CONSOLIDATED BALANCE SHEETS
(condensed and unaudited)

As at *($ millions)*		**September 30, 2020**		December 31, 2019
ASSETS				
Current assets				
Cash and cash equivalents *(note 21)*	**$**	**29**	$	57
Accounts receivable *(net of credit losses of $43 million) (notes 2 and 14)*		**778**		1,222
Inventory *(note 6)*		**510**		506
Restricted cash holdings from customers *(note 21)*		**3**		4
Regulatory assets		**31**		13
Risk management assets *(note 14)*		**43**		87
Prepaid expenses and other current assets *(note 21)*		**219**		280
Assets held for sale *(note 4)*		**4**		27
		1,617		2,196
Property, plant and equipment		**10,627**		10,125
Intangible assets		**566**		586
Operating right of use assets		**185**		170
Goodwill *(note 7)*		**4,045**		3,942
Regulatory assets		**470**		487
Risk management assets *(note 14)*		**54**		39
Restricted cash holdings from customers *(note 21)*		**2**		4
Prepaid post-retirement benefits		**508**		487
Long-term investments and other assets *(net of credit losses of $4 million) (notes 2, 8, 14, and 21)*		**306**		297
Investments accounted for by the equity method *(note 10)*		**1,419**		1,462
	$	**19,799**	$	19,795
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Accounts payable and accrued liabilities	**$**	**1,053**	$	1,325
Dividends payable		**22**		22
Short-term debt		**296**		460
Current portion of long-term debt *(notes 11 and 14)*		**493**		923
Customer deposits		**74**		76
Regulatory liabilities		**45**		146
Risk management liabilities *(note 14)*		**69**		125
Operating lease liabilities		**35**		27
Other current liabilities *(note 14)*		**32**		17
Liabilities associated with assets held for sale *(note 4)*		**1**		4
		2,120		3,125
Long-term debt *(notes 11 and 14)*		**6,351**		5,928
Asset retirement obligations		**380**		362
Unamortized investment tax credits		**3**		4
Deferred income taxes		**1,116**		959
Regulatory liabilities		**1,367**		1,383
Risk management liabilities *(note 14)*		**145**		167
Operating lease liabilities		**162**		153
Other long-term liabilities		**131**		102
Future employee obligations		**231**		243
	$	**12,006**	$	12,426

As at *($ millions)*	**September 30, 2020**	December 31, 2019
Shareholders' equity		
Common shares, no par values, unlimited shares authorized; 2020 - 279.4 million and 2019 - 279.1 million issued and outstanding *(note 16)*	**$ 6,723**	$ 6,719
Preferred shares *(note 16)*	**1,277**	1,277
Contributed surplus	**382**	377
Accumulated deficit	**(1,174)**	(1,403)
Accumulated other comprehensive income (AOCI) *(note 12)*	**433**	245
Total shareholders' equity	**7,641**	7,215
Non-controlling interests	**152**	154
Total equity	**$ 7,793**	$ 7,369
	$ 19,799	$ 19,795

Variable interest entities (note 9)
Commitments, guarantees, and contingencies (note 18)
Seasonality (note 22)
Segmented information (note 23)
Subsequent events (note 24)

See accompanying notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF INCOME (LOSS)
(condensed and unaudited)

	Three Months Ended September 30		Nine Months Ended September 30	
($ millions except per share amounts)	**2020**	2019	**2020**	2019
REVENUE *(note 13)*	**$ 969**	$ 888	**$ 3,897**	$ 3,960
EXPENSES				
Cost of sales, exclusive of items shown separately	**611**	481	**2,151**	2,338
Operating and administrative	**276**	300	**925**	959
Accretion expenses	**1**	1	**3**	4
Depreciation and amortization	**108**	104	**306**	329
Provisions on assets *(note 5)*	**—**	—	**5**	1
	996	886	**3,390**	3,631
Income (loss) from equity investments *(note 10)*	**16**	(5)	**50**	85
Other income *(notes 3 and 10)*	**36**	103	**270**	839
Foreign exchange gains	**—**	1	**3**	—
Interest expense	**(65)**	(92)	**(207)**	(269)
Income (loss) before income taxes	**(40)**	9	**623**	984
Income tax expense (recovery) *(note 20)*				
Current	**12**	10	**15**	23
Deferred	**(25)**	(44)	**106**	36
Net income (loss) after taxes	**(27)**	43	**502**	925
Net income applicable to non-controlling interests	**4**	4	**15**	2
Net income (loss) applicable to controlling interests	**(31)**	39	**487**	923
Preferred share dividends	**(16)**	(17)	**(50)**	(51)
Net income (loss) applicable to common shares	**$ (47)**	$ 22	**$ 437**	$ 872
Net income (loss) per common share *(note 17)*				
Basic	**$ (0.17)**	$ 0.08	**$ 1.56**	$ 3.16
Diluted	**$ (0.17)**	$ 0.08	**$ 1.56**	$ 3.15
Weighted average number of common shares outstanding (millions) *(note 17)*				
Basic	**279.4**	277.4	**279.4**	276.4
Diluted	**279.4**	278.0	**279.7**	276.8

See accompanying notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(condensed and unaudited)

	Three Months Ended September 30		Nine Months Ended September 30	
($ millions)	**2020**	2019	**2020**	2019
Net income (loss) after taxes	**$ (27)**	$ 43	**$ 502**	$ 925
Other comprehensive income (loss), net of taxes				
Gain (loss) on foreign currency translation	**(174)**	101	**192**	(261)
Unrealized gain (loss) on net investment hedge *(note 14)*	**8**	(17)	**(10)**	53
Reclassification of actuarial gains and prior service credits on defined benefit (DB) and post-retirement benefit plans (PRB) to net income (loss) *(note 19)*	**1**	1	**4**	4
Other comprehensive income (loss) from equity investees	**(3)**	(1)	**2**	(2)
Total other comprehensive income (loss) (OCI), net of taxes *(note 12)*	**(168)**	84	**188**	(206)
Comprehensive income (loss) attributable to controlling interests and non-controlling interests, net of taxes	**$ (195)**	$ 127	**$ 690**	$ 719
Comprehensive income (loss) attributable to:				
Non-controlling interests	**$ 4**	$ 4	**$ 15**	$ 2
Controlling interests	**(199)**	123	**675**	717
	$ (195)	$ 127	**$ 690**	$ 719

See accompanying notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF EQUITY
(condensed and unaudited)

Nine months ended September 30 *($ millions)*		2020		2019
Common shares *(note 16)*				
Balance, beginning of period	**$**	**6,719**	$	6,654
Shares issued for cash on exercise of options		**1**		—
Shares issued under DRIP [(1)]		**6**		48
Deferred taxes on share issuance costs		**(3)**		—
Balance, end of period	**$**	**6,723**	$	6,702
Preferred shares *(note 16)*				
Balance, beginning of period	**$**	**1,277**	$	1,319
Balance, end of period	**$**	**1,277**	$	1,319
Contributed surplus				
Balance, beginning of period	**$**	**377**	$	373
Share options expense		**5**		2
Balance, end of period	**$**	**382**	$	375
Accumulated deficit				
Balance, beginning of period	**$**	**(1,403)**	$	(1,905)
Net income applicable to controlling interests		**487**		923
Common share dividends		**(201)**		(199)
Preferred share dividends		**(50)**		(51)
Adoption of ASU 2016-13 *(notes 2 and 14)*		**(7)**		—
Balance, end of period	**$**	**(1,174)**	$	(1,232)
AOCI *(note 12)*				
Balance, beginning of period	**$**	**245**	$	579
Other comprehensive income (loss)		**188**		(206)
Balance, end of period	**$**	**433**	$	373
Total shareholders' equity	**$**	**7,641**	$	7,537
Non-controlling interests				
Balance, beginning of period	**$**	**154**	$	621
Net income applicable to non-controlling interests		**15**		2
Adjustment on disposition of assets		**—**		(509)
Contributions from non-controlling interests to subsidiaries		**5**		44
Distributions by subsidiaries to non-controlling interests		**(22)**		(10)
Balance, end of period	**$**	**152**	$	148
Total equity	**$**	**7,793**	$	7,685

(1) The Dividend Reinvestment and Optional Cash Purchase Plan was suspended in December 2019, with the December dividend (payable January 2020) being the last dividend payment eligible for reinvestment by participating shareholders under the DRIP.

See accompanying notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(condensed and unaudited)

	Three Months Ended September 30		Nine Months Ended September 30	
($ millions)	**2020**	2019	**2020**	2019
Cash from (used by) operations				
Net income (loss) after taxes	**$ (27)**	$ 43	**$ 502**	$ 925
Items not involving cash:				
Depreciation and amortization	**108**	104	**306**	329
Provisions on assets *(note 5)*	**—**	—	**5**	1
Accretion expenses	**1**	1	**3**	4
Share-based compensation *(note 16)*	**2**	1	**5**	3
Deferred income tax expense (recovery) *(note 20)*	**(25)**	(44)	**106**	36
Gains on sale of assets *(note 3)*	**(8)**	(99)	**(223)**	(819)
Loss (income) from equity investments *(note 10)*	**(16)**	5	**(50)**	(85)
Unrealized losses (gains) on risk management contracts *(note 14)*	**73**	15	**(45)**	21
Losses (gains) on investments	**(1)**	2	**—**	5
Amortization of deferred financing costs	**2**	2	**6**	9
Provision for doubtful accounts	**2**	2	**18**	17
Change in pension and other post-retirement benefits	**(15)**	5	**(10)**	9
Other	**2**	1	**15**	7
Asset retirement obligations settled	**(1)**	4	**(2)**	(2)
Distributions from equity investments	**6**	26	**21**	90
Changes in operating assets and liabilities *(note 21)*	**(151)**	(98)	**108**	50
	$ (48)	$ (30)	**$ 765**	$ 600
Investing activities				
Capital expenditures - property, plant and equipment	**(206)**	(418)	**(597)**	(960)
Capital expenditures - intangible assets	**(4)**	(12)	**(13)**	(31)
Contributions to equity investments	**(7)**	(44)	**(71)**	(178)
Proceeds from disposition of equity investments *(note 10)*	**—**	—	**376**	—
Proceeds from disposition of assets, net of transaction costs *(note 3)*	**64**	1,002	**74**	2,811
Proceeds from disposition of financing receivable	**—**	—	**—**	73
	$ (153)	$ 528	**$ (231)**	$ 1,715
Financing activities				
Net borrowing (repayment) of short-term debt	**179**	(303)	**(182)**	(726)
Issuance of long-term debt, net of debt issuance costs	**—**	393	**1,118**	390
Repayment of long-term debt	**(5)**	(5)	**(981)**	(275)
Net borrowing (repayment) under credit facilities	**80**	(537)	**(274)**	(1,634)
Dividends - common shares	**(67)**	(66)	**(201)**	(199)
Dividends - preferred shares	**(16)**	(17)	**(50)**	(51)
Distributions to non-controlling interests	**(5)**	(1)	**(22)**	(5)
Contributions from non-controlling interests	**—**	7	**5**	44
Net proceeds from shares issued on exercise of options	**—**	—	**1**	—
Net proceeds from issuance of common shares	**—**	19	**6**	48
	$ 166	$ (510)	**$ (580)**	$ (2,408)
Change in cash, cash equivalents, and restricted cash	**(35)**	(12)	**(46)**	(93)
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	**(3)**	2	**3**	(5)
Net change in cash classified within assets held for sale	**—**	—	**—**	5
Cash, cash equivalents, and restricted cash, beginning of period	**117**	118	**122**	201
Cash, cash equivalents, and restricted cash, end of period *(note 21)*	**$ 79**	$ 108	**$ 79**	$ 108

See accompanying notes to the Consolidated Financial Statements.

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

1. Organization and Overview of the Business and Change in Reportable Segments

The businesses of AltaGas are operated by AltaGas and a number of its subsidiaries including, without limitation, AltaGas Services (U.S.) Inc., AltaGas Utility Holdings (U.S.) Inc., WGL Holdings, Inc. (WGL), Wrangler 1 LLC, Wrangler SPE LLC, Washington Gas Resources Corporation, WGL Energy Services, Inc. (WGL Energy Services), and SEMCO Holding Corporation; in regard to the Utilities business, Washington Gas Light Company (Washington Gas), Hampshire Gas Company, and SEMCO Energy, Inc. (SEMCO); in regard to the Midstream business, AltaGas Extraction and Transmission Limited Partnership, AltaGas Pipeline Partnership, AltaGas Processing Partnership, AltaGas Northwest Processing Limited Partnership, Harmattan Gas Processing Limited Partnership, Ridley Island LPG Export Limited Partnership, and WGL Midstream Inc. (WGL Midstream); and, in regard to remaining assets in the Corporate/Other segment, AltaGas Power Holdings (U.S.) Inc., WGL Energy Systems, Inc. (WGL Energy Systems), and Blythe Energy Inc. (Blythe). SEMCO conducts its Michigan natural gas distribution business under the name SEMCO Energy Gas Company (SEMCO Gas), its Alaska natural gas distribution business under the name ENSTAR Natural Gas Company (ENSTAR) and its 65 percent interest in an Alaska regulated gas storage utility under the name Cook Inlet Natural Gas Storage Alaska LLC (CINGSA).

AltaGas, a Canadian corporation, is a leading North American energy infrastructure company that connects natural gas liquids (NGLs) and natural gas to domestic and global markets. The Corporation's long-term strategy is to grow in attractive areas across its Utilities and Midstream business segments seeking optimal capital deployment. In the Midstream business, the Corporation is focused on optimizing the full value chain of energy exports by providing producers with solutions, including global market access off the West Coast of Canada via the Corporation's footprint in the Montney region. In the Utilities business, the Corporation seeks to grow through rate base investment and the use of accelerated rate recovery programs, while providing effective and cost-efficient service for customers.

In the first quarter of 2020, AltaGas revised its reportable segments to align with the structure of its business following asset sales completed as part of its 2019 asset monetization program. As a result of these changes, AltaGas has refocused on its core Utilities and Midstream segments. Consistent with Management's strategic view of the business and the basis on which it assesses performance and allocates resources, beginning in 2020, AltaGas has two operating segments: Utilities (which now includes the WGL retail marketing business) and Midstream. These operating segments have not been aggregated in the determination of AltaGas' reportable segments. All other assets are included in the Corporate/Other segment. AltaGas' operating segments include the following:

- Utilities, which serves approximately 1.7 million customers with a rate base of approximately US$4.1 billion through ownership of regulated natural gas distribution utilities across five jurisdictions in the United States and two regulated natural gas storage utilities in the United States, delivering clean and affordable natural gas to homes and businesses. The Utilities business also includes storage facilities and contracts for interstate natural gas transportation and storage services, as well as the affiliated retail energy marketing business, which serves approximately 0.5 million customers;

- Midstream, which includes a 70 percent interest in the Ridley Island Propane Export Terminal, allowing AltaGas to leverage its assets along the energy value chain in Western Canada including natural gas gathering and processing, NGL extraction and fractionation, and natural gas and NGL marketing. The Midstream segment also includes transmission, storage, an interest in a regulated pipeline in the Marcellus/Utica gas formation in the northeastern United States, and the Corporation's 50 percent interest in AltaGas Idemitsu Joint Venture Limited Partnership (AIJVLP) which holds an investment in Petrogas Energy Corp. (Petrogas), through which AltaGas' interest in the Ferndale terminal is held.

The Corporate/Other segment consists of AltaGas' corporate activities and a small portfolio of remaining power assets, certain of which are pending sale.

2. Summary of Significant Accounting Policies

BASIS OF PRESENTATION

These unaudited condensed interim Consolidated Financial Statements have been prepared by Management in accordance with United States Generally Accepted Accounting Principles (U.S. GAAP). As a result, these unaudited condensed interim Consolidated Financial Statements do not include all of the information and disclosures required in the annual Consolidated Financial Statements and should be read in conjunction with the Corporation's 2019 annual audited Consolidated Financial Statements prepared in accordance with U.S. GAAP. In Management's opinion, these unaudited condensed interim Consolidated Financial Statements include all adjustments that are of a recurring nature and necessary to present fairly the financial position of the Corporation.

Pursuant to National Instrument 52-107, "Acceptable Accounting Principles and Auditing Standards" (NI 52-107), financial statements of an “SEC issuer” may be prepared in accordance with U.S. GAAP. On January 21, 2020, AltaGas filed a final short form base shelf prospectus in Alberta and a corresponding registration statement on Form F-10 in the United States, by virtue of which AltaGas is required to file reports under section 15(d) of the *Securities Exchange Act of 1934* with the United States Securities and Exchange Commission. As a result, AltaGas is an SEC issuer and is entitled to prepare its financial statements in accordance with U.S. GAAP.

PRINCIPLES OF CONSOLIDATION

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

Hypothetical Liquidation at Book Value (HLBV) methodology is used for certain equity method investments as well as consolidating equity investments with non-controlling interests when the governing structuring agreement over the equity investment results in different liquidation rights and priorities than what is reflected by the underlying ownership interest percentage. The majority of AltaGas' HLBV investments were sold during 2019.

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

USE OF ESTIMATES AND MEASUREMENT UNCERTAINTY

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

SIGNIFICANT ACCOUNTING POLICIES

Except as noted below, these unaudited condensed interim Consolidated Financial Statements have been prepared following the same accounting policies and methods as those used in preparing the Corporation's 2019 annual audited Consolidated Financial Statements.

Credit Losses

The following are the Corporation's significant accounting policies upon adoption of ASC 326:

Accounts receivable, contract assets, a loan to an affiliate, and other long-term receivables within the scope of ASC 326 are recorded net of the allowance for credit losses in the Consolidated Balance Sheets. AltaGas regularly analyzes and evaluates the collectability of the accounts receivable based on a combination of factors. If circumstances related to the collectability change, the allowance for credit losses is adjusted. Accounts are written off when collection efforts are complete and future recovery is unlikely. See below for a description of how expected credit loss estimates are developed.

Utilities Customer Receivables and Contract Assets

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

Midstream Customer Receivables and Contract Assets

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

Other

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

Pension Plans and Post-Retirement Benefits

In the third quarter of 2020, AltaGas made a voluntary change in accounting principle for calculating the market-related value of assets (MRVA) used in the determination of Washington Gas' net periodic pension and other post-retirement benefit plan costs The change uses the fair value approach for the fixed income investment asset class of the plan assets, compared to the prior method that utilized a calculated value where gains and losses arising from changes in fair value were deferred and amortized into the calculation of the MRVA over a period of five years. The MRVA is used in the calculation of the expected return on assets and the recognized actuarial gain or loss components of net periodic benefit cost. The approach applied for all other classes of assets remains unchanged.

Management believes that using the fair value approach for the fixed income investments in plan assets is preferable as it more closely aligns the recognition of related components within the net periodic benefit cost.

This change in accounting principle was not considered material to prior periods or the current year; therefore, the impact of the change was recognized in the current period. On the Consolidated Statements of Income (Loss), for the nine months ended September 30, 2020, the change resulted in an increase to income (loss) before income taxes of approximately $21 million (recorded within the line item “other income”) and an increase to net income (loss) applicable to common shares of approximately $16 million ($0.06 per basic and diluted common share), net of the tax impact of approximately $5 million recorded within the line item "deferred tax expense (recovery)". Amounts related to regulated utility operations that are expected to be recoverable from or refunded to customers through the rate-setting process have been reflected as adjustments to regulatory assets or liabilities on the Consolidated Balance Sheets. For further discussion of pension plans and retiree benefits, see Note 19.

ADOPTION OF NEW ACCOUNTING STANDARDS

Effective January 1, 2020, AltaGas adopted the following Financial Accounting Standards Board (FASB) issued Accounting Standards Updates (ASU):

- In June 2016, FASB issued ASU No. 2016-13 “Financial Instruments – Credit Losses and all related amendments (collectively "ASC 326"): Measurement of Credit Losses on Financial Instruments”. The ASU replaces the current “incurred loss” impairment methodology with an “expected loss” model for financial assets measured at amortized cost. AltaGas has applied ASC 326 using the modified retrospective approach through a cumulative-effect adjustment to retained earnings as of the effective date of the new standard. Prior periods presented for comparative purposes were not adjusted. Upon adoption of ASC 326, "accounts receivable, net of allowances" decreased by $2 million and "long-term investments and other assets" decreased by $5 million, with an offsetting increase to "accumulated deficit". AltaGas has elected to account for its cash equivalents at fair value. Please also refer to Note 14 of the unaudited condensed interim Consolidated Financial Statements as at and for the three and nine months ended September 30, 2020 for further details;

- ASU No. 2018-13 “Fair Value Measurement – Disclosure Framework: Changes to the Disclosure Requirements for Fair Value Measurement”. The amendments in this ASU modify the disclosure requirements on fair value measurements. The adoption of this ASU did not have a material impact on AltaGas’ consolidated financial statements, but resulted in certain minor adjustments to the fair value disclosures. Please also refer to Note 14 of the unaudited condensed interim Consolidated Financial Statements as at and for the three and nine months ended September 30, 2020 for further details;

- ASU No. 2018-17 “Consolidation: Targeted Improvements to Related Party Guidance for Variable Interest Entities”. The amendments in this ASU provide a private-company scope exception to the VIE guidance for certain entities and clarify that indirect interests held through related parties under common control are considered on a proportional basis when determining whether fees paid to decision makers and service providers are variable interests. The adoption of this ASU did not have a material impact on AltaGas’ consolidated financial statements;

- ASU No. 2018-18 "Collaborative Arrangements: Clarifying the Interaction between Topic 808 and Topic 606". The amendments in this ASU clarifies that certain transactions between collaborative arrangement participants should be accounted for as revenue under ASC 606, adds unit-of-account guidance in ASC 808 to align with the guidance in ASC 606, and requires that a transaction with a collaborative arrangement participant that is not directly related to sales to third parties, is precluded from presenting the transaction together with revenue recognized under ASC 606 if the collaborative arrangement participant is not a customer. The adoption of this ASU did not have a material impact on AltaGas’ consolidated financial statements;

- ASU No. 2019-01 "Leases: Codification Improvements". The amendments in this ASU provide a fair value exception for lessors that are not manufacturers or dealers, clarifies the presentation of principal payments received under sales-type and direct finance leases for depository and lending institutions, and clarifies that interim transition disclosure requirements related to the change on income statement, net income and related per share amounts for the adoption of ASC 842 are not required. The adoption of this ASU did not have a material impact on AltaGas’ consolidated financial statements;

- ASU No. 2019-04 “Financial Instruments: Codification Improvements". The amendments in this ASU provide clarification and improve the codification in recently issued accounting standards relating to credit losses, hedge accounting, and financial instruments. The amendments related to credit losses were evaluated in conjunction with ASU 2016-13 above. The adoption of this ASU did not have a material impact on AltaGas’ consolidated financial statements; and

- ASU No. 2020-03 "Codification Improvements to Financial Instruments". The amendments in this ASU provide clarification and improve the codification to certain aspects of accounting standards related to financial instruments. The adoption of this ASU did not have a material impact on AltaGas’ consolidated financial statements.

FUTURE CHANGES IN ACCOUNTING PRINCIPLES

In August 2018, FASB issued ASU No. 2018-14 “Compensation-Retirement Benefits-Defined Benefit Plans – General: Disclosure Framework – Changes to the Disclosure Requirements for the Defined Benefit Plans”. The amendments in this ASU modify the disclosure requirements on defined benefit pension and other post-retirement plans. The amendments in this ASU are effective for fiscal years beginning after December 15, 2020, and interim periods within those fiscal years. Early adoption is permitted. The adoption of this ASU is not expected to have a material impact on AltaGas’ consolidated financial statements.

In December 2019, FASB issued ASU No. 2019-12 "Income Taxes: Simplifying the Accounting for Income Taxes". The amendments in this ASU simplify the accounting for income taxes by clarifying certain aspects of current guidance and removing some exceptions to the general principles in ASC 740. The amendments in this ASU are effective for fiscal years beginning after December 15, 2020, and interim periods within those fiscal years. Early adoption is permitted. AltaGas is assessing the impact of this ASU on its consolidated financial statements.

In January 2020, FASB issued ASU No. 2020-01 "Derivatives and Hedging: Clarifying the Interactions between Topic 321, Topic 323, and Topic 815". The amendments in this ASU clarify the application of the measurement alternative for equity instruments and the measurement of non-derivative forward contracts or purchased call options used to acquire equity securities. The amendments in this ASU are effective for fiscal years beginning after December 15, 2020, and interim periods within those fiscal years. Early adoption is permitted. The adoption of this ASU is not expected to have a material impact on AltaGas' financial statements.

In March 2020, FASB issued ASU No. 2020-04 "Reference Rate Reform: Facilitation of the Effects of Reference Rate Reform on Financial Reporting." The amendments in this ASU provide optional expedients and exceptions for applying GAAP to contract modifications and hedging relationships affected by reference rate reform if certain criteria are met. These apply only to contracts, hedging relationships, and other transactions that reference London Interbank Offered Rate (LIBOR) or another reference rate expected to be discontinued because of reference rate reform. The amendments in this ASU are effective as of March 12, 2020 through December 31, 2022. AltaGas may elect to apply the amendments as of any date from the beginning of an interim period that includes or is subsequent to March 12, 2020 on a prospective basis. AltaGas has not elected to adopt this ASU as of September 30, 2020, and is assessing the impact of this ASU on its consolidated financial statements.

In August 2020, FASB issued ASU No. 2020-06 "Debt with Conversion and Other Options and Topic 815-40 - Derivatives and Hedging - Contracts in Entity's Own Equity: Accounting for Convertible Instruments and Contract in an Entity's Own Equity." The amendments in this Update simplify the accounting for certain financial instruments with characteristics of liabilities and equity, including convertible instruments and contracts in an entity's own equity. The amendments in this Update are effective for public business entities that meet the definition of a Securities and Exchange Commission (SEC) filer, excluding entities eligible to be smaller reporting companies as defined by the SEC, for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years. Early adoption is permitted. The adoption of this ASU is not expected to have a material impact on AltaGas' financial statements.

3. Dispositions

AltaGas Canada Inc. (ACI)

On March 31, 2020, the Public Sector Pension Investment Board and the Alberta Teachers' Retirement Fund Board acquired all the issued and outstanding common shares of ACI for $33.50 per share. AltaGas owned 11,025,000 (approximately 37 percent) of ACI's common shares and received cash proceeds of approximately $369 million upon close. For the nine months ended September 30, 2020, AltaGas recognized a pre-tax gain on disposition of approximately $206 million in the Consolidated Statements of Income (Loss) under the line item "other income". Following a name change in connection with the arrangement, ACI changed its name to TriSummit Utilities Inc.

Distributed Generation Assets

In 2019, AltaGas closed the disposition of its portfolio of U.S. distributed generation assets. The majority of assets were transferred in 2019, except for certain projects for which ownership will not legally transfer to the purchaser until various consents and approvals are obtained. As such, the carrying value of the assets and liabilities relating to these projects remain classified as held for sale on the Consolidated Balance Sheets as at September 30, 2020 (Note 4). For the nine months ended September 30, 2020, AltaGas recognized a pre-tax gain on disposition of approximately $9 million in the Consolidated Statements of Income (Loss) under the line item "other income" related to projects transferred in the first nine months of 2020. In addition, AltaGas recorded a pre-tax provision related to the remaining U.S. distributed generation projects which have not yet transferred to the purchaser (Note 5). The purchaser was entitled to after-tax earnings from the distributed generation projects, including those awaiting consent, beginning September 1, 2019.

Harmattan Land Parcels

In the second quarter of 2020, AltaGas completed the sale of land parcels located near the Harmattan gas processing plant for gross cash proceeds of approximately $3 million. There was no gain or loss resulting from this disposition.

Pomona Energy Storage Facility and Ripon Gas-fired Facility

In the third quarter of 2020, AltaGas completed the sales of AltaGas Pomona Energy Storage Inc. and land related to a gas-fired power generation facility in the U.S., as well as a gas fired facility in Ripon, California, for aggregate gross cash proceeds, before working capital and other adjustments, of approximately $67 million. AltaGas recognized a pre-tax gain on these dispositions of approximately $8 million in the Consolidated Statements of Income (Loss) under the line item "other income".

4. Assets Held For Sale

As at	**September 30, 2020**	December 31, 2019
Assets held for sale		
Property, plant and equipment	**$ 4**	$ 22
Operating right of use assets	**—**	1
Goodwill	**—**	1
Other long-term assets	**—**	3
	$ 4	$ 27
Liabilities associated with assets held for sale		
Unamortized investment tax credits	**$ 1**	$ 3
Operating lease liabilities - long-term	**—**	1
	$ 1	$ 4

Distributed Generation Assets

In 2019, AltaGas announced that it entered into a definitive agreement for the sale of its portfolio of U.S. distributed generation assets (Note 3). The transaction closed in September 2019; however, there is one project for which ownership will not legally transfer to the purchaser until various consents and approvals are obtained. As such, the carrying value of the assets and liabilities related to this project remains classified as held for sale at September 30, 2020, which resulted in the reclassification of $4 million of assets to assets held for sale and $1 million of liabilities to liabilities associated with assets held for sale on the Consolidated Balance Sheets. The portion of the purchase price relating to this project is approximately $4 million (US$3 million) and is recorded within "accounts payable and accrued liabilities" on the Consolidated Balance Sheets until this project is legally transferred to the purchaser. These assets and liabilities are recorded in the Corporate/Other segment.

5. Provisions on Assets

Nine Months Ended September 30		**2020**		2019
Midstream	**$**	**2**	$	—
Corporate/Other		**3**		1
	$	**5**	$	1

Midstream

For the nine months ended September 30, 2020, AltaGas recorded a pre-tax provision of $2 million related to land parcels located near the Harmattan gas processing plant which were sold in the second quarter of 2020 (Note 3). The pre-tax provisions were recorded against property, plant and equipment. There were no provisions recorded in the Midstream segment for the nine months ended September 30, 2019.

Corporate/Other

For the nine months ended September 30, 2020, AltaGas recorded a pre-tax provision of $3 million related to the remaining U.S. distributed generation projects which have not yet transferred to the purchaser and are classified as held for sale as at September 30, 2020 (Note 4). The pre-tax provisions were recorded against property, plant and equipment. For the nine months ended September 30, 2019, AltaGas recorded a pre-tax provision of $1 million relating to the disposition of a capital spare.

6. Inventory

As at		**September 30, 2020**		December 31, 2019
Natural gas held in storage [(a)]	**$**	**362**	$	359
Materials and supplies		**62**		57
Renewable energy credits and emission compliance instruments		**68**		64
Natural gas liquids		**18**		26
	$	**510**	$	506

(a) As at September 30, 2020, $207 million of the natural gas held in storage was held by rate-regulated utilities (December 31, 2019 - $214 million).

7. Goodwill

As at		**September 30, 2020**		December 31, 2019
Balance, beginning of period	**$**	**3,942**	$	4,068
Adjustment to goodwill on business acquisition		**—**		92
Goodwill included in dispositions		**—**		(29)
Reclassified to assets held for sale		**—**		(1)
Foreign exchange translation		**103**		(188)
Balance, end of period	**$**	**4,045**	$	3,942

8. Long-Term Investments and Other Assets

As at	September 30, 2020	December 31, 2019
Investments in publicly-traded entities	**$ 4**	$ 4
Loan to affiliate *(net of credit losses of $1 million) (note 14)*	**44**	45
Deferred lease receivable	**7**	17
Debt issuance costs associated with credit facilities	**4**	6
Refundable deposits	**9**	9
Prepayment on long-term service agreements	**69**	81
Deferred information technology costs	**4**	—
Cash calls from joint venture partners	**26**	10
Contract asset *(net of credit losses of $1 million) (notes 13 and 14)*	**44**	30
Rabbi trust and other restricted cash *(notes 18, 19 and 21)*	**35**	32
Other long-term receivables *(net of credit losses of $2 million) (notes 14 and 18)*	**28**	33
Capitalized contract costs	**5**	—
Financial transmission rights	**13**	12
Other	**14**	18
	$ 306	$ 297

9. Variable Interest Entities

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

Ridley Island LPG Export Limited Partnership

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

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

The assets of RILE LP are the property of RILE LP and are not available to AltaGas for any other purpose. RILE LP's asset balances can only be used to settle its own obligations. The liabilities of RILE LP do not represent additional claims against AltaGas' general assets. AltaGas' exposure to loss as a result of its interest as a limited partner is its net investment. AltaGas and Royal Vopak have provided limited guarantees for the obligations of their respective subsidiaries for the construction cost of RIPET. With the commencement of commercial operations at RIPET, the terms of the long-term capacity agreement between

AltaGas LPG and RILE LP provide for a return on and of capital and reimbursement of RIPET's operating costs by AltaGas LPG in accordance with the terms set out in the agreement.

The following table represents amounts included in the Consolidated Balance Sheets attributable to AltaGas' consolidated VIE:

As at		**September 30, 2020**		December 31, 2019
Current assets	**$**	**11**	$	7
Property, plant and equipment		**362**		371
Long-term investments and other assets		**51**		53
Current liabilities		**(8)**		(4)
Asset retirement obligations		**(3)**		(3)
Net assets	**$**	**413**	$	424

10. Investments Accounted for by the Equity Method

			Carrying value as at			
	Location	Ownership Percentage		**September 30, 2020**		December 31, 2019
ACI [a]	Canada	**—**	**$**	**—**	$	164
AltaGas Idemitsu Joint Venture LP (AIJVLP)	Canada	**50**		**488**		431
Eaton Rapids Gas Storage System	USA	**50**		**28**		27
Mountain Valley Pipeline, LLC [b]	USA	**10**		**735**		672
Sarnia Airport Storage Pool LP	Canada	**50**		**18**		18
Petrogas Preferred Shares	Canada	**n/a**		**150**		150
			$	**1,419**	$	1,462

(a) ACI was acquired by the Public Sector Pension Investment Board and the Alberta Teachers' Retirement Fund Board on March 31, 2020.

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

			Equity income (loss) for the three months ended September 30				Equity income (loss) for the nine months ended September 30			
	Location	Ownership Percentage		**2020**		2019		**2020**		2019
ACI [a]	Canada	**—**	**$**	**—**	$	2	**$**	**2**	$	11
AltaGas Idemitsu Joint Venture LP (AIJVLP)	Canada	**50**		**2**		9		**(4)**		34
Constitution Pipeline, LLC (Constitution) [b]	USA	**—**		**(7)**		—		**(7)**		—
Eaton Rapids Gas Storage System	USA	**50**		**1**		—		**2**		1
Meade Pipeline Co. LLC (Meade) [c]	USA	**—**		**—**		(31)		**—**		(10)
Mountain Valley Pipeline, LLC [d]	USA	**10**		**17**		12		**46**		30
Sarnia Airport Storage Pool LP	Canada	**50**		**—**		—		**1**		1
Petrogas Preferred Shares	Canada	**n/a**		**3**		3		**10**		10
Stonewall Gas Gathering Systems LLC [c]	USA	**—**		**—**		—		**—**		8
			$	**16**	$	(5)	**$**	**50**	$	85

(a) ACI was acquired by the Public Sector Pension Investment Board and the Alberta Teachers' Retirement Fund Board on March 31, 2020.

(b) The equity method was considered appropriate because Constitution was an LLC with specific ownership accounts and ownership between five and fifty percent, resulting in WGL Midstream exercising a more than minor influence over the investee's operating and financing policies. In February 2020, the partners of Constitution elected not to proceed with the pipeline project and Constitution was dissolved. The loss recorded in the third quarter of 2020 relates to a provision recorded against the equity investment (see below for further discussion).

(c) Disposed of in 2019.

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

AltaGas Canada Inc.

On March 31, 2020, the Public Sector Pension Investment Board and the Alberta Teachers' Retirement Fund Board acquired all the issued and outstanding common shares of ACI for $33.50 per share. AltaGas owned 11,025,000 (approximately 37 percent) of ACI's common shares and received cash proceeds of approximately $369 million upon close. AltaGas recognized a pre-tax gain on disposition of approximately $206 million in the Consolidated Statements of Income (Loss) under the line item "other income".

Petrogas/AIJVLP

Prior to the first quarter of 2020, AltaGas held an indirect approximate one-third interest in Petrogas through its equity investment in AIJVLP. One of Petrogas' shareholders has converted their preferred shares of Petrogas to common shares resulting in the dilution of AltaGas' indirect ownership in Petrogas common shares from approximately 33.3 percent to approximately 29.2 percent. As a result, in the first nine months of 2020, AltaGas recognized a pre-tax dilution loss of approximately $16 million in the Consolidated Statements of Income (Loss) under the line item "income (loss) from equity investments". AltaGas also holds preferred shares of Petrogas that can be converted, which would increase AltaGas' ownership to approximately 37 percent if the Company decided to do so before close of the put process. On October 16, 2020, AltaGas announced that AIJVLP and SAM Holdings Ltd. (SAM) had entered into a definitive agreement with respect to the put process to acquire an additional 37 percent of Petrogas. Post-closing, AltaGas' indirect ownership in Petrogas is expected to increase to approximately 74 percent, at which point AltaGas expects to fully consolidate Petrogas' financial results.

Provisions on investments accounted for by the equity method

In the third quarter of 2020, AltaGas recorded a pre-tax provision on equity investments of approximately $7 million for costs associated with AltaGas' equity investment in the Constitution pipeline project which was canceled in February 2020. In the third quarter of 2019, AltaGas recorded a pre-tax provision of $44 million against its investment in Meade as a result of the sale of WGL Midstream's interest in the Central Penn Pipeline. The disposition of the investment in this entity was completed in the fourth quarter of 2019. In the second quarter of 2019, AltaGas recorded a pre-tax provision of $2 million against its investment in Craven County Wood Energy LP as a result of a pending sale. The disposition of the investment in this entity was completed in the third quarter of 2019.

11. Long-Term Debt

As at	Maturity date	September 30, 2020	December 31, 2019
Credit facilities			
$1,400 million unsecured extendible revolving facility [(a)]	15-May-2023	**$ 298**	$ 90
US$300 million unsecured term facility	27-Feb-2021	**134**	390
US$150 million unsecured extendible revolving facility	20-Dec-2023	**41**	163
Commercial paper [(b)]	Various	**300**	367
Medium-term notes (MTNs)			
$200 million Senior unsecured - 4.07 percent	1-Jun-2020	**—**	200
$350 million Senior unsecured - 3.72 percent	28-Sep-2021	**350**	350
$500 million Senior unsecured - 2.61 percent	16-Dec-2022	**500**	500
$300 million Senior unsecured - 3.57 percent	12-Jun-2023	**300**	300
$200 million Senior unsecured - 4.40 percent	15-Mar-2024	**200**	200
$300 million Senior unsecured - 3.84 percent	15-Jan-2025	**300**	300
$500 million Senior unsecured - 2.16 percent	10-Jun-2025	**500**	—
$350 million Senior unsecured - 4.12 percent	7-Apr-2026	**350**	350
$200 million Senior unsecured - 3.98 percent	4-Oct-2027	**200**	200
$100 million Senior unsecured - 5.16 percent	13-Jan-2044	**100**	100
$300 million Senior unsecured - 4.50 percent	15-Aug-2044	**300**	300
$250 million Senior unsecured - 4.99 percent	4-Oct-2047	**250**	250
WGL and Washington Gas MTNs			
US$250 million Senior unsecured - 2.44 percent [(c)]	12-Mar-2020	**—**	325
US$20 million Senior unsecured - 6.65 percent	20-Mar-2023	**27**	26
US$41 million Senior unsecured - 5.44 percent	11-Aug-2025	**54**	53
US$53 million Senior unsecured - 6.62 to 6.82 percent	Oct 2026	**71**	69
US$72 million Senior unsecured - 6.40 to 6.57 percent	Feb - Sep 2027	**96**	93
US$52 million Senior unsecured - 6.57 to 6.85 percent	Jan - Mar 2028	**69**	67
US$9 million Senior unsecured - 7.50 percent	1-Apr-2030	**11**	11
US$50 million Senior unsecured - 5.70 to 5.78 percent	Jan - Mar 2036	**67**	65
US$75 million Senior unsecured - 5.21 percent	3-Dec-2040	**100**	97
US$75 million Senior unsecured - 5.00 percent	15-Dec-2043	**100**	97
US$300 million Senior unsecured - 4.22 to 4.60 percent	Sep - Nov 2044	**400**	390
US$450 million Senior unsecured - 3.80 percent	15-Sep-2046	**600**	584
US$300 million Senior unsecured - 3.65 percent	15-Sep-2049	**400**	390
SEMCO long-term debt			
US$300 million SEMCO Senior Secured - 5.15 percent [(d)]	21-Apr-2020	**—**	390
US$82 million CINGSA Senior Secured - 4.48 percent [(e)]	2-Mar-2032	**72**	76
US$225 million First Mortgage Bonds - 2.45 percent	21-Apr-2050	**300**	—
US$225 million First Mortgage Bonds - 3.15 percent	21-Apr-2030	**300**	—
Fair value adjustment on WGL Acquisition		**84**	84
Finance lease liabilities		**11**	10
		$ 6,885	$ 6,887
Less debt issuance costs		**(41)**	(36)
		$ 6,844	$ 6,851
Less current portion		**(493)**	(923)
		$ 6,351	$ 5,928

(a) Borrowings on the facility can be by way of prime loans, U.S. base-rate loans, LIBOR loans, bankers' acceptances, or letters of credit. Borrowings on the facility have fees and interest at rates relevant to the nature of the draw made.

(b) Commercial paper is supported by the availability of long-term committed credit facilities with maturity dates ranging from 2022 to 2024. Commercial paper intended to be repaid within the next year is recorded as short-term debt.

(c) Floating rate per annum reset quarterly based on terms set forth in the prospectus filed by WGL pursuant to Securities Act Rule 424 on March 13, 2018.

(d) Collateral for the U.S. dollar MTNs is certain SEMCO assets.

(e) Collateral for the CINGSA Senior secured loan is certain CINGSA assets. Alaska Storage Holding Company, LLC, a subsidiary in which AltaGas has a controlling interest, is the non-recourse guarantor of this loan.

12. Accumulated Other Comprehensive Income

		Defined benefit pension and PRB plans[(a)]		Hedge net investments		Translation foreign operations		Equity investee		Total
Opening balance, January 1, 2020	**$**	**(6)**	**$**	**(149)**	**$**	**395**	**$**	**5**	**$**	**245**
OCI before reclassification		**—**		**(11)**		**192**		**2**		**183**
Amounts reclassified from OCI		**5**		**—**		**—**		**—**		**5**
Current period OCI (pre-tax)		**5**		**(11)**		**192**		**2**		**188**
Income tax on amounts retained in AOCI		**—**		**1**		**—**		**—**		**1**
Income tax on amounts reclassified to earnings		**(1)**		**—**		**—**		**—**		**(1)**
Net current period OCI		**4**		**(10)**		**192**		**2**		**188**
Ending balance, September 30, 2020	**$**	**(2)**	**$**	**(159)**	**$**	**587**	**$**	**7**	**$**	**433**
Opening balance, January 1, 2019	$	(19)	$	(209)	$	801	$	6	$	579
OCI before reclassification		—		60		(261)		(2)		(203)
Amounts reclassified from AOCI		3		—		—		—		3
Current period OCI (pre-tax)		3		60		(261)		(2)		(200)
Income tax on accounts retained in AOCI		—		(7)		—		—		(7)
Income tax on amounts reclassified to earnings		1		—		—		—		1
Net current period OCI		4		53		(261)		(2)		(206)
Ending balance, September 30, 2019	$	(15)	$	(156)	$	540	$	4	$	373

(a) In the third quarter of 2020, AltaGas adopted a voluntary change in accounting principle relating to Washington Gas' net periodic pension and other post-retirement benefit plan costs. The effect of the change on AOCI has been recognized in the current period. Refer to Note 2 for additional information.

Reclassification From Accumulated Other Comprehensive Income

AOCI components reclassified	Income statement line item		**Three Months Ended September 30, 2020**		Three Months Ended September 30, 2019
Defined benefit pension and PRB plans	Other income	**$**	**1**	$	—
Deferred income taxes	Income tax recovery – deferred		**—**		1
		$	**1**	$	1

AOCI components reclassified	Income statement line item		**Nine Months Ended September 30, 2020**		Nine Months Ended September 30, 2019
Defined benefit pension and PRB plans	Other income	**$**	**5**	$	3
Deferred income taxes	Income tax recovery (expense) – deferred		**(1)**		1
		$	**4**	$	4

13. Revenue

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

	Three Months Ended September 30, 2020			
	Utilities	Midstream	Corporate/ Other	Total [(a)]
Revenue from contracts with customers				
Commodity sales contracts	$ 318	$ 256	$ —	$ 574
Midstream service contracts	—	46	—	46
Gas sales and transportation services	280	—	—	280
Storage services	6	—	—	6
Other	3	—	6	9
Total revenue from contracts with customers	$ 607	$ 302	$ 6	$ 915
Other sources of revenue				
Revenue from alternative revenue programs [(b)]	$ 13	$ —	$ —	$ 13
Leasing revenue [(c)]	1	36	29	66
Risk management and trading activities [(d) (e)]	(23)	(8)	—	(31)
Other	(1)	3	4	6
Total revenue from other sources	$ (10)	$ 31	$ 33	$ 54
Total revenue	$ 597	$ 333	$ 39	$ 969

(a) In the first quarter of 2020, AltaGas revised its reportable segments. Comparative period numbers have been adjusted to reflect this change. Refer to Note 23 for additional information.

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

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

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

(e) Trading margins in the Midstream segment are reported in risk management and trading activities. AltaGas enters into derivative contracts for the purpose of optimizing its storage and transportation capacity as well as managing the transportation and storage assets on behalf of third parties. The trading margins, including unrealized gains and losses on derivative instruments, are netted within revenues. Gross revenues for the three months ended September 30, 2020 of $96 million associated with the GAIL Global (USA) LNG LLC (GAIL) contract and an Asset Management Agreement (AMA), which are in scope of ASC 606, are reported within risk management and trading activities. While the GAIL contract and AMA are individually not accounted for as derivatives, they are inseparable from the overall trading portfolio. Revenue from the GAIL contract is recognized at a point in time based on the actual volumes of the commodity sold at the delivery point, which corresponds to the customer's monthly invoice amount. The GAIL contract has a term of 20 years and began on March 31, 2018. Revenue from the AMA is recognized based on the amount WGL Midstream has the right to invoice the customer in accordance with ASC 606. WGL executed the AMA in April 2020.

	Three Months Ended September 30, 2019			
	Utilities	**Midstream**	**Corporate/ Other**	**Total** [(a)]
Revenue from contracts with customers				
Commodity sales contracts	$ 333	$ 198	$ 20	$ 551
Midstream service contracts	—	36	—	36
Gas sales and transportation services	245	—	—	245
Storage services	5	—	—	5
Other	2	2	7	11
Total revenue from contracts with customers	$ 585	$ 236	$ 27	$ 848
Other sources of revenue				
Revenue from alternative revenue programs [(b)]	$ 8	$ —	$ —	$ 8
Leasing revenue [(c)]	—	35	33	68
Risk management and trading activities [(d) (e)]	(23)	(19)	—	(42)
Other	1	2	3	6
Total revenue from other sources	$ (14)	$ 18	$ 36	$ 40
Total revenue	$ 571	$ 254	$ 63	$ 888

(a) In the first quarter of 2020, AltaGas revised its reportable segments. Comparative period numbers have been adjusted to reflect this change. Refer to Note 23 for additional information.

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

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

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

(e) Trading margins in the Midstream segment are reported in risk management and trading activities. AltaGas enters into derivative contracts for the purpose of optimizing its storage and transportation capacity as well as managing the transportation and storage assets on behalf of third parties. The trading margins, including unrealized gains and losses on derivative instruments, are netted within revenues. Gross revenues for the three months ended September 30, 2019 of $104 million associated with the GAIL Global (USA) LNG LLC (GAIL) contract, which are in scope of ASC 606, are reported within risk management and trading activities. While the GAIL contract is individually not accounted for as a derivative, it is inseparable from the overall trading portfolio. Revenue is recognized at a point in time based on the actual volumes of the commodity sold at the delivery point, which corresponds to the customer's monthly invoice amount. The GAIL contract has a term of 20 years and began on March 31, 2018.

Nine Months Ended September 30, 2020								
		Utilities		Midstream		Corporate/ Other		Total [(a)]
Revenue from contracts with customers								
Commodity sales contracts	$	1,004	$	696	$	1	$	1,701
Midstream service contracts		—		119		—		119
Gas sales and transportation services		1,671		—		—		1,671
Storage services		19		—		—		19
Other		7		—		15		22
Total revenue from contracts with customers	$	2,701	$	815	$	16	$	3,532
Other sources of revenue								
Revenue from alternative revenue programs [(b)]	$	67	$	—	$	—	$	67
Leasing revenue [(c)]		1		103		75		179
Risk management and trading activities [(d) (e)]		(33)		143		—		110
Other		(11)		9		11		9
Total revenue from other sources	$	24	$	255	$	86	$	365
Total revenue	$	2,725	$	1,070	$	102	$	3,897

(a) In the first quarter of 2020, AltaGas revised its reportable segments. Comparative period numbers have been adjusted to reflect this change. Refer to Note 23 for additional information.

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

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

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

(e) WGL Midstream trading margins are reported in risk management and trading activities from the Midstream segment. WGL Midstream enters into derivative contracts for the purpose of optimizing its storage and transportation capacity as well as managing the transportation and storage assets on behalf of third parties. The trading margins of WGL Midstream, including unrealized gains and losses on derivative instruments, are netted within revenues. Gross revenues for the nine months ended September 30, 2020 of $303 million associated with the GAIL Global (USA) LNG LLC (GAIL) contract and an Asset Management Agreement (AMA), which are in scope of ASC 606, are reported within risk management and trading activities. While the GAIL contract and AMA are individually not accounted for as derivatives, they are inseparable from the overall trading portfolio. Revenue from the GAIL contract is recognized at a point in time based on the actual volumes of the commodity sold at the delivery point, which corresponds to the customer's monthly invoice amount. The GAIL contract has a term of 20 years and began on March 31, 2018. Revenue from the AMA is recognized based on the amount WGL Midstream has the right to invoice the customer in accordance with ASC 606. WGL executed the AMA in April 2020.

	Nine Months Ended September 30, 2019			
	Utilities	Midstream	Corporate/ Other	Total [(a)]
Revenue from contracts with customers				
Commodity sales contracts	$ 1,059	$ 473	$ 51	$ 1,583
Midstream service contracts	—	108	—	108
Gas sales and transportation services	1,718	—	—	1,718
Storage services	22	—	—	22
Other	7	3	24	34
Total revenue from contracts with customers	$ 2,806	$ 584	$ 75	$ 3,465
Other sources of revenue				
Revenue from alternative revenue programs [(b)]	$ 23	$ —	$ —	$ 23
Leasing revenue [(c)]	1	104	81	186
Risk management and trading activities [(d)] [(e)]	34	213	22	269
Other	(1)	7	11	17
Total revenue from other sources	$ 57	$ 324	$ 114	$ 495
Total revenue	$ 2,863	$ 908	$ 189	$ 3,960

(a) In the first quarter of 2020, AltaGas revised its reportable segments. Comparative period numbers have been adjusted to reflect this change. Refer to Note 23 for additional information.

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

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

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

(e) WGL Midstream trading margins are reported in risk management and trading activities from the Midstream segment. WGL Midstream enters into derivative contracts for the purpose of optimizing its storage and transportation capacity as well as managing the transportation and storage assets on behalf of third parties. The trading margins of WGL Midstream, including unrealized gains and losses on derivative instruments, are netted within revenues. Gross revenues for the nine months ended September 30, 2019 of $393 million associated with the GAIL Global (USA) LNG LLC (GAIL) contract, which are in scope of ASC 606, are reported within risk management and trading activities. While the GAIL contract is individually not accounted for as a derivative, it is inseparable from the overall trading portfolio of WGL Midstream. Revenue is recognized at a point in time based on the actual volumes of the commodity sold at the delivery point, which corresponds to the customer's monthly invoice amount. The GAIL contract has a term of 20 years and began on March 31, 2018.

Revenue Recognition

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

Utilities Segment

Gas Sales and Transportation Services

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

Gas Storage Services

Gas storage customers are billed monthly for services provided. Customer billings are based on four components: (i) reservation charges; (ii) capacity charges; (iii) injection/withdrawal charges; and (iv) excess charges. Reservation charges are based on the customer's contract withdrawal quantity, capacity charges are based on the customer's total contract quantity, and injection/withdrawal charges are based on the volume of gas delivered to or from the customer. Excess charges are applied to each day that the storage quantity exceeds 100 percent of the customer's maximum storage quantity. Revenue is recognized as the service has been performed over time on a monthly basis, which corresponds to the invoice amount. The majority of these contracts have terms extending beyond one year.

Commodity Sales

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

Midstream Segment

Commodity Sales

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

Commodity sales contracts at RIPET generate revenue from the sale and delivery of liquid propane purchased from upstream producers. Revenue from these sales contracts is recognized when propane is loaded onto transport vessels, which is the delivery point. AltaGas has the right to consideration in an amount that directly corresponds to the volumes of propane loaded on a vessel.

Midstream Service Contracts

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

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

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

Corporate/Other Segment

For the Corporate/Other segment, the majority of revenue relates to remaining power assets, from which revenue is primarily earned through power purchase agreements which are accounted for as operating leases. In instances where power generation is not sold under a power purchase agreement, the commodity is sold via a merchant market, or via commodity sales agreements which are accounted for as financial instruments. For commodity sales contracts that do not meet the definition of a lease, derivative or for contracts whereby AltaGas has elected to apply the normal purchase normal sales scope exception, the sales contract is accounted for under ASC 606. This includes energy generated from combined heating and power assets that are sold under long term power purchase agreements with a general duration of approximately 20 years. These long term purchase agreements provide stable cash flow by way of contracted prices for the underlying commodities.

Contract Balances

As at September 30, 2020, a contract asset of $45 million ($44 million net of credit losses) has been recorded within long-term investments and other assets on the Consolidated Balance Sheets (December 31, 2019 – $30 million). This contract asset represents the difference in revenue recognized under a new rate in a blend-and-extend contract modification with a customer. Revenue from this contract modification will be recognized at the pre-modification rate for the remainder of the original term with the excess revenue recorded as a contract asset. The contract asset will be drawn down over the remaining term of the modified contract.

In addition, at September 30, 2020 there is a contract asset of $70 million (December 31, 2019 - $59 million) recorded within prepaid expenses and other current assets on the Consolidated Balance Sheets for WGL Energy Systems' unbilled revenue relating to design-build construction contracts. The contract asset represents unbilled amounts typically resulting from sales under contracts when the cost-to-cost method of revenue recognition is utilized, and revenue recognized exceeds the amount billed to the customer. Right to payment is achieved when the projects are formally "accepted" by the federal government. At September 30, 2020, contract liabilities of $4 million (December 31, 2019 - $2 million) have been recorded within other current liabilities on the Consolidated Balance Sheets. The contract liabilities consist of advance payments and billings in excess of revenue recognized and deferred revenue. Contract assets and liabilities are reported in a net position on a contract-by-contract basis at the end of each reporting period.

Contract Assets

As at		**September 30, 2020**		December 31, 2019
Balance, beginning of period	**$**	**89**	$	59
Additions		**25**		32
Foreign exchange translation		**1**		(2)
Balance, end of period	**$**	**115**	$	89

Contract Liabilities

As at	September 30, 2020	December 31, 2019
Balance, beginning of period	**$ 2**	$ 2
Additions	**2**	2
Revenue recognized from contract liabilities [(a)]	**—**	(2)
Balance, end of period	**$ 4**	$ 2

(a) Recognition of revenue related to performance obligations satisfied in the current period for amounts that were previously included in contract liabilities.

Transaction price allocated to the remaining obligations

The following table includes estimated revenue expected to be recognized in the future related to performance obligations that are unsatisfied as of September 30, 2020:

	Remainder of 2020	2021	2022	2023	2024	> 2024	Total
Midstream service contracts	$ 28	$ 106	$ 112	$ 109	$ 109	$ 1,102	**$ 1,566**
Storage services	6	25	24	24	24	172	**275**
Other	4	9	2	2	2	11	**30**
	$ 38	$ 140	$ 138	$ 135	$ 135	$ 1,285	**$ 1,871**

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

14. Financial Instruments and Financial Risk Management

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

Fair Value Hierarchy

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

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

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

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

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

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

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

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

Equity securities – the fair value of equity securities was calculated using quoted market prices.

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

As at	September 30, 2020				
	Carrying Amount	Level 1	Level 2	Level 3	Total Fair Value
Financial assets					
Fair value through net income [(a)]					
Risk management assets - current	$ 40	$ —	$ 21	$ 19	$ 40
Risk management assets - non-current	46	—	6	40	46
Equity securities [(b)]	4	4	—	—	4
Fair value through regulatory assets/liabilities [(a)]					
Risk management assets - current	3	—	—	3	3
Risk management assets - non-current	8	—	—	8	8
Amortized cost					
Loans and receivables [(b)]	44	—	45	—	45
	$ 145	$ 4	$ 72	$ 70	$ 146
Financial liabilities					
Fair value through net income [(a)]					
Risk management liabilities - current	$ 59	$ —	$ 43	$ 16	$ 59
Risk management liabilities - non-current	72	—	17	55	72
Fair value through regulatory assets/liabilities [(a)]					
Risk management liabilities - current	10	—	1	9	10
Risk management liabilities - non-current	73	—	—	73	73
Amortized cost					
Current portion of long-term debt	493	—	493	—	493
Long-term debt	6,351	—	7,444	—	7,444
Other current liabilities [(c)]	23	—	23	—	23
	$ 7,081	$ —	$ 8,021	$ 153	$ 8,174

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

(b) Included under the line item "long-term investments and other assets" on the Consolidated Balance Sheets.

(c) Excludes non-financial liabilities.

As at	December 31, 2019				
	Carrying Amount	Level 1	Level 2	Level 3	Total Fair Value
Financial assets					
Fair value through net income [a]					
Risk management assets - current	$ 82	$ —	$ 31	$ 51	$ 82
Risk management assets - non-current	31	—	7	24	31
Equity securities [b]	4	4	—	—	4
Fair value through regulatory assets/liabilities [a]					
Risk management assets - current	5	—	—	5	5
Risk management assets - non-current	8	—	—	8	8
Amortized cost					
Loans and receivables [b]	45	—	46	—	46
	$ 175	$ 4	$ 84	$ 88	$ 176
Financial liabilities					
Fair value through net income [a]					
Risk management liabilities - current	$ 121	$ —	$ 99	$ 22	$ 121
Risk management liabilities - non-current	77	—	19	58	77
Fair value through regulatory assets/liabilities [a]					
Risk management liabilities - current	4	—	—	4	4
Risk management liabilities - non-current	90	—	—	90	90
Amortized cost					
Current portion of long-term debt	923	—	923	—	923
Long-term debt	5,928	—	6,264	—	6,264
Other current liabilities [c]	15	—	15	—	15
	$ 7,158	$ —	$ 7,320	$ 174	$ 7,494

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

(b) Included under the line item "long-term investments and other assets" on the Consolidated Balance Sheets.

(c) Excludes non-financial liabilities.

Financial assets and liabilities not included in the fair value hierarchy table include money market funds, short term debt, commercial paper, and a long-term receivable (Note 18). The carrying value of these financial instruments approximate their fair value, which reflects the short-term maturity and/or normal credit terms of these financial instruments.

The following table includes quantitative information about the significant unobservable inputs used in the fair value measurement of Level 3 financial instruments at September 30, 2020:

	Net Fair Value	Valuation Technique	Unobservable Inputs	Range	Weighted Average [a]
Natural gas	$ (68)	Discounted Cash Flow	Natural Gas Basis Price (per Dth)	$ (1.92) - $ 2.76	$ (0.37)
Natural gas	$ (1)	Option Model	Natural Gas Basis Price (per Dth)	$ (1.92) - $ 2.99	$ (0.12)
			Annualized Volatility of Spot Market Natural Gas	5 % - 669 %	19 %
Electricity	$ (14)	Discounted Cash Flow	Electricity Congestion Price (per MWh)	$ (6.18) - $ 66.70	$ 12.86

(a) Unobservable inputs were weighted by transaction volume.

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

Three Months Ended		September 30, 2020			September 30, 2019		
		Natural Gas	**Electricity**	**Total**	Natural Gas	Electricity	Total
Balance, beginning of period	**$**	**(49) $**	**— $**	**(49) $**	(92) $	13 $	(79)
Realized and unrealized gains (losses):							
Recorded in income		**(12)**	**(4)**	**(16)**	(12)	(22)	(34)
Recorded in regulatory assets		**(8)**	**—**	**(8)**	(13)	—	(13)
Transfers into Level 3		**(1)**	**—**	**(1)**	(4)	—	(4)
Transfers out of Level 3		**—**	**—**	**—**	5	—	5
Purchases		**—**	**(1)**	**(1)**	—	—	—
Settlements		**—**	**(8)**	**(8)**	(7)	9	2
Foreign exchange translation		**1**	**(1)**	**—**	(1)	—	(1)
Balance, end of period	**$**	**(69) $**	**(14) $**	**(83) $**	(124) $	— $	(124)

Nine Months Ended		September 30, 2020			September 30, 2019		
		Natural Gas	**Electricity**	**Total**	Natural Gas	Electricity	Total
Balance, beginning of period	**$**	**(85) $**	**— $**	**(85) $**	(149) $	(14) $	(163)
Realized and unrealized gains (losses):							
Recorded in income		**20**	**16**	**36**	25	3	28
Recorded in regulatory assets		**12**	**—**	**12**	6	—	6
Transfers into Level 3		**(1)**	**—**	**(1)**	(9)	—	(9)
Transfers out of Level 3		**1**	**—**	**1**	12	—	12
Purchases		**—**	**(1)**	**(1)**	—	(6)	(6)
Settlements		**(13)**	**(29)**	**(42)**	(13)	17	4
Foreign exchange translation		**(3)**	**—**	**(3)**	4	—	4
Balance, end of period	**$**	**(69) $**	**(14) $**	**(83) $**	(124) $	— $	(124)

Transfers out of Level 3 financial instruments are due to an increase in valuations using observable market inputs. Transfers into Level 3 financial instruments are due to an increase in unobservable market inputs used in valuations, primarily pricing points.

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

		Three Months Ended September 30		Nine Months Ended September 30	
		2020	2019	**2020**	2019
Natural gas	**$**	**(27) $**	1 **$**	**2** $	9
Energy exports		**(38)**	(14)	**39**	(22)
NGL frac spread		**(3)**	(3)	**8**	(7)
Power		**(5)**	1	**(4)**	(2)
Foreign exchange		**—**	—	**—**	1
	$	**(73) $**	(15) **$**	**45** $	(21)

Offsetting of Derivative Assets and Derivative Liabilities

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

As at	**September 30, 2020**			
	Gross amounts of recognized assets/liabilities	Gross amounts offset in balance sheet	Netting of collateral	Net amounts presented in balance sheet
Risk management assets [(a)]				
Natural gas	**$ 125**	**$ (63)**	**$ —**	**$ 62**
Energy exports	**11**	**(11)**	**8**	**8**
NGL frac spread	**6**	**—**	**—**	**6**
Power	**31**	**(10)**	**—**	**21**
	$ 173	**$ (84)**	**$ 8**	**$ 97**
Risk management liabilities [(b)]				
Natural gas	**$ 213**	**$ (63)**	**$ (13)**	**$ 137**
Energy exports	**51**	**(11)**	**—**	**40**
Power	**48**	**(10)**	**(1)**	**37**
	$ 312	**$ (84)**	**$ (14)**	**$ 214**

(a) Net amount of risk management assets on the Balance Sheet is comprised of risk management assets (current) balance of $43 million and risk management assets (non-current) balance of $54 million.

(b) Net amount of risk management liabilities on the Balance Sheet is comprised of risk management liabilities (current) balance of $69 million and risk management liabilities (non-current) balance of $145 million.

As at	December 31, 2019			
	Gross amounts of recognized assets/liabilities	Gross amounts offset in balance sheet	Netting of collateral	Net amounts presented in balance sheet
Risk management assets [(a)]				
Natural gas	$ 121	$ (54)	$ —	$ 67
Energy exports	10	(3)	5	12
Power	54	(7)	—	47
	$ 185	$ (64)	$ 5	$ 126
Risk management liabilities [(b)]				
Natural gas	$ 226	$ (54)	$ (28)	$ 144
Energy exports	90	(3)	—	87
NGL frac spread	2	—	—	2
Power	69	(7)	(3)	59
	$ 387	$ (64)	$ (31)	$ 292

(a) Net amount of risk management assets on the Balance Sheet is comprised of risk management assets (current) balance of $87 million and risk management assets (non-current) balance of $39 million.

(b) Net amount of risk management liabilities on the Balance Sheet is comprised of risk management liabilities (current) balance of $125 million and risk management liabilities (non-current) balance of $167 million.

Cash Collateral

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

As at	September 30, 2020	December 31, 2019
Collateral posted with counterparties	**$ 5**	$ 29
Cash collateral held representing an obligation	**$ —**	$ —

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

Certain derivative instruments contain contract provisions that require collateral to be posted if the credit rating of AltaGas or certain of its subsidiaries falls below certain levels. At September 30, 2020, AltaGas has posted $1 million (December 31, 2019 - $6 million), of collateral related to its derivative liabilities that contained credit-related contingent features. The following table shows the aggregate fair value of all derivative instruments with credit-related contingent features that are in a liability position, as well as the maximum amount of collateral that would be required if specific credit-risk-related contingent features underlying these agreements were triggered:

As at	September 30, 2020	December 31, 2019
Risk management liabilities with credit-risk-contingent features	**$ 22**	$ 42
Maximum potential collateral requirements	**$ 14**	$ 29

Notional Summary

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

As at	September 30, 2020	December 31, 2019
Natural Gas		
Sales	**641,929,359 GJ**	698,126,985 GJ
Purchases	**1,609,444,674 GJ**	1,406,991,689 GJ
Swaps	**474,597,867 GJ**	541,652,374 GJ
Energy Exports		
Swaps	**16,397,356 Bbl**	9,374,826 Bbl
NGL Frac Spread		
Butane swaps	**357,310 Bbl**	346,852 Bbl
Crude oil swaps	**287,463 Bbl**	212,587 Bbl
Natural gas swaps	**3,745,508 GJ**	3,883,992 GJ
Power		
Sales	**5,350,198 MWh**	8,034,024 MWh
Purchases	**8,431,552 MWh**	8,552,467 MWh
Swaps	**24,984,595 MWh**	25,058,577 MWh

Foreign Exchange Risk

AltaGas is exposed to foreign exchange risk as changes in foreign exchange rates may affect the fair value or future cash flows of the Corporation's financial instruments. AltaGas has foreign operations whereby the functional currency is the U.S. dollar. As a result, the Corporation's earnings, cash flows, and OCI are exposed to fluctuations resulting from changes in foreign exchange rates. This risk is partially mitigated to the extent that AltaGas has U.S. dollar-denominated debt and/or preferred shares outstanding. AltaGas may also enter into foreign exchange forward derivatives to manage the risk of fluctuating cash flows due to variations in foreign exchange rates. As at September 30, 2020 and December 31, 2019, AltaGas did not have any outstanding foreign exchange forward contracts.

AltaGas may designate its U.S. dollar-denominated debt as a net investment hedge of its U.S. subsidiaries. As at September 30, 2020, AltaGas has designated US$100 million of outstanding debt as a net investment hedge (December 31, 2019 - US$300 million). For the three and nine months ended September 30, 2020, AltaGas recognized after-tax unrealized gains of 8 million and after-tax unrealized losses of $10 million, respectively, arising from the translation of debt in other comprehensive income (three and nine months ended September 30, 2019 - after-tax unrealized losses of $17 million and after-tax unrealized gains of $53 million, respectively).

Allowance for Credit Losses

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

	Three Months Ended September 30, 2020			
	Accounts Receivable	Contract Assets [(a)]	Other long-term investments and other assets [(b)]	Total
Utilities				
Balance, beginning of period	$ 37	$ —	$ —	$ 37
Foreign exchange translation	(1)	—	—	(1)
New allowance [(c)]	9	—	—	9
Written off	(5)	—	—	(5)
Recoveries collected	1	—	—	1
Balance, end of period	$ 41	$ —	$ —	$ 41
Midstream				
Balance, beginning of period	$ 1	$ 1	$ 3	$ 5
Written off	—	—	(1)	(1)
Balance, end of period	$ 1	$ 1	$ 2	$ 4
Corporate/Other				
Balance, beginning of period	$ 1	$ —	$ 1	$ 2
Balance, end of period	$ 1	$ —	$ 1	$ 2
Total	$ 43	$ 1	$ 3	$ 47

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

(b) Includes loan to affiliate and other long-term receivables (Notes 8 and 18). An allowance for credit loss is assessed quarterly and is recorded based on historical default rates published by external credit rating agencies and a rate commensurate with the period in which the receivable is expected to be collected.

(c) Includes 6 million recorded to a regulatory asset relating to the impact of COVID-19 on uncollectible accounts.

	Nine Months Ended September 30, 2020			
	Accounts Receivable	Contract Assets [(a)]	Other long-term investments and other assets [(b)]	Total
Utilities				
Balance, beginning of period	$ 31	$ —	$ —	$ 31
Adjustment upon adoption of ASC 326 [(c)]	2	—	—	2
Foreign exchange translation	1	—	—	1
New allowance [(d)]	29	—	—	29
Written off	(25)	—	—	(25)
Recoveries collected	3	—	—	3
Balance, end of period	$ 41	$ —	$ —	$ 41
Midstream				
Balance, beginning of period	$ 1	$ —	$ —	$ 1
Adjustment upon adoption of ASC 326	—	1	3	4
Written off	—	—	(1)	(1)
Balance, end of period	$ 1	$ 1	$ 2	$ 4
Corporate/Other				
Balance, beginning of period	$ 2	$ —	$ —	$ 2
Adjustment upon adoption of ASC 326	—	—	1	1
Written off	(1)	—	—	(1)
Balance, end of period	$ 1	$ —	$ 1	$ 2
Total	$ 43	$ 1	$ 3	$ 47

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

(b) Includes loan to affiliate and other long-term receivables (Notes 8 and 18). An allowance for credit loss is assessed quarterly and is recorded based on historical default rates published by external credit rating agencies and a rate commensurate with the period in which the receivable is expected to be collected.

(c) Based on previous collection experience, AltaGas did not record an allowance for credit losses for its contract assets associated with its energy management services projects with the U.S. federal government.

(d) Includes 11 million recorded to a regulatory asset relating to the impact of COVID-19 on uncollectible accounts.

With the exception of accounts receivable which are due in one year or less, AltaGas does not have any past due receivables as at September 30, 2020.

Weather Related Instruments

WGL Energy Services utilizes heating degree day (HDD) instruments from time to time to manage weather and price risks related to its natural gas and electricity sales during the winter heating season. WGL Energy Services also utilizes cooling degree day (CDD) instruments and other instruments to manage weather and price risks related to its electricity sales during the summer cooling season. These instruments cover a portion of estimated revenue or energy-related cost exposure to variations in HDDs or CDDs. For the three and nine months ended September 30, 2020, pre-tax losses of nil and $3 million, respectively, were recorded related to these instruments (three and nine months ended September 30, 2019 - pre-tax losses of 1 million and nil, respectively).

15. Leases

Lessor

Certain of AltaGas' revenues are obtained through power purchase agreements or take-or-pay contracts whereby AltaGas is the lessor in these operating lease arrangements. Minimum lease payments received are amortized over the term of the lease. Contingent rentals are recorded when the condition that created the present obligation to make such payments occurs such as when actual electricity is generated and delivered. Revenue from these arrangements have been disclosed in Note 13.

16. Shareholders' Equity

Authorization

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

Dividend Reinvestment and Optional Cash Purchase Plan (DRIP or the Plan)

The Plan consisted of two components: a Dividend Reinvestment component and an Optional Cash Purchase component. The Premium Dividend™ component of the plan was suspended in December 2018. The Dividend Reinvestment and Optional Cash Purchase component was suspended in December 2019, with the December dividend (paid January 2020) being the last dividend payment eligible for reinvestment by participating shareholders under the DRIP. The Plan in its entirety will remain suspended until further notice.

Common Shares Issued and Outstanding	Number of shares		Amount
January 1, 2019	275,224,066	$	6,654
Shares issued for cash on exercise of options	76,177		1
Deferred taxes on share issuance cost	—		(4)
Shares issued under DRIP	3,774,442		68
December 31, 2019	279,074,685	$	6,719
Shares issued for cash on exercise of options	38,866		1
Shares issued under DRIP	331,532		6
Deferred taxes on share issuance cost	—		(3)
Issued and outstanding at September 30, 2020	**279,445,083**	**$**	**6,723**

Preferred Shares

As at	September 30, 2020			December 31, 2019		
Issued and Outstanding	**Number of shares**		**Amount**	Number of shares		Amount
Series A	**6,746,679**	**$**	**169**	5,511,220	$	138
Series B	**1,253,321**		**31**	2,488,780		62
Series C	**8,000,000**		**206**	8,000,000		206
Series E	**8,000,000**		**200**	8,000,000		200
Series G	**6,885,823**		**172**	6,885,823		172
Series H	**1,114,177**		**28**	1,114,177		28
Series I	**8,000,000**		**200**	8,000,000		200
Series K	**12,000,000**		**300**	12,000,000		300
Share issuance costs, net of taxes			**(29)**			(29)
	52,000,000	**$**	**1,277**	52,000,000	$	1,277

Share Option Plan

AltaGas has an employee share option plan under which officers, employees, and service providers (as defined by the TSX) are eligible to receive grants. As at September 30, 2020, 13,915,160 shares were listed and reserved for issuance under the plan.

As at September 30, 2020, share options granted under the plan have a term between six and ten years until expiry and vest no longer than over a four-year period.

As at September 30, 2020, the unexpensed fair value of share option compensation cost associated with future periods was $6 million (December 31, 2019 - $5 million).

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

As at	September 30, 2020			December 31, 2019		
	Number of options		**Exercise price** (a)	Number of options		Exercise price (a)
Share options outstanding, beginning of period	**7,043,956**	**$**	**22.49**	6,309,183	$	25.18
Granted	**2,501,755**		**19.46**	2,287,385		19.12
Exercised	**(38,866)**		**15.36**	(76,177)		14.52
Forfeited	**(401,650)**		**26.37**	(1,165,435)		27.31
Expired	**(96,994)**		**34.04**	(311,000)		36.16
Share options outstanding, end of period	**9,008,201**	**$**	**21.38**	7,043,956	$	22.49
Share options exercisable, end of period	**3,447,461**	**$**	**25.81**	2,921,642	$	27.70

(a) Weighted average.

As at September 30, 2020, the aggregate intrinsic value of the total share options exercisable was $1 million (December 31, 2019 - $3 million), the total intrinsic value of share options outstanding was $3 million (December 31, 2019 - $12 million) and the total intrinsic value of share options exercised was less than $1 million (December 31, 2019 - less than $1 million).

The following table summarizes the employee share option plan as at September 30, 2020:

	Options outstanding				Options exercisable			
Price range	Number outstanding		Weighted average exercise price	Weighted average remaining contractual life	Number exercisable		Weighted average exercise price	Weighted average remaining contractual life
$14.52 to $18.00	2,508,825	$	15.23	4.32	754,075	$	15.24	4.28
$18.01 to $25.08	4,290,403		19.66	4.72	774,465		20.17	2.98
$25.09 to $45.49	2,208,973		31.72	2.01	1,918,920		32.25	1.82
	9,008,201	**$**	**21.38**	**3.94**	**3,447,461**	**$**	**25.81**	**2.62**

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

AltaGas has a Phantom Plan for employees and executive officers, which includes restricted units (RUs) and performance units (PUs) with vesting periods between 36 to 44 months from the grant date. In addition, AltaGas has a DSUP, which allows granting of deferred share units (DSUs) to directors. DSUs granted under the DSUP vest immediately but settlement of the DSUs occur when the individual ceases to be a director.

PUs, RUs, and DSUs *(number of units)*	**September 30, 2020**	December 31, 2019
Balance, beginning of year	**6,484,831**	9,908,154
Granted	**1,141,117**	674,971
Vested and paid out	**(200,172)**	(791,335)
Forfeited	**(1,195,660)**	(3,377,962)
Units in lieu of dividends	**85,841**	71,003
Outstanding, end of period	**6,315,957**	6,484,831

For the three and nine months ended September 30, 2020, the compensation expense recorded for the Phantom Plan and DSUP was $8 million and $13 million, respectively (three and nine months ended September 30, 2019 – $4 million and $13 million, respectively). As at September 30, 2020, the unrecognized compensation expense relating to the remaining vesting period for the Phantom Plan was $24 million (December 31, 2019 - $22 million) and is expected to be recognized over the vesting period.

17. Net Income (Loss) Per Common Share

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

	Three Months Ended September 30		Nine Months Ended September 30	
	2020	2019	**2020**	2019
Numerator:				
Net income (loss) applicable to controlling interests	**$ (31)**	$ 39	**$ 487**	$ 923
Less: Preferred share dividends	**(16)**	(17)	**(50)**	(51)
Net income (loss) applicable to common shares	**$ (47)**	$ 22	**$ 437**	$ 872
Denominator:				
(millions of shares)				
Weighted average number of common shares outstanding	**279.4**	277.4	**279.4**	276.4
Dilutive equity instruments [(a)]	**—**	0.6	**0.3**	0.4
Weighted average number of common shares outstanding - diluted	**279.4**	278.0	**279.7**	276.8
Basic net income (loss) per common share	**$ (0.17)**	$ 0.08	**$ 1.56**	$ 3.16
Diluted net income (loss) per common share	**$ (0.17)**	$ 0.08	**$ 1.56**	$ 3.15

(a) Determined using the treasury stock method.

For the three and nine months ended September 30, 2020, 7.1 million and 7.2 million share options (2019 – 4.9 million and 4.2 million, respectively) were excluded from the diluted net income (loss) per common share calculation as their effects were anti-dilutive.

18. Commitments, Guarantees, and Contingencies

Commitments

AltaGas has long-term natural gas purchase and transportation arrangements, propane purchase agreements, electricity purchase arrangements, service agreements, pipeline and storage contracts, capital commitments, environmental commitments, merger commitments, and operating leases for office space, office equipment, rail cars, and automobile equipment, all of which are transacted at market prices and in the normal course of business.

AltaGas' utilities have contracts to purchase natural gas, natural gas transportation and storage services from various suppliers to ensure that there is an adequate supply of natural gas to meet the needs of customers and to minimize exposure to market price fluctuations. These contracts have expiration dates that range from 2020 to 2044. In addition, WGL Energy Services also enters into contracts to purchase natural gas and electricity designed to match the duration of its sales commitments, and to secure a margin on estimated sales over the terms of existing sales contracts. WGL Midstream enters into contracts to acquire, invest in, manage, and optimize natural gas storage and transportation assets.

As a result of a delay to the expected in-service date of the Mountain Valley pipeline, on June 1, 2020, WGL Midstream exercised its right to partially terminate a portion of a natural gas purchase contract with one of its suppliers. At current index prices, this results in a decline of gas purchase commitments for AltaGas of approximately US$4 billion through 2041. There were no other significant changes to WGL Midstream's contractual obligations during the nine months ended September 30, 2020.

In connection with the WGL Acquisition, AltaGas and WGL have made commitments related to the terms of the Public Service Commission of the District of Columbia (PSC of DC) settlement agreement and the conditions of approval from the Maryland Public Service Commission (PSC of MD) and the Commonwealth of Virginia State Corporation Commission (SCC of VA). Among other things, these commitments include rate credits distributable to both residential and non-residential customers, gas expansion and other programs, various public interest commitments, and safety programs. As at September 30, 2020, the total amount of merger commitments which have been expensed but are not yet paid is approximately US$16 million. In addition, there are certain additional merger commitments that were and will be expensed as costs are incurred in the future, including the investment of up to US$70 million over a ten year period to further extend natural gas service, investment of US$8 million for leak mitigation within three years of the merger, hiring damage prevention trainers in each jurisdiction for a total of US$2 million over five years, and developing 15 megawatts of either electric grid energy storage or Tier 1 renewable resources within five years.

In 2017, AltaGas entered into a 12-year service agreement for tug services to support the marine operations of RIPET. As at September 30, 2020, AltaGas is obligated to pay fixed fees of approximately $22 million over the remainder of the contract.

In 2019, AltaGas entered into propane supply contracts with various counterparties to secure physical volumes required for RIPET's export capacity commitments. The contract terms range from 1 - 15 years, for an aggregate commitment amount of approximately $512 million.

In 2014, AltaGas' Blythe facility entered into a Long-Term Service Agreement with Siemens to complete various upgrade and maintenance services on the Combustion Turbines (CT) at Blythe. The term of the agreement is over 124,000 equivalent operating hours per CT, or 25 years, whichever comes first. As at September 30, 2020, approximately $164 million is expected to be paid over the next 15 years, of which $46 million is expected to be paid over the next five years.

In 2009, AltaGas entered into a 20-year storage agreement at the Dawn Hub in southwestern Ontario. AltaGas is obligated to pay approximately $4 million per annum over the term of the contract for storage services.

Guarantees

AltaGas has guaranteed payments primarily for certain commitments on behalf of some of its subsidiaries. AltaGas has also guaranteed payments for certain of its external partners. As at September 30, 2020, AltaGas had no guarantees to external parties.

Contingencies

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

Antero Contract

In June 2019, a jury trial was held in the County Court for Denver, Colorado to consider a contractual dispute relating to gas pricing between Washington Gas and WGL Midstream (together, the Companies) and Antero Resources Corporation (Antero). Following the trial, the jury returned a verdict in favor of Antero for approximately US$96 million, of which approximately US$11 million was against Washington Gas with the remainder against WGL Midstream. Following the official entry of the judgment, the Companies filed an appeal on August 16, 2019. Arguments on the appeal have been scheduled for November 4, 2020.

AltaGas recorded a net reduction to the acquired working capital of WGL of approximately US$45 million to account for the verdict in favor of Antero net of tax and other expected recoveries. Expected recoveries include a $30 million receivable recorded in "long-term investments and other assets" on the Consolidated Balance Sheets for amounts expected to be recovered under a commercial arrangement with a third party.

During the three months ended September 30, 2020, AltaGas entered into an Escrow Agreement and a Letter Agreement with the third party to share the cost related to the judgment. Following the execution of the agreements, $8 million funded by the third party was deposited into an escrow fund and recorded as restricted cash in “long-term investments and other assets". The previously recorded receivable was reduced accordingly.

Maryland Show-Cause Order

On April 23, 2019, the National Transportation and Safety Board (NTSB) held a hearing during which it found, among other things, that the probable cause of the August 10, 2016, explosion and fire at an apartment complex on Arliss Street in Silver Spring, Maryland “was the failure of an indoor mercury service regulator with an unconnected vent line that allowed natural gas into the meter room where it accumulated and ignited from an unknown ignition source. Contributing to the accident was the location of the mercury service regulators where leak detection by odor was not readily available.” Washington Gas disagrees with the NTSB’s probable cause findings. Following this hearing, on June 10, 2019, the NTSB issued an accident report.

On September 5, 2019, the PSC of MD ordered Washington Gas to (i) provide a detailed response to the NTSB’s probable cause findings and (ii) provide evidence regarding the status of a 2003 mercury regulator replacement program and, if the program was not completed, to show cause why the PSC of MD should not impose a civil penalty on Washington Gas (Show-Cause Order).

Washington Gas responded to the PSC of MD's Show-Cause Order, providing a detailed response to the NTSB’s probable cause findings, providing evidence regarding the status of its 2003 mercury regulator replacement program and demonstrating cause why the PSC of MD should not impose a civil penalty on Washington Gas. Following Washington Gas' response, certain intervenors filed written comments and a public hearing was held on the matter, with some intervenors and members of the public advocating for penalties against Washington Gas. Washington Gas filed its rejoinder comments and the Show-Cause Order is working its way through the regulatory proceeding process with the PSC of MD. An evidentiary hearing on the Show-Cause order was conducted on September 24 - 25, 2020. Initial briefs were filed on October 28, 2020, and reply briefs will be filed on November 13, 2020.

Management believes that the likelihood of a civil penalty is probable and has accrued US$0.3 million to reflect the minimum liability expected to result from the proceeding. Though Washington Gas is unable to estimate the maximum possible penalty, other parties have recommended penalties ranging from less than US$1 million (PSC of MD Staff, which argued that Washington Gas should pay a minimum penalty for failing to provide annual reports detailing progress in replacing the mercury regulators) to approximately US$123 million (Office of People's Counsel, which argued that Washington Gas should absorb all costs of removal and relocation of mercury service regulators and pay a fine of US$25,000 per day for each day mercury service regulators remain on Washington Gas' system).

19. Pension Plans and Retiree Benefits

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

Rabbi trusts of $37 million as at September 30, 2020 have been funded to satisfy the employee benefit obligations associated with WGL's various pension plans (December 31, 2019 - $57 million). These balances are included in "prepaid expenses and other current assets" and "long-term investments and other assets" in the Consolidated Balance Sheets.

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

	Three Months Ended September 30, 2020					
	Canada		United States		Total	
	Defined Benefit	Post-retirement Benefits	Defined Benefit	Post-retirement Benefits	Defined Benefit	Post-retirement Benefits
Current service cost [(a)]	$ 1	$ —	$ 7	$ 2	$ 8	$ 2
Interest cost [(b)]	—	—	15	4	15	4
Expected return on plan assets [(b) (c)]	—	—	(24)	(13)	(24)	(13)
Amortization of past service credit [(b)]	—	—	—	(5)	—	(5)
Amortization of net actuarial loss (gain) [(b) (c)]	1	—	(2)	(5)	(1)	(5)
Plan settlements [(b)]	—	—	3	—	3	—
Net benefit cost (income) recognized	$ 2	$ —	$ (1)	$ (17)	$ 1	$ (17)

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

(b) Recorded under the line item “other income” on the Consolidated Statements of Income (Loss).

(c) Includes the impact of the voluntary change in accounting principle implemented in the third quarter of 2020. Refer to Note 2 for additional information.

	Three Months Ended September 30, 2019					
	Canada		United States		Total	
	Defined Benefit	Post-retirement Benefits	Defined Benefit	Post-retirement Benefits	Defined Benefit	Post-retirement Benefits
Current service cost [(a)]	$ 1	$ —	$ 6	$ 2	$ 7	$ 2
Interest cost [(b)]	—	—	17	5	17	5
Expected return on plan assets [(b)]	—	—	(19)	(9)	(19)	(9)
Amortization of past service credit [(b)]	—	—	—	(5)	—	(5)
Amortization of net actuarial loss [(b)]	—	—	3	—	3	—
Net benefit cost (income) recognized	$ 1	$ —	$ 7	$ (7)	$ 8	$ (7)

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

(b) Recorded under the line item “other income” on the Consolidated Statements of Income (Loss).

	Nine Months Ended September 30, 2020					
	Canada		**United States**		**Total**	
	Defined Benefit	**Post-retirement Benefits**	**Defined Benefit**	**Post-retirement Benefits**	**Defined Benefit**	**Post-retirement Benefits**
Current service cost [(a)]	**$ 2**	**$ —**	**$ 20**	**$ 7**	**$ 22**	**$ 7**
Interest cost [(b)]	**1**	**—**	**46**	**12**	**47**	**12**
Expected return on plan assets [(b) (c)]	**—**	**—**	**(62)**	**(31)**	**(62)**	**(31)**
Amortization of past service credit [(b)]	**—**	**—**	**—**	**(14)**	**—**	**(14)**
Amortization of net actuarial loss (gain) [(b) (c)]	**1**	**—**	**8**	**(5)**	**9**	**(5)**
Amortization of regulatory asset [(b)]	**—**	**—**	**1**	**—**	**1**	**—**
Plan settlements [(b)]	**—**	**—**	**4**	**—**	**4**	**—**
Net benefit cost (income) recognized	**$ 4**	**$ —**	**$ 17**	**$ (31)**	**$ 21**	**$ (31)**

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

(b) Recorded under the line item “other income” on the Consolidated Statements of Income (Loss).

(c) Includes the impact of the voluntary change in accounting principle implemented in the third quarter of 2020. Refer to Note 2 for additional information.

	Nine Months Ended September 30, 2019					
	Canada		United States		Total	
	Defined Benefit	Post-retirement Benefits	Defined Benefit	Post-retirement Benefits	Defined Benefit	Post-retirement Benefits
Current service cost [(a)]	$ 2	$ —	$ 18	$ 6	$ 20	$ 6
Interest cost [(b)]	1	—	51	15	52	15
Expected return on plan assets [(b)]	—	—	(56)	(28)	(56)	(28)
Amortization of past service credit [(b)]	—	—	—	(15)	—	(15)
Amortization of net actuarial loss [(b)]	—	—	7	—	7	—
Plan settlements [(b)]	—	—	6	—	6	—
Net benefit cost (income) recognized	$ 3	$ —	$ 26	$ (22)	$ 29	$ (22)

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

(b) Recorded under the line item “other income” on the Consolidated Statements of Income (Loss).

20. Income Taxes

The effective income tax rates for the three and nine months ended September 30, 2020 were approximately 33 percent and 20 percent, respectively (three and nine months ended September 30, 2019 – (374) percent and 6 percent, respectively). For the three months ended September 30, 2020, the increase in the effective tax rate was attributable to the absence of recoveries on the sale of WGL's distributed generation assets that were recorded in the comparable period in the prior year. For the nine months ended September 30, 2020, the increase in the effective tax rate was mainly due to lower capital gains in the current period; the prior period included the sale of the remaining interest in the Northwest Hydro facilities, which was taxed at the capital rate.

21. Supplemental Cash Flow Information

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

	Three Months Ended September 30		Nine Months Ended September 30	
	2020	2019	**2020**	2019
Source (use) of cash:				
Accounts receivable	**$ (51)**	$ 86	**$ 441**	$ 621
Inventory	**(81)**	(91)	**9**	(3)
Other current assets	**6**	(9)	**68**	(38)
Regulatory assets - current	**2**	2	**(18)**	6
Accounts payable and accrued liabilities	**26**	(92)	**(232)**	(505)
Customer deposits	**19**	13	**(4)**	(14)
Regulatory liabilities - current	**(13)**	21	**(106)**	(10)
Risk management liabilities - current	**—**	(1)	**(2)**	2
Other current liabilities	**(5)**	3	**(3)**	(5)
Other operating assets and liabilities	**(54)**	(30)	**(45)**	(4)
Changes in operating assets and liabilities	**$ (151)**	$ (98)	**$ 108**	$ 50

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

	Three Months Ended September 30		Nine Months Ended September 30	
	2020	2019	**2020**	2019
Decrease (increase) of balance:				
Common shares issued under DRIP	**$ —**	$ (19)	**$ (6)**	$ (48)
Net right-of-use assets obtained in exchange for new operating lease liabilities	**$ (7)**	$ (13)	**$ (32)**	$ (27)
Net right-of-use assets obtained in exchange for new finance lease liabilities	**$ (1)**	$ (1)	**$ (3)**	$ (2)
Capital expenditures included in accounts payable and accrued liabilities	**$ 9**	$ (49)	**$ 21**	$ (79)

The following cash payments have been included in the determination of earnings:

	Three Months Ended September 30		Nine Months Ended September 30	
	2020	2019	**2020**	2019
Interest paid (net of capitalized interest)	**$ 74**	$ 92	**$ 219**	$ 265
Income taxes paid	**$ 9**	$ 21	**$ 27**	$ 38

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

As at September 30		2020		2019
Cash and cash equivalents	$	29	$	36
Restricted cash holdings from customers - current		3		4
Restricted cash holdings from customers - non-current		2		4
Restricted cash included in prepaid expenses and other current assets [(a)]		10		6
Restricted cash included in long-term investments and other assets [(a)]		35		58
Cash, cash equivalents, and restricted cash per Consolidated Statements of Cash Flows	$	79	$	108

(a) The restricted cash balances included in "prepaid expenses and other current assets" and "long-term investments and other assets" relate to Rabbi trusts associated with WGL's pension plans (Note 19) and at September 30, 2020, also included amounts held in escrow related to the Antero Contract (see Note 18).

22. Seasonality

The Utilities business is highly seasonal with the majority of natural gas deliveries occurring during the winter heating season. Gas sales increase during the winter resulting in stronger first and fourth quarter results and weaker second and third quarter results. The retail business within the Utilities segment is also seasonal, with larger amounts of electricity being sold in the summer and peak winter months and larger amounts of natural gas being sold in the winter months.

23. Segmented Information

AltaGas owns and operates a portfolio of assets and services used to move energy from the source to the end-user. In the first quarter of 2020, AltaGas revised its reportable segments to align with the structure of its business following asset sales completed as part of its 2019 asset monetization program. As a result of these changes, AltaGas has refocused on its core Utilities and Midstream segments. Consistent with Management's strategic view of the business and the basis on which it assesses performance and allocates resources, beginning in 2020, AltaGas has two operating segments: Utilities (which now includes the WGL retail marketing business) and Midstream. These operating segments have not been aggregated in the determination of AltaGas' reportable segments. All other assets are included in the Corporate/Other segment. Prior period segment information has been restated to conform to the current reporting segment presentation.

The following describes the Corporation's reportable segments:

Utilities	■ rate-regulated natural gas distribution assets in Michigan, Alaska, the District of Columbia, Maryland, and Virginia; ■ rate-regulated natural gas storage in the United States; and ■ sale of natural gas and power to residential, commercial, and industrial customers in Washington D.C., Maryland, Virginia, Delaware, Pennsylvania, and Ohio.
Midstream	■ NGL processing and extraction plants; ■ natural gas storage facilities; ■ liquefied petroleum gas (LPG) terminal; ■ transmission pipelines to transport natural gas and NGL; ■ natural gas gathering lines and field processing facilities; ■ purchase and sale of natural gas; ■ natural gas and NGL marketing; ■ equity investment in Petrogas, a North American entity that owns and operates the Ferndale terminal and that is engaged in the marketing, storage and distribution of NGL, drilling fluids, crude oil and condensate diluents; and ■ interest in a regulated gas pipeline in the Marcellus/Utica basins.
Corporate/Other	■ the cost of providing corporate services, financing and general corporate overhead, investments in certain public and private entities, corporate assets, financing other segments and the effects of changes in the fair value of certain risk management contracts; and ■ a small portfolio of remaining power assets, certain of which are pending sale.

The following table provides a reconciliation of segment revenue to the disaggregated revenue table as disclosed under Note 13:

	Three Months Ended September 30, 2020			
	Utilities	**Midstream**	**Corporate/ Other**	**Total**
External revenue *(note 13)*	**$ 597**	**$ 333**	**$ 39**	**$ 969**
Intersegment revenue	**—**	**(19)**	**—**	**(19)**
Segment revenue	**$ 597**	**$ 314**	**$ 39**	**$ 950**

	Three Months Ended September 30, 2019			
	Utilities	Midstream	Corporate/ Other	Total
External revenue *(note 13)*	$ 571	$ 254	$ 63	$ 888
Intersegment revenue	—	7	—	7
Segment revenue	$ 571	$ 261	$ 63	$ 895

	Nine Months Ended September 30, 2020			
	Utilities	**Midstream**	**Corporate/ Other**	**Total**
External revenue *(note 13)*	**$ 2,725**	**$ 1,070**	**$ 102**	**$ 3,897**
Intersegment revenue	**—**	**(8)**	**—**	**(8)**
Segment revenue	**$ 2,725**	**$ 1,062**	**$ 102**	**$ 3,889**

	Nine Months Ended September 30, 2019			
	Utilities	Midstream	Corporate/ Other	Total
External revenue *(note 13)*	$ 2,863	$ 908	$ 189	$ 3,960
Intersegment revenue	—	26	—	26
Segment revenue	$ 2,863	$ 934	$ 189	$ 3,986

The following tables show the composition by segment:

	Three Months Ended September 30, 2020				
	Utilities	**Midstream**	**Corporate/ Other**	**Intersegment Elimination [a]**	**Total**
Segment revenue *(note 13)*	**$ 597**	**$ 314**	**$ 39**	**$ 19**	**$ 969**
Cost of sales	**(330)**	**(252)**	**(10)**	**(19)**	**(611)**
Operating and administrative	**(205)**	**(59)**	**(12)**	**—**	**(276)**
Accretion expenses	**—**	**(1)**	**—**	**—**	**(1)**
Depreciation and amortization	**(74)**	**(24)**	**(10)**	**—**	**(108)**
Income from equity investments *(note 10)*	**1**	**15**	**—**	**—**	**16**
Other income	**26**	**1**	**9**	**—**	**36**
Foreign exchange gains (losses)	**—**	**(10)**	**10**	**—**	**—**
Interest expense	**—**	**—**	**(65)**	**—**	**(65)**
Income (loss) before income taxes	**$ 15**	**$ (16)**	**$ (39)**	**$ —**	**$ (40)**
Net additions (reductions) to:					
Property, plant and equipment [b]	**$ 190**	**$ 15**	**$ (63)**	**$ —**	**$ 142**
Intangible assets	**$ 1**	**$ 1**	**$ 1**	**$ —**	**$ 3**

(a) Intersegment transactions are recorded at market value.

(b) Net additions to property, plant and equipment, and intangible assets may not agree to changes reflected in the Consolidated Statements of Cash Flows due to classification of business acquisition and foreign exchange changes on U.S. assets.

	Three Months Ended September 30, 2019				
	Utilities	Midstream	Corporate/ Other	Intersegment Elimination [a]	Total
Segment revenue *(note 13)*	$ 571	$ 261	$ 63	$ (7)	$ 888
Cost of sales	(357)	(126)	(5)	7	(481)
Operating and administrative	(221)	(51)	(28)	—	(300)
Accretion expenses	—	(1)	—	—	(1)
Depreciation and amortization	(67)	(22)	(15)	—	(104)
Income (loss) from equity investments *(note 10)*	2	(8)	1	—	(5)
Other income	3	—	100	—	103
Foreign exchange gains	—	1	—	—	1
Interest expense	1	—	(93)	—	(92)
Income (loss) before income taxes	$ (68)	$ 54	$ 23	$ —	$ 9
Net additions (reductions) to:					
Property, plant and equipment [b]	$ 313	$ 164	$ (978)	$ —	$ (501)
Intangible assets	$ —	$ 1	$ 3	$ —	$ 4

(a) Intersegment transactions are recorded at market value.

(b) Net additions to property, plant and equipment, and intangible assets may not agree to changes reflected in the Consolidated Statements of Cash Flows due to classification of business acquisition and foreign exchange changes on U.S. assets.

		Nine Months Ended September 30, 2020								
		Utilities		Midstream		Corporate/ Other		Intersegment Elimination [a]		Total
Segment revenue *(note 13)*	$	**2,725**	$	**1,062**	$	**102**	$	**8**	$	**3,897**
Cost of sales		**(1,525)**		**(598)**		**(20)**		**(8)**		**(2,151)**
Operating and administrative		**(697)**		**(183)**		**(45)**		**—**		**(925)**
Accretion expenses		**—**		**(3)**		**—**		**—**		**(3)**
Depreciation and amortization		**(224)**		**(58)**		**(24)**		**—**		**(306)**
Provisions on assets *(note 5)*		**—**		**(2)**		**(3)**		**—**		**(5)**
Income from equity investments *(note 10)*		**5**		**45**		**—**		**—**		**50**
Other income		**249**		**1**		**20**		**—**		**270**
Foreign exchange gains		**—**		**2**		**1**		**—**		**3**
Interest expense		**—**		**—**		**(207)**		**—**		**(207)**
Income (loss) before income taxes	$	**533**	$	**266**	$	**(176)**	$	**—**	$	**623**
Net additions (reductions) to:										
Property, plant and equipment [b]	$	**496**	$	**86**	$	**(52)**	$	**—**	$	**530**
Intangible assets	$	**2**	$	**2**	$	**3**	$	**—**	$	**7**

(a) Intersegment transactions are recorded at market value.

(b) Net additions to property, plant and equipment, and intangible assets may not agree to changes reflected in the Consolidated Statements of Cash Flows due to classification of business acquisition and foreign exchange changes on U.S. assets.

		Nine Months Ended September 30, 2019								
		Utilities		Midstream		Corporate/ Other		Intersegment Elimination [a]		Total
Segment revenue *(note 13)*	$	2,863	$	934	$	189	$	(26)	$	3,960
Cost of sales		(1,769)		(551)		(44)		26		(2,338)
Operating and administrative		(706)		(154)		(99)		—		(959)
Accretion expenses		—		(3)		(1)		—		(4)
Depreciation and amortization		(205)		(65)		(59)		—		(329)
Provisions on assets *(note 5)*		—		(1)		—		—		(1)
Income from equity investments *(note 10)*		13		72		—		—		85
Other income		20		38		781		—		839
Interest expense		—		—		(269)		—		(269)
Income before income taxes	$	216	$	270	$	498	$	—	$	984
Net additions (reductions) to:										
Property, plant and equipment [b]	$	696	$	257	$	(2,283)	$	—	$	(1,330)
Intangible assets	$	1	$	4	$	7	$	—	$	12

(a) Intersegment transactions are recorded at market value.

(b) Net additions to property, plant and equipment, and intangible assets may not agree to changes reflected in the Consolidated Statements of Cash Flows due to classification of business acquisition and foreign exchange changes on U.S. assets.

The following table shows goodwill and total assets by segment:

		Utilities		Midstream		Corporate/ Other		Total
As at September 30, 2020								
Goodwill	$	**3,884**	$	**161**	$	**—**	$	**4,045**
Segmented assets	$	**13,713**	$	**5,429**	$	**657**	$	**19,799**
As at December 31, 2019								
Goodwill	$	3,781	$	161	$	—	$	3,942
Segmented assets	$	13,719	$	5,265	$	811	$	19,795

24. Subsequent Events

On October 16, 2020, AltaGas announced that AltaGas Idemitsu Joint Venture Limited Partnership (AIJVLP) and SAM Holdings Ltd. have entered into a definitive agreement with respect to the put process surrounding Petrogas Energy Corp. (Petrogas), which was originally announced on January 2, 2020. Pursuant to the agreement, AltaGas will indirectly acquire an additional 37 percent of Petrogas' equity for total consideration of approximately $715 million and additional contingent consideration of up to $16 million. AltaGas plans to fund the transaction through draws on its existing credit facilities. As a result of this transaction, AltaGas' indirect ownership in Petrogas will increase to approximately 74 percent with Idemitsu Kosan Co., Ltd. (Idemitsu) owning the remaining approximately 26 percent. The transaction is expected to close in the fourth quarter of 2020 or early in the first quarter of 2021, subject to regulatory approvals and customary closing conditions. The transaction is subject to approval under the Competition Act (Canada) and the Canada Transportation Act.

Subsequent events have been reviewed through October 28, 2020, the date on which these unaudited condensed interim Consolidated Financial Statements were issued.

SUPPLEMENTAL QUARTERLY OPERATING INFORMATION

	Q3-20	Q2-20	Q1-20	Q4-19	Q3-19
OPERATING HIGHLIGHTS					
UTILITIES					
Natural gas deliveries - end use (Bcf) (1)	**14.2**	23.1	66.6	52.2	11.1
Natural gas deliveries - transportation (Bcf) (1)	**28.3**	24.1	40.5	38.3	23.3
Service sites (thousands) (2)	**1,667**	1,664	1,661	1,653	1,647
Degree day variance from normal - SEMCO Gas (%) (3)	**1.8**	20.2	(11.4)	4.3	(47.2)
Degree day variance from normal - ENSTAR (%) (3)	**(13.3)**	0.5	16.1	(20.6)	(42.8)
Degree day variance from normal - Washington Gas (%) (3) (4)	**233.0**	45.6	(17.1)	(3.2)	—
WGL retail energy marketing - gas sales volumes (Mmcf)	**8,393**	11,419	21,916	20,131	7,861
WGL retail energy marketing - electricity sales volumes (GWh)	**3,688**	3,151	3,511	3,291	3,723
MIDSTREAM					
RIPET export volumes (Bbls/d) (5)	**42,736**	41,460	35,141	36,394	36,225
Total inlet gas processed (Mmcf/d) (5)	**1,328**	1,300	1,393	1,413	1,307
Extracted ethane volumes (Bbls/d) (5)	**24,681**	26,699	29,932	25,951	22,857
Extracted NGL volumes (Bbls/d) (5) (6)	**32,165**	29,946	32,495	32,313	30,933
Fractionation volumes (Bbls/d) (5)	**25,430**	20,641	21,079	20,310	24,026
Frac spread - realized ($/Bbl) (5) (7)	**15.90**	16.61	11.76	16.54	17.12
Frac spread - average spot price ($/Bbl) (5) (8)	**7.11**	3.73	2.04	8.29	9.17
Propane Far East Index to Mont Belvieu spread (US$/Bbl) (9)	**8.00**	8.08	16.23	17.95	12.00
Natural gas optimization inventory (Bcf)	**51.1**	49.1	34.3	41.4	38.4

(1) Bcf is one billion cubic feet.

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

(3) A degree day is a measure of coldness determined daily as the number of degrees the average temperature during the day in question is below 65 degrees Fahrenheit. Degree days for a particular period are determined by adding the degree days incurred during each day of the period. Normal degree days for a particular period are the average of degree days during the prior 15 years for SEMCO Gas, during the prior 10 years for ENSTAR, and during the prior 30 years for Washington Gas.

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

(5) Average for the period.

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

(7) Realized frac spread or NGL margin, expressed in dollars per barrel of NGL, is derived from sales recorded by the segment during the period for frac exposed volumes plus the settlement value of frac hedges settled in the period less extraction premiums, divided by the total frac exposed volumes produced during the period.

(8) Average spot frac spread or NGL margin, expressed in dollars per barrel of NGL, is indicative of the average sales price that AltaGas receives for propane, butane and condensate less extraction premiums, before accounting for hedges, divided by the respective frac exposed volumes for the period.

(9) Average propane price spread between Argus Far East Index and Mont Belvieu TET commercial index.

OTHER INFORMATION

DEFINITIONS

Bbls/d	barrels per day
Bcf	billion cubic feet
Dth	dekatherm
GJ	gigajoule
GWh	gigawatt-hour
Mcf	thousand cubic feet
Mmcf/d	million cubic feet per day
MW	megawatt
MWh	megawatt-hour
US$	United States dollar

ABOUT ALTAGAS

AltaGas is an energy infrastructure company with a focus on regulated Utilities and Midstream. The Corporation creates value by acquiring, growing, and optimizing its energy infrastructure, including a focus on clean energy sources. For more information visit: www.altagas.ca.

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