

MANAGEMENT'S REPORT

The Consolidated Financial Statements of AltaGas Ltd. ("AltaGas", the "Corporation", or the "Company") and other financial information included in this report are the responsibility of Management. The Consolidated Financial Statements have been prepared by Management in accordance with United States Generally Accepted Accounting Principles ("U.S. GAAP") and include amounts that are based on Management's best estimates and judgments. It is Management's responsibility to ensure that judgments, estimates and accounting principles and methods used in the preparation of financial information are reasonable, appropriate, and applied consistently.

Management's Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal controls over financial reporting for the Corporation (as defined in Rules 13a-15(f) of the Securities Exchange Act and under National Instrument 52-109).

Management has used the framework established in the 2013 Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") to evaluate the effectiveness of the Corporation's internal control over financial reporting. Based on this evaluation, Management, including the CEO and CFO, has concluded that the Corporation's internal control over financial reporting is effective as at December 31, 2024.

Internal control over financial reporting may not prevent all misstatements due to its inherent limitations. In addition, the evaluation of internal control was made as of a specific date and continued effectiveness in future periods is subject to the risk that controls may become inadequate.

The Board of Directors is responsible for ensuring that Management fulfills its responsibilities for financial reporting and internal controls. The Board is assisted in carrying out its responsibilities principally through its Audit Committee which is composed of independent non-management directors. The Audit Committee meets with Management regularly and meets independently with internal and external auditors and as a group to review any significant accounting, internal controls, and auditing matters in accordance with the terms of the Charter of the Audit Committee, which is set out in the Annual Information Form.

The shareholders have appointed Ernst & Young LLP as independent external auditors to express an opinion as to whether the Consolidated Financial Statements present fairly, in all material respects, the Corporation's consolidated financial position, results of operations, and cash flows in accordance with U.S. GAAP. Ernst & Young LLP is not required under securities law to express an opinion as to the effectiveness of the Corporation's internal control over financial reporting. The report of Ernst & Young LLP outlines the scope of its examination and its opinion on the Consolidated Financial Statements.

(signed) "Vern Yu"

VERN YU

President and
Chief Executive Officer of
AltaGas Ltd.

(signed) "James Harbilas"

JAMES HARBILAS

Executive Vice President and
Chief Financial Officer of
AltaGas Ltd.

March 6, 2025

INDEPENDENT AUDITOR'S REPORT

To the Shareholders and Directors of AltaGas Ltd.

Opinion

We have audited the consolidated financial statements of AltaGas Ltd. and its subsidiaries (the Group), which comprise the consolidated balance sheets as at December 31, 2024 and 2023, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2024 and 2023, and the consolidated results of its operations and its consolidated cash flows for the years then ended in accordance with United States generally accepted accounting principles ("US GAAP").

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Fair Value Measurement of Level 3 Derivatives

Key audit matter As described in note 22 to the consolidated financial statements, AltaGas Ltd. enters into commodity contracts that qualify as derivative instruments and are accounted for under ASC Topic 815, Derivatives and Hedging. The fair value measurements of certain of these contracts are considered Level 3 under the fair value hierarchy as they are determined using significant unobservable inputs. As of December 31, 2024, derivative assets of \$48 million and derivative liabilities of \$125 million were recorded based on Level 3 fair value measurements.

Auditing the fair value measurement of Level 3 derivative instruments was complex given the judgmental nature of the assumptions used as inputs into the valuation models. In particular, the valuation of Level 3 derivative instruments is sensitive to significant unobservable inputs used by the Group such as the assumed natural gas basis prices and implied volatilities of natural gas prices. These unobservable assumptions can be affected by future economic and market conditions.

How our audit addressed the key audit matter To test the Group's valuation of Level 3 derivative instruments, our audit procedures included, among others:

- Evaluated the appropriateness of the underlying valuation methodologies used by the Group.
- For a sample of instruments, we independently determined the significant unobservable assumptions described above, calculated the resulting fair values and compared them to the Group's estimates.
- For a sample of instruments, we obtained forward prices from independent sources, including broker quotes, evaluated the Group's assumptions related to their forward curves and obtained external confirmation of key contract terms from counterparties.
- Performed sensitivity analyses using independent sources of market data to evaluate the change in fair value of Level 3 derivative instruments that would result from changes in underlying assumptions.
- Evaluated the adequacy of the Level 3 fair value measurement note disclosure in the consolidated financial statements related to the matter.

Other information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the

consolidated financial statements. We are responsible for the direction, supervision and review of the work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Ann-Marie Brockett.

The logo for Ernst & Young LLP is written in a black, cursive script font. The letters are fluid and connected, with a prominent 'E' and 'Y'.

Chartered Professional Accountants

Calgary, Canada

March 6, 2025

CONSOLIDATED BALANCE SHEETS

As at December 31	2024	2023
ASSETS		
Current assets		
Cash and cash equivalents (note 30)	\$ 85	\$ 95
Accounts receivable (net of credit losses of \$31 million) (notes 8 and 22)	1,766	1,844
Inventory (note 5)	676	847
Regulatory assets (note 20)	92	58
Risk management assets (note 22)	25	54
Prepaid expenses and other current assets (notes 27 and 30)	175	147
	2,819	3,045
Property, plant and equipment (note 6)	14,654	12,728
Intangible assets (note 7)	107	122
Operating right-of-use assets (note 8)	490	337
Goodwill (note 9)	5,691	5,270
Regulatory assets (note 20)	430	329
Risk management assets (note 22)	63	57
Prepaid post-retirement benefits (note 27)	814	626
Long-term investments and other assets (net of credit losses of \$1 million) (notes 10, 27, and 30)	255	271
Investments accounted for by the equity method (note 12)	769	686
	\$ 26,092	\$ 23,471
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (notes 16, 17, 22, and 27)	\$ 2,089	\$ 1,863
Short-term debt (notes 13 and 22)	10	129
Current portion of long-term debt (notes 14 and 22)	858	999
Customer deposits	98	92
Regulatory liabilities (note 20)	79	85
Risk management liabilities (note 22)	150	97
Current portion of operating lease liabilities (note 8)	124	92
Current portion of finance lease liabilities (note 8 and 22)	23	11
Other current liabilities (note 22)	69	45
	3,500	3,413
Long-term debt (notes 14 and 22)	6,992	7,528
Asset retirement obligations (note 16)	482	448
Unamortized investment tax credits (note 19)	2	1
Deferred income taxes (note 19)	1,794	1,536
Subordinated hybrid notes (notes 15 and 22)	2,022	742
Regulatory liabilities (note 20)	1,380	1,274
Risk management liabilities (note 22)	160	115
Operating lease liabilities (note 8)	412	258
Finance lease liabilities (note 8 and 22)	126	120
Other long-term liabilities (notes 18 and 22)	127	124
Future employee obligations (note 27)	49	49
	\$ 17,046	\$ 15,608

As at December 31

2024

2023

Shareholders' equity

Common shares, no par values, unlimited shares authorized; 2024 - 297.9 million and 2023 - 294.9 million issued and outstanding (note 24)	\$ 7,180	\$ 7,120
Preferred shares (note 24)	391	391
Contributed surplus	618	624
Accumulated deficit	(592)	(817)
Accumulated other comprehensive income ("AOCI") (note 21)	1,155	395
Total shareholders' equity	8,752	7,713
Non-controlling interests	294	150
Total equity	\$ 9,046	\$ 7,863
	\$ 26,092	\$ 23,471

*Acquisitions (note 3)**Variable interest entities (note 11)**Commitments, guarantees and contingencies (note 28)**Related party transactions (note 29)**Segmented information (note 31)**Subsequent events (note 32)**See accompanying notes to the Consolidated Financial Statements.*

Approved by the Board of Directors of AltaGas Ltd.

(signed) "Vern Yu"

(signed) "Angela Lekatsas"

VERN YU**ANGELA LEKATSAS**

Director

Director

CONSOLIDATED STATEMENTS OF INCOME

Year Ended December 31		2024	2023
REVENUE (note 23)	\$	12,448	\$ 12,997
EXPENSES			
Cost of sales, exclusive of items shown separately		9,201	10,112
Operating and administrative		1,796	1,579
Accretion expenses (note 16)		5	11
Depreciation and amortization (notes 6 and 7)		475	441
Provisions on assets (note 4)		20	—
		11,497	12,143
Income from equity investments (note 12)		60	55
Other income (note 26)		177	403
Foreign exchange gains (losses)		13	(6)
Interest expense		(455)	(394)
Income before income taxes		746	912
Income tax expense (note 19)			
Current		41	43
Deferred		97	180
Net income after taxes		608	689
Net income applicable to non-controlling interests		12	16
Net income applicable to controlling interests		596	673
Preferred share dividends		(18)	(27)
Loss on redemption of preferred shares (note 24)		—	(5)
Net income applicable to common shares	\$	578	\$ 641
Net income per common share (note 25)			
Basic	\$	1.95	\$ 2.27
Diluted	\$	1.94	\$ 2.26
Weighted average number of common shares outstanding (millions) (note 25)			
Basic		296.8	282.1
Diluted		298.3	283.7

See accompanying notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Year Ended December 31	2024	2023
Net income after taxes	\$ 608	\$ 689
Other comprehensive income (loss), net of taxes		
Gain (loss) on foreign currency translation	929	(250)
Unrealized gain (loss) on net investment hedge <i>(note 22)</i>	(84)	25
Actuarial gains on defined benefit ("DB") pension and post-retirement benefit ("PRB") plans <i>(note 27)</i>	—	1
Reclassification of gain on partial settlement of PRB plan <i>(note 27)</i>	(2)	—
Reclassification of loss on wind-up of Canadian DB pension plan <i>(note 27)</i>	—	2
Losses on cash flow hedges <i>(note 22)</i>	(25)	(10)
Reclassification of losses (gains) on cash flow hedges <i>(note 22)</i>	(58)	1
Total other comprehensive income (loss) ("OCI"), net of taxes	\$ 760	\$ (231)
Comprehensive income attributable to controlling interests and non-controlling interests, net of taxes	\$ 1,368	\$ 458
Comprehensive income attributable to:		
Non-controlling interests	\$ 12	\$ 16
Controlling interests	1,356	442
	\$ 1,368	\$ 458

See accompanying notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF EQUITY

Year Ended December 31	2024		2023	
Common shares (note 24)				
Balance, beginning of year	\$	7,120	\$	6,761
Shares issued for cash on exercise of options		60		19
Shares issued related to Pipestone Acquisition (note 3)		—		340
Balance, end of year	\$	7,180	\$	7,120
Preferred shares (note 24)				
Balance, beginning of year		391		586
Redemption of preferred shares (note 24)		—		(195)
Balance, end of year	\$	391	\$	391
Contributed surplus				
Balance, beginning of year		624		625
Share options expense		—		1
Exercise of share options		(6)		(2)
Balance, end of year	\$	618	\$	624
Accumulated deficit				
Balance, beginning of year		(817)		(1,142)
Net income applicable to controlling interests		596		673
Common share dividends		(353)		(316)
Preferred share dividends		(18)		(27)
Loss on redemption of preferred shares (note 24)		—		(5)
Balance, end of year	\$	(592)	\$	(817)
AOCI (note 21)				
Balance, beginning of year		395		626
Other comprehensive income (loss)		760		(231)
Balance, end of year	\$	1,155	\$	395
Total shareholders' equity				
	\$	8,752	\$	7,713
Non-controlling interests				
Balance, beginning of year		150		162
Net income applicable to non-controlling interests		12		16
Contributions from non-controlling interests to subsidiaries		150		33
Distributions by subsidiaries to non-controlling interests		(18)		(18)
Adjustment on disposition of assets		—		(43)
Balance, end of year	\$	294	\$	150
Total equity				
	\$	9,046	\$	7,863

See accompanying notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Year Ended December 31	2024	2023
Cash from operations		
Net income after taxes	\$ 608	\$ 689
Items not involving cash:		
Depreciation and amortization (notes 6 and 7)	475	441
Provisions on assets (note 4)	20	—
Accretion expenses (note 16)	5	11
Share-based compensation (note 24)	—	1
Deferred income tax expense (note 19)	97	180
Gains on sale of assets (note 26)	(12)	(319)
Gain on debt defeasance	—	(14)
Gain on partial debt extinguishment (notes 14 and 26)	(4)	—
Income from equity investments (note 12)	(60)	(55)
Unrealized losses on risk management contracts (note 22)	12	70
Amortization of deferred financing costs	6	8
Allowance for credit losses (note 22)	33	24
Change in pension and other post-retirement benefits (note 27)	(114)	6
Other	17	(19)
Asset retirement obligations settled (note 16)	(3)	(15)
Distributions from equity investments	28	13
Changes in operating assets and liabilities (note 30)	430	100
	\$ 1,538	\$ 1,121
Investing activities		
Business acquisitions, net of cash acquired (note 3)	—	(327)
Capital expenditures - property, plant and equipment	(1,378)	(934)
Capital expenditures - intangible assets	(11)	(9)
Contributions to equity investments	(2)	(4)
Proceeds from disposition of equity investments (note 12)	14	1
Proceeds from disposition of assets, net of transaction costs	2	1,074
	\$ (1,375)	\$ (199)
Financing activities		
Issuance of long-term debt, net of debt issuance costs	1,370	673
Purchase of marketable securities in connection with debt defeasance	—	(193)
Repayment of long-term debt and finance lease liabilities	(1,026)	(338)
Repayment under credit facilities	(702)	(678)
Issuance of subordinated hybrid notes, net of debt issuance costs (note 15)	1,201	198
Dividends - common shares	(353)	(316)
Dividends - preferred shares	(18)	(27)
Distributions to non-controlling interests	(18)	(18)
Contributions from non-controlling interests	123	—
Net proceeds from shares issued on exercise of options (note 24)	54	17
Redemption of preferred shares (note 24)	—	(200)
Repurchase of medium-term notes ("MTNs"), inclusive of cash adjustments (note 14)	(797)	—
Settlement of derivative instruments (note 22)	(9)	—
	\$ (175)	\$ (882)
Change in cash, cash equivalents, and restricted cash	(12)	40
Cash, cash equivalents, and restricted cash beginning of year	104	64
Cash, cash equivalents, and restricted cash end of year (note 30)	\$ 92	\$ 104

See accompanying notes to the Consolidated Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(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 LPG Limited Partnership, Petrogas Energy Corporation ("Petrogas"), 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"). Pursuant to an internal reorganization of certain of AltaGas' subsidiaries effective January 1, 2025, AltaGas Processing Partnership ceased to exist by operation of law and Petrogas Energy Corp. amalgamated with AltaGas.

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, and affordable energy to approximately 1.6 million residential and commercial customers. This includes operating two utilities that deliver essential energy across four major U.S. jurisdictions with a rate base of approximately US\$5.4 billion. The Utilities business also includes 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 that operate across Maryland, Virginia, Delaware, Pennsylvania, Ohio, and the District of Columbia ("D.C."); and
- Midstream, which is a leading North American platform that connects customers and markets to critical forms of energy 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 Consolidated Financial Statements have been prepared by Management in accordance with United States Generally Accepted Accounting Principles ("U.S. GAAP").

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 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.

Hypothetical Liquidation at Book Value ("HLBV") methodology is used for AltaGas' investment in Mountain Valley Pipeline ("MVP") This methodology is used when the governing structuring agreement over the equity investment results in different liquidation rights and priorities than what is reflected by the underlying ownership interest percentage.

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 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. Key areas where Management has made complex or subjective judgments, when matters are inherently uncertain, include but are not limited to: determining the nature and timing of satisfaction of performance obligations and determining the transaction price and amounts allocated to performance obligations for revenue recognition; depreciation and amortization rates; determination as to whether a contract is or contains a lease; determination of the classification, term, and discount rate for leases; fair value of asset retirement obligations ("ARO"); fair value of property, plant and equipment and goodwill for impairment assessments; fair value of financial instruments; measurement of credit losses; provisions for income taxes; assumptions used to measure employee future benefits; provisions for contingencies; purchase price allocations; and carrying value of regulatory assets and liabilities. Certain estimates are necessary for the regulatory environment in which AltaGas' subsidiaries or affiliates operate, which often require amounts to be recorded at estimated values until these amounts are finalized pursuant to regulatory decisions or other regulatory

proceedings. By their nature, these estimates are subject to measurement uncertainty and may impact the Consolidated Financial Statements of future periods.

SIGNIFICANT ACCOUNTING POLICIES

Rate-Regulated Operations

SEMCO, Washington Gas, Hampshire Gas, and, prior to the Alaska Utilities Disposition, ENSTAR Natural Gas Company ("ENSTAR") (collectively "the Utilities") engage in the delivery, sale, and storage of natural gas. SEMCO is regulated by the Michigan Public Service Commission ("MPSC"). Washington Gas operates in D.C., Maryland, and Virginia, and is regulated in those jurisdictions by the Public Service Commission of the District of Columbia ("PSC of DC"), the Maryland Public Service Commission ("PSC of MD"), and the Commonwealth of Virginia State Corporation Commission ("SCC of VA"), respectively. Hampshire is regulated under a cost-of-service tariff by the Federal Energy Regulatory Commission ("FERC").

The MPSC, PSC of DC, PSC of MD, and SCC of VA exercise statutory authority over matters such as tariffs, rates, construction, operations, financing, returns, accounting, and certain contracts with customers. In order to recognize the economic effects of the actions and decisions of the MPSC, PSC of DC, PSC of MD, and SCC of VA, the timing of recognition of certain assets, liabilities, revenues, and expenses as a result of regulation may differ from that otherwise expected using U.S. GAAP for entities not subject to rate regulation.

Regulatory assets represent future revenues associated with certain costs incurred in the current period or in prior periods that are expected to be recovered from customers in future periods through the rate setting process. Regulatory liabilities represent future reductions or limitations of increases in revenue associated with amounts that are expected to be refunded to customers through the rate setting process.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, balances with banks, and investments in money market instruments with original maturities of less than three months.

Restricted Cash Holdings from Customers

Cash deposited, which is restricted and is not available for general use by AltaGas, is separately presented as restricted cash holdings in the Consolidated Balance Sheets. Pursuant to the acquisition of WGL Holdings, Inc. (the "WGL Acquisition"), rabbi trust funds were funded to satisfy certain Washington Gas executive and outside director retirement benefit plan obligations. The rabbi trust funds are invested in money market funds which are considered cash equivalents. These balances are included in "prepaid expenses and other current assets" and "long-term investments and other assets" in the Consolidated Balance Sheets.

Accounts Receivable

Receivables are recorded net of the allowance for credit losses in the Consolidated Balance Sheets. AltaGas regularly analyzes and evaluates the collectability of the accounts receivable based on a combination of factors. If circumstances related to the collectability change, the allowance for credit losses is further adjusted. Accounts are written off when collection efforts are complete and future recovery is unlikely.

Inventory

Inventory consists of materials, supplies, natural gas, natural gas liquids, crude oil and condensates, processed finished products, and emission compliance instruments which are valued at the lower of cost or net realizable value. Inventory also includes renewable energy credits which are valued using the specific identification method.

Cost of inventory is assigned using a weighted average cost formula. In general, commodity costs and variable transportation costs are capitalized as gas in underground storage. Fixed costs, primarily pipeline demand charges and storage charges, are expensed as incurred through the cost of gas.

Property, Plant, and Equipment ("PP&E"), Depreciation and Amortization

Property, plant, and equipment are carried at cost. The Corporation depreciates the cost of capital assets, net of salvage value, on a straight-line basis over the estimated useful life of the assets, with the exception of rate-regulated utilities assets, for which depreciation is calculated on a straight-line basis or over the contract term of a specific agreement at rates as approved by the regulatory authorities.

The Utilities charge maintenance and repairs directly to operating expense and capitalize betterments and renewal costs. In accordance with regulatory requirements, depreciation expense includes an amount allowed for regulatory purposes to be collected in current rates for future removal and site restoration costs.

Interest costs are capitalized on major additions to property, plant, and equipment until the asset is ready for its intended use. The interest rate used for calculating the interest costs to be capitalized is based on AltaGas' prior quarter actual borrowing long-term interest rate.

The Utilities capitalize an imputed carrying cost on assets during construction as authorized by regulatory authorities and the amount so capitalized is an allowance for funds used during construction ("AFUDC"). AFUDC is the amount that a rate-regulated enterprise is allowed to recover for its cost of financing assets under construction. Capitalized overhead, administrative expenses, and AFUDC are included in the cost of the related assets and are recovered in rates charged to customers through depreciation expense, as allowed by the regulators.

The range of useful lives for AltaGas' PP&E is as follows:

Utilities assets	4 to 69 years
Midstream assets	1 to 43 years
Corporate/Other assets	3 to 46 years

As required by the regulatory authority, net additions to SEMCO's utility assets are amortized for one half-year in the year in which they are brought into active service. Net additions to WGL's assets are amortized in the month after they are brought into active service.

Generally, when a regulated asset is retired or disposed of, there is no gain or loss recorded in the Consolidated Statements of Income. Any difference between the cost and accumulated depreciation of the asset, net of salvage proceeds, is charged to accumulated depreciation or another regulatory asset or liability account. It is expected that any gain or loss that is charged to accumulated depreciation or another regulatory account will be reflected in future depreciation expense when it is refunded or collected in rates. When a non-regulated asset is retired or disposed of from PP&E, the original cost and related accumulated depreciation and amortization are derecognized and any gain or loss is recorded in the Consolidated Statements of Income.

Intangible Assets

Intangible assets are recorded at cost. Intangible assets which have a finite useful life are amortized on a straight-line basis over their term or estimated useful life. The range of useful lives for intangible assets with a finite life is as follows:

Energy services relationships	13 to 36 years
Software	2 to 20 years
Extraction and Transmission ("E&T") Contracts	25 years
Commodity contracts	7 years

Assets Held for Sale

The Corporation classifies assets as held for sale when the carrying amount will be principally recovered through a sale transaction rather than through continuing use. This condition is met when Management approves and commits to a formal plan to sell the assets, the assets are available for immediate sale in their present condition, and Management expects the sale to close within the next 12 months. Upon classifying an asset as held for sale, an asset is recorded at the lower of its carrying value or the estimated fair value less cost to sell. Assets held for sale are not depreciated or amortized.

Business Acquisitions

Business acquisitions are accounted for using the acquisition method. Under the acquisition method, assets and liabilities of the acquired entity are recorded at fair value at the date of acquisition. Acquisition-related costs are expensed as incurred. Goodwill represents the excess of purchase price over the fair value of the net assets acquired. Management applies its best estimates and assumptions to determine the fair value of net assets acquired; however, the estimates are subject to further refinement of assumptions over a measurement period, which may be up to one year from the acquisition date. During the measurement period, adjustments to assets acquired and liabilities assumed may be recorded, with a corresponding impact to goodwill.

Provisions on Assets

If facts and circumstances suggest that a long-lived asset or an intangible asset may be impaired, the carrying value is reviewed. If this review indicates that the value of the asset is not recoverable, as determined by the projected undiscounted cash flows related to the asset over its remaining life, then the carrying value of the asset is reduced to its estimated fair value and an impairment loss is recognized.

Goodwill is not subject to amortization, but assessed at least annually for impairment, or more often when events or changes in circumstances indicate that goodwill may be impaired. The annual assessment of goodwill is performed at the reporting unit level, which is an operating segment or one level below. The Corporation has the option to first assess qualitative factors to determine whether events or changes in circumstances indicate that the goodwill may be impaired. If a quantitative impairment test is performed, the fair value of the reporting unit will be compared to its carrying value (including goodwill). If the carrying value of the reporting unit exceeds the fair value, goodwill is reduced to its fair value and an impairment loss would be recorded in the Consolidated Statements of Income.

Investments Accounted for by the Equity Method

The equity method of accounting is used for investments in which AltaGas has the ability to exercise significant influence, but does not have a controlling interest. Equity investments are initially measured at cost and are adjusted for the Corporation's proportionate share of earnings or losses. Equity investments are increased for contributions made and decreased for distributions received. To the extent an investee undertakes activities necessary to commence its planned principal operations, the Corporation will capitalize interest costs associated with its investment during such period.

The HLBV methodology is used to allocate earnings or losses for certain WGL equity method investments when WGL's ownership interest percentage is different than distribution percentages. When applying HLBV accounting, the Corporation determines the amount that it would receive if an equity investment entity were to liquidate all of its assets at book value (as valued in accordance with U.S. GAAP) and distribute that cash to the investors based on the contractually defined liquidation priorities. The change in the Corporation's claim on the equity investment entity's book value at the beginning and end of the reporting period (adjusted for contributions and distributions) is the Corporation's share of the earnings or losses from the equity investment for the period.

An equity method investment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the investment may not be recoverable. When such condition is deemed other than temporary, the carrying value of the investment is written down to its fair value, and an impairment charge is recorded in the Consolidated Statements of Income.

Financial Instruments

Cash inflows and outflows related to derivative instruments are classified as cash from operations in the Consolidated Statements of Cash Flows, except as otherwise disclosed.

Non-Utility Operations

All financial instruments are initially recorded at fair value unless they qualify for, and are designated under, a normal purchase and normal sale ("NPNS") exemption. Subsequent measurement of the financial instruments is based on their classification. The financial assets are classified as "held-for-trading", "held-to-maturity", or "loans and receivables". Financial liabilities are classified as "held-for-trading" or other financial liabilities. Subsequent measurement is determined by classification.

A physical contract generally qualifies for the NPNS exemption if the transaction is reasonable in relation to AltaGas' business needs and AltaGas has the ability, and intent, to deliver or take delivery of the underlying item. AltaGas continually assesses the contracts designated under the NPNS exemption and will discontinue the treatment of these contracts under this exemption where the criteria are no longer met.

Held-for-trading instruments include non-derivative financial assets and financial assets and liabilities that may consist of swaps, options, forwards, and equity securities. These financial instruments are initially recorded at their fair value, with subsequent changes in fair value recorded in net income. Held-to-maturity, loans and receivables, and other financial liabilities are recognized at amortized cost using the effective interest method unless they are held-for-sale and recognized at the lower of cost or fair value less transaction fees.

Investments in equity instruments not accounted for under the equity method that do not have a quoted market price in an active market are measured at cost. Income earned from these investments is included in the Consolidated Statements of Income under "other income".

Derivatives embedded in other financial instruments or contracts (the host instrument) are recorded separately and are measured at fair value if the economic characteristics of the embedded derivative are not closely related to the

host instrument, the terms of the embedded derivative are the same as those of a standalone derivative, and the entire contract is not held-for-trading or accounted for at fair value. Changes in fair value are included in earnings.

The fair values recorded on the Consolidated Balance Sheets reflect netting of the asset and liability positions where counterparty master netting arrangements contain provisions for net settlement.

Transaction costs related to the acquisition of held-for-trading financial assets and liabilities are expensed as incurred.

Transaction costs for obtaining debt financing other than line-of-credit arrangements are recognized as a direct deduction from the related debt liability on the Consolidated Balance Sheets. Transaction costs related to line-of-credit arrangements are capitalized and included under "long-term investments and other assets" on the Consolidated Balance Sheets. Premiums and discounts are netted against long-term debt on the Consolidated Balance Sheets. The deferred charges are amortized over the life of the related debt on an effective interest basis and included in "interest expense" on the Consolidated Statements of Income.

Regulated Utility Operations

All physical and financial derivative contracts are initially recorded at fair value. Changes in the fair value of derivative instruments that are recoverable or refunded to customers when they settle are recorded as regulatory assets or liabilities. Changes in the fair value of derivatives not affected by rate regulation are reflected in net income.

Transaction costs for obtaining debt financing and reacquired debt costs are recorded as regulatory assets or liabilities, or as a reduction of the debt liability on the Consolidated Balance Sheets.

Weather-Related Instruments

WGL purchases certain weather-related instruments, such as heating degree day ("HDD") derivatives and cooling degree day ("CDD") derivatives to manage weather and price risks related to its natural gas and electricity sales. These derivatives are accounted for in accordance with ASC 815-45, Derivatives and Hedging – Weather Derivatives. For HDD derivatives, gains or losses are recognized when the actual HDDs falls above or below the contractual HDDs for each instrument. For CDD derivatives, gains or losses are recognized when the average temperature exceeds or is below a contractually stated level during the contract period. Refer to Note 22 for further discussion on weather-related instruments.

Hedges

As part of its risk management strategy, AltaGas may use derivatives to reduce its exposure to commodity price, interest rate, and foreign exchange risk. AltaGas may designate certain outstanding loans to hedge against the currency translation effect of its foreign investments. AltaGas also designates certain commodity financial swaps, bond forward hedges, and cross-currency swaps as cash flow hedges in accordance with ASC Topic 815. For more information, please refer to Note 22.

Non-Utility Operations

The change in fair value of cash flow hedges is recognized in OCI. Gains or losses from cash flow hedges are reclassified to net income when the hedged transaction affects earnings, such as when the hedged forecasted transaction occurs.

Regulated Utility Operations

During planned issuances of debt securities, Washington Gas may utilize derivative instruments to manage the risk of interest-rate volatility. Gains and losses associated with these types of derivatives are recorded as regulatory liabilities or assets, and amortized in accordance with regulatory requirements, typically over the life of the related debt.

Interest-Rate Risk

AltaGas is exposed to interest rate risk as changes in interest rates may impact future cash flows and the 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. Gains or losses are reclassified into earnings in the same period the hedged transaction affects earnings.

Cross-Currency Swaps

AltaGas is exposed to foreign currency risk associated with its US dollar denominated subordinated hybrid notes. To manage this risk, the Company entered into cross-currency swap derivatives and designated them as cash flow hedges in accordance with ASC Topic 815. The change in fair value of the hedging instrument is recorded to AOCI. Amounts in AOCI are reclassified into earnings in the same period the hedge forecasted transaction affect earnings. AltaGas may also enter into other cross-currency swap derivatives in the future to manage the foreign currency risk associated with other U.S. dollar denominated debt.

Presentation

AltaGas recognizes the fair value of hedging instruments in the Consolidated Balance Sheets as current and non-current assets and liabilities, depending on the timing of settlements and the resulting cash flows. Additionally, cash flows from a derivative instrument designated in a hedging relationship may be classified in the same category as the cash flows from the items being hedged. In 2024, AltaGas made an accounting policy election to classify settlements related to bond forward contracts for the purpose of hedging interest rate exposure as financing activities.

Credit Losses

AltaGas regularly analyzes and evaluates the collectability of the accounts receivable based on a combination of factors. If circumstances related to the collectability change, the allowance for credit losses is adjusted. Accounts are written off when collection efforts are complete and future recovery is unlikely. See below for a description of how expected credit loss estimates are developed.

Utilities Customer Receivables and Contract Assets

AltaGas is exposed to risk through the non-payment of utility bills by customers. To manage this customer credit risk, AltaGas' regulated utilities customers are offered budget billing options or high risk customers may be required to provide a cash deposit until the requirement for deposit refunds are met. AltaGas can recover a portion of non-payments from customers in future periods through the rate-setting process. For accounts receivable generated by the Utilities business, an allowance for credit losses is recognized using a loss-rate based on historical payment and collection experience. This rate may be adjusted based on Management's expectations of unusual macroeconomic conditions and other factors. AltaGas regularly evaluates the reasonableness of the allowance based on a combination of factors, such as: the length of time receivables are past due, historical expected payment, collection experience, financial condition of customers, and other circumstances that could impact customers' ability or desire to make payments. For retail energy marketing customer receivables where

AltaGas has enrolled in a regulatory utility purchase of receivable program, the associated utility discount rate is used to determine credit losses.

Midstream Customer Receivables and Contract Assets

AltaGas operates under an existing credit policy that is designed to mitigate credit risk. Credit limits are established for each counterparty and credit enhancements such as letters of credit, parent guarantees, and cash collateral may be required. The creditworthiness of all counterparties is continuously monitored. A credit loss reserve is recorded for receivables with customers and trading counterparties AltaGas considers to be below investment grade by applying an estimated loss rate. The estimated loss rate is based on the historical default rates published by external rating agencies. For accounts receivable, a one-year rate is used. For contract assets, historical loss rates associated with the estimated time frame that the contract asset will be billed to the customer is used. In the event a customer or trading counterparty no longer exhibits similar risk characteristics, the associated receivable is evaluated individually.

Other

For other long-term receivables, associated counterparties are evaluated and assigned internal credit ratings based on AltaGas' credit policy. An allowance for credit losses is recorded based on historical default rates published by external credit rating agencies and a rate commensurate with the period in which the receivables are expected to be collected.

Debt

AltaGas uses short-term debt in the form of commercial paper and advances under its syndicated bank credit facilities to fund seasonal cash requirements. Short-term obligations are excluded from current liabilities if AltaGas has the ability and the intent to refinance these obligations on a long-term basis. The ability to refinance is primarily demonstrated through the availability of long-term revolving committed credit facilities in an amount equal to or greater than the expected maximum short-term obligation. Premiums and discounts are netted against long-term debt on the Consolidated Balance Sheets. The deferred charges are amortized over the life of the related debt on an effective interest basis and included in "interest expense" on the Consolidated Statements of Income.

Asset Retirement Obligations

AltaGas recognizes asset retirement obligations in the period in which the legal obligation is incurred and a reasonable estimate of fair value can be determined. The associated asset retirement costs are capitalized as part of the carrying amount of the asset and are depreciated over the estimated useful life of the asset. The liability is increased due to the passage of time over the estimated period until the settlement of the obligation, with a corresponding charge to accretion expense for asset retirement obligations.

There are timing differences between accretion and depreciation amounts being recorded pursuant to GAAP and the recognition of depreciation expense for legal asset removal costs that are recovered in rates, as allowed by the regulators. These timing differences are recorded as a reduction to "regulatory liabilities" in accordance with ASC 980.

Certain midstream and utility assets will have future legal obligations on retirement, but an asset retirement obligation has not been recorded due to its indeterminate life and corresponding indeterminable timing and scope of these asset retirement obligations. The Utilities recognize asset retirement obligations for some interim retirements, as expected by their regulators.

Revenue Recognition

AltaGas has revenue from various sources, including rate-regulated revenue, commodity sales, midstream service contracts, gas sales and transportation services, and storage services. For a detailed description of the Corporation's revenue recognition policy by major source of revenue, please refer to Note 23.

Government Grants

AltaGas' accounting policy is to recognize and disclose government grants in accordance with the framework established by IAS 20, "Accounting for Government Grants and Disclosure of Government Assistance". In 2024, Washington Gas was approved for a grant from a state funded energy investment fund to support the repair of existing natural gas infrastructure. The grant award shall not be greater than approximately US\$9 million, with all projects to be completed by December 2025. Washington Gas is eligible to receive funds once it has incurred costs for a project and the state funded energy investment fund deems the costs incurred allowable for reimbursement. The Company's policy is to record grant income related to the reimbursement of expenses as a reduction to the related operating and administrative expense, while grant income related to the purchase or construction of a long term asset is recorded as a reduction to the carrying amount of the related asset. For the year ended December 31, 2024, \$1 million of grant income was recorded in the Consolidated Statements of Income under the line item "operating and administrative expense" and \$2 million was recorded in the Consolidated Balance Sheets under the line item "property, plant and equipment".

Foreign Currency Translation

Monetary assets and liabilities denominated in a foreign currency are converted to the functional currency using the exchange rate in effect at the balance sheet date. Adjustments resulting from the conversion are recorded in the Consolidated Statements of Income. Non-monetary assets and liabilities are converted at the historical exchange rate in effect at the transaction date. Revenues and expenses are converted at the exchange rate applicable at the transaction date.

For foreign entities with a functional currency other than Canadian dollars, AltaGas' reporting currency, assets and liabilities are translated into Canadian dollars at the rate in effect at the reporting date. Revenues and expenses are translated at average exchange rates during the reporting period. All adjustments resulting from the translation of the foreign operations are recorded in OCI.

AltaGas may designate certain outstanding loans to hedge against the currency translation effect of its foreign investments. Accordingly, foreign exchange gains and losses, from the dates of designation, on the translation of these loans are included in OCI. Additionally, AltaGas may 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. Gains and losses arising from the settlements of the derivatives entered into for the purpose of managing income statement risk are included in the line item "revenue" on the Consolidated Statements of Income, while gains and losses arising from the settlements of the derivatives entered into for the purpose of cash management are included in the line item "foreign exchange gains (losses)" on the Consolidated Statements of Income. For more information, please refer to Note 22.

Share Options and Other Compensation Plans

Share options granted pursuant to AltaGas' share option plan ("Share Options") are recorded using fair value. Compensation expense is measured at the date of the grant using the Black-Scholes-Merton model and is recognized over the vesting period of the options. Consideration received by AltaGas on exercise of the Share Options is credited to shareholders' equity.

AltaGas has a phantom unit plan ("Phantom Plan") for eligible employees, officers, and directors, which includes two types of awards: restricted units ("RUs") and performance units ("PUs"). AltaGas' RUs and PUs are valued based on the dividends declared during the vesting period and the weighted average share price of AltaGas' common shares multiplied by the units outstanding at the end of the vesting period. Upon vesting, the RUs and PUs are paid in cash. All PUs are also subject to a performance multiplier ranging from 0 to 2 dependent on the Corporation's performance relative to performance targets as approved by the Board of Directors. Compensation expense is recognized using the liability method and is recorded as operating and administrative expense over the vesting period. A change in value of the RUs or PUs is recognized in the period the change occurs. Forfeitures are recognized when they occur instead of estimating the number of awards that are expected to vest.

In addition, AltaGas has a deferred share unit plan ("DSUP") for directors, officers, and eligible employees as an additional form of long-term variable compensation incentive. Although the DSUP is available to directors, officers, and eligible employees, AltaGas currently only grants deferred share units ("DSUs") under the DSUP as a form of director compensation. The DSUs granted are fully vested upon being credited to a participant's account, the participant is entitled to payment upon retirement, and payment is not subject to satisfaction of any requirements as to any minimum period of membership or employment or other conditions. DSUs are accounted for at fair value. Compensation expense is determined based on the fair value of the DSUs on the date of the grant and fluctuations in fair value are recognized in the period the change occurs. Forfeitures are recognized when they occur instead of estimating the number of awards that are expected to vest.

Pension Plans and Post-Retirement Benefits

AltaGas maintains defined benefit pension plans, defined contribution plans, and other post-retirement benefit plans for eligible employees. Contributions made by the Corporation to the defined contribution plans are expensed in the period in which the contribution occurs.

The cost of defined benefit pension plans and post-retirement benefits is actuarially determined using the projected benefit method prorated based on service and Management's best estimate of expected plan investment performance, salary escalation, retirement ages of employees, expected health care costs, and other actuarial factors including discount rates and mortality. Pension plan assets are measured at fair value. The expected return on plan assets is based on historical and projected rates of return for each asset class in the plan portfolio. The projected benefit obligation is discounted using the market interest rate on high-quality debt instruments with cash flows matching the timing and amount of benefit payments.

Unrecognized actuarial gains and losses in excess of 10 percent of the greater of the benefit obligation and the fair value of plan assets or the market-related value of assets along with any unamortized past service costs and credits are amortized on a straight-line basis over the expected average remaining service life of active employees.

AltaGas recognizes the overfunded or underfunded status of its pension and post-retirement benefit plans as either assets or liabilities in the Consolidated Balance Sheets. Unrecognized actuarial gains and losses and past service costs and credits that arise during the period are recognized in OCI or a regulatory asset or liability.

For certain regulated utilities, the Corporation expects to recover pension expense in future rates and therefore records unrecognized balances as either regulatory assets or liabilities. The regulatory assets or liabilities are amortized on a straight-line basis over the expected average remaining service life of active employees.

Income Taxes

Income taxes for the Corporation and its subsidiaries are calculated using the liability method of accounting for income taxes. Under this method, deferred income tax assets and liabilities are determined based on differences between the carrying value and the tax basis of assets and liabilities and are measured using the enacted tax rates and laws that are in effect in the periods in which the differences are expected to be settled or realized. Deferred income tax assets are routinely reviewed, and a valuation allowance is recorded to reduce the deferred tax assets if it is more likely than not that deferred tax assets will not be realized.

The financial statement effects of an uncertain tax position are recognized when it is more likely than not, based on technical merits, that the position will be sustained upon examination by a taxing authority. The current and deferred tax impact is equal to the largest amount, considering possible settlement outcomes, that is greater than 50 percent likely of being realized upon settlement with the taxing authorities.

Investment tax credits are recognized as reductions to income tax expense over the estimated service lives of the related properties.

The rate-regulated natural gas distribution subsidiaries recognize a separate regulatory asset or liability for the amount of deferred income taxes expected to be recovered from, or paid to, customers in the future. Any tax related interest and/or penalty incurred is included in interest expense.

Net Income per Share

Basic net income per common share is computed using the weighted average number of common shares outstanding during the period. Dilutive net income per common share is calculated using the weighted average number of common shares outstanding adjusted for dilutive common shares related to the Corporation's share-based compensation awards.

The potentially dilutive impact of the share-based compensation awards is determined using the treasury stock method. Under the treasury stock method, awards are treated as if they had been exercised with any proceeds used to repurchase common stock at the average market price during the period. Any incremental difference between the assumed number of shares issued and purchased is included in the diluted share computation.

Contingencies

Liabilities for loss contingencies arising from claims, assessments, litigation and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Any such accruals are adjusted thereafter as additional information becomes available or circumstances change.

Leases

The following are the Corporation's significant accounting policies:

Leases – Lessee

AltaGas determines if an arrangement is a lease at inception. Operating leases are included in right-of-use ("ROU") assets, current portion of operating lease liabilities, and long-term operating lease liabilities in the Consolidated Balance Sheets. Finance leases are included in property, plant and equipment, current portion of finance lease liabilities, and long-term finance lease liabilities in the Consolidated Balance Sheets.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are

recognized at commencement date based on the present value of lease payments over the lease term. AltaGas uses the rate implicit in the lease when readily determinable. When the implicit lease rate is not readily determinable, AltaGas uses its incremental borrowing rate to determine the present value of lease payments. AltaGas includes lessee options to renew or terminate the lease term in the determination of the ROU asset and lease liability when exercise is reasonably certain. The operating lease ROU asset is adjusted for lease payments made in advance of the commencement date, initial direct costs, and any lease incentives. Variable lease payments are based on a rate.

Operating lease expense is recognized on a straight-line basis over the lease term in "operating and administrative expense". Depreciation and interest expense are recorded on finance leases.

Leases – Lessor

AltaGas determines if an arrangement is a lease at inception. Lease payments under an operating lease are recognized on a straight-line basis over the term of the lease. Variable lease payments are recognized as revenue as the facts and circumstances on which the variable lease payment is based occur.

AltaGas does not include taxes assessed by governmental authorities, such as sales and related taxes, in the lease payments or variable lease payments.

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.

Effective December 31, 2024, AltaGas adopted the following FASB issued 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 measures 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 ASU and all existing segment disclosures in Topic 280. The adoption of this ASU did not have a material impact on AltaGas' consolidated financial statements, but resulted in certain modifications to the segment disclosures. Please refer to Note 31.

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 ASU 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 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 ASU 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. This ASU is 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.

In November 2024, FASB issued ASU 2024-03 "Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses". This ASU requires all public business entities to disclose additional information about specific expense categories on an annual and interim basis in the notes to financial statements. The amendments in this ASU do not change or remove existing expense disclosure requirements, including their presentation. However, it may affect where that information appears in the footnotes to the financial statements. This ASU is effective for annual reporting periods beginning after December 15, 2026, and for interim reporting period beginning after December 15, 2027. The adoption of this ASU will have an impact on AltaGas' disclosures.

In November 2024, FASB issued ASU 2024-04 "Debt – Debt With Conversion and Other Options (Subtopic 470-20): Induced Conversions of Convertible Debt Instruments". The amendments in this ASU clarify the requirements for determining whether certain settlements of convertible debt instruments should be accounted for as an induced conversion. To account for a settlement of a convertible debt instrument as an induced conversion, an inducement offer is required to provide the debt holder with, at a minimum, the consideration issuable under the conversion privileges provided in the terms of the instrument. The amendments do not change the other criteria that are required to be satisfied to account for a settlement transaction as an induced conversion. This ASU is effective for all entities for annual reporting periods beginning after December 15, 2025, and interim reporting periods within those annual reporting periods. Early adoption is permitted for all entities that have adopted the amendments in ASU 2020-06. The amendments in this ASU permit an entity to apply the new guidance on either a prospective or a retrospective basis. 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 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 total cash consideration of \$321 million, inclusive of working capital and other adjustments, as well as approximately 12.5 million AltaGas common shares. 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 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 was completed prior to the end of the measurement period and reflects management's best estimate of the fair value the acquired assets and liabilities. In 2024, goodwill increased by approximately \$7 million (note 9) based on new information obtained during the measurement period.

Cash consideration, net of working capital and other adjustments	\$	321
Shares issued		340
Total purchase consideration		661
Fair value assigned to net assets		
Current assets		41
Property, plant and equipment		647
Intangible assets		6
Operating right-of-use assets		3
Long-term investments and other assets		5
Current liabilities		(62)
Asset retirement obligations		(6)
Deferred income taxes		(15)
Operating lease liabilities		(2)
Finance lease liabilities		(96)
Fair value of net assets acquired	\$	521
Goodwill	\$	140

The final purchase price allocation includes approximately \$140 million of goodwill. 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. Provisions on Assets

Year Ended December 31	2024		2023	
Midstream	\$	16	\$	—
Corporate/Other		4		—
	\$	20	\$	—

Midstream

In 2024, AltaGas recorded a pre-tax provision of \$16 million related to the Edmonton Ethane Extraction Plant ("EEEP") due to a decrease in expected future cash flows. The pre-tax provisions were primarily recorded against property, plant and equipment.

Corporate/Other

In 2024, AltaGas recorded a pre-tax provision of \$4 million related to certain co-generation equipment that is no longer operational and is not expected to be recoverable in the future. The pre-tax provisions were primarily recorded against property, plant and equipment.

5. Inventory

As at December 31	2024	2023
Natural gas held in storage ^(a)	\$ 213	\$ 282
Renewable energy credits and emission compliance instruments	165	202
Natural gas liquids	122	156
Crude oil and condensate	98	132
Materials and supplies	70	66
Processed finished products	8	9
	\$ 676	\$ 847

(a) As at December 31, 2024, \$186 million of the natural gas held in storage was held by rate-regulated utilities (2023 - \$247 million).

6. Property, Plant and Equipment

As at	December 31, 2024			December 31, 2023		
	Cost	Accumulated depreciation	Net book value	Cost	Accumulated depreciation	Net book value
Utilities	\$ 10,959	\$ (781)	\$ 10,178	\$ 9,472	\$ (595)	\$ 8,877
Midstream	5,348	(1,141)	4,207	4,655	(997)	3,658
Corporate/Other	1,022	(753)	269	867	(674)	193
	\$ 17,329	\$ (2,675)	\$ 14,654	\$ 14,994	\$ (2,266)	\$ 12,728

Interest capitalized on long-term capital construction projects for the year ended December 31, 2024 was \$13 million (2023 - \$2 million).

As at December 31, 2024, the Corporation had approximately \$1,391 million (December 31, 2023 - \$822 million) of capital projects under construction that were not yet subject to depreciation.

Depreciation expense related to property, plant and equipment (including assets under capital leases) for the year ended December 31, 2024 was \$439 million (2023 - \$394 million).

7. Intangible Assets

As at	December 31, 2024			December 31, 2023		
	Cost	Accumulated amortization	Net book value	Cost	Accumulated amortization	Net book value
E&T contracts	\$ 27	\$ (20)	\$ 7	\$ 27	\$ (19)	\$ 8
Energy services relationships ^(a)	99	(99)	—	115	(94)	21
Software	351	(253)	98	309	(219)	90
Land rights	1	—	1	1	—	1
Commodity contracts	9	(8)	1	7	(5)	2
	\$ 487	\$ (380)	\$ 107	\$ 459	\$ (337)	\$ 122

(a) Includes an intangible liability of approximately \$18 million related to certain contracts acquired through business combinations with unfavorable terms.

Amortization expense related to intangible assets for the year ended December 31, 2024 was \$36 million (2023 - \$47 million).

As at December 31, 2024, the Corporation excluded \$28 million (December 31, 2023 - \$41 million) from the asset base subject to amortization. Items excluded relate to software assets under development, energy services relationships associated with projects under construction, and assets with an indefinite life.

The following table sets forth the estimated amortization expense of intangible assets, excluding any amortization of assets not yet subject to amortization as well as assets with an indefinite life, for the years ended December 31:

2025	\$	34
2026	\$	30
2027	\$	13
2028	\$	1
2029	\$	1
Thereafter	\$	—

8. Leases

Lessee

AltaGas has operating and finance leases for office space, office equipment, field equipment, rail cars, aquatic use, vehicles, Very Large Gas Carriers ("VLGCs"), power and gas facilities, transmission and distribution assets, and land.

The components of lease expense were as follows:

	Year Ended December 31, 2024	Year Ended December 31, 2023
Operating lease cost (includes variable lease payments)	\$ 136	\$ 105
Finance lease cost		
Amortization of right-of-use assets	12	9
Interest on lease liabilities	8	1
Total finance lease cost	\$ 20	\$ 10
Total lease cost	\$ 156	\$ 115

Supplemental cash flow information related to leases was as follows:

Year Ended December 31	2024	2023
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows used by finance leases	\$ (9)	\$ (1)
Operating cash flows used by operating leases	\$ (127)	\$ (104)
Financing cash flows used by finance leases	\$ (11)	\$ (10)
Right-of-use assets obtained in exchange for new lease liabilities		
Operating leases	\$ 239	\$ 141
Finance leases	\$ 42	\$ 114

Supplemental balance sheet information related to leases was as follows:

As at December 31	2024	2023
Operating Leases		
Operating lease right-of-use assets		
Long-term	\$ 490	\$ 337
Total operating lease right-of-use assets	\$ 490	\$ 337
Operating lease liabilities		
Current	\$ (124)	\$ (92)
Long-term	(412)	(258)
Total operating lease liabilities	\$ (536)	\$ (350)
Finance Leases		
Property and equipment, gross	\$ 179	\$ 163
Accumulated depreciation	(36)	(25)
Property and equipment, net	\$ 143	\$ 138
Current portion of finance lease liabilities	\$ (23)	\$ (11)
Finance lease liabilities	(126)	(120)
Total finance lease liabilities	\$ (149)	\$ (131)

As at	December 31, 2024	December 31, 2023
Weighted average remaining lease term (years)		
Operating leases	8.7	6.4
Finance leases	7.9	4.2
Weighted average discount rate (%)		
Operating leases	4.75	4.15
Finance leases	7.03	4.56

Maturity analysis of lease liabilities was as follows ^(a):

	Operating Leases	Finance Leases
2025	\$ 127	\$ 24
2026	109	23
2027	89	21
2028	71	19
2029	54	16
Thereafter	227	116
Total lease payments	\$ 677	\$ 219
Less: imputed interest	(141)	(70)
Total	\$ 536	\$ 149

(a) Excludes operating leases which are anticipated to commence in future years. Please refer to Note 28 for more details.

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. Contingent rentals are recorded when the condition that created the present obligation to make such payments occurs.

Maturity analysis of lease receivables was as follows:

	Operating Leases
2025	\$ 63
2026	61
2027	60
2028	60
2029	59
Thereafter	292
Total	\$ 595

The carrying value of property, plant, and equipment associated with these leases was approximately \$487 million as at December 31, 2024.

AltaGas manages its risk associated with the residual value of its leased assets through strategically constructing leased facilities in key commercial regions and retaining the ability to sell commodities and ancillary services via the merchant market or through commodity sales agreements.

9. Goodwill

As at	December 31, 2024	December 31, 2023
Balance, beginning of year	\$ 5,270	\$ 5,250
Business acquisition (note 3)	—	133
Adjustment to goodwill on business acquisition (note 3)	7	—
Foreign exchange translation	414	(113)
Balance, end of year	\$ 5,691	\$ 5,270

10. Long-Term Investments and Other Assets

As at	December 31, 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	62	84
Deferred information technology costs	43	37
Cash calls from joint venture partners	16	19
Contract asset (net of credit losses of \$1 million) (notes 22 and 23)	3	36
Rabbi trust (notes 27 and 30)	5	6
Capitalized contract costs	4	4
Financial transmission rights	31	26
Blend-and-extend contract ^(a)	29	—
Other	31	30
	\$ 255	\$ 271

(a) Comprised of a long term asset which was previously classified as a contract asset related to a blend-and-extend contract at the Gordondale facility. Due to the change in operatorship of the facility in the third quarter of 2024, the contract is no longer in scope of ASC 606 and is now assessed under ASC 842. The asset will continue to be drawn down into revenue over the remaining term of the contract.

11. Variable Interest Entities

Consolidated VIEs

AltaGas consolidates a 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. 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	December 31, 2024	December 31, 2023
Current assets	\$ 9	\$ 8
Property, plant and equipment	343	349
Long-term investments and other assets	39	42
Current liabilities	(18)	(15)
Asset retirement obligations	(5)	(5)
Net assets	\$ 368	\$ 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	December 31, 2024	December 31, 2023
Current assets	\$ 59	\$ 7
Property, plant and equipment	312	65
Operating right of use assets	56	—
Current portion of operating lease liabilities	(3)	—
Other long-term liabilities	(1)	—
Operating lease liabilities	(55)	—
Net assets	\$ 368	\$ 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 15). 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 15). 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 15). 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 December 31, 2024, AltaGas held a 40 percent equity investment in SSLP with a carrying value of \$127 million (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.

12. Investments Accounted for by the Equity Method

Description	Location	Ownership Percentage	Carrying value as at December 31		Equity income for the year ended December 31	
			2024	2023	2024	2023
Eaton Rapids Gas Storage System	United States	50	\$ 30	\$ 28	\$ 3	\$ 3
MVP ^{(a) (b)}	United States	10	596	511	50	45
Sarnia Airport Storage Pool LP	Canada	50	15	16	1	1
Petrogas Terminals Penn LLC	United States	50	1	1	—	—
Strathcona Storage LP	Canada	40	127	130	6	6
			\$ 769	\$ 686	\$ 60	\$ 55

(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.

(b) Equity income includes 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.

Meade Escrow Proceeds

In 2019, AltaGas completed the disposition of its investment in Meade Pipeline Co. LLC ("Meade"), which held WGL Midstream's indirect, non-operating interest in the Central Penn pipeline. Upon close of the sale, various escrow accounts were established to provide the purchaser a form of recourse for the settlement of indemnification obligations. In the third quarter of 2024, AltaGas received approximately \$14 million (US\$10 million) of cash proceeds from the indemnity escrow account. As a result, AltaGas recognized a pre-tax gain on disposition of

approximately \$14 million in the Consolidated Statements of Income under the line item "other income" for the year ended December 31, 2024.

Summarized combined financial information, assuming a 100 percent ownership interest in AltaGas' equity investments listed above, is as follows:

Year Ended December 31	2024	2023
Revenues	\$ 691	\$ 543
Expenses	(233)	(28)
	\$ 458	\$ 515

As at December 31	2024	2023
Current assets	\$ 313	\$ 476
Property, plant and equipment	\$ 14,152	\$ 11,633
Long-term investments and other assets	\$ 17	\$ 16
Current liabilities	\$ (112)	\$ (498)
Other long-term liabilities	\$ (16)	\$ (17)

13. Short-term Debt

As at	December 31, 2024	December 31, 2023
Commercial paper ^(a)	\$ 10	\$ 129
	\$ 10	\$ 129

(a) As at December 31, 2024, AltaGas' weighted average interest rate on short-term borrowings outstanding was 4.7 percent (December 31, 2023 - 5.7 percent).

Credit Facilities

As at December 31, 2024, AltaGas held a \$70 million (December 31, 2023 - \$70 million) unsecured demand revolving operating credit facility with a Canadian chartered bank. Draws on the facility can be by way of prime loans, U.S. base-rate loans, Secured Overnight Financing Rate ("SOFR") loans, or letters of credit. As at December 31, 2024, there were no outstanding bank loans under this facility (December 31, 2023 - \$nil).

As at December 31, 2024, AltaGas held a US\$322 million (December 31, 2023 - US\$322 million) unsecured bilateral letter of credit demand facility with a Canadian chartered bank. Borrowings on the facility incur fees and interest at rates relevant to the nature of the draws made. Letters of credit outstanding under this facility as at December 31, 2024 were \$251 million (December 31, 2023 - \$252 million).

WGL and Washington Gas use short-term debt in the form of commercial paper and advances under its syndicated bank credit facilities to fund seasonal cash requirements. Revolving committed credit facilities are maintained in an amount equal to or greater than the expected maximum commercial paper position. As at December 31, 2024, commercial paper outstanding classified as short-term debt totaled \$10 million (December 31, 2023 - \$129 million).

In October 2024, the \$25 million unsecured bilateral letter of credit demand facility previously held by Petrogas was terminated.

14. Long-Term Debt

As at	Maturity date		December 31, 2024	December 31, 2023
Credit facilities				
\$2.3 billion unsecured extendible revolving facility ^(a)	2-May-2028	\$	—	\$ 484
US\$150 million unsecured extendible revolving facility	20-Dec-2026		104	86
Commercial paper ^(b)	Various		253	332
\$450 million term loan	n/a		—	449
AltaGas Ltd. 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
\$47 million Senior unsecured - 4.64 percent ^(c)	15-May-2026		47	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	—
\$21 million Senior unsecured - 5.16 percent ^(d)	13-Jan-2044		21	100
\$108 million Senior unsecured - 4.50 percent ^(e)	15-Aug-2044		108	300
\$68 million Senior unsecured - 4.99 percent ^(f)	4-Oct-2047		68	250
\$500 million Senior unsecured - 5.60 percent	14-Mar-2054		500	—
WGL and Washington Gas MTNs and private placement notes				
US\$41 million Senior unsecured - 5.44 percent	11-Aug-2025		58	54
US\$53 million Senior unsecured - 6.62 to 6.82 percent	Oct 2026		76	70
US\$72 million Senior unsecured - 6.40 to 6.57 percent	Feb - Sep 2027		104	95
US\$52 million Senior unsecured - 6.57 to 6.85 percent	Jan - Mar 2028		75	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		216	199
US\$50 million Senior unsecured - 5.70 to 5.78 percent	Jan - Mar 2036		72	66
US\$75 million Senior unsecured - 5.21 percent	3-Dec-2040		107	99
US\$75 million Senior unsecured - 5.00 percent	15-Dec-2043		107	99
US\$300 million Senior unsecured - 4.22 to 4.60 percent	Sep - Nov 2044		432	397
US\$450 million Senior unsecured - 3.80 percent	15-Sep-2046		647	595
US\$400 million Senior unsecured - 3.65 percent	15-Sep-2049		576	529
US\$200 million Senior unsecured - 2.98 percent	15-Dec-2051		288	265
US\$25 million Senior unsecured - 5.25 percent	29-Dec-2042		36	33
US\$175 million Senior unsecured - 5.33 percent	29-Dec-2052		252	231
US\$50 million Senior unsecured - 6.43 percent	15-Oct-2053		72	66
US\$100 million Senior unsecured - 5.40 percent ^(g)	01-Oct-2054		144	—
SEMCO long-term debt				
US\$225 million First Mortgage Bonds - 2.45 percent	21-Apr-2030		104	95
US\$225 million First Mortgage Bonds - 3.15 percent	21-Apr-2050		323	298
Fair value adjustment on WGL acquisition			77	74
		\$	7,879	\$ 8,546
Less: unamortized premiums, discounts, and debt issuance costs			(29)	(19)
		\$	7,850	\$ 8,527
Less: current portion			(858)	(999)
		\$	6,992	\$ 7,528

- (a) Includes a \$1.7 billion four-year extendable committed revolving tranche which matures in May 2028 and a \$600 million three-year extendable side car revolving tranche which matures in May 2027.
- (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 (Note 13).
- (c) Prior to the partial debt extinguishment in the fourth quarter of 2024 as discussed below, this note had a face value of \$400 million.
- (d) Prior to the partial debt extinguishment in the fourth quarter of 2024 as discussed below, this note had a face value of \$100 million.
- (e) Prior to the partial debt extinguishment in the fourth quarter of 2024 as discussed below, this note had a face value of \$300 million.
- (f) Prior to the partial debt extinguishment in the fourth quarter of 2024 as discussed below, this note had a face value of \$250 million.
- (g) Pursuant to the note purchase agreement executed on October 1, 2024, an additional US\$100 million will be issued on April 1, 2025 at 4.84 percent with a maturity date of April 1, 2035.

MTN Debt Extinguishment

In the fourth quarter of 2024, AltaGas executed a partial debt extinguishment of certain of its MTNs, resulting in the derecognition of approximately \$806 million of previously issued MTNs for total consideration of \$793 million. At transaction close, AltaGas recognized a pre-tax gain of approximately \$4 million on the derecognition of the MTNs on the Consolidated Statements of Income under the line item "other income" for the year ended December 31, 2024. This amount is net of a hedge loss on a bond forward contract of approximately \$5 million, which was entered into for the purpose of hedging the interest rate exposure on the partial debt extinguishment.

Credit Facilities

As at December 31, 2024, AltaGas held \$2.3 billion (December 31, 2023 - \$2.3 billion) of unsecured revolving credit facilities. These facilities were amended in 2024 and include a \$1.7 billion four-year extendable committed revolving tranche which matures in May 2028, and a \$600 million three-year extendable side car revolving tranche which matures in May 2027. Draws on the facilities can be by way of prime loans, U.S. base-rate loans, SOFR loans, or letters of credit. There were no outstanding bank loans under this facility as at December 31, 2024 (December 31, 2023 - \$484 million).

On June 28, 2024, AltaGas cancelled and repaid its \$450 million unsecured two-year term credit facility in full, which was set to mature in August 2024 (December 31, 2023 - \$450 million). As at December 31, 2023, there were \$449 million of outstanding bank loans under this facility.

As at December 31, 2024, WGL held a US\$300 million (December 31, 2023 - US\$300 million) unsecured revolving credit facility. Draws on the facility can be by way of prime loans, U.S. base-rate loans, LIBOR loans, or letters of credit. There were no outstanding loans under this facility as at December 31, 2024 or December 31, 2023.

As at December 31, 2024, Washington Gas held a US\$450 million (December 31, 2023 - US\$450 million) unsecured revolving credit facility. Draws on the facility can be by way of prime loans, U.S. base-rate loans, LIBOR loans, or letters of credit. There were no outstanding loans under this facility as at December 31, 2024 or December 31, 2023.

WGL and Washington Gas use debt in the form of commercial paper and advances under its credit facilities to provide short-term liquidity. Revolving committed credit facilities are maintained in an amount equal to or greater than the expected maximum commercial paper position. As at December 31, 2024, outstanding commercial paper classified as long-term debt totaled \$253 million (December 31, 2023 - \$332 million).

As at December 31, 2024, SEMCO held a US\$150 million (December 31, 2023 - US\$150 million) unsecured extendible revolving facility. Draws on the facility can be by way of letters of credit, Alternate Base Rate or Eurodollar loans. There were US\$72 million outstanding bank loans under this facility as at December 31, 2024 (December 31, 2023 - US\$65 million).

15. Subordinated Hybrid Notes

As at	Maturity date	December 31, 2024	December 31, 2023
\$300 million Subordinated Notes, Series 1 - 5.25 percent ^(a)	11-Jan-2082	\$ 300	\$ 300
\$250 million Subordinated Notes, Series 2 - 7.35 percent ^(b)	17-Aug-2082	250	250
\$200 million Subordinated Notes, Series 3 - 8.90 percent ^(c)	10-Nov-2083	200	200
US\$900 million Subordinated Notes - 7.20 percent ^{(d) (e)}	15-Oct-2054	1,295	—
		\$ 2,045	\$ 750
Less: debt issuance costs		(23)	(8)
		\$ 2,022	\$ 742

- (a) For the initial 10 years, the Notes carry a fixed interest rate. From January 11, 2032, and on every fifth anniversary of such date thereafter, the interest rate will reset for the subsequent fixed rate period at a rate per annum equal to the five year Government of Canada yield plus for the period from January 11, 2032 to, but excluding, January 11, 2052, 3.82 percent and for the period from January 11, 2052 to, but excluding, the maturity date, 4.57 percent.
- (b) For the initial 5 years, the Notes carry a fixed interest rate. From August 17, 2027, and on every fifth anniversary of such date thereafter, the interest rate will reset for the subsequent fixed rate period at a rate per annum equal to the five year Government of Canada yield plus for the period from August 17, 2027 to, but excluding, August 17, 2032, 4.54 percent, for the period from August 17, 2032, to, but excluding, August 17, 2047, 4.79 percent, and for the period from August 17, 2047, to, but excluding, the maturity date, 5.54 percent.
- (c) For the initial 5 years, the Notes carry a fixed interest rate. From November 10, 2028, and on every fifth anniversary of such date thereafter, the interest rate will reset for the subsequent fixed rate period at a rate per annum equal to the five year Government of Canada yield plus for the period from November 10, 2028 to, but excluding, November 10, 2033, 5.09 percent, for the period from November 10, 2033 to, but excluding, November 10, 2048, 5.34 percent, and for the period from November 10, 2048, to, but excluding, the Maturity date, 6.09 percent.
- (d) For the initial 10 years, the Notes carry a fixed interest rate. From October 15, 2034, the interest rate will reset for the subsequent fixed rate period at a rate per annum equal to the five year treasury rate plus 3.57 percent.
- (e) In the third quarter of 2024, AltaGas concurrently executed cross-currency swaps totaling US\$900 million, which will convert the U.S. dollar principal and interest payments of these Notes into Canadian dollars and apply an effective annual interest rate of 6.90 percent, which is based on the initial converted Canadian principal amount of approximately \$1.2 billion. Refer to Note 22 for more details.

For the year ended December 31, 2024, AltaGas recorded interest expense of \$75 million on the subordinated hybrid notes (2023 - \$37 million).

16. Asset Retirement Obligations

As at December 31	2024	2023
Balance, beginning of year	\$ 455	\$ 458
Obligations acquired	—	5
New obligations	1	—
Obligations settled <i>(note 26)</i> ^(a)	(10)	(15)
Revision in estimated cash flow	2	(3)
Accretion expense ^(b)	19	26
Foreign exchange translation	31	(9)
Reclassified to regulatory liabilities	(8)	(7)
Total ARO, end of the year	\$ 490	\$ 455
Less: current portion (included in accounts payable and accrued liabilities)	(8)	(7)
Long-term portion	\$ 482	\$ 448

- (a) Includes a non-cash gain on settlement of approximately \$7 million.
- (b) Certain amounts relating to Utility asset retirement obligations are recorded through regulatory assets or liabilities on the Consolidated Balance Sheets due to regulatory treatment. The remaining portion is recorded through the Consolidated Statements of Income.

The majority of the asset retirement obligations are associated with distribution and transmission systems in the Utilities segment.

AltaGas estimates the undiscounted cash required to settle the asset retirement obligations, excluding growth for inflation, at December 31, 2024 was \$842 million (December 31, 2023 - \$759 million).

The asset retirement obligations have been recorded in the Consolidated Financial Statements at estimated values discounted at rates between 3.1 and 7.9 percent (December 31, 2023 - between 2.0 to 8.4 percent) and are expected to be incurred between 2025 and 2142 (December 31, 2023 - between 2024 and 2141). No assets have been legally restricted for settlement of the estimated liability.

17. Environmental Matters

AltaGas is subject to federal, provincial, state and local laws and regulations related to environmental matters. These laws and regulations may require expenditures over a long time frame to control environmental effects. Almost all of the environmental liabilities AltaGas has recorded are for costs expected to be incurred to remediate sites where AltaGas or a predecessor affiliate operated manufactured gas plants ("MGPs"). Estimates of liabilities for environmental response costs are difficult to determine with precision because of the various factors that can affect their ultimate level. These factors include, but are not limited to, the following:

- the complexity of the site;
- changes in environmental laws and regulations at the federal, state, and local levels;
- the number of regulatory agencies or other parties involved;
- new technology that renders previous technology obsolete or experience with existing technology that proves ineffective;
- the level of remediation required; and
- variations between the estimated and actual period of time that must be dedicated to respond to an environmentally-contaminated site.

AltaGas has identified up to twelve sites where it or its predecessors may have operated MGPs. In connection with these operations, AltaGas is aware that coal tar and certain other by-products of the gas manufacturing process are present at or near some former sites and may be present at others.

As at December 31, 2024, a liability of \$24 million has been recorded on an undiscounted basis related to future environmental response costs (December 31, 2023 - \$12 million) in the Consolidated Balance Sheets under the line items "accounts payable and accrued liabilities" and "other long-term liabilities". These estimates principally include the minimum liabilities associated with a range of environmental response costs expected to be incurred. As at December 31, 2024, AltaGas estimated the maximum liability associated with all of its sites to be approximately \$53 million (December 31, 2023 - \$54 million). The estimates were determined by AltaGas' environmental experts, based on experience in remediating MGP sites and advice from legal counsel and environmental consultants. The variation between the recorded and estimated maximum liability primarily results from differences in the number of years that will be required to perform environmental response processes and the extent of remediation that may be required.

As at December 31, 2024, AltaGas reported a regulatory asset of \$28 million (December 31, 2023 - \$16 million) for the portion of environmental response costs that are expected to be recoverable in future rates (Note 20).

In 2023, AltaGas received a Directive Letter from the Department of Energy and Environment ("DOEE") related to a MGP that was formerly owned by Washington Gas known as the "West Station Gas Works." The Directive Letter requests certain information and a site investigation. The Site Investigation Work Plan was approved by DOEE on April 19, 2024. AltaGas is unable to estimate the total amount of potential costs or timing associated with the site investigation at this time. AltaGas has accrued an amount for estimated information request response costs based on a potential range of estimates.

18. Other Long-term Liabilities

As at	December 31, 2024	December 31, 2023
Deferred revenue	\$ 18	\$ 16
Customer advances for construction	6	13
Merger commitments	5	3
Non-retirement employee benefits ^(a)	65	51
Uncertain tax positions (<i>note 19</i>)	11	20
Other	22	21
	\$ 127	\$ 124

(a) Consists of long-term portion of liabilities relating to employee incentive plans and other non-retirement related employee benefits.

19. Income Taxes

Year Ended December 31	2024	2023
Income before income taxes - consolidated	\$ 746	\$ 912
Statutory income tax rate (%)	23.0	23.0
Expected taxes at statutory rates	\$ 172	\$ 210
Add (deduct) the tax effect of:		
Permanent differences	\$ 1	\$ —
Statutory and other rate differences	10	(1)
Deferred income tax recovery on regulated assets	(11)	(16)
Tax differences on divestitures and transactions	—	37
Previously unrecognized losses	(29)	—
Other	(5)	(7)
	\$ 138	\$ 223
Income tax provision		
Current	\$ 41	\$ 43
Deferred	97	180
	\$ 138	\$ 223
Effective income tax rate (%)	18.5	24.5

Net deferred income tax liabilities were composed of the following:

As at	December 31, 2024	December 31, 2023
PP&E and intangible assets	\$ 2,351	\$ 1,969
Regulatory assets	(110)	(166)
Tax pools, deferred financing, and compensation	(433)	(179)
Other	(87)	(90)
Valuation allowance	73	2
	\$ 1,794	\$ 1,536

The amount shown on the Consolidated Balance Sheets as deferred income tax liabilities represents the net differences between the tax basis and book carrying values on the Corporation's balance sheets at enacted tax rates.

As at December 31, 2024, the Corporation had tax-effected non-capital losses of approximately \$228 million, which will be available to offset future taxable income. If not used, these losses will expire between 2029 and 2044.

On June 20, 2024, Bills C-59 and C-69, which include the Excessive Interest and Financing Expenses Limitation and Canada's Global Minimum Tax Act were enacted in Canada. As at December 31, 2024, the enactment of these bills did not have a material impact on AltaGas consolidated financial statements.

Unrecognized Tax Benefits

On an annual basis, the Corporation and its subsidiaries file tax returns in Canada and various foreign jurisdictions. In Canada, AltaGas' federal and provincial tax returns for the years 2015 to 2024 remain subject to examination by taxation authorities. In the United States, the federal and state tax returns for the years 2021 to 2024 remain subject to examination by the taxation authorities.

Management determined that the following provision was required for uncertainty on income taxes during the year:

Year ended December 31	2024	2023
Unrecognized tax benefits at beginning of year	\$ 20	\$ 20
Gross increases for tax positions of current year	2	—
Settlements with taxation authorities	(9)	—
Unrecognized tax benefits at end of year ^(a)	\$ 13	\$ 20

(a) As at December 31, 2024, approximately \$2 million is included in "other current liabilities" (December 31, 2023 - \$nil).

20. Regulatory Assets and Liabilities

AltaGas accounts for certain transactions in accordance with ASC 980, Regulated Operations. AltaGas refers to this accounting guidance for regulated entities as "regulatory accounting". Under regulatory accounting, utilities are permitted to defer expenses and income as regulatory assets and liabilities, respectively, in the Consolidated Balance Sheets when it is probable that those expenses and income will be allowed in the rate-setting process in a period different from the period in which they would have been reflected in the Consolidated Statements of Income by a non-rate-regulated entity. These deferred regulatory assets and liabilities are included in the Consolidated Statements of Income in future periods when the amounts are reflected in customer rates. If an application is filed to modify customer rates with certain regulatory commissions, AltaGas is permitted to charge customers new rates, subject to refund, until the regulatory commission renders a final decision. During this interim period, a provision is recorded for a rate refund regulatory liability based on the difference between the amount collected in rates and the amount expected to be recovered from a final regulatory decision.

Management's assessment of the probability of recovery or pass-through of regulatory assets and liabilities requires judgment and interpretation of laws and regulatory agency orders, rules, and rate-making conventions. The relevant regulatory bodies are the MPSC, PSC of DC, PSC of MD, and SCC of VA.

If, for any reason, the Corporation ceases to meet the criteria for application of regulatory accounting for all or part of its operations, the regulatory assets and liabilities related to those portions ceasing to meet such criteria would be de-recognized from the Consolidated Balance Sheets and included in the Consolidated Statements of Income for the period in which the discontinuance of regulatory accounting occurs. Criteria that give rise to the discontinuance of regulatory accounting include: (i) increasing competition that restricts the ability of the Corporation to charge prices sufficient to recover specific costs, and (ii) a significant change in the manner in which rates are set by regulatory agencies from cost-based regulation to another form of regulation. The Corporation's review of these criteria currently supports the continued application of regulatory accounting for all its utilities.

The following table summarizes the regulatory assets and liabilities recorded in the Consolidated Balance Sheets, as well as the remaining period, as at December 31, 2024 and 2023, over which the Corporation expects to realize or settle the assets or liabilities:

As at December 31	2024	2023	Recovery Period
Regulatory assets - current			
Deferred cost of gas ^(a)	\$ 1	\$ 11	Less than one year
Accelerated replacement recovery mechanisms ^(b)	24	22	Less than one year
Interruptible sharing ^(c)	5	1	Less than one year
Energy optimization costs	8	4	Less than one year
Virginia and Maryland revenue normalization ^(c)	54	20	Less than one year
	\$ 92	\$ 58	
Regulatory assets - non-current			
Deferred regulatory costs ^{(c) (d)}	\$ 102	\$ 74	1 - 51 years
Future recovery of pension and other retirement benefits ^(c)	1	1	Various
Future recovery of non-retirement employee benefits ^{(c) (e)}	4	4	Various
Deferred environmental costs ^{(c) (f)}	28	16	Various
Deferred loss on debt transactions and derivative instruments ^{(c) (g)}	87	84	Various
Deferred future income taxes ^{(c) (h)}	140	97	Various
Energy efficiency program - Maryland ⁽ⁱ⁾	45	39	Various
COVID-19 costs ^(j)	2	2	Various
D.C. rate case ^(k)	8	6	Various
Other	13	6	Various
	\$ 430	\$ 329	
Regulatory liabilities - current			
Deferred cost of gas ^(a)	\$ 61	\$ 67	Less than one year
Federal income tax rate change ^(l)	1	1	Less than one year
Interruptible sharing ^(c)	9	2	Less than one year
Virginia and Maryland revenue normalization ^(a)	5	3	Less than one year
Other	3	12	Less than one year
	\$ 79	\$ 85	
Regulatory liabilities - non-current			
Future expense of pension and other retirement benefits ^(c)	\$ 316	\$ 283	Various
Future removal and site restoration costs ^(m)	441	409	Various
Deferred gain on debt transactions and derivative instruments ^{(c) (g)}	1	1	Various
Federal income tax rate change ^(l)	611	571	Various
Other	11	10	Various
	\$ 1,380	\$ 1,274	

- (a) Washington Gas is not entitled to a rate of return on these assets. Washington Gas is allowed to recover and required to pay, using short-term interest rates, the carrying costs related to billed gas costs due from and to its customers in D.C. and Virginia jurisdictions.
- (b) Represents amounts for deferred over or under collections of surcharges associated with Washington Gas' accelerated pipeline recovery programs in D.C., Maryland, and Virginia.
- (c) Washington Gas is not entitled to a rate of return on these assets.
- (d) Includes deferred gas costs and fair value of derivatives, which are not included in customer bills until settled.
- (e) Represents the timing difference between the recognition of workers compensation and short-term disability costs in accordance with generally accepted accounting principles and the way these costs are recovered through rates.
- (f) This balance represents allowed environmental remediation expenditures at SEMCO and Washington Gas sites to be recovered through rates. The recovery period is over several years.
- (g) The losses or gains on the issuance and extinguishment of debt and interest-rate derivative instruments include unamortized balances from transactions executed in prior years. These transactions create gains and losses that are amortized over the remaining life of the debt as prescribed by regulatory accounting requirements. As at December 31, 2024, this also includes a fair value adjustment of \$73 million (December 31, 2023 - \$70 million) recorded on the WGL Acquisition in 2018.

- (h) This balance represents amounts due from customers for deferred tax assets and liabilities related to tax benefits/expenses on deductions that flowed directly to customers prior to the adoption of income tax normalizations for ratemaking purposes and to tax rate changes.
- (i) Represents amounts for deferred credits associated with Washington Gas' participation in the energy conservation and efficiency program EmPOWER in Maryland that are recovered from customers over time.
- (j) Regulatory assets established to capture and track incremental COVID-19 related costs.
- (k) This balance represents costs incurred in association with D.C. rate cases.
- (l) The *Tax Cuts and Jobs Act* ("TCJA") was enacted on December 22, 2017, and required the Corporation to revalue its U.S. deferred tax assets and liabilities in 2018 to the lower federal corporate tax rate of 21 percent, resulting in excess accumulated deferred income taxes. The tax rate reduction created a reduction in deferred tax liability, which SEMCO and Washington Gas are required to refund to ratepayers.
- (m) This amount and timing of draw down is dependent upon the cost of removal of the underlying utility property, plant, and equipment and its useful life.

21. Accumulated Other Comprehensive Income (Loss)

(\$ millions)	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	(27)	—	(84)	929	818
Amounts reclassified from OCI	(58)	(2)	—	—	(60)
Current period OCI (pre-tax)	\$ (85)	\$ (2)	\$ (84)	\$ 929	\$ 758
Income tax on amounts retained in AOCI	2	—	—	—	2
Net current period OCI	\$ (83)	\$ (2)	\$ (84)	\$ 929	\$ 760
Ending balance, December 31, 2024	\$ (92)	\$ (4)	\$ (232)	\$ 1,483	\$ 1,155
Opening balance, January 1, 2023	\$ —	\$ (5)	\$ (173)	\$ 804	\$ 626
OCI before reclassification	(10)	2	28	(250)	(230)
Amounts reclassified from OCI	1	2	—	—	3
Current period OCI (pre-tax)	\$ (9)	\$ 4	\$ 28	\$ (250)	\$ (227)
Income tax on amounts retained in AOCI	—	(1)	(3)	—	(4)
Net current period OCI	\$ (9)	\$ 3	\$ 25	\$ (250)	\$ (231)
Ending balance, December 31, 2023	\$ (9)	\$ (2)	\$ (148)	\$ 554	\$ 395

Reclassification From Accumulated Other Comprehensive Income (Loss)

AOCI components reclassified	Income statement line item	Year Ended December 31, 2024	Year Ended December 31, 2023
		Gains (losses)	Gains (losses)
Cash flow hedges - commodity contracts	Cost of sales	\$ (13)	\$ (1)
Cash flow hedges - cross-currency swap	Foreign exchange gains (losses)	71	—
DB pension and PRB plans ^(a)	Other income (loss)	2	(2)
		\$ 60	\$ (3)

- (a) Reclassification from AOCI for the year ended December 31, 2024 relates to the partial settlement of WGL's post-retirement benefit plan. Reclassification from AOCI for the year ended December 31, 2023 relates to the loss on the wind-up of the Canadian defined benefit pension plan. Refer to Note 27 for more details.

22. 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 and cross-currency swaps were calculated using indicative broker quotes based on observable market data.

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 (including debt classified as held for sale), 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	December 31, 2024				
	Carrying Amount	Level 1	Level 2	Level 3	Total Fair Value
Financial assets					
Fair value through net income ^{(a) (b) (c)}					
Risk management assets - current	\$ 21	\$ —	\$ 7	\$ 14	\$ 21
Risk management assets - non-current	47	—	32	15	47
Fair value through regulatory assets ^(a)					
Risk management assets - current	4	—	1	3	4
Risk management assets - non-current	16	—	—	16	16
	\$ 88	\$ —	\$ 40	\$ 48	\$ 88
Financial liabilities					
Fair value through net income ^{(a) (b) (c)}					
Risk management liabilities - current	\$ 138	\$ —	\$ 115	\$ 23	\$ 138
Risk management liabilities - non-current	125	—	70	55	125
Fair value through regulatory liabilities ^(a)					
Risk management liabilities - current	12	—	—	12	12
Risk management liabilities - non-current	35	—	—	35	35
Amortized cost					
Current portion of long-term debt	858	—	858	—	858
Current portion of finance lease liabilities	23	—	23	—	23
Long-term debt	6,992	—	6,261	—	6,261
Finance lease liabilities	126	—	126	—	126
Subordinated hybrid notes	2,022	—	2,068	—	2,068
Other current liabilities ^(d)	54	—	54	—	54
	\$ 10,385	\$ —	\$ 9,575	\$ 125	\$ 9,700

- (a) To manage price risk associated with acquiring natural gas supply for Maryland, Virginia, and D.C. 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, which amounts to an asset totaling \$3 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) Includes the fair value of designated cross-currency swap hedging instruments classified as level 2, which amounts to a liability totaling \$16 million. The change in fair value of these instruments is recorded to AOCI. Refer to the *Foreign Exchange Risk* and *Cash Flow Hedges* sections below for more details.
- (d) 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 D.C. 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, which amounts to a liability 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 and short-term debt. 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 as at December 31, 2024:

	Net Fair Value	Valuation Technique	Unobservable Inputs	Range	Weighted Average ^(a)
Natural gas	\$ (35)	Discounted Cash Flow	Natural Gas Basis Price (per Dth)	\$(2.00) - \$ 4.07	\$ (0.32)
Natural gas	\$ (1)	Option Model	Natural Gas Basis Price (per Dth)	\$(2.00) - \$ 3.53	\$ (0.43)
			Annualized Volatility of Spot Market Natural Gas	8% - 65%	29%
Electricity	\$ (41)	Discounted Cash Flow	Electricity Congestion Price (per MWh)	\$(29.28) - \$137.99	\$ 13.50

(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:

For the year ended December 31	2024			2023		
	Natural Gas	Electricity	Total	Natural Gas	Electricity	Total
Balance, beginning of year	\$ (30)	\$ (23)	\$ (53)	\$ (226)	\$ (166)	\$ (392)
Gains (losses):						
Recorded in income ^(a)	(9)	26	17	72	168	240
Recorded in regulatory assets ^(b)	1	—	1	104	—	104
Transfers out of Level 3	—	(1)	(1)	(6)	(5)	(11)
Purchases	—	(2)	(2)	—	(3)	(3)
Settlements	5	(39)	(34)	24	(18)	6
Foreign exchange translation	(3)	(2)	(5)	2	1	3
Balance, end of year	\$ (36)	\$ (41)	\$ (77)	\$ (30)	\$ (23)	\$ (53)

(a) For the year ended December 31, 2024 and 2023, there were unrealized losses and gains of \$3 million and \$118 million respectively, attributed to derivative assets and liabilities classified as Level 3 in the fair value hierarchy.

(b) For the year ended December 31, 2024 and 2023, there were unrealized gains of \$3 million and \$98 million respectively, attributed to derivative assets and liabilities classified as Level 3 in the fair value hierarchy.

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 year ended December 31, 2024 were due to an increase in valuations using observable market inputs.

Net Realized and Unrealized Gains Recorded to Income for Level 3 Measurements

Year Ended December 31	2024	2023
Recorded to revenue	\$ 12	\$ 172
Recorded to cost of sales	5	68
	\$ 17	\$ 240

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

Year Ended December 31	2024	2023
Natural gas	\$ 32	\$ (12)
Energy exports	48	(78)
Crude oil and NGLs	(3)	(5)
NGL frac spread	(5)	4
Power	12	2
Foreign exchange	(96)	19
	\$ (12)	\$ (70)

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	December 31, 2024						
	Derivative instruments not designated as hedging instruments	Derivative instruments designated as hedging instruments	Gross amounts of recognized assets/liabilities	Gross amounts of recognized assets/liabilities	Gross amounts offset in balance sheet	Netting of collateral	Net amounts presented in balance sheet
Risk management assets ^(a)							
Natural gas	\$ 81	\$ 6	\$ (45)	\$ —	\$ —	\$ —	\$ 42
Energy exports	63	—	(36)	—	—	—	27
Crude oil and NGLs	1	—	(1)	—	—	—	—
Power	60	—	(41)	—	—	—	19
	\$ 205	\$ 6	\$ (123)	\$ —	\$ —	\$ —	\$ 88
Risk management liabilities ^(b)							
Natural gas	\$ 118	\$ 3	\$ (45)	\$ (4)	\$ (4)	\$ (4)	\$ 72
Energy exports	100	—	(36)	(10)	(10)	(10)	54
Crude oil and NGLs	6	—	(1)	—	—	—	5
NGL frac spread	4	—	—	—	—	—	4
Power	123	—	(41)	—	—	—	82
Foreign exchange ^(c)	77	16	—	—	—	—	93
	\$ 428	\$ 19	\$ (123)	\$ (14)	\$ (14)	\$ (14)	\$ 310

(a) Net amount of risk management assets on the Balance Sheet is comprised of risk management assets (current) balance of \$25 million and risk management assets (non-current) balance of \$63 million.

(b) Net amount of risk management liabilities on the Balance Sheet is comprised of risk management liabilities (current) balance of \$150 million and risk management liabilities (non-current) balance of \$160 million.

(c) Includes cross-currency swaps.

As at	December 31, 2023				
	Derivative instruments not designated as hedging instruments	Derivative instruments designated as hedging instruments			
	Gross amounts of recognized assets/liabilities	Gross amounts of recognized assets/liabilities	Gross amounts offset in balance sheet	Netting of collateral	Net amounts presented in balance sheet
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	\$ 9	\$ (44)	\$ (31)	\$ 98
Energy exports	119	—	(31)	(81)	7
Crude oil and NGLs	6	—	(6)	—	—
NGL frac spread	7	—	(7)	—	—
Power	147	—	(40)	—	107
	\$ 443	\$ 9	\$ (128)	\$ (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	December 31, 2024	December 31, 2023
Collateral posted with counterparties	\$ 30	\$ 12

Any collateral posted that is not offset against risk management assets and liabilities is included in 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 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 December 31, 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	December 31, 2024	December 31, 2023
Risk management liabilities with credit-risk-contingent features	\$ 157	\$ 158
Maximum potential collateral requirements	\$ 116	\$ 111

Risks Associated with Financial Instruments

AltaGas is exposed to various financial risks in the normal course of operations such as market risks resulting from fluctuations in commodity prices, currency exchange rates and interest rates as well as credit risk and liquidity risk.

Commodity Price Risk

AltaGas enters into financial derivative contracts to manage exposure to fluctuations in commodity prices. The use of derivative instruments is governed under formal risk management policies and is subject to parameters set out by AltaGas' Risk Management Committee and Board of Directors.

Natural Gas

In the normal course of business, AltaGas purchases and sells natural gas to support its infrastructure business. The fixed price and market price contracts for both the purchase and sale of natural gas extend to 2033. In addition, AltaGas may enter into financial derivative contracts as part of WGL's asset optimization program. WGL optimized the value of its long-term natural gas transportation and storage capacity resources during periods when these resources are not being used to physically serve utility customers.

AltaGas had the following contracts outstanding as at December 31, 2024 and 2023:

December 31, 2024	Fixed price (per GJ)	Period (months)	Notional volume (GJ)	Fair Value (\$ millions)
Sales	3.32 to 10.22	1-106	230,536,993	\$ (44)
Purchases	2.09 to 10.36	1-107	530,080,297	\$ 10
Swaps ^(a)	3.91 to 7.14	1-52	59,523,634	\$ 4

(a) Includes approximately 32,391,274 GJ of natural gas swaps designated as hedging instruments that have terms extending until 2029.

December 31, 2023	Fixed price (per GJ)	Period (months)	Notional volume (GJ)	Fair Value (\$ millions)
Sales	0.80 to 9.38	1-118	233,499,133	\$ (27)
Purchases ^(a)	0.55 to 9.54	1-119	629,298,784	\$ (4)
Swaps	1.77 to 9.38	1-62	127,829,390	\$ (15)

(a) Includes approximately 15,765,174 GJ of natural gas swaps designated as hedging instruments that have terms extending until 2029.

Crude Oil and NGLs

In the normal course of business, AltaGas utilizes commodity swaps to manage the impact of timing between when product is purchased and sold in addition to differing indices on purchase and sales. AltaGas had the following contracts outstanding as at December 31, 2024 and 2023:

December 31, 2024	Fixed price (per Bbl)	Period (months)	Notional volume (Bbl)	Fair Value (\$ millions)
Swaps	40.25 to 113.12	1-30	778,564 \$	(5)

December 31, 2023	Fixed price (per Bbl)	Period (months)	Notional volume (Bbl)	Fair Value (\$ millions)
Swaps	33.87 to 106.53	1-8	2,399,972 \$	4

Energy Exports

In the normal course of business, AltaGas enters into swaps to lock in a portion of the volumes exposed to the propane and butane price differentials between North American Indices and the Far East Index for contracts not under tolling arrangements at RIPET and Ferndale. AltaGas had the following contracts outstanding as at December 31, 2024 and 2023:

December 31, 2024	Fixed price (per Bbl)	Period (months)	Notional volume (Bbl)	Fair Value (\$ millions)
Purchases	27.74 to 44.97	1-99	20,701,782 \$	(23)
Propane and butane swaps	6.39 to 150.52	1-27	73,349,061 \$	(4)

December 31, 2023	Fixed price (per Bbl)	Period (months)	Notional volume (Bbl)	Fair Value (\$ millions)
Purchases	14.70 to 22.75	1-51	4,017,118 \$	(1)
Propane and butane swaps	7.45 to 147.70	1-15	76,931,889 \$	(3)

NGL Frac Spread

In the normal course of business, AltaGas enters into swaps to lock in a portion of the volumes exposed to NGL frac spread. AltaGas had the following contracts outstanding as at December 31, 2024 and 2023:

December 31, 2024	Fixed price	Period (months)	Notional volume	Fair Value (\$ millions)
Propane swaps	41.90 to 47.34/Bbl	1-9	1,639,890 Bbl \$	(2)
Crude oil swaps	95.88 to 101.60/Bbl	1-9	341,586 Bbl \$	(1)
Natural gas swaps	1.31 to 2.29/GJ	1-9	9,650,298 GJ \$	(1)

December 31, 2023	Fixed price	Period (months)	Notional volume	Fair Value (\$ millions)
Propane swaps	34.38 to 51.50/Bbl	1-12	1,040,595 Bbl \$	5
Crude oil swaps	93.37 to 111.74/Bbl	1-12	194,513 Bbl \$	1
Natural gas swaps	1.28 to 3.55/GJ	1-12	7,513,045 GJ \$	(5)

Power

AltaGas sells power to the Alberta Electric System Operator at market prices, as well as through its WGL Energy Services affiliate, to commercial, industrial and mass market users within the PJM Regional Transmission Organization at fixed and market prices. AltaGas' strategy is to mitigate the cash flow risk to power prices to provide predictable earnings. Therefore, AltaGas uses third-party swaps and purchase contracts to fix the prices over time on a portion of the volumes to mitigate financial exposure associated with the sale contracts. These power purchase and sale contracts extend to 2029. As at December 31, 2024, AltaGas had no intention to terminate any contracts prior to maturity. AltaGas had the following contracts outstanding as at December 31, 2024 and 2023:

December 31, 2024	Fixed price (per MWh)	Period (months)	Notional volume (MWh)	Fair Value (\$ millions)
Power sales	35.83 to 137.99	1-42	5,006,116 \$	5
Power purchases	35.83 to 137.99	1-42	5,533,213 \$	(6)
Swap purchases	(29.35) to 111.37	1-40	22,382,893 \$	(62)

December 31, 2023	Fixed price (per MWh)	Period (months)	Notional volume (MWh)	Fair Value (\$ millions)
Power sales	26.98 to 102.04	1-42	5,256,989 \$	35
Power purchases	26.98 to 102.04	1-42	6,157,474 \$	(43)
Swap purchases	(9.81) to 133.00	1-41	26,220,739 \$	(67)

The table below provides the potential impact on pre-tax income due to changes in the fair value of risk management contracts in place as at December 31, 2024:

Factor	Increase or decrease to forward prices	Increase or decrease to income before tax (\$ millions)
PJM power price	US\$1/MWh	22
AECO natural gas price	\$0.50/GJ	(13)
NYMEX natural gas price	US\$0.50/GJ	220
Energy Exports:		
Propane Far East Index to domestic supply	\$1/Bbl	(5)
Baltic LPG Freight	\$1/Bbl	4
NGL frac spread:		
Propane	\$1/Bbl	(2)
Natural gas	\$0.50/GJ	5

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.

In the third quarter of 2024, AltaGas executed cross-currency swaps totaling US\$900 million to manage the risk of fluctuating cash flows and earnings associated with the recently issued US\$900 million Subordinated Notes (Note 15) as a result of changes in the Canadian/U.S. dollar foreign exchange rates. The cross-currency swaps will convert the U.S. dollar principal and interest payments of these Subordinated Notes into Canadian dollars and apply an effective annual interest rate of 6.90 percent on the converted Canadian principal amount of approximately \$1.2 billion. AltaGas has designated the cross-currency swaps as cash flow hedges as discussed under the *Cash Flow Hedges* section below.

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 transaction gain or loss as a net investment hedge of its U.S. subsidiaries. As at December 31, 2024, AltaGas has designated US\$645 million of outstanding loans as a net investment hedge (December 31, 2023 - US\$715 million). For the year ended December 31, 2024, unrealized after-tax losses of \$84 million on the net investment hedge were recorded in OCI (2023 - unrealized after-tax gains of \$25 million).

The following foreign exchange related contracts were outstanding as at December 31, 2024:

	Duration	Fair Value (\$ millions)
Foreign exchange forward contracts		
Forward USD sales (non-deliverable)	Less than 1 year \$	(50)
Forward USD sales (non-deliverable)	More than 1 year \$	(27)
Cross-currency swaps		
Fixed-to-fixed cross-currency swaps	10 years \$	(16)

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

	Duration	Fair Value (\$ millions)
Foreign exchange forward contract		
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 gains (losses) on foreign exchange forward contracts recognized in net income:

	Year Ended December 31, 2024	Year Ended December 31, 2023
Objective of foreign exchange contract	Losses	Gains
Cash management ^(a)	\$ (9)	\$ —
Income statement risk management ^(b)	\$ (104)	\$ 25

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

(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. As at December 31, 2024, the estimated amount of existing gains related to commodity cash flow hedges expected to be reclassified to the income statement in the next 12 months is \$1 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. As at December 31, 2024, the estimated amount of existing losses related to the bond forward contract derivative expected to be reclassified to the income statement in the next 12 months is less than \$1 million.

As discussed above, AltaGas designated US\$900 million of cross-currency swaps as cash flow hedges to manage the foreign currency risk associated with its US dollar denominated subordinated hybrid notes. The cash flow hedges are designated 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. Any ineffective portion of a cash flow hedge will immediately be recognized in earnings. As at December 31, 2024, the estimated amount of existing losses related to the cross-currency swap expected to be reclassified to the income statement in the next 12 months is \$9 million. Actual amounts reclassified to earnings depend on the movement in foreign exchange rates.

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

	Year Ended December 31, 2024		Year Ended December 31, 2023	
Designated cash flow hedges ^(a)	Losses		Losses	
Cross-currency swap	\$	(16)	\$	—
Commodity contracts	\$	(2)	\$	(10)
Bond forward contract	\$	(7)	\$	—

(a) Amounts presented are after-tax.

The following is a summary of gains (losses) on designated cash flow hedges reclassified from AOCI to the income statement:

	Year Ended December 31, 2024	Year Ended December 31, 2023
Designated cash flow hedges ^(a)	Gains (losses)	Losses
Cross-currency swap ^(b)	\$ 71	\$ —
Commodity contracts ^(c)	\$ (13)	\$ (1)

(a) Amounts presented are after-tax.

(b) Pre-tax amounts were reclassified to the line item "foreign exchange gains (losses)"

(c) Pre-tax amounts were reclassified to the line item "cost of sales"

Interest Rate Risk

AltaGas is exposed to interest rate risk as changes in interest rates may impact future cash flows and the fair value of its financial instruments. The Corporation manages its interest rate risk by holding a mix of both fixed and floating interest rate debt. As at December 31, 2024, approximately 96 percent of AltaGas' total outstanding debt (including short-term debt, long-term debt, and subordinated hybrid notes) was at fixed rates (December 31, 2023 - 84 percent). In addition, from time to time, AltaGas may enter into interest rate swap agreements to fix the interest rate on certain borrowings under its credit facilities. There were no outstanding interest rate swaps as at December 31, 2024.

In addition, AltaGas may enter into bond forward hedge contracts to manage future cash flows related to interest payments. These may or may be designated as cash flow hedges in accordance with ASC Topic 815 as noted above. AltaGas' losses on bond forward hedge contracts designated as cash flow hedges are noted in the "Cash Flow Hedges" section.

In the fourth quarter of 2024, AltaGas entered into a bond forward contract to economically hedge the interest rate exposure on the partial debt extinguishment of certain of its MTNs. At transaction close, AltaGas recognized a hedge loss of approximately \$5 million on the bond forward contract, which was included in the net pre-tax gain of approximately \$4 million recorded on the derecognition of the MTNs. Refer to Note 14 of the 2024 Annual Consolidated Financial Statements for further details.

Credit Risk

Credit risk results from the possibility that a counterparty to a financial instrument fails to fulfill its obligations in accordance with the terms of the contract.

AltaGas' credit policy details the parameters used to grant, measure, monitor and report on credit provided to counterparties. AltaGas minimizes counterparty risk by conducting credit reviews on counterparties in order to establish specific credit limits, both prior to providing products or services and on a recurring basis. In addition, most contracts include credit mitigation clauses that allow AltaGas to obtain financial or performance assurances from counterparties under certain circumstances. AltaGas maintains an allowance for doubtful accounts in the normal course of its business.

AltaGas' maximum credit exposure consists primarily of the carrying value of the non-derivative financial assets and the fair value of derivative financial assets. As at December 31, 2024, AltaGas had no concentration of credit risk with a single counterparty.

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 year ended December 31, 2024, there were no pre-tax gains or losses recorded related to these instruments (2023 - pre-tax losses of \$8 million).

Accounts Receivable Past Due or Impaired

With the exception of accounts receivable which are due in one year or less as summarized in the following table, AltaGas does not have any past due or impaired accounts receivable ("AR") as at December 31, 2024:

As at December 31, 2024	Total	AR Receivables accruals	Receivables impaired	Less than 30 days	31 to 60 days	61 to 90 days	Over 90 days
Trade receivable	\$ 1,639	\$ 876	\$ 31	\$ 554	\$ 69	\$ 19	\$ 90
Other	158	—	—	158	—	—	—
Allowance for credit losses	(31)	—	(31)	—	—	—	—
	\$ 1,766	\$ 876	\$ —	\$ 712	\$ 69	\$ 19	\$ 90

As at December 31, 2023	Total	AR Receivables accruals	Receivables impaired	Less than 30 days	31 to 60 days	61 to 90 days	Over 90 days
Trade receivable	\$ 1,742	\$ 609	\$ 29	\$ 944	\$ 58	\$ 19	\$ 83
Other	131	—	—	131	—	—	—
Allowance for credit losses	(29)	—	(29)	—	—	—	—
	\$ 1,844	\$ 609	\$ —	\$ 1,075	\$ 58	\$ 19	\$ 83

In 2024, AltaGas entered into a receivables purchase agreement with a third-party financial institution for the monetization of certain accounts receivable balances on a non-recourse basis in the Midstream segment. AltaGas accounted for the transfer of receivables in accordance with ASC Topic 860, as the receivables are legally isolated from the Company and the third-party financial institution has the right to the assets received. AltaGas' only continuing involvement with the transferred receivables is as the collection and servicing agent. When the receivables are transferred, they are derecognized from the "accounts receivable" line on the Consolidated Balance Sheets. As a result, the accounts receivable balance is presented net of the transferred amount.

Proceeds from the sale reflect the amount of the receivables less discount fees, which are recorded to the Consolidated Statements of Income under the line item "other income". The fair value of the receivables sold approximates the book value due to their short-term nature. For the year ended December 31, 2024, accounts receivable sold under a receivables purchase agreement were \$177 million (2023 - \$nil).

The following table provides a summary of changes to the allowance for credit losses by segment and major type:

Year Ended December 31, 2024				
	Accounts Receivable		Contract Assets ^(a)	Total
Utilities				
Balance, beginning of period	\$	28	\$ —	28
Foreign exchange translation		4	—	4
Adjustments to allowance		33	—	33
Written off		(40)	—	(40)
Recoveries collected		5	—	5
Balance, end of period	\$	30	\$ —	30
Midstream				
Balance, beginning of period	\$	1	\$ 1	2
Balance, end of period	\$	1	\$ 1	2
Total	\$	31	\$ 1	32

(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.

Year Ended December 31, 2023				
	Accounts Receivable		Contract Assets ^(a)	Total
Utilities				
Balance, beginning of period	\$	40	\$ —	40
Foreign exchange translation		(2)	—	(2)
Adjustments to allowance ^(b)		24	—	24
Written off		(38)	—	(38)
Recoveries collected		4	—	4
Balance, end of period	\$	28	\$ —	28
Midstream				
Balance, beginning of period	\$	1	\$ 1	2
Balance, end of period	\$	1	\$ 1	2
Total	\$	29	\$ 1	30

(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.

Liquidity Risk

Liquidity risk is the risk that AltaGas will not be able to meet its financial obligations as they come due. AltaGas manages this risk through its extensive budgeting and monitoring process to ensure it has sufficient cash and credit facilities to meet its obligations. AltaGas' objective is to maintain its investment-grade ratings to ensure it has access to debt and equity funding as required.

AltaGas had the following contractual maturities with respect to financial liabilities:

As at December 31, 2024	Contractual maturities by period ^(a)				
	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Accounts payable and accrued liabilities	\$ 2,089	\$ 2,089	\$ —	\$ —	\$ —
Short-term debt	10	10	—	—	—
Other current liabilities ^(b)	54	54	—	—	—
Risk management contract liabilities	310	150	128	19	13
Current portion of long-term debt ^(c)	858	858	—	—	—
Long-term debt ^(c)	6,944	—	1,334	975	4,635
Subordinated hybrid notes ^(d)	2,045	—	—	—	2,045
	\$ 12,310	\$ 3,161	\$ 1,462	\$ 994	\$ 6,693

(a) Refer to Note 8 for contractual maturities relating to operating and finance leases.

(b) Excludes non-financial liabilities.

(c) Excludes deferred financing costs, premiums, discounts, and the fair value adjustment on the WGL Acquisition.

(d) Excludes deferred financing costs.

As at December 31, 2023	Contractual maturities by period ^(a)				
	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Accounts payable and accrued liabilities	\$ 1,863	\$ 1,863	\$ —	\$ —	\$ —
Short-term debt	129	129	—	—	—
Other current liabilities ^(b)	43	43	—	—	—
Risk management contract liabilities	212	97	91	22	2
Current portion of long-term debt ^(c)	999	999	—	—	—
Long-term debt ^(c)	7,473	—	2,092	1,548	3,833
Subordinated hybrid notes ^(d)	750	—	—	—	750
	\$ 11,469	\$ 3,131	\$ 2,183	\$ 1,570	\$ 4,585

(a) Refer to Note 8 for contractual maturities relating to operating and finance leases.

(b) Excludes non-financial liabilities.

(c) Excludes deferred financing costs, premiums, discounts, and the fair value adjustment on the WGL Acquisition.

(d) Excludes deferred financing costs.

23. Revenue

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

Year Ended December 31, 2024					
	Utilities	Midstream	Corporate/ Other	Total	
Revenue from contracts with customers					
Commodity sales contracts	\$ 2,115	\$ 6,274	\$ 45	\$ 8,434	
Midstream service contracts	—	1,373	—	1,373	
Gas sales and transportation services	2,266	—	—	2,266	
Storage services	—	35	—	35	
Other ^(a)	9	5	41	55	
Total revenue from contracts with customers	\$ 4,390	\$ 7,687	\$ 86	\$ 12,163	
Other sources of revenue					
Revenue from alternative revenue programs ^(b)	\$ 175	\$ —	\$ —	\$ 175	
Leasing revenue ^(c)	—	235	—	235	
Risk management and trading activities ^(d)	(108)	(13)	—	(121)	
Other	(13)	9	—	(4)	
Total revenue from other sources	\$ 54	\$ 231	\$ —	\$ 285	
Total revenue	\$ 4,444	\$ 7,918	\$ 86	\$ 12,448	

(a) The Corporate/Other segment includes revenue earned from a resource adequacy agreement at Blythe that came into effect January 1, 2024. Prior to that, Blythe was contracted under a power purchase agreement until December 31, 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' 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.

Year Ended December 31, 2023

	Utilities	Midstream	Corporate/ Other	Total
Revenue from contracts with customers				
Commodity sales contracts	\$ 1,971	\$ 6,347	\$ —	8,318
Midstream service contracts	—	1,541	—	1,541
Gas sales and transportation services	2,506	8	—	2,514
Storage services ^(a)	4	—	—	4
Other	11	9	—	20
Total revenue from contracts with customers	\$ 4,492	\$ 7,905	\$ —	12,397
Other sources of revenue				
Revenue from alternative revenue programs ^(b)	\$ 167	\$ —	\$ —	167
Leasing revenue ^(c)	—	221	99	320
Risk management and trading activities ^(d)	173	(97)	2	78
Other	(5)	40	—	35
Total revenue from other sources	\$ 335	\$ 164	\$ 101	600
Total revenue	\$ 4,827	\$ 8,069	\$ 101	12,997

- (a) Relates to revenue earned for the period prior to the close of AltaGas' sale of its 100 percent interest in ENSTAR and 65 percent indirect interest in Cook Inlet Natural Gas Storage Alaska ("CINGSA") and other ancillary operations in Alaska, which were divested to TriSummit Utilities Inc. on March 1, 2023 (the "Alaska Utilities Disposition").
- (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. 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 gas 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.

Effective July 1, 2024, WGL entered into an agreement for the sale of natural gas related to the in-service of MVP. These gas sales are accounted for under ASC 606.

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, the sales contract is accounted for under ASC 606.

Contract Balances

As at December 31, 2024, a contract asset of \$3 million (December 31, 2023 - \$40 million) has been recorded on the Consolidated balance Sheets, of which \$4 million (\$3 million net of credit losses) is included within long-term investments and other assets (December 31, 2023 – \$36 million net of credit losses). As at December 31, 2023, \$4 million was also included within prepaid expenses and other current assets. This contract asset represents the difference in revenue recognized under new rates in a blend-and-extend contract modification with a customer. Revenue from this contract modification 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 asset is now being drawn down over the remaining term of the modified contracts.

Contract Assets

As at	December 31, 2024	December 31, 2023
Balance, beginning of year	\$ 40	\$ 41
Additions	—	3
Amortization ^(a)	(1)	(4)
Transfers to other assets <i>(note 10)</i> ^(b)	(36)	—
Balance, end of year	\$ 3	\$ 40

(a) Represents the drawdown of a contract asset under a blend-and-extend contract modification.

(b) Relates to a blend-and-extend contract at the Gordondale facility which was previously classified as a contract asset. Due to the change in operatorship of the facility in the third quarter of 2024, the contract is no longer in scope of ASC 606 and is now assessed under ASC 842. The balance has subsequently been transferred to "prepaid expenses and other current assets" and "long-term investments and other assets" for its current and long-term portions, respectively. The asset will continue to be drawn down into revenue over the remaining term of the contract.

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 December 31, 2024:

	2025	2026	2027	2028	2029	2030 & beyond	Total
Midstream service contracts	\$ 142	\$ 144	\$ 139	\$ 128	\$ 107	\$ 557	\$ 1,217
Other revenue from contracts with customers	53	53	53	—	—	4	163
	\$ 195	\$ 197	\$ 192	\$ 128	\$ 107	\$ 561	\$ 1,380

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.

24. 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 <i>(note 3)</i>	12,466,437	340
December 31, 2023	294,903,763	\$ 7,120
Shares issued for cash on exercise of options	3,021,252	60
Issued and outstanding at December 31, 2024	297,925,015	\$ 7,180

(a) Dividends declared per common share for the year ended December 31, 2024 was \$1.19 (December 31, 2023 - \$1.12).

Preferred Shares

As at	December 31, 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	8,000,000	200	6,885,823	172
Series H ^(d)	—	—	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 11 and 15 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 11 and 15 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 11 and 15 for more details.

(d) On September 30, 2024, AltaGas converted all of its outstanding Series H Preferred Shares to Series G Preferred Shares.

The following table outlines the characteristics of the cumulative redeemable preferred shares ^{(a) (h) (i) (j)}:

	Current yield	Annual dividend per share ^(b)	Redemption price per share ^(g)	Redemption and conversion option date ^{(c)(g)}	Right to convert into ^(d)
Series A ^(e)	3.060 %	\$0.76500	\$25	September 30, 2025	Series B
Series B ^{(f) (g)}	Floating	Floating	\$25	September 30, 2025	Series A
Series G ^{(e) (k)}	6.017 %	\$1.50425	\$25	September 30, 2029	Series H

- (a) The Corporation is authorized to issue up to 8,000,000 of Series H Shares, subject to certain conditions, upon conversion by the holders of the applicable currently issued and outstanding series of preferred shares noted opposite such series in the table on the applicable conversion option date. If issued upon the conversion of the applicable series of preferred shares, Series H Shares are also redeemable for \$25.50 on any date after the applicable conversion option date, plus all accrued but unpaid dividends to, but excluding, the date fixed for redemption.
- (b) The holders of Series A Shares and Series G Shares are entitled to receive a cumulative quarterly fixed dividend as and when declared by the Board of Directors. The holders of Series B Shares are entitled to receive a quarterly floating dividend as and when declared by the Board of Directors. If issued upon the conversion of the applicable series of preferred shares, the holders of Series H Shares will be entitled to receive a quarterly floating dividend as and when declared by the Board of Directors.
- (c) AltaGas may, at its option, redeem all or a portion of the outstanding shares for the redemption price per share, plus all accrued and unpaid dividends on the applicable redemption option date and on every fifth anniversary thereafter.
- (d) The holder will have the right, subject to certain conditions, to convert their preferred shares of a specified series into preferred shares of that other specified series as noted in this column of the table on the applicable conversion option date and every fifth anniversary thereafter.
- (e) Holders of Series A Shares and Series G Shares will be entitled to receive cumulative quarterly fixed dividends, which will reset on the redemption and conversion option date and every fifth year thereafter, at a rate equal to the sum of the then five-year Government of Canada bond yield plus 2.66 percent (Series A Shares) and 3.06 percent (Series G Shares).
- (f) Holders of Series B Shares will be entitled to receive cumulative quarterly floating dividends, which will reset each quarter thereafter at a rate equal to the sum of the then 90-day Government of Canada Treasury Bill rate plus 2.66 percent. Each quarterly dividend is calculated as the annualized amount multiplied by the number of days in the quarter, divided by the number of days in the year. Commencing December 31, 2024, the floating quarterly dividend rate is \$0.37855 per share for Series B Shares for the period starting December 31, 2024 to, but excluding, March 31, 2025.
- (g) Series B Shares can be redeemed for \$25.50 per share on any date after September 30, 2015 that is not a Series B conversion date, plus all accrued and unpaid dividends to, but excluding, the date fixed for redemption.
- (h) The Series 2022-A Shares were issued to Computershare Trust Company of Canada to be held in trust to satisfy AltaGas' obligations under the Series 1 Indenture, in connection with the issuance of the Subordinated Notes, Series 1. Holders of the Series 2022-A Shares shall not be entitled to receive any dividends, nor shall any dividends accumulate or accrue, on the Series 2022-A Shares prior to delivery to the holders of the Subordinated Notes, Series 1 following the occurrence of certain bankruptcy or insolvency events in respect of AltaGas. If at any time, AltaGas redeems, purchases for cancellation or repays the Subordinated Notes, Series 1 such number of Series 2022-A Shares with an aggregate issue price equal to the principal amount of Subordinated Notes, Series 1 redeemed, purchased for cancellation or repaid by AltaGas will be redeemed in accordance with the terms of the Series 2022-A Shares.
- (i) The Series 2022-B Shares were issued to Computershare Trust Company of Canada to be held in trust to satisfy AltaGas' obligations under the Series 2 Indenture, in connection with the issuance of the Subordinated Notes, Series 2. Holders of the Series 2022-B Shares shall not be entitled to receive any dividends, nor shall any dividends accumulate or accrue, on the Series 2022-B Shares prior to delivery to the holders of the Subordinated Notes, Series 2 following the occurrence of certain bankruptcy or insolvency events in respect of AltaGas. If at any time, AltaGas redeems, purchases for cancellation or repays the Subordinated Notes, Series 2 such number of Series 2022-B Shares with an aggregate issue price equal to the principal amount of Subordinated Notes, Series 2 redeemed, purchased for cancellation or repaid by AltaGas will be redeemed in accordance with the terms of the Series 2022-B Shares.
- (j) The Series 2023-A Shares were issued to Computershare Trust Company of Canada to be held in trust to satisfy AltaGas' obligations under the Series 3 Indenture, in connection with the issuance of the Subordinated Notes, Series 3. Holders of the Series 2023-A Shares shall not be entitled to receive any dividends, nor shall any dividends accumulate or accrue, on the Series 2023-A Shares prior to delivery to the holders of the Subordinated Notes, Series 3 following the occurrence of certain bankruptcy or insolvency events in respect of AltaGas. If at any time, AltaGas redeems, purchases for cancellation or repays the Subordinated Notes, Series 3 such number of Series 2023-A Shares with an aggregate issue price equal to the principal amount of Subordinated Notes, Series 3 redeemed, purchased for cancellation or repaid by AltaGas will be redeemed in accordance with the terms of the Series 2023-A Shares.
- (k) On September 30, 2024, AltaGas converted all of its outstanding Series H Preferred Shares to Series G Preferred Shares.

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 December 31, 2024, 7,786,622 shares were listed and reserved for issuance under the plan.

As at December 31, 2024, Share Options granted under the plan have a term of six years until expiry and vest no longer than over a three-year period.

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

The following table summarizes information about the Corporation's Share Options:

As at	December 31, 2024		December 31, 2023	
	Options outstanding		Options outstanding	
	Number of options	Exercise price ^(a)	Number of options	Exercise price ^(a)
Share options outstanding, beginning of year	5,547,388	\$ 18.48	6,958,139	\$ 19.28
Exercised	(3,021,252)	17.90	(905,493)	18.22
Forfeited	(1,123)	23.54	(83,257)	21.90
Expired	—	—	(422,001)	31.53
Share options outstanding, end of year	2,525,013	\$ 19.17	5,547,388	\$ 18.48
Share options exercisable, end of year	2,525,013	\$ 19.17	4,990,946	\$ 18.45

(a) Weighted average.

As at December 31, 2024, the aggregate intrinsic value of the total Share Options exercisable was \$36 million (December 31, 2023 - \$47 million), the total intrinsic value of Share Options outstanding was \$36 million (December 31, 2023 - \$52 million) and the total intrinsic value of Share Options exercised was \$38 million (December 31, 2023 - \$8 million).

The following table summarizes the employee share option plan as at December 31, 2024:

	Options outstanding			Options exercisable		
	Number outstanding	Weighted average exercise price	Weighted average remaining contractual life (years)	Number exercisable	Weighted average exercise price	Weighted average remaining contractual life (years)
\$18.72 to \$25.08	2,523,894	\$ 19.17	1.48	2,523,894	\$ 19.17	1.48
\$25.09 to \$26.21	1,119	26.21	2.51	1,119	26.21	2.51
	2,525,013	\$ 19.17	1.48	2,525,013	\$ 19.17	1.48

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)	2024	2023
Balance, beginning of year	5,052,918	4,332,062
Granted	1,792,809	2,281,596
Vested and paid out	(2,150,729)	(2,047,793)
Forfeited and expired	(721,404)	(551,390)
Units in lieu of dividends	179,084	210,332
Additional units added by performance factor	804,837	828,111
Outstanding, end of year	4,957,515	5,052,918

For the year ended December 31, 2024, the compensation expense recorded for the Phantom Plan and DSUP was \$71 million (2023 - \$69 million). As at December 31, 2024, the unrecognized compensation expense relating to the remaining vesting period for the Phantom Plan was \$43 million (December 31, 2023 - \$33 million) and is expected to be recognized over the vesting period.

25. Net Income Per Common Share

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

	Year Ended December 31	
	2024	2023
Numerator:		
Net income applicable to controlling interests	\$ 596	\$ 673
Less: Preferred share dividends	(18)	(27)
Loss on redemption of preferred shares	—	(5)
Net income applicable to common shares	\$ 578	\$ 641
Denominator:		
<i>(millions of shares)</i>		
Weighted average number of common shares outstanding	296.8	282.1
Dilutive equity instruments ^(a)	1.5	1.6
Weighted average number of common shares outstanding - diluted	298.3	283.7
Basic net income per common share	\$ 1.95	\$ 2.27
Diluted net income per common share	\$ 1.94	\$ 2.26

(a) Determined using the treasury stock method.

For the year ended December 31, 2024, less than a million Share Options (2023 – less than a million) were excluded from the diluted net income per common share calculation as their effects were anti-dilutive.

26. Other Income

Year Ended December 31	2024	2023
Gains on asset sales	\$ 12	\$ 319
Other components of net benefit cost <i>(note 27)</i>	141	57
Gain on debt defeasance	—	14
Interest income	13	10
Gain on partial debt extinguishment <i>(note 14)</i>	4	—
Gain on settlement of asset retirement obligation <i>(note 16)</i>	7	—
Other revenue	—	3
Total	\$ 177	\$ 403

27. 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.

Defined Contribution Plan

AltaGas has a defined contribution ("DC") pension plan for substantially all employees. The pension cost recorded for the DC plan and DC Supplemental Executive Retirement Plan ("SERP") was \$26 million for the year ended December 31, 2024 (2023 - \$26 million).

Defined Benefit Plans

AltaGas has three defined benefit pension plans for unionized and non-unionized employees in the United States. These include a qualified, trustee, non-contributory defined benefit pension plan. Actuarial valuations for funding purposes are required annually for AltaGas' U.S. defined benefit plans. The defined benefit plans are fully funded.

In 2021, AltaGas made the decision to wind-up the Canadian defined benefit pension plan effective March 31, 2022 and approval of the wind-up was received from the Alberta Superintendent of Pensions in October 2022. On June 1, 2023, the wind-up of the Canadian defined benefit pension plan was completed and as a result a settlement charge of \$2 million was recorded under the line item "other income" for the year ended December 31, 2023.

SERP

AltaGas has non-registered defined benefit plans that provide defined benefit pension benefits to eligible executives based on average earnings, years of service and age at retirement. The SERP benefits will be paid from the general revenue of the Corporation as payments come due or from the Rabbi Trusts funded as part of the WGL acquisition. Security will be provided for the SERP benefits through a letter of credit within a retirement compensation arrangement trust account.

Several executive officers of Washington Gas participate in a separate non-funded defined benefit SERP (a non-qualified pension plan) and a non-funded defined benefit restoration SERP. The defined benefit SERP was closed to new entrants beginning January 1, 2010 and the defined benefit restoration SERP was closed to new entrants in 2020.

In 2023, AltaGas closed the Canadian SERP to new entrants and launched a new a defined contribution SERP effective July 1, 2023, for eligible executives who join the Executive Committee on or after that date.

Post-Retirement Benefit Plans

AltaGas has several post-retirement benefit plans for unionized and non-unionized employees, including one in Canada and four in the United States. The post-retirement benefit plan in Canada is limited to the payment of life insurance and an annual allocation to a Healthcare Spending Account ("HSA"). This benefit plan is not funded. Three of the plans in the United States are fully funded while one is not funded.

Post-retirement benefit plans in the United States provide certain medical, prescription drug, dental, and life insurance benefits to eligible retired employees, their spouses and covered dependents. Benefits are based on a combination of the retiree's age and years of service at retirement. For eligible Washington Gas retirees and dependents not yet receiving Medicare benefits, Washington Gas provides medical, prescription drug, and dental benefits, subject to an aggregate cost limit, through the Washington Gas Light Company Retiree Health and Welfare Plan. For Medicare-eligible retirees age 65 and older and their dependents, eligible retirees and

dependents participate in a special tax-free Health Reimbursement Account ("HRA") Plan. The HRA plan provides an annual subsidy to help purchase supplemental medical, prescription drug and dental coverage in the marketplace, as well as catastrophic prescription drug costs.

In 2024, WGL announced other retiree health and welfare plan changes, including: (i) effective January 1, 2025, eligible retirees and dependents not yet receiving Medicare benefits will receive an HRA stipend to help purchase medical, prescription drug, and dental coverage in the marketplace, and (ii) effective January 1, 2026, employees who retire after December 31, 2025 will not receive retiree life insurance benefits under the plan.

In 2024, WGL partially settled one of its post-retirement benefit plans by purchasing a medical health reimbursement arrangement annuity and a guaranteed life insurance funding account, which effectively transferred all of the future financial and administrative responsibilities to the insurance carriers, effective August 2024. As a result, WGL recognized a settlement credit of US\$48 million (CAD\$65 million) under the line item "other income" for the year ended December 31, 2024. The partial settlement included the release of \$63 million from long-term regulatory liabilities and the reclassification of an additional \$2 million from AOCI.

Rabbi Trusts

Rabbi trusts of \$7 million as at December 31, 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 the "prepaid expenses and other current assets" and "long-term investments and other assets" line items on the Consolidated Balance Sheets.

The following table summarizes the details of the defined benefit plans, including the SERP and post-retirement plans in Canada and the United States:

Year Ended December 31, 2024	Canada		United States		Total	
	Defined Benefit	Post-Retirement Benefits	Defined Benefit	Post-Retirement Benefits	Defined Benefit	Post-Retirement Benefits
Projected benefit obligation ^(a)						
Balance, beginning of year	\$ 23	\$ 1	\$ 1,272	\$ 322	\$ 1,295	\$ 323
Actuarial loss (gain)	1	—	(46)	(20)	(45)	(20)
Current service cost	1	—	13	6	14	6
Member contributions	—	—	—	1	—	1
Interest cost	1	—	68	15	69	15
Benefits paid	(3)	—	(87)	(20)	(90)	(20)
Expenses paid	—	—	(1)	—	(1)	—
Settlements	—	—	(1)	(88)	(1)	(88)
Plan amendments	—	—	—	(46)	—	(46)
Curtailment	—	—	3	—	3	—
Other	—	—	—	4	—	4
Foreign exchange translation	—	—	109	21	109	21
Balance, end of year	\$ 23	\$ 1	\$ 1,330	\$ 195	\$ 1,353	\$ 196
Plan assets						
Fair value, beginning of year	\$ 2	\$ —	\$ 1,271	\$ 918	\$ 1,273	\$ 918
Actual return on plan assets	—	—	62	62	62	62
Employer contributions	3	—	4	—	7	—
Member contributions	—	—	—	1	—	1
Benefits paid	(3)	—	(87)	(20)	(90)	(20)
Expenses paid	—	—	(1)	—	(1)	—
Settlements	—	—	(1)	(88)	(1)	(88)
Foreign exchange translation	—	—	111	78	111	78
Fair value, end of year	\$ 2	\$ —	\$ 1,359	\$ 951	\$ 1,361	\$ 951
Funded status	\$ (21)	\$ (1)	\$ 29	\$ 756	\$ 8	\$ 755

(a) For post-retirement benefit plans, the projected benefit obligation represents the accumulated benefit obligation.

Year Ended December 31, 2023	Canada		United States		Total	
	Defined Benefit	Post-Retirement Benefits	Defined Benefit	Post-Retirement Benefits	Defined Benefit	Post-Retirement Benefits
Projected benefit obligation ^(a)						
Balance, beginning of year	\$ 28	\$ 2	\$ 1,268	\$ 332	\$ 1,296	\$ 334
Actuarial loss (gain)	2	(1)	35	(9)	37	(10)
Current service cost	6	—	12	6	18	6
Member contributions	—	—	—	2	—	2
Interest cost	1	—	69	18	70	18
Benefits paid	(3)	—	(83)	(20)	(86)	(20)
Settlements	(11)	—	—	—	(11)	—
Foreign exchange translation	—	—	(29)	(7)	(29)	(7)
Balance, end of year	\$ 23	\$ 1	\$ 1,272	\$ 322	\$ 1,295	\$ 323
Plan assets						
Fair value, beginning of year	\$ 13	\$ —	\$ 1,266	\$ 842	\$ 1,279	\$ 842
Actual return on plan assets	—	—	113	116	113	116
Employer contributions	3	—	4	—	7	—
Member contributions	—	—	—	2	—	2
Benefits paid	(3)	—	(83)	(21)	(86)	(21)
Settlements	(11)	—	—	—	(11)	—
Other	—	—	1	—	1	—
Foreign exchange translation	—	—	(30)	(21)	(30)	(21)
Fair value, end of year	\$ 2	\$ —	\$ 1,271	\$ 918	\$ 1,273	\$ 918
Funded status	\$ (21)	\$ (1)	\$ (1)	\$ 596	\$ (22)	\$ 595

(a) For post-retirement benefit plans, the projected benefit obligation represents the accumulated benefit obligation.

For the year ended December 31, 2024, AltaGas' defined benefit and post-retirement benefit pension plans recognized actuarial gains primarily due to increases in discount rates, which were the result of increases in high-quality corporate bond yield curves in the Canadian and U.S. markets. For the year ended December 31, 2023, AltaGas' defined benefit pension plans incurred actuarial losses primarily due to the decrease in discount rates, which were the result of a decrease in high-quality corporate bond yield curves in the Canadian and U.S. markets, while AltaGas' post-retirement benefits plans recognized actuarial gains primarily due to updated census data and assumptions related to the HRA, partially offset by the decrease in discount rates.

The following amounts were included in the Consolidated Balance Sheets:

	December 31, 2024			December 31, 2023		
	Defined Benefit	Post-Retirement Benefits	Total	Defined Benefit	Post-Retirement Benefits	Total
Prepaid post-retirement benefits	\$ 57	\$ 757	\$ 814	\$ 29	\$ 597	\$ 626
Accounts payable and accrued liabilities ^(a)	(2)	—	(2)	(4)	—	(4)
Future employee obligations	(47)	(2)	(49)	(47)	(2)	(49)
	\$ 8	\$ 755	\$ 763	\$ (22)	\$ 595	\$ 573

(a) Account balances on the Consolidated Balance Sheets also include certain non-pension related amounts.

The accumulated benefit obligation for all defined benefit plans were:

As at	December 31, 2024		December 31, 2023	
	Canada	United States	Canada	United States
Accumulated benefit obligation ^(a)	\$ 21	\$ 1,289	\$ 21	\$ 1,222

(a) Accumulated benefit obligation differs from projected benefit obligation in that it does not include an assumption with respect to future compensation levels.

For those pension plans where the projected benefit obligation exceeded the fair value of plan assets as at December 31, 2024, the cumulative obligation and asset balances were:

As at	December 31, 2024		December 31, 2023	
	Defined Benefit	Post-Retirement Benefits	Defined Benefit	Post-Retirement Benefits
Projected benefit obligation	\$ 52	\$ 2	\$ 52	\$ 2
Plan assets	\$ 2	\$ —	\$ 2	\$ —

For those pension plans where the accumulated benefit obligation exceeded the fair value of plan assets as at December 31, 2024, the cumulative obligation and asset balances were:

As at	December 31, 2024		December 31, 2023	
	Defined Benefit	Post-Retirement Benefits	Defined Benefit	Post-Retirement Benefits
Accumulated benefit obligation	\$ 50	\$ 2	\$ 50	\$ 2
Plan assets	\$ 2	\$ —	\$ 2	\$ —

The following amounts are recorded in accumulated other comprehensive income (loss) and have not yet been recognized in net periodic benefit cost:

Year Ended December 31, 2024	Canada		United States		Total	
	Defined Benefit	Post-Retirement Benefits	Defined Benefit	Post-Retirement Benefits	Defined Benefit	Post-Retirement Benefits
Past service cost	\$ —	\$ —	\$ —	\$ (1)	\$ —	\$ (1)
Net actuarial loss	(2)	—	—	(2)	(2)	(2)
Recognized in AOCI pre-tax	\$ (2)	\$ —	\$ —	\$ (3)	\$ (2)	\$ (3)
Increase by the amount included in deferred tax liabilities	—	—	—	1	—	1
Net amount in AOCI after-tax	\$ (2)	\$ —	\$ —	\$ (2)	\$ (2)	\$ (2)

Year Ended December 31, 2023	Canada		United States		Total	
	Defined Benefit	Post-Retirement Benefits	Defined Benefit	Post-Retirement Benefits	Defined Benefit	Post-Retirement Benefits
Past service cost	\$ —	\$ —	\$ —	\$ (1)	\$ —	\$ (1)
Net actuarial gain (loss)	—	—	1	(3)	1	(3)
Recognized in AOCI pre-tax	\$ —	\$ —	\$ 1	\$ (4)	\$ 1	\$ (4)
Increase by the amount included in deferred tax liabilities	—	—	—	1	—	1
Net amount in AOCI after-tax	\$ —	\$ —	\$ 1	\$ (3)	\$ 1	\$ (3)

The following amounts were recorded in a regulatory liability and have not yet been recognized in net periodic benefit cost:

Year Ended December 31, 2024	Canada		United States		Total	
	Defined Benefit	Post-Retirement Benefits	Defined Benefit	Post-Retirement Benefits	Defined Benefit	Post-Retirement Benefits
Past service credit	\$ —	\$ —	\$ —	\$ (74)	\$ —	\$ (74)
Net actuarial gain	—	—	(78)	(163)	(78)	(163)
Recognized in regulatory liability	\$ —	\$ —	\$ (78)	\$ (237)	\$ (78)	\$ (237)

Year Ended December 31, 2023	Canada		United States		Total	
	Defined Benefit	Post-Retirement Benefits	Defined Benefit	Post-Retirement Benefits	Defined Benefit	Post-Retirement Benefits
Past service credit	\$ —	\$ —	\$ —	\$ (44)	\$ —	\$ (44)
Net actuarial gain	—	—	(50)	(188)	(50)	(188)
Recognized in regulatory liability	\$ —	\$ —	\$ (50)	\$ (232)	\$ (50)	\$ (232)

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.

The net pension expense by plan was as follows:

	Year Ended December 31, 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	\$ —	\$ 13	\$ 6	\$ 14	\$ 6
Interest cost ^(b)	1	—	68	15	69	15
Expected return on plan assets ^(b)	—	—	(84)	(52)	(84)	(52)
Amortization of past service credit ^(b)	—	—	—	(21)	—	(21)
Amortization of net actuarial gain ^(b)	—	—	—	(6)	—	(6)
Plan settlements ^{(b)(c)}	—	—	—	(65)	—	(65)
Other ^(b)	—	—	—	3	—	3
Net benefit cost (income) recognized	\$ 2	\$ —	\$ (3)	\$ (120)	\$ (1)	\$ (120)

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

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

(c) Relates to the partial settlement of WGL's post-retirement benefit plan as discussed above.

	Year Ended December 31, 2023							
	Canada		United States		Total			
	Defined Benefit	Post-Retirement Benefits	Defined Benefit	Post-Retirement Benefits	Defined Benefit	Post-Retirement Benefits	Defined Benefit	Post-Retirement Benefits
Current service cost ^(a)	\$ 6	\$ —	\$ 12	\$ 6	\$ 18	\$ 6	\$ 18	\$ 6
Interest cost ^(b)	1	—	69	18	70	18	70	18
Expected return on plan assets ^(b)	—	—	(78)	(48)	(78)	(48)	(78)	(48)
Amortization of past service credit ^(b)	—	—	—	(19)	—	(19)	—	(19)
Amortization of net actuarial gain ^(b)	—	—	—	(4)	—	(4)	—	(4)
Plan settlements ^(b)	2	—	4	(2)	6	(2)	6	(2)
Net benefit cost (income) recognized	\$ 9	\$ —	\$ 7	\$ (49)	\$ 16	\$ (49)	\$ 16	\$ (49)

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

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

The objective for fund returns for the pension plans in the United States, over three to five-year periods, is the sum of two components - a passive component, which is the benchmark index market returns for the asset mix in effect, plus the added value expected from active management, if applicable to the fund. It is the Corporation's belief that the potential additional returns justify the additional risk associated with active management. The risk inherent in the investment strategy over a market cycle (a three-to five-year period) is two-fold. There is a risk that the market returns, as measured by the benchmark returns, will not be in line with expectations. The other risk is that the expected added value of active management over passive management will not be realized over the time period prescribed in each fund manager's mandate. There is also the risk of annual volatility in returns, which means that in any one year the actual return may be very different from the expected return.

Cash and money market investments may be held from time to time as short-term investment decisions at the discretion of the fund manager(s) within the constraints prescribed by their mandate(s).

The assets in Canada consist solely of cash and cash equivalents attributable to the Canadian SERP and will continue to be held as such. The target asset mix for SEMCO plans is 40 percent fixed income assets and for WGL plans is 50 percent to 70 percent fixed income assets. These objectives have taken into account the nature of the liabilities and the risk-reward tolerance of the Corporation.

The collective investment mixes for the defined benefit plans are as follows as at December 31, 2024 and December 31, 2023:

Canada	Fair value		Level 1	Level 2	Plan Assets (%)
December 31, 2024					
Cash and short-term equivalents	\$ 2	\$ 2	\$ 2	—	100
	\$ 2	\$ 2	\$ 2	—	100
December 31, 2023					
Cash and short-term equivalents	\$ 2	\$ 2	\$ 2	—	100
	\$ 2	\$ 2	\$ 2	—	100

Year Ended December 31, 2024				
United States	Fair value	Level 1	Level 2	Percentage of Plan Assets (%)
December 31, 2024				
Cash and short-term equivalents	\$ 19	\$ 19	—	1
Foreign equities ^(a)	154	154	—	11
Fixed income				
Government debt	462	74	388	34
Corporate debt	341	32	309	25
Derivatives ^(b)	(11)	—	(11)	—
Other ^(c)	13	—	13	1
Total investments in the fair value hierarchy	\$ 978	\$ 279	\$ 699	72
<i>Investments measured at net asset value using the NAV practical expedient ^(d)</i>				
Pooled separate accounts ^(e)	\$ 39			3
Collective trust funds ^(f)	342			25
	\$ 1,359			100
December 31, 2023				
Cash and short-term equivalents	\$ 2	\$ 2	—	—
Canadian equities	3	3	—	—
Foreign equities ^(a)	203	203	—	16
Fixed income				
Government debt	407	62	345	32
Corporate debt	322	23	299	25
Derivatives ^(b)	8	—	8	1
Other ^(c)	10	—	10	1
Total investments in the fair value hierarchy	\$ 955	\$ 293	\$ 662	75
<i>Investments measured at net asset value using the NAV practical expedient ^(d)</i>				
Pooled separate accounts ^(e)	39			3
Collective trust funds ^(f)	281			22
Total fair value of plan investments	\$ 1,275			100
Net payable ^(g)	(4)			—
	\$ 1,271			100

(a) Consists of investments in foreign equities include U.S. and international securities.

(b) Includes a combination of long-term U.S. Treasury interest rate future contracts, currency forwards, currency option interest rate swaps, and put and call options on both interest rate swaps and credit default swap index products.

(c) As at December 31, 2024 and December 31, 2023, these investments consisted primarily of non-U.S. government bonds.

(d) In accordance with ASC Topic 820, these investments are measured at fair value using net asset value (NAV) per share as a practical expedient and, therefore, have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliations of the fair value hierarchy to the statements of net assets available for plan benefits.

(e) As at December 31, 2024, investments in pooled separate accounts consisted of 100 percent income producing properties located in the United States (December 31, 2023 - 100 percent).

(f) As at December 31, 2024, investments in collective trust funds consisted primarily of 90 percent of short-term money market investments (December 31, 2023 - 2 percent) and 10 percent income producing properties located in the United States (December 31, 2023 - 13 percent). As at December 31, 2023, investments in collective trust funds also included 85 percent common stock of U.S. companies.

(g) As at December 31, 2023, this net payable primarily represents pending trades for investments purchased net of pending trades for investments sold and interest receivable.

The collective investment mixes for the post-retirement benefit plans are as follows as at December 31, 2024 and December 31, 2023:

United States	Fair value		Level 1	Level 2	Percentage of Plan Assets (%)
December 31, 2024					
Cash and short-term equivalents	\$	6	\$ 6	\$ —	1
Foreign equities ^(a)		56	56	—	6
Fixed income					
Government debt		114	27	87	12
Corporate debt		84	11	73	9
Other ^(b)		4	—	4	—
Total investments in the fair value hierarchy	\$	264	\$ 100	\$ 164	28
<i>Investments measured at net asset value using the NAV practical expedient ^(c)</i>					
Commingled funds ^(d)	\$	687			72
	\$	951			100
December 31, 2023					
Cash and short-term equivalents	\$	8	\$ 8	\$ —	1
Foreign equities ^(a)		50	50	—	5
Fixed income					
Government debt		113	22	91	12
Corporate debt		91	8	83	10
Other ^(b)		5	—	5	1
Total investments in the fair value hierarchy	\$	267	\$ 88	\$ 179	29
<i>Investments measured at net asset value using the NAV practical expedient ^(c)</i>					
Commingled funds ^(d)	\$	651			71
	\$	918			100

(a) Consists of investments in foreign equities include U.S. and international securities.

(b) As at December 31, 2024 and December 31, 2023, these investments consisted primarily of non-U.S. government bonds.

(c) In accordance with ASC Topic 820, these investments are measured at fair value using net asset value (NAV) per share as a practical expedient and, therefore, have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliations of the fair value hierarchy to the statements of net assets available for plan benefits.

(d) As at December 31, 2024, investments in commingled funds consisted of approximately 47 percent common stock of large-cap U.S. companies (December 31, 2023 - 50 percent), 26 percent U.S. Government fixed income securities (December 31, 2023 - 24 percent), and 27 percent corporate bonds for WGL's post-retirement benefit plans (December 31, 2023 - 26 percent).

Year Ended December 31	2024		2023	
Significant actuarial assumptions used in measuring net benefit plan costs	Defined Benefit	Post-Retirement Benefits	Defined Benefit	Post-Retirement Benefits
Discount rate (%)	4.60 - 5.73	4.65 - 5.40	4.60 - 5.60	5.30 - 5.70
Expected long-term rate of return on plan assets (%) ^(a)	6.70 - 6.75	4.50 - 6.70	6.45 - 6.75	4.50 - 6.45
Rate of compensation increase (%)	3.00 - 4.00	n/a	2.50 - 4.00	3.00

(a) Only applicable for funded plans

As at December 31	2024		2023	
Significant actuarial assumptions used in measuring benefit obligations	Defined Benefit	Post-Retirement Benefits	Defined Benefit	Post-Retirement Benefits
Discount rate (%)	4.60 - 5.76	4.60 - 5.78	4.60 - 5.40	4.65 - 5.40
Rate of compensation increase (%)	3.00 - 4.00	n/a	3.00 - 4.00	3.00

The expected rate of return on assets is based on the current level of expected returns on risk free investments, the historical level of risk premium associated with other asset classes in which the portfolio is invested, and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the target asset allocation to develop the expected rate of return on assets assumption for the portfolio.

The discount rate is based on yields available on high-quality long-term corporate bonds, with maturities matching the estimated timing and amount of expected benefit payments.

The estimates for health care benefits take into consideration increased health care benefits due to aging and cost increases in the future. For applicable post-retirement benefit plans the assumed health care cost trend rate used to measure the expected cost of benefits for the next year was 6.5 percent. The health care cost trend rates were assumed to decline 5.0 percent by 2030.

The following table shows the expected cash flows for defined benefit pension and other post-retirement plans:

	Defined Benefit	Post-Retirement Benefits
Expected employer contributions:		
2025	\$ 3	\$ —
Expected benefit payments:		
2025	\$ 100	\$ 27
2026	\$ 100	\$ 16
2027	\$ 100	\$ 15
2028	\$ 101	\$ 15
2029	\$ 101	\$ 15
2030 - 2034	\$ 505	\$ 69

28. 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, VLGCs, 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.

Future payments of these commitments as at December 31, 2024 are estimated as follows:

	2025	2026	2027	2028	2029	2030 & beyond	Total
Gas purchase ^(a)	\$ 928	\$ 840	\$ 769	\$ 675	\$ 490	\$ 4,401	\$ 8,103
Transportation and storage services ^{(b) (c)}	856	859	800	489	293	1,589	4,886
LPG purchase ^(d)	722	528	409	391	247	428	2,725
Electricity purchase ^(e)	855	437	157	41	8	4	1,502
Operating and finance leases ^(f)	166	163	162	141	120	549	1,301
Service agreements ^{(g) (h) (i) (j)}	66	54	33	30	30	231	444
Environmental ^(k)	17	2	1	1	—	3	24
Merger commitments ^(l)	5	—	—	—	—	—	5
Capital projects ^(m)	474	—	—	—	—	—	474
	\$ 4,089	\$ 2,883	\$ 2,331	\$ 1,768	\$ 1,188	\$ 7,205	\$19,464

- (a) AltaGas enters into contracts to purchase natural gas from various suppliers for its utilities. These contracts are used 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. Gas purchase commitments are valued based on fixed prices and forward prices, which may fluctuate significantly from period to period.
- (b) Includes \$369 million of commitments as a result of the Pipestone Acquisition on December 22, 2023. Please refer to Note 3 for more details on the Pipestone Acquisition.
- (c) Transportation and storage commitments include minimum payments for natural gas transportation, storage and peaking contracts that have expiration dates through 2045.
- (d) AltaGas enters into contracts to purchase LPGs for its operations at RIPET and Ferndale. These contracts are used to ensure that there is an adequate supply of LPGs to meet shipment commitments and to minimize exposure to market price fluctuations. LPG purchase commitments are valued based on forward prices, which may fluctuate significantly from period to period.
- (e) AltaGas enters into contracts to purchase electricity from various suppliers for its non-utility business. Electricity purchase commitments are based on existing fixed price and fixed volume contracts and include US\$104 million of commitments related to renewable energy credits.
- (f) Operating and finance leases include lease arrangements for office space, office equipment, field equipment, rail cars, aquatic use, vehicles, VLGCs, power and gas facilities, transmission and distribution assets, and land. Operating leases also include \$320 million in future undiscounted cash flows associated with leasing arrangements for the use of two VLGCs, which are anticipated to commence in 2026, as well as \$12 million in future discounted cash flows associated with leasing arrangements for rail cars commencing in 2025.
- (g) In 2014, AltaGas' Blythe facility entered into a Long-Term Program Contract ("LTPC") with a service provider to complete various upgrade and maintenance services on the Combustion Turbines ("CT") at the Blythe facility. The LTPC term is 116,000 Equivalent Operating Hours ("EOH") per CT, or 25 years, whichever comes first.
- (h) In 2017, AltaGas entered into a 12-year service agreement commencing in 2019 for tug services to support the marine operations of RIPET.
- (i) In 2015, AltaGas entered into a Project Agreement that contemplated the sublease of lands from Ridley Terminals Inc. ("RTI", now Trigon Pacific Terminals Ltd. ("Trigon")), provision of certain terminal services, and access to Trigon's terminal facilities to support RIPET's operations for an initial term of 20 years ending in 2039. In 2019, RILE LP and Trigon executed a Terminal Services Agreement that formalized the concepts outlined in the Project Agreement.
- (j) Includes a commitment related to a service contract that involves a hosting arrangement.
- (k) Environmental commitments include committed payments related to certain environmental response costs.
- (l) Represents the estimated future payments of WGL merger commitments that have been accrued but not paid including the civil penalty related to the failure of the commitment to develop 10 MW of either electric grid energy storage or tier one renewable resources in the District of Columbia. Please see below for more details. As at December 31, 2024, the cumulative amount of merger commitments that have been expensed but not yet paid is approximately US\$3 million.
- (m) Commitments for capital projects. Estimated amounts are subject to variability depending on the actual construction costs.

Guarantees

AltaGas has guaranteed payments primarily for certain commitments on behalf of some of its subsidiaries. As at December 31, 2024, AltaGas has 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 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 DCG, and the D.C. 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. AltaGas and DCG have kept the PSC of DC apprised of the status of the negotiations and, on October 8, 2024, filed a Proposed Consent Decree for PSC of DC approval. On November 6, 2024, the PSC of DC approved the Consent Decree, without modification, as complete resolution of the issues in dispute concerning Merger Commitment No. 5. As at December 31, 2024, AltaGas recorded an accrued liability of approximately US\$2.1 million and subsequently paid the civil penalty on January 5, 2025. In accordance with the terms of the PSC of DC approved Consent Decree, AltaGas continues to report on its progress that the Company is making in causing the development of the remaining megawatts of renewable resources in D.C.

29. Related Party Transactions

In the normal course of business, AltaGas transacts with its subsidiaries, affiliates and certain investments accounted for by the equity method. Amounts due to or from related parties on the Consolidated Balance Sheets were measured at the exchange amount and were as follows:

As at	December 31, 2024	December 31, 2023
Due from related parties		
Accounts receivable ^(a)	\$ 3	\$ 1
Due to related parties		
Accounts payable ^(b)	\$ 10	\$ 1

(a) Receivables from affiliates.

(b) Payables to affiliates and an equity investment.

The following transactions with related parties have been recorded on the Consolidated Statements of Income for the years ended December 31, 2024 and 2023:

Year Ended December 31	2024	2023
Cost of sales ^{(a) (b)}	\$ 45	\$ 7

(a) In the ordinary course of business, AltaGas' subsidiary obtained natural gas storage services from an investment accounted for by the equity method.

(b) Includes pipeline capacity demand charges for the delivery of 200,000 Dth/d of natural gas from MVP, in connection with an agency agreement that WGL entered into with a third party in 2024.

30. Supplemental Cash Flow Information

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

	Year Ended December 31	
	2024	2023
Source (use) of cash:		
Accounts receivable	\$ 201	\$ 271
Inventory	165	242
Risk management assets	46	(53)
Prepaid expenses and other current assets	4	(1)
Regulatory assets - current	(29)	(17)
Accounts payable and accrued liabilities	78	(178)
Customer deposits	(3)	11
Regulatory liabilities - current	(13)	(97)
Risk management liabilities	34	—
Other current liabilities	15	(11)
Other operating assets and liabilities	(68)	(67)
Changes in operating assets and liabilities	\$ 430	\$ 100

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

	Year Ended December 31	
	2024	2023
Decrease (increase) of balance:		
Exercise of stock options	\$ 6	\$ 2
Net right-of-use assets obtained in exchange for new operating lease liabilities	\$ (239)	\$ (141)
Net right-of-use assets obtained in exchange for new finance lease liabilities	\$ (42)	\$ (114)
Capital expenditures included in accounts payable and accrued liabilities	\$ (60)	\$ (3)
Contributions from non-controlling interests to subsidiaries included in accounts receivable	\$ (27)	\$ (33)

The following cash payments have been included in the determination of earnings:

	Year Ended December 31	
	2024	2023
Interest paid (net of capitalized interest)	\$ 434	\$ 377
Income taxes paid	\$ 31	\$ 36

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

As at December 31	2024	2023
Cash and cash equivalents	\$ 85	\$ 95
Restricted cash included in prepaid expenses and other current assets ^(a)	2	3
Restricted cash included in long-term investments and other assets <i>(note 10)</i> ^(a)	5	6
Cash, cash equivalents, and restricted cash per Consolidated Statements of Cash Flows	\$ 92	\$ 104

(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 (see Note 27).

31. 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 reporting segments:

Utilities	<ul style="list-style-type: none"> ■ rate-regulated natural gas distribution assets in Michigan, D.C., 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 D.C., 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.

AltaGas' Chief Operating Decision-Maker ("CODM") is the Executive Committee ("EC") which includes the President & Chief Executive Officer and the other Executive Officers of the Company.

The EC assesses segment performance and determines how to allocate resources based on segment earnings reported on a periodic basis. Segment profitability guides the EC in making decisions regarding prudent capital allocation, reinvestment of profits, acquisition and disposition of assets, and driving shareholder returns through sustainable dividends. AltaGas has disclosed income (loss) before income taxes by segment as the measure in accordance with the measurement principles with those used in measuring the corresponding amounts in the consolidated financial statements.

The following table provides a reconciliation of segment revenue to the disaggregated revenue table disclosed in Note 23:

Year Ended December 31, 2024				
	Utilities	Midstream	Corporate/ Other	Total
External revenue (note 23)	\$ 4,444	\$ 7,918	\$ 86	\$ 12,448
Segment revenue	\$ 4,444	\$ 7,918	\$ 86	\$ 12,448

Year Ended December 31, 2023				
	Utilities	Midstream	Corporate/ Other	Total
External revenue (note 23)	\$ 4,827	\$ 8,069	\$ 101	\$ 12,997
Segment revenue	\$ 4,827	\$ 8,069	\$ 101	\$ 12,997

Geographic Information

Year Ended December 31	2024	2023
Revenue ^(a)		
Canada	\$ 7,773	\$ 8,137
United States	4,743	4,772
Total	\$ 12,516	\$ 12,909

(a) Operating revenue from external customers, excluding unrealized gains and losses on risk management contracts.

As at December 31	2024	2023
Property, plant and equipment		
Canada	\$ 4,235	\$ 3,664
United States	10,419	9,064
Total	\$ 14,654	\$ 12,728
Operating right-of-use assets		
Canada	\$ 434	\$ 276
United States	56	61
Total	\$ 490	\$ 337

The following tables show the composition by segment:

	Year Ended December 31, 2024			
	Utilities	Midstream	Corporate/ Other	Total
Segment revenue (note 23)	\$ 4,444	\$ 7,918	\$ 86	\$ 12,448
Cost of sales	(2,584)	(6,586)	(31)	(9,201)
Operating and administrative	(1,075)	(604)	(117)	(1,796)
Accretion expenses	(1)	(4)	—	(5)
Depreciation and amortization	(296)	(149)	(30)	(475)
Provisions on assets (note 4)	—	(16)	(4)	(20)
Income from equity investments	3	57	—	60
Other income ^(b)	136	30	11	177
Foreign exchange gains	—	—	13	13
Interest expense	—	—	(455)	(455)
Income (loss) before income taxes	\$ 627	\$ 646	\$ (527)	\$ 746
Net additions to:				
Property, plant and equipment ^(a)	\$ 722	\$ 534	\$ 57	\$ 1,313
Intangible assets	\$ —	\$ 5	\$ 6	\$ 11

(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.

(b) Other income for each reportable segment is comprised of:

- Midstream – primarily gains on asset sales, gain on settlement of ARO, and interest income of \$4 million.
- Utilities – primarily other components of net benefit cost (income), including the partial settlement of WGL's post-retirement benefit pension plan, as well as interest income of \$2 million.
- Corporate – primarily interest income of \$7 million, gain on partial debt extinguishment, and other components of net benefit cost (income).

Please refer to Note 26 for additional information.

	Year Ended December 31, 2023			
	Utilities	Midstream	Corporate/ Other	Total
Segment revenue (note 23)	\$ 4,827	\$ 8,069	\$ 101	\$ 12,997
Cost of sales	(2,988)	(7,098)	(26)	(10,112)
Operating and administrative	(1,047)	(436)	(96)	(1,579)
Accretion expenses	(1)	(10)	—	(11)
Depreciation and amortization	(288)	(123)	(30)	(441)
Income from equity investments	3	52	—	55
Other income ^(b)	380	6	17	403
Foreign exchange losses	—	—	(6)	(6)
Interest expense	—	—	(394)	(394)
Income (loss) before income taxes	\$ 886	\$ 460	\$ (434)	\$ 912
Net additions (reductions) to:				
Property, plant and equipment ^(a)	\$ (314)	\$ 177	\$ (3)	\$ (140)
Intangible assets	\$ —	\$ 8	\$ 1	\$ 9

(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.

(b) Other income for each reportable segment is comprised of:

- Midstream – primarily gains on asset sales, interest income of \$5 million, other revenue, and other components of net benefit cost (income).
- Utilities – primarily gains on asset sales, interest income of \$2 million, other components of net benefit cost (income), and gain on debt defeasance.
- Corporate – primarily gains on asset sales, interest income of \$3 million, and other components of net benefit cost (income).

Please refer to Note 26 for additional information.

The following table shows goodwill and total assets by segment:

	Utilities	Midstream	Corporate/ Other	Total
As at December 31, 2024				
Goodwill	\$ 3,950	\$ 1,741	\$ —	\$ 5,691
Segmented assets	\$ 17,184	\$ 8,223	\$ 685	\$ 26,092
As at December 31, 2023				
Goodwill	\$ 3,630	\$ 1,640	\$ —	\$ 5,270
Segmented assets	\$ 15,272	\$ 7,578	\$ 621	\$ 23,471

32. Subsequent Events

Subsequent events have been reviewed through March 6, 2025, the date on which these audited Consolidated Financial Statements were issued.

SUPPLEMENTAL QUARTERLY OPERATING INFORMATION

	Q4-24	Q3-24	Q2-24	Q1-24	Q4-23
OPERATING HIGHLIGHTS					
UTILITIES					
Natural gas deliveries - end use (Bcf) ⁽¹⁾	38.3	8.9	14.5	54.5	48.3
Natural gas deliveries - transportation (Bcf) ⁽¹⁾	27.6	20.7	20.2	35.1	30.5
Service sites (thousands) ⁽²⁾	1,568	1,560	1,560	1,562	1,560
Degree day variance from normal - SEMCO (%) ⁽³⁾	(13.5)	(57.4)	(29.0)	(13.8)	(9.8)
Degree day variance from normal - Washington Gas (%) ^{(3) (4)}	(15.8)	(100.0)	(31.6)	(15.6)	(9.2)
WGL retail energy marketing - gas sales volumes (Mmcf)	17,191	8,179	9,664	23,810	16,863
WGL retail energy marketing - electricity sales volumes (GWh)	3,851	4,344	3,714	3,542	3,518
MIDSTREAM					
LPG export volumes (Bbls/d) ⁽⁵⁾	122,233	128,272	123,285	115,108	90,996
Total inlet gas processed (Mmcf/d) ⁽⁵⁾	1,477	1,303	1,420	1,401	1,312
Extracted ethane volumes (Bbls/d) ⁽⁵⁾	25,454	20,314	19,618	20,369	23,879
Extracted NGL volumes (Bbls/d) ^{(5) (6) (7)}	47,745	46,707	47,054	48,272	36,138
Fractionation volumes (Bbls/d) ^{(5) (8)}	45,398	43,445	43,421	41,072	38,150
Frac spread - realized (\$/Bbl) ^{(5) (9)}	20.99	24.70	25.32	25.25	23.13
Frac spread - average spot price (\$/Bbl) ^{(5) (10)}	26.07	30.39	29.61	25.45	20.55
Propane Far East Index ("FEI") to Mont Belvieu spread (US\$/Bbl) ^{(5) (7) (11)}	18.85	21.52	18.87	14.06	26.44
Butane FEI to Mont Belvieu spread (US\$/Bbl) ^{(5) (7) (12)}	10.81	18.53	19.27	13.87	27.74

(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 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 that are designed to eliminate the effects of variance in customer usage caused by weather and other factors such as conservation. In D.C., 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 numbers relating to prior periods in 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
Dth/d	dekatherm per day
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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