

Condensed Consolidated Interim Financial Statements of

EPCOR UTILITIES INC.

(Unaudited)

Nine months ended September 30, 2020 and 2019

EPCOR UTILITIES INC.

Condensed Consolidated Interim Financial Statements (unaudited)

Nine months ended September 30, 2020 and 2019

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, 2020 and 2019

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2020	2019	2020	2019
Revenues (note 4)	\$ 518	\$ 493	\$ 1,476	\$ 1,390
Operating expenses:				
Energy purchases and system access fees	84	106	274	294
Other raw materials and operating charges	73	58	189	148
Staff costs and employee benefits expenses	87	82	265	255
Depreciation and amortization	87	82	255	239
Franchise fees and property taxes	32	31	95	91
Other administrative expenses	20	17	73	61
	383	376	1,151	1,088
Operating income	135	117	325	302
Finance expenses	(35)	(34)	(102)	(98)
Income before income taxes	100	83	223	204
Income tax expense	(8)	(7)	(11)	(32)
Net income for the periods				
- all attributable to the Owner of the Company	92	76	212	172
Other comprehensive income (loss):				
Items that may subsequently be reclassified to net income:				
Loss on cash flow hedges	-	-	-	(9)
Unrealized gain (loss) on foreign currency translation	(14)	6	16	(17)
Other comprehensive income (loss) for the periods	(14)	6	16	(26)
Comprehensive income for the periods				
- all attributable to the Owner of the Company	\$ 78	\$ 82	\$ 228	\$ 146

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, 2020 and December 31, 2019

	2020	2019
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 120	\$ 33
Trade and other receivables	449	473
Inventories	17	18
	<u>586</u>	<u>524</u>
Non-current assets:		
Other financial assets	178	127
Deferred tax assets	99	102
Property, plant and equipment	10,748	10,280
Intangible assets and goodwill	410	388
	<u>11,435</u>	<u>10,897</u>
TOTAL ASSETS	\$ 12,021	\$ 11,421
LIABILITIES AND EQUITY		
Current liabilities:		
Trade and other payables	\$ 437	\$ 431
Loans and borrowings (note 5)	54	55
Deferred revenue	77	71
Provisions	25	30
Other liabilities	43	65
	<u>636</u>	<u>652</u>
Non-current liabilities:		
Loans and borrowings (note 5)	3,415	3,026
Deferred revenue	3,849	3,707
Deferred tax liabilities	50	56
Provisions	105	100
Other liabilities	162	176
	<u>7,581</u>	<u>7,065</u>
Total liabilities	8,217	7,717
Equity attributable to the Owner of the Company:		
Share capital	798	798
Accumulated other comprehensive income	67	51
Retained earnings	2,939	2,855
Total equity - all attributable to the Owner of the Company	3,804	3,704
TOTAL LIABILITIES AND EQUITY	\$ 12,021	\$ 11,421

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, 2020 and 2019

	Accumulated other comprehensive income (loss)					Equity attributable to the Owner of the Company
	Share capital	Cash flow hedges	Cumulative translation account	Employee benefits account	Retained earnings	
Equity at December 31, 2019	\$ 798	\$ (9)	\$ 79	\$ (19)	\$ 2,855	\$ 3,704
Net income for the period	-	-	-	-	212	212
Other comprehensive income:						
Unrealized gain on foreign currency translation	-	-	16	-	-	16
Total comprehensive income	-	-	16	-	212	228
Dividends	-	-	-	-	(128)	(128)
Equity at September 30, 2020	\$ 798	\$ (9)	\$ 95	\$ (19)	\$ 2,939	\$ 3,804

	Accumulated other comprehensive income (loss)					Equity attributable to the Owner of the Company
	Share capital	Cash flow hedges	Cumulative translation account	Employee benefits account	Retained earnings	
Equity at December 31, 2018	\$ 798	\$ -	\$ 107	\$ (9)	\$ 2,795	\$ 3,691
Net income for the period	-	-	-	-	172	172
Other comprehensive loss:						
Loss on cash flow hedges	-	(9)	-	-	-	(9)
Unrealized loss on foreign currency translation	-	-	(17)	-	-	(17)
Total comprehensive income (loss)	-	(9)	(17)	-	172	146
Dividends	-	-	-	-	(128)	(128)
Equity at September 30, 2019	\$ 798	\$ (9)	\$ 90	\$ (9)	\$ 2,839	\$ 3,709

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, 2020 and 2019

	2020	2019
Cash flows from (used in) operating activities:		
Net income for the period	\$ 212	\$ 172
Reconciliation of net income for the period to cash from (used in) operating activities:		
Interest paid	(79)	(81)
Finance expenses	102	98
Income taxes recovered (paid)	(11)	2
Income tax expense	11	32
Depreciation and amortization	255	239
Changes in employee benefits provisions	(5)	(6)
Contributions received	103	68
Deferred revenue recognized	(58)	(52)
Changes in fair value of financial electricity purchase contracts	(1)	(1)
Other	(2)	-
Net cash flows from operating activities before non-cash operating working capital changes	527	471
Changes in non-cash operating working capital	14	(36)
Net cash flows from operating activities	541	435
Cash flows from (used in) investing activities:		
Acquisitions or construction of property, plant and equipment and intangible assets ¹	(610)	(479)
Business acquisition	(2)	(31)
Payment of outstanding consideration for Vista Ridge project	(12)	-
Changes in non-cash investing working capital	(7)	24
Proceeds on disposal of property, plant and equipment	2	1
Net payments received (advances) on other financial assets	(52)	1
Payment of Drainage transition cost compensation to the City of Edmonton	(14)	(17)
Net cash flows used in investing activities	(695)	(501)
Cash flows from (used in) financing activities:		
Net repayment of short-term loans and borrowings	(2)	(38)
Proceeds from issuance of long-term loans and borrowings (note 5)	400	450
Repayments of long-term loans and borrowings	(18)	(18)
Debt issuance costs	(2)	(3)
Net refunds to customers and developers	(2)	(2)
Payments of lease liabilities, net of proceeds from finance lease receivable	(7)	(7)
Dividends paid	(128)	(128)
Net cash flows from financing activities	241	254
Increase in cash and cash equivalents	87	188
Cash and cash equivalents, beginning of period	33	32
Cash and cash equivalents, end of period	\$ 120	\$ 220

1 Interest payments of \$8 million (2019 - \$6 million) have been capitalized and included in acquisitions or construction of property, plant and equipment and intangible assets.

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

EPCOR UTILITIES INC.

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

September 30, 2020

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, 2019, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

These condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors on October 29, 2020.

(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, 2020, which did not have significant impact on these 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 International Accounting Standards Board and the International Financial Reporting Interpretations Committee, the application of which is effective for periods beginning on or after January 1, 2021. 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, 2020

4. Revenues

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

Three months ended September 30, 2020	Water Services	Distribution & Transmission	Energy Services	U.S. Operations	Other	Consolidated
Energy and water sales	\$ 62	\$ -	\$ 97	\$ 64	\$ 13	\$ 236
Provision of services	112	121	6	20	2	261
Construction revenue	1	-	-	-	18	19
Other commercial revenue	1	-	-	-	1	2
	\$ 176	\$ 121	\$ 103	\$ 84	\$ 34	\$ 518

Three months ended September 30, 2019	Water Services	Distribution & Transmission	Energy Services	U.S. Operations	Other	Consolidated
Energy and water sales	\$ 58	\$ -	\$ 117	\$ 58	\$ 10	\$ 243
Provision of services	105	113	5	17	2	242
Construction revenue	3	-	-	-	3	6
Other commercial revenue	1	-	-	-	1	2
	\$ 167	\$ 113	\$ 122	\$ 75	\$ 16	\$ 493

Nine months ended September 30, 2020	Water Services	Distribution & Transmission	Energy Services	U.S. Operations	Other	Consolidated
Energy and water sales	\$ 176	\$ -	\$ 298	\$ 158	\$ 37	\$ 669
Provision of services	323	353	15	57	9	757
Construction revenue	3	-	-	-	41	44
Other commercial revenue	4	-	-	-	2	6
	\$ 506	\$ 353	\$ 313	\$ 215	\$ 89	\$ 1,476

Nine months ended September 30, 2019	Water Services	Distribution & Transmission	Energy Services	U.S. Operations	Other	Consolidated
Energy and water sales	\$ 165	\$ -	\$ 327	\$ 139	\$ 32	\$ 663
Provision of services	308	322	17	50	10	707
Construction revenue	7	-	-	-	7	14
Other commercial revenue	4	-	-	-	2	6
	\$ 484	\$ 322	\$ 344	\$ 189	\$ 51	\$ 1,390

5. Loans and borrowings

On May 19, 2020, the Company issued \$400 million of dual-tranche long-term unsecured public debentures, consisting of a \$100 million three-year note with a coupon rate of 1.30% and an effective interest rate of 1.45%, and a \$300 million 30-year note with a coupon rate of 2.90% and an effective interest rate of 2.95%. The interest is payable semi-annually and the principal is due at maturity for both of the notes.

6. Financial instruments

Classification

The classifications of the Company's financial instruments measured at fair value at September 30, 2020 and December 31, 2019 are summarized as follows:

EPCOR UTILITIES INC.

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

September 30, 2020

	Fair value hierarchy
Long-term investment	Level 3
Derivative financial instruments	
Financial electricity purchase contracts - designated	Level 1
Other liabilities	
Contingent consideration - designated	Level 3

Fair value

The carrying amounts of cash and cash equivalents, trade and other receivables (excluding derivative financial instruments), current portion of other financial assets, trade and other payables (excluding derivative financial instruments) and certain other liabilities (including customer deposits) 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, 2020		December 31, 2019	
		Carrying amount	Fair value	Carrying amount	Fair value
Non-current portion of other financial assets ¹	Level 2	\$ 171	\$ 176	\$ 120	\$ 121
Loans and borrowings	Level 2	3,469	4,214	3,081	3,602
Other liabilities					
Drainage transition cost compensation	Level 2	15	15	29	29

1 Excluding long-term investment in Vista Ridge of \$7 million (December 31, 2019 - \$7 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 for the assets and liabilities are not based on observable market data.

Derivative financial instruments

The derivative financial instruments consist of financial electricity purchase contracts.

The fair value of the Company's financial electricity purchase contracts is determined based on exchange index prices in active markets and are 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.

Derivative financial assets are presented within trade and other receivables whereas derivative financial liabilities are presented within trade and other payables in the condensed consolidated interim statements of financial position.

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. and additional customer connections for natural gas by EPCOR Gas Texas 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 customer connections and the resulting cash flows are then discounted at risk-adjusted discount rates. Any change in the timing of execution of new contracts and additional customer connections, discount rate or foreign exchange rate can have a material impact on the fair value of contingent consideration.

EPCOR UTILITIES INC.

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

September 30, 2020

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 September 30, 2020 and December 31, 2019. 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 September 30, 2020 and December 31, 2019.

Loans and borrowings

The fair value of the Company's long-term public debt is based on the pricing sourced from market data as of September 30, 2020 and December 31, 2019. 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 September 30, 2020 and December 31, 2019. 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 is 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 is determined based on the future cash outflows discounted at risk-adjusted discount rates prevailing at September 30, 2020 and December 31, 2019.

7. Financial risk management

This note disclosure should be read in conjunction with the financial risk management (note 27) in the annual consolidated financial statements for the year ended December 31, 2019. Further to the financial risk exposures identified and disclosed in the annual consolidated financial statements for the year ended December 31, 2019, the Company has updated its risk exposures as a result of the global outbreak of the novel coronavirus (COVID-19), which was declared a pandemic by the World Health Organization in March 2020.

In response to the COVID-19 outbreak, governmental authorities in Canada, the U.S. and internationally introduced various recommendations and measures to try to limit spread of the pandemic, including non-essential business closures, quarantines, self-isolation, social and physical distancing and shelter-in-place. These measures caused disruptions to businesses globally resulting in an economic slowdown. While the majority of the Company's operations consist of the provision of essential utility services, the Company is experiencing a decline in the sale of water and electricity to its commercial customers, which is mostly offset by increase in sales to residential and multi-residential customers, as well as additional costs incurred to mitigate risks of the outbreak. It is not anticipated that the COVID-19 pandemic will have a material impact on the financial results of the Company.

In Canada, the spread of COVID-19 started showing signs of slowing down and most of the restrictions have gradually been lifted by the provincial governments. However, of late, the number of COVID-19 cases have started to rise again. Within the U.S., the rate of COVID-19 outbreaks still remains high and plans to ease government restrictions vary amongst states. Complete lifting of restrictions can result in a spike of COVID-19 spread, particularly in the case of a second wave of COVID-19 cases, which could disrupt economic activities for long periods. Any prolonged business disruption can negatively affect one or more factors that are essential for maintaining regular operations of the Company including, but not limited to, availability of employees for delivery of goods or services, availability of supplies and equipment for operations and planned construction of plants and other assets.

The ultimate duration and magnitude of the impact on the economy and consequential financial effect on the Company, is unknown at this time.

EPCOR UTILITIES INC.

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

September 30, 2020

Credit risk

The COVID-19 outbreak has increased the credit risk of the Company as the economic slowdown could result in customers being unable to pay their utility bills when they are due. In addition, certain measures were introduced by various governments and municipalities in the initial stages of pandemic, preventing utility companies from disconnecting customers for non-payment and allowed certain utility customers to defer payment of their utility bills for a certain period, which have also increased the credit risk of the Company. Due to the dynamic nature of the situation, it is not currently possible to measure the full financial impact of this elevated credit risk. However, using the Company's current estimates and assumptions, which are based on the recent trend for customer collections and current economic conditions (including forward-looking information), the expected credit loss matrix has been adjusted to account for the higher level of potential customer defaults. Consequently, the Company has recorded an additional provision for expected credit losses of \$11 million during the nine months ended September 30, 2020, pertaining to trade receivables from customers. Given the high degree of volatility caused by the outbreak of COVID-19, the estimates and judgments made by management in the preparation of the expected credit loss allowance are subject to a high degree of estimation uncertainty. The Company continues to monitor the situation, including information related to realized credit losses from customers and further pronouncements from governments and regulators, and if required, will make adjustments to the expected credit loss allowance in future periods.

8. 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 commercial services including the design, construction and maintenance of street lighting, traffic signal and light rail transit electrical infrastructure for the City and for other 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, and the collection and treatment of wastewater, and 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 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, 2020

Three months ended September 30, 2020														
	Water Distribution & Services		Transmission		Energy Services		U.S. Operations		Intersegment Elimination Consolidated					
	\$		\$		\$		\$		\$					
External revenues	\$	176	\$	121	\$	103	\$	84	\$	34	\$	-	\$	518
Inter-segment revenues		-		5		4		-		-		(9)		-
Total revenues		176		126		107		84		34		(9)		518
Energy purchases and system access fees		-		-		72		-		12		-		84
Other raw materials and operating charges		26		15		1		16		17		(2)		73
Staff costs and employee benefits expenses		34		20		9		10		18		(4)		87
Depreciation and amortization		40		26		1		15		5		-		87
Franchise fees and property taxes		9		21		-		2		-		-		32
Other administrative expenses		8		3		6		4		2		(3)		20
Operating expenses		117		85		89		47		54		(9)		383
Operating income (loss) before corporate income (charges)		59		41		18		37		(20)		-		135
Corporate income (charges)		(9)		(6)		(2)		(2)		19		-		-
Operating income (loss)		50		35		16		35		(1)		-		135
Finance recoveries (expenses)		(19)		(14)		(1)		(13)		12		-		(35)
Income tax recovery (expense)		1		-		-		(5)		(4)		-		(8)
Net income	\$	32	\$	21	\$	15	\$	17	\$	7	\$	-	\$	92
Capital additions	\$	167	\$	56	\$	-	\$	25	\$	22	\$	-	\$	270

EPCOR UTILITIES INC.

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

September 30, 2020

Three months ended September 30, 2019								
	Water Services	Distribution & Transmission	Energy Services	U.S. Operations	Other	Intersegment Elimination	Consolidated	
External revenues	\$ 167	\$ 113	\$ 122	\$ 75	\$ 16	\$ -	\$ 493	
Inter-segment revenues	-	3	4	-	1	(8)	-	
Total revenues	167	116	126	75	17	(8)	493	
Energy purchases and system access fees	-	-	97	-	9	-	106	
Other raw materials and operating charges	32	12	-	13	2	(1)	58	
Staff costs and employee benefits expenses	34	20	8	8	14	(2)	82	
Depreciation and amortization	39	24	1	13	5	-	82	
Franchise fees and property taxes	9	20	-	2	-	-	31	
Other administrative expenses	6	3	6	4	3	(5)	17	
Operating expenses	120	79	112	40	33	(8)	376	
Operating income (loss) before corporate income (charges)	47	37	14	35	(16)	-	117	
Corporate income (charges)	(7)	(6)	(3)	(2)	18	-	-	
Operating income	40	31	11	33	2	-	117	
Finance recoveries (expenses)	(19)	(15)	(1)	(12)	13	-	(34)	
Income tax expense	-	-	-	(5)	(2)	-	(7)	
Net income	\$ 21	\$ 16	\$ 10	\$ 16	\$ 13	\$ -	\$ 76	
Capital additions	\$ 101	\$ 64	\$ 1	\$ 24	\$ 30	\$ -	\$ 220	

EPCOR UTILITIES INC.

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

September 30, 2020

Nine months ended September 30, 2020								
	Water Services	Distribution & Transmission	Energy Services	U.S. Operations	Other	Intersegment Elimination	Consolidated	
External revenues	\$ 506	\$ 353	\$ 313	\$ 215	\$ 89	\$ -	\$ 1,476	
Inter-segment revenues	-	10	13	-	-	(23)	-	
Total revenues	506	363	326	215	89	(23)	1,476	
Energy purchases and system access fees	-	-	236	2	36	-	274	
Other raw materials and operating charges	69	40	1	42	41	(4)	189	
Staff costs and employee benefits expenses	108	60	26	32	46	(7)	265	
Depreciation and amortization	117	73	5	44	16	-	255	
Franchise fees and property taxes	26	62	-	6	1	-	95	
Other administrative expenses	26	13	25	13	8	(12)	73	
Operating expenses	346	248	293	139	148	(23)	1,151	
Operating income (loss) before corporate income (charges)	160	115	33	76	(59)	-	325	
Corporate income (charges)	(26)	(17)	(9)	(5)	57	-	-	
Operating income (loss)	134	98	24	71	(2)	-	325	
Finance recoveries (expenses)	(57)	(44)	(3)	(37)	39	-	(102)	
Income tax recovery (expense)	1	-	-	(8)	(4)	-	(11)	
Net income	\$ 78	\$ 54	\$ 21	\$ 26	\$ 33	\$ -	\$ 212	
Capital additions	\$ 316	\$ 158	\$ -	\$ 85	\$ 51	\$ -	\$ 610	

EPCOR UTILITIES INC.

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

September 30, 2020

Nine months ended September 30, 2019								
	Water Services	Distribution & Transmission	Energy Services	U.S. Operations	Other	Intersegment Elimination	Consolidated	
External revenues	\$ 484	\$ 322	\$ 344	\$ 189	\$ 51	\$ -	\$ 1,390	
Inter-segment revenues	-	9	12	-	1	(22)	-	
Total revenues	484	331	356	189	52	(22)	1,390	
Energy purchases and system access fees	-	-	261	3	30	-	294	
Other raw materials and operating charges	79	29	-	36	9	(5)	148	
Staff costs and employee benefits expenses	108	60	22	26	44	(5)	255	
Depreciation and amortization	110	69	5	39	16	-	239	
Franchise fees and property taxes	25	60	-	6	-	-	91	
Other administrative expenses	21	11	21	10	10	(12)	61	
Operating expenses	343	229	309	120	109	(22)	1,088	
Operating income (loss) before corporate income (charges)	141	102	47	69	(57)	-	302	
Corporate income (charges)	(23)	(17)	(7)	(5)	52	-	-	
Operating income (loss)	118	85	40	64	(5)	-	302	
Finance recoveries (expenses)	(56)	(45)	(3)	(35)	41	-	(98)	
Income tax expense	-	-	-	(7)	(25)	-	(32)	
Net income	\$ 62	\$ 40	\$ 37	\$ 22	\$ 11	\$ -	\$ 172	
Capital additions	\$ 215	\$ 158	\$ 2	\$ 59	\$ 45	\$ -	\$ 479	

The Company's assets and liabilities by business segment at September 30, 2020 and December 31, 2019 are summarized as follows:

September 30, 2020								
	Water Services	Distribution & Transmission	Energy Services	U.S. Operations	Other	Intersegment Elimination	Consolidated	
Total assets	\$ 7,060	\$ 2,592	\$ 187	\$ 1,594	\$ 4,707	\$ (4,119)	\$ 12,021	
Total liabilities	5,437	1,743	142	1,276	3,738	(4,119)	8,217	

December 31, 2019								
	Water Services	Distribution & Transmission	Energy Services	U.S. Operations	Other	Intersegment Elimination	Consolidated	
Total assets	\$ 6,762	\$ 2,529	\$ 210	\$ 1,492	\$ 4,363	\$ (3,935)	\$ 11,421	
Total liabilities	5,217	1,733	185	1,207	3,310	(3,935)	7,717	

EPCOR UTILITIES INC.

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

September 30, 2020

Non-current assets by geography

	September 30, 2020	December 31, 2019
Canada	\$ 9,901	\$ 9,449
U.S.	1,534	1,448
	<u>\$ 11,435</u>	<u>\$ 10,897</u>