Power represented an investment subject to significant influence and was accounted for using the equity method.

On April 2, 2015, EPCOR exchanged 9,450,000 limited partnership units for an equal number of common shares of Capital Power Corporation which were immediately sold at an offering price of \$23.85 per share for aggregate gross proceeds of \$225 million. As a result of this transaction, the Company recognized a net gain before income tax of \$21 million in net income, including \$9 million on items previously recognized in other comprehensive income. In addition, EPCOR also exchanged all of its remaining 9,391,000 exchangeable limited partnership units for common shares of Capital Power Corporation. Following the completion of the offering, EPCOR directly owns 9% of Capital Power and as a result, the Company lost significant influence over Capital Power. Accordingly, the Company reclassified its remaining investment in Capital Power as an available-for-sale asset on April 2, 2015 at the market value of \$24.11 per share. On initial recognition of investment in Capital Power as an available-for-sale asset, the Company recognized a net gain before income tax of \$32 million in net income including \$9 million on items previously recognized in other comprehensive income.

The common shares of Capital Power are listed on the Toronto Stock Exchange under the symbol CPX. At September 30, 2015, the quoted market price of the common shares of Capital Power was \$18.88 per share. Management has used judgment to determine that the fair value of investment in Capital Power has declined significantly since it was initially reclassified as an available-for-sale asset. Accordingly, management has concluded that due to the significant decline in share price, the available-for-sale investment in Capital Power is impaired. As a result, the Company has recognized an impairment and reclassified the accumulated loss of \$50 million before tax from other comprehensive income to net income.

Details of gains on investment in Capital Power, net of impairment realized in net income are as follows:

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2015	2014	2015	2014
Gain on sale of a portion of investment	\$ -	\$ -	\$ 21	\$ -
Gain on reclassification of investment as available-for-sale asset	-	-	32	-
Impairment of available-for-sale investment	(50)	-	(50)	-
	\$ (50)	\$ -	\$ 3	\$ -

Details of equity share of other comprehensive income of Capital Power, reclassified in net income are as follows:

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2015	2014	2015	2014
Amount realized on sale of portion of investment ¹	\$ -	\$ -	\$ (7)	\$ -
Amount realized on reclassification of investment as available-for-sale asset ²	-	-	(7)	-
	\$ -	\$ -	\$ (14)	\$ -

¹ Net of reclassification of income tax expense of \$2 million.

² Net of reclassification of income tax expense of \$2 million.

EPCOR UTILITIES INC.

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September 30, 2015

The change in investment in Capital Power is detailed as follows:

	At and for the nine months ended September 30, 2015	At and for the year ended December 31, 2014
Balance, beginning of the period	\$ 393	\$ 385
Equity share of net income	12	15
Equity share of other comprehensive income	9	10
Distributions declared	(6)	(25)
Gain on dilution of interest	-	8
Sale of a portion of investment	(204)	-
Reclassification of investment as available-for-sale asset	(204)	-
Balance, end of the period	\$ -	\$ 393

The change in available-for-sale investment in Capital Power is detailed as follows:

	At and for the nine months ended September 30, 2015
Transfer on reclassification from investment in Capital Power	\$ 204
Net gain on initial recognition as available-for-sale asset	23
Fair value loss for the period recorded in other comprehensive income ¹	(50)
Balance, end of the period	\$ 177

¹ The fair value loss recorded in other comprehensive income was reclassified to net income as an impairment of the available-for-sale 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)

September 30, 2015

7. Financial instruments

Classification

The classification of the Company's financial instruments at September 30, 2015 and December 31, 2014 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
Available-for-sale investment in Capital Power				X	Level 1
Derivatives					
Financial electricity purchase contracts - designated	X				Level 1
Interest rate swaps – designated	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.

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

	September 30, 2015		December 31, 2014	
	Carrying amount	Fair value	Carrying amount	Fair value
Non-current portion of other financial assets	\$ 292	\$ 316	\$ 408	\$ 443
Available-for-sale investment in Capital Power	177	177	-	-
Loans and borrowings				
Debentures and borrowings	2,105	2,456	2,154	2,579
Beneficial interest in sinking fund	(80)	(80)	(74)	(74)
Derivatives	12	12	9	9

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.

EPCOR UTILITIES INC.

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

September 30, 2015

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 September 30, 2015, and December 31, 2014. 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 September 30, 2015, and December 31, 2014.

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 September 30, 2015, and December 31, 2014. 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.

Short-term loans and borrowings are measured at amortized cost and their carrying value approximate the fair value due to the short-term nature of these financial instruments.

Available-for-sale investment in Capital Power

The available-for-sale investment in Capital Power represents an investment in common shares of Capital Power. The fair value of the investment is based on the quoted price of Capital Power common shares on Toronto Stock Exchange at September 30, 2015.

Derivatives

The fair value of the Company's financial electricity 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 Canadian Dealer Offering Rate 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)

September 30, 2015

8. 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 also provides commercial services including the maintenance and repair of the City-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. Energy Services also provides competitive electricity and natural gas products through Encor.

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 also holds the available-for-sale 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)

September 30, 2015

Lines of business information

Three months ended September 30, 2015							
	Water Services	Distribution & Transmission	Energy Services	Corporate	Eliminations	Consolidated	
External revenues and other income	\$ 191	\$ 103	\$ 217	\$ 6	\$ -	\$ 517	
Inter-segment revenues	-	45	2	-	(47)	-	
Total revenues and other income	191	148	219	6	(47)	517	
Electricity purchases and system access fees	-	48	231	-	(42)	237	
Other raw materials and operating charges	56	10	-	-	(3)	63	
Staff costs and employee benefits expenses	33	25	7	8	-	73	
Depreciation and amortization	21	17	2	3	-	43	
Franchise fees and property taxes	6	18	-	-	-	24	
Other administrative expenses (recovery)	6	4	6	(1)	(2)	13	
Operating expenses	122	122	246	10	(47)	453	
Operating income (loss) before corporate charges	69	26	(27)	(4)	-	64	
Corporate (charges) income	(6)	(6)	(2)	14	-	-	
Operating income (loss)	63	20	(29)	10	-	64	
Finance (expenses) income	(24)	(11)	-	5	-	(30)	
Dividend income from available- for-sale investment in Capital Power	-	-	-	3	-	3	
Loss on investment in capital Power, net of impairment	-	-	-	(50)	-	(50)	
Income tax recovery (expense)	(6)	-	-	6	-	-	
Net income (loss)	\$ 33	\$ 9	\$ (29)	\$ (26)	\$ -	\$ (13)	
Total assets	\$ 3,301	\$ 1,843	\$ 150	\$ 3,149	\$ (2,526)	\$ 5,917	
Total liabilities	2,608	1,257	103	2,006	(2,526)	3,448	
Capital additions	69	62	1	3	-	135	

EPCOR UTILITIES INC.

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

September 30, 2015

Three months ended September 30, 2014						
	Water Services	Distribution & Transmission	Energy Services	Corporate	Eliminations	Consolidated
External revenues and other income	\$ 171	\$ 105	\$ 230	\$ 6	\$ -	\$ 512
Inter-segment revenues	-	36	3	-	(39)	-
Total revenues and other income	171	141	233	6	(39)	512
Electricity purchases and system access fees	-	48	222	-	(33)	237
Other raw materials and operating charges	51	12	-	-	(2)	61
Staff costs and employee benefits expenses	31	25	7	11	(1)	73
Depreciation and amortization	19	15	2	3	-	39
Franchise fees and property taxes	7	17	-	-	-	24
Other administrative expenses	5	4	7	(1)	(3)	12
Operating expenses	113	121	238	13	(39)	446
Operating income (loss) before corporate charges	58	20	(5)	(7)	-	66
Corporate (charges) income	(7)	(6)	(2)	15	-	-
Operating income (loss)	51	14	(7)	8	-	66
Finance (expenses) income	(19)	(11)	(1)	2	-	(29)
Equity share of loss of Capital Power	-	-	-	(10)	-	(10)
Income tax expense	(4)	-	-	-	-	(4)
Net income (loss)	\$ 28	\$ 3	\$ (8)	\$ -	\$ -	\$ 23
Total assets	\$ 2,855	\$ 1,664	\$ 176	\$ 2,972	\$ (2,154)	\$ 5,513
Investment in Capital Power	-	-	-	368	-	368
Total liabilities	2,201	1,098	119	1,962	(2,154)	3,226
Capital additions	55	54	-	2	-	111

EPCOR UTILITIES INC.

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

September 30, 2015

Nine months ended September 30, 2015

	Water Services	Distribution & Transmission	Energy Services	Corporate	Eliminations	Consolidated
External revenues and other income	\$ 518	\$ 313	\$ 642	\$ 17	\$ -	\$ 1,490
Inter-segment revenues	-	120	8	-	(128)	-
Total revenues and other income	518	433	650	17	(128)	1,490
Electricity purchases and system access fees	-	137	566	-	(112)	591
Other raw materials and operating charges	154	23	-	1	(7)	171
Staff costs and employee benefits expenses	99	75	20	26	(1)	219
Depreciation and amortization	62	49	5	10	-	126
Franchise fees and property taxes	20	52	-	-	-	72
Other administrative expenses	18	13	18	(1)	(8)	40
Operating expenses	353	349	609	36	(128)	1,219
Operating income (loss) before corporate charges	165	84	41	(19)	-	271
Corporate (charges) income	(18)	(19)	(7)	44	-	-
Operating income	147	65	34	25	-	271
Finance (expenses) income	(67)	(35)	(2)	16	-	(88)
Equity share of income of Capital Power	-	-	-	12	-	12
Dividend income from available for sale investment in Capital Power	-	-	-	6	-	6
Gains on investment in Capital Power, net of impairment	-	-	-	3	-	3
Income tax recovery (expense)	(10)	-	-	1	-	(9)
Net income	\$ 70	\$ 30	\$ 32	\$ 63	\$ -	\$ 195
Total assets	\$ 3,301	\$ 1,843	\$ 150	\$ 3,149	\$ (2,526)	\$ 5,917
Total liabilities	2,608	1,257	103	2,006	(2,526)	3,448
Capital additions	153	165	1	7	-	326

EPCOR UTILITIES INC.

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

September 30, 2015

Nine months ended September 30, 2014

	Water Services	Distribution & Transmission	Energy Services	Corporate	Eliminations	Consolidated
External revenues and other income	\$ 430	\$ 287	\$ 688	\$ 18	\$ -	\$ 1,423
Inter-segment revenues	-	108	8	-	(116)	-
Total revenues and other income	430	395	696	18	(116)	1,423
Electricity purchases and system access fees	-	121	624	-	(99)	646
Other raw materials and operating charges	104	28	-	1	(7)	126
Staff costs and employee benefits expenses	93	75	19	28	(1)	214
Depreciation and amortization	55	43	5	10	-	113
Franchise fees and property taxes	19	51	-	-	-	70
Other administrative expenses	19	11	18	-	(9)	39
Operating expenses	290	329	666	39	(116)	1,208
Operating income (loss) before corporate charges	140	66	30	(21)	-	215
Corporate (charges) income	(19)	(19)	(7)	45	-	-
Operating income	121	47	23	24	-	215
Finance (expenses) income	(57)	(32)	(5)	8	-	(86)
Equity share of income of Capital Power	-	-	-	2	-	2
Income tax expense	(9)	-	(5)	(1)	-	(15)
Net income	\$ 55	\$ 15	\$ 13	\$ 33	\$ -	\$ 116
Total assets	\$ 2,855	\$ 1,664	\$ 176	\$ 2,972	\$ (2,154)	\$ 5,513
Investment in Capital Power	-	-	-	368	-	368
Total liabilities	2,201	1,098	119	1,962	(2,154)	3,226
Capital additions	121	138	2	4	-	265

EPCOR UTILITIES INC.

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

September 30, 2015

Geographic information

	Three months ended September 30, 2015				Nine months ended September 30, 2015			
	Canada	U.S.	Inter-segment eliminations	Total	Canada	U.S.	Inter-segment eliminations	Total
External revenues and other income	\$ 460	\$ 57	\$ -	\$ 517	\$ 1,346	\$ 144	\$ -	\$ 1,490
Inter-segment revenues	47	-	(47)	-	128	-	(128)	-
Total revenues and other income	\$ 507	\$ 57	\$ (47)	\$ 517	\$ 1,474	\$ 144	\$ (128)	\$ 1,490

	Three months ended September 30, 2014				Nine months ended September 30, 2014			
	Canada	U.S.	Inter-segment eliminations	Total	Canada	U.S.	Inter-segment eliminations	Total
External revenues and other income	\$ 467	\$ 45	\$ -	\$ 512	\$ 1,301	\$ 122	\$ -	\$ 1,423
Inter-segment revenues	39	-	(39)	-	116	-	(116)	-
Total revenues and other income	\$ 506	\$ 45	\$ (39)	\$ 512	\$ 1,417	\$ 122	\$ (116)	\$ 1,423

Non-current assets

	September 30, 2015	December 31, 2014
Canada	\$ 4,281	\$ 4,512
U.S.	1,002	842
	\$ 5,283	\$ 5,354