ALTAGAS REPORTS STRONG THIRD QUARTER 2024 RESULTS

The Company Expects 2024 Normalized EBITDA to be in the Upper End of Guidance Range, Based on Strong Utilities and Midstream Performance

Calgary, Alberta (October 31, 2024)

AltaGas Ltd. ("AltaGas" or the "Company") (TSX: ALA) reported third quarter 2024 financial results and provided an update on its operations and other corporate developments.

HIGHLIGHTS

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

- Normalized EPS[1] was $0.14 in the third quarter of 2024 compared to $0.08 in the third quarter of 2023, while GAAP EPS[2] was $0.03 in the third quarter of 2024 compared to a loss of $0.18 in the third quarter of 2023. Year-over-year normalized EPS growth was primarily driven by strong Utilities performance.
- Normalized EBITDA[1] was $294 million in the third quarter of 2024 compared to $252 million in the third quarter of 2023, while income before income taxes was $20 million in the third quarter of 2024 compared to a loss before income taxes of $51 million in the third quarter of 2023. The 17 percent year-over-year growth in normalized EBITDA was principally driven by strong Utilities performance, as outlined below.
- Normalized FFO per share[1] was $0.35 in the third quarter of 2024 compared to $0.50 in the third quarter of 2023, while cash from operations per share[3] was $0.07 in the third quarter of 2024 compared to $0.01 in the third quarter of 2023.
- The Utilities segment reported normalized EBITDA of $117 million in the third quarter of 2024 compared to $71 million in the third quarter of 2023, while income before taxes was $24 million in the third quarter of 2024 compared to a loss of $16 million in the third quarter of 2023. Strong year-over-year growth was principally driven by the partial settlement of Washington Gas' post-retirement benefit pension plan, contributions from rate base and accelerated replacement programs ("ARP") investment, and enhanced cost controls.
- The Midstream segment reported normalized EBITDA of $181 million in the third quarter of 2024 compared to $185 million in the third quarter of 2023, while income before taxes was $123 million in the third quarter of 2024 compared to $61 million in the third quarter of 2023. Despite rail outages due to the Alberta wildfires and national rail strike that drove higher one-time operating costs, AltaGas was able to deliver strong financial performance due to operational execution.
- AltaGas exported a record of 128,272 Bbl/d of liquified petroleum gases (“LPGs") to Asia in the quarter, a nine percent year-over-year increase. Strong export volumes and contributions from the Pipestone assets were offset by lower export margins (including the impact of higher percentage of tolling contracts), higher long-term incentive costs due to AltaGas' rising share price, and a lower year-over-year contribution from the Mountain Valley Pipeline ("MVP") as the asset was placed into service with equity earnings below the Allowance for Funds Used During Construction ("AFUDC") in the third quarter of 2023.
- AltaGas continued to advance key Midstream commercial priorities during and subsequent to the quarter, including:
    - Entering two agreements that have a high-single digit average contract length with a large investment grade international energy company in Northeastern B.C. ("NEBC") for a total of 100 Mmcf/d of gas processing capacity at the Townsend facility, along with associated liquids handling and fractionation services;

(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 September 30, 2024, which is available on www.sedarplus.ca. (2) GAAP EPS is equivalent to Net income applicable to common shares divided by shares outstanding. (3) GAAP FFO per share is equivalent to cash from operations divided by shares outstanding.

  - Extending the contract term with a large Canadian investment grade producer at the Pipestone I gas processing facility in the Alberta Montney for an additional five years, including gas processing, liquids handling and marketing services; and
  - Advancing long-term tolling arrangements across the global exports platform with a number of agreements now in definitive documentation stages. This includes AltaGas having contracts in hand or being in active negotiations for more than 100 percent of first phase capacity for the Ridley Island Energy Export Facility ("REEF"). AltaGas continues to target having 60 percent of its export volumes under long-term tolling agreements by the start of the 2027 NGL year.
- The ongoing commercial success reiterates the strategic advantages of AltaGas' assets across NEBC, the Alberta Montney, and the global exports value chain. The Company continues to look forward to leveraging its assets to connect upstream and downstream customers and markets and drive the best collective outcomes for all stakeholders.
- AltaGas remained active from a regulatory perspective during the third quarter, including filing a rate case and proposed accelerated replacement program ("ARP") extension in the District of Columbia ("D.C."). The District Strategic Accelerated Facility Enhancement ("District SAFE") is Washington Gas' third modernization program in D.C. and is focused on long-term safety and reliability.
- AltaGas continued to advance key Midstream growth projects during the third quarter. Strong progress was made on REEF's in-water piling work for the jetty and the site's overburden activities, while compression, refrigeration and vessel fabrication work is advancing in controlled operating environments at offsite manufacturing facilities. At Pipestone II, construction is progressing to plan, including completion of the two acid gas injection wells and the majority of the gas gathering system, while compression, processing and fabrication work is progressing at offsite manufacturing facilities. Both midstream growth projects remain on schedule and on budget with 50 percent of REEF and 92 percent of Pipestone II project costs either incurred or under fixed price contracts.
- MVP in the Appalachian Basin moved into full commercial operations in the quarter with 20-year firm service contracts with investment grade counterparties coming into effect July 1, 2024. The 2.0 Bcf/d pipeline is fully subscribed and is expandable by an additional 475 MMcf/d through low cost compression with extension into North Carolina through the Southgate project. AltaGas' 10 percent, non-operated equity stake in the pipeline remains non-core and is a divestiture candidate for the coming period.
- AltaGas had two financings in the third quarter of 2024, including:
  - On July 9, 2024, AltaGas issued $250 million of senior unsecured medium-term notes with a 5.60 percent coupon, due on March 14, 2054. The net proceeds were used to pay down amounts drawn on the syndicated credit facility, which was incurred when the Company repaid its term loan on June 28, 2024.
  - On September 23, 2024, AltaGas issued US$900 million of 7.20 percent Fixed-to-Fixed Rate Junior Subordinated Hybrid Notes, due 2054 (the "Hybrid Notes"). The Hybrid Notes are callable at the first reset date of October 15, 2034. AltaGas also executed a cross-currency swap arrangement to convert the underlying proceeds and interest costs into Canadian dollars, resulting in an effective annual interest rate of 6.90 percent over the initial ten year period of the notes. AltaGas intends to use the net proceeds of the Hybrid Notes to reduce the Company’s outstanding senior notes and bank debt, and will receive 50 percent equity treatment for credit rating metrics.
- On September 30, 2024, AltaGas announced the conversion of the Cumulative Redeemable Floating Rate Preferred Shares, Series H (the "Series H Shares") into Cumulative Redeemable Five-Year Rate Reset Preferred Shares, Series G (the "Series G Shares") on a one for one basis and the subsequent cancellation and de-listing of the Series H Shares from the Toronto Stock Exchange ("TSX").
- On October 1, 2024, Washington Gas executed a note purchase agreement to issue US$200 million in private placement notes. US$100 million of these notes were issued on October 1, 2024 at 5.40 percent with a

maturity date of October 1, 2054 and the remaining US$100 million will be issued on April 1, 2025 at 4.84 percent with a maturity date of April 1, 2035. The proceeds will be used for general corporate purposes.

- Following a strong third quarter, AltaGas anticipates delivering fiscal 2024 results that will include normalized EBITDA[1] in the upper end of the guidance range of $1,675 million to $1,775 million while normalized EPS[1] is expected to be around the midpoint of the guidance range of $2.05 to $2.25.

CEO MESSAGE

"We're pleased with our strong third quarter results, which reflect the strength of our assets, strong demand for natural gas and NGLs and the continued execution of our strategic priorities," said Vern Yu, President and Chief Executive Officer. "Following the strong performance in the first nine months of the year, we are well positioned to deliver on our 2024 guidance and expect to produce normalized EBITDA towards the upper end of our guidance range while normalized EPS is expected to be closer to the midpoint of the guidance range."

"Performance in our Utilities business was ahead of our expectations and continues to deliver strong earnings, despite warmer-than-normal weather in Michigan and D.C. Strong year-over-year growth was driven by the partial settlement of Washington Gas' post-retirement benefit pension plan, continued capital investments across the network, and active cost management. We remain active advancing our regulatory priorities and ensuring rates are current and reflective of current capital investments and operating costs.

"Midstream performance was in line with our expectations, despite the rail interruptions due to the Alberta wildfires and the national rail strikes. The quarter included record global export volumes and double digit year-over-year growth in gas processing, fractionation and liquids handling, and extraction volumes. We continued to advance key Midstream commercial priorities, including a two new long-term agreements for gas processing, liquids handling and fractionation services at the Townsend facility, and extending the contract term for a marquee Canadian investment grade customer for an additional five years at Pipestone I. We also continued to advance long-term tolling arrangements across the global exports platform and expect to exceed previously committed tolling targets and will likely need to shift certain tolling volumes to the second phase of REEF.

"The fundamentals of our businesses are robust. Our gas utilities continue to realize strong growth from new customer additions, asset modernization investments, and system expansion. These robust demand trends are being augmented from the rapid rise in energy draws from data center growth in our service territory, which is providing AltaGas with incremental rate base growth opportunities in Northern Virginia and reinforcing the need for even more natural gas over the long-term.

"The outlook for our Midstream business is equally strong. Canadian natural gas supply will increase significantly through 2030 due to Canadian LNG exports and rising local demand. This will deliver strong associated natural gas liquids ("NGLs") supply that will need to be exported to global markets. Asia will continue to be the best market for Canadian LPGs where demand is expected to grow 45 percent through 2040.

"As we look ahead, we continue to expect the strategic importance of our assets to grow as they serve to link increasing energy supply to high demand centers, enabling AltaGas to deliver continued value for our customers."

RESULTS BY SEGMENT

Normalized EBITDA [1]		Three Months Ended September 30	
($ millions)		**2024**	2023
Utilities	**$**	**117**	$ 71
Midstream		**181**	185
Corporate/Other		**(4)**	(4)
Normalized EBITDA [1]	**$**	**294**	$ 252

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

Income (Loss) Before Income Taxes		Three Months Ended September 30	
($ millions)		**2024**	2023
Utilities	**$**	**24**	$ (16)
Midstream		**123**	61
Corporate/Other		**(127)**	(96)
Income (Loss) Before Income Taxes	**$**	**20**	$ (51)

BUSINESS PERFORMANCE

Midstream

The Midstream segment reported normalized EBITDA of $181 million in the third quarter of 2024 compared to $185 million in the third quarter of 2023, while income before income taxes was $123 million in the third quarter of 2024 compared to $61 million in the third quarter of 2023. These results were strong and in line with our expectations, despite the rail interruptions in Canada due to the Alberta wildfires and national rail strikes, which caused business interruptions and higher one-time operating costs. The quarter included record global export volumes and strong performance across the balance of the value chain, including double digit year-over-year growth in gas processing, fractionation and liquids handling, and extraction volumes.

AltaGas exported 128,272 Bbls/d of LPGs to Asia in the third quarter of 2024, including 11 Very Large Gas Carriers ("VLGCs") at RIPET, and 10 VLGCs at Ferndale. This represented a nine percent increase from the third quarter of 2023, which was principally driven by Ferndale volumes increasing by 22 percent and offsetting the majority of rail interruptions which largely impacted RIPET. This strong operating performance, despite these interruptions, reiterates the value of having multiple export terminals to overcome short-term impacts.

Despite extremely low Canadian natural gas prices during the third quarter of 2024, AltaGas did not experience any decline in throughput volumes due to production shut-ins. Year-over-year performance included a 10 percent increase in gas processing volumes, 12 percent increase in fractionation and liquids handling volumes, and 29 percent increase in extraction volumes. Volume growth was heavily weighted to AltaGas' Montney footprint, a trend we expect will continue in the years ahead. The strong fractionation volume growth was seen at North Pine, Harmattan and Younger. At North Pine, AltaGas completed optimization work that should allow the facility to consistently operate near 25,000 Bbls/d and meet our NEBC customers' desire for increased fractionation capacity.

MVP moved into full commercial operations in the quarter with 20-year firm service contracts with investment grade counterparties coming into effect July 1, 2024. The 2.0 Bcf/d pipeline is fully subscribed and is expandable by an additional 475 MMcf/d through low cost compression with extension into North Carolina through the Southgate project. MVP's financial contribution was modestly lower on a year-over-year basis in the third quarter of 2024, due to the larger AFUDC booked in the third quarter of 2023 versus the equity earnings that AltaGas is now recording with the pipeline in service.

AltaGas continued to advance key Midstream growth projects during the third quarter. Strong progress was made on REEF's in-water piling work for the jetty and the site's overburden activities, while compression, refrigeration and vessel fabrication work is advancing in controlled operating environments at offsite manufacturing facilities. At Pipestone II, construction is progressing to plan, including completion of the two acid gas injection wells and the majority of the gas gathering system, while compression, processing and fabrication work is progressing at offsite manufacturing facilities. Both midstream growth projects remain on schedule and on budget with 50 percent of REEF and 92 percent of Pipestone II project costs either incurred or under fixed price contracts.

Consistent with the Company's de-risking focus, AltaGas' Midstream operations are well-hedged for 2024 with approximately 87 percent of the remaining 2024 expected global export volumes tolled or financially hedged. Merchant volumes are hedged at an average Far East Index ("FEI") to North American financial hedge price of US$18.06/Bbl. Tolling volumes are in line with historical tolls. Approximately 80 percent of the Company's 2024 expected frac exposed volumes are hedged at US$24.54/Bbl, prior to transportation costs.

In line with AltaGas' traditional risk management activities, the Company expects to be actively locking in margins and further reducing commodity exposure over the fourth quarter of 2024 and first quarter of 2025 as we move into the 2025 NGL season, which runs from April 1, 2025 to March 31, 2026.

Midstream Hedge Program	Q4 2024	Q1 2025
Global Exports volumes hedged (%) (1)	87	86
Average propane/butane FEI to North America hedge (US$/Bbl) (2) (3)	18.06	19.28
Fractionation volume hedged (%) (3)	80	18
Frac spread hedge rate - (US$/Bbl) (3)	24.54	26.79

(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) Does not include physical differential to FSK for C3 volumes. Butane is hedged as a percentage of WTI.

(3) Approximate average for the period.

Utilities

Utilities reported normalized EBITDA of $117 million in the third quarter of 2024 compared to $71 million in the third quarter of 2023, while income before income taxes was $24 million in the third quarter of 2024 compared to a loss of $16 million in the third quarter of 2023. Strong year-over-year growth was principally driven by the partial settlement of Washington Gas' post-retirement benefit pension plan, which was a de-risking activity that should reduce volatility of pension income in the years ahead, as well as contributions from continued capital investments focused on safety and reliability of the network, and active cost management. These positive factors were partially offset by the negative impact of the Maryland rate case, decreased asset optimization activities at Washington Gas and lower contributions from Retail due to the outsized performance present in the same quarter last year.

During the third quarter of 2024, AltaGas continued efforts on ensuring long-term operating costs are aligned with existing rate structures and allowed costs in each jurisdiction. These cost efficiencies will provide additional room for AltaGas to continue to make ongoing rate base investments to expand and modernize the network while minimizing the increase to customer bills. The Company will continue to prioritize cost management for the long-term benefit of our customers while maintaining regulatory and capital discipline.

AltaGas continued to actively invest across its Utilities assets during the third quarter of 2024 with $187 million of capital deployed across the Company's Utilities networks. This included investing nearly $100 million in the quarter through the Company’s various asset modernization programs and an additional $70 million for system betterment. These investments continue to be directed towards improving the safety and reliability of the system and connecting customers to the critical energy they require to carry out everyday life. AltaGas remains committed to making these investments, while balancing the need for ongoing customer affordability.

During the quarter, Washington Gas filed a rate case application to the Public Service Commission ("PSC") of D.C., seeking a US$46 million increase to base rates, including the transfer of US$12 million from the PROJECT*pipes 2* rate rider. Included in the filing was a proposed weather normalization adjustment that seeks to remove fluctuations in weather-related usage. Washington Gas also submitted its District SAFE ARP application, which aims to invest US$215 million over three years beginning May 2025. A final order for the ARP program is anticipated to align with the expiry of PROJECT*pipes* 2, which would allow for uninterrupted pipeline modernization work to ensure the ongoing safety of our customers while ensuring the timely recovery of capital.

Corporate/Other

In the Corporate/Other segment, normalized EBITDA was a loss of $4 million in the third quarter of 2024, consistent with the same quarter of 2023, while loss before income taxes was $127 million in the third quarter of 2024 compared to a loss of $96 million in the third quarter of 2023. Normalized EBITDA in the quarter was impacted by higher year-over-year contributions from Blythe, offset by higher expenses related to employee incentive plans, primarily as a result of the increasing share price in the third quarter of 2024.

CONSOLIDATED FINANCIAL RESULTS

	Three Months Ended September 30	
($ millions)	**2024**	2023
Normalized EBITDA [1]	**$ 294**	$ 252
Add (deduct):		
Depreciation and amortization	**(119)**	(109)
Interest expense	**(110)**	(95)
Normalized income tax expense	**(13)**	(10)
Preferred share dividends	**(5)**	(7)
Other [2]	**(5)**	(8)
Normalized net income [1][3]	**$ 42**	$ 23
Net income (loss) applicable to common shares	**$ 9**	$ (50)
Normalized funds from operations [1]	**$ 105**	$ 142
($ per share, except shares outstanding)		
Shares outstanding - basic (millions)		
During the period [4]	**298**	282
End of period	**298**	282
Normalized net income - basic [1][3]	**0.14**	0.08
Normalized net income - diluted [1][3]	**0.14**	0.08
Net loss per common share - basic	**0.03**	(0.18)
Net loss per common share - diluted	**0.03**	(0.18)

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

(2) "Other" includes accretion expense, net income applicable to non-controlling interests, foreign exchange gains (losses), unrealized foreign exchange losses on intercompany balances and NCI portion of non-GAAP adjustments. 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.

(3) In the fourth quarter of 2023, AltaGas changed its non-GAAP policy to exclude the impact of unrealized foreign exchange losses (gains) on intercompany balances between Canadian and U.S. entities. Prior periods have been restated to reflect this change. Please refer to the Q3 2024 MD&A for additional details.

(4) Weighted average.

Normalized EBITDA for the third quarter of 2024 was $294 million compared to $252 million for the same quarter in 2023. The largest factors contributing to the year-over-year increase are described in the Business Performance sections above.

Income before income taxes was $20 million for the third quarter of 2024 compared to loss before income taxes of $51 million for the same quarter in 2023. The decrease in loss was mainly due to lower unrealized losses on risk management contracts, the same previously referenced factors impacting normalized EBITDA, 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 Central Penn pipeline ("Central Penn"), and lower transaction costs related to acquisitions and dispositions, partially offset by higher transition and restructuring costs, higher interest expense, higher depreciation and amortization expense, and lower foreign exchange gains. Please refer to the *"Three Months Ended September 30"* section of the Q3 2024 management's discussion and analysis ("MD&A") for further details on the variance in loss before income taxes and net income applicable to common shareholders.

Normalized net income was $42 million or $0.14 per share for the third quarter of 2024, compared to $23 million or $0.08 per share reported for the same quarter of 2023.

Normalized FFO was $105 million or $0.35 per share for the third quarter of 2024, compared to $142 million or $0.50 per share for the same quarter in 2023. The decrease was mainly due to the impact of non-cash items included in normalized EBITDA, higher normalized current income tax expense, higher interest expense, and foreign exchange losses compared to foreign exchange gains in the third quarter of 2023, partially offset by the same previously referenced factors impacting normalized EBITDA.

Interest expense for the third quarter of 2024 was $110 million, compared to $95 million for the same quarter in 2023. The increase was mainly due to higher average debt balances, incremental hybrid interest costs due to the issuance of additional Hybrid Notes in the third quarter of 2024 as well as the fourth quarter of 2023, higher average interest rates, and a higher average Canadian/U.S. dollar exchange rate, partially offset by higher capitalized interest. Interest expense recorded on the Hybrid Notes in the third quarter of 2024 was $15 million, compared to $9 million in the third quarter of 2023.

Income tax expense was $3 million for the third quarter of 2024, compared to an income tax recovery of $12 million for the same quarter of 2023. The decrease in income tax recovery was mainly due to higher income before income taxes.

FORWARD FOCUS, GUIDANCE AND FUNDING

AltaGas continues to execute on its long-term 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 a strong third quarter of 2024, AltaGas is reiterating its previously disclosed 2024 guidance and expects to deliver results in the upper end of the normalized EBITDA range and near the midpoint of the normalized EPS range, as follows:

- 2024 normalized EPS guidance of $2.05 - $2.25, compared to normalized EPS of $1.90 and GAAP EPS of $2.27 in 2023; and
- 2024 normalized EBITDA guidance of $1,675 million - $1,775 million, compared to normalized EBITDA of $1,575 million and income before taxes of $912 million in 2023.

AltaGas is focused on delivering resilient and growing normalized EPS and normalized FFO per share while targeting lower leverage ratios. This strategy is designed to support steady dividend growth and provide the opportunity for ongoing capital appreciation for long-term shareholders.

AltaGas is maintaining a disciplined, self-funded 2024 capital program of approximately $1.3 billion, excluding asset retirement obligations ("ARO"). The Company is allocating approximately 53 percent of AltaGas' consolidated 2024 capital to its Utilities business, approximately 43 percent to the Midstream business and the balance to the Corporate/Other segment.

The Company expects to maintain an equity self-funding model in 2024, for the fifth consecutive year, and will fund capital requirements through a combination of internally generated cash flows and investment capacity associated with rising EBITDA levels. Asset sales will be considered on an opportunistic basis, with any potential proceeds to be used to reduce outstanding debt and continue to increase the financial flexibility of AltaGas.

QUARTERLY COMMON SHARE DIVIDEND AND PREFERRED SHARE DIVIDENDS

The Board of Directors approved the following schedule of Dividends:

Type [(1)]	Dividend (per share)	Period	Payment Date	Record
Common Shares	$0.2975	n.a.	31-Dec-24	16-Dec-24
Series A Preferred Shares	$0.19125	30-Sep-24 to 30-Dec-24	31-Dec-24	16-Dec-24
Series B Preferred Shares	$0.43141	30-Sep-24 to 30-Dec-24	31-Dec-24	16-Dec-24
Series G Preferred Shares	$0.376063	30-Sep-24 to 30-Dec-24	31-Dec-24	16-Dec-24

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

CONFERENCE CALL AND WEBCAST

AltaGas will hold a conference call today, October 31, 2024, at 9:00 a.m. MT (11:00 a.m. ET) to discuss third quarter of 2024 results and other corporate developments.

Date:	Thursday, October 31, 2024
Time:	9:00 a.m. MT (11:00 a.m. ET)
Webcast:	https://app.webinar.net/5lXWpwZbZJM
Dial-in (Audio only):	+1 437-900-0527 or toll free at +1 888-510-2154

Shortly after the conclusion of the call a replay will be available on the Company's website or by dialing +1 289 819 1450 or toll free +1 888 660 6345. Passcode 13027 #.

AltaGas' Consolidated Financial Statements and accompanying notes for the third quarter of 2024, as well as its related MD&A, 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.sedarplus.ca.

NON-GAAP MEASURES

This news release contains references to certain financial measures that do not have a standardized meaning prescribed by U.S. GAAP and may not be comparable to similar measures presented by other entities. The non-GAAP measures and their reconciliation to U.S. GAAP financial measures are shown below and within AltaGas' Management's Discussion and Analysis (MD&A) as at and for the period ended September 30, 2024. 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 U.S. GAAP.

Change in Composition of Non-GAAP Measures

In the fourth quarter of 2023, Management changed the composition of certain of AltaGas' non-GAAP measures such that normalized net income now excludes the impact of unrealized intercompany foreign exchange gains (losses) resulting from intercompany balances between a U.S. subsidiary and a Canadian entity, where the foreign exchange impact in the U.S. subsidiary is recorded through gain (loss) on foreign currency translation in the Consolidated Statements of Comprehensive Income (Loss) and the Canadian entity revaluation is recorded through the foreign exchange gain (loss) line item on the Consolidated Statements of Income (Loss). This change was made as a result of Management's assessment that excluding these intercompany foreign exchange impacts from normalized net income is more representative of the Company's ongoing financial performance. 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 news release:

Increase as result of change	Three Months Ended September 30		Nine Months Ended September 30	
($ millions, except where noted)	**2024**	2023	**2024**	2023
Normalized net income [1]	**$ —**	$ (5)	**$ —**	$ 1
Normalized income tax expense	**$ —**	$ (2)	**$ —**	$ —
Normalized effective tax rate (%)	**— %**	(0.8)%	**— %**	— %

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

Normalized EBITDA

($ millions)	Three Months Ended September 30 2024	Three Months Ended September 30 2023	Nine Months Ended September 30 2024	Nine Months Ended September 30 2023
Income (loss) before income taxes (GAAP financial measure)	**$ 20**	$ (51)	**$ 515**	$ 751
Add:				
Depreciation and amortization	**119**	109	**352**	331
Interest expense	**110**	95	**327**	293
EBITDA	**$ 249**	$ 153	**$ 1,194**	$ 1,375
Add (deduct):				
Transaction costs related to acquisitions and dispositions (1)	**2**	10	**9**	31
Unrealized losses (gains) on risk management contracts (2)	**37**	91	**10**	(24)
Gains on sale of assets (3)	**(14)**	—	**(12)**	(319)
Transition and restructuring costs (4)	**17**	1	**49**	6
Wind-up of pension plan (5)	**—**	—	**—**	2
Accretion expenses	**2**	3	**4**	8
Foreign exchange losses (gains) (6)	**1**	(6)	**(5)**	(6)
Normalized EBITDA	**$ 294**	$ 252	**$ 1,249**	$ 1,073

(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 (Loss). Transaction costs include expenses, such as legal fees, that are directly attributable to the acquisition or disposition.

(2) Included in the “revenue”, “cost of sales”, and "foreign exchange gains (losses)" line items on the Consolidated Statements of Income (Loss). Please refer to Note 13 of the unaudited condensed interim Consolidated Financial Statements as at and for the three and nine months ended September 30, 2024 for further details regarding AltaGas’ risk management activities.

(3) Included in the “other income” line item on the Consolidated Statements of Income (Loss).

(4) Comprised of transition and restructuring costs (including CEO transition). These costs are included in the "operating and administrative" line item on the Consolidated Statements of Income (Loss).

(5) Relates to the completion of the wind-up of the Canadian defined benefit pension plan in the second quarter of 2023. The associated costs are included in the "other income" line on the Consolidated Statements of Income (Loss).

(6) Excludes unrealized losses (gains) on foreign exchange forward contracts that have been entered into for the purpose of cash management. These losses (gains) are included above in the line "unrealized losses (gains) on risk management contracts".

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 (Loss) using income (loss) 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 September 30		Nine Months Ended September 30	
($ millions)	**2024**	2023	**2024**	2023
Net income (loss) applicable to common shares (GAAP financial measure)	**$ 9**	$ (50)	**$ 375**	$ 528
Add (deduct) after-tax:				
Transaction costs related to acquisitions and dispositions (1)	**1**	7	**7**	22
Unrealized losses (gains) on risk management contracts (2)	**28**	70	**7**	(19)
Gains on sale of assets (3)	**(10)**	—	**(6)**	(217)
Transition and restructuring costs (4)	**13**	1	**37**	5
Wind-up of pension plan (5)	**—**	—	**—**	2
Unrealized foreign exchange losses (gains) on intercompany balances (6)	**1**	(5)	**1**	1
Normalized net income	**$ 42**	$ 23	**$ 421**	$ 322

(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 (Loss). Transaction costs include expenses, such as legal fees, which are directly attributable to the acquisition or disposition.

(2) The pre-tax amounts are included in the “revenue”, “cost of sales”, and "foreign exchange gains (losses)" line items on the Consolidated Statements of Income (Loss). Please refer to Note 13 of the unaudited condensed interim Consolidated Financial Statements as at and for the three and nine months ended September 30, 2024 for further details regarding AltaGas’ risk management activities.

(3) The pre-tax amounts are included in the “other income” line item on the Consolidated Statements of Income (Loss).

(4) Comprised of transition and restructuring costs (including CEO transition). The pre-tax costs are included in the "operating and administrative" line item on the Consolidated Statements of Income (Loss).

(5) Relates to the completion of the wind-up of the Canadian defined benefit pension plan in the second quarter of 2023. The associated costs are included in the "other income" line on the Consolidated Statements of Income.

(6) Relates to unrealized foreign exchange losses (gains) on intercompany accounts receivable and accounts payable balances between a U.S. subsidiary and a Canadian entity, where the impact to the U.S. subsidiary is recorded through accumulated other comprehensive income as a loss on foreign currency translation, and the impact to the Canadian entity is recorded through the "foreign exchange gains" line item on the Consolidated Statements of Income (Loss). In the fourth quarter of 2023, AltaGas changed its non-GAAP policy to exclude the impact of unrealized foreign exchange losses (gains) on intercompany balances between Canadian and U.S. entities. The amounts presented in this table reflect the restated figures to align with the revised policy. Please refer to the Q3 2024 MD&A for further details.

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 September 30		Nine Months Ended September 30	
($ millions)	**2024**	2023	**2024**	2023
Cash from operations (GAAP financial measure)	**$ 21**	$ 3	**$ 1,030**	$ 967
Add (deduct):				
Net change in operating assets and liabilities	**64**	124	**(301)**	(298)
Asset retirement obligations settled	**1**	7	**1**	12
Funds from operations	**$ 86**	$ 134	**$ 730**	$ 681
Add (deduct):				
Transaction costs related to acquisitions and dispositions [1]	**2**	10	**9**	31
Transition and restructuring costs [2]	**17**	1	**49**	6
Current tax expense (recovery) on asset sales [3]	**—**	(3)	**7**	34
Normalized funds from operations	**$ 105**	$ 142	**$ 795**	$ 752

(1) Comprised of transaction costs related to acquisitions and dispositions of assets and/or equity investments in the period. These costs exclude non-cash amounts and are included in the "cost of sales" and "operating and administrative" line items on the Consolidated Statements of Income (Loss). Transaction costs include expenses, such as legal fees, which are directly attributable to the acquisition or disposition.

(2) Comprised of transition and restructuring costs (including CEO transition). The pre-tax costs are included in the "operating and administrative" line item on the Consolidated Statements of Income (Loss).

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

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.

Invested Capital and Net Invested Capital

	Three Months Ended September 30		Nine Months Ended September 30	
($ millions)	**2024**	2023	**2024**	2023
Cash used in (from) investing activities (GAAP financial measure)	**$ 393**	$ 243	**$ 973**	$ (395)
Add (deduct):				
Net change in non-cash capital expenditures [1]	**23**	12	**20**	(23)
Contributions from non-controlling interests	**(56)**	—	**(73)**	—
Net Invested Capital	**$ 360**	$ 255	**$ 920**	$ (418)
Asset dispositions	**—**	1	**2**	1,073
Disposal of equity method investments [2]	**14**	1	**14**	1
Invested capital	**$ 374**	$ 257	**$ 936**	$ 656

(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 20 of the unaudited condensed interim Consolidated Financial Statements as at and for the three and nine months ended September 30, 2024 for further details.

(2) Relates to escrow account proceeds received from AltaGas' previous investment in Meade which held WGL Midstream's indirect, non-operating interest in Central Penn. Upon close of the sale in 2019, various escrow accounts were established to provide the purchaser a form of recourse for the settlement of indemnification obligations.

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 proceeds from disposals of assets in the period. Net invested capital is calculated based on the investing activities section in the Consolidated Statements of Cash Flows, adjusted for items including the net change in non-cash capital expenditures 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.

CONSOLIDATED FINANCIAL REVIEW

	Three Months Ended September 30		Nine Months Ended September 30	
($ millions, except effective income tax rates)	**2024**	2023	**2024**	2023
Revenue	**2,759**	3,030	**9,189**	9,709
Normalized EBITDA [(1)]	**294**	252	**1,249**	1,073
Income (loss) before income taxes	**20**	(51)	**515**	751
Net income (loss) applicable to common shares	**9**	(50)	**375**	528
Normalized net income [(1) (2)]	**42**	23	**421**	322
Total assets	**24,748**	22,183	**24,748**	22,183
Total long-term liabilities	**13,467**	11,073	**13,467**	11,073
Invested capital [(1)]	**374**	257	**936**	656
Cash from (used in) investing activities	**(393)**	(243)	**(973)**	395
Dividends declared [(3)]	**89**	79	**265**	237
Cash from operations	**21**	3	**1,030**	967
Normalized funds from operations [(1)]	**105**	142	**795**	752
Normalized effective income tax rate (%) [(1) (2)]	**20.6**	22.7	**22.2**	20.6
Effective income tax rate (%) [(4)]	**16.7**	23.2	**22.6**	25.3

	Three Months Ended September 30		Nine Months Ended September 30	
($ per share, except shares outstanding)	**2024**	2023	**2024**	2023
Net income (loss) per common share - basic	**0.03**	(0.18)	**1.26**	1.87
Net income (loss) per common share - diluted	**0.03**	(0.18)	**1.26**	1.86
Normalized net income - basic [(1) (2)]	**0.14**	0.08	**1.42**	1.14
Normalized net income - diluted [(1) (2)]	**0.14**	0.08	**1.41**	1.14
Dividends declared [(3)]	**0.30**	0.28	**0.89**	0.84
Cash from operations	**0.07**	0.01	**3.48**	3.43
Normalized funds from operations [(1)]	**0.35**	0.50	**2.69**	2.67
Shares outstanding - basic (millions)				
During the period [(5)]	**298**	282	**296**	282
End of period	**298**	282	**298**	282

(1) Non-GAAP financial measure or non-GAAP financial ratio; see discussion in *Non-GAAP Financial Measures* section of the MD&A.
(2) In the fourth quarter of 2023, AltaGas changed its non-GAAP policy to exclude the impact of unrealized foreign exchange losses (gains) on intercompany balances between Canadian and U.S. entities. Prior periods have been restated to reflect this change. Please refer to the Q2 2024 MD&A for additional details.
(3) Dividends declared per common share per quarter: $0.28 per share beginning March 2023, increased to $0.2975 per share effective March 2024.
(4) The decrease in the effective income tax rate for the three months ended September 30, 2024 is due to the composition of income before income taxes.
(5) 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 Company or any affiliate of the Company, 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: the Company's 2024 guidance including normalized earnings per share of $2.05 to $2.25 and normalized EBITDA of $1,675 to $1,775 million; the Company's expectation that it will deliver fiscal 2024 results toward the upper end of the guidance range for normalized EBITDA and toward the midpoint of the guidance range for normalized EPS; the status of negotiations and long-term tolling agreements for the first phase capacity for REEF; the expectation that the Company will enter into definitive agreements for long-term tolling arrangements; AltaGas' target of 60 percent of it export volumes being under long-term tolling agreements and the timing thereof; the Company's commitment to driving the best collective outcomes for stakeholders through leveraging its assets to connect upstream and downstream customers and markets; progress on the construction and de-risking of REEF and the project remaining on schedule and on budget; progress on the construction of the Pipestone II expansion project and the project remaining on schedule and on budget; AltaGas' intention to divest its 10 percent interest in MVP; the anticipated use of proceeds of the Hybrid Notes; Washington Gas' issuance of US$100 million 4.84 percent private placement notes on April 1, 2025 and the anticipated use of proceeds therefrom; AltaGas' ability to execute on its strategic priorities; the Company actively advancing its regulatory priorities in the Utilities business; the advancement of long-term tolling arrangements across the global exports platform and the expectation that AltaGas will exceed its previously committed tolling targets and need to shift certain tolling volumes to the second phase of REEF; expected growth opportunities in Northern Virginia and long-term demand for natural gas; the expectation that Canadian natural gas supply will increase through 2030, associated NGL supply and the need to export to global markets; the expectation that demand for Canadian LPGs in Asia will grow 45 percent through 2040; the expectation that AltaGas' assets will link growing energy supply and demand; anticipated volume growth in AltaGas' Montney footprint; the Company's focus on de-risking its *business, actively locking in margins and further reducing commodity exposure over the fourth quarter of 2024 and the first quarter of 2025; the Company's hedging program and AltaGas' 2024 Midstream Hedge Program quarterly estimates; the Company's ability to continue making rate base investments and the benefits therefrom; AltaGas' continued investment in its Utilities business, the benefits therefrom and its ability to deliver energy to its customers; AltaGas' intention to manage costs for the long-term benefits of its customers while maintaining regulatory and capital discipline; the anticipated benefits of the final order for the ARP program; AltaGas' ability to execute its long-term corporate strategy; AltaGas' focus on growing normalized EPS and FFO per share while targeting lower leverage ratios; AltaGas' commitment to maintaining an disciplined, self-funded 2024 capital program of approximately $1.3 billion, excluding ARO; the allocation of consolidated 2024 capital to the Company's Utilities, Midstream and Corporate/Other segments; AltaGas' commitment to maintaining an equity self-funding model in 2024 and that it will fund capital requirements through a combination of internally generated cash flows and investment capacity associated with rising EBITDA; consideration of opportunistic asset sales and the anticipated use of proceeds therefrom; and AltaGas' dividend policy.*

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: effective tax rates; U.S./Canadian dollar exchange rates; inflation; interest rates, credit ratings, regulatory approvals and policies; expected commodity supply, demand and pricing; volumes and rates; propane price differentials; degree day variance from normal; pension discount rate; financing initiatives; the performance of the businesses underlying each sector; impacts of the hedging program; weather; frac spread; access to capital; future operating and capital costs; timing and receipt of regulatory approvals; seasonality; planned and unplanned plant outages; timing of in-service dates of new projects and acquisition and divestiture activities; taxes; operational expenses; returns on investments; dividend levels; and transaction costs.

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: 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; cybersecurity, 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; risks related to conflict, including the conflicts in Eastern Europe and the Middle East; 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; cost of providing retirement plan benefits; failure of service providers; risks related to pandemics, epidemics or disease outbreaks; and the other factors discussed under the heading "Risk Factors" in the Company's Annual Information Form for the year ended December 31, 2023 ("AIF") 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 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.sedarplus.ca.

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") dated October 30, 2024 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 nine months ended September 30, 2024. 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 nine months ended September 30, 2024 and the audited Consolidated Financial Statements and MD&A as at and for the year ended December 31, 2023.

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, 2023 or the Annual Information Form for the year ended December 31, 2023.

This MD&A contains forward-looking information ("forward-looking statements"). Words such as "may", "can", "would", "could", "should", "will", "intend", "plan", "anticipate", "believe", "aim", "seek", "propose", "contemplate", "estimate", "focus", "strive", "forecast", "expect", "project", "target", "potential", "objective", "continue", "outlook", "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 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' belief in the role and importance of global resource exports; the status of negotiations and long-term tolling arrangements for first phase capacity for REEF; AltaGas' target of 60 percent of its export volumes being under long-term tolling agreements and the timing thereof; the Company's commitment to driving the best collective outcomes for stakeholders through leveraging its assets to connect upstream and downstream customers and markets; progress on the construction and de-risking of REEF and the project remaining on schedule and on budget; progress on the construction of the Pipestone II expansion project and the project remaining on schedule and on budget; the anticipated use of proceeds of the Hybrid Notes; AltaGas' 2024 guidance including normalized earnings per share of $2.05 to $2.25 and normalized EBITDA of $1.675 billion to $1.775 billion; the Company's expectation that it will deliver fiscal 2024 results towards the upper end of the guidance range for normalized EBITDA and towards the midpoint of the guidance range for normalized EPS; Washington Gas' issuance of US$100 million 4.84 percent private placement notes on April 1, 2025 and the anticipated use of proceeds therefrom; the expectation that the Utilities segment will contribute approximately 55 percent of normalized EBITDA for 2024; expected growth drivers of normalized EBITDA in the Utilities segment; the expectation that the Midstream segment will contribute approximately 45 percent of normalized EBITDA for 2024; drivers of expected growth in the Midstream segment; expected growth drivers of 2024 normalized earnings per share; AltaGas' focus on de-risking its business and managing direct commodity price exposure; the Company's intention to maintain an active hedging program and the anticipated outcomes therefrom; AltaGas' 2024 Midstream Hedge Program quarterly estimates; estimated impact of changes in commodity prices, exchange rates, discount rates and weather on normalized annual results for 2024; AltaGas' commitment to maintaining a disciplined, self-funded capital program; expected invested capital expenditures of approximately $1.3 billion in 2024; anticipated segment allocation and focus of capital expenditures in 2024; the expectation that AltaGas' 2024 committed capital program will be funded through internally-generated cash flow, asset sales and senior debt; the estimated cost, status and expected in-service dates for growth capital projects in the Midstream and Utilities businesses; anticipated benefits of the Pipestone Phase II expansion project; the expectation that REEF will be developed in phases and the anticipated benefits therefrom, projected capital expenditures on REEF and *expected timing of REEF coming online; AltaGas' responsibilities with respect to the construction and operation of REEF; anticipated timing of finalizing the redesigned project scope of MVP Southgate, timing for completion of the MVP Southgate project and the anticipated benefits therefrom; Washington Gas' ARP replacement programs and the expected benefits therefrom; SEMCO Energy's MRP and IRIP programs; expected filing, procedure and decision dates for rate cases in the Utilities business; timing of material regulatory filings, proceedings and decisions in the Utilities business; the PSC of DC's approval of AltaGas' and DCG's proposed consent decree and expected penalties for breaching merger commitments associated with the WGL Acquisition; Washington Gas' Prince William County biogas pipeline and the SCC of VA's approval of a Rider RNG; the expectation that the restrictions on Washington Gas' ability to pay dividends to AltaGas as a result of certain commitments in respect of the WGL Acquisition will not have an impact on AltaGas' ability to meet its obligations; anticipated timing for commencement of AltaGas' two leased VLGCs; AltaGas' objective for managing capital; AltaGas' 2024 strategic priorities; and AltaGas' dividend policy.*

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: effective tax rates; U.S./Canadian dollar exchange rates; inflation; interest rates, credit ratings, regulatory approvals and policies; expected commodity supply, demand and pricing; volumes and rates; propane price differentials; degree day variance from normal; pension discount rate; financing initiatives; the performance of the businesses underlying each sector; impacts of the hedging program; weather; frac spread; access to capital; future operating and capital costs; timing and receipt of regulatory approvals; seasonality; planned and unplanned plant outages; timing of in-service dates of new projects and acquisition and divestiture activities; taxes; operational expenses; returns on investments; dividend levels; and transaction costs.

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: 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; cybersecurity, 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; risks related to conflict, including the conflicts in Eastern Europe and the Middle East; 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 the 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; and the other factors discussed under the heading "Risk Factors" in the Corporation's Annual Information Form for the year ended December 31, 2023 ("AIF") 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.sedarplus.ca.

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. AltaGas' Utilities provided energy to approximately 1.6 million residential and commercial customers in the third quarter of 2024 with an average rate base of approximately US$5.3 billion.

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

- Washington Gas Light Company ("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, Inc. ("SEMCO Energy"), which delivers essential energy to approximately 327,000 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, Inc. ("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 ("D.C."). AltaGas also previously owned ENSTAR Natural Gas Company and a 65 percent indirect interest in Cook Inlet Natural Gas Storage Alaska ("CINGSA") and other ancillary operations in Alaska (the "Alaska Utilities"), which were divested to TriSummit Utilities Inc. on March 1, 2023 (the "Alaska Utilities Disposition").

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 to AltaGas' downstream customers.

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 Canadian 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 operational 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 1.2 Bcf/d of raw field gas processing capacity, which is heavily focused on the Montney and Deep Basin; and
- **Fractionation and Liquids Handling**, which includes 65 MBbl/d of fractionation capacity and a sizable liquids handling footprint.

The Midstream segment also consists of natural gas and natural gas liquids ("NGLs") 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., 15 Bcf of natural gas storage through the Dimsdale natural gas storage facility ("Dimsdale") which was acquired as part of AltaGas' acquisition of natural gas processing and storage infrastructure assets in the Pipestone area of the Alberta Montney (the "Pipestone Acquisition" or "Pipestone Assets") in December 2023, 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 California.

Third Quarter Highlights

(Normalized EBITDA, normalized funds from operations, and normalized net income 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.)

- Normalized earnings per share ("EPS") was $0.14 in the third quarter of 2024 compared to $0.08 in the third quarter of 2023, while GAAP EPS was $0.03 in the third quarter of 2024 compared to a loss of $0.18 in the third quarter of 2023. Normalized EPS growth was primarily driven by strong Utilities performance.
- Normalized EBITDA was $294 million in the third quarter of 2024 compared to $252 million in the third quarter of 2023, while income before income taxes was $20 million in the third quarter of 2024 compared to a loss before income taxes of $51 million in the third quarter of 2023. The 17 percent year-over-year growth in normalized EBITDA was principally driven by strong Utilities performance, as outlined below.
- Normalized funds from operations per share was $0.35 in the third quarter of 2024 compared to $0.50 in the third quarter of 2023, while cash from operations per share was $0.07 in the third quarter of 2024 compared to $0.01 in the third quarter of 2023.
- The Utilities segment reported normalized EBITDA of $117 million in the third quarter of 2024 compared to $71 million in the third quarter of 2023, while income before income taxes was $24 million in the third quarter of 2024 compared to a loss before income taxes of $16 million in the third quarter of 2023. Strong year-over-year growth was principally driven by the partial settlement of Washington Gas' post-retirement benefit pension plan, contributions from rate base and accelerated replacement programs ("ARP") investment, and enhanced cost controls.
- The Midstream segment reported normalized EBITDA of $181 million in the third quarter of 2024 compared to $185 million in the third quarter of 2023, while income before income taxes was $123 million in the third quarter of 2024 compared to $61 million in the third quarter of 2023. Despite rail outages due to the Alberta wildfires and national rail strike that drove higher one-time operating costs, AltaGas was able to deliver strong financial performance due to operational execution.
- AltaGas exported a record of 128,272 Bbl/d of LPGs to Asia in the quarter, a nine percent year-over-year increase. Strong export volumes and contributions from the Pipestone assets were offset by lower export margins (including the impact of higher percentage of tolling contracts), higher long-term incentive costs due to AltaGas' rising share price, and a lower year-over-year contribution from MVP as the asset was placed into service with equity earnings below the Allowance for Funds Used During Construction ("AFUDC") in the third quarter of 2023.
- AltaGas continued to advance key Midstream commercial priorities during and subsequent to the quarter, including:
  - Entering two agreements that have a high-single digit average contract length with a large investment grade international energy company in Northeastern B.C. ("NEBC") for a total of 100 Mmcf/d of gas processing capacity at the Townsend facility, along with associated liquids handling and fractionation services;
  - Extending the contract term with a large Canadian investment grade producer at the Pipestone I gas processing facility in the Alberta Montney for an additional five years, including gas processing, liquids handling and marketing services; and
  - Advancing long-term tolling arrangements across the global exports platform with a number of agreements now in definitive documentation stages. This includes AltaGas having contracts in hand or being in active negotiations for more than 100 percent of first phase capacity for the Ridley Island Energy Export Facility ("REEF"). AltaGas continues to target having 60 percent of its export volumes under long-term tolling agreements by the start of the 2027 NGL year.
- The ongoing commercial success reiterates the strategic advantages of AltaGas' assets across NEBC, the Alberta Montney, and the global exports value chain. The Company continues to look forward to

leveraging its assets to connect upstream and downstream customers and markets and drive the best collective outcomes for all stakeholders.

- AltaGas remained active from a regulatory perspective during the third quarter, including filing a rate case and proposed accelerated replacement program ("ARP") extension in the District of Columbia. The District Strategic Accelerated Facility Enhancement ("District SAFE") is Washington Gas' third modernization program in D.C. and is focused on long-term safety and reliability.
- AltaGas continued to advance key Midstream growth projects during the third quarter. Strong progress was made on REEF's in-water piling work for the jetty and the site's overburden activities, while compression, refrigeration and vessel fabrication work is advancing in controlled operating environments at offsite manufacturing facilities. At Pipestone II, construction is progressing to plan, including completion of the two acid gas injection wells and the majority of the gas gathering system, while compression, processing and fabrication work is progressing at offsite manufacturing facilities. Both midstream growth projects remain on schedule and on budget with 50 percent of REEF and 92 percent of Pipestone II project costs either incurred or under fixed price contracts.
- The MVP in the Appalachian Basin saw its 20 year firm service contracts with investment grade counterparties coming into effect July 1, 2024. The 2.0 Bcf/d pipeline is fully subscribed and is expandable by an additional 475 MMcf/d through low cost compression with extension into North Carolina through the Southgate project.
- AltaGas had two financings in the third quarter of 2024, including:
  - On July 9, 2024, AltaGas issued $250 million of senior unsecured medium-term notes with a 5.60 percent coupon, due on March 14, 2054. The net proceeds were used to pay down amounts drawn on the syndicated credit facility, which was incurred when the Company repaid its term loan on June 28, 2024.
  - On September 23, 2024, AltaGas issued US$900 million of 7.20 percent Fixed-to-Fixed Rate Junior Subordinated Hybrid Notes, due 2054 (the "Hybrid Notes"). The Hybrid Notes are callable at the first reset date of October 15, 2034. AltaGas also executed a cross-currency swap arrangement to convert the underlying proceeds and interest costs into Canadian dollars, resulting in an effective annual interest rate of 6.90 percent over the initial ten year period of the notes. AltaGas intends to use the net proceeds of the Hybrid Notes to reduce the Company's outstanding senior notes and bank debt, and will receive 50 percent equity treatment for credit rating metrics.
- On September 30, 2024, AltaGas announced the conversion of the Cumulative Redeemable Floating Rate Preferred Shares, Series H (the "Series H Shares") into Cumulative Redeemable Five-Year Rate Reset Preferred Shares, Series G (the "Series G Shares") on a one for one basis and the subsequent cancellation and de-listing of the Series H Shares from the Toronto Stock Exchange ("TSX").
- Following a strong third quarter, AltaGas anticipates delivering fiscal 2024 results that will include normalized EBITDA in the upper end of the guidance range of $1,675 million to $1,775 million while normalized EPS is expected to be around the midpoint of the guidance range of $2.05 to $2.25.

Highlights Subsequent to Quarter End

- On October 1, 2024, Washington Gas executed a note purchase agreement to issue US$200 million in private placement notes. US$100 million of these notes were issued on October 1, 2024 at 5.40 percent with a maturity date of October 1, 2054 and the remaining US$100 million will be issued on April 1, 2025 at 4.84 percent with a maturity date of April 1, 2035. The proceeds will be used for general corporate purposes.

Consolidated Financial Review

	Three Months Ended September 30		Nine Months Ended September 30	
($ millions, except effective income tax rates)	**2024**	2023	**2024**	2023
Revenue	**2,759**	3,030	**9,189**	9,709
Normalized EBITDA (1)	**294**	252	**1,249**	1,073
Income (loss) before income taxes	**20**	(51)	**515**	751
Net income (loss) applicable to common shares	**9**	(50)	**375**	528
Normalized net income (1) (2)	**42**	23	**421**	322
Total assets	**24,748**	22,183	**24,748**	22,183
Total long-term liabilities	**13,467**	11,073	**13,467**	11,073
Invested capital (1)	**374**	257	**936**	656
Cash from (used in) investing activities	**(393)**	(243)	**(973)**	395
Dividends declared (3)	**89**	79	**265**	237
Cash from operations	**21**	3	**1,030**	967
Normalized funds from operations (1)	**105**	142	**795**	752
Normalized effective income tax rate (%) (1) (2)	**20.6**	22.7	**22.2**	20.6
Effective income tax rate (%) (4)	**16.7**	23.2	**22.6**	25.3

	Three Months Ended September 30		Nine Months Ended September 30	
($ per share, except shares outstanding)	**2024**	2023	**2024**	2023
Net income (loss) per common share - basic	**0.03**	(0.18)	**1.26**	1.87
Net income (loss) per common share - diluted	**0.03**	(0.18)	**1.26**	1.86
Normalized net income - basic (1) (2)	**0.14**	0.08	**1.42**	1.14
Normalized net income - diluted (1) (2)	**0.14**	0.08	**1.41**	1.14
Dividends declared (3)	**0.30**	0.28	**0.89**	0.84
Cash from operations	**0.07**	0.01	**3.48**	3.43
Normalized funds from operations (1)	**0.35**	0.50	**2.69**	2.67
Shares outstanding - basic (millions)				
During the period (5)	**298**	282	**296**	282
End of period	**298**	282	**298**	282

(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 fourth quarter of 2023, AltaGas changed its non-GAAP policy to exclude the impact of unrealized foreign exchange losses (gains) on intercompany balances between Canadian and U.S. entities. 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) Dividends declared per common share per quarter: $0.28 per share beginning March 2023, increased to $0.2975 per share effective March 2024.

(4) The decrease in the effective income tax rate for the three months ended September 30, 2024 is due to the composition of income before income taxes.

(5) Weighted average.

Results of Operations by Reporting Segment

Normalized EBITDA [1]		Three Months Ended September 30			Nine Months Ended September 30	
($ millions)		**2024**	2023		**2024**	2023
Utilities	**$**	**117**	$ 71	**$**	**676**	$ 575
Midstream		**181**	185		**603**	502
Sub-total: Operating Segments	**$**	**298**	$ 256	**$**	**1,279**	$ 1,077
Corporate/Other		**(4)**	(4)		**(30)**	(4)
	$	**294**	$ 252	**$**	**1,249**	$ 1,073

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

Income (Loss) Before Income Taxes		Three Months Ended September 30			Nine Months Ended September 30	
($ millions)		**2024**	2023		**2024**	2023
Utilities	**$**	**24**	$ (16)	**$**	**441**	$ 679
Midstream		**123**	61		**465**	381
Sub-total: Operating Segments	**$**	**147**	$ 45	**$**	**906**	$ 1,060
Corporate/Other		**(127)**	(96)		**(391)**	(309)
	$	**20**	$ (51)	**$**	**515**	$ 751

Revenue		Three Months Ended September 30			Nine Months Ended September 30	
($ millions)		**2024**	2023		**2024**	2023
Utilities	**$**	**839**	$ 767	**$**	**3,241**	$ 3,539
Midstream		**1,887**	2,237		**5,881**	6,098
Sub-total: Operating Segments	**$**	**2,726**	$ 3,004	**$**	**9,122**	$ 9,637
Corporate/Other		**33**	26		**67**	72
	$	**2,759**	$ 3,030	**$**	**9,189**	$ 9,709

Three Months Ended September 30

Normalized EBITDA for the third quarter of 2024 was $294 million, compared to $252 million for the same quarter of 2023. The increase was largely driven by strong results from the Utilities segment, as well as record global export volumes in the Midstream segment.

In the Utilities segment, normalized EBITDA was mainly impacted by the gain on partial settlement of the WGL Holdings, Inc. ("WGL") post-retirement benefit pension plan, partially offset by lower contributions from WGL's retail marketing business.

In the Midstream segment, normalized EBITDA was mainly impacted by higher volumes and margins from the global exports business and contributions from the recently acquired Pipestone Assets, which were more than offset by higher operating and administrative expenses and lower equity earnings at MVP due to the absence of AFUDC recorded in the third quarter of 2023.

In the Corporate/Other segment, normalized EBITDA was mainly impacted by higher contributions from Blythe, offset by higher expenses related to employee incentive plans, primarily as a result of the increasing share price in the third quarter of 2024.

Income before income taxes for the third quarter of 2024 was $20 million, compared to loss before income taxes of $51 million for the same quarter of 2023. The increase was mainly due to lower unrealized losses on risk management contracts, the same previously referenced factors impacting normalized EBITDA, 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 Central Penn pipeline ("Central Penn"), and lower transaction costs related to acquisitions and dispositions, partially offset by higher transition and restructuring costs, higher interest expense, higher depreciation and amortization expense, and lower foreign exchange gains. Net income applicable to common shares for the third quarter of 2024 was $9 million ($0.03 per share), compared to net loss applicable to common shares of $50 million ($0.18 per share) for the same quarter of 2023. The increase was mainly due to the same previously referenced factors impacting income before income taxes and lower preferred share dividends, partially offset by lower income tax recovery.

Normalized funds from operations for the third quarter of 2024 was $105 million ($0.35 per share), compared to $142 million ($0.50 per share) for the same quarter of 2023. The decrease was mainly due to the impact of non-cash items included in normalized EBITDA, higher normalized current income tax expense, higher interest expense, and foreign exchange losses compared to foreign exchange gains in the third quarter of 2023, partially offset by the same previously referenced factors impacting normalized EBITDA.

Cash from operations in the third quarter of 2024 was $21 million ($0.07 per share), compared to $3 million ($0.01 per share) for the same quarter of 2023. The increase was mainly due to favourable variances in the net change in operating assets and liabilities, primarily as a result of fluctuations in commodity prices and sales volumes, partially offset by lower net income after taxes (after adjusting for non-cash items). Please refer to the *Liquidity* section of this MD&A for further details on the variance in cash from operations.

Interest expense for the third quarter of 2024 was $110 million, compared to $95 million for the same quarter of 2023. The increase was mainly due to higher average debt balances, incremental hybrid interest costs due to the issuance of additional Hybrid Notes in the third quarter of 2024 as well as the fourth quarter of 2023, higher average interest rates, and a higher average Canadian/U.S. dollar exchange rate, partially offset by higher capitalized interest. Interest expense recorded on the Hybrid Notes in the third quarter of 2024 was $15 million, compared to $9 million for the same quarter of 2023.

AltaGas recorded an income tax expense of $3 million for the third quarter of 2024, compared to income tax recovery of $12 million for the same quarter of 2023. The increase in income tax expense was mainly due to higher income before income taxes.

Normalized net income was $42 million ($0.14 per share) for the third quarter of 2024, compared to $23 million ($0.08 per share) for the same quarter of 2023. The increase was mainly due to the same previously referenced factors impacting normalized EBITDA and lower preferred share dividends, partially offset by higher interest expense, higher depreciation expense, and higher normalized income tax expense. Please refer to the *Non-GAAP Financial Measures* section of this MD&A for further details on normalization adjustments.

Nine Months Ended September 30

Normalized EBITDA for the first nine months of 2024 was $1,249 million, compared to $1,073 million for the same period in 2023. The largest positive impact was from the Midstream segment, followed by the Utilities segment.

In the Midstream segment, normalized EBITDA was mainly impacted by higher profitability from the global exports business and higher contributions from the fractionation and liquids handling business, partially offset by the absence of the favourable resolution of certain commercial disputes and contingencies in the first half of 2023.

In the Utilities segment, normalized EBITDA was mainly impacted by the partial settlement of WGL's post-retirement benefit pension plan, higher contributions from WGL's retail marketing business, and higher revenue from ARP investments, partially offset by the impact of the Alaska Utilities Disposition in the first quarter of 2023, the absence of the gain resulting from the partial debt defeasance associated with the Alaska Utilities Disposition in the first quarter of 2023, and decreased asset optimization activities at Washington Gas.

In the Corporate/Other segment, normalized EBITDA was mainly impacted by higher expenses related to employee incentive plans, primarily as a result of the increasing share price in the first nine months of 2024, as well as lower contributions from Blythe primarily due to a planned turnaround that was completed in the first quarter of 2024.

Income before income taxes for the first nine months of 2024 was $515 million, compared to $751 million for the same period in 2023. The decrease was mainly due to the absence of the gain on the Alaska Utilities Disposition as well as additional proceeds received in the first quarter of 2023 for the favourable settlement of contract contingencies related to the sale of the Goleta energy storage development in California ("Goleta") in 2022, higher transition and restructuring costs, higher interest expense, unrealized losses on risk management contracts compared to unrealized gains in the same period in 2023, and higher depreciation and amortization expense, partially offset by the same previously referenced factors impacting normalized EBITDA, lower transaction costs related to acquisitions and dispositions, and lower accretion expense. Net income applicable to common shares for the first nine months of 2024 was $375 million ($1.26 per share), compared to $528 million ($1.87 per share) for the same period in 2023. The decrease was mainly due to the same previously referenced factors impacting income before income taxes, partially offset by lower income tax expense and lower preferred share dividends.

Normalized funds from operations for the first nine months of 2024 was $795 million ($2.69 per share), compared to $752 million ($2.67 per share) for the same period in 2023. The increase was mainly due to the same previously referenced factors impacting normalized EBITDA, partially offset by the impact of non-cash items included in normalized EBITDA, higher normalized current income tax expense, and higher interest expense.

Cash from operations for the first nine months of 2024 was $1,030 million ($3.48 per share), compared to $967 million ($3.43 per share) for the same period in 2023. The increase was mainly due to higher net income after taxes (after adjusting for non-cash items), partially offset by 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.

Interest expense for the first nine months of 2024 was $327 million, compared to $293 million for the same period in 2023. The increase was mainly due to higher average debt balances, incremental hybrid interest costs due to the issuance of additional Hybrid Notes in the third quarter of 2024 as well as the fourth quarter of 2023, higher average interest rates, and a higher average Canadian/U.S. dollar exchange rate, partially offset by higher capitalized interest. For the nine months ended September 30, 2024, AltaGas recorded total interest expense of $41 million on the Hybrid Notes compared to $26 million for the same period in 2023.

AltaGas recorded income tax expense of $116 million for the first nine months of 2024, compared to $190 million in the same period in 2023. The decrease in tax expense was mainly due to lower income before income taxes and the tax impact of the Alaska Utilities Disposition that occurred in the first quarter of 2023.

Normalized net income was $421 million ($1.42 per share) for the first nine months of 2024, compared to $322 million ($1.14 per share) for the same period in 2023. The increase was mainly due to the same previously referenced factors impacting normalized EBITDA and lower preferred share dividends, partially offset by higher normalized income tax expense, higher interest expense, and higher depreciation expense. Please refer to the *Non-GAAP Financial Measures* section of this MD&A for further details on normalization adjustments.

2024 Outlook

In 2024, AltaGas expects to achieve normalized EBITDA of approximately $1.675 to $1.775 billion compared to actual normalized EBITDA of $1.58 billion in 2023, and normalized earnings per share of approximately $2.05 to $2.25 compared to actual normalized earnings per share of $1.90 and GAAP net income per share of $2.27 in 2023. For the year ended December 31, 2023, income before income taxes and net income applicable to common shares were $912 million and $641 million, respectively.

The Utilities segment is expected to contribute approximately 55 percent of normalized EBITDA in 2024, with year-over-year expected growth primarily driven by positive contribution from the partial settlement of WGL's post-retirement benefit pension plan, continued rate base growth through ongoing capital investments in asset modernization programs on behalf of AltaGas' customers, the D.C. rate case, and new customer growth, partially offset by the lost contribution from the Alaskan Utilities due to the Alaska Utilities Disposition in the first quarter of 2023 and decreased asset optimization activities at Washington Gas. The Midstream segment is expected to contribute approximately 45 percent of normalized EBITDA, with year-over-year expected growth driven primarily by strong expected global export volumes and margins, higher NGL marketing margins, higher utilization at the Company's Northeastern B.C. facilities, and contributions from the Pipestone Assets added at the end of 2023, partially offset by the absence of the favourable resolution of certain commercial disputes in 2023, lower earnings at the extraction facilities, and lower co-generation revenue at the Harmattan gas processing facility and extraction plant.

The expected variance in normalized earnings per share from $1.90 in 2023 to approximately $2.05 to $2.25 in 2024 is expected to be primarily due to the same factors impacting normalized EBITDA and lower expected preferred share dividends, partially offset by higher expected interest expense, higher depreciation and amortization expense, and higher normalized income tax 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. For further discussion of the risks impacting AltaGas please refer to the *Risk Factors* section of AltaGas' 2023 Annual Information Form, which is available on SEDAR+ at www.sedarplus.ca.

AltaGas continues to focus on de-risking its business and managing direct commodity price exposure to drive predictable and durable results. 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 2024, AltaGas has hedged materially all of its expected Baltic freight exposure through time charters, financial hedges, and tolled volumes, in addition to the hedges in the following table:

Midstream Hedge Program	Remainder of 2024
Global Exports volumes hedged (%) (1)	87
Average propane/butane FEI to North America hedge (US$/Bbl) (2) (3)	18.06
Fractionation volumes hedged (%) (3)	80
Frac spread hedge rate (US$/Bbl) (3)	24.54

(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) 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, discount rates, and weather. The following table illustrates the approximate effect of these key variables on AltaGas' expected normalized annual results for 2024:

Factor	Increase or decrease	Approximate impact on normalized annual results *($ millions)*
Degree day variance from normal - Utilities [(1)] [(2)]	5 percent	8
Change in Canadian dollar per U.S. dollar exchange rate [(3)] [(4)]	0.05	3
Propane and butane FEI to North America spreads [(1)] [(5)]	US$1/Bbl	1

(1) Represents impact on annual normalized EBITDA.
(2) Degree days – Utilities relate to SEMCO Energy Gas Company ("SEMCO") and D.C. service areas. Degree days are a measure of coldness determined daily as the numbers 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 and during the prior 30 years for Washington Gas.
(3) Represents impact on annual normalized net income in the Utilities segment.
(4) The sensitivity is net of hedges on U.S. denominated earnings currently in place. Refer to the *Risk Management* section of this MD&A for more details.
(5) 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.

Capital Expenditures

AltaGas is maintaining a disciplined, equity self-funded capital program, and currently expects to deploy the following amount of invested capital in 2024:

	2024 (Forecasted)	2023 (Actuals)
Invested Capital	**$1.3 billion**	$946 million
Split by segment:		
Utilities	**53 %**	79 %
Midstream	**43 %**	20 %
Corporate	**4 %**	1 %

In 2024, AltaGas' capital expenditures for the Utilities segment are expected to focus primarily on safety and reliability programs including system betterment, asset modernization and pipeline replacement programs, and new customer additions. In the Midstream segment, capital expenditures are anticipated to primarily relate to new project development including REEF and Pipestone Phase II, maintenance and administrative capital, optimization of existing assets, and environmental initiatives. The Corporation continues to focus on capital efficient organic growth and disciplined capital allocation while improving balance sheet strength and flexibility.

AltaGas' 2024 committed capital program is expected to be funded through internally-generated cash flow, opportunistic asset sales, and senior debt.

Please refer to the *Net 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)]	Project Description and Status	Expected In-Service Date
Midstream Projects				
Pipestone Phase II	100%	$425 million - $450 million	Pipestone Phase II is a 100 MMcf/d sour deep-cut natural gas processing facility with 20,000 Bbls/d of liquids handling capabilities. The project reached a positive FID in December 2023 and is 100 percent contracted under long-term take-or-pay agreements. The project will be adjacent to Pipestone Phase I, which AltaGas acquired in December 2023, and is being constructed on a fixed price turnkey basis for the majority of the capital costs. Construction is underway and when complete, will deliver critical gas processing and liquids handling capacity in the Pipestone region of Alberta, which is one of the fastest growing liquids-rich natural gas developments in Canada.	2025 Year-end
REEF	50%	$675 million	REEF is a proposed large-scale LPG and bulk liquids export terminal with supporting marine infrastructure that is to be constructed on Ridley Island, British Columbia. The project is being developed by AltaGas and Vopak Development Canada Holdings Inc. ("Vopak") and will be located adjacent to the partners' existing RIPET facility. On May 29, 2024, a positive FID for Phase 1 was announced on the project. AltaGas will hold a 50 percent working interest in REEF and will be the project operator with Vopak holding the other 50 percent interest. All major gating items including front-end engineering design ("FEED") and a detailed Class III capital estimate have been completed. Site clearing work is complete, in water works has commenced, earthworks contractor has mobilized and work is progressing. Phase 1 includes construction of a new deep water marine jetty with significant capacity for potential future phases.	2026 Year-end

Project	AltaGas' Ownership Interest	Estimated Cost [1]	Project Description and Status	Expected In-Service Date
Midstream Projects, continued				
MVP Southgate Project	5%	US$19 million	The MVP Southgate Project is an interstate natural gas pipeline that will extend MVP from southern Virginia into central North Carolina. The project is owned by a consortium with AltaGas owning a 5 percent equity stake. In December 2023, MVP announced it entered into precedent agreements with two counterparties to collectively provide 550,000 Dth per day of firm capacity commitments for 20-year terms with two potential five-year extensions. The precedent agreements contemplate a redesigned project, which would extend 31-miles from the terminus of MVP in Pittsylvania County, Virginia to planned new delivery points in Rockingham County, North Carolina using a 30-inch diameter pipe, substantially fewer water crossings, and would not require a new compressor station. MVP expects to finalize the redesigned project scope after it conducts an open season and executes any additional agreements for firm capacity. The redesigned MVP Southgate Project is expected to cost approximately US$370 million, of which approximately US$19 million will be AltaGas' portion. 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 legal and regulatory challenges the project has encountered. Despite the asset write down in the fourth quarter of 2021, AltaGas remains committed to supporting the MVP Southgate project and connecting downstream customers to this critical transportation capacity.	June 2028 with majority of the spend expected in 2027.

Project	AltaGas' Ownership Interest	Estimated Cost (1)	Project Description and Status	Expected In-Service Date
Utilities Projects (2)				
Accelerated Utility Pipe Replacement Programs – ***Washington Gas – District of Columbia***	100%	Estimated US$50 million for the period March 2024 to February 2025. Previous three years totaled US$150 million.	The second phase of Washington Gas' ARP in D.C. was scheduled to end in December 2023. 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. On November 6, 2023, Washington Gas filed a request to extend PROJECTpipes 2 through December 31, 2024. On February 23, 2024, the PSC of DC granted Washington Gas' request to extend PROJECTpipes 2 and the surcharge for 12 months, through February 2025, with a surcharge spending limit of US$50 million. The District of Columbia Government ("DCG") filed a Petition for Reconsideration of the order approving the extension of the program, and Washington Gas filed a response requesting denial of DCG's Petition. On September 12, 2024, the PSC of DC held in abeyance 41 projects on the current Project List for PROJECTpipes 2, pending submission of risk assessment scores and explanations as well as final approval for PROJECTpipes 2 extension surcharge recovery. Washington Gas filed the requested information on September 27, 2024. On June 12, 2024, the PSC of DC issued an order dismissing Washington Gas' PROJECTpipes 3 application, and concurrently opened a new docket and directed Washington Gas to file a new and restructured application that comports with DC's climate goals within 45 days of the date of the order, or by July 29, 2024. On July 12, 2024, Washington Gas filed an Application for Reconsideration (which was subsequently denied on August 7, 2024). On July 17, 2024, the DCG filed a motion to extend the time by at least 90 days, for Washington Gas to file its restructured plan, which was granted by the PSC of DC on July 26, 2024. On September 27, 2024, Washington Gas filed its restructured plan, District SAFE, requesting US$215 million for the period from March 1, 2025 through December 31, 2027. On October 24, 2024, the PSC of DC approved the 41 projects on the current Project List that were held in abeyance, amended the procedural schedule, and extended the PROJECTpipes 2 program through April 2025.	Individual assets are placed into service throughout the program and are captured in rate base through rate riders.

Project	AltaGas' Ownership Interest	Estimated Cost [(1)]	Project Description and Status	Expected In-Service Date
Utilities Projects, continued				
Accelerated Utility Pipe Replacement Programs – **Washington Gas – Maryland**	100%	Estimated US$330 million over the five year period from January 2024 to December 2028, plus additional expenditures for subsequent phases upon approval.	On December 13, 2023, the Public Service Commission of Maryland ("PSC of MD") affirmed a public law judge's proposed order for the third phase of Washington Gas' ARP ("STRIDE 3") in Maryland, with a total five-year spending cap of approximately US$330 million. On January 10, 2024, the PSC of MD issued a memorandum explaining its December 13, 2023 decision. On February 9, 2024, the Maryland Office of People's Counsel ("MD OPC") filed a motion for rehearing with the PSC of MD. Washington Gas filed a response on February 22, 2024. On April 19, 2024, the PSC of MD denied the MD OPC's request for rehearing.	Individual assets are placed into service throughout the program and are captured in rate base through rate riders.
Accelerated Utility Pipe Replacement Programs – ***Washington Gas – 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.	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 and are captured in rate base through rate riders.
Accelerated Mains Replacement and Infrastructure Reliability Improvement Programs – ***SEMCO ENERGY*** – ***Michigan***	100%	Estimated US$115 million over five year period from 2021 to 2025, as well as incremental expenditures of US$99 million from 2025 to 2027, plus additional expenditures for subsequent phases upon approval.	A MRP was agreed to in SEMCO's last rate case settled in December 2019. The five-year MRP program began in 2021 with a total spend of approximately US$60 million. In addition to the MRP program, SEMCO was also granted an IRIP, which is also a five-year program with a total spend of approximately US$55 million beginning in 2021. On April 1, 2024, SEMCO submitted its MRP and IRIP amendment application, seeking approval from the MPSC to extend its MRP and IRIP programs for approximately US$46 million and US$68 million, respectively, for the period from 2025 to 2027, which includes approximately US$15 million of spend for 2025 approved through the previous program. The order approving the settlement agreement was signed September 26, 2024 by the MPSC.	Individual assets are placed into service throughout the program and are captured in rate base through rate riders.

(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) 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.

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 of AltaGas ("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, adjusted net debt, adjusted net debt to normalized EBITDA, 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 fourth quarter of 2023, Management changed the composition of certain of AltaGas' non-GAAP measures such that normalized net income now excludes the impact of unrealized intercompany foreign exchange gains (losses) resulting from intercompany balances between a U.S. subsidiary and a Canadian entity, where the foreign exchange impact in the U.S. subsidiary is recorded through gain (loss) on foreign currency translation in the Consolidated Statements of Comprehensive Income (Loss) and the Canadian entity revaluation is recorded through the foreign exchange gain (loss) line item on the Consolidated Statements of Income (Loss). This change was made as a result of Management's assessment that excluding these intercompany foreign exchange impacts from normalized net income is more representative of the Company's ongoing financial performance. 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 as result of change	Three Months Ended September 30		Nine Months Ended September 30	
($ millions, except where noted)	**2024**	2023	**2024**	2023
Normalized net income [1]	**$ —**	$ (5)	**$ —**	$ 1
Normalized income tax expense	**$ —**	$ (2)	**$ —**	$ —
Normalized effective tax rate (%)	**— %**	(0.8)%	**— %**	— %

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

Normalized EBITDA

	Three Months Ended September 30		Nine Months Ended September 30	
($ millions)	**2024**	2023	**2024**	2023
Income (loss) before income taxes (GAAP financial measure)	**$ 20**	$ (51)	**$ 515**	$ 751
Add:				
Depreciation and amortization	**119**	109	**352**	331
Interest expense	**110**	95	**327**	293
EBITDA	**$ 249**	$ 153	**$ 1,194**	$ 1,375
Add (deduct):				
Transaction costs related to acquisitions and dispositions [(1)]	**2**	10	**9**	31
Unrealized losses (gains) on risk management contracts [(2)]	**37**	91	**10**	(24)
Gains on sale of assets [(3)]	**(14)**	—	**(12)**	(319)
Transition and restructuring costs [(4)]	**17**	1	**49**	6
Wind-up of pension plan [(5)]	**—**	—	**—**	2
Accretion expenses	**2**	3	**4**	8
Foreign exchange losses (gains) [(6)]	**1**	(6)	**(5)**	(6)
Normalized EBITDA	**$ 294**	$ 252	**$ 1,249**	$ 1,073

(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 (Loss). Transaction costs include expenses, such as legal fees, which are directly attributable to the acquisition or disposition.

(2) Included in the “revenue”, “cost of sales”, and "foreign exchange gains (losses)" line items on the Consolidated Statements of Income (Loss). Please refer to Note 13 of the unaudited condensed interim Consolidated Financial Statements as at and for the three and nine months ended September 30, 2024 for further details regarding AltaGas’ risk management activities.

(3) Included in the “other income” line item on the Consolidated Statements of Income (Loss).

(4) Comprised of transition and restructuring costs (including CEO transition). These costs are included in the "operating and administrative" line item on the Consolidated Statements of Income (Loss).

(5) Relates to the completion of the wind-up of the Canadian defined benefit pension plan in the second quarter of 2023. The associated costs are included in the "other income" line on the Consolidated Statements of Income (Loss).

(6) Excludes unrealized losses (gains) on foreign exchange forward contracts that have been entered into for the purpose of cash management. These losses (gains) are included above in the line "unrealized losses (gains) on risk management contracts".

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 (Loss) using income (loss) 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 September 30		Nine Months Ended September 30	
($ millions)	**2024**	2023	**2024**	2023
Net income (loss) applicable to common shares (GAAP financial measure)	**$ 9**	$ (50)	**$ 375**	$ 528
Add (deduct) after-tax:				
Transaction costs related to acquisitions and dispositions [(1)]	**1**	7	**7**	22
Unrealized losses (gains) on risk management contracts [(2)]	**28**	70	**7**	(19)
Gains on sale of assets [(3)]	**(10)**	—	**(6)**	(217)
Transition and restructuring costs [(4)]	**13**	1	**37**	5
Wind-up of pension plan [(5)]	**—**	—	**—**	2
Unrealized foreign exchange losses (gains) on intercompany balances [(6)]	**1**	(5)	**1**	1
Normalized net income	**$ 42**	$ 23	**$ 421**	$ 322

(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 (Loss). Transaction costs include expenses, such as legal fees, which are directly attributable to the acquisition or disposition.

(2) The pre-tax amounts are included in the “revenue”, “cost of sales”, and "foreign exchange gains (losses)" line items on the Consolidated Statements of Income (Loss). Please refer to Note 13 of the unaudited condensed interim Consolidated Financial Statements as at and for the three and nine months ended September 30, 2024 for further details regarding AltaGas’ risk management activities.

(3) The pre-tax amounts are included in the “other income” line item on the Consolidated Statements of Income (Loss).

(4) Comprised of transition and restructuring costs (including CEO transition). The pre-tax costs are included in the "operating and administrative" line item on the Consolidated Statements of Income (Loss).

(5) Relates to the completion of the wind-up of the Canadian defined benefit pension plan in the second quarter of 2023. The associated costs are included in the "other income" line on the Consolidated Statements of Income.

(6) Relates to unrealized foreign exchange losses (gains) on intercompany accounts receivable and accounts payable balances between a U.S. subsidiary and a Canadian entity, where the impact to the U.S. subsidiary is recorded through accumulated other comprehensive income as a loss on foreign currency translation, and the impact to the Canadian entity is recorded through the "foreign exchange gains" line item on the Consolidated Statements of Income (Loss). As noted previously in this MD&A, in the fourth quarter of 2023, AltaGas changed its non-GAAP policy to exclude the impact of unrealized foreign exchange losses (gains) on intercompany balances between Canadian and U.S. entities. The amounts presented in this table reflect the restated figures to align with the revised policy.

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 September 30		Nine Months Ended September 30	
($ millions)	**2024**	2023	**2024**	2023
Cash from operations (GAAP financial measure)	**$ 21**	$ 3	**$ 1,030**	$ 967
Add (deduct):				
Net change in operating assets and liabilities	**64**	124	**(301)**	(298)
Asset retirement obligations settled	**1**	7	**1**	12
Funds from operations	**$ 86**	$ 134	**$ 730**	$ 681
Add (deduct):				
Transaction costs related to acquisitions and dispositions (1)	**2**	10	**9**	31
Transition and restructuring costs (2)	**17**	1	**49**	6
Current tax expense (recovery) on asset sales (3)	**—**	(3)	**7**	34
Normalized funds from operations	**$ 105**	$ 142	**$ 795**	$ 752

(1) Comprised of transaction costs related to acquisitions and dispositions of assets and/or equity investments in the period. These costs exclude non-cash amounts and are included in the "cost of sales" and "operating and administrative" line items on the Consolidated Statements of Income (Loss). Transaction costs include expenses, such as legal fees, which are directly attributable to the acquisition or disposition.

(2) Comprised of transition and restructuring costs (including CEO transition). The pre-tax costs are included in the "operating and administrative" line item on the Consolidated Statements of Income (Loss).

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

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 September 30		Nine Months Ended September 30	
($ millions)	**2024**	2023	**2024**	2023
Income tax expense (recovery) (GAAP financial measure)	**$ 3**	$ (12)	**$ 116**	$ 190
Add (deduct) tax impact of:				
Transaction costs related to acquisitions and dispositions	**1**	3	**2**	8
Unrealized losses (gains) on risk management contracts	**9**	21	**3**	(5)
Gains on sale of assets	**(4)**	—	**(6)**	(102)
Transition and restructuring costs	**4**	—	**12**	1
Unrealized foreign exchange gains on intercompany balances (1)	**—**	(2)	**—**	—
Normalized income tax expense	**$ 13**	$ 10	**$ 127**	$ 92

(1) As noted previously in this MD&A, in the fourth quarter of 2023, AltaGas changed its non-GAAP policy to exclude the impact of unrealized foreign exchange losses (gains) on intercompany balances between Canadian and U.S. entities. The amounts presented in this table reflect the restated figures to align with the revised policy.

The above table provides a reconciliation of normalized income tax expense from the GAAP financial measure, income tax expense (recovery). 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, Adjusted Net Debt, and Adjusted Net Debt to Normalized EBITDA

Net debt, adjusted net debt, and adjusted net debt to normalized EBITDA are used by the Corporation to monitor its capital structure and assess its capital structure relative to earnings. 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, current and long-term portions of finance lease liabilities, and Hybrid Notes, less cash and cash equivalents. Adjusted net debt is defined as net debt adjusted for current and long-term portions of finance lease liabilities, Hybrid Notes, and debt associated with acquisitions that occurred in the last half of the fiscal year. Adjusted net debt to normalized EBITDA is calculated by dividing adjusted net debt as defined above by normalized EBITDA for the preceding twelve month period.

($ millions, except adjusted net debt to normalized EBITDA)	**September 30, 2024**	December 31, 2023
Short-term debt	**$ 134**	$ 129
Current portion of long-term debt [1]	**854**	999
Current portion of finance lease liabilities	**22**	11
Long-term debt [2]	**7,358**	7,528
Finance lease liabilities	**122**	120
Subordinated hybrid notes [3]	**1,945**	742
Total debt	**10,435**	9,529
Less: cash and cash equivalents	**(772)**	(95)
Net debt	**$ 9,663**	$ 9,434
Current portion of finance lease liabilities	**(22)**	(11)
Finance lease liabilities	**(122)**	(120)
Subordinated hybrid notes [3]	**(1,945)**	(742)
Debt on Pipestone Acquisition	**—**	(327)
Adjusted net debt	**$ 7,574**	$ 8,234
Adjusted net debt to normalized EBITDA [4]	**4.3**	5.2

(1) Net of debt issuance costs of less than $1 million as at September 30, 2024 (December 31, 2023 - less than $1 million).
(2) Net of debt issuance costs, unamortized premiums, and unamortized discounts of $32 million as at September 30, 2024 (December 31, 2023 - $19 million).
(3) Net of debt issuance costs of $20 million as at September 30, 2024 (December 31, 2023 - $8 million).
(4) Calculated as adjusted net debt at the balance sheet date, divided by normalized EBITDA for the preceding twelve month period.

Invested Capital and Net Invested Capital

($ millions)	Three Months Ended September 30 2024	Three Months Ended September 30 2023	Nine Months Ended September 30 2024	Nine Months Ended September 30 2023
Cash used in (from) investing activities (GAAP financial measure)	**$ 393**	$ 243	**$ 973**	$ (395)
Add (deduct):				
Net change in non-cash capital expenditures [(1)]	**23**	12	**20**	(23)
Contributions from non-controlling interests	**(56)**	—	**(73)**	—
Net invested capital	**$ 360**	$ 255	**$ 920**	$ (418)
Asset dispositions	**—**	1	**2**	1,073
Disposals of equity investments [(2)]	**14**	1	**14**	1
Invested capital	**$ 374**	$ 257	**$ 936**	$ 656

(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 20 of the unaudited condensed interim Consolidated Financial Statements as at and for the three and nine months ended September 30, 2024 for further details.

(2) Relates to escrow account proceeds received from AltaGas' previous investment in Meade which held WGL Midstream's indirect, non-operating interest in Central Penn. Upon close of the sale in 2019, various escrow accounts were established to provide the purchaser a form of recourse for the settlement of indemnification obligations.

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 proceeds from disposals of assets in the period. Net invested capital is calculated based on the investing activities section in the Consolidated Statements of Cash Flows, adjusted for items including the net change in non-cash capital expenditures 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 September 30		Nine Months Ended September 30	
($ millions)	**2024**	2023	**2024**	2023
Normalized EBITDA	**$ 294**	$ 252	**$ 1,249**	$ 1,073
Add (deduct):				
Depreciation and amortization	**(119)**	(109)	**(352)**	(331)
Interest expense	**(110)**	(95)	**(327)**	(293)
Income tax recovery (expense)	**(3)**	12	**(116)**	(190)
Normalizing items impacting income taxes (1) (2)	**(10)**	(22)	**(11)**	97
Accretion expenses	**(2)**	(3)	**(4)**	(8)
Foreign exchange losses (gains)	**(1)**	6	**5**	6
Unrealized foreign exchange losses (gains) on intercompany balances (2)	**1**	(7)	**1**	1
Net income applicable to non-controlling interests	**(3)**	(4)	**(11)**	(13)
Preferred share dividends	**(5)**	(7)	**(13)**	(20)
Normalized net income (2)	**$ 42**	$ 23	**$ 421**	$ 322

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

(2) As noted previously in this MD&A, in the fourth quarter of 2023, AltaGas changed its non-GAAP policy to exclude the impact of unrealized foreign exchange losses (gains) on intercompany balances between Canadian and U.S. entities. 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.

($ millions, except normalized effective income tax rate)		Three Months Ended September 30 2024		2023		Nine Months Ended September 30 2024		2023
Normalized net income [1]	$	42	$	23	$	421	$	322
Add (deduct):								
Normalized income tax expense [1] [2]		13		10		127		92
Net income applicable to non-controlling interests		3		4		11		13
Preferred share dividends		5		7		13		20
Normalized net income before taxes [1]	$	63	$	44	$	572	$	447
Normalized effective income tax rate (%) [1] [3]		20.6		22.7		22.2		20.6

(1) As noted previously in this MD&A, in the fourth quarter of 2023, AltaGas changed its non-GAAP policy to exclude the impact of unrealized foreign exchange losses (gains) on intercompany balances between Canadian and U.S. entities. The amounts presented in this table reflect the restated figures to align with the revised policy.

(2) Calculated in the section above.

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

Utilities

Operating Statistics

	Three Months Ended September 30 2024	2023	Nine Months Ended September 30 2024	2023
Natural gas deliveries - end-use (Bcf) [1]	8.9	8.5	77.9	85.2
Natural gas deliveries - transportation (Bcf) [1]	20.7	19.9	75.9	77.5
Service sites (thousands) [2]	1,560	1,553	1,560	1,553
Degree day variance from normal - SEMCO Gas (Michigan) (%) [3]	(57.4)	(19.4)	(18.6)	(11.0)
Degree day variance from normal - Washington Gas (D.C.) (%) [3] [4] [5]	(100.0)	—	(18.1)	(22.7)
Retail energy marketing - gas sales volumes (Mmcf)	8,179	8,550	41,653	39,575
Retail energy marketing - electricity sales volumes (GWh)	4,344	4,134	11,600	10,821

(1) Bcf is one billion cubic feet.

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

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

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

(5) The -100 percent degree day variance for Washington Gas in the third quarter of 2024 is a result of there being 12 normal degree days in the third quarter, compared to nil actual degree days. Given that the normal degree days in the third quarter are so low compared to other quarters, any change causes a large variance when shown as a percentage.

Three Months Ended September 30

Normalized EBITDA in the Utilities segment was $117 million in the third quarter of 2024, compared to $71 million in the same quarter of 2023. The increase in normalized EBITDA was mainly due to the partial settlement of WGL's post-retirement benefit pension plan and higher revenue from ARP spend, partially offset by lower contributions from WGL's retail marketing business and decreased asset optimization activities at Washington Gas.

The Utilities segment income before income taxes was $24 million in the third quarter of 2024, compared to a loss before income taxes of $16 million in the same quarter of 2023. The increase was mainly due to the same previously referenced factors impacting normalized EBITDA, partially offset by higher transition and restructuring costs and higher depreciation expense.

Nine Months Ended September 30

The Utilities segment reported normalized EBITDA of $676 million in the first nine months of 2024, compared to $575 million in the same period in 2023. The increase in normalized EBITDA was mainly due to the partial settlement of WGL's post-retirement benefit pension plan, higher contributions from WGL's retail marketing business, higher revenue from ARP spend, the impact of the 2022 D.C. rate case, the impact of the higher foreign exchange rate and realized foreign exchange hedge gains, customer growth, lower operating and administrative expenses, and colder weather in D.C. These factors were partially offset by the impact of the Alaska Utilities Disposition in the first quarter of 2023, the absence of the gain resulting from the partial debt defeasance associated with the Alaska Utilities Disposition in the first quarter of 2023, decreased asset optimization activities at Washington Gas, and warmer weather in Michigan.

The Utilities segment income before income taxes was $441 million in the first nine months of 2024, compared to $679 million in the same period in 2023. The decrease was primarily due to the absence of the gain on the Alaska Utilities Disposition, higher transition and restructuring costs, and lower unrealized gains on risk management contracts, partially offset by the same previously referenced factors impacting normalized EBITDA and lower transaction costs related to acquisitions and dispositions.

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

Utilities Rate Cases

Utility/ Jurisdiction	Date Filed	Request	Status	Expected Timing of Decision
Washington Gas - District of Columbia	April 2022	US$53 million increase in base rates, including US$5 million currently collected through the PROJECTpipes 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 D.C. On December 22, 2023, the PSC of DC approved a revenue increase of approximately US$25 million, of which approximately US$5 million is currently collected through the PROJECTpipes 2 surcharge. The new rates went into effect January 19, 2024. Requests for reconsideration of certain limited findings in the Commission's decision were filed by certain parties to the case. On February 22, 2024, the PSC of DC issued an Order asking for input from parties on the parameters for an affiliate cost of service study ("ACOSS"). The Order denied other requests for reconsideration. On March 29, 2024, the Apartment and Office Building Association of Metropolitan ("AOBA") Washington filed recommendation on the structure and content of the ACOSS. On May 15, 2024, Washington Gas filed its ACOSS. On June 5, 2024, the AOBA filed a motion to reject the ACOSS, and Washington Gas filed a response on June 14, 2024. The PSC of DC issued an order on June 28, 2024, which denied AOBA's request to reject the ACOSS and directed the parties to meet within 15 days of the date of the order, to discuss the issues identified in the order. The parties met on July 12, 2024 and a joint report on the meeting was filed on July 26, 2024, indicating that the parties reached agreement on the substance and information that should be included in the ACOSS in a base rate case filing. Washington Gas filed an ACOSS consistent with this agreement when it filed its current D.C. base rate case on August 5, 2024.	Final order received on December 22, 2023.
Washington Gas - District of Columbia	August 2024	US$46 million increase in base rates, including US$12 million currently collected through the PROJECTpipes surcharge. Therefore, the incremental amount of the base rate increase requested was approximately US$34 million.	On August 5, 2024, Washington Gas filed an application for authority to increase existing rates and charges for gas service in the District of Columbia. The requested rates are designed to collect approximately US$257 million in total revenues, which represents an increase in Washington Gas' weather-normalized annual revenues of approximately US$46 million and includes a transfer of approximately US$12 million associated with costs from the natural gas system upgrades previously approved by the Commission and currently paid by customers through the PROJECTpipes monthly surcharge, resulting in a net increase of approximately US$34 million in new revenues. On September 12, 2024, the PSC of DC issued an order granting the filed requests for intervention in the case and directing the parties to meet to develop a joint proposed procedural schedule and a list of issues for Washington Gas to address in supplemental testimony, if any, by September 25, 2024. On September 25, 2024, Washington Gas and the parties filed a Joint Proposed Procedural Schedule with the PSC of DC. The proposed schedule calls for legal briefs to be filed on June 18, 2025, whereupon the case would be before the PSC of DC for decision. On October 9, 2024, the schedule filed by Washington Gas was approved by the PSC of DC with hearings scheduled for May 2025. Washington Gas expects to receive a final order from the PSC of DC in the third quarter of 2025.	Final order expected in the third quarter of 2025.

Other Regulatory Updates

Merger Commitments - District of Columbia

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

Prince William County Biogas Pipeline

On December 4, 2023, Washington Gas filed an application with the SCC of VA seeking approval for a biogas supply investment plan and rate adjustment clause. Washington Gas seeks approval to purchase, own, operate, and maintain an eight-mile pipeline, associated interconnection facilities and other necessary equipment to transport RNG from a biogas production facility located at the Prince William County Landfill. Washington Gas also proposes to purchase a portion of the facilities output, a subset of which will be accompanied by marketable environmental attributes. Washington Gas is seeking recovery of the project costs and RNG costs through a Rider RNG. Evidentiary hearing took place on March 19, 2024 and the Hearing Examiner's Report was issued on April 15, 2024. On May 3, 2024, Washington Gas and the Staff filed comments on the report. On May 30, 2024, the SCC of VA issued a Final Order approving the RNG proposed project with a cost cap of US$28 million. The SCC of VA directed Washington Gas to file an application for approval of a Rider RNG at least 120 days prior to the expected in-service date.

Climate Regulation

In the District of Columbia, DC Law 24-177 requires the Mayor to issue final regulations by December 31, 2026 that requires all new construction or substantial improvements of commercial buildings (buildings with more than three stories) to be constructed to a net-zero-energy standard, which is defined to prohibit on-site fuel combustion. On October 17, 2024, Washington Gas, joined by co-plaintiffs, filed suit in the U.S. District Court for the District of Columbia challenging the legality of D.C. 24-177.

In Montgomery County, Maryland, Bill 13-22 will require regulations that establish all-electric building standards for all new construction (with limited exceptions) by December 31, 2026. On October 17, 2024, Washington Gas, joined by co-plaintiffs, filed suit in the U.S. District Court for the District of Maryland challenging the legality of Montgomery County, Maryland Bill 13-22.

Midstream

Operating Statistics

	Three Months Ended September 30		Nine Months Ended September 30	
	2024	2023	**2024**	2023
LPG export volumes (Bbls/d) (1)	**128,272**	118,213	**122,252**	111,151
Total inlet gas processed (Mmcf/d) (1)	**1,303**	1,182	**1,371**	1,299
Extracted ethane volumes (Bbls/d) (1)	**20,314**	25,501	**20,101**	26,224
Extracted NGL volumes (Bbls/d) (1) (2) (3)	**46,707**	36,070	**47,188**	35,415
Fractionation volumes (Bbls/d) (1) (4)	**43,445**	39,699	**42,665**	40,622
Frac spread - realized ($/Bbl) (1) (5)	**24.70**	23.75	**25.15**	25.06
Frac spread - average spot price ($/Bbl) (1) (6)	**30.39**	21.31	**28.30**	23.54
Propane FEI to Mont Belvieu spread (US$/Bbl) (1) (7)	**13.28**	21.30	**13.95**	18.77
Butane FEI to Mont Belvieu spread (US$/Bbl) (1) (8)	**17.44**	22.07	**15.83**	19.71

(1) Average for the period.
(2) NGL volumes refer to propane, butane and condensate.
(3) Volumes for the nine months ended September 30, 2024 include revised volumes of 48,272 Bbls/d for the first quarter of 2024.
(4) Fractionation volumes include NGL mix volumes processed.
(5) 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.
(6) 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.
(7) Average propane price spread between FEI and Mont Belvieu TET commercial index.
(8) Average butane price spread between FEI and Mont Belvieu TET commercial index.

Three Months Ended September 30

The Midstream segment reported normalized EBITDA of $181 million in the third quarter of 2024 compared to $185 million in the same quarter of 2023. The decrease in normalized EBITDA included higher operating and administrative expenses, lower equity earnings at MVP as the recognition of earnings from MVP's operations which commenced in June 2024 was lower than AFUDC recorded in the third quarter of 2023, and lower power revenue at Harmattan primarily due to lower power prices, partially offset by strong performance from the global exports business as a result of higher volumes and margins, as well as contributions from the recently acquired Pipestone Assets, and higher contributions from the fractionation and liquids handling business due to higher North Pine volumes.

Income before income taxes in the Midstream segment was $123 million in the third quarter of 2024, compared to $61 million in the same quarter of 2023. The increase was mainly due to lower unrealized losses on risk management contracts, gains on sale of assets related 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 Central Penn, as well as lower accretion expense, partially offset by higher depreciation expense and the same previously referenced factors impacting normalized EBITDA.

In the third quarter of 2024, the Midstream segment recognized a pre-tax gain on sale of assets of approximately $14 million due to the previously mentioned Meade escrow proceeds.

Nine Months Ended September 30

The Midstream segment reported normalized EBITDA of $603 million in the first nine months of 2024, compared to $502 million in the same period in 2023. The increase in normalized EBITDA was mainly due to strong performance from the global exports business as a result of higher volumes and margins, higher contributions from the fractionation and liquids handling business, contributions from the recently acquired Pipestone assets, higher equity earnings at MVP due to higher AFUDC recorded and the recognition of earnings from MVP's operations which commenced in June 2024, the gain on settlement of an asset retirement obligation, and the absence of wildfire impacts recognized in the second quarter of 2023. These factors were partially offset by the absence of the favourable resolution of certain acquisition related commercial disputes and contingencies in the first half of 2023, higher operating and administrative expenses, lower earnings at the extraction facilities primarily due to the impact of higher re-injection of volumes, lower power revenue at Harmattan due to lower power prices compared to the same period in 2023, and lower sales of GHG credits compared to the same period in 2023.

Income before income taxes in the Midstream segment was $465 million in the first nine months of 2024, compared to $381 million in the first nine months of 2023. The increase was mainly due to the same previously referenced factors impacting normalized EBITDA, higher gains on sale of assets primarily related to the previously mentioned Meade escrow proceeds, lower accretion expense, and lower transaction costs related to acquisitions and dispositions, partially offset by higher depreciation expense and higher unrealized losses on risk management contracts.

In the first nine months of 2024 and 2023, the Midstream segment recognized a pre-tax gain on sale of assets of approximately $14 million and $1 million, respectively, due to the previously mentioned Meade escrow proceeds.

Midstream Hedges

	Three Months Ended September 30		Nine Months Ended September 30	
	2024	2023	**2024**	2023
Frac spread exposed volumes (Bbls/d)	**8,437**	8,346	**9,878**	9,881
NGL volumes hedged (Bbls/d)	**8,406**	7,348	**8,301**	7,326
Average price of NGL volumes hedged ($/Bbl) (1)	**36**	36	**36**	36
Average FEI to North American NGL price spread for volumes hedged (US$/Bbl)	**15**	13	**17**	13

(1) Excludes basis differential.

Corporate/Other

Three Months Ended September 30

In the Corporate/Other segment, normalized EBITDA for the third quarter of 2024 was a loss of $4 million, consistent with the same quarter of 2023. The main factors impacting normalized EBITDA were higher contributions from Blythe, offset by higher expenses related to employee incentive plans as a result of the increasing share price in the third quarter of 2024.

Loss before income taxes in the Corporate/Other segment was $127 million in the third quarter of 2024, compared to $96 million in the same quarter of 2023. The higher loss was mainly due to higher interest expense, foreign exchange losses compared to foreign exchange gains in the third quarter of 2023, higher transition and restructuring costs, and the same previously referenced factors impacting normalized EBITDA, partially offset by lower transaction costs related to acquisitions and dispositions.

Nine Months Ended September 30

In the Corporate/Other segment, normalized EBITDA for the first nine months of 2024 was a loss of $30 million, compared to $4 million in the same period in 2023. The decrease in normalized EBITDA was primarily due to higher expenses related to employee incentive plans as a result of the increasing share price in the first nine months of 2024 and lower contributions from Blythe as a result of a planned turnaround in the first quarter of 2024.

Loss before income taxes in the Corporate/Other segment was $391 million in the first nine months of 2024, compared to $309 million in the same period in 2023. The higher loss was mainly due to higher interest expense, the same previously referenced factors impacting normalized EBITDA, the absence of the additional gain in the first quarter of 2023 related to the favourable settlement of outstanding contingencies on the sale of Goleta in 2022, higher transition and restructuring costs, and lower unrealized gains on risk management contracts, partially offset by lower transaction costs related to acquisitions and dispositions.

In the first nine months of 2023, the Corporate/Other segment recognized a pre-tax gain of approximately $11 million on the sale of Goleta in 2022 as a result of a payment received in the first quarter of 2023 for the favourable settlement of outstanding contingencies based on contract outcomes.

Net Invested Capital

Invested capital and net invested capital are non-GAAP financial measures. Please refer to the *Non-GAAP Financial Measures* section of this MD&A for further discussion.

	Three Months Ended September 30, 2024			
($ millions)	**Utilities**	**Midstream**	**Corporate/ Other**	**Total**
Invested capital:				
Property, plant and equipment	$ **187**	$ **182**	$ **3**	$ **372**
Intangible assets	**—**	**2**	**—**	**2**
Invested capital	$ **187**	$ **184**	$ **3**	$ **374**
Disposals:				
Equity method investments	**—**	**(14)**	**—**	**(14)**
Net invested capital	$ **187**	$ **170**	$ **3**	$ **360**

				Three Months Ended September 30, 2023
($ millions)	Utilities	Midstream	Corporate/ Other	Total
Invested capital:				
Property, plant and equipment	$ 204	$ 50	$ 1	$ 255
Intangible assets	—	1	—	1
Long-term investments	—	1	—	1
Invested Capital	204	52	1	257
Disposals:				
Asset dispositions	—	(1)	—	(1)
Equity method investments	—	(1)	—	(1)
Net invested capital	$ 204	$ 50	$ 1	$ 255

During the third quarter of 2024, AltaGas' invested capital was $374 million, compared to $257 million in the same quarter of 2023. The increase in invested capital was primarily due to the higher additions to property, plant, and equipment as a result of higher growth capital spend in the Midstream segment, primarily related to Pipestone Phase II and REEF. This was partially offset by lower ARP spend at Washington Gas. In the third quarters of 2024 and 2023, dispositions of equity method investments related 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 Central Penn.

Invested capital in the third quarter of 2024 included maintenance capital of $16 million (2023 - $16 million) in the Midstream segment, which was primarily related to maintenance at Harmattan.

During the third quarter of 2024, AltaGas' cash flow from investing activities was an outflow of $393 million compared to $243 million in the same quarter of 2023. 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.

				Nine Months Ended September 30, 2024
($ millions)	**Utilities**	**Midstream**	**Corporate/ Other**	**Total**
Invested capital:				
Property, plant and equipment	**$ 544**	**$ 351**	**$ 36**	**$ 931**
Intangible assets	**—**	**4**	**—**	**4**
Long-term investments	**—**	**1**	**—**	**1**
Invested capital	**$ 544**	**$ 356**	**$ 36**	**$ 936**
Disposals:				
Asset dispositions	**—**	**(1)**	**(1)**	**(2)**
Equity method investments	**—**	**(14)**	**—**	**(14)**
Net invested capital	**$ 544**	**$ 341**	**$ 35**	**$ 920**

		Nine Months Ended September 30, 2023		
($ millions)	Utilities	Midstream	Corporate/ Other	Total
Invested capital:				
Property, plant and equipment	$ 554	$ 90	$ 3	$ 647
Intangible assets	—	4	1	5
Long-term investments	—	4	—	4
Invested capital	$ 554	$ 98	$ 4	$ 656
Disposals:				
Asset dispositions	(1,059)	(3)	(11)	(1,073)
Equity method investments	—	(1)	—	(1)
Net invested capital	$ (505)	$ 94	$ (7)	$ (418)

In the first nine months of 2024, AltaGas' invested capital was $936 million, compared to $656 million in the same period in 2023. The increase in invested capital was primarily due to the higher additions to property, plant, and equipment as a result of higher growth capital spend in the Midstream segment, primarily related to Pipestone Phase II and REEF, an increase in planned maintenance capital in the Midstream segment and the Corporate/Other segment, and higher capitalized interest. These factors were partially offset by lower ARP spend at Washington Gas. In the first nine months of 2024 and 2023, dispositions of equity method investments primarily related to the previously mentioned Meade escrow proceeds. In the first nine months 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.

Invested capital in the first nine months of 2024 included maintenance capital of $41 million (2023 - $23 million) in the Midstream segment and $31 million (2023 - $2 million) related to the remaining power assets in the Corporate/Other segment. The increase in Midstream maintenance capital in the first nine months of 2024 was primarily related to maintenance at Harmattan and Pipestone Phase I, while the increase in maintenance capital in the Corporate/Other segment was primarily due to a planned turnaround at Blythe.

During the first nine months of 2024, AltaGas' cash flow from investing activities was an outflow of $973 million, compared to an inflow of $395 million in the first nine months of 2023. 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 acquisition of WGL Holdings, Inc. (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.

($ millions)	Three Months Ended September 30 2024	2023	Nine Months Ended September 30 2024	2023
Cash from operations	**$ 21**	$ 3	**$ 1,030**	$ 967
Investing activities	**(393)**	(243)	**(973)**	395
Financing activities	**1,097**	218	**618**	(1,374)
Increase (decrease) in cash, cash equivalents, and restricted cash	**$ 725**	$ (22)	**$ 675**	$ (12)

Cash From Operations

Cash from operations increased by $63 million for the nine months ended September 30, 2024 compared to the same period in 2023, primarily due to higher net income after taxes (after adjusting for non-cash items) and favourable 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 outflows from regulatory liabilities due to fluctuations in commodity prices and less weather impacts at the Utilities as well as higher cash inflows from risk management assets as a result of realized hedge gains, partially offset by lower cash inflows from accounts receivable and inventory due to fluctuations in commodity prices and sales volumes.

Working Capital

($ millions, except working capital ratio)	**September 30, 2024**	December 31, 2023
Current assets	**$ 3,104**	$ 3,045
Current liabilities	**3,018**	3,413
Working capital (deficiency)	**$ 86**	$ (368)
Working capital ratio [(1)]	**1.03**	0.89

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

The increase in the working capital ratio was primarily due to increases in cash and cash equivalents and regulatory assets, as well as decreases in accounts payable and accrued liabilities, the current portion of long-term debt, regulatory liabilities, and other current liabilities. This was partially offset by decreases in accounts receivable, inventory, risk management assets, and prepaid expenses and other current assets, as well as increases in risk management liabilities, the current portion of finance lease liabilities, the current portion of operating lease liabilities, and short-term debt. AltaGas' working capital will fluctuate in the normal course of business.

Investing Activities

Cash used in investing activities for the nine months ended September 30, 2024 was $973 million, compared to cash from investing activities of $395 million in the same period in 2023. Investing activities for the nine months ended September 30, 2024 included expenditures of approximately $988 million for property, plant and equipment and intangible assets and approximately $1 million of contributions to equity investments, partially offset by proceeds of approximately $14 million and $2 million from the disposition of equity investments and disposition of assets, respectively. Investing activities for the nine months ended September 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 $675 million for property, plant and equipment and intangible assets, as well as approximately $4 million of contributions to equity investments.

Financing Activities

Cash from financing activities for the nine months ended September 30, 2024 was $618 million, compared to cash used in financing activities of approximately $1.4 billion in the same period in 2023. Financing activities for the nine months ended September 30, 2024 were primarily comprised of the issuance of long-term debt (net of debt issuance costs) of approximately $1.2 billion, issuance of subordinated Hybrid Notes (net of debt issuance costs) of approximately $1.2 billion, contributions from non-controlling interests of approximately $73 million, and net proceeds from common shares issued on the exercise of options granted pursuant to AltaGas' share option plan ("Share Options") of approximately $51 million, partially offset by the repayment of long-term debt and finance lease liabilities of approximately $1 billion, net repayments under credit facilities of $628 million, dividends of $278 million, distributions to non-controlling interests of approximately $13 million, and a payment of $9 million related to the settlement of derivative instruments. Financing activities for the nine months ended September 30, 2023 were primarily comprised of net repayments under credit facilities of approximately $1.0 billion, repayment of long-term debt and finance lease liabilities of $338 million, dividends of $257 million, purchase of marketable securities in connection with debt defeasance of $193 million, and distributions to non-controlling interests of $13 million, partially offset by the issuance of long-term debt (net of debt issuance costs) of $398 million and net proceeds from common shares issued on the exercise of Share Options of $5 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), finance lease liabilities (including the current portion), and 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.

As at September 30, 2024, AltaGas’ total debt primarily consisted of outstanding medium term notes ("MTNs") of $4.6 billion (December 31, 2023 - $3.9 billion), WGL and Washington Gas MTNs and private placement notes of $3.0 billion (December 31, 2023 - $3.0 billion), reflecting fair value adjustments on acquisition, SEMCO First Mortgage Bonds of $401 million (December 31, 2023 - $393 million), $2.0 billion of Hybrid Notes (December 31, 2023 - $750 million), $40 million drawn under the bank credit facilities (December 31, 2023 - $1.0 billion), and commercial paper outstanding of $377 million for WGL and Washington Gas (December 31, 2023 – $461 million). In addition, AltaGas had $231 million of letters of credit outstanding (December 31, 2023 - $252 million).

As at September 30, 2024, AltaGas’ total market capitalization was approximately $10 billion based on approximately 298 million common shares outstanding and a closing trading price of $33.48 per common share.

AltaGas' earnings interest coverage for the rolling twelve months ended September 30, 2024 was 2.4 times (twelve months ended September 30, 2023 - 2.9 times).

Credit Facilities *($ millions)*	Borrowing capacity	**Drawn at September 30, 2024**	Drawn at December 31, 2023
AltaGas demand credit facilities (1) (2)	$ 70	**$ —**	$ —
AltaGas revolving credit facilities (1) (2)	2,300	**—**	484
AltaGas term credit facility (3)	—	**—**	450
SEMCO Energy US$150 million credit facilities (1) (2)	202	**40**	86
WGL US$300 million revolving credit facility (1) (2) (4)	405	**108**	199
Washington Gas US$450 million revolving credit facility (1) (2) (4)	607	**269**	261
	$ 3,584	**$ 417**	$ 1,480

(1) Amount drawn at September 30, 2024 converted at the month-end rate of 1 U.S. dollar = 1.3499 Canadian dollar (December 31, 2023 - 1 U.S. dollar = 1.3226 Canadian dollar).

(2) All US$ borrowing capacity was converted at the September 30, 2024 Canadian/U.S. dollar month-end exchange rate.

(3) The term loan was cancelled and repaid in full on June 28, 2024.

(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 $460 million (December 31, 2023 - $451 million). At September 30, 2024, there were letters of credit for $231 million (December 31, 2023 - $252 million) issued on these facilities and an additional less than $1 million (December 31, 2023 - 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.

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 September 30, 2024 and December 31, 2023.

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

Ratios	Debt covenant requirements	**As at September 30, 2024**
Bank debt-to-capitalization (1) (2)	not greater than 65%	less than 43%
Bank EBITDA-to-interest expense (1) (2)	not less than 2.5x	greater than 4.0x
Bank debt-to-capitalization (SEMCO) (2) (3)	not greater than 60%	less than 40%
Bank EBITDA-to-interest expense (SEMCO) (2) (3)	not less than 2.25x	greater than 7.6x
Bank debt-to-capitalization (WGL) (2) (4)	not greater than 65%	less than 48%
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.sedarplus.ca. 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 30 of the 2023 Annual Consolidated Financial Statements.

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., Wrangler 1 LLC, Wrangler SPE LLC, Washington Gas Resources Corp., WGL Energy Services, Inc, and SEMCO Holding Corporation; in regard to the Utilities business, Washington Gas Light Company, Hampshire Gas Company, and SEMCO Energy, Inc.; and in regard to the Midstream business, AltaGas Extraction and Transmission Limited Partnership, AltaGas Pipeline Partnership, AltaGas Processing Partnership, AltaGas Northwest Processing Limited Partnership, Harmattan Gas Processing Limited Partnership, Ridley Island LPG Export Limited Partnership, AltaGas Pacific Partnership, AltaGas LPG Limited Partnership, Petrogas Energy Corporation ("Petrogas"), Petrogas Holdings Partnership, and Petrogas, Inc. In the Corporate/Other segment the main subsidiary is AltaGas Power Holdings (U.S.) Inc. SEMCO Energy, Inc. conducts its Michigan natural gas distribution business under the name SEMCO Energy Gas Company.

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' 2023 Annual Information Form, which is available on SEDAR+ at www.sedarplus.ca.

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, foreign exchange rates, and interest 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 September 30, 2024 and December 31, 2023, the fair values of the Corporation's derivatives were as follows:

($ millions)		**September 30, 2024**		December 31, 2023
Natural gas	**$**	**(49)**	$	(46)
Energy exports		**(115)**		(4)
NGL frac spread		**(2)**		1
Power		**(43)**		(75)
Crude oil and NGLs		**5**		4
Foreign exchange		**(32)**		19
Net derivative liability	**$**	**(236)**	$	(101)

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. AltaGas may also enter into foreign exchange forward derivatives and cross-currency swaps to manage the risk associated with variations in foreign exchange rates.

Commodity Price Contracts

The average indicative spot NGL frac spread for the nine months ended September 30, 2024 was approximately $28/Bbl (2023 - $24/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 nine months ended September 30, 2024 was approximately $25/Bbl inclusive of basis differentials (2023 - $25/Bbl).

AltaGas continues to focus on de-risking its business and managing direct commodity price exposure to drive predictable and durable results. 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 2024, AltaGas has hedged:

- Approximately 87 percent of its remaining 2024 expected global export volumes through a combination of tolls and financial hedges, with the average FEI to North American financial hedge price of approximately US$18/Bbl for non-tolled propane and butane volumes.
- Approximately 80 percent of its 2024 expected frac exposed volumes hedged at approximately US$25/Bbl, prior to transportation costs.
- Materially all of AltaGas' expected Baltic freight exposure is protected through time charters, financial hedges, and tolled volumes in 2024.

Foreign Exchange Contracts

The following foreign exchange related contracts were outstanding as at September 30, 2024:

	Duration		Fair Value ***($ millions)***
Foreign exchange forward contracts			
Forward USD sales (deliverable)	Less than 1 year		Less than $1 million
Forward USD sales (non-deliverable)	Less than 1 year	$	8
Forward USD sales (non-deliverable)	More than 1 year	$	7
Cross-currency swaps			
Fixed-to-fixed cross-currency swaps	10 years	$	(47)

In the third quarter of 2024, AltaGas executed cross-currency swaps totaling US$900 million to manage the risk of fluctuating cash flows and earnings associated with the recently issued US$900 million Hybrid Notes as a result of changes in the Canadian/U.S. dollar foreign exchange rates. The cross-currency swaps will convert the U.S. dollar principal and interest payments of these Hybrid Notes into Canadian dollars and apply an effective annual interest rate of 6.90 percent on the converted Canadian principal amount of approximately $1.2 billion. AltaGas has designated the cross-currency swaps as cash flow hedges. Refer to Note 13 of the unaudited condensed interim Consolidated Financial Statements as at and for the nine months ended September 30, 2024 for further details.

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

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

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

		Three Months Ended September 30, 2024		Three Months Ended September 30, 2023		**Nine Months Ended September 30, 2024**		Nine Months Ended September 30, 2023
Objective of foreign exchange forward contract		**Gains (losses)**		Gains (losses)		**Gains (losses)**		Gains (losses)
Cash management [(1)]	**$**	**—**	$	—	**$**	**(2)**	$	—
Income statement risk management [(2)]	**$**	**18**	$	(1)	**$**	**(3)**	$	(1)

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

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

Weather Instruments

For the nine months ended September 30, 2024, no pre-tax gains or losses (nine months ended September 30, 2023 - pre-tax loss of $8 million) were recorded related to heating degree day ("HDD") and cooling degree day ("CDD") instruments.

The Effects of Derivative Instruments on the Consolidated Statements of Income (Loss)

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

	Three Months Ended September 30		Nine Months Ended September 30	
($ millions)	**2024**	2023	**2024**	2023
Natural gas	**$ (32)**	$ (4)	**$ 19**	$ 17
Energy exports	**(33)**	(77)	**(38)**	(28)
Crude oil and NGLs	**(2)**	1	**(3)**	11
NGL frac spread	**10**	(17)	**(3)**	3
Power	**1**	7	**19**	22
Foreign exchange	**19**	(1)	**(4)**	(1)
	$ (37)	$ (91)	**$ (10)**	$ 24

Please refer to Note 23 of the 2023 Annual Consolidated Financial Statements and Note 13 of the unaudited condensed interim Consolidated Financial Statements as at and for the three and nine months ended September 30, 2024 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 as of September 30, 2024:

Common Share Dividends

Year ended December 31		
($ per common share)	**2024**	2023
First quarter	**$ 0.297500**	$ 0.280000
Second quarter	**0.297500**	0.280000
Third quarter	**0.297500**	0.280000
Fourth quarter	**—**	0.280000
Total	**$ 0.892500**	$ 1.120000

Series A Preferred Share Dividends

Year ended December 31		
($ per preferred share)	**2024**	2023
First quarter	**$ 0.191250**	$ 0.191250
Second quarter	**0.191250**	0.191250
Third quarter	**0.191250**	0.191250
Fourth quarter	**—**	0.191250
Total	**$ 0.573750**	$ 0.765000

Series B Preferred Share Dividends

Year ended December 31		
($ per preferred share)	**2024**	2023
First quarter	**$ 0.478740**	$ 0.418750
Second quarter	**0.474950**	0.450260
Third quarter	**0.473320**	0.455150
Fourth quarter	**—**	0.492580
Total	**$ 1.427010**	$ 1.816740

Series E Preferred Share Dividends [(1)]

Year ended December 31		
($ per preferred share)	**2024**	2023
First quarter	**$ —**	$ 0.337063
Second quarter	**—**	0.337063
Third quarter	**—**	0.337063
Fourth quarter	**—**	0.337063
Total	**$ —**	$ 1.348252

(1) On December 31, 2023, AltaGas redeemed all of its outstanding Series E Preferred Shares.

Series G Preferred Share Dividends

Year ended December 31		
($ per preferred share)	**2024**	2023
First quarter	**$ 0.265125**	$ 0.265125
Second quarter	**0.265125**	0.265125
Third quarter	**0.265125**	0.265125
Fourth quarter	**—**	0.265125
Total	**$ 0.795375**	$ 1.060500

Series H Preferred Share Dividends [(1)]

Year ended December 31		
($ per preferred share)	**2024**	2023
First quarter	**$ 0.503610**	$ 0.443404
Second quarter	**0.499820**	0.475190
Third quarter	**0.498460**	0.480350
Fourth quarter	**—**	0.517780
Total	**$ 1.501890**	$ 1.916724

(1) On September 30, 2024, AltaGas converted all of its outstanding Series H Preferred Shares to Series G 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 2023 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 2023 Annual Consolidated Financial Statements. There have been no material changes to AltaGas' critical estimates and judgements during the nine months ended September 30, 2024.

Refer to Note 2 of the unaudited condensed interim Consolidated Financial Statements as at and for the nine months ended September 30, 2024 for discussion of the adoption of new accounting standards and future changes in accounting principles.

Off-Balance Sheet Arrangements

AltaGas did not enter into any material off-balance sheet arrangements during the nine months ended September 30, 2024. Reference should be made to the audited Consolidated Financial Statements and MD&A as at and for the year ended December 31, 2023 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, other than changes in ICFR related to the Pipestone Acquisition, there were no changes made to AltaGas' ICFR that materially affected, or are reasonably likely to materially affect, its ICFR or DCP.

Limitation on Scope

In accordance with the provisions under National Instrument 52-109, the scope of the evaluation does not include ICFR related to the Pipestone Acquisition, which closed on December 22, 2023. These provisions allow an issuer to exclude a business which was acquired not more than 365 days before the issuer's financial year-end from the scope of its certifications. As such, the controls, policies, and procedures related to the Pipestone Acquisition were excluded from management's evaluation of the effectiveness of AltaGas' ICFR as at September 30, 2024. Summary financial information of the Pipestone Acquisition included in the unaudited condensed interim Consolidated Financial Statements as at and for the nine months ended September 30, 2024 includes total assets of approximately $1.1 billion and revenues of approximately $245 million.

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 October 25, 2024
Issued and outstanding	
Common shares	297,792,396
Preferred Shares	
Series A	6,746,679
Series B	1,253,321
Series G	8,000,000
Issued	
Share Options	2,657,632
Share Options exercisable	2,657,632

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

($ millions)	**Q3-24**	Q2-24	Q1-24	Q4-23	Q3-23	Q2-23	Q1-23	Q4-22
Total revenue	**2,759**	2,775	3,655	3,288	3,030	2,631	4,048	3,898
Normalized EBITDA	**294**	295	660	502	252	239	582	454
Net income (loss) applicable to common shares	**9**	(42)	408	113	(50)	133	445	54
($ per share)	**Q3-24**	Q2-24	Q1-24	Q4-23	Q3-23	Q2-23	Q1-23	Q4-22
Net income (loss) per common share								
Basic	**0.03**	(0.14)	1.38	0.40	(0.18)	0.47	1.58	0.19
Diluted	**0.03**	(0.14)	1.37	0.40	(0.18)	0.47	1.57	0.19
Dividends declared	**0.30**	0.30	0.30	0.28	0.28	0.28	0.28	0.27

(1) Amounts may not add due to rounding.

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 Alaska Utilities Disposition in the first quarter of 2023; and
- The impact of the Pipestone Acquisition in the fourth 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, 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 related to acquisitions and dispositions of approximately $7 million, $27 million, and $1 million incurred in the first nine months of 2024, throughout 2023, and the last quarter of 2022, respectively, primarily due to asset sales and the Pipestone Acquisition;
- After-tax transition and restructuring costs of approximately $37 million and $17 million incurred in the first nine months of 2024 and throughout 2023, respectively;
- Favourable resolution of certain acquisition related commercial disputes and contingencies in the first half of 2023 and in the last quarter of 2022;
- The gain resulting from the partial defeasance of SEMCO's First Mortgage Bonds related to the Alaska Utilities Disposition in the first quarter of 2023;
- The gain on the Alaska Utilities Disposition in the first quarter of 2023;
- The loss on the redemption of the Series E Preferred Shares in the fourth quarter of 2023;
- The gain on partial settlement of WGL's post-retirement benefit pension plan in the third quarter of 2024; and
- The gain on sale of assets related to the Meade escrow proceeds in the third quarter of 2024.

CONSOLIDATED BALANCE SHEETS

(condensed and unaudited)

As at *($ millions)*		**September 30, 2024**		December 31, 2023
ASSETS				
Current assets				
Cash and cash equivalents *(note 20)*	**$**	**772**	$	95
Accounts receivable *(net of credit losses of $26 million) (note 13)*		**1,356**		1,844
Inventory *(note 4)*		**720**		847
Regulatory assets		**77**		58
Risk management assets *(note 13)*		**40**		54
Prepaid expenses and other current assets *(note 20)*		**139**		147
		3,104		3,045
Property, plant and equipment		**13,673**		12,728
Intangible assets		**117**		122
Operating right of use assets		**393**		337
Goodwill *(note 5)*		**5,367**		5,270
Regulatory assets		**322**		329
Risk management assets *(note 13)*		**56**		57
Prepaid post-retirement benefits		**744**		626
Long-term investments and other assets *(net of credit losses of $1 million) (notes 6, 13, and 20)*		**240**		271
Investments accounted for by the equity method *(note 8)*		**732**		686
	$	**24,748**	$	23,471
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Accounts payable and accrued liabilities	**$**	**1,595**	$	1,863
Short-term debt		**134**		129
Current portion of long-term debt *(notes 9 and 13)*		**854**		999
Customer deposits		**93**		92
Regulatory liabilities		**27**		85
Risk management liabilities *(note 13)*		**158**		97
Current portion of finance lease liabilities *(note 13)*		**22**		11
Operating lease liabilities		**100**		92
Other current liabilities *(note 13)*		**35**		45
		3,018		3,413
Long-term debt *(notes 9 and 13)*		**7,358**		7,528
Asset retirement obligations		**461**		448
Unamortized investment tax credits		**1**		1
Deferred income taxes		**1,646**		1,536
Subordinated hybrid notes *(notes 10 and 13)*		**1,945**		742
Regulatory liabilities		**1,272**		1,274
Risk management liabilities *(note 13)*		**174**		115
Finance lease liabilities *(note 13)*		**122**		120
Operating lease liabilities		**317**		258
Other long-term liabilities		**124**		124
Future employee obligations		**47**		49
	$	**16,485**	$	15,608

As at *($ millions)*		**September 30, 2024**		December 31, 2023
Shareholders' equity				
Common shares, no par values, unlimited shares authorized; 2024 - 297.8 million and 2023 - 294.9 million issued and outstanding *(note 15)*	**$**	**7,177**	$	7,120
Preferred shares *(note 15)*		**391**		391
Contributed surplus		**618**		624
Accumulated deficit		**(707)**		(817)
Accumulated other comprehensive income ("AOCI") *(note 11)*		**544**		395
Total shareholders' equity		**8,023**		7,713
Non-controlling interests		**240**		150
Total equity	**$**	**8,263**	$	7,863
	$	**24,748**	$	23,471

Acquisitions (note 3)
Variable interest entities (note 7)
Commitments, guarantees, and contingencies (note 17)
Seasonality (note 21)
Segmented information (note 22)
Subsequent events (note 23)

See accompanying notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF INCOME (LOSS)

(condensed and unaudited)

	Three Months Ended September 30		Nine Months Ended September 30	
($ millions except per share amounts)	**2024**	2023	**2024**	2023
REVENUE *(note 12)*	**$ 2,759**	$ 3,030	**$ 9,189**	$ 9,709
EXPENSES				
Cost of sales, exclusive of items shown separately	**2,186**	2,543	**6,856**	7,597
Operating and administrative	**433**	379	**1,326**	1,152
Accretion expenses	**2**	3	**4**	8
Depreciation and amortization	**119**	109	**352**	331
	2,740	3,034	**8,538**	9,088
Income from equity investments *(note 8)*	**16**	21	**45**	32
Other income	**96**	21	**141**	385
Foreign exchange gains (losses)	**(1)**	6	**5**	6
Interest expense	**(110)**	(95)	**(327)**	(293)
Income (loss) before income taxes	**20**	(51)	**515**	751
Income tax expense (recovery)				
Current	**12**	(7)	**44**	32
Deferred	**(9)**	(5)	**72**	158
Net income (loss) after taxes	**17**	(39)	**399**	561
Net income applicable to non-controlling interests	**3**	4	**11**	13
Net income (loss) applicable to controlling interests	**14**	(43)	**388**	548
Preferred share dividends	**(5)**	(7)	**(13)**	(20)
Net income (loss) applicable to common shares	**$ 9**	$ (50)	**$ 375**	$ 528
Net income (loss) per common share *(note 16)*				
Basic	**$ 0.03**	$ (0.18)	**$ 1.26**	$ 1.87
Diluted	**$ 0.03**	$ (0.18)	**$ 1.26**	$ 1.86
Weighted average number of common shares outstanding (millions) *(note 16)*				
Basic	**297.6**	281.7	**296.5**	281.7
Diluted	**298.8**	281.7	**298.0**	283.2

See accompanying notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(condensed and unaudited)

	Three Months Ended September 30		Nine Months Ended September 30	
($ millions)	**2024**	2023	**2024**	2023
Net income (loss) after taxes	**$ 17**	$ (39)	**$ 399**	$ 561
Other comprehensive income (loss), net of taxes				
Gain (loss) on foreign currency translation	**(149)**	215	**210**	(21)
Unrealized gain (loss) on net investment hedge *(note 13)*	**12**	(18)	**(17)**	6
Loss on cash flow hedges *(note 13)*	**(52)**	—	**(61)**	—
Reclassification of losses on cash flow hedges *(note 13)*	**11**	—	**18**	—
Actuarial gains (losses) on pension plans and post-retirement benefit ("PRB") plans	**1**	—	**1**	(1)
Reclassification of gain on partial settlement of PRB plan (*note 18)*	**(2)**	—	**(2)**	—
Reclassification of loss on wind-up of Canadian defined benefit ("DB") pension plan	**—**	—	**—**	2
Total other comprehensive income (loss) ("OCI"), net of taxes	**$ (179)**	$ 197	**$ 149**	$ (14)
Comprehensive income (loss) attributable to controlling interests and non-controlling interests, net of taxes	**$ (162)**	$ 158	**$ 548**	$ 547
Comprehensive income (loss) attributable to:				
Non-controlling interests	**$ 3**	$ 4	**$ 11**	$ 13
Controlling interests	**(165)**	154	**537**	534
	$ (162)	$ 158	**$ 548**	$ 547

See accompanying notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF EQUITY

(condensed and unaudited)

	Three Months Ended September 30		Nine Months Ended September 30	
($ millions)	**2024**	2023	**2024**	2023
Common shares *(note 15)*				
Balance, beginning of period	**$ 7,166**	$ 6,765	**$ 7,120**	$ 6,761
Shares issued for cash on exercise of options	**11**	2	**57**	6
Balance, end of period	**$ 7,177**	$ 6,767	**$ 7,177**	$ 6,767
Preferred shares *(note 15)*				
Balance, beginning of period	**$ 391**	$ 586	**$ 391**	$ 586
Balance, end of period	**$ 391**	$ 586	**$ 391**	$ 586
Contributed surplus				
Balance, beginning of period	**$ 619**	$ 625	**$ 624**	$ 625
Exercise of share options	**(1)**	—	**(6)**	—
Balance, end of period	**$ 618**	$ 625	**$ 618**	$ 625
Accumulated deficit				
Balance, beginning of period	**$ (627)**	$ (722)	**$ (817)**	$ (1,142)
Net income (loss) applicable to controlling interests	**14**	(43)	**388**	548
Common share dividends	**(89)**	(79)	**(265)**	(237)
Preferred share dividends	**(5)**	(7)	**(13)**	(20)
Balance, end of period	**$ (707)**	$ (851)	**$ (707)**	$ (851)
AOCI *(note 11)*				
Balance, beginning of period	**$ 723**	$ 415	**$ 395**	$ 626
Other comprehensive income (loss)	**(179)**	197	**149**	(14)
Balance, end of period	**$ 544**	$ 612	**$ 544**	$ 612
Total shareholders' equity	**$ 8,023**	$ 7,739	**$ 8,023**	$ 7,739
Non-controlling interests				
Balance, beginning of period	**$ 197**	$ 147	**$ 150**	$ 162
Net income applicable to non-controlling interests	**3**	4	**11**	13
Contributions from non-controlling interests to subsidiaries	**44**	2	**92**	29
Distributions by subsidiaries to non-controlling interests	**(4)**	(5)	**(13)**	(13)
Adjustment on disposition of assets	**—**	—	**—**	(43)
Balance, end of period	**$ 240**	$ 148	**$ 240**	$ 148
Total equity	**$ 8,263**	$ 7,887	**$ 8,263**	$ 7,887

See accompanying notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(condensed and unaudited)

	Three Months Ended September 30		Nine Months Ended September 30	
($ millions)	**2024**	2023	**2024**	2023
Cash from operations				
Net income (loss) after taxes	**$ 17**	$ (39)	**$ 399**	$ 561
Items not involving cash:				
Depreciation and amortization	**119**	109	**352**	331
Accretion expenses	**2**	3	**4**	8
Deferred income tax expense (recovery)	**(9)**	(5)	**72**	158
Gains on sale of assets	**(14)**	—	**(12)**	(319)
Gain on debt defeasance	**—**	—	**—**	(14)
Income from equity investments *(note 8)*	**(16)**	(21)	**(45)**	(32)
Unrealized losses (gains) on risk management contracts *(note 13)*	**37**	91	**10**	(24)
Amortization of deferred financing costs	**2**	2	**5**	6
Allowance for credit losses *(note 13)*	**6**	1	**21**	15
Change in pension and other post-retirement benefits	**(76)**	2	**(102)**	4
Other	**14**	(12)	**15**	(23)
Asset retirement obligations settled	**(1)**	(7)	**(1)**	(12)
Distributions from equity investments	**4**	3	**11**	10
Changes in operating assets and liabilities *(note 20)*	**(64)**	(124)	**301**	298
	$ 21	$ 3	**$ 1,030**	$ 967
Investing activities				
Capital expenditures - property, plant and equipment	**(405)**	(242)	**(984)**	(671)
Capital expenditures - intangible assets	**(2)**	(2)	**(4)**	(4)
Contributions to equity investments	**—**	(1)	**(1)**	(4)
Proceeds from disposition of equity investments	**14**	1	**14**	1
Proceeds from disposition of assets, net of transaction costs	**—**	1	**2**	1,073
	$ (393)	$ (243)	**$ (973)**	$ 395
Financing activities				
Issuance of long-term debt, net of debt issuance costs	**240**	1	**1,236**	398
Purchase of marketable securities in connection with debt defeasance	**—**	—	**—**	(193)
Repayment of long-term debt and finance lease liabilities	**(4)**	(4)	**(1,017)**	(338)
Net borrowing (repayment) under credit facilities	**(310)**	311	**(628)**	(976)
Issuance of subordinated hybrid notes, net of debt issuance costs *(note 10)*	**1,203**	—	**1,203**	—
Dividends - common shares	**(89)**	(79)	**(265)**	(237)
Dividends - preferred shares	**(5)**	(7)	**(13)**	(20)
Distributions to non-controlling interests	**(4)**	(5)	**(13)**	(13)
Contributions from non-controlling interests	**56**	—	**73**	—
Net proceeds from shares issued on exercise of options *(note 15)*	**10**	1	**51**	5
Settlement of derivative instruments *(note 13)*	**—**	—	**(9)**	—
	$ 1,097	$ 218	**$ 618**	$ (1,374)
Change in cash, cash equivalents, and restricted cash	**725**	(22)	**675**	(12)
Cash, cash equivalents, and restricted cash, beginning of period	**54**	74	**104**	64
Cash, cash equivalents, and restricted cash, end of period *(note 20)*	**$ 779**	$ 52	**$ 779**	$ 52

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

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

AltaGas' operating segments include the following:

- Utilities, which owns and operates franchised, cost-of-service, rate regulated natural gas distribution and storage utilities that focus on providing safe, reliable, affordable energy to approximately 1.6 million residential and commercial customers. This includes operating two utilities that operate across four major U.S. jurisdictions with a rate base of approximately US$5.3 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 ("D.C."); and
- Midstream, which is a leading North American platform that connects customers and markets from wellhead to tidewater. The three pillars of the Midstream business include: 1) global exports, which includes AltaGas' two operational Liquified Petroleum Gas ("LPG") export terminals and one prospective development terminal; 2) natural gas gathering, processing and extraction; and 3) fractionation and liquids handling. AltaGas' Midstream segment also includes its natural gas and natural gas liquids ("NGLs") marketing business, domestic logistics, trucking and rail terminals, and liquid and natural gas storage capability.

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

2. Summary of Significant Accounting Policies

BASIS OF PRESENTATION

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

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

PRINCIPLES OF CONSOLIDATION

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

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

USE OF ESTIMATES AND MEASUREMENT UNCERTAINTY

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

SIGNIFICANT ACCOUNTING POLICIES

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

ADOPTION OF NEW ACCOUNTING STANDARDS

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

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

FUTURE CHANGES IN ACCOUNTING PRINCIPLES

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

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

In December 2023, FASB issued ASU No. 2023-09 "Income Taxes (Topic 740): Improvements to Income Tax Disclosures". The amendments in this ASU require that public business entities on an annual basis: (1) disclose additional categories about federal, state, and foreign income taxes in the rate reconciliation table and (2) provide additional information for reconciling items that meet a quantitative threshold. Additionally, entities are required to annually disclose disaggregated income from continuing operations, income tax expense, and income taxes paid (net of refunds received) by certain tax authorities and jurisdictions. This update is effective for annual periods beginning after December 15, 2024. The adoption of this ASU will have an impact on AltaGas' income tax disclosures.

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

3. Pipestone Acquisition

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

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

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

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

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

4. Inventory

As at		**September 30, 2024**		December 31, 2023
Renewable energy credits and emission compliance instruments	**$**	**218**	$	202
Natural gas held in storage [(a)]		**216**		282
Natural gas liquids		**167**		156
Materials and supplies		**66**		66
Crude oil and condensate		**47**		132
Processed finished products		**6**		9
	$	**720**	$	847

(a) As at September 30, 2024, $190 million of the natural gas held in storage was held by rate-regulated utilities (December 31, 2023 - $247 million).

5. Goodwill

As at	September 30, 2024	December 31, 2023
Balance, beginning of period	**$ 5,270**	$ 5,250
Business acquisition *(note 3)*	**—**	133
Foreign exchange translation	**97**	(113)
Balance, end of period	**$ 5,367**	$ 5,270

6. Long-Term Investments and Other Assets

As at	September 30, 2024	December 31, 2023
Deferred lease receivable	**$ 16**	$ 15
Debt issuance costs associated with credit facilities	**5**	4
Refundable deposits	**9**	10
Prepayment on long-term service agreements	**61**	84
Deferred information technology costs	**34**	37
Cash calls from joint venture partners	**16**	19
Contract asset *(net of credit losses of $1 million) (notes 12 and 13)*	**2**	36
Rabbi trust *(notes 18 and 20)*	**4**	6
Capitalized contract costs	**4**	4
Financial transmission rights	**25**	26
Blend-and-extend contract [a]	**31**	—
Other	**33**	30
	$ 240	$ 271

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

7. Variable Interest Entities

Consolidated VIEs

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

Ridley Island LPG Export Limited Partnership

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

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

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

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

As at	**September 30, 2024**	December 31, 2023
Current assets	**$ 11**	$ 8
Property, plant and equipment	**345**	349
Long-term investments and other assets	**40**	42
Current liabilities	**(21)**	(15)
Asset retirement obligations	**(5)**	(5)
Net assets	**$ 370**	$ 379

Ridley Island Energy Export Facility Limited Partnership

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

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

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

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

As at	**September 30, 2024**	December 31, 2023
Current assets	**$ 42**	$ 7
Property, plant and equipment	**212**	65
Net assets	**$ 254**	$ 72

AltaGas Hybrid Trust

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

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

Subordinated Notes. Upon delivery of the Series 2022-B Preferred Shares, the Series 2 Subordinated Notes would be immediately and automatically surrendered and cancelled and all rights of any Series 2 Subordinated Notes will automatically cease.

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

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

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

Unconsolidated VIE

Strathcona Storage Limited Partnership ("SSLP")

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

As at September 30, 2024, AltaGas' held a 40 percent equity investment in SSLP with a carrying value of $128 million (December 31, 2023 - $130 million). SSLP is not consolidated by AltaGas and instead is accounted for by the equity method of accounting. AltaGas is not the primary beneficiary of SSLP and it does not have the power to direct the activities most significant to the economic performance of SSLP. The maximum financial exposure to loss as a result of the involvement with this VIE is equal to AltaGas' net investment in SSLP.

8. Investments Accounted for by the Equity Method

			Carrying value as at	
	Location	Ownership Percentage	**September 30, 2024**	December 31, 2023
Eaton Rapids Gas Storage System	United States	**50**	**$ 28**	$ 28
Mountain Valley Pipeline, LLC ("MVP") [(a)]	United States	**10**	**559**	511
Sarnia Airport Storage Pool LP	Canada	**50**	**16**	16
Petrogas Terminals Penn LLC	United States	**50**	**1**	1
SSLP	Canada	**40**	**128**	130
			$ 732	$ 686

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

			Equity income for the three months ended September 30		Equity income for the nine months ended September 30	
	Location	Ownership Percentage	**2024**	2023	**2024**	2023
Eaton Rapids Gas Storage System	United States	**50**	**$ —**	$ 1	**$ 2**	$ 2
MVP [(a)]	United States	**10**	**14**	19	**37**	25
Sarnia Airport Storage Pool LP	Canada	**50**	**—**	—	**1**	1
SSLP	Canada	**40**	**2**	1	**5**	4
			$ 16	$ 21	**$ 45**	$ 32

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

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

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 ("Central Penn"). Upon close of the sale, various escrow accounts were established to provide the purchaser a form of recourse for the settlement of indemnification and tax obligations. In the third quarter of 2024, AltaGas received approximately $14 million (US$10 million) of cash proceeds from the transfer tax escrow account. As a result, AltaGas recognized a pre-tax gain on disposition of approximately $14 million in the Consolidated Statements of Income (Loss) under the line item "other income" for the three and nine months ended September 30, 2024.

9. Long-Term Debt

As at	Maturity date	September 30, 2024	December 31, 2023
Credit facilities			
$2.3 billion unsecured extendible revolving facility [(a)]	2-May-2028	**$ —**	$ 484
US$150 million unsecured extendible revolving facility	20-Dec-2026	**40**	86
Commercial paper [(b)]	Various	**243**	332
$450 million term loan [(c)]	n/a	**—**	449
AltaGas Ltd. medium-term notes ("MTNs")			
$200 million Senior unsecured - 4.40 percent	15-Mar-2024	**—**	200
$350 million Senior unsecured - 1.23 percent	18-Mar-2024	**—**	350
$300 million Senior unsecured - 3.84 percent	15-Jan-2025	**300**	300
$500 million Senior unsecured - 2.16 percent	10-Jun-2025	**500**	500
$350 million Senior unsecured - 4.12 percent	7-Apr-2026	**350**	350
$400 million Senior unsecured - 4.64 percent	15-May-2026	**400**	400
$200 million Senior unsecured - 2.17 percent	16-Mar-2027	**200**	200
$200 million Senior unsecured - 3.98 percent	4-Oct-2027	**200**	200
$500 million Senior unsecured - 2.08 percent	30-May-2028	**500**	500
$400 million Senior unsecured - 4.67 percent	8-Jan-2029	**400**	—
$200 million Senior unsecured - 2.48 percent	30-Nov-2030	**200**	200
$350 million Senior unsecured - 5.14 percent	14-Mar-2034	**350**	—
$100 million Senior unsecured - 5.16 percent	13-Jan-2044	**100**	100
$300 million Senior unsecured - 4.50 percent	15-Aug-2044	**300**	300
$250 million Senior unsecured - 4.99 percent	4-Oct-2047	**250**	250
$500 million Senior unsecured - 5.60 percent	14-Mar-2054	**500**	—
WGL and Washington Gas MTNs and private placement notes			
US$41 million Senior unsecured - 5.44 percent	11-Aug-2025	**55**	54
US$53 million Senior unsecured - 6.62 to 6.82 percent	Oct 2026	**72**	70
US$72 million Senior unsecured - 6.40 to 6.57 percent	Feb - Sep 2027	**98**	95
US$52 million Senior unsecured - 6.57 to 6.85 percent	Jan - Mar 2028	**71**	69
US$9 million Senior unsecured - 7.50 percent	1-Apr-2030	**11**	11
US$150 million Senior unsecured - 6.06 percent	14-Oct-2033	**202**	199
US$50 million Senior unsecured - 5.70 to 5.78 percent	Jan - Mar 2036	**67**	66
US$75 million Senior unsecured - 5.21 percent	3-Dec-2040	**101**	99
US$75 million Senior unsecured - 5.00 percent	15-Dec-2043	**101**	99
US$300 million Senior unsecured - 4.22 to 4.60 percent	Sep - Nov 2044	**405**	397
US$450 million Senior unsecured - 3.80 percent	15-Sep-2046	**607**	595
US$400 million Senior unsecured - 3.65 percent	15-Sep-2049	**540**	529
US$200 million Senior unsecured - 2.98 percent	15-Dec-2051	**270**	265
US$25 million Senior unsecured - 5.25 percent	29-Dec-2042	**34**	33
US$175 million Senior unsecured - 5.33 percent	29-Dec-2052	**236**	231
US$50 million Senior unsecured - 6.43 percent	15-Oct-2053	**67**	66
SEMCO long-term debt			
US$225 million First Mortgage Bonds - 2.45 percent	21-Apr-2030	**97**	95
US$225 million First Mortgage Bonds - 3.15 percent	21-Apr-2050	**304**	298
Fair value adjustment on WGL Acquisition		**73**	74
		$ 8,244	$ 8,546
Less: unamortized premiums, discounts, and debt issuance costs		**(32)**	(19)
		$ 8,212	$ 8,527
Less: current portion		**(854)**	(999)
		$ 7,358	$ 7,528

(a) Borrowings on the facility can be by way of prime loans, U.S. base-rate loans, SOFR loans, term CORRA loans, or letters of credit. Borrowings on the facility have fees and interest at rates relevant to the nature of the draw made. This facility has a $1.7 billion four-year extendable committed revolving tranche and a $600 million three-year extendable side car revolving tranche which matures in May 2027.

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

(c) The term loan was cancelled and repaid in full on June 28, 2024.

10. Subordinated Hybrid Notes

As at	Maturity date		September 30, 2024		December 31, 2023
$300 million Subordinated Notes, Series 1 - 5.25 percent [a]	11-Jan-2082	**$**	**300**	$	300
$250 million Subordinated Notes, Series 2 - 7.35 percent [b]	17-Aug-2082		**250**		250
$200 million Subordinated Notes, Series 3 - 8.90 percent [c]	10-Nov-2083		**200**		200
US$900 million Subordinated Notes - 7.20 percent [d] [e]	15-Oct-2054		**1,215**		—
		$	**1,965**	$	750
Less: debt issuance costs			**(20)**		(8)
		$	**1,945**	$	742

(a) For the initial 10 years, the Notes carry a fixed interest rate. From January 11, 2032, and on every fifth anniversary of such date thereafter, the interest rate will reset for the subsequent fixed rate period at a rate per annum equal to the five year Government of Canada yield plus for the period from January 11, 2032 to, but excluding, January 11, 2052, 3.82 percent and for the period from January 11, 2052 to, but excluding, the maturity date, 4.57 percent.

(b) For the initial 5 years, the Notes carry a fixed interest rate. From August 17, 2027, and on every fifth anniversary of such date thereafter, the interest rate will reset for the subsequent fixed rate period at a rate per annum equal to the five year Government of Canada yield plus for the period from August 17, 2027 to, but excluding, August 17, 2032, 4.54 percent, for the period from August 17, 2032, to, but excluding, August 17, 2047, 4.79 percent, and for the period from August 17, 2047, to, but excluding, the maturity date, 5.54 percent.

(c) For the initial 5 years, the Notes carry a fixed interest rate. From November 10, 2028, and on every fifth anniversary of such date thereafter, the interest rate will reset for the subsequent fixed rate period at a rate per annum equal to the five year Government of Canada yield plus for the period from November 10, 2028 to, but excluding, November 10, 2033, 5.09 percent, for the period from November 10, 2033 to, but excluding, November 10, 2048, 5.34 percent, and for the period from November 10, 2048, to, but excluding, the Maturity date, 6.09 percent.

(d) For the initial 10 years, the Notes carry a fixed interest rate. From October 15, 2034, the interest rate will reset for the subsequent fixed rate period at a rate per annum equal to the five year treasury rate plus 3.57 percent.

(e) AltaGas concurrently executed cross-currency swaps totaling US$900 million, which will convert the U.S. dollar principal and interest payments of these Notes into Canadian dollars and apply an effective annual interest rate of 6.90 percent on the converted Canadian principal amount of approximately $1.2 billion. Refer to Note 13 for more details.

For the three and nine months ended September 30, 2024, AltaGas recorded interest expense of $15 million and $41 million, respectively, on the subordinated hybrid notes (three and nine months ended September 30, 2023 - $9 million and $26 million, respectively).

11. Accumulated Other Comprehensive Income (Loss)

		Cash Flow Hedges	DB pension and PRB plans	Hedge net investments	Translation foreign operations	Total
Opening balance, January 1, 2024	**$**	**(9) $**	**(2) $**	**(148) $**	**554 $**	**395**
OCI before reclassification		**(65)**	**1**	**(19)**	**210**	**127**
Amounts reclassified from OCI		**18**	**(2)**	**—**	**—**	**16**
Current period OCI (pre-tax)	**$**	**(47) $**	**(1) $**	**(19) $**	**210 $**	**143**
Income tax on amounts retained in AOCI		**4**	**—**	**2**	**—**	**6**
Net current period OCI	**$**	**(43) $**	**(1) $**	**(17) $**	**210 $**	**149**
Ending balance, September 30, 2024	**$**	**(52) $**	**(3) $**	**(165) $**	**764 $**	**544**
Opening balance, January 1, 2023	$	— $	(5) $	(173) $	804 $	626
OCI before reclassification		—	(1)	7	(21)	(15)
Amounts reclassified from OCI		—	2	—	—	2
Current period OCI (pre-tax)	$	— $	1 $	7 $	(21) $	(13)
Income tax on accounts retained in AOCI		—	—	(1)	—	(1)
Net current period OCI	$	— $	1 $	6 $	(21) $	(14)
Ending balance, September 30, 2023	$	— $	(4) $	(167) $	783 $	612

Reclassification From Accumulated Other Comprehensive Income (Loss)

AOCI components reclassified	Income statement line item		**Three Months Ended September 30, 2024**	Three Months Ended September 30, 2023
			Gain (loss)	Gain (loss)
Cash flow hedges - commodity contracts	Cost of sales	**$**	**(2) $**	—
Cash flow hedges - bond forward contract	Interest expense		**(Less than $1 million)**	—
Cash flow hedges - cross-currency swaps	Foreign exchange gains (losses)		**(9)**	—
DB pension and PRB plans [(a)]	Other income (loss)		**2**	—
		$	**(9) $**	—

(a) Reclassification from AOCI for the three months ended September 30, 2024 relates to the partial settlement of WGL's post-retirement benefit plan. Refer to Note 18 for more details.

AOCI components reclassified	Income statement line item		**Nine Months Ended September 30, 2024**	Nine Months Ended September 30, 2023
			Gain (loss)	Gain (loss)
Cash flow hedges - commodity contracts	Cost of sales	**$**	**(9) $**	—
Cash flow hedges - bond forward contract	Interest expense		**(Less than $1 million)**	—
Cash flow hedges - cross-currency swaps	Foreign exchange gains (losses)		**(9)**	—
DB pension and PRB plans [(a)]	Other income (loss)		**2**	(2)
		$	**(16) $**	(2)

(a) Reclassification from AOCI for the nine months ended September 30, 2024 relates to the partial settlement of WGL's post-retirement benefit plan. Refer to Note 18 for more details. Reclassification from AOCI for the nine months ended September 30, 2023 relates to the loss on the wind-up of the Canadian defined benefit pension plan.

12. Revenue

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

	Three Months Ended September 30, 2024			
	Utilities	**Midstream**	**Corporate/ Other**	**Total**
Revenue from contracts with customers				
Commodity sales contracts	**$ 543**	**$ 1,534**	**$ 21**	**$ 2,098**
Midstream service contracts	**—**	**393**	**—**	**393**
Gas sales and transportation services	**266**	**—**	**—**	**266**
Storage services	**—**	**7**	**—**	**7**
Other [(a)]	**2**	**—**	**12**	**14**
Total revenue from contracts with customers	**$ 811**	**$ 1,934**	**$ 33**	**$ 2,778**
Other sources of revenue				
Revenue from alternative revenue programs [(b)]	**$ 21**	**$ —**	**$ —**	**$ 21**
Leasing revenue [(c)]	**—**	**61**	**—**	**61**
Risk management and trading activities [(d)]	**9**	**(109)**	**—**	**(100)**
Other	**(2)**	**1**	**—**	**(1)**
Total revenue from other sources	**$ 28**	**$ (47)**	**$ —**	**$ (19)**
Total revenue	**$ 839**	**$ 1,887**	**$ 33**	**$ 2,759**

(a) The Corporate/Other segment includes revenue earned from a resource adequacy agreement at Blythe that came into effect January 1, 2024. Prior to that, Blythe was contracted under a power purchase agreement until December 31, 2023.

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

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

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

	Three Months Ended September 30, 2023			
	Utilities	Midstream	Corporate/ Other	Total
Revenue from contracts with customers				
Commodity sales contracts	$ 501	$ 1,872	$ —	$ 2,373
Midstream service contracts	—	356	—	356
Gas sales and transportation services	265	2	—	267
Other	3	—	—	3
Total revenue from contracts with customers	$ 769	$ 2,230	$ —	$ 2,999
Other sources of revenue				
Revenue from alternative revenue programs [(a)]	$ 20	$ —	$ —	$ 20
Leasing revenue [(b)]	—	62	26	88
Risk management and trading activities [(c)]	(24)	(68)	—	(92)
Other	2	13	—	15
Total revenue from other sources	$ (2)	$ 7	$ 26	$ 31
Total revenue	$ 767	$ 2,237	$ 26	$ 3,030

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

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

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

	Nine Months Ended September 30, 2024			
	Utilities	**Midstream**	**Corporate / Other**	**Total**
Revenue from contracts with customers				
Commodity sales contracts	**$ 1,580**	**$ 4,655**	**$ 38**	**$ 6,273**
Midstream service contracts	**—**	**1,036**	**—**	**1,036**
Gas sales and transportation services	**1,557**	**—**	**—**	**1,557**
Storage services	**—**	**26**	**—**	**26**
Other [(a)]	**7**	**—**	**29**	**36**
Total revenue from contracts with customers	**$ 3,144**	**$ 5,717**	**$ 67**	**$ 8,928**
Other sources of revenue				
Revenue from alternative revenue programs [(b)]	**$ 122**	**$ —**	**$ —**	**$ 122**
Leasing revenue [(c)]	**—**	**170**	**—**	**170**
Risk management and trading activities [(d)]	**(20)**	**(13)**	**—**	**(33)**
Other	**(5)**	**7**	**—**	**2**
Total revenue from other sources	**$ 97**	**$ 164**	**$ —**	**$ 261**
Total revenue	**$ 3,241**	**$ 5,881**	**$ 67**	**$ 9,189**

(a) The Corporate/Other segment includes revenue earned from a resource adequacy agreement at Blythe that came into effect January 1, 2024. Prior to that, Blythe was contracted under a power purchase agreement until December 31, 2023.
(b) A large portion of revenue generated from the Utilities segment is subject to rate regulation and accordingly there are circumstances where the revenue recognized is mandated by the applicable regulators in accordance with ASC 980.
(c) Revenue generated from certain of AltaGas' gas facilities is accounted for as operating leases.
(d) Risk management activities involve the use of derivative instruments such as physical and financial swaps, and commodity and foreign exchange forward contracts. These derivatives are accounted for under ASC 815 and ASC 825. A portion of revenue generated by the Utilities segment is from the physical sale and delivery of natural gas and power to end users.

	Nine Months Ended September 30, 2023			
	Utilities	Midstream	Corporate/ Other	Total
Revenue from contracts with customers				
Commodity sales contracts	$ 1,469	$ 4,627	$ —	$ 6,096
Midstream service contracts	—	1,292	—	1,292
Gas sales and transportation services	1,813	6	—	1,819
Storage services [(a)]	4	—	—	4
Other	9	5	—	14
Total revenue from contracts with customers	$ 3,295	$ 5,930	$ —	$ 9,225
Other sources of revenue				
Revenue from alternative revenue programs [(b)]	$ 120	$ —	$ —	$ 120
Leasing revenue [(c)]	—	170	70	240
Risk management and trading activities [(d)]	126	(36)	2	92
Other	(2)	34	—	32
Total revenue from other sources	$ 244	$ 168	$ 72	$ 484
Total revenue	$ 3,539	$ 6,098	$ 72	$ 9,709

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

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

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

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

Revenue Recognition

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

Utilities Segment

Gas Sales and Transportation Services

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

Commodity Sales

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

Midstream Segment

Commodity Sales

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

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

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

Midstream Service Contracts

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

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

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

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

Corporate/Other Segment

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

Contract Balances

As at September 30, 2024, a contract asset balance of $2 million (December 31, 2023 - $40 million) has been recorded on the Consolidated Balance Sheets, of which $3 million ($2 million net of credit losses) is included within long-term investments and other assets (December 31, 2023 - $36 million net of credit losses) and $nil within prepaid expenses and other current assets (December 31, 2023 - $4 million). This contract asset represents the difference in revenue recognized under new rates in a blend-and-extend contract modification with a customer. Revenue from this contract modification was recognized at the pre-modification rate until the effective date of the contract modification on the original contract, with the excess revenue recorded as a contract asset. The contract asset is now being drawn down over the remaining term of the modified contract.

Contract Assets

As at	September 30, 2024	December 31, 2023
Balance, beginning of period	**$ 40**	$ 41
Additions	**—**	3
Amortization [(a)]	**(2)**	(4)
Transfers to other assets [(b)] *(note 6)*	**(36)**	—
Balance, end of period	**$ 2**	$ 40

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

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

Transaction Price Allocated to the Remaining Obligations

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

	Remainder of 2024	2025	2026	2027	2028	> 2028	Total
Midstream service contracts	$ —	$ 11	$ 15	$ 15	$ 15	$ 48	**$ 104**
Other revenue from contracts with customers	13	50	50	50	—	4	**167**
	$ 13	$ 61	$ 65	$ 65	$ 15	$ 52	**$ 271**

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

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

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

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

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

Risk management assets and liabilities - the fair values of power, natural gas, NGL, and crude oil derivative contracts were calculated using forward prices from published sources for the relevant period. The fair value of foreign exchange derivative contracts was calculated using quoted market rates. The fair value of Level 3 derivative contracts was calculated using internally developed valuation inputs and pricing models.

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

As at	September 30, 2024				
	Carrying Amount	Level 1	Level 2	Level 3	Total Fair Value
Financial assets					
Fair value through net income (a) (b) (c)					
Risk management assets - current	$ 36	$ —	$ 11	$ 25	$ 36
Risk management assets - non-current	47	—	35	12	47
Fair value through regulatory assets (a)					
Risk management assets - current	4	—	—	4	4
Risk management assets - non-current	9	—	—	9	9
	$ 96	$ —	$ 46	$ 50	$ 96
Financial liabilities					
Fair value through net income (a) (b) (c)					
Risk management liabilities - current	$ 147	$ —	$ 130	$ 17	$ 147
Risk management liabilities - non-current	134	—	89	45	134
Fair value through regulatory liabilities (a)					
Risk management liabilities - current	11	—	—	11	11
Risk management liabilities - non-current	40	—	—	40	40
Amortized cost					
Current portion of long-term debt	854	—	854	—	854
Current portion of finance lease liabilities	22	—	22	—	22
Long-term debt	7,358	—	6,775	—	6,775
Finance lease liabilities	122	—	122	—	122
Subordinated hybrid notes	1,945	—	1,996	—	1,996
Other current liabilities (d)	35	—	35	—	35
	$ 10,668	$ —	$ 10,023	$ 113	$ 10,136

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

(b) Includes the fair value of designated commodity hedging instruments classified as level 2 totaling $7 million. The change in fair value of these instruments is recorded to AOCI. Refer to the *Cash Flow Hedges* section below for more details.

(c) Includes the fair value of designated cross-currency swap hedging instruments classified as level 2 totaling $47 million. The change in fair value of these instruments is recorded to AOCI. Refer to the *Foreign Exchange Risk* and *Cash Flow Hedges* sections below for more details.

(d) Excludes non-financial liabilities.

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

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

(b) Includes the fair value of designated hedging instruments classified as level 2 totaling $9 million. The change in fair value of these instruments is recorded to AOCI. Refer to the *Cash Flow Hedges* section below for more details.

(c) Excludes non-financial liabilities.

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

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

	Net Fair Value	Valuation Technique	Unobservable Inputs	Range	Weighted Average [(a)]
Natural gas	$ (49)	Discounted Cash Flow	Natural Gas Basis Price (per Dth)	$ (1.97) - $ 8.22	$ (0.22)
Natural gas	$ (1)	Option Model	Natural Gas Basis Price (per Dth)	$ (1.92) - $ 2.75	$ (0.58)
			Annualized Volatility of Spot Market Natural Gas	9 % - 61 %	23 %
Electricity	$ (13)	Discounted Cash Flow	Electricity Congestion Price (per MWh)	$ (30.74) - $ 117.51	$ 26.44

(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	September 30, 2024			September 30, 2023		
	Natural Gas	**Electricity**	**Total**	Natural Gas	Electricity	Total
Balance, beginning of period	**$ (7)**	**$ —**	**$ (7)**	$ (4)	$ (7)	$ (11)
Realized and unrealized losses:						
Recorded in income [(a)]	**(22)**	**(9)**	**(31)**	(6)	(28)	(34)
Recorded in regulatory assets [(b)]	**(23)**	**—**	**(23)**	(9)	—	(9)
Purchases	**—**	**7**	**7**	—	8	8
Settlements	**2**	**(11)**	**(9)**	7	(9)	(2)
Foreign exchange translation	**—**	**—**	**—**	—	(1)	(1)
Balance, end of period	**$ (50)**	**$ (13)**	**$ (63)**	$ (12)	$ (37)	$ (49)

(a) Includes unrealized losses of $36 million and $11 million for the three months ended September 30, 2024 and 2023, respectively.
(b) Includes unrealized losses of $23 million and $9 million for the three months ended September 30, 2024 and 2023, respectively.

Nine Months Ended	September 30, 2024			September 30, 2023		
	Natural Gas	**Electricity**	**Total**	Natural Gas	Electricity	Total
Balance, beginning of period	**$ (30)**	**$ (23)**	**$ (53)**	$ (226)	$ (166)	$ (392)
Realized and unrealized gains (losses):						
Recorded in income [(a)]	**(15)**	**54**	**39**	83	154	237
Recorded in regulatory assets [(b)]	**(9)**	**—**	**(9)**	114	—	114
Transfers out of Level 3	**—**	**(1)**	**(1)**	(6)	(6)	(12)
Purchases	**—**	**(13)**	**(13)**	—	(5)	(5)
Settlements	**4**	**(28)**	**(24)**	22	(13)	9
Foreign exchange translation	**—**	**(2)**	**(2)**	1	(1)	—
Balance, end of period	**$ (50)**	**$ (13)**	**$ (63)**	$ (12)	$ (37)	$ (49)

(a) Includes unrealized gains of $17 million and $144 million for the nine months ended September 30, 2024 and 2023, respectively.
(b) Includes unrealized gains of $23 million and $111 million for the nine months ended September 30, 2024 and 2023, respectively.

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

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

	Three Months Ended September 30		Nine Months Ended September 30	
	2024	2023	**2024**	2023
Natural gas	**$ (32)**	$ (4)	**$ 19**	$ 17
Energy exports	**(33)**	(77)	**(38)**	(28)
Crude oil and NGLs	**(2)**	1	**(3)**	11
NGL frac spread	**10**	(17)	**(3)**	3
Power	**1**	7	**19**	22
Foreign exchange	**19**	(1)	**(4)**	(1)
	$ (37)	$ (91)	**$ (10)**	$ 24

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	September 30, 2024				
	Derivative instruments not designated as hedging instruments		Derivative instruments designated as hedging instruments		
	Gross amounts of recognized assets/liabilities	Gross amounts offset in balance sheet	Gross amounts of recognized assets/liabilities	Netting of collateral	Net amounts presented in balance sheet
Risk management assets [(a)]					
Natural gas	$ 71	$ (42)	$ 1	$ —	$ 30
Energy exports	59	(52)	—	14	21
Crude oil and NGLs	1	—	—	4	5
Power	69	(44)	—	—	25
Foreign exchange	15	—	—	—	15
	$ 215	$ (138)	$ 1	$ 18	$ 96
Risk management liabilities [(b)]					
Natural gas	$ 124	$ (42)	$ 8	$ (11)	$ 79
Energy exports	188	(52)	—	—	136
NGL frac spread	2	—	—	—	2
Power	112	(44)	—	—	68
Foreign exchange [(c)]	—	—	47	—	47
	$ 426	$ (138)	$ 55	$ (11)	$ 332

(a) Net amount of risk management assets on the Balance Sheet is comprised of risk management assets (current) balance of $40 million and risk management assets (non-current) balance of $56 million.

(b) Net amount of risk management liabilities on the Balance Sheet is comprised of risk management liabilities (current) balance of $158 million and risk management liabilities (non-current) balance of $174 million.

(c) Includes cross-currency swaps.

As at	December 31, 2023				
	Derivative instruments not designated as hedging instruments		**Derivative instruments designated as hedging instruments**		
	Gross amounts of recognized assets/liabilities	Gross amounts offset in balance sheet	Gross amounts of recognized assets/liabilities	Netting of collateral	Net amounts presented in balance sheet
Risk management assets [(a)]					
Natural gas	$ 96	$ (44)	$ —	$ —	$ 52
Energy exports	34	(31)	—	—	3
Crude oil and NGLs	4	(6)	—	6	4
NGL frac spread	8	(7)	—	—	1
Power	72	(40)	—	—	32
Foreign exchange	19	—	—	—	19
	$ 233	$ (128)	$ —	$ 6	$ 111
Risk management liabilities [(b)]					
Natural gas	$ 164	$ (44)	$ 9	$ (31)	$ 98
Energy exports	119	(31)	—	(81)	7
Crude oil and NGLs	6	(6)	—	—	—
NGL frac spread	7	(7)	—	—	—
Power	147	(40)	—	—	107
	$ 443	$ (128)	$ 9	$ (112)	$ 212

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

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

Cash Collateral

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

As at	**September 30, 2024**	December 31, 2023
Collateral posted with counterparties	**$ 9**	$ 12

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

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

As at	September 30, 2024	December 31, 2023
Risk management liabilities with credit-risk-contingent features	**$ 162**	$ 158
Maximum potential collateral requirements	**$ 117**	$ 111

Notional Summary

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

As at	September 30, 2024	December 31, 2023
Natural Gas		
Sales	**262,698,600 GJ**	233,499,133 GJ
Purchases	**566,477,021 GJ**	629,298,784 GJ
Swaps [(a)]	**70,719,623 GJ**	127,829,390 GJ
Crude Oil and NGLs		
Swaps	**314,000 Bbl**	2,399,972 Bbl
Energy Exports		
Purchases	**22,583,291 Bbl**	4,017,118 Bbl
Propane and butane swaps	**76,990,991 Bbl**	76,931,889 Bbl
NGL Frac Spread		
Propane swaps	**304,339 Bbl**	1,040,595 Bbl
Crude oil swaps	**54,648 Bbl**	194,513 Bbl
Natural gas swaps	**3,303,904 GJ**	7,513,045 GJ
Power		
Sales	**5,222,039 MWh**	5,256,989 MWh
Purchases	**5,846,724 MWh**	6,157,474 MWh
Swaps	**27,780,004 MWh**	26,220,739 MWh

(a) Includes approximately 29,668,175 GJ of natural gas swaps at September 30, 2024 designated as hedging instruments that have terms extending until 2029.

Foreign Exchange Risk

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

In the third quarter of 2024, AltaGas executed cross-currency swaps totaling US$900 million to manage the risk of fluctuating cash flows and earnings associated with the recently issued US$900 million Subordinated Notes (Note 10) as a result of changes in the Canadian/U.S. dollar foreign exchange rates. The cross-currency swaps will convert the U.S. dollar principal and interest payments of these Subordinated Notes into Canadian dollars and apply an effective annual interest rate of 6.90 percent on the converted Canadian principal amount of approximately $1.2 billion. AltaGas has designated the cross-currency swaps as cash flow hedges as discussed under the *Cash Flow Hedges* section below.

AltaGas may designate its external U.S. dollar-denominated debt or certain U.S. dollar-denominated loans that may give rise to a foreign currency translation gain or loss as a net investment hedge of its U.S. subsidiaries. As at September 30, 2024, AltaGas has designated US$715 million of outstanding loans as a net investment hedge (December 31, 2023 - US$715 million). For the three and nine months ended September 30, 2024, unrealized after-tax gains on the net investment hedge of $12 million and unrealized after-tax losses of $17 million, respectively, were recorded in OCI (three and nine months ended September 30, 2023 - unrealized after-tax losses of $18 million and unrealized after-tax gains of $6 million, respectively).

The following foreign exchange related contracts were outstanding as at September 30, 2024:

	Duration	Fair Value *($ millions)*
Foreign exchange forward contracts		
Forward USD sales (deliverable)	Less than 1 year	Less than $1 million
Forward USD sales (non-deliverable)	Less than 1 year	$ 8
Forward USD sales (non-deliverable)	More than 1 year	$ 7
Cross-currency swaps		
Fixed-to-fixed cross-currency swaps	10 years	$ (47)

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

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

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

	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	**Nine Months Ended September 30, 2024**	Nine Months Ended September 30, 2023
Objective of foreign exchange forward contract	**Gains (losses)**	Gains (losses)	**Gains (losses)**	Gains (losses)
Cash management [(a)]	**$ —**	$ —	**$ (2)**	$ —
Income statement risk management [(b)]	**$ 18**	$ (1)	**$ (3)**	$ (1)

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

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

Cash Flow Hedges

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

For hedging relationships that qualify as highly effective, the change in fair value of the hedging instrument will be recorded to AOCI. Amounts in AOCI will be reclassified into earnings in the same period the hedged forecasted transactions affect earnings, or when non-regulated cost of energy-related sales is recorded. For swaps that settle the month ahead of the physical transaction, the swap impact will be reclassified into earnings in the subsequent month when the associated hedged transaction is recorded into earnings. For storage inventory purchases, such reclassification into earnings will be based on WGL Energy Services' inventory turnover schedules for finished goods in which the hedged natural gas purchases are used. When applicable, the ineffective portion of a commodity cash flow hedge will immediately be recognized in earnings. As at September 30, 2024, the estimated amount of existing losses related to commodity cash flow hedges expected to be reclassified to the income statement in the next 12 months is $4 million.

AltaGas is also exposed to interest rate risk as changes in interest rates may impact future cash flows and fair value of its financial instruments. To manage this risk, the Company may enter into bond forward contract derivatives and designate them as cash flow hedges in accordance with ASC Topic 815, as AltaGas expects that the hedging relationship will be highly effective at achieving offsetting changes in cash flows attributable to the risk being hedged. For hedging relationships that qualify as highly effective, the change in fair value of the hedging instrument will be recorded to AOCI. Amounts in AOCI will be reclassified into earnings in the same period the hedged forecasted transactions affect earnings. When applicable, the ineffective portion of a cash flow hedge will immediately be recognized in earnings. As at September 30, 2024, the estimated amount of existing losses related to the bond forward contract derivative expected to be reclassified to the income statement in the next 12 months is less than $1 million.

As stated above, AltaGas designated US$900 million of cross-currency swaps as cash flow hedges to manage the foreign currency risk associated with its U.S. dollar denominated Subordinated hybrid notes. The cash flow hedges are designated in accordance with ASC Topic 815 as AltaGas expects that the hedging relationship will be highly effective at achieving offsetting changes in cash flows attributable to the risk being hedged. For hedging relationships that qualify as highly effective, the change in fair value of the hedging instrument will be recorded to AOCI. Amounts in AOCI will be reclassified into earnings in the same period the hedged forecasted transactions affect earnings. Any ineffective portion of a cash flow hedge will immediately be recognized in earnings. As at September 30, 2024, the estimated amount of existing losses related to the cross-currency swaps expected to be reclassified to the income statement in the next 12 months is $3 million. Actual amounts reclassified to earnings depends on the movement in foreign exchange rates.

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

	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Designated cash flow hedges [(a)]	**Gains (losses)**	Gains	**Gains (losses)**	Gains
Cross-currency swaps	**$ (47)**	$ —	**$ (47)**	$ —
Commodity contracts	**$ (5)**	Less than $1 million	**$ (7)**	Less than $1 million
Bond forward contract	**$ —**	$ —	**$ (7)**	$ —

(a) Amounts presented are after-tax.

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

	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Designated cash flow hedges [(a)]	**Gains (losses)**	**Gains (losses)**	**Gains (losses)**	**Gains (losses)**
Cross-currency swaps [(b)]	**$ (9)**	$ —	**$ (9)**	$ —
Commodity contracts [(c)]	**$ (2)**	$ —	**$ (9)**	$ —
Bond forward contract [(d)]	**(Less than $1 million)**	$ —	**(Less than $1 million)**	$ —

(a) Amounts presented are after-tax.
(b) Pre-tax amounts were reclassified to the line item "foreign exchange gains (losses)".
(c) Pre-tax amounts were reclassified to the line item "cost of sales".
(d) Pre-tax amounts were reclassified to the line item "interest expense".

Allowance for Credit Losses

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

	Three Months Ended September 30, 2024		
	Accounts Receivable	**Contract Assets [(a)]**	**Total**
Utilities			
Balance, beginning of period	**$ 29**	**$ —**	**$ 29**
Adjustments to allowance	**6**	**—**	**6**
Written off	**(11)**	**—**	**(11)**
Recoveries collected	**1**	**—**	**1**
Balance, end of period	**$ 25**	**$ —**	**$ 25**
Midstream			
Balance, beginning of period	**$ 1**	**$ 1**	**$ 2**
Balance, end of period	**$ 1**	**$ 1**	**$ 2**
Total	**$ 26**	**$ 1**	**$ 27**

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

	Three Months Ended September 30, 2023		
	Accounts Receivable	Contract Assets [a]	Total
Utilities			
Balance, beginning of period	$ 37	$ —	$ 37
Foreign exchange translation	1	—	1
Adjustments to allowance	2	—	2
Written off	(8)	—	(8)
Recoveries collected	1	—	1
Balance, end of period [b]	$ 33	$ —	$ 33
Midstream			
Balance, beginning of period	$ 2	$ 1	$ 3
Adjustments to allowance	(1)	—	(1)
Balance, end of period	$ 1	$ 1	$ 2
Total	$ 34	$ 1	$ 35

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

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

	Nine Months Ended September 30, 2024		
	Accounts Receivable	**Contract Assets [a]**	**Total**
Utilities			
Balance, beginning of period	**$ 28**	**$ —**	**$ 28**
Foreign exchange translation	**1**	**—**	**1**
Adjustments to allowance	**21**	**—**	**21**
Written off	**(28)**	**—**	**(28)**
Recoveries collected	**3**	**—**	**3**
Balance, end of period	**$ 25**	**$ —**	**$ 25**
Midstream			
Balance, beginning of period	**$ 1**	**$ 1**	**$ 2**
Balance, end of period	**$ 1**	**$ 1**	**$ 2**
Total	**$ 26**	**$ 1**	**$ 27**

(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.

	Nine Months Ended September 30, 2023		
	Accounts Receivable	Contract Assets [(a)]	Total
Utilities			
Balance, beginning of period	$ 40	$ —	$ 40
Adjustments to allowance	15	—	15
Written off	(25)	—	(25)
Recoveries collected	3	—	3
Balance, end of period [(b)]	$ 33	$ —	$ 33
Midstream			
Balance, beginning of period	$ 1	$ 1	$ 2
Balance, end of period	$ 1	$ 1	$ 2
Total	$ 34	$ 1	$ 35

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

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

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

Weather Related Instruments

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

14. Leases

Lessor

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

15. Shareholders' Equity

Authorization

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

Common Shares Issued and Outstanding [a]	Number of shares		Amount
January 1, 2023	281,531,833	$	6,761
Shares issued for cash on exercise of options	905,493		19
Shares issued related to Pipestone Acquisition	12,466,437		340
December 31, 2023	294,903,763	$	7,120
Shares issued for cash on exercise of options	2,884,699		57
Issued and outstanding at September 30, 2024	**297,788,462**	**$**	**7,177**

(a) Dividends declared per share for the three and nine months ended September 30, 2024 were approximately $0.30 and $0.89, respectively (three and nine months ended September 30, 2023 - $0.28 and $0.84, respectively).

Preferred Shares

As at	**September 30, 2024**			December 31, 2023		
Issued and Outstanding [a] [b] [c]	**Number of shares**		**Amount**	Number of shares		Amount
Series A	**6,746,679**	**$**	**169**	6,746,679	$	169
Series B	**1,253,321**		**31**	1,253,321		31
Series G	**8,000,000**		**200**	6,885,823		172
Series H [d]	**—**		**—**	1,114,177		28
Share issuance costs, net of taxes			**(9)**			(9)
	16,000,000	**$**	**391**	16,000,000	$	391

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

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

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

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

Share Option Plan

AltaGas has an employee share option plan under which officers, employees, and service providers (as defined by the TSX) are eligible to receive grants. As at September 30, 2024, 7,923,175 shares were listed and reserved for issuance under the plan.

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

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

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

As at	September 30, 2024		December 31, 2023	
	Number of options	Exercise price [(a)]	Number of options	Exercise price [(a)]
Share options outstanding, beginning of period	**5,547,388**	**$ 18.48**	6,958,139	$ 19.28
Exercised	**(2,884,699)**	**17.92**	(905,493)	18.22
Forfeited	**(1,123)**	**23.54**	(83,257)	21.90
Expired	**—**	**—**	(422,001)	31.53
Share options outstanding, end of period	**2,661,566**	**$ 19.08**	5,547,388	$ 18.48
Share options exercisable, end of period	**2,661,566**	**$ 19.08**	4,990,946	$ 18.45

(a) Weighted average.

As at September 30, 2024, the aggregate intrinsic value of the total share options exercisable was $38 million (December 31, 2023 - $47 million), the total intrinsic value of share options outstanding was $38 million (December 31, 2023 - $52 million), and the total intrinsic value of share options exercised was $36 million (December 31, 2023 - $8 million).

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

	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	52,350	$ 14.52	0.21	52,350	$ 14.52	0.21
$18.01 to $25.08	2,608,097	19.17	1.72	2,608,097	19.17	1.72
$25.09 to $26.21	1,119	26.21	2.76	1,119	26.21	2.76
	2,661,566	**$ 19.08**	**1.69**	**2,661,566**	**$ 19.08**	**1.69**

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)*	**September 30, 2024**	December 31, 2023
Balance, beginning of year	**5,052,918**	4,332,062
Granted	**1,720,411**	2,281,596
Vested and paid out	**(2,128,365)**	(2,047,793)
Forfeited and expired	**(601,189)**	(551,390)
Units in lieu of dividends	**137,835**	210,332
Additional units added by performance factor	**595,757**	828,111
Outstanding, end of period	**4,777,367**	5,052,918

For the three and nine months ended September 30, 2024, the compensation expense recorded for the Phantom Plan and DSUP was $26 million and $60 million, respectively (three and nine months ended September 30, 2023 - $19 million and $44 million, respectively). As at September 30, 2024, the unrecognized compensation expense relating to the remaining vesting period for the Phantom Plan was $50 million (December 31, 2023 - $33 million) and is expected to be recognized over the vesting period.

16. Net Income (Loss) Per Common Share

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

	Three Months Ended September 30		Nine Months Ended September 30	
	2024	2023	**2024**	2023
Numerator:				
Net income (loss) applicable to controlling interests	**$ 14**	$ (43)	**$ 388**	$ 548
Less: Preferred share dividends	**(5)**	(7)	**(13)**	(20)
Net income (loss) applicable to common shares	**$ 9**	$ (50)	**$ 375**	$ 528
Denominator:				
(millions of shares)				
Weighted average number of common shares outstanding	**297.6**	281.7	**296.5**	281.7
Dilutive equity instruments [(a)]	**1.2**	—	**1.5**	1.5
Weighted average number of common shares outstanding - diluted	**298.8**	281.7	**298.0**	283.2
Basic net income (loss) per common share	**$ 0.03**	$ (0.18)	**$ 1.26**	$ 1.87
Diluted net income (loss) per common share	**$ 0.03**	$ (0.18)	**$ 1.26**	$ 1.86

(a) Determined using the treasury stock method.

For the three and nine months ended September 30, 2024, there were no share options that had an anti-dilutive impact and were excluded from the diluted net income (loss) per common share calculation (three and nine months ended September 30, 2023, 2.0 million and less than a million share options, respectively).

17. Commitments, Guarantees, and Contingencies

Commitments

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

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

Guarantees

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

Contingencies

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

Merger Commitments - District of Columbia

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

18. Pension Plans and Retiree Benefits

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

Rabbi trusts of $7 million as at September 30, 2024 have been funded to satisfy the employee benefit obligations associated with WGL's various pension plans (December 31, 2023 - $9 million). These balances are included in "prepaid expenses and other current assets" and "long-term investments and other assets" in the Consolidated Balance Sheets.

In the third quarter of 2024, WGL recognized a settlement credit associated with the partial settlement of its post-retirement benefit plan under the line item "other income" for the three and nine months ended September 30, 2024. This was a result of the purchase of a medical health reimbursement arrangement annuity and a guaranteed life insurance funding account, which transferred all of the future financial and administrative responsibilities to the insurance carriers effective August 2024.

In 2024, WGL elected to change its calculation related to minimum funding requirements for one of its DB pension plans resulting in a decrease of estimated benefit contributions for 2024 by approximately US$8 million (CAD$11 million).

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

	Three Months Ended September 30, 2024					
	Canada		United States		Total	
	Defined Benefit	Post-retirement Benefits	Defined Benefit	Post-retirement Benefits	Defined Benefit	Post-retirement Benefits
Current service cost [(a)]	$ —	$ —	$ 3	$ 1	$ 3	$ 1
Interest cost [(b)]	1	—	17	3	18	3
Expected return on plan assets [(b)]	—	—	(21)	(13)	(21)	(13)
Amortization of past service credit [(b)]	—	—	—	(5)	—	(5)
Amortization of net actuarial gain [(b)]	—	—	—	(1)	—	(1)
Plan settlements [(b) (c)]	—	—	—	(65)	—	(65)
Other [(b)]	—	—	—	3	—	3
Net benefit cost (income) recognized	$ 1	$ —	$ (1)	$ (77)	$ —	$ (77)

(a) Recorded under the line item “operating and administrative” expenses on the Consolidated Statements of Income (Loss).
(b) Recorded under the line item “other income” on the Consolidated Statements of Income (Loss).
(c) Relates to the partial settlement of WGL's post-retirement benefit plan as discussed above.

	Three Months Ended September 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	$ —	$ 3	$ 2	$ 5	$ 2
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)
Net benefit cost (income) recognized	$ 2	$ —	$ 1	$ (11)	$ 3	$ (11)

(a) Recorded under the line item “operating and administrative” expenses on the Consolidated Statements of Income (Loss).
(b) Recorded under the line item “other income” on the Consolidated Statements of Income (Loss).

	Nine Months Ended September 30, 2024					
	Canada		United States		Total	
	Defined Benefit	Post-retirement Benefits	Defined Benefit	Post-retirement Benefits	Defined Benefit	Post-retirement Benefits
Current service cost [(a)]	$ 1	$ —	$ 9	$ 5	$ 10	$ 5
Interest cost [(b)]	1	—	51	12	52	12
Expected return on plan assets [(b)]	—	—	(62)	(39)	(62)	(39)
Amortization of past service credit [(b)]	—	—	—	(15)	—	(15)
Amortization of net actuarial gain [(b)]	—	—	—	(4)	—	(4)
Plan settlements [(b) (c)]	—	—	—	(65)	—	(65)
Other [(b)]	—	—	—	3	—	3
Net benefit cost (income) recognized	$ 2	$ —	$ (2)	$ (103)	$ —	$ (103)

(a) Recorded under the line item “operating and administrative” expenses on the Consolidated Statements of Income (Loss).
(b) Recorded under the line item “other income” on the Consolidated Statements of Income (Loss).
(c) Relates to the partial settlement of WGL's post-retirement benefit plan as discussed above.

	Nine Months Ended September 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]	$	4	$	—	$	9	$	5	$	13	$	5
Interest cost [b]		1		—		52		14		53		14
Expected return on plan assets [b]		—		—		(59)		(36)		(59)		(36)
Amortization of past service credit [b]		—		—		—		(15)		—		(15)
Amortization of net actuarial gain [b]		—		—		—		(3)		—		(3)
Plan settlements [b] [c] [d]		2		—		4		(2)		6		(2)
Net benefit cost (income) recognized	$	7	$	—	$	6	$	(37)	$	13	$	(37)

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

19. Income Taxes

On June 20, 2024, Bills C-59 and C-69, which include the Excessive Interest and Financing Expenses Limitation and Canada's Global Minimum Tax Act were enacted in Canada. As at September 30, 2024, the enactment of these bills did not have a material impact on AltaGas consolidated financial statements.

20. Supplemental Cash Flow Information

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

	Three Months Ended September 30				Nine Months Ended September 30			
		2024		2023		**2024**		2023
Source (use) of cash:								
Accounts receivable	**$**	**32**	$	(273)	**$**	**466**	$	537
Inventory		**14**		(100)		**168**		245
Risk management assets - current		**(9)**		(34)		**42**		(18)
Prepaid expenses and other current assets		**18**		13		**43**		25
Regulatory assets - current		**14**		6		**(21)**		(32)
Accounts payable and accrued liabilities		**(107)**		267		**(307)**		(296)
Customer deposits		**22**		22		**(1)**		7
Regulatory liabilities - current		**(3)**		1		**(55)**		(128)
Other current liabilities		**16**		11		**(9)**		(28)
Other operating assets and liabilities		**(61)**		(37)		**(25)**		(14)
Changes in operating assets and liabilities	**$**	**(64)**	$	(124)	**$**	**301**	$	298

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

	Three Months Ended September 30		Nine Months Ended September 30	
	2024	2023	**2024**	2023
Decrease (increase) of balance:				
Exercise of stock options	**$ 1**	$ —	**$ 6**	$ —
Net right-of-use assets obtained in exchange for new operating lease liabilities	**$ (13)**	$ (31)	**$ (155)**	$ (52)
Net right-of-use assets obtained in exchange for new finance lease liabilities	**$ (2)**	$ (4)	**$ (16)**	$ (14)
Capital expenditures included in accounts payable and accrued liabilities	**$ (23)**	$ (12)	**$ (20)**	$ 23
Contributions from non-controlling interests to subsidiaries included in accounts receivable	**$ 12**	$ —	**$ (19)**	$ —

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

As at September 30	**2024**	2023
Cash and cash equivalents	**$ 772**	$ 43
Restricted cash included in prepaid expenses and other current assets [(a)]	**3**	3
Restricted cash included in long-term investments and other assets [(a)]	**4**	6
Cash, cash equivalents, and restricted cash per Consolidated Statements of Cash Flows	**$ 779**	$ 52

(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).

21. 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.

22. 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; ▪ rate-regulated natural gas storage in the United States; and ▪ sale of natural gas and power to residential, commercial, and industrial customers in the District of Columbia, Maryland, Virginia, Delaware, Pennsylvania, and Ohio.
Midstream	▪ NGL processing and extraction plants; ▪ natural gas storage facilities; ▪ LPG export terminals; ▪ transmission pipelines to transport natural gas and NGLs; ▪ natural gas gathering lines and field processing facilities; ▪ purchase and sale of natural gas; ▪ natural gas and NGL marketing; ▪ marketing, storage and distribution of wellsite fluids and fuel, crude oil and condensate diluents; and ▪ interest in a regulated gas pipeline in the Marcellus/Utica gas formation.
Corporate/ Other	▪ the cost of providing corporate services, financing and general corporate overhead, corporate assets, financing other segments and the effects of changes in the fair value of certain risk management contracts; and ▪ a small portfolio of power assets.

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

	Three Months Ended September 30, 2024			
	Utilities	**Midstream**	**Corporate/ Other**	**Total**
External revenue (*note 12*)	**$ 839**	**$ 1,887**	**$ 33**	**$ 2,759**
Segment revenue	**$ 839**	**$ 1,887**	**$ 33**	**$ 2,759**

	Three Months Ended September 30, 2023			
	Utilities	Midstream	Corporate/ Other	Total
External revenue (*note 12*)	$ 767	$ 2,237	$ 26	$ 3,030
Segment revenue	$ 767	$ 2,237	$ 26	$ 3,030

	Nine Months Ended September 30, 2024			
	Utilities	**Midstream**	**Corporate/ Other**	**Total**
External revenue (*note 12*)	**$ 3,241**	**$ 5,881**	**$ 67**	**$ 9,189**
Segment revenue	**$ 3,241**	**$ 5,881**	**$ 67**	**$ 9,189**

		Nine Months Ended September 30, 2023						
		Utilities		Midstream		Corporate/ Other		Total
External revenue *(note 12)*	$	3,539	$	6,098	$	72	$	9,709
Segment revenue	$	3,539	$	6,098	$	72	$	9,709

The following tables show the composition by segment:

		Three Months Ended September 30, 2024						
		Utilities		**Midstream**		**Corporate/ Other**		**Total**
Segment revenue *(note 12)*	**$**	**839**	**$**	**1,887**	**$**	**33**	**$**	**2,759**
Cost of sales		**(568)**		**(1,606)**		**(12)**		**(2,186)**
Operating and administrative		**(253)**		**(150)**		**(30)**		**(433)**
Accretion expenses		**(1)**		**(1)**		**—**		**(2)**
Depreciation and amortization		**(74)**		**(38)**		**(7)**		**(119)**
Income from equity investments *(note 8)*		**—**		**16**		**—**		**16**
Other income		**81**		**15**		**—**		**96**
Foreign exchange losses		**—**		**—**		**(1)**		**(1)**
Interest expense		**—**		**—**		**(110)**		**(110)**
Income (loss) before income taxes	**$**	**24**	**$**	**123**	**$**	**(127)**	**$**	**20**
Net additions to:								
Property, plant and equipment [(a)]	**$**	**187**	**$**	**182**	**$**	**3**	**$**	**372**
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.

		Three Months Ended September 30, 2023						
		Utilities		Midstream		Corporate/ Other		Total
Segment revenue *(note 12)*	$	767	$	2,237	$	26	$	3,030
Cost of sales		(477)		(2,057)		(9)		(2,543)
Operating and administrative		(254)		(108)		(17)		(379)
Accretion expenses		—		(3)		—		(3)
Depreciation and amortization		(70)		(31)		(8)		(109)
Income from equity investments *(note 8)*		1		20		—		21
Other income		17		3		1		21
Foreign exchange gains		—		—		6		6
Interest expense		—		—		(95)		(95)
Income (loss) before income taxes	$	(16)	$	61	$	(96)	$	(51)
Net additions to:								
Property, plant and equipment [(a)]	$	204	$	49	$	1	$	254
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.

	Nine Months Ended September 30, 2024			
	Utilities	**Midstream**	**Corporate / Other**	**Total**
Segment revenue *(note 12)*	**$ 3,241**	**$ 5,881**	**$ 67**	**$ 9,189**
Cost of sales	**(1,905)**	**(4,924)**	**(27)**	**(6,856)**
Operating and administrative	**(792)**	**(445)**	**(89)**	**(1,326)**
Accretion expenses	**(1)**	**(3)**	**—**	**(4)**
Depreciation and amortization	**(218)**	**(112)**	**(22)**	**(352)**
Income from equity investments *(note 8)*	**2**	**43**	**—**	**45**
Other income	**114**	**25**	**2**	**141**
Foreign exchange gains	**—**	**—**	**5**	**5**
Interest expense	**—**	**—**	**(327)**	**(327)**
Income (loss) before income taxes	**$ 441**	**$ 465**	**$ (391)**	**$ 515**
Net additions to:				
Property, plant and equipment [(a)]	**$ 544**	**$ 350**	**$ 35**	**$ 929**
Intangible assets [(a)]	**$ —**	**$ 4**	**$ —**	**$ 4**

(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.

	Nine Months Ended September 30, 2023			
	Utilities	Midstream	Corporate/ Other	Total
Segment revenue *(note 12)*	$ 3,539	$ 6,098	$ 72	$ 9,709
Cost of sales	(2,239)	(5,342)	(16)	(7,597)
Operating and administrative	(770)	(311)	(71)	(1,152)
Accretion expenses	—	(8)	—	(8)
Depreciation and amortization	(217)	(91)	(23)	(331)
Income from equity investments *(note 8)*	2	30	—	32
Other income	364	5	16	385
Foreign exchange gains	—	—	6	6
Interest expense	—	—	(293)	(293)
Income (loss) before income taxes	$ 679	$ 381	$ (309)	$ 751
Net additions (reductions) to:				
Property, plant and equipment [(a)]	$ (505)	$ 87	$ (8)	$ (426)
Intangible assets [(a)]	$ —	$ 4	$ 1	$ 5

(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 September 30, 2024				
Goodwill *(note 5)*	**$ 3,705**	**$ 1,662**	**$ —**	**$ 5,367**
Segmented assets	**$ 15,507**	**$ 7,955**	**$ 1,286**	**$ 24,748**
As at December 31, 2023				
Goodwill *(note 5)*	$ 3,630	$ 1,640	$ —	$ 5,270
Segmented assets	$ 15,272	$ 7,578	$ 621	$ 23,471

23. Subsequent Events

On October 1, 2024, Washington Gas executed a note purchase agreement to issue US$200 million in private placement notes. US$100 million of these notes were issued on October 1, 2024 at 5.40 percent with a maturity date of October 1, 2054 and the remaining US$100 million will be issued on April 1, 2025 at 4.84 percent with a maturity date of April 1, 2035. The proceeds will be used for general corporate purposes.

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

SUPPLEMENTAL QUARTERLY OPERATING INFORMATION

	Q3-24	Q2-24	Q1-24	Q4-23	Q3-23
OPERATING HIGHLIGHTS					
UTILITIES					
Natural gas deliveries - end use (Bcf) (1)	**8.9**	14.5	54.5	48.3	8.5
Natural gas deliveries - transportation (Bcf) (1)	**20.7**	20.2	35.1	30.5	19.9
Service sites (thousands) (2)	**1,560**	1,560	1,562	1,560	1,553
Degree day variance from normal - SEMCO (Michigan) (%) (3)	**(57.4)**	(29.0)	(13.8)	(9.8)	(19.4)
Degree day variance from normal - Washington Gas (D.C.) (%) (3) (4) (5)	**(100.0)**	(31.6)	(15.6)	(9.2)	—
WGL retail energy marketing - gas sales volumes (Mmcf)	**8,179**	9,664	23,810	16,863	8,550
WGL retail energy marketing - electricity sales volumes (GWh)	**4,344**	3,714	3,542	3,518	4,134
MIDSTREAM					
LPG export volumes (Bbls/d) (6)	**128,272**	123,285	115,108	90,996	118,213
Total inlet gas processed (Mmcf/d) (6)	**1,303**	1,420	1,401	1,312	1,182
Extracted ethane volumes (Bbls/d) (6)	**20,314**	19,618	20,369	23,879	25,501
Extracted NGL volumes (Bbls/d) (6) (7) (8)	**46,707**	47,054	48,272	36,138	36,070
Fractionation volumes (Bbls/d) (6) (9)	**43,445**	43,421	41,072	38,150	39,699
Frac spread - realized ($/Bbl) (6) (10)	**24.70**	25.32	25.25	23.13	23.75
Frac spread - average spot price ($/Bbl) (6) (11)	**30.39**	29.61	25.45	20.55	21.31
Propane Far East Index ("FEI") to Mont Belvieu spread (US$/Bbl) (6) (12)	**13.28**	14.52	14.06	26.44	21.30
Butane FEI to Mont Belvieu spread (US$/Bbl) (6) (13)	**17.44**	16.17	13.87	27.74	22.07

(1) Bcf is one billion cubic feet.

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

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

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

(5) The -100 percent degree day variance for Washington Gas in the third quarter of 2024 is a result of there being 12 normal degree days in the third quarter, compared to nil actual degree days. Given that the normal degree days in the third quarter are so low compared to other quarters, any change causes a large variance when shown as a percentage.

(6) Average for the period.

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

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

(9) Fractionation volumes include NGL mix volumes processed.

(10) 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.

(11) 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.

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

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

OTHER INFORMATION

DEFINITIONS

Bbls/d	barrels per day
Bcf	billion cubic feet
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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