DISCLAIMER

Due to uncertainty surrounding the application of recent amendments to the Competition Act (Canada), the documents incorporated by reference herein are referenced for historical information purposes only and do not constitute active or current representations of Canadian Utilities Limited or any of its related parties. The purpose of these documents is to comply with disclosure requirements that were in effect on the date these documents were filed; Canadian Utilities undertakes no obligation to update such information except as required by applicable law. Canadian Utilities remains committed to taking steps to address climate change and continuing to engage in sustainability initiatives.

CANADIAN UTILITIES LIMITED
An ATCO Company

CANADIAN UTILITIES LIMITED

FINANCIAL INFORMATION

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

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2024 THIRD QUARTER FINANCIAL INFORMATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

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CANADIAN UTILITIES LIMITED
An ATCO Company

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MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

This Management's Discussion and Analysis (MD&A) is meant to help readers understand key operational and financial events that influenced the results of Canadian Utilities Limited (Canadian Utilities, our, we, us, or the Company) during the nine months ended September 30, 2024.

This MD&A was prepared as of November 13, 2024, and should be read with the Company's unaudited interim consolidated financial statements for the nine months ended September 30, 2024. Additional information, including the Company's previous MD&As, Annual Information Form, and audited consolidated financial statements for the year ended December 31, 2023, is available on SEDAR+ at www.sedarplus.ca. Information contained in the 2023 MD&A is not discussed in this MD&A if it remains substantially unchanged.

The Company is controlled by ATCO Ltd. (ATCO) and its controlling share owner, Sentgraf Enterprises Ltd. and its controlling share owner, the Southern family.

Terms used throughout this MD&A are defined in the Glossary at the end of this document.

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PERFORMANCE OVERVIEW

FINANCIAL METRICS

The following chart summarizes key financial metrics associated with our financial performance.

	Three Months Ended September 30			Nine Months Ended September 30		
($ millions, except per share data and outstanding shares)	**2024**	**2023**	**Change**	**2024**	**2023**	**Change**
Key Financial Metrics						
Revenues	**810**	812	(2)	**2,761**	2,822	(61)
Adjusted earnings (loss) [(1)]	**102**	87	15	**444**	404	40
ATCO Energy Systems [(1)]	**94**	86	8	**427**	391	36
ATCO EnPower [(1)]	**14**	9	5	**40**	32	8
ATCO Australia [(1)]	**15**	18	(3)	**43**	51	(8)
Corporate & Other [(1)]	**(21)**	(26)	5	**(66)**	(70)	4
Adjusted earnings ($ per share) [(2)]	**0.38**	0.32	0.06	**1.64**	1.50	0.14
Earnings attributable to equity owners of the Company	**12**	125	(113)	**316**	522	(206)
Earnings (loss) attributable to Class A and Class B shares	**(8)**	105	(113)	**258**	464	(206)
Earnings (loss) attributable to Class A and Class B shares ($ per share)	**(0.03)**	0.39	(0.42)	**0.95**	1.72	(0.77)
Diluted earnings (loss) attributable to Class A and Class B shares ($ per share)	**(0.03)**	0.39	(0.42)	**0.95**	1.72	(0.77)
Total assets	**23,268**	22,846	422	**23,268**	22,846	422
Long-term debt	**10,829**	10,536	293	**10,829**	10,536	293
Equity attributable to equity owners of the Company	**6,877**	6,774	103	**6,877**	6,774	103
Cash dividends declared per Class A and Class B share (cents per share)	**45.31**	44.86	0.45	**135.93**	134.58	1.35
Cash flows from operating activities	**419**	410	9	**1,392**	1,313	79
Capital investment [(3)]	**420**	331	89	**1,061**	1,663	(602)
Capital expenditures	**414**	330	84	**1,052**	966	86
Other Financial Metrics						
Weighted average Class A and Class B shares outstanding *(thousands)*:						
Basic	**271,559**	270,280	1,279	**271,319**	269,904	1,415
Diluted	**271,601**	270,282	1,319	**271,324**	270,238	1,086

(1) Total of segments measures (as defined in National Instrument 52-112 - Non-GAAP and Other Financial Measures Disclosure (NI 52-112)). The most directly comparable measure to Adjusted Earnings (loss) reported in accordance with International Financial Reporting Standards (IFRS) is Earnings Attributable to Equity Owners of the Company. See "Other Financial and Non-GAAP Measures" and "Reconciliation of Adjusted Earnings to Earnings Attributable to Equity Owners of the Company" in this MD&A.

(2) Non-GAAP ratio (as defined in NI 52-112). The most directly comparable measure reported in accordance with IFRS is Earnings Attributable to Class A and Class B shares ($ per share). See "Other Financial and Non-GAAP Measures" and "Reconciliation of Adjusted Earnings to Earnings Attributable to Equity Owners of the Company" in this MD&A.

(3) Non-GAAP financial measure (as defined in NI 52-112). The most directly comparable measure reported in accordance with IFRS is capital expenditures. See "Other Financial and Non-GAAP Measures" and "Reconciliation of Capital Investment to Capital Expenditures" in this MD&A.

In the first quarter of 2024, the Company changed its operating segment structure to better align with current strategy and future growth objectives. This change involved creating a new operating segment, ATCO Australia, which includes natural gas distribution (ATCO Gas Australia) and electricity generation operations (ATCO Power Australia) based in Australia. Previously, ATCO Australia's natural gas distribution operations were reported in the ATCO Energy Systems operating segment and the electricity generation operations were reported in the ATCO EnPower operating segment. In addition, ATCO Australia's corporate office was included in Canadian Utilities Corporate & Other. Comparative amounts for prior periods have been reclassified to reflect this change in reportable operating segments.

REVENUES

Revenues in the third quarter of 2024 were $810 million, $2 million lower than the same period in 2023. Lower revenues were mainly due to the decreased revenue contribution from ATCOenergy with its sale to ATCO Ltd. in the third quarter of 2024, partially offset by growth in rate base and an increase in return on equity (ROE) in ATCO Energy Systems.

ADJUSTED EARNINGS (1)

Our adjusted earnings in the third quarter of 2024 were $102 million or $0.38 per share, compared to $87 million or $0.32 per share for the same period in 2023.

Higher adjusted earnings in the third quarter of 2024 were mainly due to growth in rate base and an increase in ROE in ATCO Energy Systems' businesses, higher demand and stronger seasonal spreads in natural gas storage services at ATCO EnPower, and higher interest income earned on Corporate investments. Higher adjusted earnings were partially offset by the impact of inflation indexing in ATCO Australia, and tax adjustments recorded by Electricity Distribution over the final two quarters of 2023.

Additional detail on the financial performance of our business units is discussed in the "Business Unit Performance" section of this MD&A.

EARNINGS ATTRIBUTABLE TO EQUITY OWNERS OF THE COMPANY

Earnings attributable to equity owners of the Company were $12 million in the third quarter of 2024, $113 million lower compared to the same period in 2023. Earnings attributable to equity owners of the Company include timing adjustments related to rate-regulated activities, dividends on equity preferred shares of the Company, unrealized gains or losses on mark-to-market forward and swap commodity contracts, 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. These items are not included in adjusted earnings.

More information on these and other items is included in the "Reconciliation of Adjusted Earnings to Earnings Attributable to Equity Owners of the Company" section of this MD&A.

Earnings attributable to equity owners of the Company are earnings attributable to Class A shares and Class B shares plus dividends on equity preferred shares of the Company. Additional information regarding earnings attributable to Class A shares and Class B shares is presented in Note 5 of the unaudited interim consolidated financial statements.

CASH FLOWS FROM OPERATING ACTIVITIES

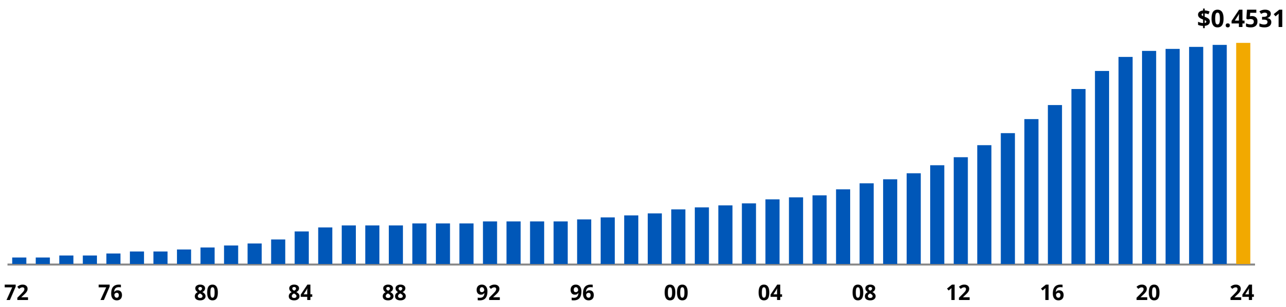
Cash flows from operating activities were $419 million in the third quarter of 2024, $9 million higher than the same period in 2023 mainly due to the timing of payables.

COMMON SHARE DIVIDENDS

Dividends paid to Class A and Class B share owners in the third quarter of 2024 totaled $122 million in the third quarter of 2024. On October 10, 2024, the Board of Directors declared a fourth quarter dividend of 45.31 cents per share or $1.81 on an annualized basis. We aim to grow dividends in-line with our sustainable earnings growth, which is linked to growth from our regulated and long-term contracted investments.

(1) *Total of segments measure. See "Other Financial and Non-GAAP Measures" and "Reconciliation of Adjusted Earnings to Earnings Attributable to Equity Owners of the Company" in this MD&A.*

Quarterly Dividend Rate 1972 - 2024
(dollars per share)



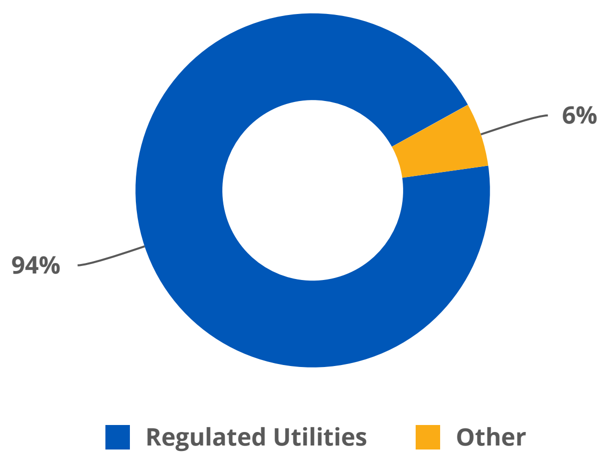
CAPITAL INVESTMENT [1] AND CAPITAL EXPENDITURES

Capital investment is a non-GAAP financial measure defined as cash used for capital expenditures, business combinations, and cash used in the Company's share of capital expenditures in joint ventures. Total capital investment of $420 million in the third quarter of 2024 was $89 million higher compared to the same period in 2023 mainly due to increased spending related to ongoing system upgrades and growth projects for new customers in the Regulated Utilities.

Total capital investment of $1,061 million in the first nine months of 2024 was $602 million lower compared to the same period in 2023 mainly due to the acquisition of the renewable energy portfolio in January 2023.

Capital expenditures, a GAAP measure reported in accordance with IFRS, include additions to property, plant and equipment and intangibles as well as interest capitalized during construction. Total capital expenditures of $414 million and $1,052 million in the third quarter and first nine months of 2024 were $84 million and $86 million higher than the same periods in 2023 mainly due to the factors outlined above with the exception of the 2023 renewable energy portfolio acquisition within ATCO EnPower. Business combinations are excluded from capital expenditures.

Capital Expenditures for the
Nine Months Ended September 30, 2024



Capital expenditures in the Regulated Utilities accounted for 94 per cent of the total in the first nine months of 2024. The remaining 6 per cent was primarily related to capital spending within ATCO EnPower, largely related to the Atlas Carbon Storage Hub project and sustaining capital.

[1] *Non-GAAP financial measure. See "Other Financial and Non-GAAP Measures" and "Reconciliation of Capital Investment to Capital Expenditures" in this MD&A.*

BUSINESS UNIT PERFORMANCE

REVENUES

ATCO Energy Systems revenues of $653 million and $2,243 million in the third quarter and first nine months of 2024 were $49 million and $75 million higher than the same periods in 2023. Revenues were positively impacted by growth in the Alberta regulated rate base and an increase in ROE following the 2023 Alberta Utilities Commission (AUC) decision which set the 2024 ROE at 9.28 per cent, partially offset by lower flow-through revenue in Electricity Distribution.

ADJUSTED EARNINGS

	Three Months Ended September 30			Nine Months Ended September 30		
($ millions)	**2024**	**2023**	**Change**	**2024**	**2023**	**Change**
Electricity						
Electricity Distribution [1]	**37**	38	(1)	**104**	104	—
Electricity Transmission [1]	**47**	45	2	**143**	126	17
International Electricity Operations [1]	**14**	12	2	**40**	34	6
Total Electricity [1]	**98**	95	3	**287**	264	23
Natural Gas						
Natural Gas Distribution [1]	**(25)**	(30)	5	**73**	58	15
Natural Gas Transmission [1]	**21**	21	—	**67**	69	(2)
Total Natural Gas [1]	**(4)**	(9)	5	**140**	127	13
Total ATCO Energy Systems [2]	**94**	86	8	**427**	391	36

(1) Non-GAAP financial measures. See "Other Financial and Non-GAAP Measures" and "Reconciliation of Adjusted Earnings to Earnings Attributable to Equity Owners of the Company" in this MD&A.

(2) Total of segments measure. See "Other Financial and Non-GAAP Measures" and "Reconciliation of Adjusted Earnings to Earnings Attributable to Equity Owners of the Company" in this MD&A.

ATCO Energy Systems adjusted earnings of $94 million and $427 million in the third quarter and first nine months of 2024 were $8 million and $36 million higher than the same periods in 2023 mainly due to growth in rate base and an increase in ROE, lower operating costs in International Electricity Operations, and lower earnings in the second quarter of 2023 due to the 2018-2021 Deferral Application decision which denied Electricity Transmission recovery of forgone return on rate base related to certain cancelled projects. Higher earnings were partially offset by tax adjustments recorded by Electricity Distribution over the final two quarters of 2023, and Natural Gas Transmission's 2024-2025 General Rate Application which included cost efficiencies implemented in prior periods that are being passed on to customers.

Detailed information about the activities and financial results of the ATCO Energy Systems business segments is provided in the following sections.

Electricity Distribution

Electricity Distribution provides regulated electricity distribution and distributed generation mainly in Northern and Central East Alberta, the Yukon, the Northwest Territories, and in the Lloydminster area of Saskatchewan.

Electricity Distribution adjusted earnings of $37 million in the third quarter of 2024 were $1 million lower than the same period in 2023 mainly due to tax adjustments recorded over the final two quarters of 2023 and the timing of operating costs, partially offset by growth in rate base and an increase in ROE.

Electricity Distribution adjusted earnings of $104 million in the first nine months of 2024 were comparable to the same period in 2023.

Electricity Transmission

Electricity Transmission provides electricity transmission mainly in Northern and Central East Alberta, and in the Lloydminster area of Saskatchewan. Electricity Transmission has a 35-year contract to be the operator of Alberta PowerLine, a 500-km electricity transmission line between Wabamun, near Edmonton, and Fort McMurray, Alberta.

Electricity Transmission adjusted earnings of $47 million and $143 million in the third quarter and first nine months of 2024 were $2 million and $17 million higher than the same periods in 2023 mainly due to growth in rate base and an increase in ROE. Additionally, adjusted earnings were higher for the first nine months of 2024 due to the 2018-2021 Deferral Application decision received in the second quarter of 2023 which denied recovery of forgone return on rate base related to certain cancelled projects.

International Electricity Operations

International Electricity Operations includes a 50 per cent ownership in LUMA Energy, a company formed to transform, modernize, and operate Puerto Rico's 30,000-km electricity transmission and distribution system under an Operations and Maintenance Agreement with the Puerto Rico Public-Private Partnerships Authority and the Puerto Rico Electric Power Authority (PREPA).

LUMA Energy continues to operate under the terms of a Supplemental Agreement, which was extended on November 30, 2022, and will continue until such time that PREPA's bankruptcy is resolved. Following the resolution of PREPA's bankruptcy proceeding, LUMA Energy will transition to year one of the Operations and Maintenance Agreement.

International Electricity Operations adjusted earnings of $14 million and $40 million in the third quarter and first nine months of 2024 were $2 million and $6 million higher compared to the same periods in 2023 mainly due to lower operating costs and higher management fees as a result of inflation adjustments.

Natural Gas Distribution

Natural Gas Distribution serves municipal, residential, commercial, and industrial customers throughout Alberta and in the Lloydminster area of Saskatchewan.

Natural Gas Distribution adjusted earnings in the third quarter and first nine months of 2024 were $5 million and $15 million higher than the same periods in 2023 mainly due to growth in rate base and an increase in ROE.

Natural Gas Transmission

Natural Gas Transmission receives natural gas on its pipeline system from various gas processing plants as well as from other natural gas transmission systems and transports it to end users within the province of Alberta or to other pipeline systems.

Natural Gas Transmission adjusted earnings of $21 million in the third quarter of 2024 were comparable to the same period in 2023.

Natural Gas Transmission adjusted earnings of $67 million in the first nine months of 2024 were $2 million lower than the same period in 2023 mainly due to the 2024-2025 General Rate Application which included cost efficiencies implemented in prior periods that are being passed on to customers, partially offset by growth in rate base and an increase in ROE.

ATCO ENERGY SYSTEMS RECENT DEVELOPMENTS

Yellowhead Mainline Project

On September 18, 2024, ATCO Energy Systems announced the filing of a comprehensive regulatory application that establishes the need for the Yellowhead Mainline natural gas project and represents the first of two applications to the AUC. This Alberta project consists of approximately 200-230 kilometres of high-pressure natural gas pipeline and related control and compression facilities that will run from the Edson area to the northeast Edmonton area and is expected to have the capability to deliver about 1,200 terajoules (or 1.1 billion cubic feet) per day of incremental natural gas. Subject to regulatory and the Company's approvals, construction is expected to commence in 2026 and the pipeline is expected to be on-stream in the fourth quarter of 2027.

ATCO ENERGY SYSTEMS REGULATORY DEVELOPMENTS

Electricity Transmission

ATCO Electric Settlement Application

On June 24, 2024, 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. There is no material impact to customer rates (or bills) as a result of these matters.

On September 25, 2024, the AUC released their decision approving the settlement agreement as filed, including the associated costs that were recognized in the second quarter of 2024.

REVENUES

ATCO EnPower revenues of $66 million and $226 million in the third quarter and first nine months of 2024 were $3 million and $35 million lower compared to the same periods in 2023 mainly due to lower flow-through natural gas revenues, and lower realized pricing on assets with merchant exposure. Lower revenues were partially offset by revenues from the solar assets energized in 2023, and stronger seasonal spreads in natural gas storage services.

ADJUSTED EARNINGS

	Three Months Ended September 30			Nine Months Ended September 30		
($ millions)	**2024**	**2023**	**Change**	**2024**	**2023**	**Change**
Electricity Generation (1)	**1**	2	(1)	**7**	12	(5)
Storage & Industrial Water (1)	**13**	7	6	**33**	20	13
Total ATCO EnPower (2)	**14**	9	5	**40**	32	8

(1) Non-GAAP financial measures. See "Other Financial and Non-GAAP Measures" and "Reconciliation of Adjusted Earnings to Earnings Attributable to Equity Owners of the Company" in this MD&A.

(2) Total of segments measure. See "Other Financial and Non-GAAP Measures" and "Reconciliation of Adjusted Earnings to Earnings Attributable to Equity Owners of the Company" in this MD&A.

ATCO EnPower adjusted earnings of $14 million and $40 million in the third quarter and first nine months of 2024 were $5 million and $8 million higher than the same periods in 2023 mainly due to recognizing compensation related to turbine availability guarantees at the Forty Mile wind facility, and stronger seasonal spreads in natural gas storage services, partially offset by lower realized pricing at the renewable facilities.

Detailed information about the activities and financial results of ATCO EnPower's businesses is provided in the following sections.

Electricity Generation

Non-regulated electricity activities include the supply of electricity from solar, wind, hydroelectric, and distributed generation facilities in Canada, Mexico, and Chile.

Electricity Generation adjusted earnings of $1 million and $7 million in the third quarter and first nine months of 2024 were $1 million and $5 million lower than the same periods in 2023 mainly due to lower realized pricing at the renewable facilities, partially offset by compensation recognized relating to turbine availability guarantees at the Forty Mile wind facility.

The following table compares ATCO EnPower's renewable portfolio performance in Canada for the third quarter and first nine months of 2024 and 2023.

	Three Months Ended September 30			Nine Months Ended September 30		
	2024	**2023**	**Change**	**2024**	**2023**	**Change**
Capacity Share [(1)] [(2)] *(MW)*	**367**	320	47	**367**	320	47
Average Availability (%)	**95**	92	3	**91**	92	(1)
Generation (MWh)	**229,565**	190,442	39,123	**706,397**	603,716	102,681
Wind	**136,747**	129,594	7,153	**514,605**	502,076	12,529
Solar [(3)]	**63,689**	28,611	35,078	**145,929**	37,114	108,815
Hydroelectric	**29,129**	32,237	(3,108)	**45,863**	64,526	(18,663)
% Merchant	**33**	46	(13)	**27**	72	(45)
% PPA [(4)]	**67**	54	13	**73**	28	45
Average Realized Price *($)*	**71**	106	(35)	**75**	106	(31)

(1) Capacity share represents the percentage of nameplate capacity owned by ATCO EnPower, except in respect of the Deerfoot and Barlow solar facilities which are represented at 100 per cent because they are held by a controlled subsidiary.

(2) Capacity share increased by 47-MW as a result of completing Empress operations in the fourth quarter of 2023 and 4-MW uprates at the Deerfoot and Barlow solar facilities in the third quarter of 2024.

(3) Higher solar operations as a result of full commencement of operations in the fourth quarter of 2023.

(4) PPA means Power Purchase Agreement.

Total generation from the renewable portfolio increased after full commercial operation of the Barlow, Deerfoot and Empress solar assets was achieved in the second half of 2023, the successful 4-MW uprates at each of the Barlow and Deerfoot facilities in the third quarter of 2024, and improved wind performance. Generation was offset by lower hydroelectric generation in the first half of 2024 as our hydroelectric facility in Southern Alberta was impacted by lower reservoir and river flow levels, which were at a thirty-year low for the time of year due to drought conditions. In the first quarter of 2024, the Alberta wind fleet capacity was as much as five to fifteen per cent below the 5-year daily moving average, which saw improved performance in the second and third quarters of 2024.

The average realized price related to the renewable portfolio decreased from an average of $106 per MWh in the third quarter and first nine months of 2023 to an average of $71 per MWh and $75 per MWh in the third quarter and first nine months of 2024. Merchant generation decreased as we increased the percentage of contracted generation in 2023 in response to lower merchant pricing and as we project financed certain assets.

Storage & Industrial Water

Storage & Industrial Water provides non-regulated natural gas storage, natural gas liquids storage, and industrial water services in Alberta and energy services in the Northwest Territories.

Storage & Industrial Water adjusted earnings of $13 million and $33 million in the third quarter and first nine months of 2024 were $6 million and $13 million higher compared to the same periods in 2023 mainly due to higher demand and stronger seasonal spreads in natural gas storage services.

ATCO ENPOWER RECENT DEVELOPMENTS

ATCO Heartland Hydrogen Hub Project (AH3)

ATCO EnPower remains committed to hydrogen development within Alberta’s Industrial Heartland and has signed a Letter of Intent with Linde Canada Inc. (Linde). ATCO EnPower and Linde are working alongside other parties to further the development and commercial success of the AH3 project, with the objective to commence Front End Engineering Design (FEED) in the fourth quarter of 2024 and advance both domestic and export offtake opportunities. The project has significant potential to supply hydrogen to domestic and international markets, including the Alberta gas grid, industrial, municipal, and commercial transport users. The parties continue to work with supportive Federal and Provincial governments to establish policy and frameworks that facilitate investment in the Canadian hydrogen economy of both export and domestic opportunities, and to work with First Nations for their participation in the development of and ownership in the project.

Canadian Pacific Kansas City Limited (CPKC) Hydrogen Locomotive Project

In September 2024, ATCO EnPower successfully produced hydrogen through two 1-MW electrolyzers that were constructed and commissioned in Edmonton and Calgary. This is a significant milestone for ATCO EnPower's partnership announced in the second quarter of 2022 with CPKC to provide engineering, procurement and construction services for two hydrogen production and refueling facilities in Calgary and Edmonton.

Solar Sheep Vegetation Management at Empress Solar

ATCO EnPower continues its history of innovation by introducing a sustainable solution for vegetation management in a sensitive wildlife area at a lower cost. 450 sheep have been relocated to the Empress solar facility until mid-November to control vegetation throughout the site while they graze. Additionally, ATCO EnPower will improve the vegetation available by seeding grass and legume species to improve the sheep's food sources for 2025. The Empress solar project achieved commercial operations in the fourth quarter of 2023 and provides enough renewable electricity to power more than 11,000 homes.

Empress solar facility, Alberta, Canada

ATCO Australia

REVENUES

ATCO Australia revenues of $65 million and $180 million in the third quarter and first nine months of 2024 were $6 million and $13 million higher than the same periods in 2023 mainly due to revenues from Early Contract works under the South Australia Hydrogen Jobs Plan project in ATCO Power Australia, and increased rates in ATCO Gas Australia.

ADJUSTED EARNINGS

	Three Months Ended September 30			Nine Months Ended September 30		
($ millions)	**2024**	**2023**	**Change**	**2024**	**2023**	**Change**
ATCO Gas Australia [1]	**17**	19	(2)	**41**	54	(13)
ATCO Power Australia [1]	**(2)**	(1)	(1)	**2**	(3)	5
Total ATCO Australia [2]	**15**	18	(3)	**43**	51	(8)

(1) Non-GAAP financial measures. See "Other Financial and Non-GAAP Measures" and "Reconciliation of Adjusted Earnings to Earnings Attributable to Equity Owners of the Company" in this MD&A.

(2) Total of segments measure. See "Other Financial and Non-GAAP Measures" and "Reconciliation of Adjusted Earnings to Earnings Attributable to Equity Owners of the Company" in this MD&A.

ATCO Australia adjusted earnings of $15 million and $43 million in the third quarter and first nine months of 2024 were $3 million and $8 million lower than the same periods in 2023 mainly due to the impact of inflation indexing on rate base in ATCO Gas Australia. Lower earnings were partially offset by higher rates in ATCO Gas Australia and ATCO Power Australia's gain on sale in the second quarter of 2024 of shares in a strategic investment.

Detailed information about the activities and financial results of ATCO Australia's businesses is provided in the following sections.

ATCO Gas Australia

ATCO Gas Australia is a regulated provider of natural gas distribution services in Western Australia, serving metropolitan Perth and surrounding regions.

ATCO Gas Australia adjusted earnings of $17 million and $41 million in the third quarter and first nine months of 2024 were $2 million and $13 million lower than the same periods in 2023 mainly due to the impact of inflation indexing on rate base and higher operating costs, partially offset by higher rates.

In the first nine months of 2023, Australia inflation indexing reflected a full year inflation assumption of 4 to 5 per cent. It is expected that inflation for 2024 will be 3 per cent.

ATCO Power Australia

ATCO Power Australia develops, builds, owns and operates energy and infrastructure assets, including the two natural gas fired generation plants: Karratha in the Pilbara region of Western Australia, and Osborne in Adelaide, South Australia.

ATCO Power Australia adjusted earnings in the third quarter of 2024 were $1 million lower than the same period in 2023 mainly due to the timing of 2024 maintenance costs.

ATCO Power Australia adjusted earnings of $2 million in the first nine months of 2024 were $5 million higher than the same period in 2023 mainly due to the timing of project development costs, and the gain on sale in the second quarter of 2024 of shares in a strategic investment.

RECENT DEVELOPMENTS

South Australian Hydrogen Jobs Plan

In August 2024, the South Australian Hydrogen Jobs Plan project secured development approval for the construction and operation of 250-MW electrolyzers, a 100-tonne storage pipeline and a 200-MW hydrogen fuelled power plant. ATCO Australia submitted a Genuine Offer (GO) bid to the Office of Hydrogen Power South Australia for engineering, procurement, construction and operations and maintenance contracts associated with the power plant component of the project. A decision on the GO bid is expected in the fourth quarter of 2024.

ATCO AUSTRALIA REGULATORY DEVELOPMENTS

Access Arrangement 6 (AA6)

Subsequent to quarter end, on November 8, 2024, ATCO Gas Australia received the final AA6 decision from the Economic Regulation Authority (ERA). ATCO Gas Australia initially submitted AA6 on September 1, 2023, which included detailed expenditure plans for the period January 1, 2025 to December 31, 2029. ERA's draft decision was released in April 2024 and ATCO Gas Australia submitted a revised plan in June 2024.

This final decision is the result of a constructive and collaborative regulatory process. The decision from the ERA approves the prices for ATCO Gas Australia’s gas distribution network for the next five years. Their decision is underpinned by a five-year capital expenditure program, a five-year operating cost forecast, the demand forecast of throughput on the natural gas distribution network in Western Australia, and included an evaluation of the capital expenditure program completed during the AA5 period to confirm the capital expenditures met the regulatory criteria. The decision also determines the rate of return for the AA6 period, which adopts a ROE of 8.23 per cent, compared to 5.02 per cent in the previous Access Arrangement.

The tariffs included in the AA6 final decision are applicable for the period January 1, 2025 to December 31, 2029.

Corporate & Other

Corporate & Other includes the global corporate head office in Calgary, Canada, and the Mexico corporate head office in Mexico City, Mexico. Corporate & Other also includes CU Inc. and Canadian Utilities preferred share dividend and debt expenses.

REVENUES

Including intersegment eliminations, Corporate & Other revenues of $26 million and $112 million in the third quarter and first nine months of 2024 were $54 million and $114 million lower compared to the same periods in 2023 mainly due to the decreased revenue contribution from ATCOenergy which was sold to ATCO Ltd. in the third quarter of 2024.

ADJUSTED EARNINGS

	Three Months Ended September 30			Nine Months Ended September 30		
($ millions)	**2024**	**2023**	**Change**	**2024**	**2023**	**Change**
Corporate & Other (1)	**(21)**	(26)	5	**(66)**	(70)	4

(1) Total of segments measure. See “Other Financial and Non-GAAP Measures” and “Reconciliation of Adjusted Earnings to Earnings Attributable to Equity Owners of the Company” in this MD&A.

Including intersegment eliminations, Corporate & Other adjusted earnings in the third quarter and first nine months of 2024 were $5 million and $4 million higher compared to the same periods in 2023 mainly due to higher interest income earned and the timing of certain expenditures.

RECENT DEVELOPMENTS

Sale of ATCO Energy Ltd.

In the third quarter of 2024, Canadian Utilities sold its 100 per cent investment in ATCO Energy Ltd. (ATCOenergy and Rümi) to its parent company, ATCO for an agreed sale price of $85 million, resulting in a loss on sale of $14 million. The sale price was supported by independent fairness opinions. Commencing August 1, 2024, the Company no longer recognizes these assets in its financial position, results of operations and cash flows in the unaudited interim consolidated financial statements.

SUSTAINABILITY, CLIMATE CHANGE AND ENERGY TRANSITION

Within the ATCO group of companies, we balance the short- and long-term economic, environmental and social considerations of our businesses while creating value for our customers, employees, share owners, and Indigenous and community partners. As a provider of essential services in diverse communities around the world, we operate in an inclusive manner to meet the needs of society today and for generations to come while consistently delivering safe, reliable and affordable services.

SUSTAINABILITY REPORTING

The ATCO group of companies' 2023 Sustainability Report was published on May 6, 2024 and focuses on the following material topics:

- Energy Transition and Environment – energy transition and climate change, greenhouse gas (GHG) emissions, and land use and biodiversity;
- Resilience and Safety – system reliability and availability, emergency preparedness and response, employee safety and well-being, public health and safety, and cybersecurity;
- People and Partners – Indigenous relations, economic opportunities and reconciliation, community engagement and investment, customer experience and satisfaction, human capital development, retention, and attraction, and diversity, equity and inclusion; and
- Governance and Responsible Business – corporate governance, business ethics, government relations and political advocacy, and responsible supply chain.

The Sustainability Report is based upon the internationally recognized Global Reporting Initiative Standards, the Sustainability Accounting Standards Board, the Financial Stability Board's Task Force on Climate-related Financial Disclosures' (TCFD) recommendations, and the new IFRS International Sustainability Standards Board (ISSB) Standards.

The 2023 Sustainability Report, ESG Datasheet, materiality assessment, and additional details and other disclosures are available on our website at www.canadianutilities.com.

CLIMATE CHANGE AND ENERGY TRANSITION

We strive to support the energy transition and contribute positively to society's long-term sustainability goals by pursuing initiatives that may integrate cleaner fuels, renewable energy, storage, and/or energy efficiencies. We look for ways to continually improve and innovate the essential energy infrastructure and services we provide to our customers and communities. We seek to balance critical considerations, like safety, reliability and affordability, as well as unique jurisdictional characteristics with our aspiration to contribute positively to society's energy transition goals.

POLICY/REGULATORY UPDATE

We constructively work with all levels of government to advocate for enabling policy and regulation, and to identify barriers that impede cost-effective, economy-wide solutions. We participate in a wide number of discussions, and the following are examples of where we focus our efforts on policies or regulations most relevant to our existing or planned projects.

Government of Canada Fall Economic Statement Act and Budget Implementation Act

On June 20,2024, the Fall Economic Statement Implementation Act (Bill C-59) and the Budget Implementation Act (Bill C-69) received Royal Assent and became enacted. Some highlights were mentioned in the last quarterly report. Below are more recent updates on two of the specific topics:

- *Competition Act* (Canada) – Following the enactment of new prohibitions against "greenwashing" (i.e., misleading claims about a company's environmental practices or the environmental benefits of a product) under the *Competition Act* (Canada), the Competition Bureau launched a public consultation to gather input from various stakeholders in developing its guidance on the application of the new provisions. The new private right of action, which will come into effect on June 20, 2025, effectively places a reverse onus on companies to prove the representations they make, including that they are in line with "internationally recognized methodology", which is not defined. Further developments from the Competition Bureau based on the stakeholder consultation are expected before the private right of action comes into force. In the interim, we continue to assess how these amendments may impact our future disclosures.

- Excessive Interest and Financing Expenses Limitation (EIFEL) – Rules regarding the introduction of an additional interest deduction limitation in Canada will be applicable to tax years beginning on or after October 1, 2023. Following the release, the Federal government has proposed exemptions for regulated utilities from the EIFEL rules. If the new proposed amendments are enacted, we believe the EIFEL rules will have a minimal impact on our business.

Government of Canada Green Buildings Strategy

In July 2024, the Government of Canada officially released the Canada Green Buildings Strategy (CGBS). The document centres around three priorities to advance the decarbonization of buildings, focusing on energy efficiency and affordability: accelerating retrofits, building green and affordable buildings from the start, and shaping the buildings sector of the future. The document is limited to addressing heating oil and does not target natural gas and propane heating sources. The CGBS commits the government to introducing a regulatory framework that will allow the phase-out of the installation of oil heating systems in new construction, as early as 2028.

Alberta Restructured Energy Market

In March 2024, the Minister of Affordability and Utilities directed the Alberta Electric System Operator (AESO) to move forward with stakeholder engagement and detailed design for a Restructured Energy Market (REM) for the Alberta electricity grid with an implementation date in early 2025. In July 2024, the Government of Alberta announced its decision on the REM technical design:

- Move forward with the introduction of a mandatory day-ahead market;
- Allow the price of energy to be determined by the strategic offers of market participants, while using market mitigation to limit the potential for excessive exercise of market power;
- Maintain a province-wide uniform price for electricity; and
- Maintain components of REM as outlined in the AESO’s Advice to the Minister in January 2024 including Security Constrained Economic Dispatch, shorter settlement intervals, review price floor and ceiling as well as co-optimization of energy and ancillary services.

The AESO has launched a multi-phased engagement with industry stakeholders to advance work on the new market design through the fall of 2024. It will be comprised of a series of information sessions, written feedback and deeper dives into each workstream prior to beginning the required regulatory processes early in 2025. While further design details are forthcoming, we are currently assessing the details for the different design paths and the potential impacts.

OTHER EXPENSES AND INCOME

A financial summary of other consolidated expenses and income items for the third quarter and first nine months of 2024 and 2023 is given below. These amounts are presented in accordance with IFRS accounting standards. They have not been adjusted for the timing of revenues and expenses associated with rate-regulated activities and other items that are not in the normal course of business.

	Three Months Ended September 30			Nine Months Ended September 30		
($ millions)	**2024**	**2023**	**Change**	**2024**	**2023**	**Change**
Operating costs	**527**	391	136	**1,545**	1,374	171
Depreciation, amortization and impairment	**176**	169	7	**530**	514	16
Earnings from investment in joint ventures	**18**	15	3	**53**	48	5
Net finance costs	**109**	103	6	**321**	301	20
Income tax expense	**2**	38	(36)	**94**	152	(58)

OPERATING COSTS

Operating costs, which are total costs and expenses less depreciation, amortization and impairment, increased by $136 million and $171 million in the third quarter and first nine months of 2024 compared to the same periods in 2023. Higher operating costs were mainly due to lower unrealized and realized gains on derivative financial instruments in ATCOenergy with its sale to ATCO Ltd. in the third quarter of 2024, and restructuring costs in the second quarter of 2024. Increased costs were partially offset by compensation recognized relating to turbine availability guarantees at ATCO EnPower's Forty Mile wind facility, and the decreased energy costs of retail electricity associated with the sale of ATCOenergy.

DEPRECIATION, AMORTIZATION AND IMPAIRMENT

Depreciation, amortization and impairment increased by $7 million and $16 million in the third quarter and first nine months of 2024 compared to the same periods in 2023 mainly due to ongoing investment in the Regulated Utilities, and the Barlow, Deerfoot and Empress Solar projects reaching commercial operations throughout 2023 in the ATCO EnPower business. Increases were partially offset by the impairment in the second quarter of 2023 of $8 million regarding certain electricity generation assets that had been removed from service and determined to have no remaining value in Electricity Transmission.

EARNINGS FROM INVESTMENT IN JOINT VENTURES

Earnings from investment in joint ventures is mainly comprised of Canadian Utilities' ownership positions in electricity generation plants, Naka Power (rebranded name for Northland Utilities Enterprises Ltd.) electricity operations in the Northwest Territories, LUMA Energy electricity operations and maintenance in Puerto Rico, and the Strathcona Storage Limited Partnership, which operates hydrocarbon storage facilities at the ATCO Heartland Energy Centre near Fort Saskatchewan, Alberta.

Earnings from investment in joint ventures in the third quarter and first nine months of 2024 were $3 million and $5 million higher than the same periods in 2023 mainly due to lower operating costs and higher management fees as a result of inflation adjustments at LUMA Energy.

NET FINANCE COSTS

Net finance costs increased by $6 million and $20 million in the third quarter and first nine months of 2024 compared to the same periods in 2023 mainly due to higher interest expense on additional debt issued to fund ongoing capital investment in the Regulated Utilities, partially offset by higher interest income from cash investments.

INCOME TAX EXPENSE

Income taxes were lower by $36 million and $58 million in the third quarter and first nine months of 2024 compared to the same periods in 2023 due to lower IFRS earnings before income taxes partially offset by the non-deductible loss related to the sale of ATCO Energy Ltd.

LIQUIDITY AND CAPITAL RESOURCES

Our financial position is supported by our diversified portfolio with a structured foundation of regulated and long-term contracted businesses. Our business strategies, funding of operations, and planned future growth are supported by maintaining strong investment grade credit ratings and access to capital markets at competitive rates. Primary sources of capital are cash flow from operations and capital markets. Liquidity is generated by cash flow from operations and is supported by appropriate levels of cash and available committed credit facilities.

CREDIT RATINGS

The following table shows the credit ratings assigned to Canadian Utilities, CU Inc. and ATCO Gas Australia Pty Ltd (ATCO Gas Australia) at September 30, 2024.

	DBRS	Fitch
Canadian Utilities		
Issuer	A	A-
Senior unsecured debt	A	A-
Commercial paper	R-1 (low)	F2
Preferred shares	PFD-2	BBB
CU Inc.		
Issuer	A (high)	A-
Senior unsecured debt	A (high)	A
Commercial paper	R-1 (low)	F2
Preferred shares	PFD-2 (high)	BBB+
S&P Global Ratings has assigned Canadian Utilities' subsidiary ATCO Gas Australia [1] a BBB+ issuer and senior unsecured debt credit rating with a stable outlook.		

(1) ATCO Gas Australia is a regulated provider of natural gas distribution services in Western Australia, serving metropolitan Perth and surrounding regions.

On July 23, 2024, DBRS Limited affirmed its 'A (high)' long-term corporate credit rating and stable outlook on Canadian Utilities' subsidiary CU Inc.

On August 28, 2024, DBRS Limited affirmed its 'A' long-term corporate credit rating and stable outlook on Canadian Utilities Limited.

LINES OF CREDIT

At September 30, 2024, Canadian Utilities and its subsidiaries had the following lines of credit.

($ millions)	Total	Used	Available
Long-term committed	**2,766**	1,051	1,715
Uncommitted	**450**	142	308
Total	**3,216**	1,193	2,023

Of the $3,216 million in total lines of credit, $450 million was in the form of uncommitted credit facilities with no set maturity date. The other $2,766 million in credit lines was committed with maturities between 2025 and 2027, and may be extended at the option of the lenders.

Of the $1,193 million in lines of credit used, $670 million was related to ATCO Gas Australia. Long-term committed credit lines are used to satisfy all of ATCO Gas Australia's term debt financing needs. The majority of the remaining usage is related to the funding of the renewable energy portfolio acquisition in ATCO EnPower and the issuance of letters of credit.

CONSOLIDATED CASH FLOW

At September 30, 2024, the Company's cash position was $173 million. This represents a decrease in the third quarter and first nine months of 2024 of $244 million compared to the same periods in 2023. Major movements are outlined in the following table:

	Three Months Ended September 30			Nine Months Ended September 30		
($ millions)	**2024**	**2023**	**Change**	**2024**	**2023**	**Change**
Cash position, beginning of period	**(95)**	253	(348)	**207**	698	(491)
Cash from (used in):						
Operating activities	**419**	410	9	**1,392**	1,313	79
Investing activities	**(266)**	(362)	96	**(902)**	(1,895)	993
Financing activities	**117**	116	1	**(522)**	301	(823)
Foreign currency translation	**(2)**	—	(2)	**(2)**	—	(2)
Cash position, end of the period	**173**	417	(244)	**173**	417	(244)

The opening cash position of $(95) million and $207 million in the third quarter and first nine months of 2024 was $348 million and $491 million lower compared to the same periods in 2023 mainly due to the $190 million investment in marketable securities in February 2023, the funding of capital projects throughout 2023, and the timing of payables.

Operating Activities

Cash flows from operating activities were $419 million in the third quarter of 2024, $9 million higher than the same period in 2023 mainly due to timing of payables.

Cash flows from operating activities were $1,392 million in the first nine months of 2024, $79 million higher than the same period in 2023 mainly due to the timing of certain revenue and expenses, and payables, partially offset by restructuring costs.

Investing Activities

Cash flows used in investing activities were $266 million in the third quarter of 2024, $96 million lower than the same period in 2023 mainly due to the timing of settlement of accounts payable related to the sale of ATCOenergy to ATCO Ltd. in the third quarter of 2024 and the 2023 acquisition of the renewable energy portfolio, partially offset by increased capital spending in ATCO Energy Systems.

Cash flows used in investing activities were $902 million in the first nine months of 2024, $993 million lower than the same period in 2023 mainly due to the 2023 acquisition of the renewable energy portfolio and the investments in marketable securities in 2023.

A reconciliation of capital investment to capital expenditures and information pertaining to marketable securities is summarized below.

Cash Used for Capital Investment[1] and Capital Expenditures

Capital investment and capital expenditures for the third quarter and first nine months of 2024 and 2023 are shown in the following table.

	Three Months Ended September 30			Nine Months Ended September 30		
($ millions)	**2024**	**2023**	**Change**	**2024**	**2023**	**Change**
ATCO Energy Systems						
Electricity	**195**	156	39	**492**	450	42
Natural Gas	**169**	133	36	**436**	345	91
	364	289	75	**928**	795	133
ATCO EnPower	**24**	22	2	**53**	105	(52)
ATCO Australia	**25**	19	6	**63**	60	3
CU Corporate & Other	**1**	—	1	**8**	6	2
Canadian Utilities Total Capital Expenditures (1) (2)	**414**	330	84	**1,052**	966	86
Capital Expenditures in joint ventures						
ATCO Energy Systems						
Electricity	**2**	—	2	**3**	2	1
ATCO EnPower	**—**	1	(1)	**2**	4	(2)
Business Combination						
ATCO EnPower	**—**	—	—	**—**	691	(691)
CU Corporate & Other	**4**	—	4	**4**	—	4
Canadian Utilities Total Capital Investment (3)	**420**	331	89	**1,061**	1,663	(602)

(1) Includes $5 million and $12 million (2023 - $4 million and $15 million) of capitalized interest during construction for the third quarter and first nine months of 2024 and additions to property, plant and equipment, and intangibles.

(2) Includes $20 million and $81 million for the third quarter and first nine months of 2024 (2023 - $37 million and $117 million) of capital expenditures, mainly in ATCO Energy Systems, that were funded with the assistance of customer contributions and government grants.

(3) Non-GAAP financial measure. See "Other Financial and Non-GAAP Measures" and "Reconciliation of Capital Investment to Capital Expenditures" in this MD&A.

Total capital investment of $420 million in the third quarter of 2024 was $89 million higher compared to the same period in 2023 mainly due to increased spending related to ongoing system upgrades and growth projects for new customers in the Regulated Utilities.

Total capital investment of $1,061 million in the first nine months of 2024 was $602 million lower compared to the same period in 2023 mainly due to the acquisition of the renewable energy portfolio in January 2023.

Total capital expenditures of $414 million and $1,052 million in the third quarter and first nine months of 2024 were $84 million and $86 million higher than the same periods in 2023 mainly due to the factors outlined above with the exception of the 2023 renewable energy portfolio acquisition within ATCO EnPower. Business combinations are excluded from capital expenditures.

Marketable Securities

In February 2023, the Company invested excess cash of $190 million in a diversified portfolio of marketable securities, with the objective of delivering competitive returns and maintaining a high degree of liquidity. The Company's marketable securities are actively managed by an external investment manager with the majority of the investments being highly liquid and redeemable within seven business days.

Financing Activities

Cash flows from financing activities of $117 million in the third quarter of 2024 were comparable to the same period in 2023.

Cash flows used in financing activities were $522 million in the first nine months of 2024, $823 million higher than the same period in 2023 mainly due to the 2023 financing related to the acquisition of the renewable energy portfolio in January 2023.

Information pertaining to financing activities is summarized below.

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[1] *Non-GAAP financial measure. See "Other Financial and Non-GAAP Measures" and "Reconciliation of Capital Investment to Capital Expenditures" in this MD&A.*

Debenture Issuance

On September 11, 2024, Canadian Utilities' subsidiary CU Inc. issued $410 million of 4.664 per cent 30-year debentures. Proceeds from the issue are being used to finance capital expenditures, to repay existing indebtedness and for other general corporate purposes.

Other Debt Issuances

On July 3, 2024, Canadian Utilities, through its wholly owned subsidiary, Achernar Limited Partnership, entered into a non-revolving term facility of $42 million with a bank lender. Proceeds from this issuance were used to repay existing indebtedness used to fund capital investment in our renewable portfolio. The loan amortizes over a period of 11.75 years to match the Empress Solar Power Purchase Agreement (PPA) term and is secured by the assets of the borrower. To mitigate the variable interest rate risk, Achernar Limited Partnership entered into an interest rate swap agreement to fix the interest rate at 5.8589 per cent, including the applicable margin.

Dividends and Common Shares

We have increased our common share dividend each year since 1972, a 52-year track record. Dividends paid to Class A and Class B share owners totaled $122 million in the third quarter of 2024 and $349 million in the first nine months of 2024.

On October 10, 2024, the Board of Directors declared a fourth quarter dividend of 45.31 cents per share. The payment of any dividend is at the discretion of the Board of Directors and depends on our financial condition and other factors.

Normal Course Issuer Bid (NCIB)

We believe that, from time to time, the market price of our Class A shares may not fully reflect the value of our business, and that purchasing Class A shares represents a desirable use of available funds. The purchase of Class A shares, at appropriate prices, will also minimize any dilution resulting from the exercise of stock options.

On September 7, 2023, we commenced an NCIB to purchase up to 2,018,434 outstanding Class A shares. The bid expired on September 6, 2024. No shares were purchased.

On September 9, 2024, we commenced an NCIB to purchase up to 2,049,604 outstanding Class A shares. The bid will expire on September 8, 2025. To date, no shares have been purchased.

Dividend Reinvestment Plan (DRIP)

Effective July 11, 2024, Canadian Utilities suspended its DRIP program. From January 1, 2024 to July 11, 2024, Canadian Utilities issued 631,759 Class A shares under the DRIP using re-invested dividends of $19 million.

Base Shelf Prospectus - Canadian Utilities

On September 14, 2023, Canadian Utilities filed a short-form base shelf prospectus that permits it to issue Class A non-voting shares, preferred shares and debt securities, over the 25-month life of the prospectus. As of November 12, 2024, no securities had been issued under the prospectus.

SHARE CAPITAL

Canadian Utilities' equity securities consist of Class A shares and Class B shares.

At November 12, 2024, we had outstanding 204,961,487 Class A shares, 66,598,854 Class B shares, and options to purchase 3,156,850 Class A shares.

CLASS A NON-VOTING SHARES AND CLASS B COMMON SHARES

Class A and Class B share owners are entitled to share equally, on a share for share basis, in all dividends the Company declares on either of such classes of shares as well as in the Company's remaining property on dissolution. Class B share owners are entitled to vote and to exchange at any time each share held for one Class A share.

If a take-over bid is made for the Class B shares and if it would result in the offeror owning more than 50 per cent of the outstanding Class B shares (excluding any Class B shares acquired upon conversion of Class A shares), the Class A share owners are entitled, for the duration of the take-over bid, to exchange their Class A shares for Class B shares and to tender the newly exchanged Class B shares to the take-over bid. Such right of exchange and tender is conditional on completion of the applicable take-over bid.

In addition, Class A share owners are entitled to exchange their shares for Class B shares if ATCO Ltd., the Company's controlling share owner, ceases to own or control, directly or indirectly, more than 10,000,000 of the issued and outstanding Class B shares. In either case, each Class A share is exchangeable for one Class B share, subject to changes in the exchange ratio for certain events such as a stock split or rights offering.

Of the 12,800,000 Class A shares authorized for grant of options under our stock option plan, 9,597,250 Class A shares were available for issuance at September 30, 2024. Options may be granted to officers and key employees of the Company and its subsidiaries at an exercise price equal to the weighted average of the trading price of the shares on the Toronto Stock Exchange for the five trading days immediately preceding the grant date. The vesting provisions and exercise period (which cannot exceed 10 years) are determined at the time of grant.

QUARTERLY INFORMATION

The following table shows financial information for the eight quarters ended December 31, 2022 through September 30, 2024.

($ millions, except for per share data)	**Q4 2023**	**Q1 2024**	**Q2 2024**	**Q3 2024**
Revenues	974	1,091	860	**810**
Earnings attributable to equity owners of the Company	185	242	62	**12**
Earnings (loss) attributable to Class A and B shares	166	223	43	**(8)**
Earnings (loss) per Class A and Class B share *($)*	0.61	0.82	0.16	**(0.03)**
Diluted earnings (loss) per Class A and Class B share *($)*	0.61	0.82	0.16	**(0.03)**
Adjusted earnings per Class A and Class B share *($)* (1)	0.71	0.83	0.43	**0.38**
Adjusted earnings (loss) (2)				
ATCO Energy Systems (2)	179	221	112	**94**
ATCO EnPower (2)	14	8	18	**14**
ATCO Australia (2)	9	11	17	**15**
Corporate & Other and Intersegment Eliminations (2)	(10)	(15)	(30)	**(21)**
Total adjusted earnings (2)	192	225	117	**102**

($ millions, except for per share data)	**Q4 2022**	**Q1 2023**	**Q2 2023**	**Q3 2023**
Revenues	1,107	1,131	879	812
Earnings attributable to equity owners of the Company	145	292	105	125
Earnings attributable to Class A and Class B shares	125	273	86	105
Earnings per Class A and Class B share *($)*	0.46	1.01	0.32	0.39
Diluted earnings per Class A and Class B share *($)*	0.46	1.01	0.32	0.39
Adjusted earnings per Class A and Class B share *($)* (1)	0.66	0.81	0.37	0.32
Adjusted earnings (loss) (2)				
ATCO Energy Systems (2)	164	207	98	86
ATCO EnPower (2)	12	15	8	9
ATCO Australia (2)	16	16	17	18
Corporate & Other and Intersegment Eliminations (2)	(12)	(21)	(23)	(26)
Total adjusted earnings (2)	180	217	100	87

(1) Non-GAAP ratio. See "Other Financial and Non-GAAP Measures" and "Reconciliation of Adjusted Earnings to Earnings Attributable to Equity Owners of the Company" in this MD&A.

(2) Total of segments measures. See "Other Financial and Non-GAAP Measures" and "Reconciliation of Adjusted Earnings to Earnings Attributable to Equity Owners of the Company" in this MD&A.

Our financial results for the previous eight quarters reflect the timing of utility regulatory decisions, and the seasonal nature of demand for natural gas and electricity.

ADJUSTED EARNINGS

Adjusted earnings in the fourth quarter of 2023 were higher than the same period in 2022 mainly due to additional earnings from the Forty Mile and Adelaide wind assets acquired in 2023 and earnings from the solar assets energized in 2023 in ATCO EnPower, growth in rate base and new cost efficiencies realized in 2023 in Electricity Distribution and Natural Gas Distribution, and lower operating costs in International Electricity Operations.

Adjusted earnings in the first quarter of 2024 were higher than the same period in 2023 mainly due to growth in rate base and an increase in ROE in ATCO Energy Systems' businesses. Higher adjusted earnings were partially offset by lower realized pricing at the Forty Mile wind facility at ATCO EnPower, and the impact of inflation indexing in ATCO Australia.

Adjusted earnings in the second quarter of 2024 were higher than the same period in 2023 mainly due to growth in rate base and an increase in ROE in ATCO Energy Systems' businesses, stronger seasonal spreads in natural gas storage services at ATCO EnPower, and higher interest income earned on Corporate investments. Higher adjusted earnings were partially offset by the impact of inflation indexing in ATCO Australia, and lower realized pricing on our assets with merchant exposure in ATCO EnPower.

Adjusted earnings in the third quarter of 2024 were higher than the same period in 2023 mainly due to growth in rate base and an increase in ROE in ATCO Energy Systems' businesses, higher demand and stronger seasonal spreads in natural gas storage services at ATCO EnPower, and higher interest income earned on Corporate investments. Higher adjusted earnings were partially offset by the impact of inflation indexing in ATCO Australia, and tax adjustments recorded by Electricity Distribution over the final two quarters of 2023.

EARNINGS ATTRIBUTABLE TO EQUITY OWNERS OF THE COMPANY

Earnings attributable to equity owners of the Company include timing adjustments related to rate-regulated activities and unrealized gains or losses on mark-to-market forward and swap commodity contracts. They also include one-time gains and losses, impairments, and other items that are not in the normal course of business or a result of day-to-day operations recorded at various times over the past eight quarters. These items are excluded from adjusted earnings and are highlighted below:

- In the fourth quarter of 2022, a reversal of impairment of $4 million (after-tax) was recorded mainly related to ATCO Australia's joint venture investment in the Osborne electricity cogeneration facility located in South Australia. The reversal resulted from an improvement in the future outlook of power market prices.
- In the first quarter of 2023, the Company recognized legal and other costs of $9 million (after-tax) related to the early termination of the Wipro Master Service Agreements (MSAs) for managed IT services. This matter was concluded on February 26, 2023.
- In the second quarter of 2023, the Company recognized an impairment of $8 million (after-tax) relating to certain electricity generation assets in Electricity Transmission. These assets had been removed from service as it was determined that they no longer had any remaining value.
- In the fourth quarter of 2023, the Company recognized an impairment of $36 million (after-tax) of certain computer software assets which are not expected to be used in the Company.
- In the second quarter of 2024, the Company recorded restructuring costs of $36 million (after-tax) mainly related to staff reductions and associated severance costs.
- In the second quarter of 2024, the Company recorded an $8 million (after-tax) reduction to earnings related to an AUC enforcement decision on two historical matters the Electric Transmission business had self-reported to AUC Enforcement staff.
- In the third quarter of 2024, the Company sold its 100 per cent investment in ATCO Energy Ltd. to ATCO Ltd. As a result of the transaction a loss on sale of $14 million was recorded.

OTHER FINANCIAL AND NON-GAAP MEASURES

This MD&A should be read with the Company's unaudited interim consolidated financial statements for the nine months ended September 30, 2024. 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).

This MD&A contains various “total of segments measures” (as such term is defined in NI 52-112), “non-GAAP financial measures” (as such term is defined in NI 52-112), and "non-GAAP ratios" (as such term is defined in NI 52-112), which are described in further detail below.

Total of Segments Measures

NI 52-112 defines a “total of segments measure” as a financial measure disclosed by an issuer that is a subtotal or total of two or more reportable segments of an entity, is not a component of a line item disclosed in the primary financial statements of the entity, is disclosed in the notes to the financial statements of the entity, and is not disclosed in the primary financial statements of the entity.

Consolidated adjusted earnings (loss) and adjusted earnings (loss) for each of Canadian Utilities, ATCO Energy Systems, ATCO EnPower, ATCO Australia, and Corporate & Other are total of segments measures, as defined in NI 52-112.

Total of segments measures are most directly comparable to total earnings (loss) attributable to equity owners of the Company. Comparable total of segments measures for the same periods in 2023 have been calculated using the same composition and are disclosed alongside the current total of segments measures in this MD&A. A reconciliation of the total of segments measures with total earnings (loss) attributable to equity owners of the Company is presented in this MD&A.

Non-GAAP Financial Measures

NI 52-112 defines a “non-GAAP financial measure” as a financial measure disclosed by an issuer that (a) depicts the historical or expected future financial performance, financial position or cash flow of an entity, (b) with respect to its composition, excludes an amount that is included in, or includes an amount that is excluded from, the composition of the most directly comparable financial measure disclosed in the primary financial statements of the entity, (c) is not disclosed in the financial statements of the entity, and (d) is not a ratio, fraction, percentage or similar representation.

All references to capital investment, references to adjusted earnings (loss) for each of Electricity Distribution, Electricity Transmission, International Electricity Operations, Total Electricity, Natural Gas Distribution, Natural Gas Transmission, Total Natural Gas, ATCO Gas Australia, ATCO Power Australia, Electricity Generation, and Storage & Industrial Water, adjusted EBITDA for ATCO EnPower, and mid-year rate base are non-GAAP financial measures, as defined in NI 52-112.

Adjusted earnings (loss) are defined as earnings (loss) attributable to equity owners of the Company after adjusting for the timing of revenues and expenses associated with rate-regulated activities, dividends on equity preferred shares of the Company, and unrealized gains or losses on mark-to-market forward and swap commodity contracts. Adjusted earnings (loss) also exclude 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 (loss) present earnings (loss) from rate-regulated activities on the same basis as was used prior to adopting IFRS Accounting Standards – that basis being the US accounting principles for rate-regulated activities. Adjusted earnings (loss) are presented in Note 3 of the unaudited interim consolidated financial statements. Adjusted earnings (loss) per Class A and Class B share are calculated by dividing adjusted earnings (loss) by the weighted average number of shares outstanding for the period.

Adjusted earnings (loss) are most directly comparable to earnings (loss) attributable to equity owners of the Company but is not a standardized financial measure under the reporting framework used to prepare our financial statements. Adjusted earnings (loss) may not be comparable to similar financial measures disclosed by other issuers. Management’s view is that adjusted earnings (loss) are a key measure of segment earnings (loss) that are used to assess segment performance and allocate resources and allow for a more effective analysis of operating performance and trends. For investors, adjusted earnings (loss) may provide value as they exclude items that are not in the normal course of business and, as such, provide insight as to earnings (loss) resulting from the issuer's usual course of business. A reconciliation of adjusted earnings (loss) to earnings (loss) attributable to equity owners of the Company is presented in this MD&A.

Capital investment is a non-GAAP financial measure defined as cash used for capital expenditures, business combinations, and cash used in the Company's share of capital expenditures in joint ventures. Capital expenditures include additions to property, plant and equipment and intangibles as well as interest capitalized during construction. Capital investment is most directly comparable to capital expenditures. Capital investment is not a standardized financial measure under the reporting framework used to prepare our financial statements. Capital investment may not be comparable to similar financial measures disclosed by other issuers. Management views capital investment as the Company's total cash investment in assets. For investors, capital investment is useful because it identifies how much cash is being used to acquire and invest in assets. A reconciliation of capital investments to capital expenditures is presented in this MD&A.

Further information regarding adjusted EBITDA, including a reconciliation of adjusted EBITDA to adjusted earnings for ATCO EnPower, is presented in Appendix 1: Supplemental Non-Audited Financial Information to this MD&A.

Mid-year rate base is a non-GAAP financial measure. Mid-year rate base for a given year is calculated as the average of the opening rate base and the closing rate base. Growth in mid-year rate base is a leading indicator of a utility's earnings trend, depending on changes in the equity ratio of the mid-year rate base and the rate of return on common equity. Mid-year rate base is not a standardized financial measure under the reporting framework used to prepare our financial statements and may not be comparable to similar financial measures disclosed by other issuers. Management views mid-year rate base as a key metric for determining the Company’s profitability. Further information regarding mid-year rate base, including a reconciliation of mid-year rate base to property, plant and equipment and intangible assets, is presented in Appendix 1: Supplemental Non-Audited Financial Information to this MD&A.

Non-GAAP Ratio

NI 52-112 defines a "non-GAAP ratio" as a financial measure disclosed by an issuer that (a) is in the form of a ratio, fraction, percentage or similar representation, (b) has a non-GAAP financial measure as one or more of its components, and (c) is not disclosed in the financial statements of the entity.

Adjusted earnings ($ per share) is a non-GAAP ratio, as defined in NI 52-112.

RECONCILIATION OF ADJUSTED EARNINGS TO EARNINGS ATTRIBUTABLE TO EQUITY OWNERS OF THE COMPANY

Adjusted earnings (loss) are earnings (loss) attributable to equity owners of the Company after adjusting for the timing of revenues and expenses associated with rate-regulated activities, dividends on equity preferred shares of the Company, and unrealized gains or losses on mark-to-market forward and swap commodity contracts. Adjusted earnings (loss) also exclude 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 (loss) are a key measure of segment earnings (loss) that management uses to assess segment performance and allocate resources. It is management's view that adjusted earnings (loss) allow a better assessment of the economics of rate regulation in Canada and Australia than IFRS earnings (loss). Additional information regarding this measure is provided in the Other Financial and Non-GAAP Measures section of this MD&A.

($ millions)

Three Months Ended September 30

2024 2023	ATCO Energy Systems	ATCO EnPower	ATCO Australia	Corporate & Other	Intersegment Eliminations	Consolidated
Revenues	**653**	**66**	**65**	**31**	**(5)**	**810**
	604	69	59	98	(18)	812
Adjusted earnings (loss)	**94**	**14**	**15**	**(21)**	**—**	**102**
	86	9	18	(26)	—	87
Loss on sale of ownership interest in a subsidiary company	**—**	**—**	**—**	**(14)**	**—**	**(14)**
	—	—	—	—	—	—
Unrealized (losses) gains on mark-to-market forward and swap commodity contracts	**—**	**1**	**—**	**(77)**	**—**	**(76)**
	—	—	—	70	—	70
Rate-regulated activities	**(8)**	**—**	**(7)**	**—**	**—**	**(15)**
	(34)	—	(12)	(1)	—	(47)
IT Common Matters decision	**(5)**	**—**	**—**	**—**	**—**	**(5)**
	(5)	—	—	—	—	(5)
Dividends on equity preferred shares of Canadian Utilities Limited	**—**	**—**	**—**	**20**	**—**	**20**
	—	—	—	20	—	20
Earnings (loss) attributable to equity owners of the Company	**81**	**15**	**8**	**(92)**	**—**	**12**
	47	9	6	63	—	125

($ millions)						Nine Months Ended September 30
2024 / 2023	ATCO Energy Systems	ATCO EnPower	ATCO Australia	Corporate & Other	Intersegment Eliminations	Consolidated
Revenues	**2,243**	**226**	**180**	**175**	**(63)**	**2,761**
	2,168	261	167	318	(92)	2,822
Adjusted earnings (loss)	**427**	**40**	**43**	**(66)**	**—**	**444**
	391	32	51	(70)	—	404
Loss on sale of ownership interest in a subsidiary company	**—**	**—**	**—**	**(14)**	**—**	**(14)**
	—	—	—	—	—	—
Restructuring	**(32)**	**(2)**	**(2)**	**—**	**—**	**(36)**
	—	—	—	—	—	—
ATCO Electric settlement decision	**(8)**	**—**	**—**	**—**	**—**	**(8)**
	—	—	—	—	—	—
Unrealized (losses) gains on mark-to-market forward and swap commodity contracts	**—**	**4**	**—**	**(87)**	**—**	**(83)**
	—	—	—	138	—	138
Rate-regulated activities	**(10)**	**—**	**(19)**	**—**	**—**	**(29)**
	(13)	—	(35)	2	—	(46)
IT Common Matters decision	**(16)**	**—**	**—**	**—**	**—**	**(16)**
	(15)	—	—	—	—	(15)
Impairment	**—**	**—**	**—**	**—**	**—**	**—**
	(8)	—	—	—	—	(8)
Transition of managed IT services	**—**	**—**	**—**	**—**	**—**	**—**
	(2)	—	(7)	—	—	(9)
Dividends on equity preferred shares of Canadian Utilities Limited	**—**	**—**	**—**	**58**	**—**	**58**
	—	—	—	58	—	58
Earnings (loss) attributable to equity owners of the Company	**361**	**42**	**22**	**(109)**	**—**	**316**
	353	32	9	128	—	522

LOSS ON SALE OF OWNERSHIP INTEREST IN A SUBSIDIARY COMPANY

On August 1, 2024, the Company sold its 100 per cent investment in ATCO Energy Ltd., an Alberta-based company engaged in electricity and natural gas retail sales, and whole-home solutions, to its parent, ATCO Ltd. for aggregate consideration of $114 million resulting in a loss on sale of $14 million. The aggregate consideration is comprised of the agreed sales price of $85 million, the transfer of bank indebtedness of $31 million to ATCO Ltd., less a working adjustment of $2 million. The loss on sale of ATCO Energy Ltd. was excluded from adjusted earnings.

RESTRUCTURING

The Company recorded restructuring costs of $36 million (after-tax) in the second quarter of 2024 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, AUC Enforcement filed a joint submission with ATCO Electric 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 were 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.

On September 25, 2024, the AUC released their decision approving the settlement agreement that included an administrative penalty of $3 million, and a refund to customers through a billing adjustment to the AESO of $4 million. In the second quarter of

2024 the Company recognized costs of $8 million (after tax) related to the proceeding. As this is not in the normal course of business, it has been excluded from adjusted earnings.

UNREALIZED GAINS AND LOSSES ON MARK-TO-MARKET FORWARD AND SWAP COMMODITY CONTRACTS

The Company's electricity generation and electricity and natural gas retail businesses enter into fixed-price swap commodity contracts to manage exposure to electricity and natural gas prices and volumes. These contracts are measured at fair value. Unrealized gains and losses due to changes in the fair value of fixed-price swap commodity contracts, together with reclassifications of unrealized gains or losses from other comprehensive income or loss, in the electricity generation business are recognized in the ATCO EnPower segment and electricity and natural gas retail business in Corporate & Other.

The CODM believes that removal of the unrealized gains and losses on mark-to-market forward and swap commodity contracts provides a better representation of operating results for the Company's operations.

Realized gains or losses are recognized in adjusted earnings when the commodity contracts are settled.

RATE-REGULATED ACTIVITIES

ATCO Electric Transmission, ATCO Electric Distribution, ATCO Electric Yukon, Northland Utilities (NWT), Northland Utilities (Yellowknife), ATCO Gas, ATCO Pipelines and ATCO Gas Australia are collectively referred to as the Regulated 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 Regulated Utilities do not recognize assets and liabilities from rate-regulated activities as may be directed by regulatory decisions. Instead, the Regulated 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 US as another source of generally accepted accounting principles to account for rate-regulated activities in its internal reporting provided to the Chief Operating Decision Maker (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 Treatment
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.
Revenues to be billed in future periods	Deferred income taxes, impact of warmer temperatures, and impact of inflation on rate base.	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.
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.
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.

For the three and nine months ended September 30, 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		
($ millions)	2024	2023	Change	2024	2023	Change
Additional revenues billed in current period						
Future removal and site restoration costs (1)	**31**	24	7	**94**	90	4
Revenues to be billed in future periods						
Deferred income taxes (2)	**(32)**	(39)	7	**(95)**	(113)	18
Impact of warmer temperatures (3)	**(5)**	(3)	(2)	**(1)**	(10)	9
Impact of inflation on rate base (4)	**(6)**	(11)	5	**(16)**	(32)	16
Settlement of regulatory decisions and other items						
Distribution rate relief (5)	**—**	4	(4)	**—**	13	(13)
Other (6)	**(3)**	(22)	19	**(11)**	6	(17)
	(15)	(47)	32	**(29)**	(46)	17

(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) Natural 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 normal temperatures in the current period are refunded to or recovered from customers in future periods.

(4) The inflation-indexed portion of ATCO Gas Australia's rate base is billed to customers through the recovery of depreciation in subsequent periods based on the actual or forecasted annual rate of inflation. Under rate-regulated accounting, revenue is recognized in the current period for the inflation component of rate base when it is earned. Differences between the amounts earned and the amounts billed to customers are deferred and recognized in revenues over the service life of the related asset.

(5) In 2021, in response to the then ongoing COVID-19 Pandemic, Electricity Distribution and Natural Gas Distribution applied for 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.

(6) In the three months ended September 30, 2023, Electricity Distribution 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 the Company, financial impacts associated with the IT Common Matters decision are excluded from adjusted earnings. The amount excluded from adjusted earnings for the third quarter and first nine months of 2024 was $5 million and $16 million (after-tax) (2023 - $5 million and $15 million (after-tax)).

IMPAIRMENT

In the second quarter of 2023, the Company recognized an impairment of $8 million (after-tax) relating to certain electricity generation assets in Electricity Transmission. These assets had been removed from service and it was determined that they no longer had any remaining value.

TRANSITION OF MANAGED IT SERVICES

In 2023, the Company recognized additional legal and other costs of $9 million (after-tax) related to the Wipro MSAs matter that was concluded on February 26, 2023.

SEGMENTED RECONCILIATION OF ADJUSTED EARNINGS TO EARNINGS ATTRIBUTABLE TO EQUITY OWNERS OF THE COMPANY

ATCO Energy Systems

The following tables reconcile adjusted earnings for the ATCO Energy Systems business unit to the directly comparable financial measure, earnings attributable to equity owners of the Company.

($ millions) — **Three Months Ended September 30**

2024 / 2023	Canadian Utilities Limited							
	Electricity				Natural Gas			ATCO Energy Systems
	Electricity Distribution	Electricity Transmission	International Electricity	Consolidated Electricity	Natural Gas Distribution	Natural Gas Transmission	Consolidated Natural Gas	
Adjusted earnings (loss)	**37**	**47**	**14**	**98**	**(25)**	**21**	**(4)**	**94**
	38	45	12	95	(30)	21	(9)	86
Rate-regulated activities	**(8)**	**(5)**	**—**	**(13)**	**8**	**(3)**	**5**	**(8)**
	(8)	(41)	—	(49)	16	(1)	15	(34)
IT Common Matters decision	**(1)**	**(2)**	**—**	**(3)**	**(3)**	**1**	**(2)**	**(5)**
	(2)	(2)	—	(4)	(1)	—	(1)	(5)
Earnings (loss) attributable to equity owners of the Company	**28**	**40**	**14**	**82**	**(20)**	**19**	**(1)**	**81**
	28	2	12	42	(15)	20	5	47

($ millions) — Nine Months Ended September 30

2024 2023	Canadian Utilities Limited							
	Electricity				Natural Gas			ATCO Energy Systems
	Electricity Distribution	Electricity Transmission	International Electricity	Consolidated Electricity	Natural Gas Distribution	Natural Gas Transmission	Consolidated Natural Gas	
Adjusted earnings	**104**	**143**	**40**	**287**	**73**	**67**	**140**	**427**
	104	126	34	264	58	69	127	391
Restructuring	**(8)**	**(5)**	**—**	**(13)**	**(16)**	**(3)**	**(19)**	**(32)**
	—	—	—	—	—	—	—	—
ATCO Electric settlement decision	**—**	**(8)**	**—**	**(8)**	**—**	**—**	**—**	**(8)**
	—	—	—	—	—	—	—	—
Rate-regulated activities	**(23)**	**(13)**	**—**	**(36)**	**33**	**(7)**	**26**	**(10)**
	3	(36)	—	(33)	26	(6)	20	(13)
IT Common Matters decision	**(5)**	**(4)**	**—**	**(9)**	**(6)**	**(1)**	**(7)**	**(16)**
	(5)	(4)	—	(9)	(5)	(1)	(6)	(15)
Impairment	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
	—	(8)	—	(8)	—	—	—	(8)
Transition of managed IT services	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
	(1)	—	—	(1)	(1)	—	(1)	(2)
Earnings attributable to equity owners of the Company	**68**	**113**	**40**	**221**	**84**	**56**	**140**	**361**
	101	78	34	213	78	62	140	353

ATCO EnPower

The following tables reconcile adjusted earnings for the ATCO EnPower business unit to the directly comparable financial measure, earnings attributable to equity owners of the Company.

($ millions) — Three Months Ended September 30

2024 2023	Canadian Utilities Limited		
	Electricity Generation	Storage & Industrial Water	ATCO EnPower
Adjusted earnings	**1**	**13**	**14**
	2	7	9
Unrealized gains on mark-to-market forward and swap commodity contracts	**1**	**—**	**1**
	—	—	—
Earnings attributable to equity owners of the Company	**2**	**13**	**15**
	2	7	9

($ millions) 2024 / 2023	Canadian Utilities Limited		
Nine Months Ended September 30	Electricity Generation	Storage & Industrial Water	ATCO EnPower
Adjusted earnings	**7**	**33**	**40**
	12	20	32
Restructuring	**—**	**(2)**	**(2)**
	—	—	—
Unrealized gains on mark-to-market forward and swap commodity contracts	**4**	**—**	**4**
	—	—	—
Earnings attributable to equity owners of the Company	**11**	**31**	**42**
	12	20	32

ATCO Australia

The following tables reconcile adjusted earnings for the ATCO Australia business unit to the directly comparable financial measure, earnings attributable to equity owners of the Company.

($ millions) 2024 / 2023	Canadian Utilities Limited		
Three Months Ended September 30	ATCO Gas Australia	ATCO Power Australia	ATCO Australia
Adjusted earnings (loss)	**17**	**(2)**	**15**
	19	(1)	18
Rate-regulated activities	**(7)**	**—**	**(7)**
	(12)	—	(12)
Earnings (loss) attributable to equity owners of the Company	**10**	**(2)**	**8**
	7	(1)	6

($ millions) 2024 / 2023	Canadian Utilities Limited		
Nine Months Ended September 30	ATCO Gas Australia	ATCO Power Australia	ATCO Australia
Adjusted earnings (loss)	**41**	**2**	**43**
	54	(3)	51
Restructuring	**(1)**	**(1)**	**(2)**
	—	—	—
Rate-regulated activities	**(19)**	**—**	**(19)**
	(35)	—	(35)
Transition of managed IT services	**—**	**—**	**—**
	(6)	(1)	(7)
Earnings (loss) attributable to equity owners of the Company	**21**	**1**	**22**
	13	(4)	9

RECONCILIATION OF CAPITAL INVESTMENT TO CAPITAL EXPENDITURES

Capital investment is a non-GAAP financial measure defined as cash used for capital expenditures, business combinations, and cash used in the Company's share of capital expenditures in joint ventures. In management's opinion, capital investment reflects the Company's total cash investment in assets. Capital expenditures include additions to property, plant and equipment and intangibles as well as interest capitalized during construction. Additional information regarding this non-GAAP measure is provided in the "Other Financial and Non-GAAP Measures" section of this MD&A.

($ millions) **Three Months Ended September 30**

2024 2023	ATCO Energy Systems	ATCO EnPower	ATCO Australia	CU Corporate & Other	Consolidated
Capital Investment	**366**	**24**	**25**	**5**	**420**
	289	23	19	—	331
Capital Expenditures in joint ventures	**(2)**	**—**	**—**	**—**	**(2)**
	—	(1)	—	—	(1)
Business Combination	**—**	**—**	**—**	**(4)**	**(4)**
	—	—	—	—	—
Capital Expenditures	**364**	**24**	**25**	**1**	**414**
	289	22	19	—	330

($ millions) **Nine Months Ended September 30**

2024 2023	ATCO Energy Systems	ATCO EnPower	ATCO Australia	CU Corporate & Other	Consolidated
Capital Investment	**931**	**55**	**63**	**12**	**1,061**
	797	800	60	6	1,663
Capital Expenditures in joint ventures	**(3)**	**(2)**	**—**	**—**	**(5)**
	(2)	(4)	—	—	(6)
Business Combinations (1)	**—**	**—**	**—**	**(4)**	**(4)**
	—	(691)	—	—	(691)
Capital Expenditures	**928**	**53**	**63**	**8**	**1,052**
	795	105	60	6	966

(1) The ATCO EnPower business combination refers to the acquisition of the renewable energy portfolio in January 2023.

OTHER FINANCIAL INFORMATION

INTERNAL CONTROL OVER FINANCIAL REPORTING

The certification of interim filings for the interim period ended September 30, 2024, requires that the Company disclose in the interim MD&A any changes in the Company's internal controls over financial reporting (ICFR) that occurred during the period that have materially affected, or are reasonably likely to materially affect, the Company's ICFR. The Company confirms that no such changes were identified in the Company's ICFR during the three months beginning on July 1, 2024 and ending on September 30, 2024.

RELATED PARTY TRANSACTIONS

Sale of ATCO Energy Ltd.

On August 1, 2024, the Company sold its 100 per cent ownership interest in ATCO Energy Ltd., an Alberta-based company engaged in electricity and natural gas retail sales, and whole-home solutions, to ATCO Ltd. for an agreed sale price of $85 million, resulting in a loss on sale of $14 million. The sale price was supported by independent fairness opinions. ATCO Energy Ltd. was previously reported in Corporate & Other. Additional information regarding the sale is presented in Note 13 of the unaudited interim consolidated financial statements.

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.

FORWARD-LOOKING INFORMATION

Certain statements contained in this MD&A constitute forward-looking information. Forward-looking information is often, but not always, identified by the use of words such as "anticipate", "plan", "estimate", "expect", "may", "will", "intend", "should", "goals", "targets", "strategy", "future", and similar expressions. In particular, forward-looking information in this MD&A includes, but is not limited to, references to: strategic plans; emissions reductions; growth and expansion plans and opportunities; the expected timing of commencement, completion or commercial operations of activities, contracts and projects; the expected term of contracts; the impact or benefits of contracts, including economic and other benefits for the Company and its partners and counterparties; expected inflation; the payment of dividends and expected dividend growth; the anticipated size, specifications and incremental natural gas delivery capacity of the Yellowhead Mainline project; the expected timing for commencement of construction and bringing the Yellowhead Mainline project on-stream; the expected timing for a decision on ATCO Australia's GO bid for the South Australian Hydrogen Jobs Plan project; ATCO EnPower's plans for solar sheep vegetation management at Empress Solar; the expected impact of new legislation; the expected timing and impact of policy and regulatory decisions and new policy and regulatory announcements; the Company's liquidity, capital resources and contractual financial obligations and other commitments; and expected closing or completion of referenced transactions.

Although the Company believes that the expectations reflected in the forward-looking information are reasonable based on the information available on the date such statements are made and processes used to prepare the information, such statements are not guarantees of future performance and no assurance can be given that these expectations will prove to be correct. Forward-looking information should not be unduly relied upon. By their nature, these statements involve a variety of assumptions, known and unknown risks and uncertainties, and other factors, which may cause actual results, levels of activity, and achievements to differ materially from those anticipated in such forward-looking information. The forward-looking information reflects the Company's beliefs and assumptions with respect to, among other things, the growth of energy demand; inflation; the development and performance of technology and technological innovations and the ability to otherwise access and implement all technology necessary to achieve business objectives; continuing collaboration with certain business partners and engagement with new business partners, and regulatory and environmental groups; the performance of assets and equipment; demand levels for oil, natural gas, gasoline, diesel and other energy sources; certain levels of future energy use; future production rates; future revenue and earnings; the ability to meet current project schedules, and other assumptions inherent in management's expectations in respect of the forward-looking information identified herein.

The Company's actual results could differ materially from those anticipated in this forward-looking information as a result of, among other things, risks inherent in the performance of assets; capital efficiencies and cost savings; applicable laws, regulations and government policies, including uncertainty with respect to recent amendments to the *Competition Act* (Canada); regulatory decisions; competitive factors in the industries in which the Company operates; prevailing market and economic conditions; credit risk; interest rate fluctuations; the availability and cost of labour, materials, services, infrastructure, and future demand for resources; the development and execution of projects, including development projects, not proceeding on schedule or at all, or at currently estimated budgets; the availability of financing sources for development projects on acceptable terms; prices of electricity, natural gas, natural gas liquids, and renewable energy; the development and performance of technology and new energy efficient products, services, and programs including but not limited to the use of zero-emission and renewable fuels, carbon capture, and storage, electrification of equipment powered by zero-emission energy sources and utilization and availability of carbon offsets; potential termination or breach of contract by contract counterparties; the occurrence of unexpected events such as fires, extreme weather conditions, explosions, blow-outs, equipment failures, transportation incidents, and other accidents or similar events, global pandemics, geopolitical tensions and wars; and other risk factors, many of which are beyond the control of the Company. Due to the interdependencies and correlation of these factors, the impact of any one material assumption or risk on a forward-looking statement cannot be determined with certainty. Readers are cautioned that the foregoing lists are not exhaustive. For additional information about the principal risks that the Company faces, see the "Business Risks and Risk Management" section in the Company's Management's Discussion and Analysis for the year ended December 31, 2023.

This MD&A may contain information that constitutes future-oriented financial information or financial outlook information, all of which are subject to the same assumptions, risk factors, limitations and qualifications set forth above. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise or inaccurate and, as such, undue reliance should not be placed on such future-oriented financial information or financial outlook information. The Company's actual results, performance and achievements could differ materially from those expressed in, or implied by, such future-oriented financial information or financial outlook information. The Company has included such information in order to provide readers with a more complete perspective on its future operations and its current expectations relating to its future performance. Such information may not be appropriate for other purposes and readers are cautioned that such information should not be used for purposes other than those for which it has been disclosed herein. Future-oriented financial information or financial outlook information contained herein was made as of the date of this MD&A.

Any forward-looking information contained in this MD&A represents the Company's expectations as of the date hereof, and is subject to change after such date. The Company disclaims any intention or obligation to update or revise any forward-looking information whether as a result of new information, future events or otherwise, except as required by applicable securities legislation.

ADDITIONAL INFORMATION

Additional information relating to the Company, including the Company's audited consolidated financial statements for the year ended December 31, 2023, unaudited interim consolidated financial statements for the nine months ended September 30, 2024, and most recent Annual Information Form dated February 28, 2024, can be found on SEDAR+ at www.sedarplus.ca.

Copies of these documents may also be obtained upon request from Investor Relations at 3rd Floor, West Building, 5302 Forand Street S.W., Calgary, Alberta, T3E 8B4, telephone 403-292-7500, or email investorrelations@atco.com. Corporate information is also available on the Company's website at www.canadianutilities.com.

GLOSSARY

AESO means Alberta Electric System Operator.

AUC means the Alberta Utilities Commission.

Class A shares means Class A non-voting common shares of the Company.

Class B shares means Class B common shares of the Company.

CODM means Chief Operating Decision Maker, and is comprised of the Chief Executive Officer and the other members of the Executive Committee.

Company means Canadian Utilities Limited and, unless the context otherwise requires, includes its subsidiaries and joint arrangements.

Customer contributions are non-refundable cash contributions made by customers for certain additions to property, plant and equipment, mainly in ATCO Energy Systems. These contributions are made when the estimated revenue is less than the cost of providing service.

DRIP means Dividend Reinvestment Plan.

ESG means Environmental, Social and Governance.

GAAP means Canadian generally accepted accounting principles.

GHG means greenhouse gas.

IFRS means International Financial Reporting Standards.

Megawatt (MW) is a measure of electric power equal to 1,000,000 watts.

Regulated Utilities means Electricity Distribution, Electricity Transmission, Natural Gas Distribution, Natural Gas Transmission, ATCO Gas Australia and their related subsidiaries.

ROE means return on equity.

APPENDIX 1: SUPPLEMENTAL NON-AUDITED FINANCIAL INFORMATION

Management uses numerous metrics and financial measures to evaluate our success and better identify possible challenges while capitalizing on emerging opportunities and continuing to deliver high-performing results. These measures support our ability to assess segment performance and allocate resources and allow for a more effective analysis of operating performance and trends.

From time to time, management may choose to provide supplemental non-audited financial information to help readers further understand key operational and financial events that may influence the results during a quarter.

SUPPLEMENTAL INFORMATION

Adjusted EBITDA is a non-GAAP financial measure [1]. It is an additional important metric for ATCO EnPower and is representative of core operational results.

EBITDA is defined as earnings before interest, taxes, depreciation and amortization. Adjusted EBITDA is defined as EBITDA after adjustments, excluding 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 EBITDA is most directly comparable to earnings (loss) attributable to equity owners but is not a standardized financial measure under the reporting framework used to prepare our financial statements. Adjusted EBITDA may not be comparable to similar financial measures disclosed by other issuers.

ATCO EnPower

The following tables reconcile adjusted EBITDA for the ATCO EnPower business unit to adjusted earnings [2] for the third quarter and first nine months of 2024 and 2023. A reconciliation of adjusted earnings to earnings attributable to equity owners of the Company is presented in the "Reconciliation Of Adjusted Earnings To Earnings Attributable To Equity Owners of the Company" in the Canadian Utilities MD&A.

($ millions)			**Three Months Ended September 30**
2024 / 2023	**Canadian Utilities Limited**		
	Electricity Generation	**Storage & Industrial Water**	**ATCO EnPower**
Adjusted earnings [1]	**1**	**13**	**14**
	2	7	9
Add:			
Interest expense	**7**	**—**	**7**
	7	—	7
Income tax expense	**1**	**2**	**3**
	2	2	4
Depreciation and amortization	**9**	**6**	**15**
	8	5	13
Total Adjusted EBITDA [1]	**18**	**21**	**39**
	19	14	33

(1) Non-GAAP financial measure.

[1] Non-GAAP financial measure as defined in National Instrument 52-112 (NI 52-112). NI 52-112 defines a "non-GAAP financial measure" as a financial measure disclosed by an issuer that (a) depicts the historical or expected future financial performance, financial position or cash flow of an entity, (b) with respect to its composition, excludes an amount that is included in, or includes an amount that is excluded from, the composition of the most directly comparable financial measure disclosed in the primary financial statements of the entity, (c) is not disclosed in the financial statements of the entity, and (d) is not a ratio, fraction, percentage or similar representation.

[2] Adjusted earnings (loss) are defined as earnings (loss) attributable to equity owners of the Company after adjusting for the timing of revenues and expenses associated with rate-regulated activities and unrealized gains or losses on mark-to-market forward and swap commodity contracts. Adjusted earnings (loss) also exclude 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.

($ millions) **2024** 2023	Canadian Utilities Limited		Nine Months Ended September 30
	Electricity Generation	Storage & Industrial Water	ATCO EnPower
Adjusted earnings [1]	**7**	**33**	**40**
	12	20	32
Add:			
Interest expense	**20**	**1**	**21**
	18	—	18
Income tax expense	**4**	**8**	**12**
	6	6	12
Depreciation and amortization	**27**	**15**	**42**
	23	15	38
Total Adjusted EBITDA	**58**	**57**	**115**
	59	41	100

(1) Non-GAAP financial measure.

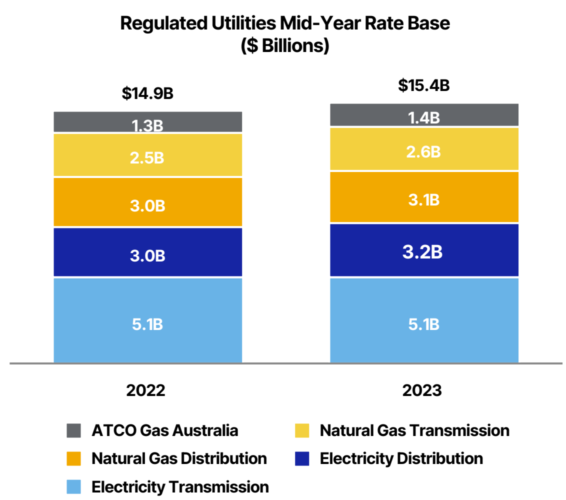
Mid-Year Rate Base [1] and Regulated Utilities

The Company references rate base and mid-year rate base in our communications with share owners as growth in mid-year rate base is a leading indicator of a utility's earnings trend. Rate base is a measure specific to rate-regulated utilities and is used by the regulatory authorities in the jurisdictions [2] in which a company operates. As an industry specific term that is intrinsically tied to how our utilities operate, this section provides further information to help readers understand the unique concept.

The Regulated Utilities finance infrastructure investments, referred to as rate base, through a combination of equity and debt. Regulatory proceedings establish the approved rate of return on equity (ROE) and the equity ratio – the proportion of utility investments financed with equity, with the remainder financed by debt.

Both the return on equity and the equity ratio are determined based on the concept of "fair return," which includes three main components: (1) comparability, (2) financial integrity, and (3) financial attractiveness. The costs of equity and debt are included in the amounts collected as revenues.

Mid-year rate base for a given year is calculated as the average of the opening rate base and the closing rate base. The graph to the right is showing the 2022 and 2023 mid-year rate base as presented in the 2023 MD&A for the year ended December 31, 2023 [3]. In 2023, the mid-year rate base was $15.4 billion, calculated as the sum of the 2023 rate base ($15.5 billion) and the sum of the 2022 rate base ($15.3 billion), divided by two.



The Company determines its customer rates by multiplying its rate base by the approved equity ratio and the approved rate of ROE, as well as recovering forecast costs and return of capital. As such, the Company's earnings will trend based on changes in the approved rate of return, the approved equity ratio, and the mid-year rate base.

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(1) *Mid-year rate base is a non-GAAP financial measure. Growth in mid-year rate base is a leading indicator of a utility's earnings trend, depending on changes in the equity ratio of the mid-year rate base and the rate of return on common equity. Mid-year rate base for a given year is calculated as the average of the opening rate base and the closing rate base. Mid-year rate base is not a standardized financial measure under the reporting framework used to prepare our financial statements and may not be comparable to similar financial measures disclosed by other issuers.*

(2) *Our ATCO Energy Systems businesses in Alberta are governed by the Alberta Utilities Commission (AUC), and ATCO Gas Australia is governed by the Economic Regulation Authority (ERA) of Western Australia.*

(3 *There have been no changes to these numbers since they were presented in the 2023 MD&A for the year ended December 31, 2023 and are provided here to provide an accessible reference.*

The most comparable financial measures under International Financial Reporting Standards (IFRS) with respect to rate base are property, plant and equipment and intangible assets. The following table reconciles rate base and mid-year rate base to property, plant and equipment and intangible assets for 2022 and 2023.

	Year Ended December 31	
($ billions)	**2023**	**2022**
Property, plant and equipment [(1)]	19.8	18.5
Intangible assets [(1)]	1.0	0.8
	20.8	**19.3**
Less:		
Property, plant and equipment, and intangible assets of non-regulated businesses	(1.6)	(0.6)
Customer contributions [(2)]	(2.0)	(1.9)
Removal costs collected from customer rates	(1.5)	(1.3)
Other	(0.2)	(0.2)
Rate Base [(3)]	**15.5**	**15.3**
Mid-Year Rate Base [(3)]	**15.4**	**14.9**

(1) Please refer to Note 3 - Geographic Segments section (Canada and Australia) of the Company's consolidated financial statements for the year ended December 31, 2023.

(2) Please refer to Note 16 - Customer Contributions section of the Company's consolidated financial statements for the year ended December 31, 2023.

(3) Non-GAAP financial measure.

CANADIAN UTILITIES LIMITED
An ATCO Company

CANADIAN UTILITIES LIMITED
INTERIM CONSOLIDATED
FINANCIAL STATEMENTS

(UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

TABLE OF CONTENTS

CONSOLIDATED STATEMENTS OF EARNINGS

(millions of Canadian Dollars except per share data)	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	**810**	812	**2,761**	2,822
Costs and expenses					
Salaries, wages and benefits	3	**(98)**	(99)	**(337)**	(287)
Energy transmission and transportation		**(80)**	(72)	**(236)**	(221)
Plant and equipment maintenance		**(62)**	(65)	**(182)**	(181)
Fuel costs		**(15)**	(12)	**(78)**	(93)
Purchased power		**(28)**	(70)	**(142)**	(205)
Depreciation, amortization and impairment		**(176)**	(169)	**(530)**	(514)
Franchise fees		**(50)**	(49)	**(217)**	(220)
Property and other taxes		**(21)**	(18)	**(61)**	(56)
Derivative financial instruments gains	12	**4**	77	**25**	146
Other	12, 13	**(177)**	(83)	**(317)**	(257)
		(703)	(560)	**(2,075)**	(1,888)
Earnings from investment in joint ventures		**18**	15	**53**	48
Operating profit		**125**	267	**739**	982
Interest income		**19**	12	**57**	40
Interest expense		**(128)**	(115)	**(378)**	(341)
Net finance costs		**(109)**	(103)	**(321)**	(301)
Earnings before income taxes		**16**	164	**418**	681
Income tax expense		**(2)**	(38)	**(94)**	(152)
Earnings for the period		**14**	126	**324**	529
Earnings attributable to:					
Equity owners of the Company		**12**	125	**316**	522
Non-controlling interests		**2**	1	**8**	7
		14	126	**324**	529
Earnings (loss) per Class A and Class B share	5	**($0.03)**	$0.39	**$0.95**	$1.72
Diluted earnings (loss) per Class A and Class B share	5	**($0.03)**	$0.39	**$0.95**	$1.72

See accompanying Notes to Unaudited Interim Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(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
Earnings for the period		**14**	126	**324**	529
Other comprehensive income (loss), net of income taxes					
Items that will not be reclassified to earnings:					
Re-measurement of retirement benefits [(1)]		**(6)**	13	**(6)**	41
Items that are or may be reclassified subsequently to earnings:					
Cash flow hedges [(2)]		**(7)**	(35)	**(55)**	(120)
Cash flow hedges reclassified to earnings as a result of sale of ATCO Energy Ltd. [(3)]	12	**74**	–	**74**	–
Foreign currency translation adjustment [(4)]		**3**	(8)	**6**	(29)
Share of other comprehensive income of joint ventures [(4)]		**(1)**	–	**1**	3
		69	(43)	**26**	(146)
Other comprehensive income (loss)		**63**	(30)	**20**	(105)
Comprehensive income for the period		**77**	96	**344**	424
Comprehensive income attributable to:					
Equity owners of the Company		**75**	95	**336**	417
Non-controlling interests		**2**	1	**8**	7
		77	96	**344**	424

(1) Net of income taxes of $1 million for the three and nine months ended September 30, 2024 (2023 - $(3) million and $(11) million).

(2) Net of income taxes of $2 million and $18 million for the three and nine months ended September 30, 2024 (2023 - $12 million and $37 million).

(3) Net of income taxes of ($22) million for the three and nine months ended September 30, 2024 (2023 - nil).

(4) Net of income taxes of nil.

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		**175**	207
Marketable securities	6	**215**	200
Accounts receivable and contract assets		**521**	743
Finance lease receivables		**13**	12
Inventories		**55**	64
Prepaid expenses and other current assets		**147**	211
		1,126	1,437
Non-current assets			
Property, plant and equipment	7	**20,351**	19,826
Intangibles		**980**	976
Retirement benefit asset		**42**	46
Right-of-use assets		**55**	52
Goodwill		**141**	141
Investment in joint ventures		**235**	232
Finance lease receivables		**118**	126
Deferred income tax assets		**32**	30
Other assets		**188**	292
Total assets		**23,268**	23,158
LIABILITIES			
Current liabilities			
Bank indebtedness		**2**	—
Accounts payable and accrued liabilities		**609**	820
Lease liabilities		**8**	8
Provisions and other current liabilities		**16**	66
Long-term debt	8	**56**	528
		691	1,422
Non-current liabilities			
Deferred income tax liabilities		**2,185**	2,087
Retirement benefit obligations		**227**	224
Customer contributions		**2,079**	2,041
Lease liabilities		**50**	46
Other liabilities		**176**	175
Long-term debt	8	**10,773**	10,007
Total liabilities		**16,181**	16,002
EQUITY			
Equity preferred shares		**1,571**	1,571
Class A and Class B share owners' equity			
Class A and Class B shares	10	**1,295**	1,276
Contributed surplus		**15**	14
Retained earnings		**3,968**	4,084
Accumulated other comprehensive income (loss)		**28**	(1)
Total equity attributable to equity owners of the Company		**6,877**	6,944
Non-controlling interests		**210**	212
Total equity		**7,087**	7,156
Total liabilities and equity		**23,268**	23,158

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	Contributed Surplus	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total	Non-Controlling Interests	Total Equity
December 31, 2022		1,237	1,571	9	3,936	126	6,879	187	7,066
Earnings for the period		–	–	–	522	–	522	7	529
Other comprehensive loss		–	–	–	–	(105)	(105)	–	(105)
Gains on retirement benefits transferred to retained earnings		–	–	–	41	(41)	–	–	–
Shares issued	10	18	–	–	–	–	18	–	18
Sale of shares from MTIP Trust		14	–	2	–	–	16	–	16
Acquisition	13	–	–	–	–	–	–	27	27
Dividends [(1)]	9, 10	–	–	–	(561)	–	(561)	(11)	(572)
Share-based compensation		–	–	2	–	–	2	–	2
Other		–	–	1	–	2	3	–	3
September 30, 2023		1,269	1,571	14	3,938	(18)	6,774	210	6,984
December 31, 2023		1,276	1,571	14	4,084	(1)	6,944	212	7,156
Earnings for the period		–	–	–	**316**	–	**316**	**8**	**324**
Other comprehensive income		–	–	–	–	**20**	**20**	–	**20**
Losses on retirement benefits transferred to retained earnings		–	–	–	**(6)**	**6**	–	–	–
Shares issued	10	**19**	–	–	–	–	**19**		**19**
Dividends [(1)]	9, 10	–	–	–	**(426)**	–	**(426)**	**(9)**	**(435)**
Share-based compensation		–	–	**1**	–	–	**1**	–	**1**
Other		–	–	–	–	**3**	**3**	**(1)**	**2**
September 30, 2024		**1,295**	**1,571**	**15**	**3,968**	**28**	**6,877**	**210**	**7,087**

(1) For the nine months ended September 30, 2024, dividends attributable to equity owners of the Company of $426 million (2023 - $561 million) includes $19 million (2023 - $17 million) of dividends paid to Class A and Class B share owners by issuing 631,759 (2023 - 512,891) Class A shares under the Company's dividend reinvestment program (see note 10).

See accompanying Notes to Unaudited Interim Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Three Months Ended September 30		Nine Months Ended September 30	
(millions of Canadian Dollars)	**Note**	**2024**	**2023**	**2024**	**2023**
Operating activities					
Earnings for the period		**14**	126	**324**	529
Adjustments to reconcile earnings to cash flows from operating activities	11	**417**	234	**1,137**	846
Changes in non-cash working capital		**(12)**	50	**(69)**	(62)
Cash flows from operating activities		**419**	410	**1,392**	1,313
Investing activities					
Additions to property, plant and equipment		**(382)**	(289)	**(964)**	(853)
Proceeds on disposal of property, plant and equipment		**1**	–	**1**	2
Additions to intangibles		**(27)**	(37)	**(76)**	(98)
Acquisition, net of cash acquired	13	**–**	–	**–**	(691)
Proceeds on sale of ownership interest in ATCO Energy Ltd. to ATCO Ltd., including transfer of bank indebtedness	13	**114**	–	**114**	–
Investment in joint ventures		**(1)**	(1)	**(3)**	(5)
Investment in marketable securities	6	**(2)**	(2)	**(7)**	(194)
Changes in non-cash working capital		**21**	(31)	**(16)**	(59)
Other		**10**	(2)	**49**	3
Cash flows used in investing activities		**(266)**	(362)	**(902)**	(1,895)
Financing activities					
Issue of long-term debt		**451**	379	**634**	1,528
Repayment of long-term debt		**(57)**	(11)	**(352)**	(494)
Repayment of lease liabilities		**(3)**	(2)	**(8)**	(6)
Issue of Class A shares		**–**	1	**–**	1
Proceeds from sale of Class A shares from MTIP Trust		**–**	–	**–**	17
Dividends paid on equity preferred shares	9	**(20)**	(20)	**(58)**	(58)
Dividends paid to non-controlling interests		**(3)**	(3)	**(9)**	(9)
Dividends paid to Class A and Class B share owners	10	**(122)**	(114)	**(349)**	(346)
Interest paid		**(121)**	(108)	**(373)**	(329)
Other		**(8)**	(6)	**(7)**	(3)
Cash flows (used in) from financing activities		**117**	116	**(522)**	301
(Decrease) increase in cash position		**270**	164	**(32)**	(281)
Foreign currency translation		**(2)**	–	**(2)**	–
Beginning of period		**(95)**	253	**207**	698
End of period (1)	11	**173**	417	**173**	417

(1) Cash position includes $18 million which is not available for general use by the Company (2023 - $27 million).

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

Canadian Utilities Limited was incorporated under the laws of Canada and is listed on the Toronto Stock Exchange. Its head office is at 4th Floor, West Building, 5302 Forand Street SW, Calgary, Alberta T3E 8B4 and its registered office is 20th Floor, 10035 - 105 Street, Edmonton, Alberta T5J 2V6. The Company is controlled by ATCO Ltd. and its controlling share owner, the Southern family.

Canadian Utilities Limited is engaged in the following business activities:

- ATCO Energy Systems (electricity and natural gas transmission and distribution, and international electricity operations);
- ATCO EnPower (energy storage, electricity generation, industrial water solutions, and alternative fuels);
- ATCO Australia (natural gas distribution and electricity generation operations); and
- For the period from January 1, 2024 until the date of sale on August 1, 2024, Retail Energy (electricity and natural gas retail sales, and home maintenance solutions) was included in Corporate & Other (see Note 13).

In the first quarter of 2024, the Company changed its operating segment structure to better align current strategy and future growth objectives. The change resulted in reporting the business activities of ATCO Australia as a separate reportable operating segment (see Note 3).

The unaudited interim consolidated financial statements include the accounts of Canadian Utilities Limited, its subsidiaries, and the accounts of the Company's investments in joint ventures. In these financial statements, "the Company" means Canadian Utilities Limited, its subsidiaries and joint ventures.

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 and the change in reportable segments. 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 marketable securities, derivative financial instruments, 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, the timing of utility rate decisions, the timing and demand of natural gas storage capacity sold and changes in natural gas storage fees and the amount of sunlight, wind and water available to produce renewable energy.

Certain comparative figures have been reclassified to conform to the current presentation.

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

The Company's operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM is comprised of the Chief Executive Officer, and the other members of the Executive Committee.

The accounting policies applied by the segments are the same as those applied by the Company, except for those used in the calculation of adjusted earnings. Intersegment transactions are measured at the exchange amount, as agreed to by the related parties.

In the first quarter of 2024, the Company changed its operating segment structure to better align current strategy and future growth objectives. This change involved reporting a new operating segment, ATCO Australia, which includes natural gas distribution and electricity generation operations based in Australia. Previously, ATCO Australia's natural gas distribution operations were reported in the ATCO Energy Systems operating segment and the electricity generation operations were reported in the ATCO EnPower operating segment. In addition, ATCO Australia's corporate office was included in Canadian Utilities Corporate & Other. The change in reportable segments had no impact to the Company’s previously reported historical consolidated balance sheets and the consolidated statements of earnings, comprehensive income, cash flows and changes in equity. Comparative segment results previously reported have been reclassified to reflect this change in the reportable operating segments.

Management has determined that the operating subsidiaries in the reportable segments below share similar economic characteristics, as such, they have been aggregated.

The descriptions and principal operating activities of the realigned segments are as follows:

ATCO Energy Systems	**Electricity**	The ATCO Energy Systems (Electricity) segment includes ATCO Electric, which provides regulated electricity transmission and distribution services in northern and central east Alberta, the Yukon, the Northwest Territories and in the Lloydminster area of Saskatchewan, and the Company's 50 per cent ownership interest in LUMA Energy, LLC, which provides international electricity operations.
	Natural Gas	The ATCO Energy Systems (Natural Gas) segment includes ATCO Gas and ATCO Pipelines. These businesses provide integrated natural gas transmission and distribution services throughout Alberta and in the Lloydminster area of Saskatchewan.
ATCO EnPower		The ATCO EnPower segment includes ATCO Renewables and ATCO Next Energy. These businesses provide electricity generation, natural gas storage, industrial water solutions and related infrastructure development throughout Alberta, the Yukon, the Northwest Territories, Ontario, Mexico and Chile.
ATCO Australia		The ATCO Australia segment includes ATCO Gas Australia, which provides regulated natural gas distribution services in Western Australia, and ATCO Power Australia, which provides electricity generation.
Corporate & Other		Canadian Utilities Limited Corporate & Other includes intersegment eliminations and ATCO Energy Ltd. (ATCO Energy), a retail electricity and natural gas business, and a home maintenance solution provider. ATCO Energy was sold to ATCO Ltd. on August 1, 2024 (see Note 13).

Results by operating segment for the three months ended September 30 are shown below:

2024 / 2023	Electricity	Natural Gas	Intersegment Eliminations	Total	ATCO EnPower	ATCO Australia	Corporate & Other	Intersegment eliminations	Total
	ATCO Energy Systems								
Revenues - external	**348**	**305**	**_**	**653**	**65**	**65**	**27**	**_**	**810**
	310	294	_	604	69	59	80	_	812
Revenues - intersegment	**(2)**	**1**	**1**	**_**	**1**	**_**	**4**	**(5)**	**_**
	1	1	(2)	_	_	_	18	(18)	_
Revenues	**346**	**306**	**1**	**653**	**66**	**65**	**31**	**(5)**	**810**
	311	295	(2)	604	69	59	98	(18)	812
Operating expenses (1)	**(117)**	**(208)**	**(1)**	**(326)**	**(27)**	**(36)**	**(143)**	**5**	**(527)**
	(134)	(194)	2	(326)	(32)	(30)	(21)	18	(391)
Depreciation and amortization	**(82)**	**(64)**	**_**	**(146)**	**(13)**	**(15)**	**(2)**	**_**	**(176)**
	(79)	(61)	_	(140)	(12)	(13)	(4)	_	(169)
Earnings (loss) from investment in joint ventures	**15**	**_**	**_**	**15**	**2**	**1**	**_**	**_**	**18**
	13	_	_	13	4	(2)	_	_	15
Net finance costs	**(57)**	**(35)**	**_**	**(92)**	**(8)**	**(4)**	**(5)**	**_**	**(109)**
	(57)	(34)	_	(91)	(8)	(4)	_	_	(103)
Earnings (loss) before income taxes	**105**	**(1)**	**_**	**104**	**20**	**11**	**(119)**	**_**	**16**
	54	6	_	60	21	10	73	_	164
Income tax (expense) recovery	**(22)**	**2**	**_**	**(20)**	**(5)**	**(3)**	**26**	**_**	**(2)**
	(11)	(1)	_	(12)	(5)	(5)	(16)	_	(38)
Earnings (loss) for the period	**83**	**1**	**_**	**84**	**15**	**8**	**(93)**	**_**	**14**
	43	5	_	48	16	5	57	_	126
Adjusted earnings (loss)	**98**	**(4)**	**_**	**94**	**14**	**15**	**(21)**	**_**	**102**
	95	(9)	_	86	9	18	(26)	_	87
Capital expenditures (2)	**195**	**169**	**_**	**364**	**24**	**25**	**1**	**_**	**414**
	156	133	_	289	22	19	_	_	330

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

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

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

2024 2023	ATCO Energy Systems Electricity	ATCO Energy Systems Natural Gas	ATCO Energy Systems Intersegment Eliminations	ATCO Energy Systems Total	ATCO EnPower	ATCO Australia	Corporate & Other	Intersegment eliminations	Total
Revenues - external	**1,056**	**1,187**	**–**	**2,243**	**182**	**180**	**156**	**–**	**2,761**
	1,045	1,123	–	2,168	212	167	275	–	2,822
Revenues - intersegment	**4**	**2**	**(6)**	**–**	**44**	**–**	**19**	**(63)**	**–**
	4	3	(7)	–	49	–	43	(92)	–
Revenues	**1,060**	**1,189**	**(6)**	**2,243**	**226**	**180**	**175**	**(63)**	**2,761**
	1,049	1,126	(7)	2,168	261	167	318	(92)	2,822
Operating expenses (1)	**(399)**	**(710)**	**6**	**(1,103)**	**(116)**	**(99)**	**(290)**	**63**	**(1,545)**
	(404)	(659)	7	(1,056)	(164)	(108)	(138)	92	(1,374)
Depreciation, amortization and impairment	**(249)**	**(190)**	**–**	**(439)**	**(39)**	**(43)**	**(9)**	**–**	**(530)**
	(246)	(185)	–	(431)	(35)	(38)	(10)	–	(514)
Earnings from investment in joint ventures	**41**	**–**	**–**	**41**	**8**	**4**	**–**	**–**	**53**
	37	–	–	37	8	3	–	–	48
Net finance costs	**(171)**	**(104)**	**–**	**(275)**	**(22)**	**(10)**	**(14)**	**–**	**(321)**
	(167)	(99)	–	(266)	(21)	(10)	(4)	–	(301)
Earnings (loss) before income taxes	**282**	**185**	**–**	**467**	**57**	**32**	**(138)**	**–**	**418**
	269	183	–	452	49	14	166	–	681
Income tax (expense) recovery	**(58)**	**(41)**	**–**	**(99)**	**(13)**	**(10)**	**28**	**–**	**(94)**
	(53)	(41)	–	(94)	(12)	(6)	(40)	–	(152)
Earnings (loss) for the period	**224**	**144**	**–**	**368**	**44**	**22**	**(110)**	**–**	**324**
	216	142	–	358	37	8	126	–	529
Adjusted earnings (loss)	**287**	**140**	**–**	**427**	**40**	**43**	**(66)**	**–**	**444**
	264	127	–	391	32	51	(70)	–	404
Total assets (2)	**11,380**	**7,789**	**(1)**	**19,168**	**2,227**	**1,600**	**562**	**(289)**	**23,268**
	10,990	7,630	(1)	18,619	2,340	1,557	896	(254)	23,158
Capital expenditures (3)	**492**	**436**	**–**	**928**	**53**	**63**	**8**	**–**	**1,052**
	450	345	–	795	105	60	6	–	966

(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 $12 million of interest capitalized during construction for the nine months ended September 30, 2024 (2023 - $15 million).

Results by operating segment for the year ended December 31 reflecting the realigned segments are shown below:

2023	ATCO Energy Systems								
2022	Electricity	Natural Gas	Eliminations	Total	ATCO EnPower	ATCO Australia	Corporate & Other	Intersegment eliminations	Total
Revenues - external	**1,429**	**1,539**	**–**	**2,968**	**272**	**225**	**331**	**–**	**3,796**
	1,493	1,691	–	3,184	220	202	442	–	4,048
Revenues - intersegment	**7**	**4**	**(11)**	**–**	**83**	**–**	**44**	**(127)**	**–**
	21	1	(6)	16	77	–	32	(125)	–
Revenues	**1,436**	**1,543**	**(11)**	**2,968**	**355**	**225**	**375**	**(127)**	**3,796**
	1,514	1,692	(6)	3,200	297	202	474	(125)	4,048
Operating expenses (1)	**(570)**	**(894)**	**11**	**(1,453)**	**(227)**	**(153)**	**(110)**	**127**	**(1,816)**
	(591)	(897)	6	(1,482)	(234)	(110)	(572)	125	(2,273)
Depreciation, amortization and impairment	**(339)**	**(269)**	**–**	**(608)**	**(47)**	**(53)**	**(17)**	**–**	**(725)**
	(321)	(239)	–	(560)	(18)	(54)	(10)	–	(642)
Earnings from investment in joint ventures	**50**	**–**	**–**	**50**	**10**	**6**	**–**	**–**	**66**
	53	–	–	53	11	12	–	–	76
Net finance (costs) income	**(225)**	**(134)**	**–**	**(359)**	**(25)**	**(13)**	**(9)**	**–**	**(406)**
	(222)	(134)	–	(356)	(9)	(13)	7	–	(371)
Earnings (loss) before income taxes	**352**	**246**	**–**	**598**	**66**	**12**	**239**	**–**	**915**
	433	422	–	855	47	37	(101)	–	838
Income tax (expense) recovery	**(65)**	**(56)**	**–**	**(121)**	**(15)**	**(2)**	**(60)**	**–**	**(198)**
	(100)	(98)	–	(198)	(10)	(3)	12	–	(199)
Earnings (loss) for the year	**287**	**190**	**–**	**477**	**51**	**10**	**179**	**–**	**717**
	333	324	–	657	37	34	(89)	–	639
Adjusted earnings (loss)	**360**	**211**	**–**	**571**	**46**	**60**	**(81)**	**–**	**596**
	375	246	–	621	34	78	(78)	–	655
Total assets	**10,990**	**7,630**	**(1)**	**18,619**	**2,340**	**1,557**	**896**	**(254)**	**23,158**
	10,644	7,447	(1)	18,090	1,158	1,552	1,433	(259)	21,974
Capital expenditures (2)	**630**	**500**	**–**	**1,130**	**139**	**83**	**8**	**–**	**1,360**
	566	472	–	1,038	234	99	12	–	1,383

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

(2) Includes additions to property, plant and equipment, intangibles and $21 million of interest capitalized during construction for the year ended December 31, 2023 (2022 - $14 million).

ADJUSTED EARNINGS

Adjusted earnings are earnings attributable to equity owners of the Company 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;
- unrealized gains and losses on mark-to-market forward and swap commodity contracts;
- 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 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	ATCO Energy Systems Electricity	ATCO Energy Systems Natural Gas	ATCO Energy Systems Total	ATCO EnPower	ATCO Australia	Corporate & Other	Total
Adjusted earnings (loss)	**98**	**(4)**	**94**	**14**	**15**	**(21)**	**102**
	95	(9)	86	9	18	(26)	87
Loss on sale of ownership interest in a subsidiary company	**–**	**–**	**–**	**–**	**–**	**(14)**	**(14)**
	–	–	–	–	–	–	–
Unrealized (losses) gains on mark-to-market forward and swap commodity contracts	**–**	**–**	**–**	**1**	**–**	**(77)**	**(76)**
	–	–	–	–	–	70	70
Rate-regulated activities	**(13)**	**5**	**(8)**	**–**	**(7)**	**–**	**(15)**
	(49)	15	(34)	–	(12)	(1)	(47)
IT Common Matters decision	**(3)**	**(2)**	**(5)**	**–**	**–**	**–**	**(5)**
	(4)	(1)	(5)	–	–	–	(5)
Dividends on equity preferred shares of Canadian Utilities Limited	**–**	**–**	**–**	**–**	**–**	**20**	**20**
	–	–	–	–	–	20	20
Earnings (loss) attributable to equity owners of the Company	**82**	**(1)**	**81**	**15**	**8**	**(92)**	**12**
	42	5	47	9	6	63	125
Earnings attributable to non-controlling interests							**2**
							1
Earnings for the period							**14**
							126

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

2024 / 2023	**ATCO Energy Systems** Electricity	Natural Gas	Total	**ATCO EnPower**	**ATCO Australia**	**Corporate & Other**	**Total**
Adjusted earnings (loss)	**287**	**140**	**427**	**40**	**43**	**(66)**	**444**
	264	127	391	32	51	(70)	404
Loss on sale of ownership interest in a subsidiary company	**–**	**–**	**–**	**–**	**–**	**(14)**	**(14)**
	–	–	–	–	–	–	–
Restructuring	**(13)**	**(19)**	**(32)**	**(2)**	**(2)**	**–**	**(36)**
	–	–	–	–	–	–	–
ATCO Electric settlement decision	**(8)**	**–**	**(8)**	**–**	**–**	**–**	**(8)**
	–	–	–	–	–	–	–
Unrealized (losses) gains on mark-to-market forward and swap commodity contracts	**–**	**–**	**–**	**4**	**–**	**(87)**	**(83)**
	–	–	–	–	–	138	138
Rate-regulated activities	**(36)**	**26**	**(10)**	**–**	**(19)**	**–**	**(29)**
	(33)	20	(13)	–	(35)	2	(46)
IT Common Matters decision	**(9)**	**(7)**	**(16)**	**–**	**–**	**–**	**(16)**
	(9)	(6)	(15)	–	–	–	(15)
Impairment	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	(8)	–	(8)	–	–	–	(8)
Transition of managed IT services	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	(1)	(1)	(2)	–	(7)	–	(9)
Dividends on equity preferred shares of Canadian Utilities Limited	**–**	**–**	**–**	**–**	**–**	**58**	**58**
	–	–	–	–	–	58	58
Earnings (loss) attributable to equity owners of the Company	**221**	**140**	**361**	**42**	**22**	**(109)**	**316**
	213	140	353	32	9	128	522
Earnings attributable to non-controlling interests							**8**
							7
Earnings for the period							**324**
							529

Loss on sale of ownership interest in a subsidiary company

On August 1, 2024, the Company sold its 100 per cent ownership interest in ATCO Energy, an Alberta-based company engaged in electricity and natural gas retail sales, and whole-home solutions, to its parent, ATCO Ltd. for an aggregate consideration of $114 million resulting in a loss on sale of $14 million (see Note 13). The aggregate consideration of $114 million includes the transfer of bank indebtedness of $31 million to ATCO Ltd. The loss on sale of ATCO Energy was excluded from adjusted earnings.

Restructuring

In the nine months ended September 30, 2024, the Company recorded restructuring costs of $36 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.

Unrealized gains and losses on mark-to-market forward and swap commodity contracts

The Company’s electricity generation and electricity and natural gas retail businesses enter into fixed-price swap commodity contracts to manage exposure to electricity and natural gas prices and volumes. These contracts are measured at fair value. Unrealized gains and losses due to changes in the fair value of fixed-price swap commodity contracts, together with reclassifications of unrealized gains or losses from other comprehensive income or loss, in the electricity generation business are recognized in the ATCO EnPower segment and electricity and natural gas retail business in Corporate & Other.

The CODM believes that removal of the unrealized gains and losses on mark-to-market forward and swap commodity contracts provides a better representation of operating results for the Company's operations.

Realized gains or losses are recognized in adjusted earnings when the commodity contracts are settled.

Rate-regulated activities

ATCO Electric Transmission, ATCO Electric Distribution, ATCO Electric Yukon, Northland Utilities (NWT), Northland Utilities (Yellowknife), ATCO Gas, ATCO Pipelines and ATCO Gas Australia are collectively referred to as the Regulated 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 Regulated Utilities do not recognize assets and liabilities from rate-regulated activities as may be directed by regulatory decisions. Instead, the Regulated 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, impact of warmer temperatures, and impact of inflation on rate base.	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)	**(32)**	(39)	**(95)**	(113)
Impact of warmer temperatures (3)	**(5)**	(3)	**(1)**	(10)
Impact of inflation on rate base (4)	**(6)**	(11)	**(16)**	(32)
Settlement of regulatory decisions and other items				
Distribution rate relief (5)	**–**	4	**–**	13
Other (6)	**(3)**	(22)	**(11)**	6
	(15)	(47)	**(29)**	(46)

(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) The inflation-indexed portion of ATCO Gas Australia's (part of ATCO Australia) rate base is billed to customers through the recovery of depreciation in subsequent periods based on the actual or forecasted annual rate of inflation. Under rate-regulated accounting, revenue is recognized in the current period for the inflation component of rate base when it is earned. Differences between the amounts earned and the amounts billed to customers are deferred and recognized in revenues over the service life of the related asset.

(5) 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.

(6) 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 the Company, 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 $9 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.

ATCO Australia Annual Adjusted Earnings

For the year ended December 31, 2023, ATCO Australia’s earnings for the year were $10 million (2022 - $34 million) and adjusted earnings were $60 million (2022 - $78 million). The most significant item included in ATCO Australia's adjusted earnings is rate-regulated activities of $43 million (after-tax) (2022 - $65 million (after-tax)).

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	**ATCO Energy Systems**						
2023	**Electricity [1]**	**Natural Gas [1]**	**Total**	**ATCO EnPower**	**ATCO Australia [2]**	**Corporate & Other [3]**	**Total**
Revenue Streams							
Rendering of Services							
Distribution services	**143**	**169**	**312**	**–**	**50**	**–**	**362**
	143	161	304	–	46	–	350
Transmission services	**166**	**87**	**253**	**–**	**–**	**–**	**253**
	129	87	216	–	–	–	216
Customer contributions	**10**	**5**	**15**	**–**	**1**	**–**	**16**
	8	5	13	–	–	–	13
Franchise fees	**10**	**40**	**50**	**–**	**–**	**–**	**50**
	9	40	49	–	–	–	49
Retail electricity and natural gas services	**–**	**–**	**–**	**–**	**–**	**22**	**22**
	–	–	–	–	–	82	82
Storage and industrial water	**–**	**–**	**–**	**25**	**–**	**–**	**25**
	–	–	–	20		–	20
Total rendering of services	**329**	**301**	**630**	**25**	**51**	**22**	**728**
	289	293	582	20	46	82	730
Sale of Goods							
Electricity generation and delivery	**–**	**–**	**–**	**23**	**1**	**–**	**24**
	–	–	–	21	2	–	23
Commodity sales	**–**	**–**	**–**	**5**	**–**	**–**	**5**
	–	–	–	7	–	–	7
Total sale of goods	**–**	**–**	**–**	**28**	**1**	**–**	**29**
	–	–	–	28	2	–	30
Lease income							
Finance lease	**1**	**–**	**1**	**–**	**2**	**–**	**3**
	–	–	–	2	2	–	4
Other	**18**	**4**	**22**	**12**	**11**	**5**	**50**
	21	1	22	19	9	(2)	48
Total	**348**	**305**	**653**	**65**	**65**	**27**	**810**
	310	294	604	69	59	80	812

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

(2) *Revenues for the new reportable operating segment, ATCO Australia, were previously reported in ATCO Energy Systems (ATCO Australia's natural gas distribution operations), ATCO EnPower (ATCO Australia's electricity generation operations) and Corporate & Other (ATCO Australia's corporate office). Prior period amounts have been reclassified to align with current presentation. For the three months ended September 30, 2024, ATCO Australia segment includes $23 million of unbilled revenue (2023 - $21 million).*

(3) *For the three months ended September 30, 2024, following the sale of the retail electricity and natural gas energy services business (ATCO Energy) to ATCO Ltd. on August 1, 2024 (see Note 13), Corporate & Other includes nil unbilled revenue (2023 - $30 million).*

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

2024 2023	ATCO Energy Systems Electricity (1)	Natural Gas (1)	Total	ATCO EnPower	ATCO Australia (2)	Corporate & Other (3)	Total
Revenue Streams							
Rendering of Services							
Distribution services	**432**	**708**	**1,140**	**–**	**135**	**–**	**1,275**
	454	650	1,104	–	129	–	1,233
Transmission services	**500**	**266**	**766**	**–**	**–**	**–**	**766**
	472	260	732	–	–	–	732
Customer contributions	**29**	**16**	**45**	**–**	**3**	**–**	**48**
	25	16	41	–	2	–	43
Franchise fees	**30**	**187**	**217**	**–**	**–**	**–**	**217**
	28	192	220	–	–	–	220
Retail electricity and natural gas services	**–**	**–**	**–**	**–**	**–**	**142**	**142**
	–	–	–	–	–	268	268
Storage and industrial water	**–**	**–**	**–**	**72**	**–**	**–**	**72**
	–	–	–	57	–	–	57
Total rendering of services	**991**	**1,177**	**2,168**	**72**	**138**	**142**	**2,520**
	979	1,118	2,097	57	131	268	2,553
Sale of Goods							
Electricity generation and delivery	**–**	**–**	**–**	**67**	**6**	**–**	**73**
	–	–	–	68	7	–	75
Commodity sales	**–**	**–**	**–**	**19**	**–**	**–**	**19**
	–	–	–	45	–	–	45
Total sale of goods	**–**	**–**	**–**	**86**	**6**	**–**	**92**
	–	–	–	113	7	–	120
Lease income							
Finance lease	**1**	**–**	**1**	**2**	**6**	**–**	**9**
	–	–	–	4	7	–	11
Other	**64**	**10**	**74**	**22**	**30**	**14**	**140**
	66	5	71	38	22	7	138
Total	**1,056**	**1,187**	**2,243**	**182**	**180**	**156**	**2,761**
	1,045	1,123	2,168	212	167	275	2,822

(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).

(2) Revenues for the new reportable operating segment, ATCO Australia, were previously reported in ATCO Energy Systems (ATCO Australia's natural gas distribution operations), ATCO EnPower (ATCO Australia's electricity generation operations) and Corporate & Other (ATCO Australia's corporate office). Prior period amounts have been reclassified to align with current presentation. For the nine months ended September 30, 2024, ATCO Australia segment includes $23 million of unbilled revenue (2023 - $21 million). At September 30, 2024, $23 million of the unbilled revenue is included in accounts receivable and contract assets (2023 - $21 million).

(3) For the nine months ended September 30, 2024, following the sale of the retail electricity and natural gas energy services business (ATCO Energy) to ATCO Ltd. on August 1, 2024 (see Note 13), Corporate & Other includes nil unbilled revenue (2023 - $30 million). At September 30, 2024, nil unbilled revenue (2023 - $30 million) is included in accounts receivable and contract assets.

5. EARNINGS (LOSS) PER SHARE

Earnings (loss) per Class A non-voting common (Class A) and Class B voting common (Class B) share are calculated by dividing the earnings attributable to Class A and Class B shares by the weighted average shares outstanding. Diluted earnings (loss) per share are calculated using the treasury stock method, which reflects the potential exercise of stock options and vesting of shares held in the mid-term incentive plan (MTIP) Trust on the weighted average Class A and Class B Shares outstanding. In May 2023, the Company terminated the MTIP plan and all Class A shares held in the MTIP Trust were sold (see Note 10).

The earnings (loss) and average number of shares used to calculate earnings per share are as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
	2024	**2023**	**2024**	**2023**
Average shares				
Weighted average shares outstanding	**271,559,221**	270,280,485	**271,319,231**	269,904,217
Effect of dilutive stock options	**41,989**	1,788	**5,225**	117,185
Effect of dilutive shares held in MTIP Trust	**–**	–	**–**	216,696
Weighted average dilutive shares outstanding	**271,601,210**	270,282,273	**271,324,456**	270,238,098
Earnings (loss) for earnings per share calculation				
Earnings for the period	**14**	126	**324**	529
Dividends on equity preferred shares of the Company	**(20)**	(20)	**(58)**	(58)
Non-controlling interests	**(2)**	(1)	**(8)**	(7)
Earnings (loss) attributable to Class A and B shares	**(8)**	105	**258**	464
Earnings (loss) and diluted earnings (loss) per Class A and Class B share				
Earnings (loss) per Class A and Class B share	**$(0.03)**	$0.39	**$0.95**	$1.72
Diluted earnings (loss) per Class A and Class B share	**$(0.03)**	$0.39	**$0.95**	$1.72

6. MARKETABLE SECURITIES

In February 2023, the Company invested $190 million in marketable securities primarily consisting of investment grade corporate bonds and debentures, private fixed income funds, bank loans and commercial mortgage funds. The Company's marketable securities are actively managed by an external investment manager.

The marketable securities are initially measured at cost and are subsequently measured at fair value through profit or loss (FVTPL). For the three and nine months ended September 30, 2024, realized gains of $2 million and $7 million (2023 - $2 million and $4 million) were recognized in interest income, and unrealized gains, resulting from fair value changes, of $3 million and $8 million (2023 - unrealized losses of nil and $2 million) were recognized in other costs and expenses in the unaudited interim consolidated statements of earnings.

7. PROPERTY, PLANT AND EQUIPMENT

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

	Utility Transmission & Distribution	Energy Generation & Storage	Land and Buildings	Construction Work-in-Progress	Other	Total
Cost						
December 31, 2023	23,321	1,548	764	500	835	26,968
Additions	**44**	**1**	–	**950**	**3**	**998**
Transfers	**602**	**2**	**27**	**(652)**	**21**	–
Retirements and disposals	**(76)**	**(1)**	**(4)**	–	**(39)**	**(120)**
Sale of ATCO Energy Ltd. (Note 13)	–	–	**(2)**	–	**(3)**	**(5)**
Foreign exchange rate adjustment	**39**	**(11)**	**1**	**1**	**1**	**31**
Changes to asset retirement costs	–	**3**	–	–	–	**3**
September 30, 2024	**23,930**	**1,542**	**786**	**799**	**818**	**27,875**
Accumulated depreciation						
December 31, 2023	6,237	240	205	–	460	7,142
Depreciation	**409**	**34**	**13**	–	**37**	**493**
Retirements and disposals	**(76)**	**(1)**	**(4)**	–	**(38)**	**(119)**
Sale of ATCO Energy Ltd. (Note 13)	–	–	**(1)**	–	**(1)**	**(2)**
Foreign exchange rate adjustment	**11**	**(3)**	–	–	**2**	**10**
September 30, 2024	**6,581**	**270**	**213**	–	**460**	**7,524**
Net book value						
December 31, 2023	17,084	1,308	559	500	375	19,826
September 30, 2024	**17,349**	**1,272**	**573**	**799**	**358**	**20,351**

The additions to property, plant and equipment included $11 million of interest capitalized during construction for the nine months ended September 30, 2024 (2023 - $10 million).

8. LONG-TERM DEBT

CORPORATE LONG-TERM DEBT ISSUANCES AND REPAYMENTS

CU Inc.

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

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

Canadian Utilities Limited

On January 3, 2023, the Company entered into an unsecured non-revolving credit facility with a syndicate of lenders consisting of two $355 million tranches to finance the acquisition of a portfolio of wind and solar assets and projects (see Note 13). The first tranche was repaid on June 30, 2023 and the second tranche was partially repaid in December 2023. The remaining balance of $68 million was repaid in June 2024.

SUBSIDIARIES AND PROJECT FINANCE LONG-TERM DEBT ISSUANCES AND REPAYMENTS

Subsidiaries

On June 27, 2024, ATCO Gas Australia Pty Ltd, an indirect wholly owned subsidiary of the Company, refinanced its $350 million Australian dollars (equivalent of $318 million Canadian dollars) unsecured revolving credit facility (Tranche A) at Bank Bill Swap Benchmark Rate (BBSY) plus an applicable margin fee, extending the credit facility's maturity from August 4, 2024 to June 27, 2027. The available amount under the facility also increased by $50 million Australian dollars (equivalent of $45 million Canadian dollars) to $400 million Australian dollars (equivalent of $363 million Canadian dollars). The variable BBSY interest rate is hedged to December 31, 2029 with an interest rate swap agreement which fixes the interest rate at 4.61 per cent.

Project Finance

On May 25, 2023, ATCO Adelaide Wind Holdings Limited Partnership, an indirect wholly owned subsidiary of the Company, entered into a limited recourse term loan of $90 million with a bank lender (Adelaide Wind Project finance debt). The loan amortizes quarterly until final maturity on December 31, 2034 and bears interest at Canadian Dollar Overnight Rate (CDOR) plus an applicable margin fee. The variable CDOR interest rate is hedged until the loan matures with an interest rate swap agreement which fixes the interest rate at 4.88 per cent.

In June 2024, the Adelaide Wind Project finance debt's reference interest rate together with the underlying hedge agreement transitioned to CORRA (Canadian Overnight Repo Rate Average). The transition is not expected to have a material impact to the Company's interest expense as the change to the rate was economically equivalent to the previous basis.

9. 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**
Cumulative Redeemable Second Preferred Shares				
5.196% Series Y	**0.3248**	0.3248	**0.9743**	0.9743
4.90% Series AA	**0.3063**	0.3063	**0.9188**	0.9188
4.90% Series BB	**0.3063**	0.3063	**0.9188**	0.9188
4.50% Series CC	**0.2813**	0.2813	**0.8438**	0.8438
4.50% Series DD	**0.2813**	0.2813	**0.8438**	0.8438
5.25% Series EE	**0.3281**	0.3281	**0.9844**	0.9844
4.50% Series FF	**0.2813**	0.2813	**0.8438**	0.8438
4.75% Series HH	**0.2969**	0.2969	**0.8906**	0.8906

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 $0.32475 per Series Y Preferred Share, $0.30625 per Series AA and Series BB Preferred Share, $0.28125 per Series CC, Series DD, and Series FF Preferred Share, $0.328125 per Series EE Preferred Share and $0.296875 per Series HH Preferred Share, payable on December 1, 2024 to share owners of record as of November 7, 2024.

10. CLASS A AND CLASS B SHARES

At September 30, 2024, there were 204,961,487 (December 31, 2023 - 204,327,728) Class A shares and 66,598,854 (December 31, 2023 - 66,598,854) Class B shares outstanding. In addition, there were 3,156,850 options to purchase Class A shares outstanding at September 30, 2024, under the Company's stock option plan (December 31, 2023 - 2,535,850).

DIVIDENDS

The Company declared and paid cash dividends of $0.4531 and $1.3593 per Class A and Class B share during the three and nine months ended September 30, 2024 (2023 - $0.4486 and $1.3458). The Company’s policy is to pay dividends quarterly on its Class A and Class B shares. 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 a fourth quarter dividend of $0.4531 per Class A and Class B share, payable on December 1, 2024 to share owners of record as of November 7, 2024.

DIVIDEND REINVESTMENT PROGRAM

Effective July 11, 2024, the Company suspended its dividend reinvestment program.

During the three and nine months ended September 30, 2024, nil and 631,759 Class A shares were issued under the Company's dividend reinvestment program (2023 - 225,470 and 512,891), using re-invested dividends of nil and $19 million (2023 - $7 million and $17 million). The shares were priced at an average of $30.14 per share for the nine months ended September 30, 2024 (For the three and nine months ended September 30, 2023 - $31.56 per share and $33.78 per share).

MID-TERM INCENTIVE PLAN

In May 2023, the Company sold all of the 440,554 Class A shares that were held in trust for the MTIP for proceeds of $17 million. In the unaudited interim consolidated statement of changes in equity, the cost of the Class A shares sold of $14 million was recorded as an increase to Class A and Class B shares and the after tax gain of $2 million was recorded as an increase to contributed surplus. In the unaudited interim consolidated statements of cash flows, the proceeds from the sale of $17 million were recorded in financing activities.

NORMAL COURSE ISSUER BID

On September 9, 2024, the Company began a normal course issuer bid (NCIB) to purchase up to 2,049,604 outstanding Class A shares. The bid will expire on September 8, 2025. The prior year NCIB to purchase up to 2,018,434 outstanding Class A shares began on September 7, 2023 and expired on September 6, 2024.

No Class A shares were purchased during the three and nine months ended September 30, 2024 (2023 - nil).

11. 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	**176**	169	**530**	514
Dividends and distributions received from investment in joint ventures	**17**	17	**57**	54
Earnings from investment in joint ventures	**(18)**	(15)	**(53)**	(48)
Income tax expense	**2**	38	**94**	152
Unrealized losses (gains) on derivative financial instruments	**98**	(89)	**107**	(178)
Contributions by customers for extensions to plant	**20**	37	**81**	117
Amortization of customer contributions	**(16)**	(13)	**(48)**	(43)
Net finance costs	**109**	103	**321**	301
Income taxes paid	**–**	(10)	**(20)**	(30)
Interest received	**18**	12	**53**	39
Other	**11**	(15)	**15**	(32)
	417	234	**1,137**	846

CASH POSITION

Cash position at September 30 is comprised of:

	2024	**2023**
Cash	**157**	387
Short-term investments	**–**	4
Restricted cash (1)	**18**	27
Cash and cash equivalents	**175**	418
Bank indebtedness (2)	**(2)**	(1)
	173	417

(1) Cash balances which are restricted under the terms of joint arrangement agreements are considered not available for general use by the Company.

(2) 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.

12. FINANCIAL INSTRUMENTS

FAIR VALUE MEASUREMENT

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, bank indebtedness and accounts payable and accrued liabilities	Assumed to approximate carrying value due to their short-term nature.
Finance lease receivables	Determined using a risk-adjusted interest rate to discount future cash receipts (Level 2).
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).
Measured at Fair Value	
Marketable securities	Determined using quoted market prices for the same or similar securities or alternative pricing sources and models with inputs validated by publicly available market providers (Level 2).
Interest rate swaps	Determined using interest rate forward rate yield curves at period-end (Level 2).
Foreign currency contracts	Determined using quoted forward exchange rates at period-end (Level 2).
Commodity contracts	Determined using observable period-end forward curves and quoted spot market prices with inputs validated by publicly available market providers (Level 2).
	Determined using statistical techniques to derive period-end forward curves using unobservable inputs or extrapolation from spot or forward prices in certain commodity contracts (Level 3).

FINANCIAL INSTRUMENTS MEASURED AT AMORTIZED COST

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				
Finance lease receivables	**131**	**149**	138	156
Long-term advances due from joint venture (1)	**30**	**29**	33	32
Financial Liabilities				
Long-term debt	**10,829**	**10,347**	10,535	10,237

(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.

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

Marketable securities

At September 30, 2024, the Company's marketable securities measured at fair value include investment grade corporate bonds and debentures, private fixed income funds, and bank loans and commercial mortgage funds (see Note 6).

Derivative financial instruments

The Company's derivative instruments are measured at fair value and include the following:

- interest rate swaps for the purpose of limiting interest rate risk on the variable future cash flows of long-term debt;
- foreign currency forward contracts for the purpose of limiting exposure to exchange rate fluctuations; and
- power and natural gas forward sale and purchase contracts for the purpose of limiting exposure to electricity and natural gas market price movements. On August 1, 2024, the Company sold its retail electricity and natural gas business to ATCO Ltd. (see Note 13).

The balance sheet classification and fair values of the Company's derivative financial instruments are as follows:

	Level 2		Level 3		
	Subject to Hedge Accounting		Subject to Hedge Accounting (1)	Not Subject to Hedge Accounting (2)	
Recurring Measurements	**Interest Rate Swaps**	**Commodities (1)**	**Commodities**		**Total Fair Value of Derivatives**
September 30, 2024					
Financial Assets					
Prepaid expenses and other current assets	**7**	**–**	**–**	**–**	**7**
Other assets	**1**	**–**	**109**	**–**	**110**
Financial Liabilities					
Other liabilities	**3**	**–**	**–**	**–**	**3**
December 31, 2023					
Financial Assets					
Prepaid expenses and other current assets	20	36	–	51	107
Other assets	2	16	90	94	202
Financial Liabilities					
Provisions and other current liabilities	–	43	–	6	49
Other liabilities	1	35	–	–	36

(1) Derivative financial instruments that are subject to hedge accounting are related to the Company's renewable power purchase agreements in its generation business (Level 3) (reported in ATCO EnPower operating segment) and at December 31, 2023, supply contracts in its retail electricity and natural gas business (Level 2) (reported in Corporate & Other).

(2) At December 31, 2023, derivative financial instruments that are not subject to hedge accounting are related to customer contracts in the Company's retail electricity and natural gas business (Level 3) (reported in Corporate & Other).

A reconciliation of the changes in the Company's derivative financial instruments classified as Level 3 for the nine months ended September 30, 2024 is as follows:

	Subject to Hedge Accounting	Not Subject to Hedge Accounting	Total
December 31, 2023 (1)	90	139	229
Settlement of derivative contracts	**(12)**	**(32)**	**(44)**
Gains recognized in earnings	**5**	**16**	**21**
Gains recognized in other comprehensive income	**26**	**–**	**26**
Sale of ATCO Energy *(Note 13)*	**–**	**(123)**	**(123)**
September 30, 2024 (1)	**109**	**–**	**109**

(1) Net financial assets (liabilities) classified as Level 3 at end of the period.

For the three months ended September 30, the following realized and unrealized gains and losses on derivative financial instruments were recognized in the unaudited interim consolidated statements of earnings:

	2024			2023		
	Level 2	Level 3	Total	Level 2	Level 3	Total
Realized gains (losses)						
Revenues	–	3	3	(4)	(1)	(5)
Fuel costs	3	–	3	(2)	–	(2)
Purchased power	(1)	–	(1)	27	–	27
Derivative financial instruments [1]	3	3	6	5	(17)	(12)
	5	6	11	26	(18)	8
Unrealized gains (losses)						
Derivative financial instruments [1]	–	(2)	(2)	(1)	90	89
Other costs and expenses	(96)	–	(96)	–	–	–
Total	(91)	4	(87)	25	72	97

For the nine months ended September 30, the following realized and unrealized gains and losses on derivative financial instruments were recognized in the unaudited interim consolidated statements of earnings:

	2024			2023		
	Level 2	Level 3	Total	Level 2	Level 3	Total
Realized gains (losses)						
Revenues	–	8	8	(13)	(1)	(14)
Fuel costs	5	–	5	(9)	–	(9)
Purchased power	(13)	–	(13)	79	–	79
Interest expense	1	–	1	–	–	–
Derivative financial instruments [1]	–	36	36	14	(46)	(32)
	(7)	44	37	71	(47)	24
Unrealized gains (losses)						
Derivative financial instruments [1]	–	(11)	(11)	(2)	180	178
Other costs and expenses	(96)	–	(96)	–	–	–
Total	(103)	33	(70)	69	133	202

(1) Realized derivative financial instruments gains (losses) and unrealized gains (losses) are included in the derivative financial instruments gains (losses) in the consolidated statements of earnings.

Changes to other comprehensive income (loss)

Following the sale of ATCO Energy to ATCO Ltd. (see Note 13), the Company reclassified $96 million in unrealized losses from other comprehensive loss to other costs and expenses before income tax in the consolidated statements of earnings. This amount represents unrealized losses that had previously accumulated in other comprehensive loss related to ATCO Energy's derivative financial instruments.

Notional and maturity summary

The notional value and maturity dates of the Company's derivative instruments outstanding are as follows:

Notional value and maturity	Subject to Hedge Accounting: Interest Rate Swaps	Subject to Hedge Accounting: Natural Gas (1)	Subject to Hedge Accounting: Power (2)	Subject to Hedge Accounting: Foreign Currency Forward Contracts	Not Subject to Hedge Accounting: Natural Gas (1)	Not Subject to Hedge Accounting: Power (2)	Not Subject to Hedge Accounting: Foreign Currency Forward Contracts
September 30, 2024							
Sales (3)	–	–	**9,637,814**	–	–	–	–
Currency							
Canadian dollars	**123**	–	–	–	–	–	–
Australian dollars	**761**	–	–	–	–	–	–
U.S. dollars	–	–	–	**18**	–	–	–
Mexican pesos	–	–	–	–	–	–	**12**
Maturity	**2024- 2034**		**2024-2038**	**2024-2025**			**2024**
December 31, 2023							
Purchases (3)	–	49,744,800	4,633,262	–	–	–	–
Sales (3)	–	422,595	10,288,344	–	26,647,764	3,096,245	–
Currency							
Canadian dollars	88	–	–	–	–	–	–
Australian dollars	719	–	–	–	–	–	–
U.S. dollars	–	–	–	5	–	–	–
Mexican pesos	–	–	–	–	–	–	23
Maturity	2024-2034	2024-2028	2024-2038	2024	2024-2028	2024-2028	2024

(1) Notional amounts for the natural gas purchase contracts are the maximum volumes that can be purchased over the terms of the contracts.

(2) Notional amounts for the forward power sale and purchase contracts are the commodity volumes committed in the contracts.

(3) Volumes for natural gas and power derivatives are in GJ and MWh, respectively.

13. BUSINESS COMBINATION AND OTHER TRANSACTIONS

SALE OF ATCO ENERGY

On August 1, 2024, the Company sold its 100 per cent ownership interest in ATCO Energy, an Alberta-based company engaged in electricity and natural gas retail sales, and whole-home solutions, to ATCO Ltd. for an aggregate consideration of $114 million, resulting in a loss on sale of $14 million. The agreed sale price represents the estimated fair market value of ATCO Energy, which was supported by independent fairness opinions. ATCO Energy was previously reported in Corporate & Other.

The consideration received from the sale of ATCO Energy is shown below.

Agreed sale price	**85**
Working capital adjustments	**(2)**
Bank indebtedness assumed by ATCO Ltd. (1)	**31**
Aggregate consideration received	**114**

The carrying values of the assets and liabilities of ATCO Energy included in the sale are summarized as follows:

Assets	
Accounts receivable and contract assets	**75**
Inventories	**20**
Prepaid expenses and other current assets	**69**
Property, plant and equipment	**3**
Intangibles	**30**
Deferred income tax assets	**5**
Goodwill	**2**
Other assets	**71**
Total assets	**275**
Liabilities	
Accounts payable and accrued liabilities	**38**
Provisions and other liabilities	**52**
Other liabilities	**57**
Total liabilities	**147**
Total net assets sold	**128**

Loss on sale of ATCO Energy (2)	**(14)**

(1) Bank indebtedness of ATCO Energy prior to the sale was considered part of the Company's cash position in the consolidated statements of cash flows.

(2) Loss on sale of ATCO Energy is included in other costs and expenses in the consolidated statements of earnings.

ACQUISITION OF RENEWABLE ENERGY BUSINESS

On January 3, 2023, ATCO Renewables Ltd., a wholly owned subsidiary of the Company, acquired from Suncor Energy Inc. (Suncor) a portfolio of wind and solar assets and projects in Alberta and Ontario, Canada. The aggregate consideration paid on January 3, 2023 was $713 million, which included cash acquired of $38 million. The finalized working capital adjustment, which resulted in an additional payment of $16 million to Suncor, was recorded during the second quarter ended June 30, 2023. Identifiable assets acquired and liabilities assumed were $691 million.

The transaction was primarily financed by an unsecured non-revolving credit facility issued by a syndicate of lenders (see Note 8). The acquisition was accounted for as a business acquisition and its results are included in the ATCO EnPower operating segment.

The fair values of the identifiable assets acquired and liabilities assumed were as follows:

	Preliminary Values	Adjustments (1)	Final Values
Assets			
Accounts receivable and contract assets	10	1	11
Property, plant and equipment	641	(1)	640
Construction work-in-progress	46	(46)	—
Intangible assets	61	46	107
Other assets	9	—	9
Right-of-use assets	3	2	5
Goodwill	145	(4)	141
Total assets	915	(2)	913
Liabilities and non-controlling interest			
Accounts payable and accrued liabilities	(37)	—	(37)
Deferred income tax liabilities	(150)	5	(145)
Lease liabilities	(3)	(2)	(5)
Other liabilities	(7)	(1)	(8)
Non-controlling interest	(27)	—	(27)
Total liabilities and non-controlling interest	(224)	2	(222)
Total identifiable net assets acquired	691	—	691

(1) The Company recorded certain adjustments to the purchase price allocation in December 2023 following the finalization of the fair values of the identifiable assets acquired and liabilities assumed.