

# Horizon Utilities Corporation

For the Three Months Ended March 31, 2016

(in thousands of dollars)

## Horizon Utilities Corporation Unaudited Consolidated Statement of Financial Position

As at	March 31 2016	March 31 2015	December 31 2015
<b>Assets</b>			
<b>Current assets</b>			
Accounts receivable	\$ 115,345	\$ 101,167	\$ 108,197
Accounts receivable from corporations under common control	338	238	739
Inventory	8,692	7,456	8,339
Other assets	2,539	2,026	2,991
	<b>126,914</b>	<b>110,887</b>	<b>120,266</b>
<b>Non-current assets</b>			
Property, plant and equipment	442,695	421,577	438,446
Deferred payments in lieu of income taxes	14,868	18,077	14,868
Intangible assets	22,484	16,939	23,279
Goodwill	18,923	18,923	18,923
	<b>498,970</b>	<b>475,516</b>	<b>495,516</b>
<b>Total assets</b>	<b>\$ 625,884</b>	<b>\$ 586,403</b>	<b>\$ 615,782</b>
<b>Current liabilities</b>			
Bank indebtedness	\$ 14,112	\$ 7,685	\$ 876
Accounts payable and accrued liabilities	71,713	60,794	69,064
Accounts payable to corporations under common control	16,373	14,796	17,031
Current portion of long-term borrowings	144	294	143
Current portion of obligations under capital cost recovery agreements	7,605	—	16,626
Credit support for service delivery	23,704	19,952	21,464
Reimbursements from IESO	3,330	3,087	4,511
	<b>136,981</b>	<b>106,608</b>	<b>129,715</b>
<b>Non-current liabilities</b>			
Long-term borrowings	189,738	189,311	189,753
Obligations under capital cost recovery agreements	—	10,000	—
Employee future benefits	29,863	29,523	29,760
Deferred revenue	31,590	26,866	29,738
	<b>251,191</b>	<b>255,700</b>	<b>249,251</b>
<b>Total liabilities</b>	<b>388,172</b>	<b>362,308</b>	<b>378,966</b>
<b>Shareholder's equity</b>			
Share capital	123,593	123,593	123,593
Contributed surplus	15,218	15,218	15,218
Accumulated other comprehensive loss	(6,463)	(6,712)	(6,463)
Retained earnings	105,364	91,996	104,468
<b>Total shareholder's equity</b>	<b>237,712</b>	<b>224,095</b>	<b>236,816</b>
<b>Total liabilities and shareholder's equity</b>	<b>\$ 625,884</b>	<b>\$ 586,403</b>	<b>\$ 615,782</b>

# Horizon Utilities Corporation

For the Three Months Ended March 31, 2016  
(in thousands of dollars)

## Horizon Utilities Corporation Unaudited Consolidated Statement of Comprehensive Income and Retained Earnings

For the period ended	Three Months March 31 2016	Three Months March 31 2015	Year Ended December 31 2015
Gross electricity revenue	\$ 174,040	\$ 165,501	\$ 673,810
Electricity cost of sales	(143,898)	(136,353)	(554,983)
<b>Net electricity revenue</b>	<b>30,142</b>	<b>29,148</b>	<b>118,827</b>
Other income from operations	2,950	2,987	14,780
<b>Total net revenue</b>	<b>33,092</b>	<b>32,135</b>	<b>133,607</b>
Expenses:			
Operating expenses	16,349	14,492	68,297
Depreciation and amortization	6,332	5,985	24,354
	<b>22,681</b>	<b>20,477</b>	<b>92,651</b>
<b>Income from operating activities</b>	<b>10,411</b>	<b>11,658</b>	<b>40,956</b>
Loss on sale and disposal of plant, property and equipment	(452)	(289)	(1,502)
Finance income	16	19	117
Finance charges	(1,829)	(1,810)	(7,141)
<b>Income before payments in lieu of income taxes</b>	<b>8,146</b>	<b>9,578</b>	<b>32,430</b>
Payments in lieu of income taxes	(2,159)	(2,538)	(7,418)
<b>Net income</b>	<b>5,987</b>	<b>7,040</b>	<b>25,012</b>
<b>Other comprehensive income adjustments, net of tax</b>			
Actuarial gain on employee future benefits	—	—	249
<b>Other comprehensive income</b>	<b>—</b>	<b>—</b>	<b>249</b>
<b>Net income</b>	<b>\$ 5,987</b>	<b>\$ 7,040</b>	<b>\$ 25,261</b>
<b>Retained earnings, beginning of period</b>	<b>\$ 104,468</b>	<b>\$ 91,575</b>	<b>\$ 91,575</b>
Dividends	(5,091)	(6,619)	(12,119)
Net income	5,987	7,040	25,012
<b>Retained earnings, end of period</b>	<b>\$ 105,364</b>	<b>\$ 91,996</b>	<b>\$ 104,468</b>

# Horizon Utilities Corporation

For the Three Months Ended March 31, 2016  
(in thousands of dollars)

## Horizon Utilities Corporation Unaudited Consolidated Statement of Cash Flows

For the period ended	Three Months March 31 2016	Three Months March 31 2015	Year Ended December 31 2015
<b>OPERATING ACTIVITIES</b>			
Net income for the period	\$ 5,987	\$ 7,040	\$ 25,012
Add (deduct) non-cash items:			
Depreciation and amortization	6,332	5,985	24,354
Amortization of deferred revenue	(214)	(179)	(770)
Loss on sale and disposal of plant, property and equipment	452	289	1,502
Deferred payments in lieu of income taxes	—	—	3,209
Net change in employee future benefits	103	93	579
Net change in other assets and liabilities	(4,844)	(10,680)	(9,396)
<b>Cash from operating activities</b>	<b>7,816</b>	<b>2,548</b>	<b>44,490</b>
<b>INVESTING ACTIVITIES</b>			
Additions to property, plant, equipment and intangibles	(10,259)	(8,293)	(51,252)
Proceeds received on sale of plant, property and equipment	21	115	283
<b>Cash used in investing activities</b>	<b>(10,238)</b>	<b>(8,178)</b>	<b>(50,969)</b>
<b>FINANCING ACTIVITIES</b>			
Long term borrowing	(36)	(63)	315
Obligations under capital cost recovery agreements	(9,021)	—	6,626
Increase in credit support for service delivery	2,240	1,807	3,319
(Reductions of) reimbursements from IESO	(1,181)	1,050	2,474
Deferred revenue from contributions to capital expenditures	2,066	1,644	5,107
Finance lease payments	209	—	(245)
Dividends paid	(5,091)	(6,619)	(12,119)
<b>Cash used in financing activities</b>	<b>(10,814)</b>	<b>(2,181)</b>	<b>5,477</b>
<b>Decrease in cash and cash equivalents</b>	<b>(13,236)</b>	<b>(7,811)</b>	<b>(1,002)</b>
<b>(Bank indebtedness) cash and cash equivalents, beginning of period</b>	<b>(876)</b>	<b>126</b>	<b>126</b>
<b>Bank indebtedness, end of period</b>	<b>\$ (14,112)</b>	<b>\$ (7,685)</b>	<b>\$ (876)</b>