ALTAGAS REPORTS SECOND QUARTER 2023 RESULTS

First Half of 2023 Results in Line with Expectations; Second Quarter Negatively Impacted by Wildfires and Hedge and Ship Timing Impacts; Reiterating 2023 Full-year Guidance

Calgary, Alberta (July 28, 2023)

AltaGas Ltd. ("AltaGas" or the "Company") (TSX: ALA) today reported second quarter 2023 financial results and provided an update on the Company's operations and other corporate developments.

HIGHLIGHTS

(all financial figures are unaudited and in Canadian dollars unless otherwise noted)

- Normalized EPS[1] was $0.06 in the second quarter of 2023 compared to $0.14 in the second quarter of 2022, while GAAP EPS[2] was $0.47 in the second quarter of 2023 compared $0.12 in the second quarter of 2022. Results were inclusive of approximately $7 million of wildfire impacts and approximately $12 million of negative hedge and ship timing impacts. These combined factors reduced normalized EPS by an approximately $0.05 in the second quarter of 2023, with the hedge and ship timing normalized EPS impact of approximately $0.03 expected to reverse in the coming quarters.

- Normalized EBITDA[1] was $239 million in the second quarter of 2023 compared to $276 million in the second quarter of 2022, while income before income taxes was $182 million in the second quarter of 2023 compared to $85 million in the second quarter of 2022. Results were inclusive of the wildfire, hedge, and ship timing impacts previously mentioned, with the approximate $12 million hedge and ship timing impacts expected to reverse in the coming quarters.

- Normalized FFO per share[1] was $0.53 in the second quarter of 2023 compared to $0.71 in the second quarter of 2022, while Cash from Operations per share[3] was $1.32 in the second quarter of 2023 compared to $1.88 in the second quarter of 2022. The decrease in normalized FFO per share was mainly due to lower normalized EBITDA and higher interest expense, including hybrid debt which replaced previous preferred shares. Results were inclusive of the wildfire, hedge, and ship timing impacts with the combined factors having a $0.07 negative normalized FFO per share impact in the second quarter of 2023, with the hedge and ship timing impacts of approximate $0.04 normalized FFO per share expected to reverse in the coming quarters.

- The Utilities segment reported normalized EBITDA of $102 million in the second quarter of 2023 compared to $116 million in the second quarter of 2022, while income before taxes was $105 million in the second quarter of 2023 compared to a loss before income taxes of $9 million in the same quarter of 2022. The largest driver of the year-over-year variances was the lack of contribution from the Alaskan Utilities during the second of quarter of 2023, which had contributed $15 million in the second quarter of 2022 and was subsequently divested during the first quarter of 2023. Warmer weather also had a $4 million negative impact in the second quarter of 2023 relative to the second quarter of 2022.

- The Midstream segment reported normalized EBITDA of $134 million in the second quarter of 2023 compared to $163 million in the second quarter of 2022, while income before taxes in the segment was $181 million in the second quarter of 2023 consistent with income before taxes of $181 million in the second quarter of 2022. Drivers of the year-over-year variances included the previously mentioned wildfires, hedge and ship timing impacts, with

(1) Non-GAAP measure; see discussion and reconciliation to US GAAP financial measures in the advisories of this news release or in AltaGas' Management's Discussion and Analysis (MD&A) as at and for the period ended June 30, 2023, which is available on www.sedar.com. (2) GAAP EPS is equivalent to Net income applicable to common shares divided by shares outstanding. (3) Cash from Operations per share is equivalent to cash from operations divided by shares outstanding.

the hedge and ship timing impacts expected to reverse in the coming quarters, as well as the lost contribution from the Aitken Creek gas processing facility that was sold in the second quarter 2022, which had an $11 million negative year-over-year variance in the quarter.

- Effective July 1, 2023, Vern Yu joined as AltaGas' President and Chief Executive Officer and was appointed to the Board of Directors. Mr. Yu has over three decades of experience in energy infrastructure, including the Utilities and Midstream sectors, across North America.

- AltaGas exited the second quarter of 2023 with net debt of $7.7 billion, excluding hybrid notes and preferred shares, compared to net debt of $9.3 billion at 2022 year-end, excluding hybrid notes and preferred shares. On a trailing basis AltaGas' Net Debt[1] to normalized EBITDA was approximately 5.1x at the end of the second quarter of 2023, excluding hybrid notes and preferred shares. AltaGas remains committed to further reducing its financial leverage and achieving its medium-term Net Debt to normalized EBITDA target of below 5.0x and long-term target of approximately 4.5x, excluding hybrid notes and preferred shares.

- During the second quarter of 2023, Fitch affirmed AltaGas' credit rating at 'BBB'/'F3' with a Stable Outlook and S&P affirmed AltaGas' credit rating at 'BBB-' with a Stable Outlook.

- AltaGas is pleased with the progress shown on removing the remaining milestones to complete the Mountain Valley Pipeline over the past few months, including receipt of all remaining permits to both finish construction and operate the pipeline. The pathway to completion was reinforced by the July 27, 2023 U.S. Supreme Court's ruling to vacate the stays that were placed on the pipeline by the Fourth Circuit.

- On April 4, 2023, AltaGas and Royal Vopak (Vopak) entered a 50/50 joint venture to develop the Ridley Island Energy Export Facility (REEF), a large-scale LPG and bulk liquids terminal and marine infrastructure on Ridley Island. REEF further bolsters AltaGas' industry-leading liquified petroleum gases (LPG) export business, adding additional egress for domestic customers to premium global downstream markets.

- In April 2023, AltaGas entered into a seven-year time charter agreement with two one-year optional extensions for a new 86,700 cubic meter dual-fuel Very Large Gas Carrier (VLGC) with delivery expected in the first half of 2026. The agreement further reduces AltaGas' maritime shipping costs by approximately 25 percent relative to normal Baltic freight forward pricing while lowering pricing volatility.

- On May 15, 2023, AltaGas closed its offering of $400 million senior unsecured medium-term notes with a coupon rate of 4.638 percent, due on May 15, 2026. The net proceeds were used to pay down existing indebtedness under AltaGas' credit facility and to refinance the senior unsecured medium-term note that matured in June 2023.

- On May 18, 2023, Washington Gas filed an application for authority to increase rates in Maryland. The requested rates are designated to collect an incremental US$28 million in revenues, net of approximately US$21 million of costs currently collected through its Accelerated Replacement Programs (ARP) modernization program, the Strategic Infrastructure Development Enhancement Plan (STRIDE) surcharge. The Maryland Public Service Commission (PSC of MD) has 210 days to consider the application and a decision is expected around mid-December 2023.

- On June 16, 2023, Washington Gas filed an application with the PSC of MD for the third phase of its ARP modernization program, seeking approval for approximately US$495 million of modernization investments on behalf of our customers over the five-year period from January 1, 2024 to December 31, 2028.

- On April 23, 2023, Washington Gas, State Corporation Commission (SCC) of Virginia Staff and the Office of the Attorney General filed a proposed stipulation for a settlement that includes a revenue increase of US$73 million and return on equity of 9.65 percent. On July 17, 2023, the Hearing Examiner report was issued recommending the SCC of Virginia approve the proposed stipulation with certain recommendations. Remaining process steps on the rate case are expected to be concluded in the coming months.

CEO MESSAGE

"I'm excited to have joined AltaGas. I've already had the opportunity to immerse myself into the business, visit offices and operations, and connect with employees, customers, partners, and shareholders. My enthusiasm towards the opportunity has only grown since starting, and I'm excited to leverage the Company's exceptional assets in the months and years ahead.

"I came to AltaGas because I saw an opportunity to create a resilient and growing infrastructure platform with a robust investment proposition. The Company is positioned to deliver industry-leading dividend growth through stable and increasing cashflows, improving our risk-profile through low-risk commercial frameworks, and ongoing balance sheet de-leveraging. AltaGas has a visible multi-year growth profile through large modernization programs and ongoing customer additions at the Utilities as well as continued global export volume growth and value chain investment opportunities across the Midstream platform.

"The long-term fundamentals for AltaGas' business are robust. The Canadian upstream industry will deliver robust growth in natural gas and associated natural gas liquids (NGLs) production in the coming years, as feedstock for LNG Canada is brought online. These growing NGL volumes are best suited to be delivered to key Asian demand markets, with AltaGas and our customers positioned to benefit from the structural west coast pricing advantage relative to other LPG supply sources in the U.S. Gulf Coast or Arabian Gulf. Our Utilities have a bright future with natural gas remaining the largest home energy source across our jurisdictions and electrical substitution costs being more than three times the cost of natural gas on a delivered basis. In the years ahead, we will be acutely focused on balancing the critical needs of energy affordability and reliability with regional and national climate goals.

"You can expect AltaGas to continue its commitment towards strong community partnerships and engagement with Indigenous right holders and stakeholders in the coming years. These values align with my own principles, and I believe are the foundation for long-term sustainability. As we complete a quarter that included impacts to our Canadian Midstream operations due to the devastating wildfires across Alberta and B.C., our thoughts are with the people and communities affected by these ongoing tragic events. I want to thank our dedicated employees who were involved in the wildfire relief and helped the recovery efforts across the communities where we live and serve. Their actions are a direct reflection of the organization's culture and resolve to come together in times like these.

"Despite the negative wildfire and hedge timing impacts present in the second quarter of 2023, our first half of 2023 results are in line with our expectations, and we are reiterating our 2023 full-year guidance, including normalized EPS of $1.85 - $2.05 and normalized EBITDA of $1.5 billion - $1.6 billion."

RESULTS BY SEGMENT

Normalized EBITDA [(1) (2)]		Three Months Ended June 30		
($ millions)		**2023**		2022
Utilities		**102**		116
Midstream		**134**		163
Sub-total: Operating Segments		**236**		279
Corporate/Other		**3**		(3)
	$	**239**	$	276

(1) Non-GAAP financial measure; see discussion in *Non-GAAP Financial Measures* section of this new release.

(2) In the third quarter of 2022, Management changed AltaGas' non-GAAP policy to remove normalization adjustments relating to acquired contingencies. Prior periods have been restated to reflect this change. Please refer to the *Non-GAAP Financial Measures* section of this news release for additional details.

Income (Loss) Before Income Taxes	Three Months Ended June 30	
($ millions)	**2023**	2022
Utilities	**105**	(9)
Midstream	**181**	181
Sub-total: Operating Segments	**286**	172
Corporate/Other	**(104)**	(87)
	$ 182	$ 85

BUSINESS PERFORMANCE

Utilities

The Utilities segment reported normalized EBITDA of $102 million in the second quarter of 2023, compared to $116 million in the same quarter of 2022. Income before income taxes was $105 million in the second quarter of 2023, compared to a loss before income taxes of $9 million in the same quarter of 2022. The largest driver of the year-over-year variances in normalized EBITDA was the lack of contribution from the Alaskan Utilities during the second quarter of 2023, which had contributed $15 million in the second quarter of 2022 and was subsequently divested during the first quarter of 2023.

Positive factors impacting second quarter results on a year-over-year basis in 2023 included contribution from ongoing asset investments on behalf of our customers across the network through various ARP modernization programs, interim rates being in place in Virginia as part of the rate case, and favorable foreign exchange rates. These positive factors were offset by higher operating and administrative expenses, warmer weather in Michigan and the District of Columbia, which had a $4 million negative year-over-year variance in the quarter, and modestly lower contribution from the Retail energy business.

AltaGas continued to upgrade critical infrastructure and make ongoing investments on behalf of its customers during the second quarter of 2023 with the deployment of $198 million of invested capital[1], including $125 million deployed on the Company's various modernization programs. These investments continue to be directed towards improving the safety and reliability of the system and connecting new customers to the critical energy they require to carry out everyday life. These investments should also bring long-term operating cost benefits to our customers. AltaGas will continue to make these critical modernization investments on behalf of our customers in the years ahead, while balancing the need for ongoing customer affordability. This latter focus is particularly important during the current economic environment of higher interest rates and inflation across the broader economy. AltaGas continues to be acutely focused on judicious cost management across the Utilities platform and driving the best outcomes for its customers and stakeholders.

On April 23, 2023, Washington Gas, SCC of Virginia (VA) Staff and the Office of the Attorney General filed a proposed stipulation for a settlement that includes a revenue increase of US$73 million and return on equity of 9.65 percent. The proposed stipulation is pending the Commission review. The evidentiary hearing was held on May 2, 2023, and letters in lieu of briefs were filed on June 9, 2023. On July 17, 2023, the Hearing Examiner report was issued and recommended the SCC of Virginia approve the proposed stipulation with certain recommendations. Remaining process steps on the rate case are expected to be concluded in the coming months.

On May 18, 2023, Washington Gas filed an application for authority to increase rates in Maryland. The requested rates are designated to collect an incremental US$28 million in revenues, net of approximately US$21 million of costs currently collected through the STRIDE modernization surcharge. The PSC of MD has 210 days to consider the application and a decision is expected around mid-December 2023. On June 16, 2023, Washington Gas also filed an application with the PSC of MD for the third phase of its STRIDE modernization program, seeking approval for approximately US$495 million of modernization investments over the five-year period on behalf of our customers from January 1, 2024, to December 31, 2028. These applications are focused on providing Washington with the capacity to make ongoing modernization investments across Maryland, with timely rate recovery mechanisms, and continue to provide the vital energy required to carry out everyday life in the jurisdiction.

Midstream

The Midstream segment reported normalized EBITDA of $134 million in the second quarter of 2023 compared to $163 million in the same quarter of 2022. Income before income taxes was $181 million in the second quarter of 2023, consistent with the $181 million in the same quarter of 2022. One-time items impacting year-over-year results included the Canadian wildfires with the North Pine fractionation facility declaring force majeure for 12.5 days plus other one-time costs associated with the wildfires that aggregated to an approximate $7 million impact across the platform, and the lost contribution from the Aitken Creek gas processing facility, which had an $11 million negative year-over-year variance in the second quarter of 2023.

Second quarter 2023 results included strong operations and year-over-year volume growth across the Midstream segment that was more than offset by the impact of wildfires, lower marketing profits, a lower contribution from a favourable resolution of certain contingencies that was present in the second quarter of 2022, lower realized butane margins in the global export business and the continued impact from previous decisions around not hedging butane inventories as have been discussed during the past three quarters, the lost contribution from the Aitken Creek gas processing facility that was sold in the second quarter of 2022, and lower realized pricing on fractionation volumes. Other positive factors impacting normalized EBITDA included the benefit of the Allowance for Funds Used During Construction (AFUDC) at MVP as a result of the resumption of construction activities in June 2023, higher power revenue at Harmattan primarily due to stronger power prices and the facility selling excess power not needed for operations to the Alberta grid, and the sale of greenhouse gas credits at the processing facilities due to AltaGas’ net credit position.

AltaGas remains focused on partnering with Western Canadian producers and aggregators to increase direct global market access through long-term tolling arrangements that can drive the best collective outcomes for all parties, while also having an active hedging program to proactively lock in structural margins and de-risk cashflows for merchant exports. AltaGas exported 115,589 Bbls/d of LPGs to Asia during the second quarter of 2023, including 11 full and one partially loaded VLGC at RIPET, and eight VLGCs loaded at Ferndale. Higher export volumes were driven by continued improvement in AltaGas and its partner’s operating and logistical capabilities, strong ongoing customer demand in Asia, and higher available LPG supply.

Gas processing volumes in the second quarter of 2023 increased 12 percent year-over-year and were in line with the Company’s expectations. The increase was primarily due to higher producer volumes at the Townsend facility, higher volumes at the Harmattan raw gas and co-stream facilities, and strong contribution from the Younger facility due to higher seasonal demand, partially offset by the impact of the Aitken Creek sale in the second quarter of 2022.

Fractionation volumes for the second quarter of 2023 increased by 9,420 Bbls/d (33%) compared to the same quarter of 2022. Higher fractionation volumes were a result of higher North Pine volumes and utilization, higher Harmattan trucked-in NGL mix and raw gas volumes, and higher volumes and utilization at the Younger facility.

AltaGas' realized frac spread averaged $23.87/Bbl, after transportation costs, as most of AltaGas' frac exposed volumes were hedged at approximately $26.83/Bbl in the second quarter of 2023, prior to transportation costs. AltaGas is well hedged for 2023 with approximately 85 percent of its remaining 2023 expected frac exposed volumes hedged at approximately US$27/Bbl, prior to transportation costs. In addition, approximately 77 percent of AltaGas' remaining 2023 expected global export volumes are either tolled or financially hedged with an average Far East Index (FEI) to North American financial hedge price of approximately US$15.32/Bbl for non-tolled propane and butane volumes.

2023 Midstream Hedge Program

	Q3 2023	Q4 2023	Remainder 2023
Global Exports volumes hedged (%) [1]	93	59	77
Average propane/butane FEI to North America average hedge (US$/Bbl) [2]	13.80	16.84	15.32
Fractionation volumes hedged (%) [3]	92	76	85
Frac spread hedge rate (US$/Bbl) [3]	27.33	26.83	27.08

1) Approximate expected volumes hedged. Includes contracted tolling volumes and financial hedges. Based on AltaGas' internally assumed export volumes. AltaGas is hedged at a higher percentage for firmly committed volumes.
2) Approximate average for the period. Does not include physical differential to FSK for C3 volumes. Butane is hedged as a percentage of WTI.
3) Approximate average for the period.

Corporate/Other

The Corporate/Other segment reported normalized EBITDA for the second quarter of 2023 was $3 million, compared to a loss of $3 million in the same quarter of 2022. Loss before income taxes in the Corporate/Other segment was $104 million in the second quarter of 2023, compared to a loss of $87 million in the same quarter of 2022. The year-over-year increase in normalized EBITDA was mainly due to lower expenses related to employee incentive plans.

Mountain Valley Pipeline Approval

On June 3, 2023, the U.S. Fiscal Responsibility Act (FRA) was signed into law, which included legislation that approved and authorized all permits necessary to complete construction of MVP and commence and continue operations post completion. The legislation also changed the court of jurisdiction to review agency actions on approvals necessary for MVP construction and ongoing operations. On June 8, 2023, the West Virginia Department of Environmental Protection re-issued a Section 401 water quality certification that was previously vacated by the U.S. Fourth Circuit Court of Appeals. On June 23, 2023, the U.S. Army Corps of Engineers issued a 404 individual water permit, authorizing all remaining open-cut water body crossings. On June 28, 2023, FERC approved MVP's request to move forward with all remaining construction activities.

On July 10, 2023, and July 11, 2023, the U.S. Fourth Circuit Court of Appeals issued two stays halting the construction of the pipeline while it considers the arguments of petitions, which are scheduled for July 27, 2023.

Given the passing of FRA legislation, MVP does not view the U.S. Fourth Circuit Court of Appeals as having jurisdiction to issue these orders. On July 14, 2023 MVP filed a petition for emergency relief to the Supreme Court of the United States ("SCOTUS"). On July 27, 2023 SCOTUS vacated the stays that were issued by the U.S. Court of Appeals for the 4th Circuit clearing the way to complete construction.

AltaGas has always believed in the fundamentals of MVP and the benefit of transporting Marcellus/Utica gas by pipeline to the U.S. east coast utilities and consumers. The pipeline's initial 2.0 Bcf/d capacity is fully subscribed, and it is further expandable by up to an additional 500MMcf/d, including firm and interruptible service. As of June 30, 2023, approximately 94 percent of the project is complete, which includes construction of all original interconnects and compressor stations. AltaGas' exposure is contractually capped to the original estimated contributions of approximately US$352 million. The total project costs are expected to be US$6.6 billion, however, AltaGas 10% interest has a capital cost cap, which was met in 2019.

CONSOLIDATED FINANCIAL RESULTS

		Three Months Ended June 30		
($ millions)		**2023**		2022
Normalized EBITDA [1][2]	**$**	**239**	$	276
Add (deduct):				
Depreciation and amortization		**(112)**		(108)
Interest expense		**(93)**		(76)
Income tax expense		**(38)**		(17)
Normalizing items impacting income taxes [1][2]		**33**		(4)
Accretion expenses		**(2)**		(2)
Foreign exchange gains		**—**		3
Non-controlling interest portion of non-GAAP adjustments [2]		**—**		1
Net income applicable to non-controlling interests		**(4)**		(23)
Preferred share dividends		**(7)**		(10)
Normalized net income [1][2]	**$**	**16**	$	40
Net income applicable to common shares	**$**	**133**	$	35
Normalized funds from operations [1][2]	**$**	**150**	$	200

($ per share, except shares outstanding)		
Shares outstanding - basic (millions)		
During the period [4]	**282**	281
End of period	**282**	281
Normalized net income - basic [1] [2]	**0.06**	0.14
Normalized net income - diluted [1] [2]	**0.06**	0.14
Net income per common share - basic	**0.47**	0.12
Net income per common share - diluted	**0.47**	0.12

(1) Non-GAAP financial measure; see discussion in *Non-GAAP Financial Measures* section of this new release.
(2) In the third quarter of 2022 AltaGas changed its non-GAAP policy to remove the normalization of acquisition related contingencies. The amounts presented in this table reflect the restated figures to align with the revised policy.
(3) Represents the income tax impact related to the normalizing items included in the calculation of Normalized EBITDA.
(4) Weighted average

Normalized EBITDA for the second quarter of 2023 was $239 million compared to $276 million for the same quarter in 2022. The largest factors leading to the variance are described in the Business Performance sections above.

For the second quarter of 2023, the average Canadian/U.S. dollar exchange rate increased to 1.34 from an average of 1.28 in the same period of 2022.

Income before income taxes for the second quarter of 2023 was $182 million, compared to $85 million for the same quarter in 2022. Net income applicable to common shares for the second quarter of 2023 was $133 million ($0.47 per share), compared to $35 million ($0.12 per share) for the same quarter in 2022. Please refer to the Three Months Ended June 30 Section of the MD&A for further details on the variance in income before income taxes and net income applicable to common shareholders.

Normalized net income was $16 million ($0.06 per share) for the second quarter of 2023, compared to $40 million ($0.14 per share) for the same quarter of 2022. The decrease was mainly due to the same previously referenced factors impacting normalized EBITDA, higher interest expense, higher depreciation expense, and lower foreign exchange gains, partially offset by lower net income applicable to non-controlling interests, lower normalized income tax expense, and lower preferred share dividends. Please refer to the Non-GAAP Financial Measures section of the Q2 2023 MD&A for further details on normalization adjustments.

Normalized funds from operations for the second quarter of 2023 was $150 million ($0.53 per share), compared to $200 million ($0.71 per share) for the same quarter in 2022. The decrease was mainly due to the same factors impacting normalized EBITDA and higher interest expense.

Depreciation and amortization expense for the second quarter of 2023 was $112 million, compared to $108 million for the same quarter in 2022. The slight increase was mainly due to new assets placed in-service, partially offset by the impact of the Alaska Utilities Disposition.

Interest expense for the second quarter of 2023 was $93 million, compared to $76 million for the same quarter in 2022. The increase was mainly due to $4 million of interest relating to the subordinated hybrid notes issued in August 2022, higher average interest rates, higher average debt balances, and a higher average Canadian/U.S. dollar exchange rate.

Income tax expense was $38 million for the second quarter of 2023, compared to income tax expense of $17 million for the same quarter of 2022. The increase was mainly due to higher income before income taxes. Current tax recovery of $14 million was recorded in the second quarter of 2023, compared to current tax recovery of $2 million recorded in the same quarter of 2022. The increase in current tax recovery was mainly due to the composition of income before income taxes.

FORWARD FOCUS, GUIDANCE AND FUNDING

AltaGas continues to focus on executing on its long-term corporate strategy of building a diversified platform that operates long-life energy infrastructure assets that connect customers and markets and are positioned to provide resilient and growing value for the Company's stakeholders.

Following the second quarter results, AltaGas expects to achieve guidance ranges that were previously disclosed in December 2022, including:

- 2023 Normalized EPS guidance of $1.85 - $2.05 per share, compared to actual normalized EPS of $1.89 and GAAP EPS of $1.42 in 2022; and
- 2023 Normalized EBITDA guidance of $1.5 billion - $1.6 billion, compared to actual normalized EBITDA of $1.54 billion and income before taxes of $716 million in 2022.

AltaGas continues to focus on delivering resilient and growing normalized EPS and FFO per share while targeting lowering leverage ratios. This strategy should support steady dividend growth and provide the opportunity for ongoing capital appreciation for its long-term shareholders. This includes AltaGas having announced plans to deliver regular, sustainable, and annual dividend increases that compound in the years ahead with an anticipated five to seven percent compounded annual growth rate through 2026. Annual dividend increases will be a function of financial performance and determined by the Board on an annual basis.

AltaGas is maintaining a disciplined, self-funded capital program of approximately $930 million in 2023, excluding asset retirement obligations. The Company also expects approximately $90 million of capital investments that were approved in 2022 to rollover and be deployed in 2023. The 2023 capital program includes continued strong investments in the Utilities and Midstream businesses that are focused on ensuring long-term safety and reliability of the asset base and position AltaGas to meet its customers long-term needs and drive the best collective outcomes for all stakeholders.

QUARTERLY COMMON SHARE DIVIDEND AND PREFERRED SHARE DIVIDENDS

The Board of Directors approved the following schedule of Dividends:

Type	Dividend (per share)	Period	Payment Date	Record
Common Shares[1]	$0.28	n.a.	29-Sept-23	15-Sept-23
Series A Preferred Shares	$0.19125	30-June-23 to 29-Sept-23	29-Sept-23	15-Sept-23

Series B Preferred Shares	$0.45515	30-June-23 to 29-Sept-23	29-Sept-23	15-Sept-23
Series E Preferred Shares	$0.337063	30-June-23 to 29-Sept-23	29-Sept-23	15-Sept-23
Series G Preferred Shares	$0.265125	30-June-23 to 29-Sept-23	29-Sept-23	15-Sept-23
Series H Preferred Shares	$0.48035	30-June-23 to 29-Sept-23	29-Sept-23	15-Sept-23

1. Dividends on common shares and preferred shares are eligible dividends for Canadian income tax purposes.

CONFERENCE CALL AND WEBCAST DETAILS

AltaGas will hold a conference call today, July 28, at 9:00 a.m. MT (11:00 a.m. ET) to discuss second quarter 2023 results and other corporate developments.

Date:	Friday, July 28, 2023
Time:	9:00 a.m. MT (11:00 a.m. ET)
Dial-in (Audio only):	1-416-764-8659 or toll free at 1-888-664-6392 or Click to Join
Webcast:	https://www.altagas.ca/invest/events-and-presentations

Shortly after the conclusion of the call a replay will be available on the Company's website or by dialing 416-764-8677 or toll free 1-888-390-0541, passcode 454646#.

AltaGas' Consolidated Financial Statements and accompanying notes for the second quarter 2023, as well as its related Management's Discussion and Analysis, are now available online at www.altagas.ca. All documents will be filed with the Canadian securities regulatory authorities and will be posted under AltaGas' SEDAR profile at www.sedar.com.

NON-GAAP MEASURES

This news release contains references to certain financial measures that do not have a standardized meaning prescribed by US GAAP and may not be comparable to similar measures presented by other entities. The non-GAAP measures and their reconciliation to US GAAP financial measures are shown below and within AltaGas' Management's Discussion and Analysis (MD&A) as at and for the period ended June 30, 2023. These non-GAAP measures provide additional information that management believes is meaningful regarding AltaGas' operational performance, liquidity and capacity to fund dividends, capital expenditures, and other investing activities. Readers are cautioned that these non-GAAP measures should not be construed as alternatives to other measures of financial performance calculated in accordance with US GAAP.

Normalized EBITDA

($ millions)	Three Months Ended June 30 2023	Three Months Ended June 30 2022	Six Months Ended June 30 2023	Six Months Ended June 30 2022
Income before income taxes (GAAP financial measure)	**$ 182**	$ 85	**$ 802**	$ 590
Add:				
Depreciation and amortization	**112**	108	**223**	221
Interest expense	**93**	76	**198**	146
EBITDA	**$ 387**	$ 269	**$ 1,223**	$ 957
Add (deduct):				
Transaction costs related to acquisitions and dispositions (1)	**4**	2	**20**	2
Unrealized losses (gains) on risk management contracts (2)	**(150)**	5	**(115)**	(104)
Losses (gains) on sale of assets (3)	**(11)**	1	**(319)**	(6)
CEO Transition (4)	**5**	—	**5**	—
Settlement of pension plan (5)	**2**	—	**2**	—
Accretion expenses	**2**	2	**5**	3
Foreign exchange gains	**—**	(3)	**—**	(2)
Normalized EBITDA	**$ 239**	$ 276	**$ 821**	$ 850

(1) Comprised of transaction costs related to acquisitions and dispositions of assets and/or equity investments in the period. These costs are included in the "cost of sales" and "operating and administrative" line items on the Consolidated Statements of Income. Transaction costs include expenses, such as legal fees, which are directly attributable to the acquisition or disposition. As noted in the second quarter 2023 MD&A, in the third quarter of 2022 AltaGas changed its non-GAAP policy to remove the normalization of acquisition related contingencies. The amounts presented in this table reflect the restated figures to align with the revised policy. Please refer to Note 3 of the unaudited condensed interim Consolidated Financial Statements as at and for the three and six months ended June 30, 2023 for further details regarding AltaGas' disposition of assets in the period.

(2) Included in the "revenue" and "cost of sales" line items on the Consolidated Statements of Income. Please refer to Note 13 of the unaudited condensed interim Consolidated Financial Statements as at and for the three and six months ended June 30, 2023 for further details regarding AltaGas' risk management activities.

(3) Included in the "other income" line item on the Consolidated Statements of Income. Please refer to Note 3 of the unaudited condensed interim Consolidated Financial Statements as at and for the three and six months ended June 30, 2023 for further details regarding AltaGas' disposition of assets in the period.

(4) Comprised of costs related to the transition of AltaGas' CEO. These costs are included in the "operating and administrative" line items on the Consolidated Statements of Income.

(5) Relates to the completion of the wind-up of the Canadian defined benefit pension plan in the second quarter of 2023. The settlement charge is included in the "other income" line on the Consolidated Statements of Income. Please refer to Note 18 of the unaudited condensed interim Consolidated Financial Statements as at and for the three and six months ended June 30, 2023 for further details regarding the wind-up of the pension plan.

EBITDA is a measure of AltaGas' operating profitability prior to how business activities are financed, assets are amortized, or earnings are taxed. EBITDA is calculated from the Consolidated Statements of Income using income before income taxes adjusted for pre-tax depreciation and amortization, interest expense.

AltaGas presents normalized EBITDA as a supplemental measure. Normalized EBITDA is used by Management to enhance the understanding of AltaGas' earnings over periods, as well as for budgeting and compensation related purposes. The metric is frequently used by analysts and investors in the evaluation of entities within the industry as it excludes items that can vary substantially between entities depending on the accounting policies chosen, the book value of assets, and the capital structure.

Normalized Net Income

		Three Months Ended June 30			Six Months Ended June 30
($ millions)		**2023**	2022	**2023**	2022
Net income applicable to common shares (GAAP financial measure)	**$**	**133**	$ 35	**$ 578**	$ 393
Add (deduct) after-tax:					
Transaction costs related to acquisitions and dispositions (1)		**2**	1	**15**	1
Unrealized losses (gains) on risk management contracts (2)		**(116)**	5	**(89)**	(76)
Non-controlling interest portion of non-GAAP adjustments (3)		**—**	1	**—**	4
Gains on sale of assets (4)		**(9)**	(2)	**(217)**	(7)
Restructuring costs (5)		**4**	—	**4**	—
Loss on redemption of preferred shares (6)		**—**	—	**—**	10
Settlement of pension plan (7)		**2**	—	**2**	—
Normalized net income	**$**	**16**	$ 40	**$ 293**	$ 325

(1) Comprised of transaction costs related to acquisitions and dispositions of assets and/or equity investments in the period. The pre-tax costs are included in the "cost of sales" and "operating and administrative" line items on the Consolidated Statements of Income. Transaction costs include expenses, such as legal fees, which are directly attributable to the acquisition or disposition. As noted in the second quarter 2023 MD&A, in the third quarter of 2022 AltaGas changed its non-GAAP policy to remove the normalization of acquisition related contingencies. The amounts presented in this table reflect the restated figures to align with the revised policy. Please refer to Note 3 of the unaudited condensed interim Consolidated Financial Statements as at and for the three and six months ended June 30, 2023 for further details regarding AltaGas' disposition of assets in the period.

(2) The pre-tax amounts are included in the "revenue" and "cost of sales" line items on the Consolidated Statements of Income. Please refer to Note 13 of the unaudited condensed interim Consolidated Financial Statements as at and for the three and six months ended June 30, 2023 for further details regarding AltaGas' risk management activities.

(3) The portion of non-GAAP adjustments applicable to non-controlling interests are excluded in the computation of normalized net income to ensure consistency of normalizations applied to controlling and non-controlling interests. These amounts are included in the "net income applicable to non-controlling interests" line item on the Consolidated Statements of Income. As noted on page 16 of this MD&A, in the third quarter of 2022 AltaGas changed its non-GAAP policy to remove the normalization of acquisition related contingencies. This includes the associated impact to the portion applicable to non-controlling interests. The amounts presented in this table reflect the restated figures to align with the revised policy.

(4) The pre-tax amounts are included in the "other income" line item on the Consolidated Statements of Income. Please refer to Note 3 of the unaudited condensed interim Consolidated Financial Statements as at and for the three and six months ended June 30, 2023 for further details regarding AltaGas' disposition of assets in the period.

(5) Comprised of costs related to the transition of AltaGas' CEO. The pre-tax costs are included in the "operating and administrative" line items on the Consolidated Statements of Income.

(6) Comprised of the loss on the redemption of Series K Preferred Shares on March 31, 2022. The loss on redemption of preferred shares is recorded on the "loss of redemption of preferred shares" line on the Consolidated Statements of Income.

(7) Relates to the completion of the wind-up of the Canadian defined benefit pension plan in the second quarter of 2023. The settlement charge is included in the "other income" line on the Consolidated Statements of Income. Please refer to Note 18 of the unaudited condensed interim Consolidated Financial Statements as at and for the three and six months ended June 30, 2023 for further details regarding the wind-up of the pension plan.

Normalized net income and normalized net income per share are used by Management to enhance the comparability of AltaGas' earnings, as these metrics reflect the underlying performance of AltaGas' business activities.

Normalized Funds From Operations

		Three Months Ended June 30		Six Months Ended June 30
($ millions)	**2023**	2022	**2023**	2022
Cash from operations (GAAP financial measure)	**$ 373**	$ 527	**$ 964**	$ 1,211
Add (deduct):				
Net change in operating assets and liabilities	**(231)**	(328)	**(422)**	(553)
Asset retirement obligations settled	**3**	1	**5**	3
Funds from operations	**$ 145**	$ 200	**$ 547**	$ 661
Add (deduct):				
Transaction costs related to acquisitions and dispositions [1]	**4**	2	**20**	2
Restructuring costs [2]	**5**	—	**5**	—
Current tax expense (recovery) on asset sales [3]	**(4)**	(2)	**38**	(1)
Normalized funds from operations	**$ 150**	$ 200	**$ 610**	$ 662

(1) Comprised of costs related to acquisitions and dispositions of assets and/or equity investments in the period. These costs exclude any non-cash amounts and are included in the "cost of sales" and "operating and administrative" line items on the Consolidated Statements of Income. Transaction costs include expenses, such as legal fees, which are directly attributable to the acquisition or disposition. As noted in the second quarter 2023 MD&A, in the third quarter of 2022 AltaGas changed its non-GAAP policy to remove the normalization of acquisition related contingencies. The amounts presented in this table reflect the restated figures to align with the revised policy. Please refer to Note 3 of the unaudited condensed interim Consolidated Financial Statements as at and for the three and six months ended June 30, 2023 for further details regarding AltaGas' disposition of assets in the period.

(2) Comprised of costs related to the transition of AltaGas' CEO. These costs are included in the "operating and administrative" line items on the Consolidated Statements of Income.

(3) Included in the "current income tax expense" line item on the Consolidated Statements of Income.

Normalized funds from operations and funds from operations are used to assist Management and investors in analyzing the liquidity of the Corporation. Management uses these measures to understand the ability to generate funds for capital investments, debt repayment, dividend payments, and other investing activities.

Funds from operations and normalized funds from operations as presented should not be viewed as an alternative to cash from operations or other cash flow measures calculated in accordance with GAAP.

Invested Capital and Net Invested Capital

	Three Months Ended June 30		Six Months Ended June 30	
($ millions)	**2023**	2022	**2023**	2022
Cash used in (from) investing activities (GAAP financial measure)	**$ 231**	$ (31)	**$ (638)**	$ 128
Add (deduct):				
Net change in non-cash capital expenditures (1)	**(7)**	40	**(35)**	3
Net invested capital	**$ 224**	$ 9	**$ (673)**	$ 131
Asset dispositions	**—**	225	**1,072**	245
Invested capital	**$ 224**	$ 234	**$ 399**	$ 376

(1) Comprised of non-cash capital expenditures included in the "accounts payable and accrued liabilities" line item on the Consolidated Balance Sheets. Please refer to Note 19 of the unaudited condensed interim Consolidated Financial Statements as at and for the three and six months ended June 30, 2023 for further details.

Invested capital is a measure of AltaGas' use of funds for capital expenditure activities. It includes expenditures relating to property, plant, and equipment and intangible assets, capital contributed to long term investments, and contributions from non-controlling interests. Invested capital is used by Management, investors, and analysts to enhance the understanding of AltaGas' capital expenditures from period to period and provide additional detail on the Company's use of capital.

CONSOLIDATED FINANCIAL REVIEW

	Three Months Ended June 30		Six Months Ended June 30	
($ millions, except effective income tax rates)	**2023**	2022	**2023**	2022
Revenue	**2,631**	3,241	**6,679**	7,133
Normalized EBITDA (1) (2)	**239**	276	**821**	850
Income before income taxes	**182**	85	**802**	590
Net income applicable to common shares	**133**	35	**578**	393
Normalized net income (1) (2)	**16**	40	**293**	325
Total assets	**21,336**	22,206	**21,336**	22,206
Total long-term liabilities	**11,196**	10,753	**11,196**	10,753
Invested capital (1)	**224**	234	**399**	376
Cash from (used in) investing activities	**(231)**	31	**638**	(128)
Dividends declared (3)	**79**	74	**158**	149
Cash from operations	**373**	527	**964**	1,211
Normalized funds from operations (1) (2)	**150**	200	**610**	662
Normalized effective income tax rate (%) (1) (2)	**15.6**	22.6	**20.3**	20.3
Effective income tax rate (%)	**21.2**	20.5	**25.2**	21.0

	Three Months Ended June 30		Six Months Ended June 30	
($ per share, except shares outstanding)	**2023**	2022	**2023**	2022
Net income per common share - basic	**0.47**	0.12	**2.05**	1.40
Net income per common share - diluted	**0.47**	0.12	**2.04**	1.39
Normalized net income - basic (1) (2)	**0.06**	0.14	**1.04**	1.16
Normalized net income - diluted (1) (2)	**0.06**	0.14	**1.04**	1.15
Dividends declared (3)	**0.28**	0.27	**0.56**	0.53
Cash from operations	**1.32**	1.88	**3.42**	4.31
Normalized funds from operations (1) (2)	**0.53**	0.71	**2.16**	2.36
Shares outstanding - basic (millions)				
During the period (4)	**282**	281	**282**	281
End of period	**282**	281	**282**	281

1) Non-GAAP financial measure or non-GAAP financial ratio; see discussion in Non-GAAP Financial Measures section of this MD&A.
2) In the third quarter of 2022, Management changed AltaGas' non-GAAP policy to remove normalization adjustments relating to acquired contingencies. Prior periods have been restated to reflect this change. Please refer to the Non-GAAP Financial Measures section of this MD&A for additional details.
3) Dividend declared per common share per quarter: $0.265 per share beginning March 2022, increased to $0.28 per share effective March 31, 2023.
4) Weighted average.

ABOUT ALTAGAS

AltaGas is a leading North American infrastructure company that connects customers and markets to affordable and reliable sources of energy. 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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FORWARD-LOOKING INFORMATION

This news release contains forward-looking information (forward-looking statements). Words such as "may", "can", "would", "could", "should", "likely", "will", "intend", "plan", "anticipate", "believe", "aim", "seek", "future", "commit", "propose", "contemplate", "estimate", "focus", "strive", "forecast", "expect", "project", "potential", "target", "guarantee", "potential", "objective", "continue", "outlook", "guidance", "growth", "long-term", "vision", "opportunity" and similar expressions suggesting future events or future performance, as they relate to the Corporation or any affiliate of the Corporation, are intended to identify forward-looking statements. In particular, this news release contains forward-looking statements with respect to, among other things, business objectives, expected growth, results of operations, performance, business projects and opportunities and financial results. Specifically, such forward-looking statements included in this document include, but are not limited to, statements with respect to the following: expected reductions in negative hedge and ship timing and the corresponding effect on AltaGas' financial results, including between different quarters; AltaGas' ability to de-risk its global export business and operate in strong partnership with its customers; anticipated construction, impacts on maritime shipping costs and in-service date of a new VLGC; expected 2023 normalized EBITDA guidance of $1.5 to $1.6 billion; expected 2023 normalized EPS guidance of $1.85 to $2.05; AltaGas' focus on growing normalized EPS and FFO while targeting lowering leverage debt ratios; expectation for ongoing dividend, capital appreciation and cash flow growth, including 5 to 7 percent compounded annual growth rate through 2026; AltaGas' ability to execute its strategic priorities and achieve its 2023 and longer-term growth plans; AltaGas' Utilities' ability to execute its regulatory strategy and achieve favourable rates commensurate with cost of capital; AltaGas' ability to reduce its financial leverage and achieve its medium-term 5x net debt-to-normalized EBITDA target and long-term target of 4.5x; the impact of AltaGas' network upgrades on long-term operating costs, the environment, and customer affordability; AltaGas' ability to increase long-term tolling arrangements and maintaining an active hedging program and the expected results therefrom; AltaGas' belief in the long-term demand and growth opportunities in the Canadian upstream industry the expected impacts therefrom; AltaGas' ability to collaborate with First Nations and stakeholders on sustainable resource development and its belief and role in the growing global demand for responsibly developed energy sources; expectation for an active hedging program in 2023 and the expected outcomes therefrom; the percentage of AltaGas' expected 2023 frac exposed volumes that are hedged; the percentage of AltaGas' expected 2023 export volumes that are tolled or financially hedged; anticipation of successful collaboration with First Nations and other key stakeholders; AltaGas' belief in the benefit of transporting gas on the MVP pipeline to the U.S. east coast utilities and consumers; the expected project costs of the MVP pipeline, its progress and the remaining milestones; the potential development of REEF and expected project activities, deliverables and timing thereof; anticipated timing, results and impacts of applications, hearings, and decisions of rate cases before Utilities regulators; AltaGas' long-term objectives for managing capital; expected self-funded capital program of $930 million in 2023 including rollover of $90 million capital investments from 2022, excluding asset retirement obligations; and the utility of certain non-GAAP measures; the ability of investors to compare certain financial measures used by AltaGas to similar measures presented by other entities.

These statements involve known and unknown risks, uncertainties and other factors that may cause actual results, events, and achievements to differ materially from those expressed or implied by such statements. Such statements reflect AltaGas' current expectations, estimates, and projections based on certain material factors and assumptions at the time the statement was made. Material assumptions include: anticipated timing of asset sale closings, effective tax rates, financing initiatives, degree day variance from normal, pension discount rate, the performance of the businesses underlying each sector, impacts of the hedging program, expected commodity supply, demand and pricing, volumes and rates, exchange rates, inflation, interest rates, credit ratings, regulatory approvals and policies, future operating and capital costs, capacity expectations, weather, frac spread, access to capital, planned and unplanned plant outages, timing of in-service dates of new projects and acquisition and divestiture activities, returns on investments, and dividend levels.

AltaGas' forward-looking statements are subject to certain risks and uncertainties which could cause results or events to differ from current expectations, including, without limitation: risks related to conflict in Eastern Europe; health and safety risks; operating risks; infrastructure; natural gas supply risks; volume throughput; service interruptions; transportation of petroleum products; market risk; inflation; general economic conditions; cyber security, information, and control systems; climate-related risks; environmental regulation risks; regulatory risks; litigation; changes in law; Indigenous and treaty rights; dependence on certain partners; political uncertainty and civil unrest; decommissioning, abandonment and reclamation costs; reputation risk; weather data; capital market and liquidity risks; interest rates; internal credit risk; foreign exchange risk; debt financing, refinancing, and debt service risk; counterparty and supplier risk; technical systems and processes incidents; growth strategy risk; construction and development; underinsured and uninsured losses; impact of competition in AltaGas' businesses; counterparty credit risk; composition risk; collateral; rep agreements; market value of common shares and other securities; variability of dividends; potential sales of additional shares; labor relations; key personnel; risk management costs and limitations; commitments associated with regulatory approvals for the acquisition of WGL; cost of providing retirement plan benefits; failure of service providers; risks related to pandemics, epidemics or disease outbreaks, including COVID-19;

and the other factors discussed under the heading "Risk Factors" in the Corporation's Annual Information Form for the year ended December 31, 2022 and set out in AltaGas' other continuous disclosure documents.
Many factors could cause AltaGas' or any particular business segment's actual results, performance or achievements to vary from those described in this press release, including, without limitation, those listed above and the assumptions upon which they are based proving incorrect. These factors should not be construed as exhaustive. Should one or more of these risks or uncertainties materialize, or should assumptions underlying forward-looking statements prove incorrect, actual results may vary materially from those described in this news release as intended, planned, anticipated, believed, sought, proposed, estimated, forecasted, expected, projected or targeted and such forward-looking statements included in this news release, should not be unduly relied upon. The impact of any one assumption, risk, uncertainty, or other factor on a particular forward-looking statement cannot be determined with certainty because they are interdependent and AltaGas' future decisions and actions will depend on management's assessment of all information at the relevant time. Such statements speak only as of the date of this news release. AltaGas does not intend, and does not assume any obligation, to update these forward-looking statements except as required by law. The forward-looking statements contained in this news release are expressly qualified by these cautionary statements.

Financial outlook information contained in this news release about prospective financial performance, financial position, or cash flows is based on assumptions about future events, including economic conditions and proposed courses of action, based on AltaGas management's (Management) assessment of the relevant information currently available. Readers are cautioned that such financial outlook information contained in this news release should not be used for purposes other than for which it is disclosed herein.

Additional information relating to AltaGas, including its quarterly and annual MD&A and Consolidated Financial Statements, AIF, and press releases are available through AltaGas' website at www.altagas.ca or through SEDAR at www.sedar.com

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis (MD&A) dated July 26, 2023 is provided to enable readers to assess the results of operations, liquidity, and capital resources of AltaGas Ltd. ("AltaGas", the "Company" or the "Corporation") as at and for the three and six months ended June 30, 2023. This MD&A should be read in conjunction with the accompanying unaudited condensed interim Consolidated Financial Statements and notes thereto of AltaGas as at and for the three and six months ended June 30, 2023 and the audited Consolidated Financial Statements and MD&A as at and for the year ended December 31, 2022.

The Consolidated Financial Statements and comparative information have been prepared in accordance with United States (U.S.) generally accepted accounting principles (U.S. GAAP) and in Canadian dollars, unless otherwise indicated. Throughout this MD&A, references to GAAP refer to U.S. GAAP and dollars refer to Canadian dollars, unless otherwise indicated.

Abbreviations, acronyms, and capitalized terms used in this MD&A without express definition shall have the same meanings given to those terms in the MD&A as at and for the year ended December 31, 2022 or the Annual Information Form for the year ended December 31, 2022.

This MD&A contains forward-looking information (forward-looking statements). Words such as “expect”, “anticipate”, "remain", "believe", "can", “will”, "should", "would", "could", “continues”, “estimate”, "forecast", "future", "commit", "guarantee", “growth”, “plans”, "target", "long-term", "potential", "opportunity", "may" and similar expressions suggesting future events or future performance, as they relate to the Corporation or any affiliate of the Corporation, are intended to identify forward-looking statements. In particular, this MD&A contains forward-looking statements with respect to, among other things, business objectives, expected growth, results of operations, performance, business projects and opportunities, and financial results. Specifically, such forward-looking statements included in this document include, but are not limited to, statements with respect to the following: AltaGas' role in the energy ecosystem and expected outcomes therefrom; AltaGas' belief in the role and importance of global resource exports; AltaGas' growth strategy to expand in existing and new markets including the anticipated benefits from the Company’s basin strategy; AltaGas' ability to operate in strong partnership with its customers; potential development of AltaGas' REEF project, its capabilities and the expected timing of project phases and deliverables; AltaGas' expected working interest in the REEF project and the capacity for future phases; expected reductions in maritime shipping costs and the anticipated affect on long-term pricing volatility therefrom; the advancement of the Harmattan carbon capture project and the anticipated cost savings; expected annual consolidated normalized EBITDA of approximately $1.5 to $1.6 billion and normalized earnings of approximately $1.85 to $2.05 per share in 2023; assumption of an effective tax rate of 22 percent; expectation that the Utilities segment will contribute 55 to 60 percent of 2023 normalized EBITDA; expectation that the Midstream segment will contribute 40 to 45 percent of 2023 normalized EBITDA; growth levels and drivers expected in the Utilities and Midstream segments; expectation for normalized EBITDA to be higher in the Corporate/Other segment in 2023 than in 2022; factors impacting the expected variance in normalized EBITDA and normalized earnings per share; anticipated effect of key variables on AltaGas' financial performance; market risks and their anticipated impact on the trading price of AltaGas' securities, the amount of dividends paid to shareholders and the ability of the Company to service its debt obligations; future employee obligations; unrecognized compensation expenses relating to the remaining vesting period for certain benefit plans being recognized over the vesting period; the cost of AltaGas' defined benefit and post-retirement benefit plans and the expected return on plan assets; AltaGas' ability to de-risk its business and manage direct commodity price exposure; expectation for an active hedging program in 2023 and the expected outcomes therefrom; the percentage of AltaGas' expected 2023 frac exposed volumes that are hedged; the percentage of AltaGas' expected 2023 export volumes that are tolled or financially hedged; AltaGas' ability to be highly hedged for the global export business through tolling agreements and financial hedges; the ability of AltaGas' subsidiaries to deploy effective hedging strategies; estimated impact of changes in commodity prices, exchange rates, and weather on normalized annual EBITDA and normalized earnings per share; fluctuations in working capital; estimated revenues expected to be recognized in the future related to performance obligations *that are unsatisfied as of the date hereof; estimates as to the fair market value of each significant class of financial instrument; potential collateral requirements; designations of AltaGas' U.S. dollar-denominated debt or certain U.S. dollar-denominated loans and the effects as a foreign currency translation gain or loss for its U.S. subsidiaries; expected invested capital of $1.0 billion in 2023; anticipated segment allocation and focus of capital expenditures in 2023; expectation that growth capital will be funded through internally-generated cash flow, asset sales, and normal course borrowings on existing committed credit facilities; expected cost, completion, impacts and in-service dates of growth capital projects; anticipated timing, deliverables required, results and effects of applications, hearings, and decisions of rate cases before Utilities regulators; anticipated timing and results of regulatory applications or court hearings; adequacy of provisions made in respect of legal claims and actions against the Company and the anticipated impact on its financial position or results of operations; expected impacts of Washington Gas' dividend restrictions on AltaGas' ability to meet its obligations; AltaGas' long-term objectives for managing capital; future changes in accounting policies, AltaGas' adoption of new accounting standards and their impact on its financial statements; ability of investors to compare certain financial measures used by AltaGas to similar measures presented by other entities; and the expected in-service date of new very large gas carriers (VLGCs).*

These statements involve known and unknown risks, uncertainties and other factors that may cause actual results, events, and achievements to differ materially from those expressed or implied by such statements. Such statements reflect AltaGas' current expectations, estimates, and projections based on certain material factors and assumptions at the time the statement was made. Material assumptions include: anticipated timing of asset sale closings, effective tax rates, financing initiatives, degree day variance from normal, pension discount rate, the performance of the businesses underlying each sector, impacts of the hedging program, expected commodity supply, demand and pricing, volumes and rates, exchange rates, inflation, interest rates, credit ratings, regulatory approvals and policies, future operating and capital costs, capacity expectations, weather, frac spread, access to capital, planned and unplanned plant outages, timing of in-service dates of new projects and acquisition and divestiture activities, returns on investments, and dividend levels.

AltaGas' forward-looking statements are subject to certain risks and uncertainties which could cause results or events to differ from current expectations, including, without limitation: risks related to conflict in Eastern Europe; health and safety risks; operating risks; infrastructure; natural gas supply risks; volume throughput; service interruptions; transportation of petroleum products; market risk; inflation; general economic conditions; cyber security, information, and control systems; climate-related risks; environmental regulation risks; regulatory risks; litigation; changes in law; Indigenous and treaty rights; dependence on certain partners; political uncertainty and civil unrest; decommissioning, abandonment and reclamation costs; reputation risk; weather data; capital market and liquidity risks; interest rates; internal credit risk; foreign exchange risk; debt financing, refinancing, and debt service risk; counterparty and supplier risk; technical systems and processes incidents; growth strategy risk; construction and development; underinsured and uninsured losses; impact of competition in AltaGas' businesses; counterparty credit risk; composition risk; collateral; rep agreements; market value of common shares and other securities; variability of dividends; potential sales of additional shares; labor relations; key personnel; risk management costs and limitations; commitments associated with regulatory approvals for the acquisition of WGL; cost of providing retirement plan benefits; failure of service providers; risks related to pandemics, epidemics or disease outbreaks, including COVID-19; and the other factors discussed under the heading "Risk Factors" in the Corporation's Annual Information Form for the year ended December 31, 2022 and set out in AltaGas' other continuous disclosure documents.

Many factors could cause AltaGas' or any particular business segment's actual results, performance, or achievements to vary from those described in this MD&A, including, without limitation, those listed above and the assumptions upon which they are based proving incorrect. These factors should not be construed as exhaustive. Should one or more of these risks or uncertainties materialize, or should assumptions underlying forward-looking statements prove incorrect, actual results may vary materially from those described in this MD&A as intended, planned, anticipated, believed, sought, proposed, estimated, forecasted, expected, projected, or targeted, and such forward-looking statements included in this MD&A should not be unduly relied upon. The impact of any one assumption, risk, uncertainty, or other factor on a particular forward-looking statement cannot be determined with certainty because they are interdependent and AltaGas' future decisions and actions will depend on Management's assessment of all information at the relevant time. Such statements speak only as of the date of this MD&A.

AltaGas does not intend, and does not assume any obligation, to update these forward-looking statements except as required by law. The forward-looking statements contained in this MD&A are expressly qualified by these cautionary statements.

Financial outlook information contained in this MD&A about prospective financial performance, financial position, or cash flows is based on assumptions about future events, including economic conditions and proposed courses of action, based on AltaGas Management's assessment of the relevant information currently available. Readers are cautioned that such financial outlook information contained in this MD&A should not be used for purposes other than for which it is disclosed herein.

Additional information relating to AltaGas, including its quarterly and annual MD&A and Consolidated Financial Statements, Annual Information Form, and press releases are available through AltaGas' website at www.altagas.ca or through SEDAR at www.sedar.com.

AltaGas Business Overview and Organization

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 has three reporting segments - Utilities, Midstream, and Corporate/Other.

Utilities Segment

AltaGas' Utilities segment owns and operates franchised, cost-of-service, rate-regulated natural gas distribution and storage utilities that are focused on providing safe, reliable, and affordable energy to its customers. Subsequent to the sale of its 100 percent interest in ENSTAR and 65 percent indirect interest in CINGSA and other ancillary operations to TriSummit Utilities on March 1, 2023 (the Alaska Utilities Disposition), AltaGas' Utilities provide energy to approximately 1.6 million residential and commercial customers with an average rate base of approximately US$5.0 billion.

The Utilities segment includes two utilities that operate across four major U.S. jurisdictions:

- Washington Gas, which is the Company’s largest operating utility that serves approximately 1.2 million customers across Maryland, Virginia and the District of Columbia; and
- SEMCO Energy, which delivers essential energy to approximately 324,000 customers in Southern Michigan and Michigan’s Upper Peninsula.

The Utilities segment also includes other storage facilities and contracts for interstate natural gas transportation and storage services, as well as WGL Energy Services, an affiliated retail energy marketing business, which sells natural gas and electricity directly to residential, commercial, and industrial customers located in Maryland, Virginia, Delaware, Pennsylvania, Ohio, and the District of Columbia.

Midstream Segment

AltaGas’ Midstream segment is a leading North American platform that connects customers and markets. From wellhead to tidewater, the Company is focused on providing its customers with safe and reliable service and connectivity that facilitates the best outcomes for their businesses. This includes global market access for North American Liquified Petroleum Gases (LPGs), which provides North American producers and aggregators with attractive netbacks for propane and butane while delivering diversity of supply and supporting stronger energy security in Asia.

Throughout AltaGas' Midstream operations, the Company is playing a vital role within the larger energy ecosystem that keeps the global economy moving forward in a safe, reliable and affordable manner.

AltaGas' Midstream platform is heavily focused on the Montney and Deep Basin resource plays and centers around global exports, which is where the Company believes the market is headed for resource development over the long-term. AltaGas also operates a broader set of midstream infrastructure assets across the Western Canadian Sedimentary Basin (WCSB) and select regions in the U.S., which are all focused on connecting customers and markets in the most efficient manner possible.

There are three core pillars to AltaGas' Midstream platform that are integral to each other and facilitate the Company's wellhead to tidewater and beyond value chain. These include:

- Global Exports, which includes AltaGas' two LPG export terminals where the Company has capacity to export up to 150,000 Bbl/d of propane and butane to key markets in Asia;
- Natural Gas Gathering, Processing and Extraction, which includes 1.2 Bcf/d of extraction processing capacity and approximately 1.1 Bcf/d of raw field gas processing capacity, which is heavily focused on the Montney; and
- Fractionation and Liquids Handling platform, which includes 65 MBbl/d of fractionation capacity and a sizable liquids handling footprint.

The Midstream segment also consists of natural gas and NGL marketing businesses, domestic logistics, trucking and rail terminals, and approximately 3.2 million barrels of liquid storage capability through a network of underground salt caverns through the Company's Strathcona Storage JV with ATCO Energy Solutions Ltd., as well as AltaGas' 10 percent interest in the Mountain Valley Pipeline (MVP).

Corporate/Other Segment

AltaGas' Corporate/Other segment consists of the Company's 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.

Subsidiary Entities

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. (SEMCO); and in regard to the Midstream business, AltaGas Extraction and Transmission Limited Partnership, AltaGas Pipeline Partnership, AltaGas Processing Partnership, AltaGas Northwest Processing Limited Partnership, Harmattan Gas Processing Limited Partnership, Ridley Island LPG Export Limited Partnership, AltaGas Pacific Partnership, AltaGas LPG Limited Partnership, Petrogas Energy Corporation (Petrogas), Petrogas Holdings Partnership, and Petrogas Inc. In the Corporate/Other segment, subsidiaries include AltaGas Power Holdings (U.S.) Inc., WGL Energy Systems, Inc. (WGL Energy Systems), and Blythe Energy Inc. (Blythe). SEMCO conducts its Michigan natural gas distribution business under the name SEMCO Energy Gas Company (SEMCO Gas).

Second Quarter Highlights

(Normalized EBITDA, normalized funds from operations, normalized net income, and net debt are non-GAAP financial measures. Normalized funds from operations per share and normalized net income per share are non-GAAP ratios. Please see Non-GAAP Financial Measures section of this MD&A.)

- On May 8, 2023, AltaGas announced the appointment of Vern Yu as President and Chief Executive Officer of AltaGas and member of the Board of Directors of AltaGas, effective July 1, 2023. Mr. Yu is a seasoned leader with three decades of experience in energy infrastructure, including the Utilities and Midstream sectors across North America;
- In April 2023, AltaGas and Vopak Development Canada Holdings Inc. (Vopak) entered a 50/50 joint venture to develop the Ridley Island Energy Export Facility (REEF), a large-scale LPG and bulk liquids terminal and marine infrastructure on Ridley Island. Should REEF reach a positive final investment decision (FID), the facility is planned to be developed and brought online in phases. REEF is currently working through front end engineering design (FEED) activities, with several deliverables planned over the balance of 2023;
- In April 2023, AltaGas entered a seven-year time charter agreement with two one-year optional extensions for a new approximately 545 Mbbl dual-fuel VLGC with delivery expected in the first half of 2026. The agreement further reduces AltaGas' maritime shipping costs by approximately 25 percent relative to current Baltic freight forward pricing, while lowering pricing volatility;
- On May 15, 2023, AltaGas closed its offering of $400 million senior unsecured medium-term notes with a coupon rate of 4.638 percent, due on May 15, 2026. The net proceeds were used to pay down existing indebtedness under AltaGas' credit facility and to refinance the senior unsecured medium-term note that matured in June 2023;
- On May 18, 2023, Washington Gas filed an application for authority to increase rates in Maryland. The requested rates are designated to collect an incremental US$28 million in revenues, net of approximately US$21 million of costs currently collected through its Accelerated Replacement Programs (ARP) modernization program, the Strategic Infrastructure Development Enhancement Plan (STRIDE) surcharge. The Maryland Public Service Commission (PSC of MD) has 210 days to consider the application and a decision is expected around mid-December 2023;
- On June 16, 2023, Washington Gas filed an application with the PSC of MD for the third phase of its modernization ARP program, seeking approval for approximately US$495 million of modernization investments on behalf of customers over the five-year period from January 1, 2024 to December 31, 2028;
- Normalized EBITDA was $239 million compared to $276 million in the second quarter of 2022;
  - Normalized EBITDA for the Utilities segment was $102 million compared to $116 million in the second quarter of 2022;
  - Normalized EBITDA for the Midstream segment was $134 million compared to $163 million in the second quarter of 2022;
- Income before income taxes was $182 million compared to $85 million in the second quarter of 2022;
- Cash from operations was $373 million ($1.32 per share) compared to $527 million ($1.88 per share) in the second quarter of 2022;
- Normalized funds from operations was $150 million ($0.53 per share) compared to $200 million ($0.71 per share) in the second quarter of 2022;

- Net income applicable to common shares was $133 million ($0.47 per share) compared to $35 million ($0.12 per share) in the second quarter of 2022;
- Normalized net income was $16 million ($0.06 per share) compared to $40 million ($0.14 per share) in the second quarter of 2022;
- Net debt, including subordinated hybrid notes, was $8.3 billion as at June 30, 2023, compared to $9.9 billion at December 31, 2022; and
- Total long-term debt, including subordinated hybrid notes, was $8.2 billion as at June 30, 2023, compared to $9.6 billion at December 31, 2022.

Consolidated Financial Review

	Three Months Ended June 30		Six Months Ended June 30	
($ millions, except effective income tax rates)	**2023**	2022	**2023**	2022
Revenue	**2,631**	3,241	**6,679**	7,133
Normalized EBITDA (1) (2)	**239**	276	**821**	850
Income before income taxes	**182**	85	**802**	590
Net income applicable to common shares	**133**	35	**578**	393
Normalized net income (1) (2)	**16**	40	**293**	325
Total assets	**21,336**	22,206	**21,336**	22,206
Total long-term liabilities	**11,196**	10,753	**11,196**	10,753
Invested capital (1)	**224**	234	**399**	376
Cash from (used in) investing activities	**(231)**	31	**638**	(128)
Dividends declared (3)	**79**	74	**158**	149
Cash from operations	**373**	527	**964**	1,211
Normalized funds from operations (1) (2)	**150**	200	**610**	662
Normalized effective income tax rate (%) (1) (2)	**15.6**	22.6	**20.3**	20.3
Effective income tax rate (%)	**21.2**	20.5	**25.2**	21.0

	Three Months Ended June 30		Six Months Ended June 30	
($ per share, except shares outstanding)	**2023**	2022	**2023**	2022
Net income per common share - basic	**0.47**	0.12	**2.05**	1.40
Net income per common share - diluted	**0.47**	0.12	**2.04**	1.39
Normalized net income - basic (1) (2)	**0.06**	0.14	**1.04**	1.16
Normalized net income - diluted (1) (2)	**0.06**	0.14	**1.04**	1.15
Dividends declared (3)	**0.28**	0.27	**0.56**	0.53
Cash from operations	**1.32**	1.88	**3.42**	4.31
Normalized funds from operations (1) (2)	**0.53**	0.71	**2.16**	2.36
Shares outstanding - basic (millions)				
During the period (4)	**282**	281	**282**	281
End of period	**282**	281	**282**	281

(1) Non-GAAP financial measure or non-GAAP financial ratio; see discussion in *Non-GAAP Financial Measures* section of this MD&A.
(2) In the third quarter of 2022, Management changed AltaGas' non-GAAP policy to remove normalization adjustments relating to acquired contingencies. Prior periods have been restated to reflect this change. Please refer to the *Non-GAAP Financial Measures* section of this MD&A for additional details.
(3) Dividend declared per common share per quarter: $0.265 per share beginning March 2022, increased to $0.28 per share effective March 31, 2023.
(4) Weighted average.

Three Months Ended June 30

Normalized EBITDA for the second quarter of 2023 was $239 million, compared to $276 million for the same quarter in 2022. There were several positive and negative contributors underpinning the year-over-year variance. Factors positively impacting normalized EBITDA included strong performance from the global exports business as a result of year-over-year tolling and processing volume growth as well as higher Asian-to-North American propane spreads, the impact of the 2022 Virginia rate case, higher revenue from accelerated pipe replacement program spend, allowance for funds used during construction (AFUDC) at MVP as a result of the resumption of construction activities in June 2023, higher power revenue at Harmattan primarily due to higher power prices, higher power margins from WGL's retail marketing business, and a favourable impact related to the sale of greenhouse gas credits generated by the processing facilities. Factors negatively impacting AltaGas' normalized EBITDA in the second quarter of 2023 included lower crude and NGL marketing margins and volumes in the Midstream business, lower realized butane margins in the global export business, a lower impact from the favourable resolution of certain commercial disputes and contingencies compared to the second quarter of 2022, higher operating and administrative expenses at the Utilities, the impact of the Alaska Utilities Disposition in the first quarter of 2023, the impact of the sale of AltaGas' interest in the Aitken Creek processing facilities in the second quarter of 2022, the impact of wildfires, lower gas margins from WGL's retail business including swap timing, and warmer weather in Michigan and the District of Columbia where the Utilities do not have weather normalization. For the three months ended June 30, 2023, the average Canadian/U.S. dollar exchange rate increased to 1.34 from an average of 1.28 in the same period of 2022, which had a favourable impact on normalized EBITDA in the quarter.

Income before income taxes for the second quarter of 2023 was $182 million, compared to $85 million for the same quarter in 2022. The increase was mainly due to higher unrealized gains on risk management contracts and favourable working capital adjustments related to the Alaska Utilities Disposition in the second quarter of 2023, partially offset by the same previously referenced factors impacting normalized EBITDA, higher interest expense, higher depreciation and amortization expense, costs related to the CEO transition, and lower foreign exchange gains. Net income applicable to common shares for the second quarter of 2023 was $133 million ($0.47 per share), compared to $35 million ($0.12 per share) for the same quarter in 2022. The increase was mainly due to the same previously referenced factors impacting income before income taxes, lower net income applicable to non-controlling interests, and lower preferred share dividends, partially offset by higher income tax expense.

Normalized funds from operations for the second quarter of 2023 was $150 million ($0.53 per share), compared to $200 million ($0.71 per share) for the same quarter in 2022. The decrease was mainly due to the same factors impacting normalized EBITDA and higher interest expense.

Cash from operations in the second quarter of 2023 was $373 million ($1.32 per share), compared to $527 million ($1.88 per share) for the same quarter in 2022. The decrease was mainly due to lower net income after taxes after adjusting for non-cash items as well as unfavourable variances in the net change in operating assets and liabilities, primarily as a result of fluctuations in commodity prices and sales volumes. Please refer to the *Liquidity* section of this MD&A for further details on the variance in cash from operations.

In the second quarter of 2023, AltaGas recorded a pre-tax gain on disposition of assets of approximately $11 million primarily due to favourable working capital adjustments related to the Alaska Utilities Disposition as well as cash proceeds received from an escrow account related to the 2019 disposition of AltaGas' investment in Meade Pipeline Co. LLC (Meade), which held WGL Midstream's indirect, non-operating interest in the Central Penn pipeline (Central Penn). In the second quarter of 2022, AltaGas recorded a pre-tax loss on disposition of assets of approximately $1 million, which was comprised of a pre-tax gain of

$1 million on the sale of its interest in the Aitken Creek processing facilities and a pre-tax loss of $2 million on the sale of a power plant in Brush, Colorado.

Operating and administrative expenses for the second quarter of 2023 were $389 million, compared to $357 million for the same quarter in 2022. The increase was due to a number of factors, including a lower impact from the favourable resolution of certain commercial disputes and contingencies compared to the second quarter of 2022, and higher expenses at the Utilities, partially offset by the impact of the Alaska Utilities Disposition. Depreciation and amortization expense for the second quarter of 2023 was $112 million, compared to $108 million for the same quarter in 2022. The slight increase was mainly due to new assets placed in-service, partially offset by the impact of the Alaska Utilities Disposition. Interest expense for the second quarter of 2023 was $93 million, compared to $76 million for the same quarter in 2022. The increase was mainly due to $4 million of interest relating to the subordinated hybrid notes issued in August 2022, higher average interest rates, higher average debt balances, and a higher average Canadian/U.S. dollar exchange rate. For the three months ended June 30, 2023, AltaGas recorded total interest expense of $8 million on the subordinated hybrid notes.

AltaGas recorded income tax expense of $38 million for the second quarter of 2023, compared to income tax expense of $17 million for the same quarter of 2022. The increase was mainly due to higher income before income taxes. Current tax recovery of $14 million was recorded in the second quarter of 2023, compared to current tax recovery of $2 million recorded in the same quarter of 2022. The increase in current tax recovery was mainly due to the composition of income before income taxes.

Normalized net income was $16 million ($0.06 per share) for the second quarter of 2023, compared to $40 million ($0.14 per share) for the same quarter of 2022. The decrease was mainly due to the same previously referenced factors impacting normalized EBITDA, higher interest expense, higher depreciation expense, and lower foreign exchange gains, partially offset by lower net income applicable to non-controlling interests, lower normalized income tax expense, and lower preferred share dividends. Normalizing items in the second quarter of 2023 decreased normalized net income by $117 million and included after-tax amounts related to gains on sale of assets, transaction costs related to acquisitions and dispositions, unrealized gains on risk management contracts, CEO transition costs, and the settlement of the Canadian defined benefit pension plan. Normalizing items in the second quarter of 2022 increased normalized net income by $5 million and included after-tax amounts for transaction costs related to acquisitions and dispositions, non-controlling interest portion of non-GAAP adjustments, gains on sale of assets, and unrealized losses on risk management contracts. Please refer to the *Non-GAAP Financial Measures* section of this MD&A for further details on normalization adjustments.

Six Months Ended June 30

Normalized EBITDA for the first half of 2023 was $821 million, compared to $850 million for the same period in 2022. There were several positive and negative contributors underpinning the year-over-year variance. Factors positively impacting normalized EBITDA included year-over-year tolling and processing volume growth as well as higher Asian-to-North American propane spreads within the global exports business, the favourable resolution of certain commercial disputes and contingencies, the impact of the 2022 Virginia rate case, the gain resulting from the partial debt defeasance associated with the Alaska Utilities Disposition (please refer to Note 9 of the unaudited condensed interim Consolidated Financial Statements as at and for the three and six months ended June 30, 2023 for further details), higher power margins from WGL's retail marketing business, higher revenue from accelerated pipe replacement program spend, higher power revenue at Harmattan primarily due to higher power prices, AFUDC at MVP as a result of the resumption of construction activities in June 2023, and the impact of ongoing asset investments on behalf of utilities customers across the network. Factors negatively impacting AltaGas' normalized EBITDA in the first half of 2023 included lower gas margins from WGL's retail business including swap timing, lower realized butane margins in the global export business, lower marketing margins and volumes, the impact of the Alaska Utilities Disposition in the first quarter of 2023, the impact of the sale of AltaGas' interest in the Aitken Creek processing facilities in the second quarter of 2022, the impact of wildfires, warmer weather in Michigan and the District of Columbia where the Utilities do not have weather normalization, and higher overall operating and administrative expenses. In the first half of 2023, the average Canadian/U.S. dollar exchange rate increased to 1.35 from an average of 1.27 in the same period of 2022, resulting in an increase in normalized EBITDA of approximately $29 million.

Income before income taxes for the first half of 2023 was $802 million, compared to $590 million for the same period in 2022. The increase was mainly due to the gain on the Alaska Utilities Disposition, additional proceeds received due to contract contingencies on the sale of an energy storage development project in Goleta, California (Goleta) in the first quarter of 2022, and higher unrealized gains on risk management contracts, partially offset by higher interest expense, the same previously referenced factors impacting normalized EBITDA, higher transaction costs related to acquisitions and dispositions, costs related to the CEO transition, and higher depreciation and amortization expense. Net income applicable to common shares for the first half of 2023 was $578 million ($2.05 per share), compared to $393 million ($1.40 per share) for the same period in 2022. The increase was mainly due to the same previously referenced factors impacting income before income taxes, lower net income applicable to non-controlling interests, the absence of the loss on the redemption of preferred shares in the first quarter of 2022, and lower preferred share dividends.

Normalized funds from operations for the first half of 2023 was $610 million ($2.16 per share), compared to $662 million ($2.36 per share) for the same period in 2022. The decrease was mainly due to the same factors impacting normalized EBITDA and higher interest expense, partially offset by lower normalized current income tax expense.

Cash from operations for the first half of 2023 was $964 million ($3.42 per share), compared to $1,211 million ($4.31 per share) for the same period in 2022. The decrease was mainly due to lower net income after taxes after adjusting for non-cash items as well as unfavourable variances in the net change in operating assets and liabilities, primarily as a result of fluctuations in commodity prices and sales volumes. Please refer to the *Liquidity* section of this MD&A for further details on the variance in cash from operations.

In the first half of 2023, AltaGas recorded pre-tax gains on dispositions of assets of approximately $319 million which was primarily due to the gain on the Alaska Utilities Disposition, additional proceeds received for the favourable settlement of contract contingencies related to the sale of Goleta, and the previously mentioned Meade escrow proceeds in the second quarter of 2023. In the first half of 2022, AltaGas recorded pre-tax gains on dispositions of assets of approximately $6 million related to the previously mentioned sale of Goleta and the previously mentioned dispositions in the second quarter of 2022.

Operating and administrative expenses for the first half of 2023 were $774 million, compared to $758 million for the same period in 2022. The increase was due to a number of factors, including higher expenses at the Utilities, partially offset by the impact of the Alaska Utilities Disposition and the resolution of select commercial disputes and contingencies. Depreciation and amortization expense for the first half of 2023 was $223 million, compared to $221 million for the same period in 2022. The slight increase was mainly due to new assets placed in-service, partially offset by the impact of the Alaska Utilities Disposition. Interest expense for the first half of 2023 was $198 million, compared to $146 million for the same period in 2022. The increase was predominantly due to $10 million of interest relating to the subordinated hybrid notes issued in August 2022, higher average interest rates, higher average debt balances, and a higher average Canadian/U.S. dollar exchange rate. For the six months ended June 30, 2023, AltaGas recorded total interest expense of $17 million on the subordinated hybrid notes.

AltaGas recorded income tax expense of $202 million for the first half of 2023, compared to $124 million in the same period of 2022. The increase in tax expense was mainly due to higher income before income taxes and the tax impact of the Alaska Utilities Disposition. Current tax expense of approximately $39 million was recorded in the first half of 2023, compared to current tax expense of $43 million recorded in the same period of 2022. The decrease in current tax expense was mainly due to the composition of income before income taxes, partially offset by the tax impact of the Alaska Utilities Disposition in the first quarter of 2023.

Normalized net income was $293 million ($1.04 per share) for the first half of 2023, compared to $325 million ($1.16 per share) for the same period in 2022. The decrease was mainly due to higher interest expense and the same previously referenced factors impacting normalized EBITDA, partially offset by lower net income applicable to non-controlling interests, lower normalized income tax expense, and lower preferred share dividends. Normalizing items in the first half of 2023 reduced normalized net income by $285 million and included after-tax amounts related to unrealized gains on risk management contracts, transaction costs related to acquisitions and dispositions, CEO transition costs, the settlement of the Canadian defined benefit pension plan, and gains on sale of assets. Normalizing items in the first half of 2022 reduced normalized net income by $68 million and included after-tax amounts related to unrealized gains on risk management contracts, transaction costs related to acquisitions and dispositions, non-controlling interest portion of non-GAAP adjustments, loss on redemption preferred shares, and gains on sale of assets. Please refer to the *Non-GAAP Financial Measures* section of this MD&A for further details on normalization adjustments.

2023 Outlook

In 2023, AltaGas expects to achieve annual consolidated normalized EBITDA of approximately $1.5 to $1.6 billion compared to actual normalized EBITDA of $1.54 billion in 2022, and normalized earnings of approximately $1.85 to $2.05 per share compared to actual normalized earnings per share and net income per share of $1.89 per share and $1.42 per share, respectively in 2022, assuming an effective tax rate of approximately 22 percent. For the year ended December 31, 2022, income before income taxes and net income applicable to common shares were $716 million and $399 million, respectively.

The Utilities segment is expected to contribute approximately 55 to 60 percent of normalized EBITDA, with growth driven primarily by revenue growth from the Virginia rate case, continued rate base growth through ongoing capital investments in accelerated pipe replacement programs on behalf of AltaGas' customers, and modest customer growth, partially offset by the impact of the Alaska Utilities Disposition, lower realized margins from the asset optimization business, and lower natural gas margins from WGL's retail marketing business. Midstream segment earnings are expected to contribute approximately 40 to 45 percent of normalized EBITDA, with expected growth driven by higher expected global export margins, higher volumes and asset utilization at AltaGas' Northeastern B.C. (NEBC) facilities, and higher crude marketing margins and revenues. These positive factors are expected to be partially offset by the full year impact of the Aitken Creek processing facilities disposition in 2022, lower fractionation spreads, and the absence of turnaround costs which were recovered from customers and recognized in income in 2022. Normalized EBITDA from the Corporate/Other segment, which includes AltaGas' remaining power assets, is expected to be higher in 2023 mainly due to lower general and administrative expenses.

The expected variance in normalized earnings per share from $1.89 per share in 2022 to approximately $1.85 to $2.05 per share in 2023 is expected to be primarily due to the same factors impacting normalized EBITDA, lower expected income applicable to non-controlling interests, and lower expected preferred share dividends, partially offset by higher expected interest expense and depreciation and amortization expense.

The forecasted normalized EBITDA and earnings per share include assumptions around the Canadian/U.S. dollar exchange rate. Within each segment, the performance of the underlying businesses has the potential to vary. Any variance from AltaGas' current assumptions could impact the forecasted normalized EBITDA and normalized earnings per share. Please refer to the *Risk Management* section of this MD&A for further discussions of the risks impacting AltaGas.

AltaGas continues to focus on de-risking its business and managing direct commodity price exposure to drive predictable and durable returns. While the Company does have exposure, it plans to maintain an active hedging program that proactively hedges commodity price and spread risk to mitigate the impact of fluctuations in margins and cash flows. For the remainder of 2023, AltaGas has hedged approximately 85 percent of its expected frac exposed volumes hedged at approximately US$27/Bbl, prior to transportation costs. In addition, approximately 77 percent of AltaGas' expected export volumes for the remainder of 2023 are either tolled or financially hedged with an average FEI to North American financial hedge price of approximately US$15/Bbl for non-tolled propane and butane volumes. AltaGas is targeting to be highly hedged for the global export business through a combination of tolling agreements and financial hedges.

Midstream Hedge Program	Q3 2023	Q4 2023	Remainder of 2023
Global Exports volumes hedged (%) (1)	93	59	77
Average propane/butane FEI to North America average hedge (US$/Bbl) (2)	13.80	16.84	15.32
Fractionation volumes hedged (%) (3)	92	76	85
Frac spread hedge rate (US$/Bbl) (3)	27.33	26.83	27.08

(1) Approximate expected volumes hedged. Includes contracted tolling volumes and financial hedges. Based on AltaGas' internally assumed export volumes. AltaGas is hedged at a higher percentage for firmly committed volumes.
(2) Approximate average for the period. Does not include physical differential to FSK for C3 volumes. Butane is hedged as a percentage of WTI.
(3) Approximate average for the period.

Sensitivity Analysis

AltaGas' financial performance is affected by factors such as changes in commodity prices, exchange rates, and weather. The following table illustrates the approximate effect of these key variables on AltaGas' expected normalized EBITDA for 2023:

Factor	Increase or decrease	Approximate impact on normalized annual EBITDA *($ millions)*
Degree day variance from normal - Utilities (1)	5 percent	8
Change in Canadian dollar per U.S. dollar exchange rate	0.05	18
Propane and butane Far East Index to Mont Belvieu spreads (2)	US$1/Bbl	6
Pension discount rate	1 percent	18

(1) Degree days – Utilities relate to SEMCO Gas and District of Columbia service areas. Degree days are 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 the average of degree days during the prior 15 years for SEMCO Gas and during the prior 30 years for Washington Gas.
(2) The sensitivity is net of hedges currently in place. The impact on normalized EBITDA due to changes in the spread will vary and is being managed through an active hedging program.

Growth Capital

Based on projects currently under review, development, or construction, AltaGas expects invested capital of approximately $1.0 billion in 2023, including approximately $90 million of discretionary Midstream capital which was deferred from 2022 to 2023, compared to invested capital of $1.2 billion in 2022. The decrease in expected invested capital in 2023 compared to 2022 is primarily due to the absence of cash paid to purchase the remaining equity ownership of Petrogas in the third quarter of 2022, the absence of capital expenditures related to the Alaskan Utilities due to its divestiture in the first quarter of 2023, and lower spend on system betterment at Washington Gas, partially offset by the previously mentioned deferral of certain discretionary Midstream capital to 2023, higher spend on accelerated pipe replacement programs, growth capital projects in the Midstream segment, including REEF, and higher spend on environmental initiatives. The majority of 2023 capital expenditures are expected to focus on projects within the Utilities platform that are anticipated to deliver strong organic rate base growth, positive risk-adjusted returns, and safe, reliable service for customers. The Utilities segment is expected to account for approximately 73 percent of total capital expenditures, while the Midstream segment is expected to account for approximately 25 percent and the Corporate/Other segment is expected to account for any remainder. In 2023, AltaGas' capital expenditures for the Utilities segment will focus primarily on maintenance, safety, and reliability programs including system betterment, accelerated pipe replacement programs, and customer additions. In the Midstream segment, capital expenditures are anticipated to primarily relate to new business development, maintenance and administrative capital, optimization of existing assets, investment in environmental initiatives, and facility turnarounds. The Corporation continues to focus on capital efficient organic growth and disciplined capital allocation while improving balance sheet strength and flexibility.

AltaGas' 2023 committed capital program is expected to be funded through internally-generated cash flow, asset sales including the Alaska Utilities Disposition, and normal course borrowings on existing committed credit facilities.

Please refer to the *Invested Capital* and *Non-GAAP Financial Measures* sections of this MD&A for additional information on the components of AltaGas' invested capital.

Growth Capital Project Updates

The following table summarizes the status of AltaGas' significant growth projects:

Project	AltaGas' Ownership Interest	Estimated Cost [(1)]	Expenditures to Date [(2)]	Status	Expected In-Service Date
Midstream Projects					
Ridley Island Energy Export Facility	50%	Currently undergoing FEED and cost estimations.	$28 million (net of partner recoveries)	AltaGas and its partner, Vopak Development Canada Holdings Inc., have agreed to further evaluate development of REEF, a large-scale LPG and bulk liquids terminal and marine infrastructure on Ridley Island, British Columbia. The project is located adjacent to the existing RIPET facility near Prince Rupert, British Columbia. Should REEF reach a positive final investment decision, it is planned to be developed and brought online in phases. This approach will provide the most capital efficient build out of the project, match energy export supply with throughput capacity, mitigate the challenges that a large development project can have on the local community, and provide local construction and employment opportunities that would extend over longer time horizons. AltaGas has executed a long-term commercial agreement with the joint venture for 100 percent of the capacity for the first phase (98,000 CBM) of LPG volumes, subject to a positive FID, where AltaGas will also be responsible for the construction and operational stewardship of the facility. Future phases of the project may be developed as additional long-term commercial and critical milestones are executed and the project can deliver the maximum value for all stakeholders. AltaGas will hold a 50 percent working interest in the project. If a positive initial FID is made, Phase 1 is anticipated to include construction of a new deep water marine jetty with significant capacity for potential future phases.	Currently undergoing FEED and evaluating an in-service date.
Harmattan Carbon Capture and Acid Gas Injection Well	100%	$43 million	$34 million	AltaGas is currently advancing an opportunity to capture up to 60,000 tonnes/year of carbon emissions at Harmattan. The project involves decommissioning Harmattan's existing sulfur plant, which significantly reduces the facility's operational complexity and extends the facility's turnaround cycle from 4 years to 5 years, which is expected to result in cost savings. Phase 1 of this project, which involves drilling an acid gas injection well, has been completed.	Fourth quarter of 2023

Project	AltaGas' Ownership Interest	Estimated Cost (1)	Expenditures to Date (2)	Status	Expected In-Service Date
Midstream Projects, continued					
Mountain Valley Pipeline (MVP)	10%	US$352 million	US$352 million	On June 3, 2023, the U.S. Fiscal Responsibility Act of 2023 (FRA) was signed into law. The FRA included legislation specific to MVP that approved and authorized all permits necessary to complete construction of the pipeline and commence operation. The legislation also divests courts of jurisdiction to review agency actions on approvals necessary for MVP's construction and initial operation. On June 8, 2023, the West Virginia Department of Environmental Protection re-issued a Section 401 water quality certification that was previously vacated by the U.S. Fourth Circuit Court of Appeals. On June 23, 2023, the U.S. Army Corps of Engineers issued a 404 individual water permit, authorizing all remaining open-cut water body crossings. On June 28, 2023, FERC approved MVP's request to move forward with all remaining construction activities. On July 10 and 11, 2023, the U.S. Fourth Circuit Court of Appeals issued stays halting the construction of the pipeline while it considers the arguments of petitions. On July 14, 2023, MVP filed an emergency application with the U.S. Supreme Court requesting the stays issued by the Fourth Circuit Court be vacated. If the stay orders are not promptly reversed, it would jeopardize MVP's ability to complete construction by year-end 2023. The total project costs are expected to be US$6.6 billion. As of June 30, 2023, approximately 94 percent of the project is complete, which includes construction of all original interconnects and compressor stations. AltaGas' exposure is contractually capped to the original estimated contributions of approximately US$352 million. In the fourth quarter of 2021, AltaGas impaired its equity investment in MVP to its original carrying value of US$352 million as a result of ongoing legal and regulatory challenges.	By year-end 2023, however if halt of construction activities continues this will be jeopardized.
MVP Southgate Project	5%	US$20 million	US$4 million	MVP continues to evaluate the MVP Southgate project, including engaging in discussions with the shipper regarding options for the project and potential changes to the project design and timing in lieu of pursuing the project as originally contemplated. In the fourth quarter of 2021, AltaGas impaired its equity investment in the MVP Southgate project to a carrying value of $nil as a result of these ongoing legal and regulatory challenges.	Completion date under review.

Project	AltaGas' Ownership Interest	Estimated Cost (1)	Expenditures to Date (2)	Status	Expected In-Service Date
Utilities Projects					
Accelerated Utility Pipe Replacement Programs – ***District of Columbia***	100%	Estimated US$150 million over the three year period from January 2021 to December 2023, plus additional expenditures for subsequent phases upon approval.	US$115 million (3)	On December 22, 2022, Washington Gas filed an application with the Public Service Commission of the District of Columbia (PSC of DC) for PROJECTpipes 3, seeking approval of approximately US$672 million for the five-year period from January 1, 2024 to December 31, 2028. Parties comment to Washington Gas filing was filed on June 16, 2023 and reply comment from Washington Gas was filed July 17, 2023.	Individual assets are placed into service throughout the program.
Accelerated Utility Pipe Replacement Programs – ***Maryland***	100%	Estimated US$350 million over the five year period from January 2019 to December 2023, plus additional expenditures for subsequent phases upon approval.	US$312 million (3)	The second phase of the accelerated utility pipe replacement programs in Maryland (STRIDE 2.0) ends in December 2023. Beginning in March 2022, the PSC of MD has issued orders reducing the STRIDE surcharge for 2022 and 2023 by 14.7 percent each year. Recovery of STRIDE expenditures not included in this surcharge will be requested through the normal rate-making process. On June 16, 2023, Washington Gas filed an application with the PSC of MD for the third phase of its modernization ARP program, seeking approval for approximately US$495 million of modernization investments on behalf of customers over the five-year period from January 1, 2024 to December 31, 2028.	Individual assets are placed into service throughout the program.
Accelerated Utility Pipe Replacement Programs – ***Virginia***	100%	Estimated US$878 million over the five year period from January 2023 to December 2027, plus additional expenditures for subsequent phases upon approval.	US$66 million (3)	On May 26, 2022, the Commonwealth of Virginia State Corporation Commission (SCC of VA) approved Washington Gas' proposed amendment for the 2023 to 2027 SAVE Plan with a total five-year spending cap of approximately US$878 million, which may be exceeded by up to 5 percent.	Individual assets are placed into service throughout the program.
Accelerated Mains Replacement and Infrastructure Reliability Improvement Programs – ***Michigan***	100%	Estimated US$115 million over five year period from 2021 to 2025, plus additional expenditures for subsequent phases upon approval.	US$51 million (3)	A new Main Replacement Program (MRP) was agreed to in SEMCO's last rate case settled in December 2019. The new five-year MRP program began in 2021 with a total spend of approximately US$60 million. In addition to the new MRP program, SEMCO was also granted a new Infrastructure Reliability Improvement Program (IRIP), which is also a five-year program with a total spend of approximately US$55 million beginning in 2021.	Individual assets are placed into service throughout the program.

(1) These amounts are estimates and are subject to change based on various factors. Where appropriate, the amounts reflect AltaGas' share of the various projects.

(2) Expenditures to date reflect total cumulative capital expenditures incurred from inception of the project's current phase to June 30, 2023.

(3) The utility accelerated replacement programs are long-term projects with multiple phases for which expenditures are approved by the regulators and managed in multi-year increments. Expenditures to date only include amounts for the current programs described above, and exclude any expenditures made under prior increments of the programs. Actual regulatory filings may differ from reported amounts.

Non-GAAP Financial Measures

This MD&A contains references to certain financial measures used by AltaGas that do not have a standardized meaning prescribed by GAAP and may not be comparable to similar measures presented by other entities. Readers are cautioned that these non-GAAP measures should not be construed as alternatives to other measures of financial performance calculated in accordance with GAAP. The non-GAAP measures and their reconciliation to GAAP financial measures are shown below. These non-GAAP measures provide additional information that Management believes is meaningful in describing AltaGas' operational performance, liquidity and capacity to fund dividends, capital expenditures, and other investing activities. The specific rationale for, and incremental information associated with, each non-GAAP measure is discussed below.

References to normalized EBITDA, normalized net income, normalized funds from operations, normalized income tax expense, normalized effective income tax rate, net debt, and net debt to total capitalization, invested capital, and net invested capital throughout this MD&A have the meanings as set out in this section.

Change in Composition of Non-GAAP Measures

In the third quarter of 2022, Management changed the composition of certain of AltaGas' non-GAAP measures such that adjustments for acquired contingencies are no longer included as normalization adjustments. This change was made as a result of Management's assessment that these contingencies are of a recurring and ongoing nature, and as such, the more appropriate methodology is to align the non-GAAP treatment of these costs and recoveries with the GAAP accounting treatment. Prior period calculations of the relevant non-GAAP measures have been restated to reflect this change. The following table summarizes the impact of this change on the periods presented in this MD&A.

Increase (decrease) as result of change	Three Months Ended June 30		Six Months Ended June 30	
($ millions, except where noted)	**2023**	2022	**2023**	2022
Normalized EBITDA	**$ —**	$ 30	**$ —**	$ 30
Normalized net income [1]	**$ —**	$ 17	**$ —**	$ 17
Normalized funds from operations [1]	**$ —**	$ 30	**$ —**	$ 30
Normalized income tax expense	**$ —**	$ 6	**$ —**	$ 6
Normalized effective tax rate (%)	**— %**	(1.2)%	**— %**	(0.1)%

(1) Corresponding per share amounts have also been adjusted.

Normalized EBITDA

		Three Months Ended June 30		Six Months Ended June 30	
($ millions)		**2023**	2022	**2023**	2022
Income before income taxes (GAAP financial measure)		**$ 182**	$ 85	**$ 802**	$ 590
Add:					
Depreciation and amortization		**112**	108	**223**	221
Interest expense		**93**	76	**198**	146
EBITDA		**$ 387**	$ 269	**$ 1,223**	$ 957
Add (deduct):					
Transaction costs related to acquisitions and dispositions (1)		**4**	2	**20**	2
Unrealized losses (gains) on risk management contracts (2)		**(150)**	5	**(115)**	(104)
Losses (gains) on sale of assets (3)		**(11)**	1	**(319)**	(6)
CEO transition (4)		**5**	—	**5**	—
Settlement of pension plan (5)		**2**	—	**2**	—
Accretion expenses		**2**	2	**5**	3
Foreign exchange gains		**—**	(3)	**—**	(2)
Normalized EBITDA		**$ 239**	$ 276	**$ 821**	$ 850

(1) Comprised of transaction costs related to acquisitions and dispositions of assets and/or equity investments in the period. These costs are included in the "cost of sales" and "operating and administrative" line items on the Consolidated Statements of Income. Transaction costs include expenses, such as legal fees, which are directly attributable to the acquisition or disposition. As noted on page 16 of this MD&A, in the third quarter of 2022 AltaGas changed its non-GAAP policy to remove the normalization of acquisition related contingencies. The amounts presented in this table reflect the restated figures to align with the revised policy. Please refer to Note 3 of the unaudited condensed interim Consolidated Financial Statements as at and for the three and six months ended June 30, 2023 for further details regarding AltaGas' disposition of assets in the period.

(2) Included in the “revenue” and “cost of sales” line items on the Consolidated Statements of Income. Please refer to Note 13 of the unaudited condensed interim Consolidated Financial Statements as at and for the three and six months ended June 30, 2023 for further details regarding AltaGas' risk management activities.

(3) Included in the “other income” line item on the Consolidated Statements of Income. Please refer to Note 3 of the unaudited condensed interim Consolidated Financial Statements as at and for the three and six months ended June 30, 2023 for further details regarding AltaGas' disposition of assets in the period.

(4) Comprised of costs related to the transition of AltaGas' CEO. These costs are included in the "operating and administrative" line items on the Consolidated Statements of Income.

(5) Relates to the completion of the wind-up of the Canadian defined benefit pension plan in the second quarter of 2023. The settlement charge is included in the "other income" line on the Consolidated Statements of Income. Please refer to Note 18 of the unaudited condensed interim Consolidated Financial Statements as at and for the three and six months ended June 30, 2023 for further details regarding the wind-up of the pension plan.

EBITDA is a measure of AltaGas' operating profitability prior to how business activities are financed, assets are amortized, or earnings are taxed. EBITDA is calculated from the Consolidated Statements of Income using income before income taxes adjusted for pre-tax depreciation and amortization, and interest expense.

AltaGas presents normalized EBITDA as a supplemental measure. Normalized EBITDA is used by Management to enhance the understanding of AltaGas' earnings over periods, as well as for budgeting and compensation related purposes. The metric is frequently used by analysts and investors in the evaluation of entities within the industry as it excludes items that can vary substantially between entities depending on the accounting policies chosen, the book value of assets, and the capital structure.

Normalized Net Income

	Three Months Ended June 30		Six Months Ended June 30	
($ millions)	**2023**	2022	**2023**	2022
Net income applicable to common shares (GAAP financial measure)	**$ 133**	$ 35	**$ 578**	$ 393
Add (deduct) after-tax:				
Transaction costs related to acquisitions and dispositions (1)	**2**	1	**15**	1
Unrealized losses (gains) on risk management contracts (2)	**(116)**	5	**(89)**	(76)
Non-controlling interest portion of non-GAAP adjustments (3)	**—**	1	**—**	4
Gains on sale of assets (4)	**(9)**	(2)	**(217)**	(7)
CEO transition (5)	**4**	—	**4**	—
Loss on redemption of preferred shares (6)	**—**	—	**—**	10
Settlement of pension plan (7)	**2**	—	**2**	—
Normalized net income	**$ 16**	$ 40	**$ 293**	$ 325

(1) Comprised of transaction costs related to acquisitions and dispositions of assets and/or equity investments in the period. The pre-tax costs are included in the "cost of sales" and "operating and administrative" line items on the Consolidated Statements of Income. Transaction costs include expenses, such as legal fees, which are directly attributable to the acquisition or disposition. As noted on page 16 of this MD&A, in the third quarter of 2022 AltaGas changed its non-GAAP policy to remove the normalization of acquisition related contingencies. The amounts presented in this table reflect the restated figures to align with the revised policy. Please refer to Note 3 of the unaudited condensed interim Consolidated Financial Statements as at and for the three and six months ended June 30, 2023 for further details regarding AltaGas' disposition of assets in the period.

(2) The pre-tax amounts are included in the "revenue" and "cost of sales" line items on the Consolidated Statements of Income. Please refer to Note 13 of the unaudited condensed interim Consolidated Financial Statements as at and for the three and six months ended June 30, 2023 for further details regarding AltaGas' risk management activities.

(3) The portion of non-GAAP adjustments applicable to non-controlling interests are excluded in the computation of normalized net income to ensure consistency of normalizations applied to controlling and non-controlling interests. These amounts are included in the "net income applicable to non-controlling interests" line item on the Consolidated Statements of Income. As noted on page 16 of this MD&A, in the third quarter of 2022 AltaGas changed its non-GAAP policy to remove the normalization of acquisition related contingencies. This includes the associated impact to the portion applicable to non-controlling interests. The amounts presented in this table reflect the restated figures to align with the revised policy.

(4) The pre-tax amounts are included in the "other income" line item on the Consolidated Statements of Income. Please refer to Note 3 of the unaudited condensed interim Consolidated Financial Statements as at and for the three and six months ended June 30, 2023 for further details regarding AltaGas' disposition of assets in the period.

(5) Comprised of costs related to the transition of AltaGas' CEO. The pre-tax costs are included in the "operating and administrative" line items on the Consolidated Statements of Income.

(6) Comprised of the loss on the redemption of Series K Preferred Shares on March 31, 2022. The loss on redemption of preferred shares is recorded on the "loss of redemption of preferred shares" line on the Consolidated Statements of Income.

(7) Relates to the completion of the wind-up of the Canadian defined benefit pension plan in the second quarter of 2023. The settlement charge is included in the "other income" line on the Consolidated Statements of Income. Please refer to Note 18 of the unaudited condensed interim Consolidated Financial Statements as at and for the three and six months ended June 30, 2023 for further details regarding the wind-up of the pension plan.

Normalized net income and normalized net income per share are used by Management to enhance the comparability of AltaGas' earnings, as these metrics reflect the underlying performance of AltaGas' business activities.

Normalized Funds from Operations

		Three Months Ended June 30		Six Months Ended June 30	
($ millions)		**2023**	2022	**2023**	2022
Cash from operations (GAAP financial measure)	**$**	**373**	$ 527	**$ 964**	$ 1,211
Add (deduct):					
Net change in operating assets and liabilities		**(231)**	(328)	**(422)**	(553)
Asset retirement obligations settled		**3**	1	**5**	3
Funds from operations	**$**	**145**	$ 200	**$ 547**	$ 661
Add (deduct):					
Transaction costs related to acquisitions and dispositions (1)		**4**	2	**20**	2
CEO transition (2)		**5**	—	**5**	—
Current tax expense (recovery) on asset sales (3)		**(4)**	(2)	**38**	(1)
Normalized funds from operations	**$**	**150**	$ 200	**$ 610**	$ 662

(1) Comprised of costs related to acquisitions and dispositions of assets and/or equity investments in the period. These costs exclude any non-cash amounts and are included in the "cost of sales" and "operating and administrative" line items on the Consolidated Statements of Income. Transaction costs include expenses, such as legal fees, which are directly attributable to the acquisition or disposition. As noted on page 16 of this MD&A, in the third quarter of 2022 AltaGas changed its non-GAAP policy to remove the normalization of acquisition related contingencies. The amounts presented in this table reflect the restated figures to align with the revised policy. Please refer to Note 3 of the unaudited condensed interim Consolidated Financial Statements as at and for the three and six months ended June 30, 2023 for further details regarding AltaGas' disposition of assets in the period.

(2) Comprised of costs related to the transition of AltaGas' CEO. These costs are included in the "operating and administrative" line items on the Consolidated Statements of Income.

(3) Included in the "current income tax expense (recovery)" line item on the Consolidated Statements of Income.

Normalized funds from operations and funds from operations are used to assist Management and investors in analyzing the liquidity of the Corporation. Management uses these measures to understand the ability to generate funds for capital investments, debt repayment, dividend payments, and other investing activities.

Funds from operations and normalized funds from operations as presented should not be viewed as an alternative to cash from operations or other cash flow measures calculated in accordance with GAAP.

Normalized Income Tax Expense

		Three Months Ended June 30		Six Months Ended June 30	
($ millions)		**2023**	2022	**2023**	2022
Income tax expense (GAAP financial measure)	**$**	**38**	$ 17	**$ 202**	$ 124
Add (deduct) tax impact of:					
Transaction costs related to acquisitions and dispositions (1)		**2**	1	**5**	1
Unrealized gains on risk management contracts		**(34)**	—	**(26)**	(28)
Losses (gains) on sale of assets		**(2)**	3	**(102)**	1
CEO transition (2)		**1**	—	**1**	—
Normalized income tax expense	**$**	**5**	$ 21	**$ 80**	$ 98

(1) As noted on page 16 of this MD&A, in the third quarter of 2022 AltaGas changed its non-GAAP policy to remove the normalization of acquisition related contingencies. The amounts presented in this table reflect the restated figures to align with the revised policy.

(2) Comprised of costs related to the transition of AltaGas' CEO.

The above table provides a reconciliation of normalized income tax expense from the GAAP financial measure, income tax expense. The reconciling items are comprised of the income tax impacts of normalizing items present in the calculation of normalized net income. For more information on the individual normalizing items, please refer to the normalized net income reconciliation above.

Normalized income tax expense is used by Management to enhance the comparability of the impact of income tax on AltaGas' earnings, as it reflects the underlying performance of AltaGas' business activities, and is presented to provide this perspective to analysts and investors.

Net Debt and Net Debt to Total Capitalization

Net debt and net debt to total capitalization are used by the Corporation to monitor its capital structure and financing requirements. It is also used as a measure of the Corporation's overall financial strength and is presented to provide this perspective to analysts and investors. Net debt is defined as short-term debt, plus current and long-term portions of long-term debt and subordinated hybrid notes, less cash and cash equivalents. Total capitalization is defined as net debt plus shareholders' equity and non-controlling interests. Additional information regarding these non-GAAP measures can be found under the *Capital Resources* section of this MD&A.

Invested Capital and Net Invested Capital

	Three Months Ended June 30		Six Months Ended June 30	
($ millions)	**2023**	2022	**2023**	2022
Cash used in (from) investing activities (GAAP financial measure)	**$ 231**	$ (31)	**$ (638)**	$ 128
Add (deduct):				
Net change in non-cash capital expenditures (1)	**(7)**	40	**(35)**	3
Net invested capital	**$ 224**	$ 9	**$ (673)**	$ 131
Asset dispositions	**—**	225	**1,072**	245
Invested capital	**$ 224**	$ 234	**$ 399**	$ 376

(1) Comprised of non-cash capital expenditures included in the "accounts payable and accrued liabilities" line item on the Consolidated Balance Sheets. Please refer to Note 19 of the unaudited condensed interim Consolidated Financial Statements as at and for the three and six months ended June 30, 2023 for further details.

Invested capital is a measure of AltaGas' use of funds for capital expenditure activities. It includes expenditures relating to property, plant, and equipment and intangible assets, capital contributed to long term investments, and contributions from non-controlling interests. Net invested capital is invested capital presented net of any proceeds from disposals of assets and equity investments in the period. Net invested capital is calculated based on the investing activities section in the Consolidated Statements of Cash Flows, adjusted for items such as non-cash capital expenditures, AFUDC, and contributions from non-controlling interests. Invested capital and net invested capital are used by Management, investors, and analysts to enhance the understanding of AltaGas' capital expenditures from period to period and provide additional detail on the Company's use of capital.

Supplemental Calculations

Reconciliation of Normalized EBITDA to Normalized Net Income

The below table provides a supplemental reconciliation of normalized EBITDA to normalized net income. Both of these non-GAAP measures have been previously reconciled to the relevant GAAP financial measures in the section above. This supplemental information is provided as additional information to assist analysts and investors in comparing normalized EBITDA to normalized net income and is not intended as a substitute for the reconciliations to the nearest comparable GAAP measures. Readers should not place undue reliance on this supplemental reconciliation.

	Three Months Ended June 30		Six Months Ended June 30	
($ millions)	**2023**	2022	**2023**	2022
Normalized EBITDA [(1)]	**$ 239**	$ 276	**$ 821**	$ 850
Add (deduct):				
Depreciation and amortization	**(112)**	(108)	**(223)**	(221)
Interest expense	**(93)**	(76)	**(198)**	(146)
Income tax expense	**(38)**	(17)	**(202)**	(124)
Normalizing items impacting income taxes [(1)(2)]	**33**	(4)	**122**	26
Accretion expenses	**(2)**	(2)	**(5)**	(3)
Foreign exchange gains	**—**	3	**—**	2
Non-controlling interest portion of non-GAAP adjustments [(3)]	**—**	1	**—**	4
Net income applicable to non-controlling interests	**(4)**	(23)	**(9)**	(40)
Preferred share dividends	**(7)**	(10)	**(13)**	(23)
Normalized net income [(1)]	**$ 16**	$ 40	**$ 293**	$ 325

(1) As noted on page 16 of this MD&A, in the third quarter of 2022 AltaGas changed its non-GAAP policy to remove the normalization of acquisition related contingencies. The amounts presented in this table reflect the restated figures to align with the revised policy.

(2) Represents the income tax impact related to the normalizing items included in the calculation of Normalized EBITDA.

(3) The portion of non-GAAP adjustments applicable to non-controlling interests are excluded in the computation of normalized net income to ensure consistency of normalizations applied to controlling and non-controlling interests. These amounts are included in the “net income applicable to non-controlling interests” line item on the Consolidated Statements of Income. As noted on page 16 of this MD&A, in the third quarter of 2022 AltaGas changed its non-GAAP policy to remove the normalization of acquisition related contingencies. This includes the associated impact to the portion applicable to non-controlling interests. The amounts presented in this table reflect the restated figures to align with the revised policy.

Calculation of Normalized Effective Income Tax Rate

The below table provides a calculation of normalized effective income tax rate from normalized net income and normalized income tax expense. Both of these non-GAAP measures have been previously reconciled to the relevant GAAP measures in the section above. This supplemental calculation is provided as additional information to assist analysts and investors in comparing normalized income tax expense to normalized net income and is not intended as a substitute for the reconciliations to the nearest comparable GAAP measures. Readers should not place undue reliance on this supplemental calculation.

	Three Months Ended June 30		Six Months Ended June 30	
($ millions, except normalized effective income tax rate)	**2023**	2022	**2023**	2022
Normalized net income [1]	**$ 16**	$ 40	**$ 293**	$ 325
Add (deduct):				
Normalized income tax expense [1][2]	**5**	21	**80**	98
Net income applicable to non-controlling interests	**4**	23	**9**	40
Non-controlling interest portion of non-GAAP adjustments [3]	**—**	(1)	**—**	(4)
Preferred share dividends	**7**	10	**13**	23
Normalized net income before taxes [1]	**$ 32**	$ 93	**$ 395**	$ 482
Normalized effective income tax rate (%) [1][4]	**15.6**	22.6	**20.3**	20.3

(1) As noted on page 16 of this MD&A, in the third quarter of 2022 AltaGas changed its non-GAAP policy to remove the normalization of acquisition related contingencies. The amounts presented in this table reflect the restated figures to align with the revised policy.

(2) Calculated in the section above.

(3) The portion of non-GAAP adjustments applicable to non-controlling interests are excluded in the computation of normalized net income to ensure consistency of normalizations applied to controlling and non-controlling interests. These amounts are included in the "net income applicable to non-controlling interests" line item on the Consolidated Statements of Income. As noted on page 16 of this MD&A, in the third quarter of 2022 AltaGas changed its non-GAAP policy to remove the normalization of acquisition related contingencies. This includes the associated impact to the portion applicable to non-controlling interests. The amounts presented in this table reflect the restated figures to align with the revised policy.

(4) Calculated as normalized income tax expense divided by normalized net income before taxes.

Results of Operations by Reporting Segment

Normalized EBITDA [1] [2]	Three Months Ended June 30		Six Months Ended June 30	
($ millions)	**2023**	2022	**2023**	2022
Utilities	**$ 102**	$ 116	**$ 503**	$ 523
Midstream	**134**	163	**317**	337
Sub-total: Operating Segments	**$ 236**	$ 279	**$ 820**	$ 860
Corporate/Other	**3**	(3)	**1**	(10)
	$ 239	$ 276	**$ 821**	$ 850

(1) Non-GAAP financial measure; see discussion in Non-GAAP Financial Measures section of this MD&A.

(2) In the third quarter of 2022, Management changed AltaGas' non-GAAP policy to remove normalization adjustments relating to acquired contingencies. Prior periods have been restated to reflect this change. Please refer to the Non-GAAP Financial Measures section of this MD&A for additional details.

Income (Loss) Before Income Taxes	Three Months Ended June 30		Six Months Ended June 30	
($ millions)	**2023**	2022	**2023**	2022
Utilities	**$ 105**	$ (9)	**$ 695**	$ 416
Midstream	**181**	181	**320**	341
Sub-total: Operating Segments	**$ 286**	$ 172	**$ 1,015**	$ 757
Corporate/Other	**(104)**	(87)	**(213)**	(167)
	$ 182	$ 85	**$ 802**	$ 590

Revenue	Three Months Ended June 30		Six Months Ended June 30	
($ millions)	**2023**	2022	**2023**	2022
Utilities	**$ 837**	$ 832	**$ 2,772**	$ 2,433
Midstream	**1,774**	2,388	**3,861**	4,659
Sub-total: Operating Segments	**$ 2,611**	$ 3,220	**$ 6,633**	$ 7,092
Corporate/Other	**20**	21	**46**	41
	$ 2,631	$ 3,241	**$ 6,679**	$ 7,133

Utilities

Operating Statistics

	Three Months Ended June 30		Six Months Ended June 30	
	2023	2022	**2023**	2022
Natural gas deliveries - end-use (Bcf) (1)	**15.3**	23.0	**76.7**	97.7
Natural gas deliveries - transportation (Bcf) (1)	**19.5**	26.1	**57.6**	69.8
Service sites (thousands) (2)	**1,553**	1,693	**1,553**	1,693
Degree day variance from normal - SEMCO Gas (%) (3)	**(5.6)**	1.8	**(10.7)**	2.9
Degree day variance from normal - ENSTAR (%) (3)	**n/a**	(9.6)	**(4.9)**	(11.1)
Degree day variance from normal - Washington Gas (%) (3) (4)	**(27.0)**	20.7	**(22.8)**	1.2
Retail energy marketing - gas sales volumes (Mmcf)	**10,623**	10,469	**31,026**	34,106
Retail energy marketing - electricity sales volumes (GWh)	**3,365**	3,123	**6,687**	6,219

(1) Bcf is one billion cubic feet.
(2) Service sites reflect all of the service sites of the utilities, including transportation and non-regulated business lines.
(3) A degree day is a measure of coldness determined daily as the number of degrees the average temperature during the day in question is below 65 degrees Fahrenheit. Degree days for a particular period are determined by adding the degree days incurred during each day of the period. Normal degree days for a particular period are the average of degree days during the prior 15 years for SEMCO Gas, during the prior 10 years for ENSTAR, and during the prior 30 years for Washington Gas. The degree day variance from normal for ENSTAR is for the period prior to the close of the Alaska Utilities Disposition on March 1, 2023.
(4) In certain of Washington Gas' jurisdictions (Virginia and Maryland) there are billing mechanisms in place which are designed to eliminate the effects of variance in customer usage caused by weather and other factors such as conservation. In the District of Columbia, there is no weather normalization billing mechanism nor does Washington Gas hedge to offset the effects of weather. As a result, colder or warmer weather will result in variances to financial results.

During the second quarter of 2023, AltaGas' Utilities segment experienced warmer weather at SEMCO and Washington Gas compared to the same quarter of 2022.

During the first half of 2023, AltaGas' Utilities segment experienced warmer weather at SEMCO and Washington Gas, and colder weather at ENSTAR prior to the close of the Alaska Utilities Disposition compared to the same period in 2022.

Service sites at June 30, 2023 decreased by approximately 140,000 sites compared to June 30, 2022 primarily due to the impact of the close of the Alaska Utilities Disposition on March 1, 2023.

In the second quarter of 2023, U.S. retail gas sales volumes were 10,623 Mmcf, compared to 10,469 Mmcf in the same quarter of 2022. The increase was primarily due to an increase in commercial customers served by the business compared to the same quarter of 2022. U.S. retail electricity sales volumes were 3,365 GWh in the second quarter of 2023, compared to 3,123 GWh in the same quarter of 2022. The increase was primarily due to an increase in commercial customers served by the business compared to the same quarter of 2022.

In the first half of 2023, U.S. retail gas sales volumes were 31,026 Mmcf, compared to 34,106 Mmcf in the same period in 2022. The decrease was primarily due to significantly warmer weather compared to the same period in 2022. U.S. retail electricity sales volumes were 6,687 GWh in the first half of 2023, compared to 6,219 GWh in the same period in 2022. The increase was primarily due to an increase in commercial customers served by the business.

Three Months Ended June 30

Normalized EBITDA in the Utilities segment was $102 million in the second quarter of 2023, compared to $116 million in the same quarter of 2022. The decrease in normalized EBITDA was mainly due to the impact of the Alaska Utilities Disposition, lower gas margins from WGL's retail marketing business, higher operating and administrative expenses, and warmer weather in Michigan and the District of Columbia where the Utilities do not have weather normalization, partially offset by higher power margins from WGL's retail marketing business, higher revenue from accelerated pipe replacement program spend, the impact of Washington Gas' 2022 Virginia rate case, an impact of approximately $7 million due to movement in foreign exchange rates, and an increase in asset optimization activities at Washington Gas.

The Utilities segment income before income taxes was $105 million in the second quarter of 2023, compared to a loss before income taxes of $9 million in the same quarter of 2022. The increase was mainly due to higher unrealized gains on risk management contracts primarily within the retail marketing business and favourable working capital adjustments related to the Alaska Utilities Disposition, partially offset by the same previously referenced factors impacting normalized EBITDA.

In the second quarter of 2023, the Utilities segment recognized a pre-tax gain on disposition of assets of approximately $10 million due to favourable working capital adjustments related to the Alaska Utilities Disposition.

Six Months Ended June 30

The Utilities segment reported normalized EBITDA of $503 million in the first half of 2023, compared to $523 million in the same period in 2022. The decrease in normalized EBITDA was mainly due to lower gas margins from WGL's retail marketing business, the impact of the Alaska Utilities Disposition, warmer weather in Michigan and the District of Columbia where the Utilities do not have weather normalization, and higher operating and administrative expenses, partially offset by the impact of ongoing investments on behalf of its customers across the network through various accelerated pipe replacement programs, an impact of approximately $34 million due to the change in foreign exchange rates, the impact of Washington Gas' 2022 Virginia rate case, higher power margins from WGL's retail marketing business, the gain resulting from the partial debt defeasance associated with the Alaska Utilities Disposition in the first quarter of 2023, and customer growth.

The Utilities segment income before income taxes was $695 million in the first half of 2023, compared to $416 million in the same period of 2022. The increase was primarily due to the gain on the Alaska Utilities Disposition, partially offset by the same previously referenced factors impacting normalized EBITDA.

In the first half of 2023, the Utilities segment recognized a pre-tax gain on disposition of assets of approximately $304 million due to the gain on the Alaska Utilities Disposition.

Rate Case Updates

Utility/ Jurisdiction	Date Filed	Request	Status	Expected Timing of Decision
Washington Gas - Maryland	May 2023	US$49 million increase in base rates, including US$21 million currently collected through the STRIDE surcharge for system upgrades. Therefore, the incremental amount of the base rate increase requested was approximately US$28 million.	On May 18, 2023, Washington Gas filed an application for authority to increase charges for gas service in Maryland. The requested rates are designed to collect approximately US$49 million in total annual revenues requesting a 10.75 percent return on equity. Of the requested revenue increase, approximately US$21 million represents costs currently collected through the STRIDE surcharge; therefore, the incremental amount of the base rate increase is approximately US$28 million. The PSC of MD has 210 days to consider the application, and a decision is expected around mid-December 2023.	Late 2023.
Washington Gas - District of Columbia	April 2022	US$53 million increase in base rates, including US$5 million currently collected through the PROJECT*pipes* surcharge. Therefore, the incremental amount of the base rate increase requested was approximately US$48 million.	On April 4, 2022, Washington Gas filed an application for authority to increase charges for gas service in the District of Columbia. The requested rates are designed to collect approximately US$53 million in total annual revenues requesting a 10.4 percent rate of return on equity. Of the requested revenue increase, approximately US$5 million represents costs currently collected through the PROJECTpipes surcharge; therefore, the incremental amount of the base rate increase is approximately US$48 million. On June 23, 2023, the PSC of DC amended the procedural schedule. The DC Office of People's Counsel and Intervenor surrebuttal testimony was filed on May 19, 2023, Washington Gas rejoinder testimony was filed on June 28, 2023, and a hearing is tentatively scheduled for September 11, 2023, with briefs to be filed on October 11, 2023. A final decision is expected around the first quarter of 2024.	Timing of decision not yet known; decision could be in the first quarter of 2024.

Utility/ Jurisdiction	Date Filed	Request	Status	Expected Timing of Decision
Washington Gas - Virginia	June 2022	US$48 million increase in base rates, plus the request to transfer an additional US$39 million currently collected in SAVE surcharge into base rates, for a total increase of approximately US$87 million.	On June 29, 2022, Washington Gas filed an application for authority to increase rates in the Commonwealth of Virginia. The requested rates are designed to collect an incremental US$48 million in total annual revenues requesting a 10.75 percent rate of return on equity. In addition to the incremental revenues requested, the base rate increase also includes the transfer of US$39 million in revenues currently collected in the form of a surcharge relating to Washington Gas' SAVE Program. Washington Gas implemented the proposed rates (on an interim basis subject to refund) on the first billing cycle date for December 2022, which was 150 days after its application was filed, as permitted by Virginia law. Intervenors provided their direct testimony on February 10, 2023. The staff testimony was filed on March 10, 2023, Washington Gas' rebuttal testimony was filed on April 7, 2023. On April 23, 2023, Washington Gas, SCC of VA Staff and the Office of the Attorney General filed a proposed stipulation for a settlement that includes a revenue increase of US$73 million and return on equity of 9.65 percent. The evidentiary hearing was held on May 2, 2023, and letters in lieu of briefs were filed on June 9, 2023. On July 17, 2023, the Hearing Examiner report was issued and recommended the SCC of VA approve the proposed stipulation with certain recommendations. Comments on the Hearing Examiner's report are due by August 7, 2023. After comments are filed on the Hearing Examiner's report, the Commission will review.	Timing of decision not yet known. Interim rates went into effect on the first billing cycle for December 2022, subject to refund.

Utility/ Jurisdiction	Date Filed	Request	Status	Expected Timing of Decision
Washington Gas - Maryland	August 2020	US$27 million increase in base rates, including US$6 million currently collected through STRIDE surcharge for system upgrades. Therefore, the incremental amount of the base rate increase requested was approximately US$21 million.	On April 9, 2021, a final order was received from the PSC of MD related to this rate increase application, authorizing Washington Gas to increase its Maryland natural gas distribution rates by approximately US$13 million (including US$6 million currently collected through the STRIDE surcharge), reflecting a return on equity of 9.70 percent. The revenue increase became effective on March 26, 2021. On May 14, 2021, the Maryland Office of People's Counsel (MD OPC) filed a petition for re-hearing of the PSC of MD's finding on merger synergy savings and certain rate base additions. The request was denied and on August 31, 2021, the MD OPC filed an appeal of the PSC of MD's denial of their petition for a re-hearing with the Circuit Court of Baltimore City (Circuit Court). On February 25, 2022, the Circuit Court reversed the July 29, 2021 order from the PSC of MD and remanded two issues back to the PSC of MD. On March 10, 2022, the PSC of MD filed a Motion to Alter or Amend Judgement to the Circuit Court's ruling on the merger synergy savings issue and the MD OPC filed a response. On May 31, 2022, the Circuit Court granted the PSC of MD and Washington Gas' joint motion, determining that the PSC of MD properly permitted Washington Gas' recovery of corporate costs and relieving the PSC of MD of the obligation to rule on merger synergy savings on remand. The Circuit Court did not disturb its ruling on certain rate base additions, and the PSC of MD stated in a subsequent filing that it will address future challenges to rate base in accordance with the Circuit Court's original ruling. On June 30, 2022, the MD OPC appealed the Circuit Court's new order on merger synergy savings to the Appellate Court of Maryland (formerly the Maryland Court of Special Appeals). Washington Gas anticipates a final decision from the Appellate Court during the second half of 2023 or the first half of 2024.	Final order issued April 2021. Decision by Court of Special Appeals expected in the second half of 2023 or first half of 2024.

Midstream

Operating Statistics

	Three Months Ended June 30		Six Months Ended June 30	
	2023	2022	**2023**	2022
LPG export volumes (Bbls/d) (1)	**115,589**	110,845	**107,562**	99,469
Total inlet gas processed (Mmcf/d) (1)	**1,344**	1,205	**1,358**	1,333
Extracted ethane volumes (Bbls/d) (1)	**24,927**	21,706	**25,081**	26,108
Extracted NGL volumes (Bbls/d) (1) (2)	**35,765**	29,402	**35,081**	32,568
Fractionation volumes (Bbls/d) (1)	**38,364**	28,944	**40,000**	31,006
Frac spread - realized ($/Bbl) (1) (3)	**23.87**	28.70	**25.58**	26.16
Frac spread - average spot price ($/Bbl) (1) (4)	**21.56**	32.97	**24.43**	35.10
Propane Far East Index (FEI) to Mont Belvieu spread (US$/Bbl) (1) (5)	**14.54**	12.94	**17.48**	12.90
Butane FEI to Mont Belvieu spread (US$/Bbl) (1) (6)	**15.29**	11.84	**18.51**	11.39

(1) Average for the period.
(2) NGL volumes refer to propane, butane and condensate.
(3) 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.
(4) 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.
(5) Average propane price spread between FEI and Mont Belvieu TET commercial index.
(6) Average butane price spread between FEI and Mont Belvieu TET commercial index.

LPG volumes exported to Asia from RIPET and Ferndale for the three months ended June 30, 2023 averaged 115,589 Bbls/d compared to 110,845 Bbls/d for the same period in 2022. There were 19 full shipments and one partial shipment in the second quarter of 2023 compared to 18 full shipments and one partial shipment in the same period of 2022. Higher export volumes were primarily the result of increased offtake demand, higher available supply, and improved logistics.

LPG volumes exported to Asia from RIPET and Ferndale for the six months ended June 30, 2023 averaged 107,562 Bbls/d compared to 99,469 Bbls/d for the same period in 2022. There were 35 full shipments and one partial shipment in the first half of 2023 compared to 32 full shipments and one partial shipment in the same period of 2022. Higher export volumes and shipments were the result of increased offtake demand, higher available supply, and improved logistics.

Inlet gas processing volumes for the second quarter of 2023 increased by 139 Mmcf/d compared to the same quarter of 2022. Higher inlet gas processing volumes were primarily due to the higher producer volumes at the Townsend complex, higher volumes at the Harmattan raw gas and co-stream facilities and at the Younger facility due to higher seasonal demand, and higher frac exposed volumes, partially offset by the impact of the Aitken Creek sale in the second quarter of 2022.

Inlet gas processing volumes for the first half of 2023 increased by 25 Mmcf/d compared to the same period in 2022. Higher inlet gas processing volumes were primarily a result of higher producer volumes at the Townsend complex, higher volumes at the Harmattan raw gas and co-stream facilities and at the Younger facility due to higher seasonal demand, and higher frac exposed volumes, partially offset by the impact of the Aitken Creek sale in the second quarter of 2022.

Average ethane volumes for the second quarter of 2023 increased by 3,221 Bbls/d, while average extracted NGL volumes increased by 6,363 Bbls/d compared to the same quarter of 2022. Higher ethane volumes were a result of higher raw gas and co-stream production at Harmattan and lower re-injection rates at PEEP, partially offset by higher re-injection rates at JEEP. Higher extracted NGL volumes were a result of increased production at the Townsend complex due to higher demand from third party customers and higher production at Harmattan due to the absence of a turnaround in the second quarter of 2022.

Average ethane volumes for the first half of 2023 decreased by 1,027 Bbls/d, while average extracted NGL volumes increased by 2,513 Bbls/d compared to the same period in 2022. Lower ethane volumes were a result of lower co-stream inlet volumes at Harmattan and higher JEEP and EEEP re-injection rates, partially offset by higher Harmattan raw gas production. Higher extracted NGL volumes were a result of increased production at the Townsend facilities due to higher demand from third party customers and higher production at Harmattan due to the absence of a turnaround in the second quarter of 2022, partially offset by a third party pipeline outage which resulted in the re-injection of NGL volumes at Gordondale in the first quarter of 2023.

Fractionation volumes for the second quarter of 2023 increased by 9,420 Bbls/d compared to the same quarter of 2022. Higher fractionation volumes were a result of higher North Pine volumes and utilization, higher Harmattan trucked-in NGL mix and raw gas volumes, and higher volumes and utilization at the Younger facility.

Fractionation volumes for the first half of 2023 increased by 8,994 Bbls/d compared to the same period in 2022. Higher fractionation volumes were a result of higher North Pine volumes and utilization, higher Harmattan trucked-in NGL mix and raw gas volumes, and higher volumes and utilization at the Younger facility.

Three Months Ended June 30

The Midstream segment reported normalized EBITDA of $134 million in the second quarter of 2023 compared to $163 million in the same quarter of 2022. There were several positive and negative contributors underpinning the year-over-year variance. Positive factors included strong performance from the global exports business as a result of year-over-year tolling and processing volume growth and higher Asian-to-North American propane spreads, AFUDC at MVP as a result of the resumption of construction activities in June 2023, higher power revenue at Harmattan primarily due to higher power prices, and a favourable impact related to the sale of greenhouse gas credits generated by the processing facilities. These were more than offset by a lower impact from the favourable resolution of certain commercial disputes and contingencies compared to the second quarter of 2022, lower marketing margins and volumes, lower inventory withdrawals, lower realized butane margins in the global export business, and the impact of the sale of AltaGas' interest in the Aitken Creek processing facilities in the second quarter of 2022. Other factors negatively impacting normalized EBITDA include the impact of the wildfires at the NEBC facilities which resulted in a declared force majeure of 12.5 days.

Income before income taxes in the Midstream segment was $181 million in the second quarter of 2023, consistent with the same quarter of 2022. Income before income taxes in the quarter was mainly impacted by higher unrealized gains on risk management contracts, offset by the same previously referenced factors impacting normalized EBITDA.

In the second quarter of 2023, the Midstream segment recognized a pre-tax gain on disposition of assets of approximately $1 million due to cash proceeds received from an escrow account related to the 2019 disposition of AltaGas' investment in Meade, which held WGL Midstream's indirect, non-operating interest in the Central Penn. In the second quarter of 2022, the Midstream segment recognized a pre-tax gain on disposition of assets of approximately $1 million related to the sale of AltaGas' interest in the Aitken Creek processing facilities.

Six Months Ended June 30

The Midstream segment reported normalized EBITDA of $317 million in the first half of 2023, compared to $337 million in the same period in 2022. There were several positive and negative contributors underpinning the year-over-year variance. Positive factors included year-over-year tolling and processing volume growth and higher Asian-to-North American propane spreads within the global exports business, AFUDC at Mountain Valley Pipeline as a result of the resumption of construction activities in June 2023, higher fractionation volumes, the favourable resolution of certain commercial disputes and contingencies, higher power revenue at Harmattan primarily due to higher power prices, and a favourable impact related to the sale of greenhouse gas credits generated by the processing facilities. These were more than offset by lower realized butane margins in the global export business, lower marketing margins and volumes, lower inventory withdrawals, and the impact of the sale of AltaGas' interest in the Aitken Creek processing facilities in the second quarter of 2022. Other factors negatively impacting normalized EBITDA include the impact of the wildfires at the NEBC facilities which resulted in a declared force majeure of 12.5 days.

Income before income taxes in the Midstream segment was $320 million in the first half of 2023, compared to $341 million in the first half of 2022. The decrease was mainly due to the same previously referenced factors impacting normalized EBITDA, partially offset by higher unrealized gains on risk management contracts.

In the first half of 2023, the Midstream segment recognized a pre-tax gain on disposition of assets of approximately $1 million due to the previously mentioned Meade escrow proceeds. In the first half of 2022, the Midstream segment recognized pre-tax gains on dispositions of assets of approximately $1 million related to the previously mentioned disposition in the second quarter of 2022.

Midstream Hedges

	Three Months Ended June 30		Six Months Ended June 30	
	2023	2022	**2023**	2022
Frac spread exposed volumes (Bbls/d)	**9,787**	9,760	**10,662**	10,475
NGL volumes hedged (Bbls/d)	**8,000**	8,000	**7,315**	8,412
Average price of NGL volumes hedged ($/Bbl) [(1)]	**36**	34	**36**	34
Average export volumes hedged (Bbls/d)	**57,491**	61,143	**60,952**	58,319
Average FEI to North American NGL price spread for volumes hedged (US$/Bbl)	**12**	13	**14**	19

(1) Excludes basis differential.

Corporate/Other

Three Months Ended June 30

In the Corporate/Other segment, normalized EBITDA for the second quarter of 2023 was $3 million, compared to a loss of $3 million in the same quarter of 2022. The increase in normalized EBITDA was mainly due to lower expenses related to employee incentive plans.

Loss before income taxes in the Corporate/Other segment was $104 million in the second quarter of 2023, compared to a loss of $87 million in the same quarter of 2022. The higher loss was mainly due to higher interest expense, costs related to the CEO transition, and lower foreign exchange gains, partially offset by the same previously referenced factors impacting normalized EBITDA.

In the second quarter of 2022, the Corporate/Other segment recognized a pre-tax loss on disposition of assets of approximately $2 million related to the sale of a power plant in Brush, Colorado.

Six Months Ended June 30

In the Corporate/Other segment, normalized EBITDA for the first half of 2023 was $1 million, compared to a loss of $10 million in the same period in 2022. The increase in normalized EBITDA was mainly due to lower expenses related to employee incentive plans as a result of the absence of the increase in share price during the first half of 2022 as well as lower operating and administrative expenses, partially offset by the previously mentioned sale of a power plant in Brush, Colorado.

Loss before income taxes in the Corporate/Other segment was $213 million in the first half of 2023, compared to a loss of $167 million in the same quarter of 2022. The higher loss was mainly due higher interest expense, higher transaction costs on acquisitions and dispositions, and costs related to the CEO transition, partially offset by the same previously referenced factors impacting normalized EBITDA, additional proceeds received due to contract contingencies on the sale of Goleta in the first quarter of 2023, and higher unrealized gains on risk management contracts.

In the first half of 2022, the Corporate/Other segment recognized pre-tax gains on dispositions of assets of approximately $5 million related to the sale of Goleta and the previously mentioned dispositions in the second quarter of 2022. In the first half of 2023, the Corporate/Other segment recognized an additional pre-tax gain of approximately $11 million on the previously mentioned sale of Goleta as a result of an additional payment for the favourable settlement of outstanding contingencies based on contract outcomes.

Net Invested Capital

Net invested capital is a non-GAAP financial measure. Please refer to the *Non-GAAP Financial Measures* section of this MD&A for further discussion.

				Three Months Ended June 30, 2023
($ millions)	**Utilities**	**Midstream**	**Corporate/ Other**	**Total**
Invested capital:				
Property, plant and equipment	**$ 198**	**$ 23**	**$ —**	**$ 221**
Intangible assets	**—**	**1**	**—**	**1**
Long-term investments	**—**	**2**	**—**	**2**
Invested capital and net invested capital	**$ 198**	**$ 26**	**$ —**	**$ 224**

				Three Months Ended June 30, 2022
($ millions)	Utilities	Midstream	Corporate/ Other	Total
Invested capital:				
Property, plant and equipment	$ 189	$ 43	$ —	$ 232
Intangible assets	1	1	—	2
Invested capital	190	44	—	234
Disposals:				
Asset dispositions	—	(224)	(1)	(225)
Net invested capital	$ 190	$ (180)	$ (1)	$ 9

During the second quarter of 2023, AltaGas' invested capital was $224 million, compared to $234 million in the same quarter of 2022. The decrease in invested capital was primarily due to lower additions to property, plant, and equipment as a result of lower Midstream maintenance capital spend, partially offset by higher growth capital spend primarily related to the Harmattan Carbon Capture and Acid Gas Injection well, the REEF project, new business development, and various optimization projects. Utility segment invested capital was higher primarily due to the impact of the higher average Canadian/U.S. dollar exchange rate and higher spend on accelerated pipe replacement programs at Washington Gas, partially offset by lower spend on system betterment. Asset dispositions in the second quarter of 2022 primarily related to proceeds received from the sales of AltaGas' interest in the Aitken Creek processing facilities and a power plant in Brush, Colorado.

Invested capital in the second quarter of 2023 included maintenance capital of $5 million (2022 - $37 million) in the Midstream segment. The decrease in Midstream maintenance capital in the second quarter of 2023 was primarily related to lower turnaround spend.

During the second quarter of 2023, AltaGas' cash flow from investing activities was an outflow of $231 million compared to an inflow of $31 million in the same quarter of 2022. Please refer to the *Non-GAAP Financial Measures* and *Liquidity* sections of this MD&A for further information on AltaGas' cash flow from investing activities.

								Six Months Ended June 30, 2023
($ millions)		**Utilities**		**Midstream**		**Corporate/ Other**		**Total**
Invested capital:								
Property, plant and equipment	**$**	**349**	**$**	**42**	**$**	**3**	**$**	**394**
Intangible assets		**—**		**2**		**—**		**2**
Long-term investments		**—**		**3**		**—**		**3**
Invested capital		**349**		**47**		**3**		**399**
Disposals:								
Asset dispositions		**(1,059)**		**(2)**		**(11)**		**(1,072)**
Net invested capital	**$**	**(710)**	**$**	**45**	**$**	**(8)**	**$**	**(673)**

								Six Months Ended June 30, 2022
($ millions)		Utilities		Midstream		Corporate/ Other		Total
Invested capital:								
Property, plant and equipment	$	318	$	47	$	8	$	373
Intangible assets		1		1		—		2
Long-term investments		—		1		—		1
Invested capital		319		49		8		376
Disposals:								
Asset dispositions		—		(225)		(20)		(245)
Net invested capital	$	319	$	(176)	$	(12)	$	131

In the first half of 2023, AltaGas' invested capital was $399 million, compared to $376 million in the same period of 2022. The increase in invested capital was primarily due to higher additions to property, plant, and equipment as a result of the impact of the higher average Canadian/U.S. dollar exchange rate, higher spend on accelerated pipe replacement programs at Washington Gas, and higher growth capital spend in the Midstream segment primarily related to the Harmattan Carbon Capture and Acid Gas Injection well, the REEF project, new business development, and various optimization projects, partially offset by lower maintenance capital in both the Midstream and Corporate/Other segments as well as lower spend on system betterment. In the first half of 2023, asset dispositions primarily related to the Alaska Utilities Disposition and additional proceeds received for the favourable settlement of outstanding contingencies on the sale of Goleta in the first quarter of 2022. Asset dispositions in the first half of 2022 primarily related to the previously mentioned sale of Goleta and the previously mentioned dispositions in the second quarter of 2022.

Invested capital in the first half of 2023 included maintenance capital of $7 million (2022 - $39 million) in the Midstream segment and $2 million (2022 - $8 million) related to the remaining power assets in the Corporate/Other segment. The decrease in Midstream maintenance capital in the first half of 2023 was primarily related to lower turnaround spend, partially offset by higher maintenance spend at the terminal and storage business. The decrease in maintenance capital in the Corporate/Other segment was primarily due to lower maintenance costs at Blythe.

During the first half of 2023, AltaGas' cash flow from investing activities was an inflow of $638 million, compared to an outflow of $128 million in the first half of 2022. Please refer to the *Non-GAAP Financial Measures* and *Liquidity* sections of this MD&A for further information on AltaGas' cash flow from investing activities.

Liquidity

As a result of certain commitments made to the PSC of DC, the PSC of MD, and the SCC of VA in respect of the WGL Acquisition, Washington Gas is subject to certain restrictions when paying dividends to AltaGas. However, AltaGas does not expect that this will have an impact on AltaGas' ability to meet its obligations.

In addition, Wrangler SPE LLC and Washington Gas made certain ring fencing commitments to the PSC of DC, the PSC of MD, and the SCC of VA with the intention of removing Washington Gas from the bankruptcy estate of AltaGas and its affiliates, other than Washington Gas and Wrangler SPE LLC (together, the Ring Fenced Entities). Because of these ring fencing measures, none of the assets of the Ring Fenced Entities would be available to satisfy the debt or contractual obligations of AltaGas or any non-Ring Fenced Entity Affiliate, including any indebtedness or other contractual obligations of AltaGas, and the Ring Fenced Entities do not bear any liability for indebtedness or other contractual obligations of any non-Ring Fenced Entity, and vice versa.

	Three Months Ended June 30		Six Months Ended June 30	
($ millions)	**2023**	2022	**2023**	2022
Cash from operations	**$ 373**	$ 527	**$ 964**	$ 1,211
Investing activities	**(231)**	31	**638**	(128)
Financing activities	**(163)**	(466)	**(1,592)**	(921)
Increase (decrease) in cash, cash equivalents, and restricted cash	**$ (21)**	$ 92	**$ 10**	$ 162

Cash From Operations

Cash from operations decreased by $247 million for the six months ended June 30, 2023 compared to the same period in 2022, primarily due to lower net income after taxes (after adjusting for non-cash items) as well as unfavourable variances in the net change in operating assets and liabilities. The majority of the variance in net change in operating assets and liabilities was due to lower cash flows from accounts payable and accrued liabilities driven by fluctuations in commodity prices, lower cash flows from customer deposits due to a decrease in collateral received from counterparties as a result of lower commodity prices, and lower cash flows from regulatory liabilities due to warmer weather, partially offset by higher cash flows from accounts receivable and inventory as a result of fluctuations in commodity prices and sales volumes.

Working Capital

($ millions, except working capital ratio)	**June 30, 2023**	December 31, 2022
Current assets	**$ 2,317**	$ 4,638
Current liabilities	**2,324**	3,407
Working capital (deficiency)	**$ (7)**	$ 1,231
Working capital ratio [(1)]	**1.00**	1.36

(1) Calculated as current assets divided by current liabilities.

The decrease in the working capital ratio was primarily due to decreases in assets held for sale related to the Alaska Utilities Disposition, accounts receivable, and inventory, as well as an increase in the current portion of long-term debt, partially offset by decreases in accounts payable and accrued liabilities, liabilities associated with assets held for sale, short-term debt, regulatory liabilities, and risk management liabilities. AltaGas' working capital will fluctuate in the normal course of business.

Investing Activities

Cash from investing activities for the six months ended June 30, 2023 was $638 million, compared to cash used in investing activities of $128 million in the same period in 2022. Investing activities for the six months ended June 30, 2023 included proceeds of approximately $1.1 billion primarily related to the Alaska Utilities Disposition and additional proceeds received for the favourable settlement of outstanding contingencies on the sale of Goleta, partially offset by expenditures of approximately $431 million for property, plant and equipment and intangible assets, and approximately $3 million of contributions to equity investments. Investing activities for the six months ended June 30, 2022 included proceeds of approximately $245 million primarily related to the disposition of the interest in the Aitken Creek processing facilities and the sale of Goleta, partially offset by expenditures of approximately $372 million for property, plant and equipment and intangible assets, and approximately $1 million of contributions to equity investments.

Financing Activities

Cash used in financing activities for the six months ended June 30, 2023 was $1.6 billion, compared to $921 million in the same period in 2022. Financing activities for the six months ended June 30, 2023 were primarily comprised of net repayments under credit facilities of $1.3 billion, repayment of long-term debt of $334 million, purchase of marketable securities in connection with debt defeasance of $193 million, dividends of $171 million, and distributions to non-controlling interests of $8 million, partially offset by the issuance of long-term debt (net of debt issuance costs) of $397 million, and proceeds from shares issued on exercise of options of $4 million. Financing activities for the six months ended June 30, 2022 were primarily comprised of net repayments of short-term debt and long-term debt of $162 million, net repayments under credit facilities of $592 million, dividends of $172 million, redemption of preferred shares of $300 million, and distributions to non-controlling interests of $10 million, partially offset by the issuance of subordinated hybrid notes, net of debt issuance costs, of $297 million and proceeds from shares issued on exercise of options of $18 million.

Capital Resources

AltaGas' objective for managing capital is to maintain its investment grade credit ratings, ensure adequate liquidity, optimize the profitability of its existing assets and grow its energy infrastructure to create long-term value and enhance returns for its investors. AltaGas' capital structure is comprised of shareholders' equity (including non-controlling interests), short-term and long-term debt (including the current portion and any debt classified as held for sale), and subordinated hybrid notes, less cash and cash equivalents.

The use of debt or equity funding is based on AltaGas' capital structure, which is determined by considering the norms and risks associated with operations and cash flow stability and sustainability.

($ millions, except net debt-to-total capitalization)		**June 30, 2023**		December 31, 2022
Short-term debt	**$**	**191**	$	293
Current portion of long-term debt [1]		**559**		334
Long-term debt [2]		**7,068**		8,694
Subordinated hybrid notes [3] [4]		**544**		544
Debt classified as held for sale		**—**		63
Total debt		**8,362**		9,928
Less: cash and cash equivalents		**(64)**		(53)
Net debt	**$**	**8,298**	$	9,875
Shareholders' equity		**7,669**		7,456
Non-controlling interests		**147**		162
Total capitalization	**$**	**16,114**	$	17,493
Net debt-to-total capitalization (%)		**51**		56

(1) Net of debt issuance costs of less than $1 million as at June 30, 2023 (December 31, 2022 - less than $1 million).
(2) Net of debt issuance costs of $38 million as at June 30, 2023 (December 31, 2022 - $41 million).
(3) The $300 million subordinated hybrid notes, Series 1 have a coupon rate of 5.25 percent and are due on January 11, 2082. The $250 million subordinated hybrid notes, Series 2 have a coupon rate of 7.35 percent and are due on August 17, 2082.
(4) Net of debt issuance costs of $6 million as at June 30, 2023 (December 31, 2022 - $6 million).

As at June 30, 2023, AltaGas' total debt primarily consisted of outstanding medium term notes (MTNs) of $3.9 billion (December 31, 2022 - $3.8 billion), WGL and Washington Gas long-term debt of $2.7 billion (December 31, 2022 - $2.8 billion), reflecting fair value adjustments on acquisition, SEMCO long-term debt of $393 million (December 31, 2022 - $670 million, of which $63 million was classified as held for sale), $448 million drawn under the bank credit facilities (December 31, 2022 - $1.5 billion), $550 million of subordinated hybrid notes (December 31, 2022 - $550 million), and short-term debt of $191 million (December 31, 2022 - $293 million). In addition, AltaGas had $234 million of letters of credit outstanding (December 31, 2022 - $198 million).

As at June 30, 2023, AltaGas' total market capitalization was approximately $6.7 billion based on approximately 282 million common shares outstanding and a closing trading price on June 30, 2023 of $23.80 per common share.

AltaGas' earnings interest coverage for the rolling twelve months ended June 30, 2023 was 3.0 times (twelve months ended June 30, 2022 – 2.1 times).

Credit Facilities ($ millions)		Borrowing capacity		**Drawn at June 30, 2023**		Drawn at December 31, 2022
AltaGas demand credit facilities [1] [2]	$	70	**$**	**—**	$	—
AltaGas revolving credit facilities [1] [2]		2,500		**—**		861
AltaGas term credit facility [1] [3]		450		**450**		450
SEMCO Energy US$150 million credit facilities [1] [2]		199		**—**		189
WGL US$300 million revolving credit facility [1] [2] [4]		397		**99**		250
Washington Gas US$450 million revolving credit facility [1] [2] [4]		596		**324**		429
	$	4,212	**$**	**873**	$	2,179

(1) Amount drawn at June 30, 2023 converted at the month-end rate of 1 U.S. dollar = 1.324 Canadian dollar (December 31, 2022 - 1 U.S. dollar = 1.3544 Canadian dollar).
(2) All US$ borrowing capacity was converted at the June 30, 2023 Canadian/U.S. dollar month-end exchange rate.
(3) Draws on the facility can be by way of prime loans, U.S. base-rate loans, SOFR loans, or banker's acceptances where interest is prepaid and netted against the face value repayable at maturity. As at June 30, 2023 the net amount outstanding on the facility is $448 million.
(4) Amounts drawn include commercial paper that is supported by the long term facilities. WGL and Washington Gas have the right to request additional borrowings of up to US$100 million with the bank's approval, for a total of US$400 million and US$550 million on their respective facilities.

In addition to the facilities listed above, AltaGas has demand letter of credit facilities of $452 million (December 31, 2022 - $461 million). At June 30, 2023, there were letters of credit for $234 million (December 31, 2022 - $198 million) issued on these facilities and an additional less than $1 million (December 31, 2022 - less than $1 million) issued on the Company's revolving credit facilities.

WGL and Washington Gas use short-term debt in the form of commercial paper or unsecured short-term bank loans 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. At June 30, 2023, commercial paper outstanding totaled $423 million for WGL and Washington Gas (December 31, 2022 – $679 million).

All of the borrowing facilities have covenants customary for these types of facilities, which must be met at each quarter end. AltaGas and its subsidiaries have been in compliance with all financial covenants each quarter since the establishment of the facilities. AltaGas and its subsidiaries are also in compliance with trust indenture requirements for its MTNs as at June 30, 2023 and December 31, 2022.

The following table summarizes the Corporation's primary financial covenants as defined by the credit facility agreements:

Ratios	Debt covenant requirements	**As at June 30, 2023**
Bank debt-to-capitalization [1] [2]	not greater than 65%	less than 50%
Bank EBITDA-to-interest expense [1] [2]	not less than 2.5x	greater than 3.9x
Bank debt-to-capitalization (SEMCO) [2] [3]	not greater than 60%	less than 39%
Bank EBITDA-to-interest expense (SEMCO) [2] [3]	not less than 2.25x	greater than 4.0x
Bank debt-to-capitalization (WGL) [2] [4]	not greater than 65%	less than 47%
Bank debt-to-capitalization (Washington Gas) [2] [4]	not greater than 65%	less than 49%

(1) Calculated in accordance with the Corporation's $2.3 billion credit facility agreement, which is available on SEDAR at www.sedar.com. The covenants are equivalent and applicable to all the Corporation's committed credit facilities.
(2) Estimated, subject to final adjustments.
(3) Bank EBITDA-to-interest expense (SEMCO) and Bank debt-to-capitalization (SEMCO) are calculated based on SEMCO's consolidated financial statements and are calculated similarly to bank debt-to-capitalization and bank EBITDA-to-interest expense.
(4) WGL's bank debt-to-capitalization ratio is calculated based on WGL's consolidated financial statements.

On March 31, 2023, a short form base shelf prospectus for the issuance of certain types of future public debt and/or equity issuances was filed to replace the short form base shelf prospectus dated February 22, 2021. This enables AltaGas to access the Canadian capital markets on a timely basis during the 25-month period that the short form base shelf prospectus remains effective.

Related Party Transactions

In the normal course of business, AltaGas transacts with its subsidiaries, affiliates, and joint ventures. There were no significant changes in the nature of the related party transactions described in Note 31 of the 2022 Annual Consolidated Financial Statements.

Risk Management

AltaGas is subject to a variety of risks which could have a material impact on the financial results and operations of the Company. Shareholders and prospective investors should carefully evaluate risk factors noted by the Company before investing in the Company's securities, as each of these risks may negatively affect the trading price of the Company's securities, the amount of dividends paid to shareholders and the ability of the Company to fund its debt obligations, including debt obligations under its outstanding notes and any other debt securities that the Company may issue from time to time. For discussion of the risks and trends that could materially affect the Company's performance please refer to AltaGas' 2022 Annual Information Form, which is available on SEDAR at www.sedar.com.

Risk Management Contracts

AltaGas is exposed to various market risks in the normal course of operations that could impact earnings and cash flows. AltaGas enters into physical and financial derivative contracts to manage exposure to fluctuations in commodity prices and foreign exchange rates, as well as to optimize certain owned and managed natural gas assets. These contracts do not eliminate AltaGas' exposure to risk associated with fluctuations in commodity prices or foreign exchange rates. The Board of Directors of AltaGas has established a risk management policy for the Corporation establishing AltaGas' risk management control framework. Derivative instruments are governed under, and subject to, this policy. As at June 30, 2023 and December 31, 2022, the fair values of the Corporation's derivatives were as follows:

($ millions)		**June 30, 2023**		December 31, 2022
Natural gas	**$**	**(13)**	$	(203)
Energy exports		**54**		27
NGL frac spread		**17**		(3)
Power		**(54)**		(78)
Crude oil and NGLs		**21**		4
Net derivative asset (liability)	**$**	**25**	$	(253)

AltaGas strives to continuously and systematically de-risk the business in order to drive predictable and durable returns and maximize long-term value for stakeholders. For Midstream, this includes striving to match financial hedges with physical volumes, and for Utilities, this includes purchasing physical gas throughout the year to help shield customers from major cost spikes during peak winter demand.

Commodity Price Contracts

- The average indicative spot NGL frac spread for the six months ended June 30, 2023 was approximately $24/Bbl (2022 - $35/Bbl), inclusive of basis differentials. The average NGL frac spread realized by AltaGas (based on average spot price and realized hedge price inclusive of basis differentials) for the six months ended June 30, 2023 was approximately $26/Bbl inclusive of basis differentials (2022 - $26/Bbl).

- AltaGas continues to focus on de-risking its business and managing direct commodity price exposure to drive predictable and durable returns. While the Company does have exposure, it plans to maintain an active hedging program that proactively hedges commodity price and spread risk to mitigate the impact of fluctuations in margins and cash flows. For the remainder of 2023, AltaGas has hedged approximately 85 percent of its expected 2023 frac exposed volumes hedged at approximately US$27/Bbl, prior to transportation costs. In addition, approximately 77 percent of AltaGas' expected export volumes for the remainder of 2023 are either tolled or financially hedged with an average FEI to North American financial hedge price of approximately US$15/Bbl for non-tolled propane and butane volumes. AltaGas is targeting to be highly hedged for the global export business through a combination of tolling agreements and financial hedges.

Weather Instruments

- For the six months ended June 30, 2023, a pre-tax loss of $8 million (six months ended June 30, 2022 - $nil) was recorded related to heating degree day (HDD) and cooling degree day (CDD) instruments.

The Effects of Derivative Instruments on the Consolidated Statements of Income

The following table presents the unrealized gains (losses) on derivative instruments as recorded in the Corporation's Consolidated Statements of Income:

	Three Months Ended June 30		Six Months Ended June 30	
($ millions)	**2023**	2022	**2023**	2022
Natural gas	**$ 56**	$ (42)	**$ 21**	$ 26
Energy exports	**49**	39	**49**	55
Crude oil and NGLs	**14**	2	**10**	7
NGL frac spread	**22**	6	**20**	—
Power	**9**	(10)	**15**	16
	$ 150	$ (5)	**$ 115**	$ 104

Please refer to Note 24 of the 2022 Annual Consolidated Financial Statements and Note 13 of the unaudited condensed interim Consolidated Financial Statements as at and for the three and six months ended June 30, 2023 for further details regarding AltaGas' risk management activities.

Dividends

AltaGas declares and pays a quarterly dividend to its common shareholders. Dividends on preferred shares are also paid quarterly. Dividends are at the discretion of the Board of Directors and dividend levels are reviewed periodically, giving consideration to the ongoing sustainable cash flow from operating activities, maintenance and growth capital expenditures, and debt repayment requirements of AltaGas.

The following tables summarize AltaGas' dividend declaration history:

Common Share Dividends

Year ended December 31		
($ per common share)	**2023**	2022
First quarter	**$ 0.280000**	$ 0.265000
Second quarter	**0.280000**	0.265000
Third quarter	**—**	0.265000
Fourth quarter	**—**	0.265000
Total	**$ 0.560000**	$ 1.060000

Series A Preferred Share Dividends

Year ended December 31		
($ per preferred share)	**2023**	2022
First quarter	**$ 0.191250**	$ 0.191250
Second quarter	**0.191250**	0.191250
Third quarter	**—**	0.191250
Fourth quarter	**—**	0.191250
Total	**$ 0.382500**	$ 0.765000

Series B Preferred Share Dividends

Year ended December 31		
($ per preferred share)	**2023**	2022
First quarter	**$ 0.418750**	$ 0.171920
Second quarter	**0.450260**	0.198020
Third quarter	**—**	0.260690
Fourth quarter	**—**	0.376700
Total	**$ 0.869010**	$ 1.007330

Series C Preferred Share Dividends (1)

Year ended December 31		
(US$ per preferred share)	**2023**	2022
First quarter	**$ —**	$ 0.330625
Second quarter	**—**	0.330625
Third quarter	**—**	0.330625
Total	**$ —**	$ 0.991875

(1) On September 30, 2022, AltaGas redeemed all of its outstanding Series C preferred shares.

Series E Preferred Share Dividends

Year ended December 31				
($ per preferred share)		**2023**		2022
First quarter	**$**	**0.337063**	$	0.337063
Second quarter		**0.337063**		0.337063
Third quarter		**—**		0.337063
Fourth quarter		**—**		0.337063
Total	**$**	**0.674126**	$	1.348252

Series G Preferred Share Dividends

Year ended December 31				
($ per preferred share)		**2023**		2022
First quarter	**$**	**0.265125**	$	0.265125
Second quarter		**0.265125**		0.265125
Third quarter		**—**		0.265125
Fourth quarter		**—**		0.265125
Total	**$**	**0.530250**	$	1.060500

Series H Preferred Share Dividends

Year ended December 31				
($ per preferred share)		**2023**		2022
First quarter	**$**	**0.443404**	$	0.196582
Second quarter		**0.475190**		0.222950
Third quarter		**—**		0.285890
Fourth quarter		**—**		0.401900
Total	**$**	**0.918594**	$	1.107322

Series K Preferred Share Dividends (1)

Year ended December 31				
($ per preferred share)		**2023**		2022
First quarter	**$**	**—**	$	0.312500
Total	**$**	**—**	$	0.312500

(1) On March 31, 2022, AltaGas redeemed all of its outstanding Series K preferred shares.

Critical Accounting Estimates

Since a determination of the value of many assets, liabilities, revenues and expenses is dependent upon future events, the preparation of AltaGas' Consolidated Financial Statements requires the use of estimates and assumptions that have been made using careful judgment. AltaGas’ significant accounting policies have remained unchanged and are contained in the notes to the 2022 Annual Consolidated Financial Statements. Certain of these policies involve critical accounting estimates as a result of the requirement to make particularly subjective or complex judgments about matters that are inherently uncertain, and because of the likelihood that materially different amounts could be reported under different conditions or using different assumptions. For a full discussion of AltaGas’ critical accounting estimates and judgements, refer to Note 2 of the 2022 Annual Consolidated Financial Statements. There have been no material changes to AltaGas' critical estimates and judgements during the six months ended June 30, 2023.

Adoption of New Accounting Standards

Effective January 1, 2023, AltaGas adopted the following Financial Accounting Standards Board (FASB) issued Accounting Standards Updates (ASU):

- In October 2021, FASB issued ASU 2021-08 "Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers". The amendments in this ASU require an entity to recognize and measure contract assets and liabilities acquired in a business combination in accordance with Topic 606. The adoption of this ASU did not have a material impact on AltaGas' consolidated financial statements.

- In March 2022, FASB issued ASU No. 2022-01 "Derivatives and Hedging (Topic 815): Fair Value Hedging - Portfolio Layer Method". The amendments in this ASU will allow non-prepayable financial assets to be included in a closed portfolio hedged using the portfolio layer method and promote consistency in single and multiple hedged layers. The adoption of this ASU did not have a material impact on AltaGas' consolidated financial statements.

- In March 2022, FASB issued ASU No. 2022-02 "Financial Instruments - Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures". The amendments in this ASU will eliminate the accounting guidance for troubled debt restructurings (TDRs) by creditors while enhancing disclosure requirements for certain loan refinancings and restructurings by creditors when a borrower is experiencing financial difficulty, as well as require the disclosure of current-period write offs by year of origination for financing receivables and net investments in leases. The adoption of this ASU did not have a material impact on AltaGas' consolidated financial statements.

- In September 2022, FASB issued ASU No. 2022-04 "Liabilities (Subtopic 405-50) - Supplier Finance Programs". The amendments in this ASU will require a buyer in a supplier finance program to disclose the key terms of the program, the amount outstanding at the end of the period, a roll forward of that obligation during the period, and where the obligation is presented on the balance sheet. The adoption of this ASU did not have a material impact on AltaGas' consolidated financial statements.

Future Changes in Accounting Principles

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 amendments in this ASU are effective for fiscal years beginning after December 15, 2023 and should be applied prospectively with adjustments as a result of adopting this ASU being recognized in earnings. The adoption of this ASU is not expected to 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 allow 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 amendments in this ASU are effective for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years and can be applied using one of the following three methods: 1) prospectively to all new leasehold improvements recognized on or after the date the entity applies the amendments, 2) prospectively to all new leasehold improvements recognized on or after the date the entity applies the amendments, with any remaining unamortized balance of existing leasehold improvements amortized over their remaining useful life to the common-control group determined at that date, or 3) retrospectively to the beginning of the period in which the entity first applied Topic 842, with any leasehold improvements that otherwise would not have been amortized or impaired recognized through a cumulative-effect adjustment to opening retained earnings at the beginning of the earliest period presented. Early adoption is permitted. The adoption of this ASU is not expected to 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, regardless of the tax credit program from which the income tax credits are received, using the proportional amortization method if certain conditions are met. The amendments in this ASU are effective for public business entities for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years and can applied on either a modified prospective or retrospective basis. Early adoption is permitted. The adoption of this ASU is not expected to have a material impact on AltaGas' consolidated financial statements.

Off-Balance Sheet Arrangements

AltaGas did not enter into any material off-balance sheet arrangements during the six months ended June 30, 2023. Reference should be made to the audited Consolidated Financial Statements and MD&A as at and for the year ended December 31, 2022 for further information on off-balance sheet arrangements.

Disclosure Controls and Procedures (DCP) and Internal Control Over Financial Reporting (ICFR)

Management, including the Chief Executive Officer and Chief Financial Officer, is responsible for establishing and maintaining DCP and ICFR, as those terms are defined in National Instrument 52-109 "Certification of Disclosure in Issuers' Annual and Interim Filings". The objective of this instrument is to improve the quality, reliability, and transparency of information that is filed or submitted under securities legislation.

Management, including the Chief Executive Officer and the Chief Financial Officer, has designed, or caused to be designed under their supervision, DCP and ICFR to provide reasonable assurance that information required to be disclosed by AltaGas in its annual filings, interim filings, or other reports to be filed or submitted by it under securities legislation is made known to them, is reported on a timely basis, financial reporting is reliable, and financial statements prepared for external purposes are in accordance with U.S. GAAP.

The ICFR has been designed based on the framework established in the 2013 Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Management has designed the existing framework to result in both a complete and accurate consolidation of related information. During the period covered by this MD&A, there were no changes made to AltaGas' ICFR that materially affected, or are reasonably likely to materially affect, its ICFR.

It should be noted that a control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, including instances of fraud, if any, have been detected. The design of any system of controls is also based in part on certain assumptions about the likelihood of future events, and there can be no assurances that any design will succeed in achieving its stated goals under all potential conditions.

Share Information

	As at July 21, 2023
Issued and outstanding	
Common shares	281,721,708
Preferred Shares	
Series A	6,746,679
Series B	1,253,321
Series E	8,000,000
Series G	6,885,823
Series H	1,114,177
Issued	
Share options	6,346,204
Share options exercisable	5,750,712

Summary of Consolidated Results for the Eight Most Recent Quarters (1)

($ millions)	**Q2-23**	**Q1-23**	Q4-22	Q3-22	Q2-22	Q1-22	Q4-21	Q3-21
Total revenue	**2,631**	4,048	3,898	3,056	3,241	3,892	3,140	2,339
Normalized EBITDA (2)	**239**	582	454	233	276	574	334	239
Net income (loss) applicable to common shares	**133**	445	54	(48)	35	357	(156)	25
($ per share)	**Q2-23**	Q1-23	Q4-22	Q3-22	Q2-22	Q1-22	Q4-21	Q3-21
Net income (loss) per common share								
Basic	**0.47**	1.58	0.19	(0.17)	0.12	1.27	(0.56)	0.09
Diluted	**0.47**	1.57	0.19	(0.17)	0.12	1.26	(0.56)	0.09
Dividends declared	**0.28**	0.28	0.27	0.27	0.27	0.27	0.25	0.25

(1) Amounts may not add due to rounding.
(2) Non-GAAP financial measure. Prior periods have been revised where applicable to reflect a change in the composition of normalized EBITDA made in the third quarter of 2022. See discussion in the *Non-GAAP Financial Measures* section of this MD&A.

AltaGas' quarter-over-quarter financial results are impacted by seasonality, fluctuations in commodity prices, weather, the Canadian/U.S. dollar exchange rate, planned and unplanned plant outages, timing of in-service dates of new projects, and acquisition and divestiture activities.

Revenue for the Utilities is generally the highest in the first and fourth quarters of any given year as the majority of natural gas demand occurs during the winter heating season, which typically extends from November to March.

Other significant items that impacted quarter-over-quarter revenue during the periods noted include:

- The impact of the sale of AltaGas' interest in the Aitken Creek processing facilities in the second quarter of 2022; and
- The impact of the Alaska Utilities Disposition in the first quarter of 2023.

Net income (loss) applicable to common shares is also affected by non-cash items such as deferred income tax, depreciation and amortization expense, accretion expense, provisions on assets, gains or losses on long-term investments, and gains or losses on the sale of assets. In addition, net income (loss) applicable to common shares is also impacted by preferred share dividends and gains or losses on the redemption of preferred shares. For these reasons, the net income (loss) may not necessarily reflect the same trends as revenue. Net income (loss) applicable to common shares during the periods noted was impacted by:

- After-tax transaction costs of approximately $15 million, $4 million, and $6 million incurred in the first half of 2023, throughout 2022, and the last half of 2021, respectively, primarily due to asset sales;
- The after-tax provision on equity investments of approximately $209 million recognized in the fourth quarter of 2021 related to AltaGas' investment in MVP, which includes the Mountain Valley Pipeline and MVP Southgate projects;
- The gain on the sale of Goleta in the first quarter of 2022 as well as an additional gain recorded in the first quarter of 2023 a result of the favourable settlement of outstanding contingencies;
- The loss on the Series K Preferred Shares that were redeemed on March 31, 2022;
- Favourable resolution of certain acquisition related commercial disputes and contingencies in 2022 and in the first half of 2023;
- The loss on the redemption of the U.S. dollar denominated Series C Preferred Shares in September 2022, including the associated foreign exchange impact;
- The gain resulting from the partial defeasance of SEMCO's First Mortgage Bonds in the first quarter of 2023; and
- The gain on the Alaska Utilities Disposition in the first half of 2023.

OTHER INFORMATION

DEFINITIONS

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

ABOUT ALTAGAS

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

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CONSOLIDATED BALANCE SHEETS

(condensed and unaudited)

As at *($ millions)*		June 30, 2023		December 31, 2022
ASSETS				
Current assets				
Cash and cash equivalents *(note 19)*	**$**	**64**	$	53
Accounts receivable *(net of credit losses of $39 million) (note 13)*		**1,203**		2,091
Inventory *(note 4)*		**728**		1,060
Regulatory assets		**88**		38
Risk management assets *(note 13)*		**106**		140
Prepaid expenses and other current assets *(note 19)*		**128**		169
Assets held for sale		**—**		1,087
		2,317		4,638
Property, plant and equipment		**11,731**		11,686
Intangible assets		**98**		120
Operating right of use assets		**260**		281
Goodwill *(note 5)*		**5,142**		5,250
Regulatory assets		**209**		448
Risk management assets *(note 13)*		**102**		77
Prepaid post-retirement benefits		**537**		538
Long-term investments and other assets *(net of credit losses of $1 million) (notes 6, 13, and 19)*		**290**		273
Investments accounted for by the equity method *(note 8)*		**650**		654
	$	**21,336**	$	23,965
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Accounts payable and accrued liabilities	**$**	**1,275**	$	1,902
Short-term debt		**191**		293
Current portion of long-term debt *(notes 9 and 13)*		**559**		334
Customer deposits		**66**		79
Regulatory liabilities		**62**		183
Risk management liabilities *(note 13)*		**59**		172
Operating lease liabilities		**85**		92
Other current liabilities *(note 13)*		**27**		57
Liabilities associated with assets held for sale		**—**		295
		2,324		3,407
Long-term debt *(notes 9 and 13)*		**7,068**		8,694
Asset retirement obligations		**449**		451
Unamortized investment tax credits		**1**		2
Deferred income taxes		**1,511**		1,369
Subordinated hybrid notes *(notes 10 and 13)*		**544**		544
Regulatory liabilities		**1,148**		1,201
Risk management liabilities *(note 13)*		**124**		298
Operating lease liabilities		**196**		215
Other long-term liabilities		**111**		122
Future employee obligations		**44**		44
	$	**13,520**	$	16,347

As at *($ millions)*		**June 30, 2023**		December 31, 2022
Shareholders' equity				
Common shares, no par values, unlimited shares authorized; 2023 - 281.7 million and 2022 - 281.5 million issued and outstanding *(note 15)*	**$**	**6,765**	$	6,761
Preferred shares *(note 15)*		**586**		586
Contributed surplus		**625**		625
Accumulated deficit		**(722)**		(1,142)
Accumulated other comprehensive income (AOCI) *(note 11)*		**415**		626
Total shareholders' equity		**7,669**		7,456
Non-controlling interests		**147**		162
Total equity	**$**	**7,816**	$	7,618
	$	**21,336**	$	23,965

Variable interest entities (note 7)

Commitments, guarantees, and contingencies (note 17)

Seasonality (note 20)

Segmented information (note 21)

Subsequent events (note 22)

See accompanying notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF INCOME

(condensed and unaudited)

	Three Months Ended June 30		Six Months Ended June 30	
($ millions except per share amounts)	**2023**	2022	**2023**	2022
REVENUE *(note 12)*	**$ 2,631**	$ 3,241	**$ 6,679**	$ 7,133
EXPENSES				
Cost of sales, exclusive of items shown separately	**1,889**	2,647	**5,052**	5,477
Operating and administrative	**389**	357	**774**	758
Accretion expenses	**2**	2	**5**	3
Depreciation and amortization	**112**	108	**223**	221
	$ 2,392	$ 3,114	**$ 6,054**	$ 6,459
Income from equity investments *(note 8)*	**9**	3	**11**	6
Other income *(note 3)*	**27**	28	**364**	54
Foreign exchange gains	**—**	3	**—**	2
Interest expense	**(93)**	(76)	**(198)**	(146)
Income before income taxes	**182**	85	**802**	590
Income tax expense (recovery)				
Current	**(14)**	(2)	**39**	43
Deferred	**52**	19	**163**	81
Net income after taxes	**$ 144**	$ 68	**$ 600**	$ 466
Net income applicable to non-controlling interests	**4**	23	**9**	40
Net income applicable to controlling interests	**140**	45	**591**	426
Preferred share dividends	**(7)**	(10)	**(13)**	(23)
Loss on redemption of preferred shares	**—**	—	**—**	(10)
Net income applicable to common shares	**$ 133**	$ 35	**$ 578**	$ 393
Net income per common share *(note 16)*				
Basic	**$ 0.47**	$ 0.12	**$ 2.05**	$ 1.40
Diluted	**$ 0.47**	$ 0.12	**$ 2.04**	$ 1.39
Weighted average number of common shares outstanding (millions) *(note 16)*				
Basic	**281.7**	280.7	**281.6**	280.6
Diluted	**283.1**	283.3	**283.0**	283.1

See accompanying notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(condensed and unaudited)

	Three Months Ended June 30		Six Months Ended June 30	
($ millions)	**2023**	2022	**2023**	2022
Net income after taxes	**$ 144**	$ 68	**$ 600**	$ 466
Other comprehensive income (loss), net of taxes				
Gain (loss) on foreign currency translation	**(225)**	290	**(236)**	156
Unrealized gain (loss) on net investment hedge	**21**	(3)	**24**	(2)
Actuarial loss on pension plans and post-retirement benefit (PRB) plans *(note 11)*	**(1)**	—	**(1)**	—
Settlement of Canadian defined benefit pension plan *(note 18)*	**2**	—	**2**	—
Total other comprehensive income (loss) (OCI), net of taxes	**(203)**	287	**(211)**	154
Comprehensive income (loss) attributable to controlling interests and non-controlling interests, net of taxes	**$ (59)**	$ 355	**$ 389**	$ 620
Comprehensive income (loss) attributable to:				
Non-controlling interests	**$ 4**	$ 34	**$ 9**	$ 46
Controlling interests	**(63)**	321	**380**	574
	$ (59)	$ 355	**$ 389**	$ 620

See accompanying notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF EQUITY

(condensed and unaudited)

	Three Months Ended June 30		Six Months Ended June 30	
($ millions)	**2023**	2022	**2023**	2022
Common shares *(note 15)*				
Balance, beginning of period	**$ 6,763**	$ 6,740	**$ 6,761**	$ 6,735
Shares issued for cash on exercise of options	**2**	12	**4**	18
Deferred taxes on share issuance costs	**—**	—	**—**	(1)
Balance, end of period	**$ 6,765**	$ 6,752	**$ 6,765**	$ 6,752
Preferred shares *(note 15)*				
Balance, beginning of period	**$ 586**	$ 786	**$ 586**	$ 1,076
Redemption of preferred shares	**—**	—	**—**	(290)
Balance, end of period	**$ 586**	$ 786	**$ 586**	$ 786
Contributed surplus				
Balance, beginning of period	**$ 625**	$ 389	**$ 625**	$ 388
Share options expense	**—**	1	**—**	2
Exercise of share options	**—**	(2)	**—**	(2)
Balance, end of period	**$ 625**	$ 388	**$ 625**	$ 388
Accumulated deficit				
Balance, beginning of period	**$ (776)**	$ (960)	**$ (1,142)**	$ (1,243)
Net income applicable to controlling interests	**140**	45	**591**	426
Common share dividends	**(79)**	(74)	**(158)**	(149)
Preferred share dividends	**(7)**	(10)	**(13)**	(23)
Loss on redemption of preferred shares	**—**	—	**—**	(10)
Balance, end of period	**$ (722)**	$ (999)	**$ (722)**	$ (999)
AOCI *(note 11)*				
Balance, beginning of period	**$ 618**	$ (135)	**$ 626**	$ (7)
Other comprehensive income (loss)	**(203)**	276	**(211)**	148
Balance, end of period	**$ 415**	$ 141	**$ 415**	$ 141
Total shareholders' equity	**$ 7,669**	$ 7,068	**$ 7,669**	$ 7,068
Non-controlling interests				
Balance, beginning of period	**$ 120**	$ 659	**$ 162**	$ 652
Net income applicable to non-controlling interests	**4**	23	**9**	40
Foreign currency translation adjustments	**—**	11	**—**	6
Contributions from non-controlling interests to subsidiaries	**27**	—	**27**	—
Distributions by subsidiaries to non-controlling interests	**(4)**	(5)	**(8)**	(10)
Adjustment on disposition of assets *(note 3)*	**—**	—	**(43)**	—
Balance, end of period	**$ 147**	$ 688	**$ 147**	$ 688
Total equity	**$ 7,816**	$ 7,756	**$ 7,816**	$ 7,756

See accompanying notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(condensed and unaudited)

	Three Months Ended June 30		Six Months Ended June 30	
($ millions)	**2023**	2022	**2023**	2022
Cash from operations				
Net income after taxes	**$ 144**	$ 68	**$ 600**	$ 466
Items not involving cash:				
Depreciation and amortization	**112**	108	**223**	221
Accretion expenses	**2**	2	**5**	3
Share-based compensation *(note 15)*	**—**	(1)	**—**	—
Deferred income tax expense	**52**	19	**163**	81
Losses (gains) on sale of assets *(note 3)*	**(12)**	1	**(319)**	(6)
Gain on debt defeasance *(note 9)*	**—**	—	**(14)**	—
Income from equity investments *(note 8)*	**(9)**	(3)	**(11)**	(6)
Unrealized losses (gains) on risk management contracts *(note 13)*	**(150)**	5	**(115)**	(104)
Amortization of deferred financing costs	**2**	1	**4**	3
Allowance for credit losses	**3**	6	**14**	16
Change in pension and other post-retirement benefits	**3**	(11)	**2**	(22)
Other	**(6)**	1	**(12)**	1
Asset retirement obligations settled	**(3)**	(1)	**(5)**	(3)
Distributions from equity investments	**4**	4	**7**	8
Changes in operating assets and liabilities *(note 19)*	**231**	328	**422**	553
	$ 373	$ 527	**$ 964**	$ 1,211
Investing activities				
Capital expenditures - property, plant and equipment	**(228)**	(194)	**(429)**	(368)
Capital expenditures - intangible assets	**(2)**	—	**(2)**	(4)
Contributions to equity investments	**(1)**	—	**(3)**	(1)
Proceeds from disposition of assets, net of transaction costs *(note 3)*	**—**	225	**1,072**	245
	$ (231)	$ 31	**$ 638**	$ (128)
Financing activities				
Net issuance (repayment) of short-term debt	**—**	7	**—**	(155)
Issuance of long-term debt, net of debt issuance costs	**397**	—	**397**	—
Purchase of marketable securities in connection with debt defeasance *(note 9)*	**—**	—	**(193)**	—
Repayment of long-term debt	**(303)**	(2)	**(334)**	(7)
Net repayment under credit facilities	**(169)**	(394)	**(1,287)**	(592)
Issuance of subordinated hybrid notes, net of debt issuance costs *(note 10)*	**—**	—	**—**	297
Dividends - common shares	**(79)**	(74)	**(158)**	(149)
Dividends - preferred shares	**(7)**	(10)	**(13)**	(23)
Distributions to non-controlling interests	**(4)**	(5)	**(8)**	(10)
Net proceeds from shares issued on exercise of options *(note 15)*	**2**	12	**4**	18
Redemption of preferred shares *(note 15)*	**—**	—	**—**	(300)
	$ (163)	$ (466)	**$ (1,592)**	$ (921)
Change in cash, cash equivalents, and restricted cash	**(21)**	92	**10**	162
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	**—**	2	**—**	1
Net change in cash classified within assets held for sale	**—**	(1)	**—**	(1)
Cash, cash equivalents, and restricted cash, beginning of period	**95**	153	**64**	84
Cash, cash equivalents, and restricted cash, end of period *(note 19)*	**$ 74**	$ 246	**$ 74**	$ 246

See accompanying 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. (SEMCO); and in regard to the Midstream business, AltaGas Extraction and Transmission Limited Partnership, AltaGas Pipeline Partnership, AltaGas Processing Partnership, AltaGas Northwest Processing Limited Partnership, Harmattan Gas Processing Limited Partnership, Ridley Island LPG Export Limited Partnership, AltaGas Pacific Partnership, AltaGas LPG Limited Partnership, Petrogas Energy Corporation (Petrogas), Petrogas Holdings Partnership, and Petrogas Inc. In the Corporate/Other segment, subsidiaries include AltaGas Power Holdings (U.S.) Inc., WGL Energy Systems, Inc. (WGL Energy Systems), and Blythe Energy Inc. (Blythe). SEMCO conducts its Michigan natural gas distribution business under the name SEMCO Energy Gas Company (SEMCO Gas).

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

AltaGas' operating segments include the following:

- Utilities, which owns and operates franchised, cost-of-service, rate regulated natural gas distribution and storage utilities that focus on providing safe, reliable, affordable energy to approximately 1.6 million residential and commercial customers. This includes operating two utilities that operate across four major U.S. jurisdictions with a rate base of approximately US$5.0 billion. The Utilities business also includes other storage facilities and contracts for interstate natural gas transportation and storage services, as well as WGL Energy Services, an affiliated retail energy marketing business, which sells natural gas and electricity directly to residential, commercial, and industrial customers located in Maryland, Virginia, Delaware, Pennsylvania, Ohio, and the District of Columbia; and

- Midstream, which is a leading North American platform that connects customers and markets from wellhead to tidewater and beyond. The three pillars of the Midstream business include: 1) global exports, which includes AltaGas' two LPG export terminals; 2) natural gas gathering and extraction; and 3) fractionation and liquids handling. AltaGas' Midstream segment also includes its natural gas and NGL marketing business, domestic logistics, trucking and rail terminals, and liquid storage capability.

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

2. Summary of Significant Accounting Policies

BASIS OF PRESENTATION

These unaudited condensed interim Consolidated Financial Statements have been prepared by Management in accordance with United States Generally Accepted Accounting Principles (U.S. GAAP). As a result, these unaudited condensed interim Consolidated Financial Statements do not include all of the information and disclosures required in the annual Consolidated Financial Statements and should be read in conjunction with the Corporation's 2022 annual audited Consolidated Financial Statements prepared in accordance with U.S. GAAP. In Management's opinion, these unaudited condensed interim Consolidated Financial Statements include all adjustments that are of a recurring nature and necessary to present fairly the financial position of the Corporation.

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

PRINCIPLES OF CONSOLIDATION

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

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

RECLASSIFICATION OF PRIOR PERIOD BALANCES

Certain reclassifications of prior period amounts in the consolidated statements of income have been made to conform to current year presentation. These reclassifications have no effect on the reported net income.

USE OF ESTIMATES AND MEASUREMENT UNCERTAINTY

The preparation of Consolidated Financial Statements in accordance with U.S. GAAP requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenue and expenses during the period. Critical estimates and judgements used in the preparation of these condensed interim Consolidated Financial Statements are described in Note 2 of the Corporation's 2022 annual audited Consolidated Financial

Statements. There have been no material changes to AltaGas' critical estimates and judgements during the six months ended June 30, 2023.

SIGNIFICANT ACCOUNTING POLICIES

These unaudited condensed interim Consolidated Financial Statements have been prepared following the same accounting policies and methods as those used in preparing the Corporation's 2022 annual audited Consolidated Financial Statements.

ADOPTION OF NEW ACCOUNTING STANDARDS

Effective January 1, 2023, AltaGas adopted the following Financial Accounting Standards Board (FASB) issued Accounting Standards Updates (ASU):

- In October 2021, FASB issued ASU 2021-08 "Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers". The amendments in this ASU require an entity to recognize and measure contract assets and liabilities acquired in a business combination in accordance with Topic 606. The adoption of this ASU did not have a material impact on AltaGas' consolidated financial statements.

- In March 2022, FASB issued ASU No. 2022-01 "Derivatives and Hedging (Topic 815): Fair Value Hedging - Portfolio Layer Method". The amendments in this ASU will allow non-prepayable financial assets to be included in a closed portfolio hedged using the portfolio layer method and promote consistency in single and multiple hedged layers. The adoption of this ASU did not have a material impact on AltaGas' consolidated financial statements.

- In March 2022, FASB issued ASU No. 2022-02 "Financial Instruments - Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures". The amendments in this ASU will eliminate the accounting guidance for troubled debt restructurings (TDRs) by creditors while enhancing disclosure requirements for certain loan refinancings and restructurings by creditors when a borrower is experiencing financial difficulty, as well as require the disclosure of current-period write offs by year of origination for financing receivables and net investments in leases. The adoption of this ASU did not have a material impact on AltaGas' consolidated financial statements.

- In September 2022, FASB issued ASU No. 2022-04 "Liabilities (Subtopic 405-50) - Supplier Finance Programs". The amendments in this ASU will require a buyer in a supplier finance program to disclose the key terms of the program, the amount outstanding at the end of the period, a roll forward of that obligation during the period, and where the obligation is presented on the balance sheet. The adoption of this ASU did not have a material impact on AltaGas' consolidated financial statements.

FUTURE CHANGES IN ACCOUNTING PRINCIPLES

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 amendments in this ASU are effective for fiscal years beginning after December 15, 2023 and should be applied prospectively with adjustments as a result of adopting this ASU being recognized in earnings. The adoption of this ASU is not expected to 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 allow 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 amendments in this ASU are effective for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years and can be applied using one of the following three methods: 1) prospectively to all new leasehold improvements recognized on or after the date the entity applies the amendments, 2) prospectively to all new leasehold improvements recognized on or after the date the entity applies the amendments, with any remaining unamortized balance of existing leasehold improvements amortized over their remaining useful life to the common-control group determined at that date, or 3) retrospectively to the beginning of the period in which the entity first applied Topic 842, with any leasehold improvements that otherwise would not have been amortized or impaired recognized through a cumulative-effect adjustment to opening retained earnings at the beginning of the earliest period presented. Early adoption is permitted. The adoption of this ASU is not expected to 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, regardless of the tax credit program from which the income tax credits are received, using the proportional amortization method if certain conditions are met. The amendments in this ASU are effective for public business entities for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years and can applied on either a modified prospective or retrospective basis. Early adoption is permitted. The adoption of this ASU is not expected to have a material impact on AltaGas' consolidated financial statements.

3. Dispositions

Alaskan Utilities

On March 1, 2023, AltaGas closed the sale of its 100 percent interest in ENSTAR and 65 percent indirect interest in CINGSA and other ancillary operations (Alaska Utilities Disposition), for consideration of approximately $1.1 billion (US$800 million), prior to closing adjustments. As a result, AltaGas recognized a pre-tax gain on disposition of approximately $304 million under the line item "other income" for the six months ended June 30, 2023.

Energy Storage Development Project

In the first quarter of 2022, AltaGas completed the sale of a 60 MW stand-alone energy storage development project in Goleta, California for total proceeds of approximately $20 million (US$15 million), subject to certain contingencies. In February 2023, the parties reached an agreement on outstanding contingencies and as a result, the buyer paid AltaGas an additional payment of approximately $11 million (US$8 million) which was recognized as a pre-tax gain on disposition in the Consolidated Statements of Income under the line item "other income" for the six months ended June 30, 2023.

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 second quarter of 2023, AltaGas received approximately $1 million (US$1 million) of cash proceeds from the indemnity escrow account. As a result, AltaGas recognized a pre-tax gain on disposition of approximately $1 million in the Consolidated Statements of Income under the line item "other income" for the six months ended June 30, 2023.

4. Inventory

As at		June 30, 2023		December 31, 2022
Natural gas held in storage [(a)]	**$**	**268**	$	588
Natural gas liquids		**131**		197
Crude oil and condensate		**103**		152
Renewable energy credits and emission compliance instruments		**157**		127
Materials and supplies		**63**		76
Processed finished products		**6**		6
	$	**728**	$	1,146
Less: inventory reclassified to assets held for sale		**—**		(86)
	$	**728**	$	1,060

(a) As at June 30, 2023, $238 million of the natural gas held in storage was held by rate-regulated utilities (December 31, 2022 - $520 million).

5. Goodwill

As at		June 30, 2023		December 31, 2022
Balance, beginning of period	**$**	**5,250**	$	5,153
Reclassified to assets held for sale		**—**		(226)
Foreign exchange translation		**(108)**		323
Balance, end of period	**$**	**5,142**	$	5,250

6. Long-Term Investments and Other Assets

As at		June 30, 2023		December 31, 2022
Deferred lease receivable	**$**	**26**	$	17
Debt issuance costs associated with credit facilities		**6**		7
Refundable deposits		**10**		10
Prepayment on long-term service agreements		**80**		79
Deferred information technology costs		**32**		24
Cash calls from joint venture partners		**20**		21
Contract asset *(net of credit losses of $1 million) (notes 12 and 13)*		**38**		37
Rabbi trust *(notes 18 and 19)*		**7**		8
Capitalized contract costs		**4**		5
Financial transmission rights		**34**		39
Other		**33**		27
	$	**290**	$	274
Less: long-term investments and other assets reclassified to assets held for sale		**—**		(1)
	$	**290**	$	273

7. Variable Interest Entities

Consolidated VIEs

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

Ridley Island LPG Export Limited Partnership

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

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

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

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

As at	**June 30, 2023**	December 31, 2022
Current assets	**$ 15**	$ 12
Property, plant and equipment	**351**	353
Long-term investments and other assets	**43**	45
Current liabilities	**(20)**	(16)
Asset retirement obligations	**(4)**	(4)
Net assets	**$ 385**	$ 390

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 and Vopak in proportion to their respective interests in REEF LP. As part of the project definitive agreements, AltaGas entered into a long-term agreement for 100 percent of the capacity of REEF with REEF LP. Additionally, AltaGas and certain of its subsidiaries have been contracted to provide operating and project development services to REEF LP.

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

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

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

As at		**June 30, 2023**		December 31, 2022
Property, plant and equipment	**$**	**55**	$	—
Net assets	**$**	**55**	$	—

AltaGas Hybrid Trust

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

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

Shares, the Series 2 Subordinated Notes would be immediately and automatically surrendered and cancelled and all rights of any Series 2 Subordinated Notes will automatically cease. The only assets held by the holding trust are the Series 2022-A and Series 2022-B Preferred Shares.

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

Unconsolidated VIE

Strathcona Storage Limited Partnership (SSLP)

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

As at June 30, 2023, AltaGas' held a 40 percent equity investment in SSLP with a carrying value of $131 million (December 31, 2022 - $130 million). SSLP is not consolidated by AltaGas and instead is accounted for by the equity method of accounting. AltaGas is not the primary beneficiary of SSLP and it does not have the power to direct the activities most significant to the economic performance of SSLP. The maximum financial exposure to loss as a result of the involvement with this VIE is equal to AltaGas' net investment in SSLP.

8. Investments Accounted for by the Equity Method

	Location	Ownership Percentage	Carrying value as at June 30, 2023	Carrying value as at December 31, 2022
Eaton Rapids Gas Storage System	United States	**50**	**$ 28**	$ 28
Mountain Valley Pipeline, LLC (MVP) [(a)]	United States	**10**	**474**	478
Sarnia Airport Storage Pool LP	Canada	**50**	**16**	17
Petrogas Terminals Penn LLC	United States	**50**	**1**	1
Strathcona Storage LP	Canada	**40**	**131**	130
			$ 650	$ 654

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

	Location	Ownership Percentage	Equity income for the three months ended June 30 2023	Equity income for the three months ended June 30 2022	Equity income for the six months ended June 30 2023	Equity income for the six months ended June 30 2022
Eaton Rapids Gas Storage System	United States	**50**	**$ —**	$ —	**$ 1**	$ 2
MVP [(a)]	United States	**10**	**6**	—	**6**	—
Sarnia Airport Storage Pool LP	Canada	**50**	**1**	1	**1**	1
Strathcona Storage LP	Canada	**40**	**2**	2	**3**	3
			$ 9	$ 3	**$ 11**	$ 6

(a) Relates to allowance for funds used during construction (AFUDC) as a result of the resumption of construction activities in June 2023.

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, and a contractual cap on contributions to MVP.

9. Long-Term Debt

As at	Maturity date	June 30, 2023	December 31, 2022
Credit facilities			
$2 billion unsecured extendible revolving facility [a]	20-May-2027	**$ —**	$ 860
US$150 million unsecured extendible revolving facility	20-Dec-2026	**—**	188
Commercial paper [b]	Various	**232**	386
$450 million term loan	25-Aug-2024	**448**	450
AltaGas Ltd. medium-term notes (MTNs)			
$300 million Senior unsecured - 3.57 percent	12-Jun-2023	**—**	300
$200 million Senior unsecured - 4.40 percent	15-Mar-2024	**200**	200
$350 million Senior unsecured - 1.23 percent	18-Mar-2024	**350**	350
$300 million Senior unsecured - 3.84 percent	15-Jan-2025	**300**	300
$500 million Senior unsecured - 2.16 percent	10-Jun-2025	**500**	500
$350 million Senior unsecured - 4.12 percent	7-Apr-2026	**350**	350
$400 million Senior unsecured - 4.64 percent	15-May-2026	**400**	—
$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
$200 million Senior unsecured - 2.48 percent	30-Nov-2030	**200**	200
$100 million Senior unsecured - 5.16 percent	13-Jan-2044	**100**	100
$300 million Senior unsecured - 4.50 percent	15-Aug-2044	**300**	300
$250 million Senior unsecured - 4.99 percent	4-Oct-2047	**250**	250
WGL and Washington Gas MTNs and private placement notes			
US$20 million Senior unsecured - 6.65 percent	20-Mar-2023	**—**	27
US$41 million Senior unsecured - 5.44 percent	11-Aug-2025	**54**	55
US$53 million Senior unsecured - 6.62 to 6.82 percent	Oct 2026	**70**	72
US$72 million Senior unsecured - 6.40 to 6.57 percent	Feb - Sep 2027	**95**	98
US$52 million Senior unsecured - 6.57 to 6.85 percent	Jan - Mar 2028	**69**	70
US$9 million Senior unsecured - 7.50 percent	1-Apr-2030	**11**	12
US$50 million Senior unsecured - 5.70 to 5.78 percent	Jan - Mar 2036	**66**	68
US$75 million Senior unsecured - 5.21 percent	3-Dec-2040	**99**	102
US$75 million Senior unsecured - 5.00 percent	15-Dec-2043	**99**	102
US$300 million Senior unsecured - 4.22 to 4.60 percent	Sep - Nov 2044	**397**	405
US$450 million Senior unsecured - 3.80 percent	15-Sep-2046	**596**	608
US$400 million Senior unsecured - 3.65 percent [c]	15-Sep-2049	**550**	563
US$200 million Senior unsecured - 2.98 percent	15-Dec-2051	**265**	271
US$25 million Senior unsecured - 5.25 percent	29-Dec-2042	**33**	34
US$175 million Senior unsecured - 5.33 percent	29-Dec-2052	**232**	237
SEMCO long-term debt			
US$82 million CINGSA Senior Secured - 4.48 percent	n/a	**—**	60
US$225 million First Mortgage Bonds - 2.45 percent	21-Apr-2030	**95**	305
US$225 million First Mortgage Bonds - 3.15 percent	21-Apr-2050	**298**	305
Fair value adjustment on WGL Acquisition		**76**	79
Finance lease liabilities		**30**	25
		$ 7,665	$ 9,132
Less: debt issuance costs		**(38)**	(41)
		$ 7,627	$ 9,091
Less: current portion		**(559)**	(334)
Less: liabilities associated with assets held for sale		**—**	(63)
		$ 7,068	$ 8,694

(a) Borrowings on the facility can be by way of prime loans, U.S. base-rate loans, SOFR loans, bankers' acceptances, or letters of credit. Borrowings on the facility have fees and interest at rates relevant to the nature of the draw made. This facility has a $2 billion five-year extendable committed revolving tranche, a $300 million two-year extendable side car liquidity revolving facility, and a $200 million four-year revolving credit facility.

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

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

SEMCO Debt Defeasance

In the first quarter of 2023, SEMCO executed a partial legal defeasance transaction to derecognize US$153 million of its previously issued 2.45 percent First Mortgage Bonds, Series 2020A-1, due April 21, 2030 (the Defeased Bonds) in the aggregate principal amount of US$225 million. In satisfaction of the discharge requirements outlined in the indenture, certain assets were transferred to the indenture trustee to be held in trust to satisfy the remaining principal and interest obligations of the Defeased Bonds. As a result, SEMCO has been legally released from being the primary obligor of the Defeased Bonds. At transaction close AltaGas recognized a pre-tax gain of $14 million on the derecognition of the Defeased Bonds under the line item "other income" for the six months ended June 30, 2023.

10. Subordinated Hybrid Notes

As at	Maturity date		June 30, 2023		December 31, 2022
$300 million Subordinated Notes, Series 1	11-Jan-2082	**$**	**300**	$	300
$250 million Subordinated Notes, Series 2	17-Aug-2082		**250**		250
			550		550
Less: debt issuance costs			**(6)**		(6)
		$	**544**	$	544

For the three and six months ended June 30, 2023, AltaGas recorded interest expense of $8 million and $17 million, respectively, on the subordinated hybrid notes (three and six months ended June 30, 2022 - $4 million and $7 million, respectively).

11. Accumulated Other Comprehensive Income (Loss)

		Defined benefit pension and PRB plans		Hedge net investments		Translation foreign operations		Total
Opening balance, January 1, 2023	**$**	**(5)**	**$**	**(173)**	**$**	**804**	**$**	**626**
OCI before reclassification		**(1)**		**27**		**(236)**		**(210)**
Settlement of Canadian defined benefit pension plan *(note 18)*		**2**		**—**		**—**		**2**
Current period OCI (pre-tax)		**1**		**27**		**(236)**		**(208)**
Income tax on amounts retained in AOCI		**—**		**(3)**		**—**		**(3)**
Net current period OCI		**1**		**24**		**(236)**		**(211)**
Ending balance, June 30, 2023	**$**	**(4)**	**$**	**(149)**	**$**	**568**	**$**	**415**
Opening balance, January 1, 2022	$	(8)	$	(158)	$	159	$	(7)
OCI before reclassification		—		(2)		150		148
Current and net current period OCI		—		(2)		150		148
Ending balance, June 30, 2022	$	(8)	$	(160)	$	309	$	141

Reclassification From Accumulated Other Comprehensive Income (Loss)

AOCI components reclassified	Income statement line item		**Three Months Ended June 30, 2023**		Three Months Ended June 30, 2022
Defined benefit pension and PRB plans [(a)]	Other income	**$**	**2**	$	—
		$	**2**	$	—

(a) Reclassification from AOCI for the three months ended June 30, 2023 relates to the settlement of the Canadian defined benefit pension plan. Refer to Note 18 for more details.

AOCI components reclassified	Income statement line item		**Six Months Ended June 30, 2023**		Six Months Ended June 30, 2022
Defined benefit pension and PRB plans [(a)]	Other income	**$**	**2**	$	—
		$	**2**	$	—

(a) Reclassification from AOCI for the six months ended June 30, 2023 relates to the settlement of the Canadian defined benefit pension plan. Refer to Note 18 for more details.

12. Revenue

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

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

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

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

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

	Three Months Ended June 30, 2022			
	Utilities	Midstream	Corporate/ Other	Total
Revenue from contracts with customers				
Commodity sales contracts	$ 352	$ 1,579	$ —	$ 1,931
Midstream service contracts	—	699	—	699
Gas sales and transportation services	481	—	—	481
Storage services	6	—	—	6
Other	2	—	—	2
Total revenue from contracts with customers	$ 841	$ 2,278	$ —	$ 3,119
Other sources of revenue				
Revenue from alternative revenue programs [(a)]	$ 14	$ —	$ —	$ 14
Leasing revenue [(b)]	—	62	21	83
Risk management and trading activities [(c)]	(24)	41	—	17
Other	1	7	—	8
Total revenue from other sources	$ (9)	$ 110	$ 21	$ 122
Total revenue	$ 832	$ 2,388	$ 21	$ 3,241

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

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

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

	Six Months Ended June 30, 2023			
	Utilities	**Midstream**	**Corporate / Other**	**Total**
Revenue from contracts with customers				
Commodity sales contracts	**$ 968**	**$ 2,755**	**$ —**	**$ 3,723**
Midstream service contracts	**—**	**936**	**—**	**936**
Gas sales and transportation services	**1,548**	**4**	**—**	**1,552**
Storage services [(a)]	**4**	**—**	**—**	**4**
Other	**6**	**5**	**—**	**11**
Total revenue from contracts with customers	**$ 2,526**	**$ 3,700**	**$ —**	**$ 6,226**
Other sources of revenue				
Revenue from alternative revenue programs [(b)]	**$ 100**	**$ —**	**$ —**	**$ 100**
Leasing revenue [(c)]	**—**	**108**	**44**	**152**
Risk management and trading activities [(d)]	**150**	**32**	**2**	**184**
Other	**(4)**	**21**	**—**	**17**
Total revenue from other sources	**$ 246**	**$ 161**	**$ 46**	**$ 453**
Total revenue	**$ 2,772**	**$ 3,861**	**$ 46**	**$ 6,679**

(a) Relates to revenue earned for the period prior to the close of the Alaska Utilities Disposition on March 1, 2023.
(b) A large portion of revenue generated from the Utilities segment is subject to rate regulation and accordingly there are circumstances where the revenue recognized is mandated by the applicable regulators in accordance with ASC 980.
(c) Revenue generated from certain of AltaGas' gas facilities is accounted for as operating leases. For the Corporate/Other segment, a significant amount of revenue earned is through power purchase agreements which are accounted for as operating leases.
(d) Risk management activities involve the use of derivative instruments such as physical and financial swaps, forward contracts, and options. These derivatives are accounted for under ASC 815 and ASC 825. A portion of revenue generated by the Utilities segment is from the physical sale and delivery of natural gas and power to end users.

	Six Months Ended June 30, 2022			
	Utilities	**Midstream**	**Corporate/ Other**	**Total**
Revenue from contracts with customers				
Commodity sales contracts	$ 790	$ 3,299	$ —	$ 4,089
Midstream service contracts	—	1,229	—	1,229
Gas sales and transportation services	1,690	—	—	1,690
Storage services	12	—	—	12
Other	4	—	1	5
Total revenue from contracts with customers	$ 2,496	$ 4,528	$ 1	$ 7,025
Other sources of revenue				
Revenue from alternative revenue programs [(a)]	$ 45	$ —	$ —	$ 45
Leasing revenue [(b)]	—	101	40	141
Risk management and trading activities [(c)]	(101)	19	—	(82)
Other	(7)	11	—	4
Total revenue from other sources	$ (63)	$ 131	$ 40	$ 108
Total revenue	$ 2,433	$ 4,659	$ 41	$ 7,133

(a) A large portion of revenue generated from the Utilities segment is subject to rate regulation and accordingly there are circumstances where the revenue recognized is mandated by the applicable regulators in accordance with ASC 980.
(b) Revenue generated from certain of AltaGas' gas facilities is accounted for as operating leases. For the Corporate/Other segment, a significant amount of revenue earned is through power purchase agreements which are accounted for as operating leases.
(c) Risk management activities involve the use of derivative instruments such as physical and financial swaps, forward contracts, and options. 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 gas and electricity sales to residential, commercial, and industrial customers in certain states where WGL Energy Services is authorized as a competitive service provider. These commodity sales contracts have varying terms that generally range from one to five years. Customers are billed monthly based on the amount of energy delivered to the customer. Revenue is recognized based on the amount the Corporation is entitled to invoice the customer.

Midstream Segment

Commodity Sales

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

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

Midstream Service Contracts

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

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

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

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

Corporate/Other Segment

For the Corporate/Other segment, the majority of revenue relates to remaining power assets, from which revenue is primarily earned through power purchase agreements which are accounted for as operating leases. In instances where power generation is not sold under a power purchase agreement, the commodity is sold 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 lease, derivative or for contracts whereby AltaGas has elected to apply the normal purchase and normal sales scope exception, the sales contract is accounted for under ASC 606.

Contract Balances

As at June 30, 2023, a contract asset balance of $42 million (December 31, 2022 - $41 million) has been recorded on the Consolidated Balance Sheets, of which $39 million ($38 million net of credit losses) is included within long-term investments and other assets (December 31, 2022 - $37 million net of credit losses) and $4 million within prepaid expenses and other current assets (December 31, 2022 - $4 million). This contract asset represents the difference in revenue recognized under new rates in blend-and-extend contract modifications with customers. Revenue from these contract modifications was recognized at the pre-modification rate until the effective date of the contract modification on the original contracts, with the excess revenue recorded as a contract asset. The contract assets are now being drawn down over the remaining term of the modified contracts.

Contract Assets

As at		June 30, 2023		December 31, 2022
Balance, beginning of period	**$**	**41**	$	54
Additions		**3**		1
Amortization [(a)]		**(2)**		(4)
Transfers to accounts receivable [(b)]		**—**		(10)
Balance, end of period	**$**	**42**	$	41

(a) Represents the drawdown of contract assets under blend-and-extend contract modifications.
(b) Amounts included in contract assets are transferred to accounts receivable when AltaGas' right to consideration becomes unconditional.

Transaction price allocated to the remaining obligations

The following table includes estimated revenue expected to be recognized in the future related to performance obligations that are unsatisfied as of June 30, 2023:

	Remainder of 2023	2024	2025	2026	2027	> 2027	Total
Midstream service contracts	$ 58	$ 114	$ 111	$ 107	$ 106	$ 903	**$ 1,399**
Other	1	1	1	1	1	4	**9**
	$ 59	$ 115	$ 112	$ 108	$ 107	$ 907	**$ 1,408**

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

13. Financial Instruments and Financial Risk Management

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

Fair Value Hierarchy

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

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

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

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

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

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

Current portion of long-term debt, long-term debt (including any 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	June 30, 2023				
	Carrying Amount	Level 1	Level 2	Level 3	Total Fair Value
Financial assets					
Fair value through net income [(a)]					
Risk management assets - current	$ 97	$ —	$ 66	$ 31	$ 97
Risk management assets - non-current	75	—	33	42	75
Fair value through regulatory assets/liabilities [(a)]					
Risk management assets - current	9	—	1	8	9
Risk management assets - non-current	27	—	1	26	27
	$ 208	$ —	$ 101	$ 107	$ 208
Financial liabilities					
Fair value through net income [(a)]					
Risk management liabilities - current	$ 45	$ —	$ 33	$ 12	$ 45
Risk management liabilities - non-current	82	—	32	50	82
Fair value through regulatory assets/liabilities [(a)]					
Risk management liabilities - current	14	—	—	14	14
Risk management liabilities - non-current	42	—	—	42	42
Amortized cost					
Current portion of long-term debt	559	—	559	—	559
Long-term debt	7,068	—	6,219	—	6,219
Subordinated hybrid notes	544	—	473	—	473
Other current liabilities [(b)]	23	—	23	—	23
	$ 8,377	$ —	$ 7,339	$ 118	$ 7,457

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

(b) Excludes non-financial liabilities.

As at	December 31, 2022				
	Carrying Amount	Level 1	Level 2	Level 3	Total Fair Value
Financial assets					
Fair value through net income [(a)]					
Risk management assets - current	$ 132	$ —	$ 96	$ 36	$ 132
Risk management assets - non-current	77	—	52	25	77
Fair value through regulatory assets/liabilities [(a)]					
Risk management assets - current	8	—	6	2	8
	$ 217	$ —	$ 154	$ 63	$ 217
Financial liabilities					
Fair value through net income [(a)]					
Risk management liabilities - current	$ 133	$ —	$ 11	$ 122	$ 133
Risk management liabilities - non-current	170	—	4	166	170
Fair value through regulatory assets/liabilities [(a)]					
Risk management liabilities - current	39	—	—	39	39
Risk management liabilities - non-current	128	—	—	128	128
Amortized cost					
Current portion of long-term debt	334	—	334	—	334
Long-term debt	8,694	—	7,721	—	7,721
Subordinated hybrid notes	544	—	480	—	480
Debt classified as held for sale	63	—	60	—	60
Other current liabilities [(b)]	52	—	52	—	52
	$ 10,157	$ —	$ 8,662	$ 455	$ 9,117

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

(b) Excludes non-financial liabilities.

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

The following table includes quantitative information about the significant unobservable inputs used in the fair value measurement of Level 3 financial instruments at June 30, 2023:

	Net Fair Value	Valuation Technique	Unobservable Inputs	Range	Weighted Average [(a)]
Natural gas	$ (2)	Discounted Cash Flow	Natural Gas Basis Price (per Dth)	$ (2.28) - $ 4.98	$ (0.32)
Natural gas	$ (2)	Option Model	Natural Gas Basis Price (per Dth)	$ (2.01) - $ 4.41	$ 0.42
			Annualized Volatility of Spot Market Natural Gas	18 % - 234 %	37 %
Electricity	$ (7)	Discounted Cash Flow	Electricity Congestion Price (per MWh)	$ (11.09) - $ 108.97	$ 12.00

(a) Unobservable inputs were weighted by transaction volume.

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

Three Months Ended		June 30, 2023			June 30, 2022	
	Natural Gas	**Electricity**	**Total**	Natural Gas	Electricity	Total
Balance, beginning of period	**$ (132)**	**$ (50)**	**$ (182)**	$ (137)	$ (100)	$ (237)
Realized and unrealized gains (losses):						
Recorded in income	**61**	**59**	**120**	(21)	—	(21)
Recorded in regulatory assets	**70**	**—**	**70**	(46)	—	(46)
Transfers out of Level 3	**—**	**13**	**13**	—	—	—
Purchases	**—**	**(13)**	**(13)**	—	(17)	(17)
Settlements	**(3)**	**(15)**	**(18)**	3	34	37
Change in cash collateral	**—**	**—**	**—**	(11)	(107)	(118)
Foreign exchange translation	**—**	**(1)**	**(1)**	(6)	(2)	(8)
Balance, end of period	**$ (4)**	**$ (7)**	**$ (11)**	$ (218)	$ (192)	$ (410)

Six Months Ended		June 30, 2023			June 30, 2022	
	Natural Gas	**Electricity**	**Total**	Natural Gas	Electricity	Total
Balance, beginning of period	**$ (226)**	**$ (166)**	**$ (392)**	$ (107)	$ (48)	$ (155)
Realized and unrealized gains (losses):						
Recorded in income	**89**	**182**	**271**	(32)	(61)	(93)
Recorded in regulatory assets	**123**	**—**	**123**	(78)	—	(78)
Transfers out of Level 3	**(6)**	**(6)**	**(12)**	3	—	3
Purchases	**—**	**(13)**	**(13)**	—	(13)	(13)
Settlements	**15**	**(4)**	**11**	11	39	50
Change in cash collateral	**—**	**—**	**—**	(11)	(107)	(118)
Foreign exchange translation	**1**	**—**	**1**	(4)	(2)	(6)
Balance, end of period	**$ (4)**	**$ (7)**	**$ (11)**	$ (218)	$ (192)	$ (410)

Transfers out of Level 3 financial instruments are due to an increase in valuations using observable market inputs.

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

	Three Months Ended June 30		Six Months Ended June 30	
	2023	2022	**2023**	2022
Natural gas	**$ 56**	$ (42)	**$ 21**	$ 26
Energy exports	**49**	39	**49**	55
Crude oil and NGLs	**14**	2	**10**	7
NGL frac spread	**22**	6	**20**	—
Power	**9**	(10)	**15**	16
	$ 150	$ (5)	**$ 115**	$ 104

Offsetting of Derivative Assets and Derivative Liabilities

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

As at	**June 30, 2023**			
	Derivative instruments not designated as hedging instruments			
	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	**$ 147**	**$ (68)**	**$ —**	**$ 79**
Energy exports	**277**	**(235)**	**12**	**54**
Crude oil and NGLs	**20**	**(7)**	**8**	**21**
NGL frac spread	**26**	**(9)**	**—**	**17**
Power	**91**	**(54)**	**—**	**37**
	$ 561	**$ (373)**	**$ 20**	**$ 208**
Risk management liabilities [b]				
Natural gas	**$ 171**	**$ (68)**	**$ (11)**	**$ 92**
Energy exports	**235**	**(235)**	**—**	**—**
Crude oil and NGLs	**7**	**(7)**	**—**	**—**
NGL frac spread	**9**	**(9)**	**—**	**—**
Power	**145**	**(54)**	**—**	**91**
	$ 567	**$ (373)**	**$ (11)**	**$ 183**

(a) Net amount of risk management assets on the Balance Sheet is comprised of risk management assets (current) balance of $106 million and risk management assets (non-current) balance of $102 million.

(b) Net amount of risk management liabilities on the Balance Sheet is comprised of risk management liabilities (current) balance of $59 million and risk management liabilities (non-current) balance of $124 million.

As at June 30, 2023, the gross amount of derivative instruments designated as hedging instruments recognized in risk management assets and liabilities was less than $1 million.

As at	December 31, 2022			
	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	$ 174	$ (80)	$ (17)	$ 77
Energy exports	105	(112)	34	27
Crude oil and NGLs	6	(4)	2	4
NGL frac spread	6	(6)	—	—
Power	153	(44)	—	109
	$ 444	$ (246)	$ 19	$ 217
Risk management liabilities [(b)]				
Natural gas	$ 360	$ (80)	$ —	$ 280
Energy exports	112	(112)	—	—
Crude oil and NGLs	4	(4)	—	—
NGL frac spread	9	(6)	—	3
Power	231	(44)	—	187
	$ 716	$ (246)	$ —	$ 470

(a) Net amount of risk management assets on the Balance Sheet is comprised of risk management assets (current) balance of $140 million and risk management assets (non-current) balance of $77 million.

(b) Net amount of risk management liabilities on the Balance Sheet is comprised of risk management liabilities (current) balance of $172 million and risk management liabilities (non-current) balance of $298 million.

Cash Collateral

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

As at	**June 30, 2023**	December 31, 2022
Collateral posted with counterparties	**$ 8**	$ 2
Cash collateral held representing an obligation	**$ —**	$ 4

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

Certain derivative instruments contain contract provisions that require collateral to be posted if the credit rating of AltaGas or certain of its subsidiaries falls below certain levels. At June 30, 2023 and December 31, 2022, AltaGas has not posted any collateral related to its derivative liabilities that contained credit-related contingent features. The following table shows the aggregate fair value of all derivative instruments with credit-related contingent features that are in a liability position, as well as the maximum amount of collateral that would be required if specific credit-risk-related contingent features underlying these agreements were triggered:

As at	**June 30, 2023**	December 31, 2022
Risk management liabilities with credit-risk-contingent features	**$ 169**	$ 145
Maximum potential collateral requirements	**$ 85**	$ 68

Notional Summary

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

As at	June 30, 2023	December 31, 2022
Natural Gas		
Sales	**228,592,439 GJ**	244,060,786 GJ
Purchases	**674,682,300 GJ**	521,045,852 GJ
Swaps [(a)]	**142,493,344 GJ**	147,565,012 GJ
Crude Oil and NGLs		
Swaps	**3,593,953 Bbl**	1,597,173 Bbl
Energy Exports		
Purchases	**5,163,058 Bbl**	90,646 Bbl
Propane and butane swaps	**52,149,177 Bbl**	89,433,941 Bbl
NGL Frac Spread		
Propane swaps	**1,528,973 Bbl**	1,075,194 Bbl
Crude oil swaps	**297,061 Bbl**	214,255 Bbl
Natural gas swaps	**8,738,447 GJ**	6,139,191 GJ
Power		
Sales	**6,021,216 MWh**	5,276,832 MWh
Purchases	**6,967,199 MWh**	6,341,582 MWh
Swaps	**28,633,912 MWh**	23,888,348 MWh

(a) Includes approximately 3,202,095 GJ of natural gas swaps designated as hedging instruments that have terms extending until 2027.

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 and/or preferred shares outstanding. AltaGas may also enter into foreign exchange forward derivatives to manage the risk of fluctuating cash flows due to variations in foreign exchange rates.

AltaGas may designate its U.S. dollar-denominated debt or certain U.S. dollar-denominated loans that may give rise to a foreign currency translation gain or loss as a net investment hedge of its U.S. subsidiaries. As at June 30, 2023, AltaGas has designated US$769 million of outstanding loans as a net investment hedge (December 31, 2022 - US$281 million). For the three and six months ended June 30, 2023, a $21 million and $24 million, respectively, after-tax unrealized gain on the net investment hedge was recorded in OCI (three and six months ended June 30, 2022 - $3 million and $2 million after-tax unrealized loss on net investment hedge, respectively).

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 cash flow hedge will immediately be recognized in earnings.

For the three and six months ended June 30, 2023, an after tax unrealized gain on outstanding cash flow hedges of less than $1 million was recorded in OCI. No amounts were reclassified from AOCI to the income statement during the period.

Allowance for Credit Losses

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

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

(a) An allowance for credit loss is assessed quarterly and is recorded based on historical default rates published by external credit rating agencies and a rate associated with the estimated time frame that the contract asset will be billed to the customer.
(b) Includes $2 million recorded to a regulatory asset relating to the impact of COVID-19 on uncollectible accounts.

	Three Months Ended June 30, 2022		
	Accounts Receivable	Contract Assets [a]	Total
Utilities			
Balance, beginning of period	$ 44	$ —	$ 44
Foreign exchange translation	1	—	1
Adjustments to allowance [b]	5	—	5
Written off	(5)	—	(5)
Recoveries collected	2	—	2
Reclassified to assets held for sale	(2)	—	(2)
Balance, end of period	$ 45	$ —	$ 45
Midstream			
Balance, beginning of period	$ 1	$ 1	$ 2
Balance, end of period	$ 1	$ 1	$ 2
Total	$ 46	$ 1	$ 47

(a) An allowance for credit loss is assessed quarterly and is recorded based on historical default rates published by external credit rating agencies and a rate associated with the estimated time frame that the contract asset will be billed to the customer.
(b) Includes $4 million recorded to a regulatory asset relating to the impact of COVID-19 on uncollectible accounts.

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

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

(b) Includes $2 million recorded to a regulatory asset relating to the impact of COVID-19 on uncollectible accounts.

	Six Months Ended June 30, 2022		
	Accounts Receivable	Contract Assets [(a)]	Total
Utilities			
Balance, beginning of period	$ 38	$ —	$ 38
Foreign exchange translation	1	—	1
Adjustments to allowance [(b)]	15	—	15
Written off	(9)	—	(9)
Recoveries collected	2	—	2
Reclassified to assets held for sale	(2)	—	(2)
Balance, end of period	$ 45	$ —	$ 45
Midstream			
Balance, beginning of period	1	1	2
Balance, end of period	$ 1	$ 1	$ 2
Total	$ 46	$ 1	$ 47

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

(b) Includes $4 million recorded to a regulatory asset relating to the impact of COVID-19 on uncollectible accounts.

With the exception of accounts receivable which are due in one year or less, AltaGas does not have any past due receivables as at June 30, 2023.

Weather Related Instruments

WGL Energy Services utilizes heating degree day (HDD) instruments from time to time to manage weather and price risks related to its natural gas and electricity sales during the winter heating season. WGL Energy Services also utilizes cooling degree day (CDD) instruments and other instruments to manage weather and price risks related to its electricity sales during the summer cooling season. These instruments cover a portion of estimated revenue or energy-related cost exposure to variations in HDDs or CDDs. For the three and six months ended June 30, 2023, a pre-tax loss of $nil and $8 million, respectively, was recorded related to these instruments (three and six months ended June 30, 2022 - $nil).

14. Leases

Lessor

Certain of AltaGas' revenues are obtained through power purchase agreements or 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 such as when actual electricity is generated and delivered. Revenue from these arrangements have been disclosed in Note 12.

15. Shareholders' Equity

Authorization

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

Common Shares Issued and Outstanding [a]	Number of shares	Amount
January 1, 2022	280,269,038	$ 6,735
Shares issued for cash on exercise of options	1,262,795	28
Deferred taxes on share issuance cost	—	(2)
December 31, 2022	281,531,833	$ 6,761
Shares issued for cash on exercise of options	189,875	4
Issued and outstanding at June 30, 2023	**281,721,708**	**$ 6,765**

(a) Dividends declared per share for the three and six months ended June 30, 2023 were $0.28 and $0.56, respectively (three and six months ended June 30, 2022 - $0.265 and $0.53, respectively).

Preferred Shares

As at	**June 30, 2023**		December 31, 2022	
Issued and Outstanding [a] [b]	**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 E	**8,000,000**	**200**	8,000,000	200
Series G	**6,885,823**	**172**	6,885,823	172
Series H	**1,114,177**	**28**	1,114,177	28
Share issuance costs, net of taxes		**(14)**		(14)
	24,000,000	**$ 586**	24,000,000	$ 586

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

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

Share Option Plan

AltaGas has an employee share option plan under which officers, employees, and service providers (as defined by the TSX) are eligible to receive grants. As at June 30, 2023, 11,523,492 shares were listed and reserved for issuance under the plan.

As at June 30, 2023, share options granted under the plan have a term between six and ten years until expiry and vest no longer than over a four-year period.

As at June 30, 2023, the unexpensed fair value of share option compensation cost associated with future periods was less than $1 million (December 31, 2022 - $1 million).

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

As at	June 30, 2023			December 31, 2022		
	Number of options		**Exercise price** [(a)]	Number of options		Exercise price [(a)]
Share options outstanding, beginning of period	**6,958,139**	**$**	**19.28**	8,679,508	$	19.98
Exercised	**(189,875)**		**18.38**	(1,262,795)		19.94
Forfeited	**(55,060)**		**23.53**	(107,799)		26.24
Expired	**(361,500)**		**31.62**	(350,775)		32.19
Share options outstanding, end of period	**6,351,704**	**$**	**18.56**	6,958,139	$	19.28
Share options exercisable, end of period	**5,755,274**	**$**	**18.55**	4,960,341	$	19.38

(a) Weighted average.

As at June 30, 2023, the aggregate intrinsic value of the total share options exercisable was $31 million (December 31, 2022 - $24 million), the total intrinsic value of share options outstanding was $34 million (December 31, 2022 - $33 million) and the total intrinsic value of share options exercised was $1 million (December 31, 2022 - $11 million).

The following table summarizes the employee share option plan as at June 30, 2023:

	Options outstanding				Options exercisable			
Price range	Number outstanding		Weighted average exercise price	Weighted average remaining contractual life	Number exercisable		Weighted average exercise price	Weighted average remaining contractual life
$14.52 to $18.00	1,701,686	$	15.43	1.57	1,690,833	$	15.42	1.56
$18.01 to $25.08	4,397,610		19.27	2.75	3,813,909		19.35	2.63
$25.09 to $37.86	252,408		27.43	0.86	250,532		27.43	0.84
	6,351,704	**$**	**18.56**	**2.36**	**5,755,274**	**$**	**18.55**	**2.24**

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.

PUs, RUs, and DSUs *(number of units)*	**June 30, 2023**	December 31, 2022
Balance, beginning of year	**4,332,062**	3,877,843
Granted	**1,669,852**	1,413,790
Vested and paid out	**(1,998,297)**	(1,784,293)
Forfeited and expired	**(298,905)**	(140,150)
Units in lieu of dividends	**110,430**	172,563
Additional units added by performance factor	**814,585**	792,309
Outstanding, end of period	**4,629,727**	4,332,062

For the three and six months ended June 30, 2023, the compensation expense recorded for the Phantom Plan and DSUP was $13 million and $25 million, respectively (three and six months ended June 30, 2022 - $20 million and $33 million, respectively). As at June 30, 2023, the unrecognized compensation expense relating to the remaining vesting period for the Phantom Plan was $45 million (December 31, 2022 - $14 million) and is expected to be recognized over the vesting period.

16. Net Income Per Common Share

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

	Three Months Ended June 30		Six Months Ended June 30	
	2023	2022	**2023**	2022
Numerator:				
Net income applicable to controlling interests	**$ 140**	$ 45	**$ 591**	$ 426
Less: Preferred share dividends	**(7)**	(10)	**(13)**	(23)
Loss on redemption of preferred shares	**—**	—	**—**	(10)
Net income applicable to common shares	**$ 133**	$ 35	**$ 578**	$ 393
Denominator:				
(millions of shares)				
Weighted average number of common shares outstanding	**281.7**	280.7	**281.6**	280.6
Dilutive equity instruments [(a)]	**1.4**	2.6	**1.4**	2.5
Weighted average number of common shares outstanding - diluted	**283.1**	283.3	**283.0**	283.1
Basic net income per common share	**$ 0.47**	$ 0.12	**$ 2.05**	$ 1.40
Diluted net income per common share	**$ 0.47**	$ 0.12	**$ 2.04**	$ 1.39

(a) Determined using the treasury stock method.

For the three and six months ended June 30, 2023, less than a million share options (three and six months ended June 30, 2022 - 0.9 million and 1.0 million share options, respectively) were excluded from the diluted net income per common share calculation as their effects were anti-dilutive.

17. Commitments, Guarantees, and Contingencies

Commitments

AltaGas has long-term natural gas purchase and transportation arrangements, LPG purchase agreements, crude oil and condensate purchase agreements, electricity purchase arrangements, service agreements, pipeline and storage service contracts, capital commitments, environmental commitments, merger commitments, and operating leases for office space, office equipment, vehicles, rail cars, land, storage, aquatic surface use, and other equipment, all of which are transacted at market prices and in the normal course of business. AltaGas' utilities have contracts to purchase natural gas, natural gas transportation and storage services from various suppliers to ensure that there is an adequate supply of natural gas to meet the needs of customers and to minimize exposure to market price fluctuations. In addition, WGL Energy Services also enters into contracts to purchase natural gas and electricity designed to match the duration of its sales commitments, and to secure a margin on estimated sales over the terms of existing sales contracts. Please refer to Note 30 of the 2022 Annual Consolidated Financial Statements for further details regarding AltaGas' commitments.

With recent regulatory developments and approvals regarding MVP, Management has determined that the probability of completion is higher than estimated at December 31, 2022. As such, AltaGas has included approximately US$5.7 billion of natural gas purchases through 2043 and US$1.0 billion of pipeline contracts through 2043 that are contingent on the in-service date of MVP in its future commitments.

At June 30, 2023, AltaGas has US$227 million in future undiscounted cash flows associated with operating leases not yet commenced. The leases are for the use of three VLGCs that are anticipated to commence in the fourth quarter of 2023, the first quarter of 2024, and the first half of 2026. The lessor is primarily involved in the design and construction of the VLGCs.

Guarantees

AltaGas has guaranteed payments primarily for certain commitments on behalf of some of its subsidiaries. As at June 30, 2023, AltaGas had no guarantees issued on behalf of external parties.

Contingencies

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

18. Pension Plans and Retiree Benefits

The costs of the defined benefit and post-retirement benefit plans are based on Management's estimate of the future rate of return on the fair value of pension plan assets, salary escalations, mortality rates, and other factors affecting the payment of future benefits. Additional information relating to the retirement benefit plans is provided in Note 29 of the 2022 Annual Consolidated Financial Statements.

In 2021, AltaGas made the decision to wind-up the Canadian defined benefit pension plan effective March 31, 2022. In October 2022, approval of the wind-up was received from the Alberta Superintendent of Pensions. On June 1, 2023, the wind-up of the Canadian defined benefit pension plan was completed and as a result a settlement charge of approximately $2 million was recorded under the line item "other income" for the six months ended June 30, 2023.

In the second quarter of 2023, AltaGas closed the Canadian defined benefit supplemental executive retirement plan (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.

Rabbi trusts of $10 million as at June 30, 2023 have been funded to satisfy the employee benefit obligations associated with WGL's various pension plans (December 31, 2022 - $11 million). These balances are included in "prepaid expenses and other current assets" and "long-term investments and other assets" in the Consolidated Balance Sheets.

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

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

(a) Recorded under the line item "operating and administrative" expenses on the Consolidated Statements of Income.
(b) Recorded under the line item "other income" on the Consolidated Statements of Income.
(c) Relates to the previously mentioned settlement charge for the wind-up of the Canadian defined benefit pension plan.

	Three Months Ended June 30, 2022					
	Canada		United States		Total	
	Defined Benefit	Post-retirement Benefits	Defined Benefit	Post-retirement Benefits	Defined Benefit	Post-retirement Benefits
Current service cost [(a)]	$ 1	$ —	$ 5	$ 3	$ 6	$ 3
Interest cost [(b)]	—	—	13	3	13	3
Expected return on plan assets [(b)]	—	—	(19)	(8)	(19)	(8)
Amortization of past service credit [(b)]	—	—	—	(5)	—	(5)
Amortization of net actuarial gain [(b)]	—	—	—	(2)	—	(2)
Net benefit cost (income) recognized	$ 1	$ —	$ (1)	$ (9)	$ —	$ (9)

(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.

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

(a) Recorded under the line item "operating and administrative" expenses on the Consolidated Statements of Income.
(b) Recorded under the line item "other income" on the Consolidated Statements of Income.
(c) Pursuant to the Alaska Utilities Disposition, the ENSTAR pension plans were divested and resulted in a curtailment gain of less than $1 million and a net settlement charge of $2 million. Refer to Note 3 for additional information.
(d) Includes the previously mentioned settlement charge for the wind-up of the Canadian defined benefit pension plan.

	Six Months Ended June 30, 2022					
	Canada		United States		Total	
	Defined Benefit	Post-retirement Benefits	Defined Benefit	Post-retirement Benefits	Defined Benefit	Post-retirement Benefits
Current service cost [a]	$ 2	$ —	$ 11	$ 5	$ 13	$ 5
Interest cost [b]	—	—	26	7	26	7
Expected return on plan assets [b]	—	—	(39)	(18)	(39)	(18)
Amortization of past service credit [b]	—	—	—	(9)	—	(9)
Amortization of net actuarial loss (gain) [b]	—	—	1	(4)	1	(4)
Net benefit cost (income) recognized	$ 2	$ —	$ (1)	$ (19)	$ 1	$ (19)

(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.

19. Supplemental Cash Flow Information

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

	Three Months Ended June 30		Six Months Ended June 30	
	2023	2022	**2023**	2022
Source (use) of cash:				
Accounts receivable	**$ 412**	$ 144	**$ 810**	$ (315)
Inventory	**(2)**	(264)	**345**	(112)
Risk management assets - current	**38**	15	**16**	18
Prepaid expenses and other current assets	**15**	47	**12**	65
Regulatory assets - current	**—**	14	**(38)**	21
Accounts payable and accrued liabilities	**(198)**	34	**(563)**	409
Customer deposits	**7**	312	**(15)**	390
Regulatory liabilities - current	**(35)**	(23)	**(129)**	9
Risk management liabilities - current	**—**	(1)	**—**	10
Other current liabilities	**15**	49	**(39)**	18
Other operating assets and liabilities	**(21)**	1	**23**	40
Changes in operating assets and liabilities	**$ 231**	$ 328	**$ 422**	$ 553

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

	Three Months Ended June 30		Six Months Ended June 30	
	2023	2022	**2023**	2022
Decrease (increase) of balance:				
Net right-of-use assets obtained in exchange for new operating lease liabilities	**$ (11)**	$ (7)	**$ (21)**	$ (35)
Net right-of-use assets obtained in exchange for new finance lease liabilities	**$ (6)**	$ (1)	**$ (10)**	$ (3)
Capital expenditures included in accounts payable and accrued liabilities	**$ 7**	$ (40)	**$ 35**	$ (3)

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

	Three Months Ended June 30		Six Months Ended June 30	
	2023	2022	**2023**	2022
Interest paid (net of capitalized interest)	**$ 78**	$ 68	**$ 195**	$ 140
Income taxes paid	**$ 11**	$ 5	**$ 196**	$ 12

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

As at June 30	**2023**	2022
Cash and cash equivalents	**$ 64**	$ 229
Restricted cash included in prepaid expenses and other current assets [(a)]	**3**	8
Restricted cash included in long-term investments and other assets [(a)]	**7**	9
Cash, cash equivalents, and restricted cash per Consolidated Statements of Cash Flows	**$ 74**	$ 246

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

20. Seasonality

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

21. Segmented Information

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

Utilities	▪ rate-regulated natural gas distribution assets in Michigan, the District of Columbia, Maryland, and Virginia. The Alaska Utilities Disposition closed on March 1, 2023; ▪ rate-regulated natural gas storage in the United States, of which certain storage facilities in Alaska were sold on March 1, 2023, pursuant to the Alaska Utilities Disposition; and ▪ sale of natural gas and power to residential, commercial, and industrial customers in the District of Columbia, Maryland, Virginia, Delaware, Pennsylvania, and Ohio.
Midstream	▪ NGL processing and extraction plants; ▪ natural gas storage facilities; ▪ liquefied petroleum gas (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	▪ 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 remaining power assets.

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

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

	Three Months Ended June 30, 2022			
	Utilities	Midstream	Corporate/ Other	Total
External revenue *(note 12)*	$ 832	$ 2,388	$ 21	$ 3,241
Segment revenue	$ 832	$ 2,388	$ 21	$ 3,241

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

	Six Months Ended June 30, 2022			
	Utilities	Midstream	Corporate/ Other	Total
External revenue *(note 12)*	$ 2,433	$ 4,659	$ 41	$ 7,133
Segment revenue	$ 2,433	$ 4,659	$ 41	$ 7,133

The following tables show the composition by segment:

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

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

	Three Months Ended June 30, 2022				
	Utilities	Midstream	Corporate/ Other	Intersegment Elimination	Total
Segment revenue *(note 12)*	$ 832	$ 2,388	$ 21	$ —	$ 3,241
Cost of sales	(555)	(2,089)	(3)	—	(2,647)
Operating and administrative	(234)	(101)	(22)	—	(357)
Accretion expenses	—	(2)	—	—	(2)
Depreciation and amortization	(72)	(28)	(8)	—	(108)
Income from equity investments *(note 8)*	1	2	—	—	3
Other income (loss)	19	11	(2)	—	28
Foreign exchange gains	—	—	3	—	3
Interest expense	—	—	(76)	—	(76)
Income (loss) before income taxes	$ (9)	$ 181	$ (87)	$ —	$ 85
Net additions (reductions) to:					
Property, plant and equipment [(a)]	$ 189	$ (181)	$ (1)	$ —	$ 7
Intangible assets [(a)]	$ 1	$ 1	$ —	$ —	$ 2

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

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

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

		Six Months Ended June 30, 2022								
		Utilities		Midstream		Corporate/ Other		Intersegment Elimination		Total
Segment revenue *(note 12)*	$	2,433	$	4,659	$	41	$	—	$	7,133
Cost of sales		(1,415)		(4,057)		(5)		—		(5,477)
Operating and administrative		(495)		(215)		(48)		—		(758)
Accretion expenses		—		(3)		—		—		(3)
Depreciation and amortization		(147)		(58)		(16)		—		(221)
Income from equity investments *(note 8)*		2		4		—		—		6
Other income		38		11		5		—		54
Foreign exchange gains		—		—		2		—		2
Interest expense		—		—		(146)		—		(146)
Income (loss) before income taxes	$	416	$	341	$	(167)	$	—	$	590
Net additions (reductions) to:										
Property, plant and equipment [(a)]	$	318	$	(178)	$	(12)	$	—	$	128
Intangible assets [(a)]	$	1	$	1	$	—	$	—	$	2

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

The following table shows goodwill and total assets by segment:

		Utilities		Midstream		Corporate/ Other		Total
As at June 30, 2023								
Goodwill *(note* 5)	**$**	**3,634**	**$**	**1,508**	**$**	**—**	**$**	**5,142**
Segmented assets	**$**	**14,467**	**$**	**6,363**	**$**	**506**	**$**	**21,336**
As at December 31, 2022								
Goodwill *(note 5)*	$	3,718	$	1,532	$	—	$	5,250
Segmented assets	$	16,782	$	6,728	$	455	$	23,965

22. Subsequent Events

Subsequent events have been reviewed through July 26, 2023, the date on which these unaudited condensed interim Consolidated Financial Statements were issued.

SUPPLEMENTAL QUARTERLY OPERATING INFORMATION

	Q2-23	Q1-23	Q4-22	Q3-22	Q2-22
OPERATING HIGHLIGHTS					
UTILITIES					
Natural gas deliveries - end use (Bcf) (1)	**15.3**	61.3	54.3	12.6	23.0
Natural gas deliveries - transportation (Bcf) (1)	**19.5**	38.2	34.0	21.5	26.1
Service sites (thousands) (2)	**1,553**	1,554	1,704	1,695	1,693
Degree day variance from normal - SEMCO Gas (%) (3)	**(5.6)**	(12.1)	(1.7)	(3.7)	1.8
Degree day variance from normal - ENSTAR (%) (3)	**n/a**	(4.9)	8.7	12.6	(9.6)
Degree day variance from normal - Washington Gas (%) (3) (4)	**(27.0)**	(22.2)	9.2	750.0	20.7
WGL retail energy marketing - gas sales volumes (Mmcf)	**10,623**	20,402	18,064	7,133	10,469
WGL retail energy marketing - electricity sales volumes (GWh)	**3,365**	3,322	3,328	3,670	3,123
MIDSTREAM					
LPG export volumes (Bbls/d) (5)	**115,589**	99,444	97,152	110,453	110,845
Total inlet gas processed (Mmcf/d) (5)	**1,344**	1,372	1,274	1,228	1,205
Extracted ethane volumes (Bbls/d) (5)	**24,927**	21,796	21,947	21,178	21,706
Extracted NGL volumes (Bbls/d) (5) (6)	**35,765**	34,390	34,782	31,483	29,402
Fractionation volumes (Bbls/d) (5)	**38,364**	41,655	36,658	35,578	28,944
Frac spread - realized ($/Bbl) (5) (7)	**23.87**	27.04	25.14	27.78	28.70
Frac spread - average spot price ($/Bbl) (5) (8)	**21.56**	26.89	23.14	36.25	32.97
Propane Far East Index (FEI) to Mont Belvieu spread (US$/Bbl) (5) (9)	**14.54**	20.46	18.95	10.48	12.94
Butane FEI to Mont Belvieu spread (US$/Bbl) (5) (10)	**15.29**	16.99	18.59	11.87	11.84

(1) Bcf is one billion cubic feet.

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

(3) A degree day is a measure of coldness determined daily as the number of degrees the average temperature during the day in question is below 65 degrees Fahrenheit. Degree days for a particular period are determined by adding the degree days incurred during each day of the period. Normal degree days for a particular period are the average of degree days during the prior 15 years for SEMCO Gas, during the prior 10 years for ENSTAR, and during the prior 30 years for Washington Gas. The degree day variance from normal for ENSTAR is for the period prior to the close of the Alaska Utilities Disposition on March 1, 2023.

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

(5) Average for the period.

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

(7) 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.

(8) 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.

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

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

OTHER INFORMATION

DEFINITIONS

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

ABOUT ALTAGAS

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

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