

CONSOLIDATED BALANCE SHEETS

(condensed and unaudited)

As at (\$ millions)	June 30, 2024	December 31, 2023
ASSETS		
Current assets		
Cash and cash equivalents (note 19)	\$ 46	\$ 95
Accounts receivable (net of credit losses of \$30 million) (note 13)	1,416	1,844
Inventory (note 4)	734	847
Regulatory assets	92	58
Risk management assets (note 13)	82	54
Prepaid expenses and other current assets (note 19)	125	147
	2,495	3,045
Property, plant and equipment	13,456	12,728
Intangible assets	119	122
Operating right of use assets	405	337
Goodwill (note 5)	5,434	5,270
Regulatory assets	263	329
Risk management assets (note 13)	85	57
Prepaid post-retirement benefits	674	626
Long-term investments and other assets (net of credit losses of \$1 million) (notes 6, 13, and 19)	274	271
Investments accounted for by the equity method (note 8)	727	686
	\$ 23,932	\$ 23,471
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	\$ 1,693	\$ 1,863
Short-term debt	59	129
Current portion of long-term debt (notes 9 and 13)	799	999
Customer deposits	72	92
Regulatory liabilities	32	85
Risk management liabilities (note 13)	129	97
Current portion of finance lease liabilities (note 13)	22	11
Operating lease liabilities	113	92
Other current liabilities (note 13)	20	45
	2,939	3,413
Long-term debt (notes 9 and 13)	7,611	7,528
Asset retirement obligations	462	448
Unamortized investment tax credits	1	1
Deferred income taxes	1,668	1,536
Subordinated hybrid notes (notes 10 and 13)	742	742
Regulatory liabilities	1,305	1,274
Risk management liabilities (note 13)	140	115
Finance lease liabilities (note 13)	121	120
Operating lease liabilities	315	258
Other long-term liabilities	110	124
Future employee obligations	49	49
	\$ 15,463	\$ 15,608

As at (\$ millions)

June 30, December 31,
2024 2023

Shareholders' equity

Common shares, no par values, unlimited shares authorized; 2024 - 297.2 million and 2023 - 294.9 million issued and outstanding (note 15)	\$ 7,166	\$ 7,120
Preferred shares (note 15)	391	391
Contributed surplus	619	624
Accumulated deficit	(627)	(817)
Accumulated other comprehensive income ("AOCI") (note 11)	723	395
Total shareholders' equity	8,272	7,713
Non-controlling interests	197	150
Total equity	\$ 8,469	\$ 7,863
	\$ 23,932	\$ 23,471

Acquisitions (note 3)

Variable interest entities (note 7)

Commitments, guarantees, and contingencies (note 17)

Seasonality (note 20)

Segmented information (note 21)

Subsequent events (note 22)

See accompanying notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF INCOME (LOSS)

(condensed and unaudited)

	Three Months Ended June 30		Six Months Ended June 30	
(\$ millions except per share amounts)	2024	2023	2024	2023
REVENUE (note 12)	\$ 2,775	\$ 2,631	\$ 6,430	\$ 6,679
EXPENSES				
Cost of sales, exclusive of items shown separately	2,193	1,889	4,669	5,052
Operating and administrative	426	389	894	774
Accretion expenses	1	2	2	5
Depreciation and amortization	117	112	233	223
	2,737	2,392	5,798	6,054
Income from equity investments (note 8)	7	9	28	11
Other income	19	27	47	364
Foreign exchange gains	1	—	6	—
Interest expense	(111)	(93)	(218)	(198)
Income (loss) before income taxes	(46)	182	495	802
Income tax expense (recovery)				
Current	5	(14)	32	39
Deferred	(17)	52	81	163
Net income (loss) after taxes	(34)	144	382	600
Net income applicable to non-controlling interests	4	4	8	9
Net income (loss) applicable to controlling interests	(38)	140	374	591
Preferred share dividends	(4)	(7)	(8)	(13)
Net income (loss) applicable to common shares	\$ (42)	\$ 133	\$ 366	\$ 578
Net income (loss) per common share (note 16)				
Basic	\$ (0.14)	\$ 0.47	\$ 1.24	\$ 2.05
Diluted	\$ (0.14)	\$ 0.47	\$ 1.23	\$ 2.04
Weighted average number of common shares outstanding (millions) (note 16)				
Basic	296.5	281.7	295.9	281.6
Diluted	296.5	283.1	297.5	283.0

See accompanying notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(condensed and unaudited)

(\$ millions)	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	2024	2023
Net income (loss) after taxes	\$ (34)	\$ 144	\$ 382	\$ 600
Other comprehensive income (loss), net of taxes				
Gain (loss) on foreign currency translation	109	(225)	359	(236)
Unrealized gain (loss) on net investment hedge (note 13)	(9)	21	(29)	24
Gain (loss) on cash flow hedges (note 13)	2	—	(9)	—
Reclassification of losses on cash flow hedges (note 13)	4	—	7	—
Actuarial loss on pension plans and post-retirement benefit ("PRB") plans	—	(1)	—	(1)
Settlement of Canadian defined benefit ("DB") pension plan	—	2	—	2
Total other comprehensive income (loss) ("OCI"), net of taxes	\$ 106	\$ (203)	\$ 328	\$ (211)
Comprehensive income (loss) attributable to controlling interests and non-controlling interests, net of taxes	\$ 72	\$ (59)	\$ 710	\$ 389
Comprehensive income (loss) attributable to:				
Non-controlling interests	\$ 4	\$ 4	\$ 8	\$ 9
Controlling interests	68	(63)	702	380
	\$ 72	\$ (59)	\$ 710	\$ 389

See accompanying notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF EQUITY

(condensed and unaudited)

(\$ millions)	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	2024	2023
Common shares (note 15)				
Balance, beginning of period	\$ 7,138	\$ 6,763	\$ 7,120	\$ 6,761
Shares issued for cash on exercise of options	28	2	46	4
Balance, end of period	\$ 7,166	\$ 6,765	\$ 7,166	\$ 6,765
Preferred shares (note 15)				
Balance, beginning of period	\$ 391	\$ 586	\$ 391	\$ 586
Balance, end of period	\$ 391	\$ 586	\$ 391	\$ 586
Contributed surplus				
Balance, beginning of period	\$ 622	\$ 625	\$ 624	\$ 625
Exercise of share options	(3)	—	(5)	—
Balance, end of period	\$ 619	\$ 625	\$ 619	\$ 625
Accumulated deficit				
Balance, beginning of period	\$ (497)	\$ (776)	\$ (817)	\$ (1,142)
Net income (loss) applicable to controlling interests	(38)	140	374	591
Common share dividends	(88)	(79)	(176)	(158)
Preferred share dividends	(4)	(7)	(8)	(13)
Balance, end of period	\$ (627)	\$ (722)	\$ (627)	\$ (722)
AOCI (note 11)				
Balance, beginning of period	\$ 617	\$ 618	\$ 395	\$ 626
Other comprehensive income (loss)	106	(203)	328	(211)
Balance, end of period	\$ 723	\$ 415	\$ 723	\$ 415
Total shareholders' equity	\$ 8,272	\$ 7,669	\$ 8,272	\$ 7,669
Non-controlling interests				
Balance, beginning of period	\$ 159	\$ 120	\$ 150	\$ 162
Net income applicable to non-controlling interests	4	4	8	9
Contributions from non-controlling interests to subsidiaries	39	27	48	27
Distributions by subsidiaries to non-controlling interests	(5)	(4)	(9)	(8)
Adjustment on disposition of assets	—	—	—	(43)
Balance, end of period	\$ 197	\$ 147	\$ 197	\$ 147
Total equity	\$ 8,469	\$ 7,816	\$ 8,469	\$ 7,816

See accompanying notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(condensed and unaudited)

	Three Months Ended June 30		Six Months Ended June 30	
(\$ millions)	2024	2023	2024	2023
Cash from operations				
Net income (loss) after taxes	\$ (34)	\$ 144	\$ 382	\$ 600
Items not involving cash:				
Depreciation and amortization	117	112	233	223
Accretion expenses	1	2	2	5
Deferred income tax expense (recovery)	(17)	52	81	163
Losses (gains) on sale of assets	3	(12)	2	(319)
Gain on debt defeasance	—	—	—	(14)
Income from equity investments (note 8)	(7)	(9)	(28)	(11)
Unrealized losses (gains) on risk management contracts (note 13)	90	(150)	(27)	(115)
Amortization of deferred financing costs	1	2	3	4
Allowance for credit losses (note 13)	5	3	15	14
Change in pension and other post-retirement benefits	(12)	3	(26)	2
Other	9	(6)	1	(12)
Asset retirement obligations settled	—	(3)	—	(5)
Distributions from equity investments	4	4	7	7
Changes in operating assets and liabilities (note 19)	292	231	364	422
	\$ 452	\$ 373	\$ 1,009	\$ 964
Investing activities				
Capital expenditures - property, plant and equipment	(304)	(228)	(579)	(429)
Capital expenditures - intangible assets	(1)	(2)	(2)	(2)
Contributions to equity investments	(1)	(1)	(1)	(3)
Proceeds from disposition of assets, net of transaction costs	1	—	2	1,072
	\$ (305)	\$ (231)	\$ (580)	\$ 638
Financing activities				
Issuance of long-term debt, net of debt issuance costs	—	397	996	397
Purchase of marketable securities in connection with debt defeasance	—	—	—	(193)
Repayment of long-term debt and finance lease liabilities	(455)	(303)	(1,013)	(334)
Net borrowing (repayment) under credit facilities	314	(169)	(318)	(1,287)
Dividends - common shares	(88)	(79)	(176)	(158)
Dividends - preferred shares	(4)	(7)	(8)	(13)
Distributions to non-controlling interests	(5)	(4)	(9)	(8)
Contributions from non-controlling interests	11	—	17	—
Net proceeds from shares issued on exercise of options (note 15)	25	2	41	4
Settlement of derivative instruments (note 13)	—	—	(9)	—
	\$ (202)	\$ (163)	\$ (479)	\$ (1,592)
Change in cash, cash equivalents, and restricted cash	(55)	(21)	(50)	10
Cash, cash equivalents, and restricted cash, beginning of period	109	95	104	64
Cash, cash equivalents, and restricted cash, end of period (note 19)	\$ 54	\$ 74	\$ 54	\$ 74

See accompanying notes to the Consolidated Financial Statements.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

(Tabular amounts and amounts in footnotes to tables are in millions of Canadian dollars unless otherwise indicated.)

1. Organization and Overview of the Business

The businesses of AltaGas are operated by the Company and a number of its subsidiaries including, without limitation, AltaGas Services (U.S.) Inc., AltaGas Utility Holdings (U.S.) Inc., WGL Holdings, Inc. ("WGL"), Wrangler 1 LLC, Wrangler SPE LLC, Washington Gas Resources Corp., WGL Energy Services, Inc. ("WGL Energy Services"), and SEMCO Holding Corporation; in regard to the Utilities business, Washington Gas Light Company ("Washington Gas"), Hampshire Gas Company, and SEMCO Energy, Inc.; and in regard to the Midstream business, AltaGas Extraction and Transmission Limited Partnership, AltaGas Pipeline Partnership, AltaGas Processing Partnership, AltaGas Northwest Processing Limited Partnership, Harmattan Gas Processing Limited Partnership, Ridley Island LPG Export Limited Partnership, AltaGas Pacific Partnership, AltaGas LPG Limited Partnership, Petrogas Energy Corporation ("Petrogas"), Petrogas Holdings Partnership, and Petrogas, Inc. In the Corporate/Other segment the main subsidiary is AltaGas Power Holdings (U.S.) Inc. SEMCO Energy conducts its Michigan natural gas distribution business under the name SEMCO Energy Gas Company ("SEMCO").

AltaGas is a leading North American energy infrastructure company that connects customers and markets to affordable and reliable sources of energy. The Company operates a diversified, lower-risk, high-growth energy infrastructure business that is focused on delivering resilient and durable value for its stakeholders.

AltaGas' operating segments include the following:

- Utilities, which owns and operates franchised, cost-of-service, rate regulated natural gas distribution and storage utilities that focus on providing safe, reliable, affordable energy to approximately 1.6 million residential and commercial customers. This includes operating two utilities that operate across four major U.S. jurisdictions with a rate base of approximately US\$5.2 billion. The Utilities business also includes other storage facilities and contracts for interstate natural gas transportation and storage services, as well as WGL Energy Services, an affiliated retail energy marketing business, which sells natural gas and electricity directly to residential, commercial, and industrial customers located in Maryland, Virginia, Delaware, Pennsylvania, Ohio, and the District of Columbia; and
- Midstream, which is a leading North American platform that connects customers and markets from wellhead to tidewater. The three pillars of the Midstream business include: 1) global exports, which includes AltaGas' two operational Liquefied Petroleum Gas ("LPG") export terminals and one prospective development terminal; 2) natural gas gathering, processing and extraction; and 3) fractionation and liquids handling. AltaGas' Midstream segment also includes its natural gas and natural gas liquids ("NGLs") marketing business, domestic logistics, trucking and rail terminals, and liquid and natural gas storage capability.

The Corporate/Other segment consists of AltaGas' corporate activities and a small portfolio of gas-fired power generation and distribution assets capable of generating 508 MW of power primarily in the state of California.

2. Summary of Significant Accounting Policies

BASIS OF PRESENTATION

These unaudited condensed interim Consolidated Financial Statements have been prepared by Management in accordance with United States Generally Accepted Accounting Principles ("U.S. GAAP"). As a result, these unaudited condensed interim Consolidated Financial Statements do not include all of the information and disclosures required in the annual Consolidated Financial Statements and should be read in conjunction with the Corporation's 2023 annual audited Consolidated Financial Statements prepared in accordance with U.S. GAAP. In Management's opinion, these unaudited condensed interim Consolidated Financial Statements include all adjustments that are of a recurring nature and necessary to present fairly the financial position of the Corporation.

Pursuant to National Instrument 52-107, "Acceptable Accounting Principles and Auditing Standards" ("NI 52-107"), U.S. GAAP reporting is generally permitted by Canadian securities laws for companies subject to reporting obligations under U.S. securities laws. On March 28, 2023, AltaGas filed Form 15 with the Securities and Exchange Commission ("SEC") and as such, is no longer an SEC issuer and can no longer rely on the provisions of NI 52-107. Therefore, AltaGas sought and obtained exemptive relief by the securities regulators in Alberta and Ontario to permit it to prepare its financial statements in accordance with U.S. GAAP. The Alberta Securities Commission exemption will terminate on or after the earlier of January 1, 2027, the date to which AltaGas ceases to have activities subject to rate regulation, or the first day of AltaGas' fiscal year that commences on or following the latter of: a) the effective date prescribed by the IASB for a mandatory rate regulated standard; or b) two years after the IASB publishes the final version of a mandatory rate regulated standard.

PRINCIPLES OF CONSOLIDATION

These unaudited condensed interim Consolidated Financial Statements of AltaGas include the accounts of the Corporation, its subsidiaries, variable interest entities ("VIEs") for which the Corporation is the primary beneficiary, and its interest in various partnerships and joint ventures where AltaGas has an undivided interest in the assets and liabilities. Investments in unconsolidated companies that AltaGas has significant influence, but not control, over are accounted for using the equity method.

All intercompany balances and transactions are eliminated on consolidation. Where there is a party with a non-controlling interest in a subsidiary that AltaGas controls, that non-controlling interest is reflected as "non-controlling interests" in the Consolidated Financial Statements. The non-controlling interests in net income (or loss) of consolidated subsidiaries are shown as an allocation of the consolidated net income and are presented separately in "net income applicable to non-controlling interests".

USE OF ESTIMATES AND MEASUREMENT UNCERTAINTY

The preparation of Consolidated Financial Statements in accordance with U.S. GAAP requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenue and expenses during the period. Critical estimates and judgements used in the preparation of these condensed interim Consolidated Financial Statements are described in Note 2 of the Corporation's 2023 annual audited Consolidated Financial Statements. There have been no material changes to AltaGas' critical estimates and judgements during the six months ended June 30, 2024.

SIGNIFICANT ACCOUNTING POLICIES

These unaudited condensed interim Consolidated Financial Statements have been prepared following the same accounting policies and methods as those used in preparing the Corporation's 2023 annual audited Consolidated Financial Statements.

ADOPTION OF NEW ACCOUNTING STANDARDS

Effective January 1, 2024, AltaGas adopted the following Financial Accounting Standards Board ("FASB") issued Accounting Standards Updates ("ASU"):

- In June 2022, FASB issued ASU No. 2022-03 "Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions". The amendments in this ASU clarify that a contractual restriction on the sale of an equity security is not considered part of the unit of account of the equity security, and therefore, is not considered in measuring fair value. In addition, an entity cannot, as a separate unit of account, recognize a contractual sale restriction. Equity securities subject to contractual sale restrictions also require certain additional disclosures. The adoption of this ASU did not have a material impact on AltaGas' consolidated financial statements.
- In March 2023, FASB issued ASU No. 2023-01 "Leases (Topic 842): Common Control Arrangements". The relevant amendments in this ASU require entities to amortize leasehold improvements under common control over the economic life of the leasehold improvements as long as the lessee controlled the use of the leased asset. The adoption of this ASU did not have a material impact on AltaGas' consolidated financial statements.
- In March 2023, FASB issued ASU No. 2023-02 "Investments - Equity Method and Joint Ventures (Topic 323) - Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method". The amendments in this ASU allow entities the option to elect to account for tax equity investments using the proportional amortization method if certain conditions are met, regardless of the tax credit program from which the income tax credits are received. The adoption of this ASU did not have a material impact on AltaGas' consolidated financial statements.

FUTURE CHANGES IN ACCOUNTING PRINCIPLES

In October 2023, FASB issued ASU No. 2023-06 "Disclosure Improvements". The amendments in this ASU modify the disclosure or presentation requirements of a variety of topics in the codification as a result of FASB's decision to incorporate disclosures referred to in SEC Release No. 33-10532, which sought to simplify SEC disclosure requirements. The amendments in this ASU allow users to more easily compare entities subject to the SEC's existing disclosures with those entities that were not previously subject to the SEC's requirements. This Update is only effective upon the removal of the related disclosure from SEC regulations with an expiration of June 30, 2027. The adoption of this ASU is not expected to have a material impact on AltaGas' consolidated financial statements at this time, but may have an impact in future periods as AltaGas is subject to the scope of this ASU.

In November 2023, FASB issued ASU No. 2023-07 "Segment Reporting (Topic 280)". This ASU requires all public entities required to report segment information in accordance with Topic 280 to provide: (1) annual and interim disclosure of significant segment expenses regularly provided to the chief operating decision maker ("CODM"), (2) annual and interim disclosure of other segment items, (3) annual disclosures about reportable segment profit or loss and assets currently required by Topic 280 in interim periods, (4) disclosure of one or more measure of segment profit or loss used by the CODM, provided that at least one of the reported measures includes the segment profit or loss measure that is most consistent with GAAP measurement principles, (5) disclosure of the title and position of the CODM, and (6) a public entity that has a single reportable segment must provide all the disclosures required by this update and all existing segment disclosures in Topic 280. This update is effective for fiscal years beginning after December 31, 2023, and interim periods with fiscal years beginning after December 15, 2024. The adoption of this ASU will have an impact on AltaGas' segment disclosures.

In December 2023, FASB issued ASU No. 2023-09 "Income Taxes (Topic 740): Improvements to Income Tax Disclosures". The amendments in this ASU require that public business entities on an annual basis: (1) disclose additional categories about federal, state, and foreign income taxes in the rate reconciliation table and (2) provide additional information for reconciling items that meet a quantitative threshold. Additionally, entities are required to

annually disclose disaggregated income from continuing operations, income tax expense, and income taxes paid (net of refunds received) by certain tax authorities and jurisdictions. This update is effective for annual periods beginning after December 15, 2024. The adoption of this ASU will have an impact on AltaGas' income tax disclosures.

In March 2024, FASB issued ASU No. 2024-01 "Compensation - Stock Compensation (Topic 718)". The amendments in this ASU provide an illustrative example to assist entities that account for profits interest awards as compensation to employees or non-employees to reduce (1) complexity in determining whether a profits interest award is subject to the guidance in Topic 718, and (2) existing diversity in practice. The amendments in this ASU are effective for annual periods beginning after December 15, 2024, and interim periods within those annual periods, and should be applied either (1) retrospectively to all prior periods presented in the financial statements, or (2) prospectively to profits interest and similar awards granted or modified on or after the date at which the entity first applies the amendments. Early adoption is permitted. The adoption of this ASU is not expected to have a material impact on AltaGas' consolidated financial statements.

3. Pipestone Acquisition

On December 22, 2023, AltaGas closed the previously announced acquisition of natural gas processing and storage infrastructure assets in the Pipestone area of the Alberta Montney (the "Pipestone Acquisition") with Tidewater Midstream and Infrastructure Ltd. ("Tidewater") for consideration upon close of \$328 million in cash and approximately 12.5 million AltaGas common shares, inclusive of working capital and other adjustments. The Pipestone Acquisition includes the Pipestone natural gas processing facility Phase I, the Pipestone Phase II expansion project which is being developed, the Dimsdale natural gas storage facility, the Pipestone condensate truck-in/truck-out terminal, and the associated gathering pipeline systems required to operate these assets. Following the completion of key de-risking milestones in December 2023, AltaGas declared a positive final investment decision ("FID") on the Pipestone Phase II expansion project.

AltaGas accounted for the acquisition as a business combination using the acquisition method of accounting whereby the acquired assets and assumed liabilities are recorded at their estimated fair values at the date of acquisition. The excess of purchase price over estimated fair values of assets acquired and liabilities assumed is recognized as goodwill at the acquisition date.

The following table summarizes the preliminary purchase price allocation representing the consideration paid and the estimated fair value of the net assets acquired as at December 22, 2023. The purchase price allocation is preliminary and reflects Management's current best estimate of the fair value of the acquired assets and liabilities based on the analysis of information obtained to date. Management is continuing to obtain specific information to support the valuation of current assets, property, plant and equipment, intangible assets, long term investments and other assets, current liabilities, deferred taxes, and contingencies. As additional information becomes available, the purchase price allocation may differ materially from the preliminary purchase price allocation below. The offset to any adjustments made to the aforementioned financial statement captions during the measurement period are expected to be recorded in goodwill. Any adjustments to the purchase price allocation will be made as soon as practicable but no later than one year from the date of acquisition. No adjustments were made to the purchase price allocation in the first half of 2024.

Cash payment	\$	328
Shares issued		340
Effective date and other adjustments		8
Total purchase consideration	\$	676
Fair value assigned to net assets		
Current assets	\$	32
Property, plant and equipment		646
Intangible assets		30
Operating right-of-use assets		3
Long-term investments and other assets		5
Current liabilities		(52)
Asset retirement obligations		(5)
Deferred income taxes		(18)
Operating lease liabilities		(2)
Finance lease liabilities		(96)
Fair value of net assets acquired	\$	543
Goodwill	\$	133

The preliminary purchase price allocation includes goodwill of approximately \$133 million. The goodwill is primarily related to incremental growth opportunities in the Midstream business as a result of the acquisition and greater financial flexibility as a result of increased scale and earnings diversification. The goodwill recognized as part of this transaction is not deductible for income tax purposes, and as such, no deferred taxes have been recorded related to this goodwill.

4. Inventory

As at	June 30, 2024	December 31, 2023
Natural gas held in storage ^(a)	\$ 175	\$ 282
Natural gas liquids	161	156
Crude oil and condensate	102	132
Renewable energy credits and emission compliance instruments	222	202
Materials and supplies	67	66
Processed finished products	7	9
	\$ 734	\$ 847

(a) As at June 30, 2024, \$156 million of the natural gas held in storage was held by rate-regulated utilities (December 31, 2023 - \$247 million).

5. Goodwill

As at	June 30, 2024	December 31, 2023
Balance, beginning of period	\$ 5,270	\$ 5,250
Business acquisition (<i>note 3</i>)	—	133
Foreign exchange translation	164	(113)
Balance, end of period	\$ 5,434	\$ 5,270

6. Long-Term Investments and Other Assets

As at	June 30, 2024	December 31, 2023
Deferred lease receivable	\$ 16	\$ 15
Debt issuance costs associated with credit facilities	5	4
Refundable deposits	10	10
Prepayment on long-term service agreements	86	84
Deferred information technology costs	38	37
Cash calls from joint venture partners	17	19
Contract asset (<i>net of credit losses of \$1 million</i>) (<i>notes 12 and 13</i>)	33	36
Rabbi trust (<i>notes 18 and 19</i>)	5	6
Capitalized contract costs	4	4
Financial transmission rights	25	26
Other	35	30
	\$ 274	\$ 271

7. Variable Interest Entities

Consolidated VIEs

AltaGas consolidates a variable interest entity ("VIE") where the Corporation is deemed the primary beneficiary. The primary beneficiary of a VIE has the power to direct the activities of the entity that most significantly impact its economic performance such as being the provider of construction, operating, and marketing services to the entity. In addition, the primary beneficiary of a VIE also has the obligation to absorb losses of the entity or the right to receive benefits that could potentially be significant to the VIE. AltaGas determined that it is the primary beneficiary of the following VIEs:

Ridley Island LPG Export Limited Partnership

On May 5, 2017, AltaGas LPG Limited Partnership ("AltaGas LPG"), a wholly-owned subsidiary of AltaGas, and Vopak Development Canada Inc. ("Vopak"), a wholly-owned subsidiary of Koninklijke Vopak N.V. ("Royal Vopak"), a public company incorporated under the laws of the Netherlands, formed the Ridley Island LPG Export Limited Partnership ("RILE LP") to develop, own, and operate the Ridley Island Propane Export Terminal ("RIPET"). AltaGas' subsidiaries hold a 70 percent interest while Vopak holds a 30 percent interest in RILE LP. The construction cost of RIPET was funded by AltaGas LPG and Vopak in proportion to their respective interests in RILE LP. As part of the arrangements, AltaGas entered into a long-term agreement for the capacity of RIPET with RILE LP, and AltaGas and certain of its subsidiaries provide operating services to RILE LP.

AltaGas has determined that RILE LP is a VIE in which it holds variable interests and is the primary beneficiary. In the determination that AltaGas is the primary beneficiary of the VIE, AltaGas noted that it has the power to direct the activities that most significantly impact the VIE's economic performance through the operating and marketing services provided to RILE LP. In addition, AltaGas has the obligation to absorb the losses and the right to receive the benefits that could potentially be significant to RILE LP through the long-term agreement for the capacity of RIPET. As such, AltaGas has consolidated RILE LP.

The assets of RILE LP are the property of RILE LP and are not available to AltaGas for any other purpose. RILE LP's asset balances can only be used to settle its own obligations. The liabilities of RILE LP do not represent additional claims against AltaGas' general assets. AltaGas' exposure to loss as a result of its interest as a limited partner is its net investment. AltaGas and Royal Vopak have provided limited guarantees for the obligations of their respective subsidiaries for the construction cost of RIPET. With the commencement of commercial operations at RIPET, the terms of the long-term capacity agreement between AltaGas LPG and RILE LP provide for a return on and of capital and reimbursement of RIPET's operating costs by AltaGas LPG in accordance with the terms set out in the agreement.

The following table represents amounts included in the Consolidated Balance Sheets attributable to RILE LP:

As at	June 30, 2024	December 31, 2023
Current assets	\$ 18	\$ 8
Property, plant and equipment	346	349
Long-term investments and other assets	40	42
Current liabilities	(19)	(15)
Asset retirement obligations	(5)	(5)
Net assets	\$ 380	\$ 379

Ridley Island Energy Export Facility Limited Partnership

On April 4, 2023, AltaGas LPG and Vopak formed the Ridley Island Energy Export Facility Limited Partnership ("REEF LP") to develop, own, and operate the Ridley Island Energy Export Facility ("REEF"). AltaGas' subsidiaries and Vopak each hold a 50 percent interest in REEF LP. The construction cost of REEF is being funded by AltaGas LPG and Vopak in proportion to their respective interests in REEF LP. As part of the project definitive agreements, AltaGas entered into a long-term agreement for 100 percent of the capacity of REEF with REEF LP. Additionally, AltaGas and certain of its subsidiaries have been contracted to provide operating and project development services to REEF LP.

AltaGas has determined that REEF LP is a VIE in which it holds variable interests and is the primary beneficiary. In the determination that AltaGas is the primary beneficiary of the VIE, AltaGas noted that it has the power to direct the activities that most significantly impact the VIE's economic performance through its control of all operational and commercial aspects of the project. In addition, AltaGas has the obligation to absorb the losses and the right to receive the benefits that could potentially be significant to REEF LP through the long-term agreement for the capacity of REEF. As such, AltaGas has consolidated REEF LP.

The assets of REEF LP are the property of REEF LP and are not available to AltaGas for any purpose other than as described in the long-term capacity agreement. REEF LP's asset balances can only be used to settle its own obligations and the liabilities of REEF LP do not represent additional claims against AltaGas' general assets. AltaGas' exposure to loss as a result of its interest as a limited partner is its net investment. AltaGas and Royal Vopak have provided limited guarantees for the obligations of their respective subsidiaries for the construction cost of REEF. With the commencement of commercial operations at REEF, the terms of the long-term capacity

agreement between AltaGas LPG and REEF LP provide for a return on and of capital and reimbursement of REEF's operating costs by AltaGas LPG in accordance with the terms set out in the agreement.

The following table represents amounts included in the Consolidated Balance Sheets attributable to REEF LP:

As at	June 30, 2024	December 31, 2023
Current assets	\$ 36	\$ 7
Property, plant and equipment	100	65
Net assets	\$ 136	\$ 72

AltaGas Hybrid Trust

On January 11, 2022, AltaGas closed its offering of \$300 million of 5.25 percent Fixed-to-Fixed Rate Subordinated Notes, Series 1 (Note 10). In conjunction with the debt offering, AltaGas issued \$300 million in Preferred Shares, Series 2022-A, to be held in the AltaGas Hybrid Trust with Computershare Trust Company of Canada acting as trustee. The Preferred Shares were issued to satisfy the obligations under the indenture governing the associated Series 1 Subordinated Notes. Following the occurrence of certain bankruptcy or insolvency events in respect of AltaGas, subject to certain exceptions, the Series 2022-A Preferred Shares would be delivered to the holders of the Series 1 Subordinated Notes. Upon delivery of the Series 2022-A Preferred Shares, the Series 1 Subordinated Notes would be immediately and automatically surrendered and cancelled and all rights of any Series 1 Subordinated Notes will automatically cease.

On August 17, 2022, AltaGas closed its offering of \$250 million of 7.35 percent Fixed-to-Fixed Subordinated Notes, Series 2 (Note 10). In conjunction with the debt offering, AltaGas issued \$250 million in Preferred Shares, Series 2022-B, to be held in the AltaGas Hybrid Trust with Computershare Trust Company of Canada acting as trustee. The Preferred Shares were issued to satisfy the obligations under the indenture governing the associated Series 2 Subordinated Notes. Following the occurrence of certain bankruptcy or insolvency events in respect of AltaGas, subject to certain exceptions, the Series 2022-B Preferred Shares would be delivered to the holders of the Series 2 Subordinated Notes. Upon delivery of the Series 2022-B Preferred Shares, the Series 2 Subordinated Notes would be immediately and automatically surrendered and cancelled and all rights of any Series 2 Subordinated Notes will automatically cease.

On November 10, 2023, AltaGas closed its offering of \$200 million of 8.90 percent Fixed-to-Fixed Subordinated Notes, Series 3 (Note 10). In conjunction with the debt offering, AltaGas issued \$200 million in Preferred Shares, Series 2023-A, to be held in the AltaGas Hybrid Trust with Computershare Trust Company of Canada acting as trustee. The Preferred Shares were issued to satisfy the obligations under the indenture governing the associated Series 3 Subordinated Notes. Following the occurrence of certain bankruptcy or insolvency events in respect of AltaGas, subject to certain exceptions, the Series 2023-A Preferred Shares would be delivered to the holders of the Series 3 Subordinated Notes. Upon delivery of the Series 2023-A Preferred Shares, the Series 3 Subordinated Notes would be immediately and automatically surrendered and cancelled and all rights of any Series 3 Subordinated Notes will automatically cease.

The only assets held by the AltaGas Hybrid Trust are the Series 2022-A, Series 2022-B, and Series 2023-A Preferred Shares.

AltaGas has determined that AltaGas Hybrid Trust is a VIE in which it holds variable interests and is the primary beneficiary. In the determination that AltaGas is the primary beneficiary of the VIE, AltaGas noted that it has the power to direct the activities that most significantly impact the VIE's economic performance through its role as the sole administrative agent. In addition, AltaGas has the obligation to absorb the administrative expenses that are significant to the trust through the associated administrative agreement. As such, AltaGas has consolidated the AltaGas Hybrid Trust.

Unconsolidated VIE

Strathcona Storage Limited Partnership ("SSLP")

AltaGas owns an interest in SSLP, a partnership formed with ATCO Energy Solutions Ltd. to construct, operate, and maintain underground NGL storage caverns at Fort Saskatchewan, Alberta. The facility currently has five underground NGL storage salt caverns.

As at June 30, 2024, AltaGas' held a 40 percent equity investment in SSLP with a carrying value of \$129 million (December 31, 2023 - \$130 million). SSLP is not consolidated by AltaGas and instead is accounted for by the equity method of accounting. AltaGas is not the primary beneficiary of SSLP and it does not have the power to direct the activities most significant to the economic performance of SSLP. The maximum financial exposure to loss as a result of the involvement with this VIE is equal to AltaGas' net investment in SSLP.

8. Investments Accounted for by the Equity Method

	Location	Ownership Percentage	Carrying value as at	
			June 30, 2024	December 31, 2023
Eaton Rapids Gas Storage System	United States	50	\$ 29	\$ 28
Mountain Valley Pipeline, LLC ("MVP") ^(a)	United States	10	552	511
Sarnia Airport Storage Pool LP	Canada	50	16	16
Petrogas Terminals Penn LLC	United States	50	1	1
Strathcona Storage LP	Canada	40	129	130
			\$ 727	\$ 686

(a) The equity method is considered appropriate because MVP is an LLC with specific ownership accounts and ownership between five and fifty percent, resulting in AltaGas exercising a more than minor influence over the investee's operating and financing policies.

	Location	Ownership Percentage	Equity income for the three months ended June 30		Equity income for the six months ended June 30	
			2024	2023	2024	2023
Eaton Rapids Gas Storage System	United States	50	\$ —	\$ —	\$ 1	\$ 1
MVP ^(a)	United States	10	4	6	23	6
Sarnia Airport Storage Pool LP	Canada	50	1	1	1	1
Strathcona Storage LP	Canada	40	2	2	3	3
			\$ 7	\$ 9	\$ 28	\$ 11

(a) Relates to allowance for funds used during construction ("AFUDC") prior to June 2024 and equity earnings from income generated by MVP subsequent to being placed in-service on June 14, 2024. Earnings after June 14, 2024 also include the amortization of certain basis differences.

The carrying amount of certain equity investments differs from the amount of the underlying equity in net assets. These basis differences include amounts related to purchase accounting adjustments, capitalized interest, provisions on assets, and a contractual cap on contributions to MVP.

9. Long-Term Debt

As at	Maturity date		June 30, 2024	December 31, 2023
Credit facilities				
\$2.3 billion unsecured extendible revolving facility ^(a)	2-May-2028	\$	370	\$ 484
US\$150 million unsecured extendible revolving facility	20-Dec-2026		—	86
Commercial paper ^(b)	Various		303	332
\$450 million term loan ^(c)	n/a		—	449
AltaGas Ltd. medium-term notes ("MTNs")				
\$200 million Senior unsecured - 4.40 percent	15-Mar-2024		—	200
\$350 million Senior unsecured - 1.23 percent	18-Mar-2024		—	350
\$300 million Senior unsecured - 3.84 percent	15-Jan-2025		300	300
\$500 million Senior unsecured - 2.16 percent	10-Jun-2025		500	500
\$350 million Senior unsecured - 4.12 percent	7-Apr-2026		350	350
\$400 million Senior unsecured - 4.64 percent	15-May-2026		400	400
\$200 million Senior unsecured - 2.17 percent	16-Mar-2027		200	200
\$200 million Senior unsecured - 3.98 percent	4-Oct-2027		200	200
\$500 million Senior unsecured - 2.08 percent	30-May-2028		500	500
\$400 million Senior unsecured - 4.67 percent	8-Jan-2029		400	—
\$200 million Senior unsecured - 2.48 percent	30-Nov-2030		200	200
\$350 million Senior unsecured - 5.14 percent	14-Mar-2034		350	—
\$100 million Senior unsecured - 5.16 percent	13-Jan-2044		100	100
\$300 million Senior unsecured - 4.50 percent	15-Aug-2044		300	300
\$250 million Senior unsecured - 4.99 percent	4-Oct-2047		250	250
\$250 million Senior unsecured - 5.60 percent	14-Mar-2054		250	—
WGL and Washington Gas MTNs and private placement notes				
US\$41 million Senior unsecured - 5.44 percent	11-Aug-2025		55	54
US\$53 million Senior unsecured - 6.62 to 6.82 percent	Oct 2026		73	70
US\$72 million Senior unsecured - 6.40 to 6.57 percent	Feb - Sep 2027		98	95
US\$52 million Senior unsecured - 6.57 to 6.85 percent	Jan - Mar 2028		71	69
US\$9 million Senior unsecured - 7.50 percent	1-Apr-2030		12	11
US\$150 million Senior unsecured - 6.06 percent	14-Oct-2033		205	199
US\$50 million Senior unsecured - 5.70 to 5.78 percent	Jan - Mar 2036		68	66
US\$75 million Senior unsecured - 5.21 percent	3-Dec-2040		103	99
US\$75 million Senior unsecured - 5.00 percent	15-Dec-2043		103	99
US\$300 million Senior unsecured - 4.22 to 4.60 percent	Sep - Nov 2044		411	397
US\$450 million Senior unsecured - 3.80 percent	15-Sep-2046		616	595
US\$400 million Senior unsecured - 3.65 percent ^(d)	15-Sep-2049		567	549
US\$200 million Senior unsecured - 2.98 percent	15-Dec-2051		274	265
US\$25 million Senior unsecured - 5.25 percent	29-Dec-2042		34	33
US\$175 million Senior unsecured - 5.33 percent	29-Dec-2052		240	231
US\$50 million Senior unsecured - 6.43 percent	15-Oct-2053		68	66
SEMCO long-term debt				
US\$225 million First Mortgage Bonds - 2.45 percent	21-Apr-2030		99	95
US\$225 million First Mortgage Bonds - 3.15 percent	21-Apr-2050		308	298
Fair value adjustment on WGL Acquisition			75	74
		\$	8,453	\$ 8,566
Less: debt issuance costs			(43)	(39)
		\$	8,410	\$ 8,527
Less: current portion			(799)	(999)
		\$	7,611	\$ 7,528

(a) Borrowings on the facility can be by way of prime loans, U.S. base-rate loans, SOFR loans, term CORRA loans, or letters of credit. Borrowings on the facility have fees and interest at rates relevant to the nature of the draw made. This facility has a \$1.7 billion four-year extendable committed revolving tranche and a \$600 million three-year extendable side car revolving tranche.

(b) Commercial paper is supported by the availability of long-term committed credit facilities maturing in 2026. Commercial paper intended to be repaid within the next year is recorded as short-term debt.

(c) As at June 30, 2024, the term loan was cancelled and repaid in full.

(d) The outstanding balance includes a US\$15 million premium which is amortized as a reduction to interest expense over the term of the note.

10. Subordinated Hybrid Notes

As at	Maturity date		June 30, 2024	December 31, 2023
\$300 million Subordinated Notes, Series 1	11-Jan-2082	\$	300	\$ 300
\$250 million Subordinated Notes, Series 2	17-Aug-2082		250	250
\$200 million Subordinated Notes, Series 3	10-Nov-2083		200	200
		\$	750	\$ 750
Less: debt issuance costs			(8)	(8)
		\$	742	\$ 742

For the three and six months ended June 30, 2024, AltaGas recorded interest expense of \$13 million and \$26 million, respectively, on the subordinated hybrid notes (three and six months ended June 30, 2023 - \$8 million and \$17 million, respectively).

11. Accumulated Other Comprehensive Income (Loss)

	Cash Flow Hedges	DB pension and PRB plans	Hedge net investments	Translation foreign operations	Total
Opening balance, January 1, 2024	\$ (9)	\$ (2)	\$ (148)	\$ 554	\$ 395
OCI before reclassification	(13)	—	(33)	359	313
Amounts reclassified from OCI	7	—	—	—	7
Current period OCI (pre-tax)	\$ (6)	—	\$ (33)	\$ 359	\$ 320
Income tax on amounts retained in AOCI	4	—	4	—	8
Net current period OCI	\$ (2)	—	\$ (29)	\$ 359	\$ 328
Ending balance, June 30, 2024	\$ (11)	\$ (2)	\$ (177)	\$ 913	\$ 723
Opening balance, January 1, 2023	\$ —	\$ (5)	\$ (173)	\$ 804	\$ 626
OCI before reclassification	—	(1)	27	(236)	(210)
Settlement of Canadian DB pension plan	—	2	—	—	2
Current period OCI (pre-tax)	\$ —	\$ 1	\$ 27	\$ (236)	\$ (208)
Income tax on accounts retained in AOCI	—	—	(3)	—	(3)
Net current period OCI	\$ —	\$ 1	\$ 24	\$ (236)	\$ (211)
Ending balance, June 30, 2023	\$ —	\$ (4)	\$ (149)	\$ 568	\$ 415

Reclassification From Accumulated Other Comprehensive Income (Loss)

AOCI components reclassified	Income statement line item	Three Months Ended	
		June 30, 2024	June 30, 2023
Cash flow hedges ^(a)	Cost of sales	\$ 4	\$ —
DB pension and PRB plans ^(b)	Other income	—	2
		\$ 4	\$ 2

(a) The majority of the reclassification for the three months ended June 30, 2024 relates to commodity cash flow hedges.

(b) Reclassification from AOCI for the three months ended June 30, 2023 relates to the settlement of the Canadian defined benefit pension plan.

AOCI components reclassified	Income statement line item	Six Months Ended	
		June 30, 2024	June 30, 2023
Cash flow hedges ^(a)	Cost of sales	\$ 7	\$ —
DB pension and PRB plans ^(b)	Other income	—	2
		\$ 7	\$ 2

(a) The majority of the reclassification for the six months ended June 30, 2024 relates to commodity cash flow hedges.

(b) Reclassification from AOCI for the six months ended June 30, 2023 relates to the settlement of the Canadian defined benefit pension plan.

12. Revenue

The following tables disaggregate revenue by major sources for the period:

	Three Months Ended June 30, 2024			
	Utilities	Midstream	Corporate/ Other	Total
Revenue from contracts with customers				
Commodity sales contracts	\$ 454	\$ 1,535	\$ 9	\$ 1,998
Midstream service contracts	—	337	—	337
Gas sales and transportation services	346	(5)	—	341
Storage services	—	19	—	19
Other ^(a)	3	—	13	16
Total revenue from contracts with customers	\$ 803	\$ 1,886	\$ 22	\$ 2,711
Other sources of revenue				
Revenue from alternative revenue programs ^(b)	\$ 26	\$ —	\$ —	\$ 26
Leasing revenue ^(c)	—	56	—	56
Risk management and trading activities ^(d)	3	(19)	—	(16)
Other	—	(2)	—	(2)
Total revenue from other sources	\$ 29	\$ 35	\$ —	\$ 64
Total revenue	\$ 832	\$ 1,921	\$ 22	\$ 2,775

(a) The Corporate/Other segment includes revenue earned from a resource adequacy agreement at Blythe.

(b) A large portion of revenue generated from the Utilities segment is subject to rate regulation and accordingly there are circumstances where the revenue recognized is mandated by the applicable regulators in accordance with ASC 980.

(c) Revenue generated from certain of AltaGas' Midstream facilities is accounted for as operating leases.

(d) Risk management activities involve the use of derivative instruments such as physical and financial swaps, and commodity and foreign exchange forward contracts. These derivatives are accounted for under ASC 815 and ASC 825. A portion of revenue generated by the Utilities segment is from the physical sale and delivery of natural gas and power to end users.

Three Months Ended June 30, 2023					
	Utilities	Midstream	Corporate/ Other		Total
Revenue from contracts with customers					
Commodity sales contracts	\$ 418	\$ 1,331	\$ —		1,749
Midstream service contracts	—	303	—		303
Gas sales and transportation services	372	2	—		374
Other	4	5	—		9
Total revenue from contracts with customers	\$ 794	\$ 1,641	\$ —		2,435
Other sources of revenue					
Revenue from alternative revenue programs ^(a)	\$ 28	\$ —	\$ —		28
Leasing revenue ^(b)	—	54	20		74
Risk management and trading activities ^(c)	13	67	—		80
Other	2	12	—		14
Total revenue from other sources	\$ 43	\$ 133	\$ 20		196
Total revenue	\$ 837	\$ 1,774	\$ 20		2,631

- (a) A large portion of revenue generated from the Utilities segment is subject to rate regulation and accordingly there are circumstances where the revenue recognized is mandated by the applicable regulators in accordance with ASC 980.
- (b) Revenue generated from certain of AltaGas' Midstream facilities is accounted for as operating leases. For the Corporate/Other segment, a significant amount of revenue earned was through power purchase agreements which were accounted for as operating leases.
- (c) Risk management activities involve the use of derivative instruments such as physical and financial swaps, and commodity and foreign exchange forward contracts. These derivatives are accounted for under ASC 815 and ASC 825. A portion of revenue generated by the Utilities segment is from the physical sale and delivery of natural gas and power to end users.

Six Months Ended June 30, 2024					
	Utilities	Midstream	Corporate / Other		Total
Revenue from contracts with customers					
Commodity sales contracts	\$ 1,037	\$ 3,121	\$ 17		4,175
Midstream service contracts	—	643	—		643
Gas sales and transportation services	1,291	—	—		1,291
Storage services	—	19	—		19
Other ^(a)	5	—	17		22
Total revenue from contracts with customers	\$ 2,333	\$ 3,783	\$ 34		6,150
Other sources of revenue					
Revenue from alternative revenue programs ^(b)	\$ 101	\$ —	\$ —		101
Leasing revenue ^(c)	—	109	—		109
Risk management and trading activities ^(d)	(29)	96	—		67
Other	(3)	6	—		3
Total revenue from other sources	\$ 69	\$ 211	\$ —		280
Total revenue	\$ 2,402	\$ 3,994	\$ 34		6,430

- (a) The Corporate/Other segment includes revenue earned from a resource adequacy agreement at Blythe.
- (b) A large portion of revenue generated from the Utilities segment is subject to rate regulation and accordingly there are circumstances where the revenue recognized is mandated by the applicable regulators in accordance with ASC 980.
- (c) Revenue generated from certain of AltaGas' gas facilities is accounted for as operating leases.
- (d) Risk management activities involve the use of derivative instruments such as physical and financial swaps, and commodity and foreign exchange forward contracts. These derivatives are accounted for under ASC 815 and ASC 825. A portion of revenue generated by the Utilities segment is from the physical sale and delivery of natural gas and power to end users.

Six Months Ended June 30, 2023

	Utilities	Midstream	Corporate/ Other	Total
Revenue from contracts with customers				
Commodity sales contracts	\$ 968	\$ 2,755	\$ —	3,723
Midstream service contracts	—	936	—	936
Gas sales and transportation services	1,548	4	—	1,552
Storage services ^(a)	4	—	—	4
Other	6	5	—	11
Total revenue from contracts with customers	\$ 2,526	\$ 3,700	\$ —	6,226
Other sources of revenue				
Revenue from alternative revenue programs ^(b)	\$ 100	\$ —	\$ —	100
Leasing revenue ^(c)	—	108	44	152
Risk management and trading activities ^(d)	150	32	2	184
Other	(4)	21	—	17
Total revenue from other sources	\$ 246	\$ 161	\$ 46	453
Total revenue	\$ 2,772	\$ 3,861	\$ 46	6,679

(a) Relates to revenue earned for the period prior to the close of the Alaska Utilities Disposition on March 1, 2023.

(b) A large portion of revenue generated from the Utilities segment is subject to rate regulation and accordingly there are circumstances where the revenue recognized is mandated by the applicable regulators in accordance with ASC 980.

(c) Revenue generated from certain of AltaGas' gas facilities is accounted for as operating leases. For the Corporate/Other segment, a significant amount of revenue earned was through power purchase agreements which were accounted for as operating leases.

(d) Risk management activities involve the use of derivative instruments such as physical and financial swaps, and commodity and foreign exchange forward contracts. These derivatives are accounted for under ASC 815 and ASC 825. A portion of revenue generated by the Utilities segment is from the physical sale and delivery of natural gas and power to end users.

Revenue Recognition

The following is a description of the Corporation's revenue recognition policy by segment and by major source of revenue from contracts with customers.

Utilities Segment

Gas Sales and Transportation Services

Customers are billed monthly based on regular meter readings. Customer billings are based on two main components: (i) a fixed service fee and (ii) a variable fee based on usage. Revenue is recognized over time when the gas has been delivered or as the service has been performed. As meter readings are performed on a cycle basis, AltaGas recognizes accrued revenue for any services rendered to its customers but not billed at month-end. The vast majority of these contracts are "at-will" as customers may cancel their service at any time, however, there are certain contracts that have terms of one year or longer. For these long-term contracts, there is generally a contract demand specified in the contract whereby the customer has to pay regardless of whether or not gas has been delivered. These contracts generally do not contain any make up rights and revenue is recognized on a monthly basis as service has been performed.

Commodity Sales

Commodity sales include natural gas and electricity sales to residential, commercial, and industrial customers in certain states where WGL Energy Services is authorized as a competitive service provider. These commodity sales contracts have varying terms that generally range from one to five years. Customers are billed monthly based on the amount of energy delivered to the customer. Revenue is recognized based on the amount the Corporation is entitled to invoice the customer.

Midstream Segment

Commodity Sales

A portion of the NGL production from AltaGas' extraction facilities is subject to frac spread between NGLs extracted and the natural gas purchased to make up the heating value of the NGLs extracted. For commodity sales contracts that do not meet the definition of a derivative or for contracts whereby AltaGas has elected to apply the normal purchase normal sales scope exception, the sales contract is accounted for under ASC 606. These commodity sales contracts have varying terms, but the majority of the contracts have a one-year term which coincides with the NGL year. AltaGas recognizes revenue for commodity sales contracts at a point in time based on the actual volumes of the commodity sold at the delivery point, which corresponds to the customer's monthly invoice amount.

Commodity sales contracts at RIPET and Ferndale generate revenue from the sale and delivery of LPGs to customers in Asia shipped from offshore export terminals. Revenue is recognized when LPGs are loaded onto transport vessels, which is the delivery point. AltaGas has the right to consideration in an amount that directly corresponds to the volumes of LPGs loaded on a vessel. AltaGas' commodity sales also include the sale of upgraded crude oil, processed finished products, and various fuels. Delivery takes place when there is a sales contract in place, specifying delivery volumes and sales prices. The consideration received under these contracts is variable based on commodity prices.

Midstream Service Contracts

AltaGas earns revenue from its field gathering and processing facilities, extraction facilities, storage facilities, truck hauling services, rail and truck loading and unloading terminalling, and transmission systems through a variety of contractual arrangements. For arrangements that do not contain a lease, the revenue is accounted for under ASC 606 as follows:

Fee-for-service – The customer is charged a fee for the service provided on a per unit volume basis. Contract terms generally range from one month to up to the life of the reserves. Revenue under this type of arrangement is recognized over time as the service is provided, which corresponds to the customer's monthly invoice amount.

Take-or-pay – The customer has agreed to a minimum volume commitment whereby the customer must have AltaGas process or deliver a specified volume at a rate per unit that is specified in the contract. Quantities that the customer is unable to deliver are considered deficiency quantities. Certain of AltaGas' take-or-pay contracts contain provisions whereby the customer can make up deficiency quantities in subsequent periods. Under this type of arrangement, any consideration received relating to the deficiency quantities that will be made up in a future period will be deferred until either: (i) the customer makes up the volumes or (ii) the likelihood that the customer will make up the volumes before the make up period expires becomes remote. If AltaGas does not expect the customer to make up the deficiency quantities (also referred to as breakage amount), AltaGas may recognize the expected breakage amount as revenue before the make up period expires. Significant judgment is required in estimating the breakage amount. For contracts where the customer has no make up rights, revenue is recognized on a monthly basis based on the higher of (i) the actual quantity delivered times the per unit rate or (ii) the contracted minimum amount.

Storage fees are typically recognized in revenue ratably over the term of the contract and rail and truck loading and unloading fees are recognized when the volumes are delivered or received.

Corporate/Other Segment

For the Corporate/Other segment, the majority of revenue relates to remaining power assets, from which revenue is primarily earned through a resource adequacy agreement as well as commodity sales via a merchant market, or via commodity sales agreements which are accounted for as financial instruments. For commodity sales contracts that do not meet the definition of a derivative or whereby AltaGas has elected to apply the normal purchase normal sales scope exception, revenue recognized is accounted for under ASC 606.

Contract Balances

As at June 30, 2024, a contract asset balance of \$38 million (December 31, 2023 - \$40 million) has been recorded on the Consolidated Balance Sheets, of which \$34 million (\$33 million net of credit losses) is included within long-term investments and other assets (December 31, 2023 - \$36 million net of credit losses) and \$4 million within prepaid expenses and other current assets (December 31, 2023 - \$4 million). This contract asset represents the difference in revenue recognized under new rates in blend-and-extend contract modifications with customers. Revenue from these contract modifications was recognized at the pre-modification rate until the effective date of the contract modification on the original contracts, with the excess revenue recorded as a contract asset. The contract assets are now being drawn down over the remaining term of the modified contracts.

Contract Assets

As at	June 30, 2024	December 31, 2023
Balance, beginning of period	\$ 40	\$ 41
Additions	—	3
Amortization ^(a)	(2)	(4)
Balance, end of period	\$ 38	\$ 40

(a) Represents the drawdown of contract assets under blend-and-extend contract modifications.

Transaction Price Allocated to the Remaining Obligations

The following table includes estimated revenue expected to be recognized in the future related to performance obligations that are unsatisfied as of June 30, 2024:

	Remainder of 2024	2025	2026	2027	2028	> 2028	Total
Midstream service contracts	\$ 78	\$ 140	\$ 139	\$ 135	\$ 123	\$ 797	\$ 1,412
Other revenue from contracts with customers	25	51	51	51	—	4	182
	\$ 103	\$ 191	\$ 190	\$ 186	\$ 123	\$ 801	\$ 1,594

AltaGas applies the practical expedient available under ASC 606 and does not disclose information about the remaining performance obligations for (i) contracts with an original expected length of one year or less, (ii) contracts for which revenue is recognized at the amount to which AltaGas has the right to invoice for performance completed, and (iii) contracts with variable consideration that is allocated entirely to a wholly unsatisfied performance obligation or to a wholly unsatisfied promise to transfer a distinct good or service that forms part of a single performance obligation. In addition, the table above does not include any estimated amounts of variable consideration that are constrained. The majority of midstream service contracts, gas sales and transportation

service contracts, and storage service contracts contain variable consideration whereby uncertainty related to the associated variable consideration will be resolved (usually on a daily basis) as volumes are processed, gas is delivered or as service is provided.

13. Financial Instruments and Financial Risk Management

The Corporation's financial instruments consist of cash and cash equivalents, accounts receivable, risk management contracts, certain long-term investments and other assets, accounts payable and accrued liabilities, dividends payable, short-term and long-term debt, and certain other current and long-term liabilities.

Fair Value Hierarchy

AltaGas categorizes its financial assets and financial liabilities into one of three levels based on fair value measurements and inputs used to determine the fair value.

Level 1 - fair values are based on unadjusted quoted prices in active markets for identical assets or liabilities. Fair values are based on direct observations of transactions involving the same assets or liabilities and no assumptions are used. Included in this category are publicly traded shares valued at the closing price as at the balance sheet date.

Level 2 - fair values are determined based on valuation models and techniques where inputs other than quoted prices included within Level 1 are observable for the asset or liability either directly or indirectly. AltaGas enters into derivative instruments in the futures, over-the-counter, and retail markets to manage fluctuations in commodity prices and foreign exchange rates. The fair values of power, natural gas, NGL, LPG, ocean freight, and crude oil derivative contracts were calculated using forward prices based on published sources for the relevant period, adjusted for factors specific to the asset or liability, including basis and location differentials, discount rates, and currency exchange. The fair value of foreign exchange derivative contracts was calculated using quoted market rates.

Level 3 - fair values are based on inputs for the asset or liability that are not based on observable market data. AltaGas uses valuation techniques when observable market data is not available. Level 3 derivatives include physical contracts at illiquid market locations with no observable market data, long-dated positions where observable pricing is not available over the life of the contract, contracts valued using historical spot price volatility assumptions, and valuations using indicative broker quotes for inactive market locations. A significant change to any one of these inputs in isolation could result in a significant upward or downward fluctuation in the fair value measurement.

The following methods and assumptions were used to estimate the fair value of each significant class of financial instruments:

Other current liabilities - the carrying amounts approximate fair value because of the short maturity of these instruments.

Current portion of long-term debt, long-term debt, current portion of finance lease liabilities, finance lease liabilities, subordinated hybrid notes, and other long-term liabilities - the fair value of these liabilities was estimated based on discounted future interest and principal payments using the current market interest rates of instruments with similar terms.

Risk management assets and liabilities - the fair values of power, natural gas, NGL, and crude oil derivative contracts were calculated using forward prices from published sources for the relevant period. The fair value of

foreign exchange derivative contracts was calculated using quoted market rates. The fair value of Level 3 derivative contracts was calculated using internally developed valuation inputs and pricing models.

Loans and receivables - the fair value of these assets was estimated based on discounted future interest and principal payments using the current market interest rates of instruments with similar terms.

As at	June 30, 2024				
	Carrying Amount	Level 1	Level 2	Level 3	Total Fair Value
Financial assets					
Fair value through net income ^{(a) (b)}					
Risk management assets - current	\$ 71	\$ —	\$ 35	\$ 36	\$ 71
Risk management assets - non-current	56	—	29	27	56
Fair value through regulatory assets ^(a)					
Risk management assets - current	11	—	2	9	11
Risk management assets - non-current	29	—	—	29	29
	\$ 167	\$ —	\$ 66	\$ 101	\$ 167
Financial liabilities					
Fair value through net income ^{(a) (b)}					
Risk management liabilities - current	\$ 117	\$ —	\$ 107	\$ 10	\$ 117
Risk management liabilities - non-current	97	—	53	44	97
Fair value through regulatory liabilities ^(a)					
Risk management liabilities - current	12	—	1	11	12
Risk management liabilities - non-current	43	—	—	43	43
Amortized cost					
Current portion of long-term debt	799	—	799	—	799
Current portion of finance lease liabilities	22	—	22	—	22
Long-term debt	7,611	—	6,790	—	6,790
Finance lease liabilities	121	—	121	—	121
Subordinated hybrid notes	742	—	724	—	724
Other current liabilities ^(c)	20	—	20	—	20
	\$ 9,584	\$ —	\$ 8,637	\$ 108	\$ 8,745

(a) To manage price risk associated with acquiring natural gas supply for Maryland, Virginia, and District of Columbia utility customers, Washington Gas, a subsidiary of the Corporation, enters into physical and financial derivative transactions. Any gains and losses associated with these derivatives are recorded as regulatory liabilities or assets, respectively, to reflect the rate treatment for these economic hedging activities. Additionally, as part of its asset optimization program, Washington Gas enters into derivatives with the primary objective of securing operating margins that Washington Gas will ultimately realize. Regulatory sharing mechanisms provide for the annual realized profit from these transactions to be shared between Washington Gas' shareholder and customers; therefore, changes in fair value are recorded through earnings, or as regulatory assets or liabilities to the extent that it is probable that realized gains and losses associated with these derivative transactions will be included in the rates charged to customers when they are realized.

(b) Includes the fair value of designated commodity hedging instruments classified as level 2 totaling \$5 million. The change in fair value of these instruments is recorded to AOCI. Refer to the *Cash Flow Hedges* section below for more details.

(c) Excludes non-financial liabilities.

As at	December 31, 2023				
	Carrying Amount	Level 1	Level 2	Level 3	Total Fair Value
Financial assets					
Fair value through net income ^{(a) (b)}					
Risk management assets - current	\$ 49	\$ —	\$ 17	\$ 32	\$ 49
Risk management assets - non-current	37	—	12	25	37
Fair value through regulatory assets ^(a)					
Risk management assets - current	5	—	—	5	5
Risk management assets - non-current	20	—	—	20	20
	\$ 111	\$ —	\$ 29	\$ 82	\$ 111
Financial liabilities					
Fair value through net income ^{(a) (b)}					
Risk management liabilities - current	\$ 85	\$ —	\$ 51	\$ 34	\$ 85
Risk management liabilities - non-current	70	—	25	45	70
Fair value through regulatory liabilities ^(a)					
Risk management liabilities - current	12	—	1	11	12
Risk management liabilities - non-current	45	—	—	45	45
Amortized cost					
Current portion of long-term debt	999	—	999	—	999
Current portion of finance lease liabilities	11	—	11	—	11
Long-term debt	7,528	—	6,812	—	6,812
Finance lease liabilities	120	—	120	—	120
Subordinated hybrid notes	742	—	700	—	700
Other current liabilities ^(c)	43	—	43	—	43
	\$ 9,655	\$ —	\$ 8,762	\$ 135	\$ 8,897

- (a) To manage price risk associated with acquiring natural gas supply for Maryland, Virginia, and District of Columbia utility customers, Washington Gas, a subsidiary of the Corporation, enters into physical and financial derivative transactions. Any gains and losses associated with these derivatives are recorded as regulatory liabilities or assets, respectively, to reflect the rate treatment for these economic hedging activities. Additionally, as part of its asset optimization program, Washington Gas enters into derivatives with the primary objective of securing operating margins that Washington Gas will ultimately realize. Regulatory sharing mechanisms provide for the annual realized profit from these transactions to be shared between Washington Gas' shareholder and customers; therefore, changes in fair value are recorded through earnings, or as regulatory assets or liabilities to the extent that it is probable that realized gains and losses associated with these derivative transactions will be included in the rates charged to customers when they are realized.
- (b) Includes the fair value of designated hedging instruments classified as level 2 totaling \$9 million. The change in fair value of these instruments is recorded to AOCI. Refer to the *Cash Flow Hedges* section below for more details.
- (c) Excludes non-financial liabilities.

Financial assets and liabilities not included in the fair value hierarchy table include money market funds, short-term debt, and commercial paper. The carrying value of these financial instruments approximate their fair value, which reflects the short-term maturity and/or normal credit terms of these financial instruments.

The following table includes quantitative information about the significant unobservable inputs used in the fair value measurement of Level 3 financial instruments at June 30, 2024:

	Net Fair Value	Valuation Technique	Unobservable Inputs	Range	Weighted Average ^(a)
Natural gas	\$ (6)	Discounted Cash Flow	Natural Gas Basis Price (per Dth)	\$ (2.18) - \$ 8.70	\$ 2.05
Natural gas	\$ (1)	Option Model	Natural Gas Basis Price (per Dth)	\$ (2.11) - \$ 2.97	\$ (0.71)
			Annualized Volatility of Spot Market Natural Gas	7 % - 81 %	31 %
Electricity	\$ —	Discounted Cash Flow	Electricity Congestion Price (per MWh)	\$(27.20) - \$ 118.67	\$ 9.91

(a) Unobservable inputs were weighted by transaction volume.

The following tables provide a reconciliation of changes in net fair value of derivative assets and liabilities classified as Level 3 in the fair value hierarchy:

Three Months Ended	June 30, 2024			June 30, 2023		
	Natural Gas	Electricity	Total	Natural Gas	Electricity	Total
Balance, beginning of period	\$ 10	\$ (33)	\$ (23)	\$ (132)	\$ (50)	\$ (182)
Gains (losses):						
Recorded in income	(7)	70	63	61	59	120
Recorded in regulatory assets	(8)	—	(8)	70	—	70
Transfers out of Level 3	—	(1)	(1)	—	13	13
Purchases	—	(23)	(23)	—	(13)	(13)
Settlements	(2)	(13)	(15)	(3)	(15)	(18)
Foreign exchange translation	—	—	—	—	(1)	(1)
Balance, end of period	\$ (7)	\$ —	\$ (7)	\$ (4)	\$ (7)	\$ (11)

Six Months Ended	June 30, 2024			June 30, 2023		
	Natural Gas	Electricity	Total	Natural Gas	Electricity	Total
Balance, beginning of period	\$ (30)	\$ (23)	\$ (53)	\$ (226)	\$ (166)	\$ (392)
Gains:						
Recorded in income	7	63	70	89	182	271
Recorded in regulatory assets	14	—	14	123	—	123
Transfers out of Level 3	—	(1)	(1)	(6)	(6)	(12)
Purchases	—	(21)	(21)	—	(13)	(13)
Settlements	2	(18)	(16)	15	(4)	11
Foreign exchange translation	—	—	—	1	—	1
Balance, end of period	\$ (7)	\$ —	\$ (7)	\$ (4)	\$ (7)	\$ (11)

Transfers between different levels of the fair value hierarchy may occur based on fluctuations in the valuation and on the level of observable inputs used to value the instruments from period to period. Transfers into and out of the different levels of the fair value hierarchy are presented at the fair value as of the beginning of the period. Transfers out of Level 3 during the three and six months ended June 30, 2024 were due to an increase in valuations using observable market inputs.

Summary of Unrealized Gains (Losses) on Risk Management Contracts Recognized in Net Income (Loss)

	Three Months Ended		Six Months Ended	
	June 30		June 30	
	2024	2023	2024	2023
Natural gas	\$ 23	\$ 56	\$ 51	\$ 21
Energy exports	(105)	49	(5)	49
Crude oil and NGLs	(3)	14	(1)	10
NGL frac spread	(1)	22	(13)	20
Power	1	9	18	15
Foreign exchange	(5)	—	(23)	—
	\$ (90)	\$ 150	\$ 27	\$ 115

Offsetting of Derivative Assets and Derivative Liabilities

Certain of AltaGas' risk management contracts are subject to master netting arrangements that create a legally enforceable right for a counterparty to offset the related financial assets and financial liabilities. As part of these master netting agreements, cash, letters of credit, and parental guarantees may be required to be posted or obtained from counterparties in order to mitigate credit risk related to both derivative and non-derivative positions. Collateral balances are also offset against the related counterparties' derivative positions to the extent the application would not result in the over-collateralization of those derivative positions on the balance sheet.

As at	June 30, 2024				
	Derivative instruments not designated as hedging instruments		Derivative instruments designated as hedging instruments		
	Gross amounts of recognized assets/liabilities	Gross amounts offset in balance sheet	Gross amounts of recognized assets/liabilities	Netting of collateral	Net amounts presented in balance sheet
Risk management assets ^(a)					
Natural gas	\$ 166	\$ (73)	\$ 1	\$ —	\$ 94
Energy exports	155	(150)	—	33	38
Crude oil and NGLs	3	(3)	—	5	5
Power	114	(84)	—	—	30
	\$ 438	\$ (310)	\$ 1	\$ 38	\$ 167
Risk management liabilities ^(b)					
Natural gas	\$ 168	\$ (73)	\$ 6	\$ (13)	\$ 88
Energy exports	245	(150)	—	—	95
Crude oil and NGLs	7	(3)	—	—	4
NGL frac spread	12	—	—	—	12
Power	150	(84)	—	—	66
Foreign exchange	4	—	—	—	4
	\$ 586	\$ (310)	\$ 6	\$ (13)	\$ 269

(a) Net amount of risk management assets on the Balance Sheet is comprised of risk management assets (current) balance of \$82 million and risk management assets (non-current) balance of \$85 million.

(b) Net amount of risk management liabilities on the Balance Sheet is comprised of risk management liabilities (current) balance of \$129 million and risk management liabilities (non-current) balance of \$140 million.

As at	December 31, 2023				
	Derivative instruments not designated as hedging instruments		Derivative instruments designated as hedging instruments		Net amounts presented in balance sheet
	Gross amounts of recognized assets/liabilities	Gross amounts offset in balance sheet	Gross amounts of recognized assets/liabilities	Netting of collateral	
Risk management assets ^(a)					
Natural gas	\$ 96	\$ (44)	\$ —	\$ —	\$ 52
Energy exports	34	(31)	—	—	3
Crude oil and NGLs	4	(6)	—	6	4
NGL frac spread	8	(7)	—	—	1
Power	72	(40)	—	—	32
Foreign exchange	19	—	—	—	19
	\$ 233	\$ (128)	\$ —	\$ 6	\$ 111

Risk management liabilities ^(b)					
Natural gas	\$ 164	\$ (44)	\$ 9	\$ (31)	\$ 98
Energy exports	119	(31)	—	(81)	7
Crude oil and NGLs	6	(6)	—	—	—
NGL frac spread	7	(7)	—	—	—
Power	147	(40)	—	—	107
	\$ 443	\$ (128)	\$ 9	\$ (112)	\$ 212

(a) Net amount of risk management assets on the Balance Sheet is comprised of risk management assets (current) balance of \$54 million and risk management assets (non-current) balance of \$57 million.

(b) Net amount of risk management liabilities on the Balance Sheet is comprised of risk management liabilities (current) balance of \$97 million and risk management liabilities (non-current) balance of \$115 million.

Cash Collateral

The following table presents collateral not offset against risk management assets and liabilities:

As at	June 30, 2024	December 31, 2023
Collateral posted with counterparties	\$ 6	\$ 12

Any collateral posted that is not offset against risk management assets and liabilities is included in the line item “prepaid expenses and other current assets” in the Consolidated Balance Sheets. Collateral received and not offset against risk management assets and liabilities is included in the line item “customer deposits” in the Consolidated Balance Sheets.

Certain derivative instruments contain contract provisions that require collateral to be posted if the credit rating of AltaGas or certain of its subsidiaries falls below certain levels. At June 30, 2024 and December 31, 2023, AltaGas has not posted any collateral related to its derivative liabilities that contained credit-related contingent features. The following table shows the aggregate fair value of all derivative instruments with credit-related contingent features that are in a liability position, as well as the maximum amount of collateral that would be required if specific credit-risk-related contingent features underlying these agreements were triggered:

As at	June 30, 2024	December 31, 2023
Risk management liabilities with credit-risk-contingent features	\$ 194	\$ 158
Maximum potential collateral requirements	\$ 109	\$ 111

Notional Summary

The following table presents the notional quantity outstanding related to the Corporation's commodity contracts:

As at	June 30, 2024	December 31, 2023
Natural Gas		
Sales	275,132,258 GJ	233,499,133 GJ
Purchases	639,175,492 GJ	629,298,784 GJ
Swaps ^(a)	95,337,235 GJ	127,829,390 GJ
Crude Oil and NGLs		
Swaps	2,030,644 Bbl	2,399,972 Bbl
Energy Exports		
Purchases	24,859,113 Bbl	4,017,118 Bbl
Propane and butane swaps	78,044,414 Bbl	76,931,889 Bbl
NGL Frac Spread		
Propane swaps	879,203 Bbl	1,040,595 Bbl
Crude oil swaps	157,504 Bbl	194,513 Bbl
Natural gas swaps	7,637,362 GJ	7,513,045 GJ
Power		
Sales	5,177,499 MWh	5,256,989 MWh
Purchases	6,568,909 MWh	6,157,474 MWh
Swaps	31,716,142 MWh	26,220,739 MWh

(a) Includes approximately 25,118,246 GJ of natural gas swaps at June 30, 2024 designated as hedging instruments that have terms extending until 2029.

Foreign Exchange Risk

AltaGas is exposed to foreign exchange risk as changes in foreign exchange rates may affect the fair value or future cash flows of the Corporation's financial instruments. AltaGas has foreign operations whereby the functional currency is the U.S. dollar. As a result, the Corporation's earnings, cash flows, and OCI are exposed to fluctuations resulting from changes in foreign exchange rates. This risk is partially mitigated to the extent that AltaGas has U.S. dollar-denominated debt outstanding. AltaGas may also enter into foreign exchange forward derivatives to manage the risk of fluctuating cash flows and earnings due to variations in foreign exchange rates as well as to benefit from favorable movements in the rates. Any hedges transacted are subject to risk limits and guidelines and are actively monitored and managed by AltaGas' risk management team to ensure they align with AltaGas' overall financial strategy.

AltaGas may designate its external U.S. dollar-denominated debt or certain U.S. dollar-denominated loans that may give rise to a foreign currency translation gain or loss as a net investment hedge of its U.S. subsidiaries. As at June 30, 2024, AltaGas has designated US\$715 million of outstanding loans as a net investment hedge

(December 31, 2023 - US\$715 million). For the three and six months ended June 30, 2024, unrealized after-tax losses on the net investment hedge of \$9 million and \$29 million, respectively, were recorded in OCI (three and six months ended June 30, 2023 - unrealized after-tax gains of \$21 million and \$24 million, respectively).

The following foreign exchange forward contracts were outstanding as at June 30, 2024:

Foreign exchange forward contract	Duration	Fair Value (\$ millions)
Forward USD sales (deliverable)	Less than 1 year	less than \$1 million
Forward USD sales (non-deliverable)	Less than 1 year	\$ (3)
Forward USD sales (non-deliverable)	More than 1 year	\$ (1)

The following foreign exchange forward contracts were outstanding as at December 31, 2023:

Foreign exchange forward contract	Duration	Fair Value (\$ millions)
Forward USD sales (deliverable)	Less than 1 year	less than \$1 million
Forward USD sales (non-deliverable)	Less than 1 year	\$ 10
Forward USD sales (non-deliverable)	More than 1 year	\$ 9

The following is a summary of losses on foreign exchange forward contracts recognized in net income:

Objective of foreign exchange contract	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
	Gain (loss)	Gain (loss)	Gain (loss)	Gain (loss)
Cash management ^(a)	\$ —	\$ —	\$ (2)	\$ —
Income statement risk management ^(b)	\$ (8)	\$ —	\$ (21)	\$ —

(a) Recorded in the Consolidated Statements of Income (Loss) under the line item "foreign exchange gains".

(b) Recorded in the Consolidated Statements of Income (Loss) under the line item "revenue".

Cash Flow Hedges

In the normal course of business, WGL Energy Services purchases natural gas indexed to NYMEX Henry Hub to be sold to third party customers. WGL Energy Services' risk management objective and strategy is to protect earnings against the risk of price fluctuations associated with forecasted NYMEX Henry Hub purchases through the use of the NYMEX Henry Hub financial swaps. Beginning April 1, 2023, WGL Energy Services began prospectively designating its NYMEX Henry Hub financial swaps as cash flow hedges in accordance with ASC Topic 815 as it expects that the hedging relationship will be highly effective at achieving offsetting changes in cash flows attributable to the risk being hedged.

For hedging relationships that qualify as highly effective, the change in fair value of the hedging instrument will be recorded to AOCI. Amounts in AOCI will be reclassified into earnings in the same period the hedged forecasted transactions affect earnings, or when non-regulated cost of energy-related sales is recorded. For swaps that settle the month ahead of the physical transaction, the swap impact will be reclassified into earnings in the subsequent month when the associated hedged transaction is recorded into earnings. For storage inventory purchases, such reclassification into earnings will be based on WGL Energy Services' inventory turnover schedules for finished goods in which the hedged natural gas purchases are used. When applicable, the ineffective portion of a commodity cash flow hedge will immediately be recognized in earnings. The estimated amount of existing losses related to commodity cash flow hedges expected to be reclassified to the income statement in the next 12 months is \$4 million.

AltaGas is also exposed to interest rate risk as changes in interest rates may impact future cash flows and fair value of its financial instruments. To manage this risk, the Company may enter into bond forward contract derivatives and designate them as cash flow hedges in accordance with ASC Topic 815, as AltaGas expects that the hedging relationship will be highly effective at achieving offsetting changes in cash flows attributable to the risk being hedged. For hedging relationships that qualify as highly effective, the change in fair value of the hedging instrument will be recorded to AOCI. Amounts in AOCI will be reclassified into earnings in the same period the hedged forecasted transactions affect earnings. When applicable, the ineffective portion of a cash flow hedge will immediately be recognized in earnings. The estimated amount of existing losses related to the settlement of a bond forward contract derivative during the first quarter of 2024 expected to be reclassified to the income statement in the next 12 months is less than \$1 million.

The following is a summary of gains (losses) on designated cash flow hedges recognized in AOCI:

	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Designated cash flow hedges^(a)	Gain (loss)	Gain (loss)	Gain (loss)	Gain (loss)
Commodity hedges	\$ 2	\$ —	\$ (2)	\$ —
Bond forward contract	\$ —	\$ —	\$ (7)	\$ —

(a) Amounts presented are after-tax.

For the three and six months ended June 30, 2024, losses of \$4 million and \$7 million, respectively, related to commodity cash flow hedges were reclassified from AOCI to the income statement under the line item "cost of sales" (three and six months ended June 30, 2023 - \$nil). For the three and six months ended June 30, 2024, losses of less than \$1 million related to bond forward contract cash flow hedges were reclassified from AOCI to the income statement under the line item "interest expense" (three and six months ended June 30, 2023 - \$nil).

Allowance for Credit Losses

The following table presents changes to the allowance for credit losses by segment and major type:

	Three Months Ended June 30, 2024		
	Accounts Receivable	Contract Assets ^(a)	Total
Utilities			
Balance, beginning of period	\$ 30	\$ —	\$ 30
Adjustments to allowance	5	—	5
Written off	(7)	—	(7)
Recoveries collected	1	—	1
Balance, end of period	\$ 29	\$ —	\$ 29
Midstream			
Balance, beginning of period	\$ 1	\$ 1	\$ 2
Balance, end of period	\$ 1	\$ 1	\$ 2
Total	\$ 30	\$ 1	\$ 31

(a) An allowance for credit loss is assessed quarterly and is recorded based on historical default rates published by external credit rating agencies and a rate associated with the estimated time frame that the contract asset will be billed to the customer.

Three Months Ended June 30, 2023					
	Accounts Receivable		Contract Assets ^(a)		Total
Utilities					
Balance, beginning of period	\$	42	\$	—	42
Foreign exchange translation		(1)		—	(1)
Adjustments to allowance		3		—	3
Written off		(8)		—	(8)
Recoveries collected		1		—	1
Balance, end of period ^(b)	\$	37	\$	—	37
Midstream					
Balance, beginning of period	\$	2	\$	1	3
Balance, end of period	\$	2	\$	1	3
Total	\$	39	\$	1	40

(a) An allowance for credit loss is assessed quarterly and is recorded based on historical default rates published by external credit rating agencies and a rate associated with the estimated time frame that the contract asset will be billed to the customer.

(b) Includes \$2 million recorded to a regulatory asset relating to the impact of COVID-19 on uncollectible accounts as at June 30, 2023.

Six Months Ended June 30, 2024					
	Accounts Receivable		Contract Assets ^(a)		Total
Utilities					
Balance, beginning of period	\$	28	\$	—	28
Foreign exchange translation		1		—	1
Adjustments to allowance		15		—	15
Written off		(17)		—	(17)
Recoveries collected		2		—	2
Balance, end of period	\$	29	\$	—	29
Midstream					
Balance, beginning of period	\$	1	\$	1	2
Balance, end of period	\$	1	\$	1	2
Total	\$	30	\$	1	31

(a) An allowance for credit loss is assessed quarterly and is recorded based on historical default rates published by external credit rating agencies and a rate associated with the estimated time frame that the contract asset will be billed to the customer.

Six Months Ended June 30, 2023				
		Accounts Receivable	Contract Assets ^(a)	Total
Utilities				
Balance, beginning of period	\$	40 \$	— \$	40
Foreign exchange translation		(1)	—	(1)
Adjustments to allowance		13	—	13
Written off		(17)	—	(17)
Recoveries collected		2	—	2
Balance, end of period ^(b)	\$	37 \$	— \$	37
Midstream				
Balance, beginning of period	\$	1 \$	1 \$	2
Adjustments to allowance		1	—	1
Balance, end of period	\$	2 \$	1 \$	3
Total	\$	39 \$	1 \$	40

(a) An allowance for credit loss is assessed quarterly and is recorded based on historical default rates published by external credit rating agencies and a rate associated with the estimated time frame that the contract asset will be billed to the customer.

(b) Includes \$2 million recorded to a regulatory asset relating to the impact of COVID-19 on uncollectible accounts as at June 30, 2023.

With the exception of accounts receivable which are due in one year or less, AltaGas does not have any past due receivables as at June 30, 2024.

Weather Related Instruments

WGL Energy Services utilizes heating degree day (HDD) instruments from time to time to manage weather and price risks related to its natural gas and electricity sales during the winter heating season. WGL Energy Services also utilizes cooling degree day (CDD) instruments and other instruments to manage weather and price risks related to its electricity sales during the summer cooling season. These instruments cover a portion of estimated revenue or energy-related cost exposure to variations in HDDs or CDDs. For the three and six months ended June 30, 2024, there were no pre-tax gains or losses recorded related to these instruments (three and six months ended June 30, 2023 - \$nil and pre-tax loss of \$8 million, respectively).

14. Leases

Lessor

Certain of AltaGas' revenues are obtained through take-or-pay contracts whereby AltaGas is the lessor in these operating lease arrangements. Minimum lease payments received are amortized over the term of the lease. Revenue from these arrangements have been disclosed in Note 12.

15. Shareholders' Equity

Authorization

AltaGas is authorized to issue an unlimited number of voting common shares. AltaGas is also authorized to issue such number of Preferred Shares in series at any time as have aggregate voting rights either directly or on conversion or exchange that in the aggregate represent less than 50 percent of the voting rights attaching to the then issued and outstanding Common Shares.

Common Shares Issued and Outstanding ^(a)	Number of shares	Amount
January 1, 2023	281,531,833	\$ 6,761
Shares issued for cash on exercise of options	905,493	19
Shares issued related to Pipestone Acquisition	12,466,437	340
December 31, 2023	294,903,763	\$ 7,120
Shares issued for cash on exercise of options	2,338,987	46
Issued and outstanding at June 30, 2024	297,242,750	\$ 7,166

(a) Dividends declared per share for the three and six months ended June 30, 2024 were approximately \$0.30 and \$0.60, respectively (three and six months ended June 30, 2023 - \$0.28 and \$0.56, respectively).

Preferred Shares

As at	June 30, 2024		December 31, 2023	
Issued and Outstanding ^{(a) (b) (c)}	Number of shares	Amount	Number of shares	Amount
Series A	6,746,679	\$ 169	6,746,679	\$ 169
Series B	1,253,321	31	1,253,321	31
Series G	6,885,823	172	6,885,823	172
Series H	1,114,177	28	1,114,177	28
Share issuance costs, net of taxes		(9)		(9)
	16,000,000	\$ 391	16,000,000	\$ 391

(a) On January 11, 2022, in connection with the offering of the Subordinated Notes, Series 1, AltaGas issued \$300 million in Preferred Shares, Series 2022-A, to be held in the AltaGas Hybrid Trust with Computershare Trust Company of Canada acting as a trustee. Refer to Notes 7 and 10 for more details.

(b) On August 17, 2022, in connection with the offering of the Subordinated Notes, Series 2, AltaGas issued \$250 million in Preferred Shares, Series 2022-B, to be held in the AltaGas Hybrid Trust with Computershare Trust Company of Canada acting as a trustee. Refer to Notes 7 and 10 for more details.

(c) On November 10, 2023, in connection with the offering of the Subordinated Notes, Series 3, AltaGas issued \$200 million in Preferred Shares, Series 2023-A, to be held in the AltaGas Hybrid Trust with Computershare Trust Company of Canada acting as a trustee. Refer to Notes 7 and 10 for more details.

Share Option Plan

AltaGas has an employee share option plan under which officers, employees, and service providers (as defined by the TSX) are eligible to receive grants. As at June 30, 2024, 8,468,887 shares were listed and reserved for issuance under the plan.

As at June 30, 2024, share options granted under the plan have a term of six years until expiry and vest over no longer than a three-year period.

As at June 30, 2024, the unexpensed fair value of share option compensation cost associated with future periods was less than \$1 million (December 31, 2023 - less than \$1 million).

The following table summarizes information about the Corporation's share options:

As at	June 30, 2024		December 31, 2023	
	Number of options	Exercise price ^(a)	Number of options	Exercise price ^(a)
Share options outstanding, beginning of period	5,547,388	\$ 18.48	6,958,139	\$ 19.28
Exercised	(2,338,987)	17.99	(905,493)	18.22
Forfeited	(1,123)	23.54	(83,257)	21.90
Expired	—	—	(422,001)	31.53
Share options outstanding, end of period	3,207,278	\$ 18.84	5,547,388	\$ 18.48
Share options exercisable, end of period	3,206,340	\$ 18.83	4,990,946	\$ 18.45

(a) Weighted average.

As at June 30, 2024, the aggregate intrinsic value of the total share options exercisable was \$39 million (December 31, 2023 - \$47 million), the total intrinsic value of share options outstanding was \$39 million (December 31, 2023 - \$52 million), and the total intrinsic value of share options exercised was \$28 million (December 31, 2023 - \$8 million).

The following table summarizes the employee share option plan as at June 30, 2024:

Price range	Options outstanding			Options exercisable		
	Number outstanding	Weighted average exercise price	Weighted average remaining contractual life	Number exercisable	Weighted average exercise price	Weighted average remaining contractual life
\$14.52 to \$18.00	503,834	\$ 17.00	0.70	503,834	\$ 17.00	0.70
\$18.01 to \$25.08	2,700,630	19.17	1.97	2,700,630	19.17	1.97
\$25.09 to \$26.21	2,814	26.21	3.01	1,876	26.21	3.01
	3,207,278	\$ 18.84	1.77	3,206,340	\$ 18.83	1.77

Phantom Unit Plan ("Phantom Plan") and Deferred Share Unit Plan ("DSUP")

AltaGas has a Phantom Plan for employees, executive officers, and directors, which includes restricted units ("RUs") and performance units ("PUs") with vesting periods of up to 36 months from the grant date. In addition, AltaGas has a DSUP, which allows granting of deferred share units ("DSUs") to directors. DSUs granted under the DSUP vest immediately but settlement of the DSUs occur when the individual ceases to be a director.

PU, RU, and DSU (number of units)	June 30, 2024	December 31, 2023
Balance, beginning of year	5,052,918	4,332,062
Granted	1,514,002	2,281,596
Vested and paid out	(2,087,621)	(2,047,793)
Forfeited and expired	(428,585)	(551,390)
Units in lieu of dividends	96,129	210,332
Additional units added by performance factor	595,757	828,111
Outstanding, end of period	4,742,600	5,052,918

For the three and six months ended June 30, 2024, the compensation expense recorded for the Phantom Plan and DSUP was \$12 million and \$34 million, respectively (three and six months ended June 30, 2023 - \$13 million and \$25 million, respectively). As at June 30, 2024, the unrecognized compensation expense relating to the remaining vesting period for the Phantom Plan was \$60 million (December 31, 2023 - \$33 million) and is expected to be recognized over the vesting period.

16. Net Income (Loss) Per Common Share

The following table summarizes the computation of net income (loss) per common share:

	Three Months Ended		Six Months Ended	
	June 30		June 30	
	2024	2023	2024	2023
Numerator:				
Net income (loss) applicable to controlling interests	\$ (38)	\$ 140	\$ 374	\$ 591
Less: Preferred share dividends	(4)	(7)	(8)	(13)
Net income (loss) applicable to common shares	\$ (42)	\$ 133	\$ 366	\$ 578
Denominator:				
<i>(millions of shares)</i>				
Weighted average number of common shares outstanding	296.5	281.7	295.9	281.6
Dilutive equity instruments ^(a)	—	1.4	1.6	1.4
Weighted average number of common shares outstanding - diluted	296.5	283.1	297.5	283.0
Basic net income (loss) per common share	\$ (0.14)	\$ 0.47	\$ 1.24	\$ 2.05
Diluted net income (loss) per common share	\$ (0.14)	\$ 0.47	\$ 1.23	\$ 2.04

(a) Determined using the treasury stock method.

For the three months ended June 30, 2024, 1.5 million share options (three months ended June 30, 2023 - less than a million) were excluded from the diluted net income (loss) per common share calculation as their effects were anti-dilutive. For the six months ended June 30, 2024, there were no share options (six months ended June 30, 2023 - less than a million) excluded from the diluted net income (loss) per common share calculation.

17. Commitments, Guarantees, and Contingencies

Commitments

AltaGas has long-term natural gas purchase and transportation arrangements, LPG purchase agreements, crude oil and condensate purchase agreements, service agreements, pipeline and storage service contracts, capital commitments, environmental commitments, merger commitments, and operating leases for office space, office equipment, vehicles, rail cars, land, storage, aquatic surface use, and other equipment, all of which are transacted at market prices and in the normal course of business. AltaGas' utilities have contracts to purchase natural gas, natural gas transportation and storage services from various suppliers to ensure that there is an adequate supply of natural gas to meet the needs of customers and to minimize exposure to market price fluctuations. In addition, WGL Energy Services also enters into contracts to purchase natural gas and electricity designed to match the duration of its sales commitments, and to secure a margin on estimated sales over the terms of existing sales contracts. Please refer to Note 29 of the 2023 Annual Consolidated Financial Statements for further details regarding AltaGas' commitments.

At June 30, 2024, AltaGas has US\$168 million in future undiscounted cash flows associated with operating leases not yet commenced. The leases are for the use of two VLGCs, which are expected to commence in the first half of 2026 and the second half of 2026. The lessor is primarily involved in the design and construction of the VLGCs.

Guarantees

AltaGas has guaranteed payments primarily for certain commitments on behalf of some of its subsidiaries. As at June 30, 2024, AltaGas had no guarantees issued on behalf of external parties.

Contingencies

AltaGas and its subsidiaries are subject to various legal claims and actions arising in the normal course of business. While the final outcome of such legal claims and actions cannot be predicted with certainty, the Corporation does not believe that the resolution of such claims and actions will have a material impact on the Corporation's consolidated financial position or results of operations.

Merger Commitments - District of Columbia

On August 9, 2023, the Public Service Commission of the District of Columbia ("PSC of DC") determined that AltaGas had failed to fulfill Term No. 5 Commitment of the PSC of DC's merger approval order related to the June 2018 merger of AltaGas, WGL, and Washington Gas. On reconsideration, the PSC of DC confirmed, in relevant part, that it had credited AltaGas with causing the development of 2.4 MW of Tier one renewable resources by the July 6, 2023 deadline, and that the Company had breached its Term No. 5 Commitment only for the remaining 7.6 MW. As directed by the PSC of DC, AltaGas, the District of Columbia Government ("DCG"), and the District of Columbia Office of People's Counsel ("DC OPC") conducted negotiations in good faith to reach agreement on a penalty but were unable to reach agreement. Thereafter, AltaGas confirmed that it will specifically perform its Term No. 5 obligations by continuing to cause the development of the remaining 7.6 MW of solar renewable energy. On March 8, 2024, the PSC of DC issued an order to show cause why the penalty amount should not be the maximum allowed under D.C. Code §34-708 (US\$5,000/day). On June 14, 2024, AltaGas and DCG jointly requested that the PSC of DC allow sixty (60) days for the parties to negotiate a settlement in the form of a consent decree or, if no agreement is reached, to file a report on the status of the negotiations. As at June 30, 2024, AltaGas believes that the civil penalty is probable, and based upon reasonable estimates, has recorded an accrued liability of approximately US\$2.1 million.

18. Pension Plans and Retiree Benefits

The costs of the defined benefit and post-retirement benefit plans are based on Management's estimate of the future rate of return on the fair value of pension plan assets, salary escalations, mortality rates, and other factors affecting the payment of future benefits. Additional information relating to the retirement benefit plans is provided in Note 28 of the 2023 Annual Consolidated Financial Statements.

Rabbi trusts of \$8 million as at June 30, 2024 have been funded to satisfy the employee benefit obligations associated with WGL's various pension plans (December 31, 2023 - \$9 million). These balances are included in "prepaid expenses and other current assets" and "long-term investments and other assets" in the Consolidated Balance Sheets.

The net pension expense by plan for the period was as follows:

	Three Months Ended June 30, 2024						
	Canada		United States		Total		
	Defined Benefit	Post-retirement Benefits	Defined Benefit	Post-retirement Benefits	Defined Benefit	Post-retirement Benefits	
Current service cost ^(a)	\$ —	\$ —	\$ 3	\$ 2	\$ 3	\$ 2	
Interest cost ^(b)	—	—	17	4	17	4	
Expected return on plan assets ^(b)	—	—	(20)	(13)	(20)	(13)	
Amortization of past service credit ^(b)	—	—	—	(5)	—	(5)	
Amortization of net actuarial gain ^(b)	—	—	—	(2)	—	(2)	
Net benefit income recognized	\$ —	\$ —	\$ —	\$ (14)	\$ —	\$ (14)	

(a) Recorded under the line item "operating and administrative" expenses on the Consolidated Statements of Income (Loss).

(b) Recorded under the line item "other income" on the Consolidated Statements of Income (Loss).

	Three Months Ended June 30, 2023						
	Canada		United States		Total		
	Defined Benefit	Post-retirement Benefits	Defined Benefit	Post-retirement Benefits	Defined Benefit	Post-retirement Benefits	
Current service cost ^(a)	\$ 1	\$ —	\$ 3	\$ 1	\$ 4	\$ 1	
Interest cost ^(b)	—	—	17	5	17	5	
Expected return on plan assets ^(b)	—	—	(19)	(12)	(19)	(12)	
Amortization of past service credit ^(b)	—	—	—	(5)	—	(5)	
Amortization of net actuarial gain ^(b)	—	—	—	(1)	—	(1)	
Plan settlements ^{(b) (c)}	2	—	—	—	2	—	
Net benefit cost (income) recognized	\$ 3	\$ —	\$ 1	\$ (12)	\$ 4	\$ (12)	

(a) Recorded under the line item "operating and administrative" expenses on the Consolidated Statements of Income (Loss).

(b) Recorded under the line item "other income" on the Consolidated Statements of Income (Loss).

(c) Relates to the settlement charge for the wind-up of the Canadian defined benefit pension plan.

	Six Months Ended June 30, 2024						
	Canada		United States		Total		
	Defined Benefit	Post-retirement Benefits	Defined Benefit	Post-retirement Benefits	Defined Benefit	Post-retirement Benefits	
Current service cost ^(a)	\$ 1	\$ —	\$ 6	\$ 3	\$ 7	\$ 3	
Interest cost ^(b)	—	—	34	9	34	9	
Expected return on plan assets ^(b)	—	—	(41)	(26)	(41)	(26)	
Amortization of past service credit ^(b)	—	—	—	(10)	—	(10)	
Amortization of net actuarial gain ^(b)	—	—	—	(3)	—	(3)	
Net benefit cost (income) recognized	\$ 1	\$ —	\$ (1)	\$ (27)	\$ —	\$ (27)	

(a) Recorded under the line item "operating and administrative" expenses on the Consolidated Statements of Income (Loss).

(b) Recorded under the line item "other income" on the Consolidated Statements of Income (Loss).

	Six Months Ended June 30, 2023					
	Canada		United States		Total	
	Defined Benefit	Post-retirement Benefits	Defined Benefit	Post-retirement Benefits	Defined Benefit	Post-retirement Benefits
Current service cost ^(a)	\$ 2	\$ —	\$ 6	\$ 3	\$ 8	\$ 3
Interest cost ^(b)	1	—	35	9	36	9
Expected return on plan assets ^(b)	—	—	(40)	(24)	(40)	(24)
Amortization of past service credit ^(b)	—	—	—	(10)	—	(10)
Amortization of net actuarial gain ^(b)	—	—	—	(2)	—	(2)
Plan settlements ^{(b) (c) (d)}	2	—	4	(2)	6	(2)
Net benefit cost (income) recognized	\$ 5	\$ —	\$ 5	\$ (26)	\$ 10	\$ (26)

(a) Recorded under the line item "operating and administrative" expenses on the Consolidated Statements of Income (Loss).

(b) Recorded under the line item "other income" on the Consolidated Statements of Income (Loss).

(c) Pursuant to the Alaska Utilities Disposition, the ENSTAR pension plans were divested and resulted in a curtailment gain of less than \$1 million and a net settlement charge of \$2 million.

(d) Includes the settlement charge for the wind-up of the Canadian defined benefit pension plan.

19. Supplemental Cash Flow Information

The following table details the changes in operating assets and liabilities from operating activities:

	Three Months Ended		Six Months Ended	
	2024	2023	2024	2023
Source (use) of cash:				
Accounts receivable	\$ 396	\$ 412	\$ 433	\$ 810
Inventory	(150)	(2)	154	345
Risk management assets - current	1	38	51	16
Prepaid expenses and other current assets	47	15	25	12
Regulatory assets - current	(7)	—	(35)	(38)
Accounts payable and accrued liabilities	6	(198)	(200)	(563)
Customer deposits	5	7	(23)	(15)
Regulatory liabilities - current	(32)	(35)	(52)	(129)
Other current liabilities	10	15	(25)	(39)
Other operating assets and liabilities	16	(21)	36	23
Changes in operating assets and liabilities	\$ 292	\$ 231	\$ 364	\$ 422

The following table details the changes in non-cash investing and financing activities:

	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	2024	2023
Decrease (increase) of balance:				
Exercise of stock options	\$ 3	\$ —	\$ 5	\$ —
Net right-of-use assets obtained in exchange for new operating lease liabilities	\$ 28	\$ (11)	\$ (142)	\$ (21)
Net right-of-use assets obtained in exchange for new finance lease liabilities	\$ (8)	\$ (6)	\$ (14)	\$ (10)
Capital expenditures included in accounts payable and accrued liabilities	\$ (11)	\$ 7	\$ 4	\$ 35
Contributions from non-controlling interests to subsidiaries included in accounts receivable	\$ (28)	\$ —	\$ (31)	\$ —

The following table is a reconciliation of cash and cash equivalents and restricted cash balances:

As at June 30	2024	2023
Cash and cash equivalents	\$ 46	\$ 64
Restricted cash included in prepaid expenses and other current assets ^(a)	3	3
Restricted cash included in long-term investments and other assets ^(a)	5	7
Cash, cash equivalents, and restricted cash per Consolidated Statements of Cash Flows	\$ 54	\$ 74

(a) The restricted cash balances included in "prepaid expenses and other current assets" and "long-term investments and other assets" relate to Rabbi trusts associated with WGL's pension plans (Note 18).

20. Seasonality

The Utilities business is highly seasonal with the majority of natural gas deliveries occurring during the winter heating season. Gas sales increase during the winter resulting in stronger first and fourth quarter results and weaker second and third quarter results. The retail business within the Utilities segment is also seasonal, with larger amounts of electricity being sold in the summer and peak winter months and larger amounts of natural gas being sold in the winter months.

21. Segmented Information

AltaGas owns and operates a portfolio of assets and services used to move energy from the source to the end-user. The following describes the Corporation's reportable segments:

Utilities	<ul style="list-style-type: none"> ■ rate-regulated natural gas distribution assets in Michigan, the District of Columbia, Maryland, and Virginia; ■ rate-regulated natural gas storage in the United States; and ■ sale of natural gas and power to residential, commercial, and industrial customers in the District of Columbia, Maryland, Virginia, Delaware, Pennsylvania, and Ohio.
Midstream	<ul style="list-style-type: none"> ■ NGL processing and extraction plants; ■ natural gas storage facilities; ■ LPG export terminals; ■ transmission pipelines to transport natural gas and NGLs; ■ natural gas gathering lines and field processing facilities; ■ purchase and sale of natural gas; ■ natural gas and NGL marketing; ■ marketing, storage and distribution of wellsite fluids and fuel, crude oil and condensate diluents; and ■ interest in a regulated gas pipeline in the Marcellus/Utica gas formation.
Corporate/ Other	<ul style="list-style-type: none"> ■ the cost of providing corporate services, financing and general corporate overhead, corporate assets, financing other segments and the effects of changes in the fair value of certain risk management contracts; and ■ a small portfolio of power assets.

The following table provides a reconciliation of segment revenue to the disaggregated revenue table disclosed under Note 12:

Three Months Ended June 30, 2024				
	Utilities	Midstream	Corporate/ Other	Total
External revenue (note 12)	\$ 832	\$ 1,921	\$ 22	\$ 2,775
Segment revenue	\$ 832	\$ 1,921	\$ 22	\$ 2,775

Three Months Ended June 30, 2023				
	Utilities	Midstream	Corporate/ Other	Total
External revenue (note 12)	\$ 837	\$ 1,774	\$ 20	\$ 2,631
Segment revenue	\$ 837	\$ 1,774	\$ 20	\$ 2,631

Six Months Ended June 30, 2024				
	Utilities	Midstream	Corporate/ Other	Total
External revenue (note 12)	\$ 2,402	\$ 3,994	\$ 34	\$ 6,430
Segment revenue	\$ 2,402	\$ 3,994	\$ 34	\$ 6,430

Six Months Ended June 30, 2023					
	Utilities	Midstream	Corporate/ Other	Total	
External revenue (note 12)	\$ 2,772	\$ 3,861	\$ 46	\$ 6,679	
Segment revenue	\$ 2,772	\$ 3,861	\$ 46	\$ 6,679	

The following tables show the composition by segment:

Three Months Ended June 30, 2024					
	Utilities	Midstream	Corporate/ Other	Total	
Segment revenue (note 12)	\$ 832	\$ 1,921	\$ 22	\$ 2,775	
Cost of sales	(494)	(1,693)	(6)	(2,193)	
Operating and administrative	(251)	(153)	(22)	(426)	
Accretion expenses	—	(1)	—	(1)	
Depreciation and amortization	(72)	(37)	(8)	(117)	
Income from equity investments (note 8)	—	7	—	7	
Other income	16	2	1	19	
Foreign exchange gains	—	—	1	1	
Interest expense	—	—	(111)	(111)	
Income (loss) before income taxes	\$ 31	\$ 46	\$ (123)	\$ (46)	
Net additions to:					
Property, plant and equipment (a)	\$ 178	\$ 125	\$ 1	\$ 304	
Intangible assets (a)	\$ —	\$ 1	\$ —	\$ 1	

(a) Net additions to property, plant and equipment, and intangible assets may not agree to changes reflected in the Consolidated Statements of Cash Flows due to classification of business acquisition and foreign exchange changes on U.S. assets.

Three Months Ended June 30, 2023					
	Utilities	Midstream	Corporate/ Other	Total	
Segment revenue (note 12)	\$ 837	\$ 1,774	\$ 20	\$ 2,631	
Cost of sales	(436)	(1,450)	(3)	(1,889)	
Operating and administrative	(248)	(119)	(22)	(389)	
Accretion expenses	—	(2)	—	(2)	
Depreciation and amortization	(74)	(31)	(7)	(112)	
Income from equity investments (note 8)	1	8	—	9	
Other income	25	1	1	27	
Interest expense	—	—	(93)	(93)	
Income (loss) before income taxes	\$ 105	\$ 181	\$ (104)	\$ 182	
Net additions to:					
Property, plant and equipment (a)	\$ 198	\$ 23	\$ —	\$ 221	
Intangible assets (a)	\$ —	\$ 1	\$ —	\$ 1	

(a) Net additions to property, plant and equipment, and intangible assets may not agree to changes reflected in the Consolidated Statements of Cash Flows due to classification of business acquisition and foreign exchange changes on U.S. assets.

Six Months Ended June 30, 2024				
	Utilities	Midstream	Corporate / Other	Total
Segment revenue (note 12)	\$ 2,402	\$ 3,994	\$ 34	\$ 6,430
Cost of sales	(1,337)	(3,318)	(14)	(4,669)
Operating and administrative	(539)	(296)	(59)	(894)
Accretion expenses	—	(2)	—	(2)
Depreciation and amortization	(144)	(74)	(15)	(233)
Income from equity investments (note 8)	1	27	—	28
Other income	34	11	2	47
Foreign exchange gains	—	—	6	6
Interest expense	—	—	(218)	(218)
Income (loss) before income taxes	\$ 417	\$ 342	\$ (264)	\$ 495
Net additions to:				
Property, plant and equipment ^(a)	\$ 357	\$ 168	\$ 32	\$ 557
Intangible assets ^(a)	\$ —	\$ 2	\$ —	\$ 2

(a) Net additions to property, plant and equipment, and intangible assets may not agree to changes reflected in the Consolidated Statements of Cash Flows due to classification of business acquisition and foreign exchange changes on U.S. assets.

Six Months Ended June 30, 2023				
	Utilities	Midstream	Corporate/ Other	Total
Segment revenue (note 12)	\$ 2,772	\$ 3,861	\$ 46	\$ 6,679
Cost of sales	(1,760)	(3,285)	(7)	(5,052)
Operating and administrative	(517)	(203)	(54)	(774)
Accretion expenses	—	(5)	—	(5)
Depreciation and amortization	(148)	(60)	(15)	(223)
Income from equity investments (note 8)	1	10	—	11
Other income	347	2	15	364
Interest expense	—	—	(198)	(198)
Income (loss) before income taxes	\$ 695	\$ 320	\$ (213)	\$ 802
Net additions (reductions) to:				
Property, plant and equipment ^(a)	\$ (710)	\$ 40	\$ (8)	\$ (678)
Intangible assets ^(a)	\$ —	\$ 2	\$ —	\$ 2

(a) Net additions to property, plant and equipment, and intangible assets may not agree to changes reflected in the Consolidated Statements of Cash Flows due to classification of business acquisition and foreign exchange changes on U.S. assets.

The following table shows goodwill and total assets by segment:

	Utilities	Midstream	Corporate/ Other	Total
As at June 30, 2024				
Goodwill (note 5)	\$ 3,757	\$ 1,677	\$ —	\$ 5,434
Segmented assets	\$ 15,543	\$ 7,821	\$ 568	\$ 23,932
As at December 31, 2023				
Goodwill (note 5)	\$ 3,630	\$ 1,640	\$ —	\$ 5,270
Segmented assets	\$ 15,272	\$ 7,578	\$ 621	\$ 23,471

22. Subsequent Events

On July 9, 2024, AltaGas issued \$250 million of senior unsecured medium-term notes with a 5.60 percent coupon, due on March 14, 2054. The net proceeds were used to pay down amounts drawn on the syndicated credit facility, which was incurred when the Company repaid its term loan on June 28, 2024.

Subsequent events have been reviewed through July 30, 2024, the date on which these unaudited condensed interim Consolidated Financial Statements were issued.

SUPPLEMENTAL QUARTERLY OPERATING INFORMATION

	Q2-24	Q1-24	Q4-23	Q3-23	Q2-23
OPERATING HIGHLIGHTS					
UTILITIES					
Natural gas deliveries - end use (Bcf) ⁽¹⁾	14.5	54.5	48.3	8.5	15.3
Natural gas deliveries - transportation (Bcf) ⁽¹⁾	20.2	35.1	30.5	19.9	19.5
Service sites (thousands) ⁽²⁾	1,560	1,562	1,560	1,553	1,553
Degree day variance from normal - SEMCO (%) ⁽³⁾	(29.0)	(13.8)	(9.8)	(19.4)	(5.6)
Degree day variance from normal - Washington Gas (%) ^{(3) (4)}	(31.6)	(15.6)	(9.2)	—	(27.0)
WGL retail energy marketing - gas sales volumes (Mmcf)	9,664	23,810	16,863	8,550	10,623
WGL retail energy marketing - electricity sales volumes (GWh)	3,714	3,542	3,518	4,134	3,365
MIDSTREAM					
LPG export volumes (Bbls/d) ⁽⁵⁾	123,285	115,108	90,996	118,213	115,589
Total inlet gas processed (Mmcf/d) ⁽⁵⁾	1,420	1,401	1,312	1,182	1,344
Extracted ethane volumes (Bbls/d) ⁽⁵⁾	19,618	20,369	23,879	25,501	24,927
Extracted NGL volumes (Bbls/d) ^{(5) (6) (7)}	47,054	48,272	36,138	36,070	35,765
Fractionation volumes (Bbls/d) ^{(5) (8)}	43,421	41,072	38,150	39,699	38,364
Frac spread - realized (\$/Bbl) ^{(5) (9)}	25.32	25.25	23.13	23.75	23.87
Frac spread - average spot price (\$/Bbl) ^{(5) (10)}	29.61	25.45	20.55	21.31	21.56
Propane Far East Index ("FEI") to Mont Belvieu spread (US\$/Bbl) ^{(5) (11)}	14.52	14.06	26.44	21.30	14.54
Butane FEI to Mont Belvieu spread (US\$/Bbl) ^{(5) (12)}	16.17	13.87	27.74	22.07	15.29

(1) Bcf is one billion cubic feet.

(2) Service sites reflect all of the service sites of the utilities, including transportation and non-regulated business lines.

(3) A degree day is a measure of coldness determined daily as the number of degrees the average temperature during the day in question is below 65 degrees Fahrenheit. Degree days for a particular period are determined by adding the degree days incurred during each day of the period. Normal degree days for a particular period are the average of degree days during the prior 15 years for SEMCO Gas and during the prior 30 years for Washington Gas.

(4) In certain of Washington Gas' jurisdictions (Virginia and Maryland) there are billing mechanisms in place which are designed to eliminate the effects of variance in customer usage caused by weather and other factors such as conservation. In the District of Columbia, there is no weather normalization billing mechanism nor does Washington Gas hedge to offset the effects of weather. As a result, colder or warmer weather will result in variances to financial results.

(5) Average for the period.

(6) NGL volumes refer to propane, butane and condensate.

(7) Reflects the revision of volumes in the first quarter of 2024.

(8) Fractionation volumes include NGL mix volumes processed.

(9) Realized frac spread or NGL margin, expressed in dollars per barrel of NGL, is derived from sales recorded by the segment during the period for frac spread exposed volumes plus the settlement value of frac hedges settled in the period less extraction premiums, divided by the total frac exposed volumes produced during the period.

(10) Average spot frac spread or NGL margin, expressed in dollars per barrel of NGL, is indicative of the average sales price that AltaGas receives for propane, butane and condensate less extraction premiums, before accounting for hedges, divided by the respective frac spread exposed volumes for the period.

(11) Average propane price spread between FEI and Mont Belvieu TET commercial index.

(12) Average butane price spread between FEI and Mont Belvieu TET commercial index.

OTHER INFORMATION

DEFINITIONS

Bbls/d	barrels per day
Bcf	billion cubic feet
CBM	cubic meter
Dth	dekatherm
GJ	gigajoule
GWh	gigawatt-hour
MBbl	thousands of barrels
Mmcf	million cubic feet
Mmcf/d	million cubic feet per day
MW	megawatt
MWh	megawatt-hour
US\$	United States dollar

ABOUT ALTAGAS

AltaGas is a leading North American energy infrastructure company that connects NGLs and natural gas to domestic and global markets. The Company operates a diversified, lower-risk, high-growth Utilities and Midstream business that is focused on delivering resilient and durable value for its stakeholders.

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