McCarthy Tétrault LLP
Suite 3300
421-7th Avenue S.W.
Calgary AB T2P 4K9
Canada
Tel: 403-260-3500
Fax: 403-260-3501

Gordon M. Nettleton
Partner
Direct Line: (403) 260-3622
Email: gnettleton@mccarthy.ca

mccarthy tetrault

June 21, 2016

VIA RESS AND COURIER

Ms. Kirsten Walli, Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto, Ontario M4P 1E4

Dear Ms. Walli:

Re: EB-2016-0050 Hydro One Inc ("Hydro One") – Procedural Order No. 2

I am writing on behalf of Hydro One Inc. ("HOI") with respect to clarifications sought on three aspects of the confidentiality request filed with the Board on March 11, 2016. It will be recalled this request pertains portions of Attachment 2 to the Application, namely, the Purchase Agreement for the proposed transaction.

By way of background, the confidentiality request addresses concerns raised by the counterparties in this transaction and their need to have the proposed redactions protected from public disclosure. This is because certain aspects of the Purchase Agreement consist of (a) personal information relating to persons that are not parties to the application, and (b) commercially sensitive information. The information identified as commercially sensitive relates to unregulated entities that are not parties to the aspect of the transaction for which approval is being sought, as well as where, if disclosed, the information could interfere significantly with negotiations being carried out or expected to be carried out.

The Board has asked for further explanation as to why Section 2.4.1(ii), Schedule 1.2.6 and Schedule 9.6 should be granted confidential status. As there is no Schedule 1.2.6 in the Purchase Agreement, HOI assumes the intended reference is to Schedule 1.1.26, Appendix A, which was included in the original confidentiality request. Each of these proposed redactions concerns financial information relating to unregulated entities that are not parties to the aspect of the transaction for which approval is being sought. Notwithstanding, the transacting parties have reconsidered this position and HOI can advise that public disclosure of these three particular items is acceptable and thus HOI's request for confidential treatment of this information is therefore withdrawn.

The Board has also asked HOI to provide justification for all instances in which it has requested confidential treatment for an entire section or an entire schedule. The sections and schedules for which HOI, on behalf of the transacting parties, has requested confidential treatment in their entirety are Sections 1.1.92 and 9.6.2, as well as Schedules 1.1.7, 1.1.116, 5.6 and 5.21. HOI is advised that most of these redactions were requested on the basis that these sections and schedules concern financial information relating to unregulated entities that are not parties to the aspect of the transaction for which approval is being sought. Notwithstanding, the transacting parties have reconsidered this position and HOI can advise that public disclosure of these particular items is acceptable and thus HOI's request for confidential treatment of this information is therefore withdrawn. Moreover, in connection with the disclosure of Section 1.1.92, HOI can further advise that the disclosure of Section 1.1.76 is also acceptable.

Finally, the Board has asked, in respect of the information contained in Schedule 9.2, Item 2, whether the commercial negotiations are ongoing or anticipated. HOI has been advised that the commercial negotiations referenced at Items 2 (a), (b), (c), (h) and (k) are ongoing. The commercial negotiations referenced at Item 2 (m) is anticipated. The commercial negotiations referenced at Items (d), (e), (f), (g), (i), (j) and (l) are now completed. Based on discussion with the transacting parties, HOI can advise that public disclosure of the completed negotiations (subject to the continued redaction of the name of the individual contained in Item 2(i)) is acceptable.

Based on the foregoing, HOI's request for confidential treatment now applies to:

- parts of Sections 1.1.32 and 9.13, as well as parts of Schedules 1.1.85, 3.2.1.2, 5.11, 5.13, 5.17 and 5.18 as identified in the original confidentiality request; and
- the descriptions of ongoing and anticipated commercial negotiations in Schedule 9.2, Items 2 (a), (b), (c), (h), (k) and (m), as well as the name of the individual contained in Item 2(i).

Enclosed to this filing are Blue Page replacement pages to the Purchase Agreement which provides the contemplated disclosure described in this letter and HOI's earlier correspondence of June 1, 2016.

Yours very truly,

McCarthy Tétrault LLP

Gordon M. Nettleton
GMN/mpf

Enclosures

(iii) 99.980001% shall be allocated to the Purchased Units purchased by the Unit Purchaser.

2.2.3 Except as may be modified pursuant to this Article 2, the Parties shall use the foregoing allocation in the preparation of and filing of all Tax Returns.

2.3 Closing Payment

The amount payable pursuant to Section 2.2.1.1 as adjusted pursuant to Sections 2.2.1.2, 2.2.1.3 and 2.2.1.4 (the "**Closing Payment**") shall be paid in full at the Closing by the Purchasers to the Vendor, in immediately available funds by wire transfer(s) to an account designated by the Vendor not less than two Business Days prior to the Closing Date.

2.4 Debt Adjustment Amount

2.4.1 The "**Debt Adjustment Amount**" shall equal the sum of: (i) the difference between $113,658,965 and the aggregate outstanding principal amount of the Series 1 Senior Bonds of GLPT as of Closing; and (ii) the difference between $36,961,578 and the aggregate outstanding principal amount of indebtedness of GLPT Holdings under the Note Purchase Agreement as of Closing, and shall be paid in the following manner:

2.4.1.1 if the Debt Adjustment Amount is positive, then the Purchasers shall pay to the Vendor, at the Closing and pursuant to Section 2.2.1.2, an amount equal to the Debt Adjustment Amount; and

2.4.1.2 if the Debt Adjustment Amount is negative, then the absolute value of the Debt Adjustment Amount shall be deducted, pursuant to Section 2.2.1.2, from the Purchase Price otherwise payable to the Vendor at the Closing.

2.5 Estimated Working Capital Adjustment Amount

2.5.1 The Parties acknowledge that it is not possible prior to Closing to conclusively determine the Working Capital as at the Closing Date. Accordingly, no earlier than 10 Business Days and no later than five Business Days before the expected Closing Date, the Vendor shall cause GLPT Holdings to prepare and deliver to the Purchasers a certificate, executed by an officer of GLPT Holdings GP (the "**Estimated Working Capital Statement**"), showing GLPT Holdings' good faith estimate of the Working Capital as at 12:01 a.m. on the Closing Date (the "**Estimated Working Capital**"), which Estimated Working Capital Statement shall be prepared in a manner consistent with the statement of financial position forming part of the Audited Financial Statements. The Estimated Working Capital Statement shall also include a detailed calculation and description of how the Estimated Working Capital was determined, which calculation shall be broken down into its various components. The Vendor shall, and shall cause GLPT Holdings GP to, assist the Purchasers with their review of the Estimated Working Capital Statement prior to Closing.

The "**Estimated Working Capital Adjustment Amount**" shall equal the Estimated Working Capital less the Target Working Capital Amount, and shall be paid in the following manner:

SCHEDULE 9.6
VENDOR LETTERS OF CREDIT

1. Irrevocable Standby Letter of Credit (No. S18572/346664), dated April 5, 2013, with an amount not to exceed $1,893,453.43 issued by Scotiabank to BNY Trust Company of Canada on behalf of Brookfield Infrastructure Holdings (Canada) Inc., as amended April 9, 2015.

2. Irrevocable Standby Letter of Credit (No. P418838T04092), dated November 24, 2011, with an amount not to exceed $3,960,000.00 issued by Royal Bank of Canada to CIBC Mellon Trust Company on behalf of Brookfield Infrastructure Holdings (Canada) Inc.

SCHEDULE 1.1.26
WORKING CAPITAL ADJUSTMENT

Working Capital shall be calculated in accordance with the following provisions:

1. Working Capital shall be prepared and calculated in accordance with IFRS, except as otherwise noted on this Schedule 1.1.26 and, to the extent consistent with IFRS and this Schedule 1.1.26, shall use the same accounting principles, practices, procedures, policies and methods (with consistent classifications, judgments, inclusions, exclusions, and valuation and estimation methodologies) used and applied by GLPT Holdings in the preparation of its Audited Financial Statements, except that such statements, calculations and determinations:

   (a) shall not include any purchase accounting or other adjustment arising out of the consummation of the transactions contemplated by this Agreement;

   (b) shall not be impacted by any actions taken by the Purchaser, either Purchased Entity or any Subsidiary after the Closing; and

   (c) shall calculate any reserve, accrual or other non-cash expense item on a *pro rata* (as opposed to monthly accrual) basis to account for a Closing Date that occurs on any date other than the last day of a calendar month.

2. "**Current Assets**" shall consist of the items and be calculated on a consolidated basis as set out in Appendix A to this Schedule 1.1.26.

3. "**Current Liabilities**" shall consist of the items and be calculated on a consolidated basis as set out in Appendix A to this Schedule 1.1.26.

APPENDIX A
WORKING CAPITAL

Attached.

Great Lakes Power Transmission
Net Working Capital

CURRENT ASSETS:	Dec 31, 2014 (audited)	Dec 31, 2015 (unaudited)	Closing Amount (unaudited)	Notes
Cash				
Great Lakes Power Transmission LP	5,201,444	3,340,099		
Great Lakes Power Transmission Holdings LP	13,630	14,955		
Total Cash	**5,215,074**	**3,355,055**	-	
Trade and other receivables				
Accrued revenue from IESO	3,331,073	3,053,437		
Miscellaneous billing	88,076	28,112		(1)
Employee loans	2,370	4,317		
Total Trade and other receivables	**3,421,520**	**3,085,866**	-	
Due from related parties				
Due from related parties	88,865	94,833		
Total Due from related parties	**88,865**	**94,833**	-	
Prepaid expenses & other				
Inventory	253,577	253,657		
Prepaid insurance	246,681	174,575		
Miscellaneous prepaids	167,980	205,206		(2)
Prepaid rent	27,821	28,016		
Total Prepaid expenses & other	**696,059**	**661,454**	-	
Total Current Assets	**$9,421,518**	**$7,197,207**	**$0**	
CURRENT LIABILITIES:				
Trade and other payables				
Connection deposits	1,075,938	593,130		
Trade payables and accruals	955,300	403,560		
Payroll liabilities	527,006	426,372		
Other payables	342,784	188,878		
Accrued interest	322,001	311,385		
Total Trade and other payables	**3,223,029**	**1,923,325**	-	
Due to related parties				
Due to related parties	217,968	197,679		
Total Due to related parties	**217,968**	**197,679**	-	
Total Current Liabilities	**$3,440,997**	**$2,121,004**	**$0**	
Net Working Capital	**$5,980,520**	**$5,076,204**	**$0**	

Notes:

(1) ***Miscellaneous billing*** - Receivables associated with services provided to third parties on a cost-recovery basis

(2) ***Miscelloneous prepaids*** - Includes various prepaid licenses, fees and annual memberships

1.1.89 "**Premises**" means all real property owned, leased, or occupied by any Purchased Entity or any Subsidiary in connection with the Business.

1.1.90 "**Proceedings**" has the meaning attributed to such term in Section 4.6.

1.1.91 "**Protected Employees**" has the meaning attributed to such term in Section 9.12.

1.1.92 "**Prudential**" means The Prudential Insurance Company of America.

1.1.93 "**Purchase Price**" has the meaning attributed to such term in Section 2.2.

1.1.94 "**Purchased Entities**" has the meaning attributed to such term in the recitals to this Agreement.

1.1.95 "**Purchased Securities**" has the meaning attributed to such term in the recitals to this Agreement.

1.1.96 "**Purchased Shares**" has the meaning attributed to such term in the recitals to this Agreement.

1.1.97 "**Purchased Units**" has the meaning attributed to such term in the recitals to this Agreement.

1.1.98 "**Purchasers**" means the Share Purchaser and the Unit Purchaser and "**Purchaser**" means either of them.

1.1.99 "**Purchaser Indemnified Party**" means each Purchaser, its respective Affiliates, and each of its and its Affiliates' respective directors, officers, employees, successors and assigns.

1.1.100 "**Regulatory Approvals**" means the Competition Act Clearance and the OEB Approval.

1.1.101 "**Replacement Letters of Credit**" has the meaning attributed to such term in Section 9.6.1.1.

1.1.102 "**Required Permits**" has the meaning attributed to such term in Section 5.21.

1.1.103 "**Share Purchaser**" has the meaning attributed to such term in the preamble.

1.1.104 "**Statutory Plan**" means a statutory benefit plan pursuant to which a Purchased Entity or a Subsidiary is required to participate in or comply with, including the Canada Pension Plan and plans administered pursuant to applicable health tax, workplace safety, insurance and employment insurance legislation.

1.1.105 "**Straddle Period**" has the meaning attributed to such term in Section 9.4.4.

1.1.106 "**Subsidiaries**" means: (i) GLPT Holdings; (ii) GLPT; (iii) Great Lakes Power Transmission Holding Corp., a corporation incorporated under the laws of the Province of

9.4.9 If the Purchasers propose to undertake any transaction of the type described in Section 6.10 within three years of the Closing Date (or enter into any negotiations, agreements, understandings or arrangements with respect to such a transaction), the Purchasers shall not undertake such transaction (or such negotiations, agreements, understandings or arrangements) without first: (i) obtaining an advance income tax ruling from the CRA or an opinion of a nationally recognized law firm (which income tax ruling or opinion, as applicable, shall be addressed to, and which income tax ruling shall be binding on, the Vendor) that provides that such transaction will not cause subsection 100(1) of the Tax Act to apply in respect of the disposition of the Purchased Securities by the Vendor hereunder, and which tax ruling or opinion shall be in form and substance satisfactory to the Vendor, acting reasonably; and (ii) providing a copy of such tax ruling or opinion to the Vendor.

9.4.10 Without in any way limiting Section 9.4.9, for a period of three years after the Closing Date, the Purchasers shall not effect any transfer of any of the Purchased Units to any Person or any transaction whereby any Person would contribute capital to any partnership in exchange for an interest in the partnership with a corresponding distribution to the Purchasers unless such Person provides the representation in Section 6.10 to the Vendor and the covenant in Section 9.4.9 to the Vendor, and the Purchasers agree to be liable to the Vendor for any breach of such representation or covenant.

9.5 Transfer Taxes

All transfer, registration, stamp, documentary, sales, use and similar Taxes (including all applicable land transfer Taxes), any penalties, interest and additions to Tax, and fees incurred in connection with the transactions contemplated by this Agreement (collectively, "**Transfer Taxes**") shall be the sole responsibility of and be timely paid by the Purchasers. The Vendor and the Purchasers shall cooperate in the timely making of all filings, Tax Returns, reports and forms as may be required in connection with any Transfer Tax.

9.6 Replacement of Letters of Credit and Note Purchase Agreement

9.6.1 The Purchasers acknowledge that the Vendor or an Affiliate thereof has provided the letters of credit in respect of liabilities or obligations of a Purchased Entity or a Subsidiary, all as set out in Schedule 9.6 (collectively, the "**Vendor Letters of Credit**"). The Parties agree that, at the Closing:

9.6.1.1 the Purchasers shall deliver letters of credit (the "**Replacement Letters of Credit**"), in form and substance which are satisfactory to replace the Vendor Letters of Credit; and

9.6.1.2 forthwith following the Closing, the Replacement Letters of Credit shall be delivered to the respective beneficiary or holder of the applicable Vendor Letters of Credit, together with a request of such beneficiary or holder, as the case may be, to return the applicable Vendor Letters of Credit to the Vendor for cancellation.

9.6.2 The Purchasers will take, or cause to be taken, all actions that may be required under the Note Purchase Agreement or that may be requested by Prudential thereunder, in respect of the Purchasers' acquisition of the Purchased Securities, including the timely delivery of any information that may be requested by Prudential confirming the satisfaction of the Acceptable Owner Test.

9.7 Change of Name

As soon as reasonably practicable, but no later than three months following the Closing Date, the Purchasers will cause the Purchased Entities and the Subsidiaries to remove the word "Brookfield" and "Great Lakes", and the logos and marks of the Vendor and any of its Affiliates or any word, expression or mark similar thereto or constituting an abbreviation or extension thereof (collectively the "**Vendor Marks**") from any of the documentation, correspondence or assets that are used, displayed, sent, presented or distributed by the Purchased Entities and the Subsidiaries or in connection with the Business. The Purchasers agree that after the Vendor Marks are removed, neither it nor the Purchased Entities and the Subsidiaries will at any time in the future use the words "Brookfield" or "Great Lakes", or the logos of the Vendor and any of its Affiliates in connection with its businesses and the Purchasers acknowledge that they and the Purchased Entities and the Subsidiaries shall have no rights whatsoever to use such Intellectual Property. At the request of the Vendor, the Purchasers will certify that they have complied with this Section 9.7 and provide such evidence as the Vendor may reasonably request to confirm such compliance.

9.8 Actions to Satisfy Closing Conditions

Without in any way limiting Section 9.9 or Section 9.10:

9.8.1 the Vendor shall take all such actions as are within its power to control, and use its Commercially Reasonable Efforts to cause other actions to be taken which are not within its power to control, to satisfy all of the conditions set forth in Section 8.1;

9.8.2 the Purchasers shall take all such actions as are within their power to control, and use their Commercially Reasonable Efforts to cause other actions to be taken which are not within their power to control, to satisfy all of the conditions set forth in Section 8.2;

9.8.3 the Parties shall file or deliver all applications, notices, reports, forms and requests required to obtain the consents, approvals, waivers and clearances required to consummate the transactions contemplated by this Agreement, including: (i) the Regulatory Approvals; and (ii) any notice or filing required by the Parties pursuant to the IESO market rules, and the Parties shall cooperate with each other and work jointly toward obtaining any such consents, approvals, waivers and clearances; and

9.8.4 the Parties shall, as soon as reasonably practical following the date hereof, take or cause to be taken all reasonable action and do or cause to be done all things reasonably necessary, proper or advisable under Applicable Laws to consummate the transactions contemplated hereby on the Closing Date.

SCHEDULE 1.1.7
AUDITED FINANCIAL STATEMENTS

Attached.

Financial Statements

GREAT LAKES POWER TRANSMISSION HOLDINGS LIMITED PARTNERSHIP

December 31, 2014

Deloitte.

Deloitte LLP
Brookfield Place
181 Bay Street
Suite 1400
Toronto ON M5J 2V1
Canada

Tel: 416-601-6150
Fax: 416-601-6151
www.deloitte.ca

Independent Auditor's Report

To the Partners of
Great Lakes Power Transmission Holdings LP

We have audited the accompanying consolidated financial statements of Great Lakes Power Transmission Holdings LP, which comprise the consolidated statement of financial position as at December 31, 2014 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Great Lakes Power Transmission Holdings LP as at December 31, 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Deloitte LLP

Chartered Professional Accountants, Chartered Accountants
Licensed Public Accountants
April 1, 2015
Toronto, Canada

Great Lakes Power Transmission Holdings Limited Partnership

Consolidated Statement of Financial Position

Expressed in thousands of Canadian dollars

	Note	December 31, 2014	December 31, 2013
Assets			
Current Assets			
Cash		$ 5,215	$ 5,595
Trade and other receivables		3,422	3,476
Due from related parties	21	89	36
Prepaid expenses and other		696	370
		9,422	9,477
Property, plant and equipment, net	5	219,941	225,085
Intangible assets, net	6	2,742	3,162
		$ 232,105	$ 237,724
Liabilities			
Current liabilities			
Trade and other payables	7	$ 3,223	$ 2,973
Due to related parties	21	218	585
Current portion of Note payable	10	1,563	1,638
Current portion of Trans senior bonds	9	2,180	2,043
		7,184	7,239
Pension liability	8	7,677	7,052
Note payable	10	37,381	38,895
Trans senior bonds	9	112,743	114,719
		164,985	167,905
Partners' equity			
Partners' equity		67,109	69,808
Non-controlling interest		11	11
		$ 232,105	$ 237,724

Great Lakes Power Transmission Holdings Limited Partnership

Consolidated Statement of Changes in Partners' Equity

Expressed in thousands of Canadian dollars

	Capital	Accumulated other comprehensive income (loss)	Retained earnings (deficit)	Total partners' equity	Non-controlling interest	Total equity
Balance at January 1, 2014	**$ 112,405**	**$ (1,298)**	**$ (41,299)**	**$ 69,808**	**$ 11**	**$ 69,819**
Net income	-	-	9,725	9,725	1	9,726
Distributions paid	-	-	(11,299)	(11,299)	(1)	(11,300)
Other comprehensive loss	-	(1,125)	-	(1,125)	-	(1,125)
Balance at December 31, 2014	**$ 112,405**	**$ (2,423)**	**$ (42,873)**	**$ 67,109**	**$ 11**	**$ 67,120**

	Capital	Accumulated other comprehensive income (loss)	Retained earnings (deficit)	Total partners' equity	Non-controlling interest	Total equity
Balance at January 1, 2013	$ 112,405	$ (3,516)	$ 977	$ 109,866	$ 11	$ 109,877
Net income	-	-	9,752	9,752	1	9,753
Distributions paid	-	-	(52,028)	(52,028)	(1)	(52,029)
Other comprehensive income	-	2,218	-	2,218	-	2,218
Balance at December 31, 2013	$ 112,405	$ (1,298)	$ (41,299)	$ 69,808	$ 10	$ 69,819

Great Lakes Power Transmission Holdings Limited Partnership

Consolidated Statement of Comprehensive Income

Expressed in thousands of Canadian dollars

Years ended December 31,	*Note*		**2014**		2013
Revenues		$	**39,805**	$	39,640
Operating expenses					
Operating and administration	*13*		**9,161**		8,858
Depreciation and amortization	*16*		**9,302**		9,284
Maintenance	*14*		**1,573**		1,861
Taxes, other than income taxes			**107**		107
			20,143		20,109
Net operating income			**19,662**		19,531
Finance income			**(66)**		(47)
Finance costs	*15*		**9,799**		9,372
Loss on disposal of property, plant and equipment and intangible assets	*5,6*		**215**		453
Other income			**(12)**		-
Income for the period			**9,726**		9,753
Other comprehensive (loss) income					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of pension liability	*8*		**(1,125)**		2,218
Total comprehensive income		$	**8,601**	$	11,971
Comprehensive income attributable to:					
Owners of the Partnership		$	**8,600**	$	11,970
Non-controlling interest		$	**1**	$	1

Great Lakes Power Transmission Holdings Limited Partnership

Consolidated Statement of Cash Flows

Expressed in thousands of Canadian dollars

Years ended December 31,	*Note*	**2014**	2013
Operating Activities			
Income for the year		$ **9,726**	$ 9,753
Items not affecting cash			
Depreciation and amortization	*16*	**9,302**	9,284
Finance costs	*15*	**9,799**	9,372
Loss on disposal of property, plant & equipment and intangible assets	*5,6*	**215**	453
Net change in non-cash working capital and other	*18*	**(942)**	2,681
Operating cash flows before interest		**28,100**	31,543
Cash interest paid		**(9,672)**	(9,309)
		18,428	22,233
Investing activities			
Proceeds on disposition of property, plant and equipment and intangible assets	*5,6*	**18**	18
Additions to property, plant and equipment and intangible assets		**(3,845)**	(4,334)
		(3,827)	(4,316)
Financing activities			
Principal repayments on Trans senior bonds		**(2,043)**	(973)
Principal repayments on Note payable		**(1,638)**	(976)
Proceeds from issuance of Note payable		**-**	41,474
Distributions paid		**(11,300)**	(52,029)
		(14,981)	(12,504)
Increase (decrease) in cash		**(380)**	5,413
Cash, beginning balance		**5,595**	182
Cash, ending balance		$ **5,215**	$ 5,595

1. GENERAL INFORMATION

Great Lakes Power Transmission Holdings Limited Partnership (the "Partnership") was formed on February 1, 2013 with its registered office at 181 Bay Street, Suite 300, Toronto, Ontario, Canada, M5J 2T3. The Partnership is the sole Limited Partner of, holding a 99.99% interest in, Great Lakes Power Transmission Limited Partnership ("GLPT"), a limited partnership engaged in the transmission of electricity to the area adjacent to Sault Ste. Marie, Canada and subject to the regulations of the Ontario Energy Board ("OEB").

Effective March 26, 2013, the shareholders of GLPT entered into a series of transactions which resulted in the previous Limited Partner, Brookfield Infrastructure Holdings (Canada) Inc. ("BIH") transferring its 20,285,007 Class A Units in GLPT to the newly formed Partnership in exchange for 145,984,400 Class A Units in the Partnership. There was no change in the General Partner.

Great Lakes Power Transmission Holdings II LP is the Limited Partner and holds a 99.99% interest in the Partnership. Great Lakes Power Transmission Holdings Inc., the General Partner, holds a 0.01% limited interest in the Partnership and is responsible for management of the Partnership. Both the General and Limited Partners are wholly owned subsidiaries of BIH, the ultimate parent company and controlling party of the group.

The transfer of net assets from BIH to the Partnership under the re-organization is considered a transaction between entities under common control. As such, the Partnership has presented its financial results using the continuity of interest method, whereby the carrying amounts of the transferred assets and liabilities reflect the carrying amounts recorded by the Partnership at the date of the re-organization.

2. BASIS OF PRESENTATION

Statement of compliance

These consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Accounting policies are consistently applied to both years presented, unless otherwise stated.

The consolidated financial statements were approved and authorized for issue by those charged with governance of the Partnership on April 1, 2015.

Basis of measurement

The consolidated financial statements have been prepared on a going concern assumption using the historical cost basis except where otherwise noted. Historical cost is generally based on the fair value of the consideration given in exchange for assets or settlement of liabilities as at the date the transaction occurs.

Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the Partnership's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

2. BASIS OF PRESENTATION (continued)

Basis of presentation and principles of consolidation

These consolidated financial statements include the accounts of the Partnership and its subsidiary, GLPT. A subsidiary is an entity controlled by the Partnership. Control exists when the Partnership has the power to govern the financial and operating policies of an entity so as to obtain benefits from the entity's activities. The financial statements of the subsidiary are included in the consolidated financial statements.

Name of Subsidiary	Principal Activity	Accounting Method	Interest December 31, 2014	Interest December 31, 2013
GLPT	Electricity Transmission	Consolidate	99.99%	99.99%

For non-wholly-owned subsidiaries, the net assets attributable to outside equity shareholders are presented as 'Non-Controlling Interest' in the Equity section of the consolidated statement of financial position. Profit for the period that is attributable to non-controlling interests is calculated based on the ownership of the minority shareholder in the subsidiary.

Critical judgments and estimation uncertainties

In the preparation of these consolidated financial statements in conformity with IFRS, management makes judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of revenues, expenses, assets and liabilities. Facts and circumstances may change and actual results could differ from those estimates.

Estimates and Judgments

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. Information about critical judgments and estimates in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are included in the following notes:

Impairment

Assets, including property, plant and equipment and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts exceed their recoverable amounts. Intangible assets with indefinite useful lives are tested for impairment annually and whenever events or changes in circumstances indicate that their carrying amounts exceed their recoverable amounts. The assessment of fair value often requires estimates and assumptions on items such as discount rates, rehabilitation and restoration costs, future capital requirements and future operating performance. Changes in such estimates could impact recoverable values of these assets. Estimates are reviewed annually by management.

Judgment is involved in assessing whether there is any indication that an asset or cash generating unit ("CGU") may be impaired. A CGU is the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets. This assessment is made based on the analysis of changes in the market or business environment, and events that have transpired that have impacted the asset or CGU.

2. BASIS OF PRESENTATION (continued)

Depreciation of property, plant and equipment and intangible assets

Each property, plant and equipment and intangible asset is assessed annually for both its physical life limitations and its economic recoverability. Those assets with a finite life are depreciated on a straight-line basis over a useful life estimated by management. Asset useful lives and residual values are re-evaluated annually. At December 31, 2014 the carrying value of property plant and equipment and intangible assets is $219,941 (2013 - $225,085) and $2,742 (2013 - $3,162) respectively.

Fair value disclosures of Trans senior bonds and Note payable

The Partnership has estimated the fair value for disclosure purposes of its Trans senior bonds and Note payable as they are not separately traded, and are determined based on future cash flows and the timing of settlement and assumptions about discount rate, credit risk and by incorporating other assumptions made by market participants. At December 31, 2014 the carrying value of Trans senior bonds is $114,923 (2013 - $116,762), and the carrying value of the Note payable is $38,944 (2013 - $40,533).

Pension

Significant estimates and assumptions are made in determining pension and employee future benefits as there are numerous factors that will affect the pension obligation. The actuarial determination of the accrued benefit obligation for pensions and post-employment benefits uses the projected unit credit method prorated on service which incorporates management's best estimate of future salary levels, other cost escalation, mortality rates, retirement ages of employees and other actuarial factors. In addition, actuarial determinations used in estimating obligations relating to the defined benefit plans incorporate assumptions using management's best estimates of factors including plan performance, salary escalation, retirement dates of employees and drug cost escalation rates. At December 31, 2014 the carrying value of pension liabilities is $7,677 (2013 - $7,052).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Partnership has consistently applied the following accounting policies to all periods presented in these consolidated financial statements:

Financial instruments

The Partnership recognizes all financial instruments at fair value upon initial recognition and subsequently classifies them into one of the following categories: Financial assets and financial liabilities at fair value through profit or loss, held-to-maturity, loans and receivables, available-for-sale and other liabilities. As at December 31, 2014, the Partnership only holds the following financial instruments: Trade and other payables, long-term debt (which are classified as other financial liabilities) and trade receivables (which are classified as loans and receivables).

The Partnership initially recognizes other financial liabilities and loans and receivables on the trade date. The Partnership derecognizes its financial liability when its contractual obligations are discharged, cancelled, or expired.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Other financial liabilities including borrowings are initially measured at fair value net of transaction costs, and subsequently measured at amortized cost using the effective interest method. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Property, plant and equipment

Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. The cost of major inspections or overhauls is capitalized and costs relating to the replacement of a major part of property, plant and equipment are recognized in the carrying amount of the asset to which that part relates, if it is probable that the inspection, overhaul or replacement part will generate future economic benefits and its cost can be measured reliably. The carrying amount of previous inspections and overhauls, or the part being replaced is derecognized and any gain or loss is recognized against income. The cost of the day-to-day servicing of property, plant and equipment is recognized in Operating and administration or maintenance expense as incurred.

Costs included in the carrying amount of property, plant and equipment include expenditures that are directly attributable to the acquisition or construction of the asset. The cost of self-constructed assets includes: materials, services, direct labour and directly attributable overheads.

Borrowing costs associated with major projects are capitalized during the construction period, if those projects meet the definition of a qualifying asset, meaning they are under construction for a substantial period of time. Capitalization of borrowing costs is suspended during extended periods in which construction development is interrupted. Assets under construction are recorded as work-in-progress until they become available for use.

When property, plant and equipment is disposed of or retired, the related cost, accumulated depreciation and any accumulated impairment losses are eliminated. Any resulting gains or losses are reflected in profit or loss in the period the asset is disposed of or retired.

Depreciation

The cost, net of estimated residual values, of an asset classified as property, plant and equipment is amortized over the estimated useful life of the asset using a straight-line method. Land is not depreciated.

The estimated useful lives of property, plant and equipment are as follows:

	Method	Rate
Transmission assets	Straight-line	5 to 60 years
Equipment and other assets	Straight-line	5 to 30 years

The estimated useful lives, residual values and method of depreciation are reviewed annually for reasonableness.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Construction work-in-progress assets are not depreciated until the assets become available for their intended use.

Impairment

At each reporting date, the Partnership reviews the carrying amount of its non-financial assets to determine whether there is any indication of impairment. Impairment assessments are conducted at the CGU level. If any such indication exists, the recoverable amount of the CGU is estimated.

The recoverable amount of the CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognized in profit or loss if the carrying amount of a CGU exceeds its recoverable amount.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. If such indications exist, the Partnership estimates the recoverable amount of that CGU. A reversal of an impairment loss is recognized up to the lesser of the recoverable amount or the carrying amount that would have been determined (net of depreciation charges) had no impairment loss been recognized on the CGU.

Intangible assets

Acquired intangible assets having finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses. Intangible assets are capitalized if: (i) It is probable that the asset acquired or developed will generate future economic benefits, (ii) intangibles are identifiable, and (iii) the Partnership exerts control over the economic benefit to be derived from the asset. The costs incurred to establish technological feasibility or to maintain existing levels of performance are recognized in operating or maintenance expense as incurred.

The carrying costs of intangible assets include expenditures that are directly attributable to the acquisition or development of the asset. The cost of self-developed assets includes materials, services, direct labour and directly attributable overheads. Borrowing costs associated with major projects (qualifying assets) are capitalized during the development period. Qualifying assets are those projects that are under development for a substantial period of time. Assets under development are recorded as in progress until they become available for use.

Subsequent expenditures are capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognized against income as incurred.

Amortization is based on the cost of the asset less its residual value and is calculated using the straight-line method over the estimated useful life of the asset from the date the asset is available for use, and is generally recognized against income. The useful lives of intangible assets range from 5 to 15 years. Land rights with indefinite lives are not amortized.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The estimated useful lives, residual values and method of amortization are reviewed annually for reasonableness.

Intangible assets with an indefinite life are tested for impairment on an annual basis.

Employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided by the employee. A liability is recognized for the amount expected to be paid if the Partnership has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided by the employee. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

Defined benefit plans

The Partnership's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Partnership, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The Partnership determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized against income.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately against income. The Partnership recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs. The gain or loss on curtailment or settlement comprises any resulting change in the fair value of plan assets, any change in the present value of the defined benefit obligation, and any relating actuarial gains or losses and past service costs that had not been previously been recognized.

Other long-term employee benefits

The Partnership's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognized in profit or loss in the period in which they arise.

Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognized by the Partnership when a sales arrangement exists, delivery of goods or services has occurred, the amount of revenue and costs incurred or to be incurred in respect of the transaction can be measured reliably and it is probable that future economic benefits will flow to the Partnership.

The Partnership recognizes revenue on an accrual basis, when electricity is wheeled, at the regulated rate established by the OEB.

Foreign currency

Transactions in foreign currencies are translated to the functional currency of the Partnership at exchange rates at the dates of the transactions.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or development of a qualifying asset are added to the cost of that asset, until it is available for use. Qualifying assets are those that take a substantial period of time to get ready for their intended use. The Partnership capitalizes borrowing costs by applying its cost of debt. All other borrowing costs are recognized in finance expense in the period in which they are incurred.

Changes in accounting policies

The Partnership has adopted the following new and revised IFRS policies along with any amendments, effective January 1, 2014. These changes were made in accordance with the applicable transitional provisions.

IFRIC 21, Levies

IFRIC 21, Levies ("IFRIC 21"), an interpretation of IAS 37, Provisions, Contingent Liabilities and Contingent Assets ("IAS 37"), on the accounting for levies imposed by governments was issued by the IASB in May 2013. IAS 37 sets out criteria for the recognition of a liability, one of which is the

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

requirement for the entity to have a present obligation as a result of a past event ("obligating event"). IFRIC 21 clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. The adoption of IFRIC 21 did not have a significant impact on the Partnership's consolidated financial statements.

IAS 32, Financial instruments: presentation

IAS 32, Financial instruments: presentation ("IAS 32"), was amended by the IASB in December 2011. The amendment clarifies that an entity has a legally enforceable right to offset financial assets and financial liabilities if that right is not contingent on a future event and it is enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties. The adoption of this standard did not have any significant impact on the Partnership's consolidated financial statements.

IAS 36, Impairment of assets

IAS 36, Impairment of assets ("IAS 36"), was amended by the IASB in May 2013. The amendment requires the disclosure of the recoverable amount of impaired assets when an impairment loss has been recognized or reversed during the period and additional disclosures about the measurement of the recoverable amount of impaired assets when the recoverable amount is based on fair value less costs of disposal, including the discount rate when a present value technique is used to measure the recoverable amount. The adoption of this standard did not have any significant impact on the Partnership's consolidated financial statements.

4. FUTURE CHANGES IN ACCOUNTING POLICIES

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after December 31, 2014 and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Partnership are set out below. The Partnership does not plan to early adopt any of these standards.

Depreciation

On May 12, 2014, the IASB issued amendments to IAS 16, Property, Plant and Equipment ("IAS 16"), and IAS 38, Intangible Assets ("IAS 38"). In issuing the amendments, the IASB has clarified that the use of revenue-based methods to calculate the depreciation of a tangible asset is not appropriate because revenue generated by an activity that includes the use of a tangible asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption for an intangible asset, however, can be rebutted in certain limited circumstances. The standard is to be applied prospectively for reporting periods beginning on or after January 1, 2016 with early application permitted. The Partnership is currently evaluating the impact of applying the amendments but does not anticipate that there will be any impact on its current method of calculating depreciation or amortization.

4. FUTURE CHANGES IN ACCOUNTING POLICIES (continued)

Revenue

On May 28, 2014 the IASB issued IFRS 15, Revenue from Contracts with Customers ("IFRS 15"). This standard outlines a single comprehensive model with prescriptive guidance for entities to use in accounting for revenue arising from contracts with its customers. IFRS 15 uses a control based approach to recognize revenue which is a change from the risk and reward approach under the current standard. This standard replaces IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. The effective date is for reporting periods beginning on or after January 1, 2017 with early application permitted. The Partnership has not yet determined the effect of adoption of IFRS 15 on its consolidated financial statements.

Financial instruments

On July 24, 2014 the IASB issued IFRS 9, Financial Instruments ("IFRS 9") as a complete standard. This standard replaces the guidance in IAS 39 Financial Instruments: Recognition and Measurement on the classification and measurement of financial assets and financial liabilities. IFRS 9 utilizes a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Final amendments released on July 24, 2014 also introduce a new expected loss impairment model and limited changes to the classification and measurement requirements for financial assets. The IASB has tentatively decided to require an entity to apply IFRS 9 for annual periods beginning on or after January 1, 2018. The Partnership has not yet determined the effect of adoption of IFRS 9 on its consolidated financial statements.

Fair Value Measurement

On December 12, 2013 the IASB amended IFRS 13, Fair Value Measurement ("IFRS 13"). The amendments clarify that the portfolio exception applies to all contracts within the scope of IAS 39, Financial Instruments: Recognition and Measurement ("IAS 39") or IFRS 9 regardless of whether they are financial assets or financial liabilities. The amendments are effective for annual periods beginning on or after July 1, 2014. The adoption of these amendments is not expected to have a material impact on the Partnership's consolidated financial statements.

Presentation of Financial Statements

On December 18, 2014 the IASB amended IAS 1, Presentation of Financial Statements ("IAS 1"). The amendments to existing IAS 1 requirements relate to materiality; order of the notes; subtotals; accounting policies; and disaggregation. The amendments are effective for annual periods beginning on or after January 1, 2016. The adoption of these amendments is not expected to have a material impact on the Partnership's consolidated financial statements.

Employee Benefits

On November 13, 2013 the IASB amended IAS 19, Employee Benefits ("IAS 19"). The amendments provide additional guidance to IAS 19 on the accounting for contributions from employees or third parties set out in the formal terms of a defined benefit plan. The amendments are effective for annual periods beginning on or after July 1, 2014. IAS 19 was further amended

4. FUTURE CHANGES IN ACCOUNTING POLICIES (continued)

on July 30, 2014. The amendments to IAS 19 clarify the application of the requirements of IAS 19 on determination of the discount rate to a regional market consisting of multiple countries sharing the same currency. The amendments are effective for annual periods beginning on or after January 1, 2016. The adoption of these amendments is not expected to have a significant impact on the Partnership's consolidated financial statements.

Related Party Disclosures

On December 12, 2013 the IASB amended IAS 24, Related Party Disclosures ("IAS 24"). The amendments clarify the identification and disclosure requirements for related party transactions when key management personnel services are provided by a management entity. The amendments are effective for annual periods beginning on or after July 1, 2014. The adoption of these amendments is not expected to have a significant impact on the Partnership's consolidated financial statements.

(expressed in thousands of Canadian dollars)

5. PROPERTY, PLANT AND EQUIPMENT, NET

	Land	Equipment and other assets	Transmission assets	Work-in-progress	Total
Cost					
Balance, December 31, 2012	$ 236	$ 8,111	$ 227,584	$ 2,327	$ 238,258
Additions	-	-	-	4,071	4,071
Transfers	-	1,354	3,103	(4,457)	-
Disposals	-	(5)	(542)	-	(547)
Balance, December 31, 2013	$ 236	$ 9,460	$ 230,145	$ 1,941	$ 241,782
Additions	-	-	-	4,044	4,044
Transfers	-	540	3,726	(4,266)	-
Disposals	-	(6)	(322)	(102)	(430)
Balance, December 31, 2014	$ 236	$ 9,994	$ 233,549	$ 1,617	$ 245,396
Accumulated Depreciation					
Balance, December 31, 2012	$ -	$ 587	$ 7,462	$ -	$ 8,049
Additions	-	832	7,894	-	8,726
Disposals	-	(5)	(73)	-	(78)
Balance, December 31, 2013	$ -	$ 1,414	$ 15,283	$ -	$ 16,697
Additions	-	920	7,933	-	8,853
Disposals	-	(6)	(89)	-	(95)
Balance, December 31, 2014	$ -	$ 2,328	$ 23,127	$ -	$ 25,455
Carrying amounts					
Balance, December 31, 2013	$ 236	$ 8,046	$ 214,862	$ 1,941	$ 225,085
Balance, December 31, 2014	$ 236	$ 7,666	$ 210,422	$ 1,617	$ 219,941

During the year, the Partnership disposed of assets with a total net book value of $233 (2013 - $469) for net proceeds of $18 (2013 - $18). A resultant loss on disposal of property, plant and equipment of $215 (2013 - $451) was recorded to the statement of comprehensive income.

During the year, the Partnership wrote off $102 in work-in-progress assets, which was recorded to the statement of comprehensive income under Operations and administration expense.

(expressed in thousands of Canadian dollars)

6. INTANGIBLE ASSETS, NET

	Land rights	Computer software	Work-in-progress	Total
Cost				
Balance, December 31, 2012	$ 1,102	$ 2,842	$ 256	$ 4,200
Additions	-	-	15	15
Disposals	-	(3)	-	(3)
Balance, December 31, 2013	1,102	2,839	271	4,212
Additions	-	-	139	139
Transfers	-	46	(46)	-
Disposals	-	-	(110)	(110)
Balance, December 31, 2014	$ 1,102	$ 2,885	$ 254	$ 4,241
Accumulated Depreciation				
Balance, December 31, 2012	$ -	$ 493	$ -	$ 493
Additions	-	558	-	558
Disposals		(1)	-	(1)
Balance, December 31, 2013	-	1,050	-	1,050
Additions	-	449	-	449
Disposals	-	-	-	-
Balance, December 31, 2014	$ -	$ 1,499	$ -	$ 1,499
Carrying amounts				
Balance, December 31, 2013	$ 1,102	$ 1,789	$ 271	$ 3,162
Balance, December 31, 2014	$ 1,102	$ 1,386	$ 254	$ 2,742

During the year, the Partnership disposed of assets with a total net book value of $nil (2013 - $2) for net proceeds of $nil (2013 - $nil). A resultant loss on disposal of intangible assets of $nil (2013 - $2) was recorded to the statement of comprehensive income.

During the year, the Partnership wrote off $110 in work-in-progress assets, which was recorded to the statement of comprehensive income under Operations and administration expense.

The Partnership owns land rights and other land easements that are needed as part of the normal business operations. Land rights have been obtained through contractual rights where the transferor has transferred land rights and land easements to specific parcels of land in perpetuity. The Partnership has identified land rights as intangible assets with an indefinite useful life since contractual rights give access to specific land parcels in perpetuity. The Partnership accounts for land rights at cost less cumulative impairment losses. At December 31, 2014 the carrying amounts of land rights is $1,102 (2013 - $1,102).

The Partnership has not identified events or changes in circumstances that indicate that the land rights' carrying amounts exceed their recoverable amounts. The Partnership has tested land rights for impairment in accordance with annual impairment tests.

(expressed in thousands of Canadian dollars)

6. INTANGIBLE ASSETS, NET (continued)

The Partnership has identified the recoverable amount of land rights to be their fair values less cost of disposal. In arriving at the fair value less cost of disposal, the Partnership has used a recent sale proposal which it believes is indicative of the fair value less cost of disposal of the land rights owned. The Partnership has determined that as at December 31, 2014 the fair value less cost of disposal is greater than the carrying amount and hence no impairment loss has been recorded.

The Partnership uses fair value less cost of disposal to determine the recoverable amount as it believes that this will generally result in a value greater than or equal to the value in use. For the purpose of the intangible impairment test, the Partnership used a non-binding sale agreement. The inputs used in the fair value measurement constitute Level 2 inputs under the fair value hierarchy. Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability (for example, interest rate and yield curves observable at commonly quoted intervals, forward pricing curves used to value currency and commodity contracts), or inputs that are derived principally from or corroborated by observable market data or other means.

7. TRADE AND OTHER PAYABLES

	Dec 31, 2014	Dec 31, 2013
Trade payables and accruals	$ 955	$ 862
Payroll liabilities	527	633
Accrued interest	322	322
Connection deposits	1,076	838
Other payables	343	318
	$ 3,223	$ 2,973

The Partnership retains connection deposits for two power generating entities as reimbursement to the Partnership for costs to be incurred in connecting those power generating entities to the Partnership's power transmission property assets. Any unused connection deposit balance will be refunded to the appropriate power generating entity.

8. PENSION AND EMPLOYEE FUTURE BENEFITS

The Partnership is part of a registered defined benefit, final pay pension plan and other post-employment benefit plan (the "Plans").

The other post-employment benefit plan includes benefits such as health and dental care, and life insurance. The obligation under these plans is determined periodically through the preparation of actuarial valuations. The Partnership contributions for the benefit plans for 2014 was $1,193 (2013 - $821).

The Partnership also participates in a defined contribution pension plan provided to certain employees. The Partnership contributes amounts based on the level of employee contributions for this plan. In 2014, the total employer expense for the Partnership's defined contribution pension plan was $140 (2013 - $119).

The Partnership's pension plan information is provided in the following tables:

(expressed in thousands of Canadian dollars)

8. PENSION AND EMPLOYEE FUTURE BENEFITS (continued)

	December 31, 2014			December 31, 2013		
	Defined Benefit Pension Plan	Non-Pension Benefit Plans	Total	Defined Benefit Pension Plan	Non-Pension Benefit Plans	Total
Change in the present value of the accrued benefit obligation						
Balance, beginning of year	20,415	5,708	26,123	20,362	5,503	25,865
Current service cost	376	195	571	382	278	660
Past service cost	-	(315)	(315)	-	-	-
Interest expense	989	269	1,258	889	241	1,130
Benefit payments from plan	(892)	(142)	(1,034)	(756)	(140)	(896)
Employee contributions	117	-	117	132	-	132
Increases (decreases) due to other significant events	(25)	-	(25)	11	-	11
Remeasurements:						
Effect of changes in demographic assumptions	200	102	302	837	423	1,260
Effect of changes in financial assumptions	1,966	1,052	3,018	(1,507)	(597)	(2,104)
Effect of experience adjustments	(501)	-	(501)	65	-	65
Effect of changes in foreign exchange rates	-	-	-	-	-	-
Balance, end of year	**22,645**	**6,869**	**29,514**	**20,415**	**5,708**	**26,123**
Change in fair value of the plan assets						
Fair value, beginning of year	19,070	-	19,070	16,907	-	16,907
Return on plan assets	1,763	-	1,763	1,506	-	1,506
Contributions:						
Employer	1,051	142	1,193	681	140	821
Employee	117	-	117	132	-	132
Benefit payments from plan	(892)	(142)	(1,034)	(756)	(140)	(896)
Administrative expenses paid from plan assets	(208)	-	(208)	(167)	-	(167)
Interest income	956	-	956	760	-	760
Increases (decreases) due to other significant events	(20)	-	(20)	8	-	8
Fair value, end of year	**21,837**	-	**21,837**	**19,071**	-	**19,071**
Net Defined Benefit Liability						
Accrued benefit obligation	(22,645)	(6,869)	(29,514)	(20,415)	(5,708)	(26,123)
Fair value of plan assets	21,837	-	21,837	19,071	-	19,071
Net Defined Benefit Liability	(808)	(6,869)	(7,677)	(1,344)	(5,708)	(7,052)
Total expense recognized in profit and loss						
Current service cost	376	195	571	382	278	660
Past service cost	-	(315)	(315)	-	-	-
Net interest expense	32	266	298	129	244	373
Administrative expenses and taxes	140	-	140	100	-	100
Total expense recognized in profit and loss	**548**	**146**	**694**	**611**	**522**	**1,133**
Actuarial losses/(gains) recognized in statement of comprehensive income						
Effect of changes in demographic assumptions	200	102	302	837	423	1,260
Effect of changes in financial assumptions	1,966	1,052	3,018	(1,507)	(597)	(2,104)
Effect of experience adjustments	(501)	-	(501)	65	-	65
Return on plan assets	(1,694)	-	(1,694)	(1,439)	-	(1,439)
Total actuarial losses/(gains) recognized in statement of comprehensive income	**(29)**	**1,154**	**1,125**	**(2,044)**	**(174)**	**(2,218)**

Effects of changes in assumptions

	Revalued pension obligation	Revalued pension obligation	Total
Discount Rate			
Increase by 100 basis points	18,745	856	19,601
Decrease by 100 basis points	25,519	1,004	26,523
Inflation Rate			
Increase by 100 basis points	23,642	925	24,567
Decrease by 100 basis points	19,871	925	20,796

Significant Actuarial Assumptions	Defined Benefit Pension Plan	Non-Pension Benefit Plans	Defined Benefit Pension Plan	Non-Pension Benefit Plans
	December 31, 2014		December 31, 2013	
Weighted-Average actuarial assumptions used:				
Discount rate	4.00%	4.10%	4.95%	4.95%
Rate of compensation increases	3.00%	3.00%	3.00%	3.00%
Inflation Rate	2.00%	2.00%	2.00%	2.00%

Plan Assets by asset class allocation (%)	31-Dec-14	31-Dec-13
Fixed Income	33%	28%
Equities	67%	71%
Other	0%	1%
Total	100%	100%

(expressed in thousands of Canadian dollars)

9. TRANS SENIOR BONDS

The Trans Senior Bonds (the "Bonds") have a principal amount of $120,000 and are secured by a charge on the Partnership's transmission real property assets, both present and future. On behalf of the Partnership, a company related through common control, BIP, continues to maintain a letter of credit in the amount of $3,960 to cover six months of interest payments on the Bonds.

The fair market value of the Bonds as at December 31, 2014 is $144,112 based on current market prices for debt with similar terms (2013 - $139,821). Amortization of deferred financing fees for the year related to the Partnership's Bonds are included in finance costs and totalled $203 (2013 - $220).

The Bonds bear interest at the rate of 6.6% per annum. Semi-annual payments of interest only were due and payable on June and December 16 each year up until and including June 16, 2013. Equal blended semi-annual payments of principal and interest on the Bonds commenced on December 16, 2013 and will continue until and including June 16, 2023. The Bonds will not be fully amortized by their maturity date. The remaining principal balance of the Bonds will be fully due on June 16, 2023.

	Dec 31, 2014	Dec 31, 2013
Trans senior bonds	$ 116,984	$ 119,027
Less: unamortized deferred financing fees	(2,061)	(2,265)
Less: current portion	(2,180)	(2,043)
	$ 112,743	$ 114,719

As at December 31, 2014, principal repayments due in each of the next five years were as follows:

	2015	2016	2017	2018	2019
Principal repayments	$ 2,180	$ 2,327	$ 2,483	$ 2,649	$ 2,827

During the year, the Partnership identified a number of projects which were considered to be qualifying assets for purposes of capitalizing borrowing costs. For the year ended December 31, 2014, the Partnership capitalized borrowing costs of $125 (2013 - $190). The capitalization rate on funds borrowed amounted to 6.6% (2013 - 6.6%).

10. NOTE PAYABLE

During 2013, the Partnership issued a $42,000 Note payable (the "Note") bearing interest at the rate of 4.6% per annum. Quarterly interest payments are due and payable on the last day of March, June, September and December each year, until and including the date of maturity on June 16, 2023. Principal payments commenced on September 30, 2013 and are made semi-annually on the last day of March and September each year until and including September 30, 2016. The Note will not be fully amortized by its maturity date. The remaining principal balance of the Note will be fully due on June 16, 2023.

The Note is secured by i) the original partnership unit certificates in respect of all outstanding limited and general partnership units in the Partnership, and ii) all of the current and future assets of the Partnership. On behalf of the Partnership, a company related through common control, BIP,

(expressed in thousands of Canadian dollars)

10. NOTE PAYABLE (continued)

obtained a letter of credit in the amount of $1,893 to cover no less than six months of debt servicing on the Note.

The fair market value of the Note as at December 31, 2014 is $41,095 based on current market prices for debt with similar terms (2013 - $40,199). Amortization of deferred financing fees for the year related to the Partnership's Note is included in finance costs and totalled $48 (2013 - $35).

	Dec 31, 2014	Dec 31, 2013
Note payable	$ 39,387	$ 41,024
Less: unamortized deferred financing fees	(443)	(491)
Less: current portion	(1,563)	(1,638)
	$ 37,381	$ 38,895

As at December 31, 2014, principal repayments due in each of the next five years were as follows:

	2015	2016	2017	2018	2019
Principal repayments	$ 1,563	$ 1,824	$ -	$ -	$ -

11. PARTNERSHIP UNITS

The Partnership is authorized to issue an unlimited number of Class A and Class B partnership units, of which 145,984,400 Class A units and 14,600 Class B units were issued and outstanding as at December 31, 2014 (2013 – 145,984,400).

12. COMMITMENTS AND CONTINGENCIES

Letters of credit

On behalf of the Partnership, BIP continues to maintain a letter of credit totaling $3,960 to cover six months of interest payments on the Bonds. No amount has been drawn against this letter of credit.

Commitments

As at December 31, 2014 future minimum lease payments for operating leases entered into by the Partnership, as lessee, were as follows:

	2015	2016-2019	Thereafter
Minimum lease payments	$336	$1,345	$0

Contingencies

The Partnership may, from time to time, be involved in legal proceedings, claims and litigation that arises in the ordinary course of business which the Partnership believes would not reasonably be expected to have a material adverse effect on the financial condition of the Partnership.

(expressed in thousands of Canadian dollars)

12. COMMITMENTS AND CONTINGENCIES (continued)

There are no specified decommissioning costs relating to the Ontario transmission assets. The Partnership has a comprehensive repair and capital expenditure program to ensure that its transmission lines are maintained to optimum industry standards. Replacement of the assets occurs in accordance with a long term capital plan and would involve typical costs of removal as part of that process. In the circumstance where a portion of a line or other assets were removed completely, there may be some contractual obligations under private or crown easements or other land rights which require the transmission owner to reinstate the land to a certain standard, typically the shape it was prior to the construction of the transmission assets. As well, certain environmental, land use and/or utility legislation, regulations and policy may apply in which the Partnership would have to comply with remediation requirements set by the government. The requirements will typically depend on the specific property characteristics and what criteria the government determines to be appropriate to meet safety and environmental concerns. These asset lives are indeterminate given their nature. As the individual assets or components reach the end of their useful lives, they are retired and replaced. Historically, certain asset components have been replaced a number of times, thus creating a perpetual asset with an indeterminate life. As such, the retirement date for these lines cannot be reasonably estimated and therefore, the fair value of the associated liability cannot be determined at this time. As a result, no liability has been accrued in these consolidated financial statements.

13. OPERATING AND ADMINISTRATION EXPENSES

	2014	2013
Compensation expenses	$ 5,989	$ 5,655
Contract expenses	1,809	1,606
Materials	801	532
Other	562	1,065
	$ 9,161	$ 8,858

14. MAINTENANCE EXPENSES

	2014	2013
Compensation expenses	$ 393	$ 430
Contract expenses	545	736
Materials	146	146
Other	489	549
	$ 1,573	$ 1,861

(expressed in thousands of Canadian dollars)

15. FINANCE COSTS

	2014	2013
Interest expense on Note payable	$ 1,850	$ 1,390
Interest expense on Trans senior bonds	7,823	7,917
Amortization of deferred financing fees on Note payable	48	35
Amortization of deferred financing fees on Trans senior bonds	203	220
Less: capitalized interest	(125)	(190)
	$ 9,799	$ 9,372

16. DEPRECIATION AND AMORTIZATION

	2014	2013
Depreciation on property, plant and equipment	$ 8,853	$ 8,726
Amortization of intangible assets	449	558
	$ 9,302	$ 9,284

17. INCOME TAXES

The Partnership does not record income tax expenses as it is not subject to income taxation as a result of its formation as a limited partnership.

18. STATEMENT OF CASH FLOWS

Net change in non-cash working capital related to operations

	2014	2013
Trade and other receivables	$ 54	$ (419)
Prepaid expenses and other	(326)	436
Due from related parties	(53)	1,631
Trade and other payables	250	533
Due to related parties	(367)	188
Pension liability	(500)	312
	$ (942)	$ 2,681

19. CAPITAL RISK MANAGEMENT

The Partnership's primary capital management objective is to ensure the sustainability of its capital to support continuing operations, meet its financial obligations, allow for growth opportunities and provide stable distributions to its partners. The Partnership manages its capital to maintain an investment grade credit rating while prudently making use of leverage in order to provide its ultimate parent with enhanced returns. In addition, the Partnership manages its capital to ensure access to incremental borrowings needed to fund new growth initiatives.

The Partnership manages its capital structure in accordance with changes in economic conditions. Generally, capital expenditures are funded with external borrowings. In order to adjust the capital

(expressed in thousands of Canadian dollars)

19. CAPITAL RISK MANAGEMENT (continued)

structure, the Partnership may elect to adjust the distribution amount paid to its partners, increase or reduce the equity participation in new and existing operations, adjust the level of capital spending or issue new partnership units.

The Partnership manages its capital in order to maintain a debt to capitalization ratio below 75%. As at December 31, 2014, the ratio was 70% (2013 – 70%). The table below presents the detail of the Partnership's capitalization and the calculation of the ratio:

	Dec 31, 2014	Dec 31, 2013
Note payable	$ 39,387	$ 41,024
Trans senior bonds	116,984	119,027
	156,371	160,051
Partners' equity	67,120	69,819
Total capitalization	$ 223,491	$ 229,870
Debt to capitalization	70%	70%

There has been no change in the Partnership's approach to managing capital in the year.

20. FINANCIAL INSTRUMENTS

Fair value measurement

The Partnership defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Partnership classifies its financial assets and liabilities as outlined below:

		December 31, 2014		December 31, 2013	
	Class	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets					
Cash	LAR	$ 5,215	$ 5,215	$ 5,595	$ 5,595
Trade and other receivables	LAR	3,422	3,422	3,476	3,467
Financial liabilities					
Trade and other payables	OL	3,223	3,223	2,973	2,973
Note payable	OL	38,944	41,095	40,533	40,199
Trans senior bonds	OL	114,923	144,112	116,762	139,821

Classification details:
FVTPL – fair value through profit or loss
LAR – loans and receivables
OL – other liabilities

20. FINANCIAL INSTRUMENTS (continued)

The statements of financial position carrying amounts for cash, trade and other receivables, prepaid expenses and other assets, trade and other payables, and due to and from related parties approximate fair value due to their short-term nature. Due to the use of subjective judgments and uncertainties in the determination of fair values, these values should not be interpreted as being realizable in an immediate settlement of the financial instruments.

Fair value hierarchy

The following provides a description of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

(a) Level 1 fair value measurements are those derived from quoted market prices (unadjusted) in active markets for identical assets or liabilities;
(b) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
(c) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

No financial instruments have been ranked level 2 or 3, except for the Bonds which are ranked as level 2.

There were no transfers between Level 1, 2 and 3 during the reporting periods. The fair values of financial assets and liabilities carried at amortized cost are approximated by their carrying values, except for the Bonds whose fair market value is presented in note 9.

Financial risk management

The Partnership has exposure to the following risks from its use of financial instruments: market risk, credit risk and liquidity risk.

The Partnership's management has overall responsibility for the establishment and oversight of the Partnership's risk management framework. Risk management policies are established to identify and analyze the risks faced by the Partnership, to set appropriate risk limits and controls and to monitor risks and ensure adherence to these limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Partnership's activities. The Partnership, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations. The objectives, policies and processes for managing risk were consistent with those in the prior year.

Market Risk

Market risk is the risk that changes in market prices (interest rates) will affect the Partnership's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(expressed in thousands of Canadian dollars)

20. FINANCIAL INSTRUMENTS (continued)

The Partnership's Bonds are subject to a fixed interest rate of 6.6% per annum, payable semi-annually on June 16 and December 16. As a result of having fixed rate debt, fluctuations in market interest rates are not expected to materially affect the Partnership's cash flows.

Credit Risk

Credit risk is the risk of financial loss to the Partnership if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Partnership's receivables from counterparties. The carrying amount of financial assets represents the maximum credit exposure.

The Partnership actively manages its exposure to credit risk by assessing the ability of counterparties to fulfill their obligations under the related contracts prior to entering into such contracts, and continually monitors these exposures.

The majority of trade receivable transactions entered by the Partnership are with the Independent Electricity System Operator ("IESO"). The IESO operates the provincial transmission system, and is a reliable counterparty. The quality of the Partnership's counterparties mitigates the Partnership's exposure to credit risk.

The Partnership's maximum exposure to credit risk as at December 31 is as follows:

	December 31, 2014	December 31, 2013
Trade and other receivables	$ 3,422	$ 3,476

The Partnership is also exposed to credit risk on cash. Credit risk is mitigated by ensuring the majority of the financial assets are placed with a major Canadian financial institution with strong investment-grade ratings by a primary ratings agency. The credit risk of cash has been assessed as low.

Liquidity Risk

Liquidity risk is the risk that the Partnership will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Partnership manages liquidity risk by forecasting cash flows required by operations and anticipating investing and financing activities to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Partnership's reputation.

The table below analyzes the Partnership's financial liabilities into relevant maturity groupings based on the remaining period at the date of the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows:

(expressed in thousands of Canadian dollars)

20. FINANCIAL INSTRUMENTS (continued)

		Contractual Maturities				
	Carrying Amount	Less Than 1 Year	1-2 Years	3-5 Years	More Than 5 Years	Total
Trade and other payables	$ 3,223	$ 3,223	$ -	$ -	$ -	$ 3,223
Note payable	40,533	3,338	3,523	4,968	41,732	53,561
Trans senior bonds	114,923	3,866	9,866	29,598	127,574	176,904
	$158,679	$10,427	$13,389	$34,566	$169,306	$233,688

At year end, the Partnership's relatively stable operating cash flows provide sufficient liquidity to fund these contractual obligations.

21. RELATED PARTY TRANSACTIONS AND BALANCES

Through the normal course of business, the Partnership enters into transactions with parties that meet the definition of a related party. Throughout the year ended December 31, 2014 the Partnership entered into the following transactions with entities considered to be related:

(a) In the normal course of operations, Riskcorp Inc., an insurance broker related through common control, entered into transactions with the Partnership to provide insurance. The total cost allocated to the Partnership in 2014 was $373 (2013 - $319) and no amount remains outstanding at year end.

(b) The Partnership has provided services to and received services from entities under common control in the normal course of operations. The balances payable and receivable for these services are non-interest bearing and unsecured. The balances payable to and receivable from related parties will come due during the following year.

Office Complex

The office complex in which the Partnership conducts its operations is owned by GLPL, and leased by the Partnership. Lease payments are made to GLPL on a monthly basis, with the annual lease cost for 2014 equal to $334 (2013 - $331).

Communication Equipment

The Partnership uses various types of communication assets including Supervisory Control and Data Acquisition ("SCADA") equipment, and a fiber optic network. The communication equipment is owned by GLPL and is licensed by the Partnership. License fee payments are made to GLPL on a quarterly basis, with the annual lease cost for 2014 equal to $166 (2013 – $377). Effective Q3 2013, the Partnership owns and operates a stand-alone SCADA system.

(expressed in thousands of Canadian dollars)

21. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

The Partnership owns Radio Systems Assets and issues licenses for the use of these assets to GLPL. License fee payments are received from GLPL on a quarterly basis, with the annual lease payments for 2014 equal to $37 (2013 - $35).

Pole Rental

The Partnership owns transmission poles and receives license fee payments in accordance with a Licensed Attachment Agreement between the Partnership and GLPL. This agreement allows GLPL to affix and maintain its apparatus and equipment to the transmission poles owned by the Partnership. Payments are received by the Partnership annually. Total payments received by the Partnership in 2014 are equal to $33 (2013 - $33).

Road Maintenance

The Partnership shares a remote roadway in the northern portion of its service territory with GLPL. The roadway is used for access to various generating stations and transmission stations. The road maintenance costs are shared between the Partnership and GLPL, with GLPL incurring the initial cost and passing a predetermined portion on to the Partnership. Payments for this road maintenance are made to GLPL as the costs are incurred by GLPL, with the total portion borne by the Partnership in 2014 being equal to $136 (2013 - $92).

Corporate Costs

In accordance with the Services Agreement between BIH and the Partnership in effect January 1, 2012 until January 1, 2017, the Partnership records a corporate cost allocation for services received. The Partnership may request such services as but not limited to information technology management, human resource administration, and financial administration. The total corporate cost allocation recorded as an expense in 2014 was $400 (2013 - $400).

(c) As a result, the following balances are receivable (payable) as at:

	Dec 31, 2014	Dec 31, 2013
Due from related parties		
Services provided to entities under common control	$ 89	$ 36
Due to related parties		
Services received from entities under common control	$ 218	$ 585

(expressed in thousands of Canadian dollars)

21. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(d) Transactions with key management personnel

A summary of key management and director compensation for the year ended December 31 is as follows:

	2014	2013
Salaries, management bonus and fees	$ 881	$ 808
Other benefits	129	245
Director fees	15	15
	$ 1,025	$ 1,068

SCHEDULE 1.1.116
UNAUDITED FINANCIAL STATEMENTS

Attached.

Condensed Financial Statements

GREAT LAKES POWER TRANSMISSION HOLDINGS LIMITED PARTNERSHIP
September 30, 2015

(UNAUDITED)

Great Lakes Power Transmission Holdings Limited Partnership

Condensed Consolidated Statement of Financial Position (unaudited)

Expressed in thousands of Canadian dollars

	Note	September 30, 2015	December 31, 2014
Assets			
Current Assets			
Cash		$ **6,244**	$ 5,215
Trade and other receivables		**3,556**	3,422
Due from related parties		**21**	89
Prepaid expenses and other		**644**	696
		10,465	9,422
Property, plant and equipment, net	4	**219,443**	219,941
Intangible assets, net	5	**2,697**	2,742
		$ **232,605**	$ 232,105
Liabilities			
Current liabilities			
Trade and other payables	6	$ **5,040**	$ 3,223
Due to related parties		**197**	218
Current portion of Note payable	7	**1,824**	1,563
Current portion of Trans senior bonds	8	**2,252**	2,180
		9,313	7,184
Pension liability		**7,543**	7,677
Note payable	7	**35,593**	37,381
Trans senior bonds	8	**111,757**	112,743
		164,206	164,985
Partners' equity		**68,399**	67,120
		$ **232,605**	$ 232,105

The accompanying notes are an integral part of these financial statements

Great Lakes Power Transmission Holdings Limited Partnership

Condensed Consolidated Statement of Changes in Partners' Equity (unaudited)

Expressed in thousands of Canadian dollars

	Capital	Accumulated other comprehensive income (loss)	Retained earnings (deficit)	Total partners' equity	Non-controlling interest	Total equity
Balance at January 1, 2015	**$ 112,405**	**$ (2,423)**	**$ (42,873)**	**$ 67,109**	**$ 11**	**$ 67,120**
Net income	-	-	5,167	5,167	-	5,167
Distributions paid	-	-	(6,100)	(6,100)	-	(6,100)
Balance at June 30, 2015	112,405	(2,423)	(43,806)	66,176	11	66,187
Net income	-	-	3,612	3,612	-	3,612
Distributions paid	-	-	(1,400)	(1,400)	-	(1,400)
Balance at September 30, 2015	**$ 112,405**	**$ (2,423)**	**$ (41,594)**	**$ 68,388**	**$ 11**	**$ 68,399**

	Capital	Accumulated other comprehensive income (loss)	Retained earnings (deficit)	Total partners' equity	Non-controlling interest	Total equity
Balance at January 1, 2014	$ 112,405	$ (1,298)	$ (41,299)	$ 69,808	$ 11	$ 69,819
Net income	-	-	4,853	4,853	-	4,853
Distributions paid	-	-	(6,000)	(6,000)	-	(6,000)
Other comprehensive loss	-	(1,803)	-	(1,803)	-	(1,803)
Balance at June 30, 2014	112,405	(3,101)	(42,446)	66,858	11	66,869
Net income	-	-	2,997	2,997	-	2,997
Distributions paid	-	-	(4,000)	(4,000)	-	(4,000)
Other comprehensive loss	-	-	-	-	-	-
Balance at September 30, 2014	$ 112,405	$ (3,101)	$ (43,449)	$ 65,855	$ 11	$ 65,866

	Capital	Accumulated other comprehensive income (loss)	Retained earnings (deficit)	Total partners' equity	Non-controlling interest	Total equity
Balance at January 1, 2014	$ 112,405	$ (1,298)	$ (41,299)	$ 69,808	$ 11	$ 69,819
Net income	-	-	9,726	9,726	-	9,726
Distributions paid	-	-	(11,300)	(11,300)	-	(11,300)
Other comprehensive loss	-	(1,125)	-	(1,125)	-	(1,125)
Balance at December 31, 2014	$ 112,405	$ (2,423)	$ (42,873)	$ 67,109	$ 11	$ 67,120

The accompanying notes are an integral part of these financial statements

Great Lakes Power Transmission Holdings Limited Partnership

Condensed Consolidated Statement of Comprehensive Income (unaudited)

Expressed in thousands of Canadian dollars

	Note	Three months ended September 30, 2015	Three months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Revenues		$ **10,996**	$ 10,433	$ **30,741**	$ 30,151
Operating expenses					
Operating and administration		**2,169**	2,127	**6,704**	6,607
Depreciation and amortization		**2,417**	2,332	**7,215**	6,965
Maintenance		**470**	542	**882**	1,280
Taxes, other than income taxes		**29**	26	**82**	80
		5,085	5,027	**14,883**	14,932
Net operating income		**5,911**	5,406	**15,858**	15,219
Finance income		**(9)**	(13)	**(36)**	(48)
Finance costs		**2,339**	2,435	**7,195**	7,399
Loss (gain) on disposal of property, plant and equipment	*4*	**(29)**	(13)	**(41)**	30
Other income		**(2)**	-	**(39)**	(12)
Income for the period		**3,612**	2,997	**8,779**	7,850
Other comprehensive loss					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of pension liability		**-**	-	**-**	(1,803)
Total comprehensive income		$ **3,612**	$ 2,997	$ **8,779**	$ 6,047

The accompanying notes are an integral part of these financial statements

Great Lakes Power Transmission Holdings Limited Partnership

Condensed Consolidated Statement of Cash Flows (unaudited)

Expressed in thousands of Canadian dollars

	Note	Three months ended September 30, 2015	Three months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Operating Activities					
Net income		$ **3,612**	$ 2,997	$ **8,779**	$ 7,850
Items not affecting cash;					
Depreciation and amortization		**2,417**	2,332	**7,215**	6,965
Finance costs		**2,339**	2,435	**7,195**	7,399
Loss (gain) on disposal of property, plant & equipment	4	**(29)**	(13)	**(41)**	30
Net change in non-cash working capital and other		**301**	81	**(153)**	(1,404)
Operating cash flows before interest		**8,640**	7,832	**22,995**	20,840
Cash interest paid		**(444)**	(462)	**(5,201)**	(5,325)
		8,196	7,370	**17,794**	15,515
Investing activities					
Proceeds on disposition of property, plant and equipment	4	**29**	13	**42**	18
Additions to property, plant and equipment and intangible assets		**(3,331)**	(1,328)	**(6,673)**	(2,778)
		(3,302)	(1,315)	**(6,631)**	(2,760)
Financing activities					
Principal repayments on Trans senior bonds	8	**-**	-	**(1,072)**	(1,005)
Principal repayments on Note payable	7	**(764)**	(829)	**(1,562)**	(1,638)
Distributions paid		**(1,400)**	(4,000)	**(7,500)**	(10,000)
		(2,164)	(4,829)	**(10,134)**	(12,643)
Increase in cash		**2,730**	1,226	**1,029**	112
Cash, beginning balance		**3,514**	4,481	**5,215**	5,595
Cash, ending balance		$ **6,244**	$ 5,707	$ **6,244**	$ 5,707

The accompanying notes are an integral part of these financial statements

1. GENERAL INFORMATION

Great Lakes Power Transmission Holdings Limited Partnership (the "Partnership") was formed on February 1, 2013 with its registered office at 181 Bay Street, Suite 300, Toronto, Ontario, Canada, M5J 2T3. The Partnership is the sole Limited Partner of, holding a 99.99% interest in, Great Lakes Power Transmission Limited Partnership ("GLPT"), a limited partnership engaged in the transmission of electricity to the area adjacent to Sault Ste. Marie, Canada and subject to the regulations of the Ontario Energy Board ("OEB").

Great Lakes Power Transmission Holdings II LP is the Limited Partner and holds a 99.99% interest in the Partnership. Great Lakes Power Transmission Holdings Inc., the General Partner, holds a 0.01% limited interest in the Partnership and is responsible for management of the Partnership. Both the General and Limited Partners are wholly owned subsidiaries of BIH, the ultimate parent company and controlling party of the group.

2. BASIS OF PRESENTATION

Statement of compliance

These condensed consolidated financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* under International Financial Reporting Standards ("IFRS"). Accounting policies are consistently applied to all periods presented, unless otherwise stated.

Basis of measurement

The condensed consolidated financial statements have been prepared on a going concern assumption using the historical cost basis except where otherwise noted. Historical cost is generally based on the fair value of the consideration given in exchange for assets or settlement of liabilities as at the date the transaction occurs.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The same accounting policies, presentation and methods of computation have been followed in these condensed consolidated financial statements as were applied in the preparation of the Partnership's consolidated financial statements for the year ended December 31, 2014.

(unaudited - expressed in thousands of Canadian dollars)

4. PROPERTY, PLANT AND EQUIPMENT, NET

	Land	Equipment and other assets	Transmission assets	Work-in-progress	Total
Cost					
Balance, December 31, 2013	$ 236	$ 9,460	$ 230,145	$ 1,941	$ 241,782
Additions	-	-	-	4,044	4,044
Transfers	-	540	3,726	(4,266)	-
Disposals	-	(6)	(322)	(102)	(547)
Balance, December 31, 2014	$ 236	$ 9,994	$ 233,549	$ 1,617	$ 245,396
Additions	-	-	-	6,419	6,419
Transfers	-	305	-	(305)	-
Disposals	-	(143)	(3)	-	(146)
Balance, September 30, 2015	$ 236	$ 10,156	$ 233,546	$ 7,731	$ 251,669
Accumulated Depreciation					
Balance, December 31, 2013	$ -	$ 1,414	$ 15,283	$ -	$ 16,697
Additions	-	920	7,933	-	8,853
Disposals	-	(6)	(89)	-	(95)
Balance, December 30, 2014	$ -	$ 2,328	$ 23,127	$ -	$ 25,455
Additions	-	724	6,192	-	6,916
Disposals	-	(142)	(3)	-	(145)
Balance, September 30, 2015	$ -	$ 2,910	$ 29,316	$ -	$ 32,226
Carrying amounts					
Balance, December 31, 2014	$ 236	$ 7,666	$ 210,422	$ 1,617	$ 219,941
Balance, September 30, 2015	$ 236	$ 7,246	$ 204,230	$ 7,731	$ 219,443

During the period, the Partnership disposed of assets with a total net book value of $1 (2014 - $48) for net proceeds of $42 (2014 - $18). A resultant gain on disposal of property, plant and equipment of $41 (compared to a loss of $30 over the same period in 2014) was recorded to the Consolidated Condensed Statement of Comprehensive Income.

(unaudited - expressed in thousands of Canadian dollars)

5. INTANGIBLE ASSETS, NET

	Land rights	Computer software	Work-in-progress	Total
Cost				
Balance, December 31, 2013	$ 1,102	$ 2,839	$ 271	$ 4,212
Additions	-	-	139	139
Transfers	-	46	(46)	-
Disposals	-	-	(110)	(110)
Balance, December 31, 2014	1,102	2,885	254	4,241
Additions	-	-	254	254
Transfers	-	24	(24)	-
Disposals	-	(3)	-	(3)
Balance, September 30, 2015	$ 1,102	$ 2,906	$484	$4,492
Accumulated Depreciation				
Balance, December 31, 2013	$ -	$ 1,050	$ -	$ 1,050
Additions	-	449	-	449
Disposals	-	-	-	-
Balance, December 31, 2014	-	1,499	-	1,499
Additions	-	299	-	299
Disposals	-	(3)	-	(3)
Balance, September 30, 2015	$ -	$ 1,795	$ -	$ 1,795
Carrying amounts				
Balance, December 31, 2014	$ 1,102	$ 1,386	$ 254	$ 2,742
Balance, September 30, 2015	$ 1,102	$ 1,111	$ 484	$ 2,697

During the period, the Partnership disposed of intangible assets with a total net book value of $nil (2014 - $nil) for net proceeds of $nil (2014 - $nil).

6. TRADE AND OTHER PAYABLES

	Sep 30, 2015	Dec 31, 2014
Trade payables and accruals	$ 1,328	$ 955
Payroll liabilities	378	527
Accrued interest	2,234	322
Connection deposits	660	1,076
Other payables	440	343
	$ 5,040	$ 3,223

(unaudited - expressed in thousands of Canadian dollars)

7. NOTE PAYABLE

During the first nine months of 2015, the Partnership made scheduled payments on the Note payable in the amount of $2,903, with $1,563 representing the principal portion.

	Sep 30, 2015	Dec 31, 2014
Note Payable	$ 37,824	$ 39,386
Less: unamortized deferred financing fees	(407)	(442)
Less: current portion	(1,824)	(1,563)
	$ 35,593	$ 37,381

8. TRANS SENIOR BONDS

During the second quarter of 2015, the Partnership made a scheduled payment on the Trans senior bonds in the amount of $4,933, with $1,072 representing the principal portion.

	Sep 30, 2015	Dec 31, 2014
Trans senior bonds	$ 115,911	$ 116,984
Less: unamortized deferred financing fees	(1,902)	(2,061)
Less: current portion	(2,252)	(2,180)
	$ 111,757	$ 112,743

9. RELATED PARTY TRANSACTIONS AND BALANCES

Through the normal course of business, the Partnership enters into transactions with parties that meet the definition of a related party. Throughout the nine months ended September 30, 2015 the Partnership entered into the following transactions with entities considered to be related:

(a) In the normal course of operations, Riskcorp Inc., an insurance broker related through common control, entered into transactions with the Partnership to provide insurance. The total cost allocated to the Partnership in the first nine months of 2015 was $253 (2014 - $285) and no amount remains outstanding at quarter-end.

(b) The Partnership has provided services to and received services from entities under common control in the normal course of operations. The balances payable and receivable for these services are non-interest bearing and unsecured. The balances payable to and receivable from related parties will come due during the following year.

Office Complex

The office complex in which the Partnership conducts its operations is owned by Great Lakes Power Limited ("GLPL"), and leased by the Partnership. Lease payments are made to GLPL on a monthly basis, with the lease cost for the first nine months of 2015 equal to $256 (2014 - $250).

9. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Communication Equipment

The Partnership uses various types of communication assets including Supervisory Control and Data Acquisition ("SCADA") equipment and a fiber optic network. The communication equipment is owned by GLPL and is licensed by the Partnership. License fee payments are made to GLPL on a quarterly basis, with the lease cost for the first nine months of 2015 equal to $125 (2014 – $125).

The Partnership owns Radio Systems Assets and issues licenses for the use of these assets to GLPL. License fee payments are received from GLPL on a quarterly basis, with payments during the first nine months of 2015 equal to $30 (2014 - $28).

Road Maintenance

The Partnership shares a remote roadway in the northern portion of its service territory with GLPL. The roadway is used for access to various generating stations and transmission stations. The road maintenance costs are shared between the Partnership and GLPL, with GLPL incurring the initial cost and passing a predetermined portion on to the Partnership. Payments for this road maintenance are made to GLPL as the costs are incurred by GLPL, with the total portion borne by the Partnership in the first nine months of 2015 being equal to $103 (2014 - $85).

Corporate Costs

In accordance with the Services Agreement between BIH and the Partnership in effect January 1, 2012 until January 1, 2017, the Partnership records a corporate cost allocation for services received. The Partnership may request such services as but not limited to information technology management, human resource administration, and financial administration. The total corporate cost allocation recorded as an expense the first nine months of 2015 was $309 (2014 - $300).

10. APPROVAL OF INTERIM FINANCIAL STATEMENTS

The interim consolidated condensed financial statements were approved by those charged with governance of the Partnership on November 20, 2015.

Condensed Financial Statements

GREAT LAKES POWER TRANSMISSION HOLDINGS LIMITED PARTNERSHIP

September 30, 2014

(UNAUDITED)

Great Lakes Power Transmission Holdings Limited Partnership

Condensed Consolidated Statement of Financial Position (unaudited)

Expressed in thousands of Canadian dollars

	Note		September 30, 2014		December 31, 2013
Assets					
Current Assets					
Cash		$	5,707	$	5,595
Trade and other receivables			3,323		3,476
Due from related parties			78		36
Prepaid expenses and other			559		370
			9,667		9,477
Property, plant and equipment, net	*4*		221,026		225,085
Intangible assets, net	*5*		2,987		3,162
		$	233,680	$	237,724
Liabilities					
Current liabilities					
Trade and other payables	*6*	$	4,363	$	2,973
Due to related parties			181		585
Current portion of Note payable	*7*		1,563		1,638
Current portion of Trans senior bonds	*8*		2,111		2,043
			8,218		7,239
Pension liability			8,428		7,052
Note payable	*7*		37,369		38,895
Trans senior bonds	*8*		113,799		114,719
			167,814		167,905
Partners' equity			65,866		69,819
		$	233,680	$	237,724

The accompanying notes are an integral part of these financial statements

Great Lakes Power Transmission Holdings Limited Partnership

Condensed Consolidated Statement of Changes in Partners' Equity (unaudited)

Expressed in thousands of Canadian dollars

	Capital	Accumulated other comprehensive income (loss)	Retained earnings (deficit)	Total partners' equity	Non-controlling interest	Total equity
Balance at January 1, 2014	$ 112,405	$ (1,298)	$ (41,299)	$ 69,808	$ 11	$ 69,819
Net income	-	-	4,853	4,853	-	4,853
Distributions paid	-	-	(6,000)	(6,000)	-	(6,000)
Other comprehensive loss	-	(1,803)	-	(1,803)	-	(1,803)
Balance at June 30, 2014	$ 112,405	$ (3,101)	$ (42,446)	$ 66,858	$ 11	$ 66,869
Net income		-	2,997	2,997	-	2,997
Distributions paid		-	(4,000)	(4,000)	-	(4,000)
Balance at September 30, 2014	$ 112,405	$ (3,101)	$ (43,449)	$ 65,855	$ 11	$ 65,866

	Capital	Accumulated other comprehensive income (loss)	Retained earnings (deficit)	Total partners' equity	Non-controlling interest	Total equity
Balance at January 1, 2013	$ 112,405	$ (3,516)	$ 977	$ 109,866	$ 11	$ 109,877
Net income	-	-	5,522	5,522	-	5,522
Distributions paid	-	-	(46,028)	(46,028)	-	(46,028)
Balance at June 30, 2013	$ 112,405	$ (3,516)	$ (39,529)	$ 69,360	$ 11	$ 69,371
Net income			3,025	3,025		3,025
Distributions paid			(3,000)	(3,000)		(3,000)
Balance at September 30, 2013	$ 112,405	$ (3,516)	$ (39,504)	$ 69,385	$ 11	$ 69,396
Net income	-	-	1,205	1,205	-	1,205
Distributions paid	-	-	(3,000)	(3,000)	-	(3,000)
Other comprehensive income	-	2,218	-	2,218	-	2,218
Balance at December 31, 2013	$ 112,405	$ (1,298)	$ (41,299)	$ 69,808	$ 11	$ 69,819

The accompanying notes are an integral part of these financial statements

Great Lakes Power Transmission Holdings Limited Partnership

Condensed Consolidated Statement of Income and Other Comprehensive Loss (unaudited)

Expressed in thousands of Canadian dollars

		Three months ended September 30,		Nine months ended September 30,	
	Note	2014	2013	2014	2013
Revenues		$ 10,433	$ 10,850	$ 30,151	$ 30,045
Operating expenses					
Operating and administration		2,127	2,121	6,607	6,079
Depreciation and amortization	4,5	2,332	2,308	6,965	6,907
Maintenance		542	616	1,280	1,266
Taxes, other than income taxes		26	27	80	80
		5,027	5,072	14,932	14,332
Net operating income		5,406	5,778	15,219	15,713
Finance income		(13)	(13)	(48)	(28)
Finance costs		2,435	2,499	7,399	6,927
Loss (gain) on disposal of property, plant and equipment	4	(13)	267	30	267
Other income		-	-	(12)	-
Income for the period		2,997	3,025	7,850	8,547
Other comprehensive loss					
Remeasurement of pension liability		-	-	(1,803)	-
Total comprehensive income		$ 2,997	$ 3,025	$ 6,047	$ 8,547

The accompanying notes are an integral part of these financial statements

Great Lakes Power Transmission Holdings Limited Partnership

Condensed Consolidated Statement of Cash Flows (unaudited)

Expressed in thousands of Canadian dollars

	Note	Three months ended September 30, 2014	Three months ended September 30, 2013	Nine months ended September 30, 2014	Nine months ended September 30, 2013
Operating Activities					
Net income		$ 2,997	$ 3,025	$ 7,850	$ 8,547
Items not affecting cash:					
Depreciation and amortization	4,5	2,332	2,308	6,965	6,907
Finance costs		2,435	2,499	7,399	6,927
Loss (gain) on disposal of property, plant & equipment	4,5	(13)	267	30	267
Net change in non-cash working capital and other		81	1,109	(1,404)	2,128
Operating cash flows before interest		7,832	9,208	20,840	24,776
Cash interest paid		(462)	(483)	(5,325)	(4,878)
		7,370	8,725	15,515	19,898
Investing activities					
Proceeds on disposition of property, plant and equipment	4,5	13	-	18	-
Additions to property, plant and equipment and intangible assets	4,5	(1,328)	(1,881)	(2,778)	(3,594)
		(1,315)	(1,881)	(2,760)	(3,594)
Financing activities					
Principal repayments on Trans senior bonds	8	-	-	(1,005)	-
Principal repayments on Note payable	7	(829)	(976)	(1,638)	(976)
Proceeds from issuance of Note payable		-	-	-	41,474
Distributions paid		(4,000)	(3,000)	(10,000)	(49,028)
		(4,829)	(3,976)	(12,643)	(8,530)
Increase in cash		1,226	2,868	112	7,774
Cash, beginning balance		4,481	5,088	5,595	182
Cash, ending balance		$ 5,707	$ 7,956	$ 5,707	$ 7,956

The accompanying notes are an integral part of these financial statements

1. GENERAL INFORMATION

Great Lakes Power Transmission Holdings Limited Partnership (the "Partnership") was formed on February 1, 2013 with its registered office at 181 Bay Street, Suite 300, Toronto, Ontario, Canada, M5J 2T3. The Partnership is the sole Limited Partner of, holding a 99.99% interest in, Great Lakes Power Transmission Limited Partnership ("GLPT"), a limited partnership engaged in the transmission of electricity to the area adjacent to Sault Ste. Marie, Canada and subject to the regulations of the Ontario Energy Board ("OEB").

Great Lakes Power Transmission Holdings II LP is the Limited Partner and holds a 99.99% interest in the Partnership. Great Lakes Power Transmission Holdings Inc., the General Partner, holds a 0.01% limited interest in the Partnership and is responsible for management of the Partnership. Both the General and Limited Partners are wholly owned subsidiaries of BIH, the ultimate parent company and controlling party of the group.

2. BASIS OF PRESENTATION

Statement of compliance

These condensed consolidated financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board. Accounting policies are consistently applied to all periods presented, unless otherwise stated.

Basis of measurement

The condensed consolidated financial statements have been prepared on a going concern assumption using the historical cost basis except where otherwise noted. Historical cost is generally based on the fair value of the consideration given in exchange for assets or settlement of liabilities as at the date the transaction occurs.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The same accounting policies, presentation and methods of computation have been followed in these condensed consolidated financial statements as were applied in the preparation of the Partnership's consolidated financial statements for the year ended December 31, 2013.

(unaudited - expressed in thousands of Canadian dollars)

4. PROPERTY, PLANT AND EQUIPMENT, NET

	Land	Equipment and other assets	Transmission assets	Work-in-progress	Total
Cost					
Balance, December 31, 2012	$ 236	$ 8,111	$ 227,584	$ 2,327	$ 238,258
Additions	-	-	-	4,071	4,071
Transfers	-	1,354	3,103	(4,457)	-
Disposals	-	(5)	(542)	-	(547)
Balance, December 31, 2013	$ 236	$ 9,460	$ 230,145	$ 1,941	$ 241,782
Additions	-	-	-	2,619	2,619
Transfers	-	287	367	(654)	-
Disposals	-	-	(58)	-	(58)
Balance, June 30, 2014	$ 236	$ 9,747	$ 230,454	$ 3,906	$ 244,343
Accumulated Depreciation					
Balance, December 31, 2012	$ -	$ 587	$ 7,462	$ -	$ 8,049
Additions	-	832	7,894	-	8,726
Disposals	-	(5)	(73)	-	(78)
Balance, December 31, 2013	$ -	$ 1,414	$ 15,283	$ -	$ 16,697
Additions	-	684	5,946	-	6,630
Disposals	-	-	(10)	-	(10)
Balance, June 30, 2014	$ -	$ 2,098	$ 21,219	$ -	$ 23,317
Carrying amounts					
Balance, December 31, 2013	$ 236	$ 8,046	$ 214,862	$ 1,941	$ 225,085
Balance, September 30, 2014	$ 236	$ 7,649	$ 209,235	$ 3,906	$ 221,026

During the period, the Partnership disposed of assets with a total net book value of $48 (2013 - $267) for net proceeds of $18 (2013 - $-). A resultant loss on disposal of property, plant and equipment of $30 (2013 - $267) was recorded to the statement of income and other comprehensive loss.

(unaudited - expressed in thousands of Canadian dollars)

5. INTANGIBLE ASSETS, NET

	Land rights	Computer software	Work-in-progress	Total
Cost				
Balance, December 31, 2012	$ 1,102	$ 2,842	$ 256	$ 4,200
Additions	-	-	15	15
Disposals	-	(3)	-	(3)
Balance, December 31, 2013	1,102	2,839	271	4,212
Additions	-	-	160	160
Transfers	-	3	(3)	-
Disposals	-	-	-	-
Balance, March 31, 2014	$ 1,102	$ 2,842	$ 428	$ 4,372
Accumulated Depreciation				
Balance, December 31, 2012	$ -	$ 493	$ -	$ 493
Additions	-	558	-	558
Disposals	-	(1)	-	(1)
Balance, December 31, 2013	-	1,050	-	1,050
Additions	-	335	-	335
Disposals	-	-	-	-
Balance, March 31, 2014	$ -	$ 1,385	$ -	$ 1,385
Carrying amounts				
Balance, December 31, 2013	$ 1,102	$ 1,789	$ 271	$ 3,162
Balance, September 30, 2014	$ 1,102	$ 1,457	$ 428	$ 2,987

During the period, the Partnership did not dispose of any intangible assets (2013 - $nil).

6. TRADE AND OTHER PAYABLES

	Sep 30, 2014	Dec 31, 2013
Trade payables and accruals	$ 262	$ 862
Payroll liabilities	439	633
Accrued interest	2,269	322
Connection deposits	1,038	838
Other payables	355	318
	$ 4,363	$ 2,973

(unaudited - expressed in thousands of Canadian dollars)

7. NOTE PAYABLE

During the period, the Partnership made scheduled payments on the Note payable in the amount of $3,034, with $1,637 representing the principal portion.

	Sep 30, 2014	Dec 31, 2013
Note Payable	$ 39,387	$ 41,024
Less: unamortized deferred financing fees	(455)	(491)
Less: current portion	(1,563)	(1,638)
	$ 37,369	$ 38,895

8. TRANS SENIOR BONDS

During the second quarter of 2014, the Partnership made a scheduled payment on the Trans senior bonds in the amount of $4,933, with $1,005 representing the principal portion.

	Sep 30, 2014	Dec 31, 2013
Trans senior bonds	$ 118,022	$ 119,027
Less: unamortized deferred financing fees	(2,112)	(2,265)
Less: current portion	(2,111)	(2,043)
	$ 113,799	$ 114,719

9. RELATED PARTY TRANSACTIONS AND BALANCES

Through the normal course of business, the Partnership enters into transactions with parties that meet the definition of a related party. Throughout the nine months ended September 30, 2014 the Partnership entered into the following transactions with entities considered to be related:

(a) In the normal course of operations, Riskcorp Inc., an insurance broker related through common control, entered into transactions with the Partnership to provide insurance. The total cost allocated to the Partnership in the first nine months of 2014 was $285 (2013 - $258) and no amount remains outstanding at quarter-end.

(b) The Partnership has provided services to and received services from entities under common control in the normal course of operations. The balances payable and receivable for these services are non-interest bearing and unsecured. The balances payable to and receivable from related parties will come due during the following year.

Office Complex

The office complex in which the Partnership conducts its operations is owned by Great Lakes Power Limited ("GLPL"), and leased by the Partnership. Lease payments are made to GLPL on a monthly basis, with the lease cost for the first nine months of 2014 equal to $250 (2013 - $248).

9. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Communication Equipment

The Partnership uses various types of communication assets including Supervisory Control and Data Acquisition ("SCADA") equipment, and a fiber optic network. The communication equipment is owned by GLPL and is licensed by the Partnership. License fee payments are made to GLPL on a quarterly basis, with the lease cost for the first nine months of 2014 equal to $125 (2013 – $265). Effective Q3 2013, the Partnership owns and operates a stand-alone SCADA system, therefore 2014 fees only include the fiber optic network usage.

The Partnership owns Radio Systems Assets and issues licenses for the use of these assets to GLPL. License fee payments are received from GLPL on a quarterly basis, with payments during the first nine months of 2014 equal to $28 (2013 - $26).

Road Maintenance

The Partnership shares a remote roadway in the northern portion of its service territory with GLPL. The roadway is used for access to various generating stations and transmission stations. The road maintenance costs are shared between the Partnership and GLPL, with GLPL incurring the initial cost and passing a predetermined portion on to the Partnership. Payments for this road maintenance are made to GLPL as the costs are incurred by GLPL, with the total portion borne by the Partnership in the first nine months of 2014 being equal to $85 (2013 - $65).

Corporate Costs

In accordance with the Services Agreement between BIH and the Partnership in effect January 1, 2012 until January 1, 2017, the Partnership records a corporate cost allocation for services received. The Partnership may request such services as but not limited to information technology management, human resource administration, and financial administration. The total corporate cost allocation recorded as an expense the first nine months of 2014 was $300 (2013 - $300).

10. APPROVAL OF INTERIM FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved by those charged with governance of the Partnership on November 21, 2014.

SCHEDULE 5.6
NO CONTRAVENTION

1. Pursuant to Section 11(r) of the Note Purchase Agreement, it constitutes an Event of Default on the part of GLPT Holdings if an Acceptable Owner ceases to Control (either directly or indirectly) GLPT Holdings, GLPT Holdings II and GLPT Holdings GP. Capitalized terms used but not otherwise defined in this Schedule 5.6 shall have the meaning ascribed thereto in the Note Purchase Agreement.

SCHEDULE 5.21
REQUIRED PERMITS

1. An Article 28(2) Permit between HER MAJESTY THE QUEEN in Right of Canada, GLPT, by its general partner, GLPT GP and The Michipicoten Band.

2. A Permit (230KV) between HER MAJESTY THE QUEEN in Right of Canada and GLPT, by its general partner, GLPT GP (for Rankin Indian Reserve No. 15D).

provided, however, that such changes, effects, events, developments and/or conditions do not have a materially disproportionate effect on the Business, results of operations, condition (financial or otherwise) or assets of the Purchased Entities and the Subsidiaries as whole, relative to companies of similar size operating in the industries or markets in which the Purchased Entities and the Subsidiaries operate.

1.1.74 "**Material Contracts**" has the meaning attributed to such term in Section 5.11.1.

1.1.75 "**Notice of Working Capital Statement Dispute**" has the meaning attributed to such term in Section 2.6.3.

1.1.76 "**Note Purchase Agreement**" means the Senior Secured Note Purchase Agreement between GLPT Holdings and Prudential dated April 9, 2013.

1.1.77 "**OEB**" means the Ontario Energy Board.

1.1.78 "**OEB Act**" means the *Ontario Energy Board Act, 1998*.

1.1.79 "**OEB Approval**" means: (i) an order from the OEB granting leave for the Purchasers to acquire the Purchased Securities pursuant to section 86(2) of the OEB Act; and (ii) if applicable, the OEB has not issued a notice of review pursuant to section 82 of the OEB Act within 60 days of the date that the Purchasers file notice of the transactions contemplated by this Agreement pursuant to section 81 of the OEB Act.

1.1.80 "**OEB Loss Recovery Application**" has the meaning attributed to such term in Section 10.6.2.

1.1.81 "**Outside Date**" means the date that is 12 months following the date of this Agreement, provided that if the Closing has not occurred prior to such date because a Governmental Authority has not delivered, issued or granted a Regulatory Approval, the Outside Date shall be automatically extended by three months upon written notice by either Party to the other Party.

1.1.82 "**Owned Real Property**" has the meaning attributed to such term in Section 5.12.

1.1.83 "**Parties**" means, together, the Purchasers and the Vendor (and to the extent the context requires, BIP, including for purposes of Sections 1.8, 1.9, 1.12, Article 7, Sections 8.1.1, 9.12, 10.10, 10.11 and Article 12) and "**Party**" means any one of them.

1.1.84 "**Permits**" means permits, licences, approvals, consents, authorizations, registrations and certificates, other than any such permits, licences, approvals, consents, authorizations, registrations or certificates issued in respect of the use or occupancy of real property.

1.1.85 "**Permitted Liens**" means:

SCHEDULE 9.2
CONDUCT OF BUSINESS UNTIL TIME OF CLOSING

1. Notwithstanding Section 9.2, on or prior to Closing, the Vendor shall be permitted, without the consent of the Purchaser, to take any actions, including incurring any expenditures or entering into any Contracts, in respect of any of the matters disclosed in the following documents made available to the Purchaser in the Data Room: (a) the GLPT Financial Model, dated November 2015; and (b) the GLPT 10 Year Capital Plan. For greater certainty, any such action described in the preceding sentence shall be deemed to be made by the Vendor in the ordinary course of Business.

2. Notwithstanding Section 9.2, the following Contracts may be executed by a Purchased Entity or a Subsidiary on or prior to Closing without the consent of the Purchaser:

   a. [redacted]

   b. [redacted]

   c. [redacted]

   d. Amendments to the Collective Agreement between Great Lakes Power Limited/GLPT and Power Workers' Union – C.U.P.E. Local 1000, dated January 1, 2013, made in connection with the Memorandum of Agreement (same parties), dated October 15, 2015.

   e. A Collective Agreement between Great Lakes Power Limited/GLPT and Power Workers' Union – C.U.P.E. Local 1000, dated January 1, 2013, to be entered in connection with the Memorandum of Agreement (same parties), dated November 23, 2015.

   f. A Discrete Construction Agreement between GLPT, by its general partner, GLPT GP and PowerTel Utilities Contractors Limited in respect of the construction of new transmission line.

   g. A Software License and Services Agreement between H.T.E., Inc. and GLPT.

   h. [redacted]

   i. A Consulting Services Agreement between GLPT, by its General Partner, GLPT GP and [redacted]

j. A Service Agreement between GLPT, by its General Partner, GLPT GP and Williams Electrical Training & Consulting Inc.

k. [redacted]

l. A General Consulting Services Agreement between GLPT, by its General Partner, GLPT GP and Data Crush.

m. [redacted]

accordance with its terms, subject to the qualification that such enforceability may be limited by bankruptcy, insolvency, reorganization or other laws of general application relating to or affecting rights of creditors and that equitable remedies, including specific performance, are discretionary and may not be ordered by a court.

6.3 Approvals and Consents

6.3.1 Except for the Regulatory Approvals, no authorization, consent or approval of, or filing with or notice to, any Governmental Authority or other Person is required in connection with the execution, delivery or performance of this Agreement by the Purchasers or the purchase of any of the Purchased Securities hereunder.

6.3.2 As of the date of this Agreement and as of the Closing Date, the Purchasers have, or are Controlled (as such term is defined in the Note Purchase Agreement) by a Person that has: (i) a rating not less than "BBB-" from S&P or "Baa3" from Moody's or if such person has been rated by both S&P and Moody's, a rating of not less than "BBB-" from S&P and "Baa3" from Moody's; (ii) a minimum tangible net worth of at least $100,000,000; and (iii) demonstrated experience in the business of owning, managing, or operating power transmission assets or has a management agreement in place with a third party that possesses such expertise (collectively, the "**Acceptable Owner Test**").

6.4 Independent Investigation

Each Purchaser has conducted its own independent investigation, review and analysis of the Business, results of operations, prospects, condition (financial or otherwise) and assets of the Purchased Entities and the Subsidiaries, and acknowledges that it has been provided adequate access to the personnel, properties, assets, premises, books and records and other documents and data of the Vendor, the Purchased Entities and the Subsidiaries for such purpose. Each Purchaser acknowledges and agrees that:

6.4.1 in making its decision to enter into this Agreement and to consummate the transactions contemplated hereby, each Purchaser has relied solely upon its own investigation and the express representations and warranties of the Vendor set forth in this Agreement (including the related portions of the Schedules);

6.4.2 none of the Vendor, the Purchased Entities, the Subsidiaries, any of their respective Affiliates or any other Person has made any representation or warranty, express or implied, at Applicable Law or in equity or otherwise, with respect to the Vendor, any of its Affiliates, the Purchased Entities, the Subsidiaries, the Purchased Securities, this Agreement, the Business, the financial condition, Liabilities or assets (including as regards to their condition, value, quality, merchantability, usage, suitability or fitness for any particular purpose) of any of the Purchased Entities or any of the Subsidiaries, or with respect to any other information (oral or written) provided to a Purchaser or any of its Affiliates, whether by or on behalf of the Vendor, except as expressly set forth in this Agreement (including the related portions of the Schedules), and any and all such representations and warranties which are not expressly set forth in this Agreement (including the related portions of the Schedules) are hereby waived and excluded; and