MANAGEMENT'S DISCUSSION AND ANALYSIS

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

This Management's Discussion and Analysis ("MD&A") dated November 8, 2023 is provided to enable readers to assess the results of operations, liquidity and capital resources of TriSummit Utilities Inc. ("TSU" or the "Company") as at and for the three and nine months ended September 30, 2023. This MD&A should be read in conjunction with the accompanying condensed interim consolidated financial statements as at and for the three and nine months ended September 30, 2023 (the "Interim Financial Statements"), the Company's audited consolidated financial statements as at and for the year ended December 31, 2022 and the Company's management's discussion and analysis for the year ended December 31, 2022.

The Company's presentation currency is in Canadian dollars. In this MD&A, references to "$" are to Canadian dollars unless otherwise indicated. The Interim Financial Statements and comparative information have been prepared in accordance with United States ("U.S.") generally accepted accounting principles ("U.S. GAAP") as codified by the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC"). Throughout this MD&A, reference to GAAP refers to U.S. GAAP. Any reference to per Common Share measures are presented on a basic basis, unless otherwise indicated.

This MD&A refers to certain terms commonly used in the rate-regulated utility industry, such as "rate-regulated", "rate base" and "return on equity". The terms "rate base" and "return on equity" are key performance indicators but are not considered to be non-GAAP measures. Rate base is an amount that a utility is required to calculate for regulatory purposes, and generally refers to net book value of the utility's assets for regulatory purposes. Return on equity or "ROE" is a percentage that is set or approved by a utility's regulator and represents the rate of return that a regulator allows the utility to earn on the equity component of the utility's rate base. The Company refers to the rate base of its utility businesses because it believes that such term assists in understanding the Company's business and is commonly used by investors to help evaluate the performance of rate-regulated utilities. For a discussion of these terms and other terms commonly used in the rate-regulated utility industry, please see the "*Business of the Company - Utilities Business*" section in the annual information form of TSU dated March 8, 2023 (the "Annual Information Form").

Abbreviations, acronyms, and capitalized terms used in this MD&A that are not otherwise defined herein are used consistently with the definitions in the Annual Information Form.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This MD&A contains certain forward-looking information and statements within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "objective", "ongoing", "may", "will", "should", "believe", "plan", "would", "could", "focus", "forecast", "opportunity" and similar expressions are intended to identify forward-looking information or statements. In particular, but without limiting the foregoing, this MD&A contains forward-looking information and statements pertaining to the following: expected success of financing plans and strategies, including maintenance of TSU's credit rating; the expected safety and reliability of TSU's operations; expectations regarding the PNG Reactivation Project (as defined herein) and the Salvus to Galloway Project (as defined herein); the Stage 2 GCOC (as defined herein) proceedings announced by the BCUC (as defined herein); the implementation of the GCOC decision by the AUC (as defined herein); the PNG revenue requirement application before the BCUC; the implementation of the rate application decision by the NSUARB (as defined herein); the rate application proceedings announced by the RCA (as defined herein); the PBR (as defined herein) proceedings announced by the AUC; expectations regarding the negotiation of definitive agreements with Cedar LNG (as defined herein); expectations regarding planned expenditures and related investments and capital program from 2024 to 2028 and the expected capital spend in 2023; expected fluctuations in the Company's working capital and the expected funding of the Company's capital program; the Company's objective for managing capital and its effects on rate base and return to investors; the payment of dividends to the Company's shareholder; the expected benefits of the Alaska Utilities Acquisition (as defined herein); plans for the operation of the Alaska Utilities Business (as defined herein); the impact of the Alaska Utilities Acquisition in respect of TSU's business (including, without limitation, in respect of rate base and other characteristics) and on TSU's strategic plans; and expected impact of adopting ASUs (as defined herein) in the future on the Company's consolidated financial statements.

The forward-looking information and statements contained in this MD&A reflect several material factors, expectations and assumptions of the Company including, without limitation: the success of the integration of the Alaska Utilities Business; expected commodity supply, demand and pricing; that the Company will continue to conduct its operations in a manner consistent with past operations; the general continuance of current or, where applicable, assumed industry conditions; regulatory approvals and policies; funding operating and capital costs; project completion dates; capacity expectations; that there will be no material defaults by the counterparties to agreements with the Company and such agreements will not be terminated prior to their scheduled expiry; and the Company will continue to have access to wind and water resources in amounts consistent with the amounts expected by the Company. The Company believes the material factors, expectations and assumptions reflected in the forward-looking information and statements are reasonable, but no assurance can be given that these factors, expectations and assumptions will prove to be correct.

The forward-looking information and statements included in this MD&A are not guarantees of future performance and should not be unduly relied upon. Such information and statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information and statements, including, without limitation: changes in the demand for or supply of the Company's services; unanticipated operating results; changes in regulatory matters; limited, unfavourable or a lack of access to capital markets; increased costs; the impact of competitors; attracting and retaining skilled personnel and certain other risks (including, without limitation, those risks identified elsewhere in this MD&A); and the other factors discussed under the heading *"Risk Factors"* in the Annual Information Form and set out in the Company's other continuous disclosure documents.

The Company believes the forward-looking statements in this MD&A are reasonable. However, such statements are not a guarantee that any of the actions, events or results of the forward-looking statements will occur, or if any of them do occur, their timing or what impact they will have on the Company's results of operations or financial condition. Because of these uncertainties, investors should not put undue reliance on any forward-looking statements.

The forward-looking statements included in this MD&A are expressly qualified by this cautionary statement and are made as of the date of this MD&A. The Company does not undertake any obligation to publicly update or revise any forward-looking statements except as required by Canadian securities laws.

Additional information relating to the Company, including the Annual Information Form, is available on SEDAR at *www.sedar.com.*

ACQUISITION OF THE ALASKA UTILITIES BUSINESS

On March 1, 2023, Alaska Utility Holdings Inc. ("AUHI"), a subsidiary of the Company, completed the acquisition of a 100 percent interest in ENSTAR Natural Gas Company, LLC, Alaska Pipeline Company, LLC and Norstar Pipeline Company, Inc. (collectively, "ENSTAR"), and a 65 percent indirect interest in Cook Inlet Natural Gas Storage Alaska, LLC ("CINGSA") (collectively, the "Alaska Utilities Business") from a subsidiary of AltaGas Ltd., in an all cash transaction valued at approximately US$800 million, before customary post-closing adjustments (the "Alaska Utilities Acquisition"). As at February 28, 2023, CINGSA had approximately US$45 million (approximately US$29 million proportionate share) of outstanding senior notes which remain in place.

The Alaska Utilities Acquisition was financed using: (i) US$471 million ($631.2 million) of equity; (ii) net proceeds from the private placement offering of senior unsecured notes in three series totaling US$165 million; (iii) partial net proceeds of US$100 million ($135 million) from the issuance of medium-term notes ("MTNs") in January 2023; and (iv) borrowings from the Company's credit facilities. See Capital Resources section for additional information on the private placement and MTNs.

THE COMPANY

TSU is incorporated under the *Canada Business Corporations Act* and its registered office and principal place of business is in Calgary, Alberta. TSU is a wholly owned subsidiary of TriSummit Cycle Inc., a company in which the Public Sector Pension

Investment Board indirectly holds a majority economic interest and Alberta Investment Management Corporation indirectly holds a minority economic interest.

The Company owns and operates rate-regulated distribution and transmission utility businesses through its wholly-owned operating subsidiaries ENSTAR Natural Gas Company, LLC and Alaska Pipeline Company, LLC, in Alaska, Apex Utilities Inc. ("AUI") in Alberta, Pacific Northern Gas Ltd. ("PNG") and Pacific Northern Gas (N.E.) Ltd. ("PNG(N.E.)") in British Columbia and Eastward Energy Incorporated ("EEI") in Nova Scotia. The Company also owns a 65 percent indirect interest in an Alaska regulated storage facility owned by CINGSA, the Bear Mountain Wind Park, and an approximately 10 percent indirect interest in the Northwest Hydro Facilities.

THIRD QUARTER FINANCIAL HIGHLIGHTS

(Normalized EBITDA, normalized funds from operations, normalized net income, net debt, and net debt to total capitalization ratio are non-GAAP financial measures. Please see the *"Non-GAAP Financial Measures"* section of this MD&A.)

- Net loss attributable to shareholder was $2.9 million compared to net income attributable to shareholder of $7.2 million in the third quarter of 2022.
- Normalized net loss was $2.3 million, compared to $1.4 million in the third quarter of 2022.
- Operating income was $14.3 million, compared to $15.9 million in the third quarter of 2022.
- Normalized EBITDA was $36.8 million, compared to $20.6 million in the third quarter of 2022.
- Cash from operations was $0.9 million, compared to $18.5 million in the third quarter of 2022.
- Normalized funds from operations was $14.1 million, compared to $9.4 million in the third quarter of 2022.
- Net debt was $1,377.4 million as at September 30, 2023, compared to $858.8 million as at December 31, 2022.
- Net debt to total capitalization ratio was 50.9 percent as at September 30, 2023, compared to 57.6 percent as at December 31, 2022.
- Rate base as at September 30, 2023 was $1,799 million inclusive of construction work in progress, compared to $1,152 million as at September 30, 2022.
- On September 5, 2023, the BCUC completed Stage 1 of its GCOC proceeding. Stage 2 of the GCOC proceeding has commenced and will determine the cost of capital for PNG.
- In September 2023, PNG and Cedar LNG Partners LP ("Cedar LNG") entered into a Transportation Reservation Agreement ("TRA") for a firm capacity reservation on the PNG Western System.
- On September 21, 2023, the NSUARB issued its decision on EEI's 2024 to 2026 general rate application establishing new rates for EEI's customers effective January 1, 2024 and approved a regulated ROE of 10.65 percent for EEI.
- On October 2, 2023, ENSTAR and the parties in its rate case submitted a partial stipulation to the RCA resolving all rate case issues except for the determination of ROE for ENSTAR.
- On October 4, 2023, the AUC issued a decision which established the parameters of the third generation PBR plan ("PBR3") to be implemented for the 2024 to 2028 period.
- On October 9, 2023, the AUC issued a decision adopting a formulaic approach to calculate the allowed ROE for Alberta's electric and gas utilities for 2024 and beyond.

OVERVIEW OF THE BUSINESS

TSU has three reporting segments:

- Utilities, which owns and operates rate-regulated distribution and transmission assets in Alaska, Alberta, British Columbia and Nova Scotia. TSU also owns an indirect 65 percent interest in a regulated storage utility in Alaska. In aggregate, the utilities had approximately $1,799 million of rate base as at September 30, 2023 inclusive of construction work in progress and serve approximately 287,000 customers across Canada and the United States.
- Renewable Energy, which includes the 102 MW Bear Mountain Wind Park and an approximately 10 percent indirect interest in the 303 MW Northwest Hydro Facilities.

- Corporate, which primarily includes the cost of providing shared services, financing and access to capital, and general corporate support as well as the equity investment in the NGIF Cleantech Ventures Limited Partnership.

BUSINESS AND REGULATORY UPDATES

PNG Generic Cost of Capital Proceeding

On September 5, 2023, the BCUC issued a decision on Stage 1 of the GCOC proceeding which established the common equity component and return on equity for each of the FortisBC gas and electric utilities. Stage 2 of the GCOC proceeding has commenced and will determine the cost of capital for other utilities, including PNG. It is expected that this process will continue into 2024.

PNG Salvus to Galloway Project

On July 8, 2021, the BCUC granted approval of the certificate of public convenience and necessity ("CPCN") application filed by PNG on October 2, 2020, for a project to repair and refurbish part of its Western System, specifically an 80-kilometer segment of the 8-inch transmission line between Terrace, British Columbia, and Prince Rupert, British Columbia (the "Salvus to Galloway Project"). The project is required to address the integrity condition of aging infrastructure and to ensure long-term reliable supply. Project work will be conducted within the existing PNG corridor and nearby permitted temporary workspace. The expected capital cost for the Salvus to Galloway Project is approximately $85 million, to be incurred between 2021 and 2025. Following BCUC approval, construction began in the summer of 2021 and is expected to continue through 2025. As at September 30, 2023, $58.5 million of capital expenditures have been incurred on the Salvus to Galloway Project.

PNG Reactivation Project

On November 30, 2021, the BCUC granted approval of the application for a CPCN filed by PNG on March 5, 2021, for costs related to system reactivation and recommissioning work necessary to return the existing Western System back to the contracted utilization capacity (the "PNG Reactivation Project"). As at September 30, 2023, approximately $17.5 million of capital expenditures were incurred on the integrity and betterment of the PNG Western System.

In June 2023, PNG provided Port Edward LNG Ltd. ("Port Edward LNG"), a party to certain transportation and service agreements, with notices of critical shipper default and termination, which terminated the agreements. In July 2023, PNG collected approximately $17.7 million from the letters of credit that Port Edward LNG had provided to PNG for credit support.

In September 2023, PNG and Cedar LNG entered into a TRA for a firm capacity reservation on the PNG Western System. The TRA has a maximum term of 15 months and provides Cedar LNG with an option right, but not the obligation, to enter into a Transportation Service Agreement ("TSA") at any time during the term. BCUC approval of the TRA is a condition precedent. Option fees are payable throughout the 15-month term, up to an aggregate amount of $3 million. Option fee payments will be credited against future demand charges if Cedar LNG executes a TSA and proceeds to take service. Option fees are not refundable if no TSA is signed. During the option period, PNG and Cedar LNG will advance negotiation of definitive agreements to support a positive financial investment decision by Cedar LNG, which is currently targeted by the end of 2023.

PNG Revenue Requirements Applications

On November 30, 2022, PNG submitted its revenue requirements applications for the 2023-2024 period in support of delivery rate changes effective January 1, 2023 and January 1, 2024. On December 16, 2022, the BCUC approved the 2023 delivery rates on an interim and refundable/recoverable basis. On February 28, 2023, PNG filed amendments to the revenue requirements applications and the regulatory review process commenced with the submission of initial information requests to PNG in late March 2023.

On July 21, 2023, PNG submitted an evidentiary update to the revenue requirements applications reflecting the termination of the Port Edward LNG agreement and the associated adjustments to PNG's revenue requirements. PNG expects a BCUC decision on permanent rates for 2023 and 2024 in the first quarter of 2024.

Performance Based Regulation in Alberta

On October 4, 2023, the AUC issued a decision which established the parameters of the PBR3 plan to be implemented for the 2024 to 2028 period. The PBR3 plan approved in the decision builds upon the AUC's prior PBR2 plan in effect from 2018 to 2022, with certain changes, including the introduction of additional provisions through which utilities will share benefits with customers during the term of the PBR3 plan.

AUI Generic Cost of Capital Proceeding

On October 9, 2023, the AUC issued a decision adopting a formulaic approach to calculate the allowed ROE for Alberta's electric and gas utilities for 2024 and beyond. Under the formulaic approach, the approved ROE will be determined each year by adjusting the notional ROE of 9.0 percent approved in the decision by the difference in forecast long-term Government of Canada bond yield and utility bond yield spread from their base values. The AUC instituted a mandatory review of cost-of-capital parameters every five years, subject to mid-term reopeners either at its own discretion or upon application from interested parties. The AUC further determined that no change was required to the deemed equity ratios for the Alberta utilities.

EEI General Rate Application

On September 21, 2023, the NSUARB issued its decision on EEI's 2024 to 2026 general rate application and new rates will come into effect on January 1, 2024. As part of the decision, the NSUARB approved a regulated ROE of 10.65 percent and a deemed capital structure of 45 percent equity.

ENSTAR Rate Application

On August 1, 2022, ENSTAR filed a rate application with the RCA. On October 2, 2023, ENSTAR and the parties in its rate case submitted a partial stipulation to the RCA resolving all rate case matters except for the determination of a fair and reasonable ROE for ENSTAR. The RCA accepted the stipulation in an order dated October 11, 2023. The hearing regarding ROE took place in October 2023 and a final decision on ENSTAR's rate application is expected in the first quarter of 2024.

CINGSA Annual Rate Revision

On July 21, 2023, the RCA approved CINGSA's first annual revision under its formula rates mechanism with rates effective on August 1, 2023.

CAPITAL PROGRAM GUIDANCE

Over the 2024 to 2028 time period, TSU expects capital investments of up to $1.3 billion at its Utilities. The expected capital program includes investments in system betterment projects to maintain the safety and reliability of TSU's utility infrastructure, new business opportunities, technology improvements, and energy transition investments. In 2023, TSU expects capital investments to be in the range of $190 to $210 million.

SEASONALITY

Results for the Utilities segment have a high degree of seasonality associated with them as the second and third quarters usually produce lower net income as a result of warmer weather, lower customer demand, and certain expenses such as depreciation, operating and administrative expenses, and interest expense, which generally increase as a result of rate base growth and are more evenly distributed throughout the year. These increased costs are normally more than offset in the first and fourth quarters which produce higher net income as a result of colder weather and higher customer demand.

SELECTED FINANCIAL INFORMATION

The following tables summarize key financial results:

	Three Months Ended September 30		Nine Months Ended September 30	
($ millions)	**2023**	2022	**2023**	2022
Normalized EBITDA(1)	**36.8**	20.6	**136.8**	83.6
Operating income	**14.3**	15.9	**68.4**	54.5
Net income (loss) attributable to shareholder	**(2.9)**	7.2	**30.6**	34.6
Normalized net income (loss)(1)	**(2.3)**	(1.4)	**29.2**	26.8
Total assets	**3,260.8**	1,802.8	**3,260.8**	1,802.8
Total long-term liabilities	**1,739.5**	1,016.8	**1,739.5**	1,016.8
Net additions to property, plant and equipment	**68.2**	59.3	**128.1**	98.1
Dividends declared	**9.3**	8.7	**27.9**	26.4
Cash from operations	**0.9**	18.5	**120.7**	77.6
Normalized funds from operations(1)	**14.1**	9.4	**86.8**	59.5

	Three Months Ended September 30		Nine Months Ended September 30	
($ per Common Share, except Common Shares outstanding)	**2023**	2022	**2023**	2022
Net income (loss) attributable to shareholder - basic and diluted	**(0.10)**	0.24	**1.02**	1.15
Normalized net income (loss) - basic(1)	**(0.08)**	(0.05)	**0.97**	0.89
Cash from operations	**0.03**	0.62	**4.02**	2.59
Normalized funds from operations(1)	**0.47**	0.31	**2.89**	1.98
Weighted average number of Common Shares outstanding - basic (millions)	**30.0**	30.0	**30.0**	30.0

(1) Non-GAAP financial measure; see discussion in the *"Non-GAAP Financial Measures"* section of this MD&A.

The following table summarizes TSU's consolidated results:

	Three Months Ended September 30		Nine Months Ended September 30	
($ millions)	**2023**	2022	**2023**	2022
Revenue	**128.6**	63.4	**546.3**	311.5
Cost of sales	**(53.3)**	(21.3)	**(290.9)**	(147.8)
Operating and administrative expense	**(46.4)**	(29.3)	**(145.3)**	(92.3)
Accretion expense	**(0.1)**	(0.1)	**(0.2)**	(0.2)
Depreciation and amortization expense	**(20.9)**	(11.9)	**(55.7)**	(33.7)
Income from equity investments	**4.8**	4.7	**4.5**	5.0
Unrealized gain on risk management contracts	**0.1**	9.8	**5.4**	10.1
Other income	**1.3**	0.6	**4.4**	1.9
Foreign exchange gain (loss)	**0.2**	—	**(0.1)**	—
Operating income	**14.3**	15.9	**68.4**	54.5
Interest expense	**(16.9)**	(7.9)	**(40.9)**	(22.7)
Income tax recovery (expense)	**0.6**	(0.8)	**5.2**	2.8
Net income (loss) after taxes	**(2.0)**	7.2	**32.7**	34.6
Net income attributable to non-controlling interests	**(0.9)**	—	**(2.1)**	—
Net income (loss) attributable to shareholder	**(2.9)**	7.2	**30.6**	34.6

Three Months Ended September 30

Normalized EBITDA for the three months ended September 30, 2023 was $36.8 million, an increase of $16.2 million from the same period in 2022 primarily due to the acquisition of the Alaska Utilities Business on March 1, 2023, higher approved rates and rate base growth at the Utilities, and colder weather in Alberta compared to the same period in 2022, partially offset by lower revenue from the Bear Mountain Wind Park.

Operating income for the three months ended September 30, 2023 was $14.3 million, a decrease of $1.6 million from the same period in 2022, primarily due to higher depreciation and amortization expense and lower unrealized gain on risk management contracts, partially offset by the same factors as the increase in normalized EBITDA discussed above.

Operating and administrative expense for the three months ended September 30, 2023 was $46.4 million, an increase of $17.1 million from the same period in 2022, mainly due to the inclusion of the Alaska Utilities Business' operating and administrative expense.

Depreciation and amortization expense for the three months ended September 30, 2023 was $20.9 million, an increase of $9.0 million from the same period in 2022 mainly due to depreciation and amortization expense on assets acquired in the Alaska Utilities Acquisition and a higher PP&E balance at the Utilities.

Interest expense for the three months ended September 30, 2023 was $16.9 million compared to $7.9 million in the same period in 2022. The increase of $9.0 million was mainly due to a higher debt balance outstanding and higher average interest rate.

Income tax recovery for the three months ended September 30, 2023 was $0.6 million compared to income tax expense of $0.8 million in the same period in 2022. The decrease in income tax expense was mainly due to lower taxable income as a result of higher deductions from the Utilities and Corporate segments.

Normalized net loss for the three months ended September 30, 2023 was $2.3 million, an increase of $0.9 million relative to the same period in 2022 mainly due to higher depreciation and amortization expense and higher interest expense, partially offset by the same factors as the increase in normalized EBITDA discussed above and lower income tax expense.

Net loss attributable to shareholder for the three months ended September 30, 2023 was $2.9 million, compared to net income attributable to shareholder of $7.2 million in the same period in 2022. The decrease of $10.1 million in net income attributable to shareholder was primarily due to the same factors as the decrease in operating income discussed above and higher interest expense, partially offset by lower income tax expense.

Normalized funds from operations for the three months ended September 30, 2023 was $14.1 million, an increase of $4.7 million relative to the same period in 2022, primarily due to the increase in normalized EBITDA discussed above, partially offset by higher interest expense, higher current income tax expense and lower distributions from the investment in the Northwest Hydro Facilities.

Please refer to the "*Liquidity and Capital Resources - Liquidity"* section of this MD&A for a discussion of changes in cash from operating activities.

Nine Months Ended September 30

Normalized EBITDA for the nine months ended September 30, 2023 was $136.8 million, an increase of $53.2 million relative to the same period in 2022 primarily due to the acquisition of the Alaska Utilities Business on March 1, 2023, higher approved rates and rate base growth at the Utilities and lower costs incurred to support business development activities, partially offset by warmer weather in Alberta and Nova Scotia, lower revenue from the Bear Mountain Wind Park and lower normalized EBITDA from the Northwest Hydro Facilities.

Operating income for the nine months ended September 30, 2023 was $68.4 million, an increase of $13.9 million relative to the same period in 2022 primarily due to the same factors as the increase in normalized EBITDA discussed above, partially offset by higher depreciation and amortization expense, lower unrealized gain on risk management contracts and higher transaction costs related to the Alaska Utilities Acquisition.

Operating and administrative expense for the nine months ended September 30, 2023 was $145.3 million, an increase of $53.0 million from the same period in 2022 mainly due to the inclusion of the Alaska Utilities Business' operating and administrative expense since March 1, 2023 and transaction costs of approximately $15.1 million related to the Alaska Utilities Acquisition, partially offset by lower costs incurred to support business development activities.

Depreciation and amortization expense for the nine months ended September 30, 2023 was $55.7 million, an increase of $22.0 million from the same period in 2022 mainly due to depreciation and amortization expense on assets acquired in the Alaska Utilities Acquisition and a higher PP&E balance at the Utilities.

Interest expense for the nine months ended September 30, 2023 was $40.9 million compared to $22.7 million in the same period in 2022. The increase of $18.2 million was mainly due to a higher average debt balance and higher average interest rates partially offset by a gain on settlement of the deal contingent interest rate swap of $5.2 million.

Income tax recovery for the nine months ended September 30, 2023 was $5.2 million, compared to $2.8 million in the same period in 2022. The increase in income tax recovery was primarily due to lower taxable income as a result of transaction costs incurred related to the Alaska Utilities Acquisition.

Normalized net income for the nine months ended September 30, 2023 was $29.2 million, an increase of $2.4 million relative to the same period in 2022 mainly due to the same factors as the increase in normalized EBITDA discussed above, partially offset by higher depreciation and amortization expense, higher interest expense, and lower normalized income tax recovery.

Net income attributable to shareholder for the nine months ended September 30, 2023 was $30.6 million, a decrease of $4.0 million compared to the same period in 2022. The decrease was mainly due to higher interest expense, partially offset by higher income tax recovery and the increase in operating income discussed above.

Normalized funds from operations for the nine months ended September 30, 2023 was $86.8 million, an increase of $27.3 million relative to the same period in 2022, primarily due to higher normalized EBITDA discussed above, partially offset by higher interest expense, higher current income tax expense and lower distributions from the investment in the Northwest Hydro Facilities.

Please refer to the "*Liquidity and Capital Resources - Liquidity*" section of this MD&A for a discussion of changes in cash from operating activities.

RESULTS BY REPORTING SEGMENT

Normalized EBITDA by Reporting Segment(1)

	Three Months Ended September 30		Nine Months Ended September 30	
($ millions)	**2023**	2022	**2023**	2022
Utilities	**$ 30.5**	$ 13.4	**$ 124.2**	$ 75.6
Renewable Energy	**7.7**	8.5	**14.7**	16.8
Corporate	**(1.4)**	(1.3)	**(2.1)**	(8.8)
	$ 36.8	$ 20.6	**$ 136.8**	$ 83.6

(1) Non-GAAP financial measure; see discussion in the *"Non-GAAP Financial Measures"* section of this MD&A.

Operating Income (Loss) by Reporting Segment

	Three Months Ended September 30		Nine Months Ended September 30	
($ millions)	**2023**	2022	**2023**	2022
Utilities	**$ 11.5**	$ 4.5	**$ 88.8**	$ 48.3
Renewable Energy	**5.0**	5.7	**6.4**	8.6
Corporate	**(2.2)**	5.7	**(26.8)**	(2.4)
	$ 14.3	$ 15.9	**$ 68.4**	$ 54.5

UTILITIES SEGMENT REVIEW

Financial results

($ millions)	Three Months Ended September 30 2023	Three Months Ended September 30 2022	Nine Months Ended September 30 2023	Nine Months Ended September 30 2022
Revenue	**$ 125.2**	$ 59.4	**$ 534.4**	$ 298.5
Cost of sales	**(53.2)**	(21.3)	**(290.7)**	(147.6)
Operating and administrative expense	**(42.7)**	(25.2)	**(122.9)**	(77.2)
Normalized EBITDA from equity investment	**(0.1)**	(0.1)	**—**	—
Other income	**1.3**	0.6	**3.4**	1.9
Normalized EBITDA(1)	**$ 30.5**	$ 13.4	**$ 124.2**	$ 75.6
Unrealized gain on risk management contracts	**0.1**	1.2	**14.6**	0.9
Depreciation and amortization expense	**(19.0)**	(10.0)	**(50.0)**	(28.1)
Foreign exchange gain	**—**	—	**0.1**	—
Accretion expense	**(0.1)**	(0.1)	**(0.1)**	(0.1)
Operating income	**$ 11.5**	$ 4.5	**$ 88.8**	$ 48.3

(1) Non-GAAP financial measure; see discussion in the *"Non-GAAP Financial Measures"* section of this MD&A.

Operating statistics

	Three Months Ended September 30 2023	Three Months Ended September 30 2022	Nine Months Ended September 30 2023	Nine Months Ended September 30 2022
Natural gas deliveries - end-use (PJ)	**6.9**	2.7	**36.5**	22.6
Natural gas deliveries - transportation (PJ)	**6.9**	1.2	**18.1**	4.2
Degree day variance from normal - ENSTAR (%)(1)(2)	**14.7**	—	**14.7**	—
Degree day variance from normal - AUI (%)(1)	**(26.9)**	(53.4)	**(6.8)**	(5.5)
Degree day variance from normal - EEI (%)(1)	**(28.8)**	(19.1)	**(8.4)**	(5.7)

(1) A degree day for ENSTAR, AUI and EEI is the cumulative extent to which the daily mean temperature falls below 65 degrees Fahrenheit at ENSTAR, 15 degrees Celsius at AUI and 18 degrees Celsius at EEI. Normal degree days are based on a 10-year rolling average at ENSTAR and a 20-year rolling average at AUI and EEI. Positive variances from normal lead to increased delivery volumes from normal expectations. Degree day variances do not materially affect the results of PNG, as the BCUC has approved a rate stabilization mechanism for its residential and small commercial customers.

(2) Degree day for ENSTAR is calculated from March 1, 2023.

Three Months Ended September 30

Revenue increased by $65.8 million for the three months ended September 30, 2023 compared to the same period in 2022 primarily due to the acquisition of the Alaska Utilities Business on March 1, 2023 and higher approved rates and rate base growth compared to the same period in 2022.

Normalized EBITDA increased by $17.1 million for the three months ended September 30, 2023 compared to the same period in 2022 primarily due to the acquisition of the Alaska Utilities Business on March 1, 2023, higher approved rates and rate base growth and colder weather in Alberta compared to the same period in 2022.

Operating income increased by $7.0 million for the three months ended September 30, 2023 compared to the same period in 2022, primarily due to the same factors as the increase in normalized EBITDA discussed above, partially offset by higher depreciation and amortization expense and lower unrealized gain on risk management contracts.

Nine Months Ended September 30

Revenue increased by $235.9 million for the nine months ended September 30, 2023 as compared to the same period in 2022, primarily due to the acquisition of the Alaska Utilities Business and higher approved rates and rate base growth compared to the same period in 2022

Normalized EBITDA increased by $48.6 million for the nine months ended September 30, 2023 as compared to the same period in 2022, primarily due to acquisition of the Alaska Utilities Business on March 1, 2023, and higher approved rates and rate base growth, partially offset by warmer weather in Alberta and Nova Scotia compared to the same period in 2022.

Operating income increased by $40.5 million for the nine months ended September 30, 2023 as compared to the same period in 2022, primarily due to the same factors as the increase in normalized EBITDA discussed above and a higher unrealized gain on risk management contracts compared to the same period in 2022, partially offset by higher depreciation and amortization expense.

RENEWABLE ENERGY SEGMENT REVIEW

Financial results

	Three Months Ended September 30		Nine Months Ended September 30	
($ millions)	**2023**	2022	**2023**	2022
Revenue	**$ 3.4**	$ 4.0	**$ 11.9**	$ 13.0
Cost of sales	**(0.1)**	—	**(0.2)**	(0.2)
Operating and administrative expense	**(1.4)**	(1.2)	**(4.4)**	(3.8)
Normalized EBITDA from equity investment	**5.8**	5.7	**7.4**	7.8
Normalized EBITDA[(1)]	**$ 7.7**	$ 8.5	**$ 14.7**	$ 16.8
Depreciation and amortization expense	**(1.8)**	(1.9)	**(5.5)**	(5.5)
Accretion expense	**—**	—	**(0.1)**	(0.1)
Accretion and depreciation and amortization expense from equity investment	**(0.9)**	(0.9)	**(2.7)**	(2.6)
Operating income	**$ 5.0**	$ 5.7	**$ 6.4**	$ 8.6

(1) Non-GAAP financial measure; see discussion in the *"Non-GAAP Financial Measures"* section of this MD&A.

Operating statistics

	Three Months Ended September 30		Nine Months Ended September 30	
	2023	2022	**2023**	2022
Bear Mountain Wind Park power sold (GWh)	**30.1**	41.0	**103.6**	125.0
Northwest Hydro Facilities power sold (GWh)[(1)(2)]	**56.1**	54.5	**101.5**	95.1

(1) Representing 10 percent of the total power sold by the Northwest Hydro Facilities.

(2) Inclusive of 3.5 GWh and 7.3 GWh of deemed energy for the three and nine months ended September 30, 2023 related to BC Hydro's curtailment.

Three Months Ended September 30

Revenue decreased by $0.6 million for the three months ended September 30, 2023 compared to the same period in 2022 primarily due to lower generation at the Bear Mountain Wind Park, partially offset by higher sales of renewable energy certificates ("RECs") at the Bear Mountain Wind Park.

Normalized EBITDA decreased by $0.8 million for the three months ended September 30, 2023 compared to the same period in 2022 primarily due to lower revenue and higher maintenance expense at the Bear Mountain Wind Park.

Operating income decreased by $0.7 million for the three months ended September 30, 2023 compared to the same period in 2022 due to the same factors as the decrease in normalized EBITDA discussed above.

During the three months ended September 30, 2023, TSU recorded $4.9 million of income from its investment in the Northwest Hydro Facilities, relatively consistent with the same period in 2022.

Nine Months Ended September 30

Revenue decreased by $1.1 million for the nine months ended September 30, 2023 as compared to the same period in 2022, primarily due to lower generation at the Bear Mountain Wind Park, partially offset by higher sales of RECs.

Normalized EBITDA decreased by $2.1 million for the nine months ended September 30, 2023 as compared to the same period in 2022, primarily due to lower revenue and higher maintenance expense at the Bear Mountain Wind Park and lower normalized EBITDA from the Northwest Hydro Facilities.

Operating income decreased by $2.2 million for the nine months ended September 30, 2023 as compared to the same period in 2022 due to the same factors as the decrease in normalized EBITDA discussed above.

During the nine months ended September 30, 2023, TSU recorded $4.7 million of income from its investment in the Northwest Hydro Facilities as compared to $5.2 million in the same period in 2022. The decrease in equity income was primarily due to higher operating expense at the Northwest Hydro Facilities.

CORPORATE SEGMENT REVIEW

	Three Months Ended September 30		Nine Months Ended September 30	
($ millions)	**2023**	2022	**2023**	2022
Operating and administrative expense	**$ (1.4)**	$ (1.3)	**$ (2.9)**	$ (8.6)
Other income (loss)	**—**	—	**1.0**	—
Normalized EBITDA from equity investment	**—**	—	**(0.2)**	(0.2)
Normalized EBITDA[(1)]	**$ (1.4)**	$ (1.3)	**$ (2.1)**	$ (8.8)
Depreciation and amortization	**(0.1)**	—	**(0.2)**	(0.1)
Unrealized gain (loss) on risk management contracts	**—**	8.6	**(9.2)**	9.2
Foreign exchange gain (loss)	**0.2**	—	**(0.2)**	—
Transaction costs	**(0.9)**	(1.6)	**(15.1)**	(2.7)
Operating income (loss)	**$ (2.2)**	$ 5.7	**$ (26.8)**	$ (2.4)

(1) Non-GAAP financial measure; see discussion in the *"Non-GAAP Financial Measures"* section of this MD&A.

Expenses incurred by the Corporate segment are primarily associated with providing corporate shared services and business development. For the three and nine months ended September 30, 2023, normalized EBITDA was a loss $1.4 and $2.1 million respectively (2022 - $1.3 and $8.8 million, respectively). Normalized EBITDA for the three months ended September 30, 2023 was relatively consistent with the same period in 2022. The increase in normalized EBITDA for the nine months ended September 30, 2023 compared to the same period in 2022 was primarily due to lower costs to support business development activities, partially offset by higher salaries and wages.

For the three and nine months ended September 30, 2023, corporate costs of $2.9 million and $8.0 million, respectively, were allocated to TSU's operating segments compared to $1.9 million and $6.0 million, respectively, for the same periods in 2022.

For the three and nine months ended September 30, 2023, operating loss was $2.2 million and $26.8 million, respectively (2022 - operating income of $5.7 million and operating loss of $2.4 million, respectively). The increase in operating loss for the three months ended September 30, 2023 as compared to the same period in 2022 was due to the absence of a gain on risk management contracts, partially offset by lower transaction costs related to the Alaska Utilities Acquisition. The increase in operating loss for the nine months ended September 30, 2023 as compared to the same period in 2022 was due to transaction costs of approximately $15.1 million incurred related to the Alaska Utilities Acquisition, and an unrealized loss of $9.2 million related to the deal contingent forward interest rate swap and the foreign exchange forward contract the Company entered into in connection with the Alaska Utilities Acquisition.

SUMMARY OF SELECTED QUARTERLY RESULTS[(1)]

The following table sets forth unaudited quarterly information for each of the eight quarters from the quarter ended December 31, 2021 to the quarter ended September 30, 2023.

($ millions, except per Common Share amounts)	**Q3-23**	Q2-23	Q1-23	Q4-22
Revenue	**128.6**	179.4	238.3	153.8
Normalized net income (loss)[(2)]	**(2.3)**	4.1	27.4	23.6
Net income (loss) attributable to shareholder	**(2.9)**	3.4	30.1	1.9
Net income (loss) attributable to shareholder per Common Share - basic and diluted ($)	**(0.10)**	0.11	1.00	0.06
Dividends declared per Common Share ($)[(3)]	**0.3100**	0.3100	0.3100	0.3100

($ millions, except per Common Share amounts)	Q3-22	Q2-22	Q1-22	Q4-21
Revenue	63.4	84.8	163.3	130.8
Normalized net income (loss)[(2)]	(1.4)	(1.2)	29.3	20.9
Net income (loss) attributable to shareholder	7.2	(1.4)	28.7	21.0
Net income (loss) attributable to shareholder per Common Share - basic and diluted ($)	0.24	(0.05)	0.96	0.70
Dividends declared per Common Share ($)[(3)]	0.2925	0.2925	0.2925	0.2925

(1) Amounts may not add due to rounding.
(2) Non-GAAP financial measure; see discussion in the *"Non-GAAP Financial Measures"* section of this MD&A.
(3) TSU declares and pays a quarterly dividend on its Common Shares. Dividends are at the discretion of the board of directors and dividend levels are reviewed periodically, giving consideration to the ongoing sustainable cash flow from operating activities, maintenance and growth capital expenditures, and debt repayment requirements of TSU.

Quarter-over-quarter financial results are impacted by seasonality, weather, planned and unplanned outages, and timing and recognition of regulatory decisions.

Revenue for the Utilities segment is generally the highest in the first and fourth quarters of any given year as the majority of natural gas demand occurs during the winter heating season, which typically extends from November to March. Revenue from the first quarter of 2023 also includes revenue from the Alaska Utilities Business subsequent to March 1, 2023.

Net income attributable to shareholder is affected by non-cash items such as deferred income tax, depreciation and amortization expense, accretion expense, impairment, gains and losses on risk management contracts, and gains or losses on the sale of assets. For these reasons, net income may not necessarily reflect the same trends as revenue. In addition, the equity investment in the Northwest Hydro Facilities is impacted by seasonal precipitation, which creates periods of high river flow, typically during May through October of any given year. The following also resulted in variances to net income attributable to shareholder during the periods noted:

- Inclusion of net income from the Alaska Utilities Business subsequent to March 1, 2023;
- After-tax gain on settlement of the deal contingent interest rate swap of $3.9 million in the first quarter of 2023; and
- After-tax transaction costs of $9.2 million incurred in the first quarter of 2023 and $4.4 million incurred throughout 2022 related to the Alaska Utilities Acquisition.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

The Company's primary sources of liquidity are cash flow from operations and debt additions. The Company's cash requirements include funding for capital expenditures and working capital, servicing and repaying long-term debt, and dividend payments. The Company's sources and uses of cash are further discussed below:

	Three Months Ended September 30		Nine Months Ended September 30	
($ millions)	**2023**	2022	**2023**	2022
Cash from operations	**$ 0.9**	$ 18.5	**$ 120.7**	$ 77.6
Cash used in investing activities	**(53.3)**	(52.7)	**(1,173.0)**	(98.1)
Cash from (used in) financing activities	**(0.3)**	28.6	**1,073.3**	17.2
Increase (decrease) in cash and cash equivalents and restricted cash	**$ (52.7)**	$ (5.6)	**$ 21.0**	$ (3.3)

Cash from operations

During the three months ended September 30, 2023, cash from operations decreased by $17.6 million as compared to the same period in 2022 due to an unfavourable variance from changes in operating assets and liabilities and lower distributions from the investment in the Northwest Hydro facilities, partially offset by higher cash earnings.

During the nine months ended September 30, 2023, cash from operations increased by $43.1 million as compared to the same periods in 2022 primarily due to a favourable variance from changes in operating assets and liabilities and higher cash earnings, partially offset by lower distributions from the investment in the Northwest Hydro Facilities. The favourable variance in changes in operating assets and liabilities was mainly due to the addition of the Alaska Utilities Business' operating assets and liabilities.

Investing activities

During the three months ended September 30, 2023, cash used in investing activities increased by $0.6 million as compared to the same period in 2022 primarily due to higher capital expenditures.

During the nine months ended September 30, 2023, cash used in investing activities increased by $1,074.9 million as compared to the same period in 2022 primarily due to the Alaska Utilities Acquisition and higher capital expenditures, partially offset by a decrease in contributions to equity investments.

See also the "*Capital Expenditures"* section of this MD&A.

Financing activities

During the three months ended September 30, 2023, cash used in financing activities increased by $28.9 million as compared to the same period in 2022 primarily due to lower debt borrowings and an increase in dividends paid.

During the nine months ended September 30, 2023, cash from financing activities increased by $1,056.1 million as compared to the same period in 2022 primarily due to cash contributions from shareholder and the issuance of long-term debt in relation to the Alaska Utilities Acquisition, partially offset by an increase in dividends paid.

Working Capital

($ millions except current ratio)		**September 30, 2023**		December 31, 2022
Current assets	**$**	**212.6**	$	143.0
Current liabilities		**192.5**		230.1
Working capital (deficiency)	**$**	**20.1**	$	(87.1)
Working capital ratio		**1.10**		0.62

The variation in the working capital was primarily due to an increase in cash held and inventory, as well as a decrease in the current portion of long-term debt and current regulatory liabilities, partially offset by a decrease in accounts receivable. TSU's working capital will fluctuate in the normal course of business, and the working capital deficiency will be funded using cash flow from operations and available credit facilities as required.

Capital Resources

The Company's objective for managing capital is to maintain its investment grade credit rating, ensure adequate liquidity, maximize the profitability of its existing assets and grow its business through prudent capital investments which ultimately add to the utilities' rate base, and enhance returns to its shareholder. The Company's capital resources are comprised of short-term and long-term debt (including the current portion).

The use of debt or equity funding is based on TSU's capital structure, which is determined by considering the norms and risks associated with operations and cash flow stability and sustainability.

($ millions, except where noted)		**September 30, 2023**		December 31, 2022
Short-term debt	**$**	**44.3**	$	41.5
Current portion of long-term debt		**8.6**		25.9
Long-term debt(1)		**1,347.9**		796.5
Total debt		**1,400.8**		863.9
Less: cash and cash equivalents		**(23.4)**		(5.1)
Net debt(2)	**$**	**1,377.4**	$	858.8
Total equity		**1,328.8**		631.7
Total capitalization	**$**	**2,706.2**	$	1,490.5
Net debt-to-total capitalization(2) (%)		**50.9**		57.6

(1) Net of debt issuance costs of $6.6 million as of September 30, 2023 (December 31, 2022 - $3.2 million).

(2) Non-GAAP financial measure; see discussion in the *"Non-GAAP Financial Measures"* section of this MD&A.

As at September 30, 2023, TSU's total debt primarily consisted of outstanding MTNs of $950 million (December 31, 2022 - $750 million), AUHI Notes of US$165 million (December 31, 2022 - $nil), CINGSA long-term debt of US$39.8 million (December 31, 2022 - $nil), PNG debentures of $21.5 million (December 31, 2022 - $22.0 million) and $154.6 million drawn under other bank credit facilities (December 31, 2022 - $94.8 million). In addition, TSU had $9.1 million of letters of credit issued (December 31, 2022 - $10.7 million).

TSU's earnings interest coverage for the rolling 12 months ended September 30, 2023 was 1.6 times (12 months ended September 30, 2022 - 2.8 times).

Credit Facilities

The Company funds its long- and short-term borrowing requirements with credit facilities as follows:

($ millions)		Borrowing capacity		Drawn at September 30, 2023		Drawn at December 31, 2022
Canadian syndicated revolving credit facility(1)	**$**	**235.0**	**$**	**20.0**	$	28.2
U.S. syndicated revolving credit facility(2)(3)		**202.8**		**90.3**		—
Operating credit facility(4)		**60.0**		**48.6**		44.6
PNG committed credit facility(5)		**—**		**—**		25.0
PNG operating credit facility(6)		**25.0**		**4.8**		7.7
	$	**522.8**	**$**	**163.7**	$	105.5

(1) On September 28, 2022, the Company amended the facility to increase the borrowing capacity to $235 million and extended the maturity date to September 28, 2026. Borrowing options under this facility include Canadian prime rate-based loans, U.S. base rate loans, bankers' acceptances and Secured Overnight Financing Rate ("SOFR") loans. Borrowings against this credit facility bear fees and interest at rates relevant to the nature of the draw made and the Company's credit rating. There are no mandatory repayments prior to maturity under this facility. The facility has covenants customary for these types of facilities, which must be met at each quarter end. The Company has complied with all financial covenants each quarter since the establishment of this facility.

(2) On December 16, 2022 the Company entered into a definitive credit agreement establishing the US$150 million unsecured syndicated revolving credit facility. The facility became effective on March 1, 2023 with the acquisition of the Alaska Utilities Business. The credit facility matures on March 1, 2026. Borrowing options under this facility include Canadian prime rate-based loans, U.S. base rate loans, bankers' acceptances and SOFR loans. Borrowings against this credit facility bear interest at rates relevant to the nature of the draw made and the Company's credit rating. There are no mandatory repayments prior to maturity under this facility. The facility has covenants customary for these types of facilities, which must be met at each quarter end. The Company has complied with all financial covenants each quarter since the establishment of this facility.

(3) Borrowing capacity was converted at the September 30, 2023 U.S./Canadian dollar month-end exchange rate.

(4) On September 28, 2022, the Company amended the facility to increase the borrowing capacity to $60 million. Borrowings under this facility are due on demand. Borrowing options under this facility include overdraft, letters of credit, Canadian prime rate-based loans, U.S. base rate loans, bankers' acceptances and SOFR loans. Borrowings on this credit facility bear fees and interest at rates relevant to the nature of the draw made and the Company's credit rating. This facility is used to fund overdraft amounts and to issue letters of credit. As at September 30, 2023 a total of $4.3 million (December 31, 2022 - $5.6 million) in letters of credit were issued and are outstanding. This facility has covenants customary for these types of facilities, which must be met at each quarter end. The Company has complied with all financial covenants each quarter since the establishment of this facility.

(5) PNG's committed credit facility matured on May 4, 2023.

(6) PNG has a $25 million operating credit facility with a Canadian chartered bank. The operating line is available for working capital purposes through cash draws in the form of prime-rate advances or bankers' acceptances and the issuance of letters of credit and is collateralized by a charge on PNG's accounts receivable and inventories. As at September 30, 2023, $4.8 million (December 31, 2022 - $5.1 million) of letters of credit were issued and outstanding under this facility.

The following table summarizes the Company's primary financial covenants as defined by the credit facility agreements:

Ratios	Debt covenant Requirements	As at September 30, 2023
Bank debt-to-capitalization(1)(2)	not greater than 65 percent	**50.7%**

(1) Calculated in accordance with the Company's credit facility agreements, which are available on SEDAR at *www.sedar.com*.

(2) Estimated, subject to final adjustments.

Base Shelf Prospectus

On January 4, 2023, the Company filed a $1.0 billion base shelf prospectus. The purpose of the base shelf prospectus is to facilitate timely offerings of certain types of future public debt and/or equity issuances during the 25-month period that the base shelf prospectus remains effective. As at September 30, 2023, $800 million was available under the base shelf prospectus.

CAPITAL EXPENDITURES

($ millions)	**Three Months Ended September 30, 2023**				Three Months Ended September 30, 2022			
	Renewable Energy	**Utilities**	**Corporate**	**Total**	Renewable Energy	Utilities	Corporate	Total
Capital expenditures:								
PP&E	**$ —**	**$ 68.3**	**$ —**	**$ 68.3**	$ —	$ 59.5	$ —	$ 59.5
Intangible assets	**—**	**0.2**	**—**	**0.2**	—	0.6	—	0.6
Capital expenditures	**—**	**68.5**	**—**	**68.5**	—	60.1	—	60.1
Disposals:								
PP&E	**—**	**(0.1)**	**—**	**(0.1)**	—	(0.2)	—	(0.2)
Net capital expenditures	**$ —**	**$ 68.4**	**$ —**	**$ 68.4**	$ —	$ 59.9	$ —	$ 59.9

($ millions)	**Nine Months Ended September 30, 2023**				Nine Months Ended September 30, 2022			
	Renewable Energy	**Utilities**	**Corporate**	**Total**	Renewable Energy	Utilities	Corporate	Total
Capital expenditures:								
PP&E	**$ —**	**$ 128.4**	**$ —**	**$ 128.4**	$ —	$ 98.3	$ 0.1	$ 98.4
Intangible assets	**—**	**0.6**	**—**	**0.6**	—	1.4	—	1.4
Capital expenditures	**—**	**129.0**	**—**	**129.0**	—	99.7	0.1	99.8
Disposals:								
PP&E	**—**	**(0.3)**	**—**	**(0.3)**	—	(0.3)	—	(0.3)
Net capital expenditures	**$ —**	**$ 128.7**	**$ —**	**$ 128.7**	$ —	$ 99.4	$ 0.1	$ 99.5

Capital expenditures for the three and nine months ended September 30, 2023 were $68.5 million and $129.0 million respectively, compared to $60.1 million and $99.8 million, respectively for the three and nine months ended September 30, 2022. The increase in capital expenditures was mainly due to capital investments at the Alaska Utilities Business.

RISK MANAGEMENT

TSU is exposed to various market risks in the normal course of operations that could impact earnings and cash flows. The Board of Directors provides oversight of the Company's risk management activities.

On May 26, 2022, in connection with the Alaska Utilities Acquisition, the Company entered into a US$100 million deal contingent forward starting interest rate swap at a swap rate of 2.80 percent in order to hedge a part of the interest rate exposure related to future long-term debt financing. The interest rate swap settled on closing of the Alaska Utilities Acquisition and the Company recorded a gain of $5.2 million as a reduction to interest expense during the nine months ended September 30, 2023 (2022 - $nil).

In February 2023, the Company entered into a foreign exchange swap contract to sell US$100 million for 1.3386 Canadian per U.S. dollar in order to hedge a part of the foreign currency exposure related to the Alaska Utilities Business. On closing of the Alaska Utilities Acquisition, the Company designated this derivative as a hedge of its U.S. subsidiaries. For the three and nine months ended September 30, 2023, the Company recorded an after-tax unrealized loss of $2.6 million and $0.4 million, respectively in other comprehensive income. Prior to the designation of the derivative as a net investment hedge, an unrealized loss of $0.9 million was recorded in income during the nine months ended September 30, 2023.

Please also see note 12 to the Interim Financial Statements for further details on the Company's financial instruments.

SHARE INFORMATION

	As at November 8, 2023
Issued and outstanding	
Common Shares	30,000,000

ADOPTION OF NEW ACCOUNTING STANDARDS

On January 1, 2023, TSU adopted FASB issued ASU No. 2016-13 “Financial Instruments – Credit Losses: Measurement of Credit Losses on Financial Instruments” which requires the Company to measure all expected losses for financial assets based on historical experience, current conditions, and reasonable and supportable forecasts. TSU adopted the guidance using a modified retrospective transition approach and recognized a cumulative effect adjustment of $0.1 million to retained earnings. TSU has not restated comparative financial information.

FUTURE CHANGES IN ACCOUNTING PRINCIPLES

The Company has assessed the impact of all Accounting Standards Updates issued by FASB and determined that they are either not expected to have a material impact on the Company’s financial statements or not applicable to the Company.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has guaranteed payment for certain commitments on behalf of its subsidiaries as further described below. The primary obligations guaranteed by the Company have been included in the Company’s balance sheet and commitments note in the Interim Financial Statements.

In October 2014, EEI entered into a throughput service contract with Enbridge Inc. for the use of the expansion of its Algonquin Gas Transmission and Maritimes & Northeast Pipeline systems. The contract commenced on October 1, 2020 and will expire 15 years thereafter. The Company issued two guarantees with an aggregate maximum liability of US$91.7 million, guaranteeing EEI’s payment obligations under the throughput service contract with Enbridge Inc.

The Company, through EEI, has other agreements in place with natural gas distributors, wholesale gas marketers and financial institutions for the purchase and transportation of natural gas and by-products thereof including forward or other financial settled contracts. As at September 30, 2023, the Company had guarantees with an aggregate maximum of US$70 million and $3.3 million guaranteeing EEI’s payment under those agreements.

DISCLOSURE CONTROLS AND PROCEDURES (“DC&P”) AND INTERNAL CONTROL OVER FINANCIAL REPORTING (“ICFR”)

The Company is a “Venture Issuer” under applicable Canadian securities regulations for certain purposes. As such, the Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”) are not required to certify the design and evaluation of the Company’s DC&P and ICFR under National Instrument 52-109 – *Certification of Disclosure in Issuers’ Annual and Interim Filings*. However, the CEO and CFO have reviewed the Interim Financial Statements and this MD&A. Based on their knowledge and exercise of reasonable diligence, they have concluded that these documents fairly present in all material respects the financial condition, financial performance and cash flows of the Company as at the date of and for the periods presented.

NON-GAAP FINANCIAL MEASURES

This MD&A contains references to certain financial measures used by the Company that do not have a standardized meaning prescribed by U.S. GAAP and may not be comparable to similar measures presented by other entities. Readers are cautioned that these non-GAAP measures should not be construed as alternatives to other measures of financial performance calculated in accordance with U.S. GAAP. The non-GAAP measures and their reconciliation to U.S. GAAP financial measures are shown below. These non-GAAP measures provide additional information that management believes is meaningful in describing the Company's operational performance, liquidity and capacity to fund dividends, capital expenditures, and other investing activities. The specific rationale for, and incremental information associated with, each non-GAAP measure is discussed below.

References to normalized EBITDA, normalized net income (loss), normalized net income (loss) per share, normalized funds from operations, normalized funds from operations per share, net debt and net debt to total capitalization throughout this MD&A have the meanings as set out in this section.

Normalized EBITDA

	Three Months Ended September 30		Nine Months Ended September 30	
($ millions)	**2023**	2022	**2023**	2022
Normalized EBITDA	**$ 36.8**	$ 20.6	**$ 136.8**	$ 83.6
Add (deduct):				
Foreign exchange gain (loss)	**0.2**	—	**(0.1)**	—
Unrealized gain on risk management contracts	**0.1**	9.8	**5.4**	10.1
Accretion expense	**(0.1)**	(0.1)	**(0.2)**	(0.2)
Depreciation and amortization expense	**(20.9)**	(11.9)	**(55.7)**	(33.7)
Accretion and depreciation and amortization expense from equity investment	**(0.9)**	(0.9)	**(2.7)**	(2.6)
Transaction costs	**(0.9)**	(1.6)	**(15.1)**	(2.7)
Operating income	**$ 14.3**	$ 15.9	**$ 68.4**	$ 54.5

Normalized EBITDA is a measure of the Company's operating profitability prior to how business activities are financed, assets are amortized, or earnings are taxed. Normalized EBITDA is calculated using operating income adjusted for depreciation and amortization expense, accretion expenses, foreign exchange gain (loss), unrealized gain (loss) on risk management contracts, and other typically non-recurring items, such as the transaction costs associated with the Alaska Utilities Acquisition. Normalized EBITDA is frequently used by investors in the evaluation of entities within the industry as it excludes items that can vary substantially between entities depending on the accounting policies chosen, the book value of assets and the capital structure.

Normalized EBITDA as presented should not be viewed as an alternative to operating income or other measures of income calculated in accordance with U.S. GAAP as an indicator of performance.

Normalized Net Income (Loss) and Normalized Net Income (Loss) per Share

	Three Months Ended September 30		Nine Months Ended September 30	
($ millions)	**2023**	2022	**2023**	2022
Normalized net income (loss)	**$ (2.3)**	$ (1.4)	**$ 29.2**	$ 26.8
Add (deduct) after-tax:				
Unrealized gain on risk management contracts	**0.1**	9.8	**7.7**	10.1
Transaction costs	**(0.7)**	(1.2)	**(10.2)**	(2.3)
Gain on settlement of deal contingent interest rate swap	**—**	—	**3.9**	—
Net income (loss) attributable to shareholder	**$ (2.9)**	$ 7.2	**$ 30.6**	$ 34.6

Normalized net income (loss) represents net income (loss) attributable to shareholder adjusted for after tax impact of unrealized gain (loss) on risk management contracts and other typically non-recurring items, such as the transaction costs associated with the Alaska Utilities Acquisition. Normalized net income (loss) per share is calculated by dividing normalized net income (loss) by the weighted average number of common shares. This measure is presented in order to enhance the comparability of results, as it reflects the underlying performance of the Company.

Normalized net income (loss) and normalized net income (loss) per share as presented should not be viewed as an alternative to net income (loss) attributable to shareholder or other measures of income calculated in accordance with U.S. GAAP as an indicator of performance.

Normalized Funds from Operations and Normalized Funds from Operations per Share

($ millions)	Three Months Ended September 30 **2023**	2022	Nine Months Ended September 30 **2023**	2022
Normalized funds from operations	**$ 14.1**	$ 9.4	**$ 86.8**	$ 59.5
Add (deduct):				
Transaction costs	**(0.9)**	(1.6)	**(15.1)**	(2.7)
Gain on settlement of deal contingent interest rate swap	**—**	—	**5.2**	—
Changes in operating assets and liabilities	**(12.3)**	10.7	**43.8**	20.8
Cash from operations	**$ 0.9**	$ 18.5	**$ 120.7**	$ 77.6

Normalized funds from operations is used to assist management and investors in analyzing the liquidity of the Company without regard to changes in operating assets and liabilities in the period as well as other non-operating related income and expenses, such as the transaction costs associated with the Alaska Utilities Acquisition. Management uses this measure to understand the ability to generate funds for use in investing and financing activities.

Normalized funds from operations per share is calculated by dividing normalized funds from operations by the weighted average number of common shares.

Normalized funds from operations and normalized funds from operations per share as presented should not be viewed as an alternative to cash from operations or other cash flow measures calculated in accordance with U.S. GAAP as an indicator of liquidity.

Net Debt and Net Debt to Total Capitalization

Net debt and net debt to total capitalization are used by the Company to monitor its capital structure and financing requirements. It is also used as a measure of the Company’s overall financial strength. Net debt is defined as short-term debt, plus current and long-term portions of long-term debt, less cash and cash equivalents. Total capitalization is defined as net debt plus shareholders’ equity. Additional information regarding these non-GAAP measures can be found under the *“Liquidity and Capital Resources – Capital Resources”* section of this MD&A.

DEFINITIONS

AUC	Alberta Utilities Commission
BCUC	British Columbia Utilities Commission
GCOC	Generic Cost of Capital
GWh	Gigawatt hour
MTN	Medium-term note
MW	Megawatt
NSUARB	Nova Scotia Utility and Review Board
PBR	Performance-Based Regulation
PJ	Petajoule; one million gigajoules
PP&E	Property, plant and equipment
RCA	Regulatory Commission of Alaska
ROE	Return on Equity

ABOUT TSU

TSU is a North American company with natural gas distribution, transmission and storage utilities and renewable power generation assets. TSU serves approximately 287,000 customers across Canada and the United States, delivering lower carbon energy, safely and reliably. For more information visit: www.trisummit.ca

Condensed Interim Consolidated Balance Sheets *(unaudited)*

As at *($ millions)*		**September 30, 2023**		December 31, 2022
ASSETS				
Current assets				
Cash and cash equivalents *(note 16)*	**$**	**23.4**	$	5.1
Accounts receivable, net of allowances		**64.1**		112.1
Inventory *(note 5)*		**106.6**		4.9
Restricted cash holdings from customers *(note 16)*		**2.6**		—
Regulatory assets		**5.0**		5.4
Risk management contracts asset *(note 12)*		**—**		9.0
Prepaid expenses and other current assets		**10.9**		6.5
		212.6		143.0
Property, plant and equipment		**1,868.9**		1,211.8
Intangible assets		**45.1**		37.9
Goodwill *(note 6)*		**673.3**		119.1
Regulatory assets		**286.1**		254.5
Risk management contracts assets *(note 12)*		**10.8**		4.2
Other long-term assets		**46.4**		34.7
Investments accounted for by the equity method		**117.6**		112.2
	$	**3,260.8**	$	1,917.4
LIABILITIES AND SHAREHOLDER'S EQUITY				
Current liabilities				
Accounts payable and accrued liabilities	**$**	**123.8**	$	118.8
Short-term debt *(note 7)*		**44.3**		41.5
Current portion of long-term debt *(note 8)*		**8.6**		25.9
Customer deposits		**11.8**		10.9
Regulatory liabilities		**0.8**		14.9
Risk management contracts liabilities *(note 12)*		**—**		15.2
Other current liabilities		**3.2**		2.9
		192.5		230.1
Long-term debt *(note 8)*		**1,347.9**		796.5
Asset retirement obligations		**10.2**		5.5
Deferred income taxes *(note 11)*		**171.3**		169.2
Regulatory liabilities		**179.1**		62.4
Risk management contracts liabilities *(note 12)*		**1.4**		—
Lease liabilities		**12.1**		11.3
Future employee obligations *(note 13)*		**17.5**		10.7
	$	**1,932.0**	$	1,285.7

As at *($ millions)*		**September 30, 2023**		December 31, 2022
Shareholder's equity				
Common shares, no par value, unlimited shares authorized; September 30, 2023 and December 31, 2022 - 30 million shares issued and outstanding		**321.0**		321.0
Contributed surplus *(note 14)*		**731.2**		100.0
Retained earnings		**212.6**		210.0
Accumulated other comprehensive income *(note 9)*		**5.5**		0.7
Total shareholder's equity	**$**	**1,270.3**	$	631.7
Non-controlling interests		**58.5**		—
Total equity		**1,328.8**		631.7
	$	**3,260.8**	$	1,917.4

Commitments, contingencies and guarantees *(note 15)*

Subsequent events *(note 19)*

See accompanying notes to the condensed interim consolidated financial statements.

Condensed Interim Consolidated Statements of Income (Loss)

(unaudited)

	Three months ended September 30		Nine months ended September 30	
($ millions)	**2023**	2022	**2023**	2022
REVENUE *(note 10)*	**$ 128.6**	$ 63.4	**$ 546.3**	$ 311.5
EXPENSES				
Cost of sales, exclusive of items shown separately	**53.3**	21.3	**290.9**	147.8
Operating and administrative	**46.4**	29.3	**145.3**	92.3
Accretion	**0.1**	0.1	**0.2**	0.2
Depreciation and amortization	**20.9**	11.9	**55.7**	33.7
	120.7	62.6	**492.1**	274.0
Income from equity investments	**4.8**	4.7	**4.5**	5.0
Unrealized gain on risk management contracts *(note 12)*	**0.1**	9.8	**5.4**	10.1
Other income	**1.3**	0.6	**4.4**	1.9
Foreign exchange gain (loss)	**0.2**	—	**(0.1)**	—
Operating income	**14.3**	15.9	**68.4**	54.5
Interest expense				
Short-term debt	**(0.3)**	(0.1)	**(0.9)**	(0.3)
Long-term debt	**(16.6)**	(7.8)	**(40.0)**	(22.4)
Income (loss) before income taxes	**(2.6)**	8.0	**27.5**	31.8
Income tax recovery (expense) *(note 11)*				
Current	**(0.2)**	0.4	**(1.4)**	4.2
Deferred	**0.8**	(1.2)	**6.6**	(1.4)
Net income (loss) after taxes	**$ (2.0)**	$ 7.2	**$ 32.7**	$ 34.6
Net income attributable to non-controlling interests	**(0.9)**	—	**(2.1)**	—
Net income (loss) attributable to shareholder	**$ (2.9)**	$ 7.2	**$ 30.6**	$ 34.6

See accompanying notes to the condensed interim consolidated financial statements.

Condensed Interim Consolidated Statements of Comprehensive Income *(unaudited)*

($ millions)	Three months ended September 30 **2023**	2022	Nine months ended September 30 **2023**	2022
Net income (loss) after taxes	**$ (2.0)**	$ 7.2	**$ 32.7**	$ 34.6
Other comprehensive income (loss) (OCI), net of taxes				
Foreign currency translation adjustment	**16.9**	—	**5.2**	—
Unrealized loss on net investment hedge *(note 12)*	**(2.6)**	—	**(0.4)**	—
Other comprehensive income, net of taxes	**14.3**	—	**4.8**	—
Comprehensive income attributable to non-controlling interest	**(0.9)**	—	**(2.1)**	—
Comprehensive income attributable to shareholder	**$ 11.4**	$ 7.2	**$ 35.4**	$ 34.6

See accompanying notes to the condensed interim consolidated financial statements.

Condensed Interim Consolidated Statements of Changes in Equity

(unaudited)

($ millions)	Three months ended September 30 2023	2022	Nine months ended September 30 2023	2022
Common shares				
Balance, beginning of period	**$ 321.0**	$ 321.0	**$ 321.0**	$ 321.0
Balance, end of period	**$ 321.0**	$ 321.0	**$ 321.0**	$ 321.0
Contributed surplus				
Balance, beginning of period	**$ 731.2**	$ 100.0	**$ 100.0**	$ 100.0
Contributions from shareholder *(notes 4 and 14)*	**—**	—	**631.2**	—
Balance, end of period	**$ 731.2**	$ 100.0	**$ 731.2**	$ 100.0
Retained earnings				
Balance, beginning of period	**$ 224.8**	$ 218.7	**$ 210.0**	$ 209.0
Adoption of ASU No. 2016-13 *(note 3)*	**—**	—	**(0.1)**	—
Net income (loss) attributable to shareholder	**(2.9)**	7.2	**30.6**	34.6
Common share dividends	**(9.3)**	(8.7)	**(27.9)**	(26.4)
Balance, end of period	**$ 212.6**	$ 217.2	**$ 212.6**	$ 217.2
Accumulated other comprehensive income (loss) (AOCI)				
Balance, beginning of period	**$ (8.8)**	$ (1.7)	**$ 0.7**	$ (1.7)
Other comprehensive income	**14.3**	—	**4.8**	—
Balance, end of period	**$ 5.5**	$ (1.7)	**$ 5.5**	$ (1.7)
Total shareholder's equity	**$ 1,270.3**	$ 636.5	**$ 1,270.3**	$ 636.5
Non-controlling interests				
Balance, beginning of period	**$ 57.6**	$ —	**$ —**	$ —
Acquisition of non-controlling interest *(note 4)*	**—**	—	**56.4**	—
Net income attributable to non-controlling interests	**0.9**	—	**2.1**	—
Balance, end of period	**$ 58.5**	$ —	**$ 58.5**	$ —
Total equity	**$ 1,328.8**	**$** 636.5	**$ 1,328.8**	$ 636.5

See accompanying notes to the condensed interim consolidated financial statements.

Condensed Consolidated Statements of Cash Flows *(unaudited)*

($ millions)	Three months ended September 30 **2023**	2022	Nine months ended September 30 **2023**	2022
Cash from operations				
Net income (loss) after taxes	**$ (2.0)**	$ 7.2	**$ 32.7**	$ 34.6
Items not involving cash:				
Depreciation and amortization expense	**20.9**	11.9	**55.7**	33.7
Accretion expense	**0.1**	0.1	**0.2**	0.2
Deferred income tax expense (recovery) *(note 11)*	**(0.8)**	1.2	**(6.6)**	1.4
Income from equity investments	**(4.8)**	(4.7)	**(4.5)**	(5.0)
Unrealized gain on risk management contracts *(note 12)*	**(0.1)**	(9.8)	**(5.4)**	(10.1)
Other	**(0.1)**	0.2	**4.8**	0.3
Distributions from equity investment	**—**	1.7	**—**	1.7
Changes in operating assets and liabilities *(note 16)*	**(12.3)**	10.7	**43.8**	20.8
	$ 0.9	$ 18.5	**$ 120.7**	$ 77.6
Investing activities				
Additions to property, plant and equipment	**$ (53.0)**	$ (52.2)	**$ (118.1)**	$ (94.3)
Additions to intangible assets	**(0.3)**	(0.6)	**(1.9)**	(2.8)
Proceeds from disposition of assets, net of transaction costs	**—**	0.2	**0.2**	0.3
Contributions to equity investments	**—**	(0.1)	**(0.9)**	(1.3)
Acquisition of the Alaska Utilities Business, net of cash and restricted cash acquired *(note 4)*	**—**	—	**(1,052.3)**	—
	$ (53.3)	**$** (52.7)	**$ (1,173.0)**	$ (98.1)
Financing activities				
Net proceeds from (repayment of) short-term debt	**$ 3.8**	$ (0.3)	**$ 2.8**	$ 24.2
Net issuance (repayment) of bankers' acceptances	**5.5**	(60.9)	**(33.1)**	(79.0)
Issuance of long-term debt, net of debt issuance costs	**4.3**	99.0	**509.2**	99.0
Repayment of long-term debt	**(3.7)**	(0.5)	**(8.1)**	(0.5)
Contributions from shareholder *(note 14)*	**—**	—	**631.2**	—
Common share dividends	**(9.3)**	(8.7)	**(27.9)**	(26.4)
Other	**(0.9)**	—	**(0.8)**	(0.1)
	$ (0.3)	$ 28.6	**$ 1,073.3**	$ 17.2
Change in cash and cash equivalents and restricted cash	**(52.7)**	(5.6)	**21.0**	(3.3)
Effect of exchange rate changes on cash and cash equivalents	**0.3**	—	**(0.1)**	—
Cash and cash equivalents and restricted cash, beginning of period	**78.4**	8.2	**5.1**	5.9
Cash and cash equivalents and restricted cash, end of period	**$ 26.0**	$ 2.6	**$ 26.0**	$ 2.6

See accompanying notes to the condensed interim consolidated financial statements.

Notes to the Condensed Interim Consolidated Financial Statements

(unaudited)

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

1. OVERVIEW OF THE COMPANY

TriSummit Utilities Inc. ("TSU" or the "Company") is incorporated under the *Canada Business Corporations Act* and its registered office and principal place of business is in Calgary, Alberta. TSU is a wholly owned subsidiary of TriSummit Cycle Inc., a company in which the Public Sector Pension Investment Board indirectly holds a majority economic interest and Alberta Investment Management Corporation holds a minority economic interest.

The Company owns and operates rate-regulated distribution and transmission utility businesses through its wholly owned subsidiaries ENSTAR Natural Gas Company, LLC and Alaska Pipeline Company, LLC, in Alaska, Apex Utilities Inc. ("AUI") in Alberta, Pacific Northern Gas Ltd. ("PNG") and Pacific Northern Gas (N.E.) Ltd. ("PNG(N.E.)") in British Columbia and Eastward Energy Incorporated ("EEI") in Nova Scotia. The Company also owns a 65 percent indirect interest in an Alaska regulated storage facility owned by Cook Inlet Natural Gas Storage Alaska, LLC ("CINGSA"), the Bear Mountain Wind Park, and an approximately 10 percent indirect interest in the Northwest Hydro Facilities.

2. BASIS OF PRESENTATION

Basis of Preparation

These condensed interim consolidated financial statements ("Financial Statements") have been prepared by management in accordance with United States Generally Accepted Accounting Principles ("U.S. GAAP").

Pursuant to National Instrument 52-107, "Acceptable Accounting Principles and Auditing Standards" ("NI 52-107"), U.S. GAAP reporting is permitted by Canadian securities laws for companies subject to reporting obligations under U.S. securities laws. However, given that the Company is not subject to such reporting obligations and could not therefore rely on the provisions of NI 52-107 to that effect, the Company sought and obtained exemptive relief from the securities regulators in Alberta and Ontario to permit it to prepare its financial statements in accordance with U.S. GAAP. The exemption will terminate on the earlier of (a) January 1, 2027; (b) the date upon which the Company ceases to have activities subject to rate regulation, and (c) the first day of the Company's financial year that commences on or following the later of (i) the effective date prescribed by the International Accounting Standards Board ("IASB") for the mandatory application of a standard within International Financial Reporting Standards specific to entities with activities subject to rate regulation and (ii) two years after the IASB publishes the final version of a mandatory rate regulated standard.

In January 2021, IASB published the exposure draft *Regulatory Assets and Liabilities*, which would be applicable to entities with rate regulated activities. The effective date for mandatory application of the eventual final standard, if any, is not yet determinable and the Company continues to monitor the developments of the exposure draft and determine the potential impacts to the Company's financial statements.

Principles of Consolidation

The Financial Statements include the accounts of the Company and its direct and indirect majority-owned subsidiaries, including, without limitation: Alaska Utility Holdings Inc. ("AUHI"), TSU USA Holdings Inc. ("TSUH"), TriSummit Utility Group Inc., Bear Mountain Wind Limited Partnership, TriSummit Canadian Energy Holdings Ltd., ENSTAR Natural Gas Company, LLC, Alaska Pipeline Company, LLC, PNG, AUI, EEI and CINGSA. To the extent there are interests owned by other parties, these interests are included in non-controlling interests. The Financial Statements also include investments in Northwest Hydro Limited Partnership ("Coast LP"), Inuvik Gas Ltd., and NGIF Cleantech Ventures Limited Partnership ("NGIF"), which are accounted for using the equity method. Intercompany transactions and balances are eliminated. Investments in unconsolidated companies that the Company has significant influence, but not control, over, are accounted for using the equity method. In addition, the

Company uses the equity method of accounting for investments in limited partnership interests in which it has more than a minor interest or influence over the partnership's operating and financial policies.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

USE OF ESTIMATES AND MEASUREMENT UNCERTAINTY

The preparation of these Financial Statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, and liabilities during the period. Key areas where management has made complex or subjective judgments, when matters are inherently uncertain, include but are not limited to: revenue recognition, credit loss estimates, depreciation and amortization rates, determination of the classification, term and incremental borrowing rate for leases, fair value of asset retirement obligations, fair value of property, plant and equipment and goodwill for impairment assessments, fair value of financial instruments, provisions for income taxes, assumptions used to measure employee future benefits, provisions for contingencies, purchase price allocations, and carrying value of regulatory assets and liabilities. Certain estimates are necessary for the regulatory environment in which the Company operates, which often require amounts to be recorded at estimated values until these amounts are finalized pursuant to regulatory decisions or other regulatory proceedings. By their nature, these estimates are subject to measurement uncertainty and may impact the consolidated financial statements of future periods.

SIGNIFICANT ACCOUNTING POLICIES

Except as noted below, these condensed interim consolidated financial statements have been prepared following the same accounting policies and methods as those used in preparing the Company's 2022 annual audited consolidated financial statements.

ADOPTION OF NEW ACCOUNTING STANDARDS

On January 1, 2023, TSU adopted Financial Accounting Standards Board ("FASB") issued ASU No. 2016-13 "Financial Instruments – Credit Losses: Measurement of Credit Losses on Financial Instruments" which requires the Company to measure all expected losses for financial assets based on historical experience, current conditions, and reasonable and supportable forecasts. TSU adopted the guidance using a modified retrospective transition approach and recognized a cumulative effect adjustment of $0.1 million to retained earnings. TSU has not restated comparative financial information.

FUTURE CHANGES IN ACCOUNTING PRINCIPLES

The Company has assessed the impact of all Accounting Standards Updates issued by FASB and determined that they are either not expected to have a material impact on the Company's condensed interim consolidated financial statements or are not applicable to the Company.

4. ACQUISITION OF THE ALASKA UTILITIES BUSINESS

On March 1, 2023, AUHI, a subsidiary of the Company, completed the acquisition of a 100 percent interest in ENSTAR Natural Gas Company, LLC, Alaska Pipeline Company, LLC, and Norstar Pipeline Company, Inc. (collectively, "ENSTAR"), and a 65 percent indirect interest in CINGSA (collectively, the "Alaska Utilities Business") from a subsidiary of AltaGas Ltd., in an all cash transaction valued at approximately US$800 million, before customary post-closing adjustments (the "Alaska Utilities Acquisition"). As at February 28, 2023, CINGSA had approximately US$45 million (approximately US$29 million proportionate share) of outstanding senior notes which remain in place.

The Alaska Utilities Acquisition was financed using: (i) US$471 million ($631.2 million) of equity; (ii) net proceeds from the private placement offering of senior unsecured notes in three series totaling US$165 million (see note 8); (iii) partial net proceeds of

US$100 million ($135 million) from the medium-term notes ("MTNs") issued in January 2023 (see note 8); and (iv) borrowings from the Company's credit facilities.

The majority of the Alaska Utilities Business is subject to the rate-setting authority of the Regulatory Commission of Alaska and is accounted for pursuant to the accounting guidance for regulated operations under U.S. GAAP. Preliminary fair values of the net assets acquired subject to the rate-setting process approximate their carrying values.

The transaction constitutes a business acquisition and accordingly has been accounted for using the acquisition method of accounting. The excess of the purchase price over estimated fair values of net assets acquired has been recognized as goodwill at the acquisition date of March 1, 2023. The goodwill reflects the amount paid for access to rate-regulated assets, net income and future cash flows, opportunities for growth, and an improved earnings risk profile. The goodwill recognized as part of this transaction is deductible for income tax purposes.

The following table summarizes the allocation of the purchase consideration to the net assets acquired based on their fair values, using the March 1, 2023 exchange rate of $1.00 USD equals $1.3612 CAD. Certain assets and liabilities have been measured on a provisional basis. If new facts and circumstances are obtained within one year from the date of acquisition that existed at the date of acquisition, any identified adjustments to the below amounts or additional provisions that existed at the date of acquisition, may result in a revision to the accounting for the acquisition.

As at		**September 30, 2023**
Purchase Consideration	**$**	**1,075.6**
Fair Value assigned to net assets:		
Current assets		**190.5**
Property, plant and equipment		**577.1**
Intangible assets		**11.0**
Regulatory assets		**15.6**
Other long-term assets		**8.2**
Current liabilities		**(64.7)**
Long-term debt		**(55.6)**
Regulatory liabilities		**(96.9)**
Other long-term liabilities		**(11.2)**
Non-controlling interest		**(56.4)**
Fair values of net assets acquired		**517.6**
Goodwill	**$**	**558.0**

Goodwill is subject to an annual assessment for impairment at the reporting unit level.

The following supplemental unaudited, pro forma consolidated financial information for the three and nine months ended September 30, 2023 and 2022 gives effect to the Alaska Utilities Acquisition as if it had closed on January 1, 2022. This pro forma information is presented for information purposes only and does not purport to be indicative of the results that would have occurred had the Alaska Utilities Acquisition taken place at the beginning of 2022, nor is it indicative of the results that may be expected in future periods. Pro forma net income attributable to shareholder excludes all non-recurring acquisition-related expenses which includes the after-tax impact of realized and unrealized gains and losses related to certain financial instruments entered into in relation to the Alaska Utilities Acquisition (see note 12) and the after-tax impact of transaction costs incurred related to the Alaska Utilities Acquisition of $10.2 million.

	Three months ended September 30		Nine months ended September 30	
	2023	2022	**2023**	2022
Pro forma revenue	**$ 128.6**	$ 126.4	**$ 668.2**	$ 619.0
Pro forma net income (loss) attributable to shareholder	**$ (2.2)**	$ 8.3	**$ 49.3**	$ 49.8

5. INVENTORY

As at	**September 30, 2023**	December 31, 2022
Natural gas	**$ 86.6**	$ 3.6
Materials and supplies	**20.0**	1.3
	$ 106.6	$ 4.9

6. GOODWILL

As at	**September 30, 2023**	December 31, 2022
Balance, beginning of period	**$ 119.1**	$ 119.1
Business acquisition *(note 4)*	**558.0**	—
Foreign exchange translation	**(3.8)**	—
Balance, end of period	**$ 673.3**	$ 119.1

7. SHORT-TERM DEBT

As at September 30, 2023, the Company held a $60.0 million (December 31, 2022 - $60.0 million) revolving operating credit facility with a Canadian chartered bank. Borrowings under this facility are due on demand. Draws on this facility are by way of overdraft, Canadian prime rate loans, U.S. base-rate loans, letters of credit, bankers' acceptances and Secured Overnight Financing Rate ("SOFR") loans. As at September 30, 2023, the outstanding borrowings under this facility were $44.3 million (December 31, 2022 - $39.0 million). Letters of credit outstanding under this facility as at September 30, 2023 were $4.3 million (December 31, 2022 - $5.6 million).

As at September 30, 2023, the Company held a $25.0 million (December 31, 2022 - $25.0 million) bank operating facility which is available for PNG's working capital purposes. Draws on this facility are by way of prime-rate advances, bankers' acceptances or letters of credit at the bank's prime rate or for a fee. As at September 30, 2023, prime-rate advances under the operating facility were $nil (December 31, 2022 - $2.5 million). Letters of credit outstanding under this facility as at September 30, 2023 were $4.8 million (December 31, 2022 - $5.1 million).

8. LONG-TERM DEBT

As at	Maturity date	**September 30, 2023**	December 31, 2022
Credit facilities			
$235 million unsecured revolving credit facility[a]	28-Sep-2026	**$ 20.0**	$ 28.2
US$150 million U.S. unsecured revolving credit facility[a]	1-Mar-2026	**90.3**	—
$25 million PNG committed credit facility[b]	4-May-2023	**—**	25.0
AUHI notes			
US$50 million series A senior unsecured notes – 5.34 percent	15-Dec-2027	**67.6**	—
US$25 million series B senior unsecured notes – 5.38 percent	31-Mar-2030	**33.8**	—
US$90 million series C senior unsecured notes – 5.41 percent	31-Mar-2033	**121.7**	—
Debenture notes			
PNG 2025 series debenture – 9.30 percent[c]	18-Jul-2025	**10.0**	10.5
PNG 2027 series debenture – 6.90 percent[c]	2-Dec-2027	**11.5**	11.5
Medium term notes			
$300 million senior unsecured – 4.26 percent	5-Dec-2028	**300.0**	300.0
$250 million senior unsecured – 3.15 percent	6-Apr-2026	**250.0**	250.0
$100 million senior unsecured – 3.13 percent	7-Apr-2027	**100.0**	100.0
$100 million senior unsecured – 5.28 percent	15-Aug-2052	**100.0**	100.0
$200 million senior unsecured – 5.02 percent	11-Jan-2030	**200.0**	—
CINGSA US$82 million senior secured notes – 4.48 percent[d]	2-Mar-2032	**53.8**	—
Finance lease liabilities		**4.4**	0.4
		$ 1,363.1	$ 825.6
Less debt issuance costs and discount		**(6.6)**	(3.2)
		$ 1,356.5	$ 822.4
Less current portion		**(8.6)**	(25.9)
		$ 1,347.9	$ 796.5

(a) Borrowings on the credit facility can be by way of Canadian prime rate based loans, U.S. base rate loans, bankers' acceptance and SOFR loans.

(b) Borrowings on the credit facility can be by way of Canadian prime rate-based loans and bankers' acceptances.

(c) Collateral for the Secured Debentures consists of a specific first mortgage on substantially all of PNG's property, plant & equipment and gas purchase and gas sales contracts, and a first floating charge on other property, assets and undertakings.

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

9. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

($ millions)	Translation of foreign operations	Net Investment Hedge	Defined benefit pension and post-retirement benefit plans	Total
Opening balance, January 1, 2023	**$ —**	**$ —**	**$ 0.7**	**$ 0.7**
OCI before reclassification	**5.2**	**(0.5)**	**—**	**4.7**
Current period OCI (pre-tax)	**$ 5.2**	**$ (0.5)**	**$ —**	**$ 4.7**
Income tax on amounts retained in AOCI	**—**	**0.1**	**—**	**0.1**
Net current period OCI	**$ 5.2**	**$ (0.4)**	**$ —**	**$ 4.8**
Ending balance, September 30, 2023	**$ 5.2**	**$ (0.4)**	**$ 0.7**	**$ 5.5**
Opening balance, January 1, 2022	$ —	$ —	$ (1.7)	$ (1.7)
OCI before reclassification	—	—	3.1	3.1
Amounts reclassified from OCI	—	—	0.1	0.1
Current period OCI (pre-tax)	$ —	$ —	$ 3.2	$ 3.2
Income tax on amounts retained in AOCI	—	—	(0.8)	(0.8)
Net current period OCI	$ —	$ —	$ 2.4	$ 2.4
Ending balance, December 31, 2022	$ —	$ —	$ 0.7	$ 0.7

10. REVENUE

The following table disaggregates revenue by major sources:

	Three months ended September 30, 2023			
	Renewable Energy	Utilities	Corporate	Total
Revenue from contracts with customers				
Gas sales and transportation services	**$ —**	**$ 109.6**	**$ —**	**$ 109.6**
Storage services	**—**	**6.2**	**—**	**6.2**
Other	**0.4**	**0.7**	**—**	**1.1**
Total revenue from contracts with customers	**$ 0.4**	**$ 116.5**	**$ —**	**$ 116.9**
Other sources of revenue				
Revenue from alternative revenue programs[(a)]	**$ —**	**$ 7.1**	**$ —**	**$ 7.1**
Leasing revenue[(b)]	**3.0**	**—**	**—**	**3.0**
Risk management activities	**—**	**—**		**—**
Other	**—**	**1.6**	**—**	**1.6**
Total revenue from other sources	**$ 3.0**	**$ 8.7**	**$ —**	**$ 11.7**
Total revenue	**$ 3.4**	**$ 125.2**	**$ —**	**$ 128.6**

(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) Relates to power sold to BC Hydro under the power purchase agreement for the Bear Mountain Wind Park, which is accounted for as an operating lease. The lease revenue earned are from variable lease payments which are recorded when actual electricity is generated and delivered.

	Nine months ended September 30, 2023			
	Renewable Energy	**Utilities**	**Corporate**	**Total**
Revenue from contracts with customers				
Gas sales and transportation services	**$ —**	**$ 509.8**	**$ —**	**$ 509.8**
Storage services	**—**	**14.7**	**—**	**14.7**
Other	**1.5**	**2.7**	**—**	**4.2**
Total revenue from contracts with customers	**$ 1.5**	**$ 527.2**	**$ —**	**$ 528.7**
Other sources of revenue				
Revenue from alternative revenue programs[(a)]	**$ —**	**$ 4.5**	**$ —**	**$ 4.5**
Leasing revenue[(b)]	**10.4**	**—**	**—**	**10.4**
Other	**—**	**2.7**	**—**	**2.7**
Total revenue from other sources	**$ 10.4**	**$ 7.2**	**$ —**	**$ 17.6**
Total revenue	**$ 11.9**	**$ 534.4**	**$ —**	**$ 546.3**

(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) Relates to power sold to BC Hydro under the power purchase agreement for the Bear Mountain Wind Park, which is accounted for as an operating lease. The lease revenue earned are from variable lease payments which are recorded when actual electricity is generated and delivered.

	Three months ended September 30, 2022			
	Renewable Energy	Utilities	Corporate	Total
Revenue from contracts with customers				
Gas sales and transportation services	$ —	$ 51.4	$ —	$ 51.4
Other	—	0.7	—	0.7
Total revenue from contracts with customers	$ —	$ 52.1	$ —	$ 52.1
Other sources of revenue				
Revenue from alternative revenue programs [(a)]	$ —	$ 7.3	$ —	$ 7.3
Leasing revenue[(b)]	4.0	—	—	4.0
Total revenue from other sources	$ 4.0	$ 7.3	$ —	$ 11.3
Total revenue	$ 4.0	$ 59.4	$ —	$ 63.4

(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) Relates to power sold to BC Hydro under the power purchase agreement for the Bear Mountain Wind Park, which is accounted for as an operating lease. The lease revenue earned are from variable lease payments which are recorded when actual electricity is generated and delivered.

	Nine months ended September 30, 2022			
	Renewable Energy	Utilities	Corporate	Total
Revenue from contracts with customers				
Gas sales and transportation services	$ —	$ 292.3	$ —	$ 292.3
Other	0.7	2.3	—	3.0
Total revenue from contracts with customers	$ 0.7	$ 294.6	$ —	$ 295.3
Other sources of revenue				
Revenue from alternative revenue programs[(a)]	$ —	$ 3.9	$ —	$ 3.9
Leasing revenue[(b)]	12.3	—	—	12.3
Total revenue from other sources	$ 12.3	$ 3.9	$ —	$ 16.2
Total revenue	$ 13.0	$ 298.5	$ —	$ 311.5

(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) Relates to power sold to BC Hydro under the power purchase agreement for the Bear Mountain Wind Park, which is accounted for as an operating lease. The lease revenue earned are from variable lease payments which are recorded when actual electricity is generated and delivered.

Accounts receivable as at September 30, 2023 include unbilled receivables of $34.1 million (December 31, 2022 - $54.0 million) related to gas sales and transportation services rendered to customers but not billed at period end.

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 at September 30, 2023:

	Remainder of 2023	2024	2025	2026	2027	> 2028	Total
Gas sales and transportation services	$ 3.5	$ 6.8	$ 2.2	$ 1.9	$ 1.7	$ 9.5	**$ 25.6**
Storage services	6.2	24.9	24.9	24.9	24.9	106.0	**211.8**
Other	0.3	0.9	1.0	1.0	1.0	1.2	**5.4**
	$ 10.0	$ 32.6	$ 28.1	$ 27.8	$ 27.6	$ 116.7	**$ 242.8**

The Company 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 the Company 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 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 gas is delivered or as service is provided.

11. INCOME TAXES

For the three and nine months ended September 30, 2023, the Company recognized an income tax recovery of $0.6 million and $5.2 million, respectively (three and nine months ended September 30, 2022 – expense of $0.8 million and recovery of $2.8 million respectively). The increase in the income tax recovery for the three months ended September 30, 2023 was mainly due to lower taxable income as a result of higher deductions. The increase in income tax recovery for the nine months ended September 30, 2023 was mainly due to lower taxable income as a result of transaction costs incurred in relation to the Alaska Utilities Acquisition and the recognition of SR&ED tax credits.

12. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, risk management contract assets (liabilities), accounts payable and accrued liabilities, short-term debt, current portion of long-term debt, and long-term debt. In addition, the Company entered into physical commodity contracts to manage exposure to fluctuations in commodity prices for its customers. Physical commodity contracts that meet the normal purchase and normal sale exemption are not recorded on the balance sheet at fair value and are recognized in the consolidated income statement when the contracts are settled.

Fair Value Hierarchy

The Company 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.

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. The Company uses derivative instruments to manage fluctuations in foreign exchange rates, natural gas prices and interest rates. The Company estimates forward prices based on observable market prices and rates from published sources.

Level 3 - fair values are based on inputs for the asset or liability that are not based on observable market data. The Company uses valuation techniques when observable market data is not available. The Company's level 3 derivatives include renewable energy physical purchase contracts with no observable market data. The Company uses comparable benchmark information and risk adjusted discount rates as inputs to estimate fair value for these derivatives.

Cash and cash equivalents, accounts receivable accounts payable and accrued liabilities, and short-term debt - the carrying amounts approximate fair value because of the short maturity of these instruments.

					September 30, 2023
	Carrying Amount	**Level 1**	**Level 2**	**Level 3**	**Total Fair Value**
Financial assets					
Fair value through regulatory assets and liabilities					
Risk management contracts assets - non-current					
Commodity contracts	**$ 10.8**	**$ —**	**$ —**	**$ 10.8**	**$ 10.8**
	$ 10.8	**$ —**	**$ —**	**$ 10.8**	**$ 10.8**
Financial liabilities					
Fair value through other comprehensive income					
Risk management contract liabilities - non-current					
Foreign exchange contracts	**$ 1.4**	**$ —**	**$ 1.4**	**$ —**	**$ 1.4**
Amortized cost					
Current portion of long-term debt[(a)]	**8.6**	**—**	**8.6**	**—**	**8.6**
Long-term debt[(a)]	**1,354.5**	**—**	**1,270.2**	**—**	**1,270.2**
	$ 1,364.5	**$ —**	**$ 1,280.2**	**$ —**	**$ 1,280.2**

(a) Excludes deferred financing costs and debt discount.

					December 31, 2022
	Carrying Amount	Level 1	Level 2	Level 3	Total Fair Value
Financial assets					
Fair value through net income					
Risk management contract assets - current					
Foreign exchange contracts	$ 0.6	$ —	$ 0.6	$ —	$ 0.6
Interest rate swap	8.4	—	8.4	—	8.4
Fair value through regulatory assets and liabilities					
Risk management contracts assets - non-current					
Commodity contracts	4.2	—	—	4.2	4.2
	$ 13.2	$ —	$ 9.0	$ 4.2	$ 13.2
Financial liabilities					
Fair value through net income					
Risk management contract liabilities - current					
Commodity contracts	$ 15.2	$ —	$ 15.2	$ —	$ 15.2
Amortized cost					
Current portion of long-term debt[(a)]	26.0	—	26.0	—	26.0
Long-term debt[(a)]	799.6	—	758.9	—	758.9
	$ 840.8	$ —	$ 800.1	$ —	$ 800.1

(a) Excludes deferred financing costs and debt discount.

The following table presents the significant unobservable inputs used in the fair value measurement of Level 3 financial instruments:

September 30, 2023		Fair Value	Valuation Technique	Unobservable Input		Weighted average price	Unit of Measurement
Commodity contract - physical							
Renewable natural gas	$	10.8	Discounted cash flow	Renewable natural gas price	$	36.24	$/GJ

There is uncertainty caused by using unobservable inputs and changes in the unobservable inputs could result in significantly different fair values.

The following table presents the changes in fair value of risk management contract assets and liabilities classified as Level 3 of the fair value hierarchy:

As at		September 30, 2023		December 31, 2022
Balance, beginning of period	**$**	**4.2**	$	—
Unrealized gain included in regulatory liabilities		**6.6**		4.2
Balance, end of period	**$**	**10.8**	$	4.2

There were no transfers into or out of Level 3 as at September 30, 2023 or December 31, 2022.

Risks Associated with Financial Instruments

The following is an update to the Company's risks associated with financial instruments from those disclosed in the Company's 2022 annual audited consolidated financial statements.

Interest Risk

On May 26, 2022, in connection with the Alaska Utilities Acquisition, the Company entered into a US$100 million deal contingent forward starting interest rate swap at a swap rate of 2.80 percent in order to hedge a part of the interest rate exposure related to future long-term debt financing. The interest rate swap settled on closing of the Alaska Utilities Acquisition and the Company recorded a gain of $5.2 million as a reduction to interest expense during the nine months ended September 30, 2023 (2022 – $nil).

Commodity Price Risk

The Company from time to time may enter into natural gas financial swaps to reduce the customers' exposure to natural gas price volatility. As at September 30, 2023, the Company had no outstanding natural gas swaps. As at December 31, 2022, the Company had outstanding natural gas swaps with notional volumes of approximately 1.8 million MMBtu. During the three and nine months ended September 30, 2023, the Company recognized an unrealized gain of $nil and $15.2 million, respectively (2022 – unrealized gain of $0.8 million and $1.6 million, respectively).

In addition, the Company has a biomethane purchase agreement which allows PNG to purchase renewable natural gas from a biogas production and purification facility up to a maximum of 230,000 GJ per annum for 15 years from the in-service date of the facility. Any unrealized gains and losses arising from changes in fair value of this agreement are deferred as a regulatory asset or liability.

Foreign Exchange Risk

A vast majority of EEI's natural gas supply costs are denominated in U.S. dollars. Although all natural gas procurement costs, including any realized foreign exchange gains or losses are passed through to its customers, the Company has entered into foreign exchange forward contracts to manage the risk of fluctuations in gas costs for customers as a result of changes in foreign exchange rates. As at September 30, 2023, the Company had outstanding foreign exchange forward contracts for US$2.0 million at an average rate of $1.33 Canadian per U.S. dollar. These foreign exchange forward contracts have a duration of less than one year. As at December 31, 2022, the Company had outstanding foreign exchange forward contracts for US$31.8 million at an average rate of $1.33 Canadian per U.S. dollar. During the three and nine months ended September 30, 2023, the Company recognized an unrealized gain of $0.1 million and an unrealized loss of $0.6 million, respectively (2022 – unrealized gain of $0.4 million and an unrealized loss of $0.6 million, respectively).

In February 2023, the Company entered into a foreign exchange swap contract to sell US$100 million for 1.3386 Canadian per U.S. dollar in order to hedge a part of the foreign currency exposure related to the Alaska Utilities Business. On closing of the Alaska Utilities Acquisition, the Company designated this derivative as a hedge of its U.S. subsidiaries. For the three and nine months ended September 30, 2023, the Company recorded an after-tax unrealized loss of $2.6 million and $0.4 million in other comprehensive income. Prior to the designation of the derivative as a net investment hedge, an unrealized loss of $0.9 million was recorded in income during the nine months ended September 30, 2023.

Credit Risk

Credit risk results from the possibility that a counterparty to a financial instrument fails to fulfill its obligations in accordance with the terms of the contract. The Company's maximum credit exposure consists primarily of the carrying value of accounts receivable and the fair value of derivative financial assets. The Company's utilities business generally has a large and diversified customer base, which minimizes the concentration of credit risk. To minimize credit risk, the utilities business will request a security deposit which is eligible for refund after an observable period of compliance with payment terms. A credit report may also be requested. For the Company's renewable generation assets, all power generated is sold under the electricity purchase agreement with BC Hydro, an investment grade counterparty.

Expected credit losses on accounts receivable are estimated based on historical experience adjusted to reflect current and/or future conditions for receivables with similar risk characteristics. Accounts receivable are written-off against the allowance for credit losses when it is probable that the receivable is not collectible.

Allowance for credit losses	**September 30, 2023**	December 31, 2022
Balance, beginning of period	**$ 1.7**	$ 1.3
Adoption of ASU No. 2016-03 *(note 3)*	**0.1**	—
New allowance[(a)]	**1.8**	0.7
Recovery of allowance	**0.4**	0.7
Allowance applied to uncollectible customer accounts	**(1.3)**	(1.0)
Balance, end of period	**$ 2.7**	$ 1.7

(a) Inclusive of allowance for credit losses of $1.2 million acquired from the Alaska Utilities Business.

13. 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.

In connection with the Alaska Utilities Acquisition, the Company acquired two defined benefit plans for unionized and non-unionized employees as well as a retiree medical plan for salaried employees of ENSTAR Natural Gas Company, LLC.

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

Three months ended September 30, 2023	Defined Benefit	Post-Retirement Benefits	Total
Current service cost[a]	**$ 1.7**	**$ 0.2**	**$ 1.9**
Interest cost[b]	**2.6**	**0.3**	**2.9**
Expected return on plan assets[b]	**(3.5)**	**(0.1)**	**(3.6)**
Amortization of regulatory asset[b]	**—**	**(0.1)**	**(0.1)**
Net benefit cost recognized	**$ 0.8**	**$ 0.3**	**$ 1.1**

(a) Recorded under the line item "Operating and administrative" expenses on the Condensed Interim Consolidated Statements of Income (Loss).
(b) *Recorded under the line item "Other income" on the Condensed Interim Consolidated Statements of Income (Loss).*

Nine months ended September 30, 2023	Defined Benefit	Post-Retirement Benefits	Total
Current service cost [a]	**$ 4.9**	**$ 0.6**	**$ 5.5**
Interest cost [b]	**7.0**	**0.7**	**7.7**
Expected return on plan assets [b]	**(9.6)**	**(0.4)**	**(10.0)**
Amortization of regulatory asset [b]	**—**	**(0.2)**	**(0.2)**
Net benefit cost recognized	**$ 2.3**	**$ 0.7**	**$ 3.0**

(a) Recorded under the line item "Operating and administrative" expenses on the Condensed Interim Consolidated Statements of Income (Loss).
(b) *Recorded under the line item "Other income" on the Condensed Interim Consolidated Statements of Income (Loss).*

Three months ended September 30, 2022	Defined Benefit	Post-Retirement Benefits	Total
Current service cost[a]	$ 2.0	$ 0.2	$ 2.2
Interest cost[b]	1.0	0.1	1.1
Expected return on plan assets[b]	(1.9)	(0.1)	(2.0)
Amortization of regulatory asset[b]	0.2	—	0.2
Net benefit cost recognized	$ 1.3	$ 0.2	$ 1.5

(a) Recorded under the line item "Operating and administrative" expenses on the Condensed Interim Consolidated Statements of Income (Loss).
(b) Recorded under the line item "Other income" on the Condensed Interim Consolidated Statements of Income (Loss).

Nine months ended September 30, 2022	Defined Benefit	Post-Retirement Benefits	Total
Current service cost [a]	$ 6.0	$ 0.6	$ 6.6
Interest cost [b]	3.0	0.3	3.3
Expected return on plan assets [b]	(5.7)	(0.3)	(6.0)
Amortization of regulatory asset [b]	0.6	—	0.6
Net benefit cost recognized	$ 3.9	$ 0.6	$ 4.5

(a) Recorded under the line item "Operating and administrative" expenses on the Condensed Interim Consolidated Statements of Income (Loss).
(b) Recorded under the line item "Other income" on the Condensed Interim Consolidated Statements of Income (Loss).

14. SHAREHOLDER'S EQUITY

In February 2023, TriSummit Cycle Inc. contributed cash of approximately $631.2 million (US$471 million) via equity contribution to fund a portion of the Alaska Utilities Acquisition. No additional shares were issued as a result of the equity contribution.

15. COMMITMENTS, CONTINGENCIES AND GUARANTEES

Commitments

The Company has long-term natural gas purchase and transportation arrangements, service agreements, and operating and finance leases, all of which are transacted at market prices and in the normal course of business. As a result of the Alaska Utilities Acquisition, the Company's gas purchase and transportation obligations increased by approximately US$2.8 billion.

Guarantees

The Company has guaranteed payment for certain commitments on behalf of its subsidiaries as further described below. The primary obligations guaranteed by the Company have been included in the Company's balance sheet and commitments note.

In October 2014, EEI entered into a throughput service contract with Enbridge Inc. for the use of the expansion of its Algonquin Gas Transmission and Maritimes & Northeast Pipeline systems (the "Atlantic Bridge Project"). The contract commenced on October 1, 2020 and will expire 15 years thereafter. The Company issued two guarantees with an aggregate maximum liability of US$91.7 million, guaranteeing EEI's payment obligations under the throughput service contract with Enbridge Inc.

The Company, through EEI, has other agreements in place with natural gas distributors, wholesale gas marketers and financial institutions for the purchase and transportation of natural gas and by-products thereof including forward or other financial settled contracts. As at September 30, 2023, the Company had guarantees with an aggregate maximum of US$70 million and $3.3 million guaranteeing EEI's payment under those agreements.

Contingencies

The Company is 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 Company does not believe that the resolution of such claims and actions will have a material impact on the Company's consolidated financial position or results of operations.

16. SUPPLEMENTAL CASH FLOW INFORMATION

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

	Three months ended September 30		Nine months ended September 30	
	2023	2022	**2023**	2022
Source (use) of cash:				
Accounts receivable	**$ 19.8**	$ 10.3	**$ 133.9**	$ 46.0
Inventory	**(23.1)**	(2.7)	**(8.7)**	(3.6)
Other current assets	**2.4**	0.2	**(2.3)**	0.5
Regulatory assets (current)	**(0.6)**	4.1	**0.3**	(1.8)
Accounts payable and accrued liabilities	**(1.2)**	1.9	**(65.6)**	(18.7)
Customer deposits	**3.3**	5.3	**(0.2)**	3.0
Regulatory liabilities (current)	**(5.2)**	(1.4)	**(14.5)**	(0.6)
Other current liabilities	**0.5**	0.3	**(0.2)**	(0.3)
Net change in regulatory assets and liabilities (long-term)[(a)]	**(8.1)**	(7.7)	**2.5**	(4.2)
Other long-term assets	**(0.1)**	0.4	**(1.4)**	0.5
Changes in operating assets and liabilities	**$ (12.3)**	$ 10.7	**$ 43.8**	$ 20.8

(a) Inclusive of an increase in the revenue deficiency account (use of cash) of $5.9 million and $2.5 million during the three and nine months ended September 30, 2023, respectively (three and nine months ended September 30, 2022 – an increase in the revenue deficiency account (use of cash) of $5.8 million and $2.0 million, respectively).

The following cash payments have been included in the determination of net income after taxes:

	Three months ended September 30		Nine months ended September 30	
	2023	2022	**2023**	2022
Interest paid	**$ 19.5**	$ 1.4	**$ 39.9**	$ 15.4
Income taxes paid (net of refunds)	**$ (0.9)**	$ (1.3)	**$ 0.9**	$ 0.1

As at	**September 30, 2023**	September 30, 2022
Cash and cash equivalents	**$ 23.4**	$ 2.6
Restricted cash holdings from customers	**2.6**	—
Cash, cash equivalents and restricted cash per consolidated statement of cash flow	**$ 26.0**	$ 2.6

17. SEGMENTED INFORMATION

The following describes the Company's three reporting segments:

Utilities	–	Includes the rate-regulated natural gas distribution assets in Alaska, Alberta, British Columbia and Nova Scotia, a 65 percent indirect interest in a rate-regulated storage facility in Alaska, as well as an approximately 33.33 percent equity investment in Inuvik Gas Ltd.
Renewable Energy	–	Includes the 102 MW Bear Mountain Wind Park, and an approximately 10 percent indirect equity investment in Coast LP, which indirectly owns and operates three run-of-river hydroelectric power generation assets in northwest British Columbia (the "Northwest Hydro Facilities").
Corporate	–	Includes the cost of providing shared services, financial and general corporate support and corporate assets as well as the equity investment in the NGIF Cleantech Ventures Limited Partnership.

The following tables show the composition by segment:

	Three months ended September 30, 2023				
	Utilities	**Renewable Energy**	**Corporate**	**Intersegment Elimination**	**Total**
Revenue	**$ 125.2**	**$ 3.4**	**$ —**	**$ —**	**$ 128.6**
Cost of sales	**(53.2)**	**(0.1)**	**—**	**—**	**(53.3)**
Operating and administrative	**(42.7)**	**(1.4)**	**(2.3)**	**—**	**(46.4)**
Accretion expense	**(0.1)**	**—**	**—**	**—**	**(0.1)**
Depreciation and amortization	**(19.0)**	**(1.8)**	**(0.1)**	**—**	**(20.9)**
Income (loss) from equity investments	**(0.1)**	**4.9**	**—**	**—**	**4.8**
Unrealized gain on risk management contracts	**0.1**	**—**	**—**	**—**	**0.1**
Other income	**1.3**	**—**	**—**	**—**	**1.3**
Foreign exchange gain	**—**	**—**	**0.2**	**—**	**0.2**
Operating income (loss)	**$ 11.5**	**$ 5.0**	**$ (2.2)**	**$ —**	**$ 14.3**
Interest expense	**(3.9)**	**—**	**(13.0)**	**—**	**(16.9)**
Income (loss) before income taxes	**$ 7.6**	**$ 5.0**	**$ (15.2)**	**$ —**	**$ (2.6)**
Net additions to:					
Property, plant and equipment[(a)]	**$ 68.2**	**$ —**	**$ —**	**$ —**	**$ 68.2**
Intangible assets[(a)]	**$ 0.2**	**$ —**	**$ —**	**$ —**	**$ 0.2**

(a) Net additions to property, plant, and equipment, and intangible assets may not agree to changes reflected in the Condensed Interim Consolidated Statement of Cash Flows due to classification differences.

		Nine months ended September 30, 2023								
		Utilities		Renewable Energy		Corporate		Intersegment Elimination		Total
Revenue	**$**	**534.4**	**$**	**11.9**	**$**	**—**	**$**	**—**	**$**	**546.3**
Cost of sales		**(290.7)**		**(0.2)**		**—**		**—**		**(290.9)**
Operating and administrative		**(122.9)**		**(4.4)**		**(18.0)**		**—**		**(145.3)**
Accretion expense		**(0.1)**		**(0.1)**		**—**		**—**		**(0.2)**
Depreciation and amortization		**(50.0)**		**(5.5)**		**(0.2)**		**—**		**(55.7)**
Income (loss) from equity investments		**—**		**4.7**		**(0.2)**		**—**		**4.5**
Unrealized gain (loss) on risk management contracts		**14.6**		**—**		**(9.2)**		**—**		**5.4**
Other income		**3.4**		**—**		**1.0**		**—**		**4.4**
Foreign exchange gain (loss)		**0.1**		**—**		**(0.2)**		**—**		**(0.1)**
Operating income (loss)	**$**	**88.8**	**$**	**6.4**	**$**	**(26.8)**	**$**	**—**	**$**	**68.4**
Interest expense		**(10.5)**		**—**		**(30.4)**		**—**		**(40.9)**
Income (loss) before income taxes	**$**	**78.3**	**$**	**6.4**	**$**	**(57.2)**	**$**	**—**	**$**	**27.5**
Net additions to:										
Property, plant and equipment[(a)]	**$**	**128.1**	**$**	**—**	**$**	**—**	**$**	**—**	**$**	**128.1**
Intangible assets[(a)]	**$**	**0.6**	**$**	**—**	**$**	**—**	**$**	**—**	**$**	**0.6**

(a) Net additions to property, plant, and equipment, and intangible assets may not agree to changes reflected in the Condensed Interim Consolidated Statement of Cash Flows due to classification differences.

		Three months ended September 30, 2022								
		Utilities		Renewable Energy		Corporate		Intersegment Elimination		Total
Revenue	$	59.4	$	4.0	$	—	$	—	$	63.4
Cost of sales		(21.3)		—		—		—		(21.3)
Operating and administrative		(25.2)		(1.2)		(2.9)		—		(29.3)
Accretion expenses		(0.1)		—		—		—		(0.1)
Depreciation and amortization		(10.0)		(1.9)		—		—		(11.9)
Income (loss) from equity investment		(0.1)		4.8		—		—		4.7
Unrealized gain on risk management contracts		1.2		—		8.6		—		9.8
Other income		0.6		—		—		—		0.6
Operating income (loss)	$	4.5	$	5.7	$	5.7	$	—	$	15.9
Interest expense		(1.7)		—		(6.2)		—		(7.9)
Income (loss) before income taxes	$	2.8	$	5.7	$	(0.5)	$	—	$	8.0
Net additions to:										
Property, plant and equipment[(a)]	$	59.3	$	—	$	—	$	—	$	59.3
Intangible assets[(a)]	$	0.6	$	—	$	—	$	—	$	0.6

(a) Net additions to property, plant, and equipment, and intangible assets may not agree to changes reflected in the Condensed Interim Consolidated Statements of Cash Flows due to classification differences.

	Nine months ended September 30, 2022				
	Utilities	Renewable Energy	Corporate	Intersegment Elimination	Total
Revenue	$ 298.5	$ 13.0	$ —	$ —	$ 311.5
Cost of sales	(147.6)	(0.2)	—	—	(147.8)
Operating and administrative	(77.2)	(3.8)	(11.3)	—	(92.3)
Accretion expense	(0.1)	(0.1)	—	—	(0.2)
Depreciation and amortization	(28.1)	(5.5)	(0.1)	—	(33.7)
Income (loss) from equity investments	—	5.2	(0.2)	—	5.0
Unrealized gain on risk management contracts	0.9	—	9.2	—	10.1
Other Income	1.9	—	—	—	1.9
Operating income (loss)	$ 48.3	$ 8.6	$ (2.4)	$ —	$ 54.5
Interest expense	(5.6)	—	(17.1)	—	(22.7)
Income (loss) before income taxes	$ 42.7	$ 8.6	$ (19.5)	$ —	$ 31.8
Net additions to:					
Property, plant and equipment[(a)]	$ 98.0	$ —	$ 0.1	$ —	$ 98.1
Intangible assets[(a)]	$ 1.4	$ —	$ —	$ —	$ 1.4

(a) Net additions to property, plant, and equipment, and intangible assets may not agree to changes reflected in the Condensed Interim Consolidated Statement of Cash Flows due to classification differences.

The following table shows goodwill and total assets by segment:

	Utilities	Renewable Energy	Corporate	Total
As at September 30, 2023				
Goodwill	**$ 673.3**	**$ —**	**$ —**	**$ 673.3**
Segmented assets	**$ 2,165.7**	**$ 230.8**	**$ 864.3**	**$ 3,260.8**
As at December 31, 2022				
Goodwill	$ 119.1	$ —	$ —	$ 119.1
Segmented assets	$ 1,669.8	$ 322.1	$ (74.5)	$ 1,917.4

The following tables show the geographical information of the Company's revenue and property, plant and equipment:

	Three months ended September 30		Nine months ended September 30	
	2023	2022	**2023**	2022
Revenue				
Canada	**$ 58.2**	$ 63.4	**$ 317.1**	$ 311.5
United States	**70.4**	—	**229.2**	—
Total	**$ 128.6**	$ 63.4	**$ 546.3**	$ 311.5

	September 30, 2023	December 31, 2022
Property, plant and equipment		
Canada	**$ 1,274.2**	$ 1,211.8
United States	**594.7**	—
Total	**$ 1,868.9**	$ 1,211.8

18. SEASONALITY

The utility 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. In addition, the Company's equity investment in the Northwest Hydro Facilities is impacted by seasonal weather, which create periods of high river flow typically during May through October of any given year, resulting in stronger results during this time period.

19. SUBSEQUENT EVENTS

Subsequent events have been reviewed through November 8, 2023, the date on which these condensed interim consolidated financial statements were approved for issue by the Board of Directors. There were no subsequent events requiring disclosure or adjustment in the Financial Statements.