

Hamilton Utilities Corporation Annual General Meeting

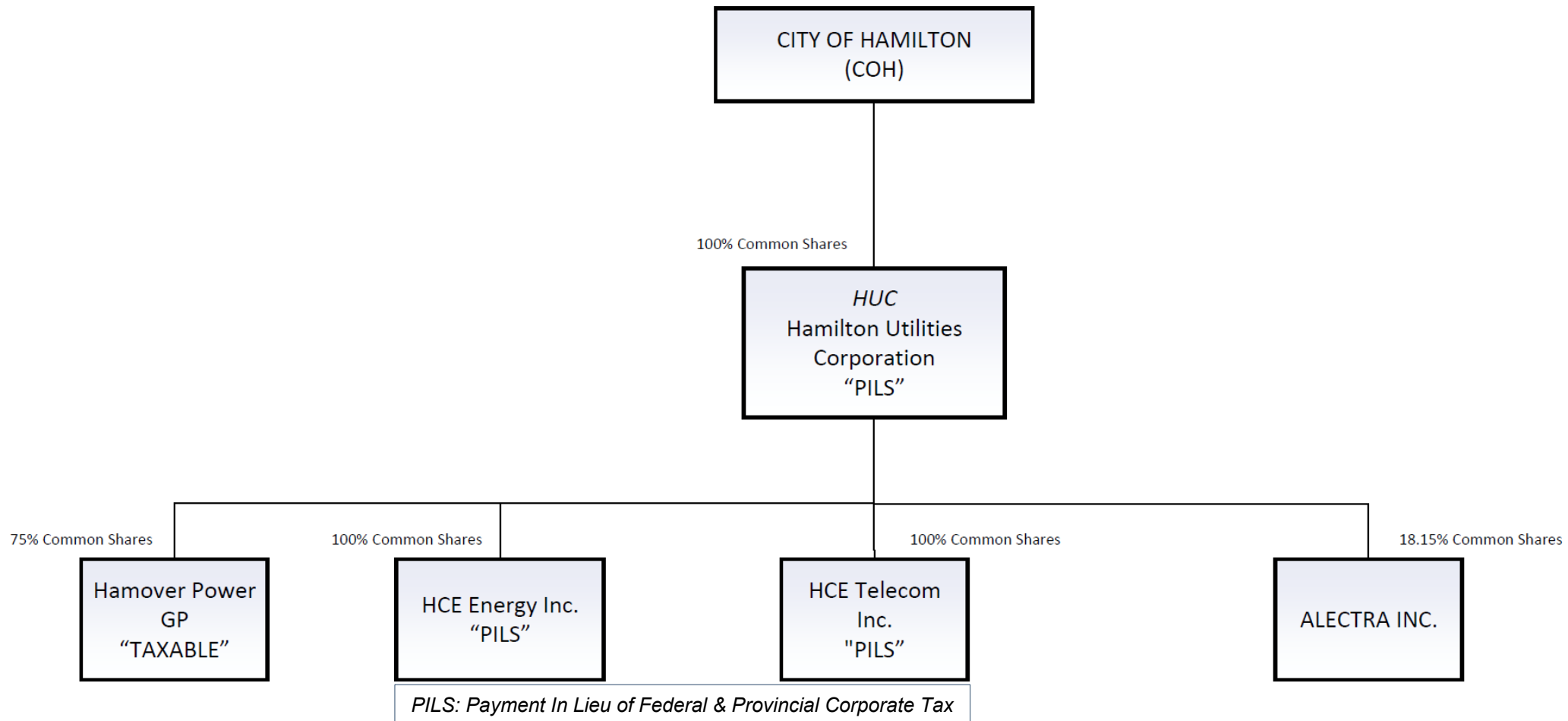
June 5, 2019



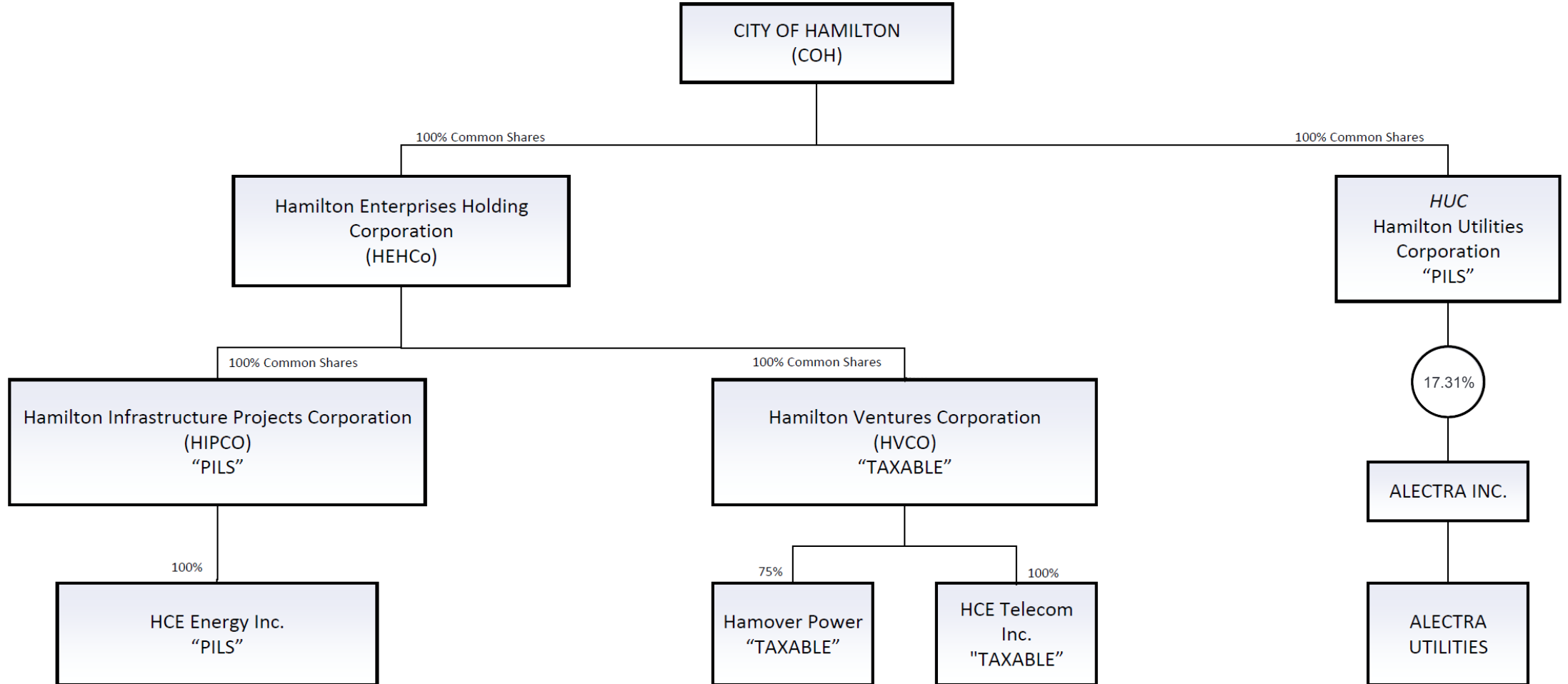
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- Electricity Rates in Hamilton including Hydro One customers
- Alectra merger integration & synergies
- Director Appointments (Private and confidential)

HUC Corporate Structure Until Dec 31/2018



Current HUC Corporate Structure



Change in Government Policies

- Hydro One Governance
- Cancelled Cap & Trade Program, Repealed the Green Energy Act, 2009
- IESO FIT 5 Program Cancelled
- Introduced Bill 87 – Fixing the Hydro Mess Act, 2019
 - Reduction in energy conservation programs
 - Restructured the Ontario Energy Board
 - Changes in Financial structure of the Fair Hydro Plan



2019 Hamilton Utilities Corporation Annual General Meeting

Alectra Inc. Overview

June 5, 2019

LDC Background

- Hamilton Utilities Corporation was incorporated in 2000
 - Hamilton Hydro Services which assumed the Local Distribution Companies of Ancaster, Dundas, Flamborough, Hamilton and Stoney Creek
 - Rural Areas serviced by Hydro One
- Horizon Utilities Corporation was created when Hamilton Hydro and St. Catharines Hydro merged on March 1, 2005
- Alectra Inc. was created with the merger Horizon, Enersource, and Powerstream on February 1, 2017
- Merger included the acquisition Hydro One Brampton from the Province in March 2017
- Alectra and Guelph Hydro merged on January 1, 2019
- Alectra serves more than 1.3 MM customers in 17 communities:
Hamilton, Alliston, Aurora, Barrie, Beeton, Bradford, Brampton, Guelph, Markham, Mississauga, Penetanguishene, Richmond Hill, St. Catharines, Tottenham, Thorton and Vaughan

Alectra Shareholdings and Board Composition

SHAREHOLDER	2018			2019		
	SHARES	%	BOARD	SHARES	%	BOARD
Mississauga	2,790,000	27.90%	3	2,790,000	26.61%	3
OMERS	310,000	3.10%	1	310,000	2.96%	1
Vaughan	2,149,000	21.49%	3	2,149,000	20.50%	3
Hamilton	1,815,000	18.15%	2	1,815,000	17.31%	2
Markham	1,573,000	15.73%	2	1,573,000	15.00%	2
Barrie	878,000	8.78%	1	878,000	8.37%	1
St Catharines	485,000	4.85%	1	485,000	4.63%	1
Guelph	-			485,000	4.63%	1
	10,000,000	100%	13	10,485,000	100%	14

Board Composition

Independents

7

8

Dependents

6

6

13

14

Alectra Highlights

- Alectra/Guelph Merger
 - City Council approved merger January 17, 2018
 - OEB granted approval October 18, 2018
 - Transaction closed on January 1, 2019
 - Green Energy & Technology Centre in Guelph
- Alectra Utilities Corp. - Head Office located in Hamilton
 - Completed Renovations at 55 John Street
 - Will accommodate additional resources required for the LDC
 - Control Room Consolidation (Q4 2019)
- New Collective Agreement negotiated and ratified on May 10, 2019
- Synergies net of transitional costs are being achieved in accordance to the merger financial plan
- Major IT systems harmonization proceeding and are a high priority
- Shareholder & Stakeholder communication programs established through Ally newsletter and staff outreach
- Hydro One Customers - Hamilton

Alectra Financial Overview

(Modified IFRS)

(\$MMs)	2018		2019
	Bus. Plan	Results	Bus. Plan
Total Revenues	597.2	606.0	636.0
Expenditures & PILs	(485.7)	(468.5)	(517.7)
Net Income	111.5	137.5	118.3
One-Time Adjustment - VSP	8.6	(11.4)	11.4
Ajusted Net Income	120.1	126.1	129.7
Dividend at 60%	72.1	75.7	77.8
HUC's Dividend (rounded)	13.1	13.7	13.5
HUC's Shareholdings	18.15%	18.15%	17.31%

Increase in 2019 revenues due to Alectra/Guelph merger



Summary of 2018 Capital Program

- Alectra's total Capital Expenditures:
 - 2018 - \$282.4 MM
- Horizon Rate Zone - capital Expenditures for 2018:
 - Approved Capital Plan - \$48.0MM
 - Actual - \$47.5 MM
- Horizon Rate Zone - capital forecast:
 - 2019 - \$55.1MM
 - 2020 - \$55.6MM
 - 2021 - \$50.4MM
- Horizon Rate Zone Capital Plan is essentially on target to reach sustainability on or about 2025

Horizon Rate Zone includes Hamilton & St. Catharines

Synergies & Transitional Costs

Year 2 Cumulative Net Synergy vs. Original Financial Plan

(\$MMs)			
	Yr 2 Cumulative		Variance
	Actual	Financial Plan	
OPERATING			
Synergy	65.2	44.5	20.7
Transition cost	(25.4)	(36.5)	11.1
Net operating	39.8	8.0	31.8
CAPITAL			
Synergy	64.0	45.5	18.5
Transition cost	(67.2)	(63.6)	(3.6)
Net capital	(3.2)	(18.0)	14.9
Total net synergies	36.6	(10.0)	46.6

Alectra Net Income & Dividend Payments

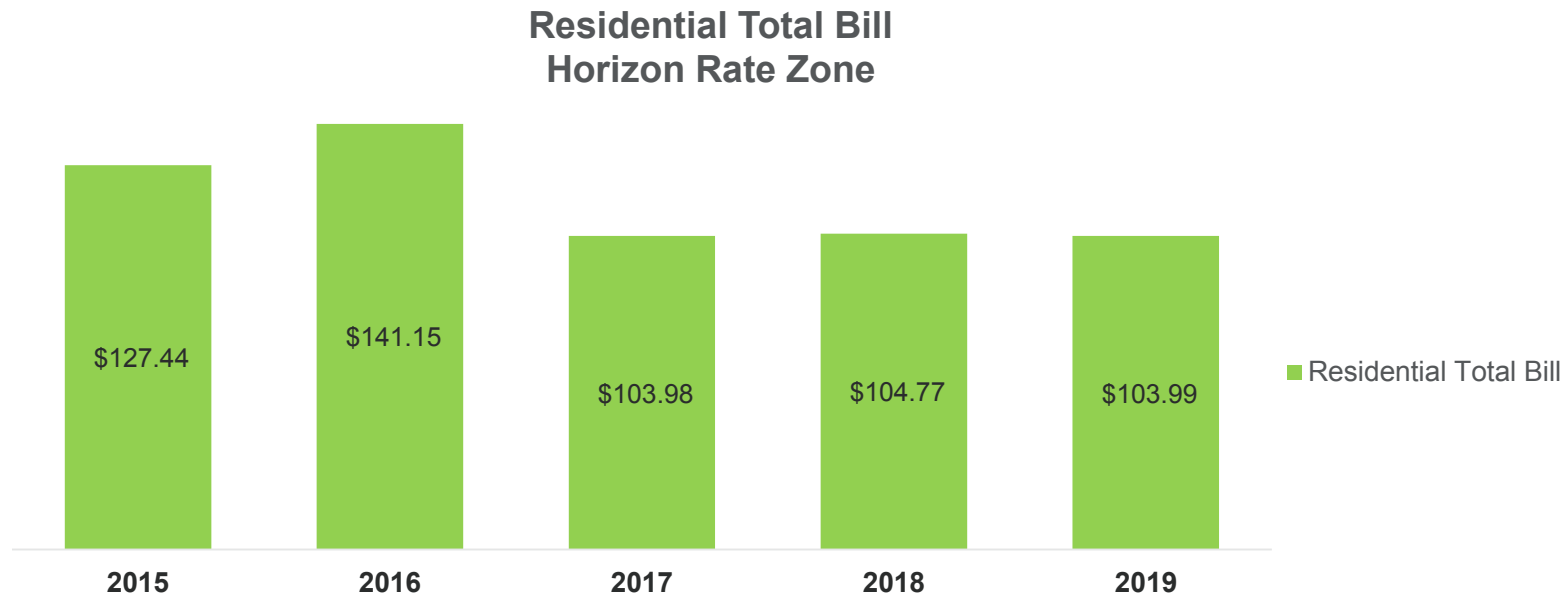
		Actual				Forecast		
\$MMs		2017	2018			2019	2020	2021
Alectra Net Income (MIFRS)								
Alectra Business Plan		84.0	137.5			118.3	133.0	124.8
Merger Business Case		87.0	111.4			129.3	148.3	154.4
Difference		(3.0)	26.1			(11.0)	(15.3)	(29.6)
Alectra Dividends								
Alectra Business Plan	60%	45.2	75.7			77.8	79.8	74.9
Merger Business Plan		52.1	66.8			77.6	89.0	92.6
Difference		(6.9)	8.9			0.2	(9.2)	(17.7)
HUC/City Dividends								
Alectra Business Plan	18.15%	8.2	13.7	17.31%		13.5	13.8	13.0
Merger Business Plan	18.15%	9.5	12.2			14.1	16.2	16.8
Difference		(1.3)	1.5			(0.6)	(2.4)	(3.8)
Closing Adjustment								
Final Payment		6.5						
Merger Business Plan		2.6						
Difference		3.9						

Lower forecasted revenues are principal driver of lower dividend expectations:

- Regulatory changes – lower ROE and ICM, Implementation of Monthly billing
- Resetting non-regulated revenues

Total Monthly Residential Electricity Bill in Hamilton For the period 2015 to 2019

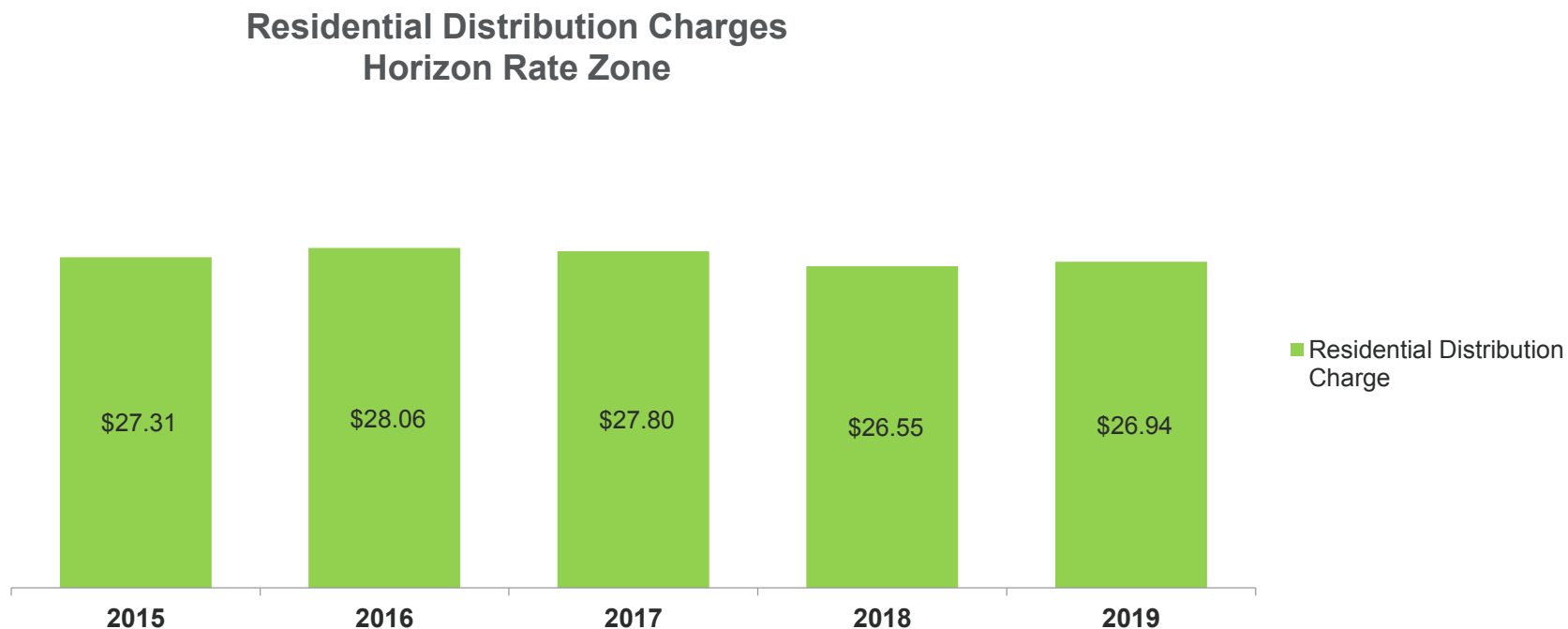
- Five-year trend of the average total monthly bill for residential customers in Hamilton
- based on the OEB average rate of consumption of 700kWh per month



- The increase in 2016 was due to the elimination of the Ontario Clean Energy Benefit (10% rebate). This was subsequently replaced by the 8% provincial rebate on January 1, 2017.
- Annual Electricity bill ranged from a high of \$1,694 in 2016 to a low of \$1,248 in 2019

Five-year Comparison of Alectra/Horizon Monthly Distribution Rates Based on an average monthly consumption of 700 kWh

LDC distribution rates represents 26% of the total residential electricity bill in 2019

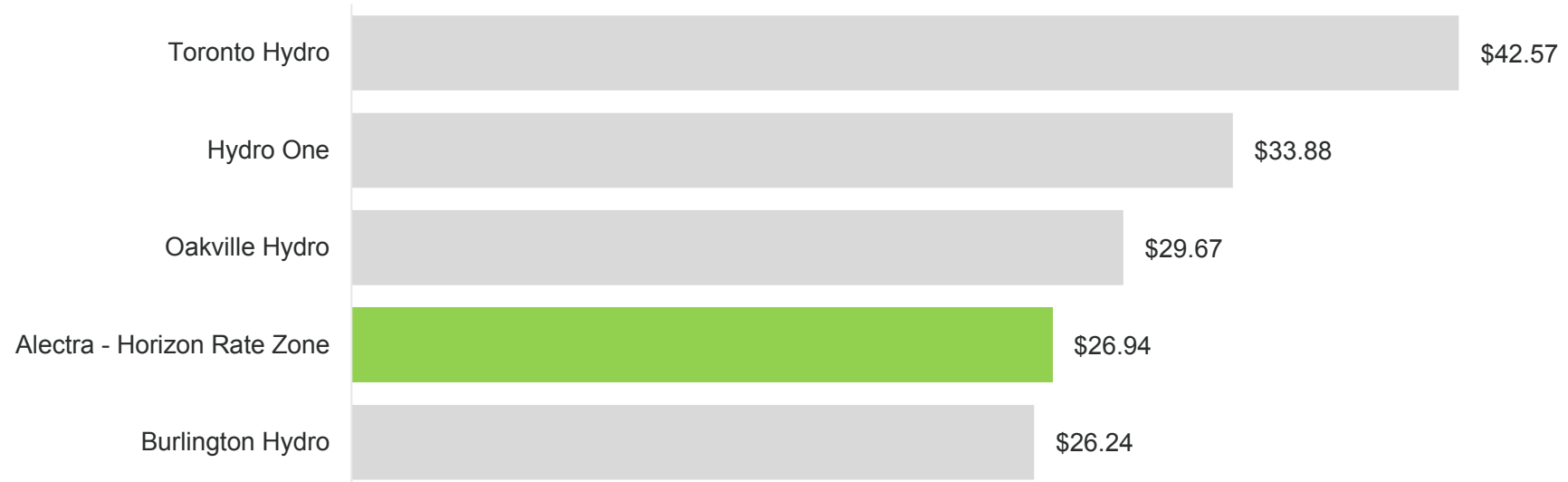


- Annual LDC rates ranged from a high \$337 in 2016 to a low of \$319 in 2017/18

Utility Distribution Rate Comparisons

- The chart below provide a comparison of 2019 monthly residential distribution charges by significant rate classes between Alectra Utilities and neighbouring utilities: Toronto Hydro, Hydro One, Oakville Hydro, and Burlington Hydro

Comparison of Distribution Charges
Residential Rate Classification (2019)



Notes:

- Hydro One's 2019 rates are based on its proposed rates for its Urban Density class. A final rate order is pending on Hydro One's 2018-2022 CIR Application
- The OEB approved Burlington Hydro's request for a one-year deferral of its 2019 Cost of Service Application; therefore, Burlington Hydro's 2019 rates are based on the OEB's Price Cap Incentive Rate Mechanism.

Community Support

- 2019 AlectraCARES Community Support Program for Hamilton includes over \$87,000 in sponsorships and donations for the following organizations:

January 25, 2019	Mathstronauts STEM Hacks
March 7, 2019	YWCA Hamilton Women of Distinction Awards
March 8, 2019	McMaster Energy Week
March 28, 2019	Bay Area Science and Engineering Fair
April 6, 2019	Trees for Hamilton
May 23, 2019	Mohawk College President's Partnership Dinner / President's Golf Classic
May 31, 2019	YWCA Hamilton Walk a Mile in Her Shoes
June 8, 2019	JDRF Canada Sun Life Walk to Cure Diabetes
September 30, 2019	Hamilton Health Sciences Illuminight Walk
September 30, 2019	Wesley Urban Ministries Gala
October 10, 2019	Good Shepherd Centres Harvest Dinner
Ongoing	Scientists in School
Ongoing	Second Harvest Food Rescue
Ongoing	Living Rock – Rock Resources program
Ongoing	Hamilton General Regional Burn Unit

Customer Communication

Quarterly Customer Newsletter

- Q1 issue Sent out March 2019
- Next issue scheduled for June 2019

Alectra distributes important information via electronic and printed editions to all customers

Newsletter includes:

- important customer information
- conservation tips
- safety information
- community investments & more



Vol. 3 Issue 1

Welcome to the Alectra Utilities customer newsletter, your source for timely and helpful electricity news that matters to you. Stay informed with short articles about Alectra services, new developments, support programs, Time-of-Use prices, energy conservation and safety tips, and much more. Do you have a topic you'd like us to cover? Send us your suggestions and feedback at newsletter@alecrautilities.com.

In this issue

- Welcome to the Alectra family, Guelph and Rockwood!
- April is Dig Safe Month - Call before you dig!
- Look what's new on the Alectra Utilities website
- We're here to help
- There's a better way to manage your bills
- Let's stay connected
- We're working hard to be your energy ally

Welcome to the Alectra family, Guelph and Rockwood!

We're proud to announce that Alectra Utilities merged with Guelph Hydro on January 1, 2019. As Canada's largest municipally-owned electric utility, we now serve over one million homes and businesses in 17 communities within Ontario's Greater Golden Horseshoe area, including Guelph and Rockwood. Guelph will be home to Alectra's Southwest Ontario operations hub staffed with local powerline crews, as well as the new Green Energy & Technology Centre (GRE&T Centre) for research and development. Learn more about the merger and the GRE&T Centre at alecrautilities.com.

April is Dig Safe Month - Call before you dig!

The month of April is officially Dig Safe Month, right around the time when the ground begins to thaw. If you're planning any yard work that requires digging, have a FREE underground cable locate done by Ontario One Call. They will notify the utilities with underground facilities in your area. Any buried electrical cables, gas lines, Internet or telephone wires on your property will be clearly marked before you dig. To request a locate, call Ontario One Call 24/7 at 1-800-400-2255 or submit an e-ticket at on1call.com at least five business days prior to digging.

The Ontario Energy Board approved Alectra Utilities' 2019 distribution rates on January 24, which were implemented on February 1, 2019. Alectra (formerly Enersource) customers will see a reduction of \$0.16, or 0.15 per cent, on an average monthly residential bill (750 kWh of consumption). Visit alecrautilities.com/rates2 for more information.


Look what's new on the Alectra Utilities website

We've added a new Safety section to the Alectra Utilities website, which you can access directly from the top navigation bar. The Safety section highlights Alectra's commitment to safety, including:

- Valuable public safety information and tips for home and the workplace;
- Details on the "Call Before You Dig" service;
- Downloadable educational materials to promote electrical safety to children and teachers at the elementary school level.

For more information, visit us at alecrautilities.com/safety.

We're here to help



At Alectra Utilities, we're pleased to offer support programs and payment plans to help keep your account up to date. These programs include:

- The **Ontario Electricity Support Program**, which provides monthly credits directly on the bills of eligible low-income customers.
- The **Low-income Energy Assistance Program**, which offers one-time financial assistance to eligible low-income households.
- **Ontario's AffordAbility Fund™**, which provides eligible customers access to energy-saving upgrades.

To be connected with these support programs or determine a payment schedule that works for you, contact Customer Service at 905-273-7425 for assistance.

Reminder: Earth Hour is Saturday, March 30, 2019 from 8:30 p.m. to 9:30 p.m. Remember to switch off your lights for 60 minutes to show your support for reducing our environmental impact and creating a sustainable world (earthhour.org).

There's a better way to manage your bills


Are you still receiving paper bills by mail? If so, you're missing out on these benefits of e-billing:

- Instant statement notification by email
- Easy to access, track, and store
- Less environmental impact

To sign up for e-billing:

1. Go to alecrautilities.com/myaccount and select your community.
2. Log into your account, go to "My Profile" and click on the e-billing tab.
3. Say "Yes" to e-billing.

Not registered for My Account? Simply click the "Sign-up" tab on the login page and follow the steps to register for Alectra's online portal and e-billing.




Join the thousands of businesses that have received up to \$2,500 in FREE upgrades to their refrigeration systems with Business Refrigeration Incentives. The program provides a free assessment and benchmarking of your facility, and up to \$2,500 in FREE upgrades. Visit alecraconservation.com/freshsavings.

Let's stay connected


Stay up to date by visiting the Alectra Blog at alecrautilities.com/blog. Our recently refreshed blog site provides timely stories about energy conservation, safety, innovation, community, environment, and more.

For more Alectra Utilities news at your fingertips, click the social media icons on our website to follow us:

- Check out our video library on **YouTube**.
- See what our crews are up to on **Instagram**.
- Follow us on **Twitter** to get outage updates.
- Like us on **Facebook** for energy conservation tips and more.
- Connect with us on **LinkedIn** for company news.



We're working hard to be your energy ally



At Alectra Utilities, we're continuously investing in electrical infrastructure improvements that support growth and provide safe, reliable and sustainable power for homes and businesses in the communities we serve. In 2019, we're planning to invest approximately \$260 million in the Alectra grid across our service territory, including the installation of over 750 new wood poles and the renewal of approximately 213 kilometres of electrical cable. We're committed to delivering value, service and reliability to you. Learn more about our investment in your community at alecrautilities.com.

Contact us
alecrautilities.com
905-273-7425

Alectra 2018 Recognition and Awards

- Canadian Society of Safety Engineering (Hamilton/Niagara Chapter) 'Outstanding Service to the Safety Professional Award' to Doug Matthew (October 2018)
- ClimateWise Sustainability Leadership Award (May 2018)
- Novinium 'Environmental Stewardship Award' (May 2018)
- EDA Communications Excellence Award (March 2018)
- Canadian Dealmakers 'Infrastructure and Utilities Deal of the Year Award' (March 2018)
- YWCA Hamilton 'Women of Distinction Award for Outstanding Workplace' (March 2018)
- YWCA Hamilton 'Women of Distinction Award in Science Technology Trades' to Kathy Lerette (March 2018)
- Edison Electric Institute 'Emergency Assistance Award' (January 2018)



HUC Resolutions

- Receipt of the HUC & Alectra 2018 Audited Financial Statements
- Appointment of KPMG as the auditor for 2019

Hamilton Utilities Corporation

QUESTIONS