CU INC.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

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CONSOLIDATED STATEMENTS OF EARNINGS

(millions of Canadian Dollars)	Note	Three Months Ended September 30 2024	Three Months Ended September 30 2023	Nine Months Ended September 30 2024	Nine Months Ended September 30 2023
Revenues	4	**645**	601	**2,221**	2,148
Costs and expenses					
Salaries, wages and benefits	3	**(53)**	(51)	**(197)**	(154)
Energy transmission and transportation		**(79)**	(72)	**(233)**	(215)
Plant and equipment maintenance		**(44)**	(57)	**(135)**	(148)
Fuel costs		**(2)**	(2)	**(10)**	(9)
Purchased power		**(12)**	(14)	**(45)**	(43)
Depreciation, amortization and impairment		**(146)**	(141)	**(438)**	(431)
Franchise fees		**(50)**	(49)	**(217)**	(220)
Property and other taxes		**(18)**	(16)	**(54)**	(52)
Other		**(61)**	(60)	**(193)**	(194)
		(465)	(462)	**(1,522)**	(1,466)
Operating profit		**180**	139	**699**	682
Interest income		**2**	1	**5**	4
Interest expense		**(101)**	(92)	**(299)**	(271)
Net finance costs		**(99)**	(91)	**(294)**	(267)
Earnings before income taxes		**81**	48	**405**	415
Income tax expense		**(18)**	(12)	**(93)**	(93)
Earnings for the period		**63**	36	**312**	322

See accompanying Notes to Unaudited Interim Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Three Months Ended September 30		Nine Months Ended September 30	
(millions of Canadian Dollars)	**2024**	**2023**	**2024**	**2023**
Earnings for the period	**63**	36	**312**	322
Other comprehensive income (loss), net of income taxes				
Items that will not be reclassified to earnings:				
Re-measurement of retirement benefits [1]	**(3)**	8	**–**	4
Comprehensive income for the period	**60**	44	**312**	326

(1) Net of income taxes of $1 million and nil for the three and nine months ended September 30, 2024 (2023 - $(2) million and $(1) million).

See accompanying Notes to Unaudited Interim Consolidated Financial Statements.

CONSOLIDATED BALANCE SHEETS

(millions of Canadian Dollars)	Note	September 30 2024	December 31 2023
ASSETS			
Current assets			
Cash and cash equivalents		**20**	36
Accounts receivable and contract assets		**374**	511
Trade accounts receivable from parent and affiliate companies		**3**	17
Inventories		**21**	21
Prepaid expenses and other current assets		**67**	31
		485	616
Non-current assets			
Property, plant and equipment	5	**17,463**	17,003
Intangibles		**831**	800
Right-of-use assets		**20**	18
Investment in joint venture		**11**	14
Other assets		**52**	49
Total assets		**18,862**	18,500
LIABILITIES			
Current liabilities			
Bank indebtedness		**2**	–
Short-term advances from parent company		**46**	107
Accounts payable and accrued liabilities		**410**	535
Accounts payable to parent and affiliate companies		**59**	34
Lease liabilities		**1**	1
Provisions and other current liabilities		**2**	–
Long-term debt	6	**–**	120
		520	797
Non-current liabilities			
Deferred income tax liabilities		**1,877**	1,783
Retirement benefit obligations		**127**	125
Customer contributions		**2,000**	1,968
Lease liabilities		**19**	16
Other liabilities		**50**	27
Long-term debt	6	**9,014**	8,605
Total liabilities		**13,607**	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		**18,862**	18,500

See accompanying Notes to Unaudited Interim Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(millions of Canadian Dollars)	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		–	–	322	–	322
Other comprehensive income		–	–	–	4	4
Gains on retirement benefits transferred to retained earnings		–	–	4	(4)	–
Dividends	7, 8	–	–	(271)	–	(271)
September 30, 2023		1,056	187	3,841	–	5,084
December 31, 2023		1,056	187	3,936	–	5,179
Earnings for the period		–	–	**312**	–	**312**
Dividends	7, 8	–	–	**(235)**	–	**(235)**
Other		–	–	**(1)**	–	**(1)**
September 30, 2024		**1,056**	**187**	**4,012**	–	**5,255**

See accompanying Notes to Unaudited Interim Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(millions of Canadian Dollars)	Note	Three Months Ended September 30 2024	Three Months Ended September 30 2023	Nine Months Ended September 30 2024	Nine Months Ended September 30 2023
Operating activities					
Earnings for the period		**63**	36	**312**	322
Adjustments to reconcile earnings to cash flows from operating activities	9	**270**	250	**863**	843
Changes in non-cash working capital		**(15)**	35	**7**	(21)
Cash flows from operating activities		**318**	321	**1,182**	1,144
Investing activities					
Additions to property, plant and equipment		**(337)**	(249)	**(852)**	(694)
Proceeds on disposal of property, plant and equipment		**–**	–	**–**	1
Additions to intangibles		**(23)**	(35)	**(66)**	(89)
Changes in non-cash working capital		**36**	(17)	**1**	(33)
Other		**3**	–	**28**	(2)
Cash flows used in investing activities		**(321)**	(301)	**(889)**	(817)
Financing activities					
Issue of long-term debt	6	**410**	340	**410**	340
Repayment of long-term debt	6	**–**	–	**(120)**	(100)
Repayment of lease liabilities		**–**	(1)	**(1)**	(1)
Dividends paid on equity preferred shares	7	**(1)**	(1)	**(5)**	(5)
Dividends paid to Class A and Class B share owner	8	**(58)**	(85)	**(230)**	(264)
Interest paid		**(100)**	(89)	**(301)**	(273)
Other		**(3)**	(2)	**(3)**	–
Cash flows (used in) from financing activities		**248**	162	**(250)**	(303)
Increase in cash position		**245**	182	**43**	24
Beginning of period		**(273)**	(170)	**(71)**	(12)
End of period	9	**(28)**	12	**(28)**	12

See accompanying Notes to Unaudited Interim Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

SEPTEMBER 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 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 November 13, 2024.

BASIS OF MEASUREMENT

The unaudited interim consolidated financial statements are prepared on a historic cost basis, except for retirement benefit obligations which are carried at remeasured amounts.

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 September 30 are shown below.

2024 2023	Electricity	Natural Gas	Corporate & Other	Intersegment Eliminations	Consolidated
Revenues - external	**341**	**304**	**–**	**–**	**645**
	306	295	–	–	601
Revenues - intersegment	**(1)**	**–**	**–**	**1**	**–**
	2	–	–	(2)	–
Revenues	**340**	**304**	**–**	**1**	**645**
	308	295	–	(2)	601
Operating expenses [(1)]	**(110)**	**(208)**	**–**	**(1)**	**(319)**
	(131)	(192)	–	2	(321)
Depreciation and amortization	**(83)**	**(63)**	**–**	**–**	**(146)**
	(79)	(62)	–	–	(141)
Net finance costs	**(56)**	**(35)**	**(8)**	**–**	**(99)**
	(57)	(34)	–	–	(91)
Earnings (loss) before income taxes	**91**	**(2)**	**(8)**	**–**	**81**
	41	7	–	–	48
Income tax (expense) recovery	**(22)**	**2**	**2**	**–**	**(18)**
	(10)	(2)	–	–	(12)
Earnings (loss) for the period	**69**	**–**	**(6)**	**–**	**63**
	31	5	–	–	36
Adjusted earnings (loss)	**83**	**(4)**	**(6)**	**–**	**73**
	83	(9)	–	–	74
Capital expenditures [(2)]	**195**	**169**	**–**	**–**	**364**
	156	133	–	–	289

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

(2) Includes additions to property, plant and equipment, intangibles and $4 million of interest capitalized during construction for the three months ended September 30, 2024 (2023 - $5 million).

Results by operating segment for the nine months ended September 30 are shown below.

2024 2023	Electricity	Natural Gas	Corporate & Other	Intersegment Eliminations	Consolidated
Revenues - external	**1,036**	**1,185**	**–**	**–**	**2,221**
	1,022	1,126	–	–	2,148
Revenues - intersegment	**5**	**1**	**–**	**(6)**	**–**
	4	–	–	(4)	–
Revenues	**1,041**	**1,186**	**–**	**(6)**	**2,221**
	1,026	1,126	–	(4)	2,148
Operating expenses [(1)]	**(381)**	**(709)**	**–**	**6**	**(1,084)**
	(381)	(658)	–	4	(1,035)
Depreciation, amortization and impairment	**(249)**	**(189)**	**–**	**–**	**(438)**
	(246)	(185)	–	–	(431)
Net finance costs	**(170)**	**(104)**	**(20)**	**–**	**(294)**
	(167)	(99)	(1)	–	(267)
Earnings (loss) before income taxes	**241**	**184**	**(20)**	**–**	**405**
	232	184	(1)	–	415
Income tax (expense) recovery	**(57)**	**(41)**	**5**	**–**	**(93)**
	(51)	(42)	–	–	(93)
Earnings (loss) for the period	**184**	**143**	**(15)**	**–**	**312**
	181	142	(1)	–	322
Adjusted earnings (loss)	**247**	**140**	**(15)**	**–**	**372**
	229	127	(1)	–	355
Total assets [(2)]	**11,158**	**7,753**	**93**	**(142)**	**18,862**
	10,875	7,630	87	(92)	18,500
Capital expenditures [(3)]	**492**	**436**	**–**	**–**	**928**
	450	345	–	–	795

(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 $10 million of interest capitalized during construction for the nine months ended September 30, 2024 (2023 - $12 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 September 30 is shown below.

2024 2023	Electricity	Natural Gas	Corporate & Other	Intersegment Eliminations	Consolidated
Adjusted earnings (loss)	**83**	**(4)**	**(6)**	**–**	**73**
	83	(9)	–	–	74
Rate-regulated activities	**(12)**	**6**	**–**	**–**	**(6)**
	(49)	15	–	–	(34)
IT Common Matters decision	**(3)**	**(2)**	**–**	**–**	**(5)**
	(4)	(1)	–	–	(5)
Dividends on equity preferred shares of the Company	**1**	**–**	**–**	**–**	**1**
	1	–	–	–	1
Earnings (loss) for the period	**69**	**–**	**(6)**	**–**	**63**
	31	5	–	–	36

The reconciliation of adjusted earnings and earnings for the nine months ended September 30 is shown below.

2024 2023	Electricity	Natural Gas	Corporate & Other	Intersegment Eliminations	Consolidated
Adjusted earnings (loss)	**247**	**140**	**(15)**	**–**	**372**
	229	127	(1)	–	355
Restructuring	**(13)**	**(19)**	**–**	**–**	**(32)**
	–	–	–	–	–
ATCO Electric settlement decision	**(8)**	**–**	**–**	**–**	**(8)**
	–	–	–	–	–
Rate-regulated activities	**(36)**	**27**	**–**	**–**	**(9)**
	(33)	20	–	–	(13)
IT Common Matters decision	**(9)**	**(7)**	**–**	**–**	**(16)**
	(9)	(6)	–	–	(15)
Impairment	**–**	**–**	**–**	**–**	**–**
	(8)	–	–	–	(8)
Transition of managed IT services	**–**	**–**	**–**	**–**	**–**
	(1)	(1)	–	–	(2)
Dividends on equity preferred shares of the Company	**3**	**2**	**–**	**–**	**5**
	3	2	–	–	5
Earnings (loss) for the period	**184**	**143**	**(15)**	**–**	**312**
	181	142	(1)	–	322

Restructuring

In the nine months ended September 30, 2024, the Company recorded restructuring costs of $32 million (after-tax) that were 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 decision

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 related to disclosure requirements for two independent matters included in applications filed in 2015 and 2019, for projects constructed between 2012 and 2015. They 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. On September 25, 2024, the AUC approved the settlement agreement as filed.

In the nine months ended September 30, 2024, the Company recognized costs of $8 million (after-tax) related to ATCO Electric's settlement agreement. 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 September 30		Nine Months Ended September 30	
	2024	**2023**	**2024**	**2023**
Additional revenues billed in current period				
Future removal and site restoration costs [(1)]	**31**	24	**94**	90
Revenues to be billed in future periods				
Deferred income taxes [(2)]	**(31)**	(38)	**(93)**	(110)
Impact of warmer temperatures [(3)]	**(5)**	(3)	**(1)**	(10)
Settlement of regulatory decisions and other items				
Distribution rate relief [(4)]	**–**	4	**–**	13
Other [(5)]	**(1)**	(21)	**(9)**	4
	(6)	(34)	**(9)**	(13)

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

(3) 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.

(4) In 2021, in response to the then 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 nine months ended September 30, 2023, $4 million (after-tax) and $13 million (after-tax) was billed to customers.

(5) In the three months ended September 30, 2023, ATCO Electric Transmission refunded customers approximately $17 million (after-tax) to settle deferral accounts related primarily to property taxes and direct assigned capital.

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 nine months ended September 30, 2024 was $5 million (after-tax) and $16 million (after-tax) (2023 - $5 million (after-tax) and $15 million (after-tax)).

Impairment

In the nine months ended September 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.

Transition of managed IT services

In the nine months ended September 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 September 30 is shown below:

2024 **2023**	**Electricity** (1)	**Natural Gas** (1)	**Total**
Revenue Streams			
Rendering of Services			
Distribution services	**143**	**169**	**312**
	143	161	304
Transmission services	**166**	**87**	**253**
	129	87	216
Customer contributions	**10**	**5**	**15**
	7	5	12
Franchise fees	**10**	**40**	**50**
	9	40	49
Total rendering of services	**329**	**301**	**630**
	288	293	581
Other	**12**	**3**	**15**
	18	2	20
Total	**341**	**304**	**645**
	306	295	601

(1) *For the three months ended September 30, 2024, Electricity and Natural Gas segments include $94 million of unbilled revenue (2023 - $84 million).*

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

2024 **2023**	**Electricity** (1)	**Natural Gas** (1)	**Total**
Revenue Streams			
Rendering of Services			
Distribution services	**432**	**708**	**1,140**
	454	650	1,104
Transmission services	**500**	**266**	**766**
	472	260	732
Customer contributions	**29**	**16**	**45**
	25	17	42
Franchise fees	**30**	**187**	**217**
	28	192	220
Total rendering of services	**991**	**1,177**	**2,168**
	979	1,119	2,098
Other	**45**	**8**	**53**
	43	7	50
Total	**1,036**	**1,185**	**2,221**
	1,022	1,126	2,148

(1) *For the nine months ended September 30, 2024, Electricity and Natural Gas segments include $94 million of unbilled revenue (2023 - $84 million). At September 30, 2024, $94 million of the unbilled revenue is included in accounts receivable and contract assets (2023 - $84 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	–	–	**877**	–	**877**
Transfers	**583**	**27**	**(631)**	**21**	–
Retirements and disposals	**(76)**	**(4)**	–	**(36)**	**(116)**
September 30, 2024	**22,216**	**647**	**614**	**682**	**24,159**
Accumulated depreciation					
December 31, 2023	5,833	191	–	371	6,395
Depreciation	**372**	**12**	–	**33**	**417**
Retirements and disposals	**(76)**	**(4)**	–	**(36)**	**(116)**
September 30, 2024	**6,129**	**199**	–	**368**	**6,696**
Net book value					
December 31, 2023	15,876	433	368	326	17,003
September 30, 2024	**16,087**	**448**	**614**	**314**	**17,463**

The additions to property, plant and equipment included $9 million of interest capitalized during construction for the nine months ended September 30, 2024 (2023 - $7 million).

6. LONG-TERM DEBT

On September 11, 2024, the Company issued $410 million of 4.664 per cent debentures maturing September 11, 2054 (2023 - On September 20, 2023, the Company issued $340 million of 5.088 per cent debentures maturing September 20, 2053).

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:

	Three Months Ended September 30		Nine Months Ended September 30	
(dollars per share)	2024	2023	2024	2023
Equity preferred shares				
Cumulative Redeemable Preferred Shares				
4.60% Series 1	**0.2875**	0.2875	**0.8625**	0.8625
2.292% Series 4	**0.1433**	0.1433	**0.4298**	0.4298

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 October 10, 2024, the Company declared fourth quarter dividends of $0.2875 per Series 1 Preferred Share and $0.14325 per Series 4 Preferred Share, payable on December 1, 2024 to share owners of record as of November 7, 2024.

8. CLASS A AND CLASS B SHARES

DIVIDENDS

The Company declared and paid cash dividends of $10.04 and $39.93 per Class A non-voting share (Class A share) and Class B common share (Class B share) during the three and nine months ended September 30, 2024 (2023 - $14.60 and $45.82 for the three and nine months ended September 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 October 10, 2024, the Company declared a fourth quarter dividend of $1.58 per Class A share and Class B share, payable on December 1, 2024 to share owners of record as of November 7, 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 September 30		Nine Months Ended September 30	
	2024	**2023**	**2024**	**2023**
Depreciation, amortization and impairment	**146**	141	**438**	431
Income tax expense	**18**	12	**93**	93
Contributions by customers for extensions to plant	**18**	30	**77**	108
Amortization of customer contributions	**(15)**	(12)	**(45)**	(42)
Net finance costs	**99**	91	**294**	267
Income taxes recovered (paid)	**6**	(1)	**4**	(2)
Interest received	**–**	1	**3**	3
Other	**(2)**	(12)	**(1)**	(15)
	270	250	**863**	843

CASH POSITION

Cash position at September 30 is comprised of:

	2024	**2023**
Cash and cash equivalents	**20**	22
Bank indebtedness [(1)]	**(2)**	(1)
Short-term advances from parent company	**(46)**	(9)
	(28)	12

(1) The Company has cash pooling arrangements with certain banks that are used to manage working capital requirements. This allows individual bank accounts participating in these arrangements to be overdrawn from time to time.

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:

	September 30, 2024		December 31, 2023	
Recurring Measurements	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets				
Long-term advances due from joint venture [1]	**30**	**29**	33	32
Financial Liabilities				
Long-term debt	**9,014**	**8,534**	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.