Condensed Consolidated Interim Financial Statements of

EPCOR UTILITIES INC.

(Unaudited)

Six months ended June 30, 2023 and 2022

EPCOR UTILITIES INC.

Condensed Consolidated Interim Financial Statements (unaudited)

Six months ended June 30, 2023 and 2022

EPCOR UTILITIES INC.

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

Three and six months ended June 30, 2023 and 2022

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Revenues (note 4)	$ 979	$ 555	$ 2,086	$ 1,146
Operating expenses:				
Energy purchases and system access fees	130	115	474	297
Other raw materials and operating charges	412	58	834	110
Staff costs and employee benefits expenses	97	93	193	182
Depreciation and amortization	110	100	210	191
Franchise fees and property taxes	41	37	79	73
Other administrative expenses	30	17	52	43
	820	420	1,842	896
Operating income	159	135	244	250
Finance expenses	(47)	(37)	(94)	(74)
Income before income taxes	112	98	150	176
Income tax expense	(10)	(5)	(2)	(9)
Net income	102	93	148	167
Other comprehensive income (loss):				
Items that may subsequently be reclassified to net income:				
Foreign exchange gain (loss) on U.S. denominated debt designated as a hedge of net investment in foreign operations	10	(10)	9	(6)
Unrealized gain (loss) on derivative financial instruments designated as hedges of net investment in foreign operations	4	(1)	3	(6)
Unrealized gain on derivative financial instruments designated as cash flow hedges (note 9)	3	14	2	21
Unrealized gain (loss) on foreign currency translation	(41)	36	(38)	19
Other comprehensive income (loss)	(24)	39	(24)	28
Comprehensive income	$ 78	$ 132	$ 124	$ 195

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)

June 30, 2023 and December 31, 2022

	2023	2022
Assets		
Current assets:		
Cash	$ 93	$ 130
Trade and other receivables	804	653
Inventories	26	25
Other financial assets (note 5)	149	426
	1,072	1,234
Non-current assets:		
Other financial assets (note 5)	324	256
Deferred tax assets	74	67
Property, plant and equipment	12,729	12,491
Intangible assets and goodwill	538	558
	13,665	13,372
Total assets	$ 14,737	$ 14,606
Liabilities and equity		
Current liabilities:		
Trade and other payables	$ 838	$ 832
Loans and borrowings	579	517
Deferred revenue	100	95
Provisions	22	57
Other liabilities (note 6)	114	32
	1,653	1,533
Non-current liabilities:		
Loans and borrowings	3,909	4,040
Deferred revenue	4,381	4,334
Deferred tax liabilities	79	83
Provisions	150	125
Other liabilities (note 6)	211	169
	8,730	8,751
Total liabilities	10,383	10,284
Equity:		
Share capital	798	798
Accumulated other comprehensive income	121	145
Retained earnings	3,435	3,379
Total equity	4,354	4,322
Total liabilities and equity	$ 14,737	$ 14,606

Commitments (note 5)

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)

Six months ended June 30, 2023 and 2022

	Share capital	Accumulated other comprehensive income (loss): Cash flow hedges	Cumulative translation account	Employee benefits account	Retained earnings	Total equity
Equity at December 31, 2022	$ 798	$ 17	$ 122	$ 6	$ 3,379	$ 4,322
Net income	-	-	-	-	148	148
Other comprehensive income (loss):						
Foreign exchange gain on U.S. denominated debt designated as a hedge of net investment in foreign operations	-	-	9	-	-	9
Unrealized gain on derivative financial instruments designated as hedges of net investment in foreign operations	-	-	3	-	-	3
Unrealized gain on derivative financial instruments designated as cash flow hedges	-	2	-	-	-	2
Unrealized loss on foreign currency translation	-	-	(38)	-	-	(38)
Total comprehensive income	-	2	(26)	-	148	124
Dividends	-	-	-	-	(92)	(92)
Equity at June 30, 2023	$ 798	$ 19	$ 96	$ 6	$ 3,435	$ 4,354

	Share capital	Accumulated other comprehensive income (loss): Cash flow hedges	Cumulative translation account	Employee benefits account	Retained earnings	Total equity
Equity at December 31, 2021	$ 798	$ (9)	$ 53	$ (12)	$ 3,177	$ 4,007
Net income	-	-	-	-	167	167
Other comprehensive income (loss):						
Foreign exchange loss on U.S. denominated debt designated as a hedge of net investment in foreign operations	-	-	(6)	-	-	(6)
Unrealized loss on derivative financial instruments designated as hedges of net investment in foreign operations	-	-	(6)	-	-	(6)
Unrealized gain on derivative financial instruments designated as cash flow hedges	-	21	-	-	-	21
Unrealized gain on foreign currency translation	-	-	19	-	-	19
Total comprehensive income	-	21	7	-	167	195
Dividends	-	-	-	-	(89)	(89)
Equity at June 30, 2022	$ 798	$ 12	$ 60	$ (12)	$ 3,255	$ 4,113

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)

Six months ended June 30, 2023 and 2022

	2023	2022
Cash flows from (used in) operating activities:		
Net income	$ 148	$ 167
Reconciliation of net income to cash from (used in) operating activities:		
Interest paid	(89)	(71)
Finance expenses	94	74
Income taxes paid	(17)	-
Income tax expense	2	9
Depreciation and amortization	210	191
Change in employee benefits provisions	(35)	(25)
Contributions received	97	57
Deferred revenue recognized	(50)	(42)
Changes in fair value of financial electricity purchase contracts	(6)	11
Other	3	-
Net cash flows from operating activities before non-cash operating working capital changes	357	371
Changes in non-cash operating working capital (note 7)	99	(14)
Net cash flows from operating activities	456	357
Cash flows from (used in) investing activities:		
Acquisitions and construction of property, plant and equipment and intangible assets[1]	(445)	(388)
Proceeds from expropriation of the Bullhead City water utility systems	-	25
Proceeds on disposal of property, plant and equipment	7	8
Net advances on other financial assets	(18)	(85)
Payment of Drainage transition cost compensation to the City of Edmonton	-	(6)
Changes in non-cash investing working capital (note 7)	(7)	42
Net cash flows used in investing activities	(463)	(404)
Cash flows from (used in) financing activities:		
Net issuances of short-term loans and borrowings	53	122
Proceeds from issuance of long-term loans and borrowings	-	63
Repayments of long-term loans and borrowings	(114)	(15)
Net refunds to customers and developers	(5)	(1)
Payments of lease liabilities, net of proceeds from finance lease receivable	(7)	(7)
Funding received per the Regulated Rate Option Stability Act, net of repayments (note 6)	135	-
Dividends paid	(92)	(89)
Net cash flows from (used in) financing activities	(30)	73
Increase (decrease) in cash	(37)	26
Cash, beginning of period	130	30
Cash, end of period	$ 93	$ 56

1 Interest payments of $2 million (2022 - $6 million) have been capitalized and included in acquisitions and construction of property, plant and equipment (PP&E) and intangible assets.

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

1. Nature of operations

EPCOR Utilities Inc. (the Company or EPCOR), through its wholly owned subsidiaries, builds, owns and operates electrical, natural gas and water transmission and distribution networks, water and wastewater treatment facilities and sanitary and stormwater systems. 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, 2022, 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 July 27, 2023.

(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 the nearest million except where otherwise stated.

3. Material 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, 2023, which did not have a material impact on these condensed consolidated interim 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, 2024. The Company does not expect the implementation of these new accounting pronouncements to have a material impact on its accounting policies.

(Unaudited, tabular amounts in millions of Canadian dollars unless otherwise indicated)

4. Revenues

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

Three months ended June 30, 2023	Water Services	Distribution & Transmission	Energy Services	U.S. Operations	Other	Consolidated
Energy and water sales	$ 73	$ -	$ 147	$ 55	$ 12	$ 287
Provision of services	139	119	9	37	5	309
Construction revenue	1	-	-	368	11	380
Other commercial revenue	1	-	-	-	2	3
	$ 214	$ 119	$ 156	$ 460	$ 30	$ 979

Three months ended June 30, 2022	Water Services	Distribution & Transmission	Energy Services	U.S. Operations	Other	Consolidated
Energy and water sales	$ 68	$ -	$ 123	$ 55	$ 12	$ 258
Provision of services	122	122	8	29	5	286
Construction revenue	-	-	-	3	5	8
Other commercial revenue	1	-	-	-	2	3
	$ 191	$ 122	$ 131	$ 87	$ 24	$ 555

Six months ended June 30, 2023	Water Services	Distribution & Transmission	Energy Services	U.S. Operations	Other	Consolidated
Energy and water sales	$ 134	$ -	$ 433	$ 104	$ 30	$ 701
Provision of services	259	251	16	68	11	605
Construction revenue	2	-	-	755	17	774
Other commercial revenue	2	-	-	-	4	6
	$ 397	$ 251	$ 449	$ 927	$ 62	$ 2,086

Six months ended June 30, 2022	Water Services	Distribution & Transmission	Energy Services	U.S. Operations	Other	Consolidated
Energy and water sales	$ 124	$ -	$ 316	$ 99	$ 27	$ 566
Provision of services	233	244	16	56	11	560
Construction revenue	-	-	-	6	8	14
Other commercial revenue	2	-	-	-	4	6
	$ 359	$ 244	$ 332	$ 161	$ 50	$ 1,146

5. Other financial assets

This note disclosure should be read in conjunction with the other financial assets note disclosure (note 13) in the annual consolidated financial statements for the year ended December 31, 2022.

(Unaudited, tabular amounts in millions of Canadian dollars unless otherwise indicated)

	June 30, 2023	December 31, 2022
Long-term receivables from service concession arrangements	$ 71	$ 72
Finance lease receivables	184	170
Long-term investment	6	6
Loans and other long-term receivables	55	16
Derivative financial assets (note 8)	16	11
Unbilled construction receivable	141	407
Total other financial assets	473	682
Less: current portion	149	426
	$ 324	$ 256

Loans and other long-term receivables

In December 2022, the Government of Alberta (GOA) passed Bill 2 including amendments to the Regulated Rate Option Stability Act (the Act), to implement a ceiling on rates billed to Regulated Rate Option (RRO) customers of 13.5 cents per kWh for electricity consumed during the three-month period from January 2023 to March 2023. The collection of the difference between the approved RRO rate and the rate ceiling from RRO customers through adjustments to electricity rates started in April 2023 and will conclude in December 2024.

As at June 30, 2023, $38 million was recorded in the non-current portion of loans and other long-term receivables, which represents non-current amounts to be collected from RRO customers under the Act. The Company recorded $81 million in trade and other receivables, which represents the current amounts to be collected from RRO customers under the Act.

Unbilled construction receivable

Samsung Austin Semiconductor, LLC (Samsung) Projects

During the year ended December 31, 2022, the Company signed two Preliminary Services Agreements, and subsequent amending agreements (collectively, the PSAs) with Samsung, 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 (Project Sandow) and an industrial water reclamation facility (Project Blue Sky) to support Samsung’s new semiconductor fabrication facility in Taylor, Texas.

The Company signed definitive Project Agreements (the PAs) in December 2022 and April 2023 for Projects Sandow and Blue Sky, respectively, to carry out the remaining work to design, build, own, operate, maintain and transfer the project assets to Samsung at the expiry of the full operation and maintenance term, or in certain instances of early termination. The construction of the projects is expected to be substantially complete in 2024, with initial operation and maintenance period of 30 years after completion of construction. Under the terms of the PAs, the Company is committed to fund US$300 million during the projects.

During the six months ended June 30, 2023, the Company recorded construction revenues of $753 million (US$559 million) related to the Samsung Projects, which were recognized on the basis of costs incurred plus an agreed-upon margin. The construction expenditures, totalling $713 million (US$529 million), were recorded in other raw materials and operating charges.

As at June 30, 2023, the Company recorded $127 million (US$96 million) in the current portion of other financial assets, and $14 million ($US11 million) in the non-current portion of other financial assets, which represents unbilled construction revenues translated at the period end exchange rate.

6. Other liabilities

Under the Regulated Rate Option Stability Act, EPCOR and the other electricity retailers had the option to receive interest free funding from the GOA for the difference between the approved RRO rate and rate ceiling. Consequently, during the three months ended March 31, 2023, the Company received $138 million of funding, which is being repaid to the GOA upon collection of deferred amounts from RRO customers during the billing periods between April 2023 and December 2024. As at June 30, 2023, $85 million has been recorded in the current portion of other liabilities, $50 million has been recorded in the non-current portion of other liabilities, and $3 million has been repaid to the GOA.

(Unaudited, tabular amounts in millions of Canadian dollars unless otherwise indicated)

7. Changes in non-cash working capital

Six months ended June 30, 2023 and 2022

		2023		2022
Trade and other receivables	$	(151)	$	65
Inventories		(1)		(1)
Unbilled construction receivable (note 5)		266		-
Other long-term receivables (note 5)		(38)		-
Trade and other payables, excluding derivative financial liabilities		12		3
	$	88	$	67

		2023		2022
Included in specific items on consolidated statements of cash flows:				
Interest paid	$	(1)	$	(1)
Income tax expense		(6)		3
Proceeds from 2021 expropriation of the Bullhead City water utility systems		-		25
Contributions received		(1)		10
Net advances on other financial assets		1		1
Other		3		1
		(4)		39
Operating activities		99		(14)
Investing activities		(7)		42
	$	88	$	67

8. Financial instruments

Classification

The classifications of the Company’s financial instruments measured at fair value at June 30, 2023 and December 31, 2022 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
Bond forward contract (note 9)	Level 2
Other liabilities	
Funding received under the RRO Stability Act (note 6)	Level 2
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) approximate their fair values due to the short-term nature of these financial instruments.

(Unaudited, tabular amounts in millions of Canadian dollars unless otherwise indicated)

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

		June 30, 2023		December 31, 2022	
	Fair value hierarchy	Carrying amount	Fair value	Carrying amount	Fair value
Non-current portion of other financial assets[1]	Level 2	$ 314	$ 312	$ 249	$ 248
Loans and borrowings	Level 2	4,488	4,158	4,557	4,128
Other liabilities					
Funding received per the RRO Stability Act	Level 2	50	50	-	-

1. Excluding long-term investment in Vista Ridge LLC (Vista Ridge) of $6 million (December 31, 2022 - $6 million) and derivative financial instruments of $4 million (December 31, 2022 - $1 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 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.

The fair value of the Company's bond forward contract is estimated using the difference between the contractual forward price and the current forward price based on market conditions at the measurement date. The derivative instrument reflects the estimated amount that the Company would receive or pay to settle the bond forward contract at the measurement date.

Within these condensed consolidated interim statements of financial position short-term derivative financial assets are presented within current portion of other financial assets, long-term derivative financial assets are presented within other financial assets, short-term derivative financial liabilities are presented within trade and other payables and long-term derivative financial liabilities are presented within other liabilities. As at June 30, 2023, derivative financial instruments had balances of $12 million within current portion of other financial assets and $4 million within non-current portion of other financial assets (December 31, 2022 - $10 million within current portion of other financial assets, $1 million within non-current portion of other financial assets and $6 million within trade and other payables).

(Unaudited, tabular amounts in millions of Canadian dollars unless otherwise indicated)

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.

9. 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, 2022.

Interest rate risk

During the period ended June 30, 2023, the Company entered into a bond forward contract (the hedging instrument) 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 values of the hedging instrument and the hedged item 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 bond forward contract:

Type of instrument	Contract maturity	Term	Notional value	Pay fixed interest rate
Bond forward contract	December 15, 2023	30 years	$ 50	2.8805%

1 Canadian Dollar Offered Rate (CDOR)

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

During the period ended June 30, 2023, the change in fair value of $2 million of the effective portion of this cash flow hedge was recorded as a gain in OCI.

Liquidity risk

The Company increased the existing uncommitted bank credit facilities by $100 million, from $265 million to $365 million, during the period ended June 30, 2023.

The uncommitted bank credit facilities are restricted to letters of credit. At June 30, 2023, letters of credit totalling $154 million have been issued and outstanding (2022 - $236 million) to meet the credit requirements of electricity market participants and to meet conditions of certain service agreements.

10. 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 EPCOR affiliates with professional services, engineering design, project management and fleet services.

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, construction of related facilities, 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 leases of electrical infrastructure related to the Trans Mountain pipeline expansion project and water treatment plant in Darlington, and the cost of the Company's net unallocated corporate office expenses.

(Unaudited, tabular amounts in millions of Canadian dollars unless otherwise indicated)

Three months ended June 30, 2023	Water Services	Distribution & Transmission	Energy Services	U.S. Operations	Other	Intersegment Elimination	Consolidated
External revenues	$ 214	$ 119	$ 156	$ 460	$ 30	$ -	$ 979
Inter-segment revenues	-	6	6	-	-	(12)	-
Revenues	214	125	162	460	30	(12)	979
Energy purchases and system access fees	-	-	119	-	11	-	130
Other raw materials and operating charges	31	10	-	364	10	(3)	412
Staff costs and employee benefits expenses	37	17	11	18	17	(3)	97
Depreciation and amortization	48	27	2	25	8	-	110
Franchise fees and property taxes	12	25	-	3	1	-	41
Other administrative expenses	11	5	7	11	2	(6)	30
Operating expenses	139	84	139	421	49	(12)	820
Operating income (loss) before corporate income (charges)	75	41	23	39	(19)	-	159
Corporate income (charges)	(9)	(5)	(4)	(2)	20	-	-
Operating income	66	36	19	37	1	-	159
Finance recoveries (expenses)	(24)	(16)	(1)	(16)	10	-	(47)
Income tax expense	-	-	-	(6)	(4)	-	(10)
Net income	$ 42	$ 20	$ 18	$ 15	$ 7	$ -	$ 102
Capital additions	$ 105	$ 95	$ -	$ 51	$ 11	$ -	$ 262

(Unaudited, tabular amounts in millions of Canadian dollars unless otherwise indicated)

Three months ended June 30, 2022	Water Services	Distribution & Transmission	Energy Services	U.S. Operations	Other	Intersegment Elimination	Consolidated
External revenues	$ 191	$ 122	$ 131	$ 87	$ 24	$ -	$ 555
Inter-segment revenues	-	4	4	-	-	(8)	-
Revenues	191	126	135	87	24	(8)	555
Energy purchases and system access fees	-	-	103	-	12	-	115
Other raw materials and operating charges	25	10	(1)	20	6	(2)	58
Staff costs and employee benefits expenses	38	18	10	12	16	(1)	93
Depreciation and amortization	43	30	2	16	9	-	100
Franchise fees and property taxes	10	23	-	3	1	-	37
Other administrative expenses	8	3	8	4	(1)	(5)	17
Operating expenses	124	84	122	55	43	(8)	420
Operating income (loss) before corporate income (charges)	67	42	13	32	(19)	-	135
Corporate income (charges)	(7)	(5)	(4)	(1)	17	-	-
Operating income	60	37	9	31	(2)	-	135
Finance recoveries (expenses)	(22)	(15)	-	(13)	13	-	(37)
Income tax recovery (expense)	-	-	-	(4)	(1)	-	(5)
Net income	$ 38	$ 22	$ 9	$ 14	$ 10	$ -	$ 93
Capital additions	$ 115	$ 58	$ -	$ 33	$ 15	$ -	$ 221

(Unaudited, tabular amounts in millions of Canadian dollars unless otherwise indicated)

Six months ended June 30, 2023	Water Services	Distribution & Transmission	Energy Services	U.S. Operations	Other	Intersegment Elimination	Consolidated
External revenues	$ 397	$ 251	$ 449	$ 927	$ 62	$ -	$ 2,086
Inter-segment revenues	-	10	14	-	-	(24)	-
Revenues	397	261	463	927	62	(24)	2,086
Energy purchases and system access fees	-	-	446	1	27	-	474
Other raw materials and operating charges	51	19	-	751	18	(5)	834
Staff costs and employee benefits expenses	75	34	20	35	33	(4)	193
Depreciation and amortization	93	53	4	43	17	-	210
Franchise fees and property taxes	22	51	-	5	1	-	79
Other administrative expenses	20	9	16	16	6	(15)	52
Operating expenses	261	166	486	851	102	(24)	1,842
Operating income (loss) before corporate income (charges)	136	95	(23)	76	(40)	-	244
Corporate income (charges)	(19)	(11)	(9)	(4)	43	-	-
Operating income	117	84	(32)	72	3	-	244
Finance recoveries (expenses)	(48)	(33)	(1)	(35)	23	-	(94)
Income tax recovery (expense)	-	-	-	(9)	7	-	(2)
Net income	$ 69	$ 51	$ (33)	$ 28	$ 33	$ -	$ 148
Capital additions	$ 171	$ 167	$ -	$ 90	$ 17	$ -	$ 445

(Unaudited, tabular amounts in millions of Canadian dollars unless otherwise indicated)

Six months ended June 30, 2022	Water Services	Distribution & Transmission	Energy Services	U.S. Operations	Other	Intersegment Elimination	Consolidated
External revenues	$ 359	$ 244	$ 332	$ 161	$ 50	$ -	$ 1,146
Inter-segment revenues	-	7	8	-	-	(15)	-
Revenues	359	251	340	161	50	(15)	1,146
Energy purchases and system access fees	-	-	270	1	26	-	297
Other raw materials and operating charges	46	19	-	39	9	(3)	110
Staff costs and employee benefits expenses	75	36	19	24	31	(3)	182
Depreciation and amortization	82	56	4	32	17	-	191
Franchise fees and property taxes	19	48	-	5	1	-	73
Other administrative expenses	16	7	16	9	4	(9)	43
Operating expenses	238	166	309	110	88	(15)	896
Operating income (loss) before corporate income (charges)	121	85	31	51	(38)	-	250
Corporate income (charges)	(17)	(11)	(9)	(3)	40	-	-
Operating income	104	74	22	48	2	-	250
Finance recoveries (expenses)	(42)	(30)	(2)	(25)	25	-	(74)
Income tax expense	-	-	-	(5)	(4)	-	(9)
Net income	$ 62	$ 44	$ 20	$ 18	$ 23	$ -	$ 167
Capital additions	$ 189	$ 113	$ -	$ 65	$ 21	$ -	$ 388

(Unaudited, tabular amounts in millions of Canadian dollars unless otherwise indicated)

The Company's assets and liabilities by business segments at June 30, 2023 and December 31, 2022 are summarized as follows:

June 30, 2023	Water Services	Distribution & Transmission	Energy Services	U.S. Operations	Other	Intersegment Elimination	Consolidated
Total assets	$ 8,152	$ 3,091	$ 478	$ 2,378	$ 5,685	$ (5,047)	$ 14,737
Total liabilities	6,270	2,124	391	1,880	4,765	(5,047)	10,383

December 31, 2022	Water Services	Distribution & Transmission	Energy Services	U.S. Operations	Other	Intersegment Elimination	Consolidated
Total assets	$ 8,004	$ 2,941	$ 533	$ 2,550	$ 5,900	$ (5,322)	$ 14,606
Total liabilities	6,190	2,024	411	2,066	4,915	(5,322)	10,284

Non-current assets by geography

	June 30, 2023	December 31, 2022
Canada	$ 11,610	$ 11,327
U.S.	2,055	2,045
	$ 13,665	$ 13,372