

Canadian Utilities

92nd Annual Meeting of Shareowners

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CORPORATE PARTICIPANTS

Nancy Southern

Canadian Utilities — Chair

Dennis DeChamplain

Canadian Utilities — Senior Vice President & Chief Financial Officer

Siegfried Kiefer

Canadian Utilities — President and Chief Executive Officer

CONFERENCE CALL PARTICIPANTS

George J. Lidgett

Canadian Utilities — Managing Director, Pipelines & Liquids

Wayne Stensby

Canadian Utilities — Managing Director, Electricity

Brian Shkrobot

Canadian Utilities — Senior Financial Officer, Electricity, Pipelines & Liquids

Jim Simpson

Canadian Utilities — Director

Loraine Charlton

Canadian Utilities — Director

Derek Cook

Canadian Utilities — Senior Financial Officer & Controller

Katie Patrick

Canadian Utilities — Vice President, Finance & Risk

PRESENTATION

Nancy Southern — Chair, Canadian Utilities

... here this morning on this beautiful day here in Edmonton, and welcome to the 92nd Annual Meeting of Shareowners for Canadian Utilities. Now before we proceed with the formalities today, I'm going to take the liberty of a departure. And as your Chair, I want to take just a few moments to reflect on your company and its people.

Twenty-nine years ago, ATCO acquired more than 50 percent of Canadian Utilities from an American company, and it continues to hold more than 50 percent of Canadian Utilities today. And since that time, your company has faced and weathered many challenges; global recessions, inflation, deflation, high interest rates and low interest rates, the National Energy Program of the '80s, and Version 2, the National Energy Destruction Policy we currently face. We entered deregulation. We squarely faced global competitors and won than our fair share, often in the absence of a level playing field.

And through it all, you and ATCO believed in us. You supported us, and you trusted us to do the right thing for you, our owners, and the communities that we have the privilege to serve. And I believe our record of success speaks volumes to the people of Canadian Utilities, past and present. They have been and they are terrific people. And while it's not for me to say, I believe your company stands alone and above its peers in its performance.

Over this 29-year period, there has only been three CEOs, Edge King for three years, when he retired in 1984; Ron Southern, my father; myself. That is quite unique in itself. And while there are many, many long-time people in Canadian Utilities that have made tremendous contributions and achieved heroic success, there is an individual who has dedicated more than 36 years of his life to our company that I wish to recognize.

Like myself, he is a child of commerce. His father, Gerry Kiefer, worked alongside my grandfather, my father, travelling the world. And Gerry brought the best of manufacturing expertise to make a humble trailer company into a global leader.

Gerry's son, Siegfried Kiefer, is a man cut from the same cloth as his father, and he exemplifies our definition of excellence. And throughout his 36 years with your company, Siegfried has brought the highest standards of integrity, commitment, perseverance, and courage to all of our deliberations. He cares deeply for our customers, the people of our company, and our community. He is collaborative and inclusive in his approach to problem-solving, agile and progressive in this uncertain world. He is strategic and one of the very best negotiators I have ever experienced. He's always striving for a win-win outcome.

And as a result, he has garnered tremendous credibility from industry and government leaders for his forthright approach to the issues of the day. And he is never self-serving in his pursuits, always putting the greater community first. And as a result, bringing great opportunity to our corporation.

And today, it is my singular honour as your Chair to announce the appointment of Siegfried Kiefer from the unanimous decision of our board as your new Chief Executive Officer. Siegfried?

I will remain as your Chair. And I will now move to the formal business at hand.

Joining me on the dais is your new CEO, Siegfried Kiefer; your Senior Vice President and Chief Financial Officer, Dennis DeChamplain; and our Corporate Secretary, Carol Gear. Also joining us from your executive committee are George Lidgett, Managing Director, our Pipelines and Liquids business unit; Wayne Stensby, Managing Director of the Electricity global business unit; Marshall Wilmot, President of ATCO Energy and our Chief Digital Officer; George Constantinescu, Senior Vice President and Chief Transformation Officer. And many other officers of your company are also here with us today. And thank you all very much for joining us.

I'd also like to take a few moments, as is our tradition, to welcome some long-standing shareowners and special guests.

My mom, Marg Southern. Welcome, Mom. Nick Frye (phon), the former head of all of our electric utility operations; Sett Policicchio, former President of ATCO Electric, just retired. You're kind of like me. Huh, Sett? Wendy Dong and her husband; Hal Neldner, former director of your corporation. Hal, thank you for coming. Jaginder Singh (phon), who knew my grandfather and my father, wonderful to see you, Jaginder. Arro Torneau (phon) is here, and he wanted to know whether to buy or not to buy. I don't have a crystal ball.

Bernhardt Berngruse (phon); wonderful to have you back, and our heartfelt appreciation for your commitment to our company. Peng is here as well, Peng Wang and her husband, Adelio (phon). Adelio Tenezio (phon), sorry. And Belle Kruger (phon). Belle, I think you were the first one here with my mom. Nice to see you. Susan Wan (phon). Where is Susan? There you are.

And Seymour (phon). It's so nice to see you again, Seymour. Thank you so much. And Seymour was reminding me of exactly two years ago, Fort McMurray fires broke out and the terrific response of our people.

Carlos. (phon) Carlos, it's wonderful to have you back, Carlos. And Arthur. Arthur is looking very slim and trim in his suit today. And we're hoping—where are you, Arthur? Where are you? Right there. Sorry. Hoping you feel better soon.

And Orville. Orville Stenot (phon) is here. Hi, Orville. And Orville was praying to a church earlier and got a bump on his head. Percy, great to have you back, you and Wendy. Thank you. And I send Howard Richie's (phon) regrets. He called the day before yesterday saying that he's sorry he wasn't going to join us at the AGM today because at 99 he felt it was a bit of a big outing for himself. Susan Church (phon),

wonderful to have you here. Please give our best to your mom. It's wonderful that you continue your support of Canadian Utilities.

And I'm sure I've missed many, many of our fantastic guests. Tom, it's great to have you here for the first time.

Now, I'd like to introduce you to your directors who are standing for reelection today. Matthias Bichsel, former member of the Executive Committee of Royal Dutch Shell; Loraine Charlton, Vice President and Chief Financial Officer of Lintus Resources; Bob Normand, former Chair of the Workers' Compensation Board of Alberta and previously President and CEO of Alberta Treasury Branches; Hector Rangel, President of BC Securities Mexico; Laura Reed, Chair of ERIC Alpha Holdings in Australia; and Jim Simpson, our Lead Director, who is a former President of Chevron Canada and was the Chair of Suncor; Linda Southern-Heathcott, my beautiful sister, President and Chief Executive Officer of Spruce Meadows and Chair of the Board of AKITA Drilling; Chuck Wilson, former President and Chief Executive Officer of Shell Canada.

May I also introduce Wayne Wouters, who is standing for election as the Director of Canadian Utilities for the first time. Wayne is Strategic Policy Advisor at the Law Firm of McCarthy Tétrault in Toronto. Prior to joining private sector, Wayne had a distinguished 37-year career in federal public, including five years serving as Clerk of the Privy Council. And as Clerk, he held the roles of Deputy Minister to the Prime Minister, Secretary to the Cabinet, and Head of Public Service. Those were the good old days. I believe Wayne's extensive experience will be a considerable asset to your Board of Directors, and I recommend all of them to you.

And rounding out the nominees, myself, your Chair, Nancy Southern.

Thank you very much to your directors, who are standing for election.

I would also like to take this opportunity to thank Bob Francis, the Chair and Chief Executive Officer of Agriteam, a renowned international policy advisory enterprise. Bob retired as a director of your company earlier this year, and I would like you to join me in thanking him for his terrific service.

Okay. Let us move now to the actual formal part of the meeting. Copies of the minutes of our annual meeting of shareowners held on May 9th of last year are available in the reception area. And I will ask Carol Gear, again, to be our recording secretary this year for the meeting. And with the consent of the meeting, I will ask Nazim Nafu (phon) and Christine Collesso (phon) of AST Trust Company, our registrar and transfer agent, to act as our scrutineer.

Mailing of the notice of this annual meeting to all shareowners of record at March 28th was completed on April 8th. And as you all know, shareowners and visitors are welcome to participate in this meeting by asking questions and joining our discussions. However, only the owners of the voting Class B shares and the holders of valid proxies of those shares are entitled to vote on the election of directors and the appointment.

Now the scrutineers have advised me that a quorum is present and, therefore, I declare this meeting properly constituted for the transaction of business. And in order to expedite the matters, we have asked certain directors and officers of the Corporation, who also own shares in the Company, to move and second our motions.

First, I wish to table the Company's consolidated financial statements and the auditor's report for the year ended December 31, 2018. And copies of the financial statements, Management's Discussion and Analysis, and the proxy circular, have been mailed to all registered owners and beneficial owners who requested a copy. And additional copies for anyone are outside in the foyer available for you.

The next item is to proceed with the election of our directors as proposed in the Management Proxy Circular. And the meeting is now open to receive nominations for our directors.

George J. Lidgett — Managing Director, Pipelines & Liquids, Canadian Utilities

Name is George Lidgett, Managing Director of Global Pipelines & Liquids. Been with the Corporation for 34 years, and I am a proud shareowner.

I nominate election of the directors of the corporation: Matthias Bichsel, Loraine Charlton, Robert Normand, Hector Rangel, Laura Reed, Nancy Southern, Linda Southern-Heathcott, Charles Wilson, Wayne Wouters.

Nancy Southern

Thank you, Mr. Lidgett. Are there any other nominations from the floor?

George J. Lidgett

[audio gap] Chair, Laura Reed.

Nancy Southern

Thank you, George. We almost missed flying all the way from Australia. That would have been terrible, I agree.

Are there any other nominations? I'm glad you got Laura's name in there, George.

If not, I declare the nominations closed. And may I have a motion to elect those nominated as directors?

Wayne Stensby — Managing Director, Electricity, Canadian Utilities

My name is Wayne Stensby, the Managing Director of the Electricity Global Business Unit. I've been with the Company for 30 years, and I, too, am a proud shareowner.

I move that the 10 persons nominated be individually elected as directors of the Corporation until the next annual meeting of shareowners or until their successors are elected or appointed.

Nancy Southern

Thank you very much, Mr. Stensby. May I have a second?

Brian Shkrobot — Senior Financial Officer, Electricity, Pipelines & Liquids, Canadian Utilities

My name is Brian Shkrobot. I'm the Senior Financial Officer for Electricity and Pipelines & Liquids global business units. I've been with the Company for 19 years, and I, too, am a proud shareowner. I second the motion.

Nancy Southern

Thank you, Mr. Shkrobot. This resolution to elect directors individually will be conducted by ballot. Registered Class B shareholders and valid proxy holders of those shares should have received and completed a ballot on registration this morning. The scrutineers are in the process of recording these ballots. If you have not completed a ballot, please raise your hand, and we will bring a ballot to you. Anybody that missed receiving a ballot?

Well, while the scrutineers are tabulating the results of the ballots from this morning, we will continue with the next item on our agenda, which is the appointment of the corporation's auditor.

May I have a motion to appoint the auditor please?

Jim Simpson — Director, Canadian Utilities

My name is Jim Simpson. I'm a director of the corporation and serve as Chair of the Audit Committee. And as you might guess I'm a proud shareowner.

I move that PricewaterhouseCoopers be appointed as audit for the company and serve in that capacity until the next annual general meeting.

Nancy Southern

Thank you very much, Mr. Simpson. And he is a very tough Audit Committee Chair, I must say.

May I have a seconder please?

Loraine Charlton — Director, Canadian Utilities

My name is Loraine Charlton. I've been a Canadian Utilities director for 13 years, and I, too, am a proud shareowner.

I second the motion.

Nancy Southern

Thank you, Ms. Charlton. All those in favour, please raise your hand. Contrary-minded?

And the motion is carried.

And I would like to introduce you to Steve Hollinger, who is here as a partner of PricewaterhouseCoopers. Whereabouts are you? Right there. Nice to see you. Thank you very much for joining us.

And I want to assure our shareowners, the scrutiny and the detail that your audit committee studies and is diligent over on behalf of you in the corporation is really remarkable. They are a terrific [audio gap]. I want to express my thank you to the audit committee members and our chair for your tremendous diligence on behalf of all shareholders.

Okay. Well, Carol, do we have the scrutineers' tabulation? Thank you. This is always great.

I am pleased to announce the scrutineers have reported that shareholders voted 99.97 percent or more in favour of the election of each of the directors.

I, therefore, adopt the scrutineers' report, and I am pleased to be the first to congratulate our directors and thank them for their terrific [audio gap].

Ladies and gentlemen, at the conclusion of this formal part of the meeting, there will be presentations. Our Senior Vice President, Chief Financial Officer, Dennis DeChamplain, and your new CEO, Siegfried Kiefer, followed by an opportunity for a robust discussion and question period. As you know, we genuinely welcome your participation, but if you are uncomfortable asking a question in person, there are cards on your chairs, and you can fill them out with your question and hand them to our concierge, and they will bring them to the podium for you.

As this concludes the formal business, I propose that we bring the meeting—this part of the meeting, anyway—to a close. And may I have a motion please?

Derek Cook — Senior Financial Officer & Controller, Canadian Utilities

Morning. I'm Derek Cook, Senior Financial Officer and Controller. I've been with the Company for 18 years and too, I'm a proud shareowner.

And I move that this meeting be terminated.

Nancy Southern

Thank you very much, Mr. Cook. And may I have a seconder please?

Katie Patrick — Vice President, Finance & Risk, Canadian Utilities

My name is Katie Patrick, Vice President, Finance and Risk. I've been with the Company for four years and I, too, am a proud shareowner.

And I second the motion.

Nancy Southern

Thank you very much. All those in favour of the motion, please raise your hand. Contrary-minded?

It's carried.

Ladies and gentlemen, that completes the formal business to be conducted for our annual general meeting this year.

And it is now my pleasure to call on your Chief Financial Officer, Dennis DeChamplain.

Dennis DeChamplain — Senior Vice President & Chief Financial Officer, Canadian Utilities

Thank you, Nancy, and good morning, ladies and gentlemen. It's my great pleasure to address you today as your Chief Financial Officer.

The key to our success is an unwavering commitment to our five strategic priorities of growth, community involvement, innovation, operational excellence, and one of my favourites, financial strength. They are the foundation upon which we continue to build your company. And each year, we set ambitious goals for ourselves within these key areas.

In 2018, we set some lofty growth and financial strength targets for ourselves, particularly in the face of some fierce regulatory headwinds. This morning, I would like to focus my presentation on our growth successes in 2018 followed by a review of our financial strengths. Siegfried will provide an update on our achievements in community involvement, innovation, and operational excellence.

Let's begin with growth. Growth includes expanding geographically, building on and leveraging our business strengths, developing new projects, and fostering continuous improvements. And our key measure for growth is adjusted earnings. In 2018, we set a new record for your company by generating \$607 million in earnings, which was \$5 million higher than 2017.

This is the third consecutive year we have set a new adjusted earnings record. I think it's just fantastic given the economic and political backdrop here in Western Canada.

2018 was really a tale of two cities. The utilities experienced regulatory headwinds and had lower earnings, which I will explain in a few minutes. These headwinds were more than offset by higher earnings

in our energy infrastructure businesses, as you can see on the right side of the slide, and that is where I'll start.

Our energy infrastructure businesses doubled their earnings, going from \$77 million in 2017 to \$156 million in 2018. As you can see by the red and green bars on this slide, this growth came from Alberta PowerLine and through electricity generation.

First, Alberta PowerLine generated \$20 million of earnings growth in 2018. This success was directly due to the tremendous efforts of our project management and the construction teams from Quanta, our 20-percent partner in Alberta PowerLine. We invested \$664 million in this project in 2018 and were busy with line-stringing and tower assembly, as you can see by the photos. It was this investment that drove earnings as we record earnings while undertaking the construction work.

At the end of a year of determined construction activity, we were rewarded with an incentive bonus for early energization of the transmission line. Because the project was completed a full three months early, we were able to record a large majority of this early energization incentive into earnings. I know Siegfried is going to give you more details on this successful project, so I won't steal any more of his thunder.

Secondly, our electricity generation businesses recorded \$59 million of earnings growth in 2018. A big driver of those higher earnings was related to the third quarter early termination of the Battle River unit 5 power purchase arrangement by the Balancing Pool. That contract was to have been in place until the end of 2020. This may seem counterintuitive to you that our adjusted earnings were higher through a contract termination, but due to our long-standing operational excellence at Battle River, we recorded \$35 million of earnings for keeping the plant available whenever called upon and running in top condition.

Siegfried will have some more exciting news for you about our coal-to-gas conversions completed at Battle River in 2018.

We had three other developments that led to higher 2018 earnings in our electricity generation business. In 2018, we sold our ownership interest in the Barking Power assets in the UK. Total proceeds received on sale were \$219 million. This created positive cash flow for us and resulted in \$13 million of adjusted earnings.

The Barking plant was an excellent asset for us over many years, but it had come to the end of its economic life. Selling mature assets like these and recycling the proceeds into growing areas of the company is part of our overall strategy and generated cash flow and earnings in 2018.

The next contributor of growth came from our Alberta power plants, where increased earnings were realized from capturing higher power market prices compared to 2017.

And finally, we added new assets to our power generation portfolio in 2018. We acquired a long-term contracted hydroelectric facility in Southern Mexico for \$112 million. This hydro acquisition helped our earnings growth and further diversified our operations.

While the energy infrastructure businesses generated great earnings growth in 2018, the utilities faced some headwinds. As you can see on this slide, the utilities generated earnings of \$525 million in 2018, which represents a return of about 10.5 percent. While \$525 million and 10.5 percent is nothing to sneeze at, this was lower than compared to 2017.

We spoke to you at last year's AGM about the impact of rate rebasing in our electricity and natural gas distribution utilities in Alberta. The lower earnings in 2018 resulted from these utilities entering into our next five-year performance-based regulation, or PBR, period for customer rates. With

the rate rebasing, our distribution utilities gave up \$115 million in adjusted earnings in 2018 compared to 2017. That is represented by the red bar on the slide.

This drop was largely due to resetting our revenues to match our new lower operating cost structure that was achieved over the last five years. Our lower utility revenue also helps out our customers with their utility bill.

This was the starting point on January 1, 2018. Our job was to find new operational efficiencies in 2018. We did exactly that. As you can see by the green bar on this slide, we made back more than half of the lost earnings from the rate rebasings.

With continued investment and operational cost improvements, we generated \$59 million of new earnings growth in the distribution utilities in 2018. And we continued that earnings trajectory into 2019. Our utilities generated \$179 million in earnings, which was \$7 million higher than the first quarter of 2018, as you can see on the left side of the slide. And our energy infrastructure businesses achieved \$12 million of earnings growth in the first quarter of 2019, as shown on the right side of the slide.

In total, earnings were \$200 million in the first quarter of 2019, which were 10 percent higher than the \$181 million of earnings in the first quarter of 2018. Our growth engine was certainly firing on all cylinders in Q1.

Going forward on the capital investment front, our three-year plan includes \$3.6 billion in capital investments. This level of capital spending is consistent with what we have seen in the past few years and translates into about 4 percent annual asset growth in our utilities. All other things being equal, this capital investment will translate into additional utility earnings growth.

Now, I'd like to take a couple of minutes to discuss our commitments to financial strength. In August, CBRS completed its annual review of Canadian utilities and confirmed its A credit rating with a

stable outlook. In September, Standard and Poor's completed its annual review and confirmed its A-minus credit rating, also with a stable outlook. Our commitment to sound fiscal stewardship remains the same, and this commitment is supported by our conservative financial policies and prudent capital management.

Financial strength isn't just about the credit rating. It's also about being disciplined and taking the necessary steps to revitalizing our business. We continuously review our holdings to look for opportunities to monetize assets and increase growth in our portfolio. Viability of these capital recycling opportunities depends on the outlook of each business as well as general market conditions.

This ongoing focus supports the optimal allocation of capital across the company. As I mentioned earlier, in 2018 we strengthened the balance sheet with the sale of the Barking Power assets in the UK, and we acquired a long-term contracted 35-megawatt hydro facility in Mexico.

Further to our ongoing process, in September of 2018 we announced a strategic review of our Canadian electricity generation portfolio, and we commenced a strategic review of our ownership in Alberta PowerLine or APL. As part of the APL process, we are providing an opportunity for indigenous communities along the route to obtain an equity interest in APL. We intend to remain as the operator of APL over its 35-year contract with the AESO.

The last element of financial strength I would like to talk to you about today is our dividends. Our growth in high-quality earnings and financial strength provides a foundation for continued dividend growth for you, our shareowners. In January 2019, we announced a 7.5 percent quarterly dividend increase. CU has increased its dividend every year for 47 years. In fact, we continue to have the longest track record of annual dividend increases of any Canadian publicly traded company.

In summary, we set some lofty growth and financial strength goals for ourselves in 2018, and we succeeded in all of those areas. We generated earnings growth in the face of some tough regulatory

headwinds, growth that continued into 2019, growth that will carry on with \$3.6 billion of planned capital investment.

Finally, we remain focused on making prudent decisions to maintain our financial strength and create long-term value for you, our shareowners.

Thank you. And I'd now like to turn the podium over to your new Chief Executive Officer, Siegfried Kiefer.

Siegfried Kiefer — President and Chief Executive Officer, Canadian Utilities

Thank you, Dennis. And good morning, everyone. It is indeed a pleasure and an honour to be with you this morning as your new President and Chief Executive Officer.

Nancy, I'm very touched and pleased with your remarks this morning, but I can't help but feel the job expectations just got higher. But in all seriousness, very pleased and deeply honoured by the confidence you and the Board of Directors have shown in me and the senior officers of Canadian Utilities.

I might start the meeting by just welcoming Chief Littlechild. Good morning. He's the Grand Chief of the Confederacy of Treaty Six.

Now people often hear me make the point that over the course of our history, Canadian Utilities has proven to be more than the sum of its parts. And I am amazed at how far we've come since our operations were nearly entirely based in Alberta, providing wellhead to burner tip natural gas service and electric generation, transmission, and distribution services to Albertans.

Since those early days, we've continued to deliver to our customers, our people and our investors. We've enjoyed incredible success, created significant value, pursued excellence at every opportunity, and transformed ourselves time and time again. All chapters of a very compelling story that is still being written.

As Nancy mentioned, we are an organization like no other. Geographically dispersed, we're incredibly diverse, and we're built to expertly serve a wide range of customers. But I want to emphasize that at the end of the day, our mission is simple.

As part of the ATCO Group, Canadian Utilities is focused on building a globally diversified portfolio of investments in premier energy-related infrastructure assets, reliably delivering operational excellence with tremendous value and service to our customers, while consistently delivering superior returns for our shareholders.

Aligned with ATCO, we will achieve this vision and results through a strong governance model, expertly qualified management teams with clear accountability, an organization that embraces innovation and entrepreneurship, fundamental to our continued success, and finally and most importantly, highly engaged workforce that shares the ATCO heart and mind.

Given that context, I'd like to highlight just a few of our successes in 2018. First, I'd like to take a few moments to talk about our most valuable assets, assets that have fueled our success for more than a century, our people.

I'm infinitely proud of the men and women who, over the years, have worked so hard to build your company into what it is today. Time and time again, the people of your company have demonstrated that they learn, adapt, and bring their collective best, delivering innovative solutions that far exceed the expectations of our customers. Our people are truly doing great things and doing them the right way.

Operational excellence, which is at the core of who we are as a company, demonstrated day in and day out by our frontline employees, supported at every level of our organization.

As a company, I must admit we are generally modest by nature, but the truth is 95 percent of Albertans believe that Canadian Utilities provides excellent service. And that does not happen by accident.

It takes hard work, the determination to do more than what is expected, and the courage to do what is right for our customers. When we see a better way of doing something, we find a way to make it happen.

Across our businesses, we are working safer than we ever have before. Electricity generation has the top safety record compared to similar businesses in Canada. Our electricity transmission and distribution is on the way to achieving similar results.

Overall, the 2018 recordable incident frequency rate for our electricity business saw a 63 percent improvement over 2017. And over the past five years, electricity has seen a 73 percent reduction in recordable incidents from over 50 in 2014 to only 14 in 2018.

Our gas transmission and distribution businesses as well as our storage and liquids business compares favourably to their industry benchmarks for lost-time incident frequency. And in 2018, pipeline and liquids business unit participated in more than 25 public safety events, contributing to a 24 percent reduction in the number of third-party contacts with our natural gas pipelines. In fact, when it comes to total hit lines and hit lines per kilometre of main, we are in the top quartile with respect to our peers.

Continuing on the theme of service reliability, within gas distribution, we are top-quartile performers when it comes to new service installation times, leaks, and system replacement.

In electricity, since 2015, we've seen a 200 percent improvement in electricity transmission and distribution service reliability measured by the frequency and duration of our outages. Over that time, our performance has demonstrated year-over-year improvement and outperforming the targets set by our regulator, the Alberta Utilities Commission, as well as outperforming our peers in the Canadian Electric Association.

We're also seeing incredible benefits from our continuous efforts to lower our costs. In pipelines and liquids across the board, we are top quartile when it comes to operation and maintenance costs for gas distribution, be it measured by cost per customer or gigajoule of gas delivered or per kilometre of line.

Within electricity, we are also lowering our operating costs. We continue to perform better than our peers with transmission and distribution, operation and maintenance costs per kilometre of line trending downward since 2015.

At the end of the day, the progress that we have made in 2018 is upstanding. We are working safer than we ever have before, greater reliability, and at a lower cost for our customers. This a real testament to our commitment to operational excellence.

For our retail energy business, the energy landscape is very competitive for both electricity and natural gas, but in 2018, we made incredible strides in securing greater market share and outpacing our competitors.

When we re-entered the retail market in 2016, four major players controlled over 98 percent of the competitive market. Our goal by 2020 was to rise to number three on that list. Ambitious, but we thought it was achievable.

Following significant growth in our first year of business, our residential market share increased last year by 51.5 percent. This sharp improvement has made us the third largest competitive retailer in the province, beating our ambitious target by almost two years. And I encourage each of you to stay tuned. There is so much more to come from ATCO Energy. We will continue to grow, innovate, engage with our customers, and bring to them exceptional value.

Now in today's environment, while important, flawless execution and operational excellence are simply not enough. That's why we're continuing to foster a strong culture of innovation at your company.

Innovation is important in every project across our enterprise, even if it is the type of project that we have done many times before.

Companies that thrive over the long term continually adapt to the changing world and new technologies. We keep sustainability top of mind, and we must have our finger on the pulse of the people, communities, and industries that we serve to better understand their everchanging needs.

As such, maintaining a strong connection to our customers has never been more important. At the end of the day, that's where innovation takes shape and where commerce takes place.

I am pleased to report that our electricity generation business in Alberta is leading the transition to a lower carbon energy future with the ongoing conversions of our coal-fired generation plants and natural gas. In fact, we intend to be the first coal-fired generator in the province to do so.

Last year, we successfully enabled co-firing at Battle River 4, outside of Forestburg. Today, almost half of Battle River 4's total generating capacity uses natural gas. Late this year, we intend to fully convert 385 megawatts of capacity at Battle River unit 5, which would be the first full conversion of a coal plant to natural gas in Alberta.

We've also finalized plans for our coal unit conversions with our partner at Sheerness. So by 2022 at the latest, Canadian Utilities' entire generation portfolio will be comprised of renewable energy or natural gas.

As Dennis mentioned earlier, we're currently underway with a strategic review for our Canadian thermal generation electricity business, which we announced last September. This exercise is consistent with your company's practice of continuously evaluating and optimizing our portfolio of businesses and our allocation of capital. And I fully expect that the review will be completed in the near future.

In addition to our own conversion work, our Pembina-Keephills high-pressure natural gas pipeline project will enable others to transition away from coal, including the Genesee Generating Station just outside of Edmonton.

Our efforts in finding cleaner energy sources for our customers are too numerous to list for you today, but I will mention just two more. Your company is at the leading edge of renewable natural gas research in Alberta. We can now derive biogas from agricultural waste, refine it using our membrane upgrader, the first of its kind in Alberta, and inject that gas directly into our natural gas distribution system.

And turning to electric vehicles. In 2018, we successfully energized Alberta's first universal fast charge electric vehicle corridor along Highway 2 with stations in Calgary, Red Deer, and Edmonton, all powered by ATCO Energy. And with the addition of 20 new fast chargers dispersed in Southern Alberta this year, we will be very well positioned to support our customers through their electric vehicle charging journey.

When it comes to water, essential to life on earth, we believe that carefully managed, reliable, and sustainable solutions are key to moving business forward within Alberta's industrial heartland. In 2018, we signed an agreement to provide water services to Inter Pipeline's petrochemical plant in Strathcona County, and construction on that facility is scheduled to start later this year.

As part of our larger regional water strategy, we have also invested over \$70 million in the industrial heartland to develop our multi-user water system.

Now turning our attention to international growth. While our roots in Alberta have grown deep, growing our business is about taking our innovative products, services, and expertise into new and emerging markets. We continue to deliver on our long-term growth strategy with several diverse projects and initiatives around the world.

In Australia, we have established the Clean Energy Innovation Hub at our Jandakot Operations Centre near Perth. In 2018, we began the installation of nearly 11,000 solar panels on the facility, making it the second largest solar panel installation in Western Australia.

This one-of-a-kind facility will be a test bed for Microgrid Solutions that integrate hydrogen production, natural gas, solar, and battery storage. It will provide leading-edge research and development into the use of renewable energy to produce, store, and ultimately use hydrogen as a fuel.

With the solar panels and a 500-kilowatt-hour battery storage unit, our aim is to demonstrate how hydrogen can potentially be blended with natural gas at rates up to 10 percent, transported in our current infrastructure, and used in homes with existing domestic appliances, benefitting customers as part of a diverse future energy mix.

Moving back into North America, we continue to build strategic foundation for growth in Mexico. Last fall, as a result of reforms to Mexico's energy regulation and the establishment of a more open and efficient wholesale electricity market, ATCO Energia was born, as a cornerstone from which we can grow our business in the North American energy market.

The Company will provide competitive energy, capacity, ancillary services, clean energy certificates to high-demand, high-use customers from commercial operations to industrial facilities. The launch of ATCO Energia is the latest in a number of milestones in Mexico.

In addition to our Veracruz hydro acquisition in the state of Veracruz that Dennis mentioned, we also announced a project to build a 26-megawatt cogeneration plant on the site of the Chemours Chemical Company facility in the northern state of Durango.

Now building upon and sustaining positive, productive relationships is not just one of our priorities. It's the very foundation of how we do business.

Our relationships and partnerships are built on mutual respect, trust, transparency, and they all strive to create tangible economic and social development in the communities that we serve. And over the past several decades, we've had the honour of nurturing a great number of meaningful partnerships with Indigenous communities.

Here in Canada, we have fostered lasting, respectful partnerships with 47 Indigenous communities across the country. In 2018 alone, the economic value of these partnerships for Indigenous communities totalled over \$250 million. Since 2012, the cumulative value sits at almost \$3 billion.

The mutual benefits of this approach are plain to see. Through these partnerships, Indigenous communities have built capacity and taken a step towards economic independence, and your company has had the opportunity to gain new traditional knowledge, as well as potential project partners for the future.

For example, let's take Alberta PowerLine's Fort McMurray West 500-kV Transmission Project. Successfully energized on March 29th, three months ahead of schedule and with an impeccable safety record.

We conducted extensive land owner and community engagement on this project that totalled more than 3,000 face-to-face meetings. Those meetings resulted in a permanent license application with no First Nations objections.

Local Indigenous communities benefitted from a comprehensive Indigenous contracting strategy that last year generated \$85 million of contracts, created tremendous skills training, and local economic development.

Indigenous peoples' culture, histories, and local knowledge also helped shape our Caribou Protection Program. This program has set the new standard for linear construction here in Alberta.

Finally, we've been meeting with the 21 Indigenous communities along the route about an equity ownership model for Alberta PowerLine that would provide communities with a long-term, stable investment, enabling them to become direct owners and participants in Alberta's energy sector.

I am very proud of what we have accomplished with the Fort McMurray West Project.

And at this time, I'd like to share with you a short video about the project.

[APL Video Presentation]

Siegfried Kiefer

As I mentioned, I'm very proud of the project and what it was able to accomplish on a number of fronts. And we're fortunate today to have some of our project team with us, and I'd like to take a minute to introduce them to you.

Wayne is obviously here, but if you could stand, Wayne, I'll introduce each you. Paul Geoguen, I do not think made it. Quyen Nguyen is over here. Now he was the Vice President of Alberta PowerLine. Arden Spachynski, Manager of Construction. Arden, are you [audio gap]? Craig Shutt, Manager of Transmission Projects, over here. Melanie Gaspar, Project Manager, Right of Way; Angie Payne, Project Manager. Here. Sheldon Cherniwchan, Supervisor, Land Agents [audio gap]. Terrific job done by all, and thank you very much for coming.

I'd also like to make special mention of some people who've been on the project. Carey Kostyk, our Vice President ATCO Structures now, led the project through the routing and land access phase. And Doug Tenney, our Vice President of Indigenous Relations and Northern Development, who's leading the Indigenous community effort as well as we proceed with the equity sale phase. And I'd also mention Quanta Services was a terrific partner on the project. They [audio gap] and Vijay Ducee (phon) and Barkley Adams, who are not here with us, but terrific to work [audio gap].

Moving on. As we navigate toward an exciting future in our utility businesses across new geographies, in new markets, and with new partners, we continue to face some fundamental business challenges on several fronts, from plummeting investor confidence and major project cancellations in Alberta to increased taxation and regulatory uncertainty. I would like to spend just a few moments reflecting on the regulatory environment we find ourselves in today.

At a federal level, I had the opportunity to share your company's recommendation for Bill C-68 with the Senate Standing Committee on Fisheries and Oceans in Ottawa. This bill deals with waterways and ties directly to your company's aspirations and current operations around hydroelectric operations in Canada.

We see three key issues with the proposed bill that would constrain our existing operations and future hydroelectric development.

Firstly there are no economic considerations in the bill. Secondly, fish habitats are now defined to include waterflow. And thirdly, the bill seeks to protect individual fish instead of focusing on fish populations.

Last month, I also presented your company's recommendations on Bill C-69 to the Senate Standing Committee. As drafted, Bill C-69 will add tremendous uncertainty to the scope of project reviews, participation in those reviews, timelines for completion of the reviews, and the enforceability of the decisions that result from those reviews. As well, Bill C-69, as drafted, does not adequately consider economic factors that must be considered alongside the areas of impact.

Finally, the bill marginalizes the role of the existing life cycle regulators and politicizes the process by granting tremendous Ministerial discretion on what should be fact-based assessment by experts.

What's lost on many Canadians is that these two bills do not just affect oil and gas. They will affect all major projects in Canada and have a significant impact on investment confidence (phon) on proposed projects. So I am pleased that the Senate is taking time to consider seriously amendments to the [audio gap], and we'll have to see how the process [audio gap].

We're also working with the incoming Alberta provincial government to address the issues that are deterring investment in Alberta, and I believe now is the right time to make solid progress on several areas that affect your company.

One key area that I will talk about today is the reduction of red tape that threatens many of our current and future projects. We are severely burdened by increasing regulations and their associated costs. While I could list many, many examples, I will mention only a few.

Look at the more than 25 months it has taken, we do not yet have approval of our 2018 and '19 general tariff application, a 52,000-page submission with an approval timeline now that is longer than those rates will be in effect for. Not to mention the over 205,000 pages of evidence submitted to justify the costs of assets since 2012, with proceedings lasting upwards of two years, often longer than it took to build the facilities.

As well, we do not yet have a permit to begin construction of that Pembina Pipeline project I spoke to you about earlier. This project is 100 percent backed and paid for by the customer. We're awaiting a permit for over 350 days and still counting. This delay is now interfering with our ability to meet our contract commitments.

I could list more, but I think you can see that we strongly believe improvements need to be made.

I can assure you that your company will continue to take very seriously our responsibility to participate in the discussions that shape the policies of both our province and our country.

It's also our responsibility to understand the evolving needs of our customers and develop solutions that support the transition to a lower emitting energy system. After all, secure, reliable, affordable, and sustainable energy underpins the economic vitality of all of the communities we serve.

As such, we are partnering with remote Indigenous communities in this province and in Canada's North, each of which are far removed from the electric grid, to reduce their reliance on diesel-fueled electricity and take their energy security into their own hands, and our efforts are starting to pay off.

This year, we're installing renewable microgrids in six remote communities that will integrate renewable electricity with existing power sources to reduce greenhouse gas emissions.

One example is in Fort Chipewyan. Alongside our partners, the Athabasca Cree First Nation, the Mikisew Cree First Nation, Fort Chipewyan Metis Local 125, and the Government of Alberta, we announced the largest ever solar and battery storage project in an off-grid community in Canada, a 2.2-megawatt solar farm owned by our First Nation partners alongside a 1.5-megawatt battery, converters, and microgrid control system owned by our company that will save an estimated 800,000 litres of diesel annually and create a 25 percent reduction in emissions.

Between our groundbreaking projects, energy, and environment stewardship, safety performance, in all areas we've made remarkable progress in sustainability in 2018.

As you can see by the numbers here, we built some incredible projects last year, combined solar, battery, and other technology for our customers. In fact, our 18 hybrid house pilots have now successfully demonstrated an over 42 percent reduction in a typical house's greenhouse gas emissions. And as shown on this slide, since 2008, your company has reduced its direct greenhouse gas emissions by 37 percent and nitrogen oxide and sulphur emissions by more than 40 percent.

We've also reduced our global fugitive gas emissions by 14 percent. These, and many more accomplishments, are detailed in our sustainability report, which I would recommend to you, and it will be published in June of this year.

But at the end of the day, the hallmark of an exceptional business is not just its partnerships, operational performance, or its financial success. It's also about being a socially conscious, engaged corporate citizen that works towards making a difference.

And with that, I could not be more proud of our employees, who every year, through our annual EPIC campaign, show a tremendous energy commitment and compassion in hundreds of communities around the world where we work, live, and raise our families.

In 2018, through EPIC, employees of your company donated more than \$2.6 million to charities in their communities, taking our program's cumulative fundraising total to more than \$41 million since its inception in 2006. As well, in 2018, our employees donated more than 8,600 volunteer hours to over 800 community organizations. In the end, caring enough to make a difference is what EPIC is all about, and by extension, it's what we're all about. It is also a testament to the true strength of our global enterprise, our people.

With that, I'd like to close my remarks today in the same way as I began, by thanking the 5,000 individuals who bring their best to work for Canadian Utilities each day in every office and every field site.

Year after year, I'm always impressed by what we can accomplish, and in 2018, we achieved a lot. It was a resurgence of success, if you will, and I would like, once again, to thank the directors of your company and Nancy for their confidence in appointing me as your Chief Executive Officer. I'm truly excited, and I want to assure you all that I'll do all that I can to keep building the strong momentum that we have.

Thank you very much. I will now turn the podium back over to your Chair, Nancy Southern.

Nancy Southern

Thank you very much, Siegfried, and a very well-deserving Chief Executive Officer. Grand Chief, wonderful to have you here. Thank you very much for joining us.

It was a terrific video on the West Fort McMurray line. And a few of us retirees now that are soon forgotten, aren't we? But Sett Policicchio is also was one of the drivers in that competitively bid project. And what a terrific project it is. And you know, Grand Chief, I and Sett talked, seven or eight years ago, with the communities on the route north to south. And our dream was to do something bold and new for Canada. And that was to bring all of our communities together and create a corridor, an infrastructure corridor that allowed all of us to participate, to receive great economic benefit, but more importantly, the development of our people and access for our people across the north-south corridor in Canada.

And I am so pleased and proud that the first leg of that is now complete. And I wish you and the members of Treaty Six and all of our Indigenous partners along the route, north and south, tremendous success in this terrific infrastructure. Thank you.

Ladies and gentlemen, I would like to now open the floor for any questions or comments that any of you may have today. We can talk politics. One of my favourite topics, as you all know. Yes, please.

Q&A

Audience Member

You had mentioned about the regulatory processes and length of time and effort to get some of these through. I'm sure there must be enormous cost involved. Do you analyze and take into account,

well, why even try to get a project or two done? Shut it down at a certain time frame and say, here you go. That's what's happening. What are you going to do about it in the future? Either government, industry, that type of thing. But what will happen?

Siegfried Kiefer

Particularly for proposals for new projects, a lot of investors are just not putting investments until there's more certainty in the outcome of the approval process. So it's unfortunate in Canada, you had probably three of the world's best pipeline companies try to get a project approved. Kinder Morgan failed. TransCanada failed on Energy East. And Enbridge failed on Northern Gateway. And that, to me, speaks in spades for inability to get approval. And now, we're looking at legislation that will make it more uncertain.

So that was the intent of our submissions to the federal government was to move some of that uncertainty in the new bills, create a better climate so that you would know exactly how long it would take to get approval.

Nancy Southern

What about, though, Siegfried, this bizarre situation where both the feds and the province [audio gap], people in general, want us to move off coal generation? We're making every effort to do that. But what about our plant in Genesee here not being able to get, within Alberta pipeline permit to convert that coal plant to gas amidst carbon taxes, amidst ever-growing regulation around emissions. And yet we can't convert it.

Siegfried Kiefer

Yeah. There's lots of debate around that problem, Nancy. We are regulated by the Alberta Utilities Commission for new pipelines. Other private operators or non-utility operators are regulated by

the Energy Regulators. We, on the Alberta Energy Regulator's time frame [audio gap] 90-day process. Look for [audio gap] patient for a [audio gap]. Here we sit 350 days into permitting. And that's the type of thing that would not only disadvantage our company, you'll see private pipelines get built prior to regulated pipelines.

And they will simply take volume away from, now, an integrated system and reduce the ability to keep [audio gap] existing system while adding new [audio gap]. It's not just the timing. It's a very serious implication.

Nancy Southern

Or they do exactly as you say, shut , go away, which we've seen lots of in Alberta, haven't we? We really have to get this right, now. Great question.

Anybody. Yes. Grand Chief.

Grand Chief Littlechild

Thank you very much, and good morning to everyone. Thank you, Nancy, for the invitation and commend the Board of Directors for their appointment. Yes, we do have to get it right this time. But I'm here to tell you that we're very proud of the bold steps that you have taken to engage Indigenous peoples. I think we can still do more. And I would dare say we have to do more.

I think that the commitment to excellence is one of the areas we obviously agree on in terms of lost (unintelligible). I like that, to hear that. The international activity also is one I'm very familiar with. In terms of my work, I've worked now in 42 countries, which allows me a global perspective in terms of Indigenous engagement, potential Indigenous engagement, when I say that we can do more.

So I want to thank you for the opportunities that you've given us across the province, even on the legislation. You mentioned Bill C-68 and 69. The chiefs, at their last meeting, of course, were very

critical of both pieces of legislation. So I think we're shoulder to shoulder on a lot of these things, and we need to hook our elbows together in advancement going forward.

I think that the regulation—by the way, welcome to red tape—a long history of having to deal with that. Sometimes you're making a proposal, and 28 people have to look at it in order to get an answer. But anyway, I think we're in a new era, new energy. And I think we're going into a political environment now that will allow us to do more. I would just offer this. First of all, I should have welcomed everyone to Treaty Six territory, but at least on behalf of Treaty Six, we want to do business. We're pro-development and we want to do business.

Although we need to have also the not only wanting to do business but to have an opportunity for full and direct and meaningful participation. So I just leave you with that because we want to work with is what I really want to say. Thank you.

Nancy Southern

Thank you, Chief. And we earnestly want to work with you as well. And as you know, I am very proud of my chieftainship and the honour that the Blackfoot people bestowed on me. And I know that I speak for all of the people in our company and our Board of Directors in their desire, true desire to make our country better together. Thank you.

Anybody else that would like to make any comments or observations or any questions of Dennis or Siegfried? Very quiet crew today.

Well, it is a very memorable day for me, It feels like the last four years have really been an uphill struggle. But it also feels like this is the dawning of a new era, and we have much to be thankful for and much to be optimistic about.

We have wonderful partners. We have a tremendous country. We have a terrific company. And I want to congratulate once again Siegfried Kiefer and wish you all the very best of success in your endeavours now and into the future with Canadian Utilities.

Ladies and gentlemen, I hope you will join us in the foyer for coffee and a chance to chat together. And thank you very much for attending this 92nd Annual General Meeting of Shareowners of Canadian Utilities.

We are adjourned.