MANAGEMENT'S REPORT

To the Shareholders of Veresen Inc.

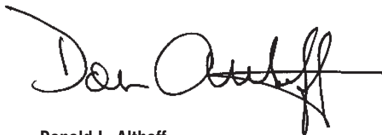
The consolidated financial statements of Veresen Inc. ("Veresen") and all information contained in this annual report are the responsibility of management. The consolidated financial statements have been prepared by management in accordance with accounting principles generally accepted in the United States of America (US GAAP). If alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. Financial statements are not precise since they include certain amounts based on estimates and judgements. Actual results may differ from these estimates and judgements. Management has ensured that these consolidated financial statements are presented fairly in all material respects.

Management maintains internal accounting and administrative controls designed to provide reasonable assurance that the financial information contained in this annual report is, in all material respects, relevant, reliable and accurate, and that assets are appropriately accounted for and adequately safeguarded.

The Board of Directors is responsible for reviewing and approving Veresen's annual consolidated financial statements and, primarily through its Audit Committee, for ensuring that management fulfills its responsibilities for financial reporting and internal control.

The Audit Committee is comprised of four independent and financially literate board members that meet regularly during the year with management and the external auditors to satisfy itself that management's responsibilities are being discharged; to review and approve the interim consolidated financial statements, Management's Discussion and Analysis and other information contained in Veresen's interim reports prior to their release; and to review the annual consolidated financial statements, Management's Discussion and Analysis and other information contained in Veresen's Annual Report, as well as its Annual Information Form prior to submitting them to the Board of Directors for approval.

The independent external auditors, PricewaterhouseCoopers LLP, have been appointed by the shareholders of Veresen to express an opinion as to whether the consolidated financial statements of Veresen present fairly, in all material respects, its financial position as at December 31, 2015 and 2014 and its results of operations and cash flows for the years then ended in accordance with US GAAP.



Donald L. Althoff
President and Chief Executive Officer

Theresa Jang
Senior Vice President, Finance and Chief Financial Officer

March 9, 2016

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Veresen Inc.

We have audited the accompanying consolidated financial statements of Veresen Inc., which comprise the consolidated statements of financial position as at December 31, 2015 and December 31, 2014 and the consolidated statements of income, comprehensive income, shareholders' equity and cash flows for the years then ended, and the related notes, which comprise 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 accounting principles generally accepted in the United States of America, 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 audits. We conducted our audits 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 in our audits 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 Veresen Inc. as at December 31, 2015 and December 31, 2014 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

PricewaterhouseCoopers LLP

Chartered Professional Accountants
Calgary, Alberta, Canada

March 9, 2016

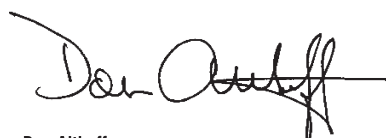
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Canadian $ Millions; number of shares in Millions)	December 31, 2015	December 31, 2014
Assets		
Current assets		
Cash and short-term investments	**58**	51
Restricted cash	**7**	5
Distributions receivable	**52**	46
Accounts receivable and other (note 8)	**36**	68
Assets held for sale (note 5)	**–**	39
	153	209
Investments in jointly-controlled businesses (note 7)	**1,312**	885
Investments held at cost (note 4)	**1,981**	1,660
Rate-regulated asset (note 19)	**–**	24
Pipeline, plant and other capital assets (note 9)	**919**	1,504
Intangible assets (note 10)	**151**	393
Due from jointly-controlled businesses (note 21)	**42**	44
Other assets	**13**	18
	4,571	4,737
Liabilities		
Current liabilities		
Accounts payable and other (note 11)	**65**	71
Deferred revenue	**2**	2
Dividends payable	**25**	8
Current portion of long-term senior debt (note 12)	**13**	11
Liabilities associated with assets held for sale (note 5)	**–**	4
	105	96
Long-term senior debt (note 12)	**1,087**	1,800
Deferred tax liabilities (note 14)	**256**	256
Other long-term liabilities (note 13)	**36**	53
	1,484	2,205
Shareholders' Equity		
Share capital (note 15)		
Preferred shares	**536**	342
Common shares (299 and 285 outstanding at December 31, 2015 and December 31, 2014, respectively)	**3,354**	3,186
Additional paid-in capital	**4**	4
Cumulative other comprehensive income (loss)	**359**	(65)
Accumulated deficit	**(1,166)**	(935)
	3,087	2,532
	4,571	4,737

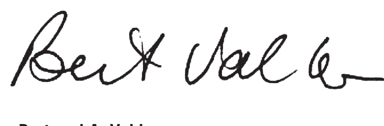
Commitments and Contingencies (note 16)

See accompanying Notes to the Consolidated Financial Statements

Approved by the Board of Directors of Veresen Inc.



Don Althoff
Director



Bertrand A. Valdman
Director

CONSOLIDATED STATEMENT OF INCOME

(Canadian $ Millions, except per Common Share amounts (note 15))	Year ended December 31 2015	2014
Equity income (note 7)	**77**	146
Dividend income (note 4)	**116**	16
Operating revenues	**187**	302
Operations and maintenance	**(76)**	(141)
General and administrative	**(38)**	(49)
Project development	**(85)**	(79)
Depreciation and amortization	**(60)**	(83)
Interest and other finance	**(53)**	(59)
Foreign exchange and other (note 17)	**8**	41
Gain on sale of assets, net of impairment loss (note 5, 6 and 10)	**37**	9
Net income before tax	**113**	103
Current tax (note 14)	**(37)**	(30)
Deferred tax (note 14)	**18**	5
Net income from continuing operations	**94**	78
Discontinued operations (note 5)		
Net loss from discontinued operations before tax	**–**	(16)
Income tax on discontinued operations	**–**	6
Discontinued operations loss	**–**	(10)
Net income, before extraordinary loss	**94**	68
Extraordinary loss, net of tax (note 19)	**(10)**	–
Net income	**84**	68
Preferred Share dividends	**(24)**	(16)
Net income attributable to Common Shares	**60**	52
Net income per Common Share, basic and diluted		
Continuing operations	**0.25**	0.28
Discontinued operations	**–**	(0.04)
Extraordinary loss	**(0.04)**	–
	0.21	0.24

See accompanying Notes to the Consolidated Financial Statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Canadian $ Millions)	Year ended December 31 2015	2014
Net income	**84**	68
Other comprehensive income		
Unrealized foreign exchange gain on translation	**424**	69
Other comprehensive income	**424**	69
Comprehensive income	**508**	137
Preferred Share dividends	**(24)**	(16)
Comprehensive income attributable to Common Shares	**484**	121

See accompanying Notes to the Consolidated Financial Statements

CONSOLIDATED STATEMENT OF CASH FLOWS

(Canadian $ Millions)	Year ended December 31	
	2015	2014
Operating		
Net income	**84**	68
Net loss from discontinued operations	**–**	10
Equity income (note 7)	**(77)**	(146)
Distributions from jointly-controlled businesses	**237**	225
Depreciation and amortization	**60**	83
Foreign exchange and other non-cash items	**6**	9
Deferred tax	**(18)**	(5)
Gain on sale of assets, net of impairment loss (note 5, 6 and 10)	**(37)**	(9)
Extraordinary loss, net of tax (note 19)	**10**	–
Foreign exchange gain on investment activities	**–**	(39)
Changes in non-cash working capital (note 20)	**22**	7
Cash provided by continuing operations	**287**	203
Cash provided by discontinued operations (note 5)	**–**	12
	287	215
Investing		
Acquisitions, net of cash acquired	**–**	(1,635)
Foreign exchange gain on investment activities	**–**	39
Proceeds from sale of assets (note 5 and 6)	**420**	19
Investments in jointly-controlled businesses	**(60)**	(74)
Return of capital from jointly-controlled businesses	**30**	11
Pipeline, plant and other capital assets	**(58)**	(148)
Other	**–**	(2)
Cash provided (used) by continuing operations	**332**	(1,790)
Cash provided (used) by discontinued operations (note 5)	**34**	(4)
	366	(1,794)
Financing		
Long-term debt issued, net of issue costs	**–**	920
Long-term debt repaid	**(738)**	(262)
Net change in credit facilities, net of issue costs	**25**	(41)
Common Shares issued, net of issue costs	**–**	1,157
Preferred Shares issued, net of issue costs	**194**	–
Common Share dividends paid	**(107)**	(156)
Preferred Share dividends paid	**(24)**	(16)
Other	**(8)**	4
	(658)	1,606
Increase (decrease) in cash and short-term investments	**(5)**	27
Effect of foreign exchange rate changes on cash and short-term investments	**12**	(1)
Cash and short-term investments at the beginning of the year	**51**	25
Cash and short-term investments at the end of the year	**58**	51
Supplemental disclosure of cash flow information		
Interest paid	**52**	64
Taxes paid, net of refunds received	**42**	14

See accompanying Notes to the Consolidated Financial Statements

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

(Canadian $ Millions)	Year ended December 31 2015	2014
Preferred Shares		
January 1	**342**	342
Series E Preferred Shares issued, net of issue costs (note 15)	**194**	–
Balance at the end of the year	**536**	342
Common Shares		
January 1	**3,186**	1,849
Convertible debentures converted into Common Shares, net of issue costs (note 15)	**–**	86
Common Shares issued under Premium Dividend and Dividend Reinvestment Plan ("DRIP")	**168**	65
Common Shares issued, net of issue costs	**–**	1,170
December 31	**3,354**	3,170
Common Shares to be issued under DRIP[1]	**–**	16
Balance at the end of the year	**3,354**	3,186
Additional paid-in capital		
Balance at the beginning and end of the year	**4**	4
Cumulative other comprehensive income (loss)		
January 1	**(65)**	(134)
Other comprehensive income	**424**	69
Balance at the end of the year	**359**	(65)
Accumulated deficit		
January 1	**(935)**	(755)
Net income	**84**	68
Preferred Share dividends	**(24)**	(16)
Common Share dividends	**(291)**	(232)
Balance at the end of the year	**(1,166)**	(935)
Shareholders' Equity	**3,087**	2,532

(1) Common Shares to be issued under DRIP in respect of the December dividend declared are classified as dividends payable in 2015 ($15 million).

See accompanying Notes to the Consolidated Financial Statements

1. Description of Business

Veresen Inc. ("Veresen" or the "Company") is a publicly-traded energy infrastructure company based in Calgary, Alberta, Canada.

Veresen operates in three business segments, Pipelines, Midstream, and Power. At December 31, 2015 the Company's businesses were comprised of the following:

Entity[(1)]	Business Description	Ownership Interest (%)
CONTROLLED		
Pipeline Business		
Alberta Ethane Gathering System L.P. ("AEGS")	AEGS owns a 1,330-kilometre pipeline system that transports purity ethane from various Alberta ethane extraction plants to Alberta's major petrochemical complexes located near Joffre and Fort Saskatchewan, Alberta.	100
Midstream Business		
Burstall NGL Storage L.P. ("Burstall")	Burstall owns a salt cavern ethane storage facility with a capacity of approximately 1 million barrels under construction near Burstall, Saskatchewan.	100
Power Business		
Gas-Fired Generation		
East Windsor Cogeneration L.P. ("East Windsor Cogeneration")	An 86-MW cogeneration facility located in Windsor, Ontario.	100
London Cogeneration	A 17-MW cogeneration facility located in London, Ontario.	100
District Energy		
London District Energy	A district energy system that produces and distributes steam and chilled water fueled primarily by natural gas, located in London, Ontario	100
PEI District Energy	A district energy system that produces and distributes steam, hot water and electricity fueled primarily by biomass and waste fuel, located in Charlottetown, P.E.I.	100
Run-of-River Hydro		
Northbrook New York, LLC ("Northbrook")	A 33-MW run-of-river hydroelectric power facility ("Glen Park") located on the Black River near Watertown, New York.	100
Swift Power L.P. ("Swift")	A 20-MW run-of-river hydroelectric power facility ("Dasque-Middle") located near Terrace, B.C.	100
Furry Creek Power Ltd. ("Furry Creek")	An 11-MW run-of-river power facility located 30 km north of Vancouver, B.C.	99
Clowhom Power L.P. ("Clowhom")	Two 11-MW run-of-river power facilities located 65 km northwest of Vancouver, B.C.	100
Waste Heat		
EnPower Green Energy Generation Limited Partnership ("EnPower")	Two 5-MW waste-heat power generation facilities located at Spectra pipeline's 150 Mile House and Savona, B.C. compressor stations.	100
Wind Power		
St. Columban Energy L.P. ("St. Columban")	A 33-MW wind power facility in the County of Huron, Ontario	90
INVESTMENTS HELD AT COST		
Pipeline Business		
Ruby Pipeline Holding Company L.L.C.	The Ruby Pipeline system is a 680-mile, 42-inch pipeline system that transports natural gas between the Opal hub in Wyoming and the Malin hub in Oregon.	50[(2)] (note 4)

Entity[1]	Business Description	Ownership Interest (%)
JOINTLY-CONTROLLED		
Pipeline Business		
Alliance Pipeline Limited Partnership ("Alliance Canada") Alliance Pipeline L.P. ("Alliance U.S.") (Collectively "Alliance" or "Alliance Pipeline")	Alliance owns a 3,000-kilometre natural gas pipeline comprised of a mainline and various connecting lateral pipelines. The Alliance pipeline extends from northeastern B.C. to points near Chicago, Illinois.	50
Midstream Business		
Aux Sable Canada L.P. Sable NGL Services L.P. ("Sable NGL Services") (Collectively "Aux Sable Canada")	*Aux Sable Canada owns:* NGL injection facilities on the Alliance pipeline in Alberta and B.C.; An off-gas processing facility in Fort Saskatchewan, Alberta; A natural gas processing plant in northeastern B.C.; and A natural gas pipeline to connect its gas processing plant to the Alliance pipeline.	50
Aux Sable Liquid Products L.P. ("ASLP") Aux Sable Midstream LLC ("ASM") Alliance Canada Marketing L.P. ("ACM") (Collectively "Aux Sable U.S.")	*Aux Sable U.S. owns:* A natural gas liquids ("NGL") extraction and fractionation facility near the terminus of the Alliance pipeline; A natural gas processing plant in the Bakken region of North Dakota; A natural gas pipeline which connects the gas processing plant to the Alliance pipeline; Storage facilities, downstream NGL pipelines and loading facilities adjacent to the NGL extraction and fractionation facility; and Short-term and long-term natural gas transportation capacity on the Alliance pipeline.	42.7
Veresen Midstream LP ("Veresen Midstream")	Comprised of natural gas processing, gathering, and compression assets, including the 200 mmcf/d Saturn compression station and the 200 mmcf/d Tower and 400 mmcf/d Sunrise gas plants under construction, located in the Cutbank Ridge region of Alberta and British Columbia. Adjacent to this infrastructure is the Hythe/Steeprock complex, comprised of two natural gas processing plants with combined functional capacity of 516 mmcf/d, as well as approximately 40,000 horsepower of compression and 370 km of gas gathering lines.	50[3] (note 6)
Power Business		
Gas-Fired Generation York Energy Centre L.P. ("York Energy Centre")	A 400-MW simple cycle gas turbine peaking generation facility in the York region, Ontario	50
Waste Heat NRGreen Power Limited Partnership ("NRGreen")	Four 5-MW waste heat power generation facilities located at Alliance's Saskatchewan compressor stations; and, A 13-MW waste heat power generation facility located at Alliance's Windfall compressor station in Alberta.	50
Wind Power Grand Valley I and II Limited Partnership ("Grand Valley")	Three wind power facilities, 9 MW, 11 MW and 40 MW, respectively, near Grand Valley, Ontario.	75

As at December 31, 2015 the Company's significant development projects consisted of the following:

Entity[1]	Business Description	Ownership Interest (%)
CONTROLLED		
Jordan Cove Energy Project L.P.)	The Jordan Cove LNG terminal is a development project that is proposed to export liquefied natural gas from Coos Bay, Oregon.	100
JOINTLY-CONTROLLED		
Pacific Connector Gas Pipeline L.P.	The Pacific Connector Gas Pipeline, a proposed 232-mile pipeline, is a development project that is proposed to connect the Jordan Cove LNG terminal to a natural gas hub at Malin, Oregon.	50

(1) Where applicable, defined entities include the respective managing general partner.

(2) Ownership percentage represents convertible preferred interest in Ruby Pipeline Holding Company, L.L.C., a parent of Ruby Pipeline L.L.C., holder of the Ruby pipeline system (note 4).

(3) On a fully-diluted basis, the Company's ownership interest as at December 31, 2015 was 48.5%. Prior to March 31, 2015 the Company owned 100% of the Hythe/Steeprock complex (note 6).

2. Basis of Presentation

These consolidated financial statements have been prepared by management in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

Amounts are stated in millions of Canadian dollars unless otherwise indicated.

The preparation of financial statements in accordance with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses, financial instruments and taxes. Actual amounts could differ from these estimates. Significant estimates used in the preparation of these consolidated financial statements relate to the determination of any impairment in the carrying value of long-term assets, the estimated useful lives over which certain assets are depreciated or amortized, and the measurement of asset retirement obligations, and contingencies.

These consolidated financial statements include the accounts of the Company and its subsidiaries. The Company consolidates its interest in entities over which it is able to exercise control. To the extent there are interests owned by other parties, the other parties' interests are included in Non-Controlling Interest. Veresen accounts for its jointly-controlled businesses using the equity method, and its investment in Ruby Pipeline Holding Company LLC ("Ruby") using the cost method.

Reporting in Accordance with US GAAP

In February 2014 the Alberta Securities Commission ("ASC") and Ontario Securities Commission ("OSC") issued a relief order which permits the Company to continue to prepare its financial statements in accordance with US GAAP until the earliest of: (i) January 1, 2019; (ii) the first day of the financial year that commences after the Company ceases to have activities subject to rate regulation; or (iii) the effective date prescribed by the International Accounting Standards Board for the mandatory application of a standard within International Financial Reporting Standards specific to entities with activities subject to rate regulation. This ASC/OSC relief order effectively replaced and extended the previous relief order, which was due to expire effective January 1, 2015.

3. Summary of Significant Accounting Policies

New Accounting Pronouncements

The following new Accounting Standards Updates ("ASU") have been issued, as of December 31, 2015.

Effective January 1, 2015, the Company adopted ASU 2014-08 *"Presentation of Financial Statements and Property, Plant, and Equipment: Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity"*. This ASU provides guidance for changes in criteria and enhanced disclosures for reporting discontinued operations. This guidance was applied prospectively and did not have a material impact to the Company.

In May 2014, the FASB issued ASU 2014-09, *"Revenue from Contracts with Customers"*. This ASU provides guidance for changes in criteria for revenue recognition from contracts with customers. This guidance is effective for annual and interim periods beginning after December 15, 2016, and is to be applied retrospectively. In August 2015, the FASB issued ASU 2015-14, *"Revenue from Contracts with Customers – Deferral of the effective date"*. This ASU defers the effective date of Update 2014-09 for all entities by one year. This guidance is therefore effective for annual and interim periods beginning after December 15, 2017. The Company is currently evaluating the impact of the standard.

In June 2014, the FASB issued ASU 2014-10, *"Development Stage Entities: Elimination of Certain Financial Reporting Requirements, Including an Amendment to Variable Interest Entities Guidance in Topic 810, Consolidation"*. This ASU eliminates the concept of a development-stage entity from US GAAP along with the associated presentation and disclosure requirements for development-stage entities. The removal of the development stage entity reporting requirements is effective for annual reporting periods beginning after December 15, 2014 and does not have a material impact to the Company. The consolidation guidance was also amended to eliminate the development stage entity relief when applying the variable interest entity model and evaluating the sufficiency of equity at risk. The Company is currently evaluating the impact of the amendment to the consolidation guidance, which is effective for annual reporting periods beginning after December 15, 2015. The new standard requires these amendments be applied retrospectively.

In November 2014, the FASB issued ASU 2014-16, *"Derivatives and Hedging*". This ASU provides guidance to clarify the criteria in evaluating the economic characteristics and risks of a host contract in a hybrid financial instrument that is issued in the form of a share. This guidance is effective for annual and interim periods beginning after December 15, 2015, and is to be applied prospectively. The Company is currently evaluating the impact of the standard.

In January 2015, the FASB issued ASU 2015-01, *"Income Statement – Extraordinary and Unusual Items"*. This ASU simplifies income statement classification by removing the concept of extraordinary items from US GAAP. This guidance is effective for annual and interim periods beginning after December 15, 2015, and may be applied prospectively or retrospectively. The Company is currently evaluating the impact of the standard.

In February 2015, the FASB issued ASU 2015-02, *"Consolidation: Amendments to the Consolidation Analysis"*. This ASU amends the current consolidation guidance, specifically the guidance in determining whether or not an entity is a variable interest entity. This guidance is effective for annual and interim periods beginning after December 15, 2015, and may be applied on a full or modified retrospective basis. The Company is currently evaluating the impact of the standard.

In April 2015, the FASB issued ASU 2015-03, *"Interest – Simplifying the Presentation of Debt Issuance Costs"*. This ASU changes the presentation of debt issue costs in financial statements. Under the ASU, an entity presents such costs in the balance sheet as a direct reduction from the related debt liability rather than as an asset. Amortization of the costs is reported as interest expense. This guidance is effective for annual and interim periods beginning after December 15, 2015, and is to be applied retrospectively. The Company is currently evaluating the impact of the standard.

In June 2015, the FASB issued ASU 2015-10, *"Technical Corrections and Improvements"*. This ASU represents changes to clarify the Codification, correct unintended application of guidance, or make minor improvements to the Codification that are not expected to have a significant effect on current accounting practice. This guidance is effective for annual and interim periods beginning after December 15, 2015. The Company is currently evaluating the impact of the standard.

In November 2015, the FASB issued ASU 2015-017, *"Income Taxes: Balance Sheet Classification of Deferred Taxes"*. This ASU changes the classification of deferred tax liabilities and assets. Under the ASU, an entity classifies deferred tax liabilities and assets as non-current in the statement of financial position. This guidance is effective for annual and interim periods beginning after December 15, 2016 and is to be applied on a retrospective or prospective basis. The Company does not expect the standard to have a material impact.

In January 2016, the FASB issued ASU 2016-01, *"Financial Instruments – Overall: Recognition and Measurement of Financial Assets and Liabilities"*. This ASU addresses certain aspects of the guidance regarding recognition, measurement, presentation and disclosure of financial instruments, specifically the guidance for measuring the fair value of equity investments. This guidance is effective for annual and interim periods beginning after December 15, 2017, and is to be applied by means of a cumulative-effect adjustment to the Statement of Financial Position as of the beginning of the fiscal year of adoption, with amendments related to equity securities without readily determinable fair values to be applied prospectively. The Company does not expect the standard to have a material impact.

In February 2016, the FASB issued ASU 2016-02, *"Leases"*. This ASU addresses the recognition, measurement, presentation and disclosure in the financial statements of the assets and liabilities related to operating leases. This guidance is effective for annual and interim periods beginning after December 15, 2018. The Company is currently evaluating the impact of the standard.

Cash and Short-Term Investments

Cash and short-term investments comprise cash and highly liquid investments with original maturities of 90 days or less and carrying values which approximate market value. A portion of these short-term investments are held in trust accounts, the majority of which are permitted to be used for operating, capital expenditure and working capital purposes.

Investments in Jointly-Controlled Businesses

Investments over which the Company exercises significant influence, but does not have controlling financial interests, are accounted for using the equity method. Equity investments are initially measured at cost and are adjusted for the Company's proportionates share of undistributed equity earnings or loss. Equity investments are increased for contributions made to and decreased for distributions received from the investees.

Pipeline, Plant and Other Capital Assets

Fixed asset category	Measurement	Depreciation policy and rates (per annum)
Pipeline	Cost	Straight-line basis with a rate of 4%
Plant	Cost	Straight-line basis over the life of the asset with rates ranging from 3% to 33%
Power facilities	Cost	Straight-line basis over the life of the asset with rates ranging from 3% to 33%
Administrative	Cost	Straight-line basis over the life of the asset or the term of the lease, where applicable, with rates ranging from 20% to 33%
Capital spares	Lower of average cost or net realizable value	Not depreciated
Land	Cost	Not depreciated

Expenditures that increase or prolong the service life or capacity of an asset are capitalized. Maintenance and repair costs are expensed as incurred. Construction work in progress, which includes capitalized interest, will be reclassified to pipeline, plant and power facilities and depreciated over the estimated useful life upon commencement of operations.

Intangible Assets

Intangible assets predominantly consist of an acquired customer relationship and service agreement, ethane transportation agreements ("ETAs"), power purchase agreements, computer software and water licenses. Intangible assets are amortized on a straight-line basis over their respective useful lives ranging from 11 to 40 years.

Impairment of Long-Lived Assets Investments in Jointly-Controlled Businesses and Investments Held at Cost

The Company evaluates, at least annually, the long-lived assets such as pipeline, plant and other capital assets and intangible assets, the investments in jointly-controlled businesses and investments held at cost for impairment when events or changes in circumstances indicate, in management's judgment, that the carrying value of such assets may not be recoverable.

When such a determination is made for long-lived assets, management's estimate of the sum of undiscounted future cash flows attributable to the assets is compared to the carrying value of the assets to determine whether the recoverability of the carrying value has been impaired. If the carrying value exceeds the sum of undiscounted cash flows, the carrying value of the assets is deemed to be impaired. The amount by which the carrying value exceeds the estimated fair value is recognized as an impairment loss.

When such a determination is made for investments in jointly-controlled businesses and investments held at cost, management's estimate of the sum of discounted cash flows attributable to the investments is compared to the carrying value of the investments. If the carrying value exceeds the sum of discounted cash flows, the carrying value of the investments is deemed to be impaired. The amount by which the carrying value exceeds the estimated fair value is recognized as an impairment loss.

Judgments and assumptions are inherent in management's estimate of both the undiscounted and discounted future cash flows used to determine recoverability of an asset and the estimate of an asset's fair value used to calculate the amount of any impairment.

Asset Retirement Obligations

The estimated fair value of asset retirement obligations associated with tangible long-lived assets are recognized in the period in which they are incurred if a reasonable estimate of a fair value can be determined. The asset retirement obligation is capitalized as part of the cost of the related long-lived assets and is amortized over the remaining life of the assets.

For some of the Company's assets, including those held by the Company's jointly-controlled businesses, it is not possible to make a reasonable estimate of ARO due to the indeterminate timing and scope of the asset retirements.

Revenue Recognition

Power revenue derived from the sale of energy in the form of electricity, steam, hot water and chilled water, is recognized on the accrual basis upon delivery at rates pursuant to the relevant agreements. In addition, the Company's gas-fired generation power facilities receive fixed capacity payments that are not dependent upon the amount of energy delivered to customers. This revenue is recognized as earned on a monthly basis.

AEGS transportation revenue is based on toll charges and operating cost recoveries, including maintenance capital, as provided for under the ETAs. Revenue is recognized at each receipt point and is subject to minimum take-or-pay arrangements.

Hythe/Steeprock revenue is based on providing minimum volume capacity over an agreed upon period, and is recognized at the later of when committed volume capacity was provided under the agreement or when the counterparty's ability to apply deficiency volume credit had expired. Subsequent to the March 31, 2015 sale of Hythe/Steeprock to Veresen Midstream (note 6), Hythe/Steeprock revenues are recognized through the Company's equity income from Veresen Midstream.

Rate-Regulated Accounting

The Company has rate-regulated businesses, including Alliance which uses rate-regulated accounting for certain expenditures as approved by the National Energy Board ("NEB").

Project Development Costs

The Company expenses project development costs as incurred. Project development costs are only capitalized when, in management's judgment, certain commercial and regulatory criteria have been met, which make it probable that such costs will be recoverable from a project's future revenues. Capitalized project development costs are amortized on a systematic basis over the applicable project's useful life.

Capitalized Interest

The Company capitalizes interest costs which are directly attributable to the acquisition or construction of qualifying assets.

Foreign Currency Translation

The functional currency of the Company and its Canadian subsidiaries is the Canadian dollar. The Company's foreign operations are self-sustaining and are translated using the current rate method. Under this method all assets and liabilities are translated into Canadian dollars using the exchange rate in effect at the balance sheet date, and all revenues and expenses are translated into Canadian dollars at average exchange rates during the year. The resulting net cumulative translation gain or loss is deferred and reported as a separate component of other comprehensive income. A portion of such deferred translation gain or loss is recognized in net income when such a foreign subsidiary is disposed of or liquidated.

Long-term Incentive Compensation

The Company has a long-term employee incentive plan ("LTIP") and a deferred share unit plan ("DSU"). Under each plan, notional common shares are granted to eligible employees. The notional shares are payable in cash at the date of vesting when certain conditions are met, including the employee's continued employment during a specified period. Amounts payable under the LTIP are further dependent upon the achievement of specified performance targets. Expenses related to the various LTIPs and DSU plan are accounted for on an accrual basis.

Financial Instruments

Financial assets and financial liabilities are classified as held-for-trading, available-for-sale or at amortized cost. Financial instruments are initially recorded at fair value on the balance sheet. Subsequent measurement of each financial instrument is based on its classification. At December 31, 2015 and 2014, the Company did not have held-to-maturity instruments or instruments in qualifying hedging relationships.

Financial assets and liabilities classified as held-for-trading are measured at fair value with changes in fair value recognized in earnings.

Available-for-sale financial assets are measured at fair value with changes in fair value recognized in other comprehensive income.

The investment in Ruby is recorded at cost.

Income Tax

The Company uses the liability method of accounting for income taxes. Under this method, current income taxes are recognized for the estimated income taxes payable in respect of the current year, which includes an accrual for interest and penalties, if any. Deferred tax assets and liabilities are recognized for temporary differences between the tax and accounting asset and liability bases using enacted tax rates and laws expected to apply when the liabilities are settled and the assets realized. Deferred tax assets are recognized in circumstances where it is considered more likely than not the related income tax benefits will be realized.

When appropriate, the Company records a valuation allowance against deferred tax assets to reflect that these tax assets may not be realized. In determining whether a valuation allowance is appropriate, the Company considers whether it is more likely than not that all or some portion of its deferred tax assets will not be realized, based on management's judgments using available evidence about future events.

At times, the Company may claim tax benefits that may be challenged by a tax authority. The Company recognizes tax benefits only for tax positions that are more likely than not to be sustained upon examination by tax authorities. The amount recognized is measured as the largest amount of benefit that has a greater than 50% likelihood to be realized upon settlement. A liability for "unrecognized tax benefits" is recorded for any tax benefits claimed in the Company's tax returns that do not meet these recognition and measurement standards.

Share Issuance Costs

Costs directly attributable to the raising of equity are charged against the related share capital.

4. Acquisitions

Acquisition of a 50% Interest in Ruby Pipeline

On November 6, 2014, the Company acquired, through a wholly-owned subsidiary, two entities which hold an aggregate 50% convertible preferred interest in Ruby Pipeline Holding Company, LLC, which owns the Ruby pipeline system ("Ruby"), for cash consideration of US$1.425 billion. The acquisition was funded with proceeds from the October 1, 2014 subscription receipt offering and from a new unsecured non-revolving term loan ("Acquisition Credit Facility").

Ruby is a natural gas transmission system delivering U.S. Rockies natural gas production to markets in the western United States. The 680-mile, 42-inch pipeline has a current capacity of approximately 1.5 billion cubic feet per day ("bcf/d"). Ruby originates at the Opal natural gas hub in Wyoming and extends to the Malin natural gas hub in Oregon.

The acquisition is accounted for as an investment using the cost method. Transaction costs of approximately $7 million have been classified with the investment in Ruby on the consolidated statement of financial position in accordance with the cost method of accounting.

The purchase price has been allocated as follows:

Consideration	
Cash consideration paid	1,628
Allocation of Consideration	
Investment in convertible preferred units in Ruby Pipeline Holding Company, LLC	1,628
Transaction costs	7
Investment in Ruby Pipeline	1,635

The Company recorded dividend income related to the acquired business of $16 million for the period November 6, 2014 to December 31, 2014 and $116 million for the year ended December 31, 2015.

5. Disposals

Assets Held for Sale

On January 8, 2015, the Company closed the transaction with an unrelated third party to dispose of its power facilities located in California and Colorado in the United States for proceeds of approximately US$27 million ($34 million) plus working capital. As a result, the assets and liabilities of the facilities were classified as held for sale on the consolidated statement of financial position as at December 31, 2014 and the results of operations have been presented as discontinued operations on the consolidated statement of earnings, with comparatives.

The table below details the assets and liabilities held for sale as at December 31, 2014:

Assets	
Cash	3
Receivables	3
Other	2
Property, plant and equipment	24
Intangible assets	7
Assets held for sale	39
Liabilities	
Payables	1
Accrued payables	3
Liabilities associated with assets held for sale	4

The table below provides details on the results of the discontinued operations:

	2015	2014
Operating revenues	–	36
Operations and maintenance	–	(24)
General and administrative	–	(1)
Depreciation and amortization	–	(15)
Interest and other finance	–	–
Asset impairment loss	–	(12)
Net loss from discontinued operations before tax	–	(16)
Income tax from discontinued operations	–	6
Discontinued operations loss	–	(10)

Gain on Sale of Assets

During the year ended December 30, 2014, the Company sold its Culliton Creek run-of-river development project and its 50% interest in Alton Gas Storage for a combined total of $19 million, generating a combined pre-tax gain of $14 million.

6. Veresen Midstream Transaction

On December 22, 2014, a new entity, Veresen Midstream, was formed, which is jointly controlled by the Company and affiliates of Kohlberg Kravis Roberts & Co L.P. ("KKR"), a global investment firm. On March 31, 2015, the Company funded its interest in Veresen Midstream by contributing its Hythe/Steeprock gathering and processing assets valued at $920 million, and in exchange received from Veresen Midstream $420 million in cash, resulting in a 50% equity position valued at $500 million. As at March 31, 2015, the net book value of the Hythe/Steeprock assets contributed was $838 million, resulting in a pre-tax gain on sale to the Company of $37 million attributable to the monetary portion of the transaction. KKR funded its 50% interest in Veresen Midstream by contributing $500 million in cash.

The table below details the net book value of assets and liabilities contributed to Veresen Midstream:

Capital assets	**618**
Customer relationship and service agreement intangibles	**238**
Asset retirement obligation	**(16)**
Deferred revenue	**(1)**
Other	**(1)**
	838

All of the Company's and half of KKR's Veresen Midstream equity are held in partnership units that are eligible to receive cash distributions. The remaining half of KKR's initial equity investment is in the form of payment-in-kind ("PIK") units which do not receive cash distributions and instead accrete at a rate equal to the cash yield on the remaining equity plus 4% per year. The PIK units are convertible to cash-paying units after four years at either KKR's or the Company's option. Such conversion of the PIK units will cause dilution in the Company's ownership interest in Veresen Midstream. During the year ended December 31, 2015, as a result of cash distributions paid by Veresen Midstream, the Company's ownership decreased from 50% to 48.5%. The Company and KKR will have equal governance rights in Veresen Midstream so long as either partner's equity interest remains above 35%.

7. Investments in Jointly-Controlled Businesses

Condensed financial information (100%) for the Company's jointly-controlled businesses:

	As at December 31, 2015					Year ended December 31, 2015				As at December 31, 2015	Year ended December 31, 2015
100%	Current Assets	Non-Current Assets	Current Liabilities[1]	Non-Current Liabilities[1]	Senior Debt	Revenues	Expenses	Profit (Loss) before Tax	Ownership (%)	Equity Investment	Equity Income (Loss)
Alliance Canada[2]	**132**	**1,177**	**33**	**24**	**954**	**473**	**344**	**129**	**50**	**178**	**56**
Alliance U.S.[3][7]	**73**	**1,247**	**53**	**19**	**600**	**441**	**268**	**173**	**50**	**271**	**75**
Aux Sable Canada	**42**	**107**	**55**	**8**	**–**	**436**	**447**	**(11)**	**50**	**44**	**(5)**
ASLP[4][7]	**48**	**620**	**168**	**6**	**–**	**76**	**155**	**(79)**	**43**	**171**	**(31)**
ASM[7]	**26**	**315**	**22**	**1**	**–**	**238**	**235**	**3**	**43**	**136**	**1**
ACM	**5**	**–**	**3**	**–**	**–**	**120**	**142**	**(22)**	**43**	**1**	**(7)**
York Energy Centre[5]	**15**	**265**	**10**	**44**	**247**	**65**	**48**	**17**	**50**	**27**	**6**
Grand Valley	**22**	**179**	**16**	**4**	**149**	**10**	**10**	**–**	**75**	**24**	**–**
Veresen Midstream[6]	**77**	**2,145**	**57**	**20**	**1,215**	**169**	**172**	**(3)**	**49**	**410**	**(1)**
Other[7]	**9**	**133**	**2**	**6**	**33**	**12**	**46**	**(34)**	**50**	**50**	**(17)**
										1,312	**77**

100%	Current Assets	Non-Current Assets	Current Liabilities(1)	Non-Current Liabilities(1)	Senior Debt	Revenues	Expenses	Profit (Loss) before Tax	Ownership (%)	Equity Investment	Equity Income (Loss)
	As at December 31, 2014					Year ended December 31, 2014				As at December 31, 2014	Year ended December 31, 2014
Alliance Canada(2)	148	1,284	77	11	1,037	486	368	118	50	187	52
Alliance U.S.(3)(7)	105	1,158	86	19	602	376	246	130	50	243	60
Aux Sable Canada	58	108	52	9	–	734	715	19	50	51	10
ASLP(4)(7)	41	478	45	10	21	189	150	39	43	151	18
ASM(7)	29	259	19	1	–	490	455	35	43	112	15
ACM	12	–	10	–	–	253	254	(1)	43	1	2
York Energy Centre(5)	19	275	7	45	287	73	78	(5)	50	33	(5)
Grand Valley	5	50	2	44	–	8	6	2	75	27	1
Veresen Midstream(6)	–	50	–	–	–	–	–	–	50	25	–
Other(7)	24	162	41	6	1	12	26	(14)	50	55	(7)
										885	146

Upon acquisition of investments accounted for under the equity method, the Company prepared purchase price allocations of the purchase price to the assets and liabilities of the underlying investee and adjusts equity method earnings for the amortization of purchase price adjustments allocated to depreciable assets.

(1) Current liabilities and non-current liabilities exclude senior debt.

(2) At December 31, 2015, the Company had a $48 million (December 31, 2014 – $54 million) increase in the carrying value of Alliance Canada compared to the underlying equity in the net assets primarily resulting from the purchase price discrepancy as part of the acquisitions in 1997, 2002, and 2003 resulting in 50% ownership.

(3) At December 31, 2015, the Company had a US$14 million (December 31, 2014 – US$ 12 million) decrease in the carrying value of Alliance U.S. compared to the underlying equity in the net assets primarily resulting from the purchase price discrepancy as part of the acquisitions in 1997, 2002, and 2003 resulting in 50% ownership.

(4) At December 31, 2015, the Company had a US$28 million (December 31, 2014 – US$ 29 million) decrease in the carrying value of ASLP compared to the underlying equity in the net assets primarily resulting from the purchase price discrepancy as part of the acquisitions in 1997, 2002, and 2003 resulting in 42.7% ownership. During the year ended December 31, 2015 a $32 million provision was recognized in respect of potential adjustments relating to customer obligations and a US$3 million provision was recognized related to an alleged violation of the United States Environmental Protection Agency's ("EPA") Clean Air Act.

(5) At December 31, 2015, the Company had a $41 million (December 31, 2014 – $43 million) increase in the carrying value of York Energy Centre compared to the underlying equity in the net assets primarily resulting from the purchase price discrepancy as part of the acquisition in 2010 resulting in 50% ownership. Expenses include unrealized gains or losses on the interest rate hedge (note 17).

(6) At December 31, 2015, the Company had a $42 million (December 31, 2014 – $Nil) decrease in the carrying value of Veresen Midstream compared to the underlying equity in the net assets primarily resulting from the unrecognized gain on sale relating to the non-monetary portion of the Veresen Midstream transaction, which, on the date of acquisition, March 31, 2015, resulted in 50% ownership.

(7) Assets and liabilities of these investments have been translated into Canadian dollars using the exchange rate in effect at the balance sheet date and revenues and expenses have been translated into Canadian dollars at average exchange rates during the period.

Variable Interest Entity

On March 31, 2015, Veresen Midstream entered into natural gas gathering and compression agreements with Encana Corporation ("Encana") and Cutbank Ridge Partnership ("CRP"), under an initial term of 30 years with two five-year renewal terms at Encana and CRP's option. In addition, Veresen Midstream also assumed certain natural gas gathering and processing agreements that provide services to Encana with remaining terms of 17 years and up to a maximum of 13 one-year renewal terms.

The Company has determined it holds a variable interest in Veresen Midstream, but is not the primary beneficiary as the Company does not have the power to direct the key activities that most significantly impact Veresen Midstream's economic performance. This variable interest entity ("VIE") remains unconsolidated as the power to direct the activities of the partnership is shared between the Company and KKR. The Company is using the equity method to account for this investment. Key activities relate to the construction, operation, maintenance and marketing of assets owned by Veresen Midstream. The variable interests arise from certain terms under the long-term service agreements. The Company is not required to provide any financial support or guarantees to Veresen Midstream.

8. Accounts receivable and other

	2015	2014
Receivables	**11**	39
Accrued receivables	**12**	16
Prepaid expenses and other	**1**	8
Inventory	**4**	5
Due from jointly-controlled businesses	**8**	2
Reclassified to assets held for sale (note 5)	**–**	(2)
	36	68

9. Pipeline, Plant, and Other Capital Assets

	2015			2014		
	Cost	Accumulated depreciation	Net book value	Cost	Accumulated depreciation	Net book value
Pipeline	**318**	**(137)**	**181**	470	(134)	336
Plant	**–**	**–**	**–**	516	(59)	457
Power facilities	**775**	**(106)**	**669**	626	(172)	454
Administrative	**5**	**(4)**	**1**	10	(6)	4
Capital spares	**–**	**–**	**–**	1	–	1
Land	**52**	**–**	**52**	42	–	42
Construction work in progress	**16**	**–**	**16**	234	–	234
Reclassified to assets held for sale (note 5)	**–**	**–**	**–**	(114)	90	(24)
	1,166	**(247)**	**919**	1,785	(281)	1,504

There were no pipeline, plant and other capital assets deemed to be under operating leases at December 31, 2015 (2014 – cost: $106 million, accumulated depreciation: $82 million) which includes assets held for sale. There were no operating lease revenues generated by such assets for the year ended December 31, 2015 (2014 – $36 million).

Asset Impairment Loss

In 2014, the Company recognized a $5 million impairment loss on land held in Ontario, Canada. This resulted from the Company engaging an unrelated third party to complete a market valuation assessment of the land.

10. Intangible Assets

	2015			2014		
	Cost	Accumulated depreciation	Net book value	Cost	Accumulated depreciation	Net book value
Midstream customer relationship and service agreement (note 6)	**–**	**–**	**–**	283	(41)	242
Power agreements and licenses	**180**	**(38)**	**142**	268	(115)	153
Ethane transportation agreements ("ETAs")	**16**	**(12)**	**4**	16	(11)	5
Computer software	**7**	**(2)**	**5**	–	–	–
Reclassified to assets held for sale (note 5)	**–**	**–**	**–**	(93)	86	(7)
	203	**(52)**	**151**	474	(81)	393

Power purchase agreements and water licenses represent the value attributed to intangible assets upon various acquisitions related to the Company's power business. Each of the Company's gas-fired generation facilities hold long-term power purchase agreements, which provide for capacity payments and the sale of electricity to their respective markets or customers, as applicable. Northbrook holds a long-term Federal Energy Regulatory Commission ("FERC") license under which it operates and maintains the Glen Park facility. Swift holds a long-term electricity purchase agreement, awarded by BC Hydro, which provides for the sale of power produced from the Dasque-Middle run-of-river facility. The Furry Creek and Clowhom run-of-river facilities each hold 40-year water licenses attached to the land for the use of water at their respective sites.

ETAs represent value attributed to AEGS' intangible assets upon Veresen's acquisition in December 2004. Under the ETAs, which expire on December 31, 2018, shippers are committed to pay a minimum firm toll based on 90% of total committed volume, and to reimburse AEGS for all operating costs, including maintenance capital.

The intangible assets are amortized on a straight-line basis. For the year ended December 31, 2015, total amortization expense for intangible assets was $12 million (2014 – $28 million). Annual amortization expense for each of the next 5 years is expected to be approximately $13 million.

11. Accounts payable and other

	2015	2014
Payables	**9**	31
Interest payable	**6**	6
Accrued payables	**50**	34
	65	71

12. Long-term Debt

	2015	2014
Veresen		
Revolving credit facility	**148**	122
3.95% Medium term notes due 2017	**300**	300
4.0% Medium term notes due 2018	**150**	150
3.06% Medium term notes due 2019	**200**	200
5.05% Medium term notes due 2022	**50**	50
Acquisition credit facility due 2016	**–**	726
	848	1,548
Less: current portion	**–**	–
	848	1,548
AEGS		
5.565% Senior notes due 2020	**81**	84
Less: current portion	**(4)**	(3)
	77	81
East Windsor Cogeneration		
6.283% Senior bonds due 2029	**143**	149
Less: current portion	**(7)**	(6)
	136	143
Furry Creek		
7.2947% Term loan due 2024	**9**	10
Less: current portion	**(1)**	(1)
	8	9
EnPower		
6.65% Term loan due 2018	**19**	20
Less: current portion	**(1)**	(1)
	18	19
	1,087	1,800

Veresen

Revolving Credit Facilities

On July 31, 2015, the Revolving Credit Facility was increased from $550 million to $750 million and the term extended by one year to mature on May 31, 2019. Outstanding advances bear interest based on various quoted floating rates plus a margin. At December 31, 2015, the Facility was drawn by $148 million (December 31, 2014 – $122 million).

Veresen Acquisition Credit Facility

The Acquisition Credit Facility was a new unsecured non-revolving term loan used to fund the Ruby acquisition in 2014. The Acquisition Credit Facility was repaid in full in 2015.

Compliance with Debt Covenants

Each of Veresen and its businesses were in compliance with their respective debt covenants as at December 31 2015, and 2014.

Scheduled Principal Repayments of Long-Term Senior Debt

Scheduled principal repayments of long-term senior debt, including the current portion thereof, are as follows:

	For the years ending December 31
2016	13
2017	460
2018	180
2019	214
2020	74
Thereafter	159
	1,100

13. Other Long-Term Liabilities

	2015	2014
Asset retirement obligations	**27**	39
Other	**10**	16
	37	55
Less: current portion	**(1)**	(2)
	36	53

Asset Retirement Obligations

At December 31, 2015, $24 million of the consolidated asset retirement obligation ("ARO") relates to AEGS (2014 – $23 million). This represents management's estimate of the cost to abandon the ethane transportation pipeline and the timing of the costs to be incurred. Estimated cash flows were discounted at AEGS' weighted average credit-adjusted risk free rate of return of 6.3% (2014 – 6.3%) and an inflation rate of 2.3% (2014 – 2.3%). The total undiscounted amount of future cash flows required to settle the obligation is estimated to be $111 million (2014- $111 million). The estimated ARO costs reflect such activities as dismantling, demolition and disposal of a portion of the pipeline as well as remediation and restoration of the surface land. Payments to settle the obligation are not expected to occur prior to 2040.

On March 31, 2015, the Company funded its interest in Veresen Midstream by contributing its Hythe/Steeprock gathering and processing assets, including its asset retirement obligation (note 6).

	2015	2014
Asset retirement obligations, January 1	**39**	37
Sale of obligation to Veresen Midstream	**(14)**	–
Accretion expense	**2**	2
Asset retirement obligations, December 31	**27**	39

Other

Other long-term liabilities primarily represent $8 million of accruals for LTIP and DSU (2014 – $14 million). Payments made under the LTIP and DSU in 2015 were $3 million (2014 – $5 million).

14. Taxes

Components of Taxes

The following is a summary of the significant components of the Company's tax expense:

	2015	2014
Current tax expense	**37**	30
Deferred tax expense (recovery)		
Origination and reversal of temporary differences	**(28)**	(7)
Benefit of loss carry-forwards	**8**	(2)
Change in valuation allowance	**2**	4
Total deferred tax expense	**(18)**	(5)
Total tax expense	**19**	25

Geographical Components

Net income before tax and discontinued operations for the years ended 2015 and 2014 are as follows:

	2015	2014
Net income before tax and discontinued operations		
Canada	**60**	91
United States	**53**	12
Net income before tax and discontinued operations	**113**	103

Tax expense for the years ended 2015 and 2014 are as follows:

	2015	2014
Current tax expense		
Canada	**3**	10
United States	**34**	20
Total current tax expense	**37**	30
Deferred tax expense (recovery)		
Canada	**20**	20
United States	**(38)**	(25)
Total deferred tax expense (recovery)	**(18)**	(5)
Total tax expense	**19**	25

Components of Deferred Taxes

The provision for deferred taxes arises from temporary differences in the carrying values of assets and liabilities for financial statement and income tax purposes and the effect of loss carryforwards. The items comprising the deferred tax assets and liabilities are as follows:

	2015	2014
Deferred tax liabilities (assets)		
Investments in jointly-controlled businesses	**360**	263
Regulatory assets (note 19)	**–**	24
Pipeline, plant and other capital assets	**14**	82
Non-capital losses	**(94)**	(86)
Asset retirement obligations	**(7)**	(10)
Deferred revenue and costs	**(17)**	(17)
Total net deferred tax liabilities	**256**	256

The above deferred tax balances at December 31, 2015 and 2014 are net of valuation allowances of $12 million and $9 million, respectively.

Tax Reconciliation

The provision for taxes differs from the result that would be obtained by applying the combined Canadian federal and provincial statutory income tax rate to net income before tax and non-controlling interest. The difference results from a number of factors summarized in the following reconciliation:

	2015	2014
Net income before tax and discontinued operations	**113**	103
Canadian statutory income tax rate	**26.0%**	25.0%
Income tax at statutory rate	**29**	26
Increase (decrease) resulting from:		
Deferred taxes related to Canadian regulated operations	**3**	8
Higher income tax rates in other jurisdictions	**–**	3
Deductible intercompany interest expense	**(13)**	(7)
Change in valuation allowance	**2**	4
Change in tax rates	**(2)**	–
Adjustment in respect of prior periods	**(3)**	(3)
Taxable capital gains greater (less) than accounting gains	**2**	(6)
Other	**1**	–
Tax expense	**19**	25
Net income before discontinued operations	**94**	78
Effective tax rate	**16.8%**	24.3%

The Company has Canadian and U.S. non-capital losses of $104 million (2014 – $287 million) and $168 million (2014 – $32 million), respectively. Canadian losses expire beginning in 2025. U.S. losses will expire in varying amounts from 2027 to 2033.

The Company has no unrecognized tax benefits as the recognition and measurement criterion has been met. It is more likely than not that the Company will realize its tax positions.

The Company is subject to Canadian federal and provincial income tax, U.S. federal and state income tax, and other foreign federal taxes. All Canadian federal and provincial income tax returns are subject to examination by the taxation authorities. All U.S. federal income tax returns and generally all U.S. state income tax returns for 2011 and subsequent years continue to remain subject to examination by the taxation authorities, in addition to years relating to non-operating losses are subject to examination.

15. Share Capital

Authorized

The authorized capital of the Company consists of (i) an unlimited number of Common Shares and (ii) Preferred Shares, issuable in series, to be limited in number to an amount equal to not more than one-half of the Common Shares issued and outstanding at the time of issuance of such Preferred Shares.

Common Shares

	2015		2014	
Common Shares	**Number**	**Value**	Number	Value
January 1 Opening balance[1]	**286,052,797**	**3,186**	201,736,655	1,849
Convertible Debentures converted into Common Shares, net of issue costs	–	–	5,887,565	86
Common Shares issued under Premium Dividend and Dividend Reinvestment Plan ("DRIP")[2]	**12,927,192**	**168**	4,034,816	65
Common Shares issued, net of issue costs	–	–	73,370,000	1,170
December 31	**298,979,989**	**3,354**	285,029,036	3,170
Common Shares to be issued under DRIP[2][3]	–	–	1,023,761	16
	298,979,989	**3,354**	286,052,797	3,186

(1) Includes 1,023,761 Common Shares valued at $16 million (2014 – 260,411 Common Shares; $4 million) subsequently issued under DRIP.

(2) Represents Common Shares issued to satisfy a portion of the Company's dividends.

(3) Common shares to be issued under DRIP in respect of the December dividend declared are classified as dividends payable in 2015

The weighted average number of Common Shares outstanding used to determine net income per Common Share on a basic and diluted basis for the year ended December 31, 2015 was 291,081,484 (2014 – 225,724,157).

Dividends

For the year ended December 31, 2015, the Company declared and paid dividends to common shareholders in the amount of $291 million or $1.00 per Common Share (2014 – $227 million or $1.00 per Common Share).

Premium Dividend and Dividend Reinvestment Plan

The Company's Premium Dividend and Dividend Reinvestment Plan ("DRIP") allows eligible shareholders to elect to reinvest the eligible portion of the dividend declared by the Company in additional Common Shares at a 5% discount to the average market price or to receive the dividend in cash plus a 2% premium cash payment based on the eligible portion of the dividend. The Company reserves the right to determine, for each dividend declared, how much new equity would be issued under the DRIP.

Preferred Shares

On April 1, 2015, the Company issued 8 million Cumulative Redeemable Preferred Shares, Series E ("Series E Preferred Shares") at a price of $25 per Series E Preferred Share, generating $194 million of cash proceeds net of $6 million of issue costs. The holders of Series E Preferred Shares are entitled to receive fixed cumulative preferential cash dividends at an annual rate of 5.00%, payable quarterly for an initial period up to but excluding June 30, 2020, if and when declared by the Board of Directors. The dividend rate will reset on June 30, 2020 and every five years thereafter at a rate equal to the sum of the then five-year Government of Canada bond yield plus 4.27%. The Series E Preferred Shares are redeemable by the Company, at the Company's option, on June 30, 2020 and on June 30 of every fifth year thereafter.

Holders of Series E Preferred Shares have the right to convert all or any part of their shares into Cumulative Redeemable Preferred Shares, Series F ("Series F Preferred Shares") subject to certain conditions, on June 30, 2020 and on June 30 of every fifth year thereafter. The holders of Series F Preferred Shares are entitled to receive quarterly floating rate cumulative dividends at a rate equal to the sum of the then 90-day Government of Canada treasury bill rate plus 4.27%.

16. Commitments and Contingencies

Veresen has operating leases for office premises and vehicles. Included in general and administrative expense are lease expenses of $4 million (2014 – $4 million). Expected future minimum lease payments under the operating leases are as follows:

For the years ending December 31	Operating leases
2016	6
2017	5
2018	5
2019	5
2020	5
Thereafter	24
Total minimum lease payments(1)	50

(1) Total rental payments to be received in future periods under non-cancelable subleases are $1 million.

The Court of Appeal for Ontario denied Veresen's appeal of a portion of the decision issued earlier this year by an Ontario court in respect of an option held by Energy Fundamentals Group Inc. ("EFG") to acquire up to 20% of Veresen's equity interest in the Jordan Cove LNG terminal. Veresen will not appeal this matter further and will determine the information to be provided to EFG in connection with the option in compliance with the terms of the original decision.

On April 15, 2015, Aux Sable received a Notice and Finding of Violation from the United States Environmental Protection Agency ("EPA") for exceedances of permitted limits for Volatile Organic Compounds at Aux Sable's Channahon, Illinois Facility. Aux Sable is engaged in discussions with the EPA to resolve the matter. The initial EPA proposal confirms the settlement will not be material to earnings.

On March 30, 2012, a Statement of Claim was filed against the Company's equity-accounted investees, Aux Sable Liquid Products, L.P., Aux Sable Canada L.P., Aux Sable Extraction LP and Aux Sable Canada Ltd., relating to differences in interpretation of certain terms of the NGL Sales Agreement. The Company's equity-accounted investees were served with this Statement of Claim on March 18, 2013. Further potential differences in interpretation of certain terms of the NGL Sales Agreement have also been identified on additional years not currently the subject of any claims. At this time, the Company is unable to predict the likely outcome of this matter. The Company will continue to assess the matter and the amount of loss accrued may change in the future.

17. Financial Instruments and Risk Management

Financial Instruments

The following table summarizes the Company's financial instrument carrying and fair values as at December 31, 2015:

	Financial assets at cost or amortized cost	Financial liabilities at amortized cost	Non-financial instruments	Total	Fair value(1)
Assets					
Cash and short-term investments	**58**			**58**	**58**
Restricted cash	**7**			**7**	**7**
Distributions receivable	**52**			**52**	**52**
Accounts receivable and other	**23**		**5**	**28**	**23**
Due from jointly-controlled businesses	**50**			**50**	**50**
Investments held at cost	**1,981**			**1,981**	**2,010**
Other assets	**12**		**1**	**13**	**12**
Liabilities					
Accounts payable and other		**65**		**65**	**65**
Dividends payable		**25**		**25**	**25**
Senior debt		**1,100**		**1,100**	**1,143**
Other long-term liabilities		**9**	**27**	**36**	**9**

(1) Fair value excludes non-financial instruments.

The following table summarizes the Company's financial instrument carrying and fair values as at December 31, 2014:

	Financial assets at cost or amortized cost	Financial liabilities at amortized cost	Non-financial instruments	Total	Fair value[2]
Assets					
Cash and short-term investments	51			51	51
Restricted cash	5			5	5
Distributions receivable	46			46	46
Accounts receivable and other	55			55	55
Due from jointly-controlled businesses	44			44	44
Assets held for sale	6		33	39	6
Investments held at cost	1,660			1,660	1,660
Other assets	1		17	18	1
Liabilities					
Accounts payable and other	69		2	71	69
Dividends payable	8			8	8
Liabilities associated with assets held for sale	4			4	4
Senior debt	1,811			1,811	1,864
Other long-term liabilities	14		39	53	14

(2) Fair value excludes non-financial instruments.

For the years ended December 31, 2015 and 2014 the following amounts were recognized in income:

	2015	2014
Total interest expense, recorded with respect to other financial liabilities, calculated using the effective rate method	**53**	59

Fair Values

Fair value is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of financial instruments included in cash and short-term investments, restricted cash, distributions receivable, receivables and accrued receivables, due from jointly-controlled businesses, other assets, payables, interest payable, accrued payables, dividends payable, and other long-term liabilities approximate their carrying amounts due to the nature of the item and/or the short time to maturity. The fair value of the investment held at cost is based on a number of factors, including the present value of anticipated distributable cash flows to be produced from the underlying operations of the Ruby investment. Assessing these cash flows required the use of assumptions related to the future demand for Ruby's operations, forecasted commodity prices and interest rates, anticipated economic conditions, timing of conversion of the preferred interest into a common equity interest, and other inputs, many of which are not available as observable market data. The fair values of senior debt are calculated by discounting future cash flows using discount rates estimated based on government bond rates plus expected spreads for similarly-rated instruments with comparable risk profiles.

The carrying value of investments held at cost are accounted for under the cost method. As part of the Company's impairment review, the Company performs a fair value assessment of the Company's investments held at cost on an annual basis using the most currently available information.

US GAAP establishes a fair value hierarchy that distinguishes between fair values developed based on market data obtained from sources independent of the reporting entity, and fair values developed using the reporting entity's own assumptions based on the best information available in the circumstances. The levels of the fair value hierarchy are:

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs are other than the quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs are not based on observable market data.

Veresen has categorized senior debt as Level 2. At December 31, 2015 senior debt had a carrying value of $1,100 million (December 31, 2014 – $1,811 million) and fair value of $1,143 million (December 31, 2014 – $1,864 million). The investment held at cost is categorized as Level 3. At December 31, 2015 the investment held at cost had a carrying value of $1,981 million (December 31, 2014 – $1,660 million) and a fair value of $2,010 million (December 31, 2014 – $1,660 million).

Financial instruments measured at fair value as at December 31, 2015 were:

	Level 1	Level 2	Level 3	Total
Cash and short-term investments		**58**		**58**
Restricted cash		**7**		**7**

Maturity Analysis of Financial Liabilities

The tables below summarize the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the undiscounted cash flows.

The following table summarizes the maturity analysis of financial liabilities as of December 31, 2015:

	<1 year	1-3 years	4-5 years	Over 5 years
Accounts payable and other	**65**			
Dividends payable	**25**			
Senior debt	**13**	**640**	**288**	**159**
Other long-term liabilities		**9**		

The following table summarizes the maturity analysis of financial liabilities as of December 31, 2014:

	<1 year	1-3 years	4-5 years	Over 5 years
Accounts payable and other	71			
Dividends payable	8			
Liabilities associated with assets held for sale	4			
Senior debt	11	1,174	394	232
Other long-term liabilities		14		

Currency Risk

From time to time, the Company has utilized U.S.-denominated debt to hedge a portion of the net investment in its self-sustaining U.S. operations. To the extent these hedges were deemed to be effective, any such gains or losses were recorded in other comprehensive income. For the years ended December 31, 2015 and December 31, 2014, there were no net investment hedges.

On December 31, 2015, approximately 61% of the Company's total assets were denominated in U.S. dollars (2014 – 50%).

Foreign Exchange Hedge

In 2014, the Company entered into forward foreign exchange contracts to manage the foreign exchange exposure relating to the Ruby acquisition (note 4). For the year ended December 31, 2014, the Company recognized a $39 million realized pre-tax gain associated with the forward foreign exchange contracts, included within foreign exchange and other in the consolidated statement of income. No such hedge was entered into during the year ended December 31, 2015.

Cross Currency Swaps

As at December 31, 2015, Veresen Midstream, a jointly-controlled business, had one cross currency swap ("Swap"). This Swap was entered into to manage the exposure to changes in interest rates and foreign exchange whereby Veresen Midstream receives variable interest rates denominated in US dollars and pays fixed interest rates denominated in Canadian dollars. The Swap had an initial notional amount of US$575 million which declines over the 4 year swap facility, ending March 31, 2019. On May 28, 2015, resulting from the re-pricing of Veresen Midstream's US dollar denominated Term Loan, the Swap was amended and made effective March 31, 2015, resulting in a reduction of 75 basis points. Future changes in interest rates and exchange rates will affect the fair value of the Swap, impacting the amount of unrealized gains or losses included in equity income from jointly-controlled businesses recognized in the period.

The following is a summary of the cross currency swap in place as at December 31, 2015:

Jointly-Controlled Business	Variable Debt Interest Rate	Fixed Rate	Notional Amount[1]	Fair Value[1]	Term
Veresen Midstream	**USD-BA-LIBOR**	**5.81%**	**$383**	**$32**	**March 31, 2015 to March 31, 2019**

The fair values approximate the amount that Veresen Midstream would have either paid or received to settle the contract, and are included in the Company's investment in Veresen Midstream.

(1) Veresen's interest in Veresen Midstream varies for items recognized within the consolidated statement of financial position and the consolidated statement of income. For the purposes of recognizing items in the consolidated statement of financial position, Veresen's ownership interest is based on Veresen's holdings on a fully diluted basis, as at the date of the statement of financial position. As at December 31, 2015, this ownership interest is 48.5%. For the purposes of recognizing items in the consolidated statement of income, Veresen's ownership interest is based on the weighted average of Veresen's holdings on a fully diluted basis during the financial statement period. For the year ended December 31, 2015 this ownership interest is 49.6%.

Interest Rate Risk

At December 31, 2015, 13% of consolidated long-term debt was floating-rate debt (2014 – 47%).

Veresen and its jointly-controlled businesses periodically enter into interest rate hedges to manage interest rate exposures. As at December 31, 2015, York Energy Centre and Grand Valley II Limited Partnership ("Grand Valley II"), both jointly-controlled business, had interest rate hedges. Future changes in interest rates will affect the fair value of the hedges, impacting the amount of unrealized gains or losses included in equity income from jointly-controlled businesses recognized in the period. The following is a summary of the interest rate hedges in place as at December 31, 2015:

Jointly-Controlled Business	Variable Debt Interest Rate	Fixed Rate	Notional Amount[2]	Fair Value[2]	Term
York Energy Centre	**CAD-BA-CDOR**	**4.36%**	**$122**	**$(22)**	**April 30, 2012 to June 30, 2032**
Grand Valley II	**CAD-BA-CDOR**	**2.31%**	**$86**	**$(2)**	**December 31, 2015 to December 31, 2033**

The following is a summary of the interest rate hedge in place as at December 31, 2014:

Jointly-Controlled Business	Variable Debt Interest Rate	Fixed Rate	Notional Amount[2]	Fair Value[2]	Term
York Energy Centre	CAD-BA-CDOR	4.36%	$126	$(23)	April 30, 2012 to June 30, 2032

(2) Veresen's interest in the York Energy Centre and Grand Valley II jointly-controlled businesses is 50% and 75% respectively.

The fair values approximate the amount that York Energy Centre and Grand Valley II would have either paid or received to settle the contract, and are included in the Company's investments in York Energy Centre and Grand Valley II.

Credit Risk

Veresen and its jointly-controlled businesses are exposed to credit risk as revenues are dependent upon the ability of customers to fulfill their contractual obligations, the failure of which could adversely affect the ability of Veresen and its jointly-controlled businesses to recover operating and financing costs or make dividends or distributions, as applicable. Alliance and Ruby's businesses are concentrated in the natural gas transportation industry and their revenue is dependent upon the ability of their shippers to pay their monthly demand charges. Exposure to this credit risk is mitigated by requiring shippers to provide letters of credit or other suitable security unless the shippers maintain specified credit ratings or a suitable financial position. As at December 31, 2015, Alliance held $69 million in letters of credit and cash deposits as security from its shippers.

AEGS is primarily dependent upon two customers, both large petrochemical companies with world-scale petrochemical facilities located in Alberta. AEGS represents a critical component in securing ethane feedstock for these petrochemical facilities.

In the case of the Veresen Midstream, the Company is dependent on Encana and CRP, a partnership between Encana and Cutbank Dawson Gas Resources Ltd., a subsidiary of Mitsubishi Corporation. Mitsubishi possesses an investment-grade credit rating. Encana is currently rated as investment grade with Standard & Poor's (BBB) and Dominion Bond Rating Service (BBB), while Moody's Investor Service has rated Encana as Ba2.

Aux Sable's earnings and cash flows are primarily dependent upon a long-term NGL Sales Agreement with a large, integrated energy company.

The counterparty exposures associated with the Company's Power business are diverse and are spread across numerous entities (including a number of government entities in the case of the Company's district energy facilities) and individual counterparties.

None of the Company's financial assets are past due or impaired, nor have any terms been renegotiated. The Company is satisfied with the credit quality of its financial assets. The maximum exposure to credit risk related to non-derivative financial assets is their carrying value, as disclosed previously in the table "Financial Instruments".

Liquidity Risk

Veresen and its businesses manage their liquidity requirements utilizing cash from operations, excess cash and undrawn committed credit facilities. The Company believes these sources of funding are sufficient to meet its expected liquidity requirements.

All financial liabilities classified as current on the balance sheet are expected to be settled within one year.

18. Segmented Information

	Pipelines		Midstream		Power		Corporate[1]		Total	
Year ended December 31	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
Equity income (loss)	**131**	112	**(44)**	48	**4**	(2)	**(14)**	(12)	**77**	146
Dividend income	**116**	16	**–**	–	**–**	–	**–**	–	**116**	16
Operating revenues	**58**	61	**33**	133	**96**	108	**–**	–	**187**	302
Operations and maintenance	**(28)**	(31)	**(11)**	(55)	**(37)**	(55)	**–**	–	**(76)**	(141)
General and administrative	**(2)**	(2)	**(1)**	(5)	**(13)**	(13)	**(22)**	(29)	**(38)**	(49)
Project development	**–**	–	**–**	–	**–**	–	**(85)**	(79)	**(85)**	(79)
Depreciation and amortization	**(14)**	(14)	**(10)**	(40)	**(33)**	(27)	**(3)**	(2)	**(60)**	(83)
Interest and other finance	**(5)**	(5)	**–**	–	**(10)**	(13)	**(38)**	(41)	**(53)**	(59)
Foreign exchange and other	**–**	–	**–**	–	**3**	–	**5**	41	**8**	41
Gain on sale of assets, net of impairment loss	**–**	–	**37**	–	–	–	–	9	**37**	9
Net income (loss) before tax from continuing operations	**256**	137	**4**	81	**10**	(2)	**(157)**	(113)	**113**	103
Tax expense[2]	**–**	–	**–**	–	**–**	–	**(19)**	(25)	**(19)**	(25)
Net income (loss) from continuing operations	**256**	137	**4**	81	**10**	(2)	**(176)**	(138)	**94**	78
Discontinued operations										
Net loss before tax from discontinued operations	**–**	–	**–**	–	**–**	(16)	**–**	–	**–**	(16)
Tax recovery from discontinued operations	**–**	–	**–**	–	**–**	6	**–**	–	**–**	6
Net loss from discontinued operations	**–**	–	**–**	–	**–**	(10)	**–**	–	**–**	(10)
Net income (loss), before extraordinary loss	**256**	137	**4**	81	**10**	(12)	**(176)**	(138)	**94**	68
Extraordinary loss, net of tax	**(10)**	–	**–**	–	**–**	–	**–**	–	**(10)**	–
Net income (loss)	**246**	137	**4**	81	**10**	(12)	**(176)**	(138)	**84**	68
Preferred Share dividends	**–**	–	**–**	–	**–**	–	**(24)**	(16)	**(24)**	(16)
Net income (loss) attributable to Common Shares	**246**	137	**4**	81	**10**	(12)	**(200)**	(154)	**60**	52
Total assets[3]	**2,674**	2,359	**785**	1,228	**1,057**	682	**55**	468	**4,571**	4,737
Capital expenditures[4]	**–**	–	**9**	14	**42**	132	**7**	2	**58**	148

(1) Reflects unallocated amounts applicable to Veresen's head office activities.

(2) The Company holds its ownership interests in multiple business lines through partnerships, which are consolidated into various corporate entities. Consequently, the tax provision is determined on a consolidated basis and, as such, the Company is not able to present income tax by segment.

(3) After giving effect to intersegment eliminations and allocations to businesses.

(4) Reflects capital expenditures related only to wholly-owned and majority-controlled businesses.

			2015
	Canada	U.S.	**Total**
Dividend income	**–**	**116**	**116**
Operating revenues from continuing operations	**182**	**5**	**187**
Equity income from jointly-controlled businesses	**47**	**30**	**77**
Investments held at cost	**–**	**1,981**	**1,981**
Investments in jointly-controlled businesses	**734**	**578**	**1,312**
Pipeline, plant and other capital assets	**830**	**89**	**919**

			2014
	Canada	U.S.	Total
Dividend income	–	16	16
Operating revenues from continuing operations	295	7	302
Equity income from jointly-controlled businesses	63	83	146
Investments held at cost	–	1,660	1,660
Investments in jointly-controlled businesses	378	507	885
Pipeline, plant and other capital assets	1,432	72	1,504

Revenues earned from one customer within the Company's Midstream segment represent approximately 17% (2014 – 39%) of the Company's 2015 operating revenues. Within the Power segment, revenues earned from one customer represented 21% (2014 – 9%) of the Company's 2015 operating revenues. No other customer represents over 10% of operating revenues in 2015 or 2014.

19. Extraordinary Loss

The extraordinary after-tax loss of $10 million represents the one-time net effect of the de-recognition of Alliance's regulatory assets and liabilities.

As Alliance received regulatory approval from the NEB and the FERC to advance its new services offering effective December 1, 2015, it will be exposed to potential variability in certain future costs and throughput volumes. As such, the majority of Alliance's operations no longer meet all of the criteria required for the continued application of rate regulated accounting under US GAAP, thereby requiring the de-recognition of its regulatory balances as at June 30, 2015. Certain expenditures in Alliance, as approved by the NEB, will continue to be accounted for in accordance with Accounting Standards Codification 980 – Regulated Operations.

20. Supplemental Cash Flow Information

	2015	2014
Accounts receivable	**21**	11
Accrued receivables	**12**	(7)
Other assets	**8**	(5)
Payables	**(16)**	11
Interest payable	**–**	(7)
Deferred revenue	**1**	1
Accrued payables	**(4)**	3
Changes in non-cash operating working capital from continuing operations	**22**	7

21. Due from Jointly-Controlled Business

On March 30, 2012, the Company provided a $47 million amortizing term loan to Grand Valley, a jointly-controlled business. Principal and interest are payable on a quarterly basis. The loan bears interest of 5.2% and the maturity date is December 31, 2031. At December 31, 2015, the outstanding balance was $42 million (2014 – $44 million).

22. Subsequent Events

Dividends

On February 18, 2016, the Company declared a quarterly dividend of $0.275 per share for the period ending March 31, 2016 in respect of the Series A Preferred Shares, payable on March 31, 2015 to shareholders of record on March 15, 2016.

On February 18, 2016, the Company declared a quarterly dividend of $0.3125 per share for the period ending March 31, 2016 in respect of the Series C Preferred Shares, payable on March 31, 2015 to shareholders of record on March 15, 2016.

On February 18, 2016, the Company declared a quarterly dividend of $0.3125 per share for the period ending March 31, 2016 in respect of the Series E Preferred Shares, payable on March 31, 2016 to shareholders of record on March 15, 2016.

On January 20, 2016 and February 18, 2016, the Company declared dividends of $0.0833 per Common Share for each of January and February 2016, respectively. These dividends are payable on February 23, 2016 to shareholders of record on January 29, 2016, and March 23, 2016 to shareholders of record on February 29, 2016, respectively.