CANADIAN UTILITIES LIMITED
An ATCO Company

CANADIAN UTILITIES LIMITED
FINANCIAL INFORMATION

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

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2020 THIRD QUARTER FINANCIAL INFORMATION

INVESTOR FACT SHEET

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UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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Q3 2020 INVESTOR FACT SHEET

canadianutilities.com
ELECTRICITY | PIPELINES & LIQUIDS

CANADIAN UTILITIES LIMITED
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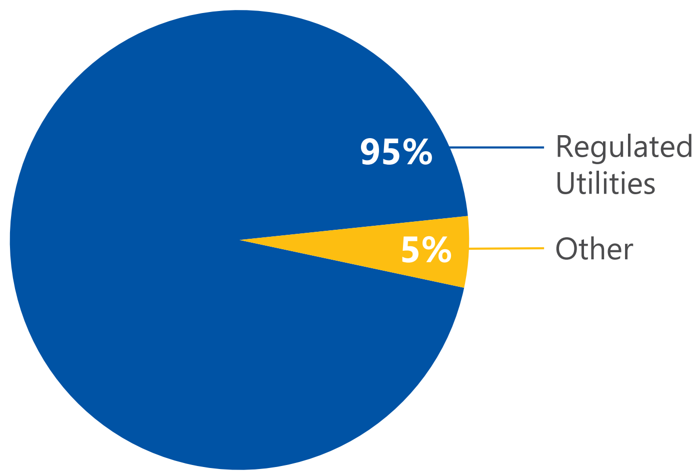
With approximately 4,600 employees and assets of $20 billion, Canadian Utilities Limited is an ATCO company. Canadian Utilities is a diversified global energy infrastructure corporation delivering essential services and innovative business solutions in Utilities (electricity and natural gas transmission and distribution, and international electricity operations); Energy Infrastructure (electricity generation, energy storage, and industrial water solutions); and Retail Energy (electricity and natural gas retail sales).

TRACK RECORD OF DIVIDEND GROWTH

* On October 8, 2020, Canadian Utilities declared a fourth quarter dividend of $0.4354 per share, or $1.74 per share annualized.

HIGH QUALITY EARNINGS BASE

2019 ADJUSTED EARNINGS



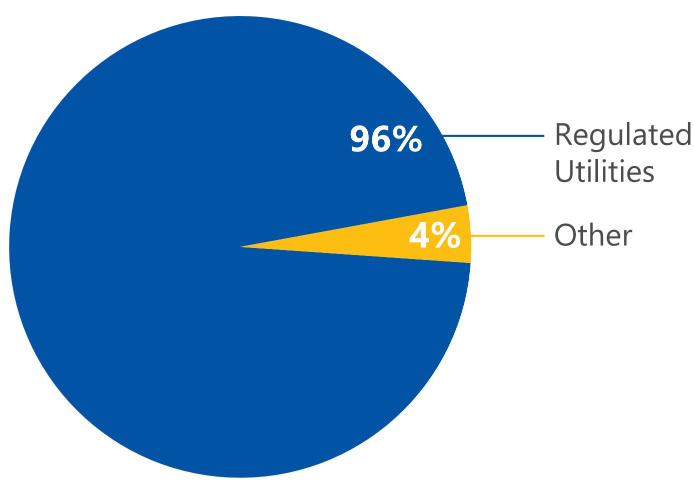
CANADIAN UTILITIES AT A GLANCE

“A-” rating by Standard & Poor’s; “A” rating by DBRS Limited	
Total Assets	$20 Billion
Electric Powerlines	75,000 kms
Pipelines	64,000 kms
Generating Plants	6 Globally
Power Generating Capacity Share	247 MW *
Water Infrastructure Capacity	85,200 m3/d **
Natural Gas Storage Capacity	52 PJ ***
Hydrocarbon Storage Capacity	400,000 m^3 ****

*megawatts **cubic metres per day ***petajoules ****cubic metres

CAPITAL INVESTMENT

2020 YTD CAPITAL INVESTMENT



Ongoing capital investment creating high quality earnings

CANADIAN UTILITIES SHARE INFORMATION

Common Shares (TSX): CU, CU.X	
Market Capitalization	$9 billion
Weighted Average Common Shares Outstanding	272.8 million

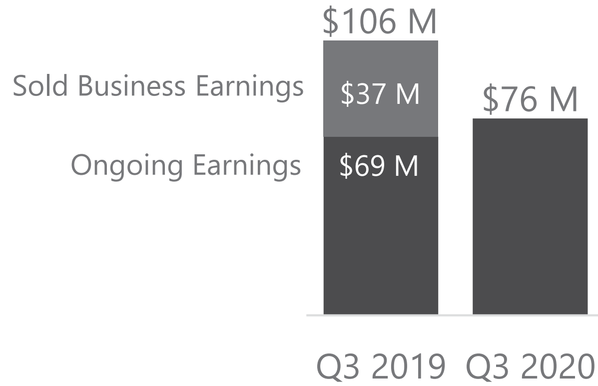
It is important for prospective owners of Canadian Utilities shares to understand that Canadian Utilities Limited is a diversified group of companies principally controlled by ATCO Ltd., which in turn is principally controlled by Sentgraf, a Southern family holding company. It is also important for present and prospective share owners to understand that the Canadian Utilities share registry has both Class A non-voting (CU) and Class B common (CU.X) shares.

Adjusted earnings are earnings attributable to equity owners of the Company after adjusting for the timing of revenues and expenses associated with rate-regulated activities, dividends on equity preferred shares of the Company, and unrealized gains or losses on mark-to-market forward and swap commodity contracts. Adjusted earnings also exclude one-time gains and losses, significant impairments, and items that are not in the normal course of business or a result of day-to-day operations. Certain statements in this document contain forward-looking information. Please refer to our forward-looking information disclaimer in Canadian Utilities’ management’s discussion and analysis for more information.

Q3 2020 RESULTS

CONSOLIDATED REVENUES

CONSOLIDATED ADJUSTED EARNINGS



UTILITIES

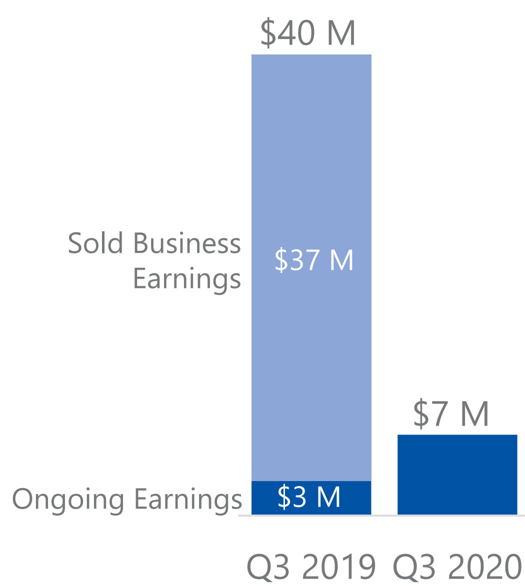
- Lower adjusted earnings were mainly due to the adverse earnings impact of the five-year Access Arrangement regulatory decision and adjustment for the impact of forecasted inflation rates in International Natural Gas Distribution, as well as the transition to Alberta PowerLine operating activities by Electricity Transmission in 2019. Lower earnings were partially offset by ongoing cost efficiencies and rate base growth across the Utilities, and contributions in International Electricity Operations from the 50 per cent joint venture ownership in LUMA Energy, LLC.
- Announced the acquisition of the Pioneer Pipeline for $255 million. The 131-km natural gas pipeline west of Edmonton, Alberta facilitates the conversion of the Sundance and Keephills coal-fired electricity generating plants to cleaner-burning natural gas.
- Received regulatory decision on the 2021 Generic Cost of Capital proceeding. The Alberta Utilities Commission approved the extension of the current return on equity of 8.5% and equity thickness ratio of 37% on a final basis for 2021.

ADJUSTED EARNINGS

ENERGY INFRASTRUCTURE

- Lower adjusted earnings were mainly due to the sale of the Canadian fossil fuel-based electricity generation business and Alberta PowerLine in 2019.
- Excluding the earnings impact from the sale of these businesses in 2019, adjusted earnings in the quarter were $4 million higher than the same period in 2019. Higher earnings were mainly due to timing and demand for natural gas storage services, and higher earnings in Electricity Generation from cost efficiencies.

ADJUSTED EARNINGS



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CANADIAN UTILITIES LIMITED
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MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

This Management's Discussion and Analysis (MD&A) is meant to help readers understand key operational and financial events that influenced the results of Canadian Utilities Limited (Canadian Utilities, our, we, us, or the Company) during the nine months ended September 30, 2020.

This MD&A was prepared as of October 28, 2020, and should be read with the Company's unaudited interim consolidated financial statements for the nine months ended September 30, 2020. Additional information, including the Company's previous MD&As, Annual Information Form (2019 AIF), and audited consolidated financial statements for the year ended December 31, 2019, is available on SEDAR at www.sedar.com. Information contained in the 2019 MD&A is not discussed in this MD&A if it remains substantially unchanged.

The Company is controlled by ATCO Ltd. and its controlling share owner, Sentgraf Enterprises Ltd. and its controlling share owner, the Southern family.

Terms used throughout this MD&A are defined in the Glossary at the end of this document.

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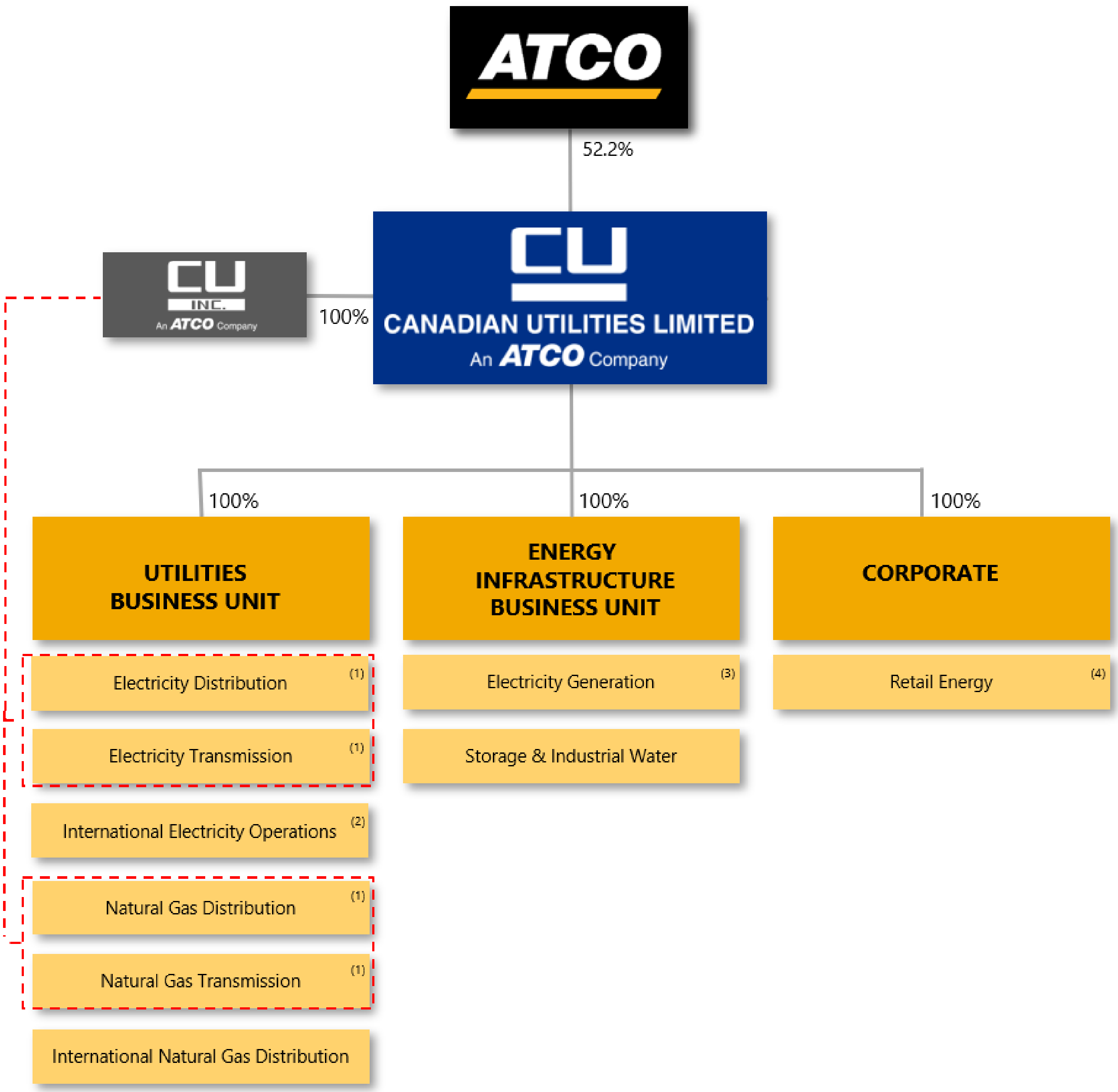
ORGANIZATIONAL STRUCTURE



(1) *CU Inc. includes Electricity Distribution, Electricity Transmission, Natural Gas Distribution and Natural Gas Transmission.*

(2) *International Electricity Operations includes a 50 per cent ownership in LUMA Energy, LLC (LUMA Energy), a company formed to transform, modernize and operate Puerto Rico's 30,000 km electricity transmission and distribution system under an Operations and Maintenance Agreement with a 15-year term after a one year transition period, which commenced in the second quarter of 2020.*

(3) *Canadian Utilities owns 247 MW of electricity generation assets in Australia, Mexico, Canada and Chile.*

(4) *Retail Energy, through ATCO Energy Ltd. (ATCOenergy), provides retail electricity and natural gas service in Alberta.*

In the first quarter of 2020, the Company reorganized its reporting segments. These segments are reported in a manner consistent with the internal reporting provided to the Executive Chair, President & Chief Executive Officer and other members of the Executive Committee of the Company. Comparative amounts for prior periods have been restated to reflect the realigned segments.

The unaudited interim consolidated financial statements include the accounts of Canadian Utilities, and its subsidiaries, including the equity investment in joint ventures and a proportionate share of joint operations.

The unaudited interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the reporting currency is the Canadian dollar. Certain comparative figures throughout this MD&A have been reclassified to conform to the current presentation.

Canadian Utilities' website, www.canadianutilities.com, is a valuable source for the latest news of the Company's activities. Prior years' reports are also available on this website.

PERFORMANCE OVERVIEW

FINANCIAL METRICS

The following chart summarizes key financial metrics associated with our financial performance.

($ millions, except per share data and outstanding shares)	Three Months Ended September 30 2020	2019	Change	Nine Months Ended September 30 2020	2019	Change
Key Financial Metrics						
Revenues	**727**	885	(158)	**2,352**	2,976	(624)
Adjusted earnings [(1)]	**76**	106	(30)	**349**	432	(83)
Utilities	**89**	91	(2)	**389**	399	(10)
Energy Infrastructure	**7**	40	(33)	**16**	94	(78)
Corporate & Other	**(20)**	(25)	5	**(56)**	(61)	5
Adjusted earnings ($ per share) [(1)]	**0.28**	0.39	(0.11)	**1.28**	1.58	(0.30)
Earnings attributable to equity owners of the Company	**91**	284	(193)	**323**	800	(477)
Earnings attributable to Class A and Class B shares	**74**	267	(193)	**273**	750	(477)
Earnings attributable to Class A and Class B shares ($ per share)	**0.27**	0.99	(0.72)	**1.00**	2.75	(1.75)
Cash dividends declared per Class A and Class B share (cents per share)	**43.54**	42.27	1.27	**130.62**	126.81	3.81
Funds generated by operations [(1)]	**341**	414	(73)	**1,150**	1,355	(205)
Capital investment [(1)]	**210**	296	(86)	**659**	852	(193)
Other Financial Metrics						
Weighted average Class A and Class B shares outstanding *(thousands):*						
Basic	**272,809**	272,624	185	**272,762**	272,621	141
Diluted	**273,265**	273,226	39	**273,269**	273,189	80

(1) Additional information regarding these measures is provided in the Non-GAAP and Additional GAAP Measures section of this MD&A.

REVENUES

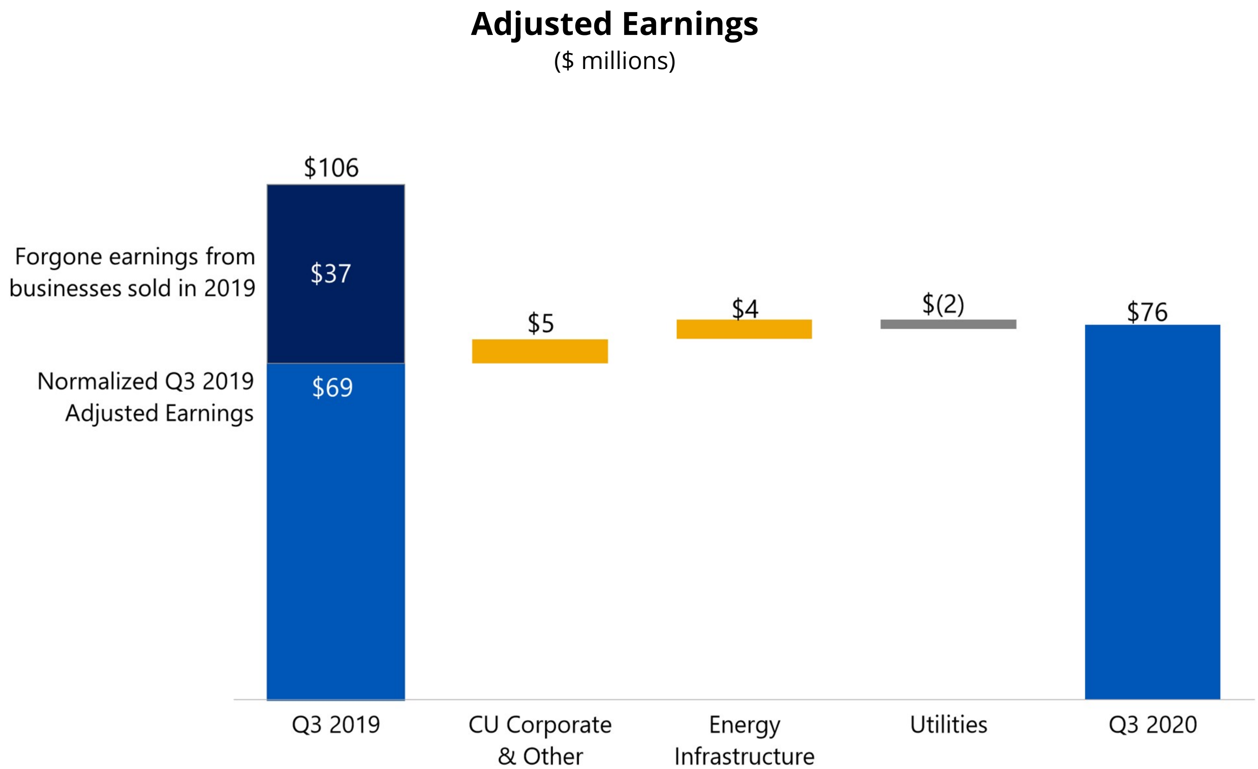
Revenues for the third quarter of 2020 were $727 million, $158 million lower than the same period in 2019. Lower revenues were mainly due to forgone revenue following the sale of the Canadian fossil fuel-based electricity generation business in the third quarter of 2019 and subsequent sale of Alberta PowerLine (APL) in the fourth quarter of 2019. Lower revenues were also due to timing of settlements related to regulatory decisions, the completion of the PBR efficiency carry-over mechanism (ECM) funding at the end of 2019, and the transition to APL operating activities by Electricity Transmission with the completion of project management construction activities in 2019. Lower revenues were partially offset by growth in the regulated rate base.

ADJUSTED EARNINGS

Our adjusted earnings for the third quarter of 2020 were $76 million or $0.28 per share compared to $106 million or $0.39 per share for the same period in 2019.

Lower adjusted earnings in the third quarter of 2020 were mainly due to the sale of the Canadian fossil fuel-based electricity generation business and 80 per cent ownership interest in Alberta PowerLine in 2019, which together contributed $37 million in adjusted earnings in the third quarter of 2019.

Excluding the forgone earnings impact from the sale of these businesses in 2019, adjusted earnings in the third quarter of 2020 were $7 million higher than the same period in 2019. Higher earnings were mainly due to Storage and Industrial Water earnings, higher earnings in Electricity Generation from cost efficiencies, as well as improved earnings in ATCOenergy.



Additional detail on the financial performance of our Business Units is discussed in the Business Unit Performance section of this MD&A.

EARNINGS ATTRIBUTABLE TO EQUITY OWNERS OF THE COMPANY

Earnings attributable to equity owners of the Company were $91 million in the third quarter of 2020, $193 million lower compared to the third quarter of 2019. Earnings attributable to equity owners of the Company include significant impairments, dividends on equity preferred shares of the Company, timing adjustments related to rate-regulated activities, unrealized losses on mark-to-market forward commodity contracts, one-time gains and losses, and items that are not in the normal course of business or a result of day-to-day operations. These items are not included in adjusted earnings.

In the third quarter of 2019, Canadian Utilities closed a series of transactions on the sale of its Canadian fossil fuel-based electricity generation business resulting in a year to date gain on sale of operations of $139 million (after-tax). As the gain is related to a series of one-time transactions, it is excluded from adjusted earnings.

Earnings attributable to equity owners of the Company are earnings attributable to Class A and B shares plus dividends on equity preferred shares of the Company. Additional information regarding earnings attributable to Class A and B shares is presented in Note 6 of the unaudited interim consolidated financial statements.

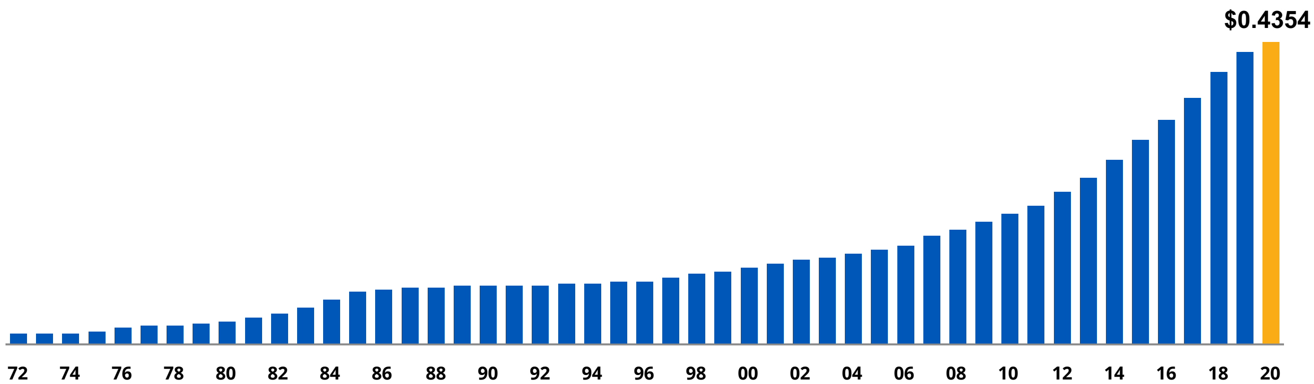
More information on these and other items is included in the Reconciliation of Adjusted Earnings to Earnings Attributable to Equity Owners of the Company section of this MD&A.

COMMON SHARE DIVIDENDS

On October 8, 2020, the Board of Directors declared a fourth quarter dividend of 43.54 cents per share. Dividends paid to Class A and Class B share owners totaled $357 million in the first nine months of 2020.

We have increased our common share dividend each year since 1972, the longest track-record of annual increases of any publicly traded Canadian company.

Quarterly Dividend Rate 1972 - 2020
(dollars per share)



FUNDS GENERATED BY OPERATIONS

Funds generated by operations were $341 million in the third quarter of 2020, $73 million lower than the same period in 2019. The decrease was mainly due to lower funds generated in the Energy Infrastructure business as a result of the sale of the Canadian fossil fuel-based electricity generation business and APL in 2019, and in the Alberta Utilities as a result of the timing of certain revenues and expenses.

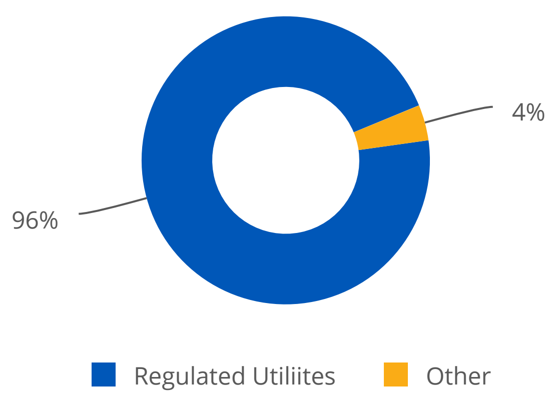
CAPITAL INVESTMENT

Total capital investment of $210 million in the third quarter of 2020 was $86 million lower than the third quarter of 2019. Lower capital spending was mainly due to delayed capital investment in the Regulated Utilities in 2020 and lower capital investment in Electricity Generation due to the sale of the Canadian fossil fuel-based electricity generation business in the third quarter of 2019.

Total capital investment of $659 million in the first nine months of 2020 was $193 million lower than the same period in 2019. Lower capital spending was mainly due to the completion of construction on Alberta PowerLine in 2019, delayed capital investment in the Regulated Utilities in 2020 and lower capital investment in Electricity Generation due to the sale of the Canadian fossil fuel-based electricity generation business in the third quarter of 2019.

Capital spending in the regulated utility businesses in the first nine months of 2020 accounted for 96 per cent of total capital invested. The remaining 4 per cent invested in the first nine months of 2020 included capital in Electricity Generation for construction on the Chile Solar Generation facility, and in Storage & Industrial Water for ongoing construction on the fifth hydrocarbon storage facility and commercial agreement with Inter Pipeline Ltd. to provide water services.

Capital Investment
for the Nine Months Ended
September 30, 2020



COVID-19 AND GLOBAL MACROECONOMIC CONDITIONS

The COVID-19 pandemic, continued low oil prices and slowing global economic activity have caused far-reaching concern and economic hardship for consumers, businesses and communities across the globe. In this time of uncertainty, our people are working hard to ensure that we continue to support our customers and the communities that depend on our essential services.

An outbreak of infectious disease, a pandemic or a similar public health threat, such as the COVID-19 pandemic, or a fear of any of the foregoing, could adversely impact the Company by causing operating, supply chain and project development delays and disruptions, labour shortages and shutdowns, including as a result of government regulation and prevention measures, which could have a negative impact on the Company’s operations.

Any deterioration in general economic and market conditions arising as a result of a public health threat could negatively affect demand for electricity and natural gas, revenue, operating costs, timing and extent of capital expenditures, results of financing efforts, or credit risk and counterparty risk; which could have a negative impact on the Company’s business.

Canadian Utilities' Pandemic Response Plan was activated in February 2020 by our Crisis Management Committee. Since then our teams across the globe have been responding to this rapidly changing situation to ensure a coordinated approach across Canadian Utilities.

In the third quarter and first nine months of 2020, the Company’s operations, financial position and performance have not been significantly impacted by the COVID-19 pandemic and changing global macroeconomic conditions. Canadian Utilities' investments are largely focused on regulated utilities and long-term contracted businesses with strong counterparties which creates a resilient investment portfolio. Our Electricity Distribution and International Gas Distribution businesses continue to be closely monitored. Reduced industrial and commercial electricity demand, and recent fluctuations in Australia’s inflation and exchange rates may impact financial results.

BUSINESS UNIT PERFORMANCE

REVENUES

Utilities revenues of $665 million in the third quarter of 2020 and $2,132 million in the first nine months of 2020 were $3 million and $7 million lower than the same periods in 2019. Lower revenues were mainly due to the timing of settlements related to regulatory decisions, the completion of the PBR efficiency carry-over mechanism (ECM) funding at the end of 2019, and the transition to APL operating activities by Electricity Transmission with the completion of project management construction activities in 2019. Lower revenues were partially offset by growth in the regulated rate base.

ADJUSTED EARNINGS

	Three Months Ended September 30			Nine Months Ended September 30		
($ millions)	**2020**	**2019**	**Change**	**2020**	**2019**	**Change**
Electricity						
Electricity Distribution	**27**	26	1	**94**	95	(1)
Electricity Transmission	**43**	47	(4)	**132**	151	(19)
International Electricity Operations	**6**	—	6	**6**	—	6
Total Electricity	**76**	73	3	**232**	246	(14)
Natural Gas						
Natural Gas Distribution	**(17)**	(18)	1	**67**	57	10
Natural Gas Transmission	**21**	19	2	**67**	57	10
International Natural Gas Distribution	**9**	17	(8)	**23**	39	(16)
Total Natural Gas	**13**	18	(5)	**157**	153	4
Total Utilities Adjusted Earnings	**89**	91	(2)	**389**	399	(10)

Utilities adjusted earnings of $89 million in the third quarter of 2020 were $2 million lower than the same period in 2019. Lower earnings were mainly due to the adverse earnings impact of the five-year Access Arrangement regulatory decision which resulted in new rates commencing on January 1, 2020 and an adjustment for the impact of forecasted inflation rates in International Natural Gas Distribution. Lower earnings were also due to the transition to APL operating activities by Electricity Transmission with the completion of project management construction activities in 2019. Lower earnings were partially offset by ongoing cost efficiencies and rate base growth across the Utilities, and contributions in International Electricity Operations from the 50 per cent joint venture ownership in LUMA Energy which commenced work in Puerto Rico at the end of the second quarter of 2020.

Utilities adjusted earnings of $389 million in the first nine months of 2020 were $10 million lower than the same period in 2019. Lower earnings were mainly due to the adverse earnings impact from the new five-year Access

Arrangement regulatory decision and an adjustment for the impact of forecasted inflation rates in International Natural Gas Distribution, the prior period impact of an Electricity Transmission regulatory decision received in 2019, the transition to APL operating activities by Electricity Transmission with the completion of project management construction activities in 2019, and the completion of the incremental ECM funding at the end of 2019 for Electricity and Natural Gas Distribution. Lower earnings were partially offset by ongoing cost efficiencies and rate base growth across the Utilities, and contributions in International Electricity Operations from the 50 per cent joint venture ownership in LUMA Energy.

Detailed information about the activities and financial results of the Utilities business segments is provided in the following sections.

Electricity Distribution

Electricity Distribution provides regulated electricity distribution and distributed generation mainly in northern and central east Alberta, the Yukon, the Northwest Territories and in the Lloydminster area of Saskatchewan.

Electricity Distribution adjusted earnings of $27 million in the third quarter of 2020 were $1 million higher compared to the same period in 2019. Higher adjusted earnings were mainly due to cost efficiencies and growth in rate base, partially offset by the completion of ECM funding at the end of 2019.

Electricity Distribution adjusted earnings of $94 million in the first nine months of 2020 were $1 million lower than the same period in 2019 mainly due to the completion of ECM funding at the end of 2019 and lower commercial and industrial demand. Lower earnings were partially offset by cost efficiencies and continued growth in rate base.

Electricity Transmission

Electricity Transmission provides regulated electricity transmission mainly in northern and central east Alberta, and in the Lloydminster area of Saskatchewan. Electricity Transmission was the construction project manager for Alberta PowerLine and is the operator under a 35-year contract.

Electricity Transmission adjusted earnings of $43 million in the third quarter of 2020 were $4 million lower than the same period in 2019. Lower earnings were mainly due to the completion of project management construction activities on APL in 2019 and transition to operating activities.

Electricity Transmission adjusted earnings of $132 million in the first nine months of 2020 were $19 million lower than the same period in 2019. Lower earnings were mainly due to the prior period impact of the Electricity Transmission 2018-2019 General Tariff Application (GTA) decision received in the second quarter of 2019, which approved higher rates for 2018 and 2019. Lower earnings were also due to the completion of project management construction activities and the transition to operating activities on APL in the second quarter of 2019.

International Electricity Operations

International Electricity Operations includes the 50 per cent ownership in LUMA Energy, a company formed to transform, modernize and operate Puerto Rico's 30,000-km electricity transmission and distribution system under an Operations and Maintenance Agreement with the Puerto Rico Public-Private Partnership Authority for a 15-year term after a one-year transition period.

On June 22, 2020, LUMA Energy commenced transition work under the Operations and Maintenance Agreement. International Electricity Operations adjusted earnings in the third quarter and first nine months of 2020 were $6 million due to the commencement of this transition period work.

Natural Gas Distribution

Natural Gas Distribution serves municipal, residential, commercial and industrial customers throughout Alberta and in the Lloydminster area of Saskatchewan.

Natural Gas Distribution adjusted earnings in the third quarter and first nine months of 2020 were $1 million and $10 million higher than the same periods in 2019. Higher earnings were mainly due to cost efficiencies and growth in rate base, partially offset by the completion of ECM funding at the end of 2019.

Natural Gas Transmission

Natural Gas Transmission receives natural gas on its pipeline system from various gas processing plants as well as from other natural gas transmission systems and transports it to end users within the province of Alberta or to other pipeline systems.

Natural Gas Transmission adjusted earnings of $21 million in the third quarter of 2020 were $2 million higher than the same period in 2019.Higher adjusted earnings were mainly due to growth in rate base and cost efficiencies.

Natural Gas Transmission adjusted earnings of $67 million in the first nine months of 2020 were $10 million higher than the same period in 2019.Higher adjusted earnings were mainly due to growth in rate base, lower income taxes and cost efficiencies.

International Natural Gas Distribution

International Natural Gas Distribution is a regulated provider of natural gas distribution services in Western Australia, serving metropolitan Perth and surrounding regions.

International Natural Gas Distribution adjusted earnings of $9 million and $23 million in the third quarter and first nine months of 2020 were $8 million and $16 million lower compared to the same periods in 2019. Lower earnings were mainly due to the five-year Access Arrangement which resulted in new rates commencing on January 1, 2020, with a lower rate of return and rebasing of the demand forecast, financing and operating allowances. Lower earnings were also due to an adjustment for the impact of forecasted inflation rates, partially offset by higher earnings from cost efficiencies and interest savings from an interest rate hedging program which became effective in January 2020.

UTILITIES REGULATORY AND OTHER RECENT DEVELOPMENTS

2021 Generic Cost of Capital Proceeding (GCOC)

On October 13, 2020, the AUC issued a decision on the 2021 GCOC proceeding. The AUC approved the extension of the current return on equity (ROE) of 8.5 per cent and equity thickness ratio of 37 per cent on a final basis for 2021. The AUC is expecting to commence a new GCOC process in early 2021 which will allow for the submission of new evidence to address ROE and equity thickness for 2022 and beyond.

Natural Gas Transmission - Pioneer Pipeline Acquisition

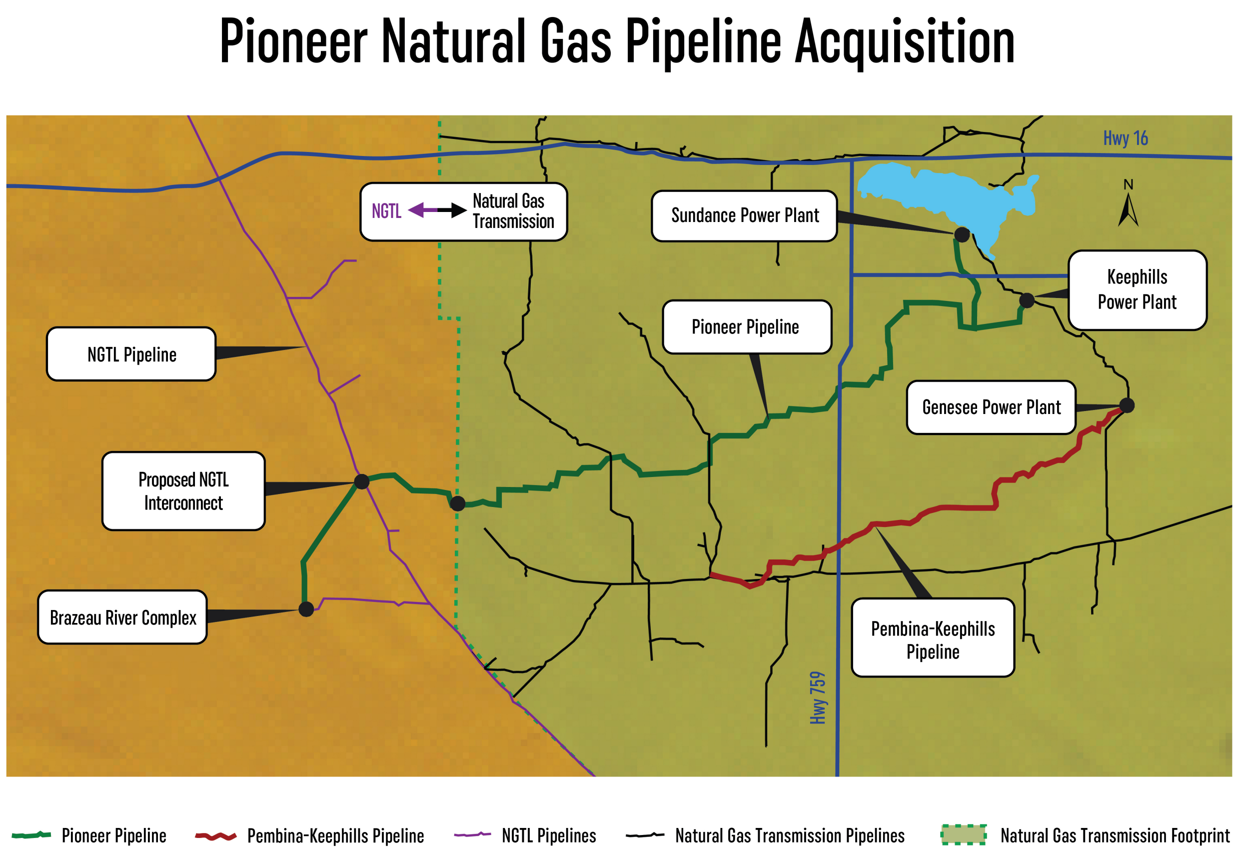
On September 30, 2020, Canadian Utilities' Natural Gas Transmission business entered into an agreement to acquire the Pioneer Pipeline from Tidewater Midstream & Infrastructure Ltd. (Tidewater) and its partner TransAlta Corporation (TransAlta) for a purchase price of $255 million. The 131-km natural gas pipeline runs from the Drayton Valley area to the Wabamun area west of Edmonton, Alberta.

This agreement replaces the previously announced Tidewater and TransAlta purchase and sale agreement to sell the Pioneer Pipeline to NOVA Gas Transmission Ltd. (NGTL) and is under substantially similar terms.

NGTL and Natural Gas Transmission agreed that, consistent with the geographic areas defined in their Integration Agreement, Natural Gas Transmission would transfer to NGTL the 30-km segment of the Pioneer Pipeline located in the NGTL footprint for approximately $63 million. Natural Gas Transmission will retain ownership and continue to operate the portion of the Pioneer Pipeline located in the Natural Gas Transmission footprint.

The transaction is subject to customary conditions in a transaction of this nature including regulatory approvals by the AUC and the Alberta Energy Regulator, which are expected by the second quarter of 2021.

Following the close of the transaction, the Pioneer Pipeline will be integrated into NGTL's and Canadian Utilities' Alberta integrated regulated natural gas transmission systems to provide reliable natural gas supply to TransAlta's power generating units at Sundance and Keephills, facilitating the conversion of these coal plants to cleaner-burning natural gas.



REVENUE

Energy Infrastructure revenues of $51 million and $152 million in the third quarter and first nine months of 2020 were $145 million and $611 million lower than the same periods in 2019 mainly due to forgone revenue associated with the sale of the Canadian fossil fuel-based electricity generation business in the third quarter of 2019.

ADJUSTED EARNINGS

	Three Months Ended September 30			Nine Months Ended September 30		
($ millions)	**2020**	**2019**	**Change**	**2020**	**2019**	**Change**
Electricity Generation	**3**	2	1	**9**	5	4
Storage & Industrial Water	**4**	1	3	**7**	6	1
	7	3	4	**16**	11	5
Adjusted Earnings from Businesses Sold in 2019						
Canadian Fossil Fuel-Based Electricity Generation	**—**	33	(33)	**—**	61	(61)
Alberta PowerLine (APL)	**—**	4	(4)	**—**	22	(22)
	—	37	(37)	**—**	83	(83)
Total Energy Infrastructure Adjusted Earnings	**7**	40	(33)	**16**	94	(78)

Energy Infrastructure recorded adjusted earnings of $7 million and $16 million in the third quarter and first nine months of 2020, $33 million and $78 million lower than the same periods in 2019 mainly due to the sale of the Canadian fossil fuel-based electricity generation business in the third quarter of 2019 and sale of APL in the fourth quarter of 2019.

Excluding the earnings impact from the sale of these businesses in 2019, adjusted earnings were $4 million and $5 million higher for the third quarter and first nine months of 2020. Higher earnings were mainly due to timing and demand for natural gas storage services, cost efficiencies and recovered business development costs, partially offset by lower earnings in Australia as a result of unplanned maintenance at the Karratha power station.

Detailed information about the activities and financial results of Energy Infrastructure's businesses is provided in the following sections.

Electricity Generation

Non-regulated electricity activities supply electricity from hydroelectric, solar and natural gas generating plants in western Canada, Australia, Mexico and Chile and non-regulated electricity transmission in Alberta.

Electricity Generation adjusted earnings of $3 million and $9 million in the third quarter and first nine months of 2020 were $1 million and $4 million higher compared to the same periods in 2019. Higher earnings were mainly due to cost efficiencies and recovered business development costs, partially offset by lower earnings in Australia as a result of unplanned maintenance at the Karratha power station.

Storage & Industrial Water

Storage & Industrial Water provides non-regulated natural gas storage and transmission activities, hydrocarbon storage, and industrial water services in Alberta.

Storage & Industrial Water adjusted earnings of $4 million and $7 million in the third quarter and first nine months of 2020 were $3 million and $1 million higher than the same period in 2019 mainly due to timing and demand for natural gas storage services.

CORPORATE & OTHER

Canadian Utilities' Corporate & Other segment includes Retail Energy through ATCOenergy which provides retail electricity and natural gas services in Alberta. Corporate & Other also includes the global corporate head office in Calgary, Canada, the Australia corporate head office in Perth, Australia and the Mexico corporate head office in Mexico City, Mexico. Canadian Utilities Corporate & Other includes CU Inc. and Canadian Utilities preferred share dividend and debt expenses.

ADJUSTED EARNINGS

	Three Months Ended September 30			Nine Months Ended September 30		
($ millions)	**2020**	**2019**	**Change**	**2020**	**2019**	**Change**
Canadian Utilities Corporate & Other	**(20)**	(25)	5	**(56)**	(61)	5

Including intersegment eliminations, Canadian Utilities' Corporate & Other adjusted earnings in the third quarter and first nine months of 2020 were $5 million higher than the same periods in 2019 mainly due to improved earnings from ATCOenergy and the timing of certain expenses.

OTHER EXPENSES AND INCOME

A financial summary of other consolidated expenses and income items for the third quarter and first nine months of 2020 and 2019 is given below. These amounts are presented in accordance with IFRS accounting standards. They have not been adjusted for the timing of revenues and expenses associated with rate-regulated activities and other items that are not in the normal course of business.

	Three Months Ended September 30			Nine Months Ended September 30		
($ millions)	**2020**	**2019**	**Change**	**2020**	**2019**	**Change**
Operating costs	**374**	455	(81)	**1,183**	1,478	(295)
Service concession arrangement costs	**—**	15	(15)	**—**	118	(118)
Depreciation, amortization and impairment	**147**	117	30	**452**	428	24
Gain on sale of operations	**—**	163	(163)	**—**	153	(153)
Earnings from investment in joint ventures	**10**	3	7	**19**	15	4
Net finance costs	**97**	116	(19)	**288**	350	(62)
Income tax expense (recovery)	**26**	62	(36)	**120**	(35)	155

OPERATING COSTS

Operating costs, which are total costs and expenses less service concession arrangement costs and depreciation, amortization and impairment, were $81 million and $295 million lower in the third quarter and first nine months of 2020 compared to the same periods in 2019. Lower operating costs were mainly due to the sale of the Canadian fossil fuel-based electricity generation business in the third quarter of 2019.

SERVICE CONCESSION ARRANGEMENT COSTS

Service concession arrangement costs were recorded for third party construction and operation activities for the Alberta PowerLine (APL) Fort McMurray West-500kV project. Service concession arrangement costs in the third quarter and first nine months of 2020 were $15 million and $118 million lower compared to the same periods in 2019 due to the completion of project management construction activities and transition to operating activities on APL in the second quarter of 2019, and subsequent sale of APL in the fourth quarter of 2019.

DEPRECIATION, AMORTIZATION AND IMPAIRMENT

Depreciation, amortization and impairment increased by $30 million in the third quarter of 2020 compared to the same period in 2019 mainly due to a rate change regulatory decision received in the third quarter of 2019 in Electricity Distribution which extended the depreciable life of the assets and resulted in a one-time depreciation adjustment, and continued capital investment in the Regulated Utilities.

Depreciation, amortization and impairment increased by $24 million in the first nine months of 2020 compared to the same period in 2019 mainly due to a rate change regulatory decision received in the third quarter of 2019 in Electricity Distribution which resulted in a one-time depreciation adjustment, and an impairment of assets that no longer represent strategic value for the Company. These impacts were partially offset by lower depreciation in the first nine months of 2020 as a result of the sale of the Canadian fossil fuel-based electricity generation business in the third quarter of 2019.

GAIN ON SALE OF OPERATIONS

In the third quarter of 2019, the Company closed a series of transactions related to the sale of its Canadian fossil fuel-based electricity generation business resulting in a year-to-date gain on sale of operations of $153 million. This gain on sale includes $10 million of transaction costs recognized in previous quarters.

EARNINGS FROM INVESTMENT IN JOINT VENTURES

Earnings from investment in joint ventures is mainly comprised of Canadian Utilities' ownership positions in electricity generation plants, LUMA Energy electricity operations and maintenance in Puerto Rico, and the Strathcona Storage Limited Partnership which operates hydrocarbon storage facilities at the ATCO Heartland Energy Centre near Fort Saskatchewan, Alberta.

Earnings from investment in joint ventures increased by $7 million and $4 million in the third quarter and first nine months of 2020 compared to the same periods in 2019 mainly due to earnings at LUMA Energy with the commencement of transition work under the Operations and Maintenance Agreement. Higher earnings were partially offset by the sale of joint venture ownership positions included within the sale of the Canadian fossil fuel-based electricity generation business in the second and third quarters of 2019.

NET FINANCE COSTS

Net finance costs decreased by $19 million in the third quarter of 2020 when compared to the same period in 2019 mainly due to lower interest expense under service concession arrangement accounting for APL, and lower interest expense on non-recourse long-term debt related to the sale of the Canadian fossil fuel-based electricity generation business.

Net finance costs decreased by $62 million in the first nine months of 2020 when compared to the same period in 2019 mainly due to lower interest expense under service concession arrangement accounting for APL and lower interest expense on non-recourse long-term debt related to the sale of the Canadian fossil fuel-based electricity generation business. Decreased net finance costs were also due to the positive impact of an interest rate hedging arrangement for International Natural Gas Distribution which became effective in January 2020.

INCOME TAX

Income taxes were lower by $36 million in the third quarter compared to the same period in 2019 mainly due to lower earnings before taxes. Lower earnings before taxes for the period were mainly due to the sale of the Canadian fossil fuel-based electricity generation business in the third quarter of 2019.

Income taxes were higher by $155 million in the first nine months of 2020 compared to the same period in 2019 mainly due to the realization of the deferred tax benefit from the Alberta tax rate reduction in the second quarter of 2019 partially offset by lower earnings before taxes mainly due to the sale of the Canadian fossil fuel-based electricity generation business in the third quarter of 2019.

In June 2019, the Government of Alberta enacted a phased decrease in the provincial corporate income tax rate from 12 per cent to 8 per cent over four years, commencing with a one per cent decrease on July 1, 2019 followed by a one per cent reduction on January 1 of each of the next three years.

LIQUIDITY AND CAPITAL RESOURCES

Our financial position is supported by Regulated Utilities and long-term contracted operations. Our business strategies, funding of operations, and planned future growth are supported by maintaining strong investment grade credit ratings and access to capital markets at competitive rates. Primary sources of capital are cash flow from operations and the debt and preferred share capital markets.

Under normal market conditions, we consider it prudent to maintain enough liquidity to fund approximately one full year of cash requirements to preserve strong financial flexibility. Liquidity is generated by cash flow from operations and is supported by appropriate levels of cash and available committed credit facilities.

CREDIT RATINGS

Credit ratings are important to the Company's financing costs and ability to raise funds. The Company intends to maintain strong investment grade credit ratings in order to provide efficient and cost-effective access to funds required for operations and growth.

On September 17, 2020, S&P Global Ratings affirmed its 'A-' long-term issuer credit rating on Canadian Utilities with the outlook revised from stable to negative. On September 17, 2020, S&P Global Ratings affirmed Canadian Utilities subsidiary CU Inc.'s 'A-' long term issuer credit rating and maintained a stable outlook, reflecting S&P's decision to insulate CU Inc.'s issuer credit rating from Canadian Utilities' issuer credit rating.

On August 10, 2020, Dominion Bond Rating Service affirmed its 'A' long-term corporate credit rating and stable outlook on Canadian Utilities.

LINES OF CREDIT

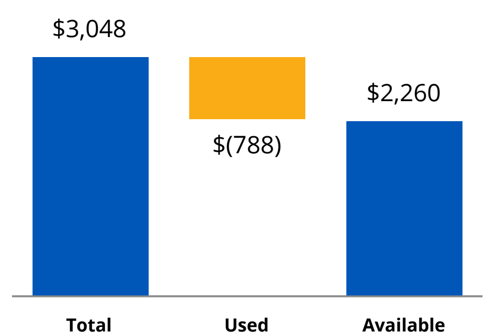
At September 30, 2020, Canadian Utilities and its subsidiaries had the following lines of credit.

($ millions)	**Total**	**Used**	**Available**
Long-term committed	**2,231**	388	1,843
Short-term committed	**264**	264	—
Uncommitted	**553**	136	417
Total	**3,048**	788	2,260

Of the $3,048 million in total lines of credit, $553 million was in the form of uncommitted credit facilities with no set maturity date. The other $2,495 million in credit lines was committed, with maturities between 2021 and 2023, and may be extended at the option of the lenders.

Of the $788 million in lines of credit used, $652 million was related to ATCO Gas Australia Pty Ltd. with the majority of the remaining usage pertaining to the issuance of letters of credit.

Lines of Credit
($ millions)



CONSOLIDATED CASH FLOW

At September 30, 2020, the Company's cash position was $980 million, an increase of $3 million compared to December 31, 2019. Funds generated by operations and funds from the issue of long-term debt by CU Inc. in September were partially offset by cash used to fund the capital investment program and dividends paid.

Funds Generated by Operations

Funds generated by operations were $341 million in the third quarter of 2020, $73 million lower compared to the same period in 2019. The decrease was mainly due to lower funds generated in the Energy Infrastructure business as a result of the sale of the Canadian fossil fuel-based electricity generation business and APL in 2019, and in the Alberta Utilities as a result of the timing of certain revenues and expenses.

Funds generated by operations were $1,150 million in the first nine months of 2020, $205 million lower compared to the same period in 2019. The decrease was mainly due to lower funds generated in the Energy Infrastructure business as a result of the sale of APL and the Canadian fossil fuel-based electricity generation business in 2019, and in the Alberta Utilities as a result of the timing of certain revenues and expenses.

Cash Used for Capital Investment

Cash used for capital investment was $210 million in the third quarter of 2020, $86 million lower than the same period in 2019. Lower capital spending was mainly due to delayed capital investment in the Regulated Utilities in 2020 and lower capital investment in Electricity Generation due to the sale of the Canadian fossil fuel-based electricity generation business in the third quarter of 2019.

Cash used for capital investment was $659 million in the first nine months of 2020, $193 million lower than the same period in 2019. Lower capital spending was mainly due to the completion of construction on Alberta PowerLine in 2019, delayed capital investment in the Regulated Utilities in 2020 and lower capital investment in Electricity Generation due to the sale of the Canadian fossil fuel-based electricity generation business in the third quarter of 2019.

Capital investment for the third quarter and first nine months of 2020 and 2019 is shown in the table below.

	Three Months Ended September 30			Nine Months Ended September 30		
($ millions)	**2020**	**2019**	**Change**	**2020**	**2019**	**Change**
Utilities						
Electricity Distribution	**49**	63	(14)	**165**	151	14
Electricity Transmission	**35**	32	3	**106**	139	(33)
Natural Gas Distribution	**64**	88	(24)	**166**	192	(26)
Natural Gas Transmission	**40**	69	(29)	**154**	163	(9)
International Natural Gas Distribution	**16**	15	1	**42**	50	(8)
	204	267	(63)	**633**	695	(62)
Energy Infrastructure						
Electricity Generation	**1**	3	(2)	**4**	4	—
Storage & Industrial Water	**4**	6	(2)	**17**	12	5
	5	9	(4)	**21**	16	5
Capital Investment from Businesses Sold in 2019 (1)						
Canadian Fossil Fuel-Based Electricity Generation	**—**	19	(19)	**—**	43	(43)
Alberta PowerLine	**—**	—	—	**—**	95	(95)
	—	19	(19)	**—**	138	(138)
CU Corporate & Other	**1**	1	—	**5**	3	2
Canadian Utilities Total Capital Investment (2) (3)	**210**	296	(86)	**659**	852	(193)

(1) Capital investment specific to the Canadian fossil fuel-based electricity generation business sold in September 2019 and Alberta PowerLine sold in December 2019.

(2) Includes capital expenditures in joint ventures of $2 million and $7 million (2019 - $1 million and $2 million) for the third quarter and first nine months of 2020.

(3) Includes additions to property, plant and equipment, intangibles and $3 million and $10 million (2019 - $5 million and $14 million) of interest capitalized during construction for the third quarter and first nine months of 2020.

Debt Issuances and Repayments

On September 28, 2020, CU Inc. issued $150 million of 2.609 per cent 30-year debentures. Proceeds from this issuance were used to fund capital investments, to repay existing indebtedness, and for other general corporate purposes of the Alberta Utilities.

Base Shelf Prospectus - CU Inc. Debentures

On September 16, 2020, CU Inc. filed a base shelf prospectus that permits it to issue up to an aggregate of $1.2 billion of debentures over the 25-month life of the prospectus. As of September 30, 2020, aggregate issuances of debentures were $150 million.

Dividends and Common Shares

We have increased our common share dividend each year since 1972, a 48-year track record. Dividends paid to Class A and Class B share owners totaled $118 million in the third quarter and $357 million in the first nine months of 2020.

On October 8, 2020, the Board of Directors declared a fourth quarter dividend of 43.54 cents per share. The payment of any dividend is at the discretion of the Board of Directors and depends on our financial condition and other factors.

48 year
track record of increasing common share dividends

Normal Course Issuer Bid

We believe that, from time to time the market price of our Class A Shares may not fully reflect the value of our business, and that purchasing our own Class A Shares represents an attractive investment opportunity and desirable use of available funds. The purchase of Class A Shares, at appropriate prices, will also minimize any dilution resulting from the exercise of stock options.

On July 22, 2020, we commenced a normal course issuer bid to purchase up to 3,996,004 outstanding Class A Shares. This bid will expire on July 21, 2021. From July 22, 2020 to October 28, 2020, no shares were purchased.

SHARE CAPITAL

Canadian Utilities' equity securities consist of Class A shares and Class B shares.

At October 27, 2020, we had outstanding 199,802,036 Class A shares, 73,453,689 Class B shares, and options to purchase 792,650 Class A shares.

CLASS A NON-VOTING SHARES AND CLASS B COMMON SHARES

Class A and Class B share owners are entitled to share equally, on a share for share basis, in all dividends the Company declares on either of such classes of shares as well as in the Company's remaining property on dissolution. Class B share owners are entitled to vote and to exchange at any time each share held for one Class A share.

If a take-over bid is made for the Class B shares and if it would result in the offeror owning more than 50 per cent of the outstanding Class B shares (excluding any Class B shares acquired upon conversion of Class A shares), the Class A share owners are entitled, for the duration of the take-over bid, to exchange their Class A shares for Class B shares and to tender the newly exchanged Class B shares to the take-over bid. Such right of exchange and tender is conditional on completion of the applicable take-over bid.

In addition, Class A share owners are entitled to exchange their shares for Class B shares if ATCO Ltd., the Company's controlling share owner, ceases to own or control, directly or indirectly, more than 10,000,000 of the issued and outstanding Class B shares. In either case, each Class A share is exchangeable for one Class B share, subject to changes in the exchange ratio for certain events such as a stock split or rights offering.

Of the 12,800,000 Class A shares authorized for grant of options under our stock option plan, 5,037,200 Class A shares were available for issuance at September 30, 2020. Options may be granted to officers and key employees of the Company and its subsidiaries at an exercise price equal to the weighted average of the trading price of the shares on the Toronto Stock Exchange for the five trading days immediately preceding the grant date. The vesting provisions and exercise period (which cannot exceed 10 years) are determined at the time of grant.

QUARTERLY INFORMATION

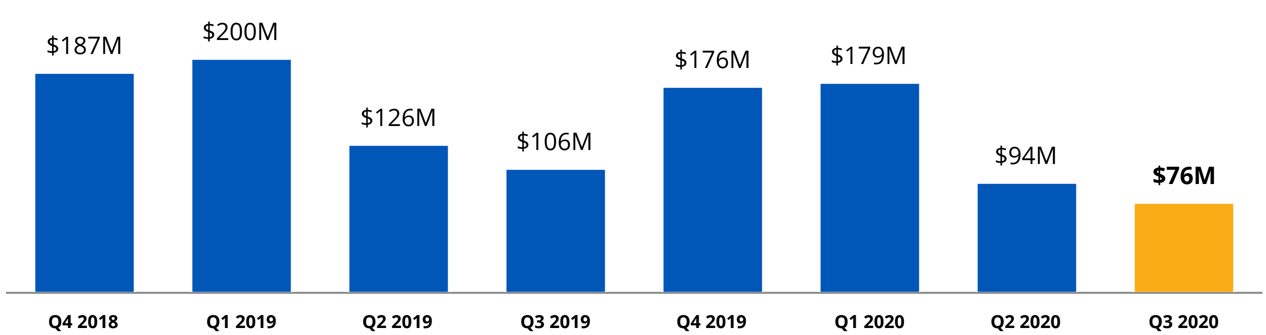
The following table shows financial information for the eight quarters ended December 31, 2018 through September 30, 2020.

($ millions, except for per share data)	**Q4 2019**	**Q1 2020**	**Q2 2020**	**Q3 2020**
Revenues	929	885	740	**727**
Earnings attributable to equity owners of the Company	151	160	72	**91**
Earnings attributable to Class A and B shares	134	143	56	**74**
Earnings per Class A and Class B share *($)*	0.49	0.52	0.21	**0.27**
Diluted earnings per Class A and Class B share *($)*	0.49	0.52	0.21	**0.27**
Adjusted earnings per Class A and Class B share *($)*	0.65	0.66	0.34	**0.28**
Adjusted earnings				
Utilities	176	189	111	**89**
Energy Infrastructure	16	5	4	**7**
Corporate & Other and Intersegment Eliminations	(16)	(15)	(21)	**(20)**
Total adjusted earnings	176	179	94	**76**

($ millions, except for per share data)	**Q4 2018**	**Q1 2019**	**Q2 2019**	**Q3 2019**
Revenues	1,035	1,189	902	885
Earnings attributable to equity owners of the Company	256	217	299	284
Earnings attributable to Class A and Class B shares	239	200	283	267
Earnings per Class A and Class B share *($)*	0.87	0.73	1.03	0.99
Diluted earnings per Class A and Class B share *($)*	0.87	0.73	1.03	0.99
Adjusted earnings per Class A and Class B share *($)*	0.69	0.73	0.46	0.39
Adjusted earnings				
Utilities	163	179	129	91
Energy Infrastructure	42	35	19	40
Corporate & Other and Intersegment Eliminations	(18)	(14)	(22)	(25)
Total adjusted earnings	187	200	126	106

ADJUSTED EARNINGS

Our financial results for the previous eight quarters reflect the timing of utility regulatory decisions and the seasonal nature of demand for natural gas and electricity.



UTILITIES

Utilities adjusted earnings are impacted by the timing of certain major regulatory decisions and seasonality.

In the first quarter of 2019, earnings were positively impacted mainly by growth in the regulated rate base and cost efficiencies in Natural Gas and Electricity Distribution, partially offset by inflation adjustments applied to the rate of return calculations in International Natural Gas Distribution.

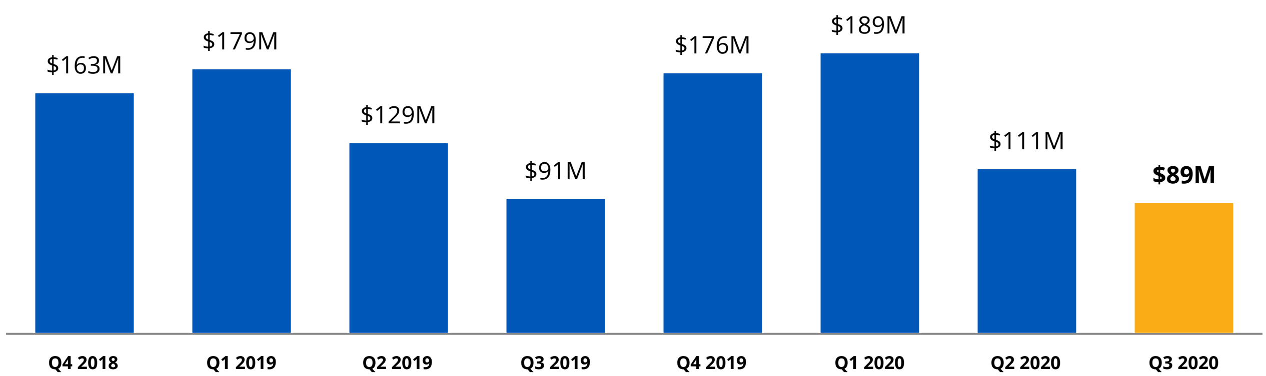
In the second quarter of 2019, earnings were positively impacted mainly by the Electricity Transmission 2018-2019 GTA decision, the Natural Gas Transmission 2019-2020 GRA decision, continued growth in the regulated rate base, cost efficiencies, and lower income taxes.

In the third and fourth quarters of 2019, Utilities earnings were positively impacted by the Electricity Transmission 2018-2019 GTA decision received in the second quarter of 2019, overall cost efficiencies and lower income taxes.

In the first quarter of 2020, Utilities adjusted earnings increased compared to the same period in 2019 mainly due to cost efficiencies, rate base growth, and lower income taxes. Higher earnings were partially offset by the completion of ECM funding in 2019 for Electricity Distribution and Natural Gas Distribution.

In the second quarter of 2020, adjusted earnings in the Utilities were lower compared to the same period in 2019 mainly due to the prior period impact of the Electricity Transmission 2018-2019 GTA decision received in the second quarter of 2019, the adverse earnings impact of the new five-year Access Arrangement regulatory decision in International Natural Gas Distribution which resulted in new rates commencing on January 1, 2020, the transition to APL operating activities by Electricity Transmission with completion of project management construction activities at the end of the first quarter of 2019, and the completion of the incremental ECM funding in 2019 for Electricity Distribution and Natural Gas Distribution.

In the third quarter of 2020, adjusted earnings in the Utilities were $2 million lower than the same period in 2019. Lower earnings were mainly due to the adverse earnings impact of the five-year Access Arrangement regulatory decision which resulted in new rates commencing on January 1, 2020 and an adjustment for the impact of forecasted inflation rates in International Natural Gas Distribution. Lower earnings were also due to the transition to APL operating activities by Electricity Transmission with the completion of project management construction activities in 2019. Lower earnings were partially offset by ongoing cost efficiencies and rate base growth across the Utilities, and contributions in International Electricity Operations from the 50 per cent joint venture ownership in LUMA Energy which commenced work in Puerto Rico at the end of the second quarter of 2020.



ENERGY INFRASTRUCTURE

Up until the third quarter of 2019 when the Canadian fossil fuel-based electricity generation business was sold, Energy Infrastructure's adjusted earnings could be materially impacted by Alberta Power Pool pricing and spark spreads. Demand for hydrocarbon and natural gas storage and water services continue to have a potential impact on Energy Infrastructure adjusted earnings.

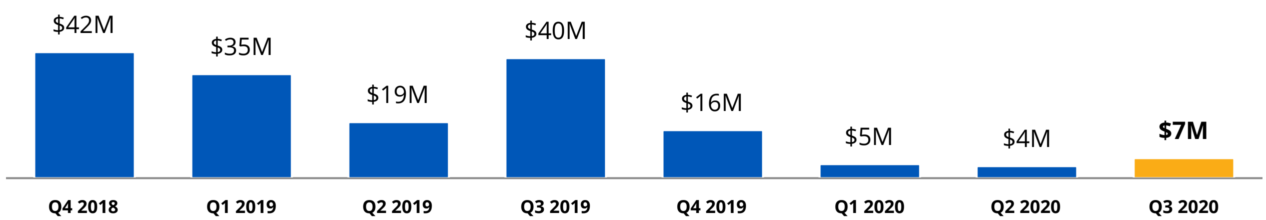
In the fourth quarter of 2018, earnings were positively impacted from the sale of the Barking Power assets and higher Alberta PowerLine earnings recorded as a result of an early energization incentive.

In the first quarter of 2019, earnings were positively impacted by increased Alberta power market prices.

In the second quarter of 2019, the adverse earnings impact of planned outages in electricity generation were offset by incremental earnings from two additional hydrocarbon storage caverns.

In the third and fourth quarters of 2019, Energy Infrastructure earnings were lower compared to the same periods in 2018 mainly due to forgone earnings from the sale of the Canadian fossil fuel-based electricity generation business in the third quarter of 2019 and lower earnings contributions from Alberta PowerLine as a result of an early energization incentive recorded in the fourth quarter of 2018.

In the first, second and third quarters of 2020, Energy Infrastructure earnings were lower compared to the same periods in 2019 mainly due to the sale of the Canadian fossil fuel-based electricity generation business in the third quarter of 2019 and the sale of APL in the fourth quarter of 2019.



EARNINGS ATTRIBUTABLE TO EQUITY OWNERS OF THE COMPANY

Earnings attributable to equity owners of the Company includes timing adjustments related to rate-regulated activities and unrealized gains or losses on mark-to-market forward and swap commodity contracts. They also include one-time gains and losses, significant impairments, restructuring charges and other items that are not in the normal course of business or a result of day-to-day operations recorded at various times over the past eight quarters. These items are excluded from adjusted earnings and are highlighted below:

- In the fourth quarter of 2018, Canadian Utilities sold its 100 per cent ownership interest in Barking Power assets. A gain in the amount of $87 million was excluded from adjusted earnings.
- In the second, third and fourth quarters of 2019, Canadian Utilities closed a series of transactions related to the sale of its Canadian fossil fuel-based electricity generation business and Alberta PowerLine resulting in a gain on sale of operations of $125 million. As these transactions are one-time in nature, they are excluded from adjusted earnings.
- In the second quarter of 2020, impairment and other costs not in the normal course of business of $30 million after-tax were recorded. These costs mainly relate to certain assets that no longer represent strategic value to the Company. As these costs are one-time in nature, they are excluded from adjusted earnings.

NON-GAAP AND ADDITIONAL GAAP MEASURES

Adjusted earnings are defined as earnings attributable to equity owners of the Company after adjusting for the timing of revenues and expenses associated with rate-regulated activities, dividends on equity preferred shares of the Company, and unrealized gains or losses on mark-to-market forward and swap commodity contracts. Adjusted earnings also exclude one-time gains and losses, significant impairments, and items that are not in the normal course of business or a result of day-to-day operations.

Adjusted earnings present earnings from rate-regulated activities on the same basis as was used prior to adopting IFRS - that basis being the US accounting principles for rate-regulated activities. Management’s view is that adjusted earnings allow for a more effective analysis of operating performance and trends. A reconciliation of adjusted earnings to earnings attributable to equity owners of the Company is presented in this MD&A. Adjusted earnings is an additional GAAP measure presented in Note 3 of the unaudited interim consolidated financial statements.

Adjusted earnings per Class A and Class B share is calculated by dividing adjusted earnings by the weighted average number of shares outstanding for the period.

Funds generated by operations is defined as cash flow from operations before changes in non-cash working capital and change in receivable under service concession arrangement. In management’s opinion, funds generated by operations is a significant performance indicator of the Company’s ability to generate cash during a period to fund capital expenditures. Funds generated by operations does not have any standardized meaning under IFRS and might not be comparable to similar measures presented by other companies. A reconciliation of funds generated by operations to cash flows from operating activities is presented in this MD&A.

Capital investment is defined as cash used for capital expenditures, business combinations, service concession arrangements, and cash used in the Company's proportional share of capital expenditures in joint ventures. In management's opinion, capital investment reflects the Company's total cash investment in assets. Capital expenditures includes additions to property, plant and equipment and intangibles as well as interest capitalized during construction. A reconciliation of capital investments to capital expenditures is presented in this MD&A.

RECONCILIATION OF ADJUSTED EARNINGS TO EARNINGS ATTRIBUTABLE TO EQUITY OWNERS OF THE COMPANY

Adjusted earnings are earnings attributable to equity owners of the Company after adjusting for the timing of revenues and expenses associated with rate-regulated activities, dividends on equity preferred shares of the Company, and unrealized gains or losses on mark-to-market forward and swap commodity contracts. Adjusted earnings also exclude one-time gains and losses, significant impairments, and items that are not in the normal course of business or a result of day-to-day operations.

Adjusted earnings are a key measure of segment earnings that management uses to assess segment performance and allocate resources. It is management's view that adjusted earnings allow a better assessment of the economics of rate regulation in Canada and Australia than IFRS earnings.

($ millions)					Three Months Ended September 30
2020 2019	**Utilities**	**Energy Infrastructure**	**Corporate & Other**	**Intersegment Eliminations**	**Consolidated**
Revenues	**665**	**51**	**43**	**(32)**	**727**
	668	196	41	(20)	885
Adjusted earnings (loss)	**89**	**7**	**(20)**	**—**	**76**
	91	40	(25)	—	106
Gain on sale of operations	**—**	**—**	**—**	**—**	**—**
	—	146	—	—	146
Transaction costs	**—**	**—**	**—**	**—**	**—**
	—	(1)	—	—	(1)
Unrealized (losses) gains on mark-to-market forward and swap commodity contracts	**—**	**(2)**	**(7)**	**—**	**(9)**
	—	(15)	15	—	—
Rate-regulated activities	**8**	**—**	**(1)**	**1**	**8**
	16	—	—	4	20
IT Common Matters decision	**(3)**	**—**	**—**	**—**	**(3)**
	(3)	—	—	—	(3)
Dividends on equity preferred shares of Canadian Utilities Limited	**1**	**—**	**16**	**—**	**17**
	—	—	17	—	17
Other	**—**	**2**	**—**	**—**	**2**
	—	(1)	—	—	(1)
Earnings (loss) attributable to equity owners of the Company	**95**	**7**	**(12)**	**1**	**91**
	104	169	7	4	284

($ millions)					**Nine Months Ended September 30**
2020 / 2019	**Utilities**	**Energy Infrastructure**	**Corporate & Other**	**Intersegment Eliminations**	**Consolidated**
Revenues	**2,132**	**152**	**152**	**(84)**	**2,352**
	2,139	763	159	(85)	2,976
Adjusted earnings (loss)	**389**	**16**	**(56)**	**—**	**349**
	399	94	(63)	2	432
Gain on sale of operations	**—**	**—**	**—**	**—**	**—**
	—	139	—	—	139
Transaction costs	**—**	**—**	**—**	**—**	**—**
	—	(2)	—	—	(2)
Impairment and other costs	**(8)**	**(3)**	**(19)**	**—**	**(30)**
	—	—	—	—	—
Unrealized (losses) gains on mark-to-market forward and swap commodity contracts	**—**	**(4)**	**4**	**—**	**—**
	—	(14)	15	—	1
Rate-regulated activities	**(36)**	**—**	**—**	**4**	**(32)**
	196	—	—	1	197
IT Common Matters decision	**(10)**	**—**	**—**	**—**	**(10)**
	(17)	—	—	—	(17)
Dividends on equity preferred shares of Canadian Utilities Limited	**3**	**—**	**47**	**—**	**50**
	4	—	46	—	50
Other	**—**	**(4)**	**—**	**—**	**(4)**
	—	—	—	—	—
Earnings (loss) attributable to equity owners of the Company	**338**	**5**	**(24)**	**4**	**323**
	582	217	(2)	3	800

GAIN ON SALE OF OPERATIONS

In the third quarter of 2019, the Company closed a series of transactions related to the sale of its Canadian fossil fuel-based electricity generation business. The sale resulted in an aggregate gain of $153 million ($139 million after-tax). As the gain was related to a series of one-time transactions, it was excluded from adjusted earnings. This gain includes $10 million ($7 million after-tax) of transaction costs that were recognized and excluded from adjusted earnings in the second quarter of 2019.

TRANSACTION COSTS

In 2019, the Company incurred transactions costs for the announced sale of Alberta PowerLine Limited Partnership. As these costs were related to a one-time transaction, they were excluded from adjusted earnings.

IMPAIRMENT AND OTHER COSTS

In the second quarter of 2020, impairment and other costs not in the normal course of business of $30 million after-tax were recorded. These costs mainly relate to certain assets that no longer represent strategic value to the Company.

The Company's subsidiary ATCO Oil & Gas Ltd. holds a five per cent working interest in oil and gas assets in Northern Canada. With continued low oil prices and the COVID-19 pandemic continuing to cause economic uncertainty, an impairment of $18 million was recorded reflecting the reduced likelihood of future recovery of these costs.

The remaining costs relate to the continued transformation and realignment of certain functions in the Company.

UNREALIZED (LOSSES) GAINS ON MARK-TO-MARKET FORWARD AND SWAP COMMODITY CONTRACTS

The Company's retail electricity and natural gas business in Alberta enters into fixed-price swap commodity contracts to manage exposure to electricity and natural gas prices and volumes. Prior to the sale of the Canadian fossil fuel-based electricity generation business in the third quarter of 2019, these contracts were accounted for as normal purchase agreements as they were with an affiliate company and the own use exemption was applied.

Starting September 30, 2019, these contracts are measured at fair value because the contracts are with a third party and the own use exemption no longer applies.

Unrealized gains and losses due to changes in the fair value of the fixed-price swap commodity contracts are recognized in the earnings of the Corporate & Other segment.

Additionally, prior to the sale of the Canadian fossil fuel-based electricity generation business in the third quarter of 2019, the Company entered into forward contracts in order to optimize available merchant capacity and manage exposure to electricity market price movements for its Independent Power and Thermal Plants not governed by a Power Purchase Arrangement. The forward contracts were measured at fair value. Unrealized gains and losses due to changes in the fair value of the forward contracts were recognized in the earnings of the Energy Infrastructure operating segment where hedge accounting was not applied.

The CODM believes that removal of the unrealized gains or losses on mark-to-market forward and swap commodity contracts provides a better representation of operating results for the Company's operations.

Realized gains or losses are recognized in adjusted earnings when the commodity contracts are settled.

RATE-REGULATED ACTIVITIES

Electricity Distribution and Transmission and their subsidiaries, ATCO Electric Yukon, Northland Utilities (NWT) and Northland Utilities (Yellowknife), as well as Natural Gas Distribution, Natural Gas Transmission and International Natural Gas Distribution are collectively referred to as the Utilities.

There is currently no specific guidance under IFRS for rate-regulated entities that the Company is eligible to adopt. In the absence of this guidance, the Utilities do not recognize assets and liabilities from rate-regulated activities as may be directed by regulatory decisions. Instead, the Utilities recognize revenues in earnings when amounts are billed to customers, consistent with the regulator-approved rate design. Operating costs and expenses are recorded when incurred. Costs incurred in constructing an asset that meet the asset recognition criteria are included in the related property, plant and equipment or intangible asset.

The Company uses standards issued by the Financial Accounting Standards Board (FASB) in the United States as another source of generally accepted accounting principles to account for rate-regulated activities in its internal reporting provided to the CODM. The CODM believes that earnings presented in accordance with the FASB standards are a better representation of the operating results of the Company's rate-regulated activities. Therefore, the Company presents adjusted earnings as part of its segmented disclosures on this basis. Rate-regulated accounting (RRA) standards impact the timing of how certain revenues and expenses are recognized when compared to non-rate regulated activities, to appropriately reflect the economic impact of a regulator's decisions on revenues.

Rate-regulated accounting differs from IFRS in the following ways:

Timing Adjustment	Items	RRA Treatment	IFRS Treatment
Additional revenues billed in current period	Future removal and site restoration costs, and impact of colder temperatures	The Company defers the recognition of cash received in advance of future expenditures.	The Company recognizes revenues when amounts are billed to customers and costs when they are incurred.
Revenues to be billed in future periods	Deferred income taxes, impact of warmer temperatures, and impact of inflation on rate base	The Company recognizes revenues associated with recoverable costs in advance of future billings to customers.	The Company recognizes costs when they are incurred, but does not recognize their recovery until customer rates are changed and amounts are collected through future billings.
Regulatory decisions received	Regulatory decisions received which relate to current and prior periods	The Company recognizes the earnings from a regulatory decision pertaining to current and prior periods when the decision is received.	The Company does not recognize earnings from a regulatory decision when it is received as regulatory assets and liabilities are not recorded under IFRS.
Settlement of regulatory decisions and other items	Settlement of amounts receivable or payable to customers and other items	The Company recognizes the amount receivable or payable to customers as a reduction in its regulatory assets and liabilities when collected or refunded through future billings.	The Company recognizes earnings when customer rates are changed and amounts are recovered or refunded to customers through future billings.

The significant timing adjustments as a result of the differences between rate-regulated accounting and IFRS are as follows:

	Three Months Ended September 30			Nine Months Ended September 30		
($ millions)	**2020**	**2019**	**Change**	**2020**	**2019**	**Change**
Additional revenues billed in current period						
Future removal and site restoration costs (1)	**19**	20	(1)	**58**	56	2
Impact of (warmer) colder temperatures (2)	**(2)**	3	(5)	**7**	15	(8)
Revenues to be billed in future periods						
Deferred income taxes (3)	**(17)**	(23)	6	**(73)**	(79)	6
Deferred income taxes due to decrease in provincial corporate income tax (4)	**—**	—	—	**—**	203	(203)
Impact of inflation on rate base (5)	**1**	(6)	7	**(3)**	(10)	7
Regulatory decisions received (see below)	**—**	3	(3)	**—**	—	—
Settlement of regulatory decisions and other items (6)	**7**	23	(16)	**(21)**	12	(33)
	8	20	(12)	**(32)**	197	(229)

(1) Removal and site restoration costs are billed to customers over the estimated useful life of the related assets based on forecast costs to be incurred in future periods.

(2) Natural Gas Distribution customer rates are based on a forecast of normal temperatures. Fluctuations in temperatures may result in more or less revenue being recovered from customers than forecast. Revenues above or below the normal in the current period are refunded to or recovered from customers in future periods.

(3) Income taxes are billed to customers when paid by the Company.

(4) In the second quarter of 2019, the Government of Alberta enacted a phased decrease in the provincial corporate income tax rate from 12 per cent to 8 per cent. This decrease is being phased in increments starting July 1, 2019. As a result of this change, the Alberta Utilities decreased deferred income taxes and increased earnings in the second quarter of 2019 by $203 million.

(5) The inflation-indexed portion of International Gas Distribution's rate base is billed to customers through the recovery of depreciation in subsequent periods based on the actual or forecasted annual rate of inflation. Under rate-regulated accounting, revenue is recognized in the current period for the

inflation component of rate base when it is earned. Differences between the amounts earned and the amounts billed to customers are deferred and recognized in revenues over the service life of the related assets.

(6) In the first nine months of 2020, Electricity Distribution recorded a decrease in earnings of $20 million related to payment of transmission costs. This will be recovered from customers in future periods.

REGULATORY DECISIONS RECEIVED

Under rate-regulated accounting, the Company recognizes earnings from a regulatory decision pertaining to current and prior periods when the decision is received. A description of the significant regulatory decisions recognized in adjusted earnings in 2019 is provided below.

	Decision	Amount	Description
1.	Information Technology (IT) Common Matters	17	In August 2014, the Company sold its IT services business to Wipro Ltd. (Wipro) and signed a ten-year IT Master Services Agreement (MSA) effective January 1, 2015. In 2015, the AUC commenced an Information Technology Common Matters proceeding to review the recovery of IT costs by the Alberta Utilities from January 1, 2015 going forward. On June 5, 2019, the AUC issued its decision regarding the IT Common Matters proceeding and directed the Alberta Utilities to reduce the first-year of the Wipro MSA by 13 per cent and to apply a glide path that reduces pricing by 4.61% in each of years 2 through 10. The reduction in adjusted earnings resulting from the decision for the period January 1, 2015 to September 30, 2020 was $17 million. Of this amount, $14 million relates to the period January 1, 2015 to June 30, 2019 and was recorded in the second quarter of 2019. The remaining $3 million was recorded in the third quarter of 2019.
2.	Electricity Transmission General Tariff Application (GTA)	(17)	In June 2017, Electricity Transmission filed a GTA for its operations for 2018 and 2019. The decision was received in July 2019 approving the majority of capital expenditures and operating costs requested. The increase in adjusted earnings resulting from the decision of $17 million was recorded in the second quarter of 2019.

IT COMMON MATTERS DECISION

Consistent with the treatment of the gain on sale in 2014 from the IT services business by the Company, financial impacts associated with the IT Common Matters decision are excluded from adjusted earnings. The amounts excluded from adjusted earnings in the three and nine months ended September 30, 2020 were $3 million and $10 million (2019 - $3 million and $17 million).

OTHER

Each quarter, the Company adjusts the deferred tax asset which was recognized as a result of the 2015 Tula Pipeline Project impairment. During the three and nine months ended September 30, 2020, the Company recorded a foreign exchange gain of $2 million and a foreign exchange loss of $4 million respectively, (2019 - a foreign exchange loss of $1 million and nil), due to a difference between the tax base currency, which is the Mexican peso, and the U.S. dollar functional currency.

RECONCILIATION OF FUNDS GENERATED BY OPERATIONS TO CASH FLOWS FROM OPERATING ACTIVITIES

Funds generated by operations is defined as cash flow from operations before changes in non-cash working capital and change in receivable under service concession arrangement. In management's opinion, funds generated by operations is a significant performance indicator of the Company's ability to generate cash during a period to fund capital expenditures. Funds generated by operations does not have any standardized meaning under IFRS and might not be comparable to similar measures presented by other companies.

($ millions)

2020 2019	**Three Months Ended September 30**	**Nine Months Ended September 30**
Funds generated by operations	**341**	**1,150**
	414	1,355
Changes in non-cash working capital	**(46)**	**61**
	3	(183)
Change in receivable under service concession arrangement	**—**	**—**
	(13)	(152)
Cash flows from operating activities	**295**	**1,211**
	404	1,020

RECONCILIATION OF CAPITAL INVESTMENT TO CAPITAL EXPENDITURES

Capital investment is defined as cash used for capital expenditures, business combinations, service concession arrangements, and cash used in the Company's proportional share of capital expenditures in joint ventures, and cash used for equity investment in associate companies. In management's opinion, capital investment reflects the Company's total cash investment in assets. Capital expenditures includes additions to property, plant and equipment and intangibles as well as interest capitalized during construction.

($ millions)				**Three Months Ended September 30**
2020 2019	**Utilities**	**Energy Infrastructure**	**CUL Corporate & Other**	**Consolidated**
Capital Investment	**204**	**5**	**1**	**210**
	267	28	1	296
Capital Expenditure in joint ventures	**—**	**(2)**	**—**	**(2)**
	—	(1)	—	(1)
Capital Expenditures	**204**	**3**	**1**	**208**
	267	27	1	295

($ millions)				**Nine Months Ended September 30**
2020 2019	**Utilities**	**Energy Infrastructure**	**CUL Corporate & Other**	**Consolidated**
Capital Investment	**633**	**21**	**5**	**659**
	695	154	3	852
Capital Expenditure in joint ventures	**—**	**(7)**	**—**	**(7)**
	—	(2)	—	(2)
Service concession arrangement	**—**	**—**	**—**	**—**
	—	(95)	—	(95)
Capital Expenditures	**633**	**14**	**5**	**652**
	695	57	3	755

OTHER FINANCIAL INFORMATION

INTERNAL CONTROL OVER FINANCIAL REPORTING

There was no change in the Company's internal control over financial reporting that occurred during the period beginning on July 1, 2020, and ended on September 30, 2020, that materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

FORWARD-LOOKING INFORMATION

Certain statements contained in this MD&A constitute forward-looking information. Forward-looking information is often, but not always, identified by the use of words such as "anticipate", "plan", "estimate", "expect", "may", "will", "intend", "should", and similar expressions. Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. The Company believes that the expectations reflected in the forward-looking information are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking information should not be unduly relied upon.

The Company's actual results could differ materially from those anticipated in any forward-looking information contained in this MD&A as a result of regulatory decisions, competitive factors in the industries in which the Company operates, prevailing economic conditions (including as may be affected by the COVID-19 pandemic) and other factors, many of which are beyond the control of the Company.

Any forward-looking information contained in this MD&A represents the Company's expectations as of the date hereof, and is subject to change after such date. The Company disclaims any intention or obligation to update or revise any forward-looking information whether as a result of new information, future events or otherwise, except as required by applicable securities legislation.

ADDITIONAL INFORMATION

Canadian Utilities has published its unaudited interim consolidated financial statements and MD&A for the nine months ended September 30, 2020. Copies of these documents may be obtained upon request from Investor Relations at 3rd Floor, West Building, 5302 Forand Street S.W., Calgary, Alberta, T3E 8B4, telephone 403-292-7500, fax 403-292-7532 or email investorrelations@atco.com.

GLOSSARY

AESO means the Alberta Electric System Operator.

Alberta Power Pool means the market for electricity in Alberta operated by AESO.

Alberta Utilities means Electricity Distribution (ATCO Electric Distribution), Electricity Transmission (ATCO Electric Transmission), Natural Gas Distribution (ATCO Gas) and Natural Gas Transmission (ATCO Pipelines).

AUC means the Alberta Utilities Commission.

Class A shares means Class A non-voting shares of the Company.

Class B shares means Class B common shares of the Company.

CODM means Chief Operating Decision Maker, and is comprised of the Executive Chair, President & Chief Executive Officer, and the other members of the Executive Committee.

Company means Canadian Utilities Limited and, unless the context otherwise requires, includes its subsidiaries and joint arrangements.

Consumer price index (CPI) measures the average change in prices over time that consumers pay for a basket of goods and services.

Earnings means Adjusted Earnings as defined in the Non-GAAP and Additional GAAP Measures section of this MD&A.

GAAP means Canadian generally accepted accounting principles.

IFRS means International Financial Reporting Standards.

Megawatt (MW) is a measure of electric power equal to 1,000,000 watts.

PBR means Performance Based Regulation.

PPA means Power Purchase Arrangements.

Regulated Utilities means Electricity Distribution (ATCO Electric Distribution), Electricity Transmission (ATCO Electric Transmission), Natural Gas Distribution (ATCO Gas), Natural Gas Transmission (ATCO Pipelines) and International Natural Gas Distribution (ATCO Gas Australia).

Thermal Plant is a coal-fired power station in which heat energy is converted to electric power.

CANADIAN UTILITIES LIMITED
An ATCO Company

CANADIAN UTILITIES LIMITED

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

TABLE OF CONTENTS

CONSOLIDATED STATEMENTS OF EARNINGS

(millions of Canadian Dollars except per share data)	Note	Three Months Ended September 30 2020	Three Months Ended September 30 2019	Nine Months Ended September 30 2020	Nine Months Ended September 30 2019
Revenues	4	**727**	885	**2,352**	2,976
Costs and expenses					
Salaries, wages and benefits		**(80)**	(81)	**(259)**	(261)
Energy transmission and transportation		**(60)**	(51)	**(168)**	(154)
Plant and equipment maintenance		**(59)**	(69)	**(152)**	(200)
Fuel costs		**(17)**	(48)	**(64)**	(171)
Purchased power		**(45)**	(43)	**(156)**	(156)
Service concession arrangement costs		**–**	(15)	**–**	(118)
Depreciation, amortization and impairment	7	**(147)**	(117)	**(452)**	(428)
Franchise fees		**(43)**	(43)	**(179)**	(172)
Property and other taxes		**(15)**	(47)	**(52)**	(134)
Other		**(55)**	(73)	**(153)**	(230)
		(521)	(587)	**(1,635)**	(2,024)
Gain on sale of operations	14	**–**	163	**–**	153
Earnings from investment in joint ventures	15	**10**	3	**19**	15
Operating profit		**216**	464	**736**	1,120
Interest income		**3**	6	**11**	17
Interest expense		**(100)**	(122)	**(299)**	(367)
Net finance costs		**(97)**	(116)	**(288)**	(350)
Earnings before income taxes		**119**	348	**448**	770
Income tax (expense) recovery	5	**(26)**	(62)	**(120)**	35
Earnings for the period		**93**	286	**328**	805
Earnings attributable to:					
Equity owners of the Company		**91**	284	**323**	800
Non-controlling interests		**2**	2	**5**	5
		93	286	**328**	805
Earnings per Class A and Class B share	6	**$0.27**	$0.99	**$1.00**	$2.75
Diluted earnings per Class A and Class B share	6	**$0.27**	$0.99	**$1.00**	$2.75

See accompanying Notes to Unaudited Interim Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Three Months Ended September 30		Nine Months Ended September 30	
(millions of Canadian Dollars)	**Note**	**2020**	**2019**	**2020**	**2019**
Earnings for the period		**93**	286	**328**	805
Other comprehensive income (loss), net of income taxes					
Items that will not be reclassified to earnings:					
Re-measurement of retirement benefits (1)	11	**(14)**	55	**(31)**	(60)
Items that are or may be reclassified subsequently to earnings:					
Cash flow hedges (2)		**–**	2	**(18)**	(3)
Cash flow hedges reclassified to earnings (3)		**–**	4	**–**	8
Cash flow hedges reclassified to earnings as a result of sale of operations (*Note 14*) (4)		**–**	9	**–**	9
Foreign currency translation adjustment (5)		**17**	(23)	**16**	(48)
		17	(8)	**(2)**	(34)
Other comprehensive income (loss)		**3**	47	**(33)**	(94)
Comprehensive income for the period		**96**	333	**295**	711
Comprehensive income attributable to:					
Equity owners of the Company		**94**	331	**290**	706
Non-controlling interests		**2**	2	**5**	5
		96	333	**295**	711

(1) Net of income taxes of $4 million and $10 million for the three and nine months ended September 30, 2020 (2019 - $(17) million and $18 million).

(2) Net of income taxes of nil and $8 million for the three and nine months ended September 30, 2020 (2019 - nil and $1 million).

(3) Net of income taxes of nil for the three and nine months ended September 30, 2020 (2019 - $(1) and $(2) million).

(4) Net of income taxes of nil for the three and nine months ended September 30, 2020 (2019 - $(2) and $(2) million).

(5) Net of income taxes of nil.

See accompanying Notes to Unaudited Interim Consolidated Financial Statements.

CONSOLIDATED BALANCE SHEETS

(millions of Canadian Dollars)	Note	September 30 2020	December 31 2019
ASSETS			
Current assets			
Cash and cash equivalents	12	**980**	977
Accounts receivable and contract assets		**492**	623
Finance lease receivables		**9**	8
Inventories		**30**	30
Prepaid expenses and other current assets		**89**	76
		1,600	1,714
Non-current assets			
Property, plant and equipment	7	**17,480**	17,212
Intangibles		**632**	629
Right-of-use assets		**57**	57
Investment in joint ventures	15	**158**	144
Finance lease receivables		**165**	167
Deferred income tax assets		**66**	66
Other assets		**66**	55
Total assets		**20,224**	20,044
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		**482**	536
Lease liabilities		**9**	9
Other current liabilities		**54**	36
Long-term debt	8	**369**	158
		914	739
Non-current liabilities			
Deferred income tax liabilities		**1,371**	1,302
Retirement benefit obligations	11	**446**	399
Customer contributions		**1,727**	1,720
Lease liabilities		**48**	49
Other liabilities		**135**	106
Long-term debt	8	**8,775**	8,808
Total liabilities		**13,416**	13,123
EQUITY			
Equity preferred shares		**1,483**	1,483
Class A and Class B share owners' equity			
Class A and Class B shares	10	**1,234**	1,228
Contributed surplus		**14**	16
Retained earnings		**3,939**	4,054
Accumulated other comprehensive loss		**(49)**	(47)
Total equity attributable to equity owners of the Company		**6,621**	6,734
Non-controlling interests		**187**	187
Total equity		**6,808**	6,921
Total liabilities and equity		**20,224**	20,044

See accompanying Notes to Unaudited Interim Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(millions of Canadian Dollars)	Note	Class A and Class B Shares	Equity Preferred Shares	Contributed Surplus	Retained Earnings	Accumulated Other Comprehensive Loss	Total	Non-Controlling Interests	Total Equity
		Attributable to Equity Owners of the Company							
December 31, 2018		1,226	1,483	15	3,675	(24)	6,375	187	6,562
Earnings for the period		–	–	–	800	–	800	5	805
Other comprehensive loss		–	–	–	–	(94)	(94)	–	(94)
Losses on retirement benefits transferred to retained earnings		–	–	–	(60)	60	–	–	–
Shares issued		3	–	–	–	–	3	–	3
Dividends	9,10	–	–	–	(397)	–	(397)	(5)	(402)
Share-based compensation		(2)	–	–	–	–	(2)	–	(2)
September 30, 2019		1,227	1,483	15	4,018	(58)	6,685	187	6,872
December 31, 2019		1,228	1,483	16	4,054	(47)	6,734	187	6,921
Earnings for the period		–	–	–	**323**	–	**323**	**5**	**328**
Other comprehensive loss		–	–	–	–	**(33)**	**(33)**	–	**(33)**
Losses on retirement benefits transferred to retained earnings		–	–	–	**(31)**	**31**	–	–	–
Dividends	9,10	–	–	–	**(407)**	–	**(407)**	**(5)**	**(412)**
Share-based compensation		**6**	–	**(2)**	–	–	**4**	–	**4**
September 30, 2020		**1,234**	**1,483**	**14**	**3,939**	**(49)**	**6,621**	**187**	**6,808**

See accompanying Notes to Unaudited Interim Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Three Months Ended September 30		Nine Months Ended September 30	
(millions of Canadian Dollars)	**Note**	**2020**	**2019**	**2020**	**2019**
Operating activities					
Earnings for the period		**93**	286	**328**	805
Adjustments to reconcile earnings to cash flows from operating activities	12	**248**	128	**822**	550
Changes in non-cash working capital		**(46)**	3	**61**	(183)
Change in receivable under service concession arrangement		**–**	(13)	**–**	(152)
Cash flows from operating activities		**295**	404	**1,211**	1,020
Investing activities					
Additions to property, plant and equipment		**(177)**	(276)	**(590)**	(697)
Proceeds on disposal of property, plant and equipment		**5**	–	**6**	–
Additions to intangibles		**(28)**	(14)	**(52)**	(44)
Proceeds on sale of operations, net of cash disposed	14	**–**	681	**–**	681
Investment in joint ventures		**(1)**	–	**(9)**	–
Changes in non-cash working capital		**24**	11	**(1)**	(23)
Other		**(11)**	(2)	**(13)**	10
Cash flows (used in) from investing activities		**(188)**	400	**(659)**	(73)
Financing activities					
Net repayment of short-term debt		**–**	(550)	**–**	(175)
Issue of long-term debt	8	**152**	580	**207**	580
Release of restricted project funds		**–**	6	**–**	183
Repayment of long-term debt	8	**(1)**	(300)	**(59)**	(483)
Repayment of non-recourse long-term debt		**–**	(18)	**–**	(25)
Repayment of lease liabilities		**(3)**	(3)	**(8)**	(9)
Issue of Class A shares		**–**	3	**–**	3
Dividends paid on equity preferred shares		**(17)**	(17)	**(50)**	(50)
Dividends paid to non-controlling interests		**(2)**	(2)	**(5)**	(5)
Dividends paid to Class A and Class B share owners		**(118)**	(116)	**(357)**	(347)
Interest paid		**(79)**	(101)	**(276)**	(343)
Other		**–**	(4)	**(1)**	13
Cash flows used in financing activities		**(68)**	(522)	**(549)**	(658)
Increase in cash position [1]		**39**	282	**3**	289
Foreign currency translation		**3**	20	**–**	15
Beginning of period		**938**	601	**977**	599
End of period	12	**980**	903	**980**	903

(1) *Cash position includes $5 million which is not available for general use by the Company (2019 - $5 million).*

See accompanying Notes to Unaudited Interim Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

SEPTEMBER 30, 2020

(Tabular amounts in millions of Canadian Dollars, except as otherwise noted)

1. THE COMPANY AND ITS OPERATIONS

Canadian Utilities Limited was incorporated under the laws of Canada and is listed on the Toronto Stock Exchange. Its head office is at 4th Floor, West Building, 5302 Forand Street SW, Calgary, Alberta T3E 8B4 and its registered office is 20th Floor, 10035 - 105 Street, Edmonton, Alberta T5J 2V6. The Company is controlled by ATCO Ltd. and its controlling share owner, the Southern family.

Canadian Utilities Limited is engaged in the following business activities:

- Utilities (electricity and natural gas transmission and distribution, international electricity operations);
- Energy infrastructure (electricity generation, energy storage, and industrial water solutions); and
- Retail Energy (electricity and natural gas retail sales) (included in the Corporate & Other segment).

The unaudited interim consolidated financial statements include the accounts of Canadian Utilities Limited and its subsidiaries (the Company). The statements also include the accounts of a proportionate share of the Company's investments in joint operations and its equity-accounted investments in joint ventures.

2. BASIS OF PRESENTATION

STATEMENT OF COMPLIANCE

The unaudited interim consolidated financial statements are prepared according to International Accounting Standard (IAS) 34 Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board and IFRS Interpretations Committee (IFRIC). They do not include all the disclosures required in annual consolidated financial statements and should be read in conjunction with the Company’s consolidated financial statements for the year ended December 31, 2019, prepared according to IFRS.

The unaudited interim consolidated financial statements are prepared following the same accounting policies used in the Company’s most recent annual consolidated financial statements, except for income taxes. In interim periods, income taxes are accrued using an estimate of the annualized effective tax rate applied to year-to-date earnings.

The unaudited interim consolidated financial statements were authorized for issue by the Audit & Risk Committee, on behalf of the Board of Directors, on October 28, 2020.

BASIS OF MEASUREMENT

The unaudited interim consolidated financial statements are prepared on a historic cost basis, except for derivative financial instruments, retirement benefit obligations and cash-settled share-based compensation liabilities which are carried at remeasured amounts or fair value.

Revenues, earnings and adjusted earnings for any quarter are not necessarily indicative of operations on an annual basis. Quarterly financial results may be affected by the seasonal nature of the Company’s operations, the timing of utility rate decisions, the timing and demand of natural gas storage capacity sold and changes in natural gas storage fees.

Certain comparative figures have been reclassified to conform to the current presentation.

3. SEGMENTED INFORMATION

The Company's operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM is comprised of the President and Chief Executive Officer, and the other members of the Executive Committee.

In 2020, the Company reorganized its operating subsidiaries into the following segments:

- Utilities (Electricity and Natural Gas);
- Energy Infrastructure; and
- Corporate & Other.

Comparative amounts for prior periods have been restated to reflect the realigned segments.

Management has determined that the operating subsidiaries in the reportable segments below share similar economic characteristics, as such, they have been aggregated.

The descriptions and principal operating activities of the realigned reportable segments are as follows:

Utilities	**Electricity**	The Utilities (Electricity) segment includes ATCO Electric, which provides regulated electricity transmission and distribution services in northern and central east Alberta, the Yukon, and the Northwest Territories, and the Company's 50 per cent ownership interest in LUMA Energy LLC which provides international electricity operations (see Note 15).
	Natural Gas	The Utilities (Natural Gas) segment includes ATCO Gas, ATCO Pipelines and ATCO Gas Australia. These businesses provide integrated natural gas transmission and distribution services throughout Alberta, in the Lloydminster area of Saskatchewan and in Western Australia.
Energy Infrastructure		The Energy Infrastructure segment includes ATCO Power (2010) (in 2019, the Company sold its Canadian fossil fuel-based electricity generation business), Alberta PowerLine (before sale in 2019), ATCO Energy Solutions and ATCO Power Australia. Together these businesses provide electricity generation, natural gas storage, industrial water solutions and related infrastructure development throughout Alberta, the Yukon, the Northwest Territories, Australia, Mexico and Chile.
Corporate & Other		Canadian Utilities Limited Corporate & Other includes intersegment eliminations and ATCO Energy, a retail electricity and natural gas business in Alberta.

SEGMENTED RESULTS

Results by operating segment for the three months ended September 30 are shown below.

2020	**Utilities**							
2019	**Electricity**	**Natural Gas**	**Eliminations**	**Total**	**Energy Infrastructure**	**Corporate & Other**	**Intersegment eliminations**	**Consolidated**
Revenues - external	**345**	**312**	**–**	**657**	**35**	**35**	**–**	**727**
	342	316	–	658	196	31	–	885
Revenues - intersegment	**5**	**4**	**(1)**	**8**	**16**	**8**	**(32)**	**–**
	10	1	(1)	10	–	10	(20)	–
Revenues	**350**	**316**	**(1)**	**665**	**51**	**43**	**(32)**	**727**
	352	317	(1)	668	196	41	(20)	885
Operating expenses [1]	**(125)**	**(187)**	**1**	**(311)**	**(40)**	**(55)**	**32**	**(374)**
	(131)	(192)	–	(323)	(146)	(27)	26	(470)
Depreciation and amortization	**(77)**	**(65)**	**–**	**(142)**	**(5)**	**(2)**	**2**	**(147)**
	(57)	(59)	–	(116)	–	(4)	3	(117)
Gain on sale of operations (*Note 14*)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	–	–	–	–	163	–	–	163
Earnings from investment in joint ventures	**7**	**–**	**–**	**7**	**3**	**–**	**–**	**10**
	–	–	–	–	3	–	–	3
Net finance costs	**(56)**	**(36)**	**–**	**(92)**	**(3)**	**(1)**	**(1)**	**(97)**
	(58)	(35)	–	(93)	(23)	–	–	(116)
Earnings (loss) before income taxes	**99**	**28**	**–**	**127**	**6**	**(15)**	**1**	**119**
	106	31	(1)	136	193	10	9	348
Income tax (expense) recovery	**(22)**	**(8)**	**–**	**(30)**	**1**	**3**	**–**	**(26)**
	(26)	(7)	–	(33)	(22)	(3)	(4)	(62)
Earnings (loss) for the period	**77**	**20**	**–**	**97**	**7**	**(12)**	**1**	**93**
	80	24	(1)	103	171	7	5	286
Adjusted earnings (loss)	**76**	**13**	**–**	**89**	**7**	**(20)**	**–**	**76**
	73	18	–	91	40	(25)	–	106
Capital expenditures [3]	**84**	**120**	**–**	**204**	**3**	**1**	**–**	**208**
	95	172	–	267	27	1	–	295

Results by operating segment for the nine months ended September 30 are shown below.

2020 2019	Utilities Electricity	 Natural Gas	 Eliminations	 Total	Energy Infrastructure	Corporate & Other	Intersegment eliminations	Consolidated
Revenues - external	**995**	**1,119**	**–**	**2,114**	**110**	**128**	**–**	**2,352**
	1,022	1,089	–	2,111	735	130	–	2,976
Revenues - intersegment	**15**	**6**	**(3)**	**18**	**42**	**24**	**(84)**	**–**
	29	1	(2)	28	28	29	(85)	–
Revenues	**1,010**	**1,125**	**(3)**	**2,132**	**152**	**152**	**(84)**	**2,352**
	1,051	1,090	(2)	2,139	763	159	(85)	2,976
Operating expenses (1)	**(370)**	**(622)**	**3**	**(989)**	**(131)**	**(148)**	**85**	**(1,183)**
	(361)	(598)	–	(959)	(582)	(147)	92	(1,596)
Depreciation, amortization and impairment	**(229)**	**(191)**	**–**	**(420)**	**(11)**	**(27)**	**6**	**(452)**
	(212)	(182)	–	(394)	(29)	(12)	7	(428)
Gain on sale of operations (*Note 14*)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	–	–	–	–	153	–	–	153
Earnings from investment in joint ventures	**7**	**–**	**–**	**7**	**12**	**–**	**–**	**19**
	–	–	–	–	15	–	–	15
Net finance costs	**(171)**	**(106)**	**–**	**(277)**	**(9)**	**–**	**(2)**	**(288)**
	(172)	(110)	–	(282)	(71)	3	–	(350)
Earnings (loss) before income taxes	**247**	**206**	**–**	**453**	**13**	**(23)**	**5**	**448**
	306	200	(2)	504	249	3	14	770
Income tax (expense) recovery	**(57)**	**(53)**	**–**	**(110)**	**(8)**	**(1)**	**(1)**	**(120)**
	60	19	–	79	(28)	(5)	(11)	35
Earnings (loss) for the period	**190**	**153**	**–**	**343**	**5**	**(24)**	**4**	**328**
	366	219	(2)	583	221	(2)	3	805
Adjusted earnings (loss) for the period	**232**	**157**	**–**	**389**	**16**	**(56)**	**–**	**349**
	246	153	–	399	94	(63)	2	432
Total assets (2)	**10,440**	**7,863**	**(1)**	**18,302**	**1,088**	**1,118**	**(284)**	**20,224**
	10,211	7,641	–	17,852	1,754	516	(78)	20,044
Capital expenditures (3)	**271**	**362**	**–**	**633**	**14**	**5**	**–**	**652**
	290	405	–	695	57	3	–	755

(1) Includes total costs and expenses, excluding depreciation, amortization, and impairment expense.
(2) 2019 comparatives are at December 31, 2019.
(3) Includes additions to property, plant and equipment and intangibles and $3 million and $10 million of interest capitalized during construction for the three and nine months ended September 30, 2020 (2019 - $5 million and $14 million).

ADJUSTED EARNINGS

Adjusted earnings are earnings attributable to equity owners of the Company after adjusting for:

- the timing of revenues and expenses for rate-regulated activities;
- dividends on equity preferred shares of the Company;
- one-time gains and losses;
- unrealized gains and losses on mark-to-market forward and swap commodity contracts;
- significant impairments; and
- items that are not in the normal course of business or a result of day-to-day operations.

Adjusted earnings are a key measure of segment earnings used by the CODM to assess segment performance and allocate resources. Other accounts in the unaudited interim consolidated financial statements have not been adjusted as they are not used by the CODM for those purposes.

The reconciliation of adjusted earnings and earnings for the three months ended September 30 is shown below.

2020 **2019**	**Utilities**	**Energy Infrastructure**	**Corporate & Other**	**Intersegment Eliminations**	**Consolidated**
Adjusted earnings (loss)	**89**	**7**	**(20)**	**–**	**76**
	91	40	(25)	–	106
Gain on sale of operations (Note 14)	**–**	**–**	**–**	**–**	**–**
	–	146	–	–	146
Transaction costs	**–**	**–**	**–**	**–**	**–**
	–	(1)	–	–	(1)
Unrealized (losses) gains on mark-to-market forward and swap commodity contracts	**–**	**(2)**	**(7)**	**–**	**(9)**
	–	(15)	15	–	–
Rate-regulated activities	**8**	**–**	**(1)**	**1**	**8**
	16	–	–	4	20
IT Common Matters decision	**(3)**	**–**	**–**	**–**	**(3)**
	(3)	–	–	–	(3)
Dividends on equity preferred shares of Canadian Utilities Limited	**1**	**–**	**16**	**–**	**17**
	–	–	17	–	17
Other	**–**	**2**	**–**	**–**	**2**
	–	(1)	–	–	(1)
Earnings (loss) attributable to equity owners of the Company	**95**	**7**	**(12)**	**1**	**91**
	104	169	7	4	284
Earnings attributable to non-controlling interests					**2**
					2
Earnings for the period					**93**
					286

The reconciliation of adjusted earnings and earnings for the nine months ended September 30 is shown below.

2020 **2019**	**Utilities**	**Energy Infrastructure**	**Corporate & Other**	**Intersegment Eliminations**	**Consolidated**
Adjusted earnings (loss)	**389**	**16**	**(56)**	**–**	**349**
	399	94	(63)	2	432
Gain on sale of operations (Note 14)	**–**	**–**	**–**	**–**	**–**
	–	139	–	–	139
Transaction costs	**–**	**–**	**–**	**–**	**–**
	–	(2)	–	–	(2)
Impairment and other costs	**(8)**	**(3)**	**(19)**	**–**	**(30)**
	–	–	–	–	–
Unrealized (losses) gains on mark-to-market forward and swap commodity contracts	**–**	**(4)**	**4**	**–**	**–**
	–	(14)	15	–	1
Rate-regulated activities	**(36)**	**–**	**–**	**4**	**(32)**
	196	–	–	1	197
IT Common Matters decision	**(10)**	**–**	**–**	**–**	**(10)**
	(17)	–	–	–	(17)
Dividends on equity preferred shares of Canadian Utilities Limited	**3**	**–**	**47**	**–**	**50**
	4	–	46	–	50
Other	**–**	**(4)**	**–**	**–**	**(4)**
	–	–	–	–	–
Earnings (loss) attributable to equity owners of the Company	**338**	**5**	**(24)**	**4**	**323**
	582	217	(2)	3	800
Earnings attributable to non-controlling interests					**5**
					5
Earnings for the period					**328**
					805

Gain on sale of operations

In the third quarter of 2019, the Company closed a series of transactions related to the sale of its Canadian fossil fuel-based electricity generation business (see Note 14). The sale resulted in an aggregate gain of $153 million ($139 million after-tax). As the gain was related to a series of one-time transactions, it was excluded from adjusted earnings. This gain includes $10 million ($7 million after-tax) of transaction costs that were recognized and excluded from adjusted earnings in the second quarter of 2019.

Transaction costs

In 2019, the Company incurred transactions costs for the announced sale of Alberta PowerLine Limited Partnership. As these costs were related to a one-time transaction, they were excluded from adjusted earnings.

Impairment and other costs

In the second quarter of 2020, impairment (see Note 7) and other costs not in the normal course of business of $30 million after-tax were recorded. These costs mainly relate to certain assets that no longer represent strategic value to the Company.

The Company's subsidiary ATCO Oil & Gas Ltd. holds a five per cent working interest in oil and gas assets in Northern Canada. With continued low oil prices and the COVID-19 pandemic continuing to cause economic uncertainty, an impairment of $18 million was recorded reflecting the reduced likelihood of future recovery of these costs.

The remaining costs relate to the continued transformation and realignment of certain functions in the Company.

Unrealized gains and losses on mark-to-market forward and swap commodity contracts

The Company's retail electricity and natural gas business in Alberta enters into fixed-price swap commodity contracts to manage exposure to electricity and natural gas prices and volumes. Prior to the sale of the Canadian fossil fuel-based electricity generation business in the third quarter of 2019, these contracts were accounted for as normal purchase agreements as they were with an affiliate company and the own use exemption was applied.

Starting September 30, 2019, these contracts are measured at fair value because the contracts are with a third party and the own use exemption no longer applies.

Unrealized gains and losses due to changes in the fair value of the fixed-price swap commodity contracts are recognized in the earnings of the Corporate & Other segment.

Additionally, prior to the sale of the Canadian fossil fuel-based electricity generation business in the third quarter of 2019, the Company entered into forward contracts in order to optimize available merchant capacity and manage exposure to electricity market price movements for its Independent Power and Thermal Plants not governed by a Power Purchase Arrangement. The forward contracts were measured at fair value. Unrealized gains and losses due to changes in the fair value of the forward contracts were recognized in the earnings of the Energy Infrastructure operating segment where hedge accounting was not applied.

The CODM believes that removal of the unrealized gains or losses on mark-to-market forward and swap commodity contracts provides a better representation of operating results for the Company's operations.

Realized gains or losses are recognized in adjusted earnings when the commodity contracts are settled.

Rate-regulated activities

ATCO Electric and its subsidiaries, ATCO Electric Yukon, Northland Utilities (NWT) and Northland Utilities (Yellowknife), as well as ATCO Gas, ATCO Pipelines and ATCO Gas Australia are collectively referred to as the Utilities.

There is currently no specific guidance under IFRS for rate-regulated entities that the Company is eligible to adopt. In the absence of this guidance, the Utilities do not recognize assets and liabilities from rate-regulated activities as may be directed by regulatory decisions. Instead, the Utilities recognize revenues in earnings when amounts are billed to customers, consistent with the regulator-approved rate design. Operating costs and expenses are recorded when incurred. Costs incurred in constructing an asset that meet the asset recognition criteria are included in the related property, plant and equipment or intangible asset.

The Company uses standards issued by the Financial Accounting Standards Board (FASB) in the United States as another source of generally accepted accounting principles to account for rate-regulated activities in its internal reporting provided to the CODM. The CODM believes that earnings presented in accordance with the FASB standards are a better representation of the operating results of the Company's rate-regulated activities. Therefore, the Company presents adjusted earnings as part of its segmented disclosures on this basis. Rate-regulated accounting (RRA) standards impact the timing of how certain revenues and expenses are recognized when compared to non-rate regulated activities, to appropriately reflect the economic impact of a regulator's decisions on revenues.

Rate-regulated accounting differs from IFRS in the following ways:

Timing Adjustment	Items	RRA Treatment	IFRS Treatment
1. Additional revenues billed in current period	Future removal and site restoration costs, and impact of colder temperatures.	The Company defers the recognition of cash received in advance of future expenditures.	The Company recognizes revenues when amounts are billed to customers and costs when they are incurred.
2. Revenues to be billed in future periods	Deferred income taxes, impact of warmer temperatures, and impact of inflation on rate base.	The Company recognizes revenues associated with recoverable costs in advance of future billings to customers.	The Company recognizes costs when they are incurred, but does not recognize their recovery until customer rates are changed and amounts are collected through future billings.
3. Regulatory decisions received	Regulatory decisions received which relate to current and prior periods.	The Company recognizes the earnings from a regulatory decision pertaining to current and prior periods when the decision is received.	The Company does not recognize earnings from a regulatory decision when it is received as regulatory assets and liabilities are not recorded under IFRS.
4. Settlement of regulatory decisions and other items	Settlement of amounts receivable or payable to customers and other items.	The Company recognizes the amount receivable or payable to customers as a reduction in its regulatory assets and liabilities when collected or refunded through future billings.	The Company recognizes earnings when customer rates are changed and amounts are recovered or refunded to customers through future billings.

The significant timing adjustments as a result of the differences between rate-regulated accounting and IFRS are as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
	2020	**2019**	**2020**	**2019**
Additional revenues billed in current period				
Future removal and site restoration costs (1)	**19**	20	**58**	56
Impact of (warmer) colder temperatures (2)	**(2)**	3	**7**	15
Revenues to be billed in future periods				
Deferred income taxes (3)	**(17)**	(23)	**(73)**	(79)
Deferred income taxes due to decrease in provincial corporate income tax (4)	**–**	–	**–**	203
Impact of inflation on rate base (5)	**1**	(6)	**(3)**	(10)
Regulatory decisions received (see below)	**–**	3	**–**	–
Settlement of regulatory decisions and other items (6)	**7**	23	**(21)**	12
	8	20	**(32)**	197

(1) Removal and site restoration costs are billed to customers over the estimated useful life of the related assets based on forecast costs to be incurred in future periods.

(2) ATCO Gas' customer rates are based on a forecast of normal temperatures. Fluctuations in temperatures may result in more or less revenue being recovered from customers than forecast. Revenues above or below the normal in the current period are refunded to or recovered from customers in future periods.

(3) Income taxes are billed to customers when paid by the Company.

(4) In the second quarter of 2019, the Government of Alberta enacted a phased decrease in the provincial corporate income tax rate from 12 per cent to 8 per cent. This decrease is being phased in increments starting July 1, 2019 (see Note 5). As a result of this change, the Alberta Utilities decreased deferred income taxes and increased earnings in the second quarter of 2019 by $203 million.

(5) The inflation-indexed portion of ATCO Gas Australia's rate base is billed to customers through the recovery of depreciation in subsequent periods based on the actual or forecasted annual rate of inflation. Under rate-regulated accounting, revenue is recognized in the current period for the inflation component of rate base when it is earned. Differences between the amounts earned and the amounts billed to customers are deferred and recognized in revenues over the service life of the related assets.

(6) In the first nine months of 2020, ATCO Electric Distribution recorded a decrease in earnings of $20 million related to payment of transmission costs. This will be recovered from customers in future periods.

Regulatory decisions received

Under rate-regulated accounting, the Company recognizes earnings from a regulatory decision pertaining to current and prior periods when the decision is received. A description of the significant regulatory decisions recognized in adjusted earnings in 2019 is provided below.

	Decision	Amount	Description
1.	Information Technology (IT) Common Matters	17	In August 2014, the Company sold its IT services business to Wipro Ltd. (Wipro) and signed a ten-year IT Master Services Agreement (MSA) effective January 1, 2015. In 2015, the AUC commenced an Information Technology Common Matters proceeding to review the recovery of IT costs by the Alberta Utilities from January 1, 2015 going forward. On June 5, 2019, the AUC issued its decision regarding the IT Common Matters proceeding and directed the Alberta Utilities to reduce the first-year of the Wipro MSA by 13% and to apply a glide path that reduces pricing by 4.61% in each of years 2 through 10. The reduction in adjusted earnings resulting from the decision for the period January 1, 2015 to September 30, 2020 was $17 million. Of this amount, $14 million relates to the period January 1, 2015 to June 30, 2019 and was recorded in the second quarter of 2019. The remaining $3 million was recorded in the third quarter of 2019.
2.	ATCO Electric Transmission General Tariff Application (GTA)	(17)	In June 2017, ATCO Electric Transmission filed a GTA for its operations for 2018 and 2019. The decision was received in July 2019 approving the majority of capital expenditures and operating costs requested. The increase in adjusted earnings resulting from the decision of $17 million was recorded in the second quarter of 2019.

IT Common Matters decision

Consistent with the treatment of the gain on sale in 2014 from the IT services business by the Company, financial impacts associated with the IT Common Matters decision are excluded from adjusted earnings. The amounts excluded from adjusted earnings in the three and nine months ended September 30, 2020 were $3 million and $10 million (2019 - $3 million and $17 million).

Other

Each quarter, the Company adjusts the deferred tax asset which was recognized as a result of the 2015 Tula Pipeline Project impairment. During the three and nine months ended September 30, 2020, the Company recorded a foreign exchange gain of $2 million and a foreign exchange loss of $4 million respectively, (2019 - a foreign exchange loss of $1 million and nil), due to a difference between the tax base currency, which is the Mexican peso, and the U.S. dollar functional currency.

4. REVENUES

The Company disaggregates revenues based on the revenue streams and by regulated and non-regulated business operations. The disaggregation of revenues by revenue streams by each operating segment for the three months ended September 30 are shown below:

2020 2019	Utilities Electricity	 Natural Gas	 Total	Energy Infrastructure	Corporate & Other	Consolidated
Revenue Streams						
Sale of Goods						
Electricity generation and delivery	–	–	–	**10**	–	**10**
	–	–	–	123	–	123
Commodity sales	–	–	–	**8**	–	**8**
	–	–	–	6	–	6
Total sale of goods	–	–	–	**18**	–	**18**
	–	–	–	129	–	129
Rendering of Services						
Distribution services	**132**	**189**	**321**	–	–	**321**
	148	195	343	–	–	343
Transmission services	**173**	**75**	**248**	–	–	**248**
	168	69	237	–	–	237
Customer contributions	**8**	**5**	**13**	–	–	**13**
	3	6	9	–	–	9
Franchise fees	**8**	**35**	**43**	–	–	**43**
	8	35	43	–	–	43
Retail electricity and natural gas services	–	–	–	–	**31**	**31**
	–	–	–	–	27	27
Storage and industrial water	–	–	–	**6**	–	**6**
	–	–	–	6	–	6
Total rendering of services	**321**	**304**	**625**	**6**	**31**	**662**
	327	305	632	6	27	665
Lease income						
Finance lease	–	–	–	**7**	–	**7**
	–	–	–	2	–	2
Operating lease	–	–	–	–	–	–
	–	–	–	22	–	22
Total lease income	–	–	–	**7**	–	**7**
	–	–	–	24	–	24
Service concession arrangement	–	–	–	–	–	–
	–	–	–	37	–	37
Other	**24**	**8**	**32**	**4**	**4**	**40**
	15	11	26	–	4	30
Total	**345**	**312**	**657**	**35**	**35**	**727**
	342	316	658	196	31	885

The disaggregation of revenues by revenue streams by each operating segment for the nine months ended September 30 are shown below:

2020 2019	Utilities Electricity	Utilities Natural Gas	Utilities Total	Energy Infrastructure	Corporate & Other	Consolidated
Revenue Streams						
Sale of Goods						
Electricity generation and delivery	**–**	**–**	**–**	**24**	**–**	**24**
	–	–	–	391	–	391
Commodity sales	**–**	**–**	**–**	**23**	**–**	**23**
	–	–	–	20	–	20
Total sale of goods	**–**	**–**	**–**	**47**	**–**	**47**
	–	–	–	411	–	411
Rendering of Services						
Distribution services	**382**	**698**	**1,080**	**–**	**–**	**1,080**
	432	700	1,132	–	–	1,132
Transmission services	**519**	**220**	**739**	**–**	**–**	**739**
	505	208	713	–	–	713
Customer contributions	**23**	**16**	**39**	**–**	**–**	**39**
	24	14	38	–	–	38
Franchise fees	**23**	**156**	**179**	**–**	**–**	**179**
	24	148	172	–	–	172
Retail electricity and natural gas services	**–**	**–**	**–**	**–**	**116**	**116**
	–	–	–	–	113	113
Storage and industrial water	**–**	**–**	**–**	**13**	**–**	**13**
	–	–	–	18	–	18
Total rendering of services	**947**	**1,090**	**2,037**	**13**	**116**	**2,166**
	985	1,070	2,055	18	113	2,186
Lease income						
Finance lease	**–**	**–**	**–**	**12**	**–**	**12**
	–	–	–	18	–	18
Operating lease	**–**	**–**	**–**	**–**	**–**	**–**
	–	–	–	65	–	65
Total lease income	**–**	**–**	**–**	**12**	**–**	**12**
	–	–	–	83	–	83
Service concession arrangement	**–**	**–**	**–**	**–**	**–**	**–**
	–	–	–	205	–	205
Other	**48**	**29**	**77**	**38**	**12**	**127**
	37	19	56	18	17	91
Total	**995**	**1,119**	**2,114**	**110**	**128**	**2,352**
	1,022	1,089	2,111	735	130	2,976

5. INCOME TAXES

The reconciliation of statutory and effective income tax expense for the three months ended September 30 is as follows:

	2020		2019	
Earnings before income taxes	**119**	**%**	348	%
Income taxes, at statutory rates	**30**	**25.0**	92	26.5
Non-taxable gains	**–**	**–**	(26)	(7.5)
Other	**(4)**	**(3.2)**	(4)	(1.1)
	26	**21.8**	62	17.9

The reconciliation of statutory and effective income tax expense for the nine months ended September 30 is as follows:

	2020		2019	
Earnings before income taxes	**448**	**%**	770	%
Income taxes, at statutory rates	**112**	**25.0**	204	26.5
Change in income taxes resulting from decrease in provincial corporate tax rate (*see below*)	**–**	**–**	(210)	(27.3)
Non-taxable gains	**–**	**–**	(26)	(3.4)
Other	**8**	**1.8**	(3)	(0.3)
	120	**26.8**	(35)	(4.5)

On May 28, 2019, the Alberta government passed Bill 3, the Job Creation Tax Cut (Bill 3), which reduces the Alberta provincial corporate tax rate from 12.0 per cent to 8.0 per cent in a phased approach between July 1, 2019 and January 1, 2022. As a result of this change, in the second quarter of 2019, the Company recorded an adjustment to current and deferred income taxes of $1 million and $210 million, respectively.

On October 20, 2020, Bill 35, Tax Statutes (Creating Jobs and Driving Innovation) (Bill 35) received first reading in the legislative assembly of Alberta and became substantively enacted for financial reporting purposes. Bill 35 accelerates the reduction of the Alberta provincial corporate tax rate, which was previously announced in Bill 3, to 8.0 per cent on July 1, 2020. The financial impact of this change is not significant and will be accounted for in the fourth quarter of 2020.

6. EARNINGS PER SHARE

Earnings per Class A non-voting (Class A) and Class B common (Class B) share are calculated by dividing the earnings attributable to Class A and Class B shares by the weighted average shares outstanding. Diluted earnings per share are calculated using the treasury stock method, which reflects the potential exercise of stock options and vesting of shares under the Company's mid-term incentive plan (MTIP) on the weighted average Class A and Class B shares outstanding.

The earnings and average number of shares used to calculate earnings per share are as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
	2020	**2019**	**2020**	**2019**
Average shares				
Weighted average shares outstanding	**272,809,071**	272,624,438	**272,761,851**	272,620,882
Effect of dilutive stock options	**9,287**	35,115	**15,521**	26,718
Effect of dilutive MTIP	**446,654**	566,624	**491,843**	540,938
Weighted average dilutive shares outstanding	**273,265,012**	273,226,177	**273,269,215**	273,188,538
Earnings for earnings per share calculation				
Earnings for the period	**93**	286	**328**	805
Dividends on equity preferred shares of the Company	**(17)**	(17)	**(50)**	(50)
Dividends to non-controlling interests	**(2)**	(2)	**(5)**	(5)
Earnings attributable to Class A and B shares	**74**	267	**273**	750
Earnings and diluted earnings per Class A and Class B share				
Earnings per Class A and Class B share	**$0.27**	$0.99	**$1.00**	$2.75
Diluted earnings per Class A and Class B share	**$0.27**	$0.99	**$1.00**	$2.75

7. PROPERTY, PLANT AND EQUIPMENT

A reconciliation of the changes in the carrying amount of property, plant and equipment is as follows:

	Utility Transmission & Distribution	Electricity Generation	Land and Buildings	Construction Work-in-Progress	Other	Total
Cost						
December 31, 2019	20,083	142	708	699	1,031	22,663
Additions	**15**	–	–	**588**	**3**	**606**
Transfers	**586**	–	**2**	**(607)**	**19**	–
Retirements and disposals	**(57)**	–	**(15)**	–	**(18)**	**(90)**
Changes to asset retirement costs	–	–	–	–	**18**	**18**
Foreign exchange rate adjustment	**72**	**(9)**	**2**	**3**	**2**	**70**
September 30, 2020	**20,699**	**133**	**697**	**683**	**1,055**	**23,267**
Accumulated depreciation						
December 31, 2019	4,720	17	166	80	468	5,451
Depreciation and impairment	**331**	**2**	**11**	–	**64**	**408**
Retirements and disposals	**(57)**	–	**(15)**	–	**(18)**	**(90)**
Foreign exchange rate adjustment	**15**	**(1)**	–	**2**	**2**	**18**
September 30, 2020	**5,009**	**18**	**162**	**82**	**516**	**5,787**
Net book value						
December 31, 2019	15,363	125	542	619	563	17,212
September 30, 2020	**15,690**	**115**	**535**	**601**	**539**	**17,480**

The additions to property, plant and equipment included $10 million of interest capitalized during construction for the nine months ended September 30, 2020 (2019 - $14 million).

IMPAIRMENT

Corporate & Other Segment

ATCO Oil & Gas Ltd., a subsidiary of Canadian Utilities Limited, holds a five per cent working interest in oil and gas assets in Northern Canada. With the continued lower oil prices and the COVID-19 pandemic continuing to cause economic uncertainty (see Note 16), the Company determined that the total net book value of these assets was not recoverable due to reduced likelihood of future development of the assets, and, therefore, impaired these assets in full, recognizing an after-tax impairment of $18 million in the second quarter of 2020. The impairment was included in depreciation, amortization and impairment expense for the second quarter of 2020. After recognizing the impairment, the recoverable amount of these assets was nil.

PIONEER NATURAL GAS PIPELINE ACQUISITION

Utilities Segment

On September 30, 2020, ATCO Gas and Pipelines Ltd., a wholly owned subsidiary of CU Inc., entered into an agreement to acquire the 130 km Pioneer Pipeline from Tidewater Midstream & Infrastructure Ltd. and its partner TransAlta Corporation for a purchase price of $255 million.

NOVA Gas Transmission Ltd. (NGTL) and ATCO Gas and Pipelines Ltd. subsequently agreed that, consistent with the geographic footprints defined in their Integration Agreement, ATCO Gas and Pipelines Ltd. would subsequently transfer to NGTL the approximately 30 km segment of the Pioneer Pipeline located in the NGTL footprint for approximately $63 million. ATCO Gas and Pipelines Ltd. will retain ownership and continue to operate the portion of the Pioneer Pipeline located in its footprint.

The transaction is subject to satisfaction of customary conditions, including regulatory approvals by the Alberta Utilities Commission and the Alberta Energy Regulator, which are expected by the second quarter of 2021.

8. LONG-TERM DEBT

In the first quarter of 2020, ATCO Power Australia, the Company's subsidiary, refinanced its $63 million Australian dollars (equivalent of $55 million Canadian dollars) credit facility with a new lender at Bank Bill Swap Benchmark Rate (BBSY) plus margin fee, extending the credit facility's maturity from February 2020 to June 2025. The floating BBSY interest rate is hedged to June 23, 2025 with an interest rate swap agreement which fixes the interest rate at 1.68 per cent.

On September 28, 2020, CU Inc., a wholly owned subsidiary of the Company, issued $150 million of 2.609 per cent debentures maturing on September 28, 2050.

On September 5, 2019, CU Inc. issued $580 million of 2.963 per cent debentures maturing on September 7, 2049. CU Inc. also repaid $180 million of 5.432 per cent debentures on January 23, 2019 and $300 million of 6.8 per cent debentures on August 13, 2019.

9. EQUITY PREFERRED SHARES

Cash dividends declared and paid per share are as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
(dollars per share)	**2020**	**2019**	**2020**	**2019**
Perpetual Cumulative Second Preferred Shares				
4.60% Series V	**0.2875**	0.2875	**0.8625**	0.8625
Cumulative Redeemable Second Preferred Shares				
3.403% Series Y	**0.2127**	0.2127	**0.6381**	0.6381
4.90% Series AA	**0.3063**	0.3063	**0.9188**	0.9188
4.90% Series BB	**0.3063**	0.3063	**0.9188**	0.9188
4.50% Series CC	**0.2813**	0.2813	**0.8438**	0.8438
4.50% Series DD	**0.2813**	0.2813	**0.8438**	0.8438
5.25% Series EE	**0.3281**	0.3281	**0.9844**	0.9844
4.50% Series FF	**0.2813**	0.2813	**0.8438**	0.8438

The payment of any dividend is at the discretion of the Board and depends on the financial condition of the Company and other factors.

10. CLASS A AND CLASS B SHARES

At September 30, 2020, there were 199,802,036 (December 31, 2019 - 199,695,081) Class A shares and 73,453,689 (December 31, 2019 - 73,550,844) Class B shares outstanding. In addition, there were 792,650 options to purchase Class A shares outstanding at September 30, 2020, under the Company's stock option plan.

DIVIDENDS

The Company declared and paid cash dividends of $0.4354 and 1.3062 per Class A and Class B share during the three and nine months ended September 30, 2020 (2019 - $0.4227 and $1.2681). The Company's policy is to pay dividends quarterly on its Class A and Class B shares. The payment of any dividend is at the discretion of the Board and depends on the financial condition of the Company and other factors.

On October 8, 2020, the Company declared a fourth quarter dividend of $0.4354 per Class A and Class B share.

NORMAL COURSE ISSUER BID

On July 22, 2020, the Company began a normal course issuer bid to purchase up to 3,996,004 outstanding Class A shares. The bid expires on July 21, 2021.

No shares were purchased during the three and nine months ended September 30, 2020.

11. RETIREMENT BENEFITS

In June 2020, an actuarial valuation for funding purposes as at December 31, 2019 was completed for the registered defined benefit pension plans. The estimated contribution for 2020 is $13 million and is accounted for retroactively from January 1, 2020. Prior to this actuarial valuation, the employer contribution for 2020 was based on the actuarial valuation for funding purposes as at December 31, 2017, and amounted to $18 million. The next actuarial valuation for funding purposes must be completed as at December 31, 2022.

At September 30, 2020, the discount rate assumption which is used to measure the accrued benefit obligations decreased to 2.7 per cent from 3.1 per cent at December 31, 2019. The discount rate assumption was based on market interest rates of high quality bonds that match the timing and amount of expected benefit payments. Due to the re-measurement of the accrued benefit obligations and related plan assets, the funded status (market value of assets less accrued benefit obligations) decreased from a net deficit of $399 million at December 31, 2019 to a net deficit of $446 million at September 30, 2020.

12. CASH FLOW INFORMATION

ADJUSTMENTS TO RECONCILE EARNINGS TO CASH FLOWS FROM OPERATING ACTIVITIES

Adjustments to reconcile earnings to cash flows from operating activities are summarized below.

	Three Months Ended September 30		Nine Months Ended September 30	
	2020	**2019**	**2020**	**2019**
Depreciation, amortization and impairment	**147**	117	**452**	428
Gain on sale of operations (Note 14)	**–**	(163)	**–**	(153)
Earnings from investment in joint ventures, net of dividends and distributions received	**(7)**	–	**(4)**	2
Income tax expense (recovery)	**26**	62	**120**	(35)
Unearned availability incentives	**–**	1	**–**	7
Unrealized losses (gains) on derivative financial instruments	**11**	(1)	**(1)**	(2)
Contributions by customers for extensions to plant	**(2)**	19	**45**	54
Amortization of customer contributions	**(13)**	(9)	**(39)**	(38)
Net finance costs	**97**	116	**288**	350
Income taxes paid	**(11)**	(20)	**(26)**	(76)
Other	**–**	6	**(13)**	13
	248	128	**822**	550

CASH POSITION

Cash position in the unaudited interim consolidated statements of cash flows at September 30 is comprised of:

	2020	**2019**
Cash	**970**	972
Short-term investments	**5**	1
Restricted cash (1)	**5**	5
Cash and cash equivalents	**980**	978
Bank indebtedness	**–**	(75)
	980	903

(1) Cash balances which are restricted under the terms of joint arrangement agreements are considered not available for general use by the Company.

13. FINANCIAL INSTRUMENTS

FAIR VALUE MEASUREMENT

Financial instruments are measured at amortized cost or fair value. Fair value represents the estimated amounts at which financial instruments could be exchanged between knowledgeable and willing parties in an arm's length transaction. Determining fair value requires management judgment. The valuation methods used to determine the fair value of each financial instrument and its associated level in the fair value hierarchy is described below.

Financial Instruments	Fair Value Method
Measured at Amortized Cost	
Cash and cash equivalents, accounts receivable and contract assets and accounts payable and accrued liabilities	Assumed to approximate carrying value due to their short-term nature.
Finance lease receivables	Determined using a risk-adjusted interest rate to discount future cash receipts (Level 2).
Long-term debt	Determined using quoted market prices for the same or similar issues. Where the market prices are not available, fair values are estimated using discounted cash flow analysis based on the Company's current borrowing rate for similar borrowing arrangements (Level 2).
Measured at Fair Value	
Interest rate swaps	Determined using interest rate yield curves at period-end (Level 2).
Foreign currency contracts	Determined using quoted forward exchange rates at period-end (Level 2).
Commodity contracts	Determined using observable period-end forward curves and quoted spot market prices with inputs validated by publicly available market providers (Level 2).
	Determined using statistical techniques to derive period-end forward curves using unobservable inputs or extrapolation from spot prices in certain commodity contracts (Level 3).

FINANCIAL INSTRUMENTS MEASURED AT AMORTIZED COST

The fair values of the Company's financial instruments measured at amortized cost are as follows:

	September 30, 2020		December 31, 2019	
Recurring Measurements	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets				
Finance lease receivables	**174**	**254**	175	224
Financial Liabilities				
Long-term debt	**9,144**	**11,292**	8,966	10,607

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

The Company's derivative instruments are measured at fair value. At September 30, 2020, the following derivative instruments were outstanding:

- interest rate swaps for the purpose of limiting interest rate risk on the variable future cash flows of long-term debt;
- foreign currency forward contracts for the purpose of limiting exposure to exchange rate fluctuations relating to expenditures denominated in Mexican pesos and U.S. dollars; and
- natural gas and forward power sale and purchase contracts for the purpose of limiting exposure to electricity and natural gas market price movements.

The balance sheet classification and fair values of the Company's derivative financial instruments are as follows:

	Subject to Hedge Accounting		Not Subject to Hedge Accounting		
Recurring Measurements	**Interest Rate Swaps**	**Commodities**	**Commodities**	**Foreign Currency Forward Contracts**	**Total Fair Value of Derivatives**
September 30, 2020					
Financial Assets					
Prepaid expenses and other current assets [1]	–	**18**	**5**	–	**23**
Other assets [1]	–	**10**	**6**	–	**16**
Financial Liabilities					
Other current liabilities	**1**	**4**	**4**	–	**9**
Other liabilities	**22**	**4**	**1**	–	**27**
December 31, 2019					
Financial Assets					
Prepaid expenses and other current assets	–	20	–	–	20
Other assets	5	21	–	–	26
Financial Liabilities					
Other current liabilities [1]	–	11	–	–	11
Other liabilities [1]	1	10	–	–	11

(1) At September 30, 2020, financial assets include $7 million of Level 3 derivative financial instruments (December 31, 2019 - financial liabilities included $7 million).

Notional and maturity summary

The notional value and maturity dates of the Company's derivative instruments outstanding are as follows:

	Subject to Hedge Accounting				Not Subject to Hedge Accounting		
Notional value and maturity	**Interest Rate Swaps**	**Natural Gas (1)**	**Power (2)**	**Foreign Currency Forward Contracts**	**Natural Gas (1)**	**Power (2)**	**Foreign Currency Forward Contracts**
September 30, 2020							
Purchases (3)	–	**11,576,520**	**2,355,177**	–	–	–	–
Sales (3)	–	**3,878,224**	**821,092**	–	**10,161,973**	**1,257,973**	–
Currency							
Australian dollars	**741**	–	–	–	–	–	–
Mexican pesos	**570**	–	–	–	–	–	**100**
U.S. dollars	–	–	–	**2**	–	–	–
Maturity	**2023-2025**	**2020-2024**	**2020-2024**	**2020**	**2020-2025**	**2020-2025**	**2020**
December 31, 2019							
Purchases (3)	–	19,680,771	2,627,765	–	–	–	–
Sales (3)	–	20,456,673	2,215,145	–	7,000,000	–	–
Currency							
Australian dollars	743	–	–	–	–	–	–
Mexican pesos	570	–	–	–	–	–	100
Maturity	2020-2024	2020-2024	2020-2024	–	2020-2021	–	2020

(1) Notional amounts for the natural gas purchase contracts are the maximum volumes that can be purchased over the terms of the contracts.

(2) Notional amounts for the forward power sale and purchase contracts are the commodity volumes committed in the contracts.

(3) Volumes for natural gas and power derivatives are in GJ and MWh, respectively.

14. SALE OF OPERATIONS

On May 27, 2019, the Company announced that it had entered into agreements to sell its Canadian fossil fuel-based electricity generation business (Electricity generation disposal group).

An agreement with Heartland Generation Ltd., an affiliate of Energy Capital Partners, closed on September 30, 2019, and included the sale of 10 partly or fully owned natural gas-fired and coal-fired electricity generation assets located in Alberta and British Columbia. In two other separate transactions, the Company entered into agreements to sell its 50 per cent ownership interest in the Cory Cogeneration Station to SaskPower International and its 50 per cent ownership interest in Brighton Beach Power to Ontario Power Generation. This portfolio of transactions all closed in the third quarter of 2019 and resulted in gross proceeds of $821 million ($681 million in net proceeds after debt and working capital adjustments and cash disposed). During the nine months ended September 30, 2019, the Company recognized a gain on sale of the Canadian fossil fuel-based electricity generation business of $153 million ($139 million, after tax).

In January 2020, certain customary post-closing purchase price adjustments were made. As a result, additional $13 million of proceeds were received in January 2020, and an additional $22 million of gain before tax ($11 million, after tax) was recorded in the fourth quarter of 2019.

15. JOINT VENTURES

On June 22, 2020, LUMA Energy LLC (LUMA), a Commonwealth of Puerto Rico based joint venture between the Company and Quanta Services, where each party holds a 50 per cent ownership interest, was selected by the Puerto Rico Public-Private Partnerships Authority to modernize and operate Puerto Rico's electric transmission and distribution system over a term of 15 years after a one year transition period which commenced in June 2020.

LUMA contractual arrangements do not assume ownership of any electric transmission and distribution assets. The functional currency of LUMA is US dollars.

The Company has accounted for its 50 per cent ownership interest as a joint venture, whereby the initial investment shall be adjusted for the Company's share of LUMA's earnings, other comprehensive income, dividends received from LUMA, and foreign exchange. When making the assessment on whether LUMA represents a joint venture, the Company considered the structure, legal form and contractual terms of the arrangement with Quanta Services, as well as other facts and circumstances.

LUMA is reported in the Utilities segment.

At September 30, 2020, the investment in LUMA was $6 million. Earnings from investment in LUMA during the three and nine months ended September 30, 2020, were $6 million. No dividends or distributions were received from LUMA during the three months ended September 30, 2020.

16. COVID-19 PANDEMIC

At the end of 2019, a novel strain of coronavirus (COVID-19) emerged and spread globally. The World Health Organization has since declared the state of a global pandemic. The COVID-19 outbreak and related measures taken by the authorities in the jurisdictions of the Company's operations are disrupting financial and commodity markets, supply chains, and affecting production and sales across different industries in private and public sectors.

The Company has introduced measures, procedures and protocols to foster the health and safety of its employees, vendors and customers. These measures are based on the Company's health and safety policies as well as the recommendations from public health authorities, other designated government institutions and medical experts. These enhanced protocols include travel restrictions, workplace hygiene practices, employee absence tracking, additional personal protective equipment for essential workers, limiting access to facilities, and alternative work options for employees where possible (i.e. working from home).

The Company's operations are exposed to a variety of business and financial risks as a result of a public health threat, such as COVID-19. These risks include, but are not limited to, decline in customer demand, increase in operating costs, interruption of project work, credit risk associated with customer non-payment, access to financing and change in the timing of cash flows.

In the three and nine months ended September 30, 2020, the Company’s operations, financial position and performance have not been significantly impacted. This is primarily due to the nature of the Company’s operations which are considered to be essential services. However, the extent to which COVID-19 may further impact the Company’s operations, its consolidated financial position and performance remains uncertain, and will depend on further developments, including the duration and spread of the outbreak, its impact on the Company’s customers, suppliers and employees and actions taken by governments. Management continues to closely monitor the situation in the jurisdictions in which the Company operates.