

Alectra Inc.

2022 Year In Review

**June 8, 2023
Hamilton Utilities Corporation
Presentation**

Glossary

The following acronyms and abbreviations may be used in this document

AUC	Alectra Utilities Corporation	ICM	Incremental Capital Module
AES	Alectra Energy Services	IESO	Independent Electricity System Operator
BPC	BPC Energy Corporation (prev. Borealis)	IRM	Incentive Rate-Setting Mechanism (distribution rates setting mechanism)
CapEx	Capital Expenditures	LDC	Local Distribution Company
CDM	Conservation Demand Management	LU	Large User (Customers)
CP	Commerical Paper	MAADs	Mergers, Acquisitions, Amalgamation and Divestitures (application)
DER	Distributed Energy Resource	MIFRS	Modified International Financial Reporting Standards
EDR	Electricity Distribution Rate	MUSH	Municipal (Government), University, School, Hospital (sector)
ESM	Earnings Sharing Mechanism	OEB	Ontario Energy Board
FIT	Feed-in Tariff	OM&A	Operating, Maintenance and Administrative expenses
FTE	Full Time Equivalent	RFSP	Ring-Fenced Solar Projects (previously PS solar generation business)
GS	General Service (Customers)	USL	Unmetered Scattered Load

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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 8, 2023 unless otherwise stated.

Agenda

2022 Year in Review – Alectra Inc. (Video Conference)

1	Opening Remarks	Norm Loberg, Chair of Alectra Inc.	5
2	Presentations	Brian Bentz, President & CEO and Danielle Diaz, Executive Vice-President & CFO	6
3	Question & Answers		



Opening Remarks

Norm Loberg - Chair, Alectra Inc.



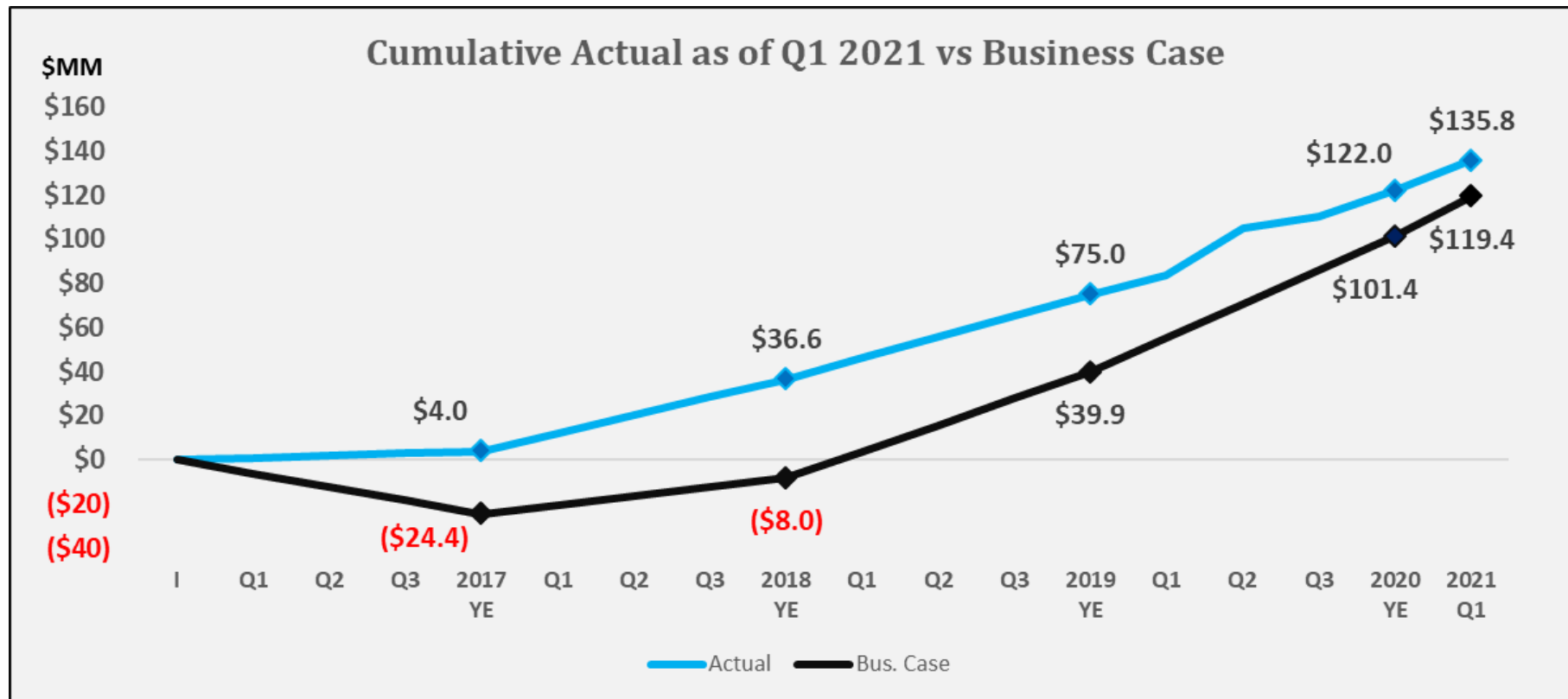
Alectra Update

Brian Bentz – President and CEO, Alectra Inc.

2022 Year in Review

- Stable Financial Performance and Incremental Value Creation
- Strong Competitive Metrics:
 - ✓ Affordability
 - ✓ Reliability
 - ✓ Sustainability
- Community Update
- Overview of Financial Results (Danielle Diaz, EVP & Chief Financial Officer)
- The Future of Electricity in Ontario
- Strategy 2.0 and Shareholder Engagement Process

Synergies – Alectra Inc.



Net Synergies achieved to date are \$16.4MM above Alectra’s business case:

- **Operating Net Synergies - \$53.6MM above business case.**
- **Capital Net Synergies - \$37.2MM below business case.**

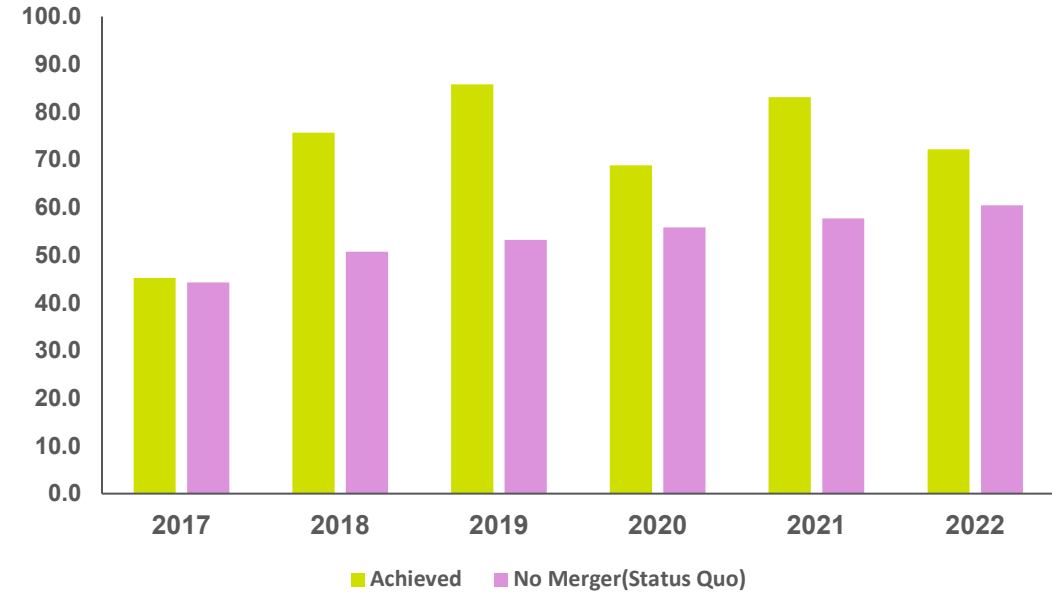
Dividends on Common Shares

In the first six years following Alectra merger, Alectra declared \$430.8MM to the inaugural shareholder group.¹

Without the merger the inaugural shareholders would have seen \$322.1MM in standalone dividends.

The merger has provided dividends \$108.7MM (34%) greater than the standalone course of action would have provided.

Alectra Inc - Dividends Paid 2017-2022



¹ Accruing to initial Alectra Inc. Voting Common Shareholders (i.e., excluding GMHI) for comparative purposes to Alectra Merger Business Case.

Affordability

Monthly Electricity Bill for Residential Customers

“Delivery” Component at 700 kWh/Month for January 31st, 2023

Average LDCs

\$50.81

Delivery Component of Monthly Bill

Alectra

\$45.04 – 48.66

- 7.6% below average

Toronto Hydro

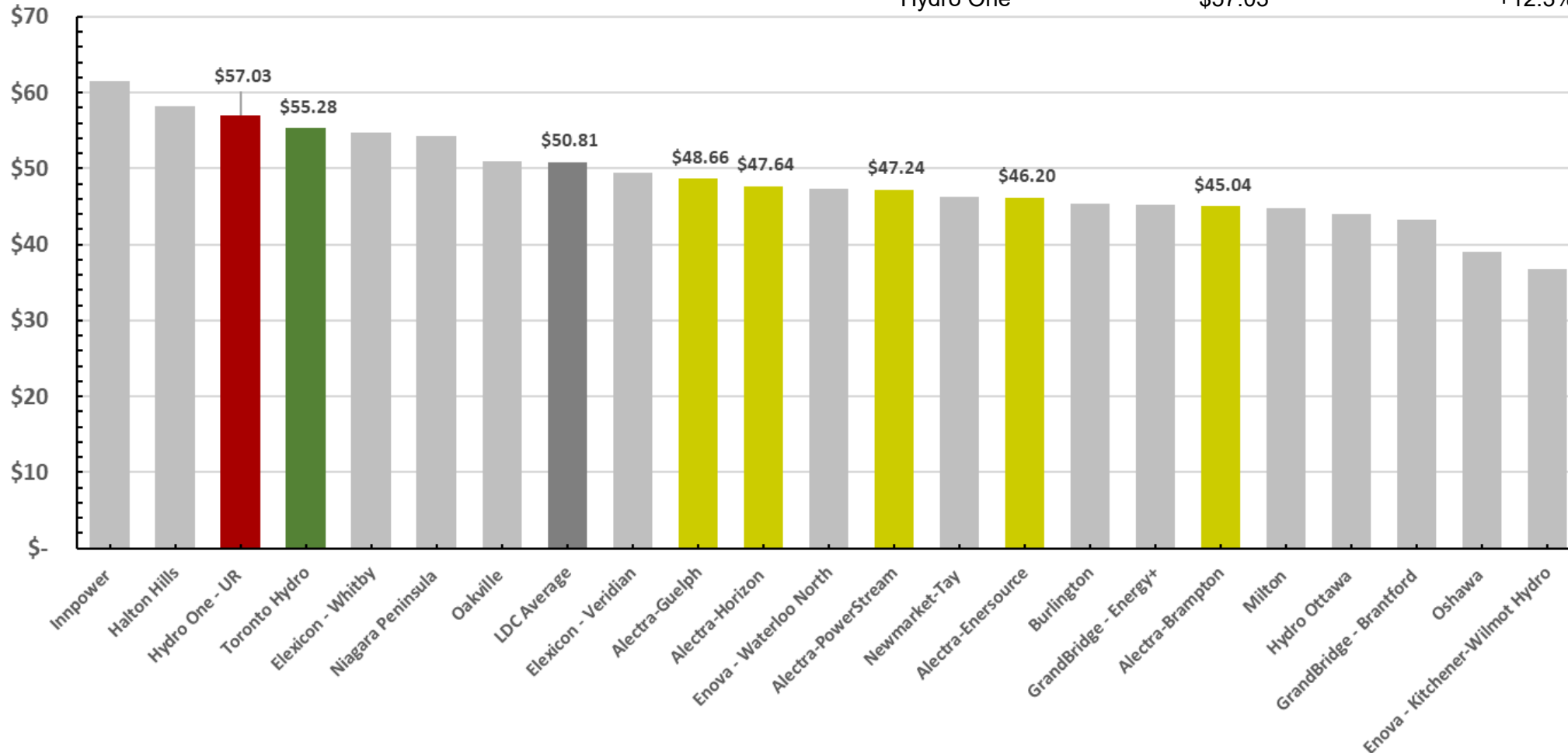
\$55.28

+8.8%

Hydro One

\$57.03

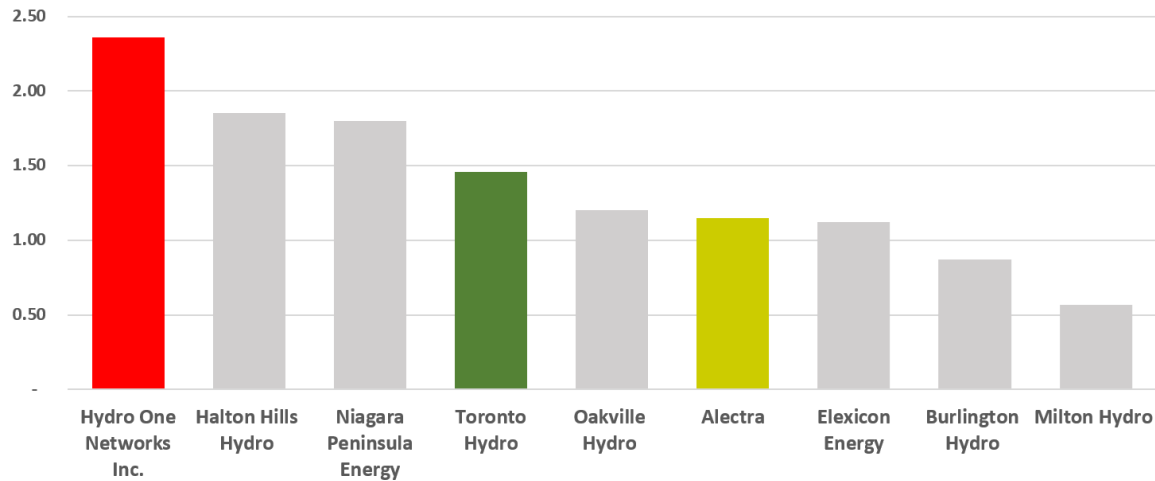
+12.3%



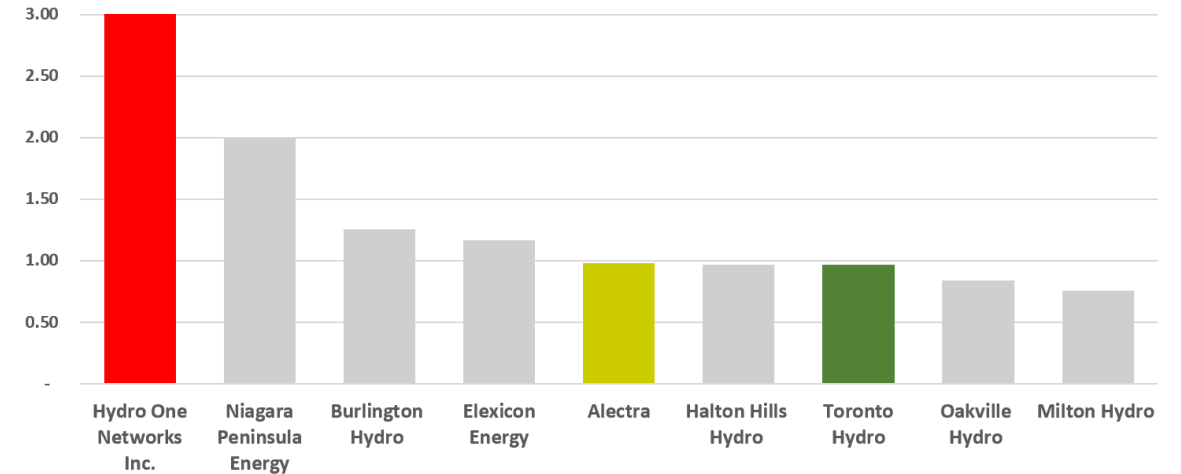
Source: OEB Bill Calculator – Jan. 31st, 2023

Reliability

SAIFI – Average # of Times Power to a Customer is Interrupted



SAIDI – Average # of Hours Power to a Customer is Interrupted



Medium to Large LDCs 1.18 times per year

Alectra	1.15	- 2.3% below average
Toronto Hydro	1.46	+24%
Hydro One	2.36	+100%

Medium to Large LDCs 1.35 hours per year

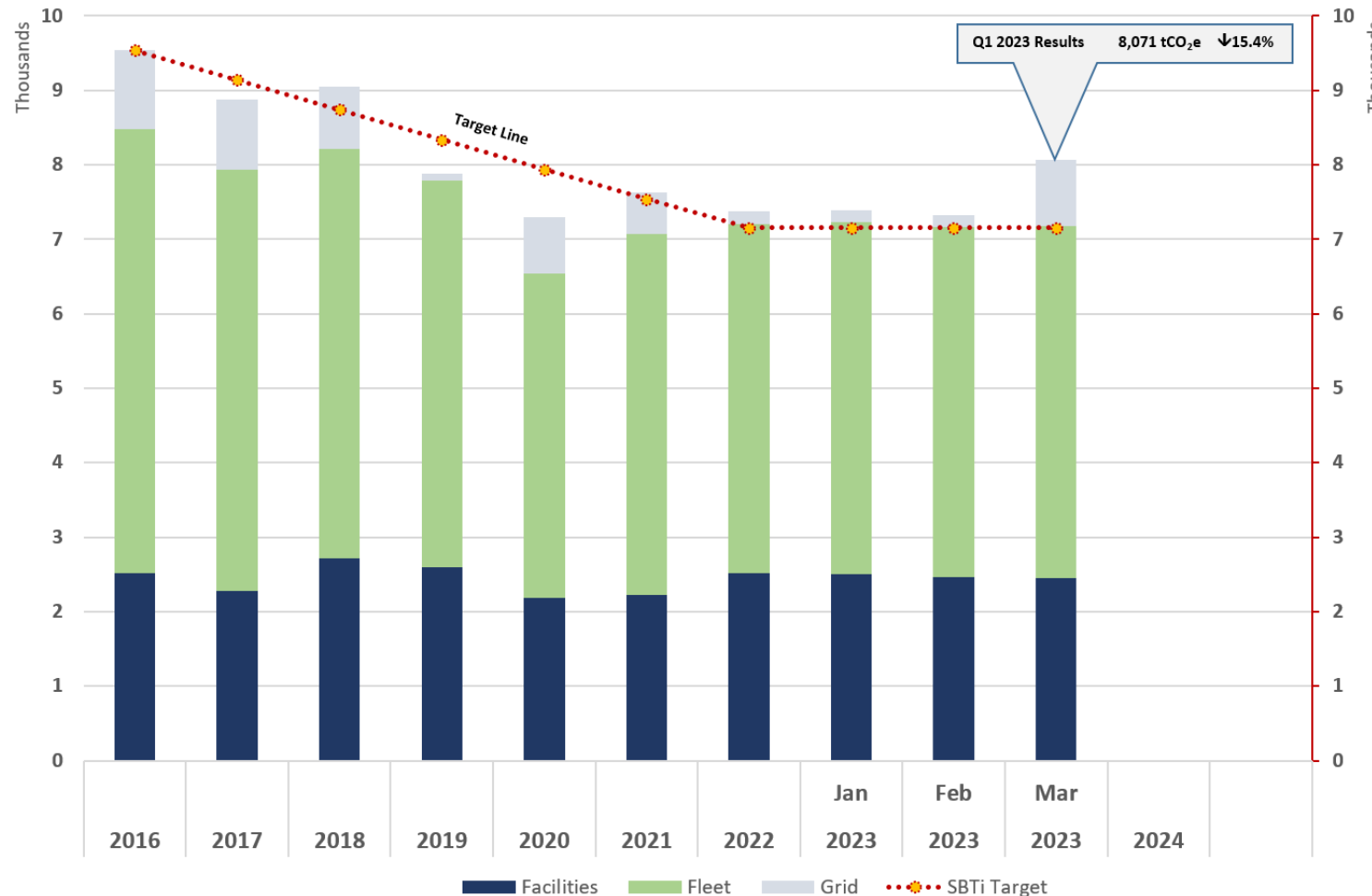
Alectra	0.98	- 28% below average
Toronto Hydro	0.97	- 28%
Hydro One	6.50	+380%



Sustainability

Net Zero by 2050

GHG Emission Reduction Target and Results



15.4%

March 2023
12-month rolling
GHG emission reductions result

62% of 2023 Target

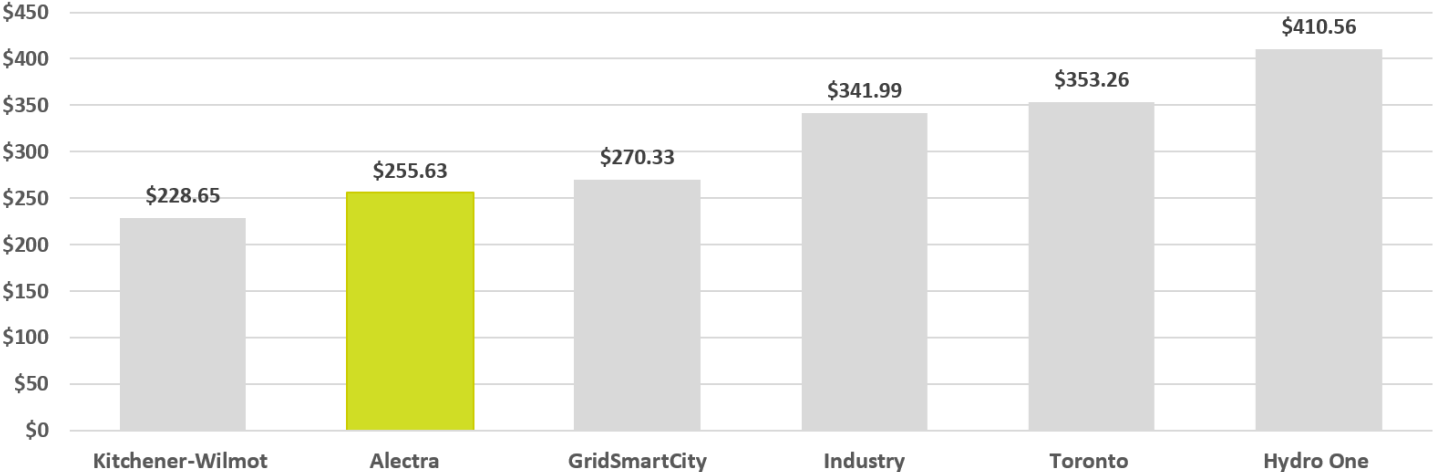
Quarterly results are based on a rolling 12-month average as compared to Baseline Year of 2016

Influencing Factors:

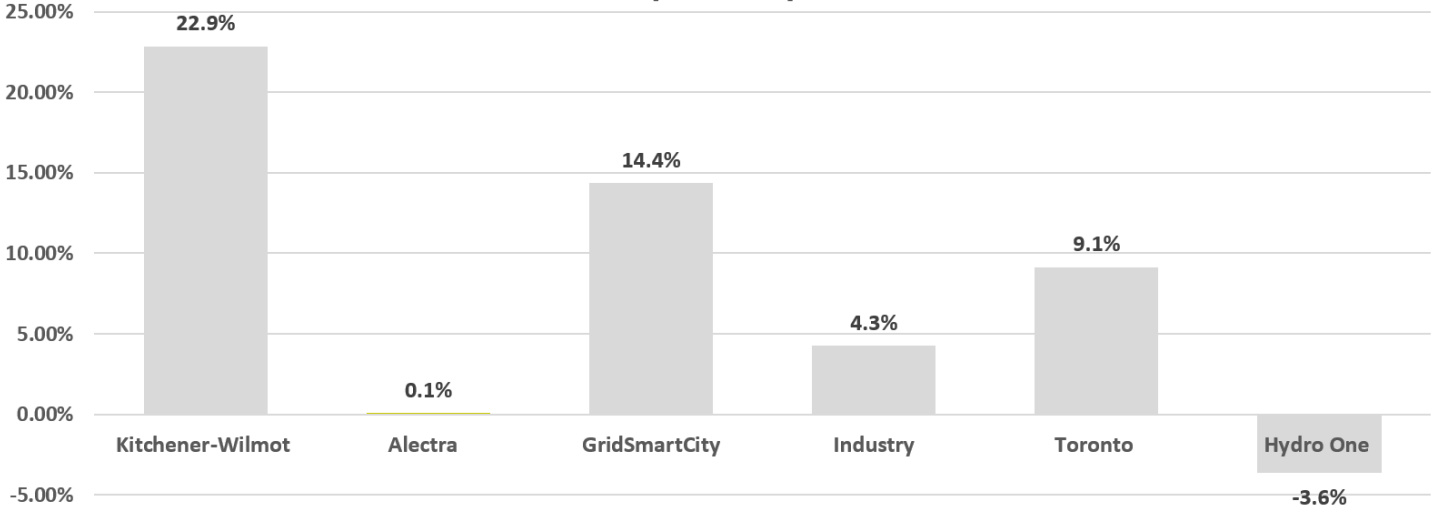
- Fleet** piloting dynaCERT technology to reduce diesel fuel usage & GHGs
- Facilities** greater fresh air input to buildings
- Grid** Q1 SF₆ gas releases

OM&A / Customer

OM&A per Customers
[OEB Yearbook 2021]



Change in OM&A per Customers
[2016 to 2021]



OEB Data (2021):

2016	OM&A / Customer	% change since
KW	\$228.65	+22.9%
Alectra	\$255.63	+0.1%
GSC Avg.	\$270.33	+14.4%
Industry Avg.	\$341.99	+4.3%
Toronto	\$353.26	+9.1%
Hydro One	\$410.56	-3.5%

Alectra has one of the lowest \$ OM&A / Customer values within the electricity sector

Alectra is at the same \$ OM&A / Customer level when compared to 2016 (that is, a 0.1% change)

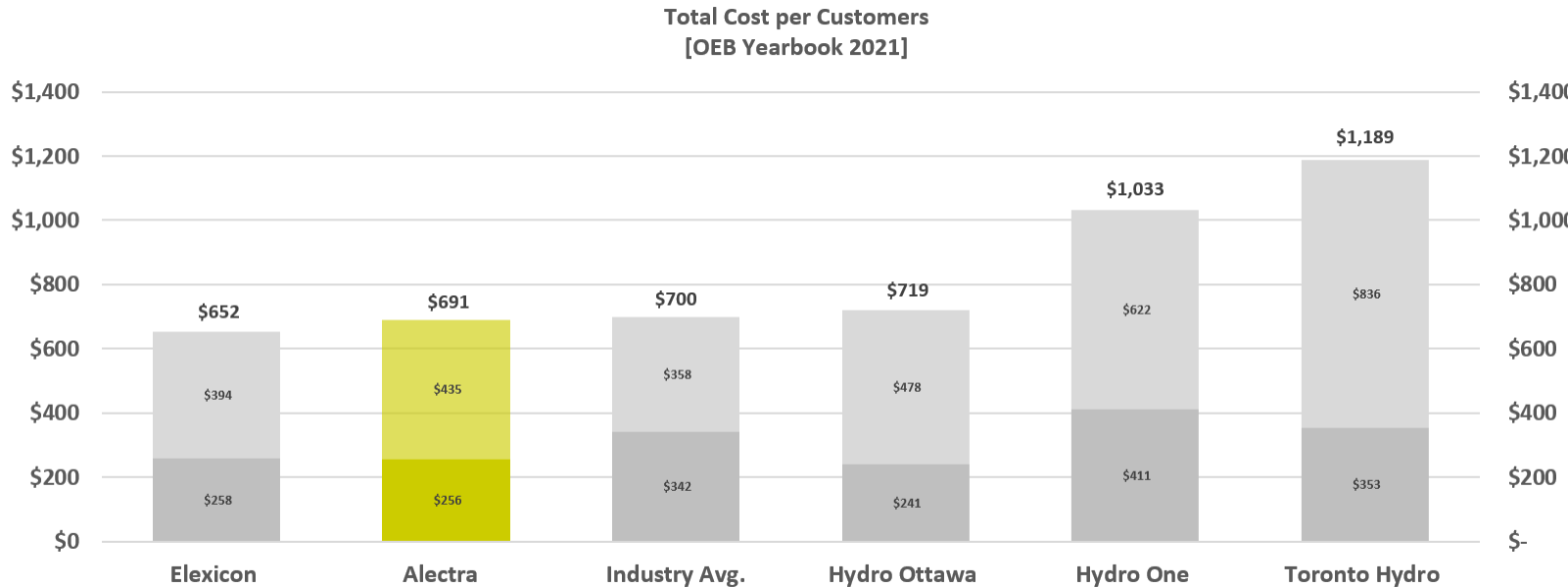
Note: GridSmartCity (GSC) is a cooperative of 13 mid-sized LDCs representing 785K customer across 40 communities

Reference: All data for all 57 LDC is obtained from the annual OEB Yearbook or the OEB’s Open Access website

Total Cost / Customer

OEB Data (2021):

Total Cost / Customer



Elexicon	\$652
<i>Alectra</i>	\$691
Industry Avg.	\$700
Hydro Ottawa	\$719
Hydro One	\$1,033
Toronto Hydro	\$1,189

Alectra has one of the lowest \$ Total Costs / Customer values within the largest LDCs in the electricity sector

“Total cost is calculated as the sum of a distributor’s capital costs and OM&A costs, including certain adjustments to make the costs more comparable between distributors, per reporting period. This amount is then divided by the total number of customers that the distributor serves”....OEB Scorecard – Performance Measure Descriptions

Reference: All data for all 57 LDC is obtained from the annual OEB Yearbook or the OEB’s Open Access website

How does Alectra Compare?

Monthly Residential Bill [May 2023]

Large Urban Utility

TIERED	
Your Electricity Charges	
Electricity	
600 kWh @ 8.7 ¢/kWh	\$52.20
100 kWh @ 10.3 ¢/kWh	\$10.30
Delivery	
	\$59.00
Regulatory Charges	
	\$3.71
Total Electricity Charges	\$125.21
HST	\$16.28
Ontario Electricity Rebate	(-\$14.65)
Total Amount	\$126.84

Alectra (HRZ)

TIERED	
Your Electricity Charges	
Electricity	
600 kWh @ 8.7 ¢/kWh	\$52.20
100 kWh @ 10.3 ¢/kWh	\$10.30
Delivery	
	\$48.06
Regulatory Charges	
	\$3.74
Total Electricity Charges	\$114.30
HST	\$14.86
Ontario Electricity Rebate	(-\$13.37)
Total Amount	\$115.79

Delivery Charge for Alectra's HRZ Residential Customer using 700 kWh per month is: **\$48.06 (\$115.79 Total Monthly Bill)**

Delivery Charge for a large urban LDC Average Residential Customer using 700 kWh per month is: **\$59.00 (\$126.84 Total Monthly Bill)**

An annual Delivery Charge savings of:

\$131.28

(or more depending on rate zone)

Note: the total bill will include other charges and will vary due to the amount of electricity an individual customer will use

Graphic: OEB Bill Calculator – May 2023



Community Update – City of Hamilton

Annual ESG Report



- Transitioned to an Annual ESG Report
- Report's structure **informed by 2022 Materiality Assessment** which gives perspectives on issues of greatest importance to stakeholder and Alectra leadership (grouped into 3 categories: Environmental, Social & Governance)
 - Environmental
 - Kennedy Rd Operational Centre –Gold LEED Building
 - 88 Diesel Vehicles have DynaCERT™ technology installed to reduce GHGs by 13%
 - Social
 - Investments in local hospitals and health care
 - Governance
 - Partnership with DeGroote School of Business – Alectra ED&I Scholarship
- Cover reflects optimism (post-COVID) and ties to Alectra's new Vision statement "we will be your trusted energy partner empowering **a sustainable and brighter future**"
- "**Discovering the possibilities**" theme continues - as we want our customers, our employees, our shareholders and our communities to continue the journey with Alectra
- Alectra's 2022 Annual ESG Report with its companion documents (external MD&A and Alectra's GRE&T Centre Report) will be **released in June 2023**

Alectra Utilities is addressing increasing customer electricity demands by reinforcing its power grid in Hamilton.

- In 2022, Alectra invested \$17.6 million in Hamilton to construct and renew infrastructure.
- In 2023, Alectra plans to invest \$22.5 million in significant capital renewal projects impacting 31,000 customers



Hamilton Region Decarbonization Hub

Opportunity

- To work with the City of Hamilton and Transition Accelerator* as well as other funding groups to launch Hamilton Region's Decarbonization Hub (HRDH)
- An integrated approach for a system level change, where solutions to decarbonize local industry can also decarbonize other sectors and emission sources such as transportation, buildings, and other industries (e.g. steel, manufacturing)

Participation in the Hub

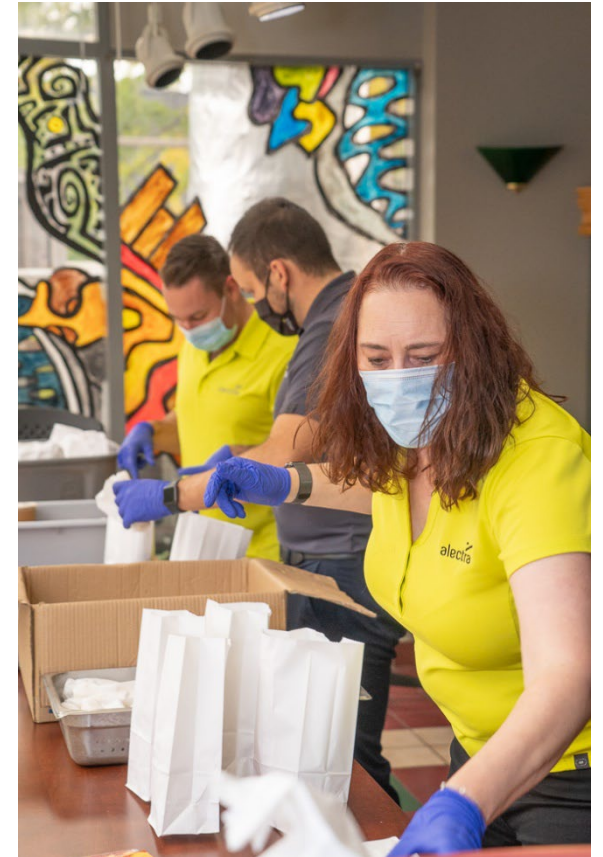
- Offers opportunity for direct investment in local industries and clean technologies

Discussions in June

- Blair Peberdy – Alectra's Senior Vice President, Regulatory, Government & Corporate Relations will be meeting with Cyrus Tehrani – Hamilton's Chief Digital Officer & Director of Innovation

Community Support Program Highlights

- ✓ Food4Kids Hamilton, High School Expansion Program
- ✓ Greater Hamilton Food Share, Food Acquisition & Distribution Program
- ✓ Wesley, Supportive Housing for Addictions & Mental Health, Autumn Harvest Dinner
- ✓ Interval House of Hamilton, Mobile VAW Counselor – Black Communities
- ✓ Living Rock Youth Resources, Rock Resources Program for Vulnerable Youth
- ✓ Good Shepherd, Family Centre Breakfast Program
- ✓ Nankind, Childcare Supports for Families Impacted by Cancer
- ✓ Habitat for Humanity Hamilton, Youth Build School Program
- ✓ Mission Services of Hamilton, The Good Food Centre
- ✓ The King's Way Outreach Centre, Parenting 101
- ✓ YWCA Hamilton, Women of Distinction Awards & Walk a Mile in Their Shoes
- ✓ Mealshare Aid Foundation, Expanding to Help End Youth Hunger
- ✓ Outward Bound, Urban Adventure Program
- ✓ McMaster, Directors College ED&I Scholarship at DeGroote School of Business
- ✓ NEW St. Joseph's Healthcare Foundation, Mobile Mental Health Nursing Clinic



**Wesley Autumn Harvest Dinner
for the homeless**

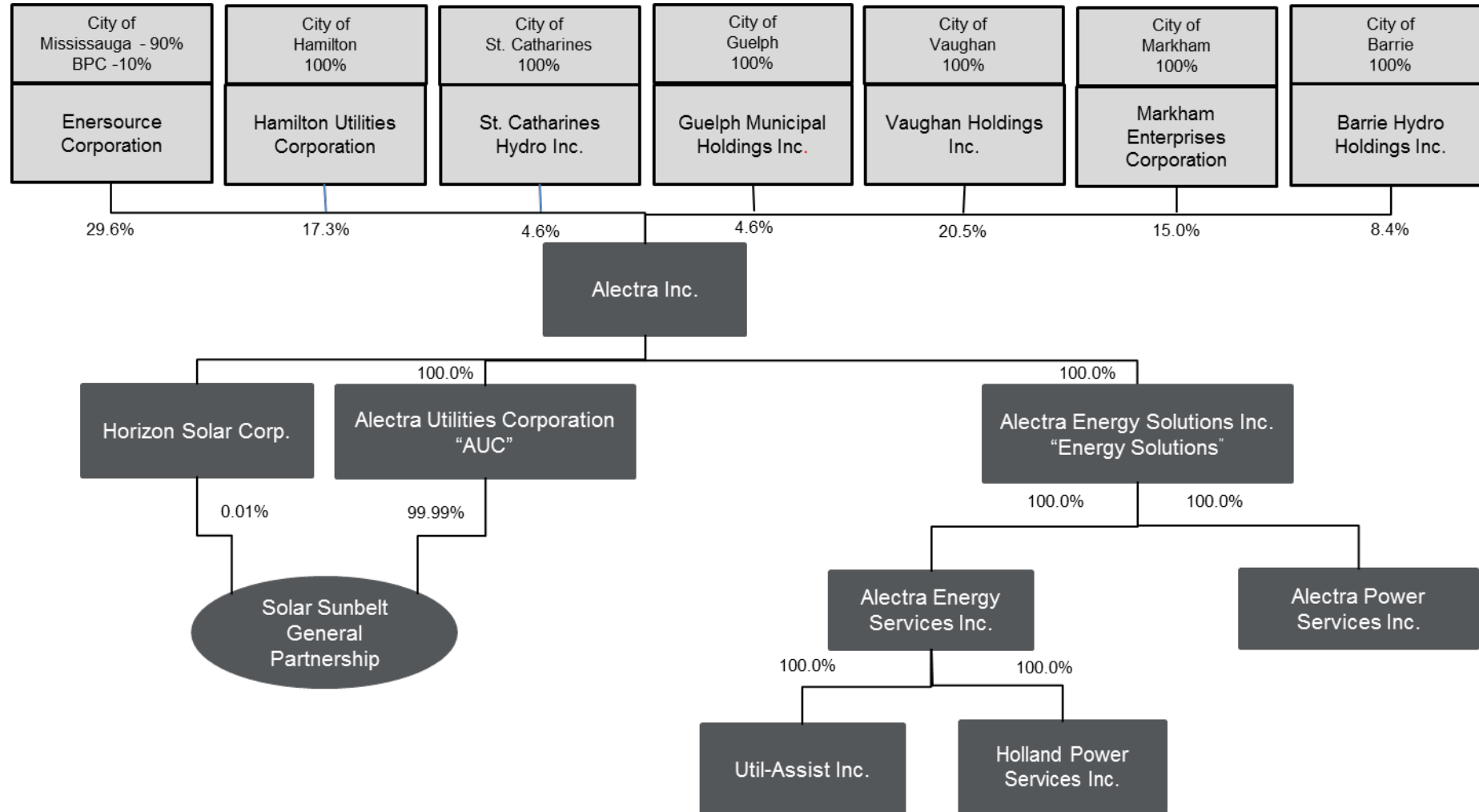


Overview of 2022 Financial Results

Danielle Diaz – Executive Vice-President and CFO, Alectra Inc.

Principal Corporate Structure

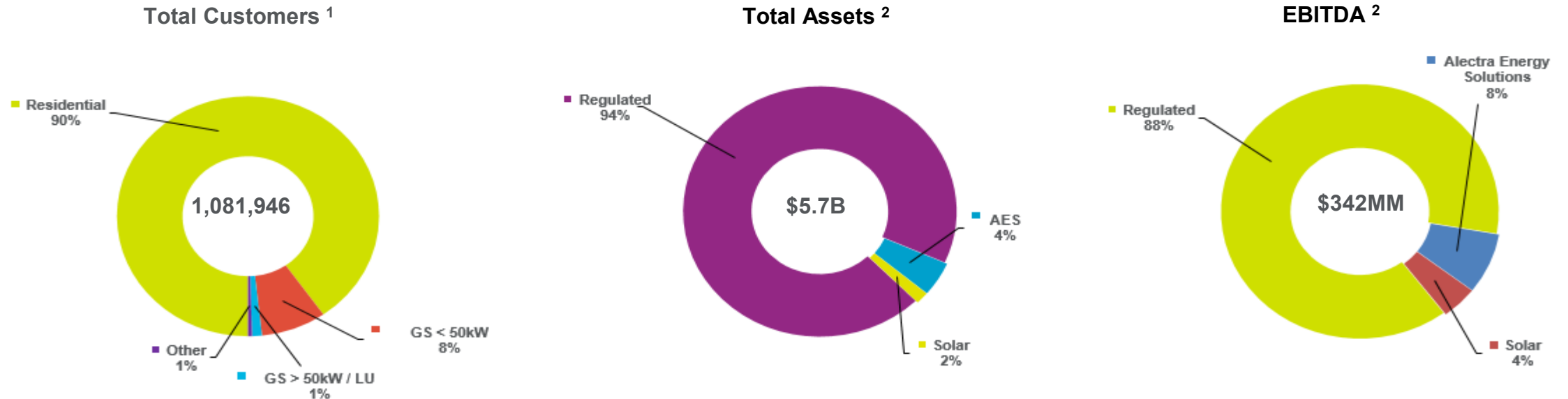
Alectra Inc. (as of Jan. 4, 2022)



2022 Financial Highlights

AUC is the largest municipally-owned Local Distribution Company ("LDC") in Canada providing service to over 1 million residential, commercial, industrial and institutional customers around the Greater Golden Horseshoe Area

- *Regulated business* comprises approximately 94% of total assets and approximately 88% of consolidated EBITDA
- *Non-regulated business* consists principally of solar generation assets under long term FIT contracts with the IESO, sub-metering and power restoration businesses



1 - Number of customers is as of Dec.31, 2022

2 - Total Assets and EBITDA are based on 2022 IFRS Audited Financial Statements


Alectra Utilities Corporation

 More than **1,000,000** customers

 **2nd** largest municipally owned utility in North America


 **17** communities served


 **1,924** square-km service territory

 **560** fleet vehicles



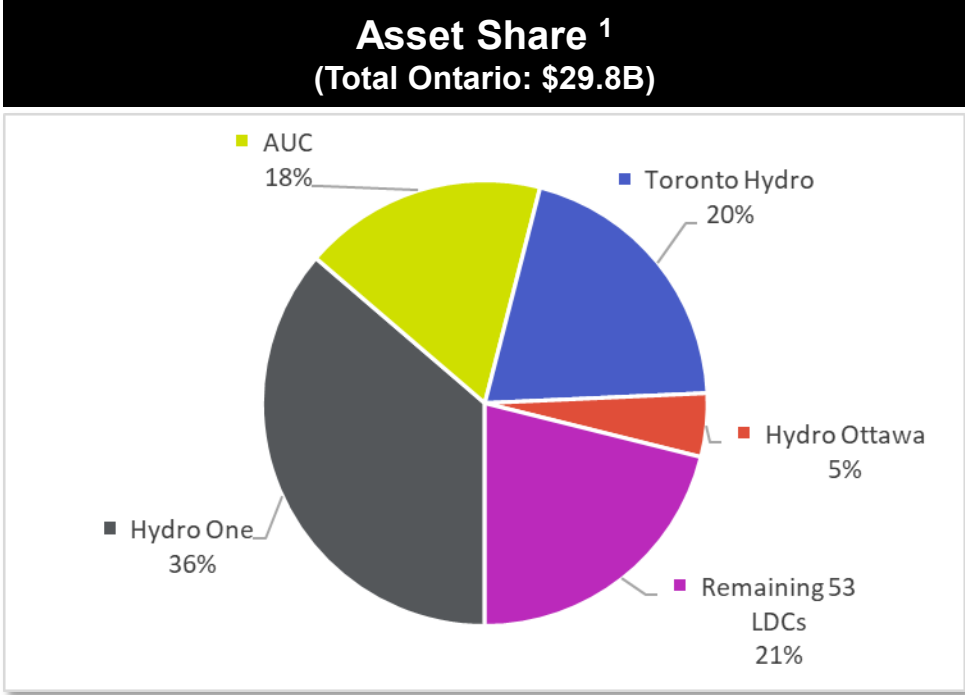
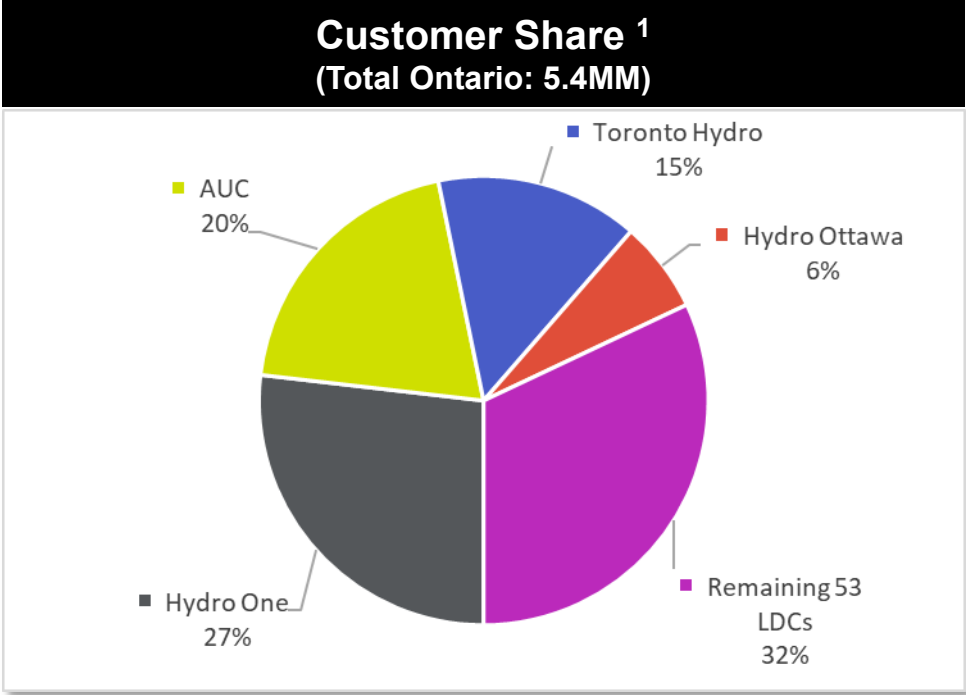
21,684 overhead and underground lines 

14 transformer stations 

149 municipal substations 

Peer Comparison

Ontario Electricity Sector



Comparison of 2021 Operating Statistics ¹		
	LDC Average	AUC
Number of Customers ²	94,165	1,069,683
Total GWh Delivered	2,265	26,401
OM&A per Customer	\$322	\$256
Distribution revenue per Customer	\$762	\$546

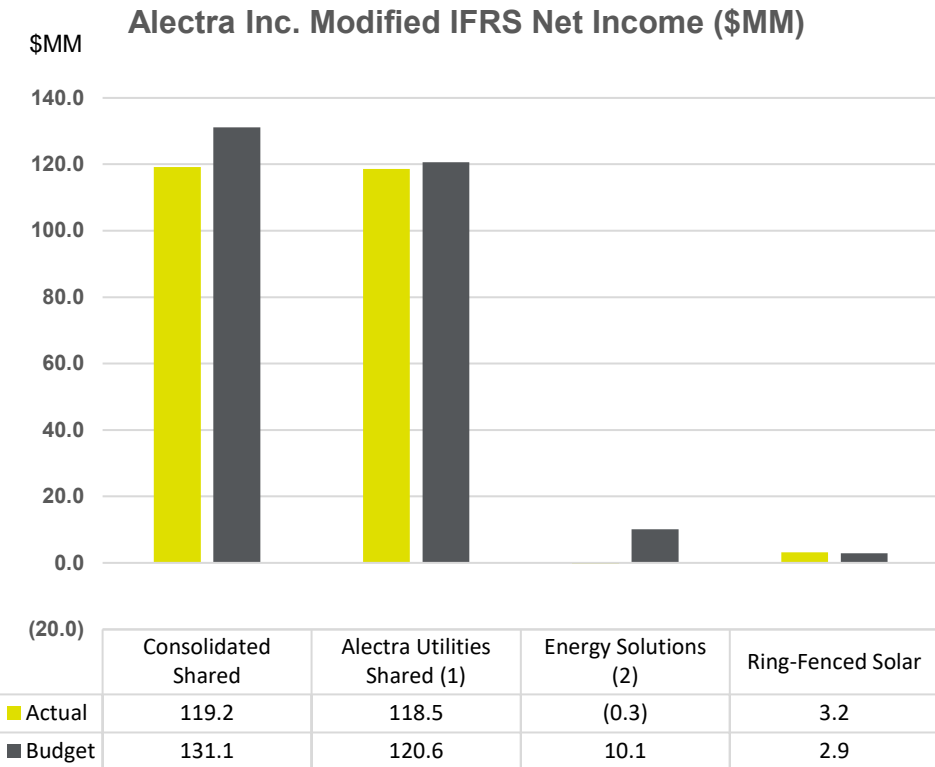
1 - Source - OEB, Yearbook of Electricity Distributors 2021
 2 - Number of customers excludes Sentinel and USL customers
 3 - Averages include Alectra Utilities

2022 Consolidated Results

✓ Alectra Inc. (shared) net income of \$119.2MM (MIFRS) is below budget by \$11.9MM:

Principal drivers are:

- loss on FV of contingent consideration \$7.0MM;
 - impairment loss \$9.2MM;
 - unfavourable net finance cost \$5.1MM; partially offset by
 - higher distribution revenue \$6.8MM;
 - higher other revenue \$3.3MM
- ✓ Net capital expenditures of \$292.2MM, \$32.4MM lower than budget:
- delays with the Kennedy Rd operations centre, IT and Guelph integration projects;
 - delays in the acquisition of natural gas generating asset partially offset by
 - higher capex in HPS

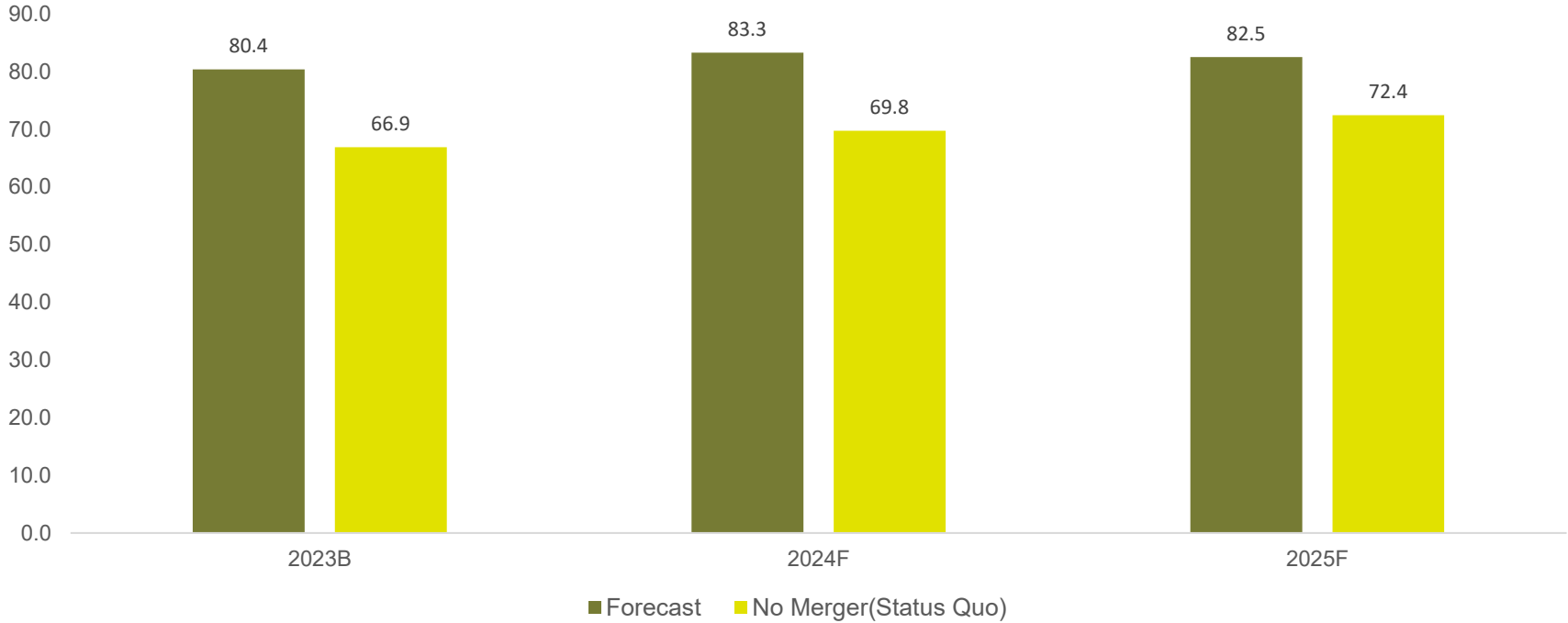


1) Alectra Utilities Shared includes Alectra Solar Partnership

2) Energy Solutions includes HPS Holdings Inc. (HPS)

Common Shares Dividend Forecast

2023-2025 Dividend Forecast



**For comparative purpose only, the amounts from the original Merger business case and the Guelph business case are combined.*

Financial Perspective

Investor Considerations

- ✓ Largest municipally-owned LDC in Canada by number of customers
- ✓ Low-risk monopoly electricity distribution business
- ✓ Efficient, low-cost operations
- ✓ Favourable customer mix in a strong service territory
- ✓ Stable and consistent financial performance through predecessor entities
- ✓ Strong reputation & experienced management team
- ✓ Supportive shareholders
- ✓ Excellent relationship with regulator

In Summary

Successes achieved

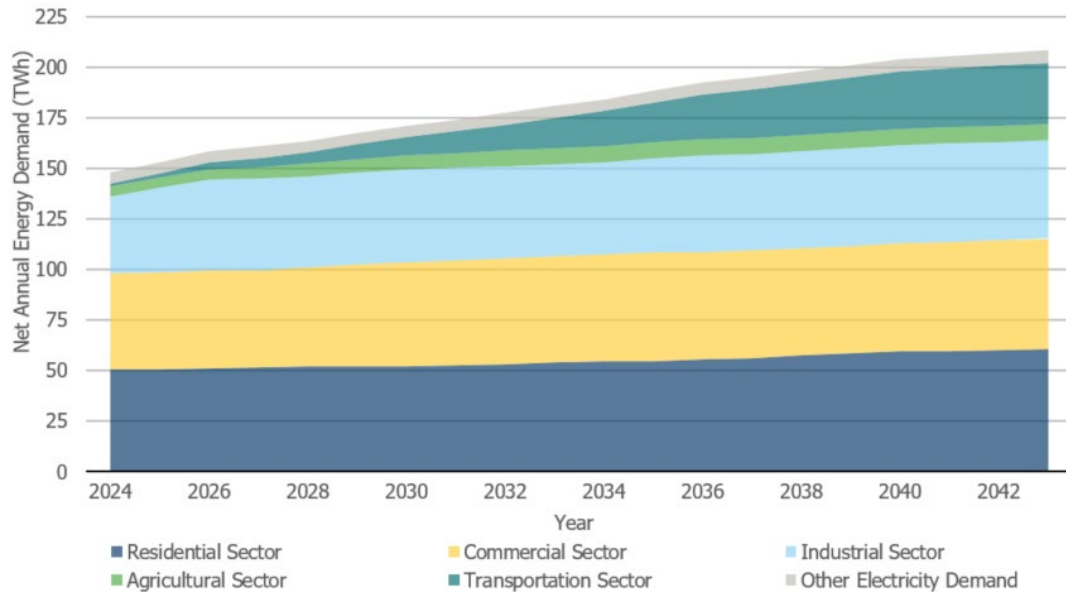
- ✓ Integrated Customer Information and Billing system for +1 Million customers
- ✓ Integrated Financial Systems
- ✓ Integrated SCADA system
- ✓ Successful brand awareness of Alectra in all communities
- ✓ Sustained community involvement post merger in each community
- ✓ Moving towards an integrated corporate culture supportive of our values
- ✓ 94% customer satisfaction
- ✓ Set a net-zero target for Corporate Operations and achieved a 23% reduction in greenhouse gas emissions from 2016 baseline
- ✓ \$292MM invested in capital infrastructure to support distribution and growth
- ✓ \$620MM in distribution revenue



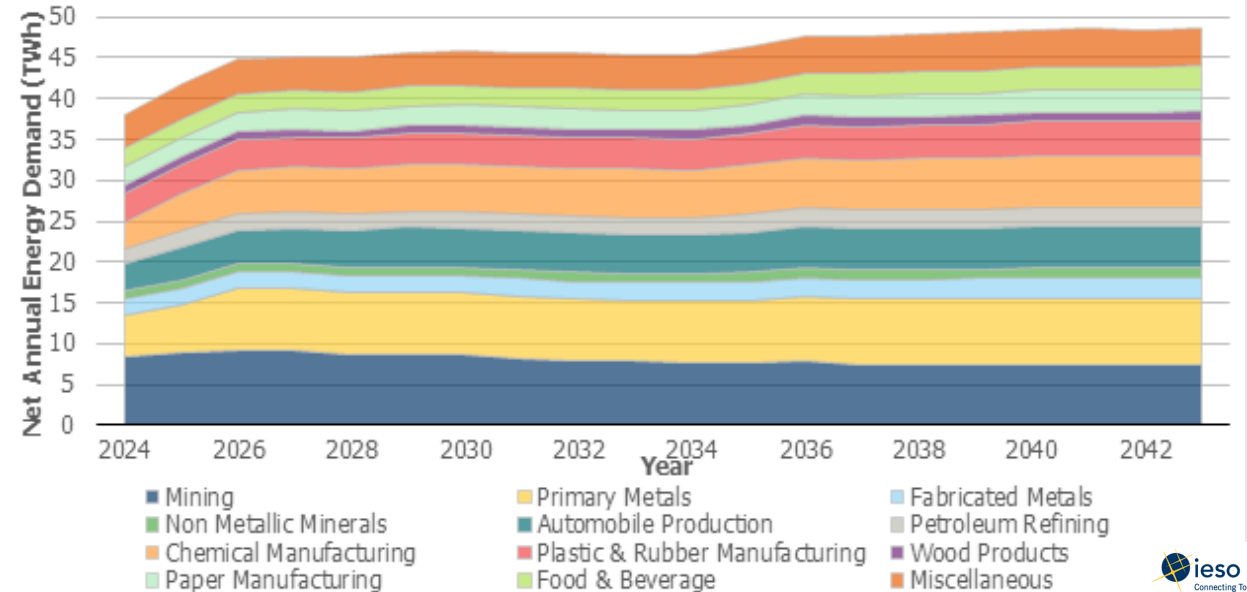
The Future of Electricity in Ontario

The Energy Transition and Decarbonization is Increasing Provincial Electricity Demand

APO: 20-Year Supply and Demand Forecasts



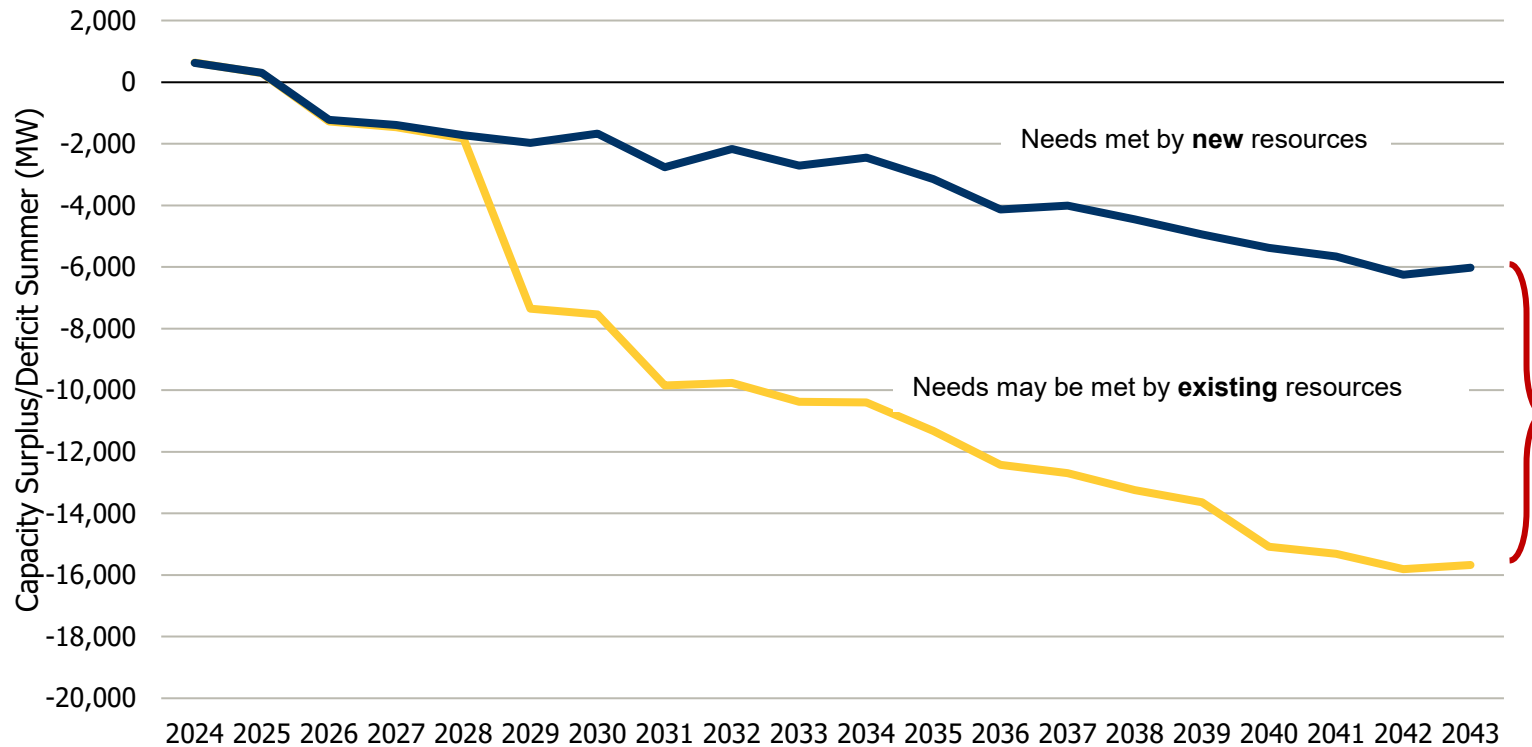
Industrial Sector - Net Annual Energy Demand Forecast



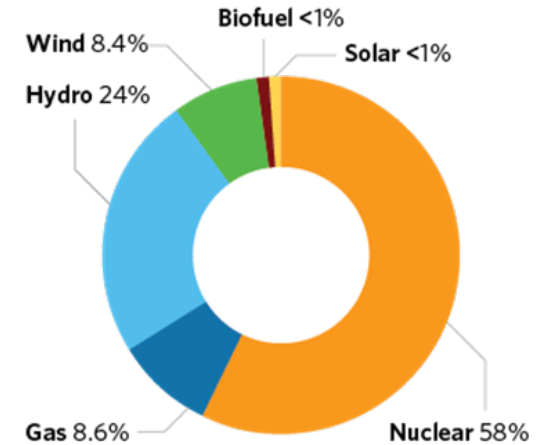
- After a decade of eroding electricity demand, recent forecasts from the IESO show that consumption will grow significantly in the years ahead. This is predominantly being driven by population growth, as well as the electrification of transportation and industrial processes.
- Electrification of building heat is typically contemplated in the context of “energy transition”, and will be additive against these projections.



Ontario's Resource Adequacy Challenge



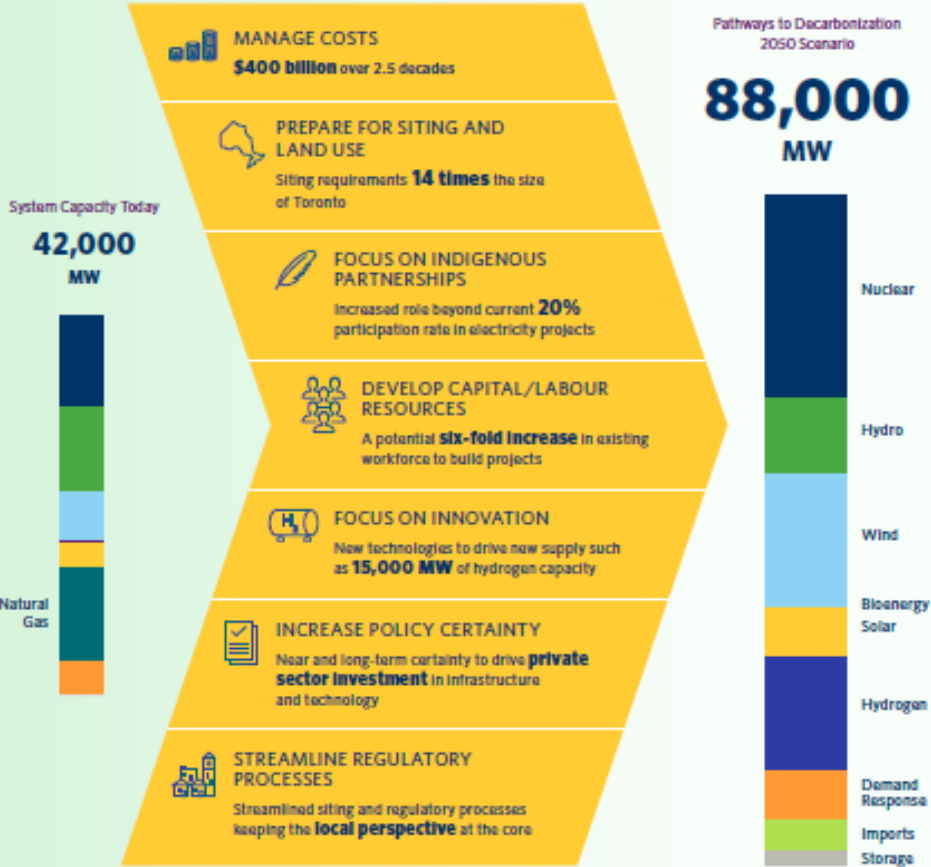
**16,000
MW risk
over
next two
decades**



Nuclear	83 TWh or 58%
Hydro	34.2 TWh or 24%
Gas/Oil	12.2 TWh or 8.6%
Wind	12 TWh or 8.4%
Solar	0.75 TWh or <1%
Biofuel	0.4 TWh or <1%

Decarbonizing Ontario's Electricity System

Bridging the work of today with the needs of a decarbonized world will be challenging and complex. Ontario's electricity system is well positioned to make the transition, but will need to address a series of challenges in order to achieve decarbonization.



Considerations for Alectra

- Emerging Themes
 - DERs
 - Technology Disruption
 - Electricity Demand
 - Customer Needs
- Opportunities bringing together emerging themes, changing landscape of Distributors, meeting Ontario's supply needs
 - Grid modernization – improve distribution visibility, enhance grid connections (e.g., EVs, DERs, etc.)
 - Aggregate DERs/NWAs – meet distribution needs, broader power system needs, value if Industrial Conservation Initiative (ICI) terminated in future
 - Non-emitting supply resources – meet Government policies, customer needs, supply needs
 - Customer choices – ESG targets, technological advances, non-emitting supply, cost-effectiveness
- Alectra has significant opportunities to grow by meeting multiple goals and objectives

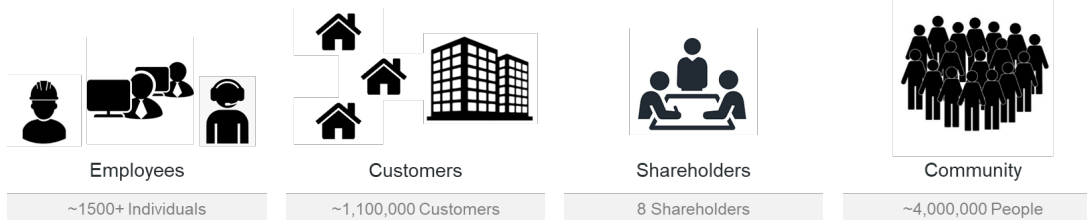
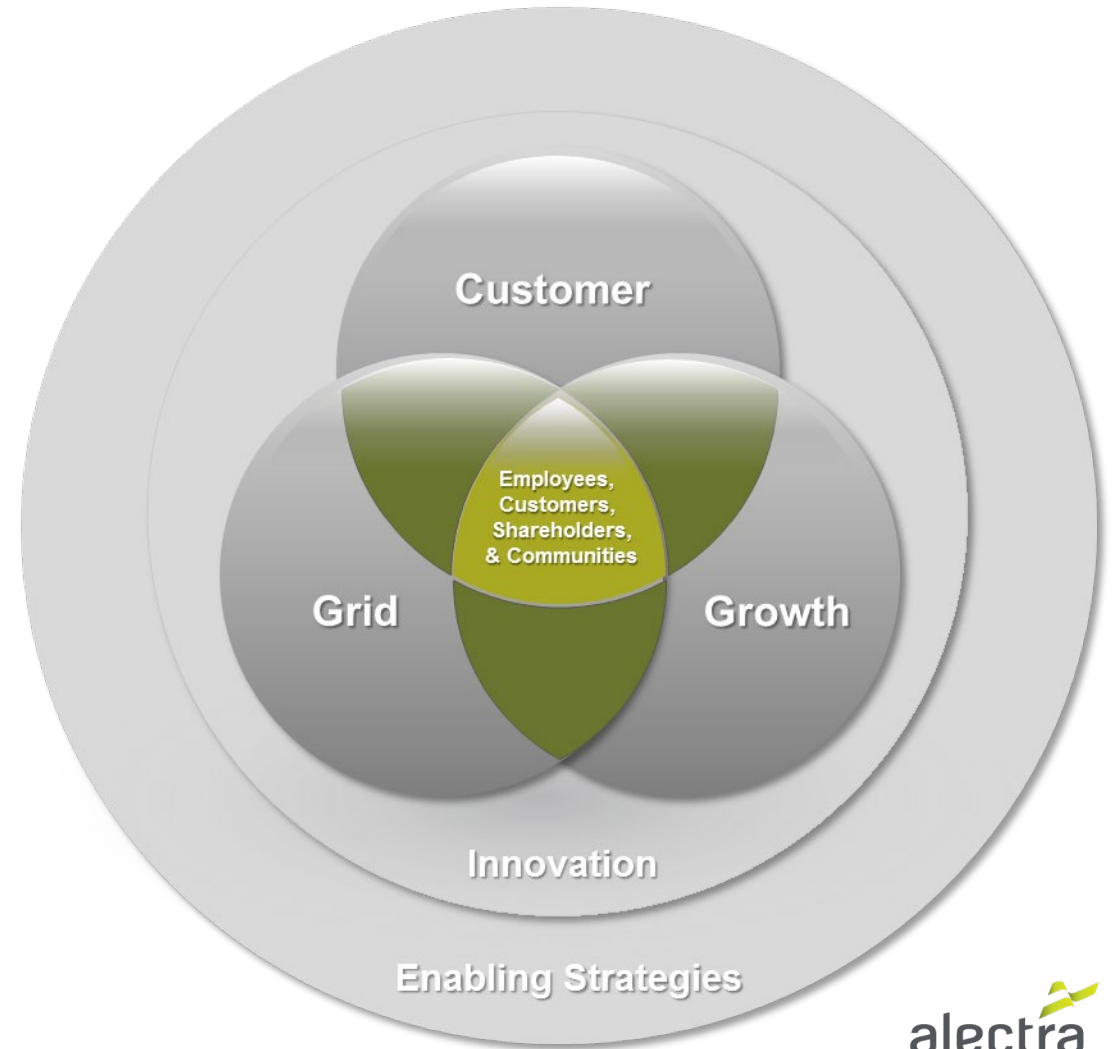


Strategy 2.0

People are at the Centre of our Strategy

We are committed to:

- Investing in our **employees**
- Delivering value to our **customers**
- Generating long-term value for our **shareholders**
- Supporting our **communities** where we work



Unanimous Shareholder Agreement - USA

Initial Strategy (1.0)

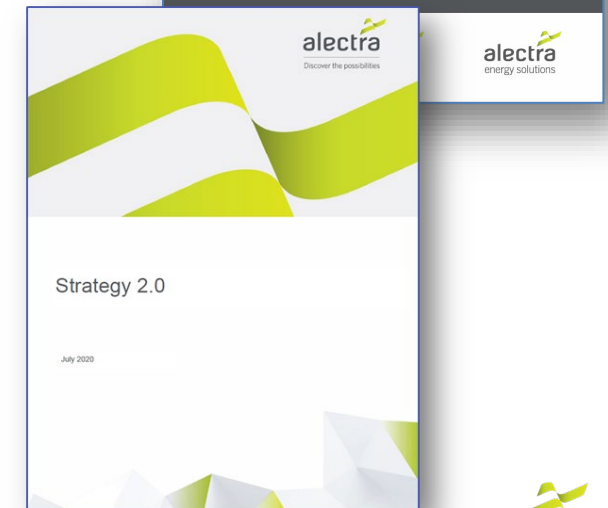
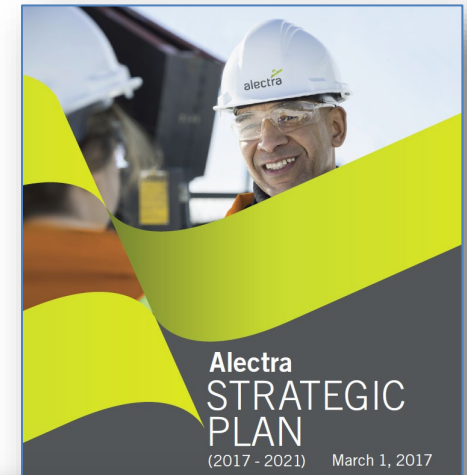
- USA requires Alectra to update its Strategic Plan every three years [USA Section 2.19 (4)]
Unanimous Shareholder Agreement (USA)

Updated Strategy (2.0)

- USA requires all subsequent material changes to Alectra's strategy would be subject to approval of no less than 66.66% of the Board of Alectra, with input from Shareholders. This is the process which was followed in 2020 with respect to the approval of Strategy 2.0

2023 Process

- The Board and Management of Alectra commenced a process of reviewing Strategy 2.0 at its April Strategic Planning Session
- Any material changes to Strategy 2.0 will be reviewed and endorsed by the Board and provided to Shareholders for input (at a Special Meeting, Fall 2023)
- Taking into account Shareholder input, the Board will approve revised Strategic Plan prior to year-end 2023



Alectra's Vision and Mission

VISION AND STRATEGIC INTENT

We will be your trusted energy partner empowering a sustainable and brighter future

MISSION AND POSITIONING STATEMENT

To provide innovative and reliable energy solutions which deliver lasting value for all



Question & Answers

Thank You

