

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**

Joint Application of Liberty Utilities (CalPeco Electric) LLC (U 933-E), Liberty Utilities (Park Water) Corp. (U 314-W), and Liberty Utilities (Apple Valley Ranchos Water) Corp. (U 346-W) and Algonquin Power & Utilities Corp. for Exemption from Public Utilities Code Section 854 or, Alternatively, for Approval Pursuant to Public Utilities Code Section 854.

Application 26-08-XXX

**JOINT APPLICATION OF LIBERTY UTILITIES (CALPECO ELECTRIC) LLC (U 933-E),  
LIBERTY UTILITIES (PARK WATER) CORP. (U 314-W) AND LIBERTY UTILITIES  
(APPLE VALLEY RANCHOS WATER) CORP. (U 346-W) AND ALGONQUIN POWER &  
UTILITIES CORP. FOR EXEMPTION FROM PUBLIC UTILITIES CODE SECTION 854 OR,  
ALTERNATIVELY, APPROVAL PURSUANT TO PUBLIC UTILITIES CODE SECTION 854  
REQUEST FOR EXPEDITED SCHEDULE**

Victor T. Fu  
Prospera Law, LLP  
1901 Avenue of the Stars, Suite 480  
Los Angeles, CA 90067  
Telephone: (424) 239-1926  
Facsimile: (424) 239-1882  
Email: [vfu@prosperalaw.com](mailto:vfu@prosperalaw.com)

Dated: August 14, 2026

Counsel for Joint Applicants

## Table Of Contents

|       | Section                                                                                                                                  | Page |
|-------|------------------------------------------------------------------------------------------------------------------------------------------|------|
| I.    | SUMMARY OF REQUESTED AUTHORIZATIONS .....                                                                                                | 1    |
| II.   | DESCRIPTION OF THE JOINT APPLICANTS .....                                                                                                | 2    |
|       | A. DESCRIPTION OF AQN.....                                                                                                               | 2    |
|       | B. DESCRIPTION OF THE CA LIBERTY UTILITIES .....                                                                                         | 4    |
| III.  | THE PROPOSED TRANSACTION .....                                                                                                           | 5    |
|       | A. BACKGROUND .....                                                                                                                      | 5    |
|       | B. THE PROPOSED TRANSACTION .....                                                                                                        | 6    |
| IV.   | THE PROPOSED TRANSACTION SHOULD BE TREATED AS NOT SUBJECT TO PUC<br>SECTION 854 OR OTHERWISE EXEMPT PURSUANT TO PUC SECTION 853(b) ..... | 7    |
| V.    | ALTERNATE REQUEST FOR APPROVAL PURSUANT TO PUC SECTION 854 .....                                                                         | 10   |
| VI.   | ADDITIONAL INFORMATION.....                                                                                                              | 12   |
|       | A. FINANCIAL STATEMENTS/INFORMATION (RULES 2.2., 2.3, 3.6(E)) .....                                                                      | 12   |
|       | B. CATEGORIZATION, NEED FOR HEARING, ISSUES AND SCHEDULE .....                                                                           | 12   |
| VII.  | COMMUNICATIONS CONCERNING APPLICATION .....                                                                                              | 14   |
| VIII. | EXHIBITS .....                                                                                                                           | 15   |
| IX.   | REQUESTED AUTHORIZATIONS .....                                                                                                           | 15   |

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**

Joint Application of Liberty Utilities (CalPeco Electric) LLC (U 933-E), Liberty Utilities (Park Water) Corp. (U 314-W), and Liberty Utilities (Apple Valley Ranchos Water) Corp. (U 346-W) and Algonquin Power & Utilities Corp. for Exemption from Public Utilities Code Section 854 or, Alternatively, for Approval Pursuant to Public Utilities Code Section 854.

Application 26-08-XXX

**JOINT APPLICATION OF LIBERTY UTILITIES (CALPECO ELECTRIC) LLC (U 933-E),  
LIBERTY UTILITIES (PARK WATER) CORP. (U 314-W) AND LIBERTY UTILITIES  
(APPLE VALLEY RANCHOS WATER) CORP. (U 346-W) AND ALGONQUIN POWER &  
UTILITIES CORP. FOR EXEMPTION FROM PUBLIC UTILITIES CODE SECTION 854 OR,  
ALTERNATIVELY, APPROVAL PURSUANT TO PUBLIC UTILITIES CODE SECTION 854  
REQUEST FOR EXPEDITED SCHEDULE**

**I.**

**SUMMARY OF REQUESTED AUTHORIZATIONS**

Pursuant to Section 854 of the California Public Utilities Code (“PUC”) and Rule 3.6 of the California Public Utilities Commission (“Commission”) Rules of Practice and Procedure (“Rules”), Liberty Utilities (CalPeco Electric) LLC (U 933-E) (“CalPeco”), Liberty Utilities (Park Water) Corp. (U 314-W) (“Park Water”), and Liberty Utilities (Apple Valley Ranchos Water) Corp. (U 346-W) (“AVR”) and Algonquin Power & Utilities Corp. (“AQN”) (collectively, the “Joint Applicants”) submit this application to request that the Commission determine that AQN’s re-domiciling of its legal jurisdiction from Canada to the State of Delaware in the United States and related amalgamation with its

wholly owned subsidiary, Liberty Utilities (Canada) Corp. (the “Proposed Transaction”), is not subject to review under PUC Section 854, or is otherwise exempt from the requirements of PUC Section 854 pursuant to the Commission’s authority under PUC Section 853(b).

Notwithstanding there will be no change in the ownership and control of CalPeco, Park Water and AVR (collectively, the “CA Liberty Utilities”) due to the Proposed Transaction, Joint Applicants have filed this application in an abundance of caution because the re-domiciliation could cause some to view AQN (once re-domiciled as a Delaware corporation) as a different person and contend PUC Section 854 applies even though the only change is AQN’s legal domicile. Accordingly, Joint Applicants respectfully request the Commission conclude the Proposed Transaction, including re-domiciliation of AQN, the upstream parent company of the CA Liberty Utilities, does not constitute a transaction subject to PUC Section 854 or is otherwise exempt from review under PUC Section 854. Alternatively, should the Commission conclude that the Proposed Transaction is subject to review under PUC Section 854, Joint Applicants respectfully request that the Commission approve the indirect transfer of control of CA Liberty Utilities associated with the Proposed Transaction as it does not harm ratepayers and is not otherwise adverse to the public interest.

## **II.**

### **DESCRIPTION OF THE JOINT APPLICANTS**

#### **A. DESCRIPTION OF AQN**

AQN is a corporation organized and existing under the Canada Business Corporations Act and is publicly traded and listed on the New York Stock Exchange and Toronto Stock Exchange under the ticker symbol AQN. Through its twenty-six regulated utilities, AQN serves approximately 1.3 million customer connections across its electric, gas, water and wastewater business in thirteen states in the United States (Arizona, Arkansas, California, Georgia, Illinois, Iowa, Kansas, Massachusetts, Missouri,



New Hampshire, New York, Oklahoma, and Texas). AQN's subsidiaries also include operators of a gas utility in New Brunswick, Canada, an electric utility in Bermuda and a water utility in Chile. AQN's businesses employ approximately 2,876 employees, of which 2,112 are in the United States.

In Decision (D.)10-10-017, the Commission approved the sale of Sierra Pacific Power Company's electric utility operations and facilities in California to CalPeco (then known as California Pacific Electric Company, LLC). Pursuant to D.12-06-05, the Commission authorized a revised ownership structure for CalPeco. Prior to that decision, AQN (through its wholly owned subsidiary, Liberty Energy Utilities Co.) held a 50.001% indirect ownership interest in CalPeco, and Emera US Holdings Inc. (through its wholly owned subsidiary, Emera Incorporated) ("Emera") held a 49.999% indirect ownership interest. At the time of the decision, Liberty Energy Utilities Co. was owned by Liberty Utilities Co. ("LUCO"), a Delaware corporation, which, in turn, was owned by AQN's wholly owned subsidiary, Liberties Utilities (Canada) Corp. ("LUCC"), an entity formed under the Canada Business Corporations Act.

Under D.12-06-05, the authorized, revised ownership structure provided for AQN's acquisition of Emera's 49.999% interest resulting in AQN becoming the sole indirect owner of CalPeco via LUCC and then LUCO and, finally, Liberty Energy Utilities Co.'s 100% direct ownership interest of CalPeco.<sup>1</sup> Thereafter, in D.15-12-029, the Commission authorized Liberty WWH, Inc. to merge with Western Water Holdings, LLC (then owned by Carlyle Infrastructure Partners L.P.) and for LUCO to indirectly acquire and control Park Water and AVR following the closing of the merger. As a result, AQN also

---

<sup>1</sup> Via Certificate of Amendment filed with the California Secretary of State on July 15, 2013, CalPeco's name was amended from California Pacific Electric Company, LLC to Liberty Utilities (CalPeco Electric) LLC. Notice to the Commission of the name change was concurrently submitted via Advice Letter 28-E on July 15, 2013. Advice Letter 28-E further provided notice that Liberty Energy Utilities Co. would be merging into its parent entity, LUCO.

became the sole indirect owner of Park Water and AVR.<sup>2</sup>

## **B. DESCRIPTION OF THE CA LIBERTY UTILITIES**

CalPeco is a limited liability company organized and existing under the laws of the state of California with its principal place of business at 933 Eloise Avenue, South Lake Tahoe, California 96150. CalPeco currently provides electric distribution service to approximately 49,000 residential and commercial/industrial customers in California in portions of seven counties (Alpine, El Dorado, Mono, Nevada, Placer, Plumas and Sierra) around the Lake Tahoe area. A general description of CalPeco's property and its field of operation, the original cost of its property and equipment, by class, and the cost thereof to CalPeco and the depreciation and amortization reserves applicable to such property and equipment, by class, are contained in CalPeco's Annual Reports, on file with the Commission.

Park Water is a corporation organized and existing under the laws of the State of California with its principal place of business at 9750 Washburn Road, Downey California 90241. Park Water is a Class A Public Utility Water Company providing regulated water utility service to residential, commercial, and industrial customers in and near certain parts of Los Angeles County. The Park Water system consists of approximately 428 km of pipeline, 11 wells, eight booster pump stations, seven purchase water connections, and 6.9 million gallons of storage reservoirs and tank capacity. A general description of Park Water's property and its field of operation, the original cost of its property and equipment, by class, and the cost thereof to Park Water and the depreciation and amortization reserves applicable to such property and equipment, by class, are contained in Park Water's Annual Reports, on file with the Commission.

AVR is a wholly owned subsidiary of Park Water. AVR is a corporation organized and existing

---

<sup>2</sup> Via Certificates of Amendment filed with the California Secretary of State on January 11, 2016, Park Water's corporate name was amended Liberty Utilities (Park Water) Corp. and AVR's corporate name was amended to Liberty Utilities (Apple Valley Ranchos Water) Corp.

under the laws of the State of California with its principal place of business at 21760 Ottawa Road, Apple Valley, California 92308. AVR is a Class A Public Utility Water Company providing regulated water utility service to residential, commercial, and industrial customers in and near the Towns of Apple Valley and Yermo in San Bernardino County in the State of California. The AVR system consists of approximately 777 km of pipeline, 25 wells, 8 booster pump stations, and 12 million gallons of storage reservoirs and tank capacity. A general description of AVR's property and its field of operation, the original cost of its property and equipment, by class, and the cost thereof to AVR and the depreciation and amortization reserves applicable to such property and equipment, by class, are contained in AVR's Annual Reports, on file with the Commission.

### **III.**

#### **THE PROPOSED TRANSACTION**

##### **A. BACKGROUND**

As discussed in the accompanying testimony of Mr. Peter Eichler,<sup>3</sup> AQN, which is incorporated under the Canada Business Corporations Act, is currently planning to undertake the re-domiciling of its legal jurisdiction to the State of Delaware in the United States. AQN initially domiciled in Canada due to its founding as a developer of renewable energy assets located in Canada during the 1980's. Over the years, AQN developed, built or acquired operating companies in both Canada and the United States, but maintained its status as a Canadian corporation and was exclusively listed on the Toronto Stock Exchange until 2017. In early 2025, AQN sold a majority of its renewable energy business. Subsequent to the closing of that sale, AQN's holdings primarily consist of regulated utilities operating in the United States and AQN's regulated utilities rate base remaining in Canada represent about 3% of its total holdings. In contrast, AQN's regulated utilities in the United States represent approximately 87% of

---

<sup>3</sup> Mr. Eichler's testimony is Exhibit D to this Application.

those total holdings. As further detailed in Mr. Eichler's testimony, the primary drivers for AQN's re-domiciling include: (a) the alignment of corporate headquarters, executive officers and legal domicile with the country where the majority of its regulated utilities have their operations, assets and employees and (b) the improvement of access to the U.S. capital markets, including index funds, and appeal to investors and labor force in the U.S.

## **B. THE PROPOSED TRANSACTION**

To effectuate a redomicile from Canada to the United States, AQN would enter into a Plan of Arrangement under Canadian law establishing the process by which AQN would become a U.S. domiciled entity. Following certain administrative steps, including AQN shareholder approval of the Plan of Arrangement and approval of the Superior Court in Ontario, Canada, AQN and LUCC would amalgamate, with AQN thereafter continuing as a Delaware entity with no concurrent change to its shareholders. Attachment PE-1 to Mr. Eichler's Testimony provides a comparison of the current corporate structure with the updated corporate structure following the completion of the re-domiciliation. Following the amalgamation of LUCC and AQN, Liberty Utilities (America) Co. ("LUAC"), the current, indirect parent entity of LUCO, would become a direct wholly owned subsidiary of AQN (now as a Delaware corporation), as opposed to prior split ownership between AQN and its wholly owned subsidiary, LUCC.

Otherwise, as detailed in Mr. Eichler's Testimony, the re-domiciliation will not cause any other corporate changes down the line. LUCO shall remain the direct parent entity of the various U.S. regulated utilities. Moreover, there will be no changes to the U.S. regulated utilities (including the CA Liberty Utilities) whether in terms of corporate form, principal place of business, capital structure, business operations, utility assets or employee locations, associated with the re-domiciliation. All of the costs associated with the proposed transaction shall be borne by AQN directly.

#### IV.

#### **THE PROPOSED TRANSACTION SHOULD BE TREATED AS NOT SUBJECT TO PUC SECTION 854 OR OTHERWISE EXEMPT PURSUANT TO PUC SECTION 853(b)**

PUC Sections 851 and 854 provide broad Commission authority to approve transfers of control which involve public utilities operating within California. More specifically, PUC Section 854(a) specifies that “a person or corporation, whether or not organized under the laws of this state, shall not directly or indirectly merge, acquire, or control, including pursuant to a change in control as described in subparagraphs (D) or (E) of paragraph (1) of subdivision (b) of Section 854.2,<sup>4</sup> any public utility organized and doing business in this state without first securing authorization to do so from the commission.”

As detailed above and in Mr. Eichler’s testimony, the proposed transaction does not involve any material change to the ownership or control of the U.S. regulated utilities. While the proposed transaction does include the amalgamation of one upstream parent entity, LUCC, into AQN, AQN remains as the highest upstream parent entity of LUCO and, in turn, the CA Liberty Utilities. In addition, while AQN is re-domiciling from a Canadian corporation to a Delaware corporation, the ownership (*i.e.*, shareholders) of AQN will not change concurrent with the re-domiciliation. Accordingly, as there is no change of ownership or control relative to the sole, indirect owner (AQN) or the direct parent entity (LUCO) of the CA Liberty Utilities, Joint Applicants respectfully submit that the

---

<sup>4</sup> PUC Section 854.2(b)(1) states: “Change of control” means any of the following: (A) An event that triggers the application of Section 851 (involves the sale, lease, encumbrance, or other disposition of public utility property) or 854; (B) A material change in ownership of the electric corporation or gas corporation, its parent company, or its holding company; (C) A filing seeking bankruptcy protection; (D) The sale of all or a material portion of the assets of the electrical corporation or gas corporation, its parent company, or its holding company, or any merger, consolidation, or acquisition of the electrical corporation or gas corporation, its parent company, or its holding company with, by, or into another corporation, entity, or person; (E) In the case of a combined electrical and gas corporation, the change in ownership of all or a substantial portion of either the gas or electric line of business of the combined corporation; and (F) A voluntary or involuntary change in ownership of assets from an electrical or gas corporation to ownership by a public entity.

Proposed Transaction is not subject to the Commission’s approval process under PUC Sections 851 and 854.

Two recent decisions support Joint Applicants’ contention that the Proposed Transaction does not trigger review under PUC Section 854. *In the Matter of the Application of Santa Barbara Airbus, Inc. d/b/a Santa Barbara Airbus (Psc-1262) for Authorization of A Change in Control Pursuant to Pub. Utilities Code Section 854(a)*,<sup>5</sup> Santa Barbara Airbus (a transportation common carrier regulated by the Commission) filed an application under Section 854 seeking approval of proposed stock transfer and related stock sale between its shareholders. In applying for approval under Section 854, the applicant noted that it was filed “out of an abundance of caution because the proposed Agreement would result in a different person as the largest shareholder of the company.”<sup>6</sup> As discussed therein, neither the current ownership structure nor the proposed ownership structure had any one person possessing majority ownership of the corporation and any voting decisions would continue to be made by a majority of shareholders. Accordingly, the Commission’s Executive Director ordered the application be dismissed concluding that Section 854 did not apply since the proposed share transfer would not transfer control of the applicant to any new person or entity and there was no material change in the control of the applicant.<sup>7</sup>

While presenting a markedly different context, the Commission’s Decision in the *Application of Pac. Gas & Elec. Co. (U39e) & Pac. Generation LLC for Approval to Transfer Certain Generation Assets, for A Certificate of Pub. Convenience & Necessity, for Authorization to File Tariffs & to Issue Debt, & for Related Determinations*,<sup>8</sup> also supports the conclusion that the Proposed Transaction does not implicate the requirements of PUC Section 854. In that matter, PG&E sought authorization for

---

<sup>5</sup> D.24-08-027.

<sup>6</sup> D.24-08-027, p. 3.

<sup>7</sup> D.24-08-027, p. 5.

<sup>8</sup> D.24-05-004.

PG&E to transfer substantially all of its non-nuclear generation assets to its own newly created subsidiary, Pacific Generation, and for the issuance of a certificate of public convenience and necessity to Pacific Generation to operate as a utility subject to the Commission's jurisdiction. Although PG&E did not seek approval under Section 854, an intervening party (California Community Choice Association) argued that PG&E's proposed asset transfer to Pacific Generation represented "control activity" subject to Section 854 and that the Commission should review what could be considered PG&E's exercise of control over Pacific Generation. The Commission found that the proposed transaction did not constitute "a merger, acquisition, or control activity of a public utility" within the meaning of Section 854 because PG&E already controlled Pacific Generate as a wholly owned subsidiary and there was no merger, acquisition, or control activity of PG&E (a public utility already under the Commission's jurisdiction).<sup>9</sup> In addition, any merger, acquisition, or control activity of Pacific Generation would not be subject to Section 854 unless and until Pacific Generation acquired status as a public utility.<sup>10</sup>

As noted in D.24-05-004, "[t]he intent of Section 854 is to ensure the Commission has had an opportunity to scrutinize a person or entity acquiring control of a regulated utility in order to evaluate whether the change in control would be consistent with and promote the public interest."<sup>11</sup> Here the Proposed Transaction does not result in a change in control since AQN remains unchanged as the highest upstream parent entity of the CA Liberty Utilities. Even if the Commission concludes otherwise, PUC Section 853(b) permits the Commission to exempt any public utility or class of public utility from the transfer of control requirements set forth in PUC Section 854(a), if it finds the application of the transfer of control requirements is not necessary in the public interest. In D.12-04-

---

<sup>9</sup> D.24-05-004, pp. 11-12.

<sup>10</sup> D.24-05-004, pp. 12-13.

<sup>11</sup> D.24-05-004, p. 13 (citing D.86-02-005 at 4; D.09-09-005 at 29.)

035, the Commission granted the application of ConocoPhillips Pipeline Company (“CPPL”) for an exemption, pursuant to PUC Section 853(b), from the otherwise applicable requirements of PUC Section 854 regarding the proposed transfers of CPPL’s California public utility operations (i) from CPPL’s current ultimate corporate parent (“CP”) to a newly created, publicly traded holding company, Phillips 66, and (ii) from CPPL’s current direct corporate parent, ConocoPhillips Company (“COP”), to Phillips 66’s principal operating subsidiary, Phillips 66 Company.

In granting the application, the Commission found that “the substitution of Phillips 66 Company for COP as CPPL’s immediate corporate parent represents the type of change in legal control, as opposed to actual control, to which the Commission has declined to apply Section 854, particularly where other jurisdictional bases exist to protect the public interest.”<sup>12</sup> The Commission similarly found that “the public spin-off of a new holding company, Phillips 66, from CP through the distribution of 100% of Phillips 66 common stock to existing CP shareholders” is the type of corporate reorganization that does not warrant review under PUC Section 854.<sup>13</sup> Those Commission findings also hold true here where the re-domiciliation of AQN and the amalgamation of LUCC into AQN represent legal changes and do not reflect any material change of control of the CA Liberty Utilities. As such, Joint Applicants’ request for a determination that the Proposed Transaction does not require approval under PUC Section 854 or is otherwise exempt from its requirements pursuant to PUC Section 853(a) should be granted.

## V.

### **ALTERNATE REQUEST FOR APPROVAL PURSUANT TO PUC SECTION 854**

Should the Commission determine that the Proposed Transaction produced some change in direct and/or indirect control over the CA Liberty Utilities, Joint Applicants seek approval of the transfer pursuant to PUC Section 854. In general, the Commission will approve a proposed transaction pursuant

---

<sup>12</sup> D.12-04-035, p. 5.

<sup>13</sup> D.12-04-035, p. 6.



to Section 854(a) if the transaction does not harm ratepayers and is not otherwise adverse to the public interest.<sup>14</sup> The Proposed Transaction is taking place at the holding company level and none of the CA Liberty Utilities individually exceeds the \$500 million gross annual California revenue threshold under PUC Sections 854(b) and 854(c) nor the \$400 million gross annual California revenue threshold under PUC Section 854(d).

As detailed in Mr. Eichler testimony, the operations of the CA Liberty Utilities will not be impacted by the Proposed Transaction. Following the close of the Proposed Transaction, the customers of the CA Liberty Utilities will continue to be served by the same entity pursuant to their existing certifications and authorizations, and receive their existing services under the existing utility names without any immediate changes. The Commission's jurisdiction and regulatory authority over the CA Liberty Utilities will not change as a result of granting this Application and currently authorized rates will continue to be in effect until such time as any of the CA Liberty Utilities files an application to change rates and the Commission reviews and approves the request. Correspondingly, the Proposed Transaction will not result in any changes to the management, operating and maintenance personnel of the CA Liberty Utilities.

As further explained in Mr. Eichler's testimony, not only is the Proposed Transaction not adverse to the public interest, but it is also expected to provide public interest benefits with no corresponding risk of harm. The Proposed Transaction seeks to enhance financial resources and opportunities for AQN

---

<sup>14</sup> See, D. 12-06-05 (Commission approval of APUC/CalPeco transaction referenced above); *see also, accord, Joint Application for Approval of the Transfer to Generate-Ubiquity Holdings, LLC of Indirect Control of Netly Fiber Holdings, LLC (U7378c) Pursuant to Pub. Utilities Code Section 854* (Aug. 1, 2024) 2024 WL 3742561, at \*5 ("The primary question in a transfer of control proceeding under Pub Util. Section 854(a) is whether a transaction will be adverse to the public interest"); *In the Matter of the Joint Application of Ccp II Finco, LLC, Transferor & Hummingbird Circle, LLC, Transferee, & Ipc Corp., on Behalf of Licensee for Approval to Acquire Indirect Control of Ipc Network Services, Inc. (U7266c) Pursuant to California Pub. Utilities Code Section 854(a)* (Feb. 2, 2023) 2023 WL 2039486, at \*5 ("The primary question in a transfer of control proceeding under Pub. Util. Code Section 854(a) is whether the transaction will be "adverse to the public interest.").

that in turn will assist the U.S. regulated utilities (including the CA Liberty Utilities) with improving their access to capital and meeting long-term capital and short-term financing needs more cost-effectively. By relocating AQN's headquarters and executive leadership to the United States, AQN will be better positioned to manage and support the U.S. regulated entities. As such, since the customers of the CA Liberty Utilities will experience no recognizable change in service from the Proposed Transaction and, in fact, stand to benefit from the Proposed Transaction in the future, the Proposed Transaction is consistent with the public interest and should be approved under PUC Section 854.

## **VI.**

### **ADDITIONAL INFORMATION**

#### **A. FINANCIAL STATEMENTS/INFORMATION (RULES 2.2., 2.3, 3.6(E))**

Pursuant to Commission Rule 2.2, copies of the Articles of Incorporation for each of the CA Liberty Utilities are attached hereto as Exhibit A. Copies of certifications from the California Secretary of State's Office reflecting that each of the CA Liberty Utilities are in good standing, are attached hereto as Exhibit B. A copy of the most recent balance sheet and income statement of AQN<sup>15</sup> and the CA Liberty Utilities are attached hereto as Exhibit C.

#### **B. CATEGORIZATION, NEED FOR HEARING, ISSUES AND SCHEDULE**

Proposed Categorization: Pursuant to Rule 7.1., this Application should be classified as a ratesetting proceeding. Even though the application does not set or affect rates, Rule 7.1.(e)(2) provides that, when a proceeding does not clearly fall within any defined category, it should be conducted under

---

<sup>15</sup> Rule 3.6(e) requires the submission of a financial statement in connection with "merger proceedings" and "other transfer proceedings." As detailed above, the Proposed Transaction does not involve a merger or change of control. Accordingly, Joint Applications view the Proposed Transaction as an "other transfer proceeding" under Rule 3.6(e) rather than a "merger proceeding." For "other transfer proceeding(s)," Rule 3.6(e) requires the submission of "a balance sheet as of the latest available date, together with an income statement covering [the] period from close of [the] last year for which an annual report has been filed with the Commission."

ratesetting procedures unless and until the Commission determines otherwise.

Need for Hearings. Joint Applicants contend that evidentiary hearings are not necessary for the consideration of this Application. The information included with the Application allow for the Commission to “reach findings on all issues that California statutes require the Commission to address when evaluating requests under PUC Sections 853 and 854”. Accordingly, Joint Applicants request that the Commission evaluate this Application without conducting evidentiary hearings.

Issues. (1) Whether the Proposed Transaction is exempt from the transfer of control requirements under PUC Section 854(a) because the Proposed Transaction does not constitute a transfer of control contemplated therein and/or the consideration of the transfer of control requirements are not necessary in the public interest under PUC Section 853(b); and (2) If the Commission finds the Proposed Transaction should not be exempt from the requirements under PUC Section 854(a), whether the transfer of control will be adverse to the public interest.

Proposed Schedule. As detailed in Attachment 1 hereto, Joint Applicants seek expedited approval and propose the following schedule consistent therewith:

| <u>EVENT</u>                  | <u>DATE</u>        |
|-------------------------------|--------------------|
| Filing of Application         | August 14, 2026    |
| Deadline for Protest          | September 15, 2026 |
| Deadline for Reply to Protest | September 25, 2026 |
| Prehearing Conference         | September 30, 2026 |
| Proposed Decision             | November 16, 2026  |
| Final Decision                | December 1, 2026   |

If no protests or responses are filed within 30 days of notices of the Application appearing on the Daily Calendar, Joint Applicants request that the reply period be eliminated. In the event that the

Application is not contested and the Proposed Decision grants the authorizations requested, Joint Applicants request that the Commission reduce or waive the period for public review and comment on the Proposed Decision pursuant to Commissions Rules of Practice and Procedure, Rule 14.6(c)(2).

## **VII.**

### **COMMUNICATIONS CONCERNING APPLICATION**

Correspondence or communications with regard to this application should be addressed and delivered to:

Algonquin Power & Utilities Corp.

Peter Eichler  
Senior Vice President, Hydro Generation and Enterprise Initiatives  
Liberty Algonquin Business Services  
354 Davis Road  
Oakville, Ontario  
Canada L6J 2X1  
E-mail: [Peter.Eichler@libertyutilities.com](mailto:Peter.Eichler@libertyutilities.com)

Liberty Utilities (CalPeco Electric) LLC

Daniel W. Marsh  
Senior Manager, Rates & Regulatory Affairs  
Liberty Utilities (CalPeco Electric) LLC  
701 National Avenue  
Tahoe Vista, CA 96148  
Telephone: (530)721-2435  
E-mail: [dan.marsh@libertyutilities.com](mailto:dan.marsh@libertyutilities.com)

Liberty Utilities (Park Water) Corp.

Manasa Rao  
Senior Director, Rates and Regulatory Affairs  
Liberty (West Region)  
9750 Washburn Road  
P. O. Box 7002  
Downey, CA 90241-7002  
Phone: (562) 923-0711  
Email: [Manasa.Rao@LibertyUtilities.com](mailto:Manasa.Rao@LibertyUtilities.com)

Liberty Utilities (Apple Valley Ranchos Water) Corp.

Manasa Rao  
Senior Director, Rates and Regulatory Affairs  
Liberty (West Region)  
9750 Washburn Road  
P. O. Box 7002  
Downey, CA 90241-7002  
Phone: (562) 923-0711  
Email: [Manasa.Rao@LibertyUtilities.com](mailto:Manasa.Rao@LibertyUtilities.com)

With a copy to (for all Joint Applicants):

Victor T. Fu  
Prospera Law, LLP  
1901 Avenue of the Stars, Suite 480  
Los Angeles, CA 90067  
Telephone (424) 239-1890,  
Email: [vfu@properlaw.com](mailto:vfu@properlaw.com)

Sharon Yang  
Senior Director of Legal Services  
Liberty Utilities (West Region)  
P.O. Box 7002  
9750 Washburn Road, Downey, CA 90241-7002  
Telephone (562) 299-5120  
Email: [Sharon.Yang@libertyutilities.com](mailto:Sharon.Yang@libertyutilities.com)

**VIII.**

**EXHIBITS**

- Exhibit A: Articles of Organization
- Exhibit B Good Standing Certifications
- Exhibit C Balance Sheet and Income Statements
- Exhibit D Testimony of Peter Eichler

**IX.**

**REQUESTED AUTHORIZATIONS**

Joint Applicants respectfully request that the Commission proceed expeditiously in the approval of this Application because the public interest does not require a hearing on the Proposed Transaction

for which authority is sought hereby, because no useful purpose would be served by such a hearing, and because the delay involved in a hearing would be adverse to the interest of Joint Applicants and the customers of the CA Liberty Utilities.

WHEREFORE, Joint Applicants respectfully request that this Commission order that:

- (i) the Proposed Transaction, including re-domiciliation of AQN, the upstream parent company of the CA Liberty Utilities, does not constitute a transaction subject to PUC Section 854 or is otherwise exempt from review under PUC Section 854; or
- (ii) alternatively, approve the indirect transfer of control of the CA Liberty Utilities associated with the Proposed Transaction as it does not harm ratepayers and is not otherwise adverse to the public interest.; and
- (iii) grant such further, additional and other relief as the Commission may deem to be necessary or proper.

Respectfully submitted,

LIBERTY UTILITIES (CALPECO ELECTRIC), LLC;  
LIBERTY UTILITIES (PARK WATER) CORP.;  
LIBERTY UTILITIES (APPLE VALLEY RANCHOS)  
CORP., AND ALGONQUIN POWER & UTILITIES  
CORP.

/s/ Victor T. Fu

Victor T. Fu  
Prospera Law, LLP  
1901 Avenue of the Stars, Suite 480  
Los Angeles, CA 90067  
Telephone: (424) 239-1926  
Facsimile: (424) 239-1882  
Email: [vfu@prosperalaw.com](mailto:vfu@prosperalaw.com)

**Dated: August 14, 2026**

Counsel for Joint Applicants

**VERIFICATION**

**For Liberty Utilities (CalPeco Electric) LLC**

I, Eric Schwarzrock, am President of the applicant Liberty Utilities (CalPeco Electric) LLC herein and am authorized to make this verification on its behalf. The statements in the foregoing document are true to my own knowledge, except to the matters which are therein stated on information and belief, and as to those matters, I believe them to be true.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on August 14, 2026, in South Lake Tahoe, California.

/s/ Eric Schwarzrock

Eric Schwarzrock  
President

## **VERIFICATION**

### **For Liberty Utilities (Park Water) Corp. & Liberty Utilities (Apple Valley Ranchos Water) Corp.**

I, Moses Thompson, am President of the applicants Liberty Utilities (Park Water) Corp. and Liberty Utilities (Apple Valley Ranchos Water) Corp., herein and am authorized to make this verification on its behalf. The statements in the foregoing document are true to my own knowledge, except to the matters which are therein stated on information and belief, and as to those matters, I believe them to be true.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on August 14, 2026, in Litchfield Park, Arizona.

*/s/ Moses Thompson*

---

Moses Thompson  
President



**VERIFICATION**

**For Algonquin Power & Utilities**

I, Victor T. Fu, am the attorney for the applicant Algonquin Power & Utilities herein; said applicant is absent from the County of Los Angeles, California, where I have my office, and I make this verification for said applicant for that reason; the statements in the foregoing document are true of my own knowledge, except as to matters which are therein stated on information or belief, and as to those matters I believe them to be true.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on August 14, 2026, in Los Angeles, California.

*/s/ Victor T. Fu*

\_\_\_\_\_  
Victor T. Fu

Attorney for Algonquin Power & Utilities

**Attachment 1**

**Request for Expedited Schedule**

### **Request for Expedited Schedule**

Pursuant to Rule 2.9, Joint Applicants respectfully request that the Commission approve this Joint Application for Exemption from Public Utilities Code Section 854 or, Alternative, Approval Pursuant to Public Utilities Code Section 854 on an expedited basis. Joint Applicants request expedited consideration and seek a Final Decision on this Application by December 2026 in order to enable the Proposed Transaction to close in a timely fashion. Joint Applicants are unaware of any basis upon which any person could be, or could claim to have been, harmed or otherwise negatively affected by the Proposed Transaction, or of any other basis upon which the Application could be classified as other than noncontroversial. As detailed in Section IV and V of the Application, customers of the CA Liberty Utilities will experience no recognizable change in service and the operations for the CA Liberty Utilities will be maintained (i) in a manner consistent with existing authorized uses; (ii) in continued compliance with all applicable federal, state, and local laws; and (iii) in accordance with the rates, terms and conditions currently applicable under each utility's existing tariff schedule. Because no aspect of the Proposed Transaction would adversely affect the public interest and customers of the CA Liberty Utilities stand to benefit from the Proposed Transaction, expedited treatment of this Application is appropriate. Further, Joint Applicants respectfully submit that the information presented herein is sufficiently comprehensive to allow the Commission to rule on the Proposed Transaction. Accordingly, Joint Applicants respectfully requests that the Commission complete its review and approve this Application within one-hundred twenty (120) days of submission.

**Exhibit A**  
**Articles of Organization**

**Liberty AVR**

0200685

**Certificate of Amendment  
of Articles of Incorporation**

**January 11, 2016**

**FILED** 90  
**Secretary of State**  
**State of California** *AT*

**100 JAN 12 2016**

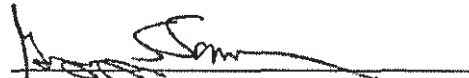
The undersigned certify that:

1. They are the president and the secretary, respectively, of Apple Valley Ranchos Water Co., a California corporation.
2. Article I of the Articles of Incorporation of this corporation is amended to read as follows:  
  
The name of this corporation is Liberty Utilities (Apple Valley Ranchos Water) Corp.
3. The foregoing amendment of Articles of Incorporation has been duly approved by the board of directors.
4. The foregoing amendment of Articles of Incorporation has been duly approved by the required vote of shareholders in accordance with Section 902, California Corporations Code. The total number of outstanding shares of the corporation is seventy-five (75). The number of shares voting in favor of the amendment equaled or exceeded the vote required. The percentage vote required was more than 50%.

*[signature page follows]*

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of our own knowledge as of the date first written above.

Dated this 11th day of January, 2016

  
By: Gregory S. Sorensen  
Title: President  
By: Todd Wiley  
Title: Secretary

0200685

## RESTATED ARTICLES OF INCORPORATION

**FILED**  
in the office of the Secretary of State  
of the State of California

JUL 02 2012

The undersigned certify that:

1. They are the president and secretary, respectively of APPLE VALLEY RANCHOS WATER CO., a California corporation.
2. The Articles of Incorporation of this corporation are amended and restated to read as follows:

## I

The name of this corporation is Apple Valley Ranchos Water Co.

## II

The purpose of this corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of California other than the banking business, the trust company business or the practice of a profession permitted to be incorporated by the California Corporations Code. This corporation elects to be governed by all of the provisions of the General Corporation Law of 1977 not otherwise applicable to it under Chapter 23.

## III

This corporation is authorized to issue only one class of shares of stock, which shall be Common Stock. The total number of shares of Common Stock which this corporation is authorized to issue is One Thousand (1,000) with a par value of \$50.00 per share.

## IV

This corporation is authorized to provide indemnification of agents (as defined in Section 317 of the California Corporations Code) through bylaw provisions, agreements with agents, vote of shareholders or disinterested directors or otherwise, in excess of the indemnification otherwise permitted by Section 317 of the California Corporations Code, subject



only to the applicable limits set forth in Section 204 of the California Corporations Code with respect to actions for breach of duty to the corporation and its shareholders.

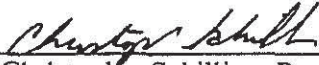
V

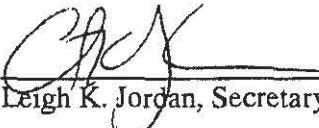
The liability of the directors of the corporation for monetary damages shall be eliminated to the fullest extent permissible under California law.

3. The foregoing amendment and restatement of Articles of Incorporation has been duly approved by the board of directors.
4. The foregoing amendment and restatement of Articles of Incorporation has been duly approved by the required vote of shareholders in accordance with Section 902, California Corporations Code. The total number of outstanding shares of the corporation is Seventy-Five (75). The number of shares voting in favor of the amendment equaled or exceeded the vote required. The percentage vote required was more than fifty percent (50%).

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of our own knowledge.

DATE: June 6, 2012

  
Christopher Schilling, President

  
Leigh K. Jordan, Secretary

**Liberty CalPeco**

LLC-2

# Amendment to Articles of Organization of a Limited Liability Company (LLC)

To change information of record for your California LLC, you can fill out this form, and submit for filing along with:

- A \$30 filing fee.
- A separate, non-refundable \$15 service fee also must be included, if you **drop off** the completed form.
- To file this form, the status of your LLC must be active on the records of the California Secretary of State, or if suspended, this form can only be filed to list a new LLC name. To check the status of the LLC, go to [BusinessSearch.sos.ca.gov](http://BusinessSearch.sos.ca.gov).

**Important!** To change the LLC addresses, or to change the name or address of the LLC's agent for service of process, you must file a Statement of Information (Form LLC-12). To get Form LLC-12, go to [www.sos.ca.gov/business/be/statements.htm](http://www.sos.ca.gov/business/be/statements.htm).

Items 4-6: **Only** fill out the information that is changing. Attach extra pages if you need more space or need to include any other matters.

**FILED**

Secretary of State  
State of California

JUL 14 2017

This Space For Office Use Only

For questions about this form, go to [www.sos.ca.gov/business/be/filing-tips.htm](http://www.sos.ca.gov/business/be/filing-tips.htm).

① **LLC's Exact Name** (on file with CA Secretary of State)

Liberty Utilities (CalPeco Electric) LLC

② **LLC File No.** (Issued by CA Secretary of State)

200910410277

## Purpose

- ③ The purpose of the limited liability company is to engage in any lawful act or activity for which a limited liability company may be organized under the California Revised Uniform Limited Liability Company Act.

**New LLC Name** (List the proposed LLC name exactly as it is to appear on the records of the California Secretary of State.)

④

*Proposed LLC Name*

The proposed new name must include: LLC, L.L.C., Limited Liability Company, Limited Liability Co., Ltd. Liability Co. or Ltd. Liability Company; and may not include: bank, trust, trustee, incorporated, inc., corporation, or corp., insurer, or insurance company.

**Management** (Check only one.)

- ⑤ The LLC will be managed by:

☐ One Manager ☒ More Than One Manager ☐ All Limited Liability Company Member(s)

**Amendment to Text of the Articles of Organization** (List both the current text, and the text as amended by this filing.)

⑥

**Read and sign below:** Unless a greater number is provided for in the Articles of Organization, this form must be signed by at least one manager, if the LLC is manager-managed or at least one member, if the LLC is member-managed. If the signing manager or member is a trust or another entity, go to [www.sos.ca.gov/business/be/filing-tips.htm](http://www.sos.ca.gov/business/be/filing-tips.htm) for more information. If you need more space, attach extra pages that are 1-sided and on standard letter-sized paper (8 1/2" x 11"). All attachments are part of this document.

Signature

David Pasieka

Print your name here

CLASS 1  
Member

Your business title

Make check/money order payable to: **Secretary of State**

Upon filing, we will return one (1) uncertified copy of your filed document for free, and will certify the copy upon request and payment of a \$5 certification fee.

**By Mail**

Secretary of State  
Business Entities, P.O. Box 944228  
Sacramento, CA 94244-2280

**Drop-Off**

Secretary of State  
1500 11th Street., 3rd Floor  
Sacramento, CA 95814





State of California  
Secretary of State

LIMITED LIABILITY COMPANY  
ARTICLES OF ORGANIZATION

LLC-1

File #

200910410277

**FILED**

In the Office of the Secretary of State  
of the State of California

APR 14 2009

A \$70.00 filing fee must accompany this form.

**IMPORTANT – Read instructions before completing this form.**

This Space For Filing Use Only

**ENTITY NAME** (End the name with the words "Limited Liability Company," or the abbreviations "LLC" or "L.L.C." The words "Limited" and "Company" may be abbreviated to "Ltd." and "Co.," respectively.)

1. NAME OF LIMITED LIABILITY COMPANY

California Pacific Electric Company, LLC

**PURPOSE** (The following statement is required by statute and should not be altered.)

2. THE PURPOSE OF THE LIMITED LIABILITY COMPANY IS TO ENGAGE IN ANY LAWFUL ACT OR ACTIVITY FOR WHICH A LIMITED LIABILITY COMPANY MAY BE ORGANIZED UNDER THE BEVERLY-KILLEA LIMITED LIABILITY COMPANY ACT.

**INITIAL AGENT FOR SERVICE OF PROCESS** (If the agent is an individual, the agent must reside in California and both Items 3 and 4 must be completed. If the agent is a corporation, the agent must have on file with the California Secretary of State a certificate pursuant to Corporations Code section 1505 and Item 3 must be completed (leave Item 4 blank).)

3. NAME OF INITIAL AGENT FOR SERVICE OF PROCESS

C T Corporation System

4. IF AN INDIVIDUAL, ADDRESS OF INITIAL AGENT FOR SERVICE OF PROCESS IN CALIFORNIA CITY STATE ZIP CODE

CA

**MANAGEMENT** (Check only one)

5. THE LIMITED LIABILITY COMPANY WILL BE MANAGED BY:

☐

ONE MANAGER

☐

MORE THAN ONE MANAGER

☒

ALL LIMITED LIABILITY COMPANY MEMBER(S)

**ADDITIONAL INFORMATION**

6. ADDITIONAL INFORMATION SET FORTH ON THE ATTACHED PAGES, IF ANY, IS INCORPORATED HEREIN BY THIS REFERENCE AND MADE A PART OF THIS CERTIFICATE.

**EXECUTION**

7. I DECLARE I AM THE PERSON WHO EXECUTED THIS INSTRUMENT, WHICH EXECUTION IS MY ACT AND DEED.

April 13, 2009

DATE

SIGNATURE OF ORGANIZER

Ian Robertson

TYPE OR PRINT NAME OF ORGANIZER

## **Liberty Park Water**

NCTO

A0779382

0173884

**Certificate of Amendment  
of Articles of Incorporation**

**FILED** *gc*  
**Secretary of State  
State of California**

*100* **JAN 12 2016** *HA*

**January 11, 2016**

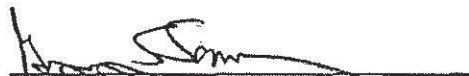
The undersigned certify that:

1. They are the president and the secretary, respectively, of Park Water Company, a California corporation.
2. Article I of the Articles of Incorporation of this corporation is amended to read as follows:  
  
The name of this corporation is Liberty Utilities (Park Water) Corp.
3. The foregoing amendment of Articles of Incorporation has been duly approved by the board of directors.
4. The foregoing amendment of Articles of Incorporation has been duly approved by the required vote of shareholders in accordance with Section 902, California Corporations Code. The total number of outstanding shares of the corporation is one thousand (1,000). The number of shares voting in favor of the amendment equaled or exceeded the vote required. The percentage vote required was more than 50%.

*[signature page follows]*

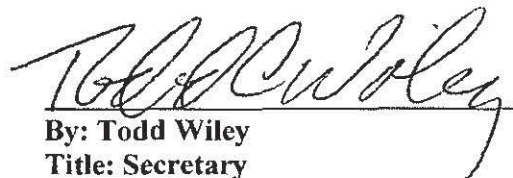
We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of our own knowledge as of the date first written above.

Dated this 11th day of January, 2016



By: Gregory S. Sorensen

Title: President



By: Todd Wiley

Title: Secretary

ARTICLES OF INCORPORATION

OF

PARK WATER COMPANY



**FILED**  
in the office of the Secretary of State  
OF THE STATE OF CALIFORNIA

DEC 15 1937

FRANK C. JORDAN

By *[Signature]*  
SECRETARY OF STATE

173884

KNOW ALL MEN BY THESE PRESENTS, that we, the undersigned, the majority of whom are citizens of the United States and residents of the State of California, being desirous of forming a corporation, have this day voluntarily associated ourselves together for the purpose of forming a corporation under the laws of the State of California, and we do hereby certify:

FIRST: That the name of said corporation shall be

PARK WATER COMPANY

SECOND: That the purposes for which said corporation is formed are as follows, to-wit:

1. To engage in and carry on the business of a water company in all its branches; to sink wells, shafts, drive tunnels and to make, build and construct, lay down, maintain and replace pumping plants, reservoirs, culverts, filter beds, conduits, mains and other pipe lines, appliances and equipment; and to execute and do all other acts and things necessary or convenient for obtaining storage, delivering, measuring and distributing water.

2. To appropriate, buy leases and otherwise acquire, and to hold, own, divert, impound, develop, sell, distribute and otherwise dispose of water, water rights, water privileges, and to acquire, lay, construct, or operate water lines, pipe lines, conduits, aqueducts, reservoirs and any and all structures necessary for the purposes of developing, pumping, raising, diverting, impounding, using, supplying and distributing water for domestic, irrigating, manufacturing and other beneficial uses.

3. To appropriate, purchase or hold, lease, develop and otherwise acquire or procure such other real and personal property, including lands, water rights, easements and rights of way as may be necessary, proper or convenient for the purposes aforesaid;



1 and to do all things and such other acts and things as shall be  
2 necessary or proper in the transaction of its business in order to  
3 develop, distribute, supply and deliver water.

4 4. To buy, lease, build, construct and otherwise acquire,  
5 to replace, repair, maintain and operate wells, pipe lines, engines,  
6 motors, machinery and other means of developing and maintaining a  
7 sufficient supply of water for its purposes.

8 5. To buy, lease, sell, manufacture and otherwise acquire  
9 and dispose of pumps, pipes, tools and all fittings, and appliances  
10 connected therewith.

11 6. To purchase, apply for, and otherwise acquire, sell,  
12 transfer and otherwise dispose of, mortgage and otherwise encumber  
13 franchises, easements, rights, privileges, licenses, trade marks,  
14 trade names, patents, inventions, improvements and processes.

15 7. To buy, lease and otherwise acquire, hold, use, pledge,  
16 mortgage, hypothecate, sell and otherwise dispose of lands and  
17 real and personal property of every nature and description; and to  
18 buy, own, hold, hypothecate, pledge, and otherwise dispose of  
19 shares of the capital stock of other corporations, also bonds,  
20 debentures, bills, promissory notes, mortgages and pledges of  
21 other corporations, partnerships and persons.

22 8. To borrow money and to execute notes, bonds, debentures,  
23 mortgages, deeds of trust, or other instruments necessary to secure  
24 the payment of the same.

25 9. To do all things, exercise all powers necessary,  
26 suitable or proper for the accomplishment or attainment of any or  
27 all of the objects hereinbefore enumerated or which at any time  
28 appear conducive or expedient for the protection or benefit of  
29 the corporation; for the carrying on of the objects and purposes of  
30 this corporation whether such purposes be specifically stated herein  
31 or not.

32 THIRD: That the county in this State where the principal

office for the transaction of the business of the corporation is to be located in the County of Los Angeles.

FOURTH: That the number of directors of said corporation shall be three (3), and the names and residences of said directors who are appointed for the first year and who shall serve until the election and qualification of their successors, are as follows:

| <u>Name</u>  | <u>Address</u>           |
|--------------|--------------------------|
| H.H. Wheeler | Santa Monica, California |
| O.D. Collins | Los Angeles, California  |
| V.E. Motz    | Los Angeles, California  |

FIFTH: That the total number of shares which the corporation shall have authority to issue is One Thousand (1,000) of the par value of Twenty-five Dollars (\$25.00) each and of the aggregate par value of Twenty-five Thousand Dollars (\$25,000.00).

SIXTH: That the amount of the capital stock which has been actually subscribed is Three Hundred Dollars (\$300.00).

SEVENTH: That the names and addresses of the original subscribers of these Articles and the number of shares and the amount subscribed for by each, respectively, are as follows:

| <u>Name</u>  | <u>Address</u>           | <u>No. of<br/>Shares</u> | <u>Amount</u> |
|--------------|--------------------------|--------------------------|---------------|
| H.H. Wheeler | Santa Monica, California | 4                        | \$100.00      |
| O.D. Collins | Los Angeles, California  | 4                        | 100.00        |
| V.E. Motz    | Los Angeles, California  | 4                        | 100.00        |

IN WITNESS WHEREOF, we have hereunto set our hands and seals this \_\_\_\_ day of \_\_\_\_\_, 1937.

H.H. Wheeler  
O.D. Collins  
V.E. Motz

STATE OF CALIFORNIA )  
COUNTY OF LOS ANGELES ) ss.

On this 8th day of December, 1937, before me,  
W. W. Little, a Notary Public in and for said County,  
personally appeared H.H. WHEELER, O.D. COLLINS, and V.E. MOTZ,  
known to me to be the persons whose names are subscribed to the  
foregoing instrument and acknowledged to me that they executed  
the same.

WITNESS my hand and official seal.

W. W. Little ✓  
Notary Public in and for said County  
and State

My Commission Expires September 8, 1940



RECORDED

ENTERED

Henry F. Wheeler  
217 F. W. Washington Blvd  
LA

**Exhibit B**

**Good Standing Certifications**

**Liberty AVR**



# Secretary of State

## Certificate of Status

I, SHIRLEY N. WEBER, PH.D., California Secretary of State, hereby certify:

**Entity Name:** LIBERTY UTILITIES (APPLE VALLEY RANCHOS WATER) CORP.  
**Entity No.:** 0200685  
**Registration Date:** 11/29/1945  
**Entity Type:** Stock Corporation - CA - General  
**Formed In:** CALIFORNIA  
**Status:** Active

The above referenced entity is active on the Secretary of State's records and is authorized to exercise all its powers, rights and privileges in California.

This certificate relates to the status of the entity on the Secretary of State's records as of the date of this certificate and does not reflect documents that are pending review or other events that may impact status.

No information is available from this office regarding the financial condition, status of licenses, if any, business activities or practices of the entity.



**IN WITNESS WHEREOF**, I execute this certificate and affix the Great Seal of the State of California this day of July 23, 2026.

A handwritten signature in black ink, appearing to read "S. N. Weber".

**SHIRLEY N. WEBER, PH.D.**  
**Secretary of State**

**Certificate No.:** 483659536

To verify the issuance of this Certificate, use the Certificate No. above with the Secretary of State Certification Verification Search available at [bizfileOnline.sos.ca.gov](http://bizfileOnline.sos.ca.gov).

**Liberty CalPeco**





# Secretary of State

## Certificate of Status

I, SHIRLEY N. WEBER, PH.D., California Secretary of State, hereby certify:

**Entity Name:** LIBERTY UTILITIES (CALPECO ELECTRIC) LLC  
**Entity No.:** 200910410277  
**Registration Date:** 04/14/2009  
**Entity Type:** Limited Liability Company - CA  
**Formed In:** CALIFORNIA  
**Status:** Active

The above referenced entity is active on the Secretary of State's records and is authorized to exercise all its powers, rights and privileges in California.

This certificate relates to the status of the entity on the Secretary of State's records as of the date of this certificate and does not reflect documents that are pending review or other events that may impact status.

No information is available from this office regarding the financial condition, status of licenses, if any, business activities or practices of the entity.



**IN WITNESS WHEREOF**, I execute this certificate and affix the Great Seal of the State of California this day of July 23, 2026.

**SHIRLEY N. WEBER, PH.D.**  
**Secretary of State**

**Certificate No.:** 483651630

To verify the issuance of this Certificate, use the Certificate No. above with the Secretary of State Certification Verification Search available at [bizfileOnline.sos.ca.gov](http://bizfileOnline.sos.ca.gov).

## **Liberty Park Water**



# Secretary of State

## Certificate of Status

I, SHIRLEY N. WEBER, PH.D., California Secretary of State, hereby certify:

**Entity Name:** LIBERTY UTILITIES (PARK WATER) CORP.  
**Entity No.:** 0173884  
**Registration Date:** 12/15/1937  
**Entity Type:** Stock Corporation - CA - General  
**Formed In:** CALIFORNIA  
**Status:** Active

The above referenced entity is active on the Secretary of State's records and is authorized to exercise all its powers, rights and privileges in California.

This certificate relates to the status of the entity on the Secretary of State's records as of the date of this certificate and does not reflect documents that are pending review or other events that may impact status.

No information is available from this office regarding the financial condition, status of licenses, if any, business activities or practices of the entity.



**IN WITNESS WHEREOF**, I execute this certificate and affix the Great Seal of the State of California this day of July 23, 2026.

A handwritten signature in black ink, appearing to read "Shirley N. Weber".

**SHIRLEY N. WEBER, PH.D.**  
**Secretary of State**

**Certificate No.:** 483658332

To verify the issuance of this Certificate, use the Certificate No. above with the Secretary of State Certification Verification Search available at [bizfileOnline.sos.ca.gov](http://bizfileOnline.sos.ca.gov).

**Exhibit C**

**Balance Sheet and Income Statements**

## **Liberty AVR Financial Statement**

**Consolidated Financial Statements of  
Liberty Utilities (Apple Valley Ranchos Water) Corp.  
For the years ended December 31, 2025 and 2024**

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
**Algonquin Power & Utilities Corp.**

### Opinion

We have audited the consolidated financial statements of Liberty Utilities (Apple Valley Ranchos Water) Corp. [the "Company"], which comprise the consolidated balance sheet as at December 31, 2025, and the consolidated statement of comprehensive income, consolidated statement of changes in member's interest, and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2025, and the consolidated results of its financial performance and its consolidated cash flows for the year ended in accordance with United States generally accepted accounting principles.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with United States generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The logo for Ernst & Young LLP, featuring the company name in a stylized, handwritten-style script.

Chartered Professional Accountants  
Licensed Public Accountants

Toronto, Canada  
May 11<sup>th</sup>, 2026



**Liberty Utilities (Apple Valley Ranchos Water) Corp.**  
**Consolidated Statements of Comprehensive Income**

|                                                        | Years ended December 31, |           |
|--------------------------------------------------------|--------------------------|-----------|
|                                                        | 2025                     | 2024      |
| <i>(thousands of U.S. dollars)</i>                     |                          |           |
| <b>Revenue</b>                                         |                          |           |
| Water distribution                                     | \$ 30,046                | \$ 28,949 |
| Other revenue                                          | 1,193                    | 1,932     |
|                                                        | <b>31,239</b>            | 30,881    |
| <b>Expenses</b>                                        |                          |           |
| Water purchased                                        | 2,680                    | 2,820     |
| Operating costs                                        | 13,179                   | 14,076    |
| Depreciation and amortization of utility plant         | 5,691                    | 4,987     |
|                                                        | <b>21,550</b>            | 21,883    |
| <b>Operating income</b>                                | <b>9,689</b>             | 8,998     |
| Interest expense                                       | 1,611                    | 1,361     |
| Pension and post-employment non-service costs (note 6) | 179                      | 442       |
| Other expenses                                         | 485                      | 64        |
|                                                        | <b>2,275</b>             | 1,867     |
| <b>Earnings before income taxes</b>                    | <b>7,414</b>             | 7,131     |
| Income tax expense (recovery) (note 11)                |                          |           |
| Current                                                | 1,184                    | 1,994     |
| Deferred                                               | 703                      | (202)     |
|                                                        | <b>1,887</b>             | 1,792     |
| <b>Net earnings</b>                                    | <b>\$ 5,527</b>          | \$ 5,339  |

See accompanying notes to consolidated financial statements

**Liberty Utilities (Apple Valley Ranchos Water) Corp.**  
**Consolidated Balance Sheets**

|                                    | December 31,<br>2025 | December 31,<br>2024 |
|------------------------------------|----------------------|----------------------|
| <i>(thousands of U.S. dollars)</i> |                      |                      |
| <b>ASSETS</b>                      |                      |                      |
| Utility plant                      |                      |                      |
| Utility plant in service           | \$ 218,384           | \$ 191,361           |
| Less: accumulated depreciation     | (67,757)             | (62,108)             |
| Total                              | 150,627              | 129,253              |
| Construction work-in-progress      | 8,793                | 28,101               |
| Utility plant, net (note 4)        | 159,420              | 157,354              |
| Regulatory assets (note 5)         | 5,120                | 4,118                |
| Other assets                       | 3,159                | 2,113                |
| Current assets                     |                      |                      |
| Cash and cash equivalents          | —                    | 95                   |
| Supplies and consumables inventory | 536                  | 551                  |
| Accounts receivable, net (note 3)  | 5,650                | 5,791                |
| Prepaid expenses and other         | 779                  | 312                  |
| Regulatory assets (note 5)         | 1,072                | 1,792                |
|                                    | 8,038                | 8,541                |
| Total assets                       | \$ 175,737           | \$ 172,126           |

See accompanying notes to consolidated financial statements

# **Liberty Utilities (Apple Valley Ranchos Water) Corp.** **Consolidated Balance Sheets**

|                                               | December 31,<br>2025 | December 31,<br>2024 |
|-----------------------------------------------|----------------------|----------------------|
| <i>(thousands of U.S. dollars)</i>            |                      |                      |
| <b>LIABILITIES AND EQUITY</b>                 |                      |                      |
| Equity                                        |                      |                      |
| Member's Capital                              | \$ 63,100            | \$ 63,100            |
| Accumulated surplus                           | 44,490               | 38,963               |
| Accumulated other comprehensive income (loss) |                      |                      |
| Total equity attributable to the members      | 107,590              | 102,063              |
| Total equity                                  | 107,590              | 102,063              |
| Deferred income tax liabilities (note 11)     | 11,414               | 10,446               |
| Regulatory liabilities (note 5)               | 6,666                | 5,597                |
| Other long-term liabilities (note 7)          | 23,077               | 24,056               |
| Current liabilities                           |                      |                      |
| Accounts payable                              | 46                   | 144                  |
| Accrued liabilities                           | 1,938                | 3,956                |
| Taxes accrued (note 11)                       | 21,879               | 20,131               |
| Due to related parties (note 8)               | 1,892                | 2,983                |
| Regulatory liabilities (note 5)               | 223                  | 222                  |
| Other liabilities (note 7)                    | 1,012                | 2,528                |
| Total liabilities                             | 68,147               | 70,063               |
| Commitments and contingencies (note 9)        |                      |                      |
| Subsequent events (note 14)                   |                      |                      |
| Total liabilities and equity                  | \$ 175,737           | \$ 172,126           |

See accompanying notes to consolidated financial statements

**Liberty Utilities (Apple Valley Ranchos Water) Corp.**  
**Consolidated Statements of Changes in Equity**

| <i>(thousands of U.S. dollars)</i> | <b>Member's<br/>capital</b> | <b>Accumulated<br/>surplus</b> | <b>Total</b>      |
|------------------------------------|-----------------------------|--------------------------------|-------------------|
| Balance, December 31, 2023         | \$ 63,100                   | \$ 33,624                      | \$ 96,724         |
| Net earnings                       | —                           | 5,339                          | 5,339             |
| Balance, December 31, 2024         | \$ 63,100                   | \$ 38,963                      | \$ 102,063        |
| Net earnings                       | —                           | <b>5,527</b>                   | <b>5,527</b>      |
| <b>Balance, December 31, 2025</b>  | <b>\$ 63,100</b>            | <b>\$ 44,490</b>               | <b>\$ 107,590</b> |

See accompanying notes to consolidated financial statements

**Liberty Utilities (Apple Valley Ranchos Water) Corp.**  
**Consolidated Statements of Cash Flows**

|                                                      | Years ended December 31, |                |
|------------------------------------------------------|--------------------------|----------------|
|                                                      | 2025                     | 2024           |
| <i>(thousands of U.S. dollars)</i>                   |                          |                |
| <b>Cash provided by (used in):</b>                   |                          |                |
| <b>Operating Activities</b>                          |                          |                |
| Net earnings                                         | \$ 5,527                 | \$ 5,339       |
| Items not affecting cash:                            |                          |                |
| Depreciation of utility plant and other amortization | 5,691                    | 4,987          |
| Deferred tax recovery                                | 703                      | (202)          |
| Pension and post-employment non-service costs        | 172                      | 442            |
| Changes in non-cash operating items (note 10)        | (2,341)                  | (2,029)        |
|                                                      | <b>9,752</b>             | <b>8,537</b>   |
| <b>Financing Activities</b>                          |                          |                |
| Decrease in other long-term liabilities              | (1,050)                  | (1,075)        |
|                                                      | <b>(1,050)</b>           | <b>(1,075)</b> |
| <b>Investing Activities</b>                          |                          |                |
| Additions to utility plant                           | (8,797)                  | (7,367)        |
|                                                      | <b>(8,797)</b>           | <b>(7,367)</b> |
| Net increase in cash                                 | (95)                     | 95             |
| Cash and cash equivalents, beginning of year         | 95                       | —              |
| <b>Cash and cash equivalents, end of year</b>        | <b>\$ —</b>              | <b>\$ 95</b>   |

See accompanying notes to consolidated financial statements

**Liberty Utilities (Apple Valley Ranchos Water) Corp.**

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in thousands of U.S. dollars)*

---

Liberty Utilities (Apple Valley Ranchos Water) Corp. ("Company") is the owner and holding company for a water supply utility in the United States of America providing water supply services to customers in the state of California. The Company is 100% owned by Liberty Utilities Co. ("Liberty Utilities").

**1. Significant accounting policies**

(a) Basis of preparation

The accompanying consolidated financial statements and notes have been prepared in accordance with generally accepted accounting principles in the United States ("U.S. GAAP").

(b) Business combinations and goodwill

The Company accounts for acquisitions of entities or assets that meet the definition of a business as business combinations. Business combinations are accounted for using the acquisition method. Assets acquired and liabilities assumed are measured at their fair value at the acquisition date. Acquisition costs are expensed in the period incurred. When the set of activities does not represent a business, the transaction is accounted for as an asset acquisition and includes acquisition costs. Goodwill represents the excess of the purchase price of an acquired business over the fair value of the net assets acquired. Goodwill is not included in the rate-base on which the utility is allowed to earn a return and is not amortized.

As at September 30 of each year, the Company assesses qualitative and quantitative factors to determine whether it is more likely than not that the fair value of a reporting unit to which goodwill is attributed is less than its carrying amount. If it is more likely than not that a reporting unit's fair value is less than its carrying amount or if a quantitative assessment is elected, the Company calculates the fair value of the reporting unit. The carrying amount of the reporting unit's goodwill is considered not recoverable if the carrying amount of the reporting unit as a whole exceeds the reporting unit's fair value. An impairment charge is recorded for any excess of the carrying value of the goodwill over the implied fair value. Goodwill is tested for impairment between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount.

(c) Accounting for rate-regulated operations

The Company is subject to rate regulation overseen by the public utility commission in California (the "Regulator"). The Regulator provides the final determination of the rates charged to customers. The Company is accounted for under the principles of U.S. Financial Accounting Standards Board ("FASB") "ASC" Topic 980, *Regulated Operations* ("ASC 980"). Under ASC 980, regulatory assets and liabilities are recorded to the extent that they represent probable future revenue or expenses associated with certain charges or credits that will be recovered from or refunded to customers through the rate-making process. Included in note 5, "Regulatory matters" are details of regulatory assets and liabilities, and their current regulatory treatment.

In the event the Company determines that its net regulatory assets are not probable of recovery, it would no longer apply the principles of the current accounting guidance for rate regulated enterprises and would be required to record an after-tax, non-cash charge or credit against earnings for any remaining regulatory assets or liabilities. The impact could be material to the Company's reported financial condition and results of operations.

The Company's accounts are maintained in accordance with the Uniform System of Accounts prescribed by the National Association of Regulatory Utility Commissioners.

**Liberty Utilities (Apple Valley Ranchos Water) Corp.**

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in thousands of U.S. dollars)*

---

**1. Significant accounting policies (continued)**

(d) Cash and cash equivalents

Cash and cash equivalents include all highly liquid instruments with an original maturity of three months or less.

(e) Accounts receivable

Trade accounts receivable are recorded at the invoiced amount and do not bear interest. The Company maintains an allowance for doubtful accounts for estimated losses inherent in its accounts receivable portfolio. In establishing the required allowance, management considers historical losses adjusted to take into account current market conditions and customers' financial condition, the amount of receivables in dispute, and the receivables aging and current payment patterns. Account balances are charged against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. The Company does not have any off-balance sheet credit exposure related to its customers.

(f) Supplies and consumables inventory

Supplies and consumables inventory (other than capital spares and rotatable spares, which are included in utility plant) are charged to inventory when purchased and then capitalized to plant or expensed, as appropriate, when installed, used or upon becoming obsolete. These items are stated at the lower of cost and net realizable value. Through rate orders and the regulatory environment, capitalized construction jobs are recovered through rate base, and repair and maintenance expenses are recovered through a cost of service calculation. Accordingly, the cost usually reflects the net realizable value.

(g) Utility plant

Utility plant, consisting of regulated water distribution assets, equipment and land, is recorded at cost. Project development costs, including expenditures for preliminary surveys, plans, investigations, environmental studies, regulatory applications and other costs incurred for the purpose of determining the feasibility of capital expansion projects, are capitalized either as plant or regulatory asset when it is determined that recovery of such costs through regulated revenue of the completed project is probable.

The costs of acquiring or constructing property, plant and equipment include the following: materials, labor, contractor and professional services, construction overhead directly attributable to the capital project (where applicable) and allowance for funds used during construction for regulated property. Where possible, individual components are recorded and depreciated separately in the books and records of the Company. Plant and equipment under capital leases are initially recorded at cost determined as the present value of minimum lease payments.

Improvements that increase or prolong the service life or capacity of an asset are capitalized. Maintenance and repair costs are expensed as incurred.

Contributions in aid of construction represent amounts contributed by customers, governments and developers to assist with the funding of some or all of the cost of utility capital assets. They also include amounts initially recorded as advances in aid of construction (note 7) but where the advance repayment period has expired. These contributions are recorded as a reduction in the cost of utility assets and are amortized at the rate of the related asset as a reduction to depreciation expense.

**Liberty Utilities (Apple Valley Ranchos Water) Corp.**

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in thousands of U.S. dollars)*

---

**1. Significant accounting policies (continued)****(g) Utility plant (continued)**

The Company's depreciation is based on the estimated useful lives of the depreciable assets in each category and is determined using the straight-line method. The ranges of estimated useful lives and the weighted average useful lives are summarized below:

|                                              | Range of useful lives |       | Weighted average useful lives |      |
|----------------------------------------------|-----------------------|-------|-------------------------------|------|
|                                              | 2025                  | 2024  | 2025                          | 2024 |
| Plant                                        | <b>25-50</b>          | 12-50 | <b>38</b>                     | 38   |
| Equipment, office furniture and improvements | <b>6-25</b>           | 7-25  | <b>22</b>                     | 13   |

In accordance with Regulator-approved accounting policies, when depreciable property, plant and equipment are replaced or retired, the original cost plus any removal costs incurred (net of salvage) are charged to accumulated depreciation with no gain or loss reflected in results of operations. Gains and losses will be charged to results of operations in the future through adjustments to depreciation expense.

**(h) Impairment of long-lived assets**

The Company reviews utility plant and finite-life intangible assets for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. Recoverability of assets expected to be held and used is measured by comparing the carrying amount of an asset to undiscounted expected future cash flows. If the carrying amount exceeds the recoverable amount, the asset is written down to its fair value.

**(i) Pension and other post-employment plans**

The Company has established defined contribution pension plans, defined benefit pension plans, and other post-employment benefit ("OPEB") plans for its various employee groups. Employer contributions to the defined contribution pension plans are expensed as employees render service. The Company recognizes the funded status of its defined benefit pension plans and OPEB plans on the consolidated balance sheets. The Company's expense and liabilities are determined by actuarial valuations, using assumptions that are evaluated annually as of December 31, including discount rates, mortality, assumed rates of return, compensation increases, turnover rates and health care cost trend rates. The impact of modifications to those assumptions and modifications to prior services are recorded as actuarial gains and losses in accumulated other comprehensive income ("AOCI") and amortized to net periodic cost over future periods using the corridor method. When settlements of the Company's pension plans occur, the Company recognizes associated gains or losses immediately in earnings if the cost of all settlements during the year is greater than the sum of the service cost and interest cost components of the pension plan for the year. The amount recognized is a pro rata portion of the gains and losses in AOCI equal to the percentage reduction in the projected benefit obligation as a result of the settlement. The costs of the Company's pension for employees are expensed over the periods during which employees render service and are recognized as part of administrative expenses in the consolidated statements of comprehensive income.

The components of net periodic benefit cost other than the service cost component are included in pension and post-employment non-service costs in the consolidated statements of comprehensive income.



**Liberty Utilities (Apple Valley Ranchos Water) Corp.**

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in thousands of U.S. dollars)*

---

**1. Significant accounting policies (continued)**

(j) Leases

The Company accounts for leases in accordance with ASC Topic 842, *Leases*.

The Company leases office equipment for use in its day-to-day operations. The Company has options to extend the lease term of many of its lease agreements, with renewal periods ranging from one to five years. As at the consolidated balance sheet date at December 31, 2025, the Company is not reasonably certain that these renewal options will be exercised. The right-of-use assets are included in plant while lease liabilities are included in operating leases on the consolidated balance sheets. The discount rates used in the measurement of the Company's right-of-use assets and liabilities are the discount rates at the date of lease inception. The Company's lease balances as at December 31, 2025 and its expected lease payments for the next five years and thereafter are not significant.

(k) Revenue recognition

Distribution revenue is recognized over time when water is processed or delivered to customers. At the end of each month, the water delivered to the customers from the date of their last meter read to the end of the month is estimated and the corresponding unbilled revenue is recorded. These estimates of unbilled revenue are based on the ratio of billable days versus unbilled days, amount of water procured and collected during that month, historical customer class usage patterns and current tariffs. Unbilled receivables are typically billed within the next month.

On occasion, a utility is permitted to implement new rates that have not been formally approved by the regulatory commission, which are subject to refund. The Company recognizes revenue based on the interim rate and, if needed, establishes a reserve for amounts that could be refunded based on experience for the jurisdiction in which the rates were implemented.

(l) Income taxes

Income taxes are accounted for using the asset and liability method. Deferred income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the consolidated financial statement carrying amounts of assets and liabilities and their respective tax bases. Deferred income tax assets and liabilities are measured using the enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. A valuation allowance is recorded against deferred income tax assets to the extent that it is considered more likely than not that the deferred income tax asset will not be realized. In the event of a change in tax rates, deferred tax assets and liabilities are remeasured as of the enactment date of the new rates. To the extent that the change in the value of the deferred tax represents an obligation to customers, the impact of the remeasurement is deferred to a regulatory liability. Remaining impacts are recorded in income from continuing operations. Investment tax credits for the rate-regulated operations are deferred and amortized as a reduction to income tax expense over the estimated useful lives of the properties.

The organizational structure of the Company and its subsidiaries is complex and the related tax interpretations, regulations and legislation in the tax jurisdictions in which they operate are continually changing. As a result, there can be tax matters that have uncertain tax positions. The Company recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely to be realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs.

**Liberty Utilities (Apple Valley Ranchos Water) Corp.**

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in thousands of U.S. dollars)*

---

**1. Significant accounting policies (continued)****(m) Financial instruments and derivatives**

Accounts receivable and notes receivable are measured at amortized cost.

**Fair value measurements**

The Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Company determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

- Level 1 Inputs: Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date.
- Level 2 Inputs: Other than quoted prices included in Level 1, inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3 Inputs: Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

**(n) Commitments and contingencies**

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred.

**(o) Use of estimates**

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of these consolidated financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates. During the years presented, management has made a number of estimates and valuation assumptions, including the useful lives and recoverability of utility plant, intangible assets and goodwill; assessments of unbilled revenue; pension and OPEB obligations; timing effect of regulated assets and liabilities; and the fair value of assets and liabilities acquired in an asset acquisition. These estimates and valuation assumptions are based on present conditions and management's planned course of action, as well as assumptions about future business and economic conditions. Should the underlying valuation assumptions and estimates change, the recorded amounts could change by a material amount.

**2. Recently issued accounting pronouncements****(a) Recently adopted accounting pronouncements**

The Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2022-04, *Liabilities — Supplier Finance Programs (Subtopic 405-50): Disclosure of Supplier Finance Program Obligations*, which requires that a buyer in a supplier finance program disclose sufficient information about the program to allow a user of financial statements to understand the program's nature, activity during the period, changes from period to period and potential magnitude. The Company does not expect a material impact to this pronouncement.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. The amendments in this update enhance the transparency and decision-usefulness of income tax disclosures in the notes to financial statements, through improvements to disclosures primarily related to the rate reconciliation and income taxes paid. The Company adopted the new guidance for the year ended December 31, 2025. The expanded disclosures are presented in note 11.

**Liberty Utilities (Apple Valley Ranchos Water) Corp.**

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in thousands of U.S. dollars)***2. Recently issued accounting pronouncements (continued)****(b) Recently issued accounting guidance not yet adopted**

The Financial Accounting Standards Board ("FASB") issued ASU 2024-02, *Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method — A Consensus of the Emerging Issues Task Force*, which permits a reporting entity, if certain conditions are met, to elect to account for its tax equity investments by using the proportional amortization method regardless of the program from which it receives income tax credits. The amendments in this update are effective for fiscal years beginning after December 15, 2024, including interim periods within those fiscal years. Early adoption is permitted. The Company is currently assessing the applicability and potential impact of the new guidance.

The Financial Accounting Standards Board ("FASB") issued ASU 2024-05, *Joint Venture Formations: Recognition and Initial Measurement*, which requires a joint venture to recognize and initially measure its assets and liabilities at fair value as at the joint venture formation date. The amendments in this update are effective prospectively for all joint venture formations with a formation date on or after January 1, 2025. Additionally, a joint venture formed before January 1, 2025 may elect to apply the amendments retrospectively if it has sufficient information. Early adoption is permitted. The Company is currently assessing the applicability and potential impact of the new guidance. The Company does not expect material impact to this pronouncement.

**3. Accounts receivable**

Accounts receivable at December 31, 2025 were \$5,650, which include unbilled revenue of \$3,224 (2024 – \$3,069). Accounts receivable are presented net of an allowance for doubtful accounts of \$288 (2024 – \$415).

**4. Utility plant**

Utility plant of the Company consists of water supply and distribution assets used to distribute water within a specific geographic service territory to supply end users.

|                                                                               | 2025       | 2024       |
|-------------------------------------------------------------------------------|------------|------------|
| Land and land rights                                                          | \$ 8,801   | \$ 8,801   |
| Plant                                                                         | 217,394    | 189,946    |
| Contributions in aid of construction                                          | (7,811)    | (7,386)    |
|                                                                               | 218,384    | 191,361    |
| Accumulated depreciation                                                      | (72,973)   | (67,138)   |
| Accumulated depreciation on contributions in aid of construction amortization | 5,216      | 5,030      |
|                                                                               | 150,627    | 129,253    |
| Construction work-in-progress                                                 | 8,793      | 28,101     |
| Net utility plant                                                             | \$ 159,420 | \$ 157,354 |

**5. Regulatory matters**

The Company is subject to rate regulation by the California Public Utilities Commission ("CPUC"), and National Association of Regulatory Utility Commissioners in some instances. The CPUC has jurisdiction with respect to rate, service, accounting procedures, issuance of securities, acquisitions and other matters. The Company operates under cost-of-service regulation as administered by the CPUC. The Company uses a test year in the establishment of its rates and, pursuant to this method, the determination of the rate of return on approved rate base and deemed capital structure, together with all reasonable and prudent costs, establishes the revenue requirement upon which the Company's customer rates are determined.

**Liberty Utilities (Apple Valley Ranchos Water) Corp.**

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in thousands of U.S. dollars)***5. Regulatory matters (continued)**

The Company is accounted for under the principles of ASC 980. Under ASC 980, regulatory assets and liabilities that would not be recorded under U.S. GAAP for non-regulated entities are recorded to the extent that they represent probable future revenue or expenses associated with certain charges or credits that will be recovered from or refunded to customers through the rate-setting process.

The Company is required to file a rate case with its Regulator on a regular three-year cycle. Rate cases seek to ensure that the Company has the opportunity to recover its operating costs and earn a fair and reasonable return on its capital investment as allowed by the regulatory authority under which the Company operates.

Regulatory assets and liabilities consist of the following:

|                                                | 2025     | 2024     |
|------------------------------------------------|----------|----------|
| <b>Regulatory assets</b>                       |          |          |
| Rate adjustment mechanism (a)                  | \$ 4,446 | \$ 4,186 |
| Pension and other post-employment benefits (b) | 1,164    | 1,056    |
| Other (d)                                      | 582      | 668      |
| Total regulatory assets                        | \$ 6,192 | \$ 5,910 |
| Less: current regulatory assets                | (1,072)  | (1,792)  |
| Non-current regulatory assets                  | \$ 5,120 | \$ 4,118 |
| <b>Regulatory liabilities</b>                  |          |          |
| Pension and other post-employment benefits (b) | \$ 1,314 | \$ —     |
| Taxes (c)                                      | 5,292    | 5,540    |
| Other (d)                                      | 283      | 279      |
| Total regulatory liabilities                   | \$ 6,889 | \$ 5,819 |
| Less: current regulatory liabilities           | (223)    | (222)    |
| Non-current regulatory liabilities             | \$ 6,666 | \$ 5,597 |

**(a) Rate adjustment mechanism**

Revenue for the Company is subject to a revenue decoupling mechanism approved by the CPUC, which requires charging annual delivery revenue on a systematic basis over the fiscal year. As a result, the difference between delivery revenue calculated based on metered consumption and approved delivery revenue is a regulatory asset or liability to reflect future recovery from or refund to, respectively, customers.

**(b) Pension and other post-employment benefits**

The regulatory assets represent amounts of pension and post-employment benefits that have not yet been recognized in net periodic cost and were presented as AOCI prior to the acquisition. The balance is recovered through rates over the future service years of the employees at the time the regulatory asset was set up (an average of 10 years). The CPUC has approved tracking accounts for the Company to record the difference between actual expenses incurred and recovery or refunds expected to occur in future periods.

**Liberty Utilities (Apple Valley Ranchos Water) Corp.**

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in thousands of U.S. dollars)*

---

**5. Regulatory matters (continued)**

(c) Taxes

The income tax regulatory assets and liabilities represent income taxes recoverable through future revenues required to fund flow-through deferred income tax liabilities and amounts owed to customers for deferred taxes collected at a higher rate than the current statutory rates.

(d) Customer programs

The Company has a program called California Alternative Rates for Water that provides a fixed discount for qualifying customers. The tracking mechanism records the net difference between the discounts provided and the related surcharges to non-qualifying customers.

**Liberty Utilities (Apple Valley Ranchos Water) Corp.**

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in thousands of U.S. dollars)***6. Pension and other post-employment benefits**

The Company provides defined contribution pension plans to substantially all of its employees. The Company's contributions for 2025 were \$318 (2024 - \$338).

The Company provides a defined benefit cash balance pension plan covering substantially all its employees, under which employees are credited with a percentage of base pay plus a prescribed interest rate credit. The Company also has an OPEB plan providing health care and life insurance coverage to eligible retired employees. Eligibility is based on age and length of service requirements and, in most cases, retirees must cover a portion of the cost of their coverage. The OPEB balance is presented as part of other assets in the consolidated balance sheets.

**(a) Net pension and OPEB obligation**

The following table sets forth the projected benefit obligations, fair value of plan assets, and funded status of the Company's plans at December 31:

|                                                                   | <b>Pension benefits</b> |                 | <b>OPEB</b>     |                 |
|-------------------------------------------------------------------|-------------------------|-----------------|-----------------|-----------------|
|                                                                   | <b>2025</b>             | <b>2024</b>     | <b>2025</b>     | <b>2024</b>     |
| <b>Change in projected benefit obligation</b>                     |                         |                 |                 |                 |
| Projected benefit obligation, beginning of year                   | \$ 9,342                | \$ 9,648        | \$ 1,635        | \$ 1,745        |
| Service cost                                                      | 194                     | 206             | 29              | 40              |
| Interest cost                                                     | 517                     | 499             | 86              | 87              |
| Actuarial loss (gain)                                             | 296                     | (548)           | 1               | (237)           |
| Transfers from another division                                   | (96)                    | —               | —               | —               |
| Contributions from retirees                                       | —                       | —               | 10              | —               |
| Benefits paid                                                     | (138)                   | (463)           | (131)           | —               |
| <b>Projected benefit obligation, end of year</b>                  | <b>\$ 10,115</b>        | <b>\$ 9,342</b> | <b>\$ 1,630</b> | <b>\$ 1,635</b> |
| <b>Change in plan assets</b>                                      |                         |                 |                 |                 |
| Fair value of plan assets, beginning of year                      | \$ 9,769                | \$ 9,184        | \$ 3,152        | \$ 2,916        |
| Actual return on plan assets                                      | 1,410                   | 710             | 442             | 237             |
| Transfers from another division                                   | (97)                    | —               | —               | —               |
| Employer contributions                                            | 318                     | 338             | 10              | (1)             |
| Benefits paid                                                     | (138)                   | (463)           | (130)           | —               |
| <b>Fair value of plan assets, end of year</b>                     | <b>\$ 11,262</b>        | <b>\$ 9,769</b> | <b>\$ 3,474</b> | <b>\$ 3,152</b> |
| <b>Unfunded status</b>                                            | <b>\$ 1,147</b>         | <b>\$ 427</b>   | <b>\$ 1,844</b> | <b>\$ 1,517</b> |
| Amounts recognized in the consolidated balance sheets consist of: |                         |                 |                 |                 |
| Non-current assets (liabilities)                                  | 1,147                   | 427             | 1,844           | 1,517           |
| <b>Net amount recognized</b>                                      | <b>\$ 1,147</b>         | <b>\$ 427</b>   | <b>\$ 1,844</b> | <b>\$ 1,517</b> |

The accumulated benefit obligation for the pension plans was \$9,869 and \$9,027 at December 31, 2025 and 2024, respectively.

**Liberty Utilities (Apple Valley Ranchos Water) Corp.**

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in thousands of U.S. dollars)***6. Pension and other post-employment benefits (continued)**

## (b) Assumptions

Assumptions used to determine the net benefit cost for 2025 and 2024 were as follows:

|                                         | Pension benefits  |            | OPEB          |        |
|-----------------------------------------|-------------------|------------|---------------|--------|
|                                         | 2025              | 2024       | 2025          | 2024   |
| Discount rate                           | <b>5.72-5.82%</b> | 5.22-5.27% | <b>5.74%</b>  | 5.24%  |
| Expected return on assets               | <b>5.50-7.00%</b> | 5.50-7.00% | <b>5.50%</b>  | 5.50%  |
| Rate of compensation increase           | <b>3.50-6.00%</b> | 3.50-6.00% | <b>3.50%</b>  | 3.50%  |
| Health care cost trend rate             |                   |            |               |        |
| Before age 65                           |                   |            | <b>6.750%</b> | 7.000% |
| Assumed Ultimate Medical Inflation Rate |                   |            | <b>4.50%</b>  | 4.50%  |
| Year in which Ultimate Rate is reached  |                   |            | <b>2034</b>   | 2034   |

Assumptions used to determine the benefit obligation for 2025 and 2024 were as follows:

|                                         | Pension benefits  |            | OPEB         |       |
|-----------------------------------------|-------------------|------------|--------------|-------|
|                                         | 2025              | 2024       | 2025         | 2024  |
| Discount rate                           | <b>5.45-5.66%</b> | 5.72-5.82% | <b>5.50%</b> | 5.74% |
| Rate of compensation increase           | <b>3.50-6.00%</b> | 3.50-6.00% | <b>3.50%</b> | 3.50% |
| Health care cost trend rate             |                   |            |              |       |
| Before age 65                           |                   |            | <b>7.00%</b> | 6.75% |
| Assumed Ultimate Medical Inflation Rate |                   |            | <b>4.50%</b> | 4.50% |
| Year in which Ultimate Rate is reached  |                   |            | <b>2036</b>  | 2034  |

Assumptions used to determine the net benefit obligation in 2025 were as follows:

The mortality assumption for December 31, 2025 uses the Pri-2012 mortality table and the projected generational scale MP-2022, adjusted to reflect the ultimate improvement rates contained in the 2025 Social Security Administration Intermediate assumptions. In selecting an assumed discount rate, the Company uses a modeling process that involves selecting a portfolio of high-quality corporate debt issuances (AA- or better) whose cash flows (via coupons or maturities) match the timing and amount of the Company's expected future benefit payments. The Company considers the results of this modeling process, as well as overall rates of return on high-quality corporate bonds and changes in such rates over time, to determine its assumed discount rate. The rate of return assumptions are based on projected long-term market returns for the various asset classes in which the plans are invested, weighted by the target asset allocations. The rate of return assumptions are based on projected long-term market returns for the various asset classes in which the plans are invested, weighted by the target asset allocations.

**Liberty Utilities (Apple Valley Ranchos Water) Corp.**

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in thousands of U.S. dollars)***6. Pension and other post-employment benefits (continued)**

## (c) Benefit costs

The following table lists the components of net benefit cost for the pension plans and OPEB recorded as part of operating costs in the consolidated statements of comprehensive income.

|                                           | Pension benefits |        | OPEB    |         |
|-------------------------------------------|------------------|--------|---------|---------|
|                                           | 2025             | 2024   | 2025    | 2024    |
| Service cost                              | \$ 194           | \$ 206 | \$ 29   | \$ 40   |
| Non-service costs                         |                  |        |         |         |
| Interest cost                             | 517              | 499    | 87      | 87      |
| Expected return on plan assets            | (626)            | (562)  | (197)   | (183)   |
| Amortization of net actuarial loss (gain) | (75)             | (60)   | (13)    | 13      |
|                                           | (184)            | (123)  | (123)   | (83)    |
| Net benefit cost                          | \$ 10            | \$ 83  | \$ (94) | \$ (43) |

**7. Other long-term liabilities**

|                                         | 2025      | 2024      |
|-----------------------------------------|-----------|-----------|
| Advances in aid of construction         | \$ 23,970 | \$ 25,019 |
| Other long-term liabilities             | 119       | 1,565     |
| Total other long-term liabilities       | \$ 24,089 | \$ 26,584 |
| Less: current portion                   | (1,012)   | (2,528)   |
| Non-current other long-term liabilities | \$ 23,077 | \$ 24,056 |

The Company has various agreements with real estate development companies (the “developers”) conducting business within the Company’s utility service territories, whereby funds are advanced to the Company by the developers to assist with funding some or all of the costs of the development.

In many instances, developer advances can be subject to refund, but the refund is non-interest bearing. Refunds of developer advances are made over various periods as prescribed by the CPUC. Some are refunded over 40 years while others are refunded contingent upon developer activity. Advances not refunded within the prescribed period are usually not required to be repaid. After the prescribed period has lapsed, any remaining unpaid balance is transferred to contributions in aid of construction and recorded as an offsetting amount to the cost of utility plant.



**Liberty Utilities (Apple Valley Ranchos Water) Corp.**

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in thousands of U.S. dollars)***8. Related party transactions**

Due to related parties represents advances for current operating costs and reimbursement for management and accounting services provided by entities related to Liberty Utilities as well as other third-party costs incurred by entities related to Liberty Utilities on behalf of the Company. These amounts do not bear interest and have no fixed repayment terms. Total amounts allocated for the year ended December 31, 2025 were \$3,005 (2024 - \$2,870).

Periodically, there are advances due to and from related parties. Such advances bear interest on variable rates and are due on demand. As at December 31, 2025, the net amounts payable to related parties total \$1,892 (2024 - \$2,983).

**9. Commitments and contingencies****(a) Contingencies**

The Company is involved in various litigation arising out of the ordinary course and conduct of its business. Although such matters cannot be predicted with certainty, management does not consider the Company's exposure to such litigation to be material to these consolidated financial statements. Accruals for any contingencies related to these items, if any, are recorded in the consolidated financial statements at the time it is concluded that its occurrence is probable and the related liability is estimable.

**(b) Commitments**

There are no future commitments that exist at December 31, 2025.

**10. Non-cash operating items**

The changes in non-cash operating items consist of the following:

|                                          | Years ended December 31, |                   |
|------------------------------------------|--------------------------|-------------------|
|                                          | 2025                     | 2024              |
| Accounts receivable                      | \$ 141                   | \$ 1,056          |
| Prepaid expenses and other               | (467)                    | 159               |
| Supplies and consumables inventory       | 14                       | 57                |
| Accounts payable and accrued liabilities | (269)                    | 1,411             |
| Due to related parties                   | (2,441)                  | (9,197)           |
| Net regulatory assets and liabilities    | 1,413                    | 4,485             |
| Other assets                             | (732)                    | —                 |
|                                          | <b>\$ (2,341)</b>        | <b>\$ (2,029)</b> |

**Liberty Utilities (Apple Valley Ranchos Water) Corp.**

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in thousands of U.S. dollars)***11. Income taxes**

The income tax expense in the consolidated statements of comprehensive income represents an effective tax rate different than U.S. enacted federal statutory income tax rate of 21.0% (2024 - 21.0%).

The differences are as follows:

|                                                                                     | <b>2025 Percentage</b> |             | <b>2024 Percentage</b> |             |
|-------------------------------------------------------------------------------------|------------------------|-------------|------------------------|-------------|
| Federal statutory income tax rate                                                   | <b>1,557</b>           | <b>21 %</b> | 1,498                  | 21 %        |
| Domestic federal                                                                    |                        |             |                        |             |
| Nontaxable or nondeductible items                                                   | <b>2</b>               | <b>— %</b>  | 3                      | <b>— %</b>  |
| Amortization of excess deferred income tax                                          | <b>(176)</b>           | <b>(2)%</b> | (178)                  | <b>(3)%</b> |
| Other                                                                               | <b>(11)</b>            | <b>— %</b>  | —                      | <b>— %</b>  |
| Domestic state and local income taxes (primarily California), net of federal effect | <b>515</b>             | <b>7 %</b>  | 469                    | <b>7 %</b>  |
| <b>Total</b>                                                                        | <b>1,887</b>           | <b>26 %</b> | <b>1,792</b>           | <b>25 %</b> |

All earnings for the years ended December 31, 2025 and December 31, 2024 are derived entirely from operations within the U.S. For the year ended December 31, 2025 and 2024, the Company recorded U.S. income tax expense of \$1,887 (comprising federal tax expense of \$1,372 and state tax expense of \$515) and \$1,792 (comprising federal tax expense of \$1,323 and state tax expense of \$469) respectively.

The tax effect of temporary differences between the consolidated financial statements carrying amounts of assets and liabilities and their respective tax bases that give rise to significant portions of the deferred tax assets and deferred tax liabilities as of December 31, 2025 and 2024 are presented below:

|                                            | <b>2025</b>      | <b>2024</b> |
|--------------------------------------------|------------------|-------------|
| Deferred tax assets:                       |                  |             |
| Regulated liabilities                      | <b>\$ 1,556</b>  | \$ 1,624    |
| Other                                      | <b>2,581</b>     | 2,776       |
| <b>Total deferred tax assets</b>           | <b>4,137</b>     | 4,400       |
| Deferred tax liabilities                   |                  |             |
| Utility plant                              | <b>13,350</b>    | 12,648      |
| Regulated assets                           | <b>1,567</b>     | 1,596       |
| Pension and OPEB                           | <b>634</b>       | 602         |
| <b>Total deferred tax liabilities</b>      | <b>15,551</b>    | 14,846      |
| <b>Net deferred income tax liabilities</b> | <b>\$ 11,414</b> | \$ 10,446   |

Deferred income taxes are classified in the consolidated financial statements as follows (in thousands):

|                                 | <b>2025</b>      | <b>2024</b> |
|---------------------------------|------------------|-------------|
| Deferred income tax liabilities | <b>\$ 11,414</b> | \$ 10,446   |

**Liberty Utilities (Apple Valley Ranchos Water) Corp.**

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in thousands of U.S. dollars)*

---

**11. Income taxes (continued)**

Tax information included in these consolidated financial statements reflects the results of operations of the Company on a stand-alone basis. Upon our acquisition on January 8, 2016, the Company joined the Liberty Utilities consolidated group for filing federal and state income tax returns. As such, the Company's current income and carried forward tax attributes were combined with those of the other Liberty Utilities companies. The liability for current income taxes is carried in "Taxes accrued" on the consolidated balance sheets for stand-alone statement presentation. This liability will be resolved by intercompany payment to Liberty Utilities rather than by direct payment to tax jurisdictions. Of the \$21,879 in taxes accrued as at December 31, 2025, \$21,315 related to the Company's stand-alone income tax liability (2024 income tax liability: \$20,131). For the years ended December 31, 2025 and 2024, no income tax payments or settlements were made with other members of the consolidated tax group.

**12. Financial instruments****(a) Risk management**

In the normal course of business, the Company is exposed to financial risks that potentially impact its operating results. The Company employs risk management strategies with a view of mitigating these risks to the extent possible on a cost-effective basis. The Company does not enter into derivative financial agreements for speculative purposes. This note provides disclosures relating to the nature and extent of the Company's exposure to risks arising from financial instruments, including credit risk, and how the Company manages those risks.

**(b) Credit risk**

Credit risk is the risk of an unexpected loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's financial instruments that are exposed to concentrations of credit risk are primarily cash and cash equivalents and accounts receivable. The Company limits its exposure to credit risk with respect to cash equivalents by ensuring available cash is deposited with its senior lenders all of which have a credit rating of A or better.

Credit risk related to the accounts receivable balance is spread over thousands of customers. The Company has processes in place to monitor and evaluate this risk on an ongoing basis including background credit checks and security deposits from new customers. In addition, the CPUC allows for a reasonable bad debt expense to be incorporated in the rates and therefore recovered from rate payers.

|                                 | 2025            | 2024            |
|---------------------------------|-----------------|-----------------|
| Accounts receivable             | 5,938           | 6,206           |
| Allowance for doubtful accounts | (288)           | (415)           |
|                                 | <b>\$ 5,650</b> | <b>\$ 5,791</b> |

**Liberty Utilities (Apple Valley Ranchos Water) Corp.**

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in thousands of U.S. dollars)*

---

**13. Member's deficiency**

The Company is a single member limited liability corporation. As of December 31, 2025, all outstanding equity deficiency membership units of the Company belong to Liberty Utilities.

**14. Subsequent events**

The Company has evaluated subsequent events from the consolidated balance sheet date through May 11, 2026, the date at which the consolidated financial statements were available to be issued, and determined that there are no other items to be disclosed.

**Liberty Park Financial Statement**

**Consolidated Financial Statements of  
Liberty Utilities (Park Water) Corp.  
For the years ended December 31, 2025 and 2024**

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
**Algonquin Power & Utilities Corp.**

### **Opinion**

We have audited the consolidated financial statements of Liberty Utilities (Park Water) Corp. [the "Company"], which comprise the consolidated balance sheet as at December 31, 2025, and the consolidated statement of comprehensive income, consolidated statement of changes in member's interest, and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2025, and the consolidated results of its financial performance and its consolidated cash flows for the year ended in accordance with United States generally accepted accounting principles.

### **Basis for Opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with United States generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The logo for Ernst & Young LLP, featuring the company name in a stylized, handwritten-style script.

Chartered Professional Accountants  
Licensed Public Accountants

Toronto, Canada  
May 11<sup>th</sup>, 2026



**Liberty Utilities (Park Water) Corp.**  
**Consolidated Statements of Comprehensive Income**

| <i>(thousands of U.S. dollars)</i>                                                           | Years ended December 31, |                  |
|----------------------------------------------------------------------------------------------|--------------------------|------------------|
|                                                                                              | 2025                     | 2024             |
| <b>Revenue</b>                                                                               |                          |                  |
| Water distribution                                                                           | \$ 43,352                | \$ 42,653        |
| Other revenue                                                                                | 408                      | 514              |
|                                                                                              | <b>43,760</b>            | <b>43,167</b>    |
| <b>Expenses</b>                                                                              |                          |                  |
| Water purchased                                                                              | 11,222                   | 11,399           |
| Operating costs                                                                              | 12,653                   | 10,338           |
| Depreciation of utility plant                                                                | 5,328                    | 6,031            |
|                                                                                              | <b>29,203</b>            | <b>27,768</b>    |
| <b>Operating income</b>                                                                      | <b>14,557</b>            | <b>15,399</b>    |
| Interest expense                                                                             | 1,761                    | 2,095            |
| Pension and post-employment non-service costs (contributions in excess of expenses) (note 6) | (353)                    | (74)             |
| Other expenses (income)                                                                      | 117                      | (222)            |
|                                                                                              | <b>1,525</b>             | <b>1,799</b>     |
| <b>Earnings before income taxes</b>                                                          | <b>13,032</b>            | <b>13,600</b>    |
| Income tax expense (recovery) (note 11)                                                      |                          |                  |
| Current                                                                                      | 1,502                    | 841              |
| Deferred                                                                                     | 2,053                    | 2,866            |
|                                                                                              | <b>3,555</b>             | <b>3,707</b>     |
| <b>Net earnings</b>                                                                          | <b>\$ 9,477</b>          | <b>\$ 9,893</b>  |
| <b>Other comprehensive income:</b>                                                           |                          |                  |
| Change in unrealized pension and other post-employment benefits (note 6)                     | 1,428                    | 2,287            |
| <b>Comprehensive income (net of tax)</b>                                                     | <b>\$ 10,905</b>         | <b>\$ 12,180</b> |

See accompanying notes to consolidated financial statements

**Liberty Utilities (Park Water) Corp.**  
**Consolidated Balance Sheets**

|                                    | December 31,<br>2025 | December 31,<br>2024 |
|------------------------------------|----------------------|----------------------|
| <i>(thousands of U.S. dollars)</i> |                      |                      |
| <b>ASSETS</b>                      |                      |                      |
| Utility plant                      |                      |                      |
| Utility plant in service           | \$ 228,351           | \$ 222,341           |
| Less: accumulated depreciation     | (53,331)             | (47,394)             |
| Total                              | 175,020              | 174,947              |
| Construction work-in-progress      | 10,605               | 10,313               |
| Utility plant, net (note 4)        | 185,625              | 185,260              |
| Regulatory assets (note 5)         | 8,671                | 9,353                |
| Other assets (note 6)              | 7,760                | 4,814                |
| Current assets                     |                      |                      |
| Cash and cash equivalents          | —                    | 177                  |
| Accounts receivable, net (note 3)  | 8,399                | 7,912                |
| Supplies and inventory             | 154                  | 141                  |
| Prepaid expenses and other         | 1,223                | 1,220                |
| Regulatory assets (note 5)         | 1,137                | 1,916                |
|                                    | 10,913               | 11,366               |
| <b>Total assets</b>                | <b>\$ 212,969</b>    | <b>\$ 210,793</b>    |

See accompanying notes to consolidated financial statements

**Liberty Utilities (Park Water) Corp.**  
**Consolidated Balance Sheets**

|                                           | December 31,<br>2025 | December 31,<br>2024 |
|-------------------------------------------|----------------------|----------------------|
| <i>(thousands of U.S. dollars)</i>        |                      |                      |
| <b>LIABILITIES AND EQUITY</b>             |                      |                      |
| Equity                                    |                      |                      |
| Member's deficiency                       | \$ (35,835)          | \$ (35,835)          |
| Accumulated other comprehensive income    | 6,969                | 5,541                |
| Accumulated surplus                       | 72,972               | 63,495               |
| Total equity                              | 44,106               | 33,201               |
| Regulatory liabilities (note 5)           | 7,413                | 5,184                |
| Deferred income tax liabilities (note 11) | 19,125               | 16,377               |
| Other long-term liabilities (note 7)      | 50,739               | 53,917               |
| Current liabilities                       |                      |                      |
| Accounts payable                          | 1,738                | 46                   |
| Accrued liabilities                       | 5,200                | 9,698                |
| Taxes accrued (note 11)                   | 22,387               | 20,862               |
| Regulatory liabilities (note 5)           | 891                  | 888                  |
| Other short-term liabilities (note 7)     | 1,004                | 95                   |
| Due to related parties (note 8)           | 60,366               | 70,525               |
| Total liabilities                         | 168,863              | 177,592              |
| <b>Total liabilities and equity</b>       | <b>\$ 212,969</b>    | <b>\$ 210,793</b>    |

See accompanying notes to consolidated financial statements

**Liberty Utilities (Park Water) Corp.**  
**Consolidated Statements of Changes in Equity**

|                                    | Liberty Utilities (Park Water) Corp |                        |                                                        |           | Total         |
|------------------------------------|-------------------------------------|------------------------|--------------------------------------------------------|-----------|---------------|
|                                    | Member's<br>deficiency              | Accumulated<br>surplus | Accumulated<br>other<br>comprehensive<br>income (loss) |           |               |
| <i>(thousands of U.S. dollars)</i> |                                     |                        |                                                        |           |               |
| Balance, December 31, 2023         | \$ (35,835)                         | \$ 53,602              | \$ 3,254                                               | \$        | 21,021        |
| Net earnings                       | —                                   | 9,893                  | —                                                      |           | 9,893         |
| Other comprehensive income         | —                                   | —                      | 2,287                                                  |           | 2,287         |
| Balance, December 31, 2024         | \$ (35,835)                         | \$ 63,495              | \$ 5,541                                               | \$        | 33,201        |
| Net earnings                       | —                                   | 9,477                  | —                                                      |           | 9,477         |
| Other comprehensive income         | —                                   | —                      | 1,428                                                  |           | 1,428         |
| <b>Balance, December 31, 2025</b>  | <b>\$ (35,835)</b>                  | <b>\$ 72,972</b>       | <b>\$ 6,969</b>                                        | <b>\$</b> | <b>44,106</b> |

See accompanying notes to consolidated financial statements

**Liberty Utilities (Park Water) Corp.**  
**Consolidated Statements of Cash Flows**

|                                                                                     | Years ended December 31, |                 |
|-------------------------------------------------------------------------------------|--------------------------|-----------------|
| (thousands of U.S. dollars)                                                         | 2025                     | 2024            |
| <b>Cash provided by (used in):</b>                                                  |                          |                 |
| <b>Operating Activities</b>                                                         |                          |                 |
| Net earnings                                                                        | \$ 9,477                 | \$ 9,893        |
| Items not affecting cash:                                                           |                          |                 |
| Depreciation of utility plant and other amortization                                | 5,328                    | 6,031           |
| Deferred tax expense (recovery)                                                     | 2,053                    | 2,866           |
| Pension and post-employment non-service costs (contributions in excess of expenses) | (353)                    | (74)            |
| Changes in non-cash operating items (note 10)                                       | (12,786)                 | (1,036)         |
|                                                                                     | <b>3,719</b>             | <b>17,680</b>   |
| <b>Financing Activities</b>                                                         |                          |                 |
| Increase in other assets                                                            | 73                       | (301)           |
| Increase (Decrease) in other long-term liabilities                                  | 1,457                    | (454)           |
|                                                                                     | <b>1,530</b>             | <b>(755)</b>    |
| <b>Investing Activities</b>                                                         |                          |                 |
| Additions to utility plant                                                          | (5,426)                  | (17,103)        |
|                                                                                     | <b>(5,426)</b>           | <b>(17,103)</b> |
| Net decrease (increase) in cash                                                     | (177)                    | (178)           |
| Cash and cash equivalents, beginning of year                                        | 177                      | 355             |
| <b>Cash and cash equivalents, end of year</b>                                       | <b>\$ —</b>              | <b>\$ 177</b>   |

See accompanying notes to consolidated financial statements

## Liberty Utilities (Park Water) Corp.

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

(in thousands of U.S. dollars)

Liberty Utilities (Park Water) Corp. ("the "Company") is the owner and holding company for a water supply utility in the United States of America providing water supply services for customers in the state of California. The Company is 100% owned by Liberty Utilities Co. ("Liberty Utilities").

### 1. Significant accounting policies

#### (a) Basis of preparation

The accompanying consolidated financial statements and notes have been prepared in accordance with generally accepted accounting principles in the "United States GAAP".

#### (b) Basis of consolidation

The accompanying consolidated financial statements of the Company include the accounts of the Company and its wholly owned subsidiaries, Liberty Utilities (Park Water) Corp. and Liberty Utilities (Central Basin) Corp. Intercompany transactions and balances have been eliminated.

#### (c) Business combinations, intangible assets and goodwill

The Company accounts for acquisitions of entities or assets that meet the definition of a business as business combinations. Business combinations are accounted for using the acquisition method. Assets acquired and liabilities assumed are measured at their fair value at the acquisition date, except for deferred income taxes, which are accounted for as described in note 1(m). Acquisition costs are expensed in the period incurred. When the set of activities does not represent a business, the transaction is accounted for as an asset acquisition and includes acquisition costs.

Intangible assets acquired are recognized separately at fair value if they arise from contractual or other legal rights or are separable. Interconnection agreements are amortized on a straight-line basis over their estimated life of 40 years. Goodwill represents the excess of the purchase price of an acquired business over the fair value of the net assets acquired. Goodwill is generally not included in the rate base on which regulated utilities are allowed to earn a return and is not amortized.

As at September 30 of each year, the Company assesses qualitative and quantitative factors to determine whether it is more likely than not that the fair value of a reporting unit to which goodwill is attributed is less than its carrying amount. If it is more likely than not that a reporting unit's fair value is less than its carrying amount or if a quantitative assessment is elected, the Company calculates the fair value of the reporting unit. If the carrying amount of the reporting unit as a whole exceeds the reporting unit's fair value, an impairment charge is recorded in an amount of that excess, limited to the total amount of goodwill allocated to that reporting unit. Goodwill is tested for impairment between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount.

#### (d) Accounting for rate-regulated operations

The operating companies within Liberty Utilities (Central Basin) Corp. and Liberty Utilities (Park Water) Corp. are subject to rate regulation generally overseen by the regulatory authorities of the jurisdictions in which they operate (the "Regulator"). The Regulator provides the final determination of the rates charged to customers. Liberty Utilities' regulated operating companies are accounted for under the principles of Accounting Standards Codification ("ASC") Topic 980, *Regulated Operations* ("ASC 980").

Under ASC 980, regulatory assets and liabilities are recorded to the extent that they represent probable future revenue or expenses associated with certain charges or credits that will be recovered from or refunded to customers through the ratemaking process. Included in note 5, "Regulatory matters", are details of regulatory assets and liabilities, and their current regulatory treatment.

The Company's accounts are maintained in accordance with the Uniform System of Accounts prescribed by the National Association of Regulatory Utility Commissioners.

**Liberty Utilities (Park Water) Corp.**

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in thousands of U.S. dollars)*

---

**1. Significant accounting policies (continued)****(e) Cash and cash equivalents**

Cash and cash equivalents include all highly liquid instruments with an original maturity of three months or less.

**(f) Accounts receivable**

Trade accounts receivable are recorded at the invoiced amount and do not bear interest. The Company maintains an allowance for doubtful accounts for estimated losses inherent in its accounts receivable portfolio. In establishing the required allowance, management considers historical losses adjusted to take into account current market conditions and customers' financial condition, the amount of receivables in dispute, and the receivables aging and current payment patterns. Account balances are charged against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. The Company does not have any off-balance sheet credit exposure related to its customers.

**(g) Supplies and consumables inventory**

Supplies and consumables inventory (other than capital spares and rotatable spares, which are included in utility plant) are charged to inventory when purchased and then capitalized to plant or expensed, as appropriate, when installed, used or upon becoming obsolete. These items are stated at the lower of cost and net realizable value. Through rate orders and the regulatory environment, capitalized construction jobs are recovered through rate base and repair and maintenance expenses are recovered through a cost of service calculation. Accordingly, the cost usually reflects the net realizable value.

**(h) Utility plant**

Utility plant, consisting of water distribution assets, equipment and land, are recorded at cost. Project development costs including expenditures for preliminary surveys, plans, investigations, environmental studies, regulatory applications and other costs incurred for the purpose of determining the feasibility of capital expansion projects, are capitalized either as plant or regulatory asset when it is determined that recovery of such costs through regulated revenue of the completed project is probable.

The costs of acquiring or constructing utility plant include the following: materials, labor, contractor and professional services, construction overhead directly attributable to the capital project (where applicable) and allowance for funds used during construction for regulated property. Where possible, individual components are recorded and depreciated separately in the books and records of the Company. Plant and equipment under capital leases are initially recorded at cost determined as the present value of minimum lease payments.

Improvements that increase or prolong the service life or capacity of an asset are capitalized. Maintenance and repair costs are expensed as incurred.

Contributions in aid of construction represent amounts contributed by customers, governments and developers to assist with the funding of some or all of the cost of utility capital assets. They also include amounts initially recorded as advances in aid of construction (note 7) but where the advance repayment period has expired. These contributions are recorded as a reduction in the cost of utility assets and are amortized at the rate of the related asset as a reduction to depreciation expense.

**Liberty Utilities (Park Water) Corp.**

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in thousands of U.S. dollars)***1. Significant accounting policies (continued)****(h) Utility plant (continued)**

The Company's depreciation is based on the estimated useful lives of the depreciable assets in each category and is determined using the straight-line method. The ranges of estimated useful lives and the weighted average useful lives are summarized below:

|                                              | Range of useful lives |       | Weighted average useful lives |      |
|----------------------------------------------|-----------------------|-------|-------------------------------|------|
|                                              | 2025                  | 2024  | 2025                          | 2024 |
| Plant                                        | 20-60                 | 20-60 | 41                            | 46   |
| Equipment, office furniture and improvements | 6-25                  | 10-25 | 12                            | 11   |

In accordance with Regulator-approved accounting policies, when depreciable property, plant and equipment are replaced or retired, the original cost plus any removal costs incurred (net of salvage) are charged to accumulated depreciation with no gain or loss reflected in results of operations. Gains and losses will be charged to results of operations in the future through adjustments to depreciation expense.

**(h) Impairment of long-lived assets**

The Company reviews utility plant and finite-life intangible assets for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. Recoverability of assets expected to be held and used is measured by comparing the carrying amount of an asset to undiscounted expected future cash flows. If the carrying amount exceeds the recoverable amount, the asset is written down to its fair value.

**(i) Pension and other post-employment plans**

The Company has established defined contribution pension plans, defined benefit pension plans, and other post-employment benefit ("OPEB") plans for its various employee groups. Employer contributions to the defined contribution pension plans are expensed as employees render service. The Company recognizes the funded status of its defined benefit pension plans and OPEB plans on the consolidated balance sheets. The Company's expense and liabilities are determined by actuarial valuations, using assumptions that are evaluated annually as of December 31, including discount rates, mortality, assumed rates of return, compensation increases, turnover rates and health care cost trend rates. The impact of modifications to those assumptions and modifications to prior services are recorded as actuarial gains and losses in accumulated other comprehensive income ("AOCI") and amortized to net periodic cost over future periods using the corridor method. When settlements of the Company's pension plans occur, the Company recognizes associated gains or losses immediately in earnings if the cost of all settlements during the year is greater than the sum of the service cost and interest cost components of the pension plan for the year. The amount recognized is a pro rata portion of the gains and losses in AOCI equal to the percentage reduction in the projected benefit obligation as a result of the settlement. The costs of the Company's pension for employees are expensed over the periods during which employees render service and are recognized as part of administrative expenses in the consolidated statements of comprehensive income.

The components of net periodic benefit cost other than the service cost component are included in pension and post-employment non-service costs in the consolidated statements of comprehensive income.

**(j) Leases**

The Company accounts for leases in accordance with ASC Topic 842, *Leases*. The Company leases office equipment for use in its day-to-day operations. The Company has options to extend the lease term of many of its lease agreements, with renewal periods ranging from one to five years. As at the consolidated balance sheet dates, the Company is not reasonably certain that these renewal options will be exercised. The right-of-use assets are included in utility plant on the consolidated balance sheets.



**Liberty Utilities (Park Water) Corp.**

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in thousands of U.S. dollars)*

---

**1. Significant accounting policies (continued)****(k) Revenue recognition**

Distribution revenue is recognized over time when water is processed or delivered to customers. At the end of each month, the water delivered to the customers from the date of their last meter read to the end of the month is estimated and the corresponding unbilled revenue is recorded. These estimates of unbilled revenue are based on the ratio of billable days versus unbilled days, amount of water procured and collected during that month, historical customer class usage patterns and current tariffs. Unbilled receivables are typically billed within the next month.

On occasion, a utility is permitted to implement new rates that have not been formally approved by the regulatory commission, which are subject to refund. The Company recognizes revenue based on the interim rate and, if needed, establishes a reserve for amounts that could be refunded based on experience for the jurisdiction in which the rates were implemented.

Revenue for certain of the Company's regulated utilities is subject to alternative revenue programs approved by their respective regulators. Under these programs, the Company charges approved annual delivery revenue on a systematic basis over the fiscal year. As a result, the difference between delivery revenue calculated based on metered consumption and approved delivery revenue is disclosed as alternative revenue and is recorded as a regulatory asset or liability to reflect future recovery or refund, respectively, from customers (note 5). The amount subsequently billed to customers is recorded as a recovery of the regulatory asset.

**(l) Income taxes**

Income taxes are accounted for using the asset and liability method. Deferred income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the consolidated financial statement carrying amounts of assets and liabilities and their respective tax bases. Deferred income tax assets and liabilities are measured using the enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. A valuation allowance is recorded against deferred income tax assets to the extent that it is considered more likely than not that the deferred income tax asset will not be realized. In the event of a change in tax rates, deferred tax assets and liabilities are remeasured as of the enactment date of the new rates. To the extent that the change in the value of the deferred tax represents an obligation to customers, the impact of the remeasurement is deferred to a regulatory liability. Remaining impacts are recorded in income from continuing operations. Investment tax credits for the rate-regulated operations are deferred and amortized as a reduction to income tax expense over the estimated useful lives of the properties.

The organizational structure of the Company and its subsidiaries is complex and the related tax interpretations, regulations and legislation in the tax jurisdictions in which they operate are continually changing. As a result, there can be tax matters that have uncertain tax positions. The Company recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely to be realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs.

**(m) Financial instruments and derivatives**

Accounts receivable and notes receivable are measured at amortized cost.

**Liberty Utilities (Park Water) Corp.**

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in thousands of U.S. dollars)*

---

**1. Significant accounting policies (continued)****(o) Fair value measurements**

The Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Company determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

- Level 1 Inputs: Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date.
- Level 2 Inputs: Other than quoted prices included in Level 1, inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3 Inputs: Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

**(p) Commitments and contingencies**

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred.

**(q) Use of estimates**

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as the date of these consolidated financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates. During the years presented, management has made a number of estimates and valuation assumptions, including the useful lives and recoverability of utility plant, intangible assets and goodwill; assessments of unbilled revenue; pension and OPEB obligations; timing effect of regulated assets and liabilities; and the fair value of assets and liabilities acquired in an asset acquisition. These estimates and valuation assumptions are based on present conditions and management's planned course of action, as well as assumptions about future business and economic conditions. Should the underlying valuation assumptions and estimates change, the recorded amounts could change by a material amount.

**2. Recently issued accounting pronouncements****(a) Recently adopted accounting pronouncements**

The Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2022-04, *Liabilities — Supplier Finance Programs (Subtopic 405-50): Disclosure of Supplier Finance Program Obligations*, which requires that a buyer in a supplier finance program disclose sufficient information about the program to allow a user of financial statements to understand the program's nature, activity during the period, changes from period to period and potential magnitude. The Company does not expect a material impact to this pronouncement.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. The amendments in this update enhance the transparency and decision-usefulness of income tax disclosures in the notes to financial statements, through improvements to disclosures primarily related to the rate reconciliation and income taxes paid. The Company adopted the new guidance for the year ended December 31, 2025. The expanded disclosures are presented in note 11.

**Liberty Utilities (Park Water) Corp.**

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in thousands of U.S. dollars)***2. Recently issued accounting pronouncements (cont)****(b) Recently issued accounting guidance not yet adopted**

The Financial Accounting Standards Board ("FASB") issued ASU 2024-02, *Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method — A Consensus of the Emerging Issues Task Force*, which permits a reporting entity, if certain conditions are met, to elect to account for its tax equity investments by using the proportional amortization method regardless of the program from which it receives income tax credits. The amendments in this update are effective for fiscal years beginning after December 15, 2024, including interim periods within those fiscal years. Early adoption is permitted. The Company is currently assessing the applicability and potential impact of the new guidance.

The Financial Accounting Standards Board ("FASB") issued ASU 2024-05, *Joint Venture Formations: Recognition and Initial Measurement*, which requires a joint venture to recognize and initially measure its assets and liabilities at fair value as at the joint venture formation date. The amendments in this update are effective prospectively for all joint venture formations with a formation date on or after January 1, 2025. Additionally, a joint venture formed before January 1, 2025 may elect to apply the amendments retrospectively if it has sufficient information. Early adoption is permitted. The Company is currently assessing the applicability and potential impact of the new guidance. The Company does not expect material impact to this pronouncement.

**3. Accounts receivable**

Accounts receivable at December 31, 2025 of \$8,399 (2024 - \$7,912) include unbilled revenue of \$4,370 (2024 - \$4,238). Accounts receivable at December 31, 2025 are presented net of allowance for doubtful accounts of \$409 (2024 - \$678).

**4. Utility plant**

Utility plant of the Company consists of water supply and distribution assets used to distribute water within a specific geographic service territory to supply end users.

|                                                                                | 2025       | 2024       |
|--------------------------------------------------------------------------------|------------|------------|
| Land and land rights                                                           | \$ 18,751  | \$ 18,751  |
| Plant                                                                          | 222,991    | 216,009    |
| Contributions in aid of construction                                           | (13,391)   | (12,419)   |
|                                                                                | 228,351    | 222,341    |
| Accumulated depreciation                                                       | (60,168)   | (54,228)   |
| Accumulated depreciation and contributions in aid of construction amortization | 6,837      | 6,834      |
|                                                                                | 175,020    | 174,947    |
| Construction work-in-progress                                                  | 10,605     | 10,313     |
| Net utility plant                                                              | \$ 185,625 | \$ 185,260 |

**5. Regulatory matters**

The Company is subject to rate regulation by the California Public Utilities Commission ("CPUC"), and National Association of Regulatory Utility Commissioners in some instances. The CPUC has jurisdiction with respect to rate, service, accounting procedures, issuance of securities, acquisitions and other matters. The Company operates under cost-of-service regulation as administered by the CPUC. The Company uses a test year in the establishment of its rates and, pursuant to this method, the determination of the rate of return on approved rate base and deemed capital structure, together with all reasonable and prudent costs, establishes the revenue requirement upon which the Company's customer rates are determined.

The Company is accounted for under the principles of ASC 980. Under ASC 980, regulatory assets and liabilities that would not be recorded under U.S. GAAP for non-regulated entities are recorded to the extent that they

**Liberty Utilities (Park Water) Corp.**

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in thousands of U.S. dollars)***5. Regulatory matters (continued)**

represent probable future revenue or expenses associated with certain charges or credits that will be recovered from or refunded to customers through the rate-setting process.

The Company is required to file a rate case with its regulator on a regular three-year cycle. Rate cases seek to ensure that the Company has the opportunity to recover its operating costs and earn a fair and reasonable return on its capital investment as allowed by the regulatory authority under which the Company operates.

Regulatory assets and liabilities consist of the following:

|                                                | 2025     | 2024      |
|------------------------------------------------|----------|-----------|
| <b>Regulatory assets</b>                       |          |           |
| Rate adjustment mechanism (a)                  | \$ 7,647 | \$ 5,698  |
| Pension and other post-employment benefits (b) | 1,293    | 1,879     |
| Debt issuance costs (d)                        | —        | 3,053     |
| Other                                          | 868      | 639       |
| Total regulatory assets                        | \$ 9,808 | \$ 11,269 |
| Less: current regulatory assets                | (1,137)  | (1,916)   |
| Non-current regulatory assets                  | \$ 8,671 | \$ 9,353  |
| <b>Regulatory liabilities</b>                  |          |           |
| Pension and other post-employment benefits (b) | \$ 616   | \$ —      |
| Taxes (c)                                      | 4,018    | 4,159     |
| Customer programs (e)                          | 1,555    | 1,201     |
| Other                                          | 2,115    | 712       |
| Total regulatory liabilities                   | \$ 8,304 | \$ 6,072  |
| Less: current regulatory liabilities           | (891)    | (888)     |
| Non-current regulatory liabilities             | \$ 7,413 | \$ 5,184  |

**Liberty Utilities (Park Water) Corp.**

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in thousands of U.S. dollars)*

---

**5. Regulatory matters (continued)****(a) Rate adjustment mechanism**

Revenue for the Company is subject to a revenue decoupling mechanism approved by the CPUC, which requires charging annual delivery revenue on a systematic basis over the fiscal year. As a result, the difference between delivery revenue calculated based on metered consumption and approved delivery revenue is a regulatory asset or liability to reflect future recovery from or refund to, respectively, customers.

**(b) Pension and other post-employment benefits**

The regulatory assets represent amounts of pension and other post-employment benefit that have not yet been recognized in net periodic cost and were presented as AOCI prior to the acquisition. The balance is recovered through rates over the future service years of the employees at the time the regulatory asset was set up (an average of 10 years). The CPUC has approved tracking accounts for the Company to record the difference between actual expenses incurred and recovery or refunds expected to occur in future periods.

**(c) Taxes**

The income taxes regulatory assets and liabilities represent income taxes recoverable through future revenue required to fund flow-through deferred income tax liabilities and amounts owed to customers for deferred taxes collected at a higher rate than the current statutory rates.

**(d) Debt issuance costs**

Debt issuance costs are recovered as a component of the weighted average cost of debt.

**(e) Customer programs**

The Company has a program called California Alternative Rates for Water that provides a fixed discount for qualifying customers. The tracking mechanism records the net difference between the discounts provided and the related surcharges to non-qualifying customers.

**Liberty Utilities (Park Water) Corp.**

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in thousands of U.S. dollars)***6. Pension and other post-employment benefits**

The Company provides defined contribution pension plans to substantially all of its employees. The Company's contributions for 2025 were \$607 (2024 - \$702).

**(a) Net pension and OPEB obligation**

The following table sets forth the projected benefit obligations, fair value of plan assets, and funded status of the Company's plans as at December 31:

|                                                                   | Pension benefits  |                  | OPEB              |                   |
|-------------------------------------------------------------------|-------------------|------------------|-------------------|-------------------|
|                                                                   | 2025              | 2024             | 2025              | 2024              |
| <b>Change in projected benefit obligation</b>                     |                   |                  |                   |                   |
| Projected benefit obligation, beginning of year                   | \$ 30,788         | \$ 32,222        | \$ 4,108          | \$ 4,362          |
| Service cost                                                      | 345               | 427              | 26                | 40                |
| Interest cost                                                     | 1,722             | 1,655            | 212               | 212               |
| Actuarial loss (gain)                                             | 1,328             | (1,414)          | 77                | (331)             |
| Plan amendments                                                   | —                 | —                | 10                | 2                 |
| Benefits paid                                                     | (2,889)           | (2,102)          | (288)             | (177)             |
| <b>Projected benefit obligation, end of year</b>                  | <b>\$ 31,294</b>  | <b>\$ 30,788</b> | <b>\$ 4,145</b>   | <b>\$ 4,108</b>   |
| <b>Change in plan assets</b>                                      |                   |                  |                   |                   |
| Fair value of plan assets, beginning of year                      | 30,958            | 30,019           | 7,948             | 7,503             |
| Actual return on plan assets                                      | 4,322             | 2,339            | 1,157             | 622               |
| Employer contributions                                            | 607               | 702              | (2)               | (2)               |
| Benefits paid                                                     | (2,889)           | (2,102)          | (278)             | (175)             |
| <b>Fair value of plan assets, end of year</b>                     | <b>\$ 32,998</b>  | <b>\$ 30,958</b> | <b>\$ 8,825</b>   | <b>\$ 7,948</b>   |
| <b>Unfunded status</b>                                            | <b>\$ (1,704)</b> | <b>\$ (170)</b>  | <b>\$ (4,680)</b> | <b>\$ (3,840)</b> |
| Amounts recognized in the consolidated balance sheets consist of: |                   |                  |                   |                   |
| Non-current liabilities (assets)                                  | (1,704)           | —                | (4,680)           | (3,840)           |
| <b>Net amount recognized</b>                                      | <b>\$ (1,704)</b> | <b>\$ —</b>      | <b>\$ (4,680)</b> | <b>\$ (3,840)</b> |

The accumulated benefit obligation for the pension plans was \$30,864 and \$30,371 at December 31, 2025 and 2024, respectively.

**Liberty Utilities (Park Water) Corp.**

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in thousands of U.S. dollars)***6. Pension and other post-employment benefits (continued)**

## (a) Net pension and OPEB obligation (continued)

The amounts recognized in AOCI were as follows:

**Change in AOCI (before tax)**

|                                   | Actuarial<br>(gains) | Past service<br>gains |
|-----------------------------------|----------------------|-----------------------|
| Balance, January 1, 2024          | \$ (4,573)           | \$ 93                 |
| Additions to AOCI                 | (3,366)              | —                     |
| Amortization in current period    | 193                  | (39)                  |
| Balance, December 31, 2024        | \$ (7,746)           | \$ 54                 |
| Additions to AOCI                 | (2,313)              | —                     |
| Amortization in current period    | 367                  | (39)                  |
| <b>Balance, December 31, 2025</b> | <b>\$ (9,692)</b>    | <b>\$ 15</b>          |

## (b) Assumptions

Assumptions used to determine the net benefit cost for 2025 and 2024 were as follows:

|                                         | Pension benefits |            | OPEB   |        |
|-----------------------------------------|------------------|------------|--------|--------|
|                                         | 2025             | 2024       | 2025   | 2024   |
| Discount rate                           | 5.72-5.82%       | 5.22-5.27% | 5.74%  | 5.24%  |
| Expected return on assets               | 5.50-7.00%       | 5.50-7.00% | 5.50%  | 5.50%  |
| Rate of compensation increase           | 3.50-6.00%       | 3.50-6.00% | 3.50%  | 3.50%  |
| Health care cost trend rate             |                  |            |        |        |
| Before age 65                           |                  |            | 6.750% | 7.000% |
| Assumed Ultimate Medical Inflation Rate |                  |            | 4.50%  | 4.50%  |
| Year in which Ultimate Rate is reached  |                  |            | 2034   | 2034   |

**Liberty Utilities (Park Water) Corp.**

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in thousands of U.S. dollars)***6. Pension and other post-employment benefits (continued)****(b) Assumptions (continued)**

Assumptions used to determine the benefit obligation for 2025 and 2024 were as follows:

|                                         | <b>Pension benefits</b> |                   | <b>OPEB</b>  |              |
|-----------------------------------------|-------------------------|-------------------|--------------|--------------|
|                                         | <b>2025</b>             | <b>2024</b>       | <b>2025</b>  | <b>2024</b>  |
| Discount rate                           | <b>5.72-5.82%</b>       | <b>5.22-5.27%</b> | <b>5.50%</b> | <b>5.74%</b> |
| Rate of compensation increase           | <b>3.50-6.00%</b>       | <b>3.50-6.00%</b> | <b>3.50%</b> | <b>3.50%</b> |
| Health care cost trend rate             |                         |                   |              |              |
| Before age 65                           |                         |                   | <b>7.00%</b> | <b>6.75%</b> |
| Assumed Ultimate Medical Inflation Rate |                         |                   | <b>4.50%</b> | <b>4.50%</b> |
| Year in which Ultimate Rate is reached  |                         |                   | <b>2036</b>  | <b>2034</b>  |

Assumptions used to determine the net benefit obligation in 2025 were as follows:

The mortality assumption for December 31, 2025 uses the Pri-2012 mortality table and the projected generational scale MP-2021, adjusted to reflect the ultimate improvement rates contained in the 2025 Social Security Administration Intermediate assumptions. In selecting an assumed discount rate, the Company uses a modeling process that involves selecting a portfolio of high-quality corporate debt issuances (AA- or better) whose cash flows (via coupons or maturities) match the timing and amount of the Company's expected future benefit payments. The Company considers the results of this modeling process, as well as overall rates of return on high-quality corporate bonds and changes in such rates over time, to determine its assumed discount rate. The rate of return assumptions are based on projected long-term market returns for the various asset classes in which the plans are invested, weighted by the target asset allocations. The rate of return assumptions are based on projected long-term market returns for the various asset classes in which the plans are invested, weighted by the target asset allocations.

**(c) Benefit costs**

The following table lists the components of the net benefit cost (return) for the pension plans and OPEB in the consolidated statements of comprehensive income.

|                                      | <b>Pension benefits</b> |               | <b>OPEB</b>     |                 |
|--------------------------------------|-------------------------|---------------|-----------------|-----------------|
|                                      | <b>2025</b>             | <b>2024</b>   | <b>2025</b>     | <b>2024</b>     |
| Service cost                         | <b>\$ 345</b>           | <b>\$ 427</b> | <b>\$ 26</b>    | <b>\$ 40</b>    |
| Non-service costs                    |                         |               |                 |                 |
| Interest cost                        | <b>1,722</b>            | 1,655         | <b>212</b>      | 212             |
| Expected return on plan assets       | <b>(1,980)</b>          | (1,841)       | <b>(514)</b>    | (486)           |
| Amortization of net actuarial (gain) | <b>(182)</b>            | (98)          | <b>(58)</b>     | (10)            |
|                                      | <b>(440)</b>            | (284)         | <b>(360)</b>    | (284)           |
| Net benefit cost                     | <b>\$ (95)</b>          | <b>\$ 143</b> | <b>\$ (334)</b> | <b>\$ (244)</b> |



**Liberty Utilities (Park Water) Corp.**

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in thousands of U.S. dollars)***6. Pension and other post-employment benefits (continued)****(d) Plan assets**

The Company's investment strategy for its pension and other post-employment plan assets is to maintain a diversified portfolio of assets with the primary goal of meeting long-term cash requirements as they become due.

The Company's target asset allocation is 50% in equity securities and 50% in debt securities.

**7. Other long-term liabilities**

|                                         |    | 2025    |    | 2024     |
|-----------------------------------------|----|---------|----|----------|
| Advances in aid of construction         | \$ | 2,348   | \$ | 2,389    |
| Other long-term liabilities             |    | 49,395  |    | 72,485   |
| Total other long-term liabilities       | \$ | 51,743  | \$ | 74,874   |
| Less: current portion                   |    | (1,004) |    | (20,957) |
| Non-current other long-term liabilities | \$ | 50,739  | \$ | 53,917   |

The Company has various agreements with real estate development companies (the "developers") conducting business within the Company's utility service territories, whereby funds are advanced to the Company by the developers to assist with funding some or all of the costs of the development.

In many instances, developer advances can be subject to refund, but the refund is non-interest bearing. Refunds of developer advances are made over various periods as prescribed by the CPUC. Some are refunded over 40 years while others are refunded contingent upon developer activity. Advances not refunded within the prescribed period are usually not required to be repaid. After the prescribed period has lapsed, any remaining unpaid balance is transferred to contributions in aid of construction and recorded as an offsetting amount to the cost of utility plant.

Due to related parties represents advances for current operating costs and reimbursement for management and accounting services provided by entities related to Liberty Utilities as well as other third-party costs incurred by entities related to Liberty Utilities on behalf of the Company.

The Company has \$42,800 note bearing an interest rate of 3.584% and maturing on March 1, 2037. The note has interest-only payments, payable semi-annually in arrears. The note has certain financial covenants, which must be maintained on a quarterly basis. The Company was in compliance with the covenants as of December 31, 2025.

At December 31, 2025, the Company had accrued \$2,137 in interest expense (2024 - \$nil). Interest paid on the long-term debt in 2025 was \$5,648 (2024 - \$1,751).

**8. Related party transactions**

Due to related parties represents advances for current operating costs and reimbursement for management and accounting services provided by entities related to Liberty Utilities as well as other third-party costs incurred by entities related to Liberty Utilities on behalf of the Company. These amounts do not bear interest and have no fixed repayment terms. Total amounts allocated for the year ended December 31, 2025 were \$60,366 (2024 - \$70,525).

**9. Commitments and contingencies****(a) Contingencies**

The Company is involved in various litigation arising out of the ordinary course and conduct of its business. Although such matters cannot be predicted with certainty, management does not consider the Company's exposure to such litigation to be material to these consolidated financial statements. Accruals for any contingencies related to these items, if any, are recorded in the consolidated financial statements at the time it is concluded that its occurrence is probable and the related liability is estimable.

**Liberty Utilities (Park Water) Corp.**

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in thousands of U.S. dollars)***9. Commitments and contingencies (continued)**

## (b) Commitments

There are no future commitments that exist as at December 31, 2025.

**10. Non-cash operating items**

The changes in non-cash operating items consist of the following:

|                                          | <b>Years ended December 31,</b> |                |
|------------------------------------------|---------------------------------|----------------|
|                                          | <b>2025</b>                     | <b>2024</b>    |
| Accounts receivable                      | \$ (487)                        | \$ 2,119       |
| Prepaid expenses and other               | (15)                            | 125            |
| Accounts payable and accrued liabilities | 732                             | (1,939)        |
| Net regulatory assets and liabilities    | 1,372                           | 5,551          |
| Due to related parties                   | (14,388)                        | (6,892)        |
|                                          | <b>(12,786)</b>                 | <b>(1,036)</b> |

**11. Income taxes**

The income tax expense in the consolidated statements of comprehensive income represents an effective tax rate different than U.S. enacted federal statutory income tax rate of 21.0% (2024 - 21.0%).

The differences are as follows:

|                                                                                     | <b>2025 Percentage</b> |             | <b>2024 Percentage</b> |             |
|-------------------------------------------------------------------------------------|------------------------|-------------|------------------------|-------------|
| Federal statutory income tax rate                                                   | <b>2,737</b>           | <b>21 %</b> | 2,856                  | 21 %        |
| Domestic federal                                                                    |                        |             |                        |             |
| Nontaxable or nondeductible items                                                   | <b>(3)</b>             | <b>— %</b>  | 9                      | — %         |
| Amortization of excess deferred income tax                                          | <b>(102)</b>           | <b>(1)%</b> | (102)                  | (1)%        |
| Other                                                                               | <b>11</b>              | <b>— %</b>  | —                      | — %         |
| Domestic state and local income taxes (primarily California), net of federal effect | <b>912</b>             | <b>7 %</b>  | 944                    | 7 %         |
| <b>Total</b>                                                                        | <b>3,555</b>           | <b>27 %</b> | <b>3,707</b>           | <b>27 %</b> |

**Liberty Utilities (Park Water) Corp.**

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in thousands of U.S. dollars)***11. Income taxes (continued)**

All earnings for the years ended December 31, 2025 and December 31, 2024 are derived entirely from operations within the U.S. For the year ended December 31, 2025 and 2024, the Company recorded U.S. income tax expense of \$3,555 (comprising federal tax expense of \$2,643 and state tax expense of \$912) and \$3,707 (comprising federal tax expense of \$2,763 and state tax expense of \$944) respectively.

The tax effect of temporary differences between the consolidated financial statements carrying amounts of assets and liabilities and their respective tax basis that give rise to significant portions of the deferred tax assets and deferred tax liabilities as of December 31, 2025 and 2024 are presented below:

|                                            | 2025             | 2024             |
|--------------------------------------------|------------------|------------------|
| Deferred tax assets:                       |                  |                  |
| Regulated liabilities                      | \$ 2,151         | \$ 1,699         |
| Other                                      | 115              | 626              |
| <b>Total deferred tax assets</b>           | <b>2,266</b>     | <b>2,325</b>     |
| Deferred tax liabilities:                  |                  |                  |
| Utility plant                              | 17,203           | 15,452           |
| Regulated assets                           | 2,360            | 1,831            |
| Pension and OPEB                           | 1,828            | 1,419            |
| <b>Total deferred tax liabilities</b>      | <b>21,391</b>    | <b>18,702</b>    |
| <b>Net deferred income tax liabilities</b> | <b>\$ 19,125</b> | <b>\$ 16,377</b> |

Deferred income taxes are classified in the consolidated financial statements as follows (in thousands):

|                                 | 2025      | 2024      |
|---------------------------------|-----------|-----------|
| Deferred income tax liabilities | \$ 19,125 | \$ 16,377 |

Tax information included in these consolidated financial statements reflects the results of operations of the Company on a stand-alone basis. Upon our acquisition on January 8, 2016, the Company joined the Liberty Utilities consolidated group for filing federal and state income tax returns. As such, the Company's current income and carried forward tax attributes were combined with those of the other Liberty Utilities companies. The liability for current income taxes is carried in "Taxes accrued" on the consolidated balance sheets for stand-alone statement presentation. This liability will be resolved by intercompany payment to Liberty Utilities rather than by direct payment to tax jurisdictions. Of the \$22,387 in taxes accrued as at December 31, 2025, \$22,364 related to the Company's stand-alone income tax liability (2024 income tax liability: \$20,862). For the years ended December 31, 2025 and 2024, no income tax payments or settlements were made with other members of the consolidated tax group.

**Liberty Utilities (Park Water) Corp.**

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in thousands of U.S. dollars)***12. Financial instruments****(a) Risk management**

In the normal course of business, the Company is exposed to financial risks that potentially impact its operating results. The Company employs risk management strategies with a view of mitigating these risks to the extent possible on a cost-effective basis. The Company does not enter into derivative financial agreements for speculative purposes. This note provides disclosures relating to the nature and extent of the Company's exposure to risks arising from financial instruments, including credit risk, and how the Company manages this risks.

**(b) Credit risk**

Credit risk is the risk of an unexpected loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's financial instruments that are exposed to concentrations of credit risk are primarily cash and cash equivalents and accounts receivable. The Company limits its exposure to credit risk with respect to cash equivalents by ensuring available cash is deposited with its senior lenders, all of which have a credit rating of A or better.

Credit risk related to the accounts receivable balance is spread over thousands of customers. The Company has processes in place to monitor and evaluate this risk on an ongoing basis including background credit checks and security deposits from new customers. In addition, the CPUC allows for a reasonable bad debt expense to be incorporated in the rates and therefore recovered from rate payers.

|                                 | 2025     | 2024     |
|---------------------------------|----------|----------|
| Accounts receivable             | 8,808    | 8,590    |
| Allowance for doubtful accounts | (409)    | (678)    |
|                                 | \$ 8,399 | \$ 7,912 |

**13. Member's deficiency**

The Company is a single member limited liability corporation. As of December 31, 2025, all outstanding equity deficiency membership units of the Company belong to Liberty Utilities.

**14. Subsequent events**

The Company has evaluated subsequent events from the consolidated balance sheet date through May 11, 2026, the date at which the consolidated financial statements were available to be issued, and determined that there are no other items to be disclosed.

**APUC Financial Statement**

**Consolidated Financial Statements of  
Algonquin Power & Utilities Corp.  
For the years ended December 31, 2025 and 2024**

---

## MANAGEMENT'S REPORT

### Financial Reporting

The accompanying consolidated financial statements and management discussion and analysis ("MD&A") are the responsibility of management and have been approved by the Board of Directors.

The consolidated financial statements have been prepared by management in accordance with U.S. generally accepted accounting principles. Financial statements by nature include amounts based upon estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances.

The Board of Directors and its committees are responsible for all aspects related to governance of the Company. The Audit & Finance Committee of the Board of Directors, composed of directors who are unrelated and independent, has a specific responsibility to oversee management's efforts to fulfill its responsibilities for financial reporting and internal controls related thereto. The Committee meets with management and independent auditors to review the consolidated financial statements and the internal controls as they relate to financial reporting. The Audit & Finance Committee reports its findings to the Board of Directors for its consideration in approving the consolidated financial statements for issuance to the shareholders.

### Internal Control over Financial Reporting

Management is also responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles.

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2025, based on the framework established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on this assessment, management concluded that the Company maintained effective internal control over financial reporting as of December 31, 2025. Ernst & Young LLP, the independent registered public accounting firm that audited the accompanying consolidated financial statements has issued its attestation report on the Company's internal control over financial reporting.

March 6, 2026

/s/ Rod West  
Chief Executive Officer

/s/ Robert Stefani  
Chief Financial Officer

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Shareholders and the Board of Directors of Algonquin Power & Utilities Corp.

***Opinion on the Consolidated Financial Statements***

We have audited the accompanying consolidated balance sheets of Algonquin Power & Utilities Corp. (the "Company"), as of December 31, 2025 and 2024, the related consolidated statements of operations, comprehensive income (loss), equity and cash flows for the years then ended, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the Company's internal control over financial reporting as of December 31, 2025, based on the criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated March 6, 2026 expressed an unqualified opinion thereon.

***Basis for Opinion***

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

***Critical Audit Matter***

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that is communicated or required to be communicated to the Audit & Finance Committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.



| Description of the Matter                | <b>Regulatory assets and liabilities—Recovery of costs through rate regulation</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                          | <p>As described in Note 6 to the consolidated financial statements, the Company has approximately \$1,395.9 million in regulatory assets and approximately \$650.7 million in regulatory liabilities that are subject to regulation by the public utility commissions of the regions in which they operate. Rates are determined under cost-of-service regulation. The regulation of rates is premised on the full recovery of prudently incurred costs and a reasonable rate of return on assets or common shareholder's equity. Regulatory decisions can have an impact on the timely recovery of costs and the approved returns. The recoverability of such costs through rate-regulation impacts multiple financial statement line items and disclosures, including property, plant, and equipment, regulatory assets and liabilities, derivative instruments, pension and other post-employment benefit obligation, regulated electricity, gas and water distribution revenues and the corresponding expenses, income tax expense, and depreciation and amortization expense.</p> <p>Although the Company expects to recover its costs from customers through rates, there is a risk that the respective regulator will not approve full recovery of the costs incurred. Auditing the recoverability of these costs through rates is complex and highly judgmental due to the significant judgments and probability assessments made by the Company to support its accounting and disclosure for regulatory matters when final regulatory decisions or orders have not yet been obtained or when regulatory formulas are complex. There is also subjectivity involved in assessing the potential impact of future regulatory decisions on the financial statements. The Company's judgments include evaluating the probability of recovery of and recovery on costs incurred, or probability of refund to customers through future rates.</p> |
| How We Addressed the Matter in Our Audit | <p>We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's evaluation of the likelihood of recovery of regulatory assets and refund of regulatory liabilities, including management's controls over the initial recognition and the monitoring and evaluation of regulatory developments that may affect the likelihood of recovering costs in future rates, a refund, or future changes in rates.</p> <p>We performed audit procedures that included, amongst others, evaluating the Company's assessment of the probability of future recovery for certain regulatory assets and refund of certain regulatory liabilities, by comparison to the relevant regulatory orders, filings and correspondence, and other publicly available information including past precedents. For regulatory matters for which regulatory decisions or orders have not yet been obtained, we inspected the Company's filings for any evidence that might contradict the Company's assertions, and reviewed other regulatory orders, filings and correspondence for other entities within the same or similar jurisdictions to assess the likelihood of recovery in future rates based on the respective regulator's treatment of similar costs under similar circumstances. We evaluated the Company's analysis and compared that analysis with letters from legal counsel, when appropriate, regarding cost recoveries or future changes in rates. We assessed the methodology and mathematical accuracy of the Company's calculations of certain regulatory asset and liability balances based on provisions and formulas outlined in rate orders and other correspondence with regulators.</p>                                                                                                                                                                                                 |

/s/ Ernst & Young LLP  
Chartered Professional Accountants  
Licensed Public Accountants

We have served as the Company's auditor since 2013.  
Toronto, Canada  
March 6, 2026

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of Algonquin Power & Utilities Corp.

### ***Opinion on Internal Control over Financial Reporting***

We have audited Algonquin Power & Utilities Corp.'s internal control over financial reporting as of December 31, 2025, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the "COSO criteria"). In our opinion, Algonquin Power & Utilities Corp. (the "Company") maintained, in all material respects, effective internal control over financial reporting as of December 31, 2025, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated balance sheets of the Company as of December 31, 2025, and 2024, the related consolidated statements of operations, comprehensive income (loss), equity and cash flows for the years then ended, and the related notes, and our report dated March 6, 2026, expressed an unqualified opinion thereon.

### ***Basis for Opinion***

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the Management Report on Internal Controls over Financial Reporting section contained in the accompanying Management Discussion and Analysis. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

### ***Definition and Limitations of Internal Control over Financial Reporting***

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP  
Chartered Professional Accountants  
Licensed Public Accountants

Toronto, Canada  
March 6, 2026



## Algonquin Power & Utilities Corp. Consolidated Statements of Operations

(millions of U.S. dollars, except per share amounts)

|                                                                                                         | Years ended<br>December 31, |                     |
|---------------------------------------------------------------------------------------------------------|-----------------------------|---------------------|
|                                                                                                         | 2025                        | 2024                |
| <b>Revenue</b>                                                                                          |                             |                     |
| Regulated electricity distribution                                                                      | \$ 1,292.7                  | \$ 1,276.1          |
| Regulated natural gas distribution                                                                      | 614.4                       | 546.4               |
| Regulated water reclamation and distribution                                                            | 426.6                       | 406.1               |
| Non-regulated energy sales                                                                              | 36.5                        | 35.3                |
| Other revenue                                                                                           | 63.4                        | 55.6                |
|                                                                                                         | <b>2,433.6</b>              | <b>2,319.5</b>      |
| <b>Expenses</b>                                                                                         |                             |                     |
| Operating expenses                                                                                      | 870.4                       | 873.4               |
| Regulated electricity purchased                                                                         | 357.8                       | 365.7               |
| Regulated natural gas purchased                                                                         | 227.0                       | 183.2               |
| Regulated water purchased                                                                               | 26.6                        | 28.1                |
| Other cost of sales                                                                                     | 28.4                        | 23.8                |
| Depreciation and amortization                                                                           | 400.3                       | 395.7               |
| Loss on foreign exchange                                                                                | 18.4                        | 3.5                 |
|                                                                                                         | <b>1,928.9</b>              | <b>1,873.4</b>      |
| <b>Operating income</b>                                                                                 | <b>504.7</b>                | <b>446.1</b>        |
| Interest expense (note 8)                                                                               | (282.5)                     | (363.6)             |
| Income from long-term investments (note 7)                                                              | 21.6                        | 107.5               |
| Other income (note 6)                                                                                   | 22.0                        | 27.5                |
| Other net losses (note 17)                                                                              | (52.6)                      | (27.0)              |
| Pension and other post-employment non-service costs (note 9(d))                                         | (3.7)                       | (14.1)              |
| Gain on derivative financial instruments (note 22(b)(iii))                                              | 1.5                         | 0.8                 |
|                                                                                                         | <b>(293.7)</b>              | <b>(268.9)</b>      |
| <b>Earnings before income taxes</b>                                                                     | <b>211.0</b>                | <b>177.2</b>        |
| <b>Income tax expense from continuing operations</b> (note 16)                                          |                             |                     |
| Current                                                                                                 | (15.9)                      | (18.2)              |
| Deferred                                                                                                | (49.1)                      | (168.6)             |
|                                                                                                         | <b>(65.0)</b>               | <b>(186.8)</b>      |
| Earnings (loss) from continuing operations                                                              | <b>146.0</b>                | <b>(9.6)</b>        |
| Loss from discontinued operations, net of tax (note 23(b))                                              | <b>(37.7)</b>               | <b>(1,506.3)</b>    |
| <b>Net earnings (loss)</b>                                                                              | <b>108.3</b>                | <b>(1,515.9)</b>    |
| Net effect of non-controlling interests from continuing operations (note 15)                            | 72.5                        | 74.9                |
| Net effect of non-controlling interests from discontinued operations (note 23)                          | —                           | 60.5                |
| <b>Net earnings (loss) attributable to shareholders of Algonquin Power &amp; Utilities Corp.</b>        | <b>\$ 180.8</b>             | <b>\$ (1,380.5)</b> |
| Series A Shares and Series D Shares dividend (note 14)                                                  | 10.5                        | 10.5                |
| <b>Net earnings (loss) attributable to common shareholders of Algonquin Power &amp; Utilities Corp.</b> | <b>\$ 170.3</b>             | <b>\$ (1,391.0)</b> |
| Basic and diluted net earnings per share from continuing operations (note 18)                           | \$ 0.27                     | \$ 0.07             |
| Basic and diluted net loss per share from discontinued operations (note 18)                             | \$ (0.05)                   | \$ (1.97)           |
| Basic and diluted net earnings (loss) per share (note 18)                                               | \$ 0.22                     | \$ (1.90)           |

See accompanying notes to consolidated financial statements.

# Algonquin Power & Utilities Corp.

## Consolidated Statements of Comprehensive Income (Loss)

(millions of U.S. dollars)

|                                                                                                                       | Years ended<br>December 31, |                     |
|-----------------------------------------------------------------------------------------------------------------------|-----------------------------|---------------------|
|                                                                                                                       | 2025                        | 2024                |
| <b>Net earnings (loss)</b>                                                                                            | <b>\$ 108.3</b>             | <b>\$ (1,515.9)</b> |
| Other comprehensive income (loss) ("OCI"):                                                                            |                             |                     |
| Foreign currency translation adjustment, net of tax expense of \$nil (2024 - tax expense of \$nil) (notes 22(b)(iii)) | 48.2                        | 34.4                |
| Change in fair value of cash flow hedges, net of tax recovery of \$0.6 (2024 - tax expense of \$0.4) (note 22(b)(ii)) | (33.6)                      | 52.3                |
| Change in pension and other post-employment benefits, net of tax expense of \$3.5 (2024 - tax expense of \$3.8)       | 6.7                         | 7.0                 |
| <b>OCI, net of tax (note 13)</b>                                                                                      | <b>21.3</b>                 | <b>93.7</b>         |
| Amounts reclassified from AOCI related to discontinued operations (notes 13 and 23(b))                                | —                           | 94.6                |
| Derecognition on sale of the renewable energy business (note 23)                                                      | (71.6)                      | —                   |
| Comprehensive income (loss)                                                                                           | 58.0                        | (1,327.6)           |
| Comprehensive loss attributable to the non-controlling interests                                                      | (72.5)                      | (130.8)             |
| <b>Comprehensive income (loss) attributable to shareholders of Algonquin Power &amp; Utilities Corp.</b>              | <b>\$ 130.5</b>             | <b>\$ (1,196.8)</b> |

See accompanying notes to consolidated financial statements.

## Algonquin Power & Utilities Corp. Consolidated Balance Sheets

(millions of U.S. dollars)

|                                             | December 31,<br>2025 | December 31,<br>2024 |
|---------------------------------------------|----------------------|----------------------|
| <b>ASSETS</b>                               |                      |                      |
| Current assets:                             |                      |                      |
| Cash and cash equivalents                   | \$ 32.7              | \$ 34.8              |
| Trade and other receivables, net (note 3)   | 494.8                | 422.6                |
| Fuel and natural gas in storage             | 46.6                 | 43.7                 |
| Supplies and consumables inventory          | 179.9                | 179.9                |
| Regulatory assets (note 6)                  | 205.1                | 194.9                |
| Prepaid expenses                            | 89.2                 | 68.8                 |
| Derivative instruments (note 22)            | 6.0                  | 11.1                 |
| Other assets (note 10)                      | 149.8                | 12.8                 |
| Assets held for sale (note 23)              | —                    | 166.5                |
|                                             | <b>1,204.1</b>       | <b>1,135.1</b>       |
| Property, plant and equipment, net (note 4) | 9,749.9              | 9,450.1              |
| Intangible assets, net (note 5)             | 69.7                 | 69.1                 |
| Goodwill (note 5)                           | 1,320.1              | 1,312.2              |
| Regulatory assets (note 6)                  | 1,190.8              | 1,126.1              |
| Long-term investments (note 7)              | 207.5                | 67.8                 |
| Derivative instruments (note 22)            | 77.0                 | 97.4                 |
| Deferred income taxes (note 16)             | 26.3                 | 11.2                 |
| Other assets (note 10)                      | 290.8                | 163.6                |
| Assets held for sale (note 23)              | —                    | 3,529.1              |
|                                             | <b>\$ 14,136.2</b>   | <b>\$ 16,961.7</b>   |

See accompanying notes to consolidated financial statements.

# Algonquin Power & Utilities Corp.

## Consolidated Balance Sheets (continued)

(millions of U.S. dollars)

|                                                                                | December 31,<br>2025 | December 31,<br>2024 |
|--------------------------------------------------------------------------------|----------------------|----------------------|
| <b>LIABILITIES AND EQUITY</b>                                                  |                      |                      |
| Current liabilities:                                                           |                      |                      |
| Accounts payable                                                               | \$ 145.4             | \$ 164.2             |
| Accrued liabilities                                                            | 396.7                | 503.3                |
| Dividends payable                                                              | 50.1                 | 49.7                 |
| Regulatory liabilities (note 6)                                                | 65.8                 | 76.7                 |
| Long-term debt (note 8)                                                        | 364.0                | 491.7                |
| Other long-term liabilities (note 11)                                          | 151.1                | 36.3                 |
| Derivative instruments (note 22)                                               | 1.6                  | 1.9                  |
| Other liabilities                                                              | 24.2                 | 20.7                 |
| Liabilities associated with assets held for sale (note 23)                     | —                    | 153.0                |
|                                                                                | <b>1,198.9</b>       | <b>1,497.5</b>       |
| Long-term debt (note 8)                                                        | <b>6,168.9</b>       | <b>6,207.0</b>       |
| Regulatory liabilities (note 6)                                                | <b>584.9</b>         | <b>559.6</b>         |
| Deferred income taxes (note 16)                                                | <b>688.9</b>         | <b>577.2</b>         |
| Derivative instruments (note 22)                                               | <b>15.9</b>          | <b>17.5</b>          |
| Pension and other post-employment benefits obligation (note 9)                 | <b>72.6</b>          | <b>73.6</b>          |
| Other long-term liabilities (note 11)                                          | <b>357.8</b>         | <b>273.8</b>         |
| Liabilities associated with assets held for sale (note 23)                     | <b>—</b>             | <b>1,574.3</b>       |
|                                                                                | <b>7,889.0</b>       | <b>9,283.0</b>       |
| Redeemable non-controlling interests                                           | <b>—</b>             | <b>5.0</b>           |
| Equity:                                                                        |                      |                      |
| Preferred shares (note 12(c))                                                  | <b>184.3</b>         | <b>184.3</b>         |
| Common shares (note 12(a))                                                     | <b>7,401.7</b>       | <b>7,391.3</b>       |
| Additional paid-in capital                                                     | <b>(14.7)</b>        | <b>(19.2)</b>        |
| Deficit                                                                        | <b>(2,961.3)</b>     | <b>(2,929.9)</b>     |
| Accumulated other comprehensive income ("AOCI") (note 13)                      | <b>31.1</b>          | <b>81.4</b>          |
| Total equity attributable to shareholders of Algonquin Power & Utilities Corp. | <b>4,641.1</b>       | <b>4,707.9</b>       |
| Non-controlling interests (note 15)                                            |                      |                      |
| Non-controlling interests - tax equity partnership units                       | <b>328.5</b>         | <b>1,099.3</b>       |
| Other non-controlling interests                                                | <b>78.7</b>          | <b>369.0</b>         |
|                                                                                | <b>407.2</b>         | <b>1,468.3</b>       |
| Total equity                                                                   | <b>5,048.3</b>       | <b>6,176.2</b>       |
| Commitments and contingencies (note 20)                                        |                      |                      |
|                                                                                | <b>\$ 14,136.2</b>   | <b>\$ 16,961.7</b>   |

See accompanying notes to consolidated financial statements.

## Algonquin Power & Utilities Corp. Consolidated Statements of Equity

(millions of U.S. dollars)

For the year ended December 31, 2025

| Algonquin Power & Utilities Corp. Shareholders                     |                  |                     |                                  |              |         |                                  |            |
|--------------------------------------------------------------------|------------------|---------------------|----------------------------------|--------------|---------|----------------------------------|------------|
|                                                                    | Common<br>shares | Preferred<br>shares | Additional<br>paid-in<br>capital | Deficit      | AOCI    | Non-<br>controlling<br>interests | Total      |
| Balance, December 31, 2024                                         | \$ 7,391.3       | \$ 184.3            | \$ (19.2)                        | \$ (2,929.9) | \$ 81.4 | \$ 1,468.3                       | \$ 6,176.2 |
| Net earnings (loss)                                                | —                | —                   | —                                | 180.8        | —       | (72.5)                           | 108.3      |
| Regulatory asset attributable to non-controlling interests         | —                | —                   | —                                | —            | —       | 2.5                              | 2.5        |
| OCI                                                                | —                | —                   | —                                | —            | 21.3    | —                                | 21.3       |
| Dividends declared and distributions to non-controlling interests  | —                | —                   | —                                | (212.2)      | —       | (6.0)                            | (218.2)    |
| Contributions received from non-controlling interests, net of cost | —                | —                   | —                                | —            | —       | 6.9                              | 6.9        |
| Derecognition on sale of the renewable energy business             | —                | —                   | —                                | —            | (71.6)  | (992.0)                          | (1,063.6)  |
| Common shares issued under employee share purchase plan            | 3.7              | —                   | —                                | —            | —       | —                                | 3.7        |
| Share-based compensation                                           | —                | —                   | 19.2                             | —            | —       | —                                | 19.2       |
| Common shares issued pursuant to share-based awards                | 6.7              | —                   | (7.6)                            | —            | —       | —                                | (0.9)      |
| Non-controlling interest assumed on asset acquisition              | —                | —                   | (7.1)                            | —            | —       | —                                | (7.1)      |
| Balance, December 31, 2025                                         | \$ 7,401.7       | \$ 184.3            | \$ (14.7)                        | \$ (2,961.3) | \$ 31.1 | \$ 407.2                         | \$ 5,048.3 |

See accompanying notes to consolidated financial statements.



## Algonquin Power & Utilities Corp. Consolidated Statements of Equity (continued)

(millions of U.S. dollars)

For the year ended December 31, 2024

| Algonquin Power & Utilities Corp. Shareholders                                                                              |                  |                     |                                  |              |            |                                  |            |  |
|-----------------------------------------------------------------------------------------------------------------------------|------------------|---------------------|----------------------------------|--------------|------------|----------------------------------|------------|--|
|                                                                                                                             | Common<br>shares | Preferred<br>shares | Additional<br>paid-in<br>capital | Deficit      | AOCI       | Non-<br>controlling<br>interests | Total      |  |
| Balance, December 31, 2023                                                                                                  | \$ 6,230.0       | \$ 184.3            | \$ 7.3                           | \$ (1,279.7) | \$ (102.3) | \$ 1,584.8                       | \$ 6,624.4 |  |
| Net loss                                                                                                                    | —                | —                   | —                                | (1,380.5)    | —          | (135.4)                          | (1,515.9)  |  |
| Amounts reclassified from AOCI to the consolidated statements of operations related to discontinued operations (note 23(b)) | —                | —                   | —                                | —            | 94.6       | —                                | 94.6       |  |
| Effect of redeemable non-controlling interests not included in equity (note 15)                                             | —                | —                   | —                                | —            | —          | 1.3                              | 1.3        |  |
| OCI                                                                                                                         | —                | —                   | —                                | —            | 89.1       | 4.6                              | 93.7       |  |
| Dividends declared and distributions to non-controlling interests                                                           | —                | —                   | —                                | (270.6)      | —          | (75.1)                           | (345.7)    |  |
| Regulatory asset attributable to non-controlling interests                                                                  | —                | —                   | —                                | —            | —          | (1.6)                            | (1.6)      |  |
| Contributions received from non-controlling interests, net of cost                                                          | —                | —                   | —                                | —            | —          | 75.6                             | 75.6       |  |
| Common shares issued upon settlement of purchase contracts, net of tax-effected cost                                        | 1,150.0          | —                   | (20.3)                           | —            | —          | —                                | 1,129.7    |  |
| Common shares issued under employee share purchase plan                                                                     | 4.0              | —                   | —                                | —            | —          | —                                | 4.0        |  |
| Share-based compensation                                                                                                    | —                | —                   | 15.2                             | —            | —          | —                                | 15.2       |  |
| Common shares issued pursuant to share-based awards                                                                         | 7.3              | —                   | (5.8)                            | 0.9          | —          | —                                | 2.4        |  |
| Non-controlling interest assumed on asset acquisition                                                                       | —                | —                   | (15.6)                           | —            | —          | 14.1                             | (1.5)      |  |
| Balance, December 31, 2024                                                                                                  | \$ 7,391.3       | \$ 184.3            | \$ (19.2)                        | \$ (2,929.9) | \$ 81.4    | \$ 1,468.3                       | \$ 6,176.2 |  |

See accompanying notes to consolidated financial statements.

**Algonquin Power & Utilities Corp.**  
**Consolidated Statements of Cash Flows**

(millions of U.S. dollars)

|                                                                                                | Years ended December 31, |                 |
|------------------------------------------------------------------------------------------------|--------------------------|-----------------|
|                                                                                                | 2025                     | 2024            |
| <b>Cash provided by (used in):</b>                                                             |                          |                 |
| <b>Operating activities</b>                                                                    |                          |                 |
| Net earnings (loss)                                                                            | \$ 108.3                 | \$ (1,515.9)    |
| Adjustments and items not affecting cash:                                                      |                          |                 |
| Depreciation and amortization                                                                  | 400.3                    | 476.7           |
| Deferred taxes                                                                                 | 136.4                    | 105.6           |
| Initial value and changes in derivative financial instruments, net of amortization             | (8.9)                    | (5.8)           |
| Share-based compensation                                                                       | 13.0                     | 18.4            |
| Cost of equity funds used for construction purposes                                            | (1.7)                    | (1.7)           |
| Change in value of investments carried at fair value                                           | —                        | 38.0            |
| Pension and post-employment expense lower than contributions                                   | (12.1)                   | (0.4)           |
| Distributions received from equity investments, net of income                                  | 1.0                      | 42.2            |
| Loss from classification as held for sale (note 23(b))                                         | —                        | 1,357.3         |
| Loss on reclassification of AOCI (note 23(b))                                                  | —                        | 94.6            |
| Other                                                                                          | 3.0                      | 12.2            |
| Net change in non-cash operating items (note 21)                                               | (45.7)                   | (139.5)         |
|                                                                                                | <b>593.6</b>             | <b>481.7</b>    |
| <b>Financing activities</b>                                                                    |                          |                 |
| Increase in long-term debt                                                                     | 554.7                    | 4,035.0         |
| Repayments of long-term debt                                                                   | (714.2)                  | (5,344.2)       |
| Net change in commercial paper                                                                 | (46.0)                   | (98.6)          |
| Repayment of long-term debt on disposition of renewable energy business (note 23)              | (1,374.8)                | —               |
| Issuance of common shares, net of costs                                                        | 0.8                      | 1,154.0         |
| Cash dividends on common shares                                                                | (201.3)                  | (285.1)         |
| Dividends on preferred shares                                                                  | (10.5)                   | (10.5)          |
| Contributions from non-controlling interests and redeemable non-controlling interests          | —                        | 60.5            |
| Production-based cash contributions from non-controlling interest from discontinued operations | —                        | 13.0            |
| Production-based cash contributions from non-controlling interest from continuing operations   | 6.9                      | 2.0             |
| Distributions to non-controlling interests                                                     | (1.5)                    | (33.3)          |
| Receipts (payments) upon settlement of derivatives                                             | (35.4)                   | 6.0             |
| Shares surrendered to fund withholding taxes on exercised share options                        | (1.0)                    | (3.4)           |
| Acquisition of non-controlling interest                                                        | —                        | (23.4)          |
| Net change in other long-term liabilities                                                      | 11.1                     | (28.4)          |
|                                                                                                | <b>(1,811.2)</b>         | <b>(556.4)</b>  |
| <b>Investing activities</b>                                                                    |                          |                 |
| Additions to property, plant and equipment and intangible assets                               | (771.9)                  | (872.4)         |
| Proceeds from sale of long-lived assets                                                        | —                        | 1,077.2         |
| Increase in long-term investments                                                              | (4.9)                    | (115.0)         |
| Decrease in long-term investments                                                              | —                        | 22.9            |
| Proceeds from divestiture of operating entity                                                  | 1,973.3                  | 29.5            |
| Transaction cost on divestiture of operating entity                                            | (16.1)                   | —               |
| Increase in other assets                                                                       | (17.0)                   | (9.4)           |
|                                                                                                | <b>1,163.4</b>           | <b>132.8</b>    |
| Effect of exchange rate differences on cash and restricted cash                                | 1.3                      | (3.1)           |
| Increase (decrease) in cash, cash equivalents and restricted cash                              | \$ (52.9)                | \$ 55.0         |
| Cash, cash equivalents and restricted cash, beginning of year                                  | 131.1                    | 76.1            |
| <b>Cash, cash equivalents and restricted cash, end of year</b>                                 | <b>\$ 78.2</b>           | <b>\$ 131.1</b> |

See accompanying notes to consolidated financial statements.

## Algonquin Power & Utilities Corp. Consolidated Statements of Cash Flows (continued)

(millions of U.S. dollars)

|                                                                                                         | Years ended December 31, |            |
|---------------------------------------------------------------------------------------------------------|--------------------------|------------|
|                                                                                                         | 2025                     | 2024       |
| <b>Supplemental disclosure of cash flow information:</b>                                                |                          |            |
| Cash paid during the year for interest expense                                                          | \$ (312.1)               | \$ (432.7) |
| Cash received during the year for income taxes - net (note 16)                                          | \$ 73.4                  | \$ 56.7    |
| Cash received during the year for distributions from equity investments                                 | \$ —                     | \$ 86.3    |
| <b>Non-cash financing and investing activities:</b>                                                     |                          |            |
| Increase (decrease) in accrued capital expenditure                                                      | \$ (121.4)               | \$ 84.7    |
| Issuance of common shares under share-based compensation plans                                          | \$ 10.4                  | \$ 11.3    |
| Property, plant and equipment, intangible assets and accrued liabilities in exchange of note receivable | \$ —                     | \$ 195.1   |

See accompanying notes to consolidated financial statements.



**Algonquin Power & Utilities Corp.**

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in millions of U.S. dollars, except as noted and per share amounts)*

Algonquin Power & Utilities Corp. ("AQN" or the "Company") is an entity incorporated under the *Canada Business Corporations Act*. The Company's operations are organized across two business units consisting of (i) the Regulated Services Group, which primarily owns and operates a portfolio of regulated electric, water distribution and wastewater collection, and natural gas utility systems and transmission operations in the United States, Canada, Bermuda and Chile; and (ii) the Hydro Group, which consists of hydroelectric-generating facilities located in Canada that were not sold as part of the Renewables Sale (as defined below). Additionally, the Company has a corporate function, the Corporate Group, consisting of corporate debt and corporate and shared services that primarily support the Regulated Services Group and the Hydro Group. In prior periods, AQN included the Renewable Energy Group as a reportable segment; however, on January 8, 2025, the assets and liabilities of this segment (excluding the Hydro Group) were disposed of and its net earnings have been reported as discontinued operations (the "discontinued operations") (see notes 1(c) and 23).

**1. Significant accounting policies****(a) Basis of preparation**

The accompanying consolidated financial statements and notes have been prepared in accordance with generally accepted accounting principles in the United States ("U.S. GAAP") and follow disclosure required under Regulation S-X provided by the U.S. Securities and Exchange Commission.

**(b) Basis of consolidation**

The accompanying consolidated financial statements of AQN include the accounts of AQN, its majority-owned subsidiaries and variable interest entities ("VIEs") where the Company is the primary beneficiary (note 1(n)). Intercompany transactions and balances have been eliminated. Interests in subsidiaries owned by third parties are included in non-controlling interests (note 1(u)).

**(c) Discontinued operations**

On August 9, 2024, the Company entered into an agreement to sell its renewable energy business (excluding the Hydro Group) to a wholly owned subsidiary of LS Power (the "Renewables Sale"). In the third quarter of 2024, the Company concluded that the consolidated assets within the renewable energy business that were sold met the accounting requirements to be presented as "held for sale" based on the receipt of financial commercial terms, approval of the Board of Directors of AQN (the "Board") to consummate the transaction and the signing of the sale agreement, all occurring within such quarter. As a result, the renewable energy business (excluding the Hydro Group) has been classified as discontinued operations in the 2025 consolidated annual financial statements.

AQN has elected to present the cash flows of discontinued operations combined with cash flows of continuing operations. No interest from corporate-level debt was allocated to discontinued operations. For the years ended December 31, 2025 and 2024, the loss from discontinued operations, net of tax on AQN's consolidated statements of operations, includes amounts related to non-controlling interests, where applicable. A portion of non-controlling interests on AQN's consolidated balance sheets relates to discontinued operations for the periods presented.

On January 8, 2025, the Company completed the Renewables Sale.

Unless otherwise noted, the notes to these consolidated annual financial statements exclude amounts related to discontinued operations for all periods presented.

See note 23 for a discussion of discontinued operations related to the Renewables Sale.

**(d) Business combinations, intangible assets and goodwill**

The Company accounts for acquisitions of entities or assets that meet the definition of a business as business combinations. Business combinations are accounted for using the acquisition method. Assets acquired and liabilities assumed are measured at their fair value at the acquisition date, except for deferred income taxes, which are accounted for as described in note 1(x). Acquisition costs are expensed in the period incurred. When the set of activities does not represent a business, the transaction is accounted for as an asset acquisition and includes acquisition costs.



**Algonquin Power & Utilities Corp.**

## Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in millions of U.S. dollars, except as noted and per share amounts)***1. Significant accounting policies (continued)****(d) Business combinations, intangible assets and goodwill (continued)**

Intangible assets acquired are recognized separately at fair value if they arise from contractual or other legal rights or are separable. Power sales contracts within the Hydro Group are amortized on a straight-line basis over the remaining term of the contract ranging from 6 to 25 years from the date of acquisition. Interconnection agreements are amortized on a straight-line basis over their estimated life of 40 years. The majority of the Company's customer relationships are amortized on a straight-line basis over their estimated lives of 25 to 40 years. Certain customer relationships and water rights in Chile as well as brand names are considered indefinite-lived intangible assets and are not amortized, but assessed annually for indicators of impairment. Miscellaneous intangible assets include renewable energy credits that are purchased by the Company's electric utilities to satisfy renewable portfolio standard obligations. These intangible assets are not amortized but are derecognized when remitted to the respective state authority to satisfy the compliance obligation.

Goodwill represents the excess of the purchase price of an acquired business over the fair value of the net assets acquired. Goodwill is generally not included in the rate base on which regulated utilities are allowed to earn a return and is not amortized.

As at September 30 of each year, the Company assesses qualitative and quantitative factors to determine whether it is more likely than not that the fair value of a reporting unit to which goodwill is attributed is less than its carrying amount. If it is more likely than not that a reporting unit's fair value is less than its carrying amount or if a quantitative assessment is elected, the Company calculates the fair value of the reporting unit. If the carrying amount of the reporting unit as a whole exceeds the reporting unit's fair value, an impairment charge is recorded in an amount of that excess, limited to the total amount of goodwill allocated to that reporting unit. Goodwill is tested for impairment between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount.

**(e) Accounting for rate-regulated operations**

The operating companies within the Regulated Services Group are subject to rate regulation generally overseen by the regulatory authorities of the jurisdictions in which they operate (the "Regulator"). The Regulator provides the final determination of the rates charged to customers. AQN's regulated operating companies are accounted for under the principles of U.S. Financial Accounting Standards Board ("FASB") ASC Topic 980, *Regulated Operations* ("ASC 980") except for AQN's Chilean operating company, Suralis (Chile) Water System ("Suralis"). The rates that are approved under the Chilean regulatory framework are designed to recover the costs of service of a model water utility. Because the rates are not designed to recover Suralis's specific costs of service, the utility does not meet the criteria to follow the accounting guidance under ASC 980.

Under ASC 980, regulatory assets and liabilities are recorded to the extent that they represent probable future revenue or expenses associated with certain charges or credits that will be recovered from or refunded to customers through the rate-making process. Included in note 6, "Regulatory matters", are details of regulatory assets and liabilities, and their current regulatory treatment.

In the event the Company determines that its net regulatory assets are not probable of recovery, it would no longer apply the principles of the current accounting guidance for rate-regulated enterprises and would be required to record an after-tax, non-cash charge or credit against earnings for any remaining regulatory assets or liabilities. The impact could be material to the Company's reported consolidated financial condition and consolidated results of operations.

The U.S. electric, gas and water utilities' accounts are maintained in accordance with the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission ("FERC"), the applicable Regulator(s) and National Association of Regulatory Utility Commissioners in the United States. The New Brunswick Gas accounts are maintained in accordance with the *Gas Distribution Uniform Accounting Regulation - Gas Distribution Act, 1999* (New Brunswick).

**(f) Cash and cash equivalents**

Cash and cash equivalents include all highly liquid instruments with an original maturity of three months or less.





**Algonquin Power & Utilities Corp.**

## Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in millions of U.S. dollars, except as noted and per share amounts)*

---

**1. Significant accounting policies (continued)****(g) Restricted cash**

Restricted cash represents reserves and amounts set aside pursuant to requirements of various debt agreements, deposits to be returned back to customers, and certain requirements related to generation and transmission operations. Cash reserves segregated from AQN's cash balances are maintained in accounts administered by a separate agent and disclosed separately as restricted cash in these consolidated financial statements. AQN cannot access restricted cash without the prior authorization of parties not related to AQN.

**(h) Accounts receivable**

Trade accounts receivable are recorded at the invoiced amount and do not bear interest. The Company maintains an allowance for doubtful accounts for estimated losses inherent in its accounts receivable portfolio. In establishing the required allowance, management considers historical losses adjusted to take into account current market conditions and customers' financial condition, the amount of receivables in dispute, future economic conditions and outlook, and the receivables aging and current payment patterns. Account balances are charged against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. The Company does not have any off-balance sheet credit exposure related to its customers.

**(i) Fuel and natural gas in storage**

Fuel and natural gas in storage is reflected at weighted average cost or first-in-first-out as required by regulators and represents fuel, natural gas and liquefied natural gas that will be utilized in the ordinary course of business of the gas utilities and some generating facilities. Existing rate orders and other contracts allow the Company to pass through the cost of gas purchased directly to the customers along with any applicable authorized delivery surcharge adjustments (note 6(e)). Accordingly, the net realizable value of fuel and gas in storage does not fall below the cost to the Company.

**(j) Supplies and consumables inventory**

Supplies and consumables inventory (other than capital spares and rotatable spares, which are included in property, plant and equipment) is charged to inventory when purchased and then capitalized to plant or expensed, as appropriate, when installed, used or upon becoming obsolete. These items are stated at the lower of cost and net realizable value. Through rate orders and the regulatory environment, capitalized construction jobs are recovered through rate base, and repair and maintenance expenses are recovered through a cost of service calculation. Accordingly, the cost usually reflects the net realizable value.

**(k) Property, plant and equipment**

Property, plant and equipment are recorded at cost. Project development costs for rate-regulated entities, including expenditures for preliminary surveys, plans, investigations, environmental studies, regulatory applications and other costs incurred for the purpose of determining the feasibility of capital expansion projects, are capitalized either as regulatory assets or property, plant and equipment when it is determined that recovery of such costs through regulated revenue of the completed project is probable.

The costs of acquiring or constructing property, plant and equipment include the following: materials, labour, contractor and professional services, construction overhead directly attributable to the capital project (where applicable), interest for non-regulated property and allowance for funds used during construction ("AFUDC") for regulated property. Where possible, individual components are recorded and depreciated separately in the books and records of the Company. Plant and equipment under finance leases are initially recorded at cost determined as the present value of lease payments to be made over the lease term.

AFUDC represents the cost of borrowed funds and a return on other funds. Under ASC 980, an allowance for funds used during construction projects that are included in rate base is capitalized. This allowance is designed to enable a utility to capitalize financing costs during periods of construction of property subject to rate regulation. For operations that do not apply regulatory accounting, interest related only to debt is capitalized as a cost of construction in accordance with ASC 835, *Interest*. The interest capitalized that relates to debt reduces interest expense on the consolidated statements of operations. The AFUDC capitalized that relates to equity funds is recorded as interest and other income under income from long-term investments on the consolidated statements of operations.



**Algonquin Power & Utilities Corp.**

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in millions of U.S. dollars, except as noted and per share amounts)***1. Significant accounting policies (continued)****(k) Property, plant and equipment (continued)**

Improvements that increase or prolong the service life or capacity of an asset are capitalized. Costs incurred for major expenditures or overhauls that occur at regular intervals over the life of an asset are capitalized and depreciated over the related interval. Maintenance and repair costs are expensed as incurred. Grants related to capital expenditures are recorded as a reduction to the cost of assets and are amortized at the rate of the related asset as a reduction to depreciation expense. Grants related to operating expenses, such as maintenance and repair costs, are recorded as a reduction of the related expense. Contributions in aid of construction represent amounts contributed by customers, governments and developers to assist with the funding of some or all of the cost of utility capital assets. They also include amounts initially recorded as advances in aid of construction (note 11(a)) once the advance repayment period has expired. These contributions are recorded as a reduction in the cost of utility assets and are amortized at the rate of the related asset as a reduction to depreciation expense.

The Company's depreciation is based on the estimated useful lives of the depreciable assets in each category and is determined using the straight-line method. The ranges of estimated useful lives and the weighted average useful lives are summarized below:

|                                        | Range of useful lives |       | Weighted average remaining useful lives |      |
|----------------------------------------|-----------------------|-------|-----------------------------------------|------|
|                                        | 2025                  | 2024  | 2025                                    | 2024 |
| Utility plant                          | 1-100                 | 1-100 | 41                                      | 41   |
| Hydro: generation facilities and other | 5-60                  | 5-60  | 35                                      | 35   |

In accordance with regulator-approved accounting policies, when depreciable property, plant and equipment of the Regulated Services Group are replaced or retired, the original cost plus any removal costs incurred (net of salvage) are charged to accumulated depreciation with no gain or loss reflected in results of operations. Gains and losses will be charged to results of operations in the future through adjustments to depreciation expense. In the absence of regulator-approved accounting policies, gains and losses on the disposition of property, plant and equipment are charged to earnings as incurred.

**(l) Commonly owned facilities**

The Company owns undivided interests in three electric-generating facilities with ownership interest ranging from 7.52% to 60%, with a corresponding share of capacity and generation from the facility used to serve certain of its utility customers. The Company's investment in the undivided interest is recorded as plant in service and recovered through rate base. Commonly owned facilities represent cost of \$568.4 million (2024 - \$560.7 million) and accumulated depreciation of \$120.3 million (2024 - \$103.3 million). The Company's share of operating costs is recognized in operating expenses. Total expenditures incurred on these facilities for the year ended December 31, 2025 were \$80.7 million (2024 - \$69.6 million).

**(m) Impairment of long-lived assets**

AQN reviews property, plant and equipment and finite-life intangible assets for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable.

As at September 30 of each year, the Company assesses qualitative factors to determine whether it is more likely than not that the indefinite-lived intangible asset is impaired. If it is more likely than not that the indefinite-lived intangible asset is impaired, the Company calculates the fair value of the intangible asset. If the carrying value of the intangible asset exceeds its fair value, the Company recognizes an impairment loss in an amount equal to that excess. Indefinite-life intangible assets are tested for impairment between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value below its carrying amount.

Recoverability of assets expected to be held and used is measured by comparing the carrying amount of an asset to undiscounted expected future cash flows. If the carrying amount exceeds the recoverable amount, the asset is written down to its fair value.



**Algonquin Power & Utilities Corp.**

## Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in millions of U.S. dollars, except as noted and per share amounts)***1. Significant accounting policies (continued)****(n) Variable interest entities**

The Company performs analyses to assess whether its operations and investments represent VIEs. To identify potential VIEs, management reviews contracts under leases, long-term purchase power agreements and jointly owned facilities. VIEs for which the Company is deemed the primary beneficiary are consolidated. In circumstances where AQN is not deemed the primary beneficiary, the VIE is not consolidated (note 7).

The Company's continuing operation has equity and notes receivable interests in one power-generating facility. AQN has determined that this entity is considered a VIE mainly based on total equity at risk not being sufficient to permit the legal entity to finance its activities without additional subordinated financial support. The key decisions that affect the generating facility's economic performance relate to siting, permitting, technology, construction, operations and maintenance, and financing. As AQN has both the power to direct the activities of the entity that most significantly impact its economic performance and the right to receive benefits or the obligation to absorb losses of the entity that could potentially be significant to the entity, the Company is considered the primary beneficiary.

Total net book values of assets and long-term debt of this facility amount to \$32.0 million (2024 - \$28.8 million) and \$6.8 million (2024 - \$9.2 million), respectively. The financial performance of this facility reflected on the consolidated statements of operations includes non-regulated energy sales of \$12.4 million (2024 - \$11.5 million), operating expenses and amortization of \$3.4 million (2024 - \$3.2 million), and interest expense of \$2.2 million (2024 - \$1.1 million).

**(o) Long-term investments**

Investments in which AQN has significant influence but not control are either accounted for using the equity method or at fair value. Equity-method investments are initially measured at cost including transaction costs and interest when applicable. AQN records its share in the income or loss of its equity-method investees in income from long-term investments in the consolidated statements of operations. AQN records in the consolidated statements of operations the fluctuations in the fair value of its investees held at fair value and dividend income when it is declared by the investee.

Notes receivable are financial assets with fixed or determined payments that are not quoted in an active market. Notes receivable are initially recorded at cost, which is generally face value. Subsequent to acquisition, the notes receivable are recorded at amortized cost using the effective interest method. The Company holds these notes receivable as long-term investments and does not intend to sell these instruments prior to maturity. Interest from long-term investments is recorded as earned and when collectibility of both the interest and principal is reasonably assured.

If a loss in value of a long-term investment is considered other than temporary, an allowance for impairment on the investment is recorded for the amount of that loss. An allowance on notes receivable is recorded in order to present the net amount expected to be collected on the receivable. This allowance reflects the risk of loss over the remaining contractual life of the asset, taking into consideration historical experience, current conditions, and reasonable and supportable forecasts of future economic conditions. The impairment is measured based on the present value of expected future cash flows discounted at the note's effective interest rate.

**(p) Tax equity investments**

In connection with the Renewables Sale, the Company retained tax equity investments in seven renewable energy projects. These investments were previously considered intercompany investments and eliminated upon consolidation.

The Company elected to account for three eligible tax equity investments using the Proportional Amortization Method ("PAM") as outlined in Accounting Standards Update ("ASU") 2023-02 *Investments - Equity Method & Joint Ventures: Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method*.

The PAM requires the cost of eligible investments to be amortized in proportion to the tax benefits received with the resulting amortization reported directly in income tax expense, which aligns with the associated tax credits and other tax benefits.



**Algonquin Power & Utilities Corp.**

## Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in millions of U.S. dollars, except as noted and per share amounts)*

---

**1. Significant accounting policies (continued)****(p) Tax equity investments (continued)**

Delayed equity contributions that are unconditional and legally binding or conditional and probable of occurring are recorded in other liabilities with a corresponding increase in the carrying value of the investment. The Company is required to re-evaluate eligible investments when significant modifications or events occur that result in a change in the nature of the investment or a change in the Company's relationship with the underlying project. During the year, there were no significant modifications or events that resulted in a change in the nature of an eligible investment or a change in the Company's relationship with the underlying projects.

Tax equity investments not eligible for the PAM are recorded at cost.

See note 7 for additional details.

**(q) Pension and other post-employment plans**

The Company has established defined contribution pension plans, defined benefit pension plans, other post-employment benefit ("OPEB") plans and supplemental executive retirement program ("SERP") plans for its various employee groups. Employer contributions to the defined contribution pension plans are expensed as employees render service. The Company recognizes the funded status of its defined benefit pension plans, OPEB and SERP plans on the consolidated balance sheets. The Company's expense and liabilities are determined by actuarial valuations, using assumptions that are evaluated annually as of December 31, including discount rates, mortality, assumed rates of return, compensation increases, turnover rates and health care cost trend rates. The impact of modifications to those assumptions and modifications to prior services are recorded as actuarial gains and losses in AOCI and amortized to net periodic cost over future periods using the corridor method. When settlements of the Company's pension plans occur, the Company recognizes associated gains or losses immediately in earnings if the cost of all settlements during the year is greater than the sum of the service cost and interest cost components of the pension plan for the year. The amount recognized is a pro rata portion of the gains and losses in AOCI equal to the percentage reduction in the projected benefit obligation as a result of the settlement.

The costs of the Company's pension for employees are expensed over the periods during which employees render service and the service costs are recognized as part of administrative expenses in the consolidated statements of operations. The components of net periodic benefit cost other than the service cost component are included in pension and other post-employment non-service costs in the consolidated statements of operations.

**(r) Asset retirement obligations**

The Company recognizes a liability for asset retirement obligations based on the fair value of the liability when incurred, which is generally upon acquisition, during construction or through the normal operation of the asset. Concurrently, the Company also capitalizes an asset retirement cost, equal to the estimated fair value of the asset retirement obligation, by increasing the carrying value of the related long-lived asset. The asset retirement costs are depreciated over the asset's estimated useful life and are included in depreciation and amortization expense on the consolidated statements of operations. Increases in the asset retirement obligation resulting from the passage of time are recorded as accretion of asset retirement obligation in the consolidated statements of operations. Actual expenditures incurred are charged against the obligation to the extent that retirement of assets are expected to be recovered through rates, these are recorded as regulatory assets.

**(s) Leases**

The Company accounts for leases in accordance with ASC Topic 842, *Leases*. The Company leases land, buildings, vehicles, railcars and office equipment for use in its day-to-day operations. The Company has options to extend the lease term of many of its lease agreements, with renewal periods ranging from one to five years.

The right-of-use assets are included in property, plant and equipment while lease liabilities are included in other liabilities on the consolidated balance sheets. The discount rates used in the measurement of the Company's right-of-use assets and liabilities are the discount rates at the date of lease inception. The Company's lease balances as of December 31, 2025 and its expected lease payments for the next five years and thereafter are not significant.





**Algonquin Power & Utilities Corp.**

## Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in millions of U.S. dollars, except as noted and per share amounts)***1. Significant accounting policies (continued)****(t) Share-based compensation**

The Company has several share-based compensation plans: a share option plan (inactive as of June 2, 2025); an employee share purchase plan ("ESPP"); a deferred share unit ("DSU") plan; and a restricted share unit ("RSU") and performance share unit ("PSU") plan. Equity-classified awards are measured at the grant date fair value of the award. The Company estimates grant date fair value of options using the Black-Scholes option pricing model. The fair value is recognized over the vesting period of the award granted, adjusted for estimated forfeitures. The compensation cost is recorded as administrative expenses in the consolidated statements of operations and additional paid-in capital in equity. Additional paid-in capital is reduced as the awards are exercised, and the amount initially recorded in additional paid-in capital is credited to common shares.

The Company's share option plan (the "Option Plan") permits the grant of share options to officers, directors, employees and selected service providers. The aggregate number of shares that may be reserved for issuance under the Option Plan must not exceed 8% of the number of shares outstanding at the time the options are granted. In 2025, the Board, on recommendation of the human resources and compensation committee of the Board ("Compensation Committee"), determined not to seek re-approval from shareholders of unallocated share options under the Option Plan at AQN's annual meeting of shareholders held on June 3, 2025. As a result, as of June 2, 2025: (i) AQN will not be permitted to grant further options under the Option Plan until such time as the required shareholder approval is obtained in the future; and (ii) all options that have already been allocated and granted under the Option Plan that have not yet been exercised continue unaffected in accordance with their current terms; provided that, where such an option is cancelled or terminated, it will not be available for re-grant under the Option Plan until such time as the required shareholder approval is obtained.

The number of shares subject to each option, the option price, the expiration date, the vesting, and other terms and conditions relating to each option shall be determined by the Board (or the Compensation Committee) from time to time. Dividends on the underlying shares do not accumulate during the vesting period. Option holders may elect to surrender any portion of the vested options that is then exercisable in exchange for the "In-the-Money Amount". In accordance with the Option Plan, the "In-The-Money Amount" represents the excess, if any, of the market price of a share at such time over the option price, in each case such "In-the-Money Amount" being payable by the Company in cash or common shares at the election of the Company. As the Company does not expect to settle these instruments in cash, these options are accounted for as equity awards.

The Compensation Committee may accelerate the vesting of the unvested options then held by the optionee at the Compensation Committee's discretion. In the event that the Company restates its financial results, any unpaid or unexercised options may be cancelled at the discretion of the Compensation Committee in accordance with the terms of the Company's clawback policy.

The estimated fair value of options, including the effect of estimated forfeitures, is recognized as expense on a straight-line basis over the options' vesting periods while ensuring that the cumulative amount of compensation cost recognized at least equals the value of the vested portion of the award at that date. The Company determines the fair value of options granted using the Black-Scholes option-pricing model. The risk-free interest rate is based on the zero-coupon Canada Government bond with a similar term to the expected life of the options at the grant date. Expected volatility was estimated based on the historical volatility of the Company's common shares. The expected life was based on experience to date. The dividend yield rate was based upon recent historical dividends paid on AQN common shares.

**(u) Non-controlling interests**

Non-controlling interests represent the portion of equity ownership in subsidiaries that is not attributable to the equity holders of AQN. Non-controlling interests are initially recorded at fair value and subsequently adjusted for the proportionate share of earnings (loss) and other comprehensive income (loss) attributable to the non-controlling interests and any dividends or distributions paid to the non-controlling interests.

If a transaction results in the acquisition of all, or part, of a non-controlling interest in a consolidated subsidiary, the acquisition of the non-controlling interest is accounted for as an equity transaction. No gain or loss is recognized in net earnings (loss) or comprehensive income (loss) as a result of changes in the non-controlling interest, unless a change results in the loss of control by the Company.



**Algonquin Power & Utilities Corp.**

## Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in millions of U.S. dollars, except as noted and per share amounts)*

---

**1. Significant accounting policies (continued)****(u) Non-controlling interests (continued)**

Certain of the Company's U.S.-based wind and solar companies are organized as limited liability corporations ("LLCs") and partnerships, and have non-controlling membership equity investors ("tax equity partnership units", or "Tax Equity Investors"), which are entitled to allocations of earnings, tax attributes and cash flows in accordance with contractual agreements. These LLCs and partnership agreements have liquidation rights and priorities that are different from the underlying percentage ownership interests. In those situations, simply applying the percentage ownership interest to U.S. GAAP net income in order to determine earnings or losses would not accurately represent the income allocation and cash flow distributions that will ultimately be received by the investors. As such, the share of earnings attributable to the non-controlling interest holders in these entities is calculated using the Hypothetical Liquidation at Book Value ("HLBV") method of accounting (note 15).

The HLBV method uses a balance sheet approach. A calculation is prepared at each balance sheet date to determine the amount that Tax Equity Investors would receive if an equity investment entity were to liquidate all of its assets and distribute that cash to the investors based on the contractually defined liquidation priorities. The difference between the calculated liquidation distribution amounts at the beginning and the end of the reporting period is the Tax Equity Investors' share of the earnings or losses from the investment for that period.

Equity instruments subject to redemption upon the occurrence of uncertain events not solely within AQN's control are classified as temporary equity and presented as redeemable non-controlling interests on the consolidated balance sheets. The Company records temporary equity at issuance based on cash received less any transaction costs. As needed, the Company reevaluates the classification of its redeemable instruments, as well as the probability of redemption. If the redemption amount is probable or currently redeemable, the Company records the instruments at their redemption value. Increases or decreases in the carrying amount of a redeemable instrument are recorded within deficit. When the redemption feature lapses or other events cause the classification of an equity instrument as temporary equity to be no longer required, the existing carrying amount of the equity instrument is reclassified to permanent equity at the date of the event that caused the reclassification.

**(v) Recognition of revenue**

Revenue is recognized when control of the promised goods or services is transferred to the Company's customers in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services. Refer to note 19, "Segmented information" for details of revenue disaggregation by business units.

The Company primarily derives its revenue from the distribution and generation of electricity, water distribution, wastewater collection and distribution of natural gas.

Revenue related to utility electricity and natural gas sales and distribution is recognized over time as the energy is delivered. At the end of each month, the electricity and natural gas delivered to the customers from the date of their last meter read to the end of the month is estimated and the corresponding unbilled revenue is recorded. These estimates of unbilled revenue and sales are based on the ratio of billable days versus unbilled days, amount of electricity or natural gas procured during that month, historical customer class usage patterns, weather, line loss, unaccounted-for natural gas and current tariffs. Unbilled receivables are typically billed within the next month. Some customers elect to pay their bill on an equal monthly plan.

As a result, in some months cash is received in advance of the delivery of electricity. Deferred revenue is recorded for that amount. The amount of revenue recognized in the period from the balance of deferred revenue is not significant.

Water reclamation and distribution revenue is recognized over time when water is processed or delivered to customers. At the end of each month, the water delivered and wastewater collected from the customers from the date of their last meter read to the end of the month are estimated and the corresponding unbilled revenue is recorded. These estimates of unbilled revenue are based on the ratio of billable days versus unbilled days, amount of water procured and collected during that month, historical customer class usage patterns and current tariffs. Unbilled receivables are typically billed within the next month.



**Algonquin Power & Utilities Corp.**

## Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in millions of U.S. dollars, except as noted and per share amounts)*

---

**1. Significant accounting policies (continued)****(v) Recognition of revenue (continued)**

On occasion, a utility is permitted to implement approved rates that have not been formally approved by the regulatory commission, which are subject to refund. The Company recognizes revenue based on the interim rate and, if needed, establishes a reserve for amounts that could be refunded based on experience for the jurisdiction in which the rates were implemented.

Revenue for certain of the Company's regulated utilities is subject to alternative revenue programs approved by their respective regulators. Under these programs, the Company charges approved annual delivery revenue on a systematic basis over the fiscal year. As a result, the difference between delivery revenue calculated based on metered consumption and approved delivery revenue is disclosed as alternative revenue in note 19, "Segmented information" and is recorded as a regulatory asset or liability to reflect future recovery or refund, respectively, from customers (note 6). The amount subsequently billed to customers is recorded as a recovery of the regulatory asset.

**(w) Foreign currency translation**

AQN's reporting currency is the U.S. dollar. Within these consolidated financial statements, the Company denotes any amounts denominated in Canadian dollars with "C\$", in Chilean pesos with "CLP" and in Chilean Unidad de Fomento with "CLF" immediately prior to the stated amounts.

The Company's Canadian operations have the Canadian dollar as their functional currency since the preponderance of operating, financing and investing transactions is denominated in Canadian dollars. Similarly, the Company's Chilean and Bermudian operations' functional currency is the Chilean peso and the Bermudian dollar, respectively. However, Chilean long-term debt used to finance Suralis's operations is denominated in CLF. The financial statements of these operations are translated into U.S. dollars using the current rate method, whereby assets and liabilities are translated at the rate prevailing as at the balance sheet date, and revenue and expenses are translated using average rates for the period. Unrealized gains or losses arising as a result of the translation of the financial statements of these entities are reported as a component of OCI and are accumulated in a component of equity on the consolidated balance sheets, and are not recorded in income unless there is a complete or substantially complete sale or liquidation of the investment.

**(x) Income taxes**

Income taxes are accounted for using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the consolidated financial statement carrying amounts of assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. A valuation allowance is recorded against deferred tax assets to the extent that it is considered more likely than not that the deferred tax asset will not be realized. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in earnings in the period that includes the date of enactment. Investment tax credits for the rate-regulated operations are deferred and amortized as a reduction to income tax expense over the estimated useful lives of the properties. Investment tax credits along with other income tax credits in the non-regulated operations are treated as a reduction to income tax expense in the year the credit arises.

The organizational structure of AQN and its subsidiaries is complex and the related tax interpretations, regulations and legislation in the tax jurisdictions in which they operate are continually changing. As a result, there can be tax matters that have uncertain tax positions. The Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs.

**(y) Financial instruments and derivatives**

Accounts receivable and notes receivable are measured at amortized cost. Long-term debt and preferred shares are measured at amortized cost using the effective interest method, adjusted for the amortization or accretion of premiums or discounts.





**Algonquin Power & Utilities Corp.**

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in millions of U.S. dollars, except as noted and per share amounts)***1. Significant accounting policies (continued)****(y) Financial instruments and derivatives (continued)**

Transaction costs that are directly attributable to the acquisition of financial assets are accounted for as part of the asset's carrying value at inception. Transaction costs related to a recognized debt liability are presented in the consolidated balance sheets as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts and premiums. Costs of arranging the Company's revolving credit facilities and intercompany loans are recorded in other assets. Deferred financing costs, premiums and discounts on long-term debt are amortized using the effective interest method while deferred financing costs relating to the revolving credit facilities and intercompany loans are amortized on a straight-line basis over the term of the respective instrument.

The Company uses derivative financial instruments as one method to manage exposures to fluctuations in exchange rates, interest rates and commodity prices. AQN recognizes all derivative instruments as either assets or liabilities on the consolidated balance sheets at their respective fair values. The fair values recognized on derivative instruments executed with the same counterparty under a master netting arrangement are presented on a gross basis on the consolidated balance sheets. The amounts that could net settle are not significant. The Company applies hedge accounting to some of its financial instruments used to manage its foreign currency risk, interest rate risk and price risk exposures associated with sales of generated electricity.

For derivatives designated in a cash flow hedge relationship, the change in fair value is recognized in OCI.

The amount recognized in AOCI is reclassified to earnings (loss) in the same period as the hedged cash flows affect earnings under the same line item in the consolidated statements of operations as the hedged item. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated, exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. The amount remaining in AOCI is transferred to the consolidated statements of operations in the same period that the hedged item affects earnings. If the forecasted transaction is no longer expected to occur, then the balance in AOCI is recognized immediately in earnings (loss).

Foreign currency gain or loss on derivative or financial instruments designated as a hedge of the foreign currency exposure of a net investment in foreign operations that are effective as a hedge is reported in the same manner as the translation adjustment (in OCI) related to the net investment.

The Company's electric distribution facilities enter into power and natural gas purchase contracts for load serving and generation requirements. These contracts meet the exemption for normal purchase and normal sales and, as such, are not required to be recorded at fair value as derivatives and are accounted for on an accrual basis. Counterparties are evaluated on an ongoing basis for non-performance risk to ensure it does not impact the conclusion with respect to this exemption.

**(z) Fair value measurements**

The Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Company determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

- Level 1 Inputs: Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date.
- Level 2 Inputs: Other than quoted prices included in Level 1, inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3 Inputs: Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.





**Algonquin Power & Utilities Corp.**

## Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in millions of U.S. dollars, except as noted and per share amounts)***1. Significant accounting policies (continued)****(aa) Commitments and contingencies**

Liabilities for loss contingencies arising from environmental remediation, claims, assessments, litigation, fines, penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred.

**(ab) Use of estimates**

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of these consolidated financial statements, and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates. During the years presented, management has made a number of estimates and valuation assumptions, including the useful lives and recoverability of property, plant and equipment, intangible assets and goodwill; the recoverability of notes receivable and long-term investments; the recoverability of deferred tax assets; assessments of unbilled revenue; pension and OPEB obligations; timing effect of regulated assets and liabilities; contingencies related to environmental matters; the fair value of assets and liabilities acquired in a business combination; and the fair value of financial instruments. These estimates and valuation assumptions are based on present conditions and management's planned course of action, as well as assumptions about future business and economic conditions. Should the underlying valuation assumptions and estimates change, the recorded amounts could change by a material amount.

**2. Recently issued accounting pronouncements****(a) Recently adopted accounting pronouncements**

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. The amendments in this update enhance the transparency and decision-usefulness of income tax disclosures in the notes to financial statements, through improvements to disclosures primarily related to the rate reconciliation and income taxes paid. The Company adopted the new guidance for the year ended December 31, 2025. The expanded disclosures are presented in note 16.

**(b) Recently issued accounting guidance not yet adopted**

In November 2025, the FASB issued ASU 2025-09, *Derivatives and Hedging (Topic 815): Hedge Accounting Improvements*, to more closely align hedge accounting with the economics of an entity's risk management activities. The amendments in this update are effective for annual reporting periods beginning after December 15, 2026. Early adoption is permitted. The Company is currently assessing the relevant disclosure.

In December 2025, the FASB issued ASU 2025-11, *Interim Reporting (Topic 270): Narrow-Scope Improvements*, which clarifies the scope, form and content, and required disclosures for interim financial statements under ASC 270. The amendments in this update are effective for interim reporting periods within annual reporting periods beginning after December 15, 2027. Early adoption is permitted.

The Company is currently evaluating the impact of this guidance, which is not expected to have a material impact on its consolidated financial statements but may impact interim disclosures.

The Company considers the applicability and impact of all recently issued FASB accounting standard codification updates. ASUs that are not noted above were assessed and determined to be not applicable or not significant to the Company's consolidated financial statements for the year ended December 31, 2025.

**3. Trade and other receivables**

Trade and other receivables as of December 31, 2025 include unbilled revenue of \$136.9 million (2024 - \$120.2 million) from the Company's regulated utilities. Trade and other receivables as of December 31, 2025 are presented net of allowance for doubtful accounts of \$37.0 million (2024 - \$27.1 million).



**Algonquin Power & Utilities Corp.**

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in millions of U.S. dollars, except as noted and per share amounts)***4. Property, plant and equipment**

Property, plant and equipment consist of the following:

**2025**

| <i>(millions of U.S. dollars)</i>                     | <b>Cost</b>        | <b>Accumulated depreciation</b> | <b>Net book value</b> |
|-------------------------------------------------------|--------------------|---------------------------------|-----------------------|
| Utility plant <sup>(1)</sup>                          | \$ 11,007.0        | \$ 1,918.1                      | \$ 9,088.9            |
| Hydro: generation facilities and other <sup>(2)</sup> | 272.3              | 143.3                           | 129.0                 |
| Land                                                  | 119.5              | —                               | 119.5                 |
| Construction-in-progress                              |                    |                                 |                       |
| Utility plant                                         | 399.5              | —                               | 399.5                 |
| Hydro: generation facilities and other                | 13.0               | —                               | 13.0                  |
|                                                       | <b>\$ 11,811.3</b> | <b>\$ 2,061.4</b>               | <b>\$ 9,749.9</b>     |

**2024**

| <i>(millions of U.S. dollars)</i>                     | <b>Cost</b>        | <b>Accumulated depreciation</b> | <b>Net book value</b> |
|-------------------------------------------------------|--------------------|---------------------------------|-----------------------|
| Utility plant <sup>(1)</sup>                          | \$ 10,366.2        | \$ 1,596.8                      | \$ 8,769.4            |
| Hydro: generation facilities and other <sup>(2)</sup> | 258.6              | 129.4                           | 129.2                 |
| Land                                                  | 117.7              | —                               | 117.7                 |
| Construction-in-progress                              |                    |                                 |                       |
| Utility plant                                         | 426.2              | —                               | 426.2                 |
| Hydro: generation facilities and other                | 7.6                | —                               | 7.6                   |
|                                                       | <b>\$ 11,176.3</b> | <b>\$ 1,726.2</b>               | <b>\$ 9,450.1</b>     |

<sup>(1)</sup> Utility plant includes cost of \$3.4 million (2024 - \$3.4 million) and accumulated depreciation of \$3.2 million (2024 - \$3.0 million) related to assets under finance lease.

<sup>(2)</sup> Hydro: generation facilities and other include cost of \$52.4 million (2024 - \$74.8 million) and accumulated depreciation of \$31.0 million (2024 - \$38.7 million) related to facilities under financing lease or owned by consolidated VIEs. Depreciation expense of facilities under financing lease was \$1.5 million (2024 - \$1.0 million).

For the year ended December 31, 2025, contributions received in aid of construction of \$3.6 million (2024 - \$0.7 million) have been credited to the cost of the assets.

Interest and AFUDC capitalized to the cost of the assets in 2025 and 2024 are as follows:

| <i>(millions of U.S. dollars)</i>        | <b>2025</b>   | <b>2024</b>   |
|------------------------------------------|---------------|---------------|
| AFUDC capitalized on regulated property: |               |               |
| Allowance for borrowed funds             | \$ 4.3        | \$ 4.6        |
| Allowance for equity funds               | 1.7           | 1.7           |
|                                          | <b>\$ 6.0</b> | <b>\$ 6.3</b> |

**Algonquin Power & Utilities Corp.**

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in millions of U.S. dollars, except as noted and per share amounts)***5. Intangible assets and goodwill**

Intangible assets consist of the following:

*(millions of U.S. dollars)*

| <b>2025</b>                | <b>Cost</b>    | <b>Accumulated<br/>amortization</b> | <b>Net book<br/>value</b> |
|----------------------------|----------------|-------------------------------------|---------------------------|
| Customer relationships (a) | \$ 76.3        | \$ 16.3                             | \$ 60.0                   |
| Other (b)                  | 10.0           | 0.3                                 | 9.7                       |
|                            | <b>\$ 86.3</b> | <b>\$ 16.6</b>                      | <b>\$ 69.7</b>            |

| <b>2024</b>                | <b>Cost</b>    | <b>Accumulated<br/>amortization</b> | <b>Net book<br/>value</b> |
|----------------------------|----------------|-------------------------------------|---------------------------|
| Customer relationships (a) | \$ 74.3        | \$ 15.0                             | \$ 59.3                   |
| Other (b)                  | 10.1           | 0.3                                 | 9.8                       |
|                            | <b>\$ 84.4</b> | <b>\$ 15.3</b>                      | <b>\$ 69.1</b>            |

(a) For the year ended December 31, 2025, customer relationships include a foreign exchange gain of \$2.0 million (2024 - loss of \$2.8 million).

(b) Other includes brand names, water rights, easements and miscellaneous intangible assets.

Estimated amortization expense for intangible assets for each of the next five years is \$1.7 million.

Goodwill consist of the following:

*(millions of U.S. dollars)*

|                              | <b>2025</b>       | <b>2024</b>       |
|------------------------------|-------------------|-------------------|
| <b>Goodwill</b>              |                   |                   |
| Opening balance              | \$ 1,312.2        | \$ 1,324.1        |
| Foreign exchange gain (loss) | 7.9               | (11.9)            |
| Closing balance              | <b>\$ 1,320.1</b> | <b>\$ 1,312.2</b> |

**6. Regulatory matters**

The operating companies within the Regulated Services Group are subject to regulation by the applicable Regulators of the jurisdictions in which they operate. The applicable Regulators have jurisdiction with respect to rate, service, accounting policies, issuance of securities, acquisitions and other matters. Except for Suralis, these utilities operate under cost-of-service regulation as administered by these authorities. The Company's regulated utility operating companies are accounted for under the principles of ASC 980. Under ASC 980, regulatory assets and liabilities that would not be recorded under U.S. GAAP for non-regulated entities are recorded to the extent that they represent incurred charges or credits that are probable of being recovered from or refunded to customers through the rate-setting process.

At any given time, the Company can have several regulatory proceedings underway. The financial effects of these proceedings are reflected in the consolidated financial statements based on regulatory approval obtained to the extent that there is a financial impact during the applicable reporting period.

**Algonquin Power & Utilities Corp.**

## Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in millions of U.S. dollars, except as noted and per share amounts)***6. Regulatory matters (continued)**

The following regulatory proceedings were recently completed:

| Utility                                          | State,<br>Province or<br>Country | Regulatory<br>Proceeding<br>Type | Details                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|--------------------------------------------------|----------------------------------|----------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Bermuda Electric Light Company Limited ("BELCO") | Bermuda                          | General Rate Case ("GRC")        | On September 30, 2021, BELCO filed its revenue allowance application in which it requested a \$34.8 million increase for 2022 and a \$6.1 million increase for 2023. On March 18, 2022, the Regulatory Authority ("RA") approved an annual increase of \$22.8 million, for a revenue allowance of \$224.1 million for 2022 and \$226.2 million for 2023. The RA authorized a 7.16% rate of return, comprised of a 62% equity and an 8.92% return on equity ("ROE"). In April 2022, BELCO filed an appeal in the Supreme Court of Bermuda challenging the decisions made by the RA through the recent Retail Tariff Review. On February 23, 2024, the Bermuda Supreme Court issued an order denying the BELCO appeal. On April 11, 2025, BELCO and the RA filed a consent order with the court thereby concluding the matter.                                                                                                                                                                                                                                                                     |
| Midstates Gas                                    | Missouri                         | GRC                              | On February 9, 2024, Midstates Gas filed an application seeking an increase in revenues of \$13.2 million based on an ROE of 10.80% and an equity ratio of 52.92%. On July 18, 2024, the Staff of the Missouri Public Service Commission ("MPSC") and Office of the Public Counsel ("OPC") filed direct testimony. Staff proposed a base revenue increase of \$4.4 million based on a 50% equity ratio and 9.45% ROE. OPC recommended a 47.5% equity ratio and 9.50% ROE. On August 22, 2024, the parties filed rebuttal testimony. On September 19, 2024, the parties filed surrebuttal testimony. On October 9, 2024, Staff filed a motion to suspend the procedural schedule and evidentiary hearing given that the parties reached a settlement resolving all issues. The parties filed a stipulation agreement on October 22, 2024 agreeing to an increase in annual distribution revenues of \$9.1 million. On November 6, 2024, the MPSC unanimously voted to approve the settlement agreement. A written order was issued January 2, 2025 with approved rates effective January 8, 2025. |
| Missouri Water                                   | Missouri                         | GRC                              | On March 13, 2024, Missouri Water filed an application seeking an increase in revenues of \$8.1 million based on an ROE of 10.62% and an equity ratio of 52.6%. On August 20, 2024, Staff filed direct testimony recommending an increase in annual revenues of \$7.8 million based on an ROE of 9.45% and an equity ratio of 50%. The City of Bolivar recommended an increase in annual revenues of \$7.5 million. On September 27, 2024, the parties filed rebuttal testimony. Surrebuttal testimony was filed on October 24, 2024. On December 6, 2024, a Unanimous Global Stipulation & Agreement was filed with the MPSC with an annual revenue increase of approximately \$6.2 million. The MPSC issued an order approving the settlement on January 23, 2025. Approved rates became effective on March 1, 2025.                                                                                                                                                                                                                                                                           |

**Algonquin Power & Utilities Corp.**

## Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in millions of U.S. dollars, except as noted and per share amounts)***6. Regulatory matters (continued)**

| <b>Utility</b>                                                                 | <b>State,<br/>Province or<br/>Country</b> | <b>Regulatory<br/>Proceeding<br/>Type</b> | <b>Details</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|--------------------------------------------------------------------------------|-------------------------------------------|-------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Arkansas Water                                                                 | Arkansas                                  | GRC                                       | On March 14, 2024, Arkansas Water filed an application seeking an increase in revenues of \$2.3 million based on an ROE of 10.62% and an equity ratio of 52.5%. On August 27, 2024, Staff filed testimony recommending an annual revenue increase of \$1.5 million, based on an ROE of 9.80%. On September 24, 2024, the Company filed rebuttal testimony updating its proposed annual revenue increase to \$1.8 million. Surrebuttal testimony was filed by the parties on October 22, 2024 and the Company's surrebuttal testimony was filed on October 29, 2024. On November 12, 2024, the Company and the Staff of the Arkansas Public Service Commission ("APSC") filed a settlement with an annual revenue increase of \$1.5 million. On January 14, 2025, the APSC issued an order approving the settlement agreement and ordered compliance tariffs to be filed within seven days of the January 14, 2025 order. The APSC approved the compliance tariffs on February 7, 2025. Approved rates became effective on March 1, 2025.                                                     |
| New Brunswick Gas                                                              | New Brunswick                             | GRC                                       | On April 15, 2024, New Brunswick Gas filed an application seeking an increase in revenues of C\$1.6 million based on an ROE of 9.80% and an equity ratio of 45%. On August 16, 2024, the Office of the Public Intervenor filed testimony. On September 27, 2024, the Company filed rebuttal testimony. An evidentiary hearing was held on October 4, 7 and 8, 2024. On December 31, 2024, the New Brunswick Energy & Utilities Board issued an order authorizing an annual increase in revenue of C\$1.2 million; on April 30, 2025, the Board issued its Reasons for Decision.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Bella Vista Water, Beardsley Water, Cordes Lakes Water, Rio Rico Water & Sewer | Arizona                                   | GRC                                       | On December 28, 2023, Bella Vista Water, Beardsley Water, Cordes Lakes Water, and Rio Rico Water & Sewer filed an application seeking an increase in revenues of \$6.0 million based on an ROE of 10.95% and an equity ratio of 54%. On June 26, 2024, the Arizona Corporation Commission ("ACC") granted the Company's request to extend the procedural schedule with a hearing on the merits scheduled for March 24-28, 2025. Staff testimony, which recommended an increase of \$2.9 million in revenue based on an ROE of 9.4% and an equity ratio of 54%, was filed and supplemented on January 8, 2025. On February 5, 2025, the Company notified the ACC that the parties had reached a settlement in principle that would resolve all matters in the rate case. The parties filed a settlement agreement on February 21, 2025, which would result in an increase in revenues of \$4.2 million. On March 25-26, 2025, the ACC held a hearing on the settlement agreement. On June 18, 2025, the ACC approved the settlement agreement with approved rates taking effect July 1, 2025. |

**Algonquin Power & Utilities Corp.**

## Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in millions of U.S. dollars, except as noted and per share amounts)***6. Regulatory matters (continued)**

| Utility                   | State,<br>Province or<br>Country | Regulatory<br>Proceeding<br>Type | Details                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|---------------------------|----------------------------------|----------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Granite State<br>Electric | New<br>Hampshire                 | GRC                              | On May 5, 2023, Granite State Electric filed an application seeking a permanent increase in revenues of \$15.5 million based on an ROE of 10.35% and an equity ratio of 55%. Temporary rates of \$5.5 million were implemented on July 1, 2023. On December 13, 2023, the Department of Energy ("DOE") filed a motion seeking to dismiss the case. An evidentiary hearing was held on January 23, 2024. The case was stayed by the New Hampshire Public Utilities Commission ("NHPUC") until May 15, 2024 so that it may contemplate the motion and the Company's third-party review of its financial information. On April 2, 2024, the NHPUC directed the Company to cooperate with the DOE and all other parties to develop a mutually-agreeable scope of work for the third-party report, to be filed with the NHPUC no later than April 15, 2024. Because there was no agreement on the scope of work, the Company filed the third-party report which concluded that the accounting information included in the rate filing provides a sufficient basis for determining the Company's revenue requirement and that 2023 accounting data provides a sufficient basis for inclusion in the Company's regulatory filings. On April 24, 2024, the Company filed an updated revenue requirement, seeking an increase in revenues of \$14.7 million. On April 30, 2024, the NHPUC rejected the scope of the third-party report that was submitted, ordered an independent audit facilitated by the DOE with a procedural schedule for the next phase of the proceeding due no later than May 20, 2024, and deferred a ruling on the DOE motion to dismiss. The NHPUC extended the stay until September 16, 2024 to assess the issues that were raised in the docket and called for a status report required by August 30, 2024. On September 30, 2024, the Company notified the NHPUC that the parties were engaged in settlement discussions. The parties filed a settlement agreement on November 18, 2024. A hearing on the settlement agreement was held on January 15, 2025. Initial briefs on the NHPUC's authority to approve the settlement were filed January 31, 2025. A hearing was held March 20, 2025. On March 25, 2025, the NHPUC issued a Procedural Order approving the settlement agreement which resulted in a \$5.5 million increase in annual revenues. Approved rates took effect April 1, 2025. On April 24, 2025, the NHPUC issued a further order stating its reasons for approval of the settlement agreement. |
| BELCO                     | Bermuda                          | GRC                              | BELCO requested, via data provided to the RA in 2025, an increase in revenue of \$1.9 million for 2026 and \$1.0 million for 2027 (excluding fuel costs) based on an ROE of 12.36% for both years and an equity ratio of 62%. On November 3, 2025, the RA authorized a 7.85% rate of return, comprised of a 62% equity and a 9.38% ROE. The RA approved incremental revenue decrease of \$3.6 million for 2026 and increase of \$2.0 million for 2027 (excluding fuel costs).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |



**Algonquin Power & Utilities Corp.**

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in millions of U.S. dollars, except as noted and per share amounts)***6. Regulatory matters (continued)**

| <b>Utility</b>     | <b>State,<br/>Province or<br/>Country</b> | <b>Regulatory<br/>Proceeding<br/>Type</b> | <b>Details</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|--------------------|-------------------------------------------|-------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| EnergyNorth<br>Gas | New<br>Hampshire                          | GRC                                       | On July 27, 2023, EnergyNorth Gas filed an application seeking an increase in revenues of \$27.5 million based on an ROE of 10.35% and an equity ratio of 55%. Temporary rates of \$8.7 million were approved by the NHPUC on October 31, 2023. The temporary increased revenue requirement is retroactive to October 1, 2023. On February 5, 2024, the Company requested that the NHPUC stay the case until April 12, 2024 so that the Company can provide the NHPUC with a third-party review of the financial information upon which the revenue requirement is predicated. On February 16, 2024, the DOE filed a motion seeking to dismiss the case. On March 14, 2024, the NHPUC issued an order staying the case until June 7, 2024, so that it may contemplate the motion and so that the Company can provide the NHPUC with a third-party review of the financial information within the rate application. On April 17, 2024, the Company filed a proposed scope for the third-party review. On August 16, 2024, the DOE filed a status update informing NHPUC that the parties met to discuss a comprehensive settlement of all issues in the case and intend to more fully engage in settlement discussions once a settlement in the Granite State Electric case was reached. On November 20, 2024, the NHPUC extended the stay of the proceeding to accommodate settlement negotiations until January 21, 2025. On April 21, 2025, the NHPUC further extended the stay of the proceeding until May 30, 2025. On June 13, 2025, a settlement agreement was filed with the NHPUC supporting a continuation of rates approved on October 31, 2023. A hearing on the settlement was held July 31, 2025. On August 26, 2025, NHPUC issued a procedural order approving the settlement agreement in its entirety and approved distribution rates to be effective on September 1, 2025. On October 16, 2025, the NHPUC issued a Recommended Form for Memorialization Order and requested that the Commission approve such form of Order by the first week of November 2025. On November 7, 2025, the NHPUC issued its order delineating its reasoning for approval of the settlement agreement on permanent rates, thereby concluding the case. |



**Algonquin Power & Utilities Corp.**

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in millions of U.S. dollars, except as noted and per share amounts)***6. Regulatory matters (continued)**

Regulatory assets and liabilities consist of the following:

| <i>(millions of U.S. dollars)</i>                 | <b>December 31,<br/>2025</b> | <b>December 31,<br/>2024</b> |
|---------------------------------------------------|------------------------------|------------------------------|
| <b>Regulatory assets</b>                          |                              |                              |
| Securitized costs, net (a)                        | \$ 260.0                     | \$ 285.6                     |
| Deferred capitalized costs (b)                    | 244.1                        | 178.4                        |
| Rate adjustment mechanism (c)                     | 184.5                        | 198.2                        |
| Wildfire mitigation and vegetation management (d) | 139.7                        | 128.3                        |
| Fuel and commodity cost adjustments (e)           | 116.1                        | 108.5                        |
| Income taxes (f)                                  | 96.9                         | 96.7                         |
| Environmental remediation (g)                     | 72.6                         | 62.3                         |
| Pension and post-employment benefits (h)          | 47.1                         | 51.8                         |
| Clean energy and other customer programs (i)      | 41.9                         | 40.5                         |
| Retired generating plant (j)                      | 13.4                         | 14.6                         |
| Asset retirement obligation (k)                   | 11.5                         | 11.7                         |
| Rate review costs (l)                             | 9.9                          | 11.2                         |
| Cost of removal (m)                               | 8.7                          | 9.8                          |
| Debt premium (n)                                  | 3.5                          | 12.8                         |
| Other regulatory assets (o)                       | 146.0                        | 110.6                        |
| Total regulatory assets                           | 1,395.9                      | 1,321.0                      |
| Less: current regulatory assets                   | (205.1)                      | (194.9)                      |
| Non-current regulatory assets                     | \$ 1,190.8                   | \$ 1,126.1                   |
| <b>Regulatory liabilities</b>                     |                              |                              |
| Income taxes (f)                                  | \$ 242.5                     | \$ 256.7                     |
| Cost of removal (m)                               | 199.5                        | 188.9                        |
| Pension and post-employment benefits (h)          | 161.9                        | 138.8                        |
| Fuel and commodity cost adjustments (e)           | 19.6                         | 30.9                         |
| Clean energy and other customer programs (i)      | 8.7                          | 8.5                          |
| Rate adjustment mechanism (c)                     | 1.2                          | 1.8                          |
| Other regulatory liabilities                      | 17.3                         | 10.7                         |
| Total regulatory liabilities                      | 650.7                        | 636.3                        |
| Less: current regulatory liabilities              | (65.8)                       | (76.7)                       |
| Non-current regulatory liabilities                | \$ 584.9                     | \$ 559.6                     |

As recovery of regulatory assets is subject to regulatory approval, if there were any changes in regulatory positions that indicate recovery is not probable, the related cost would be charged to earnings in the period of such determination. The Company generally does not earn a return on the regulatory balances except for carrying charges on rate adjustment mechanism (c), fuel and commodity cost adjustments (e), clean energy and other customer programs (i), and rate review costs of some jurisdictions (l). During 2025, the Company recognized \$22.0 million (2024 - \$27.5 million) of carrying charges on regulatory balances on the consolidated statements of operations under other income, which was computed using only the debt component of the allowed return.

**Algonquin Power & Utilities Corp.**

## Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in millions of U.S. dollars, except as noted and per share amounts)*

---

**6. Regulatory matters (continued)****(a) Securitized costs, net**

On January 30, 2024, The Empire District Electric Company securitized, through the issuance of bonds, \$301.5 million of qualified extraordinary costs associated with the February 2021 extreme winter storm conditions experienced in Texas and parts of the central United States and energy transition costs related to the retirement of the Asbury generating plant. The securitized costs will be amortized on a straight-line basis over the life of the bonds. During 2025, \$18.3 million (2024 - \$15.9 million) was recorded as amortization expense in the consolidated statements of operations under depreciation and amortization. The bonds will be paid through Securitized Utility Tariff Charges, which are designed to recover the full scheduled principal amount of the bonds along with any associated interest and financing costs.

**(b) Deferred capitalized costs**

Deferred capitalized costs reflect deferred construction costs and fuel-related costs of specific generating facilities of the Empire District Electric System. These amounts are being recovered over the life of the plants. The amount also includes capitalized operating and maintenance costs of New Brunswick Gas, and these amounts are being recovered at a rate of 2.43% annually.

In 2020, the Empire District Electric System made an election under Missouri law to apply the plant-in-service accounting ("PISA") regulatory mechanism, which permits the Empire District Electric System to defer, on a Missouri jurisdictional basis, 85% of the depreciation expense and carrying costs at the applicable weighted average cost of capital ("WACC") on certain property, plant and equipment placed in service after the election date and not included in base rates. The portions of regulatory asset balances that are not yet being recovered through rates shall include carrying costs at the WACC, plus applicable federal, state and local income or excise taxes. Regulatory asset balances included in rate base shall be recovered in rates through a 20-year amortization beginning on the effective date of approved rates. The Company recognizes the cost of debt on PISA deferrals as reduction of interest expense. The difference between the WACC and cost of debt will be recognized in revenue when recovery of such deferrals is reflected in customer rates.

**(c) Rate adjustment mechanism**

Revenue for CalPeco Electric System, New England Gas System, Midstates Gas System, EnergyNorth Gas System, Granite State Electric System, Peach State Gas System and BELCO is subject to a revenue decoupling mechanism approved by their respective Regulators, which allows revenue decoupling from sales. As a result, the difference between delivery revenue calculated based on metered consumption and approved delivery revenue is recorded as a regulatory asset or liability to reflect future recovery or refund, respectively, from customers over periods ranging from one to five years. The revenue from BELCO includes a component that is designed to recover budgeted capital and operating expenses for the current year. To the extent actual capital and operating expenditures are lower than the budgeted amounts, 60% of the shortfall is refundable to customers and is recorded as a regulatory liability. Retroactive rate adjustments for services rendered are accrued in the year earned, and collected upon approval of the final order over a period not exceeding 24 months. The difference between New Brunswick Gas' regulated revenues and its regulated cost of service in past years is also recorded as a regulatory asset and is recovered on a straight-line basis over 25 years. The New York Water System has similar trackers, which are recovered over periods ranging from one to two years.

**(d) Wildfire mitigation and vegetation management**

The regulatory asset includes incremental wildfire liability insurance premium costs approved for tracking in the Company's California operations as well as the difference between actual and adopted spending related to dead trees program, to prevent future forest fires and general vegetation management.

**Algonquin Power & Utilities Corp.**

## Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in millions of U.S. dollars, except as noted and per share amounts)*

---

**6. Regulatory matters (continued)****(d) Wildfire mitigation and vegetation management (continued)**

On July 12, 2019, California Assembly Bill 1054 ("AB 1054") was enacted. Pursuant to AB 1054, an electrical corporation may petition the California Public Utilities Commission ("CPUC") for recovery of costs and expenses arising from a covered wildfire and the CPUC may approve recovery of such costs and expenses that are just and reasonable. Liberty Utilities (CalPeco Electric) LLC ("Liberty CalPeco") tracks its wildfire expense (such as payments to satisfy wildfire claims, including any deductibles, co-insurance and other insurance expense paid, outside legal expense incurred in defense of wildfire claims, payments made for wildfire insurance and related risk-transfer mechanisms, and the cost of financing these amounts) through a Wildfire Expense Memorandum Account ("WEMA"). The standard for cost recovery under AB 1054 has not been interpreted or applied by the CPUC.

In relation to the Mountain View Fire (refer to note 20(a)), the Company accrued estimated losses of \$178.4 million for claims arising out of the Mountain View Fire, against which it recorded expected recoveries through insurance of \$116.0 million and WEMA of \$71.5 million. On June 20, 2025, the Company filed an application seeking recovery of \$78.2 million, comprising of cost included in WEMA and \$6.7 million of forecasted legal expenses, which is subject to approval by the CPUC pursuant to the standards in AB 1054. During the year, the Company paid \$174.9 million related to these claims and received insurance recoveries of \$116.0 million.

**(e) Fuel and commodity cost adjustments**

The revenue from the utilities includes a component that is designed to recover the cost of electricity and natural gas through rates charged to customers. To the extent actual costs of power or fuel purchased differ from power or fuel costs recoverable through current rates, that difference is deferred and recorded as a regulatory asset or liability on the consolidated balance sheets. These differences are reflected in adjustments to rates and recorded as an adjustment to cost of electricity and fuel in future periods ranging mostly from 6 to 24 months, subject to regulatory review. Derivatives are often utilized to manage the price risk associated with natural gas purchasing activities in accordance with the expectations of state regulators. The gains and losses associated with these derivatives (note 22(b)(i)) are recoverable through the commodity costs adjustment.

On January 30, 2024, Empire District Bondco, LLC ("Empire District Bondco"), a wholly owned subsidiary of The Empire District Electric Company, completed an offering of approximately \$180.5 million of aggregate principal amount of 4.943% Securitized Utility Tariff Bonds with a maturity date of January 1, 2035 and \$125.0 million aggregate principal amount of 5.091% Securitized Utility Tariff Bonds with a maturity date of January 1, 2039 (together, the "Securitization Bonds"), to recover previously incurred qualified extraordinary costs associated with the Midwest Extreme Weather Event and energy transition costs related to the retirement of the Asbury generating plant.

**(f) Income taxes**

The income taxes regulatory assets and liabilities represent income taxes recoverable through future revenues required to fund flow-through deferred income tax liabilities over the life of the plants and amounts owed to customers for deferred taxes collected at a higher rate than the current statutory rates.

---

**Algonquin Power & Utilities Corp.**

## Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in millions of U.S. dollars, except as noted and per share amounts)*

---

**6. Regulatory matters (continued)****(g) Environmental remediation**

Actual expenditures incurred for the clean-up of certain former natural gas manufacturing facilities (note 11(c)) are recovered through rates over a period of seven years and are subject to an annual cap.

**(h) Pension and post-employment benefits**

To the extent pension and OPEB costs incurred differ from the costs recoverable through current rates, that difference is deferred and recorded as a regulatory asset or liability as approved by the applicable Regulators and is recovered through rates over a period of three to eight years. In addition, the annual movements in AOCI for pension and OPEB for Empire District Electric System, Empire District Gas System, St. Lawrence Gas System and New York Water System (note 9(b)) are reclassified to regulatory accounts in accordance with ASC 980. The balance is recovered through rates consistent with the treatment of OCI under *Compensation Non-retirement Post-employment Benefits* ("ASC 712") and *Compensation Retirement Benefits* ("ASC 715"). As part of certain business acquisitions, the regulators authorized a regulatory asset or liability being set up for the amounts of pension and post-employment benefits that had not yet been recognized in net periodic cost and were presented as AOCI prior to the acquisition. These balances are recovered through rates over the future service years of the employees (an average of 10 years) or consistent with the treatment of OCI under ASC 712 and ASC 715 before the transfer to regulatory asset occurred.

**(i) Clean energy and other customer programs**

The regulatory asset for clean energy and customer programs includes initiatives related to solar rebate applications processed and resulting rebate-related costs. The amount also includes other energy efficiency programs. The assets are generally included in rate base and recovered over periods of one to three years.

**(j) Retired generating plant**

On March 1, 2020, the Company's 200 MW coal generation facility located in Asbury, Missouri, ceased operations. The Company transferred the remaining net book value of Asbury's plant retired from plant-in-service to a regulatory asset. The net book value that may be retained as an asset on the consolidated balance sheets for the retired plant is dependent upon amounts that may be recovered through regulated rates, including any return. An impairment charge, if any, would equal the difference between the remaining net book value of the asset and the present value of the future revenues expected from the asset.

On April 27, 2022, the MPSC issued an order consolidating, for purposes of hearing, the cases regarding the quantum financeable through securitization for Asbury and the Midwest Extreme Weather Event. As noted above under (d) *Fuel and commodity cost adjustments*, on January 30, 2024, the Company completed the securitization of the costs associated with the retirement of the Asbury plant in accordance with the MPSC's order.

**(k) Asset retirement obligation**

Asset retirement obligations are recorded for legally required removal costs of property, plant and equipment. The costs of retirement of assets as well as the on-going liability accretion and asset depreciation expense are expected to be recovered through rates once expenditures are made.

**(l) Rate review costs**

The cost to file, prosecute and defend rate review applications is referred to as rate review costs. These costs are capitalized and amortized over the period of rate recovery granted by the Regulator ranging from one to five years.

**(m) Cost of removal**

Rates charged to customers cover the costs that are expected to be incurred in the future to retire the utility plant. A regulatory liability (or asset) tracks the amounts that have been collected from customers net of costs incurred to date.



**Algonquin Power & Utilities Corp.**

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in millions of U.S. dollars, except as noted and per share amounts)***6. Regulatory matters (continued)**

## (n) Debt premium

Debt premium on acquired debt is recovered as a component of the weighted average cost of debt.

## (o) Other regulatory assets

The Company's regulated utilities incur other miscellaneous costs such as storm costs, property taxes, financing costs and equipment costs, which are probable of recovery under existing mechanisms.

**7. Long-term investments**

Long-term investments consist of the following:

*(millions of U.S. dollars)*

|                                                    | <b>2025</b> |              | <b>2024</b> |      |
|----------------------------------------------------|-------------|--------------|-------------|------|
| <b>Long-term investments carried at fair value</b> | \$          | <b>2.1</b>   | \$          | 2.1  |
| <b>Other long-term investments</b>                 |             |              |             |      |
| Tax equity investments (b)                         | \$          | <b>129.0</b> | \$          | —    |
| Equity-method investees (c)                        |             | <b>49.0</b>  |             | 38.1 |
| San Antonio Water System and other (d)             |             | <b>27.4</b>  |             | 27.6 |
|                                                    | \$          | <b>205.4</b> | \$          | 65.7 |
| <b>Long-term investments</b>                       | \$          | <b>207.5</b> | \$          | 67.8 |

Income from long-term investments for the years ended December 31 is as follows:

|                                                                            | <b>Years ended December 31,</b> |             | <b>2025</b> |       | <b>2024</b> |  |
|----------------------------------------------------------------------------|---------------------------------|-------------|-------------|-------|-------------|--|
| <i>(millions of U.S. dollars)</i>                                          |                                 |             |             |       |             |  |
| <b>Gain on investments carried at fair value</b>                           |                                 |             |             |       |             |  |
| Atlantica (a)                                                              | \$                              | —           | \$          | 21.4  |             |  |
| Other                                                                      |                                 | <b>0.2</b>  |             | 0.3   |             |  |
|                                                                            | \$                              | <b>0.2</b>  | \$          | 21.7  |             |  |
| <b>Dividend and interest income from investments carried at fair value</b> |                                 |             |             |       |             |  |
| Atlantica (a)                                                              | \$                              | —           | \$          | 76.3  |             |  |
| <b>Other long-term investments</b>                                         |                                 |             |             |       |             |  |
| Tax equity investments (b)                                                 | \$                              | <b>4.8</b>  | \$          | —     |             |  |
| Equity-method gain (c)                                                     |                                 | <b>5.0</b>  |             | 4.3   |             |  |
| Interest and other income                                                  |                                 | <b>11.6</b> |             | 5.2   |             |  |
|                                                                            | \$                              | <b>21.4</b> | \$          | 9.5   |             |  |
| <b>Income from long-term investments</b>                                   | \$                              | <b>21.6</b> | \$          | 107.5 |             |  |



**Algonquin Power & Utilities Corp.**

## Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in millions of U.S. dollars, except as noted and per share amounts)*

---

**7. Long-term investments (continued)****(a) Investment in Atlantica**

Prior to December 12, 2024, Liberty (AY Holdings) B.V. ("AY Holdings"), an entity controlled and consolidated by AQN, held an approximately 42% share ownership in Atlantica. On December 12, 2024, the Company completed the sale of its stake in Atlantica for \$1,077.2 million.

The Company had elected the fair value option under ASC 825, *Financial Instruments*, to account for its investment in Atlantica, with changes in fair value reflected in the consolidated statements of operations.

**(b) Tax equity investments**

In connection with the Renewables Sale, the Company retained tax equity investments in seven renewable energy projects amounting to \$165.5 million. From such projects, the Company elected to apply the PAM to three eligible tax equity investments, which had a carrying value of \$138.0 million. During the year ended December 31, 2025, the Company recorded amortization as a component of income tax expense of \$19.9 million as a reduction in the investment, and \$12.2 million related to adjustments to the tax credits earned. As of December 31, 2025, the PAM-eligible tax equity investments had a carrying value of \$105.9 million. During the year ended December 31, 2025, the Company recorded distribution income of \$3.0 million.

The remaining tax equity investments are not eligible to be accounted for under the PAM, as the tax benefits from these investments have been previously realized and the remaining benefits are primarily cash distributions. These investments were recorded at their cost of \$27.5 million. During the year ended December 31, 2025, the Company recorded distributions of \$6.2 million as a reduction in the investment and income of \$1.8 million. As of December 31, 2025, these tax equity investments had a carrying value of \$23.1 million.

During the year ended December 31, 2025, the Company recognized tax credits and other tax benefits of \$21.9 million in the consolidated statements of operations for the tax equity investments accounted for using the PAM.

The Company has recorded delayed equity contributions in relation to one of the projects accounted for using the PAM of \$24.4 million, of which \$21.5 million is recorded as part of other long-term liabilities and the remaining \$2.9 million as other current liabilities on the consolidated balance sheets.

**(c) Equity-method investees**

The Regulated Services Group has non-controlling interests, primarily a 9.8% ownership stake in a regulated transmission line in the province of Ontario and other non-regulated operating entities owned by its utilities. In total, the Company has non-controlling interests in various corporations, partnerships and joint ventures with a total carrying value of \$49.0 million (2024 - \$38.1 million).

**(d) San Antonio Water System**

The Company does not have significant influence over the San Antonio Water System investment. It is accounted for using the cost method, and as at December 31, 2025, it is recorded at the cost of \$25.6 million (2024 - \$25.6 million).

---

**Algonquin Power & Utilities Corp.**

## Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in millions of U.S. dollars, except as noted and per share amounts)***8. Long-term debt**

Long-term debt consists of the following:

*(millions of U.S. dollars unless otherwise noted)*

| <b>Borrowing type</b>                            | <b>Weighted average coupon</b> | <b>Maturity</b> | <b>Par value</b> | <b>2025</b> | <b>2024</b> |
|--------------------------------------------------|--------------------------------|-----------------|------------------|-------------|-------------|
| Senior unsecured revolving credit facilities (a) | —                              | 2027-2030       | N/A              | \$ 4.5      | \$ 250.7    |
| Senior unsecured bank credit facilities (b)      | —                              | 2026-2031       | N/A              | 78.5        | 180.3       |
| Commercial paper (c)                             | —                              | 2026            | N/A              | 337.0       | 383.0       |
| <b>U.S. dollar borrowings</b>                    |                                |                 |                  |             |             |
| Senior unsecured notes                           | 5.37 %                         | 2026            | \$ 1,150.0       | 1,147.1     | 1,140.2     |
| Senior unsecured notes (d)                       | 4.34 %                         | 2027-2047       | \$ 2,395.0       | 2,380.7     | 2,181.8     |
| Senior unsecured utility notes (e)               | 6.39 %                         | 2028-2035       | \$ 107.0         | 114.0       | 145.6       |
| Senior secured utility bonds                     | 4.81 %                         | 2026-2044       | \$ 836.7         | 819.5       | 849.2       |
| <b>Canadian dollar borrowings</b>                |                                |                 |                  |             |             |
| Senior unsecured notes                           | 3.32 %                         | 2050            | C\$ 200.0        | 144.8       | 137.8       |
| Senior secured project notes                     | 10.21 %                        | 2027            | C\$ 9.3          | 6.7         | 9.1         |
| <b>Chilean Unidad de Fomento borrowings</b>      |                                |                 |                  |             |             |
| Senior unsecured utility bonds (f)               | 3.40 %                         | 2028-2040       | CLF 2.8          | 125.0       | 59.4        |
|                                                  |                                |                 |                  | \$ 5,157.8  | \$ 5,337.1  |
| <b>Subordinated borrowings</b>                   |                                |                 |                  |             |             |
| Subordinated unsecured notes                     | 5.25 %                         | 2082            | C\$ 400.0        | \$ 288.2    | \$ 274.3    |
| Subordinated unsecured notes                     | 5.76 %                         | 2079-2082       | \$ 1,100.0       | 1,086.9     | 1,087.3     |
|                                                  |                                |                 |                  | \$ 6,532.9  | \$ 6,698.7  |
| Less: current portion                            |                                |                 |                  | (364.0)     | (491.7)     |
|                                                  |                                |                 |                  | \$ 6,168.9  | \$ 6,207.0  |

Short-term obligations of \$1,213.9 million (2024 - \$118.3 million) that are expected to be refinanced on a long-term basis are presented as long-term debt.

Long-term debt issued at a subsidiary level (project notes or utility bonds) relating to a specific operating facility is generally collateralized by the respective facility with no other recourse to the Company. Long-term debt issued at a subsidiary level whether or not collateralized generally has certain financial covenants, which must be maintained on a quarterly basis. Non-compliance with the covenants could restrict cash distributions/dividends to the Company from the specific facilities.



**Algonquin Power & Utilities Corp.**

## Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in millions of U.S. dollars, except as noted and per share amounts)***8. Long-term debt (continued)**

The following table sets out the bank credit facilities available to AQN and its operating groups as of December 31, 2025:

| <i>(millions of U.S. dollars)</i>                          | 2025              | 2024              |
|------------------------------------------------------------|-------------------|-------------------|
| Revolving and term credit facilities                       | \$ 1,928.5        | \$ 2,380.3        |
| Funds drawn on facilities/commercial paper issued          | (420.0)           | (814.8)           |
| Letters of credit issued                                   | (34.1)            | (26.2)            |
| Liquidity available under the facilities                   | 1,474.4           | 1,539.3           |
| Undrawn portion of uncommitted letter of credit facilities | (62.4)            | (63.3)            |
| Cash on hand                                               | 32.7              | 34.8              |
| <b>Total liquidity and capital reserves</b>                | <b>\$ 1,444.7</b> | <b>\$ 1,510.8</b> |

**(a) Senior unsecured revolving credit facilities**

On June 24, 2025, BELCO terminated its \$25.0 million senior unsecured revolving credit facility on its maturity date.

On July 10, 2025, BELCO fully repaid the \$62.4 million drawn on its \$100.0 million senior unsecured revolving credit facility (the "Bermuda Credit Facility"). Concurrently, BELCO amended and restated the Bermuda Credit Facility, including to decrease the facility limit to \$25.0 million and extend the maturity to July 10, 2027.

On November 13, 2025, the maturity date of Liberty Utilities Co.'s ("LUCo") \$1.0 billion senior unsecured revolving credit facility maturity date was extended from April 29, 2027 to November 13, 2030. Concurrently, the Company amended and restated its senior unsecured revolving credit facility, including to decrease the facility limit from \$1.0 billion to \$750.0 million.

**(b) Senior unsecured bank credit facilities**

On July 10, 2025, BELCO fully repaid its \$49.5 million term loan facility ahead of its scheduled maturity of December 26, 2031.

On September 25, 2025, Suralis partially repaid CLF 1.5 million (equivalent to \$62.2 million as of the date of repayment) of its term credit facilities.

**(c) Commercial paper**

On November 13, 2025, LUCo increased the size of its unsecured commercial paper program by \$500.0 million to \$1.0 billion. This increased unsecured commercial paper program now permits LUCo to issue, from time to time, unsecured commercial paper notes up to a maximum aggregate amount outstanding at any one time of \$1.0 billion with varying maturities of up to 270 days from the date of issue.

**(d) Senior unsecured notes**

On July 10, 2025, BELCO completed a private placement offering of \$200.0 million aggregate principal amount of 5.28% senior notes due June 14, 2030 (the "Senior Notes"). The Senior Notes are unsecured and unsubordinated obligations of BELCO and senior in right of payment to any existing and future subordinated indebtedness. BELCO used the net proceeds from the sale of the Senior Notes to repay certain existing indebtedness and for other general corporate purposes.

**(e) Senior unsecured utility notes**

On May 19, 2025, Liberty CalPeco repaid a \$25.0 million senior unsecured utility note prior to its maturity on December 29, 2025.

On June 30, 2025, Liberty Utilities (Granite State Electric) Corp. repaid a \$5.0 million senior unsecured utility note prior to its maturity on July 1, 2025.

**Algonquin Power & Utilities Corp.**

## Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in millions of U.S. dollars, except as noted and per share amounts)***8. Long-term debt (continued)**

## (f) Senior unsecured utility bonds

On August 13, 2025, Suralis completed a private placement offering of CLF 1.5 million (equivalent to \$61.6 million as of the date of the placement) aggregate principal amount of 3.30% senior utility bonds due July 10, 2034 (the "Senior Utility Bonds"). The Senior Utility Bonds are unsecured and unsubordinated obligations of Suralis and senior in right of payment to any existing and future subordinated indebtedness. Suralis used the net proceeds to repay certain existing indebtedness and for other general corporate purposes.

As of December 31, 2025, the Company had accrued \$71.8 million in interest expense (2024 - \$77.0 million). Total interest expenses recognized for the years ended December 31 consist of the following:

| <i>(millions of U.S. dollars)</i>                        | 2025            | 2024            |
|----------------------------------------------------------|-----------------|-----------------|
| Long-term debt                                           | \$ 303.6        | \$ 293.5        |
| Commercial paper, credit facility draws and related fees | 16.4            | 100.4           |
| Accretion of fair value adjustments                      | (6.1)           | (4.8)           |
| AFUDC capitalized on regulated property                  | (4.3)           | (4.6)           |
| Other (i)                                                | (27.1)          | (20.9)          |
|                                                          | <b>\$ 282.5</b> | <b>\$ 363.6</b> |

## (i) Other

For the year ended December 31, 2025, other interest expense includes carrying costs deferred to regulatory assets in accordance with charges of plant-in-service accounting of \$34.4 million (2024 - \$31.6 million).

Principal payments due in the next five years and thereafter are as follows:

|    | 2026    | 2027     | 2028    | 2029     | 2030     | Thereafter | Total      |
|----|---------|----------|---------|----------|----------|------------|------------|
| \$ | 1,577.9 | \$ 456.7 | \$ 53.2 | \$ 871.6 | \$ 882.7 | \$ 2,731.1 | \$ 6,573.2 |

**9. Pension and other post-employment benefits**

The Company provides defined contribution pension plans to substantially all of its employees. The Company's contributions for 2025 were \$12.8 million (2024 - \$14.7 million).

The Company provides a defined benefit cash balance pension plan under which employees are credited with a percentage of base pay plus a prescribed interest rate credit. In conjunction with the utility acquisitions, the Company also assumes defined benefit pension, SERP and OPEB plans for qualifying employees in the related acquired businesses. The legacy plans are non-contributory defined pension plans covering substantially all employees of the acquired businesses. Benefits are based on each employee's years of service and compensation. The Company permanently freezes the accrual of benefits for participants in legacy plans. Thereafter, employees accrue benefits under the Company's cash balance plan. The OPEB plans provide health care and life insurance coverage to eligible retired employees. Eligibility is based on age and length of service requirements and, in most cases, retirees must cover a portion of the cost of their coverage.

**Algonquin Power & Utilities Corp.**

## Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in millions of U.S. dollars, except as noted and per share amounts)***9. Pension and other post-employment benefits (continued)**

## (a) Net pension and OPEB obligation

The following table sets forth the projected benefit obligations, fair value of plan assets, and funded status of the Company's plans as of December 31:

| <i>(millions of U.S. dollars)</i>                                 | <b>Pension benefits</b> |             | <b>OPEB</b> |             |
|-------------------------------------------------------------------|-------------------------|-------------|-------------|-------------|
|                                                                   | <b>2025</b>             | <b>2024</b> | <b>2025</b> | <b>2024</b> |
| <b>Change in projected benefit obligation</b>                     |                         |             |             |             |
| Projected benefit obligation, beginning of year                   | \$ 616.0                | \$ 647.1    | \$ 201.1    | \$ 209.5    |
| Plan settlements                                                  | (1.2)                   | —           | 0.7         | —           |
| Service cost                                                      | 11.4                    | 13.6        | 2.4         | 2.9         |
| Interest cost                                                     | 34.5                    | 33.3        | 11.5        | 11.1        |
| Actuarial loss (gain)                                             | 19.1                    | (32.6)      | 9.3         | (11.1)      |
| Contributions from retirees                                       | —                       | —           | 2.5         | 2.0         |
| Medicare Part D subsidy receipts                                  | —                       | —           | 0.4         | 0.3         |
| Benefits paid                                                     | (53.5)                  | (45.3)      | (16.5)      | (13.6)      |
| Foreign exchange                                                  | (0.1)                   | (0.1)       | —           | —           |
| Projected benefit obligation, end of year                         | \$ 626.2                | \$ 616.0    | \$ 211.4    | \$ 201.1    |
| <b>Change in plan assets</b>                                      |                         |             |             |             |
| Fair value of plan assets, beginning of year                      | 620.8                   | 610.2       | 201.7       | 193.8       |
| Actual return on plan assets                                      | 78.6                    | 33.4        | 31.1        | 16.4        |
| Employer contributions                                            | 20.5                    | 22.6        | 4.2         | 2.8         |
| Plan settlements                                                  | (1.1)                   | (0.1)       | —           | —           |
| Contributions from retirees                                       | —                       | —           | 2.5         | 2.0         |
| Medicare Part D subsidy receipts                                  | —                       | —           | 0.4         | 0.3         |
| Benefits paid                                                     | (53.5)                  | (45.3)      | (16.5)      | (13.6)      |
| Fair value of plan assets, end of year                            | \$ 665.3                | \$ 620.8    | \$ 223.4    | \$ 201.7    |
| Funded status                                                     | \$ 39.1                 | \$ 4.8      | \$ 12.0     | \$ 0.6      |
| Amounts recognized in the consolidated balance sheets consist of: |                         |             |             |             |
| Non-current assets (note 10)                                      | 66.1                    | 32.6        | 63.3        | 51.9        |
| Current liabilities                                               | (1.7)                   | (1.6)       | (4.0)       | (3.9)       |
| Non-current liabilities                                           | (25.3)                  | (26.2)      | (47.3)      | (47.4)      |
| Net amount recognized                                             | \$ 39.1                 | \$ 4.8      | \$ 12.0     | \$ 0.6      |

The accumulated benefit obligations for the pension and OPEB plans are \$812.9 million and \$792.4 million as of December 31, 2025 and 2024, respectively.

Information for pension and OPEB plans with an accumulated benefit obligation in excess of plan assets:

| <i>(millions of U.S. dollars)</i> | <b>Pension</b> |             | <b>OPEB</b> |             |
|-----------------------------------|----------------|-------------|-------------|-------------|
|                                   | <b>2025</b>    | <b>2024</b> | <b>2025</b> | <b>2024</b> |
| Accumulated benefit obligation    | \$ 26.9        | \$ 38.9     | \$ 70.1     | \$ 69.6     |
| Fair value of plan assets         | \$ —           | \$ 11.3     | \$ 18.9     | \$ 18.4     |

**Algonquin Power & Utilities Corp.**

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in millions of U.S. dollars, except as noted and per share amounts)***9. Pension and other post-employment benefits (continued)**

## (a) Net pension and OPEB obligation (continued)

Information for pension and OPEB plans with a projected benefit obligation in excess of plan assets:

|                                   | <b>Pension</b> |             | <b>OPEB</b>    |             |
|-----------------------------------|----------------|-------------|----------------|-------------|
| <i>(millions of U.S. dollars)</i> | <b>2025</b>    | <b>2024</b> | <b>2025</b>    | <b>2024</b> |
| Projected benefit obligation      | \$ <b>38.5</b> | \$ 39.5     | \$ <b>70.1</b> | \$ 69.6     |
| Fair value of plan assets         | \$ <b>11.4</b> | \$ 11.3     | \$ <b>18.9</b> | \$ 18.4     |

## (b) Pension and post-employment actuarial changes

**Change in AOCI, before tax**

|                                         | <b>Pension</b>                  |                                    | <b>OPEB</b>                     |                                    |
|-----------------------------------------|---------------------------------|------------------------------------|---------------------------------|------------------------------------|
| <i>(millions of U.S. dollars)</i>       | <b>Actuarial losses (gains)</b> | <b>Past service losses (gains)</b> | <b>Actuarial losses (gains)</b> | <b>Past service losses (gains)</b> |
| Balance, January 1, 2024                | \$ (6.9)                        | \$ (2.6)                           | \$ (35.3)                       | \$ (1.3)                           |
| Additions to AOCI                       | (31.0)                          | —                                  | (17.0)                          | 0.8                                |
| Amortization during the year            | 1.5                             | 1.5                                | 3.5                             | —                                  |
| Reclassification to regulatory accounts | 15.4                            | (0.8)                              | 15.3                            | —                                  |
| Balance, December 31, 2024              | \$ (21.0)                       | \$ (1.9)                           | \$ (33.5)                       | \$ (0.5)                           |
| Additions to AOCI                       | <b>(21.9)</b>                   | —                                  | <b>(10.8)</b>                   | <b>0.7</b>                         |
| Amortization during the year            | <b>3.2</b>                      | <b>1.4</b>                         | <b>4.9</b>                      | <b>0.9</b>                         |
| Reclassification to regulatory accounts | <b>4.1</b>                      | <b>(0.8)</b>                       | <b>8.8</b>                      | <b>(0.7)</b>                       |
| Balance, December 31, 2025              | \$ <b>(35.6)</b>                | \$ <b>(1.3)</b>                    | \$ <b>(30.6)</b>                | \$ <b>0.4</b>                      |

The movements related to pension and OPEB in AOCI for Empire District Electric System, Empire District Gas System, St. Lawrence Gas System and New York Water System are reclassified to regulatory accounts since it is probable the unfunded amount of these plans will be afforded rate recovery (note 6(h)).

## (c) Assumptions

Weighted average assumptions used to determine net benefit obligation for 2025 and 2024 were as follows:

|                                                  | <b>Pension benefits</b> |             | <b>OPEB</b>   |             |
|--------------------------------------------------|-------------------------|-------------|---------------|-------------|
|                                                  | <b>2025</b>             | <b>2024</b> | <b>2025</b>   | <b>2024</b> |
| Discount rate                                    | <b>5.49 %</b>           | 5.73 %      | <b>5.55 %</b> | 5.77 %      |
| Interest crediting rate (for cash balance plans) | <b>4.42 %</b>           | 4.45 %      | <b>N/A</b>    | N/A         |
| Rate of compensation increase                    | <b>3.67 %</b>           | 3.64 %      | <b>N/A</b>    | N/A         |
| Health care cost trend rate                      |                         |             |               |             |
| Before age 65                                    |                         |             | <b>7.00 %</b> | 6.75 %      |
| Age 65 and after                                 |                         |             | <b>6.00 %</b> | 9.53 %      |
| Assumed ultimate medical inflation rate          |                         |             | <b>4.50 %</b> | 4.50 %      |
| Year in which ultimate rate is reached           |                         |             | <b>2036</b>   | 2034        |

**Algonquin Power & Utilities Corp.**

## Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in millions of U.S. dollars, except as noted and per share amounts)***9. Pension and other post-employment benefits (continued)****(c) Assumptions (continued)**

The mortality assumption for December 31, 2025 uses the Pri-2012 mortality table and the projected generationally scale MP-2021, adjusted to reflect the ultimate improvement rates in the 2021 Social Security Administration intermediate assumptions for plans in the United States. The mortality assumption for the Bermuda plan as of December 31, 2025 uses the 2014 Canadian Pensioners' Mortality Table combined with mortality improvement scale CPM-B.

In selecting an assumed discount rate, the Company uses a modelling process that involves selecting a portfolio of high-quality corporate debt issuances (AA or better) whose cash flows (via coupons or maturities) match the timing and amount of the Company's expected future benefit payments. The Company considers the results of this modelling process, as well as overall rates of return on high-quality corporate bonds and changes in such rates over time, to determine its assumed discount rate.

The rate of return assumptions are based on projected long-term market returns for the various asset classes in which the plans are invested, weighted by the target asset allocations.

Weighted average assumptions used to determine net benefit cost for 2025 and 2024 were as follows:

|                                         | <b>Pension benefits</b> |             | <b>OPEB</b>   |             |
|-----------------------------------------|-------------------------|-------------|---------------|-------------|
|                                         | <b>2025</b>             | <b>2024</b> | <b>2025</b>   | <b>2024</b> |
| Discount rate                           | <b>5.73 %</b>           | 5.19 %      | <b>5.77 %</b> | 5.22 %      |
| Expected return on assets               | <b>6.43 %</b>           | 6.27 %      | <b>6.40 %</b> | 5.64 %      |
| Rate of compensation increase           | <b>5.51 %</b>           | 5.10 %      | <b>N/A</b>    | N/A         |
| Health care cost trend rate             |                         |             |               |             |
| Before age 65                           |                         |             | <b>6.75 %</b> | 7.00 %      |
| Age 65 and after                        |                         |             | <b>9.53 %</b> | 6.00 %      |
| Assumed ultimate medical inflation rate |                         |             | <b>4.50 %</b> | 4.50 %      |
| Year in which ultimate rate is reached  |                         |             | <b>2034</b>   | 2034        |

**(d) Benefit costs**

The following table lists the components of net benefit cost for the pension and OPEB plans. Service cost is recorded as part of operating expenses and non-service costs are recorded as part of pension and other post-employment non-service costs in the consolidated statements of operations. The employee benefit costs related to businesses acquired are recorded in the consolidated statements of operations from the date of acquisition.

|                                       | <b>Pension benefits</b> |             | <b>OPEB</b>   |             |
|---------------------------------------|-------------------------|-------------|---------------|-------------|
| <i>(millions of U.S. dollars)</i>     | <b>2025</b>             | <b>2024</b> | <b>2025</b>   | <b>2024</b> |
| Service cost                          | \$ <b>11.4</b>          | \$ 13.6     | \$ <b>2.4</b> | \$ 2.9      |
| Non-service costs                     |                         |             |               |             |
| Interest cost                         | <b>34.5</b>             | 33.3        | <b>11.5</b>   | 11.1        |
| Expected return on plan assets        | <b>(36.9)</b>           | (34.6)      | <b>(11.0)</b> | (10.5)      |
| Amortization of net actuarial loss    | <b>(3.2)</b>            | (1.5)       | <b>(4.9)</b>  | (3.5)       |
| Amortization of prior service credits | <b>(1.4)</b>            | (1.5)       | <b>(0.9)</b>  | (0.9)       |
| Amortization of regulatory accounts   | <b>9.3</b>              | 15.6        | <b>6.7</b>    | 6.6         |
|                                       | \$ <b>2.3</b>           | \$ 11.3     | \$ <b>1.4</b> | \$ 2.8      |
| Net benefit cost                      | \$ <b>13.7</b>          | \$ 24.9     | \$ <b>3.8</b> | \$ 5.7      |



**Algonquin Power & Utilities Corp.**

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in millions of U.S. dollars, except as noted and per share amounts)***9. Pension and other post-employment benefits (continued)****(e) Plan assets**

The Company's investment strategy for its pension and post-employment plan assets is to maintain a diversified portfolio of assets with the primary goal of meeting long-term cash requirements as they become due.

The Company's target asset allocation is as follows:

| <b>Asset class</b> | <b>Target (%)</b> | <b>Range (%)</b> |
|--------------------|-------------------|------------------|
| Equity securities  | 45 %              | 20% - 100%       |
| Debt securities    | 46 %              | 20% - 80%        |
| Other              | 9 %               | 0% - 20%         |
|                    | <b>100 %</b>      |                  |

The fair values of investments as of December 31, 2025, by asset category, are as follows:

| <b>Asset class</b> | <b>2025</b>     | <b>Percentage</b> |
|--------------------|-----------------|-------------------|
| Equity securities  | \$ 431.3        | 49%               |
| Debt securities    | 404.5           | 45%               |
| Other              | 52.9            | 6%                |
|                    | <b>\$ 888.7</b> | <b>100%</b>       |

As of December 31, 2025, the plan assets do not include any material investments in AQN.

All investments as of December 31, 2025 are valued using Level 1 inputs except for \$32.9 million of institutional private equity investments using Level 3 fair value measurement. These private equity funds invest in the private equity secondary market and in the credit markets. These funds are not traded in the open market, and are valued based on the underlying securities within the funds. The underlying securities are valued at fair value by the fund managers by using securities exchange quotations, pricing services, obtaining broker-dealer quotations, reflecting valuations provided in the most recent financial reports, or at a good faith estimate using fair market value principles.

The following table summarizes the changes in fair value of these Level 3 assets as of December 31:

| <i>(millions of U.S. dollars)</i> | <b>Level 3</b> |
|-----------------------------------|----------------|
| Balance, January 1, 2025          | \$ 29.7        |
| Contributions into funds          | 5.9            |
| Return on assets                  | 1.8            |
| Distributions                     | (4.5)          |
| Balance, December 31, 2025        | <b>\$ 32.9</b> |

**(f) Cash flows**

The Company expects to contribute \$19.9 million to its pension plans and \$4.0 million to its post-employment benefit plans in 2026.

The expected benefit payments over the next ten years are as follows:

| <i>(millions of U.S. dollars)</i> | <b>2026</b> | <b>2027</b> | <b>2028</b> | <b>2029</b> | <b>2030</b> | <b>2031-2035</b> |
|-----------------------------------|-------------|-------------|-------------|-------------|-------------|------------------|
| Pension plan \$                   | 50.7        | \$ 50.5     | \$ 50.7     | \$ 52.3     | \$ 51.5     | \$ 252.9         |
| OPEB \$                           | 13.4        | \$ 13.3     | \$ 13.8     | \$ 14.1     | \$ 14.5     | \$ 75.2          |





**Algonquin Power & Utilities Corp.**

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in millions of U.S. dollars, except as noted and per share amounts)***10. Other assets**

Other assets consist of the following:

| <i>(millions of U.S. dollars)</i>        | <b>2025</b>     | <b>2024</b>     |
|------------------------------------------|-----------------|-----------------|
| Restricted cash (a)                      | \$ 45.5         | \$ 39.6         |
| Pension and OPEB plan assets (note 9(a)) | 129.4           | 84.5            |
| Contingent consideration (b)             | 79.4            | —               |
| Income taxes recoverable                 | 10.4            | 10.7            |
| Deferred financing costs (c)             | 3.7             | 2.5             |
| Insurance recoveries (note 20(a)(iii))   | 135.6           | —               |
| Other (d)                                | 36.6            | 39.1            |
|                                          | <b>\$ 440.6</b> | <b>\$ 176.4</b> |
| Less: current portion                    | (149.8)         | (12.8)          |
|                                          | <b>\$ 290.8</b> | <b>\$ 163.6</b> |

**(a) Restricted cash**

Restricted cash consists of reserves and amounts set aside in accordance with various debt agreements, as well as customer deposits pending return. As of December 31, 2025, restricted cash includes \$26.1 million (2024 - \$31.1 million) related to Empire District Bondco. These funds are held in a third-party restricted bank account and are designated for the payment of principal, interest, and other expenses associated with the bonds.

**(b) Contingent consideration**

The Company can receive up to \$220 million in cash pursuant to an earn-out agreement relating to certain wind assets, which earn-out agreement was entered into in connection with the Renewables Sale. The amount and timing of the ultimate net cash proceeds will be dependent on final completion costs for in-construction assets, the associated monetization of tax credits on certain of these projects (including, but not limited to, future events, which could cause recapture of part or all of the tax attributes monetized and refund of the associated proceeds), and other final closing adjustments.

**(c) Deferred financing costs**

Deferred financing costs represent costs of arranging the Company's revolving credit facilities and intercompany loans.

**(d) Other**

Other includes various deferred charges that are expected to be transferred to utility plant upon reaching certain milestones as well as prepaid long-term service contracts.

**Algonquin Power & Utilities Corp.**

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in millions of U.S. dollars, except as noted and per share amounts)***11. Other long-term liabilities**

Other long-term liabilities consist of the following:

| <i>(millions of U.S. dollars)</i>                 | 2025            | 2024            |
|---------------------------------------------------|-----------------|-----------------|
| Advances in aid of construction (a)               | \$ 133.0        | \$ 102.9        |
| Asset retirement obligations (b)                  | 45.3            | 42.7            |
| Environmental remediation obligation (c)          | 54.4            | 41.7            |
| Deferred credits and contingent consideration (d) | 37.5            | 34.9            |
| Customer deposits (e)                             | 32.6            | 34.8            |
| Unamortized investment tax credits (f)            | 17.1            | 17.2            |
| Contingent liability (notes 20(a)(i), 20(a)(iii)) | 137.7           | 15.7            |
| Lease liabilities                                 | 10.5            | 10.7            |
| Hook-up fees (g)                                  | 11.8            | 1.5             |
| Delayed equity contributions (note 7(b))          | 21.5            | —               |
| Other                                             | 7.5             | 8.0             |
|                                                   | <b>\$ 508.9</b> | <b>\$ 310.1</b> |
| Less: current portion                             | <b>(151.1)</b>  | <b>(36.3)</b>   |
|                                                   | <b>\$ 357.8</b> | <b>\$ 273.8</b> |

**(a) Advances in aid of construction**

The Company's regulated utilities have various agreements with real estate development companies (the "developers") conducting business within the Company's utility service territories, whereby funds are advanced to the Company by the developers to assist with funding some or all of the costs of the development.

In many instances, developer advances can be subject to refund, but the refund is non-interest bearing. Refunds of developer advances are made over periods generally ranging from 5 to 40 years. Advances not refunded within the prescribed period are usually not required to be repaid. After the prescribed period has lapsed, any remaining unpaid balance is transferred to contributions in aid of construction and recorded as an offsetting amount to the cost of property, plant and equipment. In 2025, \$3.6 million (2024 - \$0.7 million) was transferred from advances in aid of construction to contributions in aid of construction.

**(b) Asset retirement obligations**

Asset retirement obligations mainly relate to legal requirements to: (i) cut (disconnect from the distribution system), purge (cleanup of natural gas and polychlorinated biphenyls ("PCB") contaminants) and cap natural gas mains within the natural gas distribution and transmission system when mains are retired in place, or sections of natural gas main are removed from the pipeline system; (ii) clean and remove storage tanks containing waste oil and other waste contaminants; (iii) remove certain river water intake structures and equipment; (iv) dispose of coal combustion residuals and PCB contaminants; and (v) remove asbestos upon major renovation or demolition of structures and facilities.

Changes in the asset retirement obligations are as follows:

| <i>(millions of U.S. dollars)</i> | 2025           | 2024           |
|-----------------------------------|----------------|----------------|
| Opening balance                   | \$ 42.7        | \$ 41.8        |
| Obligation assumed                | —              | 2.1            |
| Retirement activities             | (0.1)          | (1.1)          |
| Accretion                         | 1.5            | 1.4            |
| Change in cash flow estimates     | 1.2            | (1.5)          |
| Closing balance                   | <b>\$ 45.3</b> | <b>\$ 42.7</b> |

**Algonquin Power & Utilities Corp.**

## Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in millions of U.S. dollars, except as noted and per share amounts)***11. Other long-term liabilities (continued)****(b) Asset retirement obligations (continued)**

As the cost of retirement of utility assets in the United States is expected to be recovered through rates, a corresponding regulatory asset is recorded for liability accretion and asset depreciation expense (note 6(k)).

**(c) Environmental remediation obligation**

A number of the Company's regulated utilities were named as potentially responsible parties for remediation of several sites at which hazardous waste is alleged to have been disposed as a result of historical operations of manufactured natural gas plants ("MGP") and related facilities. The Company is currently investigating and remediating, as necessary, those MGP and related sites in accordance with plans submitted to the agency with authority for each of the respective sites.

The Company estimates the remaining undiscounted, unescalated cost of the environmental cleanup activities will be \$57.0 million (2024 - \$49.0 million), which at discount rates ranging from 3.4% to 4.1% represents the recorded accrual of \$54.4 million as of December 31, 2025 (2024 - \$41.7 million). Approximately \$26.2 million is expected to be incurred over the next three years, with the balance of cash flows to be incurred over the following 34 years.

Changes in the environmental remediation obligation are as follows:

| <i>(millions of U.S. dollars)</i> | <b>2025</b> | <b>2024</b> |
|-----------------------------------|-------------|-------------|
| Opening balance                   | \$ 41.7     | \$ 40.8     |
| Remediation activities            | (2.2)       | (1.2)       |
| Accretion                         | 1.7         | 1.7         |
| Changes in cash flow estimates    | 8.5         | 3.0         |
| Revision in assumptions           | 4.7         | (2.6)       |
| Closing balance                   | \$ 54.4     | \$ 41.7     |

The Regulators for the New England Gas System and EnergyNorth Gas System provide for the recovery of actual expenditures for site investigation and remediation over a period of seven years and, accordingly, as of December 31, 2025, the Company has reflected a regulatory asset of \$72.6 million (2024 - \$62.3 million) for the MGP and related sites (note 6(g)).

**(d) Deferred credits and contingent consideration**

Deferred credits and contingent consideration include unresolved contingent consideration related to prior acquisitions, which is expected to be paid.

**(e) Customer deposits**

Customer deposits result from the Company's obligation by Regulators to collect a deposit from customers of its facilities under certain circumstances when services are connected. The deposits are refundable as allowed under the facilities' regulatory agreement.

**(f) Unamortized investment tax credits**

The unamortized investment tax credits were assumed in connection with the acquisition of the Empire District Electric System. The investment tax credits are associated with an investment made in a generating station. The credits are being amortized over the life of the generating station.

**(g) Hook-up fees**

Hook-up fees result from the collection from customers of funds for installation and connection to the utility's infrastructure. The fees are refundable as allowed under the facilities' regulatory agreement.

**Algonquin Power & Utilities Corp.**

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in millions of U.S. dollars, except as noted and per share amounts)***12. Shareholders' capital****(a) Common shares**

Number of common shares

|                                         | 2025        | 2024        |
|-----------------------------------------|-------------|-------------|
| Common shares, beginning of year        | 767,343,863 | 689,271,039 |
| Settlement of purchase contracts (a(i)) | —           | 76,909,700  |
| Exercise of share-based awards (b)      | 1,007,556   | 1,162,653   |
| Conversion of convertible debentures    | —           | 471         |
| Common shares, end of year              | 768,351,419 | 767,343,863 |

**Authorized**

AQN is authorized to issue an unlimited number of common shares. The holders of the common shares are entitled to dividends if, as and when declared by the Board; to one vote per share at meetings of the holders of common shares; and upon liquidation, dissolution or winding up of AQN to receive pro rata the remaining property and assets of AQN, subject to the rights of any shares having priority over the common shares.

The Company has a shareholders' rights plan (the "Rights Plan"), which is currently scheduled to expire in the second quarter of 2028. Under the Rights Plan, one right is issued with each issued common share of the Company. The rights remain attached to the common shares and are not exercisable or separable unless one or more certain specified events occur. If a person or group acting in concert acquires 20% or more of the outstanding common shares of the Company (subject to certain exceptions), the rights will entitle the holders thereof (other than the acquiring person or group) to purchase common shares at a 50% discount from the then-current market price. The rights provided under the Rights Plan are not triggered by any person making a "Permitted Bid", as defined in the Rights Plan.

**(i) Settlement of purchase contracts**

On June 17, 2024, upon settlement of all outstanding purchase contracts that were a component of the Company's equity units, the Company received an aggregate of \$1,150.0 million in exchange for the issuance of an aggregate of 76,909,700 common shares at an effective issuance price of approximately \$14.95 per common share.

**(b) Share-based compensation**

For the year ended December 31, 2025, AQN recorded \$13.0 million (2024 - \$18.4 million) in total share-based compensation expense as follows:

| <i>(millions of U.S. dollars)</i>             | 2025    | 2024    |
|-----------------------------------------------|---------|---------|
| Performance and restricted share units (b(i)) | \$ 10.8 | \$ 16.0 |
| Director's deferred share units (b(iii))      | 1.6     | 1.1     |
| Employee share purchase (b(iv))               | 0.5     | 0.6     |
| Share options (b(v))                          | 0.1     | 0.7     |
| Total share-based compensation                | \$ 13.0 | \$ 18.4 |

The compensation expense is recorded within operating expenses in the consolidated statements of operations.

As of December 31, 2025, total unrecognized compensation costs related to non-vested share-based awards are \$8.9 million (2024 - \$11.1 million) and are expected to be recognized over a period of 1.46 years.

**Algonquin Power & Utilities Corp.**

## Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in millions of U.S. dollars, except as noted and per share amounts)***12. Shareholders' capital (continued)****(b) Share-based compensation (continued)****(i) Performance and restricted share units**

The Company offers a PSU and RSU plan to its employees as part of the Company's long-term incentive program. PSUs have been granted annually for three-year overlapping performance cycles. The PSUs vest at the end of the three-year cycle and are calculated based on established performance criteria. At the end of the three-year performance periods, the number of common shares issued can range from 0.0% to 200% of the number of PSUs granted. RSU vesting conditions and dates vary by grant and are outlined in each award letter. RSUs are not subject to performance criteria. Dividends accumulating during the vesting period are converted to PSUs and RSUs based on the market value of the shares on that date and are recorded in equity as the dividends are declared. None of the PSUs or RSUs have voting rights. Any PSUs or RSUs not vested at the end of a performance period will expire. The PSUs and RSUs provide for settlement in cash or common shares at the election of the Company. As the Company does not expect to settle these instruments in cash, these units are accounted for as equity awards. The aggregate number of common shares reserved for issuance from treasury by AQN under the PSU and RSU plan shall not exceed 14,000,000 common shares.

Compensation expense associated with PSUs is recognized ratably over the performance period. Achievement of the performance criteria is estimated as at the consolidated balance sheet dates. Compensation cost recognized is adjusted to reflect the performance conditions estimated to date.

A summary of the PSUs and RSUs is as follows:

| <i>(millions of dollars, except number of awards and per share amounts)</i> | <b>Number of awards</b> | <b>Weighted average grant-date fair value</b> | <b>Weighted average remaining contractual term (years)</b> | <b>Aggregate intrinsic value</b> |
|-----------------------------------------------------------------------------|-------------------------|-----------------------------------------------|------------------------------------------------------------|----------------------------------|
| Balance, January 1, 2024                                                    | 3,577,747               | C\$ 18.38                                     | 1.76                                                       | C\$ 29.8                         |
| Granted, including dividends                                                | 2,863,298               | 7.24                                          | 2.04                                                       | 20.0                             |
| Exercised                                                                   | (416,659)               | 16.66                                         | —                                                          | 3.4                              |
| Forfeited                                                                   | (833,416)               | 11.91                                         | —                                                          | 5.3                              |
| Balance, December 31, 2024                                                  | 5,190,970               | C\$ 18.38                                     | 1.43                                                       | C\$ 33.1                         |
| Granted, including dividends                                                | 1,775,548               | 6.69                                          | 2.10                                                       | 7.9                              |
| Exercised                                                                   | (578,956)               | 13.32                                         | —                                                          | 3.9                              |
| Forfeited                                                                   | (627,491)               | 8.94                                          | —                                                          | 5.3                              |
| Balance, December 31, 2025                                                  | 5,760,071               | C\$ 10.96                                     | 1.46                                                       | C\$ 48.6                         |
| Exercisable, December 31, 2025                                              | 3,459,124               | C\$ 12.74                                     |                                                            | C\$ 29.2                         |

**(ii) Bonus deferral RSUs**

Eligible employees have the option to receive a portion or all of their annual bonus payment in RSUs in lieu of cash. These RSUs provide for settlement in shares and, therefore, these RSUs are accounted for as equity awards. The RSUs granted are 100% vested and, therefore, compensation expense associated with these RSUs is recognized immediately upon issuance.

During the year ended December 31, 2025, 9,824 (2024 - 51,776) bonus deferral RSUs were granted to employees of the Company. In addition, the Company settled 134,892 (2024 - 13,232) bonus deferral RSUs in exchange for 65,178 (2024 - 6,147) common shares issued from treasury, and 69,714 (2024 - 7,085) RSUs were settled at their cash value as payment for tax withholdings related to the settlement of the RSUs. As of December 31, 2025, 80,828 (2024 - 205,896) bonus deferral RSUs are outstanding.



**Algonquin Power & Utilities Corp.**

## Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in millions of U.S. dollars, except as noted and per share amounts)*

---

**12. Shareholders' capital (continued)**

## (b) Share-based compensation (continued)

## (iii) Director's deferred share units

Under the Company's DSU plan, non-employee directors of the Company may elect annually to receive their annual cash remuneration in the form of DSUs, cash, or any combination of DSUs and cash. Directors' fees are paid on a quarterly basis, and at the time of each payment of fees, the applicable amount is converted to DSUs. A DSU has a value equal to one of the Company's common shares. Dividends accumulate in the DSU account and are converted to DSUs based on the market value of the shares on that date. DSUs cannot be redeemed until the director retires, resigns, or otherwise leaves the Board. The DSUs provide for settlement in cash or common shares at the election of the Company. As the Company does not expect to settle these instruments in cash, these options are accounted for as equity awards. For the year ended December 31, 2025, a total of 315,627 DSUs (2024 - 250,369) were issued and 107,818 DSUs (2024 - 373,113) were settled in exchange for 60,014 (2024 - 183,566) common shares issued from treasury, and 47,804 (2024 - 189,547) DSUs were settled at their cash value as payment for tax withholding related to the settlement of the awards. As of December 31, 2025, 809,647 (2024 - 601,838) DSUs are outstanding pursuant to the election of the directors to defer a percentage of their director's fee in the form of DSUs. The aggregate number of common shares reserved for issuance from treasury by AQN under the DSU plan shall not exceed 2,000,000 common shares.

## (iv) Employee share purchase plan

Under the Company's ESPP, eligible employees may have a portion of their earnings withheld to be used to purchase the Company's common shares. The Company will match 20% of the employee contribution amount for the first five thousand dollars per employee contributed annually and 10% of the employee contribution amount for contributions over five thousand dollars up to ten thousand dollars annually. Common shares purchased through the Company match portion shall not be eligible for sale by the participant for a period of one year following the purchase date on which such shares were acquired. At the Company's option, the common shares may be (i) issued to participants from treasury at the average share price or (ii) acquired on behalf of participants by purchases through the facilities of the Toronto Stock Exchange or New York Stock Exchange by an independent broker. The aggregate number of common shares reserved for issuance from treasury by AQN under the ESPP shall not exceed 6,500,000 common shares.

The Company uses the fair value-based method to measure the compensation expense related to the Company's contribution. For the year ended December 31, 2025, a total of 559,621 common shares (2024 - 741,849) were issued to employees under the ESPP.

## (v) Share option plan

The Option Plan is a "rolling plan" and, as a result, pursuant to the rules and policies of the TSX, all unallocated Options under the Option Plan must be approved by a majority of Shareholders every three years. The Option Plan was last approved by Shareholders at the Company's annual meeting of Shareholders on June 2, 2022 and, as a result, the three-year term of effectiveness prescribed by the TSX in respect of that Shareholder approval expired on June 2, 2025. As a result, as of June 2, 2025: (i) AQN will not be permitted to grant further options under the Option Plan until such time as the required shareholder approval is obtained in the future; and (ii) all options that have already been allocated and granted under the Option Plan that have not yet been exercised continue unaffected in accordance with their current terms; provided that, where such an option is cancelled or terminated, it will not be available for re-grant under the Option Plan until such time as the required shareholder approval is obtained.

No Options were granted during the years ended December 31, 2025 and 2024.

**Algonquin Power & Utilities Corp.**

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in millions of U.S. dollars, except as noted and per share amounts)***12. Shareholders' capital (continued)**

## (v) Share option plan (continued)

Share option activity during the years is as follows:

|                                | Number of<br>awards |     | Weighted<br>average<br>exercise<br>price | Weighted<br>average<br>remaining<br>contractual<br>term<br>(years) |
|--------------------------------|---------------------|-----|------------------------------------------|--------------------------------------------------------------------|
| Balance, January 1, 2024       | 2,541,773           | C\$ | 14.71                                    | 5.18                                                               |
| Forfeited                      | (622,646)           |     | 15.12                                    | —                                                                  |
| Balance, December 31, 2024     | 1,919,127           | C\$ | 14.93                                    | 3.95                                                               |
| Forfeited                      | (234,899)           |     | 10.76                                    | —                                                                  |
| Balance, December 31, 2025     | 1,684,228           | C\$ | 15.52                                    | 2.64                                                               |
| Exercisable, December 31, 2025 | 1,684,228           | C\$ | 15.52                                    | 2.64                                                               |

## (c) Preferred shares

AQN is authorized to issue an unlimited number of preferred shares, issuable in one or more series, containing terms and conditions as approved by the Board.

The Company has the following Cumulative Rate Reset Preferred Shares, Series A (the "Series A Shares") and Cumulative Rate Reset Preferred Shares, Series D (the "Series D Shares") issued and outstanding as of December 31, 2025 and 2024:

| <i>(in millions, except number of shares<br/>and per share amounts)</i> | Number of<br>shares | Price per<br>share | Carrying<br>amount C\$ | Carrying<br>amount \$ |
|-------------------------------------------------------------------------|---------------------|--------------------|------------------------|-----------------------|
| Series A Shares                                                         | 4,800,000           | C\$25.00           | C\$ 116.5              | \$ 100.5              |
| Series D Shares                                                         | 4,000,000           | C\$25.00           | C\$ 97.3               | \$ 83.8               |
|                                                                         |                     |                    | \$                     | 184.3                 |

The holders of Series A Shares are entitled to receive quarterly fixed cumulative preferential cash dividends if, as and when declared by the Board. The annual dividend for the five-year period from December 31, 2023 to December 31, 2028, is 6.576% (annual amount of C\$1.6440 per share). Unless redeemed, the Series A Shares dividend rate will reset on December 31, 2028 and every five years thereafter at a rate equal to the then five-year Government of Canada bond yield plus 2.94%. The Series A Shares are redeemable at C\$25 per share at the option of the Company on December 31, 2028 and every fifth year thereafter. The holders of Series A Shares have the right to convert their shares into cumulative floating rate preferred shares, Series B, subject to certain conditions, on December 31, 2028 (or the next business day, if such day is not a business day), and every fifth year thereafter.

The holders of Series D Shares are entitled to receive quarterly fixed cumulative preferential cash dividends if, as and when declared by the Board. The annual dividend for the five-year period from March 31, 2019 to March 31, 2024, was C\$1.2728 per share. The annual dividend rate for the five-year period from March 31, 2024 to March 31, 2029 is 6.853% (annual amount of C\$1.71325 per share). Unless redeemed, the Series D Shares dividend rate will reset on March 31, 2029, and every five years thereafter at a rate equal to the then five-year Government of Canada bond plus 3.28%. The Series D Shares were redeemable at the option of the Company at C\$25 per share on April 1, 2024, but the Company elected not to exercise its redemption right. The holders of Series D Shares had the right to convert their shares into Cumulative Floating Rate Preferred Shares, Series E (the "Series E Shares") on April 1, 2024; however, since less than 1,000,000 Series D Shares were tendered for conversion, none of the class D Shares were converted into Class E Shares and no Class E Shares have been issued by the Company. The Series D Shares are redeemable at C\$25 per share at the option of the Company on March 31, 2029 and every fifth year thereafter. The holders of Series D Shares have the right to convert their

shares into Series E Shares, subject to certain conditions, on March 31, 2029 (or the next business day, if such day is not a business day) and every fifth year thereafter.

---



**Algonquin Power & Utilities Corp.**

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in millions of U.S. dollars, except as noted and per share amounts)***13. Accumulated other comprehensive income (loss)**

AOCI consists of the following balances, net of tax:

|                                                                                                                          | Foreign<br>currency<br>cumulative<br>translation | Unrealized<br>gain (loss) on<br>cash flow<br>hedges | Pension and<br>post-<br>employment<br>actuarial<br>changes | Total          |
|--------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------|-----------------------------------------------------|------------------------------------------------------------|----------------|
| Balance, January 1, 2024                                                                                                 | \$ (104.9)                                       | \$ (38.3)                                           | \$ 40.9                                                    | \$ (102.3)     |
| OCI                                                                                                                      | 33.8                                             | 79.4                                                | 12.8                                                       | 126.0          |
| Amounts reclassified from AOCI to the consolidated statements of operations                                              | 0.6                                              | (27.1)                                              | (5.8)                                                      | (32.3)         |
| Net current period OCI                                                                                                   | \$ 34.4                                          | \$ 52.3                                             | \$ 7.0                                                     | \$ 93.7        |
| OCI attributable to the non-controlling interests                                                                        | (4.6)                                            | —                                                   | —                                                          | (4.6)          |
| Net current period OCI attributable to shareholders of AQN                                                               | \$ 29.8                                          | \$ 52.3                                             | \$ 7.0                                                     | \$ 89.1        |
| Amounts reclassified from AOCI to the consolidated statements of operations related to discontinued operations (note 23) | —                                                | 94.6                                                | —                                                          | 94.6           |
| Balance, December 31, 2024                                                                                               | \$ (75.1)                                        | \$ 108.6                                            | \$ 47.9                                                    | \$ 81.4        |
| OCI                                                                                                                      | <b>48.5</b>                                      | <b>(41.4)</b>                                       | <b>14.9</b>                                                | <b>22.0</b>    |
| Amounts reclassified from AOCI to the consolidated statements of operations                                              | <b>(0.3)</b>                                     | <b>7.8</b>                                          | <b>(8.2)</b>                                               | <b>(0.7)</b>   |
| Net current period OCI attributable to shareholders of AQN                                                               | \$ <b>48.2</b>                                   | \$ <b>(33.6)</b>                                    | \$ <b>6.7</b>                                              | \$ <b>21.3</b> |
| Amounts derecognized on sale of the renewable energy business                                                            | <b>(71.6)</b>                                    | —                                                   | —                                                          | <b>(71.6)</b>  |
| Balance, December 31, 2025                                                                                               | \$ <b>(98.5)</b>                                 | \$ <b>75.0</b>                                      | \$ <b>54.6</b>                                             | \$ <b>31.1</b> |

Amounts reclassified from AOCI for foreign currency cumulative translation affected interest expense and derivative gain (loss); those for unrealized gain (loss) on cash flow hedges affected revenue from non-regulated energy sales, interest expense and derivative gain (loss) while those for pension and post-employment actuarial changes affected pension and post-employment non-service costs.

**14. Dividends**

All dividends of the Company are made on a discretionary basis as determined by the Board. The Company declares and pays the dividends on its common shares in U.S. dollars. Holders of common shares may elect to receive the dividends in the Canadian dollar equivalent.

Dividends declared were as follows:

|                                                | 2025     |                    | 2024     |                    |
|------------------------------------------------|----------|--------------------|----------|--------------------|
| <i>(in millions, except per share amounts)</i> | Dividend | Dividend per share | Dividend | Dividend per share |
| Common shares                                  | \$ 201.8 | \$ 0.2600          | \$ 260.0 | \$ 0.3470          |
| Series A Shares                                | C\$ 7.9  | C\$ 1.6440         | C\$ 7.9  | C\$ 1.6440         |
| Series D Shares                                | C\$ 6.9  | C\$ 1.7132         | C\$ 6.4  | C\$ 1.6031         |

**Algonquin Power & Utilities Corp.**

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in millions of U.S. dollars, except as noted and per share amounts)***15. Non-controlling interests**

Net effect attributable to non-controlling interests ("NCI") for the years ended December 31 consists of the following:

| <i>(millions of U.S. dollars)</i>                                   | 2025    | 2024    |
|---------------------------------------------------------------------|---------|---------|
| HLBV and other adjustments attributable to:                         |         |         |
| Non-controlling interests - tax equity partnership units            | \$ 79.9 | \$ 79.3 |
| Non-controlling interests - redeemable tax equity partnership units | —       | 1.3     |
| Other net earnings attributable to:                                 |         |         |
| Non-controlling interests                                           | (7.4)   | (5.7)   |
| Net effect of non-controlling interests                             | \$ 72.5 | \$ 74.9 |

The non-controlling tax equity investors ("tax equity partnership units") in the Company's U.S. wind power-generating facilities are entitled to allocations of earnings, tax attributes and cash flows in accordance with contractual agreements. The share of earnings (loss) attributable to the non-controlling interest holders in these subsidiaries is calculated using the HLBV method of accounting as described in note 1(u).

*Non-controlling interests*

|                                                            | Non-controlling interests -<br>tax equity partnership units |          | Other non-controlling<br>interests |         |
|------------------------------------------------------------|-------------------------------------------------------------|----------|------------------------------------|---------|
| <i>(millions of U.S. dollars)</i>                          | 2025                                                        | 2024     | 2025                               | 2024    |
| Opening balance                                            | \$ 399.0                                                    | \$ 481.4 | \$ 77.3                            | \$ 70.1 |
| Net earnings (loss) attributable to NCI                    | (79.9)                                                      | (79.3)   | 7.4                                | 5.7     |
| Contributions received, net                                | 6.9                                                         | 2.0      | —                                  | —       |
| Dividends and distributions declared                       | —                                                           | (3.5)    | (6.0)                              | (3.1)   |
| Regulatory asset attributable to non-controlling interests | 2.5                                                         | (1.6)    | —                                  | —       |
| OCI                                                        | —                                                           | —        | —                                  | 4.6     |
| Closing balance                                            | \$ 328.5                                                    | \$ 399.0 | \$ 78.7                            | \$ 77.3 |

**Algonquin Power & Utilities Corp.**

## Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in millions of U.S. dollars, except as noted and per share amounts)***16. Income taxes**

The income tax expense in the consolidated statements of operations represents an effective tax rate different than the Canadian enacted federal statutory income tax rate of 15.0% (2024 - 15.0%).

The differences are as follows:

| <i>(millions of U.S. dollars)</i>                                  | <b>2025</b> | <b>Percentage</b> | <b>2024</b> | <b>Percentage</b> |
|--------------------------------------------------------------------|-------------|-------------------|-------------|-------------------|
| Canadian federal statutory income tax rate                         | \$ 31.6     | 15.0 %            | \$ 26.6     | 15.0 %            |
| State and local income taxes (primarily Ontario)                   | (6.3)       | (3.0)%            | 61.5        | 34.7 %            |
| Foreign tax effects                                                |             |                   |             |                   |
| United States                                                      |             |                   |             |                   |
| State income tax                                                   | 17.0        | 8.1 %             | 16.4        | 9.3 %             |
| Rate differential                                                  | 10.1        | 4.8 %             | 4.6         | 2.6 %             |
| Tax impact on HLBV income                                          | 16.8        | 8.0 %             | 17.4        | 9.8 %             |
| Amortization and settlement of excess deferred income tax          | (13.8)      | (6.6)%            | (19.4)      | (11.0)%           |
| Base erosion and anti-abuse tax                                    | 14.0        | 6.6 %             | —           | — %               |
| Compensation-related                                               | 6.9         | 3.3 %             | —           | — %               |
| Tax equity investment under PAM                                    | (2.2)       | (1.0)%            | —           | — %               |
| Other                                                              | (0.4)       | (0.2)%            | 0.6         | 0.4 %             |
| Bermuda                                                            |             |                   |             |                   |
| Rate differential                                                  | (7.9)       | (3.8)%            | (5.9)       | (3.3)%            |
| Chile                                                              |             |                   |             |                   |
| Rate differential                                                  | 1.6         | 0.7 %             | 1.3         | 0.7 %             |
| Other                                                              | 0.6         | 0.3 %             | 0.9         | 0.5 %             |
| Netherlands                                                        |             |                   |             |                   |
| Rate differential                                                  | —           | — %               | 3.2         | 1.8 %             |
| Non-taxable dividend - investment in Atlantica                     | —           | — %               | (14.3)      | (8.1)%            |
| Non-taxable market-to-market gain - investment in Atlantica        | —           | — %               | (4.7)       | (2.6)%            |
| Changes in valuation allowance                                     | —           | — %               | 3.9         | 2.2 %             |
| Peru                                                               |             |                   |             |                   |
| Capital gain - investment in Atlantica                             | —           | — %               | 8.6         | 4.8 %             |
| Other foreign jurisdictions                                        | 1.1         | 0.5 %             | 1.8         | 1.0 %             |
| Effect of cross-border tax laws                                    |             |                   |             |                   |
| Foreign Accrual Property Income ("FAPI") - Investment in Atlantica | —           | — %               | 5.6         | 3.2 %             |
| Cross-border finance arrangement                                   | (5.4)       | (2.5)%            | (5.6)       | (3.1)%            |
| Changes in valuation allowance                                     | 13.0        | 6.2 %             | 84.4        | 47.6 %            |
| Non-taxable or non-deductible items                                |             |                   |             |                   |
| Non-deductible foreign exchange loss on intercompany loan          | 1.8         | 0.8 %             | 1.8         | 1.0 %             |
| Other                                                              | (4.1)       | (1.9)%            | (1.9)       | (1.1)%            |
| Tax basis step-up                                                  | (9.4)       | (4.5)%            | —           | — %               |
| Income tax expense                                                 | \$ 65.0     | 30.8 %            | \$ 186.8    | 105.4 %           |

**Algonquin Power & Utilities Corp.**

## Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in millions of U.S. dollars, except as noted and per share amounts)***16. Income taxes (continued)**

In 2023, the Government of Bermuda enacted the *Bermuda Corporate Income Tax Act 2023*, introducing a 15% corporate income tax rate effective for fiscal years commencing January 1, 2025. On December 11, 2025, the Government of Bermuda enacted the *Corporate Income Tax Amendment (No.2) Act 2025* and *Tax Credits Act 2025*, which formalized substance-based tax credits for qualifying utility companies.

BELCO, the Company's subsidiary in Bermuda expects that the substance-based tax credits will fully offset its Bermuda corporate income tax liability for the foreseeable future. Accordingly, no current income tax expense was recognized for the year ended December 31, 2025. The Company has no significant temporary differences between book and tax basis of its Bermuda operations and, to the extent any such differences exist, they are expected to reverse in periods when tax credits fully offset taxable income. Therefore, no deferred tax assets or liabilities related to its Bermuda operations were recognized as of December 31, 2025.

In June 2024, Canada enacted the Global Minimum Tax Act, implementing the OECD Pillar Two framework, including a top-up tax for jurisdictions with an effective tax rate below 15%. For the year ended December 31, 2025, the Company concluded that it meets the conditions for the relevant safe harbour provisions and, accordingly, has not recognized any top-up tax expense.

For the years ended December 31, 2025 and 2024, earnings (loss) before income taxes consist of the following:

| <i>(millions of U.S. dollars)</i>         | 2025            | 2024            |
|-------------------------------------------|-----------------|-----------------|
| Earnings (loss) before income taxes       |                 |                 |
| Canada                                    | \$ (26.7)       | \$ (28.9)       |
| United States                             | 168.8           | 77.4            |
| Foreign                                   | 68.9            | 128.7           |
| <b>Total earnings before income taxes</b> | <b>\$ 211.0</b> | <b>\$ 177.2</b> |

For the years ended December 31, 2025 and 2024, income tax expense (recovery) attributable to earnings (loss) consists of the following:

| <i>(millions of U.S. dollars)</i> | Current        | Deferred        | Total           |
|-----------------------------------|----------------|-----------------|-----------------|
| Year ended December 31, 2025      |                |                 |                 |
| Canada <sup>(1)</sup>             | \$ 3.8         | \$ (18.2)       | \$ (14.4)       |
| United States                     | 11.7           | 62.0            | 73.7            |
| Foreign                           | 0.4            | 5.3             | 5.7             |
|                                   | <b>\$ 15.9</b> | <b>\$ 49.1</b>  | <b>\$ 65.0</b>  |
| Year ended December 31, 2024      |                |                 |                 |
| Canada <sup>(1)</sup>             | \$ 4.2         | \$ 137.4        | \$ 141.6        |
| United States                     | 1.2            | 29.9            | 31.1            |
| Foreign                           | 12.8           | 1.3             | 14.1            |
|                                   | <b>\$ 18.2</b> | <b>\$ 168.6</b> | <b>\$ 186.8</b> |

<sup>(1)</sup> The Canadian income tax benefit for the year ended December 31, 2025 of \$14.4 million comprises a federal income tax benefit of \$8.1 million and a provincial income tax benefit of \$6.3 million. The Canadian income tax expense for the year ended December 31, 2024 of \$141.6 million comprises federal income tax expense of \$80.1 million and provincial income tax expense of \$61.5 million.

**Algonquin Power & Utilities Corp.**

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in millions of U.S. dollars, except as noted and per share amounts)***16. Income taxes (continued)**

For the years ended December 31, 2025 and 2024, income tax paid (net of refunds) consists of the following:

| <i>(millions of U.S. dollars)</i>                     | 2025             | 2024             |
|-------------------------------------------------------|------------------|------------------|
| Income tax paid (received)                            |                  |                  |
| Canada federal                                        | \$ 4.1           | \$ 4.6           |
| Canada provincial                                     | —                | 0.3              |
| United States federal - primarily sale of tax credits | (99.4)           | (65.3)           |
| United States - state                                 | 3.6              | 3.2              |
| Peru                                                  | 8.6              | —                |
| Bermuda                                               | 5.8              | —                |
| Other                                                 | 3.9              | 0.5              |
| <b>Total income tax received</b>                      | <b>\$ (73.4)</b> | <b>\$ (56.7)</b> |

The tax effect of temporary differences between the consolidated financial statement carrying amounts of assets and liabilities and their respective tax bases that give rise to significant portions of the deferred tax assets and deferred tax liabilities as of December 31, 2025 and 2024 are presented below:

| <i>(millions of U.S. dollars)</i>                                                                                       | 2025       | 2024       |
|-------------------------------------------------------------------------------------------------------------------------|------------|------------|
| Deferred tax assets:                                                                                                    |            |            |
| Non-capital loss, capital loss, investment tax credits, currently non-deductible interest expenses, and financing costs | \$ 849.8   | \$ 781.8   |
| Outside basis in renewable energy assets                                                                                | —          | 140.2      |
| Environmental obligation                                                                                                | 12.5       | 9.1        |
| Regulatory liabilities                                                                                                  | 171.8      | 164.4      |
| Other                                                                                                                   | 46.7       | 58.2       |
| Total deferred income tax assets                                                                                        | \$ 1,080.8 | \$ 1,153.7 |
| Less: valuation allowance                                                                                               | (318.7)    | (281.9)    |
| Total deferred tax assets                                                                                               | \$ 762.1   | \$ 871.8   |
| Deferred tax liabilities:                                                                                               |            |            |
| Property, plant and equipment                                                                                           | \$ 915.9   | \$ 866.5   |
| Pension and OPEB                                                                                                        | 16.8       | 9.2        |
| Outside basis differentials                                                                                             | 88.5       | 165.0      |
| Regulatory accounts                                                                                                     | 348.8      | 329.3      |
| Other                                                                                                                   | 54.7       | 67.8       |
| Total deferred tax liabilities                                                                                          | \$ 1,424.7 | \$ 1,437.8 |
| Net deferred tax liabilities                                                                                            | \$ (662.6) | \$ (566.0) |
| <b>Consolidated balance sheets classification:</b>                                                                      |            |            |
| Deferred tax assets                                                                                                     | \$ 26.3    | \$ 11.2    |
| Deferred tax liabilities                                                                                                | (688.9)    | (577.2)    |
| Net deferred tax liabilities                                                                                            | \$ (662.6) | \$ (566.0) |

The valuation allowance for deferred tax assets as of December 31, 2025 is \$318.7 million (2024 - \$281.9 million). The valuation allowance primarily relates to operating losses that, in the judgment of management, are not more likely than not to be realized.

**Algonquin Power & Utilities Corp.**

## Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in millions of U.S. dollars, except as noted and per share amounts)***16. Income taxes (continued)**

In January 2025, the Company completed the Renewables Sale, which resulted in a capital loss for Canadian tax purposes. The Company re-evaluated the realizability of its Canadian deferred tax assets and concluded that it remains more likely than not that there will not be sufficient taxable income in the future to allow for the realization of the majority of these deferred tax assets. As at December 31, 2025, a valuation allowance continues to be recorded against the majority of the deferred tax assets related to Canadian attributes. At December 31, 2025, the Company provided a valuation allowance on Canadian non-capital loss of \$562.5 million capital loss of \$1,082.3 million, excessive interest and financing expenses limitation carryover of \$129.6 million, and income tax credits of \$2.2 million. The Company will continue to evaluate the realizability of the deferred tax assets at each reporting period and adjust the valuation allowance as necessary.

The following table illustrates the annual movement in the deferred tax valuation allowance:

| <i>(millions of U.S. dollars)</i>                          | 2025            | 2024            |
|------------------------------------------------------------|-----------------|-----------------|
| Beginning balance                                          | \$ 281.9        | \$ 5.6          |
| Charged to income tax expense                              | 23.0            | 154.6           |
| Charged to additional paid-in capital                      | —               | 5.4             |
| Valuation allowance charged to discontinued operations     | 2.8             | (5.1)           |
| Charged (reduction) to OCI                                 | 10.4            | (17.8)          |
| Tax impact on outside basis difference in renewable assets | —               | 140.2           |
| Reductions to other accounts                               | 0.6             | (1.0)           |
| <b>Ending balance</b>                                      | <b>\$ 318.7</b> | <b>\$ 281.9</b> |

As of December 31, 2025, the Company had tax attributes available to reduce future years' taxable income, which expire as follows:

| <i>(millions of U.S. dollars)</i>                    | 2026-2030 | 2031+    | Total    |
|------------------------------------------------------|-----------|----------|----------|
| Canada                                               | \$ 0.8    | \$ 650.5 | \$ 651.3 |
| United States                                        | —         | 1,379.8  | 1,379.8  |
| Total non-capital loss carryforward                  | 0.8       | 2,030.3  | 2,031.1  |
| Capital loss carryforward                            | —         | 1,082.3  | 1,082.3  |
| Excessive interest and financing expenses limitation | —         | 129.6    | 129.6    |
| Tax credits                                          | 9.4       | 130.3    | 139.7    |

The Company has provided for deferred income taxes for the estimated tax cost of distributed earnings of certain of its subsidiaries. Deferred income taxes have not been provided on approximately of \$1,163.2 million undistributed earnings of certain foreign subsidiaries, as the Company has concluded that such earnings are indefinitely reinvested and should not give rise to additional tax liabilities. A determination of the amount of the unrecognized tax liability relating to the remittance of such undistributed earnings is not practicable.

**17. Other net losses**

Other net losses consist of the following:

| <i>(millions of U.S. dollars)</i> | 2025             | 2024             |
|-----------------------------------|------------------|------------------|
| Restructuring costs (a)           | \$ (38.7)        | \$ (27.0)        |
| Other (b)                         | (13.9)           | —                |
|                                   | <b>\$ (52.6)</b> | <b>\$ (27.0)</b> |

**Algonquin Power & Utilities Corp.**

## Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in millions of U.S. dollars, except as noted and per share amounts)***17. Other net losses (continued)**

## (a) Restructuring costs

Restructuring costs include one-time costs related to the Company's ongoing simplification and transition to a premium pure-play utility. Such costs include severance, fees paid to third-party consultants and other non-recurring items.

## (b) Other

For the year ended December 31, 2025, other losses primarily consist of other miscellaneous write-downs, net of miscellaneous gains.

**18. Basic and diluted net earnings (loss) per share**

Basic and diluted net earnings (loss) per share have been calculated on the basis of net earnings (loss) attributable to the common shareholders of the Company and the weighted average number of common shares and bonus deferral restricted share units outstanding. Diluted net earnings (loss) per share are computed using the weighted average number of common shares, additional shares issued subsequent to year-end under the dividend reinvestment plan, and, if dilutive, potential incremental common shares related to the weighted average number of outstanding share options, performance share units, restricted share units and deferred share units outstanding during the period.

The reconciliation of the net earnings (loss) and the weighted average shares used in the computation of basic and diluted net earnings (loss) per share are as follows:

| <i>(millions of U.S. dollars, except number of shares and per share amounts)</i>   | <b>2025</b>        | <b>2024</b>  |
|------------------------------------------------------------------------------------|--------------------|--------------|
| Net earnings attributable to shareholders of AQN from continuing operations        | \$ <b>218.5</b>    | \$ 65.3      |
| Series A preferred share dividend                                                  | <b>5.6</b>         | 5.8          |
| Series D preferred share dividend                                                  | <b>4.9</b>         | 4.7          |
| Net earnings attributable to common shareholders of AQN from continuing operations | <b>208.0</b>       | 54.8         |
| Net loss attributable to common shareholders of AQN from discontinued operations   | <b>(37.7)</b>      | (1,445.8)    |
| Net earnings (loss) attributable to common shareholders of AQN – basic and diluted | \$ <b>170.3</b>    | \$ (1,391.0) |
| Weighted average number of shares                                                  |                    |              |
| Basic                                                                              | <b>768,098,435</b> | 731,721,239  |
| Effect of dilutive securities                                                      | <b>4,308,691</b>   | 2,328,020    |
| Diluted average number of shares                                                   | <b>772,407,126</b> | 734,049,259  |
| Basic and diluted net earnings per share from continuing operations                | \$ <b>0.27</b>     | \$ 0.07      |
| Basic and diluted net loss per share from discontinued operations                  | \$ <b>(0.05)</b>   | \$ (1.97)    |
| Basic and diluted net earnings (loss) per share                                    | \$ <b>0.22</b>     | \$ (1.90)    |

This calculation of diluted average number of shares for the year ended December 31, 2025 excludes the potential impact of 3,701,120 (2024 - 5,104,463) incremental shares that may become issuable pursuant to outstanding securities of the Company.



**Algonquin Power & Utilities Corp.**

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in millions of U.S. dollars, except as noted and per share amounts)*

---

**19. Segmented information**

As a result of the classification of the Company's former renewable energy group (excluding hydro) as discontinued operations during 2024, the Regulated Services Group is the only reportable operating segment of the Company. The Regulated Services Group primarily owns and operates a portfolio of regulated electric, water distribution and wastewater collection, and natural gas utility systems and transmission operations in the United States, Canada, Bermuda and Chile. However, management has elected to disclose the "Hydro Group" as a reportable operating segment, which consists of hydroelectric generation facilities located in Canada that were not sold as part of the Renewables Sale. Non-operating segments include the corporate activities of the Company, which are reported under the "Corporate Group".

For purposes of evaluating the performance of the business units, the Company allocates the realized portion of any gains or losses on financial instruments to the specific business unit. Interest income from San Antonio Water System is included in the operations of the Regulated Services Group. Equity method gains and losses are included in the operations of the Regulated Services Group. Dividend income from Atlantica was reported and allocated under the Corporate Group. The change in value of investments carried at fair value, unrealized portion of any gains or losses on derivative instruments not designated in a hedging relationship, and foreign exchange gains and losses are not considered in management's evaluation of divisional performance and are, therefore, allocated and reported under the Corporate Group.

Resources are allocated and performance is assessed by the Company's Chief Executive Officer, who has been determined to be the Chief Operating Decision Maker ("CODM"). For all of the segments, the CODM uses segment earnings before income taxes in the annual budgeting and forecasting process. The CODM also considers budget-to-actual variances on a monthly basis for this profit measure when making decisions about allocating capital.



**Algonquin Power & Utilities Corp.**

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in millions of U.S. dollars, except as noted and per share amounts)***19. Segmented information (continued)**

| <i>(millions of U.S. dollars)</i>                                           | Year ended December 31, 2025   |             |                    |            |
|-----------------------------------------------------------------------------|--------------------------------|-------------|--------------------|------------|
|                                                                             | Regulated<br>Services<br>Group | Hydro Group | Corporate<br>Group | Total      |
| Revenue <sup>(1)</sup>                                                      | \$ 2,333.7                     | \$ 36.5     | \$ —               | \$ 2,370.2 |
| Other revenue                                                               | 60.7                           | 1.2         | 1.5                | 63.4       |
| Fuel, power, water purchased and other cost of sales                        | 639.8                          | —           | —                  | 639.8      |
| Net revenue                                                                 | 1,754.6                        | 37.7        | 1.5                | 1,793.8    |
| Operating expenses                                                          | 853.9                          | 11.2        | 5.3                | 870.4      |
| Depreciation and amortization                                               | 392.1                          | 7.3         | 0.9                | 400.3      |
| Loss on foreign exchange                                                    | —                              | —           | 18.4               | 18.4       |
| Operating income (loss)                                                     | 508.6                          | 19.2        | (23.1)             | 504.7      |
| Interest expense                                                            | (141.4)                        | (0.9)       | (140.2)            | (282.5)    |
| Income from long-term investments                                           | 6.8                            | 0.1         | 14.7               | 21.6       |
| Other income                                                                | 22.0                           | —           | —                  | 22.0       |
| Pension and other post-employment non-service costs                         | (3.7)                          | —           | —                  | (3.7)      |
| Other net gains (losses)                                                    | (30.4)                         | 0.7         | (22.9)             | (52.6)     |
| Gain (loss) on derivative financial instruments                             | 8.9                            | —           | (7.4)              | 1.5        |
| Earnings (loss) before income taxes                                         | 370.8                          | 19.1        | (178.9)            | 211.0      |
| Income tax recovery (expense)                                               | (96.2)                         | 15.9        | 15.3               | (65.0)     |
| Net effect of non-controlling interests                                     | 76.4                           | (3.9)       | —                  | 72.5       |
| Net earnings (loss) from continuing operations attributable to shareholders | \$ 351.0                       | \$ 31.1     | \$ (163.6)         | \$ 218.5   |
| Capital expenditures                                                        | \$ 603.5                       | \$ 5.3      | \$ —               | \$ 608.8   |
| Property, plant and equipment                                               | \$ 9,578.6                     | \$ 141.9    | \$ 29.4            | \$ 9,749.9 |
| Investments carried at fair value                                           | 2.1                            | —           | —                  | 2.1        |
| Equity-method investees                                                     | 49.0                           | —           | —                  | 49.0       |
| Total assets                                                                | 13,517.0                       | 171.9       | 447.3              | 14,136.2   |

<sup>(1)</sup> Regulated Services Group revenue includes \$26.5 million related to alternative revenue programs for the year ended December 31, 2025 that do not represent revenue recognized from contracts with customers.

**Algonquin Power & Utilities Corp.**

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in millions of U.S. dollars, except as noted and per share amounts)***19. Segmented information (continued)**

| <i>(millions of U.S. dollars)</i>                                           | Year ended December 31, 2024   |             |                    |                      |
|-----------------------------------------------------------------------------|--------------------------------|-------------|--------------------|----------------------|
|                                                                             | Regulated<br>Services<br>Group | Hydro Group | Corporate<br>Group | Total <sup>(2)</sup> |
| Revenue <sup>(1)</sup>                                                      | \$ 2,228.6                     | \$ 35.3     | \$ —               | \$ 2,263.9           |
| Other revenue                                                               | 54.0                           | 0.8         | 0.8                | 55.6                 |
| Fuel, power, water purchased and other cost of sales                        | 600.5                          | 0.3         | —                  | 600.8                |
| Net revenue                                                                 | 1,682.1                        | 35.8        | 0.8                | 1,718.7              |
| Operating expenses                                                          | 855.2                          | 8.8         | 9.4                | 873.4                |
| Depreciation and amortization                                               | 386.8                          | 6.8         | 2.1                | 395.7                |
| Loss on foreign exchange                                                    | —                              | —           | 3.5                | 3.5                  |
| Operating income (loss)                                                     | 440.1                          | 20.2        | (14.2)             | 446.1                |
| Interest expense                                                            | (191.8)                        | (0.9)       | (170.9)            | (363.6)              |
| Income from long-term investments                                           | 5.9                            | —           | 101.6              | 107.5                |
| Other income                                                                | 27.5                           | —           | —                  | 27.5                 |
| Pension and other post-employment non-service costs                         | (14.1)                         | —           | —                  | (14.1)               |
| Other net losses                                                            | (17.8)                         | —           | (9.2)              | (27.0)               |
| Gain (loss) on derivative financial instruments                             | (0.7)                          | —           | 1.5                | 0.8                  |
| Earnings (loss) before income taxes                                         | 249.1                          | 19.3        | (91.2)             | 177.2                |
| Income tax expense                                                          | (67.0)                         | (4.2)       | (115.6)            | (186.8)              |
| Net effect of non-controlling interests                                     | 78.0                           | (3.1)       | —                  | 74.9                 |
| Net earnings (loss) from continuing operations attributable to shareholders | \$ 260.1                       | \$ 12.0     | \$ (206.8)         | \$ 65.3              |
| Capital expenditures                                                        | \$ 757.2                       | \$ 6.6      | \$ —               | \$ 763.8             |
| Property, plant and equipment                                               | \$ 9,284.4                     | \$ 136.8    | \$ 28.9            | \$ 9,450.1           |
| Investments carried at fair value                                           | 2.1                            | —           | —                  | 2.1                  |
| Equity-method investees                                                     | 38.1                           | —           | —                  | 38.1                 |
| Total assets <sup>(3)</sup>                                                 | 12,927.9                       | 152.3       | 185.9              | 13,266.1             |

<sup>(1)</sup> Regulated Services Group revenue includes \$30.4 million related to alternative revenue programs for the year ended December 31, 2024 that do not represent revenue recognized from contracts with customers.

<sup>(2)</sup> Reflect results of continuing operations.

<sup>(3)</sup> Excluding held for sale assets of \$3,695.6 million.

**Algonquin Power & Utilities Corp.**

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in millions of U.S. dollars, except as noted and per share amounts)***19. Segmented information (continued)**

AQN operates in the independent utilities industry in the United States, Canada and other regions. Information on operations by geographic area is as follows:

| <i>(millions of U.S. dollars)</i> | 2025              | 2024              |
|-----------------------------------|-------------------|-------------------|
| Revenue                           |                   |                   |
| United States                     | \$ 1,955.7        | \$ 1,852.4        |
| Canada                            | 101.5             | 91.6              |
| Other regions                     | 376.4             | 375.5             |
|                                   | <b>\$ 2,433.6</b> | <b>\$ 2,319.5</b> |
| Property, plant and equipment     |                   |                   |
| United States                     | \$ 8,675.6        | \$ 8,362.4        |
| Canada                            | 263.1             | 328.6             |
| Other regions                     | 811.2             | 759.1             |
|                                   | <b>\$ 9,749.9</b> | <b>\$ 9,450.1</b> |
| Intangible assets                 |                   |                   |
| United States                     | \$ 14.0           | \$ 15.2           |
| Canada                            | 0.3               | 0.3               |
| Other regions                     | 55.4              | 53.6              |
|                                   | <b>\$ 69.7</b>    | <b>\$ 69.1</b>    |

Revenue is attributed to the regions based on the location of the underlying generating and utility facilities.

**20. Commitments and contingencies****(a) Contingencies**

AQN and its subsidiaries are involved in various claims and litigation arising out of the ordinary course and conduct of its business. Although such matters cannot be predicted with certainty, management does not consider AQN's exposure to such litigation to be material to these consolidated financial statements. Accruals for any contingencies related to these items are recorded in the consolidated financial statements at the time it is concluded that its occurrence is probable and the related liability is estimable.

**Algonquin Power & Utilities Corp.**

## Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in millions of U.S. dollars, except as noted and per share amounts)***20. Commitments and contingencies (continued)**

## (a) Contingencies (continued)

(i) *Mountain View Fire*

On November 17, 2020, a wildfire now known as the Mountain View Fire occurred in the territory of Liberty CalPeco. The cause of the fire remains in dispute, and CAL FIRE has not yet released its final report. There were 22 lawsuits filed that name certain subsidiaries of the Company as defendants in connection with the Mountain View Fire, as well as a non-litigation claim brought by the U.S. Department of Agriculture seeking reimbursement for alleged fire suppression costs and a notice from the U.S. Bureau of Land Management seeking damages for the alleged burning of public lands without authorization. Fifteen lawsuits were brought by groups of individual plaintiffs and a Native American group alleging causes of action including negligence, inverse condemnation, nuisance, trespass, and violations of Cal. Pub. Util. Code 2106 and Cal. Health and Safety Code 13007 (one of these 15 lawsuits also alleges the wrongful death of an individual and various subrogation claims on behalf of insurance companies). In six other lawsuits, insurance companies alleged inverse condemnation and negligence and seek recovery of amounts paid and to be paid to their insureds. In one other lawsuit, County of Mono, Antelope Valley Fire Protection District, and Bridgeport Indian Colony allege similar causes of action and seek damages for fire suppression costs, law enforcement costs, property and infrastructure damage, and other costs. Liberty CalPeco has resolved 21 of the lawsuits, and Liberty CalPeco is in the process of obtaining dismissals with prejudice of said lawsuits. The trial date for the remaining lawsuit previously scheduled for April 15, 2025 was vacated. The likelihood of success in this lawsuit is uncertain. Liberty CalPeco intends to vigorously defend it. The Company accrued estimated losses of \$178.4 million for claims related to the Mountain View Fire, against which Liberty CalPeco has recorded recoveries through insurance of \$116.0 million and WEMA of \$71.5 million. On June 20, 2025, the Company filed an application seeking recovery of \$78.2 million, comprising of the costs recorded to date in the WEMA and \$6.7 million of forecasted legal expenses. The resulting net charge to earnings was \$nil. The estimate of losses is subject to change as additional information becomes available. The actual amount of losses may be higher or lower than these estimates. While the Company may incur a material loss in excess of the amount accrued, the Company cannot estimate the upper end of the range of reasonably possible losses that may be incurred. The Company has wildfire liability insurance that was applied up to applicable policy limits.

(ii) *Apple Valley Condemnation Proceedings*

On January 7, 2016, the Town of Apple Valley (the "Town") filed a lawsuit in California state court seeking to condemn the utility assets of Liberty Utilities (Apple Valley Ranchos Water) Corp. ("Liberty Apple Valley"). On May 7, 2021, the trial court issued a Tentative Statement of Decision denying the Town's attempt to take the Apple Valley water system by eminent domain. The ruling confirmed that Liberty Apple Valley's continued ownership and operation of the water system is in the best interest of the community. On October 14, 2021, the trial court issued the Final Statement of Decision. The trial court signed and entered an Order of Dismissal and Judgment on November 12, 2021. On January 7, 2022, the Town filed a notice of appeal of the judgment entered by the trial court. On August 2, 2022, the trial court issued a ruling awarding Liberty Apple Valley approximately 13.2 million in attorney's fees and litigation costs. The Town filed a notice of appeal of the fee award on August 22, 2022. On January 15, 2025, the California Court of Appeal issued a decision reversing the trial court's finding that the Town does not have a right to take the assets of Liberty Apple Valley and reversing the award of attorney's fees to Liberty Apple Valley. The Court of Appeal decision remands the condemnation proceedings to the trial court to determine whether to (i) allow the Town to take the water system, (ii) remand the matter to the Town for further administrative proceedings or (iii) hold a new trial and apply the appropriate burden of proof and standard of review. On February 21, 2025, Liberty Apple Valley filed a petition for review of the Court of Appeal decision with the California Supreme Court. On April 23, 2025, the California Supreme Court granted the petition for review, which is proceeding in due course before the California Supreme Court.

**Algonquin Power & Utilities Corp.**

## Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in millions of U.S. dollars, except as noted and per share amounts)***20. Commitments and contingencies (continued)**

## (a) Contingencies (continued)

(iii) *Lexington Gas Incident*

On April 9, 2025, an explosion and fire occurred in Lexington, Missouri, destroying or damaging certain structures, including residences, served by the gas distribution system of The Empire District Gas Company. A minor died and two others suffered serious physical injuries. The National Transportation Safety Board is investigating. To date, two active lawsuits remain as well as other pre-litigation demands that have been asserted against a subsidiary of the Company and third-party defendants which seek damages for personal injury and property damage. In addition, the Missouri Attorney General filed a petition for injunctive relief and civil penalties associated with the incident, and on October 9, 2025, the MPSC opened an investigative docket into The Empire District Gas Company's compliance with pipeline safety requirements. Although there can be no assurance, the Company has insurance that is currently expected to apply up to applicable policy limits for personal injury and property damage litigation and claims. The Company has currently accrued and incurred estimated losses of \$152.2 million for claims related to the incident, against which recoveries through insurance of \$149.0 million have been recorded, reflecting amount recovered and expected to be recovered. While the Company may incur a material loss in excess of the amount accrued, the Company cannot currently estimate the upper end of the range of reasonably possible losses that may be incurred. The estimate of losses is subject to change as additional information becomes available.

## (b) Commitments

AQN has outstanding purchase commitments for power purchases, natural gas supply and service agreements, service agreements, capital project commitments, land easements and other commitments.

Detailed below are estimates of significant future commitments under these arrangements as of December 31, 2025:

| <i>(millions of U.S. dollars)</i>                        | <b>Year 1</b>   | <b>Year 2</b>  | <b>Year 3</b>  | <b>Year 4</b>  | <b>Year 5</b>  | <b>Thereafter</b> | <b>Total</b>    |
|----------------------------------------------------------|-----------------|----------------|----------------|----------------|----------------|-------------------|-----------------|
| Power purchase <sup>(1)</sup>                            | \$ 44.3         | \$ 23.0        | \$ 12.8        | \$ 13.0        | \$ 12.4        | \$ 104.4          | \$ 209.9        |
| Natural gas supply and service agreements <sup>(2)</sup> | 109.3           | 62.2           | 51.1           | 49.0           | 46.1           | 159.5             | 477.2           |
| Service agreements                                       | 12.6            | 7.4            | 1.7            | —              | —              | —                 | 21.7            |
| Capital projects                                         | 2.1             | —              | —              | —              | —              | —                 | 2.1             |
| Land easements and other                                 | 3.6             | 3.2            | 3.3            | 3.3            | 3.4            | 68.4              | 85.2            |
| <b>Total</b>                                             | <b>\$ 171.9</b> | <b>\$ 95.8</b> | <b>\$ 68.9</b> | <b>\$ 65.3</b> | <b>\$ 61.9</b> | <b>\$ 332.3</b>   | <b>\$ 796.1</b> |

(1) Power purchase: AQN's electric distribution facilities have commitments to purchase physical quantities of power for load serving requirements. The commitment amounts included in the table above are based on market prices as of December 31, 2025. However, the effects of purchased power unit cost adjustments are mitigated through a purchased power rate adjustment mechanism.

(2) Natural gas supply and service agreements: AQN's natural gas distribution facilities have commitments to purchase physical quantities of natural gas under contracts for purposes of load serving requirements and of generating power.

**Algonquin Power & Utilities Corp.**

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in millions of U.S. dollars, except as noted and per share amounts)***21. Non-cash operating items**

The changes in non-cash operating items consist of the following:

| <i>(millions of U.S. dollars)</i>               | 2025      | 2024       |
|-------------------------------------------------|-----------|------------|
| Trade and other receivables                     | \$ (7.2)  | \$ 15.6    |
| Fuel and natural gas in storage                 | (2.9)     | 5.3        |
| Supplies and consumables inventory              | —         | (7.1)      |
| Income taxes recoverable                        | 0.3       | (2.0)      |
| Prepaid expenses                                | (19.8)    | 11.5       |
| Accounts payable, accrued liabilities and other | 14.2      | (58.7)     |
| Current income tax liability                    | (0.8)     | 12.5       |
| Net regulatory assets and liabilities           | (29.5)    | (116.6)    |
|                                                 | \$ (45.7) | \$ (139.5) |

**22. Financial instruments**

(a) Fair value of financial instruments

*(millions of U.S. dollars)*

| December 31, 2025                            | Carrying amount | Fair value | Level 1    | Level 2    | Level 3 |
|----------------------------------------------|-----------------|------------|------------|------------|---------|
| Long-term investments carried at fair value  | \$ 2.1          | \$ 2.1     | \$ 2.1     | \$ —       | \$ —    |
| Other receivables                            | 0.7             | 0.7        | —          | 0.7        | —       |
| Contingent consideration                     | 79.4            | 79.4       | —          | —          | 79.4    |
| Derivative instruments:                      |                 |            |            |            |         |
| Interest rate swaps designated as a hedge    | 83.0            | 83.0       | —          | 83.0       | —       |
| Total derivative instruments                 | 83.0            | 83.0       | —          | 83.0       | —       |
| Total financial assets                       | \$ 165.2        | \$ 165.2   | \$ 2.1     | \$ 83.7    | \$ 79.4 |
| Long-term debt                               | \$ 6,168.9      | \$ 6,201.6 | \$ 2,035.6 | \$ 4,166.0 | \$ —    |
| Convertible debentures                       | 0.3             | 0.3        | 0.3        | —          | —       |
| Derivative instruments:                      |                 |            |            |            |         |
| Interest rate swaps designated as a hedge    | 16.7            | 16.7       | —          | 16.7       | —       |
| Commodity contracts for regulated operations | 0.8             | 0.8        | —          | 0.8        | —       |
| Total derivative instruments                 | 17.5            | 17.5       | —          | 17.5       | —       |
| Total financial liabilities                  | \$ 6,186.7      | \$ 6,219.4 | \$ 2,035.9 | \$ 4,183.5 | \$ —    |



**Algonquin Power & Utilities Corp.**

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in millions of U.S. dollars, except as noted and per share amounts)***22. Financial instruments (continued)****(a) Fair value of financial instruments (continued)***(millions of U.S. dollars)*

| <b>December 31, 2024</b>                      | <b>Carrying amount</b> | <b>Fair value</b> | <b>Level 1</b> | <b>Level 2</b> | <b>Level 3</b> |
|-----------------------------------------------|------------------------|-------------------|----------------|----------------|----------------|
| Long-term investments carried at fair value   | \$ 2.1                 | \$ 2.1            | \$ 2.1         | \$ —           | \$ —           |
| Other receivables                             | 0.7                    | 0.6               | —              | 0.6            | —              |
| Derivative instruments:                       |                        |                   |                |                |                |
| Interest rate swaps designated as a hedge     | 108.3                  | 108.3             | —              | 108.3          | —              |
| Commodity contracts for regulatory operations | 0.2                    | 0.2               | —              | 0.2            | —              |
| Total derivative instruments                  | 108.5                  | 108.5             | —              | 108.5          | —              |
| Total financial assets                        | \$ 111.3               | \$ 111.2          | \$ 2.1         | \$ 109.1       | \$ —           |
| Long-term debt                                | \$ 6,207.0             | \$ 6,135.5        | \$ 1,922.5     | \$ 4,213.0     | \$ —           |
| Convertible debentures                        | 0.3                    | 0.2               | 0.2            | —              | —              |
| Derivative instruments:                       |                        |                   |                |                |                |
| Interest rate swaps designated as a hedge     | 19.1                   | 19.1              | —              | 19.1           | —              |
| Commodity contracts for regulated operations  | 0.3                    | 0.3               | —              | 0.3            | —              |
| Total derivative instruments                  | 19.4                   | 19.4              | —              | 19.4           | —              |
| Total financial liabilities                   | \$ 6,226.7             | \$ 6,155.1        | \$ 1,922.7     | \$ 4,232.4     | \$ —           |

The Company has determined that the carrying value of its short-term financial assets and liabilities approximates the fair value as of December 31, 2025 and December 31, 2024 due to the short-term maturity of these instruments.

The Company's Level 1 fair value of long-term debt is measured at the closing price on the New York Stock Exchange and the Canadian over-the-counter closing price. The Company's Level 2 fair value of long-term debt at fixed interest rates has been determined using a discounted cash flow method and current interest rates. The Company's Level 1 fair value of convertible debentures has been determined as the greater of their face value and the quoted value of AQN's common shares on a converted basis.

The Company's Level 2 fair value derivative instruments primarily consist of swaps, options and forward physical derivatives where market data for pricing inputs are observable. Level 2 pricing inputs are obtained from various market indices and utilize discounting based on quoted interest rate curves, which are observable in the marketplace.

The Company's Level 3 fair value contingent consideration relates to the earn-out component recognized from the Renewables Sale. The fair value of the contingent consideration was determined using a discounted cash flow approach. The significant unobservable inputs used in the fair value measurement of the contingent consideration were the forward-looking Electric Reliability Council of Texas energy curves used to construct the expected cash flows and the discount rate applied to these cash flows, which was 11%.





**Algonquin Power & Utilities Corp.**

## Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in millions of U.S. dollars, except as noted and per share amounts)***22. Financial instruments (continued)****(b) Derivative instruments**

Derivative instruments are recognized on the consolidated balance sheets as either assets or liabilities and measured at fair value at each reporting period.

**(i) Commodity derivatives - regulated accounting**

The Company uses derivative financial instruments to reduce the cash flow variability associated with the purchase price for a portion of future natural gas purchases associated with its regulated natural gas and electric service territories. The Company's strategy is to minimize fluctuations in natural gas sale prices to regulated customers. As at December 31, 2025, the commodity volume, in dekatherms, associated with the above derivative contracts is 1,523,127.

The accounting for these derivative instruments is subject to guidance for rate-regulated enterprises. Therefore, the fair value of these derivatives is recorded as current or long-term assets and liabilities, with offsetting positions recorded as regulatory assets and regulatory liabilities in the consolidated balance sheets. Most of the gains or losses on the settlement of these contracts are included in the calculation of the fuel and commodity cost adjustments. As a result, the changes in fair value of these natural gas derivative contracts and their offsetting adjustment to regulatory assets and liabilities had no earnings impact.

**(ii) Cash flow hedges**

The Company mitigates the risk that interest rates will increase over the life of certain term loan facilities by entering into the following interest rate swap contracts. For an interest rate swap or cross-currency interest rate swap designated as hedging the exposure to variable cash flows of a future transaction, the effective portion of this derivative's gain or loss is initially reported as a component of OCI and subsequently reclassified into earnings once the future transaction impacts earnings. Amounts for interest rate contracts are reclassified to earnings as interest expense over the term of the related debt.

*(millions of U.S. dollars, unless otherwise noted)*

| <b>Derivative</b>                   | <b>Notional quantity</b> | <b>Expiry</b> | <b>Hedged item</b>                    |
|-------------------------------------|--------------------------|---------------|---------------------------------------|
| Forward-starting interest rate swap | \$ 350.0                 | July 2029     | \$350.0 subordinated unsecured notes  |
| Cross-currency interest rate swap   | C\$ 400.0                | January 2032  | C\$400.0 subordinated unsecured notes |
| Forward-starting interest rate swap | \$ 750.0                 | April 2032    | \$750.0 subordinated unsecured notes  |

The following table summarizes OCI attributable to derivative financial instruments designated as a cash flow hedge:

*(millions of U.S. dollars)*

|                                      | <b>2025</b>      | <b>2024</b>    |
|--------------------------------------|------------------|----------------|
| Effective portion of cash flow hedge | \$ (41.4)        | \$ 79.4        |
| Amortization of cash flow hedge      | (5.0)            | (2.5)          |
| Amounts reclassified from AOCI       | 12.8             | (24.6)         |
|                                      | <b>\$ (33.6)</b> | <b>\$ 52.3</b> |

The Company expects \$2.0 million of unrealized losses currently in AOCI to be reclassified, net of taxes, into investment loss, interest expense and derivative gains, within the next 12 months, as the underlying hedged transactions settle.

**Algonquin Power & Utilities Corp.**

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in millions of U.S. dollars, except as noted and per share amounts)***22. Financial instruments (continued)**

## (b) Derivative instruments (continued)

## (iii) Other derivatives and risk management

In the normal course of business, the Company is exposed to financial risks that potentially impact its operating results. The Company employs risk management strategies with a view to mitigating these risks to the extent possible on a cost-effective basis. Derivative financial instruments are used to manage certain exposures to fluctuations in exchange rates, interest rates and commodity prices. The Company does not enter into derivative financial agreements for speculative purposes. For derivatives that are not designated as hedges, the changes in the fair value are immediately recognized in earnings.

The effects on the consolidated statements of operations of derivative financial instruments not designated as hedges consist of the following:

| <i>(millions of U.S. dollars)</i>        | 2025     | 2024     |
|------------------------------------------|----------|----------|
| Amortization of cash flow hedge          | \$ (5.0) | \$ (2.5) |
| Unrealized gain on commodity contracts   | 6.5      | 3.3      |
| Gain on derivative financial instruments | \$ 1.5   | \$ 0.8   |

## (c) Supplier financing programs

In the normal course of business, the Company enters into supplier financing programs under which the suppliers can voluntarily elect to sell their receivables. The Company agrees to pay, on the invoice maturity date, the stated amount of the invoices that the Company has confirmed through the execution of bills of exchange. The terms of the trade payable arrangement are consistent with customary industry practice and are not impacted by the supplier's decision to sell amounts under these arrangements.

The roll forwards of the Company's outstanding obligations confirmed as valid under its supplier finance programs for the years ended December 31, 2025 and 2024, are as follows:

| <i>(millions of U.S. dollars)</i>                              | 2025    | 2024    |
|----------------------------------------------------------------|---------|---------|
| Confirmed obligations outstanding at the beginning of the year | \$ 80.5 | \$ 62.2 |
| Invoices confirmed during the year                             | —       | 18.3    |
| Confirmed invoices paid during the year                        | (80.5)  | —       |
| Confirmed obligations outstanding at the end of the year       | \$ —    | \$ 80.5 |

**23. Disposition of renewable energy business**

On January 8, 2025, the Company completed the Renewables Sale for proceeds of \$2,092.8 million after subtracting taxes, transaction fees and other preliminary closing adjustments, including an adjustment for estimated remaining completion costs for in-construction assets. As a result of the disposition, the Company derecognized \$3,693.2 million of total assets, \$1,694.1 million of total liabilities, \$37.1 million of AOCI and \$988.0 million of non-controlling interests from its consolidated balance sheets. This resulted in a loss on disposition of \$0.8 million recorded within the consolidated statements of operations.

The consideration from the sale included an earn-out component with fair value of \$71.7 million that was determined based on the expected cash flows from certain wind assets. These future cash flows have been discounted to reflect their current present values and recorded as contingent consideration within other assets on the consolidated balance sheets.

In addition, the consideration from the sale included tax equity investments in seven renewable projects, the fair value of which amounted to \$165.5 million, and was determined based on expected tax benefits and cash flows. These cash flows have been discounted to reflect their current present values and recorded as a long-term investment on the consolidated balance sheets.



**Algonquin Power & Utilities Corp.**

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in millions of U.S. dollars, except as noted and per share amounts)***23. Disposition of renewable energy business (continued)**

## (a) Assets held for sale and associated liabilities

The following table presents the carrying values of the major classes of assets held for sale and liabilities associated with assets held for sale included in AQN's consolidated balance sheets:

|                                                               | <b>December 31,<br/>2024</b> |
|---------------------------------------------------------------|------------------------------|
| <i>(millions of U.S. dollars)</i>                             |                              |
| <b>Assets held for sale</b>                                   |                              |
| Current assets                                                |                              |
| Cash and cash equivalents                                     | \$ 56.7                      |
| Trade and other receivables, net                              | 85.4                         |
| Supplies and consumables inventory                            | 4.2                          |
| Prepaid expenses                                              | 8.6                          |
| Derivatives instruments                                       | 4.3                          |
| Other assets                                                  | 7.3                          |
|                                                               | 166.5                        |
| Non-current assets                                            |                              |
| Property, plant and equipment, net                            | 3,219.8                      |
| Intangible assets, net                                        | 15.6                         |
| Other long-term investments                                   | 277.6                        |
| Derivative instruments                                        | 3.6                          |
| Other assets                                                  | 12.5                         |
|                                                               | 3,529.1                      |
| <b>Total assets held for sale</b>                             | <b>\$ 3,695.6</b>            |
| <b>Liabilities associated with assets held for sale</b>       |                              |
| Current liabilities                                           |                              |
| Accounts payable                                              | \$ 23.0                      |
| Accrued liabilities                                           | 106.8                        |
| Other long-term liabilities                                   | 0.8                          |
| Derivative instruments                                        | 22.4                         |
|                                                               | 153.0                        |
| Non-current liabilities                                       |                              |
| Long-term debt                                                | 1,348.7                      |
| Derivative instruments                                        | 98.5                         |
| Pension and other post-employment benefits obligation         | 0.2                          |
| Other long-term liabilities                                   | 126.9                        |
|                                                               | 1,574.3                      |
| <b>Total liabilities associated with assets held for sale</b> | <b>\$ 1,727.3</b>            |

As of December 31, 2025, the non-controlling interests - tax equity partnership units balance is \$nil (2024 - \$700.3 million), the other non-controlling interests balance is \$nil (2024 - \$291.7 million) and the redeemable non-controlling interest balance is \$nil (2024 - \$5.0 million).

**Algonquin Power & Utilities Corp.**

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in millions of U.S. dollars, except as noted and per share amounts)***23. Disposition of renewable energy business (continued)****(b) Net loss from discontinued operations**

The following table presents the results of the discontinued operations, which are included in loss from discontinued operations, net of tax in AQN's consolidated statements of operations:

| <i>(millions of U.S. dollars)</i>                                                               | <b>Years ended December 31,</b> |                     |
|-------------------------------------------------------------------------------------------------|---------------------------------|---------------------|
|                                                                                                 | <b>2025</b>                     | <b>2024</b>         |
| Revenue                                                                                         |                                 |                     |
| Non-regulated energy sales                                                                      | \$ 7.4                          | \$ 276.1            |
| Other revenue                                                                                   | —                               | 63.6                |
|                                                                                                 | <b>7.4</b>                      | <b>339.7</b>        |
| Operating expenses                                                                              | <b>8.7</b>                      | 192.9               |
| Non-regulated energy purchased                                                                  | —                               | 5.4                 |
| Depreciation and amortization                                                                   | —                               | 81.0                |
| Loss on foreign exchange                                                                        | —                               | 12.5                |
|                                                                                                 | <b>\$ 8.7</b>                   | <b>\$ 291.8</b>     |
| Operating earnings (loss) from discontinued operations                                          | <b>(1.3)</b>                    | 47.9                |
| Interest expense                                                                                | —                               | (55.4)              |
| Income (loss) from long-term investments                                                        | <b>8.1</b>                      | (89.9)              |
| Loss on derivative financial instruments                                                        | —                               | (130.7)             |
| Loss on disposition                                                                             | <b>(0.8)</b>                    | (1,357.3)           |
| Other net losses                                                                                | <b>(45.5)</b>                   | (49.1)              |
| Pension and other post-employment non-service costs                                             | —                               | (0.1)               |
| Loss before income taxes                                                                        | <b>(39.5)</b>                   | (1,634.6)           |
| Income tax recovery                                                                             | <b>1.8</b>                      | 128.3               |
| Loss from discontinued operations                                                               | <b>\$ (37.7)</b>                | <b>\$ (1,506.3)</b> |
| Add: Net earnings attributable to non-controlling interests included in discontinued operations | —                               | 60.5                |
| Net loss from discontinued operations attributable to AQN                                       | <b>\$ (37.7)</b>                | <b>\$ (1,445.8)</b> |

The discontinued operations' held for sale assets include pre-tax impairments of \$1,357.3 million for the year ended December 31, 2024. The impairment was recorded to write-down the carrying amount of the property, plant and equipment based on the sale consideration. These losses were included in loss from discontinued operations, net of tax in AQN's consolidated statements of operations.

During the third quarter of 2024, the Company discontinued hedge accounting of the Company's net investment in Canadian investments and subsidiaries, and de-designated the related hedging instruments as the forecasted transactions being hedged were no longer probable. As a result, \$94.6 million was reclassified from accumulated other comprehensive income to loss from discontinued operations, net of tax, in the Company's consolidated statements of operations for the year ended December 31, 2024.

**Algonquin Power & Utilities Corp.**

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in millions of U.S. dollars, except as noted and per share amounts)***23. Disposition of renewable energy business (continued)****(c) Cash flow from discontinued operations**

AQN has elected not to separately disclose discontinued operations on AQN's consolidated statements of cash flows. The following table summarizes AQN's cash flows from discontinued operations:

| <i>(millions of U.S. dollars)</i>       | <b>Years ended December 31,</b> |             |
|-----------------------------------------|---------------------------------|-------------|
|                                         | <b>2025</b>                     | <b>2024</b> |
| <b>Cash flows provided by (used in)</b> |                                 |             |
| Operating activities                    | \$ —                            | \$ 121.3    |
| Investing activities                    | —                               | (196.0)     |

**(d) Extinguishment of debt**

On January 7, 2025, the renewable energy group announced its intent to extinguish its outstanding Canadian senior unsecured notes of C\$1,000.0 million in full and repay all outstanding principal and accrued interest amounts of \$722.5 million as of the redemption date. The outstanding Canadian senior unsecured notes were repaid in full on February 6, 2025.

The outstanding U.S. senior secured notes of \$475.9 million were repaid in full on January 8, 2025.

The senior unsecured credit facility of \$181.0 million was repaid in full on January 8, 2025.

**24. Comparative figures**

Certain of the comparative figures have been reclassified to conform to the consolidated financial statements presentation adopted in the current year.

**Liberty CalPeco Independent Auditor's Report**



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Algonquin Power & Utilities Corp.

### Opinion

We have audited the consolidated financial statements of Liberty Utilities (CalPeco Electric) LLC (the "Group"), which comprise the consolidated balance sheets as at December 31, 2025 and the consolidated statement of comprehensive income, consolidated statement of changes in member's interest and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2025 and the consolidated results of its operations and its consolidated cash flow for the year then ended in accordance with United States generally accepted accounting principles.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with United States generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The logo for Ernst & Young LLP, featuring the company name in a stylized, handwritten-style script.

Chartered Professional Accountants  
Licensed Public Accountants

Toronto, Ontario  
April 17, 2026

**Consolidated Financial Statements of**  
**Liberty Utilities (CalPeco Electric) LLC**  
**For the years ended December 31, 2025 and 2024**

**Liberty Utilities (CalPeco Electric) LLC**  
**Consolidated Statements of Comprehensive Income**

|                                                                          | Years ended December 31, |                 |
|--------------------------------------------------------------------------|--------------------------|-----------------|
|                                                                          | 2025                     | 2024            |
| <i>(thousands of U.S. dollars)</i>                                       |                          |                 |
| <b>Revenue</b>                                                           |                          |                 |
| Residential                                                              | \$ 81,262                | \$ 79,087       |
| Commercial                                                               | 78,236                   | 78,332          |
| Other                                                                    | 9,781                    | 9,105           |
|                                                                          | <b>169,279</b>           | <b>166,524</b>  |
| <b>Expenses</b>                                                          |                          |                 |
| Energy purchased                                                         | 49,626                   | 47,288          |
| Operating costs                                                          | 57,354                   | 62,736          |
| Taxes other than income taxes                                            | 9,644                    | 9,198           |
| Depreciation and amortization of utility plant                           | 22,662                   | 21,090          |
|                                                                          | <b>139,286</b>           | <b>140,312</b>  |
| <b>Operating income</b>                                                  | <b>29,993</b>            | <b>26,212</b>   |
| Interest expense                                                         | 20,093                   | 20,387          |
| Pension and post-employment non-service costs (note 6)                   | 35                       | 68              |
| Loss on disposal                                                         | 7,781                    | 436             |
|                                                                          | <b>27,909</b>            | <b>20,891</b>   |
| <b>Net earnings</b>                                                      | <b>\$ 2,084</b>          | <b>\$ 5,321</b> |
| Net effect of non-controlling interest (note 13)                         | —                        | (1,324)         |
| <b>Net earnings attributable to the member</b>                           | <b>2,084</b>             | <b>6,645</b>    |
| <b>Other comprehensive income:</b>                                       |                          |                 |
| Change in unrealized pension and other post-employment benefits (note 6) | —                        | 223             |
| <b>Comprehensive income</b>                                              | <b>\$ 2,084</b>          | <b>\$ 6,868</b> |

See accompanying notes to consolidated financial statements

# **Liberty Utilities (CalPeco Electric) LLC** **Consolidated Balance Sheets**

|                                    | December 31,<br>2025 | December 31,<br>2024 |
|------------------------------------|----------------------|----------------------|
| <i>(thousands of U.S. dollars)</i> |                      |                      |
| <b>ASSETS</b>                      |                      |                      |
| Utility plant                      |                      |                      |
| Utility plant in service           | 786,908              | \$ 713,956           |
| Less: accumulated depreciation     | (114,150)            | (101,431)            |
|                                    | 672,758              | 612,525              |
| Construction work-in-progress      | 38,296               | 47,519               |
| Utility plant, net (note 4)        | 711,054              | 660,044              |
| Goodwill                           | 10,381               | 10,381               |
| Regulatory assets (note 5)         | 240,035              | 210,856              |
| Other assets (note 6)              | 2,417                | 7,096                |
| Current assets                     |                      |                      |
| Cash and cash equivalents          | 1,941                | 1,501                |
| Supplies and consumables inventory | 12,832               | 14,209               |
| Accounts receivable, net (note 3)  | 26,383               | 39,206               |
| Prepaid expenses and other         | 17,180               | 18,861               |
| Regulatory assets (note 5)         | 30,769               | 33,237               |
|                                    | 89,105               | 107,014              |
|                                    | \$ 1,052,992         | \$ 995,391           |

# **Liberty Utilities (CalPeco Electric) LLC** **Consolidated Balance Sheets**

|                                                                | December 31,<br>2025 | December 31,<br>2024 |
|----------------------------------------------------------------|----------------------|----------------------|
| <i>(thousands of U.S. dollars)</i>                             |                      |                      |
| <b>LIABILITIES AND MEMBER'S EQUITY</b>                         |                      |                      |
| Member's equity                                                |                      |                      |
| Member's capital (note 10)                                     | \$ 132,444           | \$ 178,231           |
| Accumulated surplus                                            | 240,404              | 238,320              |
| Accumulated other comprehensive income                         | 924                  | 377                  |
| Total equity                                                   | 373,772              | 416,928              |
| Long-term debt with related party (note 13)                    | 297,126              | —                    |
| Regulatory liabilities (note 5)                                | 35,011               | 34,586               |
| Pension and other post-employment benefits obligation (note 6) | 765                  | 1,026                |
| Advances in aid of construction (note 9)                       | 24,494               | 22,768               |
| Asset retirement obligation                                    | 909                  | 858                  |
| Current liabilities                                            |                      |                      |
| Short-term debt (note 7)                                       | —                    | 24,799               |
| Accounts payable and accrued liabilities                       | 35,646               | 35,602               |
| Customer deposits                                              | 224                  | 400                  |
| Regulatory liabilities (note 5)                                | 4,291                | 1,274                |
| Other post-employment benefit obligation (note 6)              | 25                   | 36                   |
| Due to related parties (note 8)                                | 280,729              | 457,114              |
|                                                                | 320,915              | 519,225              |
| Commitments and contingencies (note 11)                        |                      |                      |
| Subsequent events (note 15)                                    |                      |                      |
|                                                                | \$ 1,052,992         | \$ 995,391           |

See accompanying notes to consolidated financial statements

**Liberty Utilities (CalPeco Electric) LLC**  
**Consolidated Statements of Changes in Member's Interest**

|                                                                                      | Liberty Utilities (CalPeco Electric) LLC |                        |                                               |                                  |            |  |
|--------------------------------------------------------------------------------------|------------------------------------------|------------------------|-----------------------------------------------|----------------------------------|------------|--|
|                                                                                      | Member's<br>capital                      | Accumulated<br>surplus | Accumulated<br>other<br>comprehensive<br>loss | Non-<br>controlling<br>interests | Total      |  |
| <i>(thousands of U.S. dollars)</i>                                                   |                                          |                        |                                               |                                  |            |  |
| Balance, December 31, 2023                                                           | \$ 135,780                               | \$ 231,675             | \$ 154                                        | \$ —                             | \$ 367,609 |  |
| Net earnings (loss)                                                                  | —                                        | 6,645                  | —                                             | (1,324)                          | 5,321      |  |
| Redeemable non-controlling interests<br>not included in member's equity<br>(note 13) | —                                        | —                      | —                                             | 1,324                            | 1,324      |  |
| Additional paid-in capital                                                           | 42,451                                   |                        |                                               |                                  | 42,451     |  |
| Other comprehensive income                                                           | —                                        | —                      | 223                                           | —                                | 223        |  |
| Balance, December 31, 2024                                                           | \$ 178,231                               | \$ 238,320             | \$ 377                                        | \$ —                             | \$ 416,928 |  |
| Net earnings (loss)                                                                  | —                                        | 2,084                  | —                                             | —                                | 2,084      |  |
| Redeemable non-controlling interests<br>not included in member's equity<br>(note 13) | —                                        | —                      | —                                             | —                                | —          |  |
| Additional paid-in capital                                                           | (45,787)                                 | —                      | —                                             | —                                | (45,787)   |  |
| Other comprehensive income                                                           | —                                        | —                      | 547                                           | —                                | 547        |  |
| Balance, December 31, 2025                                                           | \$ 132,444                               | \$ 240,404             | \$ 924                                        | \$ —                             | \$ 373,772 |  |

See accompanying notes to consolidated financial statements

# Liberty Utilities (CalPeco Electric) LLC

## Consolidated Statements of Cash Flow

(thousands of U.S. dollars)

|                                                                | Years ended December 31, |             |
|----------------------------------------------------------------|--------------------------|-------------|
|                                                                | 2025                     | 2024        |
| <b>Cash provided by (used in):</b>                             |                          |             |
| <b>Operating Activities</b>                                    |                          |             |
| Net earnings                                                   | \$ 2,084                 | \$ 5,321    |
| Items not affecting cash:                                      |                          |             |
| Depreciation and amortization of utility plant                 | 22,662                   | 21,090      |
| Cost of equity funds used for construction purposes            | (173)                    | (311)       |
| Loss on disposal of assets                                     | 7,616                    | (72)        |
| Pension and post-employment contributions in excess of expense | (182)                    | 1,016       |
| Changes in non-cash operating items (note 12)                  | (237,590)                | 47,694      |
|                                                                | (205,583)                | 74,738      |
| <b>Financing Activities</b>                                    |                          |             |
| Repayment of external debt                                     | (25,000)                 | —           |
| Increase in long term debt - net of financing                  | 297,372                  | —           |
| Increase in advances in aid of construction                    | 1,838                    | 959         |
|                                                                | 274,210                  | 959         |
| <b>Investing Activities</b>                                    |                          |             |
| Additions to utility plant                                     | (68,187)                 | (75,662)    |
| Increase in cash and cash equivalents                          | 440                      | 35          |
| Cash and cash equivalents, beginning of period                 | 1,501                    | 1,466       |
| Cash and cash equivalents, end of period                       | \$ 1,941                 | \$ 1,501    |
| <b>Supplemental disclosure of cash flow information:</b>       | <b>2025</b>              | <b>2024</b> |
| Cash paid during the year for interest expense (note 8)        | \$ 29,445                | \$ 30,948   |
| Non-cash transactions: Utility plant in accruals               | \$ (15,202)              | \$ 4,503    |

See accompanying notes to consolidated financial statements



## Liberty Utilities (CalPeco Electric) LLC

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in thousands of U.S. dollars)*

---

Liberty Utilities (CalPeco Electric) LLC (the "Company") is a limited liability company organized on April 14, 2009 under the laws of California. The Company is in the business of providing regulated electric distribution service to approximately 50,000 customers in the Lake Tahoe region of California.

The Company is 100% owned by Liberty Utilities Co. ("Liberty Utilities").

### 1. Significant accounting policies

(a) Basis of preparation

The accompanying consolidated financial statements and notes have been prepared in accordance with generally accepted accounting principles in the United States ("U.S. GAAP").

(b) Basis of consolidation

The accompanying consolidated financial statements of the Company include the accounts of the Company and its wholly owned subsidiaries, Liberty Utilities (Luning Holdings) LLC and Liberty Utilities (Turquoise Holdings) LLC. Intercompany transactions and balances have been eliminated. Interests in subsidiaries owned by third parties are included in non-controlling interests (note 1(I)).

(c) Business combinations and goodwill

The Company accounts for acquisitions of entities or assets that meet the definition of a business as business combinations. Business combinations are accounted for using the acquisition method. Assets acquired and liabilities assumed are measured at their fair value at the acquisition date. Acquisition costs are expensed in the period incurred. When the set of activities does not represent a business, the transaction is accounted for as an asset acquisition and includes acquisition costs. Goodwill represents the excess of the purchase price of an acquired business over the fair value of the net assets acquired. Goodwill is not included in the rate-base on which the utility is allowed to earn a return and is not amortized.

As at September 30 of each year, the Company assesses qualitative and quantitative factors to determine whether it is more likely than not that the fair value of a reporting unit to which goodwill is attributed is less than its carrying amount. If it is more likely than not that a reporting unit's fair value is less than its carrying amount or if a quantitative assessment is elected, the Company calculates the fair value of the reporting unit. If the carrying amount of the reporting unit as a whole exceeds the reporting unit's fair value, an impairment charge is recorded in an amount of that excess, limited to the total amount of goodwill allocated to that reporting unit. Goodwill is tested for impairment between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount.

(d) Accounting for rate-regulated operations

The Company is subject to rate regulation overseen by the public utility commission in California (the "Regulator"). The Regulator provides the final determination of the rates charged to customers. The Company is accounted for under the principles of U.S. Financial Accounting Standards Board ("FASB") ASC Topic 980, *Regulated Operations* ("ASC 980"). Under ASC 980, regulatory assets and liabilities are recorded to the extent that they represent probable future revenue or expenses associated with certain charges or credits that will be recovered from or refunded to customers through the rate-making process. Included in note 5, "Regulatory matters" are details of regulatory assets and liabilities, and their current regulatory treatment.

In the event the Company determines that its net regulatory assets are not probable of recovery, it would no longer apply the principles of the current accounting guidance for rate-regulated enterprises, and would be required to record an after-tax, non-cash charge or credit against earnings for any remaining regulatory assets or liabilities. The impact could be material to the Company's consolidated reported financial condition and consolidated results of operations.

The Company's accounts are maintained in accordance with the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission ("FERC").

**Liberty Utilities (CalPeco Electric) LLC**

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in thousands of U.S. dollars)***1. Significant accounting policies (continued)****(e) Cash and cash equivalents**

Cash and cash equivalents include all highly liquid instruments with an original maturity of three months or less.

**(f) Accounts receivable**

Trade accounts receivable are recorded at the invoiced amount and do not bear interest. The Company maintains an allowance for doubtful accounts for estimated losses inherent in its accounts receivable portfolio. In establishing the required allowance, management considers historical losses adjusted to take into account current market conditions and customers' financial condition, the amount of receivables in dispute, future economic conditions and outlook, and the receivables aging and current payment patterns. Account balances are charged against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. The Company does not have any off-balance-sheet credit exposure related to its customers.

**(g) Supplies and consumables inventory**

Supplies and consumables inventory (other than capital spares and rotatable spares, which are included in utility plant) are charged to inventory when purchased and then capitalized to plant or expensed, as appropriate, when installed, used or upon becoming obsolete. These items are stated at the lower of cost and net realizable value. Through rate orders and the regulatory environment, capitalized construction jobs are recovered through rate base and repair and maintenance expenses are recovered through a cost of service calculation. Accordingly, the cost usually reflects the net realizable value.

**(h) Utility plant**

Utility plant of the Company consists of solar generation assets and electricity distribution assets used to generate and distribute electricity within a specific geographic service territory to supply end users with electricity. These assets include solar panels, inverters, poles, towers and fixtures, low-voltage wires, transformers, overhead and underground conductors, street lighting, meters, metering equipment and other related equipment.

The costs of acquiring or constructing plant include the following: materials, labor, contractor and professional services, construction overhead directly attributable to the capital project (where applicable) and allowance for funds used during construction ("AFUDC"). Where possible, individual components are recorded and depreciated separately in the books and records of the Company. Plant under finance leases are initially recorded at cost determined as the present value of lease payments to be made over the lease term.

AFUDC represents the cost of borrowed funds and a return on other funds. Under ASC 980, an allowance for funds used during construction projects that are included in rate base is capitalized. This allowance is designed to enable a utility to capitalize financing costs during periods of construction of property subject to rate regulation. The AFUDC capitalized that relates to equity funds is recorded as other income on the consolidated statements of comprehensive income.

|                                          | 2025          | 2024          |
|------------------------------------------|---------------|---------------|
| AFUDC capitalized on regulated property: |               |               |
| Allowance for borrowed funds             | \$ 121        | \$ 115        |
| Allowance for equity funds               | 173           | 311           |
|                                          | <b>\$ 294</b> | <b>\$ 426</b> |

Improvements that increase or prolong the service life or capacity of an asset are capitalized. Maintenance and repair costs are expensed as incurred.

**Liberty Utilities (CalPeco Electric) LLC**

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in thousands of U.S. dollars)***1. Significant accounting policies (continued)****(h) Utility plant (continued)**

Contributions in aid of construction represent amounts contributed by customers, governments and developers to assist with the funding of some or all of the cost of utility capital assets. They also include amounts initially recorded as advances in aid of construction (note 9) but where the advance repayment period has expired. These contributions are recorded as a reduction in the cost of utility assets and are amortized at the rate of the related asset as a reduction to depreciation expense.

The Company's depreciation is based on the estimated useful lives of the depreciable assets in each category and is determined using the straight-line method. The ranges of estimated useful lives and the weighted average useful lives are summarized below:

|                                              | Range of useful lives |        | Weighted average useful lives |      |
|----------------------------------------------|-----------------------|--------|-------------------------------|------|
|                                              | 2025                  | 2024   | 2025                          | 2024 |
| Plant                                        | <b>10-82</b>          | 10-179 | <b>61</b>                     | 46   |
| Equipment, office furniture and improvements | <b>10-25</b>          | 15-25  | <b>15</b>                     | 17   |

In accordance with regulator-approved accounting policies, when depreciable plant is replaced or retired, the original cost plus any removal costs incurred (net of salvage) are charged to accumulated depreciation with no gain or loss reflected in consolidated results of operations. Gains and losses will be charged to consolidated results of operations in the future through adjustments to depreciation expense.

**(i) Impairment of long-lived assets**

The Company reviews utility plant and intangible assets for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. Recoverability of assets expected to be held and used is measured by comparing the carrying amount of an asset to undiscounted expected future cash flows. If the carrying amount exceeds the recoverable amount, the asset is written down to its fair value.

**(j) Pension and other post-employment plans**

The Company has established defined contribution pension plans, defined benefit pension plans, and other post-employment benefit ("OPEB") plans for its various employee groups. Employer contributions to the defined contribution pension plans are expensed as employees render service. The Company recognizes the funded status of its defined benefit pension plans and OPEB plans on the consolidated balance sheets. The Company's expense and liabilities are determined by actuarial valuations, using assumptions that are evaluated annually as of December 31, including discount rates, mortality, assumed rates of return, compensation increases, turnover rates and healthcare cost trend rates. The impact of modifications to those assumptions and modifications to prior services are recorded as actuarial gains and losses in accumulated other comprehensive income ("AOCI") and amortized to net periodic cost over future periods using the corridor method. When settlements of the Company's pension plans occur, the Company recognizes associated gains or losses immediately in earnings if the cost of all settlements during the year is greater than the sum of the service cost and interest cost components of the pension plan for the year. The amount recognized is a pro rata portion of the gains and losses in AOCI equal to the percentage reduction in the projected benefit obligation as a result of the settlement. The costs of the Company's pension for employees are expensed over the periods during which employees render service and are recognized as part of operating costs in the consolidated statements of comprehensive income.

The components of net periodic benefit cost other than the service cost component are included in pension and other post-employment non-service costs in the consolidated statements of comprehensive income.

**Liberty Utilities (CalPeco Electric) LLC**

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in thousands of U.S. dollars)*

---

**1. Significant accounting policies (continued)****(k) Leases**

The Company accounts for leases in accordance with ASC Topic 842, *Leases* ("ASC 842").

The Company leases office equipment for use in its day-to-day operations. The Company has options to extend the lease term of many of its lease agreements, with renewal periods ranging from one to five years. As at the consolidated balance sheet date, the Company is not reasonably certain that these renewal options will be exercised.

The right-of-use assets are included in plant while lease liabilities are included in operating leases on the consolidated balance sheets. The discount rates used in the measurement of the Company's right-of-use assets and liabilities are the discount rates at the date of lease inception. The Company's lease balances as at December 31, 2025 and its expected lease payments for the next five years and thereafter are not significant.

**(l) Revenue Recognition**

Revenue is recognized when control of the promised goods or services is transferred to the Company's customers in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services.

Revenue related to utility electricity distribution is recognized over time as the energy is delivered. At the end of each month, the electricity delivered to the customers from the date of their last meter read to the end of the month is estimated and the corresponding unbilled revenue is recorded. These estimates of unbilled revenue and sales are based on the ratio of billable days versus unbilled days, amount of electricity procured during that month, historical customer class usage patterns, weather, line loss, and current tariffs. Unbilled receivables are typically billed within the next month. Some customers elect to pay their bill on an equal monthly plan. As a result, in some months cash is received in advance of the delivery of electricity. Deferred revenue is recorded for that amount. The amount of revenue recognized in the period from the balance of deferred revenue is not significant.

On occasion, the utility is permitted to implement new rates that have not been formally approved by the regulatory commission, which are subject to refund. The Company recognizes revenue based on the interim rate and if needed, establishes a reserve for amounts that could be refunded based on experience for the jurisdiction in which the rates were implemented.

The Company's revenue is subject to alternative revenue programs approved by its Regulator, which require to charge approved annual delivery revenue on a systematic basis over the fiscal year. As a result, the difference between delivery revenue calculated based on metered consumption and approved delivery revenue is disclosed as alternative revenue and is recorded as a regulatory asset or liability to reflect future recovery or refund, respectively, from customers (note 5). The amount subsequently billed to customers is recorded as a recovery of the regulatory asset. The Company's revenues include \$2,195 (2024 - \$1,673) related to alternative revenue programs for the year ended December 31, 2025.

**(m) Income taxes**

The Company is a limited liability company and is a disregarded entity for income tax purposes. Accordingly, it is not subject to federal income taxes or state income taxes. The tax on the Company's net earnings is borne by the member through the allocation of taxable income. Net earnings for financial statement purposes may differ significantly from taxable income of the member because of differences between the tax basis and financial reporting basis of assets and liabilities, and the taxable income allocation requirements under the operating agreement. The aggregate difference in the basis of the net assets for financial and tax reporting purposes cannot be readily determined because it is based on the information regarding the member's tax attribute.

**(n) Financial instruments and derivatives**

Accounts receivable and notes receivable are measured at amortized cost. Long-term debt is measured at amortized cost using the effective interest rate method, adjusted for the amortization or accretion of premiums or discounts.

## Liberty Utilities (CalPeco Electric) LLC

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

(in thousands of U.S. dollars)

---

### 1. Significant accounting policies (continued)

Transaction costs related to a recognized debt liability are presented in the consolidated balance sheets as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts and premiums. Deferred financing costs, premiums and discounts on long-term debt are amortized on a straight-line basis over the term of the financial liability as required by the Regulator.

The Company, enters into power purchase contracts for load serving requirements. These contracts meet the exemption for normal purchase and normal sales and as such, are not required to be recorded at fair value as derivatives and are accounted for on an accrual basis. Counterparties are evaluated on an ongoing basis for non-performance risk to ensure it does not impact the conclusion with respect to this exemption.

#### (o) Fair value measurements

The Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Company determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

- Level 1 Inputs: unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date.
- Level 2 Inputs: other than quoted prices included in level 1, inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3 Inputs: unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

#### (p) Commitments and contingencies

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred.

#### (q) Use of estimates

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as the date of these consolidated financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates. During the years presented, management has made a number of estimates and valuation assumptions, including the useful lives and recoverability of utility plant and goodwill; assessments of unbilled revenue; pension and OPEB obligations; timing effect of regulated assets and liabilities; and the fair value of assets and liabilities acquired in an asset acquisition. These estimates and valuation assumptions are based on present conditions and management's planned course of action, as well as assumptions about future business and economic conditions. Should the underlying valuation assumptions and estimates change, the recorded amounts could change by a material amount.

### 2. Recently issued accounting pronouncements

Recently issued accounting guidance not yet adopted

On November 4, 2025, the FASB issued ASU 2025-03, *Disaggregation of Income Statement Expenses (DISE)*, requiring additional disclosure of the nature of expenses included in the income statement in response to longstanding requests from investors for more information about an entity's expenses. The new standard requires disclosures about specific types of expenses included in the expense captions presented on the face of the income statement as well as disclosures about selling expenses. The new guidance applies to all public business entities

**Liberty Utilities (CalPeco Electric) LLC**

## Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in thousands of U.S. dollars)*

and is effective for annual reporting periods beginning after December 15, 2026 and interim reporting periods within annual reporting periods beginning after December 15, 2027. The requirements will be applied prospectively with the option for retrospective application. Early adoption is permitted. The Company is currently evaluating the impact from the new FASB accounting guidance.

**3. Accounts receivable**

Accounts receivable as of December 31, 2025, include unbilled revenue of \$10,967 (2024 - \$10,611). Accounts receivable as of December 31, 2025 are presented net of allowance for doubtful accounts of \$975 (2024 - \$1,054).

**4. Utility plant**

Utility plant of the Company consists of solar generation assets and electricity distribution assets used to generate and distribute electricity within a specific geographic service territory to supply end users with electricity. These assets include solar panels, inverters, poles, towers and fixtures, low-voltage wires, transformers, overhead and underground conductors, street lighting, meters, metering equipment and other related equipment.

|                                              | 2025       | 2024       |
|----------------------------------------------|------------|------------|
| Land and land rights                         | \$ 3,878   | \$ 3,878   |
| Plant                                        | 713,705    | 679,301    |
| Equipment, office furniture and improvements | 69,326     | 30,777     |
|                                              | 786,909    | 713,956    |
| Accumulated depreciation                     | (114,150)  | (101,431)  |
|                                              | 672,759    | 612,525    |
| Construction work-in-progress                | 38,295     | 47,519     |
| Net utility plant                            | \$ 711,054 | \$ 660,044 |

**5. Regulatory matters**

The Company is subject to rate regulation by the California Public Utilities Commission ("CPUC"), and the FERC in some instances. The CPUC has jurisdiction with respect to rate, service, accounting procedures, issuance of securities, acquisitions and other matters. The Company operates under cost-of-service regulation as administered by the CPUC. The Company uses a test year in the establishment of its rates and pursuant to this method, the determination of the rate of return on approved rate base and deemed capital structure, together with all reasonable and prudent costs, establishes the revenue requirement upon which the Company's customer rates are determined.

The Company is accounted for under the principles of ASC 980. Under ASC 980, regulatory assets and liabilities that would not be recorded under U.S. GAAP for non-regulated entities are recorded to the extent that they represent probable future revenue or expenses associated with certain charges or credits that will be recovered from or refunded to customers through the rate-setting process.

The Company is required to file a rate case with its regulator on a regular three-year cycle. Rate cases seek to ensure that the Company has the opportunity to recover its operating costs and earn a fair and reasonable return on its capital investment as allowed by the regulatory authority under which the Company operates.

**Revenue decoupling and vegetation management**

The Company's revenue is subject to a decoupling mechanism that decouples base revenue from fluctuations caused by weather and economic factors.

Post Test Year Adjustment Mechanism ("PTAM")

**Liberty Utilities (CalPeco Electric) LLC**

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in thousands of U.S. dollars)***5. Regulatory matters (continued)**

The PTAM allows the Company to update its rates annually by a cost inflation index. In addition, rates are allowed to be updated to recover the return on investment and associated depreciation of major capital projects.

**Renewables Portfolio Standard**

The Company is required to satisfy the current 49% California Renewables Portfolio Standard requirement. The 49% California Renewables Portfolio Standard is currently met through deliveries under a power purchase agreement that is structured in a manner that satisfies the CPUC resource adequacy ("RA") requirements, and is designed to enable the California Utility to comply with the associated RA reporting requirements, and from energy production at Luning Energy LLC (the "Luning Solar project") and Turquoise Liberty ProjectCo LLC (the "Turquoise Solar project"). In addition to unbundled PCC3 RECs (Renewable Energy Credits) solicited from the market.

Regulatory assets and liabilities of the following:

|                                                   | December 31,<br>2025 | December 31,<br>2024 |
|---------------------------------------------------|----------------------|----------------------|
| <b>Regulatory assets</b>                          |                      |                      |
| Rate adjustment mechanism (a)                     | \$ 76,313            | \$ 77,728            |
| Wildfire mitigation and vegetation management (b) | 139,625              | 111,002              |
| Storm costs (c)                                   | 4,984                | 5,131                |
| Rate review costs (d)                             | 1,022                | 446                  |
| Energy cost adjustment clause (e)                 | 32,967               | 41,294               |
| Income taxes (g)                                  | 962                  | —                    |
| Other                                             | 14,931               | 8,492                |
| Total regulatory assets                           | \$ 270,804           | \$ 244,093           |
| Less: current regulatory assets                   | (30,769)             | (33,237)             |
| Non-current regulatory assets                     | \$ 240,035           | \$ 210,856           |
| <b>Regulatory liabilities</b>                     |                      |                      |
| Cost of removal (f)                               | \$ 24,502            | \$ 24,973            |
| Income taxes (g)                                  | 4,719                | 8,581                |
| Other                                             | 10,081               | 2,306                |
| Total regulatory liabilities                      | \$ 39,302            | \$ 35,860            |
| Less: current regulatory liabilities              | (4,291)              | (1,274)              |
| Non-current regulatory liabilities                | \$ 35,011            | \$ 34,586            |

**(a) Rate adjustment mechanism**

The Company is subject to a revenue decoupling mechanism approved by the Regulator, which requires charging approved annual delivery revenues on a systematic basis over the fiscal year. As a result, the difference between delivery revenue calculated based on metered consumption and approved delivery revenue is recorded as a regulatory asset or liability to reflect future recovery or refund, respectively, from customers.

**(b) Wildfire mitigation and vegetation management**

The regulatory asset for vegetation management includes wildfire insurance in the Company's California operations as well as spending related to dead trees program, to prevent future forest fires and general vegetation management.



**Liberty Utilities (CalPeco Electric) LLC**

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in thousands of U.S. dollars)*

---

**5. Regulatory matters (continued)****(c) Storm costs**

Incurred repair costs resulting from certain storms over or under amounts collected from customers, which are expected to be recovered or refunded through rates.

**(d) Rate review costs**

The costs to file, prosecute and defend rate review applications are referred to as rate review costs. These costs are capitalized and amortized over the period of rate recovery granted by the CPUC. The Company does not earn a return on these amounts but receives recovery of these costs in rates over the periods prescribed by the Regulator (three years).

**(e) Energy cost adjustment clause ("ECAC")**

ECAC is designed to recover the cost of electricity through rates charged to customers. Under deferred energy accounting, to the extent actual purchased power costs differ from purchased power costs recoverable through current rates, that difference is not recorded on the consolidated statements of comprehensive income but rather is deferred and recorded as a regulatory asset or liability on the consolidated balance sheets. These differences are reflected in adjustments to rates and recorded as an adjustment to cost of electricity in future periods, subject to regulatory review.

**(f) Cost of removal**

The regulatory liability for cost of removal represents amounts that have been collected from rate payers for costs that are expected to be incurred in the future to retire utility plant.

**(g) Income taxes**

As a result of the *Tax Act* being enacted in 2017, CPUC is contemplating the rate-making implications of the reduction of federal tax rates from the legacy 35% tax rate and the new 21% federal statutory income tax rate effective January 2018. The regulatory liability reflects the excess deferred taxes of the members normally reflected in the revenue requirement and probable of being refunded to customers. The Company is working with CPUC to identify the most appropriate way to address the impact of the *Tax Act* on cost of service based rates.

As recovery of regulatory assets is subject to regulatory approval, if there were any changes in regulatory positions that indicate recovery is not probable, the related cost would be charged to earnings in the period of such determination.

**6. Pension and other post-employment benefits obligation**

The Company provides defined contribution pension plans to substantially all of its employees. The Company's contributions for 2025 were \$1,066 (2024 - \$1,195).

The Company provides a defined benefit cash balance pension plan covering substantially all its employees, under which employees are credited with a percentage of base pay plus a prescribed interest rate credit. The Company also has an OPEB plan providing health care and life insurance coverage to eligible retired employees. Eligibility is based on age and length of service requirements and, in most cases, retirees must cover a portion of the cost of their coverage.



**Liberty Utilities (CalPeco Electric) LLC**

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in thousands of U.S. dollars)*
**6. Pension and other post-employment benefits obligation (continued)**
**(a) Net pension and OPEB obligation**

The following table sets forth the projected benefit obligations, fair value of plan assets, and funded status of the Company's plans as of December 31:

|                                                                   | Pension benefits  |                 | OPEB          |                 |
|-------------------------------------------------------------------|-------------------|-----------------|---------------|-----------------|
|                                                                   | 2025              | 2024            | 2025          | 2024            |
| <b>Change in projected benefit obligation</b>                     |                   |                 |               |                 |
| Projected benefit obligation, beginning of year                   | \$ 7,467          | \$ 6,932        | \$ 1,062      | \$ 1,067        |
| Service cost                                                      | 816               | 918             | 29            | 31              |
| Interest cost                                                     | 453               | 408             | 43            | 47              |
| Actuarial loss (gain)                                             | 155               | (179)           | (406)         | (69)            |
| Plan Amendments                                                   | —                 | —               | 59            | —               |
| Transfers                                                         | —                 | 9               | —             | —               |
| Benefits paid                                                     | (498)             | (621)           | 3             | (14)            |
| <b>Projected benefit obligation, end of year</b>                  | <b>\$ 8,393</b>   | <b>\$ 7,467</b> | <b>\$ 790</b> | <b>\$ 1,062</b> |
| <b>Change in plan assets</b>                                      |                   |                 |               |                 |
| Fair value of plan assets, beginning of year                      | 7,942             | 6,924           | —             | —               |
| Actual return on plan assets                                      | 1,026             | 450             | —             | —               |
| Employer contributions                                            | 1,063             | 1,181           | 3             | 14              |
| Transfers                                                         | —                 | 9               | —             | —               |
| Benefits paid                                                     | (498)             | (622)           | (3)           | (14)            |
| <b>Fair value of plan assets, end of year</b>                     | <b>\$ 9,533</b>   | <b>\$ 7,942</b> | <b>\$ —</b>   | <b>\$ —</b>     |
| <b>Unfunded status</b>                                            | <b>\$ (1,140)</b> | <b>\$ (475)</b> | <b>\$ 790</b> | <b>\$ 1,062</b> |
| Amounts recognized in the consolidated balance sheets consist of: |                   |                 |               |                 |
| Current liabilities                                               | —                 | —               | 25            | 36              |
| Non-current liabilities (assets)                                  | (1,140)           | (475)           | 765           | 1,026           |
| <b>Net amount recognized</b>                                      | <b>\$ (1,140)</b> | <b>\$ (475)</b> | <b>\$ 790</b> | <b>\$ 1,062</b> |

The accumulated benefit obligation for the pension plans was \$7,167 and \$6,277 as of December 31, 2025 and 2024, respectively.

**Liberty Utilities (CalPeco Electric) LLC**

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in thousands of U.S. dollars)***6. Pension and other post-employment benefits (continued)**

## (b) Pension and OPEB actuarial changes

The amounts recognized in AOCI were as follows:

| Change in AOCI (before tax)       | Pension                  |                    | OPEB                     |                    |
|-----------------------------------|--------------------------|--------------------|--------------------------|--------------------|
|                                   | Actuarial losses (gains) | Past service gains | Actuarial losses (gains) | Past service gains |
| Balance, January 1, 2024          | \$ 695                   | \$ (61)            | \$ (871)                 | \$ 23              |
| Additions to AOCI                 | (301)                    | —                  | (69)                     | —                  |
| Amortization in current period    | (26)                     | 17                 | 71                       | (3)                |
| Balance, December 31, 2024        | \$ 368                   | \$ (44)            | \$ (869)                 | \$ 20              |
| Additions to AOCI                 | (497)                    | —                  | (406)                    | —                  |
| Amortization in current period    | —                        | 17                 | 71                       | 57                 |
| <b>Balance, December 31, 2025</b> | <b>\$ (129)</b>          | <b>\$ (27)</b>     | <b>\$ (1,204)</b>        | <b>\$ 77</b>       |

## (c) Assumptions

Assumptions used to determine net benefit cost for 2025 and 2024 were as follows:

|                                         | Pension benefits |        | OPEB    |        |
|-----------------------------------------|------------------|--------|---------|--------|
|                                         | 2025             | 2024   | 2025    | 2024   |
| Discount rate                           | 5.82 %           | 5.27 % | 5.87 %  | 5.25 % |
| Expected return on assets               | 5.50 %           | 5.50 % | N/A     | N/A    |
| Rate of compensation increase           | 6.00 %           | 6.00 % | N/A     | N/A    |
| Health care cost trend rate             |                  |        |         |        |
| Before age 65                           |                  |        | 6.75 %  | 7.00 % |
| Age 65 and after                        |                  |        | 11.00 % | 6.00 % |
| Assumed Ultimate Medical Inflation Rate |                  |        | 4.50 %  | 4.50 % |
| Year in which Ultimate Rate is reached  |                  |        | 2034    | 2034   |

**Liberty Utilities (CalPeco Electric) LLC**

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in thousands of U.S. dollars)***6. Pension and other post-employment benefits (continued)**

## (c) Assumptions (continued)

Assumptions used to determine benefit obligation for 2025 and 2024 were as follows:

|                                         | Pension benefits |       | OPEB          |         |
|-----------------------------------------|------------------|-------|---------------|---------|
|                                         | 2025             | 2024  | 2025          | 2024    |
| Discount rate                           | <b>5.66%</b>     | 5.82% | <b>5.75%</b>  | 5.87%   |
| Rate of compensation increase           | <b>6.00%</b>     | 6.00% | <b>N/A</b>    | N/A     |
| Health care cost trend rate             |                  |       |               |         |
| Before age 65                           |                  |       | <b>7.000%</b> | 6.750%  |
| Age 65 and after                        |                  |       | <b>6.000%</b> | 11.000% |
| Assumed Ultimate Medical Inflation Rate |                  |       | <b>4.50%</b>  | 4.50%   |
| Year in which Ultimate Rate is reached  |                  |       | <b>2036</b>   | 2034    |

The mortality improvement projection Scale MP-2021 was adjusted to reflect the ultimate improvement rates from the Intermediate Alternative scenario provided in the Social Security Administration's ("SSA") Long Range Demographic Assumptions for the 2021 Trustees Report. This adjustment was made using the Society of Actuaries' Mortality Improvement Model (MIM-2021-v2). The purpose of this model is to construct sets of mortality improvement rates reflecting specific adjustments. The model requires the inputs that we have taken from the SSA's intermediate assumptions, such that the following ultimate rates reached in the year 2045: 0.85% improvement for ages 20-49, 0.96% improvement for ages 50-64, 0.71% improvement for ages 65-84, and 0.55% improvement for ages 85 and older.

A yield curve model is used to develop the single equivalent discount rate that reflects the characteristics of the Plan. Under this model, the Plan's expected benefit payments are matched to the spot rates along the yield curve to determine their present values. Then a single equivalent discount rate is solved for which it produces the same total present value as the spot rates. CBIZ relies on the yield curve spot rates developed by experts as of the measurement date (i.e. the Ryan ALM Above Median yield curve). We are not aware of any material inconsistencies, limitations or weaknesses in this model.

## (d) Benefit costs

The following table lists the components of net benefit cost for the pension plans and OPEB recorded as part of operating expenses in the consolidated statements of comprehensive income.

|                                       | Pension benefits |          | OPEB  |       |
|---------------------------------------|------------------|----------|-------|-------|
|                                       | 2025             | 2024     | 2025  | 2024  |
| Service cost                          | \$ 816           | \$ 918   | \$ 29 | \$ 30 |
| Non-service costs                     |                  |          |       |       |
| Interest cost                         | 452              | 408      | 42    | 47    |
| Expected return on plan assets (gain) | (375)            | (328)    | —     | —     |
| Amortization of net actuarial (gain)  | (17)             | (17)     | (71)  | (70)  |
| Amortization of prior service credits | —                | 26       | 3     | 3     |
|                                       | 60               | 89       | (26)  | (20)  |
| Net benefit cost                      | \$ 876           | \$ 1,007 | \$ 3  | \$ 10 |

**Liberty Utilities (CalPeco Electric) LLC**

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in thousands of U.S. dollars)*

---

**6. Pension and other post-employment benefits (continued)****(e) Plan assets**

The Company's investment strategy for its pension and post-employment plan assets is to maintain a diversified portfolio of assets with the primary goal of meeting long-term cash requirements as they become due.

The Company's target asset allocation is 50% in equity securities and 50% in debt securities.

**(f) Cash flows**

The Company expects to contribute \$1,174 to its pension plans and \$25 to its post-employment benefit plans in 2026.

The expected benefit payments over the next 10 years are as follows:

|              | <b>2026</b> | <b>2027</b> | <b>2028</b> | <b>2029</b> | <b>2030</b> | <b>2031-2035</b> |
|--------------|-------------|-------------|-------------|-------------|-------------|------------------|
| Pension plan | \$346       | \$340       | \$411       | \$440       | \$503       | \$3818           |
| OPEB         | 25          | 26          | 30          | 27          | 29          | 216              |

**7. Short term external debt**

Due to related parties represents advances for current operating costs and reimbursement for management and accounting services provided by entities related to Liberty Utilities as well as other third-party costs incurred by entities related to Liberty Utilities on behalf of the Company.

**8. Related party transactions**

Due from related parties represents advances for current operating costs and reimbursement for management and accounting services provided by entities related to Liberty Utilities as well as other third-party costs incurred by entities related to Liberty Utilities on behalf of the Company. These amounts bear interest on variable rates and have no fixed repayment terms. Total amounts allocated for year ended December 31, 2025 were \$8,020 (2024 - \$6,375). Periodically, there are advances due to related parties. Such advances bear interest on variable rates and are due on demand. As at December 31, 2025, the amounts payable to related parties total \$280,729 (2024 - \$457,114). As of December 31, 2025, the Company has accrued \$29,445 in interest expense (2024 - \$29,551).

**9. Advances in aid of construction**

The Company has various agreements with real estate development companies (the "developers") conducting business within the Company's utility service territories, whereby funds are advanced to the Company by the developers to assist with funding some or all of the costs of the development.

In many instances, developer advances can be subject to refund but the refund is non-interest bearing. Refunds of developer advances are made over a period of 10 years. Advances not refunded within the prescribed period are usually not required to be repaid. After the prescribed period has lapsed, any remaining unpaid balance is transferred to contributions in aid of construction and recorded as an offsetting amount to the cost of property, plant and equipment. No amounts were transferred from advances in aid of construction to contributions in aid of construction in 2025 and 2024.

**10. Member's capital**

The Company is a single member limited liability corporation. As of December 31, 2025, all outstanding equity membership units of the Company are owned by Liberty Utilities.

**Liberty Utilities (CalPeco Electric) LLC**

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in thousands of U.S. dollars)*

---

**11. Commitments and contingencies****(a) Contingencies**

The Company is involved in various litigation arising out of the ordinary course and conduct of its business. Although such matters cannot be predicted with certainty, management does not consider the Company's exposure to such litigation to be material to these consolidated financial statements. Accruals for any contingencies related to these items, if any, are recorded in the consolidated financial statements at the time it is concluded that its occurrence is probable and the related liability is estimable.

*Mountain View fire*

On November 17, 2020, a wildfire now known as the Mountain View Fire occurred in the territory of Liberty CalPeco. The cause of the fire remains in dispute, and CAL FIRE has not yet released its final report. There were 22 lawsuits filed that name certain subsidiaries of the Company as defendants in connection with the Mountain View Fire, as well as a non-litigation claim brought by the U.S. Department of Agriculture seeking reimbursement for alleged fire suppression costs and a notice from the U.S. Bureau of Land Management seeking damages for the alleged burning of public lands without authorization. Fifteen lawsuits were brought by groups of individual plaintiffs and a Native American group alleging causes of action including negligence, inverse condemnation, nuisance, trespass, and violations of Cal. Pub. Util. Code 2106 and Cal. Health and Safety Code 13007 (one of these 15 lawsuits also alleges the wrongful death of an individual and various subrogation claims on behalf of insurance companies). In six other lawsuits, insurance companies alleged inverse condemnation and negligence and seek recovery of amounts paid and to be paid to their insureds. In one other lawsuit, County of Mono, Antelope Valley Fire Protection District, and Bridgeport Indian Colony allege similar causes of action and seek damages for fire suppression costs, law enforcement costs, property and infrastructure damage, and other costs. Liberty CalPeco has resolved 21 of the lawsuits, and Liberty CalPeco is in the process of obtaining dismissals with prejudice of said lawsuits. The trial date for the remaining lawsuit previously scheduled for April 15, 2025 was vacated. The likelihood of success in this lawsuit is uncertain. Liberty CalPeco intends to vigorously defend it. The Company accrued estimated losses of \$178.4 million for claims related to the Mountain View Fire, against which Liberty CalPeco has recorded recoveries through insurance of \$116.0 million and WEMA of \$71.5 million. On June 20, 2025, the Company filed an application seeking recovery of \$78.2 million, comprising of the costs recorded to date in the WEMA and \$6.7 million of forecasted legal expenses. The resulting net charge to earnings was \$nil. The estimate of losses is subject to change as additional information becomes available. The actual amount of losses maybe higher or lower than these estimates. While the Company may incur a material loss in excess of the amount accrued, the Company cannot estimate the upper end of the range of reasonably possible losses that may be incurred. The Company has wildfire liability insurance that was applied up to applicable policy limits.

**(b) Commitments**

The Company has a purchase commitment to purchase physical quantities of power for load-serving requirements. The commitment amounts included in the table below are based on market prices as of December 31, 2025. However, the effects of purchased power unit cost adjustments are mitigated through a purchased power rate-adjustment mechanism.

|                 | <b>2026</b> |
|-----------------|-------------|
| Power purchases | \$ 23,063   |

**Liberty Utilities (CalPeco Electric) LLC**

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in thousands of U.S. dollars)***12. Non-cash operating items**

The changes in non-cash operating items consist of the following:

|                                          | 2025                | 2024             |
|------------------------------------------|---------------------|------------------|
| Accounts receivable                      | \$ 12,823           | \$ (13,629)      |
| Prepaid expenses and other               | 1,681               | (3,950)          |
| Supplies and consumables inventory       | 1,376               | (1,082)          |
| Accounts payable and accrued liabilities | (23,253)            | 5,884            |
| Due to related parties                   | (215,267)           | 64,653           |
| Net regulatory assets and liabilities    | (14,950)            | (4,182)          |
|                                          | <b>\$ (237,590)</b> | <b>\$ 47,694</b> |

**13. Financial instruments**

(a) Fair value of financial instruments

|                                    | December 31, 2025 |            | December 31, 2024 |            |
|------------------------------------|-------------------|------------|-------------------|------------|
|                                    | Carrying amount   | Fair value | Carrying amount   | Fair value |
| Long-term debt with external party | \$ —              | \$ —       | \$ 24,799         | \$ 25,070  |
| Long-term debt with related party  | \$ 297,126        | \$ 297,126 | \$ —              | \$ —       |

The Company has determined that the carrying value of its short-term financial assets and liabilities approximates fair value as of December 31, 2025 and 2024 due to the short-term maturity of these instruments.

Long-term debt, classified as Level 2 within the fair value hierarchy, carries fixed interest rates. Its estimated fair value is determined using a discounted cash flow methodology based on current market interest rates. On May 19, 2025, Liberty CalPeco repaid a \$25.0 million senior unsecured utility note prior to its original maturity date of December 29, 2025. Concurrently, the company entered into a \$300 million promissory note with Liberty Utilities Co., maturing in September 2032, bearing interest at 5.429%, and incurring financing costs of \$2.8 million.

Advances in aid of construction have a carrying value of \$24,494 as of December 31, 2025 (2024 - \$22,768). Portions of these non-interest bearing instruments are payable annually through 2027, including new customer connections, customer consumption levels, and future rate increase. However, amounts not paid by the contract expiration date become non-refundable. Their relative fair values cannot be accurately estimated because future refund payments depend on several variables. The fair value of these amounts would be less than their carrying value due to the non-interest bearing feature.

Fair value estimates are made at a specific point in time, using available information about the financial instrument. These estimates are subjective in nature and often cannot be determined with precision.

**Liberty Utilities (CalPeco Electric) LLC**

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in thousands of U.S. dollars)***13. Financial instruments (continued)****(b) Risk management**

In the normal course of business, the Company is exposed to financial risks that potentially impact its operating results. The Company employs risk management strategies with a view of mitigating these risks to the extent possible on a cost-effective basis.

This note provides disclosures relating to the nature and extent of the Company's exposure to risks arising from financial instruments, including credit risk and liquidity risk, and how the Company manages those risks.

*Credit risk*

Credit risk is the risk of an unexpected loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's financial instruments that are exposed to concentrations of credit risk are primarily cash and cash equivalents and accounts receivable. The Company limits its exposure to credit risk with respect to cash equivalents by ensuring available cash is deposited with its senior lenders, all of which have a credit rating of A or better.

Credit risk related to the accounts receivable balance of \$26,383 is spread over thousands of customers. The Company has processes in place to monitor and evaluate this risk on an ongoing basis including background credit checks and security deposits from new customers. In addition, the Regulator allows for a reasonable bad debt expense to be incorporated in the rates and therefore recovered from rate payers.

As of December 31, 2025, the Company's maximum exposure to credit risk for these financial instruments is as follows:

**(c) Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure, to the extent possible, that it will always have sufficient liquidity to meet liabilities when due. The Company's liabilities mature as follows:

|                                 | <b>Due less than<br/>1 year</b> | <b>Due 2–3<br/>years</b> | <b>Due 4–5<br/>years</b> | <b>Due after 5<br/>years</b> | <b>Total</b>      |
|---------------------------------|---------------------------------|--------------------------|--------------------------|------------------------------|-------------------|
| Long-term debt                  | \$ —                            | \$ —                     | \$ —                     | \$ 297,126                   | \$ 297,126        |
| Advances in aid of construction | —                               | —                        | —                        | 24,494                       | 24,494            |
| Purchase obligations            | 316,375                         | —                        | —                        | —                            | 316,375           |
| Interest on long-term debt      | 691                             | —                        | —                        | —                            | 691               |
| Other obligations               | 4,551                           | —                        | —                        | —                            | 4,551             |
| <b>Total obligations</b>        | <b>\$ 321,617</b>               | <b>\$ —</b>              | <b>\$ —</b>              | <b>\$ 321,620</b>            | <b>\$ 643,237</b> |

To assess the Company's ability to service these obligations, the table below presents the liquid assets available as of December 31, 2025.

|                                 | <b>2025</b>      |
|---------------------------------|------------------|
| Cash and cash equivalents       | \$ 1,941         |
| Accounts receivable             | 27,358           |
| Allowance for doubtful accounts | (975)            |
|                                 | <b>\$ 28,324</b> |

**Liberty Utilities (CalPeco Electric) LLC**

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

*(in thousands of U.S. dollars)*

---

**14. Subsequent events**

On September 20, 2024, the Company filed a general rate case application with the California Public Utilities Commission requesting an increase in electric rates, effective January 1, 2025. In March 2026, the Commission approved the application, authorizing an annual base revenue requirement increase of approximately \$48.6 million for the 2025 test year. The impact of the approved increase is reflected in revenues beginning January 1, 2025.

The Company has evaluated subsequent events from the consolidated balance sheets date through April 17, 2026, the date at which the consolidated financial statements were available to be issued, and determined that there are no other items to disclose.



**Exhibit D**

**Testimony of Peter Eichler**

**BEFORE THE PUBLIC UTILITIES COMMISSION**  
**OF THE STATE OF CALIFORNIA**

Joint Application of Liberty Utilities (CalPeco Electric) LLC (U 933 E), Liberty Utilities (Park Water) Corp. (U 314-W), and Liberty Utilities (Apple Valley Ranchos Water) Corp. (U 346-W) and Algonquin Power & Utilities Corp. for Exemption from Public Utilities Code Section 854 or, Alternatively, for Approval Pursuant to Public Utilities Code Section 854

Application \_\_\_\_\_

**DIRECT TESTIMONY**

**OF**

**PETER EICHLER**

August 14, 2026

TABLE OF CONTENTS

I. INTRODUCTION .....1

II. THE PROPOSED TRANSACTION .....6

III. BENEFITS OF THE TRANSACTION.....7

IV. COMMISSION REVIEW OF TRANSACTION .....10

1 **I. INTRODUCTION**

2 **Q. Please state your name and business address.**

3 A. My name is Peter Eichler. My business address is 354 Davis Road, Oakville, Ontario,  
4 Canada.

5 **Q. By whom are you employed and in what capacity?**

6 A. I am Senior Vice President, Hydro Generation and Enterprise Initiatives for Liberty  
7 Utilities (Canada) Corp. (“Liberty”) which is a subsidiary of Algonquin Power & Utilities  
8 Corp. (“AQN” or the “Company”). AQN owns Liberty Utilities Co. (“LUCo”), which  
9 owns regulated electric, natural gas, water, and wastewater utilities in the states of Arizona,  
10 Arkansas, California, Iowa, Illinois, Georgia, Massachusetts, Missouri, Kansas, New  
11 Hampshire, New York, Oklahoma, and Texas.

12 **Q. On whose behalf are you testifying in this proceeding?**

13 A. I am testifying on behalf of AQN, the upstream parent entity of Liberty Utilities (CalPeco  
14 Electric) LLC (U 933 E) (“CalPeco”), Liberty Utilities (Park Water) Corp. (U 314-W)  
15 (“Park Water”), and Liberty Utilities (Apple Valley Ranchos Water) Corp. (U 346-W)  
16 (“AVR”). (CalPeco, Park Water and AVR shall be collectively referred to hereafter as the  
17 “CA Liberty Utilities.”)

18 **Q. Please describe your educational and professional background.**

19 A. I am a designated accountant, having received the Chartered Professional Accountant  
20 designation. That designation is similar to a Certified Public Accountant designation in the  
21 United States. In addition, I hold a Master of Business Administration degree from the  
22 University of Windsor in Ontario, Canada, and I have a Bachelor of Commerce degree

1 with a specialization in Finance from Toronto Metropolitan University (formerly known  
2 as Ryerson University) in Toronto, Canada. I have been employed by Liberty in various  
3 capacities since 2009, including most recently as the Senior Vice President Business and  
4 Financial Planning. In addition, I have held roles such as the Senior Vice President of  
5 Regulatory Strategy and Central Services, and President of the Liberty gas distribution  
6 business in Massachusetts, a utility which serves approximately 58,000 customers. Prior to  
7 that, I was Vice President, Centralized Operations, for Liberty. Before joining Liberty, I  
8 spent four years at regulated electric utilities in Ontario, Canada, working in the areas of  
9 corporate finance, ratemaking, and regulatory affairs.

10 **Q. Have you previously testified before the California Public Utilities Commission (the**  
11 **“Commission”)?**

12 A. Yes, I testified before the Commission in connection with the Application of California  
13 Pacific Electric Company, LLC (U933E) for Authority to Among Other Things, Increase  
14 its Authorized Revenue for Electric Service (A.12-02-014 (CalPeco’s 2013 General Rate  
15 Case).) I have also testified in dockets before several regulatory commissions across  
16 Canada and the United States on subject matters including mergers and acquisitions and  
17 ratemaking matters.

18 **Q. What is the purpose of your testimony?**

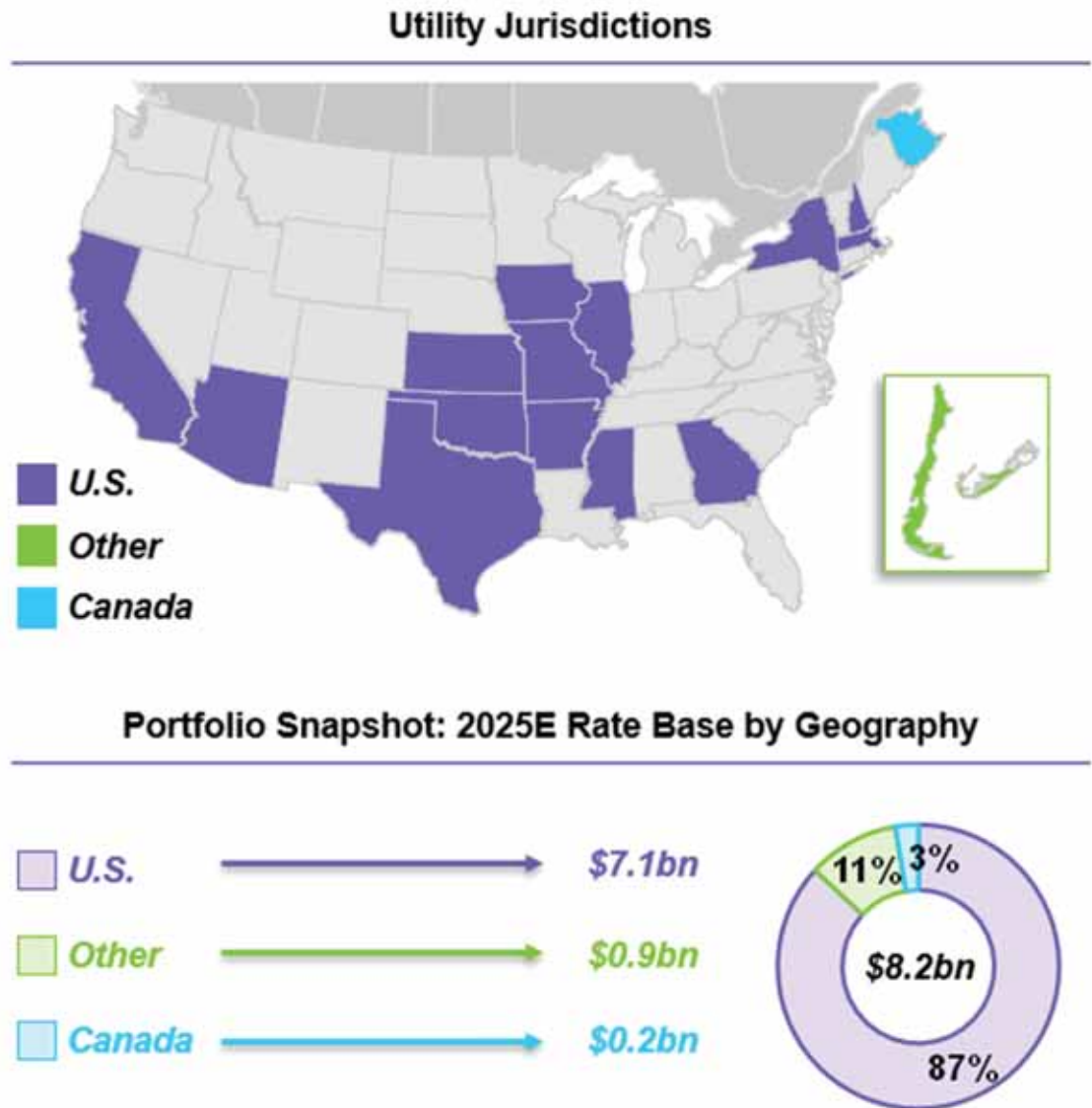
19 A. As described in my testimony and the accompanying petition, the CA Liberty Utilities’  
20 ultimate parent company, AQN, plans to execute a legal redomicile from Canada to the  
21 United States in order to align more closely with its operations which are predominantly in  
22 the United States since AQN divested its unregulated renewable generation business in

1 January 2025. As part of this redomicile, AQN would establish its corporate headquarters  
2 in the United States, thereby bringing its executive leadership closer to its US operations.  
3 AQN and the CA Liberty Utilities seek a determination by the Commission that AQN's re-  
4 domiciling of its legal jurisdiction from Canada to the State of Delaware in the United  
5 States and related amalgamation with its wholly owned subsidiary, Liberty Utilities  
6 (Canada) Corp. (the "Proposed Transaction"), does not constitute a transaction subject to  
7 California Public Utilities Code ("PUC") Section 854 or is otherwise exempt from review  
8 under PUC Section 854. Alternatively, should the Commission conclude that the Proposed  
9 Transaction is subject to review under PUC Section 854, Joint Applicants respectfully  
10 request that the Commission approve the indirect transfer of control of CA Liberty Utilities  
11 associated with the Proposed Transaction as it does not harm ratepayers and is not  
12 otherwise adverse to the public interest.

13 **Q. Please provide background on AQN.**

14 A. AQN is a federally incorporated entity under Canadian law and is listed on the New York  
15 Stock Exchange and Toronto Stock Exchange. Through its 26 regulated utilities, AQN  
16 serves approximately 1.3 million customer connections across its electric, gas, water and  
17 wastewater business in 13 states in the U.S. (Arizona, Arkansas, California, Georgia,  
18 Illinois, Iowa, Kansas, Massachusetts, Missouri, New Hampshire, New York, Oklahoma,  
19 and Texas). AQN also operates a gas utility in New Brunswick, Canada, an electric utility  
20 in Bermuda and a water utility in Chile. Across its footprint, AQN's businesses employ  
21 approximately 2,876 employees, of which 2,112 are in the United States, 314 in Canada,

and 450 in Bermuda and Chile combined. The following chart depicts AQN's footprint, including its utility rate base by jurisdiction:



**Q. Why is AQN a Canadian corporation?**

A. AQN is domiciled in Canada due to its founding as a developer of renewable energy assets in the 1980's. Over the years, AQN developed, built or acquired operating facilities in both Canada and the United States. Given its ownership of assets on both sides of the border, it

1 maintained its status as a Canadian corporation. Additionally, AQN was exclusively listed  
2 on the Toronto Stock Exchange until January 18, 2017, when it was first listed on the New  
3 York Stock Exchange.

4 **Q. Why is AQN seeking to redomicile now?**

5 A. In early 2025, AQN sold the majority of its renewable energy business. After the  
6 completion of the sale, it now operates a portfolio that is primarily comprised of regulated  
7 utilities operating in the United States. In fact, as you can see on the chart above, AQN's  
8 regulated utilities rate base remaining in Canada is about 3% of its total business. While  
9 AQN does continue to maintain a portfolio of Hydro Generation assets in Canada, these  
10 assets are also collectively very small in the context of AQN's portfolio (3% of total assets)  
11 and may also be disposed of, pending market conditions. All told, AQN is now primarily  
12 and fundamentally an owner and operator of U.S. regulated utilities and seeks to be  
13 domiciled in the country where the majority of its assets reside.

14 **Q. Before describing the transaction, please describe what will actually change in the**  
15 **way that AQN operates its utilities.**

16 A. Practically speaking, the only change to the operations of AQN and its subsidiaries is that  
17 the executive management team of AQN will report for duty in the United States as  
18 opposed to Canada. There will be no changes to the U.S. regulated utilities (including the  
19 CA Liberty Utilities) whether in terms of corporate form, principal place of business,  
20 capital structure, business operations, utility assets or employee locations, associated with  
21 the Proposed Transaction. The employee organizational charts and reporting  
22 relationships within the organization are not expected to change. The transaction as



1 outlined herein and below is simply designed to redomicile the company from Canada to  
2 the United States.

3 **II. THE PROPOSED TRANSACTION**

4 **Q. Please describe in detail the Proposed Transaction.**

5 A. To effectuate a redomicile from Canada to the United States, AQN would enter into a Plan  
6 of Arrangement, which would set forth the process by which AQN would become a US  
7 domiciled entity. After a series of corporate legal steps, AQN and Liberty Utilities  
8 (Canada) Corp. would amalgamate, with AQN continuing as a Delaware entity.  
9 Attachment PE-1 depicts what the new corporate structure once the redomicile is complete.  
10 AQN is expected to remain listed on both the New York Stock Exchange and the Toronto  
11 Stock Exchange.

12 **Q. Would the legal status of any of AQN's subsidiary entities be affected by the**  
13 **transaction?**

14 A. None of the utility operating companies' legal status would be affected by this transaction,  
15 meaning they would remain incorporated in their current states of incorporation. As shown  
16 in Attachment PE-1, Liberty Utilities (Canada) Corp. would amalgamate with AQN and  
17 become a Delaware corporation. Liberty Utilities Co. and Liberty Utilities Service Corp.  
18 would continue their existence as wholly owned subsidiaries of AQN. Given that Liberty  
19 Utilities (Canada) Corp., which is the employer of Canadian employees, would  
20 amalgamate with AQN, the continuing entity would remain the employer of Canadian

1 employees and Liberty Utilities (America) Co. would become a directly wholly-owned  
2 subsidiary of AQN. Liberty Utilities Co. will not be affected by the transaction.

3 **Q. Are there any approvals required for this transaction to proceed?**

4 A. Yes. The Plan of Arrangement must receive the approval of at least two-thirds of the  
5 shareholders who vote on the matter, as well as approval of the Superior Court in Ontario,  
6 Canada. In the United States, AQN and its utility operating companies will be submitting  
7 applications to utility commissions in Arizona, California, Georgia, Illinois, Iowa, New  
8 York, and Texas, as well as the New Brunswick Energy and Utilities Board in New  
9 Brunswick, Canada, for determinations that the transaction is not jurisdictional or is  
10 otherwise approved. AQN's Board of Directors approved the Proposed Transaction on  
11 August 6, 2026. AQN anticipates that its shareholders will vote on the transaction in or  
12 around the second quarter of 2027 and, subject to receipt of the necessary determinations  
13 and approvals, the transaction will close as soon as practicable thereafter.

14 **III. BENEFITS OF THE TRANSACTION**

15 **Q. What would be the practical implications of the transaction?**

16 A. Fundamentally, this transaction will align the Company's headquarters, legal domicile and  
17 capital markets more closely with the majority of the Company's operations and employee  
18 base. We anticipate that this move will enhance day-to-day operational and managerial  
19 alignment with U.S.-based assets by geographically aligning executive leadership with the  
20 vast majority of the Company's operations.

1 **Q. Where will the Company locate its headquarters?**

2 A. The Company expects to have its headquarters in the proximity of Chicago, Illinois. This  
3 is an ideal location as it is central to AQN's diverse base of regulated utilities and affords  
4 AQN the opportunity to attract employees from a qualified base of employees.

5 **Q. How will the transaction impact capital markets?**

6 A. The Company anticipates expanded access to the United States investor base, and potential  
7 eligibility for the Russell and S&P indices. Further, AQN expects that there may be more  
8 interest by US based passive investors (*e.g.*, mutual funds or other like investors) to invest  
9 in AQN.

10 **Q. Will there be any impacts on the CA Liberty Utilities' access to capital?**

11 A. We expect that being a pure play regulated utility that is domiciled within the United States  
12 will attract a pool of investors that are currently not able or willing to invest in AQN due  
13 to its Canadian domicile. This improved access to capital would allow the CA Liberty  
14 Utilities to enhance their respective profiles and have continued access to capital within the  
15 country where the vast majority of its operations occur.

16 From a debt perspective, utilities within AQN's family of businesses would continue to  
17 finance their long term capital needs through Liberty Utilities Co. which would be  
18 unaffected by this transaction and the utility money pool would continue to exist for short  
19 term financing needs. Similarly, there would be no impact on the CA Liberty Utilities'  
20 capital structure as a result of the transaction.

1 **Q. Will the Company maintain any presence in Canada once it relocates to the United**  
2 **States?**

3 A. Yes. Certain centralized functions which are currently based in Canada are expected to  
4 continue to be performed in Canada, such as Information Technology, Human Resources,  
5 Legal, Communications, and Finance. We expect that approximately 330 employees,  
6 including the employees of the Company's New Brunswick gas utility, will remain in  
7 Canada. The Company expects that it will be more economical to continue to perform  
8 these functions from Canada than to either relocate employees to the United States or to  
9 reconstitute a new workforce with similar skillsets in the United States.

10 **Q. Does the proposed transaction require any changes to the Affiliate Services**  
11 **Agreements ("ASA") or Algonquin's current Cost Allocation Manual ("CAM")?**

12 A. No. As the services provided and associated allocation methodologies are not changing,  
13 an updated CAM is not required to effectuate the transaction. Similarly, each of the ASAs  
14 contains provisions for successors and assigns in the event of amalgamations. That said,  
15 given that the last time the CAM was updated was in 2017 and the organizational changes  
16 with subsequent asset dispositions (renewables business), it is AQN's intent to update its  
17 CAM and ASAs in the coming months and seek approvals from state regulatory  
18 commissions, where required.

1 **Q. Will there be costs associated with the transaction, and will customers bear any of the**  
2 **costs of the transaction?**

3 A. While AQN will incur costs to redomicile (for example, legal costs, advisory fees, etc.), all  
4 of these costs of the transaction will be borne by shareholders and, as noted above, there  
5 are anticipated benefits to customers from the redomicile.

6 **IV. COMMISSION REVIEW OF THE PROPOSED TRANSACTION**

7 **Q. Do you believe Commission approval is required for the Proposed Transaction?**

8 A. Based upon my understanding of the relevant statutes, specifically PUC Sections 851  
9 through 854, the Proposed Transaction should not require Commission approval since it  
10 does not involve any material change to the ownership or control of the CA Liberty  
11 Utilities. AQN remains unchanged as the highest upstream parent entity of the CA  
12 Liberty Utilities.

13 **Q. Are you familiar with the legal standard that is applicable to the Proposed**  
14 **Transaction if the Commission determines that its approval is required?**

15 A. My understanding is that the Commission will approve a proposed transaction if the  
16 transaction does not harm ratepayers and is not otherwise adverse to the public interest.

17 **Q. Does the proposed transaction meet this standard?**

18 A. Yes. Following the close of the Proposed Transaction, the customers of the CA Liberty  
19 Utilities will continue to be served by the same entity pursuant to their existing  
20 certifications and authorizations, and receive their existing services under the existing  
21 utility names without any immediate changes. The Commission's jurisdiction and

1 regulatory authority over the CA Liberty Utilities will not change and currently  
2 authorized rates will continue to be in effect until such time as any of the CA Liberty  
3 Utilities file an application to change rates and the Commission reviews and approves the  
4 request. The Proposed Transaction will not result in any changes to the management,  
5 operating and maintenance personnel of the CA Liberty Utilities. In addition, and as  
6 detailed above, the Proposed Transaction seeks to enhance financial resources and  
7 opportunities for AQN that in turn will assist the U.S. regulated utilities (including the  
8 CA Liberty Utilities) with improving their access to capital and meeting long-term capital  
9 and short-term financing needs more cost-effectively. By relocating AQN's headquarters  
10 and executive leadership to the United States, AQN will be better positioned to manage  
11 and support the U.S. regulated entities.

12 **Q. Is there a date by which the Company seeks a final Commission decision on the**  
13 **proposed transaction?**

14 A. Yes. The Company and the CA Liberty Utilities are requesting that a final decision issue  
15 within one hundred twenty (120) days of the Application's filing to mitigate undue delays  
16 related to progress and closing of the Proposed Transaction.

17 **Q. Why should the Commission process this case prior to AQN securing necessary**  
18 **shareholder approvals?**

19 A. We note that it is not unusual to seek approval for mergers or amalgamations while  
20 shareholder approval and other closing conditions are pending, and this is often necessary  
21 to unduly delay closing. Therefore, AQN is requesting this approval in order to progress

1 the Proposed Transaction towards closing and to begin to execute on the benefits noted  
2 above.

3 **Q. Does this conclude your testimony?**

4 **A.** Yes, it does.

**Attachment**



# Attachment PE1– Pre & Post Transaction Structure



# Organizational Structure Prior to and Post Transaction

- APUC and Liberty Utilities (Canada) Corp are currently Canadian domiciled entities depicted in **brown**.
- Liberty Utilities (America) Co is co-owned by APUC (15.055%) and Liberty Utilities (Canada) Corp. (84.945%).
- APUC and Liberty Utilities (Canada) Corp are amalgamated; APUC becomes a Delaware domiciled entity.

