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 May 4, 2021 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 months ended March 31, 2021. This MD&A should be read in conjunction with the accompanying condensed interim consolidated financial statements as at and for the three months ended March 31, 2021 (the "Interim Financial Statements"), the Company's audited consolidated financial statements as at and for the year ended December 31, 2020 (the "2020 Annual Financial Statements") and the Company's management's discussion and analysis for the year ended December 31, 2020 (the "2020 Annual MD&A").

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 term "rate base" and "return on equity" are key performance indicators but are not considered to be a non-GAAP measure. 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 3, 2021 (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 2020 Annual MD&A or 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 impact of the COVID-19 pandemic (as defined herein) on TSU's business, including the amortization of COVID-19 revenue deferral accounts; expectations regarding the PNG Reactivation Project (as defined herein) and the Salvus to Galloway Project (as defined herein); the generic cost of capital proceedings announced by the BCUC (as defined herein); expectations regarding planned expenditures and related investments and capital program from 2021 to 2025 and the expected capital spend in 2021, including the sources of financing for TSU's capital expenditures; 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; 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: 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.*

THE COMPANY

TSU is incorporated under the *Canada Business Corporations Act* and its registered office and principal place of business is in Calgary, Alberta. On March 31, 2020, pursuant to a plan of arrangement (the "Arrangement"), TSU became 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 Teachers' Retirement Fund Board indirectly holds a minority economic interest.

The Company owns rate-regulated natural gas distribution and transmission utility businesses through its operating subsidiaries 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 Heritage Gas Limited ("HGL") in Nova Scotia. The Company also owns the Bear Mountain Wind Park and an approximately 10 percent indirect interest in the Northwest Hydro Facilities.

FIRST 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 income after taxes was $23.9 million ($0.80 per Common Share) compared to $6.5 million ($0.22 per Common Share) in the first quarter of 2020.
- Normalized net income was $23.1 million ($0.77 per Common Share), compared to $22.9 million ($0.76 per Common Share) in the first quarter of 2020.
- Operating income was $31.3 million, compared to $10.9 million in the first quarter of 2020.
- Normalized EBITDA was $40.8 million, an increase of 1 percent compared to $40.2 million in the first quarter of 2020.
- Normalized funds from operations were $35.0 million ($1.17 per Common Share), an increase of 5 percent compared to $33.4 million ($1.11 per Common Share) in the first quarter of 2020.
- Net debt was $719.3 million as at March 31, 2021, compared to $717.0 million as at December 31, 2020.
- Net debt to total capitalization ratio was 53.5 percent as at March 31, 2021, compared to 54.0 percent as at December 31, 2020.
- Rate base as at March 31, 2021 was $990 million inclusive of construction work in progress, compared to $938 million as at March 31, 2020.
- On March 5, 2021, PNG submitted a certificate of public convenience and necessity ("CPCN") application to the British Columbia Utilities Commission ("BCUC") to seek approval for the PNG Reactivation Project.
- PNG continued to advance the regulatory approval process for the Salvus to Galloway Project and submitted its final argument in support of the application in March 2021.

OVERVIEW OF THE BUSINESS

TSU has three reporting segments:

- Utilities, which owns and operates utility assets that deliver natural gas to end-users in Alberta, British Columbia and Nova Scotia. TSU also owns a one-third equity interest in the utility that delivers natural gas to end-users in Inuvik, Northwest Territories. In aggregate, the utilities had approximately $990 million of rate base as at March 31, 2021 inclusive of construction work in progress and serve approximately 132,000 customers across Canada.
- Renewable Energy, which includes the Bear Mountain Wind Park and an approximately 10 percent indirect interest in the Northwest Hydro Facilities.
- Corporate, which primarily includes the cost of providing shared services, financing and access to capital, and general corporate support.

BUSINESS AND REGULATORY UPDATES

Impact of the COVID-19 Pandemic

As the novel coronavirus of 2019 ("COVID-19") pandemic continues, the Company is monitoring and adhering to guidance provided by the provincial governments across Canada and public health officials to ensure the health and safety of its employees and customers while continuing to provide safe and reliable services. In response to COVID-19, both the Alberta Utilities Commission ("AUC") and BCUC announced payment deferral programs in 2020.

In March 2020, the Government of Alberta announced a program for Albertans who were experiencing financial hardship directly related to the COVID-19 pandemic. The program allowed customers to defer payments of electricity and natural gas bills from March 18, 2020 until June 18, 2020 without any late fees or added interest payments. In addition, no Albertans could be disconnected from these services or see their services reduced during this period due to non-payment. Albertans who enrolled in the bill deferral program must repay the deferred amount by June 18, 2021. On May 28, 2020, the AUC approved AUI's application to establish deferral accounts for the purposes of administering deferred payments under the *Utility Payment Deferral Program Act* (Alberta). As at March 31, 2021, AUI has deferred approximately $0.6 million under these deferral accounts.

On June 10, 2020, the BCUC approved PNG's application to offer a bill payment deferral program between April 17, 2020 and June 30, 2020 to residential and small commercial customers that have experienced a loss of income or revenue as a result of the COVID-19 pandemic. The BCUC also granted approval for PNG to establish deferral accounts to capture unplanned costs incurred and cost savings as a result of the COVID-19 pandemic and to capture bad debts that may be incurred specifically as a result of the impact of COVID-19. PNG will apply for the amortization of the COVID-19 deferral accounts in future revenue requirement applications. As at March 31, 2021, $1.3 million of net cost savings have been identified and deferred as regulatory liabilities.

The Company is continuing to monitor customer accounts and while the Company has resumed normal collection activities, it is also continuing to work with customers impacted by COVID-19 on payment arrangements. While the COVID-19 pandemic did not significantly impact the carrying value of accounts receivable and the liquidity position of the Company as at March 31, 2021, given the unprecedented and changing developments surrounding the COVID-19 pandemic, it is not possible to reliably estimate the impact of the COVID-19 pandemic on the financial results and condition of the Company in future periods. As at March 31, 2021, the Company has approximately $244.1 million of cash balances and available credit facilities. The Company is continuing to monitor the potential impact of the pandemic on ongoing operations and associated financial implications.

PNG Reactivation Project

On March 5, 2021, PNG submitted a CPCN application to the BCUC to seek approval for costs related to system reactivation and recommissioning work necessary to return the existing Western System back to the contracted utilization (the “PNG Reactivation Project”). The submitted capital cost in the CPCN application is $88.5 million which is expected to be incurred over a four-year period between 2021 and 2024.

PNG Salvus to Galloway Project

On October 2, 2020, PNG submitted a CPCN application to the BCUC seeking approval for a project to repair and refurbish part of its Western System, specifically the 8” transmission line from Terrace, British Columbia to Prince Rupert, British Columbia (the “Salvus to Galloway Project”), which is required to address aging infrastructure and ensure long-term reliable supply. Project work will be conducted within the existing PNG corridor and nearby permitted temporary workspace. The submitted capital cost in the CPCN for the Salvus to Galloway Project is $84.8 million, the majority of which is expected to be incurred over a three-year period, between 2021 and 2023. During the first quarter of 2021, PNG continued to advance the regulatory approval process and submitted its final argument in support of the application in March 2021.

AUI Generic Cost of Capital Proceeding

On March 4, 2021, the AUC issued a decision approving the extension of the current ROE of 8.5 percent and equity thickness of 39 percent equity on a final basis for 2022. On April 1, 2021, the Utilities Consumer Advocate filed an appeal with the Court of Appeal of Alberta regarding the AUC’s decision. The application is scheduled to be heard on July 22, 2021. On April 30, 2021, the Utilities Consumer Advocate submitted an application with the AUC for a review and variance of the 2022 Generic Cost of Capital Decision.

PNG Generic Cost of Capital Proceeding

In January 2021, the BCUC issued notice that it would be initiating a generic cost of capital proceeding in the spring of 2021 to address the appropriate common equity component and return on equity for the utilities it regulates, and that the determinations from this proceeding would apply to rate setting effective January 1, 2022. On March 8, 2021, the BCUC established a regulatory timetable for participant registration and to seek comments from parties. PNG submitted its comments to the BCUC on March 31, 2021 and is awaiting further direction regarding the next steps from the BCUC.

CAPITAL PROGRAM GUIDANCE

Over the 2021 to 2025 time period, TSU now expects capital spending of up to $590 million at its utilities. The expected capital program includes the PNG Reactivation Project, the Salvus to Galloway Project as well as investments in system betterment projects to maintain the safety and reliability of TSU’s utility infrastructure, new business opportunities and technology improvements. In 2021, TSU expects capital spending to be in the range of $90 to $100 million.

SELECTED FINANCIAL INFORMATION

The following tables summarize key financial results:

	Three Months Ended March 31	
($ millions)	**2021**	2020
Normalized EBITDA(1)	**40.8**	40.2
Operating income	**31.3**	10.9
Net income after taxes	**23.9**	6.5
Normalized net income(1)	**23.1**	22.9
Total assets	**1,648.6**	1,627.1
Total long-term liabilities	**947.0**	901.4
Net additions to property, plant and equipment	**9.1**	6.4
Dividends declared	**8.3**	7.8
Cash from operations	**37.5**	36.5
Normalized funds from operations(1)	**35.0**	33.4

	Three Months Ended March 31	
($ per Common Share, except Common Shares outstanding)	**2021**	2020
Net income after taxes - basic	**0.80**	0.22
Net income after taxes - diluted	**0.80**	0.22
Normalized net income - basic(1)	**0.77**	0.76
Dividends declared	**0.2750**	0.2600
Cash from operations	**1.25**	1.22
Normalized funds from operations(1)	**1.17**	1.11
Weighted average number of Common Shares outstanding - basic (millions)	**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 March 31	
($ millions)	**2021**	2020
Revenue	**123.9**	113.0
Cost of sales	**(55.8)**	(47.4)
Operating and administrative expense	**(26.9)**	(46.9)
Accretion expense	**(0.1)**	—
Depreciation and amortization expense	**(9.2)**	(8.3)
Loss from equity investments	**(1.4)**	(1.4)
Unrealized gain on foreign exchange contracts	**0.8**	1.6
Other income	**0.1**	0.2
Foreign exchange gain (loss)	**(0.1)**	0.1
Operating income	**31.3**	10.9
Interest expense	**(6.9)**	(6.8)
Income tax recovery (expense)	**(0.5)**	2.4
Net income after taxes	**23.9**	6.5

Three Months Ended March 31

Normalized EBITDA for the three months ended March 31, 2021 was $40.8 million, an increase of $0.6 million relative to the same period in 2020 primarily due to higher approved rates and rate base growth at the utilities and higher revenues at Bear Mountain Wind Park, partially offset by higher operating and administrative expenses and warmer weather compared to the same period in 2020 in Nova Scotia and Alberta.

Operating income for the three months ended March 31, 2021 was $31.3 million, an increase of $20.4 million relative to the same period in 2020 primarily due to the absence of transaction costs of approximately $21.9 million incurred in respect of the Arrangement in the first quarter of 2020 and the same factors as the increase in normalized EBITDA as discussed above, partially offset by a lower unrealized gain on foreign exchange contracts and a higher depreciation and amortization expense.

Operating and administrative expense for the three months ended March 31, 2021 was $26.9 million, a decrease of $20.0 million from the same period in 2020 mainly due to the absence of transaction costs of $21.9 million incurred in respect of the Arrangement in the first quarter of 2020, partially offset by less deferred operating and administrative expenses as a result of the approval of the revised HGL customer retention program ("CRP") in April 2020.

Depreciation and amortization expense for the three months ended March 31, 2021 was $9.2 million, an increase of $0.9 million from the same period in 2020 mainly due to a higher PP&E balance.

Interest expense for the three months ended March 31, 2021 was $6.9 million compared to $6.8 million in the same period in 2020. The increase of $0.1 million was mainly due to a higher average debt balance outstanding, partially offset by lower average interest rates.

Income tax expense for the three months ended March 31, 2021 was $0.5 million, compared to income tax recovery of $2.4 million in the same period in 2020 primarily due to higher taxable income as a result of the absence of transaction costs incurred in respect of the Arrangement incurred in the first quarter of 2020. Removing the tax impact of the transaction costs incurred in respect of the Arrangement, income tax expense for the three months ended March 31, 2020 was $1.4 million.

Normalized net income for the three months ended March 31, 2021 was $23.1 million, an increase of $0.2 million relative to the same period in 2020 mainly due to the same factors as the increase in normalized EBITDA discussed above and lower normalized income tax expense, partially offset by higher depreciation and amortization expense.

Net income after taxes for the three months ended March 31, 2021 was $23.9 million, an increase of $17.4 million compared to the same period in 2020. The increase was due to the same factors as the increase in operating income discussed above, partially offset by a higher income tax expense.

Normalized funds from operations for the three months ended March 31, 2021 was $35.0 million, an increase of $1.6 million relative to the same period in 2020 primarily due to higher revenues at the Bear Mountain Wind Park, higher approved rates and rate base growth at the utilities, and lower current income tax expense, partially offset by higher operating and administrative expenses and warmer weather compared to the same period in 2020 in Nova Scotia and Alberta.

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 March 31		
($ millions)		**2021**		2020
Utilities	**$**	**38.0**	$	37.8
Renewable Energy		**3.5**		3.1
Corporate		**(0.7)**		(0.7)
	$	**40.8**	$	40.2

(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 March 31		
($ millions)		**2021**		2020
Utilities	**$**	**31.3**	$	33.0
Renewable Energy		**0.7**		0.5
Corporate		**(0.7)**		(22.6)
	$	**31.3**	$	10.9

UTILITIES SEGMENT REVIEW

Financial results

		Three Months Ended March 31		
($ millions)		**2021**		2020
Revenue	**$**	**118.2**	$	107.8
Cost of sales		**(55.7)**		(47.3)
Operating and administrative expense		**(24.7)**		(22.9)
Normalized EBITDA from equity investment		**0.1**		—
Other income		**0.1**		0.2
Normalized EBITDA[1]	**$**	**38.0**	$	37.8
Unrealized gain on foreign exchange contracts		**0.8**		1.6
Depreciation and amortization expense		**(7.4)**		(6.5)
Foreign exchange gain (loss)		**(0.1)**		0.1
Operating income	**$**	**31.3**	$	33.0

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

Operating statistics

	Three Months Ended March 31	
	2021	2020
Natural gas deliveries - end-use (PJ)	**13.3**	14.3
Natural gas deliveries - transportation (PJ)	**1.5**	1.6
Degree day variance from normal - AUI (%)[1]	**(2.4)**	6.6
Degree day variance from normal - HGL (%)[1]	**(9.3)**	(5.3)

(1) A degree day for AUI and HGL is the cumulative extent to which the daily mean temperature falls below 15 degrees Celsius at AUI and 18 degrees Celsius at HGL. Normal degree days are based on a 20-year rolling average. 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.

Three Months Ended March 31

Revenue increased by $10.4 million for the three months ended March 31, 2021 compared to the same period in 2020 primarily due to higher approved rates and rate base growth, partially offset by warmer weather compared to the same period in 2020 in Nova Scotia and Alberta.

Normalized EBITDA increased by $0.2 million for the three months ended March 31, 2021 compared to the same period in 2020 primarily due to higher approved rates and rate base growth, partially offset by warmer weather compared to the same period in 2020 in Nova Scotia and Alberta and higher operating and administrative expense.

Operating income decreased by $1.7 million for the three months ended March 31, 2021 compared to the same period in 2020, primarily due to lower unrealized gain on foreign exchange contracts and higher depreciation and amortization expense, partially offset by the same factors as the increase in normalized EBITDA discussed above.

RENEWABLE ENERGY SEGMENT REVIEW

Financial results

	Three Months Ended March 31	
($ millions)	**2021**	2020
Revenue	**$ 5.7**	$ 5.2
Cost of sales	**(0.1)**	(0.1)
Operating and administrative expense	**(1.5)**	(1.4)
Normalized EBITDA from equity investment	**(0.6)**	(0.6)
Normalized EBITDA[(1)]	**$ 3.5**	$ 3.1
Depreciation and amortization expense	**(1.8)**	(1.8)
Accretion expense	**(0.1)**	—
Accretion and depreciation and amortization expense from equity investment	**(0.9)**	(0.8)
Operating income	**$ 0.7**	$ 0.5

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

Operating statistics

	Three Months Ended March 31	
	2021	2020
Bear Mountain Wind Park power sold (GWh)	**55.3**	52.9
Northwest Hydro Facilities power sold (GWh)[(1)]	**4.1**	3.1

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

Three Months Ended March 31

Revenue increased by $0.5 million for the three months ended March 31, 2021 compared to the same period in 2020 primarily due to higher revenues at the Bear Mountain Wind Park, which included the sale of renewable energy credits.

Normalized EBITDA increased by $0.4 million for the three months ended March 31, 2021 compared to the same period in 2020 primarily due to higher revenues at the Bear Mountain Wind Park.

Operating income increased by $0.2 million for the three months ended March 31, 2021 compared to the same period in 2020 due to the same factors as the increase in normalized EBITDA discussed above, partially offset by higher accretion expense.

During the three months ended March 31, 2021, TSU recorded $1.5 million of loss from its investment in the Northwest Hydro Facilities, relatively consistent with the same period in 2020.

CORPORATE SEGMENT REVIEW

($ millions)	Three Months Ended March 31 **2021**	2020
Operating and administrative expense	**$ (0.7)**	$ (0.7)
Normalized EBITDA(1)	**$ (0.7)**	$ (0.7)
Transaction costs	**—**	(21.9)
Operating loss	**$ (0.7)**	$ (22.6)

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

For the three months ended March 31, 2021, normalized EBITDA was a loss of $0.7 million, consistent with the same period in 2020. For the three months ended March 31, 2021, expenses incurred by the Corporate segment were associated with providing corporate shared services and business development. For the three months ended March 31, 2021, corporate costs of $1.7 million, were allocated to TSU's operating segments compared to $1.9 million for the same period in 2020.

For the three months ended March 31, 2021, operating loss was $0.7 million compared to a loss of $22.6 million for the three months ended March 31, 2020. The decrease in operating loss was mainly due to the absence of transaction costs of approximately $21.9 million incurred in respect of the Arrangement during the three months ended March 31, 2020.

SUMMARY OF SELECTED QUARTERLY RESULTS (1)

The following table sets forth unaudited quarterly information for each of the eight quarters from the quarter ended June 30, 2019 to the quarter ended March 31, 2021.

($ millions, except per Common Share amounts)	**Q1-21**	Q4-20	Q3-20	Q2-20
Revenue	**123.9**	99.8	48.6	61.3
Normalized net income(2)	**23.1**	17.4	1.0	1.8
Net income after taxes	**23.9**	15.5	0.5	0.3
Net income after taxes per Common Share - basic ($)	**0.80**	0.52	0.02	0.01
Net income after taxes per Common Share - diluted ($)	**0.80**	0.52	0.02	0.01
Dividends declared per Common Share ($)	**0.2750**	0.2750	0.2600	0.2600

($ millions, except per Common Share amounts)	Q1-20	Q4-19	Q3-19	Q2-19
Revenue	113.0	101.2	45.2	61.3
Normalized net income(2)	22.9	18.6	2.4	3.8
Net income after taxes	6.5	16.1	2.8	3.9
Net income after taxes per Common Share - basic ($)	0.22	0.54	0.09	0.13
Net income after taxes per Common Share - diluted ($)	0.22	0.53	0.09	0.13
Dividends declared per Common Share ($)	0.2600	0.2600	0.2600	0.2375

(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.

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.

Net income after taxes is affected by non-cash items such as deferred income tax, depreciation and amortization expense, accretion expense, impairment, gains and losses on foreign exchange 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. Net income after taxes during the periods noted was impacted by:

- an income tax recovery recognized in the second quarter of 2019 as a result of the one-time deferred income tax recovery related to the reduction in the Alberta statutory tax rate in June 2019 and the decrease in current income tax expense due to accelerated tax deductions related to PP&E; and
- after-tax transaction costs of approximately $1.8 million incurred in the fourth quarter of 2019, approximately $18.0 million incurred in the first quarter of 2020 and approximately $0.4 million incurred in the second quarter of 2020, all in respect of the Arrangement.

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 March 31	
($ millions)	**2021**	2020
Cash from operations	**37.5**	36.5
Cash used in investing activities	**(16.0)**	(14.6)
Cash from (used in) financing activities	**(20.9)**	32.4
Increase in cash and cash equivalents	**0.6**	54.3

Cash from operations

During the three months ended March 31, 2021, cash from operations increased by $1.0 million as compared to the same period in 2020 primarily due to higher cash earnings, partially offset by an unfavourable variance from changes in operating assets and liabilities. The unfavourable variance in changes in operating assets and liabilities were mainly due to timing of supplier payments.

Investing activities

During the three months ended March 31, 2021, cash used in investing activities increased by $1.4 million as compared to the same period in 2020 primarily due to higher capital expenditures.

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

Financing activities

During the three months ended March 31, 2021, cash used in financing activities increased by $53.3 million as compared to the same period in 2020 primarily due to decreased net borrowings and an increase in dividends paid.

Working Capital

($ millions except current ratio)		**March 31, 2021**		December 31, 2020
Current assets	**$**	**86.0**	$	82.5
Current liabilities		**76.4**		88.5
Working capital (deficiency)	**$**	**9.6**	$	(6.0)
Working capital ratio		**1.13**		0.93

The variation in the working capital ratio was primarily due to an increase in cash held and a decrease in accounts payable and accrued liabilities, short-term debt and customer deposits. 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)		**March 31, 2021**	December 31, 2020
Short-term debt	**$**	**—**	4.1
Current portion of long-term debt		**1.0**	1.0
Long-term debt[1]		**710.6**	719.0
Total debt		**711.6**	724.1
Less: cash and cash equivalents		**7.7**	(7.1)
Net debt[2]	**$**	**719.3**	717.0
Shareholder's equity		**625.2**	609.6
Total capitalization	**$**	**1,344.5**	1,326.6
Net debt-to-total capitalization[2] (%)		**53.5**	54.0

(1) Net of debt issuance costs of $3.3 million as of March 31, 2021 (December 31, 2020 - $3.4 million).

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

As at March 31, 2021, TSU's total debt primarily consisted of outstanding MTNs of $650 million (December 31, 2020 - $650 million), PNG debentures of $24 million (December 31, 2020 - $24.0 million) and $40.5 million drawn under other bank credit facilities (December 31, 2020 - $53.1 million). In addition, TSU had $8.1 million of letters of credit issued (December 31, 2020 - $8.5 million).

TSU's earnings interest coverage for the rolling 12 months ended March 31, 2021 was 2.5 times (12 months ended March 31, 2020 2.1 times).

Credit Facilities

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

($ millions)		**Borrowing capacity**		**Drawn at March 31, 2021**		Drawn at December 31, 2020
Syndicated revolving credit facility[1]	$	**200.0**	**$**	**15.5**	$	24.0
Operating credit facility[2]		**35.0**		**3.4**		3.8
PNG committed credit facility[3]		**25.0**		**25.0**		25.0
PNG operating credit facility[4]		**25.0**		**4.7**		8.8
	$	**285.0**	**$**	**48.6**	$	61.6

(1) On October 25, 2018, the Company entered into definitive credit agreements establishing the $200 million unsecured syndicated revolving credit facility that matures October 25, 2022. On February 13, 2020, the Company extended the maturity date to December 31, 2023. Borrowing options under this facility include Canadian prime rate-based loans, U.S. base rate loans, bankers' acceptances and LIBOR 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 October 25, 2018, the Company entered into a definitive credit agreement with a Canadian chartered bank establishing the $35 million revolving operating credit facility. 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 LIBOR 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 March 31, 2021 a total of $3.4 million (December 31, 2020 - $3.8 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.

(3) PNG has $55 million of revolving credit facilities maturing on May 4, 2023. $30 million of which is with the Company and $25 million of which is with a Canadian chartered bank. The $25 million external facility will be used to support PNG's capital spending program. Borrowings under the external facility are available by way of bankers' acceptances bearing interest at the three-month bankers' acceptance rate plus a spread and subject to stand-by fees. Interest and stand-by costs are due monthly. Optional repayments are allowed without penalty and there is no mandatory repayment prior to maturity. The facilities have covenants customary for these types of facilities, which must be met at each quarter end. PNG has been in compliance with all financial covenants each quarter since the establishment of these facilities.

(4) PNG has a $25 million operating credit facility with a Canadian chartered bank and the maturity date of this facility was extended to November 4, 2022. 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 March 31, 2021, $4.7 million (December 31, 2020 - $4.7 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 March 31, 2021**
Bank debt-to-capitalization(1)(2)	not greater than 65 percent	**52.7%**
Bank EBITDA-to-interest expense(1)(2)	not less than 2.5x	**4.0x**

(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 November 16, 2020, 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 March 31, 2021, $1.0 billion was available under the base shelf prospectus.

CONTRACTUAL OBLIGATIONS

As at March 31, 2021, there were no material changes in contractual obligations from that disclosed in the 2020 Annual MD&A.

CAPITAL EXPENDITURES

	Three Months Ended March 31, 2021				Three Months Ended March 31, 2020			
($ millions)	**Renewable Energy**	**Utilities**	**Corporate**	**Total**	Renewable Energy	Utilities	Corporate	Total
Capital expenditures:								
PP&E(1)	**$ —**	**$ 9.2**	**$ —**	**$ 9.2**	$ 0.1	$ 6.9	$ —	$ 7.0
Intangible assets	**—**	**1.3**	**—**	**1.3**	—	2.7	—	2.7
Capital expenditures	**—**	**10.5**	**—**	**10.5**	0.1	9.6	—	9.7
Disposals:								
PP&E	**—**	**(0.1)**	**—**	**(0.1)**	—	(0.6)	—	(0.6)
Net capital expenditures	**$ —**	**$ 10.4**	**$ —**	**$ 10.4**	$ 0.1	$ 9.0	$ —	$ 9.1

(1) Effective January 1, 2020, HGL suspended the deferral of a portion of operating, maintenance and administrative expenses in regulatory assets as per the revised CRP deferral mechanism approved by the NSUARB on April 21, 2020. Prior to the changes to the CRP deferral mechanism, $1.0 million of operating, maintenance and administrative expenses were deferred in regulatory assets during the three months ended March 31, 2020

Capital expenditures for the three months ended March 31, 2021 were $10.5 million, the majority of which relates to system betterment, replacement of transmission and distribution lines and new business installations as well as approximately $1.3 million in software development costs.

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. Other than as discussed under the "*Business and Regulatory Updates – Impact of the COVID-19 Pandemic*" section of this MD&A, there have been no significant changes during the three months ended March 31, 2021 to the Company's business risks that were disclosed in the 2020 Annual MD&A.

SHARE INFORMATION

	As at May 4, 2021
Issued and outstanding	
Common Shares	30,000,000

ADOPTION OF NEW ACCOUNTING STANDARDS

Effective January 2021, the Company adopted the following Financial Accounting Standards Board ("FASB") issued Accounting Standards Updates ("ASU"):

- ASU No. 2019-12 "Income Taxes – Simplifying the Accounting for Income Taxes". The amendments in this ASU removes certain exceptions and provides some simplifications in accounting for income taxes. The adoption of this ASU did not have a material impact on the Company's consolidated financial statements; and

- ASU No. 2020-01 "Investments – Equity Securities (Topic 321), Investments – Equity Method and Joint Ventures (Topic 323) and Derivatives and Hedging (Topic 815) – Clarifying the Interactions between Topic 321, Topic 323, and Topic 815". The amendments in this ASU provides guidance for accounting for certain equity securities when the equity method of accounting is applied or discontinued and for forward contracts and purchased options on certain securities. The adoption of this ASU did not have a material impact on the Company's consolidated financial statements.

FUTURE CHANGES IN ACCOUNTING PRINCIPLES

In June 2016, FASB issued ASU No. 2016-13 "Financial Instruments – Credit Losses: Measurement of Credit Losses on Financial Instruments". The amendments in this ASU replace the current "incurred loss" impairment methodology with an "expected loss" model for financial assets measured at amortized cost. In November 2019, FASB issued ASU No. 2019-10 "Financial Instruments – Credit Losses (Topic 326), Derivatives and Hedging (Topic 815) and Leases (Topic 842): Effective Dates" which deferred the effective date of ASU No. 2016-13 to January 1, 2023. Early adoption is permitted. The Company is currently completing its assessment of the impact of these ASUs on its consolidated financial statements.

OFF-BALANCE SHEET ARRANGEMENTS

TSU did not enter into any material off-balance sheet arrangements during the three months ended March 31, 2021. Reference should be made to the 2020 Annual Financial Statements and 2020 Annual MD&A.

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

On delisting of the Common Shares from the Toronto Stock Exchange, the Company became 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, normalized funds from operations, 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 March 31	
($ millions)	**2021**	2020
Normalized EBITDA	**$ 40.8**	$ 40.2
Add (deduct):		
Foreign exchange gain (loss)	**(0.1)**	0.1
Unrealized gain on foreign exchange contracts	**0.8**	1.6
Accretion expense	**(0.1)**	—
Depreciation and amortization expense	**(9.2)**	(8.3)
Accretion and depreciation and amortization expense from equity investment	**(0.9)**	(0.8)
Transaction costs	**—**	(21.9)
Operating income	**$ 31.3**	$ 10.9

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 foreign exchange contracts, and other typically non-recurring items. 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

	Three Months Ended March 31	
($ millions)	**2021**	2020
Normalized net income	**$ 23.1**	$ 22.9
Add (deduct) after-tax:		
Unrealized gain on foreign exchange contracts	**0.8**	1.6
Transaction costs	**—**	(18.0)
Net income after taxes	**$ 23.9**	$ 6.5

Normalized net income represents net income after taxes adjusted for the after-tax impact of unrealized gain (loss) on foreign exchange contracts and other typically non-recurring items. This measure is presented in order to enhance the comparability of results, as it reflects the underlying performance of the Company.

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

Normalized Funds from Operations

($ millions)		Three Months Ended March 31 2021		2020
Normalized funds from operations	**$**	**35.0**	$	33.4
Add (deduct):				
Changes in operating assets and liabilities		**2.5**		25.0
Transaction costs		**—**		(21.9)
Cash from operations	**$**	**37.5**	$	36.5

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. Management uses this measure to understand the ability to generate funds for use in investing and financing activities.

Normalized funds from operations 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

GW means gigawatt
GWh means gigawatt hour
PJ means petajoule; one million gigajoules
PP&E means property, plant and equipment

ABOUT TSU

TSU is a Canadian company with natural gas distribution utilities and renewable power generation assets. TSU serves approximately 132,000 customers, delivering low carbon energy, safely and reliably. For more information visit:
www.trisummit.ca

Condensed Consolidated Balance Sheets *(unaudited)*

As at *($ millions)*		**March 31, 2021**		December 31, 2020
ASSETS				
Current assets				
Cash and cash equivalents	**$**	**7.7**	$	7.1
Accounts receivable, net of allowances		**66.5**		64.8
Inventory		**1.4**		2.2
Regulatory assets		**4.5**		3.8
Prepaid expenses and other current assets		**5.9**		4.6
		86.0		82.5
Property, plant and equipment		**1,028.7**		1,028.7
Intangible assets		**34.4**		34.0
Goodwill		**119.1**		119.1
Regulatory assets		**254.6**		257.3
Other long-term assets		**11.7**		12.0
Investments accounted for by the equity method		**114.1**		116.1
	$	**1,648.6**	$	1,649.7
LIABILITIES AND SHAREHOLDER'S EQUITY				
Current liabilities				
Accounts payable and accrued liabilities	**$**	**58.7**	$	62.9
Short-term debt *(note 4)*		**—**		4.1
Current portion of long-term debt *(note 5)*		**1.0**		1.0
Customer deposits		**7.7**		10.4
Regulatory liabilities		**6.9**		6.2
Foreign exchange contracts liability *(note 8)*		**0.7**		1.5
Other current liabilities		**1.4**		2.4
		76.4		88.5
Long-term debt *(note 5)*		**710.6**		719.0
Asset retirement obligations		**4.6**		4.5
Deferred income taxes *(note 7)*		**142.6**		140.5
Regulatory liabilities		**34.8**		33.4
Lease liabilities		**6.0**		6.1
Future employee obligations *(note 9)*		**48.4**		48.1
	$	**1,023.4**	$	1,040.1
Shareholder's equity				
Common shares, no par value, unlimited shares authorized; March 31, 2021 and December 31, 2020 - 30 million shares issued and outstanding		**321.0**		321.0
Contributed surplus		**100.0**		100.0
Retained earnings		**206.9**		191.3
Accumulated other comprehensive loss		**(2.7)**		(2.7)
		625.2		609.6
	$	**1,648.6**	$	1,649.7

Commitments and contingencies *(note 10)*

Subsequent events *(note 14)*

See accompanying notes to the condensed interim consolidated financial statements.

Condensed Consolidated Statements of Income *(unaudited)*

($ millions)		Three months ended March 31 2021		2020
REVENUE *(note 6)*	**$**	**123.9**	$	113.0
EXPENSES				
Cost of sales, exclusive of items shown separately		**55.8**		47.4
Operating and administrative		**26.9**		46.9
Accretion		**0.1**		—
Depreciation and amortization		**9.2**		8.3
		92.0		102.6
Loss from equity investments		**(1.4)**		(1.4)
Unrealized gain on foreign exchange contracts *(note 8)*		**0.8**		1.6
Other income		**0.1**		0.2
Foreign exchange gain (loss)		**(0.1)**		0.1
Operating income		**31.3**		10.9
Interest expense				
Short-term debt		**(0.1)**		(0.2)
Long-term debt		**(6.8)**		(6.6)
Income before income taxes		**24.4**		4.1
Income tax expense (recovery) *(note 7)*				
Current		**(0.1)**		1.1
Deferred		**0.6**		(3.5)
Net income after taxes	**$**	**23.9**	$	6.5

See accompanying notes to the condensed interim consolidated financial statements.

Condensed Consolidated Statements of Comprehensive Income *(unaudited)*

($ millions)		Three months ended March 31 2021		2020
Net income after taxes	**$**	**23.9**	$	6.5
Other comprehensive loss, net of taxes		**—**		—
Comprehensive income, net of taxes	**$**	**23.9**	$	6.5

See accompanying notes to the condensed interim consolidated financial statements.

Condensed Consolidated Statements of Changes in Equity *(unaudited)*

($ millions)	Three months ended March 31 2021		2020	
Common shares				
Balance, beginning of period	**$**	**321.0**	$	321.0
Balance, end of period	**$**	**321.0**	$	321.0
Contributed surplus				
Balance, beginning of period	**$**	**100.0**	$	100.5
Share option expense		**—**		0.2
Reclassified to share-based liability		**—**		(0.7)
Balance, end of period	**$**	**100.0**	$	100.0
Retained earnings				
Balance, beginning of period	**$**	**191.3**	$	200.2
Net income after taxes		**23.9**		6.5
Common share dividends		**(8.3)**		(7.8)
Balance, end of period	**$**	**206.9**	$	198.9
Accumulated other comprehensive loss				
Balance, beginning of period	**$**	**(2.7)**	$	(1.1)
Other comprehensive income (loss)		**—**		—
Balance, end of period	**$**	**(2.7)**	$	(1.1)
Total shareholder's equity	**$**	**625.2**	$	618.8

See accompanying notes to the condensed interim consolidated financial statements.

Condensed Consolidated Statements of Cash Flows *(unaudited)*

($ millions)	Three months ended March 31 **2021**	2020
Cash from operations		
Net income after taxes	**$ 23.9**	$ 6.5
Items not involving cash:		
Depreciation and amortization expense	**9.2**	8.3
Accretion expense	**0.1**	—
Deferred income tax expense (recovery) *(note 7)*	**0.6**	(3.5)
Loss from equity investments	**1.4**	1.4
Unrealized gain on foreign exchange contracts *(note 8)*	**(0.8)**	(1.6)
Other	**—**	(0.2)
Distributions from equity investment	**0.6**	0.6
Changes in operating assets and liabilities *(note 11)*	**2.5**	25.0
	$ 37.5	$ 36.5
Investing activities		
Additions to property, plant and equipment	**(14.2)**	(12.4)
Additions to intangible assets	**(1.8)**	(2.2)
	$ (16.0)	$ (14.6)
Financing activities		
Net repayment of short-term debt	**(4.1)**	(9.2)
Net issuance (repayment) of bankers' acceptances	**(8.5)**	49.6
Payment of debt issuance costs	**—**	(0.2)
Common share dividends	**(8.3)**	(7.8)
	$ (20.9)	$ 32.4
Change in cash and cash equivalents	**0.6**	54.3
Cash and cash equivalents, beginning of period	**7.1**	0.2
Cash and cash equivalents, end of period	**$ 7.7**	$ 54.5

See accompanying notes to the condensed interim consolidated financial statements.

1. OVERVIEW OF THE COMPANY

TSU is incorporated under the *Canada Business Corporations Act* and its registered office and principal place of business is in Calgary, Alberta. On March 31, 2020, pursuant to a plan of arrangement (the “Arrangement”), TSU became 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 Teachers’ Retirement Fund Board indirectly holds a minority economic interest.

The Company owns rate-regulated natural gas distribution and transmission utility businesses through its operating subsidiaries Apex Utilities Inc. (“AUI”) in Alberta, Pacific Northern Gas Ltd. (“PNG”) and Pacific Northern Gas (N.E.) Ltd. in British Columbia and Heritage Gas Limited (“HGL”) in Nova Scotia. The Company also owns 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 consolidated 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 or after the earlier of January 1, 2024, the date upon which the Company ceases to have activities subject to rate regulation, or the effective date prescribed for the mandatory application of a standard within International Financial Reporting Standards specific to entities with activities subject to rate regulation.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its direct and indirect subsidiaries, including, without limitation: TriSummit Utility Group Inc. (formerly AltaGas Utility Group Inc.), Bear Mountain Wind Limited Partnership, TriSummit Canadian Energy Holdings Ltd. (formerly AltaGas Canadian Energy Holdings Ltd.), PNG, AUI, and HGL. The consolidated financial statements also include investments in Inuvik Gas Ltd. and Northwest Hydro Limited Partnership (“Coast LP”), which are accounted for by the equity method. Intercompany transactions and balances are eliminated. Investments in unconsolidated companies that the Company has significant influence over, but not control, 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 consolidated financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenue and expenses during the period. Key areas where management has made complex or subjective judgments, when matters are inherently uncertain, include but are not limited to: revenue recognition, credit loss estimates, depreciation and amortization rates, determination of the classification, term and discount rate for leases, fair value of asset retirement obligations, fair value of property, plant and equipment and goodwill for impairment assessments, fair value of financial instruments, provisions for income taxes, assumptions used to measure employee future benefits, provisions for contingencies, 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 2020 annual audited consolidated financial statements.

ADOPTION OF NEW ACCOUNTING STANDARDS

Effective January 2021, the Company adopted the following Financial Accounting Standards Board ("FASB") issued Accounting Standards Updates ("ASU"):

- ASU No. 2019-12 "Income Taxes – Simplifying the Accounting for Income Taxes". The amendments in this ASU removes certain exceptions and provides some simplifications in accounting for income taxes. The adoption of this ASU did not have a material impact on the Company's consolidated financial statements; and

- ASU No. 2020-01 "Investments – Equity Securities (Topic 321), Investments – Equity Method and Joint Ventures (Topic 323) and Derivatives and Hedging (Topic 815) – Clarifying the Interactions between Topic 321, Topic 323, and Topic 815". The amendments in this ASU provides guidance for accounting for certain equity securities when the equity method of accounting is applied or discontinued and for forward contracts and purchased options on certain securities. The adoption of this ASU did not have a material impact on the Company's consolidated financial statements.

FUTURE CHANGES IN ACCOUNTING PRINCIPLES

In June 2016, FASB issued ASU No. 2016-13 "Financial Instruments – Credit Losses: Measurement of Credit Losses on Financial Instruments". The amendments in this ASU replace the current "incurred loss" impairment methodology with an "expected loss" model for financial assets measured at amortized cost. In November 2019, FASB issued ASU No. 2019-10 "Financial Instruments – Credit Losses (Topic 326), Derivatives and Hedging (Topic 815) and Leases (Topic 842): Effective Dates" which deferred the effective date of ASU No. 2016-13 to January 1, 2023. Early adoption is permitted. The Company is currently completing its assessment of the impact of these ASUs on its consolidated financial statements.

4. SHORT-TERM DEBT

As at March 31, 2021, the Company held a $35.0 million (December 31, 2020 - $35.0 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 LIBOR loans. As at March 31, 2021, outstanding overdraft under this facility were $nil (December 31, 2020 - $nil). Letters of credit outstanding under this facility as at March 31, 2021 were $3.4 million (December 31, 2020 - $3.8 million).

As at March 31, 2021, the Company held a $25.0 million (December 31, 2020 - $25.0 million) bank operating facility which is available for PNG's working capital purposes. The maturity date of this facility was extended to November 4, 2022. 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 March 31, 2021, prime-rate advances under the operating facility were $nil million (December 31, 2020 - $4.1 million). Letters of credit outstanding under this facility as at March 31, 2021 were $4.7 million (December 31, 2020 - $4.7 million).

5. LONG-TERM DEBT

As at	Maturity date		**March 31, 2021**		December 31, 2020
Credit facilities					
$200 million unsecured revolving credit facility[a]	31-Dec-2023	**$**	**15.5**	$	24.0
$25 million PNG committed credit facility[b]	4-May-2023		**25.0**		25.0
Debenture notes					
PNG 2025 series debenture - 9.30 percent[c]	18-Jul-2025		**11.5**		11.5
PNG 2027 series debenture - 6.90 percent[c]	2-Dec-2027		**12.5**		12.5
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
Finance lease liabilities			**0.4**		0.4
		$	**714.9**	$	723.4
Less debt issuance costs and discount			**(3.3)**		(3.4)
		$	**711.6**	$	720.0
Less current portion			**(1.0)**		(1.0)
		$	**710.6**	$	719.0

(a) Borrowings on the credit facility can be by way of Canadian prime rate-based loans, U.S. base rate loans, bankers' acceptances and LIBOR 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 PP&E and gas purchase and gas sales contracts, and a first floating charge on other property, assets and undertakings.

6. REVENUE

The following table disaggregates revenue by major sources:

	Three months ended March 31, 2021			
	Renewable Energy	**Utilities**	**Corporate**	**Total**
Revenue from contracts with customers				
Gas sales and transportation services	**$ —**	**$ 122.9**	**$ —**	**$ 122.9**
Other	**—**	**0.4**	**—**	**0.4**
Total revenue from contracts with customers	**$ —**	**$ 123.3**	**$ —**	**$ 123.3**
Other sources of revenue				
Revenue from alternative revenue programs[(a)]	**$ —**	**$ (5.6)**	**$ —**	**$ (5.6)**
Leasing revenue[(b)]	**5.7**	**—**	**—**	**5.7**
Other	**—**	**0.5**	**—**	**0.5**
Total revenue from other sources	**$ 5.7**	**$ (5.1)**	**$ —**	**$ 0.6**
Total revenue	**$ 5.7**	**$ 118.2**	**$ —**	**$ 123.9**

(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 March 31, 2020			
	Renewable Energy	Utilities	Corporate	Total
Revenue from contracts with customers				
Gas sales and transportation services	$ —	$ 115.0	$ —	$ 115.0
Other	—	0.4	—	0.4
Total revenue from contracts with customers	$ —	$ 115.4	$ —	$ 115.4
Other sources of revenue				
Revenue from alternative revenue programs[(a)]	$ —	$ (8.1)	$ —	$ (8.1)
Leasing revenue[(b)]	5.2	—	—	5.2
Other	—	0.5	—	0.5
Total revenue from other sources	$ 5.2	$ (7.6)	$ —	$ (2.4)
Total revenue	$ 5.2	$ 107.8	$ —	$ 113.0

(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 March 31, 2021 include unbilled receivables of $27.2 million (December 31, 2020 - $30.6 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 March 31, 2021:

	Remainder of 2021	**2022**	**2023**	**2024**	**2025**	**> 2025**	**Total**
Gas sales and transportation services	$ 9.0	$ 9.4	$ 7.4	$ 4.2	$ 1.8	$ 11.8	**$ 43.6**

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 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.

7. INCOME TAXES

For the three months ended March 31, 2021, the Company recognized an income tax expense of $0.5 million (three months ended March 31, 2020 – income tax recovery of $2.4 million). The increase in the income tax expense for the three months ended March 31, 2021 was mainly due to higher taxable income as a result of the absence of transaction costs incurred in respect of the Arrangement in the first quarter of 2020.

8. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Company's financial instruments consist of accounts receivable, foreign exchange contracts, accounts payable and accrued liabilities, short-term debt, current portion of long-term debt, and long-term debt.

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. The Company estimates forward prices based on 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.

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.

					March 31, 2021
	Carrying Amount	Level 1	Level 2	Level 3	Total Fair Value
Financial liabilities					
Fair value through net income					
Foreign exchange contracts liability	**$ 0.7**	**$ —**	**$ 0.7**	**$ —**	**$ 0.7**
Amortized cost					
Current portion of long-term debt[(a)]	**$ 1.0**	**$ —**	**$ 1.0**	**$ —**	**$ 1.0**
Long-term debt[(a)]	**713.9**	**—**	**781.6**	**—**	**781.6**
	$ 715.6	**$ —**	**$ 783.3**	**$ —**	**$ 783.3**

(a) Excludes deferred financing costs and debt discount.

					December 31, 2020
	Carrying Amount	Level 1	Level 2	Level 3	Total Fair Value
Financial liabilities					
Fair value through net income					
Foreign exchange contracts liability	$ 1.5	$ —	$ 1.5	$ —	$ 1.5
Amortized cost					
Current portion of long-term debt[(a)]	$ 1.0	$ —	$ 1.0	$ —	$ 1.0
Long-term debt[(a)]	722.4	—	821.5	—	821.5
	$ 724.9	$ —	$ 824.0	$ —	$ 824.0

(a) Excludes deferred financing costs and debt discount.

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 2020 annual audited consolidated financial statements.

Credit and Liquidity Risks

As the novel coronavirus of 2019 ("COVID-19") pandemic continues, the Company is monitoring and adhering to guidance provided by the provincial governments across Canada and public health officials to ensure the health and safety of its employees and customers while continuing to provide safe and reliable services. In response to COVID-19, both the Alberta Utilities Commission ("AUC") and BCUC announced payment deferral programs in 2020.

In March 2020, the Government of Alberta announced a program for Albertans who were experiencing financial hardship directly related to the COVID-19 pandemic. The program allowed customers to defer payments of electricity and natural gas bills from March 18, 2020 until June 18, 2020 without any late fees or added interest payments. In addition, no Albertans could be disconnected from these services or see their services reduced during this period due to non-payment. Albertans who have enrolled in the bill deferral program must repay the deferred amount by June 18, 2021. On May 28, 2020, the AUC approved AUI's application to establish deferral accounts for the purposes of administering deferred payments under the Utility Payment Deferral Program Act (Alberta). As at March 31, 2021, AUI has deferred approximately $0.6 million under these deferral accounts.

On June 10, 2020, the BCUC approved PNG's application to offer a bill payment deferral program between April 17, 2020 and June 30, 2020 to residential and small commercial customers that have experienced a loss of income or revenue as a result of the COVID-19 pandemic. The BCUC also granted approval for PNG to establish deferral accounts to capture unplanned costs incurred and cost savings as a result of the COVID-19 pandemic and to capture bad debts that may be incurred specifically as a result of the impact of COVID-19. PNG will apply for the amortization of the COVID-19 deferral accounts in future revenue requirement applications. As at March 31, 2021, $1.3 million of net cost savings have been identified and deferred as regulatory liabilities.

The Company is continuing to monitor customer accounts and while the Company has resumed normal collection activities, it is also continuing to work with customers impacted by COVID-19 on payment arrangements. While the COVID-19 pandemic did not significantly impact the carrying value of accounts receivable and the liquidity position of the Company as at March 31, 2021, given the unprecedented and changing developments surrounding the COVID-19 pandemic, it is not possible to reliably estimate the impact of the COVID-19 pandemic on the financial results and condition of the Company in future periods. As at March 31, 2021, the Company has approximately $244.1 million of cash balances and available credit facilities. The Company is continuing to monitor the potential impact of the pandemic on ongoing operations and associated financial implications.

Foreign Exchange Risk

A vast majority of HGL'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. In addition, the Company has entered into foreign exchange forward contracts to manage the foreign exchange risk from certain commitments denominated in U.S. dollars. As at March 31, 2021, the Company had outstanding foreign exchange forward contracts for US$21.6 million at an average rate of $1.29 Canadian per U.S. dollar. As at December 31, 2020, the Company had outstanding foreign exchange forward contracts for US$20.1 million at an average rate of $1.35 Canadian per U.S. dollar.

9. 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.

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

Three months ended March 31, 2021		**Defined Benefit**		**Post-Retirement Benefits**		**Total**
Current service cost[a]	**$**	**2.2**	**$**	**0.2**	**$**	**2.4**
Interest cost[b]		**0.9**		**0.1**		**1.0**
Expected return on plan assets[b]		**(1.5)**		**(0.1)**		**(1.6)**
Amortization of regulatory asset[b]		**0.6**		**—**		**0.6**
Net benefit cost recognized	**$**	**2.2**	**$**	**0.2**	**$**	**2.4**

(a) Recorded under the line item “Operating and administrative” expenses on the Consolidated Statements of Income.
(b) *Recorded under the line item “Other income (loss)” on the Consolidated Statements of Income.*

Three months ended March 31, 2020		Defined Benefit		Post-Retirement Benefits		Total
Current service cost[a]	$	1.8	$	0.2	$	2.0
Interest cost[b]		1.0		0.1		1.1
Expected return on plan assets[b]		(1.6)		(0.1)		(1.7)
Amortization of regulatory asset[b]		0.4		—		0.4
Net benefit cost recognized	$	1.6	$	0.2	$	1.8

(a) Recorded under the line item “Operating and administrative” expenses on the Consolidated Statements of Income.
(b) Recorded under the line item “Other income (loss)” on the Consolidated Statements of Income.

10. 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. There were no material changes in commitments from those disclosed in the Company’s 2020 annual audited consolidated financial statements.

Guarantees

In October 2014, HGL 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 HGL’s payment obligations under the throughput service contract with Enbridge Inc.

The Company, through HGL, has other agreements in place with natural gas distributors and wholesale gas marketers for the purchase and transportation of natural gas. As at March 31, 2021, the Company had guarantees with an aggregate maximum liability of US$35.0 million and $3.3 million guaranteeing HGL’s payment under those agreements.

On October 22, 2018, the Company issued a guarantee with a maximum liability of $0.3 million related to the land tenure and the right of way for permanent access and power line access at Bear Mountain Wind Park.

Contingencies

The Company is subject to various legal claims and actions arising in the normal course of the Company. 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.

11. SUPPLEMENTAL CASH FLOW INFORMATION

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

		Three months ended March 31		
		2021		2020
Source (use) of cash:				
Accounts receivable	**$**	**(2.3)**	$	3.0
Inventory		**0.7**		0.1
Other current assets		**(1.3)**		(0.8)
Regulatory assets (current)		**(0.6)**		(0.8)
Accounts payable and accrued liabilities		**1.7**		21.0
Customer deposits		**(2.7)**		(2.8)
Regulatory liabilities (current)		**0.8**		(3.9)
Other current liabilities		**(0.9)**		(0.8)
Net change in regulatory assets and liabilities (long-term)[a]		**7.0**		10.0
Other long-term assets		**0.1**		—
Changes in operating assets and liabilities	**$**	**2.5**	$	25.0

(a) Inclusive of a decrease in the revenue deficiency account (source of cash) of $5.4 million during the three months ended March 31, 2021 (three months ended March 31, 2020 – a decrease in the revenue deficiency account (source of cash) of $6.6 million).

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

		Three months ended March 31		
		2021		2020
Interest paid	**$**	**0.9**	$	1.1
Income taxes paid (net of refunds)	**$**	**—**	$	0.7

12. SEGMENTED INFORMATION

The following describes the Company's three reporting segments:

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.
Utilities	–	Includes the rate-regulated natural gas distribution assets in Alberta, British Columbia and Nova Scotia as well as an approximately 33.3 percent equity investment in Inuvik Gas Ltd.
Corporate	–	Includes the cost of providing shared services, financial and general corporate support and corporate assets.

The following tables show the composition by segment:

	Utilities	Renewable Energy	Corporate	Intersegment Elimination	Total
					Three months ended March 31, 2021
Revenue	**$ 118.2**	**$ 5.7**	**$ —**	**$ —**	**$ 123.9**
Cost of sales	**(55.7)**	**(0.1)**	**—**	**—**	**(55.8)**
Operating and administrative	**(24.7)**	**(1.5)**	**(0.7)**	**—**	**(26.9)**
Accretion expense	**—**	**(0.1)**	**—**	**—**	**(0.1)**
Depreciation and amortization	**(7.4)**	**(1.8)**	**—**	**—**	**(9.2)**
Income (loss) from equity investments	**0.1**	**(1.5)**	**—**	**—**	**(1.4)**
Unrealized gain on foreign exchange contracts	**0.8**	**—**	**—**	**—**	**0.8**
Other income	**0.1**	**—**	**—**	**—**	**0.1**
Foreign exchange loss	**(0.1)**	**—**	**—**	**—**	**(0.1)**
Operating income (loss)	**$ 31.3**	**$ 0.7**	**$ (0.7)**	**$ —**	**$ 31.3**
Interest expense	**(1.4)**	**—**	**(5.5)**	**—**	**(6.9)**
Income (loss) before income taxes	**$ 29.9**	**$ 0.7**	**$ (6.2)**	**$ —**	**$ 24.4**
Net additions (reductions) to:					
Property, plant and equipment[(a)]	**$ 9.1**	**$ —**	**$ —**	**$ —**	**$ 9.1**
Intangible assets	**$ 1.3**	**$ —**	**$ —**	**$ —**	**$ 1.3**

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

	Utilities	Renewable Energy	Corporate	Intersegment Elimination	Total
					Three months ended March 31, 2020
Revenue	$ 107.8	$ 5.2	$ —	$ —	$ 113.0
Cost of sales	(47.3)	(0.1)	—	—	(47.4)
Operating and administrative	(22.9)	(1.4)	(22.6)	—	(46.9)
Depreciation and amortization	(6.5)	(1.8)	—	—	(8.3)
Loss from equity investments	—	(1.4)	—	—	(1.4)
Unrealized gain on foreign exchange contracts	1.6	—	—	—	1.6
Other Income	0.2	—	—	—	0.2
Foreign exchange gain	0.1	—	—	—	0.1
Operating income (loss)	$ 33.0	$ 0.5	$ (22.6)	$ —	$ 10.9
Interest expense	(1.4)	—	(5.4)	—	(6.8)
Income (loss) before income taxes	$ 31.6	$ 0.5	$ (28.0)	$ —	$ 4.1
Net additions (reductions) to:					
Property, plant and equipment[(a)]	$ 6.3	$ 0.1	$ —	$ —	$ 6.4
Intangible assets	$ 2.7	$ —	$ —	$ —	$ 2.7

(a) Net additions to property, plant, and equipment, and intangible assets may not agree to changes reflected in the 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 March 31, 2021				
Goodwill	**$ 119.1**	**$ —**	**$ —**	**$ 119.1**
Segmented assets	**$ 1,390.4**	**$ 298.3**	**$ (40.1)**	**$ 1,648.6**
As at December 31, 2020				
Goodwill	$ 119.1	$ —	$ —	$ 119.1
Segmented assets	$ 1,375.0	$ 297.4	$ (22.7)	$ 1,649.7

13. 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.

14. SUBSEQUENT EVENTS

Subsequent events have been reviewed through May 4, 2021, the date on which these consolidated financial statements were approved for issue by the Board of Directors. There were no subsequent events requiring disclosure or adjustment to the consolidated financial statements.