

DRC-1

Reference

Exhibit 4, Tab 1, Schedule 1 (DSP), Appendix C

Exhibit 2, Tab 1, Schedule 2

Preamble: Alectra engaged Innovative Research Group Inc. (Innovative) to assist in meeting Alectra's customer engagement commitments under the Renewed Regulatory Framework for Electricity Distributors. The work was carried out in two phases. The first phase collected input on customers' needs and preferences for outcomes at the start of Alectra's development of its Distribution System Plan (DSP) and included follow-up engagement on customers views on relative priorities, individual projects, and an overall capital rate rider. The second phase asked customers to provide feedback on a final set of choices for the DSP and was the "largest public consultation ever conducted in Ontario's electricity sector" (p. 2).

- a) Please provide a copy of all written instructions provided by Alectra to Innovative in relation to Innovative's customer engagement mandate for the DSP and the report provided in Exhibit 4, Tab 1, Schedule 1, Appendix C.**
- b) The "online workbooks" that Innovative prepared for small business, GS > 50kW – 4,999kW, large use, and residential customers each asked questions about consumer choices in integrating new technologies like electric vehicles (EVs), solar power, and battery storage.**

Please provide a copy of all written instructions provided by Alectra to Innovative in relation to customer engagement with respect to consumer choice in integrating new technologies like EVs, solar power, and battery storage.

- c) Please describe all measures undertaken by Alectra and Innovative to invite and ensure the participation of EV stakeholders and other distributed energy resource (DER) customers (including EV drivers, owners of DERs, EV associations, and DER industry associations) in customer engagement activities. In addition, please provide any and all notes from Innovative's customer engagement relating to EVs/DERs that are supplementary to the reports provided in Exhibit 4, Tab 1, Schedule 1, Appendix C.**
- d) Please identify and list, in chart format, any and all customer engagement questions and responses pertaining to: EVs, batteries, EV charging, energy storage, and DERs generally.**

Response:

- 1 a) All written instruction provided by Alectra Utilities to Innovative Research Group are included
- 2 in the Letters of Agreement. All Letters of Agreement can be found in the response to 14-
- 3 MANA-39.

- 1 b) Please see Alectra Utilities' response to part a), above.
- 2 c) The online workbook samples were weighted proportionately based on known variables
- 3 including rate class, rate zone and consumption quartiles in order to be representative of the
- 4 broader Alectra Utilities service territory. Weighting by all known variables ensures a
- 5 representative sample of Alectra Utilities customers. There are no additional notes related to
- 6 EVs/DERs that are supplementary to the reports provided.
- 7 d) Please refer to Appendix 1.0, Representative Report, pages 64-65, 129-130, 177-178, and
- 8 225-226.

DRC-2

Reference

Exhibit 4, Tab 1, Schedule 1 (DSP), Section 5.3.1

Preamble: Alectra produces an annual load forecast to reflect both short- and long-term load growth. The load forecast provides an important indication as to areas where additional capacity will be required (Section 5.3.1). Alectra’s load forecast considers the impact of CDM and distributed generation.

- a) Alectra has noted the “exponential growth in [EV] adoption” (see e.g., Section 5.3.4, page 328). Please discuss whether Alectra’s load forecast considers the impact and integration of EVs and EV charging infrastructure and provide any and all related analysis, working papers, and/or reports.
- b) Please provide, in the chart format below, an assessment of the impacts on loads and demands — including the load forecast — of your estimate of EVs and distributed generation in each year and any supporting references.

	2020	2021	2022	2023	2024
EVs (number, kWh)					
EV charging infrastructure (number, kWh)					
Distributed Generation (number, type, kWh)					
etc.					

- c) In the recently released *Made-in-Ontario Environment Plan* (the Environment Plan; available online at the following link: <https://prod-environmental-registry.s3.amazonaws.com/2018-11/EnvironmentPlan.pdf>), the Ministry of Environment, Conservation and Parks estimates that 16% of targeted greenhouse gas emissions reductions will come from low-carbon vehicles (i.e., primarily EV adoption). Please indicate:
 - (i) whether Alectra’s assumptions regarding EVs are consistent with this;
 - (ii) if not, what were Alectra’s assumptions;
 - (iii) whether Alectra has reconsidered the impact of EV adoption on load forecasts in light of the Environment Plan;
 - (iv) whether Alectra will update its EV assumptions in light of the Environment Plan;
 - (v) what are the estimated total capital expenditures and operating expenditures regarding EV charging infrastructure that Alectra has included in the application and for each year; and
 - (vi) what capital expenditure and operating expenditure funding (federal, provincial, or otherwise) is available to Alectra specific to EVs and DERs.

Response:

a) Alectra Utilities' distribution system planning process considers the impact of electric vehicles ("EV") during the peak period (kW), in order to ensure that the distribution system is capable of handling the additional load. The forecast is based on the targets set in the 2016 Climate Change Action Plan for 5% of new passenger vehicles to be electric by 2020. Please see (b) below for the kW impact on peak.

Alectra Utilities non-coincident load forecast is provided on Page 180, Exhibit 4, Tab 1, Schedule 1.

Alectra Utilities will be filing its load forecast with its rebasing application for rates effective January 1, 2027. The current Board-approved load forecasts are those of the predecessor utilities. Those load forecasts do not include the impact of EVs or EV supply equipment ("EVSE").

b) Please see Table 1 below:

Table 1 – EV and DG forecasts in Alectra services territory 2020-2024

Heading 1	2020	2021	2022	2023	2024
EVs (#)	5,600	9,328	13,242	17,351	21,666
EV (kWh)	Alectra's load forecast for EVs is provided in kW, not kWh.				
EV (kW – on peak) *	7,800	13,100	18,500	24,300	30,300
EV charging infrastructure (#, kWh)	Alectra's forecast for EV load is based on the number of vehicles. It did not perform a forecast for the number of EVSE.				
Distributed Generation	Alectra did not perform a separate forecast of distributed generation from renewable energy generation in its load forecast. Please refer to page 312 (Exhibit 4, Tab 1, Schedule 1) for forecast on Renewable Energy Generation.				

* assuming 20% of vehicles are charging at peak times

The impact of EVs and the DERs have been included in Alectra Utilities' non-coincident load forecast, provided on Page 180, Exhibit 4, Tab 1, Schedule 1.

c) (i) Alectra Utilities' assumptions for EV adoption and energy consumption were based on the Ontario Climate Change Action Plan 2016-2020, which established a sales target of 5% of new passenger vehicles sold in Ontario to be electric by 2020. Based on population and passenger vehicle sales figures, Alectra Utilities' share of Ontario's EV fleet was estimated to be 25%.

At the time of Alectra Utilities' last non-coincident load forecast which was completed in fall 2018, the most recent publication from the Ontario government for its forecasted adoption of EVs was the Climate Change Action plan. Since then, the Made-in-Ontario Environment plan was released, which featured different assumptions and targets for EV adoption in Ontario. When Alectra Utilities updates its non-coincident load forecast, the assumptions for EV adoption will be updated to reflect the current best information available.

(ii), (iii), (iv) Please see response for (i).

(v) Please refer to Page 36-42 in Appendix A12 – Lines Capacity, Exhibit 4, Tab 1, Schedule 1, for discussion on proposed future investment. For the capital costs in relation to EV charging infrastructure and related activities, it is estimated at \$3.54 MM over the DSP plan period of 2020-2024 and provided in Table 2 below. Since operating expenses are not the subject of the DSP, they are not included in this table.

Table 2 –Capital Costs for 2020-2024

Expenditure	2020	2021	2022	2023	2024	Total
Capital (millions)	0.62	0.64	0.75	0.76	0.77	3.54

(vi) There are several funding vehicles offered by governments to provide support for capital costs related to EV infrastructure. Currently, Alectra Utilities is aware of the following programs offered by the federal government that are relevant to the 2020-2024 period of the DSP, which are described below. These programs are generally offered for specific periods of time, and therefore, they may not persist through the entire duration of the DSP. These programs are also subject to change with changes in government.

1 Zero-Emission Vehicle Infrastructure Program (“ZEVIP”), offered by Natural Resources
2 Canada (NRCan). This program is intended to support the installation of charging
3 infrastructure in communities where Canadians live, work and play. Projects must apply for
4 funding within certain windows established by NRCan.

5
6 The Electric Vehicle Infrastructure Demonstration (“EVID”) program sponsored by NRCan is
7 intended to support demonstrations of next-generation and innovative electric vehicle (“EV”)
8 charging infrastructure that address technical and non-technical barriers to the installation,
9 operation and management of EV charging technologies. This fund is limited to providing
10 project-specific funding and is not an ongoing source of funding.

11
12 Alectra Utilities is also eligible to receive support from the provincial government through the
13 Smart Grid Fund and the IESO’s Grid Innovation Fund. These Funds, which provide
14 financial support for projects that have been approved for funding based on criteria set out
15 for eligibility and areas of focus, may include EV infrastructure. These funds are limited to
16 supporting specific, approved projects and are not an ongoing source of funding.

17
18 Alectra Utilities is not aware of any existing programs that provide ongoing operational
19 support for EVSE, nor is it aware of any current provincial or federal program to support the
20 deployment of other DERs.

DRC-3

Reference

Exhibit 4, Tab 1, Schedule 1 (DSP), Section 5.2.1, p. 21

- a) Please place Alectra's 2017, 2018, and 2019 Annual Sustainability Reports on the record in this proceeding.**
- b) Please place the slide presentation from Alectra Inc.'s June 14, 2019 Annual General Meeting on the record in this proceeding.**

Response:

- 1 a) Please find attached Alectra's 2017 Annual Sustainability Report as DRC-3_Attach_1.
- 2 Please find attached Alectra's 2018 Annual Sustainability Report as DRC-3_Attach_2.
- 3 Alectra does not have a 2019 Annual Sustainability Report.
- 4 b) Please find attached Alectra Inc.'s June 14, 2019 Annual General Meeting related slide
- 5 presentation as DRC-3_Attach_3.
- 6
- 7 Each of the above-referenced documents is publicly available through Alectra's website.
- 8 However, please note that these materials include information relating to Alectra's non-
- 9 regulated business activities, which is not relevant to the Application.

DRC-3

ATTACH 1- 2017 Annual Sustainability Report

Our Sustainability
Journey

Vision & Strategic Intent

We will be Canada's leading electricity distribution and integrated energy solutions provider, creating a future where people, businesses and communities will benefit from energy's full potential.

Mission Statement

We provide customers with smart and simple energy choices, while creating sustainable value for our shareholders, customers, communities and employees.

Our Values



Safety

Promote the importance of health, safety and wellness



Respect

Ensure a successful and rewarding work environment by valuing others and their contributions, while acting with integrity



Customer Focus

Become the customer's ally by creating an exceptional customer service experience



Excellence

Continuously pursue superior performance of our social, environmental and financial commitments



Innovation

Advance the business through the continuous improvement of people, processes and technology

Table of Contents



Introduction

04-05



About Us

06-12



Environmental
Highlights

13-20



Social
Highlights

21-29



Economic
Highlights

30-35



Introduction

This is our first Sustainability Report. It is organized, as many sustainability reports are, with three main sections that highlight our Environmental, Social and Economic accomplishments in 2017.

This report is about the first steps in our sustainability journey, which began when we became a new company in February 2017. Our goal, in time, as our operations and systems merge, is to develop a more detailed report using a standardized reporting format.

In the meantime, we have established a baseline for our greenhouse gas emissions. The results, as well as a reasonable assurance statement from PricewaterhouseCoopers LLP, are included in the Environment section.

This report highlights many of the decisions we made in year one to become a sustainable company – a company that puts the health and safety of our employees and the public first. A company committed to meaningful partnerships with customers and the communities in which we operate. And also, a company that lives up to the promises made prior to the consolidation of the founding utilities, including delivering economic value to our municipal shareholders and technological innovation. Here is a partial list of our sustainability partners last year:



Canadian
Electricity
Association

Association
canadienne
de l'électricité



ClimateWise
Business Network

Message from Board Chair and President & CEO

Alectra Inc. (Alectra) is a brand-new company with a bold, new vision. As we grow, sustainability will be an integral part of who we are, what we do and how we do it.

We define sustainability as a business approach that creates long-term stakeholder value by implementing a business strategy that considers every dimension of how it operates in the ethical, social, environmental, cultural and economic spheres. Sustainable companies also formulate strategies that foster longevity through transparency and proper employee development.

Being a new company has certain advantages: It provides us with a unique opportunity to build sustainability into our core business practices right from the start, rather than reverse engineering it into our operations later on. As the process of harmonizing the operations of Alectra's four legacy utilities continues to unfold, we will seize every opportunity we can to make sustainability part of how we do business.

In 2017, we made a good start at demonstrating our commitment to this goal when we launched a series of advanced energy technology pilots that use battery storage and renewable energy to give consumers more energy and lifestyle choices; when we signed the Leadership Accord on Gender Diversity for the Electricity Industry that will position us to have an even more diverse and inclusive workforce delivering greater innovation in the energy sector; and also when we supported local communities through corporate donations and in-kind contributions valued at over \$900,000.

The first year in our journey was also marked by a new framework called AlectraCARES that is aligned with the Canadian Electricity Association's (CEA) well-established sustainability platform. With clear direction from the Corporate Governance and Nominating Committee of our Board of Directors, we intend to work towards Sustainable Electricity Company™ designation from the CEA, including an environmental management system that conforms with ISO 14001.

Sustainability is important to the residents and business people in the communities we serve. Our customers are looking to us to be an ally in helping them achieve this goal. They care about climate change. They care about their energy consumption. And they care about social and economic issues such as energy affordability, diversity, inclusion and fairness. They are the driving forces behind our sustainability program. As a customer-focused company offering services in a rapidly changing energy sector, our first year in business clearly demonstrated that we're ready to become true partners with our communities, on a shared sustainability journey, now and for years to come.



Norm Loberg
Chair, Board of Directors



Brian Bentz
President & Chief Executive Officer

About Alectra Inc.

Alectra Inc. (Alectra) is a newly-formed electricity distribution and integrated energy solutions company. Operating from our head office in Mississauga, Ontario, we provide solutions and services to nearly one million customers in Ontario's Greater Golden Horseshoe area.

Alectra Utilities Corporation, our distribution subsidiary, delivers approximately 22 percent of Ontario's electricity across 6,642 circuit kilometres of overhead lines and 13,210 circuit kilometres of underground lines. We are, today, the second largest municipally-owned electric utility by customer base in North America, second only to the Los Angeles Department of Water and Power.

Alectra's distribution service territory spans 15 communities including: Alliston, Aurora, Barrie, Beeton, Bradford, Brampton, Hamilton, Markham, Mississauga, Penetanguishene, Richmond Hill, St. Catharines, Thornton, Tottenham and Vaughan.



Key Performance Indicators

\$6.1MM

Net operating synergy savings

99.6%

Billing accuracy

58.8 minutes

SAIDI

2017 Results



Corporate Governance

Alectra Inc. is an Ontario-based investment holding company that owns 100 percent of the common shares of each of: [Alectra Utilities Corporation \(“AUC”\)](#); [Alectra Energy Solutions Inc. \(“AES”\)](#); and Horizon Solar Corporation (“Horizon Solar”). Through its investment in AES, the Corporation also indirectly wholly owns: Alectra Energy Services Inc.; Alectra Power Services Inc.; and Util-Assist. Alectra Inc. was created by: i) the amalgamation of the former entities PowerStream Holdings Inc. (“PowerStream Holdings”), Enersource Holdings Inc. (“Enersource Holdings”), and Horizon Holdings Inc. (“Horizon Holdings”); and ii) the acquisition of Hydro One Brampton Networks Inc., which was subsequently amalgamated with AUC.



Alectra is indirectly owned by six municipal shareholders – the cities of Vaughan, Hamilton, Markham, Barrie and St. Catharines, and Enersource Corporation, which is owned by the City of Mississauga (90%) and BPC Energy Corporation (10%).

Alectra Inc.’s [Board of Directors](#) consists of 13 directors, with a majority of independent directors. There are four committees of the Board:

- Audit, Finance and Risk Management
- Corporate Governance and Nominating Committee
- Integration Committee
- Human Resources and Compensation Committee

Sustainability issues are included as part of the Corporate Governance and Nominating Committee’s mandate.



Alectra Executive Committee (left to right)

John Babilio, Chief Financial Officer, Alectra Inc.

Max Cananzi, President, Alectra Utilities Corporation

Brian Bentz, President and Chief Executive Officer, Alectra Inc.

Dennis Nolan, General Counsel and Corporate Secretary, Alectra Inc.

Paul Tremblay, Strategic Advisor, Alectra Inc.

Alectra Board of Directors

The mandate of the Board is to govern Alectra Inc., by setting its strategic direction and risk tolerances, selecting and overseeing the effectiveness of the CEO, and monitoring the successful performance, culture and ethical integrity of the Corporation.

The Board is accountable to the Shareholders to establish a system of effective corporate governance and to achieve the corporation's mission/vision/purpose.



Norm Loberg
Chair



Gerald
Beasley



Paul
Benson



Maurizio
Bevilacqua



Robert
Cary



Bonnie
Crombie



Giuseppina
D'Agostino



Fred
Eisenberger



Jeff
Lehman



Don
Lowry



Teresa
Moore



Frank
Scarpitti



Annesley
Wallace

Managing our Vision

Alectra is managed by an experienced and forward-looking [executive committee](#). Our vision is to be Canada's leading electricity distribution and integrated energy solutions provider, creating a future where people, businesses, and communities benefit from energy's full potential.

How will we get there? By providing customers with smart and simple energy choices, while at the same time creating sustainable value for our shareholders, customers, communities, and employees.

Quick Facts

Although we're a relatively new company, through our legacy utilities we have over 100 years of history.

Here's a snapshot of our operations in 2017:

987,000*
customers

1,500*
full-time employees

62%
of employees represented by
Power Workers' Union

\$4.5 billion
in total assets

**A (Stable Trend –
DBRS) and A (Stable
Outlook - S&P)**
credit ratings

1,800*
square-kilometre
service territory

113,622
distribution transformers

6,642
kilometres of
conductor lines

13,210
kilometres of
underground cable

167,973
poles and pole structures

19,779
circuit kilometres

12
transformer stations

159
municipal substations

15,230,279
kilowatt-hours delivered

58.8
System Average Interruption
Duration Index (SAIDI) in
minutes

1.26
System Average Interruption
Frequency Index (SAIFI)

\$238MM
capital program

**numbers are approximate*



Sustainability

Sustainability is integral to our Alectra strategic plan. The elements of people, planet and profits are key aspects of our integration, optimization and resiliency strategies, which are central to how we will grow.

Our Sustainability Statement lays the foundation for our strategy going forward. This includes the following:

- Doing business in a sustainable manner is essential to our success.
- We are committed to delivering value to our shareholders while providing customers with safe, reliable and efficient electricity service and innovative energy solutions.
- Our sustainability commitment is set out in AlectraCARES, in which we affirm that we will protect the health, safety, environment and well-being of our customers, employees, contractors and the communities in which we operate.

We intend to base our framework on the model used by the [Canadian Electricity Association's \(CEA\) Sustainable Electricity Program](#). Prior to the consolidation, staff members were directly involved in CEA sustainability committee work, and Horizon Utilities (one of Alectra's former utilities) was the first CEA member to achieve the [Sustainable Electricity Company™ designation](#).

Our goal is to introduce sustainability into our operations in a staged manner, using experienced employees who are subject matter experts in the CEA approach. For 2017, our starting point was to continue implementing elements of initiatives that were already well underway at our legacy utilities. These initiatives, and others, are highlighted throughout this report.

We also spent the year establishing baselines, identifying gaps, and developing processes for collecting sustainability-related data across the new company.

“Doing business in a sustainable manner is essential to our success”



Alectra employees participate in the City of Vaughan's 20 Minute Makeover and picked up litter in the community near the office over their lunch break.

AlectraCARES: Our Sustainability Framework

Our sustainability platform -- AlectraCARES -- reflects the five pillars (see below) and the foundational principles from the CEA's Sustainable Electricity Program. AlectraCARES also includes the metrics that must be reported as part of the CEA's program.

Communities

Engage our stakeholders and actively participate in the social, economic and environmental development of the communities in which we operate.

Alternative energy solutions

Develop innovative energy solutions to produce, deliver and use electricity in an efficient manner while promoting energy conservation programs.

Resource preservation

Manage facilities and operations through a risk-based approach that mitigates greenhouse gas emissions, minimizes both waste of resources and impacts on the environment.

Economic value

Provide economic benefits to shareholders and the communities we serve including enhanced reliability and service, and work with suppliers to maximize economic and environmental value.

Safe and healthy employees

Foster a 'safety first' workplace where fair recruitment, training and talent retention processes are in place that ensure ongoing employee engagement, well-being and diversity.

Stakeholder Relations

We have a strategic outreach and engagement process in place that allows us to meet with key stakeholders, explain our goals, answer questions, address issues, and over time, build strong relationships. Here is a list of industry and community organizations with which we engaged in 2017:

- Canadian Electricity Association
- Ontario Energy Association
- Electricity Distributors Association
- Ontario Energy Network
- Independent Electricity System Operator
- Electrical Safety Authority
- Aurora Chamber of Commerce
- Brampton Board of Trade
- Greater Barrie Chamber of Commerce
- Greater Niagara Chamber of Commerce
- Hamilton Chamber of Commerce
- Markham Board of Trade
- Mississauga Board of Trade
- Richmond Hill Board of Trade
- Stoney Creek Chamber of Commerce
- Ontario Regional Ground Alliance
- Infrastructure Health and Safety Association

In our first year as Alectra, our goal was to establish accessible and helpful sources of information for our shareholders and key stakeholders. A key focus was reaching out to all councillors in our shareholder municipalities and making ourselves available for face-to-face meetings. We held 10 meetings with elected officials, meetings with senior staff at shareholder municipalities and organized/participated in 15 industry events, providing attendees with information about Alectra including: our conservation initiatives, capital investments, system upgrades, construction projects, rate filings, new policy initiatives, updates on billing information, contact information for assistance, and updates on a proposed merger with Guelph Hydro.



In addition to in-person meetings with representatives from our shareholders and key stakeholders, we also developed a quarterly newsletter called **Ally** that delivers news about company-wide initiatives, provides company resources (such as contact information, updates on power outages, billing), as well as governmental and regulatory updates.



Environment







Sustainability and the Environment

Sustainability is an integral part of Alectra's strategic plan. It guides many of the decisions we make about how to operate as a business, how we interact with our customers and also how we engage with, and support, our local communities.

In 2017, we established our Sustainability Commitment and developed the sustainability platform called AlectraCARES that will allow us to communicate our sustainability performance.

We also took our first steps as a new company towards managing our greenhouse gas (GHG) emissions by setting a baseline using 2016 information from our four legacy utilities and having that information assured by a third-party. This baseline provides us with the confidence of knowing that our environmental performance going forward is based on verified numbers.

Greenhouse Gas Emissions

	2016 Baseline (tCO ₂ e)	2017 (tCO ₂ e)
Scope 1 Fleet fuel and natural gas	7417.86*	 7163.03
SF6	1,075.50	 956.00
Scope 2 Electricity	661.44*	 611.50
Total	9,154.80	 8,730.54

*Data received reasonable assurance from [PricewaterhouseCoopers LLP](#).

In 2017, our Scope 1 and Scope 2 GHG emissions decreased by 424.26 tonnes of carbon dioxide equivalents (CO₂e), or **4.6 percent**.

To calculate this result, we established a baseline for GHG emissions for 2016 and compared it to our company-wide GHG emissions for 2017, based on the following criteria:

- GHG emissions were calculated in accordance with the principles and requirements of ISO 14064-1, and the Greenhouse Gas Protocol – A Corporate Accounting and Reporting Standard.
- The calculations took into account nine facilities, comprised of three corporate offices in Mississauga, Vaughan and Hamilton and six service centres in Markham, Brampton, Mississauga, Barrie, St. Catharines and Hamilton. Excluded are substations and transformer stations.
- Sources for fleet fuel: Information provided from supplier invoices and consumption reports including the volumes of diesel and gasoline purchased for the period covering January 1 to December 31, 2016.
- Sources for natural gas and electricity: Information provided from supplier invoices including the direct emissions controlled by Alectra from natural gas and electricity in buildings and other facilities consumed for the period covering January 1 to December 31, 2016.
- Natural gas and electricity emissions were calculated by multiplying these fossil fuel volumes by the Canadian emission factors taken from the National Inventory Report 1990-2015: Greenhouse Gas Sources and Sinks in Canada.

- Fleet emissions were calculated by multiplying these fossil fuel volumes by the Canadian emission factors taken from the National Inventory Report 1990-2010: Greenhouse Gas Sources and Sinks in Canada. The emission factors applied to the fleet are for light-duty gasoline vehicles and light-duty diesel vehicles.
- Total GHG emissions, in tonnes of CO₂e, were calculated by multiplying the mass of each gas (CO₂, CH₄ and N₂O) by its global warming potential (GWP) and adding up the totals. GWPs used are from the Intergovernmental Panel on Climate Change (IPCC) Fifth Assessment Report, 2014 (GWP of CO₂ = 1, GWP of CH₄ = 28 and GWP of N₂O = 265).

SF6 was not assured due to gaps in verifiable documentation available from reporting facilities. A consumption estimate was provided, and the associated GHG emission calculation used the GWP of SF6 = 23,900 from the IPCC Second Assessment Report, 1996. Having identified the gaps, we are working to develop a process that will allow us to more accurately report on SF6 in 2018 and beyond.

Scope 2 emissions do not include line losses.

We attribute our 2017 GHG reduction to efficiencies achieved in facilities where the ISO 50001 energy management system was already in place. Our goal is to implement this standard in all of our facilities in the coming years.

In 2017, our office in Hamilton connected to a [district energy system](#), resulting in a reduction in the amount of natural gas used for heating. We expect our natural gas emissions to decrease further for the 2018 reporting year, once the facility has been connected for a full year.

The reduction in our electricity consumption is due to new LED streetlights installed in the parking lots at our corporate head office in Mississauga in October.

With these data points we have begun to lay a foundation for 2018, which includes setting a target for GHG reduction and developing an action plan to meet our goal.

CDM Highlights and Achievements

The [Ontario Energy Board \(OEB\)](#) requires all licensed distribution companies in Ontario to offer their customers conservation and demand management (CDM) programs to help them consume energy as efficiently as possible. Here are the preliminary results from our 2017 CDM activities (final verified results will be available from the [Independent Electricity System Operator](#)).

We helped our customers save over 190 gigawatt-hours (GWh) of electricity, enough to power 21,000 typical homes for a year, and provided over \$51 million to support their energy saving projects.

Alectra Projects Complete in 2017	Net Persisting Energy Savings (GWh)	Incentives (\$MM)
Non-Residential	118.6	24.5
Residential	71.4	26.8
Total	190.0	51.2



Independent reasonable assurance report in relation to Alectra's 2017 sustainability report

To the Board of Directors and management of Alectra Inc. ("Alectra")

We have been engaged by Alectra to perform an independent reasonable assurance engagement in respect of the selected key performance indicators detailed below ("the selected information") contained in Alectra's 2017 sustainability report ("the Report").

Selected information

Our reasonable assurance engagement was performed on the following selected performance indicators:

<i>Performance indicator</i>	<i>Report page(s)</i>
Scope 1 greenhouse gas emissions – Fleet fuel and natural gas, 2016	14
Scope 2 greenhouse gas emissions – Electricity, 2016	14

Reporting criteria

Alectra has described the relevant criteria used to report the selected information in the "Greenhouse gas emissions" section of the Report. The selected information has been assessed against the definitions and approaches referenced in the above section.

Responsibilities of Alectra management

Alectra is responsible for the preparation and fair presentation of the selected information, incorporated in the Report, in accordance with the relevant criteria. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the selected information that is free from material misstatements, whether due to fraud or error; developing and applying the criteria.

Our responsibility

Our responsibility is to carry out an independent reasonable assurance engagement and to express an opinion on the selected information based on the procedures we have performed and the evidences we have obtained. We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 Revised, *Assurance engagements other than audits or reviews of historical financial information*, and ISAE 3410, *Assurance Engagements on Greenhouse Gas Statements*.

Our independence and quality control

In conducting our assurance engagement, we have met the independence requirements of the *Code of Ethics for Professional Accountants*. We applied International Standard on Quality Control 1 (ISQC 1), *Quality control for firms that perform audits and reviews of financial statements and other assurance and related services engagements*.

Our procedures

A reasonable assurance engagement includes examining, on a test basis, evidence supporting the amounts and disclosures within the selected information. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement in the selected information due to omissions, misrepresentation and errors. Given the circumstances of the engagement, our procedures included but were not limited to:

- obtaining an understanding of the management systems, processes, and controls used to generate, aggregate and report the data;
- testing of relevant documents and records on a sample basis;
- testing and re-calculating quantitative information related to the selected information on a sample basis; and
- reviewing the consistency of the selected information with related disclosures in the Report.

Inherent limitations

Non-financial performance information, such as that included in the selected information within the Report, is subject to more inherent limitations than financial information, given the characteristics of the information and the methods used for determining and calculating such information. Qualitative interpretations of relevance, materiality and the accuracy of data are subject to individual assumptions and judgments. Furthermore, the nature and methods used to determine such information, as well as the evaluation criteria and the precision thereof, may change over time. It is important to read our report in the context of evaluation criteria.

Restriction on use

Our responsibility in performing our reasonable assurance activities is to the management of Alectra only and in accordance with the terms of engagement as agreed with them. We do not, therefore, accept or assume any responsibility for any other purpose or to any other person or organization. Any reliance that any such third party may place on the Report is entirely at its own risk.

Reasonable assurance conclusion

In our opinion, the selected information included in Alectra's 2017 sustainability report presents fairly, in all material respects, in accordance with the relevant criteria.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Professional Accountants

May 8, 2018
Toronto, Ontario

Some of our other 2017 CDM accomplishments include:

- Approving 5,700 [Save on Energy Retrofit](#) applications
- Launching a [15-second ad campaign](#) in **Cineplex cinemas**, achieving 381,000 impressions
- Expanding the [Business Refrigeration Incentives Program](#) to other parts of our service territory
- Holding 53 **community events** and sponsoring seven community teams
- Generating awareness for a campaign that promoted **Deal Days Residential** – an instant rebate program on the purchase of energy-efficient products at participating retailers. Involved 60+ stores, sent emails to 245,000 households and achieved two million impressions in 19 community newspapers.
- Launched [AlectraConservation.com](#).



Save on Energy Deal Days involved more than 60 stores that participated in an instant rebate program for purchasing energy efficient products.

Gearing up Now for Big Changes Ahead

Ontario's energy industry is experiencing [unprecedented change](#). Change is partly being driven by customers' demand for choice: They want more sustainable options from their energy suppliers, and this, in turn, is leading to a more decentralized energy system. Low-cost renewable distributed energy resources and storage, combined with digital intelligence and communication are also helping to reshape the energy landscape.

Customers not only expect that when they flip the wall switch, the lights will come on; but many also want access to technologies that can generate electricity, fuel their electric vehicles, and help manage their home or business' energy management systems.

Alectra is positioning itself to play a leadership role in developing, testing and raising awareness of a broad array of alternative energy technologies. Our vision is to be Canada's leading electricity distribution and integrated energy solutions provider, creating the opportunity for people, businesses and communities to benefit from energy's full potential. To do this, we are already well on our way toward providing customers with smart and simple energy choices.

Here are some of the advanced energy solutions and sustainability projects we initiated in the 2017 reporting year:

POWER.HOUSE

Alectra began testing the [POWER.HOUSE 'virtual power plant'](#) concept in York Region and Simcoe County to see if customers would benefit from bill reduction, increased resiliency to outages and the ability to generate their own renewable power.



POWER.HOUSE uses an aggregate fleet of residential solar and battery storage systems located at customers' homes. The systems are autonomously controlled through intelligent software to simulate a single, larger power generating facility. The technology, which features a combination of rooftop solar panels and a lithium-ion battery installed behind the meter at customers' homes, has three outcomes:

- Helps to protect against power outages
- Off-sets peak-hour electricity rates to provide significant reductions on bills
- Reduces impact during peak system demand, while delivering clean power directly to participating homes.

Alectra completed a feasibility study and, beginning in 2018, will work to scale up the project, with a goal of installing up to 30,000 new units in southern York Region by 2031. Under the right conditions, the POWER.HOUSE project could result in deferred energy infrastructure investments of at least two years, while offering customers lower electricity bills, as well as a credit on their bills when they generate their own energy and send the surplus electricity back to the grid.

Offering Customers Flexibility on Pricing

In late 2017, Alectra (and four other Ontario utilities) received approval from the OEB to test new pricing models designed to give residential customers more choice in selecting a pricing plan that would better suit their lifestyles. The OEB is the provincial regulator with authority and responsibility for setting electricity prices.

The new Advantage Power Pricing (APP) offers customers three rate plan options. The Dynamic Plan includes a low price of 4.9 cents/kWh of electricity for off-peak periods and a variable price during the on-peak period (weekdays, 3 p.m.- 9 p.m.), while equipping them with the tools required to better manage their energy use.

The Enhanced Plan offers 12 off-peak hours a day in the same schedule as the existing time-of-use model, but with a greater differential between on - and off-peak rates. The Overnight Plan offers a super off-peak rate of 2 cents/kWh in addition to six off-peak hours.

Since the start of the trial period in September, over 6,500 customers were registered in the Enhanced Plan, 2,000 in the Dynamic Plan and 200 in the Overnight Plan. Alectra will factor the data collected during the trial (which ends in March 2019) into future customer service, regulatory and energy services strategies.

Enabling Change in the EV Sector

Alectra and the City of Markham unveiled [Alectra Drive for the Workplace](#), a two-year pilot program at the Markham Civic Centre that will assess the impact on Ontario's electricity grid of daytime electric vehicle (EV) charging at workplaces.

This first-of-its-kind initiative involves 16 Level 2 EV charging stations (ten outdoor and six indoor) for program participants only, plus one Level 2 charging station for general public use.

By making EV charging stations more accessible for host businesses, the program will help reduce battery range anxiety for participating drivers and support the province's goal of increasing EV sales to five percent of all new passenger vehicles sold by 2020.

alectradrive»
workplace

E-waste

In 2017, we recycled 2,850 kilograms of electronic waste (E-waste) such as computers and televisions that employees brought in from their homes. There are “cages” for these materials at most Alectra operations centres and temporary cages at our corporate offices in Vaughan and Mississauga. E-waste is sent from our locations to Global Electric Electronic Processing (GEEP) in Barrie, which sorts through the waste, extracting material that is recyclable.

Textile Recycling

Alectra employees donated over 1,800 kilograms of used clothing to the Kidney Foundation of Canada, as part of a new textile recycling program. After being sorted, the clothing is either recycled as textiles (so it doesn't end up in landfills), or resold to Value Village, a thrift store chain with locations throughout Canada and the United States.



Alectra employee uses E-waste cage.

NetZero Energy Emissions Communities

Alectra's Advanced Planning team developed the proof of concept, and applied for provincial and federal funding, for a NetZero Energy Emissions Communities pilot in the City of Markham.

The initiative supports the objectives articulated in Ontario's Climate Change Action Plan (CCAP) and



Alectra employees pitch in to help recycle used clothing as part of a textile recycling program in support of the Kidney Foundation of Canada.

the Pan-Canadian Framework on Clean Growth and Climate Change. It will offer recommendations that will ensure optimal integration of land use, electrical energy, thermal energy and transportation planning in eventual NetZero Energy Emissions Communities.

Starting with two residential customers in the City of Markham, Alectra and partners Enbridge Gas Distribution Ltd., Ryerson University and the City of Markham, are studying how advanced technologies including solar panels, battery storage, electric vehicles, micro-combined heat and power and air source heat pumps work together in existing houses to reduce GHG emissions. The partners will also study these same integrated technologies in a new home build.

The project's ultimate goals are: to understand the barriers that might affect widespread consumer adoption of these technologies, including the economic gap; and to collect data that can inform the urban planning and development processes in growing urban communities.

Sustainability Leadership

Representatives from the Alectra team were invited to speak at several important industry conferences about our work in the area of advanced energy solutions including energy storage, residential, commercial and community microgrids, as well as electric vehicles.

As members of the Natural Sciences and Engineering Research Council (NSERC) Energy Storage Technology Network, which brings together researchers from 15 Canadian universities working on 24 projects, we shared our thought leadership at these industry events:

- Distributech
- Sarnia-Lambton Energy Symposium 2017
- Energy Storage North America 2017
- Energy Innovations Forum 2017
- Bloomberg New Energy Finance Summit
- Austria-Smart Energy Systems Week
- Ontario Energy Association
- Electricity Distributors Association
- Canadian Electricity Association
- Generation Energy Forum and Minister's NRCAN Roundtable
- QUEST Conference
- Technology Innovation and Policy Forum, WISE
- 2017 Canadian Utilities and Critical Infrastructure Conference



Alectra received the Novinium Environmental Stewardship Award -- the only Ontario-based utility and one of ten in North America to be recognized for rejuvenating existing electrical cable in place. Recycling cable in this way eliminates waste and mitigates the release of CO₂ that would otherwise be released into the environment.



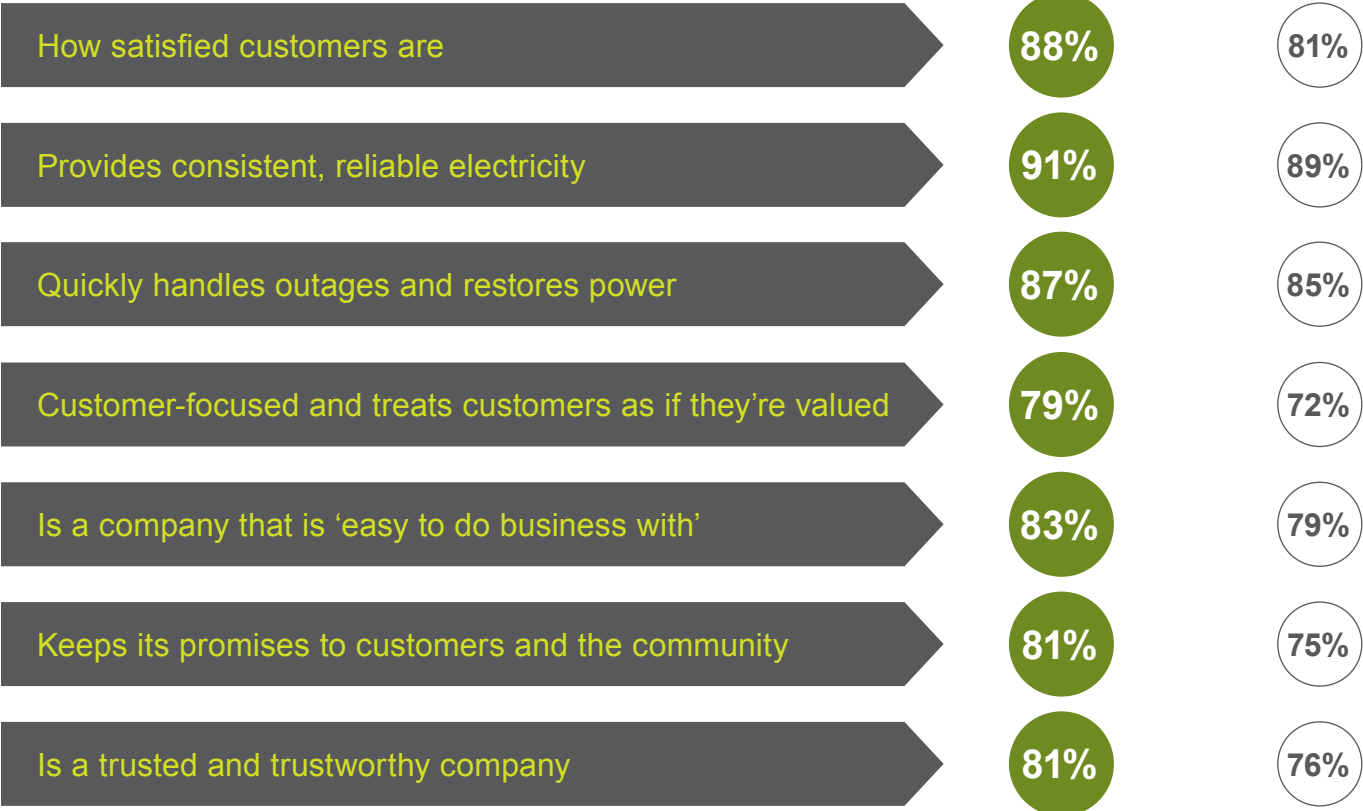
Social



Sustainability and Social Responsibility

Alectra has a unique and highly diverse customer base. As a customer-focused utility, our goal is to make customer service a daily priority by answering customers’ questions promptly, dealing with their issues courteously and helping them to understand their electricity choices.

Customer Care Metrics



**Research conducted in October 2017 by Simul Corporation*

“88% satisfied customers”



Energy Affordability

Energy affordability is an important issue for many of our customers. Here are some of the ways in which we worked as an ally to help our customers manage their electricity costs:

- Introduced a new **Alectra Utilities Credit Policy** that waives security deposits for all residential customers. All security deposits were returned to customers in February and March.
- Implemented, within the prescribed timeline, Ontario's Fair Hydro Plan (which reduced a typical residential customer bill by 25 percent) for all Alectra Utilities customers. We delivered a comprehensive training program for our staff to ensure they could address customers' questions about the Fair Hydro Plan and also delivered a bill insert with frequently asked questions.
- Exceeded the regulatory requirement to advise customers in writing when their **Ontario Electricity Support Program (OESP)** contract was up for renewal. To help ensure a seamless transition to a new contract, we sent out email reminders to OESP customers and a bill insert to all customers reminding them about the program, its criteria, and the contract terminations.
- Ensured that our customers were aware of the **Low-income Energy Assistance Program (LEAP)** funding opportunities, connecting them to local community agents who helped them with the qualification process and with information about other social services. We also worked with our social agency partners to proactively communicate and connect customers to the program.
- Ensured our customers understood that flexible payment terms and the **Arrears Management Program** are available to help them avoid service disconnections and make their account current via a monthly arrears payment plan. We also worked with customers to make flexible, negotiated payment arrangements for arrears.



We received the CS Week 2017 Expanding Excellence Award for best implementation of a Customer Information System.

Customer Information System Integration

Alectra's Customer Information System (CIS) integration project is a trail-blazer – the first project of such magnitude in North America.

Our new CIS is an industry-leading Oracle-based hub system that puts customers and the customer experience at the centre of our most important business operations. When activated, it will allow us to issue over 12 million invoices annually, support the online customer self-service portal, drive the online outage management system and link to over 40 external interfaces, including banks and the provincial repository for smart meter data that is managed by Ontario's Independent Electricity System Operator. It is also scalable, to allow for even more functionality down the road, such as secure customer access to individual account analytics.

In 2017, multiple teams working in parallel completed the foundational work required to harmonize the CIS systems of our legacy utilities – two of which were already on the Oracle platform. Our central priorities were planning and technology building, to prepare for a multi-phase implementation that will be completed in 2018.

Thinking like a Customer

Providing up-to-the-minute information to help our customers make informed energy choices is a central part of the work done every day by our Customer Care team. In 2017, we organized ten customer workshops to explain how the expanded Industrial Conservation Initiative (ICI) can help large commercial customers manage their Global Adjustment (GA) costs by reducing their electricity demand during peak periods. As a result of our outreach, over 300 eligible business customers participated in this demand response program.

We also expanded the number of communication channels available to tell customers about power outages. Alectra provides customers with 24/7 access to report and receive timely and accurate information related to outages in their areas using telephone and social media channels. These services are available to all Alectra customers, in addition to web-based real-time outage maps.

Customer Communications

By mid-year we launched a multi-channel customer information campaign to tell our customers about the consolidation and to introduce them to the Alectra brand.

Post-campaign research showed the online campaign achieved over 33 million impressions and that by the end of the campaign, online users searched for the Alectra name more than for the name of their former utility. Follow-up research later in the year showed that 48 percent of our customers prefer receiving information from us through bill inserts.

Staying in touch with our customers on a regular basis, listening to their issues and responding to them promptly and courteously, will be the hallmarks of our business going forward. They were an integral part of the relationship-building we did in our first year in business.



Safe and Healthy Employees

Safety is one of our core values. Ensuring our employees return home from work safely every day is part of our commitment to them, their families and our community.

As soon as the consolidation was announced, one of the first orders of business was to begin harmonizing the health & safety and environmental programs across all of Alectra's legacy companies, in compliance with federal and provincial regulations. As part of this process, Alectra developed a new Health & Safety Policy, as well as a new Environmental Policy.

The new safety standard for Alectra is the ISO 45001 standard. Going forward, this is the measure against which Alectra's safety performance will be measured. ISO 45001 takes the excellent rating that each of the legacy utilities had previously and raises it to the next level of excellence. Our goal is to be ISO 45001 certified by 2020.






Safety is a number one priority at Alectra and our employees undergo rigorous training such as learning rescue techniques to remove injured workers from a pole when necessary.

Harmonization of Health Safety Wellness & Environment Database

Alectra implemented software for a cloud-based database called INTELEX to store information related to employee health and safety training, as well as for all incidents. INTELEX monitors trends and is used to follow up on accidents and incidents, report issues to management, and for scheduling follow-up training that our employees need to complete to remain in compliance with their licences and certificates. The single platform (three of the four legacy utilities used it prior to the consolidation) is scalable, and importantly, allows us to reduce the number of paper reports produced and lessen our environmental footprint.

Employee Health & Safety

To ensure employee health and safety remain top-of-mind for all employees, we initiated the following programs:

Back 2 Basics program		This program (established by Horizon Utilities, one of our former utilities) was rolled out to Alectra in 2017. An ongoing program of continuous improvement, Back 2 Basics is an opportunity for employees to refresh their knowledge of best practices as well as the basic rules of electrical safety.
Wellness programs		Nine full-day clinics offering basic health screening assessments (blood pressure, cholesterol, glucose, etc.) were offered to all Alectra employees as a way of helping them manage their health proactively. We also held nine wellness workshops on stress management and distributed monthly wellness newsletters.
Healthy living calendar		All employees received a calendar for daily personal or business use, filled with healthy living tips, guidance and tools.

Employee Engagement and Satisfaction

Despite the many changes they are experiencing because of the consolidation, employees say that for the most part they are proud to work for Alectra. Here are some of the results from a 2017 employee survey:

92%	Strong emphasis on health and safety	80%	Have trust and confidence in their supervisor
89%	Proud to work for Alectra	80%	Is being led effectively by the Executive Committee
75%	Better than other companies for quality of leadership, respectful workplace and commitment to community		

Diversity

Diversity, and other employee-related health and safety issues, fall within the mandate of the Board's Human Resources and Compensation Committee, with senior management responsible for developing and operationalizing our gender diversity strategy.

In February, Alectra signed the [Leadership Accord on Gender Diversity for the Electricity Industry](#) – an initiative spearheaded by Electricity Human Resources Canada (EHRC). The Accord represents a public commitment by employers, educators, unions and governments to promote the values of diversity and inclusion within their organizations, particularly in the skills trades and non-traditional positions.

In 2017, we completed an assessment of our recruitment, retention and governance practices, as identified in the Accord, and attained the 'Achievement' or intermediate-level status. Our goal is to achieve 'Excellence' status within two years.

Work on a new diversity strategy is underway. Our goal is for Alectra's corporate culture to demonstrate greater awareness of women's issues and to develop hiring and orientation practices and processes that support greater diversity.



We believe in equipping the next generation of female thinkers and doers by supporting leadership, expertise, advocacy and innovation initiatives in Science, Technology, Engineering and Math (STEM) education for girls.

Community

Despite the relentless pace of change in the energy sector, and the internal changes that resulted from the consolidation of our business processes last year, we maintained our focus on the importance of giving back to the customers and communities we serve. Building relationships and being partners with our communities is a critical goal in our sustainability journey.



United Way: All for one, one for all

Alectra's 2017 contribution to United Way was over \$385,000. Our employees donated over \$85,000 to United Way through payroll deduction and fundraisers. An additional \$300,000 raised through a charity golf tournament went to Peel United Way, Toronto York Region United Way, Halton Hamilton United Way, St. Catharines and District United Way and Simcoe-Muskoka United Way.



Coming to the table in support of Mississauga Food Bank

For over ten years, Enersource (one of Alectra's founding utilities) supported neighbours in need through donations to the Mississauga Food Bank. In 2017, that tradition continued with a gift of \$90,000 from Alectra. Employees also helped pack 'Santa Boxes' with fresh food for local families in need just in time for the holiday season.



A place called home

With a little elbow grease and lots of enthusiasm, 20 Alectra employees helped build three new Habitat for Humanity homes for local families in Hamilton and one in Welland.



On the move for cancer research

A team of 41 Alectra employees cycled for two days in the annual Enbridge® Ride to Conquer Cancer®, travelling more than 220 kilometres between Toronto and Niagara Falls. Together, the Alectra team contributed over \$126,000 to the \$20.5 million total that 5,000 riders raised in support of Princess Margaret Cancer Centre. Their donation is in support of personalized cancer medicine research – an integrated approach to cancer care that focuses on the unique nature of each patient.

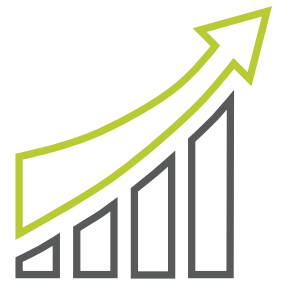


Going the distance for North American disaster relief

Alectra crews travelled to the United States on two occasions to assist with local recovery efforts following severe weather in New York and Georgia, and to assist on-site crews with pre-preparedness plans on Long Island in advance of Hurricane Jose.

Alectra Utilities is a member of the North American Mutual Assistance Group (NAMAG), which encompasses all of the United States northeast, as well as Canadian utilities in Ontario, Quebec, New Brunswick and Nova Scotia. NAMAG is one of seven regional electricity mutual assistance groups that operate in North America.

Economic



Sustainability and Economic Responsibility

In its ruling on the consolidation of the legacy utilities that ultimately joined together to become Alectra, the OEB stated that "...customers will likely benefit in the long term from the enduring benefits of scale enhancements of service delivery arising from this transaction." We have taken these words to heart, and moving forward, will continue to make the long-term investments required to become true allies with our customers and our communities.

Capital Investments

In 2017, we made capital investments totaling \$238 million to enhance and expand the reliability of our distribution system, as well as to support operations.

Sustainable Cities

Through our subsidiary Alectra Power Services, we installed approximately 11,000 new light emitting diode (LED) streetlights in St. Catharines to replace 14,000 high-pressure sodium streetlights, as part of a multi-year contract. We also removed approximately 6,500 decorative style high-pressure sodium lights in the Town of Oakville, replacing them with LED luminaires. The project resulted in an approximately 50 percent reduction in streetlight energy usage, and related electricity costs, for these communities.

To help reduce fuel-related GHG emissions, we also installed two Level 3 electric vehicle (EV) chargers for the Greater Toronto Airports Authority (GTAA) at Pearson Airport. The chargers are open to the public and are located at the GTAA administrative building and at the cell phone arrivals pick-up lot.



A new transformer station in Vaughan provides more capacity and greater reliability to an area of the municipality experiencing tremendous growth



Through our non-regulated subsidiary, Alectra Power Services Inc., we were awarded several significant contracts in 2017, including streetlight upgrades in St. Catharines and Oakville.

Economic Value

In 2017, we continued our amalgamation discussions with Guelph Hydro – a licensed electricity distributor with approximately 55,000 customers across its 93 square-kilometre service territory, serving the City of Guelph and the Village of Rockwood. We will submit our application to the OEB in early 2018. It will highlight the following key benefits for customers:

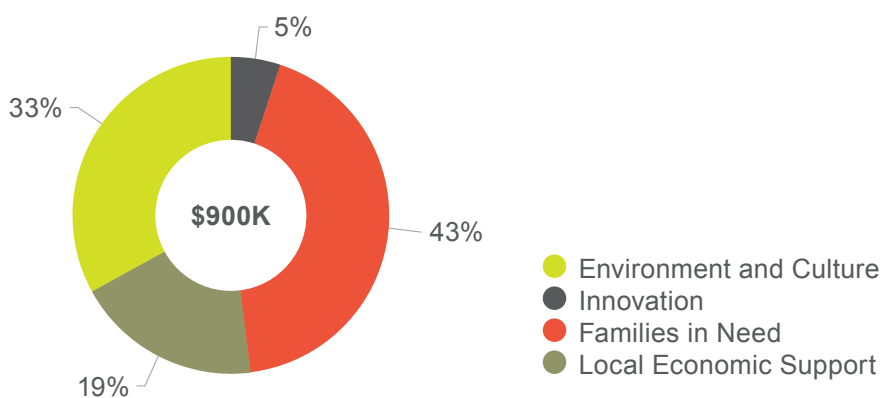
- Additional sustained synergies from the Alectra-Guelph Hydro transaction; including lower distribution rates versus the status quo.
- Promotion of electricity conservation and demand management.
- Implementation of a smart grid and encourage innovation in Ontario.
- Promote the use and generation of electricity from renewable sources. Reinforce the distribution systems throughout our service territory to accommodate the connection of renewable energy.

Our mission and commitments will not change as a result of this proposed consolidation. We will continue to:

- Enhance service delivery to customers
- Enhance internal operational cost efficiencies and asset utilization
- Increase shareholder value through growth and productivity improvements
- Develop and maintain highly skilled and motivated employees.

Charitable Contributions

Our AlectraCARES sustainability framework commits us to being active participants in the social, economic and environmental development of the communities in which we operate. In 2017, we made charitable contributions of over \$900,000 to 100 projects in Alectra communities.



Economic Summary

With 987,000 customers, a strong credit rating and a return on equity in 2017 of 8.9 percent, Alectra is well positioned for future growth.

Summarized Financial Information 2017

Description of Business

Alectra Inc. is an Ontario-based investment holding company that owns 100% of the common shares of each of: Alectra Utilities Corporation (“AUC”); Alectra Energy Solutions Inc. (“AES”); and Horizon Solar Corporation (“Horizon Solar”). Through its investment in AES, the Corporation also indirectly wholly owns: Alectra Energy Services Inc.; Alectra Power Services Inc.; and Util-Assist. Alectra Inc. was created by: i) the amalgamation of the former entities PowerStream Holdings Inc. (“PowerStream Holdings”), Enersource Holdings Inc. (“Enersource Holdings”), and Horizon Holdings Inc. (“Horizon Holdings”); and ii) the acquisition of Hydro One Brampton Networks Inc., which was subsequently amalgamated with AUC.

AUC is principally a regulated electricity distribution company under a license issued by the Ontario Energy Board (“OEB”) and also operates a commercial rooftop solar generation business. AES and its subsidiaries provide customers with energy solutions through the use of innovative technologies, including wholesale metering and sub-metering, street lighting services, consulting, and outage management.

The financial information, unless otherwise stated, has been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and in effect at December 31, 2017 for the 11 months ended December 31, 2017. All dollar amounts in the tables are in millions of Canadian dollars, which are presented in whole numbers.

Selected Consolidated Financial Information¹

(C\$MM)	2017
OPERATIONS	
Revenue	
Electricity sales	2,591
Electricity distribution	458
Other	
Regulated	37
Non-regulated	39
	3,125
Expenses	
Cost of power	2,567
Operating expenses	271
Depreciation and amortization	124
Loss on derecognition of property, plant and equipment	6
	2,968
Income before financial expenses and taxes	157
Net finance costs	53
Taxes	30
Net income	74

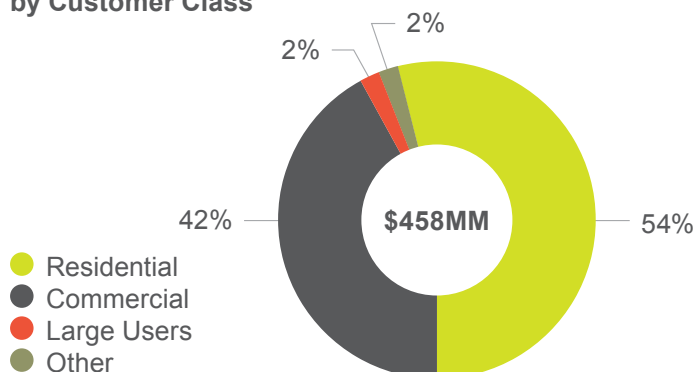
¹The consolidated financial information is derived from the audited consolidated financial statements of Alectra Inc.

Selected Consolidated Financial Information (cont'd)

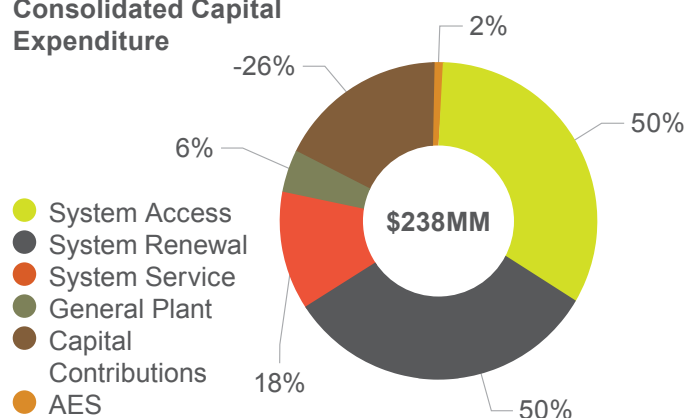
(C\$MM)	2017
BALANCE SHEET SUMMARY	
Total assets	4,481
Loans and borrowings (includes short term debt)	1,869
Total shareholder's equity	1,648
Property, plant and equipment and intangible assets	3,051
CASH FLOW SUMMARY	
Cash at beginning of period	155
Net cash from operating activities	483
Net cash from financing activities	349
Net cash used in investing activities	(865)
Cash at end of period	122
OTHER FINANCIAL STATISTICS	
Net income (before net movements in regulatory balances) ²	83
Adjusted funds from operations	277
Adjusted EBITDA (before net movements in regulatory balances) ²	294

²These balances are calculated based on Modified IFRS as determined by the OEB which includes certain other regulatory balances not recognized for financial statement purposes under IFRS.

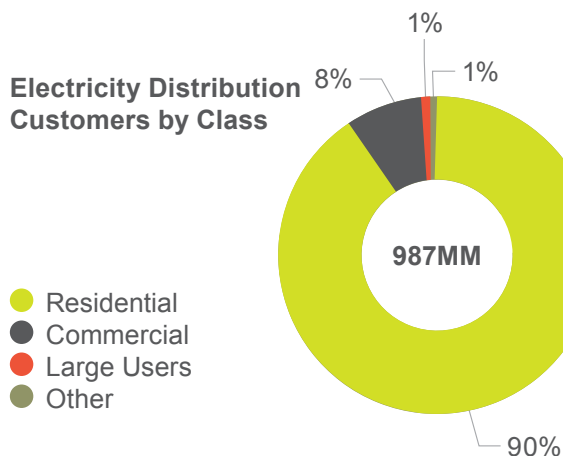
Electricity Distribution Revenue by Customer Class



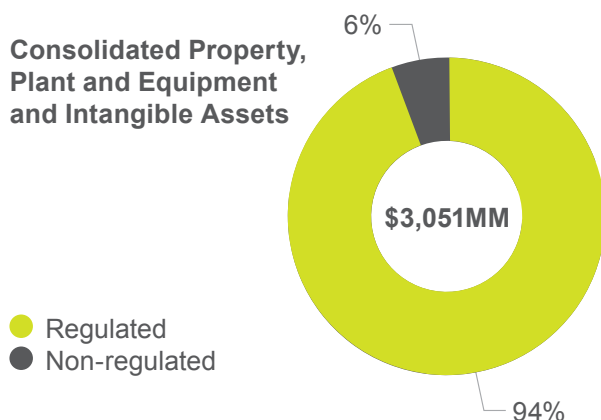
Consolidated Capital Expenditure



Electricity Distribution Customers by Class



Consolidated Property, Plant and Equipment and Intangible Assets



Regulated Electricity Distribution Statistics

Customers	Over 987,000 residential and commercial customers located in the Ontario Greater Golden Horseshoe area.
Assets	6,642 km of overhead conductor lines and approximately 159 distribution stations.
2017 Approved Rate Base ³	\$2,618MM
Approved ROE (2017) ³	8.90%

System access expenditures comprise projects required to meet customer service obligations in accordance with the Distribution System Code of the OEB and corporate Conditions of Service. Projects in this category include: connecting new customers; building new subdivisions; and relocating system plant for roadway reconstruction work.

System renewal expenditures comprise long-term plans to replace assets that are at the end, or nearing the end, of their useful lives. Replacement strategies are prioritized based on both age and condition of assets, as well as the impact on system reliability.

System service expenditures comprise projects required to support the expansion, operation and reliability of the distribution system.

General plant expenditures comprise modifications, replacements or additions to assets that are not part of the distribution system, including: land and buildings; tools and equipment; rolling stock; and electronics devices and software used to support day-to-day business and operations activities.

Capital contributions comprise contributions received in relation to services or property received from electricity customers to construct or acquire property, plant and equipment for the purpose of connecting a customer to a network.

AES capital expenditures are principally attributable to the purchase of sub-metering assets.

Credit Rating

	DBRS		Standard & Poor's	
	Credit Rating	Trend	Credit Rating	Outlook
Issuer rating	A	Stable	A	Stable
Senior unsecured debentures	A	Stable	A	Stable

On January 11, 2018, DBRS Limited confirmed the credit rating on the Corporation as “A” with a stable trend.

On January 24, 2018, S&P Global confirmed the credit rating on the Corporation as “A” with a stable outlook.

³The 2017 Approved Rate Base and Approved ROE values are based on the most recent rate decisions of the OEB on the applications of AUC.



2017 Annual Sustainability Report

Alectra's family of energy companies distributes electricity to nearly one million customers in Ontario's Greater Golden Horseshoe Area and provides innovative energy solutions to these and thousands more across Ontario.

alectrautilities.com | alectrasolutions.com



facebook.com/alectranews



twitter.com/alectranews



instagram.com/alectranews



youtube.com/alectranews



linkedin.com/company/alectra

DRC-3

ATTACH 2- 2018 Annual Sustainability Report

SUSTAINABLE POWER

Discovering the possibilities





Sustainable power balances social responsibility and environmental accountability with economic efficiency – People, Planet and Performance. It is power that embraces innovation to improve our quality of life by providing safe and reliable energy solutions that help deliver value to our homes, workplaces and communities.

Alectra is committed to helping customers and the communities we serve discover the possibilities of a new energy future for our people and our planet through our sustainable performance.

This is Alectra's second Annual Sustainability Report which highlights our achievements in 2018.





Alectra's Vision, Mission and Values

Our Vision

To be Canada's leading electricity distribution and integrated energy solutions provider, creating a future where people, businesses and communities will benefit from energy's full potential.

Our Mission

To provide customers with smart and simple energy choices, while creating sustainable value for our shareholders, customers, communities and employees.

Our Values

Our core values are safety, respect, customer focus, excellence and innovation.

2	Corporate Profile
4	Message to Stakeholders
6	Corporate Governance
8	Sustainability at Alectra
10	Stakeholder Engagement
12	Sustainability Leadership
14	People
22	Planet
30	Performance

About Alectra

Alectra Inc. (Alectra) is an investment holding company with a head office in Mississauga, Ontario, that owns 100 per cent of the common shares of each of: Alectra Utilities Corporation (Alectra Utilities), Alectra Energy Solutions Inc. and Horizon Solar Corporation. Through its investment in Alectra Energy Solutions Inc., Alectra also indirectly wholly owns: Alectra Energy Services Inc.; Alectra Power Services Inc.; and Util-Assist Inc.

Alectra Utilities Corporation, a regulated electricity distribution company licensed by the Ontario Energy Board, is Canada's largest municipally-owned electric utility by customer base. With nearly one million

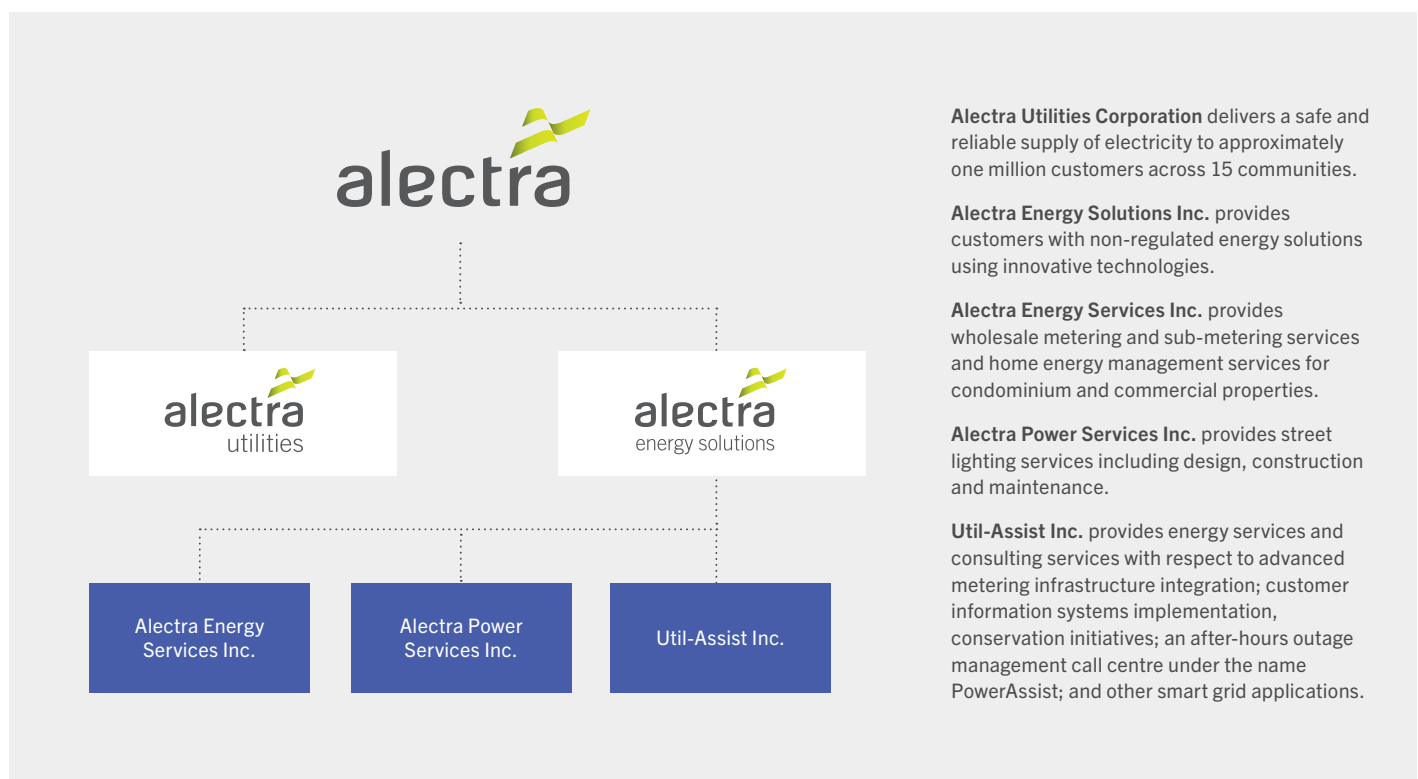
customers, we deliver approximately 22 per cent of Ontario's electricity. In addition to our electricity distribution business, Alectra Utilities Corporation has a non-regulated commercial rooftop solar generation business, under which we operate solar photovoltaic (PV) equipment.

Alectra's distribution service territory spans more than 1,800 square kilometres including the communities of Alliston, Aurora, Barrie, Beeton, Bradford West Gwillimbury, Brampton, Hamilton, Markham, Mississauga, Penetanguishene, Richmond Hill, St. Catharines, Thornton, Tottenham and Vaughan.

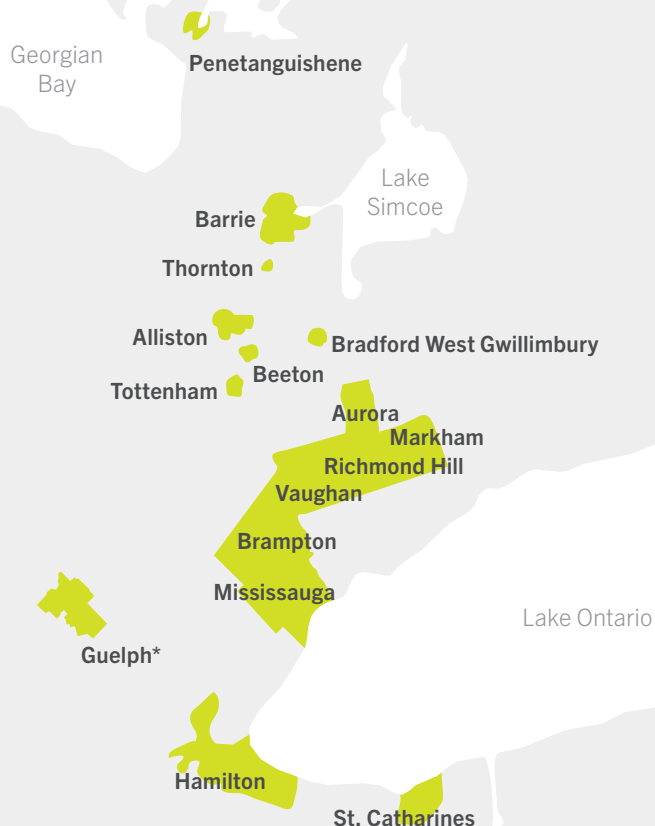


 Alectra's \$4.7 billion in assets is maintained by over 1,500 employees

Alectra corporate structure



Alectra service territories



*Guelph Hydro Electric Systems Inc. merged with Alectra effective January 1, 2019

“

We invite our customers to join us in exploring the sustainable energy choices that will improve their homes, workplaces and communities.”

Brian Bentz
President and Chief Executive Officer,
Alectra Inc.

Fast Facts

Although we're a relatively new company, through our legacy utilities we have over 100 years of history.



991,103
Customers

1,827 km²
Service Territory

19,897 km
Circuit Overhead
and Underground

39,705 km
Conductor Lines

25,421,910
Delivery (MWh)

1,510
Employees

1.08
System Average
Interruption Duration
Index (SAIDI)¹

1.37
System Average
Interruption Frequency
Index (SAIFI)¹

\$4.7 billion
Total Assets

113,675
Distribution Transformers

123,737
Poles and Pole Structures

13
Transformer Stations

155
Municipal Substations

60%
Employees
Represented by the
Power Workers Union

A
Credit Ratings

\$283 million
Capital Expenditures

1. Adjusted for loss of supply and major event days.

More than two years after the amalgamation of four energy companies to create Alectra Inc., Alectra's leaders, Norm Loberg, Chair of the Alectra Board of Directors, and Brian Bentz, President and Chief Executive Officer of Alectra, talk about the impact of the merger, plans to transform the business, as well as the company's determination to improve the customer experience by providing simple, sustainable and powerful energy solutions.



Brian Bentz
President and Chief
Executive Officer

Norm Loberg
Chair of the Board of Directors

Q Why have you chosen “Sustainable Power, Discovering the Possibilities.” as your theme this year? How does Alectra bring this to life?

A Brian Bentz: *Sustainable power* captures everything we're trying to achieve. Alectra is doing more than just distributing electricity. We're all about exploring new sources and options for uses of energy that are cleaner, more efficient and more cost effective.

Discovering the possibilities speaks to the transformation happening within our sector and within our business. We believe in the promise of what the energy grid of the future can deliver. We see a more digitized, decentralized and decarbonized grid, and we want to lead that change.

Looking forward, our long-term goal is to grow as a leader in the world of technological change, building on our brand promise and serving as an ally for our customers, helping them discover the possibilities of sustainable energy solutions.

A Norm Loberg: Sustainability is embedded in our culture and in how each Alectra employee carries out his or her responsibilities. Sustainability reporting itself generates a tremendous amount of value because it forces companies to look at themselves in a holistic manner and requires longer-term thinking. It balances the outlook of our shareholders with that of our stakeholders, focusing on what is best for the future of our company.

Q The company was only formed two years ago, but Alectra has already realized many of the benefits anticipated from the consolidation. What is the reason for your success?

A Bentz: Looking back, the goal of bringing four organizations together to form one utility and setting a target of achieving synergies in a very short timeframe was certainly an ambitious undertaking. I was confident that our employees had the knowledge, the skills and the adaptability to rise to the challenge, and I am so very proud to report that we are achieving planned merger synergies and savings, thanks to our employees – the reason for our success.

Through all the challenges associated with the merger, our employees have continued to focus on what's important – safety, serving our customers and keeping the lights on. Behind the scenes, teams of employees have been working together to bring our systems and processes together. Throughout this period, our employees have been very open minded, enabling people from across our organization to have a voice in how new systems were developed and focusing on implementing best practices. I believe this approach of tapping into the diverse skills and knowledge of our employees has made us stronger.

Q How would you characterize the company's performance in 2018? Did you achieve your targets?

A Bentz: It was an outstanding year overall. Our net income was 32 per cent above target and we exceeded a number of our operational targets. For example, our customer service benchmarks exceeded our expectations for billing accuracy and call-answer response time. This was particularly impressive given that we were in the midst of a massive switchover of 750,000 customers to a new billing system, and replacing four legacy systems with a new platform.

In 2018, we also reported a 5.11 per cent decrease in carbon emissions when compared to our 2016 baseline, which is trending in the right direction.

Unfortunately, severe weather had a negative impact on reliability. We experienced several major weather event days, such as ice storms and high winds, which can damage equipment and disrupt the supply of electricity to homes and businesses. Despite these events, we continued to maintain high levels of service reliability.

On the safety front, there was an increase in lost-time incidents. Fortunately, none of which were “critical” in nature. On a positive note, there were fewer first aids and motor vehicle incidents, which is an important area of focus considering we have 750 Alectra vehicles on the roads every day.

Q Alectra is in a unique situation given that your owners are the municipalities you serve. How do your shareholders influence your culture and your priorities?

A Loberg: We have a collaborative relationship with our municipal stakeholders characterized by frequent communication and meaningful dialogue to understand the growth, economic prosperity and sustainable energy goals of the communities we serve.

Representatives from many of our shareholder municipalities sit on our Board of Directors and have the opportunity to influence culture and the company's business strategy. A good example is the fact that our Board of Directors has identified diversity and inclusion as a priority for the business. In 2018, female decision-makers make up over 30 per cent of all of Alectra's main governance bodies. We are proud of our track record of promoting gender diversity; however, we want to make further progress on the diversity and inclusiveness of our workforce.

Q Are there any major risks on the horizon for your business or your sector?

A Loberg: Regulatory uncertainty and disruption of the utilities sector are key risks being experienced by the energy industry. We are working closely with our regulator and are taking steps to transform from a traditional “poles and wires” company to an integrated, innovative, energy solutions provider offering planning services as well as assistance in implementing on- and off-grid energy services and solutions.

Q What are your immediate and longer-term plans to grow the business?

A Bentz: In 2019 and beyond, our goal is to deliver better, more efficient service in a more productive way. We want to raise the bar on how we interact with customers, and how we plan and design future energy systems to anticipate their needs and improve the customer experience.

Consumers clearly want more predictability in the pricing, reliability and sustainability of their energy supply. They want more choices, so we are working to provide simple, affordable and predictable energy solutions. The same holds true for our industrial and commercial customers. It is a global economy and they need to be as sustainable and competitive as other companies anywhere else in the world.

Q What is ahead for Alectra in 2019?

A Bentz: We have successfully completed a number of very large integration projects and, with that work behind us, I want to ensure we are not only optimizing our business performance, but also our workforce performance. By that I mean striving for a better work-life balance. Over the last two years, our employees have gone above and beyond what we asked of them, and a healthy workforce is vital to the future success of our business.

A Loberg: We must never be satisfied with the status quo. We must continue to grow our business and expand our horizons. In 2019, we will focus on continually improving our performance. We just want to keep getting better and better at what we do. We are ready to help our customers navigate the new potential of energy services and solutions, and we are well positioned to meet the future needs of the communities we serve.



Norm Loberg
Chair of the Board of Directors



Brian Bentz
President and Chief Executive Officer

Matters of the Board

Strong corporate governance is fundamental to Alectra's long-term success as a profitable organization dedicated to providing safe, reliable and innovative energy solutions across the Greater Golden Horseshoe area.

Alectra's governance practices are designed to ensure that all aspects of our business are conducted with integrity and transparency to improve the company's performance and enhance shareholder value.

Through its holding companies, Alectra is owned by six municipal shareholders – the cities of Barrie, Hamilton, Markham, Mississauga, St. Catharines and Vaughan – and BPC Energy Corporation, which is part of the Ontario Municipal Employees Retirement System (OMERS).

ALECTRA EXECUTIVE COMMITTEE

Alectra is managed by an experienced and forward-looking Executive Committee, which is ultimately responsible for Alectra's strategic development and stewardship and serves as its executive decision-making body for key facets of day-to-day operations.



Brian Bentz
President and Chief Executive Officer, Alectra Inc.



Max Cananzi
President, Alectra Utilities Corporation



John Basilio
Executive Vice President and Chief Financial Officer, Alectra Inc.



Barb Gray
Senior Vice President, People and Safety, Alectra Utilities Corporation¹



John Matovich
Executive Vice President, Energy Solutions and Services, Alectra Inc.



Dennis Nolan
General Counsel and Corporate Secretary, Alectra Inc.

1. Effective January 1, 2019

BOARD OF DIRECTORS

Alectra is governed by a 14-member¹ Board of Directors, which is accountable to the shareholders to establish a system of effective corporate governance and to achieve Alectra's mission, vision and purpose. The Board discharges its responsibilities either directly or through four committees – the Audit, Finance and Risk Management Committee; Corporate Governance and Nominating Committee; Integration Committee; and the Human Resources and Compensation Committee. Sustainability topics are embedded as part of the Corporate Governance and Nominating Committee's mandate.

Alectra's Board of Directors promotes and champions diversity in board composition and the recruitment of board members with a mix of business and professional expertise. Our Board and management team are committed to the highest standards of corporate governance and business ethics. The Board's mandate is to govern Alectra Inc. by setting its strategic direction and risk tolerances, selecting and overseeing the effectiveness of the Chief Executive Officer, and monitoring the successful performance, culture and ethical integrity of the Corporation.



Norm Loberg
Chair



Jane Armstrong¹



Gerald Beasley



Paul Benson



Maurizio Bevilacqua



Bonnie Crombie



Giuseppina D'Agostino



Fred Eisenberger



Matt Harris



Jeff Lehman



Don Lowry



Teresa Moore



Frank Scarpitti



Annesley Wallace

Sustainability

Meeting today's needs and the needs of the future



As a sustainable company, Alectra is committed to meeting today's needs and the needs of future generations by empowering our customers, communities, and employees, protecting the environment, and embracing innovation.

Alectra's journey toward sustainability began in 2017 with a sustainability statement affirming a commitment to delivering value to our municipal shareholders; providing our customers with safe, reliable and efficient electricity service and innovative energy solutions; and, protecting the health, safety, environment and well-being of our customers, employees, contractors and communities. We also stated our intention to develop a sustainability framework modelled after the Canadian Electricity Association's Sustainable Electricity™ program.

Materiality Assessment

In September 2018, we undertook a materiality assessment to determine the sustainability issues that are most significant to Alectra's business and stakeholders including customers, employees, suppliers and community organizations. The assessment was based on recognized global frameworks, including the Global Reporting Initiative (GRI) standards, and was conducted by an independent third party. Results and priorities were then validated through a workshop with Alectra's executive team and a review by the cross-functional Corporate Sustainability Committee.

Through this exercise, Alectra's stakeholders identified eleven areas of focus (shown on the previous page) as material to the business and with the potential to impact our business performance. We address these top sustainability issues throughout this report.

In 2019, Alectra will develop performance metrics and targets for each material issue identified, and work toward obtaining the Canadian Electricity Association's Sustainable Electricity Company™ designation.



Alectra's growing volunteer base participated in tree planting with Credit Valley Conservation

AlectraCARES is the umbrella under which all sustainability elements in the company are connected according to the three pillars of sustainability – People, Planet and Performance.



Building strong relationships through strategic outreach

Alectra is committed to building solid relationships with a broad range of community, government and industry stakeholders through ongoing engagement and outreach.

A key element of our 2018 materiality assessment was surveying and speaking with over 100 external suppliers, community organizations and shareholders to gain their insights on Alectra's sustainability issues and priorities.

We also continued to engage with councillors of our shareholder municipalities, holding frequent meetings with elected officials and senior staff as well as participating broadly in industry events. In these sessions we discussed Alectra's conservation initiatives, capital investments, system upgrades, construction projects, rate filings, new policy initiatives and updates on billing information.

Some of the key industry and community organizations engaged during 2018 included:

- Boards of Trade
 - Brampton
 - Markham
 - Mississauga
 - Richmond Hill
- Chambers of Commerce
 - Aurora
 - Greater Barrie
 - Hamilton
 - Greater Niagara
 - Vaughan
 - Stoney Creek
- Canadian Electricity Association
- Canadian Urban Transit Research & Innovation Consortium
- Electricity Distributors Association
- Electrical Safety Authority
- Independent Electricity System Operator
- Infrastructure Health and Safety Association
- Ontario Energy Association
- Ontario Energy Network
- Ontario Regional Ground Alliance
- Plug'n Drive
- Sub-metering Council of Ontario
- The Atmospheric Fund

Highlights

21

community specific
versions of ally created

112

external stakeholders
participated in our
sustainability survey

Alectra recognized for proactive stakeholder communications

The Electricity Distributors Association (EDA) presented Alectra with the 'Communications Excellence Award' in 2018 for proactive stakeholder communications with our municipal partners, underscoring our commitment to serve as an ally to our customers and stakeholders alike.

The EDA credited the creation of our *ally* newsletter as a key factor in earning this honour. *Ally* is a quarterly newsletter that serves as a useful touch point between Alectra, city councillors and municipal staff, helping to increase engagement and understanding of our sustainability initiatives, community involvement, customer service resources and regulatory matters.



EDA Communication Excellence Award

Alectra's innovation in shareholder communication was recognized by our peers

Alectra's leadership
in operating in a
safe, sustainable and
responsible manner
was recognized by
our industry peers
throughout 2018





ClimateWise Sustainability Leadership Award

for developing a comprehensive greenhouse gas (GHG) baseline across all nine Alectra facilities in the Greater Golden Horseshoe area, providing the foundation for reporting of over four per cent year-over-year decrease in carbon emissions (carbon dioxide equivalents) for 2017.



Canadian Dealmakers Award for 'Infrastructure and Utilities Deal of the Year'

for merging four innovative and dynamic Greater Toronto and Hamilton Area electric utilities in 2017 to create North America's second largest municipally-owned utility, Alectra. Key factors that led to the judges' unanimous decision were the strategic nature of the merger and the complexities management was able to overcome by merging four utility companies together.

Outstanding Workplace YWCA Hamilton

for proactively supporting the success and advancement of women in our workplace, as well as for fostering a culture that supports work-life balance, Alectra was presented with the YWCA Hamilton "Outstanding Workplace Award" at the 2018 Women of Distinction Awards.



Corporate Knights Top 10 in Future 40

for ranking seventh on the Corporate Knights annual sustainability top 10 ranking of Canadian companies that are top sustainability performers. Alectra Utilities West Region earned the high ranking, which uses 14 key performance indicators within the categories of resources, finance and employee management.



Globe and Mail and Morneau Shepell – Employee Recommended Workplace Award

for putting the health and well-being of employees first, Util-Assist was one of 53 winners across Canada. Util-Assist, a third-party call centre, is a wholly owned subsidiary of Alectra Energy Solutions.

Novinium Environmental Stewardship Award

for rejuvenating more than 76,000 metres of underground power cables, mitigating 968 tonnes of CO₂ that would otherwise have been released into the environment. This is the second consecutive year Alectra received this honour, and we are the only Ontario-based utility and one of only 10 in North America presented with this award.



People

Improving homes, workplaces and communities

“Environmental and social responsibility are foundational to Alectra’s success and part of the fabric of this organization. Our focus on people, planet and performance speaks to the continuing value we provide to our customers, employees, communities and owners.”

Brian Bentz
President and Chief Executive
Officer, Alectra Inc.

Our success depends on having an empowered, talented and diverse workforce to nurture strong relationships with our customers and to implement innovative practices that will help drive sustainable power and growth across our organization.

In 2018, Alectra continued to invest in the people who matter most to our organization — our employees, customers and the communities we serve. We advanced our health, safety, community and customer service performance, supported by Alectra employees who continue to make the right decisions that help us meet the needs of our customers and stakeholders.

HEALTH, SAFETY AND WELL-BEING

The health, safety and well-being of Alectra employees, customers and communities remain core to our values. We understand that it is our responsibility, as an electricity utility, to educate everyone on the safe use of electricity. This includes our employees, our contracted staff, our customers, and the general public.

To ensure employee health and safety remains top-of-mind, we introduced **AlectraSafe “Safety Perfect” days** — days when no personal injuries, preventable vehicle incidents or environmental spills occur, but an employee reports a near miss incident or hazard to their supervisor for correction. We also record **Potential AlectraSafe days**, which reflect no injuries, incidents or spills, and no near misses or hazards are reported. In 2018, over the course of 2,812,020 hours worked, we recorded three lost-time injuries.

To ensure employees have full access to and awareness of our Safety Data Sheets, which cover safe chemical and hazard identification, we provided prominent access to a phone app and digital links for employees to download key information. Health and safety information is also displayed on a centrally located touchscreen library of safety policies and processes.

To contribute to employee wellness, ergonomic audits are available and a new standard for sit-stand desks was introduced to improve the well-being of our staff.

People Highlights

321

electrical safety information sessions delivered to students

91%

customer satisfaction rate

750K

customers converted to industry-leading billing system



Doug Matthew recognized for safety leadership and service

Doug Matthew, Alectra's Director of Health & Safety, Wellness & Environment, was honoured by the Canadian Society of Safety Engineering, Hamilton Chapter, for Outstanding Service to the Safety Profession.

Public safety initiatives

In 2018, our efforts to increase public awareness of electrical safety included ongoing communication about our emergency preparedness plans with customers and municipal officials. We also conducted safety presentations in 97 primary schools in Ontario's Greater Golden Horseshoe area, delivering 321 electrical safety information sessions to more than 41,600 students.

Our customer service representatives respond to 78 per cent of calls within 30 seconds



INVESTING IN OUR EMPLOYEES

Being an ally to our customers begins with ensuring our people are fully engaged, have a passion for performance and see a clear path forward for their career development.

We take pride in providing a safe and respectful workplace where employees are highly valued, treated fairly, provided with challenging and meaningful work, engaged through a variety of communication channels, and recognized and rewarded for their skills, talent and dedication.

We compensate employees competitively with the market to ensure we can attract and retain the skills and talent we need to meet the changing needs of the energy sector.

We encourage employees to “Discover the possibilities” of their own career paths by providing a wide variety of skills training, as well as support through our Continuing Education Assistance Program, which helps employees pursue college or university level courses in work-related programs on their own time. In 2018, 20 employees benefited from this program.



DIVERSITY AND INCLUSION

In 2017, we publicly committed to promoting the values of diversity and inclusion by signing the Leadership Accord on Gender Diversity for the Electricity Industry – an Electricity Human Resources Canada (EHRC) initiative. Alectra was the first company to sign the Accord that now has 48 signatories.

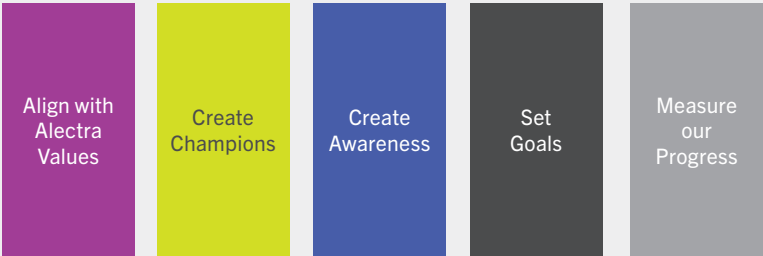
In 2018, we formed a Diversity & Inclusion Council and finalized our diversity strategy, which outlines our commitment to developing a corporate culture that demonstrates greater awareness of diversity issues and refines our hiring and orientation practices and processes to support greater diversity.

All of Alectra’s main governance bodies – our Board of Directors and senior management teams – include a diverse and growing number of female decision-makers, with representation ranging from 31 per cent to 34 per cent. We are exceeding guidelines set out in the Leadership Accord on Gender Diversity, which advocates for 10 to 30 per cent female representation at these levels.

“In the midst of change, our people worked hard to build one team, one company and one culture. Together, we have made significant progress in building the core systems that will allow us to operate efficiently in the future.”

Brian Bentz
President and Chief Executive Officer,
Alectra Inc.

Diversity and Inclusion Strategy



Education & Programs | Employee Engagement | Attract and Retain Talent

People Highlights

31-34%

female leadership
representation

Leadership Diversity

Board of Directors

31% female / 69% male



Senior Management

34% female / 66% male



Employees

33% female / 67% male



Empowering women to achieve their professional goals

In March, YWCA Hamilton presented Alectra with its Outstanding Workplace Award at the 2018 Women of Distinction Awards for proactively supporting the success and advancement of women in our workplace, as well as fostering a culture that supports work-life balance. The award was accepted by Eileen Campbell, Vice President, Customer Service (right).

At the same event, Kathy Lerette, our Senior Vice President, Business Transformation (left), received a *Women of Distinction Award* for the promotion of STEM – Science, Technology, Engineering and Math – and for encouraging women to pursue these fields in their careers. A certified engineering technologist, Kathy serves as the Vice-Chair of the Electricity Human Resources Canada (EHRC) Board and is representing the Ontario Association of Certified Engineering Technicians and Technologists (OACETT) on a three-year project to address barriers that contribute to the under representation of women in STEM fields.

Customer Satisfaction Survey Results		2018 Alectra	2018 Ontario	2017 Alectra	2017 Ontario
How satisfied customers are	↑	91%	89%	88%	81%
Provides consistent, reliable electricity	↑	92%	90%	91%	89%
Quickly handles outages and restores power	↑	90%	86%	87%	85%
Customer-focused and treats customers as if they're valued	↑	85%	79%	79%	72%
Is a company that is "easy to do business with"	↑	84%	82%	83%	79%
Keeps its promise to customers and the community	↑	85%	80%	81%	75%
Is a trusted and trustworthy company	↑	85%	81%	81%	76%

Source: Annual Electric Utility Customer Satisfaction Survey – UtilityPULSE, a division of Simul Corporation

CUSTOMER SERVICE

As an ally to our customers, we focus on providing quick, responsive and consistent service and advice to help them make smart energy choices.

According to the results of our second annual Customer Satisfaction Survey, we increased satisfaction levels across every category and outperformed our sector peers.

We also exceeded our goals in 2018 on two indicators we track internally to ensure we are providing optimal service:

Billing Accuracy

Target: > 99%
Achieved: 99.6%

Call Answer Time

(answered within 30 seconds)
Target: > 75%
Achieved: 78%

Energy affordability

The Ontario Energy Board is responsible for setting electricity rates across the province. When applying for new electricity distribution rates, Alectra Utilities endeavours to keep rates affordable while generating enough revenue to support capital projects to upgrade and expand the network to meet the needs of the communities we serve. Prudent capital investment and effective cost control enable us to ensure the efficiency of our operation and ongoing affordability of our services.

Assisting customers in need

For low income consumers, Alectra promotes the Ontario Electricity Support Program (OESP), which provides a monthly on-bill credit, and the Low-income Energy Assistance Program (LEAP), which provides a one-time grant delivered through social service agencies. In 2018, 41,309 customers received a credit through OESP and Alectra contributed \$439,235 to LEAP.

Industry-leading customer care and billing system

In 2018, our teams completed the largest customer information system convergence project in Ontario's history – successfully combining three legacy local distribution company systems into one industry-leading customer care and billing system to serve 750,000 customers.

Not only did we adopt a common billing system and streamline our business processes, but we also achieved this without interrupting service to our customers and mitigating billing issues. The project involved integrating multiple networks and systems including metering, field operations, billing, payments and customer self-service. It also required comprehensive employee training and change management to harmonize processes – including a resource website with how-to tutorials, in-person training and videos. In total, 418 frontline customer service staff were trained in the new customer care and billing system. We completed the final conversion of our remaining 250,000 customers in March 2019.



The Alectra team walked away with three awards including top fundraising team at the Walk a Mile in Her Shoes event

COMMUNITY ENGAGEMENT

Our community investments touched many lives:

Helping end the stigma around mental illness

Alectra employees joined millions of Canadians participating in the annual Bell Let's Talk Day. Alectra also provided extensive support to community organizations that focus on mental health care – including the Peel Children's Centre and the Pathstone Children's Mental Health Centre, a new state-of-the-art mental health treatment facility in St. Catharines that will provide professional intervention to children and their families living with mental health issues.

Showing real heart

Alectra employees raised over \$22,000 for the Heart and Stroke Foundation by fielding seven teams to participate in its annual 'Big Bike' ride, pedalling through the communities we serve, and putting their hearts and energy into building a healthy community.

Delivering community support

Alectra employees showed strong support for the United Way by donating \$84,000 through payroll deductions and special events. In addition, Alectra's 2nd Annual Charity Golf Tournament, a large-scale corporate fundraiser, raised \$350,000 through the support of our vendors who share in Alectra's commitment to give back to the communities we serve.

Thanks to the generosity of our employees and vendors, Alectra was able to provide valuable funding to Community Foundations in Barrie, Hamilton, Mississauga, Niagara and Toronto, Easter Seals Ontario and United Way charities operating within communities served by Alectra – Peel and York Region, Simcoe County, Hamilton and St. Catharines.

People Highlights

\$842K

in AlectraCARES
community support

Stepping up to end violence against women – Walk a Mile in Her Shoes

A team of 26 Alectra employees donned red shoes in June and walked a mile through downtown Hamilton to help raise awareness and funds to end violence against women. The team contributed \$10,000 to the fundraising effort organized by YWCA Hamilton.

Bringing smiles to children

Alectra employees donated \$12,000 in support of the Children’s Wish Foundation for the child of an Alectra employee who was granted a wish by the organization. They also donated almost \$6,700 to Million Dollar Smiles, a local charity that raises money to bring a smile to the faces of terminally ill children. Twenty five Alectra employees and their families delivered teddy bears and gifts to families identified by the organization.

Pedalling for cancer research

A team of 35 Alectra employees cycled in the annual Enbridge® Ride to Conquer Cancer®, travelling more than 200 kilometres between Toronto and Niagara Falls and raising over \$112,000 in support of the world-renowned Princess Margaret Cancer Centre. Since 2017, Alectra has raised over \$267,000 for cancer research and to support personalized cancer medicine research, treatment advances, education and new standards of care.

The past two years Alectra raised over \$260,000 for cancer research

AlectraCARES Community Support Program

Alectra understands that empowering our communities is critical to our sustainability journey. We invest in programs and initiatives that foster sustainability within the communities we serve across Ontario’s Greater Golden Horseshoe area.

In 2018, we refined our community investment program to align with the guiding framework of our AlectraCARES initiative. We also contributed more than \$842,000 to local not-for-profit organizations that promote community sustainability through the AlectraCARES Community Support Program, which helps not-for-profits foster healthy, diverse and sustainable communities.

Alectra’s community investments are directed toward charities and not-for-profit organizations that share our vision of building sustainable communities in the following four areas of focus:

1

LOCAL ECONOMIC SUPPORT

We work with local business associations to help develop a vibrant economic community throughout Alectra’s distribution area.

2

INNOVATION

We support new programs and activities that are useful to our customers and that drive the energy industry forward through the continuous integration of people and technology.

3

HEALTHY COMMUNITIES

We support programs targeted to residents and families that improve the quality of life in our communities.

4

ENVIRONMENT AND CULTURE

We support organizations and programs that contribute to building and maintaining environmentally healthy, sustainable, and culturally diverse communities.



A photograph of a family walking away from the camera on a dirt path through a dense forest. The path is covered in green moss and small white flowers. The family consists of an adult in a red hoodie and purple hat, and two children in colorful clothing and hats. Sunlight filters through the tall evergreen trees, creating a dappled light effect on the forest floor.

Planet

Helping shape the future of our planet

“

We believe in the potential of what the energy grid can deliver. We see a more digitized, decentralized and decarbonized grid and we want to lead that change, we want to enable the grid of tomorrow — one that delivers sustainable growth and empowers our customers, communities, employees and owners.”

Brian Bentz
President and Chief Executive
Officer, Alectra Inc.

We hold ourselves accountable for protecting the planet by championing energy conservation, investing in sustainable forms of energy and continuously reducing our impact on the environment.

ENERGY CONSERVATION AND EFFICIENCY

In 2018, Alectra continued to advance our environmental performance by focusing on the company's top sustainability issues – energy conservation and efficiency, climate change and greenhouse gas (GHG) reporting, alternative energy technologies and solutions, and waste and materials management. Alectra continued on the journey to achieve ISO 14001 certification for our Environmental Management System. Training and a gap analysis audit were conducted with the intent to be fully certified by 2020.

We offered our customers conservation and demand management (CDM) programs to help them consume energy as efficiently as possible. This not only helped our customers manage their costs, but it also helped to reduce our collective carbon footprint. We delivered these energy saving programs and services on behalf of the Independent Electricity System Operator (IESO), providing energy retrofits, incentive programs and awareness campaigns to generate understanding of how customers can reduce their energy needs.

We helped our customers save over 319 gigawatt hours of electricity² in 2018, enough to power 35,000 typical homes for a year, and provided over \$48 million to support their energy saving projects.

2018	Sum of Net Energy Persisting (GWh)	Sum of Incentive (\$MM)
Non-Residential	251.97	37.02
Residential	67.08	11.75
Grand Total	319.05	48.77

2. Final verified 2018 results will be available from the IESO in July 2019.

Planet Highlights

6,700

Save On Energy Retrofit
applications approved

\$48M

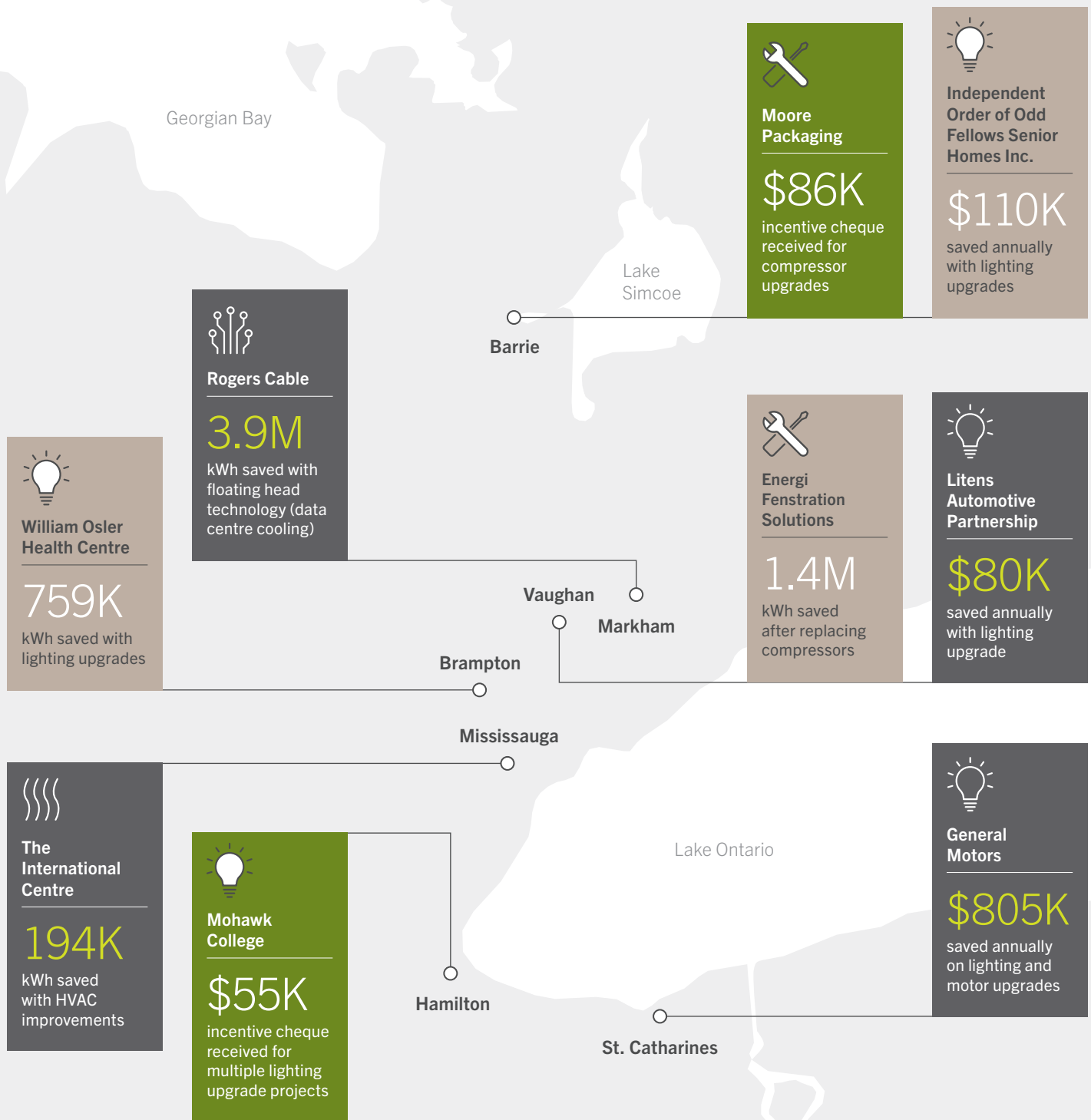
paid to customers in
energy incentives

5.11%

reduction in greenhouse
gas (GHG) emissions
compared to the 2016
baseline

Conservation and Demand Management

Alectra worked with local businesses across our communities to achieve significant energy and cost savings



2018 incentive and sponsorship highlights

- Approved 6,700 Save on Energy Retrofit applications
- Helped 400 local businesses receive support from the Small Business Lighting and Business Refrigeration Incentives programs to operate more efficiently by retrofitting lighting and refrigeration equipment
- Placed more than 3 million products into the hands of residential customers through instant discount coupon Deal Days, Heating and Cooling, and Smart Thermostat programs
- Hosted 16 community events, including the Mississauga Waterfront Festival and Kempenfest Barrie
- Sponsored seven community teams, including the Ontario Hockey League's Barrie Colts, Hamilton Bulldogs and Niagara Ice Dogs, as well as the Raptors 905 of the National Basketball Association's G League, the official minor league of the National Basketball Association
- Helped shift the residential lighting market from compact fluorescent (CFL) bulbs to light emitting diode (LED) bulbs

Customer flexibility on pricing

Alectra is helping customers take charge of their electricity costs and provide options that make life easier. That's why we designed Advantage Power Pricing, a program that empowers customers to save on energy costs.

Participating customers have a choice of programs to fit their lifestyle and can reduce their costs – without sacrificing their comfort. Advantage Power Pricing program participants are part of a community that is helping to reduce the production of carbon-intensive electricity – it's a win for customers and for the environment.

The trial program that began in 2017 has been so well received that the Ontario Energy Board extended it into 2019.



In April 2018, we hosted an Energy Evolution Summit to recognize companies that have participated in Save on Energy programs and highlight outstanding energy conservation achievements. The 2018 Energy Evolution Summit had 400 attendees and saw 15 unique awards presented to companies that have taken the next step in creating a culture of energy conservation in their businesses.

Award winners included:

- | | |
|--|---|
| • The Collaboration Award
Peel Condominium Corporation 250 | • The Exceptional Achievement Award
Petro-Canada Lubricants |
| • The Continuous Improvement Award
Walmart Canada | • The Gamechanger Award
ACCO Brands Canada |
| • The Discovery Award
Canplas Industries Ltd. | • The Inspiration Award
PCC 400 – Kingsbridge Grand I |
| • The Energy Analytics Award
Welded Tube of Canada | • The Integration Solutions Award
T & T Supermarket Inc. |
| • The Energy Evolution in New Construction Award
Urbacon | • The Project Payoff Award
Trulite Glass & Aluminum Solutions |
| • The Energy Impact Award
GM Canada | • The Regeneration Award
Canada Post Corporation |
| • The Environmental Sustainability Award
Mohawk College | • The Spirit Award
Humberview Group |

CLIMATE CHANGE

Climate change is an increasingly important global challenge for businesses and communities. Alectra's support for the transition to a lower-carbon economy includes promoting energy conservation measures, better managing our response to weather extremes, and improving our ability to account for and report on our greenhouse gas emissions, as we consider various climate change mitigation and adaptation strategies for the future.

In 2018, we continued to experience an increase in the severity and frequency of major storm events, one of the most notable outcomes of a changing climate. We experienced eight major event days, the majority of which were weather related, much higher than the annual average of four days.

Our service area, particularly Mississauga, was hit with three major wind events in April and May, with gusts between 90–100 kilometres per hour. This resulted in several outages, which crews responded to as quickly as possible. Additionally, as a member of the North Atlantic Mutual Assistance Group³, Alectra crews were dispatched to Pennsylvania, Massachusetts, Georgia, and Florida throughout the year to assist in power restoration efforts following extreme weather events. In addition, following the tornadoes in Ottawa, Alectra crews immediately responded to provide assistance to Hydro Ottawa.



Emergency Response

Alectra has developed a corporate emergency plan – considered an all-hazard plan – to ensure we are prepared to handle any kind of emergency, from severe storms and their aftermath, to cyber threats and civil unrest. The plan provides both a framework and a guideline for the course of action we will take to efficiently handle emergency situations that could impact the company's ability to restore power and the continuity of operations, as well as being part of a municipal response.

We annually test our plan and this year's exercise, involving over 100 people, focused on the logistical aspects of moving crews and supplies to our different regions (including bringing in mutual aid from across the border), as well as the long-term recovery of infrastructure, community and employees.

3. The North Atlantic Mutual Assistance Group encompasses all of the United States northeast, as well as Canadian utilities in Ontario, Quebec, New Brunswick and Nova Scotia. It is one of seven regional electricity mutual assistance groups that operate in North America. The power system is an interconnected network and restoring service to the grid goes faster when utilities can share resources to make the necessary repairs. Utilities address these resource constraints by using mutual assistance programs that allow companies to pool resources to meet their shared needs during an emergency event.

Greenhouse Gas Emissions (tCO₂e)

		2018	2017	2016 (baseline)
Scope 1 – Fleet fuel and natural gas	↓	6,860.32	7,224.42	7,417.86
Scope 1 – SF6 - Sulphur hexafluoride	↓	843.67	956.00	1,075.50
Scope 2 – Electricity and district heating and cooling	↑	982.83	685.36	661.44
Total	↓	8,686.82	8,865.78	9,154.80

Notes:

1. GHG emissions were calculated in accordance with the principles and requirements of ISO 14064-1, and the Greenhouse Gas Protocol – A Corporate Accounting and Reporting Standard.
2. The calculations took into account nine facilities, comprised of three corporate offices in Mississauga, Vaughan and Hamilton and six service centres in Markham, Brampton, Mississauga, Barrie, St. Catharines and Hamilton. Excluded are substations and transformer stations.
3. The 2017 emissions were adjusted to account for the emissions associated with four months on the district heating and cooling system at our John Street office.

GREENHOUSE GAS (GHG) REPORTING

In 2018, Alectra's Scope 1 and Scope 2 GHG emissions decreased by 468 tonnes of carbon dioxide equivalents (tCO₂e), or 5.11 per cent compared to the 2016 baseline.

We attribute our 2018 GHG reductions to efficiencies achieved in our fleet of vehicles, as fewer kilometres were travelled, and to the purchase of newer, more fuel-efficient vehicles replacing older vehicles. Natural gas usage decreased due to a full year on the district energy system in Hamilton and reduced heating, ventilation and air conditioning (HVAC) use during renovations. While the connection to the district energy system resulted in an increase to Scope 2 emissions, the connection reduced the on site emissions by 368 tCO₂e as we reduced our natural gas consumption by over 190,000m³. Repairs to station equipment resulted in a reduction of sulphur hexafluoride (SF6). Electricity use increased due to the higher cooling requirements in the summer months and lighting and power needs for overnight renovations to the head office.

We also introduced carpool and vanpool initiatives for our employees during the year. Employees are connecting with their colleagues through MetroLinx's Smart Commute Tool and, to date, over 70 people have joined the carpool program and logged their carpool activity, reducing emissions by 87 tCO₂e. Nine vanpools operated during the year with savings, on average, of approximately 30 tCO₂e per vehicle, the equivalent of physically removing 54 vehicles from the road each rush hour.

In 2019, Alectra will work to establish a GHG reduction target and to develop an action plan to meet our goal with a focus on our vehicle fleet, as it is the largest contributor of emissions.

We attribute our 2018 GHG reductions to efficiencies achieved in our fleet of vehicles, as fewer kilometres were travelled, and to the purchase of newer, more fuel-efficient vehicles replacing older vehicles.

ALTERNATIVE ENERGY TECHNOLOGIES

Alectra is an industry leader in offering a broad array of alternative energy solutions, helping customers, businesses and communities benefit from energy's full potential. Some of the advanced energy solutions we initiated in 2018 include:

Net Zero Energy Emission homes

Alectra partnered with Enbridge Gas Inc., the City of Markham and the Centre of Urban Energy at Ryerson University to demonstrate and test the Net Zero Energy Emission (NZEE) homes Proof of Concept. NZEE is retrofitting a Markham test home with controllable electrical and thermal technology, integrated controls, and real-time grid greenhouse gas signals with a goal of reducing up to 8 tonnes of CO₂e per year.

SPARK Proof of Concept

Alectra partnered with IBM and Interac Corporation to demonstrate and test the SPARK Proof of Concept. SPARK is a concept for a blockchain-enabled market platform to contract, verify, and settle transactions with distributed energy resources (DERs) providing grid services to enable a distribution energy services market.

Electrification of transportation

Alectra partnered with York University, the Independent Electricity System Operator (IESO) and the Canadian Urban Transit Research & Innovation Consortium (CUTRIC) on an electric bus simulation. The study that is aimed at understanding the impacts of adopting full battery-based electric city and school buses on local distribution networks and bulk electricity systems and identifying and evaluating the potential energy conservation barriers and technical best practices for efficient electrification of transit bus fleets in Ontario.

Alectra Drive for the Workplace

Alectra continued its partnership with the City of Markham on a two-year pilot program at the Markham Civic Centre to test the impact of daytime electric vehicle

(EV) charging at workplaces on Ontario's electricity grid. This first-of-its-kind initiative is designed to demonstrate how EV charging stations can be added to workplaces, while managing electricity costs through smart charging and the integration of multiple distributed energy resources such as batteries, demand response from buildings and solar energy generation.

Renewable energy

Alectra Energy Solutions and Alectra Energy Services continued managing the operations for 95 solar photovoltaic projects disbursed across Ontario. The portfolio generated 25.7 gigawatt hours of electricity, enough to power over 2,800 typical homes for a year.



WASTE AND MATERIALS MANAGEMENT

In 2018, Alectra recycled 4,210 kilograms of electronic waste (E-waste) as compared to 2,850 kilograms in 2017. This waste material, which includes products such as computers and televisions, is sent to Global Electric Electronic Processing in Barrie for recycling and recovery.

Our employees donated 1,726 kilograms of used clothing and other textiles to the Kidney Foundation of Canada, bringing Alectra's two-year total to over 3,500 kilograms. The clothing is either recycled as textiles or resold to Value Village, a thrift store chain with locations throughout Canada and the United States.

In 2018, a company-wide waste audit was conducted and the audit findings will be used to consolidate and roll out a harmonized office waste recycling program across all of Alectra's offices and service centres. In addition, the first ever cradle-to-grave environmental audit was conducted on Alectra transformers taken out of service.

We also continued to track our water usage and reduced our year-over-year water consumption by over 3,000 m³ from 32,193 m³ to 29,153 m³.



Sustainable building solutions

After a major renovation at our head office, we recycled and donated cabinets, dishwashers, a refrigerator and a stainless-steel sink to Habitat for Humanity in support of the important work they do in rebuilding our communities.

At Alectra's Vaughan office, we successfully installed our first green roofs, which have halted the deterioration of two roof overhangs that were exposed to the elements. The environmental benefits include improved stormwater management, lower maintenance requirements, improved water quality, and enhanced urban biodiversity by providing a habitat for wildlife. The economic benefits include increased longevity of roofing membranes because the vegetation keeps the membranes cool in summer and protects from extreme temperature fluctuations; and, reduced maintenance costs to clean and repair the roof.



POWER.HOUSE is Alectra's solar-storage technology program that enables homeowners to generate their own electricity and maximize savings.

A high-angle, close-up photograph of a worker installing or maintaining a solar panel array. The worker, wearing a white hard hat and a dark jacket with a bright yellow-green reflective stripe, is focused on a metal bracket attached to the bottom of a blue solar panel. The panels are arranged in a grid pattern, creating a strong geometric pattern of lines across the frame. The lighting is bright, suggesting an outdoor setting.

Performance Navigating the new potential of energy

“

We are thinking longer term about how we need to transform as a company, as a utility and as an industry, and how our infrastructure needs to accommodate those changes.”

Max Cananzi
President, Alectra Utilities

We are an ally in navigating the new potential of energy. We invite stakeholders to join our quest to build an innovative energy company that spans the dynamic and growing Greater Golden Horseshoe area.

In order to meet today's needs and support future generations, we focus on continuously improving our performance as we deliver sustainable power to our customers and the communities we serve.

Alectra makes substantial and ongoing financial investments that are designed to:

- deliver safe, reliable and sustainable power to our customers;
- improve our costs and reduce our risks;
- contribute to social and economic well-being; and
- support our research into innovative energy solutions that will drive future performance improvements.

CAPITAL INVESTMENTS TO ENHANCE RELIABILITY AND ENABLE GROWTH

Our capital investments are targeted to expand and improve the reliability of our distribution system, as well as to support our operations in delivering superior customer service. In 2018, our capital investments totalled \$283 million, as compared to \$260 million in 2017. We invested in infrastructure for growth and in upgrading and renewing our networks.

Examples include:

\$1.8 million for new equipment to re-vitalize Hamilton's Locke Street

Part of a five-year infrastructure modernization project, the funds will be used to replace the old four-kilovolt (kV) system with new, higher voltage 13.8 kV capacity. The upgrades include over 6.8 kilometres of new overhead wires supported by 103 new poles, six new switches and 34 new transformers.

Performance Highlights

\$505M
in electricity
distribution revenue

1M
Approximate number
of residential and
commercial customers

\$283M
in capital expenditures

\$2.2 million to modernize Brampton's electrical infrastructure

We completed a project to re-vitalize underground cables to improve electrical service reliability in Brampton.

\$1 million to enhance system reliability in Mississauga

The three-phase project consisted of rebuilding overhead poles along Derry Road, part of an infrastructure upgrade that included 27 pole rebuilds and the replacement of 7,360 metres of overhead conductor cable.

\$2 million two-phase modernization project launched in the Dundas-Hamilton area

The first phase of this five-year project to re-vitalize critical electrical infrastructure involved the replacement of the old four kV system, with a new, higher voltage 27.6 kV system.

\$8 million to modernize Barrie's electricity grid and enhance reliability

A two-phase project that replaced and upgraded pole capacity that connects the Livingstone Municipal Station with Little Lake Municipal Station, in anticipation of new growth in the area. This is part of an infrastructure upgrade that included the building of a new 44 kV municipal station with four 13.8 kV distribution lines.

Alectra employees work diligently to renew and upgrade our assets





Alectra's grid is monitored 24/7

RISK MITIGATION

The ability to identify, manage and mitigate risk and uncertainty, maintain effective operations and respond appropriately to changes in the external and internal business environment is crucial to the continued success of the company.

Alectra has established and implemented an Enterprise Risk Management System Framework to provide a coordinated approach to assessing and responding to risks and opportunities that have the potential to impact the achievement of strategic objectives. Annually, Alectra completes an assessment of enterprise-wide risks.

During the 2018 assessment, a number of risks that have the potential to impact the sustainability of our business were identified, including risks related to culture, cyber-security, safety, labour relations, integration projects, regulatory environment and political policy changes. To minimize the negative outcomes associated with these risks, internal risk owners were identified and risk mitigation strategies were developed and implemented.



Sustainable Power: Contributing to the Future of our Industry

Georgian College: Alectra Centre for Research, Innovation and Commercialization

Alectra has made a \$750,000 investment over five years to Georgian College for the construction of an 8,000 square foot Advanced Technology, Innovation and Research Centre at its Barrie Campus. The only one of its kind in Central Ontario, it will be a go-to source for industry and academic partners to test concepts, accelerate development and showcase promising research and new products.

Mohawk College: Educational Substation

A decommissioned Alectra substation was donated to Mohawk College for use as a new energy and power utilities lab. The lab is being used as an educational centre for more than 200 engineering and technology students to learn about utility equipment in a life-like working environment offering both classroom and hands-on learning.

Conestoga College: Powerline Pre-Trade Program for First Nations Communities

Four Alectra powerline maintainers became volunteer instructors at Conestoga College (Ingersoll Training Facility), leading an intensive eight-week program for students from six First Nation communities to learn the power line trade to assist with Northern Ontario's 26-month transmission project that will link Wawa to Thunder Bay.

FINANCIAL PERFORMANCE

Summarized financial disclosure 2018

The financial information, unless otherwise stated, has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and in effect at December 31, 2018 with comparatives for the 11 months ended December 31, 2017. All dollar amounts in the tables are in millions of Canadian dollars, which are presented in whole numbers.

System access expenditures comprise projects required to meet customer service obligations in accordance with the Distribution System Code of the Ontario Energy Board and corporate Conditions of Service. Projects in this category include connecting new customers, building new subdivisions, and relocating system plant for roadway reconstruction work.

System renewal expenditures comprise long-term plans to replace assets that are at the end, or nearing the end, of their useful lives. Replacement strategies are prioritized based on both age and condition of assets, as well as the impact on system reliability.

Selected consolidated financial information¹

(C\$MM)	2018	2017
Operations		
Revenue		
Electricity sales	2,850	2,591
Electricity distribution	505	458
Other		
Regulated	59	39
Non-regulated	38	37
	3,452	3,125
Expenses		
Cost of power	2,833	2,567
Operating expenses	261	271
Depreciation and amortization	140	124
Loss on derecognition of property, plant and equipment	7	6
	3,241	2,968
Income before financial expenses and taxes	211	157
Net finance costs	(63)	(53)
Taxes	(39)	(30)
Net income	109	74
Balance Sheet Summary		
Total assets	4,655	4,481
Loans and borrowings (includes short term debt)	1,944	1,869
Total shareholders' equity	1,689	1,648
Property, plant and equipment and intangible assets	3,268	3,051
Cash Flow Summary		
Cash at beginning of period	122	155
Net cash from operating activities	302	546
Net cash from financing activities	(66)	286
Net cash used in investing activities	(342)	(865)
Cash at end of period	16	122
Other Financial Statistics		
Net income (before net movements in regulatory balances) ²	140	83
Adjusted funds from operations	238	329
EBITDA (before net movements in regulatory balances) ³	356	269

1. The consolidated financial information is derived from the audited consolidated financial statements of Alectra Inc.

2,3. These balances are calculated based on Modified IFRS as determined by the OEB which includes certain other regulatory balances not recognized for financial statement purposes under IFRS.

“

We invest in infrastructure projects that contribute to the resilience of our communities. Our capital investments in 2018 totalled \$283 million.”

Max Cananzi
President, Alectra Utilities

System service expenditures comprise projects required to support the expansion, operation and reliability of the distribution system.

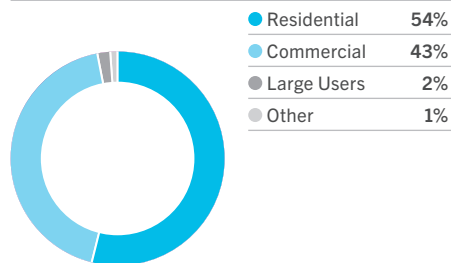
General plant expenditures comprise modifications, replacements or additions to assets that are not part of the distribution system, including: land and buildings; tools and equipment; rolling stock; and electronic devices and software used to support day-to-day business and operations activities.

Capital contributions comprise contributions received in relation to services or property received from electricity customers to construct or acquire property, plant and equipment for the purpose of connecting a customer to a network.

Alectra Energy Services capital expenditures are principally attributable to the purchase of sub-metering assets.

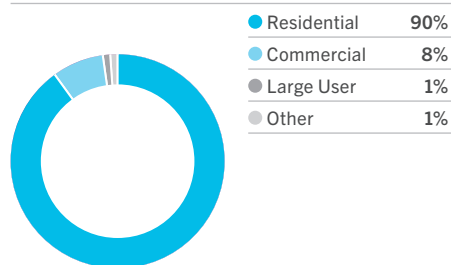
Distribution revenue by customer class (2018)

\$505M



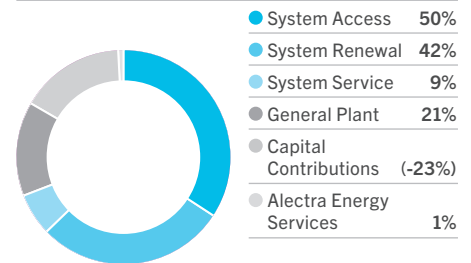
Distribution customers by class (2018)

1M



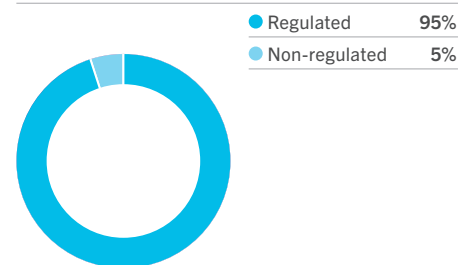
Capital expenditures (2018)

\$283M



Property, plant and equipment and intangible assets (2018)

\$3.27B



Regulated Electricity Distribution Statistics

Customers	Approximately 1,000,000 residential and commercial customers located in the Ontario Greater Golden Horseshoe area.
Assets	6,576 km of overhead lines and 168 distribution stations.
Approved rate base (2018) ¹	\$2,640M
Approved return on equity (ROE) (2018) ¹	8.94%

1. The 2018 approved rate base and approved ROE values are based on the most recent rate decisions of the Ontario Energy Board on the applications of Alectra Utilities Corporation

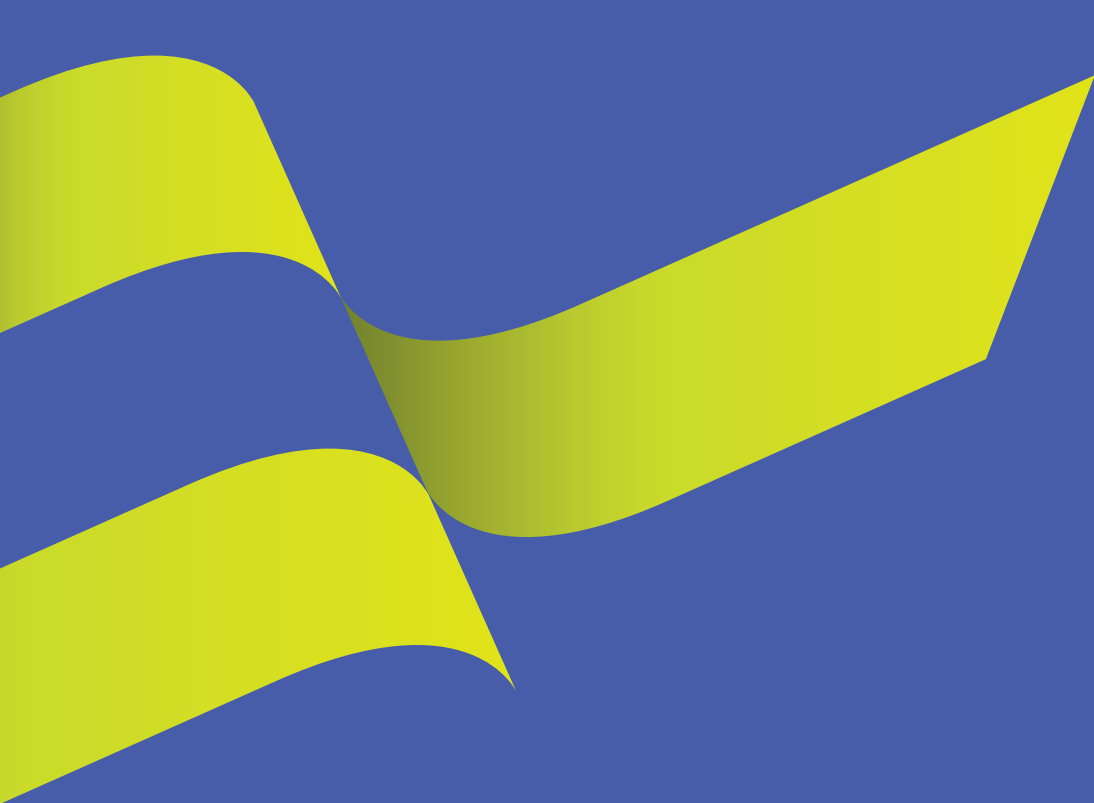
Credit Rating

	Dominion Bond Rating Service			Standard & Poor's Global Ratings		
	Date Confirmed	Credit Rating	Trend	Date Confirmed	Credit Rating	Trend
Issuer rating	June 29, 2018	A	Stable	January 24, 2018	A	Stable
Senior unsecured debentures	June 29, 2018	A	Stable	January 24, 2018	A	Stable
Short term (Commercial Paper)	October 2, 2018	R1(low)	Stable	—	—	—

Alectra Inc.

Management's Discussion & Analysis and Financial Statements

Year ended December 31, 2018



2018 Annual Sustainability Report

Alectra’s family of energy companies distributes electricity to approximately one million customers in Ontario’s Greater Golden Horseshoe area and provides innovative energy solutions to these and thousands more across Ontario.

To further discover the possibilities of sustainable power, you can contact us directly:

Alectra Head Office
2185 Derry Road West
Mississauga, ON L5N 7A6
alectra.com



DRC-3

ATTACH 3
2019 Annual General Meeting related slide
presentation
Dated June 14, 2019

ALECTRA INC. ANNUAL GENERAL MEETING

June 14, 2019



ACRONYMS

- AUC – Alectra Utilities Corporation;
- AES – Alectra Energy Solutions;
- BPC – BPC Energy Corporation (Borealis);
- CapEx – Capital Expenditures;
- CDM – Conservation Demand Management;
- CP - Commercial Paper;
- DER – Distribution Energy Resources;
- EDR – Electricity Distribution Rate;
- ESM – Earnings Sharing Mechanism;
- FIT – Feed-in Tariff;
- FTE – Full Time Equivalent;
- GHESI – Guelph Hydro Electric System Inc.;
- GS – General Service (Customers);
- ICM – Incremental Capital Module;
- IESO – Independent Electricity System Operator;
- IR – Incentive Rate Setting (distribution rates setting mechanism);
- LDC – Local Distribution Company;
- LU – Large Use (Customers);
- MAAD – Mergers, Acquisitions, Amalgamations and Divestitures;
- MIFRS – Modified International Financial Reporting Standards;
- MUSH – Municipal Government, University, School, Hospital;
- OEB – Ontario Energy Board;
- OM&A – Operating, Maintenance and Administrative Expenses;
- RFSP – Ring-Fenced Solar Projects (previously PowerStream solar generation business);
- USL – Unmetered Scattered Load



DISCLAIMER

The information in these materials is provided for information purposes only and is based on information currently available to Alectra Inc. and its affiliates (collectively “Alectra”). Alectra does not warranty the accuracy, reliability, completeness or timeliness of the information and undertakes no obligation to revise or update these materials. Alectra (including its directors, officers, employees, agents, and subcontractors) hereby waives any and all liability for damages of whatever kind and nature which may occur or be suffered as a result of the use of these materials or reliance on the information therein.

This presentation contains, and oral answers to questions may contain, forward-looking information within the meaning of applicable Canadian securities laws (“forward-looking statements”). All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of the words such as “plans”, “expects”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, or “believes” or variations (including negative variations) of such words and phrases, or state that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved.

Forward-looking statements reflect the current expectations of Alectra’s management regarding future events and operating performance, but involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Alectra Inc. to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Actual events could differ materially from those projected herein and depend on a number of factors.

Although forward-looking statements contained herein are based upon what management believes are reasonable assumptions, there can be no assurance that actual results will be consistent with these forward-looking statements. Accordingly, prospective investors should not place undue reliance on forward-looking statements. The forward-looking statements contained herein speak only as of the date of this Investor Presentation. Except as required by applicable securities laws, Alectra does not undertake, and specifically disclaims, any obligation to update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise, except as required by applicable law.

All references in this presentation are as of June 14, 2019 unless otherwise stated.



ALECTRA INC. ANNUAL GENERAL MEETING AGENDA

1. Welcome from Alectra Chair, Norm Loberg
2. Shareholder Resolutions – Dennis Nolan, Executive Vice-President, General Counsel and Corporate Secretary
 - Minutes of the June 15, 2018 Annual General Meeting
 - Confirmation of the Appointment of Directors
 - Appointment of the Auditors
3. Opening Remarks – President & CEO, Brian Bentz
4. Overview of 2018 Financial Statements - John Basilio, Executive Vice-President and Chief Financial Officer
5. Operational and Synergy Report – Max Cananzi, President, Alectra Utilities Corp.
6. Environmental Scan and Strategy 2.0 - President & CEO, Brian Bentz



SHAREHOLDER RESOLUTIONS – DENNIS NOLAN



SHAREHOLDER RESOLUTIONS

1. Minutes of the June 15, 2018 Annual General Meeting (*Information*)
2. Confirmation of the Appointment of Directors (*Information*)
3. Appointment of the Auditors (*Approval*)
4. Receipt of Annual Financial Statements Year Ended December 31, 2018 (*Information*)



ALECTRA ANNUAL GENERAL MEETING RESOLUTIONS

Minutes of the 2018 Annual General Meeting (“AGM”)

The Minutes of the June 15, 2018 AGM were provided to the Shareholders for information.

Confirmation of the Appointment of Directors

Since the Directors of Alectra are appointed pursuant to the provisions of the Unanimous Shareholder Agreement (“USA”), they are not appointed at the AGM. There is simply a confirmation of the existing slate of Directors. This does not require a vote by the Shareholders or principals.

Confirmation of Directors

RESOLVED THAT the following persons are confirmed as the directors of the Corporation, to hold office until the close of the next annual meeting of the shareholders or until their successors are elected or any of their resignations are received by the Corporation, subject to the provisions of the Corporation’s Unanimous Shareholders Agreement (the “USA”):



ALECTRA ANNUAL GENERAL MEETING RESOLUTIONS

Jane Armstrong
Gerald Beasley
Maurizio Bevilacqua
Bonnie Crombie
Giuseppina D'Agostino
Sean Donnelly
Fred Eisenberger
Matthew Harris
Jeff Lehman
Norm Loberg
Donald Lowry
Teresa Moore
Frank Scarpitti
Annesley Wallace



ALECTRA ANNUAL GENERAL MEETING RESOLUTIONS

Appointment of the Auditors:

- Section 2.21(1)(j) of the USA provides that Shareholders holding at least 66.66% of the issued and outstanding voting shares shall appoint the Auditors of Corporation. The reappointment of KPMG LLP as Auditors of the Corporation was approved by Alectra's Board of Directors at its meeting on May 24, 2019 and Shareholders holding 66.66% of the Voting Shares, have confirmed their approval of such reappointment to the Secretary of the Corporation. Therefore, the Resolution set out below was approved and KPMG LLP is appointed as Auditors of the Corporation to hold office until the next AGM, and further that their remuneration be fixed by the Directors of the Corporation.

Appointment of Auditors

RESOLVED AS A SPECIAL RESOLUTION THAT:

In accordance with Subsection 2.21(1)(j) of the USA:

1. KPMG LLP are appointed auditors of the Corporation, to hold office until the close of the next annual meeting of the shareholders or until their successors are appointed, subject to the provisions of the Act; and
2. The remuneration of the auditors shall be fixed by the directors of the Corporation.



ALECTRA ANNUAL GENERAL MEETING RESOLUTIONS

Alectra Inc. Annual Financial Statements Year Ended December 31, 2018

Alectra's 2018 Financial Statements have been provided to each of the Shareholders as required pursuant to Section 2.25 of the USA by letter dated March 7, 2019.

Mr. John Basilio will review the financial results for 2018.

Financial Statements

Receipt of the Financial Statements of the Corporation for the financial year ended December 31, 2018 as approved by the Directors is acknowledged.



OPENING REMARKS – BRIAN BENTZ



OPENING REMARKS

- Alectra merger rationale remains sound
- 75% of Business Case synergies achieved
- 2017 & 2018 strong financial performance
- Evolving business environment is creating risks and opportunities
- Current financial outlook beyond 2019 healthy but below original merger expectations
- Strategic Plan update is underway
- Growth and re-balancing investment will be key to addressing short-term risks and longer-term opportunities
- Bottom line: Alectra needs to re-position to continue to deliver long-term value to our shareholders



STRATEGY AT A GLANCE (2017-2021) STRATEGY 1.0

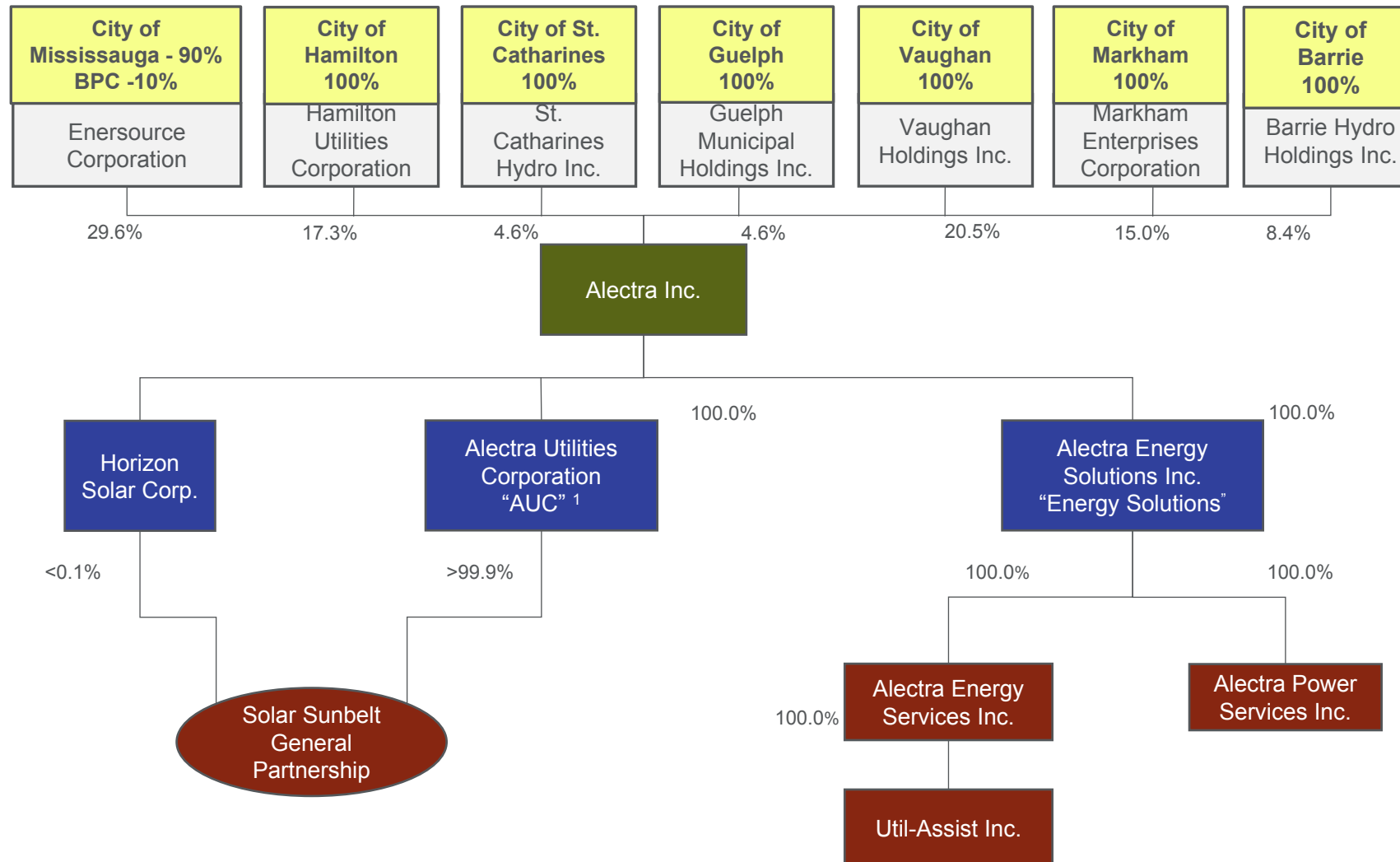
Vision: To be a leading electricity distribution and integrated energy solutions provider

Themes	MANAGING THE TRANSITION	OPTIMIZING OPERATIONS AND ENHANCING CUSTOMER EXPERIENCE	GROWING THE BUSINESS	BUILDING CORPORATE RESILIENCE
Goals	Deliver the outcomes planned in the merger business case	Optimize the operation of assets and related processes and enhance customer experience	Grow the core business through mergers and acquisitions and regional and community planning initiatives Grow the non-regulated business	Invest in our people and processes to meet the needs of our customers and stakeholders



OVERVIEW OF FINANCIAL STATEMENTS - JOHN BASILIO

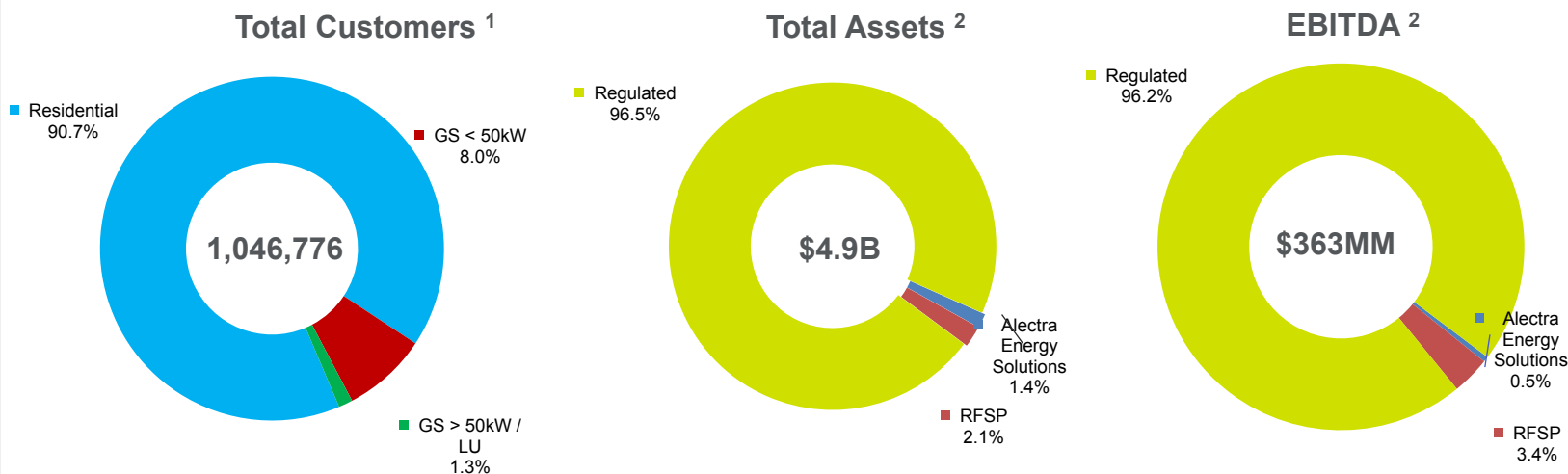
PRINCIPAL CORPORATE STRUCTURE (AS OF JANUARY 1, 2019)



CONSOLIDATED HIGHLIGHTS - ALECTRA

- AUC is the largest municipally-owned Local Distribution Company ("LDC") in Canada providing service to over 1,000,000 residential, commercial, industrial and institutional customers around the Greater Golden Horseshoe Area
 - *Regulated business* comprises approximately 97% of Total assets and approximately 96% of consolidated EBITDA
 - *Non-regulated business* consists principally of solar generation assets under long term FIT contracts with the IESO and sub-metering business

2018 Highlights



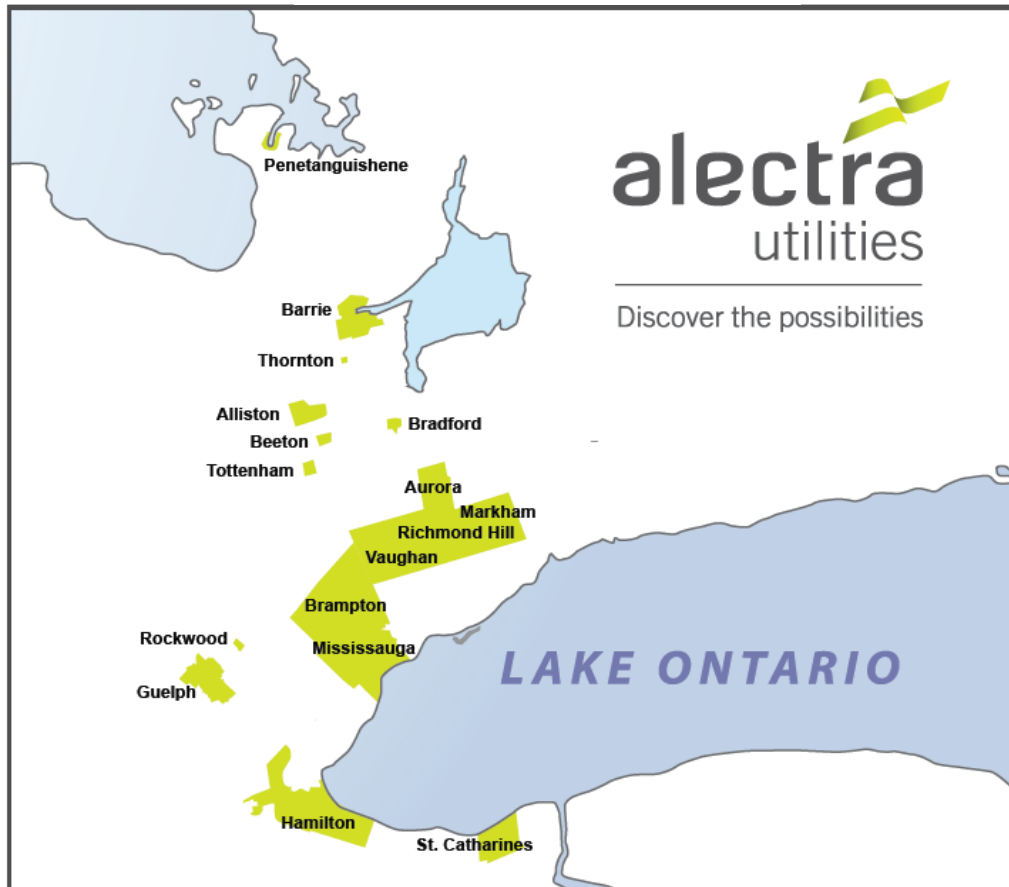
1 - Number of customers is as of Dec.31, 2018 for Alectra and GHESI combined; the number excludes USL and Street lighting customers/connections, as well as FIT, MicroFIT and embedded distributors

2 - Total Assets and EBITDA are based on 2018 IFRS Audited Financial Statements of Alectra and GHESI, pro-forma the amalgamation

ALECTRA UTILITIES CORPORATION



17
communities served



14,000 kilometres
of underground cables



7,000 kilometres
of overhead lines



14 transformer stations



157 municipal substations



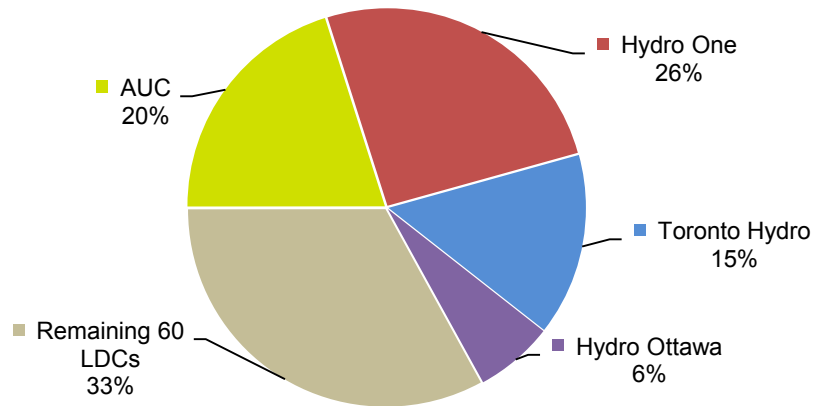
120,000
distribution transformers



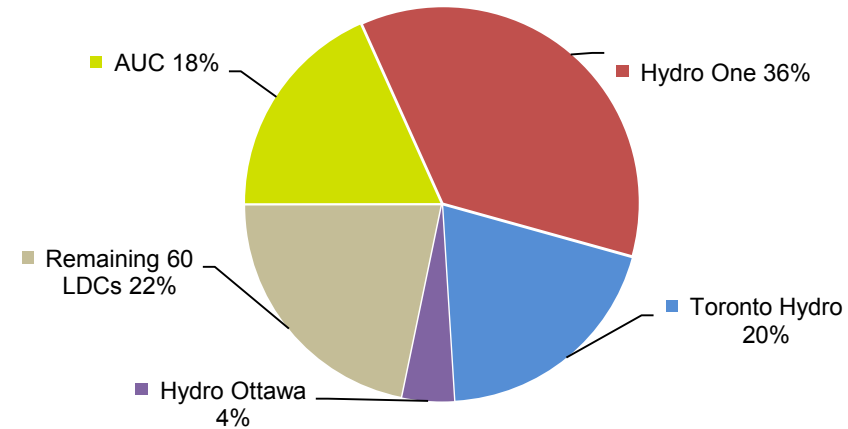
Note: The statistics above include GHESI data, estimated as of Jan. 1 2019

2017 PEER COMPARISON: ONTARIO ELECTRICITY SECTOR

Customer Share ^{1,2}
(Total Ontario: 5.2MM)



Asset Share ^{1,2}
(Total Ontario: \$25.9B)



Comparison of 2017 Operating Statistics²

	LDC Average	AUC	GHESI	AUC + GHESI
Number of Customers ³	79,374	982,022	55,239	1,037,261
Total GWh Delivered	1,945	24,402	1,602	26,004
Distribution Losses ⁴ (% of GWh Delivered)	3.87%	3.34%	3.54%	3.35%
OM&A per Customer	\$313	\$238	\$275	\$240
Distribution revenue per Customer	\$639	\$480	\$527	\$482

1 - Alectra data includes GHESI

2 - Source - OEB, Yearbook of Electricity Distributors 2017

3 - Number of customers excludes Sentinel and USL customers

4 - Distribution Losses refer to the loss of energy due to electrical resistance in the transmission process, a common metric to assess system efficiency

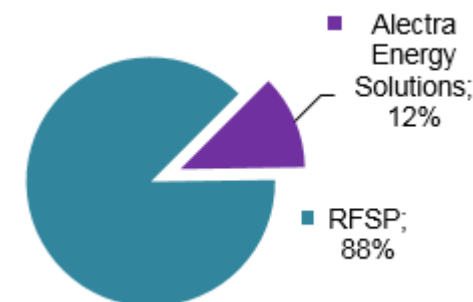
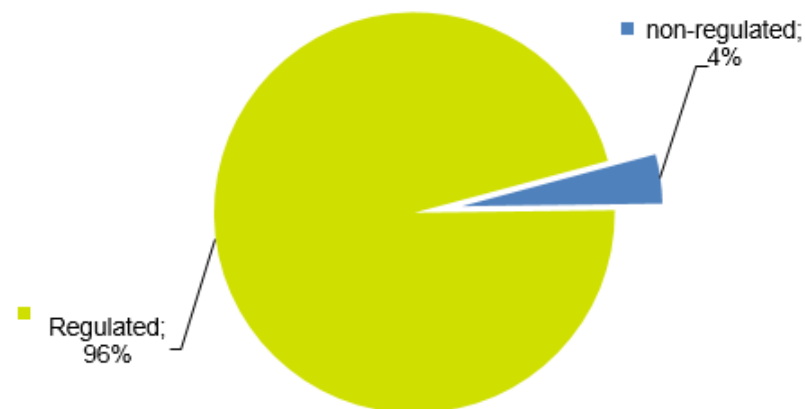
ALECTRA ENERGY SOLUTIONS

Alectra's competitive business consists of competitive solar generation, sub-metering, power services, Util-Assist and other energy services operated by Alectra Energy Solutions

Alectra is also focusing on the development of variety of microgrid solutions, including the use of Distributed Energy Resources ("DER") and energy storage, to meet the needs of the customers in the changing energy landscape



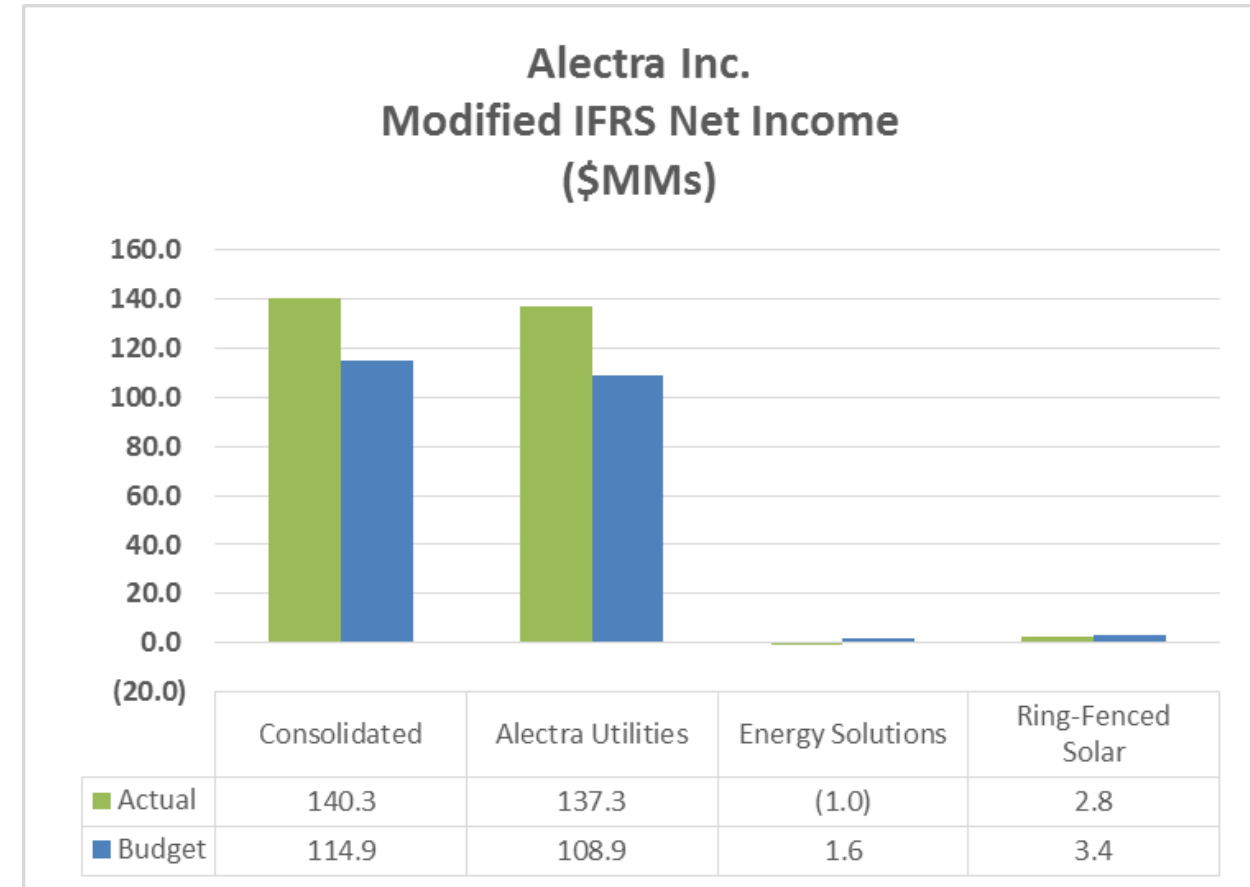
2018 EBITDA¹



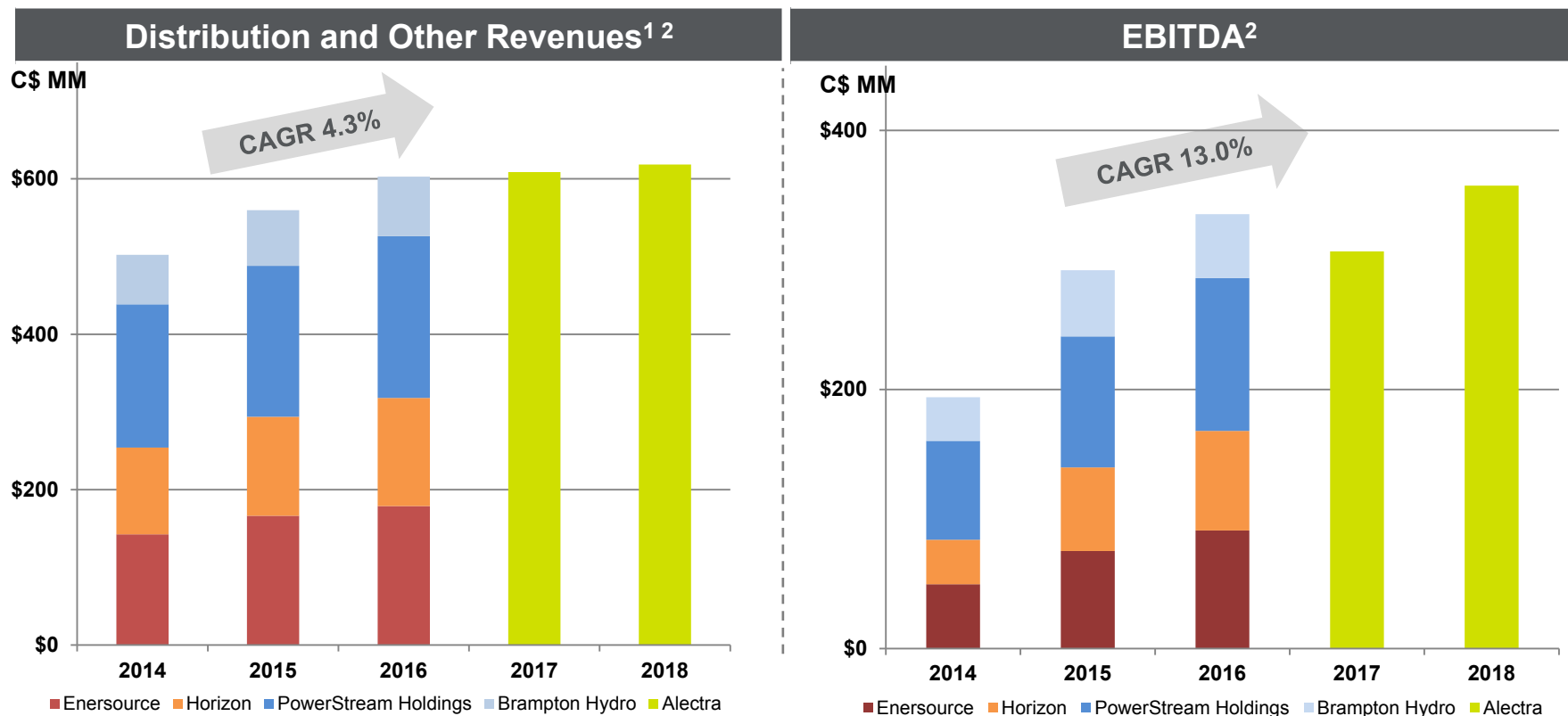
1 - Alectra EBITDA is based on Alectra 2018 Audited IFRS Financial Statements and excludes GHESI

2018 CONSOLIDATED PERFORMANCE

- ✓ 2018 net income of \$140.3MM (MIFRS) overachieved budget
 - Strong revenue and cost control
 - Some shift of transition costs into 2019
- ✓ Achieved adjusted distribution plant budget of \$278MM
- ✓ Over-achieved merger synergy targets
- ✓ Modest write-offs from Gov't cancellation of FIT4.0 and Sub-metering contracts



FINANCIAL GROWTH TRENDS



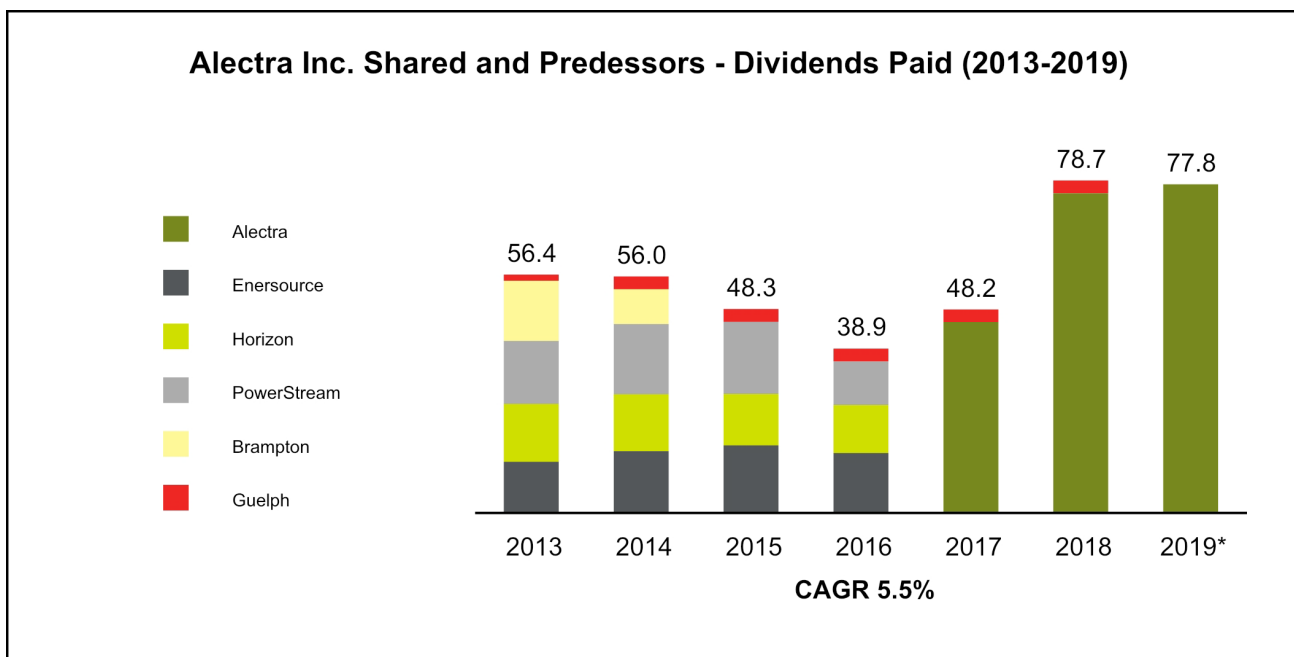
¹ Excludes energy sales revenue and the cost of energy as energy sales equal energy purchases

² Notes:

- For illustrative purposes - Historical Distribution and Other Revenues and EBITDA were derived by combining the annual Distribution and Other Revenues and EBITDA of each of the predecessor distributors.
- 2017 figures are based on Alectra Audited (IFRS) 11 month Financial Statements and pro-rated for a 12 month period.
- 2018 figures are based on Alectra 2018 (IFRS) Audited Financial Statements
- Financial profile excludes GHESI

DIVIDENDS

- The Board shall at all times exercise its discretion pertaining to the payment of dividends and having regard to the principles set out in the respective dividend policies:
 - The dividend on voting common shares is to be computed on Shared Net Income ¹ in a manner consistent with that used by the OEB for purposes of its distribution rate-making policies. Such basis is commonly referred to as MIFRS;
 - Expected to pay dividends up to 60% of MIFRS Net Income
- Separate dividend policy exists for the RFSP business, whereby dividends accrue solely to the former PowerStream Holdings shareholders on Class S shares of Alectra Inc., and to Alectra Inc. on Class S shares of AUC



¹ Shared Net Income of Alectra refers to the Net income of Alectra Inc., excluding RFSP

² Aggregation of dividends paid by predecessor distributors for purpose of illustration; including GHESI data

³ Excludes special dividends paid on amalgamation

DELIVERING ON DIVIDENDS IN YEARS 1-3

(\$MMs)	2017	2018	2019F	Total
PERFORMANCE vs. MERGER BUSINESS CASE				
Achieved/ Forecast*	45.2	75.7	74.2	195.1
Merger Business Case	52.1	66.8	77.6	196.5
Difference**	(6.9)	8.9	(3.4)	(1.4)
PERFORMANCE vs. NO MERGER				
Achieved/ Forecast*	45.2	75.7	74.2	195.1
No Merger (Status Quo)	44.3	50.7	53.2	148.2
Difference**	0.9	25.0	21.0	46.9
<p>* Accruing to initial Alectra Inc. Voting Common Shareholders (i.e., excluding GMHI) for comparative purposes to Alectra Merger Business Case</p> <p>** Alectra Merger Business Case assumed 12 month year for 2017. Alectra was formed January 31, 2017 with Brampton acquisition on February 28, 2017</p>				

OUTCOMES OF RATE APPLICATION & OEB POLICY CHANGES

Merger and related business case based on OEB MAADs Framework & Incremental Capital Funding

Shareholders relied on:

- The availability of a rebasing deferral period of ten years; and
- Incremental capital funding during the deferral period

Alectra filed its first rate application for rates and incremental capital funding for Brampton, Enersource and PowerStream

The OEB imposed unexpected decisions relative to policies, with significant revenue impacts:

Impact of Decisions & Policy Changes	2018	2019	2020	2021	2022	Total	2023
Total ICM Impact	\$ (2.1)	\$ (3.4)	\$ (7.3)	\$ (9.8)	\$ (11.3)	\$ (33.9)	N/A
Accounting Policy Impact	(0.8)	(2.3)	(4.5)	(4.2)	(3.8)	(15.6)	N/A
Total Rate Decision Impacts	(2.9)	(5.7)	(11.8)	(14.0)	(15.1)	(49.5)	N/A
Customer Service Rules Impact	(3.2)	(3.2)	(3.2)	(3.2)	(3.2)	(16.0)	(3.2)
Total Policy Impacts	\$ (6.1)	\$ (8.9)	\$ (15.0)	\$ (17.2)	\$ (18.3)	\$ (65.5)	N/A

FINANCIAL OUTLOOK – 2019 TO 2021 DIVIDENDS

Initial Alectra Inc. Shareholders

(\$MMs)	2019	2020	2021	Total
FORECAST vs. MERGER BUSINESS CASE				
Forecast*	74.2	76.1	71.4	221.7
Merger Business Case	77.6	89.0	92.6	259.2
Difference**	(3.4)	(12.9)	(21.2)	(37.5)
FORECAST vs. NO MERGER				
Forecast*	74.2	76.1	71.4	221.7
No Merger (Status Quo)	53.2	55.8	57.7	166.7
Difference**	21.0	20.3	13.7	55.0
* Accruing to initial Alectra Inc. Voting Common Shareholders (i.e., excluding GMHI) for comparative purposes to Alectra Merger Business Case				
** Alectra Merger Business Case assumed 12 month year for 2017. Alectra was formed January 31, 2017 with Brampton acquisition on February 28, 2017				

FINANCIAL OUTLOOK – 2019 TO 2021 DIVIDENDS

Guelph Municipal Holdings Inc.

(\$MMs)	2019	2020	2021	Total
FORECAST vs. MERGER BUSINESS CASE				
Forecast	3.6	3.7	3.5	10.8
Merger Business Case	3.6	3.9	4.0	11.5
Difference	-	(0.2)	(0.5)	(0.7)
FORECAST vs. NO MERGER				
Forecast	3.6	3.7	3.5	10.8
No Merger (Status Quo)*	3.0	3.0	3.0	9.0
Difference	0.6	0.7	0.5	1.8
* Guelph Hydro dividend policy provided for quarterly dividends in the amount of \$0.750MM, subject to restrictions provided in section 38(3) of the <i>Ontario Business Corporations Act</i>				

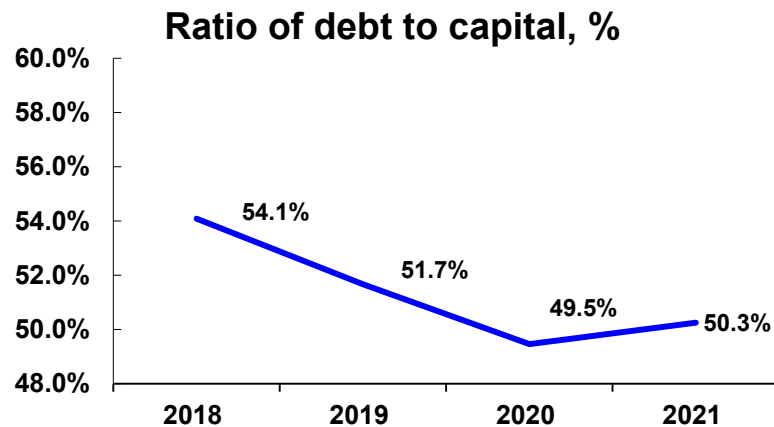
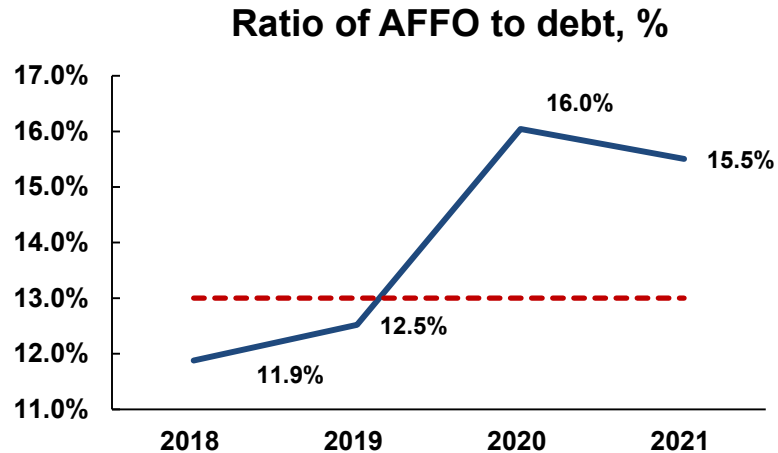
PERFORMANCE (CLASS S SOLAR SHARES) 2017/2018 AND 3-YEAR FORECAST

The annual Solar Share Dividend is set as a target up to 80% of the “net free cash flow” generated exclusively by the former PowerStream Solar Business subject to meeting certain conditions such as debt servicing adequacy

	Actual		Forecast		
\$MM	2017	2018	2019	2020	2021
Dividends at 80.00% Net Free Cash Flow	12.965	8.000	7.000	5.500	4.500
Special Dividend - Tax Loss Utilization	3.916	2.699	-	-	-
Total Solar Share Dividends, pre-tax	16.881	10.699	7.000	5.500	4.500

KEY CREDIT METRICS

Capital Structure



- Supportive of A/stable ratings
- Modest debt capacity for growth
- Achievement of medium- to long-term growth objectives will require new equity investment:
 - Capital calls on municipalities;
 - Third party investment;
 - New business structures



FINANCIAL PERSPECTIVE – INVESTOR CONSIDERATIONS

- ☒ Largest municipally-owned LDC in Canada by Customers
- ☒ Low-risk electricity distribution business
- ☒ Efficient, low cost operations
- ☒ Favourable customer mix in a strong service territory
- ☒ Stable and consistent financial performance
- ☒ Strong reputation and experienced management team
- ☒ Supportive shareholders
- ☒ Leader in regulatory and government advocacy

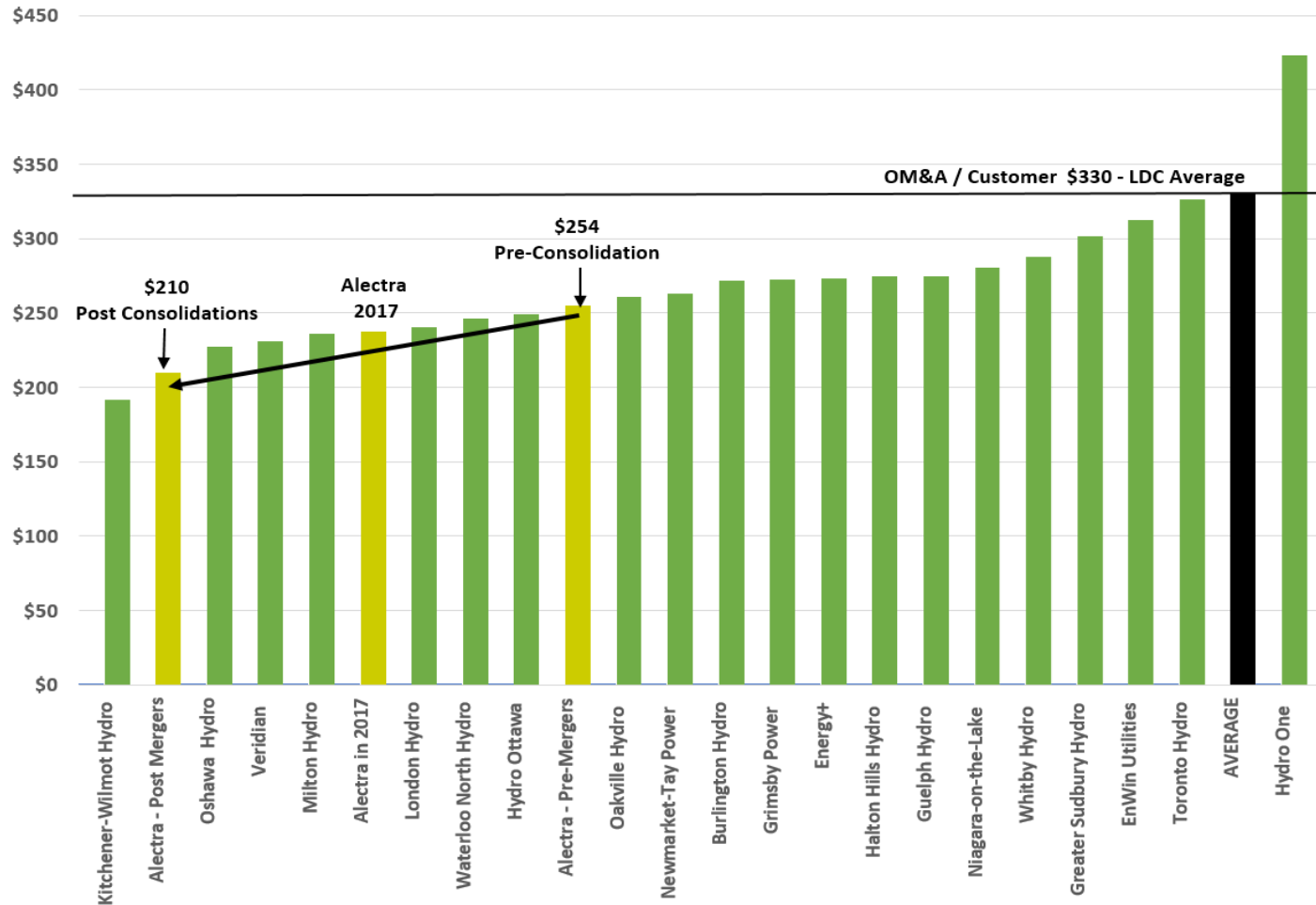


OPERATIONAL & SYNERGY UPDATE

MAX CANANZI, PRESIDENT, ALECTRA UTILITIES CORP.

HOW ALECTRA COMPARES TO ONTARIO LDCs

\$OM&A per Customer [Reference: 2017 OEB Yearbook]



Alectra [pre-consolidation]:

- \$254 OM&A per customer in '16

Business Case forecast:

↓ Decrease of \$40 OM&A per customer due to original Alectra consolidation

↓ Decrease of \$4 OM&A per customer due to Guelph Hydro merger

Alectra is on track with its cost reductions

Alectra [post-consolidation & mergers]:

- \$210 OM&A per customer

INTEGRATION PRIORITIES & SUCCESSES

Collective
Bargaining ✓

Harmonize
Customer
Information Systems ✓

Harmonize Financial
Systems

Community
Involvement ✓

IT Foundational
Systems

Capital Investment
Plan ✓

Corporate Culture
and Employee
Engagement

Brand & Customer
Communications ✓

Achieve Synergies

EXCEPTIONAL 2018 CUSTOMER CARE METRICS



How satisfied customers are

91%

89%

Provides consistent, reliable electricity

92%

90%

Quickly handles outages and restores power

90%

86%

Customer-focused and treats customer as if they're valued

85%

79%

Is a company that is 'easy to do business with'

84%

82%

Keeps its promises to customers and the community

85%

80%

Is a trusted and trustworthy company

85%

81%



ENVIRONMENTAL SCAN & STRATEGY 2.0

BRIAN BENTZ, PRESIDENT AND CEO, ALECTRA INC.

DRIVING THE PACE OF CHANGE

● Economic Changes

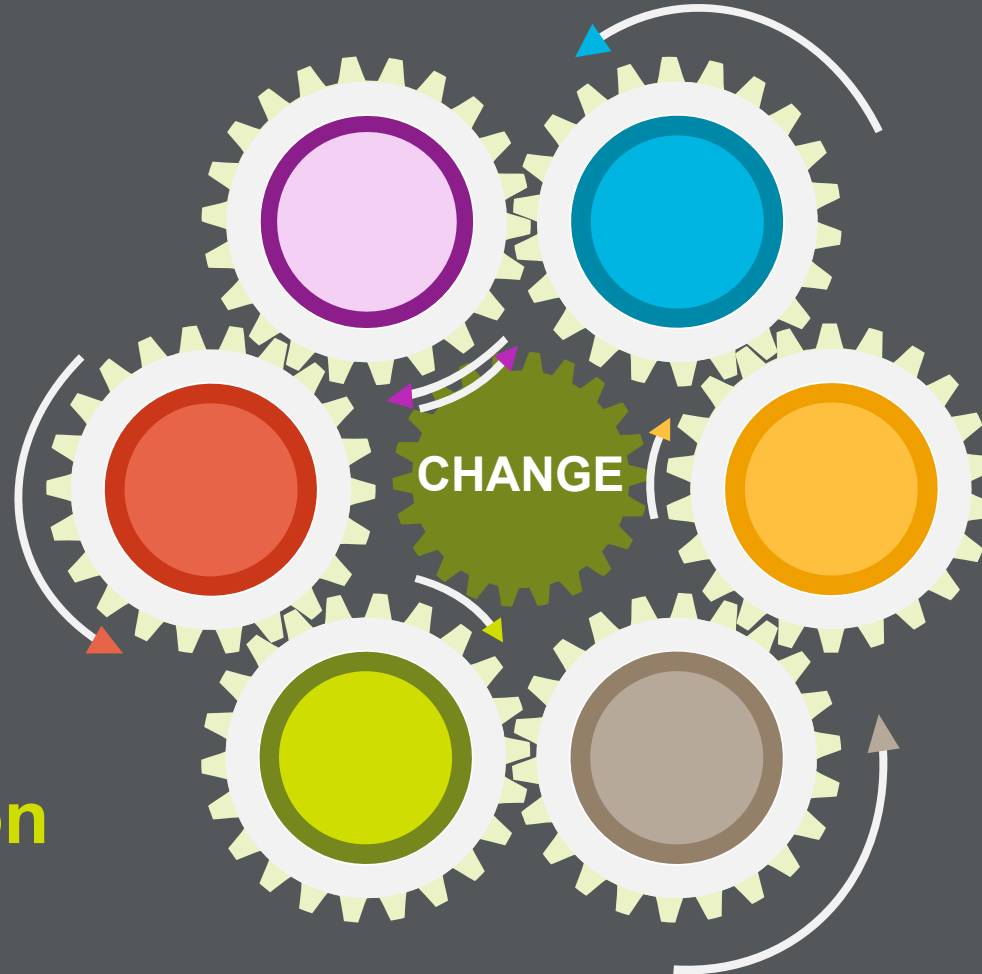
● Electric Vehicles

● LDC Consolidation

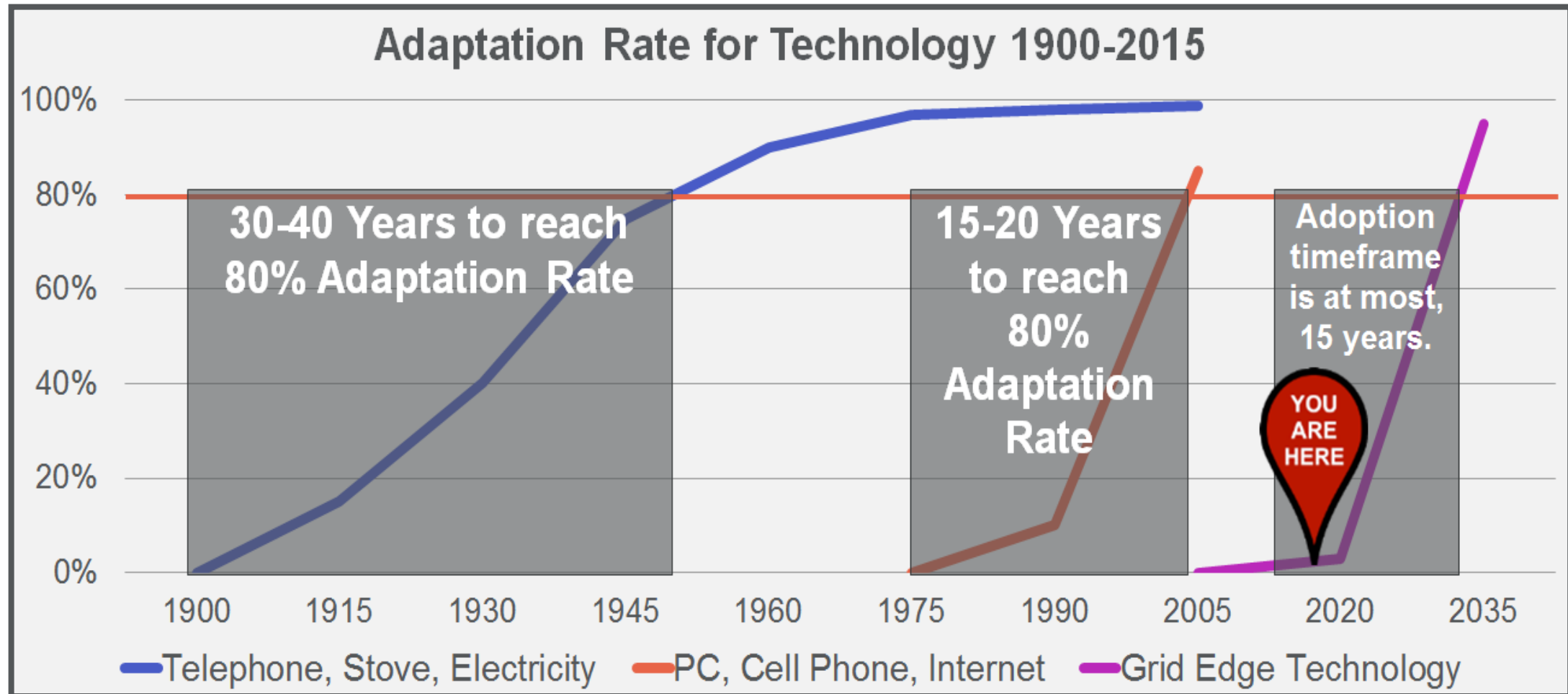
● Regulatory

● Customer Choice

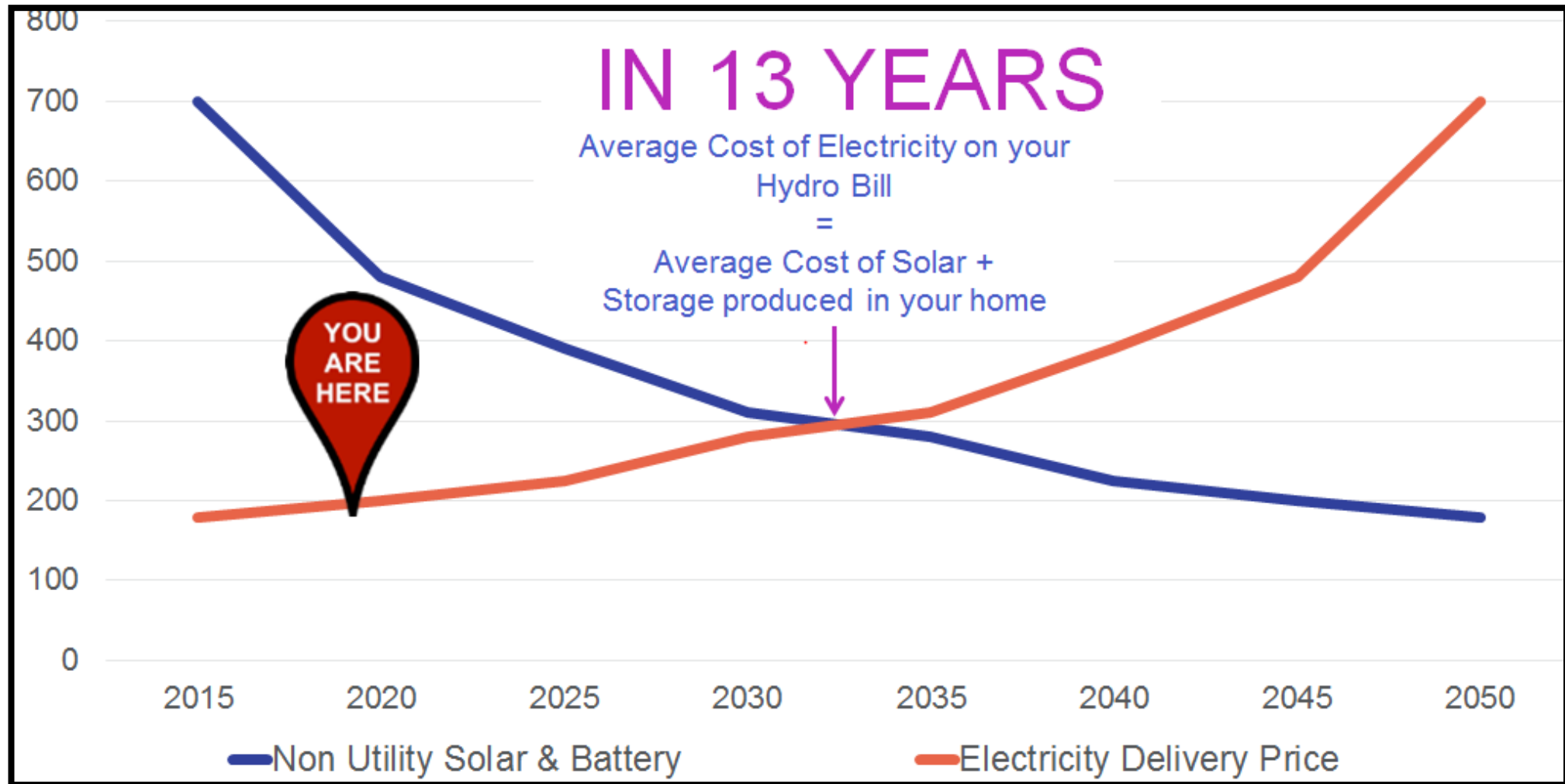
● Political



PACE OF CHANGE



TIPPING POINT - 2032



POLITICAL ENVIRONMENT

Quick Action from the Ford Government in Energy Sector:

- Replaced Hydro One CEO & Board
- Cancelled cap and trade program, Green Energy Act, and Climate Change Action Plan
- Regulatory activism including East West Tie intervention
- Introduced Bill 87, Fixing the Hydro Mess Act:
 - Significant changes to CDM Framework
 - Overhauls the Ontario Energy Board
 - Changes financing structure of Fair Hydro Plan



Meanwhile, latest polling suggests “Ontario Premier Ford’s Honeymoon in Rearview Mirror as Liberals (32%), PCs (30%) and NDP (29%) Locked in a Three-Way Tie” – Ipsos, May 24th, 2019



ONTARIO'S REGULATORY ENVIRONMENT – A TIME FOR CHANGE

OEB Modernization

- Board of Directors, led by a Chair, to be established; responsible for governance / strategy
- CEO, separate from the Chair of the Board of Directors; provides executive leadership
- Commissioners will assume an adjudicative role in hearings
- Focus is on simplifying and shortening the regulatory process & increasing certainty

May 7th - Resignation of Chair and CEO of the OEB, Rosemarie Leclair

May 28th - Alectra submitted rate application including five year capital plan and five year funding request

AWARDS & RECOGNITION

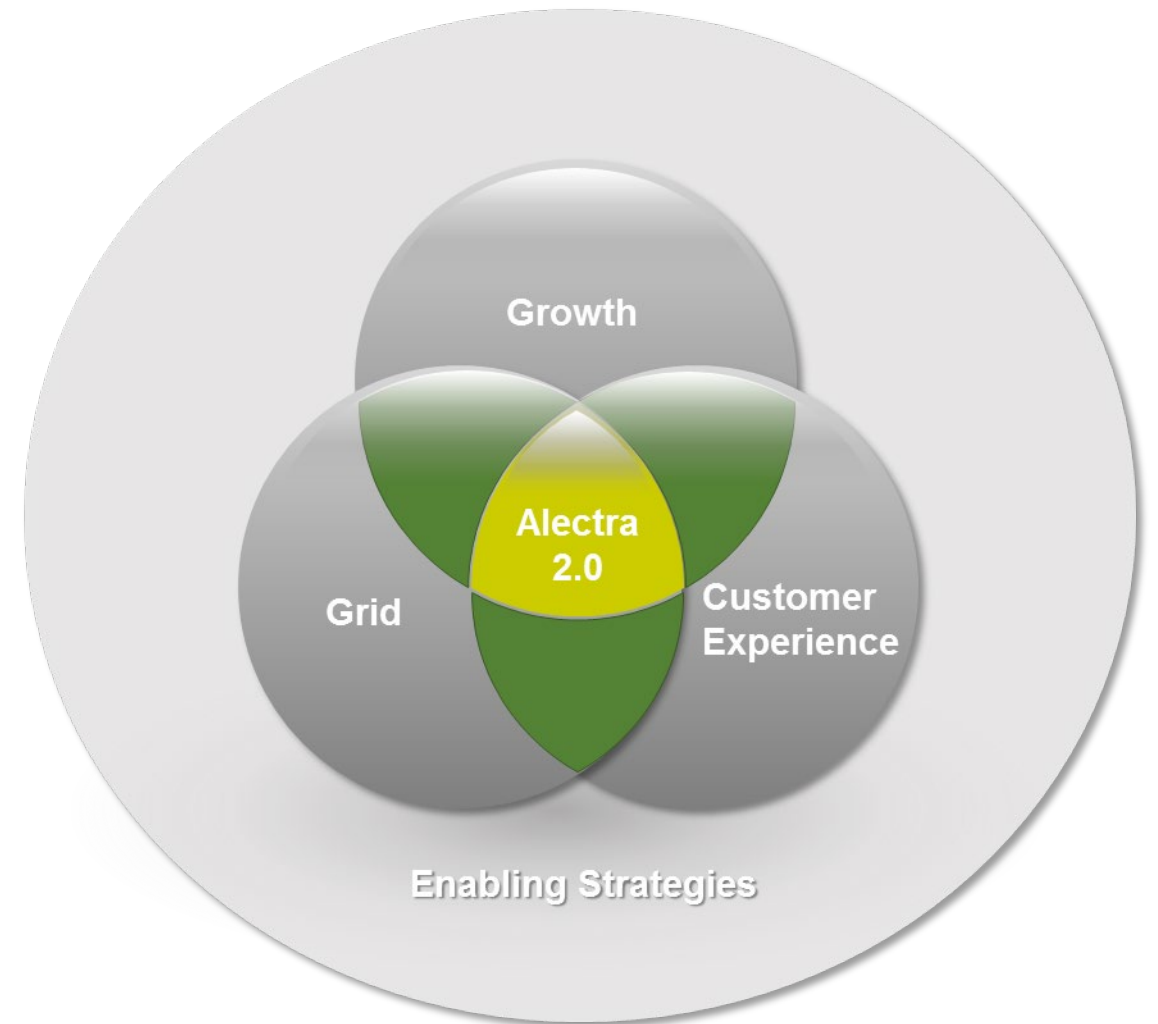
- Partners in Project Green Legacy Leader Award
- Received “Caring Company” designation from Imagine Canada
- Excellence in Diversity & Inclusion ranking from Electricity & Human Resources Canada
- Received Smart 50 from Smart Cities Connect Foundation for Advantage Power Pricing Program
- Recognized by Corporate Knights as one of Canada’s Best 50 Corporate Citizens



STRATEGY AT A GLANCE

(2020-2024) aka Strategy 2.0

- Giving Optimization of Grid and Customer Experience a greater corporate focus
- Investing in our Customer facing solutions to decrease costs, increase satisfaction and increase long-term value
- Maintaining our focus on Growth of our Distribution and Competitive businesses to increase and diversify our income streams
- Investing in our competitive business to act as a hedge against revenue erosion

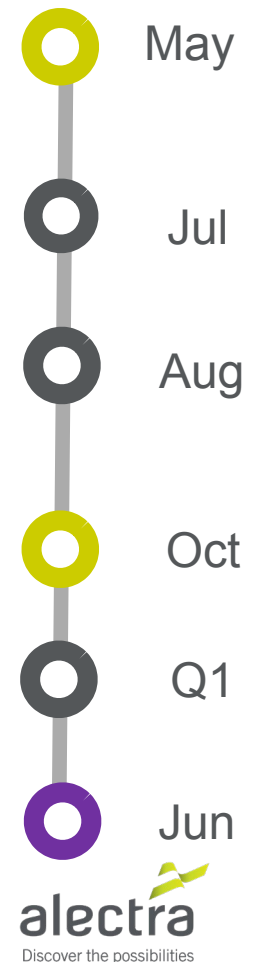


People, Planet and Performance

STRATEGY 2.0 - MILESTONES

Timeline

March	Strategy Development Roadmap – Approved by Board
Milestone #1: May 24	Present top-line strategy elements: Vision, Themes and Goals & obtain Board feedback and endorsement on direction
June/July	Update Board on Strategy Details, Conduct Board Survey & 1:1 discussions with Board members
Milestone #2: August	Present draft <i>Strategy 2.0 at-a-Glance</i> & obtain Board feedback
Board Off-Site: October 22/23	Present <i>Strategy 2.0 at-a-Glance</i> & obtain Board feedback and approval
Post Off-Site	Assemble narrative for Strategy 2.0 and present to Board in Q1, 2020
2020 AGM: June	Presentation of Strategy 2.0 to Shareholders





RECAP

IN SUMMARY...

✓ 75% of sustained merger synergies have been achieved as planned

✓ High levels of customer satisfaction and service reliability have been maintained as we move through the merger transition

✓ Community investment and shareholder engagement has been maintained or improved

✓ Workplace culture and employee engagement remain positive and new strategies are under development

✓ A rapid pace of change including technology, customer choice, political and regulatory environments has gripped our industry

✓ We are building an updated business strategy in consultation with our Board and Shareholders to reach our optimal financial performance as this business and political landscape changes

✓ We look forward to the next stage of growth for Alectra

DRC-4

Reference

Exhibit 4, Tab 1, Schedule 1 (DSP), Appendix 19 – Fleet Renewal

Preamble: As of 2018, 64 per cent of vehicles in Alectra’s fleet had surpassed their useful lives and must be replaced (p. 1). Alectra indicates that it will utilize hybrid vehicles and EVs where possible and will realize efficiency savings in part via utilization of hybrid vehicles and EVs (Table A19 - 5). Alectra intends to purchase 189 replacement light duty vehicles (capital expenditure of \$8.7m), 45 replacement medium duty vehicles (capital expenditure of \$7.4m), and 59 replacement heavy duty vehicles (capital expenditure of \$27.6m) over the 2019 to 2024 period as part of its planned fleet renewal investment (Table A19 - 14).

- a) The 2019 federal budget provided for financial incentives of up to \$5,000 for qualified zero emission vehicles purchased or enhanced capital cost allowance deductions.
 - (i) Please advise whether Alectra’s planned fleet renewal investments qualify for the 2019 federal budget financial incentives and/or enhanced capital cost allowance deductions.
 - (ii) Please advise whether the capital expenditure figures reported in Table A19 - 2 reflect the 2019 federal budget financial incentives and/or enhanced capital cost allowance deductions.
- b) Please complete the following chart indicating the breakdown of vehicle type in Alectra’s current vehicle fleet:

Vehicle Type	Fully Electric	Hybrid	Non-EV/Hybrid	Total
Heavy Duty Vehicles				
Medium Duty Vehicles				
Light Duty Vehicles				

- c) What proportion of Alectra’s planned fleet renewal investment will involve fully electric and/or hybrid vehicles? Please supplement the information provided in Table A19 - 2 by completing the following chart indicating Alectra’s anticipated breakdown of vehicle type in Alectra’s planned fleet renewal investment (2019 to 2024):
- d) Please provide all calculations and working papers supporting Alectra’s statement that it will realize efficiency savings in part via utilization of hybrid and EVs (Table A19 - 5).
- e) Please indicate the estimated quantum efficiency savings (including fuel cost savings) that Alectra anticipates it will achieve by utilizing hybrid vehicles and EVs rather than traditional internal combustion engine vehicles.

Response:

a) Yes, Alectra Utilities can qualify for the 2019 federal budget financial incentives of up to \$5,000 for zero emission vehicles purchased.

(i) Alectra Utilities is in the process of issuing a Request for Proposal (“RFP”) for the planned 2020 to 2024 vehicle replacements. Suppliers will be asked to provide electrical vehicles details and cost on suitable selected planned vehicle replacements. The 2019 federal budget financial incentives will be part of the RFP responses financial analysis criteria.

(ii) The capital expenditure figures reported in Table A19, do not reflect any potential financial incentives. Even with financial incentives, available electrical vehicles are normally higher in cost. Alectra Utilities will determine how to replace vehicles based on the RFP responses, financial analysis and operational requirements.

b) The table below provides the breakdown of Alectra Utilities’ current vehicle types:

Table 1 – Alectra Utilities Vehicle Types Table

Vehicle Type	Full Electric	Hybrid	Non- EV/Hybrid	Total
Heavy Duty	0	17	165	182
Medium Duty	0	0	75	75
Light Duty	6	16	300	322
Total	6	33	540	579

c) Alectra Utilities continuously evaluates its fleet needs in order to determine the type of replacement vehicle based on the investment outcomes and benefits as provided in Table A19 – 5: Investment Outcome and Benefits. Alectra Utilities regularly assesses electric vehicle technologies and costs against operational requirements, as part of its vehicle

1 replacement process. Based on this assessment, it then purchases electric/hybrid vehicles
2 if it provides better outcomes or benefits than non-EV/Hybrid. For example, Alectra Utilities
3 will evaluate new fleet purchases based on the capital cost of the vehicle, the estimated cost
4 to operate vehicle and reviews the estimated emissions and fuel consumption of the new
5 vehicle. The new or replacement vehicle must also meet Alectra Utilities' operational needs
6 and support Alectra Utilities' environmental and sustainability initiatives.

7 d) Alectra Utilities has not identified any efficiency savings as a result of utilizing hybrids and/or
8 electrical vehicles for the planned 2020 to 2024 vehicles replacements. Alectra Utilities will
9 depend on the RFP responses' financial analyses and operational requirements to
10 determine potential efficiency savings, as provided in Table A19 – 5: Investment Outcome
11 and Benefits.

12 e) Alectra Utilities has not estimated the quantum efficiency savings (including fuel cost
13 savings) it may achieve by utilizing hybrid vehicles and electrical vehicles than traditional
14 combustion engine vehicles at this time. Potential efficiency savings is part of the decision
15 making during the procurement financial analysis process.

DRC-5

Reference

Exhibit 4, Tab 1, Schedule 1 (DSP), Section 5.2.3

Preamble: Alectra has established three DSP-specific performance measures, which allow it to track performance relative to the Operational AM Strategic Principle of enhancing operational effectiveness and system performance in alignment with its long-term plans by balancing the need for system renewal, system modernization, and cost mitigation.

Figure 5.3.2 - 2 and Table 5.2.3 - 5 in the DSP illustrate an increasing system average interruption duration trend at Alectra since 2014. Figures 5.2.3 - 3 and Table 5.2.3 - 7 illustrate a trend of increasing system average interruption frequency at Alectra over the five-year period from 2014 to 2018.

- a) Are DERs and/or EVs used by Alectra to improve SAIDI or SAIFI? If not, why not?
- b) How does Alectra expect that SAIDI and SAIFI, and reliability generally, over the period since 2014 would be affected if:
 - (i) 5 per cent;
 - (ii) 10 per cent; and
 - (iii) 25 per cent;

of Alectra's system load was provided through use of DERs?

Response:

- 1 a) and b) At the present, there is insufficient amount of Distributed Energy Resource ("DER")
- 2 and/or Electric Vehicle ("EV") systems on the Alectra Utilities' distribution system to produce
- 3 meaningful positive impact to Alectra Utilities' SAIDI and SAIFI performance measures. Alectra
- 4 Utilities has proposed to evaluate the impacts on system performance from DERs including
- 5 EVs onto Alectra Utilities distribution system through the DER Integration investment, outlined
- 6 in Appendix A16 of the DSP (Exhibit 4, Tab 1, Schedule 1). The purpose of the DER
- 7 Integration investment is to evaluate the potential positive impacts, as well as potential risks to
- 8 reliability on Alectra Utilities' distribution system. Without completion of this study and
- 9 understanding of the exact location of DERs, Alectra Utilities cannot speculate on the impact of
- 10 DERs on overall system reliability performance.

DRC-6

Reference

Exhibit 4, Tab 1, Schedule 1 (DSP), Appendix 2 – Customer Connections, Section 2.5

Preamble: Alectra’s customer connections investment includes projects to connect intra-city or inter-city transit electrical infrastructure to the distribution system, as noted in Table A02 - 6.

- a) Please add an additional column to Table A02 - 6 identifying which of the projects listed involve transit electrification and/or use of battery electric buses or other EVs.**
- b) Please add a further additional column to Table A02 - 6 explaining the nature (i.e., type, size, quantity, cost) of the customer connection(s) that are required for each of the projects listed.**
- c) Alectra indicates that “predicted uptake for development along the corridors of the Metrolinx projects is approximately 25 institutional projects for the first three years of the reporting period and then tapers off in the latter three years in terms of rate of increase in projects” (p. 16). Please discuss, and provide details and timing relating to, the institutional projects that Alectra and/or Metrolinx anticipate in the Alectra service territory over the reporting period and discuss their expected impact on Alectra’s customer connections, load, revenues, and distribution system.**

Response:

- 1 a) and b) Please see Table 1, below.
- 2 **Table 1 - Table A02-6 with Additional EV Information**

Project	Time Period	km of Project	Description - location	Transit Electrification and/or use of battery electric buses or other EVs	Nature of customer connections
Hamilton LRT	2019-2024	14km	Between Cootes Drive @ McMaster University, east along Main Street West, crosses 403 to King Street. Travels east along King Street until the intersection with main Street. Travels east along Main Street until	Transit Electrification proposed by Project Sponsors. Other forms of propulsion also possible depending on proponents.	Traction Powered Substation (TPSS), LRT stops, and LRT signaling.

			Eastgate Mall.		
Hurontario-Main LRT	2019-2022	22km	Between Port Credit GO Station, north on Hurontario Street to Steeles Road in Brampton. Loops around Square One on Burnhamthorpe between Hurontario and Duke of York, on Duke of York between Burnhamthorpe and Rathburn, and on Rathburn between Duke of York and Hurontario.	Transit electrification proposed by Project Sponsors. Other forms of propulsion also possible depending on proponents.	Traction Powered Substation (TPSS), LRT stops, and LRT signaling.
Barrie Go Train Enhancements -Go Electrification - Markham/Stouffville 2 Way All Day Go Train	End of 2021		Relocation of approximately 89 conflicts along the Barrie, Stouffville, Kitchener and Lakeshore West GO Rail Corridors.	Transit electrification proposed – non Alectra connected if proponents complete electrification (connected to Hydro One). Other forms of propulsion also possible depending on proponents.	All TS connected. We do not expect an Alectra Utilities connections for this work.
Brampton Queen St Rapid Transit	Subject to government funding and approval.		No definitive boundaries established	Unknown	Transit stops along route
Dundas Street BRT	Subject to government funding and approval.		No definitive boundaries established	Unknown	Transit stops along route
Hamilton/Aldershot 2 Way All Day Go Train	Subject to expropriation issues between Metrolinx and CN.		No definitive boundaries established	Unknown	Transit signaling along route.

- 1
- 2 c) The institutional projects that Alectra Utilities and/or Metrolinx anticipate are based on
- 3 developers and business owners that have already commenced projects in anticipation of
- 4 the Metrolinx projects. Listed by area, below are samples of projects currently underway
- 5 that have not been connected as of August 2019:

1
2 1. Hamilton (Hamilton Light Rail Transit):

- 3 a. 154 Main St E, Hamilton – Condo Building with 267 residential units with
4 commercial spaces and parking – 2021 Connection.
5 b. 45 King St E, Hamilton – Condo/Apartment Building – 500+ residential suites,
6 commercial spaces, and parking facility – 2021 Connection.
7 c. Queen St N & King St W and Market St, Hamilton –140-room hotel, a 1,000-bed
8 student residence, four (4) 25-storey apartment buildings with 200 residential
9 units. 2020-2022 Connection
10 d. 15 Queen St S, Hamilton - Condo Building with 212 residential units with
11 commercial spaces and parking - 2021 Connection.
12 e. 71 Rebecca St, Hamilton – 30-storey condo building – 2023 Connection
13

14 2. Mississauga/Brampton (Huronario-Main Light Rail Transit):

- 15 a. M-City Development – eight (8) buildings totaling 5,216 residential units with
16 nearly 80,000 sqft of commercial space – Constructed all throughout the DSP
17 period. 2020-2026 Connections for all eight buildings.
18 b. Parkside Village consists of two condominiums with 50 and 38 storeys with over
19 35,000sqft of commercial retail space. 2022-2024 Connections.
20 c. Block 8 is bounded by Rathburn road to the North, Confederation to the west,
21 Living Arts to the East and Square One Drive to the South. The parcel will
22 consist of six buildings in total ranging from 40 stories to 54 stories. – 2022-
23 2026 Connections.
24 d. Conservatory Development (Matthews Gate & Hurontario) – 2021 Connections.
25 e. Armdale Development (Enfield & Matthews Gate) – 2021 Connections.
26 f. Kariya and Centre View Dr – 2021 Connections.
27 g. Kariya and Burnamthorpe Dr– 2021 Connections.
28 h. Oxford Square One Development Office Tower – 2021 Connections.
29

30 3. East (Barrie/Markham Stouffville Electrification):

- 31 a. Markham Downtown Developments:

- i. The areas in yellow as illustrated in Figure DRC-6-1 below are currently under construction and the developments in white are planned developments set to occur during the DSP period.

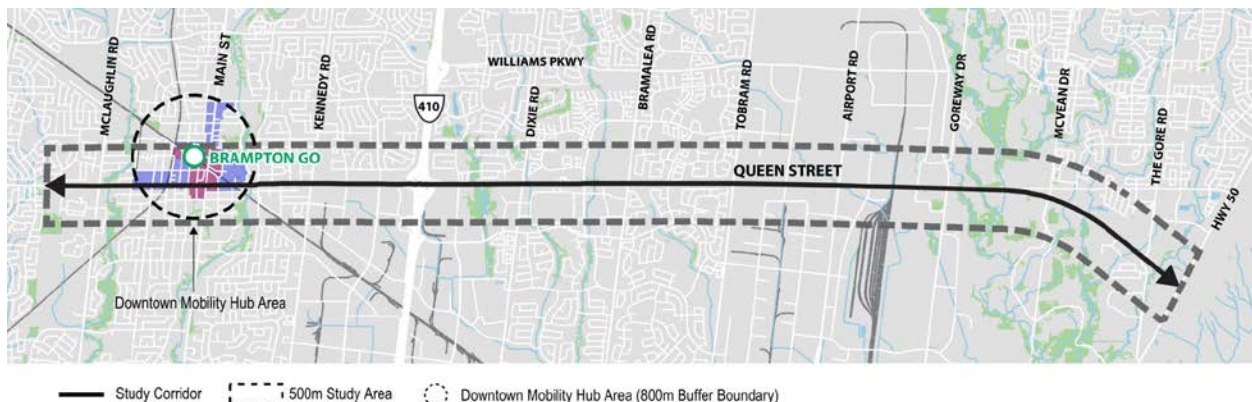
Figure 1 – Proposed Developments in Downtown Markham



4. Central North (Brampton) – Queen St Bus Rapid Transit:

- a. Few details are known at this point as Government Approval is still required. From media reports, the section between McLaughlin Rd and Hwy 410 will have demolition of buildings in the core of Brampton. Points eastward along the line to Hwy 50 will be pockets of infill ICI with residential subdivisions remaining as-is.

Figure 2 – Proposed Queen Street Bus Rapid Transit



5. Central South (Mississauga) – Dundas St Bus Rapid Transit:

- a. Few details are known at this point as Government Approval is still required. Most of the line is already developed, but this may result in re-zoning and re-development.

Figure 3 – Proposed Dundas Street Bus Rapid Transit



6. Hamilton/Aldershot “All Day Go Transit”:

- a. Alectra Utilities expects that the additional service delivery will occur during the DSP reporting period. The City of Hamilton Economic Development Group has identified locations where development will occur due to the introduction of the all-day service. However, as of August 2018, there is limited information available for Alectra Utilities.

All of above described developments and connections are anticipated by Alectra Utilities to increase system demand, customer counts and will likely require changes to the distribution system.

DRC-7

Reference

Exhibit 4, Tab 1, Schedule 1 (DSP), Appendix 2 – Customer Connections, Section 2.6

Preamble: Alectra’s customer connections investment will include upgrades to account for EV chargers across Alectra’s service territory. Alectra indicates that EVs “will continue to become a vehicle of choice as technology and affordability increase”.

- a) Please explain what is required for a single residential unit to install and connect an EV charger through the layout process.**
- b) Please explain what is required for commercial facilities or condos to carry out the necessary “upgrades” to connect EV chargers through the ICI process.**
- c) Please indicate what proportion of the new connections identified in Table A02 - 9 in the “Number of ICIs” and “Number of Layouts” categories have been or are anticipated to be EV charger connections between 2014 and 2024.**
- d) Please indicate how many of each of the following types of customer connections Alectra facilitated in its service territory in 2018:**
 - (i) single residential unit EV charger connections;**
 - (ii) commercial facility EV charger connections; and**
 - (iii) condo EV charger connections.**
- e) Please indicate how many of each of the following types of customer connections Alectra anticipates in its service territory over the 2020 to 2024 period:**
 - (i) single residential unit EV charger connections;**
 - (ii) commercial facility EV charger connections; and**
 - (iii) condo EV charger connections.**
- f) Has Alectra considered the distribution system planning, grid, emissions, and/or rate impacts of offering extremely low-cost electricity distribution charges during the lowest-peak period (i.e., overnight) for EV charging? If so, please provide any and all working papers. If not, please explain why not.**

Response:

- 1 a) The process required for a single residential unit to install and connect an EV charger
- 2 through the layout process starts with the customer or their representative designing the
- 3 appropriate service size to accept the EV charger. If a service upgrade to a single
- 4 residential home is required to add an EV charger, the customer or their representative
- 5 would apply for the service upgrade to the home through Alectra Utilities’ online application
- 6 site and indicate in their application that an EV charger will be added to the home. Alectra

Utilities' design will incorporate the load of the EV charger and evaluate the impact on the distribution system (e.g. impact on transformation and service wires supplying the residence). A site-specific estimate will be provided to upgrade Alectra Utilities' system to accommodate the increased load.

b) The process required for commercial facilities or condominiums to carry out the necessary upgrades to connect EV chargers through the ICI process starts with the customer or their representatives designing the appropriate service size to accept the EV charger. If a service upgrade to a commercial facility or condo is required to add EV charging, the customer or their representative would apply for the service upgrade to the facility through Alectra Utilities' online application site and indicate in their application that an EV charger will be present at the facility. Alectra Utilities' design group will review the loading proposed by the applicant against the facility's meter data and determine if the existing transformation is adequate for the additional load, and;

a. If the transformation is of adequate capacity and configuration, isolation for the customer to replace their service will be provided, the work will occur and the service will be energized.

b. If the transformation is not of adequate capacity or configuration, Alectra Utilities will incorporate the load of the EV charging and its effect on the existing distribution system (such as the supply feeder). Once all requirements are made known, a site-specific Offer to Connect will be provided to upgrade Alectra Utilities' system to accommodate the increased load.

c) During 2014-2018 period and year to date 2019, Alectra Utilities (and predecessor utilities) did not track or report on the number of new or upgraded connections necessary to accommodate EV charger connections.

For 2020-2024, the number of connections related EV chargers are forecasted by type of connections as follows:

- Layouts (new and upgraded residential and small commercial properties): 5% of all annual layout connections.

- 1 • New and upgraded typical commercial facilities, condos, and industrial
2 connections: the number of connections related to EV chargers will be minimal
3 as existing facilities of these types can withstand the increased load of a modest
4 number of EV chargers and no upgrade or new connection would be required.
5 In addition, the number of connections related to EV chargers will be minimal as
6 larger new ICI facilities are bulk metered (i.e. one Alectra Utilities' retail meter for
7 the entire facility) and would count as a regular connection.
- 8 • Large Industrial, Commercial or Institutional (ICI): No connections were included
9 in the numbers for "Number of ICIs" in Table A2-09.

10
11 In all cases above, Alectra Utilities projects that the introduction of EV chargers will
12 increase demand on Alectra Utilities' distribution system.

13
14 d) Please see the response to c) above.

15
16 e) Please see the response to c) above.

17
18 f) This has not been considered in the development of the DSP.