



An **ATCO** Company

CU INC.
INTERIM CONSOLIDATED
FINANCIAL STATEMENTS

(UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2024

TABLE OF CONTENTS

	Page
Consolidated Statements of Earnings	2
Consolidated Statements of Comprehensive Income	3
Consolidated Balance Sheets	4
Consolidated Statements of Changes in Equity	5
Consolidated Statements of Cash Flows	6
Notes to Consolidated Financial Statements	
General Information	
1. The Company and its Operations.....	7
2. Basis of Presentation.....	7
Information on Financial Performance	
3. Segmented Information.....	8
4. Revenues.....	13
Information on Financial Position	
5. Property, Plant and Equipment.....	14
6. Long-Term Debt.....	14
7. Equity Preferred Shares.....	15
8. Class A and Class B Shares.....	15
Information on Cash Flow	
9. Cash Flow Information.....	15
Risk	
10. Financial Instruments.....	16

CONSOLIDATED STATEMENTS OF EARNINGS

(millions of Canadian Dollars)	Note	Three Months Ended June 30		Six Months Ended June 30	
		2024	2023	2024	2023
Revenues	4	696	670	1,576	1,547
Costs and expenses					
Salaries, wages and benefits	3	(90)	(54)	(144)	(103)
Energy transmission and transportation		(77)	(72)	(154)	(143)
Plant and equipment maintenance		(49)	(45)	(91)	(91)
Fuel costs		(3)	(2)	(8)	(7)
Purchased power		(14)	(14)	(33)	(29)
Depreciation, amortization and impairment		(147)	(149)	(292)	(290)
Franchise fees		(68)	(63)	(167)	(171)
Property and other taxes		(18)	(18)	(36)	(36)
Other		(68)	(70)	(132)	(134)
		(534)	(487)	(1,057)	(1,004)
Operating profit		162	183	519	543
Interest income		1	1	3	3
Interest expense		(99)	(89)	(198)	(179)
Net finance costs		(98)	(88)	(195)	(176)
Earnings before income taxes		64	95	324	367
Income tax expense		(15)	(18)	(75)	(81)
Earnings for the period		49	77	249	286

See accompanying Notes to Unaudited Interim Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

<i>(millions of Canadian Dollars)</i>	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	2024	2023
Earnings for the period	49	77	249	286
Other comprehensive income (loss), net of income taxes				
Items that will not be reclassified to earnings:				
Re-measurement of retirement benefits ⁽¹⁾	1	(2)	3	(4)
Comprehensive income for the period	50	75	252	282

(1) Net of income taxes of nil and \$(1) million for the three and six months ended June 30, 2024 (2023 - \$1 million and \$1 million).

See accompanying Notes to Unaudited Interim Consolidated Financial Statements.

CONSOLIDATED BALANCE SHEETS

<i>(millions of Canadian Dollars)</i>	Note	June 30 2024	December 31 2023
ASSETS			
Current assets			
Cash and cash equivalents		13	36
Accounts receivable and contract assets		350	511
Trade accounts receivable from parent and affiliate companies		4	17
Inventories		22	21
Prepaid expenses and other current assets		57	31
		446	616
Non-current assets			
Property, plant and equipment	5	17,258	17,003
Intangibles		819	800
Right-of-use assets		16	18
Investment in joint venture		12	14
Other assets		50	49
Total assets		18,601	18,500
LIABILITIES			
Current liabilities			
Bank indebtedness		2	–
Short-term advances from parent company		284	107
Accounts payable and accrued liabilities		402	535
Accounts payable to parent and affiliate companies		20	34
Lease liabilities		1	1
Provisions and other current liabilities		4	–
Long-term debt	6	–	120
		713	797
Non-current liabilities			
Deferred income tax liabilities		1,846	1,783
Retirement benefit obligations		121	125
Customer contributions		1,997	1,968
Lease liabilities		16	16
Other liabilities		47	27
Long-term debt	6	8,606	8,605
Total liabilities		13,346	13,321
EQUITY			
Equity preferred shares		187	187
Class A and Class B share owner's equity			
Class A and Class B shares		1,056	1,056
Retained earnings		4,012	3,936
		5,068	4,992
Total equity		5,255	5,179
Total liabilities and equity		18,601	18,500

See accompanying Notes to Unaudited Interim Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

<i>(millions of Canadian Dollars)</i>	Note	Class A and Class B Shares	Equity Preferred Shares	Retained Earnings	Accumulated Other Comprehensive Income	Total Equity
December 31, 2022		1,056	187	3,786	–	5,029
Earnings for the period		–	–	286	–	286
Other comprehensive loss		–	–	–	(4)	(4)
Loss on retirement benefits transferred to retained earnings		–	–	(4)	4	–
Dividends	7, 8	–	–	(183)	–	(183)
June 30, 2023		1,056	187	3,885	–	5,128
December 31, 2023		1,056	187	3,936	–	5,179
Earnings for the period		–	–	249	–	249
Other comprehensive income		–	–	–	3	3
Gain on retirement benefits transferred to retained earnings		–	–	3	(3)	–
Dividends	7, 8	–	–	(176)	–	(176)
June 30, 2024		1,056	187	4,012	–	5,255

See accompanying Notes to Unaudited Interim Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

<i>(millions of Canadian Dollars)</i>	Note	Three Months Ended June 30		Six Months Ended June 30	
		2024	2023	2024	2023
Operating activities					
Earnings for the period		49	77	249	286
Adjustments to reconcile earnings to cash flows from operating activities	9	285	263	593	593
Changes in non-cash working capital		31	(86)	22	(56)
Cash flows from operating activities		365	254	864	823
Investing activities					
Additions to property, plant and equipment		(258)	(232)	(515)	(445)
Proceeds on disposal of property, plant and equipment		–	–	–	1
Additions to intangibles		(22)	(30)	(43)	(54)
Changes in non-cash working capital		(18)	(25)	(35)	(16)
Other		21	1	25	(2)
Cash flows used in investing activities		(277)	(286)	(568)	(516)
Financing activities					
Repayment of long-term debt	6	–	(100)	(120)	(100)
Repayment of lease liabilities		–	–	(1)	–
Dividends paid on equity preferred shares	7	(2)	(2)	(4)	(4)
Dividends paid to Class A and Class B share owner	8	(172)	(179)	(172)	(179)
Interest paid		(98)	(95)	(201)	(184)
Other		–	–	–	2
Cash flows used in financing activities		(272)	(376)	(498)	(465)
Decrease in cash position		(184)	(408)	(202)	(158)
Beginning of period		(89)	238	(71)	(12)
End of period	9	(273)	(170)	(273)	(170)

See accompanying Notes to Unaudited Interim Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

JUNE 30, 2024

(Tabular amounts in millions of Canadian Dollars, except as otherwise noted)

1. THE COMPANY AND ITS OPERATIONS

CU Inc. was incorporated under the laws of Canada and its debt and equity preferred shares are listed on the Toronto Stock Exchange. Its head office and registered office is at 4th Floor, West Building, 5302 Forand Street SW, Calgary, Alberta T3E 8B4. The Company is controlled by Canadian Utilities Limited, which in turn is principally controlled by ATCO Ltd. and its controlling share owner, the Southern family.

CU Inc. is engaged in the following business activities:

- Electricity (electricity transmission and distribution); and
- Natural gas (natural gas transmission and distribution).

The unaudited interim consolidated financial statements include the accounts of CU Inc., its subsidiaries and a proportionate share of the Company's investment in joint venture. In these financial statements, "the Company" means CU Inc., its subsidiaries and joint venture.

2. BASIS OF PRESENTATION

STATEMENT OF COMPLIANCE

The unaudited interim consolidated financial statements are prepared according to International Accounting Standard (IAS) 34 *Interim Financial Reporting* using accounting policies consistent with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IFRS Accounting Standards). They do not include all the disclosures required in annual consolidated financial statements and should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2023 prepared according to IFRS Accounting Standards.

The unaudited interim consolidated financial statements are prepared following the same accounting policies used in the Company's most recent annual consolidated financial statements, except for income taxes. In interim periods, income taxes are accrued using an estimate of the annualized effective tax rate applied to year-to-date earnings.

The Board of Directors (Board) authorized these unaudited interim consolidated financial statements for issue on August 1, 2024.

BASIS OF MEASUREMENT

The unaudited interim consolidated financial statements are prepared on a historic cost basis, except for retirement benefit obligations and cash-settled share-based compensation liabilities which are carried at remeasured amounts or fair value.

Revenues, earnings and adjusted earnings for any quarter are not necessarily indicative of operations on an annual basis. Quarterly financial results may be affected by the seasonal nature of the Company's operations and the timing of utility rate decisions.

ACCOUNTING POLICIES

Adoption of amended accounting standards

The Company has adopted amendments to IAS 1 *Presentation of Financial Statements* that are effective January 1, 2024. The amendments clarified the requirements for classifying current or non-current liabilities and introduced additional disclosures to assist users of financial statements in understanding the risk that non-current liabilities with covenants may become payable within the next twelve months after the balance sheet date. The adoption of the amendments did not have an impact to the Company's unaudited interim consolidated financial statements.

Future changes in accounting policies

In May 2024, the International Accounting Standards Board issued amendments to IFRS 9 *Financial Instruments* to clarify the date of recognition and derecognition of financial assets and liabilities, with a new exception for financial liabilities settled using electronic forms of payment. The amendments are effective January 1, 2026. The Company is assessing the impact of the amendments to the consolidated financial statements.

3. SEGMENTED INFORMATION

Results by operating segment for the three months ended June 30 are shown below.

2024					
2023	Electricity	Natural Gas	Corporate & Other	Intersegment Eliminations	Consolidated
Revenues - external	339	357	–	–	696
	348	322	–	–	670
Revenues - intersegment	3	1	–	(4)	–
	1	–	–	(1)	–
Revenues	342	358	–	(4)	696
	349	322	–	(1)	670
Operating expenses ⁽¹⁾	(139)	(252)	–	4	(387)
	(123)	(216)	–	1	(338)
Depreciation, amortization and impairment	(83)	(64)	–	–	(147)
	(87)	(62)	–	–	(149)
Net finance costs	(58)	(33)	(7)	–	(98)
	(56)	(32)	–	–	(88)
Earnings (loss) before income taxes	62	9	(7)	–	64
	83	12	–	–	95
Income tax (expense) recovery	(15)	(2)	2	–	(15)
	(16)	(2)	–	–	(18)
Earnings (loss) for the period	47	7	(5)	–	49
	67	10	–	–	77
Adjusted earnings (loss)	76	23	(5)	–	94
	64	23	–	–	87
Capital expenditures ⁽³⁾	147	136	–	–	283
	149	116	–	–	265

Results by operating segment for the six months ended June 30 are shown below.

2024					
2023	Electricity	Natural Gas	Corporate & Other	Intersegment Eliminations	Consolidated
Revenues - external	695	881	–	–	1,576
	716	831	–	–	1,547
Revenues - intersegment	6	1	–	(7)	–
	2	–	–	(2)	–
Revenues	701	882	–	(7)	1,576
	718	831	–	(2)	1,547
Operating expenses ⁽¹⁾	(271)	(501)	–	7	(765)
	(250)	(466)	–	2	(714)
Depreciation, amortization and impairment	(166)	(126)	–	–	(292)
	(167)	(123)	–	–	(290)
Net finance costs	(114)	(69)	(12)	–	(195)
	(110)	(65)	(1)	–	(176)
Earnings (loss) before income taxes	150	186	(12)	–	324
	191	177	(1)	–	367
Income tax (expense) recovery	(35)	(43)	3	–	(75)
	(41)	(40)	–	–	(81)
Earnings (loss) for the period	115	143	(9)	–	249
	150	137	(1)	–	286
Adjusted earnings (loss)	164	144	(9)	–	299
	146	136	(1)	–	281
Total assets ⁽²⁾	10,949	7,677	64	(89)	18,601
	10,875	7,630	87	(92)	18,500
Capital expenditures ⁽³⁾	297	267	–	–	564
	294	212	–	–	506

(1) Includes total costs and expenses, excluding depreciation, amortization and impairment expense.

(2) 2023 comparatives are at December 31, 2023.

(3) Includes additions to property, plant and equipment, intangibles and \$3 million and \$6 million of interest capitalized during construction for the three and six months ended June 30, 2024 (2023 - \$3 million and \$7 million).

ADJUSTED EARNINGS

Adjusted earnings are earnings for the period after adjusting for:

- the timing of revenues and expenses for rate-regulated activities;
- dividends on equity preferred shares of the Company;
- one-time gains and losses;
- impairments; and
- items that are not in the normal course of business or a result of day-to-day operations.

Adjusted earnings are a key measure of segment earnings used by the Chief Operating Decision Maker (CODM) to assess segment performance and allocate resources. Other accounts in the unaudited interim consolidated financial statements have not been adjusted as they are not used by the CODM for those purposes.

The reconciliation of adjusted earnings and earnings for the three months ended June 30 is shown below.

2024					
2023	Electricity	Natural Gas	Corporate & Other	Intersegment Eliminations	Consolidated
Adjusted earnings (loss)	76	23	(5)	–	94
	64	23	–	–	87
Restructuring	(13)	(19)	–	–	(32)
	–	–	–	–	–
ATCO Electric settlement application	(8)	–	–	–	(8)
	–	–	–	–	–
Rate-regulated activities	(6)	4	–	–	(2)
	12	(11)	–	–	1
IT Common Matters decision	(3)	(2)	–	–	(5)
	(2)	(3)	–	–	(5)
Impairment	–	–	–	–	–
	(8)	–	–	–	(8)
Dividends on equity preferred shares of the Company	1	1	–	–	2
	1	1	–	–	2
Earnings (loss) for the period	47	7	(5)	–	49
	67	10	–	–	77

The reconciliation of adjusted earnings and earnings for the six months ended June 30 is shown below.

2024					
2023	Electricity	Natural Gas	Corporate & Other	Intersegment Eliminations	Consolidated
Adjusted earnings (loss)	164	144	(9)	–	299
	146	136	(1)	–	281
Restructuring	(13)	(19)	–	–	(32)
	–	–	–	–	–
ATCO Electric settlement application	(8)	–	–	–	(8)
	–	–	–	–	–
Rate-regulated activities	(24)	21	–	–	(3)
	16	5	–	–	21
IT Common Matters decision	(6)	(5)	–	–	(11)
	(5)	(5)	–	–	(10)
Impairment	–	–	–	–	–
	(8)	–	–	–	(8)
Transition of managed IT services	–	–	–	–	–
	(1)	(1)	–	–	(2)
Dividends on equity preferred shares of the Company	2	2	–	–	4
	2	2	–	–	4
Earnings (loss) for the period	115	143	(9)	–	249
	150	137	(1)	–	286

Restructuring

In the three and six months ended June 30, 2024, the Company recorded restructuring costs of \$32 million (after-tax) that were not in the normal course of business. These costs mainly related to staff reductions and associated severance costs. As these costs are not in the normal course of business, they have been excluded from adjusted earnings.

ATCO Electric settlement application

On June 24, 2024, Alberta Utilities Commission (AUC) Enforcement and ATCO Electric filed a joint submission seeking the AUC's approval of a settlement agreement involving two matters ATCO Electric had previously self-reported to AUC Enforcement staff. These historical items, which relate to disclosure requirements for two independent matters included in applications filed in 2015 and 2019, for projects constructed between 2012 and 2015, were identified following an extensive internal investigation supported by independent third parties.

The settlement agreement includes an administrative penalty of \$3 million, and a refund to customers through a billing adjustment to the Alberta Electric System Operator (AESO) of \$4 million. The AUC is expected to release its decision in the fourth quarter of 2024.

In the three and six months ended June 30, 2024, the Company recognized costs of \$8 million (after-tax) related to ATCO Electric's settlement application. These costs were comprised of the administrative penalty, refund to customers and legal and other costs related to the settlement agreement. As these costs are not in the normal course of business, they were excluded from adjusted earnings.

Rate-regulated activities

ATCO Electric Transmission, ATCO Electric Distribution, ATCO Electric Yukon, Northland Utilities (NWT), Northland Utilities (Yellowknife), ATCO Gas and ATCO Pipelines are collectively referred to as the Utilities.

There is currently no specific guidance under IFRS Accounting Standards for rate-regulated entities that the Company is eligible to adopt. In the absence of this guidance, the Utilities do not recognize assets and liabilities from rate-regulated activities as may be directed by regulatory decisions. Instead, the Utilities recognize revenues in earnings when amounts are billed to customers, consistent with the regulator-approved rate design. Operating costs and expenses are recorded when incurred. Costs incurred in constructing an asset that meet the asset recognition criteria are included in the related property, plant and equipment or intangible asset.

The Company uses standards issued by the Financial Accounting Standards Board (FASB) in the United States as another source of generally accepted accounting principles to account for rate-regulated activities in its internal reporting provided to the CODM. The CODM believes that earnings presented in accordance with the FASB standards are a better representation of the operating results of the Company's rate-regulated activities. Therefore, the Company presents adjusted earnings as part of its segmented disclosures on this basis. Rate-regulated accounting (RRA) standards impact the timing of how certain revenues and expenses are recognized when compared to non-rate regulated activities, to appropriately reflect the economic impact of a regulator's decisions on revenues.

Rate-regulated accounting differs from IFRS Accounting Standards in the following ways:

Timing Adjustment	Items	RRA Treatment	IFRS Accounting Standards Treatment
1. Additional revenues billed in current period	Future removal and site restoration costs, and impact of colder temperatures.	The Company defers the recognition of cash received in advance of future expenditures.	The Company recognizes revenues when amounts are billed to customers and costs when they are incurred.
2. Revenues to be billed in future periods	Deferred income taxes and impact of warmer temperatures.	The Company recognizes revenues associated with recoverable costs in advance of future billings to customers.	The Company recognizes costs when they are incurred, but does not recognize their recovery until customer rates are changed and amounts are collected through future billings.
3. Regulatory decisions received	Regulatory decisions received which relate to current and prior periods.	The Company recognizes the earnings from a regulatory decision pertaining to current and prior periods when the decision is received.	The Company does not recognize earnings from a regulatory decision when it is received as regulatory assets and liabilities are not recorded under IFRS Accounting Standards.
4. Settlement of regulatory decisions and other items	Settlement of amounts receivable or payable to customers and other items.	The Company recognizes the amount receivable or payable to customers as a reduction in its regulatory assets and liabilities when collected or refunded through future billings.	The Company recognizes earnings when customer rates are changed and amounts are recovered or refunded to customers through future billings.

The significant timing adjustments as a result of the differences between rate-regulated accounting and IFRS Accounting Standards are as follows:

	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	2024	2023
<i>Additional revenues billed in current period</i>				
Future removal and site restoration costs ⁽¹⁾	32	36	63	66
Impact of colder temperatures ⁽²⁾	–	–	4	–
<i>Revenues to be billed in future periods</i>				
Deferred income taxes ⁽³⁾	(29)	(38)	(62)	(72)
Impact of warmer temperatures ⁽²⁾	(1)	(9)	–	(7)
<i>Settlement of regulatory decisions and other items</i>				
Distribution rate relief ⁽⁴⁾	–	4	–	9
Other ⁽⁵⁾	(4)	8	(8)	25
	(2)	1	(3)	21

(1) Removal and site restoration costs are billed to customers over the estimated useful life of the related assets based on forecast costs to be incurred in future periods.

(2) ATCO Gas Distribution's customer rates are based on a forecast of normal temperatures. Fluctuations in temperatures may result in more or less revenue being recovered from customers than forecast. Revenues above or below the normal temperatures in the current period are refunded to or recovered from customers in future periods.

(3) Income taxes are billed to customers when paid by the Company.

(4) In 2021, in response to the ongoing COVID-19 Pandemic, ATCO Electric Distribution and ATCO Gas Distribution applied and received approval from the AUC for interim rate relief for customers to hold current distribution base rates in place. Based on direction from the AUC, collection of 2021 deferred rate amounts commenced in 2022 and for the three and six months ended June 30, 2023, \$4 million (after-tax) and \$9 million (after-tax) was billed to customers.

(5) For the three and six months ended June 30, 2023, ATCO Electric Distribution recorded an increase in earnings of \$8 million (after-tax) and \$24 million (after-tax) related to payments of electricity transmission costs.

IT Common Matters decision

Consistent with the treatment of the gain on sale in 2014 from the IT services business by CU Inc.'s parent, Canadian Utilities Limited, financial impacts associated with the IT Common Matters decision are excluded from adjusted earnings. The amount excluded from adjusted earnings in the three and six months ended June 30, 2024 was \$5 million (after-tax) and \$11 million (after-tax) (2023 - \$5 million (after-tax) and \$10 million (after-tax)).

Impairment

In the three and six months ended June 30, 2023, the Company recognized an impairment of \$8 million (after-tax) relating to certain electricity generation assets in ATCO Electric Transmission. These assets had been removed from service and it was determined that they no longer had any remaining value. The impairment was recognized in depreciation, amortization and impairment expense in the unaudited interim consolidated statements of earnings. As the impairment is not in the normal course of business, the charge was excluded from adjusted earnings.

Transition of managed IT services

For the six months ended June 30, 2023, the Company recognized additional legal and other costs of \$2 million (after tax) related to the Wipro Ltd. master service agreements matter that was concluded on February 26, 2023. The impact was recorded in other expenses in the consolidated statements of earnings and in changes in non-cash working capital (operating activities) in the consolidated statements of cash flows. As these costs are not in the normal course of business, they have been excluded from adjusted earnings.

4. REVENUES

The Company disaggregates revenues based on the nature of revenue streams. The disaggregation of revenues by each operating segment for the three months ended June 30 is shown below:

2024			
2023	Electricity ⁽¹⁾	Natural Gas ⁽¹⁾	Total
Revenue Streams			
Rendering of Services			
Distribution services	136	202	338
	144	174	318
Transmission services	167	89	256
	176	86	262
Customer contributions	10	5	15
	9	7	16
Franchise fees	10	58	68
	9	54	63
Total rendering of services	323	354	677
	338	321	659
Other	16	3	19
	10	1	11
Total	339	357	696
	348	322	670

The disaggregation of revenues by each operating segment for the six months ended June 30 is shown below:

2024			
2023	Electricity ⁽¹⁾	Natural Gas ⁽¹⁾	Total
Revenue Streams			
Rendering of Services			
Distribution services	289	539	828
	311	489	800
Transmission services	334	179	513
	343	173	516
Customer contributions	19	11	30
	18	12	30
Franchise fees	20	147	167
	19	152	171
Total rendering of services	662	876	1,538
	691	826	1,517
Other	33	5	38
	25	5	30
Total	695	881	1,576
	716	831	1,547

(1) For the three and six months ended June 30, 2024, Electricity and Natural Gas segments include \$93 million of unbilled revenue (2023 - \$83 million). At June 30, 2024, \$93 million of the unbilled revenue is included in accounts receivable and contract assets (2023 - \$83 million).

5. PROPERTY, PLANT AND EQUIPMENT

A reconciliation of the changes in the carrying amount of property, plant and equipment is as follows:

	Utility Transmission & Distribution	Land and Buildings	Construction Work-in- Progress	Other	Total
Cost					
December 31, 2023	21,709	624	368	697	23,398
Additions	–	–	533	–	533
Transfers	356	23	(392)	13	–
Retirements and disposals	(54)	(3)	–	(23)	(80)
June 30, 2024	22,011	644	509	687	23,851
Accumulated depreciation					
December 31, 2023	5,833	191	–	371	6,395
Depreciation	249	8	–	21	278
Retirements and disposals	(54)	(3)	–	(23)	(80)
June 30, 2024	6,028	196	–	369	6,593
Net book value					
December 31, 2023	15,876	433	368	326	17,003
June 30, 2024	15,983	448	509	318	17,258

The additions to property, plant and equipment included \$6 million of interest capitalized during construction for the six months ended June 30, 2024 (2023 - \$4 million).

6. LONG-TERM DEBT

On March 6, 2024, the Company repaid \$120 million of 6.215 per cent debentures (2023 - On May 1, 2023, the Company repaid \$100 million of 9.4 per cent debentures).

7. EQUITY PREFERRED SHARES

DIVIDENDS

Cash dividends declared and paid per share are as follows:

<i>(dollars per share)</i>	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	2024	2023
Equity preferred shares				
Cumulative Redeemable Preferred Shares				
4.60% Series 1	0.2875	0.2875	0.5750	0.5750
2.292% Series 4	0.1433	0.1433	0.2865	0.2865

The payment of any dividend is at the discretion of the Board and depends on the financial condition of the Company and other factors.

On July 11, 2024, the Company declared third quarter eligible dividends of \$0.2875 per Series 1 Preferred Share and \$0.14325 per Series 4 Preferred Share, payable on September 1, 2024 to share owners of record as of August 8, 2024.

8. CLASS A AND CLASS B SHARES

DIVIDENDS

The Company declared and paid cash dividends of \$29.89 per Class A non-voting share (Class A share) and Class B common share (Class B share) during the three and six months ended June 30, 2024 (2023 - \$31.22 for the three and six months ended June 30, 2023). The payment of dividends is at the discretion of the Board and depends on the financial condition of the Company and other factors.

On July 11, 2024, the Company declared a third quarter dividend of \$10.04 per Class A share and Class B share, payable on September 1, 2024 to share owners of record as of August 8, 2024.

9. CASH FLOW INFORMATION

ADJUSTMENTS TO RECONCILE EARNINGS TO CASH FLOWS FROM OPERATING ACTIVITIES

Adjustments to reconcile earnings to cash flows from operating activities are summarized below.

	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	2024	2023
Depreciation, amortization and impairment	147	149	292	290
Income tax expense	15	18	75	81
Contributions by customers for extensions to plant	37	27	59	78
Amortization of customer contributions	(15)	(16)	(30)	(30)
Net finance costs	98	88	195	176
Income taxes paid	(1)	(3)	(2)	(1)
Interest received	2	2	3	2
Other	2	(2)	1	(3)
	285	263	593	593

CASH POSITION

Cash position at June 30 is comprised of:

	2024	2023
Cash and cash equivalents	13	7
Bank indebtedness ⁽¹⁾	(2)	–
Short-term advances from parent company	(284)	(177)
	(273)	(170)

(1) Drawings from bank overdraft facilities which are primarily used to fund working capital requirements by the Company.

10. FINANCIAL INSTRUMENTS

Financial instruments are measured at amortized cost or fair value. Fair value represents the estimated amounts at which financial instruments could be exchanged between knowledgeable and willing parties in an arm's length transaction. Determining fair value requires management judgment. The valuation methods used to determine the fair value of each financial instrument and its associated level in the fair value hierarchy is described below.

Financial Instruments	Fair Value Method
Measured at Amortized Cost	
Cash and cash equivalents, accounts receivable and contract assets, trade accounts receivable from parent and affiliate companies, bank indebtedness, short-term advances from parent company, accounts payable and accrued liabilities, and accounts payable to parent and affiliate companies.	Assumed to approximate carrying value due to their short-term nature.
Long-term debt and long-term advances due from joint venture.	Determined using quoted market prices for the same or similar issues. Where the market prices are not available, fair values are estimated using discounted cash flow analysis based on the Company's current borrowing rate for similar borrowing arrangements (Level 2).

The fair values of the Company's financial instruments measured at amortized cost are as follows:

Recurring Measurements	June 30, 2024		December 31, 2023	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets				
Long-term advances due from joint venture ⁽¹⁾	30	28	33	32
Financial Liabilities				
Long-term debt	8,606	7,847	8,725	8,408

(1) Long-term advances due from joint venture are recorded in prepaid expenses and other current assets, nil (December 31, 2023 - \$3 million), and other assets, \$30 million (December 31, 2023 - \$30 million), in the consolidated balance sheets.