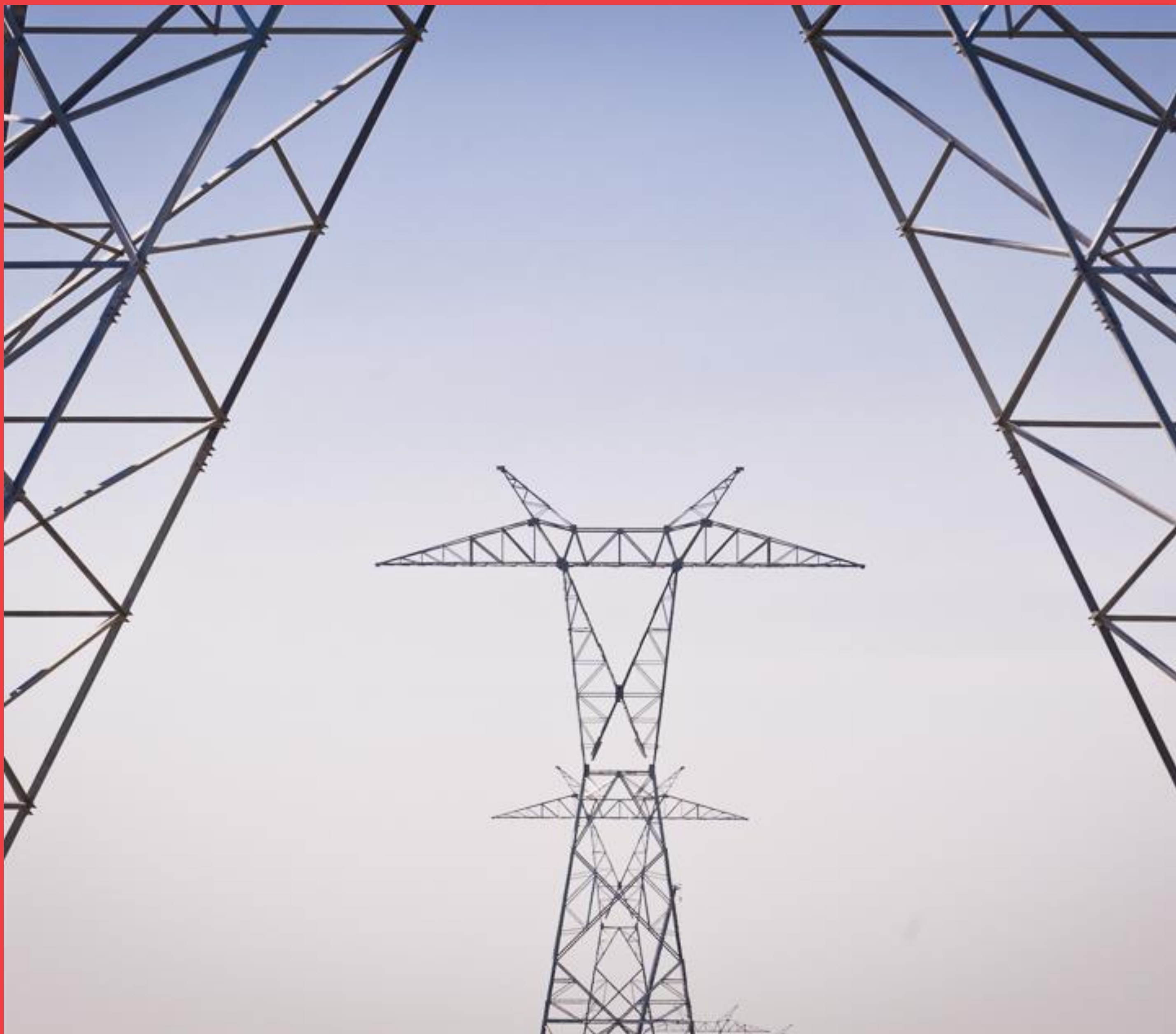

AltaLink, L.P.

Consolidated Condensed Interim Financial Statements (unaudited)

For the three and six months ended June 30, 2019 and 2018

ALTALINK
A BERKSHIRE HATHAWAY ENERGY COMPANY

Statement of Financial Position

(unaudited)

	Notes	As at June 30, 2019	As at December 31 2018
(in thousands of dollars)			
ASSETS			
Current			
Cash		**$ 100**	$ 4,929
Trade and other receivables	6	**236,479**	286,811
		236,579	291,740
Non-current			
Goodwill		**202,066**	202,066
Intangible assets	7	**289,006**	290,862
Property, plant and equipment	8	**8,048,456**	8,039,365
Right-of-use assets	9	**51,757**	—
Third party deposits	10	**69,289**	67,004
Other non-current assets	6	**721,509**	742,364
		$ 9,618,662	$ 9,633,401
LIABILITIES AND PARTNERS' EQUITY			
Current			
Trade and other payables	11	**$ 139,708**	$ 126,596
Commercial paper and bank credit facilities	12	**304,472**	384,020
Current portion of deferred revenue	13	**54,249**	56,579
		498,429	567,195
Non-current			
Long-term debt	12	**4,621,909**	4,621,192
Deferred revenue	13	**999,867**	963,745
Third party deposits liability	10	**69,289**	67,004
Lease liabilities	9	**51,646**	—
Other non-current liabilities	11	**40,289**	30,501
		6,281,429	6,249,637
Commitments and contingencies	18, 19		
Partners' Equity			
AltaLink, L.P. equity		**3,327,192**	3,383,764
Non-controlling interest	17	**10,041**	—
		3,337,233	3,383,764
		$ 9,618,662	$ 9,633,401

See accompanying notes to the consolidated condensed interim financial statements.

Statement of Comprehensive Income

(unaudited)

	Notes	Three months ended June 30, 2019	Three months ended June 30, 2018	Six months ended June 30, 2019	Six months ended June 30, 2018
(in thousands of dollars)					
Revenue					
Operations	15	**$ 223,986**	$ 238,674	**$ 455,935**	$ 482,736
Re-measurement of future income tax recovery	15	**(57,969)**	—	**(57,969)**	—
Other		**15,166**	7,679	**23,289**	15,261
		181,183	246,353	**421,255**	497,997
Expenses					
Operating	16	**(31,377)**	(23,252)	**(56,643)**	(49,704)
Property taxes, salvage and other	16	**(21,694)**	(23,380)	**(41,909)**	(50,276)
Depreciation and amortization		**(66,690)**	(67,975)	**(133,376)**	(138,031)
		(119,761)	(114,607)	**(231,928)**	(238,011)
		61,422	131,746	**189,327**	259,986
Finance costs	12	**(47,502)**	(48,559)	**(94,789)**	(97,330)
Loss on disposal of assets		**(1,650)**	(1,534)	**(2,511)**	(2,004)
Income before non-controlling interest		**$ 12,270**	$ 81,653	**$ 92,027**	$ 160,652
Non-controlling interest		**(59)**	—	**(59)**	—
Net and comprehensive income		**$ 12,211**	$ 81,653	**$ 91,968**	$ 160,652

See accompanying notes to the consolidated condensed interim financial statements.

ALTALINK
A BERKSHIRE HATHAWAY ENERGY COMPANY

Statement of Changes in Partners' Equity

(unaudited)

(in thousands)	Units	Allocation to Limited Partner	Allocation to General Partner	Total Retained Earnings	Partners' Capital	Non-Controlling Interest	Total Equity
As at January 1, 2018	331,904	$ 1,173,730	$ 117	$ 1,173,848	$ 2,136,436	$ —	$ 3,310,284
Net and comprehensive income	—	160,636	16	160,652	—	—	160,652
Distributions paid	—	(133,487)	(13)	(133,500)	—	—	(133,500)
Balance at June 30, 2018	331,904	$ 1,200,880	$ 120	$ 1,201,000	$ 2,136,436	$ —	$ 3,337,436
As at January 1, 2019	331,904	$ 1,247,203	$ 125	$ 1,247,328	$ 2,136,436	$ —	$ 3,383,764
Net and comprehensive income	—	91,959	9	91,968	—	59	92,027
Equity investment received	—	—	—	—	—	9,982	9,982
Distributions paid	—	(138,486)	(14)	(138,500)	—	—	(138,500)
Equity reclassified to financial (redemption) liability [note 11]	—	—	—	—	(10,040)	—	(10,040)
Balance at June 30, 2019	**331,904**	**$ 1,200,676**	**$ 120**	**$ 1,200,796**	**$ 2,126,396**	**$ 10,041**	**$ 3,337,233**

See accompanying notes to the consolidated condensed interim financial statements.

Statement of Cash Flows

(unaudited)

(in thousands of dollars)	Three months ended June 30, 2019	Three months ended June 30, 2018	Six months ended June 30, 2019	Six months ended June 30, 2018
Cash flows from operating activities				
Net income including non-controlling interest	**$ 12,270**	$ 81,653	**$ 92,027**	$ 160,652
Adjustments for				
Depreciation and amortization	**66,690**	67,975	**133,376**	138,031
Third party contributions revenue	**(5,972)**	(5,578)	**(11,904)**	(11,236)
Loss on disposal of assets	**1,650**	1,534	**2,511**	2,004
Re-measurement of future income tax recovery	**57,969**	—	**57,969**	—
Change in other items	**(3,964)**	(18,687)	**(12,496)**	(43,139)
Change in non-cash working capital	**(26,702)**	(29,567)	**71,159**	71,910
Net cash provided by operating activities	**101,941**	97,330	**332,642**	318,222
Cash flows from investing activities				
Capital expenditures	**(65,057)**	(96,862)	**(151,633)**	(190,215)
Use of third party contributions	**9,594**	3,264	**22,955**	16,798
Proceeds from disposal of assets	**9**	12	**11**	12
Net cash used in investing activities	**(55,454)**	(93,586)	**(128,667)**	(173,405)
Cash flows from financing activities				
Senior debt repaid	**—**	(200,000)	**—**	(200,000)
Net movement in commercial paper and bank credit	**16,514**	241,254	**(79,548)**	182,828
Distributions paid	**(77,500)**	(46,500)	**(138,500)**	(133,500)
Equity received from non-controlling interest	**9,982**	—	**9,982**	—
Payment of the lease liabilities	**(199)**	—	**(806)**	—
Change in other financing activities	**34**	(21)	**68**	(74)
Net cash used in financing activities	**(51,169)**	(5,267)	**(208,804)**	(150,746)
Net change in cash	**(4,682)**	(1,523)	**(4,829)**	(5,929)
Cash, beginning of period	**4,782**	1,523	**4,929**	5,929
Cash, end of period	**$ 100**	$ —	**$ 100**	$ —
Supplementary cash flow information				
Interest paid	**$ (53,555)**	$ (56,998)	**$** (80,076)	$ (99,100)

See accompanying notes to the consolidated condensed interim financial statements.

1. General information

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

On December 1, 2014, Berkshire Hathaway Energy Canada Holdings Corporation (BHE) became the sole owner of the Partnership by acquiring 100 percent of AltaLink.

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

These consolidated financial statements include the accounts of AltaLink, L.P. and PiikaniLink, L.P. (PLP). For purposes of consolidation, all significant intercompany accounts and transactions have been eliminated.

During the six months ended June 30, 2019 and 2018, the Partnership operated solely in one reportable geographical and business segment.

2. Basis of preparation

Statement of compliance

These consolidated condensed interim financial statements (the financial statements) have been prepared in accordance with IAS 34 - *Interim Financial Reporting*. They should be read in conjunction with the Partnership's most recent annual audited financial statements as at and for the year ended December 31, 2018.

The Partnership has consistently applied the same accounting policies in these financial statements as compared to its most recent annual audited financial statements, except those as disclosed as adopted as of January 1, 2019.

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

These financial statements were approved for issue by the Board of Directors on July 24, 2019.

Basis of measurement

These financial statements have been prepared on a going-concern and historical cost basis except for employee retirement benefits liabilities, which are measured at fair value.

Functional and presentation currency

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

Use of estimates and judgement

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Judgements made by management that have significant effects on the 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 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 by the AUC of direct assigned capital deferral account (DACDA) applications;
- Key economic assumptions used in cash flow projections, including those used 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;
- The recoverability of intangible assets with indefinite lives, such as goodwill; 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.

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

3. Summary of significant accounting policies

The following is a summary of certain of the significant accounting policies. For a complete summary of significant accounting policies, please refer to note 3 in the Partnership's 2018 annual audited financial statements.

Regulation of transmission tariff

The Partnership operates under cost-of-service regulation in accordance with the EUA. The AUC must provide the Partnership with a reasonable opportunity to recover its prudently incurred and forecasted costs, including operating expenses, depreciation, cost of debt, capital and taxes associated with investment, and a fair return on investment. Fair return is determined on the basis of return on rate base and allowance for funds used during construction (AFUDC) for projects included in construction work-in-progress (CWIP). The Partnership applies for a transmission tariff based on forecasted costs-of-service. The Partnership's transmission tariff is not dependent on the price or volume of electricity transported through its transmission system. Once approved, the transmission tariff is 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 tariff. The 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 financial statements, such an estimate will be recorded in the current period. When the AUC issues a decision affecting the financial statements of a prior period, the 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 variability. Operations revenues are recognized on the 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 in the financial statements.

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

Funds provided by the regulator to pay for salvage costs 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, cost recoveries for services provided to other utilities. 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 asset. Other 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 in the statement of financial position are net of impairment loss allowances recognized for any identified lifetime expected credit losses. Expected credit losses are a probability-weighted estimate of the present value of expected cash shortfalls over the expected life of the financial asset, determined based on the Partnership's historical experience and forward-looking information. No provision for impairment was required as a result of the adoption of IFRS 9.

The regulatory and legal rights and obligations under which the Partnership operates also require the Partnership to refund to the AESO certain amounts that have been received in AltaLink's tariff that are greater than its actual expenses. Such financial liabilities related to regulated activities due to the AESO within 12 months are not discounted.

Non-controlling interest

On June 1, 2019, the transmission assets located on the Piikani Reserve lands were transferred from AltaLink to PLP pursuant to AUC decision 22612-D01-2018 issued on November 13, 2018. Non-controlling interest represents the 51% limited partner ownership interest attributable to Piikani Transmission Holding Limited Partnership in PLP. The portion of the equity not owned by AltaLink is reflected as non-controlling interest within the equity section of the consolidated statement of financial position. The portion of the net income attributable to AltaLink and the non-controlling interest is reported on the consolidated statement of comprehensive income.

4. Adoption of new and revised accounting standards

Amendments to standards effective on or after January 1, 2019

Adoption of IFRS 16 - Leases

The Partnership has adopted IFRS 16 – Leases as at January 1, 2019. IFRS 16 introduces significant changes to lease accounting by eliminating the classification of leases from the lessee perspective, requiring all leases to be capitalized by recognizing the present value of lease payments and presenting them as either right-of-use (ROU) assets or together with property, plant and equipment and lease liabilities in the Statement of Financial Position. The key changes to the Partnership's accounting policies resulting from its adoption of IFRS 16 are summarized below.

Changes in accounting policies resulting from the adoption of IFRS 16 have been applied using the modified retrospective approach prescribed by the standard, as detailed below:

- Comparative information has not been restated;
- There was no cumulative effect of initially applying the standard to be recognized as an adjustment to partner's equity at the date of initial application, January 1, 2019;
- The following optional practical expedients were applied by the Partnership on transition to IFRS 16:
    - The Partnership's previous assessments of which contracts are, or contain, leases were grandfathered;
    - Lease assets were recognized for previously classified IAS 17 operating leases at the date of initial application at an amount equal to the lease liability, adjusted by the amount of any prepaid/accrued lease payments relating to that lease recognized in the Statement of Financial Position immediately before the date of initial application; and
    - Short-term leases (defined as a lease with a term of 12 months or less) were not recorded as ROU assets and lease liabilities on the Statement of Financial Position at the date of initial application.

The following table summarizes the impact of transition to IFRS 16 at January 1, 2019:

(in millions)	As reported December 31, 2018	IFRS 16 adjustments	As adjusted January 1, 2019
Right-of-use assets	$ —	$ 21.7	$ 21.7
Trade and other payables	126.6	2.3	128.9
Other non-current liabilities	30.5	(0.3)	30.2
Lease liabilities	—	19.7	19.7

The Partnership assesses whether a contract is or contains a lease, at inception of the contract.

ROU assets are carried at cost less accumulated depreciation and impairments, if any. The initial costs of the ROU assets consists of the amount of the initial measurement of the lease liability, and any direct costs incurred to bring the assets into operation. Depreciation is calculated over the lease term on a straight-line basis.

Lease liabilities are initially recognized at the present value of future lease payments. The Partnership uses its incremental borrowing rate which is determined on the Partnership's ability to borrow money over a similar term and in a collateralized environment. The lease liability is subsequently measured at amortized cost.

5. Risk management and financial instruments

Fair value of financial instruments

Financial Instrument	Designated Category	Measurement Basis	Associated Risks	Fair Value at June 30, 2019
Cash	Fair value through profit or loss	Fair value	· Market · Credit	Carrying value is fair value due to short-term nature.
Trade and other receivables and other non-current assets [note 6]	Amortized cost	Initially at fair value and subsequently at amortized cost	· Credit · Liquidity	Amortized cost or carrying value approximates fair value due to nature of the asset.
Trade and other payables and other non-current liabilities [note 11]	Amortized cost	Initially at fair value and subsequently at amortized cost	· 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 12]	Amortized cost	Initially at fair value and subsequently at amortized cost	· Market · Liquidity	$5,720.0 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 9]	Amortized cost	Initially at fair value and subsequently at amortized cost	· 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	· 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	· Liquidity	Carrying value approximates fair value due to the nature of the liability.
Financial (redemption) liability [note 11]	Amortized cost	Initially at fair value and subsequently at amortized cost	· Liquidity	Carrying value approximates fair value due to the nature of the liability.

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

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 91% of its trade receivable balance is due from the AESO (December 31, 2018 – approximately 95%). The credit risk is mitigated by the fact that the AESO is an "AA-" rated entity by Standard & Poors, and it has been 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 at June 30, 2019 is with third parties that AltaLink has been transacting with for over five years (December 31, 2018 – 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 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 of its debt requirements with long-term debt securities for which interest rates are fixed during the entire term of each security, generally ranging from 5 to 50 years from the date of issue. To manage short-term liquidity requirements, the Partnership has established bank credit facilities under which interest rates may vary daily unless the Partnership elects to issue bankers' acceptances or commercial paper under which interest rates are fixed during the entire term, typically ranging from 7 to 90 days from the date of issue. It is the Partnership's practice to issue commercial paper for substantially all of 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 regulator 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 *12 – 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 in order to reduce the cost of debt capital for customers and to safeguard its ability to continue as a going concern. In order to maintain or adjust the capital structure, the Partnership may adjust the amount of distributions paid to partners, return capital to partners or request additional contributions from partners. The Partnership reduces refinancing risk by diversifying the maturity dates of its debt obligations.

Summary of capital structure

	As at					
		June 30, 2019			December 31, 2018	
		(millions)	**%**		(millions)	%
Commercial paper and bank credit facilities	$	**304.5**	**3.7**	$	**384.0**	**4.6**
Long-term debt (before netting deferred financing fees)		**4,644.7**	**56.1**		**4,644.6**	**55.2**
AltaLink, L.P. equity		**2,126.4**	**25.7**		**2,136.4**	**25.4**
Retained earnings		**1,200.8**	**14.5**		**1,247.3**	**14.8**
	$	**8,276.4**	**100.0**	$	**8,412.3**	**100.0**

The Partnership is subject to externally imposed capitalization requirements under the Master Trust Indenture and the bank credit facilities. These agreements limit the amount of debt that can be incurred to 75% of total capitalization. The Partnership was in compliance with these requirements as at June 30, 2019 and December 31, 2018.

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

	As at			
		June 30, 2019		**December 31, 2018**
(in thousands of dollars)				
Trade receivables	**$**	**84,913**	$	159,283
Prepaid expenses and deposits		**29,272**		12,792
Cancelled projects		**54,771**		54,771
Current financial assets related to regulated activities		**67,523**		59,965
Total trade and other receivables	**$**	**236,479**	$	286,811
CWIP-in-rate base and related income tax	**$**	**258,799**	$	270,660
Recovery of deemed future income taxes		**242,769**		256,486
Cancelled projects		**29,004**		26,296
Other non-current financial assets related to regulated activities		**190,937**		188,922
Total other non-current assets	**$**	**721,509**	$	742,364

As at June 30, 2019, approximately 91% of the Partnership's trade receivables are related to the AESO (December 31, 2018 – approximately 95%). Trade receivables as at June 30, 2019 include $77.4 million (December 31, 2018 – $148 million) due from the AESO for the June portion of the transmission tariff.

Financial assets related to regulated activities and cancelled projects include the recovery of certain costs incurred by the Partnership relating to its primary activities with the AESO that are greater than what has been received to date in its tariff. The Partnership has recognized as receivables the costs to be recovered through the regulatory process. At June 30, 2019 and December 31, 2018, current financial assets related to regulated activities include amounts related to the deferral accounts reconciliation for 2014 and 2015 direct assigned projects.

Non-current assets include the recovery of certain costs incurred by the Partnership relating to its primary activities that are greater than what has been received to date in tariff revenue. Non-current financial assets related to regulated activities include amounts that have been added to rate base (DACDA, AFUDC in excess of capitalized borrowing costs, and losses on disposals of property, plant and equipment) and other regulatory balances. These amounts are expected to be recovered in AltaLink's tariff beyond 12 months, as approved by the AUC.

7. Intangible assets

(in thousands of dollars)	As at June 30, 2019	As at December 31, 2018
Net book value, beginning of period	**$ 290,862**	$ 296,521
Additions to CWIP	**9,921**	22,958
Retirements, net	**—**	(4)
Amortization	**(11,777)**	(28,613)
Net book value, end of period	**$ 289,006**	$ 290,862

During the six months ended June 30, 2019, the Partnership transferred \$5.9 million (June 30, 2018 – \$7.9 million) to land rights and computer software from CWIP.

8. Property, plant and equipment

(in thousands of dollars)	Lines[1]	Substations[2]	Buildings & equipment[3]	Land & CWIP[4]	Total
Cost					
As at January 1, 2018	$ 4,912,360	$ 3,904,165	$ 202,264	$ 192,404	$ 9,211,193
Additions to CWIP	—	—	—	267,915	267,915
Transfers	81,235	118,424	24,079	(223,738)	—
Cancelled project transfers	—	—	—	(1,269)	(1,269)
Disallowed capital costs[5]	(25,131)	(2,442)	—	(2,152)	(29,725)
Retirements	(3,369)	(5,135)	(27,622)	(65)	(36,191)
As at December 31, 2018	4,965,095	4,015,012	198,721	233,095	9,411,923
Additions to CWIP	**—**	**—**	**—**	**135,486**	**135,486**
Transfers	**51,006**	**68,111**	**506**	**(119,623)**	**—**
Cancelled project transfers	**—**	**—**	**—**	**(2,708)**	**(2,708)**
Retirements	**(1,204)**	**(6,415)**	**(15,804)**	**(1)**	**(23,424)**
As at June 30, 2019	**$ 5,014,897**	**$ 4,076,708**	**$ 183,423**	**$ 246,249**	**$ 9,521,277**
Accumulated Depreciation					
As at January 1, 2018	$ (455,743)	$ (620,888)	$ (80,537)	$ —	$ (1,157,168)
Depreciation expense	(104,588)	(127,009)	(17,760)	—	(249,357)
Retirements and other	3,324	3,468	27,175	—	33,967
As at December 31, 2018	(557,007)	(744,429)	(71,122)	—	(1,372,558)
Depreciation expense	**(38,425)**	**(75,454)**	**(7,286)**	**—**	**(121,165)**
Retirements and other	**605**	**3,688**	**16,609**	**—**	**20,902**
As at June 30, 2019	**$ (594,827)**	**$ (816,195)**	**$ (61,799)**	**$ —**	**$ (1,472,821)**
					—
Net book value					
As at December 31, 2018	$ 4,408,088	$ 3,270,583	$ 127,599	$ 233,095	$ 8,039,365
As at June 30, 2019	**$ 4,420,070**	**$ 3,260,513**	**$ 121,624**	**$ 246,249**	**$ 8,048,456**

1. Lines – transmission lines and related equipment.
2. Substations – substation and telecontrol equipment.
3. Buildings & equipment – office buildings, leasehold improvements, vehicles, tools and instruments, office furniture, telephone and related equipment, computer hardware and emergency capital spare parts.

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 December 30, 2018, the AUC issued its decision with respect to AltaLink's 2014-2015 DACDA filing which disallowed capital costs of $29.7 million. The AUC approved $3,833 million of the total $4,017 million of capital project additions in the application. Project costs of $155 million were deferred to a future hearing.

9. Leases

Right-of-use assets

The right-of-use assets are building leases of which the majority relates to the Partnership's head office. In April 2019, we extended two lease contracts for an additional 13 years. As at June 30, 2019 there are five building leases with an average remaining lease term of 19.3 years.

		Buildings
(in thousands of dollars)		
Cost		
As at January 1, 2019	$	21,719
Additions		**31,430**
As at June 30, 2019	**$**	**53,149**
Accumulated amortization		
As at January 1, 2019	$	—
Gross depreciation expense		(1,392)
As at June 30, 2019	**$**	**(1,392)**
Net book value		
As at June 30, 2019	**$**	**51,757**

Lease liabilities

		As at June 30, 2019
(in thousands of dollars)		
Current portion [note 11]	$	1,245
Long-term portion		51,646
	$	**52,891**

Lease payments

		2019		2020		2021		2022		2023		2024 and thereafter		**Total as at June 30, 2019**
(in thousands)														
Lease payments	$	1,620	$	3,249	$	3,251	$	3,594	$	3,662	$	61,113	**$**	**76,489**
Present value discount														**(23,598)**
													$	**52,891**

As at June 30, 2019 the weighted average lessee incremental borrowing rate applied to the lease liabilities is 3.84% (January 1, 2019 – 3.84%).

Amounts recognized in Statement of Comprehensive Income

(in thousands of dollars)		Six months ended June 30, 2019
Gross depreciation expense	$	1,392
Capitalized depreciation expense		(958)
Net depreciation expense	$	434
Interest expense on lease liabilities		210
Expense relating to short-term leases not included in the measurement of the lease liability		406
Expense relating to variable lease payments not included in the measurement of the lease liability		2,037
	$	3,087

For the six months ended June 30, 2018, total expenses related to leases, recorded as operating expenses, were $3.4 million.

The total cash outflows for leases were $1.6 million for the six months ended June 30, 2019.

10. Third party deposits

(in thousands of dollars)		Contributions in Advance of Construction		Operating and Maintenance Charges in Advance		Total
As at January 1, 2018	$	34,840	$	6,390	$	41,230
Receipts net of refunds and interest		57,820		75		57,895
Transfers to deferred revenue [note 13]		(31,934)		—		(31,934)
Recognized other revenue		—		(187)		(187)
As at December 31, 2018		60,726		6,278		67,004
Receipts net of refunds and interest		**25,272**		**66**		**25,338**
Transfers to deferred revenue [note 13]		**(22,955)**		**—**		**(22,955)**
Recognized other revenue		**—**		**(98)**		**(98)**
As at June 30, 2019	**$**	**63,043**	**$**	**6,246**	**$**	**69,289**

Third party deposits are held in short-term investments, which are reinvested as needed. These investments earned an annual effective interest rate of 2.15% as at June 30, 2019 (December 31, 2018 – 2.15%). For contributions in advance of construction, all interest is credited to the specific customer.

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

	As at	
	June 30, 2019	December 31, 2018
(in thousands of dollars)		
Trade and accrued payables	$ **70,580**	$ 77,549
Accrued interest on debt	**44,019**	27,937
Other current liabilities	**2,001**	3,250
Current lease liabilities [note 9]	**1,245**	—
GST payable	**2,576**	1,597
Current financial liabilities related to regulated activities	**19,287**	16,263
Total trade and other payables	$ **139,708**	$ 126,596
Accrued employment benefit liabilities	$ **11,036**	$ 9,928
Other liabilities	**6,171**	4,034
Non-current financial liabilities related to regulated activities	**13,042**	16,539
Financial (redemption) liability	**10,040**	—
Total other non-current liabilities	$ **40,289**	$ 30,501

Financial liabilities related to regulated activities include accruals for the repayment of differences between certain costs that have been incurred by the Partnership relating to its primary activities with the AESO and what has been received in its tariff.

Financial (redemption) liability

Piikani Transmission Holding Limited Partnership has a put option to sell all their units in PLP back to AltaLink at any time, subject to regulatory approvals from the AUC. To reflect the put option of Piikani Transmission Holding Limited Partnership, the Partnership recognizes a financial (redemption) liability and reduces partners' capital in the consolidated financial statements. The valuation of the purchase price on the put option is defined in the partnership agreement and is 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.

12. Debt

Commercial paper and bank credit facilities

As at June 30, 2019	Committed	Drawdowns	Commercial paper outstanding	Letters of credit outstanding	Availability	Maturity date of facility
(in thousands of dollars)						
Revolving credit facility	**$ 500,000**	**$ —**	**$ 300,529**	**$ —**	**$ 199,471**	**December 14, 2023**
Revolving credit facility	**75,000**	**—**	**—**	**6,387**	**68,613**	**December 14, 2023**
Total bank credit facilities	**$ 575,000**	**$ —**	**$ 300,529**	**$ 6,387**	**$ 268,084**	

In addition, the Partnership has outstanding cheques net of cash in the amount of $3.9 million as at June 30, 2019 (December 31, 2018 - $nil).

As at December 31, 2018	Committed	Drawdowns	Commercial paper outstanding	Letters of credit outstanding	Availability	Maturity date of facility
(in thousands of dollars)						
Revolving credit facility	$ 500,000	$ —	$ 384,020	$ —	$ 115,980	December 14, 2023
Revolving credit facility	75,000	—	—	6,113	68,887	December 14, 2023
Total bank credit facilities	$ 575,000	$ —	$ 384,020	$ 6,113	$ 184,867	

The $500.0 million revolving credit facility provides support for the borrowing under the unsecured commercial paper program and may also 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 or bankers' acceptances. On an annual basis, with the consent of the lenders, the Partnership can request that the maturity date of the credit facility be extended for a further 364 days.

The $75.0 million revolving 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 or bankers' acceptances, U.S. base rate loans, U.S. LIBOR loans or drawn letters of credit. On an annual basis, with the consent of the lenders, the Partnership can request that the maturity date of the credit facility be extended for a further 364 days.

Long-term debt

			As at	
	Effective interest rate	**Maturing**	**June 30, 2019**	December 31, 2018
(in thousands of dollars)				
Senior Debt obligations (Medium-Term Notes)				
Series 2013-2, 3.621%	3.705%	2020	**$ 125,000**	$ 125,000
Series 2012-2, 2.978%	3.041%	2022	**275,000**	275,000
Series 2013-4, 3.668%	3.733%	2023	**500,000**	500,000
Series 2014-1, 3.399%	3.463%	2024	**350,000**	350,000
Series 2016-1, 2.747%	2.813%	2026	**350,000**	350,000
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 2014-2, 4.274%	4.305%	2064	**130,000**	130,000
			4,650,000	4,650,000
Debt discounts and premiums			**(5,348)**	(5,417)
Less: deferred financing fees			**(22,743)**	(23,391)
Long-term debt			**$ 4,621,909**	$ 4,621,192

The Partnership uses the proceeds from the issuance of Medium-Term Notes to repay commercial paper and indebtedness outstanding under the Partnership's credit facilities, and to finance the capital construction program.

The Medium-Term Notes are secured obligations and rank pari passu with all existing and future senior indebtedness, and ahead of all subordinated indebtedness of the Partnership. Collateral for the senior debt obligations consists 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.

Scheduled principal repayments

(in thousands of dollars)		
Maturing		
Third quarter 2020	$	125,000
2021		—
2022		275,000
2023		500,000
2024		350,000
2025 and thereafter		3,400,000

Finance costs

	Three months ended				Six months ended			
		June 30, 2019		June 30, 2018		**June 30, 2019**		June 30, 2018
(in thousands of dollars)								
Interest expense	**$**	**47,787**	$	48,855	**$**	**95,341**	$	97,597
Amortization of deferred financing fees		**326**		347		**648**		712
Capitalized borrowing costs[1]		**(714)**		(643)		**(1,410)**		(979)
Interest expense on lease liabilities		**103**		—		**210**		—
	$	**47,502**	$	48,559	**$**	**94,789**	$	97,330

1. The average capitalization rate for the period ended June 30, 2019 was 3.93% (December 31, 2018 – 3.97%, June 30, 2018 – 4.00%).

13. Deferred revenue

(in thousands of dollars)	Third Party Contributions	Deferred Revenue for Salvage	Total
As at January 1, 2018	$ 806,263	$ 188,509	$ 994,772
Transferred from third party deposits [note 10]	31,934	—	31,934
Change in third party contributions receivable	(3,697)	—	(3,697)
Received through transmission tariff	—	56,884	56,884
Recognized as revenue	(21,931)	(37,638)	(59,569)
As at December 31, 2018	812,569	207,755	1,020,324
Transferred from third party deposits [note 10]	**22,955**	**—**	**22,955**
Received through transmission tariff [note 15]	**—**	**30,900**	**30,900**
Recognized as revenue [note 15]	**(11,904)**	**(8,159)**	**(20,063)**
As at June 30, 2019	**$ 823,620**	**$ 230,496**	**$ 1,054,116**

(in thousands of dollars)	As at June 30, 2019	December 31, 2018
Current portion	**$ 54,249**	$ 56,579
Long-term portion	**999,867**	963,745
	$ 1,054,116	$ 1,020,324

14. 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:

(in thousands of dollars)	Three months ended June 30, 2019	Three months ended June 30, 2018	Six months ended June 30, 2019	Six months ended June 30, 2018
AltaLink Management Ltd.				
Employee compensation and benefits	**$ 31,314**	$ 30,191	**$ 64,664**	$ 63,323
Cost recovery for non-regulated activities	**$ 261**	$ 340	**$ 584**	$ 609

AltaLink Management Ltd. employs all staff who provide administrative and operational services to AltaLink on a cost reimbursement basis. The Partnership has indemnified AltaLink Management Ltd. for all associated expenses and liabilities.

The Partnership has an accrued balance for employee compensation and benefits of $22.6 million as at June 30, 2019 (December 31, 2018 – $26.1 million).

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

15. Revenue from operations

On November 12, 2018, the AUC approved an interim tariff for 2019 of $74.0 million per month.

AltaLink filed its 2019-2021 GTA on August 23, 2018 and an amended application in April 2019. On July 10, 2019, AltaLink filed with the AUC a partial negotiated settlement application for its 2019-2021 GTA. An AUC decision on the partial negotiated settlement application is expected in the third quarter of 2019. An oral hearing on matters excluded from the partial negotiated settlement application is expected in 2019 followed by an AUC decision. AltaLink calculates its revenue by using the approved interim transmission tariff and then adjusts for deferral accounts, other items that it expects the AUC to incorporate into AltaLink's final 2019 approved revenue requirement, and revenue for the recovery of future income taxes.

On February 8, 2017, AltaLink filed with the AUC a negotiated settlement application for its 2017-2018 GTA. On August 30, 2017, the AUC issued a final decision on AltaLink's 2017-2018 GTA, with no material change to the financial statements. On November 22, 2017, the AUC approved an interim tariff for 2018 of $74.0 million per month, which is net of $1.3 million related to the approved refund of accumulated depreciation surplus to customers in 2018.

The approved 2018 revenue requirement is $903.5 million for the year ended December 31, 2018. The Partnership recognized revenue from operations based on the approved 2018 tariff, adjustments related to deferral accounts and revenue for the recovery of future income taxes, in relation to its performance obligations under the AESO contract during 2018.

The AUC issued Decision 22570-D01-2018 in relation to the 2018 Generic Cost of Capital Proceeding in August 2018. In its decision, the AUC set the generic rate of return on common equity (ROE) at 8.5% for 2018, 2019 and 2020, and the Partnership's common equity ratio at 37% for 2018, 2019 and 2020. The following table summarizes the timing differences between the revenue requirement and revenue from operations earned during the period.

	Three months ended		Six months ended	
	June 30, 2019	June 30, 2018	**June 30, 2019**	June 30, 2018
(in thousands of dollars)				
Return on rate base	**$ 108,669**	$ 108,668	**$ 217,337**	$ 217,336
Recovery of forecast expenses	**113,292**	117,217	**226,584**	234,434
Approved interim transmission tariff	**$ 221,961**	$ 225,885	**$ 443,921**	$ 451,770
AFUDC	**1,765**	1,548	**3,499**	2,352
Receivable (repayable) directly assigned capital projects	**1,469**	(986)	**288**	(1,189)
Receivable (repayable) property taxes and other	**22**	(1,437)	**(1,023)**	(1,330)
Revenue related IFRS adjustments[1]	**(1,231)**	13,664	**9,250**	31,133
Revenue from operations	**$ 223,986**	$ 238,674	**$ 455,935**	$ 482,736

1. The Partnership has included adjustments to recognize differences in accounting treatment for IFRS purposes, compared to regulatory purposes, as shown in more detail in the table below.

	Three months ended		Six months ended	
	June 30, 2019	June 30, 2018	**June 30, 2019**	June 30, 2018
(in thousands of dollars)				
Revenue related to salvage costs [note 13]	**$ 4,252**	$ 7,113	**$ 8,159**	$ 16,197
Salvage funds transferred to deferred revenue [note 13]	**(17,549)**	(14,135)	**(30,900)**	(28,207)
Revenue for the recovery of future income taxes	**13,557**	22,130	**35,698**	44,174
Recovery of loss on disposal of assets other than land	**1,654**	1,546	**2,521**	2,016
Capitalized borrowing costs	**(714)**	(643)	**(1,410)**	(979)
Collection of receivables related to the above IFRS adjustments	**(2,431)**	(2,347)	**(4,818)**	(2,068)
Revenue related IFRS adjustments	**$ (1,231)**	$ 13,664	**$ 9,250**	$ 31,133

The impact of the provincial corporate income tax rate change on previous year's revenue is shown below. The re-measurement of future income tax recovery is a result of the Alberta government reducing the corporate income tax rate in 1% increments from 12% for the first half of 2019 to 8% in 2022. The reduction of AltaLink's recovery of future income taxes of $58.0 million will benefit customers and is offset by a corresponding decrease in income tax expense of AltaLink's corporate owners.

	Three months ended		Six months ended	
	June 30, 2019	June 30, 2018	**June 30, 2019**	June 30, 2018
(in thousands of dollars)				
Re-measurement of future income tax recovery	**$ (57,969)**	$ —	**$ (57,969)**	$ —

For the six months ended June 30, 2019, approximately 95% of the Partnership's revenue is attributable to the AESO (June 30, 2018 – approximately 97%).

16. Expenses

Operating expenses

	Three months ended		Six months ended	
	June 30, 2019	June 30, 2018	**June 30, 2019**	June 30, 2018
(in thousands of dollars)				
Employee salaries and benefits	**$ 13,136**	$ 11,939	**$ 27,394**	$ 27,076
Contracted labour	**11,536**	4,608	**15,848**	8,825
Other operating expenses	**6,705**	6,705	**13,401**	13,803
	$ 31,377	$ 23,252	**$ 56,643**	$ 49,704

Property taxes, salvage and other expenses

	Three months ended		Six months ended	
	June 30, 2019	June 30, 2018	**June 30, 2019**	June 30, 2018
(in thousands of dollars)				
Property and business tax	**$ 13,573**	$ 12,374	**$ 25,835**	$ 24,796
Salvage expenses	**4,252**	7,113	**8,159**	16,197
Annual structure payments	**3,869**	3,848	**7,823**	7,763
Hearing expenses and other	**—**	45	**92**	1,520
	$ 21,694	$ 23,380	**$ 41,909**	$ 50,276

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 *15 – Revenue from operations*).

17. Non-controlling interest

The General Partner, AltaLink and Piikani Transmission Holding Limited Partnership formed PLP to own the Southwest 240 kV transmission line and associated substation and telecommunication equipment located on the Piikani Reserve lands. These assets were originally placed into service in October 2010. On June 1, 2019, the assets were transferred from AltaLink to PLP for $52.6 million measured at net book value pursuant to AUC decision 22612-D01-2018 issued on November 13, 2018. The assets and transmission business carried on by PLP through the General Partner remains subject to regulation by the AUC.

Piikani Transmission Holding Limited Partnership holds 51% of the limited partner interest in PLP and its ownership interest is represented as a non-controlling interest within the equity section of the consolidated statement of financial position. Under the PLP partnership agreement, the General Partner has the power and authority for PLP's relevant operating activities and AltaLink holds 49% of the limited partner interest in PLP.

18. Commitments

The contractual commitments of the Partnership associated with the construction of new facilities as at June 30, 2019 are $130.1 million (December 31, 2018 – $131.2 million).

19. Contingencies

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

- An AltaLink contractor has been sued by a subcontractor who seeks additional compensation in respect of work done by the subcontractor on an AltaLink Project. AltaLink was named as a third party to the action by the contractor.
- 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. In one instance, the Partnership is in litigation and has claimed that specific equipment has inherent design, manufacturing and other defects that create a risk of personal injury and property damage. The Partnership has claimed $56 million for the cost of replacing specific equipment and the additional inspections required for the equipment.

At this time, in the opinion of management, the occurrence of a contingent loss is not determinable and is dependent on future events.