

Condensed Consolidated Interim Financial Statements of

EPCOR UTILITIES INC.

(Unaudited)

Nine months ended September 30, 2022 and 2021

EPCOR UTILITIES INC.

Condensed Consolidated Interim Financial Statements (unaudited)

Nine months ended September 30, 2022 and 2021

Condensed Consolidated Interim Statements of Comprehensive Income 3

Condensed Consolidated Interim Statements of Financial Position 4

Condensed Consolidated Interim Statements of Changes in Equity 5

Condensed Consolidated Interim Statements of Cash Flows 6

Notes to the Condensed Consolidated Interim Financial Statements 7

EPCOR UTILITIES INC.

Condensed Consolidated Interim Statements of Comprehensive Income
(Unaudited, in millions of Canadian dollars)

Three and nine months ended September 30, 2022 and 2021

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2022	2021	2022	2021
Revenues (note 4)	\$ 882	\$ 595	\$ 2,028	\$ 1,636
Operating expenses:				
Energy purchases and system access fees	160	145	457	378
Other raw materials and operating charges	302	68	412	189
Staff costs and employee benefits expenses	83	95	265	271
Depreciation and amortization	102	95	293	277
Franchise fees and property taxes	39	38	112	106
Other administrative expenses	23	18	66	60
	709	459	1,605	1,281
Operating income	173	136	423	355
Gain on expropriation of the Bullhead City water utility systems	-	69	-	69
Finance expenses	(40)	(39)	(114)	(113)
Income before income taxes	133	166	309	311
Income tax expense	(14)	(20)	(23)	(24)
Net income	119	146	286	287
Other comprehensive income (loss):				
Items that may subsequently be reclassified to net income:				
Foreign exchange loss on U.S. denominated debt designated as a hedge of net investment in foreign operations	(20)	(10)	(26)	-
Unrealized gain (loss) on derivative financial instruments designated as hedges of net investment in foreign operations (note 6)	7	(8)	1	(15)
Unrealized gain on derivative financial instruments designated as cash flow hedges (note 6)	3	-	24	-
Unrealized gain (loss) on foreign currency translation	83	30	102	(1)
Other comprehensive income (loss)	73	12	101	(16)
Comprehensive income	\$ 192	\$ 158	\$ 387	\$ 271

The accompanying notes are an integral part of these condensed consolidated interim financial statements

EPCOR UTILITIES INC.

Condensed Consolidated Interim Statements of Financial Position
(Unaudited, in millions of Canadian dollars)

September 30, 2022 and December 31, 2021

	2022	2021
ASSETS		
Current assets:		
Cash	\$ 39	\$ 30
Trade and other receivables	588	573
Inventories	21	18
Other financial assets (Note 8)	270	9
	918	630
Non-current assets:		
Other financial assets	256	243
Deferred tax assets	81	91
Property, plant and equipment	12,263	11,725
Intangible assets and goodwill	568	558
	13,168	12,617
TOTAL ASSETS	\$ 14,086	\$ 13,247
LIABILITIES AND EQUITY		
Current liabilities:		
Trade and other payables	\$ 706	\$ 506
Loans and borrowings (Note 5)	247	391
Deferred revenue	82	78
Provisions	28	47
Other liabilities	31	43
	1,094	1,065
Non-current liabilities:		
Loans and borrowings (Note 5)	4,058	3,638
Deferred revenue	4,226	4,109
Deferred tax liabilities	84	74
Provisions	183	174
Other liabilities	180	180
	8,731	8,175
Total liabilities	9,825	9,240
Equity:		
Share capital	798	798
Accumulated other comprehensive income	133	32
Retained earnings	3,330	3,177
Total equity	4,261	4,007
TOTAL LIABILITIES AND EQUITY	\$ 14,086	\$ 13,247

The accompanying notes are an integral part of these condensed consolidated interim financial statements

EPCOR UTILITIES INC.

Condensed Consolidated Interim Statements of Changes in Equity
(Unaudited, in millions of Canadian dollars)

Nine months ended September 30, 2022 and 2021

	Accumulated other comprehensive income (loss)						Total equity
	Share capital	Cash flow hedges	Cumulative translation account	Employee benefits account	Retained earnings		
Equity at December 31, 2021	\$ 798	\$ (9)	\$ 53	\$ (12)	\$ 3,177	\$ 4,007	
Net income	-	-	-	-	286	286	
Other comprehensive income (loss):							
Foreign exchange loss on U.S. denominated debt designated as a hedge of net investment in foreign operations	-	-	(26)	-	-	(26)	
Unrealized gain on derivative financial instruments designated as hedges of net investment in foreign operations	-	-	1	-	-	1	
Unrealized gain on derivative financial instruments designated as cash flow hedges	-	24	-	-	-	24	
Unrealized gain on foreign currency translation	-	-	102	-	-	102	
Total comprehensive income	-	24	77	-	286	387	
Dividends	-	-	-	-	(133)	(133)	
Equity at September 30, 2022	\$ 798	\$ 15	\$ 130	\$ (12)	\$ 3,330	\$ 4,261	

	Accumulated other comprehensive income (loss)						Total equity
	Share capital	Cash flow hedges	Cumulative translation account	Employee benefits account	Retained earnings		
Equity at December 31, 2020	\$ 798	\$ (9)	\$ 63	\$ (21)	\$ 2,960	\$ 3,791	
Net income	-	-	-	-	287	287	
Other comprehensive loss:							
Unrealized loss on derivative financial instruments designated as hedges of net investment in foreign operations	-	-	(15)	-	-	(15)	
Unrealized loss on foreign currency translation	-	-	(1)	-	-	(1)	
Total comprehensive income (loss)	-	-	(16)	-	287	271	
Dividends	-	-	-	-	(128)	(128)	
Equity at September 30, 2021	\$ 798	\$ (9)	\$ 47	\$ (21)	\$ 3,119	\$ 3,934	

The accompanying notes are an integral part of these condensed consolidated interim financial statements

EPCOR UTILITIES INC.

Condensed Consolidated Interim Statements of Cash Flows
(Unaudited, in millions of Canadian dollars)

Nine months ended September 30, 2022 and 2021

	2022	2021
Cash flows from (used in) operating activities:		
Net income	\$ 286	\$ 287
Reconciliation of net income to cash from (used in) operating activities:		
Interest paid	(84)	(84)
Finance expenses	114	113
Gain on expropriation of the Bullhead City water utility systems	-	(69)
Income taxes paid	(2)	(15)
Income tax expense	23	24
Depreciation and amortization	293	277
Change in employee benefits provisions	(17)	(7)
Contributions received	80	77
Deferred revenue recognized	(64)	(65)
Changes in fair value of financial electricity purchase contracts	3	-
Other	(7)	(2)
Net cash flows from operating activities before non-cash operating working capital changes	625	536
Changes in non-cash operating working capital	30	(20)
Net cash flows from operating activities	655	516
Cash flows from (used in) investing activities:		
Acquisitions and construction of property, plant and equipment and intangible assets ¹	(631)	(603)
Business acquisition, net of acquired cash	-	(127)
Proceeds from expropriation of the Bullhead City water utility systems	25	101
Proceeds on disposal of property, plant and equipment	9	6
Net advances on other financial assets	(250)	(28)
Payment of Drainage transition cost compensation to the City of Edmonton	(6)	(9)
Changes in non-cash investing working capital	91	24
Net cash flows used in investing activities	(762)	(636)
Cash flows from (used in) financing activities:		
Net repayments of short-term loans and borrowings	(141)	(155)
Proceeds from issuance of long-term loans and borrowings (Note 5)	513	500
Repayments of long-term loans and borrowings	(120)	(19)
Proceeds received upon settlement of bond forward contracts (Note 7)	17	-
Debt issuance costs	(3)	(3)
Net refunds to customers and developers	(7)	(5)
Payments of lease liabilities, net of proceeds from finance lease receivable	(10)	(9)
Dividends paid	(133)	(128)
Net cash flows from financing activities	116	181
Increase in cash	9	61
Cash, beginning of period	30	8
Cash, end of period	\$ 39	\$ 69

¹ Interest payments of \$11 million (2021 - \$6 million) have been capitalized and included in acquisitions and construction of property, plant and equipment (PP&E) and intangible assets.

EPCOR UTILITIES INC.

Notes to the Condensed Consolidated Interim Financial Statements
(Unaudited, tabular amounts in millions of Canadian dollars unless otherwise indicated)

September 30, 2022

1. Nature of operations

EPCOR Utilities Inc. (the Company or EPCOR) builds, owns and operates electrical, natural gas and water transmission and distribution networks, water and wastewater treatment facilities and sanitary and stormwater systems and infrastructure. The Company also provides electricity, natural gas and water products and services to residential and commercial customers.

The Company operates in Canada and the United States (U.S.) with its registered head office located at 2000, 10423 - 101 Street NW, Edmonton, Alberta, Canada, T5H 0E8.

The common shares of EPCOR are owned by The City of Edmonton (the City). The Company was established by Edmonton City Council under City Bylaw 11071.

Interim results will fluctuate due to the seasonal demands for electricity, water and natural gas, changes in electricity and natural gas prices, and the timing and recognition of regulatory decisions. Consequently, interim results are not necessarily indicative of annual results.

2. Basis of presentation

(a) Statement of compliance

These condensed consolidated interim financial statements have been prepared by management in accordance with International Accounting Standard 34 – *Interim Financial Reporting*. These condensed consolidated interim financial statements do not include all of the disclosures normally provided in the annual consolidated financial statements and should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2021, which were prepared in accordance with International Financial Reporting Standards as issued by International Accounting Standards Board (IASB).

These condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors on November 2, 2022.

(b) Basis of measurement

The Company's condensed consolidated interim financial statements are prepared on the historical cost basis, except for its derivative financial instruments, long-term investment and contingent consideration, which are measured at fair value.

These condensed consolidated interim financial statements are presented in Canadian dollars. The functional currency of EPCOR and its Canadian subsidiaries is the Canadian dollar; the functional currency of U.S. subsidiaries is the U.S. dollar. All the values in these condensed consolidated interim financial statements have been rounded to nearest million except where otherwise stated.

3. Significant accounting policies

These condensed consolidated interim financial statements have been prepared following the same accounting policies and methods as those used in preparing the Company's most recent annual consolidated financial statements. The Company has adopted amendments to various accounting standards effective January 1, 2022, which did not have a significant impact on these consolidated financial statements.

(a) Standards and interpretations not yet applied

A number of new standards, amendments to standards and interpretations of standards have been issued by the IASB and the International Financial Reporting Interpretations Committee, respectively, the application of which is effective for periods beginning on or after January 1, 2023. The Company does not expect the implementation of these new accounting pronouncements to have a significant impact on its accounting policies.

EPCOR UTILITIES INC.

Notes to the Condensed Consolidated Interim Financial Statements
(Unaudited, tabular amounts in millions of Canadian dollars unless otherwise indicated)

September 30, 2022

4. Revenues

Revenues disaggregated by major goods or services excluding intersegment revenues, are as follows:

Three months ended September 30, 2022	Water Services	Distribution & Transmission	Energy Services	U.S. Operations	Other	Consolidated
Energy and water sales	\$ 73	\$ -	\$ 192	\$ 59	\$ 13	\$ 337
Provision of services	134	106	8	32	4	284
Construction revenue	1	-	-	249	7	257
Other commercial revenue	1	-	-	1	2	4
	\$ 209	\$ 106	\$ 200	\$ 341	\$ 26	\$ 882

Three months ended September 30, 2021	Water Services	Distribution & Transmission	Energy Services	U.S. Operations	Other	Consolidated
Energy and water sales	\$ 68	\$ -	\$ 149	\$ 56	\$ 12	\$ 285
Provision of services	124	134	7	29	2	296
Construction revenue	1	-	-	-	11	12
Other commercial revenue	1	-	-	-	1	2
	\$ 194	\$ 134	\$ 156	\$ 85	\$ 26	\$ 595

Nine months ended September 30, 2022	Water Services	Distribution & Transmission	Energy Services	U.S. Operations	Other	Consolidated
Energy and water sales	\$ 197	\$ -	\$ 507	\$ 159	\$ 40	\$ 903
Provision of services	366	350	25	88	14	843
Construction revenue	1	-	-	254	16	271
Other commercial revenue	4	-	-	1	6	11
	\$ 568	\$ 350	\$ 532	\$ 502	\$ 76	\$ 2,028

Nine months ended September 30, 2021	Water Services	Distribution & Transmission	Energy Services	U.S. Operations	Other	Consolidated
Energy and water sales	\$ 188	\$ -	\$ 391	\$ 151	\$ 36	\$ 766
Provision of services	352	357	20	78	10	817
Construction revenue	8	-	-	-	39	47
Other commercial revenue	3	-	-	1	2	6
	\$ 551	\$ 357	\$ 411	\$ 230	\$ 87	\$ 1,636

5. Loans and borrowings

On April 12, 2022, the Company issued a \$63 million (US\$50 million) 30-year private debt note with a coupon rate of 3.13% and an effective interest rate of 3.18%. The interest on the note is payable semi-annually and the principal is due at maturity.

On September 2, 2022, the Company issued 30-year unsecured public debentures totaling \$450 million with a coupon rate of 4.73% and an effective interest rate of 4.82%. The interest is payable semi-annually and the principal is due at maturity.

EPCOR UTILITIES INC.

Notes to the Condensed Consolidated Interim Financial Statements
(Unaudited, tabular amounts in millions of Canadian dollars unless otherwise indicated)

September 30, 2022

6. Financial instruments

Classification

The classifications of the Company's financial instruments measured at fair value at September 30, 2022 and December 31, 2021 are summarized as follows:

	Fair value hierarchy
Long-term investment	Level 3
Derivative financial instruments	
Financial electricity purchase contracts	Level 1
Cross-currency interest rate swap contracts	Level 2
Interest rate swap contract	Level 2
Other liabilities	
Contingent consideration	Level 3

Fair value

The carrying amounts of cash, trade and other receivables, current portion of other financial assets (excluding derivative financial instruments), trade and other payables (excluding derivative financial instruments) and other liabilities (excluding contingent consideration and derivative financial instruments) approximate their fair values due to the short-term nature of these financial instruments.

The carrying amounts and fair values of the Company's remaining financial assets and financial liabilities measured at amortized cost are as follows:

	Fair value hierarchy	September 30, 2022		December 31, 2021	
		Carrying amount	Fair value	Carrying amount	Fair value
Non-current portion of other financial assets ¹	Level 2	\$ 250	\$ 247	\$ 237	\$ 256
Loans and borrowings	Level 2	4,305	3,859	4,029	4,537
Other liabilities					
Drainage transition cost compensation	Level 2	-	-	6	6

1 Excluding long-term investment in Vista Ridge LLC (Vista Ridge) of \$6 million (December 31, 2021 - \$6 million).

Fair value hierarchy

The financial instruments of the Company that are recorded at fair value have been classified into levels using a fair value hierarchy. A Level 1 valuation is determined by using unadjusted quoted prices in active markets for identical assets or liabilities. A Level 2 valuation is based upon inputs other than quoted prices included in Level 1 that are observable for the instruments either directly or indirectly. A Level 3 valuation is not based on observable market data.

Long-term investment

The long-term investment consists of the Company's 5% equity interest in Vista Ridge. Vista Ridge is a privately owned company; therefore, its equity instruments are not traded in an active market and the fair value of equity is not readily observable. Accordingly, the fair value of the long-term investment in Vista Ridge is determined based on unobservable inputs including the expected future cash flows from the investment discounted at a risk-adjusted discount rate.

Derivative financial instruments

The fair value of the Company's financial electricity purchase contracts is determined based on exchange index prices in active markets and is based on the external readily observable market data such as forward electricity prices. It is possible that the fair value amounts will differ from future outcomes and the impact of such variations could be material.

The fair value of the Company's cross-currency interest rate swap (CCIRS) contracts is determined as the present value of

EPCOR UTILITIES INC.

Notes to the Condensed Consolidated Interim Financial Statements
(Unaudited, tabular amounts in millions of Canadian dollars unless otherwise indicated)

September 30, 2022

the estimated future cash flows using an appropriate interest rate yield curve and foreign exchange rate based on market conditions at the measurement date discounted at a market rate. Derivative instruments reflect the estimated amount that the Company would receive or pay to settle the CCIRS contracts at each measurement date.

The fair value of the Company's interest rate swap contract is determined as the present value of the estimated future cash flows using an appropriate interest rate yield curve based on market conditions at the measurement date, discounted at a market rate. The derivative instrument reflects the estimated amount that the Company would receive or pay to settle the interest rate swap contract at the measurement date.

Within these condensed consolidated interim statements of financial position, long-term derivative financial assets are presented within other financial assets, long-term derivative financial liabilities are presented within other liabilities, short-term derivative financial assets are presented within trade and other receivables and short-term derivative financial liabilities are presented within trade and other payables. As at September 30, 2022, derivative financial instruments had balances of \$7 million within current portion of other financial assets, \$3 million within trade and other payables, and \$5 million within non-current other liabilities (December 31, 2021 - \$6 million included within non-current other liabilities).

Contingent consideration

The contingent consideration is payable in U.S. dollars and payment is mainly dependent on securing newly executed long-term contracts for the supply of water by EPCOR 130 Project Inc., the timing of which is uncertain. The fair value of the Company's contingent consideration is determined based on the expected timing of securing new contracts and the resulting cash flows are then discounted at risk-adjusted discount rates. Any change in the timing of execution of new contracts, discount rate or foreign exchange rate can have a material impact on the fair value of contingent consideration.

Non-current portion of other financial assets

The fair values of the Company's long-term receivables are based on the estimated interest rates implicit in comparable loan arrangements plus an estimated credit spread based on the counterparty risks at the measurement date. The fair value of finance lease receivables is based on the estimated current market rates for similar assets discounted at the prevailing interest rates for comparable investments plus an estimated credit spread based on counterparty risks at each measurement date.

Loans and borrowings

The fair value of the Company's long-term public debt is based on the pricing sourced from market data at the measurement date. The fair value of the Company's remaining long-term loans and borrowings is based on determining a current yield for the Company's debt at each measurement date. This yield is based on an estimated credit spread for the Company over the yields of long-term Government of Canada bonds for Canadian dollar loans and U.S. Treasury bonds for U.S. dollar loans that have similar maturities to the Company's debt. The estimated credit spread is based on the Company's indicative spread as published by independent financial institutions.

Short-term loans and borrowings are measured at amortized cost and their carrying value approximates their fair value due to the short-term nature of these financial instruments.

Drainage transition cost compensation

The transition cost compensation was payable in installments to the City to compensate for stranded costs related to the transfer of the Drainage business. The carrying value of the Drainage transition cost compensation represents the present value of the liability, discounted using interest rates prevailing at the time of initial recognition of liability. The fair value of the Drainage transition cost compensation was determined based on the future cash outflows discounted at risk-adjusted interest rates prevailing at December 31, 2021. The Company paid the final installment of \$6 million on January 4, 2022.

EPCOR UTILITIES INC.

Notes to the Condensed Consolidated Interim Financial Statements
(Unaudited, tabular amounts in millions of Canadian dollars unless otherwise indicated)

September 30, 2022

7. Financial risk management

This note disclosure should be read in conjunction with the financial risk management (note 28) in the annual consolidated financial statements for the year ended December 31, 2021.

Liquidity risk

The Company has added a new committed bank credit facility totaling \$150 million and increased the existing uncommitted bank credit facilities by \$40 million during the period ended September 30, 2022.

The committed bank credit facility is valid for a period of four years and can be used for direct borrowing, issuance of letters of credit, and backstopping EPCOR's commercial paper program. At September 30, 2022, there were no amounts drawn on this facility.

The uncommitted bank credit facilities are restricted to letters of credit which are utilized to meet the credit requirements of electricity market participants and to meet conditions of certain service agreements.

Interest rate risk

During the nine months ended September 30, 2022, the Company entered into an interest rate swap contract (the hedging instrument). The hedging instrument is used to manage its interest rate risk associated with movements in long-term Canadian benchmark interest rates related to future planned long-term debt issuances (the hedged item). The Company performed an effectiveness test at inception and will continue to perform effectiveness tests at each measurement date to ensure that the changes in fair value of the hedging instrument and the hedged items are moving in opposite directions and offsetting each other. This financial instrument has been classified as a cash flow hedge. In the cash flow hedging relationship, the effective portion of the change in the fair value of the hedging instrument is recognized in other comprehensive income (OCI), while the ineffective portion is recognized in net income within finance expenses. The amounts recognized in OCI as cash flow hedging gains or losses will be reclassified to net income as the interest payments on the hedged item are recognized in net income and will effectively adjust the interest expense related to the hedged item. If it becomes probable that the planned long-term debt issuance will not occur, all the amounts recognized in OCI as cash flow hedging gains or losses, pertaining to the specified debt issuance, will immediately be reclassified to net income.

The following table summarizes the key terms of the Company's outstanding interest rate swap contract:

Type of instrument	Contract maturity	Term	Notional value	Pay fixed interest rate	Receive variable interest rate
Interest rate swap contract	December 31, 2023	30 years	\$ 50	2.4935%	3 month CDOR ¹

¹ Canadian Dollar Offered Rate (CDOR)

The counterparty to the interest rate swap contract is a major Canadian financial institution. The Company can settle the interest rate swap contract at any time before the mandatory contract maturity date.

In anticipation of the third quarter issuance of long-term debentures disclosed in Note 5, the Company entered into bond forward contracts with a notional value of \$200 million, to manage its interest rate risk associated with movements in long-term Government of Canada bond rates. These financial instruments were classified as cash flow hedges. The Company settled the bond forward contracts concurrently with the issuance of long-term debentures and received the outstanding balance of \$17 million from the counterparties. The \$17 million gain on the bond forward contracts represents the effective portion of the hedges and has been recorded in OCI. The gain will be reclassified and recognized in net income over the 30-year period, reducing interest expense related to the long-term debentures.

During the period ended September 30, 2022, the change in fair value of \$24 million, the effective portion of interest rate swap and bond forward contracts, was recorded in OCI.

EPCOR UTILITIES INC.

Notes to the Condensed Consolidated Interim Financial Statements
(Unaudited, tabular amounts in millions of Canadian dollars unless otherwise indicated)

September 30, 2022

8. Commitments

This note disclosure should be read in conjunction with the commitments, contingencies and guarantees (note 30) in the annual consolidated financial statements for the year ended December 31, 2021.

The Company has signed two Preliminary Services Agreements (the "PSAs") with Samsung Austin Semiconductor LLC, a wholly owned subsidiary of Samsung Electronics Co., Ltd., to carry out design work, site investigation, procurement of long lead equipment and completion of early works for construction of a groundwater supply system and an industrial water reclamation facility to support Samsung's new semiconductor fabrication facility in Taylor, Texas.

As at September 30, 2022, the Company has recorded \$242 million (US\$185 million) as construction revenues and current other financial assets, which includes a margin on construction expenditures. The construction expenditures, totalling \$235 million (USD \$180 million), have been recorded in other raw materials and operating charges. The remaining value of the PSAs are estimated to be \$178 million (US\$130 million). The Company has retained third party consultants and sub-contractors that are carrying out the initial work including the procurement of long-lead equipment. On completion of the early works, the parties will either enter into definitive agreements to proceed with the construction of a groundwater supply system and an industrial water reclamation facility or the amounts incurred under the PSAs will become recoverable by the Company.

9. Segment disclosures

The Company operates in the following reportable business segments, which follow the organization, management and reporting structure within the Company.

Water Services

Water Services is primarily involved in the treatment, transmission, distribution and sale of water, the collection and conveyance of sanitary and stormwater, and the treatment of wastewater within Edmonton and other communities in Western Canada. This segment's water and wastewater business includes the provision of design, build, finance, operating and maintenance services for municipal and industrial customers in Western Canada.

Distribution and Transmission

Distribution and Transmission is involved in the transmission and distribution of electricity within Edmonton. This segment also provides contract commercial services including the design, construction and maintenance and other support services of street lighting, traffic signals, light rail transit and other utility electrical infrastructure for municipal and commercial customers in Alberta.

Energy Services

Energy Services is primarily involved in the provision of regulated rate option electricity service and default supply electricity services to customers in Alberta. This segment also provides competitive electricity and natural gas products under the Encor brand.

U.S. Operations

U.S. operations are primarily involved in the treatment, transmission, distribution and sale of water, the collection and treatment of wastewater, and the provision of operating and maintenance services within the Southwestern U.S. This segment also provides natural gas distribution and transmission services in Texas. All of the Company's operations conducted in the U.S. are included in this segment.

Other

Other includes all of the remaining business segments of the Company, which do not meet the criteria of a reportable business segment. Other primarily includes Ontario natural gas and electricity distribution businesses, certain Canadian business development projects including the construction and lease of electrical infrastructure related to the Trans Mountain pipeline expansion project and the water treatment plant in Darlington, and the cost of the Company's net unallocated corporate office expenses.

EPCOR UTILITIES INC.

Notes to the Condensed Consolidated Interim Financial Statements
(Unaudited, tabular amounts in millions of Canadian dollars unless otherwise indicated)

September 30, 2022

Three months ended September 30, 2022								
	Water Services	Distribution & Transmission	Energy Services	U.S. Operations	Other	Intersegment Elimination	Consolidated	
External revenues	\$ 209	\$ 106	\$ 200	\$ 341	\$ 26	\$ -	\$	882
Inter-segment revenues	-	5	4	-	-	(9)		-
Total revenues	209	111	204	341	26	(9)		882
Energy purchases and system access fees	-	-	148	1	11	-		160
Other raw materials and operating charges	25	9	1	261	9	(3)		302
Staff costs and employee benefits expenses	33	16	9	14	14	(3)		83
Depreciation and amortization	45	30	2	17	8	-		102
Franchise fees and property taxes	12	25	-	2	-	-		39
Other administrative expenses	8	4	8	5	1	(3)		23
Operating expenses	123	84	168	300	43	(9)		709
Operating income (loss) before corporate income (charges)	86	27	36	41	(17)	-		173
Corporate income (charges)	(9)	(5)	(4)	(1)	19	-		-
Operating income (loss)	77	22	32	40	2	-		173
Finance recoveries (expenses)	(22)	(16)	(1)	(14)	13	-		(40)
Income tax expense	-	-	-	(7)	(7)	-		(14)
Net income	\$ 55	\$ 6	\$ 31	\$ 19	\$ 8	\$ -	\$	119
Capital additions	\$ 125	\$ 69	\$ 1	\$ 39	\$ 9	\$ -	\$	243

EPCOR UTILITIES INC.

Notes to the Condensed Consolidated Interim Financial Statements
(Unaudited, tabular amounts in millions of Canadian dollars unless otherwise indicated)

September 30, 2022

Three months ended September 30, 2021														
	Water Services		Distribution & Transmission		Energy Services		U.S. Operations		Intersegment Elimination Consolidated					
External revenues	\$	194	\$	134	\$	156	\$	85	\$	26	\$	-	\$	595
Inter-segment revenues		-		3		4		-		-		(7)		-
Total revenues		194		137		160		85		26		(7)		595
Energy purchases and system access fees		-		-		135		-		10		-		145
Other raw materials and operating charges		28		12		-		19		10		(1)		68
Staff costs and employee benefits expenses		39		22		9		12		15		(2)		95
Depreciation and amortization		43		27		2		16		7		-		95
Franchise fees and property taxes		11		24		-		3		-		-		38
Other administrative expenses		7		2		8		3		2		(4)		18
Operating expenses		128		87		154		53		44		(7)		459
Operating income (loss) before corporate income (charges)		66		50		6		32		(18)		-		136
Corporate income (charges)		(11)		(6)		(4)		(3)		24		-		-
Operating income		55		44		2		29		6		-		136
Gain on expropriation of the BHC water utility systems		-		-		-		69		-		-		69
Finance recoveries (expenses)		(20)		(14)		(2)		(14)		11		-		(39)
Income tax recoveries (expense)		1		-		-		(21)		-		-		(20)
Net income	\$	36	\$	30	\$	-	\$	63	\$	17	\$	-	\$	146
Capital additions	\$	135	\$	61	\$	-	\$	47	\$	15	\$	-	\$	258

EPCOR UTILITIES INC.

Notes to the Condensed Consolidated Interim Financial Statements
(Unaudited, tabular amounts in millions of Canadian dollars unless otherwise indicated)

September 30, 2022

Nine months ended September 30, 2022								
	Water Services	Distribution & Transmission	Energy Services	U.S. Operations	Other	Intersegment Elimination	Consolidated	
External revenues	\$ 568	\$ 350	\$ 532	\$ 502	\$ 76	\$ -	\$	2,028
Inter-segment revenues	-	12	12	-	-	(24)		-
Total revenues	568	362	544	502	76	(24)		2,028
Energy purchases and system access fees	-	-	418	2	37	-		457
Other raw materials and operating charges	71	28	1	300	18	(6)		412
Staff costs and employee benefits expenses	108	52	28	38	45	(6)		265
Depreciation and amortization	127	86	6	49	25	-		293
Franchise fees and property taxes	31	73	-	7	1	-		112
Other administrative expenses	24	11	24	14	5	(12)		66
Operating expenses	361	250	477	410	131	(24)		1,605
Operating income (loss) before corporate income (charges)	207	112	67	92	(55)	-		423
Corporate income (charges)	(26)	(16)	(13)	(4)	59	-		-
Operating income	181	96	54	88	4	-		423
Finance recoveries (expenses)	(64)	(46)	(3)	(39)	38	-		(114)
Income tax expense	-	-	-	(12)	(11)	-		(23)
Net income	\$ 117	\$ 50	\$ 51	\$ 37	\$ 31	\$ -	\$	286
Capital additions	\$ 314	\$ 182	\$ 1	\$ 104	\$ 30	\$ -	\$	631

EPCOR UTILITIES INC.

Notes to the Condensed Consolidated Interim Financial Statements
(Unaudited, tabular amounts in millions of Canadian dollars unless otherwise indicated)

September 30, 2022

Nine months ended September 30, 2021								
	Water Services	Distribution & Transmission	Energy Services	U.S. Operations	Other	Intersegment Elimination	Consolidated	
External revenues	\$ 551	\$ 357	\$ 411	\$ 230	\$ 87	\$ -	\$ 1,636	
Inter-segment revenues	-	9	13	-	-	(22)	-	
Total revenues	551	366	424	230	87	(22)	1,636	
Energy purchases and system access fees	-	-	331	15	32	-	378	
Other raw materials and operating charges	73	31	-	50	38	(3)	189	
Staff costs and employee benefits expenses	110	59	29	35	44	(6)	271	
Depreciation and amortization	124	76	6	48	23	-	277	
Franchise fees and property taxes	29	69	-	7	1	-	106	
Other administrative expenses	23	10	21	15	4	(13)	60	
Operating expenses	359	245	387	170	142	(22)	1,281	
Operating income (loss) before corporate income (charges)	192	121	37	60	(55)	-	355	
Corporate income (charges)	(27)	(17)	(13)	(5)	62	-	-	
Operating income	165	104	24	55	7	-	355	
Gain on expropriation of the BHC water utility systems	-	-	-	69	-	-	69	
Finance recoveries (expenses)	(58)	(44)	(4)	(40)	33	-	(113)	
Income tax expense	-	-	-	(21)	(3)	-	(24)	
Net income	\$ 107	\$ 60	\$ 20	\$ 63	\$ 37	\$ -	\$ 287	
Capital additions	\$ 308	\$ 172	\$ 1	\$ 89	\$ 33	\$ -	\$ 603	

EPCOR UTILITIES INC.

Notes to the Condensed Consolidated Interim Financial Statements
(Unaudited, tabular amounts in millions of Canadian dollars unless otherwise indicated)

September 30, 2022

The Company's assets and liabilities by business segments at September 30, 2022 and December 31, 2021 are summarized as follows:

September 30, 2022							
	Water Services	Distribution & Transmission	Energy Services	U.S. Operations	Other	Intersegment Elimination	Consolidated
Total assets	\$ 7,885	\$ 2,867	\$ 386	\$ 2,397	\$ 5,539	\$ (4,988)	\$ 14,086
Total liabilities	6,071	1,916	285	1,913	4,628	(4,988)	9,825

December 31, 2021							
	Water Services	Distribution & Transmission	Energy Services	U.S. Operations	Other	Intersegment Elimination	Consolidated
Total assets	\$ 7,616	\$ 2,773	\$ 330	\$ 1,939	\$ 5,208	\$ (4,619)	\$ 13,247
Total liabilities	5,915	1,869	278	1,528	4,269	(4,619)	9,240

Non-current assets by geography

	September 30, 2022	December 31, 2021
Canada	\$ 11,134	\$ 10,796
U.S.	2,034	1,821
	\$ 13,168	\$ 12,617