HAMILTON UTILITIES CORPORATION
(the "Corporation")

RESOLUTIONS OF THE SOLE SHAREHOLDER OF THE CORPORATION

WHEREAS the City of Hamilton is the sole shareholder of the Corporation (the "Sole Shareholder").

AND WHEREAS the Corporation owns 17.31% of the issued and outstanding share capital of Alectra Inc. ("Alectra").

AND WHEREAS Section 3.05(iv) of the Shareholder Direction and Unanimous Shareholder Declaration from the Sole Shareholder to the Corporation (the "USD") requires the Corporation to provide written notice to the Sole Shareholder in relation to each request for an approval received by the Corporation as a shareholder of Alectra pursuant to the Alectra USA (as hereinafter defined).

AND WHEREAS Section 2.21(1)(j) of Alectra's Unanimous Shareholders' Agreement (the "Alectra USA") requires special shareholder approval to appoint the auditor for Alectra.

AND WHEREAS the Corporation has provided written notice to the Sole Shareholder (attached hereto as Schedule "A") to request the Sole Shareholder's approval in relation to the appointment of KPMG as the auditor for Alectra (the "Request").

AND WHEREAS Alectra has drafted a revised strategic plan ("Alectra's Enhanced Strategy 2.0").

AND WHEREAS the Corporation has provided Alectra's Enhanced Strategy 2.0 to the Sole Shareholder (attached hereto as Schedule "B") for notice purposes pursuant to Section 3.05(ii) of the USD.

NOW THEREFORE BE IT RESOLVED THAT:

(i) the Request be and the same is hereby received by the Sole Shareholder; and

(ii) the Request is hereby approved by the Sole Shareholder and KPMG is hereby approved by the Sole Shareholder to serve as the auditor for Alectra until the close of the next annual meeting of the shareholders of Alectra; and

(iii) Alectra's Enhanced Strategy 2.0 be and the same is hereby received by the Sole Shareholder; and

(iv) the Mayor and City Clerk are hereby authorized and directed to sign and/or dispatch and deliver any agreements, documents, notices, articles and/or certificates to be signed and/or dispatched or delivered to give effect to the foregoing or to take any action deemed necessary in respect of any of the foregoing.

THE FOREGOING RESOLUTIONS are hereby consented to by the Sole Shareholder of the Corporation entitled to vote on such resolutions and are hereby passed as resolutions of the Corporation pursuant to the provisions of the *Business Corporations Act* (Ontario).

DATED this 2nd day of April 2025.

CITY OF HAMILTON

Per: _____
A. Horwath, Mayor

Per: _____
City Clerk

SCHEDULE "A"

APPOINTMENT OF AUDITORS of ALECTRA INC.

RESOLUTION OF THE SHAREHOLDERS

OF

ALECTRA INC.
(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 Business Corporations Act; and,

2. The remuneration of the auditors shall be fixed by the directors of the Corporation.

SCHEDULE "B"

ALECTRA'S ENHANCED STRATEGY 2.0

Hamilton Utilities Corporation®

August 22, 2024

Office of the City Clerk
Hamilton City Hall
71 Main Street West
Hamilton, ON L8P 4Y5

RE: Alectra's Enhanced Strategy 2.0

To Whom It May Concern:

Under Section 3.05 of the Shareholders Direction and Unanimous Shareholders Declaration, dated Jun 6, 2018, I am writing to provide the submission of Alectra's Enhanced Strategy 2.0, which has been received and reviewed by Hamilton Utilities Corporation (HUC).

Upon receipt of Alectra's Enhanced Strategy 2.0, it was reviewed by the Board of Hamilton Utilities Corporation. This review process included a detailed examination of the updates to the first version to Alectra's strategy, including both its regulated and non-regulated businesses, projected outcomes, and its alignment with the City of Hamilton's strategic priorities (https://www.hamilton.ca/city-council/plans-strategies/strategies/2016-2025-strategic-plan) and our shared objective for sustainable and efficient energy management within the City of Hamilton.

Following this review, the Board was given the opportunity to provide feedback on the strategy in direct consultation with Alectra's Senior Leadership as well as City of Hamilton appointed Board representatives. Alectra's Enhanced Strategy 2.0 was subsequently ratified by the Alectra Board on March 1, 2024.

The Hamilton Utilities Corporation Board is satisfied with Alectra's Strategy 2.0, which aligns with Hamilton's Strategic Plan and current terms of council, supporting the community's requirements for sustainability, grid modernization, customer engagement, and economic growth.

Should you have any questions or require further information, please do not hesitate to contact me.

Respectfully,

Jeffrey Cowan
President & CEO
Hamiton Utilities Corporation

Encl. Alectra's Enhanced Strategy 2.0

alectra

Discover the possibilities

Strategy 2.0

2023

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INTRODUCTION

ELECTRICITY INDUSTRY & CALL TO ACTION

There has been little change in the electricity sector since the turn of the century. Electricity was provided by a central power plant, distributed through a local utility, and influenced by government. Customers rarely had to think about electricity, much less have a say about how it was produced, delivered, or managed. Customers merely accepted the price and quality of electricity with little concern or question. Natural monopolies were the norm. The economy grew with the increased production of electricity and electricity demand was a mirror of the growing economy. Long-term planning for monopolistic utilities was simple – build generation, deliver it to the customer and customers will pay for it without question.

Fast forward to today. How we create, use, and manage electricity is rapidly changing and the implications go far beyond the utility sector. Technology is giving customers greater autonomy and more choice in the way they source, use and store electricity. The electricity sector is experiencing the collision of technology-powered push and a customer-powered pull. These forces have cumulated in a monumental power sector shift. Electricity markets are now shared with new players, new technologies, greater customer interaction, broader options, and eroding distinctions between industries.

The traditional centralized, unidirectional electricity system of the past is now transforming into one that is much more customer-focused, distributed, and integrated. Moving away from traditional models, utilities need to find the capacity and capability necessary to compete and prosper effectively in a complex marketplace. These transformations are creating immense opportunities while enabling consumers of electricity to approach electricity in a new way — as “prosumers,” who both produce and consume energy. Many experts have forecasted a substantial increase in electricity demand due to the energy transition and decarbonization.

The digital revolution, which is layered on top of these changes, is transforming the electricity system from static to dynamic and from stable to disrupted. Utilities risk being left behind as new markets and business models are established.

Utilities may need to reconsider their strategy amid a shifting landscape. The potential for further disruption is growing and the status quo option may be the “highest risk option” moving forward. Opportunities exist within these challenges and Alectra’s response is the evolution to Strategy 2.0.

STRATEGY

EMERGING MEGA TRENDS

Alectra's initial Strategic Plan was developed with a five-year time horizon and focused on four key themes:

- Managing the Transition;
- Optimizing Operations and Enhancing the Customer Experience;
- Growing the Business; and
- Building Corporate Resilience

In the -years following the creation of Alectra, most of the corporation's efforts have been principally focused on **Managing the Transition** comprised mainly of systems, process, and cultural integration in order to achieve the commitments identified in the merger business case and, ultimately, delivering the associated customer and shareholder benefits.

Process and cultural integration are well on the way. Service quality levels have been maintained ensuring the lights stay on and our customers are provided with accurate bills and a high level of service. Merger dividends are well above the stand-alone option. We are "stronger together".

Building on the success of Strategy 1.0's integration, Alectra is focused on innovation and growth while evolving into a customer-centric and integrated energy services company. The key elements of Strategy 2.0 are a continuation and enhancement of the initial Strategic Plan themes. These elements are characterized as follows:

- Customer (Experience): Enhance customer experience by building an integrated customer-centric organization
- Grid (Modernization): Optimize the planning, management & integration of assets and related processes which enables customer choice, efficiency and grid integration
- (Enterprise) Growth: Grow both the regulated distribution business and the competitive (Energy Services) business

Each element is distinct in scope but has significant interconnected and interdependent aspects that will allow Alectra to harvest the greatest advantage and value for its customers, communities, and shareholders.

Success of the Guelph Hydro merger, the creation of the GRE&T Centre, the purchase of Holland Power Services and the expansion of Util-Assist are part of Strategy 2.0's focus on growth and innovation.

The electricity distribution sector has traditionally focused on long-lived assets and gradual policy shifts. It has adopted changes in a piecemeal, unhurried, and sometimes regulatory-constrained fashion and is not accustomed to an accelerated pace of change. Mega-trends of decarbonization, decentralization, democratization and digitalization are creating new challenges and forcing faster evolution. Local influencers such as the Ontario Government, Ontario Energy Board (OEB) and, to a lesser extent, the Independent Electricity System Operator (IESO) are constraining the evolution of regulated utility model the ability to maintain stable and reasonable returns.

ELECTRICITY INDUSTRY UNDERGOING CHANGE

The four 'Ds', Decarbonization, Decentralization, Democratization and Digitalization, are global megatrends creating disruption in business environments.

Decarbonization: Decarbonization is increasing pressure on all market participants to focus their transition to a low carbon economy through fuel switching and energy efficiency.

Globally, the climate change emergency led to the Paris Climate Accord signed by 195 countries with Canada's Federal Government putting in place a carbon tax mechanism. Locally, Ontario's electricity distribution supply and, in turn its grid, is relatively green due to coal having been phased out. However, Cap and Trade and Conservation and Demand Management (CDM) programs have been cancelled. Public concern is on the rise and a number of major municipalities have declared climate change emergencies. Decarbonization is creating opportunities as consumers look to move off gasoline and diesel vehicles to electricity power vehicles as well as business moving off carbon-based fuels to cleaner options. Demand for electricity will increase dramatically over the next 20 to 30 years.

Decentralization: As the grid becomes progressively devolved and the cost of technology continues to decline, energy supply is becoming increasingly **decentralized**.

Globally, the business model of electricity generation, transmission and distribution has been slow to change[1]. The regulated model is under threat due to falling costs of technologies, even more so in jurisdictions with low grid reliability[2]. In Ontario, industrial and commercial customers are exploring grid-defection and reduction of their global adjustment costs. The traditional one-way power flow from centralized electricity generation has now shifted to two-way flows from an array of distributed energy resources (DERs). New market entrants will increase points of connection and will require increased focus on integration.

Democratization: Customers are increasingly demanding flexibility and choice. Technology - powered push and customer-driven pull have beneficially collided and resulted in the creation of "prosumers", who both produce and consume electricity. The electricity market is now characterized by new players and technologies, more provider-customer interactions, broader options, and eroding distinctions between industries. "Prosumers" are now sharing in the energy economy.

Technology costs, such as rooftop solar, are falling and customer awareness is high – thus making customer choice available. Globally DERs are outpacing centralized generation[3]. Four technologies, such as, the Internet of Things (IoT), Energy Storage, Artificial Intelligence and Blockchain are driving the democratization of energy systems[4]. Ontario utilities are monopolies and customers don't have choice of distributor; however, they do have the right to generate behind the meter and reduce their consumption from the grid and their motivation, due to pricing, is growing.

Digitalization: Advances in digital control and communication are enabling intelligent 'asset networks' creating the Internet of Things.

Globally, computing costs are falling exponentially. As modern energy systems become increasing hybridized, digitalization will become increasingly important to integrate the energy system at the distribution level. In Ontario, many municipalities and companies are discussing the implementation of IoT, Smart Cities and 5G. The rise and adoption of big data and Internet-based applications are making systems more intelligent and

[1] KPMG
[2] BCG
[3] Navigant
[4] World Economic Forum

interactive; altering the habits of personal energy usage and stimulating the rapid development of new business models by existing utilities, start-ups, and aggressive companies who wish to 'participate' in the electricity sector. A great deal of innovation and opportunity will emerge in new areas, in particular those that involve customers, data, and technology. By creating a system that results in more information about our customers, utilities will further refine this data and create offerings that are 'hyper personalized' to customer needs.

ONTARIO INFLUENCERS

Although markets are changing rapidly, the current market design does not support the transition to a disaggregated, flexible power system without significant change and adaptation.

The Ontario Government, the OEB and the IESO have the greatest influence on Alectra's business model through regulation, legislation, and directives.

The Government of Ontario, in particular the Ministry of Energy, Northern Development and Mines (MENDM), is responsible for developing a safe, reliable, and affordable energy supply across the province. The ministry is mandated to set the overall policy direction for the energy sector.

The OEB is an independent regulatory body that makes decisions and provides advice to the government in order to contribute to a sustainable, reliable energy sector and to help consumers get value from electricity services. In particular, the OEB is responsible for rate setting, ensuring rates and prices are reasonable to consumers and allowing utilities to invest in the system.

The IESO manages the power-system in real time, planning for the provinces current and future energy needs. Each of these influencers affect Alectra's business model. At times, their actions can align, overlap and in some cases collide, potentially causing unintended consequences.

In 2023, the Electrification and Energy Transitional Panel (EETP) was formed to provide the Ontario Government with insights and recommendations to develop an effective pathway to improve long-term planning to address increasing electrification and the transition to clean energy. This panel provides an opportunity to accelerate change in Ontario's electricity sector.

INDUSTRY UNDER TRANSFORMATION

In the past, electricity was a commodity over which customers had little choice. Residential and business customers merely accepted the price and quality of electricity. Customers can now choose from a wide array of potential power sources and providers. Blurring the boundaries between generation, transmission, and distribution, a paradigm shift within the power industry is focused on flexibility and presenting business opportunities for new entrants and savvy consumers. Customer can now be prosumers, customers who are a "**pro**-ducer" and "con-**sumer**" of electricity.

TRENDS

Alectra's traditional 'utility' business model captures revenue by delivering electricity through a network of wires, transformers, and poles.

Over the last year, the IESO and numerous financial and energy experts[5] forecast substantial load growth from energy transition and electrification of transportation. Electricity rates and new entrant competitive pressures are increasing. There are new sources of disruption, and they are growing.

Our traditional business model of capital deployment driving earnings will not sustain our expectations in the long term. Doing the same will not protect Alectra from further disruption and potential erosion of its value. Alectra is responding by evolving our culture and repositioning its business portfolio.

EVOLUTION

Strategy 2.0 ensures that the enterprise evolves into an integrated energy solutions company. It will get us closer to our customers by improving customer service, building stronger relationships, and gaining an in-depth understanding of customers needs. We will create complimentary energy services and solutions that will supplement the regulated business with the focus on improving customer value and choice, while at the same time ensuring we modernize our grid assets and systems by building in innovation, intelligence, and flexibility.

[5] Royal Bank of Canada "50% increase in the next decade" – Bloomberg News Sept 2022, McKinsey & Co "power consumption is projected to triple by 2050" – Global Energy Perspective 2022, PwC "doubling in size by 2037" – PwC Article.

Each of these elements are interdependent and interwoven, and like Alectra in its formation, stronger together. Strategy 2.0 is being executed in stages at a measured pace that reflects organizational priorities.

All value for our customers begins with our employees.

STRATEGY 2.0: STRATEGIC PRINCIPLES AND STRATEGY CREATION

Four key principles were used to guide the discussion through the strategy evolution process: i) Our Vision, ii) the Creation of Stakeholder[6] Value, iii) Customer Centricity – the customer being at the centre of all we do and, iv) Alectra continuing to be a sustainable company at all times, focusing on People, Planet and Performance.

Building on the initial themes of the (2017) inaugural Strategic Plan of Optimization and Growth, Strategy 2.0 focuses on three key interdependent and interwoven elements:

Customer Experience, Grid Modernization, and Enterprise Growth

To support the resiliency of Strategy 2.0 and to address implementation risks, four enabling strategies are being developed. These strategies include: 'Culture and Talent Management', 'Technology and Innovation,' 'Regulatory and Key Stakeholder Relations (Advocacy),' and 'Financing.'

[6] Stakeholder is defined as Employees, Customers, Shareholders and Communities

One Strategy, One Team for One Company

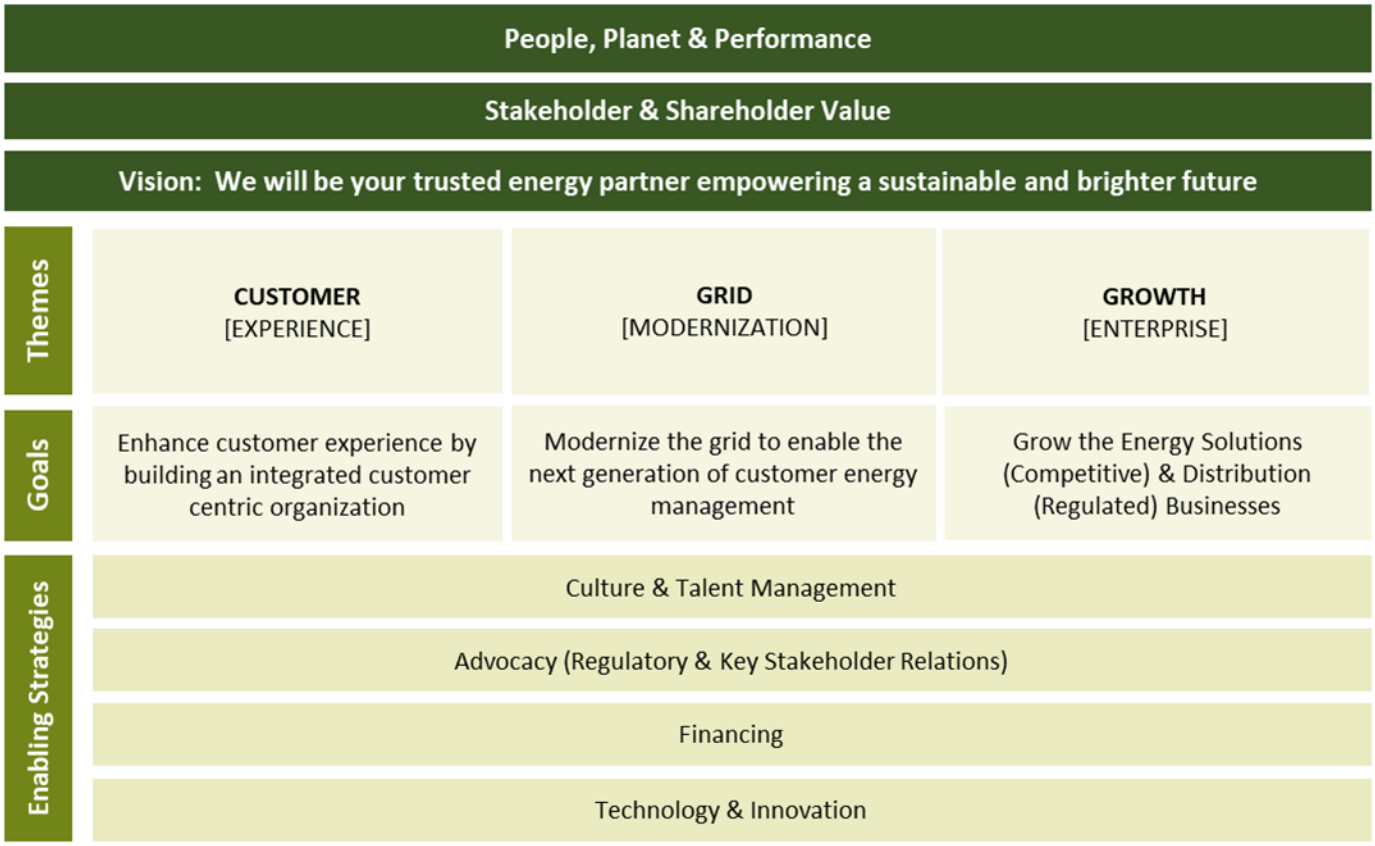

Figure 1 – Strategy 2.0

WHY DOES CUSTOMER (EXPERIENCE) MATTER?

An evolving utility landscape and innovative technologies provide an opportunity for utilities to revolutionize how they engage and interact with customers. With interconnected devices established through the Internet of Things (IoT) and the explosion of data now available, customers increasingly expect a timely, seamless, and holistic approach from their service providers. Alectra is focused on improving its customer experience (CX) as the way to increase customer satisfaction and loyalty while creating opportunities to streamline and optimize operations. Employees and customers are at the centre of every decision at Alectra. Building from a position of customer

advocacy and trust, Alectra's employees are paramount in facilitating the evolution of an integrated and interconnected customer experience - both deepening a trusted customer relationship as well as influencing an improved experience.

Technology-pull continues to accelerate and create more choices for customers. Our intention is to keep pace with customer expectations with proactive engagement. Customers are experiencing advances in how they are being served from many sectors – banking, entertainment, and others. Our focus is on creating customer value and improving our customers' experience with Alectra, as well as reinforcing a strong and lasting relationship – as their ally and service provider of choice. This creates a competitive advantage that translates into higher growth (potential); and longer retention (loyalty) with the opportunity of providing additional products and services to new or existing customers while finding greater efficiencies which result in lower cost to serve.

The goal of a "one window", enterprise-wide customer experience is created through a seamless system of touchpoints that gives the maximum value of each interaction. The customer strategic objectives enable the customer relationship to be reinvented. This includes: (1) "Being One" that is being seen as one company, (2) "Being Proactive" and (3) "Being Innovative". Each of these objectives are about moving beyond the basic needs of customers by empowering them to make decisions about their energy consumption and other services, as well as providing and creating tools to enable them to have easy access to their own information with the ability to personalize and customize how they are served. One such tool is the Green Button program to be launched late in 2023.

The customer experience of the future will be simple, consistent, unified, responsive, and personalized, empowering the customer to fully complete interactions how and when they choose. The relationships will be enhanced by digital transformation for all customers as well as personalized "key account" services for larger customers.

Figure 2 – Customer Strategy Framework

WHY IS GRID (MODERNIZATION) IMPORTANT?

There are many reasons to modernize the grid with the most pressing being: (1) climate change, (2) customer demands and choices, and (3) technological innovation creating opportunities.

Climate change is affecting Alectra both directly and indirectly. Directly, we are experiencing more severe climate events which are impacting our reliability requiring Alectra to adapt by hardening our assets to be able to withstand more frequent high wind and freezing rainstorms. Indirectly, we are being pushed toward integrating distributed energy resources (DERs) onto the grid. With this push toward DER integration, there is the challenge of the intermittency of these power sources – solar, wind, storage, etc. – specifically how we interact and how we forecast.

Customer demands and the ability for customers to choose is increasing – both from a supply perspective and a service perspective. As such, customer requirements are now interwoven with the grid.

Technological innovation is creating opportunities. There is a very dynamic relationship between customer systems and the distribution system. At this moment, the industry is seeing very rapid changes in technology. It appears to be following the classical s-curve[7]. Adoption of technology is slow to start followed by a rapid acceptance. Currently, we are experiencing the steepest part of the curve with technology change, impacting our industry, being the most dramatic and significant in decades.

During the early history of our grid system - we had a relatively simple “one-way” delivery model with very little interaction between customers and the utility. We are evolving to a “two-way”, active grid system that is transforming the dynamic relationship between customer services and the distribution system. With the advancement of technology advances, we are moving up the s-curve and the grid is becoming a more intelligent and more integrated network which is allowing us to entertain, interact and accommodate DERs, microgrids, and

[7] Adoption typically looks like an S-curve. Traditional has three segments: (1) slow early adopters -10%, (2) rapid adoption of the majority of adopters – 80% and (2) slow late adopters – 10%. Typically looking like an “S”.

eventually moving to a fully transactive platform for energy. These are the primary drivers of why we need to modernize the grid.

In addition, we are also facing significant challenges and opportunities. Some of these challenges are – we have an aging system which requires reinvestment to maximize asset life, maintain or improve reliability as well as add in flexibility and intelligence. In addition, our workforce is aging, and experience and knowledge needs to be transferred, retained, or replenished. Our baseload is shrinking, customers are being more efficient with their usage, conserving and now self-generating. All of this must be incorporated into our future view of modernizing the grid and how we plan for it and operate it. Meeting these challenges allows our grid system to build on resiliency and reliability.

Equally, there are many opportunities. Alectra has vast amounts of data regarding our distribution system, our customers, and the environment we operate within. Alectra needs to be able to leverage the data we collect from many different business units within our company. We are only effectively utilizing a small fraction of this data. Alectra needs to connect this "big data[8]" together and utilize artificial and business intelligence to maximize its potential to create new levels of service and create new opportunities. Another opportunity is interoperability, tied to resiliency as well; the ability to connect to multiple sources of energy supply, two-way power flow, and provide the new grid with flexibility for that next generation of customer energy management choices.

The grid is evolving and modernizing, leading to increased flexibility needed to adapt to a wide range of new technologies. By improving customer choice and service and providing easy access to highly reliable, resilient, and flexible grid information, customers will have more choice and more 'customization' to meet their energy needs. Utilizing comprehensive data on system performance and asset condition, the grid is becoming more of an integrated network information source. These advancements will allow customers the freedom to make their own energy choices while Alectra delivers on exceptional service and innovative energy solutions.

[8] Big Data - extremely large data sets that may be analyzed computationally to reveal patterns, trends, and associations, especially relating to customer behavior and interactions.

The Grid strategy is focused on three key areas which includes: i) Process optimization such as 'meter to cash', the process that ensures optimal execution of billing and settlements, ii) Grid technologies, such as integrated systems that enhance reliability and grid utilization enabling two-way power and data flow which includes distribution automation, sensors, monitors and smart meters, iii) Grid Edge Interfaces such as customer-owned monitored and managed, interactive energy resources including DERs (i.e. solar generation and battery storage, and electric vehicle charging).

Process optimization is foundational. This prepares the base grid to receive the changes that are needed and are inextricably linked to the other strategies of customer experience and growth. These are key processes that ensure provision of a streamlined, cost-effective service to customers and to ensure brand loyalty.

Five most significant areas from a utility, as an asset management company, are:

- Work Management – improved planning and execution of annual capital and maintenance programs
- Meter to Cash – metering and billing process, new customer connections
- Operational Logistics – standardization of equipment, processes, inventory management and fleet management
- Power Restoration - outage response, crew dispatch and customer communication
- Asset Management – asset data registry, enterprise asset management system, business intelligence and analytics

Three of these processes are strongly linked to the Customer Experience and customer satisfaction on Meter to Cash, Power Restoration and Asset Management in terms of reliability.

Also, these three are part of brand and brand loyalty - what we represent as well as how we actually represent ourselves to the external world and our customers. In addition, these processes factor in cost leadership. Cost leadership is important to our growth strategy, especially with mergers and acquisitions with other communities and shareholders. It factors into the discussion of value for money and the benefits of being part of Alectra.

Grid technologies, technologies that reside on our distribution network, are helping us achieve our end goal to enhance reliability, grid utilization, enable two-way power and data flow as well as enhance service to customers. It is about intelligence, flexibility, and resiliency of the network. It is a prerequisite for the future and what may be coming our way.

Many of us have heard of self-autonomous vehicles. We are moving to a grid that is self-autonomous from a self-healing perspective. Alectra already has a certain portion of our network that can identify, isolate, and restore power to the greatest number of people if an incident did occur, while isolating for the portion of our network that is damaged. This occurs self-autonomously, without human interaction, and the restoration occurs in a matter of seconds or, if complex, in minutes. This helps in a number of ways – of course in reliability and customer service, as well as in flexibility and resiliency within the grid. This aspect of intelligence is critical as we continue to add DERs onto the grid.

Another key technology is the platform upon which we operate the grid. Currently, we have SCADA[9] systems that control the power flow within the network, outage management systems (OMS) that aid in the recovery process when things go wrong, geographical information systems (GIS) which tie into the grid and help design and take inventory of the grid. As we move forward, we are integrating all of these systems to the next level of grid management – the Advanced Distribution Management System (ADMS). This will tie into a Distribution Energy Resource Management System (DERMS). These two platforms are a prerequisite for the future.

This will be complemented by an array of sensors and monitors which will provide us with visibility, intelligence, and data of how the system is operating and how best to leverage the system. In addition, a key investment will be the next generation of smart meters as they will be the interface between the customer and Alectra.

Grid Edge Interfaces, technologies at the customer grid interface, allow customers the freedom to make their own energy choices while delivering on our brand promise of exceptional service and innovative energy solutions. This is at the edge of Alectra's distribution system where it transitions from a distribution system into

[9] Supervisory control and data acquisition (SCADA) is a control system.

a customer system. This is a very active area of innovation where significant new technology and change is occurring. Amongst the advances - which are being piloted by Alectra - at this interface are: customer DER management, electric vehicle charging infrastructure, transactive energy platforms and smart meters.

Smart meters are foundational and play a large and important role at this interface for Alectra. Enhanced features are allowing on-line notifications of energy usage and high consumption. This will also include the ability to disaggregate and identify customer loads to provide the customer with usage insights as well as early warnings of equipment failure. Many new services will be discovered with the enhanced information gained.

The last focus area is enablers, the connective tissue, which allows the greater vision to occur. These systems are Enterprise Data Management, Telecommunications and IT/OT Infrastructure and Service Delivery Model. With these connective tissues, Grid Modernization is possible.

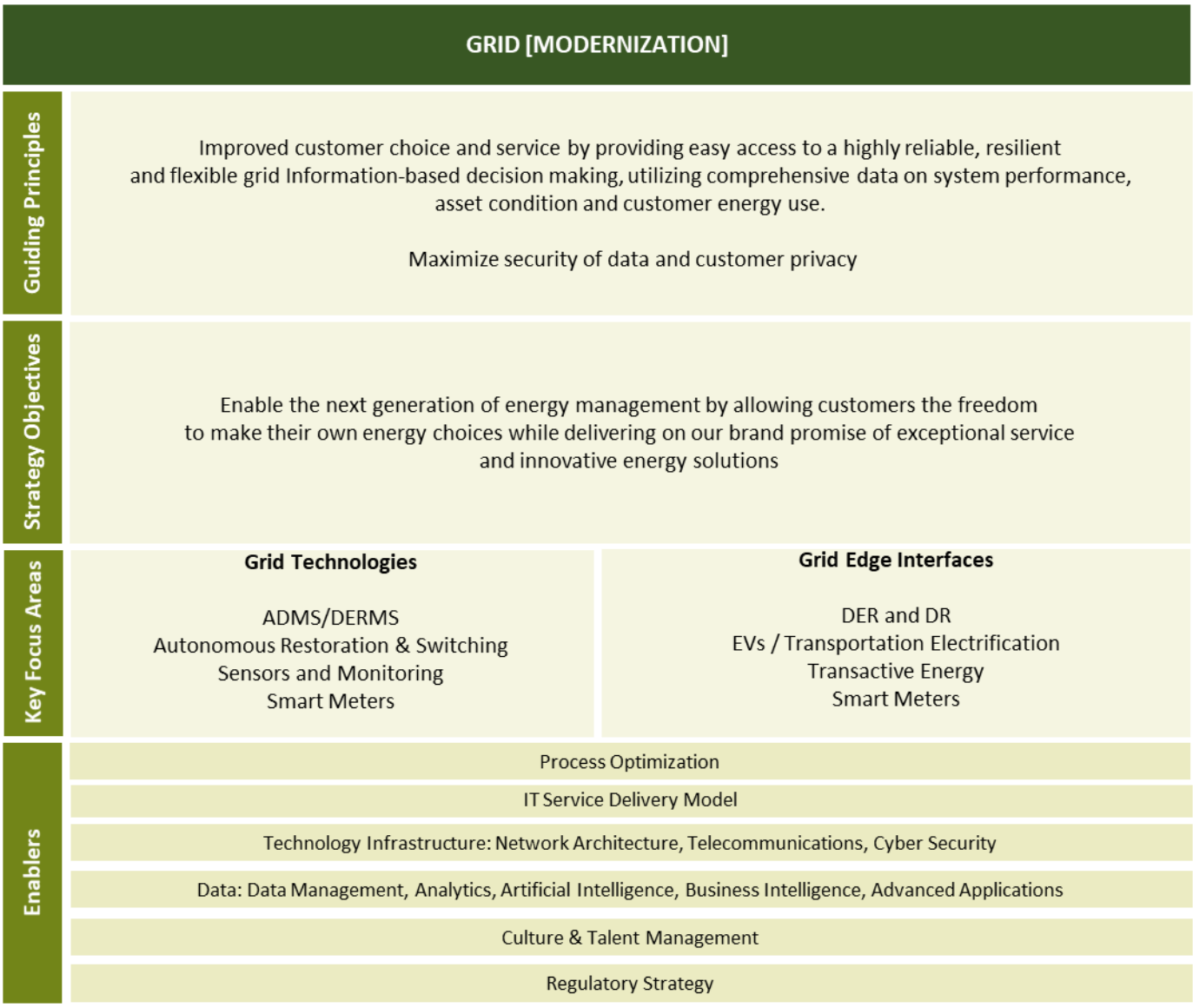

Figure 3 – Grid Framework

WHY IS GROWTH IMPORTANT?

Growth is essential to the continued success of Alectra. Growth will help reposition Alectra by creating a portfolio of complimentary energy services and solutions, improving our customers' options, and ensuring that the enterprise evolves into an integrated energy solutions company with a sustainable customer value proposition.

In order to achieve that objective, Alectra's growth activities are aimed at fostering an enduring, profitable and growing enterprise, with a consistent and continuing emphasis on meeting customers' current and emerging energy requirements. The primary test for the effectiveness of our strategic initiatives will be whether customers view our market offerings as valued added or not.

Current competitive growth activities are focused on exploring new partnerships to enhance or expand Alectra's operating capabilities, customer offerings and develop business pipelines. Other activities are focused on building on existing competitive lines of business, identifying the potential acquisition of on-going and profitable lines of business and exploring the feasibility of future technologies. Targeted market segments include existing businesses such as metering, utility services and emerging technologies like distributed energy resources, mobility, energy infrastructure and energy management.

Alectra was created through the consolidation of several prominent regional electricity utilities. Mergers and acquisitions (M&A) will continue to play a role in the expansion of our regulated business. Regulated growth can also occur by expanding and deepening our regional footprint by adding customers who are in close physical proximity to our service territory and where we can service them more efficiently. In addition, growth is achieved through an effort to support our municipal shareholders and their economic development activities attracting new customers through single and multi-site developments, multiple locations and community energy initiatives.

The distribution business is evolving beyond the traditional "wires and poles" model as customers' expectations and technological improvements continue to drive our focus beyond the current electricity distribution network business model. This "new" distribution business will be an enabler of networks and platforms. Alectra is open to exploring and potentially investing in other types of networks including data and information, which may be key aspects of the evolution of smart cities, smart buildings, and smart streets.

Figure 4 – Growth Framework

INTERCONNECTIONS AND INTERRELATIONSHIPS

The business impacts resulting from decarbonization, decentralization, democratization and digitalization are having a profound effect on our grid and our customers' expectations and are continuing to foster change at a rapid pace. In order to effectively understand and respond to these changes, Alectra must continue to embrace innovation with the goal of both "modernizing" our grid and our relationship with our customers. These changes are also creating new revenue opportunities for the organization and is the reason why Alectra has organized Strategy 2.0 along three distinct elements: Customer, Grid and Growth. While each element is distinct in scope in certain respects, they are also heavily interconnected and interdependent - success in all three elements will deliver the greatest advantage and value for Alectra, its customers, communities, and shareholders.

The focus on enhancing customers' experience with Alectra is not an option – it is an absolute requirement. If Alectra does not meet our customers' expectations and experience with their electricity requirements, it will affect the customer's trust in Alectra to deliver other services and solutions. Why would a customer continue to invest in the relationship with Alectra, if we can't handle our core responsibilities effectively?

If Alectra does not focus its efforts' in modernizing the electricity network, it will not keep pace with the changes that are expected and customer preferences. Why should customers believe in Alectra's desire to expand its energy solutions and services offerings if the utility itself is not viewed by them as both innovative and pro-customer choice?

CONCLUSION

The rapidly changing energy landscape will present challenges and opportunities that will require new strategies and new approaches. Alectra is evolving to seize the growth opportunities and discover the possibilities with Strategy 2.0.

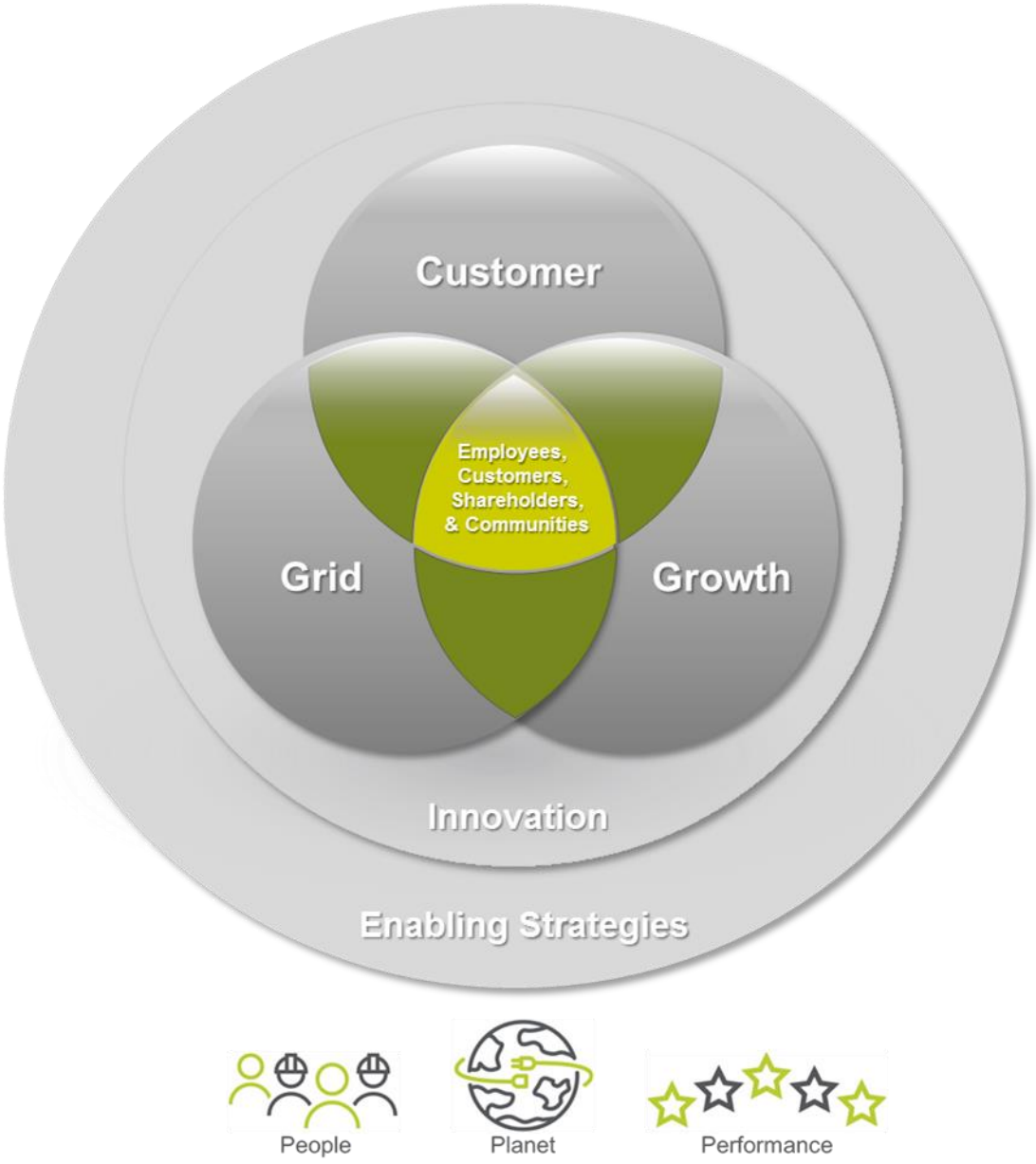

Figure 5 – Strategy 2.0 – Graphical Representation

GLOSSARY OF TERMS

VISION AND STRATEGIC INTENT

We will be your trusted energy partner empowering a sustainable and brighter future [Nov. 2022]

MISSION AND POSITIONING STATEMENT

To provide innovative and reliable energy solutions which deliver lasting value for all [Nov. 2022]

SUSTAINABILITY COMMITMENT

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.

VALUES

SAFETY

Demonstrate Safety, Health, and Wellness as the top priorities for our employees and the public

INNOVATION

Create opportunities to experiment and innovate in the relentless pursuit of advancing the business through people, processes and technology

CUSTOMER FOCUS

Deliver value to all of our customers, employees, communities, and shareholders

EXCELLENCE

Demonstrate professionalism and passion, and excel in everything that we do

RESPECT

Foster an engaging and inclusive work environment by embracing the diversity of people and ideas with empathy and integrity

BOARD APPROVAL

October 2019 / May 2023