

Canadian Utilities Limited

Annual General Meeting of Shareowners

May 3, 2023 — 12:00 p.m. E.T.

Length: 83 minutes

"While Cision has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. Cision will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que Cision ait fait des efforts commercialement raisonnables afin de produire cette transcription, la société ne peut affirmer ou garantir qu'elle ne contient aucune erreur. Cision ne peut être tenue responsable pour toute perte de profits ou autres dommages ou responsabilité causé par ou découlant directement, indirectement, accessoirement ou spécialement de toute erreur liée à l'utilisation de ce texte ou à toute erreur qu'il contiendrait. »

CORPORATE PARTICIPANTS

Nancy Southern

Canadian Utilities Limited — Executive Chair and Chief Executive Officer

Melanie Bayley

ATCO Electric — President

Jason Sharpe

ATCO Gas and Pipelines — President

Robert Myles

Canadian Utilities Limited — Executive Vice President, Corporate Development

Robert Normand

Canadian Utilities Limited — Director

Roger Urwin

Canadian Utilities Limited — Lead Director

Kyle Brunner

Canadian Utilities Limited — Senior Vice President, General Counsel and Corporate Secretary

Colin Jackson

Canadian Utilities Limited — Senior Vice President, Finance, Treasury, Risk & Sustainability

Becky Penrice

Canadian Utilities Limited — Executive Vice President, Corporate Services

Brian Shkrobot

Canadian Utilities Limited — Executive Vice President and Chief Financial Officer

PRESENTATION

Nancy Southern — Executive Chair and Chief Executive Officer, Canadian Utilities Limited

Good morning everyone. Thank you, all. I think we're about ready to get started.

Welcome to the 96th Annual General Meeting of Canadian Utilities Shareowners. For those here in person, in the event of an emergency, please evacuate the Empire Ballroom with the doors located at the south end of the Empire Ballroom foyer and walk to our muster points, which are the Frank Oliver Park, right very close to the hotel here, or the Westin Hotel.

Now, in the spirit of reconciliation, we acknowledge the traditional territories and the homelands of which many of our Canadian Utilities operations and facilities are located. We honour and respect the elders past and present, their diverse history, languages, ceremonies and culture of the Indigenous peoples who call these areas home. Today we are gathered on Treaty 6 Territory, a traditional meeting ground, a gathering place and travelling route for the Cree, Saulteaux, Blackfoot, Métis, Dene and Nakoda Sioux nations.

If you'll permit me, I would like to take a few moments to welcome some longstanding shareowners and special guests joining us here today.

Carlos (phon), it's so great to see you again. Welcome, Carlos Barth (phon).

And Ernest, wonderful to have you back here again today as well. Right there, in the back. Hiding. You probably did that in school too, didn't you?

Percy (phon) is here, and Percy—hi, Percy. Percy told me that he put his shares in an ETF. Brian, can you imagine? So only indirectly is he a shareowner now, but thank you, Percy, for coming.

Elizabeth, Elizabeth Seldenha (phon) is here. Elizabeth is first time to our Annual General Meeting. Welcome. It's great to have you here.

And Craig, where is Craig? Right there. Craig is just back from Puerto Vallarta with a nice tan. Great to have you back as well, Craig.

And Val. Val is here—Val Kreuger (phon) with his grandson Jonathan. Where is Val? Right here. Right in front of me. Val is telling me he purchased his Canadian Utilities shares just the year before ATCO acquired Canadian Utilities. So, well over 40 years you've been a shareowner. It's great to have your grandson Jonathan here as well. Thank you.

And of course, Seymour. Seymour, looking very dapper. Getting ready to be Santa Claus, I think. Not really, no. But great to have you back Seymour.

Richard Bunkar (phon), where's Richard? Hi, Richard. There you are. Before you go, Richard, I'm going to add a pin to your collection on your hat, okay? Look forward to that.

Jaghinder (phon) is back again. Wonderful to see you. Jaghinder worked on the highways and actually met my father who would come out and look at the trailers that were out there for office facilities and wash cars when he was working on highways. Apparently RD gave his some tips on the stock market, and he's still here.

Frank O'Neill (phon), Frank, great to see you. Please give my best to Nora (phon), your sister, who was an engineer with us in former times, and I look forward to seeing her again as well, Frank.

And Edward Schultz (phon). Edward, it's great—where is Edward? Over there. Ed, it's great to have you here with us as well, a sterling Rotary Club member and participant in the community. Great to have you.

I should introduce who is joining me on the dais today. Brian Shkrobot, your Executive Vice President and Chief Financial Officer, and Kyle Brunner, our Senior Vice President, General Counsel and Corporate Secretary.

Now, there are many other officers of the Corporation and a number of our employees are also joining us today. All of our Directors who are standing for election are in person here as well. Thank you all very much for taking the time to join us. And to celebrate the achievements of Canadian Utilities over the past year, and hopefully learn a little bit about our strategy for future success.

Now, in no uncertain terms, 2022 was a year for the history books as we had just had two extremely tumultuous years coming out of COVID. Everyone thought the global economy would start 2022 with new strength.

But then came Putin's egregious invasion of the Ukraine. Russia's attack accelerated a looming and unprecedented and far-reaching energy crisis. But global energy markets had already begun to tighten, long before Putin's deplorable war in Europe. Supply chain disruptions, chronic underinvestment in energy production, and green policies aimed at moving countries away from fossil fuels have all played a role in

the ongoing energy crisis. While the crisis has affected people and industries all over the world, it is the most vulnerable that it has hit the worst. By some estimates as many as 500 million people around the world have been pushed into energy poverty due to the global energy price spikes. And according to the International Energy Agency, for the first time in decades the number of people around the world who live without electricity actually rose in 2022, undermining efforts to ensure universal access to secure affordable energy.

Now, governments have responded with policies intended to accelerate the transition away from fossil fuels, but these policies are in fact inflationary by nature. And they are adding strain to an overburdened system. So, what has become painfully clear is that the transition for energy will not be easy, nor will it be cheap. In fact, it will be very expensive. And businesses, customers, citizens, governments now face an energy trilemma: Providing the energy security and reliability that is needed today, addressing sustainable and lower carbon emissions, all the while ensuring the energy being provided is affordable. As the energy system transitions to cleaner sources, it is paramount that energy remains affordable, reliable and secure for all.

It will also require forthright acknowledgment that there is no one size fits all. Instead, the road to net-zero will depend on each region's strengths, whether that be natural gas, carbon capture, hydrogen, hydroelectricity, nuclear, wind, solar, and battery storage. It's imperative that all constituents work in concert together to determine the best solutions.

The mandates of regulators must be aligned with the goals of policy makers to ensure that this affordable, reliable transition becomes a reality. Regulators and industry participants in providing energy must efficiently and economically work with pace to provide affordable and reliable energy.

Streamlining of policies and regulatory review to avoid showstopping barriers that hinder investment in new technologies is required. And we should not forsake Canada's world-leading sustainable production of oil.

This global transition that is underway must benefit all members of our society, and most importantly, allow our Indigenous partners to participate.

On all these fronts, your company continues to work tirelessly on your behalf to identify and participate in resolving the various barriers energy providers and customers are facing. We regularly engage policy makers at all levels to emphasize the need for climate policies that balance environmental goals with the economic realities of affordability and reliability. And we continue to remind them that all forms of energy are required to meet our climate goals in a manner that is both sustainable and equitable.

And the extraordinary people of Canadian Utilities operate at the very nexus of this imperative. Through their tireless efforts, they are working at the forefront of the transition towards a cleaner and more sustainable future, and I am very excited to share our achievements from 2022 with you a little bit later this morning.

Let me now move to the formal part of our meeting which will be followed by presentations from Brian Shkrobot and then back to me. I'll then open the floor to all of you for your questions. I will ask Kyle

Brunner to act as Secretary for this year's meeting, and I will ask Jennifer Villareal and Kristine Calesso of TSX Trust, our registrar and transfer agent, to act as scrutineers.

The scrutineer has advised there is a quorum present, and therefore I do declare this meeting, regularly called and properly constituted for the transaction of business today.

Only Class B share owners, the owners of voting shares, and the holders of valid proxies of those shares are entitled to vote on the business of the meeting today. For those shareholders who are entitled to vote and have not yet voted, you will be able to vote on the matters before us by way of ballot. If you are a shareholder or duly appointed proxyholder who submitted voting instructions in advance, you do not need to vote by ballot; your vote has already been registered with our transfer agent and will be included in the final count.

For those shareholders who have not yet voted, you should have received a ballot when you registered this morning. Is there anyone eligible to vote who did not receive a ballot this morning? Because we can bring one to you. No? Okay.

The scrutineer will tabulate the votes and the results will be announced at the end of the meeting. In order to expedite matters, employee shareowners or duly appointed proxyholders will move and second the motions.

First, I would like to table the Corporation's consolidated Financial Statements and the Auditor's Report for the year ended December 31, 2022.

The next item is to proceed with the election of your directors as proposed in the Management Proxy Circular. All of the nominees with the exception of Kelly Koss-Brix and Robert Routs, Dr. Robert Routs, are currently Directors of the Corporation. Detailed biographies for all nominees are contained in the Management Proxy Circular. You'll be able to grab one of these on your way out in the foyer if you don't have it already.

The meeting is now open to receive nominations for the Directors.

Melanie Bayley — President, ATCO Electric

I am Melanie Bayley. I am the President of ATCO Electric. I've been with the Corporation for 22 years and I am a proud shareowner. I nominate to election as Directors of the Corporation: Matthias Bichsel, Loraine Charlton, Robert Hanf, Kelly Koss-Brix, Robert Normand, Alexander Pourbaix, Hector Rangel, Laura Reed, Robert Routs, Nancy Southern, Linda Southern-Heathcott, Roger Urwin, and Wayne Wouters.

Nancy Southern — Executive Chair and Chief Executive Officer, Canadian Utilities Limited

Thank you very much, Melanie. Are there any other nominations?

Hearing none, I declare the nominations closed. May I have a motion to elect those nominated as Directors?

Jason Sharpe — President, ATCO Gas and Pipelines

I'm Jason Sharpe, President of ATCO Gas and Pipelines. I've been with the Corporation for 20 years and I am a proud shareholder.

I move that the 13 persons nominated be individually elected as Directors of the Corporation until the next Annual Meeting of Shareholders, or until their successors are elected or appointed.

Nancy Southern — Executive Chair and Chief Executive Officer, Canadian Utilities Limited

Thank you very much, Jason. May I have a seconder, please?

Robert Myles — Executive Vice President, Corporate Development, Canadian Utilities

I am Bob Myles, Executive Vice President, Corporate Development. I've been with the Corporation for 23 years, commencing in 1991, and we're proud shareowner and I second the motion.

Nancy Southern — Executive Chair and Chief Executive Officer, Canadian Utilities Limited

Thank you very much, Bob.

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?

Robert Normand — Director, Canadian Utilities

Good morning. My name is Bob Normand. I'm a Director and Chair of the Audit Committee of the Corporation, and I have been on the Board since 2008. I'm also a proud shareowner.

I move that PricewaterhouseCoopers Chartered Accountants be appointed auditor of the Corporation to hold office until the next Annual Meeting of the Shareholders.

Nancy Southern — Executive Chair and Chief Executive Officer, Canadian Utilities Limited

Thank you very much, Mr. Normand.

May I have a seconder, please?

Roger Urwin — Director, Canadian Utilities Limited

Good morning. I'm proud to be the Lead Director of the Corporation's Board of Directors. I'm a member of the Audit and Risk Committee. I've been on the Board since 2020, and I too am a proud shareowner. I second the motion.

Nancy Southern — Executive Chair and Chief Executive Officer, Canadian Utilities Limited

Thank you very much, Dr. Urwin.

I would now ask the scrutineers to bring forward the Scrutineer's Report so that we may declare the voting results.

Senior Vice President, General Counsel and Corporate Secretary Kyle Brunner has received the report and I'll ask him to read the results.

Kyle Brunner — Senior Vice President, General Counsel and Corporate Secretary, Canadian Utilities Limited

With respect to the election of Directors, the scrutineer has reported that shareholders voted 99 percent or more in favour of the election of each nominee Director.

Nancy Southern — Executive Chair and Chief Executive Officer, Canadian Utilities Limited

I therefore declare the motion passed. Congratulations to the Directors, and on behalf of all shareowners I want to thank each of you for your tremendous dedication and commitment to Canadian Utilities.

Please go ahead, Kyle.

Kyle Brunner — Senior Vice President, General Counsel and Corporate Secretary, Canadian Utilities Limited

With respect to the motion to appoint PricewaterhouseCoopers as the Corporation's auditors for the ensuing year, the scrutineer has reported that shareholders voted 99 percent or more in favour of the motion.

Nancy Southern — Executive Chair and Chief Executive Officer, Canadian Utilities Limited

I therefore declare the motion passed, and I would like to introduce you to Courtney Kolla and Steve Hollinger from Pricewaterhouse who are here today. Thank you very much, gentlemen. And Daria, nice to see you as well, from Pricewaterhouse. Great external auditors, and shareowners can take great comfort in the thorough and robust diligent work they do on your behalf.

This now concludes the formal part of our business at this meeting, and I propose that we bring this part to an end. May I have a motion, please?

Colin Jackson — Senior Vice President, Finance, Treasury, Risk and Sustainability, Canadian Utilities Limited

I'm Colin Jackson, Senior Vice President, Finance, Treasury and Sustainability. I've been with the Company for 10 years and I am also a proud shareowner. I move that this meeting be terminated.

Nancy Southern — Executive Chair and Chief Executive Officer, Canadian Utilities Limited

Thank you very much, Colin.

A seconder, please?

Becky Penrice—Executive Vice President, Corporate Services, Canadian Utilities Limited

I'm Becky Penrice. I'm the Executive Vice President of Corporate Services. I've been with the Company for three years and I too am a proud shareowner, and I second the motion.

Nancy Southern — Executive Chair and Chief Executive Officer, Canadian Utilities Limited

Thank you very much, Becky.

All those in favour of the motion, please raise your hand.

I declare the motion passed.

Ladies and gentlemen, that completes the formal business to be conducted at this year's Annual General Meeting, and it is now my pleasure to call on your Executive Vice President and Chief Financial Officer, Brian Shkrobot.

Brian Shkrobot — Executive Vice President and Chief Financial Officer, Canadian Utilities Limited

Thank you, Nancy. Good morning everyone. It's my great pleasure today to address you as your Chief Financial Officer.

Before I jump into today's presentation, let's start with a set of impressive stats for Canadian Utilities.

This slide reminds us of the magnitude and reach of our operations, and it also highlights some of the meaningful progress we made over the past year. Here are just a few examples. We've increased our assets by approximately \$1 billion to \$22 billion. Including LUMA, we've grown our team to over 8,000 dedicated employees, and we've greatly expanded our renewable generation fleet and have much more under development.

If there's something that I would like you to take away from today's presentation is that your company is well positioned for growth, and to play a leading role in the energy transition to a cleaner future. And, of course, to continue to great long-term value to you, our shareholders, through stable earnings and dividends.

I'll address three main topics today. First, our main financial accomplishments for 2022, a record year; then, how we're enabling prosperity and an opportunity in the communities we serve; finally, how

we're well positioned to grow the business and to continue to drive long-term value for you, our shareholders.

Let's begin with our 2022 financial accomplishments. Canadian Utilities delivered year-over-year earnings growth in 2022 and did so despite a challenging economic environment. This is an environment where global supply chain disruption continues. Inflation remains elevated. Interest rates have increased and capital markets continue to be unstable. Thanks to the nature of our business, our expertise and the regulatory frameworks in which we operate, we've been largely successful in avoiding the worst of these impacts.

As you can see here, we've been active in expanding our business while continuing to deliver strong earnings through difficult periods. Our proactive and prudent capital management approach ensures our business is resilient through the most challenging of times. Over the years, we've completed significant acquisitions and projects and won competitive world-class contracts. We've also proactively engaged in asset sales and recycled our capital to ensure that the funding of our growth is well managed. We've done all of this while successfully dealing with the various economic and regulatory cycles.

Turning now to our earnings for 2022, despite the lingering pressure from the pandemic, I am happy to report that 2022 adjusted earnings increased by \$69 million or 11.8 percent from the previous year. Wow! Now, isn't that truly incredible results?

Why was that? Let's review some of the key drivers. First is our international natural gas distribution business in Australia, which is the light grey bar in this slide. Earnings were \$93 million, up \$28

million from the previous year. This exceptional performance was fuelled by strong operating performance and favourable CPI indexing on our rate base.

The other key driver for 2022 was our Alberta Distribution Utilities, which is the mid blue-coloured bar here. Earnings were \$319 million, up \$26 million from the prior year. This is truly incredible.

It is important to recognize that this exceptional performance is underpinned by numerous efficiencies our businesses unlocked during their second five-year performance based regulation term. As a reminder, the principle of PBR is that utility companies are incented to find cost efficiencies, and that these short-term incentives translate into long-term value for customers. In 2023, we will now see these businesses enter a cost-of-service rebasing year where these efficiencies will be shared with customers.

With inflation and energy prices top of mind for our customers, I am proud to see our businesses driving efficiencies across our utility system that create meaningful savings for customers. I'll touch a bit more on customer affordability and how we're doing our part to help a little bit later in the presentation.

Moving on to our Energy Infrastructure business, which is the mid grey-coloured bar here, earnings increased by \$7 million from the prior year, and we continue to make significant strides towards our energy transition strategy. Highlights include the continued development of our hydrogen initiatives, both here in Canada and Australia, and the development of our Deerfoot, Barlow and Empress Solar Projects, all of which we expect to be completed in 2023.

In addition to these greenfield initiatives, we recently closed the acquisition of the Suncor Renewable Generation portfolio. Now, this immediately adds 232 megawatts of operating renewables and also includes a development pipeline of more than 1.5 gigawatts.

Moving to Puerto Rico, which is the top of the list here, LUMA earnings of \$49 million increased by \$5 million from their previous year. With the continuation of our LUMA agreement, we look forward to progressing the critical work necessary to deliver safe, reliable power to the people of Puerto Rico.

And finally, rounding out the list is our Alberta Transmission Utilities. Results from our transmission companies reflect growth in rate base as well as the number of prior-year regulatory adjustments.

Overall, we're truly proud of these record results and proud of our people who delivered service excellence across the business.

Next, I want to touch on value creation through the lens of total shareholder return. Looking at long-term shareholder return at Canadian Utilities is the best way to evaluate performance, because not only investing is inherently long term, our investments are also long term in nature. By examining our total shareholder return over a 20-year period, we can gain a more comprehensive understanding of our ability to generate value for you, our shareholders.

When we look at our 20-year annualized total shareholder return you can obviously see that we've created a lot of value. We've generated an average annual return of 9.3 percent and we've also outperformed comparable benchmarks over that same time period.

Touching on dividends, we remain extremely proud of our dividend track record, and I know our shareholders here today do as well. We've increased our common share dividend every year for the past 51 years, the longest track record of any Canadian publicly traded company. And of course, we'll continue to grow our dividends with the underlying growth of our investments.

Now, we cannot talk about the progress we've made over the past year without also talking about sustainability. Sustainability is woven into all aspects of our business and is key to our vision of providing prosperity and opportunities for generations to come. From decarbonizing energy to advancing Indigenous reconciliation, we are uniquely positioned to deliver truly sustainable solutions.

Now, we have made extraordinary progress in 2022 towards our previously announced 2030 targets. These targets demonstrate our commitment to sustainability and we'll continue to work with all levels of government to advocate for enabling policy and regulation that is supportive of a better future.

Okay, let's move on and discuss how we are enabling prosperity within the communities.

At Canadian Utilities we pride ourselves of being a leader in the community, not only by providing safe and reliable affordable energy, but also through our work with Indigenous communities, local charities and other stakeholders. We believe that our success is intertwined with the success of our communities. Whether it's through providing employment opportunities, supporting local economic development initiatives, or advancing Indigenous reconciliation, we are committed to making a positive impact in the areas we serve.

Now, looking at these figures in front of you, it's impactful that as an organization our workforce has grown to over 8,000 committed employees with strong representation in senior leadership roles of our females.

With our communities we operate, we have generated a substantial amount of economic benefit for Indigenous groups. For example, last year we executed an agreement between Denendeh Investments Incorporated and ATCO Electric which allowed them to increase their ownership in Northland Utilities Enterprises, becoming an equal partner.

Now, we recognize that the services we provide are the lifeblood of a modern society and we are proud to be at the forefront of delivering energy to communities and enabling growth for all. In markets in which we operate, such as Australia, we can clearly see the price difference between electricity and natural gas. Now, gas is more affordable and we want to ensure that it remains affordable as decarbonization becomes more prominent.

Throughout the entire energy transition it's important that customers have a choice between electricity and gas to avoid unintended pricing or affordability outcomes. No matter where we operate in the world, we make sure that our customers have access to affordable alternatives to meet their energy needs. We also look for ways to support communities, especially at a time when inflation and energy prices are top of mind. We are making sure that we do our part to help and that's where I'll get into next.

This slide shows how we've driven down costs for customers. By reducing our costs of operations, we clearly create value for customers who face rising utility bills, and this is primarily from increased carbon taxes, rising commodity prices and extreme weather.

Translated into 2022 equivalent dollars, maintenance costs per kilometre a line in our Electricity Distribution business have been reduced by 11 percent over the past seven years. Likewise, in our Natural Gas business, we've also reduced our operating cost per customer by 29 percent over that same period. Now, we are truly proud of our ability of our people to find and execute on efficiencies. It is certainly a core strength of ours and it delivers long-term value for customers and shareholders alike.

I want to touch on an important regulatory framework for our Alberta Distribution Utilities – performance based regulation, or PBR, and specifically, how the work we do to drive down costs contributes towards customer affordability.

As I previously mentioned, the basic principle of PBR is that companies are incented to find cost efficiencies and that these short-term incentives translate into long-term value for customers. The value is crystallized at the end of the PBR term when rates are reset and efficiencies unlocked throughout the term are passed on to customers in the form of lower go-forward rates.

You can see here, the efficiencies that I spoke to on the last slide are being passed on to customers through the reduction in custom rates that occurred in 2018 and again occur in 2023, reflected by the lower blue bar.

Now, regardless of the regulatory model in which we operate, we will always look to find ways to drive down costs for customers, and of course, deliver exceptional ROE outperformance across all our global utilities.

Now, let's move on and talk about our first quarter earnings for the year.

In the first quarter of this year, we achieved adjusted earnings of \$217 million. This is in line with last year, which is a considerable accomplishment given the expected impact of rebasing of earnings within our Alberta Distribution Utilities. This overall stability in the first quarter earnings was primarily driven by strong performance in our Energy Infrastructure as well as in our Gas Distribution business in Australia.

Energy Infrastructure's earnings increased by \$7 million, nearly doubling from the same period last year. This increase was primarily driven by the Forty Mile and Adelaide wind assets that we acquired in January of this year, as well as increased earnings from our natural gas storage facilities.

ATCO Gas Australia's earnings increased by \$8 million from the prior year, and this was the result of CPI indexing and favourable pricing and system volumes. Although we're delighted to see these positive results in our Australia business, we do expect this trend to soften as the year goes on as inflation in that country begins to recede.

That said, overall we are extremely pleased with the stability of earnings that we delivered in the first quarter. Our newly acquired assets contributed to earnings in a meaningful way and our core businesses continue to deliver great performance during this key regulatory transition period.

Next, we'll move on to our final topic which is how we're thinking about the future and how we're well positioned to deliver growth.

As we look to the future, our company has a solid core foundation and a platform for growth. The core foundation is mainly made up of our utility businesses, both here in Canada and Australia. Our growth

platform consists of growth beyond what is expected in utility and it includes our energy transition businesses as well as expansion into new markets. Together, we remain committed on being a leader in clean energy.

In our core utility foundation, we are focused on maintaining the safety and reliability of our existing systems while delivering sustainable rate base growth. Growth within our utilities includes our continued investments in grid modernization and support of ongoing electrification. It also includes the tie-in of renewables through electric transmission. And, of course, growth will also come from decarbonization initiatives such as hydrogen blending within our natural gas system.

Overall, the core utility foundation provides strong and reliable earnings and dividends; not to mention, it also provides cash flow for funding future growth.

Next, we'll move on to our growth platform, which is characterized by investments that provide diversification and higher growth or return opportunities.

Key areas of our growth strategy include renewable generation, clean fuels and energy storage. Examples of this strategy in action include the acquisition of the Suncor Renewable portfolio that I mentioned earlier, and the development of the hydrogen and storage opportunities which will underpin customer energy needs. Nancy will expand on these exciting developments in her presentation.

As we look to the future, we also see growth in new markets as an opportunity to create value, and a great example of this is our LUMA Energy contract which is a fantastic capital-light business.

As a whole, the combination of our core foundation and a growth platform creates a resilient energy portfolio, and will position us to lead the energy transition to a cleaner future.

Now, to fund our growth initiatives, we'll leverage our existing balance sheet and established capital markets reputation. As shown on this slide, we maintain substantial liquidity and will continue to do so. The metrics you see here also demonstrate the strong access that we have to capital markets; secure, high quality names such as our own continue to be in high demand. We're proud to be rated by three major rating agencies as investment grade, and most importantly, CU Inc., our largest debt issuer, continues to be A-rated.

So, in conclusion, over the past year we've made tremendous strides in our business. We have strengthened our core foundation and we've diversified and grown into new markets. These efforts, combined with our conservative financial tenets and pursuit of operational excellence were the basis for strong financial performance last year. And we've also made meaningful progress towards our ESG goals and remain committed to making a positive impact in the communities we serve.

Now, as we look ahead, we see a bright future for Canadian Utilities. We believe that we're well positioned to play a key role in the energy transition. Our ongoing work and expanding expertise in the areas of hydrogen, renewable, electricity generation, and energy storage are proof of this belief.

At the end of the day, we are protecting our core business while providing our company with a platform for growth for the future.

We will accomplish all of this by leveraging our world-class capabilities, our financial strength, and of course, the incredible talent of our people.

That concludes my remarks today and I'll now turn the mic back over to your Chair and Chief Executive Officer, Nancy. Thank you.

Nancy Southern — Executive Chair and Chief Executive Officer, Canadian Utilities Limited

That was a great presentation, and it's always easy when you have a good year. Brian has been sterling in his leadership as our Chief Financial Officer for your company, and making sure that the balance sheet stays strong while we pursue accelerated growth in our businesses. Thank you so much, Brian.

As you saw, there's no doubt our financial and business results are a direct outcome of the strategies that we've been implementing and a result of the passionate people of Canadian Utilities. When you look at the diverse nature of our company, there are a number of common elements that knit our various operations really well together, and that is our purpose.

Our purpose truly is to create prosperity and opportunity for generations to come, all the while, as we adhere to these fundamental tenets – a long term outlook, our role in energy transition, our commitment to Indigenous partnerships, the ongoing betterment of communities that we touch, support of the talent, diversity and inclusion for all, and providing accessible and innovative solutions for customers in their homes and their businesses. I like to think that these tenets, these fundamental tenets, both describe the DNA of Canadian Utilities, but they also inspire us. You could say that they capture our dreams of shaping the future.

I am pleased to share some of our achievements from this past year, but my caveat is that there are so many wonderful achievements I won't be able to cover them all. But for more details, if I miss something that you're really interested in, I do recommend our Sustainability Report, our Business Profile, and of course our Annual Report which you'll be able to receive in the foyer, as I mentioned. The Sustainability Report was just launched on Friday, last week, and it is exclusively online.

Now, Brian has provided an excellent perspective and overview of our financial health. Our success in building prosperity for you our shareowners, the communities that we serve, has been a pragmatic approach to growth with a long-term outlook. And as Brian pointed out, this is no small feat in a world that continues to reel with a speed of volatility that is as impressive as it is truly irksome at times.

Take, for example, our two longstanding utility businesses here in Alberta. You know I got on a bit of my soapbox at the opening of the meeting with regards to energy transition. But our electric business led by Melanie Bayley, and our gas business led by Jason Sharpe, as I said are at the Nexus of this transition. They face an uncertain business and regulatory context. These leaders are fulfilling their duty to our shareowners and to our customers at the same time, and we are well on our way to modernizing our electric grid and evolving it from a traditional one-way flow of electrons to a multidirectional flow. As consumers put solar panels on their homes, create battery storage in their homes for EV charging, we must have a grid that is flexible and allow the electrons to flow both ways on the wires.

We are installing digital automated devices that will allow us to accommodate electric vehicles, renewable generation and storage, and that's both on an industrial nature and in our homes and workplaces.

Now, by building a smart grid, we can tap into excess capacity during the off-peak times and store that, and make the best use of our current infrastructure, all the while keeping prices down for consumers. These technologies will be increasingly important as we adapt to proposed new federal policies, anticipated in the very near future. I want to just touch on this.

Now, many of you may not be aware of Canada's proposed Clean Electricity regulation. It mandates a net-zero electric grid for all provinces by 2035. That's just 12 years away, less than 12 years away. You may also not be aware of the draft Green Building Strategy, which envisions a combination of regulatory standards and retrofit incentives to entirely eliminate the role of natural gas heating, for gas appliances, furnaces in all homes and businesses right across Canada, to be done in just 12 years.

In combination with these policies, we are faced with significant challenges. Significant challenges that go to the heart of reliability and affordability for customers. For example, in Alberta, electrifying building heat with intermittent renewables is virtually impossible, especially in our climate. Alberta's grid has 15 gigawatts—that's 15,000 megawatts—of installed capacity that's generating the power. And it serves a peak seasonal demand of 12 gigawatts. Now, by way of comparison, in peak winter demand in Alberta when it's colder than minus 20, the equivalent of natural gas that we use for heating our homes and keeping our businesses running is 50—five, zero—gigawatts. That's the equivalent.

Now, in order to replace that natural gas in cold seasonal demand at about \$1.5 million per megawatt of cost would cost Albertans \$75 billion. That's just for the power generation to replace natural gas. And it doesn't include the cost of additional transmission or converting everyone's appliances, their

furnaces, their gas stoves, which would require even more electricity to be produced. And doesn't touch on the transmission required to accommodate this.

An orderly energy transition will require the ongoing use of natural gas. It will require hydrogen. And it will require renewable natural gas to heat our homes and our businesses, and to generate electricity. We at Canadian Utilities remain at the forefront of this transition.

I have to tell you, even though this sounds very, very dire—and it is a heroic challenge to overcome—we at Canadian Utilities are undaunted by this. We are proactively and pre-emptively planning, building and investing in a clean energy future. And we do believe that hydrogen can play a key role in the transition.

Hydrogen offers an affordable path to net-zero emissions, and by using our existing natural gas infrastructure—which would basically be null and void if this Green Building Strategy is put into place by 2035—by using our existing natural gas infrastructure with a blend of hydrogen we can continue to deliver clean fuels. In 2022, our Gas team actually commissioned a pilot project to blend 5 percent hydrogen into the natural gas supply in Fort Saskatchewan to 2,100 homes. Some of our senior leaders are so eager that they have actually provided demonstrations at their homes to show that hydrogen can be used safely and effectively with a 20 percent blend right in their own homes. And just last week, we arranged for the Edmonton Convention Centre to be heated by 20 percent hydrogen during the Canadian Hydrogen convention, and that was a North American first.

In Western Australia, our world-class Clean Energy Innovation Hub is now generating renewable hydrogen through solar powered electrolysis. We are blending 2 percent to 5 percent renewable hydrogen

into the gas system in Western Australia to 2,700 homes, making it the largest blended community in all of Australia.

This also provides us with valuable insight as to how our existing natural gas infrastructure—the pipes and the gate stations—actually continue to work and benefit from the energy mix that we are proposing.

The use of clean hydrogen to decarbonize home heating will become increasingly important as the federal carbon tax continues to rise. And as you can see on this slide, the carbon tax and GST account for more than 25 percent of your natural gas bill. All things being equal, by 2030 it will account to nearly 50 percent. The carbon tax and GST will account for nearly 50 percent of your natural gas bill. It is a very good reason for us to try and decarbonize, to offset this carbon tax with a blend of hydrogen and renewable clean natural gas.

I'll end there, but I'm happy to answer any questions you might have about the current situation with federal policies that will directly impact Alberta.

But now let's move on to Puerto Rico. Another great example of our long term vision is LUMA as it works to increase the resiliency of Puerto Rico's electricity, transmission and distribution grid.

Now, since assuming control of Puerto Rico's neglected grid in 2021, LUMA's progress is really quite astonishing and impressive. We have added 42,000 new solar connections. We have replaced 4,400 poles, and we have rebuilt three substations. That was just in 2022. One of those substations had not actually been in effect since 2010, it hadn't worked.

The LUMA team made terrific progress last year and that was despite the unwanted visit of Hurricane Fiona. LUMA restored service to the island, 99 percent of the island, within three weeks of Hurricane Fiona. This is virtually unheard of level of restoration in any jurisdiction in the world, especially for Puerto Rico though where many areas remained off-grid without power for several years after Hurricane Maria in 2017.

I'd like to recognize the sterling leadership of Wayne Stensby, the CEO of LUMA. He is also the Executive Vice President, Puerto Rico for Canadian Utilities. Wayne epitomizes the long-term view of our company, and neither hurricanes, nor hot air from detractors, can distract Wayne or the talented women and men of the LUMA team.

When it comes to the energy transition, our goal is to create global opportunities, to innovate, advise and lead. Can you just imagine, over 3,000 new employees of LUMA now have opportunities to work in the place that they have their roots, and it is a terrific opportunity. It is creating prosperity, and it is generating a whole new world-class electricity grid for the people of Puerto Rico.

Now, in respect to 2022 also, it was a transformational year for our non-regulated energy businesses. The big headline, as Brian mentioned, was our agreement to purchase Suncor's assets of renewable energy and their project pipeline. With this acquisition—the largest since our purchase of the natural gas distribution network in Western Australia, 2011—Canadian Utilities became the largest renewable power generator in Alberta. The acquisition also included more than 1,500 megawatts of wind and solar projects in the pipeline at various stages of development.

This acquisition has also significantly bolstered our targets for environment, sustainability and governance that you saw Brian point out. Our target is to manage, actively develop and own 1,000 megawatts of renewable energy and reduce customers' GHG emissions by 2 million tonnes by 2030, and we are well on our way. Making substantial progress on Canada's largest urban solar facility, the Deerfoot and Barlow Solar Projects—these are in Calgary—and these facilities are situated on former industrial land that has been designated unusable for development. They'll be complete and commissioned this year.

We also struck an arrangement to sell the entire output of the Deerfoot facility to Microsoft under a 15-year Power Purchase Agreement. And we added a second 15-year Power Purchase Agreement with Microsoft to purchase 150 megawatts of our new Forty Mile wind facility in Southern Alberta.

Under the leadership of Bob Myles, Canadian Utilities has made significant progress in our renewable generation as well as energy storage and clean fuel capabilities. One of the exciting things that we didn't talk about that you can read in our Business Profile is actually making sure that our salt caverns, as you all probably know, there is a layer of salt throughout Alberta. It is used to store natural gas, natural gas liquids and gases, ethane, methane, but it's also, as Bob has proven under his team, capable of storing hydrogen, which will be so important in our peak periods to be able to have that storage.

Just a few additional achievements: We have advanced our proposed Heartland Hydrogen Hub project. We've progressed the Carbon Sequestration Hub with our partners Shell and Suncor; construction on hydrogen refuelling stations here in Edmonton and Calgary for Canadian Pacific's locomotives; a new hydrogen refuelling station in partnership with Fortescue Mining in Western Australia; and just last month

we announced we are working with Kansai Electric out of Japan to advance an integrated clean fuel supply chain between Canada and Japan.

Throughout Alberta, also, under Marshall Wilmot's leadership, ATCO Energy is retailing clean, affordable and reliable energy to 150,000 homes now, and businesses across the province. And an added benefit for ATCO Energy customers is their Rūmi Home Services offering home happiness to our customers by cleaning their furnaces and the ducts, or any other household chore that you might require.

And perhaps one of our strongest areas of social performance is our record of building equitable partnerships with Indigenous communities. Brian noted in 2022 we completed our agreement with Denendeh Investments to increase their ownership from 14 percent to 50 percent. Now, Denendeh Investments, which represents 27 Dene nations, has an equal share in providing electric services to 11,000 customers in the Northwest Territories.

And in Ontario, we gained a new Indigenous partner with the purchase of the Adelaide wind facility. We've had a number of introductory meetings with the Aamjiwnaang—I said it wrong. Aamjiwnaang, that First Nation, and ourselves look forward to ongoing business prosperity and opportunity for the people in the community.

In the Yukon, we finalized a landmark 30-year Power Purchase Agreement at Beaver Creek with the White River First Nation to reduce their reliance on diesel generated power and achieve greater energy autonomy for that community. This project will be the largest solar project in all of the Yukon. It's just another example of innovation and collaboration with partners to reduce the reliance on diesel fuel and create local economic benefit.

Accelerating the clean energy transition in remote northern communities is a priority for us. If you look at this map, all of the dots represent diesel—isolated diesel-generating communities, throughout Canada, even in some of the highest concentration population areas such as BC. Now, in order to take all of those communities and start to introduce clean fuel solutions, renewable power solutions, to reduce their use of diesel generation will be a great benefit, not just for Canada but for your company and for those communities especially.

It is my genuine hope that the progress we have made in creating equitable partnerships with Indigenous communities will inspire a whole new standard for governments and industry alike in support of economic reconciliation and inclusive opportunity. Our commitment to all of our communities is about helping to enhance the quality of life in the places to which we have the privilege to live and work.

The people of our company participated in ATCO's Employees Participating in Communities epic program again this year, this last year, where employees from across the globe pledged their time and money to support hundreds of communities in their specific areas, and that resulted in \$3.6 million being raised to go to local charities. Since its inception, we have raised nearly \$54 million for local charities in the areas we serve.

Now, this is a very large investment for us, the Employees Participating in Communities campaigns, but we also have a variety of other community programs, and I'll just touch on a couple. In Western Australia we have a new partnership with EON Foundation that promotes the development of gardening, cooking and nutrition education and skill development. In this thriving communities program adults and students learn how to grow, harvest and prepare their own food. And to celebrate the holiday season, in

the community of Macuilca, which is right next door to our Veracruz hydroelectricity power plant inside Mexico, we set up some new streetlights to make the community safer and brighter. I hope you enjoy this short video.

(Video presentation)

Narrator: Christmas just isn't Christmas without lights. For our neighbours in Macuilca, Mexico this year, Christmas lights took on a whole new meaning. After nightfall, the streets weren't merry or bright. Their wish this holiday season was for a little light.

With the help of local leaders, we set out to install solar street lights, to make is safer for the community after dark.

Soon, the word spread that there was something to see. Friends and neighbours came together to discover their Christmas Wish had come to be.

On that special night, a simple gift of light brightened a path and connected a community, filling hearts with the true meaning of Christmas.

From all of us at ATCO, we wish you a Christmas that's merry and bright.

(End video presentation)

Nancy Southern — Executive Chair and Chief Executive Officer, Canadian Utilities Limited

We truly have an amazing team in Mexico. It definitely warms my heart to see that.

Last week I had the honour to celebrate our Long Service Awards with our Southern Alberta team, and as I reflect on all the personal accomplishments of our people, and the progress of our business, I hope you, our shareowners, will feel the same tremendous pride that I do. What warms my heart the most, though, is seeing our caring people creating connections and doing really good work in communities. Whether it's delivering energy services in challenging conditions, like the fires we are experiencing in the Western Central part of Alberta today, looking out for future needs of customers, partnering to meet community needs, or collaborating with each other on the next opportunity.

The people of your company continue to demonstrate compassion and courage in everything that they undertake, and in turn, I believe we have developed a safe, healthy, rewarding and inclusive environment, making Canadian Utilities an employer of choice. Even our SpaceLab Program, the burgeoning idea led by George Constantinescu, offers a safe place for our people to test ideas, incubate new opportunities, and explore exciting, new technologies to further accelerate our businesses.

Another priority for us is diversity, equity and inclusion, also known as DE&I. Across ATCO businesses we have a number of grassroots committees that celebrate and support diversity. We also have an enterprise-wide council that listens, learns and amplifies grassroots ideas and initiatives across our businesses to further advance diversity, equity and inclusion. And I have a great sense of pride to see each of our employees bringing their unique selves and their unique skills to work each and every day.

And in March, we came together to hold our first International Women's Day town hall for all of our employees, and we released this video, which I hope you enjoy.

(Video presentation)

(Music)

Melanie Bayley: This International Women's Day, let's all take a moment to consider how unconscious bias may affect the way we see certain roles and who we expect to be in them.

(End video presentation)

Nancy Southern — Executive Chair and Chief Executive Officer, Canadian Utilities Limited

Wow! That's pretty neat to see. Some terrific leaders right across our organization. My congratulations goes out to them and my deepest appreciation goes out to every member of the Canadian Utilities team. I'd like to especially thank our Executive team for their leadership and their commitment and courage in very uncertain times.

And to our Board of Directors, for your wisdom and your insight and your commitment to this great enterprise.

And to our shareowners, our friends and our partners in the room, and for those watching the webcast, thank you all for taking the time to join us here today. Thank you for your trust and your support. And Go Oilers! Thank you.

I'll open the floor for questions, if anybody has any questions you'd like to ask. Comments?

Yes?

Q & A

Unidentified Speaker

Talk about the renewable energy programs, like solar and all those things. Has CU entered into any type of ownership of making these solar panels, making the wind generations? I know you must have to have some sort of—just by your video—repairing of them and that type of thing, but is there a partnership out there?

Nancy Southern — Executive Chair and Chief Executive Officer, Canadian Utilities Limited

No, we don't. We do not own any of the factories that build the panels or the windmills themselves. Those are long-term agreements with suppliers. We do have the capabilities in-house to be able to maintain and operate those assets, but it is something that I believe that Bob Myles is looking at in terms of forms of partnerships. Because of the supply disruption that we talked about earlier, and actually being able to deliver solar panels and wind turbines on time and on budget, it's a critical part of the supply chain and it's something we are considering, but at this point we don't have any investments in the actual manufacturing of those pieces.

Anything else?

Peter Chan — Enbridge employee

My name is Peter Chan (phon). I work for Enbridge. A quick question about tightening of credit. We've heard a lot about tightening of credit lending standards. I would like to hear your observation in relation to your operation.

Nancy Southern — Executive Chair and Chief Executive Officer, Canadian Utilities Limited

With regards to credit tightening?

Peter Chan — Enbridge employee

Yes.

Nancy Southern — Executive Chair and Chief Executive Officer, Canadian Utilities Limited

Okay. Peter, I'm going to let Brian answer that question.

Brian Shkrobot — Executive Vice President and Chief Financial Officer, Canadian Utilities Limited

Thanks for the question. Like I said before on my slide, we have great access to the markets and an established name like ourselves, A credit rating goes a long ways to making sure we have ample amount of credit. So, although we're seeing credit tightening in the market (inaudible) we have been avoiding any of the worst impacts of that. We haven't had it impacted us at all. Thank you for your question.

Nancy Southern — Executive Chair and Chief Executive Officer, Canadian Utilities Limited

Did you want a comment on your last debenture issue?

Brian Shkrobot — Executive Vice President and Chief Financial Officer, Canadian Utilities Limited

Yes. Again, when we go to the market, I'm very happy and very proud to be the CFO for CU because it's, quite honestly, when we come to market, the amount of appetite that the market has for our

debentures, we're well oversubscribed every time we go out to do an issue. It just goes to show how secured high quality names like ourselves are continuing to be in high demand. We continue to get really favourable rates in the market.

Nancy Southern — Executive Chair and Chief Executive Officer, Canadian Utilities Limited

Craig?

Unidentified Speaker

(Inaudible – off mic)

Brian Shkrobot — Executive Vice President and Chief Financial Officer, Canadian Utilities Limited

As I was explaining in my presentation, 2023, it was the first year after coming off our second performance based regulation cycle, so as part of that normal process, during a five-year period we are able to generate efficiencies which go to higher earnings. At the end of that PBR period, we will share those benefits, all those efficiencies back with customers. So our rates go back down as we pass on those long-term benefits to customers, and then again we work towards generating new efficiencies.

That is just a normal part of our PBR cycle and we fully expected that. When we expect things like that, that's where we go out and proactively look for new ways to try to bridge that gap. And we did so, for example, with the acquisition of the renewable assets that helped kind of offset that impact.

It's something that we take a lot of pride in and make sure that we manage through that, but to answer your questions, that's fully expected and normal course.

Nancy Southern — Executive Chair and Chief Executive Officer, Canadian Utilities Limited

It's a good point, Craig. That \$20 million difference in the Distribution Utilities is going directly back to ratepayers. That gets balanced with ongoing growth as our communities continue to grow, but it is definitely an important aspect that gets missed a lot of times when people are looking at utility bills, that the pipes and the wires costs are continually being monitored and giving back to customers.

That's Ed.

Unidentified Speaker

There's reference to blending hydrogen with natural gas. To what extent can that be achieved in the existing lines?

Nancy Southern — Executive Chair and Chief Executive Officer, Canadian Utilities Limited

In the distribution lines—I'm actually going to let Jason Sharpe talk to that because the distribution PET (phon) pipes, it's quite easy to increase up to, I believe, over 90 percent, like they are in The Netherlands today. But I'll let Jason talk to that.

Jason Sharpe —President, ATCO Gas and Pipelines

The majority of our system on the distribution side, so the lower pressure side, you can go up to 100 percent. There's some components that you have to address with that; the bigger issue is around what you can do in your house and what the appliances can do. So, 20 percent seems to be, at least across the globe, kind of the agreed with no changes to your appliances, where a lot of the demonstration

projects throughout the globe and also here that we've done in our operation, so if you're under that 20 percent you don't have to change anything in your house.

Nancy had a slide up there. We had my house running on 20 percent for about a month and there was really no difference. I still burnt the eggs with 20 percent, so it doesn't improve the cooking. But I think what we see in Edmonton, and Alberta specifically, is there's going to be that clean supply from natural gas and because of how our system is positioned we should be one of the first, in this country anyway, that can do widespread blending because of the cheap hydrogen that will be available.

Nancy Southern — Executive Chair and Chief Executive Officer, Canadian Utilities Limited

As I mentioned, in The Netherlands they're at 95 percent, Rob, I believe. So The Netherlands has definitely proven that you can use hydrogen safely, and I think are mandating they're going to 99 percent in the very near future.

The other thing that hydrogen can do is offset the carbon emissions and the consequent carbon tax for power generation. So, you can blend the hydrogen in there and your power generation, still using natural gas or alternating with hydrogen and blending, we can reduce our carbon emissions and also the carbon tax that we're seeing on our power bills. So we do feel that this is a very central opportunity, especially in Alberta where the climate really requires us to have reliability as an important part of our energy system when it gets to be minus 20.

Anything else?

My ETF trader.

Unidentified Speaker

Yes. The traitor. Thank you for not booing, but I will be back.

Nancy Southern — Executive Chair and Chief Executive Officer, Canadian Utilities Limited

Okay, Percy.

Unidentified Speaker

Brian, I think you've been too modest about your Finance team. One of the things I look for is how well you manage your debt because you are a utility, and when interest rates were extremely low your company took very good advantage of borrowing substantial amounts of money, not only at a very low rate but for long periods of time. That provides a benefit not to the shareholders only, but also to your customers. I think you should give your Finance team a round of applause as a minimum, if not a raise.

Nancy Southern — Executive Chair and Chief Executive Officer, Canadian Utilities Limited

Hear, hear.

Brian Shkrobot — Executive Vice President and Chief Financial Officer, Canadian Utilities Limited

Thank you so much, and you're absolutely right. We have a fantastic Finance, Treasury team, and Colin Jackson here leads up our Treasury group, so hats off to him and his team. Thank you so much.

Nancy Southern — Executive Chair and Chief Executive Officer, Canadian Utilities Limited

And thank you, Percy, for noticing, because that does really translate into lower rates as well for customers, making sure that we have high quality debt for a very long time is very important. Thank you. Maybe you want to buy shares back personally again.

Anything else? Anything on your minds.

Okay. Oh, yes. Seymour?

Unidentified Speaker

(Inaudible) in a very, of course, significant year. Seventy-five years of being always there, everywhere for the customers.

Nancy Southern — Executive Chair and Chief Executive Officer, Canadian Utilities Limited

Thank you so much, Seymour. I appreciate that.

And I would like to say to all of you, our shareowners and potential young shareowners like Jonathan, thank you. Thank you so much for coming each year, and demonstrating your interest and your commitment to our company. It is deeply, deeply appreciated.

I know my mom, and my dad if he were here, would like to also extend their thanks, as would my incredible sister Linda who has been a great—a great mentor for me and supporter of how we continue to grow our business. Thank you all very much for being here.

Anything else?

If not, again, I would like to invite you on your way out to take an opportunity to meet with members of the Canadian Utilities team, have a chat about specific interests. Make sure that you pick up—where is it? Here it is—one of the Blue Flame Kitchen Cookbooks when you're in the foyer. And of course, our Business Profile book as well, along with the Annual Report, as you make your way out.

Please stay and enjoy coffee and good fellowship. And thank you once again. And Go Oilers! Bring home that Cup again!

Thank you. We are adjourned.