2024

FINANCIAL STATEMENTS AND MD&A

AltaGas

ALTAGAS REPORTS FOURTH QUARTER AND FULL YEAR 2024 RESULTS

Strong Operating Performance Delivers 2024 Results in Upper Half of Guidance Range

Calgary, Alberta (March 7, 2025)

AltaGas Ltd. ("AltaGas" or the "Company") (TSX: ALA) reported fourth quarter and full year 2024 results, reaffirmed 2025 guidance, and provided an update on other corporate developments.

HIGHLIGHTS

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

- Normalized EPS[1] was $0.76 in the fourth quarter and $2.18 for the full year of 2024 while GAAP EPS[2] was $0.68 in the fourth quarter and $1.95 for the full year of 2024. Full year normalized EPS was above the midpoint of AltaGas' 2024 guidance range, driven by strong performance across the enterprise.
- Normalized EBITDA[1] was $520 million in the fourth quarter and $1,769 million for the full year of 2024 while income before income taxes was $231 million in the fourth quarter and $746 million for the full year of 2024. Full year normalized EBITDA was at the top-end of AltaGas' 2024 guidance range, driven by strong business performance, including: the partial settlement of Washington Gas' post-retirement benefit pension plan in the third quarter, record liquified petroleum gas ("LPG") export volumes, the benefit of continued Utilities rate base investments, the addition of the Pipestone assets, and enhanced cost management at the Utilities.
- Utilities reported normalized EBITDA[1] of $336 million in the fourth quarter of 2024 compared to $311 million in the fourth quarter of 2023, while income before taxes was $186 million in the fourth quarter of 2024 compared to $207 million in the fourth quarter of 2023. The largest drivers of the eight percent year-over-year growth in Utilities normalized EBITDA were enhanced cost management, contribution from investments in rate base, and increased revenue from the 2023 District of Columbia ("D.C.") rate case decision. These factors were partially offset by warm weather in D.C. and Michigan and lower contributions from the Retail business.
- Midstream reported normalized EBITDA[1] of $182 million in the fourth quarter of 2024 consistent with the fourth quarter of 2023, while income before taxes in the segment was $181 million in the fourth quarter of 2024 compared to $79 million in the fourth quarter of 2023. Positive contributions from increased export volumes and the addition of the Pipestone Assets were offset by lower extraction volumes due to ethane re-injection, a higher percentage of export volumes under tolling contracts in 2024 relative to 2023, and lower contribution from the Mountain Valley Pipeline ("MVP") due to recording equity earnings instead of the allowance for funds used during construction ("AFUDC") recorded in 2023.
- AltaGas continued to heavily invest in its Utilities business in 2024 to add new customers and enhance the safety and reliability of its system. The Company deployed $722 million of capital to the Utilities in 2024, with $360 million spent on asset modernization programs and the balance on system betterment and new meter growth. Asset modernization and system betterment will remain a key focus in 2025 and beyond, which will allow AltaGas to deliver the lowest cost and most reliable form of residential and commercial heating in its jurisdictions.
- AltaGas continues to work with numerous data center developers in Northern Virginia around building pipeline interconnects to provide natural gas for onsite power generation for new data centers. Business development and engineering work on these opportunities is expected to progress through 2025 with potential construction in 2026 and onwards. AltaGas is pursuing these opportunities on a de-risked basis through traditional rate regulated investments. These data center opportunities would further increase AltaGas' strong Utilities growth outlook.

(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 December 31, 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.

- Utilities system expansion opportunities progressed during the fourth quarter of 2024. SEMCO's Keweenaw Connector Pipeline project continued with key regulatory and engineering work and now expects to seek regulatory approval in 2025. The project is focused on ensuring long-term reliable gas and system resiliency for our Michigan customers, offering diversity of supply and more reliable service to 14,000 customers in the Keweenaw Peninsula.
- AltaGas advanced a number of key Midstream growth projects in 2024:
    - The Company and Royal Vopak reached a positive final investment decision (“FID”) and commenced construction on the Ridley Island Energy Export Facility (“REEF”). REEF remains on budget and on-schedule to achieve its 2026 in-service date. With only ten shipping days to strong demand markets in Northeast Asia, REEF will efficiently deliver Canada's vital energy products to the region and allow Canadian LPGs access to premium global markets.
    - AltaGas continued to progress construction of the Pipestone II deep cut facility in the Alberta Montney. The acid gas wells and gas gathering system have been completed, offsite fabrication has been executed in line with the project delivery schedule, and more than 40 percent of facility construction is complete. The project is on track to be in-service in 2025. Pipestone II is fully contracted under long-term take-or-pay agreements with principally all costs incurred or committed under fixed price contracts.
    - AltaGas continued to advance regulatory and engineering work across a number of gas processing, fractionation, storage and export projects, based on strong customer demand. These projects would further extend the growth outlook for AltaGas' Midstream business.
- The Company advanced commercial contracting across the Midstream business which further de-risked cash flows:
    - Executed long-term LPG supply and tolling agreements across the global exports platform during the fourth quarter of 2024 and first quarter of 2025 achieving AltaGas' base long-term tolling target for REEF. This includes Keyera entering a 15-year contract for 12,500 Bbls/d of LPGs at REEF.
    - Entered 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, with associated liquids handling and fractionation.
    - Extended the contract term with a large investment grade producer at the Pipestone I facility in the Alberta Montney for five years, including gas processing, liquids handling and marketing services.
    - Entered an 18-year agreement for approximately 8,000 Bbls/d fractionation capacity at Keyera Fort Saskatchewan ("KFS"), which provides AltaGas with dedicated frac capacity Pipestone II liquids while securing take-in-kind rights for LPG volumes and provides access to Keyera's extensive rail, storage, and logistics network in Alberta's Industrial Heartland.
- Since entering service in June 2024, the Mountain Valley Pipeline ("MVP") has been steadily operating under long-term 20-year contracts with investment grade counterparties. The 2.0 Bcf/d pipeline is expandable by 475 MMcf/d through additional compression and is extendable into North Carolina through the Southgate expansion project. The Southgate project filed an application with the U.S. Federal Energy Regulatory Commission ("FERC") in February to approve its proposed shortened pipeline route. AltaGas has a ten percent non-operated equity stake in the MVP pipeline and a 5.1 percent interest in Southgate and is currently evaluating a sale of its interests with proceeds planned to accelerate AltaGas' deleveraging plan.
- AltaGas had two financings in the fourth quarter of 2024, including Washington Gas' execution of a note purchase agreement on October 1, 2024 to issue US$200 million of private placement notes. Of this, US$100 million was 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. On November 18, 2024, AltaGas also executed a partial debt extinguishment of medium-term notes ("MTNs"), resulting in the derecognition of $806 million of previously issued MTNs for total consideration of $793 million.

- On December 3, 2024, AltaGas' Board of Directors approved a six percent increase to its 2025 common share dividends to $1.26 per common share annually ($0.315 per common share quarterly). This change will be effective for the dividend that will be paid on March 31, 2025. Concurrent with the dividend increase announcement, the Company extended its five to seven percent compounded annual growth rate ("CAGR") guidance on dividends to 2029.
- AltaGas has had a strong start to the year and is reiterating the Company's 2025 full year guidance, including normalized EBITDA of $1,775 million to $1,875 million and normalized net income per share of $2.10 to $2.30.

CEO MESSAGE

"We are pleased with the financial results AltaGas delivered in 2024," said Vern Yu, President and Chief Executive Officer of AltaGas. "This performance demonstrates the strength of our platform and the actions taken to enhance shareholder value. Normalized EBITDA increased by 12 percent year-over-year, reaching the high end of our guidance range. These results underscore the solid operational execution across our enterprise and robust long term energy fundamentals.

"Despite warm weather in D.C. and Michigan, the Utilities performance for the year was strong with normalized EBITDA increasing 14 percent year-over-year. These results were reflective of the active steps management took to create value through enhanced cost management, ongoing rate base investments, and new meter growth. Our Utilities are critical to balancing long-term energy reliability, affordability, and climate needs across our jurisdictions and have a bright future as the largest source of energy for households across our jurisdictions.

"Our Midstream business delivered another strong year with normalized EBITDA increasing 15 percent year-over-year, driven by record volumes in our global export business and the addition of the Pipestone assets. During the year, we actively de-risked cash flows through long-term contracting across the value chain, including reaching our base tolling target at REEF. The impact of U.S. tariffs on Canadian energy creates uncertainty and emphasizes the importance of market diversification and the long-term advantage of AltaGas' global exports platform. As we continue to meet the needs of our long-time U.S. partners, we believe it is critical to connect more of Canada's vital energy products into the largest LPG demand center - Asia.

"AltaGas had a busy 2024 where we reached positive FID on REEF, executed on our growth initiatives at the Utilities, integrated the Pipestone assets, and commenced construction on two large Midstream growth projects. I am excited about the road ahead, where we will leverage the favourable long-term fundamentals for natural gas and natural gas liquids ("NGLs"), and build on 2024's successes."

RESULTS BY SEGMENT

Normalized EBITDA[1]	Three Months Ended December 31		Year Ended December 31	
($ millions)	**2024**	2023	**2024**	2023
Utilities	**$ 336**	$ 311	**$ 1,012**	$ 886
Midstream	**182**	182	**785**	684
Corporate/Other	**2**	9	**(28)**	5
Normalized EBITDA[1]	**$ 520**	$ 502	**$ 1,769**	$ 1,575

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

Income (Loss) Before Income Taxes	Three Months Ended December 31		Year Ended December 31	
($ millions)	**2024**	2023	**2024**	2023
Utilities	**$ 186**	$ 207	**$ 627**	$ 886
Midstream	**181**	79	**646**	460
Corporate/Other	**(136)**	(125)	**(527)**	(434)
Income Before Income Taxes	**$ 231**	$ 161	**$ 746**	$ 912

BUSINESS PERFORMANCE

Utilities

The Utilities segment reported normalized EBITDA of $336 million in the fourth quarter of 2024 compared to $311 million in the fourth quarter of 2023, while income before income taxes was $186 million in the fourth quarter of 2024 compared to $207 million in the fourth quarter in 2023. Year-over-year growth in normalized EBITDA was principally driven by lower operating and maintenance ("O&M") expenses, which more than offset the warmer-than-normal weather in D.C. and Michigan, where the Company has weather exposure. The quarter also saw positive impacts from the D.C. rate case decision in 2023, contributions from continued rate base investments, customer growth, and the higher USD/CAD exchange rate, inclusive of currency hedges. These positive factors were partially offset by lower contributions from the Retail business due to the outsized performance in the fourth quarter of 2023.

Washington Gas has an active rate case application with the Public Service Commission of the District of Columbia ("PSC of D.C.") with requested rates designed to collect an incremental US$34 million in annual revenue, net of US$12 million in Accelerated Replacement Program (“ARP”) surcharge. New rates are not expected to impact the Company's 2025 financial performance. Washington Gas also has a US$215 million asset modernization extension application under review in D.C. through its District SAFE plan. In February 2025 the PSC of D.C. ordered an additional extension of PROJECTpipes 2 from May 1, 2025 through December 31, 2025 with an additional US$34 million of modernization capital being added for this period to ensure uninterrupted pipeline modernization work continues while District SAFE is being reviewed.

AltaGas continued to actively invest across its Utilities assets during the fourth quarter of 2024 with $178 million of capital deployed, including investing $85 million in the quarter through the Company’s various asset modernization programs and an additional $75 million on 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 fourth quarter of 2024, AltaGas continued efforts to ensure 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.

Midstream

The Midstream segment reported normalized EBITDA of $182 million in the fourth quarter of 2024, consistent with the fourth quarter of 2023, while income before taxes was $181 million in the fourth quarter of 2024 compared to $79 million in the fourth quarter of 2023. These results were in line with expectations, as we successfully delivered on our strategic priorities to grow export volumes while de-risking the business through increasing the percent of tolling contracts in our business. The quarter included record fourth quarter export volumes and strong performance across the balance of the Midstream value chain. These positive factors were partially offset by higher ethane re-injection rates at our extraction plants, lower realized frac spreads, and lower contributions from MVP equity earnings relative to the AFUDC recorded in the fourth quarter of 2023.

AltaGas exported 122,233 Bbls/d of LPGs to Asia in the fourth quarter of 2024, which was spread across 20 Very Large Gas Carriers ("VLGCs"), including 13 VLGCs at RIPET and seven VLGCs at Ferndale. Global LPG export volumes for the full year of 2024 averaged 122,247 Bbls/d across 80 ships, representing a 15 percent year-over-year increase.

The importance of market diversification and the long-term advantage of AltaGas' global exports platform continues to be reinforced by recent uncertainty relating to U.S. tariffs on Canadian energy. As we continue to meet the needs of our long-time U.S. partners, we believe it is critical for the Canadian energy industry to connect more of Canada's vital energy products into premium global markets. We continue to see growing Asian demand for North American west coast LPGs, which have a 60 percent minimum travel time savings relative to the U.S. Gulf Coast.

Performance across the balance of the Midstream platform was in line with the Company's expectations for the fourth quarter of 2024. Highlights include double digit year-over-year growth in gas processing, fractionation and liquids handling, and extraction volumes. AltaGas' Montney footprint was at the center of growth, which continues to benefit from increased producer activity ahead of LNG Canada's start-up. AltaGas' fourth quarter Montney processing and fractionation volumes were up 30 percent and 8 percent, on a year-over-year basis respectively, including the addition of the Pipestone assets.

AltaGas' realized frac spread averaged $20.99/Bbl, after transportation costs, as most of AltaGas' frac exposed volumes were hedged at approximately $31.15/Bbl in the fourth quarter of 2024, prior to transportation costs. AltaGas is well hedged for the first half of 2025 frac exposures with approximately 76 percent of its first half of 2025 expected frac exposed volumes hedged at approximately US$27.10/Bbl, prior to transportation costs.

In addition, approximately 87 percent of AltaGas' first half of 2025 expected global export volumes are either tolled or financially hedged with an average Far East Index ("FEI") to North American financial hedge price of approximately US$18.61/Bbl for non-tolled propane and butane volumes. AltaGas is actively contracting and hedging the balance of 2025 global export volumes, recognizing the NGL re-contracting season is more dynamic this year given the impact of tariffs on Canadian LPGs entering the U.S. AltaGas will provide a more comprehensive update on the NGL re-contracting season and hedging activities during first quarter of 2025 reporting.

2025 Midstream Hedge Program

	Q1 2025	Q2 2025	First half of 2025
Global Exports volumes hedged (%) (1)	81	94	87
Average propane/butane FEI to North America average hedge (US$/Bbl) (2)	18.33	18.90	18.61
Fractionation volume hedged (%) (3)	72	80	76
Frac spread hedge rate (US$/Bbl) (3)	27.63	26.57	27.10

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

Corporate/Other

The Corporate/Other segment reported normalized EBITDA for the fourth quarter of 2024 of $2 million, compared to $9 million in the same quarter of 2023. The decrease was mainly due to lower contributions from Blythe where CAISO transmission outages reduced merchant energy generation. Loss before income taxes in the Corporate/Other segment was $136 million in the fourth quarter of 2024, compared to $125 million in the same quarter of 2023.

CONSOLIDATED FINANCIAL RESULTS

		Three Months Ended December 31			Year Ended December 31
($ millions)		**2024**	2023	**2024**	2023
Normalized EBITDA [1]	**$**	**520**	$ 502	**$ 1,769**	$ 1,575
Add (deduct):					
Depreciation and amortization		**(123)**	(110)	**(475)**	(441)
Interest expense		**(128)**	(101)	**(455)**	(394)
Normalized income tax expense [1]		**(33)**	(60)	**(160)**	(153)
Preferred share dividends		**(5)**	(7)	**(18)**	(27)
Other [2]		**(4)**	(10)	**(13)**	(24)
Normalized net income [1]	**$**	**227**	$ 214	**$ 648**	$ 536
Net income applicable to common shares	**$**	**203**	$ 113	**$ 578**	$ 641
Normalized funds from operations [1]	**$**	**397**	$ 376	**$ 1,192**	$ 1,128
($ per share except shares outstanding)					
Shares outstanding - basic (millions)					
During the period [3]		**298**	283	**297**	282
End of period		**298**	295	**298**	295
Normalized net income - basic [1]		**0.76**	0.76	**2.18**	1.90
Normalized net income - diluted [1]		**0.76**	0.75	**2.17**	1.89
Net income per common share - basic		**0.68**	0.40	**1.95**	2.27
Net income per common share - diluted		**0.68**	0.40	**1.94**	2.26

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), and unrealized foreign exchange losses on intercompany balances.
3. Weighted average.

Normalized EBITDA for the fourth quarter of 2024 was $520 million, compared to $502 million for the same quarter of 2023. The largest factors contributing to the year-over-year increase are described in the Business Performance sections above.

Normalized net income was $227 million or $0.76 per share for the fourth quarter of 2024, compared to $214 million or $0.76 per share reported for the same quarter of 2023. The increase was mainly due to lower normalized income tax expense and the same previously referenced factors impacting normalized EBITDA, partially offset by higher interest expense and higher depreciation and amortization expense. *Please refer to the Non-GAAP Financial Measures section of the Press Release and MD&A for further details on normalization adjustments.*

Income before income taxes was $231 million for the fourth quarter of 2024 compared to $161 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, foreign exchange gains compared to foreign exchange losses in the same quarter of 2023, and lower transaction costs related to acquisitions and dispositions. This was partially offset by higher interest expense, provisions on assets in the fourth quarter of 2024 related to EEEP and certain non-operational equipment in the Corporate/Other segment, higher depreciation and amortization expense, and higher transition and restructuring costs.

Net income applicable to common shares was $203 million or $0.68 per share for the fourth quarter of 2024, compared to $113 million or $0.40 per share for the same quarter of 2023.

Normalized FFO was $397 million or $1.33 per share for the fourth quarter of 2024, compared to $376 million or $1.33 per share for the same quarter of 2023. The increase was mainly due to the same previously referenced factors impacting normalized EBITDA, higher foreign exchange gains, higher distributions from equity investments, and lower normalized current income tax expense, partially offset by higher interest expense and the impact of non-cash items included in normalized EBITDA.

Cash from operations for the fourth quarter of 2024 was $508 million or $1.70 per share, compared to $154 million or $0.54 per share for the same quarter of 2023. Please refer to the *Three months ended December 31* section of the MD&A for further details on the variance in cash from operations.

Depreciation and amortization expense for the fourth quarter of 2024 was $123 million, compared to $110 million for the same quarter of 2023.

Interest expense for the fourth quarter of 2024 was $128 million, compared to $101 million for the same quarter of 2023. The increase was driven by the issuance of additional subordinated 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. This was partially offset by higher capitalized interest and a decrease in average debt balances. Interest expense recorded on subordinated hybrid notes for the fourth quarter of 2024 was $34 million, compared to $11 million for the same quarter of 2023.

Income tax expense for the fourth quarter of 2024 was $22 million, compared to $33 million in the same quarter in 2023.

FORWARD FOCUS, GUIDANCE AND FUNDING

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

AltaGas expects to achieve guidance ranges that were previously disclosed in December 2024, including:

- 2025 Normalized EPS guidance of $2.10 - $2.30 per share, compared to actual normalized EPS of $2.18 and GAAP EPS of $1.95 in 2024; and
- 2025 Normalized EBITDA guidance of $1,775 million - $1,875 million, compared to actual normalized EBITDA of $1.77 billion and income before taxes of $746 million in 2024.

AltaGas is focused on delivering resilient and growing normalized EBITDA and normalized EPS while achieving its target 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 2025 capital program of approximately $1.4 billion, excluding asset retirement obligations ("ARO"). The Company is allocating approximately 51 percent of AltaGas' consolidated 2025 capital to its Utilities business, approximately 45 percent to the Midstream business and the balance to the Corporate/Other segment.

The Company will fund 2025 capital requirements through a combination of internally generated cash flows, the investment capacity associated with stronger normalized EBITDA across the enterprise, and ongoing capital recycling with the planned divestiture of the Company's interest in MVP. Additional asset sales will be considered on an opportunistic basis, with any potential proceeds to be used to strengthen the balance sheet and increase financial flexibility.

QUARTERLY COMMON SHARE DIVIDEND AND PREFERRED SHARE DIVIDENDS

The Board of Directors approved the following schedule of Dividends:

Type	Dividend (per share)	Period	Payment Date	Record
Common Shares[1]	$0.315	n.a.	31-Mar-25	17-Mar-25
Series A Preferred Shares	$0.19125	31-Dec-24 to 30-Mar-25	31-Mar-25	17-Mar-25
Series B Preferred Shares	$0.37855	31-Dec-24 to 30-Mar-25	31-Mar-25	17-Mar-25
Series G Preferred Shares	$0.376063	31-Dec-24 to 30-Mar-25	31-Mar-25	17-Mar-25

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

CONFERENCE CALL AND WEBCAST DETAILS

AltaGas will hold a conference call today, March 7, at 9:00 a.m. MT (11:00 a.m. ET) to discuss Fourth quarter and full year 2024 results and other corporate developments.

Date/Time: March 7, 2025 at 9:00 a.m. MT (11:00 a.m. ET)

Dial-in: +1 437 900 0527 or toll free at +1 888 510 2154

Webcast: https://app.webinar.net/L5da3EBqGmN

Shortly after the conclusion of the call a replay will be made available on the Company's website or by dialing +1 289 819 1450 or toll free +1 888 660 6345. The passcode is 43576#. The replay will expire at 9:59 p.m. MT (11:59 p.m. ET) on March 14, 2025.

AltaGas' Consolidated Financial Statements and accompanying notes for the fourth quarter and full year ended December 31, 2024, as well as its related Management's Discussion and Analysis, are now available online at www.altagas.ca. All documents will be filed with the Canadian securities regulatory authorities and will be posted under AltaGas' SEDAR+ profile at www.sedarplus.ca.

NON-GAAP MEASURES

This news release contains references to certain financial measures that do not have a standardized meaning prescribed by US GAAP and may not be comparable to similar measures presented by other entities. The non-GAAP measures and their reconciliation to US GAAP financial measures are shown below and within AltaGas' Management's Discussion and Analysis (MD&A) as at and for the period ended December 31, 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 US GAAP.

Normalized EBITDA

	Three Months Ended December 31		Year Ended December 31	
($ millions)	**2024**	2023	**2024**	2023
Income before income taxes (GAAP financial measure)	**$ 231**	$ 161	**$ 746**	$ 912
Add:				
Depreciation and amortization	**123**	110	**475**	441
Interest expense	**128**	101	**455**	394
EBITDA	**$ 482**	$ 372	**$ 1,676**	$ 1,747
Add (deduct):				
Transaction costs related to acquisitions and dispositions (1)	**2**	6	**11**	36
Unrealized losses on risk management contracts (2)	**2**	94	**12**	70
Gains on sale of assets (3)	**—**	—	**(12)**	(319)
Transition and restructuring costs (4)	**21**	15	**70**	22
Wind-up of pension plan (5)	**—**	—	**—**	2
Provisions on assets	**20**	—	**20**	—
Accretion expenses	**1**	3	**5**	11
Foreign exchange losses (gains) (6)	**(8)**	12	**(13)**	6
Normalized EBITDA	**$ 520**	$ 502	**$ 1,769**	$ 1,575

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

(2) Included in the "revenue", “cost of sales”, and "foreign exchange gains (losses)" line items on the Consolidated Statements of Income. Please refer to Note 22 of the 2024 Annual Consolidated Financial Statements for further details regarding AltaGas' risk management activities.

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

(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.

(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) 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 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 using income before income taxes adjusted for pre-tax depreciation and amortization, and interest expense.

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

Normalized Net Income

	Three Months Ended December 31		Year Ended December 31	
($ millions)	**2024**	2023	**2024**	2023
Net income applicable to common shares (GAAP financial measure)	**$ 203**	$ 113	**$ 578**	$ 641
Add (deduct) after-tax:				
Transaction costs related to acquisitions and dispositions (1)	**2**	5	**9**	27
Unrealized losses on risk management contracts (2)	**3**	74	**10**	54
Gains on sale of assets (3)	**(3)**	—	**(9)**	(217)
Transition and restructuring costs (4)	**15**	11	**52**	17
Loss on redemption of preferred shares (5)	**—**	5	**—**	5
Wind-up of pension plan (6)	**—**	—	**—**	2
Provisions on assets	**15**	—	**15**	—
Unrealized foreign exchange losses (gains) on intercompany balances (7)	**(8)**	6	**(7)**	7
Normalized net income	**$ 227**	$ 214	**$ 648**	$ 536

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

(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. Please refer to Note 22 of the 2024 Annual Consolidated Financial Statements 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.

(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.

(5) Comprised of the loss on the redemption of Series E Preferred Shares on December 31, 2023. The loss is recorded on the "loss of redemption of preferred shares" line on the Consolidated Statements of Income.

(6) 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.

(7) 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 gain (loss) on foreign currency translation, and the impact to the Canadian entity is recorded through the "foreign exchange gains (losses)" line item on the Consolidated Statements of Income.

Normalized net income and normalized net income per share are used by Management to enhance the comparability of AltaGas' earnings, as it reflects the underlying performance of AltaGas' business activities. Normalized EPS is calculated as normalized net income divided by the average number of shares outstanding during the period.

Normalized Funds From Operations

	Three Months Ended December 31		Year Ended December 31	
($ millions)	**2024**	2023	**2024**	2023
Cash from operations (GAAP financial measure)	**$ 508**	$ 154	**$ 1,538**	$ 1,121
Add (deduct):				
Net change in operating assets and liabilities	**(129)**	198	**(430)**	(100)
Asset retirement obligations settled	**2**	3	**3**	15
Funds from operations	**$ 381**	$ 355	**$ 1,111**	$ 1,036
Add (deduct):				
Transaction costs related to acquisitions and dispositions (1)	**2**	6	**11**	36
Current tax expense (recovery) on asset sales (2)	**(7)**	—	**—**	34
Transition and restructuring costs (3)	**21**	15	**70**	22
Normalized funds from operations	**$ 397**	$ 376	**$ 1,192**	$ 1,128

(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. Transaction costs include expenses, such as legal fees, which are directly attributable to the acquisition or disposition.
(2) Included in the "current income tax expense" line item on the Consolidated Statements of Income.
(3) 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.

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

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

Invested Capital and Net Invested Capital

	Three Months Ended December 31		Year Ended December 31	
($ millions)	**2024**	2023	**2024**	2023
Cash used in investing activities (GAAP financial measure)	**$ 402**	$ 594	**$ 1,375**	$ 199
Add (deduct):				
Net change in non-cash capital expenditures (1)	**40**	26	**60**	3
AFUDC (2)	**—**	(3)	**—**	(3)
Contributions from non-controlling interests	**(50)**	—	**(123)**	—
Net invested capital	**392**	617	**1,312**	199
Business acquisition (3)	**—**	(327)	**—**	(327)
Asset dispositions	**—**	—	**2**	1,073
Disposal of equity method investments (4)	**—**	—	**14**	1
Invested capital (5)	**$ 392**	$ 290	**$ 1,328**	$ 946

(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 30 of the 2024 Annual Consolidated Financial Statements for further details.
(2) AFUDC is the amount that a rate-regulated enterprise is allowed to recover for its cost of financing assets under construction and excludes any AFUDC within investments accounted for by the equity method. AFUDC is included in the "property, plant and equipment" line item on the Consolidated Balance Sheets.
(3) Includes only the cash portion of the total consideration paid for the Pipestone Acquisition, net of cash acquired.
(4) Relates to escrow account proceeds received from AltaGas' previous investment in Meade Pipeline Co. LLC (Meade). 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 cash paid for business acquisitions and proceeds from disposals of assets and equity investments in the period. Net invested capital is calculated based on the investing activities section in the Consolidated Statements of Cash Flows, adjusted for items such as non-cash capital expenditures, AFUDC, and contributions from non-controlling interests. Invested capital and net invested capital are used by Management, investors, and analysts to enhance the understanding of AltaGas' capital expenditures from period to period and provide additional detail on the Company's use of capital.

CONSOLIDATED FINANCIAL REVIEW

	Three Months Ended December 31		Year Ended December 31	
($ millions, except where noted)	**2024**	2023	**2024**	2023
Revenue	**3,259**	3,288	**12,448**	12,997
Normalized EBITDA [1]	**520**	502	**1,769**	1,575
Income before income taxes	**231**	161	**746**	912
Net income applicable to common shares	**203**	113	**578**	641
Normalized net income [1]	**227**	214	**648**	536
Total assets	**26,092**	23,471	**26,092**	23,471
Total long-term liabilities	**13,546**	12,195	**13,546**	12,195
Invested capital [1]	**392**	290	**1,328**	946
Cash used in investing activities	**402**	594	**1,375**	199
Dividends declared [2]	**88**	79	**353**	316
Cash from operations	**508**	154	**1,538**	1,121
Normalized funds from operations [1]	**397**	376	**1,192**	1,128
Normalized effective income tax rate (%) [1]	**12.4**	21.1	**19.1**	20.9
Effective income tax rate (%) [3]	**9.5**	20.5	**18.5**	24.5

	Three Months Ended December 31		Year Ended December 31	
($ per share, except shares outstanding)	**2024**	2023	**2024**	2023
Net income per common share - basic	**0.68**	0.40	**1.95**	2.27
Net income per common share - diluted	**0.68**	0.40	**1.94**	2.26
Normalized net income - basic [1]	**0.76**	0.76	**2.18**	1.90
Normalized net income - diluted [1]	**0.76**	0.75	**2.17**	1.89
Dividends declared [2]	**0.30**	0.28	**1.19**	1.12
Cash from operations	**1.70**	0.54	**5.18**	3.98
Normalized funds from operations [1]	**1.33**	1.33	**4.01**	4.00
Shares outstanding - basic (millions)				
During the period [4]	**298**	283	**297**	282
End of period	**298**	295	**298**	295

(1) Non-GAAP financial measure or non-GAAP financial ratio; see discussion in the Non-GAAP Financial Measures section of the MD&A.
(2) Dividends declared per common share per quarter: $0.28 per share beginning March 2023, increased to $0.2975 per share effective March 2024, and increased to $0.315 per share effective March 2025.
(3) The decrease in the effective income tax rate for the three months and year ended December 31, 2024 is primarily due to the resolution of tax authority audits.
(4) Weighted average.

ABOUT ALTAGAS

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

For more information visit www.altagas.ca or reach out to one of the following:

Jon Morrison
Senior Vice President, Corporate Development and Investor Relations
Jon.Morrison@altagas.ca

Aaron Swanson
Vice President, Investor Relations
Aaron.Swanson@altagas.ca

Investor Inquiries
1-877-691-7199
investor.relations@altagas.ca

Media Inquiries
1-403-206-2841
media.relations@altagas.ca

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 2025 guidance including normalized earnings per share of $2.10 to $2.30 and normalized EBITDA of $1,775 to $1,875 million; the Company's expectation that it will achieve its 2025 guidance ranges; AltaGas' key focus areas for 2025 and beyond including asset modernization, safety, reliability and system betterment in the Utilities segment and the anticipated benefits therefrom; opportunities around data center developments, timing of potential construction associated with these opportunities and the anticipated benefits therefrom; the expectation that regulatory approval will be sought for SEMCO's Keweenaw Connector Pipeline in 2025 and the anticipated benefits of the project; the expectation that REEF will remain on-budget and on-time achieving its 2026 in-service date; anticipated benefits of REEF once it is in-service; the expectation that Pipestone II will remain on-budget and on-time achieving its 2025 in-service date; AltaGas' commitment to advancing regulatory and engineering work across a number of Midstream projects and the anticipated benefits therefrom including extending the growth outlook for AltaGas' Midstream business; AltaGas' intention to divest its 10 percent interest MVP and its 5.1 percent interest in Southgate, the intended use of proceeds therefrom and the anticipated benefits therefrom including accelerating AltaGas' deleveraging plan; the anticipated issuance by Washington Gas of US$100 million 4.85 percent private placement notes on April 1 2025 and the anticipated use of proceeds therefrom; the Company's five to seven percent CAGR guidance on dividends through 2029; the belief that the Utilities can be the largest source of energy for households across the jurisdictions where AltaGas operates; the importance of connecting Canada's energy products to Asia; the Company actively advancing its regulatory priorities in the Utilities business; timing of material regulatory filings, proceedings and decisions in the Utilities business; the Company's commitment to prioritizing cost management for the benefit of its customers while maintaining regulatory and capital discipline; AltaGas' efforts to ensure long-term operating costs are aligned with existing rate structures and allowed costs in the Utilities business and the anticipated benefits therefrom; the belief in the importance of market diversification and the long-term advantage of AltaGas' global exports platform; the Company's hedging program and AltaGas' 2025 Midstream Hedge Program estimates; AltaGas' ability to execute on its corporate strategy and the anticipated benefits therefrom; the Company's focus on delivering resilient and growing normalized EBITDA and normalized EPS while achieving target leverage ratios; AltaGas' commitment to maintaining a disciplined, self-funded 2025 capital program of approximately $1.4 billion, excluding ARO; the allocation of consolidated 2025 capital to the Company's Utilities, Midstream and Corporate/ Other segments; AltaGas' plan for funding 2025 capital requirements; consideration of opportunistic asset sales and the anticipated use of proceeds therefrom; and AltaGas' dividend policy including timing for payment of such dividends.

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: AltaGas' effective tax rate, 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 including tariffs; internal credit risk; capital market and liquidity risks; interest rates; foreign exchange risk; debt financing, refinancing, and debt service risk; counterparty and supplier risk; construction and development; cybersecurity, information, and control systems; regulatory risks; changes in law; climate-related risks; environmental regulation risks; Indigenous and treaty rights; litigation; dependence on certain partners; political uncertainty, activism, civil unrest, terrorist attacks and threats, escalation of military activity and acts of war; risks related to conflict, including the conflicts in Eastern Europe and the Middle East; decommissioning, abandonment and reclamation costs; reputation risk; weather data; technical systems and processes incidents; growth strategy risk; failure to realize anticipated benefits of acquisitions and dispositions; 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 Company's Annual Information Form for the year ended December 31, 2024 ("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.

ALTAGAS LTD.

Management's Discussion & Analysis

For the year ended December 31, 2024

Dated: March 6, 2025

TABLE OF CONTENTS

FORWARD-LOOKING INFORMATION AND STATEMENTS

This Management's Discussion and Analysis ("MD&A") dated March 6, 2025 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 year ended December 31, 2024. This MD&A should be read in conjunction with the accompanying audited Consolidated Financial Statements and notes thereto of AltaGas as at and for the year ended December 31, 2024.

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, 2024 or the Annual Information Form for the year ended December 31, 2024.

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; investment in the Utilities business, including investment in asset modernization programs and system betterment, being a key focus in 2025 and beyond and the anticipated benefits therefrom; potential opportunities in connection with data centers and the anticipated benefits therefrom; expected timing of regulatory approval of SEMCO's Keweenaw Connector Pipeline project and the anticipated benefits therefrom; REEF remaining on schedule and on budget, expected timing of REEF coming online and the anticipated benefits of REEF; advances on construction of Pipestone II; Pipestone II remaining on schedule and on budget; expected timing of Pipestone II coming in-service; advances on regulatory and engineering work on a number of gas, processing, fractionation, storage and export projects and the anticipated benefits therefrom; the sale of AltaGas' equity stake in MVP including the timing thereof, anticipated use of proceeds and benefits therefrom; Washington Gas' anticipated issuance of US$100 million of private placement notes in April 2025; expected 2025 annual consolidated normalized EBITDA of approximately $1.775 to $1.875 billion; anticipated 2025 normalized earnings per share of approximately $2.10 to $2.30; the expectation that the Utilities segment will contribute approximately 55 percent of normalized EBITDA for 2025; 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 2025; drivers of expected growth in the Midstream segment; expected growth drivers of 2025 normalized earnings per share; AltaGas' expectation of an active 2025 hedging program and anticipated outcomes therefrom; anticipated capital expenditures of approximately $1.4 billion in 2025; anticipated segment allocation and focus of capital expenditures in 2025; the expectation that the 2025 committed capital program will be funded through a combination of internally-generated cash flows, investment capacity associated with stronger normalized EBITDA across the enterprise and ongoing capital recycling with the planned divestiture of AltaGas' interest in MVP; the expectation that additional asset sales will be considered on an opportunistic basis and the anticipated use of proceeds therefrom; the estimated cost, status and expected in-service dates for growth capital projects in the Midstream and Utilities businesses; AltaGas' belief that the MVP Southgate project will become operational and its commitment to supporting the MVP Southgate project; the expectation that AltaGas will grow its existing utility infrastructure and the anticipated benefits therefrom; AltaGas' pursuit of opportunities and its long-term objectives in the Utilities segment including, among other things, RNG and lower carbon investments, anticipated rate base growth and *ensuring energy affordability for its customers; AltaGas' pursuit of opportunities and its long-term objectives in the Midstream segment including, among other things, expanding and optimizing strategically-located assets and its global exports platform; 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; Washington Gas' ARP modernization programs and the expected benefits therefrom; the Company's ability to deliver on its 2025 guidance; the percentage of AltaGas' expected 2025 frac exposed volumes that are hedged; the percentage of AltaGas' expected 2025 global export volumes that are tolled or financially hedged; estimated impact of changes in commodity prices, exchange rates, and weather on normalized annual EBITDA; AltaGas' commitment to maintaining a disciplined, self-funded capital program; AltaGas' objectives for managing capital and maintaining its investment grade ratings; anticipated sources of funding for contractual obligations; future legal obligations on asset retirement; penalties for breaching merger conditions associated with the WGL acquisition; objectives and expected results from AltaGas' commodity price contract strategies by segment; AltaGas' dividend policy and the dividend rate for 2025; and the effect of future changes in accounting policies and adoption of new accounting standards.*

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: AltaGas' effective tax rate, 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 including tariffs; internal credit risk; capital market and liquidity risks; interest rates; foreign exchange risk; debt financing, refinancing, and debt service risk; counterparty and supplier risk; construction and development; cybersecurity, information, and control systems; regulatory risks; changes in law; climate-related risks; environmental regulation risks; Indigenous and treaty rights; litigation; dependence on certain partners; political uncertainty, activism, civil unrest, terrorist attacks and threats, escalation of military activity and acts of war; risks related to conflict, including the conflicts in Eastern Europe and the Middle East; decommissioning, abandonment and reclamation costs; reputation risk; weather data; technical systems and processes incidents; growth strategy risk; failure to realize anticipated benefits of acquisitions and dispositions; 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, 2024 ("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 2024 with an average rate base of approximately US$5.4 billion.

The Utilities segment includes two utilities that deliver essential energy 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 ("D.C."); and
- SEMCO Energy, Inc. ("SEMCO Energy"), which serves approximately 330,000 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 that operates across Maryland, Virginia, Delaware, Pennsylvania, Ohio, and 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 to critical forms of energy. From wellhead to tidewater, the Company is focused on providing its customers with safe and reliable service and connectivity across the Midstream value chain 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 nameplate 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 70 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, liquids storage with approximately 3.2 million barrels of capacity 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 equity interest in the Mountain Valley Pipeline ("MVP"), which is a 2.0 Bcf/d transportation pipeline that transports natural gas from the Marcellus across Virginia and West Virginia to key downstream demand markets.

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.

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 $0.76 in the fourth quarter of 2024 consistent with the same quarter of 2023, and $2.18 for the full year of 2024 compared to $1.90 for the same period in 2023, while GAAP EPS was $0.68 in the fourth quarter of 2024 compared to $0.40 in the same quarter of 2023 and $1.95 for the full year of 2024 compared to $2.27 for the same period in 2023. Full year normalized EPS was above the midpoint of AltaGas' 2024 guidance range, driven by strong performance across the enterprise.
- Normalized EBITDA was $520 million in the fourth quarter of 2024 compared to $502 million in the same quarter of 2023, and $1,769 million for the full year of 2024 compared to $1,575 million for the same period in 2023, while income before income taxes was $231 million in the fourth quarter of 2024 compared to $161 million in the same quarter of 2023 and $746 million for the full year of 2024 compared to $912 million for the same period in 2023. Full year normalized EBITDA was at the top-end of AltaGas' 2024 guidance range, driven by strong business performance, including: the partial settlement of Washington Gas' post-retirement benefit pension plan in the third quarter, record LPG export volumes, the benefit of continued Utilities rate base investments, the addition of the Pipestone assets, and enhanced cost management at the Utilities.
- The Utilities segment reported normalized EBITDA of $336 million in the fourth quarter of 2024 compared to $311 million in the same quarter of 2023, while income before income taxes was $186 million in the fourth quarter of 2024 compared to $207 million in the same quarter of 2023. The largest drivers of the eight percent year-over-year growth in Utilities normalized EBITDA were enhanced cost management, contribution from investments in rate base, and increased revenue from the 2023 D.C rate case decision. These factors were partially offset by warm weather in D.C. and Michigan and lower contributions from the Retail business.
- The Midstream segment reported normalized EBITDA of $182 million in the fourth quarter of 2024 consistent with the same quarter of 2023, while income before income taxes was $181 million in the fourth quarter of 2024 compared to $79 million in the same quarter of 2023. Positive contributions from increased export volumes and the addition of the Pipestone Assets were offset by lower extraction volumes due to ethane re-injection, a higher percentage of export volumes under tolling contracts in 2024 relative to 2023, and lower contribution from MVP due to recording equity earnings instead of the allowance for funds used during construction ("AFUDC") recorded in 2023.
- AltaGas continued to heavily invest in its Utilities business in 2024 to add new customers and enhance the safety and reliability of its system. The Company deployed $722 million of capital to the Utilities in 2024, with $360 million spent on asset modernization programs and the balance on system betterment and new meter growth. Asset modernization and system betterment will remain a key focus in 2025 and beyond, which will allow AltaGas to deliver the lowest cost and most reliable form of residential and commercial heating in its jurisdictions.
- AltaGas continues to work with numerous data center developers in Northern Virginia around building pipeline interconnects to provide natural gas for onsite power generation for new data centers. Business development and engineering work on these opportunities is expected to progress through 2025 with potential construction in 2026 and onwards. AltaGas is pursuing these opportunities on a de-risked basis through traditional rate regulated investments. These data center opportunities would further increase AltaGas' strong Utilities growth outlook.

- Utilities system expansion opportunities progressed during the fourth quarter of 2024. SEMCO's Keweenaw Connector Pipeline project continued with key regulatory and engineering work and now expects to seek regulatory approval in 2025. The project is focused on ensuring long-term reliable gas and system resiliency for our Michigan customers, offering diversity of supply and more reliable service to 14,000 customers in the Keweenaw Peninsula.
- AltaGas advanced a number of key Midstream growth projects in 2024:
  - The Company and Royal Vopak reached a positive final investment decision (“FID”) and commenced construction on the Ridley Island Energy Export Facility (“REEF”). REEF remains on budget and on-schedule to achieve its 2026 in-service date. With only ten shipping days to strong demand markets in Northeast Asia, REEF will efficiently deliver Canada's vital energy products to the region and allow Canadian LPGs access to premium global markets.
  - AltaGas continued to progress construction of the Pipestone II deep cut facility in the Alberta Montney. The acid gas wells and gas gathering system have been completed, offsite fabrication has been executed in line with the project delivery schedule, and more than 40 percent of facility construction is complete. The project is on track to be in-service in 2025. Pipestone II is fully contracted under long-term take-or-pay agreements with principally all costs incurred or committed under fixed price contracts.
  - AltaGas continued to advance regulatory and engineering work across a number of gas processing, fractionation, storage and export projects, based on strong customer demand. These projects would further extend the growth outlook for AltaGas' Midstream business.
- The Company advanced commercial contracting across the Midstream business which further de-risked cash flows:
  - Executed long-term LPG supply and tolling agreements across the global exports platform during the fourth quarter of 2024 and first quarter of 2025 achieving AltaGas' base long-term tolling target for REEF. This includes Keyera entering a 15-year contract for 12,500 Bbls/d of LPGs at REEF.
  - Entered 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, with associated liquids handling and fractionation.
  - Extended the contract term with a large investment grade producer at the Pipestone I facility in the Alberta Montney for five years, including gas processing, liquids handling and marketing services.
  - Entered an 18-year agreement for approximately 8,000 Bbls/d fractionation capacity at Keyera Fort Saskatchewan ("KFS"), which provides AltaGas with dedicated frac capacity Pipestone II liquids while securing take-in-kind rights for LPG volumes and provides access to Keyera's extensive rail, storage, and logistics network in Alberta's Industrial Heartland.
- Since entering service in June 2024, the Mountain Valley Pipeline ("MVP") has been steadily operating under long-term 20-year contracts with investment grade counterparties. The 2.0 Bcf/d pipeline is expandable by 475 MMcf/d through additional compression and is extendable into North Carolina through the Southgate expansion project. The Southgate project filed an application with the U.S. Federal Energy Regulatory Commission ("FERC") in February to approve its proposed shortened pipeline route. AltaGas has a ten percent non-operated equity stake in the MVP pipeline and a 5.1 percent interest in Southgate and is currently evaluating a sale of its interests with proceeds planned to accelerate AltaGas' deleveraging plan.
- AltaGas had two financings in the fourth quarter of 2024, including Washington Gas' execution of a note purchase agreement on October 1, 2024 to issue US$200 million of private placement notes. Of this, US$100 million was 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. On November 18, 2024, AltaGas also executed a partial debt extinguishment of medium-term notes

("MTNs"), resulting in the derecognition of $806 million of previously issued MTNs for total consideration of $793 million.

- On December 3, 2024, AltaGas' Board of Directors approved a six percent increase to its 2025 common share dividends to $1.26 per common share annually ($0.315 per common share quarterly). This change will be effective for the dividend that will be paid on March 31, 2025.
- AltaGas has had a strong start to the year and is reiterating the Company's 2025 full year guidance, including normalized EBITDA of $1,775 million to $1,875 million and normalized net income per share of $2.10 to $2.30.

2025 OUTLOOK

In 2025, AltaGas expects to achieve normalized EBITDA of approximately $1.775 to $1.875 billion, compared to actual normalized EBITDA of $1.769 billion in 2024, and normalized earnings per share of approximately $2.10 to $2.30, compared to actual normalized earnings per share of $2.18 and GAAP net income per share of $1.95 in 2024. For the year ended December 31, 2024, income before income taxes was $746 million while net income applicable to common shares was $578 million.

The Utilities segment is expected to contribute approximately 55 percent of normalized EBITDA in 2025, with year-over-year expected growth primarily driven by continued rate base growth through ongoing capital investments in asset modernization programs on behalf of AltaGas' customers, normal 2025 weather, positive contribution from new customer growth, stronger performance from WGL's retail marketing business, and increased 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 natural gas and NGL marketing margins, and higher utilization at the Company's Montney facilities, including the Townsend complex, North Pine, and Pipestone I, partially offset by lower expected equity earnings from MVP, including an assumed divestiture mid-year, and lower co-generation revenue at the Harmattan gas processing facility and extraction plant ("Harmattan") due to forward power prices.

The variance in expected normalized earnings per share from $2.18 in 2024 to approximately $2.10 to $2.30 in 2025 is anticipated to be primarily due to the same above factors impacting normalized EBITDA, partially offset by 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, and the currency hedges that AltaGas currently has in place. 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' 2024 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 first half of 2025, 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:

2025 Midstream Hedge Program	Q1 2025	Q2 2025	First half of 2025
Global Exports volumes hedged (%) (1)	81	94	87
Average propane/butane Far East Index ("FEI") to North America hedge (US$/Bbl) (2) (3)	18.33	18.90	18.61
Fractionation volumes hedged (%) (3)	72	80	76
Frac spread hedge rate (US$/Bbl) (3)	27.63	26.57	27.10

(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.

AltaGas is actively contracting and hedging the balance of 2025 global export volumes, recognizing the NGL re-contracting season is more dynamic this year given the impact of tariffs on Canadian LPGs entering the U.S.

SENSITIVITY ANALYSIS

AltaGas' financial performance is affected by factors such as changes in commodity prices, exchange rates, and weather. The following table illustrates the approximate effect of these key variables on AltaGas' expected normalized annual results for 2025:

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	Less than $1 million
Propane and butane FEI to North America spreads (1) (5)	US$1/Bbl	23

(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 capital program and currently expects to deploy the following amount of invested capital in 2025:

	2025 Estimated	2024 Actuals
Invested Capital	**$1.4 billion**	$1.3 billion
Split by segment:		
Utilities	**51%**	54%
Midstream	**45%**	41%
Corporate	**4%**	5%

In 2025, 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, and other optimization capital for existing assets. The Corporation continues to focus on capital efficient organic growth and disciplined capital allocation while improving balance sheet strength and flexibility.

AltaGas' 2025 committed capital program is expected to be funded through a combination of internally generated cash flows, the investment capacity associated with higher normalized EBITDA across the enterprise, and ongoing capital recycling through the planned divestiture of the Company's equity interest in MVP. Additional asset sales will be considered on an opportunistic basis, with any potential proceeds to be used to strengthen the balance sheet and increase financial flexibility.

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 large-scale LPG and bulk liquids export terminal with supporting marine infrastructure that is under construction on Ridley Island, British Columbia. The project is being developed by AltaGas and Vopak Development Canada Holdings Inc. ("Vopak") and is 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. Construction of in water works, overburden removal, rock blasting and early rail offloading foundation works are all 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 5.1 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. On February 3, 2025, MVP filed with the FERC requesting amendment to the existing "Certificate of Public Convenience and Necessity" for the redesigned MVP Southgate Project. 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 had encountered. AltaGas has a high degree of confidence in MVP Southgate becoming operational and 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 - D.C.***	100%	Estimated US$93 million for the period March 2024 to December 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. The PSC of DC has issued orders extending PROJECTpipes 2 through December 2025 with an additional approved spending limit of approximately US$93 million. 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. 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. The procedural schedule in the District SAFE matter has been extended to allow additional discovery on Washington Gas' rebuttal testimony, and the PSC of DC directed the parties to file a Joint List of Material Facts in dispute on May 30, 2025. The PSC of DC will determine if evidentiary hearings are needed after review of the Joint List of Material facts in dispute. A final order in the District SAFE case is not expected until the second half of 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.	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 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 Michigan Public Service Commission ("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 MPSC approved the settlement on September 26, 2024.	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.

UTILITY ASSETS

Description of Assets

AltaGas owns and operates utilities assets that store and deliver natural gas to residential, commercial, and industrial end-users in Virginia, Maryland, Michigan, and D.C. AltaGas' Utilities provide energy to approximately 1.6 million customers with an average rate base of approximately US$5.4 billion.

The Utilities are underpinned by regulated returns and regulatory regimes that generally provide AltaGas with stable earnings and cash flows. The Utilities segment enhances the diversification of AltaGas' portfolio of energy infrastructure assets and strengthens the Corporation’s business profile, thus allowing the Corporation to meet its objective of operating a diversified lower-risk, high-growth energy infrastructure business that is focused on delivering resilient and durable value for its stakeholders with long-life assets.

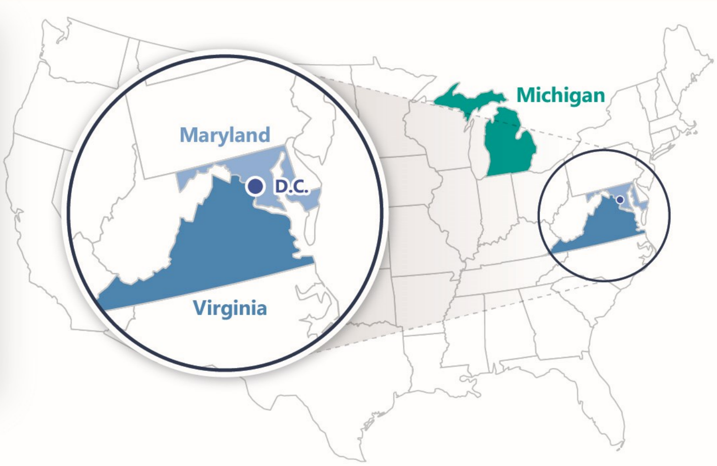
The Utilities segment includes:

- **Washington Gas**, which is a regulated gas utility that operates in Virginia, Maryland, and D.C.;
- **Hampshire Gas**, which provides regulated interstate natural gas storage to Washington Gas;
- **SEMCO**, which is a regulated gas utility that operates in Michigan; and
- **WGL's Retail Marketing** business, which is an unregulated energy platform that sells power and natural gas directly to residential, commercial, and industrial customers in Maryland, Virginia, Delaware, Pennsylvania, Ohio, and D.C.

AltaGas Utilities

Breakdown		Customers[1]	Rate Base[2] (US$MM)	Allowed ROE
Washington Gas	Maryland	518,000	1,622	9.50%
	Virginia	557,000	1,964	9.65%
	D.C.	164,000	848	9.65%
SEMCO ENERGY	Michigan	330,000	932	9.87%

1) Numbers are rounded/approximate.
2) Average rate base.



All of AltaGas' regulated Utilities are allowed the opportunity to earn regulated returns. This return on rate base is composed of regulator-allowed financing costs and return on equity ("ROE"). If actual costs are different from those recoverable through approved rates, the utility bears the risk of this difference other than for certain costs that are subject to deferral treatment.

Earnings in the Utilities segment are seasonal, as revenues are primarily based on the demand for space heating in the winter months, mainly from November to March. Costs, on the other hand, are generally incurred more uniformly over the year. This typically results in stronger first and fourth quarters and weaker second and third quarters. In Michigan and D.C., earnings can be impacted by variations from normal weather resulting in delivered gas volumes being different than anticipated. Increases in the number of customers or changes in customer usage are other factors that might typically affect delivered volumes, and hence actual earned returns for the Utilities segment. In Virginia and Maryland, Washington Gas has billing mechanisms in place which are designed to eliminate or mitigate the effects of variance in customer usage caused by weather and other factors such as conservation.

Washington Gas

Washington Gas is a regulated gas utility that distributes natural gas to end users in Virginia, Maryland, and D.C. At the end of 2024, Washington Gas had approximately 1.2 million customers, of which approximately 94 percent were residential and the balance were commercial and industrial. The average rate base for the year ended December 31, 2024 was approximately US$4.4 billion. At the end of 2024, the approved regulated ROE for Washington Gas in its various jurisdictions ranged from 9.5 - 9.65 percent based on an equity ratio ranging from 52.0 - 52.5 percent.

Washington Gas is regulated by the PSC of DC, the PSC of MD, and the SCC of VA, which approve its terms of service and the billing rates that it charges to customers. The rates charged to Utilities customers are designed to recover Washington Gas' operating expenses and natural gas commodity costs and to provide a return on its investment in the net assets used in its firm gas sales and delivery service.

Washington Gas utilizes ARP modernization programs across all three of its operating jurisdictions. These programs are focused on reducing risk and further enhancing the safety and reliability of the networks. Each regulatory commission with jurisdiction over Washington Gas' customer rates has ARPs with an associated surcharge mechanism to recover the cost, including providing a return on those capital investments. In contrast to the traditional rate-making approach to capital investments, these ARP programs ensure that Washington Gas is receiving recovery for these investments as the programs are generally executed against over three to five-year approved increments.

Washington Gas' customers are eligible to purchase their natural gas from unregulated third-party marketers through natural gas unbundling. As at December 31, 2024, approximately 12 percent of its customers have chosen to purchase gas from marketers. This does not negatively impact Washington Gas' earnings as the Corporation does not earn a margin on the sale of natural gas to firm customers, rather only from the delivery and distribution of the gas.

Washington Gas obtains natural gas supplies that originate from multiple regions throughout the United States. At December 31, 2024, it had service agreements with four pipeline companies that provided firm transportation and storage services with contract expiration dates ranging from 2025 to 2045. Washington Gas has also contracted with various interstate pipeline and storage companies to add to its storage and transportation capacity. Washington Gas, under its asset optimization program, makes use of storage and transportation capacity resources available, when those assets are not required to serve utility customers. The objective of this program is to derive a profit from excess storage and transportation capacity that is shared with its utilities customers. These profits are earned by entering into commodity-related physical and financial contracts with third parties and the profits help reduce overall utility costs for Washington Gas' customers.

Hampshire Gas

Hampshire owns underground natural gas storage facilities, including pipeline delivery facilities located in and around Hampshire County, West Virginia, and operates these facilities to serve Washington Gas. Hampshire is regulated by the Federal Energy Regulatory Commission ("FERC"). Washington Gas purchases all of the storage services of Hampshire, and includes the cost of the services in the commodity cost of its regulated energy bills to customers. Hampshire operates under a “pass-through” cost-of-service based tariff approved by FERC.

SEMCO

SEMCO is a regulated gas utility that distributes natural gas to end users in Michigan's southern half of the Lower Peninsula and in the central, eastern, and western parts of the state's Upper Peninsula. At the end of 2024, SEMCO had approximately 325,000 regulated customers, of which approximately 93 percent were residential, and the balance were commercial and industrial. Additionally, SEMCO serves approximately 5,000 customers through its non-regulated business. The average 2024 rate base was approximately US$932 million. In 2024, the approved regulated ROE for SEMCO was 9.87 percent with an approved capital structure based on 45.86 percent equity, inclusive of the impact of deferred income tax.

SEMCO is regulated by the MPSC. It operates under cost-of-service regulation and utilizes actual results from the most recently completed fiscal year along with known and measurable changes in its application for new rates.

SEMCO has an Accelerated MRP surcharge to recover a stated amount of accelerated main replacement capital expenditures in excess of what is authorized in its current base rates. Any MRP revenue associated with unspent capital will be placed into a regulatory liability account to be addressed in the next general rate base case. Additionally, SEMCO has an IRIP to improve the reliability of infrastructure. Similar to the MRP, any unspent IRIP capital is placed into a regulatory liability account to be addressed in the next general rate base case.

Retail Energy Marketing

The U.S. retail gas marketing business sells natural gas directly to residential, commercial, and industrial customers in Maryland, Virginia, Delaware, Pennsylvania, and D.C.

The U.S. retail power marketing business sells power to end users in Maryland, Delaware, Pennsylvania, Ohio, and D.C. This area is served by the PJM Interconnection ("PJM"), a regional transmission organization that regulates and coordinates generation supply and the wholesale delivery of electricity in these states and jurisdictions.

Natural gas and electricity are purchased with the objective of earning a profit through competitively priced sales contracts with end users. Requirements to serve retail customers is closely matched with commitments for deliveries, and thus, a secured supply arrangement expiring in March 2026 has been entered into with Shell Energy North America (US), L.P, which reduces credit requirements.

Capitalize on Opportunities

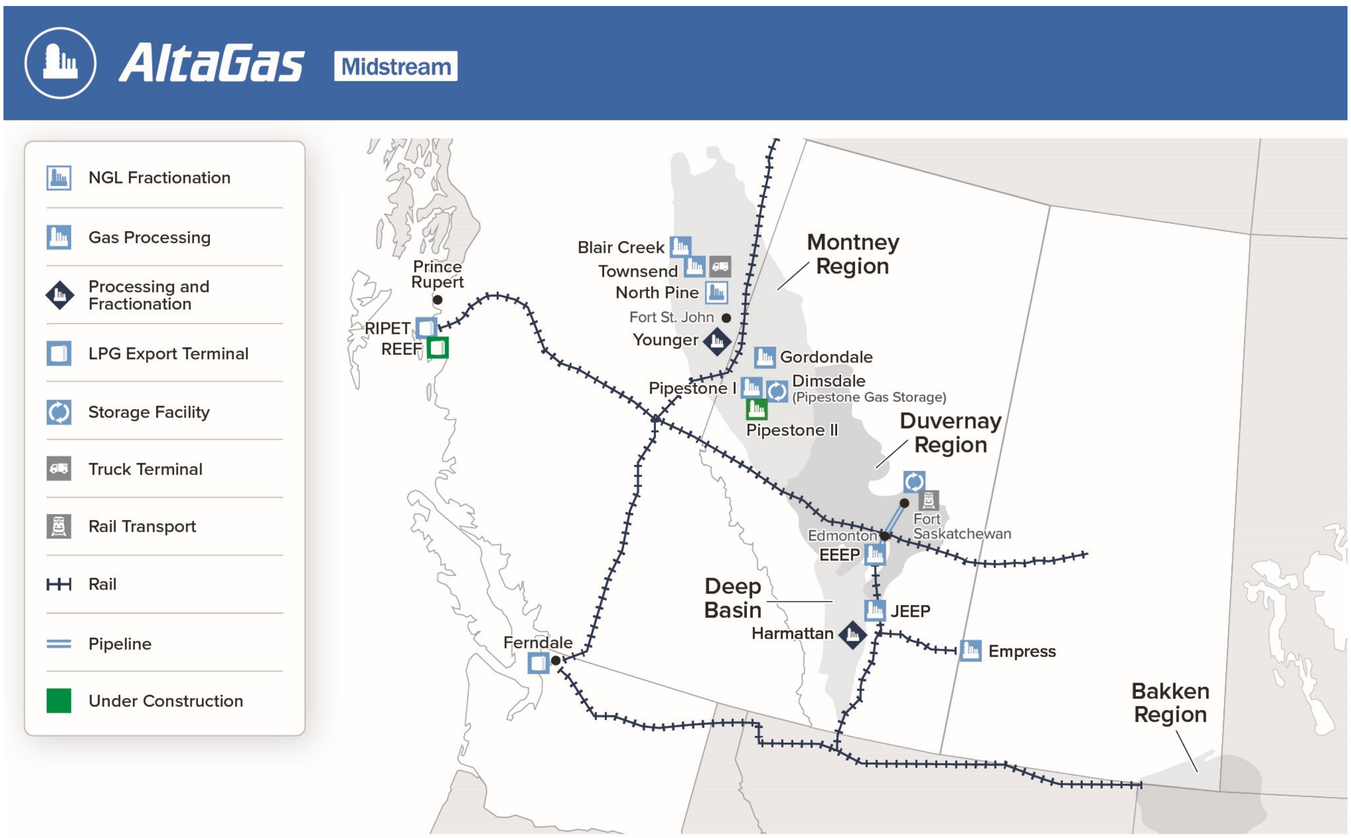
AltaGas expects to grow its existing utilities through adding new customers from ongoing household and business formation, extending its network to currently un-serviced regions within its service territory, and through capital investments to replace aging infrastructure that are focused on long-term safety and reliability, which will collectively drive rate base growth. AltaGas' utilities have had annual rate base growth averaging approximately 8 percent in U.S. dollars over the past three years, after excluding the impact of asset sales. The growth in rate base is a result of prudent investments in current areas of operations and the addition of new customers. Customer growth rates for AltaGas’ utilities are moderate, as is typical with mature utilities, with growth rates generally tied closely to the economic growth and new household and business formation within its respective franchise regions.

MIDSTREAM ASSETS

Description of Assets

AltaGas’ Midstream business is a fully integrated North American platform that connects customers and markets to critical forms of energy. From wellhead to tidewater, the Company is focused on providing its customers with safe and reliable service and connectivity across the Midstream value chain that facilitates the best outcomes for their businesses. AltaGas is heavily focused on the Montney and Deep Basin resource plays and providing global market access for North American 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.

Please see below for a map of AltaGas' Midstream assets. The Midstream segment also includes expansion projects under development or construction, as discussed under the *Growth Capital* section of this MD&A.



Global Exports

AltaGas' global export business provides market connectivity for North American LPGs to reach global downstream markets, where the strongest pricing is realized. The business owns and operates the following large-scale export terminals:

Export Facilities							
Facility	Location	Equity Interest (%)	Propane LPG Storage Capacity (Bbls)	Butane Storage Capacity (Bbls)	Nameplate LPG Export Capacity (Bbls/d)	2024 LPG Export Throughput (Bbls/d)
RIPET	Ridley Island, BC	70 %	600,000	—	80,000	76,296
Ferndale	Ferndale, WA	100 %	400,000	400,000	70,000	45,951
REEF - *under construction* (1)	Ridley Island, BC	50 %	400,000	200,000	56,000	n/a
Total			1,400,000	600,000	206,000	122,247

(1) Listed storage and export capacity is proposed as REEF is still under construction.

RIPET exclusively exports propane while Ferndale exports propane and butane to key downstream markets. Both of these facilities are deepwater ports that are capable of loading Very Large Gas Carriers ("VLGCs"), which are the largest global vessels and provide the strongest economies of scale and are the most efficient, safest, and lowest-carbon solution to transporting across the Pacific Ocean. VLGCs are also the most in demand vessels from a destination perspective in key import markets, like Japan, South Korea, and China.

AltaGas is also developing REEF, which is a large-scale LPG and bulk liquids export terminal with supporting marine infrastructure that is being constructed on Ridley Island in Northwestern B.C., adjacent to the current RIPET terminal. The project is being developed by AltaGas and Vopak and is proposed to have the capability to export propane and butane in the first phase of development, with bulk liquids, ethane and other products as potential next phases of development. Please refer to the *Capital Expenditures* section of this MD&A for further details on the status of REEF.

Natural Gas Gathering, Processing and Extraction

Natural gas gathering and processing activities are comprised of gathering systems that move raw natural gas and NGLs from producing wells to processing facilities, where impurities and certain hydrocarbon components are removed, and the product moves down the energy value chain. The gas is then compressed to meet downstream pipelines' operating specifications for transportation to North American natural gas markets. All of AltaGas' processing facilities are capable of extracting NGLs, which are then converted into usable products. The facilities provide revenues based on take-or-pay contracts and fee-for-service arrangements with its customers, with the latter based on volumes processed. A significant portion of AltaGas' Midstream contracts flow the Company's operating costs through to its end customers and provide a steady rate of return on its infrastructure investments. AltaGas' significant gas gathering, processing, and extraction facilities are as follows:

Natural Gas Gathering, Processing, and Extraction Facilities					
Facility	Location	Equity Interest (%)	Operated / Non-Operated	Licensed Gas Processing Capacity - Net (Mmcf/d)	2024 Gas Processing Throughput - Net (Mmcf/d)
Townsend	North of Fort St. John, BC	100 %	Operated	550	254
Pipestone Phase I	Grand Prairie, AB	100 %	Operated	110	90
Pipestone Phase II - *under construction* (1)	Grand Prairie, AB	100 %	Operated	100	n/a
Gordondale	Bonanza, AB	100 %	Non-Operated	150	106
Blair Creek	North of Fort St. John, BC	100 %	Operated	120	46
JEEP	Joffre, AB	100 %	Operated	250	103
EEEP	Edmonton, AB	100 %	Operated	390	155
Empress Pembina ("PEEP")	Empress, AB	11 %	Non-Operated	135	132
Harmattan	Sundre, AB	100 %	Operated	490	352
Younger	Taylor, BC	28 %	Non-Operated	213	159
Total				2,508	1,397

(1) Listed licensed capacity is proposed as Pipestone Phase II is still under construction.

Construction is underway for Pipestone Phase II, which is an expansion project that will provide an additional 100 MMcf/d of sour deep-cut natural gas processing capacity and an additional 20,000 Bbls/d of liquids handling capabilities. Please refer to the *Capital Expenditures* section of this MD&A for further details on the status of Pipestone Phase II.

In January 2024, AltaGas completed and placed in-service the Harmattan Acid Gas Injection well, which is capable of capturing up to 60,000 tonnes per year of carbon emissions at the Company's Harmattan gas plant.

Fractionation and Liquids Handling

AltaGas' fractionation and liquids handling business is highly integrated with its upstream gas gathering, processing, and extraction business, with the business driven by gas processing volumes, liquids composition, and NGL extraction volumes from the gas streams. AltaGas' fractionation and liquids handling business is also physically linked to its global exports business, with LPGs that come from fractionators shipped through its NGL pipelines and rail network to the Company's global exports terminals.

AltaGas' liquids handling infrastructure consists of NGL pipelines, treating, storage, truck, and rail terminal infrastructure centered around AltaGas' key Midstream operating assets at RIPET, Ferndale, Harmattan and, in Northeast British Columbia ("NEBC"), Townsend and North Pine.

AltaGas' significant fractionation and liquids handling facilities are as follows:

Fractionation and Liquids Handling Facilities					
Facility	Location	Equity Interest (%)	Operated / Non-Operated	NGL Fractionation Capacity - Net (Bbls/d)	2024 NGL Fractionation Throughput - Net (Mmcf/d)
Harmattan	Sundre, AB	100 %	Operated	35,000	18,352
Younger	Taylor, BC	50 %	Non-Operated	9,750	4,717
North Pine	Fort St. John, BC	100 %	Operated	25,000	20,283
Total				69,750	43,352

Other fractionation and liquids handling infrastructure includes:

- A network of NGL pipelines in the NEBC area that connects upstream gas plant producers to the AltaGas North Pine facility. The NEBC NGL pipelines consist of three liquids egress lines. The third line, which connects the Townsend facility to the Townsend truck terminal on the Alaska Highway (30 km) and AltaGas' North Pine facility (70 km), was commissioned in the third quarter of 2020;
- NGL and spec propane lines that connect the Townsend complex in the North, to the Aitken Creek facilities through the 60 km Aitken Connector NGL pipeline, Canadian Natural Resources Limited's Nig plant through a lateral, and to the Tourmaline Gundy facility in the West through a 15 km spec propane line, were commissioned in the first half of 2020;
- Pipestone Phase I which has 20,000 Bbls/d of liquids handling capacity located in the heart of the Alberta Montney and Pipestone Phase II when constructed will provide an additional 20,000 Bbls/d of liquids handling capabilities; and
- A rail logistics network consisting of approximately 4,500 rail cars that AltaGas manages to support LPG and NGL handling.

Terminals and Storage

AltaGas' terminals and storage business provides support to the global exports business by providing the ability to source, transport, process, store, and deliver products through strategically located fixed assets throughout North America. In addition, the business provides various storage and handling services to third-party customers through take-or-pay and fee-for-service agreements, which provide earnings stability through volatile commodity price environments.

Significant infrastructure includes:

Terminals					
Facility	Location	Equity Interest (%)	Operated / Non-Operated	Operational Capacity LPG/ NGL/Crude - Gross (Bbls/d)	Storage Capacity - Gross (Bbls)
Griffith LPG Terminal [1]	Griffith, IN	100 %	Operated	12,000	700,000
Fort Sask. NGL Terminal [2]	Fort Saskatchewan, AB	100 %	Operated	25,000	180,000
Strathcona Storage JV	Fort Saskatchewan, AB	40 %	Non-Operated	—	3,215,500
Crude Blending Terminals	Various	100 %	Operated	25,700	20,000
Total				62,700	4,115,500

(1) Operational capacity can be expandable to 30,000 Bbls/d. Also includes rail siding capacity of up to 220 railcars.
(2) Includes rail siding capacity of up to 265 railcars.

Natural Gas Storage Facilities				
Facility	Location	Equity Interest (%)	Operated / Non-Operated	Storage Capacity - Gross (Bcf)
Sarnia Gas Storage	Sarnia, ON	50 %	Non-Operated	5.9
Dimsdale Natural Gas Storage [1]	Grand Prairie, AB	100 %	Operated	15.0

(1) Storage capacity can be increased more than four-fold through potential expansion projects.

NGL and Crude Marketing

AltaGas' marketing business is focused on the purchase, sale, exchange, and distribution of NGLs and crude oil, primarily in proximity to its strategically owned and leased asset base. By leveraging AltaGas' fully integrated infrastructure base and extensive logistical capabilities, the marketing team is able to source competitively priced supply at the key hubs and across various hydrocarbon basins in order to capture arbitrage opportunities derived through regional pricing differentials. Marketing efforts are driven by two primary focuses: 1) domestic NGL and crude oil wholesale, and 2) LPG waterborne exports. AltaGas supports its distribution efforts by maintaining an extensive leased rail fleet consisting of approximately 4,500 rail cars in 2024. Leases are on a full-service basis and are established on a staggered maturity schedule with multiple lessors to ensure railcar integrity and up-to-date DOT classification. AltaGas also provides energy procurement services for utility gas users and manages the third-party pipeline transportation requirements for many of its gas marketing customers.

Pipeline Investments

AltaGas has a 10 percent equity interest in MVP, which is a 2.0 Bcf/d interstate natural gas pipeline system that spans more than 300 miles from northwestern West Virginia to southern Virginia and is fully subscribed. MVP was completed and placed into service in June 2024 and saw its 20 year firm service contracts with investment grade counterparties come into effect July 1, 2024. AltaGas also owns a 5 percent equity stake in the MVP Southgate Project, which is an interstate natural gas pipeline that will extend MVP from Southern Virginia into central North Carolina and add an additional 550 MMcf/d of capacity to MVP through low-cost compression. Please refer to the *Capital Expenditures* section of the MD&A for further details on the status of MVP Southgate.

Capitalize on Opportunities

To take advantage of opportunities, including the continued natural gas and NGL growth and the increasing Asian demand for LPGs, AltaGas plans to grow its Midstream business by expanding and optimizing strategically located assets throughout the Montney and Deep Basin and its global export platform. This includes brownfield and greenfield assets that will support enhanced market connectivity and the continued development of the vast reserves in North America.

CORPORATE/OTHER ASSETS

Description of Assets

AltaGas' Corporate/Other segment includes all non-operating activities that support AltaGas and are not specifically attributable to the Utilities and Midstream segments. It also includes a small portfolio of remaining power assets, including the Blythe Energy Center, which is a natural gas-fired plant in California with 507 MW of generating capacity (the "Blythe Energy Center" or "Blythe").

Blythe is a gas-fired power generation asset that serves the transmission grid operated by the California Independent System Operator ("CAISO") to cover periods of high demand primarily driven by the Los Angeles region. The facility is directly connected to an El Paso Gas Company natural gas pipeline for its primary gas supply and a Southern California Gas Company pipeline as a secondary supply source, and interconnects to Southern California Edison ("SCE") and CAISO via a 67-mile transmission line also owned by Blythe Energy Inc., an indirect wholly-owned subsidiary of AltaGas. In February 2023, AltaGas reached an agreement with SCE for the purchase of resource adequacy attributes from Blythe for the period from January 1, 2024 through December 31, 2027. AltaGas believes this facility is an important asset for California to meet its ongoing power needs and ensuring the reliability of the power grid during peak demand periods.

CONSOLIDATED FINANCIAL REVIEW

	Three Months Ended December 31		Year Ended December 31	
($ millions, except where noted)	**2024**	2023	**2024**	2023
Revenue	**3,259**	3,288	**12,448**	12,997
Normalized EBITDA (1)	**520**	502	**1,769**	1,575
Income before income taxes	**231**	161	**746**	912
Net income applicable to common shares	**203**	113	**578**	641
Normalized net income (1)	**227**	214	**648**	536
Total assets	**26,092**	23,471	**26,092**	23,471
Total long-term liabilities	**13,546**	12,195	**13,546**	12,195
Invested capital (1)	**392**	290	**1,328**	946
Cash used in investing activities	**402**	594	**1,375**	199
Dividends declared (2)	**88**	79	**353**	316
Cash from operations	**508**	154	**1,538**	1,121
Normalized funds from operations (1)	**397**	376	**1,192**	1,128
Normalized effective income tax rate (%) (1)	**12.4**	21.1	**19.1**	20.9
Effective income tax rate (%) (3)	**9.5**	20.5	**18.5**	24.5

	Three Months Ended December 31		Year Ended December 31	
($ per share, except shares outstanding)	**2024**	2023	**2024**	2023
Net income per common share - basic	**0.68**	0.40	**1.95**	2.27
Net income per common share - diluted	**0.68**	0.40	**1.94**	2.26
Normalized net income - basic (1)	**0.76**	0.76	**2.18**	1.90
Normalized net income - diluted (1)	**0.76**	0.75	**2.17**	1.89
Dividends declared (2)	**0.30**	0.28	**1.19**	1.12
Cash from operations	**1.70**	0.54	**5.18**	3.98
Normalized funds from operations (1)	**1.33**	1.33	**4.01**	4.00
Shares outstanding - basic (millions)				
During the period (4)	**298**	283	**297**	282
End of period	**298**	295	**298**	295

(1) Non-GAAP financial measure or non-GAAP financial ratio; see discussion in the *Non-GAAP Financial Measures* section of this MD&A.
(2) Dividends declared per common share per quarter: $0.28 per share beginning March 2023, increased to $0.2975 per share effective March 2024, and increased to $0.315 per share effective March 2025.
(3) The decrease in the effective tax rate for the three months and year ended December 31, 2024 is primarily due to the resolution of tax authority audits.
(4) Weighted average.

RESULTS OF OPERATIONS BY REPORTING SEGMENT

Normalized EBITDA [1]		Three Months Ended December 31			Year Ended December 31	
($ millions)		**2024**	2023		**2024**	2023
Utilities	**$**	**336**	$ 311	**$**	**1,012**	$ 886
Midstream		**182**	182		**785**	684
Sub-total: Operating Segments	**$**	**518**	$ 493	**$**	**1,797**	$ 1,570
Corporate/Other		**2**	9		**(28)**	5
	$	**520**	$ 502	**$**	**1,769**	$ 1,575

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

Income (Loss) Before Income Taxes		Three Months Ended December 31			Year Ended December 31	
($ millions)		**2024**	2023		**2024**	2023
Utilities	**$**	**186**	$ 207	**$**	**627**	$ 886
Midstream		**181**	79		**646**	460
Sub-total: Operating Segments	**$**	**367**	$ 286	**$**	**1,273**	$ 1,346
Corporate/Other		**(136)**	(125)		**(527)**	(434)
	$	**231**	$ 161	**$**	**746**	$ 912

Revenue		Three Months Ended December 31			Year Ended December 31	
($ millions)		**2024**	2023		**2024**	2023
Utilities	**$**	**1,203**	$ 1,288	**$**	**4,444**	$ 4,827
Midstream		**2,036**	1,971		**7,918**	8,069
Sub-total: Operating Segments	**$**	**3,239**	$ 3,259	**$**	**12,362**	$ 12,896
Corporate/Other		**20**	29		**86**	101
	$	**3,259**	$ 3,288	**$**	**12,448**	$ 12,997

THREE MONTHS ENDED DECEMBER 31

Normalized EBITDA for the fourth quarter of 2024 was $520 million, compared to $502 million for the same quarter of 2023. The increase was largely driven by strong results from the Utilities segment, as well as strong global export volumes in the Midstream segment.

In the Utilities segment, normalized EBITDA was mainly impacted by lower operating and administrative expenses due to ongoing cost controls, higher revenue from ongoing ARP investments, and the impact of the 2022 D.C. rate case, partially offset by lower contributions from WGL's retail marketing business, which had experienced outsized contribution in the fourth quarter of 2023. Please refer to the *Utilities Segment* section of this MD&A for more details on the factors impacting Utilities results.

In the Midstream segment, normalized EBITDA was mainly impacted by higher volumes and merchant margins from the global exports business, offset by lower contributions from the extraction facilities and lower equity earnings at MVP due to the absence of AFUDC recorded in the fourth quarter of 2023. Please refer to the *Midstream Segment* section of this MD&A for more details on the factors impacting Midstream results.

In the Corporate/Other segment, normalized EBITDA was mainly impacted by lower contributions from Blythe. Please refer to the *Corporate/Other Segment* section of this MD&A for more details on the factors impacting Corporate results.

Income before income taxes for the fourth quarter of 2024 was $231 million, compared to $161 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, foreign exchange gains compared to foreign exchange losses in the same quarter of 2023, and lower transaction costs related to acquisitions and dispositions. These factors were partially offset by higher interest expense, provisions on assets in the fourth quarter of 2024 related to EEEP and certain non-operational equipment in the Corporate/Other segment, higher depreciation and amortization expense, and higher transition and restructuring costs. Net income applicable to common shares for the fourth quarter of 2024 was $203 million ($0.68 per share), compared to $113 million ($0.40 per share) for the same quarter of 2023. The increase was mainly due to the same previously referenced factors impacting income before income taxes, lower income tax expense, the absence of the loss on redemption of preferred shares in the fourth quarter of 2023, lower preferred share dividends, and lower net income applicable to non-controlling interests.

Normalized funds from operations for the fourth quarter of 2024 was $397 million ($1.33 per share), compared to $376 million ($1.33 per share) for the same quarter of 2023. The increase was mainly due to the same previously referenced factors impacting normalized EBITDA, foreign exchange gains compared to foreign exchange losses in the same quarter of 2023, higher distributions from equity investments, and lower normalized current income tax expense, partially offset by higher interest expense and the impact of non-cash items included in normalized EBITDA.

Cash from operations for the fourth quarter of 2024 was $508 million ($1.70 per share), compared to $154 million ($0.54 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 as well as higher 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 fourth quarter of 2024 was $128 million, compared to $101 million for the same quarter of 2023. The increase was mainly due to incremental interest costs due to the issuance of additional subordinated 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 and a decrease in average debt balances. Interest expense recorded on subordinated hybrid notes for the fourth quarter of 2024 was $34 million, compared to $11 million for the same quarter of 2023.

AltaGas recorded income tax expense of $22 million for the fourth quarter of 2024, compared to $33 million for the same quarter of 2023. The decrease in income tax expense was mainly due to the resolution of audit matters.

Normalized net income was $227 million ($0.76 per share) for the fourth quarter of 2024, compared to $214 million ($0.76 per share) for the same quarter of 2023. The increase was mainly due to lower normalized income tax expense and the same previously referenced factors impacting normalized EBITDA, partially offset by higher interest expense and higher depreciation and amortization expense. Please refer to the *Non-GAAP Financial Measures* section of this MD&A for further details on normalization adjustments.

YEAR ENDED DECEMBER 31

Normalized EBITDA for the year ended December 31, 2024 was $1,769 million, compared to $1,575 million in 2023. The largest positive impact was from the Utilities segment, followed by the Midstream segment.

In the Utilities segment, normalized EBITDA was mainly impacted by the partial settlement of WGL's post-retirement benefit pension plan, higher revenue from ongoing ARP investments, lower operating and administrative expenses due to cost controls, and higher contributions from WGL's retail marketing business. These factors were partially offset by the impact of the Alaska Utilities Disposition in the first quarter of 2023, decreased asset optimization activities at Washington Gas, and the absence of the gain resulting from the partial debt defeasance associated with the Alaska Utilities Disposition. Please refer to the *Utilities Segment* section of this MD&A for more details on the factors impacting Utilities results.

In the Midstream segment, normalized EBITDA was higher due to stronger volumes and merchant margins from the global exports business, the addition of the Pipestone Assets, and higher contributions from the fractionation and liquids handling business, partially offset by a lower impact of the favourable resolution of certain acquisition related commercial disputes and contingencies in 2024 compared to 2023. Please refer to the *Midstream Segment* section of this MD&A for more details on the factors impacting Midstream results.

In the Corporate/Other segment, normalized EBITDA was mainly impacted by higher expenses related to employee incentive plans as a result of the increasing share price in 2024, as well as lower contributions from Blythe. Please refer to the *Corporate/Other Segment* section of this MD&A for more details on the factors impacting Corporate results.

Income before income taxes for the year ended December 31, 2024 was $746 million, compared to $912 million in 2023. The decrease was mainly due to lower gains on sale of assets, higher interest expense, higher transition and restructuring costs, higher depreciation and amortization expense, and the previously mentioned provisions on assets in the fourth quarter of 2024, partially offset by the same previously referenced factors impacting normalized EBITDA, lower unrealized losses on risk management contracts, lower transaction costs related to acquisitions and dispositions, foreign exchange gains compared to foreign exchange losses in the same period in 2023, and lower accretion expense. Net income applicable to common shares for the year ended December 31, 2024 was $578 million ($1.95 per share), compared to $641 million ($2.27 per share) 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, lower preferred share dividends, the absence of the loss on redemption of preferred shares in the fourth quarter of 2023, and lower net income applicable to non-controlling interests.

Normalized funds from operations for the year ended December 31, 2024 was $1,192 million ($4.01 per share), compared to $1,128 million ($4.00 per share) in 2023. The increase was mainly due to the same previously referenced factors impacting normalized EBITDA, foreign exchange gains compared to foreign exchange losses in the same period in 2023, and higher distributions from equity investments, partially offset by the impact of non-cash items included in normalized EBITDA, higher interest expense, and higher normalized current income tax expense.

Cash from operations for the year ended December 31, 2024 was $1,538 million ($5.18 per share), compared to $1,121 million ($3.98 per share) in 2023. The increase was mainly due to a favourable net change in operating assets and liabilities, primarily as a result of fluctuations in commodity prices and sales volumes as well as higher 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 year ended December 31, 2024 was $455 million, compared to $394 million in 2023. The increase was mainly due to incremental hybrid interest costs due to the issuance of additional subordinated hybrid notes in the third quarter of 2024 as well as the fourth quarter of 2023, higher average interest rates, an increase in average debt balances, and a higher average Canadian/U.S. dollar exchange rate, partially offset by higher capitalized interest. For the year ended December 31, 2024, AltaGas recorded total interest expense of $75 million on the subordinated hybrid notes, compared to $37 million in 2023.

AltaGas recorded income tax expense of $138 million for the year ended December 31, 2024, compared to $223 million in 2023. The decrease in tax expense was mainly due to lower income before income taxes, resolution of audit matters, and the absence of the tax impact of the Alaska Utilities Disposition that occurred in the first quarter of 2023.

Normalized net income was $648 million ($2.18 per share) for the year ended December 31, 2024, compared to $536 million ($1.90 per share) in 2023. The increase was mainly due to the same previously referenced factors impacting normalized EBITDA, lower preferred share dividends, and lower accretion expense, partially offset by higher interest expense, higher depreciation and amortization 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.

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.

Normalized EBITDA

	Three Months Ended December 31		Year Ended December 31	
($ millions)	**2024**	2023	**2024**	2023
Income before income taxes (GAAP financial measure)	**$ 231**	$ 161	**$ 746**	$ 912
Add:				
Depreciation and amortization	**123**	110	**475**	441
Interest expense	**128**	101	**455**	394
EBITDA	**$ 482**	$ 372	**$ 1,676**	$ 1,747
Add (deduct):				
Transaction costs related to acquisitions and dispositions (1)	**2**	6	**11**	36
Unrealized losses on risk management contracts (2)	**2**	94	**12**	70
Gains on sale of assets (3)	**—**	—	**(12)**	(319)
Transition and restructuring costs (4)	**21**	15	**70**	22
Wind-up of pension plan (5)	**—**	—	**—**	2
Provisions on assets	**20**	—	**20**	—
Accretion expenses	**1**	3	**5**	11
Foreign exchange losses (gains) (6)	**(8)**	12	**(13)**	6
Normalized EBITDA	**$ 520**	$ 502	**$ 1,769**	$ 1,575

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

(2) Included in the "revenue", “cost of sales”, and "foreign exchange gains (losses)" line items on the Consolidated Statements of Income. Please refer to Note 22 of the 2024 Annual Consolidated Financial Statements for further details regarding AltaGas' risk management activities.

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

(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.

(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) 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 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 using income before income taxes adjusted for pre-tax depreciation and amortization, and interest expense.

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

Normalized Net Income

($ millions)	Three Months Ended December 31 2024	2023	Year Ended December 31 2024	2023
Net income applicable to common shares (GAAP financial measure)	**$ 203**	$ 113	**$ 578**	$ 641
Add (deduct) after-tax:				
Transaction costs related to acquisitions and dispositions [(1)]	**2**	5	**9**	27
Unrealized losses on risk management contracts [(2)]	**3**	74	**10**	54
Gains on sale of assets [(3)]	**(3)**	—	**(9)**	(217)
Transition and restructuring costs [(4)]	**15**	11	**52**	17
Loss on redemption of preferred shares [(5)]	**—**	5	**—**	5
Wind-up of pension plan [(6)]	**—**	—	**—**	2
Provisions on assets	**15**	—	**15**	—
Unrealized foreign exchange losses (gains) on intercompany balances [(7)]	**(8)**	6	**(7)**	7
Normalized net income	**$ 227**	$ 214	**$ 648**	$ 536

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

(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. Please refer to Note 22 of the 2024 Annual Consolidated Financial Statements 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.

(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.

(5) Comprised of the loss on the redemption of Series E Preferred Shares on December 31, 2023. The loss is recorded in the "loss of redemption of preferred shares" line item on the Consolidated Statements of Income.

(6) 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.

(7) 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 gain (loss) on foreign currency translation, and the impact to the Canadian entity is recorded through the "foreign exchange gains (losses)" line item on the Consolidated Statements of Income.

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 December 31		Year Ended December 31	
($ millions)	**2024**	2023	**2024**	2023
Cash from operations (GAAP financial measure)	**$ 508**	$ 154	**$ 1,538**	$ 1,121
Add (deduct):				
Net change in operating assets and liabilities	**(129)**	198	**(430)**	(100)
Asset retirement obligations settled	**2**	3	**3**	15
Funds from operations	**$ 381**	$ 355	**$ 1,111**	$ 1,036
Add (deduct):				
Transaction costs related to acquisitions and dispositions (1)	**2**	6	**11**	36
Current tax expense (recovery) on asset sales (2)	**(7)**	—	**—**	34
Transition and restructuring costs (3)	**21**	15	**70**	22
Normalized funds from operations	**$ 397**	$ 376	**$ 1,192**	$ 1,128

(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. Transaction costs include expenses, such as legal fees, which are directly attributable to the acquisition or disposition.
(2) Included in the "current income tax expense" line item on the Consolidated Statements of Income.
(3) 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.

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 December 31		Year Ended December 31	
($ millions)	**2024**	2023	**2024**	2023
Income tax expense (GAAP financial measure)	**$ 22**	$ 33	**$ 138**	$ 223
Add (deduct) tax impact of:				
Transaction costs related to acquisitions and dispositions	**—**	1	**2**	9
Unrealized losses (gains) on risk management contracts	**(1)**	20	**2**	16
Losses (gains) on sale of assets	**3**	—	**(3)**	(102)
Transition and restructuring costs	**6**	4	**19**	5
Provisions on assets	**5**	—	**5**	—
Unrealized foreign exchange losses (gains) on intercompany balances	**(2)**	2	**(3)**	2
Normalized income tax expense	**$ 33**	$ 60	**$ 160**	$ 153

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

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

Net Debt, 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 subordinated 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, subordinated 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)	**December 31, 2024**	December 31, 2023
Short-term debt	**$ 10**	$ 129
Current portion of long-term debt [1]	**858**	999
Current portion of finance lease liabilities	**23**	11
Long-term debt [2]	**6,992**	7,528
Finance lease liabilities	**126**	120
Subordinated hybrid notes [3]	**2,022**	742
Total debt	**10,031**	9,529
Less: cash and cash equivalents	**(85)**	(95)
Net debt	**$ 9,946**	$ 9,434
Current portion of finance lease liabilities	**(23)**	(11)
Finance lease liabilities	**(126)**	(120)
Subordinated hybrid notes [3]	**(2,022)**	(742)
Debt on Pipestone Acquisition	**—**	(327)
Adjusted net debt	**$ 7,775**	$ 8,234
Adjusted net debt to normalized EBITDA [4]	**4.4**	5.2

(1) Net of debt issuance costs, unamortized premiums, and unamortized discounts of less than $1 million as at December 31, 2024 (December 31, 2023 - less than $1 million).
(2) Net of debt issuance costs, unamortized premiums, and unamortized discounts of $29 million as at December 31, 2024 (December 31, 2023 - $19 million).
(3) Net of debt issuance costs of $23 million as at December 31, 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

	Three Months Ended December 31		Year Ended December 31	
($ millions)	**2024**	2023	**2024**	2023
Cash used in investing activities (GAAP financial measure)	**$ 402**	$ 594	**$ 1,375**	$ 199
Add (deduct):				
Net change in non-cash capital expenditures (1)	**40**	26	**60**	3
AFUDC (2)	**—**	(3)	**—**	(3)
Contributions from non-controlling interests	**(50)**	—	**(123)**	—
Net invested capital	**$ 392**	$ 617	**$ 1,312**	$ 199
Business acquisition (3)	**—**	(327)	**—**	(327)
Asset dispositions	**—**	—	**2**	1,073
Disposals of equity investments (4)	**—**	—	**14**	1
Invested capital	**$ 392**	$ 290	**$ 1,328**	$ 946

(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 30 of the 2024 Annual Consolidated Financial Statements for further details.

(2) AFUDC is the amount that a rate-regulated enterprise is allowed to recover for its cost of financing assets under construction and excludes any AFUDC within investments accounted for by the equity method. AFUDC is included in the "property, plant and equipment" line item on the Consolidated Balance Sheets.

(3) Includes only the cash portion of the total consideration paid for the Pipestone Acquisition, net of cash acquired.

(4) Relates to escrow account proceeds received from AltaGas' previous investment in in Meade Pipeline Co. LLC ("Meade"), which held WGL Midstream's indirect, non-operating interest in Central Penn pipeline ("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 cash paid for business acquisitions and proceeds from disposals of assets and equity investments in the period. Net invested capital is calculated based on the investing activities section in the Consolidated Statements of Cash Flows, adjusted for items such as non-cash capital expenditures, AFUDC, and contributions from non-controlling interests. Invested capital and net invested capital are used by Management, investors, and analysts to enhance the understanding of AltaGas' capital expenditures from period to period and provide additional detail on the Company's use of capital.

Supplemental Calculations

Reconciliation of Normalized EBITDA to Normalized Net Income

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

	Three Months Ended December 31		Year Ended December 31	
($ millions)	**2024**	2023	**2024**	2023
Normalized EBITDA (1)	**$ 520**	$ 502	**$ 1,769**	$ 1,575
Add (deduct):				
Depreciation and amortization	**(123)**	(110)	**(475)**	(441)
Interest expense	**(128)**	(101)	**(455)**	(394)
Income tax expense	**(22)**	(33)	**(138)**	(223)
Normalizing items impacting income taxes (1)	**(10)**	(27)	**(21)**	70
Accretion expenses	**(1)**	(3)	**(5)**	(11)
Foreign exchange gains (losses)	**8**	(12)	**13**	(6)
Unrealized foreign exchange gains (losses) on intercompany balances	**(11)**	8	**(10)**	9
Net income applicable to non-controlling interests	**(1)**	(3)	**(12)**	(16)
Preferred share dividends	**(5)**	(7)	**(18)**	(27)
Normalized net income (1)	**$ 227**	$ 214	**$ 648**	$ 536

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

Calculation of Normalized Effective Income Tax Rate

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

	Three Months Ended December 31		Year Ended December 31	
($ millions, except normalized effective income tax rate)	**2024**	2023	**2024**	2023
Normalized net income	**$ 227**	$ 214	**$ 648**	$ 536
Add (deduct):				
Normalized income tax expense (1)	**33**	60	**160**	153
Net income applicable to non-controlling interests	**1**	3	**12**	16
Preferred share dividends	**5**	7	**18**	27
Normalized net income before taxes	**$ 266**	$ 284	**$ 838**	$ 732
Normalized effective income tax rate (%) (2)	**12.4**	21.1	**19.1**	20.9

(1) Calculated in the section above.
(2) Calculated as normalized income tax expense divided by normalized net income before taxes.

UTILITIES

Operating Statistics

	Three Months Ended December 31		Year Ended December 31	
	2024	2023	**2024**	2023
Natural gas deliveries - end-use (Bcf) [(1)]	**38.3**	48.3	**115.4**	133.5
Natural gas deliveries - transportation (Bcf) [(1)]	**27.6**	30.5	**106.0**	108.0
Service sites (thousands) [(2)]	**1,568**	1,560	**1,568**	1,560
Degree day variance from normal - SEMCO (Michigan) (%) [(3)]	**(13.5)**	(9.8)	**(16.9)**	(10.6)
Degree day variance from normal - Washington Gas (D.C.) (%) [(3) (4)]	**(15.8)**	(9.2)	**(17.3)**	(17.9)
Retail energy marketing - gas sales volumes (Mmcf)	**17,191**	16,863	**58,843**	56,438
Retail energy marketing - electricity sales volumes (GWh)	**3,851**	3,518	**15,451**	14,339

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

Regulatory Metrics

	Year Ended December 31	
	2024	2023
Approved ROE (%) [(1)]	**9.6**	9.6
Approved return on debt (%) [(1)]	**4.4**	4.5
Rate base *(US$ millions)* [(2) (3)]	**5,366**	5,100

(1) Weighted average of all the regulated utilities.
(2) Rate base is indicative of the earning potential of each utility over time. Approved revenue requirement for each utility is typically based on the rate base as approved by the regulator for the respective rate application, but may differ from the rate base indicated above.
(3) 2023 rate base excludes ENSTAR and SEMCO Energy's 65 percent interest in CINGSA, which were sold on March 1, 2023 pursuant to the Alaska Utilities Disposition.

Three Months Ended December 31

Normalized EBITDA in the Utilities segment was $336 million for the fourth quarter of 2024, compared to $311 million for the same quarter of 2023. The increase in normalized EBITDA was mainly due to lower operating and administrative expenses partially driven by ongoing cost management, higher revenue from ongoing ARP investments into asset modernization, the positive impact of the 2022 D.C. rate case, the impact of the higher average Canadian/U.S. dollar exchange rate, inclusive of foreign exchange hedges in place, as well as continued new customer additions through new meter growth. These factors were partially offset by lower contributions from WGL's retail marketing business, decreased asset optimization activities at Washington Gas, and warmer weather in Michigan and D.C.

Income before income taxes in the Utilities segment was $186 million for the fourth quarter of 2024, compared to $207 million for the same quarter of 2023. The decrease was mainly due to higher unrealized losses on risk management contracts, higher transition and restructuring costs, and higher depreciation and amortization expense, partially offset by the same previously referenced factors impacting normalized EBITDA.

Year Ended December 31

Normalized EBITDA in the Utilities segment was $1,012 million for the year ended December 31, 2024, compared to $886 million in 2023. The increase in normalized EBITDA was mainly due to the partial settlement of WGL's post-retirement benefit pension plan, higher revenue from ARP spend, lower operating and administrative expenses, higher contributions from WGL's retail marketing business, the net impacts of the 2022 D.C. and 2023 Maryland rate cases, the impact of the higher average Canadian/U.S. dollar exchange rate, inclusive of foreign exchange hedges in place, as well as continued customer growth through new meter connects. These factors were partially offset by the impact of the Alaska Utilities Disposition in the first quarter of 2023, decreased asset optimization activities at Washington gas, the absence of the gain resulting from the partial debt defeasance associated with the Alaska Utilities Disposition, and warmer weather in Michigan.

Income before income taxes in the Utilities segment was $627 million for the year ended December 31, 2024, compared to $886 million in 2023. The decrease was primarily due to the absence of the gain on the Alaska Utilities Disposition, higher transition and restructuring costs, 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 and lower transaction costs related to acquisitions and dispositions.

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

UTILITIES REGULATORY UPDATES

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 rate increase of approximately US$25 million, of which approximately US$5 million was transferred from the PROJECTpipes surcharge. The new rates went into effect January 19, 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 D.C. 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. Of the requested revenue increase, approximately US$12 million represents costs currently collected through the PROJECTpipes surcharge and approximately US$34 million represents an incremental increase in new base rate revenues. 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 Joint Proposed Procedural 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 fourth quarter of 2025.	Final order expected in the fourth quarter of 2025.

Other Regulatory Updates

Merger Commitments - D.C.

On August 9, 2023, the PSC of DC determined that AltaGas had failed to fulfill Term No. 5 Commitment of the PSC of DC's merger approval order related to the June 2018 merger of AltaGas, WGL, and Washington Gas. On reconsideration, the PSC of DC confirmed, in relevant part, that it had credited AltaGas with causing the development of 2.4 MW of Tier one renewable resources by the July 6, 2023 deadline, and that the Company had breached its Term No. 5 Commitment only for the remaining 7.6 MW. As directed by the PSC of DC, AltaGas, the DCG, and the D.C. Office of People's Counsel ("DC OPC") conducted negotiations in good faith to reach agreement on a penalty but were unable to reach agreement. Thereafter, AltaGas confirmed that it will specifically perform its Term No. 5 obligations by continuing to cause the development of the remaining 7.6 MW of solar renewable energy. On March 8, 2024, the PSC of DC issued an order to show cause why the penalty amount should not be the maximum allowed under D.C. Code §34-708 (US$5,000/day). On June 14, 2024, AltaGas and DCG jointly requested that the PSC of DC allow sixty (60) days for the parties to negotiate a settlement in the form of a consent decree or, if no agreement is reached, to file a report on the status of the negotiations. AltaGas and DCG have kept the PSC of DC appraised of the status of the negotiations and, on October 8, 2024, filed a Proposed Consent Decree for PSC of DC approval. On November 6, 2024, the PSC of DC approved the Consent Decree, without modification, as complete resolution of the issues in dispute concerning Merger Commitment No. 5. As at December 31, 2024, AltaGas recorded an accrued liability of approximately US$2.1 million and subsequently paid the civil penalty on January 5, 2025. In accordance with the terms of the PSC of DC approved Consent Decree, AltaGas continues to report on its progress that the Company is making in causing the development of the remaining megawatts of renewable resources in D.C.

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 renewable natural gas ("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 and Opal Fuels Inc. continue to evaluate the proposed RNG project.

Climate Regulation

In D.C., 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 D.C. 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.

In the State of In the State of Maryland, the Maryland Department of Environment promulgated final “Building Energy Performance Standards” regulations that will impose carbon dioxide reduction requirements (that will eventually reach zero) for certain covered buildings, effective December 23, 2024. On January 17, 2025, Washington Gas and co-plaintiffs filed suit in the U.S. District Court for the District of Maryland challenging the legality of the regulations.

MIDSTREAM

Operating Statistics

	Three Months Ended December 31		Year Ended December 31	
	2024	2023	**2024**	2023
LPG export volumes (Bbls/d) (1)	**122,233**	90,996	**122,247**	106,071
Total inlet gas processed (Mmcf/d) (1)	**1,477**	1,312	**1,397**	1,303
Extracted ethane volumes (Bbls/d) (1)	**25,454**	23,879	**21,629**	25,533
Extracted NGL volumes (Bbls/d) (1) (2) (3)	**47,745**	36,138	**47,431**	34,369
Fractionation volumes (Bbls/d) (1) (4)	**45,398**	38,150	**43,352**	38,745
Frac spread - realized ($/Bbl) (1) (5)	**20.99**	23.13	**24.03**	24.15
Frac spread - average spot price ($/Bbl) (1) (6)	**26.07**	20.55	**27.71**	22.37
Propane FEI to Mont Belvieu spread (US$/Bbl) (1) (3) (7)	**18.85**	26.44	**18.33**	20.68
Butane FEI to Mont Belvieu spread (US$/Bbl) (1) (3) (8)	**10.81**	27.74	**15.62**	21.73

(1) Average for the period.
(2) NGL volumes refer to propane, butane, and condensate.
(3) Reflects the revision of stats relating to prior periods in 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 December 31

Normalized EBITDA in the Midstream segment was $182 million for the fourth quarter of 2024, consistent with the same quarter of 2023. Factors positively impacting normalized EBITDA included the strong performance from the global exports business as a result of higher volumes and merchant margins as well as contributions from the acquired Pipestone assets. These were offset by lower earnings from the extraction facilities primarily due to the impact of higher re-injection of volumes and lower realized frac spreads, a higher degree of global export tolling, lower equity earnings at MVP due to the absence of AFUDC recorded in the fourth quarter of 2023, and higher operating and administrative expenses.

Income before income taxes in the Midstream segment was $181 million for the fourth quarter of 2024, compared to $79 million for the same quarter of 2023. The increase was mainly due to unrealized gains on risk management contracts compared to unrealized losses in the same quarter of 2023, partially offset by provisions on assets in the fourth quarter of 2024 and higher depreciation and amortization expense.

In the fourth quarter of 2024, the Midstream segment recognized a pre-tax provision of $16 million related to EEEP, due to a decrease in expected future cash flows.

Year Ended December 31

Normalized EBITDA in the Midstream segment was $785 million for the year ended December 31, 2024, compared to $684 million 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 merchant margins, higher contributions from the fractionation and liquids handling business, contributions from the Pipestone assets, the gain on settlement of an asset retirement obligation, and higher equity earnings at MVP due to higher AFUDC recorded and the recognition of earnings from MVP's operations which commenced in June 2024. These factors were partially offset by a lower impact of the favourable resolution of certain acquisition related commercial disputes and contingencies in 2024 compared to 2023, lower earnings at the extraction facilities primarily due to higher re-injection of volumes, a higher degree of tolling in the global exports business, and higher operating and administrative expenses.

Income before income taxes in the Midstream segment was $646 million for the year ended December 31, 2024, compared to $460 million in 2023. The increase was mainly due to the same previously referenced factors impacting normalized EBITDA, unrealized gains on risk management contracts compared to unrealized losses in the same period of 2023, higher gains on sale of assets, and lower accretion expense, partially offset by higher depreciation and amortization expense and the previously mentioned provisions on assets in the fourth quarter of 2024.

In 2024, the Midstream segment recognized a pre-tax provision of $16 million related to EEEP. In 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 December 31		Year Ended December 31	
	2024	2023	**2024**	2023
Frac spread exposed volumes (Bbls/d)	**10,960**	10,597	**10,150**	10,062
NGL volumes hedged (Bbls/d)	**7,789**	8,000	**8,172**	7,496
Average price of NGL volumes hedged ($/Bbl) (1)	**31**	36	**35**	36
Average FEI to North American NGL price spread for volumes hedged (US$/Bbl)	**16**	15	**17**	14

(1) Excludes basis differential.

CORPORATE/OTHER

Three Months Ended December 31

In the Corporate/Other segment, normalized EBITDA for the fourth quarter of 2024 was $2 million, compared to $9 million for the same quarter of 2023. The decrease in normalized EBITDA was primarily due to lower contributions from Blythe.

Loss before income taxes in the Corporate/Other segment was $136 million for the fourth quarter of 2024, compared to $125 million for the same quarter of 2023. The higher loss was mainly due to higher interest expense, provisions on assets in the fourth quarter of 2024, and the same previously referenced factors impacting normalized EBITDA, partially offset by foreign exchange gains compared to foreign exchange losses in the same quarter of 2023 as well as lower transition and restructuring costs.

In the fourth quarter of 2024, the Corporate/Other segment recognized a pre-tax provision of $4 million related to certain co-generation equipment that is no longer operational and is not expected to be recoverable in the future.

Year Ended December 31

In the Corporate/Other segment, normalized EBITDA for the year ended December 31, 2024 was a loss of $28 million, compared to normalized EBITDA of $5 million 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 2024 as well as lower contributions from Blythe.

Loss before income taxes in the Corporate/Other segment was $527 million for the year ended December 31, 2024, compared to $434 million in 2023. The higher loss was mainly due to higher interest expense, the same previously referenced factors impacting normalized EBITDA, the absence of gains on sale of assets, lower unrealized gains on risk management contracts, and the previously mentioned provisions on assets in the fourth quarter of 2024, partially offset by foreign exchange gains compared to foreign exchange losses in same period in 2023 as well as lower transaction costs related to acquisitions and dispositions.

In 2024, the Corporate/Other segment recognized a pre-tax provision of $4 million related to the previously mentioned non-operational equipment. In 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 December 31, 2024
($ millions)		Utilities		Midstream		Corporate/ Other		Total
Invested capital:								
Property, plant and equipment	$	178	$	185	$	21	$	384
Intangible assets		—		1		6		7
Long-term investments		—		1		—		1
Invested capital and net invested capital	$	178	$	187	$	27	$	392

								Three Months Ended December 31, 2023
($ millions)		Utilities		Midstream		Corporate/ Other		Total
Invested capital:								
Property, plant and equipment	$	192	$	89	$	4	$	285
Intangible assets		—		4		1		5
Invested capital	$	192	$	93	$	5	$	290
Acquisitions:								
Business acquisition (1)		—		327		—		327
Net invested capital	$	192	$	420	$	5	$	617

(1) Includes only the cash portion of the total consideration paid for the Pipestone Acquisition, net of cash acquired.

During the fourth quarter of 2024, AltaGas' invested capital was $392 million, compared to $290 million in the same quarter of 2023. The increase in invested capital was primarily due to 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, as well as higher capital spend in the Corporate/Other segment related to the planned office relocation, partially offset by lower capital spend in the Utilities segment, primarily due to lower ARP and system betterment investments at Washington Gas. In the fourth quarter of 2023, business acquisitions related to the cash paid for the Pipestone Acquisition.

The invested capital in the fourth quarter of 2024 included maintenance capital of $25 million (2023 - $31 million) in the Midstream segment. The decrease in Midstream maintenance capital in the fourth quarter of 2024 was primarily due to lower maintenance capital spend at the Younger and Sarnia facilities as well as the absence of a turnaround at the EEEP facility in the fourth quarter of 2023, partially offset by higher maintenance spend at the Harmattan and Pipestone I facilities.

During the fourth quarter of 2024, AltaGas' cash flow from investing activities was an outflow of $402 million, compared to $594 million for 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.

($ millions)	Utilities	Midstream	Corporate/ Other	Total
				Year Ended December 31, 2024
Invested capital:				
Property, plant and equipment	**$ 722**	**$ 535**	**$ 58**	**$ 1,315**
Intangible assets	**—**	**5**	**6**	**11**
Long-term investments	**—**	**2**	**—**	**2**
Invested capital	**$ 722**	**$ 542**	**$ 64**	**$ 1,328**
Disposals:				
Asset dispositions	**—**	**(1)**	**(1)**	**(2)**
Equity method investments	**—**	**(14)**	**—**	**(14)**
Net invested capital	**$ 722**	**$ 527**	**$ 63**	**$ 1,312**

($ millions)	Utilities	Midstream	Corporate/ Other	Total
				Year Ended December 31, 2023
Invested capital:				
Property, plant and equipment	$ 745	$ 180	$ 8	$ 933
Intangible assets	—	8	1	9
Long-term investments	—	4	—	4
Invested capital	$ 745	$ 192	$ 9	$ 946
Acquisitions and disposals:				
Business acquisition [(1)]	—	327	—	327
Asset dispositions	(1,059)	(3)	(11)	(1,073)
Dispositions of equity method investments	—	(1)	—	(1)
Net invested capital	$ (314)	$ 515	$ (2)	$ 199

(1) Includes only the cash portion of the total consideration paid for the Pipestone Acquisition, net of cash acquired.

During the year ended December 31, 2024, AltaGas’ invested capital was $1,328 million, compared to $946 million 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, higher capital spend in the Corporate/Other segment related to the planned office relocation, higher system betterment spend at Washington Gas, and higher capitalized interest. These factors were partially offset by lower ARP spend at Washington Gas.

In 2024 and 2023, dispositions of equity method investments primarily related to the 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. In 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. Acquisitions in 2023 related to the previously mentioned cash payment for the Pipestone Acquisition.

Invested capital for the year ended December 31, 2024 included maintenance capital of $66 million (2023 - $53 million) in the Midstream segment and $32 million (2023 - $4 million) related to Blythe in the Corporate/Other segment. The increase in maintenance capital for the Midstream segment was primarily related to maintenance at Harmattan and Pipestone Phase I, partially offset by lower maintenance at the Younger, Sarnia and EEEP facilities.

The increase in maintenance capital for the Corporate/Other segment was primarily due to a planned turnaround at Blythe.

During the year ended December 31, 2024, AltaGas' cash flow from investing activities was an outflow of $1,375 million, compared to $199 million in 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.

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

($ millions)	**December 31, 2024**	December 31, 2023
Natural gas	**$ (30)**	$ (46)
Energy exports	**(27)**	(4)
NGL frac spread	**(4)**	1
Power	**(63)**	(75)
Crude oil and NGLs	**(5)**	4
Foreign exchange	**(93)**	19
Net derivative liability	**$ (222)**	$ (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 Corporation executes natural gas, power, LPG, crude oil, ocean freight, and other physical and financial commodity contracts to serve its customers as well as manage and optimize its asset portfolio. A portion of these physical contracts are not recorded at fair value because they are either: 1) designated as “normal purchases and normal sales”; 2) do not qualify as derivative instruments due to the significance of their notional amount relative to the applicable liquid markets; or 3) are weather derivatives, which are not exchanged or traded and the underlying variables relate to a climactic, geological, or other physical variable. The fair value of commodity contracts that qualify as derivatives is calculated using estimated forward prices based on published sources for the relevant period. For AltaGas’ Midstream segment, changes in the fair value of these derivative contracts are recorded in the Consolidated Statements of Income in the period in which the change occurs. For the Utilities segment, changes in the fair value of derivative instruments recoverable or refundable to customers are recorded to regulatory assets or regulatory liabilities on the Consolidated Balance Sheets, while changes in the fair value of derivative instruments not affected by rate regulation are recorded in the Consolidated Statements of Income in the period in which the change occurs.

The Midstream segment also executes fixed-for-floating NGL frac spread swaps to manage exposure to frac spreads as the financial results of several extraction plants are affected by fluctuations in NGL frac spreads. The average indicative spot NGL frac spread for the year ended December 31, 2024 was approximately $28/Bbl (2023 – $22/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 year ended December 31, 2024 was approximately $24/Bbl inclusive of basis differentials (2023 - $24/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 first half of 2025, AltaGas has hedged:

- Approximately 87 percent of its expected global export volumes for the first half of 2025 through a combination of tolls and financial hedges, with the average FEI to North American financial hedge price of approximately US$19/Bbl for non-tolled propane and butane volumes.
- Approximately 76 percent of its expected frac exposed volumes for the first half of 2025 hedged at approximately US$27/Bbl, prior to transportation costs.
- Materially all of AltaGas' expected Baltic freight exposure is protected through time charters, financial hedges, and tolled volumes in the first half of 2025.

AltaGas is actively contracting and hedging the balance of 2025 global export volumes, recognizing the NGL re-contracting season is more dynamic this year given the impact of tariffs on Canadian LPGs entering the U.S.

AltaGas also uses physical and financial derivatives for the purchase and sale of natural gas in order to optimize owned storage and transportation capacity as well as manage transportation and storage assets on behalf of third parties. Washington Gas executes commodity-related physical and financial contracts in the form of forward, futures, and option contracts as part of an asset optimization program. Under this program, Washington Gas realizes value from its long-term natural gas transportation and storage capacity resources when they are not being fully used to serve utility customers. To serve retail customers, WGL Energy Services enters into both physical and financial contracts for the purchase and sale of electricity and natural gas. Beginning in 2023, WGL Energy Services also began purchasing 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.

Foreign Exchange Contracts

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 other comprehensive income 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 designate its external U.S. dollar-denominated debt or certain U.S. dollar-denominated loans that may give rise to a foreign currency transaction gain or loss as a net investment hedge of its U.S. subsidiaries. As at December 31, 2024, AltaGas has designated US$645 million of outstanding loans as a net investment hedge (December 31, 2023 - US$715 million). For the year ended December 31, 2024, unrealized after-tax losses of $84 million on the net investment hedge were recorded in OCI (2023 - unrealized after-tax gains of $25 million).

AltaGas may also enter into foreign exchange forward derivatives and cross currency swaps 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. All 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 concurrently issued US$900 million subordinated 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 the subordinated 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 22 of the 2024 Annual Consolidated Financial Statements for further details.

The following foreign exchange forward contracts and cross-currency swaps are outstanding as at December 31, 2024:

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

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

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

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

	Year Ended December 31, 2024	Year Ended December 31, 2023
Objective of foreign exchange contract	**Losses**	Gains
Cash management [1]	**$ (9)**	$ —
Income statement risk management [2]	**$ (104)**	$ 25

(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".

Interest Rate Contracts

AltaGas is exposed to interest rate risk as changes in interest rates may impact future cash flows and the fair value of its financial instruments. The Corporation manages its interest rate risk by holding a mix of both fixed and floating interest rate debt. Additionally, AltaGas may use bond forward contracts to hedge its interest rate exposure on anticipated debt issuances.

From time to time, AltaGas may also concurrently draw on its credit facility in U.S. dollars and enter into cross currency swaps as previously mentioned, whereby, on final settlement, AltaGas receives U.S. dollars from the counterparty and pays Canadian dollars to the counterparty.

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

Weather Instruments

WGL Energy Services utilizes heating degree day ("HDD") instruments from time to time to manage weather and price risks related to its natural gas and electricity sales during the winter heating season. WGL Energy Services also utilizes cooling degree day ("CDD") instruments and other instruments to manage weather and price risks related to its electricity sales during the summer cooling season. These instruments cover a portion of estimated revenue or energy-related cost exposure to variations in HDDs or CDDs. For the year ended December 31, 2024, no pre-tax gains or losses (2023 - pre-tax losses of $8 million) were recorded related to HDD and CDD instruments.

The Effects of Derivative Instruments on the Consolidated Statements of Income

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

	Three Months Ended December 31		Year Ended December 31	
($ millions)	**2024**	2023	**2024**	2023
Natural gas	**$ 13**	$ (29)	**$ 32**	$ (12)
Energy exports	**86**	(50)	**48**	(78)
Crude oil and NGLs	**—**	(16)	**(3)**	(5)
NGL frac spread	**(2)**	1	**(5)**	4
Power	**(7)**	(20)	**12**	2
Foreign exchange	**(92)**	20	**(96)**	19
	$ (2)	$ (94)	**$ (12)**	$ (70)

Please refer to Note 22 of the 2024 Annual Consolidated Financial Statements for further details regarding AltaGas' risk management 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.

	Year Ended December 31	
($ millions)	**2024**	2023
Cash from operations	**$ 1,538**	$ 1,121
Investing activities	**(1,375)**	(199)
Financing activities	**(175)**	(882)
Increase (decrease) in cash, cash equivalents, and restricted cash	**$ (12)**	$ 40

Cash From Operations

Cash from operations increased by $417 million for the year ended December 31, 2024 compared to 2023, primarily due to favourable variances in the net change in operating assets and liabilities and higher net income after taxes (after adjusting for non-cash items). The majority of the variance in net change in operating assets and liabilities was due to increased cash flows from accounts payable due to fluctuations in commodity prices, higher cash flows from risk management assets as a result of realized hedge gains, and higher cash flows from regulated liabilities due to reduced weather impacts at the Utilities. These factors were partially offset by lower cash flows from inventory and accounts receivable primarily as a result of lower inventory volumes and fluctuations in commodity prices, respectively.

Working Capital

($ millions, except working capital ratio)		**December 31, 2024**		December 31, 2023
Current assets	**$**	**2,819**	$	3,045
Current liabilities		**3,500**		3,413
Working capital (deficiency)	**$**	**(681)**	$	(368)
Working capital ratio [(1)]		**0.81**		0.89

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

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

Investing Activities

Cash used in investing activities for the year ended December 31, 2024 was $1,375 million, compared to $199 million in 2023. Investing activities for the year ended December 31, 2024 primarily included expenditures of approximately $1,389 million for property, plant, and equipment and intangible assets, as well as approximately $2 million of net 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, respectfully. Investing activities for the year ended December 31, 2023 included proceeds of approximately $1.1 billion from the disposition of assets 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 the expenditures of approximately $943 million for property, plant, and equipment and intangible assets, cash payment (net of cash acquired) of approximately $327 million for the Pipestone Acquisition, and approximately $4 million of net contributions to equity investments.

Financing Activities

Cash used in financing activities for the year ended December 31, 2024 was $175 million, compared to $882 million in 2023. Financing activities for the year ended December 31, 2024 were primarily comprised of repayments of long-term debt and finance lease liabilities of approximately $1.0 billion, the repurchase of MTNs of approximately $797 million, net repayments under credit facilities of approximately $702 million, dividends of approximately $371 million, distributions to non-controlling interests of approximately $18 million, and a payment of approximately $9 million related to the settlement of derivative instruments, partially offset by long-term debt issuances (net of debt issuance costs) of approximately $1.4 billion, issuance of subordinated hybrid notes (net of debt issuance costs) of approximately $1.2 billion, contributions from non-controlling interests of approximately $123 million, and net proceeds from common shares issued on the exercise of options granted pursuant to AltaGas' share option plan ("Share Options") of approximately $54 million. Financing activities for the year ended December 31, 2023 were primarily comprised of net repayments under credit facilities of approximately $678 million, repayments of long-term debt and finance lease liabilities of approximately $338 million, dividends of approximately $343 million, redemption of preferred shares of $200 million, purchase of marketable securities in connection with debt defeasance of approximately $193 million, and distributions to non-controlling interests of approximately $18 million, partially offset by long-term debt issuances (net of debt issuance costs) of approximately $673 million, issuance of subordinated hybrid notes (net of debt issuance costs) of approximately $198 million, and net proceeds from common shares issued on the exercise of Share Options of approximately $17 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 subordinated hybrid notes, less cash and cash equivalents.

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

As at December 31, 2024, AltaGas' total debt primarily consisted of outstanding MTNs of $3.7 billion (December 31, 2023 - $3.9 billion), WGL and Washington Gas MTNs and private placement notes of $3.4 billion (December 31, 2023 - $3.0 billion), reflecting fair value adjustments on acquisition, SEMCO First Mortgage Bonds of $427 million (December 31, 2023 - $393 million), $104 million drawn under the bank credit facilities (December 31, 2023 - $1.0 billion), $2.0 billion of subordinated hybrid notes (December 31, 2023 - $750 million), and commercial paper outstanding of $263 million for WGL and Washington Gas (December 31, 2023 - $461 million). In addition, AltaGas had $251 million of letters of credit outstanding (December 31, 2023 - $252 million).

As at December 31, 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 December 31, 2024 was 2.4 times (twelve months ended December 31, 2023 – 3.0 times).

Credit Facilities ($ millions)	Borrowing capacity	**Drawn at December 31, 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]	216	**104**	86
WGL US$300 million revolving credit facility [1] [2] [4]	431	**109**	199
Washington Gas US$450 million revolving credit facility [1] [2] [4]	648	**154**	261
	$ 3,665	**$ 367**	$ 1,480

(1) Amount drawn at December 31, 2024 converted at the month-end rate of 1 U.S. dollar = 1.4389 Canadian dollar (December 31, 2023 - 1 U.S. dollar = 1.3226 Canadian dollar).
(2) All US$ borrowing capacity was converted at the December 31, 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 $463 million (December 31, 2023 - $451 million). At December 31, 2024, there were letters of credit for $251 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 December 31, 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 December 31, 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 43%
Bank EBITDA-to-interest expense (SEMCO) [2] [3]	not less than 2.25x	greater than 7.9x
Bank debt-to-capitalization (WGL) [2] [4]	not greater than 65%	less than 50%
Bank debt-to-capitalization (Washington Gas) [2] [4]	not greater than 65%	less than 48%

(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.

CONTRACTUAL OBLIGATIONS

December 31, 2024					
($ millions)	**Total**	Less than 1 year	1 - 3 years	4 - 5 years	After 5 years
Short-term debt	**$ 10**	$ 10	$ —	$ —	$ —
Long-term debt [1]	**7,802**	858	1,334	975	4,635
Subordinated hybrid notes [2]	**2,045**	—	—	—	2,045
Operating and finance leases [3]	**1,301**	166	325	261	549
Purchase obligations	**17,660**	3,427	4,886	2,694	6,653
Capital project commitments	**474**	474	—	—	—
Pension plan and retiree benefits [4]	**3**	3	—	—	—
Merger commitments [5]	**5**	5	—	—	—
Environmental commitments	**24**	17	3	1	3
Other liabilities [6]	**54**	54	—	—	—
Total contractual obligations [7]	**$ 29,378**	$ 5,014	$ 6,548	$ 3,931	$ 13,885

(1) Excludes deferred financing costs, unamortized premiums and unamortized discounts, and the fair value adjustment on the WGL Acquisition.
(2) Excludes deferred financing costs.
(3) Payments are presented on an undiscounted cash basis.
(4) Assumes only required payments will be made into the pension plans in 2025. Contributions are made in accordance with independent actuarial valuations.
(5) Represents the estimated future payments of WGL merger commitments that have been accrued but not paid including the civil penalty related to the failure of the commitment to develop 10 MW of either electric grid energy storage or tier one renewable resources in D.C. As at December 31, 2024, the cumulative amount of merger commitments that have been expensed but not yet paid is approximately US$3 million. Please refer to Note 28 of the Annual Consolidated Financial Statements for further details.
(6) Excludes non-financial liabilities.
(7) U.S. dollar commitments have been converted to Canadian dollars using the December 31, 2024 exchange rate.

AltaGas expects to fund its obligations through internally-generated cash flow, asset sales, and normal course borrowings on existing committed credit facilities.

RELATED PARTY TRANSACTIONS

In the normal course of business, AltaGas transacts with its subsidiaries, affiliates and joint ventures. Refer to Note 29 of the 2024 Annual Consolidated Financial Statements for the amounts due to or from related parties on the Consolidated Balance Sheets and the classification of revenue, income, and expenses in the Consolidated Statements of Income.

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 LPG Limited Partnership, Petrogas Energy Corporation ("Petrogas"), and Petrogas, Inc. In the Corporate/Other segment the main subsidiary is AltaGas Power Holdings (U.S.) Inc. SEMCO Energy, Inc. conducts its Michigan natural gas distribution business under the name SEMCO Energy Gas Company. Pursuant to an internal reorganization of certain of AltaGas' subsidiaries effective January 1, 2025, AltaGas Processing Partnership ceased to exist by operation of law and Petrogas Energy Corp. amalgamated with AltaGas.

SHARE INFORMATION

	As at February 28, 2025
Issued and outstanding	
Common shares	297,973,242
Preferred Shares	
Series A	6,746,679
Series B	1,253,321
Series G	8,000,000
Issued	
Share options	2,476,786
Share options exercisable	2,476,786

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 table summarizes AltaGas' dividend declaration history as of December 31, 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	**0.297500**	0.280000
Total	**$ 1.190000**	$ 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**	0.191250
Total	**$ 0.765000**	$ 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	**0.431410**	0.492580
Total	**$ 1.858420**	$ 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	**0.376063**	0.265125
Total	**$ 1.171438**	$ 1.060500

Series H Preferred Share Dividends

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 are contained in the notes to the 2024 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.

Significant estimates and judgments made by Management in the preparation of the Consolidated Financial Statements are outlined below:

Regulatory Assets and Liabilities

SEMCO and Washington Gas engage in the delivery and sale of natural gas. SEMCO is regulated by the MPSC, and Washington Gas is regulated by the PSC of DC in the District of Columbia, the PSC of MD in Maryland, and the SCC of VA in Virginia.

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

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

Asset Impairment

AltaGas reviews long-lived assets, regulatory assets, and intangible assets with indefinite and finite lives whenever events or changes in circumstances indicate that the carrying value of such assets may not be recoverable. Recoverability is determined based on an estimate of undiscounted cash flows or other indicators of fair value, and measurement of an impairment loss is determined based on the fair value of the assets. The determination of fair value requires Management to make assumptions about future cash inflows and outflows over the life of an asset. Any changes to the assumptions used for the future cash flow could result in revisions to the evaluation of the recoverability of the long-lived assets or intangible assets and the recognition of an impairment loss in the Consolidated Financial Statements.

AltaGas also tests goodwill for impairment annually or more frequently if events or changes in circumstances indicate that it is more likely than not that the fair value of a reporting unit is less than its carrying value. The Corporation has the option to first assess qualitative factors to determine whether it is necessary to perform the quantitative goodwill impairment test. If the quantitative goodwill impairment test is performed, the fair value of the Corporation's reporting units is compared to the carrying values. If the carrying value of a reporting unit, including allocated goodwill exceeds its fair value, goodwill impairment is measured as the excess of the carrying value amount of the reporting unit's allocated goodwill over the implied fair value of the goodwill. Based on the valuation approach, the fair value used in the quantitative impairment test of goodwill requires determining appropriate market multiples of earnings or estimating future cash flows as well as appropriate discount rates. AltaGas has assessed goodwill for impairment as at December 31, 2024 and determined that no write-down was required.

Asset Retirement Obligations

AltaGas records liabilities relating to asset retirement obligations when there is a legal obligation. In estimating the obligations, Management is required to make assumptions regarding inflation and discount rates, ultimate amounts and timing of settlements, and expected changes in environmental laws and regulation. A change in any of these estimates could have a material impact on AltaGas' Consolidated Financial Statements.

Income Taxes

The Corporation is subject to the provisions of the *Income Tax Act* (Canada) for purposes of determining the amount of income that will be subject to tax in Canada and the *Internal Revenue Code* (U.S.) for the purposes of determining the amount of income that will be subject to tax in the United States. The determination of AltaGas' and its subsidiaries' provision for income taxes requires the application of these complex rules.

The recognition of deferred tax assets depends on the assumption that future earnings will be sufficient to realize the deferred benefit. A valuation allowance is recorded against deferred tax assets where all or a portion of that asset is not expected to be realized. The amount of the deferred tax asset or liability recorded is based on Management's best estimate of the timing of the realization of the assets or liabilities.

If Management's interpretation of tax legislation differs from that of tax authorities, or if timing of reversals is not as anticipated, the provision for income taxes could increase or decrease in future periods. See Note 19 of the 2024 Annual Consolidated Financial Statements.

Pension Plans and Post-Retirement Benefits

The determination of pension plan obligations and expense is based on a number of actuarial assumptions. Critical assumptions include the expected long-term rate-of-return on plan assets, the discount rate applied to pension plan obligations, the expected rate of compensation increase, and mortality rates. For post-retirement benefit plans, which provide for certain health care premiums and life insurance benefits for qualifying retired employees and which are not funded, critical assumptions in determining post-retirement obligations and expense are the discount rate and the assumed health care cost trend rates.

Depreciation and Amortization

Depreciation and amortization of property, plant, and equipment and intangible assets are based on Management's judgment of the estimated useful life of the assets. When it is determined that assigned asset lives do not reflect the estimated remaining period of benefit, prospective changes are made to the depreciable lives of those assets. For regulated entities, amortization rates are generally prescribed by the applicable regulatory authority. There are a number of uncertainties inherent in estimating the remaining useful life of certain assets and changes in assumptions could result in material adjustments to the amount of amortization that AltaGas recognizes from period to period.

Loss Contingencies

AltaGas and its subsidiaries are subject to various legal claims and actions arising in the normal course of business. Liabilities for loss contingencies are determined on a case-by-case basis and are accrued for when it is probable that a liability has been incurred and the amount can be reasonably estimated. Significant judgment is required to determine the probability of having incurred the liability and the estimated amount. Estimates are reviewed regularly and updated as new information is received. As at December 31, 2024, no material provisions on loss contingencies have been recorded by the Corporation. However, due to the inherent uncertainty of the litigation process, the resolution of any particular contingencies could have a material adverse effect on the Corporation's results of operations or financial position.

Fair Value of Financial Instruments

Fair value is defined as the amount of consideration that would be agreed upon in an arms-length transaction, other than a forced sale or liquidation, between knowledgeable, willing parties who are under no compulsion to act. The best evidence of fair value is a quoted bid or ask price, as appropriate, in an active market. Fair value based on unadjusted quoted prices in an active market requires minimal judgment by Management. Where bid or ask prices in an active market are not available, Management's judgment on valuation inputs is necessary to determine fair value. AltaGas enters into physical and financial derivative contracts to manage exposure to fluctuations in commodity prices and foreign exchange rates, as well as to optimize certain owned and managed natural gas assets. AltaGas estimates forward prices for certain derivative contracts based on published sources adjusted for factors specific to the asset or liability, including basis and location differentials, discount rates, interest rates, and foreign currency exchange rates. The forward curves used to mark these derivative instruments to market are vetted against public sources. AltaGas may also determine the fair value of derivative contracts using indicative broker quotes based on observable market data. Where observable market data is not available, AltaGas uses valuation techniques which require significant judgment by Management. Changes in estimates and assumptions about these inputs could affect the reported fair value.

Refer to Note 2 of the 2024 Annual Consolidated Financial Statements for discussion of the adoption of new accounting standards and future changes in accounting principles.

OFF-BALANCE SHEET ARRANGEMENTS

AltaGas is not party to any contractual arrangements with unconsolidated entities that have, or are reasonably likely to have, a current or future material effect on the Corporation's financial performance or financial condition including liquidity and capital resources.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

Management, including the Chief Executive Officer and Chief Financial Officer, are responsible for establishing and maintaining Disclosure Controls and Procedures ("DCP") and Internal Control Over Financial Reporting ("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, have 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 have 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 year ended December 31, 2024, there were no changes made to AltaGas' ICFR that materially affected, or are reasonably likely to materially affect, its ICFR or DCP.

The Chief Executive Officer and the Chief Financial Officer have evaluated, with the assistance of AltaGas' employees, the effectiveness of AltaGas' DCP and ICFR as at December 31, 2024 and concluded that as at December 31, 2024 AltaGas' DCP and ICFR were effective.

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.

SUMMARY OF CONSOLIDATED RESULTS FOR THE EIGHT MOST RECENT QUARTERS (1)

($ millions)	**Q4-24**	Q3-24	Q2-24	Q1-24	Q4-23	Q3-23	Q2-23	Q1-23
Total revenue	**3,259**	2,759	2,775	3,655	3,288	3,030	2,631	4,048
Normalized EBITDA	**520**	294	295	660	502	252	239	582
Net income (loss) applicable to common shares	**203**	9	(42)	408	113	(50)	133	445
($ per share)	**Q4-24**	Q3-24	Q2-24	Q1-24	Q4-23	Q3-23	Q2-23	Q1-23
Net income (loss) per common share								
Basic	**0.68**	0.03	(0.14)	1.38	0.40	(0.18)	0.47	1.58
Diluted	**0.68**	0.03	(0.14)	1.37	0.40	(0.18)	0.47	1.57
Dividends declared	**0.30**	0.30	0.30	0.30	0.28	0.28	0.28	0.28

(1) Amounts may not add due to rounding.

AltaGas' quarter-over-quarter financial results are impacted by various factors including 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, 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 $9 million and $27 million incurred throughout 2024 and 2023, respectively, primarily due to asset sales and the Pipestone Acquisition;
- After-tax transition and restructuring costs of approximately $52 million and $17 million incurred throughout 2024 and 2023, respectively;

- Favourable resolution of certain acquisition related commercial disputes and contingencies in the first half of 2023;
- 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;
- The gain on sale of assets related to the Meade escrow proceeds in the third quarter of 2024; and
- Provisions on assets recorded in the fourth quarter of 2024 related to EEEP and certain non-operational equipment in the Corporate/Other segment.

SELECTED ANNUAL FINANCIAL INFORMATION

($ millions, except where noted)	**2024**	2023	2022
Revenue	**12,448**	12,997	14,087
Net income applicable to common shares	**578**	641	399
Net income per common share - basic	**1.95**	2.27	1.42
Net income per common share - diluted	**1.94**	2.26	1.41
Total assets	**26,092**	23,471	23,965
Total long-term liabilities	**13,546**	12,195	12,940
Weighted average number of common shares outstanding *(millions)*	**297**	282	281
Dividends declared per common share *($ per share)*	**1.190000**	1.120000	1.060000
Dividends declared per preferred share *($ per share)*			
Series A	**0.765000**	0.765000	0.765000
Series B	**1.858420**	1.816740	1.007330
Series C *(US$)* (1)	**—**	—	0.991875
Series E (2)	**—**	1.348252	1.348252
Series G	**1.171438**	1.060500	1.060500
Series H (3)	**1.501890**	1.916724	1.107322
Series K (4)	**—**	—	0.312500

(1) Series C Preferred Shares were redeemed on September 30, 2022.
(2) Series E Preferred Shares were redeemed on December 31, 2023.
(3) On September 30, 2024, AltaGas converted all of its outstanding Series H Preferred Shares to Series G Preferred Shares.
(4) Series K Preferred Shares were redeemed on March 31, 2022.

MANAGEMENT'S REPORT

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

Management's Report on Internal Control Over Financial Reporting

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

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

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

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

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

(signed) "Vern Yu"

VERN YU
President and
Chief Executive Officer of
AltaGas Ltd.

(signed) "James Harbilas"

JAMES HARBILAS
Executive Vice President and
Chief Financial Officer of
AltaGas Ltd.

March 6, 2025

INDEPENDENT AUDITOR'S REPORT

To the Shareholders and Directors of AltaGas Ltd.

Opinion

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

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

Basis for opinion

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

Key audit matters

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

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

Fair Value Measurement of Level 3 Derivatives

Key audit matter	As described in note 22 to the consolidated financial statements, AltaGas Ltd. enters into commodity contracts that qualify as derivative instruments and are accounted for under ASC Topic 815, Derivatives and Hedging. The fair value measurements of certain of these contracts are considered Level 3 under the fair value hierarchy as they are determined using significant unobservable inputs. As of December 31, 2024, derivative assets of $48 million and derivative liabilities of $125 million were recorded based on Level 3 fair value measurements. Auditing the fair value measurement of Level 3 derivative instruments was complex given the judgmental nature of the assumptions used as inputs into the valuation models. In particular, the valuation of Level 3 derivative instruments is sensitive to significant unobservable inputs used by the Group such as the assumed natural gas basis prices and implied volatilities of natural gas prices. These unobservable assumptions can be affected by future economic and market conditions.
How our audit addressed the key audit matter	To test the Group's valuation of Level 3 derivative instruments, our audit procedures included, among others: • Evaluated the appropriateness of the underlying valuation methodologies used by the Group. • For a sample of instruments, we independently determined the significant unobservable assumptions described above, calculated the resulting fair values and compared them to the Group’s estimates. • For a sample of instruments, we obtained forward prices from independent sources, including broker quotes, evaluated the Group’s assumptions related to their forward curves and obtained external confirmation of key contract terms from counterparties. • Performed sensitivity analyses using independent sources of market data to evaluate the change in fair value of Level 3 derivative instruments that would result from changes in underlying assumptions. • Evaluated the adequacy of the Level 3 fair value measurement note disclosure in the consolidated financial statements related to the matter.

Other information

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

- Management’s Discussion and Analysis

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Ernst & Young LLP

Chartered Professional Accountants

Calgary, Canada
March 6, 2025

CONSOLIDATED BALANCE SHEETS

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

As at December 31		2024		2023
Shareholders' equity				
Common shares, no par values, unlimited shares authorized; 2024 - 297.9 million and 2023 - 294.9 million issued and outstanding *(note 24)*	**$**	**7,180**	$	7,120
Preferred shares *(note 24)*		**391**		391
Contributed surplus		**618**		624
Accumulated deficit		**(592)**		(817)
Accumulated other comprehensive income ("AOCI") *(note 21)*		**1,155**		395
Total shareholders' equity		**8,752**		7,713
Non-controlling interests		**294**		150
Total equity	**$**	**9,046**	$	7,863
	$	**26,092**	$	23,471

Acquisitions (note 3)
Variable interest entities (note 11)
Commitments, guarantees and contingencies (note 28)
Related party transactions (note 29)
Segmented information (note 31)
Subsequent events (note 32)

See accompanying notes to the Consolidated Financial Statements.

Approved by the Board of Directors of AltaGas Ltd.

(signed) "Vern Yu"

VERN YU
Director

(signed) "Angela Lekatsas"

ANGELA LEKATSAS
Director

CONSOLIDATED STATEMENTS OF INCOME

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

See accompanying notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

See accompanying notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF EQUITY

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

See accompanying notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

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

See accompanying notes to the Consolidated Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

1. Organization and Overview of the Business

The businesses of AltaGas are operated by the Company and a number of its subsidiaries including, without limitation, AltaGas Services (U.S.) Inc., AltaGas Utility Holdings (U.S.) Inc., WGL Holdings, Inc. ("WGL"), Wrangler 1 LLC, Wrangler SPE LLC, Washington Gas Resources Corp., WGL Energy Services, Inc. ("WGL Energy Services"), and SEMCO Holding Corporation; in regard to the Utilities business, Washington Gas Light Company ("Washington Gas"), Hampshire Gas Company, and SEMCO Energy, Inc.; and in regard to the Midstream business, AltaGas Extraction and Transmission Limited Partnership, AltaGas Pipeline Partnership, AltaGas Processing Partnership, AltaGas Northwest Processing Limited Partnership, Harmattan Gas Processing Limited Partnership, Ridley Island LPG Export Limited Partnership, AltaGas LPG Limited Partnership, Petrogas Energy Corporation ("Petrogas"), and Petrogas, Inc. In the Corporate/Other segment the main subsidiary is AltaGas Power Holdings (U.S.) Inc. SEMCO Energy conducts its Michigan natural gas distribution business under the name SEMCO Energy Gas Company ("SEMCO"). Pursuant to an internal reorganization of certain of AltaGas' subsidiaries effective January 1, 2025, AltaGas Processing Partnership ceased to exist by operation of law and Petrogas Energy Corp. amalgamated with AltaGas.

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

AltaGas' operating segments include the following:

- Utilities, which owns and operates franchised, cost-of-service, rate regulated natural gas distribution and storage utilities that focus on providing safe, reliable, and affordable energy to approximately 1.6 million residential and commercial customers. This includes operating two utilities that deliver essential energy across four major U.S. jurisdictions with a rate base of approximately US$5.4 billion. The Utilities business also includes storage facilities and contracts for interstate natural gas transportation and storage services, as well as WGL Energy Services, an affiliated retail energy marketing business, which sells natural gas and electricity directly to residential, commercial, and industrial customers that operate across Maryland, Virginia, Delaware, Pennsylvania, Ohio, and the District of Columbia ("D.C."); and
- Midstream, which is a leading North American platform that connects customers and markets to critical forms of energy from wellhead to tidewater. The three pillars of the Midstream business include: 1) global exports, which includes AltaGas' two operational 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 Consolidated Financial Statements have been prepared by Management in accordance with United States Generally Accepted Accounting Principles ("U.S. GAAP").

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

PRINCIPLES OF CONSOLIDATION

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

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

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

USE OF ESTIMATES AND MEASUREMENT UNCERTAINTY

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

SIGNIFICANT ACCOUNTING POLICIES

Rate-Regulated Operations

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

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

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

Cash and Cash Equivalents

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

Restricted Cash Holdings from Customers

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

Accounts Receivable

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

Inventory

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

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

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

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

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

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

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

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

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

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

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

Intangible Assets

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

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

Assets Held for Sale

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

Business Acquisitions

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

Provisions on Assets

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

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

Investments Accounted for by the Equity Method

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

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

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

Financial Instruments

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

<u>Non-Utility Operations</u>

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

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

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

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

Derivatives embedded in other financial instruments or contracts (the host instrument) are recorded separately and are measured at fair value if the economic characteristics of the embedded derivative are not closely related to the host instrument, the terms of the embedded derivative are the same as those of a standalone derivative, and the entire contract is not held-for-trading or accounted for at fair value. Changes in fair value are included in earnings.

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

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

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

Regulated Utility Operations

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

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

Weather-Related Instruments

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

Hedges

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

Non-Utility Operations

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

Regulated Utility Operations

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

Interest-Rate Risk

AltaGas is exposed to interest rate risk as changes in interest rates may impact future cash flows and the fair value of its financial instruments. To manage this risk, the Company may enter into bond forward contract derivatives and designate them as cash flow hedges in accordance with ASC Topic 815. Gains or losses are reclassified into earnings in the same period the hedged transaction affects earnings.

Cross-Currency Swaps

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

Presentation

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

Credit Losses

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

Utilities Customer Receivables and Contract Assets

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

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

Midstream Customer Receivables and Contract Assets

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

Other

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

Debt

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

Asset Retirement Obligations

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

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

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

Revenue Recognition

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

Government Grants

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

Foreign Currency Translation

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

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

AltaGas may designate certain outstanding loans to hedge against the currency translation effect of its foreign investments. Accordingly, foreign exchange gains and losses, from the dates of designation, on the translation of these loans are included in OCI. Additionally, AltaGas may enter into foreign exchange forward derivatives to manage the risk of fluctuating cash flows and earnings due to variations in foreign exchange rates as well as to benefit from favorable movements in the rates. Any hedges transacted are subject to risk limits and guidelines and are actively monitored and managed by AltaGas' risk management team to ensure they align with AltaGas' overall financial strategy. Gains and losses arising from the settlements of the derivatives entered into for the purpose of managing income statement risk are included in the line item "revenue" on the Consolidated Statements of Income, while gains and losses arising from the settlements of the derivatives entered into for the purpose of cash management are included in the line item "foreign exchange gains (losses)" on the Consolidated Statements of Income. For more information, please refer to Note 22.

Share Options and Other Compensation Plans

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

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

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

Pension Plans and Post-Retirement Benefits

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

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

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

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

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

Income Taxes

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

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

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

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

Net Income per Share

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

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

Contingencies

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

Leases

The following are the Corporation’s significant accounting policies:

Leases – Lessee

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

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

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

Leases – Lessor

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

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

ADOPTION OF NEW ACCOUNTING STANDARDS

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

- In June 2022, FASB issued ASU No. 2022-03 "Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions". The amendments in this ASU clarify that a contractual restriction on the sale of an equity security is not considered part of the unit of account of the equity security, and therefore, is not considered in measuring fair value. In addition, an entity cannot, as a separate unit of account, recognize a contractual sale restriction. Equity securities subject to contractual sale restrictions also require certain additional disclosures. The adoption of this ASU did not have a material impact on AltaGas' consolidated financial statements.

- In March 2023, FASB issued ASU No. 2023-01 "Leases (Topic 842): Common Control Arrangements". The relevant amendments in this ASU require entities to amortize leasehold improvements under common control over the economic life of the leasehold improvements as long as the lessee controlled the use of the leased asset. The adoption of this ASU did not have a material impact on AltaGas' consolidated financial statements.

- In March 2023, FASB issued ASU No. 2023-02 "Investments - Equity Method and Joint Ventures (Topic 323) - Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method". The amendments in this ASU allow entities the option to elect to account for tax equity investments using the proportional amortization method if certain conditions are met, regardless of the tax credit program from which the income tax credits are received. The adoption of this ASU did not have a material impact on AltaGas' consolidated financial statements.

Effective December 31, 2024, AltaGas adopted the following FASB issued ASU:

- In November 2023, FASB issued ASU No. 2023-07 "Segment Reporting (Topic 280)". This ASU requires all public entities required to report segment information in accordance with Topic 280 to provide: (1) annual and interim disclosure of significant segment expenses regularly provided to the chief operating decision maker ("CODM"), (2) annual and interim disclosure of other segment items, (3) annual disclosures about reportable segment profit or loss and assets currently required by Topic 280 in interim periods, (4) disclosure of one or more measures of segment profit or loss used by the CODM, provided that at least one of the reported measures includes the segment profit or loss measure that is most consistent with GAAP measurement principles, (5) disclosure of the title and position of the CODM, and (6) a public entity that has a single reportable segment must provide all the disclosures required by this ASU and all existing segment disclosures in Topic 280. The adoption of this ASU did not have a material impact on AltaGas' consolidated financial statements, but resulted in certain modifications to the segment disclosures. Please refer to Note 31.

FUTURE CHANGES IN ACCOUNTING PRINCIPLES

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

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

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

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

In November 2024, FASB issued ASU 2024-04 "Debt – Debt With Conversion and Other Options (Subtopic 470-20): Induced Conversions of Convertible Debt Instruments". The amendments in this ASU clarify the requirements for determining whether certain settlements of convertible debt instruments should be accounted for as an induced conversion. To account for a settlement of a convertible debt instrument as an induced conversion, an inducement offer is required to provide the debt holder with, at a minimum, the consideration issuable under the conversion privileges provided in the terms of the instrument. The amendments do not change the other criteria that are required to be satisfied to account for a settlement transaction as an induced conversion. This ASU is effective for all entities for annual reporting periods beginning after December 15, 2025, and interim reporting periods within those annual reporting periods. Early adoption is permitted for all entities that have adopted the amendments in ASU 2020-06. The amendments in this ASU permit an entity to apply the new guidance on either a prospective or a retrospective basis. The adoption of this ASU is not expected to have a material impact on AltaGas' consolidated financial statements.

3. Pipestone Acquisition

On December 22, 2023, AltaGas closed the acquisition of natural gas processing and storage infrastructure assets in the Pipestone area of the Alberta Montney (the "Pipestone Acquisition") with Tidewater Midstream and Infrastructure Ltd. ("Tidewater") for total cash consideration of $321 million, inclusive of working capital and other adjustments, as well as approximately 12.5 million AltaGas common shares. The Pipestone Acquisition includes the Pipestone natural gas processing facility Phase I, the Pipestone Phase II expansion project which is being developed, the Dimsdale natural gas storage facility, the Pipestone condensate truck-in/truck-out terminal, and the associated gathering pipeline systems required to operate these assets. Following the completion of key de-risking milestones in December 2023, AltaGas declared a positive final investment decision ("FID") on the Pipestone Phase II expansion project.

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

The following table summarizes the purchase price allocation representing the consideration paid and the estimated fair value of the net assets acquired as at December 22, 2023. The purchase price allocation was completed prior to the end of the measurement period and reflects management's best estimate of the fair value the acquired assets and liabilities. In 2024, goodwill increased by approximately $7 million (note 9) based on new information obtained during the measurement period.

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

The final purchase price allocation includes approximately $140 million of goodwill. The goodwill is primarily related to incremental growth opportunities in the Midstream business as a result of the acquisition and greater financial flexibility as a result of increased scale and earnings diversification. The goodwill recognized as part of this transaction is not deductible for income tax purposes, and as such, no deferred taxes have been recorded related to this goodwill.

4. Provisions on Assets

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

Midstream

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

Corporate/Other

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

5. Inventory

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

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

6. Property, Plant and Equipment

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

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

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

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

7. Intangible Assets

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

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

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

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

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

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

8. Leases

Lessee

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

The components of lease expense were as follows:

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

Supplemental cash flow information related to leases was as follows:

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

Supplemental balance sheet information related to leases was as follows:

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

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

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

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

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

Lessor

Certain of AltaGas' revenues are obtained through take-or-pay contracts whereby AltaGas is the lessor in these operating lease arrangements. Minimum lease payments received are amortized over the term of the lease. Contingent rentals are recorded when the condition that created the present obligation to make such payments occurs.

Maturity analysis of lease receivables was as follows:

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

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

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

9. Goodwill

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

10. Long-Term Investments and Other Assets

As at		December 31, 2024		December 31, 2023
Deferred lease receivable	**$**	**16**	$	15
Debt issuance costs associated with credit facilities		**5**		4
Refundable deposits		**10**		10
Prepayment on long-term service agreements		**62**		84
Deferred information technology costs		**43**		37
Cash calls from joint venture partners		**16**		19
Contract asset *(net of credit losses of $1 million) (notes 22 and 23)*		**3**		36
Rabbi trust *(notes 27 and 30)*		**5**		6
Capitalized contract costs		**4**		4
Financial transmission rights		**31**		26
Blend-and-extend contract [(a)]		**29**		—
Other		**31**		30
	$	**255**	$	271

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

11. Variable Interest Entities

Consolidated VIEs

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

Ridley Island LPG Export Limited Partnership

On May 5, 2017, AltaGas LPG Limited Partnership ("AltaGas LPG"), a wholly-owned subsidiary of AltaGas, and Vopak Development Canada Inc. ("Vopak"), a wholly-owned subsidiary of Koninklijke Vopak N.V. ("Royal Vopak"), a public company incorporated under the laws of the Netherlands, formed the Ridley Island LPG Export Limited Partnership ("RILE LP") to develop, own and operate the Ridley Island Propane Export Terminal ("RIPET"). AltaGas' subsidiaries hold a 70 percent interest while Vopak holds a 30 percent interest in RILE LP. The construction cost of

RIPET was funded by AltaGas LPG and Vopak in proportion to their respective interests in RILE LP. As part of the arrangements, AltaGas entered into a long-term agreement for the capacity of RIPET with RILE LP, and AltaGas and certain of its subsidiaries provide operating services to RILE LP.

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

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

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

As at	**December 31, 2024**	December 31, 2023
Current assets	**$ 9**	$ 8
Property, plant and equipment	**343**	349
Long-term investments and other assets	**39**	42
Current liabilities	**(18)**	(15)
Asset retirement obligations	**(5)**	(5)
Net assets	**$ 368**	$ 379

Ridley Island Energy Export Facility Limited Partnership

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

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

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

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

As at		**December 31, 2024**		December 31, 2023
Current assets	**$**	**59**	$	7
Property, plant and equipment		**312**		65
Operating right of use assets		**56**		—
Current portion of operating lease liabilities		**(3)**		—
Other long-term liabilities		**(1)**		—
Operating lease liabilities		**(55)**		—
Net assets	**$**	**368**	$	72

AltaGas Hybrid Trust

On January 11, 2022, AltaGas closed its offering of $300 million of 5.25 percent Fixed-to-Fixed Rate Subordinated Notes, Series 1 (Note 15). In conjunction with the debt offering, AltaGas issued $300 million in Preferred Shares, Series 2022-A, to be held in the AltaGas Hybrid Trust with Computershare Trust Company of Canada acting as trustee. The Preferred Shares were issued to satisfy the obligations under the indenture governing the associated Series 1 Subordinated Notes. Following the occurrence of certain bankruptcy or insolvency events in respect of AltaGas, subject to certain exceptions, the Series 2022-A Preferred Shares would be delivered to the holders of the Series 1 Subordinated Notes. Upon delivery of the Series 2022-A Preferred Shares, the Series 1 Subordinated Notes would be immediately and automatically surrendered and cancelled and all rights of any Series 1 Subordinated Notes will automatically cease.

On August 17, 2022, AltaGas closed its offering of $250 million of 7.35 percent Fixed-to-Fixed Subordinated Notes, Series 2 (Note 15). In conjunction with the debt offering, AltaGas issued $250 million in Preferred Shares, Series 2022-B, to be held in the AltaGas Hybrid Trust with Computershare Trust Company of Canada acting as trustee. The Preferred Shares were issued to satisfy the obligations under the indenture governing the associated Series 2 Subordinated Notes. Following the occurrence of certain bankruptcy or insolvency events in respect of AltaGas, subject to certain exceptions, the Series 2022-B Preferred Shares would be delivered to the holders of the Series 2 Subordinated Notes. Upon delivery of the Series 2022-B Preferred Shares, the Series 2 Subordinated Notes would be immediately and automatically surrendered and cancelled and all rights of any Series 2 Subordinated Notes will automatically cease.

On November 10, 2023, AltaGas closed its offering of $200 million of 8.90 percent Fixed-to-Fixed Subordinated Notes, Series 3 (Note 15). In conjunction with the debt offering, AltaGas issued $200 million in Preferred Shares, Series 2023-A, to be held in the AltaGas Hybrid Trust with Computershare Trust Company of Canada acting as trustee. The Preferred Shares were issued to satisfy the obligations under the indenture governing the associated Series 3 Subordinated Notes. Following the occurrence of certain bankruptcy or insolvency events in respect of AltaGas, subject to certain exceptions, the Series 2023-A Preferred Shares would be delivered to the holders of the Series 3 Subordinated Notes. Upon delivery of the Series 2023-A Preferred Shares, the Series 3 Subordinated Notes would be immediately and automatically surrendered and cancelled and all rights of any Series 3 Subordinated Notes will automatically cease.

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

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

Unconsolidated VIE

Strathcona Storage Limited Partnership ("SSLP")

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

As at December 31, 2024, AltaGas held a 40 percent equity investment in SSLP with a carrying value of $127 million (2023 - $130 million). SSLP is not consolidated by AltaGas and instead is accounted for by the equity method of accounting. AltaGas is not the primary beneficiary of SSLP and it does not have the power to direct the activities most significant to the economic performance of SSLP. The maximum financial exposure to loss as a result of the involvement with this VIE is equal to AltaGas' net investment in SSLP.

12. Investments Accounted for by the Equity Method

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

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

(b) Equity income includes AFUDC prior to June 2024 and equity earnings from income generated by MVP subsequent to being placed in-service on June 14, 2024. Earnings after June 14, 2024 also include the amortization of certain basis differences.

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

Meade Escrow Proceeds

In 2019, AltaGas completed the disposition of its investment in Meade Pipeline Co. LLC ("Meade"), which held WGL Midstream's indirect, non-operating interest in the Central Penn pipeline. Upon close of the sale, various escrow accounts were established to provide the purchaser a form of recourse for the settlement of indemnification obligations. In the third quarter of 2024, AltaGas received approximately $14 million (US$10 million) of cash proceeds from the indemnity escrow account. As a result, AltaGas recognized a pre-tax gain on disposition of approximately $14 million in the Consolidated Statements of Income under the line item "other income" for the year ended December 31, 2024.

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

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

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

13. Short-term Debt

As at		December 31, 2024		December 31, 2023
Commercial paper [(a)]	**$**	**10**	$	129
	$	**10**	$	129

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

Credit Facilities

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

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

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

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

14. Long-Term Debt

As at	Maturity date	December 31, 2024	December 31, 2023
Credit facilities			
$2.3 billion unsecured extendible revolving facility [a]	2-May-2028	**$ —**	$ 484
US$150 million unsecured extendible revolving facility	20-Dec-2026	**104**	86
Commercial paper [b]	Various	**253**	332
$450 million term loan	n/a	**—**	449
AltaGas Ltd. MTNs			
$200 million Senior unsecured - 4.40 percent	15-Mar-2024	**—**	200
$350 million Senior unsecured - 1.23 percent	18-Mar-2024	**—**	350
$300 million Senior unsecured - 3.84 percent	15-Jan-2025	**300**	300
$500 million Senior unsecured - 2.16 percent	10-Jun-2025	**500**	500
$350 million Senior unsecured - 4.12 percent	7-Apr-2026	**350**	350
$47 million Senior unsecured - 4.64 percent [c]	15-May-2026	**47**	400
$200 million Senior unsecured - 2.17 percent	16-Mar-2027	**200**	200
$200 million Senior unsecured - 3.98 percent	4-Oct-2027	**200**	200
$500 million Senior unsecured - 2.08 percent	30-May-2028	**500**	500
$400 million Senior unsecured - 4.67 percent	8-Jan-2029	**400**	—
$200 million Senior unsecured - 2.48 percent	30-Nov-2030	**200**	200
$350 million Senior unsecured - 5.14 percent	14-Mar-2034	**350**	—
$21 million Senior unsecured - 5.16 percent [d]	13-Jan-2044	**21**	100
$108 million Senior unsecured - 4.50 percent [e]	15-Aug-2044	**108**	300
$68 million Senior unsecured - 4.99 percent [f]	4-Oct-2047	**68**	250
$500 million Senior unsecured - 5.60 percent	14-Mar-2054	**500**	—
WGL and Washington Gas MTNs and private placement notes			
US$41 million Senior unsecured - 5.44 percent	11-Aug-2025	**58**	54
US$53 million Senior unsecured - 6.62 to 6.82 percent	Oct 2026	**76**	70
US$72 million Senior unsecured - 6.40 to 6.57 percent	Feb - Sep 2027	**104**	95
US$52 million Senior unsecured - 6.57 to 6.85 percent	Jan - Mar 2028	**75**	69
US$9 million Senior unsecured - 7.50 percent	1-Apr-2030	**12**	11
US$150 million Senior unsecured - 6.06 percent	14-Oct-2033	**216**	199
US$50 million Senior unsecured - 5.70 to 5.78 percent	Jan - Mar 2036	**72**	66
US$75 million Senior unsecured - 5.21 percent	3-Dec-2040	**107**	99
US$75 million Senior unsecured - 5.00 percent	15-Dec-2043	**107**	99
US$300 million Senior unsecured - 4.22 to 4.60 percent	Sep - Nov 2044	**432**	397
US$450 million Senior unsecured - 3.80 percent	15-Sep-2046	**647**	595
US$400 million Senior unsecured - 3.65 percent	15-Sep-2049	**576**	529
US$200 million Senior unsecured - 2.98 percent	15-Dec-2051	**288**	265
US$25 million Senior unsecured - 5.25 percent	29-Dec-2042	**36**	33
US$175 million Senior unsecured - 5.33 percent	29-Dec-2052	**252**	231
US$50 million Senior unsecured - 6.43 percent	15-Oct-2053	**72**	66
US$100 million Senior unsecured - 5.40 percent [g]	01-Oct-2054	**144**	—
SEMCO long-term debt			
US$225 million First Mortgage Bonds - 2.45 percent	21-Apr-2030	**104**	95
US$225 million First Mortgage Bonds - 3.15 percent	21-Apr-2050	**323**	298
Fair value adjustment on WGL acquisition		**77**	74
		$ 7,879	$ 8,546
Less: unamortized premiums, discounts, and debt issuance costs		**(29)**	(19)
		$ 7,850	$ 8,527
Less: current portion		**(858)**	(999)
		$ 6,992	$ 7,528

(a) Includes a $1.7 billion four-year extendable committed revolving tranche which matures in May 2028 and a $600 million three-year extendable side car revolving tranche which matures in May 2027.
(b) Commercial paper is supported by the availability of long-term committed credit facilities maturing in 2026. Commercial paper intended to be repaid within the next year is recorded as short-term debt (Note 13).
(c) Prior to the partial debt extinguishment in the fourth quarter of 2024 as discussed below, this note had a face value of $400 million.
(d) Prior to the partial debt extinguishment in the fourth quarter of 2024 as discussed below, this note had a face value of $100 million.
(e) Prior to the partial debt extinguishment in the fourth quarter of 2024 as discussed below, this note had a face value of $300 million.
(f) Prior to the partial debt extinguishment in the fourth quarter of 2024 as discussed below, this note had a face value of $250 million.
(g) Pursuant to the note purchase agreement executed on October 1, 2024, an additional US$100 million will be issued on April 1, 2025 at 4.84 percent with a maturity date of April 1, 2035.

MTN Debt Extinguishment

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

Credit Facilities

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

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

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

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

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

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

15. Subordinated Hybrid Notes

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

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

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

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

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

(e) In the third quarter of 2024, AltaGas concurrently executed cross-currency swaps totaling US$900 million, which will convert the U.S. dollar principal and interest payments of these Notes into Canadian dollars and apply an effective annual interest rate of 6.90 percent, which is based on the initial converted Canadian principal amount of approximately $1.2 billion. Refer to Note 22 for more details.

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

16. Asset Retirement Obligations

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

(a) Includes a non-cash gain on settlement of approximately $7 million.

(b) Certain amounts relating to Utility asset retirement obligations are recorded through regulatory assets or liabilities on the Consolidated Balance Sheets due to regulatory treatment. The remaining portion is recorded through the Consolidated Statements of Income.

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

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

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

17. Environmental Matters

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

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

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

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

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

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

18. Other Long-term Liabilities

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

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

19. Income Taxes

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

Net deferred income tax liabilities were composed of the following:

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

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

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

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

Unrecognized Tax Benefits

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

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

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

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

20. Regulatory Assets and Liabilities

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

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

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

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

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

(a) Washington Gas is not entitled to a rate of return on these assets. Washington Gas is allowed to recover and required to pay, using short-term interest rates, the carrying costs related to billed gas costs due from and to its customers in D.C. and Virginia jurisdictions.

(b) Represents amounts for deferred over or under collections of surcharges associated with Washington Gas' accelerated pipeline recovery programs in D.C., Maryland, and Virginia.

(c) Washington Gas is not entitled to a rate of return on these assets.

(d) Includes deferred gas costs and fair value of derivatives, which are not included in customer bills until settled.

(e) Represents the timing difference between the recognition of workers compensation and short-term disability costs in accordance with generally accepted accounting principles and the way these costs are recovered through rates.

(f) This balance represents allowed environmental remediation expenditures at SEMCO and Washington Gas sites to be recovered through rates. The recovery period is over several years.

(g) The losses or gains on the issuance and extinguishment of debt and interest-rate derivative instruments include unamortized balances from transactions executed in prior years. These transactions create gains and losses that are amortized over the remaining life of the debt as prescribed by regulatory accounting requirements. As at December 31, 2024, this also includes a fair value adjustment of $73 million (December 31, 2023 - $70 million) recorded on the WGL Acquisition in 2018.

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

21. Accumulated Other Comprehensive Income (Loss)

($ millions)	Cash Flow Hedges	DB pension and PRB plans	Hedge net investments	Translation foreign operations	Total
Opening balance, January 1, 2024	**$ (9)**	**$ (2)**	**$ (148)**	**$ 554**	**$ 395**
OCI before reclassification	**(27)**	**—**	**(84)**	**929**	**818**
Amounts reclassified from OCI	**(58)**	**(2)**	**—**	**—**	**(60)**
Current period OCI (pre-tax)	**$ (85)**	**$ (2)**	**$ (84)**	**$ 929**	**$ 758**
Income tax on amounts retained in AOCI	**2**	**—**	**—**	**—**	**2**
Net current period OCI	**$ (83)**	**$ (2)**	**$ (84)**	**$ 929**	**$ 760**
Ending balance, December 31, 2024	**$ (92)**	**$ (4)**	**$ (232)**	**$ 1,483**	**$ 1,155**
Opening balance, January 1, 2023	$ —	$ (5)	$ (173)	$ 804	$ 626
OCI before reclassification	(10)	2	28	(250)	(230)
Amounts reclassified from OCI	1	2	—	—	3
Current period OCI (pre-tax)	$ (9)	$ 4	$ 28	$ (250)	$ (227)
Income tax on amounts retained in AOCI	—	(1)	(3)	—	(4)
Net current period OCI	$ (9)	$ 3	$ 25	$ (250)	$ (231)
Ending balance, December 31, 2023	$ (9)	$ (2)	$ (148)	$ 554	$ 395

Reclassification From Accumulated Other Comprehensive Income (Loss)

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

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

22. Financial Instruments and Financial Risk Management

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

Fair Value Hierarchy

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

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

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

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

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

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

Current portion of long-term debt, long-term debt (including debt classified as held for sale), subordinated hybrid notes, and other long-term liabilities - the fair value of these liabilities was estimated based on discounted future interest and principal payments using the current market interest rates of instruments with similar terms.

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

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

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

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

(b) Includes the fair value of designated commodity hedging instruments classified as level 2, which amounts to an asset totaling $3 million. The change in fair value of these instruments is recorded to AOCI. Refer to the *Cash Flow Hedges* section below for more details.

(c) Includes the fair value of designated cross-currency swap hedging instruments classified as level 2, which amounts to a liability totaling $16 million. The change in fair value of these instruments is recorded to AOCI. Refer to the *Foreign Exchange Risk* and *Cash Flow Hedges* sections below for more details.

(d) Excludes non-financial liabilities.

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

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

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

(c) Excludes non-financial liabilities.

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

The following table includes quantitative information about the significant unobservable inputs used in the fair value measurement of Level 3 financial instruments as at December 31, 2024:

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

(a) Unobservable inputs were weighted by transaction volume.

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

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

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

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

Transfers between different levels of the fair value hierarchy may occur based on fluctuations in the valuation and on the level of observable inputs used to value the instruments from period to period. Transfers into and out of the different levels of the fair value hierarchy are presented at the fair value as of the beginning of the period. Transfers out of Level 3 during the year ended December 31, 2024 were due to an increase in valuations using observable market inputs.

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

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

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

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

Offsetting of Derivative Assets and Derivative Liabilities

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

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

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

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

(c) Includes cross-currency swaps.

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

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

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

Cash Collateral

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

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

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

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

As at		**December 31, 2024**		December 31, 2023
Risk management liabilities with credit-risk-contingent features	**$**	**157**	$	158
Maximum potential collateral requirements	**$**	**116**	$	111

Risks Associated with Financial Instruments

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

Commodity Price Risk

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

<u>Natural Gas</u>

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

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

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

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

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

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

Crude Oil and NGLs

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

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

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

Energy Exports

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

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

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

NGL Frac Spread

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

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

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

Power

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

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

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

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

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

Foreign Exchange Risk

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

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

AltaGas may designate its external U.S. dollar-denominated debt or certain U.S. dollar-denominated loans that may give rise to a foreign currency transaction gain or loss as a net investment hedge of its U.S. subsidiaries. As at December 31, 2024, AltaGas has designated US$645 million of outstanding loans as a net investment hedge (December 31, 2023 - US$715 million). For the year ended December 31, 2024, unrealized after-tax losses of $84 million on the net investment hedge were recorded in OCI (2023 - unrealized after-tax gains of $25 million).

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

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

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

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

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

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

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

Cash Flow Hedges

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

For hedging relationships that qualify as highly effective, the change in fair value of the hedging instrument will be recorded to AOCI. Amounts in AOCI will be reclassified into earnings in the same period the hedged forecasted transactions affect earnings, or when non-regulated cost of energy-related sales is recorded. For swaps that settle the month ahead of the physical transaction, the swap impact will be reclassified into earnings in the subsequent month when the associated hedged transaction is recorded into earnings. For storage inventory purchases, such reclassification into earnings will be based on WGL Energy Services' inventory turnover schedules for finished goods in which the hedged natural gas purchases are used. When applicable, the ineffective portion of a commodity cash flow hedge will immediately be recognized in earnings. As at December 31, 2024, the estimated amount of existing gains related to commodity cash flow hedges expected to be reclassified to the income statement in the next 12 months is $1 million.

AltaGas is also exposed to interest rate risk as changes in interest rates may impact future cash flows and fair value of its financial instruments. To manage this risk, the Company may enter into bond forward contract derivatives and designate them as cash flow hedges in accordance with ASC Topic 815, as AltaGas expects that the hedging relationship will be highly effective at achieving offsetting changes in cash flows attributable to the risk being hedged. For hedging relationships that qualify as highly effective, the change in fair value of the hedging instrument will be recorded to AOCI. Amounts in AOCI will be reclassified into earnings in the same period the hedged forecasted transactions affect earnings. When applicable, the ineffective portion of a cash flow hedge will immediately be recognized in earnings. As at December 31, 2024, the estimated amount of existing losses related to the bond forward contract derivative expected to be reclassified to the income statement in the next 12 months is less than $1 million.

As discussed above, AltaGas designated US$900 million of cross-currency swaps as cash flow hedges to manage the foreign currency risk associated with its US dollar denominated subordinated hybrid notes. The cash flow hedges are designated in accordance with ASC Topic 815 as AltaGas expects that the hedging relationship will be highly effective at achieving offsetting changes in cash flows attributable to the risk being hedged. For hedging relationships that qualify as highly effective, the change in fair value of the hedging instrument will be recorded to AOCI. Amounts in AOCI will be reclassified into earnings in the same period the hedged forecasted transactions affect earnings. Any ineffective portion of a cash flow hedge will immediately be recognized in earnings. As at December 31, 2024, the estimated amount of existing losses related to the cross-currency swap expected to be reclassified to the income statement in the next 12 months is $9 million. Actual amounts reclassified to earnings depend on the movement in foreign exchange rates.

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

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

(a) Amounts presented are after-tax.

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

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

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

Interest Rate Risk

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

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

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

Credit Risk

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

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

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

Weather Related Instruments

WGL Energy Services utilizes heating degree day ("HDD") instruments from time to time to manage weather and price risks related to its natural gas and electricity sales during the winter heating season. WGL Energy Services also utilizes cooling degree day ("CDD") instruments and other instruments to manage weather and price risks related to its electricity sales during the summer cooling season. These instruments cover a portion of estimated revenue or energy-related cost exposure to variations in HDDs or CDDs. For the year ended December 31, 2024, there were no pre-tax gains or losses recorded related to these instruments (2023 - pre-tax losses of $8 million).

Accounts Receivable Past Due or Impaired

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

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

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

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

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

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

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

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

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

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

Liquidity Risk

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

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

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

(a) Refer to Note 8 for contractual maturities relating to operating and finance leases.
(b) Excludes non-financial liabilities.
(c) Excludes deferred financing costs, premiums, discounts, and the fair value adjustment on the WGL Acquisition.
(d) Excludes deferred financing costs.

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

(a) Refer to Note 8 for contractual maturities relating to operating and finance leases.
(b) Excludes non-financial liabilities.
(c) Excludes deferred financing costs, premiums, discounts, and the fair value adjustment on the WGL Acquisition.
(d) Excludes deferred financing costs.

23. Revenue

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

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

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

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

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

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

	Year Ended December 31, 2023			
	Utilities	**Midstream**	**Corporate/ Other**	**Total**
Revenue from contracts with customers				
Commodity sales contracts	$ 1,971	$ 6,347	$ —	$ 8,318
Midstream service contracts	—	1,541	—	1,541
Gas sales and transportation services	2,506	8	—	2,514
Storage services [(a)]	4	—	—	4
Other	11	9	—	20
Total revenue from contracts with customers	$ 4,492	$ 7,905	$ —	$ 12,397
Other sources of revenue				
Revenue from alternative revenue programs [(b)]	$ 167	$ —	$ —	$ 167
Leasing revenue [(c)]	—	221	99	320
Risk management and trading activities [(d)]	173	(97)	2	78
Other	(5)	40	—	35
Total revenue from other sources	$ 335	$ 164	$ 101	$ 600
Total revenue	$ 4,827	$ 8,069	$ 101	$ 12,997

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

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

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

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

Revenue Recognition

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

Utilities Segment

Gas Sales and Transportation Services

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

Commodity Sales

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

Midstream Segment

Commodity Sales

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

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

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

Midstream Service Contracts

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

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

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

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

Corporate/Other Segment

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

Contract Balances

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

Contract Assets

As at		**December 31, 2024**		December 31, 2023
Balance, beginning of year	**$**	**40**	$	41
Additions		**—**		3
Amortization [(a)]		**(1)**		(4)
Transfers to other assets *(note 10)* [(b)]		**(36)**		—
Balance, end of year	**$**	**3**	$	40

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

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

Transaction Price Allocated to the Remaining Obligations

The following table includes estimated revenue expected to be recognized in the future related to performance obligations that are unsatisfied as of December 31, 2024:

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

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

24. Shareholders' Equity

Authorization

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

Common Shares Issued and Outstanding [(a)]	Number of shares		Amount
January 1, 2023	281,531,833	$	6,761
Shares issued for cash on exercise of options	905,493		19
Shares issued related to Pipestone Acquisition *(note 3)*	12,466,437		340
December 31, 2023	294,903,763	$	7,120
Shares issued for cash on exercise of options	3,021,252		60
Issued and outstanding at December 31, 2024	**297,925,015**	**$**	**7,180**

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

Preferred Shares

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

(a) On January 11, 2022, in connection with the offering of the Subordinated Notes, Series 1, AltaGas issued $300 million in Preferred Shares, Series 2022-A, to be held in the AltaGas Hybrid Trust with Computershare Trust Company of Canada acting as a trustee. Refer to Notes 11 and 15 for more details.

(b) On August 17, 2022, in connection with the offering of the Subordinated Notes, Series 2, AltaGas issued $250 million in Preferred Shares, Series 2022-B, to be held in the AltaGas Hybrid Trust with Computershare Trust Company of Canada acting as a trustee. Refer to Notes 11 and 15 for more details.

(c) On November 10, 2023, in connection with the offering of the Subordinated Notes, Series 3, AltaGas issued $200 million in Preferred Shares, Series 2023-A, to be held in the AltaGas Hybrid Trust with Computershare Trust Company of Canada acting as a trustee. Refer to Notes 11 and 15 for more details.

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

The following table outlines the characteristics of the cumulative redeemable preferred shares [(a) (h) (i) (j)]:

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

(a) The Corporation is authorized to issue up to 8,000,000 of Series H Shares, subject to certain conditions, upon conversion by the holders of the applicable currently issued and outstanding series of preferred shares noted opposite such series in the table on the applicable conversion option date. If issued upon the conversion of the applicable series of preferred shares, Series H Shares are also redeemable for $25.50 on any date after the applicable conversion option date, plus all accrued but unpaid dividends to, but excluding, the date fixed for redemption.

(b) The holders of Series A Shares and Series G Shares are entitled to receive a cumulative quarterly fixed dividend as and when declared by the Board of Directors. The holders of Series B Shares are entitled to receive a quarterly floating dividend as and when declared by the Board of Directors. If issued upon the conversion of the applicable series of preferred shares, the holders of Series H Shares will be entitled to receive a quarterly floating dividend as and when declared by the Board of Directors.

(c) AltaGas may, at its option, redeem all or a portion of the outstanding shares for the redemption price per share, plus all accrued and unpaid dividends on the applicable redemption option date and on every fifth anniversary thereafter.

(d) The holder will have the right, subject to certain conditions, to convert their preferred shares of a specified series into preferred shares of that other specified series as noted in this column of the table on the applicable conversion option date and every fifth anniversary thereafter.

(e) Holders of Series A Shares and Series G Shares will be entitled to receive cumulative quarterly fixed dividends, which will reset on the redemption and conversion option date and every fifth year thereafter, at a rate equal to the sum of the then five-year Government of Canada bond yield plus 2.66 percent (Series A Shares) and 3.06 percent (Series G Shares).

(f) Holders of Series B Shares will be entitled to receive cumulative quarterly floating dividends, which will reset each quarter thereafter at a rate equal to the sum of the then 90-day Government of Canada Treasury Bill rate plus 2.66 percent. Each quarterly dividend is calculated as the annualized amount multiplied by the number of days in the quarter, divided by the number of days in the year. Commencing December 31, 2024, the floating quarterly dividend rate is $0.37855 per share for Series B Shares for the period starting December 31, 2024 to, but excluding, March 31, 2025.

(g) Series B Shares can be redeemed for $25.50 per share on any date after September 30, 2015 that is not a Series B conversion date, plus all accrued and unpaid dividends to, but excluding, the date fixed for redemption.

(h) The Series 2022-A Shares were issued to Computershare Trust Company of Canada to be held in trust to satisfy AltaGas' obligations under the Series 1 Indenture, in connection with the issuance of the Subordinated Notes, Series 1. Holders of the Series 2022-A Shares shall not be entitled to receive any dividends, nor shall any dividends accumulate or accrue, on the Series 2022-A Shares prior to delivery to the holders of the Subordinated Notes, Series 1 following the occurrence of certain bankruptcy or insolvency events in respect of AltaGas. If at any time, AltaGas redeems, purchases for cancellation or repays the Subordinated Notes, Series 1 such number of Series 2022-A Shares with an aggregate issue price equal to the principal amount of Subordinated Notes, Series 1 redeemed, purchased for cancellation or repaid by AltaGas will be redeemed in accordance with the terms of the Series 2022-A Shares.

(i) The Series 2022-B Shares were issued to Computershare Trust Company of Canada to be held in trust to satisfy AltaGas' obligations under the Series 2 Indenture, in connection with the issuance of the Subordinated Notes, Series 2. Holders of the Series 2022-B Shares shall not be entitled to receive any dividends, nor shall any dividends accumulate or accrue, on the Series 2022-B Shares prior to delivery to the holders of the Subordinated Notes, Series 2 following the occurrence of certain bankruptcy or insolvency events in respect of AltaGas. If at any time, AltaGas redeems, purchases for cancellation or repays the Subordinated Notes, Series 2 such number of Series 2022-B Shares with an aggregate issue price equal to the principal amount of Subordinated Notes, Series 2 redeemed, purchased for cancellation or repaid by AltaGas will be redeemed in accordance with the terms of the Series 2022-B Shares.

(j) The Series 2023-A Shares were issued to Computershare Trust Company of Canada to be held in trust to satisfy AltaGas' obligations under the Series 3 Indenture, in connection with the issuance of the Subordinated Notes, Series 3. Holders of the Series 2023-A Shares shall not be entitled to receive any dividends, nor shall any dividends accumulate or accrue, on the Series 2023-A Shares prior to delivery to the holders of the Subordinated Notes, Series 3 following the occurrence of certain bankruptcy or insolvency events in respect of AltaGas. If at any time, AltaGas redeems, purchases for cancellation or repays the Subordinated Notes, Series 3 such number of Series 2023-A Shares with an aggregate issue price equal to the principal amount of Subordinated Notes, Series 3 redeemed, purchased for cancellation or repaid by AltaGas will be redeemed in accordance with the terms of the Series 2023-A Shares.

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

Share Option Plan

AltaGas has an employee share option plan under which officers, employees, and service providers (as defined by the TSX) are eligible to receive grants. As at December 31, 2024, 7,786,622 shares were listed and reserved for issuance under the plan.

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

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

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

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

(a) Weighted average.

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

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

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

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

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

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

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

25. Net Income Per Common Share

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

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

(a) Determined using the treasury stock method.

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

26. Other Income

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

27. Pension Plans and Retiree Benefits

The costs of the defined benefit and post-retirement benefit plans are based on Management's estimate of the future rate of return on the fair value of pension plan assets, salary escalations, mortality rates and other factors affecting the payment of future benefits.

Defined Contribution Plan

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

Defined Benefit Plans

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

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

SERP

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

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

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

Post-Retirement Benefit Plans

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

Post-retirement benefit plans in the United States provide certain medical, prescription drug, dental, and life insurance benefits to eligible retired employees, their spouses and covered dependents. Benefits are based on a combination of the retiree's age and years of service at retirement. For eligible Washington Gas retirees and dependents not yet receiving Medicare benefits, Washington Gas provides medical, prescription drug, and dental benefits, subject to an aggregate cost limit, through the Washington Gas Light Company Retiree Health and Welfare Plan. For Medicare-eligible retirees age 65 and older and their dependents, eligible retirees and dependents participate in a special tax-free Health Reimbursement Account ("HRA") Plan. The HRA plan provides an annual subsidy to help purchase supplemental medical, prescription drug and dental coverage in the marketplace, as well as catastrophic prescription drug costs.

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

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

Rabbi Trusts

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

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

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

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

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

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

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

The following amounts were included in the Consolidated Balance Sheets:

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

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

The accumulated benefit obligation for all defined benefit plans were:

As at		**December 31, 2024**		December 31, 2023	
		Canada	**United States**	Canada	United States
Accumulated benefit obligation [a]	**$**	**21**	**$ 1,289**	$ 21	$ 1,222

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

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

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

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

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

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

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

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

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

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

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

The costs of the defined benefit and post-retirement benefit plans are based on Management's estimate of the future rate of return on the fair value of pension plan assets, salary escalations, mortality rates and other factors affecting the payment of future benefits.

The net pension expense by plan was as follows:

	Year Ended December 31, 2024					
	Canada		**United States**		**Total**	
	Defined Benefit	**Post-Retirement Benefits**	**Defined Benefit**	**Post-Retirement Benefits**	**Defined Benefit**	**Post-Retirement Benefits**
Current service cost [(a)]	**$ 1**	**$ —**	**$ 13**	**$ 6**	**$ 14**	**$ 6**
Interest cost [(b)]	**1**	**—**	**68**	**15**	**69**	**15**
Expected return on plan assets [(b)]	**—**	**—**	**(84)**	**(52)**	**(84)**	**(52)**
Amortization of past service credit [(b)]	**—**	**—**	**—**	**(21)**	**—**	**(21)**
Amortization of net actuarial gain [(b)]	**—**	**—**	**—**	**(6)**	**—**	**(6)**
Plan settlements [(b) (c)]	**—**	**—**	**—**	**(65)**	**—**	**(65)**
Other [(b)]	**—**	**—**	**—**	**3**	**—**	**3**
Net benefit cost (income) recognized	**$ 2**	**$ —**	**$ (3)**	**$ (120)**	**$ (1)**	**$ (120)**

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

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

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

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

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

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

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

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

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

(a) Consists of investments in foreign equities include U.S. and international securities.
(b) Includes a combination of long-term U.S. Treasury interest rate future contracts, currency forwards, currency option interest rate swaps, and put and call options on both interest rate swaps and credit default swap index products.
(c) As at December 31, 2024 and December 31, 2023, these investments consisted primarily of non-U.S. government bonds.
(d) In accordance with ASC Topic 820, these investments are measured at fair value using net asset value (NAV) per share as a practical expedient and, therefore, have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliations of the fair value hierarchy to the statements of net assets available for plan benefits.
(e) As at December 31, 2024, investments in pooled separate accounts consisted of 100 percent income producing properties located in the United States (December 31, 2023 - 100 percent).
(f) As at December 31, 2024, investments in collective trust funds consisted primarily of 90 percent of short-term money market investments (December 31, 2023 - 2 percent) and 10 percent income producing properties located in the United States (December 31, 2023 - 13 percent). As at December 31, 2023, investments in collective trust funds also included 85 percent common stock of U.S. companies.
(g) As at December 31, 2023, this net payable primarily represents pending trades for investments purchased net of pending trades for investments sold and interest receivable.

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

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

(a) Consists of investments in foreign equities include U.S. and international securities.
(b) As at December 31, 2024 and December 31, 2023, these investments consisted primarily of non-U.S. government bonds.
(c) In accordance with ASC Topic 820, these investments are measured at fair value using net asset value (NAV) per share as a practical expedient and, therefore, have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliations of the fair value hierarchy to the statements of net assets available for plan benefits.
(d) As at December 31, 2024, investments in commingled funds consisted of approximately 47 percent common stock of large-cap U.S. companies (December 31, 2023 - 50 percent), 26 percent U.S. Government fixed income securities (December 31, 2023 - 24 percent), and 27 percent corporate bonds for WGL's post-retirement benefit plans (December 31, 2023 - 26 percent).

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

(a) Only applicable for funded plans

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

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

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

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

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

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

28. Commitments, Guarantees, and Contingencies

Commitments

AltaGas has long-term natural gas purchase and transportation arrangements, LPG purchase agreements, crude oil and condensate purchase agreements, service agreements, pipeline and storage service contracts, capital commitments, environmental commitments, merger commitments, and operating leases for office space, office equipment, vehicles, VLGCs, rail cars, land, storage, aquatic surface use, and other equipment, all of which are transacted at market prices and in the normal course of business.

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

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

(a) AltaGas enters into contracts to purchase natural gas from various suppliers for its utilities. These contracts are used to ensure that there is an adequate supply of natural gas to meet the needs of customers and to minimize exposure to market price fluctuations. Gas purchase commitments are valued based on fixed prices and forward prices, which may fluctuate significantly from period to period.

(b) Includes $369 million of commitments as a result of the Pipestone Acquisition on December 22, 2023. Please refer to Note 3 for more details on the Pipestone Acquisition.

(c) Transportation and storage commitments include minimum payments for natural gas transportation, storage and peaking contracts that have expiration dates through 2045.

(d) AltaGas enters into contracts to purchase LPGs for its operations at RIPET and Ferndale. These contracts are used to ensure that there is an adequate supply of LPGs to meet shipment commitments and to minimize exposure to market price fluctuations. LPG purchase commitments are valued based on forward prices, which may fluctuate significantly from period to period.

(e) AltaGas enters into contracts to purchase electricity from various suppliers for its non-utility business. Electricity purchase commitments are based on existing fixed price and fixed volume contracts and include US$104 million of commitments related to renewable energy credits.

(f) Operating and finance leases include lease arrangements for office space, office equipment, field equipment, rail cars, aquatic use, vehicles, VLGCs, power and gas facilities, transmission and distribution assets, and land. Operating leases also include $320 million in future undiscounted cash flows associated with leasing arrangements for the use of two VLGCs, which are anticipated to commence in 2026, as well as $12 million in future discounted cash flows associated with leasing arrangements for rail cars commencing in 2025.

(g) In 2014, AltaGas' Blythe facility entered into a Long-Term Program Contract ("LTPC") with a service provider to complete various upgrade and maintenance services on the Combustion Turbines ("CT") at the Blythe facility. The LTPC term is 116,000 Equivalent Operating Hours ("EOH") per CT, or 25 years, whichever comes first.

(h) In 2017, AltaGas entered into a 12-year service agreement commencing in 2019 for tug services to support the marine operations of RIPET.

(i) In 2015, AltaGas entered into a Project Agreement that contemplated the sublease of lands from Ridley Terminals Inc. ("RTI", now Trigon Pacific Terminals Ltd. ("Trigon")), provision of certain terminal services, and access to Trigon's terminal facilities to support RIPET's operations for an initial term of 20 years ending in 2039. In 2019, RILE LP and Trigon executed a Terminal Services Agreement that formalized the concepts outlined in the Project Agreement.

(j) Includes a commitment related to a service contract that involves a hosting arrangement.

(k) Environmental commitments include committed payments related to certain environmental response costs.

(l) Represents the estimated future payments of WGL merger commitments that have been accrued but not paid including the civil penalty related to the failure of the commitment to develop 10 MW of either electric grid energy storage or tier one renewable resources in the District of Columbia. Please see below for more details. As at December 31, 2024, the cumulative amount of merger commitments that have been expensed but not yet paid is approximately US$3 million.

(m) Commitments for capital projects. Estimated amounts are subject to variability depending on the actual construction costs.

Guarantees

AltaGas has guaranteed payments primarily for certain commitments on behalf of some of its subsidiaries. As at December 31, 2024, AltaGas has no guarantees issued on behalf of external parties.

Contingencies

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

Merger Commitments - District of Columbia

On August 9, 2023, the PSC of DC determined that AltaGas had failed to fulfill Term No. 5 Commitment of the PSC of DC's merger approval order related to the June 2018 merger of AltaGas, WGL, and Washington Gas. On reconsideration, the PSC of DC confirmed, in relevant part, that it had credited AltaGas with causing the development of 2.4 MW of Tier one renewable resources by the July 6, 2023 deadline, and that the Company had breached its Term No. 5 Commitment only for the remaining 7.6 MW. As directed by the PSC of DC, AltaGas, the DCG, and the D.C. Office of People's Counsel ("DC OPC") conducted negotiations in good faith to reach agreement on a penalty but were unable to reach agreement. Thereafter, AltaGas confirmed that it will specifically perform its Term No. 5 obligations by continuing to cause the development of the remaining 7.6 MW of solar renewable energy. On March 8, 2024, the PSC of DC issued an order to show cause why the penalty amount should not be the maximum allowed under D.C. Code §34-708 (US$5,000/day). On June 14, 2024, AltaGas and DCG jointly requested that the PSC of DC allow sixty (60) days for the parties to negotiate a settlement in the form of a consent decree or, if no agreement is reached, to file a report on the status of the negotiations. AltaGas and DCG have kept the PSC of DC appraised of the status of the negotiations and, on October 8, 2024, filed a Proposed Consent Decree for PSC of DC approval. On November 6, 2024, the PSC of DC approved the Consent Decree, without modification, as complete resolution of the issues in dispute concerning Merger Commitment No. 5. As at December 31, 2024, AltaGas recorded an accrued liability of approximately US$2.1 million and subsequently paid the civil penalty on January 5, 2025. In accordance with the terms of the PSC of DC approved Consent Decree, AltaGas continues to report on its progress that the Company is making in causing the development of the remaining megawatts of renewable resources in D.C.

29. Related Party Transactions

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

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

(a) Receivables from affiliates.
(b) Payables to affiliates and an equity investment.

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

Year Ended December 31	**2024**	2023
Cost of sales [(a) (b)]	**$ 45**	$ 7

(a) In the ordinary course of business, AltaGas' subsidiary obtained natural gas storage services from an investment accounted for by the equity method.
(b) Includes pipeline capacity demand charges for the delivery of 200,000 Dth/d of natural gas from MVP, in connection with an agency agreement that WGL entered into with a third party in 2024.

30. Supplemental Cash Flow Information

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

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

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

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

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

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

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

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

(a) The restricted cash balances included in "prepaid expenses and other current assets" and "long-term investments and other assets" relate to Rabbi trusts associated with WGL's pension plans (see Note 27).

31. Segmented Information

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

Utilities	▪ rate-regulated natural gas distribution assets in Michigan, D.C., Maryland, and Virginia; ▪ rate-regulated natural gas storage in the United States; and ▪ sale of natural gas and power to residential, commercial, and industrial customers in D.C., Maryland, Virginia, Delaware, Pennsylvania, and Ohio.
Midstream	▪ 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.

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

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

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

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

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

Geographic Information

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

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

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

The following tables show the composition by segment:

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

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

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

Please refer to Note 26 for additional information.

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

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

(b) Other income for each reportable segment is comprised of:
- Midstream – primarily gains on asset sales, interest income of $5 million, other revenue, and other components of net benefit cost (income).
- Utilities – primarily gains on asset sales, interest income of $2 million, other components of net benefit cost (income), and gain on debt defeasance.
- Corporate – primarily gains on asset sales, interest income of $3 million, and other components of net benefit cost (income).

Please refer to Note 26 for additional information.

The following table shows goodwill and total assets by segment:

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

32. Subsequent Events

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

SUPPLEMENTAL QUARTERLY OPERATING INFORMATION

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

(1) Bcf is one billion cubic feet.
(2) Service sites reflect all of the service sites of the utilities, including transportation and non-regulated business lines.
(3) A degree day is a measure of coldness determined daily as the number of degrees the average temperature during the day in question is below 65 degrees Fahrenheit. Degree days for a particular period are determined by adding the degree days incurred during each day of the period. Normal degree days for a particular period are the average of degree days during the prior 15 years for SEMCO and during the prior 30 years for Washington Gas.
(4) In certain of Washington Gas' jurisdictions (Virginia and Maryland) there are billing mechanisms in place that are designed to eliminate the effects of variance in customer usage caused by weather and other factors such as conservation. In D.C., there is no weather normalization billing mechanism nor does Washington Gas hedge to offset the effects of weather. As a result, colder or warmer weather will result in variances to financial results.
(5) Average for the period.
(6) NGL volumes refer to propane, butane, and condensate.
(7) Reflects the revision of numbers relating to prior periods in 2024.
(8) Fractionation volumes include NGL mix volumes processed.
(9) Realized frac spread or NGL margin, expressed in dollars per barrel of NGL, is derived from sales recorded by the segment during the period for frac spread exposed volumes plus the settlement value of frac hedges settled in the period less extraction premiums, divided by the total frac exposed volumes produced during the period.
(10) Average spot frac spread or NGL margin, expressed in dollars per barrel of NGL, is indicative of the average sales price that AltaGas receives for propane, butane and condensate less extraction premiums, before accounting for hedges, divided by the respective frac spread exposed volumes for the period.
(11) Average propane price spread between FEI and Mont Belvieu TET commercial index.
(12) Average butane price spread between FEI and Mont Belvieu TET commercial index.

OTHER INFORMATION

DEFINITIONS

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

ABOUT ALTAGAS

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

For more information visit www.altagas.ca or reach out to one of the following:

Jon Morrison
Senior Vice President, Investor Relations & Corporate Development
Jon.Morrison@altagas.ca

Aaron Swanson
Vice President, Investor Relations
Aaron.Swanson@altagas.ca

Investor Inquiries
1-877-691-7199
investor.relations@altagas.ca

Media Inquiries
1-403-206-2841
media.relations@altagas.ca

For investor relations inquiries contact:
investor.relations@altagas.ca | **altagas.ca**

Telephone: 403.691.7100 | Toll-free: 1.877.691.7199
1300, 707 5th Street SW, Calgary Alberta, T2P 0Y3