CONSOLIDATED BALANCE SHEETS

(condensed and unaudited)

As at *($ millions)*		June 30, 2023		December 31, 2022
ASSETS				
Current assets				
Cash and cash equivalents *(note 19)*	**$**	**64**	$	53
Accounts receivable *(net of credit losses of $39 million) (note 13)*		**1,203**		2,091
Inventory *(note 4)*		**728**		1,060
Regulatory assets		**88**		38
Risk management assets *(note 13)*		**106**		140
Prepaid expenses and other current assets *(note 19)*		**128**		169
Assets held for sale		**—**		1,087
		2,317		4,638
Property, plant and equipment		**11,731**		11,686
Intangible assets		**98**		120
Operating right of use assets		**260**		281
Goodwill *(note 5)*		**5,142**		5,250
Regulatory assets		**209**		448
Risk management assets *(note 13)*		**102**		77
Prepaid post-retirement benefits		**537**		538
Long-term investments and other assets *(net of credit losses of $1 million) (notes 6, 13, and 19)*		**290**		273
Investments accounted for by the equity method *(note 8)*		**650**		654
	$	**21,336**	$	23,965
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Accounts payable and accrued liabilities	**$**	**1,275**	$	1,902
Short-term debt		**191**		293
Current portion of long-term debt *(notes 9 and 13)*		**559**		334
Customer deposits		**66**		79
Regulatory liabilities		**62**		183
Risk management liabilities *(note 13)*		**59**		172
Operating lease liabilities		**85**		92
Other current liabilities *(note 13)*		**27**		57
Liabilities associated with assets held for sale		**—**		295
		2,324		3,407
Long-term debt *(notes 9 and 13)*		**7,068**		8,694
Asset retirement obligations		**449**		451
Unamortized investment tax credits		**1**		2
Deferred income taxes		**1,511**		1,369
Subordinated hybrid notes *(notes 10 and 13)*		**544**		544
Regulatory liabilities		**1,148**		1,201
Risk management liabilities *(note 13)*		**124**		298
Operating lease liabilities		**196**		215
Other long-term liabilities		**111**		122
Future employee obligations		**44**		44
	$	**13,520**	$	16,347

As at *($ millions)*		**June 30, 2023**		December 31, 2022
Shareholders' equity				
Common shares, no par values, unlimited shares authorized; 2023 - 281.7 million and 2022 - 281.5 million issued and outstanding *(note 15)*	**$**	**6,765**	$	6,761
Preferred shares *(note 15)*		**586**		586
Contributed surplus		**625**		625
Accumulated deficit		**(722)**		(1,142)
Accumulated other comprehensive income (AOCI) *(note 11)*		**415**		626
Total shareholders' equity		**7,669**		7,456
Non-controlling interests		**147**		162
Total equity	**$**	**7,816**	$	7,618
	$	**21,336**	$	23,965

Variable interest entities (note 7)

Commitments, guarantees, and contingencies (note 17)

Seasonality (note 20)

Segmented information (note 21)

Subsequent events (note 22)

See accompanying notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF INCOME

(condensed and unaudited)

	Three Months Ended June 30		Six Months Ended June 30	
($ millions except per share amounts)	**2023**	2022	**2023**	2022
REVENUE *(note 12)*	**$ 2,631**	$ 3,241	**$ 6,679**	$ 7,133
EXPENSES				
Cost of sales, exclusive of items shown separately	**1,889**	2,647	**5,052**	5,477
Operating and administrative	**389**	357	**774**	758
Accretion expenses	**2**	2	**5**	3
Depreciation and amortization	**112**	108	**223**	221
	$ 2,392	$ 3,114	**$ 6,054**	$ 6,459
Income from equity investments *(note 8)*	**9**	3	**11**	6
Other income *(note 3)*	**27**	28	**364**	54
Foreign exchange gains	**—**	3	**—**	2
Interest expense	**(93)**	(76)	**(198)**	(146)
Income before income taxes	**182**	85	**802**	590
Income tax expense (recovery)				
Current	**(14)**	(2)	**39**	43
Deferred	**52**	19	**163**	81
Net income after taxes	**$ 144**	$ 68	**$ 600**	$ 466
Net income applicable to non-controlling interests	**4**	23	**9**	40
Net income applicable to controlling interests	**140**	45	**591**	426
Preferred share dividends	**(7)**	(10)	**(13)**	(23)
Loss on redemption of preferred shares	**—**	—	**—**	(10)
Net income applicable to common shares	**$ 133**	$ 35	**$ 578**	$ 393
Net income per common share *(note 16)*				
Basic	**$ 0.47**	$ 0.12	**$ 2.05**	$ 1.40
Diluted	**$ 0.47**	$ 0.12	**$ 2.04**	$ 1.39
Weighted average number of common shares outstanding (millions) *(note 16)*				
Basic	**281.7**	280.7	**281.6**	280.6
Diluted	**283.1**	283.3	**283.0**	283.1

See accompanying notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(condensed and unaudited)

	Three Months Ended June 30		Six Months Ended June 30	
($ millions)	**2023**	2022	**2023**	2022
Net income after taxes	**$ 144**	$ 68	**$ 600**	$ 466
Other comprehensive income (loss), net of taxes				
Gain (loss) on foreign currency translation	**(225)**	290	**(236)**	156
Unrealized gain (loss) on net investment hedge	**21**	(3)	**24**	(2)
Actuarial loss on pension plans and post-retirement benefit (PRB) plans *(note 11)*	**(1)**	—	**(1)**	—
Settlement of Canadian defined benefit pension plan *(note 18)*	**2**	—	**2**	—
Total other comprehensive income (loss) (OCI), net of taxes	**(203)**	287	**(211)**	154
Comprehensive income (loss) attributable to controlling interests and non-controlling interests, net of taxes	**$ (59)**	$ 355	**$ 389**	$ 620
Comprehensive income (loss) attributable to:				
Non-controlling interests	**$ 4**	$ 34	**$ 9**	$ 46
Controlling interests	**(63)**	321	**380**	574
	$ (59)	$ 355	**$ 389**	$ 620

See accompanying notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF EQUITY

(condensed and unaudited)

($ millions)	Three Months Ended June 30 **2023**	2022	Six Months Ended June 30 **2023**	2022
Common shares *(note 15)*				
Balance, beginning of period	**$ 6,763**	$ 6,740	**$ 6,761**	$ 6,735
Shares issued for cash on exercise of options	**2**	12	**4**	18
Deferred taxes on share issuance costs	**—**	—	**—**	(1)
Balance, end of period	**$ 6,765**	$ 6,752	**$ 6,765**	$ 6,752
Preferred shares *(note 15)*				
Balance, beginning of period	**$ 586**	$ 786	**$ 586**	$ 1,076
Redemption of preferred shares	**—**	—	**—**	(290)
Balance, end of period	**$ 586**	$ 786	**$ 586**	$ 786
Contributed surplus				
Balance, beginning of period	**$ 625**	$ 389	**$ 625**	$ 388
Share options expense	**—**	1	**—**	2
Exercise of share options	**—**	(2)	**—**	(2)
Balance, end of period	**$ 625**	$ 388	**$ 625**	$ 388
Accumulated deficit				
Balance, beginning of period	**$ (776)**	$ (960)	**$ (1,142)**	$ (1,243)
Net income applicable to controlling interests	**140**	45	**591**	426
Common share dividends	**(79)**	(74)	**(158)**	(149)
Preferred share dividends	**(7)**	(10)	**(13)**	(23)
Loss on redemption of preferred shares	**—**	—	**—**	(10)
Balance, end of period	**$ (722)**	$ (999)	**$ (722)**	$ (999)
AOCI *(note 11)*				
Balance, beginning of period	**$ 618**	$ (135)	**$ 626**	$ (7)
Other comprehensive income (loss)	**(203)**	276	**(211)**	148
Balance, end of period	**$ 415**	$ 141	**$ 415**	$ 141
Total shareholders' equity	**$ 7,669**	$ 7,068	**$ 7,669**	$ 7,068
Non-controlling interests				
Balance, beginning of period	**$ 120**	$ 659	**$ 162**	$ 652
Net income applicable to non-controlling interests	**4**	23	**9**	40
Foreign currency translation adjustments	**—**	11	**—**	6
Contributions from non-controlling interests to subsidiaries	**27**	—	**27**	—
Distributions by subsidiaries to non-controlling interests	**(4)**	(5)	**(8)**	(10)
Adjustment on disposition of assets *(note 3)*	**—**	—	**(43)**	—
Balance, end of period	**$ 147**	$ 688	**$ 147**	$ 688
Total equity	**$ 7,816**	$ 7,756	**$ 7,816**	$ 7,756

See accompanying notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(condensed and unaudited)

	Three Months Ended June 30		Six Months Ended June 30	
($ millions)	**2023**	2022	**2023**	2022
Cash from operations				
Net income after taxes	**$ 144**	$ 68	**$ 600**	$ 466
Items not involving cash:				
Depreciation and amortization	**112**	108	**223**	221
Accretion expenses	**2**	2	**5**	3
Share-based compensation *(note 15)*	**—**	(1)	**—**	—
Deferred income tax expense	**52**	19	**163**	81
Losses (gains) on sale of assets *(note 3)*	**(12)**	1	**(319)**	(6)
Gain on debt defeasance *(note 9)*	**—**	—	**(14)**	—
Income from equity investments *(note 8)*	**(9)**	(3)	**(11)**	(6)
Unrealized losses (gains) on risk management contracts *(note 13)*	**(150)**	5	**(115)**	(104)
Amortization of deferred financing costs	**2**	1	**4**	3
Allowance for credit losses	**3**	6	**14**	16
Change in pension and other post-retirement benefits	**3**	(11)	**2**	(22)
Other	**(6)**	1	**(12)**	1
Asset retirement obligations settled	**(3)**	(1)	**(5)**	(3)
Distributions from equity investments	**4**	4	**7**	8
Changes in operating assets and liabilities *(note 19)*	**231**	328	**422**	553
	$ 373	$ 527	**$ 964**	$ 1,211
Investing activities				
Capital expenditures - property, plant and equipment	**(228)**	(194)	**(429)**	(368)
Capital expenditures - intangible assets	**(2)**	—	**(2)**	(4)
Contributions to equity investments	**(1)**	—	**(3)**	(1)
Proceeds from disposition of assets, net of transaction costs *(note 3)*	**—**	225	**1,072**	245
	$ (231)	$ 31	**$ 638**	$ (128)
Financing activities				
Net issuance (repayment) of short-term debt	**—**	7	**—**	(155)
Issuance of long-term debt, net of debt issuance costs	**397**	—	**397**	—
Purchase of marketable securities in connection with debt defeasance *(note 9)*	**—**	—	**(193)**	—
Repayment of long-term debt	**(303)**	(2)	**(334)**	(7)
Net repayment under credit facilities	**(169)**	(394)	**(1,287)**	(592)
Issuance of subordinated hybrid notes, net of debt issuance costs *(note 10)*	**—**	—	**—**	297
Dividends - common shares	**(79)**	(74)	**(158)**	(149)
Dividends - preferred shares	**(7)**	(10)	**(13)**	(23)
Distributions to non-controlling interests	**(4)**	(5)	**(8)**	(10)
Net proceeds from shares issued on exercise of options *(note 15)*	**2**	12	**4**	18
Redemption of preferred shares *(note 15)*	**—**	—	**—**	(300)
	$ (163)	$ (466)	**$ (1,592)**	$ (921)
Change in cash, cash equivalents, and restricted cash	**(21)**	92	**10**	162
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	**—**	2	**—**	1
Net change in cash classified within assets held for sale	**—**	(1)	**—**	(1)
Cash, cash equivalents, and restricted cash, beginning of period	**95**	153	**64**	84
Cash, cash equivalents, and restricted cash, end of period *(note 19)*	**$ 74**	$ 246	**$ 74**	$ 246

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

The businesses of AltaGas are operated by the Company and a number of its subsidiaries including, without limitation, AltaGas Services (U.S.) Inc., AltaGas Utility Holdings (U.S.) Inc., WGL Holdings, Inc. (WGL), Wrangler 1 LLC, Wrangler SPE LLC, Washington Gas Resources Corp., WGL Energy Services, Inc. (WGL Energy Services), and SEMCO Holding Corporation; in regard to the Utilities business, Washington Gas Light Company (Washington Gas), Hampshire Gas Company, and SEMCO Energy, Inc. (SEMCO); and in regard to the Midstream business, AltaGas Extraction and Transmission Limited Partnership, AltaGas Pipeline Partnership, AltaGas Processing Partnership, AltaGas Northwest Processing Limited Partnership, Harmattan Gas Processing Limited Partnership, Ridley Island LPG Export Limited Partnership, AltaGas Pacific Partnership, AltaGas LPG Limited Partnership, Petrogas Energy Corporation (Petrogas), Petrogas Holdings Partnership, and Petrogas Inc. In the Corporate/Other segment, subsidiaries include 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).

AltaGas is a leading North American energy infrastructure company that connects natural gas and NGLs to domestic and global markets. The Company operates a diversified, lower-risk, high-growth energy infrastructure business that is focused on delivering resilient and durable value for its stakeholders.

AltaGas' operating segments include the following:

- Utilities, which owns and operates franchised, cost-of-service, rate regulated natural gas distribution and storage utilities that focus on providing safe, reliable, affordable energy to approximately 1.6 million residential and commercial customers. This includes operating two utilities that operate across four major U.S. jurisdictions with a rate base of approximately US$5.0 billion. The Utilities business also includes other storage facilities and contracts for interstate natural gas transportation and storage services, as well as WGL Energy Services, an affiliated retail energy marketing business, which sells natural gas and electricity directly to residential, commercial, and industrial customers located in Maryland, Virginia, Delaware, Pennsylvania, Ohio, and the District of Columbia; and

- Midstream, which is a leading North American platform that connects customers and markets from wellhead to tidewater and beyond. The three pillars of the Midstream business include: 1) global exports, which includes AltaGas' two LPG export terminals; 2) natural gas gathering and extraction; and 3) fractionation and liquids handling. AltaGas' Midstream segment also includes its natural gas and NGL marketing business, domestic logistics, trucking and rail terminals, and liquid storage capability.

The Corporate/Other segment consists of AltaGas' corporate activities and a small portfolio of gas-fired power generation and distribution assets capable of generating 508 MW of power primarily in the state of California.

2. Summary of Significant Accounting Policies

BASIS OF PRESENTATION

These 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 2022 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), U.S. GAAP reporting is generally permitted by Canadian securities laws for companies subject to reporting obligations under U.S. securities laws. On March 28, 2023, AltaGas filed Form 15 with the Securities and Exchange Commission (SEC) and as such, is no longer an SEC issuer and can no longer rely on the provisions of NI 52-107. Therefore, AltaGas sought and obtained exemptive relief by the securities regulators in Alberta and Ontario to permit it to prepare its financial statements in accordance with U.S. GAAP. The Alberta Securities Commission exemption will terminate on or after the earlier of January 1, 2027, the date to which AltaGas ceases to have activities subject to rate regulation, or the first day of AltaGas' fiscal year that commences on or following the latter of: a) the effective date prescribed by the IASB for a mandatory rate regulated standard; or b) two years after the IASB publishes the final version of a mandatory rate regulated standard.

PRINCIPLES OF CONSOLIDATION

These 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.

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".

RECLASSIFICATION OF PRIOR PERIOD BALANCES

Certain reclassifications of prior period amounts in the consolidated statements of income have been made to conform to current year presentation. These reclassifications have no effect on the reported net income.

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. Critical estimates and judgements used in the preparation of these condensed interim Consolidated Financial Statements are described in Note 2 of the Corporation's 2022 annual audited Consolidated Financial

Statements. There have been no material changes to AltaGas' critical estimates and judgements during the six months ended June 30, 2023.

SIGNIFICANT ACCOUNTING POLICIES

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 2022 annual audited Consolidated Financial Statements.

ADOPTION OF NEW ACCOUNTING STANDARDS

Effective January 1, 2023, AltaGas adopted the following Financial Accounting Standards Board (FASB) issued Accounting Standards Updates (ASU):

- In October 2021, FASB issued ASU 2021-08 "Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers". The amendments in this ASU require an entity to recognize and measure contract assets and liabilities acquired in a business combination in accordance with Topic 606. The adoption of this ASU did not have a material impact on AltaGas' consolidated financial statements.

- In March 2022, FASB issued ASU No. 2022-01 "Derivatives and Hedging (Topic 815): Fair Value Hedging - Portfolio Layer Method". The amendments in this ASU will allow non-prepayable financial assets to be included in a closed portfolio hedged using the portfolio layer method and promote consistency in single and multiple hedged layers. The adoption of this ASU did not have a material impact on AltaGas' consolidated financial statements.

- In March 2022, FASB issued ASU No. 2022-02 "Financial Instruments - Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures". The amendments in this ASU will eliminate the accounting guidance for troubled debt restructurings (TDRs) by creditors while enhancing disclosure requirements for certain loan refinancings and restructurings by creditors when a borrower is experiencing financial difficulty, as well as require the disclosure of current-period write offs by year of origination for financing receivables and net investments in leases. The adoption of this ASU did not have a material impact on AltaGas' consolidated financial statements.

- In September 2022, FASB issued ASU No. 2022-04 "Liabilities (Subtopic 405-50) - Supplier Finance Programs". The amendments in this ASU will require a buyer in a supplier finance program to disclose the key terms of the program, the amount outstanding at the end of the period, a roll forward of that obligation during the period, and where the obligation is presented on the balance sheet. The adoption of this ASU did not have a material impact on AltaGas' consolidated financial statements.

FUTURE CHANGES IN ACCOUNTING PRINCIPLES

In June 2022, FASB issued ASU No. 2022-03 "Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions". The amendments in this ASU clarify that a contractual restriction on the sale of an equity security is not considered part of the unit of account of the equity security, and therefore, is not considered in measuring fair value. In addition, an entity cannot, as a separate unit of account, recognize a contractual sale restriction. Equity securities subject to contractual sale restrictions also require certain additional disclosures. The amendments in this ASU are effective for fiscal years beginning after December 15, 2023 and should be applied prospectively with adjustments as a result of adopting this ASU being recognized in earnings. The adoption of this ASU is not expected to have a material impact on AltaGas' consolidated financial statements.

In March 2023, FASB issued ASU No. 2023-01 "Leases (Topic 842): Common Control Arrangements". The relevant amendments in this ASU allow entities to amortize leasehold improvements under common control over the economic life of the leasehold improvements as long as the lessee controlled the use of the leased asset. The amendments in this ASU are effective for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years and can be applied using one of the following three methods: 1) prospectively to all new leasehold improvements recognized on or after the date the entity applies the amendments, 2) prospectively to all new leasehold improvements recognized on or after the date the entity applies the amendments, with any remaining unamortized balance of existing leasehold improvements amortized over their remaining useful life to the common-control group determined at that date, or 3) retrospectively to the beginning of the period in which the entity first applied Topic 842, with any leasehold improvements that otherwise would not have been amortized or impaired recognized through a cumulative-effect adjustment to opening retained earnings at the beginning of the earliest period presented. Early adoption is permitted. The adoption of this ASU is not expected to have a material impact on AltaGas' consolidated financial statements.

In March 2023, FASB issued ASU No. 2023-02 "Investments - Equity Method and Joint Ventures (Topic 323) - Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method". The amendments in this ASU allow entities the option to elect to account for tax equity investments, regardless of the tax credit program from which the income tax credits are received, using the proportional amortization method if certain conditions are met. The amendments in this ASU are effective for public business entities for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years and can applied on either a modified prospective or retrospective basis. Early adoption is permitted. The adoption of this ASU is not expected to have a material impact on AltaGas' consolidated financial statements.

3. Dispositions

Alaskan Utilities

On March 1, 2023, AltaGas closed the sale of its 100 percent interest in ENSTAR and 65 percent indirect interest in CINGSA and other ancillary operations (Alaska Utilities Disposition), for consideration of approximately $1.1 billion (US$800 million), prior to closing adjustments. As a result, AltaGas recognized a pre-tax gain on disposition of approximately $304 million under the line item "other income" for the six months ended June 30, 2023.

Energy Storage Development Project

In the first quarter of 2022, AltaGas completed the sale of a 60 MW stand-alone energy storage development project in Goleta, California for total proceeds of approximately $20 million (US$15 million), subject to certain contingencies. In February 2023, the parties reached an agreement on outstanding contingencies and as a result, the buyer paid AltaGas an additional payment of approximately $11 million (US$8 million) which was recognized as a pre-tax gain on disposition in the Consolidated Statements of Income under the line item "other income" for the six months ended June 30, 2023.

Meade Escrow Proceeds

In 2019, AltaGas completed the disposition of its investment in Meade Pipeline Co. LLC (Meade), which held WGL Midstream's indirect, non-operating interest in the Central Penn pipeline. Upon close of the sale, various escrow accounts were established to provide the purchaser a form of recourse for the settlement of indemnification obligations. In the second quarter of 2023, AltaGas received approximately $1 million (US$1 million) of cash proceeds from the indemnity escrow account. As a result, AltaGas recognized a pre-tax gain on disposition of approximately $1 million in the Consolidated Statements of Income under the line item "other income" for the six months ended June 30, 2023.

4. Inventory

As at		June 30, 2023		December 31, 2022
Natural gas held in storage [(a)]	**$**	**268**	$	588
Natural gas liquids		**131**		197
Crude oil and condensate		**103**		152
Renewable energy credits and emission compliance instruments		**157**		127
Materials and supplies		**63**		76
Processed finished products		**6**		6
	$	**728**	$	1,146
Less: inventory reclassified to assets held for sale		**—**		(86)
	$	**728**	$	1,060

(a) As at June 30, 2023, $238 million of the natural gas held in storage was held by rate-regulated utilities (December 31, 2022 - $520 million).

5. Goodwill

As at		June 30, 2023		December 31, 2022
Balance, beginning of period	**$**	**5,250**	$	5,153
Reclassified to assets held for sale		**—**		(226)
Foreign exchange translation		**(108)**		323
Balance, end of period	**$**	**5,142**	$	5,250

6. Long-Term Investments and Other Assets

As at		June 30, 2023		December 31, 2022
Deferred lease receivable	**$**	**26**	$	17
Debt issuance costs associated with credit facilities		**6**		7
Refundable deposits		**10**		10
Prepayment on long-term service agreements		**80**		79
Deferred information technology costs		**32**		24
Cash calls from joint venture partners		**20**		21
Contract asset *(net of credit losses of $1 million) (notes 12 and 13)*		**38**		37
Rabbi trust *(notes 18 and 19)*		**7**		8
Capitalized contract costs		**4**		5
Financial transmission rights		**34**		39
Other		**33**		27
	$	**290**	$	274
Less: long-term investments and other assets reclassified to assets held for sale		**—**		(1)
	$	**290**	$	273

7. Variable Interest Entities

Consolidated VIEs

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 VIEs:

Ridley Island LPG Export Limited Partnership

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

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

The assets of RILE LP are the property of RILE LP and are not available to AltaGas for any other purpose. RILE LP's asset balances can only be used to settle its own obligations. The liabilities of RILE LP do not represent additional claims against AltaGas' general assets. AltaGas' exposure to loss as a result of its interest as a limited partner is its net investment. 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 RILE LP:

As at	**June 30, 2023**	December 31, 2022
Current assets	**$ 15**	$ 12
Property, plant and equipment	**351**	353
Long-term investments and other assets	**43**	45
Current liabilities	**(20)**	(16)
Asset retirement obligations	**(4)**	(4)
Net assets	**$ 385**	$ 390

Ridley Island Energy Export Facility Limited Partnership

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

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

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

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

As at	**June 30, 2023**	December 31, 2022
Property, plant and equipment	**$ 55**	$ —
Net assets	**$ 55**	$ —

AltaGas Hybrid Trust

On January 11, 2022, AltaGas closed its offering of $300 million of 5.25 percent Fixed-to-Fixed Rate Subordinated Notes, Series 1 (Note 10). In conjunction with the debt offering, AltaGas issued $300 million in Preferred Shares, Series 2022-A, to be held in the AltaGas Hybrid Trust with Computershare Trust Company of Canada acting as trustee. The Preferred Shares were issued to satisfy the obligations under the indenture governing the associated Series 1 Subordinated Notes. Following the occurrence of certain bankruptcy or insolvency events in respect of AltaGas, subject to certain exceptions, the Series 2022-A Preferred Shares would be delivered to the holders of the Series 1 Subordinated Notes. Upon delivery of the Series 2022-A Preferred Shares, the Series 1 Subordinated Notes would be immediately and automatically surrendered and cancelled and all rights of any Series 1 Subordinated Notes will automatically cease.

On August 17, 2022, AltaGas closed its offering of $250 million of 7.35 percent Fixed-to-Fixed Subordinated Notes, Series 2 (Note 10). In conjunction with the debt offering, AltaGas issued $250 million in Preferred Shares, Series 2022-B, to be held in the AltaGas Hybrid Trust with Computershare Trust Company of Canada acting as trustee. The Preferred Shares were issued to satisfy the obligations under the indenture governing the associated Series 2 Subordinated Notes. Following the occurrence of certain bankruptcy or insolvency events in respect of AltaGas, subject to certain exceptions, the Series 2022-B Preferred Shares would be delivered to the holders of the Series 2 Subordinated Notes. Upon delivery of the Series 2022-B Preferred

Shares, the Series 2 Subordinated Notes would be immediately and automatically surrendered and cancelled and all rights of any Series 2 Subordinated Notes will automatically cease. The only assets held by the holding trust are the Series 2022-A and Series 2022-B Preferred Shares.

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

Unconsolidated VIE

Strathcona Storage Limited Partnership (SSLP)

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

As at June 30, 2023, AltaGas' held a 40 percent equity investment in SSLP with a carrying value of $131 million (December 31, 2022 - $130 million). SSLP is not consolidated by AltaGas and instead is accounted for by the equity method of accounting. AltaGas is not the primary beneficiary of SSLP and it does not have the power to direct the activities most significant to the economic performance of SSLP. The maximum financial exposure to loss as a result of the involvement with this VIE is equal to AltaGas' net investment in SSLP.

8. Investments Accounted for by the Equity Method

			Carrying value as at	
	Location	Ownership Percentage	**June 30, 2023**	December 31, 2022
Eaton Rapids Gas Storage System	United States	**50**	**$ 28**	$ 28
Mountain Valley Pipeline, LLC (MVP) [(a)]	United States	**10**	**474**	478
Sarnia Airport Storage Pool LP	Canada	**50**	**16**	17
Petrogas Terminals Penn LLC	United States	**50**	**1**	1
Strathcona Storage LP	Canada	**40**	**131**	130
			$ 650	$ 654

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

			Equity income for the three months ended June 30		Equity income for the six months ended June 30	
	Location	Ownership Percentage	**2023**	2022	**2023**	2022
Eaton Rapids Gas Storage System	United States	**50**	**$ —**	$ —	**$ 1**	$ 2
MVP [(a)]	United States	**10**	**6**	—	**6**	—
Sarnia Airport Storage Pool LP	Canada	**50**	**1**	1	**1**	1
Strathcona Storage LP	Canada	**40**	**2**	2	**3**	3
			$ 9	$ 3	**$ 11**	$ 6

(a) Relates to allowance for funds used during construction (AFUDC) as a result of the resumption of construction activities in June 2023.

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

9. Long-Term Debt

As at	Maturity date	June 30, 2023	December 31, 2022
Credit facilities			
$2 billion unsecured extendible revolving facility [(a)]	20-May-2027	**$ —**	$ 860
US$150 million unsecured extendible revolving facility	20-Dec-2026	**—**	188
Commercial paper [(b)]	Various	**232**	386
$450 million term loan	25-Aug-2024	**448**	450
AltaGas Ltd. medium-term notes (MTNs)			
$300 million Senior unsecured - 3.57 percent	12-Jun-2023	**—**	300
$200 million Senior unsecured - 4.40 percent	15-Mar-2024	**200**	200
$350 million Senior unsecured - 1.23 percent	18-Mar-2024	**350**	350
$300 million Senior unsecured - 3.84 percent	15-Jan-2025	**300**	300
$500 million Senior unsecured - 2.16 percent	10-Jun-2025	**500**	500
$350 million Senior unsecured - 4.12 percent	7-Apr-2026	**350**	350
$400 million Senior unsecured - 4.64 percent	15-May-2026	**400**	—
$200 million Senior unsecured - 2.17 percent	16-Mar-2027	**200**	200
$200 million Senior unsecured - 3.98 percent	4-Oct-2027	**200**	200
$500 million Senior unsecured - 2.08 percent	30-May-2028	**500**	500
$200 million Senior unsecured - 2.48 percent	30-Nov-2030	**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 and private placement notes			
US$20 million Senior unsecured - 6.65 percent	20-Mar-2023	**—**	27
US$41 million Senior unsecured - 5.44 percent	11-Aug-2025	**54**	55
US$53 million Senior unsecured - 6.62 to 6.82 percent	Oct 2026	**70**	72
US$72 million Senior unsecured - 6.40 to 6.57 percent	Feb - Sep 2027	**95**	98
US$52 million Senior unsecured - 6.57 to 6.85 percent	Jan - Mar 2028	**69**	70
US$9 million Senior unsecured - 7.50 percent	1-Apr-2030	**11**	12
US$50 million Senior unsecured - 5.70 to 5.78 percent	Jan - Mar 2036	**66**	68
US$75 million Senior unsecured - 5.21 percent	3-Dec-2040	**99**	102
US$75 million Senior unsecured - 5.00 percent	15-Dec-2043	**99**	102
US$300 million Senior unsecured - 4.22 to 4.60 percent	Sep - Nov 2044	**397**	405
US$450 million Senior unsecured - 3.80 percent	15-Sep-2046	**596**	608
US$400 million Senior unsecured - 3.65 percent [(c)]	15-Sep-2049	**550**	563
US$200 million Senior unsecured - 2.98 percent	15-Dec-2051	**265**	271
US$25 million Senior unsecured - 5.25 percent	29-Dec-2042	**33**	34
US$175 million Senior unsecured - 5.33 percent	29-Dec-2052	**232**	237
SEMCO long-term debt			
US$82 million CINGSA Senior Secured - 4.48 percent	n/a	**—**	60
US$225 million First Mortgage Bonds - 2.45 percent	21-Apr-2030	**95**	305
US$225 million First Mortgage Bonds - 3.15 percent	21-Apr-2050	**298**	305
Fair value adjustment on WGL Acquisition		**76**	79
Finance lease liabilities		**30**	25
		$ 7,665	$ 9,132
Less: debt issuance costs		**(38)**	(41)
		$ 7,627	$ 9,091
Less: current portion		**(559)**	(334)
Less: liabilities associated with assets held for sale		**—**	(63)
		$ 7,068	$ 8,694

(a) Borrowings on the facility can be by way of prime loans, U.S. base-rate loans, SOFR 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. This facility has a $2 billion five-year extendable committed revolving tranche, a $300 million two-year extendable side car liquidity revolving facility, and a $200 million four-year revolving credit facility.

(b) Commercial paper is supported by the availability of long-term committed credit facilities maturing in 2026. Commercial paper intended to be repaid within the next year is recorded as short-term debt.

(c) The outstanding balance includes a US$15 million premium which is amortized as a reduction to interest expense over the term of the note.

SEMCO Debt Defeasance

In the first quarter of 2023, SEMCO executed a partial legal defeasance transaction to derecognize US$153 million of its previously issued 2.45 percent First Mortgage Bonds, Series 2020A-1, due April 21, 2030 (the Defeased Bonds) in the aggregate principal amount of US$225 million. In satisfaction of the discharge requirements outlined in the indenture, certain assets were transferred to the indenture trustee to be held in trust to satisfy the remaining principal and interest obligations of the Defeased Bonds. As a result, SEMCO has been legally released from being the primary obligor of the Defeased Bonds. At transaction close AltaGas recognized a pre-tax gain of $14 million on the derecognition of the Defeased Bonds under the line item "other income" for the six months ended June 30, 2023.

10. Subordinated Hybrid Notes

As at	Maturity date		June 30, 2023		December 31, 2022
$300 million Subordinated Notes, Series 1	11-Jan-2082	**$**	**300**	$	300
$250 million Subordinated Notes, Series 2	17-Aug-2082		**250**		250
			550		550
Less: debt issuance costs			**(6)**		(6)
		$	**544**	$	544

For the three and six months ended June 30, 2023, AltaGas recorded interest expense of $8 million and $17 million, respectively, on the subordinated hybrid notes (three and six months ended June 30, 2022 - $4 million and $7 million, respectively).

11. Accumulated Other Comprehensive Income (Loss)

		Defined benefit pension and PRB plans		Hedge net investments		Translation foreign operations		Total
Opening balance, January 1, 2023	**$**	**(5)**	**$**	**(173)**	**$**	**804**	**$**	**626**
OCI before reclassification		**(1)**		**27**		**(236)**		**(210)**
Settlement of Canadian defined benefit pension plan *(note 18)*		**2**		**—**		**—**		**2**
Current period OCI (pre-tax)		**1**		**27**		**(236)**		**(208)**
Income tax on amounts retained in AOCI		**—**		**(3)**		**—**		**(3)**
Net current period OCI		**1**		**24**		**(236)**		**(211)**
Ending balance, June 30, 2023	**$**	**(4)**	**$**	**(149)**	**$**	**568**	**$**	**415**
Opening balance, January 1, 2022	$	(8)	$	(158)	$	159	$	(7)
OCI before reclassification		—		(2)		150		148
Current and net current period OCI		—		(2)		150		148
Ending balance, June 30, 2022	$	(8)	$	(160)	$	309	$	141

Reclassification From Accumulated Other Comprehensive Income (Loss)

AOCI components reclassified	Income statement line item		**Three Months Ended June 30, 2023**		Three Months Ended June 30, 2022
Defined benefit pension and PRB plans [(a)]	Other income	**$**	**2**	$	—
		$	**2**	$	—

(a) Reclassification from AOCI for the three months ended June 30, 2023 relates to the settlement of the Canadian defined benefit pension plan. Refer to Note 18 for more details.

AOCI components reclassified	Income statement line item		**Six Months Ended June 30, 2023**		Six Months Ended June 30, 2022
Defined benefit pension and PRB plans [(a)]	Other income	**$**	**2**	$	—
		$	**2**	$	—

(a) Reclassification from AOCI for the six months ended June 30, 2023 relates to the settlement of the Canadian defined benefit pension plan. Refer to Note 18 for more details.

12. Revenue

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

	Three Months Ended June 30, 2023			
	Utilities	**Midstream**	**Corporate/ Other**	**Total**
Revenue from contracts with customers				
Commodity sales contracts	**$ 418**	**$ 1,331**	**$ —**	**$ 1,749**
Midstream service contracts	**—**	**303**	**—**	**303**
Gas sales and transportation services	**372**	**2**	**—**	**374**
Other	**4**	**5**	**—**	**9**
Total revenue from contracts with customers	**$ 794**	**$ 1,641**	**$ —**	**$ 2,435**
Other sources of revenue				
Revenue from alternative revenue programs [(a)]	**$ 28**	**$ —**	**$ —**	**$ 28**
Leasing revenue [(b)]	**—**	**54**	**20**	**74**
Risk management and trading activities [(c)]	**13**	**67**	**—**	**80**
Other	**2**	**12**	**—**	**14**
Total revenue from other sources	**$ 43**	**$ 133**	**$ 20**	**$ 196**
Total revenue	**$ 837**	**$ 1,774**	**$ 20**	**$ 2,631**

(a) 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.

(b) 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.

(c) 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.

	Three Months Ended June 30, 2022			
	Utilities	Midstream	Corporate/ Other	Total
Revenue from contracts with customers				
Commodity sales contracts	$ 352	$ 1,579	$ —	$ 1,931
Midstream service contracts	—	699	—	699
Gas sales and transportation services	481	—	—	481
Storage services	6	—	—	6
Other	2	—	—	2
Total revenue from contracts with customers	$ 841	$ 2,278	$ —	$ 3,119
Other sources of revenue				
Revenue from alternative revenue programs [(a)]	$ 14	$ —	$ —	$ 14
Leasing revenue [(b)]	—	62	21	83
Risk management and trading activities [(c)]	(24)	41	—	17
Other	1	7	—	8
Total revenue from other sources	$ (9)	$ 110	$ 21	$ 122
Total revenue	$ 832	$ 2,388	$ 21	$ 3,241

(a) 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.

(b) 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.

(c) 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.

	Six Months Ended June 30, 2023			
	Utilities	**Midstream**	**Corporate / Other**	**Total**
Revenue from contracts with customers				
Commodity sales contracts	$ 968	$ 2,755	$ —	$ 3,723
Midstream service contracts	—	936	—	936
Gas sales and transportation services	1,548	4	—	1,552
Storage services [(a)]	4	—	—	4
Other	6	5	—	11
Total revenue from contracts with customers	$ 2,526	$ 3,700	$ —	$ 6,226
Other sources of revenue				
Revenue from alternative revenue programs [(b)]	$ 100	$ —	$ —	$ 100
Leasing revenue [(c)]	—	108	44	152
Risk management and trading activities [(d)]	150	32	2	184
Other	(4)	21	—	17
Total revenue from other sources	$ 246	$ 161	$ 46	$ 453
Total revenue	$ 2,772	$ 3,861	$ 46	$ 6,679

(a) Relates to revenue earned for the period prior to the close of the Alaska Utilities Disposition on March 1, 2023.
(b) A large portion of revenue generated from the Utilities segment is subject to rate regulation and accordingly there are circumstances where the revenue recognized is mandated by the applicable regulators in accordance with ASC 980.
(c) Revenue generated from certain of AltaGas' 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.

	Six Months Ended June 30, 2022			
	Utilities	**Midstream**	**Corporate/ Other**	**Total**
Revenue from contracts with customers				
Commodity sales contracts	$ 790	$ 3,299	$ —	$ 4,089
Midstream service contracts	—	1,229	—	1,229
Gas sales and transportation services	1,690	—	—	1,690
Storage services	12	—	—	12
Other	4	—	1	5
Total revenue from contracts with customers	$ 2,496	$ 4,528	$ 1	$ 7,025
Other sources of revenue				
Revenue from alternative revenue programs [(a)]	$ 45	$ —	$ —	$ 45
Leasing revenue [(b)]	—	101	40	141
Risk management and trading activities [(c)]	(101)	19	—	(82)
Other	(7)	11	—	4
Total revenue from other sources	$ (63)	$ 131	$ 40	$ 108
Total revenue	$ 2,433	$ 4,659	$ 41	$ 7,133

(a) 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.
(b) 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.
(c) 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.

Revenue Recognition

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

Utilities Segment

Gas Sales and Transportation Services

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

Commodity Sales

Commodity sales include 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 and normal sales scope exception, the sales contract is accounted for under ASC 606. These commodity sales contracts have varying terms, but the majority of the contracts have a one-year term which coincides with the NGL year. AltaGas recognizes revenue for commodity sales contracts at a point in time based on the actual volumes of the commodity sold at the delivery point, which corresponds to the customer's monthly invoice amount.

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

Midstream Service Contracts

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

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

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

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

Corporate/Other Segment

For the Corporate/Other segment, the majority of revenue relates to remaining power assets, from which revenue is primarily earned through 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 and normal sales scope exception, the sales contract is accounted for under ASC 606.

Contract Balances

As at June 30, 2023, a contract asset balance of $42 million (December 31, 2022 - $41 million) has been recorded on the Consolidated Balance Sheets, of which $39 million ($38 million net of credit losses) is included within long-term investments and other assets (December 31, 2022 - $37 million net of credit losses) and $4 million within prepaid expenses and other current assets (December 31, 2022 - $4 million). This contract asset represents the difference in revenue recognized under new rates in blend-and-extend contract modifications with customers. Revenue from these contract modifications was recognized at the pre-modification rate until the effective date of the contract modification on the original contracts, with the excess revenue recorded as a contract asset. The contract assets are now being drawn down over the remaining term of the modified contracts.

Contract Assets

As at		**June 30, 2023**		December 31, 2022
Balance, beginning of period	**$**	**41**	$	54
Additions		**3**		1
Amortization [(a)]		**(2)**		(4)
Transfers to accounts receivable [(b)]		**—**		(10)
Balance, end of period	**$**	**42**	$	41

(a) Represents the drawdown of contract assets under blend-and-extend contract modifications.

(b) Amounts included in contract assets are transferred to accounts receivable when AltaGas' right to consideration becomes unconditional.

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 June 30, 2023:

	Remainder of 2023	2024	2025	2026	2027	> 2027	**Total**
Midstream service contracts	$ 58	$ 114	$ 111	$ 107	$ 106	$ 903	**$ 1,399**
Other	1	1	1	1	1	4	**9**
	$ 59	$ 115	$ 112	$ 108	$ 107	$ 907	**$ 1,408**

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.

13. Financial Instruments and Financial Risk Management

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

Fair Value Hierarchy

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

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

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

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

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

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

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

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

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

As at	June 30, 2023				
	Carrying Amount	Level 1	Level 2	Level 3	Total Fair Value
Financial assets					
Fair value through net income [(a)]					
Risk management assets - current	$ 97	$ —	$ 66	$ 31	$ 97
Risk management assets - non-current	75	—	33	42	75
Fair value through regulatory assets/liabilities [(a)]					
Risk management assets - current	9	—	1	8	9
Risk management assets - non-current	27	—	1	26	27
	$ 208	$ —	$ 101	$ 107	$ 208
Financial liabilities					
Fair value through net income [(a)]					
Risk management liabilities - current	$ 45	$ —	$ 33	$ 12	$ 45
Risk management liabilities - non-current	82	—	32	50	82
Fair value through regulatory assets/liabilities [(a)]					
Risk management liabilities - current	14	—	—	14	14
Risk management liabilities - non-current	42	—	—	42	42
Amortized cost					
Current portion of long-term debt	559	—	559	—	559
Long-term debt	7,068	—	6,219	—	6,219
Subordinated hybrid notes	544	—	473	—	473
Other current liabilities [(b)]	23	—	23	—	23
	$ 8,377	$ —	$ 7,339	$ 118	$ 7,457

(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) Excludes non-financial liabilities.

As at	December 31, 2022				
	Carrying Amount	Level 1	Level 2	Level 3	Total Fair Value
Financial assets					
Fair value through net income [a]					
Risk management assets - current	$ 132	$ —	$ 96	$ 36	$ 132
Risk management assets - non-current	77	—	52	25	77
Fair value through regulatory assets/liabilities [a]					
Risk management assets - current	8	—	6	2	8
	$ 217	$ —	$ 154	$ 63	$ 217
Financial liabilities					
Fair value through net income [a]					
Risk management liabilities - current	$ 133	$ —	$ 11	$ 122	$ 133
Risk management liabilities - non-current	170	—	4	166	170
Fair value through regulatory assets/liabilities [a]					
Risk management liabilities - current	39	—	—	39	39
Risk management liabilities - non-current	128	—	—	128	128
Amortized cost					
Current portion of long-term debt	334	—	334	—	334
Long-term debt	8,694	—	7,721	—	7,721
Subordinated hybrid notes	544	—	480	—	480
Debt classified as held for sale	63	—	60	—	60
Other current liabilities [b]	52	—	52	—	52
	$ 10,157	$ —	$ 8,662	$ 455	$ 9,117

(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) Excludes non-financial liabilities.

Financial assets and liabilities not included in the fair value hierarchy table include money market funds, short-term debt, and commercial paper. 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 June 30, 2023:

	Net Fair Value	Valuation Technique	Unobservable Inputs	Range	Weighted Average [a]
Natural gas	$ (2)	Discounted Cash Flow	Natural Gas Basis Price (per Dth)	$ (2.28) - $ 4.98	$ (0.32)
Natural gas	$ (2)	Option Model	Natural Gas Basis Price (per Dth)	$ (2.01) - $ 4.41	$ 0.42
			Annualized Volatility of Spot Market Natural Gas	18 % - 234 %	37 %
Electricity	$ (7)	Discounted Cash Flow	Electricity Congestion Price (per MWh)	$ (11.09) - $ 108.97	$ 12.00

(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		June 30, 2023			June 30, 2022	
		Natural Gas	**Electricity**	**Total**	Natural Gas	Electricity	Total
Balance, beginning of period	**$**	**(132) $**	**(50) $**	**(182)** $	(137) $	(100) $	(237)
Realized and unrealized gains (losses):							
Recorded in income		**61**	**59**	**120**	(21)	—	(21)
Recorded in regulatory assets		**70**	**—**	**70**	(46)	—	(46)
Transfers out of Level 3		**—**	**13**	**13**	—	—	—
Purchases		**—**	**(13)**	**(13)**	—	(17)	(17)
Settlements		**(3)**	**(15)**	**(18)**	3	34	37
Change in cash collateral		**—**	**—**	**—**	(11)	(107)	(118)
Foreign exchange translation		**—**	**(1)**	**(1)**	(6)	(2)	(8)
Balance, end of period	**$**	**(4) $**	**(7) $**	**(11)** $	(218) $	(192) $	(410)

Six Months Ended		June 30, 2023			June 30, 2022		
		Natural Gas	**Electricity**	**Total**	Natural Gas	Electricity	Total
Balance, beginning of period	**$**	**(226) $**	**(166) $**	**(392)** $	(107) $	(48) $	(155)
Realized and unrealized gains (losses):							
Recorded in income		**89**	**182**	**271**	(32)	(61)	(93)
Recorded in regulatory assets		**123**	**—**	**123**	(78)	—	(78)
Transfers out of Level 3		**(6)**	**(6)**	**(12)**	3	—	3
Purchases		**—**	**(13)**	**(13)**	—	(13)	(13)
Settlements		**15**	**(4)**	**11**	11	39	50
Change in cash collateral		**—**	**—**	**—**	(11)	(107)	(118)
Foreign exchange translation		**1**	**—**	**1**	(4)	(2)	(6)
Balance, end of period	**$**	**(4) $**	**(7) $**	**(11)** $	(218) $	(192) $	(410)

Transfers out of Level 3 financial instruments are due to an increase in valuations using observable market inputs.

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

		Three Months Ended June 30		Six Months Ended June 30	
		2023	2022	**2023**	2022
Natural gas	**$**	**56**	$ (42)	**$ 21**	$ 26
Energy exports		**49**	39	**49**	55
Crude oil and NGLs		**14**	2	**10**	7
NGL frac spread		**22**	6	**20**	—
Power		**9**	(10)	**15**	16
	$	**150**	$ (5)	**$ 115**	$ 104

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	June 30, 2023			
	Derivative instruments not designated as hedging instruments			
	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	$ 147	$ (68)	$ —	$ 79
Energy exports	277	(235)	12	54
Crude oil and NGLs	20	(7)	8	21
NGL frac spread	26	(9)	—	17
Power	91	(54)	—	37
	$ 561	$ (373)	$ 20	$ 208
Risk management liabilities (b)				
Natural gas	$ 171	$ (68)	$ (11)	$ 92
Energy exports	235	(235)	—	—
Crude oil and NGLs	7	(7)	—	—
NGL frac spread	9	(9)	—	—
Power	145	(54)	—	91
	$ 567	$ (373)	$ (11)	$ 183

(a) Net amount of risk management assets on the Balance Sheet is comprised of risk management assets (current) balance of $106 million and risk management assets (non-current) balance of $102 million.

(b) Net amount of risk management liabilities on the Balance Sheet is comprised of risk management liabilities (current) balance of $59 million and risk management liabilities (non-current) balance of $124 million.

As at June 30, 2023, the gross amount of derivative instruments designated as hedging instruments recognized in risk management assets and liabilities was less than $1 million.

As at	December 31, 2022			
	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	$ 174	$ (80)	$ (17)	$ 77
Energy exports	105	(112)	34	27
Crude oil and NGLs	6	(4)	2	4
NGL frac spread	6	(6)	—	—
Power	153	(44)	—	109
	$ 444	$ (246)	$ 19	$ 217
Risk management liabilities [(b)]				
Natural gas	$ 360	$ (80)	$ —	$ 280
Energy exports	112	(112)	—	—
Crude oil and NGLs	4	(4)	—	—
NGL frac spread	9	(6)	—	3
Power	231	(44)	—	187
	$ 716	$ (246)	$ —	$ 470

(a) Net amount of risk management assets on the Balance Sheet is comprised of risk management assets (current) balance of $140 million and risk management assets (non-current) balance of $77 million.

(b) Net amount of risk management liabilities on the Balance Sheet is comprised of risk management liabilities (current) balance of $172 million and risk management liabilities (non-current) balance of $298 million.

Cash Collateral

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

As at	**June 30, 2023**	December 31, 2022
Collateral posted with counterparties	**$ 8**	$ 2
Cash collateral held representing an obligation	**$ —**	$ 4

Any collateral posted that is not offset against risk management assets and liabilities is included in the 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 the 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 June 30, 2023 and December 31, 2022, AltaGas has not posted any collateral related to its derivative liabilities that contained credit-related contingent features. The following table shows the aggregate fair value of all derivative instruments with credit-related contingent features that are in a liability position, as well as the maximum amount of collateral that would be required if specific credit-risk-related contingent features underlying these agreements were triggered:

As at	**June 30, 2023**	December 31, 2022
Risk management liabilities with credit-risk-contingent features	**$ 169**	$ 145
Maximum potential collateral requirements	**$ 85**	$ 68

Notional Summary

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

As at	**June 30, 2023**	December 31, 2022
Natural Gas		
Sales	**228,592,439 GJ**	244,060,786 GJ
Purchases	**674,682,300 GJ**	521,045,852 GJ
Swaps [(a)]	**142,493,344 GJ**	147,565,012 GJ
Crude Oil and NGLs		
Swaps	**3,593,953 Bbl**	1,597,173 Bbl
Energy Exports		
Purchases	**5,163,058 Bbl**	90,646 Bbl
Propane and butane swaps	**52,149,177 Bbl**	89,433,941 Bbl
NGL Frac Spread		
Propane swaps	**1,528,973 Bbl**	1,075,194 Bbl
Crude oil swaps	**297,061 Bbl**	214,255 Bbl
Natural gas swaps	**8,738,447 GJ**	6,139,191 GJ
Power		
Sales	**6,021,216 MWh**	5,276,832 MWh
Purchases	**6,967,199 MWh**	6,341,582 MWh
Swaps	**28,633,912 MWh**	23,888,348 MWh

(a) Includes approximately 3,202,095 GJ of natural gas swaps designated as hedging instruments that have terms extending until 2027.

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.

AltaGas may designate its U.S. dollar-denominated debt or certain U.S. dollar-denominated loans that may give rise to a foreign currency translation gain or loss as a net investment hedge of its U.S. subsidiaries. As at June 30, 2023, AltaGas has designated US$769 million of outstanding loans as a net investment hedge (December 31, 2022 - US$281 million). For the three and six months ended June 30, 2023, a $21 million and $24 million, respectively, after-tax unrealized gain on the net investment hedge was recorded in OCI (three and six months ended June 30, 2022 - $3 million and $2 million after-tax unrealized loss on net investment hedge, respectively).

Cash Flow Hedges

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

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

For the three and six months ended June 30, 2023, an after tax unrealized gain on outstanding cash flow hedges of less than $1 million was recorded in OCI. No amounts were reclassified from AOCI to the income statement during the period.

Allowance for Credit Losses

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

	Three Months Ended June 30, 2023		
	Accounts Receivable	**Contract Assets** [(a)]	**Total**
Utilities			
Balance, beginning of period	**$ 42**	**$ —**	**$ 42**
Foreign exchange translation	**(1)**	**—**	**(1)**
Adjustments to allowance [(b)]	**3**	**—**	**3**
Written off	**(8)**	**—**	**(8)**
Recoveries collected	**1**	**—**	**1**
Balance, end of period	**$ 37**	**$ —**	**$ 37**
Midstream			
Balance, beginning of period	**$ 2**	**$ 1**	**$ 3**
Balance, end of period	**$ 2**	**$ 1**	**$ 3**
Total	**$ 39**	**$ 1**	**$ 40**

(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 $2 million recorded to a regulatory asset relating to the impact of COVID-19 on uncollectible accounts.

	Three Months Ended June 30, 2022		
	Accounts Receivable	Contract Assets [(a)]	Total
Utilities			
Balance, beginning of period	$ 44	$ —	$ 44
Foreign exchange translation	1	—	1
Adjustments to allowance [(b)]	5	—	5
Written off	(5)	—	(5)
Recoveries collected	2	—	2
Reclassified to assets held for sale	(2)	—	(2)
Balance, end of period	$ 45	$ —	$ 45
Midstream			
Balance, beginning of period	$ 1	$ 1	$ 2
Balance, end of period	$ 1	$ 1	$ 2
Total	$ 46	$ 1	$ 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 $4 million recorded to a regulatory asset relating to the impact of COVID-19 on uncollectible accounts.

	Six Months Ended June 30, 2023		
	Accounts Receivable	**Contract Assets** [(a)]	**Total**
Utilities			
Balance, beginning of period	$ 40	$ —	$ 40
Foreign exchange translation	(1)	—	(1)
Adjustments to allowance [(b)]	13	—	13
Written off	(17)	—	(17)
Recoveries collected	2	—	2
Balance, end of period	$ 37	$ —	$ 37
Midstream			
Balance, beginning of period	1	1	2
Adjustments to allowance	1	—	1
Balance, end of period	$ 2	$ 1	$ 3
Total	$ 39	$ 1	$ 40

(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 $2 million recorded to a regulatory asset relating to the impact of COVID-19 on uncollectible accounts.

	Six Months Ended June 30, 2022		
	Accounts Receivable	Contract Assets [(a)]	Total
Utilities			
Balance, beginning of period	$ 38	$ —	$ 38
Foreign exchange translation	1	—	1
Adjustments to allowance [(b)]	15	—	15
Written off	(9)	—	(9)
Recoveries collected	2	—	2
Reclassified to assets held for sale	(2)	—	(2)
Balance, end of period	$ 45	$ —	$ 45
Midstream			
Balance, beginning of period	1	1	2
Balance, end of period	$ 1	$ 1	$ 2
Total	$ 46	$ 1	$ 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 $4 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 June 30, 2023.

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 six months ended June 30, 2023, a pre-tax loss of $nil and $8 million, respectively, was recorded related to these instruments (three and six months ended June 30, 2022 - $nil).

14. 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 12.

15. Shareholders' Equity

Authorization

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

Common Shares Issued and Outstanding [(a)]	Number of shares	Amount
January 1, 2022	280,269,038	$ 6,735
Shares issued for cash on exercise of options	1,262,795	28
Deferred taxes on share issuance cost	—	(2)
December 31, 2022	281,531,833	$ 6,761
Shares issued for cash on exercise of options	189,875	4
Issued and outstanding at June 30, 2023	**281,721,708**	**$ 6,765**

(a) Dividends declared per share for the three and six months ended June 30, 2023 were $0.28 and $0.56, respectively (three and six months ended June 30, 2022 - $0.265 and $0.53, respectively).

Preferred Shares

As at	**June 30, 2023**		December 31, 2022	
Issued and Outstanding [(a) (b)]	**Number of shares**	**Amount**	Number of shares	Amount
Series A	**6,746,679**	**$ 169**	6,746,679	$ 169
Series B	**1,253,321**	**31**	1,253,321	31
Series 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
Share issuance costs, net of taxes		**(14)**		(14)
	24,000,000	**$ 586**	24,000,000	$ 586

(a) On January 11, 2022, in connection with the offering of the Subordinated Notes, Series 1, AltaGas issued $300 million in Preferred Shares, Series 2022-A, to be held in the AltaGas Hybrid Trust with Computershare Trust Company of Canada acting as a trustee. Refer to Notes 7 and 10 for more details.

(b) On August 17, 2022, in connection with the offering of the Subordinated Notes, Series 2, AltaGas issued $250 million in Preferred Shares, Series 2022-B, to be held in the AltaGas Hybrid Trust with Computershare Trust Company of Canada acting as a trustee. Refer to Notes 7 and 10 for more details.

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 June 30, 2023, 11,523,492 shares were listed and reserved for issuance under the plan.

As at June 30, 2023, 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 June 30, 2023, the unexpensed fair value of share option compensation cost associated with future periods was less than $1 million (December 31, 2022 - $1 million).

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

As at	**June 30, 2023**		December 31, 2022	
	Number of options	**Exercise price [(a)]**	Number of options	Exercise price [(a)]
Share options outstanding, beginning of period	**6,958,139**	**$ 19.28**	8,679,508	$ 19.98
Exercised	**(189,875)**	**18.38**	(1,262,795)	19.94
Forfeited	**(55,060)**	**23.53**	(107,799)	26.24
Expired	**(361,500)**	**31.62**	(350,775)	32.19
Share options outstanding, end of period	**6,351,704**	**$ 18.56**	6,958,139	$ 19.28
Share options exercisable, end of period	**5,755,274**	**$ 18.55**	4,960,341	$ 19.38

(a) Weighted average.

As at June 30, 2023, the aggregate intrinsic value of the total share options exercisable was $31 million (December 31, 2022 - $24 million), the total intrinsic value of share options outstanding was $34 million (December 31, 2022 - $33 million) and the total intrinsic value of share options exercised was $1 million (December 31, 2022 - $11 million).

The following table summarizes the employee share option plan as at June 30, 2023:

	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	1,701,686	$ 15.43	1.57	1,690,833	$ 15.42	1.56
$18.01 to $25.08	4,397,610	19.27	2.75	3,813,909	19.35	2.63
$25.09 to $37.86	252,408	27.43	0.86	250,532	27.43	0.84
	6,351,704	**$ 18.56**	**2.36**	**5,755,274**	**$ 18.55**	**2.24**

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

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

PUs, RUs, and DSUs *(number of units)*	**June 30, 2023**	December 31, 2022
Balance, beginning of year	**4,332,062**	3,877,843
Granted	**1,669,852**	1,413,790
Vested and paid out	**(1,998,297)**	(1,784,293)
Forfeited and expired	**(298,905)**	(140,150)
Units in lieu of dividends	**110,430**	172,563
Additional units added by performance factor	**814,585**	792,309
Outstanding, end of period	**4,629,727**	4,332,062

For the three and six months ended June 30, 2023, the compensation expense recorded for the Phantom Plan and DSUP was $13 million and $25 million, respectively (three and six months ended June 30, 2022 - $20 million and $33 million, respectively). As at June 30, 2023, the unrecognized compensation expense relating to the remaining vesting period for the Phantom Plan was $45 million (December 31, 2022 - $14 million) and is expected to be recognized over the vesting period.

16. Net Income Per Common Share

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

	Three Months Ended June 30		Six Months Ended June 30	
	2023	2022	**2023**	2022
Numerator:				
Net income applicable to controlling interests	**$ 140**	$ 45	**$ 591**	$ 426
Less: Preferred share dividends	**(7)**	(10)	**(13)**	(23)
Loss on redemption of preferred shares	**—**	—	**—**	(10)
Net income applicable to common shares	**$ 133**	$ 35	**$ 578**	$ 393
Denominator:				
(millions of shares)				
Weighted average number of common shares outstanding	**281.7**	280.7	**281.6**	280.6
Dilutive equity instruments [(a)]	**1.4**	2.6	**1.4**	2.5
Weighted average number of common shares outstanding - diluted	**283.1**	283.3	**283.0**	283.1
Basic net income per common share	**$ 0.47**	$ 0.12	**$ 2.05**	$ 1.40
Diluted net income per common share	**$ 0.47**	$ 0.12	**$ 2.04**	$ 1.39

(a) Determined using the treasury stock method.

For the three and six months ended June 30, 2023, less than a million share options (three and six months ended June 30, 2022 - 0.9 million and 1.0 million share options, respectively) were excluded from the diluted net income per common share calculation as their effects were anti-dilutive.

17. Commitments, Guarantees, and Contingencies

Commitments

AltaGas has long-term natural gas purchase and transportation arrangements, LPG purchase agreements, crude oil and condensate purchase agreements, electricity purchase arrangements, service agreements, pipeline and storage service contracts, capital commitments, environmental commitments, merger commitments, and operating leases for office space, office equipment, vehicles, rail cars, land, storage, aquatic surface use, and other equipment, all of which are transacted at market prices and in the normal course of business. 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. 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. Please refer to Note 30 of the 2022 Annual Consolidated Financial Statements for further details regarding AltaGas' commitments.

With recent regulatory developments and approvals regarding MVP, Management has determined that the probability of completion is higher than estimated at December 31, 2022. As such, AltaGas has included approximately US$5.7 billion of natural gas purchases through 2043 and US$1.0 billion of pipeline contracts through 2043 that are contingent on the in-service date of MVP in its future commitments.

At June 30, 2023, AltaGas has US$227 million in future undiscounted cash flows associated with operating leases not yet commenced. The leases are for the use of three VLGCs that are anticipated to commence in the fourth quarter of 2023, the first quarter of 2024, and the first half of 2026. The lessor is primarily involved in the design and construction of the VLGCs.

Guarantees

AltaGas has guaranteed payments primarily for certain commitments on behalf of some of its subsidiaries. As at June 30, 2023, AltaGas had no guarantees issued on behalf of external parties.

Contingencies

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

18. 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. Additional information relating to the retirement benefit plans is provided in Note 29 of the 2022 Annual Consolidated Financial Statements.

In 2021, AltaGas made the decision to wind-up the Canadian defined benefit pension plan effective March 31, 2022. In October 2022, approval of the wind-up was received from the Alberta Superintendent of Pensions. On June 1, 2023, the wind-up of the Canadian defined benefit pension plan was completed and as a result a settlement charge of approximately $2 million was recorded under the line item "other income" for the six months ended June 30, 2023.

In the second quarter of 2023, AltaGas closed the Canadian defined benefit supplemental executive retirement plan (SERP) to new entrants and launched a new a defined contribution SERP effective July 1, 2023, for eligible executives who join the Executive Committee on or after that date.

Rabbi trusts of $10 million as at June 30, 2023 have been funded to satisfy the employee benefit obligations associated with WGL’s various pension plans (December 31, 2022 - $11 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 June 30, 2023					
	Canada		United States		Total	
	Defined Benefit	Post-retirement Benefits	Defined Benefit	Post-retirement Benefits	Defined Benefit	Post-retirement Benefits
Current service cost [a]	$ 1	$ —	$ 3	$ 1	$ 4	$ 1
Interest cost [b]	—	—	17	5	17	5
Expected return on plan assets [b]	—	—	(19)	(12)	(19)	(12)
Amortization of past service credit [b]	—	—	—	(5)	—	(5)
Amortization of net actuarial gain [b]	—	—	—	(1)	—	(1)
Plan settlements [b] [c]	2	—	—	—	2	—
Net benefit cost (income) recognized	$ 3	$ —	$ 1	$ (12)	$ 4	$ (12)

(a) Recorded under the line item "operating and administrative" expenses on the Consolidated Statements of Income.
(b) Recorded under the line item "other income" on the Consolidated Statements of Income.
(c) Relates to the previously mentioned settlement charge for the wind-up of the Canadian defined benefit pension plan.

	Three Months Ended June 30, 2022					
	Canada		United States		Total	
	Defined Benefit	Post-retirement Benefits	Defined Benefit	Post-retirement Benefits	Defined Benefit	Post-retirement Benefits
Current service cost [a]	$ 1	$ —	$ 5	$ 3	$ 6	$ 3
Interest cost [b]	—	—	13	3	13	3
Expected return on plan assets [b]	—	—	(19)	(8)	(19)	(8)
Amortization of past service credit [b]	—	—	—	(5)	—	(5)
Amortization of net actuarial gain [b]	—	—	—	(2)	—	(2)
Net benefit cost (income) recognized	$ 1	$ —	$ (1)	$ (9)	$ —	$ (9)

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

	Six Months Ended June 30, 2023					
	Canada		United States		Total	
	Defined Benefit	Post-retirement Benefits	Defined Benefit	Post-retirement Benefits	Defined Benefit	Post-retirement Benefits
Current service cost [a]	$ 2	$ —	$ 6	$ 3	$ 8	$ 3
Interest cost [b]	1	—	35	9	36	9
Expected return on plan assets [b]	—	—	(40)	(24)	(40)	(24)
Amortization of past service credit [b]	—	—	—	(10)	—	(10)
Amortization of net actuarial gain [b]	—	—	—	(2)	—	(2)
Plan settlements [b] [c] [d]	2	—	4	(2)	$ 6	$ (2)
Net benefit cost (income) recognized	$ 5	$ —	$ 5	$ (26)	$ 10	$ (26)

(a) Recorded under the line item "operating and administrative" expenses on the Consolidated Statements of Income.
(b) Recorded under the line item "other income" on the Consolidated Statements of Income.
(c) Pursuant to the Alaska Utilities Disposition, the ENSTAR pension plans were divested and resulted in a curtailment gain of less than $1 million and a net settlement charge of $2 million. Refer to Note 3 for additional information.
(d) Includes the previously mentioned settlement charge for the wind-up of the Canadian defined benefit pension plan.

	Six Months Ended June 30, 2022					
	Canada		United States		Total	
	Defined Benefit	Post-retirement Benefits	Defined Benefit	Post-retirement Benefits	Defined Benefit	Post-retirement Benefits
Current service cost [a]	$ 2	$ —	$ 11	$ 5	$ 13	$ 5
Interest cost [b]	—	—	26	7	26	7
Expected return on plan assets [b]	—	—	(39)	(18)	(39)	(18)
Amortization of past service credit [b]	—	—	—	(9)	—	(9)
Amortization of net actuarial loss (gain) [b]	—	—	1	(4)	1	(4)
Net benefit cost (income) recognized	$ 2	$ —	$ (1)	$ (19)	$ 1	$ (19)

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

19. Supplemental Cash Flow Information

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

	Three Months Ended June 30		Six Months Ended June 30	
	2023	2022	**2023**	2022
Source (use) of cash:				
Accounts receivable	**$ 412**	$ 144	**$ 810**	$ (315)
Inventory	**(2)**	(264)	**345**	(112)
Risk management assets - current	**38**	15	**16**	18
Prepaid expenses and other current assets	**15**	47	**12**	65
Regulatory assets - current	**—**	14	**(38)**	21
Accounts payable and accrued liabilities	**(198)**	34	**(563)**	409
Customer deposits	**7**	312	**(15)**	390
Regulatory liabilities - current	**(35)**	(23)	**(129)**	9
Risk management liabilities - current	**—**	(1)	**—**	10
Other current liabilities	**15**	49	**(39)**	18
Other operating assets and liabilities	**(21)**	1	**23**	40
Changes in operating assets and liabilities	**$ 231**	$ 328	**$ 422**	$ 553

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

	Three Months Ended June 30		Six Months Ended June 30	
	2023	2022	**2023**	2022
Decrease (increase) of balance:				
Net right-of-use assets obtained in exchange for new operating lease liabilities	**$ (11)**	$ (7)	**$ (21)**	$ (35)
Net right-of-use assets obtained in exchange for new finance lease liabilities	**$ (6)**	$ (1)	**$ (10)**	$ (3)
Capital expenditures included in accounts payable and accrued liabilities	**$ 7**	$ (40)	**$ 35**	$ (3)

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

	Three Months Ended June 30		Six Months Ended June 30	
	2023	2022	**2023**	2022
Interest paid (net of capitalized interest)	**$ 78**	$ 68	**$ 195**	$ 140
Income taxes paid	**$ 11**	$ 5	**$ 196**	$ 12

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

As at June 30	**2023**	2022
Cash and cash equivalents	**$ 64**	$ 229
Restricted cash included in prepaid expenses and other current assets [(a)]	**3**	8
Restricted cash included in long-term investments and other assets [(a)]	**7**	9
Cash, cash equivalents, and restricted cash per Consolidated Statements of Cash Flows	**$ 74**	$ 246

(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 18).

20. 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.

21. Segmented Information

AltaGas owns and operates a portfolio of assets and services used to move energy from the source to the end-user. The following describes the Corporation's reportable segments:

Utilities	▪ rate-regulated natural gas distribution assets in Michigan, the District of Columbia, Maryland, and Virginia. The Alaska Utilities Disposition closed on March 1, 2023; ▪ rate-regulated natural gas storage in the United States, of which certain storage facilities in Alaska were sold on March 1, 2023, pursuant to the Alaska Utilities Disposition; and ▪ sale of natural gas and power to residential, commercial, and industrial customers in the District of Columbia, Maryland, Virginia, Delaware, Pennsylvania, and Ohio.
Midstream	▪ NGL processing and extraction plants; ▪ natural gas storage facilities; ▪ liquefied petroleum gas (LPG) export terminals; ▪ transmission pipelines to transport natural gas and NGLs; ▪ natural gas gathering lines and field processing facilities; ▪ purchase and sale of natural gas; ▪ natural gas and NGL marketing; ▪ marketing, storage and distribution of wellsite fluids and fuel, crude oil and condensate diluents; and ▪ interest in a regulated gas pipeline in the Marcellus/Utica gas formation.
Corporate/Other	▪ the cost of providing corporate services, financing and general corporate overhead, corporate assets, financing other segments and the effects of changes in the fair value of certain risk management contracts; and ▪ a small portfolio of remaining power assets.

The following table provides a reconciliation of segment revenue to the disaggregated revenue table disclosed under Note 12:

	Three Months Ended June 30, 2023			
	Utilities	**Midstream**	**Corporate/ Other**	**Total**
External revenue *(note 12)*	**$ 837**	**$ 1,774**	**$ 20**	**$ 2,631**
Segment revenue	**$ 837**	**$ 1,774**	**$ 20**	**$ 2,631**

	Three Months Ended June 30, 2022			
	Utilities	Midstream	Corporate/ Other	Total
External revenue *(note 12)*	$ 832	$ 2,388	$ 21	$ 3,241
Segment revenue	$ 832	$ 2,388	$ 21	$ 3,241

	Six Months Ended June 30, 2023			
	Utilities	**Midstream**	**Corporate/ Other**	**Total**
External revenue *(note 12)*	**$ 2,772**	**$ 3,861**	**$ 46**	**$ 6,679**
Segment revenue	**$ 2,772**	**$ 3,861**	**$ 46**	**$ 6,679**

	Six Months Ended June 30, 2022			
	Utilities	Midstream	Corporate/ Other	Total
External revenue *(note 12)*	$ 2,433	$ 4,659	$ 41	$ 7,133
Segment revenue	$ 2,433	$ 4,659	$ 41	$ 7,133

The following tables show the composition by segment:

	Three Months Ended June 30, 2023				
	Utilities	**Midstream**	**Corporate/ Other**	**Intersegment Elimination**	**Total**
Segment revenue *(note 12)*	**$ 837**	**$ 1,774**	**$ 20**	**$ —**	**$ 2,631**
Cost of sales	**(436)**	**(1,450)**	**(3)**	**—**	**(1,889)**
Operating and administrative	**(248)**	**(119)**	**(22)**	**—**	**(389)**
Accretion expenses	**—**	**(2)**	**—**	**—**	**(2)**
Depreciation and amortization	**(74)**	**(31)**	**(7)**	**—**	**(112)**
Income from equity investments *(note 8)*	**1**	**8**	**—**	**—**	**9**
Other income	**25**	**1**	**1**	**—**	**27**
Interest expense	**—**	**—**	**(93)**	**—**	**(93)**
Income (loss) before income taxes	**$ 105**	**$ 181**	**$ (104)**	**$ —**	**$ 182**
Net additions to:					
Property, plant and equipment [(a)]	**$ 198**	**$ 23**	**$ —**	**$ —**	**$ 221**
Intangible assets [(a)]	**$ —**	**$ 1**	**$ —**	**$ —**	**$ 1**

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

	Three Months Ended June 30, 2022				
	Utilities	Midstream	Corporate/ Other	Intersegment Elimination	Total
Segment revenue *(note 12)*	$ 832	$ 2,388	$ 21	$ —	$ 3,241
Cost of sales	(555)	(2,089)	(3)	—	(2,647)
Operating and administrative	(234)	(101)	(22)	—	(357)
Accretion expenses	—	(2)	—	—	(2)
Depreciation and amortization	(72)	(28)	(8)	—	(108)
Income from equity investments *(note 8)*	1	2	—	—	3
Other income (loss)	19	11	(2)	—	28
Foreign exchange gains	—	—	3	—	3
Interest expense	—	—	(76)	—	(76)
Income (loss) before income taxes	$ (9)	$ 181	$ (87)	$ —	$ 85
Net additions (reductions) to:					
Property, plant and equipment [(a)]	$ 189	$ (181)	$ (1)	$ —	$ 7
Intangible assets [(a)]	$ 1	$ 1	$ —	$ —	$ 2

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

		Six Months Ended June 30, 2023								
		Utilities		**Midstream**		**Corporate / Other**		**Intersegment Elimination**		**Total**
Segment revenue *(note 12)*	**$**	**2,772**	**$**	**3,861**	**$**	**46**	**$**	**—**	**$**	**6,679**
Cost of sales		**(1,760)**		**(3,285)**		**(7)**		**—**		**(5,052)**
Operating and administrative		**(517)**		**(203)**		**(54)**		**—**		**(774)**
Accretion expenses		**—**		**(5)**		**—**		**—**		**(5)**
Depreciation and amortization		**(148)**		**(60)**		**(15)**		**—**		**(223)**
Income from equity investments *(note 8)*		**1**		**10**		**—**		**—**		**11**
Other income		**347**		**2**		**15**		**—**		**364**
Interest expense		**—**		**—**		**(198)**		**—**		**(198)**
Income (loss) before income taxes	**$**	**695**	**$**	**320**	**$**	**(213)**	**$**	**—**	**$**	**802**
Net additions (reductions) to:										
Property, plant and equipment [(a)]	**$**	**(710)**	**$**	**40**	**$**	**(8)**	**$**	**—**	**$**	**(678)**
Intangible assets [(a)]	**$**	**—**	**$**	**2**	**$**	**—**	**$**	**—**	**$**	**2**

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

		Six Months Ended June 30, 2022								
		Utilities		Midstream		Corporate/ Other		Intersegment Elimination		Total
Segment revenue *(note 12)*	$	2,433	$	4,659	$	41	$	—	$	7,133
Cost of sales		(1,415)		(4,057)		(5)		—		(5,477)
Operating and administrative		(495)		(215)		(48)		—		(758)
Accretion expenses		—		(3)		—		—		(3)
Depreciation and amortization		(147)		(58)		(16)		—		(221)
Income from equity investments *(note 8)*		2		4		—		—		6
Other income		38		11		5		—		54
Foreign exchange gains		—		—		2		—		2
Interest expense		—		—		(146)		—		(146)
Income (loss) before income taxes	$	416	$	341	$	(167)	$	—	$	590
Net additions (reductions) to:										
Property, plant and equipment [(a)]	$	318	$	(178)	$	(12)	$	—	$	128
Intangible assets [(a)]	$	1	$	1	$	—	$	—	$	2

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

The following table shows goodwill and total assets by segment:

		Utilities		**Midstream**		**Corporate/ Other**		**Total**
As at June 30, 2023								
Goodwill *(note* 5)	**$**	**3,634**	**$**	**1,508**	**$**	**—**	**$**	**5,142**
Segmented assets	**$**	**14,467**	**$**	**6,363**	**$**	**506**	**$**	**21,336**
As at December 31, 2022								
Goodwill *(note 5)*	$	3,718	$	1,532	$	—	$	5,250
Segmented assets	$	16,782	$	6,728	$	455	$	23,965

22. Subsequent Events

Subsequent events have been reviewed through July 26, 2023, the date on which these unaudited condensed interim Consolidated Financial Statements were issued.

SUPPLEMENTAL QUARTERLY OPERATING INFORMATION

	Q2-23	Q1-23	Q4-22	Q3-22	Q2-22
OPERATING HIGHLIGHTS					
UTILITIES					
Natural gas deliveries - end use (Bcf) (1)	**15.3**	61.3	54.3	12.6	23.0
Natural gas deliveries - transportation (Bcf) (1)	**19.5**	38.2	34.0	21.5	26.1
Service sites (thousands) (2)	**1,553**	1,554	1,704	1,695	1,693
Degree day variance from normal - SEMCO Gas (%) (3)	**(5.6)**	(12.1)	(1.7)	(3.7)	1.8
Degree day variance from normal - ENSTAR (%) (3)	**n/a**	(4.9)	8.7	12.6	(9.6)
Degree day variance from normal - Washington Gas (%) (3) (4)	**(27.0)**	(22.2)	9.2	750.0	20.7
WGL retail energy marketing - gas sales volumes (Mmcf)	**10,623**	20,402	18,064	7,133	10,469
WGL retail energy marketing - electricity sales volumes (GWh)	**3,365**	3,322	3,328	3,670	3,123
MIDSTREAM					
LPG export volumes (Bbls/d) (5)	**115,589**	99,444	97,152	110,453	110,845
Total inlet gas processed (Mmcf/d) (5)	**1,344**	1,372	1,274	1,228	1,205
Extracted ethane volumes (Bbls/d) (5)	**24,927**	21,796	21,947	21,178	21,706
Extracted NGL volumes (Bbls/d) (5) (6)	**35,765**	34,390	34,782	31,483	29,402
Fractionation volumes (Bbls/d) (5)	**38,364**	41,655	36,658	35,578	28,944
Frac spread - realized ($/Bbl) (5) (7)	**23.87**	27.04	25.14	27.78	28.70
Frac spread - average spot price ($/Bbl) (5) (8)	**21.56**	26.89	23.14	36.25	32.97
Propane Far East Index (FEI) to Mont Belvieu spread (US$/Bbl) (5) (9)	**14.54**	20.46	18.95	10.48	12.94
Butane FEI to Mont Belvieu spread (US$/Bbl) (5) (10)	**15.29**	16.99	18.59	11.87	11.84

(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. The degree day variance from normal for ENSTAR is for the period prior to the close of the Alaska Utilities Disposition on March 1, 2023.
(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 spread exposed volumes plus the settlement value of frac hedges settled in the period less extraction premiums, divided by the total frac exposed volumes produced during the period.
(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 spread exposed volumes for the period.
(9) Average propane price spread between FEI and Mont Belvieu TET commercial index.
(10) Average butane price spread between FEI and Mont Belvieu TET commercial index.

OTHER INFORMATION

DEFINITIONS

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

ABOUT ALTAGAS

AltaGas is a leading North American energy infrastructure company that connects NGLs and natural gas to domestic and global markets. The Company operates a diversified, lower-risk, high-growth Utilities and Midstream business that is focused on delivering resilient and durable value for its stakeholders.

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